

ANNUAL REPORT 1994-95

NHPC

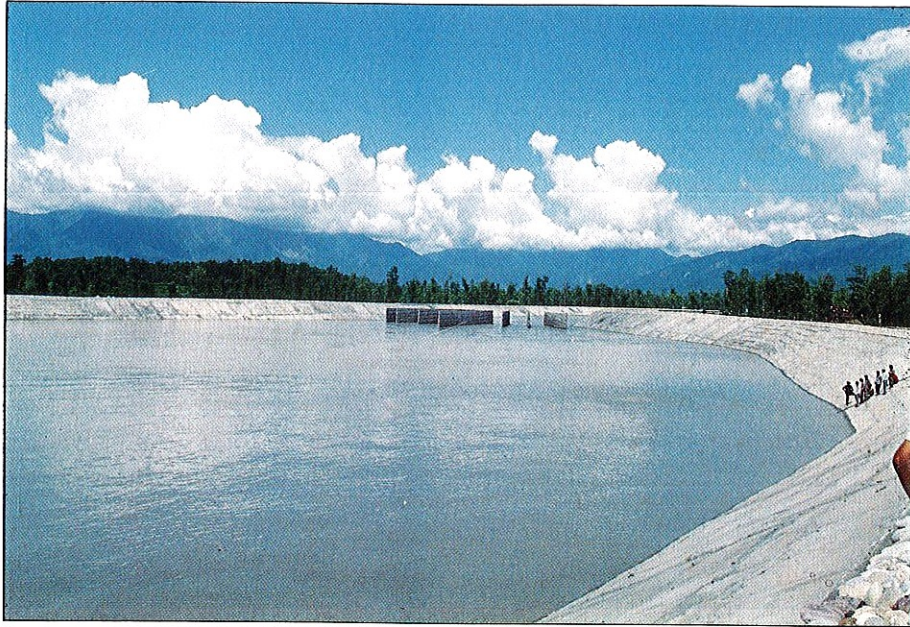


National Hydroelectric Power Corporation Ltd.

(A GOVERNMENT OF INDIA ENTERPRISE)



Head Race Tunnel under construction with TBM. - Dul Hasti Project (J&K)



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Board of Directors (As on 19.02.1996)



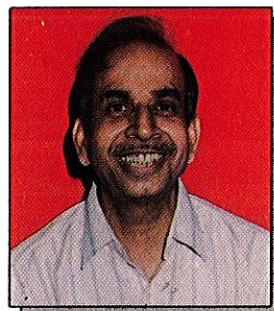
Sh. S.R. Narasimhan



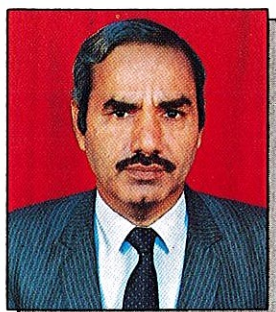
Sh. A.I. Bune



Sh. R. Natarajan



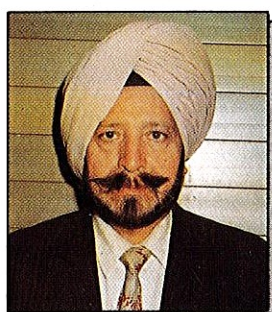
Sh. N. Visvanathan



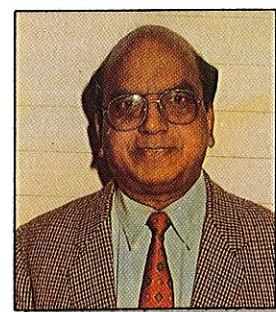
Sh. S.R. Shivrani



Sh. Sudhakar Rao



Sh. Rajendra Singh



Sh. Ramesh Chandra

Company Secretary

Sh. N. Seetharaman

Statutory Auditors

M/s Suresh Chandra & Associates

Chartered Accountants
305, Unique Plaza,
16/14, W.E.A. Karol Bagh,
New Delhi-110005.

Branch Auditors

M/s Dewan & Gulati,

Chartered Accountants
1/33, 4th Floor,
Old Rajinder Nagar,
Sir Gangaram Hospital Road,
New Delhi-110060.

M/s R.C. Gupta & Co.

Chartered Accountants,
Durbargarh Road,
Jammu-180001.

M/s D.P. Sen & Co.

Chartered Accountants,
8/2, Kiron Shankar Roy Road,
Calcutta-700001.

BANKERS :

State Bank of India
Punjab National Bank
Syndicate Bank
Central Bank of India
Bank of Baroda
Indian Overseas Bank
Dena Bank
Bank of Bhutan

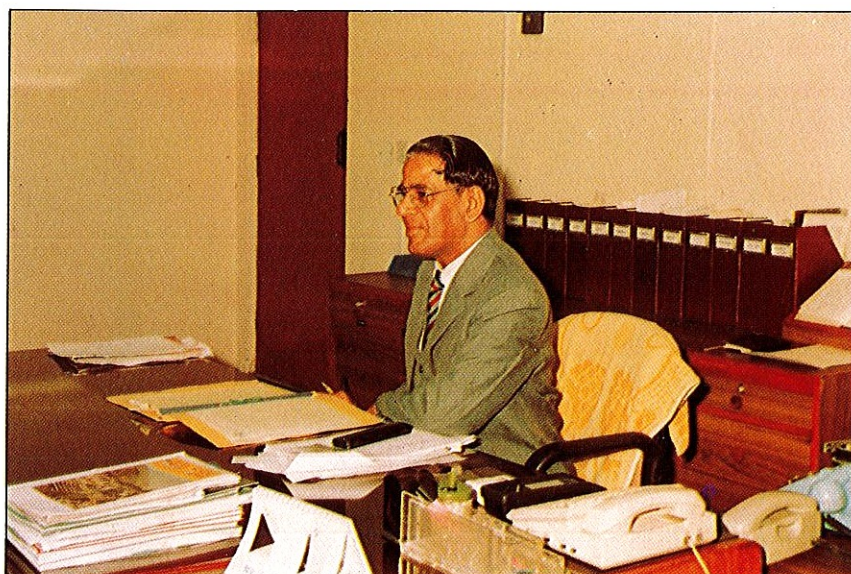
CHAIRMAN'S STATEMENT

Dear Friends,

It gives me great pleasure to welcome you to the 19th Annual General Meeting of National Hydroelectric Power Corporation Ltd. Financial accounts for the year 1994-95, Directors' Report alongwith Auditors' Report and the comments of Comptroller and Auditor General of India are with you for consideration and adoption.

During the year 1994-95, your Corporation achieved a sales turnover of Rs. 482.13 crores as against Rs. 210.84 crores in the previous year, registering an increase of 129%. The net profit of the Corporation during the year under review was Rs. 93.67 crores as against Rs. 70.54 crores in the previous year. Your Directors have recommended payment of dividend of Rs. 10 crores to the shareholders as against Rs. 5 crores in the previous year.

The operating units of the Corporation generated 6058 million units as against the target of 5308 million units, thus exceeding the target by 14.13%. The substantial increase in the generation over the previous year has been due to the start of commercial operation of the



Chamera Stage-I Project. In this connection, I would like to specially mention the excellent performance of the **Chamera Stage-I Project** which generated 2288 million units as against the target of 1470 million units, which helped the entire Northern Region in meeting the energy requirement during the year. **Baira Siul, Loktak and Tanakpur Projects** also exceeded the targets of generation. However, **Salal Project** could achieve only 89.30% of the target due to siltation problem and consequent outage of

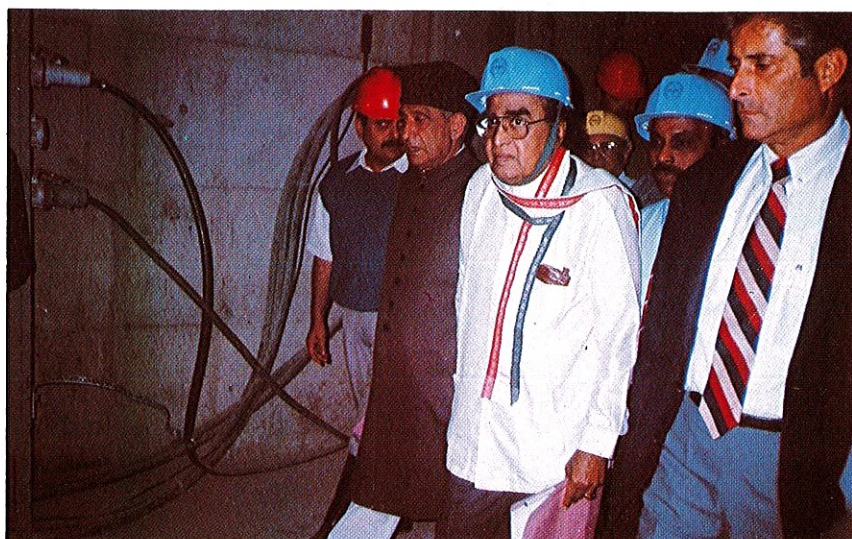
generating units for repair and maintenance.

Your Corporation raised Rs. 305 crores through the issue of Bonds as against the target of Rs. 550 crores, based on the funds requirement of the Corporation.

The various beneficiary States owed to NHPC Rs. 431.04 crores at the end of the financial year under review. Adjustments of tariff as per K. P. Rao Committee recommendations had been carried out pending notification of tariff by Government of India after verification of data by Central Electricity Authority. Your Corporation is following up vigorously realisation of dues from beneficiary States.

Under the Memorandum of Understanding signed with the Ministry of Power, your Corporation was able to achieve all the milestones and the performance of the Corporation for 1994-95 was adjudged "EXCELLENT".

Your Corporation redeemed Rs. 53.79 crores out of the total of Rs. 54.14 crores of the 'B' Series Bonds in December '94 including interest.



Inspection of works at Uri Project by Hon'ble Union Minister of Power



Shri K.M. Meera (Chamera Project) receiving Shram Vir Award from Hon'ble Prime Minister.

The major landmark has been the restart of construction activities at the **Dul Hasti Project** in Jammu & Kashmir following successfully signing of Memorandum of Understanding between NHPC and the French Consortium in June '94. The MOU was approved by the Government of India in September '94 and the French Government in March '95. A Rescission agreement between NHPC and M/s DSB was formally signed in June '95 in Paris. The handing over/taking over of the material between NHPC and M/s DSB was completed. Your Corporation has initiated the process to induct a new civil contractor for execution of the balance civil works. Pending finalisation of the arrangements with a new contractor, your Corporation has taken up departmentally the civil works. The excavation of the Head Race Tunnel is in progress using drilling jumbos in the downstream side and TBM in the upstream side, both by departmental experts.

At the **Uri Project**, construction activities continue to make excellent progress. The first unit of the Project is expected to be commissioned by December '96

followed by second unit in February '97 and third and fourth units in April and May '97 respectively. The progress of construction activities at this Project is highly commended keeping in view the law and order situation in the Kashmir Valley and the weather conditions.

At the **Rangit Project** due to heavy rains and unprecedented floods, the Coffor Dam was damaged. Your Corporation has taken necessary steps to build up the Coffor Dam

again so that completion schedule is not affected. The river diversion was again achieved on 3rd December '95.

The third unit of the **Salal Stage-II Project** in Jammu & Kashmir was synchronised in February '95 through Tailrace Tunnel-I. Work at Tailrace Tunnel-II is in progress and expected to be completed by March '96.

OECF of Japan have agreed to finance yen 5665 million during 1995-96 for the execution of the **Dhauliganga Stage-I Project** in Uttar Pradesh. Accordingly, the Corporation has taken up infrastructure development work at this Project. However, the work on the **Koel Karo Project** could not be started during the year under review.

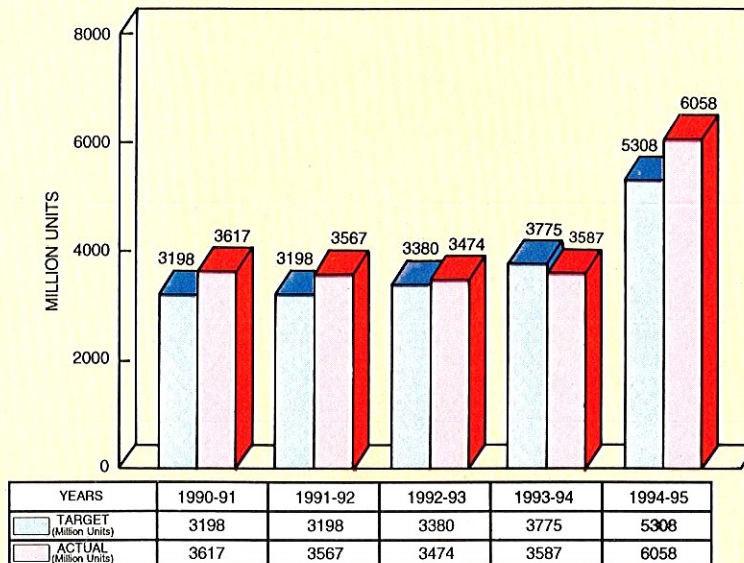
Processing of bids received for the turn-key execution of the **Chamera Stage-II Project** on the 100% financing is in progress.

NHPC has been asked by the Ministry of Power to return back **Sawalkot and Baglihar Projects** to the J&K Government. Action is being taken to implement the decision.



Hon'ble Minister of State for Power Dr. (Mrs.) Urmila Ben Patel inaugurating a Training Programme on Vigilance at Salal Project (J&K)

YEARWISE GENERATION ACTUAL v/s TARGET



The Lt. Governor of Andaman & Nicobar Islands laid the foundation stone of the 2.25 MW **Kalpong Project** in October '95. With this, the Corporation has taken up this Project for execution as a deposit work, funds for which will be provided by the Andaman & Nicobar Islands Authorities. In September '95, an agreement for the execution of the 45 MW **Kurichu Project** in Bhutan was signed between NHPC and the **Kurichu Project Authorities**. NHPC has started mobilising resources to take-up construction work at this Project.

NHPC was awarded the lining work of **Jawahar Tunnel** in Jammu & Kashmir. During the year under review, a number of private sector companies have shown interest to utilise the expertise available with your Corporation.

Your Corporation had proposed to the Ministry of Power a liberalised Voluntary Retirement Scheme to reduce the surplus manpower available at the various operating plants of the Corporation. The Ministry of Power in turn had

recommended this Scheme to the Bureau of Public Enterprises. However, the Bureau of Public Enterprises has asked Ministry of Power to advise NHPC to reintroduce the already approved Voluntary Retirement Scheme of the Government of India. Action in this regard is being initiated. On a selective basis, the Corporation also allowed employees seeking employment in private sector companies to retain two years' lien in the company.

I am glad to inform that two employees of the Chamera Project of the Corporation who were selected for the Shram Vir Award for 1994 were honoured by the Prime Minister of India conferring the award at a function held on 19th May, 1995 in New Delhi.

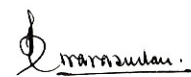
NHPC continues to record a priority for environmental commitment.

We are extremely grateful to Shri. N.K.P. Salve, Union Minister of Power, Dr. (Mrs.) Urmila Ben Patel, Union Minister of State for Power and Shri P. Abraham, Secretary

(Power) for their guidance in the conduct of the affairs of this Corporation. I would also like to sincerely thank the Union Ministry of Power, Central Electricity Authority, Central Water Commission and other Government and non-Government agencies for their cooperation.

A special mention needs to be made about the zeal, dedication and commitment of the NHPC employees at all levels for giving an excellent performance during the year.

I would like to sincerely thank all the Directors of the Board for their guidance, and direction and unstinted cooperation which enabled the Corporation to end the year 1994-95 with a sense of satisfaction, pride and confidence.

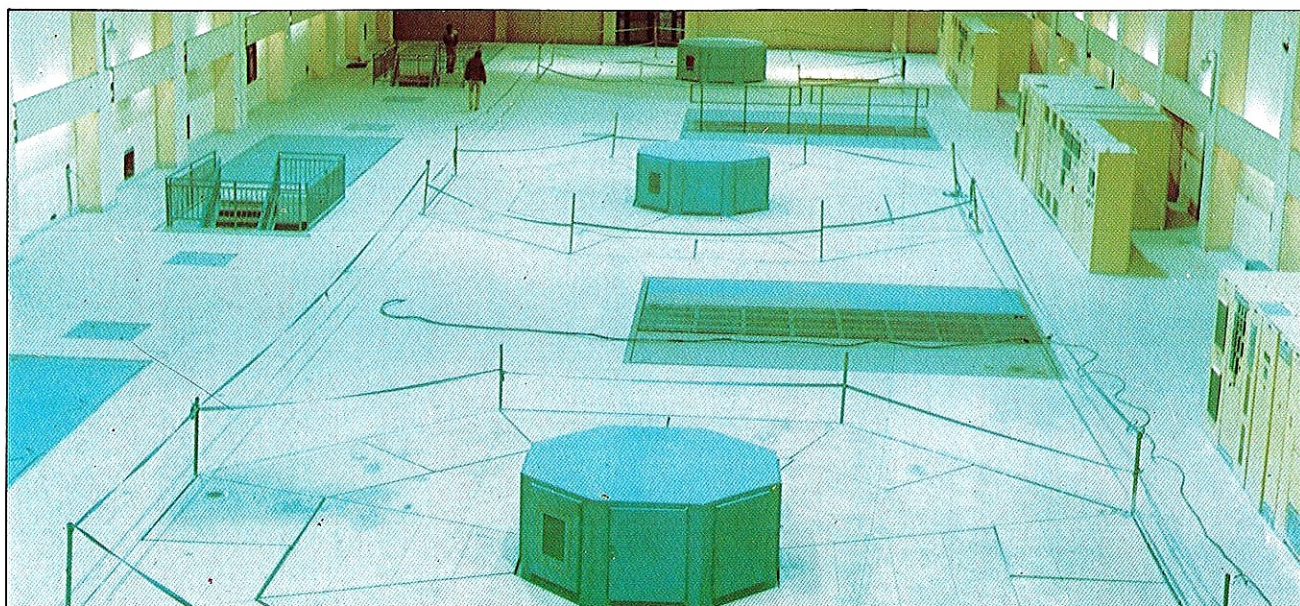


(S.R. NARASIMHAN)
Chairman & Managing Director

Date : 19th February, 1996



DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR 1994-95



Inside view of Power House - Chamera Project (H.P.)

On behalf of the Board of Directors, I would like to present the 19th Annual Report of the operations of NHPC along with the audited accounts and the report of Statutory Auditors for the year ended 31.3.1995.

1. FINANCIAL PERFORMANCE :

Your Corporation made a net profit of Rs. 93.67 crores during the year under review as against Rs. 70.54 crores in the previous year. Your Directors have accordingly recommended Rs. 10 crores for payment of dividend to the shareholders. The sales turnover of the Corporation was Rs. 482.13 crores as against Rs. 210.84 crores in the previous year. The increase was on account of the start of commercial operation of the Chamera Project Stage-I during the year under review.

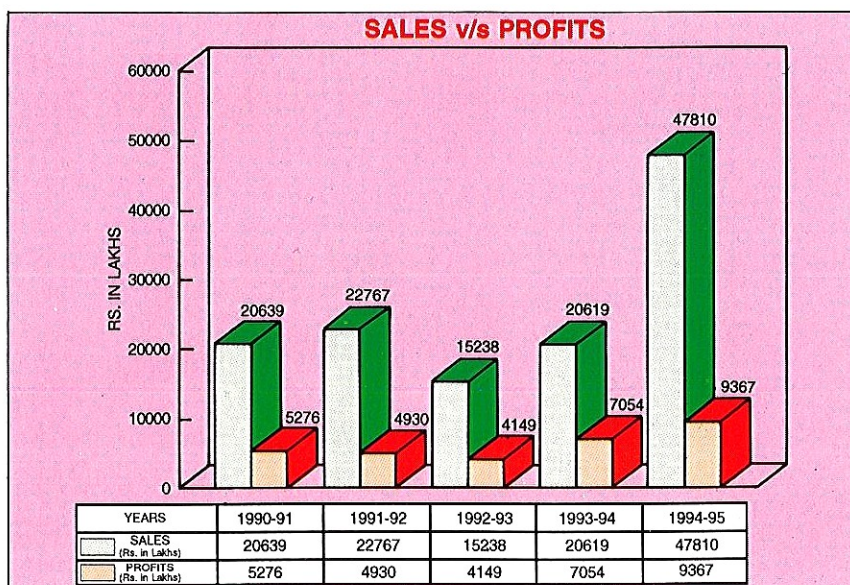
The performance of the Corporation in 1994-95 was adjudged as 'excellent' for achieving the targets set in the Memorandum of Understanding signed with the Ministry of Power. The total

outstanding amount against the various beneficiary States as on 31.3.1995 stood at Rs. 431.04 crores as against Rs. 250.80 crores during last year. This was mainly due to tariff for Chamera-I not having been settled.

The proposal to increase the Authorised share capital of the Corporation from Rs. 2,500 crores is under the consideration of the

Government of India.

For the year 1994-95, your Corporation was expected to raise Rs. 550 crores through the issue of bonds. The Corporation, however, raised Rs. 305 crores based on the actual requirement of funds. The Corporation redeemed Rs. 53.79 crores out of the total of Rs. 54.14 crores of the 'B' Series Bonds in December '94.





Concrete Dam - Chamera Project (H.P.)

Financial Results

	1994-95	(Rs. in lakhs) 1993-94
Profit before depreciation and Finance Charges	40959	16862
Profit before depreciation	16837	9073
Addition/(Deduction) for		
(i) Depreciation	(3653)	(2304)
(ii) Prior Period adjustment	(852)	285
(iii) Extra Ordinary items	(2965)	—
Profit after depreciation and prior years' adjustments	9367	7054
Add		
Surplus of Profit & Loss Account of earlier years	2371	12
Appropriations		
(i) Debenture Redemption Reserve	2750	4195
(ii) Proposed Dividend	1000	500
(iii) Balance carried over to Balance Sheet	7988	2371

2. PERFORMANCE HIGHLIGHTS :

During the year, the actual power generation from the operating projects of the Corporation was 6058 MU against the target of 5308 MU i.e. 14.13% in excess of the target set.

PERFORMANCE OF POWER STATIONS

Sl. No.	Power Stations	1993-94 Actual (MUs)	1994-95 Target (MUs)	Actual Generation (MUs)	Percentage	1995-96 Target for the year	Actual upto Oct. 95 (MUs)
1.	BairaSiul	609.01	750	832.93	111.06	750	654.37
2.	Loktak	617.07	450	516.34	114.74	450	235 *
3.	Salal	1959.58	2188	1953.82 **	89.30	2188	1475 **
4.	Tanakpur	400.39	450	466.91	103.76	460	327
5.	Chamera-I	***	1470	2288.00	155.65	1742	1848

* Shortfall due to outage of generating units for repairs

** Shortfall due to siltation in the reservoir and outage of generating units for repairs and maintenance.

*** Chamera-I commenced commercial operation in 1994-95.



Inside view of Power House - Uri Project (J&K)

3. ON-GOING PROJECTS :-

(1) DUL HASTI H.E. PROJECT (3x130 MW) (J&K) :

The Project was entrusted to a French Consortium for execution on Turnkey Basis.

As mentioned in the last year's report, the contractors for civil works, DSB suspended the work at site in August '92 alleging deterioration in the law and order situation in the area. Efforts were made through the intervention of the Government of India. An MOU was signed in Paris between NHPC and the French consortium in June 1994 for suitable negotiations and settlements which, enabled resumption of site activities.

The MOU was approved by Govt. of India in Sept. '94 and by the French Government in March, 1995. Subsequent to the approvals, to give effect to the MOU, a Rescission agreement between NHPC and DSB was signed formally in June, 1995 in Paris. The handing over/taking over of equipment and materials etc.

between NHPC and DSB as per the Agreement had been completed.

The process to induct a new civil contractor for execution of the balance civil works is in progress. Pending finalisation of award, the civil works have been taken up departmentally and you would be happy to note that NHPC has been successful in the use

of sophisticated equipments like TBM.

(2) URI H.E. PROJECT (4x120 MW) (J&K) :

During the year under report, excavation of surface works like Barrage, Head Regulator, Cut and Cover Conduit, Desilting Basin, Surplus Escape, Head Race Canal etc. got almost completed.

Tail Race Tunnel was day-lighted on 28.9.95.

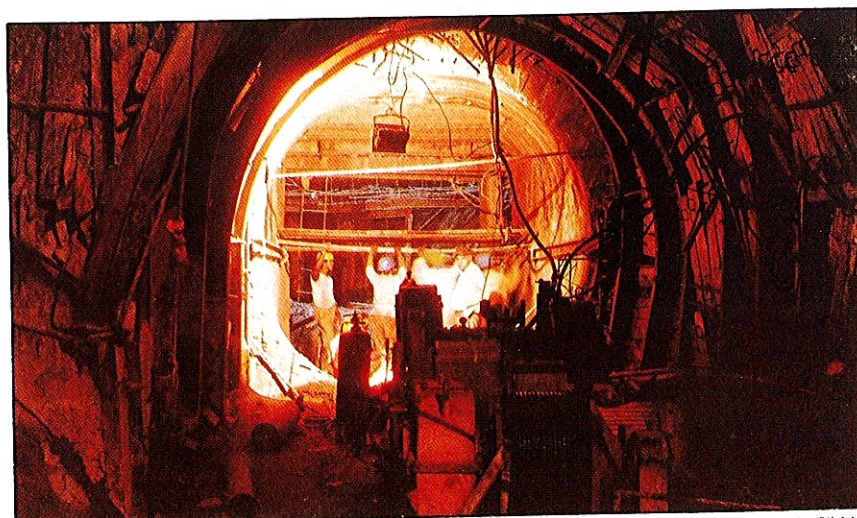
In the Power House all the draft tube gate hall shafts have been cast, concreting upto top floor of Unit IV has been completed. Spiral casing of Unit II, III and IV have been embedded. Most of the electrical, mechanical and hydro-mechanical equipment have reached site.

The Project is scheduled to be completed by May '97 with the expected commissioning of the first unit in December '96, the 2nd unit in February '97 and the 3rd & 4th Units in April and May '97 respectively. The progress of works indicates achievement of the above schedules with a degree of certainty.

(3) RANGIT H.E. PROJECT (3x20MW) : SIKKIM

All infrastructure works including Colony Roads, Stores, Workshop, D.G. Sets, communication system have been completed.

With the completion of Diversion



View of Downstream Transition to Surge shaft - Rangit Project (Sikkim)



Power House Tunnel work in progress - Dul Hasti Project (J&K)

Tunnel, the river was diverted. Excavation of dam abutment has also been completed. The Cofferdam was also constructed during the year. However, due to incessant rains and unprecedented floods, the coffer dam was affected. The Corporation has taken necessary steps to make the coffer dam again so that construction and completion schedules are not affected. The river diversion was again achieved on 3.12.95.

To expedite the work, departmental execution for HRT upstream has been started after withdrawing the works from one of the Contractors. At HRT, about 901 M. excavation has been completed out of 3000 M. upto September '95. Most of the equipments for this job are being utilised by transfer from Chamera and other NHPC Projects.

Excavation of power house pit has been completed and other related works of power house are in progress. Most of the turbine and the generator equipment have reached the site.

The Project is scheduled to be commissioned in March, 1997 but some delay is anticipated.

(4) SALAL H.E. PROJECT (STAGE-II) (3X115 MW) (J&K) :

The 3rd Unit was synchronised in February '95 through TRT-I. Work at TRT-II is in progress and is expected to be completed in March, 1996.

With the commissioning of the 3rd unit of 115 MW of Salal HE Project (Stage-II) during 1994-95 the Corporation increased its total installed capacity to 1653 MW.

(5) DHAULIGANGA H.E. PROJECT (STAGE-I) (4X70 MW) (U.P.) :

Steps for acquisition of required forest, defence land and private land have been taken and necessary notifications have been issued by the U.P. Govt. Work on temporary houses at dam site has been started. Survey work for establishing a permanent colony has also been completed. Other Investigation works like drilling,

geological mapping and survey etc. have commenced and are in progress.

OECD of Japan have agreed to provide finance of 5665 Million Yen in 1995-96 for execution of the Project.

(6) KOEL KARO H.E. PROJECT (710 MW) BIHAR :

The project could not be started due to non-availability of funds as well as local resistance to the project. Possibilities for starting the work on the project are being explored as the State Govt. is also keen on execution of the project.

(7) CHAMERA H.E. PROJECT (STAGE-II) (3x100 MW) (H.P.) :

Most of the infrastructure works have been completed. Development works for construction of residential buildings at Karian have completed. Further pre-construction activities could not be continued for want of funds.

Bids received under ICB issued by



NHPC for turnkey execution of the project with 100% financing were under evaluation during the year.

(8) TRANSFER OF BAGLIHAR & SAWALKOT H.E. PROJECTS IN J&K :

Ministry of Power have conveyed their agreement for the handing over of Sawalkot and Baglihar H.E. Projects by NHPC to the J&K Govt. along with the staff posted there, subject to reimbursement of the expenditure incurred by NHPC on the Projects. Action is being taken to implement the decision.

(9) KALPONG H.E. PROJECT (2x1.125MW) ANDAMAN & NICOBAR ISLANDS :

The Kalpong H.E. Project was entrusted to NHPC for execution as a deposit work with the funds to be provided by the Andaman and Nicobar Islands Authorities. The Techno economic clearance for the original scheme of the project has been accorded by CEA. The forest clearance has been accorded by Ministry of Environment and Forests. Confirmatory Geo-technical investigations were carried out by NHPC. The Corporation has submitted the EFC memo to Department of Power through A&N Administration during March/April, 1994.

This project being less than 15 MW has been transferred to Ministry of



Foundation stone laying ceremony of Kalpong Project (Andaman & Nicobar Islands)

Non-Conventional Energy Sources and further discussions are on with A&N Authorities regarding cost estimates and other details of the project for execution. Administrative approval was accorded in June, 1995 by the Ministry of NCES for executing the project at a cost of Rs. 1523.40 lakhs on deposit work basis through NHPC. The funds will be provided by A&N Authority. The Lt. Governor of A&N Islands laid the foundation stone of the Kalpong Project on 01.10.1995.

(10) KURICHU H.E. PROJECT (3x15 MW) BHUTAN :

An agreement for the execution of the

45 MW Kurichu Project was signed between NHPC and the Kurichu Project Authority (KPA) on 27.9.1995.

The exploratory drilling, construction material survey and hydro-meteorological surveys are in progress at project site. The land required for construction of temporary buildings and roads from Kurizamba to project site has been taken over and the road is under construction. The construction of field hostel is in progress. The tenders for pre-qualification for major civil works like diversion tunnel, have been evaluated and tendering work is in process.

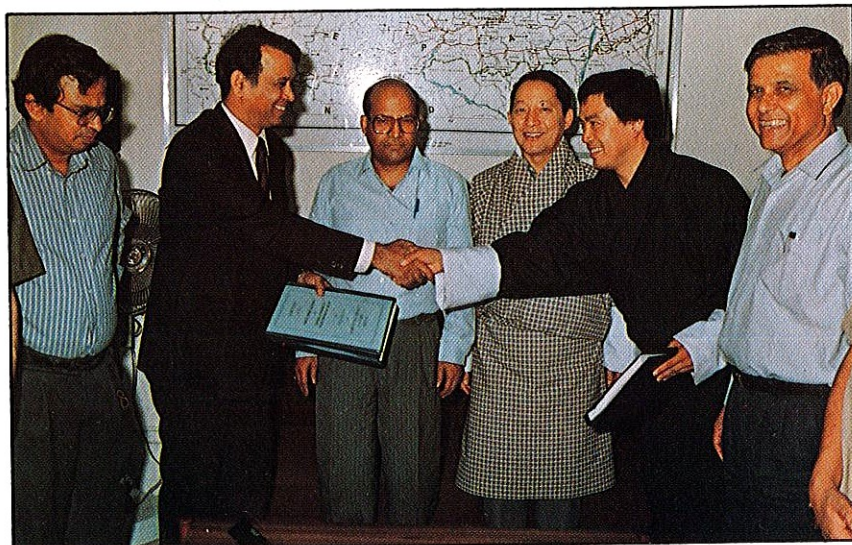
4. SURVEY & INVESTIGATION :

DHAULIGANGA H.E. PROJECT (INTERMEDIATE STAGE) (4x50 MW) (U.P.) :

The Corporation continued to interact with CEA for issue of Techno-economic clearance to the Detailed Project Report.

(1) GORIGANGA H.E. PROJECT (STAGE-I) (3X20MW) AND STAGE-II (4x40 MW) (U.P.) :

The investigation works had been completed and the DPR submitted to CEA in 1990. CEA has, however, suggested that the planning process of these projects may be deferred till the DPR of Pancheswar Multipurpose Project is completed.



Agreement signing - Kurichu Project (Bhutan)

(2) GORIGANGA H.E. PROJECT (STAGE-III) (3x40 MW) (U.P.) :

The investigations were completed and DPR submitted to CEA in March, 1992 and the comments raised by the various Directorates of CEA have been attended to. Techno-economic clearance from CEA is awaited.

5. OUTSTANDINGS FROM BENEFICIARIES :

In line with the decisions taken by the Board in Nov. 1994, adjustments of tariff as per K.P. Rao Committee recommendations have been carried out pending notification of tariff by the Govt. after verification of data by C.E.A. After tariff adjustment, the total outstanding amount against the various beneficiaries/State Electricity Boards as on 31.3.95 was Rs. 431.04 crores as against Rs. 250.80 Crores last year. The increase in outstanding dues continues to be a major concern for the company.

Intensive follow up for realization of dues from SEBs was maintained at the highest level with the State Governments and State Electricity Boards to ensure maximum possible realisation.

6. CONSULTANCY SERVICES :

The value of orders received for Consultancy Services rendered by the Corporation during the year was Rs. 3.43 Crores which included the Jawahar Tunnel lining work amounting to Rs. 3.32 Crores and the Geo-physical, Design work for various organisations like T.H.D.C., N.J.P.C., Phoenix International Ltd., etc. amounting to Rs. 11 lakhs.

7. CAPITAL STRUCTURE :

The Authorised Share Capital of the Corporation stood at Rs. 2500 Crores. The paid up share capital was reduced by an amount of Rs. 205,64,61,000/- as on 1.4.92 as a result of giving effect to the orders of Govt. of India to reduce the paid up capital of the Company towards the cost of transmission assets transferred to P.G.C.I.L. The paid up capital as on 31.3.95 stood at Rs. 2295.24 crores. An amount of Rs. 205.86 crores released towards Equity Capital in March '95 has been

kept in Share Capital Deposit Account, pending allotment of shares.

The proposal of the Corporation to increase the Authorised Share Capital of the Corporation is still under the consideration of the Govt. of India.

8. PROPOSED DIVIDEND :

A provision of Rs. 10 Crores for payment of Dividend for the year 1994-95 has been made and it will be paid to the President of India after approval by the Shareholders in the Annual General Meeting.

9. BONDS

The Company had raised a total sum of Rs. 1984.95 crores till December, 1995 through issue of secured, non-convertible, redeemable Bonds. For the year 1994-95 the Corporation was expected to raise Rs. 550 crores through issue of Bonds. However, the Corporation raised only Rs. 305 crores based on funds requirement. The Corporation was permitted by the Government of India to raise the balance amount of Rs. 245 crores pertaining to 1994-95 before Sept. 30, 1995, However a sum of Rs. 97.36 crores only could be raised before that date.

For the year 1995-96 the Corporation has been permitted to raise Rs. 464.29 crores through further issue of Bonds, of which Rs. 200 Crores would be raised as tax-free Bonds.

As informed earlier, the Corporation redeemed in July '93 'A' series Bonds to the extent of Rs. 142.81 crores out of the total of Rs. 143.64 crores. The Corporation also redeemed Rs. 53.79 crores out of the total of Rs. 54.14 crores of the 'B' series Bonds in December, 1994.

10. AWARDS FOR OUTSTANDING WORK

Shri Mohinder Singh, Foreman (Civil) and Shri K.M. Meera, Fitter (Special) of Chamara H.E. Project of the Corporation were conferred Prime Minister's Shram Vir Award for 1994 by the Prime Minister on 19.5.95 in New Delhi for outstanding services rendered at great risk in commissioning Chamara Project as per schedule.

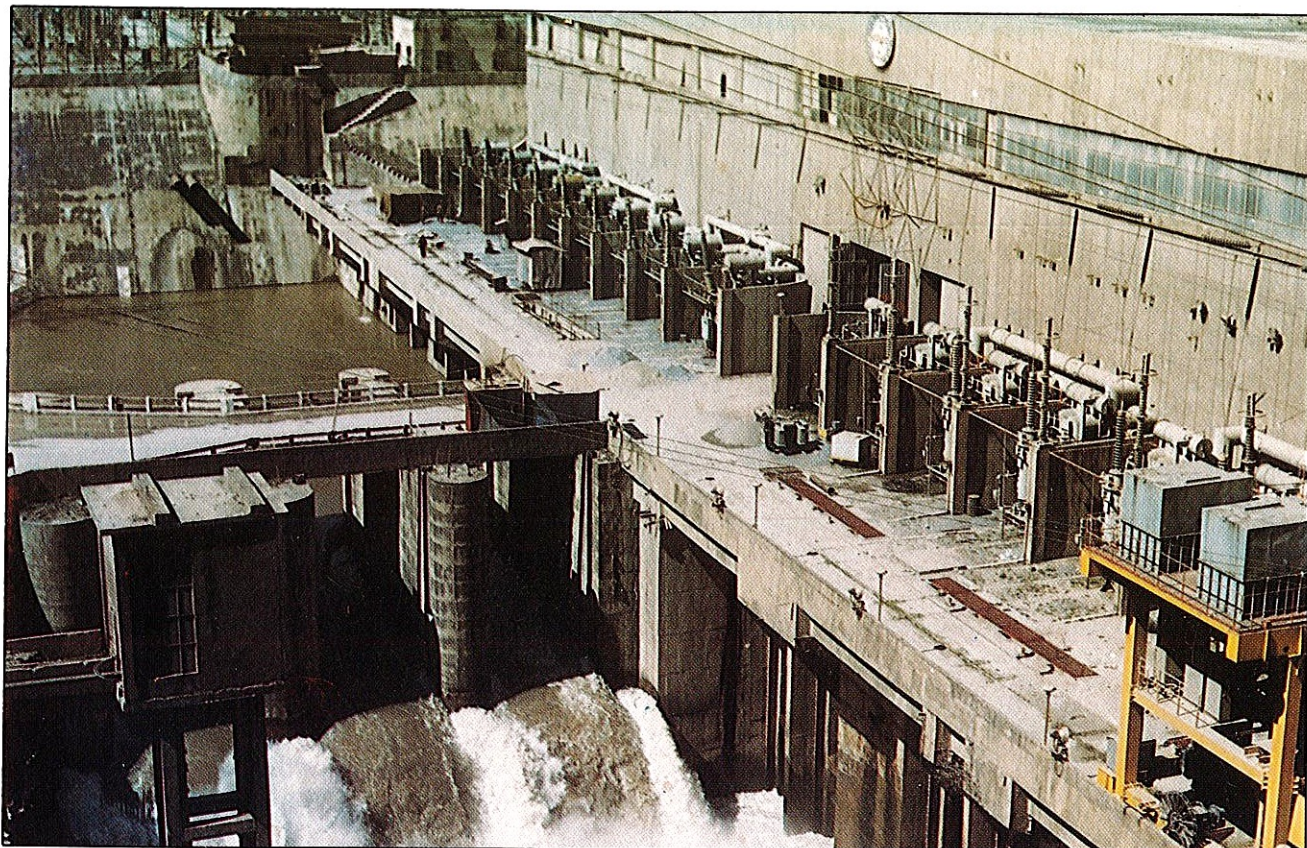
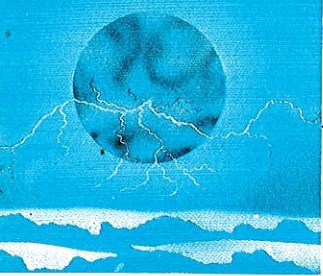
11. NHPC AND ENVIRONMENT

Conscious of its environmental commitments while constructing hydro projects, environmental considerations linked with hydro projects are taken care of even at the stage of planning and its activities are spanned even during post construction period.

Under compensatory afforestation, NHPC has planted about 72 lakh plants against various projects with the survival rate of 50%. Special attention is given to selection of species and monoculture plantation is avoided.



Afforestation at NHPC Project



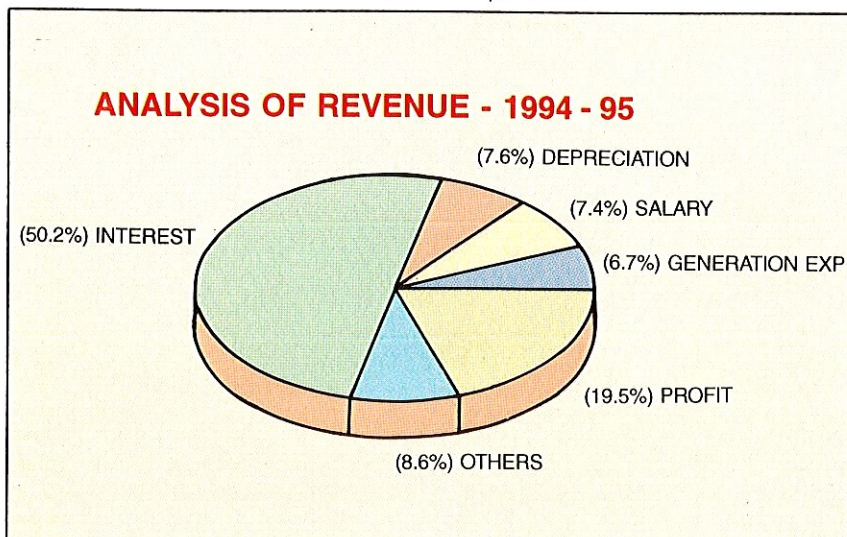
Tail Pool - Power House-Salal Project (J&K)

Resettlement and Rehabilitation of Project-affected people is an important aspect and as such it receives due importance. Rehabilitation plans have been amicably implemented at Chamara-I, Tanakpur, Uri and Rangit Projects. Rehabilitation package

includes the following benefits :

- Compensation for land, house, shop and other property.
- Allotment of homestead land, preferably nearest to their existing premises.

- Transportation charges for household items and cattle etc.
- Solatium Charges.
- Infrastructure facilities such as approach road, electricity, water supply, education, health centre etc. in resettlement area.
- Preference in employment depending upon availability and suitability.
- Training facilities etc.



Catchment Area Treatment Plans have been formulated after identifying critically degraded areas, on the basis of remote sensing data supplemented by ground surveys. Various biological and engineering soil conservation measures are taken up in the catchment, under this plan. CAT works have already been started at Uri and Rangit Projects through the concerned State Forest Departments.

NHPC undertook critical studies and site analysis to establish positive and

negative effects on environment, ecology, economy and living standard due to execution of Chamera, Baira Siul and Salal HE Projects as an awareness measure and to set guidelines.

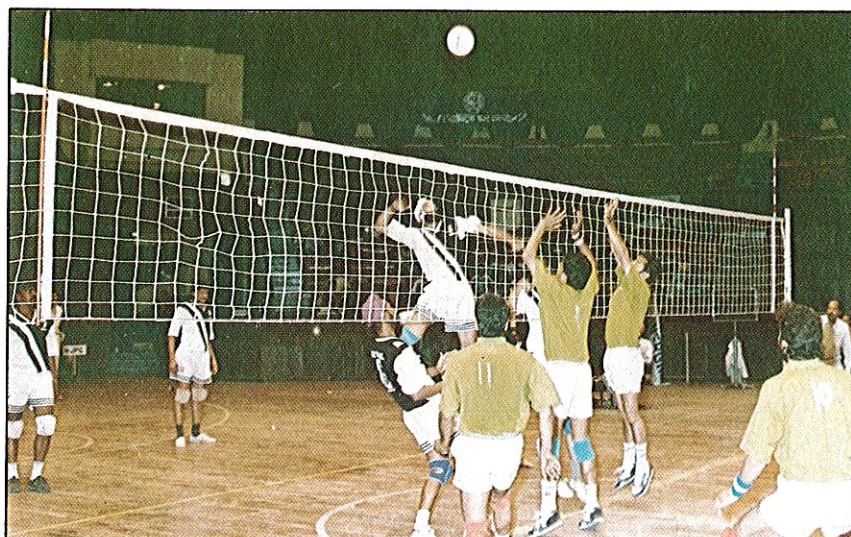
12. PARTICULARS OF EMPLOYEES :

Information pursuant to provisions of Sec. 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules 1975 as amended is given in Annex. III.

13. PRESIDENTIAL DIRECTIVES

Government of India issued a Presidential Directive to permit retention of lien for a period not exceeding 3 years to its employees holding posts below Board level when they are appointed to posts at Board level within the Company or in any other Central PSE vide their letter No. 16/33/94-DO (NHPC), dated 14.9.94.

The Govt. has also issued a directive under the Articles of Association of the Corporation vide Ministry of Power Letter No. 16/38/95-DO (NHPC), dated 04.9.95 directing N.H.P.C. to implement the pay revision and other benefits for Board level executives w.e.f. 1.1.92 in accordance with the instructions contained in the Department of Public Enterprises O.M. No.2 (50)/86-DPE (WC), dated 19th July, 1995. The Corporation is taking action to give effect to the



Glimpse of Second Inter Power Sector Volley Ball Tournament

directives/instructions issued by the President of India.

14. TECHNOLOGY ABSORPTION

Continuous thrust is being given to adoption of new state-of-art technologies to keep pace with international trends as well as to enhance reliability and performance of the plant and equipment.

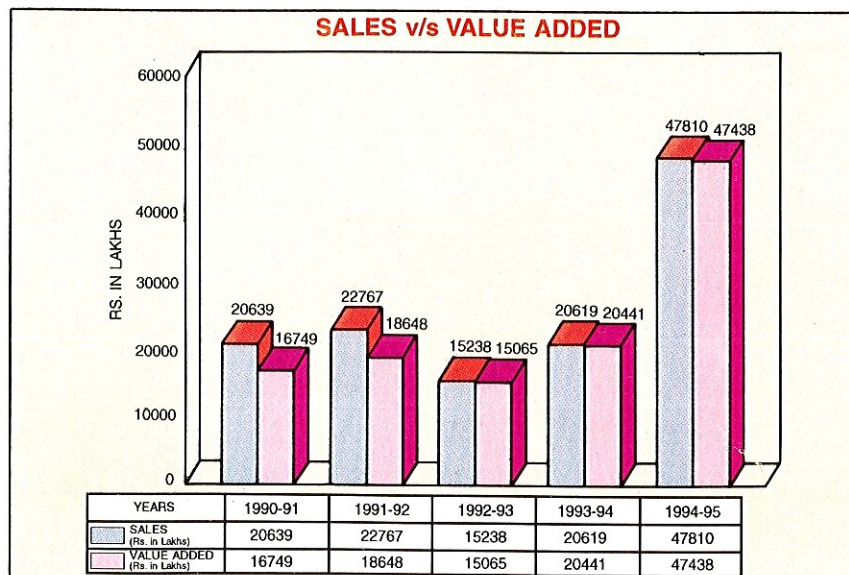
The Corporation has been developing its specialised geophysical disciplines for investigating the sub-surface geological conditions, economically and rapidly, state-of-art techniques of exploration and modern generation

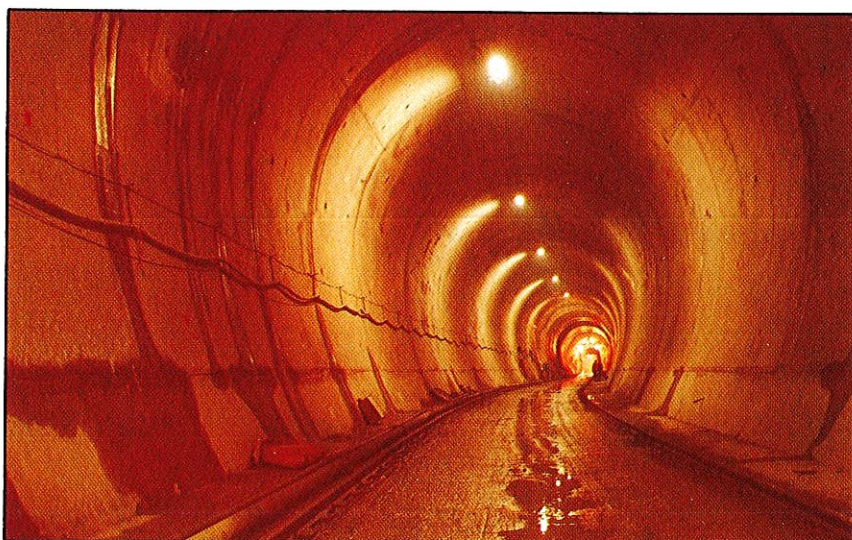
computerised instrument systems are being adopted for effective site investigation. Besides catering to the in-house needs of the Corporation, the services of the specialised Branch are being rendered on consultancy basis to reputed organisations. Geophysical services have been utilised by Punjab Irrigation Department for Shahpurkandi Dam foundation investigation and Phoenix International Ltd. for limestone prospecting.

The Corporation has been conducting periodical landslide monitoring studies in Loktak project. For improving the study quality, the Corporation has recently adopted the GHLT Data Analytical System (MITRE Canada) whereby precise monitoring can be undertaken in the unstable reaches of the project making the landslide studies more effective.

15. HUMAN RESOURCES DEVELOPMENT

The Corporation recognises human resources as one of the most important assets in the overall development of the organisation. Keeping this in view, training programmes aimed to equip the middle management and senior level executives with necessary skills and competence for assuming greater management responsibilities and effectively manage the organisation in a changing environment, were organised. Apart from this, a series





Power Tunnel - Uri Project (J&K)

of technical programmes were also organised at various projects.

The Training & Human Resources Development Division imparted training to 496 employees using 4196 mandays during 1994-95 and exceeded targets laid down in the Memorandum of Understanding signed by the Corporation with the Government of India in this regard.

16. PERSONNEL POLICY & INDUSTRIAL RELATIONS

Employee-employer relations were generally cordial during the year under report.

Continued efforts are made by the Corporation to improve welfare measures/schemes, school facilities, medical/recreation facilities for the employees and their families in Projects/Offices of the Corporation.

Efforts also continue to be made by the Corporation for rationalisation in the deployment of human resources to achieve improved manpower utilisation by redeployment and job rotation. The scheme of V.R.S. was kept open during the year which contributed to further reduction in surplus manpower.



Shri Mohinder Singh (Chamera Project) receiving the Shram Vir Award from Hon'ble Prime Minister

17. VIGILANCE ACTIVITIES

To strengthen the vigilance set up in the Corporation, Project Vigilance Officers have been appointed in almost all projects of the Corporation. An induction training programme was also organised in Corporate Office for the newly appointed Vigilance Officers during the year. Besides a Vigilance Appreciation Programme was also organised at Rangit H.E. Project of the Corporation during the year.

To monitor the Vigilance activities, a software application programme is being designed.

18. OFFICIAL LANGUAGE IMPLEMENTATION POLICY :

The Corporation continues to pursue its efforts in implementing the official language policy of the Government of India. Quarterly meetings of the Official Language Implementation Committee were held in the Corporate Office and in the projects to review the progress of the implementation of the policy. Various incentive schemes were introduced to encourage staff and executives to learn Hindi and for doing official work in Hindi. Correspondence in Hindi in the official work of the Corporation has increased.

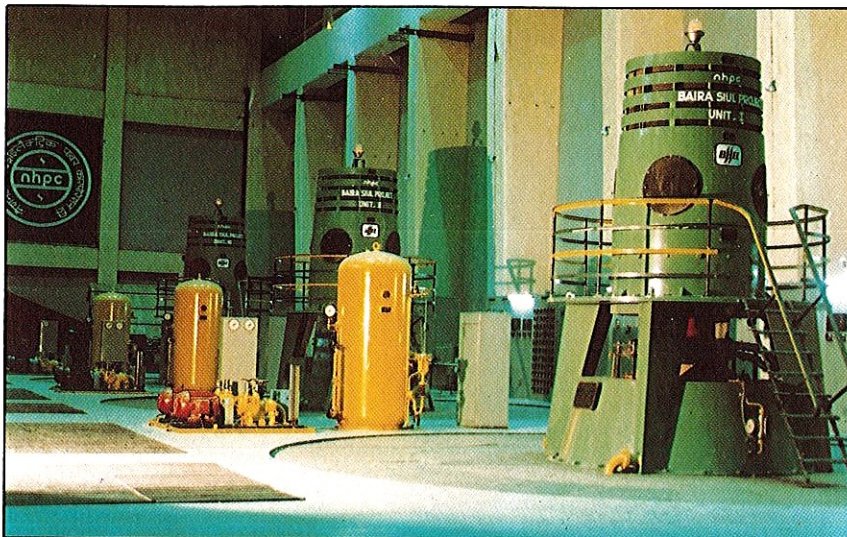
In September, 1994 Hindi week & Hindi Divas were observed. To create awareness among employees to use Hindi in official work, competitions and workshops were organised. Hindi classes were held for non-Hindi knowing employees to learn Hindi.

The Parliamentary Committee on Official Language Implementation visited the Loktak Project of the Corporation. The various divisions of the Corporate Office were also inspected by an internal Committee under a programme of inspection to judge the actual progress of implementation of the policy. Guidelines and suggestions for improvement were also given.

19. MEMORANDUM OF UNDERSTANDING

The Memorandum of Understanding for the year 1995-96 was signed between Government of India and NHPC on 14.9.95.

A generation target of 5590 MUs has



Inside view of Power House - Baira Siul Project (H.P.)

been laid down for achievement by N.H.P.C. as per the MOU. The Corporation also plans to achieve a total sales revenue of Rs. 539.86 crores and a net profit of Rs. 78.62 crores.

20. AUDITORS

For the audit of the Accounts of the Corporation for the year 1994-95, M/s. Suresh Chandra & Associates, New Delhi were appointed as Statutory Auditors of the Company and M/s. Dewan and Gulati, Delhi, M/s. R.C. Gupta & Co. Jammu and M/s. D.P. Sen & Co. Calcutta as Branch Auditors of the Company.

20(A). AUDITORS' REPORT

The Auditors' Report inter alia refers to the various notes incorporated by the Company in Schedule 14. The replies are therefore, self-explanatory. The Corporation has no raw materials. However, periodical review to determine unserviceable/damaged store is conducted and appropriate action taken for disposal/adjustments of these items. Steps are being taken to enlarge the scope and area of internal audit and strengthen the department further to commensurate with the size of the Corporation and nature of business. The comments of the Comptroller and Auditor General of India and replies by the Directors thereof appear at Annex-I.

Review of the accounts for the year

ending 31st March 1995 by Comptroller & Auditor General of India is enclosed as Annex-II to the report.

21. BOARD OF DIRECTORS

Shri Ajay Dua handed over current charge of the post of Chairman & Managing Director w.e.f. 19.12.94 to Shri S.R. Narasimhan, Member (HE), C.E.A. who held current charge of the post of Chairman & Managing Director in addition to his duties as Member (HE), C.E.A., till he was appointed as CMD w.e.f. 19.01.95. Shri S.R. Shrivrain, JS&FA, Ministry of Power and Shri Rajendra Singh, Member (HE), CEA and Shri Ramesh Chandra, Member (D&R), CWC, were appointed as part-time Directors w.e.f. 10.1.95, 12.6.95 and 6.9.95 respectively.

Shri R. Natarajan, Director (Finance), NJPC, held additional charge of the post of Director (Finance), NHPC, w.e.f. 5.4.1995 in addition to his duties in NJPC. Shri Natarajan was appointed as Director (Finance) w.e.f. 07.7.95. Shri N. Visvanathan has joined as Director (Technical) w.e.f. 01.6.1995. Shri Sudhakar Rao, Joint Secretary, Ministry of Power, joined the Board as a part-time Director w.e.f. 12.6.1995.

Shri T. Sethumadhavan ceased to be a part-time Director w.e.f. 10.1.95 on the Board of NHPC on his relinquishing charge as JS&FA, Ministry of Power, Shri Ajay Dua, Joint

Secretary, Ministry of Power ceased to be a Director w.e.f. 12.6.95.

Shri K.K. Vohra, Director (Finance) and Miss E. Divatia, Director (Technical) ceased to be Directors w.e.f. 31.3.1995 and 31.5.1995 respectively on their attaining the age of superannuation.

Shri A.B. Joshi, ceased to be a part-time Director w.e.f. 6.9.95 on relinquishing charge as Member (D&R), C.W.C. on attaining the age of superannuation on 31.7.95. The Board places on record its deep appreciation of the valuable services rendered and guidance received from S/Shri Ajay Dua, T. Sethumadhavan, K.K. Vohra, Ms. E. Divatia and Shri A.B. Joshi.

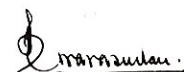
22. ACKNOWLEDGMENTS

On behalf of the Board of Directors, I acknowledge with deep appreciation, the guidance and support, the Corporation received from Government of India particularly the Ministry of Power, Ministry of Finance (Deptt. of Economic Affairs), the Planning Commission, Ministry of Environment and Forests, Department of Public Enterprises, Department of Company Affairs, the C.E.A. & C.W.C. as well as State Governments, the Regional and State Electricity Boards.

I express my gratitude to various International financing institutions as well as Indian Investors, and the nationalised Banks for the confidence reposed by them in NHPC. My special appreciation is due to the beneficiaries drawing power from our Power Stations.

The Board wishes to place on record its deep appreciation of the notable contribution made by employees at all levels which enabled your Corporation to make significant contributions to the power sector.

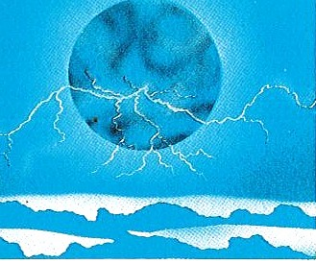
FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS



(S. R. NARASIMHAN)

Chairman & Managing Director

Date : 19.02.1996
Faridabad



BALANCE SHEET AS AT 31.3.1995

(Rs. in Lakhs)

PARTICULARS	SCHEDULE NO.	31.3.95	31.3.94
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUND			
(a) Capital	1	229524	249908
(b) Reserves and Surplus	2	48192	39825
		277716	289733
2. GOVT. OF INDIA FUND			
ADJUSTABLE TO EQUITY		53746	33340
3. LOAN FUNDS	3		
(a) Secured Loans		133386	133333
(b) Unsecured Loans		272099	210524
		405485	343857
		736947	666930
APPLICATION OF FUNDS			
1. FIXED CAPITAL EXPENDITURE			
(a) Fixed Assets	4		
Gross Block		359780	160399
Depreciation		36983	29124
Net Block		322797	131275
(b) Capital Work-in-Progress	5	338007	314869
(c) Construction Stores & Advances	6	22654	136818
		683458	582962
2. CURRENT ASSETS LOANS & ADVANCES	7		
(a) Inventories		2438	2085
(b) Sundry Debtors		43104	25080
(c) Cash & Bank Balances		5035	11605
(d) Other Current Assets		671	516
(e) Loans & Advances		32764	65216
		84012	104502
Less : Current Liabilities & Provisions	8		
(a) Liabilities		28477	19862
(b) Provisions		3109	1128
		31586	20990
NET CURRENT ASSETS		52426	83512
3. MISCELLANEOUS EXPENDITURE	9	1063	456
(To the extent not written off or adjusted)			
		736947	666930

NOTES TO THE ACCOUNTS & CONTINGENT LIABILITIES

14

Schedule 1 to 14 and Accounting Policies form integral part of the Accounts

N. SEETHARAMAN
Secretary

R. NATARAJAN
Director (Finance)

S.R. NARASIMHAN
Chairman & Managing Director

As per our report of even date attached
For **SURESH CHANDRA & ASSOCIATES**
Chartered Accountants

Place : New Delhi
Dated : 3.2.96

MADHUR GUPTA
Partner

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1995

		(Rs. in Lakhs)	
PARTICULARS	SCHEDULE NO.	31.3.95	31.3.94
INCOME			
1. Sales		53687	23400
Less : Provision for Tariff Adjustments		5877	2781
		47810	20619
2. Wheeling Charges		241	247
3. Miscellaneous Income	10	162	218
TOTAL INCOME		48213	21084
EXPENDITURE			
1. Generation & Administration Expenses	11	3196	1545
2. Employees' Remuneration & Benefits	12	3573	1991
3. Wheeling Charges		241	247
4. Royalty		244	439
5. Depreciation		3653	2304
6. Interest		24122	7789
TOTAL EXPENDITURE		35029	14315
Profit		13184	6769
Prior period adjustment	13	(852)	285
Extra ordinary items			
(Provision for Tariff adjustment relating to earlier years)		(2965)	—
Profit for the year after Prior Period and Extra ordinary items		9367	7054
Balance brought forward from last year		2371	12
Transfer to Debenture Redemption Reserve		2750	4195
Proposed Dividend		1000	500
Balance carried to Reserves & Surplus		7988	2371

N. SEETHARAMAN
Secretary

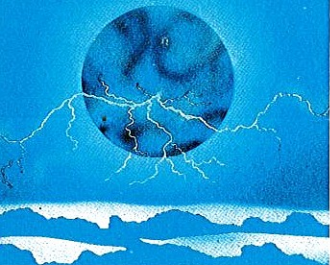
R. NATARAJAN
Director (Finance)

S.R. NARASIMHAN
Chairman & Managing Director

As per our report of even date attached
For SURESH CHANDRA & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 3.2.96

MADHUR GUPTA
Partner



SHARE CAPITAL

SCHEDULE 1

(Rs. in Lakhs)

PARTICULARS	31.03.95	31.03.94
AUTHORISED CAPITAL		
250,00,000 (Previous year 250,00,000) Equity Share of Rs. 1000/- each	250000	250000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
22952379 Equity Shares (Previous year 24990840) of Rs. 1000/- each fully paid (out of this 629529 shares have been allotted for consideration other than cash pursuant to contracts and one share has been allotted for part consideration other than cash)	229524	249908
	229524	249908

RESERVES AND SURPLUS

SCHEDULE 2

(Rs. in Lakhs)

PARTICULARS	31.03.95	31.03.94
Debenture Redemption Reserve	16859	14109
General Reserve	21000	21000
Investment Allowance (Utilised) Reserve	2345	2345
Profit & Loss Account (Loss)	7988	2371
	48192	39825

LOAN FUNDS

SCHEDULE-3

(Rs. in Lakhs)

PARTICULARS	31.03.95	31.03.94
SECURED LOANS		
Bonds—C Series		
(Secured through equitable mortgage against assets of Chamera H.E. Project)		
9% 10 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 20th May, 1998	15000	15000
Bonds—D Series		
(Secured through equitable mortgage against assets of Chamera H.E. Project)		
9% 10 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 27th Sep., 1999	21998	21998
Interest accrued and due on notified bonds	188	135
Bonds—E Series		
(Secured through equitable mortgage against assets of Chamera H.E. Project)		
9% 10 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 9th Feb., 2000	15000	15000
Bonds—F Series		
(Secured through equitable mortgage against assets of Chamera H.E. Project)		
13% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 13th Sep., 1997	21500	21500
Bonds—G Series		
(Secured through equitable mortgage against assets of Chamera H.E. Project)		
17.5% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 2nd Dec., 1998	5000	5000
17% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 21st Feb., 1999	1000	1000
18% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par. (Earliest date of redemption is 9th March, 1999)	13000	13000



SCHEDULE-3 (Contd.) (Rs. in Lakhs)

PARTICULARS	31.03.95	31.03.94
9% 10 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 31st March, 2002	700 19700	700 19700
Other Loans (UTI)		
(Secured through equitable mortgage against assets of Chamera H.E. Project)	40000	40000
Total Secured	133386	133333
UNSECURED LOANS		
Bonds—B Series		
(Secured through equitable mortgage against assets of Chukha Transmission System of PGCIL)		
13% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 11th December, 1994	—	4978
9% 10 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 11th December, 1997	7835	7842
Interest accrued and due (Sub-judice)	160	96
Bonds—H Series		
(To be secured through equitable mortgage)		
18% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 8th Aug., 1999	5000	5000
17% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par. (Earliest date of redemption is 30th March, 2000)	2519 7519	2519 7519
Bonds—I Series		
(To be secured through equitable mortgage)		
17% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 4th Jan., 2001	80	80
15.5% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par. (Earliest date of redemption is 20th Jan., 1999)	1000	1000
14% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par. (Earliest date of redemption is 24th March, 2001)	19096	19096
10.5% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 29th March, 2001	10000 30176	10000 30176

SCHEDULE-3 (Contd.) (Rs. in Lakhs)

PARTICULARS	31.03.95	31.03.94
Bonds—J Series		
(To be secured through equitable mortgage)		
13% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par on 1st Dec., 2001	5000	—
13.25% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par. (Earliest date of redemption is 8th Oct., 2001)	15500	—
9.25% 7 year redeemable non-convertible bonds of Rs. 1000/- each redeemable at par. (Earliest date of redemption is 15th Nov., 2001)	10000	—
Interest accrued and due	35	—
FUNDS FROM GOVERNMENT OF INDIA	47913	51500
INTEREST ACCRUED AND DUE ON GOVERNMENT LOAN	21448	12068
FROM OTHERS (guaranteed by Government of India)		
1. Export Development Corporation (Canada)	41234	45596
2. Consortium led by Chartered West L.B. Ltd.	11482	8624
3. Credit Commercial D.E. France	18296	15658
4. ABSEK	54372	21867
5. NIB	1129	—
LOAN FROM OTHER AGENCIES	—	4600
Total Unsecured	272099	210524
TOTAL	405485	343857



FIXED ASSETS

SCHEDULE-4

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRE- CIATION	NET BLOCK	
	As at 1.4.94	Additions/ Adjustments	Deductions/ Adjustments	As at 31.3.95	As at 31.3.95	As at 31.3.95	As at 31.3.94
Land Freehold	4295	422	16	4701	—	4701	4295
Land Lease Hold	1424	123	1	1546	100	1446	1345
Buildings	23397	19801	482	42716	5154	37562	19304
Roads & Bridges	5812	1383	1097	6098	997	5101	4924
Railway Siding	—	3	—	3	—	3	—
Construction Plant & Machinery	15677	15036	11047	19666	16681	2985	2490
Generating Plant & Machinery	22790	61805	—	84595	3142	81453	20526
Sub-station Equipments	767	94	3	858	317	541	495
Hydraulic Works (Dams, Tunnels etc.)	81530	113013	—	194543	8223	186320	75215
Vehicles	1194	26	52	1168	954	214	263
Furniture, Fixture & Equipments	826	457	310	973	468	505	412
Transmission Lines	1637	128	31	1734	396	1338	1409
Miscellaneous Assets/Equipments	1050	253	124	1179	551	628	597
TOTAL	160399	212544	13163	359780	36983	322797	131275
Previous Year	122933	46318	8852	160399	29124	131275	

CAPITAL WORK-IN-PROGRESS

SCHEDULE-5

(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
1. Survey, Investigation, Consultancy and Other expenses	644	828
2. Buildings and Civil Engg. Works and Communications	22050	11382
3. Roads & Bridges	1580	1488
4. Hydraulic Works, Barrages, Dams, Tunnels & Power Channels	148898	96577
5. Penstock	14736	2448
6. P&M In Generating Station	47258	22136
7. Elect. Install. & Sub-Station Equipment	305	5648
8. Miscellaneous Assets	6824	6826
9. Trunk Transmission Lines	106	176
10. Expenditure on Assets created on Land not belonging to corporation	—	1274
11. Incidental Expenditure During Construction		
Balance b/f from Last year	166086	141768
Additions for the year	50427	38791
TOTAL	216513	180559
Add (Less) Adjusted during the year	(120907)	(14473)
NET I.E.D.C. ADDED TO C.W.I.P.	95606	166086
	338007	314869

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

Annexure to Schedule-5

(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
EMPLOYEES' REMUNERATION & BENEFITS		
Salary, Wages, Allowances & Benefits	5248	4338
Gratuity & Contribution to Provident Fund (including Administration Fee)	522	525
Staff welfare expenses	625	705
Leave salary & pension contribution	24	24
	6419	5592
REPAIRS & MAINTENANCE		
Buildings	131	192
Machinery & construction equipments	569	1271
Others	251	588
Travelling & Conveyance	104	98
Expenses on staff cars & inspection vehicles	247	341
Rent Office	81	127
Rent for Residential accommodation	65	65
Rates and Taxes	361	194
Insurance	86	189
Electricity charges	162	593
Telephone, Telex & Postage	43	68
Advertisement & Publicity	35	16



Annexure to Schedule-5 (Contd.) (Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
Design & Consultancy charges	15	4
Entertainment	2	2
Printing & Stationery	34	42
PAYMENT TO AUDITORS		
Audit fee	2	2
For other matters	1	1
Audit expenses	1	1
Interest on Loans	18173	12652
Interest on Bonds	6515	10040
Up front charges for Bond issue & loan	—	310
Bank charges	13	21
Income tax on foreign contracts	2385	1627
Loss on material/assets written off	88	27
Foreign consultancy charges	106	87
Commitment fee	105	189
Financing charges	318	326
Exchange rate variation	2652	65
Expenditure on land not belonging to Corporation	1660	1857
Depreciation	4541	1697
Donations & other contributions	—	23
Other expenses (including Custom Duty)	8730	4361
TOTAL EXPENDITURE	53895	42668
LESS : RECEIPTS AND RECOVERIES		
Sale of scrap	56	97
Electricity charges	422	119
Rent	26	3
Interest		
Term deposits	278	96
Loans and advances	115	157
Other investments	—	38
Miscellaneous receipts & recoveries	392	534
Profit on sale of assets	—	7
TOTAL RECEIPTS	1289	1051
NET EXPENDITURE	52606	41617
LESS :		
1. Hire charges/out turn allocated/allocable directly to C.W.I.P.	743	2587
2. I.E.D.C. allocated to Investigation Deposits,		
Agency works and Operating projects	541	239
3. I.E.D.C. in respect of Teesta Project transferred to Sikkim Govt.	69	—
4. Commitment fees transferred to Misc. Exps.	826	—
	2179	2826
	50427	38791
Note : 1. a) The above expenditure includes the following amounts paid to Directors		
	1994-95	1993-94
	(Rs.)	(Rs.)
i) Salaries & Allowances	460996	409794
ii) Contribution to Provident Fund	43978	39361

iii) Rent for Residential Accommodation	207155	166184
iv) Travelling Expenses	744168	164259
v) Medical Reimbursement	181101	34386
vi) Leave Travel Concession	24446	—
b) Whole time Directors were also allowed the use of company's car for official journeys and for private journeys upto 1000 kms. on payment of Rs. 250/- for non-AC car and Rs. 400/- for AC car in terms of Government Sanction.		

CONSTRUCTION STORES & ADVANCES

SCHEDULE-6

(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
1. CONSTRUCTION STORES (At cost as valued and certified by Management)		
Construction Material in Transit	265	249
Stores	6794	7609
	7059	7858
2. ADVANCE FOR CAPITAL EXPENDITURE		
Secured (Considered good)	749	114682
Unsecured a) Considered good	14846	14278
b) Doubtful	—	—
c) Less Provision for Doubtful	—	—
	15595	128960
	22654	136818

Advance due by Companies in which any Director of the Corporation is a Director or member amounts to Rs. NIL (Previous year Rs. NIL)

CURRENT ASSETS LOANS AND ADVANCES

SCHEDULE-7

(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
CURRENT ASSETS		
1. Inventories (At Cost as valued and certified by Management)		
Stores and spares	2437	2083
Loose tools	1	2
	2438	2085
2. Sundry Debtors (Unsecured)		
Debts exceeding six months	44279	25152
Other debts	17078	9251
LESS : Provisions	18253	9323
	43104	25080
Particulars of Sundry Debtors (Unsecured)		
1994-95	1993-94	
Considered good	43104	25080
Considered doubtful and provided	18253	9323
3. Cash & Bank Balances		
Cash, Imprest, Cheques, Drafts,		
Postal orders & Postal stamps	70	402
BALANCE WITH SCHEDULED BANKS		
Current account	2429	7931
Deposit with scheduled banks	—	902
BALANCE WITH NON-SCHEDULED BANKS (With Skandinaviska Enskilda Banken)		
Current account	2433	2370
(With Bank of Bhutan)		



SCHEDULE-7 (Contd.)
(Rs. in Lakhs)

PARTICULARS	31.03.95	31.03.94
Current account	3	—
Term deposit	100	5035
		—
		11605
MAXIMUM BALANCE DURING THE YEAR		
SKANDINAVISKA ENSKILDA BANKEN	<u>1994-95</u>	<u>1993-94</u>
Current account	2699	8668
Bank of Bhutan		
Current account	3	—
Term Deposit	100	—
4. OTHER CURRENT ASSETS		
Interest accrued on deposits	358	96
Others	313	420
		516
5. LOANS AND ADVANCES		
ADVANCES RECOVERABLE IN CASH OR KIND OR FOR VALUE TO BE RECEIVED		
Secured (Considered good)	3	10
Unsecured (Considered good)	3063	2927
Unsecured (Doubtful)	128	94
LESS Provision for Doubtful	128	94
		2937
Loans to employees (Secured)	449	413
Public Deposit A/C G.O.I.	4	7474
Power Grid Corporation of India Ltd.	29245	54392
	<u>84012</u>	<u>104502</u>

Advance due from Directors Rs. NIL (Previous year Rs. NIL). Maximum amount due at anytime during the year amounts to Rs. 3.01 lakhs (Previous year Rs. 1.27 lakh).

CURRENT LIABILITIES AND PROVISIONS

SCHEDULE-8
(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
LIABILITIES		
Sundry creditors	7326	5956
Unspent amount of Deposit/Agency	332	277
Deposits/Retention money	3245	737
Other liabilities	4007	3025
Interest accrued but not due-Loan	13545	9849
Liability for Cheques issued	22	18
	28477	19862
PROVISIONS		
Proposed Dividend	1000	500
Gratuity	829	628
Wage Arrear	1280	—
	<u>3109</u>	<u>1128</u>
	<u>31586</u>	<u>20990</u>

Interest accrued but not due on loans includes Rs. 302 lakhs (Previous year Rs. 525 lakhs) on Cumulative Bonds 'B' Series to be paid on maturity.

DETAILS OF DEPOSIT WORKS AND PROJECTS ON AGENCY BASIS

Annexure to Schedule-8
(Rs. in Lakhs)

PARTICULARS	Amount of Deposit Upto 31.3.95	Expenditure Upto 31.3.94	Expenditure 1.4.94 to 31.3.95	Total Exp. Upto 31.3.95	Unspent Amount
A. DEPOSIT WORKS					
TRANSMISSION CONSTRUCTION UNITS					
1. Gangtok to Melli-Kalimpong	424	421	—	421	3
2. Gangtok to Dikchu					
3. Liemtak-Jiribam	472	454	—	454	18
4. Ramnagar-Gandak	177	158	—	158	19
B. PROJECTS ON AGENCY BASIS					
1. Devghat Project	4069	4039	—	4039	30
2. Trisuli Power Resources Inv. Works	5	6	—	6	-1*
3. Salakati	1366	1345	1	1346	20
4. Kalpong H.E. Project	51	26	0	26	25
5. Kurichu Investigation	220	78	86	164	56

Note : Expenditure on Transmission Construction Units and Projects on Agency basis represent cash expenditure only and does not include accrued expenditure. Expenditure, however, includes advances to suppliers, contractors, deposits and unconsumed stocks.

*Shown in Current Assets, Loan & Advances.

GRANTS IN AID

Annexure to Schedule-8
(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
GRANTS-IN-AID FOR INVESTIGATION OF H.E. PROJECT		
1. Chamera (Inv.)	336	336
2. Dhaleshwari	167	167
3. Dhauliganga	592	592
4. Gauriganga Stage I	238	238
5. Gauriganga Stage II	161	161
6. Gauriganga Stage III	130	130
7. Kishanganga	252	252
	1876	1876
LESS : EXPENDITURE		
1. Chamera (Inv.)	300	300
2. Dhaleshwari	199	199
3. Dhauliganga I	310	310
4. Dhauliganga II	230	230
5. Gauriganga Stage I	221	221
6. Gauriganga Stage II	159	159
7. Gauriganga Stage III	179	179
8. Kishanganga	198	198
9. Barah Pump Storage Scheme	30	30
	1826	1826
Less excess of expenditure on investigation over receipts shown in current assets under 'Loan and Advances'	111	1715
Unspent amount of Grants-in-Aid	161	161



MISCELLANEOUS EXPENDITURE

SCHEDULE-9

(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
MISC EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED		
Expenditure on assets not belonging to Corporation	26	32
Losses awaiting w/o sanction	613	568
Less : Provided For	613	567
Deferred Revenue Expenses	1037	423
	<u>1063</u>	<u>456</u>

MISCELLANEOUS INCOME

SCHEDULE-10

(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
Other miscellaneous receipts	125	103
Liability not required written back	2	1
Profit on sale of assets	35	114
	<u>162</u>	<u>218</u>

GENERATION AND ADMINISTRATION EXPENSES

SCHEDULE-11

(Rs. in Lakhs)

PARTICULARS	31.3.95	31.3.94
A. GENERATION EXPENSES		
Consumption of stores & spares	372	178
REPAIR & MAINTENANCE		
a) Buildings	107	56
b) Machinery	352	119
c) Others	428	252
Other operational expenses	193	122
Amount w/off Against Deferred Revenue Expenditure	316	125
B. ADMINISTRATION EXPENSES		
Rent	5	1
Rates & Taxes	4	3
Insurance	66	10
Electricity charges	56	21
Travelling & Conveyance	64	33
Expenses on staff car	163	97
Telephone, Telex & Postage	40	14
Advertisement & Publicity	9	4
Entertainment expenses	1	—
Printing & Stationery	21	10
Consultancy Charges	1	—
Corporate office management expenses	537	234
Loss on sale of assets	6	9
Rebate on prompt payment	82	74
Other miscellaneous expenses	373	182
Provision for doubtful advances	—	1
	<u>3196</u>	<u>1545</u>

EMPLOYEES REMUNERATION AND BENEFITS

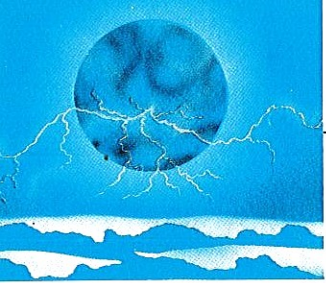
SCHEDULE-12

	(Rs. in Lakhs)	
PARTICULARS	31.3.95	31.3.94
Salaries wages & allowances	2784	1576
Gratuity & Contribution to Provident Fund (Including Administration Fees)	331	215
Staff welfare expenses	458	200
	<u>3573</u>	<u>1991</u>

PRIOR PERIOD ADJUSTMENT

SCHEDULE-13

	(Rs. in Lakhs)	
PARTICULARS	31.3.95	31.3.94
1. Sale of Electricity	(128)	315
2. Interest	(557)	—
3. Depreciation	(4)	(1)
4. Royalty	(24)	—
5. Salaries & Wages	8	(9)
6. Repair & Maintenance	(2)	(11)
7. Other Miscellaneous	(145)	(9)
	<u>(852)</u>	<u>285</u>



NOTES TO THE ACCOUNTS

SCHEDULE-14

1. Contingent liabilities :

- a) Claims against the Corporation not acknowledged as debts Rs. 96936 lakhs (previous year Rs. 47166 lakhs).
- b) Bonds for Rs. 7693 lakhs (previous year Rs. 4701 lakhs) executed in favour of Customs Authorities by the Corporation for re-export of construction machinery and spares imported without payment of custom duty by the Contractors of Dul-Hasti and Uri Projects.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 84376 lakhs (previous year Rs. 137506 lakhs).

3. "Government of India Fund-Adjustable to Equity" includes Rs. 33160 lakhs (previous year Rs. 33160 lakhs) being contribution from Government of India for Salal project stage I and interest accrued thereon.

4. Salal H.E. Project (Stage-I) has been transferred to the Corporation w.e.f. Nov. 87 vide Ministry of Power and NCES letter Nos. 4/1/78-DO (NHPC) dated 9.2.89 and dated 12.7.91 Pending completion of legal formalities for de jure transfer and based on legal opinion, the Accounts of this project have been incorporated on the same terms and conditions as stipulated by the Government of India in case of transfer of other projects to the Corporation.

Out of the total funds received from the Government for construction of the project, an amount of Rs. 29764 lakhs being the first 50% of the estimated revised project cost has been treated as investment from the Government of India and adjustable by issue of Equity share capital. The balance amount drawn on different dates has been treated as interest bearing loan at the rates prevailing on the dates of drawl as per policy of Government of India then prevailing. The interest accrued on such loan component during construction period has also been capitalised and 50% of that treated as adjustable towards issue of equity capital and balance as loan. The amount adjustable by issue of equity capital and amount of loan arrived at on aforesaid basis comes to Rs. 33160 lakhs and Rs. 31070 lakhs respectively.

Pending settlement of terms and conditions, provision of additional interest of Rs. 8833 lacs (Previous year Rs. 7642 lakhs) has been made for non payment of loan and interest.

5.1 Pending fixation of tariff and issue of notification in this regard as required by the Electricity (Supply) Act, 1948, the sale had been accounted for on provisional rates worked out as per past practice. However, adequate provision of Rs. 89.30 crores including Rs. 29.65 crores in respect of period April 1991 to March 94 appearing under the head Extra ordinary item (provision for tariff adjustment) has been made towards possible difference between the billed amount and the tariff likely to be notified based on K.P. Rao committee recommendations.

5.2 Sale of Electricity for the period for which global accounts have not been received, has been accounted for based on readings at Bus-bar.

5.3 As per the Govt. of India directive 12% of the energy generated has been given to the home State free of cost in lieu of royalty in case of Loktak, Baira Siul and Salal—I.H.E. Project w.e.f. 5.9.94 and in case of Chamara & Tanakpur from the date of their commissioning. However, it does not affect the profitability of the Corporation.

6. (i) As per the National Thermal Power Corporation Ltd., The National Hydroelectric Power Corporation Ltd. and the North Eastern Electric Power Corporation Ltd. (Acquisition and Transfer of the Power Transmission System) Act, 1993, the assets and liabilities relating to transmission lines have been vested with the Government of India w.e.f. 1.4.1992. The present position of adjustments on account

of consideration for transfer as notified by Government of India is given below :—

- a) “Capital” and amount adjustable to Equity have been reduced by Rs. 203.85 crores and Rs. 1.80 crores respectively.
- b) Loans from Government of India has been reduced by Rs. 104.01 crores.
- c) Necessary adjustments for transfer of Loan & Other Liabilities aggregating Rs. 212.16 crores pertaining to transmission lines will be made after finalisation of arrangements with GOI and PGCIL.

Pending completion of formalities, the amount at (c) above has been shown as amount recoverable from PGCIL/GOI.

- (ii) The transmission lines in the state of J&K have been transferred to PGCIL w.e.f. 1.4.93 at a provisional consideration of Rs. 64.42 crores, which does not include liability for additional interest on Government of India Loan.
 - (iii) Pending determination of the basis of appropriations between generation and transmission, the amount realised from beneficiaries have been appropriated towards adjustment of dues of the Corporation.
7. The cost of land in some cases represent provisional/initial payments towards compensation and other incidental expenses. Adjustment, if any, will be made when the final compensation is determined. The title of land in certain cases has not been passed to the Corporation pending completion of legal formalities.
 8. Chamera—I and Second unit of Salal—II Projects have been declared commercially operative from 1st May, 1994 and 23rd May, 1994 respectively. Accordingly, sale of power and operational expenses incurred during pre operative period have been accounted for in Incidental Expenditure during Construction (IEDC).
 9. **Uri H.E. Project :-**
 - i) The Project is being executed by Contractors on turn-key basis. Prior to award of this contract, the Corporation has got some jobs completed. No recovery has been made pending settlement with the Contractors.
 - ii) Capital Work in progress includes Rs. 1671.19 crores being the value of work done which in the earlier years was inadvertently shown under the head ‘Advances to Contractors’.
 - iii) Due to disturbed conditions prevailing at Uri in J&K state, priced Store ledger for Rs. 132 lakhs (previous year Rs. 505 lacs) could not be reconciled with the financial books. Adjustments on account of consumption, receipts, shortage/excess, if any, will be made as and when stores are reconciled.
 - iv) Custom duty amounting to Rs. 7507 lacs shown in IEDC grouped under other expenses could not be allocated to respective assets in the absence of details.

10. Chamera H.E. Project

- i) Difference of Rs. 137.49 lacs (Net Credit) upon reconciliation of Priced Store Ledger balances with General Ledger balances has been adjusted in Incidental Expenditure During Construction (IEDC). The differences were primarily on account of mismatching and exchange rate variation during construction period.
- ii) Losses pending investigation aggregating to Rs. 486.83 lakhs represent shortage/losses etc. during construction period. Individual cases are being examined at appropriate level. However, full provision has been made in the accounts.



- iii) The reconciliation/settlement of contractor bills is in progress. Pending settlement, liability has been provided for based on analysed rates duly certified by Engineering Department. The claims of contractors which in the opinion of Management are not maintainable are shown under the Head "Contingent Liability."
- 11. i) The French consortium of contractors has discontinued the work at Dul-Hasti H.E. Project. Discussions for resumption of work are in progress and pending settlement liability if any, could not be provided as the same is not ascertainable.
ii) Residential building (semi permanent) and club building worth Rs. 167.21 lacs and Rs. 18.55 lacs respectively have been shown as work in progress pending issue of completion certificate.
- 12. In some of the projects, Material issued to contractors, advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors, Deposit/Earnest money from contractors are subject to reconciliation/confirmation. Adjustment, if any, will be carried out at the time of reconciliation/confirmation.
- 13. Certain unreconciled old debit and credit entries are outstanding in the Bank reconciliation statements resulting into net credit of Rs. 188 lacs. Efforts are being made for reconciliation/adjustment of the same.
- 14. Exchange rate variation shown under the head Incidental Expenditure During Construction does not include Rs. 53.03 crores in respect of Uri Project as the same has been directly debited to Capital work in progress.
- 15. In the absence of details from Bankers with regard to special Bank Account for the purpose of Interest Payment and Redemption Payment pertaining to A & B Series of Bonds, the Bank accounts could not be reconciled.
- 16. The Corporation has proposed dividend of Rs. 10 crore for the year 1994-95 after providing for depreciation in the manner stated in accounting policy No. 5. The Ministry of Irrigation & Power (Department of Power) vide their letter No. 25 (10/84-D (SEB)) dated 1st June, 1985, after obtaining clarification from Ministry of law advised that dividends could be paid after providing for depreciation as per provisions of Electricity (Supply) Act, 1948.
- 17. Provision for Gratuity is being made on estimated basis after discontinuation of Group Gratuity policy of LIC.
- 18. The accounts together with notes on accounts as approved by the Board of Directors on 11th October, 1995 and reported by the Statutory Auditors on 12th October, 1995 have been revised as a result of audit conducted by Comptroller & Auditor General of India under section 619 (4) of the Companies Act, 1956. As a result of the revision, the following changes have been made in the Balance Sheet and Profit & Loss Account.
 - i. Profit has decreased from Rs. 94.84 crores to Rs. 93.67 crores.
 - ii. Loan funds have increased from Rs. 3993.30 crores to Rs. 4054.85 crores.
 - iii. Fixed Assets have decreased from Rs. 3229.49 crores to Rs. 3227.97 crores.
 - iv. Capital work in progress has decreased from Rs. 3387.74 crores to Rs. 3380.07 crores.
 - v. Current Assets, Loan & Advances have decreased from Rs. 841.17 crores to Rs. 840.12 crores.
 - vi. Current Liabilities & Provisions have decreased from Rs. 379.87 crores to Rs. 315.86 crores.
 - vii. Misc. expenditure (to the extent not written off or adjusted) has increased from Rs. 4.02 crores to

Rs. 10.63 crores.

Apart from above, note no. 1 (b), 5.1, 13 & 21 have been suitably revised.

19. Stores issued for operation and maintenance at operational projects have been charged to expenditure wherever the value of such stores is not material.

20. Quantitative details :

		1994-95	1993-94
i) Licensed Capacity	(M.W.)	— Not Applicable	—
ii) Installed Capacity	(M.W.)	1538	865
iii) Actual Generation	(M.U.)	6058	3587
iv) Actual Sales (Excluding 12% Free Power)	(M.U.)	5416	3442

	1994-95 Rs. in Lakhs	% age	1993-94 Rs. in Lakhs	% age
21. a) Value of imported Plant & Machinery and Spares on CIF basis.	49250		23772	
b) Expenditure in Foreign Currency				
i) Know-How	7964		1749	
ii) Interest	8236		7203	
iii) Other Misc. Matters	603		756	
c) Value of spare parts & Components consumed in operating units.				
i) Imported	125	24	—	
ii) Indigenous	394	76	178	100

22. In the absence of taxable income, no provision on account of liability of Income Tax has been made.

23. Previous year's figures have been regrouped/re-arranged wherever necessary to make these comparable with current year's figures.

N. SEETHARAMAN
Secretary

R. NATARAJAN
Director (Finance)

S.R. NARASIMHAN
Chairman & Managing Director



SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTIONS

- 1.1 The financial statements are drawn up on historical cost basis.
- 1.2 Revenue and expenses are generally accounted for on accrual basis except in the case of surcharge recoverable from debtors and income from consultancy.

2. FIXED ASSETS

- 2.1 Fixed assets are carried at cost of acquisition/construction. However, where actual cost is not ascertainable due to non submission/adjustment of contractors/suppliers bills, these are carried at estimated cost. The contribution received from outside agencies, if any, towards fixed assets are netted out.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets.
- 2.3 Payments made provisionally towards compensation and other expenses relatable to land are treated as cost of land.
- 2.4 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets as ownership does not vest with the Corporation.

3. CAPITAL WORK IN PROGRESS

- 3.1 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to 'Incidental Expenditure During Construction'.
- 3.2 On start of commercial production, the entire amount of 'Incidental Expenditure During Construction' is allocated on immovable assets excluding land.

4. MISCELLANEOUS EXPENDITURE

The expenditure incurred on assets not belonging to Corporation is written off over a period of 5 years after start of commercial operation.

5. DEPRECIATION & AMORTISATION

- 5.1 Premium on lease hold land is amortised over the period of lease.
- 5.2 Depreciation on assets used for generation/transmission/Operation is being charged on straight line basis at the rates notified under sub-section 1 of section 68 of Electricity (Supply) Act, 1948 following the year in which the assets are put to use.
- 5.3 Depreciation on assets other than specified above is provided on straight line basis in accordance with the provisions of Companies Act, 1956.
- 5.4 Assets with original cost/W.D.V. of Rs. 5,000/- or less at the beginning of the year are fully written off.
- 5.5 Depreciation on construction equipments declared surplus is not provided.

6. VALUATION OF INVENTORIES

- 6.1 Stores and Spares are valued at cost.
- 6.2 Consumable/loose tools issued during the year are charged to consumption account where cost of individual items is Rs. 5,000/- or less and in other cases charged off in 5 yearly equated instalments.

7. EXCHANGE FLUCTUATIONS

Foreign currency loans are translated/converted with reference to the rates of exchange ruling at the year end. The difference is transferred to Capital work-in-progress/fixed assets in case of capital assets and in case of current assets if it is a gain, taken to Foreign Exchange Fluctuation Reserve and in case of loss, to the extent not set off against the Reserve, is charged off to revenue.

8. MISCELLANEOUS

- 8.1 Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 8.2 Power supplied from operational projects to Projects under construction is being charged as per normal tariff.
- 8.3 Prior period adjustments are made only in case of projects under operation, if amount involved is more than Rs. 5000/- in each case.

9. ALLOCATION OF CORPORATE OFFICE EXPENSES

The Corporate Office Expenses including remuneration to surplus employees are allocated as under :

- i) On operational projects @ 1% of Sale of Power and Wheeling Charges as billed for the year excluding taxes, duties.
- ii) In case of Kurichu Project @ 5% of direct capital expenditure.
- iii) The balance expenditure is allocated to other projects in the ratio of net capital expenditure incurred during the year.



Auditor's Report

TO THE MEMBERS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

We have audited the attached Balance Sheet of National Hydroelectric Power Corporation Limited, as at 31st March 1995, and the attached Profit & Loss Account for the year ended on that date in which are incorporated the accounts of the Units audited by other Auditors, which have been relied upon by us.

The accounts adopted by the Board of Directors on 11th Oct. 1995 and reported by us on 12th Oct. 1995, have been revised and readopted by the Board of Directors on 2nd Feb. 1996 as a result of audit under section 619 (4) of the Companies Act, 1956 (Refer Note No. 18 of Schedule 14). We further report as under :—

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and as per information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs (4) and (5) of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far it appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from branches not audited by us. Reports of Branch Auditors in respect of the branches not audited by us have been received and the same have been considered while preparing our Report.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and returns.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the Notes of Schedule (14) and significant accounting policies give the information required by the Companies Act, 1956 in the manner so required subject to :
 - i. Advance of Rs. 228.76 lacs outstanding against one party at Chamera-I.H.E. Project is considered doubtful and not provided for as party has made a counter claim of Rs. 3365.77 lacs.
 - ii. Note No. (4)
Re : Incorporation of accounts of Salal H.E. Project on the basis of Govt. directive and legal opinion.
 - iii. Note No. (5.1 & 5.2)
We are unable to quantify the effect of adjustments on Sales, Sundry Debtors and Profits which may arise on issue of Govt. notification with regard to fixation of tariff as the same is not ascertainable.
 - iv. Note No. (6)
Re : Transfer of transmission lines to Govt. of India/PGCIL pending settlement of consideration.
 - v. Note No. (7)
Re : Land capitalised on provisional basis pending determination of purchase consideration. Non execution of title deed pending completion of formalities.
 - vi. Note No. (9) (iii)
Re : Non reconciliation of Stores with Price Stores Ledger in case of Uri H.E. Project.

- vii. Note No. (10) (i)
Re : Price Store Ledger difference of Rs. 137.49 lacs (Net Credit) adjusted in I.E.D.C. at Chamera-I H.E. Project.
- viii. Note No. (10) (iii)
Liabilities for Contractors/Suppliers have been provided for on estimated basis pending final settlement at Chamera-I H.E. Project.
- ix. Note No. (11) (i)
Re : Liability for Dulhasti H.E. Project not provided for as the same is presently not ascertainable.
- x. Note No. (12)
Re : Non reconciliation/confirmation of materials issued to Contractors, Advances to Contractors, Sundry Debtors, Creditors, Deposits/Earnest money from Contractors and consequential effect thereof on the accounts.
- xi. Note No. (15)
Re : Non reconciliation of interest and redemption payments.
- xii. Note No. (17)
Re : Provision of gratuity on estimated basis without actuary valuation;

And the effect on the accounts of the above give a true and fair view :-

- (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1995.
- (b) In the case of Profit & Loss Account of the Profit of the Company for the year ended on that date.

For and on behalf of
Suresh Chandra & Associates
Chartered Accountants

(MADHUR GUPTA)
Partner

Place : New Delhi
Dated : 3.2.96



Annexure to the Auditor's Report

Referred to in Para I of our Report of even date

1. The Company has maintained records for majority of fixed assets showing full particulars including quantative details except that location of assets have not been mentioned in the fixed assets register in few cases. Management has conducted physical verification of assets in most of the Projects. However, in some Projects reports are under reconciliation and we are unable to comment on the discrepancies, if any, in such cases. No serious discrepancies have been noticed during the year.
2. None of the fixed assets has been revalued during the year.
3. The physical verification of stores, spare parts, raw materials has been conducted by the Management at most of the projects following perpetual system of inventory. In our opinion, the system adopted by the management is satisfactory according to the size and nature of its business.
4. The procedure of physical verification of stocks, spares, stores, operating supplies, etc. followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verifications between the physical stocks and book records have been dealt with in the books of account except in case of some Projects, where discrepancies are reported to be under reconciliation.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of the stocks is fair and proper, in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
7. According to information given to us, Company has not taken any loans, secured or unsecured during the year from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and from Companies under the same management under Sub Section (1B) of Section 370 of the Companies Act, 1956.
8. According to information given to us, Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and to the Companies under the same Management as defined under sub section (1B) of Section 370 of Companies Act, 1956.
9. The parties including employees to whom loan and advances in the nature of loans have been given are genenrally regular in repayment of principal amount and interest except in case of advances considered doubtful.
10. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensured with the size of Company and nature of its business with regards to purchase of stores, raw materials (including components), plant and machinery, equipment and other assets and for the sale of goods.
11. According to information and explanations given to us there are no transaction of purchase and sale of goods, materials and services aggregating during the year to Rs. 50,000 or more in respect of each party made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.
12. As explained to us, Company does not have a regular procedure for determination of unserviceable or damaged stores/raw materials. However provision for losses is made whenever such items are determined.

13. The Company has not accepted any deposits from the public u/s 58A of the Companies Act, 1956.
14. According to information and explanations given to us, the Company is maintaining reasonable records for the sale and disposal of the realisable scrap.
15. The scope and area of internal audit needs to be enlarged and strengthened considering the size of the Company and nature of its business.
16. We have been explained that the maintenance of cost records has not been prescribed by the Central Government u/s 209 (1) (d) of the Companies Act, 1956.
17. According to the records of the Company, Provident Fund dues have generally been deposited in time with the appropriate authorities during the year. We have been informed that the Employees' State Insurance is not applicable to the Company.
18. As per explanations given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Customs Duty and Excise Duty were outstanding as on 31st March, 1995 for a period of more than six months from the date they become payable.
19. As per explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial Company within the meaning of clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
21. In respect of agency works/deposit works :
 - i. the Company has a reasonable system of recording receipts, issue, consumption of materials and stores and allocation of materials and manhours utilised to relative jobs.
 - ii. There exists a reasonable system of authorisation at proper level with adequate control over the issue and allocation of Stores and Labour.

Place : New Delhi
Dated : 3.2.96

For and on behalf of
Suresh Chandra & Associates
Chartered Accountants
(MADHUR GUPTA)
Partner



ANNEX - I
(To Directors' Report)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED, FARIDABAD, FOR THE YEAR ENDED 31ST MARCH, 1995

The accounts of the Company have been revised as a result of the observations made by the Comptroller and Auditor General of India as indicated in item No.18 of Notes to the Accounts (Schedule 14) forming part of accounts. The following further comments are made upon or supplement to the auditors' report under Section 619(4) of the Companies Act, 1956, on the revised accounts of National Hydroelectric Power Corporation Limited, Faridabad, for the year ended 31st March, 1995.

COMMENTS

REPLIES

A. BALANCE SHEET

(I) Government of India Fund Adjustable to equity - Rs. 53746 lakhs

In accordance with the financing pattern followed by the Government of India in respect of Loktak and Baira Siul Projects, the Company has treated Rs. 33160 lakhs being the first 50% of the estimated revised project cost of Salal-I project including interest during construction as Government contribution towards equity. Though the project was completed and transferred to the Company in November 1987, the transfer deed has not so far been executed. Consequently, this amount is being exhibited under "Government of India Fund Adjustable to Equity" and shares for Rs. 33160 lakhs have not been issued in favour of the President of India, thereby projecting a distorted picture of the share capital of the Company.

(ii). Fixed Assets (Schedule 4)

Gross Block : 359780 lakhs

The depreciation on original assets/equipments used during construction period has not been reduced from the gross value of these original assets/equipments at the time of capitalisation on commencement of the commercial operation of the respective projects. This has resulted in overstatement of Gross Block by Rs. 12817 lakhs in the case of Chamara-I Project with consequent excess fixation of tariff chargeable from beneficiary States/State Electricity Boards as the tariff has a direct linkage with the capital cost of the project (Gross Block).

(iii) Net Block - Rs. 322797 lakhs

The Company has charged depreciation on tunnels of Loktak and Baira Siul projects at the lower rates applicable for canals as per Electricity Supply Act, 1948. This resulted in undercharging of depreciation to the extent of Rs. 1584 lakhs up to 1994-95. On this being pointed out in audit, the Company charged Rs. 152 lakhs i.e. the differential for 1994-95, to the Profit and Loss Account in the revised accounts. However, the impact for the earlier years amounting to Rs. 1432 lakhs has not been given effect to resulting in understatement of depreciation and overstatement of Net block by Rs. 1432 lakhs.

Note No. 4 of the 'Notes to the Accounts' (Schedule 14) of the Annual Accounts 1994-95 adequately discloses the position.

NHPC had submitted to the Central Electricity Authority all the information for fixing the tariff chargeable from the beneficiary States/State Electricity Boards, which is under examination. Pending finalisation, NHPC is recovering the fixed charges on provisional basis only as recommended in CEA.

The impact of differential in the rate of depreciation as per the Electricity Supply Act 1948 for the earlier years is being examined and adjustment, if any, will be carried out in annual accounts 1995-96.

B. PROFIT AND LOSS ACCOUNT

Profit for the year of Rs. 13184 lakhs has to be viewed in the light of the following :-

(i) Employees Remuneration & Benefits (Schedule-12) Salary, Wages and Allowances -- Rs. 2784 lakhs.

This does not include Rs. 2469 lakhs representing remuneration to surplus staff working in the completed Baira Siul, Loktak, Salal-I, Tanakpur and Chamara-I projects which instead of being treated as revenue expenditure has been capitalised and allocated to projects under construction. This has led to overstatement of profit by Rs. 2469 lakhs as well as the Capital work-in-progress-IEDC (Schedule-5) by the same amount.

(ii) In terms of Ministry of Finance OM of 4.6.1993, the Company is liable to pay guarantee fee @ 1.2 per cent per annum on the outstanding amounts of principal plus interest on external borrowings guaranteed by the Government of India. Further, the Company is also liable to pay guarantee fee at double the normal rate for the period of default where the guarantee fee is not paid on due date(s). The Company has neither paid nor provided for the guarantee fee of Rs.2003 lakhs even at the normal rate of 1.2 per cent per annum. This has resulted in overstatement of profit by Rs. 592 lakhs and understatement of Capital work-in-progress - IEDC (Schedule 5) by Rs. 1411 lakhs and Current liabilities and Provisions - other liabilities (Schedule 8) by Rs. 2003 lakhs. In addition, the Company has become liable for payment of guarantee fee at double the rate i.e. 2.4 per cent per annum.

Accounting policy No. 9 regarding allocation of Corporate Office expenses mentions the basis of allocation of the Corporate Office expenses including remuneration of surplus employees to the various operating projects and projects under construction, which is being followed consistently.

There was no stipulation of levy of any guarantee fee by the Govt. of India in respect of the external borrowings raised by the Company till June 1993. Ministry of Finance advised in June 1993 that guarantee fee is payable even on old internal and external loans which were guaranteed by them in the past. The matter is still under correspondence with the concerned authorities of the Govt. of India.

(SURINDER PAL)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-III
NEW DELHI

DATED : 19TH FEBRUARY, 1996



ANNEX - II (To Directors' Report)

REVIEW OF ACCOUNTS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED, FARIDABAD FOR THE YEAR ENDED 31ST MARCH, 1995 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA.

(Review of Accounts has been prepared without taking into account Comments of C&AG under section 619 (4) of the companies act 1956 and qualifications contained in the Statutory Auditor's Report)

1. FINANCIAL POSITION

The table below summarises the financial position of the company for the last three years.

		(Rs. in lakhs)		
		1992-93	1993-94	1994-95
LIABILITIES				
a)	i) Paid up Capital	225523	249908	229524
	ii) Central Govt. Funds Adjustable to Equity	37725	33340	53746
b)	Reserves & Surplus			
	i) Free Reserves & Surplus	21012	23371	28988
	ii) Committed Reserves	12259	16454	19204
c)	Borrowings From			
	i) Govt. of India	53175	51500	47913
	ii) Foreign Institutions	71281	91745	126513
	iii) Financial Institutions	10000	40000	40000
	iv) Bonds	126091	143713	169228
	v) Others	750	4600	—
	vi) Interest accrued & due	4574	12299	21831
d)	Current Liabilities & Provisions	29891	20990	31586
Total		592281	687920	768533
ASSETS				
e)	Gross Block of fixed assets	122933	160399	359780
f)	Less cumulative depreciation	26621	29124	36983
g)	Net Block of fixed assets	96312	131275	322797
h)	Capital Work-in-Progress	299404	314869	338007
i)	Construction stores & Advances	102457	136818	22654
j)	Current Assets, Loans & Advances	93795	104502	84012
k)	Misc. Expenditure (to the extent not written off or adjusted)	313	456	1063
Total		592281	687920	768533
l)	Capital Employed [(g+j-d-c (vi))]	155642	202488	353392
m)	Net Worth [a+b(i)-k]	283947	306163	311195
n)	Net Worth per rupee of Paid up Capital (Rupees)	1.08	1.08	1.09
o)	Debt - Equity Ratio	0.92	1.08	1.23

2. LIQUIDITY

- The percentage of Current Assets to total Net Assets decreased from 15.84 in 1992-93 to 15.20 in 1993-94 and 10.95 in 1994-95.
- The percentage of Current Assets to Current Liabilities & provisions (including Interest accrued and due) which is a measure of liquidity increased from 272.15 in 1992-93 to 313.92 in 1993-94 and decreased to 157.28 in 1994-95.
- The percentage of Quick Assets (Current Assets minus inventories) to Current Liabilities (excluding provisions but including interest accrued and due) which is another measure of liquidity increased from 266.38 in 1992-93 to 318.45 in 1993-94 and decreased to 162.15 in 1994-95.

3. WORKING CAPITAL

The Working Capital (Current Assets, Loans & Advances less Current Liabilities & Provisions including interest accrued

and due) of the Company at the close of last three years ending 31st March, 1995 was Rs. 59330 lakhs, Rs. 71213 lakhs and Rs. 30595 lakhs respectively. The percentage of Sales (including wheeling charges) to Working Capital was 30.15 in 1992-93, 33.21 in 1993-94 and 176.26 in 1994-95.

4. SOURCES AND USES OF FUNDS

Funds amounting to Rs. 109462 lakhs from internal and external sources were realised and utilised during the year as follows :

Sources of Funds

	(Rs. in Lakhs)	
Funds from operations		
a) Profit	9367	
Add : Depreciation	7859	17226
b) Increase in Capital		22
c) Increase in Borrowings		52096
d) Decrease in working capital		40118
TOTAL		109462

Utilisation of Funds

a) Increase in Fixed Assets including Capital Work-in-Progress & Construction Stores & Advances	108355
b) Increase in Misc. Expenditure	607
c) Dividend paid	500
TOTAL	109462

5. WORKING RESULTS

The Working Results of the Company in the last three years ending 31st March, 1995 are given below :

	(Rs. in Lakhs)		
	1992-93	1993-94	1994-95
i) Sales (including wheeling charges and after provision for tariff adjustments)	15519	20866	48051
ii) Profit (after prior period and extraordinary items)	4149	7054	9367
iii) Percentage of Profit to			
a. Sales	26.7	33.8	19.5
b. Capital employed	2.7	3.5	2.7
c. Net worth	1.5	2.3	3.0
d. Equity capital	1.6	2.5	3.3

6. INVENTORY

The value of stores & spares including loose tools at the close of the last three years ending 31st March, 1995 was Rs. 1988 lakhs, Rs. 2085 lakhs and Rs. 2438 lakhs respectively.

7. SUNDRY DEBTORS

The Sundry Debtors and Sales in the last three years ending 31st March, 1995 are given below :

				(Rs. in Lakhs)	
As on 31st March,	SUNDRY DEBTORS			SALES	Percentage of Sundry Debtors to sales
	Considered good	Considered doubtful	Total	(Including wheeling charges & after provision for tariff adjustment)	
1993	19179	6542	25721	15519	166
1994	25080	9323	34403	20866	165
1995	43104	18253	61357	48051	128

PLACE : NEW DELHI
DATE : 19TH FEBRUARY, 1996

(SURINDER PAL)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-III
NEW DELHI



ANNEX - III
(To Directors' Report)

INFORMATION REQUIRED UNDER SEC 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975.

(A) Particulars of employees employed throughout the financial year who were in receipt of remuneration not less than Rs. 3,00,000/- P.A.

Name and Designation	Remuneration (Rs.)	Nature of Employment	Qualification and Experience	Date of commencement of Employment in NHPC	Age	Last employment held
Miss E. Divatia Director (Technical)	3,88,822	Govt. Appointment	BE., (Civil) M. Tech (Struct) (36 years.)	22.03.79	57	Deputy Director C.W.C.

(B) Particulars of employees employed for part of the Financial year who were in receipt of remuneration not less than Rs. 25000/- P.M. — NIL

NOTES

- (1) The above employee is not related to any of the Directors of the Corporation within the meaning of Section 6 of the Companies Act, 1956.
- (2) The terms and conditions of appointment are as determined by Government / Rules and regulations of the Corporation in force from time to time, as the case may be.
- (3) Designation indicated in the list denote the nature of duties performed by the employee.
- (4) (a) The 'Remuneration' includes cost of hiring Corporation-leased accommodation, wherever applicable, employer's contribution to PF etc.
(b) The Gratuity amount has not been taken into account as the same has been provided on estimated basis.



Downstream view of barrage under construction - Uri Project (J&K)



National Hydroelectric Power Corporation Ltd.

(A GOVERNMENT OF INDIA ENTERPRISE)

NHPC OFFICE COMPLEX, SECTOR-33,
FARIDABAD, HARYANA-121003.