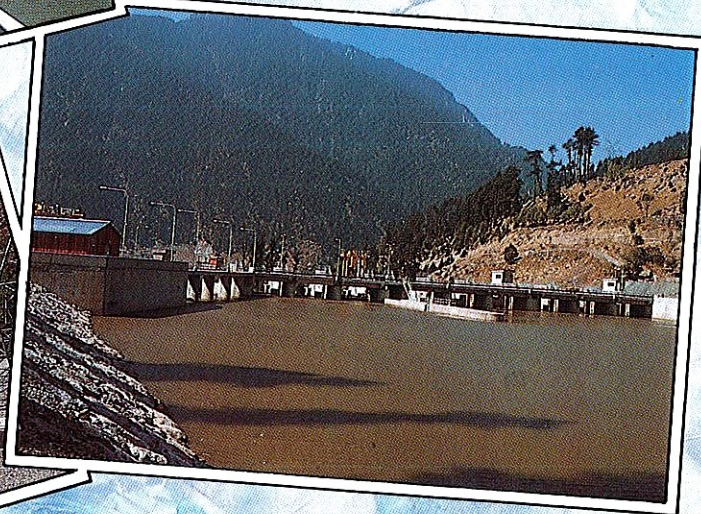
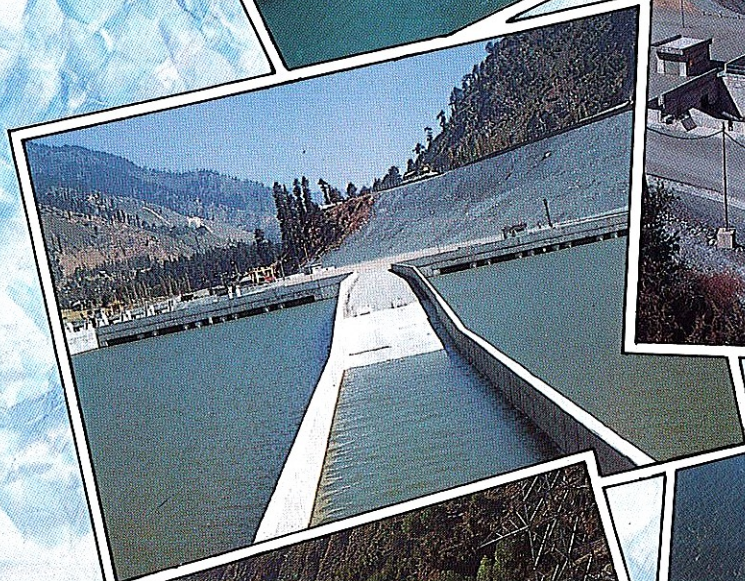
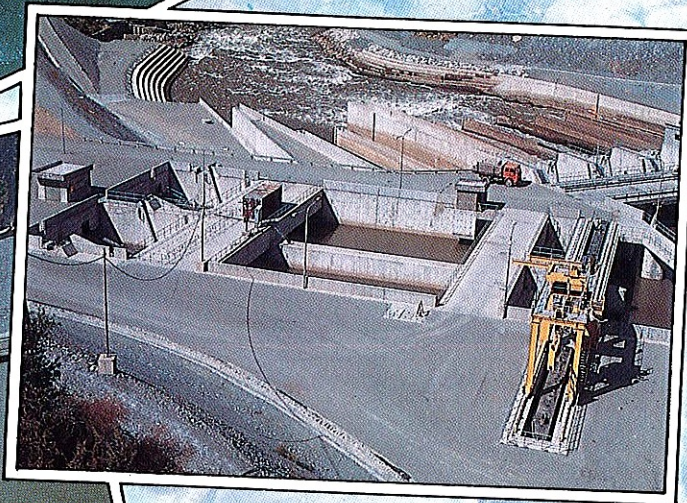




ANNUAL REPORT

1996-97

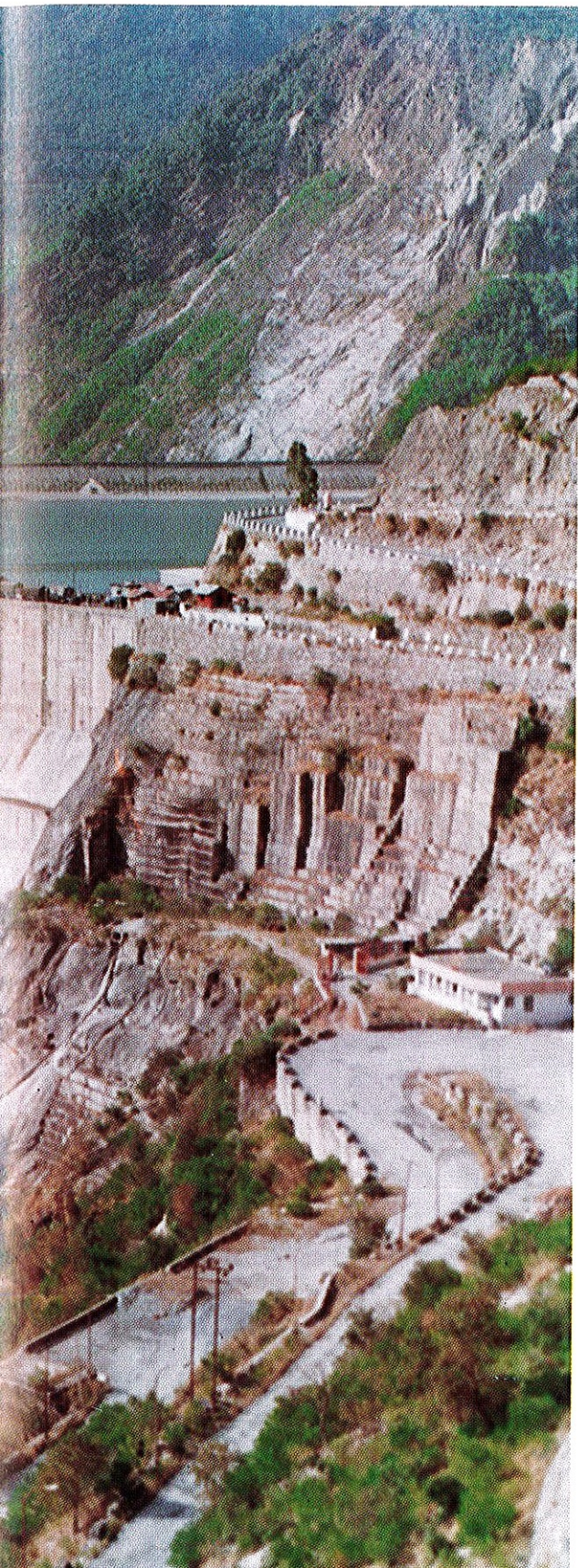


National Hydroelectric Power Corporation Ltd.

(A Government of India Enterprise)



A view of 690 MW Salal Complex (J&K)



CONTENTS

Corporate Mission and Objectives	2
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Corporate Profile	3
-------------------	---

Board of Directors	5
--------------------	---

Chairman's Statement	8
----------------------	---

Directors' Report	16
-------------------	----

Annual Accounts	30
-----------------	----

Balance Sheet Abstract and Company's General Business Profile	52
---	----

Auditors' Report	54
------------------	----

Comments of the Comptroller & Auditor General of India	61
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CORPORATE MISSION

The mission of NHPC is to harness the vast hydro potential of the country to produce cheap/pollution free and inexhaustible hydropower. NHPC would play a significant role in the integrated and efficient development of hydroelectric power in the Central Sector covering all aspects such as investigations, planning, designs, construction, operation and maintenance of hydroelectric power projects.

CORPORATE OBJECTIVES

OPERATIONAL

To achieve planned development of Hydro projects expeditiously adopting modern methodologies and latest technologies as well as integrated project management system to achieve speedy execution with least cost and in the shortest time frame.

To ensure maximum utilisation of installed capacity (commissioned power stations) by adopting modern methods of operations and maintenance including renovations modernisation, uprating of power generating stations, whenever necessary.

To prepare a comprehensive Corporate Plan and a long term perspective plans and constantly reorient it to be in line with the changing political and economic scenario of the country and closely monitor its implementation to create and build up an image for the Corporation in the Power sector.

To aim at and achieve suitable organisational development with simultaneous human resource development through need based training etc.

To undertake long term feasibility studies for optimum and rapid development of hydropower resources of river basins with a view to improve the share of hydro in country's power mix.

To undertake consultancy assignments in the field of project investigation, design, engineering and project implementation. To undertake turn-key execution on deposit basis within and outside the country.

To adopt an environmental and ecological conscious approach in building hydropower projects by taking various environmental and ecological protection measures.

FINANCIAL

To generate sufficient internal resources for short term and long term financing for expansion and setting up of new projects.

To strategically formulate long term Corporate Plans to achieve desired growth of the activities of the Corporation commensurate with national objectives.

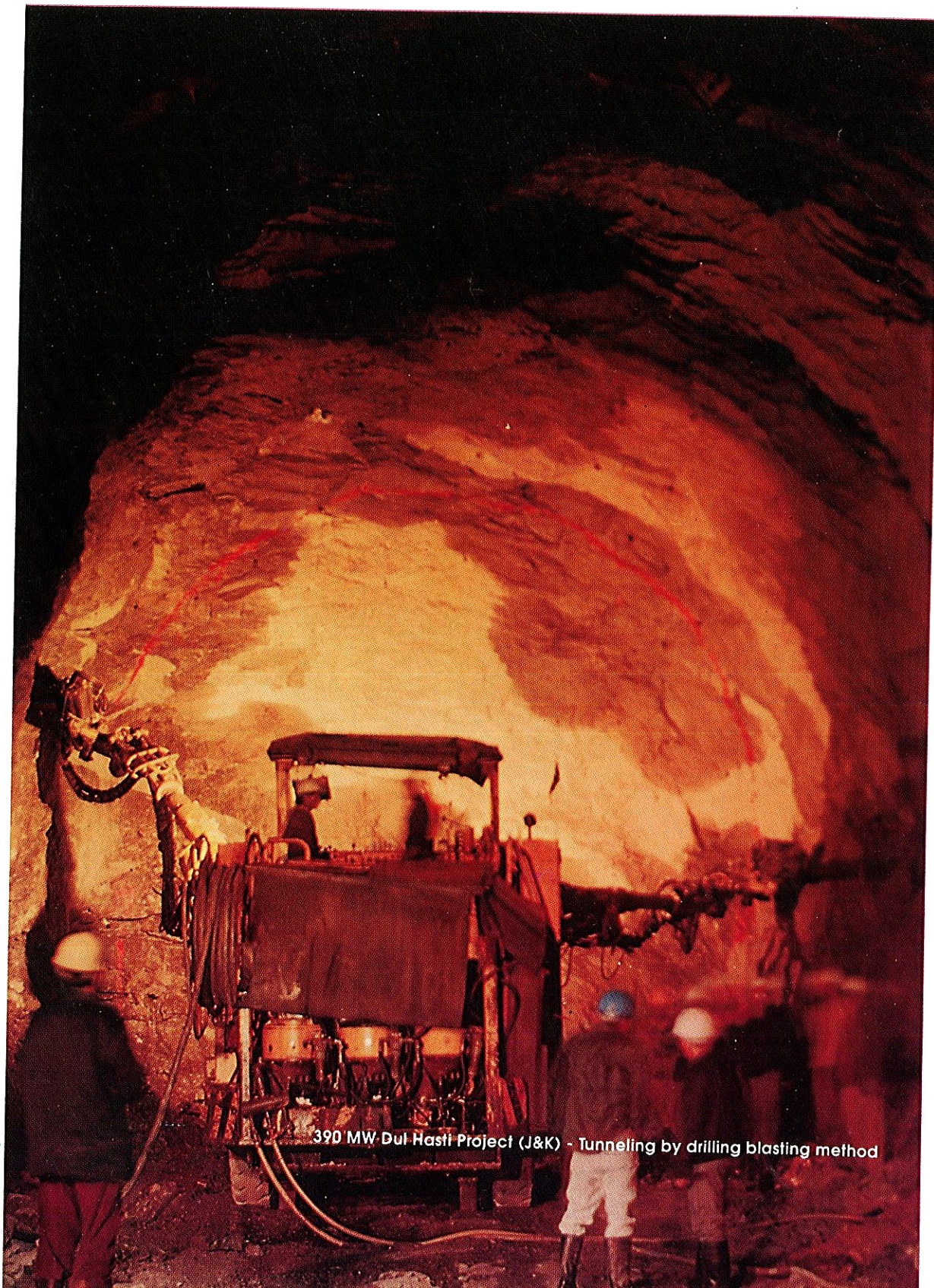
To continue efforts to maximise output and generation at least economic costs.

To complete all on-going projects within the stipulated time and cost without any overruns.

CORPORATE PROFILE

(RS. IN LAKHS)

FINANCIAL	1996-97	1995-96	1994-95	1993-94	1992-93
Sales & Wheeling charges *	53442	50913	48051	20866	15519
Miscellaneous Income	2167 [@]	204 [@]	162	218	532
Profit before interest & depreciation \$	48108	43298	37224	17221	12520
Profit after interest & depreciation \$	10668	7737	9367	7054	4149
Dividend	1500	1500	1000	500	0
Reserves & Surplus (Cumulative)	63447	54429	48192	39825	33271
WHAT CORPORATION OWNS					
Gross Fixed Assets	389378	372752	359780	160399	122933
Depreciation	62281	49012	36983	29124	26621
Net Fixed Assets	327097	323740	322797	131275	96312
Capital Work-in-progress	489571	444470	338007	314869	299404
Construction Stores & Advances	11668	16903	22654	136818	102457
Net Current Assets	48683	39544	52426	83512	63904
Miscellaneous Expenditure	499	856	1063	456	313
	877518	825513	736947	666930	562390
WHAT CORPORATION OWES					
Net Worth					
- Share Capital	291737	289028	283270	283248	263248
- Reserves	63447	54429	48192	39825	33271
Borrowings	522334	482056	405485	343857	265871
	877518	825513	736947	666930	562390
OPERATING PERFORMANCE					
GENERATION (M.U.)	5614	6141	6058	3587	3474
MACHINE AVAILABILITY (%)	83.25	85.30	83.99	84.66	87.43
SALES (Rs. in crores)	534	509	478	206	152
MAN POWER (Nos.)	12119	11984	12145	12449	12952
* Sales are net after tariff adjustments @ Includes receipts against contracts \$ After prior period adjustments					



390 MW Dul Hasti Project (J&K) - Tunneling by drilling blasting method

BOARD OF DIRECTORS (AS ON 1.10.1997)



Shri Yogendra Prasad
Chairman & Managing Director



Shri A.I. Bunet
Director (Personnel)



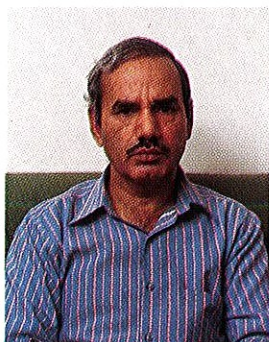
Shri R. Natarajan
Director (Finance)



Shri J. Vasudevan
Joint Secretary (Hydro)
Ministry of Power



Shri N. Visvanathan
Director (Technical)



Shri S.R. Shivrain
JS & FA, Ministry of Power



Shri Ramesh Chandra
Chairman & Member (D&R)
Central Water Commission

COMPANY SECRETARY

SHRI VIJAY GUPTA

STATUTORY AUDITORS

M/S MOHAN & MOHAN

CHARTERED ACCOUNTANTS
B-328, 1ST FLOOR, NEHRU GROUND,
FARIDABAD-121001.

BRANCH AUDITORS

M/S H.S. AHUJA & CO.

CHARTERED ACCOUNTANTS
61-H, GOBIND MANSION, CONNAUGHT
CIRCUS, NEW DELHI-110 001.

M/S A. KAYES & CO.

231, KAMALALAYA CENTRE, 156-A, LENIN
SARANI, CALCUTTA-700 013.

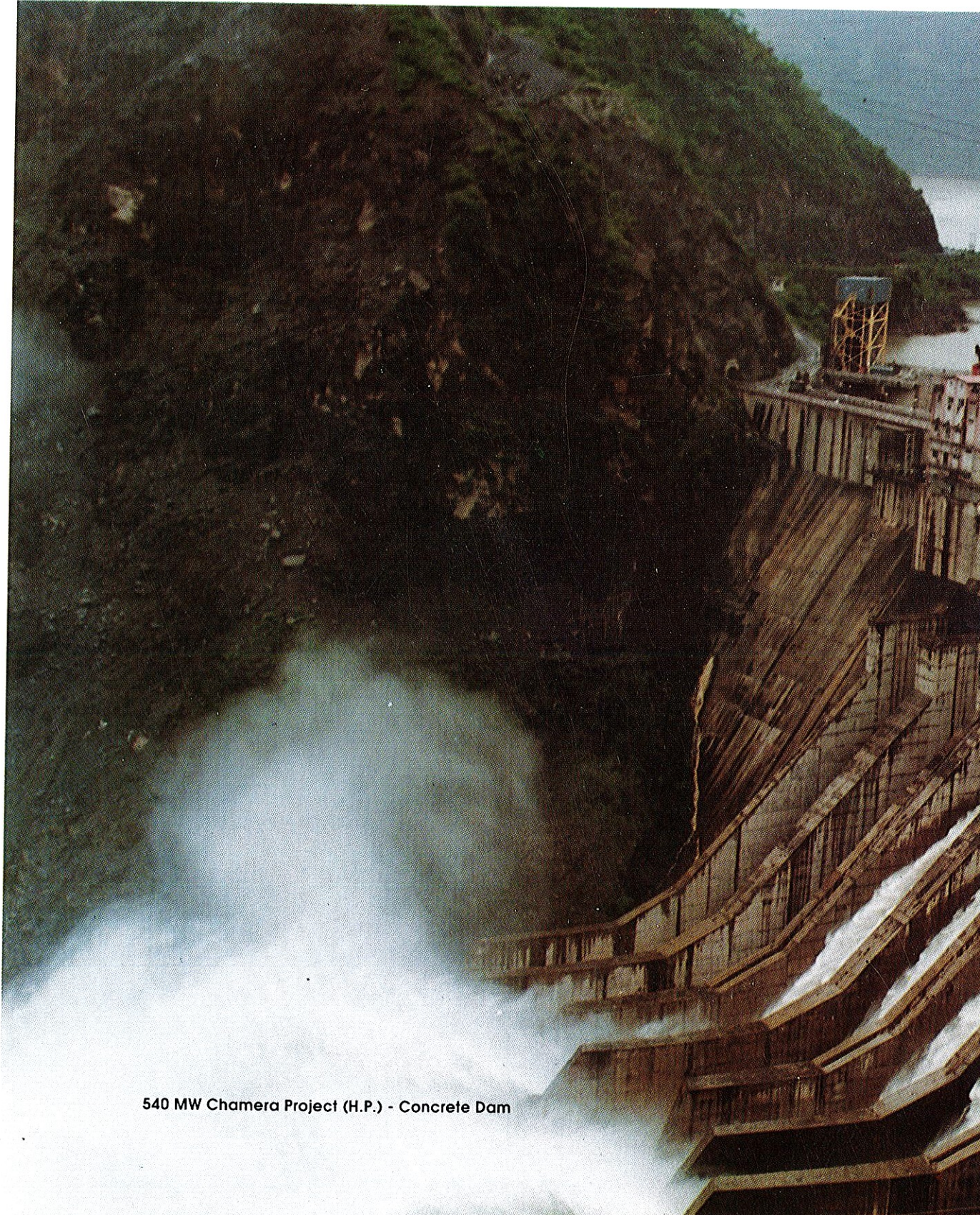
M/S R.C. GUPTA & CO.

CHARTERED ACCOUNTANTS
DARBARGARH ROAD, JAMMU-180 001.

BANKERS

STATE BANK OF INDIA
INDIAN OVERSEAS BANK
DENA BANK
CORPORATION BANK
BANK OF INDIA
BANK OF BHUTAN
PUNJAB NATIONAL BANK
CENTRAL BANK OF INDIA
SYNDICATE BANK
BANK OF BARODA
SKANDINAVISKA ENSKILDA BANKEN

**Regd. Office : N.H.P.C. Office Complex,
Sector-33, Faridabad-121003 (Haryana).**



540 MW Chamera Project (H.P.) - Concrete Dam



CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

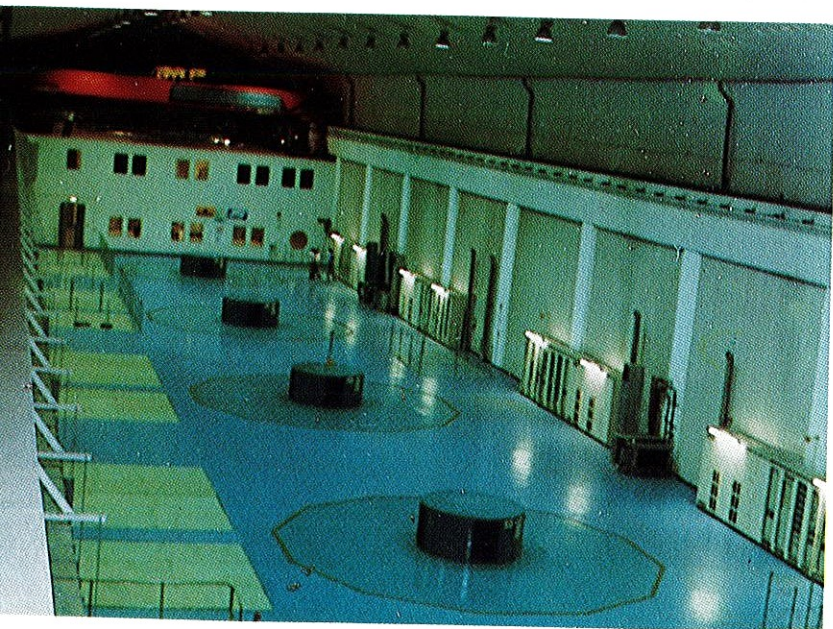
Dear Friends,

It gives me great pleasure to welcome you to the 21st Annual General Meeting of National Hydroelectric Power Corporation Ltd. Financial accounts for the year 1996-97, Directors' Report alongwith Auditors' report and the comments of the Comptroller and Auditor General of India are with you for consideration and adoption and with your permission I would take them as read.

During the year 1996-97, your Corporation achieved a sales turnover of Rs.531.42 crores as against Rs.505.38 crores in the previous year. The net profit of the Corporation during the year under review was Rs.106.68 crores as against Rs.77.37 crores in the previous year. The Authorised

Share Capital of NHPC was increased from Rs. 2,500 crores to Rs. 3500 crores during the year. Your Directors have recommended payment of Dividend of Rs. 15 crores to the Shareholders

The operating power stations of the Corporation generated 5613 million units of power against the target of 5860 million units which is 95.78% of the target. With the completion of Tailrace Tunnel of Salal Stage-II Project, the 690 MW Salal power complex became fully operational during the year under review. During the year under review, the 540 MW Chamara Stage-I Project in Himachal Pradesh and 105 MW Loktak Project in Manipur surpassed the generation targets. However, generation has been affected in other power stations due to high load silt in the rivers and less inflow than last year.



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

The completion of the 480 MW Uri Hydroelectric Project in Jammu & Kashmir and the dedication of the Project to the Nation by the Hon'ble Prime Minister of India on 13th February, 1997 were the major achievements of NHPC during 1996-97. Considering that the project was completed in a period of five years of actual construction in a hostile environment, the achievement is a testimony to the courage and determination of NHPC as well as the turnkey project execution agency. With the commissioning of the Uri Project, the total installed generating capacity of the Corporation has now gone upto 2133 MW.

During the year 1996-97, the Corporation was permitted to raise Rs.400 crores through issue of bonds. However, NHPC raised only Rs.170.65 crores limiting the bond amount to actual fund requirements.

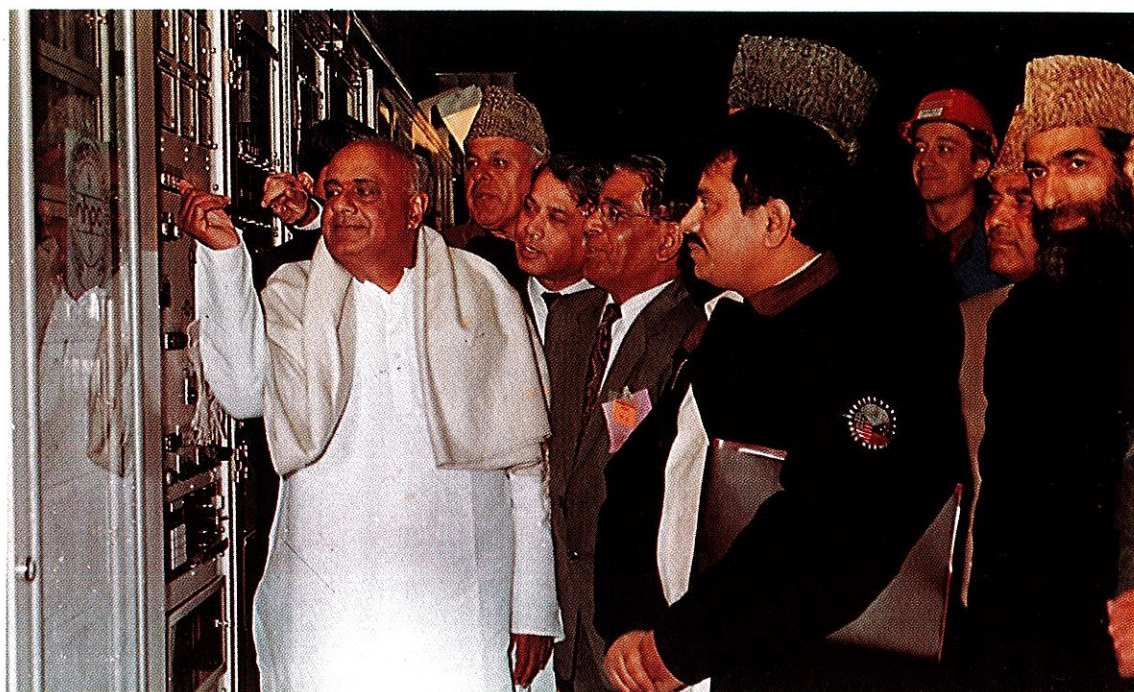
The outstanding dues from various beneficiary states to whom NHPC is supplying power continue to cause concern to the Corporation. The various beneficiary states owed to NHPC Rs.708.08 crores as on 31st March, 1997 as against Rs.436.81 crores as at end of last year.

During the year under report, bulk power purchase agreements for power supplied from Loktak H.E. Project were concluded with 3 more North Eastern States and with this the agreements have been completed with all the states in the North Eastern Region. Assam

State Electricity Board has opened a letter of credit for making payments against drawing power from Loktak Power House in Manipur. Tariff notification for sale of power in respect of Chamera Stage-I, Tanakpur and Salal-I has been issued by the Ministry of Power.

Your Corporation had signed a Memorandum of Understanding with the Government of India in October, 1996 for the year 1996-97. You would be glad to know that the overall performance of the Corporation was adjudged as "EXCELLENT".

Work on the 390 MW Dul Hasti Project (Jammu & Kashmir) has resumed with the appointment of a new civil contractor to complete the balance civil works. Before the induction of new civil contractor, some of the works like excavation

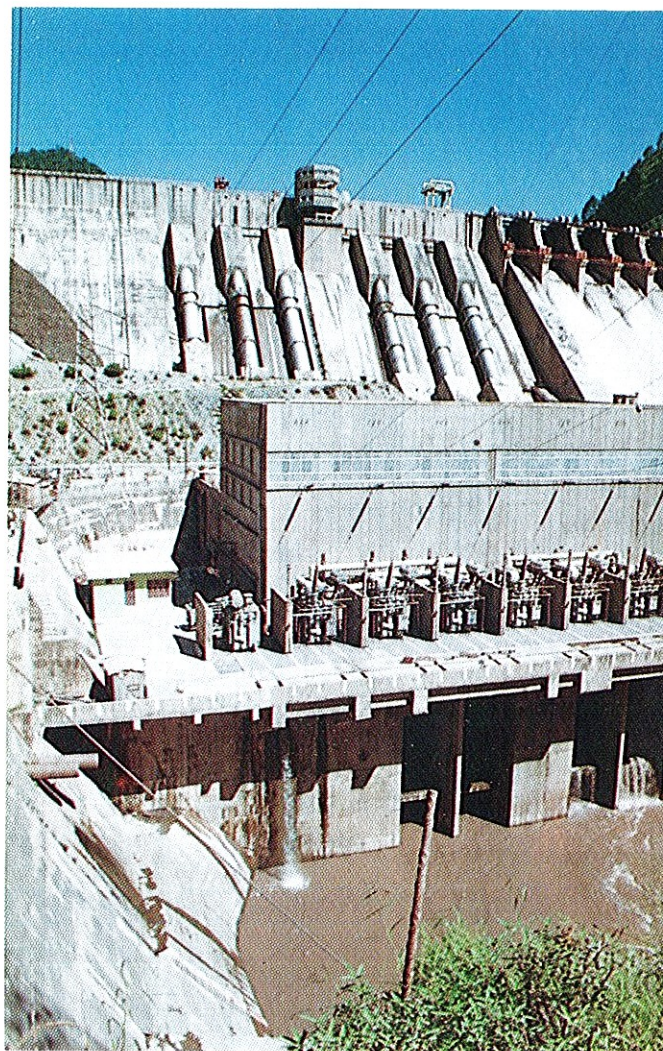


Shri H.D. Deve Gowda, Hon'ble Prime Minister pressing the button to start the machine of 480 MW Uri Project (J&K) on Feb. 13, 1997

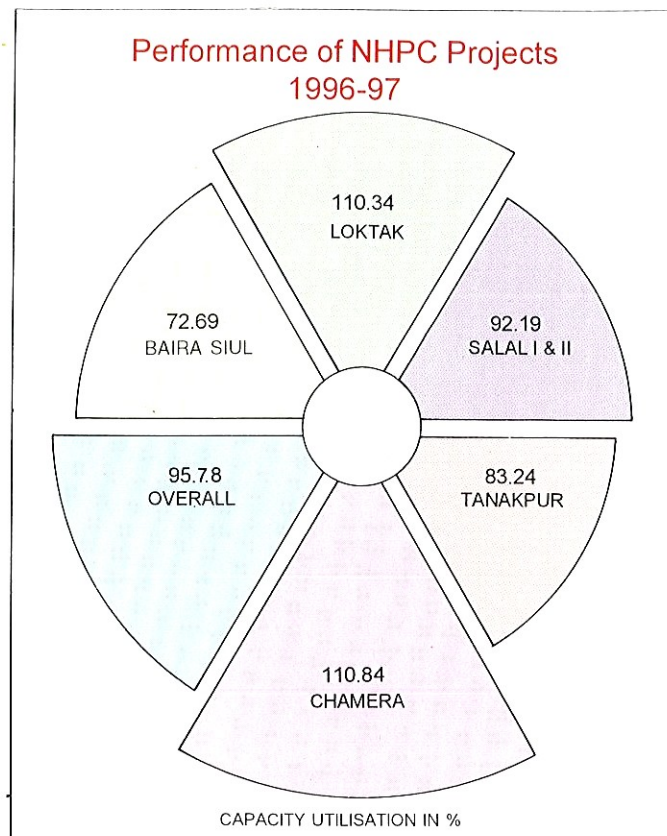
of headrace tunnel, were continued departmentally. Efforts are being made to accelerate the pace of construction activities at the 60 MW Rangit Project in Sikkim.

The work of infrastructure and pre-construction activities have been started at Dhauliganga Stage-I Project. The loan of 5665 Million Yens sanctioned by OECF, Japan, for executing the Project became effective from 23rd May, 1996. As per the requirements of OECF, International consultant to review the technical issues of the Project has been appointed.

During the year under review, the 710 MW Koel Karo Project in Bihar was posed to OECF for financial



690 MW Salal Project Stage I & II (J&K) - Penstocks with transformer gallery and plunge pool



assistance along with the details of the Project execution. The response from OECF is not favourable.

Survey and investigation and hydro meteorological observations are progressing satisfactorily at the 2.25 MW Kalpong Project in Andaman & Nicobar Islands. The draft agreement was discussed with Andaman & Nicobar Administration

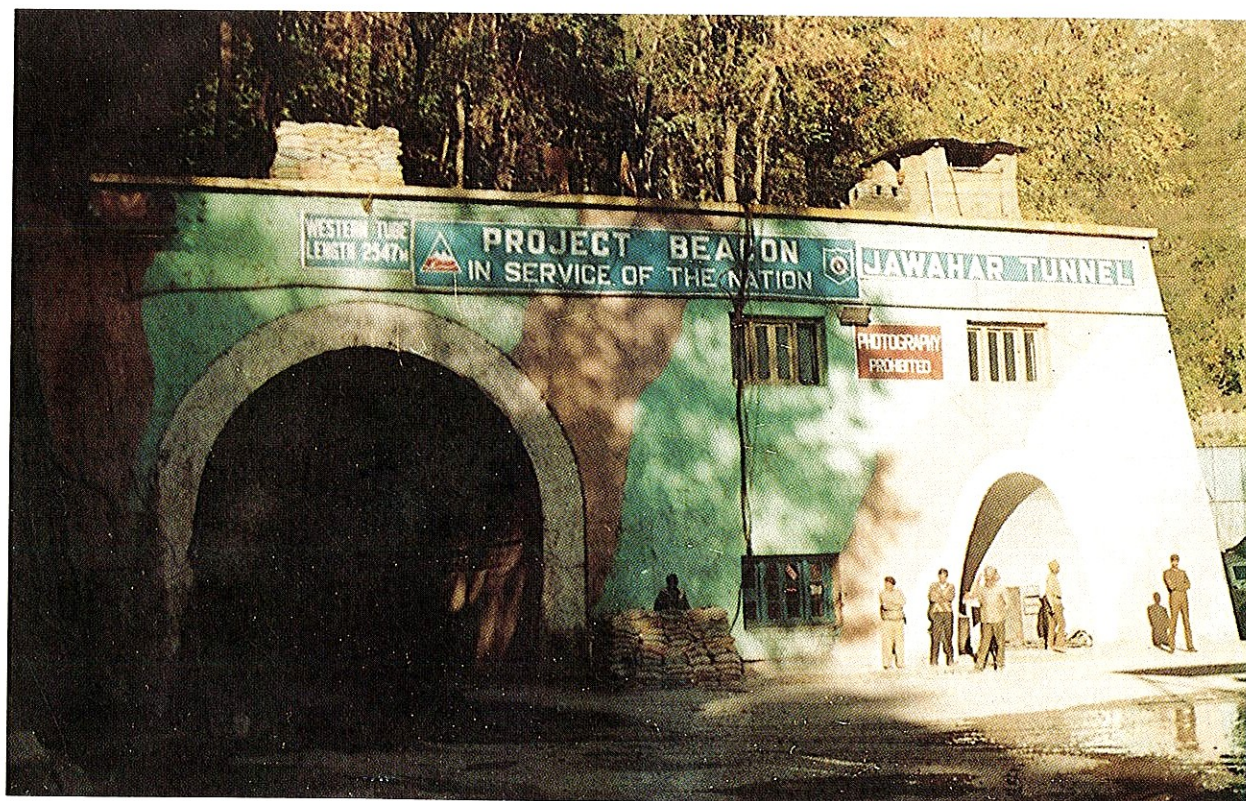
and was accepted by them and it is expected that the Agreement will be signed shortly.

At the 45 MW Kurichu Project in Bhutan, the preliminary survey of 67 km. long 132 KV S/C transmission line has been completed. The work of open excavation on left abutment of dam and realignment of road beyond dam axis are in progress. The work of open excavation of power house is also in progress. Technical Evaluation of the Main Dam Tenders is under progress and tender documents for the Power House works have been issued. Design and Engineering works for civil and electrical contract packages are progressing satisfactorily.

For executing the 300 MW Chamera Stage-II Project in Himachal Pradesh, the PIB Memo with the estimated cost of Rs.2345.88 crores with the equity support of Rs.600 crores from the Government was submitted. The PIB considered the cost estimates of the project and desired techno-economic clearance from CEA may be obtained.

The Government of Sikkim has communicated its concurrence for execution of 510 MW Teesta Stage-V Project in Sikkim by NHPC. NHPC has taken up the confirmatory investigation of the project to firm up the technical parameters.

During the period under review, the Consultancy Wing of the



Outside view of South portion of Jawahar Tunnel (J&K)



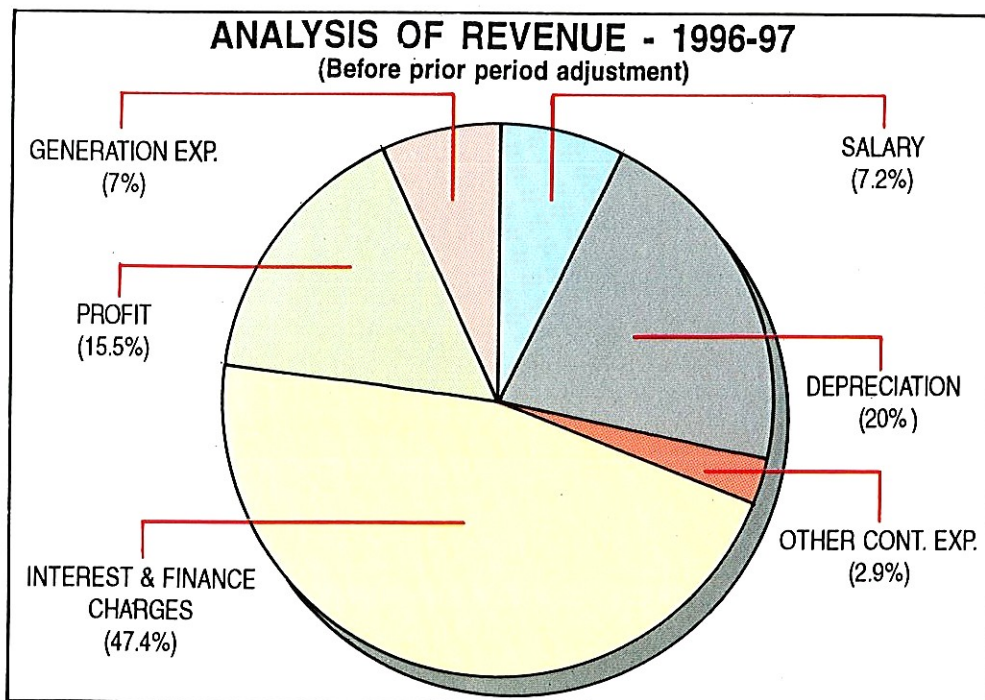
390 MW Dul Hasti Project (J&K) - Tunnel Boring Machine in operation

Corporation rendered consultancy service to NTPC, NJPC for hydro electrical studies and hydraulic transient studies. The work of lining of western tube of Jawahar Tunnel was completed well before the scheduled time under difficult conditions. A long term MOU is under finalisation with Border Roads Organisation for getting all the tunnelling works of Border Roads Organisation including Kud Batote, Rohtang by-pass tunnels as also other road works of NHPC Projects. You will be glad to note that the Northern Railway has also awarded recently the work of bid level design and drawings for tender work of 7 tunnels of Udhampur Katra Railway Line.

Your Corporation has laid great emphasis on human resource development. The Corporation has been making strenuous efforts to train, develop and upgrade the technical skills by organising various inhouse training programmes for employees of all levels in various disciplines. Forty three executives were deputed to Sweden under Transfer of Technology programme for Uri H.E. Project.

Your Corporation has been able to maintain absolute industrial peace and not a man-day was lost in the whole year. The Corporation has made all possible efforts for the progressive use of Official Language in the Corporate Office as also in the projects.

I, on behalf of the Board of Directors acknowledge with gratitude the cooperation received from the Government of India, particularly the Ministry of Power, Ministry of Finance



(Department of Economic Affairs), the Planning Commission, Ministry of Environment and Forest, Department of Public Enterprises, Department of Company Affairs, the Central Electricity Authority and Central Water Commission as well as the State Governments the Regional and State Electricity Boards etc.

I wish to express my sincere thanks to the 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 also due to the beneficiaries drawing power from our power stations as also to our other valuable clients who have reposed confidence in NHPC by awarding the contracts for consultancy assignments.

I take the opportunity to make a special mention of the dedication and commitment of the NHPC employees at all levels for giving an excellent performance during the year.

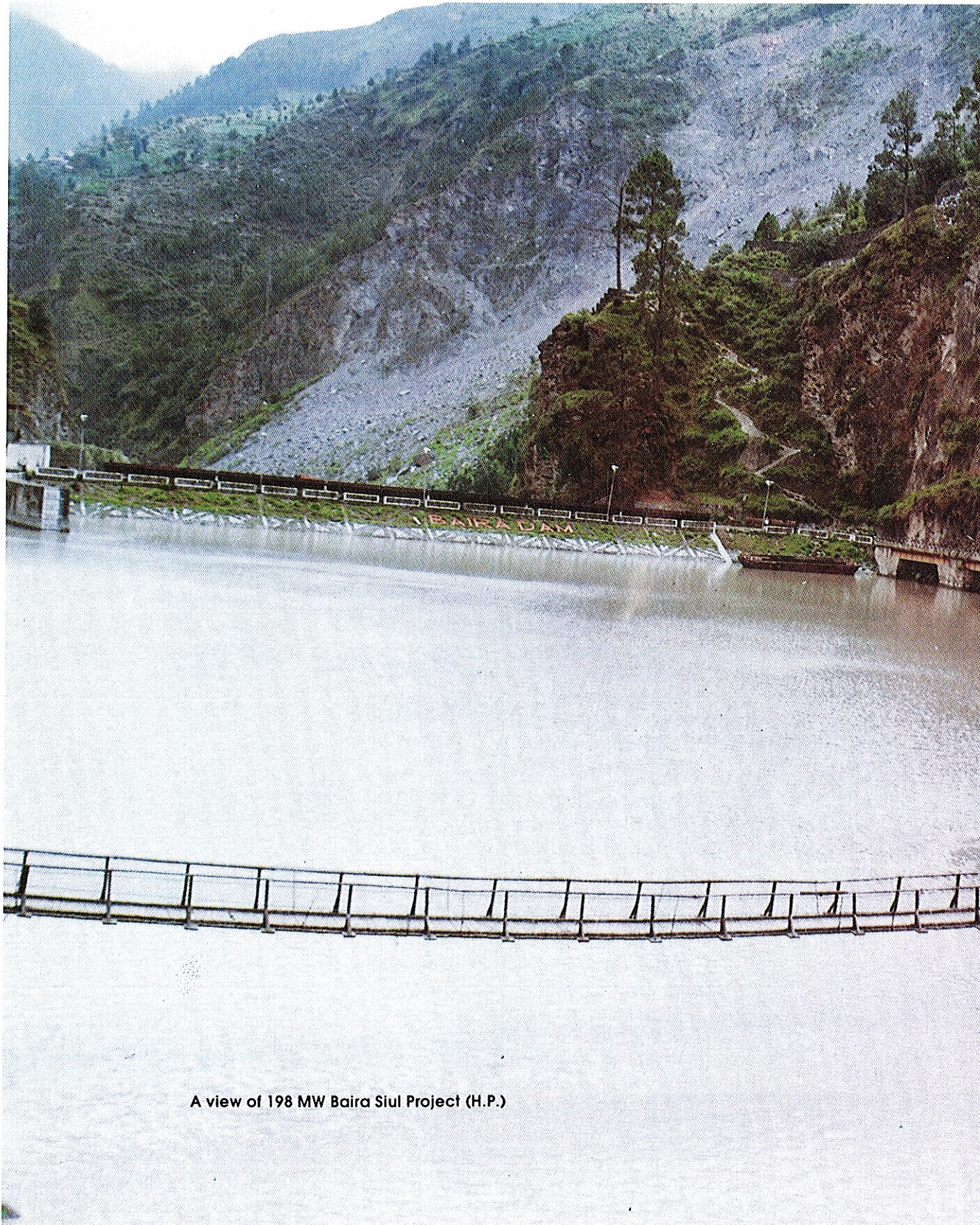
I would like to thank all the Directors of the Board for their valuable guidance and direction and unstinted cooperation which enabled the Corporation to give an all round and excellent performance.



(S.R. NARASIMHAN)

Chairman & Managing Director

Date : 30.9.1997



A view of 198 MW Baira Siul Project (H.P.)



DIRECTORS' REPORT



DIRECTORS' REPORT

On behalf of the Board of Directors, I would like to present the 21st Annual Report of the National Hydroelectric Power Corporation Limited along with the audited Accounts for the year ended 31.3.1997 and the report of Statutory Auditors.

1. FINANCIAL PERFORMANCE.

The Sales Turnover of the Corporation was Rs. 531.42 crores as against Rs.505.38 crores in the previous year.

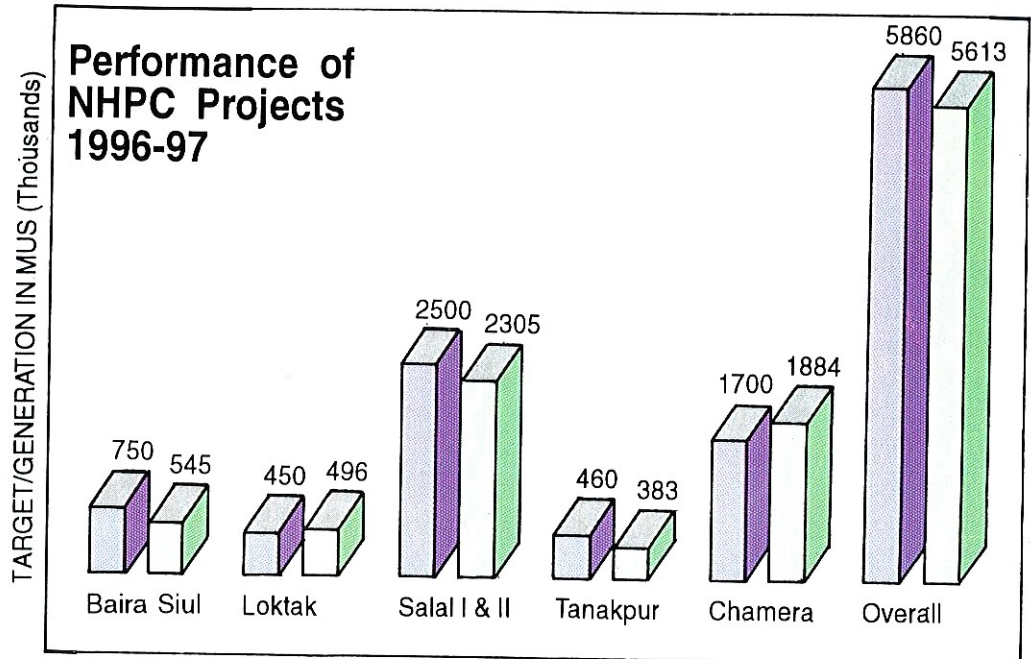
Your Corporation made a-Profit after prior period adjustment of Rs.106.68 crores during the year under report as against Rs. 77.37 crores in the previous year. The



540 MW Chamera Project (H.P.) -
Inside View of Power House

Increase in profit was mainly due to generation of electricity more than the target in respect of Loktak and Chamera Stage-I H.E. Projects and also due to tariff fixed by Govt. of India being higher than the tariff assumed by the Corporation on provisional basis in earlier years.

FINANCIAL RESULTS			(RS. IN LAKHS)
	1996-97	1995-96	
Profit before depreciation and Finance Charges(Interest).	46049	43807	
Finance Charges	26334	25265	
Profit before Depreciation	19715	18542	
Depreciation	11106	10296	
Profit for the year after interest and depreciation	8609	8246	
Prior period Adjustments	2059	(509)	
Profit for the year after prior period Adjustments	10668	7737	
Add			
Investment allowance(utilised) reserve written back	2345	-	
Surplus of Profit and Loss Account of earlier year	6488	7988	
Profit available for Appropriations	19501	15725	
APPROPRIATIONS:			
(i) Bonds Redemption Reserve	10668	7737	
(ii) Proposed Dividend	1500	1500	
(iii) Provision for Income Tax on dividend	150	-	
(iv) Balance carried over to Balance Sheet.	7183	6488	



The total outstanding amount against the various beneficiary States as on 31.3.1997 stood at Rs.708.08 crores as against Rs.436.81 crores at the end of last year. During the year under report, bulk power purchase agreements were

concluded with three more North Eastern States. With this all the 7 States in the North Eastern Region have signed agreements for bulk power purchase from Loktak Project. You would be glad to know that the Assam State Electricity Board has opened a letter of credit for making payments against drawing the power from Loktak Power House. Tariff notifications for sale in respect of Chamera-I, Tanakpur and Salal-I power have been issued by the Ministry of Power.

The Corporation has increased its Authorised Share Capital from Rs.2500 crores to Rs.3500 crores during the year under report. The proposal to enhance the Authorised Share Capital of the Corporation from Rs.3500 crores to Rs.6000 crores is under the consideration of the Government of India.



120 MW Tanakpur Project (U.P.) - Barrage



2. PERFORMANCE HIGHLIGHTS:

During the year, the actual power generation from the operating Projects of the Corporation was 5613 MUs against the target of 5860 MUs i.e. 95.78% of the target.

3. PROGRESS OF ON-GOING PROJECTS

(1) SALAL H.E. PROJECT STAGE - II (3x115 MW) - J&K

Tail Race Tunnel - II was completed in all respects and all the three Units of Stage -II have started generation utilising the Tail Race Tunnel -II.

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

During the year under report, the project was completed as per the schedule and achieved a capacity addition of 480 MW against the scheduled target of 360 MW. You would be glad to note that the Project was dedicated to the Nation on 13.2.1997 by the Hon'ble Prime

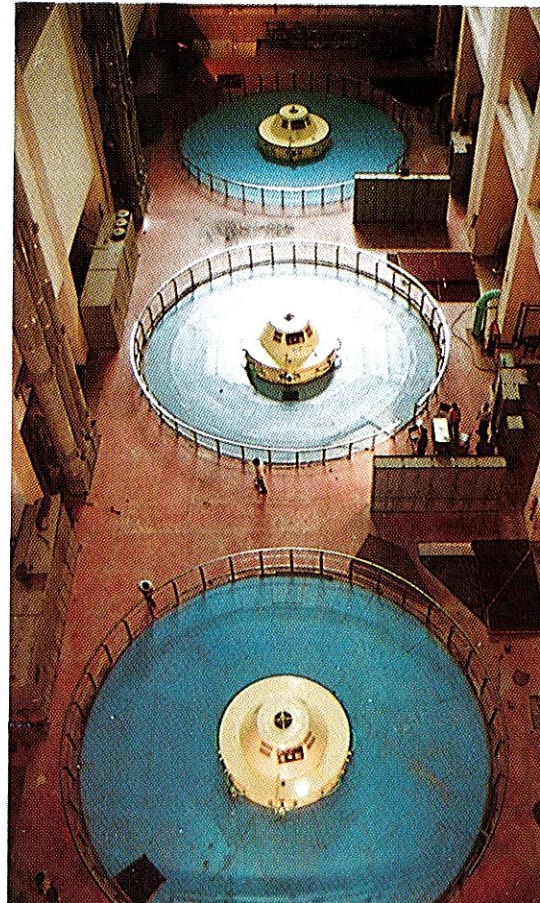
Minister of India. The project started commercial generation w.e.f. 01.6.97.

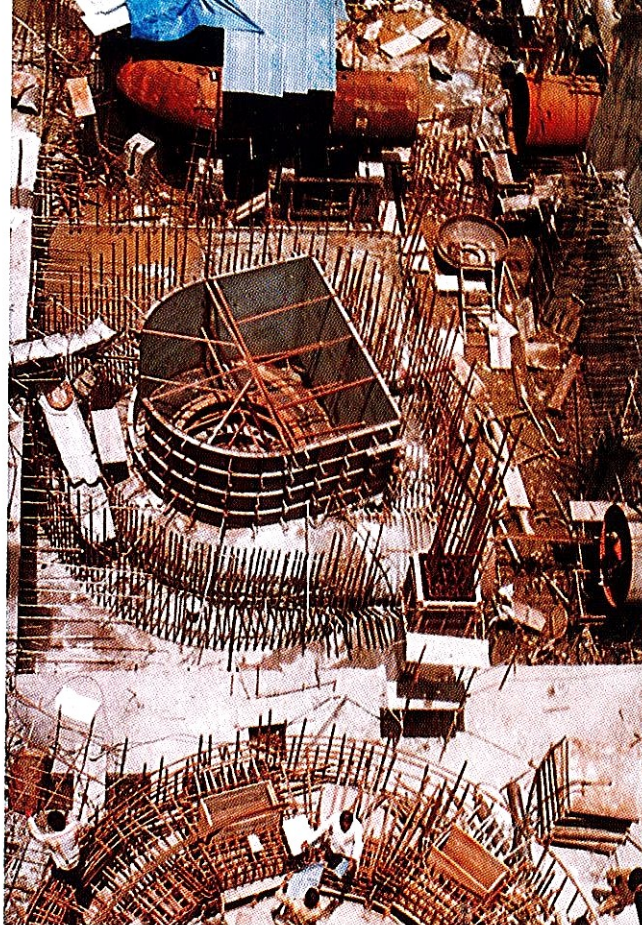
(3) DUL HASTI H.E. PROJECT (3x130 MW) J&K

Consequent to recision of contract with the Civil Contractor DSB of the French Consortium, action to engage a new Civil Contractor was initiated. A Letter of Intent was issued in favour of M/s.Jaiprakash Industries-Statkraft(Norway) Consortium on 6.9.1996 and the contract agreement was signed on 9th April, 1997. Till the contractor took up the site for execution, work was being done departmentally.

The excavation of the Power House has been completed. Excavation work of transformer cavern, surge tank, switchyard (out door) and lower access and expansion gallery

PERFORMANCE OF POWER STATIONS (MILLION UNITS)							
Sl. No.	Power Stations	1995-96	1996-97		1997-98		
		Actual	Target	Actual	% of Target	Target for the year	Actual upto Aug'97.
1.	2.	3.	4.	5.	6.	7.	8.
1.	Bairasiul	805	750	545	72.69	750	421
2.	Loktak	486	450	496	110.34	450	225
3.	Salal Stage-I&II	2143	2500	2305	92.19	2850	1652
4.	Tanakpur	445	460	383	83.24	460	188
5.	Chamera Stage-I	2262	1700	1884	110.84	1700	1216
6.	Uri	-	-	-	-	1500	777
Total:		6141	5860	5613	95.78		
Shortfall in generation in Bairasiul, Salal and Tanakpur Projects is due to silt in inflow causing chocking of cooler tubes and forced outages of units and less in flow.							





60 MW Rangit Project (Sikkim) - View of three units of Power House under erection

is progressing satisfactorily. Out of total length of 10.6 km, 3.442 km (32.47%) of Head Race Tunnel has been excavated. The Project is scheduled to be completed in all respects by March, 2001.

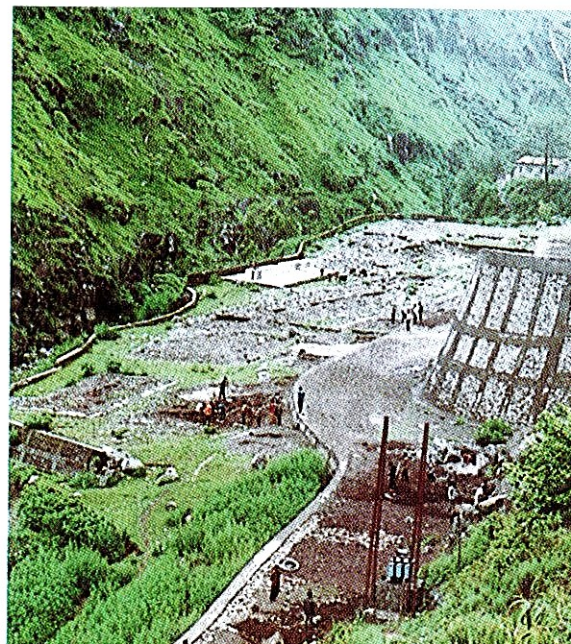
(4) RANGIT H.E. PROJECT (3x20MW) - SIKKIM

The Project is in peak stage of construction. Works are progressing well in all fronts and efforts are continuing to further accelerate the progress of works. The concreting of the dam has been started and a quantity of 12000 cum (10.16%) was completed till May, 1997. The work of Head Race Tunnel upstream side was taken up departmentally, while the downstream side was continued by M/s. Gammon India Ltd. and a cumulative progress of 2347 M (82.12%) of excavation of HRT has been completed. Excavation and concrete lining of surge shaft, excavation of pressure shaft and of 3 numbers penstocks has also been completed. Service bay

has been completed in all respects including erection of EOT Crane. Assembly, alignment and pressure testing of scroll casing for unit- 2&3 have been completed. Erection of pit liner & concreting of generator barrel of unit- 3 has been completed. Stator core of unit-3 has been built up and the same is in progress for unit-2. Most of the turbine and generator equipments have reached the site.

(5) DHAULIGANGA H.E. PROJECT (Stage-I) (4x70 MW) - UP

The work on infrastructure and pre-construction activities have been started. Entire forest and defence land has been acquired. In the meanwhile, the project has started the activities like temporary housing, development of benches and protection works besides access and haul roads. However, heavy floods and land slides causing road blockades occurred in the first week of August'97 hampering the progress of works. The widening work on Tanakpur-Tawaghat road is being executed by Border Road Organisation and is progressing satisfactorily.



280 MW Dhauliganga Project (U.P.) - Construction of Approach Road to Access Tunnel.

The loan of 5665 million yen sanctioned by OECF, Japan, for executing the project has become effective from 23rd May, 96. Architect has been appointed and the survey work for setting up of the permanent colony at site has been started. Reimbursement of Rs.10.88 crores has been effected under the first tranche loan. As per the requirements of OECF, International consultant to review the technical parameters of the project has been appointed and they had started the work w.e.f. 14.7.1997.

Discussions for the second tranche loan from OECF were held and the agreement is likely to be signed in January, 1998. The Project is scheduled for completion by September, 2004.

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

The Project could not be started due to paucity of funds and local resistance. During the year under review, the project was posed to OECF for financial assistance along with the details of the Project execution. The response from OECF is not favourable due to anticipated land acquisition problems and possible litigations of court cases.

(7) CHAMERA H.E. PROJECT (STAGE-II) (3X100 MW) - H.P

Tenders were invited for turn-key execution of the Project. Due to high completion cost, the Board had rejected the offer as unacceptable. However, on the advice of Ministry of Power, negotiations were held to bring down the cost to the acceptable price with the lowest tenderer. The PIB memo with the estimated cost

of Rs.2345.88 crores based on the negotiated offer of the lowest tenderer was submitted with the equity support of Rs.600 crores from the Govt. The PIB considered the cost estimates of the project and desired fresh TEC from CEA and exploring the possibility of financing package by indigenous financiers and suppliers.

(8) KALPONG H.E. PROJECT (2x1.125 MW)-ANDAMAN & NICOBAR ISLANDS.

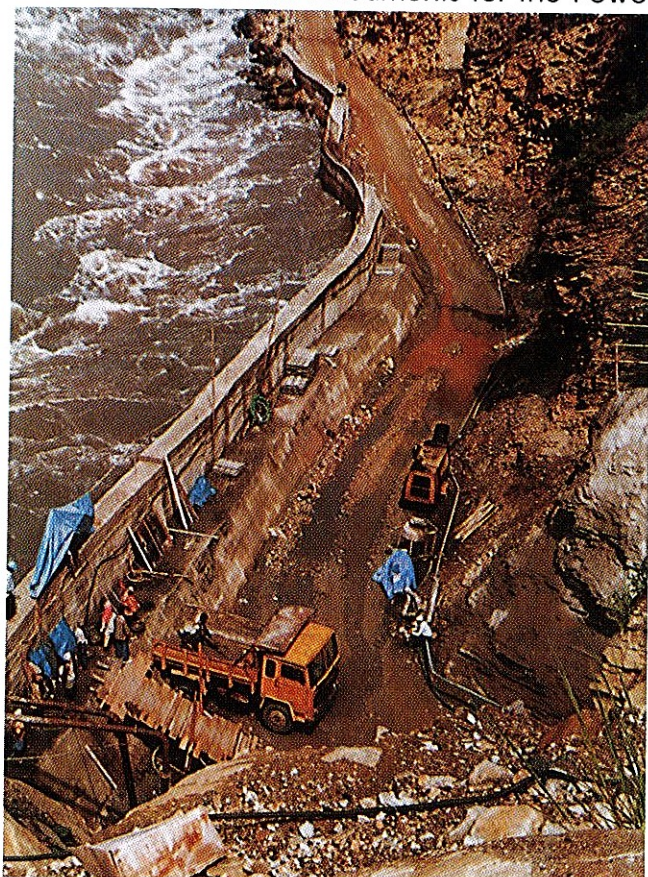
Tender documents for the two packages of civil works i.e. (i) Dam works (ii) Power house works including water conductor system have been issued to the prequalified firms. Survey and Investigation, hydro metrological observations are progressing satisfactorily. The Draft Agreement was discussed with Andaman &



Nicobar Administration and was accepted by them and it is expected that the Agreement will be signed shortly.

(9) KURICHU H.E. PROJECT (3x15 MW) - BHUTAN.

During the year under report, the preliminary survey of 67 km long 132 KV S/C transmission line has been completed. The work of open excavation on left abutment of dam and realignment of road beyond dam axis is in progress. The work of open excavation of power house is also in progress. Technical evaluation of the main Dam contract is under progress and tender documents for the Power



45 MW Kurichu Project (Bhutan) - Diversion Tunnel Intake

House works have been issued. Design and Engineering works for civil and electrical contract package are progressing satisfactorily.

(10) TEESTA H.E. PROJECT (STAGE-V) (510 MW) SIKKIM

Teesta H.E. Project (Stage-V), one of the six Hydropower Schemes identified on the river Teesta in the State of Sikkim, will have an installed capacity of 510 MW and will generate 2172 MU in a 90% dependable year.

The techno-economic clearance for the estimated cost of Rs.1925.44 crores including IDC was accorded by CEA in the year 1993 and the Government of Sikkim has conveyed its concurrence for the execution of the project by NHPC under the Central Sector.

NHPC has taken up the confirmatory investigation of the project to firm up the technical parameters and cost estimates.



510 MW Teesta Project (Stage-V) - Exploratory drilling in progress at Surge Shaft location



(11) LOKTAK DOWN STREAM H.E. PROJECT (90 MW) - MANIPUR

To increase the Hydro Power Capacity in Manipur, this Project could be taken up during 9th plan, provided adequate budgetary support of 50% of the Project cost as equity is made available.

4. SURVEY AND INVESTIGATION

(1) DHAULIGANGA H.E. PROJECT (INTERMEDIATE STAGE) (3X70 MW) (U.P.)

The project was investigated and detailed Project report was submitted to CEA for Techno-economic clearance in the year 1990. The Project remained under scrutiny and discussion with CEA

regarding location and planning aspects, till January, 1996. These aspects have now been settled and updated technical parameters alongwith updated cost estimates have been submitted to CEA in November, 1996. for techno-economic clearance.

(2) GORIGANGA H.E. PROJECT (STAGE-I) (3X20MW) AND

(STAGE-II) (3X40 MW) (U.P)

As mentioned in the last year's Report, CEA had recommended that the planning process of the Project may be deferred, till the Detailed Project Report of the Pancheswar multipurpose Project is completed.

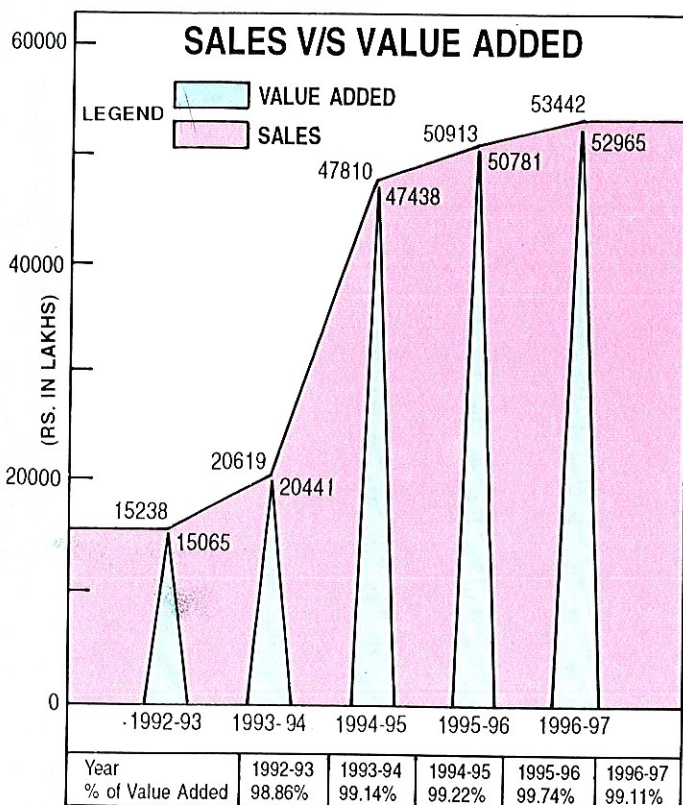
(3) GORIGANGA H.E. PROJECT (STAGE-III- A (3x40 MW) and

Stage-III-B (2x10 MW) (U.P.)

The detailed project report was submitted to CEA for Techno-economic clearance and the project cost was updated in November, 1996 and has been sent to CEA. Replies to comments of CEA were furnished in July, 1997.

5. CONSULTANCY SERVICES

During the year under report, the Corporation rendered the services of consultancy to NTPC and NJPC for Hydrological Studies and Hydraulic Transient Studies. The work of lining of Western tube of Jawahar Tunnel was completed well before the scheduled time under difficult conditions. A long term MOU is under finalisation with Border Roads Organisation for getting all the tunnelling works of Border Roads Organisation including Kud Batote, Rohtang by-



pass tunnels as also other road works of NHPC Projects. You would be glad to note, that the Northern Railway has also awarded recently the work of bid level design and drawings for the tender work of 7 Tunnels of Udampur-Katra Railwayline.

6. CAPITAL STRUCTURE

The Authorised Share Capital of the Corporation stood at Rs.3500 crores. The paid up Share Capital as on June, 1997 would be Rs.2614,59,47,000/- after giving effect to reduction of paid up Share Capital of Rs.23.88 crores in respect of transfer of Transmission Assets

situated in the State of J&K transferred to Power Grid Corporation of India Limited as per the order of Government of India and issue of further Equity Share Capital of Rs.139.18 crores in favour of the President of India.

7. PROPOSED DIVIDEND

The Directors have recommended a lumpsum dividend of Rs.15 crores out of the profits of previous years subject to the approval of the shareholders in General Meeting.

8. BONDS

The Corporation had raised a total sum of Rs.2399.82 crores till 31st March, 1997 through issue of secured non-convertible redeemable Bonds. During the year 1996-97, the Corporation was permitted to raise Rs.400 crores through Issue of Bonds. However the Corporation raised only Rs.170.65 crores based on the fund requirements.

9. PRESIDENTIAL DIRECTIVES

The Government of India issued Presidential Directives under the Articles of Association of the Corporation vide Ministry of Power Letter No's 16/26/96-DO(NHPC) Dated 11.12.1996 & 16/21/93-DO(NHPC) Dated 18.2.1997 directing NHPC to amend the Articles of Association by incorporating new Articles for providing underwriting commission & Brokerage and to increase in its Authorised Share Capital to Rs.3500 Crores from Rs.2500 Crores.

10. RESERVATION FOR SC/ST

During the year under report, the Corporation launched a "Special





Recruitment Drive" for SC/ST to fill up the backlog of reserved vacancies in group "A", "B" & "C" and 45 numbers Scheduled Caste/17 numbers Scheduled Tribe candidates were appointed in different categories of post. Besides this, the Corporation has also appointed 8 numbers OBCs in group "A" post under the Special Recruitment Drive Scheme.

11. NHPC AND ENVIRONMENTAL COMMITMENTS

After identifying the critical areas, Catchment Area Treatment plans have been formulated on the basis of remote sensing data supplemented by ground surveys. Extensive catchment area treatment works including biological and engineering soil conservation measures are being carried out by the various projects of the Corporation. Meanwhile, the plans are being got implemented by the State Forest Department with the help of regular monitoring to ensure effective implementation.

However, in order to create self employment in the projects, the affected persons have been imparted vocational training in backyard poultry farming with assistance of Animal Husbandry Department of the Govt. of J&K.

12. HUMAN RESOURCE DEVELOPMENT

Your Corporation lays great emphasis on HRD and is considering human resource as a valuable asset. To this extent, the Corporation has been making constant and strenuous efforts to train, develop and up-grade the technical skills by organising various in house training programmes for employees in

various disciplines at all levels and by nominating executives to various development programmes conducted by the reputed organisations and the Institutes. 43 executives were deputed to Sweden under TOT programme for Uri H.E. Project.

The Training and Human Resource Development Division imparted training to various employees to an extent of 5500 man days during 1996-97 and exceeded the target of 4500 man days as provided in the MOU.

13. PERSONNEL & INDUSTRIAL RELATIONS

During the year under review, industrial relations at all the projects of the Corporation and at the Corporate Office was excellent marked by normal, peaceful and cordial atmosphere.

14. VIGILANCE ACTIVITIES

In most of the Projects, the Vigilance units were made operational and a record number of surprise checks/regular inspections were conducted by the vigilance officers posted at the projects. A three days' training programme on 'Vigilance Awareness' was organised at Rangit, Tanakpur H.E. Projects and Corporate Office. An open house Programme was organised at Corporate Office for the Employees of the level of Chief Engineer and above with a view to clarify the role of vigilance activities in the day to day Management functioning.

15. OFFICIAL LANGUAGE IMPLEMENTATION

All possible efforts were made for the Progressive use of Official



Language in the Corporate Office as also in the projects. During the year, quarterly meetings of the Official Language Implementation Committee were organised. In compliance with Official Language Act, all the general orders/ circulars, Press release, tender notices etc were issued bilingually and to increase the use of Hindi in official

work, various workshops were organised. In September 1996, Hindi Divas and Hindi Fortnight were organised. Various competitions were organised during the fortnight. Participants were also awarded prizes for doing official work in Hindi. During the occasion, "Rajbhasha Jyoti", Magazine was also published.

Corporate Office as well as the Salal Project were proud to receive the prizes of "Rajbhasha shield" for expediting the progressive use of the Official Language from Town Official Language Implementation Committee, Faridabad and the Regional Implementation office, Ghaziabad, respectively.

The various projects of the Corporation and the Divisions of Corporate Office were also inspected to review and monitor the progressive use of Official Language.

16. SPORTS AND CULTURAL ACTIVITIES

NHPC is a member of the Power Sports Control Board. During the



year 1996-97, NHPC hosted the Carrom Tournament at New Delhi. NHPC teams also participated in various tournaments organised by the different Public Sector undertakings under the aegis of Power Sports Control Board. The Corporation also participated in the Second Inter Power Sector Cultural Meet in March, 1997 and a team from Salal H.E. Project put up an excellent performance.

17. MEMORANDUM OF UNDERSTANDING

A Memorandum of Understanding was signed between the Government of India and NHPC in October, 1996 for the year 1996-97. You would be glad to know that the performance of the Corporation was adjudged as "Excellent" in 7 out of 11 performance indicators. In respect of other four Parameters, the excellent rating was not

possible, partly due to fixation of targets that are impossible to achieve and other extraneous factors like poor financial position of Electricity Boards inability to get the tariff fixed for the old projects. The overall performance of NHPC for the year 1996-97 was adjudged as "Excellent".

18. AUDITORS

For the Audit of Accounts of the Corporation for the year 1996-97 M/s. Mohan & Mohan, Chartered Accountants, Faridabad, were appointed as Statutory Auditors of the Company and M/s. R.C. Gupta & Co, Jammu, M/s. H.S. Ahuja & Co, New Delhi and M/s. A. Kayes & Co, Calcutta as Branch Auditors of the Company.

19. AUDITORS REPORT

The Auditors Report refers to the various notes incorporated by the



Company in Schedule 16. The replies are enclosed as Annexure-I and are self - explanatory. The Comments of the Comptroller and Auditor General of India and replies of the Directors thereof are at Annexure II.

Review of the accounts for the year ending on 31st March, 1997, by the Comptroller and Auditor General of India is enclosed as Annexure-III to the Report.

20. PARTICULARS OF EMPLOYEES

Information under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is given in Annexure-IV to this report.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo is given in the Annexure-V to this report.

22. BOARD OF DIRECTORS.

The Corporation is managed by an eminent Board of Directors headed by the Chairman & Managing Director. The Board has four whole time Directors representing areas like Technical, Finance, Personnel and Project management. Apart from this, the Board has also 3 part-time Directors, two representing the Ministry of Power, and one

Central Water Commission, Government of India.

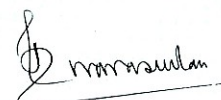
23. ACKNOWLEDGEMENTS.

I on behalf of the Board of Directors wish to acknowledge with deep sense of gratitude, the help and co-operation received from the Government of India particularly the Ministry of Power, Ministry of Finance (Department of Economic Affairs), the Planning Commission, Ministry of Environment and Forest, Department of Public Enterprises, Department of Company Affairs, the Central Electricity Authority and Central Water Commission as well as the State Governments the Regional and State Electricity Boards.

I express my gratitude to the 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 also due to the beneficiaries drawing power from our power stations as also to our other valuable clients who have reposed confidence in NHPC by awarding the contracts for consultancy assignments.

Further, the Board takes the opportunity to thank all the dedicated employees of the Corporation but for whose valuable contributions and assiduous efforts the achievements of the Company would not have been possible.

On behalf of the Board of Directors



(S.R. NARASIMHAN)

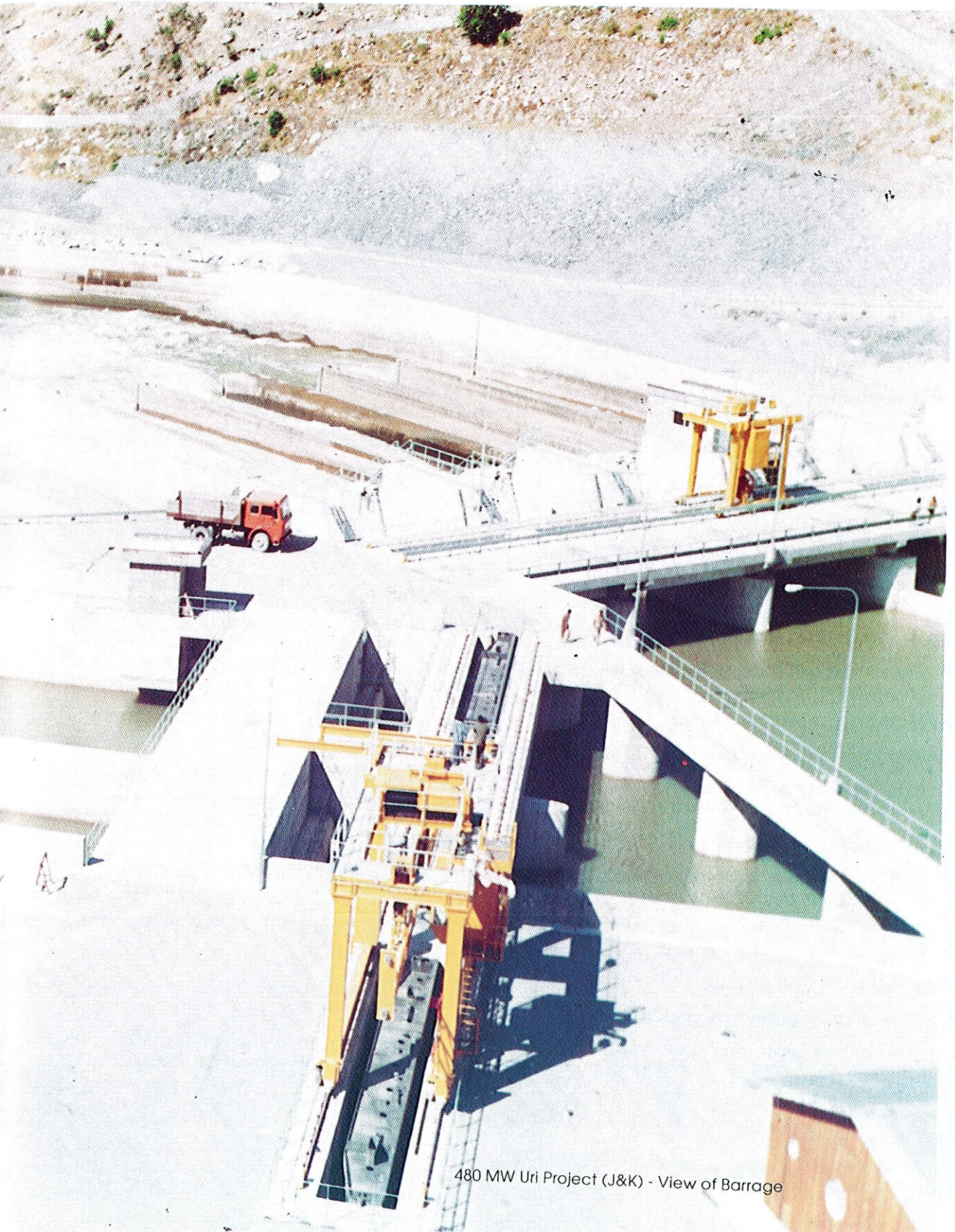
Chairman & Managing Director

DATE: 30.9.1997
Faridabad





ANNUAL ACCOUNTS



480 MW Uri Project (J&K) - View of Barrage



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, sale of scrap, income from consultancy charges and the expenditure on account of L.T.C encashment.

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.
- 2.5 Construction equipments declared surplus in the projects are shown at lower of book value and net realisable value.

3. CAPITAL WORK IN PROGRESS

- 3.1 Expenditure on maintenance, upgradation 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

It includes expenditure incurred on assets not belonging to Corporation which 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 (a) Depreciation is charged on straight line method as per rates prescribed under the Electricity (Supply) Act, 1948 as notified from time to time. In respect of assets, where rate has not been laid down under the aforesaid Act, depreciation is provided on straight line method as per rates prescribed under the Companies Act, 1956.
(b) Depreciation on fixed assets is provided from the year following that in which the assets become available for use.
- 5.3 Assets with original cost/W.D.V. of Rs. 5,000/- or less at the beginning of the year are depreciated fully.

6. VALUATION OF INVENTORIES

- 6.1 Stores and Spares are valued at cost.
- 6.2 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 written off in 5 yearly equated instalments.



7. EXCHANGE FLUCTUATIONS

Foreign currency loans/balances 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 to Profit & Loss/I.E.D.C. in case of current assets.

8. RETIREMENT BENEFITS

Provision for gratuity and leave encashment is made on actuarial valuation basis.

9. RECOGNITION OF PROFIT ON CONSTRUCTION CONTRACTS

9.1 Profit on construction contracts is recognised as under :-

- (a) On completion of contracts in respect of Short Term contracts with duration upto 12 months.
- (b) On percentage basis in respect of Long Term contracts with duration of more than 12 months as given below :-

<u>Progress of work</u>	<u>Recognition of profit (% age of estimated profit)</u>
a) Upto 66.67%	Nil
b) above 66.67% upto 90%	80%
c) above 90%	100%

9.2 Loss, if any, is recognised immediately.

10. MISCELLANEOUS

10.1 Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.

10.2 Power supplied from operational projects to Projects under construction is charged as per normal tariff.

10.3 Prior period adjustments are made only in case of projects under operation, if the amount involved is more than Rs. 5000/- in each case.

11. ALLOCATION OF CORPORATE OFFICE EXPENSES

The Corporate Office Expenses including estimated remuneration to surplus employees of the operating projects are allocated as under :

- i) On operational projects @ 1% of Sale of Power as billed for the year excluding taxes & duties.
- ii) In case of construction contract Projects @ 5% of the expenditure incurred during the year.
- iii) The balance expenditure is allocated to other projects in the ratio of net capital expenditure incurred during the year.



BALANCE SHEET AS AT 31.3.1997

(Rs. in Lakhs)

PARTICULARS	SCHEDULE NO.	AS AT 31ST MARCH, 1997	AS AT 31ST MARCH, 1996
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Capital	1	247541	229344
b) Share Capital deposit		7208	22696
c) Govt. of India Fund adjustable to equity		36988	36988
d) Reserves and Surplus	2	63447	54429
2. LOAN FUNDS	3		343457
a) Secured Loans		215111	215769
b) Unsecured Loans		307223	266287
		877518	825513
APPLICATION OF FUNDS			
1. FIXED CAPITAL EXPENDITURE			
a) Fixed Assets	4		
Gross Block		389378	372752
Depreciation		62281	49012
Net Block		327097	323740
b) Capital Work-In-Progress	5	489571	444470
c) Construction Stores & Advances	6	11668	16903
		828336	785113
2. CURRENT ASSETS, LOANS & ADVANCES	7		
a) Inventories		3178	2597
b) Sundry Debtors		70808	43681
c) Cash & Bank Balances		8672	7394
d) Other Current Assets		2730	1513
e) Loans & Advances		26809	31184
Less : Current Liabilities & Provisions	8		86369
(a) Liabilities		59395	44532
(b) Provisions		4119	2293
NET CURRENT ASSETS		63514	46825
3. MISCELLANEOUS EXPENDITURE	9		
(To the extent not written off or adjusted)		48683	39544
		499	856
		877518	825513

NOTES TO THE ACCOUNTS & CONTINGENT LIABILITIES

16

Schedule 1 to 16 and Accounting Policies form integral part of the Accounts

VIJAY GUPTA
Secretary

R. NATARAJAN
Director (Finance)

S.R. NARASIMHAN
Chairman & Managing Director

As per our report of even date attached
For MOHAN & MOHAN
Chartered Accountants

ADARSH MOHAN
Partner

Place : Faridabad
Dated : 28th July, 1997



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1997

(Rs. in Lakhs)

PARTICULARS	SCHEDULE NO.	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
INCOME			
1. Sales		53142	50538
Add: Tariff Adjustments (Net)		300	375
2. Contracts & Consultancy (Net)		1974	18
3. Other Income	10	193	186
TOTAL INCOME		55609	51117
EXPENDITURE			
1. Generation, Administration & Other Expenses	11	3967	3552
2. Employees' Remuneration & Benefits	12	4004	3743
3. Depreciation		11106	10296
4. Interest & Finance charges	13	26334	25265
5. Other Contract Expenses	14	1589	15
TOTAL EXPENDITURE		47000	42871
Profit for the year		8609	8246
Prior period adjustment(Net)	15	2059	(509)
Profit for the year after Prior Period adjustment		10668	7737
Balance Profit brought forward from last year		6488	7988
Proposed Dividend		1500	1500
Provision for Income Tax (on Dividend)		150	-
Investment Allowance(utilised)Reserve written back		2345	-
Transfer to Bonds Redemption Reserve		10668	7737
Balance Profit carried to Reserves & Surplus		7183	6488

VIJAY GUPTA
Secretary

R. NATARAJAN
Director (Finance)

S.R. NARASIMHAN
Chairman & Managing Director

As per our report of even date attached
For MOHAN & MOHAN
Chartered Accountants

Place : Faridabad
Dated : 28th July, 1997

ADARSH MOHAN
Partner



SHARE CAPITAL

SCHEDULE 1
(Rs. in Lakhs)

PARTICULARS	AS AT 31ST MARCH, 1997	AS AT 31ST MARCH, 1996
AUTHORISED		
350,00,000 (Previous year 250,00,000) Equity Shares of Rs. 1000/- each	350000	250000
ISSUED, SUBSCRIBED AND PAID UP		
24754147 Equity Shares (Previous year 22934379) of Rs. 1000/- each fully paid up (out of above, 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)	247541	229344
	247541	229344

RESERVES AND SURPLUS

SCHEDULE 2
(Rs. in Lakhs)

PARTICULARS	BALANCE AS AT 1ST APRIL, 1996	ADDITIONS	DEDUCTIONS	BALANCE AS AT 31ST MARCH, 1997
Bonds Redemption Reserve	24596	10668		35264
General Reserve	21000			21000
Investment Allowance (Utilised) Reserve	2345		2345	
	47941	10668	2345	56264
Surplus as per Profit & Loss Account	6488			7183
	54429			63447



LOAN FUNDS

SCHEDULE 3
(Rs. in Lakhs)

PARTICULARS	AS AT 31ST MARCH, 1997	AS AT 31ST MARCH, 1996
SECURED LOANS		
A. BONDS (Non-convertible, Non-cumulative)		
BONDS – C SERIES *1 9% (Tax-Free) 10 year bonds of Rs.1000/- each redeemable at par on 20th May, 1998.	15000	15000
BONDS – D SERIES *1 9% (Tax-Free) 10 year bonds of Rs.1000/- each redeemable at par on 27th Sep., 1999. Interest accrued and due on notified Bonds	21998 297	21998 243
BONDS – E SERIES *1 9% (Tax-Free) 10 year bonds of Rs.1000/- each redeemable at par on 9th Feb., 2000.	15000	15000
BONDS – F SERIES *1 13% 7 year bonds of Rs.1000/- each redeemable at par on 13th Sep., 1997 (Due for repayment within one year Rs.21500 Lakhs)	21500	21500
BONDS – G SERIES *1 17.5% 7 year bonds of Rs.1000/- each redeemable at par on 2nd Dec., 1998	5000	5000
17% 7 year bonds of Rs.1000/- each redeemable at par on 21st Feb., 1999.	1000	1000
18% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 9th March, 1999)	13000	13000
9% (Tax-Free) 10 year bonds of Rs.1000/- each redeemable at par on 31st March, 2002.	700	700
BONDS – H SERIES *1 18% 7 year bonds of Rs.1000/- each redeemable at par on 8th Aug., 1999.	5000	5000
17% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 30th March, 2000)	2519	2519
BONDS – I SERIES *1 17% 7 year bonds of Rs.1000/- each redeemable at par on 4th Jan., 2001.	80	80
15.5% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 20th Jan., 1999).	1000	1000
14% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 24th March, 2001)	19096	19096
10.5% (Tax-Free) 7 year bonds of Rs.1000/- each redeemable at par on 29th March, 2001.	10000	10000
	30176	30176



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

PARTICULARS	AS AT 31ST MARCH, 1997	AS AT 31ST MARCH, 1996
BONDS – J SERIES *2		
13% 7 year bonds of Rs.1000/- each redeemable at par on 1st Dec., 2001.	5000	5000
13.25% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 8th Oct., 2001)	15500	15500
9.25% (Tax-Free) 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 15th Nov., 2001)	10000	10000
16.5% 7 year bonds of Rs.1000/- each redeemable at par on 21st July,2002.	2500	2500
16% 5 year bonds of Rs.1000/- each redeemable at par on 30th September, 2000.	500	500
16.25% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 30th Nov., 2000)	<u>6736</u>	<u>6736</u>
Interest Accrued and Due	—	60
B. OTHER LOANS		
Unit Trust of India *1 (Due for repayment within one year Rs.10000 Lakhs)	40000	40000
Working Capital Loan From Banks(short term)*3	2700	2900
Cash Credit from Banks (short term)*3	—	1437
Housing Development Finance Corporation Limited*2 (Due for repayment within one year Rs.87 Lakhs)	985	—
Total Secured Loans	<u>215111</u>	<u>215769</u>
UNSECURED LOANS		
A. BONDS (Non-convertible, Non-Cumulative)		
BONDS – B SERIES		
9% (Tax-Free) 10 year bonds of Rs.1000/- each redeemable at par on 11th December, 1997 (Due for repayment within one year Rs.7814 Lakhs)	7814	7825
Interest accrued and due (Sub-judice)	287	223
BONDS – K SERIES		
18% 5 Year Bonds of Rs.1000/- each redeemable at par (Earliest Date of Redemption is 30th March,1999)	7677	7677
17.5% 5 Year Bonds of Rs.1000/- each redeemable at par (Earliest Date of Redemption is 1st August, 1999)	13746	
17.5% 7 Year Bonds of Rs.1000/- each redeemable at par (Earliest Date of Redemption is 30th September, 2001)	<u>5000</u>	<u>7677</u>



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

PARTICULARS	AS AT 31ST MARCH, 1997	AS AT 31ST MARCH, 1996
BONDS-L SERIES		
17% 5 Year Bonds of Rs.1000/- each redeemable at par (Earliest Date of Redemption is 22nd October,1999)	5635	—
16% 7 Year Bonds of Rs.1000/- each redeemable at par (Earliest Date of Redemption is 31st March,2004)	6330	—
10.5% (Tax-Free) 7 Year Bonds of Rs.1000/- each Redeemable at par (Earliest Date of Redemption is 31st March,2004)	5100	17065
B. LOAN FROM GOVERNMENT OF INDIA	61824	57194
(Due for repayment within one year Rs.4126 lakhs)		
INTEREST ACCRUED AND DUE	17903	16757
C. OTHER LOANS (Guaranteed by Government of India)		
1. Export Development Corporation (Canada) (Due for repayment within one year Rs.5953 lakhs)	35629	39446
2. West Merchant Bank Ltd. (Due for repayment within one year Rs.984 Lakhs)	16723	14041
3. Credit Commercial DE France	39598	38086
4. ABSEK (Due for repayment within one year Rs.3856 Lakhs)	65553	68488
5. Nordic Investment Bank	18404	175907
	16550	176611
Total Unsecured Loans	307223	266287
TOTAL LOANS (SECURED+UNSECURED)	522334	482056

*1. Secured by equitable mortgage against assets of Chamera H.E. Project.

*2. Secured by Hypothecation against assets of Uri H.E. Project.

*3. Secured by Hypothecation against debtors and O&M Stores.



FIXED ASSETS

SCHEDULE 4 (Rs. in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 1.4.96	Additions/ Adjustments	Deductions/ Adjustments	As at 31.3.97	For the Year*	As at 31.3.97	As at 31.3.97	As at 31.3.96
Land Freehold	4572	181	—	4753	—	—	4753	4572
Land Lease Hold	1654	9	—	1663	24	160	1503	1519
Buildings	46919	474	—	47393	1738	8144	39249	40528
Roads & Bridges	6228	64	3	6289	192	1290	4999	5131
Railway Siding	3	—	—	3	—	—	3	3
Construction Plant & Machinery	5986	4642	127	10501	1117	6343	4158	989
Generating Plant & Machinery	91371	1374	7	92738	4012	10953	81785	84464
Sub-station Equipments	860	168	1	1027	99	464	563	496
Hydraulic Works (Dams, Tunnels, etc.)	195487	8639	4	204122	5104	19801	184321	180818
Vehicles	1353	712	64	2001	375	1372	629	350
Furniture, Fixture & Equipments	1038	420	67	1391	196	640	751	533
Transmission Lines	1733	1	—	1734	96	580	1154	1250
Misc. Assets/Equipments	1291	329	13	1607	218	839	768	674
Construction Plant & Machinery declared surplus	14257	239	340	14156	143	11695	2461	2413
TOTAL	372752	17252	626	389378	13314	62281	327097	323740
PREVIOUS YEAR	359780	15434	2462	372752	10374	49012	323740	322797

*Excludes Prior Period Depreciation Rs. 91 lakhs (Previous year Rs. 1387 lakhs)



CAPITAL WORK-IN-PROGRESS

SCHEDULE 5
(Rs. in Lakhs)

PARTICULARS	AS AT 31ST MARCH, 1997	AS AT 31ST MARCH, 1996
1. Survey, Investigation and other expenses	804	671
2. Buildings, Civil Engg. Works and Communications	24209	23966
3. Roads & Bridges	2049	1718
4. Hydraulic Works, Barrages, Dams, Tunnels & Power Channels	177413	189111
5. Penstock	18706	18260
6. Plant & Machinery in Generating Stations	107885	94846
7. Elect.Install.& Sub-Station Equipments	314	309
8. Miscellaneous Assets	86	352
9. Trunk Transmission Lines	118	106
10. Incidental Expenditure During Construction		
Balance b/f from Last year	115131	95606
Additions during the year	45576	33474
TOTAL	160707	129080
Less : Adjusted during the year	2720	13949
NET I.E.D.C. ADDED TO C.W.I.P	157987	115131
	489571	444470

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

ANNEXURE TO SCHEDULE 5
(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
EMPLOYEES' REMUNERATION & BENEFITS		
Salary, Wages, Allowances & Benefits	6300	5479
Gratuity & Contribution to Provident Fund (including Administration Fee)	1129	338
Staff welfare expenses	1212	1065
Leave salary & pension contribution	16	5
	8657	6887
REPAIRS & MAINTENANCE		
Buildings	116	168
Machinery & construction equipments	174	67
Others	355	268
	645	503



ANNEXURE TO SCHEDULE 5 (Contd.)

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
ADMINISTRATION & OTHER EXPENSES		
Travelling & Conveyance	169	167
Expenses on staff cars & inspection vehicles	325	264
Rent Office	19	25
Rent Residential	105	67
Rates and Taxes	145	316
Insurance	206	154
Electricity charges	140	139
Telephone, Telex & Postage	49	46
Advertisement & Publicity	73	52
Foreign consultancy charges	496	—
Income Tax on Foreign contracts	255	2188
Design & Consultancy charges	1	24
Entertainment	4	3
Printing & Stationery	62	46
Expenditure on land not belonging to Corporation	1116	597
Land acquisition & Rehabilitation	—	151
Donations	10	—
Other expenses	1279	924
Payment to Auditors	5	4
Loss on material/assets written off	28	21
	4487	5188
INTEREST & FINANCE CHARGES		
Interest on Loans	15152	10373
Interest on Bonds	15136	11019
Bond Issue expenses	743	77
Commitment fee	355	382
Financing/Guarantee charges	3938	37
	35324	21888
Exchange rate variation - Net(Gain)	(2892)	502
Depreciation	2203	478
TOTAL EXPENDITURE	48424	35446
LESS: RECEIPTS AND RECOVERIES		
Hire charges/out turn of Plant & Machinery	572	748
Interest on		
Term deposits/Bank Accounts	159	238
Loans and advances	172	190
Miscellaneous receipts & recoveries	111	288
Profit on sale of assets	3	1
Sale of Power during Trial runs	1235	—
TOTAL RECEIPTS & RECOVERIES	2252	1465
NET EXPENDITURE	46172	33981
LESS:		
I.E.D.C. allocated to Grant in aid, Deposit/Agency basis, Operating projects & turn-key Contracts	596	507
AMOUNT TRANSFERRED TO C.W.I.P	45576	33474



ANNEXURE TO SCHEDULE 5 (Contd.)

(Rs. in Lakhs)

A) PARTICULARS OF REMUNERATION PAID TO DIRECTORS

	<u>1996-97</u>	<u>1995-96</u>
(a) i) Salaries & Allowances	14	7
ii) Contribution to Provident Fund	1	1
iii) Rent for Residential Accommodation	3	2
iv) Travelling Expenses	21	7
v) Medical Reimbursement	2	1

(b) Whole time Directors were also allowed the use of company's car for official journeys and for private journeys upto 1000 kms. p.m. on payment as under:-

	<u>Non-AC Car</u>	<u>AC Car</u>
upto 16 HP	Rs. 250/- P.M.	Rs. 400/- P.M.
above 16 HP	Rs. 375/- P.M.	Rs. 600/- P.M.

B) PARTICULARS OF PAYMENT TO STATUTORY AUDITORS

(Rs. in Lakhs)

	<u>1996-97</u>	<u>1995-96</u>
Audit Fees	2	2
Tax Audit Fees	1	1
Audit Expenses	2	1

CONSTRUCTION STORES & ADVANCES

SCHEDULE 6

(Rs. in Lakhs)

PARTICULARS	<u>AS AT</u>		<u>AS AT</u>	
	<u>31ST MARCH, 1997</u>		<u>31ST MARCH, 1996</u>	
1. CONSTRUCTION STORES				
(At cost as valued and certified by Management)				
Construction Material in Transit	30		66	
Stores	9287	9317	6739	6805
2. ADVANCE FOR CAPITAL EXPENDITURE				
Secured (Considered good)	1035		876	
Unsecured a) Considered good	1316		9222	
b) Considered doubtful	8		-	
	2359		10098	
Less: Provision for Doubtful	8	2351	-	10098
	<u>11668</u>		<u>16903</u>	

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		AS AT 31ST MARCH, 1997		AS AT 31ST MARCH, 1996	
CURRENT ASSETS					
1. Inventories (At Cost as valued and certified by Management)					
Stores and spares		3173		2596	
Loose tools		5	3178	1	2597
<hr/>					
2. Sundry Debtors (Unsecured)					
Debts outstanding for a period exceeding six months		59782		45327	
Other debts		17959		12734	
<hr/>					
TOTAL DEBTORS		77741		58061	
LESS Provisions		6933	70808	14380	43681
<hr/>					
Particulars of Sundry Debtors					
(Unsecured)	1996-97	1995-96			
Considered good	70808	43681			
Considered doubtful and provided	6933	14380			
3. Cash & Bank Balances					
Cash, Imprest, Cheques & Drafts,		1132		955	
BALANCES WITH SCHEDULED BANKS					
Current account		3321		1990	
Cash credit		703		—	
Deposit account (Short term)		272		1000	
<hr/>					
BALANCES WITH NON-SCHEDULED BANKS					
(With Skandinaviska Enskilda Banken)					
Current account		3141		3449	
(With Bank of Bhutan)					
Current account		18		—	
Saving account		5		—	
Term deposit		80	8672	—	7394
<hr/>					
4. Other Current Assets					
Interest accrued on deposits		12		9	
Others		2718	2730	1504	1513
<hr/>					
5. Loans and Advances					
ADVANCES RECOVERABLE IN CASH					
OR KIND OR FOR VALUE TO BE RECEIVED					
Secured (Considered good)	77			1	
Unsecured(Considered good)	3288			2125	
Unsecured(Considered doubtful)	123	3488		121	2247
LESS Provision for Doubtful		123	3365	119	2128
Loans to employees (Secured)			865		623
Public Deposit A/C G.O.I.			—		—
Power Grid Corporation of India Ltd.			22579		28433
<hr/>					
			112197		86369

SCHEDULE 7 (Contd.)

A. PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH NON-SCHEDULED BANKS

		(Rs. in lakhs)
SKANDINAVISKA ENSKILDA BANKEN	<u>1996-97</u>	<u>1995-96</u>
Current account	3920	3449
BANK OF BHUTAN		
Current account	410	3
Term Deposit	400	100

B. PARTICULARS OF LOANS & ADVANCES DUE FROM DIRECTORS

	<u>1996-97</u>	(Rs. in lakhs) <u>1995-96</u>
Amount due at the end of the year	5	2
Maximum balance at any time during the year	14	6

CURRENT LIABILITIES AND PROVISIONS

SCHEDULE 8 (Rs. in Lakhs)

PARTICULARS	AS AT 31ST MARCH, 1997		AS AT 31ST MARCH, 1996
LIABILITIES			
Sundry creditors	4341		6106
Unspent amount of Deposit/Agency	247		1581
Deposits/Retention money	4076		4161
Other liabilities	21642		17125
Interest accrued but not due on Loans	22675		15541
Liability for Cheques issued	1		18
Advances against construction contracts			
Receipts	8056		
Less: Construction work in progress	1643	6413	
		59395	44532
PROVISIONS			
Proposed Dividend	1500		1500
Provision for Taxation(on dividend)	150		—
Provision for Staff benefits	2469	4119	793
		<u>63514</u>	<u>2293</u>
			<u>46825</u>



CONSTRUCTION WORK-IN-PROGRESS (CONTRACTS)

ANNEXURE TO SCHEDULE 8

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
DIRECT EXPENSES	1106	13
(Includes Labour, Materials & Payment to Contractors/Suppliers)		
EMPLOYEES' REMUNERATION & BENEFITS		
Salary, Wages, Allowances & benefits	147	43
Gratuity & Contribution to Provident Fund	(2)	2
Staff Welfare expenses	3	3
	148	48
REPAIRS & MAINTENANCE		
Buildings	4	—
Machinery & Construction Equipments	—	6
Others	12	3
	16	9
ADMINISTRATION & OTHER EXPENSES		
Travelling & Conveyance	21	11
Expenses on Staff Cars & INSP. Ven.	15	9
Rent Office	6	1
Rent Residential	1	1
Electricity Charges	1	—
Telephone, Telex & Postage	4	2
Advertisement & Publicity	7	1
Design & Consultancy Charges	—	5
Entertainment	1	—
Printing & Stationery	3	1
Bank Charges	3	—
Corporate Office Management Expenses	51	6
Other Expenses	3	5
	116	42
DEPRECIATION	5	7
TOTAL EXPENDITURE	1391	119
Less: Receipts and Recoveries (Miscellaneous)	34	7
NET EXPENDITURE DURING THE YEAR	1357	112
BALANCE BROUGHT FROM LAST YEAR	286	174
TOTAL EXPENDITURE CARRIED OVER TO SCHEDULE-8	1643	286

MISCELLANEOUS EXPENDITURE

SCHEDULE 9

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Rs. in Lakhs)

PARTICULARS	AS AT 31ST MARCH, 1997	AS AT 31ST MARCH, 1996
Deferred Revenue Expenses	486	836
Expenditure on Assets not belonging to Corporation	13	19
Losses awaiting w/o sanction	586	653
Less : Provided for	586	652
	499	856

OTHER INCOME

SCHEDULE 10

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
Profit on sale of assets	20	4
Liability not required written back	25	-
Other miscellaneous receipts	148	182
	193	186

GENERATION, ADMINISTRATION & OTHER EXPENSES

SCHEDULE 11

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
A. GENERATION EXPENSES		
Consumption of stores & spares	477	132
REPAIRS & MAINTENANCE		
a) Buildings	81	148
b) Machinery	619	394
c) Others	569	593
Other operational expenses	198	254
Amount w/off Against Deferred Revenue Expenditure	174	179
	2118	1700
B. ADMINISTRATION & OTHER EXPENSES		
Rent	1	2
Rates & Taxes	9	2
Insurance	22	21
Electricity charges	35	44
Travelling & Conveyance	104	93
Expenses on staff car	178	179
Telephone, Telex & Postage	32	36
Advertisement & Publicity	16	12
Entertainment expenses	1	1
Printing & Stationery	29	20
Consultancy Charges	48	13
Corporate office management expenses	541	504
Loss on sale of assets	-	19
Other miscellaneous expenses	523	346
Exchange Rate Variation		
	1539	1292
	310	560
	3967	3552

EMPLOYEES REMUNERATION AND BENEFITS

SCHEDULE 12

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
Salaries, wages & allowances	2996	2868
Gratuity & Contribution to Provident Fund (Including Administration Fees)	504	194
Staff welfare expenses	504	681
	4004	3743



INTEREST & FINANCE CHARGES

SCHEDULE 13

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
Interest on GOI loans	5798	6879
Interest on bonds	15853	14254
Interest on foreign loans	3266	3672
Interest on Cash credit facilities	643	—
Rebate to customers	157	282
Commitment fee	171	171
Guarantee fee on foreign loan	427	—
Other finance charges	19	7
Total	26334	25265

OTHER CONTRACT EXPENSES

SCHEDULE 14

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
Payment to Sub-contractors/Suppliers	1435	—
Direct Expenses (Includes labour, materials)	146	15
Other Expenses	8	—
	1589	15

PRIOR PERIOD ADJUSTMENT

SCHEDULE 15

(Rs. in Lakhs)

PARTICULARS	YEAR ENDED 31ST MARCH, 1997	YEAR ENDED 31ST MARCH, 1996
1. Sale of Electricity	3377	560
2. Interest	(307)	213
3. Guarantee Charges	(897)	—
4. Depreciation	(91)	(1387)
5. Salaries & Wages	(14)	18
6. Others	(9)	87
	2059	(509)

NOTES TO THE ACCOUNTS

SCHEDULE 16

1. Contingent liabilities :-

- a) Claims against the Corporation not acknowledged as debts Rs.93005 lakhs (previous year Rs.95608 lakhs).
- b) Bonds for Rs.47345 lakhs (previous year Rs.21685 lakhs) executed in favour of Customs Authorities by the Corporation.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.22280 lakhs (previous year Rs. 26974 lakhs).
3. Pending sanction, Rs.3648 lakhs, being the first 50% of interest accrued during construction on Govt. of India loan and capitalised in respect of Chamera-I and Tanakpur Projects has been shown as Govt. of India fund adjustable to equity and balance 50% as Govt. of India loan in accordance with the then financing pattern followed in this regard.
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 drawal 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.10321 lakhs (Previous year Rs.9420 lakhs) has been made for non payment of loan and interest.

- 5.1 The tariff notifications in respect of Chamera-I, Tanakpur & Salal-I Projects have been issued by the Govt. of India and the sales including estimated amount of exchange rate variation recoverable from beneficiaries have been accounted for as per the notifications. The revision of bills arising out of notifications will be done during 1997-98.
- 5.2 Pending issue of notification in respect of Loktak & Baira Siul Projects which is in process with Central Electricity Authority/Govt. of India, sales have been accounted for at agreement/provisional rates and the difference of Rs.426 lakhs(Net) between the amount billed at agreement/provisional rates and the fixed charges as considered during the previous year has been provided for as tariff adjustment. The adjustments arising out of notification will be made on issue of the notification. The revision of bills against tariff adjustments was in process at the close of the year.



SCHEDULE 16 (Contd.)

- 5.3 As per allocation of power given by Govt. of India, Ministry of Power vide letter No.16/50/93-DO(NHPC) dated 22nd October, 1993, the generation of power upto 2038 M.U.s. in a year from Salal I & II is to be adjusted towards power of Salal-I. Accordingly, the generation of 2038 M.U.s has been taken in Salal-I and the balance of 267 M.U.s in Salal-II. Sales against the generation of Salal-II as aforesaid has been billed and accounted for at the provisional rate of 0.53 Rs./unit pending issue of notification.
- 5.4 Sales for the period for which global accounts have not been received, have been accounted for based on readings at Bus-bar.
- 5.5 12% of the energy generated has been given free of cost to the home States as per the Govt. of India directive/tariff notifications. This, however, does not affect the profitability of the Corporation.
- 6.1 The Power Transmission Systems of the Corporation had been vested in the Power Grid Corporation of India Limited by virtue of the National Thermal Power Corporation Ltd., The National Hydroelectric Power Corporation Ltd. and the North Eastern Electric Power Corporation Ltd. (Acquisition and Transfer of Power Transmission System) Act, 1993. The equity and Govt. of India loans have been transferred to PGCIL in accordance with the Act. Common loans/bond money and interest liability thereon have been retained in the books of the Corporation by showing the corresponding amount as recoverable from PGCIL.
- 6.2 In pursuance to the aforesaid Act, the transfer of ownership of Transmission Lines to PGCIL and in part satisfaction of sale consideration thereof, Paid up share capital of the Company has been reduced by Rs.2388 lakhs during the year (confirmation of Department of Company Affairs for reduction received in 06/97) The capital reduced upto 31.03.97 is Rs.22953 lakhs (Rs.20565 lakhs upto previous year).
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 and the liability, if any, on account of stamp duty for transfer of land in favour of the Corporation shall be provided at the time of execution of documents. The title of land in certain cases has not been passed to the Corporation pending completion of legal formalities. Rs.139.08 lakhs paid to Dy. Land Officer in lieu of compulsory Land Acquisition is shown as advance for Capital expenditure under the grouping of Construction Stores and Advances as the amount has not been disbursed to the land owners.
8. The Interest earned on charge account (with Skandinaviska Enskilda Banken, Sweden) has been credited to IEDC (Incidental Expenditure during construction) from year to year/utilised for the purpose agreed by Govt. of Sweden (SIDA). Pending settlement of the issue now between Govt. of India and Government of Sweden regarding utilisation of balance Interest in charge account, the balance as on 31.3.97 (Rs.3141 lakhs) has been shown as bank balance.
9. The Corporation has modified its Accounting Policy during the year relating to charge of depreciation. Due to the modification in policy, depreciation charge during the year is higher by Rs.274 lakhs in case of Profit & Loss A/c and by Rs.1738 lakhs in case of Incidental Expenditure during Construction.
10. The policy for accounting of leave encashment has been changed during the year in compliance with Accounting Standard-15 of the Institute of Chartered Accountants of India and accordingly

SCHEDULE 16 (Contd.)

the provision for leave encashment has been made in the accounts of the year based on actuarial valuation as against on cash basis during the previous year. The provision relating to O&M projects has been charged to Profit & Loss A/c. & that relating to construction/other units to IEDC (Incidental Expenditure during Construction). Consequent to the change, profit for the year is lower by Rs.183 lakhs and capital work in progress is higher by Rs.422 lakhs.

11. In respect of construction contracts where the work has not progressed upto 66.67% as per policy No.9, the construction work in progress A/c has been prepared incorporating the construction expenses till 31st March, 1997 and the amount received over & above the expenditure incurred has been shown as liability.
12. In some of the projects/units, Material issued to contractors, claims recoverable, 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.
- 13.1 Since the Uri H.E. Project had not been declared commercially operative as on 31.3.97, the sales against generation during trial runs have been credited to IEDC (Incidental expenditure during construction) of the project at provisional rates.
- 13.2 In case of Uri Project, deemed export benefits availed by the contractor, if any, which in turn are payable to NHPC, shall be accounted for on settlement of claims.
14. The reconciliation/settlement of contractors claims in respect of Chamera I & Tanakpur projects is in progress. Pending settlement, the liability has been provided based on analysed rates duly certified by Engineering Department which is under review. The claims of contractors which in the opinion of Management are not maintainable are shown under the Head "Contingent Liability." Similarly liability, if any, for escalation and extra items for capital works & services received in respect of Salal Project shall be accounted for at the time of final approval as the amount is unascertainable.
15. Priced Store ledger could not be fully reconciled in case of Uri, Dulhasti and Dhauliganga Projects with the financial books. Adjustment, if any, will be made as and when stores are reconciled.
16. Residential Building (Rs.17 lakhs) could not be capitalised at Dulhasti H.E. Project pending completion of formalities.
17. Stores issued for operation and maintenance at operational projects but lying unused at site at the year end have been evaluated at engineering estimates and taken as stores as against charging to expenditure during the previous year. This has no material effect on the profitability.
18. Losses awaiting write off sanction (Rs.586 lakhs) represent shortages/losses etc. mainly during construction period of the projects. Individual cases are being examined at appropriate level. However, full provision has been made in the accounts.



SCHEDULE 16 (Contd.)

19. A sum of Rs.165 lakhs, being the 1/5 share of commitment fee paid on foreign currency loans for Chamera-II has been written off during the year out of 'Misc. expenditure' to the extent not written off or adjusted.
20. As per accounting policy No.1.2, surcharge on outstanding dues from State Electricity Boards and others had not been accounted for in view of uncertainty of realisation.
21. The effect of foreign exchange fluctuation during the year is as under:
- | | (Rs.in lakhs) |
|---|---------------|
| (i) Amount included in expenses charged to Profit & Loss Account. | 638 |
| (ii) Amount included in sales recoverable from beneficiaries. | 642 |
| (iii) Net amount credited to profit for the year | 4 |
| (iv) Amount credited to Incidental expenditure during construction | 2892 |
| (v) Amount charged to Capital work-in-progress | 661 |
| (vi) Amount adjusted by addition to carrying amount of fixed assets | 1385 |
22. Even though Corporation's application for waiver of Guarantee fee in respect of External Commercial Borrowings raised by the Company is still pending, out of abundant caution provision of Rs. 5463 lakhs has been made @ 1.2% per annum and the additional guarantee fee @ 1.2% amounting to Rs.5463 lakhs has been treated as contingent liability.
23. No provision for property tax etc. has been made in respect of Faridabad Office Complex pending receipt of completion certificate and demand notice.
24. The Employees Pension Scheme, 1995 has not been implemented due to legal and practical difficulties.
25. The pay scales of employees are due for revision. Pending decision in this regard, no provision has been made as the amount is unascertainable.
26. In the absence of taxable income/taxable wealth, no provision for Income Tax/Wealth Tax is considered necessary.
27. The Corporation has proposed dividend of Rs.15 crores for the year 1996-97 out of the profits of the earlier years and 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 dividend could be paid after providing for depreciation as per provisions of Electricity (Supply) Act, 1948.



SCHEDULE 16 (Contd.)

28. Quantitative details:

		<u>1996-97</u>	<u>1995-96</u>
i) Licensed Capacity	(M.W.)	- Not Applicable -	
ii) Installed Capacity	(M.W.)	1627 *	1653
iii) Actual Generation	(M.U.s.)	5614 #	6141
iv) Actual Sales	(M.U.s.)	4882 @	5303

* Tanakpur capacity derated

Excluding 85 M.U.s during trial runs

@ Excluding 76 M.U.s during trial runs

29.	a)	Value of imported Plant & Machinery and Spares on CIF basis.	Rs. in Lakhs	%	Rs. in Lakhs	%
			206		23604	
	b)	Expenditure in Foreign Currency				
	i)	Know- How	780		122	
	ii)	Interest	14550		10574	
	iii)	Other Misc. Matters	5707		1735	
	c)	Value of spare parts & Components consumed in operating units.				
	i)	Imported	150	27	123	42
	ii)	Indigenous	413	73	169	58
	d)	Earnings in foreign currency (Interest)	139		204	

30. Previous year's figures have been regrouped/re-arranged wherever necessary.

VIJAY GUPTA
Secretary

R. NATARAJAN
Director (Finance)

S.R. NARASIMHAN
Chairman & Managing Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. 32564

State Code 05

Balance Sheet Date 31 03 97
Date Month Year

II Capital Raised during the year (Rupees in Lakhs)

Public Issue

 NIL

Rights Issue

 NIL

Bonus Issue

 NIL

Private Placement*

 5098

*Share Capital deposit received from Govt. of India.

III Position of Mobilisation and Deployment of Funds (Rupees in Lakhs)

Total Liabilities

 941032

Total Assets

 941032

Sources of Funds
Paid-Up Capital#

 291737

Reserves and Surplus

 63447

Secured Loans

 215111

Unsecured Loans

 307223

#Includes share capital deposit Rs.7208 lakhs and Govt. of India Fund adjustable to equity Rs. 36988 lakhs.

Application of Funds

Net Fixed Assets

 828336 @

Investments

 NIL

Net Current Assets

 48683

Misc. Expenditure

 499

Accumulated Losses

 NIL

@Includes Capital Work-in-Progress Rs. 489571 lakhs and Construction Stores & Advances Rs. 11668 lakhs.

IV Performance of Company (Rupees in Lakhs)

Turnover

5 5 4 1 6 **

Profit Before Tax

1 0 6 6 8 @@

Earning per share in Rs.

4 3 - 1 0

Total Expenditure

4 7 0 0 0

Profit After Tax

1 0 6 6 8 @@

Dividend Amount

1 5 0 0

**Excludes Other Income Rs.193 lakhs.

@@After prior period adjustments.

V Generic Names of Three Principal Products/Services of Company

i) Product Description G E N E R A T I O N O F E L E C T R I C I T Y

Item Code No. -

ii) Product Description C O N S T R U C T I O N C O N T R A C T S

Item Code No. -

iii) Product Description C O N S U L T A N C Y S E R V I C E S

Item Code No. -

VIJAY GUPTA
Secretary

R. NATARAJAN
Director (Finance)

S.R. NARASIMHAN
Chairman & Managing Director

For MOHAN & MOHAN
Chartered Accountants

ADARSH MOHAN
Partner

Place : Faridabad
Dated : 28th July,1997



AUDITORS' 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, 1997 and the annexed Profit and Loss Account for the year ended on that date together with the Schedules, Notes forming part of the accounts and Accounting Policies referred to therein and in which are incorporated the accounts of the units audited by other auditors which have been relied upon by us.

We report that:

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 paragraph 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 and Loss Account dealt with by this report are in agreement with the books of accounts 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 to the Accounts (Schedule 16) and Significant Accounting Policies give the information required by the Companies Act, 1956 in the manner so required subject to:
 - i) Note No. (1) of Schedule 16
Re : Claims against the Corporation not acknowledged as debt amounting to Rs. 930.05 crores besides bonds executed in favour of custom authorities amounting to Rs. 473.45 crores.
 - ii) Note No. (3) of Schedule 16
Re : Adjustment of interest accrued on Govt. of India loan during construction period.
 - iii) Note No. (4) of Schedule 16
Re : Incorporation of accounts of Salal H.E. Project on the basis of Govt. directive and legal opinion.
 - iv) Note No. (5.2 & 5.3) of Schedule 16
Re : Tariff Adjustment : We are unable to express our opinion on the extent of adjustments that may become necessary upon fixation of tariff by Govt. of India and its impact on the accounts.
 - v) Notes No. (6.1 & 6.2) of Schedule 16
Re : Transfer of transmission lines to PGCIL and reduction of share capital.
 - vi) Note No. (7) of Schedule 16
Re : Capitalisation of land on provisional basis pending determination of purchase consideration, non-execution of title deeds pending completion of formalities and payment to Dy. Land Officer shown as advance for Capital expenditure.

vii) Note No. (8) of Schedule 16

Re : Crediting of interest earned to I.E.D.C. and showing the balance in bank account pending settlement with Govt. of Sweden.

viii) a) note No. (9) of Schedule 16

Re : The effect of modification in accounting policy relating to depreciation on accounts.

Due to modification of accounting policy, depreciation on assets as per rates notified by the Electricity (Supply) Act, 1948 which were earlier restricted to assets used only for generation/operation was extended to all assets during the year so specified under the said act and the depreciation so charged during the year is higher by Rs. 274 lacs in case of Profit & Loss Account and Rs. 1738 lacs in case of Incidental Expenditure During Construction.

b) Correct accounting policy not followed in not reducing the depreciation on original assets/equipments used during construction period from the gross value of these original assets/equipments at the time of capitalization on commencement of commercial operations of respective projects. This has resulted in over statement of gross block of fixed assets. Amount not quantifiable for want of details.

ix) Note No. (10) of Schedule 16

Re : The effect of change in Accounting Policy of leave encashment from cash basis to actuarial basis.

x) Note No. (12) of Schedule 16

Re : Non-reconciliation/Non-confirmation of materials issued to contractors, advances to contractors, sundry debtors, creditors, material in transit/under inspection, deposits/earnest money from contractors, claims recoverable, advances for capital expenditure and the impact of the above on assets and liabilities and on the profit cannot be ascertained.

xi) Note No. (14) of Schedule 16

Re : Liabilities for contractors/suppliers which have been provided for on estimated basis pending final settlement.

xii) Note No. (15) of Schedule 16

Re : Non reconciliation of stores with Priced Store Ledger. The effect of reconciliation on accounts is unascertainable.

xiii) Note No. (22) of Schedule 16

Re : Provision for guarantee fees of Rs. 54.63 crores and non-provision for additional guarantee fees for default in its payment @ 1.20% amounting to Rs. 54.63 crores though included in Contingent Liabilities.

xiv) Note No. (24) of Schedule 16

Re : Non-implementation of The Employees Pension Scheme, 1995 and consequential financial effect thereof which is not ascertainable.

xv) Note No. (27) of Schedule 16

Re: Proposed dividend

This requires approval of Central Government in term of section 205 (I) (c) of the Companies Act, 1956.



- xvi) a) Accounting Policy No. (11)
Re : Treatment of remuneration of surplus labour in operating projects amounting to Rs. 39 crores.
- b) As per corporate office circular No. NH/FA/A/CS-101/1151-74 dated 9.5.97, surplus executives and supervisors (regular cadre) with reference to O & M strength of the projects have not been treated as surplus employees to calculate remuneration of surplus employees allocable to Corporate Office. Hence their remuneration has not been transferred to Corporate Office as was being done previously. Due to modification of this policy, the expenses under Employees Remuneration and Benefits is higher, the amount of which is not ascertained.
- xvii) a) Liability payable for salary and other expenses has been shown as 'Other Liabilities' under the head 'Current Liabilities' instead of showing as 'Sundry Creditors'.
- b) Rs. 54.25 lacs pertaining to Kurichu, Kalpong & Baglihar Project (JTL works), has been shown as 'Construction Stores & Advances' under fixed capital expenditure instead of 'Inventories' under current assets.
- c) Previous year figures in respect of cumulative depreciation under each block of assets has not been disclosed in the Schedule No. 4 of fixed assets.
- xviii) An amount of Rs. 11 crores being the amount of interest upto 31.3.97 on Unit Trust of India loan taken by the company & allocated to PGCIL is not accepted by PGCIL.
- xix) Arrangers fee Rs. 287.48 lacs and Upfront Fee Rs. 382.50 lacs paid during the year for procuring subscription of bonds on private placement basis was not covered under the Articles of Association of the Company then existing which were subsequently amended. Upfront Fee @ 7.5% on 10.5% Tax free bonds included in the above amount, however, has the approval of Government of India.
- xx) Bank account maintained under the centralized cash management system of the company has old unreconciled entries as on 31st March, 1997. The position of outstandings including such old entries as on 4th July, 1997 stood as under:
- a) Excess debits by the bank in the Company's account Rs. 124.06 lacs.
- b) Excess credits by the bank in the Company's account Rs. 68.68 lacs.
- c) Less debits by the bank in the Company's account Rs. 61.63 lacs.
- d) Less credits by the bank in the Company's account Rs. 14.74 lacs.
- xxi) The company has written back old outstanding un-reconciled balance of Rs. 27.68 lacs in special bank account for the purpose of interest payment and redemption payment pertaining to 'A' & 'B' Series of bonds. The same has not been disclosed in Notes to Accounts.
- xxii) Non provision of sales tax liability (amount not ascertained) in respect of assets, stores etc. purchased from one of the foreign contractors in Dulhasti Project. It has been explained to us that the corporation has approached the appropriate authority for exemption for levy of sales tax in this case.
- xxiii) a) Materials issued to contractors Rs. 283.23 lacs, advances to contractors Rs. 212.16 lacs (included in Construction Stores and Advances), interest accrued on advances to contractors Rs. 44.42 lacs and hire charges of machinery recoverable Rs. 72.11 lacs (included in Other Current Assets) in case of Chamara Project Stage-1 are outstanding since long, the recovery of which is unascertainable.
- b) Certain Plant & Machinery charged to the corporation against advances made to a contractor in Chamara Project Stage I were reported to have been released despite the fact that a sum of Rs. 249 lacs including interest upto 31.3.1996 (included in amounts stated

in above para a)) was outstanding as on 31st March, 1997 resulting in erosion of securities. We are unable to comment upon the action of the management/adequacy of the system in the unit.

- xxiv) a) Non-recoveries as per original stipulated terms/ultimate deferment and accumulation of dues from one contractor of Rangit Project. (total outstanding including materials and interest as on 31.3.97 Rs. 735.80 lacs, covered by bank guarantee of Rs. 245.80 lacs and hypothecation of Plant & Machinery, originally valued at Rs. 202.00 lacs present realisable value not ascertainable) and its resultant irrecoverability thereof.
- b) Non adjustment of value of work done by one contractor of Rangit Project till termination of up-stream tunnel contract due to non-finalization of final bill and showing the stock of materials of Rs. 26.65 lacs with the party as such which was actually not in existence during the year and non recovery of dues as per stipulations and deferment thereof (total outstanding Rs. 100.42 lacs), recoverability or otherwise of the same could not be ascertained.
- xxv) Non provision of Rs. 32.47 lacs of claim raised by the Govt. of Bihar in respect of expenditure of Directorate of Land Acquisition & Rehabilitation for acquisition of land which has been treated by the Koel Karo project as contingent liability unlike preceeding year.
- xxvi) The company is required to create additional Bonds Redemption Reserve of Rs. 251.67 crores as per SEBI guidelines and as per the agreements with the trustees of the bonds, but due to insufficient profits of the current year, the reserve has been created for Rs. 106.68 crores only.
- xxvii) Advertisement & Publicity expenses include donation of Rs. 5 lacs to 'A.P. Chief Minister's Cyclone Relief Fund 1996' for which approval of the Board of Directors has not been obtained.

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, 1997 and
- b) In the case of Profit and Loss Account of the profit of the Company for the year ended on that date.

For MOHAN & MOHAN
Chartered Accountants

ADARSH MOHAN
Partner

Place : Faridabad
Dated : 28th July, 1997



Annexure to the Auditors' Report

Referred to in para 1 of our report of even date

1. The company has maintained records for majority of fixed assets showing full particulars including quantitative details except that location of assets has not been mentioned in the fixed assets register in few cases. Management has not conducted physical verification of assets in some projects. In some projects reports are under reconciliation and we are unable to comment on the discrepancies, if any. No serious discrepancies have been reported during the year where verification has been completed.
2. None of the Fixed Assets has been revalued during the year.
3. The physical verification of stores, spares 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 reasonable according to the size and nature of its business. Material lying with third parties has been confirmed/verified in few cases only.
4. The procedures of physical verification of stocks, spares, operating suppliers 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 verification between the physical stocks and records have been dealt with in the books of account except in case of some Projects where discrepancies are reported to be under reconciliation pending investigation.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the previous year except that stock lying at sites at O & M projects is valued at engineering estimates and for the first time.
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 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 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 loans and advances in the nature of loans have been given are generally regular in repayment of principal amount and interest except in case of advances considered doubtful. In some of the cases, the advances are outstanding since long and matters in few cases are pending with arbitration/courts.
10. In our opinion, and according to information and explanations given to us, there are adequate internal control procedures commensurate 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. However strengthening and implementation is required in some area like adjustment of old unreconciled debits and credits in banks, Materials and equipments issued to contractors, follow up of debtors and contractors advances, disposal of old plant and machinery, slow moving stores and reconciliation of priced store ledger with the record maintained at stores.
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 regular procedure for determination of un-serviceable or damaged stores/raw materials in most of the projects. However, provisions 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. The company has no by product.
15. In our opinion, the internal audit system of the company is not commensurate with the size of company's business, more particularly, the quality and periodicity aspects, enlarging the scope, coverage and strengthening the internal audit. In respect of some projects/units, internal audit has not been conducted.
16. We have been explained that the maintenance of cost records has not been prescribed by the Central Government u/s 209 (i) (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 un-disputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Customs Duty and Excise Duty were outstanding as on 31st March 1997 for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us, and on examination of the books of account carried out in accordance with generally accepted auditing practices, 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 under the provisions of section 3(1) (o) of the Sick Industrial Companies (special provisions) Act, 1985.
21. In respect of service activities
 - i) The company has a reasonable system of recording receipts, issue, consumption of materials and stores and allocation of materials consumed and manhours utilized to relative jobs commensurate with its scope and nature of its business.
 - ii) There exists a reasonable system of authorization at proper level with adequate control over the issue and allocation of stores and labour commensurate with its scope and nature of its business.

For MOHAN & MOHAN
Chartered Accountants

ADARSH MOHAN
Partner

Place : Faridabad
Dated : 28th July, 1997



ANNEXURE-I
(To Directors' Report)

AUDITORS' REPORT

Most of the comments in the Auditors' Report inter-alia refer to the various notes and accounting policies incorporated by the Company in the Accounts, the replies are, therefore, self explanatory and not being commented separately. The replies on the other comments are as under:

- viii) b) The accounting treatment referred to in the comment relates to the period 1982-83 to 1994-95 which had been followed consistently by the Company since inception in respect of all the completed projects. Based on the comment, the company had already decided to make the accounting as suggested by the Auditors in respect of projects coming into operation w.e.f. 1.4.96.
- xv) As explained in Note No. 27 of Schedule-16, Company is of the opinion that approval of Central Govt. is not required for declaration of the dividend.
- xvi) b) No modification has been made in the policy. There were small inconsistencies in the method being followed by some of the projects while working out the figures which had been corrected during the year so that uniformity is maintained.
- xvii) a) Both the items are shown under the head 'Liabilities' in the relevant schedule and does not affect the disclosure.
- b) The stores are in the nature of 'Construction Stores' and shown accordingly.
- c) Company is of the opinion that no such disclosure is required as per the provisions of the Companies Act, 1956.
- xviii) The amount is recoverable from the company and the matter is under correspondence.
- xix, xxii & xxvi) Comments are self-explanatory.
- xx) The cases relating to wrong/less debits/credits by the Banks are constantly taken up with the concerned branches of the bank and adjustments are made from time to time.
- xxi) In our opinion, no separate disclosure is required.
- xxv) Since the claim has not been accepted by the Company, the same has been included in the contingent liabilities.
- xxvii) The amount was incurred for co-sponsoring of a sports event for which company had released an advertisement in a match telecast live by Doordarshan and accordingly has been correctly classified.

ANNEX TO AUDITORS' REPORT

- 10) In our opinion, adequate internal control procedures exist in the Company in respect of areas mentioned in the comment.
- 12) The unserviceable or damaged stores are periodically determined. There are no raw materials in the Company.
- 15) The scope, area and strength of Internal Audit is sufficient considering the needs of the Company. It is reviewed from time to time and strengthened if situation so demand. In the operating projects the scope of internal audit is practically very limited as the major items of expenditure of such projects are interest, depreciation and salary and wages for which policies are well defined and expenses controlled by Corporate Office. Generation expenses constitute only 7% of the revenue.

The comments of the Comptroller and Auditor General of India and replies by the Company thereto appear at Annexure - II

The review of the accounts for the year ending 31.3.97 by Comptroller and Auditor General of India is attached to the Report as Annexure - III.

ANNEXURE-II**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF THE NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED, FARIDABAD, FOR THE YEAR ENDED 31 MARCH 1997.****COMMENTS****MANAGEMENT REPLIES****A. PROFIT AND LOSS ACCOUNT**

Profit for the year before tax and prior period adjustment : Rs.8609 lakhs.

**(i) Income-other income (Schedule-10) :
Rs. 193 lakhs.**

This includes Rs.42 lakhs due to write back of the liability of interest on 'A' Series bonds even when the unclaimed bond money lies outstanding under Current liabilities and provisions - Liabilities-Other liabilities (Schedule 8). This has resulted in the overstatement of Profit and understatement of Current liabilities and provisions, by Rs.42 lakhs.

The amount was not being claimed since last more than 4 years and was written back accordingly.

(ii) Depreciation : Rs.11106 lakhs

Three units of Salal-II started commercial generation in July 1993, May 1994, and April 1995, respectively. However, the common facility of the building housing the generating equipments of all three units was capitalised from July 1995 even though the Electricity (Supply) Annual Accounts Rule 1985 provide that the full cost of a common facility is to be capitalised when it is first put to use. Accordingly, the building should have been capitalised w.e.f. July 1993, the date of capitalisation of the first unit. This has resulted in the understatement of Depreciation by Rs.220 lakhs as well as overstatement of Profit by the same amount. This was also commented upon in Comment No B(ii) of the Comptroller and Auditor General of India on the accounts of the Company for the year ended 31 March 1996.

The construction of power house building was in progress when the various units of Stage-II of the project were commissioned which was made possible with the help of main components of Stage-I of the project. The power house building was completed only on 31st July, 1995 and capitalised accordingly.



**(iii) Employees remuneration and benefits
(Schedule-12) : Rs.4004 lakhs**

A reference is invited to Comment no.B (i) of the Comptroller and Auditor General of India on the accounts of the Company for the years 1994-95 and 1995-96 wherein it was pointed out that remuneration to surplus staff working in six completed projects was capitalised and allocated to projects under construction.

This year again, the Company has capitalised an amount of Rs.3481.72 lakhs relating to surplus staff of the completed projects and allocated it to projects under construction.

This has resulted in the overstatement of Profit as well as Capital work-in-progress- Incidental expenditure during construction (Schedule-5) by Rs.3481.72 lakhs.

Sd/-

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

Place : New Delhi

Dated : 30 September,1997

Remuneration of surplus employees at operating projects forms part of Corporate office expenses which had been allocated to various construction/ operating projects as per policy no.11 of the Corporation and is being followed consistently.

ANNEXURE-III

REVIEW OF ACCOUNTS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED, FARIDABAD, FOR THE YEAR ENDED 31 MARCH 1997 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

NOTE : THIS REVIEW OF ACCOUNTS HAS BEEN PREPARED WITHOUT TAKING INTO ACCOUNT COMMENTS 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 under broad heading for the last three years:

(Rs. in crores)

	1994-95	1995-96	1996-97
Liabilities			
a) Paid-up capital			
i) Government (including Government funds adjustable to equity)	2832.70	2890.28	2917.37
ii) Others	-	-	-
b) Reserves and surplus			
i) Free reserves and surplus	481.92	544.29	634.47
ii) Share premium account	-	-	-
iii) Capital reserves	-	-	-
c) Borrowings			
i) from Government of India	479.13	571.94	618.24
ii) from Financial institutions	400.00	400.00	409.85
iii) Foreign currency loans	1265.13	1766.11	1759.07
iv) Cash credit	0.00	43.37	27.00
v) Others	1692.28	1866.31	2224.31
vi) Interest accrued and due	218.31	172.83	184.87
d) i) Current liabilities and provisions	307.57	460.32	620.86
ii) Provision for gratuity	8.29	7.93	14.28
TOTAL	7685.33	8723.38	9410.32
Assets			
e) Gross block	3597.80	3727.52	3893.78
f) Less: Cumulative depreciation	369.83	490.12	622.81
g) Net block	3227.97	3237.40	3270.97
h) Capital work-in-progress including construction stores and advances	3606.61	4613.73	5012.39
i) Investments	-	-	-
j) Current assets, loans and advances	840.12	863.69	1121.97
k) Miscellaneous expenditure not written off	10.63	8.56	4.99
l) Accumulated loss	-	-	-
TOTAL	7685.33	8723.38	9410.32
m) Working capital (j-d(i)-c(vi))	314.24	230.54	316.24
n) Capital employed (g+m)	3542.21	3467.94	3587.21
o) Net worth (a+b(i)+b(ii)-k-l)	3303.99	3426.01	3546.85
p) Net worth per rupee of paid-up capital (in Rupees)	1.17	1.19	1.22



2. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 667.12 crores from internal and external sources were realised and utilised during the year as follows:

Sources of funds		(Rs. in crores)	
Funds generated from operations			
a)	Profit for the year	106.68	
	Add : Depreciation	132.69	
	Add : Misc. expenditure written off	3.57	242.94
b)	Increase in paid up capital		27.09
c)	Increase in borrowed funds		390.74
d)	Increase in provision for gratuity		6.35
TOTAL			667.12

Utilisation of Funds

a)	Increase in Fixed assets	166.26
b)	Increase in Working Capital (excluding proposed dividend and tax provision thereon)	87.20
c)	Increase in Capita work-in-progress including construction stores and advances	398.66
d)	Dividend paid	15.00
TOTAL		667.12

3. WORKING RESULTS

The working results of the Company in the last three years ended 31 March 1997 are given below:
(Rs. in crores)

		1994-95	1995-96	1996-97
i)	Sales (Including excise duty)	480.51	509.13	534.42
ii)	Profit before tax	93.67	77.37	106.68
iii)	Provision for tax	-	-	-
iv)	Net Profit after tax	93.67	77.37	106.68

4. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of the last three years ended 31 March 1997 are as follows:

	1994-95	1995-96	1996-97
a. Liquidity ratio			
Current ratio (Current assets to Current liabilities & provisions and interest accrued and due but excluding provisions for gratuity) (j/d(i) + c(vi))	1.60	1.36	1.39
b. Debt equity ratio Long term debt to Net worth (c(i to v but excluding short term loans)/o)	1.16	1.34	1.41



c. Profitability ratios

(in percentage)

1. Profit before tax to			
i) Capital employed	2.64	2.23	2.97
ii) Net worth	2.84	2.26	3.00
iii) Sales	19.49	15.20	19.96
iv) Equity	3.31	2.68	3.66
d. Earnings per share (in Rupees)	33.07	26.77	36.57

5. INVENTORY LEVELS

The inventory levels at the close of the last three years ended 31 March 1997 are as follows:

(Rs. in crores)

	1994-95	1995-96	1996-97
Stores, spares and loose tools	24.38	25.97	31.78

6. SUNDRY DEBTORS

The Sundry debtors and Sales in the last three years ended 31 March 1997 were as follows:

(Rs. in crores)

As on 31 March	SUNDRY DEBTORS			Sales (including Excise duty)	Percentage of Sundry debtors to Sales
	Considered good	Considered doubtful	Total		
1995	431.04	182.53	613.57	480.51	127.69
1996	436.81	143.80	580.61	509.13	114.04
1997	708.08	69.33	777.41	534.42	145.47

The agewise break up of Sundry debtors at the end of 1996-97 is as under:

Debtors outstanding for	Amount (Rs. in crores)
Less than 1 year	429.22
1-2 years	204.70
2 years and above	120.10
3 years and above	23.39

TOTAL 777.41

Sd/-

(SURINDER PAL)

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

Place : New Delhi
Dated : 30 September, 1997



ANNEXURE-IV

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

Name & Designation	Remuneration (Rupees)	Nature of Employment	Qualification and Experience	Date of Commencement of employment in NHPC	Age (Years)	Last Employment held
1	2	3	4	5	6	7
Particulars of employees employed throughout the financial year who were in receipt of remuneration not less than Rs. 3,00,000/- P.A.						
S/Shri						
1. Bunet A.I. Director (Personnel)	4,62,095	Govt. Appointment	B.A. (Hons), P.G. (Hons) Diploma in I.R., Welfare, LLB (29 Years)	31.03.93	55	General Manager (P&A) Paradeep Phosphates Ltd.
2. Bhandari S.P. Deputy Manager	3,11,538	Regular	B.A., M.A. (Public Adm), LLB (37 Years)	30.06.79	57	Steno, Director General of Civil Aviation.
3. Gulati Vinod Chief (EDP&S)	4,15,910	Regular	AMIE (Mech.), P.G. in Elect. & Mech Engg, Diploma in Work Study, Dip. in Electronics Data Processing System/PG Dip. in PM&IR. (32 Years)	01.03.80	51	Major in Indian Army
4. Madanpotra C.L. Deputy Manager	3,14,177	Regular	B.A. (30 Years)	25.05.77	53	P.A., C.E.A
5. Narang S.M. Chief Engineer	3,19,497	Regular	B.Sc. (Engg.) Civil (30 Years)	14.02.79	54	Asst. Director, C.W.C.
6. Narasimhan S.R. C.M.D.	3,35,911	Govt. Appointment	B.E. (Hons.) (Mech.) (34 Years)	19.12.94	58	Member (HE), C.E.A.
7. Natarajan R. Director (Finance)	3,83,870	Govt. Appointment	B.Sc., A.C.A. ICWA (Inter) CS (Inter) (28 Years)	07.07.95	54	Director (Finance), N.J.P.C.
8. Padam Singh Machine Operator	3,29,079	Regular	Matric (15 Years)	30.03.82	42	—
9. Roy S.R. Manager (Civil)	3,07,444	Regular	B.E. (Civil) (16 Years)	06.05.81	39	Asst. Engineer, Design Engg. Consultants.

1	2	3	4	5	6	7
10. Sitholay A.K. Senior Manager (Law)	3,09,095	Regular	B.Sc. M.A. (Pol. SC) LLB (24 Years)	27.02.91	51	Manager (Legal) Bharat Wagon & Engineering Co. Ltd. Patna.
11. Taneja R.K. Senior Manager (F&A)	3,05,619	Regular	B.Sc., ICWA, CS (Inter) LLB (25 Years)	10.04.92	45	Dy. Manager (F&A) BEL, Ghaziabad
12. Visvanathan N. Director (Technical)	3,57,339	Govt. Appointment	M.E. (Civil) (34 Years)	17.09.79	57	Asstt. C.E., Triveni Structurals Ltd.
13. Yogendra Prasad Director (Projects)	4,95,121	Govt. Appointment	B.Sc. Engg. (Elect.) (29 Years)	10.05.78	53	AE, B.S.E.B.

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.



ANNEXURE-V

A. CONSERVATION OF ENERGY

a) Energy measures taken and on hand

NHPC power system is designed in optimal manner such that power losses (auxilliary consumption) are minimised.

b) Additional investments and proposals if any, being implemented for reduction of consumption of Energy.

There is no proposal for direct investment by the Corporation at present.

c) Impact of measures at (a) and (b) above for reduction of Energy consumption and consequent impact on the cost of production of goods.

Optimum Utilisation is made during the year under report.

d) Total Energy consumption and Energy consumption per unit of production as per Form-A of the Annexure thereto.

NHPC does not cover in the category of Industries mentioned in the schedule.

B. TECHNOLOGY ABSORPTION

(R&D)

1. A seprate division Research Development has been created to look after the problems relating to silt at various operational projects and import substitution of spares.
2. A post construction Environmental Impact Assessment has been conducted in Chamera Stage-I through Satelite Remote Sensing Data processing and through Geographical information system.

FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. in Lakhs)

OUTGO

1. Value of Imported Plant & Machinery	206
2. Know How	780
3. Misc.	5707
4. Interest	1455

Income

Interest	139
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690 MW Salal Project Stage-I & II (J&K) - Tailrace Tunnel Outlet



National Hydroelectric Power Corporation Ltd.

(A GOVERNMENT OF INDIA ENTERPRISE)
NHPC OFFICE COMPLEX, SECTOR-33,
FARIDABAD, (HARYANA)-121003