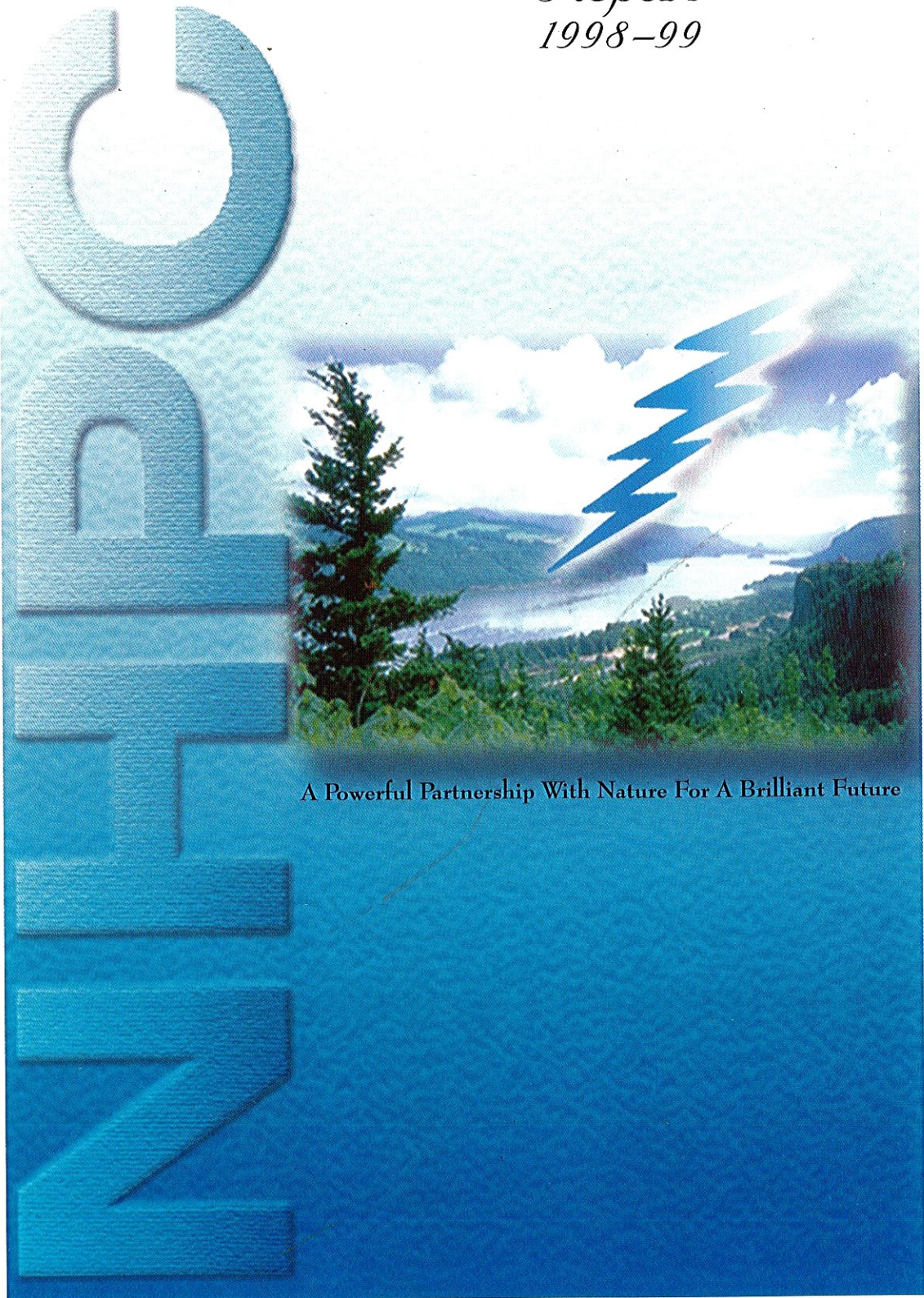


*Annual  
Report  
1998-99*



**National Hydroelectric Power Corporation Limited**  
(A Government of India Enterprise)





नैरांगल हाइड्रोइलेक्ट्रिक पावर कारपोरेशन लि.  
की  
300 मेगावाट चमेरा जलविद्युत परियोजना (चरण - II)  
का शिलान्यास  
**श्री पी. आर. कुमारमंगलम**  
केंद्रीय विद्युत संसदीय कार्य मंत्री - परम्परागत ऊर्जा मंत्रालय  
पूर्व कर्मचारी संगठन तथा कंपनी बोर्ड मंत्री  
द्वारा  
**श्री प्रेम कुमार धूमल**  
मुख्य मंत्री, हिमाचल प्रदेश  
की उपस्थिति में  
संपन्न हुआ।  
5 जून, 1993

Shri P.R. Kumaramangalam, Hon'ble Union Minister of Power unveiling Foundation Stone of 300 MW Chamara Stage-II Project in Himachal Pradesh





540 MW Chamera Stage-I Project (Himachal Pradesh)-Upstream view of dam and reservoir.

# Contents

Corporate Mission and Objectives .....	2
Corporate Profile .....	3
Board of Directors .....	5
Chairman's Statement .....	7
Directors' Report .....	12
Annual Accounts .....	26
Balance Sheet Abstract and Company's General Business Profile .....	48
Auditors' Report .....	50
Comments of the Comptroller & Auditor General Of India.....	62



## CORPORATE MISSION

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

## CORPORATE OBJECTIVES

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, wherever necessary.

To prepare a comprehensive Corporate Plan and a long term perspective plan and constantly reorient it to be in line with the changing political and economical 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 the country's power mix.

To take up the execution of hydroelectric, tidal, geo-thermal, gas and wind power projects in the country.

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

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

## FINANCIAL OBJECTIVES

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 most economic costs.

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



## CORPORATE PROFILE

(Rs. IN MILLIONS)

FINANCIAL		1998-99	1997-98	1996-97	1995-96	1994-95
Sales & Wheeling charges	*	11944	9930	5344	5091	4805
Miscellaneous income	@	391	44	217	20	16
Profit before interest & depreciation	\$	9992	8491	4811	4330	3722
Profit after interest & depreciation		3053	2994	1067	774	937
Dividend		150	150	150	150	100
Reserves & surplus(cumulative)		12721	9486	6345	5443	4819

### WHAT CORPORATION OWNS

Gross Fixed Assets	70904	69036	38938	37275	35978
Depreciation	8111	5986	6228	4901	3698
Net Fixed Assets	62793	63050	32710	32374	32280
Capital Work in progress	25760	20731	48957	44447	33801
Construction Stores & Advances	3228	3320	1167	1690	2265
Net Current Assets	14718	12525	4868	3954	5243
Miscellaneous Expenditure	4	17	50	86	106
	106503	99643	87752	82551	73695

### WHAT CORPORATION OWES

Net Worth					
-Share Capital	38250	33930	29174	28903	28327
-Reserves	12721	9486	6345	5443	4819
Borrowings	53077	54922	52233	48205	40549
Income received in advance on account of advance against depreciation	2455	1305			
	106503	99643	87752	82551	73695

### OPERATING PERFORMANCE

	1998-99	1997-98	1996-97	1995-96	1994-95
Generation(M.U.)	9917	8816	5614	6141	6058
Machine availability(%)	88.39	83.00	83.25	85.30	83.99
Sales(Rs.in crores)	1194	993	534	509	478
Man power (Nos.)	11860	11799	12119	11984	12145

\* Sales are net after tariff adjustment and advance against depreciation

@ Includes receipts against contracts

\$ After prior period adjustments





300 MW Chamera Stage-II Project (Himachal Pradesh)  
Proposed Dam site.



# Board of Directors

(As on 1.10.99)



**Shri Yogendra Prasad**  
Chairman & Managing Director



**Shri A.I. Bunet**  
Director (Personnel)



**Shri N. Visvanathan**  
Director (Technical)



**Shri R. Natarajan**  
Director (Finance)



**Shri J. Vasudevan**  
Additional Secretary (Hydro)  
Ministry of Power



**Shri D.V. Khara**  
Member (Hydro)  
Central Electricity Authority



**Shri A.B. Joshi**



**Shri Sanjay Tandon**

**Company Secretary**  
SHRI VIJAY GUPTA

## STATUTORY AUDITORS

M/s. JAIN CHOPRA & COMPANY  
CHARTERED ACCOUNTANTS,  
105, JYOTI BHAWAN,  
DR. MUKHERJEE NAGAR  
COMMERCIAL COMPLEX  
NEW DELHI-110 009

## BRANCH AUDITORS

**M/S. H.S. AHUJA & CO.**  
CHARTERED ACCOUNTANTS  
61-H, GOBIND MANSION,  
CONNAUGHT CIRCUS,  
NEW DELHI-110 001.

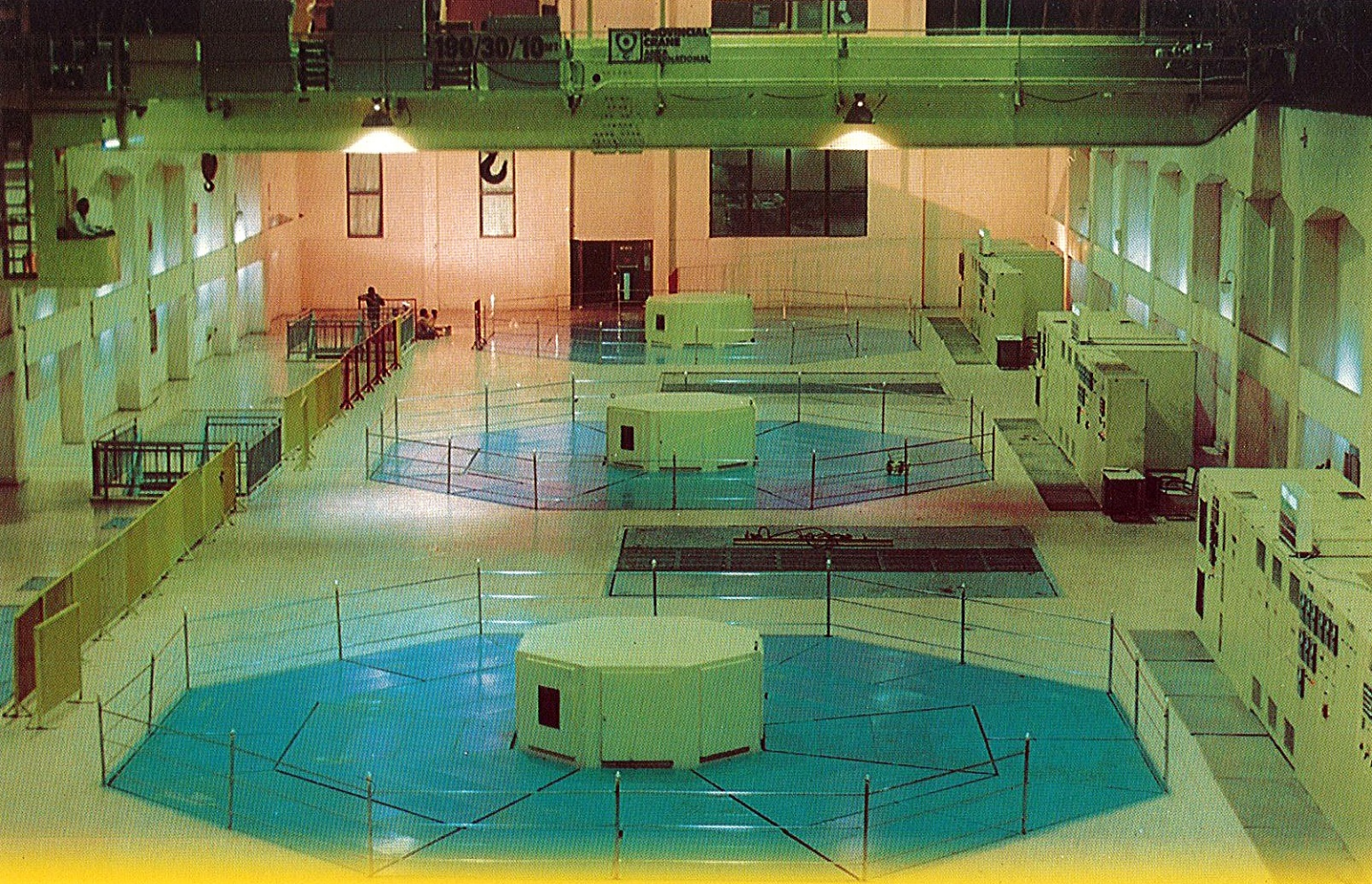
**M/S. A. KAYES & CO.**  
CHARTERED ACCOUNTANTS  
231, KAMALALAYA CENTRE  
II & III FLOOR, 156-A,  
LENIN SARANI,  
CALCUTTA-700 013

**M/S. K.B. SHARMA & CO.**  
CHARTERED ACCOUNTANTS  
VIDYA BHAWAN,  
PARADE ROAD,  
JAMMU-1800 001

## BANKERS

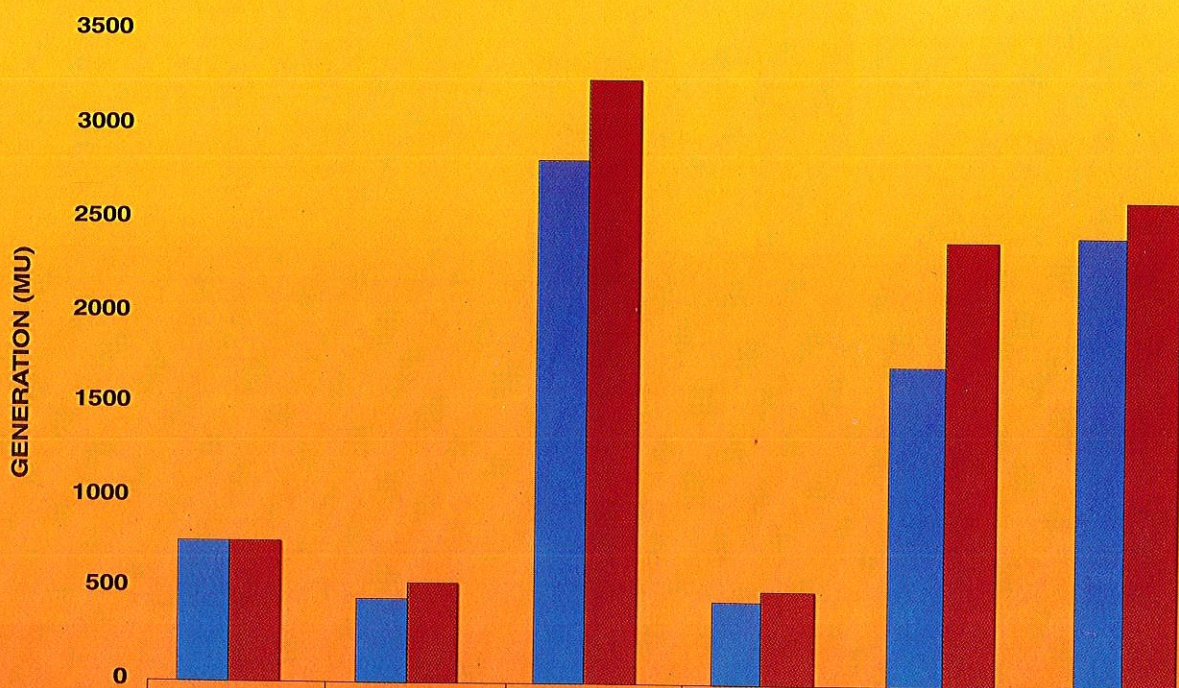
STATE BANK OF INDIA  
INDIAN OVERSEAS BANK  
DENA BANK  
CANARA BANK  
PUNJAB NATIONAL BANK  
CENTRAL BANK OF INDIA  
BANK OF BARODA  
SYNDICATE BANK  
BANK OF INDIA  
CORPORATION BANK  
BANK OF BHUTAN  
SKANDINAVISKA ENSKILDA BANKEN





## PERFORMANCE OF NHPC PROJECTS FOR THE YEAR 1998-99

■ TARGET  
■ GENERATION



	BAIRA SIUL	LOKTAK	SALAL	TANAKPUR	CHAMERA	URI
TARGET	750	450	2800	420	1700	2400
GENERATION	750.26	532.42	3222.96	469.33	2367.27	2575.27



# *Chairman's Statement*

Dear Friends,

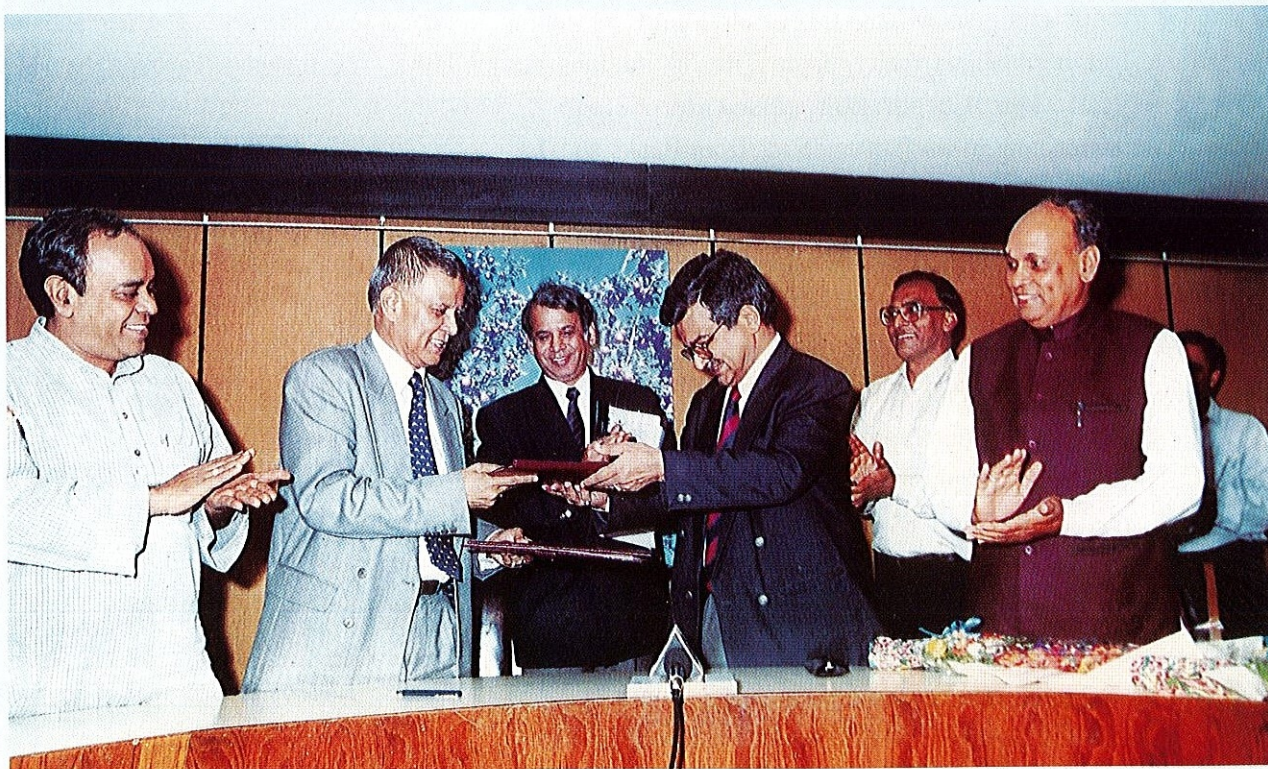
It gives me great pleasure to welcome you to the adjourned 23<sup>rd</sup> Annual General Meeting of National Hydroelectric Power Corporation Ltd. The Financial Accounts for the year 1998-99, Directors' Report alongwith Auditors' Report and the comments of the Comptroller and Auditor General of India are with you for consideration and adoption and with your permission I would take them as read.

For the year 1998-99, your Corporation achieved a net profit of Rs.3053 millions as against Rs.2994 millions in the previous year. The turnover during the year was Rs.13094 millions as against Rs.11235 millions in the previous year. The increase in the net profit was mainly due to higher generation and also due to tariff fixation for most of the power stations.



Your Corporation has recommended a dividend of Rs.150 millions for the year 1998-99.

The operating units of the Corporation generated 9917 MU during this year as against the target of 8520 MU thus exceeding the target by 16.40%. The capacity utilisation was 100% for all the power stations except Uri Project where the capacity utilisation was 96.9%. This was due to transmission constraints between valley and rest of the northern grid.



Shri Yogendra Prasad, CMD, NHPC and Shri A.K. Goswami, Chairman, HPSEB, Govt. of Himachal Pradesh exchanging documents after signing the Parbati Project Agreement.





Shri V.K. Pandit, Secretary (Power) and Shri Yogendra Prasad CMD, NHPC after signing the MOU for the year 1998-99.

During the year under report, your Corporation redeemed bonds/loans amounting to Rs.5451 millions including pre-payment of loan and exercise of call options amounting to Rs.517.7 millions in all. By retiring pre-mature loans and bonds, your Corporation had been able to save approx. Rs.50 millions per year. The Corporation raised term loan aggregating to Rs.4000 millions from Banks and Financial Institutions during the year.

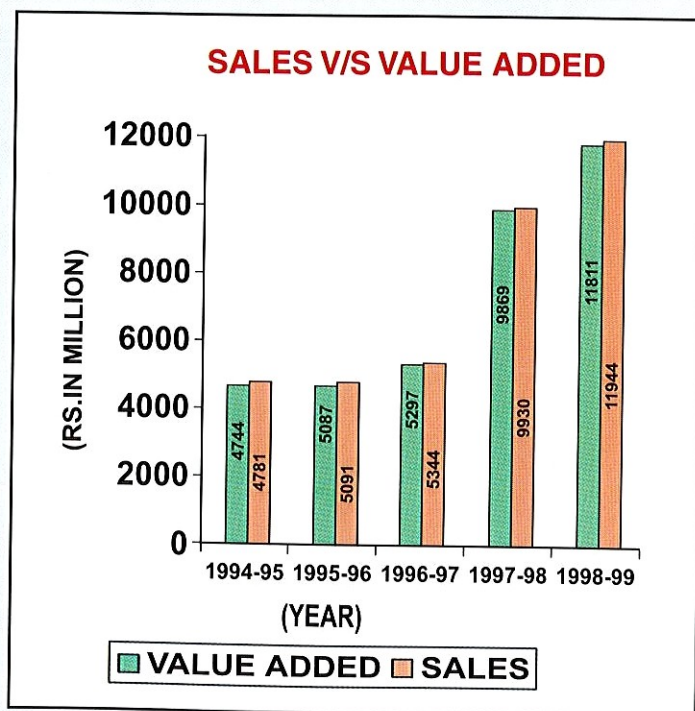
The outstanding dues from the various beneficiary states which as on 31.3.1999 stood at Rs.16694 millions continue to cause concern to the Corporation. As reported last year, there has been significant improvement in the realisation of revenue during the financial year 1998-99, the realisation being Rs.9866 millions towards the electricity supply. Corporation is making concerted efforts for liquidating its outstanding against beneficiary states by resorting to new strategies and by adopting new commercial policies. Your Corporation was accorded an "EXCELLENT" rating under the Memorandum

of Understanding signed with the Government of India for the year 1998-99.

Your Corporation has submitted a proposal for increasing the authorised share capital from Rs.50000 millions to Rs.100,000 millions which is under consideration of the Government of India. This will enable new projects to be taken up with appropriate equity contribution.

I am glad to inform that construction activities at Rangit Hydroelectric Project are now in full swing. The project experienced several problems arising out of land slides, floods, breach of approach roads etc. which delayed the commissioning of the project. The project is now expected to start commercial operation from December, 1999.

The work at Dulhasti HE Project is proceeding satisfactorily except in the HRT where the progress is affected now and then due to poor geological strata, heavy ingress of water and break down of TBM. The tunnel excavation has been completed







390 MW Dul Hasti Project (Jammu & Kashmir)-Dam under construction

to the extent of 57%. The works in the dam and the power house including the erection of generating equipment are in progress as per schedule drawn.

The work of pre-qualification, techno-commercial evaluation and financial evaluation of tenders for all civil works, hydro-mechanical works and electro-mechanical items for the 280 MW Dhauliganga Project was completed expeditiously and sent to OECF for concurrence of price bid evaluation. All the contracts will be awarded shortly after receipt of OECF approval.

The pace of work is also satisfactory in Kalpong and Kurichu H.E. Projects.

The Government of India has approved the execution of Chamera HE Project Stage-II on 'Turnkey' basis. An Agreement for the execution of the work has been signed and pre-construction activities and development of infrastructure facilities

have been started. The Corporation is also poised to start Teesta-V, Loktak Downstream and Parbati Hydroelectric Projects on receipt of clearances from the concerned authorities.

You will be glad to know that Government has decided to entrust the execution of the mega projects of Subansiri & Dihang in Arunachal Pradesh and Cauvery Basin Projects to NHPC. The preliminary works for the six projects in the Subansiri and Dihang Rivers are about to be taken up.

Your Corporation has joined hands with Bhakra Beas Management Board (BBMB) to provide Consultancy Services relating to operation & maintenance, renovation & modernisation and other needs of Hydroelectric Projects.

Your Corporation has been able to maintain complete industrial peace during the year under report. In order to utilise surplus manpower,





Book Exhibition organised at Corporate Office to coincide with Hindi Fortnight.

Corporation redeployed employees to different ongoing projects. Further 126 employees of the Corporation opted for the Voluntary Retirement Scheme.

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 help rendered and cooperation extended by 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 beneficiary States drawing power from our power stations.

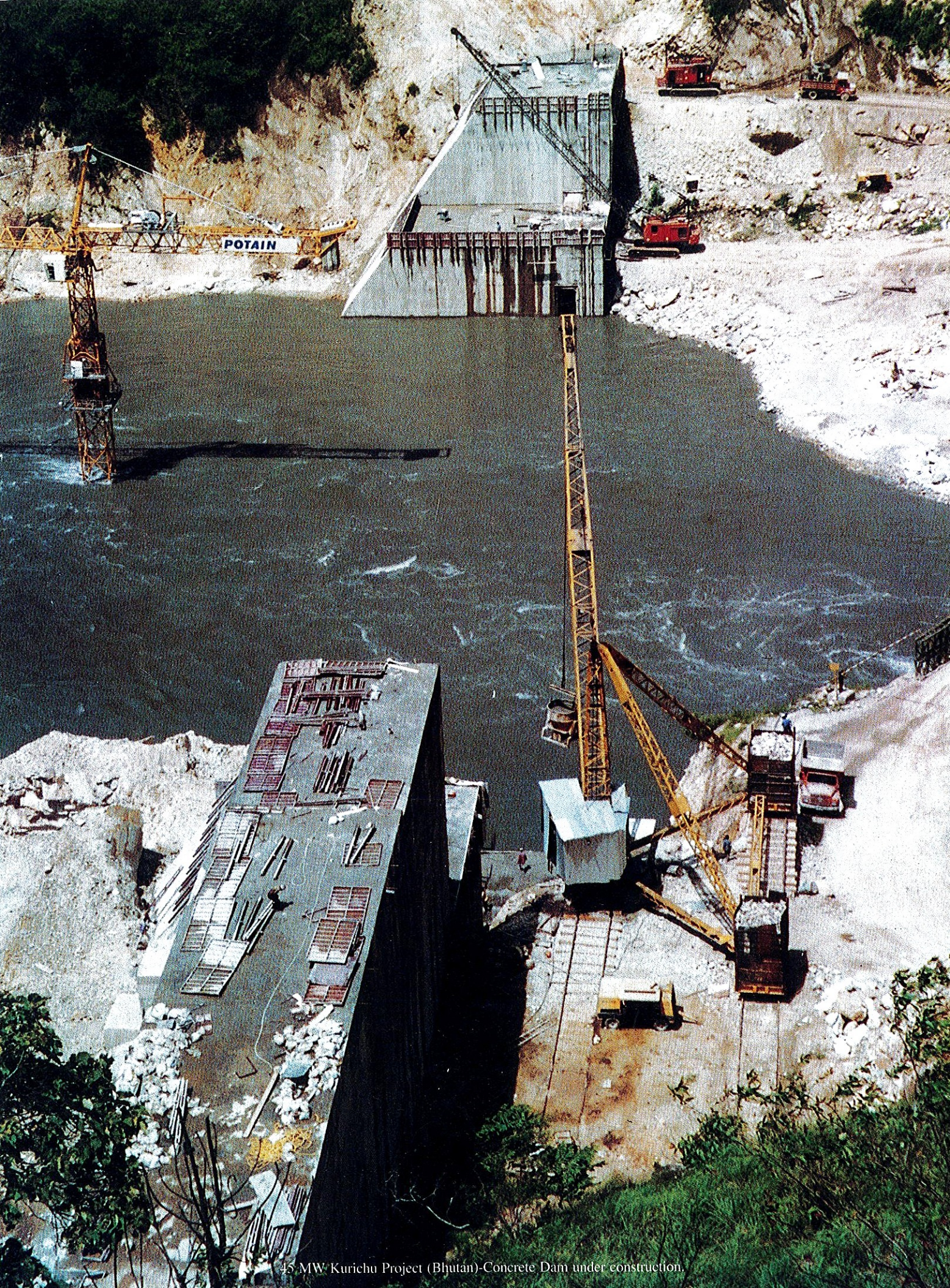
I take the opportunity to make a special mention of the dedication and commitment of the employees of NHPC at all levels for giving an excellent performance during the year.

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 excellent performance.

( YOGENDRA PRASAD )  
Chairman & Managing Director

Date: 30.9.1999





45 MW Kurichu Project (Bhutan)-Concrete Dam under construction.



# Directors' Report

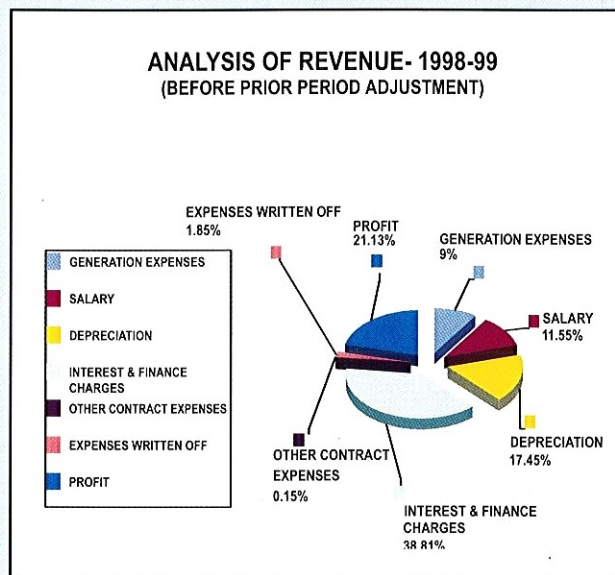
On behalf of the Board of Directors, we have great pleasure in presenting the 23<sup>rd</sup> Annual Report of the National Hydroelectric Power Corporation Limited along with the Audited Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the financial year ended 31.3.1999.

## 1. FINANCIAL PERFORMANCE

The Gross Sales of the Corporation including advance against depreciation during 1998-99 was Rs.13094 millions as against Rs. 11235 millions in the previous year.

Your Corporation made a profit after prior period adjustment of Rs. 3053 millions during the year under report as against Rs. 2994 millions in the previous year. The increase in profit was mainly due to fixation of tariff and the generation exceeding the targets.

The total outstanding amount against the various beneficiary States as on 31.3.99 stood at Rs.16694



millions as against Rs. 12982 millions at the end of last year. During the year under report, the Corporation has collected Rs. 9866 Millions towards the electricity sold to the various beneficiaries which includes the amount received through CPA and Surcharge.

FINANCIAL RESULTS		(Rs. in millions)
	1998-99	1997-98
Profit before Depreciation, Interest and financing charges	9545	7809
Interest & Financing Charges	4787	4357
Profit before Depreciation	4758	3452
Depreciation	2152	1140
Profit for the year after Interest and Depreciation	2606	2312
Prior period Adjustments	447	682
Profit for the year after prior period Adjustments	3053	2994
Add:		
Surplus of Profit and Loss Account of earlier year	1997	719
Profit available for appropriations	5050	3713
<b>APPROPRIATIONS:</b>		
(i) Transfer to Capital Reserve	-	1
(ii) Bonds Redemption Reserve	-	1550
(iii) Proposed dividend	150	150
(iv) Provision for Income Tax on dividend	15	15
(v) Balance carried over to Balance Sheet	4885	1997



## 2. PERFORMANCE HIGHLIGHTS

During the year under report, operating projects of your Corporation have generated 9917.51 MUs of electricity against the target of 8520 MUs i.e. 16.40% more than the target.

## 3. PROGRESS OF ONGOING PROJECTS

Directors are pleased to inform the progress of works up to July, 1999 at different ongoing projects as under:-



390 MW Dul Hasti Project (Jammu & Kashmir)  
Intake to Power Tunnel under construction

### PERFORMANCE OF POWER STATIONS ( MILLION UNITS)

Sl. No.	Power Stations	1997-98 Actual	Installed Capacity as on 31.3.99. (In MW)	1998-99			1999-2000	
				Target	Actual	Target achievement in percentage	Target for the year	Actual up to July, 99
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Baira Siul	779.76	198	750	750.26	100.12	750	94.41
2.	Loktak	533.86	105	450	532.42	118.16	450	107.75
3.	Salal Stage-I&II	2993.46	690	2800	3222.96	103.93	3000	1600.06
4.	Tanakpur	426.25	120	420	469.33	102.05	440	125.96
5.	Chamera Stage-I	1916.56	540	1700	2367.27	142.21	1860	992.65
6.	Uri	2165.79	480	2400	2575.27	96.69	2600	984.50
7.	Rangit						*150	-
Total			2133	8520	9917.51		9250	3905.33

\* As per the target included in MOU 1999-2000.

### (a) DUL HASTI H.E. PROJECT (3X130 MW ) - J&K

Progress of works since last report is satisfactory except in the area of HRT which suffered due to poor

geological strata, intermittent break down of Tunnel Boring Machine and heavy ingress of water. Excavation has been completed in the Switchyard, surge Tank, Transformer Cavern, Pressure Shaft and Expansion Gallery. Concreting in Power House and Transformer





60 MW Rangit Project (Sikkim) - Construction of concrete dam in progress

Cavern is going to complete shortly. Excavation of Head Race Tunnel has been achieved to the extent of 6.08 Kms (i.e. 57%) out of the total length of 10.6 Kms. Spiral casing of Unit I has been completed and concreting is in Progress.

The Project is scheduled to be completed in all respects by March, 2001.

#### **(b) RANGIT H.E. PROJECT (3X20MW)-SIKKIM**

The Project is in an advance stage of completion. Works are progressing well in all fronts. Head Race Tunnel was daylighted on 26.8.1998. Excavation of dam has been completed and 66,215 Cum. of concrete has been placed against the total quantity of 68,000 Cum. Concreting and Erection of roof has been completed in the Power House Building for Unit 2 & 3 and erection of Unit-3 has also been completed in all respects. Hydro mechanical work are in progress in full swing. The 132/66 KV Switchyard was back charged in November '98 with the

completion of Melli Substation end. The commissioning of the Project had been delayed beyond March '99 due to heavy rains causing land slides, floods, breach of approach roads, collapse of bridge etc.

The project is expected to start generation from December, 1999.

#### **(c) DHAULIGANGA H.E. PROJECT (STAGE-I) (4X70MW) - U.P.**

The work on infrastructure and Pre-Construction activities are progressing satisfactorily. During the year under report, parties for execution of Dam, Power House, Power Tunnel, etc., Hydro Mechanical works and Electro Mechanical works have been pre-qualified. The Techno-economic bids for Electro Mechanical works, Civil Works (Lot-II) and some of the Hydro Mechanical Works have been finalised and submitted to OECF for their concurrence.

Meanwhile, the work on the Diversion Tunnel has been taken up Departmentally and a cumulative progress of 193 meters against the total length of 730 Meters has been achieved. Progress on this work



280 MW Dhauliganga Project Stage- I (UP) Diversion Tunnel Outlet Portal.





5.25 MW Kalpong Project (Andaman & Nicobar Islands)-Tunnel Outlet.

suffered heavily due to weak/difficult geological strata encountered and collapse of rock.

The Project is scheduled for completion by September 2004.

#### **(d) KOEL KARO H.E. PROJECT (710MW)-BIHAR**

The work on this project could not be started due to resistance from the local people against the acquisition of land and paucity of funds. The Government has imposed ban on incurring further expenditure on this project since February, 1997. However, Ministry of Power has sanctioned Rs. 200 Millions (including expenditure already incurred except on the establishment), for development of infrastructure facilities. PIB has cleared the Project's Revised Cost Estimate of Rs.23684.2 Millions at Dec., '98 price level and has recommended for the approval of CCEA.

Infrastructural works, land acquisition have been taken up, pending approval of CCEA. Ministry of Power has allocated Rs.50 Millions towards

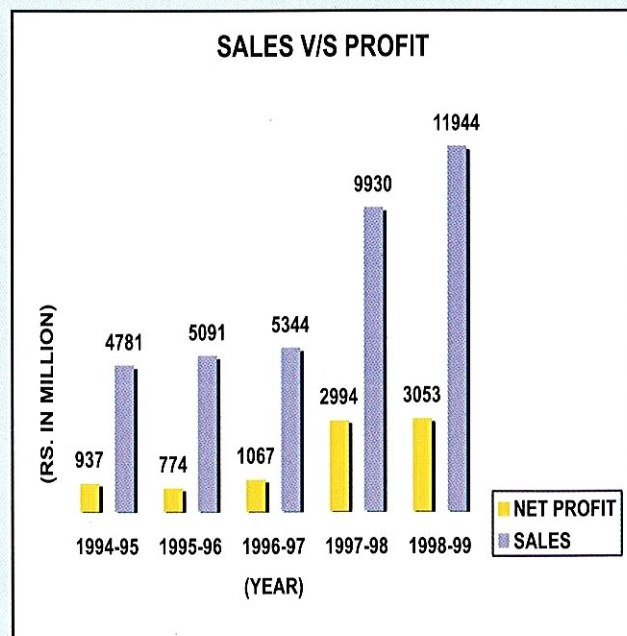
development of Infrastructural facilities during the year under report. The Project is scheduled for completion in 8 years from the zero date.

#### **(e) KALPONG H.E.PROJECT (3X1.75MW) ANDAMAN & NICOBAR ISLANDS**

Kalpong Project has been undertaken by the Corporation on "Deposit Work" basis. Infrastructure and Pre-construction activities have been completed at the site. Contract for Civil works, consisting of Concrete Dam, Rock Fill Dam, Link Channel and Saddle Dykes-I & II, has been awarded. In regard to the construction of Concrete Dam and Rockfill Dam, 23,900 Cum. (i.e., 93.72%) and 10,100 Cum. (i.e. 83.74%) of Excavation have been Completed against the total requirement of 25,500 and 12,100 Cum. respectively. In the Power House, 19,320 Cum. (i.e., 93.78%) of excavation has been completed against the total requirement of 20,600 Cum. The project is scheduled for completion by October, 2002.

#### **(f) KURICHU H.E. PROJECT (45 MW)-BHUTAN**

This Project has been taken up by the Corporation on "Turnkey basis". The work of Diversion Tunnel has been completed by diverting Kurichu River on 27.11.98.







Signing of agreement between NHPC and Indo-Canadian Hydro Consortium for executing 300 MW Chamera Stage-II Project in Himachal Pradesh.

In respect of the works at Concrete Dam, out of the total requirement of 3,48,539 Cum. excavation of 1,88,509 Cum. has been completed. The Concreting has also been started. In Power House Area, about 82.16% of the Excavation has been completed and the concreting has also been started. Check survey in respect of construction of 132 KV Single Circuit Transmission Line has been completed from Pemagatsel to Power House. The project is scheduled for completion by September, 2001.

### NEW SCHEMES

#### CHAMERA H.E. PROJECT STAGE-II (300 MW)

The Project obtained Approval of the Government of India on 18.5.99 for Execution of the Project on "Turnkey" basis at a total cost of Rs.16840.2 Millions at August'98 price level. An Agreement between NHPC and ICHC was signed for the construction of this project on 18.7.1999. Export Development Corporation of Canada has agreed for extending a loan of CN \$175 Millions to finance the Canadian sourced

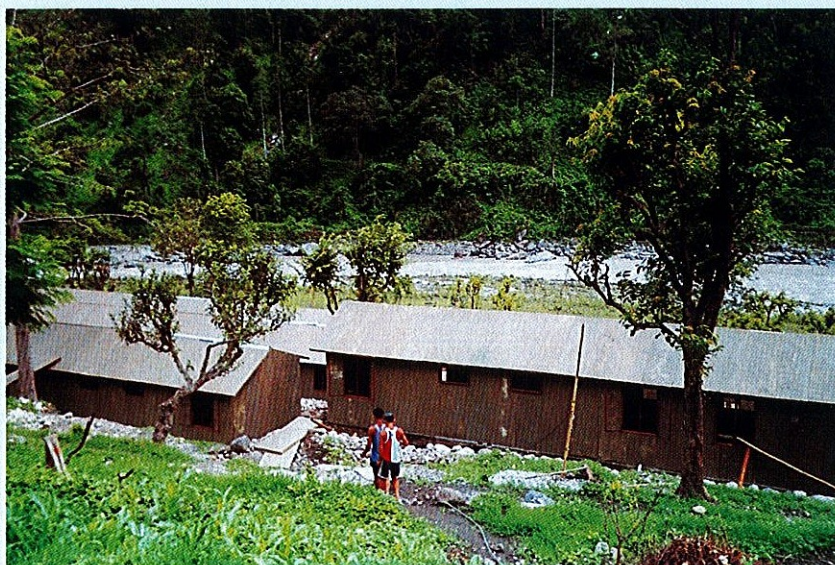
goods and services for execution of this project. You would be glad to note that the Foundation Stone of this project was laid by the Hon'ble Union Minister of Power in a ceremony held on 5th June, 1999. Pre-construction activities and development of infrastructure facilities at project site have been started.

#### TEESTA-V H.E. PROJECT (510 MW)

Teesta HE Project (Stage-V) is one of the six Hydro Power Schemes, identified on the river Teesta in the State of Sikkim. The Project will have an installed capacity of 510 MW with annual generation of 2,573 MUs in a 90% dependable year. Development of Infrastructure facilities has been started at the Project site. Techno-Economic Clearance for this project has been accorded by the CEA on 26.02.99 with the completion cost of Rs.25680.9 Millions, including Rs.2234.0 Millions towards IDC. This cost has been updated at April, 1999 price level amounting to Rs. 21980.4 Millions, with the completion cost of Rs.27297.4 millions. Forest and Environmental clearance have been accorded by MOEF on 14.5.99 and 19.5.99 respectively.

#### LOKTAK DOWNSTREAM H.E. PROJECT (90 MW)

Agreement between the Government of Manipur



Infrastructure Development works at 510 MW Teesta Project in Sikkim.





'Parbati Sadan' housing office of Parbati Project in Himachal Pradesh.

and the NHPC Ltd. for the execution of this project, was signed on 12.02.99. The Project will have an installed capacity of 90 MW with annual generation of 420.25 MUs in a 90% dependable year. Techno-Economic Clearance has been accorded by Central Electricity Authority on 26.02.99 at an estimated cost of Rs.5578.3 millions including IDC of Rs.451.5 millions at August, 98 price level with the completion cost of Rs. 6674.6 millions. The forest and environmental clearances have been accorded by MOEF on 3.1.97 and 4.2.99 respectively. Pre-construction activities and development of infrastructure facilities have started at the Project site.

#### **PARBATI H.E. PROJECT STAGE-II (800 MW)**

An agreement between the Govt. of Himachal Pradesh and NHPC was signed on 20.11.98 for the execution of Parbati H.E. Projects, on the River Parbati totalling to 2051 MWs (Stage-I : 750 MWs; Stage-II : 800 MWs & Stage-III : 501 MWs). As an advance

action, the Corporation has updated the cost of Parbati ( Stage-II ) Project at November, 1998 Price Level for Rs. 23179.6 Millions (including Rs. 3893.1 Millions towards IDC) and submitted to the CEA on 13.11.98, seeking Techno Economic Clearance. CEA considered the proposal of HPSEB to the Corporation at an updated cost of Rs.21459.3 Millions. Environmental and forest clearance is under active consideration of Ministry of Environment & Forest. Pre-construction activities and development of Infrastructure facilities at the Project site have commenced. Action has been initiated for taking over the sites by the Corporation, along with the assets created earlier by the HPSEB.

As regards Stage-I & III, Investigation work is proposed to be taken up in near future. CEA desired that the Corporation undertake further investigations and update the earlier DPR, which was submitted by the HPSEB to the CEA.





Resistivity measurement for ground water studies and earthmat design utilising SAS Terrameter.

#### 4. INVESTIGATION PROJECTS

**Dhauliganga H.E. Project (Intermediate Stage : 210 MW) & Goriganga H.E. Project (Stages - IIIA & IIIB : 120 MW + 20 MW), U.P.**

In respect of Dhauliganga Intermediate and Goriganga Project (Stages-IIIA & III B), DPR was submitted to the CEA and Techno Economic Clearance is still awaited.

However, Inspector General of Forests, Ministry of Environment & Forests, Government of India on 12.01.99 has intimated that since the above projects fall within Askot Musk Deer Sanctuary, construction of Projects are not permissible under Section-29 of Wild Life Protection Act, 1972. Corporation is pursuing the Government of U.P. for granting specific exception in this regard.

#### 5. SMALL/MINI H.E. PROJECTS

The Corporation has been contemplating to undertake the execution of Small/Mini Hydro Electric Projects, in order to bridge the gap between the demand and supply of electricity on the one hand and to rectify the prevailing imbalance in the Hydro-Thermal mix on the other, to the best possible extent, during the 9<sup>th</sup> Five Year Plan. Four sites for execution of small (Canal Drop Type) Hydro Projects (on Gandak Canal) were handed over to the Corporation by the Govt. of Bihar which will be returned to them on completion. Investigation & Survey have been taken up, with a view to upgrade the DPR. Government of Arunachal Pradesh has shown its interest in handing over 12 Projects to the Corporation, for execution. A team of technical experts of the Corporation visited 3 Project-sites viz., Kambang (3 MW), Sippa (3 MW) and Jugdin (2 MW). Cost estimates, based on 1999 price indices, have been





Concrete Dam over Bakreshwar River getting ready for supply of water to the Bakreshwar Thermal Power Plant in West Bengal.

prepared for holding detailed discussions with the Government of Arunachal Pradesh.

## 6. WIND POWER FARMS

The Corporation proposed to explore the possibility of installing Wind Power Farms in Tamil Nadu and Karnataka States, where feasible Wind Power Farm sites exist in abundance. The Corporation has taken up execution of 25 MWs. Wind Power Farm, in the first instance, which is located near Coimbatore (Tamil Nadu). The work of Consultancy Services for this project was awarded to M/s Esquire Engineers & Consultants Ltd., Chennai. The evaluation of Techno-Commercial bids has been completed.

## 7. CONSULTANCY SERVICES

The Consultancy Services Division was set up with the objective of utilising the specialised manpower and equipment of the Corporation and vast experience available with NHPC on various aspects of Hydro power development, which can be effectively disseminated to other organisations set up for the Hydro Power Projects. During the year under report, the Corporation has completed the work of Design and Specifications relating to Udampur-Katra Section

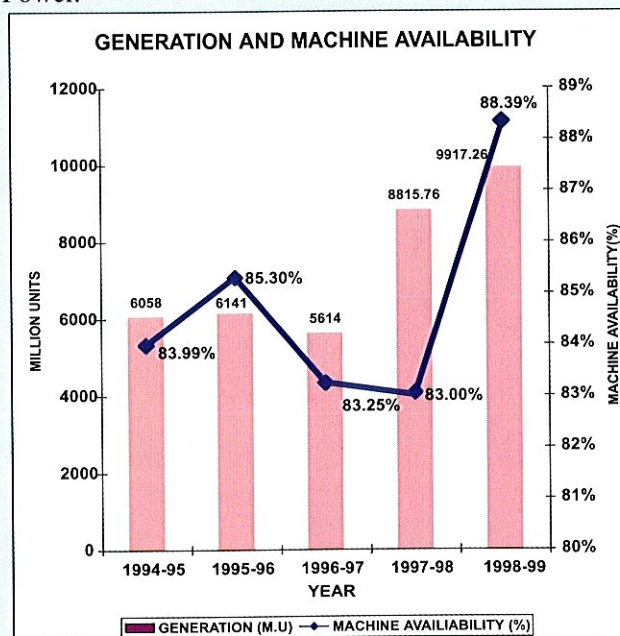
Tunnel of Northern region.

At present the Corporation is providing Consultancy on Construction Management of Bakreshwar H.E. Project of West Bengal Power Development Corporation Ltd. (WBPDC), Calcutta. Corporation is also providing consultancy for Studies related to Dynamic Analysis of Surge Shaft to NJPC, Hydro Transient for Tala HE Project, Bhutan.

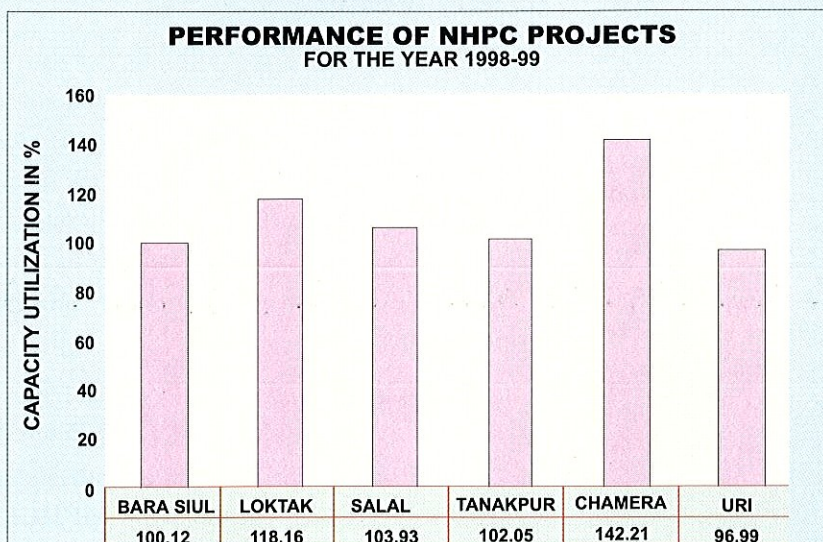
NHPC has been appointed by Industrial Finance Corporation of India Ltd., (IFCI), Mumbai as 'Independent Engineers' for **Shree Maheshwar Hydro Project Corporation Ltd.(SMPHCL), Indore**. Similarly the assignment from IFCI for **Baspa Stage-II Project (H.P.)** is also under active consideration.

**NHPC has been recently awarded the work of "Repair & Restoration of SPITUK MONASTARY, LEH" on "Deposit Work" basis at a total cost of Rs.14.59 Millions, by "LADAKH AUTOMONOUS HILL DEVELOPMENT COUNCIL".**

You would also be glad to know that NHPC has recently joined hands by signing a Memorandum of Understanding with Bhakra Beas Management Board (BBMB) for providing Consultancy Services on Hydro Power.







## 8. ACHIEVEMENTS OF EDP & SYSTEM DIVISION

During the year under report, additional desktop PCs were deployed to improve & increase the performance of the work. Beside, Installation of Local Area Net work with 200 nodes was also started to facilitate cross-functional Integrated data processing. Work was also initiated for installation of a VSAT- based Wide Area Network (WAN) connecting all major Projects, Corporate Office and Load Despatch Centers.

You would be glad to know that the communication has vastly improved by installing INMARSAT based satellite phones in all Projects, in addition to LDST which continues to provide reliable communication systems. Training Programmes were also organised from time to time for various levels of employees to improve their efficiency of the work performance and productivity.

You would also be glad to know that Corporation has launched its web site on Internet on 7<sup>th</sup> November, 1998, which will be helpful to present Corporation's activities widely.

## 9. CAPITAL STRUCTURE

The present authorised Share capital of the Corporation stood at Rs. 50,000 millions and the

Corporation has taken up the matter for increasing authorised Share capital to Rs.100,000 Millions from the existing limit of Rs. 50,000 Millions with MOP in July,1999 to meet the requirements of new Projects like Teesta-V(510MW) Sikkim, Loktak Down Stream (90MW) Manipur, Parbati Project in Himachal Pradesh, Cauvery Basin Projects in Karnataka & some Mini & Wind Power Projects.

The Paid-up Share Capital as on 31.03.1999 stood at Rs.33376 millions.

## 10. PROPOSED DIVIDEND

Your Directors have recommended a lump sum dividend of Rs. 150 millions subject to the approval of the shareholders in Annual General Meeting.

## 11. BONDS

You would be glad to note that the Corporation has maintained its consistent track record of timely discharge of its committed liabilities towards Bondholders and other institutions. During the year under report, the Corporation has successfully redeemed "C" Series Bonds, "G" Series Bonds except Tax-free Bonds of Rs.70 Millions and part of "I" Series Bonds, UTI term loan and ICICI Ltd term loans amounting to Rs.4933.3 Millions. The Corporation has also redeemed 18% "K" Series Bonds (Ist Tranche) to the extent of Rs. 517.7 Millions by exercising call option. Accordingly, the Corporation has discharged its liabilities towards redemption of bonds/repayment of loan amounting to Rs.5451 Millions.

By pre-mature repayment of ICICI Ltd. Term Loan of Rs. 1000 millions and exercising Call Option of K Series Bonds(Ist Tranche) amounting to Rs. 517.7 Millions and replacing them with low cost borrowings, the Corporation has been able to save approx. Rs.50 millions per year.

During the year under report, the Corporation has raised Term Loans aggregating to Rs.4000 Millions from Banks and Financial Institutions.





Restoration of soil tips through plantation at Uri Project.

## 12. RESERVATION FOR SC/ST

During the year under report, the Corporation had made special efforts to reduce the backlog of reserved vacancies and candidates belonging to SC and ST were also appointed.

## 13. NHPC ENVIRONMENTAL COMMITMENTS

After identifying the critical areas, extensive catchment area treatment works including biological and engineering soil conservation measures, implementation of the restoration plan based on integrated biotechnological approach for the revegetation of spoil tips, completion of the aquatic study have been carried out by the various projects of the Corporation. Besides this, environmental clearance for the right fork of Kalpong HE Project in A&N has been obtained and preparation of EIA & EMP for Teesta Stage-V is under progress.

## 14. HUMAN RESOURCES DEVELOPMENT

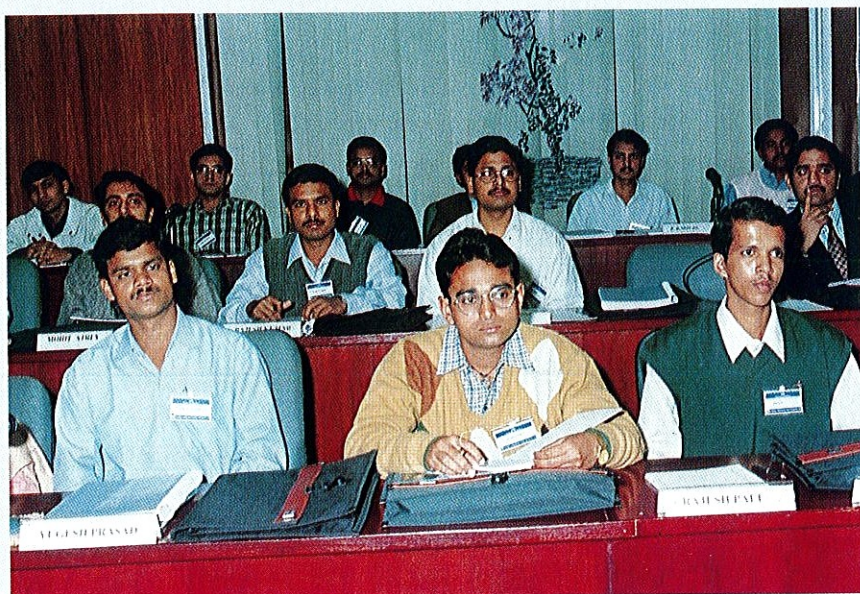
Considering the Human Resource as a valuable asset, the Corporation is making constant and strenuous efforts to develop and up-grade the technical skills by organising various in house training programmes and nominating the employees for various development programmes conducted by the reputed organisations and Institutions. To enable them to meet challenges of changing business environment, executives were also deputed abroad for attending Seminars, Conferences and training programmes during the year.

## 15. PERSONNEL AND INDUSTRIAL RELATIONS

During the year under report Industrial Relations at all the Projects and in Corporate Office were cordial, peaceful and harmonious.

## 16. VIGILANCE ACTIVITIES

During the year under review, Corporation has conducted various Vigilance activities, surprise checks etc. including Training Programmes. The Corporation has organised a Training Programme on 'Basic Course on Computer Crime and Computer Security' which was inaugurated by Chief Vigilance Commissioner.



Training session for Trainee Engineers.





Hindi Divas Celebrations at Corporate Office.

Preventive vigilance measures in respect of Stores and Procurement were also implemented.

### 17. OFFICIAL LANGUAGE IMPLEMENTATION

During the year under review, the Corporation made sincere efforts for extensive use of Hindi Language in official working by issue of necessary orders/instructions. Review of the progress was made by the Committees for implementation of official language in the Projects as well as in Corporate Office. Training programmes were organised for officers and non-Hindi speaking employees. 'Akshar Hindi Software' were made available to the different divisions in Corporate Office and Projects. 'Rajbhasha Shield' by Town Official Language Implementation Committee, Faridabad, was awarded to Corporate Office. A Technical Book in Hindi on "Tunneling and some aspects of Underground construction" written by Shri M.M.Madan, Chief Engineer was awarded 2<sup>nd</sup> prize under the Indira Gandhi Incentive Scheme carrying a Cash Award of Rs.12,000/-.

### 18. SPORTS AND CULTURAL ACTIVITIES

The Corporation continued its efforts to encourage sports activities and hosted the second Inter Power Sector Athletic Meet at New Delhi. In individual events of 100 meters race, 4x100 meters relay race, discus throw, and long jump, women employees of your Corporation won and also excelled in team events .

NHPC team has also participated in various tournaments organised by the Power Sports Control Board. In the individual event of Bridge tournament, NHPC became the winners and runners up. In the team event, NHPC bagged the third position.

NHPC has also celebrated the 50 Years of Independence. NHPC day was celebrated at Corporate Office as well as at Projects.

### 19. SOCIAL INITIATIVES

Since the last Report, the Corporation and its employees have rendered help to alleviate hardships caused to the local people by natural calamities. The Corporation contributed Rs. 5 lakhs for providing relief to the victims of flood and land-slide in Ukhimath located in the District of Rudraprayag (UP). In addition the Corporation supplied tents and tarpaulins for providing shelter to the affected people. The Ladies Welfare association of NHPC started Community Welfare and Social Development Programmes in areas nearby the project locations with a contribution of Rs. 25 lakhs from the Corporation. The Corporation has also contributed Rs. 2 Crores towards National Defence Fund and the employees of the Corporation contributed 1 days' salary amounting to Rs. 30 lakhs to the National Defence Fund to provide help and assistance for rehabilitation of the widows of soldiers and for rehabilitation of disabled soldiers in Kargil conflict.



## 20. MEMORANDUM OF UNDERSTANDING

A Memorandum of Understanding was signed between the Government of India and NHPC during the year under report and you would be glad to know that the Corporation has maintained its performance as excellent in 7 out of 11 parameters. In respect of other four parameters, the excellent rating could not be secured due to sundry debtors and the liberalisation of Voluntary Retirement Scheme not being sanctioned by the Govt. of India by 30<sup>th</sup> September, 1998. The overall rating was "Excellent".

## 21. AUDITORS

M/s. Jain Chopra & Company, Chartered Accountants, New Delhi, have been appointed as Statutory Auditors for conducting Audit for the year 1998-99. M/s.H.S. Ahuja & Co., New Delhi, M/s. A. Kayes & Co., Calcutta, continued as Branch Auditors of the Corporation. While M/s. K.B. Sharma & Co, Jammu, have been appointed as Branch Auditors of the Corporation.

## 22. AUDITORS' REPORT

The Auditors' Report refer 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 are at Annexure-II.

Review of the accounts for the year ending 31<sup>st</sup> March, 1999 by Comptroller and Auditor General of India is enclosed as Annexure-III to the report.

## 23. 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 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 -IV to this report.

## 24. PARTICULARS OF EMPLOYEES

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

## 25. Y2K PREPAREDNESS LEVEL

The Corporation has identified the areas which are likely to have Y2K impact. These areas include Computer Hardware, Application Software Package, Power House Control systems and other embedded



'Pala Cholan' Manipuri Dance presentation by NHPC team at the Cultural Meet Organised by the Power Sports Control Board.





NHPC team which participated in the Athletic Meet hosted by NHPC under the aegis of Power Sports Control Board.

systems. Appropriate actions are being taken to achieve Y2K compliance by 30<sup>th</sup> September, 1999. The total cost of Y2K compliance project is estimated to be Rs. 20 Millions. A contingency plan is being drawn and shall be put in place at the appropriate time to tide over unforeseen situations.

## 26. BOARD OF DIRECTORS

Since the last report, Shri S.R. Shivrain, Part-time Director ceased to be in office from 20.5.1999. The Board expresses its gratitude for the contribution and guidance made by Shri Shivrain, JS&FA, Ministry of Power as a member of the Board.

Shri Sanjay Tandon was appointed as part time non official Director on the Board of NHPC Ltd. with effect from 13.5.1999.

## 27. ACKNOWLEDGEMENTS

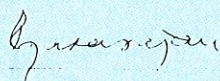
The Board of Directors acknowledge with thanks the guidance and cooperation extended by the Government of India particularly the Ministry of Power, Ministry of Finance (Department of Economic Affairs), the Planning Commission, Ministry of Environment and Forest, Reserve Bank of India, Department of Public Enterprises, Department of Company Affairs, the Central Electricity Authority, Central Water Commission as well as the State Governments, the Regional and State Electricity Boards.

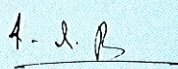
The Board expresses its gratitude to the International and Indian Financing Institutions as well as Indian investors for the confidence reposed by them in NHPC. The Board also places its special appreciation to the beneficiaries drawing power from our power stations as also to our other valuable clients who have reposed confidence in NHPC by awarding the contracts for consultancy assignments.

The Board also records its deep appreciation of valued cooperation extended by the office of the Comptroller & Auditor General of India, the Statutory Auditors and the Bankers.

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

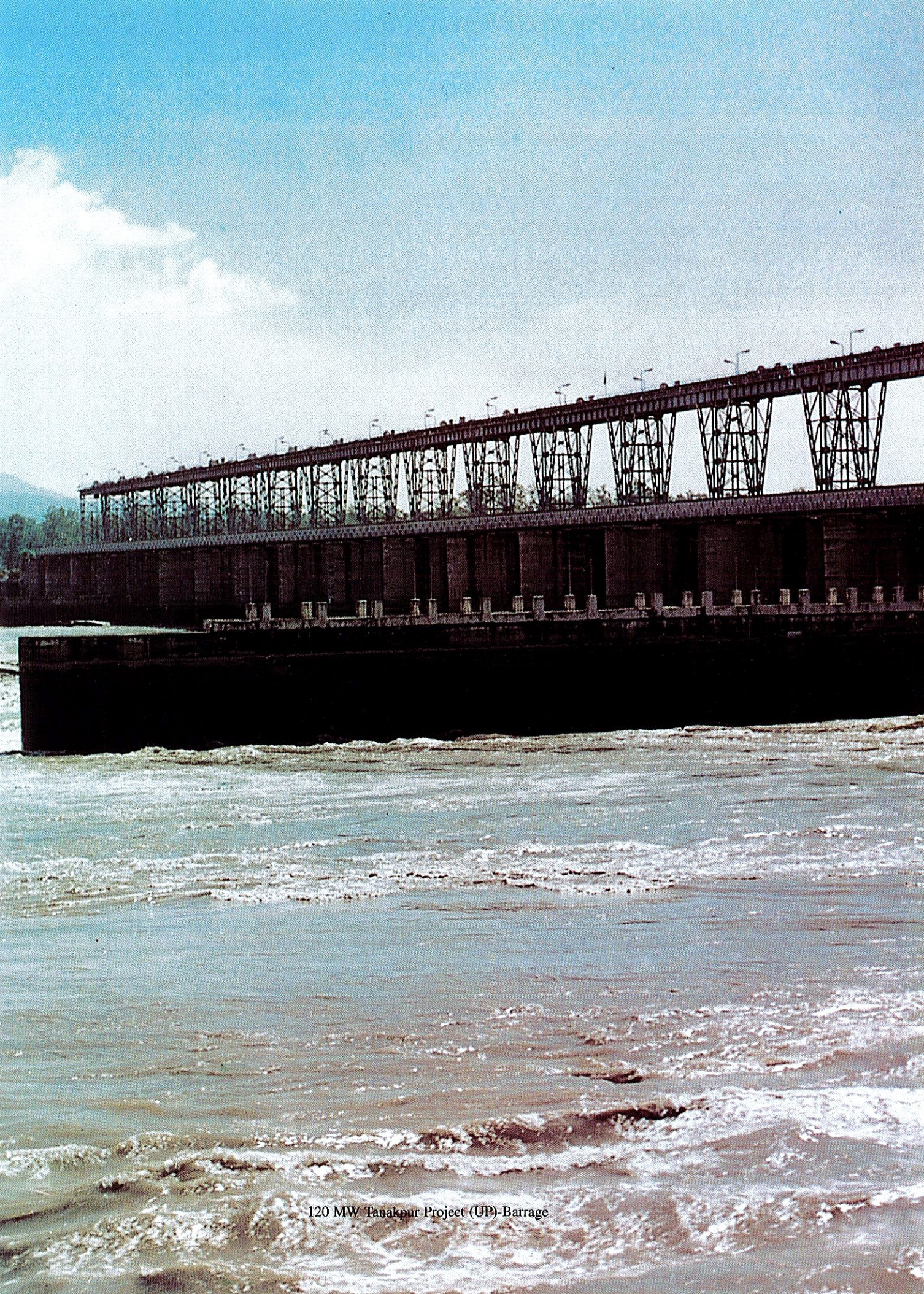
For and on behalf of the Board of Directors

  
(R. Natarajan)  
Director(Finance)

  
(A.I. Bunet)  
Director(Personnel)

DATE: 30.9. 1999  
FARIDABAD.





120 MW Tanakpur Project (UP)-Barrage



## SIGNIFICANT ACCOUNTING POLICIES

### 1. ACCOUNTING CONVENTIONS

- 1.1 The financial statements are drawn up on historical cost basis.
- 1.2 Interest/Surcharge recoverable from debtors is recognised as revenue on being received / reasonably determinable for collection.

### 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 major components of the project excluding land and infrastructure works.

### 4. MISCELLANEOUS EXPENDITURE

Miscellaneous expenditure of the project is written off over a period of 5 years after start of commercial operation.

### 5. DEPRECIATION & AMORTISATION

- 5.1 Premium on lease hold land is amortised over the period of lease.
- 5.2 Depreciation is charged on Straight Line Method in the year following that in which the assets become available for use, as per rates prescribed under the Electricity (Supply) Act, 1948 & as notified from time to time, except in case of assets valuing Rs.5,000/- or less purchased during the year and those with similar W.D.V. (excluding immovable assets) at the beginning of the year, which are depreciated fully during the year. In respect of assets where the rates are not available as per the said Act, the rates as prescribed in Schedule XIV to the Companies Act, 1956 are adopted.

### 6. VALUATION OF INVENTORIES

- 6.1 Stores & spares are valued at cost. However scrap is valued at net realisable value.
- 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.
- 6.3 Stores issued for operation and maintenance at operational projects but lying unused at site at the year end are evaluated at engineering estimates and taken as stores.



## 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, leave encashment and post-retirement Medical Health Scheme is made on actuarial valuation basis every year.

## 9. TURNOVER

- a) (i) Sale of energy including changes in Exchange Rate Variation is accounted for either at rates notified or at provisional rates arrived at on the principles of tariff fixation under the Electricity (Supply) Act, 1948.
- (ii) Incentives are recognised on the basis of rates as per tariff notifications and settlement with beneficiaries. Pending settlements with beneficiaries or where tariff notifications have not been issued, the same is recognised on provisional basis keeping in view the likelihood of its acceptance.
- (iii) Adjustments arising out of finalisation of global accounts, though not material, are effected in the year of respective finalisation.
- b) Revenue from Cost Plus/Deposit/Turnkey/ Project Management / Contracts is recognised on %age of completion method as under:-

<u>Progress of Work</u>	<u>Recognition of Revenue</u>
a) upto 66.67%	Nil
b) above 66.67 to 90%	80%
c) above 90%	100%

Losses including those anticipated in the contracts are recognised immediately.

## 10. SELF INSURANCE

0.5% p.a. of Gross Block of O&M Projects as on the date of Balance Sheet is transferred to Self Insurance Reserve Account on year to year basis by charge to Profit & Loss Account. Reserve so created will be utilised for losses of Assets for specified contingencies.

## 11. MISCELLANEOUS

- 11.1 Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 11.2 Power supplied from operational projects to Projects under construction is charged as per normal tariff.
- 11.3 Prepaid expenses and prior period expenses/income of items of Rs. 50,000/- and below are charged to natural heads of accounts.

## 12. ALLOCATION OF CORPORATE OFFICE EXPENSES

The Corporate Office Expenses are allocated as under:-

- i) On operational projects @ 1% of Sale of Power 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.



# ANNUAL ACCOUNTS

## BALANCE SHEET AS AT 31.03.1999

(Rs. in millions)

PARTICULARS	SCHEDULE NO.	AS AT 31ST MARCH, 1999	AS AT 31ST MARCH, 1998
<b>SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a) Capital	1	33376	29687
b) Share Capital deposit		689	40
c) Government of India Fund adjustable to equity		4185	4203
d) Reserves and Surplus	2	12721	50971
<b>2. LOAN FUNDS</b>	3		
a) Secured Loans		28239	27824
b) Unsecured Loans		24838	53077
<b>3. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION</b>		2455	1,305
		<u>106503</u>	<u>99,643</u>
<b>APPLICATION OF FUNDS</b>			
<b>1. FIXED CAPITAL EXPENDITURE</b>			
a) Fixed Assets	4		
Gross Block		70904	69036
Depreciation		8111	5986
Net Block		62793	63050
b) Capital Work-In-Progress	5	25760	20731
c) Construction Stores & Advances	6	3228	91781
<b>2. CURRENT ASSETS LOANS &amp; ADVANCES</b>	7		
a) Inventories		420	396
b) Construction Work In Progress (Contracts)		567	237
c) Sundry Debtors		16694	12982
d) Cash & Bank Balances		1022	1112
e) Other Current Assets		243	280
f) Loans & Advances		1840	20786
Less: Current Liabilities & Provisions	8		
a) Liabilities		4468	3824
b) Provisions		1600	6068
<b>NET CURRENT ASSETS</b>		14718	
<b>3. MISCELLANEOUS EXPENDITURE</b>	9	4	17
(To the extent not written off or adjusted)			
		<u>106503</u>	<u>99,643</u>
<b>NOTES TO THE ACCOUNTS &amp; CONTINGENT LIABILITIES</b>	16		

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

**VIJAY GUPTA**  
Secretary

**R.NATARAJAN**  
Director (Finance)

**YOGENDRA PRASAD**  
Chairman & Managing Director

As per our report of even date attached  
**For JAIN CHOPRA & COMPANY**  
Chartered Accountants

Place : Delhi  
Dated : 4th August, 1999

**ASHOK CHOPRA**  
Partner



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999**

(Rs. in millions)

PARTICULARS	SCHEDULE NO.	FOR THE YEAR ENDED 31ST MARCH, 1999	FOR THE YEAR ENDED 31ST MARCH, 1998
<b>INCOME</b>			
1. Sales		13094	11235
Less: Advance against depreciation		1150	11944
			1305
2. Contracts & Consultancy(Net)		47	22
3. Other Income	10	344	22
<b>TOTAL INCOME</b>		<b>12335</b>	<b>9,974</b>
<b>EXPENDITURE</b>			
1. Generation, Administration & Other Expenses	11	1119	832
2. Employees' Remuneration & Benefits	12	1425	1,318
3. Depreciation		2152	1,140
4. Interest & Finance charges	13	4787	4,357
5. Other Contract Expenses	14	18	15
6. Expenses Written off		228	—
<b>TOTAL EXPENDITURE</b>		<b>9729</b>	<b>7,662</b>
<b>Profit for the year</b>		<b>2606</b>	<b>2,312</b>
Prior period adjustment(Net)	15	447	682
<b>Profit for the year after Prior Period adjustment</b>		<b>3053</b>	<b>2,994</b>
<b>Balance Profit brought forward from last year</b>		<b>1997</b>	<b>719</b>
Proposed Dividend		150	150
Provision for Income Tax(on Dividend)		15	15
Transfer to Capital Reserve		0	1
Transfer to Bonds Redemption Reserve		0	1,550
<b>Balance Profit carried to Reserves &amp; Surplus</b>		<b>4885</b>	<b>1,997</b>

**VIJAY GUPTA**  
Secretary

**R.NATARAJAN**  
Director (Finance)

**YOGENDRA PRASAD**  
Chairman & Managing Director

As per our report of even date attached  
**For JAIN CHOPRA & COMPANY**  
Chartered Accountants

**ASHOK CHOPRA**  
Partner

Place : Delhi  
Dated : 4th August, 1999



# ANNUAL ACCOUNTS

## SHARE CAPITAL

## SCHEDULE - I

(Rs. in millions)

PARTICULARS	AS AT 31st MARCH, 1999	AS AT 31st MARCH, 1998
<b>AUTHORISED</b>		
50000000 (Previous year 35000000) Equity Shares of Rs.1000/- each	50000	35000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
33375947 Equity Shares (Previous year 29686947) of Rs.1000/- each fully paid up (Out of above, 6,29,529 Shares have been allotted for consideration other than cash pursuant to contracts and one Share has been allotted for part consideration other than cash)	33376	29687
<b>TOTAL</b>	<b>33376</b>	<b>29687</b>

## RESERVES AND SURPLUS

## SCHEDULE - 2

(Rs. in millions)

PARTICULARS	BALANCE AS AT 31st MARCH, 1998	ADDITIONS	DEDUCTION	BALANCE AS AT 31st.MARCH, 1999
Capital Reserve (Sale of Fixed Assets)	1	0	0	1
Bond Redemption Reserve	5076	0	0	5076
Self Insurance Reserve	312	347	0	659
General Reserve	2100	0	0	2100
Surplus as per Profit & Loss Account	1997	2888	0	4885
<b>TOTAL</b>	<b>9486</b>	<b>3235</b>	<b>0</b>	<b>12721</b>



## LOAN FUNDS

## SCHEDULE - 3

(Rs. in millions)

PARTICULARS	AS AT 31st MARCH 1999	AS AT 31st MARCH, 1998
<b>SECURED LOANS</b>		
<b>I. BONDS (Non-convertible, Non-cumulative)</b>		
<b>BONDS - C SERIES *1 (PRIVATE PLACEMENT)</b>		
9%(Tax-Free)10 year bonds of Rs.1000/- each redeemable at par earliest on 20th May,1998	—	1500
<b>BONDS - D SERIES *1 (PRIVATE PLACEMENT)</b>		
9% (Tax-Free) 10 year bonds of Rs.1000/- each (Due for repayment within one year Rs.2200 millions) redeemable at par on 27th September, 1999.	2200	2200
<b>BONDS - E SERIES *1 (PRIVATE PLACEMENT)</b>		
9% (Tax-Free) 10 year bonds of Rs.1000/- each (Due for repayment within one year Rs.1500 millions) redeemable at par on 9th February,2000.	1500	1500
<b>BONDS - G SERIES *1 (PRIVATE PLACEMENT)</b>		
17.5% 7 year bonds of Rs.1000/- each redeemable at par on 2nd December,1998.	—	500
17% 7 year bonds of Rs.1000/- each redeemable at par on 21st February,1999.	—	100
18% 7 year bonds of Rs.1000/- each redeemable at par earliest on 9th March,1999.	—	1300
9%(Tax-Free) 10 year bonds of Rs.1000/- each redeemable at par on 31st March,2002.	70	70
<b>BONDS - H SERIES *1 (PRIVATE PLACEMENT)</b>		
18% 7 year bonds of Rs.1000/- each (Due for repayment within one year Rs. 500 millions) redeemable at par on 7th August, 1999.	500	500
17% 7 year bonds of Rs.1000/- each redeemable at par (Due for repayment within one year Rs.90 millions) (Earliest date of redemption is 30 March, 2000)	252	252
	752	752
<b>BONDS - I SERIES *1 (PRIVATE PLACEMENT)</b>		
17% 7 year bonds of Rs.1000/- each redeemable at par on 4th January,2001.	8	8



# ANNUAL ACCOUNTS

## LOAN FUNDS

PARTICULARS	(Rs. in millions)			
	AS AT 31st MARCH, 1999		AS AT 31st MARCH, 1998	
15.5% 7 year bonds of Rs.1000/- each redeemable at par. (Due for repayment within one year 33 millions.) (Earliest date of redemption is 20th January,2000)	66		100	
14% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 24th March, 2001)	1909		1909	
10.5% (Tax-Free) 7 year bonds of Rs.1000/- each redeemable at par on 29th March, 2001.	1000	2983	1000	3017
<b>BONDS - J SERIES *2 (PRIVATE PLACEMENT)</b>				
13% 7 year bonds of Rs.1000/- each redeemable at par on 1st December, 2001.	500		500	
13.25% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 8th October, 2001)	1550		1550	
9.25%(Tax-Free) 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 15th November, 2001)	1000		1000	
16.5% 7 year bonds of Rs.1000/- each redeemable at par on 21st July,2002.	250		250	
16% 5 year bonds of Rs.1000/- each redeemable at par on 30th September, 2000.	50		50	
16.25% 7 year bonds of Rs.1000/- each redeemable at par. (Earliest date of redemption is 30th September, 2000)	674	4024	674	4024
Interest Accrued and Due ( J-SERIES)		1		
<b>BONDS -K SERIES *2 (PRIVATE PLACEMENT)</b>				
18% 5 Year Bonds of Rs.1000/- each redeemable at par on 30th March, 2001.	250		767	
17.5% 5 Year Bonds of Rs.1000/- each redeemable at par (Due for repayment within one year 1075 millions.) (Earliest date of redemption is 1st August,1999)	1375		1375	
17.5% 7Year Bonds of Rs.1000/- each redeemable at par (Earliest Date of Redemption is 30th September,2001)	500	2125	500	2642



## LOAN FUNDS

PARTICULARS	(Rs. in millions)	
	AS AT 31st MARCH, 1999	AS AT 31st MARCH, 1998
<b>BONDS-L SERIES *2</b>		
<b>(PRIVATE PLACEMENT)</b>		
17 % 5 Year Bonds of Rs.1000/- each redeemable at par (Due for repayment within one year 564 millions.) (Earliest Date of Redemption is 22nd October,1999)	564	564
16% 7 Year Bonds of Rs.1000/- each (redeemable at par on 31st March,2004)	633	633
10.5%(Tax-Free) 7 Year Bonds of Rs.1000/- each (redeemable at par on 31st March, 2004)	510	510
	1707	1707
Interest Accrued and Due ( L-SERIES)	1	1
<b>II. OTHER TERM LOANS</b>		
UNIT TRUST OF INDIA *1 (Due for repayment within one year 1000 millions.)	2500	3000
I C I C I Ltd. *2 (Due for repayment within one year Rs.NIL million.)	1000	1000
INDUSTRIAL DEVELOPMENT BANK OF INDIA *2 (Due for repayment within one year Rs.NIL million.)	1000	1000
STATE BANK OF INDIA Term loan *2 (Due for repayment within one year Rs.NIL million.)	2000	2000
CORPORATION BANK *2 (Due for repayment within one year Rs.NIL million.)	1000	—
INDIAN OVERSEAS BANK *2 (Due for repayment within one year Rs.NIL million.)	500	—
CANARA BANK *2 (Due for repayment within one year Rs.214 millions.)	1500	—
HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *2 (Due for repayment within one year Rs. 12 millions.)	79	90
	9579	7090
WORKING CAPITAL DEMAND LOAN From Banks (Short Term) *3	2555	1200
CASH CREDIT FROM BANKS (SHORT TERM) *3	742	221
<b>Total Secured Loans</b>	<b>28239</b>	<b>27824</b>



# ANNUAL ACCOUNTS

## LOAN FUNDS

PARTICULARS	(Rs. in millions)	
	AS AT 31st MARCH, 1999	AS AT 31st MARCH, 1998
<b>UNSECURED LOANS</b>		
<b>A. LOAN FROM GOVERNMENT OF INDIA</b>	<b>5490</b>	<b>6274</b>
(Due for repayment within one year Rs 512 millions.)		
Interest accrued and due	<b>456</b>	<b>1975</b>
<b>B. LOAN FROM OTHERS (Guaranteed by Government of India)</b>		
1. Export Development Corporation (Canada)	<b>2818</b>	<b>3280</b>
(Due for repayment within one year Rs. 705 millions.)		
2. West Merchant Bank Ltd.,	<b>1728</b>	<b>1774</b>
(Due for repayment within one year Rs. 257 millions.)		
3. ABSEK	<b>6507</b>	<b>6863</b>
(Due for repayment within one year Rs. 930 millions.)		
4. Nordic Investment Bank	<b>2172</b>	<b>2025</b>
(Due for repayment within one year Rs. 94 millions)		
5. Credit Commercial DE France	<b>4545</b>	<b>4136</b>
(Due for repayment within one year Rs. NIL millions.)		
6. O E C F Loan Account	<b>604</b>	<b>253</b>
(Due for repayment within one year Rs. NIL millions.)	<b>18374</b>	<b>18331</b>
<b>C. OTHER LOAN AND ADVANCES (From Kurichu Project Authority)</b>	<b>518</b>	<b>518</b>
(Due for repayment within one year Rs. NIL millions)		
<b>TOTAL Unsecured loan</b>	<b>24838</b>	<b>27098</b>
<b>TOTAL LOAN (Secured + Unsecured)</b>	<b>53077</b>	<b>54922</b>

Note :-

- \*1. Secured by equitable mortgage against assets of Chamera H.E. Project (Stage-I)
- \*2. Secured through equitable mortgage/hypothecation against assets of Uri H.E. Project.
- \*3. Secured by hypothecation against Debtors and O&M Stores.



## FIXED ASSETS

## SCHEDULE-4

(Rs. in millions)

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 1.4.98	Additions/ Adjustment	Deductions/ Adjustment	As at 31.3.99	As at 31.3.98	For the year	Adjust- ments	As at 31.3.99	As at 31.3.99	As at 31.3.98
Land Freehold	569	46	0	615	0	0	0	0	615	569
Land Leasehold	161	11	1	171	11	2	(1)	12	159	150
Buildings	6,357	1,690	15	8,032	833	170	(5)	998	7,034	5,524
Roads & Bridges	566	150	1	715	114	22	6	142	573	452
Railway Siding	0	0	0	0	0	0	0	0	0	0
Construction Plant & Machinery	453	78	119	412	319	30	(64)	285	127	134
Generating Plant & Machinery	17,026	940	1,656	16,310	1,500	762	0	2,262	14,048	15,526
Sub-Station Equipments	104	2	6	100	42	9	(2)	49	51	62
Hydraulic Works (Dams,Tunnels,etc.)	42,610	684	5	43,289	2,521	1,180	0	3,701	39,588	40,089
Vehicles	114	48	18	144	85	8	(12)	81	63	29
Furniture Fixture & Equipments	125	57	36	146	56	20	(21)	55	91	69
Transmission lines	173	2	2	173	55	10	0	65	108	118
Miscellaneous assets/equipments	150	29	22	157	89	19	(17)	91	66	61
Const. Plant & Machinery declared surplus	628	65	53	640	361	10	(1)	370	270	267
<b>TOTAL</b>	<b>69,036</b>	<b>3,802</b>	<b>1,934</b>	<b>70,904</b>	<b>5,986</b>	<b>2,242</b>	<b>(117)</b>	<b>8,111</b>	<b>62,793</b>	<b>63,050</b>
<b>PREVIOUS YEAR</b>	<b>38,936</b>	<b>32,074</b>	<b>1,974</b>	<b>69,036</b>	<b>6,227</b>	<b>1,240</b>	<b>(1,481)</b>	<b>5,986</b>	<b>63,050</b>	<b>32,709</b>



# ANNUAL ACCOUNTS

## CAPITAL WORK-IN-PROGRESS AS AT 1ST APRIL,1999.

### SCHEDULE-5

(Rs. in millions)

PARTICULARS	AS AT 1ST APRIL, 1998	ADDITIONS DURING THE YEAR	ADJUSTMENTS	CAPITALISED DURING THE YEAR	AS AT 31ST MARCH, 1999
1. Survey, Investigation and other expenses	85	37	—	—	122
2. Buildings. & Civil engg. Works and Communications	64	89	200	25	328
3. Roads & Bridges	219	56	(42)	149	84
4. Hydraulic Works, Barrages, Dams, Tunnels & Power Channel	4,475	2,226	(221)	4	6,476
5. Penstock	204	4	—	4	204
6 Plant & Machinery in Generating Station	5,580	720	—	162	6,138
7. Elect.Install.& Sub-station equipments	7	3	—	2	8
8. Miscellaneous assets	9	—	—	—	9
9. Trunk Transmission lines	3	—	—	—	3
10. Incidental expenditure during construction	10,085	2,796	(253)	240	12,388
<b>TOTAL</b>	<b>20,731</b>	<b>5,931</b>	<b>(316)</b>	<b>586</b>	<b>25,760</b>
PREVIOUS YEAR	48,957	2,485		30,711	20,731

## INCIDENTAL EXPENDITURE DURING CONSTRUCTION

### SCHEDULE 5

#### Annexure to schedule-5

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH,1999	FOR THE YEAR ENDED 31ST MARCH,1998
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salary, Wages, Allowances & Benefits	632	441
Gratuity & Contribution to Provident Fund (including Administration Fee)	100	110
Staff welfare expenses	162	74
Leave salary & pension contribution	4	3
	898	628
<b>REPAIRS &amp; MAINTENANCE</b>		
Buildings	26	25
Machinery & construction equipments	33	26
Others	40	32
	99	83
<b>ADMINISTRATION &amp; OTHER EXPENSES</b>		
Travelling & Conveyance	39	23
Expenses on staff cars & inspection vehicles	31	31
Rent Office	2	1
Rent Residential	19	14
Rates and Taxes	5	1
Insurance	9	10



## INCIDENTAL EXPENDITURE DURING CONSTRUCTION

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH,1999	FOR THE YEAR ENDED 31ST MARCH,1998
Electricity charges	27	21
Telephone, Telex & Postage	12	6
Advertisement & Publicity	19	6
Foreign consultancy charges	71	28
Income Tax on Foreign contracts	11	24
Design & Consultancy charges	3	0
Entertainment	1	1
Printing & Stationery	12	9
Expenditure on land not belonging to Corporation	52	193
Land acquisition & Rehabilitation	0	9
Donations	0	
Other expenses	147	72
Payment to Auditors	1	1
Loss on material/assets written off	0	1
	461	451
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest on GOI loan	85	162
Interest on bonds	799	981
Interest on foreign loan	446	539
Interest on cash credit facilities/term loan	98	0
Bond issue expenses	0	1
commitment fee	9	24
Guarantee fee on foreign loan	50	67
Other finance charges	20	19
	1507	1,793
<b>EXCHANGE RATE VARIATION-NET(GAIN)</b>	56	(2)
<b>DEPRECIATION</b>	89	90
<b>PRIOR PERIOD EXPENSES (NET)</b>		
<b>INCOME</b>	-	-
Less :-		
<b>EXPENDITURE</b>		
i) Repairs and Maintenance	31	-
ii) Insurance	-4	-
iii) Others	18	-
iv) Depreciation	7	-
	52	
<b>TOTAL EXPENDITURE</b>	3162	3,043
<b>LESS: RECEIPTS AND RECOVERIES</b>		
Hire charges/out turn of Plant & Machinery	97	49
Interest on		
Term deposits/Bank Accounts	3	2
Loans and advances	49	53
Miscellaneous receipts & recoveries	40	27
Profit on sale of assets	27	0
Sale of Power during Trial runs	0	307
	216	438
<b>TOTAL RECEIPTS &amp; RECOVERIES</b>	216	438
<b>NET EXPENDITURE</b>	2946	2605
<b>LESS:</b>		
Share of Corporate Office Allocated to O&M projects & Deposit / turn-key Contracts.	150	120
<b>AMOUNT TRANSFERRED TO C.W.I.P</b>	2796	2485



# ANNUAL ACCOUNTS

## A) PARTICULARS OF REMUNERATION PAID TO DIRECTORS

(Rs. in millions)

	<u>1998-99</u>	<u>1997-98</u>
(a) i) Salaries & Allowances	1.3	1.5
ii) Contribution to Provident Fund	0.1	0.1
iii) Rent for Residential Accommodation	0.3	0.3
iv) Travelling Expenses	4.1	2.1
v) Medical Reimbursement	0.1	0.1

(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:-

### NON-AC CAR

upto 16 HP	Rs 250/- p.m
above 16 HP	Rs 375/- p.m

### AC-CAR

Rs 400/- p.m
Rs 600/- p.m

## B) PARTICULARS OF PAYMENT TO STATUTORY AUDITORS

(Rs. in millions)

	<u>1998-99</u>	<u>1997-98</u>
Audit Fees	0.35	0.30
Tax Audit Fees	0.10	0.10
Audit Expenses	0.40	0.30

## CONSTRUCTION STORES & ADVANCES

## SCHEDULE-6

(Rs. in millions)

PARTICULARS	AS AT 31ST MARCH,1999	AS AT 31ST MARCH,1998
<b>1.CONSTRUCTION STORES</b>		
(At cost as valued and certified by Management)		
Construction Material in Transit	4	3
Stores	<u>2507</u>	<u>2661</u>
	2511	2,664
<b>2.ADVANCE FOR CAPITAL EXPENDITURE</b>		
Secured (Considered good)	247	491
Unsecured a) Considered good	470	165
b) Considered doubtful	<u>0</u>	<u>1</u>
	<u>717</u>	<u>657</u>
Less: Provision for doubtful	<u>0</u>	<u>1</u>
	<u>717</u>	656
	<u>3228</u>	<u>3320</u>

Stores and Spares include Scrap of Rs 3 Millions (Previous year Nil) at Net realisable value.

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 millions)

PARTICULARS	AS AT 31ST MARCH,1999		AS AT 31ST MARCH,1998	
<b>CURRENT ASSETS</b>				
<b>1. Inventories (At Cost as valued and certified by Management)</b>				
Stores and spares	418		395	
Loose tools	2	420	1	396
<b>2. Construction Work-In-Progress (contracts)</b>		567		237
<b>3. Sundry Debtors(Unsecured)</b>				
Debts outstanding for a period exceeding six months	9216		6612	
Other debts	8302		7143	
<b>TOTAL DEBTORS</b>	17518		13755	
<b>LESS Provisions</b>	824	16694	773	12,982
<b>PARTICULARS OF SUNDRY DEBTORS (Unsecured)</b>				
	1998-99	1997-98		
Considered good	16694	12982		
Considered doubtful and provided	824	773		
<b>4. Cash &amp; Bank Balances</b>				
Cash,Imprest,Cheques & Drafts	221		23	
<b>Balances with scheduled banks</b>				
Current account	353		597	
Cash credit account	60		82	
Deposit account(Short term)	0		18	
<b>Balances with non-scheduled banks</b>				
(With Skandinaviska Enskilda Banken)				
Current account	354		330	
(With Bank of Bhutan)				
Current account	34		4	
Saving account	0			
Term deposit	0	1022	58	1,112
<b>5. Other Current Assets</b>				
Interest accrued on deposits	9		0	
Others	234	243	280	280
<b>6. Loans and Advances</b>				
ADVANCES RECOVERABLE IN CASH OR KIND OR FOR VALUE TO BE RECEIVED				
Secured (Considered good)	159		109	
Unsecured(Considered good)	628		377	
Unsecured(Considered doubtful)	11	798	14	500
LESS Provision for Doubtful	11	787	14	486
Loans to employees (Secured)		162		126
Power Grid Corporation of India Ltd		891	1,726	2,338
		20786		17,345

Stores and Spares include Scrap of Rs 8 Millions (Previous year Nil) at Net realisable value.



# ANNUAL ACCOUNTS

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

		(Rs. in millions)
<b>SKANDINAVISKA ENSKILDA BANKEN</b>	<b>1998-99</b>	<b>1997-98</b>
Current account	380	331
<b>BANK OF BHUTAN</b>		
Current account	34	9
Term Deposit		124
Saving account		1

## B. PARTICULARS OF LOANS & ADVANCES DUE FROM DIRECTORS

	1998-99	1997-98
Amount due at the end of the year	0.3	0.1
Maximum balance at any time during the year	1.7	0.3
Advance due by Companies in which any Director of the Corporation is a Director or member amounts to Rs. NIL (Previous year Rs. NIL)		

## CONSTRUCTION WORK-IN-PROGRESS(CONTRACTS)

Annexure to schedule-7

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH,1999	FOR THE YEAR ENDED 31ST MARCH,1998
<b>DIRECT EXPENSES</b>	<b>285</b>	<b>34</b>
(Includes labour,materials, Assets & payment to contractors/suppliers)		
<b>EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salary,wages, allowances & benefits	31	20
Gratuity & contribution to provident fund	2	3
Staff welfare expenses	3	1
	36	24
<b>REPAIRS &amp; MAINTENANCE</b>		
Buildings	0	1
Machinery & construction equipments	2	2
Others	2	2
	4	5
<b>ADMINISTRATION &amp; OTHER EXPENSES</b>		
Travelling & conveyance	4	3
Expenses on staff cars & insp. Veh.	3	3
Rent office	1	1
Telephone, telex & postage	2	1
Advertisement& publicity	2	0
Printing & stationery	1	0
Bank charges	1	0
Corporate office managment expenses	17	6
Other expenses	3	1
	34	15
<b>DEPRECIATION</b>	<b>4</b>	<b>3</b>
<b>TOTAL EXPENDITURE</b>	<b>363</b>	<b>81</b>
<b>LESS: RECEIPTS AND RECOVERIES</b>	<b>30</b>	<b>8</b>
(Miscellaneous)		
<b>NET EXPENDITURE DURING THE YEAR</b>	<b>333</b>	<b>73</b>
Balance b/f from last year	237	164
Adjustment during the year	(3 )	
<b>TOTAL EXPENDITURE CARRIED OVER TO SCHEDULE-7</b>	<b>567</b>	<b>237</b>



## CURRENT LIABILITIES AND PROVISIONS

## SCHEDULE-8

(Rs. in millions)

PARTICULARS	AS AT 31ST MARCH, 1999		AS AT 31ST MARCH, 1998	
LIABILITIES				
Sundry creditors				
a) Total Outstanding dues of small scale Industrial Undertaking(s).	0		0	
b) Total Outstanding dues of creditors other than small scale Industrial Undertaking(s).	596	596	484	484
Unspent amount of Deposit/Agency		32		24
Deposits/Retention money		98		83
Other liabilities		1264		1208
Interest accrued but not due on Loans		1340		1365
Liability for Cheques issued		0		1
Advances against construction contracts		1138	4468	659
				3824
PROVISIONS				
Proposed Dividend		150		150
Provision for Taxation(on dividend)		15		15
Provision for Staff benefits		1435	1600	831
			6068	996
				4820

## MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

## SCHEDULE-9

(Rs. in millions)

PARTICULARS	AS AT 31ST MARCH, 1999		AS AT 31ST MARCH, 1998	
Deferred Revenue Expenses		4		16
Expenditure on Assets not belonging to Corporation		0		1
Losses awaiting w/o sanction	47		45	
Less : Provided for	47	0	45	0
		4		17



# ANNUAL ACCOUNTS

## OTHER INCOME

### SCHEDULE-10

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 1999	FOR THE YEAR ENDED 31ST MARCH, 1998
Profit on sale of assets	8	1
Liability not required written back	275	—
Other miscellaneous receipts	55	21
Profit on sale of scrap	1	—
Interest on loans and advances	5	—
	<u>344</u>	<u>22</u>

## GENERATION, ADMINISTRATION & OTHER EXPENSES

### SCHEDULE-11

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 1999	FOR THE YEAR ENDED 31ST MARCH, 1998
<b>A. GENERATION EXPENSES</b>		
Consumption of stores & spares	133	60
REPAIRS & MAINTENANCE		
a)Buildings	18	16
b)Machinery	46	27
c)Others	132	50
Other operational expenses	34	25
Amount w/off Against Deferred		
Revenue Expenditure	2	1
	365	179
<b>B. ADMINISTRATION &amp; OTHER EXPENSES</b>		
Rent	1	1
Rates & Taxes	1	1
Insurance	351	314
Electricity charges	5	6
Travelling & Conveyance	17	11
Expenses on staff car	25	26
Telephone, Telex & Postage	7	4
Advertisement & Publicity	6	2
Printing & Stationery	4	3
Consultancy Charges	0	1
Corporate office management expenses	134	114
Loss on sale of assets	2	4
Other miscellaneous expenses	159	129
	712	616
<b>C. Exchange Rate Variation</b>	42	37
	<u>1119</u>	<u>832</u>

## EMPLOYEES REMUNERATION AND BENEFITS

### SCHEDULE-12

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 1999	FOR THE YEAR ENDED 31ST MARCH, 1998
Salaries, wages & allowances	1016	933
Gratuity & Contribution to Provident Fund (Including Administration Fees)	145	265
Staff welfare expenses	264	120
	<u>1425</u>	<u>1318</u>



## INTEREST & FINANCE CHARGES

### SCHEDULE-13

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 1999	FOR THE YEAR ENDED 31ST MARCH, 1998
Interest on GOI loans	892	968
Interest on bonds	1981	2,233
Interest on foreign loans	801	685
Interest on Cash credit facilities	833	280
Bond issue expenses	1	2
Rebate to customers	101	31
Commitment fee	2	18
Guarantee fee on foreign loan	157	139
Other finance charges	19	1
	<u>4787</u>	<u>4,357</u>

## OTHER CONTRACT EXPENSES

### SCHEDULE-14

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 1999	FOR THE YEAR ENDED 31ST MARCH, 1998
Payment to Sub-contractors/Suppliers	0	12
Direct Expenses (Includes labour & materials)	18	3
	<u>18</u>	<u>15</u>

## PRIOR PERIOD ADJUSTMENT (NET)

### SCHEDULE-15

(Rs. in millions)

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 1999	FOR THE YEAR ENDED 31ST MARCH, 1998
<b>INCOME</b>		
Sale of Electricity	67	18
Interest / Surcharge received from Debtors	422	640
others	11	49
<b>SUB TOTAL</b>	<u>500</u>	<u>707</u>
<b>EXPENDITURE</b>		
Salaries & Wages	0	2
Repair & Maintenance	1	1
Interest	48	
Others	6	
<b>SUB TOTAL</b>	<u>55</u>	<u>3</u>
Depreciation	(2)	22
<b>Prior Period Adjustment (Net)</b>	<u>447</u>	<u>682</u>



## NOTES TO THE ACCOUNTS

## SCHEDULE - 16

1. Contingent liabilities :-
  - a) Claims against the Corporation not acknowledged as debts **Rs.12613 millions** (previous year **Rs.11697 millions**).
  - b) Bonds for **Rs.428 millions** (previous year **Rs. 2089 millions**) executed in favour of Customs Authorities by the Corporation. This includes contingent liability for Custom Duty in respect of 11 No. Bonds for which waiver for duty has been sought and liability if arises shall be recoverable from the contractor.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs.6266 millions** (previous year **Rs. 8211 millions**).
3. Pending sanction, **Rs. 869 millions**, (previous year **Rs. 869 millions**) being the first 50% of interest accrued during construction on Govt. of India loan and capitalised in respect of Chamera -I, Tanakpur and Uri Projects has been shown as Government of India fund adjustable to equity and balance 50% as Government 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. 2976 millions being the first 50% of the estimated revised project cost has been treated as investment from the Government of India and adjustable by issue of Equity share capital. The balance amount drawn on different dates has been treated as interest bearing loan at the rates prevailing on the dates of drawl as per policy of Government of India then prevailing. The interest accrued on such loan component during construction period has also been capitalised and 50% of that treated as adjustable towards issue of equity capital and balance as loan. The amount adjustable by issue of equity capital and amount of loan arrived at on aforesaid basis comes to Rs. 3316 millions and Rs. 3107 millions respectively. Pending settlement of terms and conditions, provision of additional interest of Rs.25 millions (Previous year Rs.1126 millions) has been made for non payment of loan and interest.
5. 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. The accounts with PGCIL are subject to reconciliation.
6. The cost of land in some cases represents 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. Pending execution of lease deeds in some of the projects of J&K, period of lease has been taken provisionally as 99 years.



7. The Interest earned on charge account (with Skandinaviska Enskilda Banken, Sweden) has been credited to IEDC (Incidental Expenditure during construction)/ Profit & Loss Account from year to year/utilised for the purpose agreed by Government of Sweden (SIDA). SIDA has not agreed to request for utilisation of balance interest in charge account. 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 31.3.99 Rs.354 millions (previous year Rs. 330 millions) has been shown as bank balance.
8. Due to change in Accounting Policy during the year relating to prior period adjustments and prepaid expenses by increasing monetary limit from Rs.5,000 to Rs.50,000/- effect on this account on Profit/IEDC/Construction Work in Progress (Contracts) is not material.
9. Due to change in Accounting Policy No.1.2 relating to account of scrap and LTC, the scrap is now valued on net realisable value on accrual basis and LTC expenses are provided on accrual basis based on fair estimates. The change in Accounting Policy has resulted in decrease in profit by Rs.7 millions and also increase in IEDC by Rs.7 millions.
10. 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. Account with Controller of Aid, Accounts & Audit is also subject to reconciliation with Ministry of Finance. Adjustment, if any, will be carried out at the time of reconciliation/ confirmation.
11. In case of Uri Project, deemed export benefits availed by the contractor, if any, and not accounted for upto 31.03.1999, which in turn are payable to NHPC, shall be accounted for on settlement of claims.
12. 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."
13. Priced Store ledger could not be fully reconciled in case of Baglihar and Kurichu Projects with the financial books. Adjustments, if any, will be made as and when these are reconciled.
14. In relation to Accounting Policy No. 9, where the value of work done till 31<sup>st</sup> March 1999 is less than 66.67% of the total value of contract work, profit and loss Account has not been prepared, instead construction work in progress account (Contract) has been prepared incorporating all construction expenses till 31<sup>st</sup> March, 1999. No losses are anticipated as on 31<sup>st</sup> March, 1999 and there are no claims/penalties payable on the said date. As such, no provision on this account has been made.
15. Pending receipt of full amount of transfer consideration in respect of Sawalkot and Baglihar project which have been agreed to be transferred to J&K Government, these are being treated as construction projects of the corporation and adhoc advance of **Rs. 54 millions** received is being treated as such and shown under current liabilities. NHPC does not anticipate any loss out of this transaction.
16. Expenses (excluding the cost of Assets) on Chamera Stage-II Project prior to the period ending 30.06.98 has been charged to Profit & Loss Account as effective date of start of construction of the project has been taken as 01.07.98. While the expenditure (excluding the cost of Assets) upto 31.03.98 (Rs.228 millions) has been shown separately in P & L Account, expenditure for the period from 01.04.98 to 30.06.98 (Rs.12 millions) has been merged with natural Heads of account.
- 17.1 The operation of Employees Pension Scheme, 1995 which was implemented w.e.f. 1.10.97 has been stayed by Hon'ble High Court of J&K. Additional liability, if any, will be accounted for as & when settled.



17.2 Pending settlement of amount recoverable from NHPC Group Gratuity Trust (Trust corpus Rs.91 millions), provision on account of gratuity has been made for full as per actuary's report.

18. The effect of foreign exchange fluctuation during the year is as under:

(Rs.in millions)

1998-99

(i)	Amount included in sales/income	606
(ii)	Amount charged to Profit & Loss Account excluding depreciation	42
(iii)	Net amount credited to profit & loss account for the year excluding depreciation	564
(iv)	Amount charged to Incidental expenditure during construction	56
(v)	Amount charged to Capital work-in-progress	346
(vi)	Amount adjusted by addition to carrying amount of fixed assets	952

19. 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. 757 millions has been made @ 1.2% per annum and the additional guarantee fee @ 1.2% amounting to Rs.757 millions has been treated as contingent liability.

20. No provision for property tax etc. has been made in respect of Faridabad Office Complex pending receipt of completion certificate and demand notice.

21. Pay revision for Executives, Supervisors and Workers on IDA pattern is due w.e.f. 1.1.97. Pending final settlement provision on this account has been updated to Rs.568 millions.

22. In the absence of taxable income/taxable wealth, no provision for Income Tax/Wealth Tax is considered necessary.

23. The Corporation has proposed dividend of **Rs.150 millions for the year 1998-99** out of the profits of the current year 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.

24. Quantitative details :-

		1998-99	1997-98
i)	Licensed Capacity (M.W.)	- Not Applicable -	- Not Applicable -
ii)	Installed Capacity (M.W.)	2089.20	2118
iii)	Actual Generation (M.U.s.)	9917.26	8589.54 #
iv)	Actual Sales (M.U.s.)	8694.09	7492.14 @

# Excluding 226.22 M.U.s during trial runs .

@ Excluding 199.07 M.U.s during trial runs.



(Rs.in millions)

25.	a)	Value of imported Plant & Machinery and Spares on CIF basis.	Nil	207
	b)	Expenditure in Foreign Currency		
	i)	Know- How	20	111
	ii)	Interest	1247	1127
	iii)	Other Misc. Matters	590	37
	c)	Value of spare parts & Components consumed in operating units.		
	i)	Imported	3	5
	ii)	Indigenous	130	61
	d)	Earnings in foreign currency		
		Interest	10	8
		Others	14	18

26. NHPC has been allowed to show figures in Balance Sheet, Profit & Loss Account and other Schedules in Rupees in millions from the financial year 1998-99 and onwards vide Department of Company Affairs letter No. 46/23/99/CL-3 dated 05.02.99.

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

**VIJAY GUPTA**  
SECRETARY

**R. NATARAJAN**  
DIRECTOR (FINANCE)

**YOGENDRA PRASAD**  
CHAIRMAN & MANAGING DIRECTOR



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration No

3 2 5 6 4

State Code

0 5

Balance Sheet Date

3 1

0 3

1 9 9 9

### II Capital Raised during the year (Rupees in millions)

Public Issue

N I L

Rights Issue

N I L

Bond Issue

N I L

Private Placement\*

4 3 3 8

- Share Capital Deposit received from Govt. of India.

### III Position of Mobilisation and Deployment of Funds (Rupees in millions)

Total Liabilities

1 1 2 5 7 1

Total Assets

1 1 2 5 7 1

#### Sources of Funds

Paid-up Capital #

3 8 2 5 0

Reserves and Surplus

1 2 7 2 1

Secured Loan

2 8 2 3 9

Unsecured Loans

2 4 8 3 8

# Includes share capital deposit Rs.689 millions and Govt. of India Fund adjustable to equity Rs.4185 millions.

#### Application of Funds

Net Fixed Assets

9 1 7 8 1 @

Investments

N I L

Net Current Assets

1 4 7 1 8

Misc. Expenditure

0 4

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress Rs.25760 millions and Construction Stores & Advances Rs.3228 millions.



#### IV Performance of Company (Rupees in millions)

Turnover

1 1 9 9 1 \*\*

Profit Before Tax

3 0 5 3 @@

Earning per share in Rs.

9 1 . 4 7

Total Expenditure

9 7 2 9

Profit After Tax

3 0 5 3 @@

Dividend Amount

1 5 0

\*\* Excludes Other Income Rs.344 millions.

@@ 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)

**YOGENDRA PRASAD**  
CHAIRMAN & MANAGING DIRECTOR



## 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, 1999 and the **Profit & Loss Account** for the year ended on that date annexed thereto, in which are incorporated the accounts of branches audited by other auditors appointed by the Company Law Board.

1. As required by the **Manufacturing and Other Companies (Auditor's Report) order, 1988** we annexe herewith 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.
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the corporation so far as appears from our examination of such books;
  - c) The **Balance Sheet** and **Profit & Loss Account** dealt with by this report are in agreement with the books of account;
  - d) The reports on accounts of branches audited by other auditors have been forwarded to us and we have considered the same in preparing our report.
  - e) In our opinion, the Profit & Loss Account and the **Balance Sheet** comply with the Accounting Standards referred to in sub section (3C) of Section 211 of The companies Act, 1956 except to the extent hereinafter contained;
3. We report that:
  - I. Subsequent to the receipt of audited accounts from projects/units the corporation has derecognized interest/surcharge on Debtors amounting to **Rs. 3257.2 millions**. It has been informed that the same was done in view of subsequent developments whereby the management was of the view that realisability of such amount was uncertain. We are, however, unable to express our opinion on the said treatment given by the corporation.
  - II. Sales include a sum of **Rs. 678.4 millions** on account of Exchange Rate Variation (ERV) claimed by **Chamera-I & URI** projects from its beneficiaries. Out of the above amount a sum of **Rs. 460.4 millions** is on account of ERV claimed on instalments paid towards foreign debt during the years 1997-98 & 1998-99 in respect of **CHAMERA-I & URI** projects respectively. The increase in liability on account of ERV on Foreign debt having been added to the carrying cost of the Fixed Assets at the end of each year, the amount on reimbursement towards ERV on such foreign debt should have been, in our opinion, reduced from the carrying cost of the Fixed Assets. However the Corporation contends that the claim of such ERV on instalments is part of its sale proceeds. The effect on assets and profit of the Corporation could not be ascertained in absence of complete information.



- III. The accounting of turnover of **Rs. 71.4 millions** and **Rs. 72.3 millions** at **Baira Siul & Loktak** respectively during the year 1997-98 and its subsequent reversal in 1998-99 has lead to increase/decrease in the turnover and profit of the Corporation for the respective years. The adjustment so carried out should, in our opinion, have been made through Prior Period Adjustments.
- IV. The effect of non adjustment of **Rs. 51.6 millions**, **Rs. 156.6 millions**, and **Rs. 52.8 millions** at **Bairasiul, Salal & Loktak** respectively being depreciation charged during construction period in gross assets and accumulated depreciation of the projects, on determination of tariff, which is yet not notified in respect of Bairasiul, Loktak and up to 1992 in case of Salal, and its consequent effect on turnover and profit up to the year 1998-99 has not been determined and as such no adjustment could be carried out in the accounts up to 31st march, 1999.
- V. In respect of **Rangit** project:
- a) Payment of extraordinary nature (not disclosed in Notes on Accounts) entailing increase in cost of construction of Dam by way of award by sole Arbitrator for **Rs. 140.42 millions** (approx.) under various heads including waiver of interest, hire charges, in addition to rate revision (increase of 40% in concerning and 35% in remaining items on claimed rates) being accounted for during the year (total impact of the award increased the original contract value from **Rs. 200.4 millions** to **Rs. 470.8 millions** approx).
  - b) Non recovery of old outstanding dues from **M/s NPCC Ltd.** In respect of Power House works at Rangit (since the work was stopped by them and is presently under adjudicator for settlement) not as per stipulations and deferment thereof (total outstanding **Rs. 11.82 millions** under various heads) covered by Bank Guarantee for **Rs. 3.52 millions** (inclusive of Bank Guarantee of Security Deposit) and its resultant impact, inter-alia, on accounts.
  - c) Irrecoverability or otherwise of the long outstanding claims in respect of:
    - (i) Claims recoverable from Railways for **Rs. 0.18 millions**, not received in spite of persistent persuasion.
    - (ii) Claims recoverable from Insurance Company for **Rs. 7.38 millions** not received in spite of persistent persuasion.
    - (iii) Claims recoverable from Govt. of Sikkim for **Rs. 14.06 millions**, not received in spite of persistent persuasion and its resultant impact on the accounts of the project.
- VI. In respect of **Koel Karo** project:
- a) The project could not be started even during last seventeen/eighteen years. The justification of considering the expenditure incurred up to 31st March, 1999 under Incidental Expenditure during construction period amounting to **Rs. 306.43 millions** cannot be commented upon.
  - b) The project being not in execution stage, part of construction machinery remained practically surplus/unused, hence justification of charging depreciation on such assets cannot be commented upon.
  - c) Non provision of obsolete and non moving items of extremely old construction stores of **Rs. 2.4 millions** could not be ascertained in the absence of non identification of such items.



- VII. The expenditure to the tune of **Rs. 25.17 millions** on account of interest and Corporate Office management expenses on the Renovation and modernisation (Stand by Runners etc.) has also been capitalised which is not in accordance with the provisions of Mandatory Accounting Standard 10 issued by ICAI. Hence, the net profit stands overstated by **Rs. 25.17 millions**.
- VIII. Surplus Construction Stores **Rs. 407.3 millions** in respect of **Chamera-I, Tanakpur & Salal** projects should have been included in Current Assets instead of Fixed Capital Expenditure-Construction Stores and Advances.
- IX. Materials issued to Contractors **Rs. 28.36 millions**, Advances to contractors **Rs. 21.65 millions** (included in Stores and Advances), interest accrued on Advances to Contractors **Rs. 4.44 millions** and hire charges of machinery recoverable **Rs. 7.30 million** (included in Other Current Assets) at **Chamera-I** are outstanding since long, the recovery of which is unascertainable. No provision in this regard has been made.
- X. In respect of Chamera-I, a sum of **Rs. 2.29 millions** on account of exchange rate variation on lost assets, has been added to the carrying cost of fixed assets which, in our opinion, should have been charged to **Profit & Loss Account**.
- XI. In respect of **Chamera-II**, the corporation has charged expenditure (excluding cost of assets) up to 30th June, 1998 to **Profit & Loss Account** in terms of Board of Directors decision. However the letter of the **Ministry of Power, Govt. of India** approving the expenditure of **Rs. 200 millions** for pre-construction works & development of infrastructure facilities is dated 20th August, 1998 & does not indicate retrospective effect to commencement from 1st July, 1998. Accordingly, a sum of **Rs. 5.3 millions** being expenditure incurred from 1st July, 1998 up to 19th August, 1998 (excluding effect on interest) has been charged in excess to Incidental Expenditure during construction period.
- XII. Debtors amounting to **Rs. 1.5 millions** and **Rs. 6.96 millions** at **Mumbai** and **Loktak** projects are outstanding for a long period of time and the recovery of the same is not ascertainable. No provision in this regard has been made.
- XIII. In respect of **Dhauliganga** project:
- The title of the land (25.57 Ha) in respect of which notification has been issued by U.P. Govt. has been passed on but the possession of the same is yet to be handed over to the Corporation.
  - Rs. 2.10 millions** deposited with DM, Pithoragarh (UP) for acquisition of land has been capitalized the title and possession of same is yet to come to the Corporation.
- XIV. In respect of **Tanakpur** project:
- Rs. 22.43 millions** (netted) outstanding in respect of materials issued to contractors and advance for capital expenses have not been capitalised pending reconciliation/finalization of accounts of the contractors.
  - Debtors include **Rs. 1.46 millions** for the sale executed in earlier years in respect of which bills have not been raised.
- XV. In respect of **Dulhasti** project:
- In absence of the confirmatory certificates in respect of balances in accounts particularly where there was no movement during the year under audit, the correctness of the accounts could not be verified. The credit balances appearing against advances and



debit balances in the liability Accounts also need to be reconciled. Moreover, there is no detail of **Rs. 3.5 millions** brought over from earlier year on account of “**Material Supplied to Contractors**” which also remains untouched during the year under audit.

b) Stores-in-transit to the tune of **Rs. 0.66 millions** as at 31st March, 1998 still remain unadjusted.

- XVI. In accordance with change in the accounting policy w.e.f. the year under audit, the fixed assets up to Rs. 5000/- have not been withdrawn from the fixed assets schedule, though the depreciation provision is made at 100%. However the assets and depreciation withdrawn from the schedule of fixed assets up to 31st of March, 1998 still do not form part of gross block and depreciation.
- XVII. Loan & Advances include **Rs. 11.29 millions** being amounts incurred in excess of Grants/Deposits received for carrying out investigative and other jobs on behalf of the Govt. of India. No provision has been made in this account even though the amounts are being continued to be shown as recoverable for a number of years.
- XVIII. In absence of complete details as to individual debtors and the basis of provision for doubtful debts amounting to **Rs. 824 millions**, we are unable to comment on the adequacy or otherwise of such provision. Further, a sum of **Rs.66 millions** included in above is on account of shortfall of power supply to home states vis-a-vis their right of 12% free power, which has been reduced from sale, in our opinion, the said amount should have been kept as separate provision under the head **Current Liabilities & Provisions**.
- XIX. At **Baglihar** project Miscellaneous liabilities include a sum of **Rs. 0.38 millions** pertaining to earlier years for which the details are not available.
- XX. At **Loktak** project Govt. of Manipur has disputed charging of interest/surcharge for the period from 4th September, 1982 to 31st march, 1992 for **Rs. 160 millions** for which no separate provision has been made.
- XXI. Pursuant to change in Accounting Policy of accountal of scrap, a sum of **Rs.11 millions** has been shown as sale of scrap without actual sale thereof. However there is no impact on profit.

We are unable to express the extent and impact on State of Affairs/Profitability in view of the amounts involved in respect of:

XXII. a) Note No. (1) of Schedule 16

**Regarding:** Claims against the Corporation not acknowledged as debt amounting to **Rs.12613 millions** besides bonds executed in favour of Custom Authorities amounting to **Rs. 428 millions**.

b) Note No. (5) of Schedule 16

**Regarding:** Non-reconciliation and confirmation of balance by PGCIL

c) Note No. (6) of Schedule 16

**Regarding:** Final settlement of purchase consideration in respect of land at various projects and execution of Title deeds in favour of the corporation.



d) Note No. (10) of Schedule 16

**Regarding:** Non-reconciliation/Non-confirmation of materials issued to contractors, advances to contractors, sundry creditors including dues to and from foreign suppliers, material in transit/under inspection, deposits/earnest money from contractors, claims recoverable, advances for capital expenditure and account with controller of aid, accounts and audit including balances with the Banks in some offices.

e) Note No. (12) of Schedule 16

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

f) Note No. (17.2) of Schedule 16

**Regarding:** Settlement of claims with LIC through NHPC Group Gratuity Trust.

g) Note No. (18) of Schedule 16

(i) As there is no sale in foreign exchange the effects stated thereon cannot be commented upon.

(ii) The respective previous year figures have not been given.

h) Note No. (19) Schedule 16

**Regarding:** Provision for guarantee fees of **Rs. 757 millions** and non-provision for additional guarantee fees for default in its payment @ 1.20% amounting to **Rs. 757 millions** though included in Contingent Liabilities.

i) Note No. (21) of Schedule 16

**Regarding:** Provision for pay revision.

Subject to our comments in para (3) (I) to (XXII) and adjustments that may arise in respect of matters referred to therein and its consequential effect on the profit for the year and other items of assets and liabilities, in our opinion, and to the best of our information and according to the explanations given to us the said accounts read together with the Accounting Policies and Notes forming part thereof give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view :

- i) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 1999 and;
- ii) in the case of the Profit and Loss Account, of the *profit* of the Corporation for the year ended on that date.

For JAIN CHOPRA & COMPANY

Chartered Accountants

Place : Delhi

Dated : 4th August, 1999

(Ashok Chopra)

Partner



## ANNEXURE TO THE AUDITORS' REPORT

### ANNEXURE REFERRED TO IN PARAGRAPH I OF OUR REPORT OF EVEN DATE

1. The Corporation has maintained records for majority of fixed assets showing full particulars including quantitative details except that location and identification mark of fixed assets has not been mentioned in the fixed assets register in a 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 and reconciliation has been completed.
2. None of the fixed assets have been revalued during the year.
3. Physical verification of stores, spare parts, raw material 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. Materials lying with third parties has been confirmed/verified only in a few cases.
4. According to the information and explanation given to us, the procedure of physical verification of stocks, spares, etc. followed by the management needs to be further strengthened keeping in view the size of the Corporation and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and records have been dealt within the books of account except in case of some Projects where discrepancies are reported to be under reconciliation pending investigation. The stores lying with contractors are subject to reconciliation/confirmation in some cases. In **Dulhasti** and **Kurichu** Projects, Priced Stores Ledgers are not fully reconciled with the financial books.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper, 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 basis.
7. According to the information given to us, the Corporation has not taken any loans, secured or unsecured during the year from companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956 and from Companies under the same Management under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. According to the information given to us, Corporation has not granted any loans secured or unsecured to companies, firms or other parties listed in the registers 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 the 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 wherever applicable except in case of advances considered doubtful. In some of the cases, the advances and interest wherever applicable are outstanding since long and matters in some cases are pending in arbitration/courts. The terms on which such loans/advances were given were not prejudicial to the interest of the Corporation.
10. In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Corporation and the nature of its business with regards to purchase of Plant and Machinery, equipment and other assets and for the sale of goods. However strengthening and implementation is required in areas like purchase of stores, raw materials, adjustment of old unreconciled debits and credits in banks, Materials and equipment 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 records maintained at stores.
11. According to the 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, the Corporation does not have regular procedure for determination of unserviceable or damaged stores/raw materials in most of the projects. However, provisions for losses is made whenever such items are determined.
13. The Corporation has not accepted any deposits from the public to which the provisions of section 58A of The Companies Act, 1956 and the rules framed thereunder apply.



14. According to information and explanations given to us, the Corporation is maintaining reasonable records for the sale and disposal of the realisable scrap. The Corporation has no by product.
15. In our opinion, the internal audit system of the Corporation is not commensurate with the size of the Corporation'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 carried out.
16. We have been informed that the maintenance of cost records has not been prescribed by the Central Government under section 209(i) (d) of the Companies Act, 1956.
17. According to the records of the Corporation, Provident Fund dues have generally been deposited in time with the appropriate authorities. We have been informed that the Employees' State Insurance Act, 1948 is not applicable to the Corporation.
18. As per explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty and Excise Duty as on 31st March, 1999 which were outstanding for a period of more than six months from the date they became payable.
19. According to 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 Corporation is not a sick industrial Company under the provisions of section 3(1) (0) of The Sick Industrial Companies (special provisions) Act, 1985.
21. In respect of service activities :
  - i) the Corporation has a reasonable system of recording receipts, issue, consumption of materials and stores and allocation of materials consumed to relative jobs.
  - ii) the Corporation has a reasonable system of allocation of man hours consumed on the respective activities;
  - iii) there exists a reasonable system of authorisation at proper levels and adequate system of internal control on issue and allocation of stores and labour commensurate with the size of the Corporation and nature of its business.

for **JAIN CHOPRA & COMPANY**  
**Chartered Accountants**

Place : Delhi  
Dated : 4th August, 1999

**(Ashok Chopra)**  
**Partner**



## REPLIES TO AUDITOR'S REPORT

## ANNEXURE - 1

- |  |   |
|--|---|
| <p>I. Subsequent to the receipt of audited accounts from projects/units the corporation has derecognized interest/surcharge on Debtors amounting to <b>Rs. 3257.2 millions</b>. It has been informed that the same was done in view of subsequent developments whereby the management was of the view that realisability of such amount was uncertain. We are, however, unable to express our opinion on the said treatment given by the Corporation.</p>  | <p>No comments</p>  |
| <p>II. Sales include a sum of <b>Rs. 678.4 millions</b> on account of Exchange Rate Variation (ERV) claimed by <b>Chamera-I &amp; URI</b> projects from its beneficiaries. Out of the above amount a sum of <b>Rs. 460.4 millions</b> is on account of ERV claimed on instalments paid towards foreign debt during the years 1997-98 &amp; 1998-99 in respect of <b>Chamera-I &amp; URI</b> projects respectively. The increase in liability on account of ERV on Foreign debt having been added to the carrying cost of the Fixed Assets at the end of each year, the amount on reimbursement towards ERV on such foreign debt should have been, in our opinion, reduced from the carrying cost of the Fixed Assets. However the Corporation contends that the claim of such ERV on instalments is part of its sale proceeds. The effect on assets and profit of the Corporation could not be ascertained in absence of complete information.</p> | <p>The amount of ERV has been claimed as part of the tariff for the project in accordance with the tariff principles notified under the Electricity Supply Act. The treatment, in view of the Management is correct and is being followed consistently.</p> |
| <p>III. The accounting of turnover of <b>Rs. 71.4 millions</b> and <b>Rs. 72.3 millions</b> at <b>Bairasiul &amp; Loktak</b> respectively during the year 1997-98 and its subsequent reversal in 1998-99 has lead to increase/decrease in the turnover and profit of the Corporation for the respective years. The adjustment so carried out should, in our opinion, have been made through Prior Period Adjustments.</p>  | <p>The treatment given by Corporation is supported by Accounting Standard-5 as during 1997-98 sales were accounted for on estimated basis which were revised during 1998-99.</p>  |
| <p>IV. The effect of non adjustment of <b>Rs. 51.6 millions, Rs. 156.6 millions</b> and <b>Rs. 52.8 millions</b> at <b>Bairasiul, Salal &amp; Loktak</b> respectively being depreciation charged during construction period in gross assets and accumulated depreciation of the projects, on determination of tariff, which is yet not notified in respect of Bairasiul, Loktak and up to 1992 in case of Salal, and its consequent effect on turnover and profit up to the year 1998-99 has not been determined and as such no adjustment could be carried out in the accounts up to 31<sup>st</sup> March, 1999.</p>   | <p>The stated adjustments pertains to the Baira-Siul, Loktak &amp; Salal Projects which were commissioned in 1982, 1985 and 1987 respectively.</p>  |
| <p>V. In respect of <b>Rangit</b> project:</p> <p>a) Payment of extraordinary nature (not disclosed in Notes on Accounts) entailing increase in cost of construction of Dam by way of award by sole Arbitrator for <b>Rs. 140.42 millions</b> (approx.) under various heads including waiver of interest, hire charges, in addition to rate revision (increase of 40% in concerning and 35% in remaining items on claimed rates) being accounted for during the year (total impact</p>   | <p>Since the expenditure is to be ultimately capitalised, this does not call for separate disclosure</p>  |



## ANNUAL ACCOUNTS

of the award increased the original contract value from **Rs. 200.4 millions** to **Rs. 470.8 millions** approx.).

- b) Non recovery of old outstanding dues from **M/s NPCC Ltd.** In respect of Power House works at Rangit (since the work was stopped by them and is presently under adjudicator for settlement) not as per stipulations and deferment thereof (total outstanding **Rs. 11.82 millions** under various heads) covered by Bank Guarantee for **Rs. 3.52 millions** (inclusive of Bank Guarantee of Security Deposit) and its resultant impact, inter-alia, on accounts.

The outstanding amounts are likely to be adjusted after final award of adjudicator.

- c) Irrecoverability or otherwise of the long outstanding claims in respect of:

The matter is being pursued with the respective parties.

- (i) Claims recoverable from Railways for **Rs. 0.18 millions**, not received in spite of persistent persuasion.
- (ii) Claims recoverable from Insurance Company for **Rs. 7.38 millions** not received in spite of persistent persuasion.
- (iii) Claims recoverable from Govt. of Sikkim for **Rs. 14.06 millions**, not received in spite of persistent persuasion and its resultant impact on the accounts of the project.

### VI. In respect of **Koel Karo** project:

- a) The project could not be started even during last seventeen/ eighteen years. The justification of considering the expenditure incurred up to 31<sup>st</sup> March, 1999 under Incidental Expenditure. During construction period amounting to **Rs. 306.43 millions** cannot be commented upon.
- b) The project being not in execution stage, part of construction machinery remained practically surplus/unused, hence justification of charging depreciation on such assets cannot be commented upon.
- c) Non provision of obsolete and non moving items of extremely old construction stores of **Rs. 2.4 millions** could not be ascertained in the absence of non identification of such items.

P.I.B. has recommended the Project in March, 99 for approval of CCEA.

- VII. The expenditure to the tune of **Rs. 25.17 millions** on account of interest and Corporate Office management expenses on the Renovation and modernisation (Stand by Runners etc.) has also been capitalised which is not in accordance with the provisions of Mandatory Accounting Standard 10 issued by ICAI. Hence, the net profit stands overstated by **Rs. 25.17 millions**.

We maintain that Interest and Corporate Office Management expenses attributable to stand by assets which have been capitalised are also to be capitalised according to Accounting Standard-10.

- VIII. Surplus Construction Stores **Rs. 407.3 millions** in respect of **Chamera-I, Tanakpur & Salal** projects should have been included in Current Assets instead of fixed Capital Expenditure - Construction Stores and Advances.

In our opinion, treatment given is correct and is being followed consistently.



- IX. Materials issued to Contractors **Rs. 28.36 millions**, Advances to contractors **Rs. 21.65 millions** (included in Stores and Advances), interest accrued on Advances to Contractors **Rs. 4.44 millions** and hire charges of machinery recoverable **Rs. 7.30 millions** (included in Other Current Assets) at **Chamera-I** are outstanding since long, the recovery of which is unascertainable. No provision in this regard has been made.
- A committee has been constituted to look into the issues and final decision will be taken after receipt of recommendations of the committee.
- X. In respect of Chamera-I, a sum of **Rs. 2.29 millions** on account of exchange rate variation on lost assets, has been added to the carrying cost of fixed assets which, in our opinion, should have been charged to **Profit & Loss Account**.
- In our opinion, treatment given is correct.
- XI. In respect of **Chamera-II**, the corporation has charged expenditure (excluding cost of assets) up to 30<sup>th</sup> June, 1998 to **Profit & Loss Account** in terms of Board of Directors decision. However the letter of the **Ministry of Power, Govt. of India** approving the expenditure of **Rs. 200 millions** for pre-construction works & development of infrastructure facilities is dated 20th August, 1998 & does not indicate retrospective effect to commencement from 1<sup>st</sup> July, 1998. Accordingly, a sum of **Rs. 5.3 millions** being expenditure incurred from 1<sup>st</sup> July, 1998 up to 19th August, 1998 (excluding effect on interest) has been charged in excess to Incidental Expenditure during construction period.
- In our opinion, treatment given is correct.
- XII. Debtors amounting to **Rs. 1.5 millions** and **Rs. 6.96 millions** at **Mumbai** and **Loktak** projects are outstanding for a long period of time and the recovery of the same is not ascertainable. No provision in this regard has been made.
- Amounts are due from Govt. Departments and do not call for any provision at this stage.
- XIII. In respect of **Dhauliganga** project:
- a) The title of the land (25.57 Ha) in respect of which notification has been issued by U.P. Govt. has been passed on but the possession of the same is yet to be handed over to the Corporation.
- The possession of 10.62 Ha of land has already been taken and efforts are being made to get the possession of remaining land.
- b) **Rs. 2.10 millions** deposited with DM, Pithoragarh (UP) for acquisition of land has been capitalized the title and possession of same is yet to come to the Corporation.
- The treatment given is in accordance of Accounting Policy No.2.3.
- XIV. In respect of **Tanakpur** project:
- a) **Rs. 22.43 millions** (netted) outstanding in respect of materials issued to contractors and advance for capital expenses have not been capitalised pending reconciliation/finalisation of accounts of the contractors.
- The contractors claims are in the process of finalisation.
- Debtors include **Rs. 1.46 millions** for the sale executed in earlier years in respect of which bills have not been raised.
- The bills as may be required shall be raised shortly.
- XV. In respect of **Dulhasti** project:
- a) In absence of the confirmatory certificates in respect of balances in accounts particularly where there was no movement during the year
- The accounts are being reviewed and necessary action as required shall be taken during 99-2000.



under audit, the correctness of the accounts could not be verified. The credit balances appearing against advances and debit balances in the liability Accounts also need to be reconciled. Moreover, there is no detail of **Rs. 3.5 millions** brought over from earlier year on account of "**Material Supplied to Contractors**" which also remains untouched during the year under audit.

- b) Stores-in-transit to the tune of **Rs. 0.66 millions** as at 31<sup>st</sup> March, 1998 still remain unadjusted.

XVI. In accordance with change in the accounting policy w.e.f. the year under audit, the fixed assets up to Rs. 5000/- have not been withdrawn from the fixed assets schedule, though the depreciation provision is made at 100%. However, the assets and depreciation withdrawn from the schedule of fixed assets up to 31<sup>st</sup> of March, 1998 still do not form part of gross block and depreciation.

Noted

XVII. Loans & Advances include **Rs. 11.29 millions** being amounts incurred in excess of Grants/Deposits received for carrying out investigative and other jobs on behalf of the Govt. of India. No provision has been made in this account even though the amounts are being continued to be shown as recoverable for a number of years.

The amount is recoverable from the Govt. of India and therefore no provision has been made.

XVIII. In absence of complete details as to individual debtors and the basis of provision for doubtful debts amounting to **Rs. 824 millions**, we are unable to comment on the adequacy or otherwise of such provision. Further, a sum of **Rs. 66 millions** included in above is on account of shortfall of power supply to home states vis-a-vis their right of 12% free power, which has been reduced from sale, in our opinion, the said amount should have been kept as separate provision under the head **Current Liabilities & Provisions**.

In our opinion, the treatment given is correct.

XIX. At **Baglihar** project Miscellaneous liabilities include a sum of **Rs. 0.38 millions** pertaining to earlier years for which the details are not available.

Amount is not material. Account shall however be got reviewed during 1999-2000.

XX. At Loktak project Govt. of Manipur has disputed charging of interest/surcharge for the period from 4<sup>th</sup> September, 1982 to 31<sup>st</sup> March, 1992 for **Rs. 160 millions** for which no separate provision has been made.

Based on the legal opinion received, surcharge accrued before 1.4.92 on defaulted principal amount has to be paid by the State of Manipur.



## ANNEXURE TO AUDITORS' REPORT

1. The Corporation has maintained records for majority of fixed assets showing full particulars including quantitative details except that location and identification mark of fixed assets has not been mentioned in the fixed assets register in a 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 and reconciliation has been completed.

Necessary action to complete the balance Physical Verification and location will be taken in 99-2000.

10 In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Corporation and the nature of its business with regards to purchase of Plant and Machinery ,equipment and other assets and for the sale of goods. However strengthening and implementation is required in areas like purchase of stores, raw materials, adjustment of old unreconciled debits and credits in banks, Materials and equipment 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 records maintained at stores.

In our opinion, adequate internal control procedures exist in the Company in respect of applicable areas mentioned in the comment.

12. As explained to us, the Corporation does not have regular procedure for determination of unserviceable or damaged stores/raw materials in most of the projects. However, provisions for losses is made whenever such items are determined.

The unserviceable or damaged stores are periodically determined. There are no raw materials in the Company.

15. In our opinion, the internal audit system of the Corporation is not commensurate with the size of the Corporation'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 carried out.

The scope, coverage and strength of Internal Audit is quite adequate and sufficient considering the needs and size of the Company. It is also reviewed from time to time and strengthened if situation so demands. A large number of points has been raised and the management has/is taking the required action in appropriate cases.



## ANNEXURE - II

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED, FARIDABAD, FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 1999

## COMMENTS

## MANAGEMENT REPLIES

## A) Balance Sheet

## Application of Funds

## Fixed Assets

## (i) Land Freehold: Rs 615 million

This includes Rs 7.7 million being 25 *per cent* advance paid for the allotment of plot at Chandigarh.

As the land is yet to be allotted and the amount paid is only an advance payment, the same should have been shown under "Loans and Advances".

This has resulted in overstatement of Land – Freehold and understatement of Loans and advances by Rs 7.7 million.

The amount of Rs. 7.768 million has been shown under the land – freehold keeping in view of the accounting policy No. 2.3.

## 2. Current Assets – Loans and Advances

## Sundry Debtors – Less Provisions for doubtful debts: Rs 824 million

This is understated by Rs 953.30 million as the concerned State Electricity Boards had refused to pay the amount on account of excess billing by the Company. This has resulted in understatement of doubtful debts and overstatement of Profit for the year by Rs 953.30 million.

We are not able to comment on the figures of Rs. 95.33 crores as has been worked out by the audit. The Billings during 1998-99 has been done based on tariff notifications issued by Government of India except for Loktak and Baira Siul Project and is in accordance with Accounting Policy No.9. We feel that sufficient provisions are available to meet contingency arising out of tariff reduction, if any.

## 3. Current Liabilities and Provisions

## (a) Unspent amount of Deposit/Agency: Rs 32 million

This includes Rs 20 million being difference between grants/deposits received from Government of India and expenditure incurred thereagainst for carrying out investigative and other jobs. These amounts are being shown as outstanding since 1994-95. Management did not intimate the reasons for non-discharging of liabilities to Audit.

As explained to the audit the final account for such grant/deposit is still not fully determined and settled and the liability will be discharged after complete settlement of the accounts.

## (b) Other Liabilities : Rs 1264 Million

- (i) This does not include Rs 9.924 million being the amount of claims relating to work on removal of silt including its flushing tunnels and associated connecting pipes, which was accepted by the Management in May 1999.

This has resulted in understatement of Current Liabilities and Fixed Assets by Rs 9.924 million.

The decision based on the report of Expert Committee was taken in 1999-2000 after certification of the accounts of the project. Contingent liability in the balance sheet of the project as on 31.3.99 was however shown.

- (ii) This also does not include Rs 74.06 million on account of expenditure incurred by the contractors up to 31<sup>st</sup> March 1999.

This has resulted in understatement of current liabilities by Rs 74.06 million, Incidental Expenditure During Construction by Rs 16.50 million and construction stores by Rs 57.56 million.

Noted



## Profit and Loss Account

### (1) Net Sales: Rs 11944 million

- (a) This includes sale of secondary energy from Bairasiul and Loktak Projects @ 42 paise and 57 paise respectively instead of 5 paise per unit as per tariff policy applicable from 1.4.1992.

This has resulted in overstatement of sales for the year by Rs 65.40 million, Prior period sales by Rs 448.00 million, Profit by Rs 513.40 million and Sundry Debtors by Rs 513.40 million.

- (b) This also includes Rs 179.40 million on account of sales of secondary energy from Salal, Tanakpur and Chamera projects for the period from 1.4.1998 to 13.12.1998. The sale rate has been taken as 25 paise per unit instead of 5 paise per unit as decided in Technical Coordination Committee meeting. The inflated billing has resulted in overstatement of sales, profit and sundry Debtors by Rs 143.50 million.

### (2) Prior Period Adjustment

#### Interest/surcharge received from Debtors: Rs 422.00 million

The Company received the above amount from Government of India through Central Plan Assistance during 1998-99. As per Company's Accounting Policy (1.2). This should have been treated as current year's income instead of prior period income. This has resulted in overstatement of Prior Period Income and understatement of Profit for the year by Rs 422.00 million.

- (3) The net effect of comments under (A) and (B) above has been the overstatement of profit by Rs.1188.20 million.

## Notes to the Accounts

### (i) Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs 6226 million.

There is an over provision of Rs 27.52 million because of short provision for payment of Rs 8.60 million to the contractor and excess provision of a contract valuing Rs 36.12 million.

### (ii) Deemed Export Benefits

A reference is invited to Note 11 where it has been mentioned that in case of Uri Project, deemed export benefits availed by the contractor, if any, and not accounted for up to 31.3.1999, which in turn are payable to NHPC, shall be accounted for on settlement of claims. This is not correct as Directorate General of Foreign Trade (DGFT), Ministry of Commerce had agreed (April 1998) to pass on the benefits of Terminal Excise Duty amounting to Rs 98.1 million to the Company. As such the amount should have been shown as recoverable from Government of India. This has resulted in understatement of Current assets and overstatement of Fixed assets by Rs 98.1 million.

Sd/-

(T.K. Sanyal)

Principal Director of Commercial Audit  
and Ex-officio Member, Audit Board-III,

Place : New Delhi  
Dated: 30th September, 1999

New Delhi

The tariff was to be fixed by the Government of India as per Electricity (Supply) Act, 1948 as amended from time to time. The new tariff principles for Hydro-Projects was implemented from 1.4.97 for existing Projects also which does not contain the rate of 5 paise per unit for Secondary Energy. The Government of India, with effect from 14.12.98, has fixed the rate for secondary energy equal to that of primary energy for Hydroelectric Projects of NHPC and accordingly the rate of Salal, Tanakpur, Chamera, and Uri works out to 39.59 P/kWh, 63.07P/Kwh, 102.02 P/kWh, 97.23 P/kWh respectively. We, therefore, feel that the sale as has been accounted for by NHPC is reasonable and justified and covered by accounting policy No. 9. Even if there is some minor adjustment upon the final settlement of the rates, the adequate provision exists in the accounts to cover such contingency if it arises.

The Expert Advisory Committee of ICAI has opined that the surcharge as approved for recovery through Central Plan Assistance may be included as income which was not done in 1997-98. However, in 1999 the Government of India, Ministry of Power indicated that there is uncertainty about the receipt of surcharge, which has been approved for recovery through Central Plan Assistance. In view of this the balance amount to be recovered through Central Plan Assistance was not recognized as income in the accounts of 1998-99. However, the amount already recovered during 1998-99 which was pertaining to the previous years was shown as prior period adjustment in view of the above.

Already explained against respective comments

Noted.

The matter is not yet fully resolved and DGFT has not yet paid the amount. Accordingly, receipt has not been taken in accounts and position adequately explained vide note No. 11 of notes to the accounts.



## ANNEXURE - III

## REVIEW OF ACCOUNTS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED, FARIDABAD, FOR THE YEAR ENDED 31 MARCH, 1999 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.

## FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three years.

	(Rs. in crores)		
1. Liabilities	1996-97	1997-98	1998-99
a) Paid-up capital			
i) Government (including Government funds adjustable to equity)	2917.37	3393.00	3825.00
ii) Others	-	-	-
b) Reserves and surplus			
i) Free reserves and surplus	634.47	948.50	1272.00
ii) Share premium account	-	-	-
iii) Capital reserves	-	0.10	0.10
c) Borrowings			
i) from Government of India	618.24	627.40	549.00
ii) from Financial institutions	409.85	709.00	957.90
iii) Foreign currency loans	1759.07	1833.10	1837.40
iv) Cash credit	27.00	142.10	329.70
v) Others	2224.31	1983.00	1587.90
vi) Interest accrued and due	184.87	197.60	45.80
d) i) Current liabilities and provisions	620.86	443.65	562.24
ii) Provision for gratuity	14.28	38.35	44.56
e) Income received in Advance			
i) Advance against depreciation	-	130.50	245.50
<b>TOTAL</b>	<b>9410.32</b>	<b>10446.30</b>	<b>11257.10</b>
<b>Assets</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>
f) Gross block	3893.78	6903.60	7090.40
g) Less : Cumulative depreciation	622.81	598.60	811.10
h) Net block	3270.97	6305.00	6279.30
i) Capital work-in-progress including construction stores	5012.39	2405.10	2898.60
j) Investments	-	-	-
k) Current assets, loans and advances	1121.97	1734.50	2078.60
l) Miscellaneous expenditure not written off	4.99	1.70	0.40
m) Accumulated loss	-	-	-
<b>TOTAL</b>	<b>9410.32</b>	<b>10446.30</b>	<b>11257.10</b>
n) Working capital {k-d(i)-c(vi)}	316.24	1093.25	1470.56
o) Capital employed (h+n)	3587.21	7398.25	7749.86
p) Net worth {a+b(i)+b(ii)-l-m}	3546.85	4339.80	5096.60
q) Net worth per rupee of paid-up capital(in Rupees)	1.22	1.28	1.33



## 2. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 1107.01 crores from internal and external sources were realised and utilised during the year as follows:

### Sources of funds

Funds generated from operation

a)	Profit for the year	305.30
	Add: Depreciation during the year	212.50
	Add: Misc. Expenditure written off	1.30
	Add: Increase in Self Insurance Reserve	34.70
		<u>553.80</u>
b)	Increase in paid up capital	432.00
c)	Increase in provision for Gratuity	6.21
d)	Increase in Advance against Depreciation	115.00
		<u>1107.01</u>

### TOTAL

### Utilisation of funds

a)	Increase in Fixed assets	186.80
b)	Increase in Working Capital	377.31
c)	Increase in Capital work-in-progress including construction stores and advances	493.70
d)	Dividend paid	16.50
e)	Decrease in borrowed Funds	32.70
		<u>1107.01</u>

### TOTAL

## 3. WORKING RESULTS

The working results of the Company in the last three years ended 31st March 1999 are given below :

			(Rs. in crores)
	1996-97	1997-98	1998-99
i)	Sales	534.42	992.97
ii)	Less : Excise Duty	-	-
iii)	Net Sales	534.42	992.97
iv)	Other Misc Income	21.67	4.37
v)	Profit before tax and prior period adjustments	86.09	231.19
vi)	Prior Period Adjustments	20.59	68.23
vii)	Profit before Tax	106.68	299.42
viii)	Tax Provisions	-	-
ix)	Profit after tax	106.68	299.42
x)	Proposed Dividend(including Dividend Tax)	16.50	16.50



# ANNUAL ACCOUNTS

## 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 31st march 1999 are as follows :

	1996-97	1997-98	1998-99
a) Liquidity ratio			
Current Ratio	1.39	2.50	3.42
(Current assets to Current liabilities & provisions and interest accrued and due but excluding provisions for gratuity) {k/d(i)+c(vi)}			
b) Debit equity ratio	1.41	1.17	0.97
Long term debit to Net worth {c(i to v but excluding short term loans)/p}			
c) Profitability ratios			(In Percentage)
Profit (before tax) to			
(i) Capital employed	2.97	4.05	3.94
(ii) Net worth	3.00	6.90	5.99
(iii) Sales	19.96	30.15	25.56
(iv) Equity	3.66	8.82	7.98
d) Earnings per share (in Rupees)	36.57	88.25	79.82

## 5. INVENTORY LEVELS

The inventory levels at the close of the last three years ended 31st March, 1999 are as follows:

	1996-97	1997-98	1998-99
			(Rs. in crores)
Stores, spares and loose tools	31.78	39.60	42.00

## 6. SUNDRY DEBTORS

The sundry debtors and Sales in the last three years ended 31st March, 1999 are as follows:

As on 31st March	SUNDRY DEBTORS			Sales (including excise duty)	Percentage of Sundry debtors to sales
	Considered good	Considered doubtful	Total		
1997	708.08	69.33	777.41	534.42	145.47
1998	1298.16	77.34	1375.50	992.97	138.52
1999	1669.40	82.40	1751.80	1194.40	146.67

The agewise break up of sundry debtors at the end of 1998-99 is as under:

	Amount (Rs in crores)
Debtors outstanding for less than 1 year	1124.59
1-2 years	286.81
2 years and above	226.35
3 years and above	114.05
<b>TOTAL</b>	<b>1751.80</b>

Place: New Delhi

Dated: 30th September, 1999

Sd/-

(T.K.SANYAL)

Principal Director of Commercial  
Audit and Ex-Officio Member,  
Audit Board - III, NEW DELHI



## ANNEXURE-IV

### A. CONSERVATION OF ENERGY

(a) Energy measures taken and on hand.

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

(b) Additional investment 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)

A separate division Research & Development has been created to look after the problems relating to silt at various operational projects and import substitution of spares . Further projects are being pursued to accept for technological advances on experimental basis.

### C. FOREIGN EXCHANGE EARNING AND OUTGO.

OUTGO	Rs. in Millions
1. Value of imported Plant & Machinery	Nil
2. Know-how	20
3. Misc.(Outgo)	590
4. Interest	1247
<b>INCOME</b>	
5. Interest Income	10
Others	14



## ANNUAL ACCOUNTS

### ANNEXURE-V

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

##### (A) PARTICULARS OF EMPLOYEES THROUGHOUT THE FINANCIAL YEAR WHO WERE IN RECEIPT OF REMUNERATION NOT LESS THAN Rs.6,00,000/- P.A.

Sl. No.	Name & Designation	Remuneration (Rupees)	Nature of Employment	Qualification and Experience	Date of commencement of Employment in NHPC	Age (Years)	Last employment held.
1.	Negi N.S. Driver	6,50,703	Regular	Class 6th	1.3.1987	49	Nil
2.	Singh R.D.P. General Manager	6,07,682	Regular	BSc. (Engg) Civil	21.3.1979	55	Major in Indian Army.

##### (B) PARTICULARS OF EMPLOYEES EMPLOYED FOR PART OF THE FINANCIAL YEAR WHO WERE IN RECEIPT OF REMUNERATION NOT LESS THAN Rs. 50000/- P.M.

NIL





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





## **National Hydroelectric Power Corporation Limited**

(A Government of India Enterprise)  
NHPC Office Complex, Sector 33,  
Faridabad-121 003 (Haryana)