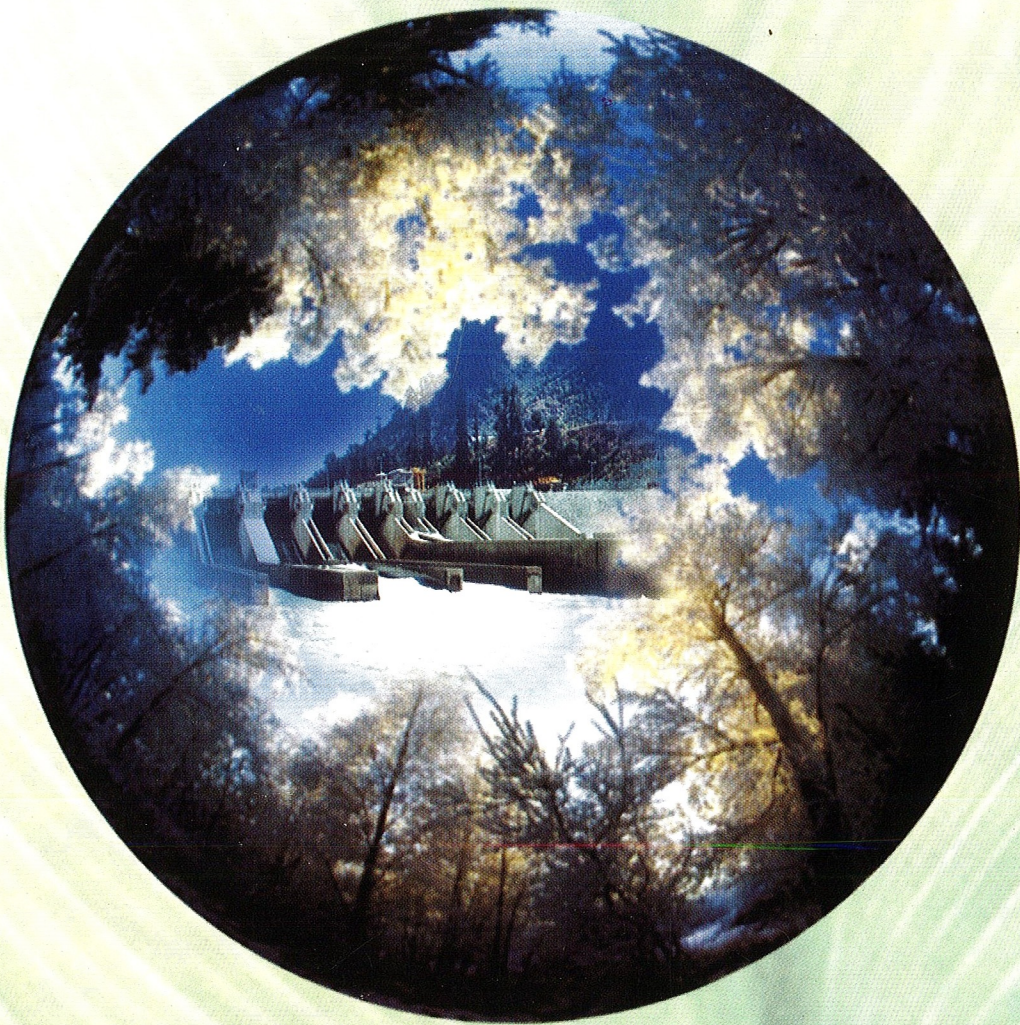


# ANNUAL REPORT 2003-2004



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









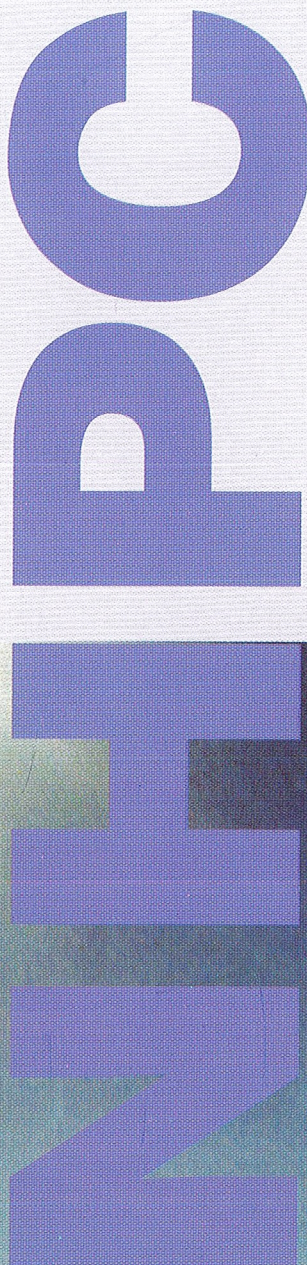
# C O N T E N T S

## NHPC

Corporate Vision and Mission	-	2
Board of Directors	-	5
Corporate Profile	-	6
Digest of Important Data (Ten Years)	-	8
Chairman's Speech	-	11
Directors' Report	-	15
Auditors' Report	-	38
Annual Accounts	-	44

## NHDC

Directors' Report	-	99
Auditors' Report	-	104
Annual Accounts	-	108







540 MW Chamera Power Station Stage-I  
(Himachal Pradesh) - Dam

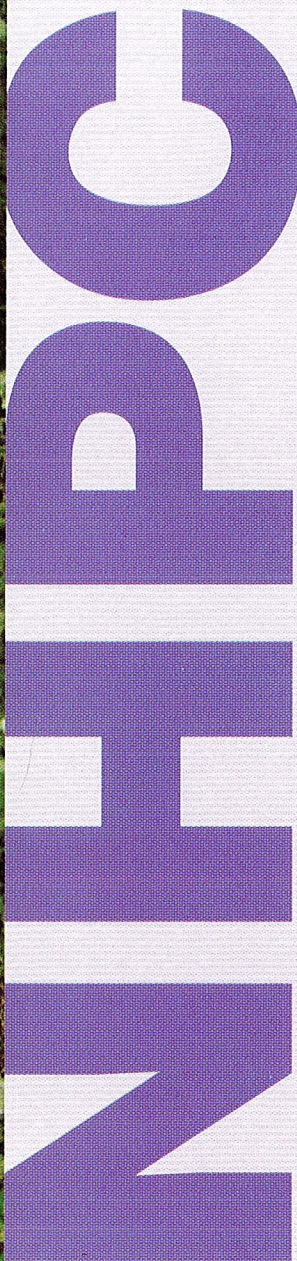
## Corporate Vision

A world class, diversified & transnational organization for sustainable development of hydro power and water resources with strong environment conscience.

## Corporate Mission

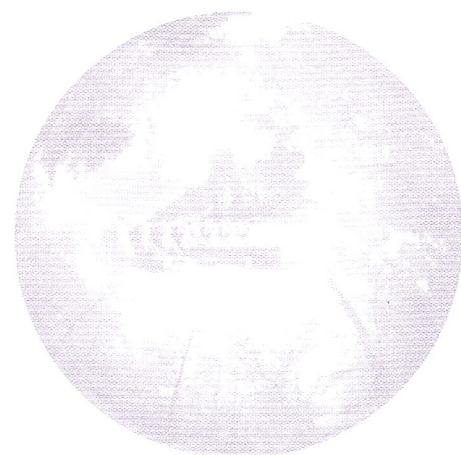
- ▶ To achieve international standards of excellence in all aspects of hydro power and diversified business.
- ▶ To execute and operate projects in a cost effective, environment friendly and socio-economically responsive manner.
- ▶ To foster competent, trained and multi-disciplinary human capital.
- ▶ To continually develop state-of-the-art technologies through innovative R&D and adopt best practices.
- ▶ To adopt the best practices of corporate governance and institutionalize value based management for a strong corporate identity.
- ▶ To maximize creation of wealth through generation of internal funds and effective management of resources.





## 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 maximize output and generation at most economic costs.
- ▶ To complete all on-going projects within the stipulated time and cost without any overruns.



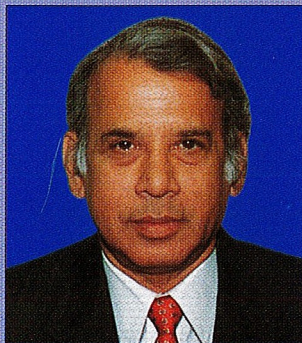


# B O A R D O F

As on 15.09.2004



**Shri Yogendra Prasad**  
Chairman & Managing Director



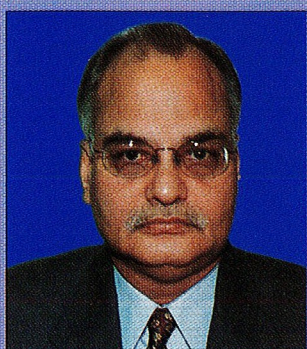
**Shri A.K. Gangopadhyay**  
Director (Projects)



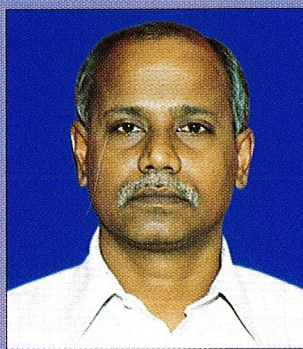
**Shri R.K. Sharma**  
Director (Technical)



# D I R E C T O R S



**Shri S.K. Garg**  
Director (Finance)



**Shri Mrutunjay Sahoo**  
JS&FA, MOP



**Shri Anil Kumar Kutty**  
Jt. Secretary (Hydro), MOP

## **COMPANY SECRETARY**

Shri Vijay Gupta

## **STATUTORY AUDITORS**

### **BATRA SAPRA & COMPANY**

F-14, Shivam House, Amar Chambers,  
Aptt. No. 17, Connaught Circus,  
New Delhi-110001

## **BRANCH AUDITORS**

### **GANDHI MINOCHA & COMPANY**

1-A Tribune Colony Jagadhri Road,  
Ambala - 131001, Haryana

### **A R MAITI & COMPANY**

India Steamship Hosue, 21 Old Court  
House Street, Kolkata - 700001,  
West Bengal

### **BHUSHAN BENSAL JAIN ASSOCIATES**

4648/21 Sedhumal Bldg., Ansari Road,  
Darya Ganj, New Delhi-110 002

## **BANKERS**

State Bank of India

Indian Overseas Bank

Dena Bank

Bank of India

J & K Bank Limited

ICICI Bank Limited

Deutsche Bank

UTI Bank Limited

Bank of Bhutan

Canara Bank

Standard Chartered Bank

Regd. Office :

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



## CORPORATE PROFILE

<b>FINANCIAL</b>		<b>2003-04</b>	<b>2002-03</b>	<b>2001-02</b>	<b>2000-01</b>
Sales	*	1276.09	1172.23	1221.00	1179.90
Miscellaneous income	@	551.69	302.96	330.40	575.70
Profit before interest, depreciation and tax	\$	1477.37	1153.39	1183.50	1209.70
Profit after interest and depreciation		643.48	555.00	513.10	484.20
Profit after interest, depreciation and tax		621.38	510.50	470.90	443.40
Dividend		120.00	75.00	50.00	30.00
Reserves and surplus (cumulative)		3338.46	2852.46	2420.10	1999.20

**What Corporation Owns**

Gross Fixed Assets		10342.71	8280.95	8113.50	7892.70
Depreciation		1882.95	1672.19	1526.70	1280.10
<b>Net Fixed Assets</b>		<b>8459.76</b>	<b>6608.76</b>	<b>6586.80</b>	<b>6612.60</b>
Capital Work in Progress		6975.83	7078.00	5218.30	3710.80
Construction Stores and Advances		805.55	621.74	525.50	613.00
Investments		3660.87	2415.66	1965.00	679.90
Net Current Assets		107.76	1889.77	1512.20	1864.20
Misc. Expenditure not w/o.		0.71	1.20	2.00	9.80
		<b>20010.48</b>	<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>

**What Corporation Owes**

Net Worth					
- Share Capital		8629.03	7240.61	6345.70	5188.20
- Reserves		3338.46	2852.46	2420.10	1999.20
Self Insurance for Contingencies		255.81	213.24	178.40	139.90
Income received in advance on account of advance against depreciation		939.40	801.06	648.40	519.90
Borrowings		6847.78	7507.76	6217.20	5643.10
		<b>20010.48</b>	<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>

**Operating Performance**

	<b>2003-04</b>	<b>2002-03</b>	<b>2001-02</b>	<b>2000-01</b>
Generation (M.U.)	11046	9863	8912	8774
Machine availability (%)	96.82	96.62	96.86	92.09
Sales (Rs. in crores)	1276.09	1172.23	1221.00	1179.90
Manpower (Nos.)	13648	13017	13054	11850

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

@ Includes receipts against contracts

\$ After prior period adjustments



(Rupees in crores)

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
1075.70	1194.40	993.00	534.40	509.10	480.50
202.60	39.10	4.40	21.70	2.00	1.60
1070.70	999.20	849.10	481.10	433.00	371.40
401.20	305.30	299.40	106.70	77.40	93.70
401.20	305.30	299.40	106.70	77.40	93.70
15.00	15.00	15.00	15.00	15.00	10.00
1588.90	1206.20	917.40	634.50	544.30	481.90
7752.70	7090.40	6903.60	3893.80	3727.50	3597.80
1029.00	811.10	598.60	622.80	490.10	369.80
<b>6723.70</b>	<b>6279.30</b>	<b>6305.00</b>	<b>3271.00</b>	<b>3237.40</b>	<b>3228.00</b>
2768.60	2576.00	2073.10	4895.70	4444.70	3380.10
511.50	322.80	332.00	116.70	169.00	226.50
2100.90	1471.80	1252.50	486.80	395.40	524.30
1.90	0.40	1.70	5.00	8.60	10.60
<b>12106.60</b>	<b>10650.30</b>	<b>9964.30</b>	<b>8775.20</b>	<b>8255.10</b>	<b>7369.50</b>
4446.20	3825.00	3393.00	2917.40	2890.30	2832.70
1588.90	1206.20	917.40	634.50	544.30	481.90
101.70	65.90	31.20	—	—	—
386.10	245.50	130.50	—	—	—
5583.70	5307.70	5492.20	5223.30	4820.50	4054.90
<b>12106.60</b>	<b>10650.30</b>	<b>9964.30</b>	<b>8775.20</b>	<b>8255.10</b>	<b>7369.50</b>
1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
8691	9917	8816	5614	6141	6058
91.05	88.39	83.00	83.25	85.30	83.99
1075.70	1194.40	993.00	534.40	509.10	480.50
12150	11860	11799	12119	11984	12145



## DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL		2003-04	2002-03	2001-02	2000-01
A	Sale of Energy \$	1414.43	1324.86	1349.60	1313.70
B	Advance Against Depreciation	138.34	152.63	128.60	133.80
C	Other Income (Includes const. & consultancy receipt) #	551.69	302.96	330.40	575.70
D	<b>Total Income (A)-(B)+(C)</b>	<b>1827.78</b>	<b>1475.19</b>	<b>1551.40</b>	<b>1755.60</b>
E	Generation & Other Expenses (Includes const. & consult. exp.	350.41	321.80	367.90	545.90
F	<b>Gross Margin (D) - (E)</b>	<b>1477.37</b>	<b>1153.39</b>	<b>1183.50</b>	<b>1209.70</b>
G	Depreciation	208.14	140.36	231.60	238.70
H	<b>Gross Profit (F) - (G)</b>	<b>1269.23</b>	<b>1013.03</b>	<b>951.90</b>	<b>971.00</b>
I	Interest and Finance Charges	625.75	458.03	438.80	486.80
J	<b>Net Profit (H) - (I)</b>	<b>643.48</b>	<b>555.00</b>	<b>513.10</b>	<b>484.20</b>
K	Tax	22.10	44.50	42.20	40.80
L	<b>Net Profit after Tax (J) - (K)</b>	<b>621.38</b>	<b>510.50</b>	<b>470.90</b>	<b>443.40</b>
M	<b>Internal Resource Generated (G)+(L)+(B)</b>	<b>967.86</b>	<b>803.49</b>	<b>831.10</b>	<b>815.90</b>
N	Authorised Capital	15000.00	10000.00	7000.00	7000.00
O	Equity Paid up Capital	8629.03	7240.61	6345.70	5188.20
P	Reserve and Surplus	3338.46	2852.46	2420.10	1999.20
Q	Self Insurance for Contingencies	255.81	213.24	178.40	139.90
R	<b>Loan Fund</b>	<b>6847.78</b>	<b>7507.76</b>	<b>6217.20</b>	<b>5643.10</b>
S	Income Received in Advance Against Dep (AAD)	939.40	801.06	648.40	519.90
T	Gross Fixed Assets	10342.71	8280.95	8113.50	7892.70
U	Depreciation	1882.95	1672.19	1526.70	1280.10
V	Net Fixed Assets (T)-(U)	<b>8459.76</b>	<b>6608.76</b>	<b>6586.80</b>	<b>6612.60</b>
W	Capital Work-in-Progress	6975.83	7078.00	5218.30	3710.80
X	Construction Stores and Advances	805.55	621.74	525.50	613.00
Y	Investments	3660.87	2415.66	1965.00	679.90
Z	Working Capital	107.76	1889.77	1512.20	1864.20
AA	Misc. Expenditure to the extent not written off	0.71	1.20	2.00	9.80
AB	<b>Gross Capital Employed (V)+(W)+(X)+(Y)+(Z)</b>	<b>20009.77</b>	<b>18613.93</b>	<b>15807.80</b>	<b>13480.50</b>
AC	<b>Net Worth (O)+(P)-(AA)</b>	<b>11966.78</b>	<b>10091.87</b>	<b>8763.80</b>	<b>7177.60</b>
AD	Inv. consumed as per gen. & Adm. & purchase of power	2.67	2.65	6.90	7.10
AE	<b>Value added (A)-(B)-(AD)</b>	<b>1273.42</b>	<b>1169.58</b>	<b>1214.10</b>	<b>1172.80</b>

\$ Including tariff adjustment, wheeling charges and provision for doubtful debts

\* Including share deposit & GOI fund adjustable to equity

# Includes receipts against contracts

## Ratios

1.	Return on gross capital employed (H)/(AB)	6.34 %	5.44 %	6.02 %	7.20 %
2.	Return on net worth (L)/ (AC)	5.19 %	5.06 %	5.37 %	6.18 %
3.	Net Sales to gross capital employed (A)-(B)/(AB)	6.38 %	6.30 %	7.72 %	8.75 %
4.	Value added to net sales (AE)/(A)-(B)	99.79 %	99.77 %	99.43 %	99.40 %
5.	Debt to equity ratio (R)/ (O)+(P)+(Q)+(S)	0.52	0.68	0.65	0.72
6.	Net profit to net sales (L)/(A)-(B)	48.69 %	43.55 %	38.57 %	37.58 %

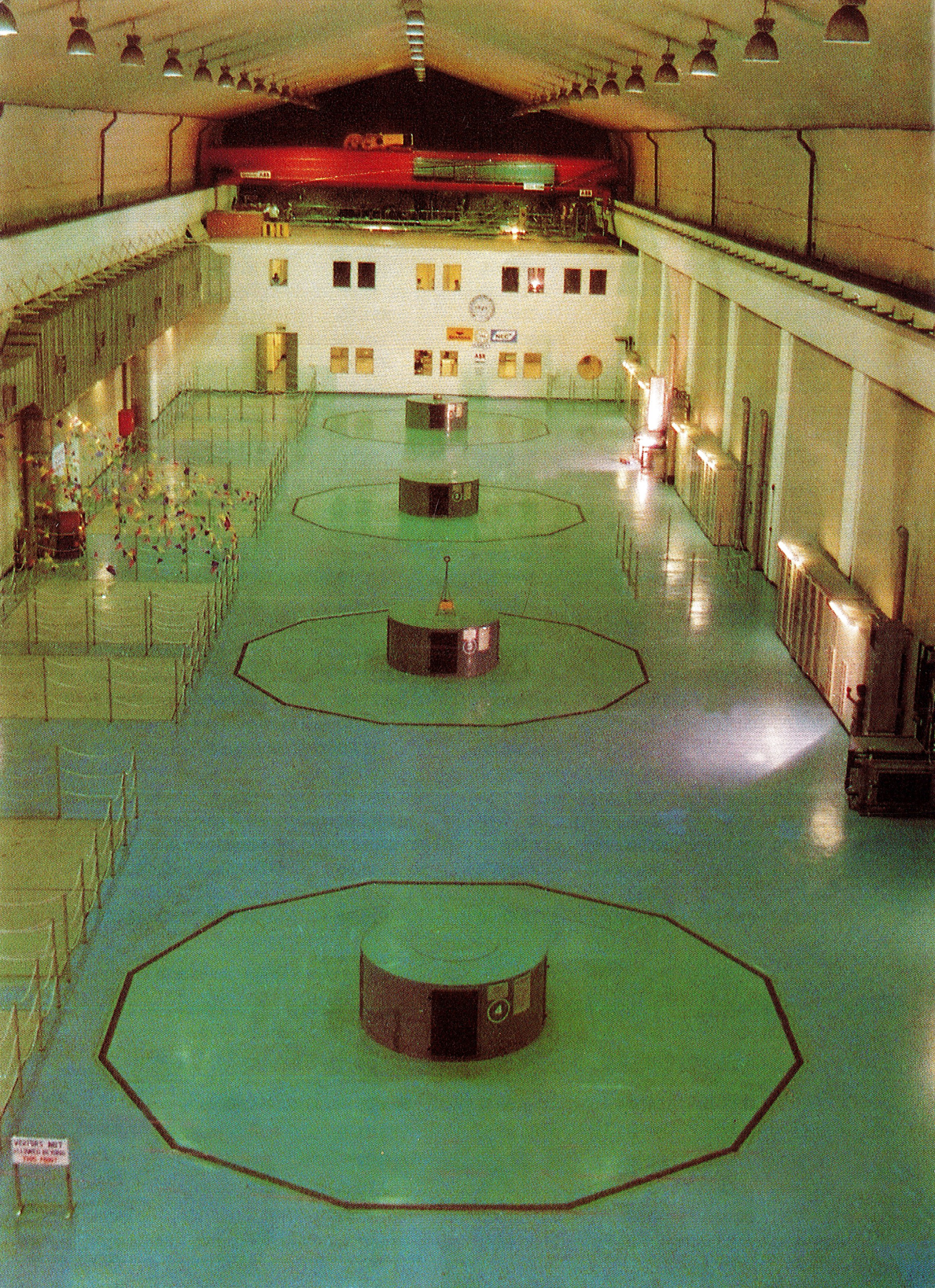


(Rupees in crores)

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
1216.30	1309.40	1123.50	534.40	509.10	480.50
140.60	115.00	130.50	—	—	—
202.60	39.10	4.40	21.70	2.00	1.60
<b>1278.30</b>	<b>1233.50</b>	<b>997.40</b>	<b>556.10</b>	<b>511.10</b>	<b>482.10</b>
207.60	234.30	148.30	75.00	78.10	110.70
<b>1070.70</b>	<b>999.20</b>	<b>849.10</b>	<b>481.10</b>	<b>433.00</b>	<b>371.40</b>
219.80	215.20	114.00	111.10	102.90	36.50
<b>850.90</b>	<b>784.00</b>	<b>735.10</b>	<b>370.00</b>	<b>330.10</b>	<b>334.90</b>
449.70	478.70	435.70	263.30	252.70	241.20
<b>401.20</b>	<b>305.30</b>	<b>299.40</b>	<b>106.70</b>	<b>77.40</b>	<b>93.70</b>
—	—	—	—	—	—
<b>401.20</b>	<b>305.30</b>	<b>299.40</b>	<b>106.70</b>	<b>77.40</b>	<b>93.70</b>
<b>761.60</b>	<b>635.50</b>	<b>543.90</b>	<b>217.80</b>	<b>180.30</b>	<b>130.20</b>
5000.00	5000.00	3500.00	3500.00	2500.00	2500.00
4446.20	3825.00	3393.00	2917.40	2890.30	2832.70
1588.90	1206.20	917.40	634.50	544.30	481.90
101.70	65.90	31.20	—	—	—
5583.70	5307.70	5492.20	5223.30	4820.50	4054.90
386.10	245.50	130.50	—	—	—
7752.70	7090.40	6903.60	3893.80	3727.50	3597.80
1029.00	811.10	598.60	622.80	490.10	369.80
<b>6723.70</b>	<b>6279.30</b>	<b>6305.00</b>	<b>3271.00</b>	<b>3237.40</b>	<b>3228.00</b>
2768.60	2576.00	2073.10	4895.70	4444.70	3380.10
511.50	322.80	332.00	116.70	169.00	226.50
—	—	—	—	—	—
2100.90	1471.80	1252.50	486.80	395.40	524.30
1.90	0.40	1.70	5.00	8.60	10.60
<b>12104.70</b>	<b>10649.90</b>	<b>9962.60</b>	<b>8770.20</b>	<b>8246.50</b>	<b>7358.90</b>
<b>6033.20</b>	<b>5030.80</b>	<b>4308.70</b>	<b>3546.90</b>	<b>3426.00</b>	<b>3304.00</b>
6.00	13.30	6.00	4.80	1.30	3.70
<b>1069.70</b>	<b>1181.10</b>	<b>987.00</b>	<b>529.60</b>	<b>507.80</b>	<b>476.80</b>

7.03 %	7.36 %	7.38 %	4.22 %	4.00 %	4.55 %
6.65 %	6.07 %	6.95 %	3.01 %	2.26 %	2.84 %
8.89 %	11.22 %	9.97 %	6.09 %	6.17 %	6.53 %
99.44 %	98.89 %	99.40 %	99.10 %	99.74 %	99.23 %
0.86	0.99	1.23	1.47	1.40	1.22
37.30 %	25.56 %	30.15 %	19.97 %	15.20 %	19.50 %





480 MW Uri Power Station (Jammu & Kashmir) - Power House.



# Chairman's Speech







## CHAIRMAN'S SPEECH

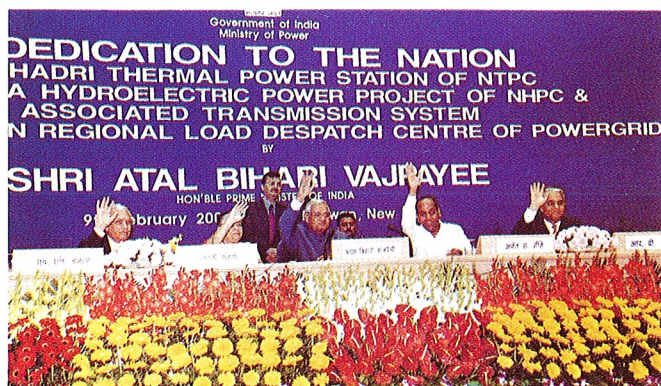
Dear Shareholders,

On behalf of the Board of Directors, I welcome you all to the 28<sup>th</sup> Annual General Meeting of your Corporation. The Annual Report containing Accounts and Auditors' Report thereon along with C&AG's comments is already with you for consideration and adoption. With your permission, I take them as read.

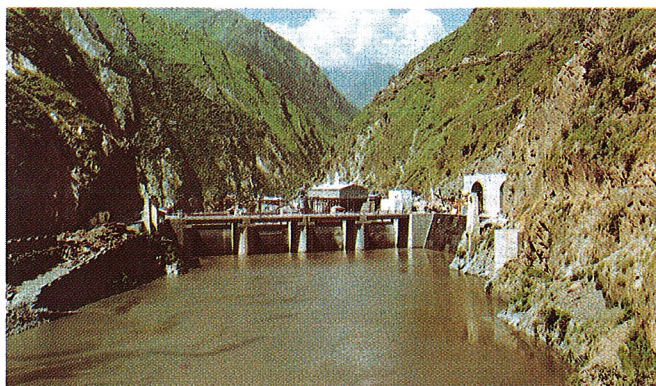
At the outset, I am happy to inform that the Corporation had to its credit several unique fiscal and physical achievements during the year.

Your Corporation has made a landmark achievement in the history of construction of Hydro Power Projects in the country by completing "Chamera Power Station Stage-II (300 MW)" on river Ravi in Himachal Pradesh, 8 months ahead of Schedule. The Project was dedicated to the Nation on the 9<sup>th</sup> February, 2004.

During the year, Corporation's sales touched a figure of Rs.1414.43 crore and recorded a profit after tax of



Dedication to the Nation of 300 MW Chamera Power Station Stage-II by the Hon'ble Prime Minister on 9th February, 2004.

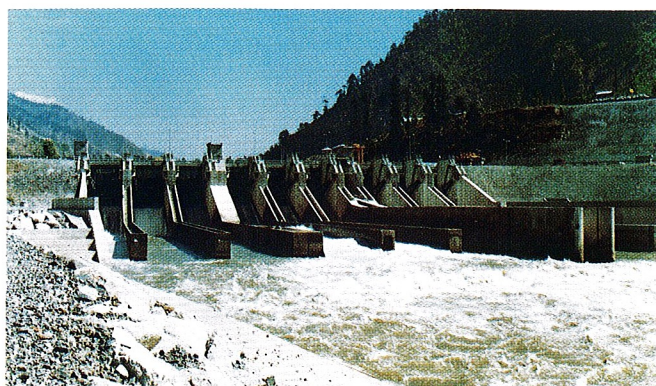
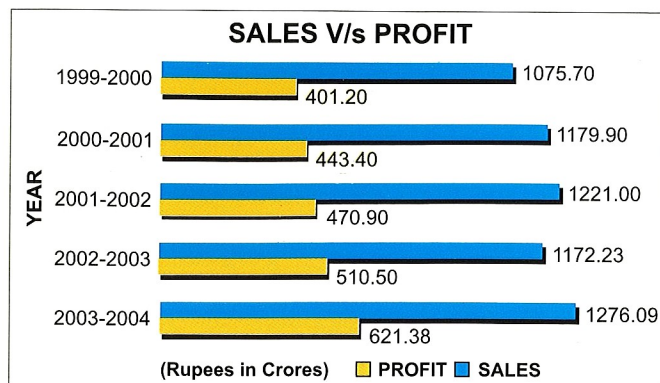


300 MW Chamera Power Station Stage-II (Himachal Pradesh)-Concrete Dam

Rs.621.38 crore. A dividend of Rs 120 crore, the highest since the beginning has been recommended by your Board. This has been made possible by generating 11045.52 MUs of energy, the highest generation since incorporation of the NHPC against the target of 9400 MUs a jump of 11.9% over the previous year. All the



Power Stations of NHPC exceeded their respective generation target except Baira Siul where generation was less due to inadequate inflow of water in the river. Chamera-I, Salal, Tanakpur and Uri Power Stations achieved their highest generation since commissioning.



480 MW Uri Power Station (Jammu & Kashmir) - Barrage

Recoveries of dues from SEBs/ Beneficiaries have always remained a matter of concern for all the generating companies. During the year, your Corporation realized the principal amount of Rs.1435.51 crore towards energy sold to Beneficiaries. Under the Scheme of "One time settlement of Dues", bonds worth Rs.2531.04 crore were received, including bonds substituted against those received earlier from various SEBs against outstandings as on 30.9.2001. An agreement was also signed with Delhi Transco Ltd. converting the outstanding dues of Rs.228.21 crore against Delhi Vidyut Board into Long Term Advance repayable in 15 years. With this, your Corporation has liquidated outstanding dues of Rs.2759.24 crore from various SEBs/ Beneficiaries.

Presently, works at Dhauliganga (280 MW) and Dul Hasti (390 MW) Projects are in an advanced stage of completion. It is expected that by the end of the current financial year, these Projects will commence generation. The works at Teesta Stage-V (3x170 MW) and Parbati H.E. Project Stage-II (4x200 MW) are also progressing satisfactorily. These Projects are expected to be completed by February and September, 2007 respectively.

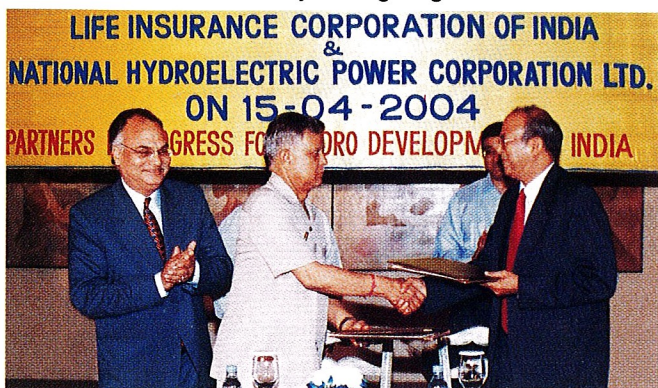


280 MW Dhauliganga Project (Uttaranchal) - Upstream view of concrete Rock Fill Dam.

During the year, CCEA's clearance was accorded to Teesta Low Dam Stage-III (132 MW), Sewa Stage-II (3x40 MW) and Subansiri Lower (2000 MW) H.E. Projects. Infrastructure works at these sites are in progress. The projects are scheduled for completion in March 2007, September 2007 and September 2010 respectively.

Work at Loktak Downstream HE project could not be started due to continuing adverse law and order situation. No progress could be made at Koel Karo and Bav I&II H.E projects due to non-signing of Power Purchase Agreements by some of the beneficiary states on account of sale rate being considered as high. Keeping in view, the uncertainty in signing the Power Purchase Agreement and higher tariff, your Corporation has decided to close the above projects.

Your Corporation has planned a capacity addition of 15173 MW during the XI plan and out of this 7 Projects are awaiting sanction by the Government of India, 6 Schemes are under Survey and Investigation & DPR preparation and for 4 Schemes, Feasibility Report is being prepared.



Shri Yogendra Prasad, CMD, NHPC exchanging the MOU documents for Rs. 6,500 crore line of credit with Shri S.B. Mathur, Chairman, LIC.

To achieve these ambitious goals, your Corporation has arranged a line of credit of Rs 6500 crore from Life Insurance Corporation of India for a tenor of 20 years at most competitive rates. Similarly an external



loan of US\$ 50 million has been arranged at most competitive rates and without the Government of India guarantee. Besides arranging the additional funds, many high interest debt availed earlier have been swapped with the low interest loans to bring down the interest burden of the Corporation.

During the year, the authorised share capital of the Corporation has been increased to Rs. 15000 crore in view of higher budgetary allocation required from the Government of India to cater to the large number of projects under active execution and in the pipeline.

Your Corporation as a Corporate Citizen is well aware of its Corporate Social Responsibility (CSR) and has opted to engage itself with electrification of rural India and development and maintenance of the access roads in rural India. For this purpose, it has signed a MOU with Rural Electrification Corporation Ltd. (REC) for formulation and implementation of Projects under the Programme of Accelerated Electrification of one lakh villages and one crore households. Presently, NHPC is assigned rural electrification in Distt. Purulia by West Bengal State Electricity Board.



MOU signing with Rural Electrification Corporation Ltd.

Your Corporation has also entered into an Agreement with the Ministry of Rural Development for development and maintenance of rural access roads in six districts of Bihar under Pradhan Mantri Gram Sadak Yojna, a 100% Centrally Sponsored Scheme.



1000 MW Indira Sagar Project (Madhya Pradesh) - 400 KV Switchyard.

I am happy to inform that our joint venture Company "Narmada Hydroelectric Development Corporation Ltd." has commissioned 5 out of 8 of units, each of 125 MW of the Indira Sagar Project (ISP) and is feeding power from ISP to MPSEB grid. With the pace of work at present, I am sure, the Indira Sagar Project will get fully commissioned in the current financial year. The state will be immensely benefitted from the 1000 MW of this project in easing the power supply position in Madhya Pradesh.

In this connection, I have to mention that "Harshud" has been a much talked about town was in media due

to its submergence few days back. The rehabilitation of people of this 700 years old town was of course a nebulous and arduous task involving shifting of over 31500 families from over 200 villages. With the cooperation of the Government of Madhya Pradesh, the rehabilitation & resettlement has been carried out peacefully and expeditiously to the satisfaction of the Project Affected Persons. This indeed is an outstanding achievement of NHDC.

To implement the various projects of NHPC, your Corporation will strive hard to elicit cooperation and support of various Ministries and Departments of Government of India and in particular, Ministry of Power, Ministry of Finance, Ministry of Environment and Forest, Planning Commission, Central Electricity Authority, Central Water Commission and also of the various formations in the State Government including Electricity Boards/Corporations.

I take this opportunity to place on record the Boards' appreciation of the help and support extended by the various Ministries and Departments of State Governments as well as Government of India. I also would wish to express my sincere thanks to National & International Financing Institutions for the faith and confidence reposed by them and for their continued financial assistance to NHPC.

I, on behalf of all Directors on Board, thank our employees for their whole hearted co-operation and excellent all round performance.

**Dated : 15.09.2004**

**Place : Faridabad**

  
(Yogendra Prasad)  
Chairman & Managing Director





105 MW Loktak Power Station (Manipur) - Penstocks



# Directors' Report





## DIRECTORS' REPORT

To the Members,

National Hydroelectric Power Corporation Ltd.,

With the performance indicators of your company sustaining their upward trend, your Directors take pleasure in presenting the 28<sup>th</sup> Annual Report. The Audited Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the financial year ended 31st March 2004 are also presented herewith.

### 1. FINANCIAL PERFORMANCE

The financial performance continues to reflect a positive sign which is given hereunder:-

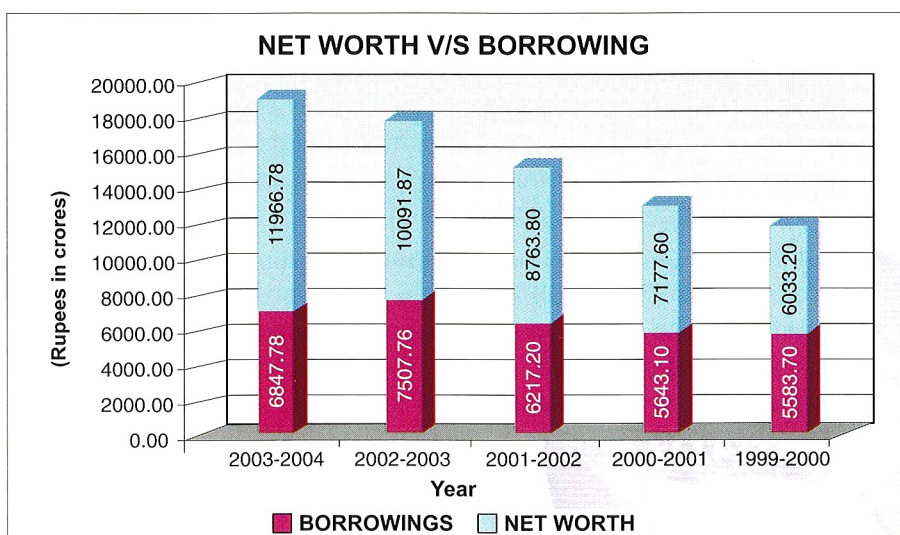
#### FINANCIAL HIGHLIGHTS

(Rupees in crore)

Particulars	2003-2004	2002-2003
Sale of Power	1414.43	1324.86
Profit before Depreciation, Interest & Tax	1198.79	1073.27
Depreciation	208.14	140.36
Profit after Depreciation and before Interest and Tax.	990.65	932.91
Interest Cost	347.17	377.91
Profit after Depreciation and Interest but before Tax	643.48	555.00
Tax	22.10	44.50
Profit after Depreciation, Interest and Tax	621.38	510.50
Surplus of Profit and Loss Account of earlier years	1267.00	834.70
Profit available for appropriations	1888.38	1345.20
<b>APPROPRIATIONS:</b>		
Interim Dividend	60.00	50.00
Proposed Final Dividend	60.00	25.00
Provision for Income Tax (on dividend)	15.38	3.20
Balance Profit carried to Reserves and Surplus.	1753.00	1267.00

The turnover of the Corporation during the year 2003-2004 was Rs 1414.43 crore and net profit after tax was Rs.621.38 crore against Rs 510.50 crore for the previous year, thereby recording an increase of 21.72% over the previous year.

On the recoveries front also, your Company has continued to excel and realized principal amount of Rs.1435.51 crore towards energy sold to the beneficiaries. During the year 2003-04, your Corporation has received bonds from SEBs worth Rs.2531.04 crore in accordance with "One Time Settlement of Dues" Scheme of the Government of India against the outstanding as on 30.09.01. This includes conversion of Bonds issued earlier. An agreement with Delhi Transco Ltd was also made converting the outstanding dues relating to DVB as on 30.09.01 of Rs. 228.21 crore into Long term Advance repayable in 15 years. With this, the Corporation has liquidated the outstanding dues of Rs. 2759.24 crore of different SEBs. This has improved liquidity of the Corporation.





## 2. PROPOSED DIVIDEND

Due to improved performance, your Directors have recommended a lump sum dividend of Rs. 120 crore (excluding Dividend Tax) for the year 2003-2004 including the interim dividend of Rs.60 crore subject to the approval of the shareholders in the forthcoming General Meeting.

## 3. CAPITAL STRUCTURE

The Corporation has increased its authorised share capital to Rs. 15,000 crore since last report. The paid-up share capital at the close of the financial year was Rs.7775.6297 crore which was increased to Rs. 8203.1797 crore as on June 30, 2004.

## 4. INFORMATION TECHNOLOGY & COMMUNICATIONS

The Corporation continued to take initiatives for the extensive use of IT based solutions. A number of application packages covering key functional areas have been implemented. A detailed study has been carried out to identify additional areas which can be computerised for better decision making.

The Corporation has also commenced a detailed review of the existing business processes for implementing suitable Enterprise Resource Planning (ERP) software in the Organisation covering key functional areas.

## 5. ENVIRONMENT MANAGEMENT

The Corporation is committed to nurture and preserve 'nature' - mankind's precious heritage for posterity. The Corporation strives to maintain an optimum balance between preservation of environment and construction activities. The adverse impact, if any, of construction activities is mitigated and compensated by adopting measures like Compensatory Afforestation, Catchment Area Treatment, Wildlife Conservation, Green Belt Development, Fishery Management, Health Management, Restoration of Dumping Sites and Quarry Sites etc.

In addition to this, the Corporation also conducts post-construction Environment Impact Assessment studies, to evaluate the efficacy of management plans implemented during the course of project construction.

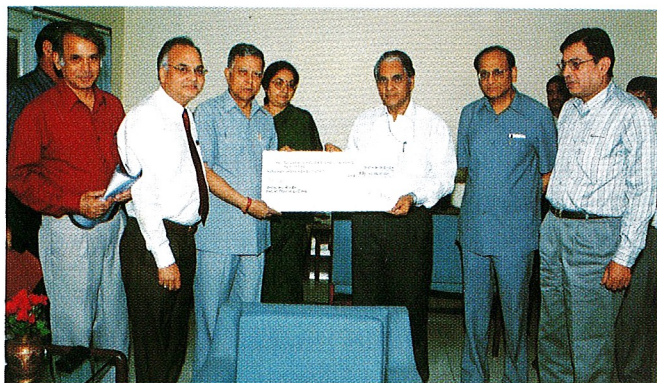
## 6. VIGILANCE ACTIVITIES

The Vigilance Division of NHPC has continued its emphasis on preventive aspects by creating awareness about rules and procedures. During the year, it organized 66 Vigilance Awareness Programmes/workshops at various projects in which 1439 employees participated. In addition, two Regional level Programmes on Vigilance awareness were also organized at Salal Power Station and Teesta Low Dam Project.

## 7. OFFICIAL LANGUAGE IMPLEMENTATION

Your Corporation is committed to implement Official Language Policy of the Government of India and encourage progressive use of Hindi in day to day official work. As per the Directives of the Government of India, a Hindi Fortnight was observed in Corporate Office as well as in the power stations/projects/regional offices.

During this period, various competitions and programmes (like Book Exhibition etc.) were organised. The Corporation has also organised Hindi Language and Hindi Typing and Stenography training classes. Hindi work shops were organised to encourage the use of Hindi in official work. As a result of the efforts, the Corporation received Rajbhasha Shield( 2<sup>nd</sup> Prize ) for the year 2002-03 for the outstanding implementation of Official Language in the Corporation. Three employees of our Corporation received prizes in competitions organized by Town Implementation Committee, Faridabad.



Shri Yogendra Prasad, CMD, NHPC presenting the dividend cheque to Shri R.V. Shahi, Secretary (Power)

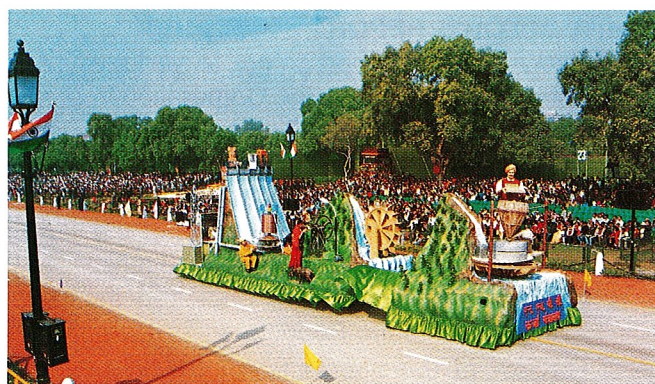


A view of the Book Exhibition organized on the occasion of Hindi fortnight-2003



## 8. CORPORATE COMMUNICATION

Your Corporation is on the forefront in creating awareness about the need for development of hydro power. To negate and counter the generally held myths about dam safety and impact on environment, the Corporation showcased its expertise by participating in number of national and international exhibitions, besides disseminating information through print media. The Power Pavilion of Ministry of Power at the India International Trade Fair- 2003 at New Delhi in which NHPC was one of the key constituents won the "Best Power Pavilion" award. NHPC, NTPC and PGCIL received the award on behalf of the Ministry. NHPC also successfully participated in the Electro-Tech'04 International Exhibition at Kathmandu, Nepal and won Best Pavilion award.



A view of the NHPC Tableaux at the Republic Day Parade-2004.

A colorful tableaux on behalf of Ministry of Power was presented in the Republic Day parade 2004 at Rajpath, New Delhi for the second consecutive year with the theme "Hydro Power Development: Clean Power: Green Power".

## 9. RESERVATION FOR SC/ST/OBCs

The Corporation follows the instructions relating to reservation of post for SC/ST/OBCs in service as per the Presidential Directives issued from time to time for recruitment and promotion of employees.

## 10. WELFARE OF PERSONS WITH DISABILITIES

The Welfare of persons with disabilities is given special consideration. During the year, 9 physically handicapped persons were appointed. Wheel chairs and financial assistance were provided to the disabled employees by the Corporation.

## 11. 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 -I** to this Report.

## 12. PARTICULARS OF EMPLOYEES

Information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is Nil.

## 13. CORPORATE GOVERNANCE

The Corporation has taken adequate measures to ensure that provisions relating to Corporate Governance stipulated in Clause-49 of the Listing Agreement of Stock Exchanges and the provisions of Companies Act 1956 are complied with. A separate statement on Corporate Governance is produced as a part of the Directors' Report along with the Auditors' Certificate for compliance as **Annexure-II** and the Management Discussion and Analysis Report as **Annexure-III** to this Report.

## 14. AUDITORS

M/s. Batra Sapra & Company, Chartered Accountants, New Delhi, was appointed as Statutory Auditors for conducting the Audit for the year 2003-2004. M/s. Gandhi Minocha & Co, Chartered Accountants, Ambala, M/s Bhushan Bensal Jain Associates, Chartered Accountants, New Delhi, and M/s. A.R.Maiti & Co., Chartered Accountants, Kolkata were appointed as Branch Auditors of the Corporation.



A view of the Auditors Meeting held at Kolkata.

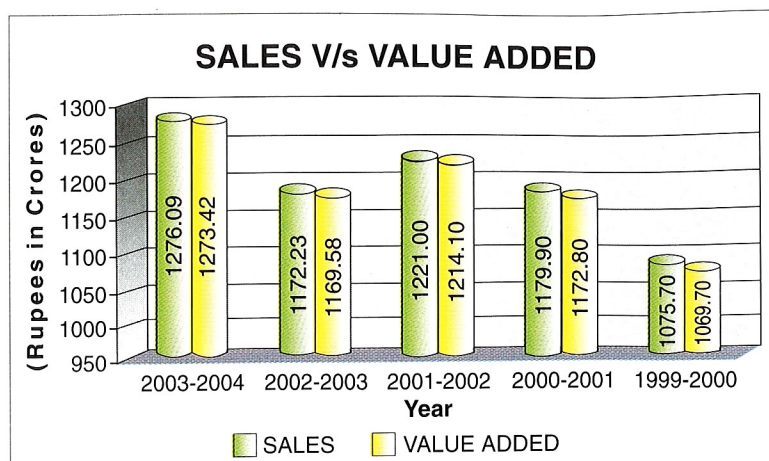


**15. AUDITOR'S REPORT**

The Auditor's Report refers to various notes incorporated by the Corporation in Schedule 21, which are self-explanatory. The comments of the Auditors and Management's replies thereto are given in **Annexure -IV**. The comments of the Comptroller and Auditor General of India and replies thereon are enclosed as **Annexure-V** to the Report.

Review of the accounts for the year ending 31<sup>st</sup> March 2004 by the Comptroller and Auditor General of India is given in **Annexure-VI** to the Report.

The Consolidated Accounts and the Auditors' Report thereon are annexed to this Report.

**16. ACCOUNTS OF SUBSIDIARY COMPANY**

The Annual Accounts alongwith the Report of Auditors' and Directors' Report of Narmada Hydroelectric Development Corporation Ltd, a Subsidiary of your Corporation are annexed along with the statement under Section 212 of Companies Act 1956.

**17. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under section 217 of the Companies Act, 1956, the Directors hereby confirm the following:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
- iv) The Directors have prepared the annual accounts on a going concern basis.

**18. BOARD OF DIRECTORS**

Shri Binay Kumar, Director (Personnel) ceased to be the Director of the Corporation on completion of his term w.e.f 07.07.03.

**19. ACKNOWLEDGEMENTS**

The Board of Directors acknowledge with deep appreciation the cooperation and guidance received from the Government of India and in particular the Ministry of Power, Ministry of Finance (Department of Economic Affairs), Planning Commission, Ministry of Environment and Forest, Reserve Bank of India, Department of Public Enterprises, Department of Company Affairs, Central Electricity Authority, Central Water Commission as well as the State Governments, the Regional and State Electricity Boards/ Companies.

The Board also places on record its appreciation for continuing support, faith and confidence reposed in the Corporation by the National and International Banks/Financial Institutions as well as Indian investors.

The Board places its special appreciation to the beneficiary states drawing power and other valuable clients for consultancy assignments. The Board also places its appreciation for contributions of contractors, vendors and consultants for their efforts for timely completion of projects.

The Board places on record its deep appreciation for the cooperation extended by Statutory Auditors and Office of Comptroller & Auditor General of India. Further, the Board wishes to record its deep gratitude to all the members of NHPC family whose enthusiasm, dedication and co-operation have made the achievement of a satisfying performance possible. The Board is also confident that the employees will continue to contribute their best in the coming years.

**For and on behalf of the BOARD OF DIRECTORS**

(Yogendra Prasad)  
Chairman & Managing Director

DATE : 02.09.2004  
Place : FARIDABAD



## Annexure-I

### Annexure to the Directors' Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

#### A. CONSERVATION OF ENERGY

##### (a) Energy measures taken and on hand.

NHPC power systems are designed in optimal manner so that power losses (auxiliary consumption) are minimized.

##### (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 is not covered in the category of industries mentioned in the schedule.

#### B. TECHNOLOGY ABSORPTION

##### (e) Efforts made for technology absorption

As per Form B the Annexure is attached.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

##### (f) Activities relating to exports, initiatives taken to increase exports, development of new markets for products and services and export plans.

NHPC has no export plans.

##### (g) Total Foreign Exchange used and earned

Rs. in crore

	Particulars	2003-2004	2002-2003
1.	Value of imported Plant & Machinery & Spares on CIF basis	102.76	109.80
2.	Know-how	0.63	2.62
3.	Misc (outgo)	254.39	221.98
4.	Interest	111.44	116.13
5.	Value of spare parts & components consumed in Operating units		
	- Imported	0.07	-
	- Indigenous	2.60	2.65
	<b>INCOME (ON CASH BASIS)</b>		
6.	Interest Income	-	-
7.	Others	0.04	-



## FORM – B

**1. Specific areas in which R&D carried out by the Company.**

- Elongation of service life of underwater turbine components subjected to silt erosion in Hydro Power Stations.
- Exploitation of Geothermal Energy for Power Generation.
- Standardization of Welding Electrodes for Power Stations.
- Introduction of new products for improvement of machine availability.

**2. Benefits derived as a result of the above R&D**

The Corporation has carried out extensive experimentations at its Salal Power Station and Baira Siul Power Station in respect of hard coatings applied on underwater turbine parts which face heavy silt erosion. The thermal spray process has shown promising results with some combinations of coating



690 MW Salal Power Station (Jammu & Kashmir) - Control Room.

powders. However, it requires further experimental studies to evolve the most suited technique and type of coating with reference to varying operating parameters at different silt affected power stations. A National R&D Project for this is being firmed up jointly with BHEL & CEA.

Geothermal energy can be gainfully utilized for generation of clean and renewal power. The Corporation being the nodal agency for the development of geothermal power in the country, have already got the ranking studies carried out, prepared

and submitted the pre-feasibility reports in respect of Puga & Tattapani geothermal fields to Ministry of Non-Conventional Energy Sources (MNES). Further, process to set up geothermal project at any selected location would be undertaken on receipt of clearance from MNES.

Considering the high volume of rebuilding of eroded underwater turbine components annually and to improve the quality of welding electrodes used, NHPC has standardized the Stainless Steel Welding Electrodes from certified vendors. The performance of the welding electrodes is being reviewed annually in order to make continual improvement.

Synthetic reinforcement yarn packing in place of conventional gland packing in cooling water pumps have been introduced at Baira Siul and Tanakpur Power Stations which resulted in improvement of the availability of cooling water pumps by reducing number of packing failures due to the silt present in the water. Encouraged with the results of these power stations, other power stations are in the process of implementation.

**3. Future Plan of action 2004-2005**

In addition to above R&D activities, the Corporation has identified following areas for further exploration during 2004-2005 :-

- Energy auditing of existing power station.
- Condition monitoring of GSU transformer and 400 KV oil filled/XLPE cables.
- Failure analysis and remedial measures for GSU transformers.



#### 4. Expenditure on R&D

Total upto 2003-2004, Rs. 609.54 lacs including expenditure of Rs. 146.39 lacs on Development of Geothermal Power.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### 1. Efforts in brief made towards absorption, adaptation and innovation.

Undertaken various experimental studies in association with specialized organizations in the field of hard coatings for the underwater turbine components to improve their performance against silt erosion and identified thermal spray techniques as possible solution.

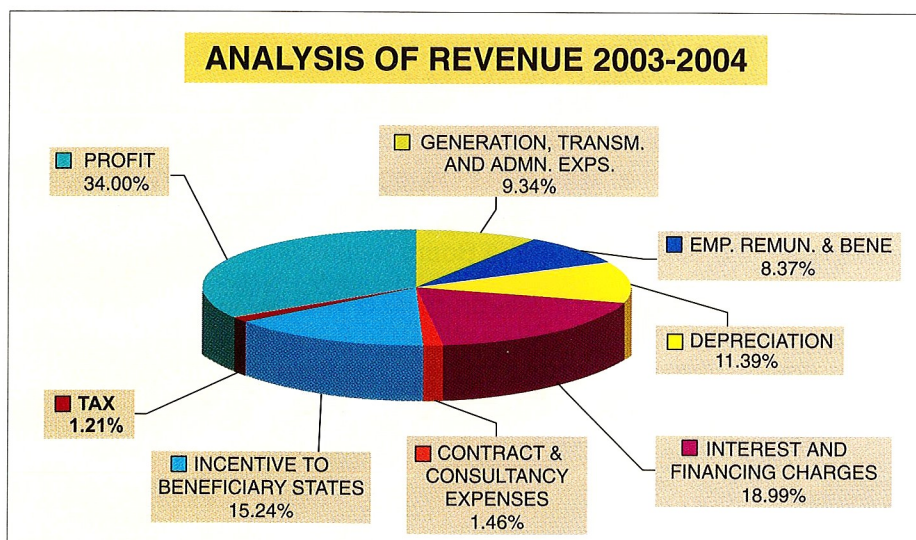
##### 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. are as under :-

The 24 nos. Guide vanes of Baira Siul Power Station coated by using HVOF Gun process have shown encouraging results after operation through one monsoon season, thereby reducing the cost of rebuilding and savings on account of less down time and improved efficiency. Further performance is to be observed after the monsoon season of 2004-2005. Encouraged with these results, 8 nos. guide vanes and top cover and lower ring of one unit of Salal Power Station have also been got coated using HVOF/D-Gun process. The results shall be known after the monsoon season of 2004-2005.

##### 3. TECHNOLOGY IMPORTED DURING LAST FIVE YEARS

NHPC has been designated as 'nodal agency' for development of geothermal power in the country. It has got the ranking studies of various geothermal fields in India, carried out with the support of an International Consultant. Further transfer of technology in the area shall be undertaken once the MNES clearance is received for setting up of a geothermal project.

(Note : The above information is only in respect of R&D group)





## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the acceptance by the management of inalienable rights of the Shareholders as true owner of the Corporation and their own role as trustees on behalf of the shareholders. It is about the commitment to the values, principles, management policies and procedures of the Company and ethical conduct of business. NHPC management tries to act in the best interest of all its stakeholders at all times and has adopted good Corporate Governance practices to benefit the greatest number of Stakeholders.

### 1. PHILOSOPHY ON CODE OF GOVERNANCE.

- (i) To have adequate control system in operation and provide information to the Board on a timely basis in a transparent manner to enable the Board to monitor the accountability of Management to it.
- (ii) To increase the efficiency of Business Enterprise for creation of wealth of the Enterprise and Country as a whole.
- (iii) To ensure that Employees and Board subscribe to the Corporate values and apply them in their conduct.

### 2. BOARD OF DIRECTORS

**The Board consists of six members, of which four are Executive Directors. The Chairman of the Board is also the Managing Director. All Directors including Non-Executive Directors are professionally competent.**

The composition of the Board during the year under review/ at present is as under:

#### Executive Directors

Shri Yogendra Prasad	Chairman & Managing Director
Shri R.Natarajan	Director (Finance) upto 06.05.03
Shri S.K.Garg	Director (Finance) w.e.f. 01.07.03
Shri A.K.Gangopadhyay	Director (Projects)
Shri R.K.Sharma	Director (Technical)
Shri Binay Kumar	Director (Personnel) (ceased w.e.f. 07.07.03)

#### Non-Executive Directors.

Shri M.Sahoo - Joint Secretary & Financial Advisor, Ministry of Power  
Shri A.K.Kutty - Joint Secretary (Hydro), Ministry of Power

#### i) Board Meetings

The Board of the Company met nine times during the year under review. The maximum interval between two meetings did not exceed two months. All Directors including Non-Executive Directors actively participated and deliberated in the Board Meetings.

**Attendance of Directors in the Board Meetings and Annual General Meeting during the year under review is as under :**

Name of the Directors	Category of the Director	Meeting held during tenure of the Director	Meeting attended	Whether attended last AGM held on 30.09.03
Sh. Yogendra Prasad	E	09	09	Yes
Sh. R. Natarajan	E	01	01	Ceased to be a Director
Sh. S.K. Garg	E	07	07	Yes
Sh. A.K. Gangopadhyay	E	09	08	Yes
Sh. R.K. Sharma	E	09	09	Yes
Sh. Binay Kumar	E	02	02	Ceased to be a Director
Sh. M. Sahoo	NE	09	07	Yes
Shri A.K.Kutty	NE	09	06	Yes

\*NE-Non Executive Director, E-Executive Director



- (ii) Other Directorships  
As per information, none of the Director holds directorship in more than 10 companies.
- (iii) Membership of Board Committees  
As per the information received, none of the Director holds membership of more than 10 committees of the Board nor is any Director the Chairman of more than 5 committees of the Boards across all Companies, at a time in which he is a Director.

### 3 AUDIT COMMITTEE

The Audit Committee was constituted in the year 2001. Presently, Committee consists of following members:

- Shri M. Sahoo, Joint Secretary & Financial Advisor, Ministry of Power.
- Shri A.K. Kuty Joint Secretary (Hydro), Ministry of power.
- Shri R.K. Sharma-Director (Technical).

Shri M.Sahoo is the Chairman of the Committee. None of the member of the Committee is an independent Director in terms of the clarification given by SEBI. The Corporation has requested the Ministry of Power to restructure its Board in accordance with Listing Agreement.

The Committee met four times during the year. The meetings were also attended by Director (Finance), Head of the Internal Audit and Statutory Auditors as Special Invitees. The Company Secretary of the Corporation acted as Secretary to the Committee.

The minutes of Audit Committee were placed before the Board for information. The terms of reference of the Committee are the same as given in the Listing Agreement, which includes:

- Overseeing the Company's financial reporting process and the disclosure of its financial information.
- Recommending, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the half yearly, annual financial statements before submission to the Board.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors on any significant findings and follow-up thereon.
- Discussion with external auditors before the audit commences on nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.

### 4 DIRECTORS' REMUNERATION COMMITTEE

There is no Remuneration committee as on date. NHPC being wholly owned Government Company, the Government through the Ministry of Power determines appointment/renewal of the tenure of whole time Directors. Hence Company has not constituted Directors' Remuneration Committee.

The Remuneration paid to the Directors during the year 2003-2004 is as under:

S.No	Directors		Remuneration (In Rs)
1	Shri Yogendra Prasad	Chairman & Managing Director	8,39,916
2	Shri R.K Sharma	Director (Technical)	8,53,751
3	Shri R.Natarajan	Director (Finance)	10,09,197
4	Shri Binay Kumar	Director (Personnel)	5,47,029
5	Shri A.K.Gangopadhyay	Director (Projects)	10,03,354
6	Shri S.K. Garg	Director (Finance)	6,23,478

\*No sitting fees was paid to any director during 2003-2004



## 5 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors constituted a Committee called "Investors' Grievance Committee" to monitor the redressal mechanism of Investors' Grievances. The committee comprises of following members:

1. Shri M.Sahoo - Joint Secretary & Financial Advisor, Ministry of Power
2. Shri S.K.Garg - Director (Finance)
3. Shri A.K. Gangopadhyay - Director (Projects)

Shri M. Sahoo is the Chairman of the Committee. Since there were no complaints received, no meeting of the Committee was held. Shri Jayant Kumar, Chief (Finance & Accounts) is the Compliance Officer of the Corporation.

## 6 GENERAL BODY MEETINGS

The details of last three Annual General Meeting of the company are as under:

Financial Year	Date	Time	Location
2000-01	27.09.01	12.00 Noon	Registered Office of Corporation
2001-02*	31.12.02	10.30 A.M.	Registered Office of Corporation
2002-03	30.09.03	12.30 P.M	Registered Office of Corporation

\* The adjourned meeting was held on 26.02.03 at 12.00 Noon at Regd. Office

There was a special resolution passed by Company for amending the Articles of Association in its Extra Ordinary General Meeting held on 27.01.04. However, there was no resolution passed by company through postal ballot.

## 7 DISCLOSURES

There were no transactions of material nature with the promoters or Directors or the Management, joint venture Company /subsidiary etc, which have potential conflict with the interest of the Company at large. The details of the Related Party Disclosure are shown in notes forming part of the Accounts. The Corporation has been particular in adhering to the provisions of the laws and guidelines of regulatory authorities including SEBI. There has been compliance of various provisions /requirement of Stock exchanges /SEBI by the Corporation. No penalties /strictures have been imposed by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to Capital market during last three years.

## 8 MEANS OF COMMUNICATION

The Periodical financial results of the Corporation are announced within a month of the respective quarter. These results are published in National Dailies. The Corporation did not send periodical results /records to each household of shareholders being all the shares held by the President of India and its nominees. However, the same were hosted on website of the Company i.e. nhpcindia.com. The Company had also issued News Releases on significant corporate decisions and activities and placed them on its website.

## THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMS PART OF THE DIRECTORS' REPORT

## 9 GENERAL SHAREHOLDERS' INFORMATION

### Annual General Meeting:

**Date** : 15th September, 2004

**Time** : 12.30 P.M.

**Venue** : Registered Office at NHPC Office Complex, Sector-33, Faridabad, Haryana



## Financial Calendar

NHPC follows the financial calendar from 1st April, to 31<sup>st</sup> March. The Unaudited Financial Results for all the quarters of the year ended March 31<sup>st</sup> 2004, were taken on record by the Board and published on the following dates:

Quarter Ended	Date of Board Meeting	Date of Publication
Apr-June 2003	28.07.03	29.07.03
July-Sept 2003	29.10.03	30.10.03
Oct- Dec 2003	27.01.04	28.01.04
Jan- Mar, 2004	28.04.04	29.04.04

## Book Closure/Record Date

### (i) Payment of Interest on Bonds

Bond Series	Due date of Interest Payment	Record date
L-2	31.08.03	13.08.03
L-2	28.02.04	10.02.04
M	01.02.04	15.01.04
N	15.11.03	30.10.03
O	30.06.03	12.06.03

### (ii) Redemption of Bonds

Series	Redemption Date	Record Date
L-2	31.03.04	11.03.04
N	15.11.03	30.10.03

### (iii) Dividend Payment date

Financial Year	Payment date
2002-2003	29.10.03(Final Rs. 25 Cr)
2003-2004	31.03.04(Interim Rs. 60 Cr)

### (iv) Listed at

National Stock Exchange of India Limited	Over The Counter Exchange of India
Exchange Plaza, Block No C-1 Ground Floor, ISB Centre, Bandra-Kurla Complex, Bandra (E), Mumbai-400051.	OTC Exchange of India, 92, Maker Towers, 'F', Cuffe Parade, Mumbai-400 005.



**(V) Stock Code**

Scrip Name	NSE Scrip code	OTCEI Scrip code
NHPC 16% L TB 2004	—	NHPCLBTB
NHPC 10.5% L TFB 2004	—	NHPCLCFB
NHPC 9.55%MTB 2007	NHPC 07	NHPC N1
NHPC 6.5%TB 2005	NHPC 05	—
NHPC 7.70%TB STRPP-A	NHPC 09	—
NHPC 7.70%TB STRPP-B	NHPC 10	—
NHPC 7.70%TB STRPP-C	NHPC 11	—
NHPC 7.70%TB STRPP-D	NHPC 12	—
NHPC 7.70%TB STRPP-E	NHPC 13	—
NHPC 7.70%TB STRPP-F	NHPC 14	—
NHPC 7.70%TB STRPP-G	NHPC 15	—
NHPC 7.70%TB STRPP-H	NHPC 16	—
NHPC 7.70%TB STRPP-I	NHPC 17	—
NHPC 7.70%TB STRPP-J	NHPC 18	—

**Market Price data**

According to OTCEI, no security was traded during last financial year in the scrips L&M which are listed. The market price data received from NSE is given below.

**NSE Market Price Data**

Issue Description	Trade date	No. of trade	Traded Volume	Max price	Min Price
NHPC 7.70% - B 2010(O)	27.03.04	02	1000	108.8385	108.8385
NHPC 7.70% - C 2011(O)	11.03.04	02	2500	108.9355	108.9355
NHPC 7.70% - D 2012(O)	11.03.04	01	500	109.599	109.599
NHPC 7.70% - D 2012(O)	12.03.04	01	1000	109.599	109.599
NHPC 7.70% - D 2012(O)	13.03.04	01	500	109.5921	109.5921
NHPC 7.70% - D 2012(O)	31.03.04	01	500	110.8408	110.8408
NHPC 7.70% - J 2018(O)	06.02.04	01	100	113.5687	113.5687
NHPC 7.70% - I 2017(O)	01.01.04	01	500	112.9053	112.9053
NHPC 7.70% - I 2017(O)	15.01.04	01	100	113.5557	113.5557
NHPC 7.70% - J 2018(O)	23.01.04	01	500	111.21	111.21
NHPC 7.70% - C 2011(O)	31.12.03	01	500	110.9288	110.9288
NHPC 7.70% - F 2014(O)	08.12.03	01	500	108.3458	108.3458
NHPC 7.70% - F 2014(O)	19.12.03	01	500	111.7133	111.7133
NHPC 7.70% - G 2015(O)	08.12.03	01	500	108.9053	108.9053
NHPC 7.70% - H 2016(O)	08.12.03	01	500	109.4527	109.4527
NHPC 7.70% - I 2017(O)	29.12.03	01	1000	112.7184	112.7184
NHPC 7.70% - J 2018(O)	31.12.03	01	1000	112.9215	112.9215



### Performance in comparison with broad based indices such as BSE Sensex.

The securities listed on the Exchanges are Non- Convertible Bonds, and could not be compared with BSE Sensex, which is equity based Index.

### Registrar Transfer Agent and Share Transfer system

The Corporation has appointed M/s RCMC share Registry (P) Ltd. 1515 (1st Floor), Bhishma Pitamah Marg, Kotla Mubarakpur, New Delhi-110003.Ph.24601017/24692346 as Registrar and Transfer Agent of the Company. The routine work is looked after by them. The Corporation has the responsibility of supervising the overall work.

### Pattern of Distribution of Holdings & Dematerialisation of Shares and Liquidity

Since NHPC is a wholly owned Government of India Enterprise and the President of India and its nominees hold all shares, the pattern of distribution of shareholdings is not given and shares have not been dematerialised.

### Outstanding GDRs/ADRs, warrants or any convertible instruments, conversion date and likely impact on equity.

NHPC has not issued GDRs/ADRs warrants or any convertible instruments.

### Plant Locations:

Name of the Power Stations	Address
Salal Power Station	Salal Power Station, P.O. Jyotipuram, Via Reasi, Distt. Udhampur, J&K, Pin-182312
Uri Power Station	Uri power Station, NHPC Office Complex, Gingle, P.O Office Mohra, Distt. Baramulla (J&K), Pin-193122
Chamera Power Station (stage-I)	Chamera Power Station (Stage-I), P.O. Khairi, Distt. Chamba, Himachal Pradesh, Pin-176325
Baira Siul Power Station	Baira Siul Power Station, P.O. Surgani, Distt Chamba, Himachal Pradesh, Pin-176317
Tanakpur Power Station	Tanakpur Power Station, P.O. T.H.E.P. Campus, Banbassa, Distt. Champawat, Uttranchal, Pin-262310
Loktak Power Station	P.O Loktak, Vidyut Vihar, KomKeirap, Manipur, Pin-795124
Rangit Power Station	P.O Rangit Nagar, (Hingdam), South Sikkim, Pin-737111.
Chamera Power Station Stage-II	Post Bag No. 02. Karian, Distt. Chamba, Himachal Pradesh, Pin-176310

### Address for Correspondence

Shri Jayant Kumar,  
Compliance Officer,  
IVth Floor, NHPC Office Complex,  
Sector-33, Faridabad. (Haryana)  
Phone: 0129-2278410,  
Fax: 0129-2270902, 2255708  
E-mail: jayantkumar@nhpc.nic.in

For and on behalf of the **BOARD OF DIRECTORS**

Date : 02.09. 2004

Place : Faridabad

(Yogendra Prasad )  
Chairman & Managing Director



**Auditor's Certificate on Corporate Governance  
To the Board of Directors of  
National Hydroelectric Power Corporation Limited**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to the compliance of the conditions of Corporate Governance by National Hydroelectric Power Corporation Limited for the year ended 31<sup>st</sup> March, 2004 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement except appointment of Independent directors on the Board and Audit Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or the effectiveness with which the Management has conducted the affairs of the Company.

**FOR BATRA SAPRA & COMPANY**  
**Chartered Accountants**

Sd/-  
(G.D. Gupta)  
Partner

Membership No. 8876

**Dated : 2.9.2004**

**Place : Faridabad**

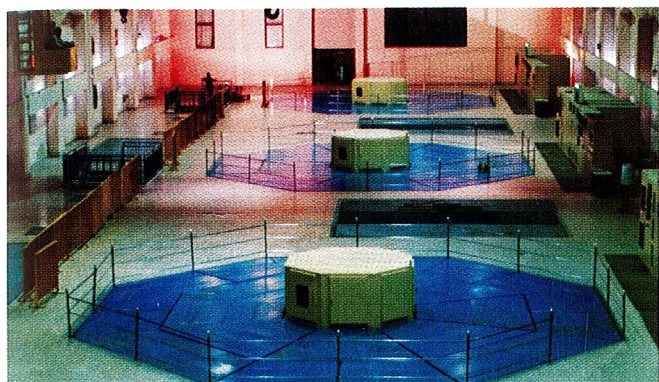


## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Pursuant to Clause 49 of the Listing Agreement)

### I INDUSTRY STRUCTURE & DEVELOPMENT

Power is one of the important growth engine for an economy, more so for a developing country like India. Higher and improved standards of living depend upon the availability of adequate and reliable power at



540 MW Chamera Power Station Stage - I (Himachal Pradesh) - Power House

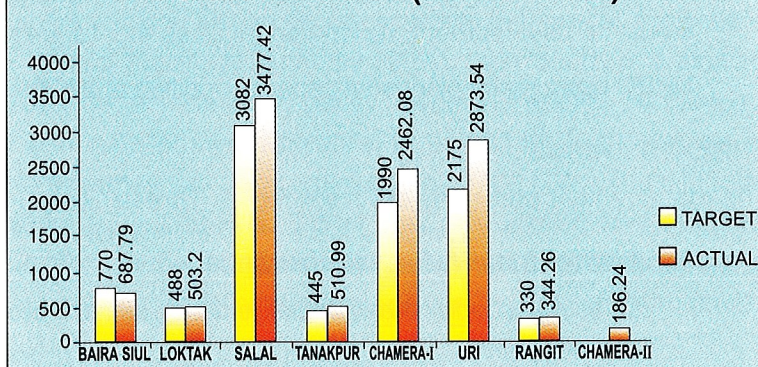
an affordable price. Unlike other commodities, electricity can not be stored for future use. This unique feature of power as a commodity makes the dynamics of its supply and demand difficult to manage.

Indian Power sector has been dominated by Central and State owned organizations. In most of the cases, the SEBs are the generator, transmitter and distributor of power. The Central utilities and SEBs account for 32% and 57% of the Country's generation respectively. NHPC is a dominant generating company in the hydro power sector.

Out of the total generation capacity of 111743 MW as on 31<sup>st</sup> March, 2004, 29500 MW comes from Hydro, 77968 MW from Thermal & Gas, 2720 MW from Nuclear and 1870 MW from wind.

Hydropower is a clean power and its generation is not linked to issues concerning fuel supply, especially price volatility of imported fuels. It enhances our energy security and is ideal for meeting peak power requirements. However, during the last three decades, its share in the total installed capacity has gradually declined to 26% resulting in adverse Hydro-Thermal Mix leading to many technical and operational abnormalities.

#### PROJECT WISE GENERATION BY NHPC DURING 2003-04 (Million Units)



Besides, shortage of power (especially peak power) and adverse hydro-thermal mix, Indian Power scenario is plagued with variety of weaknesses such as skewed Tariff, Poor and substandard distribution networks, high aggregate technical and commercial losses etc. Poor financial health of the SEBs has deterred private investors from making investments besides hindering the capacity of CPSUs to reinvest the profit earned out of sale of power generated.

In the recent years, significant changes have been seen in power sector such as implementation of Availability Based Tariff system (ABT), Electricity Act, 2003, Continued Accelerated Power Development and Reform Programmes (APDRP), antitheft legislation, one time settlement scheme with SEBs and new Power Tariff Policy etc.

Electricity Act, 2003 has widespread implications for entire power sector. It aims to introduce the much needed competition in the generation and distribution sectors besides providing a boost to investment from the private sector. Notably, the Act opens up the opportunities in generation, transmission and distribution & trading of power. The Act provides an option to the power producers to sell their electricity whereby they are not required to route their power through SEBs.



The Central Electricity Regulatory Commission being principal regulator has issued a new Regulation for fixation of Tariff of Generation and Transmission Companies. The new terms and conditions of tariff issued through regulations dated 26.03.04 involve a change over from close fisted regulation involving detailed scrutiny of various actual costs to light handed regulation based on normative parameters of performance. The main features of the regulation are : the rate of return on equity for CPSUs pegged at 14% instead of 16% , For new projects capital cost shall be as admitted by commission, normative Debt : Equity ratio at 70:30 for new projects, increased performance benchmarking of availability (capacity addition), Normative Benchmark for escalation in operation & maintenance expenses etc.

## II OPPORTUNITIES

Due to the deteriorating hydro: thermal mix, increase in peaking shortages, erratic frequency variations, problems in water management etc., the policy makers have turned their attention towards development



2000 MW Subansiri Lower Project (Arunachal Pradesh) - Dam Site

of hydro power. The Government of India has taken the initiative for accelerated hydro power development. Special emphasis has been laid for its development in North Eastern India, which is blessed with huge untapped hydro potential of 66,065 MW in the Bhramputra river Basin.

Hydro power is considered an excellent option for this underdeveloped part of the country. Hydro power not only generates clean energy but also provide benefits like flood mitigation, drinking water supply, irrigation, navigation, increased employment opportunities,

industrial development, recreation facilities etc. to the region .

NHPC has already planned a capacity addition of 22,300MW in North Eastern Sector in XIth and XIIth plan.

## THREATS / RISKS

The management perceives the following as Threats/Risks in construction of Hydro power Projects:

### 1. Environment & Forest clearance.

Investment decision and implementation of many projects are delayed due to non receipt of clearances in time.

### 2. Rehabilitation and Resettlement (R&R)

Various projects get delayed due to opposition from environmentalist and Project Affected People (PAPs) from the project in respect of finalisation of R& R package. Recently a National Policy on R&R has been issued by Ministry of Rural Development in Feb'04.

### 3. Land Acquisition

Most of the Hydropower Projects are located in hilly and difficult terrains which require large areas of land for infrastructure works as well as for project's components including submergence. The process of land acquisition is quite cumbersome and requires simplification of procedures.

### 4. Law and order

Most of the Projects of NHPC are located in J&K, and North Eastern States which are badly affected with militancy and insurgency. Due to inadequate safety for persons working at the sites, projects like Dulhasti H.E. Project situated in Doda District of J&K, Loktak Down stream H.E. Project in Manipur are delayed.



## 5. Geological Surprises

Bulk of the balance hydro power potential is available in the Himalayan region. Geological surprises especially in underground works are common in this area which result in time and cost over-run.

## 6. Inter-State River Disputes.

A number of Projects on rivers passing through different states have been held up due to Inter-State River disputes.

## 7. Natural Calamities

As Hydropower projects are located in hilly terrains, land slides, hill slope collapses & road blocks, flood and cloud burst cause severe set backs in construction schedules.

## CONCERNS

The reduction in the rate of return on equity for CPSUs from 16% to 14% post tax will have a bearing on the revenue realization and cash flow of the Company and is a cause of concern. As hydro power schemes are capital intensive and have long gestation period, availability of funds is always seen as one of the major constraint for exploitation of vast hydro power potential available in the Country.

## III SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Corporation is a generating company with an installed capacity of 2475MW. It has also taken a number of consultancy assignments for various organizations in the Country. The income from the consultancy services rendered during the year 2003-2004 was Rs 12.43 crore.

## IV OUTLOOK

India is blessed with vast hydroelectric potential, ranking 5th on Global scenario in terms of exploitable hydro potential. As per the assessment by Central Electricity Authority (CEA), the Country is endowed with hydro potential to the tune of 1, 48,700 MW of installed capacity. Over and above, 56 pumped storage projects have also been identified with installed hydro-potential of 94,000 MW. In addition to this, hydro-potential from small, mini & micro schemes has been estimated as 6782 MW. Thus, in total India is endowed with hydro-potential of about 2, 50,000 MW. Out of this, only 29,500 MW of hydro potential has been exploited which is around 12 % of the total potential. Balance 88% of the potential is yet to be harnessed. This provides ample opportunities to investors/executors in the field of hydro power development.

The development of hydro power in the Country has been sluggish in the past leading to imbalanced hydro: thermal mix. Of late, the need of hydropower has been realized and a number of initiatives for its accelerated development have been taken along with reforms in Power Sector as a whole as discussed in earlier paragraphs. Introduction of Hydro Policy in 1998, ranking study of potential hydro sites by CEA in 2001, Enactment of Electricity Act 2003 and 50,000 MW Hydroelectric Initiatives in May 2003 are some of the important steps taken. In this scenario, many new opportunities are likely to emerge in hydro power development in the Country.

NHPC being a premier Central Sector Organization has a major role to play for faster development of hydro power. The management of the Corporation is optimistic and has planned massive capacity addition of 15173MW in XIth plan (2007-2012) and 12,600 MW in XIIth Plan (2012-2017).

## V INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Corporation has inbuilt control systems in functional /operational area and the transactions/ process are guided by delegation of powers, documented policies, guidelines and manuals. The Organizational structure is well defined in terms of the structured authority /responsibility involved at a particular hierarchy level.



The Corporation has an independent and a full-fledged Internal Audit Department at the Corporate Office and Internal audit cells at Regional Offices, staffed with qualified experienced people who carry out audits. A summary of Audit Observations and Action Taken Report are placed before the Audit Committee. The recommendations and directions of the Committee are carried out and informed accordingly.

## VI DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### A) Financial Performance

The turnover of the Corporation during the year 2003-2004 was Rs.1414.43 crore as against Rs. 1324.86 crore in the previous year and your Company has earned a net profit, after tax, of Rs. 621.38 crore, 21.7% higher than the previous year.

### B) Performance of Projects

#### In Operation

You would be glad to know that on Feb 9<sup>th</sup> 2004, the then Hon'ble Prime Minister Shri Atal Bihari Vajpayee dedicated 300MW Chamera H.E. Project Stage-II to the Nation. The Project has been completed 8 months ahead of schedule and generated 186.24 MUs of power this year.

During the year 2003-04, NHPC Power Stations generated 11045.52 MUs against generation target of 9400 MUs, which is 11.99% more than the previous year. All power Stations exceeded the generation target except Baira Siul. In respect of Baira Siul Power Station, generation was less by 82.21 MUs than the target due to inadequate inflow of water.

Against the Memorandum of Understanding target of 94% for Capacity Index of all the generating units, the actual Capacity Index was 96.82%, which is 3.0% more than the target. Chamera Power Station Stage-I (540 MW), in Himachal Pradesh, Salal Power Station (690 MW) in J&K, Tanakpur power Station (120 MW) in Uttaranchal and Uri Power Station (480 MW) in J&K achieved highest generation since commissioning.

#### On going projects

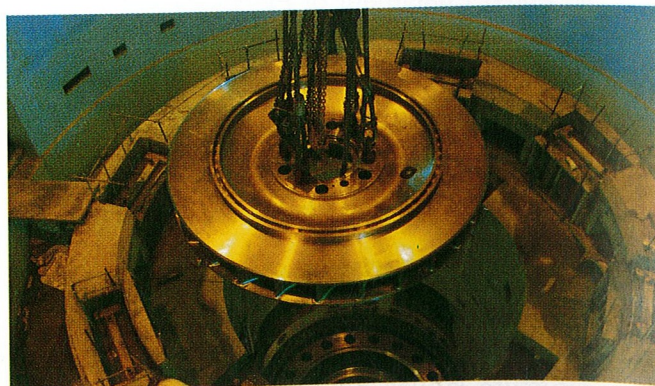
Your Corporation has planned capacity addition of 4357 MW in the Xth plan. During the year under review, 300 MW Chamera H.E. Project Stage-II was dedicated to the nation and four units of 125 MW each of Indira Sagar Project started generating power much before the scheduled date of commissioning. The construction activities at Dul Hasti H.E. Project (390 MW) are in advanced stage of completion. All works except lining of Head Race Tunnel have been completed. The project is expected to be completed



Shri S.K. Garg, Director ( Finance) addressing the Banker's Meet.



390 MW Dul Hasti Project (Jammu & Kashmir) - continuous Gantry (C.I.F.A.) in operation

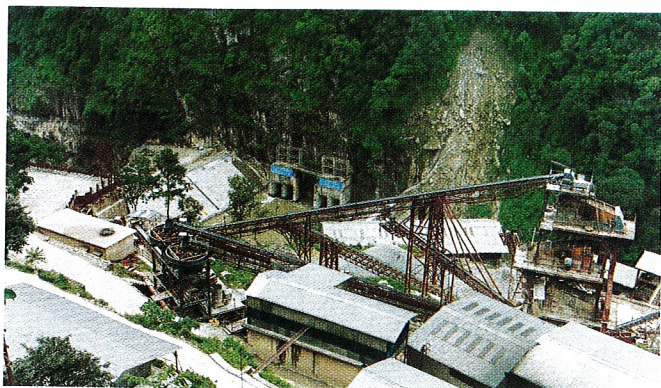


280 MW Dhauliganga Project (Uttaranchal) - lowering of Runner of Unit - III



by December, 2004. At Dhauliganga H.E. Project (280MW) Uttarakhand also construction activities are in advanced stage of completion and it is expected that by close of this financial year, the project will start generating power.

The works at Teesta-V (3x170 MW) and Parbati H.E. Project Stage-II (4x200 MW) are progressing satisfactory. In November, 2003, the diversion of River Parbati was achieved. These Projects are expected to be completed by February, 2007 and September, 2007 respectively. However, no active construction work could be undertaken at Loktak down Stream H.E. Project due to adverse law and order situation.

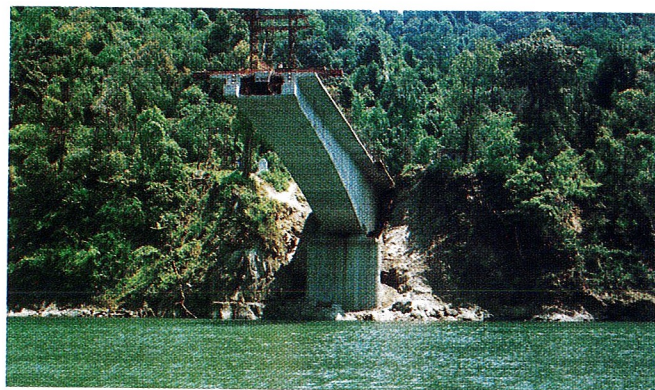


510 MW Teesta Stage - V Project, Sikkim - Dam Area.



800 MW Parbati Stage - II Project (Himachal Pradesh) - Junction of bottom adit to Pressure shaft & Penstocks.

During the year, the CCEA's clearance was accorded to Subansiri H.E. Project Lower (2000 MW) in Arunachal Pradesh, Sewa H.E. Project Stage-II (3x 20 MW) in J&K and Teesta Low Dam H.E. Project Stage-III (TLDP-III, 132 MW), West Bengal. The Contracts for major civil works have been awarded for all three Projects and tendering process for other works like Hydro-mechanical and Electro-mechanical works is in progress. The contractors have started mobilization of equipment and manpower. Infrastructure works are in progress. The works at Subansiri Lower Project could not be carried out due to non-availability of land from forest department. The start of major works in TLDP-III have also been delayed for similar reason. The Subansiri Lower H.E. Project, Sewa H.E. Project Stage-II and Teesta Low Dam H.E. Project Stage-III are scheduled for completion in September, 2010, September 2007 and March, 2007 respectively.



View of permanent bridge being constructed over Subansiri River

The Corporation has planned a capacity addition of 15173 MW during XIth plan. Of this, seven projects are under sanction by the Government of India after receipt of Techno-Economic Clearance/ Appraisal from CEA. These are: Teesta Low Dam-IV (160MW), West Bengal, Kishenganga (330 MW), J&K, Chamara-III (231 MW), H.P., Uri-II (240 MW), J&K, Parbati-III (520 MW), H.P., Nimmo Bazgo (45 MW), J&K and Chutak (44 MW), J&K.

In respect of Siang Middle (1000 MW), Arunachal Pradesh Detailed Project Report has been submitted to Central Electricity Authority for Techno-Economic Clearance and is under scrutiny.



231 MW Chamara Stage-III Project (Himachal Pradesh) - bridge constructed at Tunali



The status of other new Schemes under Detailed Project Report Preparation and Survey & Investigation is presented below:

**Sl. No. Project**

**Status**

**PROJECTS UNDER DETAILED PROJECT REPORT PREPARATION**

1. **Pakal Dul (1000 MW)  
& Bursar (1020 MW), J&K**

Commercial viability has been ascertained by Central Electricity Authority. The adverse law and order situation is causing delay in Survey & Investigation works. The projects are under review in consultation with CEA for considering the benefits of Downstream Projects.

2. **Subansiri Middle (1600 MW)  
& Subansiri Upper (2000 MW),  
Arunachal Pradesh**

Central Electricity Authority has advised NHPC to prepare Detailed Project Report and take up essential infrastructure works. Proposal for Site Clearance Stage-II was rejected by Ministry of Environment & Forest on the basis of recommendation of Indian Board of Wild Life in case of Lower Subansiri Project. As advised by Ministry of Power, Stage-II works were taken up from internal resources pending approval of Committee of Public Investment Board. But on account of withdrawal of stage-II forest clearance all activities have been stopped.



1600 MW Subansiri Middle Project (Arunachal Pradesh) - Drilling operations in progress at site.

3. **Dibang (3000 MW),  
Arunachal Pradesh**

Detailed Project Report of the project is being prepared by Brahmaputra Board and Central Water Commission with inputs of certain investigation results from NHPC.

4. **Siang Lower (1600 MW),  
Arunachal Pradesh**

Commercial Viability has been ascertained by Central Electricity Authority and in-principle clearance of Planning Commission has been received. The Survey & Investigation works for Preparation of Detailed Project Report are being taken up.

5. **Lakhwar Vyasi(420 MW),  
Uttaranchal**

Memorandum of Understanding has been signed on 01.11.2003 between NHPC, Government of Uttaranchal and Uttaranchal Jal Vidyut Nigam Ltd. for the execution of the project under Central Sector through NHPC. Revised Detailed Project Report is being prepared.

6. **Bav stage-II (20 MW),  
Maharashtra**

Central Electricity Authority has ascertained commercial viability of the project on the basis of Revised Feasibility Report for 20 MW.

**PROJECTS UNDER SURVEY & INVESTIGATION FOR PREPARATION OF FEASIBILITY REPORT**

- 1 **Siang Upper/Intermediate  
(11000 MW), Arunachal Pradesh**

Ministry of Environment & Forest has issued Stage-I site clearance. Investigation works for preparation of Feasibility Report is under progress. The installed capacity is to be firmed up/ revised downward on the basis of data available for which Survey &



Investigation works at Intermediate site is in progress. Central Electricity Authority has recommended estimate for stage-I activities of Siang Intermediate project & Site clearance Stage-I by Ministry of Environment & Forest has been issued.

3 **Devade (6 MW) & Bav Stage-I (18 MW), Maharashtra**

Survey & Investigation works are in progress for preparation of Feasibility Report.

4 **Kotli Bhel Stage-IA, IB & II (815 MW), Uttaranchal**

Memorandum of Understanding has been signed on 22.09.2003 between Government of Uttaranchal and NHPC for the execution of the project under Central Sector through NHPC. Survey & Investigation works taken up for Preparation of Feasibility Report.

### Consultancy Services

The Consultancy Services Division of the Corporation has earned an income of Rs.12.43 Crore and has received new consultancy assignments of Rs. 97.40 crore. Since last report, NHPC has successfully submitted Pre-Feasibility Report of all 43 Schemes entrusted by Central Electricity Authority, taken under the programme **"50,000 MW Hydroelectric Initiatives"** launched by Hon'ble Prime Minister of India, four months ahead of the scheduled date of submission.



Shri K.P. Singh, ED (Consultancy Services), NHPC exchanging agreement documents with Ms. Mitra Vashisht, Jt. Secretary (SEA-1), Ministry of External Affairs for preparation of pre-feasibility report for the 1200 MW Tamanthi Hydroelectric Project in Myanmar.

Encouraged by the faith reposed by various National and International agencies in the experience, capabilities and expertise of the Corporation in providing **"World Class"** consultancy services in the area of hydro power from **"Concept to Commissioning"** it has been decided to incorporate a wholly owned subsidiary company for providing consultancy services in the area of Hydropower and other associated areas. This subsidiary company is proposed to be incorporated upon receipt of necessary approval from the Government of India.

### Borrowings

The Corporation has signed a Memorandum of Understanding for an amount of Rs.6,500 crore with Life Insurance Corporation of India for a tenor of 20 years to meet the Capital requirements of the Corporation. In few cases, Corporation has swapped its fixed interest liability and negotiated the existing interest with the lower interest rates which resulted in reduction in the average cost of borrowing.



Signing of agreement for JPY equivalent of US \$ 50,000,000 syndicated 10 year term loan facility with various banks.

The Corporation has tied-up USD 50 million at most competitive prices without the guarantee from the Government of India under the liberalised policy of External Commercial Borrowings. The Agreement with JBIC for tranche-III loan amounting to JPY 13890 million to meet the balance financing requirement of Dhauliganga Project has also been signed since last Report.

### SUBSIDIARY COMPANY/JOINT VENTURE PROJECTS

#### 1. Narmada Hydroelectric Development Corporation Ltd.

The Construction activities of Indira Sagar H.E. Project (8x125 MW), Madhya Pradesh are progressing as per schedule. The project is to be commissioned by May, 2005. Four units of the project have



already been commissioned by March 2004, much ahead of schedule. The overall project is expected to be completed by May, 2005.

The Construction activities at the Omkareshwar H.E. Project (8x65 MW), Madhya Pradesh are in full swing after receipt of the approval from CCEA on 29.05.2003. The project is scheduled for completion in February, 2008.

2. **National Pumped Storage Power Corporation Ltd.** - The approval of Public Investment Board and approval for formation of Joint Venture Company is still awaited.

## VII DEVELOPMENT IN HUMAN RESOURCE MANAGEMENT

The changing economic scenario and liberalization of Government policies has hitherto placed importance on developing human capital for actualizing the vision of the Corporation.

In this context, the Corporation has been making concerted efforts to train, develop and upgrade the technical skills of its employees by arranging various training programs at all levels of employees in various disciplines. The programs conducted by HRD include In-house programs, sponsored programs and foreign programs in collaboration with outside Organizations and Institutes of repute.

During the year 2003-04, training was imparted to 6194 employees, 47.03% of the workforce against a Memorandum of Understanding Target of 38% (for Excellent rating).

The Operation & Maintenance Training Centre became fully functional after being accorded recognition by Central Electricity Authority to impart statutory training to Operation & Maintenance Personnel.



Shri Yogendra Prasad, CMD, NHPC releasing the Training Calendar.

### Staff Welfare and Industrial Relations

The management and the unions have jointly pursued and promoted industrial peace and harmony to achieve higher efficiency, performance and productivity consistent with safety and health measures. Industrial Relations were cordial. No strike/lock-out took place. Both Internal and External training as per the need and requirement of the Organisation, has been imparted to the identified employees. Representatives of Workmen are allowed to participate in the decision making process, wherever feasible. Employees and their families at Project / Stations are provided transportation facility to visit the nearest town for daily needs. Similarly, Children are extended transportation facility for Schools. Cultural activities, Sports, Club activities are also available at the Projects/ Power Stations. Medical facilities have been upgraded and induction of doctors has resulted in their availability in remote projects. With empanelment of hospitals increasing rapidly, state of art medical facilities have been brought to the door step.



Training on career transition

### Sports and Cultural Activities

With a view to foster team spirit and inculcate oneness among the employees, the Corporation participated in a number of tournaments organized by the Power Sports Control Board. NHPC hosted the Athletic Meet on



behalf of Power Sports Control Board. NHPC's women's team was declared runners-up in the carom tournament and in the athletic meet. Bridge team of NHPC was declared runners up in the Bridge Tournament.

### Cautionary Statement

The views and futuristic statement contained in this report are the perception of the Management and subject to certain risks and uncertainty that could cause actual results to differ from those reflected in such statements. Reader should carefully review the other information in this report and in the Company's periodic reports .The company undertakes no obligation to publicly update or revise any of these futuristic statement whether as a result of new information, future events or otherwise.



NHPC team performing dance at the cultural meet organized by the Power Sports Control Board.

For and on behalf of the **BOARD OF DIRECTORS**

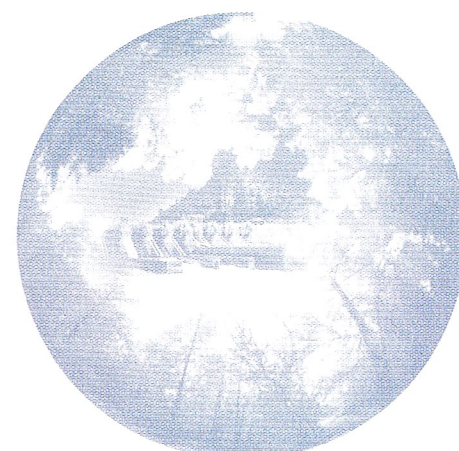


(Yogendra Prasad)

Chairman & Managing Director

**Date : 02.09.2004**

**Place : Faridabad**





## AUDITORS' REPORT TO THE MEMBERS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

### AUDITORS' COMMENTS

We have audited the attached Balance Sheet of NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED as at 31<sup>st</sup> March 2004, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### MANAGEMENT REPLY

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above we report that:

***i) Note No. 11 of Schedule 20***

***Inclusion of Rs.73.14 crores in respect of Koel Karo Project, in capital work-in-progress since 1980 has not been written off or provided for, consequently profit is overstated to that extent.***

The expenditure incurred on execution of the project may not be written off at this stage as the project is still in the process of approval.

3. Subject to our report in paragraph 2 above we state that,
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) The allocation of work amongst the auditors has been followed as per direction contained in letter No. CA.V/COY/CENTRAL GOVT. NHPC (4)/153 DATED 10.11.2003 addressed to



NHPC by the Office of Comptroller & Auditor General of India, New Delhi.

- iii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with;
- iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
- v) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- vi) The Department of Companies Affairs, Ministry of Finance vide their Notification No. F. No. 8/5/2001-CL.V dated 21<sup>st</sup> October, 2003 have notified that provision of Section 274 (1) (g) of the Companies Act 1956, shall not apply to a Government Company.
- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2004,
  - ii) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date,  
and
  - iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For BATRA SAPRA & CO.  
CHARTERED ACCOUNTANTS**

**SANDEEP MANAKTALA  
PARTNER  
MEMBERSHIP NO : 91408**

**PLACE : Corporate Office, Faridabad  
DATE : 10<sup>th</sup> June, 2004**





## ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph of our report of even date

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year as there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The corporation has not disposed off substantial portion of its fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material, wherever discrepancies had arisen have been properly dealt with in the books of account.
- (iii) (a) The Company has not taken/granted 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. However, provision of subsection (6) of section 370 of the Companies Act 1956 is not applicable to a company after the commencement of companies (Amendment) Act 1999.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- (d) There is no overdue amount of loans taken from or granted to companies, firms or other parties list in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of power. However, internal control needs to be further strengthened.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58M of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board.
- (vii) The Company has an in house Internal Audit department, which in our opinion needs to be further strengthened to commensurate with size and nature of the business activities.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made & maintained.
- (ix) (a) The company is generally regular in depositing undisputed statutory dues including provident fund, investor education protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable with appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company.  
  
(b) Accordingly to the information and explanation given to us, no undisputed amounts payment in respect of, income tax, sales tax, wealth tax, custom duty, excise duty, cess were in arrears, as at 31<sup>st</sup> March 2004 for a period of more than six months from the date they became payable.  
  
(c) According to information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute except a sum of Rs.118.69 crores in aggregate where the disputes are existing on account of sales tax in some projects.
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) We are of the opinion that the company has maintained adequate records, where the company has granted loans and advances on the basis of security, by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) In our opinion, Application of term loan raised along with allocation of interest needs to be further strengthened.



- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that generally funds raised on short-term basis have not been used for long-term investment. Long-term funds have not been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company have not issued debenture.
- (xx) No money have been raised by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For BATRA SAPRA & CO**  
**CHARTERED ACCOUNTANTS**  
**SANDEEP MANAKTALA**  
**PARTNER**  
**MEMBERSHIP NO : 91408**

**DATE : 10<sup>th</sup> June, 2004**







**BALANCE SHEET AS AT 31ST MARCH, 2004**

(Rupees in crores)

SCHEDULE		31st MARCH, 2004		31st MARCH, 2003	
<b>SOURCES OF FUNDS</b>					
<b>A. SHAREHOLDERS' FUNDS</b>					
i) Share Capital	1	7,775.63		6,693.39	
ii) Share Capital deposit		427.55		121.37	
iii) Government of India Fund adjustable to equity		425.85		425.85	
iv) Reserves and Surplus	2	<u>3,338.46</u>	11,967.49	<u>2,852.46</u>	10,093.07
<b>B. LOAN FUNDS</b>					
i) Secured Loans	3	4,141.35		4,677.07	
ii) Unsecured Loans	4	<u>2,706.43</u>	6,847.78	<u>2,830.69</u>	7,507.76
<b>C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION</b>					
			939.40		801.06
<b>D. SELF INSURANCE FOR CONTINGENCIES</b>					
			255.81		213.24
<b>E. DEFERRED TAX</b>					
Net Deferred Tax Liabilities		1,379.16		1,293.42	
Less: Deferred Tax recoverable		<u>1,379.16</u>	—	<u>1,293.42</u>	—
<b>TOTAL</b>			<b><u>20,010.48</u></b>		<b><u>18,615.13</u></b>
<b>APPLICATION OF FUNDS</b>					
<b>A. FIXED CAPITAL EXPENDITURE</b>					
i) Fixed Assets	5				
a) Gross Block		10,342.71		8,280.95	
Less:- Depreciation		<u>1,882.95</u>		<u>1,672.19</u>	
b) Net Block		8,459.76		6,608.76	
ii) Capital Work-in-Progress	6	6,975.83		7,078.00	
iii) Construction Stores and Advances	7	<u>805.55</u>	16,241.14	<u>621.74</u>	14,308.50
<b>B. INVESTMENTS</b>					
	8		3,660.87		2,415.66
<b>C. CURRENT ASSETS, LOANS AND ADVANCES</b>					
i) Interest accrued on investments		335.08		122.22	
ii) Inventories		53.79		64.06	
iii) Contract Work-in-Progress		26.58		10.48	
iv) Sundry Debtors		498.96		1,493.82	
v) Cash and Bank Balances		174.37		602.36	
vi) Other Current Assets		66.65		76.32	
vii) Loans and Advances		<u>238.81</u>	1,394.24	<u>318.94</u>	2,688.20
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
i) Liabilities	10	861.91		369.81	
ii) Provisions		420.32		415.59	
iii) Development Surcharge (held in trust)		<u>4.25</u>	<u>1,286.48</u>	<u>13.03</u>	<u>798.43</u>
<b>NET CURRENT ASSETS</b>					
			107.76		1,889.77
<b>D. MISCELLANEOUS EXPENDITURE</b>					
(To the extent not written off or adjusted)	11		0.71		1.20
<b>TOTAL</b>			<b><u>20,010.48</u></b>		<b><u>18,615.13</u></b>
<b>ACCOUNTING POLICIES</b>					
	19				
<b>NOTES TO THE ACCOUNTS</b>					
	20				

Schedule 1 to 20 form integral part of the Accounts

As per our attached report of even date

For **BATRA SAPRA & COMPANY**  
Chartered AccountantsFor and on behalf of the **BOARD OF DIRECTORS**(SANDEEP MANAKTALA)  
Partner  
Membership No. 91408VIJAY GUPTA  
SecretaryS.K. GARG  
Director (Finance)YOGENDRA PRASAD  
Chairman & Managing DirectorPlace : Faridabad  
Dated : 10th June, 2004



# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in crores)

SCHEDULE	31st MARCH, 2004	31st MARCH, 2003
<b>INCOME</b>		
i) Sales	1,414.43	1,324.86
Less: Advance against depreciation	<u>138.34</u>	<u>152.63</u>
ii) Contracts and Consultancy	38.29	53.61
iii) Interest on Bonds	367.18	118.08
iv) Other Income	<u>146.22</u>	<u>131.27</u>
<b>TOTAL INCOME</b>	<b>1,827.78</b>	<b>1,475.19</b>
<b>EXPENDITURE</b>		
i) Generation, Administration and other Expenses	172.85	124.44
ii) Employees' Remuneration and Benefits	152.99	160.08
iii) Depreciation	208.14	140.36
iv) Interest and Finance charges	347.17	377.91
v) Contract and Consultancy Expenses	26.75	30.99
vi) Incentive to beneficiary states	278.58	80.12
vii) Prior period adjustment (Net)	<u>(2.18)</u>	<u>6.29</u>
<b>TOTAL EXPENDITURE</b>	<b>1,184.30</b>	<b>920.19</b>
<b>PROFIT BEFORE TAX</b>	<b>643.48</b>	<b>555.00</b>
<b>Provision for Taxation</b>		
i) Current Tax	22.10	43.74
ii) Adjustments Relating to Earlier Years	—	0.76
iii) Deferred tax	85.73	160.60
Less: Deferred Tax Recoverable Adjustment	<u>85.73</u>	<u>160.60</u>
<b>PROFIT AFTER TAX</b>	<b>621.38</b>	<b>510.50</b>
Balance brought forward from last year's account	<u>1,267.00</u>	<u>834.70</u>
<b>DISPOSABLE PROFIT</b>	<b>1,888.38</b>	<b>1,345.20</b>
<b>Appropriations -</b>		
i) Interim dividend	60.00	50.00
ii) Proposed Final Dividend	60.00	25.00
iii) Corporate Dividend Tax	15.38	3.20
<b>Balance carried to Balance Sheet</b>	<b>1,753.00</b>	<b>1,267.00</b>
	<b>1,888.38</b>	<b>1,345.20</b>
<b>ACCOUNTING POLICIES</b>	19	
<b>NOTES TO THE ACCOUNTS</b>	20	

Schedule 1 to 20 form integral part of the Accounts

As per our attached report of even date

**For BATRA SAPRA & COMPANY**  
Chartered Accountants

**For and on behalf of the BOARD OF DIRECTORS**

**(SANDEEP MANAKTALA)**  
Partner  
Membership No. 91408

**VIJAY GUPTA**  
Secretary

**S.K. GARG**  
Director (Finance)

**YOGENDRA PRASAD**  
Chairman & Managing Director

Place : Faridabad  
Dated : 10th June, 2004





## SCHEDULE-1 SHARE CAPITAL

(Rupees in crores)		
	31st MARCH, 2004	31st MARCH, 2003
<b>A. AUTHORISED</b>		
150,000,000 Equity Shares (Previous Year 100,000,000) of Rs.1000/- each.	<u>15,000.00</u>	<u>10,000.00</u>
<b>B. ISSUED, SUBSCRIBED AND PAID UP</b>		
77,756,297 Equity Shares (Previous Year 66,933,897) of Rs.1000/- each fully paid up (Out of above, 6,29,529 Shares have been allotted for consideration other than cash pursuant to agreement with Government of India and one Share has been allotted for part consideration other than cash.)	<u>7,775.63</u>	<u>6,693.39</u>
<b>TOTAL</b>	<u><b>7,775.63</b></u>	<u><b>6,693.39</b></u>

## SCHEDULE-2 RESERVES AND SURPLUS

(Rupees in crores)				
	1st APRIL, 2003	ADDITIONS	DEDUCTIONS	31st MARCH, 2004
<b>A. CAPITAL RESERVE (SALE OF FIXED ASSETS)</b>	0.06	-	-	0.06
<b>B. BOND REDEMPTION RESERVE</b>	265.40	-	-	265.40
<b>C. GENERAL RESERVE</b>	<u>1,320.00</u>	-	-	<u>1,320.00</u>
	1,585.46			1,585.46
<b>D. SURPLUS AS PER PROFIT &amp; LOSS ACCOUNT</b>	<u>1,267.00</u>	<u>621.38</u>	<u>135.38</u>	<u>1,753.00</u>
<b>TOTAL</b>	<u><b>2,852.46</b></u>	<u><b>621.38</b></u>	<u><b>135.38</b></u>	<u><b>3,338.46</b></u>



## SCHEDULE-3 LOAN FUNDS - SECURED

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
<b>LONG TERM LOANS</b>		
<b>A. BONDS (Non-convertible and Non-cummulative)</b>		
i) <b>BONDS-L SERIES *2 (Note C)</b> (PRIVATE PLACEMENT) 16%, 7 Years Bonds of Rs.1000/- each redeemable at par on 31.03.2004	—	63.30
ii) <b>10.5%(Tax-Free) 7 Year Bonds of Rs.1000/- each</b> redeemable at par on 31.03.2004	—	51.00
iii) <b>BONDS-M SERIES *5</b> (PRIVATE PLACEMENT) 9.55%, 5 Years Bonds of Rs.100000/- each redeemable at par on 07.01.2007 (Due for redemption within one year Rs. Nil crores)	430.00	430.00
iv) <b>BONDS-N SERIES *8</b> 6.50%, 32 months Bonds of Rs. 10000000/- each redeemable at par in 5 equal 6 monthly instalments starting from 15.11.03 (Due for redemption within one year Rs. 28 crores)	56.00	70.00
v) <b>BONDS-O SERIES *2</b> 7.7%, 15 year Bonds of Rs. 100000000/- each with 10 Separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond. Earliest redemption 31.3.2009. (Due for redemption within one year Rs. Nil crores)	570.00	570.00
vi) <b>INTEREST ACCRUED &amp; DUE</b>	—	0.07
	1,056.00	1,070.07
<b>B. TERM LOANS</b>		
i) <b>BANK OF INDIA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 8 equal qtrly inst. from 28.03.07 onwards)	50.00	50.00
ii) <b>BANK OF MAHARASHTRA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 5 equal yearly instt. - 2.11.2007 onwards)	50.00	50.00
iii) <b>CANARA BANK *1</b> (Due for repayment within one year Rs. 20 crores.) (Being repaid in 5 equal yearly instalment w.e.f 27.03.04)	80.00	100.00
iv) <b>CANARA BANK *1</b> (Due for redemption within one year Rs. Nil crores) (Repayable in 3 equal annual instalments w.e.f 26.9.06 onwards)	100.00	100.00
v) <b>INDIAN OVERSEAS BANK *1</b> (Due for redemption within one year Rs. Nil crores) (Repayable in 4 equal yearly instalments w.e.f 6.12.08 onwards)	50.00	50.00
vi) <b>INDIAN BANK *1</b> (Due for repayment within one year Rs. NIL crores.) (Repayable on 19.12.05)	100.00	100.00
vii) <b>LIFE INSURANCE CORPORATION OF INDIA *1</b> (Due for repayment within one year Rs. 100 crores.) (Repayable on 15.02.05)	100.00	100.00
viii) <b>LIFE INSURANCE CORPORATION OF INDIA *1</b> (Due for repayment within one year Rs. 150 crores.) (Repayable on 15.03.05)	150.00	150.00
ix) <b>LIFE INSURANCE CORPORATION OF INDIA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 15.09.05)	150.00	150.00
x) <b>PUNJAB NATIONAL BANK *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 1.10.2008)	50.00	50.00



## SCHEDULE-3 LOAN FUNDS - SECURED

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
xi) <b>PUNJAB NATIONAL BANK *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 3.12.08)	50.00	50.00
xii) <b>STATE BANK OF PATIALA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 9.01.07)	40.00	40.00
xiii) <b>STATE BANK OF INDORE *1</b> (Due for repayment within one year Rs. 13.33 crores.) (Repayable in 3 equal yearly instalments w.e.f 22.12.03 onwards)	26.67	40.00
xiv) <b>STATE BANK OF SAURASHTRA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 3 equal yearly instalments w.e.f 11.09.06 onwards)	50.00	50.00
xv) <b>STATE BANK OF HYDERABAD *1</b> (Due for repayment within one year Rs. 12 crores.) (Repayable in 5 equal yearly instalments w.e.f 20.07.04 onwards)	60.00	60.00
xvi) <b>BANK OF MAHARASHTRA *2</b> (Due for repayment within one year Rs. 100 crores.) (Repayable on 02.02.05)	100.00	100.00
xvii) <b>CORPORATION BANK *2</b>	—	100.00
xviii) <b>CANARA BANK *2</b> (Due for repayment within one year Rs. 21.43 crores.) (Being repaid in 7 Equal instalments w.e.f 26.03.2000)	42.86	64.29
xix) <b>CANARA BANK *1 (NOTE B)</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 5 equal yearly instalment w.e.f 31.01.2009)	85.00	—
xx) <b>CENTRAL BANK OF INDIA *2</b> (Due for repayment within one year Rs. 10 crores.) (Being repaid in 5 Equal yearly instalments w.e.f 30.7.2000)	10.00	20.00
xxi) <b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *2</b>	—	1.72
xxii) <b>ICICI BANK LTD. *2</b>	—	100.00
xxiii) <b>ICICI BANK LTD. *2</b> (Due for repayment within one year Rs. 50 crores.) (Being repaid in 3 equal yearly instalments w.e.f 11.5.02)	50.00	100.00
xxiv) <b>ICICI BANK LTD. *2</b> (Due for repayment within one year Rs. 50 crores.) (Being repaid in 3 equal yearly instalments w.e.f 28.07.02)	50.00	100.00
xxv) <b>INDUSTRIAL DEVELOPMENT BANK OF INDIA *2</b>	—	200.00
xxvi) <b>INDIAN OVERSEAS BANK *2</b>	—	50.00
xxvii) <b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year Rs. 100 crores.) (Repayable on 27.09.04)	100.00	100.00
xxviii) <b>STATE BANK OF INDIA *2</b> (Due for redemption within one year Rs. Nil crores.) (Repayable on 28.06.09)	400.00	400.00
xxix) <b>STATE BANK OF PATIALA *2</b> (Due for repayment within one year Rs. 16.67 crores.) (Being repaid in 3 equal yearly instalments w.e.f 3.02.03)	16.66	33.33
xxx) <b>BANK OF INDIA *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 10 years in 40 equal quarterly instalments w.e.f 24.12.06)	100.00	81.00
xxxi) <b>CENTRAL BANK OF INDIA *4</b> (Due for repayment within one year Rs. 10 crores.) (Repayable in 20 half yearly instalments of Rs 5 crores.)	100.00	81.00
xxxii) <b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 equal half yearly instalments w.e.f. 13.2.2007)	100.00	91.00



## SCHEDULE-3 LOAN FUNDS - SECURED

		(Rupees in crores)			
		31st MARCH, 2004		31st MARCH, 2003	
xxxiii)	<b>PUNJAB &amp; SIND BANK *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 40 quarterly instalments in 10 years w.e.f 24.10.06)	100.00		70.00	
xxxiv)	<b>PUNJAB NATIONAL BANK *4</b> (Due for repayment within one year Rs. 7.5 crores.) (Repayable in 10 years in 20 half yearly inst. w.e.f. 24.10.2004)	150.00		120.00	
xxxv)	<b>STATE BANK OF PATIALA *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 half yearly instalments w.e.f 30.01.2007)	50.00		40.00	
xxxvi)	<b>STATE BANK OF HYDERABAD *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 half yearly instalments in 7 years w.e.f 07.01.2007)	50.00		40.00	
xxxvii)	<b>STATE BANK OF INDIA *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 half yearly instalments w.e.f 18.09.2006)	150.00		120.00	
xxxviii)	<b>CANARA BANK *6</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 4 equal yearly instalments w.e.f 28.6.2009 onwards)	50.00		50.00	
xxxix)	<b>LIFE INSURANCE CORPORATION OF INDIA *7</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 24 half yearly instalments in 12 years w.e.f 15.04.2009)	232.00		100.00	
xxxx)	<b>INT. ACC. &amp; DUE (CENTRAL BANK OF INDIA CHAMERA II )</b>	—		0.09	
xxxxi)	<b>WORKING CAPITAL DEMAND LOAN FROM BANKS (short term) *3</b>	—		71.15	
xxxxii)	<b>CASH CREDIT FROM BANKS (short term) *3</b>	42.16	3,085.35	119.12	3,492.70
<b>TOTAL SECURED LOANS</b>			<b>4,141.35</b>		<b>4,677.07</b>

Note (A) :-

- \*1) Secured by pari-passu charge by way of equitable mortgage/ hypothecation against immovable / moveable assets of Corporation's Chamera Power Station Stage-I situated in the state of Himachal Pradesh except for book debts and stores.
- \*2) Secured by pari-passu charge by way of equitable mortgage/ hypothecation against immovable / moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
- \*3) Secured by hypothecation against debtors and O & M stores of the company.
- \*4) Secured by pari-passu charge by way of equitable mortgage/ hypothecation against immovable / moveable assets of Corporation's Chamera HE Project Stage - II situated in the state of Himachal Pradesh.
- \*5) Secured by a first pari-passu charge by way of equitable mortgage/hypothecation against the assets of the Company's Rangit HE Project situated in the state of Sikkim subject to prior charge of Bankers against book debts and stores.
- \*6) Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak HE Project situated in the state of Manipur.
- \*7) Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project stage-II situated in the state of Himachal Pradesh.
- \*8) Secured by a first pari-passu mortgage and charge over all the immoveable and moveable assets of the Company's Bairasiul HE Project situated in the state of Himachal Pradesh.

Note (B) :-

The loan of Rs 85 crores was availed from Canara Bank on 26.03.04. The charge for hypothecation has been created on 21.04.04. Creation of mortgage for the same is under process.

Note (C) :-

L Series (16%, 7 years) Bonds amounting to Rs. 114.30 crores was redeemed on 31/3/04. The satisfaction of charge of L series is under process.



## SCHEDULE-4 LOAN FUNDS - UNSECURED

				(Rupees in crores)	
		31st MARCH, 2004		31st MARCH, 2003	
A. LONG TERM LOANS					
i)	INDIAN BANK (Due for repayment within one year Rs. NIL crores.) (Repayable in 3 equal installments w.e.f. 28/2/2012)	100.00	100.00	—	—
LOAN FROM OTHERS (Guaranteed by Government of India)					
i)	WEST LB (FORMERLY WEST MERCHANT BANK LTD) (Due for repayment within one year Rs. Nil crores.)	—		—	
ii)	ABSEK (Due for repayment within one year Rs. 104.49 crores.)	208.97		326.69	
iii)	NORDIC INVESTMENT BANK (Due for repayment within one year Rs. 22.28 crores.)	155.95		192.17	
iv)	CREDIT COMMERCIAL DE FRANCE (Due for repayment within one year Rs. 91.58 crores.)	595.26		655.14	
v)	EXPORT DEVELOPMENT CORPORATION (CHAMERA-II) ** (Due for repayment within one year Rs. 20.09 crores.)	471.48		380.88	
vi)	JAPAN BANK OF INTERNATIONAL COOPERATION - (FORMERLY O.E.C.F) TRANCHE-I (DHAULIGANGA) (Due for repayment within one year Rs. Nil crores.)	210.32		198.38	
vii)	JAPAN BANK OF INTERNATIONAL COOPERATION - (FORMERLY O.E.C.F) TRANCHE-II (DHAULIGANGA) (Due for repayment within one year Rs. Nil crores.)	671.54		499.86	
viii)	ECB - BARCLAYS & SCB (Due for repayment within one year Rs. Nil crores.)	226.18		—	
ix)	DEUTSCHE BANK & OTHERS - TEESTA-V	66.73	2606.43	62.57	2315.69
B. SHORT TERM LOANS					
i)	BANK OF MAHARASHTRA (Due for repayment within one year Rs. Nil crores.)	—		50.00	
ii)	HDFC BANK LTD. (Due for repayment within one year Rs. Nil crores.)	—		75.00	
iii)	INDIAN BANK (Due for repayment within one year Rs. Nil crores.)	—		50.00	
iv)	ORIENTAL BANK OF COMMERCE (Due for repayment within one year Rs. Nil crores.)	—		50.00	
v)	STATE BANK OF PATIALA (Due for repayment within one year Rs. Nil crores.)	—		40.00	
vi)	STATE BANK OF SAURASHTRA (Due for repayment within one year Rs. Nil crores.)	—		50.00	
vii)	UNITED BANK OF INDIA (Due for repayment within one year Rs. Nil crores.)	—		100.00	
viii)	UNION BANK OF INDIA (Due for repayment within one year Rs. Nil crores.)	—	—	100.00	515.00
TOTAL UNSECURED LOAN			2,706.43		2,830.69



## SCHEDULE-5 FIXED ASSETS

(Rupees in crores)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	1.4.2003	Additions/ Adjust- ments	Deductions/ Adjust- ments	31.3.2004	Upto 1.4.2003	For the year*	Adjust- ments**	Upto 31.3.2004	31.3.2004	31.3.2003
i) Land Freehold	165.83	27.59	21.47	171.95	—	—	—	—	171.95	165.83
ii) Land Leasehold	24.08	5.38	3.63	25.83	2.24	0.32	(0.63)	1.93	23.90	21.84
iii) Land Unclassified	33.77	42.08	—	75.85	—	6.12	0.63	6.75	69.10	33.77
iv) Buildings	806.25	167.84	11.84	962.25	184.05	23.83	0.19	208.07	754.18	622.20
v) Roads and Bridges	115.59	49.46	0.48	164.57	22.88	3.53	0.79	27.20	137.37	92.70
vi) Intangible assets (Computer software)	—	2.98	—	2.98	—	0.60	—	0.60	2.38	—
vii) Construction Plant and Machinery	68.24	4.24	4.40	68.08	32.76	4.69	(3.27)	34.18	33.90	35.48
viii) Generating Plant and Machinery	1,999.29	560.15	—	2,559.44	482.32	61.60	(2.69)	541.23	2,018.21	1,516.98
ix) Sub-Station Equipments	49.83	255.72	0.09	305.46	12.96	4.34	0.49	17.79	287.67	36.86
x) Hydraulic Works (Dams, Tunnels, etc.)	4,811.70	986.55	0.80	5,797.45	833.69	112.54	—	946.23	4,851.22	3,978.02
xi) Vehicles	32.73	4.68	2.75	34.66	19.17	4.21	(2.26)	21.12	13.54	13.56
xii) Furniture Fixture and Equipments	62.40	25.43	5.45	82.38	25.52	8.80	(1.52)	32.80	49.58	36.89
xiii) Transmission Lines	24.07	1.07	—	25.14	11.52	0.85	0.13	12.50	12.64	12.54
xiv) Miscellaneous Assets / Equipments	35.99	9.23	1.71	43.51	9.62	3.28	0.21	13.11	30.40	26.37
xv) Construction Plant And Machinery Declared Surplus	40.80	1.22	31.17	10.85	25.08	0.10	(18.05)	7.13	3.72	15.73
xvi) Fixed Assets Of Minor Value Upto Rs. 5000/-	10.38	3.11	1.18	12.31	10.38	2.44	(0.51)	12.31	—	—
<b>TOTAL</b>	<b>8,280.95</b>	<b>2,146.73</b>	<b>84.97</b>	<b>10,342.71</b>	<b>1,672.19</b>	<b>237.25</b>	<b>(26.49)</b>	<b>1,882.95</b>	<b>8,459.76</b>	<b>6,608.77</b>
Previous Year	8,113.50	192.82	25.37	8,280.95	1,526.61	160.92	(15.34)	1,672.19	6,608.76	6,586.89

\* Depreciation for the year is allocated as given below :-

A) Profit and loss account	208.14
B) Incidental Expenditure During Construction	28.86
C) Contract and Consultancy Expenses	0.25
	<u>237.25</u>

\*\* Includes Prior Period Adjustments of Rs 2.05 crores

Assets including underground works on land not belonging to Corporation Rs 3350.97crores. (Previous year Rs. 2549.02 crores)

## SCHEDULE-6 CAPITAL WORK IN-PROGRESS

(Rupees in crores)

	1.4.2003	ADDITIONS	ADJUST- MENTS	CAPITALISED	31.03.2004
i) Survey, Investigation and Other Expenses	61.81	103.56	6.68	1.20	157.49
ii) Buildings, Civil Engineering Works and Communications	262.00	105.58	3.29	56.37	307.92
iii) Roads and Bridges	88.40	48.59	4.62	45.36	87.01
iv) Hydraulic Works, Barrages, Dams, Tunnels and Power Channel	2,909.56	682.97	420.63	909.50	2,262.40
v) Railway Siding	0.15	2.41	—	—	2.56
vi) Penstocks	20.42	0.01	(8.93)	8.93	20.43
vii) Plant and Machinery in Generating Stations	964.00	367.68	(370.27)	582.19	1,119.76
viii) Electrical Installations and Sub-Station Equipments	9.75	1.53	0.03	10.17	1.08
ix) Miscellaneous Assets	0.71	1.37	0.01	1.37	0.70
x) Trunk Transmission Lines	15.66	1.81	0.10	0.62	16.75
xi) Incidental Expenditure During Construction (Annexure to Schedule-6)	2,745.54	657.86	1.76	401.91	2,999.73
<b>TOTAL</b>	<b>7,078.00</b>	<b>1,973.37</b>	<b>57.92</b>	<b>2,017.62</b>	<b>6,975.83</b>
Previous year	5,218.27	1,956.77	34.99	62.05	7,078.00



## ANNEXURE TO SCHEDULE-6 INCIDENTAL EXPENDITURE DURING CONSTRUCTION

(Rupees in crores)

	31st MARCH, 2004		31st MARCH, 2003	
<b>A. EMPLOYEES' REMUNERATION AND BENEFITS</b>				
i) Salaries, wages, allowances and benefits	195.13		183.21	
ii) Gratuity and contribution to provident fund (including administration fee)	34.01		38.49	
iii) Staff welfare expenses	25.95		24.11	
iv) Leave salary and pension contribution	2.51	257.60	1.27	247.08
<b>B. REPAIRS AND MAINTENANCE</b>				
i) Buildings	3.40		3.43	
ii) Machinery and construction equipments	2.29		1.83	
iii) Others	14.08	19.77	9.64	14.90
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>				
i) Rent	12.08		9.38	
ii) Rates and taxes	0.43		0.72	
iii) Electricity charges	6.63		5.93	
iv) Insurance	1.83		1.88	
v) Travelling and conveyance	9.85		8.36	
vi) Expenses on staff cars and inspection vehicles	10.60		8.53	
vii) Telephone, telex and postage	4.23		2.53	
viii) Advertisement and publicity	6.02		3.30	
ix) Foreign consultancy charges	3.22		0.62	
x) Design and consultancy charges	1.46		0.62	
xi) Expenses on compensatory afforestation / catchment area treatment	8.41		4.25	
xii) Entertainment	0.78		0.21	
xiii) Printing and stationery	3.06		2.97	
xiv) Expenditure on land not belonging to Corporation	15.22		11.86	
xv) Land acquisition and rehabilitation	0.69		0.69	
xvi) Payment to auditors	0.40		0.21	
xvii) Security expenses	17.27		12.51	
xviii) Other expenses	10.40		10.03	
xix) Loss on material/assets written off	12.74	125.32	0.83	85.43
<b>D. INTEREST AND FINANCE CHARGES</b>				
i) Interest on Government of India loan	—		1.04	
ii) Interest on bonds	36.37		10.89	
iii) Interest on foreign loan	102.24		93.84	
iv) Interest on cash credit facilities/term loan	106.28		120.56	
v) Bond issue expenses	0.46		1.79	
vi) Commitment fee	1.89		2.35	
vii) Guarantee fee on foreign loan	21.58		15.62	
viii) Other finance charges	16.13	284.95	76.23	322.32
<b>E. EXCHANGE RATE VARIATION (NET)</b>				
		6.11		32.27
<b>F. DEPRECIATION</b>				
		28.86		20.35
<b>G. PRIOR PERIOD EXPENSES (NET)</b>				
i) INCOME	—		—	
Less :-				
ii) EXPENDITURE				
a) Salaries, wages, allowances and benefits	0.44		0.53	
b) Repairs and maintenance	—		—	
c) Others	(0.48)		(1.39)	
d) Depreciation	3.71		(0.15)	
e) Interest	—	3.67	—	(1.01)
<b>TOTAL EXPENDITURE</b>		<b>726.28</b>		<b>721.34</b>
<b>LESS: RECEIPTS AND RECOVERIES</b>				
i) Hire charges/out turn of plant and machinery	1.25		0.80	
ii) Interest on loans and advances	36.38		23.70	
iii) Miscellaneous receipts and recoveries	7.38		7.74	
iv) Profit on sale of assets	0.23		1.92	
v) Sale of power during trial run	0.14		—	
vi) Provisions / liability not required written back	0.05		0.24	
<b>TOTAL RECEIPTS AND RECOVERIES</b>		<b>45.43</b>		<b>34.40</b>
<b>NET EXPENDITURE</b>		<b>680.85</b>		<b>686.94</b>
<b>LESS : Salaries,wages, allowances and benefits directly allocated to works</b>		<b>8.02</b>		<b>—</b>
<b>LESS : Share of Corporate Office allocated to operational and maintenance projects and deposit / turn-key contracts.</b>		<b>14.97</b>		<b>14.15</b>
<b>AMOUNT TRANSFERRED TO CAPITAL WORK-IN-PROGRESS</b>		<b>657.86</b>		<b>672.79</b>



## SCHEDULE-7 CONSTRUCTION STORES AND ADVANCES

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
<b>A. CONSTRUCTION STORES</b>		
(At cost as valued and certified by management)		
i) Construction material in transit	15.16	20.30
ii) Stores	162.25	78.28
Less: Provisions	<u>0.30</u>	<u>—</u>
	177.11	98.58
<b>B. ADVANCE FOR CAPITAL EXPENDITURE</b>		
i) Secured (considered good)	75.05	231.73
ii) Unsecured (considered good)		
- Covered by bank guarantees	439.30	203.44
- Others	<u>114.09</u>	<u>87.99</u>
<b>TOTAL</b>	<b><u>805.55</u></b>	<b><u>523.16</u></b>
		<b><u>621.74</u></b>

## SCHEDULE-8 INVESTMENTS

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
<b>LONG TERM</b>		
<b>INVESTMENT - SUBSIDIARY COMPANY</b>		
<b>UNQUOTED</b>		
<b>Narmada Hydroelectric Development Corporation Limited</b>	889.26	690.00
8,340,000 fully paid-up equity shares of Rs. 1,000/- each fully paid and share capital deposit of Rs. 552,600,000/- (Previous year 6,595,512 equity shares of Rs 1000/- each fully paid and share capital deposit of Rs. 304,488,000/-)		
<b>QUOTED</b>		
<b>Indian Overseas Bank * \$</b>		
360,800 Equity shares of Rs 10/- each fully paid (Previous year 360,388 equity shares of Rs 10/- each fully paid)	0.36	0.36
<b>INVESTMENT - OTHERS (NON TRADE)</b>		
<b>Power Trading Corporation of India Limited</b>	12.00	8.00
(12,000,000 equity shares of Rs 10/- each fully paid (Previous year 8,000,000 equity shares of Rs 10/- each fully paid)		
<b>Investment in SEB Bonds \$</b>	2,531.04	1,717.30
<b>OTHERS</b>		
<b>Long terms advances (Delhi Transco Limited)</b>	228.21	—
<b>TOTAL</b>	<b><u>3,660.87</u></b>	<b><u>2,415.66</u></b>
<b>NOTE :</b>		
<b>* QUOTED INVESTMENT</b>		
Book Value	0.36	0.36
Market Value	2.03	0.60
<b>\$ In DEMAT form</b>		





**SCHEDULE-9 CURRENT ASSETS, LOANS AND ADVANCES**

(Rupees in crores)

	31st MARCH, 2004		31st MARCH, 2003	
<b>CURRENT ASSETS</b>				
<b>A. INTEREST ACCRUED ON INVESTMENT</b>		335.08		122.22
<b>B. INVENTORIES</b>				
(As taken, valued and certified by management)				
i) Stores and spares	53.42		64.24	
ii) Loose tools	0.41		0.13	
	53.83		64.37	
Less: Provisions	0.04	53.79	0.31	64.06
<b>C. CONTRACT WORK-IN-PROGRESS</b>		26.58		10.48
<b>D. SUNDRY DEBTORS (UNSECURED)</b>				
i) Debts due over six months	338.68		1,165.55	
ii) Other debts	245.03		404.25	
	583.71		1,569.80	
Less: Provisions	84.75	498.96	75.98	1,493.82
<b>PARTICULARS OF SUNDRY DEBTORS (Unsecured)</b>				
	<b>2003-2004</b>	<b>2002-2003</b>		
i) Considered good	498.96	1,493.82		
(Includes Rs.0.08 crores due from Narmada Hydro Development Corporation Limited (Previous year 3.8 crores)				
ii) Considered doubtful and provided	84.75	75.98		
<b>E. CASH AND BANK BALANCES</b>				
i) Cash, imprest, cheques and drafts in hand	110.41		22.87	
ii) Balances with scheduled banks in				
a) Current account	6.10		257.04	
b) Cash credit facility	5.61		—	
c) Deposit account(short term) *	52.17		322.14	
iii) Balances with others (With Bank of Bhutan) Current account	0.08	174.37	0.31	602.36
<b>F. OTHER CURRENT ASSETS</b>				
i) Interest accrued on deposits	—		0.08	
ii) Others	67.86		77.34	
Less: Provisions	1.21	66.65	1.10	76.32
<b>G. LOANS AND ADVANCES</b>				
i) Loan and advances to subsidiaries	2.07		4.06	
ii) Loans to employees (unsecured- considered good)	38.80		38.59	
iii) Loans to employees (secured- considered good)	73.30		33.19	
iv) Advances recoverable in cash or kind or for value to be received				
a) Unsecured(considered good)				
-Covered by bank guarantees	14.71		1.79	
- Others	7.32		27.38	
b) Unsecured(considered doubtful)	0.54	22.57	0.54	29.71
Less: Provision for doubtful advances		0.54		29.17
v) Inter Corporate loan -unsecured (considered good)	—		100.00	
vi) Advance tax deposit and tax deducted at source	70.79		82.07	
vii) Other recoverable -				
Due from Power Grid Corporation of India Ltd.	31.82	238.81	31.86	318.94
<b>TOTAL</b>		<b>1,394.24</b>		<b>2,688.20</b>

\* Deposit account(short term) includes Rs 2.07 crores in the name of PNB Capital services limited trustee account on account of unclaimed redemption amount of 'C' series Bond.

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

	<b>2003-2004</b>	<b>2002-2003</b>
Bank of Bhutan		
i) Current account	0.79	0.48

**B. PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS**

	<b>2003-2004</b>	<b>2002-2003</b>
i) Amount due at the end of the year	0.05	0.06
ii) Maximum balance at any time during the year	0.20	0.08

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

**C. PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH SUBSIDIARY COMPANY**

	<b>2003-2004</b>	<b>2002-2003</b>
Narmada Hydroelectric Development Corporation Limited	200	100



## SCHEDULE-10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in crores)

	31st MARCH,2004		31st MARCH,2003	
<b>A. LIABILITIES</b>				
i) Sundry creditors				
a) Total outstanding dues of small scale industrial undertaking(s). (due over 30 days Nil)	—		—	
b) Others	<u>294.19</u>	294.19	<u>189.73</u>	189.73
ii) Unspent amount of deposit/agency		3.46		1.62
iii) Deposits/Retention money		100.57		64.82
iv) Interest accrued but not due on loans		77.55		38.71
v) Advances against cost of project		5.36		5.36
vi) Advances from contractee's		16.83		10.10
vii) Other liabilities		<u>363.95</u>	861.91	<u>59.47</u>
				369.81
<b>B. PROVISIONS</b>				
i) Taxation		65.84		86.31
ii) Proposed dividend		60.00		25.00
iii) Tax on proposed dividend		15.38		3.20
iv) Provision for incentive (bonds)		—		80.12
v) Provision for project expenses		1.68		—
vi) Provision for wage revision		—		0.04
vii) Provision for exgratia		7.17		6.83
viii) Provision for leave encashment		70.68		48.21
ix) Provision for gratuity		155.94		124.27
x) Provision for retired employees health scheme		41.83		30.60
xi) Provision for contingencies		<u>1.80</u>	420.32	<u>11.01</u>
				415.59
<b>C. DEVELOPMENT SURCHARGE (HELD IN TRUST)</b>				
i) Development surcharge - billed		175.51		110.47
ii) Development surcharge - interest account		5.56		0.01
Less : - Receivable		42.22		58.13
Less : - Invested in corporate liquidity term deposit account		127.93		39.31
Less : - Interest accrued but not due		5.56		0.01
Less : - Tax recovered on development surcharge		<u>1.11</u>		—
Development surcharge - investable		4.25		13.03
<b>TOTAL</b>		<b><u>1286.48</u></b>		<b><u>798.43</u></b>

## SCHEDULE-11 MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Rupees in crores)

	31st MARCH,2004		31st MARCH,2003	
i) Deferred revenue expenses		0.71		1.20
ii) Losses awaiting write off sanction		3.75		4.57
Less : Provided for		<u>3.75</u>		<u>4.57</u>
<b>TOTAL</b>		<b><u>0.71</u></b>		<b><u>1.20</u></b>

## SCHEDULE-12 CONTRACTS & CONSULTANCY INCOME

(Rupees in crores)

	31st MARCH,2004		31st MARCH,2003	
i) Contract Income		0.59		20.24
Add : Contract work-in-progress - closing		26.58		10.48
Less: Contract work-in-progress - opening		<u>10.48</u>		<u>1.11</u>
ii) Consultancy income		12.43		7.01
iii) Write back of contingencies		<u>9.17</u>		<u>16.99</u>
<b>TOTAL</b>		<b><u>38.29</u></b>		<b><u>53.61</u></b>



**SCHEDULE-13 OTHER INCOME**

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
i) Income from short term deposit	0.10	—
ii) Interest on loans and advances	1.53	1.15
iii) Dividend income (gross)	0.10	0.14
iv) Guarantee fee	5.19	—
v) Surcharge	104.60	122.09
vi) Profit on sale of assets	1.53	1.67
vii) Provisions / Liability not required written back	12.69	1.56
viii) Income from scrap	0.44	0.16
ix) Interest on corporate loan	10.97	0.40
x) Interest on term loan and saving bank	4.91	0.09
xi) Other miscellaneous income	4.16	4.01
<b>TOTAL</b>	<b><u>146.22</u></b>	<b><u>131.27</u></b>

**SCHEDULE-14 GENERATION, ADMINISTRATION AND OTHER EXPENSES**

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
i) Consumption of stores and spares	2.67	2.65
ii) Repairs & maintenance -		
a) Buildings	4.90	3.91
b) Machinery	18.47	15.70
c) Others	<u>11.69</u>	<u>10.90</u>
iii) Miscellaneous operational expenses	35.06	30.51
iv) Rent	3.40	3.12
v) Rates and taxes	0.49	0.48
vi) Insurance	0.66	0.32
vii) Self insurance for contingencies	0.27	0.28
viii) Security expenses	42.79	38.71
ix) Electricity charges	16.17	14.13
x) Travelling and conveyance	5.00	0.50
xi) Expenses on staff car	2.49	2.56
xii) Telephone, telex and postage	2.25	1.98
xiii) Advertisement and publicity	1.23	1.19
xiv) Donation	0.43	0.39
xv) Printing and stationery	0.02	0.01
xvi) Corporate office management expenses	0.52	0.55
xvii) Diminution in value of stores & spares	13.93	12.82
xviii) Project expenses written off	0.04	6.46
xix) Loss on sale of assets	2.75	—
xx) Deferred revenue expenditure written off	8.21	0.51
xxi) Entertainment	0.76	0.81
xxii) Interest on arbitration charges	0.02	0.02
xxiii) Doubtful debts provided for	0.30	3.79
xxiv) Project expenses provided for	28.28	—
xxv) Other general expenses	1.68	—
xxvi) Exchange rate variation	2.78	2.96
	0.65	(0.31)
<b>TOTAL</b>	<b><u>172.85</u></b>	<b><u>124.44</u></b>



## SCHEDULE-15 EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
i) Salaries, wages and allowances	111.73	114.88
ii) Gratuity and contribution to provident fund (Including Administration Fees)	22.56	24.46
iii) Staff welfare expenses	18.70	20.74
<b>TOTAL</b>	<b>152.99</b>	<b>160.08</b>

## SCHEDULE-16 INTEREST AND FINANCE CHARGES

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
i) Interest on loans		
a) Government of India loans	—	0.28
b) Bonds	68.15	47.40
c) Foreign loans	9.20	22.40
d) Term loan	232.27	256.90
ii) Interest on cash credit facilities	2.61	11.80
iii) Bond expenses	0.92	1.31
iv) Rebate to customers	26.60	26.69
v) Guarantee fee on foreign loans	6.23	8.73
vi) Commitment fee	0.39	—
vii) Other finance charges	0.80	2.40
<b>TOTAL</b>	<b>347.17</b>	<b>377.91</b>

## SCHEDULE-17 CONTRACT AND CONSULTANCY EXPENSES

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
<b>A. DIRECT EXPENSES</b>	18.68	19.80
(Includes labour, materials, assets and payment to contractors/suppliers)		
<b>B. EMPLOYEES' REMUNERATION AND BENEFITS</b>		
i) Salaries, wages, allowances and benefits	5.22	3.73
ii) Gratuity and contribution to provident fund	0.32	0.58
iii) Staff welfare expenses	0.19	0.21
<b>C. REPAIRS AND MAINTENANCE</b>		
i) Buildings	0.08	0.25
ii) Machinery and construction equipments	0.01	0.04
iii) Others	0.33	0.48
<b>D. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent	0.14	0.14
ii) Travelling and conveyance	0.72	0.58
iii) Expenses on staff cars and inspection vehicle	0.27	0.36
iv) Insurance	0.01	0.10
v) Telephone, telex and postage	0.10	0.24
vi) Advertisement and publicity	—	0.05
vii) Printing and stationery	0.23	0.05
viii) Corporate office management expenses	1.04	1.33
ix) Other expenses	0.12	0.12
<b>E. DEPRECIATION</b>	0.25	0.22
<b>TOTAL EXPENDITURE</b>	<b>27.71</b>	<b>32.28</b>
<b>LESS : RECEIPTS AND RECOVERIES</b>		
i) Miscellaneous	0.60	0.96
ii) Provisions / Liability not required written back	0.36	0.25
<b>NET EXPENDITURE DURING THE YEAR</b>	<b>26.75</b>	<b>31.07</b>
<b>F. PRIOR PERIOD ADJUSTMENTS</b>	—	(0.08)
<b>TOTAL</b>	<b>26.75</b>	<b>30.99</b>



**SCHEDULE-18 PRIOR PERIOD ADJUSTMENT (NET)**

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
<b>A.INCOME</b>		
i) Sale of electricity	0.03	(0.29)
ii) Others	<u>1.44</u>	<u>0.25</u>
	<u>1.47</u>	<u>(0.04)</u>
<b>B.EXPENDITURE</b>		
i) Salaries and wages	0.02	1.29
ii) Repair and maintenance	0.26	0.19
iii) Interest	—	(0.01)
iv) Others	0.67	3.17
v) Depreciation	<u>(1.66)</u>	<u>1.61</u>
<b>TOTAL</b>	<b><u>(2.18)</u></b>	<b><u>6.25</u></b>



## **SCHEDULE – 19 SIGNIFICANT ACCOUNTING POLICIES**

### **1. ACCOUNTING CONVENTIONS**

- 1.1 The accounts of the Corporation are prepared under the historical cost convention using the accrual method of accounting.
- 1.2 Interest/Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

### **2. FIXED ASSETS**

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 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 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuates or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified, to be amortized over the useful life of the project, which is taken as 35 years from the date of commercial operation of the project.
- 2.5 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.
- 2.6 Construction equipments declared surplus are shown at lower of book value and net realisable value.

### **3. MACHINERY SPARES**

- 3.1 Machinery spares for Generating units, Power Station and Switchyard etc. either procured alongwith the equipment or subsequently and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of the related plant and machinery. Other spares are treated as “stores and spares” forming part of the inventory and expensed when issued.

### **4. CAPITAL WORK IN PROGRESS**

- 4.1 Projects under commissioning and other capital work-in-progress are carried at cost. In respect of Projects under construction, incidental and attributable expenses including interest and depreciation on fixed assets in use during construction are carried as part of Incidental Expenditure During Construction to be allocated on major immovable Project Assets other than Land and infrastructural facilities, on commissioning of the Project.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to ‘Incidental Expenditure During Construction’.

### **5. DEPRECIATION & AMORTISATION**

- 5.1 Depreciation is charged on straight line method following the rates notified by the Central Electricity Regulatory Commission (CERC) for the purpose of fixation of tariff. In respect of assets, where rate has not been notified by regulations by the CERC, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961, except in case of computers and peripherals, where rates as assessed by the Company are adopted.
- 5.2 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.



- 5.3 Assets valuing Rs. 5000/- or less and such items (excluding immovable assets) with written down value of Rs. 5,000/- or less at the beginning of the year are fully depreciated.
- 5.4 Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.
- 5.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, the unamortised balance of such assets is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.

## **6. INVESTMENTS**

Investments are intended for long term and carried at cost.

## **7. INVENTORIES**

- 7.1 (a) Stores & Spares other than scrap and spares of surplus construction equipments, are valued at cost on weighted average basis.
- (b) Scrap is valued at net realizable value.
- (c) Spares for surplus construction equipments are valued at lower of cost and net realizable value.
- 7.2 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 installments.
- 7.3 Stores issued for operation and maintenance at Power Stations but lying unused at site at the year end are evaluated at engineering estimates and taken as stores.

## **8. MISCELLANEOUS EXPENDITURE**

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

## **9. FOREIGN EXCHANGE FLUCTUATION**

Transactions in foreign currency are recorded at exchange rates prevailing on the date of transaction. Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. Exchange differences arising due to repayment or restatement of liabilities relating to fixed assets is adjusted in the carrying amount of the respective fixed assets where capitalised or carried as part of Capital Work-in-progress where the asset is under construction. Gain or loss arising out of translation/conversion in other cases is transferred to Profit & Loss Account in case of Power Station and to Incidental Expenditure During Construction in case of projects under construction.

## **10. RETIREMENT BENEFITS**

Provision for gratuity, leave encashment and post-retirement medical health scheme is made on actuarial valuation basis every year.

## **11. REVENUE**

- 11.1 (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the appropriate authority. Recovery/refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.
- (b) Incentives/Disincentives are recognised as per tariff notifications. In case of Power Station where tariffs have not been notified, incentives are recognized provisionally on assessment of the likelihood of acceptance of the same.
- (c) Adjustments arising out of finalisation of global accounts, though not material, are effected in the year of respective finalisation.



- (d) Advance against depreciation given as a component of tariff in the initial years to facilitate repayment of loans is reduced from Sales and considered as deferred income to be included in Sales in subsequent years.

11.2 Revenue from Contract Works on Cost Plus/ Deposit/Turnkey basis 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. Provision for contingencies is made in such cases and to such extent as is considered necessary to cover any claims that may arise during the defect liability period.

11.3 In respect of Project Management/Consultancy Contracts, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.

11.4 Interest on investments is accounted for on accrual basis.

## 12. ALLOCATION OF CORPORATE OFFICE EXPENSES

Corporate Office Expenses are allocated as under:

- On Power Station @ 1% of Sale of Energy for the year excluding taxes & duties.
- In case of construction contract works awarded to and executed by the Corporation @ 5% of the project expenditure incurred during the year.
- The balance expenditure is allocated to construction projects in the ratio of net capital expenditure incurred during the year.

## 13. SELF INSURANCE

0.5% p.a. of Gross Block of Power Stations as on the date of Balance Sheet is treated as 'Self Insurance for Contingencies' on year to year basis by charge to Profit & Loss Account, to be utilised for losses of Assets for specified contingencies.

## 14. MISCELLANEOUS

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

14.2 Power supplied from Power stations to projects under construction is charged as per normal tariff.

14.3 Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.

## 15. BORROWING COST

Borrowing costs attributable to the Fixed Assets during construction/renovation & modernisation are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## 16. TAXES ON INCOME

Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited/debited to the extent tax expense is chargeable from the Beneficiaries in future years on actual payment basis.



## SCHEDULE – 20 NOTES TO THE ACCOUNTS

### 1. CONTINGENT LIABILITIES: -

- a) Claims against the Corporation not acknowledged as debts Rs.993.10 crores (previous year Rs 1024.70 crores). This includes Rs.75.74 crores (previous year Rs.75.74 crores) towards additional guarantee fee in respect of external commercial borrowing for which application for waiver is still pending with Government of India.
  - b) Bonds for Rs.15.74 crores (previous year Rs. 17.44 crores) executed in favour of Customs Authorities by the Corporation.
  - c) Corporate Guarantee given to Bank /Financial Institutions on behalf of Narmada Hydroelectric Development Corporation Limited, a subsidiary Company of the Corporation for Rs. 600 crores. (principal amount) (previous year – Rs. 300 crores ) and for payment of interest on term loan upto Rs.1900 crores (previous year Nil).
  - d) In case of Loktak Downstream Project, 161 employees already engaged by Electricity Department Government of Manipur are to be inducted into the roll of the Corporation. The financial implication, if any, in this regard could not be ascertained at this stage.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 5022.39 crores (previous year Rs. 3128.86 crores).
3. a) Salal Power Station (Stage-I) had 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 12.7.1991. Pending completion of legal formalities for de jure transfer and based on legal opinion, the Assets & Liabilities 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. Accordingly, an amount of Rs.331.60 crores (Rs.297.60 crores being the first 50% of estimated revised cost and Rs.34.00 crores being 50% of Interest During Construction) has been treated as investment from Government of India and accounted for as Government of India fund adjustable to equity.
- b) Pending sanction from Government of India, Rs. 94.25 crores, (previous year Rs. 94.25 crores) being the first 50% of interest accrued during construction on Government of India loan and capitalised in respect of Chamara -I, Tanakpur, Uri and Rangit Power Stations has been shown as Government of India fund adjustable to equity. Further adjustments, if any, shall be carried out on receipt of approval from Government of India.
4. a) Title deeds/title in respect of Land & Building of some Projects/Units amounting to Rs.29.74 crores (previous year Rs.46.09 crores), covering an area of 4280 hectare (previous year 4,162 hectare), have yet to be executed/passed. Expenses on stamp duty etc. relating to registration thereof will be accounted for as and when incurred.
- b) Pending execution of lease deeds at some of the Units in Jammu and Kashmir, period of lease has been taken at 99 year except certain land at Jammu where it has been taken as 40 years and amortised accordingly.
5. a) As per Tripartite agreements entered into among Government of India, respective State Governments and Reserve Bank of India pursuant to the Government of India's scheme i.e. 'Scheme for settlement of SEB dues', Corporation has during the year received 8.5% tax free bonds of Rs.2531.04 crores including by way of conversion of the existing bonds of Rs.1717.30 crores towards settlements of



outstanding dues as on 30<sup>th</sup> September, 2001. Similarly, in terms of bi-partite agreement between the President of India and the Lieutenant Governor of Government of National Capital Territory of Delhi, outstanding dues of Rs.228.21 crores including surcharge on delayed payment of Rs.56.75 crores has been recognised in books of accounts as long term advances carrying a tax-free interest rate of 8.5% p.a.

- b) Long term advances have been treated as investment and disclosed accordingly.
  - c) The Corporation has estimated its liability of Rs. 358.70 crores as on 31<sup>st</sup> March, 2004 on account of a set of rebates/incentive payable to States Electricity Boards in terms of Tripartite/Bipartite agreements referred to in Note No.5 (a) above and same has been provided for after considering provision of Rs.80.12 crores created during the last year.
  - d) 'Other income' (Schedule - 13) includes income of Rs.104.60 crores on account of surcharge for late payment respectively.
6. As per order of Central Electricity Regulatory Commission, NHPC being a generating Company is entitled to a Development Surcharge of 5% on both capacity & primary energy charges for the purpose of capacity addition and project development activities. The Generating Company is to maintain separate accounts in its books and reflect the balance in the Development Surcharge Reserve Account and the investment represented against the same in their Balance Sheet. The investment is continuing in Corporate Liquid Term Deposit A/c. The fund is to be utilised in a specified manner. No amount out of the said reserve has been utilised during the year. Accordingly, the net of development surcharge reserve account has been shown under Current Liabilities. In absence of the status of assessee in respect of income earned on Development Surcharge, additional provision on account of Income-Tax liability has not been made as it is to borne out of the same fund.
7. a) Sales include Rs. 21.51 crores (previous year Rs. 42.17 crores) as charges yet to be billed on the Beneficiaries towards income tax for the current year.
- b) Sales in respect of Chamara-II Power Station, having 3 Units of 100 M.W. each which have been declared commercially operative on 02.11.2003, 01.01.2004 & 31.03.2004 respectively, have been accounted for based on provisional tariff notified by the Central Electricity Regulatory Commission. Further, adjustments including that of advance against depreciation and of Foreign Exchange Rate Variation shall be done on fixation of the final tariff by Central Electricity Regulatory Commission.
- c) In respect of 60 M.W. Rangit Power Station, the Central Electricity Regulatory Commission has since, subsequent to the close of the year approved the tariff as per terms of tariff order dated 19.05.2004. Sales in respect of these Power Stations for the year 2001-02, 2002-03 & 2003-04 have been accounted for based on the bills raised subsequently as per the revised tariff rates. However owing to non-receipt of machine availability, the sales relating to the year 1999-2000 and 2000-01 have not been accounted for as per the terms of the said tariff order.
8. The decrease in liability of Minimum Alternate Tax from Rs. 43.74 crores to Rs. 22.10 crores is mainly because of conversion of bonds as referred in para 5 above into Tax-Free bonds.
9. a) Balances shown under Material issued to contractors, claims recoverable (including from Power Grid Corporation of India Limited and Insurance companies), advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors and Deposits/Earnest money from contractors are subject to reconciliation/confirmation and respective consequential adjustments.



- b) A sum of Rs.2.76 crores, Rs.2.71 crores, Rs. 1 crores, Rs. 0.44 crores and Rs. 2.06 crores included in Material Issued to Contractors, Advance to Contractors, Hire charges recoverable, interest accrued on advances and claims recoverable from contractors/others, respectively, pertaining to Chamara-I & Salal Power Stations are subject to adjustment on settlement of claims. In the opinion of Management, no provision is required against the above at this stage.
  - c) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet. In absence of surrender value, the gratuity fund is however continuing on the value as certified by LIC.
  - d) Claims recoverable includes Rs.16.65 crores due from J&KPDC in respect of Baglihar Project handed over to them as per Government of India orders. In respect of Sawalkot Project, pending final handing over of the Project, capital expenditure aggregating to Rs. 4.89 crores continues to appear as part of the assets of the Corporation whereas adhoc advance of Rs. 5.36 crores received from J&KPDC in respect of this Project is however shown under 'Current Liabilities' and shall be adjusted on final settlement of account.
10. a) In accordance with the decision of Government of India, Siang (13400 MW) and Subansiri (7500 MW) Projects were transferred to the Corporation from Brahmaputra Board. Pending finalisation of handing over process and settlement of account with Brahmaputra Board, assets and liabilities in respect of these Projects have been booked to the extent of amounts incurred by the Corporation.
  - b) In pursuance of Government of India decision, the Corporation has taken over, Uri-II, Kishanganga, Pakul Dul, Sewa-II, Bursur, Nimmo-Bazgo, Chutak Projects from J&KPDC for which demand of Rs. 84.89 crores has been raised by J&KPDC. In addition to expenditure incurred after taking over of the Projects, the Corporation has booked a total expenditure of Rs.33.66 crores towards SEWA II Project against Rs.41.45 crores claimed for the said Project to the extent of verification of the assets transferred and reconciliation with accounts of J&KPDC. The remaining expenditure as demanded by J&KPDC shall be booked on final reconciliation of items and the accounts submitted by them.
  - c) In SEWA -II Project, fixed assets transferred by J&KPDC have been capitalised at the cost of acquisition/construction by J&KPDC and accumulated depreciation upto 31<sup>st</sup> March, 2004 has been provided thereon.
  11. Capital Work-in-progress includes Rs.73.14 crores incurred, since 1980, on Koel Karo Project, which is pending clearance from Government of India.
  12. The Company, in respect of a foreign currency loan of JPY 534.70 crores, has entered into a hedging agreement covering interest payment on the due dates, viz., 9<sup>th</sup> January and 9<sup>th</sup> July and also for the possible repayment of the principal at the end of 5 years. In the absence of a specific Accounting Standard in India and being an "off balance sheet item", no adjustment is considered necessary as on the Balance Sheet date. The loss or gain arising out of the agreement will be accounted for on settlement on the due dates.
  13. Consequent upon upholding of the validity of Employees Pension Scheme, 1995 by the Hon'ble Supreme Court detailed calculation of arrears are being done. No liability on this account shall however arise on the part of NHPC as the entire contribution already stand remitted to Employees Provident Fund Accounts.
  14. Pending approval from the Government of India, no provision for revised pay structure on IDA pattern in respect of Executives has been made in the books of accounts.
  15. Pending receipt of completion certificate and demand notice from respective authorities, provision for property tax has not been made in respect of Faridabad, Office Complex.



- 16 a) The effect of foreign exchange fluctuation during the year is as under:

		(Rupees in crores)	
		2003-04	2002-03
(i)	Amount charged to Profit and Loss Account excluding depreciation	0.65	(0.31)
(ii)	Amount charged to Incidental expenditure during construction	6.11	32.27
(iii)	Amount charged to Capital work-in-progress	80.72	149.21
(iv)	Amount adjusted by addition to carrying amount of fixed assets	(-) 22.98	30.69
(v)	Amount adjusted by addition to monetary assets	—	0.50

- b) The amount of borrowing cost transferred to 'Incidental Expenditure During Construction' during the year is Rs. 284.43 crores (previous year Rs. 321.70 crores).
17. a) Electricity generation is the principal business activity of the Corporation. Other operations viz., contract works, interest income and consultancy services do not form a reportable segment as per the Accounting Standard - 17 on Segment Reporting issued by The Institute of Chartered Accountants of India.
- b) The Corporation has power stations located within the country and therefore, geographical segments are inapplicable.
- c) 'Interest' income earned by the Corporation is in respect of bonds/long term advances issued to the Corporation by various State Electricity Boards in liquidation of the debts owed by them against energy supplied and is attributable to the generation activity. Similarly, surcharge for delayed payment received from beneficiary states is attributable to the generation activity.
18. The depreciation on Fixed Assets has been charged to Profit and Loss Account at the rates notified by CERC applicable for the purpose of recovery of Tariff as depreciation rates are not specified by Electricity Act, 2003. The depreciation charge for the year is lower by Rs. 184.75 crores as compared to the rates prescribed in Schedule XIV of the Companies Act, 1956 so far as Profit & Loss Accounts is concerned.
19. a) The Corporation has during the year introduced a new Accounting Policy No. 2.4 for amortising land unclassified over the life of the Project resulting into decrease in Profit for the year by Rs. 6.12 crores.
- b) The effect on Profit & Loss Account due to introduction of new Accounting Policy No. 5.4 on intangible assets is not material. Similarly, there is no effect on Profit & Loss Account so far as slight modification in Accounting Policy No. 2.1 is concerned.
20. Pending issue of suitable notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under section 441A of the Companies Act, the Corporation has not provided for the same.
21. a) In compliance to the Accounting Standard 22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, Deferred Tax Liability amounting to Rs. 85.73 crores (previous year Rs. 160.60 crores) has been provided during the current year. The item-wise details of cumulative Deferred Tax Liability are as under:



(Rupees in crores)

	31.03.2004	31.03.2003
<b>Deferred Tax Liability</b>		
i) Depreciation	1853.57	1786.38
<b>Less: Deferred Tax Assets</b>		
ii) Accumulated unabsorbed depreciation	170.81	178.43
iii) Advance against Depreciation to be considered as income in tax computation	138.50	141.88
iv) Provision for doubtful debts, Insurance, contingencies and incentive (Bonds)	123.50	139.78
v) Provision for employee benefit schemes	41.60	32.87
<b>Deferred Tax Liability (Net)</b>	<b>1379.16</b>	<b>1293.42</b>

b) The Corporation does not have any taxable wealth and hence, no provision for wealth tax has been made.

22. In compliance of Accounting Standard – 18 on related party disclosures issued by The Institute of Chartered Accountants of India, the required information is given as under:-

**a) Whole time Directors:**

Shri Yogendra Prasad	Chairman & Managing Director
Shri R. Natarajan	Director (Finance) (upto 06.05.2003)
Shri S.K. Garg	Director (Finance) (w.e.f. 01.07.2003)
Shri A. K. Gangopadhyay	Director (Projects)
Shri R. K. Sharma	Director (Technical)
Shri Binay Kumar	Director (Personnel) (ceased w.e.f. 07.07.2003)

**b) Relationship**

Joint Venture Companies	NIL
-------------------------	-----

**c) Details of transaction carried out with the related parties in the ordinary course of business**

(i)	Details relating to parties referred to in item (a) above	NIL
(ii)	Details relating to parties referred to in item (b) above.	N.A.

23. a) Remuneration paid/payable to Directors:

(Rupees in crores)

	2003-04	2002-03
(i) Salaries & Allowances	0.33	0.26
(ii) Contribution to Provident Fund	0.03	0.03
(iii) Rent for Residential Accommodation	0.10	0.11
(iv) Medical Reimbursement	0.03	0.01
(v) Sitting Fees	—	—

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

	Non-AC Car	AC Car
Upto 16 HP	Rs 325 per month	Rs 520 per month
Above 16 HP	Rs 490 per month	Rs 780 per month



24. Remuneration to Statutory Auditors

(Rupees in crores)

	2003-04	2002-03
Statutory Audit Fees	0.13	0.09
Tax Audit Fees	0.04	0.02
Audit Expenses	0.24	0.10
Other matters	0.03	0.01

25. Quantitative details in respect of Energy produced and sold:

		2003-04	2002-03
(i)	Licensed Capacity (M.W.)	Not Applicable	Not Applicable
(ii)	Installed Capacity (M.W.)	2449.20	2149.20
(iii)	Actual Generation (Million Units) *	11045.52	9862.74
(iv)	Actual Sales (Million Units) **	9488.74	8598.24

\* including infirm Power.

\*\* excluding free Power to Home States.

26. (Rupees in crores)

		2003-04	2002-03
a)*	Value of imported Plant and Machinery and Spares on CIF basis	102.76	109.80
b)*	Expenditure in Foreign Currency		
	i) Know - How	0.63	2.62
	ii) Interest	111.44	116.13
	iii) Other Misc. Matters	254.39	221.98
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported	0.07(3%)	—
	ii) Indigenous	2.60 (97%)	2.65 (100%)
d)**	Earnings in foreign currency		
	i) Interest	—	—
	ii) Others	0.04	—

\* Accrual basis.

\*\* Cash basis.

27. Cash & Bank balances includes Rs.84.55 crores being the cheque in hand received from Ministry of Power on account of equity vide sanction order No. 16/22/2003-DO NHPC dated 31.03.2004.
28. Pursuant to Department of Company Affairs Notification dated 01.08.2002 read with letter No. 1/5/2002-CL.V dated 25.04.2003, the Corporation has started rounding off figures in the Balance Sheet and Profit & Loss Accounts in crores with two decimals w.e.f. financial year 2003-04. Earlier rounding off was being done in millions without decimals.
29. Previous year's figures have been re-grouped/re-arranged/re-cast wherever necessary.

**VIJAY GUPTA**  
Secretary

**S.K. GARG**  
Director (Finance)

**YOGENDRA PRASAD**  
Chairman & Managing Director

Place : Faridabad  
Dated : 10th June, 2004



## 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
---	---

2	0	0	4
---	---	---	---

### II Capital raised during the year (Rupees in Crores)

Public Issue

N	I	L
---	---	---

Right Issue

N	I	L
---	---	---

Bond Issue

N	I	L
---	---	---

Private Placement \*

1	3	8	8	.	4	2
---	---	---	---	---	---	---

\* Share Capital Deposit received from Govt. of India.

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

Total Liabilities

2	1	2	9	6	.	9	6
---	---	---	---	---	---	---	---

Total Assets

2	1	2	9	6	.	9	6
---	---	---	---	---	---	---	---

#### Sources of Funds

Paid-up Capital #

8	6	2	9	.	0	3
---	---	---	---	---	---	---

Reserves and Surplus \$

4	5	3	3	.	6	7
---	---	---	---	---	---	---

Secured Loan

4	1	4	1	.	3	5
---	---	---	---	---	---	---

Unsecured Loans

2	7	0	6	.	4	3
---	---	---	---	---	---	---

# Includes share capital deposit Rs.427.55 crores and Government of India Fund adjustable to equity Rs. 425.85 crores.

\$ Includes Income received in advance on account of Advance Against Depreciation amounting to Rs.939.40 crores and Self Insurance for contingencies amounting to Rs.255.81 crores.

#### Application of Funds

Net Fixed Assets

1	6	2	4	1	.	1	4
---	---	---	---	---	---	---	---

 @

Investments

3	6	6	0	.	8	7
---	---	---	---	---	---	---

Net Current Assets

1	0	7	.	7	6
---	---	---	---	---	---

Misc. Expenditure

0	.	7	1
---	---	---	---

Accumulated Losses

N	I	L
---	---	---

@ Includes Capital Work-in-Progress of Rs.6975.81 crores and Construction Stores and Advances of Rs.805.55 crores.



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

Turnover

1	3	1	4	.	3	8
---	---	---	---	---	---	---

\*\*

Total Expenditure

1	1	8	4	.	3	0
---	---	---	---	---	---	---

Profit Before Tax

6	4	3	.	4	8
---	---	---	---	---	---

Profit After Tax

6	2	1	.	3	8
---	---	---	---	---	---

Basic Earning per share in Rs.

8	4	.	7	6
---	---	---	---	---

Dividend Amount

1	2	0	.	0	0
---	---	---	---	---	---

\*\* Excludes Other Income Rs.513.40 crores.

#### 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

**S.K. GARG**

Director (Finance)

**YOGENDRA PRASAD**

Chairman & Managing Director





## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in crores)

	For the year ended 31st MARCH, 2004	For the year ended 31st MARCH, 2003
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	643.48	555.00
<b>ADD :</b>		
Depreciation	206.74	142.19
Provisions for contingencies	-9.21	-16.94
Interest paid	347.17	377.91
Self-insurance for contingencies	42.57	34.87
Provisions for incentive	-	80.12
Deferred revenue expenditure amortized	0.76	0.81
Diminution in value of inventories	0.04	6.46
Project expenses written off / provided for	4.44	-
Loss on sale of assets	8.21	0.51
Exchange rate variation	0.65	-0.31
Advance against depreciation	138.34	152.63
<b>LESS :</b>		
Profit on sale of assets	739.71	778.25
Deferred revenue expenditure	1.53	1.67
Rebate given to customers	0.27	-
Exchange rate variation paid	26.60	26.69
Excess provisions & liabilities written back	-	-0.30
Dividend income	12.69	1.56
	0.10	0.14
<b>Cash flow from operating activities before working capital adjustments</b>	<b>698.52</b>	<b>748.49</b>
	1342.00	1303.49
<b>Working Capital Changes</b>		
(Increase)/Decrease in inventories	10.23	13.24
(Increase)/Decrease in contract work in progress	-16.11	-9.37
(Increase)/Decrease in receivables	-249.93	-350.47
Increase/(Decrease) in trade & other payables	16.55	-74.53
<b>Cash flow from operating activities before taxes</b>	<b>-239.26</b>	<b>-421.13</b>
	1102.74	882.36
Less : Taxes	22.10	44.50
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1080.64</b>	<b>837.86</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets & expenditure on construction projects (including incidental expenditure during construction)	-1428.35	-1670.94
Sale proceeds on disposal of fixed assets	49.98	11.64
Investment in shares of subsidiary company & others	-203.26	-488.45
Dividend received	0.10	0.14
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-1581.53</b>	<b>-2147.61</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	960.87	773.57
Share capital deposit	427.55	121.37
Dividend & dividend tax paid	-88.20	-100.00
Proceeds on borrowings (net)	-660.63	1290.58
Interest & financial charges	-566.69	-715.08
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>72.90</b>	<b>1370.44</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-427.99</b>	<b>60.69</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>602.36</b>	<b>541.67</b>
<b>Cash &amp; Cash Equivalents at the close of the year</b>	<b>174.37</b>	<b>602.36</b>

**EXPLANATORY NOTES TO CASH FLOW STATEMENT**

- Cash and cash equivalents consist of cash in hand and bank balances including cheques / drafts in hands.
- Bonds allotted to the corporation in discharge of debts and interest earned thereon being related to the core generating activity has been considered as part of cash from operating activities.
- Investment in fixed assets & construction work in progress excludes interest & financial charges capitalised Rs 284.96 crores.
- The previous year's figures has been regrouped / re-arranged / re-cast wherever necessary.

As per our attached report of even date

**For BATRA SAPRA & COMPANY**  
Chartered Accountants

**(SANDEEP MANAKTALA)**  
Partner  
Membership No. 91408

**VIJAY GUPTA**  
Secretary

For and on behalf of the BOARD OF DIRECTORS

**S.K. GARG**  
Director (Finance)

**YOGENDRA PRASAD**  
Chairman & Managing Director

Place : Faridabad  
Dated : 10th June, 2004



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY.

- |   |  |
|---|--|
| 1. Name and address of the Company  | Narmada Hydroelectric Development Corporation Ltd.,<br>(NHDC), NHDC Block, 2-5 <sup>th</sup> Floor, Paryavas Bhawan,<br>Arera Hills Colony, Bhopal (M.P.)  |
| 2. Financial year of the Subsidiary Company ended on  | 31 <sup>st</sup> March, 2004   |
| 3. Share of the Subsidiary Company held by NHPC and its nominees on the above date  |  |
| (A) Number of Shares and Face Value   | 83,40,000 Equity Shares of Rs. 1000/-each fully paid   |
| (B) Extent of Holding   | Out of 1,63,23,529 shares issued 83,40,000 shares are held by National Hydroelectric Power Corporation Limited   |
| 4. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of National Hydroelectric Power Corporation Limited and is not dealt within the accounts of National Hydroelectric Power Corporation Limited  |  |
| (i) For Subsidiary Company Financial year ended on March, 2004  | (a) 51% of Rs. 9.66 Crores being the profit carried to Balance Sheet i.e. Rs. 4.93 Crores<br>(b) Dividend of Rs. 1.22 Crores being 51% share of the recommended dividend amount of Rs. 2.40 Crores |
| (ii) For previous Financial years of the Subsidiary company since it become Subsidiary  | NIL  |
| 5. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of National Hydroelectric Power Corporation Limited and is dealt within the accounts of National Hydroelectric Power Corporation Limited  | NIL  |
| (i) For Subsidiary Company Financial year ended on March, 2004  |  |
| (ii) For previous Financial years of the Subsidiary company since it become Subsidiary  |  |
| 6. Change in the interest of National Hydroelectric Power Corporation Limited in the Subsidiary Company between the end of the Financial year of the Subsidiary Company and that of National Hydroelectric Power Corporation Limited  | NIL  |
| 7. Material changes between the end of the Financial year of the Subsidiary Company and end of the Financial year of National Hydroelectric Power Corporation Limited in respect of Subsidiary Company's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities. | NIL  |

**For and on behalf of the BOARD OF DIRECTORS**

**Vijay Gupta**  
Company Secretary

**S.K. Garg**  
Director (Finance)

**Yogendra Prasad**  
Chairman & Managing Director



**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, FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2004.**

**COMMENTS**

**MANAGEMENT REPLY**

**A Profit and Loss Account**

**Profit after tax: Rs. 621.38 crore**

The above is overstated by Rs 5.25 crore on account of following:

	(Rs. in crore)	
(i) Short provision of depreciation owing to adoption of rate of 1.8 per cent instead of 2.57 per cent on tunnels in Chamera project (stage II).	2.59	} Noted. Necessary action has since been taken.
(ii) Capitalisation of the amount of the Government guarantee fee beyond the date of commission of Chamera project (stage II) owing to non-apportionment of the fee between the construction and operation & maintenance period.	1.18	
(iii) Non-provision in respect of insurance claim for damage to Gas Insulated Switchgear equipment during transit in 1990.	1.48	The claim is still under active consideration by M/s. National Insurance Co. Ltd. As such, in our opinion no provision is required at this stage.

**B Notes to the Accounts (Schedule -20)**

**(i) Note No.1 (a)**

**Contingent liabilities**

**Claims against the Company not acknowledged as debt: Rs 992.88 crore**

The above does not include a sum of Rs 4.31 crore claimed by two Contractors on account of additional escalation in Dhauliganga Project.

Noted.

**(ii) Note No. 9 (a)**

Loans and Advances (Schedule 9) include a sum of Rs.10.44 crore being the interest for the period 1993-94 to 1995-96 claimed from Power Grid Corporation of India Limited (PGCIL). The same has, so far, not been accepted by PGCIL.

Both companies have agreed to review the matter during 2004-2005. Necessary action would be taken accordingly.



It is observed that PGCIL has also claimed Rs.6.32 crore from the Company on account of transmission charges. The Company has neither provided the liability therefore, nor disclosed the fact in the accounts.

Both the companies, however, agreed to review the matter for reconciliation in the next year.

(iii) **Note No. 18**

Consequent upon the enactment and coming into force Electricity Act, 2003, with effect from 10.06.2003, three old electricity laws namely the Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commission Act, 1998 has been repealed. The Electricity Act, 2003 does not contain any provision regarding rates of depreciation to be followed by the generating companies for the purpose of preparation of their annual accounts. The Company continued to follow the rates of depreciation for preparation of its accounts for the year ended 31<sup>st</sup> March 2004 as notified by the Central Electricity Regulatory Commission in March 2001 for the purpose of determination of tariff. The Matter has been referred to the Government of India for clarification regarding applicability of rates of depreciation to be charged in the books of accounts.

Noted.

**For and on behalf of BOARD OF DIRECTORS**

Sd/-  
**(REVATHI BEDI)**  
**PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT**  
**& EX -OFFICIO MEMBER, AUDIT BOARD-III**

**Place : New Delhi**  
**Date : 23rd August 2004**

Sd/-  
**(YOGENDRA PRASAD)**  
**CHAIRMAN & MANAGING DIRECTOR**

**PLACE : FARIDABAD**  
**DATED : 25.08.2004**





## Annexure-VI

**REVIEW OF ACCOUNTS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED, FARIDABAD, FOR THE YEAR ENDED 31 MARCH, 2004 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**NOTE :** THIS REVIEW OF ACCOUNTS HAS BEEN PREPARED WITHOUT TAKING INTO ACCOUNT COMMENTS UNDER SECTION 619(4) OF THE COMPANIES ACT 1956 AND QUALIFICATIONS CONTAINED IN THE STATUTORY AUDITOR'S REPORT.

**1. Financial Position**

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

		(Rs. In Crores)		
<b>Liabilities</b>		<b>2001-2002</b>	<b>2002-2003</b>	<b>2003-2004</b>
a)	Paid-up capital			
	i) Government (including Government funds adjustable to equity)	6345.70	7240.61	8629.03
	ii) Others	—	—	—
b)	Reserves and surplus			
	i) Free reserves and surplus	2598.40	2852.40	3338.40
	ii) Share premium accounts	—	—	—
	iii) Capital reserves	0.10	0.06	0.06
	iv) Self Insurance For Contingencies	—	213.24	255.81
c)	Borrowings			
	i) from Government of India	28.70	—	—
	ii) from Financial institutions	2849.30	3373.58	3143.19
	iii) Foreign currency loans	2113.60	2315.69	2606.43
	iv) Cash credit/Short Term Loan	656.30	634.12	42.16
	v) Others	569.30	1184.30	1056.00
	vi) Interest accrued and due	—	0.07	—
d)	i) Current liabilities and provisions	640.80	674.16	1130.54
	ii) Provision for gratuity	91.60	124.27	155.94
e)	Deferred Tax Liabilities	1132.90	1293.42	1379.16
f)	Income received in Advance			
	i) Advance against depreciation	648.40	801.06	939.40
	<b>TOTAL</b>	<b>17675.10</b>	<b>20706.98</b>	<b>22676.12</b>
<b>Assets</b>				
g)	Gross block	8113.50	8280.95	10342.71
h)	Less : Cumulative depreciation	1526.70	1672.19	1882.95
i)	Net block	6586.80	6608.76	8459.76
j)	Capital work-in-progress including construction stores & advances	5743.80	7699.74	7781.38
k)	Investments	1927.20	2415.66	3660.87
l)	Current assets, loans and advances	2282.40	2688.20	1394.24
m)	Deferred Tax Assets/Recoverable	1132.90	1293.42	1379.16
n)	Miscellaneous expenditure not written off	2.00	1.20	0.71
	<b>TOTAL</b>	<b>17675.10</b>	<b>20706.98</b>	<b>22676.12</b>
o)	Working capital {l-d(i)-c(vi)}	1641.60	2013.97	263.70
p)	Capital employed (i+o)	8228.40	8622.73	8723.46
q)	Net worth {a+b(i)+b(ii)-n}	8942.10	10091.81	11966.72
r)	Net worth per rupee of paid-up capital (in Rupees)	1.41	1.39	1.39



## 2. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs.4183.97 crores from internal and external sources were realised and utilised during the year as follows:

Sources of funds	(Rs. In Crores)
	2003-2004
Funds generated from operation	
a) Profit for the year	621.38
Add :Depreciation during the year	210.76
Add :Misc. Expenditure written off	0.49
Add :Increase in Self Insurance Reserve	42.57
Total (a)	875.20
b) Increase in paid up capital	1388.42
c) Increase in provision for Gratuity	31.67
d) Increase in Advance against Depreciation	138.34
e) decrease in working capital	1750.34
<b>TOTAL</b>	<b>4183.97</b>
Utilisation of funds	
a) Increase in Fixed assets	2061.76
b) Decrease in borrowed funds	659.98
c) Increase in Capital work-in-progress including construction stores and advances	81.64
d) Dividend paid (including Proposed Dividend)	135.38
e) Increase in Investment	1245.21
<b>TOTAL</b>	<b>4183.97</b>

## 3. WORKING RESULTS

The working results of the Company in the last three years ended 31st March, 2004 are given below :

	(Rs. in crores)		
	2001-2002	2002-2003	2003-2004
i) Sales	1221.00	1172.23	1276.09
iv) Other or Misc Income	334.40	302.96	551.69
v) Profit before tax and prior period adjustments	519.60	561.29	641.30
vi) Prior period adjustments	-6.50	-6.29	2.18
vii) Profit before Tax	513.10	555.00	643.48
viii) Tax Provisions	42.20	44.50	22.10
ix) Profit after tax	470.90	510.50	621.38
x) Proposed Dividend (including Dividend Tax & Interim Dividend)	50.00	78.20	135.38



#### 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 2004 are as follows :

(In Percentages)			
	2001-2002	2002-2003	2003-2004
a) Liquidity ratio			
Current Ratio (Current assets to Current liabilities & provisions and interest accrued and due but excluding provisions for gratuity) {l/d(i)+c(vi)}	3.56	3.99	1.23
b) Debit equity ratio Long term debit to Net worth {c(i) to (v) but excluding short term loans)/q}	0.62	0.68	0.57
c) Profitability ratios Profit (before tax) to			
(i) Capital employed	6.24	6.44	7.38
(ii) Net worth	5.74	5.50	5.38
(iii) Sales	42.02	47.34	50.43
(iv) Equity	8.09	7.67	7.46
d) Earnings per share (in Rupees)	80.86	76.65	74.57

#### 5. INVENTORY LEVELS

The inventory levels at the close of the last three years ended 31st March,2004 are as follows:

	(Rs. in crores)		
	2001-2002	2002-2003	2003-2004
Stores, spares and loose tools	83.70	64.06	53.79

#### 6. SUNDRY DEBTORS

The sundry debtors and Sales in the last three years ended 31st March, 2004 are as follows:

				(Rs. in crores)	
SUNDRY DEBTORS				SALES	Percentage of Sundry Debtors to Sales
As on 31st March	Considered good	Considered doubtful	Total	(including excise duty)	
2002	1271.50	77.50	1349.00	1221.00	110.48
2003	1493.82	75.98	1569.80	1172.23	133.91
2004	498.96	84.75	583.71	1276.09	45.74

The agewise break up of sundry debtors at the end of 2003-2004 is as under:

	AMOUNT (Rs . In crore)
Debtors outstanding for less than 1 year	327.50
1-2 years	96.54
2 years to 3 years	34.32
3 years and above	125.35
<b>TOTAL</b>	<b>583.71</b>

Place: New Delhi  
Dated: 23rd August, 2004

Sd/-  
(REVATHI BEDI)  
PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT AND EX-OFFICIO MEMBER, AUDIT  
BOARD-III NEW DELHI



## CONSOLIDATED AUDITORS' REPORT TO THE MEMBERS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

### AUDITORS' COMMENTS

We have examined the attached Consolidated Balance Sheet of NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED and its subsidiary Company as at 31<sup>st</sup> March 2004, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date. These Consolidated financial statements are the responsibility of the National Hydroelectric Power Corporation Limited's management and our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted the audit in accordance with auditing standards generally accepted in India, which requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respect, in accordance with an identified financial reporting framework and are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary company Narmada Hydroelectric Development Corporation Limited. The financial statements of the said subsidiary have been audited by, other auditors whose report has been furnished to us, and in our opinion so far as it relates to the amounts included in respect of the subsidiary, is based solely on the reports of the auditor.

We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statement" issued by Institute Of Chartered Accountants of India and on the basis of separate audited financial statements of National Hydroelectric power Corporation Limited and its Subsidiary included in the aforesaid consolidated Financial Statements.

### MANAGEMENT REPLY





Subject to :

- i) Inclusion of Rs.73.14 crores in respect of Koel Karo Project, in capital work-in-progress since 1980 has not been written off or provided for, consequently profit is overstated to that extent.*

The expenditure incurred on execution of the project may not be written off at this stage as the project is still in the process of approval.

And on the basis of the information and explanations given to us and on the consideration of separate audit reports on individual financial statements of National Hydroelectric Power Corporation Limited and its subsidiary, in our opinion the Consolidated financial statement give a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of National Hydroelectric Power Corporation Limited and its subsidiary as at 31<sup>st</sup> March 2004,
  - (ii) In the case of Consolidated Profit and Loss Account, the consolidated results of operations of National Hydroelectric Power Corporation Limited and its subsidiary for the year then ended,
- and
- (iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of National Hydroelectric Power Corporation Limited and its subsidiary for the year then ended,

For **BATRA SAPRA & CO**  
**CHARTERED ACCOUNTANTS**

**SANDEEP MANAKTALA**  
**PARTNER**  
**MEMBERSHIP NO : 91408**

**PLACE : Corporate Office, Faridabad**  
**DATE 10<sup>th</sup> June, 2004**







# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

(Rupees in crores)

SCHEDULE		31st MARCH, 2004		31st MARCH, 2003	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i) Share capital	1	7,775.63		6,693.39	
ii) Share capital deposit		427.55		121.37	
iii) Government of India fund adjustable to equity		425.85		425.85	
iv) Reserves and surplus	2	3,629.10	12,258.13	3,061.56	10,302.17
B. LOAN FUNDS					
i) Secured loans	3	4,921.35		4,677.07	
ii) Unsecured loans	4	3,356.43	8,277.78	3,285.59	7,962.66
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION			939.40		801.06
D. SELF INSURANCE FOR CONTINGENCIES			257.62		213.24
E. DEFERRED TAX					
Net Deferred tax liabilities		1,385.13		1,293.42	—
Less : Deferred tax recoverable		1,385.13	—	1,293.42	—
F. MINORITY INTEREST			1,100.01		869.03
TOTAL		22,832.94		20,148.16	
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i) Fixed Assets	5				
a) Gross Block		12,058.21		8,305.70	
Less : Depreciation		1,899.05		1,678.09	
b) Net Block		10,159.16		6,627.61	
ii) Capital Work-in-Progress	6	8,296.34		8,899.82	
iii) Construction Stores and Advances	7	989.74	19,445.24	852.64	16,380.07
B. INVESTMENTS		8	2,771.61		1,725.66
C. CURRENT ASSETS, LOANS AND ADVANCES		9			
i) Interest accrued on investments		335.08		122.22	
ii) Inventories		53.79		64.06	
iii) Contract work-in-progress		26.58		10.48	
iv) Sundry debtors		504.02		1,493.82	
v) Cash and bank balances		833.20		804.65	
vi) Other current assets		82.99		83.31	
vii) Loans and advances		247.21	2,082.87	319.66	2,898.20
LESS: CURRENT LIABILITIES AND PROVISIONS		10			
i) Liabilities		1,041.51		428.88	
ii) Provisions		423.58		417.11	
iii) Development Surcharge (held in trust)		4.25	1,469.34	13.03	859.02
NET CURRENT ASSETS			613.53		2,039.18
D. MISCELLANEOUS EXPENDITURE		11	2.56		3.25
(To the extent not written off or adjusted)					
TOTAL		22,832.94		20,148.16	
NOTES TO THE ACCOUNTS		19			
Schedule 1 to 19 form integral part of the Accounts					

As per our attached report of even date

For **BATRA SAPRA & COMPANY**  
Chartered Accountants

For and on behalf of the **BOARD OF DIRECTORS**

(**SANDEEP MANAKTALA**)  
Partner  
Membership No. 91408

**VIJAY GUPTA**  
Secretary

**S.K. GARG**  
Director (Finance)

**YOGENDRA PRASAD**  
Chairman & Managing Director

Place : Faridabad  
Dated : 10th June, 2004



# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in crores)

	SCHEDULE	31st MARCH, 2004	31st MARCH, 2003
<b>INCOME</b>			
i) Sales		1,441.76	1,324.86
Less: Advance against depreciation		<u>138.34</u>	<u>152.63</u>
ii) Contracts and Consultancy	12	1,303.42	1,172.23
iii) Interest on Bonds		36.43	50.02
iii) Other Income	13	367.18	118.08
		<u>133.28</u>	<u>130.90</u>
<b>TOTAL INCOME</b>		<b><u>1,840.31</u></b>	<b><u>1,471.23</u></b>
<b>EXPENDITURE</b>			
i) Generation, Administration and Other Expenses	14	176.18	124.44
ii) Employees' Remuneration and Benefits	15	153.44	160.08
iii) Depreciation		212.59	140.36
Less: Transfer from capital reserve		0.65	—
iv) Interest and Finance charges	16	353.65	377.91
v) Contract and Consultancy Expenses	17	26.75	30.99
vi) Incentive to beneficiary states		278.58	80.12
vii) Prior period adjustment (Net)	18	<u>(2.14)</u>	<u>6.29</u>
<b>TOTAL EXPENDITURE</b>		<b><u>1,198.40</u></b>	<b><u>920.19</u></b>
<b>PROFIT BEFORE TAX</b>		<b>641.91</b>	<b>551.04</b>
<b>Provision for Taxation</b>			
i) Current Tax		23.28	43.74
ii) Adjustments Relating to Earlier Years		—	0.76
iii) Deferred tax		91.70	160.57
Less: Deferred Tax Recoverable Adjustment		<u>91.70</u>	<u>—</u>
		<u>23.28</u>	<u>44.50</u>
<b>PROFIT AFTER TAX</b>		<b>618.63</b>	<b>506.54</b>
Minority Interest		<u>4.74</u>	<u>—</u>
<b>PROFIT AFTER MINORITY INTEREST</b>		<b>613.89</b>	<b>—</b>
Balance brought forward from last year's account		<u>1,257.40</u>	<u>829.23</u>
<b>DISPOSABLE PROFIT</b>		<b><u>1,871.29</u></b>	<b><u>1,335.77</u></b>
<b>Appropriations -</b>			
i) Interim dividend		60.00	50.00
ii) Proposed Final Dividend		61.18	25.00
iii) Corporate Dividend Tax		15.69	3.20
<b>Balance carried to Balance Sheet</b>		<b><u>1,734.42</u></b>	<b><u>1,257.40</u></b>
		<b><u>1,871.29</u></b>	<b><u>1,335.60</u></b>
<b>NOTES TO THE ACCOUNTS</b>	19		
Schedule 1 to 19 form integral part of the Accounts			

As per our attached report of even date  
For **BATRA SAPRA & COMPANY**  
Chartered Accountants

For and on behalf of the **BOARD OF DIRECTORS**

(SANDEEP MANAKTALA)  
Partner  
Membership No. 91408

VIJAY GUPTA  
Secretary

S.K. GARG  
Director (Finance)

YOGENDRA PRASAD  
Chairman & Managing Director

Place : Faridabad  
Dated : 10th June, 2004





## SCHEDULE-1 SHARE CAPITAL

	(Rupees in crores)	
	31st MARCH, 2004	31st MARCH, 2003
<b>A. AUTHORISED</b>		
150,000,000 Equity Shares (Previous Year 100,000,000) of Rs.1000/- each.	<u>15,000.00</u>	<u>10,000.00</u>
<b>B. ISSUED, SUBSCRIBED AND PAID-UP</b>		
77,756,297 Equity Shares (Previous Year 66,933,897) of Rs.1000/- each fully paid up (Out of above, 6,29,529 Shares have been allotted for consideration other than cash pursuant to agreement with Government of India and one Share has been allotted for part.)	7,775.63	6,693.39
<b>TOTAL</b>	<u><b>7,775.63</b></u>	<u><b>6,693.39</b></u>

## SCHEDULE-2 RESERVES AND SURPLUS

	(Rupees in crores)			
	1st APRIL, 2003	ADDITIONS	DEDUCTIONS	31st MARCH, 2004
<b>A. CAPITAL RESERVE (SALE OF FIXED ASSETS)</b>	218.70	91.23	0.65	309.28
<b>B. BOND REDEMPTION RESERVE</b>	265.40	—	—	265.40
<b>C. GENERAL RESERVE</b>	<u>1,320.00</u>	<u>—</u>	<u>—</u>	<u>1,320.00</u>
	1,804.10	91.23	0.65	1,894.68
<b>D. SURPLUS AS PER PROFIT &amp; LOSS ACCOUNT</b>	1,257.40	613.89	136.87	1,734.42
<b>TOTAL</b>	<u><b>3,061.50</b></u>	<u><b>705.12</b></u>	<u><b>137.52</b></u>	<u><b>3,629.10</b></u>



## SCHEDULE-3 LOAN FUNDS - SECURED

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
<b>LONG TERM LOANS</b>		
<b>A. BONDS (Non-convertible and Non-cummulative)</b>		
i) <b>BONDS-L SERIES *2 (Note C)</b> (PRIVATE PLACEMENT) 16%, 7 Years Bonds of Rs.1000/- each redeemable at par on 31.03.2004	—	63.30
ii) <b>10.5%(Tax-Free) 7 Year Bonds of Rs.1000/- each</b> redeemable at par on 31.03.2004	—	51.00
iii) <b>BONDS-M SERIES *5</b> (PRIVATE PLACEMENT) 9.55%, 5 Years Bonds of Rs.100000/- each redeemable at par on 07.01.2007 (Due for redemption within one year Rs. Nil crores)	430.00	430.00
iv) <b>BONDS-N SERIES *8</b> 6.50%, 32 months bond of Rs. 10000000/- each redeemable at par in 5 equal 6 monthly instalments starting from 15.11.03 (Due for redemption within one year Rs. 28 crores)	56.00	70.00
v) <b>BONDS-O SERIES *2</b> 7.7% 15 year Bonds of Rs. 100000000/- each with 10 Separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond. Earliest redemption 31.3.2009. (Due for redemption within one year Rs. Nil crores)	570.00	570.00
vi) <b>INTEREST ACCRUED &amp; DUE</b>	—	0.07
	1,056.00	1,070.07
<b>B. TERM LOANS</b>		
i) <b>BANK OF INDIA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 8 equal qtrly inst. From 28.03.07 onwards)	50.00	50.00
ii) <b>BANK OF MAHARASHTRA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 5 equal yearly instt. - 2.11.2007 onwards)	50.00	50.00
iii) <b>CANARA BANK *1</b> (Due for repayment within one year Rs. 20 crores.) (Being repaid in 5 equal yearly instalment w.e.f 27.03.04 )	80.00	100.00
iv) <b>CANARA BANK *1</b> (Due for redemption within one year Rs. Nil crores) (Repayable in 3 equal annual instalments w.e.f 26.9.06 onwards)	100.00	100.00
v) <b>INDIAN OVERSEAS BANK *1</b> (Due for redemption within one year Rs. Nil crores) (Repayable in 4 equal yearly instalments w.e.f 6.12.08 onwards)	50.00	50.00
vi) <b>INDIAN BANK *1</b> (Due for repayment within one year Rs. NIL crores.) (Repayable on 19.12.05 )	100.00	100.00
vii) <b>LIFE INSURANCE CORPORATION OF INDIA *1</b> (Due for repayment within one year Rs. 100 crores.) (Repayable on 15.02.05 )	100.00	100.00
viii) <b>LIFE INSURANCE CORPORATION OF INDIA *1</b> (Due for repayment within one year Rs. 150 crores.) (Repayable on 15.03.05)	150.00	150.00
ix) <b>LIFE INSURANCE CORPORATION OF INDIA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 15.09.05)	150.00	150.00



## SCHEDULE-3 LOAN FUNDS - SECURED

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
x) <b>PUNJAB NATIONAL BANK *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 1.10.2008)	50.00	50.00
xi) <b>PUNJAB NATIONAL BANK *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 3.12.08)	50.00	50.00
xii) <b>STATE BANK OF PATIALA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable on 9.01.07)	40.00	40.00
xiii) <b>STATE BANK OF INDORE *1</b> (Due for repayment within one year Rs. 13.33 crores.) (Repayable in 3 equal yearly instalments w.e.f 22.12.03 onwards)	26.67	40.00
xiv) <b>STATE BANK OF SAURASHTRA *1</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 3 equal yearly instalments w.e.f 11.09.06 onwards)	50.00	50.00
xv) <b>STATE BANK OF HYDERABAD *1</b> (Due for repayment within one year Rs. 12 crores.) (Repayable in 5 equal yearly instalments w.e.f 20.07.04 onwards)	60.00	60.00
xvi) <b>BANK OF MAHARASHTRA *2</b> (Due for repayment within one year Rs. 100 crores.) (Repayable on 02.02.05)	100.00	100.00
xvii) <b>CORPORATION BANK *2</b>	—	100.00
xviii) <b>CANARA BANK *2</b> (Due for repayment within one year Rs. 21.43 crores.) (Being repaid in 7 Equal instalments w.e.f 26.03.2000)	42.86	64.29
xix) <b>CANARA BANK *1 (NOTE B)</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 5 equal yearly installment w.e.f 31.01.2009)	85.00	—
xx) <b>CENTRAL BANK OF INDIA *2</b> (Due for repayment within one year Rs. 10 crores.) (Being repaid in 5 Equal yearly instalments w.e.f 30.7.2000)	10.00	20.00
xxi) <b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *2</b>	—	1.72
xxii) <b>ICICI BANK LTD. *2</b>	—	100.00
xxiii) <b>ICICI BANK LTD. *2</b> (Due for repayment within one year Rs. 50 crores.) (Being repaid in 3 equal yearly instalments w.e.f 11.5.02)	50.00	100.00
xxiv) <b>ICICI BANK LTD. *2</b> (Due for repayment within one year Rs. 50 crores.) (Being repaid in 3 equal yearly instalments w.e.f 28.07.02)	50.00	100.00
xxv) <b>INDUSTRIAL DEVELOPMENT BANK OF INDIA *2</b>	—	200.00
xxvi) <b>INDIAN OVERSEAS BANK *2</b>	—	50.00
xxvii) <b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year Rs. 100 crores.) (Repayable on 27.09.04)	100.00	100.00
xxviii) <b>STATE BANK OF INDIA *2</b> (Due for redemption within one year Rs. Nil crores.) (Repayable on 28.06.09 )	400.00	400.00
xxix) <b>STATE BANK OF PATIALA *2</b> (Due for repayment within one year Rs. 16.67 crores.) (Being repaid in 3 equal yearly instalments w.e.f 3.02.03)	16.66	33.33
xxx) <b>BANK OF INDIA *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 10 years in 40 equal quarterly instalments w.e.f 24.12.06)	100.00	81.00



## SCHEDULE-3 LOAN FUNDS - SECURED

		(Rupees in crores)			
		31st MARCH, 2004	31st MARCH, 2003		
xxxix)	<b>CENTRAL BANK OF INDIA *4</b> (Due for repayment within one year Rs. 10 crores.) (Repayable in 20 half yearly instalments of Rs 5 crores.)	100.00	81.00		
xxxixii)	<b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 equal half yearly instalments w.e.f. 13.2.2007)	100.00	91.00		
xxxixiii)	<b>PUNJAB &amp; SIND BANK *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 40 quarterly instalments in 10 years w.e.f 24.10.06)	100.00	70.00		
xxxixiv)	<b>PUNJAB NATIONAL BANK *4</b> (Due for repayment within one year Rs. 7.5 crores.) (Repayable in 10 years in 20 half yearly inst. w.e.f. 24.10.2004)	150.00	120.00		
xxxixv)	<b>STATE BANK OF PATIALA *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 half yearly instalments w.e.f 30.01.2007)	50.00	40.00		
xxxixvi)	<b>STATE BANK OF HYDERABAD *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 half yearly instalments in 7 years w.e.f 07.01.2007)	50.00	40.00		
xxxixvii)	<b>STATE BANK OF INDIA *4</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 14 half yearly instalments w.e.f 18.09.2006 )	150.00	120.00		
xxxixviii)	<b>CANARA BANK *6</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 4 equal yearly instalments w.e.f 28.6.2009 onwards)	50.00	50.00		
xxxixix)	<b>LIFE INSURANCE CORPORATION OF INDIA . *7</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 24 half yearly instalments in 12 years w.e.f 15.04.2009)	232.00	100.00		
xxxixx)	<b>ORIENTAL BANK OF INDIA *9</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 12 equal annual w.e.f 31.03.2008 onwards)	200.00	—		
xxxixxi)	<b>JAMMU &amp; KASHMIR BANK *9</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 12 equal annual w.e.f 31.03.2008 onwards)	100.00	—		
xxxixxii)	<b>BANK OF INDIA *9</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 12 equal annual w.e.f 31.03.2008 onwards)	250.00	—		
xxxixxiii)	<b>ANDHRA BANK *9</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 12 equal annual w.e.f 31.03.2008 onwards)	100.00	—		
xxxixxiv)	<b>CANARA BANK *9</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 12 equal annual w.e.f 31.03.2008 onwards)	75.00	—		
xxxixxv)	<b>DENA BANK *9</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 12 equal annual w.e.f 31.03.2008 onwards)	30.00	—		
xxxixxvi)	<b>UNITED BANK OF INDIA *9</b> (Due for repayment within one year Rs. Nil crores.) (Repayable in 12 equal annual w.e.f 31.03.2008 onwards)	25.00	—		
xxxixxvii)	<b>INT.ACC. &amp; DUE (CENTRAL BANK OF INDIA - CHAMERA II )</b>	—	0.09		
xxxixxviii)	<b>WORKING CAPITAL DEMAND LOAN FROM BANKS (short term) - *3</b>	—	71.15		
xxxixxix)	<b>CASH CREDIT FROM BANKS (short term) - *3</b>	42.16	3,865.35	119.12	3,492.70
<b>TOTAL SECURED LOANS</b>		<b>4,921.35</b>	<b>4,677.07</b>		



## Note (A) :-

- \*1) Secured by pari-passu charge by way of equitable mortgage/ hypothecation against immovable / moveable assets of Corporation's Chamera Power Station Stage-I situated in the state of Himachal Pradesh except for book debts and Stores.
- \*2) Secured by pari-passu charge by way of equitable mortgage/ Hypothecation against Immovable / Moveable assets of Corporation's Uri Power Station situated in the State of Jammu & Kashmir except for book debts and stores.
- \*3) Secured by hypothecation against Debtors and O & M Stores of the Company.
- \*4) Secured by pari-passu charge by way of Equitable Mortgage/ Hypothecation against Immovable / Moveable assets of Corporation's Chamera HE Project Stage-II situated in the state of Himachal Pradesh.
- \*5) Secured by a first pari-passu charge by way of Equitable Mortgage/ Hypothecation against the assets of the Company's Rangit HE Project situated in the state of Sikkim subject to prior charge of Bankers against book debts and stores.
- \*6) Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak HE Project situated in the state of Manipur.
- \*7) Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project stage-II situated in the state of Himachal Pradesh.
- \*8) Secured by a first pari-passu mortgage and charge over all the immoveable and moveable assets of the Company's Bairasuil . HE Project situated in the state of Himachal Pradesh.
- \*9) Secured by a first pari-passu charge over all the Fixed Assets of Indira Sagar Hydroelectric Project and further secured by Irrecoverable Corporate Guarantee of the Holding Co. NHPC Ltd. for timely payment of interest on the loans upto the Commissioning of all the units.

## Note (B) :-

The loan of Rs 85 crores was availed from Canara Bank on 26.03.04. The charge for hypothecation has been created on 21.04.04. Creation of mortgage for the same is under process.

## Note (C) :-

L Series (16% 7 years) Bonds amounting to Rs. 114.3 crores was redeemed on 31/3/04. The satisfaction of charge of L series is under process.



## SCHEDULE-4 LOAN FUNDS - UNSECURED

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
<b>A. LONG TERM LOANS</b>		
i) <b>INDIAN BANK</b> (Due for repayment within one year Rs. NIL) (Repayable in 3 equal installments w.e.f. 28/2/2012)	100.00	100.00
<b>LOAN FROM OTHERS (Guaranteed by Government of India)</b>		
i) <b>WEST LB (FORMERLY WEST MERCHANT BANK LTD)</b> (Due for repayment within one year Rs. Nil crores.)		
ii) <b>ABSEK</b> (Due for repayment within one year Rs. 104.49 crores.)	208.97	326.69
iii) <b>NORDIC INVESTMENT BANK</b> (Due for repayment within one year Rs. 22.28 crores.)	155.95	192.17
iv) <b>CREDIT COMMERCIAL DE FRANCE</b> (Due for repayment within one year Rs. 91.58 crores.)	595.26	655.14
v) <b>EXPORT DEVELOPMENT CORPORATION (CHAMERA-II)</b> (Due for repayment within one year Rs. 20.09 crores.)	471.48	380.88
vi) <b>JAPAN BANK OF INTERNATIONAL COOPERATION - (FORMERLY O.E.C.F) TRANCHE-I (DHAULIGANGA)</b> (Due for repayment within one year Rs. Nil crores.)	210.32	198.38
vii) <b>JAPAN BANK OF INTERNATIONAL COOPERATION - (FORMERLY O.E.C.F) TRANCHE-II (DHAULIGANGA)</b> (Due for repayment within one year Rs. Nil crores.)	671.54	499.86
viii) <b>ECB - BARCLAYS &amp; SCB</b> (Due for repayment within one year Rs. Nil crores.)	226.18	—
ix) <b>DEUTSCHE BANK &amp; OTHERS - TEESTA-V</b>	66.73	62.57
x) <b>GOVERNMENT OF MADHYA PRADESH (NVDA)</b> (Due for repayment within one year Rs. Nil crores.)	—	2,606.43
		154.90
<b>B. SHORT TERM LOANS</b>		
i) <b>BANK OF MAHARASHTRA</b> (Due for repayment within one year Rs. Nil crores.)	—	50.00
ii) <b>HDFC BANK LTD.</b> (Due for repayment within one year Rs. Nil crores.)	—	75.00
iii) <b>INDIAN BANK</b> (Due for repayment within one year Rs. Nil crores.)	—	50.00
iv) <b>ORIENTAL BANK OF COMMERCE</b> (Due for repayment within one year Rs. Nil crores.)	—	50.00
v) <b>STATE BANK OF PATIALA</b> (Due for repayment within one year Rs. Nil crores.)	—	40.00
vi) <b>STATE BANK OF SAURASHTRA</b> (Due for repayment within one year Rs. Nil crores.)	—	50.00
vii) <b>UNITED BANK OF INDIA</b> (Due for repayment within one year Rs. Nil crores.)	—	100.00
viii) <b>UNION BANK OF INDIA</b> (Due for repayment within one year Rs. Nil crores.)	—	100.00
ix) <b>PUNJAB NATIONAL BANK</b> (Due for repayment within one year Rs. 50 crores.)	50.00	—
x) <b>STATE BANK OF INDIA</b> (Due for repayment within one year Rs. 600 crores.)	600.00	650.00
		300.00
<b>TOTAL UNSECURED LOAN</b>	<b>3,356.43</b>	<b>3,285.59</b>



## SCHEDULE-5 FIXED ASSETS

(Rupees in crores)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	1.4.2003	Additions/ Adjust- ments	Deductions/ Adjust- ments	31.3.2004	Upto 1.4.2003	For the year *	Adjust- ments**	Upto 31.3.2004	31.3.2004	31.3.2003
i) Land freehold	165.83	27.94	21.47	172.30	—	—	—	—	172.30	165.83
ii) Land leasehold	24.08	5.38	3.63	25.83	2.24	0.32	(0.63)	1.93	23.90	21.84
iii) Land unclassified	33.77	42.08	—	75.85	—	6.12	0.63	6.75	69.10	33.77
iv) Buildings	813.33	382.50	11.84	1,183.99	186.63	29.43	0.19	216.25	967.74	626.70
v) Roads and bridges	123.80	50.09	0.48	173.41	24.16	3.65	0.80	28.61	144.80	99.64
vi) Intangible assets (computer software)	—	2.98	—	2.98	—	0.60	—	0.60	2.38	—
vii) Construction plant and machinery	68.48	4.79	4.40	68.87	32.77	4.79	(3.27)	34.29	34.58	35.71
viii) Generating plant and machinery	2,003.51	928.71	—	2,932.22	482.34	62.80	(2.69)	542.45	2,389.77	1,521.17
ix) Sub-Station equipments	49.86	256.30	0.09	306.07	12.96	4.36	0.49	17.81	288.26	36.90
x) Hydraulic Works (dams, tunnels, etc.)	4,811.70	2,089.91	0.80	6,900.81	833.68	114.93	—	948.61	5,952.20	3,978.02
xi) Vehicles	33.43	5.27	2.75	35.95	19.64	4.18	(2.26)	21.56	14.39	13.79
xii) Furniture of Fixture and Equipments	65.60	26.36	5.45	86.51	26.21	9.31	(1.52)	34.00	52.51	39.39
xiii) Transmission Lines	24.12	1.07	—	25.19	11.53	0.85	0.13	12.51	12.68	12.59
xiv) Miscellaneous Assets / Equipments	36.19	9.49	1.71	43.97	9.66	3.29	0.21	13.16	30.81	26.53
xv) Construction Plant and Machinery Declared Surplus	40.81	1.22	31.17	10.86	25.08	0.10	(18.05)	7.13	3.73	15.73
xvi) Fixed Assets of Minor Value Upto Rs. 5000/-	11.19	3.39	1.18	13.40	11.19	2.71	(0.51)	13.39	0.01	—
<b>TOTAL</b>	<b>8,305.70</b>	<b>3,837.48</b>	<b>84.97</b>	<b>12,058.21</b>	<b>1,678.09</b>	<b>247.44</b>	<b>(26.48)</b>	<b>1,899.05</b>	<b>10,159.16</b>	<b>6,627.61</b>
Previous Year	8,117.79	213.28	25.37	8,305.70	1,527.77	165.66	(15.34)	1,678.09	6,627.61	6,590.02

\* Depreciation for the year is allocated as given below :-

A) Profit and loss account	212.59
B) Incidental Expenditure During Construction	34.60
C) Contract and Consultancy Expenses	0.25
	<u>247.44</u>

\*\* Includes Prior Period Adjustments of Rs 2.05 crores

Assets including underground works on land not belonging to Corporation Rs 3350.97crores. ( Previous year Rs 2549.02 crores)

## SCHEDULE-6 CAPITAL WORK IN-PROGRESS

(Rupees in crores)

	1.4.2003	ADDITIONS	ADJUST- MENTS	CAPITALISED	31.03.2004
i) Survey, investigation and other expenses	64.68	104.05	6.69	1.20	160.84
ii) Buildings, civil Engineering works and communications	512.95	161.85	3.29	221.17	450.34
iii) Roads and Bridges	89.05	56.99	11.86	45.77	88.41
iv) Hydraulic Works, Barrages, Dams, Tunnels and Power Channel	3,263.84	800.89	420.63	1,199.16	2,444.94
v) Railway Siding	0.15	2.41	—	—	2.56
vi) Penstocks	20.42	2.71	(8.92)	8.93	23.12
vii) Plant and Machinery in Generating Stations	1,256.05	584.60	(370.27)	884.45	1,326.47
viii) Electrical Installations and Sub-Station Equipments	9.76	1.53	0.03	10.17	1.09
ix) Miscellaneous Assets	0.71	3.49	0.01	1.37	2.82
x) Trunk Transmission Lines	15.76	1.85	0.10	0.68	16.83
xi) Rehabilitation Expenses	410.30	684.17	—	567.25	527.22
xii) Incidental Expenditure During Construction (Annexure to Schedule-6)	3,256.15	747.67	1.76	750.36	3,251.70
<b>TOTAL</b>	<b>8,899.82</b>	<b>3,152.21</b>	<b>65.18</b>	<b>3,690.51</b>	<b>8,296.34</b>
Previous year	6,225.92	2,789.37	35.00	80.47	8,899.82



# ANNEXURE TO SCHEDULE-6 INCIDENTAL EXPENDITURE DURING CONSTRUCTION

(Rupees in crores)

	31st MARCH, 2004		31st MARCH, 2003	
<b>A. EMPLOYEES' REMUNERATION AND BENEFITS</b>				
i) Salaries, wages, allowances and benefits	211.63		197.20	
ii) Gratuity and contribution to provident fund (including Administration Fee)	35.03		39.20	
iii) Staff welfare expenses	28.24		25.13	
iv) Leave salary and pension contribution	3.52	278.42	1.60	263.13
<b>B. REPAIRS AND MAINTENANCE</b>				
i) Buildings	4.35		3.92	
ii) Machinery and construction equipments	2.34		1.83	
iii) Others	18.02	24.71	11.05	16.80
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>				
i) Rent	13.27		10.36	
ii) Rates and taxes	0.43		0.72	
iii) Electricity charges	12.48		8.73	
iv) Insurance	2.37		2.57	
v) Travelling and conveyance	11.26		9.40	
vi) Expenses on staff cars and inspection vehicles	12.77		10.09	
vii) Telephone, Telex and Postage	4.73		2.83	
viii) Advertisement and Publicity	6.40		3.78	
ix) Foreign consultancy charges	3.22		0.62	
x) Design and Consultancy charges	2.74		4.90	
xi) Expenses on compensatory Afforestation / catchment area treatment	8.41		4.25	
xii) Entertainment	0.87		0.27	
xiii) Printing and Stationery	3.49		3.27	
xiv) Expenditure on land not belonging to Corporation	22.56		11.86	
xv) Land acquisition and Rehabilitation	0.69		0.69	
xvi) Payment to auditors	0.45		0.24	
xvii) Security expenses	17.51		12.87	
xviii) Other expenses	11.58		10.93	
xix) Survey and investigation expenses	0.05		—	
x) Loss on material/assets written off	12.74	148.02	1.07	99.45
<b>D. INTEREST AND FINANCE CHARGES</b>				
i) Interest on Government of India loan	—		1.04	
ii) Interest on bonds	36.37		10.89	
iii) Interest on foreign loan	102.24		93.84	
iv) Interest on cash credit facilities/term loan	142.28		120.79	
v) Bond issue expenses	4.64		1.79	
vi) Commitment fee	1.89		2.35	
vii) Guarantee fee on foreign loan	21.57		15.62	
viii) Other finance charges	16.13	325.12	76.53	322.85
<b>E. EXCHANGE RATE VARIATION (NET)</b>		6.11		32.27
<b>F. DEPRECIATION</b>		34.60		25.08
<b>G. EXPENDITURE DURING NVDA PERIOD</b>		16.22		242.68
<b>H. PRIOR PERIOD EXPENSES (NET)</b>				
i) INCOME	—		—	
Less :-				
ii) EXPENDITURE				
a) Salaries, Wages, Allowances and Benefits	0.44		0.53	
b) Repairs and Maintenance	—		—	
c) Others	(0.48)		(1.39)	
d) Depreciation	3.71		(0.15)	
e) Interest	—	3.67	—	(1.01)
<b>TOTAL EXPENDITURE</b>		<b>836.87</b>		<b>1,001.25</b>
<b>LESS: RECEIPTS AND RECOVERIES</b>				
i) Hire charges/out turn of Plant and Machinery	1.25		0.80	
ii) Interest on Loans and advances	49.34		25.04	
iii) Miscellaneous receipts and recoveries	7.98		8.37	
iv) Profit on sale of assets	0.23		1.92	
v) Sale of power during trial run	0.54		—	
vi) Insurance claim	4.13		—	
vii) Provisions / Liability not required written back	2.48		0.69	
<b>TOTAL RECEIPTS AND RECOVERIES</b>		<b>65.95</b>		<b>36.82</b>
<b>NET EXPENDITURE</b>		<b>770.92</b>		<b>964.43</b>
<b>LESS: Salaries,wages,allowances and benefits directly allocated to works</b>		8.02		—
<b>LESS: Share of Corporate Office Allocated to Operational and Maintenance projects and Deposit / turn-key Contracts.</b>		15.23		14.15
<b>AMOUNT TRANSFERRED TO CAPITAL WORK- IN- PROGRESS</b>		<b>747.67</b>		<b>950.28</b>



## SCHEDULE-7 CONSTRUCTION STORES AND ADVANCES

	(Rupees in crores)	
	31st MARCH, 2004	31st MARCH, 2003
<b>A. CONSTRUCTION STORES</b>		
(At cost as valued and certified by management)		
i) Construction material in transit	15.16	20.30
ii) Stores	162.75	78.69
Less: Provisions	0.30	—
	177.61	98.99
<b>B. ADVANCE FOR CAPITAL EXPENDITURE</b>		
i) Secured (considered good)	75.05	231.73
ii) Unsecured (Considered good)		
-Covered by bank guarantees	622.85	433.93
- Others	114.23	87.99
	812.13	753.65
<b>TOTAL</b>	<b>989.74</b>	<b>852.64</b>

## SCHEDULE-8 INVESTMENTS

	(Rupees in crores)	
	31st MARCH, 2004	31st MARCH, 2003
<b>Long Term</b>		
<b>QUOTED</b>		
Indian Overseas Bank * \$	0.36	0.36
(360,800 Equity shares of Rs 10/- each fully paid (Previous year 360,388 Equity shares of Rs 10/- each fully paid)		
<b>INVESTMENT - OTHERS (NON TRADE)</b>		
Power Trading Corporation of India limited	12.00	8.00
(12,000,000 Equity shares of Rs 10/- each fully paid (Previous year 8,000,000 Equity shares of Rs 10/- each fully paid)		
Investment in SEB Bonds \$	2,531.04	1,717.30
<b>OTHERS</b>		
Long terms advances (Delhi Transco Limited)	228.21	—
<b>TOTAL</b>	<b>2,771.61</b>	<b>1,725.66</b>
<b>NOTE :</b>		
<b>*QUOTED INVESTMENT</b>		
Book Value	0.36	0.36
Market Value	2.03	0.60
\$ In DEMAT form		



## SCHEDULE-9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crores)

	31st MARCH, 2004		31st MARCH, 2003	
<b>CURRENT ASSETS</b>				
<b>A. INTEREST ACCRUED ON INVESTMENT</b>		335.08		122.22
<b>B. INVENTORIES</b>				
(As taken, valued and certified by management)				
i) Stores and spares	53.42		64.24	
ii) Loose tools	<u>0.41</u>		<u>0.13</u>	
	53.83		64.37	
Less: Provisions	<u>0.04</u>	53.79	<u>0.31</u>	64.06
<b>C. CONTRACT WORK-IN-PROGRESS</b>		26.58		10.48
<b>D. SUNDRY DEBTORS (UNSECURED)</b>				
i) Debts due over six months	338.68		1,165.55	
ii) Other debts	<u>250.09</u>		<u>404.25</u>	
	588.77		1,569.80	
Less: Provisions	<u>84.75</u>	504.02	<u>75.98</u>	1,493.82
<b>PARTICULARS OF SUNDRY DEBTORS (Unsecured)</b>				
	<b>2003-2004</b>	<b>2002-2003</b>		
i) Considered good	504.02	1,493.82		
ii) Considered doubtful and provided	84.75	75.98		
<b>E. CASH AND BANK BALANCES</b>				
i) Cash, imprest, cheques and drafts in hand	110.46		22.91	
ii) Balances with scheduled banks in				
a) Current account	59.94		299.28	
b) Cash credit facility	5.61		-	
c) Deposit account(short term) *	657.11		482.15	
iii) Balances with others				
(With Bank of Bhutan)				
Current account	<u>0.08</u>	833.20	<u>0.31</u>	804.65
<b>F. OTHER CURRENT ASSETS</b>				
i) Interest accrued on deposits	4.34		0.34	
ii) Others	79.86		84.07	
Less: Provisions	<u>1.21</u>	82.99	<u>1.10</u>	83.31
<b>G. LOANS AND ADVANCES</b>				
i) Loans to employees (unsecured- considered good)	39.55		36.39	
ii) Loans to employees (secured- considered good)	76.84		37.89	
iii) Advances recoverable in cash or kind or for value to be received				
a) Unsecured(Considered good)				
-Covered by bank guarantees	14.71		30.20	
- Others	<u>8.56</u>		<u>0.54</u>	30.74
b) Unsecured(Considered doubtful)	<u>0.54</u>	23.81	<u>0.54</u>	30.20
Less: Provision for Doubtful Advances	<u>0.54</u>	23.27	<u>0.54</u>	100.00
v) Inter Corporate loan -unsecured (considered good)	-			
vi) Advance tax deposit and tax deducted at source	75.73		83.32	
vii) Other recoverable -				
Due from Power Grid Corporation of India Ltd.	<u>31.82</u>	247.21	<u>31.86</u>	319.66
<b>TOTAL</b>		<b>2,082.87</b>		<b>2,898.20</b>

\* Deposit account(short term) includes Rs 2.07 crores in the name of PNB Capital services limited trustee account on account of unclaimed redemption amount of 'C' series Bond.

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

	2003-2004	2002-2003
<b>Bank of Bhutan</b>		
i) Current account	0.79	0.48

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

	2003-2004	2002-2003
i) Amount due at the end of the year	0.07	0.06
ii) Maximum balance at any time during the year	0.23	0.08

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



## SCHEDULE-10 CURRENT LIABILITIES AND PROVISIONS

					(Rupees in crores)
					</

## SCHEDULE-11 MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Rupees in crores)				
		31st MARCH, 2004		31st MARCH, 2003
i)	Preliminary expenses	2.06		2.05
	Less : written off	<u>0.21</u>	1.85	<u>1.20</u>
ii)	Deferred revenue expenses		0.71	3.25
iii)	Losses awaiting write off sanction	3.75		4.58
	Less : Provided for	<u>3.75</u>	—	<u>4.58</u>
TOTAL		<u>2.56</u>	—	<u>3.25</u>

## SCHEDULE-12 CONTRACTS & CONSULTANCY INCOME

(Rupees in crores)					
		31st MARCH, 2004		31st MARCH, 2003	
i)	Contract Income	0.59		20.24	
	Add : Contract work-in-progress - closing	26.58		10.48	
	Less: Contract work-in-progress - opening	<u>10.48</u>	16.69	<u>1.11</u>	29.61
ii)	Consultancy income		10.57		3.42
iii)	Write back of contingencies		<u>9.17</u>		<u>16.99</u>
TOTAL			<u>36.43</u>		<u>50.02</u>



## SCHEDULE-13 OTHER INCOME

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
i) Income from short term deposit	0.82	-
ii) Interest on loans and advances	1.54	1.15
iii) Dividend income (gross)	0.10	0.14
iv) Surcharge	104.60	122.09
v) Profit on sale of assets	1.53	1.67
vi) Provisions / liability not required written back	12.69	1.56
vii) Income from scrap	0.44	0.16
viii) Interest on corporate loan	2.44	-
ix) Interest on term loan and saving bank	4.91	0.09
x) Other miscellaneous income	4.21	4.04
<b>TOTAL</b>	<b><u>133.28</u></b>	<b><u>130.90</u></b>

## SCHEDULE-14 GENERATION, ADMINISTRATION AND OTHER EXPENSES

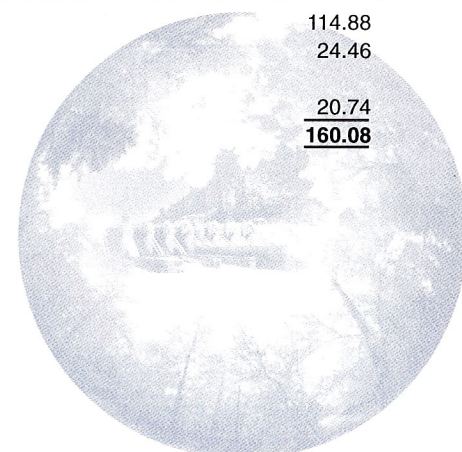
(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
i) Consumption of stores and spares	2.68	2.65
ii) Repairs & maintenance -		
a) Buildings	4.95	3.91
b) Machinery	18.47	15.70
c) Others	11.85	10.90
iii) Miscellaneous operational expenses	3.40	3.12
iv) Rent	0.51	0.48
v) Rates and taxes	0.66	0.32
vi) Insurance	0.30	0.28
vii) Self Insurance for contingencies	44.60	38.71
viii) Security expenses	16.18	14.13
ix) Electricity charges	5.58	0.50
x) Travelling and conveyance	2.51	2.56
xi) Expenses on staff car	2.30	1.98
xii) Telephone, telex and postage	1.24	1.19
xiii) Advertisement and publicity	0.43	0.39
xiv) Donation	0.02	0.01
xv) Printing and stationery	0.52	0.55
xvi) Consultancy charges	0.07	0.03
xvii) Corporate office management expenses	14.19	12.82
xviii) Diminution in value of stores & spares	0.04	6.46
xix) Project expenses written off	2.75	-
xx) Preliminary expenses written off	0.21	-
xxi) Loss on sale of assets	8.21	0.51
xxii) Deferred revenue expenditure written off	0.76	0.81
xxiii) Entertainment	0.02	0.02
xxiv) Interest on arbitration charges	0.30	3.79
xxv) Doubtful debts provided for	28.28	-
xxvi) Project expenses provided for	1.68	-
xxvii) Other general Expenses	2.82	2.93
xxviii) Exchange rate variation	0.65	(0.31)
<b>TOTAL</b>	<b><u>176.18</u></b>	<b><u>124.44</u></b>

## SCHEDULE-15 EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crores)

	31st MARCH, 2004	31st MARCH, 2003
i) Salaries, wages and allowances	112.07	114.88
ii) Gratuity and contribution to provident fund (Including administration fees)	22.61	24.46
iii) Staff welfare expenses	18.76	20.74
<b>TOTAL</b>	<b><u>153.44</u></b>	<b><u>160.08</u></b>





**SCHEDULE-16 INTEREST AND FINANCE CHARGES**

(Rupees in crores)

	31st MARCH, 2004		31st MARCH, 2003	
i) Interest on Loans				
a) Government of India loans	—		0.28	
b) Bonds	—		47.40	
c) Foreign loans	68.15		22.40	
d) Term loan	<u>13.95</u>	82.10	<u>256.90</u>	326.98
ii) Interest on cash credit facilities		232.28		11.80
iii) Bond expenses		2.61		1.31
iv) Rebate to customers		1.29		26.69
v) Guarantee fee on loans		32.83		8.73
vi) Commitment fee		0.38		—
vii) Other finance charges		<u>2.16</u>		<u>2.40</u>
<b>TOTAL</b>		<b><u>353.65</u></b>		<b><u>377.91</u></b>

**SCHEDULE-17 CONTRACT AND CONSULTANCY EXPENSES**

(Rupees in crores)

	31st MARCH, 2004		31st MARCH, 2003	
<b>A. DIRECT EXPENSES</b>		18.68		19.80
(Includes labour, materials, assets and payment to contractors/suppliers)				
<b>B. EMPLOYEES' REMUNERATION AND BENEFITS</b>				
i) Salaries, wages, allowances and benefits	5.22		3.73	
ii) Gratuity and contribution to provident fund	0.32		0.58	
iii) Staff welfare expenses	<u>0.19</u>	5.73	<u>0.21</u>	4.52
<b>C. REPAIRS AND MAINTENANCE</b>				
i) Buildings	0.08		0.25	
ii) Machinery and construction equipments	0.01		0.04	
iii) Others	<u>0.33</u>	0.42	<u>0.48</u>	0.77
<b>D. ADMINISTRATION AND OTHER EXPENSES</b>				
i) Rent	0.14		0.14	
ii) Travelling and conveyance	0.72		0.58	
iii) Expenses on staff cars and inspection Vehicle	0.27		0.36	
iv) Insurance	0.01		0.10	
v) Telephone, telex and postage	0.10		0.24	
vi) Advertisement and publicity	—		0.05	
vii) Printing and stationery	0.23		0.05	
viii) Corporate office management expenses	1.04		1.33	
ix) Other expenses	<u>0.12</u>	2.63	<u>4.12</u>	6.97
<b>E. DEPRECIATION</b>		<u>0.25</u>		<u>0.22</u>
<b>TOTAL EXPENDITURE</b>		<b><u>27.71</u></b>		<b><u>32.28</u></b>
<b>LESS: RECEIPTS AND RECOVERIES</b>				
i) Miscellaneous	0.60		0.96	
ii) Provisions / Liability not required written back	<u>0.36</u>	<u>0.96</u>	<u>0.25</u>	<u>1.21</u>
<b>NET EXPENDITURE DURING THE YEAR</b>		<b><u>26.75</u></b>		<b><u>31.07</u></b>
<b>F. PRIOR PERIOD ADJUSTMENTS</b>		—		(0.08)
<b>TOTAL</b>		<b><u>26.75</u></b>		<b><u>30.99</u></b>

**SCHEDULE-18 PRIOR PERIOD ADJUSTMENT (NET)**

(Rupees in crores)

	31st MARCH, 2004		31st MARCH, 2003	
<b>A. INCOME</b>				
i) Sale of electricity		0.03		(0.29)
ii) Others		<u>1.40</u>		<u>0.25</u>
		<u>1.43</u>		<u>(0.04)</u>
<b>B. EXPENDITURE</b>				
i) Salaries and wages	0.02		1.29	
ii) Repair and maintenance	0.26		0.19	
iii) Interest	—		(0.01)	
iv) Others	0.67		3.17	
v) Depreciation	<u>(1.66)</u>	<u>(0.71)</u>	<u>1.61</u>	<u>6.25</u>
<b>TOTAL</b>		<b><u>(2.14)</u></b>		<b><u>6.29</u></b>



## SCHEDULE – 19 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. a) The Consolidated Financial Statements (CFS) comprises of the financial statements of National Hydroelectric Power Corporation Limited (NHPC) and its subsidiary named Narmada Hydroelectric Development Corporation Limited (NHDC), which is a Joint Venture of NHPC and Government of Madhya Pradesh.
- b) These have been prepared after combining on a line-by-line basis by adding together like items of Assets/Liabilities and Income/Expenses in accordance with Accounting Standard-21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
2. The Consolidated Financial Statements have been prepared using uniform Accounting Policies except in case of treatment of expenditure towards compensation and other expenses relatable to land. NHDC is showing such expenses as part of Capital Work in Progress, whereas NHPC is treating it as cost of land.
3. Prior to formation of Narmada Hydroelectric Development Corporation Limited, Madhya Pradesh Government (NVDA) had undertaken the construction of Indira Sagar & Omkareshwar Projects and has reported incurring of total expenditure, upto 31.03.2004, of Rs.1242.55 Crores (previous year 1237.20 crores) on the Projects. After necessary verification/ reconciliation the Corporation has accounted for Rs.1234.25 Crores (previous year Rs.1202.46 Crores). For balance amount, the verification and reconciliation is in progress.
4. In compliance of Accounting Standard – 18 on related party disclosures issued by the Institute of Chartered Accountants of India, the required information is given as under: -

**a) Whole time Directors:**

Shri Yogendra Prasad	Chairman & Managing Director
Shri R. Natarajan	Director (Finance) (upto 06.05.2003)
Shri S.K. Garg	Director (Finance) (w.e.f. 01.07.2003)
Shri Binay Kumar	Director (Personnel) (ceased w.e.f. 07.07.2003)
Shri A. K. Gangopadhyay	Director (Projects)
Shri R. K. Sharma	Director (Technical)
Shri S. K. Dodeja	Chief Executive Director, NHDC

**b) Related Party transactions :** Remuneration to Directors as per respective accounts.

5. Contingent liabilities: -
  - a) Claims not acknowledged as debts Rs. 1047.08 crores. (previous year Rs. 1307.40 crores)
  - b) Bonds for Rs. 15.74 Crores (previous year Rs. 17.44 Crores) executed in favour of Customs Authorities.
  - c) Foreign Letter of Credit Rs. 619.52 crores (previous year Rs. 33.89 crores).
  - d) In case of Loktak Downstream Project, 161 employees already engaged by Electricity Department Government of Manipur are to be inducted into the roll of the Corporation. The financial implication, if any, in this regard could not be ascertained at this stage.
6. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 6448.95 crores (previous year Rs.3674.97 crores).



7. The depreciation on Fixed Assets has been charged to Profit and Loss Account at the rates notified by CERC applicable for the purpose of recovery of Tariff as depreciation rates are not specified by Electricity Act, 2003. The depreciation charge for the year is lower by Rs. 187.47 crores as compared to the rates prescribed in Schedule XIV of the Companies Act, 1956 so far as Profit & Loss Accounts is concerned.
8. The subsidiary company considered in the Consolidated Financial Statements is:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Narmada Hydroelectric Development Corporation Limited	India	51%

9. Electricity generation is the principal business activity of the Group. Other operations viz., contract works, interest income and consultancy services do not form a reportable segment as per Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.
10. In compliance to the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Liability amounting to Rs.91.70 Crores (previous year Rs. 160.57 Crores) has been provided during the current year. The item-wise details of cumulative Deferred Tax Liability are as under:

(Rupees in crores)		
	31.03.2004	31.03.2003
<b>Deferred Tax Liability</b>		
i) Depreciation	1904.28	1786.38
<b>Less: Deferred Tax Assets</b>		
ii) Accumulated unabsorbed depreciation	215.55	178.43
iii) Advance against Depreciation to be considered as income in tax computation	138.50	141.88
iv) Provision for doubtful debts, Insurance, contingencies and incentive (Bonds)	123.50	139.78
v) Provision for employee benefit schemes	41.60	32.87
<b>Deferred Tax Liability (Net)</b>	<b>1385.13</b>	<b>1293.42</b>

11. Accounting Policies and Notes to Accounts of the financial statement of the Corporation and its subsidiary are set out in their respective financial statements.

**VIJAY GUPTA**  
Secretary

**S.K. GARG**  
Director (Finance)

**YOGENDRA PRASAD**  
Chairman & Managing Director

**Place : Faridabad**  
**Dated : 10th June, 2004**



# CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in crores)

	For the year ended 31st MARCH, 2004	For the year ended 31st MARCH, 2003
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	641.90	551.04
ADD :		
Depreciation	210.53	142.20
Provisions for contingencies	(9.21)	(16.94)
Interest paid	339.83	377.91
Self-Insurance for contingencies	44.39	34.87
Provisions for incentive	—	80.12
Deferred revenue expenditure amortized	0.97	0.81
Diminution in value of inventories	0.04	6.46
Project expenses written off	4.44	—
Loss on sale of assets	8.21	0.51
Exchange rate variation	0.65	(0.31)
Advance against Dep.	138.34	152.63
	738.19	778.26
LESS :		
Profit on sale of assets	1.53	1.67
Deferred revenue Expenditure	0.27	—
Rebate Given to Customers	26.60	26.69
Exchange Rate Variation Paid	—	(0.31)
Excess Provisions & Liabilities written back	12.69	1.56
Dividend Income	0.10	0.14
	697.00	29.75
<b>Cash flow from operating activities before working capital adjustments</b>	<b>1,338.90</b>	<b>1,299.55</b>
<b>Working Capital Changes</b>		
(Increase)/Decrease in Inventories	10.23	13.24
(Increase)/Decrease in Contract Work in Progress	(16.11)	(9.37)
(Increase)/Decrease in Receivables	(254.99)	(350.47)
Increase/(Decrease) in Trade & Other Payables	16.55	(74.53)
	(244.32)	(421.13)
<b>Cash flow from operating activities before taxes</b>	<b>1,094.58</b>	<b>878.42</b>
Less : Taxes	27.04	44.50
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,067.54</b>	<b>833.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & expenditure on construction projects (including incidental expenditure during construction)	(2,394.80)	(2,656.09)
Sale proceeds on disposal of fixed assets	49.98	11.64
Investment in shares of Subsidiary Company & others	(4.00)	(8.00)
Dividend Received	0.10	0.14
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(2,348.72)</b>	<b>(2,652.31)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	1,010.87	773.57
Share capital deposit	427.55	121.37
Funds recd. from GOMP by adjustment of expenditure	31.79	363.50
Dividend & Dividend Tax Paid	(88.20)	(100.00)
Proceeds on Borrowings (net)	550.08	1,630.58
Interest & Financial Charges	(622.35)	(715.08)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>1,309.74</b>	<b>2,073.94</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>28.56</b>	<b>255.55</b>
Cash & Cash Equivalents at the beginning of the year	804.64	549.12
Cash & Cash Equivalents at the close of the year	833.20	804.64

## EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and cash equivalents consist of cash in hand and bank balances including cheques / drafts in hands.
- Bonds allotted to the Corporation in discharge of debts and interest earned thereon being related to the core generating activity has been considered as part of cash from operating activities.
- Investment in fixed assets & construction work in progress excludes interest & financial charges capitalised Rs 325.12 Crores.
- The previous year's figures has been regrouped / re-arranged / re-cast wherever necessary.

As per our attached report of even date

For **BATRA SAPRA & COMPANY**  
Chartered Accountants

For and on behalf of the **BOARD OF DIRECTORS**

(SANDEEP MANAKTALA)  
Partner  
Membership No. 91408

VIJAY GUPTA  
Secretary

S.K. GARG  
Director (Finance)

YOGENDRA PRASAD  
Chairman & Managing Director

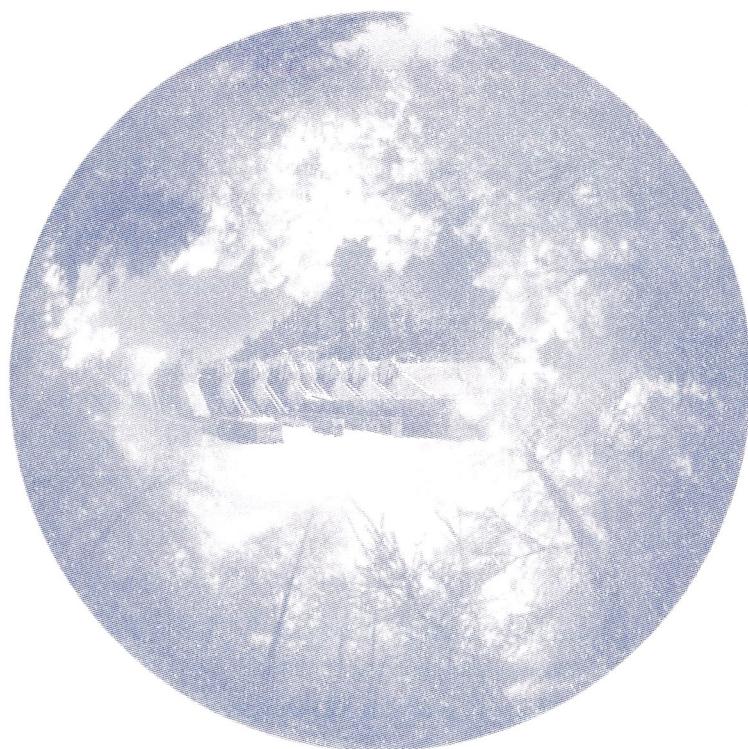
Place : Faridabad  
Dated : 10th June, 2004







**Narmada Hydroelectric  
Development Corporation Limited  
Directors' Report and  
Annual Accounts**





## DIRECTORS' REPORT

To the Members,

Narmada Hydroelectric Development Corporation Ltd.

Your Directors have great pleasure in presenting the 4th Annual Report of your Company together with the audited Accounts, Auditor's Report and the comments of the Comptroller and Auditor General of India for the financial year ended 31st March, 2004.

### PERFORMANCE HIGHLIGHTS

The Company was incorporated on 1st Aug. 2000 as a joint venture Company of M/s National Hydroelectric Power Corporation (NHPC), A Govt. of India Enterprise and Govt. of Madhya Pradesh. The Company is executing the 1000 MW, Indira Sagar Project and 520 MW OmkareShwar Project in Madhya Pradesh. These projects on completion will yield benefits of power besides promotion of industries, pisi-culture, tourism and irrigation and help in improving the social upliftment of people and betterment of their life.

### TURN OVER AND PROFIT

The turnover of the Company during the year 2003-2004 was Rs. 27.34 crores and your Company after providing depreciation made a net profit, after tax of Rs. 12.37 crores.

### PROGRESS OF WORKS

#### INDIRA SAGAR PROJECT (ISP)

##### Dam

Out of total estimated quantity of 13.90 L.cum till date, 13.84 L.cum of concrete has been placed in the Dam. Further main Spillway (Block 4 to 15) has been raised to crest level i.e EL 245.13 M and all the piers have been raised upto Spillway Deck Bridge Level i.e EL 264.50 M. Spillway Deck Bridge has been completed in all respects over auxiliary spillway section (Block 16 to 24) and slab has been casted for 2 spans of main spillway section & for another 4 spans work is in progress. In addition, Diversion Tunnel has been plugged and reservoir has been built upto EL. 238.00 M.



1000 MW Indira Sagar Project (Madhya Pradesh) - Downstream view of Dam

##### Power House

Civil and Erection works in Power House are progressing ahead of schedule. Out of estimated quantity of 3.55 L cum till date 3.52 L cum of concrete has been placed in Power House, wherein first 7 Units have been completed upto Floor level i.e. EL 201 M. You will be glad to know that Unit 1 & 2 of ISP has started commercial power generation from January, 2004, whereas Units 3 & 4 has started commercial generation from March, 2004. The mechanical spinning of Unit 5 has been carried out sucessfully on 10th July, 2004 and erection works are progressing satisfactorily in balance Units. The management is determined to commission all the 8 Units of ISP by the end of March, 2005. Further, Switchyards works are progressing satisfactorily wherein bay 1 to 6 have been completed & charged and work in balance bays is in progress. Switchyard works are likely to be completed by September, 2004. HT Link Line has been completed and charged for 4 units and erection has been completed for Unit 5 & 6.

##### Hydro-Mechanical Works

Intake gates (8 Nos.) and Draft Tube Gates (21 Nos.) have been completed and commissioned. Emergency gate for Goose Neck Tunnel has been lowered and service gate has been erected and commissioned. The erection of 2nd stage embedded parts of Spillway radial gates is in progress. 4 Radial gates have been erected in Auxiliary Spillway. Balance 16 Radial gates are likely to be erected before the start of next monsoon.



### Railway Line Diversion

The diversion of Railway Line before the commencement of Monsoon season was a critical activity for which joint efforts were made by NHDC and Railway Department and finally track opened for traffic on 19th May, 2004.

### Diversion of State Highway 15 (SH-15)

The diversion of SH-15 between Channera and Pokharni (approx 31 km.) is in progress. The work for road construction has been awarded and activities like Jungle clearance, excavation and preparation of subgrade etc. have been completed and construction of embankment is in progress. The work for construction of 4 major bridges is in advance stage of construction.

### Rehabilitation & Resettlement Work

Due to construction of ISP total 249 villages are coming under submergence, out of which in 38 villages only Government land is coming under submergence. Due to afflux corresponding to present Dam Level with 4 gates closed, total of 34893 families in 123 villages are likely to be affected during the monsoon season 2004-05, out of which 30529 (87.49%) families have been rehabilitated till 15th July, 2004. It is worth to mention here that in Harsud Town rehabilitation of 5484 (88.94%) PAFs has so far been completed out of 6166 affected families. However, out of approximately 40,000 Project Affected Families (PAFs), 30681 PAFs (76.70%) have been rehabilitated. Section- IV & VI has been issued for all 211 villages and award has been passed for 120 villages. Till date 99 villages have been fully rehabilitated and 21 villages partially.

### Environment & Forest

While fully acknowledging the corporate responsibilities for Environmental concerns all stipulations of Ministry of Environment & Forests are being adhered to in true spirit. Compensatory Afforestation over an area of 83,372 Ha is completed against total target of 86030 Ha (including 4587 Ha new area) Likewise, Catchment Area Treatment works in forest and non-forest areas is completed over an area of 53,581 Ha against total target of 62,975 Ha.

Work relating to relocation of Archaeologically significant monument is also under progress. All monuments are being relocated/restored scientifically by expert agencies. Work on restoration of Singhaji's Samadhi is underway. Replica of Shiv Mandir, Punghat is prepared. Archaeologically significant mounds namely Naval Khera, Bijalpur Khurd, Gannor have been excavated and explored by State Archaeology Department to find out artifacts, etc. Preliminary survey for construction of Safety Wall at Joga Fort is completed.

One National Park and Two Sanctuaries are also being notified to compensate loss of forest habitat for wildlife.

### OMKARESHWAR PROJECT (OSP)

Omkareshwar Project situated on River Narmada 40 Km downstream of ISP, near Omkareshwar Temple, in Khandwa district of Madhya Pradesh is under Initial stage of construction.

OSP is a multipurpose Project with an installed capacity of 520 MW with annual energy generation of 1166 MU in initial stage and annual irrigation of 2.83 Lac. Ha on a Culturable Command Area (CCA) of 1.47 Lac. Ha. Since, Generation of power at OSP is directly related to the regulated releases of water from ISP, hence it is one of the beneficiary project of ISP. The CCEA has accorded approval for construction of OSP on 29th May, 2003 and accordingly the scheduled date of commissioning of project is February, 2008. The Contract agreement for turnkey execution of Omkareshwar Project has been signed with "M/s Jaiprakash - Voith Siemens Constorium, New Delhi" on 18th July, 2003, with completion period of 48 months for an amount of Rs. 1476.4 Crores. The contractor has mobilised at site and works like transportation of construction equipments, survey works, Construction of approach roads and temporary residence etc. have been completed. Construction of dykes and Cofferdam on



520 MW Omkareshwar Project (Madhya Pradesh) - Dam area



left banks has been completed. Coffor wall for Power House has also been completed. Excavation of Dam, Power House & Penstocks, Power Dam & Intake, Head Race Channel, Tail Race Channel etc is in progress as per schedule.

### **REHABILITATION & RESETTLEMENT WORKS**

Due to Construction of OSP 30 villages are coming under submergence out of which in 3 villages only the Govt. land is getting affected. Total PAFs as per 2002 estimates are 4613, out of which one village (193 PAFs) has been fully rehabilitated.

### **DIVIDEND**

The Company has Commissioned four units of Indira Sagar Project upto 31st March, 2004 and earned revenue of Rs. 27.34 Crores during the financial year 2003-2004. Taking into consideration the profitability of the Company, the Board recommended a dividend of Rs. 2.40 Crores on the equity capital of the Company for the year under review subject to the approval of the Shareholders in the ensuing annual general meeting.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo 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 is given in annex "A" to this report.

### **INDUSTRIAL RELATIONS**

Industrial relations have been cordial through out the year.

### **IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY**

During the year under review the Corporation made all efforts to achieve the target set for implementation of Official language policy. The use of Rajbhasha was given special importance in all the activities of the Corporation. Hindi Divas and Hindi training programmes have been organised in a regular interval as per the need to make the staff acquainted with Official language.

You will be glad to know that your Corporation has received a Rajbhasha Vijayanti shield being a first prize in the year 2003 by Town Official Language Implementation Committee (Undertaking), Bhopal for out standing performance among all the Public Sector undertakings in the city.

### **AUDITORS**

M/s M. Mehta & Co., Chartered Accountants, Indore were appointed as "Statutory Auditors" for conducting the Audit for the year 2003- 2004.

### **AUDITORS' REPORT**

The Auditors' Report as per annex "B" refers to various notes in schedule-16 incorporated by the Corporation, which are self-explanatory. The comments of the Comptroller and Auditor General of India and replies thereon are at Annex "C".

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to requirement under section 217 (2AA) of the Companies Amendment Act, 2000 with respect to Directors Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2004, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;



- iv) That the Directors had prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

### AUDIT COMMITTEE

The audit committee of the Board consists of Sh. S.K. Dodeja, Chief Executive Director, Sh. Pradip Bhargava, Director and Sh. Rajesh Dongre, Director. The said Audit Committee has reviewed the annual financial statements before submission to the Board as required u/s Sec. 292 A of the Companies Act, 1956.

### VIGILANCE ACTIVITIES

"On this Earth, there is enough for everyone's need but not for their greed" by M.K. Gandhi, itself explain the need to make guidelines to malaise the corruption.

Vigilance has a positive function to play in a good governance, with this objective the vigilance wing set up at Corporate Office and Projects is functioning smoothly by conducting systematic examination of various works to avoid any discrepancy and maintain high quality/standards in execution of works. Monthly and quarterly reports (In ISO Formats) are being generated to appraise the higher management with the activities undertaken by Vigilance Wing. Regular track of the complaints is being maintained by the concerned authorities on top priority to resolve the issue efficiently. Each employee of the Corporation has been introduced with Preventive Vigilance through Seminars, observation of Vigilance awareness Week and displaying the Anti corruption boards/quotations at key location at Corporate Office & Project sites.

### PARTICULARS OF EMPLOYEES

Information required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, may be treated as nil.

### PARTICULARS OF DIRECTORS

The composition of the Board includes Sh. Yogendra Prasad as Chairman Cum Managing Director of the company w.e.f. 30th Dec., 2002 along with five other Directors.

Sh. Sheonarayan Singh, nominee of Government of Madhya Pradesh has ceased to be a Director of the Company w.e.f. 31st Dec, 2003. The Govt. of Madhya Pradesh has now nominated Sh. Rajesh Dongre as Director on the Board of NHDC w.e.f. 13th Jan, 2004.

Sh. K.P. Choubey, Member Engineering, NVDA, Government of Madhya Pradesh has ceased to be a Director of the company w.e.f. 11th March, 2004.

Sh. H.D. Khunteta nominee of NHPC has ceased to be a Director of the Company w.e.f. 4th May, 2004 and Sh. T.N. Gopalakrishna has now been nominated by NHPC as Director on the Board of NHDC.

The Board expresses its gratitude for the contributions made and guidance given by Sh. K.P. Choubey, Sh. Sheonarayan Singh and Sh. H.D. Khunteta as directors of the Company.

### ACKNOWLEDGEMENTS

The Board of Directors acknowledge with thanks the guidance and cooperation extended by various Ministries and Govt. agencies at various stages of work.

The Board records its deep appreciation of cooperation extended by the Statutory Auditors, Bankers and other concerned authorities.

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**  
Chairman & Managing Director

**Dated : 04.08.2004**

**Place : New Delhi**



## CONSERVATION OF ENERGY

- a) **Energy conservation measures taken and on hand**  
For monitoring energy consumption in Power House auxiliaries of ISP, the LTAC system (numerical relays) are installed so that the power losses are minimised.
- b) **Additional investments and proposals, if any, being implemented for reduction in consumption of energy.**  
There is no proposal for direct investment by NHDC 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.**  
This will help in review of energy consumed by different auxiliaries and to take corrective action for further reduction of auxiliary consumption.
- d) **Total energy consumption and energy consumption per unit of production as per Form-A of the annexure thereto in respect of industries specified in the schedule thereto.**  
NHDC does not cover in the category of industries mentioned in the schedule.

## Form-B

- 1) **Specific areas in which R&D carried out by the Company.**  
The measures are being taken to integrate control of auxiliary system with Power House SCADA for total automation.
- 2) **Benefit derived as a result of the above R&D**  
Smooth operation and maintenance of Power House.
- 3) **Future Plan of action.**  
The R&D work will be carried out with in house expertise and in consultation of various suppliers.
- 4) **Expenditure on R&D**  
(a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnover  
Presently no expenditure has been incurred on R&D. It is expected that the expenditure on R&D will be incurred in coming years.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 1) **Efforts in brief made towards technology absorption, adaptation and innovation.**  
Import, erection & operation of Rotec System from USA for rapid placement of huge concreting at Omkareshwar Project (520 MW) to achieve the project completion within record time of four years.
- 2) **Benefits derived as result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.**  
The Rotec system will enable faster, uninterrupted concreting in the project even during the floods so as to complete the project ahead of schedule in less than four years which will enable the cost reduction of the project and reduce idling of other associated resources during floods.

## TECHNOLOGY IMPORTED DURING LAST FIVE YEARS

Nil

## FOREIGN EXCHANGE EARNINGS AND OUTGO

**Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans.**

Not applicable

**Total foreign exchange earning.**

Nil

**Total foreign exchange outgo.**

Rs. 7460 Lacs.





## AUDITOR'S REPORT TO THE MEMBERS OF NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED, BHOPAL

We have audited the attached Balance Sheet of **NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED, BHOPAL** as at 31st March 2004 and also the Profit & Loss Account of the Company for the year ended on that date and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.

Further to our comments in the Annexure referred to above, we report that

- i) 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;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books of the company.
- iii) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account of the company.
- iv) In our opinion, the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to sub-section (3C) of section 211 of the Companies Act, 1956;
- v) As per the circular issued by the Department of Companies Affairs vide their General Circular No.829 (E) dt.21.10.03 it has been directed that the clause (g) of sub section (1) of section 274 of the said Act shall not apply to a Govt. company hence in our opinion the requirement of this clause does not apply to this company also.
- vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner, the information required by the Companies Act, 1956, Subject to;
  - i. **As per Note No. 9 (ii) of notes to accounts the company hitherto charged depreciation as per rates notified by the Govt. of India under Electricity Supply Act, 1948, where as in the current year the same has been charged as per rates notified by regulations of CERC. This has resulted in decrease in depreciation and increase in profit by Rs. 90,98,805/-.**
  - ii. **As per Note No. 14 in respect of taking power generating tariff rates as provisionally approved by CERC. Any variation on final fixation of rates will be adjusted in the year of actual rates fixed. At present the quantum of such variation could not be ascertained.**



And in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India: -

- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2004 and
- b) in the case of Profit & Loss Account of Profit of the Company for the year ended on that date.
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**Place : New Delhi**  
**Dated : 27.05.2004**

For **M. MEHTA & COMPANY**  
Chartered Accountants

**P.R.Bandi**  
Partner  
M.No.16402





## **ANNEXURE REFERRED TO PARAGRAPH I OF OUR REPORT OF EVEN DATE OF NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED.**

1. The nature of Company's activities during the year have been such that clauses (xii), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
2.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed by the management on such verification.
  - c. The Company has not disposed off a substantial part of fixed assets during the year.
3.
  - a. Physical verification of stores inventory has been conducted during the year by the management at reasonable intervals.
  - b. The procedures of physical verification of such inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c. The Company is maintaining proper records of stores inventory. Discrepancies noticed on physical verification if any have been properly dealt with in the books of account.
4.
  - a. The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 except to employees of the Company. The Company has not taken any loans from the parties covered in the Register maintained under section 301 of the Companies Act, 1956, except taken unsecured temporary loans from holding co. (NHPC Ltd.) of Rs. 20000 lacs and have also adjusted Assets acquired from NVDA during the year of Rs. 16249 lacs and has been shown as unsecured loan during the year which has been ultimately adjusted towards the contribution of share capital and ISP & SSP components of both the projects.
  - b. The rate of interest and other terms and conditions on which loans have been taken by the Company are not, prima facie, prejudicial to the interest of the Company. The rate of interest and other terms & conditions in respect of loans given by the Company to its employees are in our opinion prima facie not prejudicial to the interest of the company.
  - c. Payment of principal amount and interest are regular in respect of loans taken during the year.
  - d. In respect of loans taken, the Company has taken reasonable steps for payment of principal and interest in respect of loans more than Rupees one lakh each.
  - e. In respect of loans given by the company there are no overdue amounts more than Rs.1 Lac.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and sale of energy / goods.
6.
  - a. According to the information & explanations given to us, as the section 297 of the Companies Act does not apply to this Company, and also provisions of section 299 does not apply in view of sub section (6) of the said section in respect of transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered will also not apply.
  - b. In our opinion and according to the information and explanations given to us and in view of the clause 6(a) above said clause in respect of transactions exceeding Rs. 5 lacs and above each have been made at prices which are reasonable will also not apply to the company.



7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public within the meaning of the Section 58A of the Companies Act, 1956 and the Rules framed thereunder.
8. The Company has in house Internal Audit Department, which in our opinion commensurate with the size and nature of business, however needs to be reviewed in respect of frequency of visits.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the cost. Accounting (Electrical Industry) Rules, 2001 made by the Central Government for the maintenance of cost records u/s 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts in respect of operational units at Indira Sagar Projects have been made and maintained.
10. a. In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Cess and other statutory dues with the appropriate authorities where applicable.  
b. According to the information and explanations given to us, there are no cases of non-deposit with the appropriate authorities of disputed dues of Sales tax/ Income tax/Customs tax/Wealth tax/Excise duty/Cess.
11. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and the immediately preceding financial year.
12. According to the records of the Company, it has not defaulted in repayment of installments of dues to banks during the year.
13. According to the information & explanations given to us, the company has not given any Guarantee for loans taken by others from any Bank or financial Institutions.
14. On the basis of review of utilization of funds pertaining to Term Loans on overall basis and related information as made available to us, the Company has applied term loans for the purpose for which they were obtained **except a sum of Rs. 59200 lacs raised for Indira Sagar project kept as a fixed deposits, which has further been used towards margin money for Letter of Credit in respect of Omkareshwar project.**
15. On the basis of review of utilization of funds which is based overall examination of the Balance Sheet of the Company, related information as made available to us, the Company has not raised any funds for short term investment purpose. The company has raised funds on short term / long term basis for its long-term investments and have used the amount for that purpose only.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
17. No debentures have been issued by the Company and hence the question of creating securities in respect thereof does not arise.
18. During the period, the Company has not raised money by Public Issue.
19. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the financial year.

Place : New Delhi  
Dated : 27.05.2004

For **M. MEHTA & COMPANY**  
Chartered Accountants

**P.R. Bandi**  
Partner  
M.No. 16402



## BALANCE SHEET AS AT 31ST MARCH, 2004

(Rupees in lacs)

PARTICULARS	SCHEDULE NO.	AS AT 31st MARCH, 2004		AS AT 31st MARCH, 2003	
<b>SOURCES OF FUNDS</b>					
<b>A. SHAREHOLDERS' FUNDS</b>					
Share Capital	1	1,63,235		1,07,706	
Share Capital Deposit	1A	5,526		27,294	
Reserves and Surplus	2	<u>61,562</u>	2,30,323	<u>42,756</u>	1,77,756
<b>B. LOAN FUNDS</b>					
Secured Loans	3	78,000		—	
Unsecured Loans	4	<u>65,000</u>	1,43,000	<u>45,490</u>	45,490
<b>C. SELF INSURANCE FOR CONTIGENCIES</b>					
<b>D. DEFERRED TAX</b>					
Net Deferred Tax Liabilities		597		—	
Less:Deferred Tax Recoverable		<u>597</u>	—	—	—
<b>TOTAL</b>			<b><u>3,73,505</u></b>		<b><u>2,23,246</u></b>
<b>APPLICATION OF FUNDS</b>					
<b>A. FIXED CAPITAL EXPENDITURE</b>					
Fixed Assets	5				
Gross Block		1,71,549		2,475	
Depreciation		<u>1608</u>		<u>589</u>	
Net Block		1,69,941		1,886	
Capital Work-In-Progress	6	1,34,507		1,83,124	
Construction Stores and Advances	7	<u>18,419</u>	3,22,867	<u>23,090</u>	2,08,100
<b>B. CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	8	—		—	
Contract work in progress		—		—	
Sundry Debtors		514		—	
Cash and Bank Balances		65,883		2,02,28	
Other Current Assets		1,634		680	
Loans and Advances		<u>1,047</u>	69,078	<u>497</u>	21,405
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
Liabilities	9	18,175		6,313	
Provisions		<u>449</u>	18,624	<u>151</u>	6,464
<b>NET CURRENT ASSETS</b>					
<b>C. MISCELLANEOUS EXPENDITURE</b>					
(To the extent not written off or adjusted)	10		50,454		14,941
			184		205
<b>TOTAL</b>			<b><u>3,73,505</u></b>		<b><u>2,23,246</u></b>
<b>ACCOUNTING POLICIES</b>					
NOTES TO THE ACCOUNTS AND	15				
CONTINGENT LIABILITIES	16				
Schedule 1 to 16 form					
integral part of the Accounts					

As per our report of even date attached

For M.MEHTA & CO  
Chartered Accountants

For and on behalf of BOARD OF DIRECTORS

P.R.BANDI  
Partner  
Membership No.16402T.N.GOPALAKRISHNA  
DirectorS.K.DODEJA  
Chief Executive DirectorYOGENDRA PRASAD  
Chairman & Managing DirectorV.K.TRIPATHI  
Astd. SecretaryN.K.CHADHA  
General Manager (F&A)Place : New Delhi  
Dated : 27.05.2004



# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in lacs)

PARTICULARS	SCHEDULE NO.	FOR THE YEAR ENDED 31st MARCH, 2004	FOR THE YEAR ENDED 31st MARCH, 2003
<b>INCOME</b>			
Sales		2,734	—
Less: Advance against depreciation		—	2,734
Contracts and Consultancy		—	—
Other Income	11	76	—
<b>TOTAL INCOME</b>		<b>2,810</b>	<b>—</b>
<b>EXPENDITURE</b>			
Generation, Administration and Other Expenses	12	339	—
Employees' Remuneration and Benefits	13	45	—
Depreciation		445	—
Less: Transfer from Capital Reserve (see note no.11(b) )		65	—
Interest and Finance charges	14	691	—
Incentive to beneficiary states		—	—
Prior period adjustment (Net)		—	—
<b>TOTAL EXPENDITURE</b>		<b>1,455</b>	<b>—</b>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>1,355</b>	<b>—</b>
<b>Provision for Taxation</b>			
Current Tax		118	—
Deferred tax		597	—
Less: Deferred Tax Recoverable Adjustment		597	—
<b>PROFIT AFTER TAX</b>		<b>1,237</b>	<b>—</b>
<b>Appropriations:</b>			
(i) Proposed Final Dividend		240	—
(ii) Corporate Dividend Tax		31	—
<b>Profit carried to Balance Sheet</b>		<b>966</b>	<b>—</b>
<b>ACCOUNTING POLICIES</b>	15		
<b>NOTES TO THE ACCOUNTS AND</b>	16		
<b>CONTINGENT LIABILITIES</b>			
Schedule 1 to 16 form integral part of the Accounts			

As per our report of even date attached

**For M.MEHTA & CO**  
Chartered Accountants

For and on behalf of **BOARD OF DIRECTORS**

**P.R.BANDI**  
Partner  
Membership No.16402

**T.N.GOPALAKRISHNA**  
Director

**S.K.DODEJA**  
Chief Executive Director

**YOGENDRA PRASAD**  
Chairman & Managing Director

**V.K.TRIPATHI**  
Astd. Secretary

**N.K.CHADHA**  
General Manager (F&A)

**Place : New Delhi**  
**Dated : 27.05.2004**





**SCHEDULE-1 SHARE CAPITAL**

(Rupees in lacs)

PARTICULARS	As at 31st MARCH, 2004		As at 31st MARCH, 2003	
<b>AUTHORISED</b>				
30000000 Equity Shares of Rs. 1000.00 each.		3,00,000		3,00,000
<b>ISSUED SUBSCRIBED AND PAID-UP</b>	1,63,235	1,63,235	107706	1,07,706
163,23,529 (Previous year 10,77,612) Equity Shares of Rs. 1000 each fully paid. Out of above, 83,40,000 (Previous year 65,95,512) shares have been allotted to the holding company, National Hydroelectric Power Corporation Ltd., Faridabad. & 79,83,529 (Previous Year 41,75,100) Shares allotted to Govt of Madhya Pradesh				
<b>NOTE</b>				
Out of the above Equity shares 74,83,528 (Previous year :41,75,099) equity shares were allotted as fully paid up pursuant to a MOU without payment being received in cash				
<b>TOTAL</b>		<u>1,63,235</u>		<u>1,07,706</u>

**SCHEDULE-1A SHARE CAPITAL DEPOSIT ACCOUNT**

(Rupees in lacs)

PARTICULARS	As at 31st MARCH, 2004		As at 31st MARCH, 2003	
i) From NHPC ( Holding Co.)	5,526		3,045	
ii) From NVDA Account	—	5,526	24,249	27,294
<b>TOTAL</b>		<u>5,526</u>		<u>27,294</u>

**SCHEDULE-2 RESERVES AND SURPLUS**

(Rupees in lacs)

PARTICULARS	Balance as at 1st APRIL, 2003	ADDITIONS	DEDUCTION	Balance as at 31st MARCH, 2004
<b>CAPITAL RESERVE</b>				
i) Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in Indira Sagar Dam as a Grant	18,771	6,720	29	25,462
ii) Proportionate Sub-vention towards Sardar Sarovar project transferred from NVDA Account	23,985	8,587	36	32,536
iii) Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in Omkareswar as Grant	—	2,598	—	2,598
<b>SURPLUS</b>				
i) Surplus as per P&L A/C	—	966	—	966
<b>TOTAL</b>	<u>42,756</u>	<u>18,871</u>	<u>65</u>	<u>61,562</u>



## SCHEDULE-3 LOAN FUNDS – SECURED LOAN

(Rupees in lacs)

PARTICULARS	As at 31st MARCH, 2004	As at 31st MARCH, 2003
<b>LONG TERM LOANS</b>		
<b>FROM BANKS</b>		
1 <b>ORIENTAL BANK OF COMMERCE</b> (Due for repayment within one year Rs.Nil) (Repayable in 12 equal annual installment w.e.f. 31.03.2008 onwards)	20,000	—
2 <b>JAMMU AND KASHMIR BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 12 equal annual installment w.e.f. 31.03.2008 onwards)	10,000	—
3 <b>BANK OF INDIA</b> (Due for repayment within one year Rs.Nil) (Repayable in 12 equal annual installment w.e.f. 31.03.2008 onwards)	25,000	—
4 <b>ANDHRA BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 12 equal annual installment w.e.f. 31.03.2008 onwards)	10,000	—
5 <b>CANARA BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 12 equal annual installment w.e.f. 31.03.2008 onwards)	7,500	—
6 <b>DENA BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 12 equal annual installment w.e.f. 31.03.2008 onwards)	3000	—
7 <b>UNITED BANK OF INDIA</b> (Due for repayment within one year Rs.Nil) (Repayable in 12 equal annual installment w.e.f. 31.03.2008 onwards)	2,500	—
NOTE All the above Term loans are secured by Paripasu Charge over all the fixed Assets of Indira Sagar Hydroelectric Project and further secured by Irrevocable Corporate Guarantee of the Holding Co. NHPC Ltd. for timely payment of interest on the loans up to the Commissioning of all the Units		
<b>TOTAL</b>	<b>78,000</b>	<b>NIL</b>

## SCHEDULE-4 LOAN FUNDS - UNSECURED

(Rupees in lacs)

PARTICULARS	As at 31st MARCH, 2004	As at 31st MARCH, 2003
<b>SHORT TERM LOANS</b>		
(i) <b>PUNJAB NATIONAL BANK</b> (Due within one year Rs.500,000,000 )	5,000	—
(ii) <b>STATE BANK OF INDIA</b> Guaranted by Holding Company NHPC Ltd. (Due within one year Rs.600,0000,000 )	60,000	30,000
(iii) <b>LOAN FUND FROM OTHERS</b> GOVERNMENT OF M.P (NVDA) Towards ISP Account Towards OSP Account	— —	10,341 5,149
<b>TOTAL</b>	<b>65,000</b>	<b>45,490</b>



## SCHEDULE-5 FIXED ASSETS

(Rupees in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2.2003	Additions/ Adjust ments	Deductions/ Adjust ments	As at 31.3.2004	As at 1.4.2003	For the year *	Adjust- ments**	As at 31.3.2004	As at 31.3.2004	As at 31.3.2003
Land freehold	—	35	—	35	—	—	—	—	35	—
Buildings	708	21465	—	22173	257	560	—	817	21356	451
Roads & bridges	821	63	—	884	127	12	—	139	745	694
Construction plant & machinery	24	55	—	79	1	10	—	11	68	23
Generating plant & machinery	422	36,856	—	37278	3	120	—	123	37155	419
Substation equipments	4	58	—	62	—	2	—	2	60	4
Hydraulic works	—	110336	—	110336	—	239	—	239	110097	—
Vehicles	70	59	—	129	47	(4)	—	43	86	23
Furniture fixture & equipments	319	93	—	412	69	51	—	120	292	250
Transmission lines	6	—	—	6	1	—	—	1	5	5
Misc. assets/equipments	21	26	—	47	4	1	—	5	42	17
Fixed Assets of minor value Upto Rs. 5000/-	80	28	—	108	80	28	—	108	—	—
<b>TOTAL</b>	<b>2475</b>	<b>169074</b>	<b>—</b>	<b>171549</b>	<b>589</b>	<b>1019</b>	<b>—</b>	<b>1608</b>	<b>169941</b>	<b>1886</b>
Previous Year	430	2045	—	2475	116	473	—	589	1886	314

Depreciation for the Year is allocated as given below

- (i) Profit & Loss Account Rs.445 Lacs  
(ii) Incidental Expenditure during construction Rs.574 Lacs

## SCHEDULE-6 CAPITAL WORK IN-PROGRESS

(Rupees in lacs)

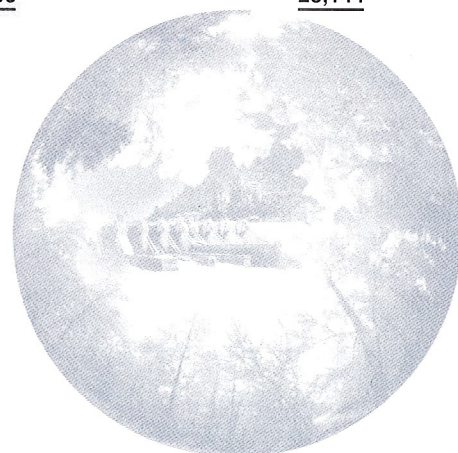
PARTICULARS	As At 1.4.2003	Additions During the Year	Adjust- ments	Capitalised During the Year	As at 31.03.2004
1. Survey, investigation and other expenses	288	48	—	—	336
2. Buildings. & civil engg. works and communications	25096	5627	—	(16480)	14243
3. Roads & bridges	66	840	(724)	(41)	141
4. Hydraulic works, barrages, dams, tunnels & power channels	35427	11376	—	(28965)	17838
5. Penstock	—	144	—	—	144
6. Plant & machinery In generating station	29204	20676	—	(30227)	19653
7. Electric installation & sub-station equipments	—	—	—	—	—
8. Planning, design and infrastructure exp on turnkey contracts	—	1559	—	—	1559
9. Miscellaneous assets	—	212	—	—	212
10. Trunk transmission lines	10	4	—	(6)	8
11. Incidental expenditure during construction					
A) Others	51914	6041	—	(14086)	43869
B) Interest during construction	89	4452	—	(2448)	2093
Sub Total	142094	50979	(724)	(92253)	100096
12. Rehabilitation expenses	41030	68417	—	(75036)	34411
<b>Total</b>	<b>183124</b>	<b>119396</b>	<b>(724)</b>	<b>(167289)</b>	<b>134507</b>
Previous Year	101312	83654	—	(1842)	183124



## ANNEXURE TO SCHEDULE-6 INCIDENTAL EXPENDITURE DURING CONSTRUCTION

(Rupees in lacs)

PARTICULARS	FOR THE PERIOD FROM 1.4.2003 to 31.03.2004		FOR THE PERIOD FROM 1.4.2002 TO 31.3.2003	
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>				
Salary, wages, allowances and benefits and gratuity	1,651		1372	
contribution to provident fund	—		—	
(including administration fee)	102		70	
Staff welfare expenses	2,29		102	
Leave salary and pension contribution	<u>101</u>	2,083	<u>60</u>	1,604
<b>REPAIRS AND MAINTENANCE</b>				
Buildings	95		49	
Machinery and construction equipments	5		—	
Others	<u>393</u>	493	<u>142</u>	191
<b>ADMINISTRATION AND OTHER EXPENSES</b>				
Rent office	27		24	
Rent residential	92		73	
Rates and taxes	—		—	
Electricity charges	585		280	
Insurance	54		70	
Travelling and conveyance	142		105	
Expenses on staff cars and inspection vehicles	217		156	
Telephone, telex and postage	50		30	
Advertisement and publicity	38		51	
Design and consultancy charges	308		787	
Entertainment	10		6	
Printing and stationery	43		30	
Expenditure on asset not belonging to the Corporation	734		—	
Expenses on security	24		36	
Other expenses	118		86	
Audit expenses	5		3	
Loss on materials/assets written off	—	2,447	<u>24</u>	1761
<b>INTEREST &amp; FINANCE CHARGES</b>		5,348		89
<b>DEPRECIATION</b>		574		473
<b>SURVEY AND INVESTIGATION EXP</b>		5		—
Salary,wages,preliminary expenses,plantation maintainance & Enviornment expenses incurred by NVDA		<u>1622</u>		<u>24,268</u>
<b>TOTAL EXPENDITURE</b>		<b>12,572</b>		<b>28,386</b>
<b>LESS: RECEIPTS AND RECOVERIES</b>				
Interest on Term deposits/Bank Accounts	1252		195	
Less : Income Tax on bank interest	<u>—</u>	1,252	<u>-72</u>	123
Interest on Loans and advances	44		11	
Miscellaneous receipts and recoveries	61		63	
Sale of Infirm power	40		—	
Insurance claim	413		—	
Provisions/liability not required written back	<u>243</u>		<u>45</u>	
<b>TOTAL RECEIPTS AND RECOVERIES</b>		<u>2053</u>		<u>242</u>
<b>NET EXPENDITURE</b>		<b>10,519</b>		<b>28,144</b>
<b>Less: Share of Corpoate office Expenses allocated to operational Units/Projects</b>		<u>26</u>		<u>—</u>
<b>AMOUNT TRANSFERRED TO CAPITAL WORK IN PROGRESS</b>		<b>10,493</b>		<b>28,144</b>





## SCHEDULE-7 CONSTRUCTION STORES AND ADVANCES

(Rupees in lacs)				
PARTICULARS	As at		As at	
	31st MARCH,2004		31st MARCH,2003	
<b>CONSTRUCTION STORES</b>				
(At cost as valued and certified by management)				
Construction material in transit	—		—	
Stores	51	51	41	41
<b>ADVANCE FOR CAPITAL EXPENDITURE</b>				
Secured (Considered good)	—		—	
Unsecured ( considered good)	18,368		—	
considered doubtful	—	18,368	23,049	23,049
<b>TOTAL</b>		<b>18,419</b>		<b>23,090</b>

## SCHEDULE-8 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in lacs)				
PARTICULARS	As at		As at	
	31st MARCH,2004		31st MARCH,2003	
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
(At Cost as taken, valued and certified by Management)				
Stores and spare	—		—	
Loose tools	—		—	
<b>Construction Work-In-Progress (contracts)</b>				
<b>Sundry Debtors(Unsecured)</b>				
Debts outstanding for a period exceeding six months	—		—	
Other debts	514		—	
<b>Total Debtors</b>	—		—	
<b>LESS Provisions</b>	—	514	—	—
<b>PARTICULARS OF SUNDRY DEBTORS (Unsecured)</b>				
	<u>2003-04</u>	<u>2002-03</u>		
Considered good	514	—		
Considered doubtful and provided	—	—		
<b>Cash and Bank Balances</b>				
Cash,Imprest,Cheques and Drafts in hand	5		4	
<b>Balances with scheduled banks</b>				
Current account	5,384		3,168	
Deposit account(Short term)	60,494		17056	
Others (Post Office)	—	65,883	—	20,228
<b>Other Current Assets</b>				
Interest accrued on deposits	434		27	
others	1200	1,634	653	680
<b>Loans and Advances</b>				
Loans & advances to employees (Secured considered good)	354		228	
Loans & advances to employees (Unsecured considered good)	75		47	
Advances recoverable in cash or kind or for value to be received	—		—	
Secured (Considered good)	—		—	
Unsecured (Considered good)	124		97	
Unsecured (Considered doubtful)	—		—	
LESS: Provision for Doubtful	—		—	
Advance Tax deposited and tax deducted at source	494	1,047	125	497
<b>TOTAL</b>		<b>69,078</b>		<b>21,405</b>
	<b>2003-2004</b>	<b>2002-2003</b>		
<b>A. PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH OTHER THAN SCHEDULED BANKS</b>				
Standard Chartered Bank	—		—	
<b>B. PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS</b>				
Amount due at the end of the year	2		—	
Maximum balance at any time during the year	3		—	



## SCHEDULE-9 CURRENT LIABILITIES AND PROVISIONS

(Rupees in lacs)

PARTICULARS	As at 31st MARCH,2004		As at 31st MARCH,2003	
<b>LIABILITIES</b>				
Sundry creditors				
Total Outstanding dues of small scale	—		—	
Industrial Undertaking(s)				
(includes Rs.Nil due over 30 days)	17,246	17,246	5,664	5,664
Unspent amount of Deposit/Agency		—		—
Deposits/Retention money		578		318
Interest accrued but not due on loans		—		—
Liability for Cheques issued but not presented		—		—
Advance against construction contracts		—		—
Other liabilities		351		331
		18,175		6,313
<b>PROVISIONS</b>				
Taxation		118		126
Proposed Dividend		240		—
Tax on proposed dividend		31		—
Staff benefits		60		25
		449		151
<b>TOTAL</b>		<b>18,624</b>		<b>6,464</b>

## SCHEDULE-10 MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Rupees in lacs)

PARTICULARS	As at 31st MARCH,2004		As at 31st MARCH,2003	
Preliminary Expenses				
Balance as per Last Year Balance Sheet		205		205
Less 1/10 th written off during the Year		21		—
Losses awaiting write off sanction		—		1
Less : Provided for		—		1
<b>TOTAL</b>		<b>184</b>		<b>205</b>

## SCHEDULE-11 OTHER INCOME

(Rupees in lacs)

	FOR THE YEAR ENDED 31st MARCH,2004	FOR THE YEAR ENDED 31st MARCH,2003
Income from short term deposit	72	—
Interest on Bonds	—	—
Interest on loans and advances to Staff	1	—
Interest from others	1	—
Income from scrap	—	—
Receipt & Recoveries of Rent	1	—
Recovery of Electrical Charges	—	—
Other Miscellaneous Income	1	—
<b>TOTAL</b>	<b>76</b>	<b>—</b>





**SCHEDULE -12 GENERATION, ADMINISTRATION AND OTHER EXPENSES**

(Rupees in lacs)

	FOR THE YEAR ENDED 31st MARCH,2004	FOR THE YEAR ENDED 31st MARCH,2003
Consumption of stores and spares	—	—
Repairs & maintenance -		
Buildings	5	—
Machinery	—	—
Others	17	—
Miscellaneous operational expenses	22	—
Rent	—	—
Rates and taxes	1	—
Insurance	—	—
Self Insurance	3	—
Security expenses	182	—
Electricity charges	1	—
Travelling and conveyance	58	—
Expenses on staff car	2	—
Telephone, telex and postage	4	—
Advertisement and publicity	1	—
Donation	—	—
Printing and stationery	—	—
Consultancy charges	1	—
Project expenses written off	13	—
Loss on sale of assets	—	—
Preliminary expenditure written Off	—	—
Other general expenses	21	—
Corporate office management expenses	4	—
	26	—
<b>TOTAL</b>	<b>339</b>	<b>—</b>

**SCHEDULE-13 EMPLOYEES REMUNERATION AND BENEFITS**

(Rupees in lacs)

	FOR THE YEAR ENDED 31st MARCH,2004	FOR THE YEAR ENDED 31st MARCH,2003
Salaries, wages and allowances	35	—
Gratuity and contribution to provident fund (Including Administration Fees)	4	—
Staff welfare expenses	6	—
<b>TOTAL</b>	<b>45</b>	<b>—</b>

**SCHEDULE-14 INTEREST AND FINANCE CHARGES**

(Rupees in lacs)

	FOR THE YEAR ENDED 31st MARCH,2004	FOR THE YEAR ENDED 31st MARCH,2003
<b>Interest on Fixed Loans</b>		
Interest on Government of India loans	—	—
Interest on bonds	—	—
Interest on foreign loans	—	—
Interest on term loan	475	—
<b>Interest on Other Loans</b>		
Interest on cash credit facilities	—	—
Bond expenses	—	—
Rebate to customers	37	—
Commitment fee	—	—
Guarantee fee on loan	43	—
Other finance charges	136	—
<b>TOTAL</b>	<b>691</b>	<b>—</b>



## SCHEDULE-15 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1. ACCOUNTING CONVENTIONS

- 1.1 The financial statements are drawn up on historical cost basis.
- 1.2 The Company follows mercantile system of Accounting.

### 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 bills from contractors/suppliers etc., the same are carried at estimated cost.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under Fixed Assets except those assets which are created for Rehabilitation/Resettlement.

### 3. CAPITAL WORK IN PROGRESS :

- 3.1 Expenditure on Establishment maintenance, Administration, Interest and Depreciation on Fixed assets is charged to 'Incidental Expenditure During the Construction'.
- 3.2 On start of commercial production, the entire amount of 'Incidental Expenditure During Construction' will be allocated on immovable major components of the Project excluding Land and Infrastructure works.

### 4. PRELIMINARY EXPENDITURE:

Preliminary expenditure of the Projects will be written off over a period of 10 years after start of commercial operation.

### 5. REHABILITATION & RESETTLEMENT EXPENSES :

Payment made provisionally towards compensation and other expenses relatable to land which is going to be sub-mergence are treated as Rehabilitation & Resettlement expenses.

### 6. DEPRECIATION & AMORTISATION :

- 6.1 Premium on lease-hold land is amortized over the period of lease.
- 6.2 Depreciation is charged as per Electricity (Supply) Act, 1948 on straight line method following the rates notified the regulations by the Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commission Act, 1998 (a Central Act). In respect of assets, where rate has not been notified by regulations of CERC, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961, except in case of computers and peripherals, where rates as assessed by the Company are adopted.
- 6.3 Depreciation is provided on pro rata basis in the year in which the assets becomes available for use.
- 6.4 Assets valuing Rs. 5000/- or less and such items (excluding immovable assets) with written down value of Rs. 5,000/- or less at the beginning of the year are fully depreciated.

### 7. VALUATION OF INVENTORIES :

- 7.1 Stores & spares are valued at weighted average cost. However, scrap & unserviceable stores are valued at net realizable value.
- 7.2 Loose tools issued during the year are charged to consumption where cost of individual items is Rs.5,000/- or less and in other cases written off in 5 yearly equated installments.

### 8. FOREIGN CURRENCY TRANSACTIONS :

Foreign currency loans/balances are translated /converted with reference to the rates of exchanges ruling at the year end. The difference is transferred to Capital work-in- progress/ Fixed assets in case of capital Assets and to I.E.D.C. in case of current assets.



**9. RETIREMENTS BENEFITS :**

Provision for Gratuity, Leave Encashment and Post Retirement Medical Health Scheme is made on actuarial valuation basis every year.

**10. MISCELLANEOUS :**

10.1 Liabilities for Goods in Transit/Capital Works executed but not certified are not provided for pending inspection and acceptance by the corporation.

10.2 Pre-paid expenses and prior period expenses/ income of items of Rs.50,000/- and below are charged to natural head of accounts.

**11. ALLOCATION OF CORPORATE OFFICE EXPENSES :**

Corporate Office Expenses are allocated as under:

- (a) On power Station @ 1% of sale of energy for the year excluding taxes & duties.
- (b) The balance expenditure is allocated to construction projects in the ratio of net capital expenditure incurred during the year.

**12. BORROWING COST :**

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying Assets is capitalized as part of the cost of that asset. Other borrowing cost are recognized as an expense in the period in which they are incurred.

**13. TAXES ON INCOME :**

- (a) Taxes on income for the current year is determined on the basis of taxable income under the Income Tax Act, 1961.
- (b) Deferred Tax is recognized on timing difference between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited / debited to the extent tax expense is chargeable from the Beneficiaries in future years on actual payment basis.

**14. SELF INSURANCE :**

0.5% p.a. of Gross Block of Power Stations as on the date of Balance Sheet is treated as 'Self Insurance for Contingencies' on year to year basis by charge to Profit and Loss Account, to be utilized for losses of Assets for specified contingencies.

**15. REVENUE :**

- (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the appropriate authority. Recovery / refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.
- (b) Incentives / Disincentives are recognised as per tariff notifications. In case of Power Station where tariffs have not been notified, incentives are recognised provisionally on assessment of the likelihood of acceptance of the same.
- (c) Adjustments arising out of finalisation of global accounts, though not material, are effected in the year of respective finalisation.
- (d) Advance against depreciation given as a component of tariff in the initial years to facilitate repayment of loans is reduced from sales and considered as deferred income to be included in sales in subsequent years.



## SCHEDULE – 16 NOTES TO THE ACCOUNTS

1. Contingent Liabilities not provided for in respect of :-
  - (a) Claims against the Corporation not acknowledged as debts for Rs. 5420 lacs (Previous year Rs. 28953 lacs.)
  - (b)
    - (i) Foreign Letter of Credit opened by Bankers in favour of M/s. Technopromexport, Moscow, Russia Rs. 2752 lacs (Previous Year Rs. 3389 lacs).
    - (ii) Foreign Letter of Credits opened by Bankers in favour of M/s. Voith Siemens Hydro Pvt Ltd amounting to Rs. 59200 lacs (Previous year Nil).
2. Estimated amount of Contracts remaining to be executed on capital account not provided for Rs. 142656 lacs (Previous Year Rs. 54611 lacs (Euro & USD capital commitment is converted in INR. Based on exchange rate prevailing as on 31.3.2004).
3.
  - (a) During the year, the Corporation has further identified and accounted for Rs. 1643 lacs (Previous Year Rs. 24766 lacs) which includes Rs. 236 lacs towards various consumable store items taken as expenses during construction period and total Rs. 110305 lacs upto 31.3.2004 being the amount incurred by Government of Madhya Pradesh (NVDA) towards ISP Project up to 31.8.2000, as against reported amount of Rs. 110578 lacs and now no account is pending.
  - (b) The M.P. Govt. has further incurred a sum of Rs. 1359 lacs (Previous year Rs. 6435 lacs) during the period from April, 2003 to March, 2004 on various account intimated vide its letters dt. 29.03.2004.
  - (c) Rs. 118099 lacs credited towards NVDA account in respect of Indira Sagar Project as a result of adjustment detailed in note 3 (a) and (b) above and Rs. 5271 lacs (previous year Rs. 4000 lacs) received during the year have been adjusted as under: -
    - (i.) Rs. 65999.99 lacs toward allotment of 65,99,999 equity shares to M.P.Govt. up to 31.03.2004.
    - (ii.) Rs. 25491 lacs (including Rs. 18771 lacs in previous year) being proportionate contribution by Govt. of M.P. towards irrigation component of Indira Sagar Dam to Capital Reserve, treating it as a part of Grant against total grant of Rs. 36352 lacs This is as per CCEA clearance dated 28.03.02 and also as per letter of NVDA dt. 24.06.2003.
    - (iii.) Rs. 32572 lacs (including Rs. 23985 in previous year) being proportionate sub-vention towards Sardar Sarovar Project to capital reserve, treating it as a part Grant against total contribution to be made of Rs. 46451 lacs . This is as per CCEA Clearance dated 28.03.02 and also as per letter of NVDA dt. 24.06.2003.
    - (iv.) Balance Rs. 3308 lacs has been adjusted towards Equity and Irrigation components of Omkareshwar project.
  - (d) During the year, the Corporation has further identified and accounted for Rs. 177 lacs (Previous year Rs. 5149 lacs) and total Rs. 5326 lacs being the amount incurred by Government of Madhya Pradesh (NVDA) towards Omkareshwar Project upto March, 2003, as against reported amount of Rs. 5883 lacs and now no account is pending.
  - (e) Rs. 5326 lacs credited towards NVDA A/c. in respect of Omkareshwar Project and Rs. 7800 lacs (previous year Rs. Nil) received during the year and amount adjusted from Indira Sagar Project Rs. 3308 lacs have been adjusted as under :-



- (i.) Rs. 13835.29 lacs toward Allotment of 13,83,529 equity shares to M.P. Govt.
  - (ii.) Rs. 2598 lacs (including Rs. Nil in previous year) being proportionate contribution by Govt. of M.P. towards Irrigation component of Omkareshwar project to Capital Reserve, treating it as a part Grant against total grant of Rs. 18280 lacs as per CCEA clearance dt.29.05.03.
4. The Corporation have allotted 83,40,000 equity shares (including 65,95,512 equity shares allotted upto 31.3.2003) to NHPC Ltd., (Holding Company) and 79,83,529 equity shares (including 4175100 equity share allotted upto 31.3.2003) allotted to MP Govt. till 31.03.2004.
  5.
    - (i) During the financial year four Units of the Indira Sagar Project have commenced the Commercial Production on 14.01.2004, 18.01.2004, 06.03.2004 & 29.03.2004 respectively and the other four units are under construction as on 31.03.2004.
    - (ii) The company has prepared Profit & Loss Account for the Units that have commenced Commercial Production during the Financial Year 2003-04.
    - (iii) This being the first year of commercial operation, hence no previous year figures have been given in Profit and Loss Account.
  6.
    - (a) During the year the Corporation has capitalized part of its cost to the units which started commercial production on the basis of technical evaluation made by the Project on each date of commencement, and accordingly the expenditure incurred under CWIP has been capitalized 100% in respect of River diversion Tunnel, Canals and water works, Tail Race works as on 13.1.2004 and in respect of other CWIP items and R & R expenses the cost has been apportioned on the basis of percentage of work completed.
    - (b) "Incidental expenses incurred during construction" have been apportioned on the basis of cost of the relevant assets on the day of capitalization.
    - (c) In view of the pattern of Financing the entire cost of assets put to use are out of Equity capital, Capital grant and Borrowing, the amount of interest pertaining to post- commencing period has been proportionately taken to the incidental expenditure during the construction period and balance amount charged to Profit & Loss Account on the basis of borrowed funds involved in cost of assets capitalized.
    - (d) Interest earned on the amount of MOD/Fixed Deposit pertaining to post-commencement period has also been credited to incidental expenses during construction accounts and Profit & Loss Account
  7. The Corporation has incurred a sum of Rs. 5997 lacs in respect of Indira Sagar and Omkareshwar Projects towards borrowing cost for loan taken from the Banks and inter corporate loan from NHPC and a sum of Rs. 5343 lacs have been charged to IEDC for the pre-commissioned period on the basis of Power Units completed/commissioned. The borrowing cost of Rs. 654 lacs relates to post commissioned period on such units have been charged to Profit and Loss Account as envisaged by Accounting standards AS-16 issued by ICAI.
  8.
    - (a) Expenses incurred on Rehabilitation & Resettlement includes cost of submerged Land, Construction of Roads, School Building, Hospital Building, Office Building, Electrification & Other infrastructure of Rs. 81152 lacs (Previous year Rs. 41017 lacs under the head work in progress.
    - (b) A sum of Rs. 28295 lacs has been adjusted during the current Financial Year 2003-04 towards R&R Expenditure on account of Advance given to Railway for diversion of Rail Tracks.
    - (c) Rs.186 lacs towards consultancy charges (Previous Year Rs. 359 lacs), Interest Rs. 853 lacs (Previous year Rs. 37 lacs) and guarantee fee Rs. 522 lacs (Previous year Nil) paid to Holding Company NHPC Ltd.



9. (i) Depreciation on assets taken over from NVDA has been provided as per rates prescribed under Electricity Supply Act, of 1948 from the date of actual completion/ installation of these by NVDA till the Financial Year 2000-01. Thereafter depreciation has been provided as per the rates prescribed by Central Electricity Regulatory Commission.
- (ii) The Corporation has modified its Accounting policy during the year relating to charge of depreciation, effective from the year 2001-02. Due to the modification in policy, depreciation charge (net) during the year is lowered by Rs. 210 lacs. Out of this, Rs. 91 lacs pertains to Profit and Loss Account and Rs. 119 lacs to "Incidental Expenditure during Construction". The impact for the year 2001-02 and 2002-03 is lowered by Rs. 27 lacs and Rs. 33 lacs respectively in IEDC.
- (iii) The depreciation on Fixed Assets has been charged to Profit and Loss Account and IEDC at the rates notified by CERC applicable for the purpose of recovery of tariff. The Depreciation charge for the year is lower by Rs. 272 lacs as compared to the rates prescribed in Schedule XIV of the Companies Act, 1956 as depreciation rates are not specified by Electricity Act, 2003.
10. Gross block of fixed assets also comprise the indirect amount of depreciation on other assets capitalized during the year on Dam and Power House, the same will be adjusted in the next year on final commencement of all the 8 units of the Project.
11. (a) Contribution received towards ISP and SSP components from Govt. of Madhya Pradesh and Govt. of Gujarat has been credited to Capital Reserve in the Previous Year. Contribution received during the year has also been adjusted to the said accounts at Corporate Office and has been transferred to Project and accounted in the books of Indira Sagar and Omkareshwar Projects during the year.
- (b) Grant / sub-vention amount adjusted to the extent of amount capitalized, the equivalent amount of depreciation charge on such amount is transferred from capital reserve and recognized as deduction in total depreciation for the year in Profit and Loss Account.
12. The Provision of Gratuity and retirement benefits in respect of employees on deputation from NHPC Ltd. is taken on the basis of information received from NHPC Ltd. However, no provision is required to be made for employees who are on deputation from Govt. of MP and for employees of NHDC it is provided on the basis of actuarial valuation.
13. (a) Sundry Creditors (others) includes Rs. 215 lacs (previous year Rs. 379 lacs) due to Holding Company NHPC Limited.
- (b) Other current assets includes Rs. 599 lacs (Previous year Rs. 572 lacs) due from NVDA towards electricity and other charges
14. The sale of power to MPSEB was made at provisional rates, which are subject to approval of CERC before, which application of the Corporation is pending for decision as on 31/03/2004.
15. In the opinion of the Board, the Accounting Standard – AS-18 – "Related party disclosures" issued by the Institute of Chartered Accountants of India does not apply to this Company, as the said company is controlled by another State Control Enterprises.
16. (i) Electricity generation is the Principal activity of the Corporation, accordingly there are no reportable segments as per Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India on "Segment reporting".
- (ii) The Corporation has at present Power Station, which is located in the state of Madhya Pradesh only; therefore geographical segments are in applicable.



17. Pending issue of suitable notification by the Govt of India specifying the period and applicable rate at which cess on turnover is payable u/s 441A of the Companies Act, 1956, the Corporation has not provided any liability for the said cess amount.
18. The Company has taken various residential and office premises under Operating Lease. These are non cancelable and range from one year to three years generally or longer, and are usually renewable by mutual consent on mutually agreed terms. Lease payments are recognized in the statement of Incidental Expenditure incurred during construction under the head Rent Office and Rent Residential in Annexure to Schedule – '6', This information is given as required by AS-19 "Lease Accounting" issued by the Institute of Chartered Accountants of India.

(Rupees in lacs)

19.	Particulars	2003-04	2002-03
	<b>Remuneration paid to Directors</b>		
(i)	Salaries & Allowances	5	4
(ii)	Contribution to Provident Fund	1	—
(iii)	Other benefits	—	—
(iv)	Reimbursement of Expenses	3	—

(Rupees in lacs)

20.	Particulars	2003-04	2002-03
	<b>Remuneration to Statutory Auditors</b>		
(a)	Audit Fees	2	2
(b)	Tax Audit Fees	—	—
(c)	Certification	—	—
(d)	Service Tax	—	—
(e)	Expenses	1	1

21. (i) Provision for Income tax has been made as required u/s 115JB of the Income Tax Act, 1961.
- (ii) In compliance to the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Liability for the year of Rs. 597 lacs has been provided during the year as under.

(Rupees in lacs)

	Deferred Tax Liability/Assets	31.3.2004	31.3.2003
(i)	<b>Deferred Tax Liability :-</b> Depreciation difference	5071	—
(ii)	<b>Deferred Tax Assets :</b> Unabsorbed depreciation to be carried forward.	4473	—
(iii)	<b>Net deferred tax liability</b>	597	—

- (iii) The Corporation does not have any taxable wealth, hence no provision for wealth tax has been made.



22. As per Accounting Policy, the Corporation has to create 0.5% of Gross Block of commissioned Power Units as self-Insurance Reserve. During the year, such reserve has been created on pro rata basis of Rs. 182 lacs for Gross block as on 31.3.2004 considering the project commissioning from 14.01.2004

23. **Quantity Details :**

		2003-04	2002-03
(i.)	Licensed Capacity (MW)	1520	Not Applicable
(ii.)	Installed Capacity (MW)	500	Not Applicable
(iii.)	Actual Production (MU)	196.511*	Nil
(iv.)	Sales (MU)	183.238	Nil

\*including 9.731 MU infirm power credited to IEDC pertaining to pre-commissioning period.

24. **Expenditure in Foreign Currency :**

		2003-04	2002-03
(i)	Advance for contracts	6296 lacs	Nil
(ii)	Towards contract works	414 lacs	Nil
(iii)	Towards capital goods	741 lacs	374 lacs
(iv)	Traveling	8 lacs	Nil
(v)	Others	1 lacs	Nil

25.	CIF Value of imports	Nil	Nil
-----	----------------------	-----	-----

26.	Earnings in Foreign Currency	Nil	Nil
-----	------------------------------	-----	-----

27. Previous years figures have been rearranged/regrouped/recasted wherever necessary.

As per our report of even date attached

**For M.MEHTA & CO**  
Chartered Accountants

For and on behalf of **BOARD OF DIRECTORS**

**P.R.BANDI**  
Partner  
Membership No.16402

**T.N.GOPALAKRISHNA**  
Director

**S.K.DODEJA**  
Chief Executive Director

**YOGENDRA PRASAD**  
Chairman & Managing Director

**V.K.TRIPATHI**  
Astt. Secretary

**N.K.CHADHA**  
General Manager (F&A)

**Place : New Delhi**  
**Dated : 27.05.2004**





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

### Registration Details

I	Registration No .	State code	Balance Sheet Date																				
	<table><tr><td>1</td><td>0</td><td></td><td>1</td><td>4</td><td>3</td><td>3</td><td>7</td></tr></table>	1	0		1	4	3	3	7	<table><tr><td>1</td><td>0</td></tr></table>	1	0	<table><tr><td>3</td><td>1</td></tr></table>	3	1	<table><tr><td>0</td><td>3</td></tr></table>	0	3	<table><tr><td>2</td><td>0</td><td>0</td><td>4</td></tr></table>	2	0	0	4
1	0		1	4	3	3	7																
1	0																						
3	1																						
0	3																						
2	0	0	4																				

### II Capital raised during the year (Rupees in Lacs)

Public issue

N	I	L
---	---	---

Right issue

N	I	L
---	---	---

Bonus issue

N	I	L
---	---	---

Private placement \*

3	3	7	6	1
---	---	---	---	---

\* includes Share capital deposit received from NHPC

### III Position of mobilisation and deployment of funds (Rupees in Lacs)

Total liabilities

3	9	2	1	2	9
---	---	---	---	---	---

Total assets

3	9	2	1	2	9
---	---	---	---	---	---

### Sources of Funds

Paid-up capital #

1	6	8	7	6	1
---	---	---	---	---	---

Reserves and surplus \$

6	1	7	4	4
---	---	---	---	---

Secured loan

7	8	0	0	0
---	---	---	---	---

Unsecured loans

6	5	0	0	0
---	---	---	---	---

# Includes share capital deposit Rs.5526 Lacs received from holding company NHPC Ltd.

\$ Includes self insurance for contingency amounting to 182 Lacs

### Application of Funds

Net fixed assets

3	2	2	8	6	7
---	---	---	---	---	---

Investments

N	I	L
---	---	---

Net Current Assets

5	0	4	5	4
---	---	---	---	---

Misc. expenditure

1	8	4
---	---	---

Accumulated losses

N	I	L
---	---	---

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

Turnover

2	7	3	4	@
---	---	---	---	---

Total expenditure

1	4	5	5
---	---	---	---

Profit before tax

1	3	5	5
---	---	---	---

Profit after tax

1	2	3	7
---	---	---	---



Earning per share in Rs.

7	.	5	8
---	---	---	---

Dividend Amount

2	4	0	-
---	---	---	---

@ Excludes Other Income Rs. 76 Lacs

## V Generic Names of Three Principal Products/Service of Company

i) Product Description

G	E	N	E	R	A	T	I	O	N		O	F		H	Y	D	R	O	-	E	L
E	C	T	R	I	C	I	T	Y													

Item Code No.

	-	
--	---	--

ii) Product Description

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Item Code No.

	-	
--	---	--

iii) Product Description

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Item Code No.

	-	
--	---	--

As per our report of even date attached

**For M.MEHTA & CO**

Chartered Accountants

For and on behalf of **BOARD OF DIRECTORS**

**P.R.BANDI**

Partner

Membership No.16402

**T.N.GOPALAKRISHNA**

Director

**S.K.DODEJA**

Chief Executive Director

**YOGENDRA PRASAD**

Chairman & Managing Director

**V.K.TRIPATHI**

Astt. Secretary

**N.K.CHADHA**

General Manager (F&A)

Place : New Delhi

Dated : 27.05.2004





## CASH FLOW STATEMENT

	(Rupees in lacs)	
	For the year ended 31st MARCH, 2004	For the year ended 31st MARCH, 2003
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	1,355	—
Add: Depreciation	379	—
Preliminary expenditure written off	21	—
Self insurance for contingency	182	—
	1937	—
Less: Interest & financial charges considered separately	691	—
<b>Operating profit before working capital changes</b>	<b>1,246</b>	<b>—</b>
<b>Working Capital Changes</b>		
Increase in sundry debtor	(514)	—
Increase in loans & advances	(90)	(226)
Increase in other current assets	(1,046)	(325)
Increase in current liabilities & provisions	13,260	(4,002)
	11,610	(4,553)
	12,856	(4,553)
Less: Taxes	494	—
<b>Cash generated from operations (A)</b>	<b>12,362</b>	<b>(4,553)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets	(1,192)	(270)
Capital work in progress	(85,459)	83,654
Construction stores & advances	(23,623)	10,975
<b>Net cash used in Investing Activities (B)</b>	<b>(1,10,274)</b>	<b>(94,359)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	19,400	45,000
Receipts of share capital deposit from holding company	5526	3,045
Proceeds from borrowings	1,13,000	30,000
Funds received from GOMP by adjustment of expenditure on ISP & OSP)	3179	36,350
	—	—
Funds received from GOMP as grant	8,071	4,000
Interest and financial charges paid	(5,609)	—
<b>Cash flow from Financing Activities (C)</b>	<b>1,43,567</b>	<b>118,395</b>
<b>Net increase / decrease in Cash and Cash equivalents (A+B+C)</b>	<b>45,655</b>	<b>19,483</b>
Cash and cash equivalents (Opening balance)	20,228	745
Cash and cash equivalents (Closing balance)	65,883	20,228

As per our report of even date attached

**For M.MEHTA & CO**  
Chartered Accountants

For and on behalf of **BOARD OF DIRECTORS**

**P.R.BANDI**  
Partner  
Membership No.16402

**T.N.GOPALAKRISHNA**  
Director

**S.K.DODEJA**  
Chief Executive Director

**YOGENDRA PRASAD**  
Chairman & Managing Director

**V.K.TRIPATHI**  
Astt. Secretary

**N.K.CHADHA**  
General Manager (F&A)

Place : New Delhi  
Dated : 27.05.2004



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NARMADA HYDEROELECTRIC DEVELOPMENT CORPORATION LIMITED, FOR THE YEAR ENDED 31ST MARCH, 2004.**

**COMMENTS****MANAGEMENT REPLY****Accounting Policy No. 6.2****Notes on the Accounts (Schedule 16)-Note No. 9 (iii)**

Consequent upon the enactment and coming into force of Electricity Act, 2003, with effect from 10.06.2003, three old electricity laws namely the Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commission Act, 1998 have been repealed. The Electricity Act, 2003 does not contain any provision regarding rates of depreciation to be followed by the 'generating companies' for the purpose of preparation of their annual accounts. The Company continued to follow the rates of depreciation for preparation of its accounts for the year ended 31<sup>st</sup> March 2004 as notified by the Central Electricity Regulatory Commission in March 2001 for the purpose of determination of tariff.

Noted by the Management.

Matter has been referred to the Government of India for clarification regarding applicability of rates of depreciation to be charged in the books of accounts.

Sd/-

**(REVATHI BEDI)**

**PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
& EX -OFFICIO MEMBER, AUDIT BOARD-III  
New Delhi**

**Place : New Delhi**

**Date : 2nd August 2004**







510 MW Teesta Stage -V Project (Sikkim) - Head Race Tunnel under construction









## National Hydroelectric Power Corporation Ltd.

(A Government of India Enterprise)

NHPC Office Complex, Sector-33, Faridabad - 121 003 (Haryana)

Website : <http://www.nhpcindia.com>