

ANNUAL REPORT

1994-95



POWER GRID CORPORATION OF INDIA LIMITED



Man is an amalgamation of the elements.

*The power of this potential is infinite as
the powers of Agni, Vayu, Surya and Varuna.*

POWER

There is no power that transcends the power of the self.

POWRGRID. Empowering this potential. And the nation.



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Fully realizing the potential of the power of the self.

are the 6000 people working in POWERGRID.

Each person stretching himself to the maximum.

Fully realizing that power, the most vital element of

today's world, is as perishable as time, itself.

POWER FOR ALL

Hence, power generated now, must be transported

immediately with minimal loss,

to whom it is needed most. The sole purpose and constant

endeavour of POWERGRID is Power for all.

OVERVIEW

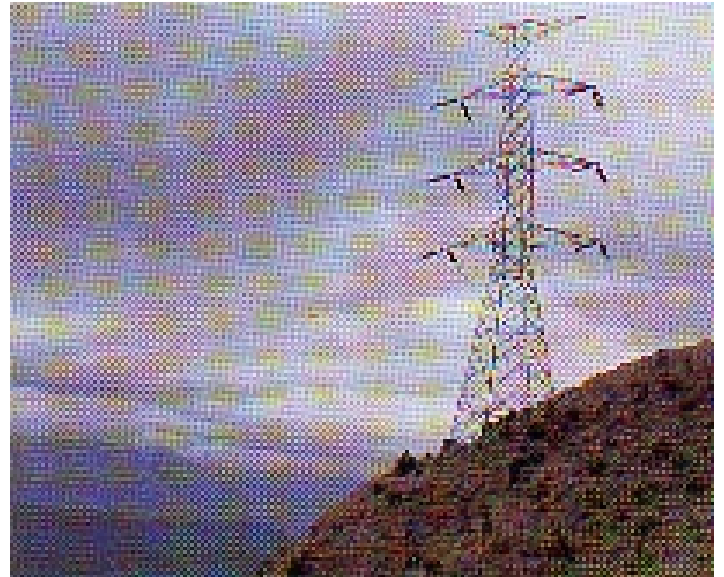
A NEW LIGHT ON THE INDIAN POWER SCENARIO

The concept of Power and its transmission have recently undergone a sea change. Traditionally perceived as a basic infrastructure for the country's economic development, transportation of power is now being seen in marketing terms.

Power is recognized to be an instantaneously perishable commodity and this makes the handling operation more complex, requiring immediate attention in case of an untoward incident. Transportation of power from Generating Points to various Load Centres on demand plays a very important role in providing a value added service to the beneficiaries. In fact, transmission is an activity placed between the Generators and the Distributors in the power marketing channel structure.

Today, worldwide power sector is undergoing metamorphosis. The move is towards segregation of transmission from generation and distribution of power and bringing the transmission under a central nodal agency. The agency thus setup, would ensure optimum efficiency and economy of operation through continuous monitoring, planning, mediating and coordinating in a unified manner as a facilitator for exchange of power, amongst various generating and distributing agencies. Further, it would help centrally plan the optimum investments required for the development of the power transmission system for the nation as a whole.

This restructuring envisages competition among the generators and the distributors in their respective markets wherein generating companies will be able to concentrate on generation and also meet competition, as the generators will have the options to supply electricity to more than one distributing agency. This will ensure efficiency gains and optimal utilisation of natural / depletable resources. Subsequently, this will have a cascading multiplier effect on all facets of the country's economy.



EQUITABLE POWER DISTRIBUTION: THE NEED OF THE HOUR

Historically, power generation transmission and distribution were considered as an inseparable business activity, which led to a sub-optimum utilization of scarce natural energy resources.

Rapid strides have been made in the generation capacity additions in the post independence era (from 1300 MW to the present level of 80,000 MW). Electricity Supply Act, enacted in 1948 with a subsequent amendment in 1975 to cope with the spiraling energy crisis, helped setting up of several new power stations and strengthening of regional grid system.

However, inspite of such measures, the power sector has been unable to supply quality and reliable power owing to inadequate transmission capacities, inter-regional transmission tie lines, metering, communication and control facilities resulting in a huge demand-supply gap. And, equitable distribution of power remained a distance dream for quite sometime to come.

Keeping this unbalanced development in Indian power scenario in view, there has been a growing need felt to restructure the entire Indian power sector. This called for a massive task of establishing grid discipline, enhancing the role of Regional Electricity Boards, augmenting the regional grid and ultimately integrating it into a national grid system. Rationalizing the tariff structure along with installation of state-of-the-art metering.

communication and control facilities would pave the way for competition and efficiency in all facets of power sector and help evolve a proper legal and regulatory framework for establishment of loose power pools for ease of exchange of power.

In view of this, it was considered essential to create a facilitator, for the development, establishment and maintenance of all those mentioned above, by pooling all the transmission lines and sub-stations, being handled by a number of central organisations, under the umbrella of a single transmission organization. Thus was born the Power Grid Corporation of India Limited (POWERGRID) in October 1989.

POWER GRID : THE CHANGE AGENT

POWERGRID is the Change Agent in the evolutionary restructuring movement that is sweeping the Indian power sector - an amalgamating force, pooling the best of the transmission expertise available from various organisations in the power sector.

At present, POWERGRID operates approximately 26,000 CKMs of transmission lines comprising 400 KV, 220 KV, 132 KV AC transmission lines and HVDC transmission system, criss- crossing the entire length and breadth of the country with a total installed transformation capacity of 21,173 MVA distributed over 50 sub-stations and maintained at a persistent level of over 98% of line availability, which is comparable with the international standards. As per the study of NGC, UK conducted in 1993 on the comparison of performance among a



selected group of Utilities around the world, concentrating on the transmission performance, POWERGRID stands as one among the top six Utilities in the world whose line availability have always been maintained at above 98%. The net value of assets as on 31st March 1995 is more than Rs. 7,300 crores, and it is today one of the largest bulk power transmission organisations in the world.

NEW ENTRANTS : DEVOTAILING THE PRIVATE SECTOR

Keeping in view that private/joint venture generating companies will soon enter the arena, POWERGRID will pave the way for a power evacuation system in an effective and reliable manner. The evacuation system will be dovetailed with the regional power grid not only to ensure proper dispersal of power generated from such stations but also to keep the same within the safe and reliable operational limits of the grid.

MISSION

Establishment and operation of Regional and National Power Grids to facilitate transfer of power within and across the Regions with reliability, security and economy, on sound commercial principles.

OBJECTIVES

The Corporation has set following objectives in line with its mission :

- *Efficient operation and maintenance of transmission systems.*
- *Strengthen Regional Power Grids and establish Inter Regional links leading to*

formation of National Power Grid.

- *Establish/augment Regional load despatch centres and communication facilities.*
- *Introduce rational tariff structure for exchange of power.*
- *Establish Power Pools to facilitate exchange of power between States/Regions leading to formation of National Power Grid.*
- *Achieve constructive cooperation and build professional relations with stake holders, peers and other related organizations.*

CONSOLIDATING THE BASE

The initial consolidation process entailed taking over of transmission systems from central and centre-state joint venture organisations, along with related manpower. This process has been completed for NTPC, NHPC, NJPC, NEEPCO, NLC, NPC and THDC.

AUGMENTING THE POWER SYSTEM

At present, the power system is being augmented for improved coordination in operation of the regional grids. The transfer of existing RLDCs with related grid operation functions and their coordination for power trading is being actively pursued.

INTEGRATED SYSTEM OPERATION

Power Pools will eventually be established to facilitate the exchange of power between States and Regions, thus leading to the formation of the NATIONAL POWER GRID.

Of the five regional RLDCs, POWERGRID has already taken over the Southern, Eastern and North-Eastern RLDCs. This process will be completed by end 1995 when all the five



regional LDCs will be operated by POWERGRID.

With the establishment of state-of-the-art communication facilities and proper commercial principles and procedures, platform would be set for



commencement of optimal integrated system operation.

TOWARDS A NATIONAL POWER GRID

POWER GRID will take over the Regional System Co-ordination Centres (RSCCs) for operation, planning and real-time coordination activities and establish inter-regional links which will save generation capacity additions in the coming plan periods. As per the study conducted by the World Bank on "The long term issues in Indian Power Sector", the establishment of inter-regional links will reduce unserved demand by 50% and benefits of Rs. 1,100 crores per year will accrue to the organisation which will be approximately Rs. 13,000 crores by 1999.

POWERGRID will promote creation of regional power pools in all the designate regions on a voluntary co-operation basis to optimise the operation of the total power system. It will provide information on various aspects like price range, generation maintenance schedules, tie-line flows, deviations, billing and settlement, etc.

IN-HOUSE EXPERTISE : THE POWER TO PERFORM

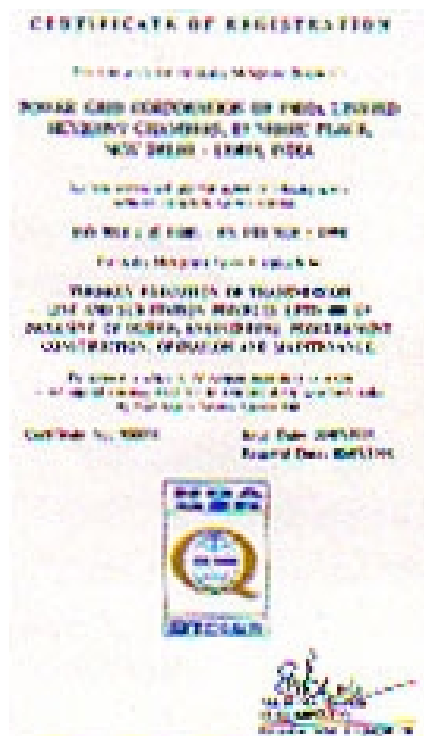
The POWERGRID Board and Senior Management combine the advanced skills of

engineering and power technology with the right management and communication acumen to lead a team of engineers and professionals to greater demanding challenges. The 6,434 strong workforce, largely drawn from the various utilities, devoted to providing the state-of-the-art solutions for various projects.

ISO-9001 QUALITY SYSTEMS IN POWERGRID

With the extensive efforts put in for implementation of Quality Systems in the Company in 1994-95, POWERGRID has been awarded ISO-1991 (1994) Certification by NQA-Quality System Registrar, for the following :

“Turnkey execution of Transmission Line and Sub-station projects upto 400 KV inclusive of design, engineering, procurement, construction, operation and maintenance”.



With this international recognition of Quality System, POWERGRID stands as the first ever utility in the Indian Power Sector, bestowed with this distinction and is well poised to enter the global market for execution of turnkey contracts of Power Transmission Projects.

TECHNOLOGY

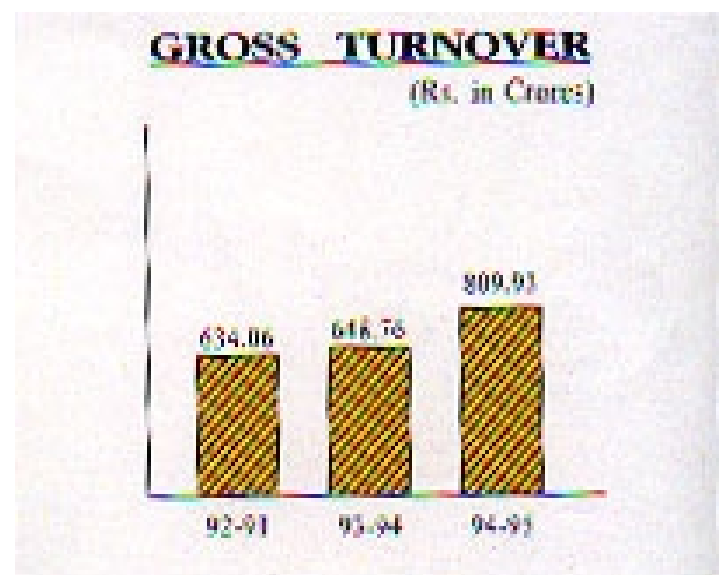
POWERGRID is committed to adopt state-of-the-art technologies in power transmission. In this direction, POWERGRID has undertaken implementation of 800 KV EHV transmission system, which will help in transferring large blocks of power and in conserving right-of-way, upgrading and uprating the existing transmission system to

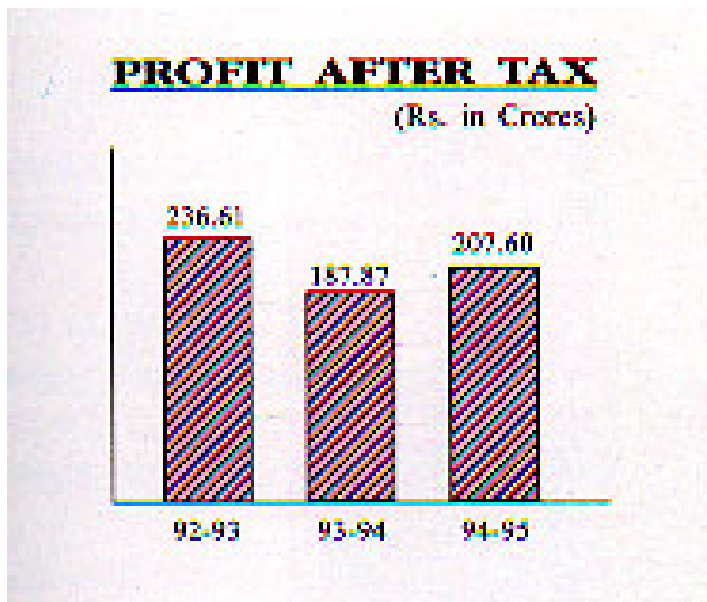
enable transfer of large quantum of power with minimum additional cost of transmission. The other technological areas of crucial importance include the Unified Load Despatch and Communication facilities, HVDC back-to-back system, large capacity long distance HVDC bipole, series compensation and static var compensation on existing lines to increase the power transfer capabilities, phase shifting transformers to adjust flow of power in parallel circuits to improve the transient and dynamic performance of the system, flexible A.C. transmission systems, Hotline maintenance, etc. POWERGRID also has plans to diversify in the area of **Telecommunication** utilising its existing infrastructure, which will help in making available such facilities at low incremental cost.

BUSINESS DEVELOPMENT AND CONSULTANCY

Company has made great strides in its field of Consultancy and bagged a number of project contracts worth about Rs. 24 crores, which include among others the Total turnkey Consultancy Contract of West Bengal Power Development Corporation Ltd. (WBPDC), Calcutta, for the transmission system of Bakreshwar Thermal Power Project (5x240 MW).

Based on POWERGRID's Core Competency in Procurement and Contracts Management and implementation of the transmission system, the World Bank has recommended POWERGRID, for implementation of the transmission system associated with the Upper Indravati Project of





Orissa State Electricity Board (OSEB) along with M/s Monenco, Canada, under the Reform Consultancy Contract.

AWARDS AND RECOGNITIONS

As a recognition of the outstanding contribution made by POWERGRID in the field of Human Resources Development, the prestigious **Asia Pacific Human Resources Development Award** has been awarded to POWERGRID. The award was open to countries in the Asia-Pacific region as delineated by the Economic and Social Commission for Asia and the Pacific (ESCAP).

Further, it is a matter of great pride for POWERGRID that its three employees won the prestigious **“Prime Minister’s Shram Shri Awards”**, consecutively for the second year, for their exceptional zeal and enthusiasm towards work.

SOURCING OF FUNDS

Many international financial institutions like the World Bank, Asian Development Bank (ADB), Overseas Economic Cooperation Fund (OECF), Japan, European Investment Bank (EIB) and others have expressed their full confidence and extended funding to the tune of Rs. 4,600 crores.

They have also indicated Rs. 5,000 crores for funding POWERGRID’s ongoing and future projects which includes a proposed ADB loan of US \$ 275 million and is expected to be signed shortly.

Further, the World Bank, has agreed “in principle” to extend 2nd loan to POWERGRID on a time slice basis, amounting to around US\$ 1.5 billion (Rs. 4,500 crores).

In addition to sourcing of funds from the International funding agencies, POWERGRID has also tapped the Domestic Debt market. As on March, 1995, POWERGRID has successfully raised Rs. 566 crores by issuing Power Bonds and in the current financial year it proposes to issue Rs. 484 crores worth of Bonds.

POWERGRID : LONG TERM PERSPECTIVE

The long term perspective of POWERGRID entails that it will be a “facilitator-cum-change Agent” in restructuring the Indian Power Sector. Towards this, POWERGRID will have various business areas, namely, Transmission Services, System Operation, Energy Accounting and System Administrator and Facilitator in Energy Trading. POWERGRID plans to promote creation of Regional Power Pools in all the power regions of the country, on a voluntary co-operation basis, of public and private utilities, for benefits of the pool members. POWERGRID envisages the concept of “Joint Network Operator” with SEBs for integrated regional system planning. Under this concept, SEBs will remain responsible for their investments and would own, maintain and operate their own lines and sub-stations. POWERGRID’s role would be of a transparent Grid operator and would evolve as a facilitator for scheduling and despatching and settlement services.





R. K. Narayan



S. C. Parakh



A. L. Jaggi



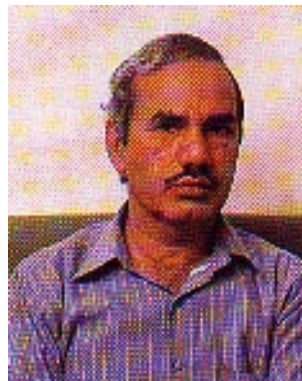
S. K. Chawla



T. V. Subramanian



H. C. Mital



S. R. Shirvain



Gayathri Ramachandran



R. P. Singh



A. H. Jung



T. Sethumadhavan

BOARD OF DIRECTORS

SHRI R. K. NARAYAN (Superannuated on 31.7.1995)
(Chairman & Managing Director)

SHRI S. C. PARAKH
(Director - Project and holds current charge of CMD w.e.f.1.8.1995)
(Joined POWERGRID as Director - Projects w.e.f. 15.11.1991)

SHRI A. L. JAGGI (Assumed Charge w.e.f. 7.12.1993)
(Director - Operations)

SHRI S. K. CHAWLA (from 25.6.1993 to 31.8.1995)
(Director-Personnel)

SHRI T.V. SUBRAMANIAN (from 28.9.1990 to 8.2.1995)
(Director-Finance)

SHRI R. P. SINGH (Assumed charge w.e.f. 11.9.1995)
(Director - Personnel)

SHRI H.C. MITAL (Assumed charge w.e.f. 3.12.1991)
(Part - time Director)

SHRI S.R. SHIVRAIN (Assumed charge w.e.f. 11.1.1995)
(Part - time Director)

MS. GAYATHRI RAMACHANDRAN
(Assumed charge w.e.f. 27.6.1995)
(Part - time Director)

SHRI T. SETHUMADHAVAN
(From 11.7.1991 to 30.9.1994)
(Part - time Director)

SHRI A. H. JUNG
(From 26.7.1991 to 3.10.1994)
(Part - time Director)

SHRI A. K. UPADHYAY (From 4.10.1994 to 19.12.1994)
(Part - time Director)

Company Secretary

Shri P. D. Tuteja

Statutory Auditors

M/s LAXMINIWAS & JAIN
Chartered Accountants
Hyderabad

M/s BATRA SAPRA & COMPANY
Chartered Accountants
New Delhi

M/s SRI ASSOCIATES
Chartered Accountants
Calcutta

Bankers

- Indian Overseas Bank ● Union Bank of India ● Bank of Baroda ● State Bank of Hyderabad
- State Bank of Travancore ● State Bank of India ● State Bank of Patiala ● State Bank of Bikaner & Jaipur
- Central Bank of India ● Corporation Bank ● Canara Bank ● Oriental Bank of Commerce
- Punjab National Bank ● Punjab & Sind Bank ● State Bank of Mysore
- Indian Bank ● United Commercial Bank ● Syndicate Bank

अहमात्मा गुडाकेश
सर्वभूताशयस्थितः।

*“I am the Self that abides in
the inmost hearts of all beings.”*

SELF

*It is the inner strength of each Man,
the reality of his existence.*

The Self is the power within.



CHAIRMAN'S SPEECH

POWERGRID: QUALITY VISION

Gentlemen,

I take immense pleasure in welcoming you to the Sixth Annual General Meeting of POWERGRID. With the unstinted involvement of all the people, POWERGRID has again fulfilled the commitments set for itself for the year 1994-95. You will be glad to know that we have been able to achieve an overall “Excellent” performance Rating as per the MOU targets with the Ministry of Power for the year 1993-94, and based upon the provisional results, the same feat is likely to be accomplished for the year 1994-95 for the second time in a row, I take pride in sharing with you that your company has received ISO-9001 Quality Systems Certification by NQA-Quality System Registrar, UK for consultancy of turnkey execution of 400KV transmission projects. When I have taken charge of POWERGRID as founder Chairman & Managing Director, in the year 1990, the infrastructure, the management-structure-systems and processes were at the nascent stage and were to be evolved. From then onwards, we have taken up the formidable task of systematically building up our systems and processes from the very scratch, and today we could implement a streamlined quality systems and procedures, which has been certified for ISO-9001 quality systems. With this achievement,

POWERGRID becomes the first Utility in the Indian power sector, bestowed with this distinction.

With the streamlining of the Company's working to a documented quality system conforming to the requirements of ISO-9001 Standard, POWERGRID is well poised to enter the global market for execution of turnkey contracts in the area of power transmission projects.

As a service organization, POWERGRID has in its policy towards Quality declared its commitment to provide at all times the best possible time-bound quality service commercially available to its valued customers in all areas of its operations. The quality system of POWERGRID provides for the requisite procedures and work-culture to bring in the total involvement of all its personnel down the line in pursuance of the Company's objective to provide quality service to its customers at all time.

The era of liberalization has dawned upon the Indian economy to keep up with the emerging world economic order. The liberalization policies have ushered in many strong winds of change in all spheres of business. Power Sector, the prime mover for the Indian economy, is also in the throes of a massive restructuring which would ultimately result in the old orders giving way to new ones. And the writing on the wall is clear- “only the fittest will survive”. POWERGRID, considered a nascent organization till some time back in the Indian Power Sector, has harnessed this state of turbulence into carving out a niche for itself as a facilitator and is growing as a vibrant and dynamic organization in the Indian Power Sector.

This could be achieved by the continuous and uncompromising dedication towards providing quality services in all facets of its operation by one and all in POWERGRID.

A JOURNEY DOWN THE MEMORY LANE

Friends, when we look back at the time of our inception in the year 1989, we were operating the





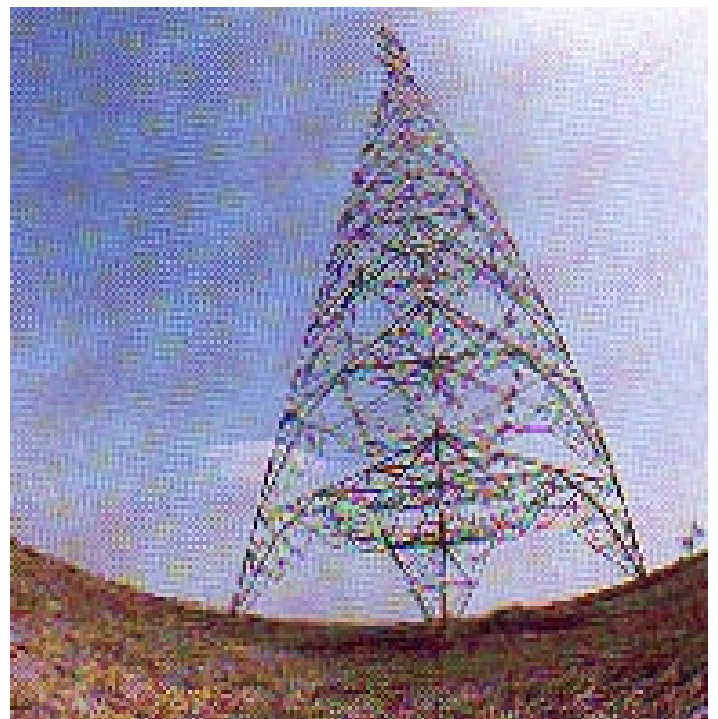
transmission system of 17,000 CKMs merely on a management basis, and today, your company is owning, operating and maintaining a transmission system of 26,000 CKMs, criss-crossing the length and breadth of the entire country, at a persistent level of over 98% of line availability which is comparable with the international standards. As per the NGC study report of 1993, on the comparisons of performance among a selected group of Utilities around the world, concentrating on the transmission performance, POWERGRID stands as one among the top six Utilities in the world whose line availability have always been above 98%.

With the end of this eventful 6th year of incorporation of POWERGRID, I am proud to say that your company has taken a great leap and excelled in almost all the fields, and today we stand on a strong, foundation. Your company has accomplished many milestones worth recapitulating now to rejuvenate our spirit for setting sight on higher challenges and scaling greater heights.

As you are aware, we could successfully complete the consolidation processes which had been a mammoth task in respect of acquisition and transfer of assets worth of Rs. 4,500 crores of associated transmission system from the various Central, Centre-State Joint Venture power generating organizations. Additionally, of the five existing Regional Load Despatch Centres, three RLDCs namely Southern, Eastern and North-Eastern have

already been transferred to POWERGRID. And, with the transfer of Northern and Western RLDCs to POWERGRID scheduled by January 1996, the process of RLDC transfer will be completed, and all the five RLDCs will be operated by POWERGRID. We have also successfully carried out the capital restructuring of the company in March 1994 through conversion of Rs. 567.50 crores of loans to equity, resulting in an appropriate debt-equity ratio of 44:56 after conversion, which will give us the required financial leverage to raise the necessary resources at optimal cost for our ongoing and new projects. This would also help us reduce the risk profile of your company and reduce debt burden by about Rs. 71 crores every year and would increase annual internal resource generation by more than Rs. 100 crores, thereby reducing the company's dependence on the net budgetary support of the Government of India.

During these years of consolidation, we had launched a major drive for liquidation of the arrears largely inherited by POWERGRID from the transferor companies. As a result of these efforts your company would successfully accomplish liquidation of the bills outstanding against various SEBs, through the Central Appropriation to POWERGRID to the tune of Rs. 302.21 crores. Further to this, we are also actively taking measures to contain further building up of arrears and for timely recovery of monthly bills. It is quite







heartening to note that in view of our continuous regorous follow up, our realization has improved substantially, which is clearly reflected on our commercial performance since December 1994, wherein we could sustain 100% realization level or more every month.

Since inception, we have commissioned and added more than 9,000 CKMs of transmission lines with 16 sub-stations and 12,000 MVA of transformation capacity. In the area of providing consultancy in the power sector, your company has made great strides and bagged number of project contracts worth about Rs. 20 crores, which include the Total turnkey Consultancy contract of West Bengal Power Development Corporation Ltd. (WBPDC), Calcutta, in respect of the transmission system for evacuation of power from WBPDC's Bakreshwar Thermal Power Project (5x240 MW). POWERGRID, under the Reform Consultancy Contract, has also been recommended by the World Bank, for implementation of the transmission system



associated with the Upper Indravati and other projects of Orissa State Electricity Board (OSEB) along with M/s Monenco, Canada.

In the Financial front, your Company has been consistently performing well. Our-Gross Turnover increased from Rs. 634 crores in 1992-93 to Rs. 810 crores in 1994-95. Our profits have also increased in 1994-95 to Rs. 207.59 crores compared to the previous year's profits of Rs. 187.87 crores, despite the lower tariff notification and host of other factors. Our Gross Assets have also marked an impressive jump by about 44% to Rs. 5,066 crores compared to the Gross Assets of Rs. 3,521 crores in 1992-93, when full commercial operation of POWERGRID could be established. As of 1993-94, POWERGRID utilized a total of about Rs. 1,215 crores for its various schemes. During the year 1994-95, POWERGRID has utilized a total of Rs. 930 crores against a budget allocation of Rs. 929.70 crores and against a budget of total external commitment of Rs. 444.25 crores, POWERGRID has utilized 504.81 crores during the same period. It may be noted that POWERGRID has been one of the few Public Sector Utilities in the Indian Power Sector, to have met the budget utilization target for the year 1994-95. For the year 1995-96, POWERGRID has an approved budget of Rs. 1,516 crores and for the year 1996-97, a total plan outlay of Rs. 2,393 crores has been proposed against a total 8th Five Year Plan outlay of Rs. 6,004 crores.

In the area of POWERGRID's Project Finance, many international financial institutions like World Bank, ADB, OECF of Japan, EIB and others have





expressed their full confidence and extended funding to the tune of Rs. 4,600 crores and also indicated Rs. 5,000 crores for funding POWERGRID's ongoing and future projects. The World Bank has extended a loan of US \$ 350 million directly to POWERGRID for its various projects and organizational studies, which includes POWERGRID System Development Projects (PSDP) which consists of projects such as Coordination and Control System for Southern Region, Additional Transmission system for Vindhyachal Stage-I, AC link between Ramagundam and Hyderabad for Chandrapur HVDC back-to-back project, completion of Central Transmission projects and Rihand Transmission projects and organizational studies, which includes Institutional Development Studies (IDS) of POWERGRID, etc. The total World Bank loan commitment amounts to US \$ 1.5 billion including the loans transferred from the transferor organizations. They have, further, agreed "in principle" to extend the 2nd loan to POWERGRID, on a time slice concept, amounting to around US \$ 1.5 billion for some of the crucial projects of POWERGRID, which include Regional Load Despatch and Communication Schemes of Eastern and Western Regions, Inter-Regional Links, System Improvement Programmes and associated transmission systems of the Ramagundam-III, Rihand-II and other Private Generation Projects, namely, the CEPA (8x660 MW) project, etc.

ADB has also shown interest to extend loan to the extent of about US \$ 300 million for funding some of the key projects in North-Eastern Region and other regions. During the year, there had been detailed deliberations with ADB and the negotiations on this are at the advanced stage. Industrial Bank of Japan (IBJ) and Export Import Bank of Japan (J-Exim) both have already financed POWERGRID projects and have shown

keen interest in financing new projects worth US \$ 400 million and US \$ 600 million, respectively. In addition to sourcing of funds from the International funding agencies, POWERGRID has also tapped the Domestic Debt market. Till date, POWERGRID has successfully raised Rs. 566 crores by issuing Power Bonds.

You will also appreciate that over this time period, POWERGRID had streamlined and strengthened the contracts processes to the optimal possible level. In 1994-95 and till date, POWERGRID has awarded a total of 143 contracts which are valued at Rs. 1,780 crores. The average time taken for completing the evaluation of these contracts was around 4-5 months which is the lowest time period possible for processing and finalizing contracts.

Gentlemen, your company today emerged as a **“Change Agent”** in institutional restructuring of the Indian power sector. Towards this endeavour, POWERGRID has already conducted countrywide **“Bulk power and transmission tariff and regulation studies”**, for evolving a



rationalized tariff structure and regulatory framework, to pave the way for establishment of country-wide commercial exchange of power which would help establish economy of scale in optimally utilizing the generation capacity in the Indian Power Sector. We have also undertaken other strategic studies such as **“Institutional Development Study”** of POWERGRID, which included refinement of POWERGRID’s role in the Indian Power Sector and alternatives for Regional



& National System Coordination & Control, and plan for the development of POWERGRID’s internal organization. The study was conducted keeping the Indian power scenario in the background so as to evolve the most optimal management-structure system model for POWERGRID to enable itself deliver the requisite services. Presently, we are also actively involved with the leading international consultant, in developing the **“Long Term Power System Planning”** perspective which includes feasibility study of inter-connecting all the Regional Grid Systems in synchronous mode, optimizing and conceptualizing the Long Term Perspective for Transmission System Planning upto 2002 A.D. and exploring High Capacity Transmission option in the Chicken Neck area, for evacuation of very large amount of power (30-40 GW) from the North-Eastern Region in the future. The study is scheduled to be completed by March 1996.

With a view to optimizing the returns from the company’s assets as also to have alternative sources of revenue, POWERGRID in its corporate plan, is also contemplating to have a balanced portfolio of businesses, in line with its Core Competency, in the area of Distribution of Power and long distance Telecommunication. In this regard, the approval from the Government of India, for formation of Joint Venture(s) in the area of Transmission/ Distribution of Power, is being pursued at the highest level.

CHANGING SCENARIO

Gentlemen, today the Change is changing at a faster pace than ever before. The monolithic structure that has hitherto characterized the Indian power utilities is being dismantled and reoriented in the direction of increased marketisation. Market friendly reforms normally metamorphose the mindset of the people and client systems. Today, the traditional structure and the face of the power utility market are changing, and will continue to change in the future. We are moving from Power-infrastructure to Power-product orientation, from Monopolistic-power to dynamically Competitive-power marketing environment, from a mere Powertransmission to Power-transportation, Powertariff to Power-pricing strategy and from regional to national and ultimately to transborder power exchange operation.

consistent level of supply in requisite quantities with reliability. The commercial and regulatory frameworks need to be accepted by all the players in the Indian Power System, which are being evolved for efficient operation of National and Regional Power grids. In such a changing environment in the throes of transition, POWERGRID shall have to accelerate its pace of setting movement in the Power Industry, keeping in view its ultimate vision.

THE POWER VALUE

Today, in a regulated monopoly structure, the utility is allowed to charge a price which reflects the cost of production/service plus a rate of return on capital investment. However, the customer's perceived value is generally based on a need for a highly reliable product delivered on demand. As long as the utility provides highly reliable electricity

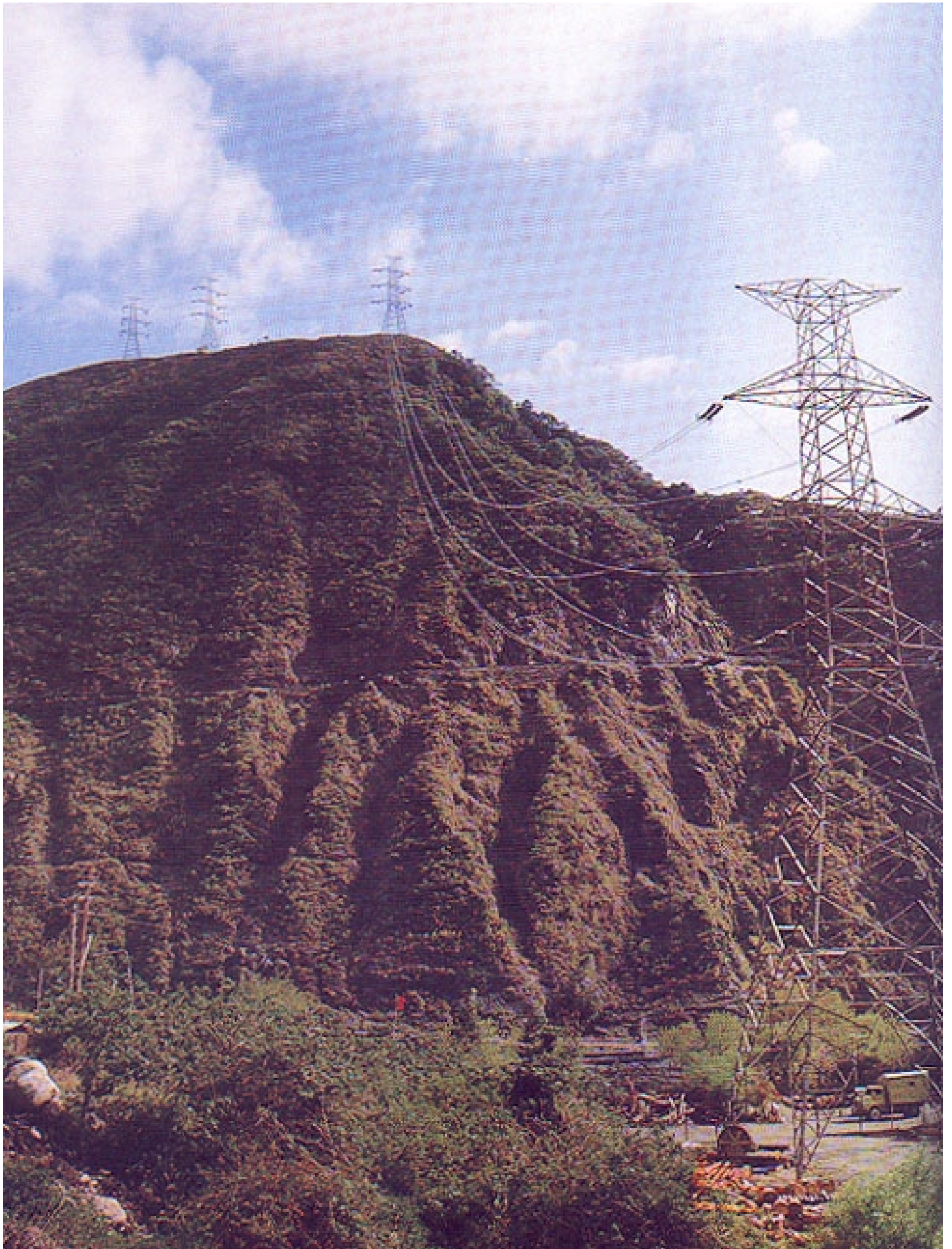


*As conspicuous as in the evolution of the fundamental changes in the economy, the induction of structural reforms in the Electricity Industry is evolving a change in the basic business relationships between the utilities and the customers. And, these changing relationships, would accelerate the evolution of the industry from the traditional “end-to-end” **regulated monopoly structure**, where price of electricity is governed by regulations to meet certain revenue requirements, to a **competitive environment**, where the price is dictated by the perceived market value based on the*

in the quantities demanded, the customer would perceive high value to cost ratio. The electricity industry must concentrate on how best to evolve a high value-to-cost ratio for all customers as that the best interest of the utility and the customer can be met within a more competitive business climate.

THE TECHNOLOGY FRONT

Alongside the development of long distance bulk power transmission system and regional links for ultimately developing the National Power Grid, POWERGRID will have to induct state-of-the-art



technologies on a continuous basis for ensuring cost-effective reliability of system which include Unified Load Despatch and Communication facilities at the regional and national level, HVDC back-to-back system for regulated flow of power and avoiding transmission of disturbances from one grid to another, large capacity long distance HVDC bipole, 800 KV EHV transmission system for transferring large blocks of power and to conserve right-of-way, series compensation and static var compensation on existing lines to increase the power transfer capabilities, phase shifting transformers to adjust flow of power in parallel circuits to improve the transient and dynamic performance of the system, flexible A.C. transmission system, upgrading and uprating the existing transmission system, Hotline maintenance, etc.

GRID EXTENSION TO NEIGHBOURING NATIONS

POWERGRID's long term perspective plan must look forward to dovetailing the power grids of neighbouring nations. Some of India's neighbouring countries have vast Hydro-potential; but do not have adequate demand of finance to harness them. In this endeavour, POWERGRID is already exchanging power from Bhutan's Chukha hydroelectric project, and has also started a dialogue for interconnection and power sharing arrangements with other neighbouring countries, to take advantages of diversity of resources and load pattern for mutual benefit of each other.

POWER POOLING

In addition to the development of the Regional and the National grids, which mainly include

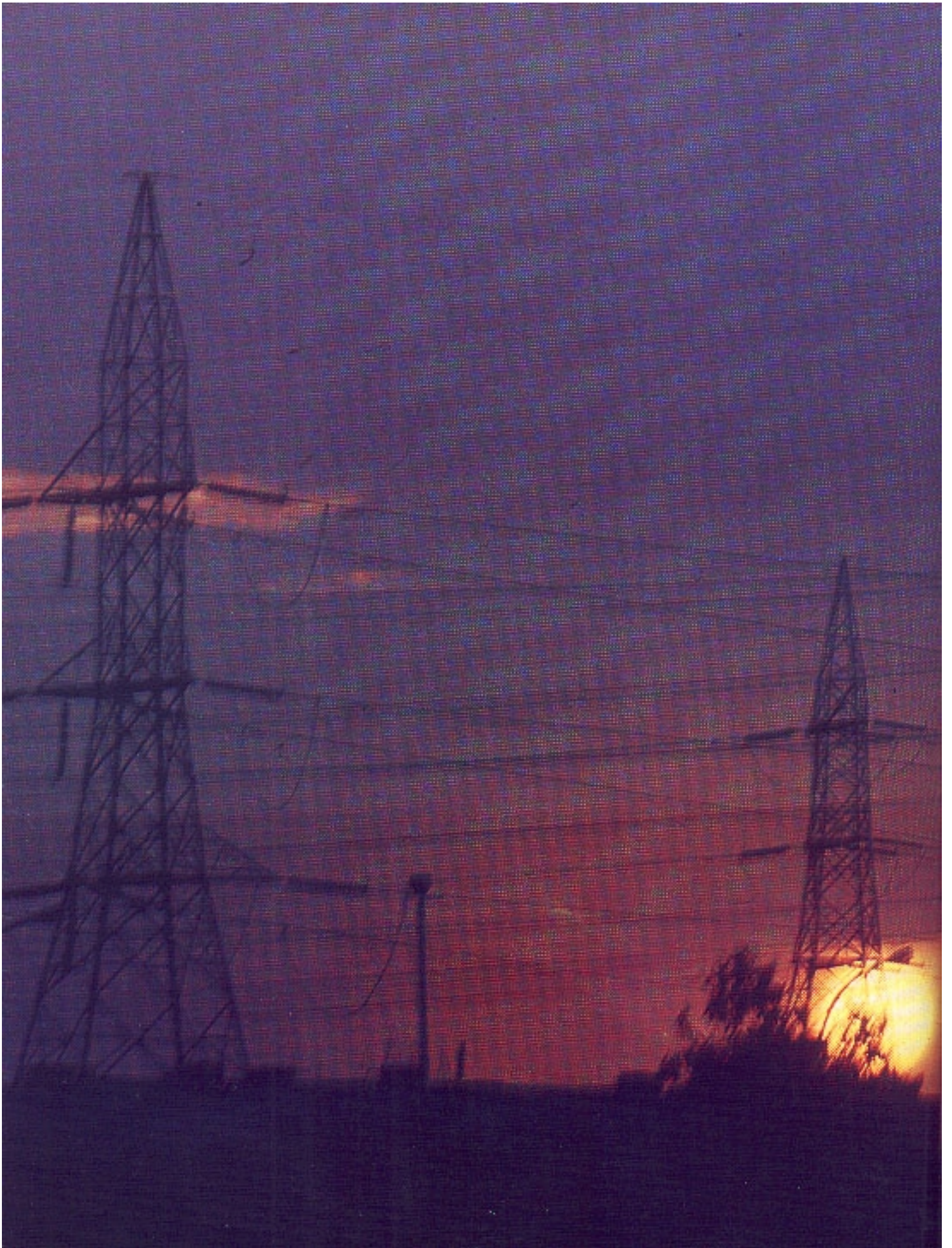
establishment of inter-regional links, HVDC systems, Unified Load Despatch and communication facilities, a continuous economic exchange of power, based on certain sound commercial principles, has to be established in order to fully utilize the benefits out of the integrated operation of National Power Grid. In view of achieving this goal, POWERGRID plans to promote creation of Regional Power Pools in all the power regions of the country, on a voluntary co-operation basis, of public and private utilities, for benefits of the pool members. However, the principles and procedures governing relationships between users of transmission system and the system operator to facilitate trading by providing common rules in states and regions, will

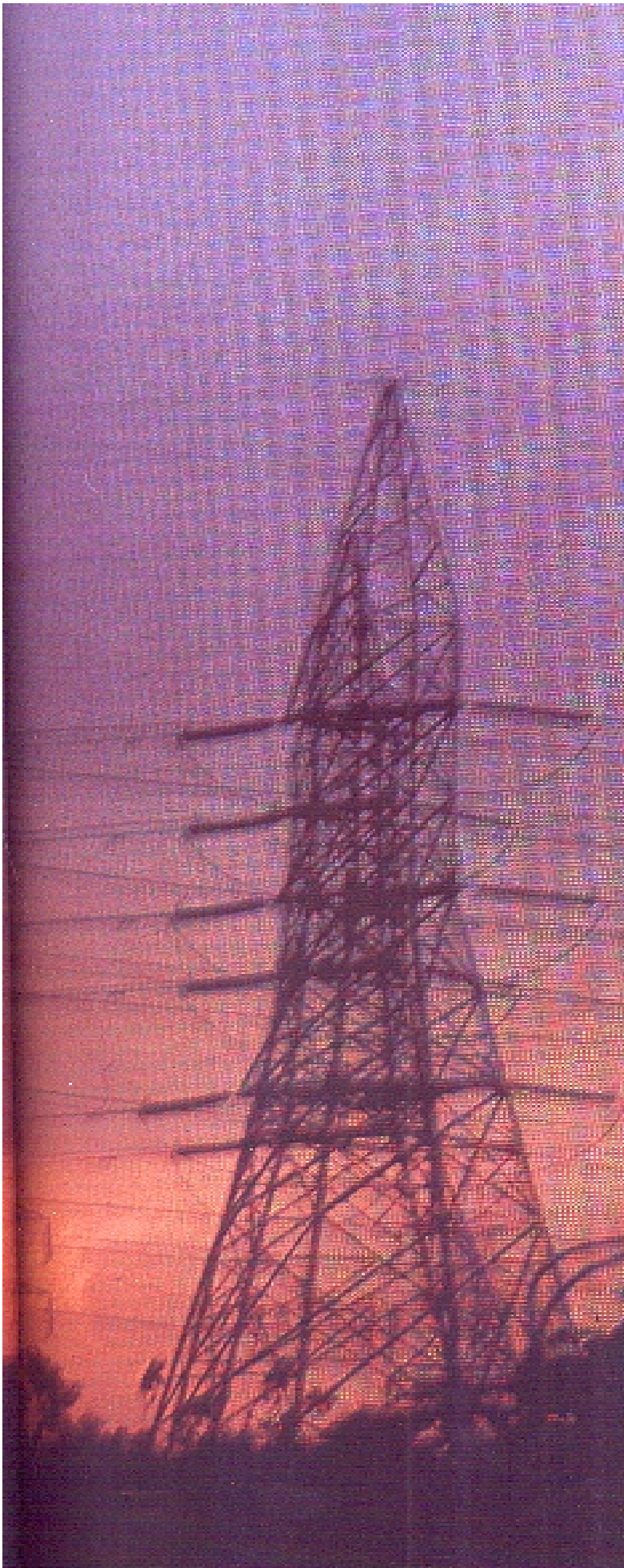
be based on a well documented Grid Code. This needs to be enforced as a condition of framework contract for transmission services and also to facilitate maintenance, development and planning of an integrated regional network.

The recommended Interchange pooling model, in the Institutional development study, envisaging arrangements for loose power pool which allows the SEBs to retain full responsibility for despatch of their own generating plants and

POWERGRID playing an active facilitator's role needs to be adopted which has been developed keeping in view the circumstances prevailing in the Indian power system. The recommendations may involve significant changes to current practices. This may require a new thinking about the system and implementation, and will need a reasonable time span to allow for market participants to understand and implement them fully. The concepts and proposed pool design needs to be explained, delivered upon and are to be generally agreed with all the players i.e. SEBs REBs, IPPS, etc. who







will be the eventual beneficiaries which will lead to best use of available resources.

STRATEGIC ORGANIZATIONAL RESTRUCTURING

Gentlemen, we are in the era of the evolution of the strategic environment. In the future years the most important strategic component will be marked by the fast response and quick adjustments to changes. This is becoming more and more pronounced as many of the forward looking organizations have already started reviewing and revising their organizational structures. Structure follows strategy, and to make the strategy work, we have to resort to less hierarchical, flatter organizational structure, which has a semblance of middle-top-down approach with more delegation and decentralization of authority and responsibility. This would mark the opening up of more lateral channels of communications for effective implementation of the strategy and would enable the people to be constantly involved.

While doing so, we have to bear in mind that change is inevitable. If we do not introduce change by design, it will come about by default. The need of the hour is to introduce change processes which is consciously initiated, managed and continuously evaluated in relation to current and strategic organizational objectives. Initially, it is always difficult to overcome the resistance to change but the managers have to recognize this largely on the basis of the work practices, the organizational core culture and value system, group norms related to change, etc. I am happy to inform you that Institutional development Studies of POWERGRID have already been completed and deliberated upon in detail, which will pave the way for manifestation of change.

The challenge before us now is to successfully transform POWERGRID into a commercially oriented organization to fulfill its mission which will demand significant changes in organization culture, behavioural change as well as effective management of major programmes of change. I perceive that POWERGRID vision for the future will be crystallized only when the vision is translated into a compelling need for change, which must be strongly felt by the senior management and communicated effectively to management and staff generally. Considerable efforts will be required to build and reinforce the need for change both internally and externally. I urge, the key roles within the change process must be allocated and understood specifically those of the Change Sponsors, Agents, Targets and Advocates.

INTER UTILITY COOPERATION

To keep abreast with the latest developments in the world power scenario as also to benchmark the best systems, processes, technology and management, POWERGRID has been vigorously pursuing the policy of inter-utility cooperation not only within the country but also across the borders in respect of sharing of general and specific information, in various areas. Today, POWERGRID has emerged as a vast reservoir of information on the world wide electricity sector. In this endeavour, POWERGRID has entered into a Memorandum of Understanding (MOU) with National Grid Company, U.K. (NGC) and TransPower, New Zealand, for mutual benefits by way of developing business through exchange of information and expertise, systems and procedures, technologies, technical cooperation, etc., in future. The MOU with NGC is being funded by a grant-in-aid of £ 2 million as agreed between NGC and Overseas Development Agency (ODA), UK.

HUMAN RESOURCES. THE VITAL INTERFACE IN PROVIDING QUALITY SERVICE

Human being is one of the most important interfaces, in any inter-personal/inter-organizational dynamics as also in delivering

quality services. Hence, the prime emphasis would be to foster this interface as a strategic edge to withstand the challenges. It is the human resources, that would acquire a major strategic dimension for all times. The strategies for training, development, recruitment and inculcating cultural cohesiveness and value system needs to be synchronized to the changes in the major corporate strategies, phase of the business cycle, impact of technology, etc. This would require a continuous, close review and analysis of the Organizational Development techniques, used from time to time.

Friends, in our endeavour to have the optimum Development of Human Resources in POWERGRID, we have already had a detailed study covering the various facets of HRD, and I am glad to state that the Overseas Development Administration (ODA) has appreciated this study report and requested POWERGRID to permit them to use this report as a model of HRD in the countries in which they are operating. To retain its skilled personnel, POWERGRID has embarked upon organizing sophisticated training programmes to upgrade the skills and expertise of personnel employed at the Regional Load Despatch & Communication Centres. Further, POWERGRID has also drawn up a comprehensive training Calendar tailor made to suit the need for developing its personnel located at various places and at various levels.

AWARDS AND RECOGNITIONS

*I am very glad to state that as a recognition of the outstanding contribution made by POWERGRID in the field of Human Resources Development, **the prestigious Asia Pacific Human Resources Development Award has been awarded to POWERGRID.** The award was open to countries in the Asia - Pacific region as delineated by the Economic and Social Commission for Asia and the Pacific (ESCAP). I also take this opportunity to congratulate **Shri Krishna Swami Selvam. Shri G. K. Kondal Raj** of Western Region and **Shri B.K. Dutta** of North-Eastern Region for having received felicitations of the **“Prime Minister’s SharmShri Awards”** for their exceptional zeal and enthusiasm for work. It is a matter of pride for POWERGRID*

that its employees won these prestigious awards, consecutively for the second year.

POWERGRID LONG TERM PERSPECTIVE

The Long term perspective of POWERGRID entails that POWERGRID will be a “facilitator-cum-Change Agent” to oversee the manifestation of change in redefining and restructuring the Indian Power Sector. To achieve this, POWERGRID will have various business areas, namely, Transmission Services, System Operation, Energy Accounting and System Operation, Energy Accounting and System Administrator and Facilitator in Energy Trading. With the formation of “Joint Network Operator”, POWERGRID will be co-ordinating amongst SEBs for planning of integrated regional and overall transmission network. Accordingly, SEBs will remain responsible for their investments and would own, maintain and operate their own lines and sub-stations. However, POWERGRID will remain as an operator of transmission network for wheeling energy from Central Generators/IPP’s to Bulk Supply Points (SEBs). As a transparent Grid operator, POWERGRID will evolve as a facilitator rather than controller with real time system monitoring and will provide advisory services in scheduling and despatching of power for actions to be taken by SEBs. As Energy Accounting and System Administrator, POWERGRID will facilitate Collection, Processing and maintenance of metering data, fixing of Pool Prices based on Pool Rules and settlement for payments and receipts for interchanges not covered by bilateral contracts, and facilitate Energy Trading between large IPPs and SEBs. Further, POWERGRID also plans to diversify in the areas of Distribution and Telecommunication through joint ventures besides providing its expertise as Consultancy Services in all aspects of Transmission and Distribution of power.

TOWARDS TOMORROW

As we try to peep into the coming Century, many

Place : New Delhi

Dated : 31st July, 1995

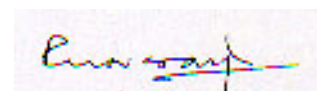
issues will emerge from competition and customer needs. I am sure, to meet the needs of the 21st Century, we will respond in a positive and professional manner. The era of reforms, which we are sponsoring as well as passing through, would lead to redefinition of many activities and will spur on the search for new structures and approaches in the power sector for growth.

I have full confidence in the good sense of the people and I am sure that our people would continue to rise to the occasions, whenever such need arises, to face any eventuality in the way of fulfilment of our vision of providing quality utility services to the beneficiaries. May I say, that the time is not far when it will be said “If it is Transmission, all lines lead to POWERGRID”.

Last but not the least when our aspirations are awake, each day brings us nearer to the goal. Each new dawn brings the possibility of a new progress. Let each travail pave the way to transformation!

Lastly, as I lay down the office of Chairman and Managing Director of this esteemed Corporation, I would like to thank the Hon’ble Union Minister of Power, Hon’ble Minister of State for Power, Secretary (Power) and the various officials in the Ministry of Power, the Central Electricity Authority and other concerned Ministries, Bodies and Lending Agencies, particularly the World Bank, for their continued support and whole hearted co-operation in making the organization, a success story.

I am also grateful to all the POWERGRID employees and Directors for their dedicated team work and whole hearted co-operation which I received in building this organization as an Institution in a very short span of time. It is this dedicated team work of all POWERGRID employees, that will lead this organization to its pinnacle of growth in the days to come.



(R. K. Narayan)

Chairman and Managing Director

ज्ञानयोगेन सांख्यानां
कर्मयोगेन योगिनाम्।

“Knowledge’s path for the men of thought

And action’s way for those of deeds”.

ENDEAVOUR

Endeavour is the key to knowledge.

It is that action that leads to achievement.

DIRECTORS’ REPORT

To
The Members,

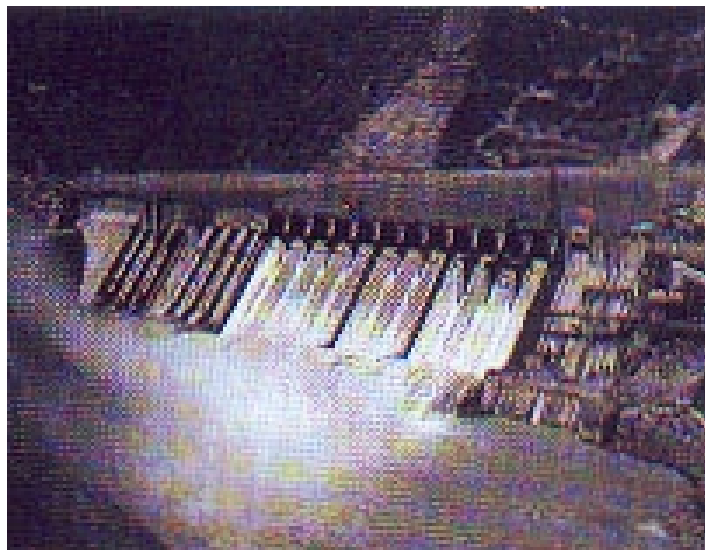
Gentlemen,

I am privileged to present to you on behalf of the Board of Directors, the 6th Annual Report on the operations of the Power Grid Corporation of India Limited (POWERGRID), together with the Audited Statements of Accounts for the financial year 1994-95.

As you are aware, Power Grid Corporation of India Ltd. (POWERGRID) was incorporated as a Government of India enterprise on October 23, 1989 under the Companies Act, 1956 as a public sector limited company with an authorized capital of Rs. 5,000 crores. The Mandate for the corporation, as expressed in the Corporate Mission, is “Establishment and Operation of Regional and National Power Grids to facilitate transfer of power within and across the Regions with reliability, security, economy and on sound commercial principles.”

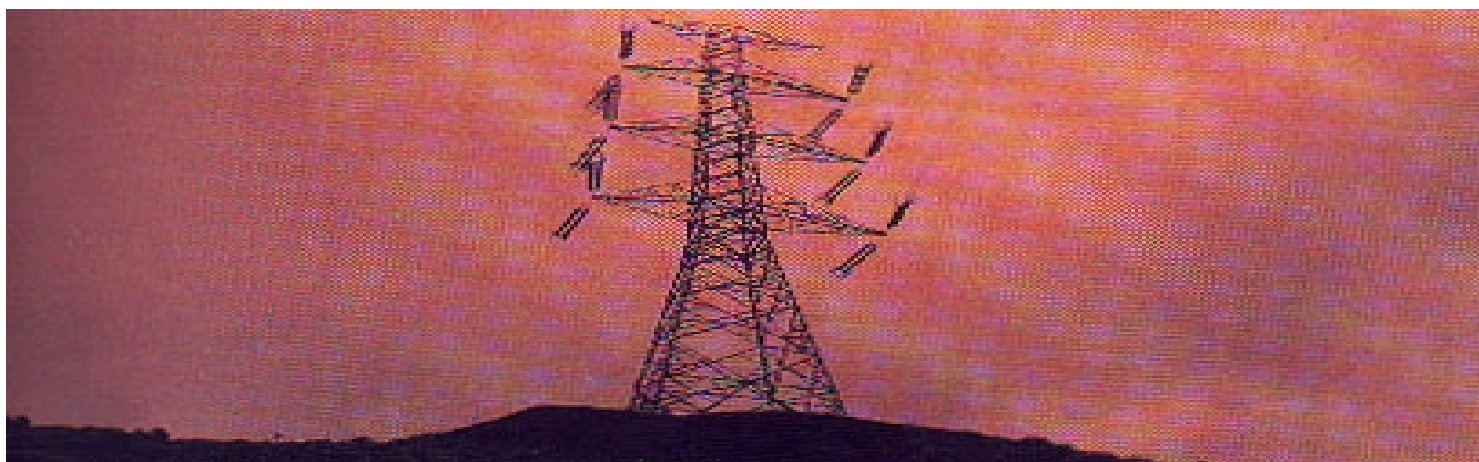
The transmission system assets along with manpower from major Central power generating organisations in the Central Power Sector has already been transferred to POWERGRID. During the year, the NLC (Acquisition and transfer of Power Transmission System) Bill, 1994 was passed by both the Houses of Parliament and assented to by

the Hon’ble President of India on September 14, 1994-Act No. 56 of 1994. Accordingly, the associated transmission system of NLC has been transferred to POWERGRID with retrospective effect from April 1, 1992. As the transmission asset transfer from various central power utilities was effected from April 1, 1992 POWERGRID has completed three years of full-fledged



business operation on 31st March, 1995 with distinguished achievements in terms of construction, operation and financial performance.

Similarly, of the Five regional RLDCs, the Southern RLDC has been transferred in 1994 and the other two RLDCs, namely, the Eastern and North-Eastern have also been transferred to POWERGRID with effect from January 1, 1995. Further, the remaining two RLDCs, namely the Northern and Western RLDCs are scheduled to be transferred to POWERGRID with effect from January 1, 1996. With this, the process of RLDC transfer is expected to be completed and all the five RLDCs will be operated by POWERGRID.



SIGNIFICANT ACHIEVEMENTS DURING THE YEAR 1994-95

MOU PERFORMANCE

Based on the provisional results and achievements for the year 1994-95, POWERGRID is against expected to earn an overall “Excellent” rating, thereby registering achievement of overall Excellent Performance rating for two years in a row.

OPERATIONAL

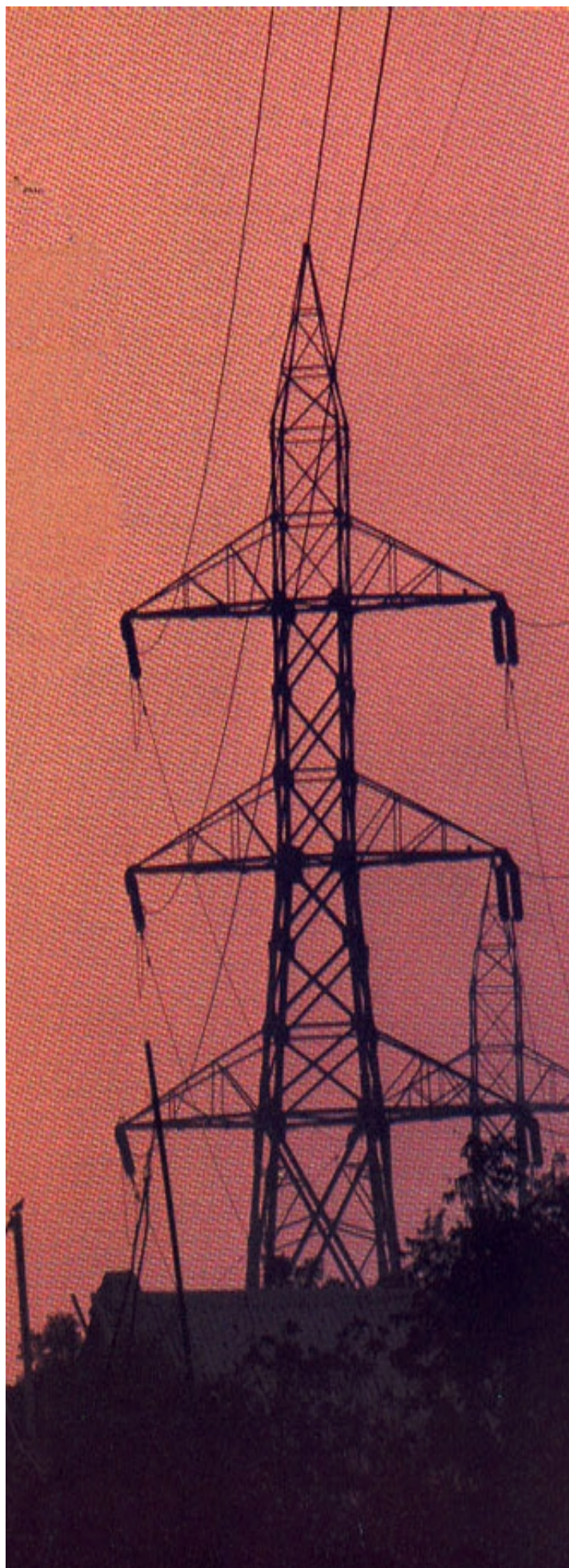
As on March 31, 1995 POWERGRID operates a total of 25,575 CKMs transmission lines consisting of 18,505 CKMs of 400 KV, 4,696 CKMs of 220 KV, 774 CKMs of 132 KV and 1,630 CKMs of HVDC system distributed over 50 sub-stations with 21, 173 MVA of transformation capacity. The operational performance of POWERGRID transmission system has been very impressive in all the five power regions. Overall regional average availability of transmission lines during the year 1994-95 was 98% excluding HVDC System. The overall average availability for Rihand-Dadri HVDC transmission system during the year 1994-95 was 86.11% During the year, POWERGRID has commissioned 2,200 CKMs of transmission lines and 2 nos. of sub-stations. POWERGRID also possesses expertise for state-of-the-art Hotline Maintenance of transmission lines, which has resulted in increased availability of the transmission system.

CONSTRUCTION

Construction performance for the year 1994-95 has been commendable. During the year, against an MOU stringing target of 1,230 CKMs, POWERGRID has strung a total of 1,335 CKMs of transmission lines. POWERGRID also proposes to add around 10,000 CKMs in a period of next five years.

FINANCIAL

Financial performance of the Corporation has been satisfactory for the financial year 1994-95. During the year, the annual turnover of the





organization increased from Rs. 644.68 crores in the financial year 1993-94 to Rs. 796.33 crores in the financial year 1994-95, an increase of 23.52%. During the same period, the post tax profit of the Corporation also increased from Rs. 187.87 crores to Rs. 207.59 crores. The higher increase in profit is not in proportion to increase in turnover primarily due to the increase in the depreciation rates which went up from an average of about 4% to 6% during the year.

The Gross Block of the Corporation increased from Rs. 4,228.65 crores in the year 1993-94 to Rs. 5,006.54 crores in the year 1994-95. Thus total addition to Gross Block during the year 1994-95 works out to Rs. 837.89 crores, which includes among others, the capitalisation of assets for Chamera-Moga, Moga-Hissar and Salal-II transmission system, commissioned during the same period, and necessary re-adjustment on the agreed revised purchase consideration of NLC.

The paid - up capital of the Company as on 31st March, 1995 was Rs. 2,749.86 crores as against Rs. 288.13 crores as on 31st March, 1994. The debt : equity ratio of the Corporation during the financial year 1994-95, has remained satisfactory at 45:55, increasing only marginally from the last year 1993-94 value of 44:56.

Dividend

The Directors recommended a lump sum dividend of Rs. 5 crores for the year ended 31st March, 1995. Accordingly, a provision of Rs. 5 crores towards proposed dividend for the Financial Year 1994-95 has been made in the books of accounts. The dividend shall be paid to the President of India, after its approval by the shareholders in the Annual General Meeting.

Transfer to General Reserve

The profit of the Corporation during the financial year 1994-95 is Rs. 207.59 crores out of which an amount of Rs. 160 crores has been transferred to the General Reserve Account.

BUDGET UTILIZATION

During the year 1994-95, POWERGRID has utilized a total Rs. 930 crores against a budget allocation of Rs. 929.70 crores.

ANNUAL PLAN AND VIIIITH FIVE YEAR PLAN

The total Plan Outlay for POWERGRID during the 8th Five Year Plan is tentatively Rs. 6,004 crores. Till the end of the year 1994-95, POWERGRID has utilized a total of about Rs. 2,145 crores for its various schemes. For the year 1995-96, POWERGRID has an approved outlay of Rs. 1,516 crores, and for the year 1996-97 a total plan outlay of Rs. 2,393 crores has been proposed.

COMMERCIAL

During the year, the Gross Sales Turnover of the Corporation owing to wheeling and Sale of Electric Power purchased from Chukha, recorded an increase from Rs. 644.68 crores in the year 1993-94 to Rs. 796.33 crores in the year 1994-95. The total Revenue realized during the year 1994-95, owing to wheeling and sale of power, is Rs. 619 crores.

However, the total amount of debtors in respect of only transmission charges as on March 31, 1995 stood at Rs. 297.13 crores. This includes billing of Rs. 115 crores for which tariff notification are expected to be issued. Thus, the balance amount of debtors as on 31.3.1995 works out to Rs. 182.06 crores. After considering the disputed amount of Rs. 53 crores, which is awaiting settlement by Umpires, the undisputed balance amount of debtors works out to Rs. 129 crores, which is equivalent to 1.94 months of average monthly billing.

Steps Taken to Reduce Outstanding Dues

The long pending tariff disputes inherited from the transferor companies were resolved with the issuance of transmission tariff notifications for Northern, Western, Eastern and Southern regions. As such, all major disputes related to transmission

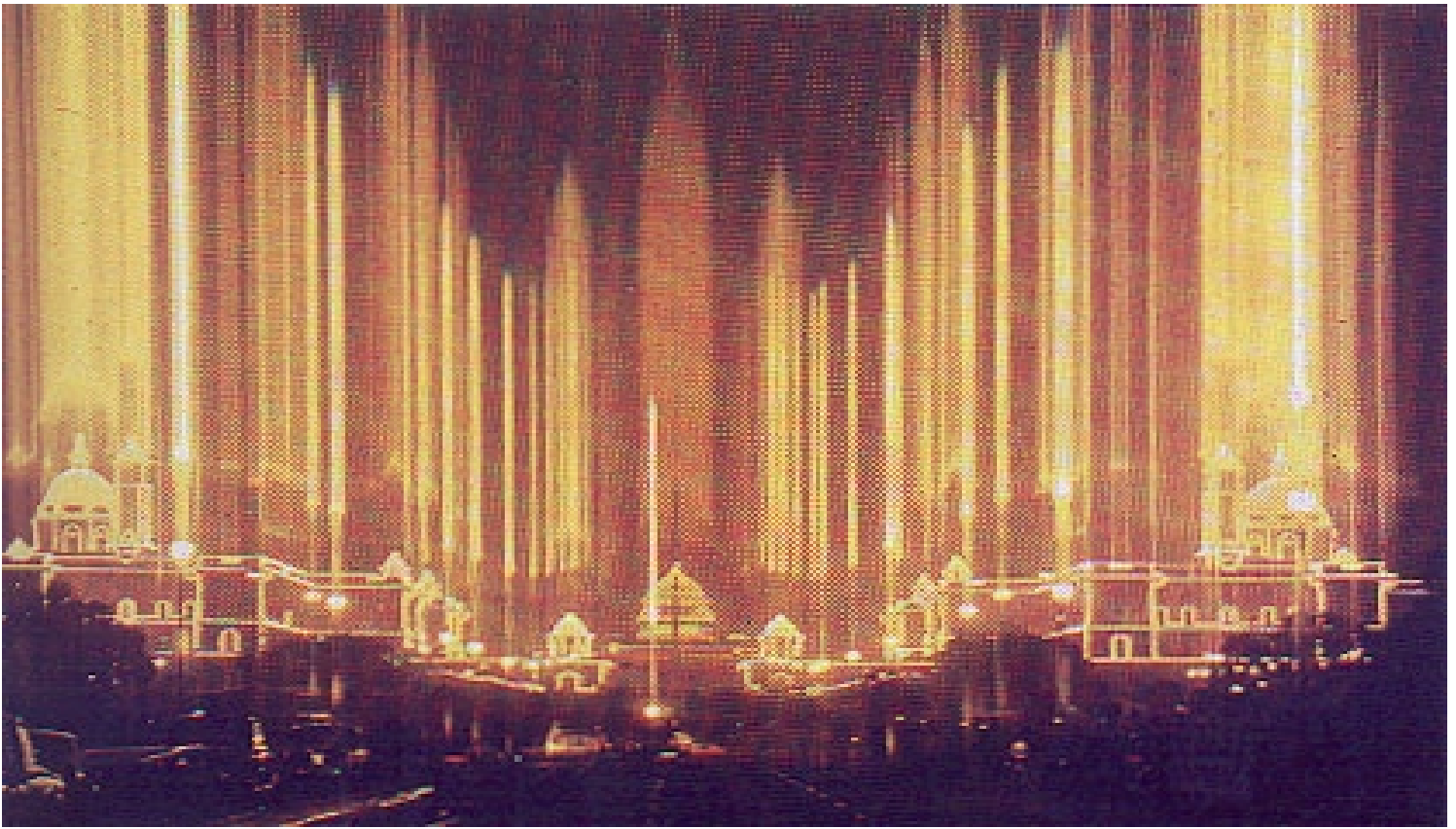
tariff, stand resolved, However, UPSEB has raised objection to the formula for apportionment of transmission charges and RSEB has been making deduction from POWERGRID bills for Central Sector energy flow on their Anta-Kota line. These issues are being looked into by Umpires appointed by MOP.

In the case of Southern Region, the constituents had raised objections to certain parameters in the Notified Tariff. Efforts were made at various levels to sort out these issues and with the assistance of Ministry of Power the same have been settled. Payments as per Notified Tariff are now expected to be released. Meanwhile, APSEB and TNEB in Southern Region have released a substantial amount of payments towards settlement of the arrears due to POWERGRID.

For liquidation of arrears inherited by POWERGRID from transferor companies, Ministry of Power, Government of India approved Central Appropriation to the tune of Rs. 302.21 crores and payments against the same have started following in.

In order to contain the building up of arrears, certain concrete actions including issue of notices for dis-connection / regulation of power supply to defaulting constituents were taken. These measures have been fruitful in establishment/enhancement of LCs as well as liquidation of arrears. A strategy to keep constant check on the defaulting States has been evolved to ensure maximum realization on a sustained basis. Continuous efforts are being made in get the full LC coverage for monthly billing amount.





With POWERGRID launching a major drive for timely recovery of monthly bills, it has been possible to arrest the accumulation of arrears. The vigorous follow up at various levels and constant efforts by Regional offices and Corporate Centre, have yielded positive results. This is clearly reflected in the trend of monthly collections which have gradually improved and sustained at 100% or more from December 1994 onwards. The marked improvement in realization has also been acknowledged and commended by the World Bank.

POWERGRID CONSULTANCY

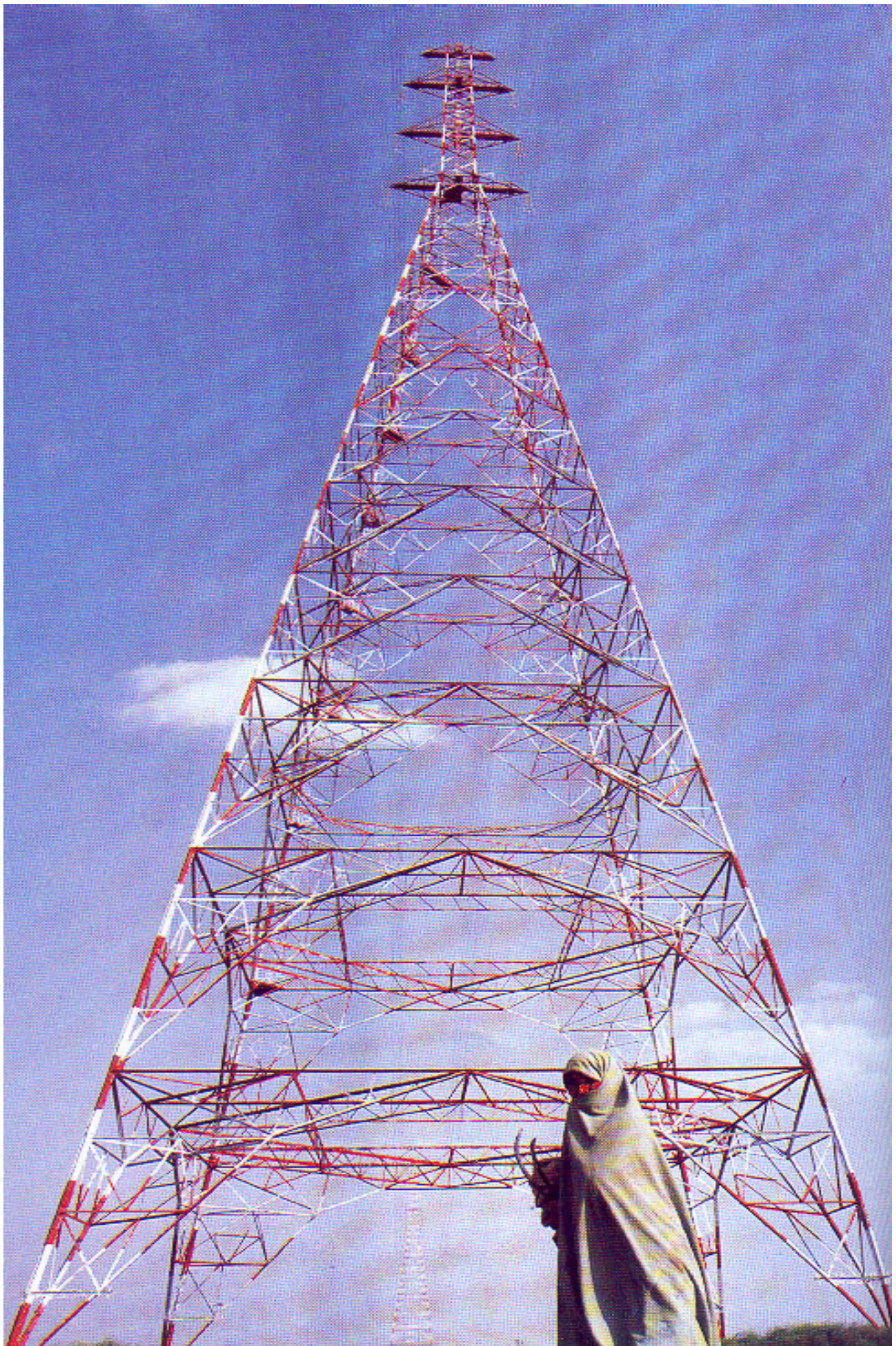
In the area of providing consultancy services, POWERGRID has already made its presence felt in the domestic market. POWERGRID has bagged the total turnkey Consultancy Contract of West Bengal Power Development Corporation Ltd. (WBPDCCL), Calcutta, for Design, Engineering, Procurement and Supervision of the transmission system for evacuation of power from WBPDCCL's Bakreshwar Thermal Power Project (5x240 MW) which is being funded by OECF, Japan.

Further, OSEB has also engaged POWERGRID for seeking assistance in procurement and

implementation of the transmission system associated with the Upper Indravati Project, being financed by the World Bank. As a part of Power Sector Reforms undertaken in the Orissa state, Government of Orissa/OSEB have engaged M/s Monenco, Canada to form a Project Management Organization (PMO), under the Reform Consultancy Contract. On World Bank's recommendation, POWERGRID is being invited to join PMO to execute this project from concept to commissioning. Further, POWERGRID has also taken active participation in offering its expertise in various international biddings.

POWERGRID PROJECTS

The projects undertaken by POWERGRID are broadly classified as Generation Linked Projects - for power evacuation and Grid Strengthening Projects - such as inter regional links, augmentation of RLDCs and construction of missing transmission links, etc. Further, in view of the entry of the various large Independent Power Producers in the Central Power Sector, POWERGRID is also contemplating investments in the area of generation linked transmission project for evacuation of IPP power. The details of the specific projects being undertaken



by POWERGRID under various categories are as follows :

Existing Projects

At present, POWERGRID operates about 26,000 CKMs of EHV transmission lines consisting of 440 KV, 220 KV, 132 KV, HVDC system, along with 50 Sub-stations having a total transformation capacity of 21, 173 MVA. This EHV transmission network is spread across the entire length and breadth of the country, and today, it is one of the largest EHV power transmission systems in the world.

Ongoing Projects

Presently, 9,521 CKMs of transmission lines are under construction by POWERGRID, consisting of 570 CKMs of 800 KV, 7,816 CKMs of 400 KV, 483 CKMs of 220 KV, and 652 CKMs of 132 KV, to be distributed over 10 Sub-stations. Some of the important generation linked transmission projects, under implementation by POWERGRID include, Nathpa-Jhakri (400 KV) and Kathalguri (400 KV), etc. The Grid Strengthening schemes include Kishenpur-Moga (800 KV), Vindhyachal additional transmission system (400 KV), etc.

The inter-regional HVDC links will facilitate to integrate the regional grid systems into the national grid, establish inter-regional flow of surplus power, avoid frequent grid collapses and lead to the achievement of a nation-wide optimal hydro-thermal mix. Keeping in view the importance of these HVDC inter-regional links in the development of the National Power Grid, POWERGRID has drawn up a programme for inter-connecting the various power regions of the country through these links. Presently, POWERGRID has an existing HVDC back-to-back link at Vindhyachal (2x250 MW), which connects the Northern and the Western grid systems in a synchronous mode. The other HVDC inter-regional link project, under execution, is the Chandrapur HVDC back-to-back project (2x500 MW),

connecting Western and Southern Regions. It may be mentioned that the Vizag HVDC back-to-back project (1x500 MW), connecting Eastern and Southern Regions has been approved in the current financial year.

Load Despatch and communication facilities are the basic prerequisites for economic despatch of power between Regions/States, and effective and



efficient on-line grid management of Regional and National Power Grids. According, POWERGRID has undertaken implementation of state-of-the-art Unified Load Despatch and Communication (LD&C) facilities in all the Power Regions of the country. The Regional Load Despatch & Communication (RLDC) Project under implementation, are the Southern Region (S-RLDC) and the Northern Region (N-RLDC).

Future Projects

Keeping the pace of development of the Indian economic in view, vis-a-vis the ever increasing demand of power, POWERGRID has drawn up ambitious investment plans to speed up the process of development of Regional and National Power Grids.

In this endeavour, some of the crucial generation linked transmission projects proposed to be undertaken by POWERGRID, and presently at various stages of approval, include the transmission system associated with Kayamkulam (220 KV), Faridabad Gas-I (400 KV & 220 KV), Unchahar (400 KV & 220 KV), Rajasthan Automatic Power

Project (RAPP)-3&4 (220 KV), Vindhyachal-II (400 KV), Ganga Valley (Tehri) (800 KV), etc.

The inter-regional HVDC back-to-back project, likely to be undertaken by POWERGRID in the near future, include the Mau-Biharshariff HVDC back-to-back (1x500 MW) inter-regional link between Northern and Eastern Regions and an inter-regional link between Eastern and Western Regions.

The North-Eastern Regional Load Despatch and Communication (NE-RLDC) project under the POWERGRID's Unified Load Despatch & Communication Scheme is in an advanced stage of approval. In addition, POWERGRID also plans to undertake the implementation of the Western (W-RLDC), Eastern (E-RLDC) and National Load Despatch & Communication (National-LDC) Schemes, in the near future.

The total investment planned during the 8th Five Year Plan is around Rs. 6,000 crores. Besides these investments, POWERGRID also has an ambitious investment plan in the coming plan periods. The estimated 9th Five Year Plan investment scenario works out to about Rs. 13,000 crores. Further, with the investment requirements in developing the associated power system of the forthcoming IPP power stations, POWERGRID is also planning to have an additional investment in the 9th Five year Plan to the tune of Rs. 12,000 crores.

organizational development plan, including adoption of appropriate technology and development of system planning softwares. To accomplish this, POWERGRID has undertaken Strategic Studies, funded and supported by the World Bank, ADB, etc., in the area of "Rationalization of Power Tariff & Regulatory Framework", "Institutional Development Study of POWERGRID" keeping the Indian Power Sector in the background and "System Study for Long Term Transmission System Planning". Some of the recommendations of the already completed studies are at various stages of implementation.



STRATEGIC STUDIES

With a view to effectively utilize the accrued benefits on implementation of the above ambitious projects, POWERGRID is also actively involved in its various long term strategic studies, so as to ensure that the management-structure-systems are in place to cater to the changing needs while implementing the various crucial projects of POWERGRID. This would call for establishment of the most optimal corporate structure, compatible systems and processes, rationalized commercial principles, refined role of POWERGRID alongwith formulation of a long term POWERGRID's

SOURCING OF FUNDS

International Sources

The International Financial Institutions have actively supported POWERGRID since its very inception. They have also granted approval for the transfer of loans to POWERGRID, connected with the funding of the various associated transmission systems of the transferor generating organizations. These International Financial Institutions, namely, the World Bank, Overseas Economic Cooperation Fund (OECF) of Japan, European Investment Bank (EIB), the Asian Development Bank (ADB) and

others, have expressed their confidence in POWERGRID's capabilities to operate, monitor and construct the Regional and National power grids. They have already committed around Rs. 4,600 crores, which includes the loans transferred from the transferor organizations, and have further earmarked Rs. 5,000 crores for financing new projects of POWERGRID.

The World Bank has already extended a loan of US \$ 350 million directly to POWERGRID for its POWERGRID System Development Project (PSDP) which consists of projects such as Coordination and Control System for southern Region, Additional Transmission system for Vindhyachal Stage-I, AC link between Ramagundam and Hyderabad for Chandrapur HVDC back-to-back project, completion of Central Transmission projects and Rihand Transmission projects and organizational studies, which includes Institutional Development Studies (IDS) of POWERGRID, etc.

The total World Bank loan commitment amount to US \$ 1.5 billion for financing various projects of POWERGRID, including the World Bank loans transferred from the transferor generating organizations to POWERGRID. The main loan which stands transferred to POWERGRID, and is yet to be drawn, include loan for Northern Region Transmission Project (NRTP) amounting to US \$ 475 million. Major components include transmission system associated with Nathpa-jhakri, Kishenpur-Moga, Moga-Bhiwani and Northern Region Load Despatch and Communication Schemes.

Further, the World Bank has agreed "in principle" to extend the 2nd loan to POWERGRID, on a time slice concept, amounting to around US \$ 1.50 billion, in three tranches of US \$ 400-500 million each, against a basket of projects whose combined project cost works out to US \$ 4-5 billion, spread in a time slice of 5-7 years as investment plan. Together with this funding, there are indications of co-financing of part of these projects by the J-EXIM, ODA and possibly by the Korean EXIM Bank. The various projects proposed to be covered under the funding of the 2nd loan of the World Bank include, RLDC Schemes of Eastern and

Western Regions; Inter-Regional Links, namely, East-West and East-North Inter-Connectors; System Improvement Programmes in the Western and the Southern Regions and associated transmission systems of the Ramagundam-III, Rihand-II and other associated transmission systems of the Private Generation Projects, namely, the CEPA (8x660 MW) project in the Eastern Region.

With regard to the extension of the 2nd loan to POWERGRID, the World Bank has stressed the need for POWERGRID to take advance action for issue of pre-qualification documents, tender documents and tender evaluation, so that immediately following Government approval for projects proposed to be funded through the loan, the loan negotiations and its signing, the contract award for the main packages could take place almost simultaneously. This will facilitate POWERGRID to maintain the planned implementation schedules of its high priority projects, while still working to secure Government of India clearances and meet the preconditions of the new world Bank loan. This will also help in fast implementation of projects and speedier disbursement of the World Bank loan, once clearances are accorded and issued and the loan is approved, leading to the elimination of the current unnecessarily long gap between loan approval and contract awards.





Asian Development Bank (ADB) has also shown interest to extend financing to the extent of about US \$ 300 million for funding some of the key projects in North Eastern Region and other regions, which includes Transmission Reinforcement/Power evacuation schemes in North-Eastern Region, transmission system associated with Vindhyachal Stage-II, Unchahar Stage-II and Jeypore-Gajuwaka AC portion and North Eastern Regional Load Despatch and Communication Schemes. During the year, POWERGRID had detailed deliberations with ADB on the proposed funding of various projects of POWERGRID and the negotiations are at the advanced stage of finalization.

The Overseas Economic Co-operation Fund has provided a loan of Yen 7.115 billion for the Gandhar Transmission System and Yen 22.101 billion for the Kathalguri Transmission System in North Eastern Region. OECF has also sanctioned a first tranche loan of Yen 3.538 billion for Faridabad Transmission System in Northern Region. The total loan commitments 32.754 billion.

For the European Investment Bank, POWERGRID is the first organization in their very first ever extension of lending activity in Asia. It will co-finance the Southern Region Load Despatch and Communication (SRLDC) Project to the extent of 55 million European Currency Unit (ECU) amounting to Rs. 198 crores.

Other Financial Institutions and Banks, such as the Overseas Development Administration, U.K., the West Merchant Bank (WMB), UK, the Banque Indosuez, Paris and Credit Nationale, Paris, have extended loans and grant commitments of the order of £112.5 million and FFr 396 million.

Industrial Bank of Japan (IBJ) and Export Import Bank of Japan (J-EXIM) both have already financed POWERGRID projects and have shown keen interest in financing new projects worth US \$ 400 million and US \$ 600 million, respectively.

Domestic Sources

In addition to sourcing of funds from the International funding agencies, POWERGRID has also tapped the Domestic Debt market. Till date, POWERGRID has successfully raised Rs. 566 crores by issuing Power Bonds. Besides these, POWERGRID has been able to arrange Term Loans from LIC (Rs. 20 crores), Buyer's Credit from IFCI (Rs. 100 crores), Term Loan from UTI (Rs. 150 crores), fully subscribed Commercial Paper with ICRA rating of LAA + (Rs. 67 crores) in two tranches. During 1993-94, POWERGRID could raise Bonds for a total of Rs. 250 crores, which includes Rs. 236 crores of taxable Bonds and Rs. 14 crores of non-taxable Bonds.

AWARD OF CONTRACTS

You may appreciate that during the year 1994-95, POWERGRID has awarded a total of 143 contracts which are valued at Rs. 1,780 crores. The average time taken for completing the evaluation of these contracts was around 4-5 months.

World Bank has from time to time appreciated the performance of POWERGRID. In fact during the year 1994-95 the disbursements against World Bank loans exceeded the committed amount for the year. As a recognition to the commendable performance by POWERGRID and the inherent strength of POWERGRID in contracts processing, procurement action and project execution, the World Bank has invited POWERGRID to jointly work with M/s Monenco, Canada in executing the transmission project associated with the Upper Indravati Project, being financed by the world Bank through formation of a Project Management Organization (PMO).

In view of ADB's concurrence for advance procurement action, POWERGRID has finalized the model bidding documents and the NITs for various transmission projects under the proposed sector loan from ADB have been issued for critical packages. These steps would enable POWERGRID to utilize the ADB loan immediately after its effectiveness.

The pre-qualification documents for Unified Load Despatch and Communication Schemes in Northern and Southern regions, which were cleared by GOI for investment approval in first quarter '95, have already been concurred by the World Bank and the same have been issued to various bidders.

MATERIALS

Total Exemption of Custom Duty for “Chandrapur HVDC (B/B) Project”

Exemption from payment of complete custom duty (Basic + CVD) amounting to about Rs. 218.00 crores was obtained from Ministry of Finance, Govt. of India for import of equipments/materials for Chandrapur HVDC back to back project meant for Inter-Region transfer of 1000 MW Power between SR and WR.

Exemption from payment of Custom Duty for “Kathalguri Transmission System”

Exemption from payment of complete custom duty (i.e. Basic + CVD) amounting to the tune of Rs. 6.5 crores was obtained from Ministry of Finance, Govt. of India for import of additional quantity of structural steel and ACSR Moose Conductor for Kathalguri Transmission System.

Liquidation of Surplus Inventory

Inventory of surplus materials including equipments, etc., as available in various Regions were liquidated to the tune of Rs. 31.50 crores during the period 1.4.94 to 15.6.95.

Disposal of Scrap

Dead inventory in the form of scrap of NRI/WR/ER was disposed and thereby Rs. 3.65 crores liquidity has been generated for the Corporation.

Unified Materials Codification System (UMCS)

Unified Materials Codification System (UMCS) has been evolved in-house, covering all materials including equipments/spares, etc., for Transmission

line system including ID&C, etc. and all the other fields dealt with by POWERGRID. This has been sent for review to the National Grid Co. Plc. (NGC), UK as part of transfer of expertise.

CERTIFICATION FOR ISO-9001 QUALITY SYSTEMS IN POWERGRID

During the course of the year POWERGRID initiated action for securing the ISO-9001 (1994) Certification. Following the extensive audit of the Company's quality system carried out by NQA Quality Systems Registrar on July 3-5, 1995 POWERGRID has received ISO-9001 (1994) Certification for the following :

“Turnkey execution of Transmission Line and Sub-Station projects upto 400 KV inclusive of design, engineering procurement, construction, operation and maintenance”.

POWERGRID is the first Utility in the Indian Power Sector, bestowed with this distinction.

ASSISTANCE FROM NATIONAL GRID CO.

Under Utility Collaboration Agreement, NGC, UK is providing assistance to POWERGRID for preparation of Operating Procedures for Regional Load Despatch Centres. NGC, UK is imparting training to RLDC staff on Power System Operation in India. Training on Despatch Training Simulator at UK has also been organized to train the manpower associated with scheduling and despatch activities. NGC has been working to suggest an interim communication and computing scheme which can be implemented prior to Unified Load Despatch and Communication Scheme. Grid Code is being prepared in consultation with NGC. The Grid Code will assist in proper development, maintenance and operation of the inter-connected system in more effective manner.

The National Grid Co. Plc, UK was awarded a contract for assistance to POWERGRID under Utility Collaboration Agreement in December '93.

As part of Phase-I, Transmission Plant Maintenance, the study team from NGC visited POWERGRID, with the purpose of reviewing the existing transmission maintenance practices and policies. The team had subsequently submitted its report on Phase-I in June 1994, wherein they had given the recommendation regarding areas of potential assistance (short, medium and long term) to POWERGRID.

The areas identified by NGC were approved for assistance by POWERGRID and a draft proposal for Phase-II, Transmission Plant Maintenance, was sent to POWERGRID on July 28, 1994 for comments. The proposal was agreed and the representative of NGC had visited POWERGRID in November 1994 and activities in the various tasks including Testing, Asset Strategy, Maintenance Manuals, Safety, Stores/Spares, Overhead Line Practices, Plant Design, etc., and the milestone dates were agreed between NGC and POWERGRID.

Subsequently, NGC team visited POWERGRID in January, 1995 and the work on various tasks was started. This assistance from NGC shall help in standardization of O&M procedures of POWERGRID and shall be completed by March 1997.

RESEARCH & DEVELOPMENT

In the area of Research & Development, an MOU has been signed with IIT Kharagpur for the development of Real Time Digital Simulator for Power System. This is the first time when development work of this nature is being taken up by any organization in the Power Sector of the country by its own resources. The estimated cost of the project is about Rs. 1.35 crores.

Performance Evaluation of insulator strings with defective insulators has been completed by CPRI in April, 94. Estimated cost of the project is about Rs. 6.4 lacs.

To study the possible biological effects from EHV transmission system, a study is being carried out by CPRI to measure AC/DC fields in EHV transmission

lines and sub-stations. Study on the AC transmission system portion has already been completed and the project shall be completed by December, 1995. Estimated cost of the project is about Rs. 5.0 lacs.

EVOLUTION OF TRANSMISSION SYSTEM

Consultancy services for long term transmission system planning, which has been awarded to M/s PTI at a cost of approx. US \$ 1.4 million, has started and studies are underway. This shall help POWERGRID in defining the investment plan and finalize selected major components for implementation.

The various Transmission Systems in the area of Central and Private Sector which have been evolved include Security enhancement scheme for Northern and Western Regions, Neyveli TPS-I extension, Talcher STPP Stage-II, ER-WR Interconnection, Mau-Biharshariff (NR-ER interconnection) in the Central Sector, and CEPA Power project at IB valley (6x600 MW), Cogentrix (1000 MW) at Mangalore, Nagarjuna Fertilizers TPP (500 MW) at Mangalore, Goenka TPP (2500 MW) at Kozhikode, Kerala, Nippon Denro Ispat (1000 MW) at Bhadravati, Maharashtra in the Private Sector.

JOINT VENTURE (JV)

Consequent to the liberalization policy of Government of India, a Project Development Group was formed to study, and if found suitable, to initiate the process of identification of Joint Venture Partners in the field of Power Transmission and Telecommunication. Towards this end, POWERGRID has started negotiating with prospective partners in the field of Power Transmission, the prominent of them being M/s National Grid Co. Plc. (NGC), UK, with whom POWERGRID has signed a broad based MOU, for identification and promotion of Power Transmission Projects. Accordingly, the first pilot project identified is the transmission system associated with Cogentrix Power Project in Karnataka, for execution as Joint Venture Project, for which POWERGRID is likely to sign an MOU with

Karnataka Electricity Board (KEB) shortly. Further, POWERGRID is also discussing with some other companies for identification of suitable projects in the distribution sector. Simultaneously, POWERGRID is vigorously following up at the highest level in the Government for effecting necessary amendments in the Electricity Act, 1948 for formation of Joint Venture Companies by POWERGRID. The possibility of undertaking Joint Venture Projects in the Telecommunication Sector is also being explored.

HUMAN RESOURCES DEVELOPMENT (HRD)

The year 1994-95 is of vital importance in the journey of HRD of POWERGRID. The activities and achievements in this area in the year 1994-95 are quite impressive.

HRD Task Force Report, submitted to the Top Management, is under various stages of implementation. The recommendations of Task Force regarding streamlining the system of examinations for departmental examinations, honorarium policy, HRD Budget, Nominations procedure, rationalization of examination procedure for Secretarial Examinations have already been accepted. Overseas Development Administration (ODA) has appreciated this report and requested POWERGRID to permit them to use this report as a model of HRD in the countries in which they are operating.

POWERGRID has also offered its HRD expertise to the various Utilities within and outside the country. Presently, POWERGRID's offer of its HRD expertise to the Pondicherry Electricity Department, Nepal Electricity Authority and Ceylon Electricity Authority have been finalized and the proposals for Govt. of Sikkim, Govt. of West Bengal and Bhutan are progressing in a positive direction. Further, HRD Governing Council and HRD Academic Council have been formed with senior executives of POWERGRID and reputed Management

Consultants as members. Studies on training needs analysis, training effectivity, organizational climate and cost-benefit analysis have been conducted. Further, POWERGRID also signed a Memorandum of Understanding with National Power Training Institute (NPTI) to facilitate exchange of expertise, experience as well as the infrastructure of NPTI and its subsidiaries i.e. Regional Power Training Institutes (RPTIs) located all over the country for the benefit of POWERGRID as well as other power utilities for which POWERGRID conducts HRD programmes.

During the year, POWERGRID has conducted a total of 27,323 training mandays, which include training programmes ranging from Supervisory Development Programme, Non-technical training programme to Advanced General Management Development Programme for the Senior Executives of the Corporation.

HUMAN RESOURCES MANAGEMENT (HRM)

Right from the transfer of talented and experienced manpower from various constituent organizations and their amalgamation into the POWERGRID culture at the organizational level to the changing business scenario at this macro level, the Human Resource Department of POWERGRID has been successfully overcoming challenges.

Today, POWERGRID is proud to have a motivated work force successfully facing the challenges ahead. A congenial work environment, development of manpower and recognition of achievements, and personnel policies tailor made to suit our needs, are the pillars of the Human Resource Department.

Subsequently, 129 personnel in Eastern Regional Load Despatch Centre and 21 personnel in the North Eastern Regional Local Despatch Centre have been successfully taken into the fold of POWERGRID from CEA on 1st January, 1995.

Labour productivity of the Company has also marked an improvement. The MVA ratio per employee has increased from 2.7 in 1993-94 to 3.4 in 1994-95, CKMs per employee has increased from 3.84 in 1993-94 to 4 in 1994-95. Profit per employee has increased from Rs. 3.05 lakh in 1993-94 to Rs. 3.23 lakh in 1994-95. Turnover per employee has increased from Rs. 10.59 lakh in 1993-94 to Rs. 12.15 lakh in 1994-95.

Manpower growth during the period 1994-95 indicates an increase of about 5.2% over the year 1993-94. 72 Executives, 52 Supervisors and 20 Workmen were recruited during the year. These figures include 6 Executives from the Indian Institutes of Management. A major thrust has been given to the recruitment from amongst the reserved categories.

In a constant pursuit to improve the quality of work life of the employees, a number of policies were introduced and amended, which include the Travelling Allowance Rules, Medical Attendance and Treatment Rules, the Lease entitlements and Conveyance Reimbursements, Life Membership of Professional Bodies, Additional Insurance Benefits to Personnel engaged on the Hotline and benefits to employees posted in Hardship Stations, etc.

The crucial responsibility of retaining a motivated work force led to the introduction and implementation of various schemes. The productivity linked Transmission Incentive Scheme, Employees suggestions scheme, Merit Awards to be best region, best executive, supervisor and workman and timely promotion of meritorious employees have brought about the best in our Personnel. A number of prizes have been won at the national level for our commitment to the official language. The Prime Minister's Shram Shree Awards had been bagged by 3 of our workmen.

REGIONAL HIGHLIGHTS

The country has been demarcated into five power Regions for the purpose of formation of Regional Power Grid Systems, which will be integrated into

the National Grid at the National level. These regions are Northern, Eastern, Western, Southern and North-Eastern. Accordingly, POWERGRID has established six Regional Head quarters stationed at six power regions based on the size and spread of its transmission networks. These regions are Northern Region-I (NR-I) and Northern Region-II (NR-II) in the Northern power region of the country, Eastern Region (ER), Western Region (WR), Southern Region (SR) and North-Eastern Region (NER). The major highlights of the regions during the year are as follows :

Northern Region (NR)

The Northern Region of POWERGRID is the largest among all the regional grid systems in the country. For ease of management and control of the NR, POWERGRID has conveniently divided the region into two regions, namely Northern Region-I (NR-I) and Northern Region-II (NR-II). The regions together have a total of 9,707 CKMs of transmission system under operation, consisting of 5,625 CKMs of 400 KV, 2,452 CKMs of 220 KV and 1,630 CKMs of HVDC system distributed over 12 Sub-stations, with a total of 8,724 MVA of transformation capacity. During the year, we have commissioned a total of 1,244 CKMs of transmission lines and one sub-station in this Region. Some of the important ongoing projects in this region include Nathpa-Jhakri (400 KV), Kishenpur-Moga (800 KV), etc. Presently, around 3,041 CKMs of transmission lines are under construction, consisting of 568 CKMs of 800 KV, 2,335 CKMs of 400 KV and 138 CKMs of 220 KV transmission line along with 3 sub-stations.

In NR-I the line availability was maintained at 99.68% and in the area of construction, it has achieved 50.4 CKMs thereby crossing the construction target of this region. Similarly, in NR-II the line availability was maintained at 99.34% and achieved construction target of 146 CKMs. Further, NR-II Regional office at Jammu would establish connection to Delhi, Faridabad, Moga, Chandigarh, Malerkotla and Hissar by PC-to-PC communication.

Eastern Region (ER)

The Eastern Region has a total of 4,037 CKMs of transmission system under operation, consisting of 2,879 CKMs of 400 KV and 1,158 CKMs of 220 KV transmission system distributed over 14 Substations, with a total of 5,745 MVA of transformation capacity.

During the year, we have commissioned a total of 653 CKMs of transmission lines and one sub-station in this Region. The important ongoing projects in this region include Rangit transmission system. Presently, around 1,100 CKMs of transmission lines are under construction, consisting of 267 CKMs of 132 KV transmission lines.

The average line availability for this region was maintained at 99.37%. Further, the Eastern Regional Load Despatch Centre at Calcutta has been taken over from EREB, CEA with effect from January 1, 1995. Wide Area Network (WAN) connection between ER, Headquarters and Corporate Centre, New Delhi has been established.

Western Region (WR)

The Western Region has a total of 5,042 CKMs of transmission system under operation, consisting of 4,234 CKMs of 400 KV and 808 CKMs of 220 KV transmission system distributed over 3 Sub-stations, with a total of 630 MVA of transformation capacity.

During the year, we have test charged 314 CKMs of 400 KV double circuit transmission line and one sub-station in this Region ahead of schedule. Some of the important ongoing projects in this region include the Gandhar Transmission system and vindhyachal Stage-I additional 400 KV transmission system. Presently, around 2,399 CKMs of transmission lines of 400 KV is under construction along with 2 sub-stations. Further, the HVDC back-to-back station of 1000 MW capacity at Chandrapur is taking shape as the civil works have picked up.

Despite the set back in the line availability due to collapse of towers on some of the major lines in the region due to unprecedented cyclones and floods, breaking all the past records of fifty years, the Region has stood its ground to tackle these exigencies. With peoper planning and implementation, the lines under breakdown were restored in the shortest possible time bringing appreciation from all quarters including WREB and other constituents. However, on quality of power supply, WR has the top distinction of achieving a figure of 2194 trippings/line/year as a result of outstanding upkeep of its equipment and protection system. The Western Region achieved a line availability of 94.71%.

Southern Region (SR)

The Southern Region has a total of 5,521 CKMs of transmission system under operation, consisting of 5,457 CKMs of 400 KV and 64 CKMs of 220 KV transmission system distributed over 15 Sub-stations, with a total of 5,999 MVA of transformation capacity.

During the year, we have test charged 260 CKMs of 400 KV double circuit transmission line and one sub-station in this Region. Some of the important ongoing projects in this region include Ramagundam - Hyderabad (400 KV), Kaiga-Sirsi (400 KV) and Jeypore-Gazuwaka (400 KV) transmission system. Presently, around 736 CKMs of 400 KV transmission lines are under construction along with 1 sub-station.

Southern Region achieved a high system availability of 99.76% for the year which is highest on all the regions of POWERGRID. This region has commissioned statellite time synchronization which will ensure synchronization of the event loggers and disturbance records of Bangalore and Salem sub-stations. Further, this region has installed special Energy Meters for measuring frequency dependent energy for the first time in POWERGRID.

North-Eastern Region (NER)

The North-Eastern Region has a total of 1,268 CKMs of transmission system under operation, consisting of 310 CKMs of 400 KV, 214 CKMs of 220 KV and 744 CKMs of 132 KV transmission system distributed over 6 Sub-stations, with a total of 75 MVA of transformation capacity.

During the year, we have commissioned a total of 310 CKMs of transmission lines and two sub-stations in this Region. Some of the important ongoing projects in this region include the transmission system associated with Kathalguri (400 KV & 220 KV), Doyang (220 KV & 132 KV), Ranganadi (132 KV) and Kopili Stage-I (Extn. 220 KV). Presently, around 3,145 CKMs of transmission lines are under construction, consisting of 2,415 CKMs of 400 KV, 345 CKMs of 220 KV and 385 CKMs of 132 KV transmission lines along with 4 sub-stations.

Our North-Eastern Region has achieved the award of “Best Region” for the year 1994-95 based on its overall performance. The Region has achieved an average line availability of 98.09% during the year.

PARTICULARS OF EMPLOYEES

No employee of the Corporation was in receipt of remuneration in excess of the limits prescribed in Section 217(2A) of the Companies Act., 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

As regards the requirement of the disclosure under Section 217(1) (e) of the companies Act, 1956 read with Rule 2 of the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo information is given in Annexure-I to this Report.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

Review of the accounts for the year ended 31st March, 1995 by the Comptroller and Auditor General of India along with Director's comments on the points raised by the CAG u/s 619(4) of the Companies Act, 1956 is given in Annexure-II of the Report.

ENVIRONMENT MANAGEMENT

POWERGRID takes adequate care to avoid forest and ecologically sensitive areas while selecting routes for laying lines. Environment Management Deptt. in POWERGRID, looks into the environmental matters of the projects and pursues the forest proposals while formulating, processing and approval of the same. As a result, POWERGRID got 26 such proposals approved in 1994-95, which is a record in itself.

POWERGRID'S consistent efforts regarding creation of Land Bank for providing alternative land for compensatory afforestation in lieu of forest land diverted, resulted in Government of U.P. formally creating such Land Bank in their state. Efforts are also on to create such banks in other states. For effective results, POWERGRID imparts specific training to its Field Executives. POWERGRID has also plans to take up plantation of some diminishing species at POWERGRID owned substations. This would help in improving the environment and in keeping the ecosystem healthy.

FUTURE PERSPECTIVE

Power Pooling

Alongside the development of the Regional and the National grids, which mainly includes establishment of inter-regional links, HVDC systems, Unified Load Despatch and Communication facilities, a continuous economic exchange of power, based on certain sound commercial principles, has to be established in order to fully utilize the benefits out of the

*integrated operation of National Power Grid. In view of achieving this goal, POWERGRID plans to promote creation of Regional Power Pools in all the power regions of the country, on a voluntary co-operation basis, of public and private utilities, for benefits of pool members. This will enable POWERGRID to step up the process of trading of power and commercialisation of power in the Indian Power Sector. A power pool is a group of utilities who have agreed to co-ordinate operation and planning of their systems for best combined economy and reliability. The concept of power pooling, as applicable in the country, implies that each SEB and distribution company would be responsible for supplying the power in its own area. This could be achieved either by using its generation, or power purchased from other generating companies or utilities, in accordance with the agreements made with these parties. The principles and procedures governing relationships between users of transmission system and the system operator to facilitate trading by providing common rules in states and regions as also to facilitate maintenance, development and planning of an integrated regional network, will be enforced as a condition of framework contract for transmission services by way of a well documented **Grid Code**. In a power system where the generation facilities are owned and operated by a mix of Central agencies, SEBs and Private agencies, POWERGRID will be responsible for operating loose regional power pools as a facilitator/clearing house for the power trading between various entities. POWERGRID will manage operations of the power pools whose members will continue to have basic responsibility for operating their plants and serving their consumers, while coordinating many of their activities for mutual benefits voluntarily and effectively.*

As an operator of power pools, POWERGRID will provide information on available capacity and energy to members for their needs and a price range; a forum for coordinating generation maintenance schedules; monitor tie-line flows for ensuring system

reliability and informing the parties accordingly; deviations from agreed transactions; information for raising bills and settlement, etc. This system will ensure most economic generation of power based on commercial principles.

POWERGRID will play a vital role in settlement system viz. accounting for trading. It will provide information on metered power and energy flows, prices, transmission pricing aspects of contractual agreements and the trading rules. It will compute applicable charges in accordance with the contractual and trading arrangements for each generator to the customers. POWERGRID would not have a commercial interest or assume related risks in the settlement system. It will provide information on invoices and credits to all the participants to facilitate settlement of accounts. POWERGRID will help in reducing the overall cost of supply by helping SEBs trade power in accordance with merit order dispatch, without actually participating in the transactions for its own account. Instead of SEBs and generators including IPPs communicating with each other in seeking to reduce their generation costs, POWERGRID will provide this service through its coordination and control system.

Entry of Independent Power Producers (IPPs)

In view of the recent opening of the Indian Power Sector to Private parties, there has been a considerable development in respect of investment in the generation capacity additions as well as Joint Venture participation in the bulk power transmission in the country. POWERGRID being the national grid operator, having ownership and access to the vast national grid network spread almost all over the country, has a definite role to play, in helping Private power development in the country. Construction, operation and ownership of the power evacuation lines for the Private Generation projects, which may extend beyond state(s)/ region(s), may assume importance for development of national grid. Besides, POWERGRID may also invite private participation in implementing the grid strengthening schemes. Accordingly,

POWERGRID would either arrange for the investment wholly or partially, through formation of JV. In all such cases, POWERGRID proposes to keep effective ownership, management and control of the national network thus developed to ensure smooth, economic and reliable transmission of power.

Since entry of Independent Power Producers (IPPs) is on the anvil in the Indian power system, it has become necessary to provide Third Party Access (TPA) to transmission system, POWERGRID will promote effective access to transmission grid to the private generators for competitive development of bulk power markets. It will provide competitors direct access to customers and will put pressures for more efficient development of power system. Some of the development in respect of large IPPs in the Central sector is discussed in following paragraphs.

CEPA Power Project

A Memorandum of Understanding (MOU) was signed between Consolidated Electric Power Asia (CEPA) and POWERGRID in September '94 for wheeling and facilitating sale of the entire power generated from the proposed two 8x660 MW (i.e. 10,560 MW) coal based power project of CEPA proposed to be located in the Eastern and Western regions, to various beneficiary states in the country. POWERGRID being the central transmission organization, entrusted with the responsibility of constructing the transmission system for these projects. In the Stage-I, 5x660 MW (i.e. 3,300) capacity power stations would be set up at Hirma Village in the state of Orissa. Rajasthan, Punjab and Gujarat State Electricity Boards have confirmed to avail 1200, 800 and 1300 MW of power respectively from the proposed projects of CEPA.

In order to evolve a suitable back-to-back arrangement for the various commercial risks to which POWERGRID would be exposed and to mitigate POWERGRID's risks, a series of discussions have taken place amongst SEBs, CEPA, POWERGRID and MOP. In this respect,

POWERGRID has also retained its consultant Coopers & Lybrand, UK for recommendation and suggestion for the most desired role of POWERGRID in developing IPP power. After a detailed deliberations on the above, it has been agreed that POWERGRID's role will be limited to only wheeling of power, generated from the said projects, to the beneficiary states and to facilitate sale of electrical output to SEBs, thereby substantially isolating the perceived commercial and credit risks out of trading of power by POWERGRID.

Accordingly, it has been agreed that a tripartite agreement would be signed among CEPA, POWERGRID and the beneficiary SEBs. Under the tripartite agreement, the beneficiary SEBs would assume direct liability of payment to CEPA for the electrical output and other payments which falls due under the contract. Supplemented with this, separate agreements will be signed between CEPA and POWERGRID for wheeling of power to the beneficiary States, and between CEPA and the beneficiary SEBs for sale of power from the CEPA Generating Stations with suitable commercial agreements. It was also envisaged that POWERGRID would act as a developer for the CEPA generation projects, especially in assisting and obtaining various licenses, permits, clearances, etc. besides assisting in collection of bills on behalf of CEPA, etc.

During a discussion upon a recent visit of a high delegation team with members from POWERGRID and Ministry of Power, GOI to the World Bank headquarter, the subject of alternative to GOI counter guarantee was raised, wherein the World Bank has shown inclination to provide partial guarantee for the debt portion of the project. However, the partial guarantee is subject to GOI's providing counter guarantee and the beneficiary SEBs going ahead with the reform process in line with the World Bank's guidelines. Further, the World Bank has also agreed in-principle, to extend funding for the transmission lines connected with these projects.

The associated transmission system of the

Stage-I of the project is expected to be consisting of around 5,000 CKMs of 400 KV of transmission lines, crossing states/regional boundaries and connecting Eastern to Western grid systems through an inter-regional 600 KV, 2,500 MW HVDC Bipole link, distributed over 3 dedicated sub-stations.

Extending the National Power Grid to Neighbouring Nations

POWERGRID's long term perspective plan looks forward to dovetailing its grid into the power grids of neighbouring nations. Some of India neighbouring countries have vast hydro-potential, but do not have adequate demand or finance to harness them. POWERGRID plans to tap these sources and import power to India. In this endeavour, POWERGRID is already exchanging power with Bhutan from its Chukha hydro-electric project and has also started a dialogue for interconnection and power sharing arrangements with other neighbouring countries, to take advantages of diversity of resources and load pattern for mutual benefit of each other.

State-Of-The-Art Technologies

In keeping pace with the mission of developing the national grid, POWERGRID is contemplating to induct sophisticated technologies for ensuring reliability of system which includes Unified Load Despatch and Communication facilities at the regional and national level, HVDC back-to-back system for regulated flow of power and avoiding transmission of disturbances from one grid to another; large capacity long distance HVDC bipole, 800 KV EHV transmission system for transferring large blocks of power and to conserve right-of-way, series compensation and static var compensation on existing lines to increase the power transfer capabilities, phase shifting transformers to adjust flow of power in parallel circuits to improve the transient and dynamic performance of the system, flexible A.C. transmission system, upgrading and uprating the existing transmission system, Hotline maintenance, etc.

EVOLVING ROLE OF POWERGRID

In its brief but solid appearance in the Indian Power Sector, POWERGRID has opened up new vistas ushering in "Change" in every facets of Electric Power Utility Services in the country. POWERGRID is evolving as a "facilitator-cum-Change Agent" to oversee the manifestation of change in redefining and restructuring the Indian Power Sector. The future perspective of POWERGRID thus entails multiple role of POWERGRID, with various business areas, such as, Provider of Transmission Services, System Operator Energy Accounting and System Administrator and Facilitator in Energy Trading. Further, POWERGRID also plans to diversify in the areas of Distribution, Telecommunication etc., through Joint Ventures besides providing its expertise as Consultancy Services in all aspects of Transmission and Distribution of power.

BOARD OF DIRECTORS

During the year, POWERGRID Board has undergone a few changes. Shri T.V. Subramanian, Director (Finance), POWERGRID ceased to be a member of POWERGRID Board w.e.f. 8.2.1995. Shri Subramanian was one of the pioneer Directors of the Corporation and during his long association he lended unparalleled support in establishing the POWRGRID to its present status. Shri T. Sethumadhavan, Joint Secretary & Financial Advisor, Ministry of Power ceased to be a part-time Director w.e.f. 30.9.1994. Shri A.H. Jung, Joint Secretary (Systems), Ministry of Power also ceased to be a part-time Director w.e.f. 3.10.1994. Shri A.K. Upadhyay, Joint Secretary (Systems), Ministry of Power joined the POWERGRID Board of Directors with effect from 4.10.1994 and ceased to be the Director w.e.f. 19.12.1994. Shri S.R. Shivrain, Joint Secretary & Financial Advisor, Ministry of Power joined the POWERGRID Board of Directors w.e.f. 11.1.1995 and Ms. G. Ramachandran, Joint Secretary (Systems), Ministry of Power has also joined the POWERGRID Board w.e.f. 27.6.1995.

The Board of Directors place on record its deep appreciation for the valuable guidance received from S/Shri T.V. Subramanian, T. Sethumadhavan, A.H. Jung and A.K. Upadhyay during the tenure on the Board.

ACKNOWLEDGEMENTS

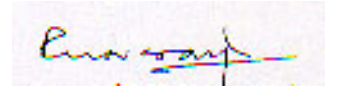
The Directors place on record their grateful thanks for the guidance and cooperation extended all through by Ministry of Power, Central Electricity authority, Ministry of Home Affairs, Deptt. of Economic Affairs, Ministry of Finance and other concerned Govt. departments/agencies at the Central and State level without whose active support the achievements by the corporation during the year under review would not have been possible.

The Directors further wish to place on record their sincere thanks to the Principal Director of Commercial Audit and Ex-Officio Member Audit

Board-III for the cooperation during the year. Your Director also gratefully acknowledge the valuable suggestions and guidance received from the statutory auditors M/s. Batra Sapra & Co., M/s. Laxmi Niwas & Jain, and M/s Sri Associates during the course of audit of accounts of the company for the year under review.

Your Directors take this opportunity to express their thanks to the various national/international financial institutions/banks for the continued trust and confidence reposed by them by rendering the continuous timely assistance and patronage for successful implementation of the various projects by the Company.

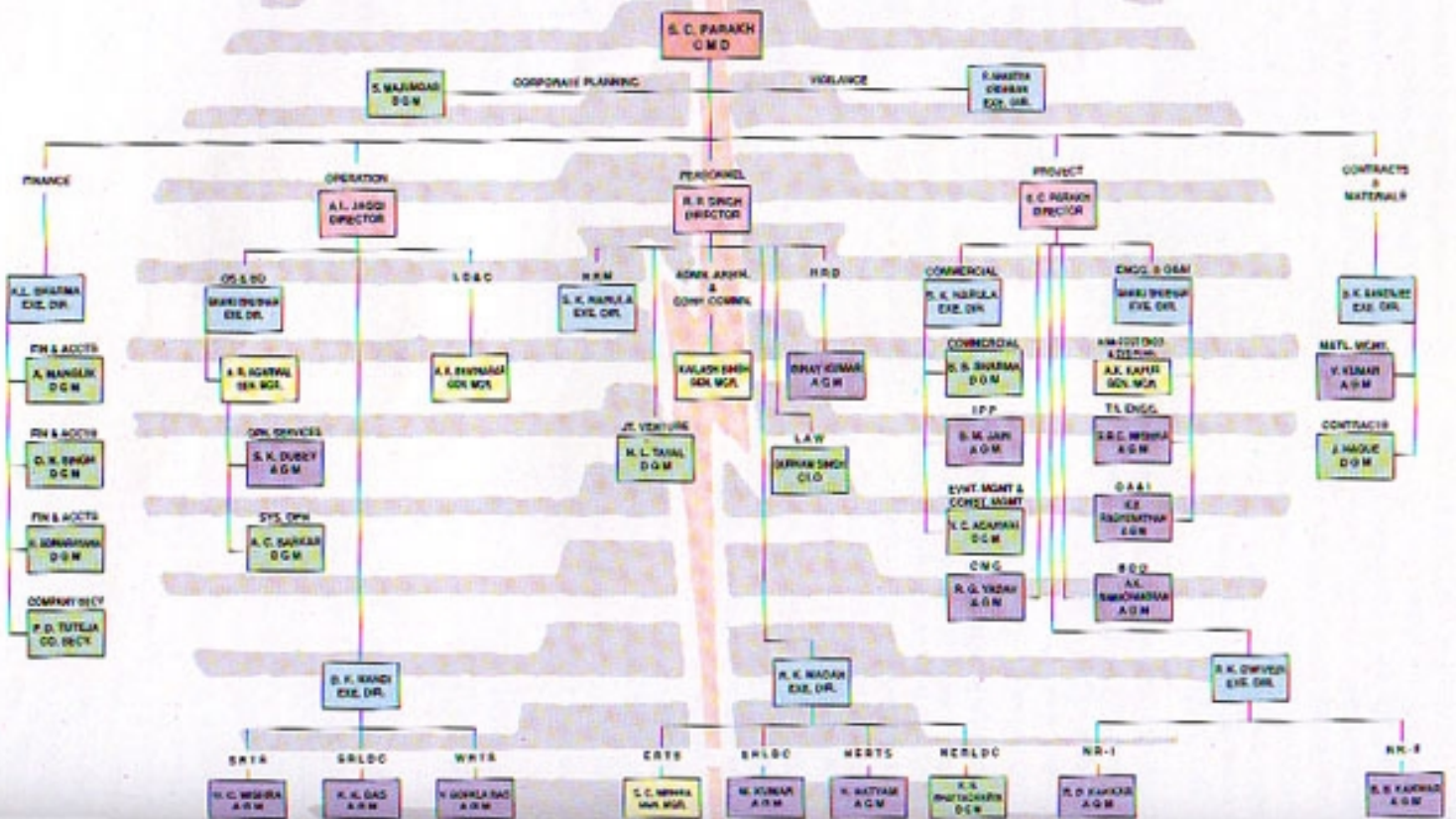
Last but not the least, the Board of Directors place on record the valuable contribution and appreciation for the support and the cooperation extended by each member of the POWERGRID family in the affairs of the company.



(R. K. Narayan)
Chairman and Managing Director

Place : New Delhi
Dated : 31st July, 1995

POWERGRID ORGANISATION CHART



REVENUE EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR ENDED 31ST MARCH 1995

(Rupees in Thousands)

Sl. No.	Particulars	Township	Education & School facilities	Medical facilities	Subsidised Transport	Social & Cultural Activities	Subsidised Canteen	Total	Land Scaping & waste land devp	Previous Year
1	Payment of Employees		553	17208	1753		4051	23565		24139
2	Material Consumed	527						527		564
3	Rates & Taxes	408						408		62
4	Welfare Expenses	895	1616	8127	2005	14608	646	27897		14267
5	Others Including Repair & Maintenance	7299						7299		6891
6	Depreciation	17328						17328		12106
7	Sub Total (1 to 6)	26457	2169	25335	3758	14608	4697	77024		58029
8	Less : Recoveries	1034						1034		896
9	Net Expenditure (7-8)	25423	2169	25335	3758	14608	4697	75990		57133
10	Previous	17506	916	24056	4009	5490	5156	57133	28	

अविनाशि तु तद्विद्धि
येन सर्वमिदं ततम्।

“Know that.

That that pervades all

For ever and for ever is.”

POTENTIAL

There is no end to the possibilities in Man.

They only await his realisation.

ACCOUNTING POLICIES

1.0 Methods of Depreciation

11. a) *Depreciation is charged on straight line method as per rates prescribed under the Electricity (Supply) Act, 1948. In respect of assets, where rates has been laid down under the aforesaid Act, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act., 1961.*
- b) *Depreciation on fixed assets is being provided from the year following that in which the assets become available for use.*
- c) *Depreciation is provided retrospectively for the effect of foreign exchange fluctuations relating to the fixed assets.*

1.2 *In the case of operating transmission system assets of National Thermal Power Corporation Ltd. (NTPC), National Hydro-electric Power Corporation Ltd. (NHPC), North-Eastern Power Corporation Ltd. (NEEPCO) and Neyveli Lignite Corporation Ltd. (NLC) transferred w.e.f. 1.4.92, Jammu & Kashmir lines w.e.f. 1.4.93 and Tehri Hydro Development Corporation Ltd. (THDC) w.e.f. 1.8.93, depreciation has been charged based on gross block as indicated in transferors books with necessary adjustments so that the life of the assets as laid down under Electricity (Supply) Act, 1948 is maintained.*

1.3 *Plant and machinery, loose tools and items of scientific appliances included under different heads of assets, costing either Rs. 5000/- or less or with written down value of Rs. 5,000/- or less as at the beginning of the year are charged off to revenue.*

2.0 Treatment of Expenditure during Construction

2.1 *In respect of supply-cum-erection contracts, the value of Supplies received at site is taken as Capital Work-in-Progress.*

2.2 *Incidental expenditure during construction (net) including Corporate Office expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year is apportioned to capital work-in-progress on the basis of accretions thereto. Interest during construction is apportioned on the closing balance of Capital work-in-progress.*

2.3 *Capital expenditure not represented by assets is allocated to other capital assets, which are directly benefited from such expenditure. Where such identification is not possible the expenditure is accounted for, under incidental expenditure construction in the year in which the work is completed.*

2.4 *Deposit work/cost plus contracts are accounted for on the basis of statement of account received from the contractors.*

2.5 *Claims for price variation in case of contracts are accounted for on acceptance.*

2.6 *Expenses for the year common to operation and construction activities are allocated to Profit & Loss Account and incidental expenditure during construction in proportion to transmission charges to annual capital outlay in the case of Corporate Office and transmission charges to accretions to capital work-in-*

progress in the case of projects. In respect of assets commissioned, the interest on loans for capital works, chargeable to profit and loss account is ascertained on the basis of approved debt equity ratio for the project irrespective of actual availment of the loan and equity.

3.0 Renovation and Modernisation

3.1 Expenditure having the effect of extending the useful life of an asset or increasing output or capacity or efficiency of an asset or decreasing operating cost of an asset or alteration or replacement or renovation of building or plant and asset rebuild by replacement of its components over a period of time shall be capitalised. Major replacement/sub-stitution of one fixed asset by another, particularly of an old asset by a new asset or an old part by a new part with an expenditure limit of Rs. 10 lacs and above for each transmission line (i.e. between two sub-stations, switching stations or Company's Bays situated in State Electricity Boards' sub-station) and each substation, during a financial year shall be capitalised. However, the cost of replaced/substituted asset alongwith accumulated depreciation shall be withdrawn when the expenditure on the new replacing assets is capitalised. In the light of this policy, framed in line with Electricity (Supply) Annual Accounts Rules 1985, the following items will accordingly be capitalised for value exceeding Rs. 10 lacs :

- a. Towers, Conductors & Earth wires, Insulators, Accessories & Hardwares and foundations etc.*
- b. Transformers, Shunt Reactors, Circuit Breakers, Isolators, Current Transformers (CTS), Current Voltage Transformers (CVTs) Lightning Arrestor, structures, Bus Post Insulators, Busbars, main and auxiliary structures, cables and cable trenches, protection, control, Power Line Career Communication (PLCC) equipments, other switch yard equipments, High Voltage Director Current (HVDC) equipments and associated buildings etc.*

4.0 Conversion or Translation of Foreign Currency Items

4.1 Foreign Currency loans/deposits are translated with reference to the rates of exchange ruling at the year end. Cumulative difference is transferred to capital work-in-progress/fixed assets.

5.0 Valuation of Inventories

5.1 Valuation of inventories is effected on monthly weighted average method based on actual costs.

5.2 Value of scrap other than steel and conductor scrap is adjusted in the accounts as and when sold.

6.0 Treatment of Retirement Benefits

6.1 Gratuity is provided on actuarial valuation basis.

7.0 Recognition of Income from Consultancy / Contracts

7.1 Income from Consultancy / Contract Services is being accounted for on the basis of actual progress / technical assessment of work executed.

8.0 Valuation of Fixed Assets

8.1 In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalisation is made on provisional basis subject to necessary adjustment in the final settlement.

- 8.2 *Assets and Systems common to more than one Transmission System are capitalised on the basis of engineering estimates/assessments.*
- 8.3 *Net pre-commissioning expenditure is adjusted directly into the cost of related assets and systems.*
- 8.4 *The cost of land includes provisional deposits, payment/liabilities towards compensation, rehabilitation and other expenses, excluding the deposits/expenditure incurred wherever possession of land not taken.*
- 9.0 **Capital Reserved**
- 9.1 *Grants-in-aid received from Central Government or other authorities towards capital expenditure for Projects and betterment of Transmission Systems as well as consumers' contribution to capital works are treated as capital reserve.*
- 10.0 **Self Insurance**
- 10.1 *An appropriation on estimated basis is made in the accounts in respect of future losses which may arise from uninsured risks of machinery breakdown for Shunt Reactors and Fire risk for the equipments in operating sub-stations including buildings and cable galleries, etc except operating High Voltage Direct Current (HVDC) sub-station equipments and credited to Insurance Reserve Accounts.*
- 11.0 **Mandatory Spares**
- 11.1 *Mandatory spares procured alongwith the equipments are being capitalised and depreciation is charged at the rates applicable for the relevant equipments.*
- 12.0 **Miscellaneous**
- 12.1 *Expenses on Training and Recruitment, Research and Development are charged to revenue.*
- 12.2 *Pre-paid expenses, prior-period expenses and income of items of Rs. 5,000/- and below are accounted to natural heads of accounts.*
- 12.3 *Interest/surcharge recoverable from debtors and on advances to suppliers as well as warranty claims/liquidated damages are accounted for on receipt/acceptance.*
- 12.4 *Bonds issue expenses front-end fees are being written off over maturity period of bonds/Loans.*

श्राहमुदवश्राह भविष्यताम्
जयोऽस्मि व्यवसायोऽस्मि।

“I am the source of all yet to be

I am the effort & the success.”

EXCELLENCE

Success lies in excellence.

It is the goal towards which all our

efforts are directed.

BALANCE SHEET

AS AT 31ST MARCH 1995

(Rs. in Thousands)			
	SCHEDULE NO		
		AS AT 31ST MARCH, 1995	AS AT 31AT MARCH, 1994
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	2972,24,07	2889,12,61
Reserves and Surplus	2	<u>881,83,33</u>	497,92,77
		3854,07,40	3387,05,38
Loan Funds	3		
Secured loans		736,26,25	304,28,12
Unsecured loans		<u>2382,60,64</u>	2368,78,51
		<u>3118,86,89</u>	2673,06,63
		<u>6972,94,29</u>	<u>6060,12,01</u>
APPLICATION OF FUNDS			
Fixed Capital Expenditure			
Fixed Assets	4		
Gross Block		5066,54,53	4228,65,02
Less: Depreciation		<u>630,02,08</u>	321,47,51
Net Block		4436,52,45	3907,17,51
capital Work-in-Progress	5	1316,42,72	1307,14,36
Construction stores and advances	6	<u>662,63,41</u>	394,46,08
		6415,58,58	5608,77,95
Investment	7	25	20
Current Assets, Loans and advances	8		
Inventories		71,74,84	60,93,74
Sundry debtors		298,24,29	119,05,88
Cash and Bank balances		173,97,75	337,37,84
Other current assets		11,04,22	6,97,17
Loans and Advances		<u>409,60,86</u>	389,01,38
		964,61,96	913,36,01
Less: Current Liabilities and Provisions	9		
Liabilities		409,04,93	463,54,69
Provisions		<u>5,34,35</u>	6,75,56
		<u>414,39,28</u>	470,30,25
Net current assets		550,22,68	443,05,76
Miscellaneous expenditure (to the extent not written off or adjusted)	10		
		<u>7,12,78</u>	8,28,10
		<u>6972,94,29</u>	<u>6060,12,01</u>
Contingent liabilities	11	252,60,24	188,65,96
Notes on accounts	18		
Schedules 1 to 18 and Accounting Policies form integral part of Accounts			
P. D. TUTEJA Secretary	K. L. SHARMA E. D. (Finance)	S. C. PARAKH Director (Projects)	R. K. NARAYAN Chairman & Managing Director
For BATRA SAPRA & CO Chartered Accountants	As per our report of even date FOR LAXMINIWAS & JAIN Chartered Accountants	For SRI ASSOCIATES Chartered Accountants	
A. L. Batra Partner	Laxminiwas Sharma Partner	I. Pasha Partner	
Place : New Delhi			
Date : 30th June, 1995			

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st March 1995

				<i>(Rs. in Thousands)</i>		
		SCHEDULE NO			FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
INCOME						
Transmission charges					716,86,24	558,54,34
Sale of Electric Power					79,47,08	86,13,75
Consultancy, Project Management and Supervision Fees					3,04,31	46,23
Other Income		12			<u>10,55,02</u>	<u>3,62,38</u>
					<u>809,92,65</u>	<u>648,76,70</u>
EXPENDITURE						
Purchase of Electric Power					50,36,69	54,74,26
Transmission and Administration Expenses		13	125,79,93			100,70,09
Depreciation			290,95,28			167,83,99
Prior Period adjustment (Net)		17	<u>5,93,97</u>			38,95,62
				422,69,18		307,49,70
Less : Incidental expenditure during construction-transferred to Capital Work-in-progress		16A		<u>38,33,27</u>		54,05,77
					384,35,91	253,43,93
Provision		14			83,61	1,72,91
Loss on Fixed Assets discarded					<u>48,59</u>	<u>47,99</u>
					436,04,80	310,39,09
Profit (before interest & finance charges)					373,87,85	338,37,61
Interest and finance charges		15		271,70,71		248,80,66
Less : Interest & finance charges transferred to capital Work-in-progress		16B		<u>105,42,47</u>		98,30,72
					166,28,24	150,49,94
Profit for the year before tax					207,59,61	187,87,67
Provision for taxation					-	-
Profit after tax					207,59,61	187,87,67
Balance profit from last year's account					4,66,68	21,79,01
Proposed Dividend					5,00,00	5,00,00
Transfer to Bonds Redemption Reserve			38,00,00			
Transfer to Self Insurance Reserves			2,00,00			
Transfer to General Reserve			<u>160,00,00</u>			200,00,00
					200,00,00	200,00,00
Balance of profit carried over to Balance Sheet					<u>7,26,29</u>	<u>4,66,68</u>

P. D. TUTEJA
Secretary

K. L. SHARMA
E. D. (Finance)

S. C. PARAKH
Director (Projects)

R. K. NARAYAN
Chairman & Managing Director

For BATRA SAPRA & CO
Chartered Accountants

As per our report of even date
FOR LAXMINIWAS & JAIN
Chartered Accountants

For SRI ASSOCIATES
Chartered Accountants

A. L. Batra
Partner

Laxminiwas Sharma
Partner

I. Pasha
Partner

Place : New Delhi

Date : 30th June, 1995

LOAN FUNDS SCHEDULE-3 (Contd.)		(Rs. in Thousands)	
		AS AT 31ST MARCH, 1995	AT AT 31ST MARCH, 1994
BONDS II SERIES			
a.	15% Taxable 5 years redeemable non-convertible Bonds of Rs. 1000/- each redeemable at par on 11th February, 1999	236,00,00	
b.	10.5% Tax-free 5 years redeemable non-convertible Bonds of Rs. 1000/- each redeemable at par on 11th February, 1999	14,00,00	
	(Both secured by equitable mortgage of Ramagundam & Nagarjuna Sagar-Gooty Transmission Lines)	<hr/>	250,00,00
Loan from Line Insurance Corporation			
a.	Secured by equitable mortgage of Kathaluri Transmission system	16,38,67	18,14,33
b.	Secured by equitable mortgage of CTP Lines	<hr/>	19,90,00
		16,38,67	38,04,33
Loan from Unit Trust of India (Secured by equitable mortgage of Kahalgaon Transmission system)			
		150,00,00	-
Loan from Unit Trust of India (Secured by equitable mortgage of Kahalgaon Transmission System)			
Loan from Indian Overseas Bank (Secured by Hypothecation of Immovable assets of Chandrapur HVDC Transmission System)			
		18,00,00	-
Loan from International bank for Reconstruction and Development (Secured by equitable mortgage of Rihand & Vindhyaal Transmission system)			
		135,96,16	88,09,45
PENDING FINALISATION OF TRIPARTITE AGREEMENT/ BACK TO BACK AGREEMENT, AMOUNT PAYABLE TO GOVERNMENT OF INDIA ON ACCOUNT OF			
NHPC PURCHASE CONSIDERATION			
a.	13% B series 7 years Bonds of Rs. 1000/- each redeemable at par on 11th Dec, 1994		12,18,85
b.	9% B series 10 years Bonds of Rs. 1000/- each redeemable at par on 11th Dec, 1997 (secured by equitable mortgage of Chukha Transmission lines)	19,13,24	19,13,24
		<hr/>	31,32,09
NLC PURCHASE CONSIDERATION			
a.	13% E Series 7 years Bonds of Rs. 1000/- each redeemable at part in December, 1996	35,49,00	35,49,00
b.	9% E series 10 Years Bonds of Rs. 1000/- each redeemable at par in December, 1999/- March, 2000	35,49,00	35,49,00
	Both secured by equitable mortgage of Neyveli-Salem-Madras Line.	<hr/>	70,98,00
Total Secured Loan		<hr/>	304,28,12
		736,26,25	

LOAN FUNDS SCHEDULE-3 (Contd.)		<i>(Rs. in Thousands)</i>	
	AS AT 31ST MARCH, 1995	AT AT 31ST MARCH, 1994	
UNSECURED LOANS			
BONDS II SERIES			
a. 15% Taxable 5 years Redeemable non-convertible Bonds of Rs. 1000/- each Redeemable at par on 11th February, 1999	-	236,00,00	
b. 10.5% Tax-free 5 years redeemable non-convertible Bonds of Rs. 1000/- each Redeemable at par on 11th February, 1999	-	14,00,00	
(Both to be secured by equitable mortgage of Ramagundam & Nagarjuna Sagar Transmission Lines)		250,00,00	
BONDS III SERIES			
a. 13.5% Taxable 7 years Redeemable non-convertible Bonds of Rs. 1000/- each Redeemable at par on 28th February, 2002	16,00,00	-	
b. 9.75% Tax-free 7 years Redeemable non-convertible Bonds of Rs. 1000/- each redeemable at par on 28th October, 2001	100,00,00	-	
(Both to be secured by equitable mortgage of Auriya & Moga-Bhivani Transmission Lines)	<u> </u>	116,00,00	-
Loan from Government of India		577,03,74	354,05,44
Loan from Unit Trust of India		-	150,00,00
Loans Guaranteed by Govt. of India			
a. West Merchant Bank U.K., & State Bank of India, London	3,78,57		66,49
b. Credit National, France	48,22,19		24,32,92
c. Banque Indosuez	25,13,21		-
d. Skandinorviska Enskilda Banken I, Sweden	50,64,03		-
e. Skandinorviska Enskilda Banken II, Sweden	<u>279,76,19</u>		-
		407,54,19	24,99,41

LOAN FUNDS SCHEDULE-3 (Contd.)		(Rs. in Thousands)	
		AS AT 31ST MARCH, 1995	AT AT 31ST MARCH, 1994
PENDING FINALISATION OF TRIPARTE AGREEMENT BACK TO BACK AGREEMENT AMOUNT PAYABLE TO GOVERNMENT OF INDIA ON ACCOUNT OF			
A. NTPC PURCHASE CONSIDERATION			
1. Loans from			
a. Industrial Bank of Japan and Nippon Life Insurance	45,55,39		39,48,60
b. Syndicated Loan from Industrial Bank of Japan & other Japanese Banks/Financial Institutions	296,23,52		263,49,26
c. Exim Bank, Japan	312,76,27		292,81,08
d. Skandinorviska Enskilda Banken I, Sweden	-		64,90,37
e. Skandinorviska Enskilda Banken II, Sweden	-		250,24,17
f. Unit Trust of India	5,06,82		7,09,54
2. Bonds	<u>292,65,00</u>		312,98,00
		952,27,00	1231,01,02
B. NHPC PURCHASE CONSIDERATION			
1. Export Development Corporation, Canada	40,82,16		45,77,95
2. Bonds	<u>135,82,57</u>		135,98,11
		176,64,73	181,76,06
C. NLC PURCHASE CONSIDERATION			
Bonds		89,02,00	89,02,00
UNSECURED LOANS FROM OTHERS			
a. Nuclear Power Corporation	15,00,00		15,00,00
b. Neyveli Lignite Corporation	<u>49,08,98</u>		56,44,86
		64,08,98	71,44,86
Commercial Paper (Maximum Amount Raised at any time during the year Nil, Previous year Rs. 6525.44 Lakhs)		-	16,49,72
Total Unsecured Loans		<u>2382,60,64</u>	2368,78,51
GRAND TOTAL (SECURED + UNSECURED)		<u>3118,86,89</u>	<u>2673,06,63</u>

FIXED ASSETS (TRANSMISSION LINES) SCHEDULE-4A								(Rs. in Thousands)
GROSS BLOCK				NET BLOCK				
	AS AT 31.03.94	ADDITIONS	SALES/ADJ	AS AT 31.03.95	DEPRECIATION UPTO 31.03.95	AS AT 31.03.95	AS AT 31.03.94	
LAND (Including Development)								
a. Freehold	1,32,12	26	-	132,38	-	1,32,38	132,12	
b. Leasehold	40,14	37,72	-	77,86	2,04	75,82	40,10	
Roads, bridges, culverts & helipads	1,40	2,72	1,40	2,72	-	2,72	1,34	
BUILDING								
Others	1,54	4,34	1	5,87	1,09	4,78	1,10	
Temporary erection	86	-	-	86	77	9	35	
Water Supply, drainage & sewerage	-	1,15	-	1,15	-	1,15	-	
Plant & Machinery	2483,83,27	501,77,21	-65,60,70	3051,21,18	311,34,34	2739,86,84	2322,61,07	
Construction and Workshop equipment	24,25	4	2,39	21,90	4,87	17,03	21,29	
Electrical Installation	32,19	-	-	32,19	12,70	19,49	23,80	
Vehicles	16,88	-	-2,18	19,06	15,32	3,74	6,71	
Furniture, Fixtures and Other equipment	3,25	5,44	-10	8,79	59	8,20	3,18	
EDP & WP Machines	-	18,69	-	18,69	-	18,69	-	
Total (A)	2486,35,90	502,47,57	-65,59,18	3054,42,65	311,71,72	2742,70,93	2324,91,06	
FIXED ASSETS (SUBSTATIONS) SCHEDULE - 4B								
GROSS BLOCK				NET BLOCK				
	AS AT 31.03.94	ADDITIONS	SALES/ADJ	AS AT 31.03.95	DEPRECIATION UPTO 31.03.95	AS AT 31.03.95	AS AT 31.03.94	
LAND (Including Development)								
a. Freehold	24,54,68	147,26	-10,52	26,12,46	-	26,12,46	24,54,68	
b. Leasehold	5,46,47	49,76	42,79	5,53,44	24,81	5,28,63	5,24,72	
c. Unclassified	2,22,67	11,06	-12,71	2,46,44	-	2,46,44	2,22,67	
Roads, bridges, culverts & helipads	13,47,63	2,00,82	-98,34	16,46,79	92,40	15,54,39	13,03,65	
BUILDING								
a. Main Plant	24,39,67	4,16,91	-30,11	28,86,69	3,04,96	25,81,73	22,95,02	
b. Others	23,04,07	5,45,66	-1,38,04	29,87,77	3,11,88	26,75,89	21,33,65	
Temporary erection	90,92	40,03	-4,67	1,35,62	59,51	76,11	60,73	
Water Supply, drainage & sewerage	3,01,17	57,23	-10,89	3,69,29	41,65	3,27,64	2,80,22	
Plant & Machinery	15,45,77,39	122,26,39	-9971,01	1767,74,79	295,44,94	1472,29,85	1397,44,21	
Construction and Workshop equipment	4,50,53	27,98	-4,35	4,82,86	96,05	3,86,81	3,98,43	
Electrical Installation	3,63,80	42,14	-31,12	4,37,06	1,00,21	3,36,85	3,13,40	
Vehicles	1,54,19	65	6,45	1,48,39	1,10,00	38,39	56,92	
Speed Boats	2,47	-	-	2,47	36	2,11	2,29	
Furniture, Fixtures and Other equipment	4,61,81	1,11,09	32,77	5,40,13	1,07,78	4,32,35	4,07,68	
EDP & WP Machines	68,26	14,51	-34,31	1,17,08	23,71	93,37	60,59	
Laboratory and Workshop equipment	1,75,52	12,00	-60,74	2,48,26	75,88	1,72,38	1,39,02	
Total (B)	1659,61,25	139,03,49	-103,24,80	1901,89,54	308,94,14	1592,95,40	1503,98,09	

FIXED ASSETS (RESEARCH & DEVELOPMENT)							
SCHEDULE-4C							
<i>(Rs. in Thousands)</i>							
GROSS BLOCK				NET BLOCK			
	AS AT 31.03.94	ADDITIONS	SALES/ADJ	AS AT 31.03.95	DEPRECIATION UPTO 31.03.95	AS AT 31.03.95	AS AT 31.03.94
BUILDING							
Others	66,98	-	-3,82	70,80	3,52	67,28	65,67
Total (C)	66,98	-	-3,82	70,80	3,52	67,28	65,67
FIXED ASSETS (OFFICE COMPLEX)							
SCHEDULE - 4D							
<i>(Rs. in Thousands)</i>							
GROSS BLOCK				NET BLOCK			
	AS AT 31.03.94	ADDITIONS	SALES/ADJ	AS AT 31.03.95	DEPRECIATION UPTO 31.03.95	AS AT 31.03.95	AS AT 31.03.94
LAND							
(Including Development)							
Leasehold	29,37	6,18,49	4,37	6,43,49	3,68	6,39,81	26,98
BUILDING							
Others	4,27,73	92,92	28	5,20,37	30,64	4,89,73	4,10,69
Temporary erection	1,10,93	25,06	84	1,35,15	51,75	83,40	96,02
Electrical Installation	31,69	85	1,99	30,55	2,79	27,76	30,60
Vehicles	45,50	5,27	47	50,30	32,21	18,09	25,59
Furniture, Fixtures and							
Other equipment	7,39,35	1,84,81	19,20	9,04,96	1,79,10	7,25,86	6,53,51
EDP & WP Machines	3,82,70	61,75	3,38	4,41,07	87,20	3,53,87	3,46,98
Total (D)	17,67,27	9,89,15	30,53	27,25,89	3,87,37	23,38,52	15,90,37
FIXED ASSETS (TOWNSHIP ASSETS)							
SCHEDULE-4E							
<i>(Rs. in Thousands)</i>							
GROSS BLOCK				NET BLOCK			
	AS AT 31.03.94	ADDITIONS	SALES/ADJ	AS AT 31.03.95	DEPRECIATION UPTO 31.03.95	AS AT 31.03.95	AS AT 31.03.94
LAND							
(Including Development)							
a. Freehold	43,20	94,62	-63	1,38,45	-	1,38,45	43,20
b. Leasehold	85,26	-	6,52	78,74	5,86	72,88	81,02
Roads, bridges,							
culverts & helipads	485,43	85,78	-70,09	6,41,30	34,79	6,06,51	4,69,41
BUILDINGS							
Others	46,38,95	10,50,00	-16,13	56,72,82	3,37,33	53,35,49	44,79,41
Temporary erection	28,05	15,17	-	43,22	16,89	26,33	20,09
Water Supply,							
drainage & sewerage	7,63,78	2,18,97	-47,94	10,30,69	65,78	9,64,91	7,35,24
Electrical Installation	2,86,56	1,80,74	-1,11	4,66,19	59,50	4,06,69	2,57,06
Vehicles	10,00	-	-	10,00	7,92	2,08	3,19
Furniture, fixtures and							
Other equipment	89,75	46,75	-464	1,41,14	16,75	1,24,39	81,33
Hospital Equipment	12	16	-30	58	11	47	10
School Equipment	2,52	-	-	2,52	40	2,12	2,27
Total (E)	64,33,62	16,92,19	-99,84	82,25,65	5,45,33	76,80,32	61,72,32

FIXED ASSETS (SUMMARY)
SCHEDULE-4
(Rs. in Thousands)

	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	AS AT 31.03.94	ADDITIONS	SALES/ADJ	AS AT 31.03.95	UPTO 31.03.95	AS AT 31.03.95	AS AT 31.03.94
LAND (Including Development)							
a. Freehold	26,30,00	2,42,14	-11,15	28,83,29	-	28,83,29	26,30,00
b. Leasehold	7,01,24	7,05,97	53,68	13,53,53	36,39	13,17,14	6,72,82
c. Unclassified	2,22,67	11,06	-12,71	2,46,44	-	2,46,44	2,22,67
Roads, bridges, culverts & helipads	18,34,46	2,89,32	-167,03	22,90,81	1,27,19	21,63,62	17,74,40
BUILDINGS							
a. Main Plant	24,39,67	4,16,91	-30,11	28,86,69	3,04,96	25,81,73	22,95,02
b. Others	74,39,27	16,92,92	-125,44	92,57,63	6,84,46	85,73,17	70,90,73
Temporary erection	2,30,76	80,26	-3,83	3,14,85	1,28,92	1,85,93	1,77,19
Water Supply, Drainage & sewerage	10,64,95	2,77,35	-58,83	14,01,13	1,07,43	12,93,70	10,15,46
Plant and Machinery	4029,60,66	624,03,60	-165,31,71	4818,95,97	606,79,28	4212,16,69	3720,05,28
Construction and workshop equipment	4,74,78	28,02	-1,96	5,04,76	1,00,92	4,03,84	4,19,72
Electrical Installation	7,14,24	2,23,73	-28,02	9,65,99	1,75,20	7,90,79	6,24,86
Vehicles	2,26,57	5,92	4,74	2,27,75	1,65,45	62,30	92,41
Speed Boats	2,47	-	-	2,47	36	2,11	2,29
Furniture, Fixtures Other equipment	12,94,16	3,48,09	47,23	15,95,02	3,04,22	12,90,80	11,45,70
EDP & WP Machines	4,50,96	94,95	-30,93	5,76,84	1,10,91	4,65,93	4,07,57
Laboratory and workshop equipment	1,75,52	12,00	-60,74	2,48,26	75,88	1,72,38	1,39,02
Hospital Equipment	12	16	-30	58	11	47	10
School Equipment	2,52	-	-	2,52	40	2,12	2,27
GRAND TOTAL	4228,65,02	668,32,40	169,57,11	5066,54,53	630,02,08	4436,52,45	3907,17,51
Previous year	3520,55,61	583,64,50	-124,44,91	4228,65,02	321,47,51	3907,17,51	

CAPITAL WORK IN PROGRESS (TRANSMISSION LINES)
SCHEDULE-5A

(Rs. in Thousands)

	BALANCE AS AT 31ST MARCH, 1994	ADDITIONS BY TRANSFER OF ASSETS	ADDITIONS DURING THE YEAR	ADJUSTMENTS	CAPITALISED DURING THE YEAR	BALANCE AS AT 31ST MARCH, 1995
Development of land	-	-	2,72	-	2,72	-
Buildings ((others)	4,34	-	-	-	4,34	-
PLANT & MACHINERY (including associated civil works)	-	-	-	-	-	-
a. On own account & on supply-cum-erection contract	809,70,15	-	428,68,96	69,74,63	361,31,89	807,32,59
b. others	133,42,90	-	77,34,56	-33,88,37	145,61,08	99,04,75
Electrical installations	1,22,65	-	-	1,22,65	-	-
Survey, Investigation, Consul- tancy & Supervision Charges	14,36,97	-	1,74,81	7,32,16	9,61	8,70,01
Survey & Soil Investigation	1,88,84	-	6,51	15,70	-	1,79,65
Difference in Exchange on foreign Loans						
a. Skandinorviska Enskilda Banken I	-	-	31,71,12	-	31,71,12	-
b. Industrial Bank of Japan and Nippon Life Insurance	-	-	6,06,79	-	6,06,79	-
c. Syndicated Loan from Industrial Bank of Japan and other Japanese Banks / Financial Institutions	-	-	3,40,85	-	3,40,85	-
d. Export Development Corporation, Canada	35,81	-	9,08	44,89	-	-
e. International Bank for Reconstruction and Development	4,17,11	-	12,76,88	3,92,11	-	13,01,88
Total (A)	965,18,77	-	561,92,28	48,93,77	548,28,40	929,88,88

CAPITAL WORK IN PROGRESS (SUB STATIONS)
SCHEDULE-5B

(Rs. in Thousands)

	BALANCE AS AT 31ST MARCH, 1994	ADDITIONS BY TRANSFER OF ASSETS	ADDITIONS DURING THE YEAR	ADJUSTMENTS	CAPITALISED DURING THE YEAR	BALANCE AS AT 31ST MARCH, 1995
Development of land	6,02,02	-	1,13,94	117,34	1,75,61	4,23,01
Roads, bridges, & culverts & helipads	3,02,92	-	2,43,22	64,74	2,12,70	2,68,70
Buildings ((others)	13,92,24	-	6,08,40	49,01	9,07,82	10,43,81
Temporary erection	25,78	-	29,62	-2,08	41,94	15,54
Water supply, drainage and sewerage	40,76	-	85,54	23,47	48,44	54,39
PLANT & MACHINERY (including associated civil works)						
a. On own accounts & on supply-cum-erection contract	97,64,68	-	137,52,83	-18,17,83	19,14,99	2,34,20,35
b. Others	125,99,07	-	49,25,37	35,34,52	95,49,86	44,40,06
Electrical installations	95,02	-	1,13,49	-1,79,96	66,70	3,21,77
Furniture fixtures & other office equip.	-	-	13,00	-	-	13,00
Survey, Investigation, Consultancy & Supervision Charges	2,11,08	-	1,02,47	-6,21,54	-	9,35,09
Survey & Soil Investigation	4,95,18	-	1,62,86	8,03	80	6,49,21
Difference in Exchange on foreign Loans						
a. Skandinorviska Enskilda Banken I	-	-	5,12	-	5,12	-
b. Skandinorviska Enskilda Banken II	-	-	15,49,99	-	15,49,99	-
c. Industrial Bank of Japan and Nippon Life Insurance	-	-	5,97,94	-	5,97,94	-
d. Syndicated Loan from Industrial Bank of Japan & other Japanese Bank / Financial Institutions	59,90	-	33,64,26	24,34,85	9,58,59	30,72
e. EXIM bank	19,47,55	-	43,47,68	12,82,70	46,25,00	3,87,53
f. Export Development Corporation, Canada	10,55	-	-	10,55	-	-
g. International Bank for Reconstruction and Development	-	-	37,75	35,49	-	2,26
h. West Merchant Bank, U.K. & State Bank of India London	13,26	-	18,55	-	-	31,81
i. Credit National, France	-	-	419,29	-	-	4,19,29
j. Banque Indo suez	-	-	13,34	35	-	12,99
Total (B)	275,60,01	-	305,04,66	49,39,64	2,06,55,50	3,24,69,53

CAPITAL WORK IN PROGRESS (OFFICE COMPLEX)						
SCHEDULE-5C						
<i>(Rs. in Thousands)</i>						
	BALANCE AS AT 31ST MARCH, 1994	ADDITIONS BY TRANSFER OF ASSETS	ADDITIONS DURING THE YEAR	ADJUSTMENTS	CAPITALISED DURING THE YEAR	BALANCE AS AT 31ST MARCH, 1995
Buildings (others)	88,03	-	18,43	-	92,92	13,54
Temporary erection	5,24	-	18,99	-	15,22	9,01
Electrical installations	-	-	62,17	-13	85	61,45
Furniture Fixtures & Other Office Equipment	61	-	12,79	13	-	13,27
Total (C)	93,88	-	1,12,38		1,08,99	97,27
CAPITAL WORK IN PROGRESS (TOWNSHIP ASSETS)						
SCHEDULE-5D						
<i>(Rs. in Thousands)</i>						
	BALANCE AS AT 31ST MARCH, 1994	ADDITIONS BY TRANSFER OF ASSETS	ADDITIONS DURING THE YEAR	ADJUSTMENTS	CAPITALISED DURING THE YEAR	BALANCE AS AT 31ST MARCH, 1995
Development of land	38,70	-	2,46	-	17,08	24,08
Roads, bridges, culverts & helipads	2,54,20	-	41,74	52,10	1,38,70	1,05,14
Buildings (others)	16,80,84	-	6,62,74	-28,67	11,03,56	12,68,69
Temporary erection	45,69	-	6,42	35,22	15,06	1,83
Water supply drainage and sewerage	2,53,84	-	86,12	-21	2,47,31	92,86
Electrical installations	2,21,35	-	70,81	-5,65	1,65,68	1,32,13
Furniture & fixtures & other office equipments	-	-	12,97	-	-	12,97
Total (D)	24,94,62	-	8,83,26	52,79	16,87,39	16,37,70
CAPITAL WORK IN PROGRESS (INCIDENTAL EXPENDITURE DURING CONSTRUCTION)						
SCHEDULE-5E						
<i>(Rs. in Thousands)</i>						
	BALANCE AS AT 31ST MARCH, 1994	ADDITIONS BY TRANSFER OF ASSETS	ADDITIONS DURING THE YEAR	ADJUSTMENTS	CAPITALISED DURING THE YEAR	BALANCE AS AT 31ST MARCH, 1995
INCIDENTAL EXPENDITURE DURING CONSTRUCTION	40,47,08	-	139,74,60	-	-	180,21,68
Less : Allocated to Capital Work in Progress	-	-	135,72,34	-	-	135,72,34
Total (E)	40,47,08	-	402,26	-	-	44,49,34
GRAND TOTAL (A+B+C+D+E)	1307,14,36	-	880,94,84	98,86,20	772,80,28	1316,42,72
Previous year	754,12,23	202,95,13	918,71,56	88,05,10	480,59,46	1307,14,36

CONSTRUCTION STORES & ADVANCES SCHEDULE-6		<i>(Rs. in Thousands)</i>	
		AS AT 31ST MARCH, 1995	AT AT 31ST MARCH, 1994
CONSTRUCTION STORES (at cost)			
Steel	50,63,53		37,56,19
Cement	12,34,75		9,20,57
Others	205,24,63		131,28,23
		268,22,91	178,04,99
ADVANCE FOR CAPITAL EXPENDITURE			
Secured	33,88		50,79
Unsecured, considered good against Bank guarantees	366,00,44		180,71,62
Others (i.e. Unsecured without B.G.)	28,06,18		35,18,68
		394,40,50	216,41,09
		<u>662,63,41</u>	<u>394,46,08</u>
Construction stores include materials in transit, under inspection and with constructors		228,50,06	63,18,26
INVESTMENTS SCHEDULE - 7			
		AS AT 31ST MARCH, 1995	AS AT 31ST MARCH, 1994
OTHER THAN TRADE INVESTMENTS (Unquoted at cost)			
500 Fully paid up shares of Rs. 10/- each in Employees Co-op Society Limited Bhadravati		5	5
500 Fully paid up shares of Rs. 10/- each in Employees Co-op Society Limited Itarsi		5	5
500 Fully paid up shares of Rs. 10/- each in Employees Co-op Society Limited Nagpur		5	5
500 Fully paid up shares of Rs. 10/- each in Employees Co-op Society Limited Jabalpur		5	5
500 Fully paid up shares of Rs. 10/- each in Powergrid Primary Consumers Cooperative Society, Rourkela		5	-
		<u>25</u>	<u>20</u>

**CONSTRUCTION ASSETS, LOANS AND ADVANCES
SCHEDULE-8**

(Rs. in Thousands)

	AS AT 31ST MARCH, 1995	AT AT 31ST MARCH, 1994
INVENTORIES		
(At cost as certified by Management)		
Loose tools	1,08,65	53,06
Consumable stores	92,00	94,18
Components, Spares & other spare parts	<u>69,74,19</u>	59,46,50
	71,74,84	60,93,74
Inventories includes stores in transit		
Rs. 5.58 Lakhs (previous year Rs. 34.44 Lakhs)		
SUNDRY DEBTORS		
(unsecured, considered good)		
Debts outstanding for a period exceeding six months	1,80,72,83	16,06,89
Other debts	<u>1,17,51,46</u>	102,98,99
	2,98,24,29	119,05,88
CASH & BANK BALANCES		
Cash, drafts, stamps and imprest	11,54,93	11,94,01
Remittance in transit	32,77	6,72,96
Short term deposits - Indian Banks	35,00,23	219,26,92
Balance with scheduled banks in current accounts	1,34,13,38	102,89,66
Less : Funds, held on customers' A/c	<u>7,03,56</u>	3,45,71
	1,27,09,82	99,43,95
	1,73,97,75	337,37,84
OTHER CURRENT ASSETS		
Interest accrued	9,22,88	6,21,80
Others	<u>1,81,34</u>	75,37
	11,04,22	6,97,17
LOANS AND ADVANCES		
LOANS		
Employees	28,60,73	20,96,60
Others	<u>47,98</u>	31,30
	29,08,71	21,27,90
ADVANCES		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED FROM		
Contractors & Suppliers, including	4,57,13	6,30,21
material issued on loan	4,27,32	3,25,32
Employees	9,43,51	9,53,17
Claims recoverable		
Amount Recoverable through Central		
Appropriation	232,60,00	302,21,00
Others	<u>815,50</u>	33,21,31
	259,03,46	354,51,01
Less : Provision for bad and doubtful advances and claims	<u>2,67,84</u>	210,59
	256,35,62	352,40,42
Deposits with customs, port trust and other authorities	119,06,53	15,33,06
Public deposit A/c with Government of India	<u>5,10,00</u>	
	380,52,15	367,73,48
	409,60,86	389,01,38
	<u>964,61,96</u>	<u>913,36,01</u>

CONSTRUCTION ASSETS, LOANS ADVANCES SCHEDULE-8 (Contd.)			(Rs. in Thousands)	
			AS AT 31ST MARCH, 1995	AT AT 31ST MARCH, 1994
PARTICULARS OF LOANS AND ADVANCES				
Secured			21,94,51	16,42,01
Unsecured considered good			387,66,35	372,59,37
Considered doubtful and provided for			<u>2,67,84</u>	<u>2,10,59</u>
			<u>412,28,70</u>	<u>391,11,97</u>
Due from Director & Officers of the company	MAXIMUM AMOUNT	MAXIMUM AMOUNT		
	1994-95	1993-94		
Directors	3,59	4,32	49	3,59
Officers	80,34	69,81	53,94	52,15
 CURRENT LIABILITIES AND PROVISIONS SCHEDULE-9				
(Rs. in Thousands)				
			AS AT 31ST MARCH, 1995	AT AT 31ST MARCH, 1994
CURRENT LIABILITIES				
SUNDRY CREDITORS				
For capital expenditure	92,57,67			56,45,82
Other goods and services	20,76,51			44,31,93
Book overdraft (Banks)	<u>7,70,24</u>			6,25,87
			121,04,42	107,03,62
Deposits, retention money from contractors and others.	89,30,15			81,68,24
Less : Investments held as security	<u>26,47</u>			30,21
			89,03,68	81,38,03
Other Liabilities			131,67,67	225,36,13
INTEREST ACCRUED BUT NOT DUE ON LOANS FROM				
Government of India	294357			19,21,55
Foreign Banks / Financial Institutions				
Industrial Bank of Japan and Nippon	36,82			32,45
Life Insurance				
Syndicated Loan from Industrial Bank of Japan & other Japanese Banks / Financial Institutions	47,60			56,60
Exim Bank	41,62			59,53
Skandinorviska Enskilda Banken I	50,64			68,72
Skandinorviska Enskilda Banken II	3,76,46			3,76,61
Export Development Corporation, Canada	63,56			71,28
International Bank for Reconstruction and Development	2,57,57			4,80,26

CURRENT LIABILITIES AND PROVISIONS				<i>(Rs. in Thousands)</i>	
SCHEDULE-9 (Contd.)				AS AT 31ST	AT AT 31ST
				MARCH, 1995	MARCH, 1994
West Merchant Bank, U.K. & State					5
Bank of India, London	7,27				-
Credit National, France	92				-
Banque Indosuez	4,07				4,10,59
Other Loans	6,85,74				14,99,27
Interest accrued but not due on bonds	22,13,32				49,76,91
		<u>67,29,16</u>		4,09,04,93	<u>4,63,54,69</u>
PROVISION					
Provisions for shortages in materials		31,38			1,72,59
Others		2,97			2,97
Proposed dividend		<u>5,00,00</u>		5,34,35	5,00,00
				<u>4,14,39,28</u>	6,75,56
					4,70,30,25
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				<i>(Rs. in Thousands)</i>	
SCHEDULE-10					
	BALANCE AS AT			BALANCE AS AT	
	1ST APRIL, 1994	ADDITIONS	DEDUCTIONS	31ST MARCH, 1995	
Deferred Revenue expenditure	8,28,10	19,65	1,34,97	7,12,78	
	<u>8,28,10</u>	<u>19,65</u>	<u>1,34,97</u>	<u>7,12,78</u>	
CONTINGENT LIABILITIES				<i>(Rs. in Thousands)</i>	
SCHEDULE-11					
				AS AT 31ST	AT AT 31ST
				MARCH, 1995	MARCH, 1994
Claims against the Company not acknowledged as debts				235,28,38	174,89,64
Others				<u>17,31,86</u>	<u>13,76,32</u>
				<u>252,60,24</u>	<u>188,65,96</u>
OTHER INCOME				<i>(Rs. in Thousands)</i>	
SCHEDULE-12					
				FOR THE YEAR	FOR THE YEAR
				ENDED 31ST	ENDED 31ST
				MARCH, 1995	MARCH, 1994
Hire charges for equipment		38,12			26,81
Interest from					
Indian Banks	3,86,46				93,72
Foreign Banks	2,65,98				2,44,18
Others	<u>2,48,19</u>				1,64,15
		9,00,63			5,02,05
Profit on fixed assets discarded		9,16			3,41
Miscellaneous income		<u>5,08,25</u>		14,56,16	1,27,74
					6,60,01
Less : Income transferred to incidental expenditure during construction - Sch 16C				<u>4,01,14</u>	<u>2,97,63</u>
				<u>10,55,02</u>	<u>3,62,38</u>

**TRANSMISSION, ADMINISTRATION & OTHERS EXPENSES
SCHEDULE-13**

(Rs. in Thousands)

		FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
EMPLOYEE COST			
EMPLOYEES REMUNERATION AND BENEFITS			
Salaries, wages, allowances & benefits		47,82,62	38,80,79
Contribution to provident and other funds		3,93,63	3,26,89
Welfare expenses		8,79,46	6,17,40
		60,55,71	48,25,08
TRANSMISSION EXPENSES			
REPAIRS & MAINTENANCE			
Building	2,40,14		1,76,66
PLANT & MACHINERY			
Sub Station	4,94,88		3,79,01
Transmission lines	2,29,18		1,71,08
Construction equipment	2,64		4,58
Others	1,23,97		1,15,50
		10,90,81	8,46,83
Power charges	9,17,60		6,46,76
Less : Recovery from contractors	-		87
		9,17,60	6,45,89
Stores consumed	48		30
Water charges	4,10		4,44
		20,12,99	14,97,46
ADMINISTRATION EXPENSES			
Training & Recruitment expenses	1,33,00		1,16,22
Less : Fees for training and application	3		5,08
		1,32,97	1,11,14
Legal expenses		22,80	13,11
Professional charges		40,75	46,90
Consultancy expenses		3,47,73	42,07
Communication expenses		5,38,10	3,37,53
Travelling expenses (excluding foreign travel)	10,22,86		8,12,42
Foreign travel only	65,26		38,45
		10,88,12	8,50,87
Tender expenses	66,10		53,27
Less : Sale of tenders	32,24		18,15
		33,86	35,12
PAYMENT TO STATUTORY AUDITORS			
Audit Fee	2,50		2,50
In other capacity (certification of prospectus etc)	2,24		1,92
Expenses	20,42		11,94
		25,16	16,36

TRANSMISSION, ADMINISTRATION & OTHER EXPENSES			
SCHEDULE-13 (Contd.)		<i>(Rs. in Thousands)</i>	
		FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
Advertisement and publicity	43,68		25,57
Printing and stationery	1,89,35		1,41,95
EDP hire and other charges	23,92		22,50
Entertainment expenses	40,55		16,60
Brokerage & Commission	6,10		5,29
Donations	10		50,45
Research & development expenses	8,58		3,20
Rent	3,11,82		2,70,99
Construction stores written off	3,27		33
Temporary works charged off	47		1,84
Miscellaneous expenses (excluding Director's fee)	10,55,62		9,12,12
Insurance	5,52,10		7,99,89
Rates and taxes	24,13		25,15
Non operating expenses	94		1,50
Expenses for Guest House	21,73		18,17
Less Income from Guest House	<u>62</u>		1,10
	21,11		17,07
		<u>45,11,23</u>	<u>37,47,55</u>
		<u>125,79,93</u>	<u>100,70,09</u>
Stores consumption included in repair and maintenance		2,32,88	1,32,04
PROVISIONS			
SCHEDULE - 14		<i>(Rs. in Thousand)</i>	
		FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
Shortage in stores		15,59	1,72,59
Doubtful debts, loans and advances		9,79	-
Doubtful claims		56,77	-
Others		1,46	32
		<u>83,61</u>	<u>1,72,91</u>

**FINANCE AND OTHER CHARGES
SCHEDULE-15**
(Rs. in Thousands)

		FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
INTEREST ON			
Loans from Government of India		49,25,84	40,46,28
Loans from banks			
India		33,78	2,24,52
Foreign			
Industrial Bank of Japan & Nippon & Life Insurance	2,08,31		1,91,49
Industrial Bank of Japan & other Japanese Banks and Financial Institutions	12,84,28		12,37,64
Exim Bank, Japan	16,47,27		15,96,72
Skandinorviska Enskilda Banken I	1,66,94		2,14,70
Skandinorviska Enskilda Banken II	7,45,95		7,86,50
Export Development Corporation (Canada)	4,17,82		4,32,54
International Bank for Reconstruction and Development	5,96,74		8,30,81
West Merchant Bank, U.K., & State Bank of India, London	10,32		5
Credit National, France	55,37		-
Banque Indosuez	4,07		-
		<u>51,37,07</u>	52,90,45
Loans from financial institutions			
Unit Trust of India	24,83,54		3,93,16
Life Insurance Corporation of India	5,13,87		6,33,79
Industrial Finance Corporation of India	-		2,04,09
		<u>29,97,41</u>	12,31,04
Secured/Unsecured redeemable bonds	1,19,28,80		95,06,53
Less : Interest earnings on bonds	7,45,15		2,20,57
		<u>111,83,65</u>	92,85,96
Others		<u>11,78,30</u>	14,95,14
		<u>254,56,05</u>	215,73,39
FINANCE CHARGES			
Bond issue expenses	1,36,31		1,50,09
Rebate to Customers	5,99,05		3,73,96
Commitment charges	4,36,13		21,70
Management / Arrangers Fees	61,25		1,45,22
Legal expenses on foreign loan	4,54		2,38
Other finance charges	1,28,43		99,99
Other expenses on foreign company loans	3,48,95		25,13,93
		<u>17,14,66</u>	33,07,27
		<u>271,70,71</u>	<u>248,80,66</u>

**INCIDENTAL EXPENDITURE DURING CONSTRUCTION
SCHEDULE-16**

(Rs. in Thousands)

		FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
A. EXPENSES			
EMPLOYEES' REMUNERATION AND BENEFITS			
Salaries, wages, allowances and benefits		14,89,06	14,71,80
Contribution to provident and other funds		1,05,69	1,25,57
Welfare expenses		<u>2,41,56</u>	2,29,03
			18,36,31
REPAIRS & MAINTENANCE			
Buildings	40,97		38,75
Construction equipment	1,57		3,81
Others	<u>32,26</u>		38,39
		74,80	80,95
Power	73,29		63,18
Less : Recovered from contractors	<u>-</u>		64
		73,29	62,54
Stores and oil etc consumed (excluding consumption for repairs and maintenance)		20	25
Water charges		<u>1,62</u>	2,58
			1,49,91
ADMINISTRATION EXPENSES			
Legal expenses		7,80	3,64
Professional charges		21,25	25,67
Consultancy expenses		1,66,95	7,87
Communication expenses		1,81,51	1,46,74
Travelling expenses (incl foreign Travel)		3,84,77	3,38,80
Tender expenses	40,42		37,72
Less : Income from sale of tenders	<u>15,26</u>		6,50
		25,16	31,22
Payment to Auditors		10,02	8,42
Advertisement and Publicity		17,75	15,64
Printing and Stationery		67,09	63,75
EDP hire and other charges		8,53	8,43
Entertainment expenses		16,51	7,27
Brokerage and commission		47	5,03
Rent		1,45,26	1,34,53
Construction stores written off		5	16
Temporary works written off		47	1,65
Miscellaneous expenses		3,28,84	4,15,89
Insurance		1,30,56	1,32,23
Rates and Taxes		8,33	8,48
Depreciation		1,86,88	1,21,44
Guest House Expenses	9,45		11,35
Less : Income from guest house	<u>13</u>		45
		9,32	10,90
Non Operation Expenses		37	1,04
			17,17,89
Prior adjustment (net)			1,29,16
			<u>38,33,27</u>
Total (A)			<u>54,05,77</u>

INCIDENTAL EXPENDITURE DURING CONSTRUCTION
SCHEDULE-16 (Contd.)

(Rs. in Thousands)

	FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
B. INTEREST AND FINANCE CHARGES		
INTEREST ON		
Loan from Government of India	20,12,64	14,11,37
Loan from banks		
Indian	17,55	3,10
Foreign		
Industrial Bank of Japan & other Japanese Banks and Financial Institutions	-	26,44
Export Development Corporation (Canada)	59,41	4,32,54
International Bank For Reconstruction and Deveopment	4,76,65	8,30,81
West Merchant Bank, U.K., & State Bank of India, London	10,32	5
Credit National, France	55,37	-
Banque Indosuez	4,07	-
	<u>6,05,82</u>	12,89,84
Loans from Financial Institutions		
Loan from Unit Trust of India	21,03,59	2,70,44
Loan from Life Insurance Corporation of India	3,52,70	4,55,45
Buyers' Credit from IFCI	-	1,40,38
	<u>24,56,29</u>	8,66,27
Secured / Unsecured Redeemable Bonds	43,74,02	30,00,33
Others	2,96,94	5,96,98
FINANCE CHARGES		
Commitment charges	4,07,18	12,32
Management Fees/ Arrangers Fee	2,50	1,77,24
Legal Expenses on foreign loan	-	2,38
Export Credit Guarantee Dept. Premium	59,22	-
Other finance charges	3,10,31	24,70,89
	<u>7,79,21</u>	26,62,83
Total (B)	<u>105,42,47</u>	<u>98,30,72</u>
C. LESS OTHER INCOME		
Hire charges	-	51
INTEREST FROM		
Indian Banks	25,38	-
Foreign Banks	2,62,47	2,44,21
Others	68,15	46,70
	<u>45,14</u>	6,21
Miscellaneous income	4,01,14	2,97,63
Total (C)	<u>1,39,74,60</u>	<u>1,49,38,86</u>
GRAND TOTAL (A+B-C)		

PRIOR PERIOD ADJUSTMENT (NET)
SCHEDULE-17

(Rs. in Thousands)

	FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
INCOME		
Depreciation written back on account of conversion of Loan into Equity		
Depreciation written back-others	1,44,99	41,09
Excess provision written back	1,71,37	8,25
Transmission charges	9,66,85	54,65,01
Interest written back on account of conversion of Loan into Equity	-	70,96,20
Interest written Back-Others	7,29,15	14,12
Deferred Revenue Exp. Written Back	-	143,22
Others	<u>2,75,23</u>	80,33
	22,87,59	1,28,48,22
EXPENDITURE		
Salary, wages, allowances & benefits	2,96,09	6,19,55
Power charges	53,11	20,37
Rates and taxes	10,30	10,18
Insurance	9,02	13,95
Depreciation	19,21,90	15,20,04
Transmission charges written back on account of revision of tariff	2,77,92	1,08,18,74
Interest	73,15	35,11,08
Others	<u>2,40,07</u>	2,29,93
	28,81,56	1,67,43,84
Prior period expenditure/income (Net)	<u>5,93,97</u>	<u>38,95,62</u>

NOTES ON ACCOUNTS

SCHEDULE - 18

1. *The Transmission System situated in Jammu and Kashmir associated with National Hydro-electric Power Corporation (NHPC) has been taken over w.e.f. 1.4.93 as mutually agreed by NHPC and the Company pending finalisation of legal formalities.*
2. *As per the terms of memorandum of understanding (MOU) dated 27.10.93 between the Company and Tehri Hydro Development Corporation (THDC), the assets and liabilities on account of associated transmission system of THDC has been taken over w.e.f. 1.8.93 on the basis of audited Balance Sheet as at 31.07.1993 furnished by THDC pending other formalities with respect to purchase consideration and other related matters.*
3. *Pending compliance of necessary formalities, the purchase consideration of Neyveli Lignite Corporation has been revised as agreed by the transferor organisation and the Company. The impact of the same has been duly incorporated in the books of accounts by reduction of loan by Rs. 3.77 crores and increase in share capital deposit by Rs. 1.07 crores. Consequent effect on assets, liabilities, income and expenditure has been carried out.*
4. *The Southern Regional Load Despatch Centre, Eastern Regional Load Despatch Centre and North Eastern Regional Load Despatch Centre of Central Electricity Authority were transferred to the Company on management basis w.e.f. 1.1.94, 1.1.95 and 1.1.95 respectively alongwith associated manpower as per orders from Ministry of Power, Government of India. Revenue expenditure of Rs. 233.32 lakhs (previous year Rs. 23.93 lakhs) incurred, in respect of these Load Despatch Centres has been shown as recoverable from Government of India pending final decision.*
5. *Share Capital Deposit of Rs. 222.38 crores (Previous year Rs. 2600.99 crores) includes equity shares to be allotted against purchase consideration and other sums payable to Government of India.*
6. *During year 1993-94 the Company had forfeited the bonds of Rs. 124.20 crores and had set off the deposits of Rs. 112.06 crores and front-end fee. During the year the Company has restored the said deposits by crediting Capital Reserve accounts.*

Pending settlement of the issue with CANFINA and ABFSL relating to Ist series, 1992 Bonds

 - (a) *Rs. 50 lakhs paid by ABFSL during the year 1993-94 has been accounted by the Company as interest income due on deposit in that year.*
 - (b) *As in previous year :*
 - (i) *The Company has not accounted for interest income amounting to Rs. 14.24 crores (previous year Rs. 11.89 crores) (cumulative interest Rs. 43.07 crores.)*
 - (ii) *The Company has not accounted for interest payable of Rs. 3.04 crores (previous year Rs. 3.04 crores) (cumulative Rs. 9.30 crores) on Bond of Rs. 19.77 crores.*
7.
 - (a) *Pending notification of Government of India, the transmission charges recoverable on account of Foreign Exchange Fluctuation amounting to Rs. 23.73 crores for 1994-95 (previous year Rs. 12.33 crores) has been accounted for in the Books of Accounts of the Company on provisional basis, as per previous practice.*
 - (b) *Pending finalisation of MOU with SEBs, the transmission charges for the Chamera-Moga, Moga-Hissar and Salal-II Lines amounting to Rs. 57.87 crores (previous year Nil) has been accounted for based on normal tariff principles.*
 - (c) *Pending finalisation of agreement with Orissa State Electricity Board charges for wheeling of power through Jeypore Talcher Transmission System has been accounted for at the rate of Rs. 4.80 crores per annum.*
8. *The Company has taken possession of land from Delhi Development Authority at Katwaria Sarai (Delhi) during the year on lease basis. In absence of any lease period lease has been considered as 99 years pending execution of lease deed and other legal formalities.*

9. *Certain assets like furniture, fixtures, etc., retained by the transferor organisation, which included in the assets of the Company and depreciation charged thereon will be settled/adjusted in subsequent years.*
10. *Fixed assets include Company's share of Rs. 5.62 crores in common services and facilities of 400 KV substation of Uttar Pradesh State Electricity Board (UPSEB) and Rajasthan State Electricity Board (RSEB) pending execution of formal agreements for joint ownership.*
11. *Balances shown under advances, sundry debtors and creditors are subject to confirmation. In the opinion of the management, the value on realisation of current assets, loans and advances in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet.*
12. *Materials in transit/under inspection/with contractors are subject to confirmation/reconciliation and consequential adjustments, if any.*
13. *Provision has not been made for entry tax and sales tax on works contracts and materials issued to contractors for which appeals are pending and/or the amounts are not ascertainable.*
14. *No payment is overdue for the purchases made from small scale/ancillary industries. Hence no provision of interest is made in the accounts.*
15. *Consultancy, Project Management and Supervision fees includes Rs. 43.56 lakhs (previous year Rs. 11.25 lakhs) for management fees for Mandola sub-station for which the agreement is yet to be finalised.*
16. *Pending finalisation of wage agreements/pay scales in respect of Pay revision w.e.f. 1.1.1992, necessary provision has been made in the Books of Accounts on estimated basis.*
17. *In the absence of taxable income no provision for income tax for the year is considered necessary.*
18. *As per Accounting Policy No. 12.3, surcharge on outstanding dues from State Electricity Boards amounting to Rs. 60.62 crores (previous year Rs. 52.73 crores) has not been accounted for.*
19. *Depreciation charged in the Accounts is higher by Rs. 32.18 crores (Previous year lower by Rs. 80.65 crores) if calculated as per Section 205(2) (b) of Companies Act., 1956. The Cumulative effect of the same upto 31st March 1995 is lower by Rs. 91.18 crores (upto previous year Rs. 123.36 crores).*
20. *Estimated amount of capital commitments is Rs. 1771.83 crores (previous year Rs. 1277.20 crores).*
21. *In terms of Ministry of External Affairs letter No. E-IV/231/28/83-Vol-X dated 4th May, 1994 Salakati Substation and 132 KV Salakati Geylegphug line has been transferred to the company at Nil value.*
22. *According to the Accounting Policy No. 11 and in conformity with para 2.57 of Annexure-III of Electricity (Supply) Annual Accounts Rules, 1985 the Company has made certain adjustments, in respect of mandatory spares, in the current year to have uniformity at all the accounting centres. As an impact of this, Rs. 15.12 crores have been capitalised from current assets and consequential adjustment of the stores issues and depreciation for the current year and previous years have been made.*
23. *The change in Accounting policy for value of conductors scrap (Refer Accounting Policy No. 5.2) from cash basis to accrual basis has resulted in increase of profit by Rs. 130.99 Lacs during this year.*
24. *a) Employees' remuneration and benefits include the following for the Directors including Chairman & Managing Director :*

	<i>Current Year</i>	<i>Previous Year</i>
	<i>(Rs. / lakhs)</i>	
<i>Salaries & Allowances</i>	<i>9.53</i>	<i>6.38</i>
<i>Contribution to Provident Fund & Other funds including Gratuity & Group Insurance Other Benefits</i>	<i>0.66 2.35</i>	<i>0.37 1.59</i>

b) In addition to the above remuneration the whole time Directors have been allowed the use of staff car including private journeys on payments of Rs. 250/Rs. 400 per months, as contained in the Ministry of Finance (BPE) Circular No. 2(18)/pc/64 dt. 29.11.64 as amended.

25. Quantitative information in respect of Purchase and Sale of Power

	Current Year	Previous Year
a) Purchase of Power (Million Units)	1361	1480
b) Sale of Power (Million Units)	1361	1480

26. a) Value of imports calculated on CIF basis :

	Current Year	Previous Year
i) Capital goods	24959.58	17787.15
ii) Spare Parts	---	---
b) Expenditure in foreign currency	Current Year	Previous Year
		(Rs./lakhs)
i) Professional and Consultancy fees	382.79	92.24
ii) Interest	5177.59	1397.73
iii) Others	16978.37	20.51

c) Value of Components, Stores and Spare parts consumed :

	% age	Current Year	% Age	Previous Year
				(Rs./lakhs)
i) Imported	-	-	8.33	13.39
ii) Indigenous (including fuel)	100.00	70.63	91.67	147.49

d) Earnings in foreign exchange :

	Current Year	Previous Year
		(Rs./lakhs)
i) Consultancy	---	---
ii) Interest	305.97	244.18
iii) Grant - in - aid (HVDC Chandrapur)	6725.09	7926.08
iv) Others	4.35	0.47

27. Previous year's figures have been regrouped/rearranged wherever necessary.

P. D. TUTEJA
Secretary

K. L. SHARMA
E. D. (Finance)

S. C. PARAKH
Director (Projects)

R. K. NARAYAN
Chairman & Managing Director

For BATRA SAPRA & CO
Chartered Accountants

As per our report of even date
FOR LAXMINIWAS & JAIN
Chartered Accountants

For SRI ASSOCIATES
Chartered Accountants

A. L. Batra
Partner

Laxminiwas Sharma
Partner

I. Pasha
Partner

Place : New Delhi
Date : 30 June, 1995

AUDITORS' REPORT

To
The Members of
Power Grid Corporation of India Ltd.
New Delhi

We have audited the attached Balance Sheet of Power Grid Corporation of India Limited as at 31st March, 1995 and annexed Profit & Loss Account for the year ended on that date together with the Schedules, Notes forming part of the Accounts and Accounting Policies referred to therein.

We report that :

1. The Company is governed by the Electricity (Supply) Act, 1948, the provisions of the said Act read with the rules thereunder have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
2. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to in paragraph 2 above;
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d)
 - i) As per Accounting Policy No. 3.0 "RENOVATION AND MODERNISATION" adopted from 1993-94 the Company has capitalised replacement of old part with an expenditure of Rs. 10 lakhs and above. In our opinion replacement of an old part does not increase the life of complete asset. Hence capitalisation of a part does not give the fair value of the asset. By this policy the Company has valued its fixed assets more and revenue expenditure is lower. Quantum of the above impact on fixed assets and profit and loss account has not been ascertained.
 - ii) Accounting Policy No. 10 "SELF INSURANCE POLICY" introduced this year in respect of certain assets. The Company has not renewed the insurance policies during the year 1994-95 for those assets. The Company has appropriated Rs. 2 crores out of the current year's profit towards self insurance reserve. The expenses were less charged to profit & loss account to the extent of about Rs. 2.5 crores compared to the previous year.
 - e) Schedule - 18 Notes on Accounts :
 - i) Note Nos. 1 to 4 dealing with the takeover/management of transmission systems pending legal formalities, enactment of law, etc., the final impact of it on total value of asset/liability or profit not ascertainable.
 - ii) Note No. 6 dealing with the forfeiture in 1993-94 of 1st issue of bonds 1992, and exhibiting the same with adjustment of deposits kept with Canbank Financial Service Ltd. (CANFINA) and Andhra Bank Financial Services Ltd. (ABFSL) and treatment of front-end fee and deferred revenue expenditure. In the current year the Company has restored the said deposits of Rs. 112.06 crores by crediting Capital Reserve. In our opinion there is an over statement of current asset and

capital reserve, at the same time non-accountal of the liability under "Loan Funds" to the extent of Rs. 124.20 crores principal, and cumulative interest of Rs. 58,98 crores. However, the same has been shown as contingent liability.

Non-provision of interest payable on the bonds amounting to Rs. 19.27 crores and non-accountal of interest income amounting to Rs. 14.24 crores from the deposits made with CANFINA and ABFSL resulted in profit being higher by Rs. 5.03 crores.

iii) **Note Nos :**

7(a), regarding transmission charges recoverable an account of Foreign Exchange fluctuation,

7(b) transmission charges for certain lines and 7 (c) charges for wheeling of power through Jeypore-Talcher Transmission system.

8, regarding adoption of lease period 99 years for land taken from Delhi Development Authority;

9, withholding of certain assets by transferor organization pending settlement/adjustment and charging of depreciation thereon;

10, inclusion of Rs. 5.62 crores of common services in fixed assets;

15, inclusion of Rs. 0.44 crores for consultancy projects, management fee;

16, provision for wages/pay on estimated basis; are all pending final legal formalities, Govt. Notification and signing of MOUs etc. The final impact of it on total value of assets/liability or profit not ascertainable.

iv) Note No. 13; non provision of entry tax and Sales Tax on works contracts and materials issued to contractors. The impact of which on liabilities and profit are not ascertained.

v) Note No. 23; regarding change in accounting policy for valuation of conductors scrap has resulted in increase of profit by Rs. 1.31 crores.

vi) The confirmation of balances shown under advances, sundry debtors, sundry creditors, material in transit/under inspection/with contractors and reconciliation thereof is pending. The impact of the above on assets and liabilities and on the profit cannot be ascertained.

Subject to our comments under paras 3 (d) & (E) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with accounting policies and notes given in Schedule-18 give the information required by the Companies Act, 1956 in the manner so required as applicable to the Electricity Generating Companies and give a true and fair view :

i) In the case of the Balance Sheet the state of affairs of the Company as at 31st March, 1995; and

ii) In the case of Profit and Loss Account of the Profit for the year ended on that date.

For BATRA SAPRA & CO
Chartered Accountants

For LAXMINIWAS & JAIN
Chartered Accountants

For SRI ASSOCIATES
Chartered Accountants

A. L. Batra
Partner

Laxminiwas Sharma
Partner

I. Pasha
Partner

Place : New Delhi

Date : 30 June, 1995

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report even date)

1. *The Company has generally maintained and in some cases it is in process of updating proper records showing full particulars, including quantitative details and situation/location, as far as practicable of its fixed assets. Some of the fixed assets have been physically verified by the management during the year except certain assets held by Transferor Organisation. The material discrepancies, if any, between book records and physical inventory could not be ascertained in absence of comparison with book records.*
2. *None of the fixed assets have been revalued during the year.*
3. *As explained to us, the stocks of stores and spare parts at most the places have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.*
4. *According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.*
5. *Material discrepancies if any between physical and book balance of stock could not be ascertained in absence of the comparison between the physical balance and the book balance. Hence, the question of properly dealing with the discrepancies in the books of account cannot be commented upon.*
6. *In our opinion and on the basis of our examination of the stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles, except as commented in para 5 above and identification of the obsolete stock and depreciation in the value if necessary.*
7. *The Company has not taken any loans from the companies, firms or the other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same Management as defined under Sub-section (1-B) of Section 370 of the Companies Act, 1956.*
8. *The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. There are no Companies under the same Management as defined under the said Section.*
9. *The Company has given deposit to Canbank Financial Services Ltd. and Andhra Bank Financial Services Ltd., and advances in the nature of loans to employees. The employees are generally repaying the principal amount and interest as per stipulation. The Canbank Financial Services Ltd. and Andhra Bank Financial Services Ltd. have not repaid the principal amount and interest thereon as stipulated. The Company has informed that they are taking reasonable steps for recovery of principal and interest.*
10. *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 stores, components, plant and machinery, equipment and other assets and for the sale of goods/ services.*
11. *According to the information and explanations given to us, there are no transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained U/S 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- (Rupees fifty thousand only) or more in respect of each party.*

12. *As informed the Company do not have unserviceable or damaged stores.*
13. *The Company has not accepted any deposits from the Public under section 58-A of the Companies Act, 1956 and rules make thereunder.*
14. *The company does not have any by-product. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap.*
15. *The Company has a system of Internal Audit. In our opinion, it requires to be strengthened to commensurate with the size and nature of its business.*
16. *The Central Government has not prescribed maintenance of cost records U/S 209(1) (d) of the Companies Act, 1956 in respect of the Company.*
17. *The Company is regular in depositing Provident Fund dues with appropriate authority. As per information made available to us, ESI Act is not applicable to the Company.*
18. *According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Exice Duty which have remained outstanding as at 31st March, 1995 for a period of more than six months from the date they became payable.*
19. *According to the information and explanations given and the records of the Company examined, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.*
20. *The Company is not a Sick Industrial Company as defined in Section 3(1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985.*
21. *In regard to the Company's activities relating to consultancy, project management, supervision and contracts, we report that :*
 - i) *The company has a reasonable system of allocation of man hours consumed on the respective activities.*
 - ii) *The Company has a reasonable system of internal control of allocation of man hours commensurate with the size of the company and the nature of its business.*
 - iii) *The Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and the nature of its business.*
22. *In regard to Company's activities relating to the trading :*
There are no damaged goods to be determined. Hence, making the provisions for loss does not arise.

For BATRA SAPRA & CO
Chartered Accountants

A. L. Batra
Partner

For LAXMINIWAS & JAIN
Chartered Accountants

Laxminiwas Sharma
Partner

For SRI ASSOCIATES
Chartered Accountants

I. Pasha
Partner

Place : New Delhi
Date : 30 June, 1995

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 READ WITH SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956.

A. Conservation of Energy

(a) Energy Conservation measures taken and on hand

POWERGRID is working in the advisory capacity in minimization of transmission and distribution losses as part of energy conservation measures. Some of the main activities are as follows :

- *A Pilot Project Report was prepared by POWERGRID for conversion of low voltage distribution system to high voltage system in one pocket in Delhi which envisaged reduction of peak loss by 76%. Assam State Electricity Board has shown interest in conducting trial of the Sceme in Assam. The scheme details have been forwarded to them.*
- *Association with Planning Commission in their National Energy Efficiency Programme which envisages energy conservation in various sectors. POWERGRID is the nodal agency for energy conservation in Transmission and Distribution loss reduction.*
- *Conducting energy audit in an urban area under West Bengal State Electricity Board and preparation of distribution system improvement scheme with a view to reduce distribution losses.*
- *Association with Confederation of India Industry in their efforts for energy conservation particularly improvement of efficiency in transmission and distribution sector and reduction of losses.*
- *Submitting papers and presentation in various seminars and meetings on measures to reduce transmission and distribution losses.*

(b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of Energy

- *There is no firm proposal for direct investment from POWERGRID at present.*
- *WBSEB is expected to invest Rs. 4.5 Lakhs for energy audit etc. mentioned above to be conducted by POWERGRID.*

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

- *Impact for reduction of energy consumption will be felt only after the schemes mentioned in (b) are prepared and investments made in implementation of the scheme. The financial benefit in reduction of losses is, however, expected to be much more than the amount of investment.*

(d) Total Energy consumption and energy consumption per unit of production as per form 'A' of the annexure in respect of industries specified in schedule thereto

- *This is not applicable for POWERGRID since it does not fall under any of the industries mentioned in the schedule.*

B. Technology Absorption

(e) Research and Development (R&D)

- *Real Time Digital Simulator System (RTDS) - Project is already under development jointly with POWERGRID and IIT, Kharagpur.*

- *Electrical Field Measurement and Magnetic Field Measurement at selected sub-stations and transmission lines with the help of CPRI, Bangalore.*
- *Development of time synchronization equipment by a team of SRLDC under POWERGRID.*

C. Foreign Exchange Earnings and outgo

- (f) *Activities relating to export; initiative taken to increase exports; development of new export markets for projects and services :*
- (i) *Bids where submitted to Overseas Companies like Dubai, Thailand, Malaysia, Nepal, Bhutan, etc. for construction of transmission lines and sub-stations of 400 KV/230 KV/132 KV/115 KV voltage levels. Efforts are on to enter into distribution areas in neighbouring countries.*
 - (ii) *Proposals to foreign utilities for operation, maintenance and hotline maintenance of EHV transmission lines and sub-stations were submitted.*
 - (iii) *Consultancy proposals for Power System Planning, Feasibility Report, Tariff Structures, Power Purchase Agreement and related commercial aspects.*

Export Plans

The Company is planning to export services related to transmission lines, sub-stations and distribution areas. Vigorous marketing is being done in SAARC countries and other countries like UEA, Malaysia, Qatar, Indonesia, Lybia and South Africa. Close liaison is being maintained for tie up with foreign companies to take up jobs abroad.

(g) Foreign Exchange Outgo

- | | | |
|------|--|--------------------|
| (i) | Capital Costs | Rs. 24,959,58 lacs |
| (ii) | Professional and
Consultancy Fees,
Interest and others | Rs. 22,53,875 lacs |

Total		Rs. 47,498.33 lacs
--------------	--	---------------------------

Foreign Exchange Earnings

- | | | |
|------|--|------------------|
| i) | Interest | Rs. 305.97 lacs |
| ii) | Grant in aid (for
Chandrapur
HVDC Project) | Rs. 6725.00 lacs |
| iii) | Others | Rs. 4.35 lacs |

Total		Rs. 7035.41 lacs
--------------	--	-------------------------

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

A. **Balance Sheet**

1. Construction Stores & Advances (Schedule-6)

Advance for Capital Expenditure : Rs. 39440.50 lakhs

This includes payment of Rs. 185.05 lakh and a liability of Rs. 52.57 lakhs for consultancy charges on account of bills submitted by a consultancy firm which should have been shown under Capital work-in-progress (Schedule-5). This has resulted in overstatement of Construction Stores and Advances and understatement of Capital work-in-progress to the extent of Rs. 237.62 lakhs.

The contention of the Management that the expenditure has been treated as advance, pending final decision of the Government of India about the transfer to the Company of the ownership of the Regional Load Despatch Centres, is not acceptable because bills submitted by the consultancy firms have been accepted by the Company and the amount is not recoverable from the consultants.

2. Reserves and Surplus

Capital Reserve : Rs. 11205.85 lakhs

A reference is invited to para e (ii) of the Statutory Auditor's Report read with item 6 of the Notes annexed to the Accounts (Schedule - 18).

While on one hand, there has been an overstatement of capital reserve by Rs. 112.06 crores, on the other hand a liability under "Loan Funds" amounting to Rs. 124.20 crores of principal and Rs. 58.98 crores of cumulative interest has been kept out of accounts. Showing an external liability as Capital Reserve is a distortion of accounts.

3. **Current Assets, Loans and Advances (Schedule - 8)**

a) **Sundry debtors : Rs. 29824.29 lakhs**

This includes Rs. 1147 lakhs and Rs. 3000 lakhs as recoverable from Rajasthan State Electricity Board and Uttar Pradesh State Electricity Board, respectively, towards transmission charges which have been disputed by the two SEBs and stand referred to an umpire for decision. This should have been suitably disclosed by way of a Note on Accounts (Schedule - 18).

b) **Inventories : Rs. 7174.84 lakhs**

This has been understated by Rs. 4763.92 lakhs due to transfer of the value of mandatory spares after completion of the projects from Capital work-in-progress to Plant and Machinery which consequently stands overstated by that amount.

The Management's contention that capitalisation of the mandatory spares was supported by an opinion obtained (February 1995) from the Institute of Chartered Accountants of India, is not tenable because.

- (i) while giving its opinion the Institute has declined to go into the matter of applicability of Electricity (Supply) Annual Accounts Rules, 1985 and have instead relied on the assertion of the Company that the aforesaid Rules are applicable to it, and
- (ii) the specific rules relied upon relate to accounting treatment of capital spares at generating stations which are not attracted in the case of the Company since its transmission lines and sub-stations to which the spares relate are not generating stations.

B) **Profit & Loss Account**

Profit for the year (before tax) of Rs. 20759.61 lakhs has also to be viewed in the light of the following :

- 1) Foreign Exchange rate variation of Rs. 296.33 lakhs for the year 1994-95 and Rs. 321.24 lakhs for prior periods on mandatory spares of completed projects (after adjusting depreciation) has been capitalised by the Company, on the same grounds as mentioned in comment No. 3 (b) on the Balance Sheet, instead of charging to the Profit and Loss Account. This has resulted in overstatement of profit for the year by Rs. 296.33 lakhs and profits carried over to the Balance Sheet by Rs. 617.57 lakhs.
- 2) An amount of Rs. 3346 lakhs has been taken as income for the year incorporating effect of the increase in rates of depreciation w.e.f. 1.4.94 in the rate of tariff, although the enabling tariff notification of Government of India is yet to be issued.

Sd/-
(SHAILENDRA PANDEY)
PRICIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICEO MEMBER, AUDIT BOARD-III
NEW DELHI

Place : New Delhi

Dated : 31st July, 1995

MANAGEMENT'S REPLY ON THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTIONS 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWERGRID FOR THE YEAR ENDED 31ST MARCH, 1995 :-

A) BALANCE SHEET

1. *Construction Stores & Advances (Schedule - 6)*

Amount paid to Macro Corporation for unified load despatch centres has been treated as advance pending transfer of Northern Regional Load Despatch Centre. However, the expenditure incurred for consultancy work relate to Unified Load Dispatch Centre Projects. SR & NER Unified Load Despatch Projects have already been sanctioned and also unified load despatch centre schemes in other regions is being considered. The amount would be transferred to CWIP during the current year as suggested by audit.

2. *Reserves & Surplus (Capital Reserve)*

Audit has disputed the entry regarding 1st issue of Bonds. Deposits were restored by crediting Capital Reserves Account as per the legal advice obtained and subsequently agreed by the Board to protect the financial interest of the Corporation in case any civil suit arises in future. The matter has already been disclosed in Notes on Accounts (Schedule 18) vide note no. 6 and the same is also qualified by the Auditors in their report vide para (e) (ii)

3. *Current Assets, Loans & Advances*

(a) *Sundry Debtors*

Audit is of the view that disputes with RSEB and UPSEB should have been disclosed in the Accounts. The face has already been brought out in directors' Report para dealing with commercial matters.

(b) *Inventories*

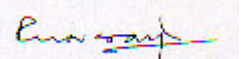
Based on the comments of CAG on the Accounts of the Corporation for the year 1993-94, under section 619(4) of the Companies Act, 1956 the matter relating to Capitalisation of Mandatory Spares were referred to Expert Advisory Committee of the Institute of Chartered Accountants of India. They had opined that Mandatory spares are to be capitalized based on the rules specified in electricity (Supply) Annual Accounts Rules, 1985. CAG has not accepted our stand, as they are of the opinion that the provision of the said rules relating to Mandatory spares is applicable to Generating Station only but not to Generating Company. Section 18 A of the Electricity supply Act, 1948 inter alia specifies that the job of transmission lines and substation can be assigned to a Generating Company, based on which the mandatory spares were capitalised. The definition of Generating Company is under revision to specifically incorporate transmission line in it and, therefore, accounting treatment on mandatory spares shall be reviewed during the current year.

B) PROFIT & LOSS ACCOUNT

1) *Our comments as given in para 3(b) above is relevant in this case.*

2) *Issue is relating to the accounting of transmission income relating to increased rate of depreciation for NRI due to increase in rate of depreciation by Govt. of India vide notification dated 29th March '94 w.e.f. 1/4/94. The income has been accounted for, correctly, on the accrual concept of mercantile accounting. Issue of notification is a procedural part to be complied with. Corporation has, therefore, strictly followed accrual concept of Accounting principles.*

*For and on behalf of the
Board of Directors*



(R. K. NARAYAN)

Chairman & Managing Director

Place : New Delhi

Dated : 31st July, 1995

REVIEW OF ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH 1995 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA.

Note : 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 for the last three years :

	1992-93	1993-94	1994-95
	(Rs. in lakhs)		
Liabilities			
a) Paid-up capital (including share capital deposit)	184917.20	288912.61	297224.07
b) Reserves and Surplus			
i) Free Reserves and Surplus	22179.01	40466.68	56729.29
ii) Committed Reserves	1300.00	9326.09	31457.04
c) Borrowings from:			
i) Government of India	79827.80	35405.44	57703.74
ii) Interest accrued and due	717.12	-	-
iii) Banks (Cash Credit)	-	4.07	-
iv) Others	188038.87	231897.12	254183.15
d) Current Liabilities and Provisions	35219.08	47030.25	41439.28
Total	512199.08	653042.26	738733.57
Assets			
e) Gross Block of Fixed Assets	352055.61	422865.02	506654.53
f) Less : Cumulative Depreciation	14158.65	32147.51	63002.08
g) Net Block of Fixed Assets	337896.96	390717.51	443652.45
h) Capital Work-in-Progress	75412.23	130714.36	131642.72
i) Construction Stores and Advances	29483.43	39446.08	66263.41
j) Investments	0.10	0.20	0.25
k) Current Assets, Loans and Advances	67860.90	91336.01	96461.96
l) Misc. Expenditure (to the extent not written off / adjusted)	1545.46	828.10	712.78
Total	512199.08	653042.26	738733.57
Capital Employed (g+k-d)	370538.78	435023.27	498675.13
Net Worth {a+b(i)-1}	205550.75	328551.19	353237.58
Net Worth per rupee of paid-up Capital (Rupees)	1.11	1.14	1.19

2. CAPITAL STRUCTURE - DEBT EQUITY RATIO

The debt-enquiry ratio of the Company decreased from 1.30 : 1 in 1992-93 to 0.81:1 in 1993-94 and increased to 0.88:1 in 1994-95

3. LIQUIDITY AND SOLVENCY

- The percentage of current assets to the total net assets was 13% in 1992-93, 14% in 1993-94 and 13% in 1994-95.
- The percentage of current assets to current liabilities and provisions which is a measure of liquidity, increased from 193% in 1992-93 to 194% in 1993-94 and 233% in 1994-95

c) The percentage of quick assets (current assets, loans and advances less inventories) to current liabilities (excluding provisions), which is another measure of liquidity, increased from 179% in 1992-93 to 184% in 1993-94 and 218% in 1994-95.

4. WORKING CAPITAL

The working capital (Current assets, loans and advances less Current liabilities, provisions and Interest accrued and due) at the close of last three years ending 31st March, 1995 was Rs. 32641.82 lakhs, Rs. 44305.76 lakhs and Rs. 55022.68 lakhs respectively. The percentage of sales to working capital was 193% in 1992-93, 146% in 1993-94 and 145% in 1994-95.

5. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 112035.25 lakhs from internal and external sources were generated and utilised during the year as follows :

		(Rs. in lakhs)
SOURCES OF FUNDS		
i) Funds generated from operation	20759.61	
Profit after tax	30854.57	51614.18
Add : Depreciation		8311.46
ii) Increase in paid-up capital		44580.26
iii) Increase in borrowings		6925.10
iv) Grants received		488.93
v) Decrease in working capital		115.32
vi) Decrease in Miscellaneous expenditure (to the extent not written off)		
Total		<u>112035.25</u>

UTILISATION OF FUNDS

i) Increase in fixed assets, Capital work-in-progress and Construction Stores and Advances	111535.20
ii) Investment	0.05
iii) Dividend paid	500.00
Total	<u>112035.25</u>

6. WORKING RESULTS

The working results of the Company for the last three years ending 31st March, 1995 are given below :

	1992-93	1993-94	1994-95
(Rs. in lakhs)			
i) Sales	63116.58	64514.32	79937.63
ii) Profit before tax	23661.22	18787.67	20759.61
iii) Provision for tax	-	-	-
iv) Profit after tax	23661.22	18787.67	20759.61
v) Percentage of profit before tax to :			
a) Sales	37.49%	29.12%	25.97%
b) Capital employed	6.39%	4.32%	4.16%
vi) Percentage of profit after tax to :			
a) New worth	11.51%	5.72%	5.88%
b) Equity Capital	12.80%	6.50%	6.98%

7. INVENTORY LEVELS

The inventory levels at the close of the last three years ending 31st March, 1995 are given below :

	1992-93	1993-94	1994-95
(Rs. in lakhs)			
a) Loose tools	22.86	53.06	108.65
b) Consumable stores	31.48	94.18	92.00
c) Components, spares and other spare parts	4987.20	5946.50	6974.19

8. SUNDRY DEBTORS

The Sundry Debtors and Sales during the last three years ending 31st March, 1995 were as follows :

As at the end of	Sundry Debtors			Sales	Percentage of Sundry Debtors to Sales
	Considered good	Considered doubtful	Total (Rs. in lakhs)		
1992-93	33646.24	-	33646.24	63116.58	53.31
1993-94	11905.88	-	11905.88	64514.32	18.45
1994-95	29824.29	-	29824.29	79937.63	37.31

Sd/-
(SHAIENDRA PANDEY)
PRICIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER, AUDIT BOARD-III
NEW DELHI

Place : New Delhi
Dated : 31st July, 1995

CURRENT COST ACCOUNTS

In the context of persistent inflation in the Indian economy, the Corporation has attempted to perceive the impact of price changes on its financial position and working results. The current cost accounts shown hereunder reflect the current values of assets of the Corporation which mainly comprise fixed assets. We believe that current cost accounting assumes special importance in the case of a public utility like the Corporation the prices of whose service are determined by reference to the related costs rather than by the market forces of demand and supply as in the case of other business enterprises. If the prices of the services rendered by a public utility are determined on the basis of costs as indicated by the historical cost-based accounts, they would not cover the current cost depreciation and other current costs being incurred. Over a period of time, the enterprise will not be able to maintain its operating capability even though it may show profits as per conventional, historical cost based accounts. It is perhaps for this reason that internationally, many public utilities prepare even their main accounts on the basis of current cost accounting.

BASIS OF ACCOUNTING UNDER CURRENT COST ACCOUNTING FOR THE CORPORATION.

1. *The exercise has been conducted on the basis of the principles enunciated in the Guidance Note on Accounting for Changing Prices issued by the Institute of Chartered Accountants of India.*
2. *The current cost adjustments have generally been made on the basis of specific indices for various items.*

These indices have been computed by the Corporation as below :

- a) *Plant and machinery constitutes about 95% of the total fixed assets of the Corporation. Further, out of the various items of plant and machinery, ten specific items constitute about 95% of the total value of plant and machinery. Accordingly, an exercise has been carried out to work out the specific indices reflecting the changes in prices of these items. The indices for various items of plant and machinery have been worked out on the basis of an appropriate combination of --*
 - i) *detailed indices comprising the wholesale price index published by the Office of the Economic Adviser, Ministry of Industry, Government of India, and*
 - ii) *indices of specific items as circulated by the Indian Electrical and Electronics Manufacturers Association.*

In the case of HVDC which mainly comprises imported plant and machinery, direct pricing method has been used, taking the corresponding prices in 1995 as the basis for determining the current cost.

FIXED ASETS

Fixed Assets are stated at their gross current replacement cost by applying the relevant specific indices to the gross book value of each category of fixed assets. The net current replacement cost has been arrived at by charging depreciation on the gross current replacement cost at the rates specified under the Electricity (Supply) Act., 1948.

The lives of fixed assets acquired from other enterprises have been worked out on the basis of the original cost, rate of depreciation and the write down value.

Capital Work in Progress

Since the gestation period is 3-5 years for each project, capital work-in-progress has also been stated at its current replacement cost.

Inventories

Since inventories comprise mainly machinery spares, they have been restated on the basis of the indices used for the relevant items of plant and machinery.

Other Assets and Liabilities

Cash, sundry debtors, loans and other liabilities have not been revalued since these are already expressed in current monetary terms.

Depreciation Adjustment

The depreciation adjustment represents the difference between the amount of depreciation computed on the current cost of fixed assets and the amount of depreciation charged in the historical cost accounts.

Gearing Adjustment

As a part of the operating assets of the Corporation is financed through borrowings which are to be repaid in the same monetary amount irrespective of changes in prices, the full impact of price changes as reflected by the depreciation adjustment has been reduced by adding back a proportionate amount while determining the current cost profit attributable to shareholders.

The current cost reserve represents unrealized revaluation surplus on fixed assets, adjustment in respect of depreciation, and the gearing adjustment.

CURRENT COST BALANCE SHEET

AS AT 31ST MARCH 1995

<i>(Rs. in Thousands)</i>		
	FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
NET ASSETS EMPLOYED		
Gross Block	96623856	74809581
Less : Accumulated Depreciation	14618908	8532882
Net Block	82004948	66276699
Capital Work-in-progress	15145467	13816920
Construction Stores and Advances	6807337	4073900
Investments	25	20
Net Current Assets		
Inventories	755915	646135
Other Current Assets	8928712	8524227
	<u>9684627</u>	9170362
Less : Current Liabilities and Provisions	4143928	4703025
Miscellaneous Expenditure (to the extent not written off or adjusted)		4467337
	5540699	
	71278	82810
	<u>109569754</u>	<u>88717686</u>
FINANCED BY		
Shareholders Funds	29722407	28891261
Share Capital	41670121	28939722
Current Cost Reserves	6988537	4156040
Other Reserves and Surplus	78381065	61987023
Loan Funds:		
Secured Loans	7362625	3042812
Unsecured Loans	23826064	23687851
	31188689	26730663
	<u>109569754</u>	<u>88717686</u>

CURRENT COST PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1995

<i>(Rs. in Thousands)</i>		
	FOR THE YEAR ENDED 31ST MARCH, 1995	FOR THE YEAR ENDED 31ST MARCH, 1994
Profit Before Interest and Finance Charges and Taxation (on historical Cost basis)	3738785	3383761
Less : Depreciation Adjustment	2434485	1160565
Current Cost Operating Profit	1304300	2223196
Add : Gearing Adjustment	604689	337328
	1908989	2560524
Less : Interest and Finance Charges	1662824	1504994
Provision for Taxation	-	-
Current Cost Profit Attributable to Shareholders	1662824	1504994
	<u>246165</u>	<u>1055530</u>

POWER MAP OF INDIA

SOURCE: MANAGEMENT SYSTEMS, CORPORATE PLANNING.

