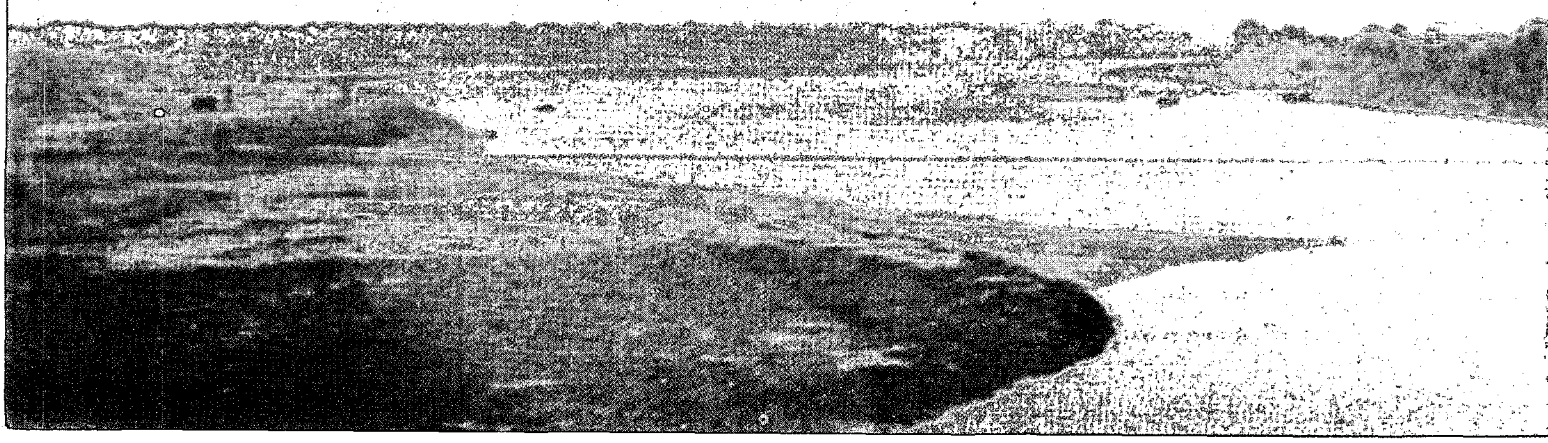
ANNUAL REPORT 2003-2004

National Hydroelectric Power Corporation Ltd.

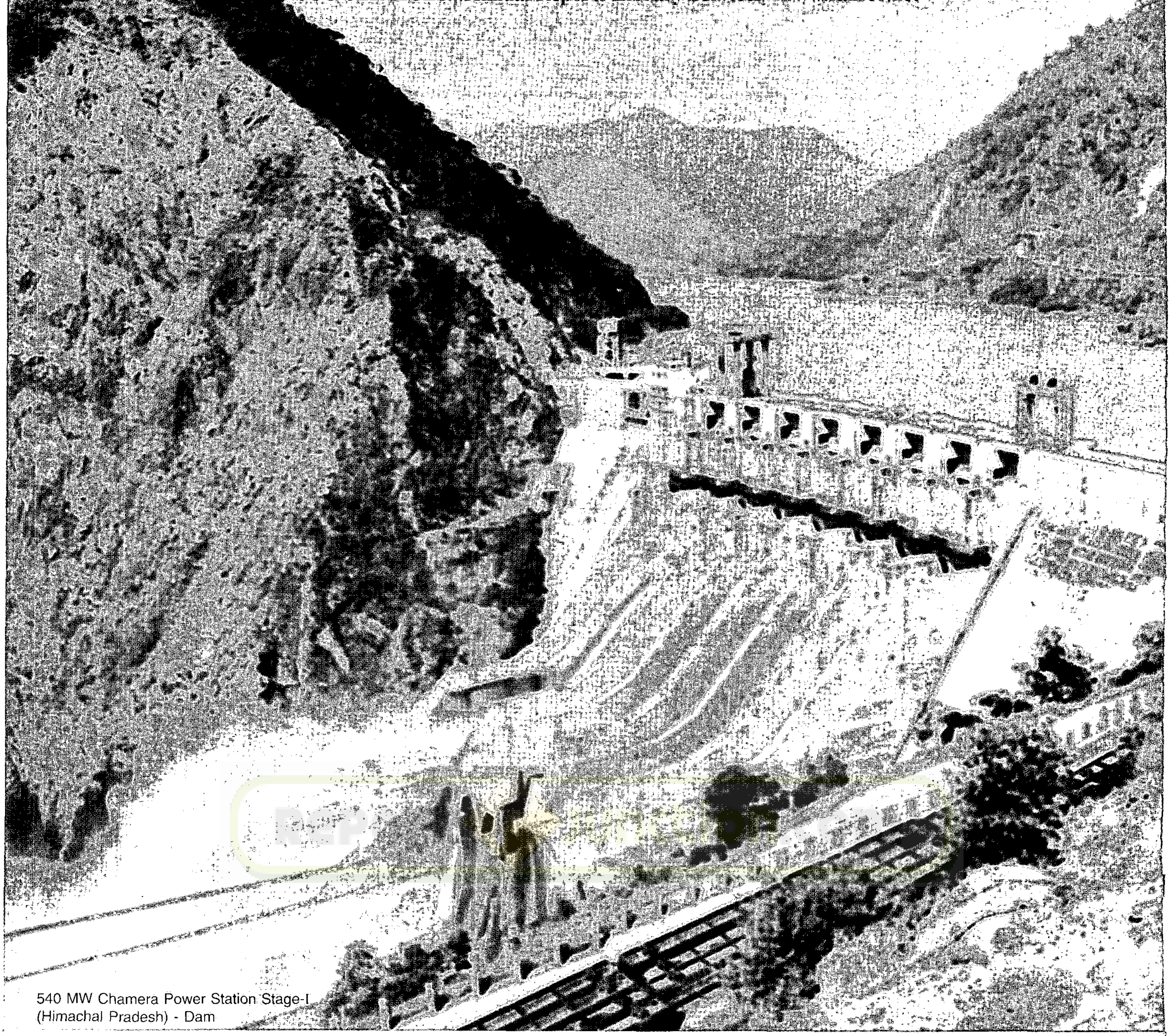
(A Government of India Enterprise)



C O N T E N T S

NHPC

NHDC



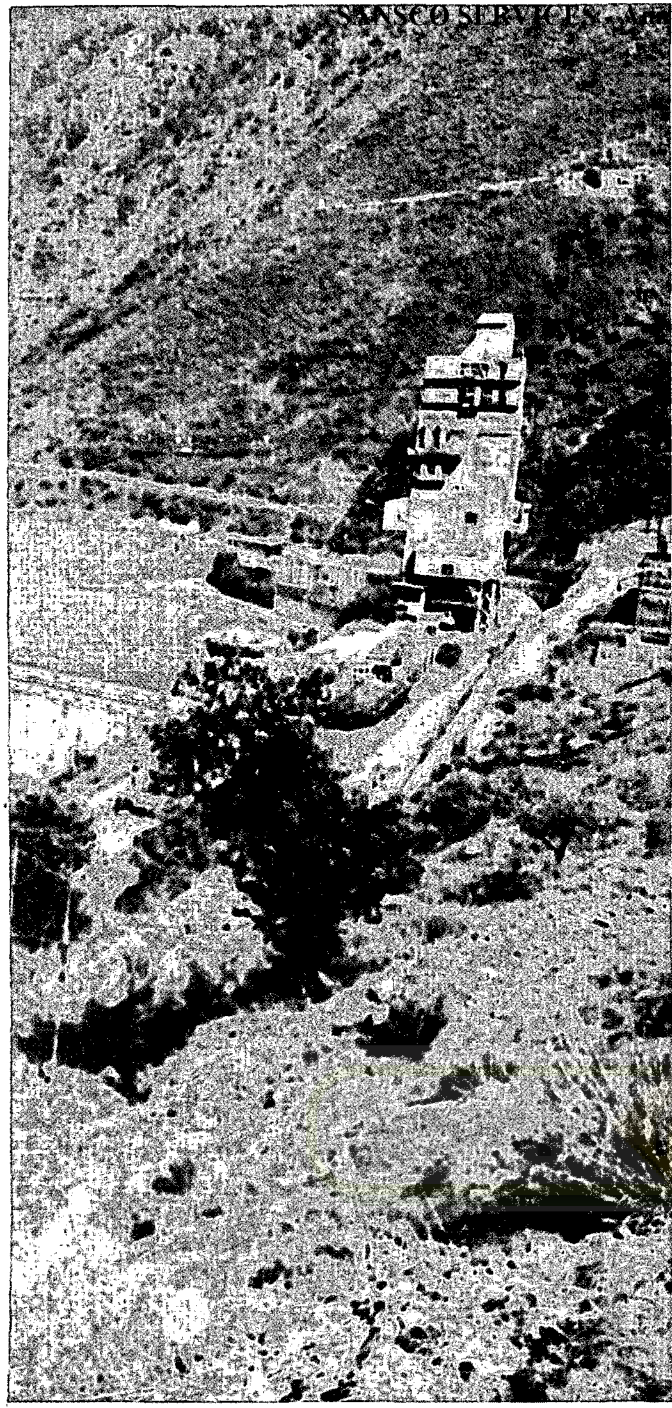
540 MW Chamera Power Station Stage-I (Himachal Pradesh) - Dam

Corporate Vision

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

Corporate Mission

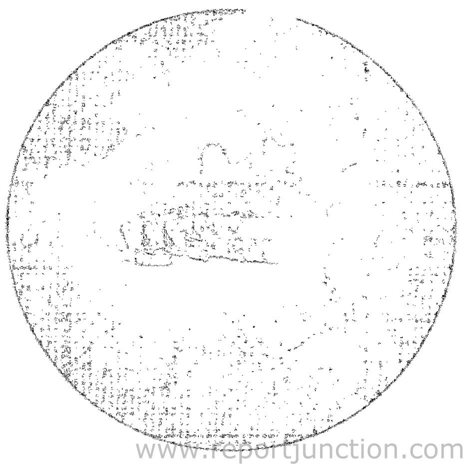
- To achieve international standards of excellence in all aspects of hydro power and diversified business.
- To execute and operate projects in a cost effective, environment friendly and socio-economically responsive manner.
- To foster competent, trained and multi-disciplinary human capital.
- To continually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



NHPC

Financial Objectives

- To generate sufficient internal resources for short term and long term financing for expansion and setting up of new projects.
- To strategically formulate long term Corporate Plans to achieve desired growth of the activities of the Corporation commensurate with national objectives.
- To continue efforts to maximize output and generation at most economic costs.
- To complete all on-going projects within the stipulated time and cost without any overruns.



B O A R D   O F

As on 15.09.2004

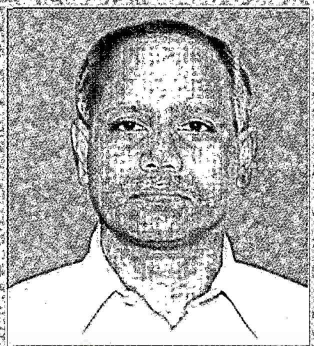
Shri Yogendra Prasad
Chairman & Managing Director

Shri A.K. Gangopadhyay
Director (Projects)

Shri R.K. Sharma
Director (Technical)

DIRECTORS

Shri S.K. Garg
Director (Finance)



Shri Mrutunjay Sahoo
JS&FA, MOP

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

COMPANY SECRETARY
Shri Vijay Gupta

STATUTORY AUDITORS
BATRA SAPRA & COMPANY
F-14, Shivam House, Amar Chambers,
Aptt. No. 17, Connaught Circus,
New Delhi-110001

BRANCH AUDITORS
GANDHI MINOCHA & COMPANY
1-A Tribune Colony Jagadhri Road,
Ambala - 131001, Haryana

A R MAITI & COMPANY
India Steamship Hosue, 21 Old Court
House Street, Kolkata - 700001,
West Bengal

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

BANKERS
State Bank of India
Indian Overseas Bank
Dena Bank
Bank of India
J & K Bank Limited
ICICI Bank Limited
Deutsche Bank
UTI Bank Limited
Bank of Bhutan
Canara Bank
Standard Chartered Bank

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

CORPORATE PROFILE

FINANCIAL		2003-04	2002-03	2001-02	2000-01
Sales	*	1276.09	1172.23	1221.00	1179.90
Miscellaneous income	@	551.69	302.96	330.40	575.70
Profit before interest, depreciation and tax	$	1477.37	1153.39	1183.50	1209.70
Profit after interest and depreciation		643.48	555.00	513.10	484.20
Profit after interest, depreciation and tax		621.38	510.50	470.90	443.40
Dividend		120.00	75.00	50.00	30.00
Reserves and surplus (cumulative)		3338.46	2852.46	2420.10	1999.20
What Corporation Owns					
Gross Fixed Assets		10342.71	8280.95	8113.50	7892.70
Depreciation		1882.95	1672.19	1526.70	1280.10
Net Fixed Assets		**8459.76**	**6608.76**	**6586.80**	**6612.60**
Capital Work in Progress		6975.83	7078.00	5218.30	3710.80
Construction Stores and Advances		805.55	621.74	525.50	613.00
Investments		3660.87	2415.66	1965.00	679.90
Net Current Assets		107.76	1889.77	1512.20	1864.20
Misc. Expenditure not w/o.		0.71	1.20	2.00	9.80
		20010.48	**18615.13**	**15809.80**	**13490.30**
What Corporation Owes					
Net Worth					
- Share Capital		8629.03	7240.61	6345.70	5188.20
- Reserves		3338.46	2852.46	2420.10	1999.20
Self Insurance for Contingencies		255.81	213.24	178.40	139.90
Income received in advance on account of advance against depreciation		939.40	801.06	648.40	519.90
Borrowings		6847.78	7507.76	6217.20	5643.10
		20010.48	**18615.13**	**15809.80**	**13490.30**
Operating Performance		**2003-04**	**2002-03**	**2001-02**	**2000-01**
Generation (M.U.)		11046	9863	8912	8774
Machine availability (%)		96.82	96.62	96.86	92.09
Sales (Rs. in crores)		1276.09	1172.23	1221.00	1179.90
Manpower (Nos.)		13648	13017	13054	11850

* Sales are net after tariff adjustment and advance against depreciation

@ Includes receipts against contracts

$ After prior period adjustments

(Rupees in crores)

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

DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

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

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

* Including share deposit & GOI fund adjustable to equity

Includes receipts against contracts

Ratios

		2003-04	2002-03	2001-02	2000-01
1.	Return on gross capital employed (H)/(AB)	6.34 %	5.44 %	6.02 %	7.20 %
2.	Return on net worth (L)/ (AC)	5.19 %	5.06 %	5.37 %	6.18 %
3.	Net Sales to gross capital employed (A)-(B)/(AB)	6.38 %	6.30 %	7.72 %	8.75 %
4.	Value added to net sales (AE)/(A)-(B)	99.79 %	99.77 %	99.43 %	99.40 %
5.	Debt to equity ratio (R)/ (O)+(P)+(Q)+(S)	0.52	0.68	0.65	0.72
6.	Net profit to net sales (L)/(A)-(B)	48.69 %	43.55 %	38.57 %	37.58 %