

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DTV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			

THE TATA POWER COMPANY LIMITED

Report  Junction.com

78TH ANNUAL REPORT 1996-97



THE TATA POWER COMPANY LIMITED

SEVENTY-EIGHTH ANNUAL REPORT 1996-97

ANNUAL GENERAL MEETING

On Wednesday, 20th August 1997,
at Patkar Hall at 3.00 p.m.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

CONTENTS

	Page
Notice	2-4
Explanatory Statements	5-6
Directors' Report	7-11
Annexure I to the Directors' Report	12
Annexure II to the Directors' Report	13-16
Financial Statistics	17
Distribution of Shares	17
Auditors' Report	18-19
Annexure to the Auditors' Report	20-21
Balance Sheet	22
Profit and Loss Account	23
Schedules "A" to "I" forming part of the Balance Sheet	24-32
Schedules "1" to "5" forming part of the Profit and Loss Account	33-36
Notes forming part of the Accounts	37-42
Balance Sheet Abstract and Company's General Business Profile	43
Cash Flow Statement	44

BOARD OF DIRECTORS

(as on 26th June 1997)

H. N. Sethna (Chairman)
R. N. Tata (Deputy Chairman)
Dr. S. Ganguly (Vice-Chairman)
K. M. Gherda
S. R. Vakil
D. G. Mehra (Whole-time Director)
Dr. H. S. Vachha
A. J. Engineer (Whole-time Director)
R. Thothadri
C. P. Mistry

SECRETARY

S. K. Ghiya

REGISTERED OFFICE

Bombay House,
24, Homi Mody Street,
Mumbai 400 001.

SHARE REGISTRARS

TATA SHARE REGISTRY LIMITED

Army & Navy Building,
148, M. G. Road,
Mumbai 400 001

For transfer of
securities

and

'Shalaka', 1st Floor,
Near Cooperage
Telephone Exchange,
Maharshi Karve Road,
Mumbai 400 021.

For correspondence

BANKERS

State Bank of India
Citibank N.A.
ANZ Grindlays Bank

SOLICITORS

Mulla & Mulla and Craigie, Blunt & Caroe
S. R. Vakil

AUDITORS

A. F. Ferguson and Company,
Chartered Accountants.

S. B. Billimoria and Company,
Chartered Accountants.

NOTICE

The SEVENTY-EIGHTH ANNUAL GENERAL MEETING of THE TATA POWER COMPANY LIMITED will be held on Wednesday, the 20th day of August 1997 at 3.00 p.m. at Sir Sitaram & Lady Shantabai Patkar Convocation Hall (Patkar Hall) of the S.N.D.T. Women's University at Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March 1997 and the Balance Sheet as at that date.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr H N Sethna, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr R Thothadri, who was appointed a Director of the Company pursuant to Article 131 of the Articles of Association of the Company to fill the casual vacancy on the Board caused by the resignation of Mr N M Govardhan and who, pursuant to Section 262 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, under Section 257 of the Act.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:—

"RESOLVED that, pursuant to the provisions of Section 293 (1)(d) of the Companies Act, 1956, Article 72 of the Articles of Association of the Company and other enabling provisions, if any, in addition to the borrowings effected and to be effected by the Directors for and on behalf of the Company, severally and/or jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd., pursuant to resolutions in that behalf passed at the general meetings of the Company held from time to time, the Company hereby consents to the borrowing from time to time by the Directors for and on behalf of the Company, severally and/or jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd., from financial institutions and/or banks and/or other parties by way of a loan or loans and/or deposits and/or credit facilities and/or deferred payment facilities and/or issue of debentures or bonds and/or any other form of borrowing, in any currency or currencies, of further amounts not exceeding Rs.1000 crores remaining outstanding at any time, notwithstanding that the further amounts to be borrowed in accordance with this Resolution together with the borrowings effected and to be effected pursuant to the earlier resolutions (neither of which include the temporary loans from the Company's Bankers in the ordinary course of business) aggregating US \$925 million and Rs. 2597.5 crores besides US \$ 105 million from International Bank for Reconstruction and Development exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:—

"RESOLVED that the consent of the Company be and is hereby accorded, pursuant to the provisions of Section 370 (1)(b) and other applicable provisions, if any, of the Companies Act, 1956, to the Company providing security by way of mortgages and/or charges on all its immoveable and moveable properties and assets, both present and future, and the entire undertaking of the Company to secure a loan or loans and/or deposits and/or credit facilities and/or deferred payment facilities and/or guarantees for securing any loans or deferred payment facilities and/or debentures or bonds and/or any other form of borrowing, in any currency or currencies, for amounts not exceeding in the aggregate Rs.1000 crores remaining outstanding at any time and interest and all other moneys payable in connection therewith, to be obtained from or to be issued to financial institutions and/or banks and/or other parties by the Company severally and/or jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:—

“RESOLVED that in addition to the mortgages and charges created and to be created by the Company pursuant to the consents given at the General Meetings of the Company held from time to time, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the mortgaging and/or charging by the Board of Directors of the Company of all the immoveable and moveable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and undertaking of the Company in certain events, to secure a loan or loans and/or deposits and/or credit facilities and/or deferred payment facilities and/or guarantees for securing any loans or deferred payment facilities and/or debentures or bonds and/or any other form of borrowing, in any currency or currencies, for amounts not exceeding in the aggregate Rs.1000 crores remaining outstanding at any time and interest and all other moneys payable in connection therewith, to be obtained from or to be issued to financial institutions and/or banks and/or other parties by the Company severally and/or jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise and execute all such documents for creating the aforesaid mortgages and/or charges and on such terms and conditions as they may deem fit, proper or appropriate in their absolute discretion and to do all such acts, things and matters as may be necessary for giving effect to the above Resolution.”

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:—

“RESOLVED that, in supersession of Resolution No. 8 passed at the Annual General Meeting held on 12th August, 1994 and subject to the approval of the Central Government, if necessary, and pursuant to the provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorises the Board of Directors of the Company to give loans, from time to time, to other bodies corporate, whether or not under the same management as the Company, to the extent of Rs. 875 crores, on such terms and conditions as the Board of Directors may deem fit.”

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:—

“RESOLVED that Messrs. A F Ferguson & Company and Messrs. S B Billimoria & Company be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to examine and audit the accounts of the Company at Mumbai and the Divisions for the financial year 1997-98 on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors plus travelling and out-of-pocket expenses.”

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:—

“RESOLVED that the Board of Directors be and is hereby authorised to appoint the Company's Auditors and/or in consultation with the Company's Auditors any person or persons qualified for appointment as Auditor or Auditors of the Company under Section 226 of the Companies Act, 1956 so far as Branch Offices in India are concerned, or an accountant or accountants duly qualified to act as Auditor or Auditors of the Branch Offices of the Company situated in countries outside India, in accordance with the laws of the country in which the Branch Offices of the Company are situate, to audit the accounts for the financial year 1997-98, of the Company's Branch Offices in India and abroad respectively and to fix their remuneration (which in the case of the Company's Auditors shall be in addition to their remuneration as the Company's Auditors) and the terms and conditions on which they shall carry out the audits.”

THE TATA POWER COMPANY LIMITED

11. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:—

“RESOLVED that pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr Shyam Sundar Gupta be and is hereby appointed a Director of the Company.”

- NOTES:** (a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in regard to the business as set out in Item Nos. 4 to 11 above, are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) The Register of Members and the Transfer Books of the Company will remain closed from 9th July 1997 to 19th July 1997, both days inclusive.
- (d) Dividend, if declared, will be paid to those members whose names appear on the Company's Register of Members on 19th July 1997. Dividend will be paid on or after Thursday, 21st August 1997.
- (e) Members are requested to notify immediately any change in their addresses including PIN CODE and/or the Bank mandate details to the Company's Registrars and Share Transfer Agents at the address given below:—

Tata Share Registry Limited
(Unit : Tata Power)
"Shalaka", 1st Floor,
Near Cooperage Telephone Exchange,
Maharshi Karve Road,
Mumbai 400 021.

By Order of the Board of Directors,
H N SETHNA
Chairman

Mumbai, 26th June 1997.

Registered Office :
Bombay House
24, Homi Mody Street
Mumbai 400 001.

EXPLANATORY STATEMENTS

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 4 to 11 of the accompanying Notice dated 26th June 1997.

Item No. 4: Mr R Thothadri was appointed a Director on 22nd December 1995 by the Board of Directors of the Company under Article 131 of the Company's Articles of Association, to fill the casual vacancy on the Board caused by the resignation of Mr N M Govardhan. Pursuant to Section 262 of the Companies Act, 1956, Mr Thothadri holds office upto the date upto which Mr Govardhan would have held office viz. upto the date of the forthcoming Annual General Meeting. Mr Thothadri was the Managing Director of Life Insurance Corporation of India and has long and valuable business experience. The Board considers it desirable that the Company should receive the benefit of his valuable experience and advice and commends his appointment.

Item No. 5: From time to time the members had passed resolutions, the last being at the Extraordinary General Meeting of the Company held on 21st May 1993, pursuant to the provisions of Section 293 (1)(d) of the Companies Act, 1956 and Article 72 of the Company's Articles of Association, authorising the Board of Directors to borrow, severally and/or jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd., and at present the Company can borrow, besides the loan of U.S. \$ 105 million from International Bank for Reconstruction and Development, upto U.S. \$ 925 million and Rs. 1597.5 crores.

The Company jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd. has several ongoing and proposed projects such as Backbay sub-station, Jojobera Power Plant, hydro replacements, Bhivpuri CCPP and other projects. In order to meet the financial requirements for these and future projects as also for meeting other corporate requirements, borrowing limit previously sanctioned by the members is proposed to be increased in the manner specified in the Resolution.

The purpose of this Resolution is to seek members' consent for increase in the borrowing powers as set out in the Resolution. For the purpose of this Resolution for computing the amount of any borrowings in other currencies, the rate of exchange prevailing on the date of signing the relative loan agreement will be considered, irrespective of the fact that subsequently such rate may fluctuate upwards or downwards.

Item No. 6: The borrowings as set out in the Resolution not exceeding in the aggregate Rs. 1000 crores remaining outstanding at any time, to be obtained from financial institutions and/or banks and/or other parties by the Company severally and/or jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd., may be required to be secured by mortgages and charges to be created on all the properties and assets of each of these three Companies.

In the circumstances, though strictly speaking, the consent of the Company in general meeting under Section 370(1)(b) of the Companies Act, 1956 may not be necessary, for the sake of abundant caution, such consent is being obtained for providing security by creation of mortgages and charges on all the properties and assets of the Company, in respect of such borrowings.

Item No. 7: The Company jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd. has several ongoing and proposed projects such as Backbay sub-station, Jojobera Power Plant, hydro replacements, Bhivpuri CCPP and other projects. In order to meet the financial requirements for these and future projects as also for meeting other corporate requirements, further borrowings as set out upto the amount mentioned in the Resolution (hereinafter referred to as "such borrowings") may be made by the Company severally and/or jointly with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd., as may be decided by the respective

THE TATA POWER COMPANY LIMITED

lenders/parties and/or the Board of Directors of the Company. As the documents to be executed with, or in favour of, the lenders/parties may contain the power to take over the management of the business and undertaking of the Company in certain events, it is necessary for the Members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 for the creation of the mortgages and charges to secure such borrowings.

Item No. 8 : In August 1994, the Shareholders had authorised the Board of Directors of the Company to give loans to other bodies corporate, whether or not under the same management as the Company, upto Rs. 300 crores. This limit is felt to be inadequate for the increasing needs of the Company, particularly the need to invest the project funds till their utilisation for the projects for which they are obtained. The purpose of the Resolution set out under Item No. 8 of the Notice is to obtain the Shareholders' authority, pursuant to the provisions of Section 370 of the Companies Act, 1956, to make loans to other bodies corporate whether or not under the same management as the Company, upto the limit set out in the Resolution.

Item No. 9 : In terms of Section 224A of the Companies Act, 1956, if not less than 25% of the subscribed capital of a company is held either singly or in combination by public financial institutions, government companies etc., then the appointment or re-appointment of the auditors of that company has to be made by a Special Resolution.

In the case of the Company, the combined holding of the aforesaid categories of shareholders exceeds 25% of the subscribed capital. Hence, it is necessary to pass a special resolution to re-appoint Messrs. A F Ferguson & Company and Messrs. S B Billimoria & Company as the Auditors of the Company.

The Shareholders' approval is also being sought to authorise the Board of Directors to determine the remuneration payable to the Auditors in consultation with them.

As required under Section 224 of the Act, certificates have been received from the Auditors to the effect that their re-appointments, if made, will be in accordance with the limits specified in Section 224 of the Act.

Item No. 10 : As Members are aware, the Company together with The Tata Hydro-Electric Power Supply Co. Ltd. and The Andhra Valley Power Supply Co. Ltd., is undertaking several projects/contracts in India as well as outside India mainly for the erection, operation and maintenance of power generation and distribution facilities. To enable the Directors to appoint Branch Auditors/Accountants for the purpose of auditing the accounts of the Company's Branch Offices in India and abroad, the necessary authorisation of the Members is being obtained in accordance with the provisions of Section 228 of the Companies Act, 1956, in terms of the Special Resolution under Item No.10 of the accompanying Notice.

Item No. 11 : Mr Shyam Sundar Gupta has, by his letter dated 21st January 1997, given notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director of the Company. Mr Shyam Sundar Gupta holds 120 Equity Shares of the Company.

The Resolution of Mr Gupta is being included in the Notice of the Annual General Meeting as required by law. It must, however, be made clear that the Management does not support the Resolution.

By Order of the Board of Directors,
H N SETHNA
Chairman

Mumbai, 26th June 1997.

Registered Office :
Bombay House
24, Homi Mody Street
Mumbai 400 001.

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present their Seventy-eighth annual report on the business and operations of the Company and the statement of accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

2. The summarised financial results are :

	Rupees	Previous Year Rupees
The profit before tax and after providing for depreciation amounted to	201,61,45,285	312,18,26,528
Less : Provision for taxation	86,54,88,523	87,57,58,000
Profit after tax	115,06,56,762	224,60,68,528
Less : Statutory appropriations	6,83,38,377	137,33,26,495
Profit after tax and statutory appropriations	108,23,18,385	87,27,42,033
Less : Short provision of tax	1,00,95,796	1,60,76,795
	107,22,22,589	85,66,65,238
Less : Appropriation to Capital Redemption Reserve	Nil	74,03,500
Distributable Profit	107,22,22,589	84,92,61,738
which the Directors have appropriated to :		
(i) Proposed Dividend	38,71,95,235	38,70,32,485
(ii) General Reserve	25,00,00,000	20,00,00,000
leaving a balance carried forward of	43,50,27,354	26,22,29,253

3. The Directors recommend the following dividend for the year ended 31st March, 1997, if declared by the shareholders at the Annual General Meeting:—

at Rs. 3.50 per share on Equity Shares (including 5,77,950 shares not allotted but held in abeyance and prorata dividend on 56,81,818 shares issued during the year) (1995-96 Rs. 3.50 per share)

38,71,95,235	38,70,32,485
--------------	--------------

THE TATA POWER COMPANY LIMITED**4.0 ACCOUNTS AND FINANCE**

4.1 Revenue from power supply increased by Rs. 23.89 crores (2.08%). The distributable profits for the year were higher at Rs. 107.22 crores (26.25% increase over the previous year) as compared to Rs. 84.93 crores in the previous year in spite of lower profit after tax of Rs. 114.06 crores (48.85% decrease). This was mainly due to a reduction in statutory and special appropriations. The shareholders may be aware that in the case of a licensee company engaged in the electricity business, the distributable profit is analogous to the profit after tax in other companies. The increase in tariff by MSEB from 1st October 1996 of Rs. 49.5 crores was largely absorbed by the Company and a modest increase of Rs. 12.5 crores in tariffs was effected to our consumers.

4.2 The total deposits and loans from the public, shareholders and employees outstanding as on 31st March 1997 amounted to Rs. 21.81 crores. 942 deposits amounting to Rs. 72.24 lakhs matured, but had not been claimed or renewed by the depositors as on that date. Out of these, 376 deposits amounting to Rs. 30.03 lakhs have since been renewed or repaid.

4.3 The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comment.

5.0 OPERATIONS**5.1 General**

The generation of the Tata Electric Companies (TEC) was lower by 7% at 9315 million units (MUs) as against 10,010 MUs in the previous year, due to the scheduled outages of both the 500 MW units during the year and some forced outages on the 150 MW Unit 4 and 200 MW Unit 7.

Thermal Power

5.2 The Thermal Units at Trombay operated at an on-line availability of 78.5%. Trombay Unit 6, during the period February 9, 1995 to February

1, 1997, operated at a Plant Load Factor of 87.2% and on-line availability as high as 94.5%, while Unit 5 performed at a Plant Load Factor of 74.3% and on-line availability of 89.5%.

Hydro Power

5.3 Western India once again received normal rainfall in 1996. All the three Hydro-Electric Power Stations of TEC performed satisfactorily during the year and generated 1176 MUs compared to 1180 MUs in the previous year.

Fuel Supplies

5.4 The Companies have been unsuccessful in getting a commitment for additional supply of associated gas from GAIL from the Bombay High offshore fields. This would have enabled TEC to considerably reduce the cost of power to its consumers in Mumbai city and considering the importance that is being given to improving infrastructure especially power, the Companies are still hopeful of receiving additional quantities in the overall interest of all concerned.

5.5 Receipt of other fuels viz. LSHS and Coal was satisfactory.

6.0 PROJECTS COMPLETED**6.1 Bhira Pumped Storage Unit**

The 150 MW Pumped Storage unit at Bhira was successfully commissioned in the generation mode. This will add to TEC's peaking capacity and also enable the Companies to generate additional energy in the monsoons by utilising water which would otherwise have spilled over.

6.2 Renovation of Hydro Units

The Companies are replacing their old hydro facilities at Bhivpuri and Khopoli. This will also improve the efficiency of these units. Simultaneously, work is progressing for replacing the old penstocks at Bhivpuri.

6.3 At Bhira Generating Station five 25 MW Units have been refurbished by installation of new modern turbine runners of higher efficiency.