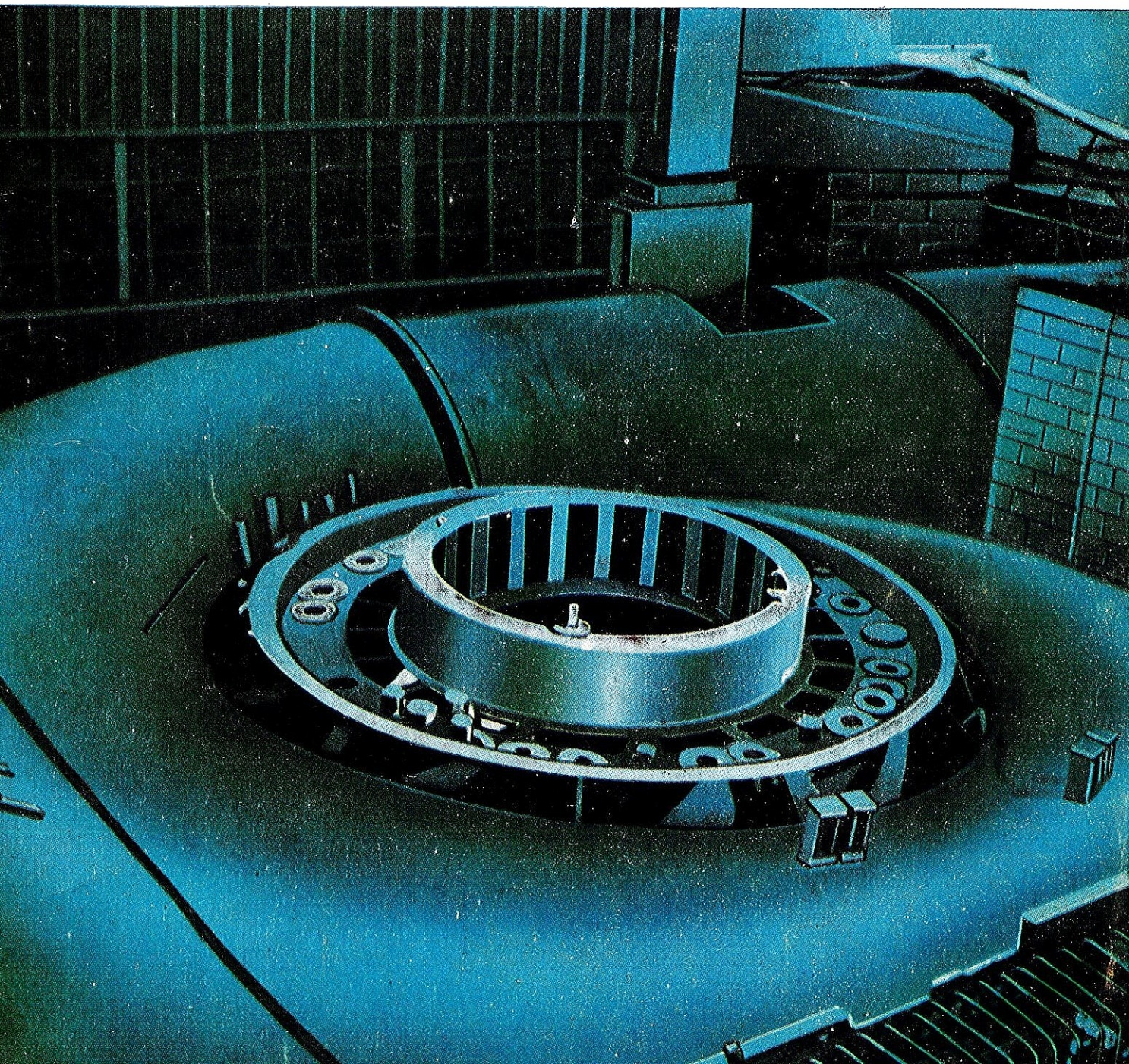


National Hydro Electric
Power Corporation Ltd.



1st Annual Report 1976-77



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BOARD OF DIRECTORS :

Chairman & Managing Director

Shri S.N. Roy

Directors

Shri Y.K. Murthy

Shri K.S. Subrahmanyam
(upto 31.10.77)

Smt. Otima Bordia
(upto 10.8.77)

Shri V. Krishnaswamy
(from 4.3.77)

Shri R. Gopalaswamy
(from 10.8.77)

Shri A.N. Singh
(from 21.11.77)

Shri S.B. Majumdar
(from 30.11.77)

Secretary

Shri D.N. Gupta

Auditors

M/s S.N. Dhawan & Co.,
New Delhi

Bankers

State Bank of India

Registered Office

Manjusha,
57-Nehru Place,
New Delhi-110024.

N O T I C E

Notice is hereby given that the First Annual General Meeting of National Hydro Electric Power Corporation Limited which was adjourned on 29th April, 1977 will now be held at 3.00 P.M. on the 28th December, 1977 at the registered office of the Corporation at Manjusha, 57-Nehru Place, New Delhi to transact the following business:

- (i) To receive and adopt the audited Accounts and Balance Sheet of the Company for the period from 7.11.75 to 31.3.77 and the Reports thereon of the Directors and the Auditors.
- (ii) To transact any other business that may ordinarily be transacted at the Annual General Meeting with the permission of the Chair.

This is in supersession to our earlier notice dated 12.12.1977.

New Delhi,

By Order of the Board

Dated : December 19th, 1977. for NATIONAL HYDRO ELECTRIC POWER CORPORATION LTD.

(D.N. GUPTA)
Seceretary

Note : A member entitled to attend & vote at the meeting is entitled to appoint another person as his proxy to attend the meeting and vote on his behalf. The proxy need not be a member of the Company. The proxy form duly stamped and completed should be deposited at the Registered office of the Company not less than 24 hours before the time fixed for the Annual General Meeting.

CHAIRMAN'S SPEECH

Gentlemen :

I feel highly privileged to welcome you today to this first Annual General Meeting of your Corporation. We had met briefly on the 29th April 1977, but since the Audited Accounts and Balance-Sheet were not available till then, with your permission, the meeting was adjourned to a date after the accounts were audited by the statutory auditors. The audited accounts alongwith the Audit Report have now been with you for your perusal.

2. Your Corporation was formally registered under the Companies Act on the 7th November 1975, but came into effective existence only with effect from the 1st June 1976 when I joined this Corporation. Your Directors have decided to adopt the financial year for the Corporation as a period of twelve months ending on the 31st March of each year, but for the first year, with the permission of the Registrar of Companies, the financial year has been reckoned from the 7th November 1975, the date of the formal registration of the Corporation, upto the 31st March 1977. The Audited Accounts and the Directors' Report, accordingly, cover this period from the 7th November 1975 to the 31st March 1977. In future, the financial year would be regulated to a twelve months period from April 1 of one year to March 31 of the next year and the Annual Report and the Annual Accounts, etc., would be put up to you accordingly.

3. The Directors' Report, which has been presented to you, already makes a comprehensive review of the working of the Corporation. I would, here, like to take this opportunity of placing only a few salient points before you for your perusal and consideration.

4. Whereas your Corporation came into effective existence from the 1st June 1976, so far only the Loktak Hydro Electric Project in Manipur State has been formally transferred by the Central Government to it with effect from the 1st January 1977. No firm schedule has yet been fixed for the transfer of the other two on-going Central Hydro Electric Projects, namely, Baira Siul Hydro Electric Project in Himachal Pradesh and the Salal Hydro Electric Project in Jammu & Kashmir, but we expect the transfer of these two projects to take place within the current financial year 1977-78. In the meanwhile, on the advice of the Central Government in the Ministry of Energy, Deptt. of Power, your Corporation has been informally looking after all the three on-going Central Hydro Electric Projects right from June 1976 onwards.

5. At the time your Corporation took over the Loktak hydro electric project, it was noticed that the infra-structural and pre-construction facilities at the project were inadequate. The residential accommodation in the project township was not enough, and civic facilities like water supply, medical facilities, etc. were inadequate. There was no schooling facility at all and even small children were required to travel everyday to Imphal and back for their schooling. The facilities for the transport of equipment and materials, as also the communication facilities at the project, needed immediate strengthening. Your Corporation has taken specific and constructive steps to remedy the deficiencies in the infra-structural and pre-construction facilities. The construction of more residences has been taken up and improvements have been effected in water supply. A beginning has been made in respect of schooling facilities by starting a small

primary school each at Liematak and Loktak. There was no banking facilities so far at the project, and this has been remedied by persuading the State Bank of India to open a branch there. Other facilities, like those for transport of equipment and materials, and communications, etc., have also been augmented and the capacity of the diesel power station supplying construction power and power to the township has been augmented. The steps taken have already shown some results. Not only the pace of work has since picked up, but there is a general rise in the morale and self-confidence in the team of officers and other staff at the project.

6. While this has already been brought out in more detail in the Directors' Report, I would like to emphasize that the task that your Corporation has undertaken at the Loktak Project is very difficult and complicated. Nevertheless, it is a matter of great satisfaction that your Corporation enjoys the support, help and assistance of the Ministry of Energy, Deptt. of Power, of the State Government of Manipur, and of other agencies, such as the Central Water Commission, the Central Electricity Authority, the Central Hydro Electric Projects Control Board and last, but not the least, of the officers and employees of the Corporation itself. I have, therefore, full confidence that we would be able to tide over the many difficulties and to meet the challenges that we face.

7. The other two on-going Central Hydro Electric Projects, namely, Baira Siul Hydro Electric Project and Salal Hydro Electric Project, which we expect soon to be transferred to the Corporation, also have a large number of difficulties. I, however, have no doubt that with the continued help and assistance that we are getting all round, the Corporation would be able to give a good account of itself there too.

8. Gentlemen, we are yet in a formative stage and are still in the process of building up an effective and efficient organisation. I am certain, however, that we have already laid a good foundation in this regard. At the moment, bulk of our officers and employees have been appointed in the Corporation on deputation from Government Departments and other sister organisations, but we have also taken steps to form and build up our own cadres. Recruitment from the market is already in hand for a number of posts. We had also taken a few executive trainees in engineering, after selections through a vigorous process undertaken jointly with the sister enterprise National Thermal Power Corporation Limited, and some of them have recently been appointed as Engineers in the executive cadre. We have also taken a number of qualified and experienced engineer officers by selection from those who were working earlier on the Beas-Sutlej Link Project, which is now in the process of completion.

9. As mentioned in the Directors' Report, your Corporation is keen that it should be entrusted with a few new hydro electricity projects, so that it has an opportunity to take up work in a planned and organised manner, creating the infra-structure and pre-construction facilities in time and thereby cutting down the actual construction period at the project site. We have now laid the foundations for a sound organisation and are now fully in a position to take up such new challenging projects, and show our mark in the field. As brought out in the Directors' Report, we have also undertaken the construction of a number of transmission works and, in this field too, we are now geared up to undertake more work.

10. You are aware that the country has been suffering from shortage of power for quite some time now. These shortages have contributed to the bottlenecks in the more rapid development of industries and agriculture and, in general, in the economic and social development of the country. The Government is, very rightly, placing great emphasis on steps to remove this shortage and plan to add 22,000 MW generating capacity in the next five years. This is indeed a great

challenge to all those engaged in the power sector in the country, and your Corporation is only too eager to play its role and to contribute its mite in this developmental efforts.

11. India has vast water resources, which could be harnessed for the economic generation of power. Whereas our fuel resources are expendable and could be conserved for future, water that once flows down is a dead loss to the country. In the best interests for the country, a co-ordinated planning and exploitation of the various sources of electricity has to be undertaken, taking into account both, the short-term and long-term needs, the overall economy and the requirements for coordinated operation of the power systems in the country.

12. The Corporation would like to emphasise the necessity of urgent steps to tap the water power resources. In this connection, a multi-pronged attack has to be made. A large number of new schemes should be identified and investigated, so as to create a shelf of properly investigated projects, out of which, the best selection could be made on techno-economic considerations. Where investigations have already been carried out and feasibility established, the go-ahead may be given and all necessary steps taken for the expeditious execution of the projects. On the on-going projects, all possible steps need to be taken to reduce the execution cycle and to see that the projects come into operation within the minimum possible time.

13. As I had mentioned earlier, the Corporation has already taken certain steps to gear up the work on the Loktak Project, that has been transferred to it. Similar steps shall be taken on the Baira Siul and Salal Projects when these are transferred to this Corporation. While all possible efforts are being made, and shall be made, to expedite work on these on-going projects, the Corporation looks eagerly to be given the opportunity and responsibility to undertake many more new hydro electric projects.

14. Gentlemen, before I close, I would like to bring to your notice that the Government of India have recently appointed me as the Chairman of the Central Electricity Authority and, as such, I would perhaps soon be required to take leave of this Corporation. While I am indeed sad to leave this organisation, which I have nurtured with your help and assistance. I do hope that a good foundation has been laid for the organisation and my successor in this Corporation will find with him the requisite wherewithal to face the challenges before him, to further bring up the Corporation and to give a good account of the Corporation and come up to the confidence that the Central Government has placed in this Corporation.

S. N. ROY

New Delhi,

Dated : December 28, 1977.

DIRECTORS' REPORT

Gentlemen,

I have great pleasure to present to you, on behalf of your Directors, the first report on the working of this newly set up Corporation, incorporating the Audited Accounts of your Corporation for the period 7th November, 1975 to the 31st March, 1977, and the auditor's report thereon.

2. Your Corporation came into formal existence on the 7th November, 1975, when it was registered under the Companies Act, 1956, but the effective working of the Corporation commenced only on the 1st June, 1976, when your Chairman & Managing Director joined the Corporation. Your Directors have decided that the financial year of the Corporation shall be a period of twelve months ending on the 31st March of each year. Permission has been obtained from the Registrar of Companies that the first accounting year of the Corporation may be taken from the 7th November, 1975, when the Corporation was formally registered, upto the 31st March, 1977. The Annual Report and the Accounts are, therefore, submitted accordingly for this period.

3. Capital structure :

3.1 The National Hydro Electric Power Corporation Ltd. is an enterprise of the Central Government, with an authorised share capital of Rs. 200 crores, divided over twenty lakhs equity shares of Rs. 1000/-each. In accordance with the Memorandum & Articles of Association, the entire share capital of the Corporation is to be contributed by the Central Government or the State Govt. in whose jurisdiction a hydro electric project is located, to the extent the same is permitted by the Central Government. To date, all investments in the Corporation have been made wholly by the Central Government alone.

3.2 The Central Government had made an investment of Rs. 4,52,33,000/- in the share capital of the Corporation upto the 31st March, 1977. Besides this amount, as on the 31st March, 1977, a further amount of Rs. 32,32,62,200/- also stood transferred to the Corporation from the books of the Central Government on account of the transfer of the Loktak Hydro Electric Project in Manipur State from the Central Government to this Corporation with effect from the 1st January, 1977. The Central Government subsequently communicated the decision that out of this amount transferred to the Corporation as the purchase price of the Loktak Hydro Electric Project, a sum of Rs. 16,85,29,600/- may be treated as investment in equity shares and the balance amount as loan. The loan amount is to carry an interest liability of $10\frac{1}{2}\%$ per annum, with a rebate of $\frac{1}{4}\%$ per annum for prompt payment and penal interest of 13% per annum for delay in payment.

3.3 Whereas the transferred value of the Loktak Hydro Electric Project has been adjusted, tentatively, in accordance with the orders of the Central Government, as above, your Corporation has represented to the Ministry of Energy, Deptt. of Power. to bring out the heavy burden of interest on loan which will push up the cost of electricity generation at Loktak Project to uneconomical figures. The Ministry have been requested that in order that the Loktak Project achieves its basic objective of providing a base for the economic development of the backward region of the

country, the Corporation may be assisted in keeping the cost of the project low, by providing funds for this project in their entirety as investment in equity capital only, without treating any part of the amount as loan. So far the Central Government have not taken any decision on this request of the Corporation, and the Corporation continues to pursue the matter with the Government.

4. Work-load with the Corporation :

4.1 You are aware that the main objectives of the National Hydro Electric Power Corporation, in brief, are :

- (i) to plan, promote and organise an integrated and efficient development of hydro electric power in all its aspects, including planning, investigation, research, design and preparation of preliminary feasibility and definite project reports; construction, generation, operation and maintenance of hydro electric power stations and projects; and transmission, distribution and sale of power generated at Hydro electric projects, in accordance with the national economic policies and objectives laid down by the Central Government from time to time; and
- (ii) to undertake, where necessary, the construction of inter-state transmission lines and ancillary works for timely and coordinated inter-state exchange of power.

4.2 At the time the Corporation was formed, it was proposed that initially the following three hydro electric projects, which were then under execution directly by the Central Govt., shall be transferred to this Corporation, apart from any other new projects or works that may further be entrusted to it :

- i) Loktak Hydro Electric Project in Manipur State, with a proposed installed capacity of 3 x 35 MW.
- ii) Baira Siul Hydro Electric Project in Himachal Pradesh, with a proposed installed capacity of 3 x 60 MW.
- iii) Salal Hydro Electric Project in Jammu & Kashmir State, with a proposed installed capacity of 3 x 115 MW in the first stage.

4.3 Out of the above three projects, so far only the Loktak Hydro Electric Project in Manipur State has been formally transferred to the Corporation with effect from the 1st January, 1977. The transfer of the other two projects, namely, the Baira Siul Project in Himachal Pradesh and the Salal Project in Jammu and Kashmir State, is currently under processing and the Corporation expects the transfer of these projects within the next few months' time. However, in anticipation of the formal transfer of these projects, the Corporation has already informally been looking after these projects on behalf of the Government of India and rendering them such technical help and assistance from time to time, as required.

4.4 Besides the Loktak Hydro Electric Project, transferred to the Corporation with effect from the 1st January, 1977, the Corporation was entrusted, upto the 31st March, 1977, with the construction of the following transmission works :

- i) 66 KV double circuit inter-state transmission line from Gangtok to Melli via Lower Lagyap in Sikkim, with the associated 66 KV sub-stations at Gangtok and Melli;
- ii) 132 KV single circuit inter-state transmission line from Liematak (Loktak Hydro Electric Project) to Jiribam;

- iii) 132 KV single circuit inter-state transmission line from Gandak power station in Nepal to Ramnagar in Bihar; and
- iv) 400 KV single circuit transmission lines from Singrauli to Obra and from Singrauli to Kanpur as a part of the Singrauli Super Thermal Power Project, on behalf of the National Thermal Power Corporation Ltd., a sister enterprise of the Government of India.

4.5 Apart from the above transmission works, entrusted upto the 31st March, 1977, subsequently the construction of the following further transmission works has also been entrusted to the Corporation:

- i) 220 KV transmission lines associated with the Salal Hydro Electric Project (60 kms of double circuit line and 218 kms. of single circuit lines).
- ii) Extension of the 66 KV double circuit inter-state transmission line from Melli to Kalimpong (West Bengal).
- iii) Construction of a 66 KV single circuit transmission line from Gangtok to Dikchu, with the associated 66 KV substation at Dikchu, for and on behalf of the Government of Sikkim.

5. Works Prospects :

5.1 In so far as the three on-going Central Hydro Electric Projects namely, Loktak Hydro Electric Project, which has already been transferred to the Corporation, Baira Siul Hydro Electric Project and Salal Hydro Electric Project, the transfer of which to the Corporation is expected shortly, are concerned, these are all very difficult projects, located in difficult and remote areas. All these three projects have been beset with a number of serious and formidable difficulties, resulting in very slow progress so far. While the Corporation shall take all steps, as it has already done in case of the Loktak Hydro Electric Project, and make full endeavour to expedite the decision-making and to find solutions to the various difficulties, so as to carry out the work on these projects as efficiently and as expeditiously as possible, the Corporation very much hopes that soon it would be entrusted by the Government of India with a few new and challenging hydro electric projects, where the Corporation could plan out and organise things appropriately and efficiently right from the start. The Corporation is geared up to take up the construction also of more transmission lines and would welcome more such works to be entrusted to it.

5.2 Loktak Hydro Electric Project :

5.2.1 Apart from the power station, the project comprises a barrage across the Manipur river at Ithai and a complicated and difficult water conductor system comprising 2267 m of open channel, 1223 m long and 5.0 m dia cut and cover section, 6505 m. long and 3.81 m. dia head race tunnel, 273 m. long pipe tunnel and three penstock pipes, each 1346 m. long and 2.3 m. dia. The water conductor system at the project has proved to be extremely problematic because of the weak strata through which it passes. The area is full of artesian conditions and the ground conditions are extremely unstable, resulting in frequent sloughing and heaving of the bed. The work on the tunnel has been taken up from seven faces. In two of the faces, namely, faces 4 and 5, there has been a serious problem of inflammable methane gas, which had resulted in two serious accidents in the past. In another face, the soil comprises lake sediments, consisting of silt, sand, silty clay with pebble layers surcharged with water, resulting in serious earth flow

conditions. The complete tunnelling work was awarded originally to M/s. Patel Engineering Co., but they claimed later that the site conditions encountered by them were wholly different from those given in the tender documents, and on which their rates were based. They were, therefore, asking for an upward revision in their rates and, at the same time, they were unwilling to take up work on faces 4 and 5, where excessive methane gas emission was being encountered and which had resulted in two serious explosions, in which several persons belonging to their organisation had lost their lives. Due to these problems, the work on the construction of the tunnel had been practically at a stand still from January, 1975. The Government of India set up a number of committees to consider and resolve the various issues and, in this connection, assistance was also sought from an Austrian Consultant, Er. Golser. Based on his recommendations, which the Government of India had accepted, it has been decided to use a shield cover for face 0, where the soil is in a flowing condition, to use point excavator with FLP equipment and adequate ventilation systems for faces 4 and 5, which had been plagued with an excessive emission of methane gas, and use methanometers and a remote methane gas detection system, etc.

5.2.2 The Corporation, assisted by the Government of India in the Ministry of Energy, Department of Power, and the Central Water Commission, undertook extensive negotiations with M/s. Patel Engineering Co. As a result, an agreement has been reached with them regarding their rates for faces other than faces 4 & 5 and they have since commenced work on faces 2,3,6 and 7. Arrangement has been made for import of point excavator and for the procurement of the requisite FLP equipment for use on faces 4 and 5, which are now proposed to be carried out departmentally. Global tenders have also since been floated for procurement of the requisite shield cover for tunnelling work from face 0. A large number of methanometers have been installed for ready detection of any excessive emission of methane gas. The remote methane gas monitoring system for use on faces 4 and 5 has also been imported and arrangements are being made for its installation.

5.2.3 As mentioned, work on faces 6 and 7 is being carried out by M/s. Patel Engg. Co. Pending the arrival of the point excavator they have also agreed to continue with work on face 4, provided they do not encounter excessive methane gas emission. The rectification work has also been started from face 5 departmentally. The tunnel boring work shall be started in 3-4 months time by conventional methods till the Alpine Miner is received. In anticipation of the import of shield cover equipment, work has also commenced departmentally between faces 0 and 1 and on face 5.

5.2.4 It is a matter of some satisfaction that whereas the prospects at the Loktak Hydro Electric Project appeared to be rather bleak at the time the Corporation was formed with the vigorous efforts of the Corporation, with the whole-hearted cooperation and assistance of the Government of India in the Ministry of Energy, the Central Water Commission, the Central Electricity Authority, and others concerned, a clear opening seems to be visible in the clouds and the things have started looking up, and the pace has picked up. The average monthly progress on tunnelling has already gone up from 22 metres in June, 1976, when the Corporation was formed, to 51 metres during the month of November, 1977. The Corporation feels confident that it has turned the corner and, within the next few months, the progress rate on tunnelling work at Loktak Project may go up to 100 metres per month.

5.2.5 It may be of interest to the members that at the time the Loktak Project was taken over by the Corporation, it seriously lacked adequate provisions of infra-structural facilities like residences, tele-communication facilities, construction power arrangements, schooling facilities, facilities for transportation of equipment, banking facilities, etc. The Corporation has applied itself promptly to these deficiencies and taken steps to remedy the inadequacies in the field of

infra-structural facilities. Additional residences are being constructed; telephone facilities between Liematak and Loktak have been established ; and all the main sites are being connected by VHF system. Additional diesel generating sets have been procured, installed and commissioned, to meet the requirement of construction power. No schooling facilities at all were available so far at the project site. As an initial step, a primary school each has been established at Liematak and Loktak. A low bed semi trailer has been purchased to augment the inadequate capacity for transportation of equipments and materials. With the efforts of the Corporation, the State Bank of India have since opened a branch at the project, providing the banking facilities which, though much needed, were so far totally lacking at the project site.

6. Organisation :

6.1 The Board of Directors of the Corporation, as you are aware, comprises at present of the Chairman & Managing Director and five part-time Official Directors. Action is underway for the appointment of a whole-time Director (Finance) for the Corporation. Appointment of further functional Directors, including an Executive Director, shall be taken up in due course, as may be required.

6.2 Keeping in view the long-term objectives of the Corporation and the need to have an organisation which should be business-like and result-oriented, with adequate freedom and flexibility to operate effectively within the frame-work of the objectives of the Corporation and the broad principles and policies laid down by the Government of India, and which should have the inherent capacity to grow systematically, and in a planned manner, a broad outline of the design of an organisational structure for the Corporation has been drawn up. The proposal in this regard is under the active consideration of the Board of Directors.

6.3 Your Corporation has undertaken the preparation of the basic rules and regulations relating to personnel matters in the right earnest. Good progress has already been made and rules have already been drawn out and approved relating to recruitment, appointment, seniority, pay fixation, T.A., etc. The salaries and wages structure of the Corporation has also been finalised and adopted after due approval of the Board of Directors.

6.4 The Loktak Hydro Electric Project is headed by a Chief Engineer, assisted in his work by two Superintending Engineers—one in charge of civil works and the other of electrical works—and a complement of other officers and staff. The organisation of the project needs immediate strengthening, particularly in view of the decision to take up a part of the tunnelling work departmentally. Action has been taken from time to time to sanction additional posts, as may be required, and also to post persons to the same to the extent possible. It needs to be re-emphasised that the project is situated in a difficult and far away area, where infra-structural facilities like adequate housing, water supply, schooling, communication, etc., had been very much lacking so far, with the result that it was difficult to find persons willing to be posted on the project and, in fact, a number of officers and other staff already working on the project had also been indicating their desire to go back. As already mentioned earlier, the Corporation has now undertaken the creation of proper facilities and amenities and all possible avenues of securing the services of suitable and willing personnel are being explored.

7. Employees drawing more than Rs. 3000/-per month :

In accordance with the provisions of Section 217 (2)(A) of the Companies Act, 1956, a statement giving particulars of employees whose remunerations are more than Rs. 3000/- per month, is put up. None of the employees mentioned in the statement is related to the Directors of the Company.

8. Acknowledgements :

8.1 The Directors acknowledge, with grateful thanks, the guidance and help that they have received constantly and readily from the various Ministries of the Government of India, particularly the Ministry of Energy, the Central Water Commission, the Central Electricity Authority, and the Central Hydro Electric Projects Control Board. Special thanks are due, particularly, to the State Government of Manipur, the State Government of Sikkim, the State Government of Jammu and Kashmir, and the State Governments and State Electricity Boards of Bihar and Uttar Pradesh, in connection with the works undertaken in these States. Thanks are also due to the various Ministries and Departments of Central Government and State Governments and State Electricity Boards etc. for helping us by agreeing to loan the services of their personnel for appointments on deputation to the Corporation. But for the ready help and assistance that the Corporation was able to get from all the concerned quarters, it would not have been possible for us to start functioning smoothly so soon.

8.2 Last, but not the least, the Directors take this opportunity to place on record their recognition and appreciation of the enthusiasm and hard work of the officers and employees of the Corporation, and have no doubt that they will attain still better levels of performance in the years to come.

For and on behalf of the Board of Directors,

S. N. ROY
Chairman & Managing Director

New Delhi,
Dated : December 16, 1977.

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE REPORT OF THE DIRECTORS FOR THE PERIOD FROM 7.11.1975 TO 31.3.1977.

<i>Sl. No.</i>	<i>Name</i>	<i>Designation</i>	<i>Age (Years)</i>	<i>Remuneration received (Gross) Rs.</i>	<i>Nature of employment whether contractual or otherwise</i>	<i>Nature of duties</i>	<i>Qualification and experience</i>	<i>Date of commencement of employment</i>
1.	Sh. S. N. Roy	Chairman and Managing Director	54	41,203	Presidential appointment for three years.	Chief Executive of the Corporation.	B.Sc (Engg) 31 years	1.6.76

FINANCIAL STATEMENTS

NATIONAL HYDRO ELECTRIC POWER

Balance Sheet as at

LIABILITIES	<i>Schedule</i>	<i>Rs.</i>
Share Capital	A	21,37,62,600
Unsecured Loans from the Govt. of India		15,47,32,600
Current Liabilities & Provisions	B	81,70,556
		<hr/>
		37,66,65,756

S. N. ROY
*Chairman &
Managing Director*

V. KRISHNASWAMI
Director

31st March, 1977

Notes forming part of accounts as per Schedule G.
Schedules A to G form an integral part of the Balance Sheet.

VIJAY DHAWAN
Partner

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

**Incidental Expenditure During Construction Account for the period from
7th November, 1975 to 31st March, 1977**

Description	Rs.
Salary, Wages & Allowances	12,64,041
Foreign Service Contribution	1,218
Staff Welfare Expenses	39,914
Other Administrative Expenses	
Travelling	71,497
Audit Fee	5,000
Rent	2,57,617
Insurance	42,387
Interest, Bank & Finance Charges	39,67,407
Repairs & Maintenance*	9,44,998
Electricity & Water Charges	5,189
Advertisement	3,797
Security Arrangement	6,01,600
Contingent Expenses	2,01,764
Design & Consultation Fee	3,09,105
	<hr/> 77,15,534
Less Receipts :	
Electricity Charges	1,75,015
Sale of Tenders	1,925
Hire charges of Machinery & Tools	2,06,549
Water Charges	800
Interest Received :	
On term deposit	62,546
On others	1,01,457
	<hr/> 1,64,003
Rent	75
Miscellaneous Income	400
	<hr/> 5,48,767
	<hr/> 71,66,767

The above include the following amounts paid to Chairman & Managing Director :

Salary & Wages : Rs. 31,425/-, Rent : Rs. 8,378/-
Other perquisites (conveyance)
calculated as per Income-tax Act : Rs. 1,400/-.

* Include Rs. 1,04,339/-for buildings & Rs. 3,75,442/-for machinery.

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

Schedule 'A'—Share Capital

Authorised Capital

Rs.

20,00,000 Equity Shares of Rs. 1,000/- each

2,00,00,00,000

Issued, Subscribed and Paid up Capital

5,233 Equity Shares of Rs. 1,000/- each fully
paid in cash

52,33,000

Share Capital Deposit

Amount received from Government of India
awaiting allotment of shares :

In Cash

4,00,00,000

Part purchase
consideration of Loktak Hydro
Electric Project

16,85,29,600

20,85,29,600

21,37,62,600

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

Schedule 'B'—Current Liabilities & Provisions

Current Liabilities	<i>Rs.</i>
Sundry Creditors	23,57,084
Security & Earnest Money Deposits	18,06,019
Interest accrued but not due on loans	39,65,023
Other Liabilities	42,430
	<hr/>
	81,70,556
	<hr/>

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

Schedule 'C'—Fixed Capital Expenditure

S. No.	Particulars of Assets	Gross Block		Depreciation for the period	Net Block as on 31st March 1977
		Additions during the period Rs.	Cost as on 31st March 1977 Rs.		
1.	Furniture, Fixtures & Office Equipment	3,54,956	3,54,956	—	3,54,956
2.	Vehicles	34,798	34,798	—	34,798
	Total :	3,89,754	3,89,754	—	3,89,754

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

Schedule 'D'—Construction Work-in-Progress

	<i>Rs.</i>
1. Freehold Land	15,03,236
2. Barrage	46,13,756
3. Water Conduit System	18,96,72,828
4. Power House	1,77,04,170
5. Generating Plant & Machinery	4,31,57,082
6. Transmission Lines	34,34,945
7. Buildings & Communications	2,18,23,547
8. Machinery & Equipment	3,50,67,149
9. Ancillary Works	23,94,586
10. Furniture, Fixtures & Office Equipment	1,04,862
11. Vehicles	2,89,358
	<hr/>
	31,97,65,519
	<hr/>

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

Schedule 'E'—Current Assets, Loans & Advances

Rs.

A. CURRENT ASSETS

Stock-in-Hand—At cost

(Valued and certified by
the Management)

3,32,43,893

Cash & Bank Balances

Cash, Cheques, Imprest & Postage in
hand

2,94,598

Balance with Scheduled Banks

(i) On Current Account

51,07,502

(ii) On Short Term Deposit

25,00,000

(iii) Interest accrued but not due on
Short Term Deposit

2,419

B. LOANS & ADVANCES

(Unsecured considered good)

Advances recoverable in cash or
in kind or for value to be received

51,91,350

4,63,39,762

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

Schedule 'F' – Miscellaneous Expenditure

Rs.

Miscellaneous Expenditure
(To the extent not written off or adjusted).

Preliminary Expenses

30.03,954

NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

Schedule 'G'—Notes on Accounts

1. Estimated amount of contracts remaining to be executed—amount not ascertained.
2. No Profit & Loss account has been prepared as the Corporation has only Capital Works under construction and has not started revenue operations. However, necessary information as required by Schedule-VI Part-II to the Companies Act, 1956 is appended below :

Employees in receipt of remuneration aggregating Rs. 3,000/- or more per month employed for part of the period.

<i>No. of Employees</i>	<i>Salary & Wages</i>	<i>Value of prerequisites As per Income-tax Act</i>	<i>Total</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1	31,425	5,578	37,003

3. No provision for taxation has been made in the accounts as the Corporation expects no such liability.
4. Provision of Audit Fee is subject to the approval of Company Law Board. Further no provision has been made for Accountancy Services Rs. 2,500/- and re-imbursement of out of pocket expenses estimated Rs. 3,801/- paid to Auditors.
5. This being the first accounting period of the Corporation, previous year's figures have not been given.
6. Transfer value of assets of Loktak Project has been finally intimated as Rs. 32,32,62,200/- vide Government of India (Ministry of Energy) Letter No.1/8/75-CPC (vol.II) dated 15.6.77 and taken in accounts against the estimated value of Rs. 31,20,60,000/- indicated in the Conveyance Deed transferring the Project to the Corporation. The Corporation has taken up the question with the Govt. of India regarding credits amounting to Rs.61,10,000/- received from Manipur State towards their share of cost of irrigation facilities and Rs.13,24,481/- from other miscellaneous sources; the remaining balance between the estimated value mentioned in the Conveyance Deed and the final sanction of the Ministry of Energy based on actual expenditure on the Project up to the date of transfer having been accepted.

AUDITORS' REPORT

We have audited the annexed Balance Sheet of Messrs National Hydro Electric Power Corporation Limited as on 31st March, 1977 and also the annexed statement of Incidental Expenditure of the Corporation for the period ended on that date :—

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1975 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph-1 above :—
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Corporation so far as appears from our examination of the books.
 - c) The Balance Sheet and the statement of Incidental Expenditure dealt with by the report are in agreement with the books of accounts.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required subject to the remarks that :—
 1. The assets of Loktak Hydro Electric Project valuing Rs. 32,32,62,200/- taken over in terms of conveyance deed dated 30.12.1976 executed between Government of India and the Corporation read with Government of India (Ministry of Energy)'s letter No. 1/8/75-CPC (Vol. II) dated 15.6.1977 and letter No. DO/FA/NHPC/1019 dated 10.12.1976 have been accounted for accordingly. In the absence of proper information no other liabilities and assets in terms of Gazette No. 1-2/75-CPC Government of India, Ministry of Energy (Deptt. of Power) dated 30.12.1976 vide para 3 (b) have been accounted for.
 2. Expenses & assets relating to the earlier period but paid for after 1.1.1977 have been accounted for to the respective account heads.
 3. No provision for additional claims arising out of revised agreement with M/s. Patel Engineering Company has been made, the exact amount being unascertainable.
 4. Final payments to employees against travelling and to suppliers against supplies have only been accounted for in respective account heads, since the advances paid have been adjusted in the previous period.
 5. In the absence of adequate information following could not be verified :—
 - a) Sale of energy & water charges;
 - b) Interest income from suppliers against advances paid to them;

- c) Machine and tool hire charges;
 - d) Consumption of stores, spares & recoveries from contractors and others;
 - e) Sundry creditors amounting to Rs. 60,223.00;
 - f) Rent received;
6. Suppliers' and Contractors accounts, advances to employees, security & earnest money deposits received and the account of A.G. Manipur could not be verified in the absence of confirmations/statements of accounts.
 7. Cash in hand and imprest balances include a sum of Rs. 2,84,942.55 towards imprest balance with various department heads at Loktak which represents mostly the expenses. No provision has been made for such expenses.
 8. Contribution by Govt. of Manipur amounting to Rs. 61,10,000.00 being their share of cost of irrigation facilities of Loktak Power Channel has not been accounted for.
 9. Depreciation has not been charged on the assets in use.
 10. Provision in respect of following has not been made :—
 - a) Stores received but not paid for;
 - b) Central Sales Tax;
 - c) Provident Fund;
 - d) Gratuity;
 - e) Bonus.
 11. Assets in use at Loktak Project have been shown under Construction Work-in-Progress instead of in 'Fixed Capital Expenditure'.
 12. No provision has been made on account of Accountancy Charges & out of pocket expenses paid to auditors as referred to in Note No. 4 in Schedule 'G' to the accounts.

Give a true and fair view :—

- (i) in case of the Balance Sheet of the state of affairs of the Corporation as on 31st March, 1977; and
- (ii) in the case of the statement of Incidental Expenditure of the EXPENDITURE for the period ended on that date.

*for S.N. DHAWAN & COMPANY,
Chartered Accountants*

VIJAY DHAWAN
Partner ,

Dated : 23rd December, 1977

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH-1
OF OUR REPORT OF EVEN DATE

1. The Corporation has maintained proper records showing the full particulars of assets in so far as the Corporate Office is concerned. The same were physically verified by the Management and no discrepancy was noticed. Assets register pertaining to the assets of the Loktak Project has not been maintained.
2. None of the fixed assets have been revalued during the period.
3. The stocks of stores and spare parts have not been physically verified during the period by the Management. The valuation of such stocks has been taken at cost as certified by the management and not verified by us.
4. The Corporation has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 nor any loans from Companies, firms or other parties under Section 370 of the Companies, Act, 1956.
5. The Corporation has not given any loans and advances in the nature of loans.
6. In our opinion and according to explanations and information given to us during the course of our audit, there are adequate internal control procedures commensurate with the size of the Corporation and the nature of business for the purchase of stores, spare parts, plant and machinery, equipment and other assets.
7. The Corporation has not purchased any stores and spare parts in excess of Rs. 10,000/- in value for each type from firms, companies or other parties in which directors are interested.
8. In view of what has been stated in paragraph No. 3 the physical verification of the stores and spare parts has not been conducted by the Corporation and as such determination of un-serviceable or damaged stores and spare parts could not be ascertained and no provision as such has been made.
9. The Corporation has not accepted any deposits from the public.
10. No by-products or scraps, we are informed, are generated and therefore, the maintenance of reasonable records is not required.
11. The Corporation did not have an internal audit system during the period. However, as explained to us by the management that the installation of internal audit system is under consideration.
12. Maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
13. Provident Fund dues have not been deposited during the period with the appropriate authorities, since the Corporation has not implemented the Provident Fund Rules.

for S.N. DHAWAN & COMPANY
Chartered Accountants

VIJAY DHAWAN
Partner

Dated : 23rd December 1977,

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956

I am to state that there are no comments upon the Auditors' Report under section 619 (4) of the Companies Act, 1956 on the accounts of National Hydro Electric Power Corporation Limited, New Delhi for the year ended 31st March 1977.

A.C. BOSE
*Member, Audit Board &
Ex-Officio Director of
Commercial Audit.*

New Delhi
Dated the 23rd December, 1977