

# 2nd Annual Report 1977-78



**National Hydroelectric Power  
Corporation Limited**  
(A GOVERNMENT OF INDIA ENTERPRISE)



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## **BOARD OF DIRECTORS**

### **Chairman & Managing Director**

Shri S.N. Roy  
(Upto 19.5.78 A.N.)

Maj. Gen. T.V. Jeganathan  
(From 20.5.78 F.N.)

### **Directors**

Shri V. Subramanian  
(From 27.1.78)

Shri K S. Subrahmanyam  
(From 7.1.78)

Shri Y.K. Murthy  
(From 27.1.78)

Smt. Otima Bordia  
(Upto 10.8.77)

Shri S.N. Roy  
(From 20.5.78)

Shri V. Krishnaswamy  
(Upto 5.6.78)

Shri R. Gopalaswamy  
(Upto 25.7.78 A.N.)

Shri A.N. Singh  
(From 21.11.77)

Shri S.B. Majumdar  
(From 30.11.77)

Shri D. Rajagopalan  
(From 5.7.78)

Shri S. Ramesh  
(From 26.7.78 F.N.)

### **Secretary**

Shri D.N. Gupta

### **Auditors**

M/s S.K. Jain Associates,  
23, Community Centre,  
Ashok Vihar,  
New Delhi-110052.

### **Bankers**

State Bank of India

### **Registered Office**

Manjusha,  
57-Nehru Place,  
New Delhi-110019.



### NOTICE

Notice is hereby given that the Second Annual General Meeting of National Hydroelectric Power Corporation Limited will be held at 3.00 P.M. on the 26th September, 1978 in 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 of the Company for the period from 1.4.77 to 31.3.78, the Auditor's Report and the Director's Report.
- (ii) To transact any other business that may ordinarily be transacted at the Annual General Meeting with the permission of the Chair.

*By Order of the Board*  
for NATIONAL HYDROELECTRIC POWER CORPORATION LTD.

(D.N. Gupta)  
*Secretary*

New Delhi,

*Dated : 2nd September, 1978*

**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 have great pleasure in welcoming you to the second Annual General Meeting of your Corporation. The audited accounts for 1977-78 are before you for consideration and adoption.

### The Year

The year 1977-78 witnessed the further growth in the activities of the Corporation, with the transfer of the Baira Siul Hydroelectric Project to the Corporation on 20.1.1978. This project, like the Loktak Hydroelectric Project transferred on 1st January, 1977, was under execution directly by the Central Government. The transfer of the third of the Hydel Projects directly under execution by the Central Government viz. the Salal Hydroelectric Project in J&K State, has not been effected so far due to certain technical difficulties, though pending such transfer, the execution of the project was entrusted to the Corporation as an agent of Government in May, 1978.

You will be happy to know that on Loktak Project, considerable progress has been achieved since its transfer to the Corporation and we can look forward with confidence to its completion and commissioning by the 31st March, 1982. It would be recalled that following the serious explosions in the face of the tunnel in January, 1975, resulting in fatalities, the project suffered a major setback. Geo-technical problems had also affected the progress on the open channel, the penstock foundation area, the switchyard and power house areas. Solutions to these problems have since been found and involved in the case of tunnel, a basic change in the method of construction, from conventional means to mechanisation employing sophisticated machinery. Very elaborate precautions have had to be evolved to encounter the presence of inflammable gas in the tunnel portion. Infrastructural deficiencies have by now been fairly overcome and the morale of those employed in the project is high.

On the Baira Siul Hydroelectric Project in Himachal Pradesh with an installed capacity of 3 x 60 MW, an assessment of the status of the project on the date of take over by your Corporation was done to take stock of the progress achieved and the tasks ahead. One of the major features of the projects, viz the Baira Dam, was held up due to a massive slide, downstream of the dam site in February, 1977. On the basis of fresh planning and designs the problems of this Dam is now well under control. While no serious problems have been encountered on other components of the project, much remains to be done, such as the construction of the intake structure, erection of gates and guides and hoisting arrangements, construction of the valve house and installation of butterfly valves, erection of penstocks on which more than 50% remained to be done, and the power house where electrical works had reached only 20%. On the basis of realistic re-appraisal, I am confident that the first unit of the power house will be commissioned by Dec., 1979 and the remaining two units by June, 1981.

Your Corporation has been entrusted with the construction of a number of major transmission lines, and it is a matter of pride that we have gone ahead with the execution of these lines in an organised

manner and are confident of completing them on schedule. These lines, range from 66 K.V. to 400 K.V. and the Corporation has organised itself fully to deal with all aspects of their execution, from planning, designing, procurement to construction and commissioning of the lines.

At this stage, I would like to mention that the Government has decided to entrust the execution of the Devighat Hydroelectric Project in Nepal with a proposed installed capacity of 14.1 MW and estimated cost of Rs. 29.08 crores to your Corporation. While the formalities in this regard are nearing completion, advance planning has already been done in the Corporation in order that no time is lost in starting the work no sooner the go ahead signal is given. We plan to complete the project in 5 years' time.

## THE FUTURE

Your Corporation has been in existence only for about two years and in the short period has organised itself to handle in an efficient and dynamic manner the hydroelectric projects, and transmission lines construction entrusted to it. Though initially the bulk of the organisation was derived from officials taken on deputation from various Government departments and public sector organisations, the Corporation is now building its own cadres according to a well defined man-power policy catering for future growth.

The future holds many more challenges and responsibilities for your Corporation. The Corporation is looking forward to increased involvement in the development of the power sector and thus contribute its share in overcoming the power shortages that still continue to persist in our country. The vast water resources of the country are waiting to be harnessed. Your Corporation is keen to take up more and more hydroelectric projects, and demonstrate its activity to take up their execution in a planned and organised manner, with adequate and timely emphasis on pre-construction requirements, proper designing based on a sound geological base, thereby cutting down time and cost over runs which the economy of the country can ill afford.

In this we have fortunately the whole-hearted support of our Consultants, the Central Electricity Authority, the Central Water Commission and abundant goodwill, help and assistance from the Ministry of Energy (Department of Power), of the State Governments concerned, the various specialised agencies such as the Geological Survey of India, the Survey of India, the DGMS and last but not the least, the enthusiasm, zeal and hard work of the employees of the Corporation at all levels. I am sure the Corporation will grow from strength to strength.

I now request you to consider and adopt the audited accounts for 1977-78.

New Delhi  
Dated 26th Sept. 1978

Maj Gen. T. V. JEGANATHAN.



## **DIRECTORS' REPORT**

Gentlemen,

I take great pleasure in presenting to you on behalf of the Directors the Second Report on the working of the Corporation incorporating the audited accounts for the year 1977-78 and the auditors' report thereon. We are happy to report that the year 1977-78 was an year of continued growth in the activities of the Company.

### **Operations**

#### **2.1. Hydro-electric Projects**

Besides the Loktak Hydroelectric Project in Manipur which was transferred to the Corporation on 1st January 1977, the Baira Siul Hydroelectric Project in Himachal Pradesh with a proposed installed capacity of  $3 \times 60$  MW, which was also under execution directly by the Central Government, was transferred to the Corporation on 20th January 1978. The transfer value as on that date of Rs. 70,51,37,000 was apportioned as investment by the Central Government in the share of the Corporation to the extent of Rs. 46,10,00,000 and as interest-bearing loans to the extent of Rs. 24,41,37,000.

**2.2.** In regard to the formal transfer of the Salal Hydro-electric Project in Jammu & Kashmir State with a proposed installed capacity of  $3 \times 115$  MW in the first stage, to the Corporation, which was reported in the First Report to be under process, it may be mentioned that while such formal transfer was pending completion of certain legal and other formalities, the Government of India decided that in the interests of speedy execution of the project, the execution thereof should be entrusted to the Corporation on an agency basis. Thus, with effect from 15th May 1978 your Corporation has been entrusted with the execution of the Salal Hydro-electric Project also as an agent of the Government of India.

#### **2.3. Loktak Hydro-electric Project**

As you are aware, this project has been beset with a number of serious and formidable difficulties which had obstructed its smooth execution in the past. We are happy to state that as a result of the vigorous efforts made by the Corporation at all levels, many of these problems have been tackled energetically and firm schedules have been laid down for implementation, according to which we are confident that the three units of the project will be commissioned by March 1982. One of the major steps taken was to set up a Technical Advisory Committee consisting of expertise at the highest level available to constantly go into the technical problems arising from time to time in the execution of the project and come up with solutions. Close liaison has been established with the consultants for the project, namely, the Central Electricity Authority and the Central Water Commission, to ensure that there is no delay in the process of obtaining detailed designs and drawings which are essential for construction on various complexes of the project. Inadequacies in the way of infrastructural facilities, such as residences, telecommunication facilities, construction power, schooling, transport, etc. have been fairly overcome by now. For instance, P&T telephones have been installed at all worksites and the tunnel faces (except Face 5 which



is under installation); wireless communication has been established between power house sites and Loktak and between face 5 and Ithai Barrage; wireless communication has been fitted in on a jeep and telex communication facilities at Loktak, Calcutta and New Delhi have been installed.

The project, in common with all other projects, in facing the problems of short supply of cement. The position over the year has not shown any improvement and efforts are continuing with the Government to ensure adequate allocation of cement for the project, so that the target date of commissioning does not suffer postponement. Transport between Dimapur, which is the rail head for the project and the project itself, was a serious bottleneck in view of the almost total dependence on private transport. An adequate fleet of departmental trucks has been ordered in order to ensure that construction material, in particular cement, reaches the project from the rail head without interruption.

The project had earlier suffered from lack of adequate personnel at various levels. Over the year, it has been possible to fill up almost the full requirements of workcharged personnel and also the engineering personnel at the middle and lower levels, except for Asstt. Engineers and Executive Engineers where some shortage still persists. The Corporation has already recruited a large number of engineers for filling up posts in all its projects and it is expected that this shortage would be made good very shortly.

As regards the progress of construction, I am happy to place on record that by March 1978 the pace of work had picked up quite satisfactorily.

*Ithai Barrage :* On Ithai Barrage 98% of the Civil Works had been completed by March, 1978 and very little remains to be done to complete the Civil Works. It is expected that the hydro mechanical portion of the barrage is also targeted to be completed by monsoon of 1980.

*Power Channel :* As regards the Power Channel (open channel portions) nearly 80% of the works were completed by March, 1978 and the entire generation is expected to be completed by March, 1980. 40% of the cut and cover section was also completed and the programme for completion of this portion is March, 1980.

*Tunnel :* The rate of monthly progress had reached 141 meters by March, 1978 compared to 22 meters in June, 1976. Excavation has been completed by now on Faces 2, 3, 6, and 7, which are under contract with M/s. Patel Engineering Co. As regards Faces 4 and 5, sophisticated equipment, such as cutters, miners, flameproof locomotives, etc. are in the pipeline and expected shortly when the pace of tunnelling will improve considerably. All departmental arrangements for the mechanised construction of Faces 4 and 5 are expected to be organised by the end of this year. For Faces '0' and 1, pending final arrangements for mechanised construction, for which tenders for procurement of "Shield" machine have been floated, excavation by conventional methods is continuing by departmental labour and even here the progress has been more than anticipated. On this face (Face '0') the progress so far has been 180 meters with an output of 33 meters in August, 1978.

*Penstocks :* The progress on penstocks was 53% by March, 1978 and on the present schedule the work is expected to be completed by March, 1981. Civil works of unit I and II of the power house have since been completed and the Civil works of Unit III are now in progress. Construction of the main power house is more or less complete and the various components of the power house such as transformer deck, cable gallery and the switchyard structure are expected to be completed by August, 1979.

*Generating Units :* The erection works of the generating units is in full swing. Unit I being almost complete and Unit II is expected to be completed by December, 1978 and Unit III by August, 1979. All the Units are scheduled to be commissioned by March, 1982, which is the target date for commissioning of the project.

#### **2.4 Baira Siul Hydroelectric Project**

The Project located in the interior hill-ranges of Himalayas in Chamba District of Himachal Pradesh, about 140 Kms. north of Pathankot rail-head, envisages utilisation of combined flow of three tributaries of the Ravi namely, the Baira, the Siul and the Bhaledh for generation of power on a run-of-river basis. The Project comprises a rock-fill dam, 51 M. high above deepest river bed level for a live storage of 1.27 Cum, two small diversion structures across the Siul and the Bhaledh, a net work of over 15 Kms. long tunnels for water conducting system, a surface power station with an installation of three units of 60 MW each and 220 KV double circuit transmission line, 96 Km. long, to feed the power generated from the Project into Bhakra Dam grid at Talwara.

The Project is located in extremely remote and difficult area, the topography of the terrain being very steep and rocks geologically very weak and unstable. Consequently, the Project has been riddled with massive land-slides both on the access roads during summer rains and winter snowfalls blocking the communication system to the Project and also at the construction sites of Power House and the Baira Dam area, posing major technical problems of design and construction besides causing dislocation of construction activities at these sites. Due to constraints of steep hill sides and narrow valleys there has been paucity of suitable land for constructing infra-facilities like staff quarters, workshops, stores offices, roads, stock piling areas etc.

At the time the Project was taken over by NHPC on 20.1.1978, the status of works on the Baira Dam Complex was that the concreting work of side spillway was in progress. The work of super-structure for gates and the erection of gates was yet to be started. No work could be done at Baira Dam due to a major slide, just downstream of the Dam site, which had occurred in Feb., 1977 resulting in the submergence of the Baira Dam site area including the diversion tunnel. On the diversion tunnel, the boring of the tunnel had been completed. Construction of concrete lining and other remaining works had been suspended due to submergence. The construction of Intake structure comprising trash rack structure and undersluices was yet to be planned and started. The civil works of Siul Weir were in advanced stage. However, the pipeline arrangement for Silt removal remained to be completed, and erection of gates with guide, hoisting arrangement had yet to be fabricated and erected at site. The work of Bhaledh diversion were also remain to be started while on the Bhaledh feeder tunnel boring to the extent of 4.5 Kms. out of the total length of about 8 Kms. and overt concreting (back fill) to the extent of 2.25 Kms. had been completed. On the main Head Race Tunnel for Conducting the waters of Baira river and Siul river, tunnel boring in a length of 5.4 Kms. out of a total length 7.6 Kms. had been completed while concrete lining for sides and arch had been done to the extent of 2.6 Kms. i.e. about 70% of tunnel boring and 34% of side and arch lining only had been completed. The excavation of surge shaft had been completed while installation of steel liners was in progress. The construction of Valve house for installation of 3 Nos. Butterfly valves was yet to be taken up whereas, on penstocks a total of 750 MT of steel liners had been erected out of a total quantity of 1515 MT.

The Power House civil works were in advanced stage while electrical works were completed to the extent of about 20%. The structures of switchyard had been erected while arrangement for installation



of CT's, PT's lightening arresters were in progress and construction of compressor room and pipeline connections remained to be taken up. The erection of 220 KV erection lines to evacuate the power from Baira Siul Project had however been completed.

On organizational side, a large number of posts of staff including 23 posts of Sr. Executive grades were lying vacant (i.e. 253 unfilled posts out of 745 sanctioned posts) as due to very remote and difficult hazardous conditions obtaining in the Project, adequate number of experienced staff were not attracted to serve the Project. The medical, schooling and other facilities at the Project were also far from satisfactory.

On contractual side while the works proposed to be let out on contract basis had by and large been awarded, the work of manufacture and erection of gates and hoisting equipment was awarded only recently while on the Bhaledh Diversion complex only the works of diversion tunnel and gate shaft had been let out and the balance works were yet to be awarded. The contract for construction of Head Race tunnel and Surge shaft which had been in progress since 1971 also remained to be finalised and concluded with the Contractor.

Immediately after taking over the project by the Corporation, i.e. since January 20, 1978, the Corporation assisted by the Government of India, in the Ministry of Energy and in close coordination with Central Electricity Authority and Central Water Commission, have made a good beginning in strengthening the construction organisation at the project site, tackling the design and construction problems, sorting out major contractual problems and other organisational matters. For providing continued technical advice and on-the-spot solution of design and construction problems, a Technical Advisory Committee for Baira Siul Hydroelectric Project has been constituted.

On the Baira Dam Complex, where due to massive slide in the river in February, 77 the river bed had silted up to the extent of 10 Mts. and had burried the diversion tunnel, the proposal for alternative high level feeder for diversion tunnel and about 140 mts. long supplementary diversion tunnel, downstream of the existing diversion tunnel, has been finalised and the construction work started. Possibility of dispensing with the under-sluice tunnel for desilting purposes from the intake and utilising high level feeder to the diversion tunnel was under examination. For construction of the Baira Dam, a suitable method for grouting the alluvium foundation strata was being devised and suitability of using the slide materials in the Rockfill Section of the dam was being analysed so as to save long leads involved in transporting this material from other quarries. The construction of Head Race Tunnel, particularly from the Outlet Face for commissioning Stage-I of the Project has been given due priority. With the organization inputs mobilised, these works are expected to be completed by August, 1979 in time for commissioning Stage-I by December, 1979. Another critical item for Stage-I was the construction of Valve House, the work on which had not been started as the site was being used for access to the Head Race Tunnel. Arrangement for providing an alternative access to H.R. Tunnel through an independent adit has been made. The other works including Surge Shaft, Penstocks were also geared up. For commencing the intake works for the Head Race Tunnel which were combined with silt excludor under-sluice tunnel, model studies were organised at CWPRS, Poona, for finalising the designs. The design of protection works at the intake as also other remaining structures was tied up with the CWC/CEA for making an early start on these works.

On electrical side, for Unit I, the work of stator has been completed ; the assembly for guide apparatus of turbine has been completed and the draft tube, discharge chamber, liner and the scroll

case have been embedded ; the spherical valves have been assembled, pressure-tested and placed in position. For Unit II, the draft tube, discharge chamber, liner and the scroll case have been embedded; trial assembly of the turbine guide apparatus has been completed, all the 4 stator sectors have been placed in position and joined together; the spherical valve has been assembled and arrangements were being made for the pressure testing.

For Unit III, the draft tube, discharge chamber liner and the scroll case have been embedded; the work of construction of barrel was in progress. All the 200 KV switchyard equipment have been erected, the work of laying compressed air pipe lines for the ABCBs and Isolators is completed., all the 10 Nos. 25MVA single phase power transformers have been assembled and oil filled.

Detailed rescheduling of the various works has been completed. On the basis of such rescheduling it is expected that the first stage of the project for commissioning of the 3 units by using only the waters of Siul river, is programmed to be completed by the end of December, 1979 while the completion of the Project in the Stage II is expected by June, 1981.

Shortage of cement and explosives have seriously hampered the progress of Baira Siul Hydroelectric Project. There was a shortage of 10,000 M.T. of cement till the end of 1978 due to short allotments by Cement Controller and non-fulfilment of the supplies by the various cement factories. While the Cement Controller expressed his inability to allot more quantity, the cement suppliers complained about the shortage of wagons and restriction on movement of wagons from their factories to the project railhead. The matter regarding additional allotment of atleast 8000 M.T. has been taken up with the Ministry of Energy, Department of Power. The position regarding supply of explosives has also been grave. In order to meet the shortage of explosives, efforts are being made to import 80 M.T. of explosives for the year 1978-79 to augment such quantities as are being supplied from indigenous sources. Every effort is being made to secure adequate and timely supplies of cement and explosives according to the work requirements and if the present shortages in supply continue, slippage of the targets for commissioning this project would be inevitable.

## 2.5 Transmission Works

Your Corporation has been entrusted with the construction of the following transmission works on behalf of various State Governments and Public Sector Undertakings:

	Total esti- mated cost (Rs. in lakhs)	Estimated date of completion
i) 66 KV Double Circuit inter—State transmission line from Gangtok to Kalimpong, 66 K/V substations and Gangtok/ and Melli, and 66 K/V Single Circuit transmission line from Gangtok to Dikchu	245	June '79

ii) 132 K/V inter-State transmission line from Liematak to Jiribam	413	December '80
iii) 220 K/V Transmission Lines for the Salal HE Project, comprising:	} 1238	To match with the commissioning of Salal Project
a) 220 K/V D/C line from Salal to Udhampur		
b) 220 K/V S/C line from Salal to Jammu		
c) 220 K/V S/C Line from Jammu to Sarna		June '81
d) 220 K/V S/C Line on double circuit towers, from Sarna to Dasuya		June '80
iv) 132 K/V inter-State transmission line from Ramnagar in Bihar to Gandak Power Station in Nepal	200	March '80
v) 400 K/V S/C transmission line for the Singrauli Supper Thermal Power Project, comprising:		
a) Lines from Singrauli to Obra	} 2,500	August '80
b) Lines from Singrauli to Kanpur		June '81

For all the above transmission lines other than the 400 K/V Transmission Line for the Singrauli Thermal Power Station, your Corporation has undertaken the complete work, including design, engineering, tendering for materials and works and construction, supervision and execution. For the 400 K/V transmission line the designs in engineering are with Consultants of the N.T.P.C. on whose behalf the construction of the lines has been entrusted to the Corporation. The work on all the transmission lines is being carried out on schedule and the progress is quite satisfactory.

*Corporation's Future:*—The future holds many more challenges with responsibilities for this Corporation. In accordance with its objectives, namely to plan, promote and organise an integrated and efficient development of hydroelectric power in all its aspects, including planning, investigation, research, design and preparation of preliminary feasibility and definite project reports; construction and operation and maintenance of hydroelectric power stations and projects and transmission, distribution and sale of power generated at hydroelectric projects, in accordance with the national economic policies and objectives laid down by the Central Government from time to time. The Corporation is fully geared and looks forward to an increased involvement in the planning and execution of power projects in the country. The Government of India has recently decided to entrust the execution of the Devighat Hydroelectric Project in Nepal on agency basis to your Corporation. This project with a total capital outlay of Rs. 20.08 crores and an installed capacity of 3 x 4.7 MW is likely to be taken up for execution very shortly and the Corporation proposes to complete the project within 5 years. Detailed advance planning has already been done by Corporation in regard to men, material, machinery and other inputs in order that there should be no avoidable slippages in the execution of this project. A Chief Engineer



has already been nominated for the project and is expected to be in position very shortly. As regards transmission lines, the objectives of the Corporation is to undertake the construction of inter-State transmission lines and ancillary works for timely and co-ordinate inter-State exchange of power as mentioned earlier. The Corporation is already executing a number of transmission line projects ranging from 66 K/V to 400 K/V and on the basis of experience gathered we can say with confidence that this Corporation can undertake the entire range of activity from planning and design upto final commissioning of transmission lines in an efficient economic manner. The Corporation is also in a position to offer expert consultancy services for transmission lines comparable with any other consultancy organisation in the country.

### **3. Organisation**

Industrial relations continued to be cordial throughout the year. The organisation is still in its infancy stage and due emphasis has been laid on the formulation of various rules and the regulations and policies as are relevant in a Government undertaking like ours, to ensure that a well defined basis is available for the regulation of the personnel in all personnel and administrative matters. The following rules/policies have already been approved by the Board of Directors for implementation in the Corporation:

- i) Wage Structure for the Corporation employees;
- ii) Recruitment Rules including Guidelines for Absorption of Deputationists;
- iii) Pay fixation Rules (including drawal of increment);
- iv) Joining Time Rules;
- v) Travelling Allowance Rules;
- vi) Reimbursement of expenditure incurred on conveyance;
- vii) Model Deputation Terms for information of those desirous of joining the Corporation on deputation basis;
- viii) Rules for Regulating Seniority of Employees;
- ix) Contributory Provident Fund Rules;
- x) House Rent Allowance payable to employees at various places;
- xi) Procedure for verification of character and antecedents of employees;
- xii) Staff Car Rules; and
- xiii) Norms for issue of liveries to entitled staff.

The remaining areas where rules are under formulation, such as Leave Rules, Leave Encashment, Leave Travel Concession, Standing Orders, Conduct, Discipline and Appeal Rules, Children Education Allowance Rules, Grievance Procedure, Payment of Gratuity Rules, and Medical Rules, are expected to be completed before the end of the year. (For the time being the rules of B.H.E.L. are being applied in these areas)

#### **4. Financial Results**

(a) Against the authorised share capital of Rs. 200 crores, subscribed capital as on 31st March, 1978 stood at Rs. 76.48 crores, the entire investment in equity being from the Central Government. In addition, the Central Government have sanctioned loans to the extent of Rs. 43.64 crores as upto 31st March, 1978, bringing the total capital outlay, both by way of loans and equity, to Rs. 120.12 crores. The loans from Central Government are to carry interest @  $10\frac{1}{2}\%$  per annum with a rebate of  $\frac{1}{4}\%$  per annum for timely repayment and  $13\frac{1}{2}\%$  per annum penal interest for delayed payments. The projects which are under execution by the Corporation have long gestation period and it has been represented to the Government of India that the burden of interest on the loans by the time the projects are commissioned would be substantial and thus to avoid considerable addition to the cost of the power generated by these projects, the Central Government has been requested that the entire requirement of capital for the construction of these power projects should be by way of investment in equity only, without treating any part thereof as loans. Government reaction to this representation is still awaited. Pending decision on this request, Government of India have been pleased to grant a moratorium on the payment of interest as on 1.1.1978. Your Corporation will continue to pursue the above request. The Government of India, pending decision on this issue, have been pleased to agree that the first 50% of the estimated cost of each project could be released in the form of equity and thereafter the balance portion as loan. This has given some relief in the working of the Corporation in regard to its debt servicing obligation.

(b) During the year under review, the actual expenditure on Loktak Hydroelectric project was of the order of Rs. 9.54 crores and at Baira Siul Hydroelectric Project of the order of Rs. 4.79 crores (in the period 21.1.1978 to 31.3.1978), and the total expenditure on all the transmission works under execution during the year was 1.87 crores.

(c) Accounts : The accounts in the projects transferred to the Corporation were being maintained on Government system of accounts based on the C.P.W.D. pattern. With their take-over by the Corporation, commercial accounting system have been brought into force, conforming to the principles of commercial accounting and the requirements of the Company Law. Various accounting manuals are in the process of formulation and are likely to be ready by the end of the year. A system of internal audit has also been put into operation as required under the Act.

#### **5. Observations of the statutory auditors on the accounts**

Our Comments on the observations made by the statutory auditors while certifying the accounts are given as Addendum to this report.

#### **6. Directorship**

During the course of the year Smt. Otima Bordia resigned from the Board of Directors of the Corporation. Shri K.S. Subrahmanyam ceased to be a Director with effect from 31.10.1977 but was re-appointed Director by the President of India with effect from 7.1.1978. The President of India appointed S/Shri R. Gopalaswamy, A.N. Singh, S.B. Majumdar and V. Subramanian new Directors on the Board of the Corporation.

#### **7. Particulars of Employees**

A statement giving particulars of employees drawing more than Rs. 3000/- per month as required under Section 217(2) (a) of the Companies Act, 1956 is enclosed. None of the employees mentioned in the statement is related to the Directors of the Company.

## 8. General

*Entertainment :* The Corporation spent a sum of Rs. 3,331/- on entertainment during the year, as against the total gross expenditure of Rs. 3,90,22,932/- on incidental expenditure during Construction incurred during the year.

*Publicity :* The Corporation incurred a sum of Rs. 1,26,041.00 on advertisement and publicity, during the year, the break-up of which is as under :—

1. On Propaganda and Publicity	... Rs.	NIL
2. Advertisements through DAVP.	... Rs.	29,035.00
3. Advertisements through other sources.	... Rs.	51,426.00 (by Corporate Office)
		Rs. 45,580.00 (by Loktak Project)

The expenditure was incurred keeping in view the instructions issued by the Government on the subject. Since our projects are still under construction, the question of relating this expense to total Income does not arise.

*Guest Houses :* Your Corporation did not open any Guest House during the year.

*Expenditure on Corporate Office:—*The Corporation incurred the following expenditure on the maintenance of the Corporate Office:—

i) Rent of Office Building	:	Rs. 8,48,665/-
ii) Furniture (capital cost)	:	Rs. 3,13,160/-
iii) Furnishing ( capital cost)	:	Rs. 31,205/-
iv) Office equipment (capital cost)	:	Rs. 2,03,921/-
v) Maintenance cost of (ii) to (iv)	:	Rs. 2,819/-
vi) Water and Electricity	:	Rs. 18,989/-
vii) Service Charges.	.	Rs. 34,275/-

*Foreign Tours:—*During the year one of our Senior Engineers was deputed for training in the Works of M/s. TESMEC, Italy for a period of three weeks, the details of which are given below:—

<i>Name of the Officer</i>	<i>Period of Training</i>	<i>Purpose</i>	<i>Expenditure</i>
Shri Mahendra Kumar, Senior Engineer	Three weeks (17.10.77 to 13.11.77)	Training in Utility, Operation and Maintenance of Tension Stringing Equipment.	Rs. 12,400,00

9. *Acknowledgements:*—The Board acknowledge with grateful thanks the guidance and help extended by the various Departments of the Government of India particularly the Ministry of Energy, Central Water Commission, Central Electricity Authority. Thanks are also due to the State Government of Manipur, State Government of Sikkim, State Government of Jammu & Kashmir and other State Governments, State Electricity Board of Bihar and Uttar Pradesh who have been co-operating with us in our works in their States. But for the help and assistance extended by these and other agencies it would not have been possible for the Corporation to achieve the progress registered so far.

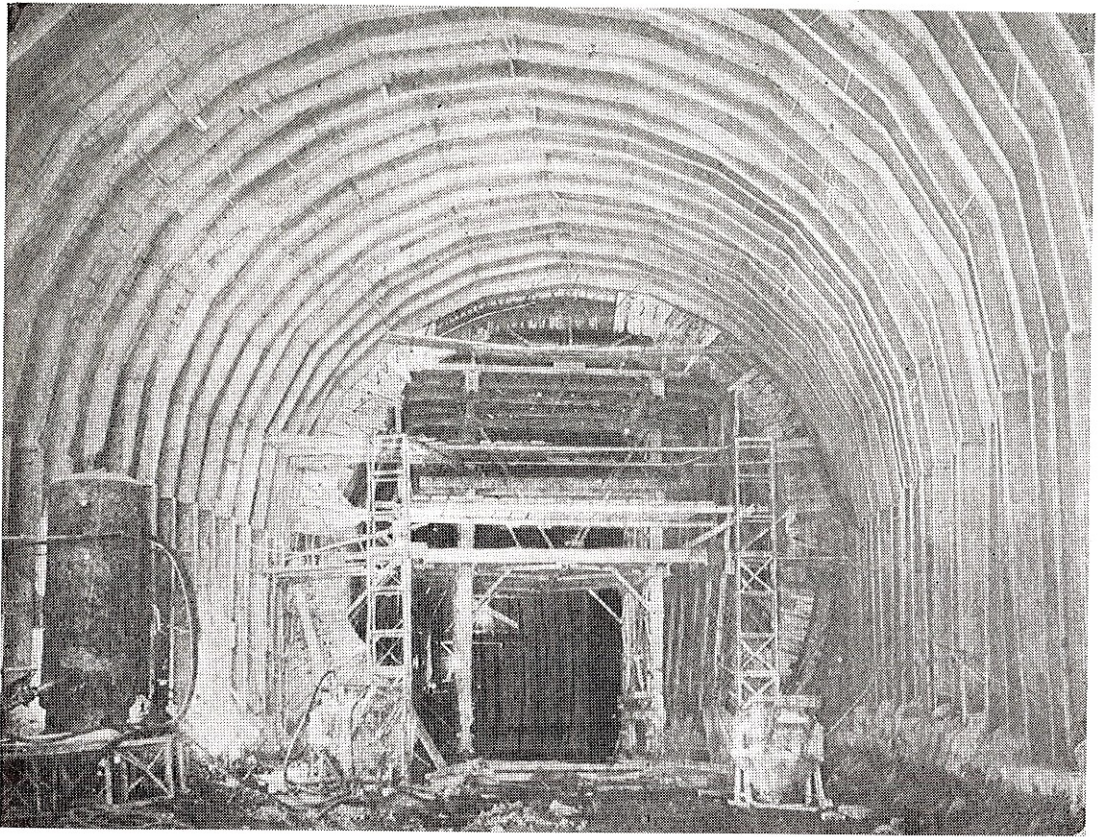
The Board also take this opportunity to place on record their recognition and appreciation of the sincere and hard work done by the Officers and Employees of the Corporation and have no doubt that they will attain still better levels of performance in the years to come.

For and on behalf of the Board of Directors.

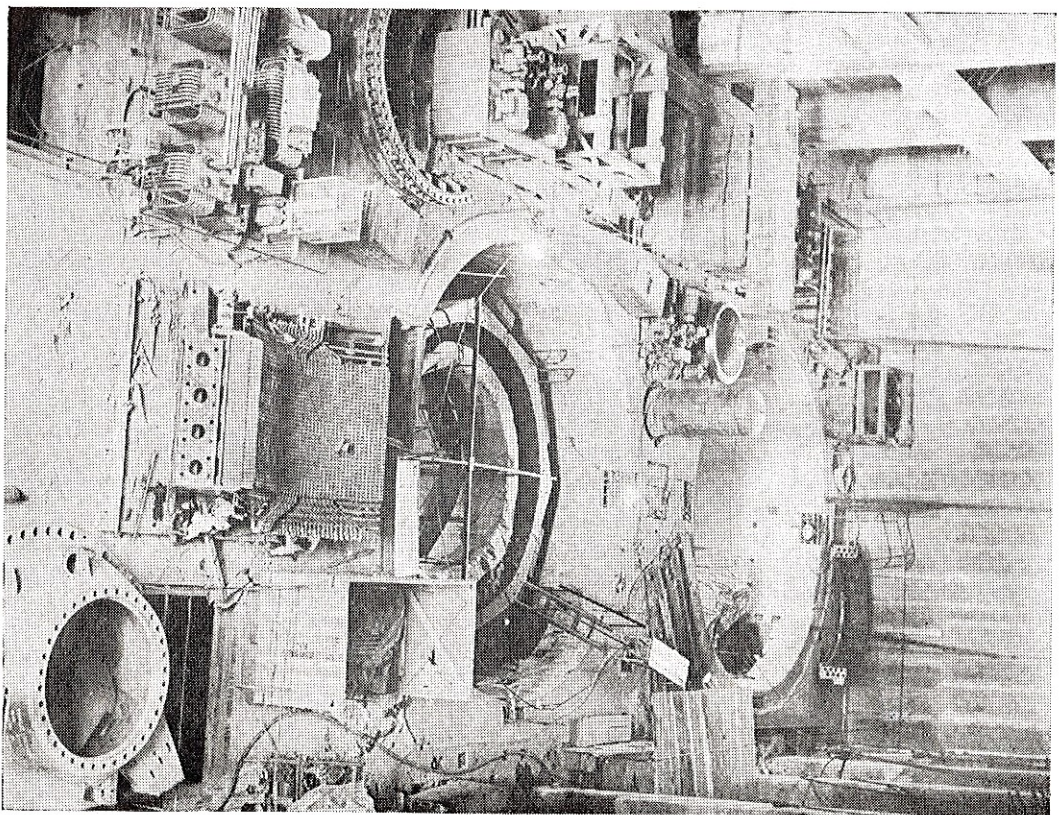
Dated : 26.9.78

Maj. Gen. T.V. JEGANATHAN  
PVSM; AVSM  
*Chairman & Managing Director*





*Diversion Tunnel—Steel Supports Salal Project*

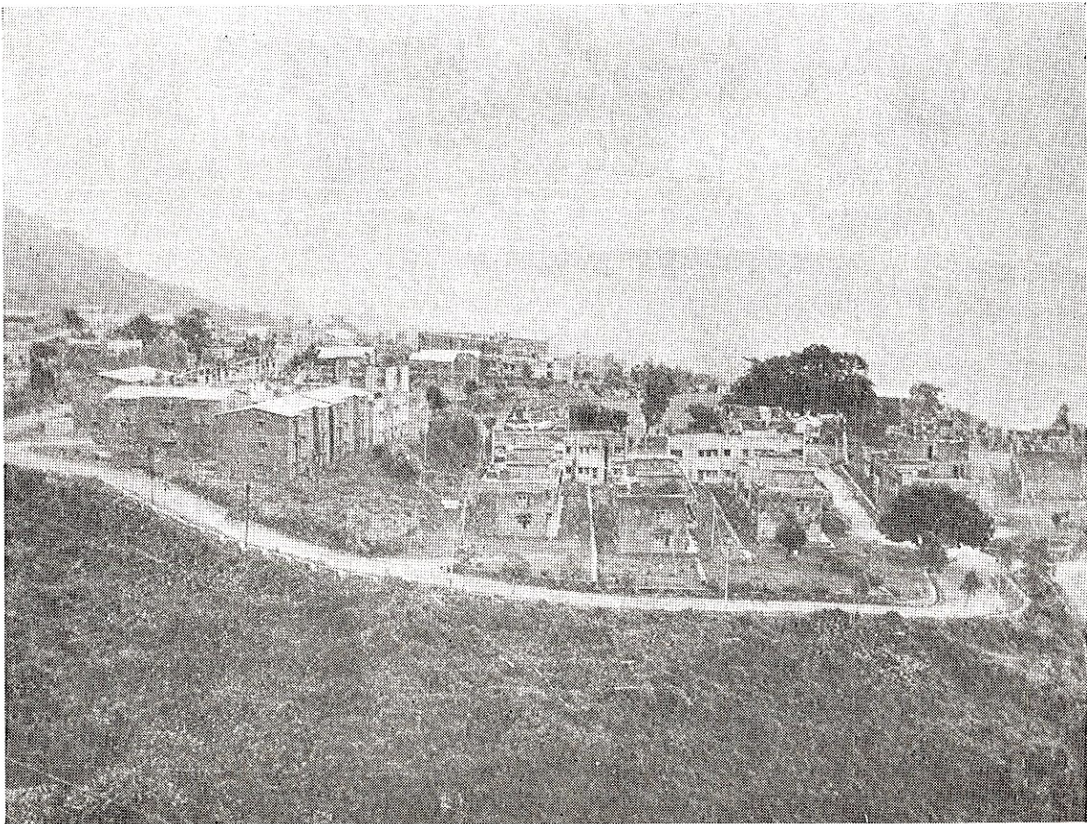


*A View of Power House showing erection work of Generator and Turbine—Baira Siul Project*





*They toil and sweat with a smile, (Workers at Loktak Project).*



*A part view of Jyotipuram Colony—Salal Project*



**Information required under Section 217 (2) (a) (6) (ii) read with Companies (Particulars of Employees)  
Rules 1975 and forming part of Director's Report for the year ended 31st March, 1978.**

<i>Name and Designation</i>	<i>Remuneration received (Gross)</i>	<i>Nature of Employment (Contractual or otherwise)</i>	<i>Nature of duties</i>	<i>Qualifications (Experience)</i>	<i>Date of commencement of Employment</i>	<i>Age (Yrs.)</i>	<i>Last Employment held.</i>
(a) Particulars of Employees employed throughout the financial year who were in receipt of remuneration of not less than Rs. 36000/-							
Shri K.B. Mathur Deputy General Manager (T)	Rs. 43,557	On deputation from U.P.S.E.B.	Transmission Works	B. Sc. (Engg.) (26 Yrs.)	1.11.1976	46	Joint Secretary, UPSEB Lucknow
Shri R.C. Gupta Chief, Personnel & Administration.	Rs. 40,645	Regular	Personnel & Administra tion.	Professional Manager (34 Yrs.)	4.4.1977	53	Deputy General Manager (Pers.), BHEL
(b) Particulars of Employees employed for a part of financial year who were in receipt of remuneration of not less than Rs. 3000/- per month.							
Shri S.N. Roy Chairman-Cum- Managing Director	Rs. 36,613	On deputation from U.P.S.E.B.	Chief Execu- tive of the Corporation.	B. Sc. (Engg.) (31 Yrs.)	1.6.1976	55	General Mana- ger, H.E. Pro- jects, U.P.S.E.B.
Shri V. Subramanian Director (Finance)	Rs. 9,777	On deputation from C.A.G.	Chief of Fin- ance Function.	B. Sc. (Hons.) LL.B., (25 Yrs.)	27.1.1978	49	Accounts Mem- ber, Kerala 'SEB'
Shri M.P. Tyagi Deputy General Manager (C)	Rs. 33,343	On deputation from U.P. Irrigation Deptt.	Civil Works.	BE (Hons.) (28 Yrs.)	17.5.1977	51	Director, Central Designs Direc- torate, UP State Irrigation De- partment.

*Note :—The terms & conditions of employment are as determined by Government/Rules & Regulations of the Company in force from time to time.*

## **FINANCIAL STATEMENTS**





**NATIONAL HYDROELECTRIC POWER**  
(A GOVERNMENT OF INDIA)

*Balance Sheet as at*

LIABILITIES	Schedule	<i>As at</i> 31.3.1978	<i>As at</i> 31.3.1977
		<i>Rs.</i>	<i>Rs.</i>
Share Capital	‘A’	76,47,63,000	21,37,62,600
Unsecured Loan from the Government of India		43,64,43,600	15,47,32,600
Current Liabilities	‘B’	4,77,15,523	81,70,556
		124,89,22,123	37,66,65,756

Maj. Gen. JEGANATHAN  
*Chairman &  
Managing Director*

V. SUBRAMANIAN  
*Director (Finance)*

**CORPORATION LIMITED**  
ENTERPRISE)

31st March, 1978.



ASSETS	Schedule	As at 31.3.1978	As at 31.3.1977
		Rs.	Rs.
Fixed Capital Expenditure	'C'	11,20,966	3,89,754
Construction Work in Progress	'D'	112,74,12,219	31,97,65,519
Current Assets and Loans & Advances	'E'	11,73,84,584	4,63,39,762
Miscellaneous Expenditure	'F'	30,04,354	30,03,954
Incidental Expenditure During Construction Account		—	71,66,767
		<u>124,89,22,123</u>	<u>37,66,65,756</u>

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

D. N. GUPTA  
Secretary

Delhi :  
Dated : 19th September, 1978

**AUDITORS' REPORT**  
As per our separate report of even  
date annexed

for S. K. JAIN ASSOCIATES  
Chartered Accountants

S. K. JAIN  
Partner

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

( A GOVERNMENT OF INDIA ENTERPRISE )

## Incidental Expenditure during Construction Account for the year ended 31. 3. 1978.

<i>Description</i>	<i>For the year ended 31. 3. 1977</i>	<i>For the year ended 31. 3. 1978</i>	<i>Total</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
<b>**Salary wages and allowances</b>	12,64,041	45,09,300	57,73,341
Foreign Service Contributions	1,218	70,058	71,276
Staff Welfare expenses	39,914	2,26,919	2,66,833
C.P.F. Contributions	...	4,12,582	4,12,582
Directors' fee & expenses	...	453	453
Directors' Travelling expenditure	...	19,282	19,282
<b>Other Administrative Expenses</b>			
Travelling expenses	71,497	5,66,961	6,38,458
Audit fee	5,000	5,000	10,000
Rent	2,57,617	8,75,525	11,33,142
Rates & Taxes	...	44,428	44,428
Rent for Residential Buildings	...	1,20,954	1,20,954
Insurance	42,387	3,17,267	3,59,654
Interest, Bank & Finance charges	39,67,407	2,19,86,760	2,59,54,167
<b>*Repairs &amp; Maintenance</b>	9,44,998	43,65,415	53,10,413
Depreciation	...	1,00,190	1,00,190
Electricity & Water Charges	5,189	9,92,170	9,97,359
Advertisement	3,797	1,26,041	1,29,838
Security Arrangements	6,01,600	...	6,01,600
Design & Consultation Fee	3,09,105	2,73,611	5,82,716
Entertainment Expenses	...	3,331	3,331
Expenditure on diesel Power House	...	16,77,234	16,77,234
Auditors' Expenses	...	8,375	8,375
Expenditure on Water & Sewage System	...	5,03,429	5,03,429

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

## Incidental Expenditure during Construction Account for the year ended 31. 3. 1978.

<i>Description</i>	<i>For the year ended 31. 3. 1977</i>	<i>For the year ended 31. 3. 1978</i>	<i>Total</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Contingent Expenses	2,01,764	4,93,929	6,95,693
Other Expenses	...	13,23,719	13,23,719
<b>TOTAL EXPENDITURE</b>	<b>77,15,534</b>	<b>3,90,22,933</b>	<b>4,67,38,467</b>
<b>Less Receipts</b>			
Electricity Charges	1,75,015	42,41,614	44,16,629
Sale of Tenders	1,925	19,661	21,586
Hire Charges of Machinery & Tools	2,06,549	8,95,260	11,01,809
Water Charges	800	2,731	3,531
Interest Received on :			
a) Term Deposits	62,546	5,76,914	6,39,460
b) On others	1,01,457	1,67,812	2,69,269
Rent	75	42,499	42,574
Miscellaneous Income	400	2,44,754	2,45,154
<b>Total Receipts</b>	<b>5,48,767</b>	<b>61,91,245</b>	<b>67,40,012</b>
<b>Net Expenditure</b>	<b>71,66,767</b>	<b>3,28,31,688</b>	<b>3,99,98,455</b>

\* Includes Rs. 1,41,077 for machinery and Rs. 10,70,634 for buildings

\*\* The above includes the following amount paid to Directors :

Salary	36,979
Perquisites (calculated as per Income Tax Act)	Rent      5,736 Conveyance      3,675

### AUDITORS' REPORT

As per our separate report of even date annexed

for S. K. JAIN ASSOCIATES

*Chartered Accountants*

Maj. Gen. T.V. JEGANATHAN  
*Chairman & Managing Director*

S. K. JAIN  
*Partner*

D.N. GUPTA  
*Secretary*

V. SUBRAMANIAN  
*Director (Finance)*

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

( A GOVERNMENT OF INDIA ENTERPRISE )

**Incidental Expenditure during Construction Appropriation Account for the year ended 31.3.1978**

	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Amount transferred from Incidental Expenditure during Construction Account			<u>3,99,98,455</u>
To :			
1. Management share transferred to :			
a) Kanpur-Singrauli Transmission Line Deposit Work	2,35,015		
b) Gangtok to Melli & Gangtok to Dikchu Transmission Line Deposit Work	83,304		
c) Ramnagar to Gandak Transmission Line Deposit Work	10,164		
d) Leimatak Jiribam Transmission Line Deposit Work	<u>39,093</u>	3,67,576	
2. Total expenditure for 1976-77 booked to Loktak Project		71,66,767	
3. Direct expenditure for 1977-78 booked to :			
a) Loktak Project	2,34,75,485		
b) Baira Siul Project	<u>67,94,427</u>	3,02,69,912	
4. Corporate Office expenditure for 1977-78 transferred to :			
a) Loktak Project	13,41,936		
b) Baira Siul Project	<u>8,52,264</u>	<u>21,94,200</u>	<u>3,99,98,455</u>
Balance :			Nil.

## AUDITORS' REPORT

As per our separate report of even date annexed  
for S. K. JAIN ASSOCIATES  
Chartered Accountants

Maj. Gen. T.V. JEGANATHAN  
*Chairman & Managing Director*

S. K. JAIN  
*Partner*

D.N. GUPTA  
*Secretary*

V. SUBRAMANIAN  
*Director (Finance)*

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

( A GOVERNMENT OF INDIA ENTERPRISE )

## Schedule 'A'—Share Capital

			<i>As at 31.3.1978</i>	<i>As at 31.3.1977</i>
			<i>Rs.</i>	<i>Rs.</i>
<b>Authorised Capital</b>				
20,00,000 Equity Shares of Rs. 1000 each			<u>200,00,00,000</u>	<u>200,00,00,000</u>
<b>Issued, Subscribed and paid up capital</b>				
1,06,934 Equity Shares of Rs. 1000 each fully paid in cash	10,69,34,000			
6,28,530 Equity Shares of Rs. 1000 each fully paid without payment being received in cash in part purchase consideration of :				
Loktak Project	16,85,30,000			
Baira Siul Project	<u>46,00,00,000</u>	62,85,30,000	73,54,64,000	52,33,000
<b>Share Capital Deposit</b>				
Amount received from Govern- ment of India awaiting allot- ment of Shares			<u>2,92,99,000</u>	<u>20,85,29,600</u>
	TOTAL :		<u>76,47,63,000</u>	<u>21,37,62,600</u>



# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

( A GOVERNMENT OF INDIA ENTERPRISE )

## Schedule 'B'—Current Liabilities and Provisions

	<i>As at 31.3.1978</i>	<i>As at 31.3.1977</i>
	<i>Rs.</i>	<i>Rs.</i>
<b>A. Current Liabilities</b>		
1. Sundry Creditors	...	23,57,084
2. Security and Earnest Money Deposits	7,68,291	18,06,019
3. Other Liabilities	1,08,87,214	42,430
4. Unspent amount of the Deposit Works vide Annexure		
a) Government of Manipur	30,06,233	
b) Government of Sikkim	42,51,466	
c) Government of Bihar	19,81,664	
d) National Thermal Power Corporation Limited	<u>5,14,248</u>	97,53,611
		...
5. Interest accrued but not due on loans	2,58,98,107	39,65,023
<b>B. Provisions</b>		
Contributory Provident Fund Contributions	<u>4,08,300</u>	...
	<u>4,77,15,523</u>	<u>81,70,566</u>

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

## Annexure to Schedule 'B'

S. No.	Particulars of the Deposit Works	Name of the Party	Amount deposited	Expenditure for 1977-78			Unspent balance with the Corporation
				Direct Expenditure	Overhead Expenditure	Total Expenditure	
			Rs.	Rs.	Rs.	Rs.	Rs.
1.	a) 66 KV Double Circuit Transmission Line from Gangtok to Melli	Government of Sikkim	75,00,000	41,65,230	83,304	42,48,534	42,51,466
	b) 66 KV Single Circuit Transmission Line from Gangtok to Dikchu	-do-	10,00,000				
2.	132 KV Single Circuit Transmission Line from Leimtak to Jiribam	Government of Manipur	50,00,000	19,54,674	39,093	19,93,767	30,06,233
3.	132 KV Single Circuit Transmission Line from Ramnagar to Gandak	Government of Bihar	25,00,000	5,08,172	10,164	5,18,336	19,81,664
4.	400 KV Single Circuit Transmission Line from Shaktinagar Super Thermal Power Station	National Thermal Power Corporation	125,00,000	1,17,50,737	2,35,015	1,19,85,752	5,14,248
TOTAL			2,85,00,000	1,83,78,813	3,67,576	1,87,46,389	97,53,611



# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

## Schedule 'C'—Fixed Capital Expenditure

<i>Sr. No.</i>	<i>Particulars of Assets</i>	<i>Gross Block</i>			<i>Depreciation for</i>		<i>Total</i>	<i>Net Block as at 31-3-1978</i>
		<i>Cost as at 31-3-1977</i>	<i>Additions during the year</i>	<i>Cost as at 31.3.1978</i>	<i>1976-77</i>	<i>1977-78</i>		
		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1.	Furniture, Fixtures and Office Equipment	3,42,750	7,66,669	11,09,419	34,275	52,321	86,596	10,22,823
2.	Technical Books	12,206	31,375	43,581	2,440	4,195	6,635	36,946
3.	Vehicles	34,798	33,358	68,156	6,959	...	6,959	61,197
TOTAL		3,89,754	8,31,402	12,21,156	43,674	56,516	1,00,190	11,20,966

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

## Schedule 'D' — Construction work in progress.

<i>Description</i>	<i>Loktak</i>	<i>As at 31.3.1978 Baira Siul</i>	<i>Total</i>	<i>As at 31.3.1977</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1. a) Freehold Land	15,84,154	5,32,613	21,16,767	15,03,236
b) Lease hold Land		17,162	17,162	—
2. Barrage	56,89,296	11,00,656	67,89,952	46,13,756
3. Water Conduit System	22,93,77,559	33,40,47,105	56,34,24,664	18,96,72,828
4. Power House	2,04,03,733	5,35,33,943	7,39,37,676	1,77,04,170
5. Generating Plant and Machinery.	5,61,89,464	12,83,43,159	18,45,32,623	4,31,57,082
6. Transmission Lines	36,95,537	3,89,95,304	4,26,90,841	34,34,945
7. Buildings and Communica- tions	2,68,77,576	6,41,51,403	9,10,28,979	2,18,23,547
8. Machinery and Equipments including Vehicles	3,60,97,102	3,09,25,823	6,70,22,925	3,53,56,507
9. Ancillary work	25,46,986	4,41,19,596	4,66,66,582	23,94,586
10. Furniture, Fixture, and office Equipment	2,59,240	14,615	2,73,855	04,862
11. Dams	...	88,11,650	88,11,650	...
12. Other Assets	4,67,664	...	4,67,664	...
13. Incidental Expenditure during construction (1976-77)	71,66,767	...	71,66,767	...
14. Incidental Expenditure during 1977-78	2,34,75,485	67,94,427	3,02,69,912	...
15. Share of Corporate Office Incidental Expenditure for the year 1977-78 as per Appropriation Account	13,41,936	8,52,264	21,94,200	...
 TOTAL :	 41,51,72,499	 71,22,39,720	 1,12,74,12,219	 31,97,65,519

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

## Schedule 'E'—Current Assets, Loans and Advances

	<i>As at 31.3.1978</i>	<i>As at 31.3.1977</i>
	<i>Rs.</i>	<i>Rs.</i>
<b>(A) Current Assets</b>		
Interest accrued on Short term Deposit	11,507	2,419
Stores in hand and spare parts at cost (Valued & Certified by the Management)	5,64,49,248	3,32,43,893
<b>Cash &amp; Bank Balances</b>		
Cash, Cheques, Imprest & Postage in hand	1,25,87 7	2,94,598
Balance with Scheduled Banks		
i) On current account	1,55,47,974	51,07,502
ii) On short term deposit	50,00,000	25,00,000
<b>Sundry Debtors</b>		
Debts outstanding for a period exceeding six months unsecured considered good	8,02,748	
Debts outstanding for a period less than six months unsecured considered good	<u>3,20,125</u>	11,22,873
		...
Suspense account with Accountant General, Manipur.	31,53,299	...
<b>(B) Loans &amp; Advances</b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received.	3,59,73,806	51,91,350
<b>TOTAL</b>	<u>11,73,84,584</u>	<u>4,63,39,762</u>

# NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

## Schedule 'F' Miscellaneous Expenditure.

	<i>As at 31.3.1978</i>	<i>As at 31.3.1977</i>
	<i>Rs.</i>	<i>Rs.</i>
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary Expenses	30,04,354	30,03,954

## NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

( A GOVERNMENT OF INDIA ENTERPRISES )

### Schedule 'G'—Notes on Accounts

1. Estimated amount of contracts remaining to be executed—amount not ascertained.
2. No Profit and Loss Account has been prepared as the Corporation has only capital works under construction and has not started revenue operation. However, Incidental Expenditure during Construction Account and Incidental Expenditure Appropriation Account have been prepared.
3. The information as required by Schedule VI Part II of the Companies Act, 1956 is appended below :—

**Employees in receipt of remuneration aggregating Rs. 36,000/-  
per annum or Rs. 3,000/- or more per month.**

	<i>No. of Emp- loyees</i>	<i>Salary &amp; Wages</i>	<i>Value of perqui- sites as per Income Tax Act</i>	<i>Total</i>
		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
i) Employed throughout the year	3	89,715	12,508	1,02,223
ii) Employed for a part of the year	2	32,797	3,603	36,400

4. No Provision for income tax has been made in the Accounts as the Corporation expects no such liability.

5. No provision has been made for the reimbursement of out of pocket expenses to auditors estimated Rs. 13,037/-.

6. Transfer value of Baira Siul H.E. Project transferred by the Government of India to Corporation has been taken at Rs. 70,51,37,000/- as per Conveyance Deed dated 20.1.78 as against 70,48,00,000 indicated in the Government of India, Ministry of Energy's letter No. 56 (7) 78 DA-V dated 31.3.78. The difference in value of Rs. 3.37 lacs has been taken up with the Government of India. Detailed verification of assets and liabilities transferred by the Government of India to the Corporation has yet to be made.

7. Incidental Expenditure during Construction for the year 1976-77 amounting to Rs. 71,66,767/- has been transferred to Construction Works in progress of Loktak Project. Incidental Expenditure during Construction for the year 1977-78 directly incurred on Loktak & Baira Siul Projects has been charged to Construction Works in progress of respective projects.

8. The net expenditure of Corporate Office during the year has been appropriated to Transmission Construction Units at the prescribed centage and balance to Hydroelectric Projects in the ratio of



Capital expenditure during the year. The Construction of Transmission Lines has been undertaken by the Corporation as Deposit Works on behalf of respective State Governments and National Thermal Power Corporation. The estimated value of Deposit Works remaining to be done is Rs. 3247.54 lakhs.

9. Expenditure incurred in Foreign Currency is Rs. 89,783/- on account of technical consultancy fee.

10. Assets in use at the Projects have been shown under Construction Works in progress as the works have not so far been completed.

11. The depreciation charged in accounts relates to 1976-77 and 1977-78 and calculated on straight line method.

12. Contingent liability—Certain disputed claims to the extent of Rs. 84.00 lakhs of M/s. Patel Engg. Co. are yet to be resolved finally. Another contingent liability of Rs. 7.10 lakhs is on account of court case on Baira Siul Project.

13. Interest on Loans due on 1.1.1978 for Rs. 1,61,50,215/- has been deferred by Government of India for one year. Repayment of principal carries moratorium for first five years.

14. Adjustment of Rs. 400/- towards preliminary expenses is in accordance with Government of India, Ministry of Energy's clarification dated 17.5.1977.

15. Rs. 2,370.45 was shown in the audited accounts of 1976-77 as Bank Charges during the year. Since the audited accounts of the year are not to be disturbed, the same is shown as miscellaneous receipt and the net incidental expenditure to the extent reduced.

16. The Provident Fund Rules formulated by the Corporation have received the approval of the Provident Fund Commissioner but awaiting formal approval of the Board of Directors and subsequent creation of an appropriate trust. Pending all these formalities, provision in respect of the years 1976-77 and 1977-78 has been made for Rs. 4,08,300/-.

17. Equipment and materials taken over from M/s Patel Engineering Co. at Loktak Project have not been evaluated and the question of hire/sale is to be settled.

18. Being a new Company, no provision has been made for Bonus.

Gratuity Rules are under formulation by the Corporation. Liability on account of gratuity including that payable for the prior period to take over of the projects from the Central Government could not be assessed by the Corporation in the absence of full particulars so far. However, the liability will be assessed and reflected in the next year's accounts.

19. The expenses and payments at Baira Siul Project relating to the earlier period but paid for after 20.1.1978 have been accounted for to respective account heads.

20. Interest liability provided for in the 1976-77 accounts at the lower interest rate of  $10\frac{1}{4}\%$  applicable for payments made on due date, was done on the assumption that the payment thereof which fell due only on 1.1.1978 would be made on the due date. Meanwhile, Government sanctioned a moratorium on the interest payment and the question of making payment of interest on 1.1.1978 did not arise. Hence the provision so made was allowed to stand. However, provision for interest on loans advanced by the Government of India accruing during the year and not due in that year has been made at  $10\frac{1}{2}\%$ . Clarification from the Government has been sought.



## AUDITORS' REPORT

**To the Members of National Hydroelectric Power Corporation Limited.**

We have audited the annexed Balance Sheet of Messrs. National Hydroelectric Power Corporation Limited as at 31st March, 1978 and also the annexed statement of Incidental Expenditure of the Corporation for the year ended on that date and report as under:—

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1975 issued by the Company Law Board in terms of Section 227(4A) of Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the annexure referred to 1 above, we report that:
  - (i) The assets of Baira Siul Hydroelectric Project valuing Rs. 7051,37,000 taken over during the year as per note No. 6 in schedule (G) to the accounts. In the absence of further information no other liabilities and assets have been accounted for.
  - (ii) In the absence of adequate information the following could not be verified:—
    - a) Machine & Tools hire charges;
    - b) Consumption of stores, spares & recoveries from contractors and others;
    - c) Rent received.
  - (iii) Suppliers and contractors account, securities and earnest money deposits received, Sundry Debtors, Cash settlement suspense with Accountant General, Manipur, Deposit from National Thermal Power Corporation could not be verified in the absence of confirmations/statement of accounts.
  - (iv) Contribution by Government of Manipur amounting to Rs. 61,10,000 being their share of cost of irrigation facilities of Loktak Power channel has not been accounted for.
  - (v) No provision has been made on account of out of pocket expenses paid to auditors as referred to in Note No. 5 in Schedule 'G' to the accounts.
  - (vi) No provision is made for the Central Sales Tax Liability.

Subject to what we have stated in the foregoing, we hereby report that:—

- (1) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (2) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these books.

- (3) The annexed Balance Sheet, Incidental Expenditure Account and Incidental Expenditure Appropriation account are in agreement with the books of Accounts as submitted to us.
- (4) In our opinion and to the best of our information and according to the explanations given to us the accounts, subject to Note No. 15 regarding miscellaneous receipt read with the note thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:—
- (i) in the case of Balance Sheet of the state of affairs of the Corporation as at 31st March, 1978; and
- (ii) in the case of the statement of Incidental Expenditure of the EXPENDITURE and Incidental Expenditure Appropriation account of the Corporation for the year ended on that date.

*for S.K. JAIN ASSOCIATES*  
*Chartered Accountants*

**(S.K. JAIN)**  
*Partner*

Delhi.

Dated: 19th September, 1978



**Annexure to the Audit Report Referred to in Paragraph—1 of Our Report of Even Date.**

1. The Corporation has maintained proper records of assets in so far as the Corporate Office is concerned. The same was physically verified by the Management. Assets registers for the Loktak Project, Baira Siul Project and Transmission Line Unit have not been maintained.
2. None of the fixed assets have been revalued during the period.
3. As per Management statement the stock & spare parts have been physically verified but the same was not produced to us for verification as they are yet to reconcile the results of physical verification. The valuation of such stocks has been taken at cost as certified by the Management and 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 informations 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 & 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. As already stated in paragraph No. 3, the Management stated that physical verification of Stores has been conducted and noticed that certain damages, losses and unserviceable stores are being carried in the books of accounts at the projects. As results of physical verification have not been finalised, determination of unserviceable 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 installation of internal audit system has been effected during 1978-79.
12. Maintenance of cost records has not been prescribed to 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. The Management informed us that Provident Fund Rules of the Corporation have received the approval of the Provident Fund Commissioner.

*For S.K. JAIN ASSOCIATES  
Chartered Accountants*

Delhi

**S.K. JAIN**  
*Partner*

Dated : 19th September, 1978

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

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**Comments of the Comptroller & 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 the National Hydro Electric Power Corporation Limited, New Delhi for the year ended 31st March 1978.

Sd/-  
(A.C. BOSE)  
*Member, Audit Board & Ex-officio*  
*Director of Commercial Audit*

New Delhi,  
Dated the 21st  
September 1978.

**Addendum to Directors' Report for the year ended 31.3.1978 Under Section 217 (3) of the Companies Act 1956 on the Observations made by M/S. S.K. Jain Associates, Chartered Accountants on the Accounts for the Year Ended 31.3.1978.**

**AUDITORS' REPORT**

**Item 2 (i)**

The assets of Baira Siul H.E. Project valuing Rs. 7051.37 lakhs have been transferred to the Corporation in terms of Conveyance Deed of 20.1.1978. The Conveyance Deed does not specify other assets and liabilities such as advances to contractors and suppliers, earnest money and security deposits etc. although all obligations of the Government pertaining to the project devolve on the Corporation after 20th January, 1978. In the absence of specific information in the deed of transfer, it has not been possible to ascertain the assets and liabilities of the project other than those mentioned in the Deed. These require detailed analysis from the records prior to transfer of the project to the Corporation and will be brought into account as and when the same materialise.

**Item 2 (ii) & (iii)**

The state of accounts in respect of Loktak on 1.1.1977 has registered considerable improvement during the year 1977-78. However due to inadequate Accounts Staff and with change over to Commercial system of accounting, requisite degree of improvement could not be achieved. Steps have been taken to reconcile all the accounts and to keep them upto date. Necessary subsidiary registers are being opened to show recoveries of hire charges due and realised from contractors, rent received etc.

**Item 2 (iv)**

The Government of India had received from the Manipur Govt. the sum of Rs. 61,10,000/- being the share of Manipur Government towards cost of irrigation facilities of Loktak Power Channel, before the transfer of the project to the Corporation. The amount is included in the transfer value of the project by way of purchase consideration for assets transferred. The amount is correctly to be exhibited as "Contribution from Manipur Government" and not as part of equity/loan capital. The matter has been taken up with the Government of India whose clearance is awaited.

**Item 2 (vi)**

Central Sales Tax has been taken into account to the extent actually paid. In the absence of precise information, provision on this account has not been made.

**ANNEXURE TO AUDITORS' REPORT**

**Item (1)**

The capital project is in progress and permanent assets are in the process of being created in respect of Loktak and Baira Siul Projects. Requisite Assets Registers will be opened on completion of the works. As regards Transmission Construction Units, they are deposit works and do not constitute as Corporation Assets.

**Items (3) & (8)**

Physical verification of stores has been conducted. Discrepancies and shortages are under the process of investigation the results of which will be reflected in the next year's accounts. As such no provision has been made in the year's accounts.

**Item (13)**

The Provident Fund Rules formulated by the Corporation have received the formal approval of the Provident Fund Commissioner. These rules and the subsequent creation of an appropriate Trust are awaiting formal approval of the Board. Pending all these formalities, provision in respect of the years 1976-77 and 1977-78 has been made for Rs. 4,08,300/-.