





*Shri Rajiv Gandhi, Prime Minister of India amidst School Children on the occasion of dedication of Salal Project to the Nation—February 9, 1988.*

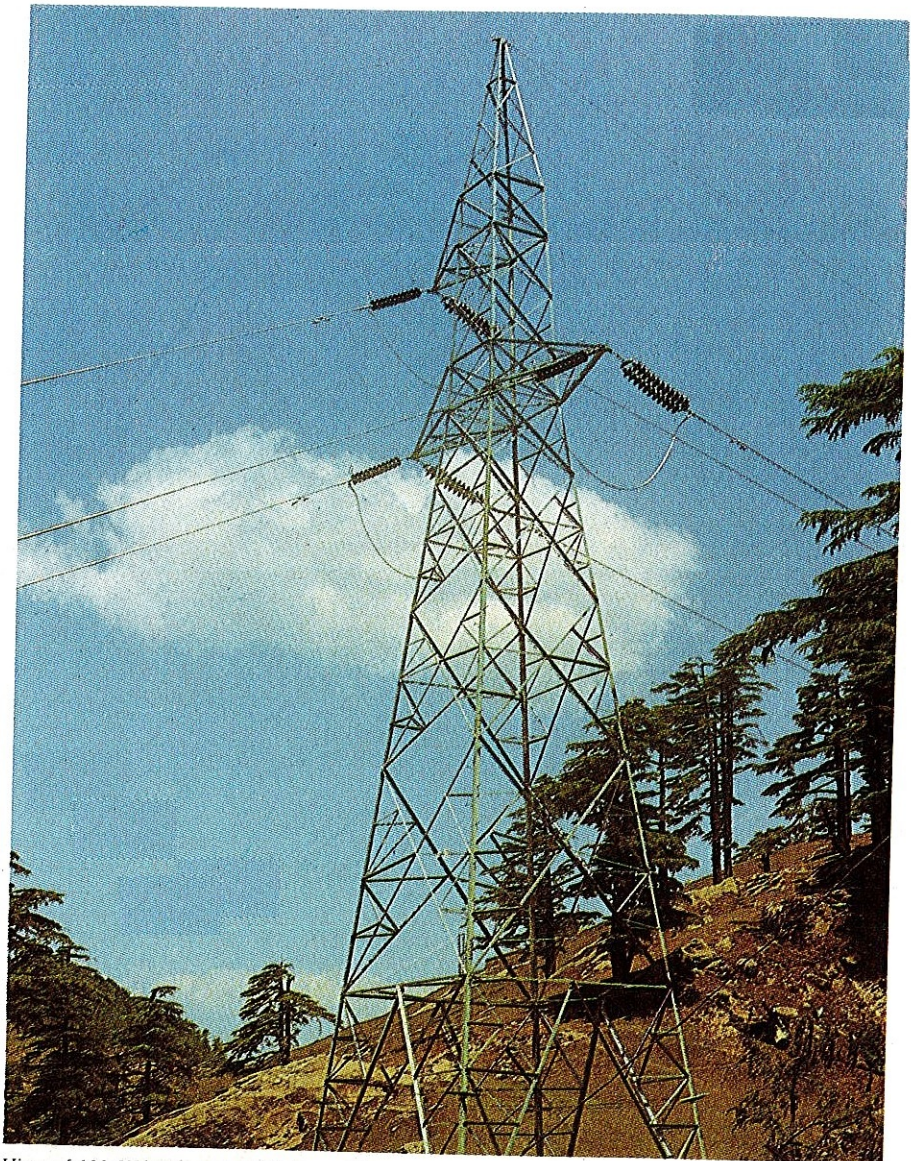
Cover Picture:-

*View of power tunnel under construction—Chamera Project (H.P.)*



## CONTENTS

Board of Directors .....	2
Chairman's Speech .....	3
Directors' Report .....	5
Accounts .....	20
Auditors' Report .....	36
Comments of the Comptroller & Auditor General of India .....	40



*View of 132 KV Udhampur Kishtwar Line*



## BOARD OF DIRECTORS

**Chairman & Managing Director** Shri B.R. Oberoi,  
(upto 18.4.1988)

Shri K.K. Kashyap,  
(from 18.4.1988)

### Directors

Shri O.P. Sarbhoy,  
Director (Personnel)  
(upto 26.8.88)

Shri Ghansham Das,  
Director (Finance)

Shri V.K. Khanna,  
Shri K. Madhavan,  
(upto 23.3.88)

Shri J.C. Gupta,  
Shri U.V. Bhat.  
(from 27.10.87)

**Company Secretary & Chief (Law)** Shri N.V. Raman

### AUDITORS:

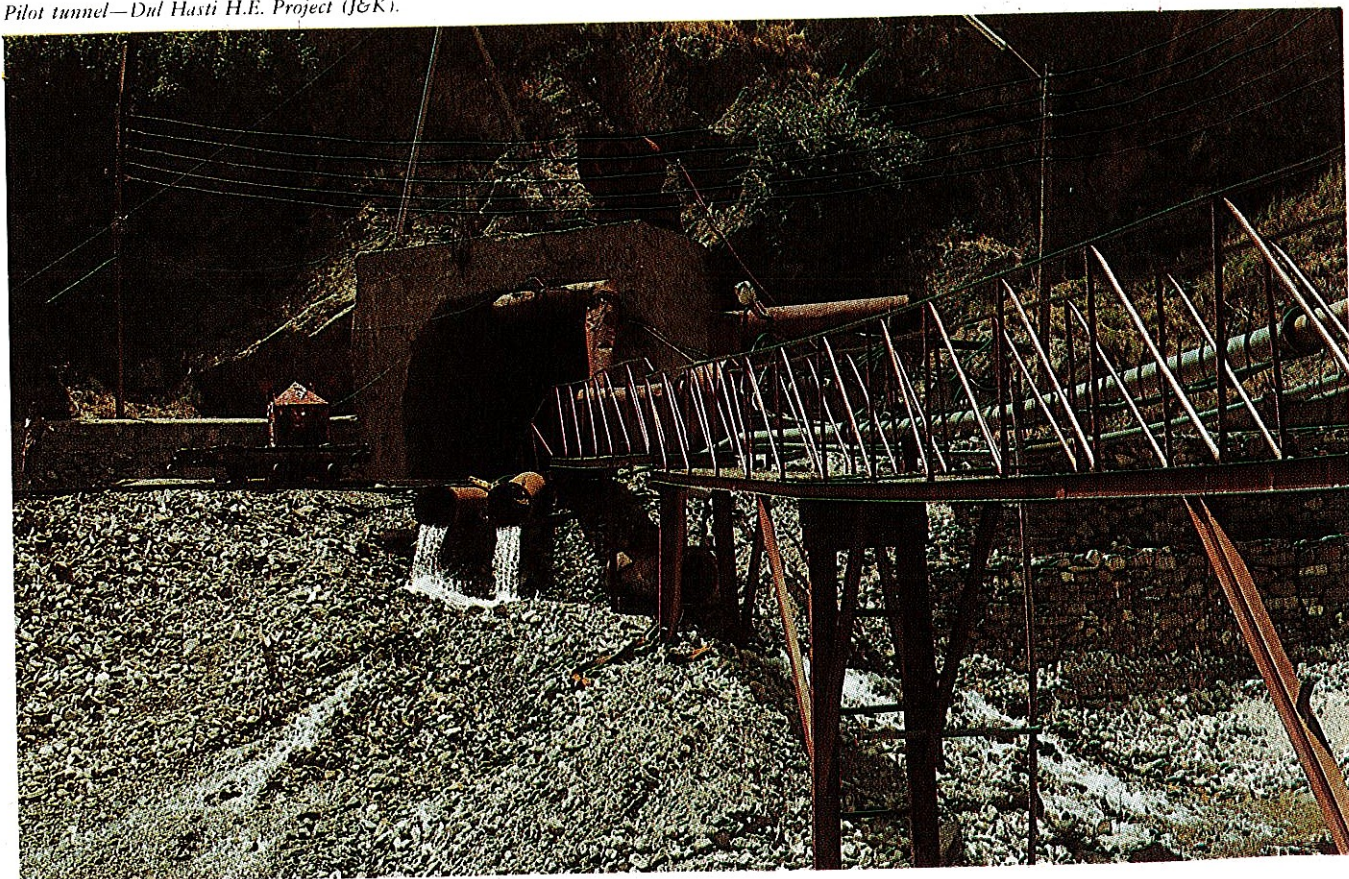
**Statutory Auditors** M/s. V. Malik & Associates,  
GF-12, Mansarovar,  
90-Nehru Place,  
New Delhi-110 019.

**Branch Auditors** i) M/s. G.S. Mathur & Co.  
168, Golf Links,  
New Delhi-110 003.  
ii) M/s. Guha Nandi & Co.,  
Chartered Accountants,  
Commerce House, 5th Floor,  
Ganesh Chandra Avenue,  
Calcutta-700 013

**Bankers** State Bank of India  
Punjab National Bank  
Syndicate Bank  
Central Bank of India

**Registered Office** 'Hemkunt Tower  
98-Nehru Place,  
New Delhi-110 019.

*Pilot tunnel—Dul Hasti H.E. Project (J&K).*





## CHAIRMAN'S SPEECH



Dear friends,

It gives me great pleasure to welcome you to the 12th Annual General Meeting of your Corporation. The Audited Accounts for the year 1987-88, the Directors' Report along with Auditors' Report and the comments of the Comptroller and Auditor General of India are before you for consideration and adoption.

Your Corporation has shown a net profit of Rs. 2426.13 lakhs during the year under review. This, however, does not include profits on power sold from Salal Project. The operating units of the Corporation as well as Chukha Transmission System generated/transmitted 2725 million units. The total revenue from the sale of power was Rs. 9432.18 lakhs. The Corporation made a contribution of Rs. 27.50 crores to the Public Exchequer during the year. The operating units of the Corporation registered an overall capacity utilisation of 92.21% as against 88.21% last year.

One of the major milestones achieved by your Company during the year under review has been the commissioning of the Salal (Stage-I) Project. Shri Rajiv Gandhi, Prime Minister of India dedicated this Project to the Nation on February 9, 1988. The Salal Project has been performing

extremely well ever since it started generating power. Power from Salal Project has greatly helped various beneficiary States in the northern grid, particularly the State of Jammu & Kashmir. Your Corporation is following up with the Government of India for the formal transfer of the Project to the NHPC.

Your Corporation raised Rs. 130 crores through its 'B' Series Bonds during the year. For the year 1988-89, the Government have permitted your Corporation to raise resources by issue of fresh series of Bonds for an aggregate value of Rs. 150 crores. Your Corporation has already arranged this amount by private placement with the two leading Banks in the country.

Work on the various components of the Chamera Stage-I Project is now in full swing. The Corporation has decided to go in for an additional adit to power tunnel to speed up the rate of progress in the tunnel. The Union Minister of Energy, Shri Vasant Sathé inaugurated the start of construction of the main dam of the Project in June, 1988. Highly sophisticated construction equipment like 700 tonne per hour aggregate processing plant, 350 cu. m per hour batching plant and 2 x 28 tonne capacity cableway system have been installed and commissioned.

I am glad to inform that the work of construction of barrage head regulator, Power House and Silt Ejector has made good progress at Tanakpur Project. With the active cooperation of the Government of India and the Government of Uttar Pradesh, the problem of acquisition of land for the Project is being resolved. The Corporation is taking necessary steps to speed up the construction.

The Corporation is awaiting decision of the Government of India regarding the execution of the Koel Karo Project in Bihar.

Your Corporation has taken up the preconstruction infrastructural development work on the Uri Project.

Offers received for bilateral assistance for the execution of this Project on turnkey basis are under evaluation by the Steering and Negotiating Committee. Your Corporation has submitted draft PIB memo for this Project to the Government of India for investment decision.

Discussions are still going on for finalising the bilateral agreement for the execution of the Dulhasti H.E. Project. In the meantime the Corporation is carrying on work in the various components of the Project. The 110 Kms long Batote to Kishanpur road has been widened and all the major bridges have been completed.

The Chamera Stage-II Project is to be executed by your Corporation in the Central Sector. The Government of India have constituted a Steering and Negotiating Committee for finalising an agreement with the Canadian authorities. The Chamera Constructors presently engaged in the execution of the Chamera (Stage-I) Project have submitted their proposals and these proposals are under discussion. NHPC has taken up the pre-construction activities at the Rangit Project in Sikkim. The investment decision on this Project is awaited.

The Central Electricity Authority has techno-economically cleared the Baglihar Project in Jammu & Kashmir. NHPC has taken up confirmatory investigation and pre-construction work on this project. The Corporation has also initiated action for obtaining forest and environment clearance.

NHPC has received sanction of expenditure estimates from the Government of India for taking up investigation work of Gauriganga Stage-I, II and III and Kishanganga Projects. NHPC has also taken up investigation work on the Dhauliganga (Intermediate Stage) Project.

The 400 KV Malda Farakka line which forms part of the Chukha Transmission System has been completed and commissioned. Work



on the other transmission systems under execution is in progress. The Corporation has received sanction from the Government of India for the award of work on turnkey basis to the Soviet Union for the 400 KV Dulhasti-Kishanpur and Kishanpur-Srinagar transmission line associated with Dulhasti H.E. Project. This transmission line passes through the snow-bound area. The country does not have the technology and design know-how for the construction of 400 KV transmission line in the snow-bound areas. Therefore, the Russian Expertise is planned to be used on this transmission line. NHPC has completed the 132 KV Liematak-Jiribam line which will provide reliability for evacuation of Loktak power.

The Government of India has allocated the erection of first 800 KV double circuit transmission line in the country to your Corporation.

The Nuwakot Rural Electrification Project in Nepal has been completed and handed over by the Corporation to His Majesty's Government of Nepal. NHPC has taken up the construction of a permanent Headquarter for its Corporate Office in Faridabad. Steps

are being taken to expedite the establishment of a satellite telecommunication network to link various NHPC Projects.

The Government of India have entrusted the execution of the 1200 MW Teesta Stage-III Project in Sikkim to your Corporation. Your Corporation has drawn up a time frame for expeditious execution of the hydro-electric Projects. This time frame can reduce the total gestation period by about 5 years by taking up various activities in parallel and by reducing their time span. Your Corporation has also proposed that pre-construction infrastructural development work should be taken up at the new Project-sites well in time in order to cut short time in the actual construction of the main Project after PIB clearance. Your Corporation has also proposed that the concept of the basin development of the hydro Project should be introduced in the country so that the experience from one Project could be passed on to the next Project in the same basin. Your Corporation has already initiated action on the new Projects proposed to be commissioned during the 8th Plan Period. NHPC is

also presently engaged in an exercise to finalise bilateral arrangements for funding its new Projects.

Your Corporation has so far planted more than 26 lakhs trees at its various Project-sites under its Afforestation Programme. The Corporation has been able to maintain cordial industrial relations with the active cooperation of the employees. During the year about 22 in-house and 64 sponsored programmes were arranged for the employees as a part of its training and development activities. NHPC continues its efforts to promote the use of Official Language in the Corporation.

It is my proud privilege to thank the Hon'ble Union Minister of Energy, Hon'ble Minister of State for Power, Secretary (Power) and various Central and State agencies for the guidance and support given to us in the performance of the activities of the Corporation. I take this opportunity to thank my colleagues in the Board of Directors for their keen interest in the growth of this Corporation.

I would like to express my appreciation for the excellent work done by all employees of this Corporation.



(K.K. Kashyap)  
Chairman & Managing Director

New Delhi: 30th September, 1988.



## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting the 12th Annual Report along with the Audited Statement of accounts for the year ended 31st March, 1988.

#### 2. PERFORMANCE:

##### A. FINANCIAL PERFORMANCE:

(1) The financial performance of the operating units for the year was as under:

	(Rs. in lakhs)
Gross Profit before providing for Depreciation and Interest	5346.48
Less:	
(i) Depreciation	637.52
(ii) Interest on Govt. Loans	2205.96
(iii) Preliminary expenses written off	4.00
	2847.48
Net profit for the year	2499.00
Prior period adjustments (Net)	72.87
Net Profit	2426.13

The contribution from the Corporation to the Public Exchequer during the year was Rs. 27.50 crores, which includes payment of interest on Government Loans.

##### (2) Issue of Bonds:

During the year 1987-88, the Corporation issued its 'B' Series (both 9% and 13%) Secured, Redeemable Bonds for an aggregate value of Rs. 130 crores. Though the subscriptions to the issue was of the order of Rs. 131.9274 crores, the Corporation retained Rs. 130 crores as permitted by the Controller of Capital Issues.

During the year 1988-89, the Corporation was permitted to raise resources by issue of fresh series of Bonds for an aggregate value of Rs. 150 crores in accordance with Govt. of India guidelines. The Corporation had arranged for private placement of Bonds with the Punjab National Bank and Central Bank of India for this purpose, and has also since allotted Rs. 100 crores to Punjab National Bank and Rs. 50 crores to the Central Bank of India.

#### B. POWER STATIONS UNDER OPERATION:

The overall generation targets for the operating stations under the control of the Corporation were exceeded during the year and the operating stations registered an overall capacity utilisation of 92.21% as against 88.21% last year.

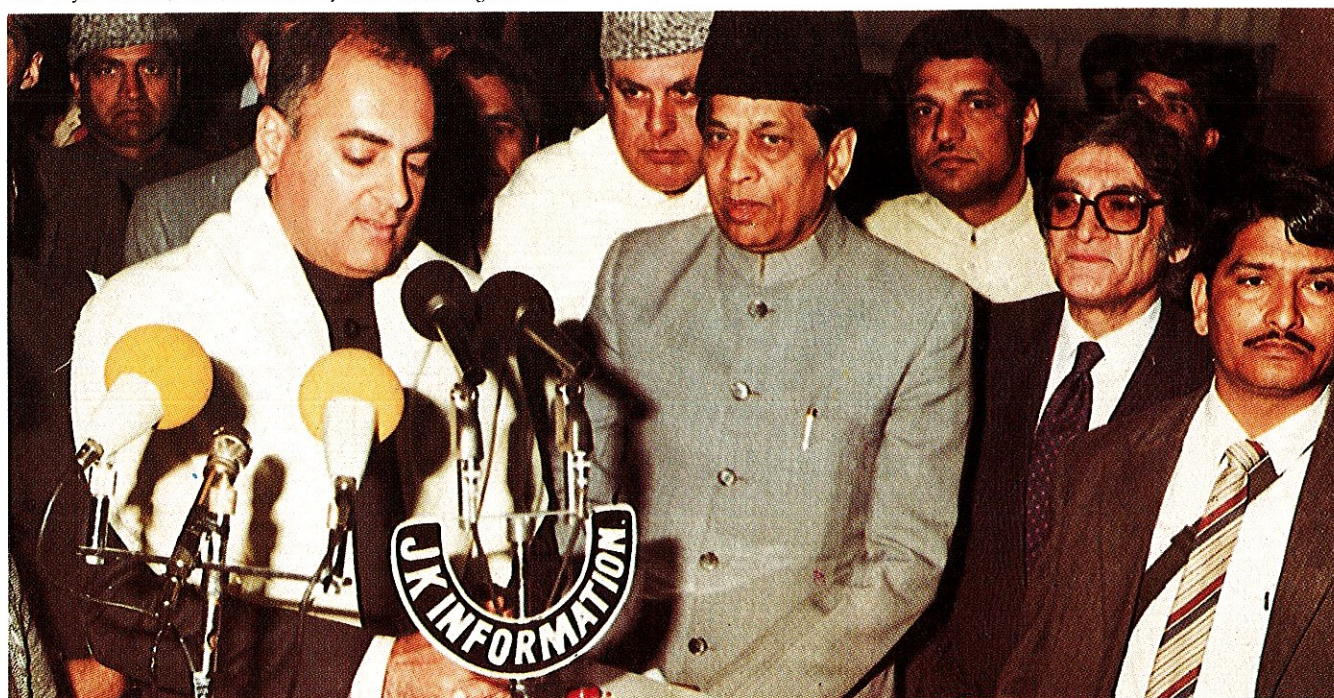
##### (1) Baira Siul Power Station (HP):

During the year 1987-88, the Baira Siul Power Station generated 751.372 MU of electricity against a target of 750 MU. Generation during the year 1988-89 upto end of July '88 was 404.482 MU against a target of 400 MU.

##### (2) Loktak Power Station (Manipur):

The Loktak Power Station generated 404.951 MU of electricity against a target of 410 MU. The actual generation was restricted due to transmission line constraints and inadequate demand in Grid. When the Corporation's 2nd Circuit Liematak-Jiribam line will be commissioned, the

*Shri Rajiv Gandhi, Prime Minister of India dedicating the Salal H.E. Project to the Nation.*

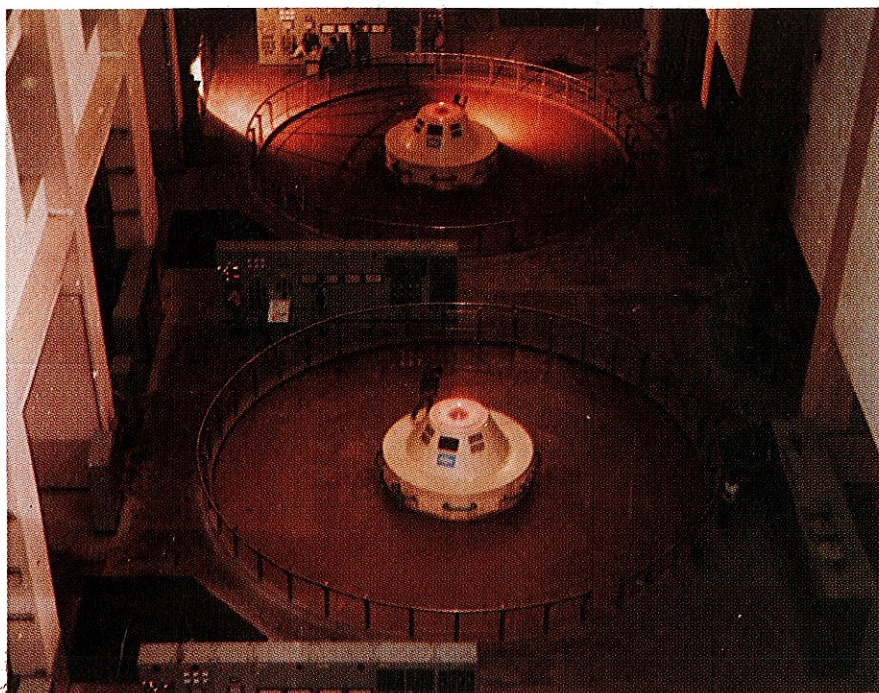




evacuation of power from Loktak is expected to improve in future. This line has already been installed by NHPC and is expected to be charged shortly. The Corporation is also exploring the possibility to increase evacuation of power from Loktak through NEEPCO's 132 KV Jiribam-Aizwal-Kumarghat Transmission Line to Tripura and Mizoram. Generation during the year 1988-89 upto July 1988 was 108.724 MU as against the target of 131.00 MU.

### (3) *Salal Power Station:*

The Salal H.E. Project was completed and all the 3 units were commissioned in November, 1987. During the year 1987-88, the Salal Power Station generated 533.115 MU of electricity against a target of 463 MU. Generation during the year 1988-89, upto July, 1988 was 908.034 MU against a target of 889 MU.



*Interior view of power house—Salal Project (J&K).*

## (C) ON-GOING HYDROELECTRIC PROJECTS:

### (1) *Chamera H.E. Project Stage-I (540 MW) H.P.:*

The Ravi river was diverted in August, 1987. Dam foundation excavation was taken up thereafter and completed in January 1988 which has facilitated commencement of dental concreting. Highly sophisticated construction equipment namely 700 T/hr aggregate processing plant, 350 Cu.m/hr batching plant and 2 × 28T capacity cableway system have been installed and commissioned. This system is capable of placing a concrete of about 6000 Cu.m per day. Mass concreting in the dam will be taken up in the next working season.

Adit I and II to Power Tunnel has been completed and work on 5 faces of Power Tunnel has been taken up and is in progress. With the successful implementation of the new tunnelling technology, a record progress of 160 M/month from one face was achieved for the first time in India. In order to

enhance the boring rate of Power Tunnel at other faces, and to adhere to the commissioning schedule of the Project, the Corporation has decided to go in for an additional adit to Power Tunnel which will provide two more construction faces and speed up the rate of progress in the tunnel and the contract for the same has been awarded with stringent penalty and bonus clauses.

Transformer gallery excavation has already been completed. Power House cavern excavation to the extent of 50 per cent completed. Excavation of penstocks and draft tube manifolds have been completed. Work on all the fronts such as pressure shaft, surge shaft, draft tube surge shaft, bus duct, etc. are in progress.

Boring of Tailrace tunnel has crossed successfully underneath the Ravi river. Tailrace tunnel to the extent of 42.5 per cent has been completed till July, 1988.

### (2) *Dul Hasti H.E. Project (390 MW) J&K:*

Against the total requirement of

339.5 Ha. of private land for colonies, roads and major works, about 157 Ha. of land has been acquired. The pilot tunnel has been excavated upto a length of 1024 M against the total length of 1550 M upto end of July, 1988. The portal on Power House Access tunnel has been established. The work on adit to surge shaft has commenced. For construction power, the 132 KV Transmission Line from Udhampur to Kishtwar has been completed. The 132/33 KV Sub-station of Kishtwar and 33/11 KV Sub-station at Hasti have been commissioned.

The 110 KM long Batote to Kishtwar Road has been widened and all the major bridges have been completed. All the approach roads leading to various components of the Project have also been completed.

Discussions are in progress for finalisation of the bilateral agreement for the execution of the Project on turnkey basis.



### (3) *Tanakpur H.E. Project (120 MW) U.P.:*

The Project requires 293.35 ha. of forest land, 55.68 ha. of private land and 20 ha. of MES land for the construction of major components of the Project. Govt. of India had cleared the transfer of 293.35 ha. of forest land to the Corporation in August, 1986 but only 137.95 ha. was transferred to the Corporation by the UP Forest Deptt. in Sept., 1986. As a result of persistent efforts, another 140.07 ha. of land has been handed over only in August, 1988. Balance 15.33 ha. of forest land in North Pilibhit District is yet to be handed over to NHPC. 20 ha. of forest land under the possession of MES is required for the construction of the power channel. Defence authorities have already issued the "No Objection Certificate" in January 1988 for handing over of this land to NHPC and the matter is being pursued with the concerned authorities. About 55.68 ha. of private land is also required for construction of power channel and for rehabilitation of displaced people. The acquisition of land was notified in February, 1986 under the Land Acquisition Act. The Corporation has also paid the amount of compensation for this land but the land is yet to be handed over to the Corporation. Your Corporation is taking effective steps to complete the formalities in this regard.

The work on 15 weir bays, is in progress and a total of 859.59 TM<sup>3</sup> of excavation and 217.34 TM<sup>3</sup> of concreting have been completed. The excavation in the mainpit of Power House has also been completed. Concreting in the power house is in progress while concreting in service bay, tail pool, and forebay was started during the year 1988-89. Fabrication of straight ferrules of penstock and erection of embedded parts for Draft tube gates and intake gates are in progress. The revised cost estimate



*Key of the Dam—Chamera Project (H.P.)*

amounting to Rs. 275.22 crores (Net) at December, 1987 price level is under scrutiny in CEA.

### (4) *Koel Karo H.E. Project:*

As reported last year, the work on the Project could not be started so far due to the resistance of the local people against land acquisition. The writ petition filed in the Supreme Court on behalf of the local people is also pending disposal.

The revised cost estimates of the Project are under scrutiny in CEA.

## D. NEW PROJECTS:

### (1) *Uri H.E. Project (480 MW) J&K:*

Forest land clearance has been obtained. Out of a total requirement of 266 ha. of land, 18 ha. of land have been acquired. Negotiations are underway for acquiring private land.

The work on construction of 60 Nos. prefab houses has been completed and construction of 28 Nos. more have been taken up. Work on 11 KM approach roads to work sites have commenced. Compensatory afforestation work has also been taken up. Works to provide construction power

are being taken by the Project authorities.

Offers received for bilateral assistance for the execution of the Project on turn key basis are under evaluation by the Steering and Negotiating Committee.

Hydrological and Meteorological investigations are in progress. 435m drilling and 343m drifting have been completed. Survey work is in progress. Draft PIB Memo for Uri H.E. Project including its associated Transmission system alongwith an estimate of Rs. 731.47 crores (net) at March '88 price level has already been submitted to the Ministry of Energy for investment sanction.

### (2) *Chamera H.E. Project (Stage-II) (300 MW) H.P.:*

Approval of the Govt. of India has been received for executing the project as a Central Sector Project by NHPC. For the execution of Chamera Project Stage-I, C\$ 648.13 million was provided by CIDA/EDC as loan for procurement of Canadian goods and services. As a result of the revision of the Procurement Plan, a surplus of C\$ 286.83 million was envisaged to be utilised for



Chamera Stage-II. This has been accepted in principle by the Canadian Govt. which has offered an assistance of C\$ 310 million including the above surplus from Chamera Stage-I. The Govt. of India have constituted a Steering and Negotiating Committee for negotiating with Canadian Authorities and Companies. Chamera Constructors who are engaged with the construction of Chamera Stage-I, have since submitted their proposals to the Govt. of India. The proposals are under discussion.

Clearance for 78.78 ha. of forest land has been obtained from the Govt. of India. Private land for construction of residential and non-residential buildings and project facilities has been identified, and notification under Section 4 for 350.12 bighas has been issued by H.P. Govt.

Investigations have been done by Geological Survey of India. Based on geological reports and rock strata of drifts already constructed, additional investigations required are being planned.

EFC memo for pre-construction

Power house under construction—Tanakpur Project (UP).

activities alongwith the estimate has already been submitted to the Ministry of Energy. CEA have cleared an amount of Rs. 11.52 crores towards the same. Investment sanction is awaited.

**(3) Rangit H.E. Project  
(3×20 MW) Sikkim:**

While Investment sanction of the Govt. of India is still awaited, work on pre-construction activities like confirmatory investigation and infra-structural development is in progress. Environmental Clearance of the Project with associated transmission line has been accorded. Out of 90 m of drilling at newly located weir site, 10m has been completed in addition to 25 m at old locations. 30 m of drifting work on left bank and 20 m of drifting on the right bank of weir have been completed.

**(4) Baglibar H.E. Project  
(450 MW) J&K:**

The Project has been technoeconomically cleared by CEA. Steps to obtain forest and environment clearances have been taken by the Corporation. Confirmatory investigations and

pre-construction activities like drilling, drifting and laying of approach roads etc. have been taken up. The EFC Memo for pre-construction activities alongwith estimates has already been submitted to the Ministry of Energy. CEA have cleared an amount of Rs. 11.04 crores towards the same. Investment decision is awaited.

**(5) Sawalkot H.E. Project  
(3×200 MW) J&K:**

The Project has been technoeconomically cleared by CEA. Environmental and forest clearances are awaited.

A memorandum for the Expenditure Finance Committee for incurring expenditure towards pre-construction activities has been submitted to the Ministry of Energy. CEA have cleared an amount of Rs. 11.58 crores towards the same. Investment sanction is awaited.

**(6) Dbauliganga H.E. Project  
(4×70 MW) U.P.:**

The Project has been technoeconomically cleared by CEA. Forest





and Environmental clearances are in process. The draft Memorandum for PIB, updating the estimate to latest price level is under preparation. Meanwhile, pre-construction activities like drilling, drifting and laying of approach roads have been taken up. Pre-PIB meeting was held during March, '88.

**(7) Salal H.E. Project Stage-II (3×115 MW) J&K:**

This is an extension of Salal-I Project commissioned by NHPC during Nov.'87. It has been techno-economically cleared by CEA at a cost of Rs. 243.32 (Net) including associated transmission. The project has been cleared from Indus Water Treaty angle. Draft PIB memorandum has been submitted to the Ministry for investment sanction.

**(8) Dbaleshwari H.E. Project (3×40 MW) Mizoram:**

This project was investigated by NHPC. An expert Committee of the Ministry of Environment has examined the project from environment angle. The latest proposal is to treat this project as a multi-purpose project. Its latest updated estimates are under examination by CWC, having been already examined by CEA.

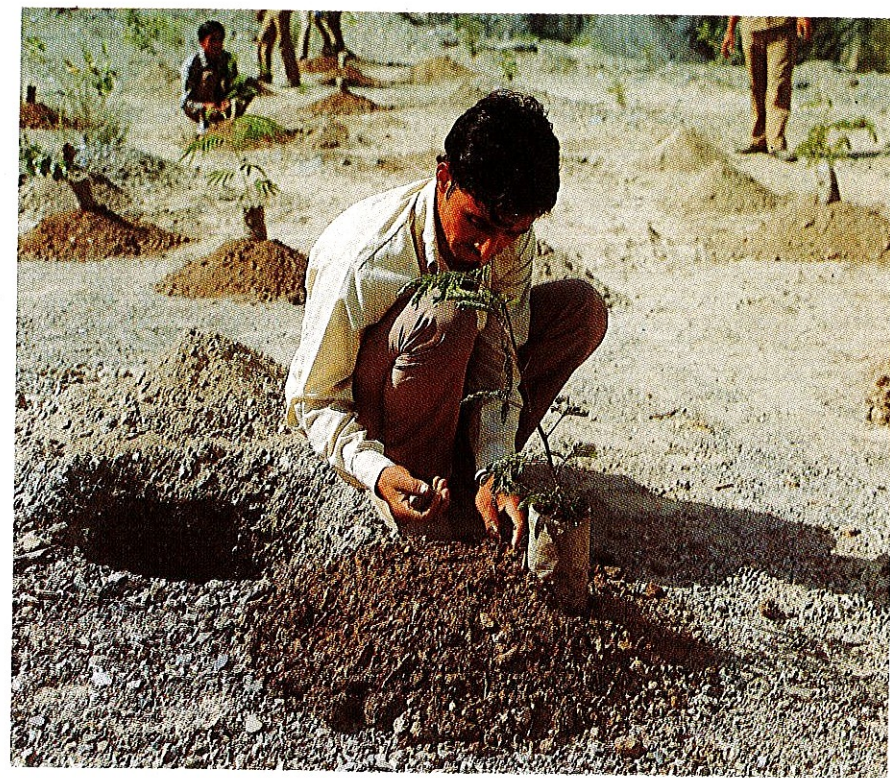
**E. HYDROELECTRIC PROJECTS UNDER INVESTIGATION:**

**(1) Dhauliganga H.E. Project (Intermediate Stage) (200 MW) U.P.:**

Investigation work on the project has been taken up. Drilling and drifting work is in progress. The estimate for the investigation amounting to Rs. 236 lakhs is awaiting Govt. sanction.

**(2) Gauriganga H.E. Project (Stage-I) (160 MW) U.P.:**

The Ministry of Energy has sanctioned the estimate for Rs. 216.45 lakhs (Gross) and Rs. 172.82 lakhs



*Afforestation work in progress at Dul Hasti Project (J&K).*

(Net) for investigation and allied works. Work on infrastructure development and topographical survey has been completed. Geological and geotechnical investigations like drilling and drifting and geological mapping are in progress.

**(3) Gauriganga H.E. Project (Stage-II) (120 MW) U.P.:**

The estimate for the investigation of the project for Rs. 205.15 lakhs (Gross) and Rs. 160.92 lakhs (Net) has been sanctioned by the Govt. of India. Drilling & Drifting work is in progress.

**(4) Gauriganga H.E. Project (Stage-III) U.P.:**

The estimates for the investigation of the project for Rs. 177.74 lakhs (Gross) and Rs. 142.88 lakhs (Net) has been sanctioned by the Govt. of India. Drilling & Drifting work is in

progress.

**(5) Kishanganga H.E. Project (390 MW) J&K:**

The estimate for the investigation of the Project for Rs. 437.14 lakhs (Gross) and Rs. 372.14 lakhs (Net) has been sanctioned by the Govt. of India. Investigation work on the Project has been taken up. Drilling & Drifting is in progress.

**F. TRANSMISSION LINE PROJECTS:**

**(1) Chukha Transmission System:**

During the year under review, the 400 KV Malda-Farakka line which is an integral part of Chukha Transmission System has been completed and commissioned in all respects. The power imported and transmitted through Chukha Transmission System during the year was 1036.203 million units against a target of 1019.70 million units.



(2) *Work on the following ongoing transmission works progressed satisfactorily during the year:*

I. *Transmission system associated with Chamera Project*

—400/220 KV Sub-station at Moga.

—400 KV Chamera-Moga transmission line.

Detailed survey on the route of transmission line has been completed. Order for transmission line material i.e., towers, conductors and earth wire including their accessories, insulators and hardware has been placed. 517 Nos. stub-setting and 224 Nos. of Tower erection out of total of 646 Nos. has been completed ending July 1988.

Land for Moga Sub-station has been acquired. Construction of buildings including control room is in progress.

II. *Jeypore-Talcher Transmission system*

—400/220 KV Sub-station at

Jeypore and Talcher and 400 KV switching station at Indravati.

—400 KV Jeypore Talcher transmission line.

The construction of control room building and residential buildings has been completed. The construction of Sub-station namely erection of structures and equipments etc. is in progress. Almost entire equipment required for these Sub-stations have reached the site. 1095 Nos. stub-setting, and 1032 Nos. tower erection out of a total 1126 Nos. has been completed upto July, 1988. 204 KM stringing out of a total 428 KM has also been completed upto end of July, 1988.

III. *Transmission system associated with Dulhasti Project*

—400/220 KV Sub-station at Kishanpur (220 KV portion)

—132/33 KV Sub-station at Kishtwar

—400 KV D/C Dulhasti-Kishanpur-Srinagar Transmis-

sion Line.

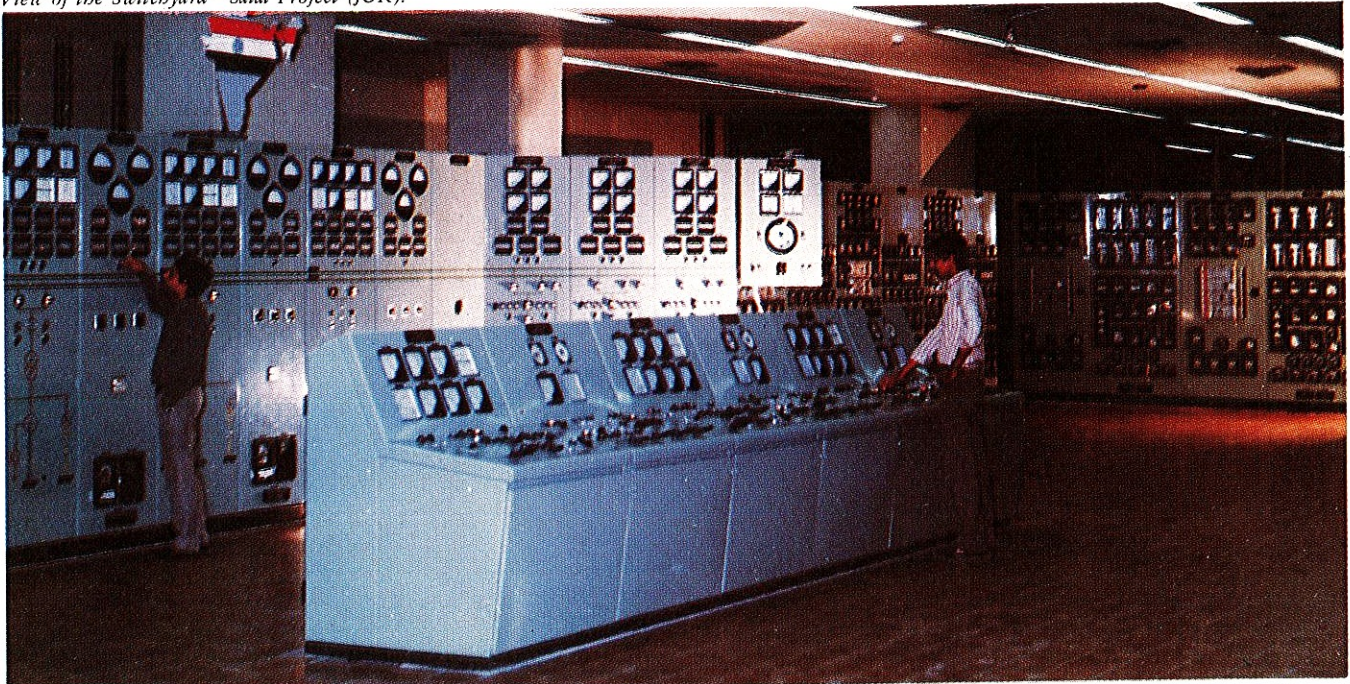
—132 KV S/C Udhampur-Kishtwar transmission line.

Investment decision for the Transmission System has been received. Detailed survey of the route of the transmission line has been completed. Forest clearance has been obtained from Govt. of India. Engineering for the transmission line and Sub-station has also started. Draft agreement for designing the line submitted by M/s. Technopromexport is under finalisation in the Ministry of Energy/Finance. Ministry of Energy has also circulated the final note for Cabinet Committee on Economic Affairs proposing to get the job done on turnkey basis by M/s. Technopromexport of USSR.

IV. *Transmission system associated with Tanakpur H.E. Project.*

Construction of 220 KV D/C system line from Tanakpur to Bareilly has been awarded to M/s. NPCC. Design for towers

*View of the Switchyard—Salal Project (J&K).*





type A,B,C and D has been received. Check survey is in progress.

V. 132 KV Leimatak-Jiribam transmission line

132 KV Leimatak-Jiribam Line (2nd circuit) is essentially laid to provide reliability for evacuation of Loktak power. The construction of the line has been completed and it is expected to be charged shortly.

VI. 132 KV Bongaigaon-Gaylephug transmission system

The work is being executed on behalf of Govt. of India. The work of design and procurement of equipments has commenced.

VII. 400 KV Malda Sub-station

Design of 400 KV Sub-station has been completed. Orders for most of the equipment have been placed. Foundation of 315 MVA transformer has been cast.

3. Training and Human Resources Development:

The Corporation considers that Training and Development are necessary pre-requisites for effective functioning and development of individuals.

The Training and Development activities included induction programmes, Training at Manufacturers' Workshops, Managerial Development Programmes, Need-based courses, Sponsored programmes, Cosponsoring Seminars and Workshops, Training Programmes abroad, etc.

During the year, about 22 In-house Programmes and 64 sponsored programmes were arranged for employees. Induction programmes for probationary executives in the Technical and Personnel Disciplines were also conducted during the year.

4. Vigilance Activities:

During the year, 32 complaints were taken up for investigation. As a result of the investigations, disciplinary proceedings were initiated against erring employees and appropriate penalties awarded. Inspections and scrutiny of files were carried out as part of vigilance activity.

5. Official Language Policy:

In accordance with the Official Language Policy of Govt. of India, all efforts were made during the year for progressive use of Hindi in the Corporation.

6. Personnel Policies and Industrial Relations:

During the year, industrial relations were generally cordial excepting for a brief period of strike at Baira Siul and Chamera Projects which however did not affect the generation of power or the construction activities at the Projects.

7. Social Overheads:

Expenditure incurred on maintenance of townships, education and health facilities for the employees of the Corporation during the year is as under:

	(Rs. in lakhs)
Education	16.87
Hospitals & Medical	
Reimbursement	63.75
Townships	132.98

8. Auditors:

For the audit of the accounts of the Corporation for the year 1987-88 M/s. V. Malik & Associates, Chartered Accountants, New Delhi and M/s. G.S. Mathur & Co., New Delhi were reappointed as Statutory Auditors and Branch Auditors respectively. The Government of India appointed M/s. Guha Nandi & Co., Chartered Accountants, Calcutta, also as Branch Auditors of the Corporation.

9. (a) Comments on the Qualifications of the Auditors Contained in their Report:

The comments of the Directors on the qualifications made by the Auditors in their Report are given in Annexure-I to this Report.

(b) Comments on the Qualifications of the Comptroller and Auditor General of India under Sec. 619(4) of the Companies Act, 1956 on the Accounts:

The comments of the Directors on the qualifications contained in the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956, on the Accounts of the Corporation for the year ending 31st March, 1988 are given in Annexure-II to this Report.

The Review by the Comptroller & Auditor General of India of the Accounts of the Corporation for the year ending 31st March, 1988 is given in Annexure-III to this Report.

10. Particulars of Employees:

Information as per Sec. 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 is given in Annexure-IV forming part of this Report.

11. Directors:

Shri U.V. Bhat, Joint Secretary & Financial Advisor, Department of Power was appointed as a Director on the Board of the Corporation w.e.f., 27.10.1987.

Shri K. Madhavan and Shri O.P. Sarbhoy ceased to be Directors on the Board of Directors with effect from 24.3.1988 and 27.8.1988 respectively. Shri B.R. Oberoi relinquished charge as CMD of the Corporation on 18.4.1988. The Board of Directors place on record their appreciation of the valuable services rendered by Shri B.R. Oberoi as Chairman & Managing



Director, Shri K. Madhavan and Shri O.P. Sarbhoy as Directors of the Corporation.

Shri K.K. Kashyap, Director (Technical) took current charge of the post of Chairman & Managing Director, NHPC w.e.f., 18.4.1988 (AN).

#### *12. Acknowledgements:*

The Board acknowledge with thanks the guidance and help extended by the various Departments of the Govt. of India, particularly the Ministry of Energy (Deptt. of Power), Ministry of Finance, Ministry of External Affairs, the Ministry of Industry and Company Affairs (Deptt. of Company Affairs), Embassy of India in Nepal, the Central Electricity Authority, the Central Water Commission, CSMRS, the Survey of India, and the Geological Survey of India. Thanks are also due to the HMG Nepal, CIDA, EDC and SNC/ACRES of Canada, the Royal Government of Bhutan, the State Governments of West Bengal, Manipur, Mizoram, Jammu & Kashmir, HP, UP, Bihar, Sikkim, Maharashtra, Andhra Pradesh, Orissa and the State Electricity Boards who have been cooperating with us in our work in their States. But for the help, assistance and coopera-



*Shri Vasant Satbe, Union Minister of Energy inaugurating the start of construction activities at concrete dam—Chamera H.E. Project (HP).*

tion given by these and other agencies, it would not have been possible for the Corporation to achieve the progress registered so far. The Board of Directors are also grateful to the Comptroller & Auditor General of India, the Auditors and the Bankers for their valued cooperation.

The Board also take this opportunity to place on record their recognition and appreciation of the sincere and hard work done by the employees of the Corporation at all levels and for their continued enthusiasm which has been the main contribution towards the success of the Corporation.

For and on behalf of the  
Board of Directors,

(K.K. Kashyap)  
Chairman & Managing Director

New Delhi: 28th September, 1988





## ANNEXURE-I

### COMMENTS ON THE QUALIFICATIONS CONTAINED IN THE AUDITORS' REPORT, 1987-88.

Para in Auditors' Report.	Comments
II (e)	(iv) The shortage, if any, is under determination and reconciliation and will be accounted for after the loss, if any, is determined.
	(v) Excess/short debits/ credits by Banks have been regularly followed up and a large number of adjustments have been done by the Bankers in their accounts. Rectification, if any, has to be done by the Banks and the Corporation does not anticipate any adjustment in its books.
	(vii) The beneficiaries have been billed for actual quantity received by them and as such there is no under statement of sale of Power.
	(ix)(a) Depreciation on the assets not covered under the Electricity (Supply) Act, 1948 has been provided according to the Straight Line Method by dividing the original cost of assets by the specified period calculated in accordance with the Income Tax Act, 1961, and rounded off to the next two decimals on higher side. The Companies (Amendment) Act, 1988 was notified on 10th June'88 and has amended the rates of some of the assets w.e.f. 2.4.87. As the Balance-sheets of a large number of projects/units have already been completed and got certified by the Branch Auditors, it was difficult to follow these rates in the accounts for 1987-88. However, the difference between both the rates are mostly in decimal portion and effect on profit is extremely negligible.
	(x) The liability for bonus has not arisen and accordingly no liability has been created.
	(xiii) Provision for loss, if any, will be made after determination of actual loss.
	(xvi) The Corporation does not anticipate any liability. The disputed claim has been shown under Contingent Liability.
	(xvii) Profit will be accounted in terms of the Accounting Policy No.13-A.
	(xviii) The liability, if any, will be made after receipt of complete documents and reconciliation of accounts with the clearing agents.
Para in Annexure to Auditors' Report.	
A.	(i) Physical verification of fixed assets will be done in a phased manner wherever it has not been done. The situation details will also be given in balance cases if any.
	(iii) Physical verification of stores and spare parts will be carried out in the Projects/Units wherever it has not been carried out.
	(vi) Emphasis is being given to follow the laid down procedures, keeping in view the overall interests of the Corporation.
	(xi) Internal Audit has been strengthened suitably keeping in view the size of the Corporation and its nature of business.
NOTE:	Also subject to the Explanatory notes on Accounts and Accounting Policies.

## ANNEXURE-II

### REPLY OF THE MANAGEMENT TO C&AG'S COMMENTS:

The loss of material pertains to Chamera H.E. Project which is still under construction. These losses have, therefore, been correctly shown under Incidental expenditure during construction along with other relevant administrative, management expenses etc., and reflects correct accounting treatment for the loss. As the loss pertains to a construction project, the same is not chargeable to profit and loss account. The work-in-progress has therefore, correctly been stated and there is no over-statement of profit.



## ANNEXURE-III

Review of Accounts of National Hydroelectric Power Corporation Limited for the year ended 31st March, 1988 by the Comptroller and Auditor General of India.

### 1. FINANCIAL POSITION

The Table below summarises the financial position of the Company under broad headings for the last three years.

(Rs. in lakhs)

	1985-86	1986-87	1987-88
<b>Liabilities</b>			
a) Paid-up Capital (including shares application money pending allotment)	48,048.12	57,727.60	72,056.51
b) Reserves & Surplus	4,142.16	6,067.08	8,493.21
c) Borrowings			
i) From Govt. of India	18,177.56	18,456.66	17,364.61
ii) From other Sources (Foreign loans)	3,595.93	7,819.52	11,789.91
iii) 14% Secured Bonds	—	14,364.29	14,348.77
iv) 13% Secured Bonds	—	—	5,081.00
v) 9% Secured Bonds	—	—	7,919.00
d) Trade dues and other current liabilities (including provision)	5,930.33	6,629.08	7,020.94
	79,894.10	1,11,064.23	1,44,073.95
<b>Assets</b>			
e) Gross block	33,716.03	48,736.08	52,999.09
f) Less Depreciation	3,355.82	5,173.77	7,200.19
g) Net Fixed Assets	30,360.21	43,562.31	45,798.90
h) Capital Work-in-progress	22,972.36	34,783.51	59,166.86
i) Current Assets, Loans & Advances	26,537.48	32,698.40	39,092.18
j) Investments	—	—	—
k) Miscellaneous expenses & Losses	24.05	20.01	16.01
	79,894.10	1,11,064.23	1,44,073.95
l) Capital employed	73,939.72	1,04,415.14	1,37,037.00
m) Net worth	52,166.23	63,774.67	80,533.71

### NOTES:

- Capital employed represents net fixed assets including work-in-progress plus working capital.
- Net worth represents paid-up capital plus reserves and surplus less intangible assets.
- Only Baira Siul Project at Surangani (HP), Loktak Project at Manipur and Chukha Transmission System (WB) started Commercial production w.e.f. 1.4.1982, June, 1983 and November, 1986 respectively and remaining Projects are still under construction stage.

### 2. CAPITAL STRUCTURE

Debt-equity ratio for the Company was 0.45:1 in 1985-86 and 0.70:1 in 1986-87 and 0.78:1 in 1987-88.

### 3. RESERVES & SURPLUS

Reserve and surplus of Rs. 4142.16 lakhs in 1985-86, Rs. 6067.08 lakhs in 1986-87 and Rs. 8493.21 lakhs in 1987-88 amounted to 5.18%, 5.46% and 5.89% of total liabilities respectively and 8.62%, 10.51% and 11.79% of Equity Capital respectively.





#### 4. LIQUIDITY AND SOLVENCY

- The percentage of Current Assets to total net assets decreased from 33.22 in 1985-86 to 29.44 in 1986-87 and to 27.13 in 1987-88.
- The percentage of Current Assets to Current Liabilities (including provisions) increased from 447.49 in 1985-86 to 493.26 in 1986-87 and to 556.79 in 1987-88.
- The percentage of quick assets (Sundry Debtors, Loans & Advances, Cash & Bank Balance) to current liabilities (excluding provisions) increased from 371.07 in 1985-86 to 407.33 in 1986-87 and to 418.43 in 1987-88.

#### 5. WORKING CAPITAL

The working capital (current assets, loans and advances less trade dues and current liabilities excluding provisions for gratuity) of the Company at the close of each of the three years ending 31st March, 1988 amounted to Rs. 20607.15 lakhs and Rs. 26069.32 lakhs and Rs. 32071.24 lakhs respectively. The working capital as on 31.3.1988 was financed through loans from Government of India, 14%, 13% and 9% Secured Bonds and from other sources.

#### 6. SOURCES AND USES OF FUNDS

Funds amounting to Rs. 4452.55 lakhs from internal sources (Reserves, Depreciation and Provisions) and Rs. 30583.59 lakhs from other sources were utilised during the year 1987-88 as shown below:—

	(Rs. in lakhs)
Gross Block	4263.01
Capital work-in-progress	24383.35
Current Assets, Loans & Advances, Investment & Misc. Expenditure to the extent not written off	6389.78
	<hr/> 35036.14 <hr/>

#### 7. WORKING RESULTS

The Profit earned by the Company during the last 3 years were as follows:

	Profit for the year (Rs. in lakhs)	Percentage of Profit to paid-up capital
1985-86	1879.18	3.91
1986-87	1924.92	3.33
1987-88	2426.13	3.37

#### 8. COST TRENDS

The table below indicates the percentage of cost of sales to sales during the last three years:—

	1985-86	1986-87	(Rs. in lakhs) 1987-88
1. Sale excluding excise duty & sales tax	4654.12	5925.01	9343.91
2. Less Profit during the year	1879.18	1924.92	2426.13
3. Cost of Sales	2774.94	4000.09	6971.78
4. Percentage of cost of sales to sales	60.38	67.51	74.04

#### 9. PRODUCTION PERFORMANCE

The value of production for the last three years is worked out below:—

			(Rs. in lakhs)
1. Sales (inclusive of excise & sales tax)	4742.77	6012.03	9432.18
2. Closing stock of finished goods and work-in-progress	—	—	—
3. Opening stock of finished goods and work-in-progress	—	—	—
4. Value of production (1-2-3)	4742.77	6012.03	9432.18

The percentage of value of production to net worth increased from 9.09 in 1985-86 to 9.43 in 1986-87 and to 11.71 in 1987-88. The percentage of value of production to total net assets of the Company varied from 5.94 in 1985-86 to 5.41 in 1986-87 and to 6.55 in 1987-88.



## 10. INVENTORY & PRODUCTION

The following table indicates the position of inventory and its distribution at the close of the last three years:

	1985-86	1986-87	(Rs. in lakhs) 1987-88
Store & Spares parts	4531.54	5696.36	9714.50

## 11. SUNDRY DEBTORS

The following table indicates the volume of book debts and sales for the last three years:

	Total book debts considered good	Sales	(Rs. in lakhs) Percentage of debtors to sales
<i>As on</i>			
31st March, 86	4843.25	4742.77	102.12
31st March, 87	5384.50	6012.03	089.56
31st March, 88	7247.29	9432.18	076.84

The Sundry debtors represented 9.22 months sales in 1987-88 as against 10.74 months sales in 1986-87 and 12.25 in 1985-86. Debts of Rs. 28.01 crores were outstanding for more than one year as on 31.3.1988.

NEW DELHI

DATED: 27TH SEPTEMBER 1988

(DHARAM VIR)

Member, Audit Board and Ex-Officio  
Director of Commercial Audit, New Delhi

## ANNEXURE-IV

### INFORMATION REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Name & Designation	Remuneration (Rs.)	Nature of employment	Qualification and Experience	Date of Commencement of employment in NHPC	Age (years)	Last employment held
1	2	3	4	5	6	7
<b>(A) Particulars of employees employed throughout the financial year who were in receipt of remuneration not less than Rs. 72,000/- p.a.</b>						
S/Shri						
Aggarwal A.R. Sr. Manager	81,408	Regular	B.E. (Elect.) (16 years)	18.6.77	40	AE, UPSEB
Aggarwal C.L. Chief Project Manager	91,661	On deputation from PSEB	B. Tech. (Hons.) M.Sc. Engg. (Elect.) (21 years)	8.2.86	49	SE, PSEB
Amar Nath Sr. Manager	84,809	Regular	B.A. SAS, (31 years)	20.9.76	56	Sec. Officer, Indian Audit & Accounts Deptt.
Appa Rao Y.N. Sr. Manager	77,443	Regular	B.E. (Civil) M.E. (Hydro Power) (19 years)	1.8.77	42	Asstt. Engr. C.W.C.
Bajaj V.M. Executive Director	1,09,892	Regular	B.E. (Civil) (32 years)	10.5.79	55	Director (U.T.), C.W.C.
Balmukund Sr. Manager	87,637	Regular	B.Sc. Engg. (Mech.) (17 years)	16.12.78	39	Asstt. Engr., EIL
Bandopadhyay M.R. Sr. Manager	94,073	Regular	M.Sc. (Applied Geology) (26 years)	29.12.80	51	Geologist (Sr) GSI
Banerjee P.K. Dy. Manager	81,526	Regular	B.Sc. Engg. (Mech.) (11 years)	9.9.77	35	Officer Trainee IOC



1	2	3	4	5	6	7
Bhardwaj S.R. Sr. Manager	80,698	Regular	M.A. (Eng.) Dip. in Journalism, Dip. in Marketing & Sales Management (27 years)	11.9.81	45	Public Relations Officer National Fertilizers Ltd.
Bhattacharjee, M.N. Sr. Manager	88,318	Regular	M.A. (Eco.) P.G. Dip. in Pers. Mgt. (34 years)	30.12.81	56	Asstt. Personnel Manager Bharat Aluminium Ltd.
Chopra M.L. Sr. Manager	88,501	Regular	B.A. P.G. Dip. in Public Admn. (28 years)	27.11.81	56	Liaison Officer Chukha H.E. Project Bhutan
Dhar S.K. Sr. Manager	72,519	Regular	M.Sc. Tech. (Elect. Engg.) (Power Systems) (20 years)	15.5.78	56	Executive Engineer, PWD, J&K
Dhillon, H.S. Manager	75,169	Regular	Dip. in Civil Engg., AMIE, (28 years)	23.5.81	48	AEE, HPSEB
Diwedi, M.G. Sr. Manager	76,420	Regular	M.E. (Elect.) (16 years)	13.3.78	42	Asstt. Engr., UPSEB
Gangopadhyaya, A.K. Sr. Manager	88,534	Regular	B.E. (Civil) (22 years)	10.9.81	42	XEN, PWD Govt. of Goa, Daman & Diu, Panaji.
Garg, M.P. Manager	74,920	On deputation from HPSEB	B.E. (Civil) (21 years)	24.9.85	43	Offg. SE, HPSEB
Ghosh, M.K. Chief Engineer	84,126	Regular	B.E. (Civil) (27 years)	23.2.79	49	XEN, Border Roads Organisation
Goyal, J.M. Sr. Manager	86,151	Regular	B.A. SAS., (Railway) (36 years)	15.4.78	56	Accounts Officer, NMDC Ltd.
Gulati, Major, V., Sr. Manager	1,22,850	Regular	AMIE Mech. P.G. in Adv. Elect. & Mech. Engg. (21 years)	1.3.80	41	Major in Indian Army
Gupta, Dr. G.C. Dy. Chief Medical Officer	75,710	Regular	M.B.B.S. (18 years)	24.4.81	41	Major in Indian Army
Gupta, M.L. Chief Engineer	92,758	Regular	B.Sc. Engg. (Mech.) (21 years)	29.4.80	43	Dy. Manager, BHEL
Hashia, M.L. Sr. Manager	74,436	Regular	B.E. (Civil) (28 years)	23.7.81	51	Executive Engr., PWD J&K
Jaggi, A.L. Chief Engineer	1,11,385	Regular	B.Sc. Engg. (Elect.) (26 years)	20.1.78	48	Supdtg. Engr., Baira Siul H.E. Project
Jain, A.K. Chief (A/cs)	1,07,361	Regular	B.Com., ACA (19 yrs)	28.11.78	42	Dy. Accounts Manager IFFCO, New Delhi
Jain, T.C. Addl. General Manager	1,12,376	Regular	B.Sc. Engg. (Elect.) (32 years)	15.7.77	55	Dy. Director, CEA
Kanjlia, V.K. Manager	79,579	Regular	B.Sc. Engg. (Elect.) M.Sc. Engg. (18 years)	8.5.79	42	Asstt. Executive Engr., PSEB
Kanwar, B.S. Chief Project Manager	86,282	Regular	B.Sc. Engg. (Elect.) (25 years)	26.6.81	46	Executive Engr., HSEB
Kapur, Guljit Asstt. Manager	75,757	On deputation from PSEB	B.Sc. (Engg.) (15 years)	29.9.86	37	AEE, PSEB
Kashyap, K.K. Director (Technical)	1,41,850	Govt. Appointment	B.E. (Mech.) B.E. (Elect.) (30 years)	30.8.84	54	Dy. General Manager, BHEL
Khar, P.N. General Manager	87,090	Regular	B.E. (Civil), ME, MIE, MIAHR (32 years)	15.5.78	52	Supdtg. Engineer, Salal H.E. Project, Govt. of India
Kochar, J.N. Sr. Manager	82,125	Regular	B.A. (28 years)	10.8.81	52	Civilian Officer, Gr. I, Office of DG Border Roads
Kotwal, S.L. Sr. Manager	72,196	Regular	B.E. (Civil) (23 years)	15.5.78	46	Executive Engr., Salal H.E. Project, Govt. of India
Krishnamurthi, M. Sr. Manager	81,415	Regular	B.E. (Elect.) Sr. Dip. in German, Dip. in Russian (23 years)	29.6.81	47	Dy. Manager, NTPC
Kunjayappan, M.V. Sr. Manager	77,740	Regular	B.Sc. Engg. (Civil) (22 years)	1.1.77	48	A.E.E., Loktak H.E. Project, Govt. of India



1	2	3	4	5	6	7
Mahajan, G.K. Chief Engineer	75,025	On deputation from HPSEB	B.E. (Civil) (25 years)	22.4.87	49	SE, HPSEB
Mandappa, B.M. General Manager	1,05,514	Regular	B.E. (Civil) M.I. Struct. E. (London) FIE (31 years)	1.10.81	55	Supdt. (Design) SAIL (Bokaro Steel Plant)
Mishra, S.B.C. Sr. Manager	87,411	Regular	B.E. (Elect.) (15 years)	4.5.77	41	Asstt. Engr., UPSEB
Mukherjee, K. Chief (F&A)	1,25,477	Regular	FICWA (31 years)	25.1.79	52	Asstt. Finance Mgr. FCI (P&D Division) Sindri
Murari Lal Sr. Manager	84,111	Regular	B.E. (Civil), FIE (25 years)	22.10.81	47	Executive Engineer, IDPL
Naidu, B.S.K. Sr. Manager	84,563	Regular	B.E. (Hons.) (Mech.) M. Tech. (Hydel), MIAHR, FIE (18 years)	28.2.82	42	Manager, BHEL
Nambiar Col. N.P.K. Chief Engineer	75,405	Regular	B.E. (Civil) MIE (35 years)	21.7.80	57	Lt. Col. in Army
Narang, S.M. Manager	78,645	Regular	B.Sc. Engg. (Civil) (21 years)	14.2.79	44	Asstt. Director C.W.C.
Nagbhushan, K.M. Chief Engineer	81,692	Regular	B.E. (Civil) (32 years)	31.3.80	54	Dy. Director C.W.C.
Oberoi, B.R. C.M.D.	1,40,461	Govt. Appointment	MIE (India) P.G. (Elect. Engg.) Dip. in Business Management (34 years)	28.2.85	56	CMD, NPCC Ltd.
Prasada Rao, P.D. Chief Engineer	99,463	Regular	B.E. (H) (Civil) (24 years)	23.6.80	48	Dy. Director, C.W.C.
Prasad, G.M. Dy. Manager	1,33,433	Regular	B.Sc. Engg. (14 years)	7.9.79	36	Asstt. Engineer, P.S.E.B.
Prasad, V.B. Sr. Manager	78,848	Regular	B.Sc., B. Tech. (Elect.) (22 years)	14.4.80	44	Executive Engineer, U.P.S.E.B.
Raina, A.H. Executive Director	1,03,345	Regular	B.E. (Elect.) (27 years)	15.5.78	57	Supdtg. Engr. Salal H.E. Project, Govt. of India
Raman, N.V. Co. Secy. & Chief (Law)	97,043	Regular	B.A.L.L.B., G.D.C.S., ACS ICWA (Inter) Dip. in Laws (31 years)	15.12.78	51	Dy. Company Secretary E.I.L.
Rao, G.L.N. Dy. Manager	92,627	Regular	S.A.S. (33 years)	26.5.80	51	Section Officer, Office of C.A.G. of India
Rao, P.L. Sr. Manager	1,01,072	Regular	A.M.I.E. Dip. in Business Mgt. & Industrial Admn. (28 years)	12.3.81	49	Divisional Engr. Rehabilitation Reclamation Organisation. Deptt. of Rehabilitation, Govt. of India
Rastogi, V.P. Sr. Manager	81,485	Regular	AMIE. Dip. in Ind. Admn. (30 years)	9.6.81	48	Dy. Sales Manager, Triveni Structurals Ltd.
Sarbhoy, O.P. Director (Personnel)	1,54,481	Govt. Appointment	B.Sc. M.A. (Eco.) LL.B. M.A. (Soc. Work with Spln. in Personnel Mgt.) (33 years)	5.8.85	57	Dy. General Manager, BHEL
Sen, S.C. Executive Director	1,14,057	Regular	B.E. (Civil) FIE (32 years)	31.8.84	53	C.E. ASEB
Sharma, P.D. Sr. Manager	1,15,764	Regular	AMIE, Dip. in Elect. Eng. (24 years)	29.8.77	44	A.E. UPSEB
Sharma, O.P. Chief Engineer	1,00,999	Regular	B.Sc. Engg. (Civil) (26 years)	15.5.78	50	Executive Engineer Salal H.E. Project
Sharma, R.K. Sr. Manager	74,142	Regular	B.E. (Elect.) P.G. Dip. in Elect. Engg., Dip. in Mktg. Management (19 years)	31.8.78	41	A.E., Beas Project Chandigarh
Sharma, Brijendra, Sr. Manager	89,864	Regular	B. Tech. (Civil) M. Tech. (Soil Mechanics & Foundation Engg.)	18.7.81	47	Research Eng., Institute of Rock Mechanics, University of Karlsruhe
Singh, Kr. Pritpal Chief Engineer	1,01,527	Regular	B.E. (Civil), AMIE (31 years)	1.12.77	54	S.E. PWD (J&K)





1	2	3	4	5	6	7
Singh, Labh. Manager	74,432	Deputation From HPSEB	B.Sc. Engg. (Civil) (23 years)	17.6.86	45	E.E. HPSEB
Singh, Maj. R.D.P. Sr. Manager	89,961	Regular	B.Sc. Engg. (Civil) (21 years)	21.3.79	44	Major in Indian Army
Sinha, B.S.P. Chief	99,234	Regular	B.A. MIMM (U.K.) (25 years)	3.6.81	48	Manager, BHEL
Subramani, C.G. Chief Engineer	96,251	Regular	B.E. (Civil) MIE (27 years)	3.10.79	50	Executive Engineer Border Roads Deptt.
Sunil B.L., Sr. Manager	74,576	Regular	B.Sc. Engg. (Elect.) PG Dip. in Business Mgt. FIE (India) (28 years)	12.7.82	52	S.E. (Electrical) PDD, J&K
Taneja, S.K. Manager	81,916	On Deputation from Govt. of Punjab	B.E. (Civil) (26 years)	13.8.82	51	S.D.E. Irrigation and Power Deptt. Govt. of Punjab
Tyagi, C.D. Chief Engineer	31,453	On deputation from U.P. Irrg. Deptt.	B.E. (Civil) (32 years)	10.2.78	55	Executive Engineer, Irrigation Deptt. U.P.
Venkatesh, C.R. Senior Manager	74,760	Regular	B.E. (Civil) M.E. (Structures) (12 years)	29.10.81	43	Scientist, Cement Research Institute of India
Verma, U.K. Asstt. Manager	90,883	Regular	B.Sc. Engg. (Elect.) (6 years)	1.5.81	30	—
Viswanathan, N. Chief Engineer	95,503	Regular	M.E. (Civil) Power Engg. (24 years)	17.9.79	48	Asstt. Chief Engineer, Triveni Structurals Ltd.
Yadvendra, R.K. Sr. Manager	80,811	Regular	M.Sc. (Mech. Engg.) MBA (22 years)	1.1.82	46	Dy. Director, Office of Dev. Commissioner (SSSI) Ministry of Industry, Govt. of India
Yogendra Prasad Chief Project Manager	75,170	Regular	B.Sc. Engg. (Elect) (19 years)	10.5.78	43	A.E. U.P.S.E.B.

**B. Particulars of employees for part of the financial year who were in receipt of remuneration not less than Rs. 6000 P.M.**

Shri Ghansham Das Director (Finance)	75,813	Govt. Appointment	B.Com., IA&AS (28 years)	31.7.87	54	Addl. General Manager (Fin.) BHEL
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- NOTES: (1) None of the above employees is related to any of the Directors of the Corporation within the meaning of Section 6 of the Companies Act, 1956.
- (2) The terms and conditions of appointment are as determined by Government/Rules and regulations of the Corporation in force from time to time, as the case may be.
- (3) Designations indicated in the list denote the nature of duties performed by employees.
- (4) (a) The 'Remuneration' includes cost of hiring corporation-leased accommodation, wherever applicable, employer's contribution to PF etc.  
(b) The Gratuity amount has not been taken into account as the same has been provided on the basis of Gratuity-cum-LIC Policy taken with Life Insurance Corporation of India.  
(c) In the case of employees posted abroad, the remuneration includes Foreign Allowance also.



# BALANCE SHEET AS AT 31ST MARCH, 1988

(Rs. in thousands)

	Schedule No.	31.3.1988	31.3.1987
<b>SOURCES OF FUNDS</b>			
1. Shareholders' Funds			
(a) Capital	1	7,02,53,93	5,40,98,12
(b) Share Money Deposit		18,02,58	36,29,48
(c) Reserves and Surplus	2	84,93,21	60,67,08
		8,05,49,72	6,37,94,68
2. Grants-in-aid	3	79,03	96,81
3. Loan Funds	4		
(a) Secured Loans		2,73,48,77	1,43,64,29
(b) Unsecured Loans		2,91,54,52	2,62,76,18
		5,65,03,29	4,06,40,47
<b>TOTAL</b>		<b>13,71,32,04</b>	<b>10,45,31,96</b>
<b>APPLICATIONS OF FUNDS</b>			
1. Fixed Capital Expenditure			
(a) Fixed Assets	5		
Gross Block		5,29,99,09	4,87,36,08
Less : Depreciation		72,00,19	51,73,77
Net Block		4,57,98,90	4,35,62,31
(b) Capital work-in-progress	6	5,91,66,86	3,47,83,51
		10,49,65,76	7,83,45,82
2. Current Assets, Loans & Advances	7		
(a) Inventories		97,14,50	56,96,36
(b) Cash & Bank Balances		74,19,26	65,00,61
(c) Sundry debtors		72,47,29	53,84,50
(d) Other Current assets		1,94,18	1,25,59
(e) Loans & Advances		1,45,16,95	1,49,91,34
		3,90,92,18	3,26,98,40
Less : Current Liabilities and Provisions	8		
Liabilities		69,41,91	65,32,27
<b>Net Current Assets</b>		<b>3,21,50,27</b>	<b>2,61,66,13</b>
3. Miscellaneous expenditure			
(to the extent not written			
off or adjusted)	9	16,01	20,01
<b>TOTAL</b>		<b>13,71,32,04</b>	<b>10,45,31,96</b>
Notes to the Accounts & Contingent Liabilities	13		
Additional Information under			
part II of schedule VI	14		

Schedules 1 to 14 and Accounting Policy  
form an integral part of the Accounts.

**N.V. RAMAN**  
Secretary

**GHANSHIAM DAS**  
Director (Finance)  
As per our report of even date attached  
For **V. MALIK & ASSOCIATES**  
Chartered Accountants  
Vipin Malik  
Partner

**K.K. KASHYAP**  
Chairman & Managing Director

NEW DELHI  
AUGUST 30, 1988





## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1988

(Rs. in thousands)

	Schedule No.	31.3.1988	31.3.1987
<b>INCOME</b>			
1. Revenue from the sale of Electric Power (including Sales Tax of Rs. 8827 thousand)		94,32,18	60,12,03
2. Fee for Construction Management		1,10,00	—
3. Miscellaneous Income	10	76,87	13,12
<b>TOTAL INCOME</b>		<b>96,19,05</b>	<b>60,25,15</b>
<b>EXPENDITURE</b>			
1. Purchase of Electric Power		28,13,95	7,61,70
2. Generation, Transmission & Administration Expenses	11	7,13,25	4,88,21
3. Employees' remuneration and benefits	12	4,84,65	3,66,89
4. Royalty charges		1,72,45	1,80,10
5. Sales Tax on generation		88,27	87,02
6. Depreciation		6,37,52	4,29,02
7. Interest on Loans		22,05,96	18,06,47
8. Preliminary expenses written off		4,00	4,00
<b>TOTAL EXPENDITURE</b>		<b>71,20,05</b>	<b>41,23,41</b>
9. Profit for the year		24,99,00	19,01,74
10. Add/(Less) prior period adjustments (Net)		(72,87)	23,18
11. Profit before Income-tax & Statutory Appropriations		24,26,13	19,24,92
12. Provision for Taxation		—	—
13. Profit after tax and Statutory Appropriations		24,26,13	19,24,92
14. Add/(Less) profit/(loss) brought forward from previous year		37,22,34	17,97,42
15. Profit carried over to Reserves & Surplus		61,48,47	37,22,34

**N.V. RAMAN**  
Secretary

**GHANSHIAM DAS**  
, Director (Finance)  
As per our report of even date attached  
For V. MALIK & ASSOCIATES  
Chartered Accountants  
Vipin Malik  
Partner

**K.K. KASHYAP**  
Chairman & Managing Director

NEW DELHI  
AUGUST 30, 1988



**SHARE CAPITAL****SCHEDULE-1**

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>AUTHORISED CAPITAL</b>		
80,00,000 Equity Shares of Rs. 1,000/- each	8,00,00,00	8,00,00,00
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
70,25,393 Equity Share of Rs. 1,000/- each fully paid (out of this 6,29,529 shares have been allotted for consideration other than cash pursuant to deeds of sale and one share has been allotted for part consideration other than cash)	7,02,53,93	5,40,98,12
	7,02,53,93	5,40,98,12

**RESERVES AND SURPLUS****SCHEDULE-2**

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
1. Investment Allowance Reserve	23,44,74	23,44,74
2. Surplus as per Profit & Loss Account	61,48,47	37,22,34
	84,93,21	60,67,08





### SCHEDULE-3

### GRANTS-IN-AID

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>GRANTS-IN-AID FOR INVESTIGATION OF HYDROELECTRIC PROJECTS</b>		
1. Koel Karo	5,00	5,00
2. Dulhasti	5,00	5,00
3. Chamera	3,36,00	3,36,00
4. Dhaleshwari	1,66,84	1,66,84
5. Dhauliganga	3,71,31	3,71,31
6. Tanakpur	37,16	37,16
7. Gauriganga Stage I	2,38,09	1,82,00
	11,59,40	11,03,31
<b>LESS: EXPENDITURE</b>		
1. Koel Karo	5,00	—
2. Dulhasti	5,00	—
3. Chamera	2,59,47	2,58,72
4. Dhaleshwari	1,64,34	1,57,31
5. Dhauliganga Stage I	3,40,61	3,65,89
6. Tanakpur	37,16	37,16
7. Gauriganga Stage I	2,73,77	2,02,88
8. Barah Pump Storage Scheme, Alwar	30,06	29,35
9. Dhauliganga Stage II	1,26,10	59,65
10. Kishanganga	39,50	6,37
11. Baglihar	1,61,01	51,09
	14,42,02	11,68,42
Less excess of expenditure on investigation over receipts, shown in current assets under 'Loan and Advances'	3,61,65	1,61,92
	10,80,37	10,06,50
Unspent amount of Grants-in-Aid	79,03	96,81



# SCHEDULE-4

## LOAN FUNDS

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>SECURED LOANS</b>		
<b>Bonds—A Series</b>		
14% 7 years redeemable non-convertible bonds of Rs. 1,000/- each redeemable at par earliest date of redemption is 8th July, 1993. (Secured through equitable mortgage against fixed assets of Loktak and Baira Siul Hydroelectric Projects)	1,43,48,77	1,43,64,29
<b>Bonds—B Series</b>		
(To be secured through equitable mortgage against assets of Chukha Transmission System & Leimatak-Jiribam)		
13% 7 years redeemable non-convertible bonds of Rs. 1,000/- each redeemable at par earliest date of redemption is 11th December, 1994.	50,81,00	—
9% 10 years redeemable non-convertible bonds of Rs. 1,000/- each redeemable at par earliest date of redemption is 11th December, 1997.	79,19,00	2,73,48,77
		—
		1,43,64,29
<b>UNSECURED LOANS</b>		
Loans from Govt. of India	1,73,64,61	1,84,56,66
Loans from other sources	1,17,89,91	78,19,52
	2,91,54,52	2,62,76,18
	5,65,03,29	4,06,40,47

NOTE: The amount of Bonds subscribed by the Directors Rs. 5000/- (Previous year Rs. 5,000/-)



# SCHEDULE-5

## FIXED ASSETS

(Rs. in thousands)

Particulars	Gross Block as at 1.4.1987	Additions/ Adjust- ments	Deduc- tions/ Sales/ Transfers	Gross Block as at 31.3.1988	Total depre- ciation as at 31.3.1988	Net Block as at 31.3.1988	Net Block as at 31.3.1987
1	2	3	4	5	6	7	8
1. Land (Freehold)	5,09,38	1,72,31	—	6,81,69	—	6,81,69	5,09,38
2. Land (Leasehold)	2,31,19	87,86	—	3,19,05	11,02	3,08,03	2,26,47
3. Buildings	42,37,39	16,33,04	44,76	58,25,67	11,27,37	46,98,30	33,15,04
4. Roads & Bridges	10,97,77	2,14,47	—	13,12,24	1,95,29	11,16,95	9,24,17
5. Plant & Machinery (Constn.)	93,96,27	18,06,98	3,21,11	1,08,82,14	35,70,72	73,11,42	69,17,79
6. Plant & Machinery (Generating)	38,42,98	47	—	38,43,45	4,65,36	33,78,09	34,78,51
7. Sub-station equipments	35,94,12	3,68,20	96,03	38,66,29	1,38,74	37,27,55	35,57,39
8. Hydraulic wroks including Dams, Tunnels, Channels & Penstocks	1,80,16,77	4,21	—	1,80,20,98	8,49,85	1,71,71,13	1,73,61,57
9. Vehicles & Other Transport	7,50,13	1,14,74	26,29	8,38,58	3,46,11	4,92,47	4,82,28
10. Office furniture & fixture, office equipment & other Appliances	4,87,90	1,73,11	23,63	6,37,38	1,10,60	5,26,78	4,13,86
11. Transmission Lines	59,03,96	80,18	66	59,83,48	2,50,28	57,33,20	58,02,36
12. Misc. equipments/ Other Assets	6,68,22	2,57,64	1,37,72	7,88,14	1,34,85	6,53,29	5,73,49
	4,87,36,08	49,13,21	6,50,20	5,29,99,09	72,00,19	4,57,98,90	4,35,62,31
PREVIOUS YEAR	3,37,16,03	1,54,15,20	3,95,15	4,87,36,08	51,73,77	4,35,62,31	



# SCHEDULE-6

## CAPITAL-WORK-IN-PROGRESS

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
1. Survey, Investigation, Consultancy and other preliminary expenses	3,58,67	2,40,35
2. Building & Civil Engineering Works and communications	51,02,84	25,16,42
3. Roads and Bridges	38,36,33	39,49,47
4. Hydraulic works including Barrages, Dams, Tunnels, & Power channels	76,85,87	38,08,14
5. Penstock	12,94,23	8,60,96
6. Plant & Machinery in Generating Station	82,27,67	37,49,60
7. Electrical installations & Sub-station equipments	19,84,49	17,21,90
8. Miscellaneous Assets	6,72,92	4,59,28
9. Trunk Transmission lines	71,24,47	26,13,37
10. Incidental expenditure during construction		
Balance brought forward from last year	1,48,64,02	92,85,59
Add: Additions for the year (As per annexure)	84,23,07	72,13,53
	<u>2,32,87,09</u>	<u>1,64,99,12</u>
Less: Capitalised during the year	4,07,72	16,35,10
	<u>2,28,79,37</u>	<u>1,48,64,02</u>
	<u>5,91,66,86</u>	<u>3,47,83,51</u>





## ANNEXURE TO SCHEDULE-6

### STATEMENT OF INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE PERIOD ENDING 31.3.1988

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>1. EMPLOYEES' REMUNERATION AND BENEFITS</b>		
Salaries, wages, allowances & benefits	8,97,33	7,05,14
Expenses on surplus staff	3,25,66	2,95,84
Foreign service contribution	8,21	5,72
Contribution to Provident Fund (including Admn. fees)	64,90	74,90
Contribution to Gratuity Fund	32,30	19,63
Staff welfare	1,34,92	1,13,16
	14,63,32	12,14,39
<b>2. REPAIRS &amp; MAINTENANCE</b>		
Buildings	61,09	35,82
Machinery & construction equipment	1,98,46	2,87,83
Others	2,05,15	4,68,89
	4,64,70	1,45,24
3. Travelling and conveyance	85,07	85,48
4. Expenses on staff cars & inspection vehicles	1,90,98	1,54,65
5. Land acquisition & rehabilitation expenses	31,60	15,00
6. Rent	1,19,88	1,13,53
7. Rent for Residential accommodation	29,49	33,78
8. Rates and taxes	2,89	2,53
9. Insurance	2,58,83	1,19,40
10. Electricity charges	1,51,96	37,66
11. Telephone, Telex & Postage	74,70	52,30
12. Advertisement & publicity	29,87	38,40
13. Design and consultation	1,39,99	2,18,12
14. Entertainment	2,68	1,41
15. Printing & stationery	37,30	38,03
16. Payment to Auditors		
(a) Audit fee	1,30	1,92
(b) for other matters	80	45
(c) Audit expenses (prior period)	1,31	1,52
	3,41	3,89
17. Interest on loans	9,23,25	8,76,75
18. Interest on Bonds	25,45,70	10,82,77
19. Bonds Issue Expenses (Note 2)	2,43,93	2,73,91
20. Bank charges	5,11	3,22
21. Transfer of technology	32,84	57,62
22. Loss on materials/Assets written off	9,86	—
23. Foreign consultancy charges	16,25,31	21,86,55
24. Commitment fee	1,71,69	1,62,04
25. Depreciation	15,81,02	13,84,78
26. Other expenses	2,49,08	2,49,62
27. Exchange Rate variation	2,62,44	—
28. Donation to P.M.'s National Relief Fund	35,00	—
	1,07,71,90	88,74,72

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>LESS: RECEIPTS AND RECOVERIES</b>		
1. Sale of Scrap material	19	4,17
2. Electricity Charges	1,02,53	43,48
3. Rent	2,49	2,15
4. Interest:		
Term Deposits & Savings Bank	1,21,04	77,57
Loans and Advances	1,40,81	43,66
Other Investments	2,71,33	2,19,64
5. Miscellaneous Receipts & Recoveries	1,97,09	34,79
6. Profit on Sale of Assets	66	2,97
7. Receipt on Transmission of Power during Construction	6,80	60,18
	<u>8,42,94</u>	<u>4,88,61</u>
<b>Net Expenditure</b>	<u>99,28,96</u>	<u>83,86,11</u>
<b>LESS:</b>		
1. Design charges allocated to Capital work-in-progress	93,42	91,95
2. Hire Charges/Out turn allocated/allocable directly to work-in-progress	12,58,79	8,93,24
3. I.E.D.C. allocated to investigation Deposit, Agency Work and operating Project	1,53,68	1,87,39
	<u>15,05,89</u>	<u>11,72,58</u>
<b>Amount transferred to Capital work-in-progress</b>	<u>84,23,07</u>	<u>72,13,53</u>
	<u>1987-88</u>	<u>1986-87</u>
	<u>Rs.</u>	<u>Rs.</u>
1. a) The above expenditure includes the following amounts paid to Directors:		
i) Salaries and allowances	4,13,322	2,14,281
ii) Leave encashment	—	43,984
iii) Contribution to Provident Fund	31,168	18,784
iv) Rent for residential accommodation	29,906	72,085
v) Medical reimbursement	29,525	7,811
vi) Travelling Expenses	1,48,334	1,39,603
vii) Leave Travel concession	3,040	2,912
viii) Interest on Bonds	764	278
b) Whole-time Directors were also allowed the use of company's car for official journeys and for private journeys upto 1000 kms. on payment of Rs. 250/- p.m. in terms of Government Sanction. Perquisite value of staff car, if available for unrestricted use would have worked out to Rs. 8,800/- for 1987-88 (Previous year Rs. 13,060/-).		
2. Break-up of Bond issue expenses is as below:		
i) Brokerage	1,94,42,375	
ii) Printing & Stationery	5,78,350	
iii) Advertisement & Publicity	22,80,005	
iv) Audit Fees & Expenses	90,000	
v) Other expenses	21,83,475	
	<u>2,45,74,205</u>	
Less Expenditure allocated	<u>1,81,472</u>	
	<u>2,43,92,733</u>	





## SCHEDULE-7

### CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>1. INVENTORIES</b>		
Stores & Spare Parts including inventory in transit (at estimated cost)	97,14,50	56,96,36
<b>2. CASH &amp; BANK BALANCES</b>		
i) Cash, Imprest, Postal Orders & Postal Stamps	14,70	16,06
ii) Balances with Scheduled Banks		
Savings Bank Account	74,00,03	55,26,57
Short Terms Deposits	—	9,54,91
iii) Balances with non-scheduled Banks		
Maximum balances during the year		
Current Account	1987-88	1986-87
Nepal Rashtra Bank, Kathmandu	27,57	51
Nepal Bank Ltd.	2,98	24,63
		4,53
		9
		2,98
<b>3. SUNDRY DEBTORS</b>		
i) Debts outstanding for a period exceeding six months (Considered good)	41,21,05	
ii) Other debts less than six months (considered good)	31,26,24	72,47,29
		53,84,50
<b>4. OTHER CURRENT ASSETS</b>		
Interest accrued on Deposits	1,94,18	1,25,59
<b>5. LOANS &amp; ADVANCES</b>		
Advances recoverable in cash or kind or for value to be received		
Secured (considered good)	1,58,20	16,43,62
Unsecured (considered good)	1,33,85,96	1,23,19,92
Loans		
To Employees (Secured)	2,40,63	1,78,81
Balance with Customs and Port Trust Authority	7,32,16	8,48,99
	3,90,92,18	3,26,98,40

#### NOTES:

- Advances due from Directors Rs. 74,224/- (Maximum amount due at any time during the year amounts to Rs. 79,134/- Previous year Rs. 90,880/-) (Previous year Rs. 64,616/-).
- Advances due by Companies in which any Director of the Corporation is a Director or member amounts to Rs. 109.16 lakhs (Previous year Rs. 90.43 lakhs).

## CURRENT LIABILITIES AND PROVISIONS

## SCHEDULE-8

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>LIABILITIES</b>		
1. Sundry Creditors	11,11,22	10,36,44
2. Unspent amount of Deposit/Agency works (As per Annex.)	1,10,04	1,21,50
3. Deposits, retention Money from contractors and others	7,15,26	6,62,23
4. Other liabilities	22,76,74	17,54,51
5. Interest accrued but not due on loans	10,70,87	8,25,76
6. Liability for cheques issued	16,57,78	21,31,83
	<u>69,41,91</u>	<u>65,32,27</u>

### NOTE:

Interest accrued but not due on loans includes Rs. 218.82 lakhs (Previous year Rs. 52.82 lakhs) on Cumulative bonds which is payable on maturity of Bonds.

## DETAILS OF DEPOSIT WORKS AND PROJECTS ON AGENCY BASIS

## ANNEXURE TO SCHEDULE-8

(Rs. in thousand)

Particulars	Amount of Deposit upto 31.3.1988	Expenditure upto 31.3.1987	Expenditure during 1.4.1987 to 31.3.1988	Share of Corporate Office Expenditure	Total Expenditure upto 31.3.1988	Unspent Amount
<b>A. DEPOSIT WORKS</b>						
<b>TRANSMISSION CONSTRUCTION UNITS</b>						
1. Gangtok to Melli-Kalimpong	4,24,13	4,19,63	—	—	4,19,63	4,50
2. Gangtok to Dikchu						
3. Leimatak-Jiribam	4,72,18	4,53,67	9	—	4,53,76	18,42
4. Ramnagar-Gandak	1,77,30	1,58,08	—	—	1,58,08	19,22
5. Neepco	10,07	10,07	—	—	10,07	NIL
<b>B. PROJECTS ON AGENCY BASIS</b>						
1. Salal Project	4,79,74,90	4,48,65,87	32,14,70	79,98	4,81,60,55	(—) 185,65*
2. Devighat Project	40,69,42	40,20,25	14,66	36	40,35,27	34,15
3. Nuwakot R.E. Project	3,80,00	2,67,89	77,62	1,89	3,47,40	32,60
4. Trisuli Power Resources						
Inv. Works.	5,00	3,85	—	—	3,85	1,15

NOTE: Expenditure on Transmission Contruction Units and Projects on Agency basis represents cash expenditure only and does not include accrued expenditure. Expenditure, however, includes advance to staff, suppliers, contractors, deposits and unconsumed stocks.

\*Shown in Current Assets, Loans and Advances.

## MISCELLANEOUS EXPENDITURE

## SCHEDULE-9

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
Miscellaneous expenditure to the extent not written off or adjusted		
1. Preliminary expenses	16,01	20,01
2. Deferred Revenue Expenditure	—	—
	<u>16,01</u>	<u>20,01</u>





## SCHEDULE-10

### MISCELLANEOUS INCOME

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
1. Other Miscellaneous receipts and recoveries	41,31	12,65
2. Profit on Sale of fixed Assets	35,56	47
	<u>76,87</u>	<u>13,12</u>

## SCHEDULE-11

### GENERATION, TRANSMISSION AND ADMINISTRATION EXPENSES

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
<b>GENERATION &amp; TRANSMISSION EXPENSES</b>		
1. Consumption of Stores and Spares	18,09	45,15
2. Repairs and Maintenance		
(a) Buildings	26,93	14,80
(b) Machinery	1,28,03	71,47
(c) Others	1,37,63	1,07,50
3. Wheeling charges	54,54	59,54
4. Other Operational expenses	1,61	1,22
<b>ADMINISTRATION EXPENSES</b>		
5. Rent	2,45	2
6. Rates & Taxes	3,26	1,63
7. Insurance	10,36	16,76
8. Electricity Charges	40,37	21,68
9. Travelling & Conveyance	32,69	17,20
10. Telephone, telex & postage	6,04	2,82
11. Consultancy charges	2,52	5,70
12. Advertisement & publicity	3,78	1,53
13. Entertainment expenses	10	7
14. Printing & Stationery	7,66	4,28
15. Corporate Office Management expenses	66,97	51,03
16. Other Miscellaneous expenses	95,87	65,65
17. Loss on Sale of Assets	47	16
18. Expenses on Construction Management	73,88	—
	<u>7,13,25</u>	<u>4,88,21</u>

## SCHEDULE-12

### EMPLOYEES' REMUNERATION AND BENEFITS

(Rs. in thousands)

Particulars	31.3.1988	31.3.1987
1. Salaries, Wages and allowances	4,07,22	3,05,32
2. Company's contribution to Provident & Gratuity Funds (including Administration Fees)	31,07	23,02
3. Staff welfare expenses	46,36	38,55
	<u>4,84,65</u>	<u>3,66,89</u>

## EXPLANATORY NOTES

## SCHEDULE-13

1. Contingent liabilities exist in respect of the following:
  - (a) Claims against the Company not acknowledged as debts amount to Rs. 607.27 lakhs (Previous year Rs. 300.36 lakhs).
  - (b) Letters of credit Rs. 37.18 lakhs.
  - (c) Bank Guarantee Rs. 15.00 lakhs.
  - (d) i) Income tax demand/liability Rs. 41.58 lakhs (Previous year Rs. 132.83 lakhs).  
ii) Income tax liability on consultancy fees paid to foreign consultants Rs. 232.03 lakhs.
  - (e) Estimated amount of contract remaining to be executed on Capital accounts and not provided for, is Rs. 28917.19 lakhs (Previous year Rs. 22888.32 lakhs). The Contingent liability, if any, in respect of the Projects executed on Agency basis, Deposit works and works executed on Agency basis, Deposit works and works executed against Grant-in-aid have not been included as the Corporation does not anticipate any liability.
2. (a) The Government of Himachal Pradesh has raised claim against the Corporation for share of Profit earned from Baira Siul Project. As per the revised formula approved by the Central Government, the Royalty at the rate of 1.5 paise per unit is only payable to the State Government and accordingly the provision for Royalty amounting Rs. 112.26 lakhs during the year has been made.
- (b) The agreement for the supply of power with beneficiaries except Punjab State Electricity Board and Haryana State Electricity Board are under finalisation. Pending finalisation of the agreements, sale of electricity from Loktak and Chukha has been accounted for on a Provisional basic rate of 53.10 paise and 45 paise per KWH respectively. Similarly sale of Baira Siul Power to DESU and HPSEB has been accounted on a basic rate 36.29 paise and 36.82 paise per KWH respectively.
- (c) Similarly, pending finalisation of the agreement with Chukha Hydel Project (Bhutan), the purchase of Power has been accounted for @ 27 paise per KWH.
3. The cost of land amounting to Rs. 639.78 lakhs represents Provisional/initial payments towards compensation and other incidental expenses. The title of land in certain cases has not been passed on to the Corporation pending Completion of legal formalities.
4. Rs. 1583.43 lakhs included under "Communication" in "Capital Work-in-progress" relates to expenditure incurred on Roads, Bridges, and Culverts on land not belonging to the Corporation and will be allocated in terms of Accounting Policy No. 10.
5. The price Stores Ledgers are complete except in Chamera & Dulhasti Project. However, pending detailed reconciliation, the balance of inventories Rs. 9714.50 lakhs has been taken as per books of accounts.
6. Pending receipt of verified bills and other related documents no provision has been made in respect of some Capital works done and Capital stores received and consumed within the year against which advance payments have not been adjusted.
7. Depreciation in respect of assets, plant & machinery, equipment etc. has been charged as per accounting Policy No. 8 without giving effect of rates specified in Schedule XIV of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 as accounts of some of the Units were finalised before the notification of these provision. The rates of Depreciation for the Assets covered under Electricity Supply Act has not changed and for other assets the rates charged is slightly on higher side mainly due to rounding off, the financial implication on the profit is negligible.
8. Amount of Rs. 71 lakhs on account of the claim for refund of custom duty and Rs. 16 lakhs claim of the custom authorities have not been accounted in Chamera Project pending reconciliation and settlement with Custom Authorities. Similarly provisional Insurance claim lodged for loss/damage of stores and assets in Chamera amounting to Rs. 253.51 lakhs (Previous year Rs. 135.67 lakhs) has not been accounted for pending final ascertainment of the value involved.
9. The Incidental expenditure during construction does not include Rs. 53.38 lakhs (Previous year Rs. 35.44 lakhs) on account of shortage/losses of material, which are under investigation pending finalisation of the investigation, the amount of Rs. 49.18 lakhs and Rs. 4.20 lakhs have been shown under stores and fixed assets respectively.
10. Previous year's figures have been suitably rearranged wherever practicable, to correspond to the current year's figures.





## SCHEDULE-14

### ADDITIONAL INFORMATION REQUIRED UNDER PART-II OF SCHEDULE-VI OF THE COMPANIES ACT, 1956

(Rs. in thousands)

Particulars	1987-88	1986-87
<b>1. EXPENDITURE ON EMPLOYEES</b>		
Expenditure on employees who are in receipt of remuneration not less than Rs. 36,000/- per annum if employed throughout the year or Rs. 3,000/- per month if employed for part of the year.		
a) Employed throughout the year		
i) Number of employees	626	466
ii) Salary and Wages (Rs. in thousands)	3,14,37	2,12,56
iii) Value of perquisites (Rs. in thousands)	9,59	4,27
b) Employed for part of the year		
i) Number of employees	48	21
ii) Salary and Wages (Rs. in thousands)	13,42	5,33
iii) Value of perquisites (Rs. in thousands)	95	9
(This does not include employees at Salal and N.R.E.P. which are being executed on agency basis and the remuneration of such employees is debited to deposits from the Government of India and are not debited to the Corporation's Incidental Expenditure during Construction).		

However, information for Salal and N.R.E.P. Project is as under:

	1987-88		1986-87	
	Salal	N.R.E.P.	Salal	N.R.E.P.
a) Employed throughout the year				
i) Number of employees	95	9	44	8
ii) Salary and Wages (Rs. in thousands)	45,88	5,99	19,97	5,43
iii) Value of perquisites (Rs. in thousands)	2,02	—	1,16	—
b) Employed for part of the year				
i) Number of employees	1	3	11	4
ii) Salary and Wages (Rs. in thousands)	4	83	3,42	58
iii) Value of perquisites (Rs. in thousands)	3	—	—	—

NOTES : (1) The Gratuity amount has not been taken into account as the same has been provided on the basis of Gratuity-cum-L.I.C. Policy taken with the Life Insurance Corporation.

(2) Emoluments of Nuwakot R.E.P. employees include foreign allowances.

<b>2. EXPENDITURE INCURRED IN FOREIGN CURRENCY</b>	1987-88	1986-87
i) Know-how	—	—
ii) Other Miscellaneous Matters	86,65,59	43,07,70
<b>3. VALUE OF SPARE PARTS &amp; COMPONENTS CONSUMED (O &amp; M PROJECTS)</b>		
i) Imported	—	—
ii) Indigenous	18,09 (100%)	45,15 (100%)
<b>4. VALUE OF IMPORTED PLANT &amp; MACHINERY AND SPARES</b>	49,02,54	36,61,41

## 5. LICENSED/INSTALLED CAPACITY & ACTUAL PRODUCTIONS

	Baira Siul		Loktak		Chukha Tr. Unit	
	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87 (5 months)
1. Licensed capacity	180 MW	180 MW	105 MW	105 MW		
2. Installed capacity	180 MW	180 MW	105 MW	105 MW		
3. Actual Production (in million Units)	751.378	808.26	404.95	398.57		
4. Value (Rs. in thousands)	260097 (701.05 MU)	267768 (767.00 MU)	221888 (401.25 MU)	206485 (395.57 MU)		
5. Purchase of Power (in million Units)					1042.20	281.14
6. Transmission and sale of Power (in million Units)					1024.96	281.14

## ACCOUNTING POLICIES

1. Liability accruing from year to year on account of service gratuity is discharged by paying requisite premium on LIC policy and accounted for in the year of payment.
2. The liability for foreign exchange loans during construction is determined with reference to the rate of exchange ruling at the end of the year and difference, if any, is transferred to incidental expenditure during construction forming part of the capital works-in-progress pending capitalisation.
3. The Corporation has received grants-in-aid for investigation of various projects. The balance of grants-in-aid is being reflected in accounts under Liabilities and Provisions after deducting expenditure incurred on the investigation works. The ownership of the assets for the expenditure incurred from grants-in-aid does not vest with the Corporation and hence is not included in the assets of the Corporation.
4. Liability, if any, for capital works executed but not measured has not been provided as the works have not been finally inspected and accepted by the Corporation. Similarly, liability for material in transit has not been provided till the time of receipt, inspection and acceptance of the material by the Corporation.
5. The completed assets have been capitalised on the basis of cost incurred on construction of such assets. However, where, the actual expenditure could not be determined, the same has been determined on the basis of estimated cost.
6. The amounts contributed by other agencies including State Governments towards part of cost of certain Assets belonging to Corporation have been reduced from the cost of such Assets and the net cost has been shown in the Accounts. In case of assets jointly owned with other agencies the contribution by other agencies will be reduced from the cost of such assets and the cost shown in accounts in the year of completion.
7. In the Projects under construction, the grant/share of cost/expenditure incurred on the assets on and not belonging to the Corporation has been accounted for under construction work-in-progress pending final allocation.
8. Depreciation on Assets, Plant & Machinery, equipment etc. used for generation/transmission, operation and maintenance of generating stations is being charged with reference to the rates ascertained under notification issued under sub-section 1 of Section 68 of Electricity (supply) Act, 1948 from the year following the year in which the Assets are put up to use. Depreciation on construction plant and machinery, equipment, transport vehicles, office equipment, buildings is provided upto 95% of the cost on Straight Line method by dividing the original cost of the Assets by the specified period calculated in accordance with the Income Tax Act, 1961 and rounded to the next two decimals on higher side.
9. (a) Inter Project/Unit transfers of Plant & Machinery and stores are being transferred at Book Value. However Power supplied from operating projects to the construction projects of the Corporation is being charged as per normal tariff as applicable to other beneficiary states of the operating projects.



- (b) Surplus/obsolete stores and equipment lying at the Projects are being identified on periodical intervals. The surplus items so identified are being transferred to other projects/units of the Corporation where the same are required. Surplus equipment/stores are also given to other Project/Undertakings/Departments of the Central/State Governments depending upon their requirements for such items. Depreciation is not provided on assets declared surplus to the requirement of Project/Unit. The losses, if any, on disposal is being accounted after the disposal of such items.
10. The total amount of incidental expenditure during construction and intangible expenditure incurred on the project which has been put to commercial operation during the year have been allocated on the tangible fixed immovable assets' excluding land on the basis of cost appearing/adjusted as on 1st day of the start of commercial production.
  11. Value of stock of capital stores and revenue stores lying at various work/sites are directly charged to construction work-in-progress and generation, transmission and administrative expenses respectively.
  12. The petty items and tools, the individual value of which is less than Rs. 100/- are being charged to consumption account. The value of loose tools costing Rs. 100/- and more in each case has been capitalised and shown under loose tools. The value of loose tools so capitalised has been written off in 5 equal annual instalments by debit to consumption of loose tools.
  13. The Corporate Office expenses excluding advances and assets but including remuneration to surplus employees is allocated as under:—
    - (a) On the existing Transmission Lines being executed by the Corporation as deposit works at a flat rate of 2% of the direct capital expenditure incurred. The profit or loss if any, on deposit work taken on fixed Administration/Management fees would be adjusted/accounted for on completion of such work and finalisation of its account.
    - (b) Estimated Design expenses incurred in the Corporate Office in respect of Projects/Units on the basis of quantum of services rendered to the respective Projects/Units.
    - (c) On operational projects and Transmission systems @ 1% of sales of energy and wheeling charges excluding taxes, duties and wheeling and Power Charges payable to third parties.
    - (d) The balance expenditure is allocated to Projects under construction, investigation, agency basis and capital expenditure on operation Projects on pro-rata basis in the ratio of their net capital expenditure incurred during the year.
  14. The interest, if any, to be received on overdue payments for the sale of energy, and advances given to the staff, suppliers etc. is being accounted for as and when actually received and not on the basis of accrual.
  15. Expenses or income related to earlier years incurred or realised during the current year have been shown under the heading "Prior Period Adjustments" only if the amount involved is more than Rs. 5000/- in each case.
  16. The liability, if any, on account of reimbursement of deficit of Employees Provident Fund Trusts are accounted for as and when the amounts are paid to the Trusts.
  17. In operational projects, where the construction activity is still continuing, the common service expenses have been primarily allocated on the basis of estimated services rendered to/benefit derived by each activity i.e. construction/operation.
  18. The Bonds have been raised for part financing of some of the projects under construction. The Debenture Redemption Reserve, if required, shall be created after moratorium period i.e. start of commercial operations of the concerned project.
  19. Expenditure on raising finances for construction projects by issuing Debenture/Bonds and interest charges thereon during the construction period is treated as Capital Expenditure and charged to 'Incidental Expenditure During Construction'.

## AUDITORS' REPORT

To the Members of National Hydroelectric Power Corporation Limited

We have audited the attached Balance Sheet of National Hydroelectric Power Corporation Limited as at 31st March, 1988 and the Profit & Loss Account for the year ended on that date annexed thereto in which are incorporated the accounts of the Projects/Units audited by the Branch Auditors and report that:

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 the Companies Act, 1956, we enclose in the Annexure a statement of the matters 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 account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purpose of our audit which have been received from the Projects/Units not visited by us.
  - (c) The reports of the branch auditors, in respect of Projects/Units not audited by us, have been received and the same have been considered and relied upon while preparing our report.
  - (d) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account and returns.
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the Accounting Policies and Explanatory Notes forming part thereof, and subject to:
    - i) Major Fixed Assets and stores and spare parts of the Corporation are not covered under insurance.
    - ii) No liability, if any, in respect of Projects executed on agency basis, deposit works and works executed against grants-in-aid and Projects handled on behalf of Govt. of India, have been provided/included in the accounts.
    - iii) A sum of Rs. 212.14 lakhs on account of provisional/initial payment towards compensation and other incidental expenses for acquisition of land are being shown under the head deposit account.
    - iv) As reported in previous year, shortage of 228.43 MT of imported billets valued at about Rs. 11.85 lakhs has not been adjusted in the accounts.
    - v) Bank reconciliation at the Corporate Office of main account has revealed that long adjustments/rectifications of excess/short debits/credits by Bank/Corporate Office/Units regarding issue of cheques which remained outstanding at the close of the year are pending reconciliation.
    - vi) Loans and advances given to contractors, fabricators, suppliers, staff/departments including Govt. Departments are subject to reconciliation/adjustments and confirmations after verification of supplies/work done/services rendered/verification of accounts various bills. The effect on various heads of account cannot be quantified.
    - vii) Due to transmission loss taken on estimated basis (Chukha T.S. upto November, 1987, the energy unit recorded at the receiving sub-stations is in excess of total units sold to beneficiaries by 9.83 M.U. valuing Rs. 44,21,278/- by which the sale of power is under-stated.
    - viii) The Corporation extended a loan of Rs. 20 crores to U.P.S.E.B. for Tehri Power Project in pursuant to an agreement with the said Board. No rate of interest has been determined and accordingly no income has been accounted for to this extent.



- ix) (a) The depreciation rates provided under Electricity (Supply) Act, 1948, have prevailed in respect of assets used for generating, transmission, operations and maintenance of generating station to the corresponding minimum principal rates specified in the statute governing the Corporation. On the other assets depreciation has not been computed in accordance with Section 205 read with Schedule XIV of Companies (Amendment) Act, 1988, as amended till date and amount has also not been quantified by the Corporation.
- (b) Depreciation includes the depreciation charged on the loss of some consumable assets valuing Rs. 31.51 lakhs.
- x) No provision has been made for accrued liability of bonus, if any due, under the payment of Bonus Act, 1965 as amended till date.
- xi) No provision on account of liability of Income-tax, if any due, has been made in the accounts, as in the opinion of the management there is no taxable income. Besides, provision in respect of final Income-tax liability of Rs. 232.03 lakhs shown as contingent liability as referred to in Note No. 1(d)(ii) on payments made to foreign Consultants has also not been made.
- xii) Expenditure amounting to Rs. 262.44 lakhs included in the 'Incidental Expenditure during Construction' is due to change in accounting policy for conversion of liability on account of foreign exchange loans from the date of payment to the date at the year end.
- xiii) Claims recoverables include a sum of Rs. 20,15,011 disputed and lying in arbitration against which the Corporation has no security and has not made any provision in the event of non-recoverability of the claim.
- xiv) No adjustment has been made for Rs. 10.83 lakhs worth of material short received/damaged at Jeypore Talchar Transmission Project which is included in the capital work in progress and is replaceable by the Contractor.
- xv) Accounting Policy No. 2 regarding provision of liability for imported equipment/services, Accounting Policy No. 9 regarding provision for losses arising out of surplus/obsolete stores and Accounting Policy No. 13 regarding surplus labour retained in waiting, the time for transfer to other projects in hand being abnormal and as such allocation of remuneration to surplus labour at operational projects amounting to Rs. 325 lakhs to the cost of various non-operational projects resulting in the over-statement of the profit for the year by that amount.
- xvi) No provision has been made on account of liability that may arise on account of agreements entered with O.S.E.B. or any subsequent claims lodged by O.S.E.B. for which only provisional amount has been paid/adjusted. The Corporation has not taken possession of all the records/documents/title deeds etc.
- xvii) No agency fee of 5% on actual cost identifiable to N.R.E.P. Project has been accounted for in the books of accounts.
- xviii) No provision has been made for the 25% of the liability payable to clearing agents on account of their getting the import of consignments cleared and their despatching it to the projects as they are being paid only 75% of their total bill in respect of the material that has actually been received at destinations upto 31.3.1988.

#### NOTES:

- No. 1 (d) Demand of Rs. 41.58 lakhs & Rs. 232.03 lakhs relating to Income-tax assessments for the year 1977-78 to 1986-87 and Income-tax liability on consultancy fees paid to foreign consultants, respectively are under dispute and are pending before appellate authorities for the settlement of the same.
- No. 2 (a) Regarding provision of royalty payment to Himachal Pradesh Government against their claim of sharing profit and adjustment of royalty payable for the period upto 31.3.1988 against their claim of sharing profits.

- No. 2 (d) & 2 (c) Regarding: Revenue from sale of electric power accounted for on the basis of provisional rates/meter reading for sale of power to different State Governments, State Electricity Boards and other agencies as the sale agreements with the beneficiaries have so far not been finalised. The effect on this account on profit cannot be ascertained till the agreements are finalised.
- No. 3 Regarding accounting for the cost of land on the basis of provisional/initial payments and non-completion of legal formalities for transfer of title of land to the Corporation. The period of lease in the case of Dulhasti H.E Project and Udampur Project has been taken as 99 years except for Tanakpur H.E. Project, J.T.T.S. and Calcutta, where the land has been capitalised. The exact liability in this regard has not been determined and quantified.
- No. 4 Rs. 1583.43 lakhs were spent during the year on roads, bridges, and culverts and temporary sheds on land not belonging to the Corporation.
- No. 5 Regarding non-completion and non-reconciliation of priced stores ledgers maintained at different Projects and the adoption of general ledger balances as the value of inventory.
- No. 8 & 9 Regarding: Non-accounting for the following:—
- (i) Rs. 71 lakhs on account of refund of Customs Duty and Rs. 16 lakhs short payment of Customs Duty.
  - (ii) Loss/damage of stores in Chamera amounting to Rs. 253.51 lakhs pending final ascertainment of value involved.
  - (iii) Non-provision of losses/shortages of material amounting to Rs. 53.38 lakhs pending investigation shown under the head 'stores and fixed assets.'

give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- i) in so far as it relates to the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 1988 and
- ii) in so far as it relates to the Profit and Loss Account, of the Profit of the Corporation for the year ended on that date.

FOR V. MALIK & ASSOCIATES  
CHARTERED ACCOUNTANTS

PLACE: NEW DELHI  
DATED: 30TH AUGUST, 1988

(VIPIN MALIK)  
PARTNER





## ANNEXURE TO 'THE AUDITORS' REPORT

Referred to in our Report of even date.

- A.
- i) The Company has maintained records for a major portion of fixed assets. The records maintained do not show situational/utilisation details in some cases. The Management has not conducted physical verification of assets at most of the Projects and as such we are unable to comment about the discrepancies, if any;
  - ii) Fixed Assets have not been revalued during the year;
  - iii) Physical verification of stores and spare parts has not been conducted by the Management at most of the Projects, as such, we are unable to comment about the discrepancies, if any. The value of inventory is as per General Ledger since priced stores ledgers have not been reconciled with financial records and are incomplete in some units;
  - iv) The Corporation has not taken any loans secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 and 370(1-C) of the Companies Act, 1956;
  - v) The Corporation has given advances in the nature of loans to the employees of the Corporation and contractors who are generally repaying the principal amounts as stipulated and are also generally regular in making payment of interest;
  - vi) In our opinion, and according to the information and explanation given to us, there are adequate internal controls, procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets, but the procedures laid down need to be strictly followed;
  - vii) According to the information and explanation given to us, no purchases have been made during the year, of stores and spare parts or components exceeding Rs. 10,000/- in value for each type, from firms or companies or other parties in which the Directors are interested;
  - viii) As explained to us, unserviceable or damaged stores and raw materials are determined and provisions, if any, are made at the time of disposal of such stores as laid down in Accounting Policy No. 9(b).
  - ix) The Company has not accepted any deposits from the public;
  - x) According to information and explanation given to us, the Company is maintaining reasonable records for the sale and disposal of the realisable scrap;
  - xi) The Company has an internal audit system in operation but the same is not commensurate with the size of the Company and the nature of its business;
  - xii) Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956;
  - xiii) Provident Fund dues have been deposited on *ad hoc* basis with N.H.P.C. Employees Provident Fund Trust and is subject to adjustment/reconciliation and audit of Provident Fund Trust Account.
- B. In respect of agency works/deposit work;
- i) The Company has a reasonable system of recording receipts, issues and consumption of stores and materials which also provides for a reasonable allocation of the material and man-hours consumed to relevant projects;
  - ii) There exists a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation of stores and labour to jobs. The internal control system needs strengthening considering the size of the Company and nature of its business.

FOR V. MALIK & ASSOCIATES  
CHARTERED ACCOUNTANTS

PLACE: NEW DELHI:  
DATED: 30TH AUGUST, 1988

(VIPIN MALIK)  
PARTNER

**Comments of the Comptroller and Auditor-General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of National Hydroelectric Power Corporation Limited for the year ending 31st March, 1988.**

**BALANCE SHEET**

*Application of Funds—Fixed Capital Expenditure*

*(b) Capital Work-in-Progress Rs. 5,91,66.86 lakhs*

*Incidental Expenditure during construction Rs. 22879.37 lakhs (Schedule 6).*

This includes an amount of Rs. 9.49 lakhs on account of loss due to fire, theft, shortage etc. This has resulted in over-statement of capital work-in-progress and profit by Rs. 9.49 lakhs.

NEW DELHI

DATED: 27TH SEPTEMBER, 1988

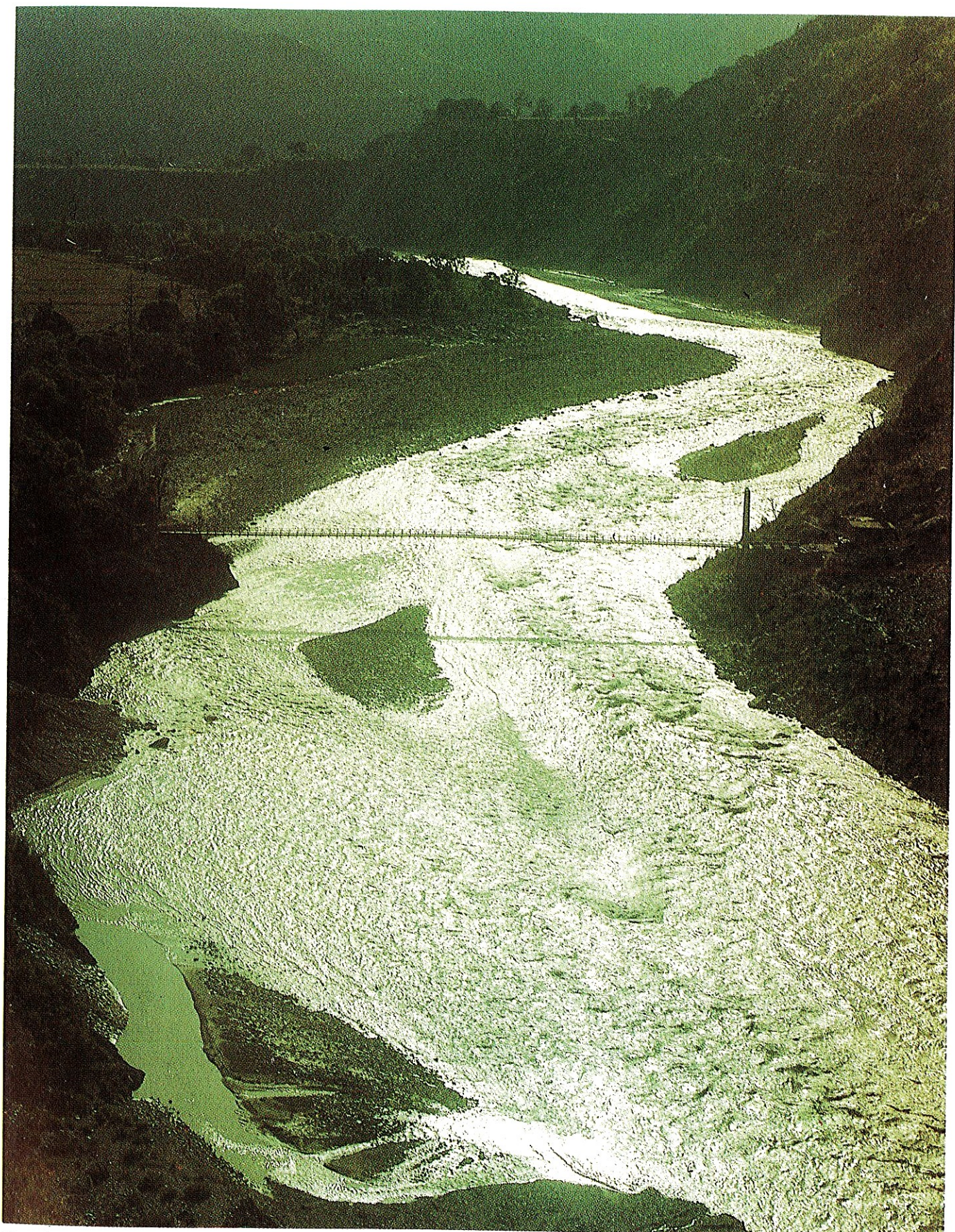
(DHARAM VIR)

Member, Audit Board & Ex-Officio

Director of Commercial Audit

New Delhi





*View of Ravi River near Chamera State-II Project Site (HP).*