

# Annual Report 2009-10



**NHPC Limited**  
(A Government of India Enterprise)

## CORPORATE VISION

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

## CORPORATE MISSION

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



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## CORPORATE PROFILE

FINANCIAL		2009-10	2008-09	2007-08	2006-07
Sales	**	4218.90	2671.85	2243.73	1754.12
Miscellaneous income	@	673.19	589.64	911.77	433.38
Profit before interest ,depreciation & tax	\$	3892.41	2201.76	2201.93	1610.04
Profit after interest & depreciation		2402.08	1178.34	1146.65	1087.74
Profit after interest ,depreciation & tax		2090.50	1075.22	1004.09	924.80
Dividend		676.54	325.00	300.00	278.00
Reserves & surplus (cumulative)		10972.45	6798.13	6093.34	5367.05
<b>WHAT CORPORATION OWNS</b>					
Gross Fixed Assets		21302.37	21460.08	20639.51	12943.64
Depreciation		4907.44	3816.27	3262.66	2850.92
<b>Net Fixed Assets</b>		<b>16394.93</b>	<b>17643.81</b>	<b>17376.85</b>	<b>10092.72</b>
Capital Work in progress		12802.50	9401.77	6318.64	11399.92
Construction Stores and Advances		1222.52	1096.85	1077.34	856.43
Investments		4394.05	2793.60	3049.22	3322.75
Net Current Assets		3903.95	605.76	713.03	-345.60
Miscellaneous Expenditure not w/o.		-	2.33	0.34	25.80
		<b>38717.95</b>	<b>31544.12</b>	<b>28535.42</b>	<b>25352.02</b>
<b>WHAT CORPORATION OWES</b>					
Net Worth					
-Share Capital		12300.74	11182.49	11182.49	11207.04
-Reserves		10972.45	6798.13	6093.34	5367.05
Income Received in advance		1437.44	1329.47	1303.26	1245.98
on account of Advance Against Depreciation					
Borrowings		13868.22	12234.03	9956.33	7531.95
Deferred Tax Liability (Net)		139.10	-	-	-
		<b>38717.95</b>	<b>31544.12</b>	<b>28535.42</b>	<b>25352.02</b>
<b>OPERATING PERFORMANCE</b>					
		<b>2009-10</b>	<b>2008-2009</b>	<b>2007-2008</b>	<b>2006-2007</b>
Generation (M.U.)		16960	16689	14813	13049
Machine availability (%)		84.10	93.61	96.13	94.11
Sales (Rs.in crore)		4218.90	2671.85	2243.73	1754.12
Man power (Nos.)		11712	12028	12341	12768

\*\* Sales are net after tariff adjustment and Advance Against Depreciation

@ Includes receipts against contracts

\$ After prior period adjustments



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(₹ in crore)

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1614.11	1449.98	1276.09	1172.23	1221.00	1179.90
359.55	393.80	551.69	302.96	330.40	575.70
1454.71	1438.86	1477.37	1153.39	1183.50	1209.70
812.16	777.53	643.48	555.00	513.10	484.20
742.75	684.58	621.38	510.50	470.90	443.40
223.00	140.00	120.00	75.00	50.00	30.00
4709.89	4168.49	3594.27	3065.70	2598.50	2139.10
12755.52	10876.28	10342.71	8280.95	8113.50	7892.70
2527.83	2148.20	1882.95	1672.19	1526.70	1280.10
<b>10227.69</b>	<b>8728.08</b>	<b>8459.76</b>	<b>6608.76</b>	<b>6586.80</b>	<b>6612.60</b>
8844.19	8787.19	6975.83	7078.00	5218.30	3710.80
778.95	770.14	805.55	621.74	525.50	613.00
3832.81	3769.43	3660.87	2415.66	1965.00	679.90
-225.34	138.69	107.76	1889.77	1512.20	1864.20
24.55	1.18	0.71	1.20	2.00	9.80
<b>23482.85</b>	<b>22194.71</b>	<b>20010.48</b>	<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>
10576.09	9933.27	8629.03	7240.61	6345.70	5188.20
4709.89	4168.49	3594.27	3065.70	2598.50	2139.10
1030.18	1071.15	939.40	801.06	648.40	519.90
7166.69	7021.80	6847.78	7507.76	6217.20	5643.10
-	-	-	-	-	-
<b>23482.85</b>	<b>22194.71</b>	<b>20010.48</b>	<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>
<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
12567	11286	11046	9863	8912	8774
98.16	95.30	96.82	96.62	96.86	92.09
1614.11	1449.98	1276.09	1172.23	1221.00	1179.90
13118	13470	13648	13017	13054	11850



## DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL		2009-10	2008-09	2007-08	2006-07
A	SALE OF ENERGY \$	4326.87	2698.06	2301.00	1969.93
B	ADVANCE AGAINST DEPRECIATION	107.97	26.21	57.27	215.81
C	OTHER INCOME ( INCLUDES CONST. & CONSULTANCY RECEIPT) #	673.19	589.64	911.77	433.38
D	<b>TOTAL INCOME (A)-(B)+(C)</b>	<b>4892.09</b>	<b>3261.49</b>	<b>3155.50</b>	<b>2187.50</b>
E	GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY EXP)	999.68	1059.73	953.57	577.46
F	<b>GROSS MARGIN (D) - (E)</b>	<b>3892.41</b>	<b>2201.76</b>	<b>2201.93</b>	<b>1610.04</b>
G	DEPRECIATION	1033.25	518.24	443.74	290.55
H	<b>GROSS PROFIT (F) - (G)</b>	<b>2859.16</b>	<b>1683.52</b>	<b>1758.19</b>	<b>1319.49</b>
I	INTEREST AND FINANCE CHARGES	457.08	505.18	611.54	231.75
J	<b>NET PROFIT (H) - (I)</b>	<b>2402.08</b>	<b>1178.34</b>	<b>1146.65</b>	<b>1087.74</b>
K	TAX	311.58	103.12	142.56	162.94
L	<b>NET PROFIT AFTER TAX (J) - (K)</b>	<b>2090.50</b>	<b>1075.22</b>	<b>1004.09</b>	<b>924.80</b>
M	<b>INTERNAL RESOURCE GENERATED (G)+(L)+(B)</b>	<b>3231.72</b>	<b>1619.67</b>	<b>1505.10</b>	<b>1431.16</b>
N	AUTHORISED CAPITAL	15000.00	15000.00	15000.00	15000.00
O	EQUITY PAID UP CAPITAL **	12300.74	11182.49	11182.49	11207.04
P	RESERVE AND SURPLUS	10972.45	6798.13	6093.34	5367.05
Q	LOAN FUND	13868.22	12234.03	9956.33	7531.95
R	INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)	1437.44	1329.47	1303.26	1245.98
S	GROSS FIXED ASSETS	21302.37	21460.08	20639.51	12943.64
T	DEPRECIATION	4907.44	3816.27	3262.66	2850.92
U	<b>NET FIXED ASSETS (S) - (T)</b>	<b>16394.93</b>	<b>17643.81</b>	<b>17376.85</b>	<b>10092.72</b>
V	CAPITAL WORK-IN-PROGRESS	12802.50	9401.77	6318.64	11399.92
W	CONSTRUCTION STORES AND ADVANCES	1222.52	1096.85	1077.34	856.43
X	INVESTMENTS	4394.05	2793.60	3049.22	3322.75
Y	WORKING CAPITAL	3903.95	605.76	713.03	-345.60
Z	MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	0.00	2.33	0.34	25.80
AA	<b>GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)</b>	<b>38717.95</b>	<b>31541.79</b>	<b>28535.08</b>	<b>25326.22</b>
AB	<b>NET WORTH (O)+(P)-(Z)</b>	<b>23273.19</b>	<b>17978.29</b>	<b>17275.49</b>	<b>16548.29</b>
AC	INVENTORY CONSUMPTION IN POWER STATION	4.28	8.92	6.15	6.56
AD	<b>VALUE ADDED (A)-(B)-(AC)</b>	<b>4214.62</b>	<b>2662.93</b>	<b>2237.58</b>	<b>1747.56</b>
\$ INCLUDING TARIFF ADJUSTMENT, WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS					
** INCLUDING SHARE DEPOSIT & GOI FUND ADJUSTABLE TO EQUITY					
# INCLUDES RECEIPTS AGAINST CONTRACTS					
RATIOS		2009-10	2008-09	2007-08	2006-07
1	RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)	7.38%	5.34%	6.16%	5.21%
2	RETURN ON NET WORTH (L) / (AB)	8.98%	5.98%	5.81%	5.59%
3	NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)	10.90%	8.47%	7.86%	6.93%
4	VALUE ADDED TO NET SALES (AD) / ((A)-(B))	99.90%	99.67%	99.73%	99.63%
5	DEBT TO EQUITY RATIO (Q) / ((O)+(P))	0.60	0.68	0.58	0.45
6	NET PROFIT TO NET SALES (L) / ((A)-(B))	49.55%	40.24%	44.75%	52.72%



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(₹ in crore)

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1661.99	1581.73	1414.43	1324.86	1349.60	1313.70
47.88	131.75	138.34	152.63	128.60	133.80
359.55	393.80	551.69	302.96	330.40	575.70
<b>1973.66</b>	<b>1843.78</b>	<b>1827.78</b>	<b>1475.19</b>	<b>1551.40</b>	<b>1755.60</b>
518.95	404.92	350.41	321.80	367.90	545.90
<b>1454.71</b>	<b>1438.86</b>	<b>1477.37</b>	<b>1153.39</b>	<b>1183.50</b>	<b>1209.70</b>
269.57	248.97	208.14	140.36	231.60	238.70
<b>1185.14</b>	<b>1189.89</b>	<b>1269.23</b>	<b>1013.03</b>	<b>951.90</b>	<b>971.00</b>
372.98	412.36	625.75	458.03	438.80	486.80
<b>812.16</b>	<b>777.53</b>	<b>643.48</b>	<b>555.00</b>	<b>513.10</b>	<b>484.20</b>
69.41	92.95	22.10	44.50	42.20	40.80
<b>742.75</b>	<b>684.58</b>	<b>621.38</b>	<b>510.50</b>	<b>470.90</b>	<b>443.40</b>
<b>1060.20</b>	<b>1065.30</b>	<b>967.86</b>	<b>803.49</b>	<b>831.10</b>	<b>815.90</b>
15000.00	15000.00	15000.00	10000.00	7000.00	7000.00
10576.09	9933.27	8629.03	7240.61	6345.70	5188.20
4709.89	4168.49	3594.27	3065.70	2598.50	2139.10
7166.69	7021.80	6847.78	7507.76	6217.20	5643.10
1030.18	1071.15	939.40	801.06	648.40	519.90
12755.52	10876.28	10342.71	8280.95	8113.50	7892.70
2527.83	2148.20	1882.95	1672.19	1526.70	1280.10
<b>10227.69</b>	<b>8728.08</b>	<b>8459.76</b>	<b>6608.76</b>	<b>6586.80</b>	<b>6612.60</b>
8844.19	8787.19	6975.83	7078.00	5218.30	3710.80
778.95	770.14	805.55	621.74	525.50	613.00
3832.81	3769.43	3660.87	2415.66	1965.00	679.90
-225.34	138.69	107.76	1889.77	1512.20	1864.20
24.55	1.18	0.71	1.20	2.00	9.80
<b>23458.30</b>	<b>22193.53</b>	<b>20009.77</b>	<b>18613.93</b>	<b>15807.80</b>	<b>13480.50</b>
<b>15261.43</b>	<b>14100.58</b>	<b>12222.59</b>	<b>10305.11</b>	<b>8942.20</b>	<b>7317.50</b>
12.02	7.73	2.67	2.65	6.90	7.10
<b>1602.09</b>	<b>1442.25</b>	<b>1273.42</b>	<b>1169.58</b>	<b>1214.10</b>	<b>1172.80</b>

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
5.05%	5.36%	6.34%	5.44%	6.02%	7.20%
4.87%	4.85%	5.08%	4.95%	5.27%	6.06%
6.88%	6.53%	6.38%	6.30%	7.72%	8.75%
99.26%	99.47%	99.79%	99.77%	99.43%	99.40%
0.47	0.50	0.56	0.73	0.70	0.77
46.02%	47.21%	48.69%	43.55%	38.57%	37.58%



## REFERENCE INFORMATION

### Registered Office

NHPC Office Complex,  
Sector-33, Faridabad - 121 003

### Corporate Office

NHPC Office Complex,  
Sector-33, Faridabad - 121 003

### Registrar & Share Transfer Agent

Karvy Computershare Private Limited  
Plot No.: 17 to 24, Vittalrao Nagar,  
Madhapur, Hyderabad – 500 081  
Ph.: 040-23420815 to 824  
Fax : 040-23420814  
Email: einward.ris@karvy.com  
Website: www.karvycomputershare.com

M/s. RCMC Share Registry (P) Ltd., (for Bond)  
B-106, Sector-21,  
NOIDA-201301 (Uttar Pradesh)  
Ph.: 0120-4015880  
Email: info@rcmcdelhi.com.

### Shares Listed at:

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

### Depositories

National Securities Depository Limited  
Central Depository Services (India) Limited

### Company Secretary

Mr. Vijay Gupta

### Statutory Auditors

**M/S GSA & ASSOCIATES,**  
Chartered Accountants,  
16, Ground Floor, DDA Flats  
Shivalik-Panchashil Mor,  
Near Malviya Nagar,  
New Delhi-110 017

**M/s Baweja & Kaul,**  
Chartered Accountants  
15B/B Gandhi Nagar Extn.  
Jammu Tawi (J&K) – 180 004

**M/s K K Ghei & Co**  
Chartered Accountants  
806, Hemkunt House,  
6, Rajendra Place,  
New Delhi-110 008

**M/s K C Bhattacharjee & Paul**  
Chartered Accountants,  
2, Church Lane, 3<sup>rd</sup> Floor,  
Room No. 304-B,  
Kolkata-700 001

**M/s N. Sarkar & Co.,**  
Chartered Accountants  
21, Prafulla Sarkar Street,  
Kolkata-700 072

### Bankers

State Bank of Bikaner & Jaipur  
State Bank of Patiala  
Indian Overseas Bank  
Bank of India  
Jammu & Kashmir Bank Ltd  
ICICI Bank Limited  
Deutsche Bank  
Axis Bank  
Bank of Bhutan  
Standard Chartered Bank  
IDBI Limited  
HDFC Bank Ltd



## LETTER TO SHAREHOLDERS



Dear Shareholders,

It gives me immense pleasure to present before you the Annual Report of your Company for the financial year 2009-10. You would be happy to note that your Company is scaling new heights with scintillating all round performance. On financial front, your Company has earned a net profit of ₹ 2,091 Cr during the year against ₹ 1,075 Cr earned during 2008-09. The sales of your Company have increased to ₹ 4,327 Cr during the FY 2009-10 against ₹ 2,698 Cr registered for FY 2008-09. The generation from various power stations of your Company has also increased from 16690 million units during 2008-09 to 16960 million units in 2009-10 despite a weak monsoon during the year. On execution front, your Company has successfully commissioned the 120 MW Sewa-II Hydroelectric Project, situated in Jammu & Kashmir thereby taking the total installed capacity of your Company to 5295 MW including capacity of 1520 MW through its subsidiary Company NHDC Ltd.

I also take this opportunity to thank all of you for the confidence and faith reposed in your Company in making its IPO a great success. The IPO of your Company was oversubscribed by almost 24 times and after its successful conclusion, your Company has become a listed Company on both NSE & BSE w.e.f. 1<sup>st</sup> September 2009. Of the IPO proceeds of ₹ 6,000 Cr, about ₹ 4,000 Cr are available against the proceeds of 10% fresh equity and balance accruing to Government against disinvestment of its equity. The Capex plan of NHPC for the year 2009-10 stands at about ₹ 3,700 Cr and that for 2010-11 is about ₹ 4,900 Cr. The overall Capex for XI plan period stands at ₹ 21,600 Cr which would be met through internal resources, subordinate debt from Government of India, proceeds from IPO and market borrowings.

Your Company is marching ahead with grit and determination bravely facing all the challenges with an aim of becoming a 9500 MW plus Company by the year 2013. Your Company is poised to leverage its resources and strengths for exploiting the growth opportunities to maintain a leading position in hydro sector.



Your Company is set to increase its global footprint through successful consultancy assignments, including project execution. Your Company has entered into two agreements for taking up additional investigations and preparation of updated Detailed Project Reports for the 1,200 MW Tamanthi and 642 MW Shwezaye Projects in Myanmar as consultancy assignments. We have also been entrusted with the preparation of Detailed Project Reports for Chamkharchhu-I (670 MW) and Kuri Gongri (1800 MW) Hydroelectric Projects in Bhutan. Apart from this, your Company will provide engineering consultancy services for the Mangdechhu Hydroelectric Project (720 MW) in Bhutan.

Our success demonstrates that our vision is focused beyond horizons. This achievement is an outcome of our performance in all aspects, be it planning, consultancy or human resources. We are in the process of enhancing our IT capabilities and network. Our continuous process of growth in performance has enabled us to enhance our business leadership. Even as we meet our targets for better performance, we never lose sight of our commitment to ethics and betterment of society.

We are confident about the year ahead and beyond. Even as we work towards meeting higher targets, the way to achieve these is through a systematic and focused approach built around our core competencies.

The Government of India is according topmost priority to rural electrification to realise the objectives of "Power to all Villages" and "Power for All" through its flagship programme Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY). Your Company has taken the initiative and has electrified 2,700 villages and provided 6 lakh electricity connections to the below poverty line (BPL) families. Further, your Company has also been assigned to execute the rural road works under the Pradhan Mantri Gram Sadak Yojana (PMGSY) of Govt. of India.

With a focus on people, emphasis on transparency and a demonstrated concern for social and economic improvement of communities in the vicinity of our units and also in other parts of the country, your Company has generated an invaluable goodwill. Your Company is sensitive towards socio-economic & environmental issues and takes initiatives for betterment of the project affected families and local community in and around its Projects & Power Stations through its CSR-CD plans. Your Company has its own R&R policy to give optimum facilities to displaced families.

We would like to thank all of you for your tremendous support and we hope that you would continue to stand by us in the coming years. We share a bond of trust and a commitment for development and growth with all our stakeholders. We assure our valued shareholders to live up to their confidence and continue to strive hard to achieve the desired goals of the Company.

Yours sincerely,



**(S.K.Garg)**

Chairman and Managing Director



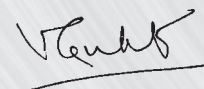
## Notice

NOTICE is hereby given that the 34<sup>th</sup> Annual General Meeting of the members of NHPC Limited will be held at 11.00 a.m. on Wednesday, 22.09.2010 at Municipal Corporation Auditorium, NIT, Faridabad to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and Profit & Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To declare final dividend for the financial year 2009-2010.
3. To appoint a Director in place of Shri A.B.L. Srivastava, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Komal Anand, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Shri A.K. Mago, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Raman Sidhu, who retires by rotation and being eligible, offers himself for re-appointment.
7. (a) To approve the enhanced remuneration of the Auditors for the year 2009-10.  
(b) To fix the remuneration of the Auditors for the year 2010-11.

By order of the Board of Directors



(Vijay Gupta)  
Company Secretary

### Regd. Office:

NHPC Office Complex,  
Sector-33, Faridabad-121 003,  
(Haryana).

Date, August 13, 2010.

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME TO THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.**
2. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri A.B.L.Srivastava, Smt. Komal Anand, Shri A.K. Mago and Shri Raman Sidhu, Directors retiring by rotation and seeking re-appointment under item Nos. 3, 4, 5 and 6 aforesaid in accordance with applicable provisions of the Articles of Association of the Company as well as those directors who annexed. The tenure of Shri A.B.L. Srivastava is for 5 years from the date of appointment i.e.11.2.2008 and tenure for Smt. Komal Anand, Shri A.K. Mago and Shri Raman Sidhu is upto 01.04.2011, 02.04.2011 and 06.04.2011 respectively as per terms of their appointments by the Government of India.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 10, 2010 to September 23, 2010 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after September 27, 2010 to the Members or their mandates whose names appear on the company's Register of Members on September 23, 2010 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on 9th September, 2010.
4. Members are requested to:
  - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.



- ii) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
  - iii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
  - iv) quote their Folio/ Client ID & DP ID Nos. in all correspondence.
  - v) **Note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium/venue.**
  - vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. Those holding shares in Electronic Form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/Registrar & Share Transfer Agent/DP with complete details need not send it again.
- The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
6. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent alongwith relevant Share Certificates.
  7. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.
  8. Members may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the companies (Central Government's) General Rules and Forms, 1956 any person to whom their shares in the Company shall vest on occurrence of events stated in the form. Form-2B is to be submitted in duplicate to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
  9. Annual listing fee for the year 2010-11 has been paid to all Stock Exchanges wherein shares of the Company are listed.
  10. Pursuant to Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Clause (aa) of sub-section (8) of Section 224 of the Companies Act, 1956 their remuneration is to be fixed by the Company in General Meeting. The Board of Directors have recommended a sum of ₹ 25,00,000/- as remuneration to the Statutory Auditors for the year 2009-10 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses. The members may approve the enhanced audit fee for the year 2009-10 and authorize the Board for distribution thereof among statutory and branch auditors. The Members may consider and authorize the board to fix an appropriate remuneration of Auditors for the year 2010-11 as may be deemed fit by the Board.
  11. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
  12. Members are requested to notify immediately any change of address:
    - i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
    - ii) to the Company at its Registered Office or to its Registrar & Share Transfer Agent, Karvy Computershare Private Limited in respect of their physical shares, if any, quoting their folio number.
  13. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Shri A.B.L. Srivastava, Director (Finance) and public spokesperson Shri T.N. Gopalakrishna, Executive Director



(Finance) of the Company at the registered office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.

14. All documents referred to in the accompanying notice are open for inspection at the registered office of the company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

## **BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING**

### **Directors seeking re-election at the 34<sup>th</sup> Annual General Meeting.**

Name	Shri A.B.L. Srivastava	Smt. Komal Anand	Shri A.K. Mago	Sh. Raman Sidhu
Date of Birth	24.08.1955	05.04.1946	27.09.1944	06.07.1957
Date of Appointment	11.02.2008	02.04.2008	03.04.2008	07.04.2008
Qualification	He holds a master's degree in business, finance and commerce. He is also a member of the Institute of Chartered Accountants of India.	She holds a bachelor degree in arts from Lady Shri Ram College, Delhi University and master's degree in political science from Delhi University. She also holds a post graduate diploma in business management (marketing) and a master's degree in the history of arts.	He holds a master's degree in physics and an M. Phil. degree in social sciences. He also holds diplomas in management and public finance from Paris and in public administration from Delhi.	He holds a bachelor's degree in economics from St. Stephen's College, Delhi University. He is also qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales, U.K.
Expertise in specific functional area	He has served in various organisations and has over three decades of varied experience in the field of finance. He joined Rural Electrification Corporation Limited ("REC") in the year 1999 as the Chief (Finance) and was promoted as the General Manager (Finance) in the year 2004. During his tenure at REC, he was closely associated with resource mobilisation, project evaluation as well as its initial public offering. He was also on the board of REC Power Distribution Company Limited, a wholly owned subsidiary of REC. He also served at Uttar Pradesh Financial Corporation as Deputy General Manager (Finance). He has also been a Lecturer at Banaras Hindu University, Varanasi.	She joined the Indian Administrative Service in the year 1968 and belonged to the Haryana cadre. She has served in various positions in the State and Central Governments for about 38 years. As the Secretary, Ministry of Health and Education in the Haryana Government, she implemented new schemes for women and children including introduction of reproductive and child health programme in the state. She was also involved in all policy matters relating to family welfare, immunisation and malaria eradication programmes. She has also served as the Joint Secretary in the Ministry of Culture, Gol. She has also functioned as the Director General of the Archaeological Survey of India from 2000-2002 and implemented heritage projects and has been	He joined the Indian Administrative Service in the year 1967. He has administrative and management experience of over 37 years and has worked in different capacities in both Central and State governments in several sectors including energy, power, port, urban infrastructure, industries, environment and forests. He has expertise in the fields of policy, planning and implementation in power, port and urban infrastructure sectors. He was also the former Chairman of Maharashtra State Electricity Board and the Mumbai Port Trust. He has also been the Managing Director of Maharashtra Petro Chemicals Corporation and the Commissioner of Food and Drug Administration. He retired in the year 2004 as the Chief Secretary, Government of	He has an experience of 24 years in the field of investment and corporate banking in India and two years in insolvency and liquidation business in the United Kingdom. He has served as the Director, Corporate Affairs, India in Fidelity Fund Management Private Limited. Prior to this assignment, he was the Director, HSBC Securities and Capital Markets (India) Private Limited and has been associated with Hongkong and Shanghai Banking Corporation Limited for over nine years. Prior to that he was the Director, Corporate and Investment Banking with Barclays Bank Group in India. Before joining Barclays, he worked with ANZ Grindlays Bank in India and worked in various managerial capacities in personal banking, international finance and investment banking. He was on the



		involved in the introduction of public-private partnership for the preservation of monuments. As the Secretary, Ministry of Company Affairs, she was involved in the preparation and introduction of Companies Amendment Act, 2006 into the Parliament and completed the implementation of e-governance with the launch of MCA 21 all across the country. She has also served as a member on the Board of SEBI.	Maharashtra. He joined our Board on April 3, 2008.	panel of consultants with the Commonwealth Secretariat and has served on behalf of the Secretariat as an advisor to the Ministry of Industry, Government of Trinidad and Tobago. He has also been on the banking and finance committees of various key chambers of commerce in India including Federation of Indian Chambers of Commerce & Industry, Associated Chamber of Commerce and Industry in India, Bombay Chamber of Commerce, PHD Chamber of Commerce and Indian Merchant Chambers. He is also a member of the 'Core Group' on Corporate Governance Norms for Institutional Investors which was constituted by the National Foundation for Corporate Governance under the Ministry of Company Affairs, Gol, in cooperation with Confederation of Indian Industries.
Directorship held in other Companies	M/s PTC India Limited	-	M/s Yes Bank Independent Director M/s SCI Independent Director M/s Hindustan Copper Limited, Independent Director Inter-Continental Stock Exchange of India- Public Representative Director.	M/s. Deutshe Post Bank Home Finance (P) Limited – Independent Director M/s G4 S Corporate Services (P) Limited – Independent Director M/s. Foundation for Aviation & Sustainable Tourism- Life Trustee
Membership/ Chairmanship Committees across all Public Companies (as per clause 49(c) of the listing agreement)	-	Member of the Audit Committee of NHPC Ltd.  Chairman, Shareholders' Grievance Committee	Chairman of the Audit Committee of NHPC Limited.  Member, Audit Committee in M/s. Yes Bank and M/s. SCI Chairman Investor Grievance Committee in M/s SCI	-
No. of Shares held	49875	NIL	NIL	NIL



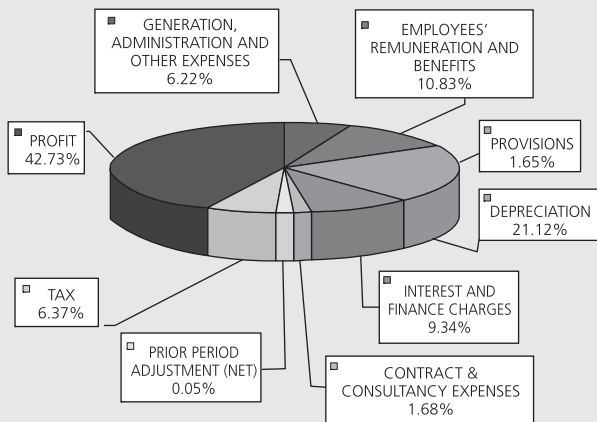
Directors appointed since last Annual General Meeting July, 2009

Name	Shri A. Gopalakrishnan	
Date of Birth	02.12.1951	
Date of Appointment	15.12.2009	
Qualification	Chartered Accountant	
Expertise in specific functional area	He has held membership in State Council of Indian Industry, Kerala and Centre for Taxation Studies Trivandrum. He is associated with Education Trust in Chief Trustee of Chinmaya Mission Educational and Cultural Trust, Ernakulam and he is founder President of Chinmaya Vidyalaya, Kottayam. He was Chairman of Kuttayam branch of the Institute of Chartered Accountants of India (1999-2000). He has been faculty for the Coaching Board classes for CA Intermediate and Final students. He has also been Convenor of Economic Affairs and Taxation panel for the year 2007-08.	
Directorship held in other companies	Dena Bank	
Membership/Chairmanship Committees across all Public Companies		
No. of Shares held		

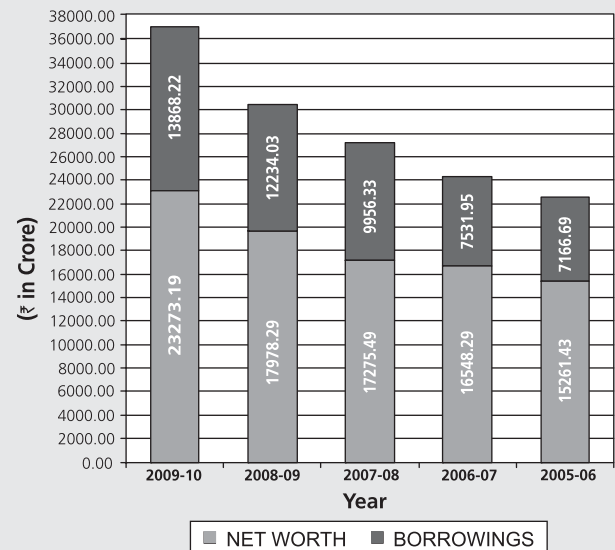
(Shares held as nominee of hon'ble President of India)

## NHPC'S PERFORMANCE

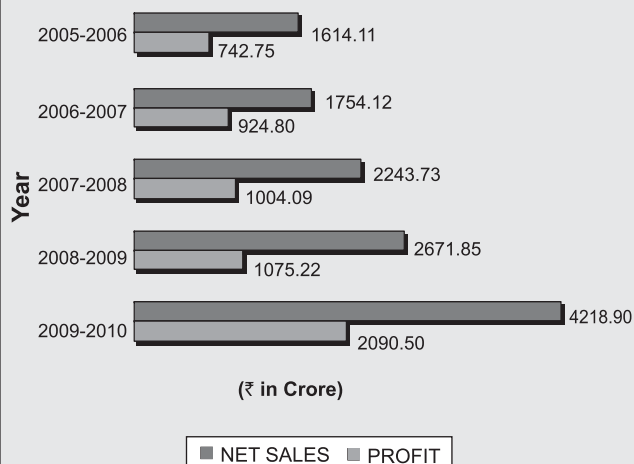
### ANALYSIS OF REVENUE 2009-2010



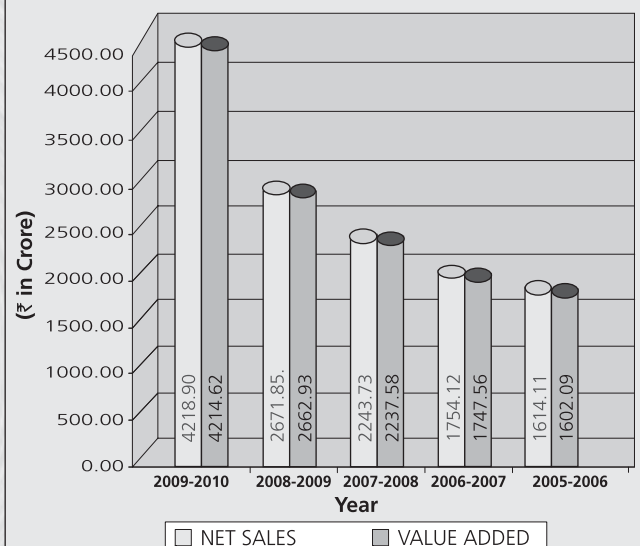
### NET WORTH v/s BORROWING



### NET SALES v/s PROFIT



### NET SALES v/s Value ADDED





## DIRECTORS' PROFILE



**Shri S.K. Garg**, (DIN : 00055651) 59 years, is our **Chairman and Managing Director**. He holds a bachelor's degree in commerce from Sri Ram College of Commerce, Delhi University. He is a qualified Chartered Accountant and is a member of the Institute of Chartered Accountants of India since 1973. He has about 36 years of professional experience in the energy sector, which includes seven years of experience in the power sector. Prior to joining our Company, he had worked with M/s Indian Oil Corporation Ltd. for 29 years in various capacities and last as Executive Director (Finance). He was appointed as our Director (Finance) w.e.f. July 1, 2003 and was holding additional charge of CMD from October 1, 2005 till January 22, 2007. He was elevated to the post of Chairman and Managing Director w.e.f. January 23, 2007. Under his able leadership, NHPC has been conferred with 'Mini-Ratna' Category-I status by the Govt of India and also became a listed company on NSE & BSE w.e.f. 1st September 2009. Mr. Garg is also the Chairman and Managing Director of our Subsidiary, NHDC Ltd. (A Joint Venture with Govt. of M.P.) besides being Chairman of Loktak Downstream Hydroelectric Corporation Limited (A Joint Venture with Govt of Manipur). Shri Garg has been conferred with several prestigious awards like 'CA Professional Manager Award' by Institute of Chartered Accountants of India in January 2008, 'CEPM-PMA Honorary Fellowship Award by Project Management Associates in December 2008 and the 'Bharatiya Shiromani Puraskar' by the Institute of Economic Studies in 2009. Shri Garg is also on the Board of International Hydropower Association (IHA), U.K. and is a member of various other professional bodies and industry associations.

**Shri A.B.L. Srivastava**, (DIN : 01601682) 55 years, is our **Director (Finance)**. He holds a master's degree in business finance and commerce. He is also a member of the Institute of Chartered Accountants of India. He has served in various organisations and has over three decades of varied experience in the field of finance. He joined Rural Electrification Corporation Limited (REC) in the year 1999 as the Chief (Finance) and was promoted as the General Manager (Finance) in the year 2004. During his tenure at REC, he was closely associated with resource mobilisation, project evaluation as well as its initial public offering. He was also on the board of REC Power Distribution Company Limited, a wholly owned subsidiary of REC. He also served at Uttar Pradesh Financial Corporation as Deputy General Manager (Finance). He has also been a Lecturer at Banaras Hindu University, Varanasi and D.A.V. College, Kanpur. He is also a nominee director on the board of M/s. PTC India Ltd. He joined our Board on February 11, 2008. He is in charge of the finance, information technology and commercial divisions of our Company.



**Shri D.P. Bhargava**, (DIN : 01277269) 53 years, is our **Director (Technical)**. He holds a bachelor's degree in electrical engineering from the University of Roorkee. He has approximately 31 years of experience in the hydro power sector. While at our Company, he has been involved in the design, construction, testing and commissioning, operation and maintenance of various projects/power stations of our Company. He has also worked with Nathpa Jhakri Hydro Power Station of Satluj Jal Vidyut Nigam Limited and was also the Chief Executive Director of our Subsidiary, NHDC. He has also served as the Executive Director (Projects) of our Company. He joined our Board on March 26, 2009. He is currently in charge of activities including design, engineering, contracts, planning, quality assurance, inspection, and operation and maintenance of Power Stations.

**Shri J.K. Sharma**, (DIN : 00387785) 52 years, is our **Director (Projects)**. He holds a degree in civil engineering from the University of Indore. He is a member of the American Society of Civil Engineers. He is also a fellow of the Institute of Engineers and Chartered Engineers, India. He has over 31 years of experience in the hydro sector infrastructure in India and abroad. Prior to joining our Company, he served as the Director (Civil) in the Satluj Jal Vidyut Nigam Limited. He is a recipient of the Rashtriya Gaurav Award and the Mother Teresa Excellence Award. He has published articles on the hydro industry in various Indian and international journals. He joined our Board on April 10, 2009. He is currently in charge of construction, survey and investigation of projects of our Company.



**Shri R.S. Mina**, (DIN : 00149956) 53 years, is our **Director (Personnel)**. He holds a bachelor's degree in electrical engineering from Maulana Azad College of Technology, Bhopal and a master's degree in Business Administration having specialised in Financial Management and Human Resource Development from Indira Gandhi National Open University (IGNOU). He has over 29 years of total work experience including over 28 years in the power sector alone. Apart from handling technical assignments like design, engineering, construction, execution, testing and commissioning of transmission lines and hydro electric projects, he has also headed the Human Resource Development, Corporate Communication, Rajbhasha and Facility Management Divisions. He worked with our Company from May 1, 1981 to November 19, 1991, after which he joined PGCIL. He re-joined our Company on December 18, 1998. Prior to joining our Board, he served as the Executive Director (Consultancy and Business Development) and as Executive Director, Region- III, Kolkata of our Company. He joined our Board on April 28, 2009. Presently, he is in charge of Human Resource

Management, Human Resource Development, Legal, Corporate Communication, Estate and Facility Management Services and Consultancy and Business Development.

**Shri Rakesh Jain**, (DIN : 02682574) (Official part time Director), 53 years, holds Masters Degree in physics from Delhi University. He is an officer of Indian Audit & Accounts Service (1981). He is currently the Joint Secretary & Financial Adviser (JS& FA) in the Ministry of Power. He is a Government nominee Director on the Board of Directors of NTPC Limited, Power Finance Corporation Ltd., Power Grid Corporation of India Ltd. and EESL under the Ministry of Power. Before joining Ministry of Power, he held various important positions such as Director General (Accounts), Entitlement, Complaints & Information System; Principal Director (Report States)- Office of Comptroller & Auditor General of India, Accountant General (AG) (Audit), Rajasthan; AG(AE-11) Madhya Pradesh; Principal Director (Commercial Audit), Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He joined our Board on September 29, 2009.







**Shri Sudhir Kumar** (DIN : 02669103) (**Official part time Director**), 54 years, did his Post-Graduation from Delhi School of Economics, University of Delhi. He was selected for Indian Administrative Service in 1982 and allotted to Bihar Cadre. As Deputy Development Commissioner, Ranchi and Deputy Commissioner, Dumka, he started 'Jal Hai Jaan Hai' Scheme for the poor tribals under Million Well Programme. Over 50,000 irrigation wells and tanks, hundreds of check dams and lift irrigation schemes were constructed. In November 1992, he was sent as District Magistrate, Sitamarhi in the wake of communal riots in the district. He brought the situation under control and no untoward incident happened during his tenure. As Deputy Commissioner, Dhanbad he got over 50,000 unorganized coal loaders freed from the clutches of Mafia and ensured payment of minimum wages to them. During his tenure as Commissioner, Commercial Taxes, Bihar, commercial tax revenues recorded double digit growth rates and crossed pre-partition levels in the year 2004-05. As Officer on Special Duty to the Minister for Railways, he assisted the Minister in transforming the financial health of railways to one of the biggest money spinners in the country with an internal generation of Rs. 25,000 crores in 2007-08. He was conferred Public Service Excellence Award for the year 2008 by All India Management Association. He was also conferred Director's Special Award for the year 2007 for the historic turn around of Indian Railways by Indian Institute of Public Administration, New Delhi. He joined our Board on October 21, 2009.

**Smt. Komal Anand**, (DIN : 01909263) (**Independent Director**), 64 years, joined IAS in the year 1968 (Haryana cadre). She has served in various positions in the State and Central Govt. for thirty eight years. She was posted as Deputy Commissioner Implementation of The Delhi Master Plan in early seventies. Later she was appointed as Deputy Secretary Commerce looking after Tea, Coffee, Rubber & Cardamon Industry. As the Secretary, Ministry of Health and Education in the Haryana Government, she implemented new schemes relating to expansion of health facilities in the state as well as developmental schemes for amelioration of welfare of women and children. She was also involved in all policy matters relating to family welfare, immunization and malaria eradication programs. She served as the Joint Secretary in the Ministry of Culture, Government of India in the early 1990-95. Later she was appointed as the Director General of the Archaeological Survey of India from 2000-02 and implemented heritage projects and has been involved in the introduction of public private partnership for the preservation of monuments. In 2002 she was posted as Director- General CAPART dealing with over 18000 NGOs in the field of Rural Development in the country.



As the Secretary, MCA she was involved in the preparation and introduction of Companies Amendment Act, 2006 into the Parliament. The Limited Liability Partnership Act and amendments to the Competition Act of India were finalized by the Ministry Of Corporate Affairs under her guidance. She has also completed the implementation of e-governance program relating to all the registered companies in the country with the launch of MCA 21 all across the country. She has also served as a member on the Board of SEBI. She joined our Board on April 2, 2008.



**Shri Arun Kumar Mago** (DIN : 01624833) (**Independent Director**), 64 years, holds a master's degree in physics and an M. Phil. degree in social sciences. He also holds diplomas in management and public finance from Paris and in public administration from Delhi. He joined the Indian Administrative Service in the year 1967. He has administrative and management experience of over 37 years and has worked in different capacities in both Central and State Governments in several sectors including energy, power, port, urban infrastructure, industries, environment and forests. He has expertise in the fields of policy, planning and implementation in power, port and urban infrastructure sectors. He was also the former Chairman of Maharashtra State Electricity Board and the Mumbai Port Trust. He has also been the Managing Director of Maharashtra Petro Chemicals Corporation and the Commissioner of Food and Drug Administration. He is

also an Independent Director in M/s. Yes Bank, M/s. Shipping Corporation of India Ltd. and M/s. Hindustan Copper Limited. He is also a public Representative Director in Inter-Connected Stock Exchange of India. He retired in the year 2004 as the Chief Secretary, Government of Maharashtra. He joined our Board on April 3, 2008.

**Shri Raman Sidhu** (DIN : 00121906) (**Independent Director**), 53 years, holds a bachelor's degree in economics from St. Stephen's College, Delhi University. He is also qualified as a Chartered Accountant from the Institute of Chartered Accountants of England and Wales, U.K. He has an experience of over 27 years in the field of investment and corporate banking in India and two years in insolvency and liquidation business in the United Kingdom. He has served as the Director, Corporate Affairs, India in Fidelity Fund Management Private Limited. Prior to this assignment, he was on Board of HSBC Group, was the Director of HSBC Securities and Capital Markets (India) Private Limited and has been associated with Hongkong and Shanghai Banking Corporation Limited for nine and half years. Prior to that he was the Director, Corporate and Investment Banking with Barclays Bank Group in India. Before joining Barclays, he worked with ANZ Grindlays Bank in India and worked in various managerial capacities in personal banking, international finance and investment banking. He was on the panel of consultants with the Commonwealth Secretariat and has served on behalf of the Secretariat as an advisor to the Ministry of Industry, Government of Trinidad and Tobago. He has also been on the banking and finance committees of various key chambers of commerce in India including Federation of Indian Chambers of Commerce & Industry, Associated Chamber of Commerce and Industry in India, Bombay Chamber of Commerce, PHD Chamber of Commerce and Indian Merchant Chambers. He is also a member of the 'Core Group' on Corporate Governance Norms for Institutional Investors which was constituted by the National Foundation for Corporate Governance then the Ministry of Finance and Company Affairs, Gol, in cooperation with Confederation of Indian Industries. He joined our Board on April 7, 2008.







**Shri R. Jeyaseelan** (DIN : 02143850) (**Independent Director**), 62 years, obtained the degree of bachelor of engineering (civil) from the University of Madras in the year 1967. He also holds a master of technology degree in structural engineering from the Indian Institute of Technology, Madras. Further, he also obtained a postgraduate diploma in hydropower from the Norwegian Technical Institute, Trondheim in the year 1979. He has a wide experience of approximately 39 years in the field of water resources development, planning, design, monitoring and related research. His areas of expertise include planning and design of hydropower schemes, hydrological observations, flood forecasting and monitoring of projects. He joined the Central Water Commission in December 1969 as the Assistant Director. He has also been a member of several committees including Vice President, International Commission on Irrigation and Drainage. He has also worked with the Water and Power Consultancy Services (India) Limited over a period of seven years on consultancy assignments in India and abroad. He retired as the Chairman, Central Water Commission in November 2006. He joined our Board on April 23, 2008.

**Dr. Kuriakose Mamkoottam** (DIN : 02231128) (**Independent Director**), 64 years, is currently the Head & Dean of the prestigious Faculty of Management Studies (FMS), University of Delhi, where he has been a Professor of Human Resource Management & Industrial Relations, since 1985. Since he obtained his PhD in the area of Human Resource Management in 1977, he has actively engaged in teaching, research and consulting work.



Dr. Mamkoottam has served as Director, Centre for Applied Behavioural Sciences and Action Research, UDSC, India –EEC Fellow, ESADE, Barcelona, External Examiner, Faculty of Law and Management, University of Mauritius, Member- Governing bodies of DU Colleges and Chairman/ Member of University Hostels, Board Member on NGOs and Professional Journals. He has undertaken extensive research in the areas of Trade Unions, Industrial Relations, New Technology and Human Resource Management, in India, South Asia and in Europe. He has undertaken consulting and training for the International Labour Organisation (ILO), Nepal Industrial Relations Forum, Bangladesh Employers' Association, Skills Development Fund Sri Lanka, Planning Commission - Government of India, the fifth Pay Commission – Government of India, several MNCs and domestic companies.

Dr. Mamkoottam has published two books and more than 35 research papers in professional journals and edited books, and has presented papers in several national and international conferences. He joined our Board on June 17, 2008.



**Shri K. Dharmarajan** (DIN : 02322767) (**Independent Director**), 66 years, holds a bachelor's and masters degree in physics from St. Stephen's College, University of Delhi, and master of science degree in Energy Management and Policy from University of Pennsylvania, USA. A retired member of the Indian Administrative Service, he has 44 years of diverse experience with expertise in the fields of energy, finance, administration, trade and commerce, urban governance and poverty. He has held several posts in the Central and State governments including those in the Ministry of Energy, Government of India, Ministry of Urban Development, Government of India, Tamil Nadu Electricity Board, Commercial Taxes Department, Government of Tamil Nadu. He has also served as the Director General of the Indian Institute of Foreign Trade and Chairman of the Expert Committee for Property Tax Reforms, Delhi Government and Hardship and Anomaly Committee for Property Tax, Delhi. He also undertaken several consultancy assignments for United Nations Agencies, World Bank, Asia Pacific Development Centre and other multi-lateral, national level organisations. He joined our Board on September 3, 2008.

**Shri A. Gopalakrishnan** (DIN : 02880344) (**Independent Director**), 58 years, is a partner in one of the oldest and reputed firm M/s K. Ventkatachalam Aiyer and Co. Chartered Accountants Head quartered at Thiruvananthapuram. He holds 13<sup>th</sup> Rank at all India level in CA final examination held in May, 1974 and 36<sup>th</sup> rank in CA intermediate. He has held membership in State Council of Indian Industry, Kerala and Centre for Taxation Studies Trivendrum. He is associated with Education Trust as Chief Sevak of Chinmaya Mission Educational and Cultural Trust, Ernakulam. He is the founder President of Chinmaya Vidyalaya, Kottayam. He was the Chairman of Kottayam branch of the Institute of Chartered Accountants of India (1999-2000). He has been faculty for the Coaching Board classes for CA Intermediate and Final students. He has also been Convenor of Economic Affairs and Taxation panel of CII Kerala Region for the year 2007-08. He was the director of Dena Bank up to December, 2009.



He is a resource person presenting papers on various subjects in conferences and seminars organized by various professional bodies like ICAI. He joined our Board on December 15, 2009.



## DIRECTORS' REPORT

To the Members,  
NHPC Limited,

The directors have pleasure in presenting the 34<sup>th</sup> Annual Report on the performance of your Company together with Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the financial year ended 31<sup>st</sup> March 2010.

### 1. FINANCIAL PERFORMANCE

The financial performance for the year ended as on March 31<sup>st</sup> 2010 is summarized here under:-

Table I

#### FINANCIAL HIGHLIGHTS

(₹ in Crore)

Particulars	2009-10	2008-09
Sales	4326.87	2698.06
Profit before Depreciation, Interest and Tax	3892.41	2201.76
Depreciation	1033.25	518.24
Profit after Depreciation but before Interest and Tax	2859.16	1683.52
Interest & Finance Charges	457.08	505.18
Profit after Depreciation and Interest but before Tax	2402.08	1178.34
Tax	311.58	103.12
Profit after Depreciation, Interest and Tax	2090.50*	1075.22
Surplus of Profit and Loss Account of earlier years	1963.66	1344.53
Amount written back from Bond Redemption Reserve	14.25	14.25
Amount written back from Self Insurance Reserve	-	0.06
Tax on Dividend-written back	3.98	8.57
Balance available for appropriation	4072.39	2442.63

#### APPROPRIATIONS

Transfer from Bond Redemption Reserve	100	-
Transfer to Self Insurance Fund	32.99	98.74
Interim Dividend	-	12.5
Proposed Final Dividend	676.54	200.00
Tax on Dividend		
Interim	-	21.24
Proposed	112.36	33.99
Balance carried over to Reserve and Surplus	3150.50	1963.66

\* The increase in profits during the year is mainly on account of finalization of tariff for the Chamera –II, Dulhasti and Teesta-V Power Stations and recognition of sales as per revised tariff guidelines issued by CERC, applicable w.e.f 01.04.09.

### 2. POWER GENERATION

The operating power stations of the NHPC, located in different parts of the country, have generated 16960 MUs during the year 2009-10 exceeding the annual MOU targets of 16381 MUs for the 'Very Good' rating by 579 MUs. Further the generation in 2009-10 is higher by 1.62% as compared to the generation during the previous year (2008-09). Sewa HE Project stage – II, Jammu and Kashmir having 120 MW has been commissioned and all the three units have been put into commercial operation .

### 3. PROPOSED DIVIDEND

Your Directors have recommended a dividend of Re. 0.55 per share (excluding dividend tax) for the year 2009-10.

### 4. CAPITAL STRUCTURE

During the year your company came out with the Initial Public Offer which was oversubscribed by 23 times. Due to IPO, the share capital amounting to ₹ 1118.24 Crore has been added during the period under report. The paid up capital as on 31.03.2010 was ₹ 12300.74 Crore.



## 5. STATUS OF ONGOING PROJECTS

The Corporation is engaged in the construction of the following hydroelectric projects:

<b>Hydroelectric Projects likely to give benefits in the XI Plan period:</b>	<b>Expected generation (MUs per annum)</b>	<b>Proposed Installed Capacity (MW)</b>
Uri II, Jammu & Kashmir	1123.76	240
Chamera III, Himachal Pradesh	1104.00	231
Nimoo Bazgo, Jammu & Kashmir	239.00	45
Chutak, Jammu & Kashmir	216.00	44
Parbati III, Himachal Pradesh	1963.29	520
Teesta Low Dam III, West Bengal	594.07	132
Teesta Low Dam IV, West Bengal	720.00	160
<b>Hydroelectric Projects likely to give benefits beyond XI Plan period:</b>		
Subansiri Lower, Assam / Arunachal Pradesh	7421.00	2,000
Parbati II, Himachal Pradesh	3108.66	800
Kishanganga, Jammu & Kashmir	1350.00	330
<b>Total</b>		<b>4,502</b>

Despite challenges such as geological obstacles, natural calamities and local problems, construction activities are continuing at a brisk pace and the projects are at various stages of completion.

## 6. NEW SCHEMES

### Projects under Clearances/Approvals

<b>Sr. No.</b>	<b>Name of the project</b>	<b>Capacity</b>
1	Kotli Bhel I-A, Uttarakhand	195 MW
2	Kotli Bhel I-B, Uttarakhand	320 MW
3	Kotli Bhel II, Uttarakhand	530 MW
4	Dibang, Arunachal Pradesh	3,000 MW
5	Tawang-I, Arunachal Pradesh	600 MW
6	Tawang-II, Arunachal Pradesh	800 MW
7	Pakal Dul, J&K	1000 MW
8	Kiru, J&K	600 MW
9	Kwar, J&K	520 MW
10	Tipaimukh, Manipur	1500 MW
11	Teesta-IV, Sikkim	520 MW

Detailed Project Reports for all these projects have already been prepared and got approved by the Competent Authorities in most of the cases. The clearances in respect of environmental, forest clearances are awaited in some of these projects. On getting clearances, the construction activities of the projects will be undertaken by the Company. In respect of projects in J&K, a Memorandum of Understanding has been signed among NHPC, JKSPDC and PTC to execute these projects through a Joint Venture Company.



## 7. PROJECTS UNDER DPR / FR PREPARATION

The preparation of Detailed Project Reports, Feasibility Report preparation and Survey and Investigation are being undertaken by the Company in respect of following projects and are at various stages.

Sl. No.	Projects	Capacity
1	Bursar, J&K	1,020 MW
2	Chungar Chal, Uttarakhand	240 MW
3	Garba Tawaghat, Uttarakhand	630 MW
4	Karmoli Lumti Tulli, Uttarakhand	55 MW
5	Lachen, Sikkim	210 MW

## 8. CONSULTANCY & BUSINESS DEVELOPMENT SERVICES

NHPC is providing consultancy services in the various fields of hydro power i.e. river basin studies, survey works, design and engineering, geological studies, geotechnical studies, hydraulic transients studies, hydrological studies, contract management, construction management, equipment planning, under ground construction, testing commissioning, operation and maintenance etc. to leading organizations of the country. NHPC is registered with World Bank, Asian Development Bank, African Development Bank and Kuwait Fund for Arab Economic Development, Central Water Commission, and Consultancy Development Centre as a Consultant in the area of Hydropower. Major consultancy assignments undertaken by your company include assignments from Central and State Government agencies in India including State Electricity Boards and Public Sector Undertakings. Seventy nine consultancy assignments have already been completed besides seventeen ongoing assignments in hand.

Under the 'Action Plan' on India-Bhutan cooperation in hydropower development of 10,000 MW by the year 2020, NHPC has been entrusted with the work for preparation of DPRs of Chamkharchhu – I H.E. Projects (670MW) and Kuri Gongri H.E. Project (1800MW) in Bhutan by the Ministry of Power. An agreement has also been signed between NHPC Ltd and Department of Energy, Royal Govt. of Bhutan for providing Engineering Consultancy Services for the Pre-construction Activities of Mangdechhu HE Project (720 MW) in Bhutan in March 2010.

NHPC has also signed two agreements in Jan 2010 for taking up additional investigations and Preparation of Updated DPRs for 1200 MW Tamanthi and 642 MW Shwezaye HydroPower and Multipurpose Project in Myanmar, as consultancy Assignments, with Ministry of External Affairs (MEA), Government of India. The assignment has been funded by Government of India through MEA. In June 2010, the Ministry of Power, GoI has designated NHPC as the executing agency for these projects.

## 9. RGGVY - RURAL ELECTRIFICATION (RE) PROJECTS

NHPC has taken the initiative of contributing towards village electrification under the Rajiv Gandhi Gramin Vidyutikarn Yojna (RGGVY). The works are spread over 27 districts in the states of Bihar, Chhattisgarh, Jammu & Kashmir, Orissa and West Bengal, covering electrification of 31909 villages and providing service connections to 20.80 lakh below the poverty line (BPL) households at an awarded cost of about ₹ 2,450 crore. During 2009-10, NHPC brought electricity to 8,092 villages (including 5391 that had partial electricity) and provided service connections to 6.03 lakh BPL households.

## 10. RURAL ROAD PROJECTS

NHPC has signed a Memorandum of Understanding with the Ministry of Rural Development, Government of India and Government of Bihar for construction of Rural Roads and their maintenance in six districts of Bihar under the Pradhan Mantri Gram Sadak Yojna (PMGSY). Under this scheme 832 Nos roads totaling to 3517 KM with a cost of Rs 1921 crore have been cleared by Ministry of Rural Development, Govt. of India. Under this project, 229 roads totaling 1186.50 km (full length) with a cost of ₹ 547.99 crore have already been completed.

## 11. INFORMATION TECHNOLOGY & COMMUNICATIONS

NHPC has made a major break-through in utilizing information technology in its core functions by implementing ERP with an objective of meeting the business objectives of timely completion of construction projects and optimally operating the generating power stations towards maximizing profit. After implementation of ERP at pilot locations during 2008-09, ERP has been rolled out across the organization at all regional offices, power stations and construction projects for all modules e.g. Energy Sales Accounting, Project Monitoring, Power Plant O&M, HR, Finance, Procurement etc. Employee Compensation and Employee Self Service functions are also being performed in ERP.



IT&C infrastructure has also been strengthened to support ERP, considerably during the year. Various remote locations have been connected through additional MPLS-VPN link. New ERP servers have been commissioned in enterprise class TIER-III Data Centre of NICSI at Delhi and DR site has been operationalized at its Regional Office at Kolkata.

ERP has become backbone for information flow and decision making of various key business processes of NHPC as well as other routine functions across the Organization.

## **12. TRAINING & HUMAN RESOURCE DEVELOPMENT**

Your Company gives highest importance to training and learning of employees at all levels. The company believes that a well-trained and experienced team of employees is crucial for its continued growth. As a part of commitment to training, the Company has set up training centers at various power stations and has also developed learning – ventures with the leading educational institutions of the country for skill and knowledge enrichment of all sections of employees. Training Programmes are designed and conducted on the prevailing and upcoming technologies in Power Sector.

Special Training Programmes were also conducted for creating awareness about the features of Reservation policy and other essential provisions for the employees in SC/ST/OBC category. The Company attaches special importance to train women employees for empowering them to compete and collaborate with others.

## **13. EMPLOYEE RELATIONS**

During the year under report, Industrial Relations were cordial and harmonious at all NHPC Projects /Stations/ Units. There was no report of any strike or lockout during the period.

The representatives of workmen were allowed to participate in decision making process, wherever feasible.

## **14. RESEARCH & DEVELOPMENT (R&D)**

Your company attaches special attention to Research & Development activities to bring innovation and improve upon its areas of operation. Specific areas in which R&D was carried out by the company include-

- Computational Fluid Dynamics (CFD) analysis of penstock of two power stations viz Baira Siul & Loktak power station
- Development of 3.75 MW Durgaduani Mini Tidal Power Project in West Bengal.
- National R&D Project- Development of Silt Resistant Material for Turbine of Hydro Generators.
- New R&D Projects under National Perspective Plan (NPP) - Tunneling in water charged zones under high hydrostatic pressure.

## **15. REHABILITATION & RESETTLEMENT (R&R).**

Your company is sensitive towards problems, concerns and aspirations of Project Affected Families (PAFs). The company has formulated its own Resettlement & Rehabilitation (R&R) Policy – 2007 in line with National Rehabilitation and Resettlement Policy (NRRP), 2007 after consultation with various stakeholders. The Company's Policy provides certain extra benefits over and above of what is proposed in NRRP-2007. The policy assesses the issues related to loss of land, house, other resources, means of livelihood etc. of the PAFs. The policy provides a definitive insight in resolving the issues of income generation and concerns of indigenous people and vulnerable groups. Major emphasis has been laid upon economic sustenance of the PAFs.

## **16. VIGILANCE ACTIVITIES**

Vigilance Division has been granted ISO 9001-2000 certification by BIS, procedures have been documented, systems of monitoring of Vigilance complaint and disciplinary cases have been implemented.

Regular and surprise inspections were conducted by the Vigilance Department at regular intervals; actionable points were identified by the Project Vigilance Officer and intimated to Head of the Project. Intensive examination of the works were carried out by Chief Technical Examiner of the CVC.

As a preventive vigilance measure, circulars and guidelines based on inspection/intensive examinations were issued from time to time. Various vigilance awareness programs were conducted at regular intervals. Two Workshops of Vigilance Officers were conducted from 3<sup>rd</sup> to 4<sup>th</sup> September, 2009 and 16<sup>th</sup> to 19<sup>th</sup> March, 2010 respectively in order to review and improve their functioning.

## **17. OFFICIAL LANGUAGE IMPLEMENTATION**

Your company is making all out efforts for the progressive use of Official Language in the Company. In order to encourage use of Hindi various training programmes, exhibitions and competitions were organized during the year. Quarterly meetings of Official Language Implementation Committee were held regularly during the year at Corporate Office and its units.



Rajbhasha Magazine 'Rajbhasha Jyoti' was published during the year and the magazine bagged second prize from Rashtriya Hindi Academy, Rupambra as excellent magazine at All India level.

NHPC bagged 'Rajbhasha Shiromani' award for remarkable contribution in official language implementation from Bhartiya Bhasha Evam Sanskriti Kendra, New Delhi.

## 18. CORPORATE COMMUNICATION

NHPC has participated in various exhibitions for creating awareness among the public about the strength and capabilities of NHPC in development of hydro power. In addition to above, various means of communication were also used to appropriately highlight activities of NHPC.

NHPC has hosted the 15<sup>th</sup> Chess and 14<sup>th</sup> Inter-PSU Bridge tournament held at NHPC Residential Complex, Faridabad from 6<sup>th</sup> to 8<sup>th</sup> January, 2010 under the aegis of Power Sports Control Board, Ministry of Power. A total of 10 teams from various Power Sector PSUs participated in the tournaments. During 2009-2010, NHPC teams also participated in the various Inter-PSU sports tournaments organized by Power Sports Control Board and won prizes in various events mentioned below:

- winners trophy in the 14<sup>th</sup> Inter-PSU Bridge tournament hosted by NHPC at Faridabad from 6-8 January, 2010.
- NHPC women team won the winners trophy in the 12<sup>th</sup> Inter-PSU Carrom Tournament hosted by THDC at Rishikesh from 16<sup>th</sup> to 19<sup>th</sup> February, 2010.
- NHPC Athletics team won the second runners-up trophy in 8<sup>th</sup> Inter-PSU Athletics tournament hosted by BBMB at Chandigarh from 15<sup>th</sup> to 16<sup>th</sup> March, 2010
- NHPC Corporate Office Cricket team won the runners-up trophy at the Indian Oil Golden Jubilee T20 Cricket tournament held on 30.3.2010 at Manav Rachna Cricket Ground, Faridabad.

In addition to above, employees of NHPC have also participated in the various individual events.

## 19. AWARDS AND ACHIEVEMENTS:

During the year 2009-10, NHPC received various prestigious awards. Some of the important awards are listed below:

In 2009, NHPC was conferred the Second Prize in the 'Office Buildings Sector' under the National Energy Conservation Awards in recognition of NHPC's commendable efforts in Electricity Saving at its Corporate Office building. The award was given by Hon'ble Minister of Power Shri Sushil Kumar Shinde.

NHPC won the Indian Institute of Industrial Engineering's (IIIE) 'Performance Excellence Award' in recognition of its operational excellence in the development of hydro power projects for the year 2007-08.

The "Amity HR Excellence Award for Best Socio-Economic Responsive Organization" was awarded to NHPC for the year 2009 by the Amity International Business School, NOIDA in recognition of its HR practices.

The Council of Power Utilities, New Delhi, in association with KW Conferences presented the "Jury Award" to NHPC for large scale implementation of Hydro Projects.

NHPC's efforts in environmental management and sustainable initiatives helped the Company win the "TERI Corporate Environmental Award 2009" instituted by The Energy Research Institute, New Delhi.

NHPC's CSR Initiatives have been consistently recognised and lauded among the many awards and recognition that have been bestowed on the Company are: the SCOPE Meritorious Award for Corporate Social Responsibility and Responsiveness, Power HR Forum Award for Best Practices as a Corporate Citizen, AMITY Award for Best CSR Practices, Golden Peacock Award for Environmental Excellence, GreenTech Environmental Excellence Award, SRISHTI Awards for Good Green Governance, etc.

## 20. CORPORATE SOCIAL RESPONSIBILITY (CSR) AND REHABILITATION AND RESETTLEMENT (R&R)

NHPC has contributed to the economic development and improving the quality of life of internal as well as external stakeholders and the Society at large with its continued commitment towards Corporate Social Responsibility (CSR) and ethical behaviour. The CSR aspects find echoes in the Corporate's Mission Statement "To execute and operate projects in a Cost effective, Environment friendly and Socio-economic responsive manner".

NHPC as a Good Corporate Citizen has outreached itself for the Social Good with a deep concern for the Social Milieu around which it exists and works.

The Company has a Scheme on Corporate Social Responsibility – Community Development (CSR-CD), Initiatives at Power Stations. Your company has undertaken a number of CSR-CD Initiatives in the areas of Health, Education, Peripheral Development, Sports & Culture, development of Employment opportunities, Preservation of Nature etc. for the community living in and around the Power Stations and Construction Projects. Various other initiatives have also been undertaken which includes creation of Herbal Parks with Medicinal Value, large scale afforestation, Catchment Area Treatment (CAT), Fisheries Management, Vocational Training Programmes, Medical Camps, Development of Infrastructural facilities etc.



For the FY 2010-11, NHPC has earmarked Rs. 3.50 Crores to undertake various community development activities in the vicinity of its power stations.

Under the R&R Policy and also in respective DPR's of projects, NHPC has earmarked funds for various Community Development Initiatives to be taken up at the construction project sites.

### 21. CORPORATE GOVERNANCE

A separate statement on Corporate Governance is enclosed as a part of the Director's Report along with the Certificate for compliance as **Annexure - I** and the Management Discussion and Analysis Report as **Annexure - II** to this report.

### 22. RIGHT TO INFORMATION ACT, 2005

In compliance with the provisions of the Right to Information Act, 2005 the Corporation has provided various documents/ records at its website during the year under review. To enable nation wide access to the information, Assistant Public Information Officers at each of Power Station / Project / Regional Office / Unit were also appointed. All the applications received under this Act have been attended and suitable reply/information furnished to the applicants. Shri S.K.Dubey, Chief Engineer is at present designated as Central Public Information Officer.

### 23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information is given in the **Annexure-III** to the Report.

### 24. PARTICULARS OF EMPLOYEES

Information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is given in the **Annexure-IV** to the Report.

### 25. AUDITORS

M/s. GSA & Associates, Chartered Accountants, New Delhi, were appointed as statutory auditors for conducting the audit for the year 2009-2010. M/s N Sarkar & Co, Chartered Accountants, Kolkata , K. C. Bhattacharjee & Paul, Chartered Accountants, Kolkata , K. K. Ghei & Co, Chartered Accountants, New Delhi and M/s. Baweja & Kaul, Jammu were appointed as branch auditors of the Company.

### 26. AUDITOR'S REPORT

The Auditor's Report refers to various notes incorporated by the Corporation in Schedule 24, which are self-explanatory. The reports of the Statutory Auditors and comments of the Comptroller and Auditor General of India are enclosed as **Annexure-V and VI** respectively. The consolidated Financial Statement of the Company along with the Auditor's Report is placed at **Annexure-VII**.

### 27. COST AUDITORS

The following firms of Cost Auditors were appointed to conduct the audit of cost accounting records of power stations indicated against each firm for the financial year 2009-10 subject to the approval of the Central Government under Section 233-B of the Companies Act, 1956:-

Name of the Firm	Name of Power Station
M/s K. L. Jaisingh & Co., Noida	Uri-I & Dulhasti
M/s K. G. Goyal & associates, New Delhi	Salal & CPS-I
M/s S. K. Adya & Co., Faridabad	Dhauliganga & Tanakpur
M/s Jugal K Puri & Associates, New Delhi	Bairasiul & CPS II
M/s D.Dutt & Associates	Loktak Power Station
M/s DGM & Associates, Kolkata	Teesta-V & Rangit

### Contingencies and Event occurring after the Balance Sheet

As per the assurance given to Member, Audit Board of CAG of India, it is informed that

- the Corporation has issued Secured, Redeemable, Taxable, Non-Cumulative, Non-Convertible Debentures (NCD), in the nature of Bonds for ₹ 2000 crore (P-Series ) on private placement basis with LIC on one to one basis . NCDs in the nature of bonds (P-Series) was secured by first pari-passu charge over the fixed assets of the company both existing and future, with minimum asset coverage of 1.25 times of the issue amount. Necessary security was provided with in the stipulated time.
- NHPC is charging depreciation in the books as per Significant Accounting Policy No. 5.2 (Schedule 23 of Annual Accounts), deriving strength from the Tariff Policy 2006 issued under Electricity Act, 2003. CERC vide notification dated



19.01.2009 has revised the rates of depreciation & Methodology to compute depreciation for determination of tariff. As per said methodology, rates so notified shall be applicable for a period of first twelve years from the date of commercial operation. The depreciable value as on 31st March of the year closing after a period of twelve years from the date of commercial operation shall, however, be spread over the balance useful life of the assets. Since as per Generally Accepted Accounting Principles, depreciation is to be provided asset wise, asset wise rates of depreciation as prescribed by CERC has been continued to be followed even in respect of assets of the projects which have completed a period of twelve years from date of commercial operation in line with the provisions of Section 205 of the Companies Act, 1956 as well as AS-6 of ICAI Standard. The Office of C&AG of India has however observed that Company should have adopted rates as well as methodology prescribed by CERC for determination of tariff, for accounts also. It has been agreed with the Office of C&AG of India that the issue shall be referred to Ministry of Power (MOP) for seeking clarification, which has since been done.

## 28. SUBSIDIARY COMPANY

The Annual Accounts along with the Report of Auditors' and Directors' Report of NHDC Ltd and Loktak Downstream Hydroelectric Corporation Limited are annexed along with the statement under Section 212 of Companies Act 1956. Details regarding the subsidiaries are provided in Management Discussion and Analysis Report.

## 29. DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm the following:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability; and
- The Directors have prepared the annual accounts on a going concern basis.

## 30. BOARD OF DIRECTORS

Since last Report Shri Rakesh Jain, Joint Secretary & Financial Advisor, Ministry of Power has joined as a Govt. nominee Director on 29-09-2009.

Shri Sudhir Kumar, Joint Secretary (Hydel), Ministry of Power has joined as a Govt. nominee Director on 21-10-2009.

Shri A. GopalaKrishnan has joined as an Independent Director on 15-12-2009.

Shri Jayant Kawale, JS(Hydel), MOP ceased to be a Director w.e.f 24-09-2009.

The present composition of the Board is given in the report on corporate governance.

## ACKNOWLEDGEMENTS

The Board of Directors acknowledges with deep appreciation, the cooperation and guidance received from the Government of India especially the Ministry of Power, Ministry of Finance, Planning Commission, State Governments, Bankers, SEBI, Stock Exchanges Financial Institutions, Lenders and Investors. The Board also acknowledges and appreciates the contributions made by contractors, vendors, consultants and others for achieving the desired goals of the Company.

The Board places its special appreciation to the beneficiaries drawing power, State Electricity Boards and other valuable clients for consultancy assignments.

The Board places on record its deep appreciation for the cooperation extended by Statutory Auditors, Cost Auditors and Office of the Comptroller and Auditor General of India. Further, the Board wishes to convey its appreciation to all the employees of NHPC for the valuable services, dedications and commitments in achieving excellent performance of the Company.

**For and On behalf of the Board of Directors**



**(S.K. Garg)**

Chairman and Managing Director  
DIN No.: 00055651

Date: August 13, 2010

Place: Gurgaon



## REPORT ON CORPORATE GOVERNANCE

Annexure-I

### 1. Company's Philosophy on the Code of Governance

The Company is committed to following sound corporate practices that are based on conscience, openness, fairness, professionalism and accountability. It has been our endeavour to build confidence among our various stakeholders thus paving the way for long term success. We believe that corporate governance enhances our management practices. By adhering to high ethical standards for effective management and distribution of wealth we are better able to discharge our social responsibility towards the sustainable development of all stakeholders.

At NHPC, the corporate governance system is participatory, transparent, responsive, consensus-oriented and equitable. Besides adhering to the provisions of the Listing Agreement with stock exchanges we also follow the guidelines on corporate governance issued by the Department of Public Enterprises, Government of India.

### 2. Board of Directors

- i) **Size of Board:** NHPC is a government company as defined by section 617 of the Companies Act, 1956. The power to appoint directors rests with the President of India, as per the articles of association of the company. The strength of the board shall not be less than 4 directors and not more than 15 provided that the number of independent directors in any case shall not be less than half of the actual strength of the Board.
- ii) **Composition of Board:** Presently, the Board comprises of Chairman and Managing Director, Functional Directors, Government Nominee Directors and Independent Directors. As on 31<sup>st</sup> March, 2010, there are fourteen (14) directors, of which five are whole-time directors including Chairman and Managing Director, two Government Nominee Directors, and seven Independent Directors. The names and categories of directors, their attendance at Board meetings held during the year and at the last Annual General Meeting, as well as the number of directorships and committee positions i.e of Audit Committee, Shareholders' Committee as per listing agreement held by them are given below:

Name of the Director	Meeting held during respective tenure of Directors No .of Other	No. of Board Meetings attended	Attendance at the last AGM held on 31.07.2009	No. of Other Directorship held as on 31.03.2010	No. of Other Committee Membership held as on 31.03.2010	
					Chairman	Member
Executive Directors						
Mr. S. K. Garg	16	16	Yes	Two	Nil	Nil
Mr. A. B. L. Srivastava	16	16	Yes	One	Nil	One
Mr. D. P. Bhargava	16	15	No	Nil	Nil	Nil
Mr. J. K. Sharma%	16	15	Yes	Nil	Nil	Nil
Mr. R. S. Mina*	15	15	Yes	Nil	Nil	Nil
Non Executive Directors						
Mr. Gurdial Singh@	4	3	Yes	NA	NA	NA
Mr. Jayant Kawale#	10	4	No	NA	NA	NA
Mr. Rakesh Jain%%	5	5	Yes	Four	Nil	One
Mr. Sudhir Kumar**	5	3	NA	Five	Nil	Nil
Independent Directors (ID)						
Mr. A. K. Mago	16	16	Yes	Three	Two	Two
Ms. Komal Anand	16	13	Yes	Nil	Nil	Nil
Mr. Raman Sidhu	16	13	Yes	Nil	Nil	One
Mr. R. Jeyaseelan	16	16	Yes	One	Nil	One
Dr. Kuriakose Mamkoottam	16	16	Yes	Nil	Nil	Nil
Mr. K. Dharmarajan	16	12	Yes	One	One	Nil
Mr. A.Gopalakrishnan@@	3	3	NA	Nil	Nil	Nil



- % Mr. J. K. Sharma Joined the Board on 10<sup>th</sup> April 2009  
 \* Mr. R. S. Mina Joined the Board on 28<sup>th</sup> April 2009  
 @ Mr. Gurdial Singh ceased to be a director of the Company w.e.f. 22<sup>nd</sup> June 2009.  
 # Mr. Jayant Kawale ceased to be a director of the Company w.e.f. 24<sup>th</sup> September 2009.  
 %% Mr. Rakesh Jain appointed as director of the Company w.e.f. 29<sup>th</sup> September 2009 and attended the meeting as Shareholder.  
 \*\* Mr. Sudhir Kumar appointed as director of the Company w.e.f. 21<sup>st</sup> October 2009.  
 @@ Mr. A. Gopalakrishnan joined the Board on 15<sup>th</sup> December 2009.  
 The Directors of the Company do not have any inter-se relationship amongst themselves.

**A brief profile of the Directors is provided elsewhere in the annual report.**

**iii) Age limit and tenure of Directors:**

The age limit of the Chairman & Managing Director and other whole-time functional directors is 60 years.

The Chairman & Managing Director and other whole time functional directors are appointed for a period of five years from the date of taking charge or till the date of superannuation of the incumbent, or till further instructions from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing the Ministry of Power, Government of India, retire from the Board at the discretion of the nominating authority or on ceasing to be officials of the Ministry of Power.

Independent Directors are appointed by the Government of India usually for tenure of three years.

**iv) Non-Executive Directors' Compensation & Disclosures:**

The Company did not pay sitting fees to Non-Executive Government Nominee Directors. However, Independent Directors were paid sitting fees at the rate of ₹ 15,000 per meeting, for attending each meeting of the Board of Directors and Committee during the financial year 2009-10. The details of payments made towards sitting fees to independent directors during the year 2009-10 are given below:

Name of Independent Directors	Sitting Fees (in ₹)		Total (in ₹)
	Board Meeting	Committee Meetings	
Mr. A. K. Mago	2,40,000	2,05,000	4,45,000
Ms. Komal Anand	1,95,000	1,30,000	3,25,000
Mr. R. Jeyaseelan	2,40,000	70,000	3,10,000
Mr. Raman Sidhu	1,95,000	1,60,000	3,55,000
Dr. K. Mamkottam	2,40,000	1,45,000	3,85,000
Mr. K. Dharmarajan	1,80,000	1,20,000	3,00,000
Mr. A. Gopalakrishnan	45,000	Nil	45,000

Details of shares held by non-executive Directors:

Dr. Kuriakose Mamkottam: 713 shares

**(v) Board Meetings, Committee Meetings & Procedures:**

**(A) Decision-making Process:**

The company has laid down a set of guidelines for the Board of Directors meetings with a view to professionalising all corporate affairs. These Guidelines seek to systematise the decision making process at the Board meetings in an informed and efficient manner.

**(B) Scheduling and Selection of Agenda Items for Board/Committee Meetings:**

- The meetings are convened by giving appropriate notice after obtaining the approval of the Chairman of the Board/Committee. Detailed agenda notes, management reports and other explanatory statements are circulated in advance amongst the members to facilitate meaningful, informed and focused decisions during the meeting. When urgent issues need to be addressed, meetings are called at shorter notice or pass Resolution by Circulation.
- Wherever it is not practical to attach any document to the agenda notes due to its confidential nature, or in special and exceptional circumstances, additional or supplemental items, such papers are placed on the table at the meeting.
- The agenda papers are circulated after obtaining the approval of CMD.
- The meetings are usually held at the company's registered office at Faridabad or at New Delhi.



- Presentations are made at the Board/Committees on matters related to Finance, Operations, Human Resources, etc. to enable members to take informed decisions.
- The members of the Board have complete access to all information of the Company. The Board is also free to recommend any issue that they may consider important for inclusion in the agenda. Senior management officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

### (C) Recording of Minutes of the Board/Committee Meetings

Minutes of the proceedings of each Board/Committee meeting are duly recorded in the minutes book. The minutes of each board meeting are circulated among the board members in the next Board Meeting for their confirmation.

### (D) Follow-up mechanism

As per the guidelines laid down by the Board/Committee, an action-taken report on decisions of the Board/Committee members is presented in subsequent meetings. This acts as an effective follow-up, review and report process.

### (E) Compliance

It is our endeavour to ensure that all applicable provisions of law, rules, guidelines are adhered to while preparing the agenda notes. The company ensures compliance of all the applicable provisions of the Companies Act, 1956, SEBI Guidelines, Listing Agreement, and various other statutory requirements under different laws.

Following is a list of information that is regularly provided to the Board:

- Annual operating plans, budgets and related updates.
- Capital budgets and related updates.
- Quarterly results of the company.
- Minutes of meeting of audit committees and other committees of the Board.
- Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
- Fatal or serious accidents, dangerous occurrences.
- Major Investments, formation of Subsidiaries, Joint Ventures and Strategic Alliances.
- Disclosure of interest by directors about directorship and committee positions occupied by them in other companies.
- Details of Joint Ventures/collaboration agreements, etc.
- Award of large contracts.
- Other items in accordance with law and DPE guidelines.

The company held sixteen Board meeting during the year under review. The Company held at least one Board Meeting every two months and the maximum time interval between two meetings did not exceed two months. The details of the Board meetings are as under:

Sr. No.	Date	Board Strength	No. of Directors Present
1	17 <sup>th</sup> April 2009	12	11
2	28 <sup>th</sup> April 2009	13	11
3	25 <sup>th</sup> May 2009	13	12
4	19 <sup>th</sup> June 2009	13	11
5	17 <sup>th</sup> July 2009	12	11
6	25 <sup>th</sup> July 2009	12	11
7	31 <sup>st</sup> July 2009	12	10
8	13 <sup>th</sup> August 2009	12	11
9	20 <sup>th</sup> August 2009	12	11
10	25 <sup>th</sup> -26 <sup>th</sup> August 2009	12	11
11	24 <sup>th</sup> September 2009	12	9
12	31 <sup>st</sup> October 2009	13	13
13	30 <sup>th</sup> November 2009	13	12
14	16 <sup>th</sup> December 2009	14	13
15	19 <sup>th</sup> January 2010	14	12
16	10 <sup>th</sup> March 2010	14	13



The Board of Directors reviewed from time to time legal compliance report presented by the Company Secretary.

**vi) Code of Conduct:**

The Company is committed to conducting business in accordance with the highest standards of business ethics and compliance to applicable laws, rules and regulations. It is hereby confirmed that the Code of Business Conduct and Ethics for Directors and Senior Management were circulated among all concerned and complied with during the year under report.

**Declaration as required under Clause 49 of the Listing Agreement and DPE Guidelines**

All the members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31<sup>st</sup> March 2010.

Sd/-  
(S. K. GARG)  
Chairman & Managing Director  
DIN No. : 00055651

**vii) Fraud and Risk Management Policy:**

The risk management system is integrated and aligned with the corporate and operational objectives. Risk management is undertaken as a part of normal business practice and not as a separate task at set times. The Company has separate policies for fraud and risk management.

**viii) Training of Board Members:**

New Directors appointed by the Board are given formal induction and orientation with respect to the Company's Vision, strategic direction, core values including financial matters and business operations. They are also provided with necessary documents/brochures, reports and internal policies to help familiarise them with company procedures and practices. Site visits are also arranged for the Directors including Independent Directors.

**3. Committees Appointed by Board of Directors**

The Board has set up committees to look at various aspects of the business. The following is a list of Committees constituted by the Board:

1. Audit Committee
2. Shareholders' Grievance Committee
3. Projects and Performance Review Committee
4. Committee of Director on Contracts
5. IPO Committee
6. Remuneration Committee for Executives below Board Level.
7. Committee of Directors for allotment and post allotment activities of NHPC securities.
8. Committee of Director for investment of IPO Proceeds.
9. Committee of Director for self-insurance fund

**3.1 Audit Committee:**

The constitution, quorum, scope, etc of the Audit Committee is in line with the Companies Act, 1956 and provisions of the Listing Agreement.

**a) Composition of Audit Committee as on 31.03.2010:**

- |                       |                                 |
|-----------------------|---------------------------------|
| i) Shri A. K. Mago    | Independent Director - Chairman |
| ii) Smt. Komal Anand  | Independent Director            |
| iii) Shri Raman Sidhu | Independent Director            |
| iv) Shri Rakesh Jain  | Non-Executive Director          |



**b) Meetings and attendance:**

The Committee met 8 (eight) times during the year on 17<sup>th</sup> April 2009, 25<sup>th</sup> May 2009, 19<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 17<sup>th</sup> September 2009, 30<sup>th</sup> October 2009, 29<sup>th</sup> January 2010 and 4<sup>th</sup> March 2010. The details of the meetings of Audit Committee attended by the members are as under:

Sr. No.	Member of Audit Committee	Meeting held during his tenure	Meetings attended
1	Shri A. K. Mago	8	8
2	Smt. Komal Anand	8	7
3	Shri Raman Sidhu	8	5
4	Shri K. Mamkoottam	1	1
5	Shri Gurdial Singh	3	1
6	Shri Jayant Kawale	3	0
7	Shri Rakesh Jain	2	1

The meetings were also attended by Director (Finance), Head of the Internal Audit and Statutory Auditors as Special Invitees. These meetings were held at intervals of less than three months. The Company Secretary of the Company acted as Secretary.

**c) Scope of Audit Committee:**

At the Board Meeting of the Company held on 30<sup>th</sup> May 2008 it was decided that the terms of reference of the committee will be in accordance with clause 49 of the listing agreement as amended from time to time. Accordingly, the scope of the Committee would include periodical discussions with the auditors about compliance of internal control systems, the scope of audit including the observations of the auditors and review of the half-yearly and annual financial statements before submission to the Board. The committee shall also have authority to investigate into any matter on its own or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the company and seek external professional advice, if necessary.

### 3.2 Shareholders' Grievance Committee

**a) Composition**

The committee comprises of following members as on 31<sup>st</sup> March, 2010:

1. Smt. Komal Anand Independent Director & Chairman
  2. Shri R. Jeyaseelan Independent Director
  3. Shri A. B. L. Srivastava Director (Finance)
- Shri Vijay Gupta, Company Secretary is the compliance officer.

**b) Meetings and attendance**

During the year two meetings of the committee were held on 30<sup>th</sup> October 2009 and 28<sup>th</sup> January 2010 which were attended by all the members of the Committee.

**c) Number of shareholders' complaints received**

The company issued its initial public offer in the month of August 2009. The details of complaints received during the year are given below:

Description	Opening Balance as on 26.08.2009	Received during the period ending 31 <sup>st</sup> March 2010	Attended during the period ending 31 <sup>st</sup> March 2010	Pending
Non-receipt of refund order	NIL	18998	18998	NIL
Non-receipt of electronic credit	NIL	7573	7573	NIL
SEBI complaints	NIL	887	887	NIL
Stock Exchange complaints	NIL	100	100	NIL
Consumer Forum / Court cases	NIL	2	1	1
Advocate notices	NIL	30	30	NIL
<b>TOTAL</b>	<b>NIL</b>	<b>27590</b>	<b>27589</b>	<b>1</b>



**d) Number of pending share transfers**

As on March 31, 2009, no share transfer request was pending. All share transfers took place within the time prescribed by the Stock Exchanges and a certificate to this effect, signed by a practicing Company Secretary, has been furnished to the Stock Exchanges.

**e) Scope of the Committee**

The Shareholders' Grievance Committee shall have powers to decide, inter alia, oversee the redressal of shareholders' and/or investors' complaints and/or grievances pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transmission (with or without legal representation) of shares and other miscellaneous complaints.

The Shareholders' Grievance Committee shall meet periodically, as it deems fit. The quorum for the committee is the presence of one-third of total number of members or two members, whichever is higher.

**3.3 Projects and Performance Review Committee**

**a) Composition**

The Projects and Performance Review Committee comprises the following members as on 31<sup>st</sup> March 2010:

- |                               |                                 |
|-------------------------------|---------------------------------|
| i) Shri K. Dharmarajan        | Independent Director - Chairman |
| ii) Shri Sudhir Kumar         | Govt. Nominee Director          |
| iii) Shri A. B. L. Srivastava | Director (Finance)              |
| iv) Shri D. P. Bhargava       | Director (Technical)            |
| v) Shri J. K. Sharma          | Director (Projects)             |
| vi) Shri R. Jeyaseelan        | Independent Director            |

**b) Meetings**

The Committee met twice during the year on 14<sup>th</sup> January 2010 and 9<sup>th</sup> March 2010.

**c) Scope of the Committee**

The scope of the Projects and Performance Review Committee is to examine and review the following:

- Significant deviations from standard performance parameters.
- Deviations in project implementation.
- Construction Budget.
- Operation and Maintenance Budget.
- Investigation on such matters, excluding those that fall within the scope of the Audit Committee, as may be referred to it by the Board from time to time.
- Any other matter which in the opinion of the Management is of such importance as to be referred to the Committee for Project and Performance Review.

**3.4 Committee of Directors on Contracts**

**a) Composition**

The current composition of this committee is given below:

- |                             |   |
|-----------------------------|---|
| 1. Shri S. K. Garg          | Chairman & Managing Director - Chairman |
| 2. Shri A. B. L. Srivastava | Director (Finance)                      |
| 3. Shri D. P. Bhargava      | Director (Technical)                    |
| 4. Shri J. K. Sharma        | Director (Projects)                     |
| 5. Dr. Kuriakose Mamkoottam | Independent Director                    |
| 6. Shri R. Jeyaseelan       | Independent Director                    |

**b) Meetings**

The Committee met 4 (four) times during the year on 13<sup>th</sup> April 2009, 20<sup>th</sup> August 2009, 31<sup>st</sup> October 2009 and 15<sup>th</sup> February 2010.



### c) Scope of the Committee

The terms of reference of the Committee of Director on Contracts are as follows:

- (i) Award of LOI/contracts or making commitments referred to at 5(a) (i), (ii) and (iii) for contract amounts exceeding ₹ 100 crore but not exceeding ₹ 200 crore .
- (ii) Variations in quantities with respect to quantities indicated in the BOQ of the contract agreement, introduction of new item(s) substitution of one item in the BOQ by another in the BOQ, and deviations from the terms of the contract resulting cumulatively in an increase in the contract value of the Contracts approved by the Board by more than 25% or more than ₹ 75 crore but within ₹ 200 Crore, whichever is less excluding increases already built in the contract agreement due to price variation, provision for contingencies etc. and also due to new statutory requirement or changes in existing statutory requirements
- (iii) Payments of idle charges, hire charges and interest to contractor for delay not attributable to contractor and not covered by force majeure of value not exceeding ₹ 10 Crore
- (iv) Acceptance of disputed claims of the value not exceeding ₹ 10 Crore

### 3.5 IPO Committee

#### a) Composition

The IPO Committee comprised of the following members for the period under review:

- |                             |                              |
|-----------------------------|------------------------------|
| 1. Shri S. K. Garg          | Chairman & Managing Director |
| 2. Shri A. B. L. Srivastava | Director (Finance)           |
| 3. Shri D. P. Bhargava      | Director (Technical)         |
| 4. Shri J. K. Sharma        | Director (Projects)          |
| 5. Shri Jayant Kawale       | Non Executive Director       |
| 6. Shri Raman Sidhu         | Independent Director         |

#### b) Meetings

The Committee met 5 (five) times during the year on 22<sup>nd</sup> May 2009, 19<sup>th</sup> June 2009, 3<sup>rd</sup> July 2009, 16<sup>th</sup> - 17<sup>th</sup> July 2009 and 13<sup>th</sup> August 2009.

#### c) Scope of the Committee

The committee, which was dissolved by the Board on 31<sup>st</sup> October 2009, was mandated to perform the following activities:

1. To appoint intermediaries for IPO.
2. To decide on the quantum, timing, pricing and all the terms and conditions of the issue and reservation for employees of the Company and its Subsidiaries.
3. To make applications, if necessary, to the Statutory or Government Authorities.
4. To issue receipts/allotment letter/confirmations of allocation notes either in physical or electronic mode the underlying equity shares in the capital of the Company.
5. To do all such deeds and acts as may be required to dematerialise the equity shares of the Company
6. To pay any fees, commissions, remuneration, expenses relating to the issue.
7. To finalise, settle, approve and adopt the Draft Red Herring Prospectus and the Prospectus for the issue of equity shares and take such actions as necessary for filing these documents.
8. To determine and finalise the floor price/price band for the issue, approve the basis of allocation of the equity shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus in consultations with BRLMs.

### 3.6 Remuneration Committee for Executives below the Board level

The Board of Directors also constituted a Remuneration Committee for Executives below Board Level as per the office memorandum issued under the Department of Public Enterprise. The objective was to determine remuneration payable to executives below Board level. However due to pending revisions of pay scales and allowances, the Committee did not meet during the year.



The Committee members were:

- |                             |                      |
|-----------------------------|----------------------|
| 1. Shri A. B. L. Srivastava | Director (Finance)   |
| 2. Shri D. P. Bhargava      | Director (Technical) |
| 3. Shri R. S. Mina          | Director (Personnel) |
| 4. Shri Raman Sidhu         | Independent Director |
| 5. Dr. K. Mamkootam         | Independent Director |

### 3.7 Committee of Directors for Allotment and Post-Allotment activities of NHPC Securities

#### a) Composition

The Board of Director has constituted a committee for allotment and post allotment activities of NHPC Securities on 24<sup>th</sup> September 2009 comprising the following members:

- |                             |                               |
|-----------------------------|-------------------------------|
| 1. Shri A. B. L. Srivastava | Director (Finance) - Chairman |
| 2. Shri D. P. Bhargava      | Director (Technical)          |
| 3. Shri R. S. Mina          | Director (Personnel)          |

#### b) Meetings

The Committee met 7 (seven) times during the year on 7<sup>th</sup> October 2009, 17<sup>th</sup> November 2009, 7<sup>th</sup> December 2009, 1<sup>st</sup> January 2010, 18<sup>th</sup> January 2010, 8<sup>th</sup> March 2010 and 17<sup>th</sup> March 2010.

#### c) Scope of the Committee:

The scope of the committee includes the following:

1. Issue of Share Certificates
2. Transfer and transmission of shares
3. Re-materialisation of share certificates
4. Issue of duplicate Share Certificates
5. Consolidation/splitting of NHPC Shares.

### 3.8 Committee of Director for Investment of IPO Proceeds

#### a) Composition and Scope of the Committee

The Board of Directors has constituted a committee for investment of the proceeds of IPO on 25<sup>th</sup> August 2009 with the following members:

- |                             |                                |
|-----------------------------|--------------------------------|
| 1. Shri S. K. Garg          | Chairman and Managing Director |
| 2. Shri A. B. L. Srivastava | Director (Finance)             |
| 3. Shri D. P. Bhargava      | Director (Technical)           |
| 4. Shri Raman Sidhu         | Independent Director           |

#### b) Meetings

The Committee met on 30<sup>th</sup> November 2009, which was attended by all the members.

### 3.9 Committee of Director for Investment of Self-insurance Fund

#### a) Composition

The Board of Directors constituted a committee for investment of self-insurance fund on 3<sup>rd</sup> June 1998 consisting of CMD, Director (Finance), Director (Projects), Director (Personnel) and Director (Technical)

#### b) Meetings

The Committee met 4 (four) times during the year on 30<sup>th</sup> November 2009, 8<sup>th</sup> March 2010, 23<sup>rd</sup> March 2010 and 30<sup>th</sup> March 2010.

#### c) Scope of the Committee

The committee has been authorized to invest the amount available with insurance fund in Government Securities, Public Sector Bonds and time deposits of nationalised banks. It is also authorized to sell / realise the proceeds of such investments as deemed fit considering the requirement of funds to meet the losses incurred.



## 3.10 Directors' Remuneration Committee

As a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. Hence, the Board does not decide remuneration of the Directors. Independent Directors are paid only sitting fees at the rate fixed by the Board, within the ceiling fixed under the Companies Act, 1956 and approved by the Government, for attending Board Meetings as well as Committee Meetings.

Details of remuneration of Functional Directors of the Company during the year 2009-10 are given below:

Directors	Designation	Salary / Allowances (₹)	Benefits* linked incentives (₹)	Performance (₹)	Gross Total (₹)
Shri S. K. Garg	Chairman & Managing Director	1165717	564132	60579	1790428
Shri A. B. L. Srivastava	Director (Finance)	974997	282619	50436	1308052
Shri D. P. Bhargava	Director (Technical)	1222001	656215	60473	1938689
Shri J. K. Sharma	Director (Projects)	1071281	210697	0	1281978
Shri R. S. Mina	Director (Personnel)	1557070	310698	60048	1927816

\* Benefits include Medical / LTC.

## 4. Subsidiary Companies

### 4.1 NHDC LIMITED

NHDC Limited is a subsidiary company of NHPC Ltd. NHPC holds 51% of the paid-up equity share capital. During the year, the minutes of the subsidiary company were placed before the NHPC Board. Periodically, members of the NHPC Board were apprised of the significant transactions and arrangements entered into by the subsidiary company. NHDC is covered within the definition of 'Subsidiary Company' as per the Guidelines on Corporate Governance by DPE for CPSEs (as per the audited accounts for the period ended on 31<sup>st</sup> March 2009 the turnover and net worth of NHDC is more than 20% of the turnover or net worth of NHPC Limited). Accordingly, in the Board meeting held on 17<sup>th</sup> July 2009, Shri R. Jeyaseelan, Independent Director, was appointed on the Board of NHDC.

### 4.2 LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION LIMITED:

Loktak Downstream Hydroelectric Corporation Limited ("LDHCL") was incorporated on 23<sup>rd</sup> October 2009. The company was promoted as a Joint Venture between NHPC Limited and Government of Manipur with equity shareholding of 74% and 26% respectively. The Certificate of commencement of business was granted to the company on 25<sup>th</sup> February 2010. The company is not a material subsidiary within the definition of 'Subsidiary Company' as per Guidelines on Corporate Governance by DPE for CPSEs. The Minutes of the LDHCL Board Meeting were placed before the Board of NHPC Limited.

## 5. GENERAL BODY MEETINGS:

The date, time and location of the last three Annual General Meetings are provided below:

Financial Year	Date	Time	Location
2006-07	07.08.2007	10.00 A.M.	At Registered Office, Faridabad
2007-08	05.08.2008	01:00 P.M.	At Registered Office, Faridabad
2008-09	31.07.2009	10:30 A.M.	At Registered Office, Faridabad

### 5.1 Details of Special Resolutions Passed During the last Three Years

Sl. No.	Details of Meeting	Special Resolution passed
1.	Special Resolution passed by postal ballot issued on 20 <sup>th</sup> June 2007	Amendments to Object Clause of the Memorandum of Association of the Company.
2.	Extra-ordinary General Meeting held on 13 <sup>th</sup> March 2008	Changes in the name of the company
3.	Annual General Meeting held on 5 <sup>th</sup> August 2008	Amendment to Articles of Association to allow enhanced powers to the company in line with DPE Guidelines as a result of being conferred the status of Miniratna.

Details of postal ballot resolution: No resolution was passed through postal ballot during the year under review.



## 6. Disclosures

### (i) Related Party Transactions

There were no transactions of material nature with the promoters or Directors or the Management, joint venture Company/subsidiary etc, having potential conflict with the interest of the Company at large. The details of the Related Party Disclosure are included in notes forming part of the Accounts as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India. The Company has adhered to the provisions of the laws and guidelines of regulatory authorities including SEBI. The Company has complied with statutory compliances and no penalty/stricture is imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to the capital market or any guidelines issued by the Government during the last three years. The Company has adopted all suggested items to be included in the Report on Corporate Governance. The results and other communications are regularly published in the official web site of NHPC Limited i.e. [www.nhpcindia.com](http://www.nhpcindia.com). The required details as per the DPE guidelines on Corporate Governance have been incorporated in this report. Information on adoption (and compliance)/non-adoption of the non-mandatory requirements is provided in **Annexure-A**.

### (ii) Accounting Treatment

The Company has followed the Accounting Standards as prescribed by the Institute of Chartered Accountants of India.

## 7. Means of Communication

The periodical financial results of the Company are announced within the time specified in the Listing Agreement. These results are published in national and local dailies. While the Company did not send periodical results/records to every shareholder, these were hosted on the Company website – i.e. [www.nhpcindia.com](http://www.nhpcindia.com). The Company also issued news releases on significant corporate decisions and activities and made these available on its website. The Management Discussion and Analysis Report is part of the Directors' Report.

Audited financial results were published by the company as follows:

Newspapers	Date of publications of results for the period ended		
	30.09.2009	31.12.2009	31.03.2010
Financial Express (English)	-	30.01.2010	
Hindustan (Hindi)	01.11.2009	30.01.2010	26.05.10
Hindustan Times (English)	01.11.2009	-	26.05.10
Times of India (English)	01.11.2009	-	26.05.10
Navbharat Times (Hindi)	01.11.2009	-	26.05.10

The details of presentations made to institutional investors or analysts are given below.

## 8. Shareholder Information

### (i) Annual General Meeting:

Date: 31st July, 2009

Time: 10:30 a.m.

Venue: At the Registered Office – NHPC Limited, NHPC Office Complex, Sector-33, Faridabad - 121003

### (ii) Financial Calendar for the year 2009-10:

Particulars	Date
Accounting Period	April 1, 2009 to March 31, 2010
Unaudited financial results for the quarter and half-year ended 30 <sup>th</sup> September 2009	Intimation to stock exchanges within 15 minutes of conclusion of Board Meeting on 31 <sup>st</sup> October 2009.
Unaudited financial results for the quarter ended 31 <sup>st</sup> December 2009	Intimation to stock exchanges within 15 minutes of conclusion of Board Meeting on 29 <sup>th</sup> January 2010.
Fourth Quarter Results	
AGM - 2010	22 <sup>nd</sup> September, 2010



**(iii) Book Closure / Record Date:**

**a) For payment of Dividend:**

The register of members and share transfer books of the company will remain closed from 9.09.2010 to 22.09.2010 (both days inclusive).

**b) For payment of Interest on Bonds:**

Bond Series	Due Date of Interest Payment	Record Date
NHPC SECURED REDEEMABLE, NON - CUMULATIVE, TAXABLE 'O' SERIES BONDS (STRPP-B TO STRPP-J)	30.06.2009	18.06.2009
NHPC 9% SECURED REDEEMABLE NON - CUMULATIVE TAXABLE 'P' SERIES BONDS	28.02.2010	27.02.2010

**c) Redemption of Bonds**

The details of bonds redeemed during the financial year 2009-10 are as under:

Bond Series	Isin	Scrip Code	Due Date of Redemption	Record Date
NHPC 7.70% SECURED REDEEMABLE, NON - CUMULATIVE, TAXABLE 'O' SERIES BONDS (STRPP-B)	INE848E08045	NHPC10	31.03.2010	10.03.2010

**(iv) Dividend History:**

Financial Year	Total Amount of Dividend paid (₹ In Crore)	Date of AGM in which dividend was declared	Date of payment of Dividend
2005-06	223 (including Rs. 64 crore interim dividend)	28.07.2006	03.08.2006
2006-07	278.00(including Rs. 72 crore interim dividend)	07.08.2007	14.08.2007
2007-08	300.00(including Rs. 100 crore interim dividend)	05.08.2008	13.08.2008
2008-09	325.00(including Rs. 125 crore interim dividend)	31.07.2009	13.08.2009

**(v) Listing on Stock Exchanges:**

**a) Equity Shares:**

The equity shares of the company are listed on the following stock exchanges:

Bombay Stock Exchange Limited	National Stock Exchange of India Limited
Scrip Code: 533098ISIN : INE848E01016	Scrip Code: NHPCEQISIN : INE848E01016

**b) Bonds:**

NHPC Redeemable Non-Cumulative Taxable "O" Series Bonds and NHPC 9% Secured Redeemable Non-Cumulative Taxable "P" Series Bonds are listed at:

**National Stock Exchange India Limited**

WDM Segment, Exchange Plaza, Ground Floor,  
Bandra-Kurla Complex, Bandra (E), Mumbai.



**a. Stock Code:**

Securities Name	NSE Scrip Code	ISIN
NHPC 7.70% REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , (STRPP – C)	NHPC11	INE848E08052
NHPC 7.70% REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , (STRPP – D)	NHPC12	INE848E08060
NHPC 7.70% REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , (STRPP – E)	NHPC13	INE848E08078
NHPC 7.70% REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , (STRPP – F)	NHPC14	INE848E08086
NHPC 7.70% REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , (STRPP – G)	NHPC15	INE848E08094
NHPC 7.70% REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , (STRPP – H)	NHPC16	INE848E08102
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – I	NHPC17	INE848E08110
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , (STRPP – J)	NHPC18	INE848E08128
NHPC 9% REDEEMABLE, NON-CUMULATIVE, TAXABLE 'P' SERIES BONDS	NHPC25	INE848E07047

**(vi) Market Price data:**

**a) Equity Shares:**

NHPC AT NSE			
Month	High (₹)	Low (₹)	Closing (₹)
Sept 09	42	33.05	34.50
Oct 09	35	30.35	30.50
Nov 09	34.20	29.40	31.15
Dec 09	34.95	31.05	34.05
Jan 10	36.60	32.30	33.05
Feb 10	33.90	31.70	31.90
Mar 10	33.50	30.00	30.45

NHPC AT BSE			
Month	High (₹)	Low (₹)	Closing (₹)
Sept 09	39.75	33.05	34.55
Oct 09	34.85	30.05	30.50
Nov 09	33.35	30.00	31.15
Dec 09	34.95	31.15	34.05
Jan 10	36.45	32.20	33.15
Feb 10	33.65	31.65	31.95
Mar 10	33.45	30.50	30.50

**b) Bonds: (O SERIES)**

NSE			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 09	NIL	NIL	NIL
May 09	NIL	NIL	NIL
Jun 09	NIL	NIL	NIL
Jul 09*	102.1403	102.1403	102.1403
Aug 09	NIL	NIL	NIL
Sept 09	NIL	NIL	NIL
Oct 09	NIL	NIL	NIL
Nov 09	NIL	NIL	NIL
Dec 09	NIL	NIL	NIL
Jan 10	NIL	NIL	NIL
Feb 10	NIL	NIL	NIL
Mar 10	NIL	NIL	NIL

\* 1. NO. Trade for STRPP- D (Scrip code – NHPC 12) On 15<sup>th</sup> July 2009.  
 No trade for the rest of STRPPs during the period 01.04.2009-31.03.2010.



### b) Bonds: (P SERIES)

NSE			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 09	NA	NA	NA
May 09	NA	NA	NA
Jun 09	NA	NA	NA
Jul 09	NA	NA	NA
Aug 09	NA	NA	NA
Sept 09	NA	NA	NA
Oct 09	NA	NA	NA
Nov 09	NA	NA	NA
Dec 09	NA	NA	NA
Jan 10	NA	NA	NA
Feb 10	NIL	NIL	NIL
Mar 10	NIL	NIL	NIL

P-series Bonds listed on NSE 19.02.2010.

No trade for P-series Bonds during the period 01.04.2009- 31.03.2010

### (vii) Performance in comparison to Bond Index such as BSE Sensex, CRISIL index etc.

#### a) Equity Shares:

##### BSE Sensex and NHPC Price

SENSEX			
Month	High (₹)	Low (₹)	Closing (₹)
Sept 09	17142.52	15356.72	17126.84
Oct 09	17493.17	15805.20	15896.28
Nov 09	17290.48	15330.56	16926.22
Dec 09	17530.94	16577.78	17464.81
Jan 10	17790.33	15982.08	16357.96
Feb 10	16669.25	15651.99	16429.55
Mar 10	17793.01	16438.45	17527.77

NHPC AT BSE			
Month	High (₹)	Low (₹)	Closing (₹)
Sept 09	39.75	33.05	34.55
Oct 09	34.85	30.05	30.50
Nov 09	33.35	30.00	31.15
Dec 09	34.95	31.15	34.05
Jan 10	36.45	32.20	33.15
Feb 10	33.65	31.65	31.95
Mar 10	33.45	30.50	30.50

##### NIFTY and NHPC Price

NIFTY			
Month	High (₹)	Low (₹)	Closing (₹)
Sept 09	5087.60	4576.60	5083.95
Oct 09	5181.95	4687.50	4711.70
Nov 09	5138.00	4538.50	5032.70
Dec 09	5221.85	4943.95	5201.05
Jan 10	5310.85	4766.00	4882.05
Feb 10	4992.00	4675.40	4922.30
Mar 10	5329.55	4935.35	5249.10

NHPC AT NSE			
Month	High (₹)	Low (₹)	Closing (₹)
Sept 09	42.00	33.05	34.50
Oct 09	35.00	30.35	30.50
Nov 09	34.20	29.40	31.15
Dec 09	34.95	31.05	34.05
Jan 10	36.60	32.30	33.05
Feb 10	33.90	31.70	31.90
Mar 10	33.50	30.00	30.45



b) **Bonds:**

(viii) **Registrar & Transfer Agent and Share Transfer system:**

a) **Equity Shares:**

M/s Karvy Computershare Private Limited,  
 Plot No. 17-24, Vittalrao Nagar,  
 Madhapur, Hyderabad – 500 081  
 Tel No.: +91 40 23420818  
 Fax No.: 091 40 23420814  
 E-mail: mailmanager@karvy.com

b) **Bonds:**

The Company has appointed the following Registrar and Transfer Agent for the Non-Redeemable Cumulative Bonds:

**M/s RCMC Share Registry (P) Ltd.**

B-106, Sector-2  
 Noida-201301 (Uttar Pradesh)  
 Ph.0120-4015880  
 Email: info@rcmcdelhi.com

(ix) **Share / Bond Transfer System:**

It is the responsibility of the respective Registrar and Transfer Agents to look after the routine matters of transfer of shares / Bonds, subject to the supervision, control and approval of the Board / Committee of Directors.

(x) **Pattern of Distribution of Holdings**

a) **Equity Shares:**

Shares held by different categories of shareholders and according to the size of holdings as on 31<sup>st</sup> March 2010 are given below:

i) **According to size**

Distribution of shareholding according to size and percentage of holding as on 31<sup>st</sup> March 2010 is as under:

Number of Shares	Number of share holders	%age of share holders	Total No. of Shares	%age of shares
1-5000	732874	60.74	173055608	1.41
5001-10000	394211	32.67	288987816	2.35
10001-20000	43649	3.62	65107269	0.53
20001-30000	13491	1.12	34845331	0.28
30001-40000	5229	0.43	18659808	0.15
40001-50000	4470	0.37	21228284	0.17
50001-100000	6938	0.57	49885299	0.41
100001 and above	5785	0.48	11648973358	94.70
<b>Total</b>	<b>1206647</b>	<b>100</b>	<b>12300742773</b>	<b>100</b>

ii) **Shareholding pattern as on 31<sup>st</sup> March 2010:**

Category	Total No. of Shares	%age of Equity
Govt. of India	10623368158	86.36
FIs	189886516	1.54
Indian Public	759166047	6.17
Banks & FIs	259633241	1.10
Private Corporate Bodies	265843438	0.09
Mutual Funds	140288562	1.14
NRIs / OCBs	12255121	0.99
Others	50301690	2.61
<b>Total</b>	<b>12300742773</b>	<b>100</b>



### iii) Major Shareholding as on 31<sup>st</sup> March 2010:

Details of shareholders holding more than 1% of the paid-up capital of the Company as on 31<sup>st</sup> March 2010 is given as under:

Name of Shareholder	No. of Shares	%age of paid-up Capital	Category
Government of India through President of India	10623368758	86.36%	Government

### b) Bonds: (O SERIES)

#### i) According to size

Distribution of bondholding according to size and percentage of holding as on 31<sup>st</sup> March 2010 is as follows:

Number of Bonds	Number of Bond holders	%age of bond holders	Total No. of Bonds	%age of Bonds
1-5000	79	100.00%	456	0.00%
5001-10000	NIL	0.00%	NIL	0.00%
10001-20000	NIL	0.00%	NIL	0.00%
20001-30000	NIL	0.00%	NIL	0.00%
30001-40000	NIL	0.00%	NIL	0.00%
40001-50000	NIL	0.00%	NIL	0.00%
50001-100000	NIL	0.00%	NIL	0.00%
100001 and above	65	100.00%	456	100.00%
Total	79	100.00%	456	100.00%

#### ii) Bondholding pattern as on 31<sup>st</sup> March 2010:

Category	Total No. of Bonds	%age of Bonds
Govt. of India	NIL	0.00%
FIs	NIL	0.00%
Indian Public	NIL	0.00%
Banks & FIs	26	5.70%
Private Corporate Bodies	NIL	0.00%
Mutual Funds	NIL	0.00%
NRIs / OCBs	NIL	0.00%
Others	NIL	0.00%
(i) Insurance Companies	171	37.50%
(ii) PF Fund / Trust	259	56.80%
Total	456	100.00%

#### iii) Major Bondholding as on 31<sup>st</sup> March 2010:

Details of Bondholders holding more than 1% of the Total Bonds Value of the Company as on 31<sup>st</sup> March 2010 are given as under:

Name of Bondholder	No. of Bonds	%age of Total Bonds Value	Category
NIL	NIL	NIL	NIL



**c) Bonds: (P SERIES)**

**i) According to size**

Distribution of bondholding according to size and percentage of holding as on 31<sup>st</sup> March 2010 is as follows:

Number of Bonds	Number of Bond holders	%age of bond holders	Total No. of Bonds	%age of Bonds
1-5000	NIL	0.00%	NIL	0.00%
5001-10000	NIL	0.00%	NIL	0.00%
10001-20000	1	100.00%	20,000	100.00%
20001-30000	NIL	0.00%	NIL	0.00%
30001-40000	NIL	0.00%	NIL	0.00%
40001-50000	NIL	0.00%	NIL	0.00%
50001-100000	NIL	0.00%	NIL	0.00%
100001 and above	NIL	NIL	NIL	NIL
Total	1	100.00%	20,000	100.00%

**ii) Bondholding pattern as on 31<sup>st</sup> March 2010:**

Category	Total No. of Bonds	%age of Bonds
Govt. of India	Nil	0.00%
FIs Nil	0.00%	
Indian Public	Nil	0.00%
Banks & FIs (LIC)	Nil	0.00%
Private Corporate Bodies	Nil	0.00%
Mutual Funds	Nil	0.00%
NRIs / OCBs	Nil	0.00%
Others	Nil	0.00%
(i) Insurance Companies	20,000	100.00%
(ii) PF Fund/Trust	Nil	0.00%
Total	20,000	100.00%

**iii) Major Bondholding as on 31<sup>st</sup> March 2010:**

Details of Bondholders holding more than 1% of the Total Bonds Value of the Company as on 31<sup>st</sup> March 2010 are given below:

Name of Bondholder	No. of Bonds	%age of Total Bonds Value	Category
LIC OF INDIA LIMITED	20,000	100.00%	Banks & Financial Institutions

**(xi) Dematerialisation of Share and Liquidity**

The shares of the company are in compulsory dematerialised segment and are available for trading with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the total issued capital, listed capital and capital held by depositories in dematerialised form in respect of the share capital of the company with the depositories was obtained from Practicing Company Secretary and was submitted to stock exchanges within stipulated time.



The Bonds of the company are also in compulsory dematerialized segment and are available for trading with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Secretarial Audit Report for the purpose of reconciliation of total admitted bonds listed at NSDL / CDSL and total issued and listed bonds was obtained from practising Chartered Accountants.

**(xii) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, Conversion date and likely impact on equity.**

NHPC has not issued GDRs/ADRs warrants or any convertible instruments.

**(xiii) Plant Locations:**

Bairasiul	NHPC Limited, Surgani, Distt. Chamba, Himachal Pradesh - 176 317
Loktak	NHPC Limited, P.O. Loktak, Komkeirap, Manipur - 795 124
Salal	NHPC Limited, P.O. Jyotipuram, Via Reasi, Distt. Reasi, Jammu & Kashmir - 182 312
Tanakpur	NHPC Limited, P.O. T.P.S. Campus, Banbassa, Distt. Champawat, Uttarakhand - 262 310
Chamera-I	NHPC Limited, Khairi, Distt. Chamba, Himachal Pradesh - 176 325
Uri	NHPC Limited, Gingle, P.O. Mohra, Distt. Baramulla, Jammu & Kashmir - 193 122
Rangit	NHPC Limited, Rangit NAGAR, South Sikkim - 737 111
Chamera-II	NHPC Limited, Karian Distt. Chamba, Himachal Pradesh - 176 310
Dhauliganga-I	NHPC Limited, Post Box No.1, Tapovan, Dharchula, Distt. Pithoragarh, Uttarakhand - 262 545
Dulhasti	NHPC Limited, Chenab Nagar, Sector-II, Kishtwar, Distt. Kishtwar, Jammu & Kashmir - 182 206
Teesta-V	NHPC Limited, P.O. Singtam, East Sikkim 737 134

**(xiv) Address for Correspondence:**

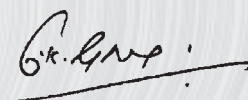
Shri Vijay Gupta, Compliance Officer,  
1<sup>st</sup> Floor, NHPC Office Complex,  
Sector-33,  
Faridabad (Haryana) 121003.  
Phone: 0129-2278421  
Fax: 0129-2277941  
E-mail: companysecretary@nhpc.nic.in

As per Circular of Securities & Exchange Board of India dated 22.01.2007, exclusive e-mail id for redressal of investor complaints is companysecretary@nhpc.nic.in

**9. COMPLIANCE CERTIFICATE:**

Certificate from CP Associates Company Secretary in Whole Time Practice confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Agreement along with Guidelines on Corporate Governance for Central Public Sector Enterprises 2007, forms part of the Annual Report.

For and on behalf of the Board of Directors



(S.K.Garg)  
Chairman and Managing Director  
DIN: 00055651

Place : Gurgaon  
Date : August 13, 2010



## ANNEXURE-A

### Non-Mandatory requirements:

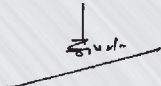
Besides the mandatory requirements as mentioned in preceding pages, the status of compliance with non-mandatory requirements of the guidelines is provided below:


1. **The Board:** The Company is headed by an Executive Chairman. No Independent Director has been appointed for the period exceeding, in aggregate, a period of nine years, on the Board of the Company.
2. **Remuneration Committee:** Please refer to para 3.10 of this report.
3. **Shareholders Rights:** The half-yearly declaration of financial performance including summary of significant events in the last six months is not sent individually to every shareholder. However, the same are made available on the website of the company. Financial results are published in leading newspapers as mentioned under the title "Shareholder Information".
4. **Audit Qualification:** The financial statements for the year 2009-10 have no audit qualification.
5. **Training of Board members:** Please refer to para 2 (viii) of this report.
6. **Mechanism for evaluating non-executive Board Members:** The Board of the Company comprises nine non-executive directors including two Government Nominees. All of them have been appointed by the President of India through the Ministry of Power and, therefore, their performance evaluation is not done by the Board of the Company.
7. **Whistle Blower Policy:** The Company has not adopted any Whistle Blower Policy. However, a policy to prevent frauds has already been adopted by the Company for reporting of frauds or suspected frauds involving employees of the Company as well as representatives of vendors, suppliers, contractors, consultants, service provider or any other party doing any type of business with NHPC. All reports of fraud or suspected fraud are investigated with utmost speed. The mechanism for prevention of fraud is also included in the policy.

## CEO AND CFO CERTIFICATE

To,  
The Board of Directors,  
NHPC Limited,  
Faridabad

- a) We have reviewed financial statements and the cash flow statement of NHPC Limited for the year ended 31<sup>st</sup> March 2010 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
  - (i) significant changes in internal control over financial reporting during the years 2009-10
  - (ii) significant changes in accounting policies during the year 2009-10 and that the same have been disclosed in the notes to the financial statement; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

  
(A. B. L. SRIVASTAVA)  
DIRECTOR (FINANCE)

  
(S. K. GARG)  
CHAIRMAN & MANAGING DIRECTOR

Place : Faridabad  
Date : 25th May, 2010

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
NHPC Limited

1. We have examined the compliance of conditions of Corporate Governance by NHPC Limited, for the year ended on 31.03.2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock Exchanges(s).
2. The compliance of conditions of corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the company.

For CP Associates  
Company Secretaries

Place : Gurgaon  
Date : 13th August, 2010

Sd/-  
Arun Gupta  
(Proprietor)  
CP No. 4115



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANNEXURE-II

### INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian economy is growing at a rapid pace and electric power is a key infrastructure that is needed for its sustained growth. The Indian power sector has seen tremendous growth over the past 60 years. Since Independence, the total installed capacity has increased from a paltry 1,362 MW to the present capacity of 159,398 MW. Despite this, the sector continues to face enormous challenges particularly in terms of shortage of peak power, an adverse hydro-thermal mix, unstable grids, frequency excursions, skewed tariff, poor and substandard distribution networks, high aggregate technical and commercial losses, among others.

As on 31<sup>st</sup> March 2010, the total installed capacity of power in India was 1,59,398 MW. Of this, thermal power accounted for 1,02,454 MW (64.3 %), hydro 36,863 MW (23.1%), nuclear 4,560 MW (2.9%), and renewable energy sources 15,521 MW (9.7%) . The Public sector has taken a lead in power generation in India with the State and Union Governments generating about 49.9% and 31.9% of total installed capacity respectively. The participation of the private sector, which generates about 18% of power, has been increasing since the liberalisation of the economy in 1991.

During the last few years the share of hydro in the total installed capacity has gradually declined resulting in an adverse hydro-thermal mix leading to many technical and operational abnormalities, as mentioned above. While India is endowed with huge hydropower potential - to the tune 1,48,700 MW – only a minuscule portion of this potential has been harnessed till now. NHPC, a premier player in the country's power sector, is focused on the development of Hydropower. It is a Mini Ratna Schedule-‘A’ Enterprise with an Authorized share capital of Rs 15,000 crore and an investment base of over ₹ 38,700 crore.

Almost all NHPC projects are situated in remote areas and the organization has to face challenging conditions on several fronts - logistics, climatic and technological. NHPC is a strong, efficient and versatile organization that has established its credentials for executing all types of hydropower projects, irrespective of size, in the most professional manner. The Company's services are on par with the best among international companies, thanks to our large team of highly competent and experienced professionals and skilled technicians.

### SWOT ANALYSIS

**A) STRENGTHS:** The following are some of the primary competitive strengths of the Company:

**Established track record in implementing hydroelectric projects** –NHPC's key competitive advantage is an outcome of its wide experience and expertise in project implementation. The company has successfully managed the development and implementation of 13 hydroelectric projects, including two through its subsidiary, NHDC. It has a record of successfully completing projects that are located in geo-technically sensitive Himalayan region in logistically difficult areas. The NHPC Chamara-II power station and the Indira Sagar and Omkareshwar projects of its subsidiary, NHDC, were commissioned ahead of schedule.

**Long-term power purchase agreements with customers** The Company derives most of its revenues from sale of energy to SEBs / Power Departments and their successor entities, based on long-term power purchase agreements (PPA). The Ministry of Power, Government of India, decides on the allocation of power to be supplied from different power stations to various beneficiaries.. The billings to state entities are currently secured through letters of credit on the basis of the tripartite agreements entered into by the Government of India, the Reserve Bank of India and the respective State Governments. Further, at the time of investment decisions by the Government of India on new projects, the Company obtains the commitments from beneficiaries for purchase of power from the new projects.

**Strong operating performance** The operating power stations of the NHPC have generated 16,960 MU during the year 2009-10 exceeding the annual MOU target of 16,381 MU for 'Very Good' rating.. Further, power generation in 2009-10 is higher by 1.62% over the previous year (2008-09) despite a weak monsoon.

Similarly, machine availability of operating NHPC power stations, measured as Plant Availability Factor (PAF), was 84.1% during the year 2009-10, which was also higher than the MoU target of 77.89% for 'Very Good' rating.

**Competent and committed workforce** The Company has a competent and committed workforce. The skill, industry knowledge and operating experience of the Company's executives provide it with a significant competitive advantage. As the company seeks to expand its existing markets and enter in to new geographic areas, its human resource will be one of its key strengths.

**Strong in-house design and engineering team** The Company has an in-house team for project design and its engineering capabilities range from the concept stage to the commissioning of the projects. This team is supported by international and domestic project consultants. Further, the team is able to build on its competence with the use of the latest software and technology, thus bringing a full complement of skills and knowledge to provide solutions to any given design problem.

### B) OPPORTUNITIES

Policy makers are turning their attention to the development of hydro power as a result of the deteriorating hydro-thermal mix, increase in peaking shortages, erratic frequency variations, and problems in water management. The Government of India has laid special emphasis on accelerated hydro power development in recent years. Besides the, huge untapped hydro power potential of India, especially in North Eastern India, offers great opportunities for NHPC's capacity expansion programme in the coming years.



### C) **THREATS / WEAKNESSES** Hydro power projects are likely to face the following risks:

#### **Environment & Forest clearances -**

Stringent norms and cumbersome procedures for getting environment and clearances as well as the National Board for Wild Life (when applicable) lead to delay in construction of projects. This could significantly impact the Company's capacity expansion programme.

**Land Acquisition -** The process of land acquisition, for infrastructure work as well as for project components including submergence, is quite cumbersome and time consuming, thereby affecting the timely completion of projects.

**Geological Uncertainties** – In spite of extensive Survey and Investigation, various components of hydro projects such as construction of the Head Race Tunnel, Underground Power house, Pressure Shaft, Surge Shaft, etc. come up against geological barriers, especially in the Himalayan regions. While NHPC can tackle such obstacles, given its experience and expertise, coupled with its state-of-the art technology, such barriers often lead to time and cost over-runs.

**Inter-State and International Disputes** – In India, water is a State subject, and often inter-state river disputes can hamper the progress of hydro projects. In some cases, projects may get delayed or may have to be abandoned. In the case of certain projects that are situated in border areas, fragile international relations is also a cause of concern.

**Natural Calamities** – A majority of hydro projects are located in hilly terrain. As a result, landslides, hill slope collapses, road blocks, flood and cloud bursts cause severe setbacks in construction schedules.

**Unexpected complexities** – Often delays in clearances/execution, as well as other complications, due to reasons beyond the Company's control may lead to cost escalation or variation. Further, changes in CERC's tariff regulations may affect cash flow and results of operations.

### D) **RISKS AND CONCERNS**

Hydro power schemes are capital intensive and have long gestation periods. As a result, availability of funds is always seen as one of the major constraints for exploitation of the vast hydro power potential available in the country. Another issue that hydro projects have to deal with is the one related to free power: water being a state subject, State Governments demand higher share of free power and other incentives, which lead to higher tariff.

### **OUTLOOK**

The Indian Economy is one of the fastest growing economies in the world resulting in high demand for energy, in particular, electrical energy which is increasing annually at the rate of 8% to 10% approximately. India's per capita energy consumption touched 704 kWh/ capita during 2007-08. The energy and peak shortages during the year 2009-10 remained at 11.7% and 13.3% respectively. The 17th Energy Power Report published by CEA in March 2007 has projected an energy demand of about 969 billion Units in the year 2011-2012 and 1392 billion Units in the year 2016-2017. The peak demand has been projected as 153 GW in 2011-2012 and 218 GW in 2016-2017. It is evident from the above that installed capacity will have to grow exponentially to fill the gap between ever increasing power demand and supply from all the sources of electricity.

The development of hydro power in the country has been sluggish over the years, contributing to an adverse hydro-thermal mix. As on 31 March, 2010, only 36,863 MW of hydro electricity was generated, despite the huge hydro potential of nearly 1,48,700 MW through conventional hydro projects and another 94,000 MW through pumped storage projects as identified by CEA. Further, as coal reserves get rapidly depleted, and concerns about the detrimental impact of fossil fuels grow, the environment-friendly nature of hydro projects are of immense significance for the country's future electricity needs. There is, thus, a need to accelerate the commissioning of hydro projects in the years ahead.

It is noteworthy that the Government of India has taken various initiatives aimed at Power Sector reforms. There is also a growing emphasis on hydro electricity as is evident from a slew of actions taken by the Government, including the ranking study of potential hydro sites by CEA in 2001, the enactment of Electricity Act 2003, announcement of 50,000 MW hydro electric initiatives in May 2003, and introduction of a Hydro Policy, 2008. These actions are creating opportunities as well as an enabling environment for investors and project executors to enter the arena of hydro power development.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has in-built control systems in functional and operational areas and the transactions and processes are guided through a system of delegation of powers, documented policies, guidelines and manuals. The organisational structure is well defined in terms of hierarchical authority and responsibilities. The Company has an independent and full-fledged Internal Audit Department at the Corporate Office and an internal audit wing at Regional Offices, staffed with qualified experienced people who carry out audits at regular intervals. A summary of Audit Observations and Action Taken Reports are placed before the Audit Committee. The recommendations and directions of the Committee are carried out and distributed accordingly.



### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

#### A) Financial Performance

##### FINANCIAL DISCUSSION AND ANALYSIS

#### RESULTS OF OPERATIONS

A detailed financial discussion and analysis is furnished below on the Audited Financial Results of the Corporation for the Fiscal 2010 vis-à-vis Fiscal 2009.

##### Income

	Fiscal 2010	Fiscal 2009
<b>Units of electricity sold (million units)</b>	14,841.67	14,587.88
<b>Income Rupees in crore</b>		
Sales of Energy	4,218.90	2,671.85
Revenue from Contracts, Project Management and Consultancy Works	113.08	48.97
Other Income	560.11	540.67
<b>Total</b>	<b>4,892.09</b>	<b>3,261.49</b>

The income of the Company comprises income from sales of electricity, contracts, project management, consultancy services and other income such as interest earned on investment of surplus funds, interest on Securitised Bonds/Long Term Advances, Dividend Income, etc. Our total income increased by 50% to ₹ 4,892.09 crore in Fiscal 2010 from ₹ 3,261.49 crore in Fiscal 2009, due to revision of tariff norms and earlier year sales.

##### TARIFF

The Central Electricity Commission (CERC) fixes the charges for electricity for the different power stations. A new tariff policy was issued by CERC through notification no. L-7/145(160)/2008-CERC dated January 19, 2009, and relates to the tariff period 2009-14.

Tariffs are determined with reference to annual fixed charges (AFC), which comprises of

return on equity (ROE), depreciation, interest on loan, interest on working capital and operation and maintenance expenses. ROE is grossed up with reference to applicable income tax rate so as to recover income tax incidence. Recovery of capacity charges is dependent on the actual utilisation of our machines for generating power. Capacity is determined by reference to the normative annual plant availability factor (NAPAF), which has been prescribed for each project based on the nature of the project.

We are entitled to receive incentives for achieving a plant availability factor greater than NAPAF as well as for generating energy in excess of the design energy level of the plant. This contrasts with the tariff system in place for Fiscal 2005 to Fiscal 2009 in which additional energy charges were recovered when prescribed capacity levels were exceeded.

##### Sales of Energy

NHPC sells electricity to bulk customers comprising mainly of electricity utilities owned by State Governments. Sales of electricity are based on long-term power purchase agreements. Pending determination of station-wise tariff, as per aforesaid notification, sales for Fiscal 2010 have been provisionally recognised on the basis of the principles enunciated in the said notification. The principle of conservatism has also been kept in view, as the tariff petitions are subject to prudence check by CERC.

In Fiscal 2010, we sold 14,841.67 MUs of electricity from a commercial capacity of 3,619.20 MW and in Fiscal 2009, we sold 14,587.88 MUs from a commercial capacity of 3,614.20 MW. This represents an increase of 1.74% in the number of units sold. Our average selling price was ₹ 2.91 per unit in Fiscal 2010, compared to ₹ 1.85 per unit in Fiscal 2009. The increase in per unit rate during Fiscal 2010 is mainly attributable to changed tariff norms and account of earlier years sales due to finalisation/revision of tariff of Power Stations. However, the average selling price excluding earlier year's sales was ₹ 2.44 per unit in Fiscal 2010, compared to ₹ 1.86 per unit in Fiscal 2009.

Sales of energy increased by 57.90% to ₹ 4,218.90 crore in Fiscal 2010 from ₹ 2,671.85 crore in Fiscal 2009. Sales realization in Fiscal 2010 was 99.69% compared to 97% in Fiscal 2009. Our Company's plant availability factor (PAF) in Fiscal 2010 was 84.10%.

##### Adjusted Sales of Energy

The revenue from sales of energy includes sales pertaining to earlier years but recognized in the current year. It also includes unscheduled interchange (UI) charges for the deviation in generation with respect to schedule payable (or receivable) at rates linked to frequency prescribed in the regulation to bring grid discipline, re-imbursement on account of foreign exchange rate variation (FERV).



As per CERC Tariff Regulations, exchange rate variation on interest payments and loan repayments corresponding to the normative loans considered for tariff of stations/units is payable/recoverable to/from the beneficiaries on repayment of the loans and interest thereon. Pursuant to opinion of Expert Advisory Committee of the ICAI, foreign exchange variation on restatement of foreign currency loans as at the Balance Sheet date, which is payable/recoverable to/from customers later on settlement, is accounted for by creating a deferred liability/asset in the accounts instead of adjusting the same in the profit & loss account.

For the purpose of year to year comparison, the impact of earlier year sales, UI & FERV have been excluded from sales of energy in order to arrive at the adjusted sales of energy.

The revenue from sales of energy after such adjustments is as under:

	₹ in crore	
	Fiscal 2010	Fiscal 2009
Gross Sales	4,326.87	2,698.06
Less: Advance against Depreciation (AAD)	107.97	26.21
<b>Net Sales</b>	<b>4,218.90</b>	<b>2,671.85</b>
Less:		
(a) Earlier year sales (net of AAD)	706.33	(17.01)
(b) UI Charges	110.39	156.01
(c) FERV	65.71	119.07
<b>Adjusted Sales of Energy</b>	<b>3,336.47</b>	<b>2,413.78</b>

Earlier year sales (net of AAD) of ₹ 706.33 crore [gross ₹ 844.14 crore] in Fiscal 2010 has arisen primarily due to finalisation and revision of tariff in respect of Power Stations (refer note 5(b) of Schedule 24-Notes to the Accounts).

Increase in Adjusted Sales by 38.23% is primarily attributable to revision of tariff of three power stations and changed tariff norms w.e.f. 01.04.2009 by CERC besides the impact of AAD.

#### **Revenue from Contracts, Project Management and Consultancy Works**

We also earn a small amount of revenue from entering into projects for contracts, project management and consultancy assignments. These assignments primarily include works pursuant to the Pradhan Mantri Gram Sadak Yojna scheme in connection with the development of rural roads and the Rajiv Gandhi Grameen Vidyutikaran Yojna scheme relating to the establishment of rural electrification infrastructure, especially distribution lines. These two schemes are overseen by different agencies of the Government of India (GOI) and executed by PSUs and government departments. We are responsible for executing the projects allocated to us in certain specified areas throughout India. Besides, the Company, also operates the Baghliar Power Station on behalf of J&KPDC.

Our income from contracts, project management and consultancy works increased by 130.92% from ₹ 48.97 crore in Fiscal 2009 to ₹ 113.08 crore in Fiscal 2010 mainly due to income from Baghliar Power Station.

#### **Other Income**

'Other income' mainly comprises of income from securitised power bonds/long term advances issued under one time settlement scheme, income from investment of surplus cash, dividend on equity investment mainly in subsidiary company and miscellaneous income.

Our Other Income was ₹ 560.11 crore in Fiscal 2010, an increase of 3.60% over our other income of ₹ 540.67 crore in Fiscal 2009. Major components of Other Income are discussed below:

	₹ in crore	
Other Income	Fiscal 2010	Fiscal 2009
Interest on securitised power bonds/long term advances	161.31	185.27
Interest from beneficiary states	83.64	0.14
Interest on Term Deposit	185.61	174.32
Dividend	25.02	51.76
Sale of Projects	-	37.52
Other miscellaneous income	104.53	91.66
<b>Total</b>	<b>560.11</b>	<b>540.67</b>

Interest income from securitised power bonds/long term advances for Fiscal 2010 was ₹ 161.31 crore as compared to ₹ 185.27 crore in Fiscal 2009. The decline in interest income to the extent of ₹ 23.96 crore is due to redemption of these bonds/long term advances amounting to ₹ 281.81 crore.



Our Other Income during Fiscal 2010 was impacted by an increase of ₹ 83.50 crore on account of interest from beneficiary states due to finalization/revision of tariff of Power Stations.

The corporation has received ₹ 4,025.70 crore as IPO proceeds during Fiscal 2010. Out of these funds, ₹ 3,288 Crore are invested in FDRs. Despite increase in surplus funds, interest income has not increased correspondingly due to decline in average FDR interest rates.

During Fiscal 2010, we earned ₹ 25.02 crore as dividend from our investments mainly in subsidiary company as against ₹ 51.76 crore during Fiscal 2009.

Other miscellaneous income of ₹ 104.53 crore and ₹ 91.66 crore in Fiscal 2010 and Fiscal 2009 respectively comprise mainly of interest on advance to Government of Arunachal Pradesh, late payment surcharge, write-back of liabilities, etc.

### Expenditure

(₹ in crore)

Expenditure	Fiscal 2010	Fiscal 2009
Generation, Administration and Other Expenses	304.36	326.47
Employees' Remuneration and Benefits	529.84	492.51
Depreciation	1,033.25	518.24
Interest and Finance Charges	457.08	505.18
Provisions	80.50	190.97
Expenditure on Contracts, Project Management and Consultancy Works	82.39	61.16
<b>Total Expenditure</b>	<b>2,487.42</b>	<b>2,094.53</b>

Our total expenditure increased by 18.76% to ₹ 2,487.42 crore in Fiscal 2010 from ₹ 2,094.53 crore in Fiscal 2009 mainly due to depreciation charges at new rates as notified by CERC notification dated 19.01.2009. Our total expenditure as a percentage of our total income was 50.85% in Fiscal 2010 compared to 64.22% in Fiscal 2009. This decline was primarily due to the increase in sale of energy due to finalization/revision of tariff of Power Stations.

### Generation, Administration and Other Expenses

Generation, administration and other expenses consist primarily of repair and maintenance of buildings and plant & machinery, security expenses, insurance expenses, etc. These expenses represent approximately 12% of our total expenditure in Fiscal 2010, 16% in Fiscal 2009. In absolute terms, these expenses decreased approximately by 7% to ₹ 304.36 crore in Fiscal 2010 from ₹ 326.47 crore in Fiscal 2009. In terms of expenses per unit of saleable energy, it was ₹ 0.20 in Fiscal 2010 as compared to ₹ 0.22 in the previous Fiscal.

The decrease of ₹ 22.11 crore is the net effect of increase in Security, Insurance expenses and decrease in foreign exchange rate variation expenses.

Impact of foreign exchange rate variation expenses is offset by billing the same, which is accounted for through sales of energy.

### Employees' Remuneration and Benefits

Employees' remuneration and benefits include salaries and wages, allowances, incentives, contribution to provident and other funds and welfare expenses. These expenses account for approximately 21% of our total expenditure in Fiscal 2010 as compared to approximately 24% in Fiscal 2009. In absolute terms, employee costs have increased by ₹ 37.33 crore in Fiscal 2010 mainly on account of additional provisions made towards pay revision of employees of the Corporation which is due w.e.f. 01.01.2007. This is partially offset by reduction in long term/post employment benefit liabilities. This resulted in an increase in the employee cost per unit of saleable energy from ₹ 0.34 in the previous Fiscal to ₹ 0.36 in the current Fiscal.

The remuneration and benefit cost of employees deployed in construction projects is capitalised through "Expenditure During Construction".

In respect of employees that are engaged in, or perform work at, our hydropower stations, employee cost is included in this line item. Voluntary retirement scheme payments in respect of those employees deployed in construction projects is also included in this line item.

We had 11,618 employees on our payroll as of March 31, 2010, compared to 12,295 employees as of March 31, 2009. Of this, 4,971 and 5,253 employees, respectively for Fiscal 2010 and 2009, were engaged in operation and maintenance areas of our business. Employees' remuneration and other benefits increased by 7.58% to ₹ 529.84 crore in Fiscal 2010 from ₹ 492.51 crore in Fiscal 2009.

As a percentage of total income, employees' remuneration and other benefits decreased from 15.10% in Fiscal 2009 to 10.83% in Fiscal 2010 mainly because of an increase in sales of energy due to changed tariff norms and finalization/revision of tariff of Power Stations.



### **Depreciation**

As per the accounting policy of the Company, depreciation is charged on straight line method to the extent of 90% of the Cost of Asset following the rates notified by CERC vide notification dated 19.01.2009, except for some items for which depreciation at the rates assessed by the Company is charged.

By virtue of provision of Section 616 of the Companies Act, 1956, companies engaged in generation or supply of electricity can adopt rates of depreciation for the purpose of preparation of accounts other than those prescribed vide schedule XIV of the said Act. Tariff Policy 2006, which has been issued under Electricity Act, 2003, a successor Act of Electricity (Supply) Act, 1948, vide Resolution No. 23/2/2005-R&R(Vol. III) dated 6th January, 2006, inter-alia, provides that rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting. Accordingly, NHPC is following the rates notified by CERC for the purpose of tariff fixation, for charging of depreciation in accounts.

Our depreciation costs increased by 99.38% to ₹ 1,033.25 crore in Fiscal 2010 from ₹ 518.24 crore in Fiscal 2009. Our depreciation expenses increased mainly on account of charging of depreciation at new rates effective from 01.04.2009 as notified by CERC vide notification dated 19.01.2009. As a percentage of our total income, depreciation increased from 15.89% in Fiscal 2009 to 21.12% in Fiscal 2010. The average rate of Depreciation in Fiscal 2010 and Fiscal 2009 was 5.18% and 2.58% respectively.

### **Interest and Finance Charges**

Our interest charges consist primarily of interest expenses on bonds and term loans. For accounting purposes, our borrowings are denominated in Rupees, including those raised in foreign currencies, primarily consisting of Japanese Yen, U.S. Dollars and Euros. Besides, we also incur expenses on account of Guarantee Fees in connection with loans raised.

Interest and finance charges decreased by 9.52% to ₹ 457.08 crore in Fiscal 2010 from ₹ 505.18 crore in Fiscal 2009, primarily due to repayment and redemption of loans.

### **Provisions**

We maintain provisions mainly on account of doubtful debts, claims and advances and obsolescence of stores and spares. Such provisions are estimated on a year to year basis and are based upon management assessment.

Our provisions decreased by 57.85% to ₹ 80.50 crore in Fiscal 2010 from ₹ 190.97 crore in Fiscal 2009. This decrease was mainly due to provision of ₹ 120.81 crore made in Fiscal 2009 for bad and doubtful debts relating to the unsettled debts of Delhi Transco Limited (formerly known as Delhi Electric Supply Undertaking) - [refer note 7(b) of Schedule 24 – Notes to the Accounts].

During Fiscal 2010, a provision of ₹ 70.84 crore has been created towards Cost of Dhauliganga Power Station, which has been recommended for disallowance by Standing Committee on Time & Cost Overrun as per Public Investment Board (PIB) note.

### **Expenditure on Contracts, Project Management and Consultancy Work**

Expenditure on account of Contracts, Project Management and Consultancy Work represents direct expenditure relating to construction contracts, employee expenditure for contract and consultancy personnel and administration and general overhead expenses relating to contracts that we execute either on an agency basis or otherwise on behalf of third parties (primarily the Gol on behalf of State Governments).

Our expenditure on contracts, project management and consultancy work increased by 34.71% to ₹ 82.39 crore in Fiscal 2010 from ₹ 61.16 crore in Fiscal 2009. This increase was primarily attributable to progress of work and induction of new assignment of O&M of Baghliar Power Station.

### **Profit Before Tax**

Due to the reasons outlined above, our profit before tax increased by 103.85% to ₹ 2,402.08 crore in Fiscal 2010 from ₹ 1,178.34 crore in Fiscal 2009.

### **Provision for Tax**

In Fiscal 2010, we provided for ₹ 311.58 crore for tax as compared to ₹ 103.12 crore in Fiscal 2009. The increase in Tax in Fiscal 2010 is attributable to increased Profit before Tax.

Till last fiscal, Minimum Alternate Tax (MAT) relating to core activities was to be passed to the beneficiaries. However, from Fiscal 2010 onwards, subsequent to the new tariff norms for 2009-14, ROE is grossed up with reference to applicable income tax rate so as to recover income tax incidence.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity**

We depend on both internal and external sources of liquidity to provide working capital and to fund capital requirements. We have traditionally funded our capital expenditure with internally generated funds, equity contributions by the Gol and debt financing. We generally enter into long term borrowings in the form of term loans or issue bonds, which may be in Indian Rupees



# Annual Report

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or foreign currencies. We had cash and cash equivalents of ₹ 5,097.38 crore and ₹ 1,899.95 crore as of March 31, 2010 and 2009 respectively.

### Cash Flows

(₹ in crore)

	Fiscal 2010	Fiscal 2009
Net cash inflow from operating activities	3,138.32	2,510.10
Net cash outflow from investment activities	(4,572.51)	(2,862.49)
Net cash inflow from financing activities	4,631.62	411.07

### Net Cash from Operations

Our net cash from operating activities was ₹ 3,138.32 crore in Fiscal 2010. We had net profit before tax, and after extraordinary items, of ₹ 2,402.08 crore. Our net cash from operating activities reflects non-cash items of depreciation (including prior period) of ₹ 1,032.39 crore, interest excluding rebate of ₹ 416.12 crore and ₹ 107.97 crore in deferred revenue on account of advance against depreciation. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of an increase in working capital of ₹ 529.11 crore, consisting of the net effect of an increase in receivables and an increase in trade and other payables.

Our net cash from operating activities was ₹ 2,510.10 crore in Fiscal 2009. We had net profit before tax, and after extraordinary items, of ₹ 1,178.34 crore. Our net cash from operating activities reflects non-cash items of depreciation (including prior period) of ₹ 521.79 crore, interest excluding rebate of ₹ 474.79 crore and ₹ 27.19 crore in deferred revenue on account of tariff adjustments/advance against depreciation. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of decrease in working capital of ₹ 235.57 crore, primarily on account of increase in trade and other payables.

### Net Cash from Investing Activities

Our net cash used in investing activities was ₹ 4,572.51 crore in Fiscal 2010. This mainly reflected expenditure on fixed assets of ₹ 2,997.53 crore, increase in investments by ₹ 1,600.45 crore offset by a small amount of dividend income.

Our net cash used in investing activities was ₹ 2,862.49 crore in Fiscal 2009. This reflected expenditure on fixed assets of ₹ 3,172.17 crore offset by decrease in investments of ₹ 255.61 crore and a small amount of dividend income.

### Net Cash from Financing Activities

In Fiscal 2010, our net cash flow from financing activities was ₹ 4,631.62 crore. We raised ₹ 3,458.42 crore of new borrowings, consisting principally of domestic term loans of ₹ 3,450 crore and ₹ 8.42 crore of foreign borrowings. Proceeds from issue of share capital and share premium amounts to ₹ 1,118.25 crore and ₹ 2,868.74 crore, respectively. We repaid borrowings to the tune of ₹ 1,669.58 crore and paid interest and finance charges of ₹ 914.20 crore. In Fiscal 2010, we paid final dividend (including dividend tax) of ₹ 230.01 crore.

In Fiscal 2009, our net cash flow from financing activities was ₹ 411.07 crore. We raised ₹ 2,331.46 crore of new borrowings, consisting mainly of domestic term loans of ₹ 2,306.00 crore and ₹ 25.46 crore of foreign borrowings. We repaid borrowings to the tune of ₹ 771.06 crore and paid interest and finance charges of ₹ 777.67 crore. In Fiscal 2009, we paid final dividend (including dividend tax) of ₹ 371.66 crore.

The significant increase between Fiscal 2009 and Fiscal 2010 is mainly due to Share Capital & Share Premium money received as a result of the Company's Initial Public Offer (IPO).

## DISCUSSION OF BALANCE SHEET ITEMS

### Balance Sheet Highlights

(₹ in crore)

	As of March 31,	
	2010	2009
Fixed assets	30,419.95	28,142.43
Investments	4,394.05	2,793.60
Interest Accrued on Investments	182.65	81.01
Inventories	44.31	37.16
Contract Work-in-Progress	26.84	19.55
Sundry Debtors	1,140.21	294.66
Cash and Bank Balances	5,097.38	1,899.95
Other Current Assets	534.66	393.74
Loans and Advances	1,295.74	1,693.20



## Financial Condition

### Net worth

The net worth of the Company at the end of Fiscal 2010 increased to ₹ 23,273.19 crore from ₹ 17,978.29 crore in the previous fiscal registering an increase of 29.45% mainly due to IPO proceeds and increased profit after tax.

### Net Fixed Assets

Our fixed assets after depreciation, defined as net fixed assets, were ₹ 30,419.95 crore and ₹ 28,142.43 crore as of March 31, 2010 and 2009, respectively. Our fixed assets consist of land, dams, tunnels, buildings, including power house buildings, plant and machinery, office equipment, computers and intangible assets etc.

Net fixed asset value increased by 8.09% in Fiscal 2010 as compared to Fiscal 2009 mainly due to an increase in capital work in progress.

### Investments

Investments are intended for long term and carried at cost. Our total investment was ₹ 4,394.05 crore and ₹ 2,793.60 crore, respectively, as of March 31, 2010 and 2009.

The increase in Investment is the net effect of increase due to Investment of IPO proceeds, Self Insurance Fund and Investments in Joint Ventures/Subsidiaries and decrease due to repayment and redemption of securitised power bonds.

Power Bonds received pursuant to the one time settlement scheme are also accounted for as investments. As of March 31, 2010 and 2009, these investments amounted to ₹ 1,521.55 crore and ₹ 1,778 crore respectively. The decrease in power bonds is due to its redemption.

### Interest Accrued on Investments

Interest accrued on investments was valued at ₹ 182.65 crore and ₹ 81.01 crore as of March 31, 2010 and 2009 respectively.

Our interest accrued on investments increased by 125.47% in Fiscal 2010 as compared to Fiscal 2009 mainly due to interest accrued in Investments of IPO proceeds.

### Inventories

Inventories are valued at Net Realisable Value. Our management has valued our inventories based on the physical verification of stock. Our inventories were valued at ₹ 44.31 crore and ₹ 37.16 crore as of March 31, 2010 and 2009 respectively.

### Contract Work-in-Progress

Our contract works-in-progress as of March 31, 2010 and 2009 were ₹ 26.84 crore and ₹ 19.55 crore respectively.

### Sundry Debtors

Sundry debtors consist primarily of receivables relating to sales of electricity. The sundry debtors (net of provision for doubtful debts) as of March 31, 2010 and 2009 were ₹ 1,140.21 crore and ₹ 294.66 crore, respectively. The significant increase of 286.96% in sundry debtors between Fiscal 2009 and Fiscal 2010 is mainly due to realisation in instalments of earlier year sales owing to revision of tariff of Dulhasti Power Station and billing for Fiscal 2010 being on applicable tariff for Fiscal 2009 as per CERC norms.

### Cash and Bank Balances

Our cash and bank balances consist of (i) cash surplus as of the balance sheet date in our current account and short term deposits and (ii) unspent advances received from government entities in respect of costs associated with the Pradhan Mantri Grameen Sadak Yojna scheme in connection with the development of rural roads and the Rajiv Gandhi Grameen Vidyutikaran Yojana scheme related to the establishment of rural electrification infrastructure.

Our cash and bank balances as of March 31, 2010 and 2009, respectively, were Rs. 5,097.38 crore and Rs. 1,899.95 crore. The increase of Rs. 3,197.43 crore during Fiscal 2010 is on account of Investments in term deposits of unutilised IPO proceeds and Self Insurance Fund.

### Other Current Assets

Our other current assets as of March 31, 2010 and 2009, respectively, were ₹ 534.66 crore and ₹ 393.74 crore. Other current assets increased by 35.79% in Fiscal 2010 as compared to Fiscal 2009. These fluctuations are mainly due to materialisation of deferred tax recovery.

As the method of recovery of income tax for tariff period 2009-10 and beyond has been revised by CERC, deferred tax liability is no longer recoverable from beneficiaries from current fiscal. As regard to deferred tax liability as at 31.03.2009, the tariff notification provides that the same shall be recoverable directly from beneficiaries, whenever it materializes. During current fiscal, ₹ 122.94 crore of such liability has materialised, which shall be claimed in 2010-11. (refer Sl. (F) of Schedule 9-Current Assets, Loan and Advances).



### Loans and Advances

Our loans and advances as of March 31, 2010 and 2009, respectively, were ₹ 1,295.74 crore and ₹ 1,693.20 crore. Loans and advances include advance income tax, advances to our employees, contractors and suppliers.

Loans and advances decreased by 23.47% in Fiscal 2010 as compared to Fiscal 2009 mainly due to reduction in advance to contractors and suppliers..

### Liabilities and Provisions

(₹ in crore)

	As of March 31,	
	2010	2009
Secured Loans	10,953.18	8,212.38
Unsecured Loans	2,915.04	4,021.65
Income Received in Advance on Account of Advance against Depreciation	1,437.44	1,329.47
Current Liabilities & Provisions	4,417.84	3,813.51

### Secured Loans

Our secured loans as of March 31, 2010 and 2009, respectively, were ₹ 10,953.18 crore and ₹ 8,212.38 crore. Secured loans include borrowings from domestic banks and financial institutions along with corporate bonds raised in the capital markets that are secured against assets of the company.

Increase of 33.37% in Secured Loans during Fiscal 2010 is the net effect of increase due to fresh borrowings and decrease due to repayment of loans.

### Unsecured Loans

Our unsecured loans as of March 31, 2010 and 2009, respectively, were ₹ 2,915.04 crore and ₹ 4,021.65 crore. Unsecured loans include borrowings from domestic and foreign banks and financial institutions that have not been secured by any assets of the Company.

Unsecured loans decreased by 27.52% in Fiscal 2010 as compared to Fiscal 2009. This decrease was mainly due to repayment of short term loan of ₹ 800 crore during Fiscal 2010.

### Income Received on Account of Advance against Depreciation

Upto 2008-09, Advance against Depreciation (AAD) was receivable as a component of tariff in the initial years of the operation of a power station to facilitate repayment of loans in respect of that power station.

The concept of AAD has been removed in the new tariff notified by CERC for the tariff period 2009-14.

Our AAD as of March 31, 2010 and 2009, respectively, were ₹ 1,437.44 crore and ₹ 1,329.47 crore. AAD standing in the books is being written-back in a systematic manner.

### Current Liabilities and Provisions

Our current liabilities and provisions as of March 31, 2010 and 2009, respectively, were Rs. 4,417.84 crore and Rs. 3,813.51 crore. Our current liabilities and provisions include sundry creditors, advances from contractees, security deposits, retention money, provision for wage revision, actuarial valuations, dividend and dividend tax, etc.

Current liabilities and provisions increased by 15.85% in Fiscal 2010 as compared to Fiscal 2009 primarily on account of increase in provision for Dividend (including dividend tax) and provision for Wage Revision due w.e.f. 01.01.2007.

### Off-Balance Sheet Items

#### Contingent Liabilities

The following table sets forth the components of our contingent liabilities as of Fiscal 2010 and 2009.

(₹ in crore)

Particulars	Fiscal 2010	Fiscal 2009
Claims against the Company not acknowledged as debts in respect of:		
Capital Works	4,452.69	3,870.55
Land Compensation Cases	82.82	94.61
Disputed Income Tax, Sales Tax, Other Items	2,388.25	2,471.47
<b>Total</b>	<b>6,923.76</b>	<b>6,436.63</b>



Contingent liabilities increased by 7.57% from Rs. 6,436.63 crore as of March 31, 2009 to Rs. 6,923.76 crore as of March 31, 2010 mainly on account of increase in contingent liabilities relating to Capital Works.

## BUSINESS AND FINANCIAL REVIEW OF SUBSIDIARIES/JOINT VENTURE COMPANIES

Highlights of the subsidiaries and joint venture companies of NHPC are as under:-

### NHDC Ltd.

NHDC Ltd. (formerly known as Narmada Hydroelectric Development Corporation Ltd.) was incorporated on 01.08.2000 as a Joint Venture of NHPC Ltd. (51%) and Government of Madhya Pradesh (49%) with authorised share capital of Rs. 3,000 crore. NHDC has commissioned Indira Sagar Power Project (1,000 MW) and Omkareshwar Power Project (520 MW). NHDC has also signed MoU on 29<sup>th</sup> June, 2009 with Government of Madhya Pradesh to develop on ownership basis 1320 MW (2 x 660 MW ) Super critical technology based Reva Thermal Power Project (RTPP) in District Khandwa of Madhya Pradesh. A site has also been allotted at Kukru (Betul) for 100 MW Wind power.

### Loktak Downstream Hydroelectric Corporation Limited

Loktak Downstream Hydroelectric Corporation Limited was incorporated on 23.10.2009 as a Joint Venture of NHPC Ltd. (74%) and Government of Manipur (26%) with authorised share capital of ₹ 230 Crore. Subsequent to its incorporation, all the Assets and Liabilities of the erstwhile Loktak Downstream H.E. Power Project of NHPC Ltd. have been handed over to the said company.

### National Power Exchange Limited (NPX)

NPX was incorporated on 11.12.2008 as a Joint Venture Company of NHPC Ltd., NTPC Ltd., Power Finance Corporation Ltd. and Tata Consultancy Services Ltd. under the name "National Power Exchange Limited" to operate a Power Exchange at the national level. NHPC has 16.67% of equity participation in the Joint Venture Company. This Power Exchange would provide a neutral and transparent electronic platform for trading of power on "day ahead basis" and ensure clearing of all trades in a transparent, fair and open manner with access to all players in the power markets.

### National High Power Test Laboratory Private Limited (NHPTLPL)

NHPTLPL was incorporated on 22.05.2009 as a Joint Venture Company of NHPC Ltd., NTPC Ltd., Power Grid Corporation of India Limited (Power Grid) and Damodar Valley Corporation (DVC) each holding 25% equity. The Company has been incorporated to set up an Online High Power Test Laboratory for short-circuit test facility in the country.

### PTC India Limited

The main objective of the company includes trading of power, import/export of power and purchase of power from identified private power projects and sale to identified SEBs/others. NHPC holds 4.17% of PTC's paid-up capital. During Fiscal 2010, the Company reviewed whether provisions of Accounting Standard (AS) 27- 'Financial Reporting of Interests in Joint Ventures' to the investment made in PTC India Ltd are applicable. Since, NHPC is of the view that provisions of this Standard are not applicable to investment in PTC India Ltd., the same has been excluded from the disclosures during this fiscal.

## Consolidated Financial Statements of NHPC Ltd, its Subsidiaries and Joint Venture Companies

The consolidated financial statements have been prepared in accordance with Accounting Standards (AS)-21 - "Consolidated Financial Statements" and Accounting Standards (AS) 27 - "Financial reporting of Interests in Joint Ventures" and are included in this Annual report.

A brief summary of the results on a consolidated basis is given below:

(₹ in crore)

Particulars	Fiscal 2010	Fiscal 2009
Total Income	5,874.62	4,072.04
Profit before Tax	2,754.17	1,486.25
Profit after Tax ( After adjustment of Minority Interest)	2,175.56	1,184.89



### B) Performance of Power Stations

The operating power stations of NHPC, located in different parts of the country, have shown an increase of 1.62%.

Details of the power stations given below:

Power Station	Generation Target (MU) 2009-10 for 'Very Good' MOU rating	Actual Generation (MUs) 2009-10	Actual Generation (MUs) 2008-09	PAF Target (%) 2009-10 for MOU rating	Actual PAF (%) 2009-10
Bairasiul	768	623	673	87.00	91.1
Loktak	448	381	498	87.00	72.6
Salal	3029	3024	3009	62.00	59.5
Tanakpur	446	471	428	57.00	63.1
Chamera- I	1665	2065	2142	92.00	97.7
Uri	2587	2703	3032	62.00	72.5
Rangit	334	329	333	87.00	91.8
Chamera – II	1481	1369	1372	92.00	97.8
Dhauliganga	1100	1134	1117	87.00	92.7
Dulhasti	1883	2264	2199	92.00	96.7
Teesta – V*	2533	2598	1887	87.00	94.0
Sewa – II	107	-	-	82.00	-
Total	16381	16960	16690	79.89	84.1

\* Generation includes inform power

The PAF(%) figures for the year 2009-10 are provisional subject to certification by the respective RPCs.

### MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATION

The company believes that a well-trained and experienced team of employees is crucial for its continued growth. As part of its commitment to training of personnel, NHPC, has set up training centres at four power stations, namely, Tanakpur power station (Uttarakhand), Chamera-I power station (Himachal Pradesh), Salal power station (Jammu & Kashmir) and Uri-I power station (Jammu & Kashmir).

#### Training

NHPC is collaborating with some of the leading educational institutions in the country that offer the best Management and Technical education programmes to strengthen the skills and knowledge sets of its employees. Some of these institutes are: IIM Bangalore, IIM – Calcutta, MDI- Gurgaon, IMT Ghaziabad, ISB- Hyderabad, IIM- Kozhikode, IIM- Indore, IIM – Lucknow, ASCI- Hyderabad, CPRI- Bangalore, NCB- Ballabgarh, ISM- Dhanbad, National Water Academy (NWA) – Pune, IIT- Roorkee, IIT -Delhi, KLG Systel – Gurgaon, etc. Key market leaders in equipment manufacturing, such as ABB AREVA (T&D), ALSTOM, VA-TECH, BHEL Siemens and others also designed and conducted training programmes on the prevailing and upcoming technologies in Power Sector.

The Regional Training Centre established at Region – III Office, Kolkata, is catering to the training needs of employees posted at Power Stations / Projects under Region-III and employees posted in the North –East Region. The centre is equipped with the latest training aids and equipment.

Special Training Programmes were also conducted for creating awareness about the features of Reservation policy and other essential provisions for employees in SC/ST/OBC category. Besides, these employees were also nominated for external training programmes on related subjects.

### WOMEN EMPLOYEES

The number and percentage of women employees in NHPC as on 31.03.2010 is as given below.

Group	Total No. of Employees as on 31.03.2010	No. of female employees	% of overall staff strength
Total	11,657	995	8.54%



Steps taken for the Welfare of women employees include the following:

- Special care is always taken to nominate deserving women employees to attend training programmes/seminars organized exclusively for female employees.
- Creche facility is provided for women with infant children in Corporate Office.
- Special committees with third party association have also been set up to look into the grievances /complaints of sexual harassment of women employees.
- Child care leave is given to women employees to take care of their newborn / infant children.
- Child Care Leave is given on adoption of a Child.
- Maternity leave is given as per rules.
- Relaxation in attendance/timings is another facility that is enjoyed by women employees at the Corporate Office.
- Women employees have the option of availing benefits for parents / parents-in-law under LTC / Medical Rules.

#### INDUSTRIAL RELATION & STAFF WELFARE

During the year under report, Industrial Relations were cordial and harmonious at all NHPC Projects /Stations/ Units. There was no report of any strike or lockout during the period.

The representatives of workmen were allowed to participate in decision-making processes, wherever feasible.

The Company has provided educational, recreational as well as health facilities in townships attached with various projects/stations/units.

#### RESERVATION FOR SC/ST/OBC

##### Information regarding SC/ST/OBC employees.

NHPC is particular about ensuring the socio-economic development of SC/ST/OBC and weaker category sections of the society at the remote areas where its power stations/projects are situated. NHPC provides budget allocation for Schools and Colleges at various locations that are populated by SC/ST/OBC households near its Projects/Power Stations. Medical facilities are also provided to all the weaker sections and SC/ST/OBC people wherever it is deemed fit. During natural calamities/epidemic, NHPC is involved in providing assistance to the community and organising medical camps.

As per guidelines issued by the Department of Personnel and Training (DOPT), Government of India, NHPC follows the reservation rules that are prescribed for recruitment of SC/ST and OBC. All the Presidential Directives are being complied with. The relaxed standard is applicable for SC/ST employees while considering promotion. The Organisation holds periodical meetings with SC/ST Employees. A SC/ST Cell is set up for the Welfare of SC/ST and OBCs and is under the direct control of separate Liaison Officers for SC/ST and OBC.

A table showing representation of SC/ST/OBC Employees is as under:

	Total Employees as on 31/03/10	Representation					
		SCs	SC%	STs	ST%	OBC	OBC%
<b>Total</b>	<b>11657</b>	<b>1489</b>	<b>12.77%</b>	<b>570</b>	<b>4.89%</b>	<b>991</b>	<b>8.50%</b>

#### WELFARE OF PERSONS WITH DISABILITIES

The following table shows the representation of persons with disabilities:

Group	Total Employees as on 31/03/10	Physically Challenged Employees			% of Physically Challenged employees	
		VH	HH	OH	Total	
<b>Total</b>	<b>11657</b>	<b>11</b>	<b>5</b>	<b>75</b>	<b>91</b>	<b>0.8%</b>

##### Steps taken for Welfare of Physically Challenged Employees:

NHPC follows the prescribed rules and regulations of the DoPT, Ministry of Social Justice and Empowerment with respect to recruitment and promotion of persons with Disabilities. In addition the following welfare schemes have been provided for:

1. NHPC Rehabilitation Scheme of Persons with Disabilities provides grants for vocational training and financial Assistance to those who develop physical disabilities while in service. Financial Assistance is also extended to physically handicapped children of employees for vocational training. Reimbursement of cost of artificial limbs and interest free loans for the same are also given free medical advice/ assistance to physically handicapped persons is also provided.



2. Reimbursement of monthly conveyance allowance for blind and orthopedically handicapped employees is also another step taken for the welfare of employees with physical disabilities.
3. Employees whose children are physically handicapped/ mentally challenged can avail of the Scheme of Children Education Assistance. The reimbursement is allowed even if they continue for more than two academic sessions in a year.
4. Reimbursement of charges for purchase of hearing aid is allowed to the employees and their dependents.
5. Restriction of age is not applicable in the case of physically/mentally challenged children for considering him/her as a dependent.
6. There is a provision of granting Special Casual Leave upto a maximum of 10 days in a calendar year to differently abled employees as defined in the Persons with Disabilities (equal opportunities, protection of rights and full participation) Act 1995 for participating in the Conferences/seminars/ trainings/workshops related to disability and development related to programmes organised at Nation/State level agencies to be specified by the Ministry of Social Justice and Empowerment.

### SUBSIDIARY CORPORATIONS

NHDC Limited formerly known as Narmada Hydroelectric Development Corporation is a **Joint Venture of NHPC and Government of Madhya Pradesh**. NHDC has commissioned both 1000 MW Indira Sagar project and Omkareshwar HE Project (520 MW) and gives much needed power to the State. NHDC is also constructing thermal projects in the state of Madhya Pradesh.

Loktak Downstream Hydroelectric Corporation Limited is a joint venture between **NHPC Limited and Government of Manipur to execute Loktak Downstream Hydro Project** of 66 MW situated in the state of Manipur. The new joint venture company was incorporated on 23<sup>rd</sup> October 2009 with a shareholding ratio of 76:24 for NHPC and Government of Manipur respectively. The Company commenced its business with effect from 25.02.2010.

### SUBSIDIARY AND JOINT VENTURE

A MoU has been signed in April 2010 between NHPC Limited, Government of Manipur and SJVN Limited for formation of a Joint Venture Company for implementation of the 1500 MW Tipaimukh Hydroelectric (Multipurpose) Project in Manipur. NHPC Limited, SJVN Limited and Government of Manipur shall have share holdings of 69%, 26% and 5% respectively. The preparation of the Promoters Agreement is under process.

In addition to the above, your Company has entered in to joint ventures as per details given below:

- 1) M/s. PTC India Limited: NHPC has invested in equity to the tune of ₹ 12 Crore. The main objective of the company includes trading of power, import/export of power.
- 2) National Power Exchange Limited: This is a Joint Venture Company between NHPC Limited, NTPC Limited, Power Finance Corporation Limited and Tata Consultancy Services Limited. NHPC has contributed ₹ 83 lacs towards equity.
- 3) National High Power Test Laboratory (NHPT) Limited: This is Joint Venture Company between NHPC Limited, NTPC Limited, Power Grid Corporation Limited and Damodar Valley Corporation. NHPC has contributed ₹ 88 lacs towards equity.

### ENVIRONMENT PROTECTION AND CONSERVATION

The Company is committed to preservation of the environment even as it meets its objectives of harnessing hydro power. In case of adverse impact on the environment, due to its construction activities, the Company takes care to mitigate such impact through compensation and adoption of measures such as Compensatory Afforestation, Catchment Area Treatment, Wildlife Conservation, Green Belt Development, Fishery Management, Health Management, Rejuvenation of Dumping Sites and Quarry Sites, Resettlement & Rehabilitation, etc.

NHPC is sensitive towards problems, concerns and aspirations of Project Affected Families (PAFs). Thus, NHPC has formulated its own Resettlement & Rehabilitation (R&R) Policy – 2007 in line with the National Rehabilitation and Resettlement Policy, 2007 after consultation with various stakeholders. The policy assesses issues related to loss of land, house, other resources, means of livelihood, etc. of the PAFs. The policy provides insights into resolving issues of income generation and concerns of indigenous people and vulnerable groups. Major emphasis has been laid on economic sustenance of the PAFs.

The policy has provided certain extra benefits over and above that proposed in NRRP-2007. These benefits include irrigation support system, provision to people who have lost access to their land, marriage grant to BPL unmarried girls, subsistence grant for asset less youth, formation of self-help groups, special treatment of orphans, higher amount as rehabilitation grant and upto 0.75% of the estimated cost of the project, for Community and Social Development plan. In addition to this, the Company also conducts post-construction Environment & Social Impact Assessment study, to evaluate the efficacy of management plans implemented during the course of project construction.

### Cautionary Statement

The views and projection statements contained in this report are based on reasonable assumptions and subject to certain risks and uncertainties that could cause actual results to differ from those reflected in the statements. Readers should carefully review the other information in this report and in the Company's periodic reports. The company undertakes no obligation to publicly update or revise any of these projection statements whether as a result of new information, future events or otherwise.

The financial figures are based on the audited results of the company.



**Annexure-III**

Reply to Annexure to the Director's Report on Energy Conservation & Technology Absorption is given hereunder:

**A. Conservation of Energy:**
**a) Energy Conservation Measures Taken:**

Energy audit of Dhauliganga & Dulhasti Power Stations. have been completed and the recommendations of CPRI to improve the energy saving are being implemented by the power stations.

**b) Additional Investment and proposal, if any, being implemented for reduction of consumption of energy:**

Energy audit of Teesta-V Power Station is being undertaken during the current FY 2010-11.

**c) Impact of the measures at a) and b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**
**d). Energy efficient devices / equipments to replace the low performance one's and shall be installed in phased manner.**  
 Not applicable

**B. Technology Absorption:**
**e) Efforts made in technology absorption are detailed in the Form B enclosed.**
**C. FOREIGN EXCHANGE EARNING AND OUTGO**
**f) Activities relating to exports; initiatives taken to increase exports; development of new markets for products and services and export plans;**

NHPC has no export plans.

**g) Total Foreign Exchange used and earned**

Particulars	₹ In crore 2009-10	₹ In crore 2008-2009
<b>1.* Value of imports calculated on CIF basis:</b>		
i) Capital Goods		
ii) Spare parts	155.17 3.91	374.976.47
<b>2.* Expenditure in Foreign currency</b>		
i) know how		
ii) interest		
iii) Other Misc	11.2373.37104.44	0.2698.84250.53
<b>3.* Value of spare parts and components consumed in Operating units</b>		
-imported	0.89 (20.79%)	4.34 (48.65%)
Indigenous	3.39 (79.21%)	4.58 (51.35%)
<b>4.** EARNINGS IN FOREIGN CURRENCY</b>		
(i) Interest Income	---	---
(ii) Others	---	---
* Accrual Basis		
** Cash basis		

**FORM – B**
**1. Specific areas in which R&D carried out by the company**

- Computational Fluid Dynamics (CFD) analysis of penstock of two power stations viz Baira Siul & Loktak power station
- Development of 3.75 MW Durgaduani Mini Tidal Power Project in West Bengal.
- National R&D Project- Development of Silt Resistant Material for Turbine of Hydro Generators.
- New R&D Projects under National Perspective Plan (NPP) - Tunneling in water charged zones under high hydrostatic pressure.

**2. Benefits derived as a result of the above R&D**

- Energy audit of Dhauliganga & Dulhasti Power Stations. have been completed and the recommendations of CPRI to improve the energy saving are being implemented by the power stations.

Clean Development Mechanism (CDM) benefits have been approved for two hydroelectric projects namely Nimoo Bazgo(45 MW) and Chutak(44 MW) located in Jammu & Kashmir, by CDM Executive Board of United Nation Framework Convention on Climate Change (UNFCCC). These projects shall annually reduce emissions of approximately 187,893 metric tonne CO2 equivalent and 166,831 metric tonne CO2 equivalent respectively after their commissioning. On this account, NHPC will achieve additional revenue from both the projects annually over a period of seven years which shall be renewed for another two term of seven years each.



Teesta –V power station has been successfully validated with regard to the relevant requirements of the VCS (Voluntary Carbon Standard 2007.1). As a result of the validation, Emission reductions of 20444420 t CO<sub>2</sub> (total) is most likely to be achieved within the 10 years renewable crediting period which will be renewed.

An MOU between International Research and Training Centre on Erosion & Sedimentation (IRTCES), China and NHPC have been signed on Nov, 2006 for co-operation on reservoir sedimentation studies.

Two reservoirs namely, Chamera-I & Dhauliganga –I from NHPC and two reservoirs namely, Bajiazui & Hongshan from IRTCES, China have been selected for the collaborative research on Management of Sedimentation in Hydro Reservoir. The outcome of the above research shall be useful for taking preventive measures against sedimentation in hydro reservoir of both the countries.

National R&D Project for development of Silt Resistant Material for elongation of service life of underwater components is under execution at National Metallurgical Laboratory, Jamshedpur in conjunction with NHPC, SJVNL & CPRI.

MoU has been signed with WBREDA for implementation of 3.75 MW Durgaduani Mini Tidal Power Project in Sunderbans, West Bengal. This project is first of its kind to be executed in India.

Computational Fluid Dynamic (CFD) Lab in NHPC, Corporate Office has been successfully established to analyze the flow pattern in the water conductor system which can be used to provide insight into hydraulic design at all levels of studies. CFD analysis of penstock of two Power Stations has been completed.

### 3. Future plan of action 2010-2011

The below -mentioned R&D activities are planned to be continued for the year 2010-11.

- Clean Development Mechanism (CDM):
  - Registration of Kishenganga H E Project to obtain CDM benefits.
  - Securing & Sale of Voluntary Emission Reductions (VERs) for Renovation and Modernization of Loktak power station.
  - Securing & Sale of Voluntary Emission Reductions (VERs) for Teesta-V Power Station.
  - Securing and sale of Voluntary Emissions Reductions (VERs) for seven HE projects at different stages of constructions viz. Chamera –III, Parbati-II, Parbati-III, Sewa-II, TLDP-III, TLDP-IV & Uri-II projects.
- CFD analysis of Penstock of Salal Power Station.
- Development of 3.75 MW Durgaduani Mini Tidal Power Project at Sunderban, West Bengal.
- National R&D Plan on Development of Silt Resistant Material for Turbines of Hydro Generators.
- New project Proposals under National Perspective Plan (NPP) – Tunneling in water charged zones under high hydrostatic pressure.

### 4. Expenditure on R&D

Total expenditure on R&D during the financial year 2009-10 is **Rs.2.65 crores**.

### Technology absorption, adaptation and innovation

#### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

Undertaken various experimental studies/trials in association with specialized organizations in the field of hard coatings for the underwater turbine components to improve their performance against silt erosion and identified Thermal Spray techniques as possible solution.

#### 2. Benefits derived as a result of the above efforts, eg. Product improvement, cost reduction, product development, import substitution etc. are as under:

Hard Coatings is an ongoing process and benefits will be derived after finalizing the final coating material beneficial to underwater components of Hydro Turbine. Tungsten Carbide Cobalt coating with HVOF process seems to be showing encouraging results.

#### 3. Technology imported during last five years:

The following activities were taken up with the help of foreign consultants:

- NHPC has been engaged as a nodal agency for exploitation of Geothermal Energy in the country by Ministry of New & Renewable Energy ( MNRE) . NHPC have got the ranking studies of geothermal fields in India done through an International Consultant viz., M/s GeothermEx, USA. The proposal regarding development of Tattapani geothermal fields was prepared and submitted to MNRE by NHPC. NHPC has also submitted PFR of Puga geothermal fields in J&K. Now it has been decided that the Puga Geothermal field shall be developed by the State Government J & K.
- To promote environmental friendly use of Solar Energy, a pilot project for 25kWp Solar Power Plant & Stand alone street lights for Nimmo Bazgo Hydroelectric Project of NHPC was undertaken by R&D Division to promote green power. Presently, 20 nos. stand alone street light and 25 kWp solar power plant was successfully commissioned on 17th January 2007 and fully functional at the project site.
- NHPC has completed the updation / upgradation of DPR of Durgaduani Tidal Project (3.75MW) West Bengal.



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

- A) Particulars of employees throughout the Financial Year who were in receipt of remuneration not less than ₹ 24,00,000/- or more per annum.
- B) Particulars of employees employed for part of the Financial year who were in receipt of remuneration not less than ₹ 2,00,000/- per month

Name & Emp. No.	Nature of Duties	Qualification & Exp. of the employee	Date of commencement of employment	Age	Remuneration	Last Employment held	Remarks
Inderpal, 120108N	AM(Admn.) CPMG	BA, 30 Yrs. Exp.	30/11/1978	60	1039207	CWC	Retired
V K Maniktala, 100510Y	CE, CEP	BE(Mech.), 26 Yrs. Exp.	14/06/1982	60	1211772	CWC	Retired
D C Chauhan, 100330W	SM(Fin.), Finance	SAS, 29 Yrs. Exp.	12/8/1980	60	2465141	Controller General of Defence Accounts	Retired
Gurbachan Singh, 137924K	Mast.Tech. (Fitt), Salal	Illiterate	1/12/1982	58	849537		VRS
T Mandal, 100274H	ED, CEP	BE(Civil), 29 Yrs. Exp.	29/12/1979	60	1898714	Engineering Pro(l) Ltd. Kailash	Retired
A K Bose, 120228L	AM(Admn.) HR	BA, 26 Yrs. Exp.	16/06/1983	60	1607838	Ministry of Home Affairs	Retired
A A Khan 100008K	CE(E), T&RE	BE(Elect.), 28 Yrs. Exp.	31/12/1980	60	1671670	Central Electricity Authority	Retired
PNP Singh, 101173F	CE(C), CEP	BE(Civil), 25 Yrs. Exp.	27/03/1984	54	1654317	Jai Prakash Associate Pvt. Ltd.	Death
DD Pant, 110364H	Mgr.(Mech.), O&M	Diploma in Mech. Engg., 33 Yrs. Exp.	Since Inception	60	1302566	Joined in NHPC	Retired
Dilip Karkun, 100758H	GM, Design (Civil)	BE(Civil), M. Tech, 25 Yrs. Exp.	25/07/1984	60	2274102	National Proj. onst. Corp.Ltd.	Retired
V K Jain, 100052T	ED, R&D	FIE, BE(Elect.), 32 Yrs. Exp.	1/8/1977	59	2030124	CEA	Pre. Mature Ret.
V K Sadotra, 130016Y	AM (Admn), HR	BA (Hons.) 37 Yrs. Exp.	Since Inception	56	2410946		VRS
SM Hussain, 100466 A	ED, CEP	BSc Engg. (Civil), 28 Yrs. Exp.	14/12/1981	60	2243249	Irrigation Deptt. Govt. of Bihar	Retired
Gursharanit Kaur, (Ms.) 120085W	DM(Sec.), Engg. Geo.	Higher Secondary, 31 Yrs. Exp.	15/07/1978	60	1689047		Retired
S C Ram, 110037X	SM(E), T&RE	Diploma in Elect. Engg., 34 Yrs. Exp.	12/1/1976	60	2335953		Retired
C S Ahuja, 100342L	Chief (Reseach), Engg. Geo.	MA Maths, 31 Yrs. Exp.	27/09/1978	60	1810762	BSL Project	Retired
Bhim Sain, 110211Y	Mgr.(Fin.), Finance	B.Com. SAE, MBA, 31 Yrs. Exp.	1/12/1978	54	4046760	BSL Project, Sudernagar (HP)	Death
Subhash Roy, 100534H	ED, Cost. Engg.	FIE, BE(Civil), 27 Yrs. Exp.	27/09/1982	59	2007222	Irrigation & Flood Control Dept., Tripura	Pre. Mature Ret.

**Notes:**

- Persons named above were regular employees of the Company.
- Remuneration includes Salary, allowances. Leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries / hospitals at Project sites, since it can not be quantified employees-Wise. In addition, the employees are entitled to gratuity / group insurance in accordance with Company's Rules.
- Remuneration mentioned above is inclusive of retirement / separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.
- None of the employees listed above is related to any director of the company.



## AUDITORS' REPORT

To the Members of  
NHPC Ltd.

1. We have audited the attached Balance Sheet of **NHPC Ltd.** (formerly known as National Hydroelectric Corporation Limited) as at 31<sup>st</sup> March 2010 and also the Profit and Loss Account, Statement of expenditure during construction and Cash Flow Statement of the Company for the year ended on that date annexed thereto, in which are incorporated the return of (i) one Regional Office, Corporate Office and 4 other offices audited by us, (ii) 8 Regional Offices audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004 (hereinafter referred to as the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments given in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) The allocation of work amongst the auditors has been followed as per direction contained in letter No. CA. V/COY/NHPC (5)/51 dated 12.08.2009 addressed to NHPC by the Office of Comptroller & Auditor General of India, New Delhi;
  - (iii) 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 those books. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with;
  - (iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
  - (v) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
  - (vi) The Department of Companies Affairs, Ministry of Finance vide their Notification No. F. No. 8/5/2001-CL.V dated 21<sup>st</sup> October, 2003 have notified that provision of Section 274 (1) (g) of the Companies Act, 1956, shall not apply to a Government Company.
  - (vii) The Central Government has not prescribed the amount of Cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
  - (viii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes and the Significant Accounting Policies thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010,
    - b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date,
    - c) In case of Statement of Expenditure During Construction, of the expenditure incurred up to the period ended on reporting date, and
    - d) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **GSA & Associates**  
Chartered Accountants  
FRN 000257N

**(SUNIL AGGARWAL)**  
PARTNER  
Membership No: 83899

PLACE : New Delhi  
DATE : 25<sup>th</sup> May 2010



## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are informed that the fixed assets have been physically verified by the management /out side chartered accountants firm during the year. In our opinion, the frequency of verification is reasonable. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets physically verified during the year.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventories of stores, spare parts, steel and cement have been physically verified during the year by the management/outside chartered accountants firm. In our opinion, the frequency of physical verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
- (iii) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
- (b) As per information and explanation the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, in general there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of power and services.
- (v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of sub-clause (a) above, the sub clause is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) Corporation is having internal audit department responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan. Internal Audit has been conducted as per approved plan and there is considerable improvement as compared to earlier years, However it needs to be further strengthened in respect of reporting aspects and identification of critical areas for risk based audit.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as at 31<sup>st</sup> March, 2010, for a period of more than six months from the date they became payable.



# Annual Report

## 2009-10

- (b) According to the information and explanations given to us and as per the records of the Company, the dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute amounting to ₹ 2099.36 crores.

Statute	Nature of Dues	Forum where the dispute is pending	₹ in Crores
Income Tax Act, 1961	Income Tax	ITO, TDS Faridabad	0.08
	Income Tax	ITO, TDS Palampur	0.01
Sales Tax Act of Various State	Sales Tax	Guwahati High Court	1934.07
	Sales Tax	Sales Tax Appellate Tribunal, Srinagar, J&K	117.35
	Sales Tax	Joint Commissioner Appeal	0.98
	Sales Tax	Assessing Authority, Chamba	3.39
	Sales Tax	ACCT WB Sales Tax	40.39
Assam Value added tax of 2003	VAT	The Commissioner Taxes, Assam	3.03
Custom Act 1962	Custom duty	Mumbai Custom	0.06
		<b>Total</b>	<b>2099.36</b>

- (x) The company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash loss during the year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. In view of provisions of this clause are not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the period under audit to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created security in respect of Bonds issued by the Company.
- (xx) We have verified the end use of money raised by Public Issue as disclosed in the note no. 3(a) of schedule 24 of the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **GSA & Associates**  
Chartered Accountants  
FRN 000257N

**(SUNIL AGGARWAL)**  
PARTNER  
Membership No: 83899

PLACE : New Delhi  
DATE : 25<sup>th</sup> May 2010



## BALANCE SHEET AS AT 31ST MARCH, 2010

(₹ in crore)

SCHEDULE		31st March 2010		31st March 2009	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i) Share Capital	1	12300.74		11182.49	
ii) Reserves and Surplus	2	<u>10972.45</u>	23273.19	<u>6798.13</u>	17980.62
B. LOAN FUNDS					
i) Secured Loans	3	10953.18		8212.38	
ii) Unsecured Loans	4	<u>2915.04</u>	13868.22	<u>4021.65</u>	12234.03
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION			1437.44		1329.47
D. DEFERRED TAX LIABILITY (NET)					
Deferred Tax Liabilities		2509.64		2412.98	
Less: Deferred Tax Recoverable		<u>2370.54</u>	<u>139.10</u>	<u>2412.98</u>	-
TOTAL			<u>38717.95</u>		<u>31544.12</u>
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i) Fixed Assets	5				
a) Gross Block		21302.37		21460.08	
Less: Depreciation		<u>4907.44</u>		<u>3816.27</u>	
b) Net Block		16394.93		17643.81	
ii) Capital Work In Progress	6	12802.50		9401.77	
iii) Construction Stores and Advances	7	<u>1222.52</u>	30419.95	<u>1096.85</u>	28142.43
B. INVESTMENTS	8		4394.05		2793.60
C. CURRENT ASSETS, LOANS AND ADVANCES		9			
i) Interest Accrued on Investments		182.65		81.01	
ii) Inventories		44.31		37.16	
iii) Contract Work-In-Progress		26.84		19.55	
iv) Sundry Debtors		1140.21		294.66	
v) Cash and Bank Balances		5097.38		1899.95	
vi) Other Current Assets		534.66		393.74	
vii) Loans and Advances		<u>1295.74</u>	8321.79	<u>1693.20</u>	4419.27
Less: CURRENT LIABILITIES AND PROVISIONS		10			
i) Liabilities		2129.59		2150.25	
ii) Provisions		<u>2288.25</u>	<u>4417.84</u>	<u>1663.26</u>	<u>3813.51</u>
NET CURRENT ASSETS			3903.95		605.76
D. MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	11		-		2.33
TOTAL			<u>38717.95</u>		<u>31544.12</u>
ACCOUNTING POLICIES		23			
NOTES TO THE ACCOUNTS		24			

Schedule 1 to 24 form integral part of the Accounts

As per our attached report of even date

For and on behalf of the Board of Directors

**For GSA & ASSOCIATES**

 Chartered Accountants  
 FR No.- 000257N

**(SUNIL AGGARWAL)**

 Partner  
 M.NO 83899

**VIJAY GUPTA**

 Company  
 Secretary

**A.B.L. SRIVASTAVA**

 Director (Finance)  
 DIN 01601682

**S.K. GARG**

 Chairman & Managing Director  
 DIN 00055651

Place : New Delhi

Dated : 25.5.2010



# Annual Report 2009-10

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(₹ in crore)

SCHEDULE		31st March 2010		31st March 2009	
INCOME					
i)	Sales	12	4326.87		2698.06
	Less: Advance Against Depreciation	12A	<u>107.97</u>	4218.90	<u>26.21</u>
ii)	Revenue from Contract, Project Management and Consultancy Works	13		113.08	48.97
iii)	Other Income	14		<u>560.11</u>	<u>540.67</u>
TOTAL INCOME			<u>4892.09</u>		<u>3261.49</u>
EXPENDITURE					
i)	Generation, Administration and Other Expenses	15		304.36	326.47
ii)	Employees' Remuneration and Benefits	16		529.84	492.51
iii)	Depreciation	17		1033.25	518.24
iv)	Interest and Finance Charges	18		457.08	505.18
v)	Provisions	19		80.50	190.97
vi)	Expenditure on Contract, Project Management and Consultancy Works	20		<u>82.39</u>	<u>61.16</u>
TOTAL EXPENDITURE			<u>2487.42</u>		<u>2094.53</u>
Profit before Tax and Prior Period Adjustments			<u>2404.67</u>		<u>1166.96</u>
	Prior Period Adjustments (net)	21		2.59	(11.38)
PROFIT BEFORE TAX			<u>2402.08</u>		<u>1178.34</u>
Provision for Taxation					
i)	Current Tax		388.65		110.54
ii)	Fringe Benefit Tax		-		9.45
iii)	Adjustments relating to earlier years		(93.23)		(16.87)
iv)	Deferred Tax		96.66		395.91
	Less: Deferred tax recoverable adjustment		<u>80.50</u>	<u>16.16</u>	<u>395.91</u>
PROFIT AFTER TAX			<u>2090.50</u>		<u>1075.22</u>
Balance brought forward			1963.66		1344.53
Add:					
i)	Amount written back from Bond Redemption Reserve		14.25		14.25
ii)	Amount written back from Self Insurance Reserve		-		0.06
iii)	Tax on dividend - write back		3.98		8.57
BALANCE AVAILABLE FOR APPROPRIATION			<u>4072.39</u>		<u>2442.63</u>
i)	Transfer to Bond Redemption Reserve		100.00		-
ii)	Transfer to Self Insurance Fund		32.99		98.74
iii)	Dividend :				
	- Interim		-		125.00
	- Proposed		676.54		200.00
iv)	Tax on Dividend :				
	- Interim		-		21.24
	- Proposed		<u>112.36</u>		<u>33.99</u>
BALANCE CARRIED OVER TO BALANCE SHEET			<u>3150.50</u>		<u>1963.66</u>
Earning per share (Equity shares, face value of Rs. 10/- each)					
	Basic		1.76		0.96
	Diluted		1.76		0.96
Expenditure During Construction		22			
Accounting Policies		23			
Notes to the accounts		24			
Schedule 1 to 24 form intergral part of the Accounts					

As per our attached report of even date

**For GSA & ASSOCIATES**

Chartered Accountants  
FR No.- 000257N

**(SUNIL AGGARWAL)**

Partner  
M.NO 83899

**VIJAY GUPTA**

Company  
Secretary

**A.B.L. SRIVASTAVA**

Director (Finance)  
DIN 01601682

**S.K. GARG**

Chairman & Managing Director  
DIN 00055651

Place : New Delhi

Dated : 25.5.2010

For and on behalf of the Board of Directors



## SCHEDULE 1 - SHARE CAPITAL

(₹ in crore)

	Opening Balance as at 01.04.09	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.10
<b>Authorised:</b> 15,000,000,000 Equity Shares of ₹ 10/- each (Previous Year 15,000,000,000 Equity Shares of ₹ 10/- each)	15,000.00	-	-	15,000.00
<b>Issued, Subscribed and Paid-up:</b> 12,300,742,773 Equity Shares of ₹ 10/- each fully paid-up (Previous Year 11,182,493,430 Equity Shares of Rs.10/- each) fully paid-up (Out of above, 62,952,960 Shares of ₹ 10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	11,182.49	1,118.25	-	12,300.74
<b>Total</b>	<b>11,182.49</b>	<b>1,118.25</b>	<b>-</b>	<b>12,300.74</b>

## SCHEDULE 2 - RESERVE AND SURPLUS

(₹ in crore)

	31st MARCH 2010				31st MARCH 2009			
	Opening Balance as at 01.04.2009	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.2010	Opening Balance as at 01.04.2008	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.2009
Capital Reserve	-	-	-	-	-	-	-	-
Bond Redemption Reserve	128.25	100.00	14.25	214.00	142.50	-	14.25	128.25
Share Premium Account	-	2,907.45	38.71 *	2,868.74	-	-	-	-
General Reserve	4,120.06	-	-	4,120.06	4,120.06	-	-	4,120.06
Profit and Loss Account	1,963.66	2,108.73	921.89	3,150.50	1,344.53	1,098.10	478.97	1,963.66
Self Insurance Fund	586.16	32.99	-	619.15	487.48	98.74	0.06	586.16
<b>Total</b>	<b>6,798.13</b>	<b>5,149.17</b>	<b>974.85</b>	<b>10,972.45</b>	<b>6,094.57</b>	<b>1,196.84</b>	<b>493.28</b>	<b>6,798.13</b>

\* Adjustment of Share Issue Expenses as per the provisions of Section 78 of Companies Act, 1956

## SCHEDULE 3 - LOAN FUND - SECURED

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. BONDS</b>		
Bonds	2456.00	513.00
<b>B. TERM LOANS</b>		
Term Loan from Banks /FIs- Indian Currency	8497.18	7699.38
<b>Total (Refer Appendix)</b>	<b>10953.18</b>	<b>8212.38</b>



## APPENDIX TO SCHEDULE 3

### LOAN FUND - SECURED

(₹ in crore)

	31st March 2010	31st March 2009
<b>(A) BONDS (Non-convertible and Non-cumulative)</b>		
<b>BONDS-O SERIES *2</b> (7.7% 15 Year Bonds of ₹ 100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Yearly redemption of ₹ 57 Crore w.e.f. 31.03.09 to 31.03.18) (Due for redemption within one year ₹ 57 Crore)	456.00	513.00
<b>BONDS-P SERIES *5 , 7 &amp; 10</b> (9.00% 15 Year Secured Redeemable Non-Convertible Bonds of ₹ 10,00,000/- each ) (Yearly redemption of ₹ 200 crore w.e.f. 01.02.16 to 01.02.25) (Due for redemption within one year ₹ Nil)	2,000.00	-
<b>TOTAL BONDS (A)</b>	<b>2,456.00</b>	<b>513.00</b>
<b>(B) TERM LOANS</b>		
<b>CANARA BANK *1</b> (Due for repayment within one year ₹ 17 crore) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)	51.00	68.00
<b>INDIAN OVERSEAS BANK *1</b> (Due for repayment within one year ₹ 12.50 crore) (Repayable in 4 equal yearly instalments w.e.f. 06.12.08)	25.00	37.50
<b>STATE BANK OF PATIALA *1</b> (Due for repayment within one year ₹ 4 crore) (Repayable in 20 half yearly instalments w.e.f. 09.07.07)	28.00	32.00
<b>BANK OF INDIA *3</b> (Due for repayment within one year ₹ 10 crore) (Repayable in 10 years in 40 equal quarterly instalments w.e.f. 24.12.06)	65.00	75.00
<b>CENTRAL BANK OF INDIA *3</b> (Due for repayment within one year ₹ 10 crore) (Repayment in 20 half yearly instalments of ₹ 5 crore w.e.f. 02.05.04)	40.00	50.00
<b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3</b> (Due for repayment within one year ₹ 14.28 crore) (Repayable in 14 equal half yearly instalments w.e.f. 13.02.07)	50.00	64.29
<b>PUNJAB &amp; SIND BANK *3</b> (Due for repayment within one year ₹ 10 crore) (Repayable in 40 quarterly instalments in 10 years w.e.f. 24.10.06)	65.00	75.00
<b>PUNJAB NATIONAL BANK *3</b> (Due for repayment within one year ₹ 15 crore) (Repayment in 10 years in 20 half yearly instalments w.e.f. 26.10.04)	67.50	82.50
<b>STATE BANK OF PATIALA *3</b> (Due for repayment within one year ₹ 7.14 crore) (Repayment in 14 half yearly instalments w.e.f. 30.01.07)	25.00	32.14
<b>STATE BANK OF HYDERABAD *3</b> (Due for repayment within one year ₹ 7.14 crore) (Repayment in 14 half yearly instalments in 7 years w.e.f. 07.01.07)	25.00	32.14
<b>STATE BANK OF INDIA *3</b> (Due for repayment within one year ₹ 21.43 crore) (Repayment in 14 half yearly instalments w.e.f. 18.09.06)	64.29	85.71
<b>CANARA BANK *4</b> (Due for repayment within one year ₹ 10 crore) (Repayable in 4 equal yearly instalments w.e.f. 28.06.09)	30.00	40.00



**APPENDIX TO SCHEDULE 3**

(₹ in crore)

	31st March 2010	31st March 2009
<b>LIFE INSURANCE CORPORATION OF INDIA *5 &amp; 7</b> (Due for repayment within one year ₹ 208.33 crore) (Repayable in 24 half yearly instalments in 12 years w.e.f. 15.04.09)	2,291.67	2,500.00
<b>CANARA BANK *2</b> (Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 09.11.07)	140.00	160.00
<b>SYNDICATE BANK *2</b> (Due for repayment within one year ₹ 18.30 crore) (Repayable in 10 equal yearly instalments w.e.f. 23.02.08)	128.10	146.40
<b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 31.03.08)	140.00	160.00
<b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year ₹ Nil) (Repayable in 10 equal yearly instalments w.e.f. 27.12.11)	100.00	100.00
<b>LIFE INSURANCE CORPORATION OF INDIA *6</b> (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 30.04.12)	1,896.00	1,896.00
<b>INDIAN BANK *1</b> (Due for repayment within one year ₹ Nil) (Repayable in 3 equal installments w.e.f. 28.02.12)	100.00	100.00
<b>POWER FINANCE CORPORATION LIMITED *8</b> (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	501.00	296.00
<b>POWER FINANCE CORPORATION LIMITED *8</b> (Due for repayment within one year ₹ 18.60 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.10.08)	158.10	176.70
<b>POWER FINANCE CORPORATION LIMITED *8</b> (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	70.00	70.00
<b>POWER FINANCE CORPORATION LIMITED *2 &amp; 3</b> (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.07.11)	912.00	507.00
<b>POWER FINANCE CORPORATION LIMITED *1</b> (Due for repayment within one year ₹ 41.30 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.07.09)	382.02	413.00
<b>POWER FINANCE CORPORATION LIMITED *1</b> (Due for repayment within one year ₹ 50 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.01.10)	487.50	500.00
<b>INDIAN BANK *4 &amp; 9</b> (Due for repayment within one year ₹ Nil) (Bullet Repayment after 5th year w.e.f. 29.09.14)	55.00	-
<b>UCO BANK *8</b> (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 31.12.12)	600.00	-
<b>TOTAL SECURED LOANS (B)</b>	<b>8,497.18</b>	<b>7,699.38</b>
<b>Grand Total (A+B)</b>	<b>10,953.18</b>	<b>8,212.38</b>



### APPENDIX TO SCHEDULE 3

**Note :**

1. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the state of Himachal Pradesh except for Book Debts and Stores.
2. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
3. Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets of Corporation's Chamera-II Power Station situated in the state of Himachal Pradesh except book debts & stores.
4. Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak Power Station situated in the state of Manipur except for book debts and stores.
5. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
6. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E. Project situated in the state of Arunachal Pradesh & equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal & Teesta-V Power Station situated in the state of Sikkim.
7. Secured by a first pari-passu mortgage and charge over all the immovable and moveable assets of the Company's Dhauliganga Power Station situated in the state of Uttarakhand except for book debts & stores.
8. Secured by way of first charge by way of hypothecation on whole of the Corporation's movable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
9. Secured by exclusive charge by way of equitable mortgage against the assets of Company's Bairasiul Power Station situated in the state of Himachal Pradesh except for book debts and stores.
10. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Chamera-III HE Project situated in the state of Himachal Pradesh.

### SCHEDULE 4 - LOAN FUNDS - UNSECURED

	(₹ in crore)	
	31st March 2010	31st March 2009
<b>A. TERM LOANS</b>		
Term Loan From Banks/FIs - Foreign Currency Guaranteed by Government of India	2,696.04	3,187.65
<b>B. LOANS FROM GOVERNMENT OF INDIA</b>		
Loans From Governments	219.00	34.00
<b>C. SHORT TERM LOANS</b>		
Short Term Loans From Banks /FIs - Indian Currency	-	800.00
<b>Total (Refer Appendix)</b>	<b>2,915.04</b>	<b>4,021.65</b>



**APPENDIX TO SCHEDULE 4**
**LOAN FUNDS - UNSECURED**

(₹ in crore)

	31st March 2010		31st March 2009	
<b>(A) TERM LOAN FROM BANKS/FIs - FOREIGN CURRENCY</b>				
<b>Guaranteed by Government of India</b>				
<b>Nordic Investment Bank</b>	22.96		51.84	
(Due for repayment within one year ₹ 22.96 crore)				
<b>Credit Commercial DE France</b>	51.83		173.53	
(Due for repayment within one year ₹ 51.83 crore)				
<b>Export Development Canada</b>	334.59		363.24	
(Due for repayment within one year ₹ 62.52 crore)				
<b>Japan Bank of International Cooperation Tranche-I</b>	190.15		217.08	
(Due for repayment within one year ₹ 11.88 crore)				
<b>Japan Bank of International Cooperation Tranche-II</b>	701.77		795.94	
(Due for repayment within one year ₹ 38.99 crore)				
<b>Japan Bank of International Cooperation Tranche-III</b>	590.36		625.68	
(Due for repayment within one year ₹ Nil)				
<b>Deutsche Bank &amp; Others</b>	804.38	2,696.04	960.34	3,187.65
(Due for repayment within one year ₹ 89.37 crore)				
<b>(B) LOANS FROM GOVERNMENT OF INDIA</b>				
<b>Subordinate Debt from Govt. of India</b>	204.00		34.00	
(Due for repayment within one year ₹ Nil)				
(Repayable in 18 equal annual installments from the 12th year after commissioning of Nimmo Bazgo H.E. Project)				
<b>Subordinate Debt from Govt. of India</b>	15.00	219.00	-	34.00
(Due for repayment within one year ₹ Nil)				
(Repayable in 24 equal annual installments from the 12th year after commissioning of Chutak H.E. Project)				
<b>(C) SHORT TERM LOANS</b>				
<b>BANK OF BARODA</b>	-		100.00	
(Due for repayment within one year ₹ Nil)				
<b>BANK OF BARODA</b>	-		100.00	
(Due for repayment within one year ₹ Nil)				
<b>BANK OF MAHARASHTRA</b>	-		100.00	
(Due for repayment within one year ₹ Nil)				
<b>INDIAN OVERSEAS BANK</b>	-		300.00	
(Due for repayment within one year ₹ Nil)				
<b>INDIAN OVERSEAS BANK</b>	-	-	200.00	800.00
(Due for repayment within one year ₹ Nil)				
<b>TOTAL UNSECURED LOANS</b>		<b>2,915.04</b>		<b>4,021.65</b>



## SCHEDULE - 5 FIXED ASSETS

(₹ in crore)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2009	Addition/ Adjustment	Deduction/ Adjustment	31.03.2010	01.04.2009	For the Year	Adjust- ment	31.03.2010	31.03.2010	31.03.2009
i) Land – Freehold	195.00	11.95	0.42	206.53	-	-	-	-	206.53	195.00
ii) Land – Leasehold	110.30	9.87	30.66	89.51	3.75	2.87	0.11	6.73	82.78	106.55
iii) Land – Unclassified/ Right of Use	720.03	31.89	79.09	672.83	11.99	1.99	-	13.98	658.85	708.04
iv) Buildings	1,668.88	19.34	3.19	1,685.03	369.65	84.43	0.25	454.33	1,230.70	1,299.23
v) Roads and Bridges	368.91	6.17	21.18	353.90	51.39	12.38	(1.41)	62.36	291.54	317.52
vi) Railway Sidings	40.06	0.11	-	40.17	6.79	2.67	-	9.46	30.71	33.27
vii) Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	12,292.45	(106.33)	24.48	12,161.64	1,908.23	653.15	(1.16)	2,560.22	9,601.42	10,384.22
viii) Generating Plant and Machinery	5,540.57	(6.61)	9.00	5,524.96	1,227.88	301.36	(2.35)	1,526.89	3,998.07	4,312.69
ix) Plant and Machinery - Sub station	83.41	1.22	0.15	84.48	34.29	3.95	(0.01)	38.23	46.25	49.12
x) Plant and Machinery - Transmission lines	59.16	2.12	-	61.28	9.19	3.72	-	12.91	48.37	49.97
xi) Plant and Machinery - Others	24.75	0.95	0.23	25.47	8.78	1.19	(0.05)	9.92	15.55	15.97
xii) Construction Equipment	70.97	5.79	2.74	74.02	46.03	5.24	(2.42)	48.85	25.17	24.94
xiii) Water Supply System/ Drainage and Sewerage	27.59	2.05	0.15	29.49	2.34	0.98	(0.05)	3.27	26.22	25.25
xiv) Electrical installations	3.39	0.09	0.03	3.45	0.84	0.18	(0.02)	1.00	2.45	2.55
xv) Vehicles	27.27	1.80	2.15	26.92	21.23	0.64	(1.89)	19.98	6.94	6.04
xvi) Aircraft / Boats	0.81	0.10	-	0.91	0.63	0.03	-	0.66	0.25	0.18
xvii) Furniture and Fixture	36.26	3.03	0.55	38.74	14.03	3.10	(0.23)	16.90	21.84	22.23
xviii) Computers	50.13	9.35	1.22	58.26	38.10	5.78	1.13	45.01	13.25	12.03
xix) Communication Equipment	14.93	(1.64)	0.38	12.91	6.48	0.82	(2.27)	5.03	7.88	8.45
xx) Office Equipments	34.92	3.15	1.14	36.93	12.36	2.45	(0.50)	14.31	22.62	22.56
xxi) Research and Development	1.36	0.03	-	1.39	0.12	0.09	-	0.21	1.18	1.24
xxii) Intangible Assets (Software)	15.14	14.78	0.03	29.89	9.63	11.47	0.01	21.11	8.78	5.51
xxiii) Other Assets	39.38	2.82	0.59	41.61	14.66	2.58	(0.38)	16.86	24.75	24.72
xxiv) Capital Expenditure on assets not owned by NHPC	15.89	8.25	1.47	22.67	1.25	0.55	-	1.80	20.87	14.64
xxv) Fixed assets of Minor Value >750 and < ₹ 5000	16.64	1.35	0.56	17.43	16.63	1.27	(0.48)	17.42	0.01	0.01
xxvi) Obsolete / Surplus Assets	1.88	0.51	0.44	1.95	-	-	-	-	1.95	1.88
<b>TOTAL</b>	<b>21,460.08</b>	<b>22.14</b>	<b>179.85</b>	<b>21,302.37</b>	<b>3,816.27</b>	<b>1,102.89</b>	<b>(11.72)</b>	<b>4,907.44</b>	<b>16,394.93</b>	<b>17,643.81</b>
Previous Year	20,639.51	971.18	150.61	21,460.08	3,262.66	554.44	(0.83)	3,816.27	17,643.81	17,376.85



## SCHEDULE 6 - CAPITAL WORK-IN-PROGRESS

(₹ in crore)

		01.04.2009	Addition	Adjustment	Capitalised	31.03.2010
i	Buildings	593.55	330.50	(16.65)	23.76	883.64
ii	Roads and Bridges	62.05	14.66	(1.11)	7.41	68.19
iii	Railway Sidings \$	1.77	0.01	-	0.11	1.67
iv	Hydraulic Works (Dams, Water Conductor system, Hydromechanical gates, tunnels)	3,380.82	1,324.75	(93.40)	17.26	4,594.91
v	Generating Plant and Machinery	2,104.20	1,010.11	(45.58)	6.56	3,062.17
vi	Plant and Machinery - Sub station	4.14	7.53	(4.33)	0.20	7.14
vii	Plant and Machinery - Transmission lines	1.07	1.01	(0.12)	1.46	0.50
viii	Plant and Machinery - Others	0.99	1.34	-	1.06	1.27
ix	Water Supply System/Drainage and Sewerage	0.94	1.67	(0.12)	1.14	1.35
x	Other assets awaiting installation	2.52	23.81	(4.07)	17.58	4.68
xi	Intangible Assets	4.36	7.66	(0.06)	11.44	0.52
xii	Capital Expenditure On assets Not Owned by NHPC	15.25	7.22	(0.54)	0.99	20.94
xiii	Survey, investigation, consultancy and supervision charges	109.23	56.80	(3.49)	-	162.54
xiv	Expenditure during construction period	3,161.78	975.47*	(94.62)	-	4,042.63
	<b>TOTAL</b>	<b>9,442.67</b>	<b>3,762.54</b>	<b>(264.09)</b>	<b>88.97</b>	<b>12,852.15</b>
	Less: Provided for	40.90	8.75	-	-	49.65
	<b>TOTAL</b>	<b>9,401.77</b>	<b>3,753.79</b>	<b>(264.09)</b>	<b>88.97</b>	<b>12,802.50</b>
	<i>Previous Year</i>	6,313.20	4,353.88	(978.56)	286.75	9,401.77

\$ includes Rs 1.67 Crore being claimed as refund from Railways due to not handing over of railway siding

\* Refer Schedule 22 - Expenditure During Construction for the year

## SCHEDULE 7 - CONSTRUCTION STORES AND ADVANCES

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. CONSTRUCTION STORES</b>		
(As valued and certified by management)		
i) Stores and spares	40.90	47.69
ii) Loose tools	0.12	0.03
iii) Scrap inventory	0.06	0.12
iv) Stores in transit / pending inspection	1.52	4.87
v) Material issued to contractors / fabricators	77.58	70.68
Less : Provisions for construction stores	1.56	3.31
	<u>118.62</u>	<u>120.08</u>
<b>B. ADVANCES FOR CAPITAL EXPENDITURES</b>		
i) Secured (considered good)	109.68	88.50
ii) Unsecured (considered good)		
– Against bank guarantee	775.22	761.77
– Others	219.00	126.50
iii) Unsecured (considered doubtful)	0.07	2.28
Less : Provisions for doubtful advances	0.07	2.28
	<u>1103.90</u>	<u>976.77</u>
<b>TOTAL</b>	<b>1222.52</b>	<b>1096.85</b>



## SCHEDULE 7 - CONSTRUCTION STORES AND ADVANCES

(₹ in crore)

		31st March 2010	31st March 2009
<b>Provision for Construction Stores</b>			
As per last Balance Sheet	3.31	3.29	
Additions during the year	-	0.04	
Adjustment during the year	-	-	
Amount used during the year	1.75	0.02	
Amount reversed during the year	-	-	
Closing Balance		<b>1.56</b>	<b>3.31</b>
<b>Provision for Doubtful Advances</b>			
As per last Balance Sheet	2.28	2.28	
Additions during the year	0.07	-	
Adjustment during the year	(0.15)	-	
Amount used during the year	0.08	-	
Amount reversed during the year	2.05	-	
Closing Balance		<b>0.07</b>	<b>2.28</b>

## SCHEDULE 8 - INVESTMENTS

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2010	31st March 2009
	Current year/ (Previous year)	(in ₹)		
<b>LONG TERM (Trade - unless otherwise specified)</b>				
<b>A. Quoted</b>				
<b>(a) In Government Securities (Non-Trade) - Self Insurance Fund</b>				
8.35% SBI Right Issue GOI Special Bonds 2024	150,000 (-)	10,000	150.77	-
8.20% Oil Marketing Companies GOI Special Bonds 2024	12,380 (-)	10,000	12.26	-
<b>(b) Equity shares</b>				
PTC India Ltd.	12,000,000 (12,000,000)	10	12.00	12.00
Indian Overseas Bank (Non-Trade)	360,800 (360,800)	10	0.36	0.36
<b>(c) In Public Sector Undertaking/Public Financial Institution &amp; Corporate Bonds (Non-Trade) - Self Insurance Fund</b>				
8.80% Power Finance Corporation Bonds 2025	467 (-)	1,000,000	45.97	-
8.95% Indian Railways Finance Corporation Bonds 2025	688 (-)	1,000,000	69.62	-
8.65% Indian Railways Finance Corporation Bonds 2025	30 (-)	1,000,000	2.99	-
8.90% Power Grid Corporation of India Bonds 2021	80 (-)	1,250,000	10.00	-
8.90% Power Grid Corporation of India Bonds 2022	80 (-)	1,250,000	10.00	-
8.90% Power Grid Corporation of India Bonds 2023	80 (-)	1,250,000	10.00	-
<b>Sub Total (A)</b>			<b>323.97</b>	<b>12.36</b>



**SCHEDULE 8 - INVESTMENTS (Contd.)**

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2010	31st March 2009
	Current year/ (Previous year)	(in ₹)		
<b>B. Unquoted</b>				
<b>(a) Bonds</b>				
<b>8.50% Tax-Free State Government Special Bonds of the Government of :</b>				
Arunachal Pradesh	5,832 (6,804)	1,000	0.58	0.68
Bihar	114,420 (133,490)	1,000	11.44	13.35
Haryana	3,390,000 (3,955,000)	1,000	339.00	395.50
Himachal Pradesh	107,208 (125,076)	1,000	10.72	12.51
Jammu and Kashmir	4,624,176 (5,394,872)	1,000	462.42	539.49
Jharkhand	85,860 (100,170)	1,000	8.59	10.02
Meghalaya	3,192 (3,724)	1,000	0.32	0.37
Mizoram	19,260 (22,470)	1,000	1.93	2.24
Nagaland	41,520 (48,440)	1,000	4.15	4.84
Punjab	1,336,860 (1,559,670)	1,000	133.69	155.97
Rajasthan	170,946 (227,928)	1,000	17.09	22.79
Sikkim	14,016 (16,352)	1,000	1.40	1.63
Tripura	16,008 (18,676)	1,000	1.60	1.87
Uttar Pradesh	4,721,340 (5,508,230)	1,000	472.13	550.82
Uttarakhand	524,580 (612,010)	1,000	52.46	61.20
West Bengal	40,332 (47,054)	1,000	4.03	4.71
<b>(b) Equity Shares in JV</b>				
(i) National Power Exchange Limited	833,500 (833,500)	10	0.83	0.83
(ii) National High Power Test Laboratory (P) Limited \$	875,000 (-)	10	0.88	-
<b>(c) Equity Shares in Subsidiary Companies</b>				
(i) NHDC Limited	10,024,200 (10,024,200)	1,000	1,002.42	1,002.42
(ii) Loktak Downstream Hydroelectric Corporation Limited \$	44,400,000 (-)	10	44.40	-
<b>Sub Total (B)</b>			<b>2,570.08</b>	<b>2,781.24</b>



## SCHEDULE 8 - INVESTMENTS (Contd.)

(₹ in crore)

	Number of shares/ bonds/ securities Current year/ (Previous year)	Face value per share/ bond/ security (in ₹)	31st March 2010	31st March 2009
C. Term Deposit - towards unutilised money out of IPO proceeds Deposits with Banks			1,500.00	-
Sub Total (C)			<u>1,500.00</u>	<u>-</u>
Total (A+B+C)			<u>4,394.05</u>	<u>2,793.60</u>
\$ Shares yet to be received				
<b>Quoted Investments</b>				
(i) Aggregate Cost			323.97	12.36
(ii) Aggregate Market Value			450.70	85.58
<b>Unquoted Investments</b>				
Aggregate Cost			4,070.08	2,781.24

## SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(₹ in crore)

	31st March 2010	31st March 2009
A. INTEREST ACCRUED ON INVESTMENTS	182.65	81.01
B. INVENTORIES (As valued and certified by management)		
i) Stores and spares	50.85	47.97
ii) Loose tools	0.96	0.64
iii) Scrap inventory	2.41	2.22
iv) Stores in transit / pending inspection	0.25	0.38
v) Material at site	11.93	11.12
vi) Material issued to contractors / fabricators	0.98	0.73
Less: Provision for obsolete store & spares *1	<u>23.07</u>	<u>25.90</u>
TOTAL	44.31	37.16
C. WORK IN PROGRESS		
i) Construction work-in-progress (on behalf of clients)	52.88	45.59
Less: Advance / deposits from clients/ contractors	<u>26.04</u>	<u>26.04</u>
	26.84	19.55
D. SUNDRY DEBTORS (UNSECURED)		
i) Debts outstanding for a period exceeding six months		
- Considered good	18.57	7.38
- Considered doubtful and provided	194.44	194.97
ii) Other debts		
- Considered good	<u>1121.64</u>	<u>287.28</u>
[(includes ₹ Nil due from NHDC Ltd. (previous year ₹ Nil)]	1334.65	489.63
Less: Provision for doubtful debts *2	<u>194.44</u>	<u>194.97</u>
TOTAL	1140.21	294.66



**SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)**

(₹ in crore)

	31st March 2010	31st March 2009
<b>E. CASH AND BANK BALANCES</b> (refer note no. 27 (b) of Schedule 24)		
i) Cash on hand (includes cheques, drafts, stamps in hand of Rs 0.32 crores, Previous period Rs. 0.18 crores)	0.69	0.70
ii) Bank balances		
• With scheduled banks		
- In current account - Self Insurance Fund	0.03	-
- In current account - Others	342.19	240.06
- In deposits account - Self Insurance Fund	306.50	-
- In deposits account - Others #	4447.88	1659.16
• With other banks		
- In current account		
The First Micro Finance Bank	0.02	-
Bank of Bhutan	0.07	0.03
<b>TOTAL</b>	<b>5097.38</b>	<b>1899.95</b>
<b>F. OTHER CURRENT ASSETS</b>		
i) Interest accrued on:		
- Advance to Government of Arunachal Pradesh	60.52	36.94
- Loan to State Government in settlement of dues from customers	32.97	32.97
- Deposits with Banks - Self Insurance Fund	0.03	-
- Deposits with banks	13.21	60.92
ii) Others	154.95	86.70
iii) Deferred Tax Recovery Materialized	122.94	-
iv) Claims recoverable from different agencies	153.75	182.16
Less: Provisions for doubtful claims *3	3.71	5.95
<b>TOTAL</b>	<b>534.66</b>	<b>393.74</b>
<b>G. LOANS AND ADVANCES</b>		
<b>a) LOANS</b>		
i) Employees (including accrued interest)		
- Secured	97.60	100.89
- Unsecured (considered good)	22.07	23.43
- Unsecured (considered doubtful)	0.16	0.16
ii) Loan to State Government in settlement of dues from customer		
- Unsecured considered good	164.85	190.22
iii) Advance to Government of Arunachal Pradesh		
- Unsecured considered good	225.00	225.00



## SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

(₹ in crore)

	31st March 2010		31st March 2009	
<b>b) ADVANCES</b> (recoverable in cash or kind for value to be received)				
i) Subsidiary companies				
- Unsecured (considered good)	37.61		1.95	
ii) Contractors & suppliers				
- Secured	2.93		0.13	
- Unsecured (considered good):				
- Covered by bank guarantees	88.63		177.89	
- Others	21.72		176.26	
- Unsecured (considered doubtful)	0.16		2.90	
iii) Employees				
- Unsecured (considered good)	1.33		1.01	
- Unsecured (considered doubtful)	-		0.01	
iv) Other advances				
- Unsecured (considered good)	0.04		0.22	
Less : Provisions for doubtful loans and advances *4	0.32	661.78	3.06	897.01
v) Deferred Foreign Currency Fluctuation Assets		552.62		772.97
<b>c) DEPOSITS</b>				
Advance income tax	741.85		501.22	
Less : Provisions for Current Taxation *5	660.51	81.34	478.00	23.22
<b>TOTAL</b>		1295.74		1693.20
<b>TOTAL (A to G)</b>		<b>8321.79</b>		<b>4419.27</b>

# Includes Rs 1859.63 Crore towards unutilised money out of IPO proceeds

### PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH NON-SCHEDULED BANKS

	2009-10	2008-09
Bank of Bhutan		
Current account	0.22	0.22
Deutsche Bank, Tokyo Branch		
Current account	-	6.20
The First Micro Finance Bank, Dushanbe (Tajikistan)		
Current account	0.03	-

### PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the year	0.24	0.08
ii) Maximum balance at any time during the year	0.25	0.11

Advance due by Companies in which any Director of the Corporation is a Director or member amounts to Rs Nil (Previous year Nil)

### PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH SUBSIDIARY COMPANY

NHDC Limited	2.70	1.95
Loktak Downstream Hydroelectric Corporation Ltd.	34.90	-

### DETAILS OF PROVISIONS

#### Provision for Obsolete Store & Spares \*1

As per last Balance Sheet	25.90	35.71
Additions during the year	0.79	0.08
Amount used during the year	2.31	9.37
Amount reversed during the year	1.31	0.52
Closing Balance	<b>23.07</b>	<b>25.90</b>



**SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)**

	As at 31.03.2010	As at 31.03.2009
<b>Provision for Doubtful Debts *2</b>		
As per last Balance Sheet	194.97	77.13
Additions during the year	0.66	120.81
Amount used during the year	-	2.97
Amount reversed during the year	1.19	-
Closing Balance	<b>194.44</b>	<b>194.97</b>
<b>Provision for Bad &amp; Doubtful Claims *3</b>		
As per last Balance Sheet	5.95	15.88
Additions during the year	-	0.45
Adjustment during the year	-	0.17
Amount used during the year	2.15	10.54
Amount reversed during the year	0.09	0.01
Closing Balance	<b>3.71</b>	<b>5.95</b>
<b>Provisions for Doubtful Loans &amp; Advances *4</b>		
As per last Balance Sheet	3.06	0.50
Additions during the year	0.01	2.59
Amount used during the year	0.17	0.03
Amount reversed during the year	2.58	-
Closing Balance	<b>0.32</b>	<b>3.06</b>
<b>Provision for Current Taxation *5</b>		
As per last Balance Sheet	478.00	435.19
Additions during the year	416.22	127.36
Adjustment during the year	(0.21)	(3.97)
Amount used during the year	112.70	56.34
Amount reversed during the year	120.80	24.24
Closing Balance	<b>660.51</b>	<b>478.00</b>

**SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS**

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. LIABILITIES</b>		
i) Sundry creditors		
a) Total outstanding dues of small scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
c) Others	720.53	568.46
ii) Deposits/ retention money	349.30	223.49
iii) Interest accrued but not due on loans	221.41	224.60
iv) Advances against the deposit works	210.19	133.60
Less : Amount spent on deposit works	188.64	126.95
v) Advances/ Deposits from clients/ contractees	2681.20	1577.95
Less : Amount spent in respect of Project Management/Consultancy works	2284.45	998.19
vi) Deferred Income from Foreign Currency Fluctuation Account	229.65	428.33
vii) Other Liabilities - Self Insurance Fund	0.25	-
viii) Other liabilities	190.15	118.96
<b>TOTAL LIABILITIES (A)</b>	<b>2129.59</b>	<b>2150.25</b>



**SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS (Contd.)**

(₹ in crore)

	31st March 2010	31st March 2009
<b>B. PROVISIONS</b>		
<b>i) Provision for Proposed Dividend</b>		
As per last Balance Sheet	200.00	200.00
Additions during the year	676.54	200.00
Amount used during the year	200.00	200.00
Amount reversed during the year	-	-
Closing Balance	676.54	200.00
<b>ii) Tax on Proposed Dividend</b>		
As per last Balance Sheet	33.99	33.99
Additions during the year	112.36	33.99
Amount used during the year	30.01	25.42
Amount reversed during the year	3.98	8.57
Closing Balance	112.36	33.99
<b>iii) Provision for Wage Revision</b>		
As per last Balance Sheet	390.32	187.96
Additions during the year	292.44	202.57
Adjustment during the year	(0.51)	(0.21)
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	682.25	390.32
Less: Advance paid	179.65	129.59
Closing Provision	502.60	260.73
<b>iv) Provision for Productivity Linked Incentive</b>		
As per last Balance Sheet	43.88	33.66
Additions during the year	44.51	43.88
Amount adjusted during the year	(0.03)	-
Amount used during the year	32.19	30.78
Amount reversed during the year	11.66	2.88
Closing Balance	44.51	43.88
<b>v) Provision for Employee Benefits</b>		
As per last Balance Sheet	745.03	568.81
Additions during the year	215.82	217.83
Amount used during the year	107.07	41.61
Amount reversed during the year	-	-
Closing Balance	853.78	745.03
<b>vi) Provision for Loss on Hedging Transaction</b>		
As per last Balance Sheet	-	23.00
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	23.00
Closing Balance	-	-
<b>vii) Provision for Tariff Adjustment</b>		
As per last Balance Sheet	0.98	-
Additions during the year	-	0.98
Amount used during the year	0.98	-
Amount reversed during the year	-	-
Closing Balance	-	0.98



**SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS (Contd.)**

(₹ in crore)

	31st March 2010	31st March 2009
<b>viii) Provision for Committed Capital Expenditure</b>		
As per last Balance Sheet	366.94	411.68
Additions during the year	9.41	89.37
Amount used during the year	90.76	93.55
Amount reversed during the year	265.27	40.56
Closing Balance	20.32	366.94
<b>ix) Provision - Others</b>		
As per last Balance Sheet	11.71	36.22
Additions during the year	73.64	11.45
Adjustment during the year	-	(0.17)
Amount used during the year	6.96	29.68
Amount reversed during the year	0.25	6.11
Closing Balance	78.14	11.71
<b>TOTAL PROVISIONS (B)</b>	<b>2288.25</b>	<b>1663.26</b>
<b>TOTAL (A+B)</b>	<b>4417.84</b>	<b>3813.51</b>

**SCHEDULE 11 - MISCELLANEOUS EXPENDITURE  
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)**

(₹ in crore)

	31st March 2010	31st March 2009
i) Share Issue Expenses (IPO)	-	2.33
ii) Expenditure awaiting adjustment	37.06	37.06
Less: Provided for	37.06	-
iii) Losses awaiting write off sanction	5.30	3.48
Less: Provided for	5.30	-
<b>TOTAL</b>	<b>-</b>	<b>2.33</b>

**SCHEDULE 12 - SALES**

(₹ in crore)

	31st March 2010	31st March 2009
Sale of Power	4326.87	2708.03
Less : Tariff Adjustments	-	0.98
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i) )	-	8.99
<b>Total taken to Profit and Loss Account</b>	<b>4326.87</b>	<b>2698.06</b>

**SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION**

(₹ in crore)

	31st March 2010	31st March 2009
During the period	137.81	72.96
Less : Written back during the year	29.84	46.75
<b>Total taken to Profit and Loss Account</b>	<b>107.97</b>	<b>26.21</b>

**SCHEDULE 13 - REVENUE FROM CONTRACTS, PROJECT MANAGEMENT  
AND CONSULTANCY WORKS**

(₹ in crore)

	31st March 2010	31st March 2009
Contract income	56.34	12.94
Revenue from Project management/Consultancy works	56.74	36.03
<b>Total taken to Profit and Loss Account</b>	<b>113.08</b>	<b>48.97</b>



### SCHEDULE 14 - OTHER INCOME

(₹ in crore)

	31st March 2010	31st March 2009
<b>i) Income from Long Term Investments</b>		
<b>a) Trade</b>		
- Dividend from subsidiaries	23.42	50.43
- Dividend - others	1.44	1.20
- Interest		
Government securities (8.5% tax free bonds issued by the State Governments)	145.68	167.48
<b>b) Non-Trade</b>		
- Dividend - others	0.16	0.13
- Interest -Self Insurance Fund	0.25	-
- Interest on Deposit Indian Bank - (Gross)		
(Tax deducted at source Rs. 3.79 crore, Previous Year Rs Nil)		62.53
-		
<b>ii) Other Income</b>		
<b>a) Interest</b>		
- Loan to State Government in settlement of dues from customers	15.63	17.79
- Loan to Government of Arunachal Pradesh	23.58	21.63
-Deposit Account -Self Insurance Fund - Indian Bank (Tax deducted at source ₹ 31490/-, Previous year ₹ Nil/-)	0.03	-
- Indian Banks (Gross)		
(Tax deducted at source ₹ 5.98 crore, Previous year ₹ 26540/-)	123.07	174.44
- Employee's loans and advances	5.47	5.87
- Interest from beneficiary states	83.64	0.14
- Others	81.08	62.16
<b>b) Late payment surcharge</b>	4.73	10.82
<b>c) Profit on transfer of project</b>	-	37.52
<b>d) Profit on sale of assets</b>	4.66	0.94
<b>e) Liability/ Provisions not required written back #</b>	229.10	35.82
<b>f) Exchange rate variation</b>	27.36	17.29
<b>g) Foreign Currency Fluctuation adjustment</b>	14.38	12.51
<b>h) Others</b>	31.06	62.96
Less: Hedging Adjustment Account	-	17.87
<b>TOTAL</b>	<b>877.27</b>	<b>661.26</b>
<b>Less: Income transferred to EDC</b>		
(Refer Schedule 22 E (ii), 22 I (ii) to (vi) & 22 J(i))	313.71	114.26
<b>Less: Income transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	3.45	6.33
<b>Total taken to Profit and Loss Account</b>	<b>560.11</b>	<b>540.67</b>
<b># Detail of Liability/Provisions not required written back</b>		
<b>a) Bad and doubtful debts</b>	1.19	-
<b>b) Bad and doubtful advances / deposits</b>	4.63	-
<b>c) Bad and doubtful claims</b>	0.09	0.01
<b>d) Diminution in value of stores and spares</b>	1.14	0.52
<b>e) Shortage in store &amp; spares</b>	0.17	0.01
<b>f) Provision for Guarantee fee</b>	0.43	-
<b>g) Provision for Loss on Hedging transactions</b>	-	23.00
<b>h) Provision for Committed Capital Expenditure</b>	187.44	-
<b>i) Provision for Productivity linked incentive</b>	11.66	2.88
<b>j) Other Provisions/Liability not required written back</b>	22.35	9.40
<b>TOTAL</b>	<b>229.10</b>	<b>35.82</b>



**SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES**

(₹ in crore)

	31st March 2010	31st March 2009
i) Consumption of stores and spares	4.28	8.92
ii) Repair and maintenance:		
- Building	27.67	24.26
- Machinery	32.39	37.40
- Others	26.47	28.96
iii) Rent / Hiring Charges	33.42	26.67
iv) Rates and taxes	2.87	3.38
v) Insurance	19.43	2.48
vi) Reimbursement from Self insurance reserve	-	0.06
vii) Security expenses	87.81	72.11
viii) Electricity charges	22.70	21.91
ix) Travelling and conveyance	19.20	18.51
x) Expenses on staff car	7.65	8.27
xi) Telephone, telex and postage	10.59	9.85
xii) Advertisement and publicity	6.40	8.32
xiii) Entertainment and hospitality expenses	0.45	0.54
xiv) Donation	-	2.09
xv) Printing and stationery	5.05	5.36
xvi) Books and periodicals	0.59	0.49
xvii) Consultancy charges - Indigenous	4.48	4.96
xviii) Consultancy charges - Foreign	0.01	-
xix) Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	5.41	69.17
xx) Expenditure on land not belonging to corporation	21.49	15.21
xxi) Project expenses written off	1.00	-
xxii) Loss on sale of assets	0.68	0.74
xxiii) Bad debts / advances/ claims written off	2.21	-
xxiv) Stores written off	1.30	1.30
xxv) Fixed assets written off	0.11	0.08
xxvi) Interest on arbitration/ court cases	6.90	1.66
xxvii) Other general expenses	49.10	35.85
xxviii) Exchange rate variation	13.35	76.28
Less: ERV Recoverable	-	57.26
xxix) Foreign Currency Fluctuation adjustment	65.69	104.42
xxx) Audit expenses	1.09	0.91
xxxi) Directors' expenses	0.20	0.08
xxxii) Research and development expenses	0.55	0.15
<b>Total</b>	<b>480.54</b>	<b>533.13</b>
<b>Less: Expenses transferred to EDC (Refer Schedule 22 B, 22 C, 22 E(i) &amp; 22J (ii))</b>	<b>158.04</b>	<b>197.54</b>
<b>Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	<b>17.94</b>	<b>8.92</b>
<b>Less: Expense transferred to Deposit Works (Schedule 10)</b>	<b>0.20</b>	<b>0.20</b>
<b>Total taken to Profit and Loss Account</b>	<b>304.36</b>	<b>326.47</b>



### SCHEDULE 16 - EMPLOYEES REMUNERATION AND BENEFITS

(₹ in crore)

	31st March 2010	31st March 2009
i) Salaries, wages, allowances & benefits	928.09	813.81
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	148.61	178.78
iii) Staff welfare expenses	82.57	71.43
iv) Leave salary & pension contribution	0.18	0.24
<b>Total</b>	<b>1159.45</b>	<b>1064.26</b>
<b>Less: Employee cost transferred to EDC (Refer Schedule 22 A &amp; 22J (iii))</b>	<b>568.38</b>	<b>528.85</b>
<b>Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	<b>60.18</b>	<b>41.91</b>
<b>Less: Expense transferred to Deposit Works (Schedule 10)</b>	<b>1.05</b>	<b>0.99</b>
<b>Total taken to Profit and Loss Account</b>	<b>529.84</b>	<b>492.51</b>

### SCHEDULE 17 - DEPRECIATION

(₹ in crore)

	31st March 2010	31st March 2009
Depreciation during the year	1102.89	554.44
<b>Less: Transferred to EDC (Refer Schedule 22G &amp; 22J (iv))</b>	<b>67.93</b>	<b>35.35</b>
<b>Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	<b>1.71</b>	<b>0.85</b>
<b>Total taken to Profit and Loss Account</b>	<b>1033.25</b>	<b>518.24</b>

### SCHEDULE 18 - INTEREST AND FINANCE CHARGES

(₹ in crore)

	31st March 2010	31st March 2009
i) Interest on :		
a) Bonds	74.52	43.89
b) Foreign loan	74.73	101.32
c) Term loan	719.87	625.76
d) Cash credit facilities /WCDL	0.02	-
	869.14	770.97
ii) Exchange differences regarded as adjustment to interest cost	22.90	245.64
Less: Recoverable	22.90	245.64
	-	-
iii) Bond issue/ service expenses	0.08	0.27
iv) Post Share Issue Expenses	0.29	-
v) Rebate to customers	41.78	31.97
vi) Commitment fee	0.06	2.10
vii) Guarantee fee on loan	38.25	32.85
viii) Bank charges	1.54	1.15
ix) Other finance charges	1.65	1.37
<b>Total</b>	<b>952.79</b>	<b>840.68</b>
<b>Less: Interest &amp; Finance charges capitalised by transfer to EDC (Refer Schedule 22D &amp; 22J (v))</b>	<b>494.89</b>	<b>333.92</b>
<b>Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	<b>0.82</b>	<b>1.58</b>
<b>Total taken to Profit and Loss Account</b>	<b>457.08</b>	<b>505.18</b>



## SCHEDULE 19 - PROVISIONS

(₹ in crore)

	31st March 2010	31st March 2009
i) Bad and doubtful debts provided	0.66	120.81
ii) Bad and doubtful advances / deposits provided	0.08	2.59
iii) Bad and doubtful claims provided	-	0.45
iv) Diminution in value of stores and spares	0.79	0.12
v) Project expenses provided for	8.75	69.09
vi) Provision for fixed assets	0.04	0.56
vii) Others	70.84	-
<b>Total</b>	<b>81.16</b>	<b>193.62</b>
Less: Expenses transferred to EDC (Refer Schedule 22F)	-	0.10
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.66	2.55
<b>Total taken to Profit and Loss Account</b>	<b>80.50</b>	<b>190.97</b>

## SCHEDULE 20 - EXPENDITURE ON CONTRACT, PROJECT MANAGEMENT AND CONSULTANCY WORKS

(₹ in crore)

	31st March 2010	31st March 2009
i) <b>Direct Expenses</b>	2.49	3.98
ii) <b>Employees' Remuneration and benefits</b>		
- Salaries, wages, allowances and benefits	42.13	26.03
- Gratuity, contribution to provident fund & pension scheme	5.51	4.80
- Staff welfare expenses	2.94	1.74
	50.58	32.57
iii) <b>Repairs and Maintenance</b>		
- Buildings	0.32	0.32
- Machinery and construction equipments	0.37	0.02
- Others	0.48	0.57
	1.17	0.91
iv) <b>Administration and Other Expenses</b>		
- Rent/ Hiring Charges	4.13	2.04
- Travelling and conveyance	2.66	1.11
- Expenses on staff cars and inspection vehicles	0.18	0.28
- Insurance	0.02	0.02
- Telephone, telex and postage	0.43	0.34
- Advertisement and publicity	0.04	0.42
- Printing and stationery	0.42	0.32
- Other expenses	7.10	1.51
- Rates and taxes	-	0.01
- Security	0.21	0.22
- Electricity	0.12	0.07
- Consultancy charges	0.10	0.04
	15.41	6.38
v) Depreciation	0.98	0.50
vi) Interest and finance charges	0.81	1.57
vii) Provisions	0.66	2.55
viii) <b>Work-in-Progress</b>		
- Construction contract	0.73	(0.73)



**SCHEDULE 20 - EXPENDITURE ON CONTRACT, PROJECT MANAGEMENT AND CONSULTANCY WORKS (Contd.)**

(₹ in crore)

	31st March 2010	31st March 2009
ix) <b>Corporate / Regional office expenses:</b>		
a) Other income	(0.28)	(0.22)
b) Generation, administration and other expenses	1.36	1.63
c) Employee remuneration and benefits	9.60	9.34
d) Depreciation	0.73	0.35
e) Interest and finance charges	0.01	0.01
f) Prior period adjustment (Net)	0.01	0.02
	<u>11.43</u>	<u>11.13</u>
<b>Total Expenditure</b>	<b>84.26</b>	<b>58.86</b>
x) Less: Receipts and recoveries	<u>3.17</u>	<u>6.11</u>
<b>Net expenditure during the year</b>	<b>81.09</b>	<b>52.75</b>
xi) Prior period adjustments	<u>1.30</u>	<u>8.41</u>
<b>Total taken to Profit and Loss Account</b>	<b>82.39</b>	<b>61.16</b>

**SCHEDULE 21 - PRIOR PERIOD ADJUSTMENT (NET)**

(₹ in crore)

	31st March 2010	31st March 2009
<b>Income</b>		
i) Others	<u>1.34</u>	<u>13.83</u>
<b>Sub-total</b>	1.34	13.83
<b>Expenditure</b>		
i) Salaries and wages	-	23.31
ii) Repair and maintenance	(0.82)	2.18
iii) Interest and finance charges	7.42	-
iv) Others	1.44	(74.68)
v) Depreciation	<u>(2.86)</u>	<u>7.28</u>
<b>Sub-total</b>	<u>5.18</u>	<u>(41.91)</u>
<b>Total</b>	<b>3.84</b>	<b>(55.74)</b>
<b>Less: Expenses transferred to EDC {Refer Schedule 22H &amp; 22J (vi)}</b>		
Prior period expenses	(0.03)	(51.80)
<b>Less: Prior period income</b>	<u>0.03</u>	<u>0.99</u>
<b>Total</b>	<u>(0.06)</u>	<u>(52.79)</u>
<b>Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	<u>1.31</u>	<u>8.43</u>
<b>Total taken to Profit and Loss Account</b>	<b>2.59</b>	<b>(11.38)</b>



**SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION FOR THE YEAR**

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. EMPLOYEES REMUNERATION AND BENEFITS</b>		
i) Salaries, wages, allowances & benefits	300.10	273.42
ii) Gratuity and contribution to provident fund (including administration fees)	49.53	61.97
iii) Staff welfare expenses	24.81	21.66
iv) Leave Salary & Pension Contribution	0.09	0.17
<b>Sub-total</b>	<b>374.53</b>	<b>357.22</b>
<b>B. REPAIRS AND MAINTENANCE</b>		
i) Building	6.26	4.09
ii) Machinery	3.75	4.79
iii) Others	7.28	8.48
<b>Sub-total</b>	<b>17.29</b>	<b>17.36</b>
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent / Hiring Charges	15.11	15.62
ii) Rates and taxes	1.41	0.25
iii) Insurance	0.33	0.41
iv) Security expenses	22.21	17.92
v) Electricity charges	4.52	4.65
vi) Travelling and conveyance	4.80	4.80
vii) Expenses on staff car	3.24	3.27
viii) Telephone, telex and postage	3.85	3.26
ix) Advertisement and publicity	1.32	1.32
x) Entertainment and hospitality expenses	0.01	0.04
xi) Printing and stationery	1.34	1.21
xii) Remuneration to auditors	0.01	0.01
xiii) Design and Consultancy charges: - Indigenous	1.26	0.98
xiv) Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	5.41	69.16
xv) Expenditure on land not belonging to corporation	20.41	13.65
xvi) Loss on assets/ materials written off	0.01	0.56
xvii) Losses on sale of assets	0.08	0.04
xviii) Other general expenses	13.34	10.16
<b>Sub-total</b>	<b>98.66</b>	<b>147.31</b>
<b>D. INTEREST AND FINANCE CHARGES</b>		
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	35.01	-
c) Foreign loan	-	0.02
d) Term loan	457.38	330.20
ii) Bond issue/ service expenses	0.03	-
iii) Commitment fee	-	1.88
iv) Guarantee fee on loan	-	0.01
v) Other finance charges	2.23	1.68
<b>Sub-total</b>	<b>494.65</b>	<b>333.79</b>



**SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION FOR THE YEAR (Contd.)**

(₹ in crore)

	31st March 2010	31st March 2009
<b>E. EXCHANGE RATE VARIATION (NET)</b>		
i) Exchange rate variation (Debit balance)	13.09	4.78
ii) Less: Exchange rate variation (Credit balance)	25.44	17.25
<b>Sub-total</b>	(12.35)	(12.47)
<b>F. PROVISIONS</b>	-	0.10
<b>Sub-total</b>	-	0.10
<b>G. DEPRECIATION</b>	53.03	28.37
<b>Sub-total</b>	53.03	28.37
<b>H. PRIOR PERIOD EXPENSES (NET)</b>		
Prior period expenses	(0.07)	(52.14)
Less: Prior period income	0.03	0.99
<b>Sub-total</b>	(0.10)	(53.13)
<b>I. LESS : RECEIPTS AND RECOVERIES</b>		
i) Income from generation of electricity –precommissioning	-	8.99
ii) Interest on loans and advances	82.28	58.51
iii) Miscellaneous receipts	5.20	25.76
iv) Profit on sale of assets	-	0.04
v) Liability/ Provisions not required written back	192.11	4.70
vi) Hire charges/ outturn of plant and machinery	1.84	3.10
<b>Sub-total</b>	281.43	92.11
<b>J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES</b>		
i) Other income	(6.84)	(4.90)
ii) Generation, administration and other expenses	29.00	28.09
iii) Employee remuneration and benefits	193.85	171.63
iv) Depreciation	14.90	6.98
v) Interest and finance charges	0.24	0.13
vi) Prior period adjustment (Net)	0.04	0.34
<b>Sub-total</b>	231.19	202.27
<b>TOTAL [(A to H) - I + J] (Transferred to Schedule 6)</b>	<b>975.47</b>	<b>919.72</b>



## **SCHEDULE – 23 SIGNIFICANT ACCOUNTING POLICIES**

### **1. ACCOUNTING CONVENTIONS**

The accounts of the Corporation are prepared under the historical cost convention using the accrual method of accounting.

### **2. FIXED ASSETS**

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets.
- 2.3 Capital Expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.
- 2.4 Payments made provisionally towards compensation and other expenses relatable to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuates or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified/Right of use, to be amortised over a period of 30 years from the date of commercial operation of the project.
- 2.6 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realisable value.

### **3. MACHINERY SPARES**

- 3.1 (a) Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with mother plant, these are capitalized & depreciated along with mother plant.
- (b) WDV of spares is charged off to Profit & Loss Account in the year in which such spares are replaced in place of retrieved spares, provided the spares so retrieved do not have any useful life. Similarly value of such spares, procured & replaced in place of retrieved spares, is charged off to Profit & Loss Account in that year itself, provided spares so retrieved do not have any useful life.
- (c) When the useful life of the related fixed asset expires and asset is retired from active use, such spares are valued at net book value or net realizable value whichever ever is lower. However, in case retired assets are not replaced, WDV of related spares less disposable value is written off.
- 3.2 Other spares are treated as “stores & spares” forming part of the inventory and expensed when issued.

### **4. CAPITAL WORK IN PROGRESS**

- 4.1 Projects under commissioning and other capital work-in-progress are carried at cost. Administration & General overhead expenses attributable to construction of fixed assets are identified and allocated on systematic basis on major immovable assets other than land and infrastructural facilities, on commissioning of the project.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to ‘Expenditure During Construction (EDC)’.
- 4.3 Expenditure in relation to Survey and Investigation of the projects is carried as capital work in progress. Such expenditure is either capitalized as cost of Project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

### **5. DEPRECIATION & AMORTISATION**

- 5.1 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 5.2 Depreciation is charged on straight-line method to the extent of 90% of the Cost of Asset following the rates notified by the Central Electricity Regulatory Commission (CERC). However, Construction Plant & Machinery and Computers & Peripherals are being depreciated @11.25% and @30% respectively, being the rate assessed by the Corporation based on useful life of the respective Assets. However, temporary erections are depreciated fully (i.e. 100%) in the year of acquisition/ capitalization itself.
- 5.3 Assets valuing Rs. 5000/- or less but more than ₹ 750/- and such items (excluding immovable assets) with written down value of Rs. 5000/- or less at the beginning of the year are fully depreciated during the year with Re. 1 as a balance value.



- 5.4 Low value items, which are in the nature of assets (excluding immovable assets) and valuing upto Rs. 750/- are not capitalized and charged off to revenue.
- 5.5 Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.
- 5.6 Leasehold Land is amortized over the period of lease or 30 years whichever is lower.
- 5.7 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land or at the applicable depreciation rates of such assets, which ever is higher.
- 5.8 Capital Expenditure referred to in Policy 2.3 is amortised over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.
- 5.9 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.

## 6. INVESTMENTS

Investments are intended for long term and carried at cost. Provision for diminution, other than temporary, in the value of such investment is provided.

## 7. INVENTORIES

- 7.1 Stores & Spares are valued at cost, determined on weighted average basis, or net realizable value whichever is lower.
- 7.2 Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts.
- 7.3 Loose tools issued during the year are charged to consumption account where cost of individual items is Rs. 5,000/- or less and in other cases written off in 5 yearly equated installments.
- 7.4 Stores issued for operation and maintenance at Power Stations but lying unused at site at the year-end are evaluated at engineering estimates and taken as stores.

## 8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
- 8.2 Exchange differences are recognised as income & expenses in the period in which they arise in Profit & Loss Account in case of operational stations and to EDC in case of projects under construction. However, Exchange Differences in respect of liabilities relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to 01/04/2004 are adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress.

## 9. EMPLOYEE BENEFITS

- 9.1 Provision for Post employment benefit as defined in Accounting Standard 15 (2005) on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Leave Travel concession, Leave Encashment & Baggage Allowance admissible on superannuation is made in the books on the basis of actuarial valuation made at the year end.
- 9.3 Expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.

## 10. REVENUE

- 10.1 (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the appropriate authority. Recovery/refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.
- (b) Incentives/Disincentives are recognised as per tariff notifications. In case of Power Station where tariffs have not been notified, incentives are recognized provisionally on assessment of the likelihood of acceptance of the same.
- (c) Adjustments arising out of finalisation of global accounts, though not material, are effected in the year of respective finalisation.
- (d) Advance against depreciation given as a component of tariff in the initial years to facilitate repayment of loans is reduced from Sales and considered as deferred income to be included in Sales in subsequent years.
- 10.2 In respect of Project Management/Consultancy Contracts/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.



10.3 Interest on investments is accounted for on accrual basis.

10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

## **11. SELF INSURANCE**

0.5% p.a. of Gross Block of Power Stations as on the date of Balance Sheet is transferred to 'Self Insurance Reserve' on year to year basis through Profit & Loss Appropriation Account, to be utilized for losses of Assets for specified contingencies.

## **12. MISCELLANEOUS**

12.1. Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.

12.2. Power supplied from Power Stations to Projects under construction is charged as per normal tariff.

12.3 Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.

12.4 Insurance claims are accounted for based on certainty of realization.

## **13. BORROWING COST**

Borrowing costs attributable to the Fixed Assets during construction/renovation & modernisation are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## **14. TAXES ON INCOME**

Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited/debited to the extent tax expense is chargeable from the Beneficiaries in future years.



## SCHEDULE – 24 NOTES TO THE ACCOUNTS

1. a) Contingent Liabilities as on: -

(₹ in Crore)

Description	Opening Balance 01/04/2009	Closing Balance 31/03/2010
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	3870.55	4452.69
-Land Compensation Cases	94.61	82.82
-Others		
-Disputed Income Tax Demand	-	0.09
-Disputed Sales Tax Demand	2062.41	2099.20
-Others	409.06	288.96
<b>Total</b>	<b>6436.63</b>	<b>6923.76</b>

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) The amount of claims where arbitration /court awards have been received but are under examination in the company are continuing as contingent liability and no provision has been created in the books.
- d) It is not practicable to disclose the uncertainties relating to any outflow.
- e) There is a possibility of reimbursement to Corporation, of ₹ 41.96 Crore (Previous year ₹ 31.58 Crore) towards above contingent liabilities.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 8265.86 Crore (Previous year ₹ 9709.30 crore).
3. a) During the year ended 31.03.2010, the company made initial public offering (IPO) of 167,73,74,015 Shares of ₹ 10/- each for cash at a price of ₹ 36/- per share including premium of ₹ 26/- per share consisting of fresh issue of 111,82,49,343 equity shares by the company including reservation of 4,19,34,350 equity shares for its employees and offer for sale of 55,91,24,672 equity shares by the President of India acting through Ministry of Power, Government of India aggregating to ₹ 6038.55 Crore including premium. The Company retained ₹ 4025.70 Crore as its share proceeds including share premium of ₹ 2907.45 Crore and sale proceeds of the equity of Government of India amounting to ₹ 2012.85 Crore was paid to the Ministry of Power, Government of India. Out of the proceeds, a sum of ₹ 616.06 Crore has been utilised during the year ended 31.03.2010 for re-coupmnt of capital expenditure already incurred from internal accruals on the projects specified for utilisation, ₹ 3288 Crore has been invested as per extant investment policy of the company, ₹ 50 Crore recouped provisionally for meeting IPO expenditure and balance of ₹ 71.64 Crore is lying in bank account under Corporate Liquidity Term Deposit (CLTD).
- b) An amount of ₹ 49.07 Crore has been incurred as Share Issue Expenses for IPO, which includes ₹ 10.36 Crore as Government of India's share, being the selling share holder. ₹ 10.34 Crore has since been recovered from Government of India. NHPC's share of expenses has been adjusted against the Share Premium Account (Schedule 2) in terms of Section 78 of the Companies Act, 1956.
4. a) Title deeds/title in respect of Land of some Projects/Units amounting to ₹ 56.89 Crore (Previous year ₹ 92.69 Crore), covering an area of 1864.13 hectare (Previous year 2046.46 hectare), are yet to be executed/passed. Expenses on stamp duty etc. relating to registration thereof will be accounted for as and when incurred.
- b) Land does not include the land taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years @ notional rent of Re.1/- per annum.
5. a) Central Electricity Regulatory Commission (CERC) has notified by Regulations the terms and conditions for determination of tariff applicable with effect from 1<sup>st</sup> April 2009 for a period of five years vide notification dated 19.01.2009.
- The company has filed tariff petitions up to 31.03.2010 with CERC for determination of tariff for the period 2009-14 in respect of 10 out of 11 power stations. Pending determination of station wise tariff as per aforesaid notification, sales for the current year have been provisionally recognised at ₹ 3306.63 Crore on the basis of the principles enunciated in the said notification. The principle of conservatism has also been kept in view, as the tariff petitions are subject to prudence check by CERC.
- The aforesaid CERC notification provides that pending determination of tariff by the CERC, the Company has to provisionally bill the beneficiaries at the tariff approved by the CERC as applicable as on 31<sup>st</sup> March 2009. The amount provisionally worked out for billing for the year ended 31<sup>st</sup> March 2010 on this basis is ₹ 2901.49 Crore, which also includes ₹ 194.28 Crore towards Income tax recoverable.
- b) Net Sales for the current year include ₹ 816.51 Crore (excluding income tax of ₹ 27.63 Crore) towards earlier year sales arising because of finalisation and revision of tariff in respect of Power Stations.



6. Pending approval of the competent authority, provisional payments made towards executed quantities of some of the items beyond approved quantities as also for extra items, are included in Capital Work-in-Progress/Fixed Asset.
7. a) Balances shown under Material issued to contractors, claims recoverable including insurance claims, advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors and Deposits/Earnest money from contractors are subject to reconciliation/ confirmation and respective consequential adjustments. Claims recoverable also include claims in respect of projects handed over or decided to be handed over to other agencies in terms of Government of India Directives.
- b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- c) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, ₹ 32.97 Crore is continuing under "Other current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
- d) Debtors include an amount of ₹ 120.81 Crore, being recoverable from M/s Delhi Transco Limited (erstwhile DESU) pertaining to period prior to Financial Year 1996-97. The case for recovery of the same has been taken up through Ministry of Power with Ministry of Finance, Govt. of India. However, a provision for entire amount has been made in the books during 2008-09 as an abundant precaution.
8. a) Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of account with Brahmaputra Board, assets and liabilities have been booked to the extent of amounts incurred by the Corporation on these projects. Of the Siang Basin Projects, Siang Lower & Siyom HE Projects have since been handed over to private developer and liability arising out of settlement of accounts with Brahmaputra Board towards these projects is recoverable from respective private developer. Upper Siang HE project, a project of Siang Basin, has since been allotted to other agency for preparation of Pre-feasibility report and as such expenditure incurred on this project till 31.03.2010 amounting to ₹ 37.06 Crore has been provided in the books as abundant precaution.
- b) Pakal Dul, Kiru & Kwar HE Projects are to be executed through Joint Venture Company with participation from State Government. Pending formation of Joint Venture Company, expenditure amounting to ₹ 121.87 Crore & ₹ 42.61 Crore respectively incurred by NHPC on these projects upto 31.03.2010 is appearing under Capital Work-in-Progress.
9. a) Govt. of Arunachal Pradesh has shown their inclination to hand over Subansiri Upper & Subansiri Middle projects to Independent Power Producer (IPP), on which NHPC has solicited the intervention of Govt. of India. Pending final decision for execution of these projects, capital expenditure amounting to ₹ 2.15 Crore and ₹ 0.72 Crore incurred on these projects for current financial year has been charged to Profit & Loss Account as an abundant precaution, which is in addition to the provision of ₹ 32.03 Crore, already created till last year towards expenditure incurred on these projects during from 20.04.2004 to 31.03.2009, the period in which these projects were under suspension due to Supreme Court Injunction.
- b) Pursuant to the order of Govt. of Uttarakhand (GoUK)/ Govt. of India, Corporation has decided to hand over Lakhawar Vyasi Project to Uttarakhand Jal Vidyut Nigam Ltd. (UJVNL). UJVNL has paid ₹ 73.07 Crore, being the reimbursement of expenditure (including cost of capital & overheads / supervision charges) incurred by NHPC towards the creation of assets/CWIP of the project till 31.03.2009. Pending handing over of the project, the aforesaid amount has been adjusted to the extent of expenditure incurred by NHPC till said date and balance is appearing as "Other Liabilities" in Schedule 10 – Current Liabilities & Provisions. Further an amount of ₹ 5.88 Crore, being the expenditure incurred by NHPC on this project during 2009-10 has been provided as an abundant precaution as the date beyond 31.03.2009, up to which expenditure is reimbursable from UJVNL is yet to be decided.
10. Pending implementation of wage revision of Employees w.e.f 01.01.2007, a provision of ₹ 291.93 Crore (previous year ₹ 202.36 Crore) has been made in the books for current year on reasonable estimate basis.
11. a) The effect of foreign exchange fluctuation during the year is as under:

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
(i) Amount charged to Profit and Loss Account excluding depreciation (as FERV)	(1.67)	71.45
(ii) Amount charged to Profit and Loss Account excluding depreciation (as Borrowing Cost)	22.90	245.64
(iii) Amount charged to Expenditure During Construction (as FERV)	(12.35)	(12.47)
(iv) Amount charged to Capital work-in-progress (as FERV)	(1.12)	(3.83)
(v) Amount adjusted by addition to carrying amount of fixed assets	(177.55)	432.28

- b) The amount of borrowing cost capitalised by transfer to 'Expenditure during Construction (EDC)' during the Year is Rs.492.39 Crore (Previous Year ₹ 332.11 Crore).



12. a) Following Accounting Policies have been introduced / modified during the year: -

Policy No.	Description	Impact on Profit for the year
Policy No. 2.5	Modification of accounting policy on land unclassified and right to use in order to align with the new rates of depreciation notified by CERC in 2009-10	Not material.
Policy No. 4.1	Modification of accounting policy to disclose the fact of capitalisation of Administration & General Overhead Expenses.	Practice has been translated in policy.
Policy No. 5.2	Rewording of accounting policy to disclose that temporary erections are depreciated 100% in the year of acquisition / capitalisation.	Practice has been translated in policy.
Policy No. 5.6	Modification in accounting policy regarding amortisation of leasehold land	Not material
Policy No. 5.7	Modification in accounting policy regarding depreciation of assets created on leasehold land	Not material
Policy No. 14	Modification in accounting policy regarding taxes on income in view of new tariff norms	Impact on Profit is not ascertainable as far as Income tax is concerned. However Profit has reduced by ₹ 16.16 Crore on account of Deferred tax liability created during current year.

- b) CERC vide notification No. L-7/145 (160)/2008-CERC dated 19.01.2009, has revised the rates of depreciation and methodology for recovery of depreciation through tariff. The rates of depreciation, so notified by CERC are applicable for the purpose of accounting as well in terms of Sub Para (c) of Para 5.3 of resolution No. 23/2/2005-R&R (Vol.III) dated 6<sup>th</sup> January 2006, vide which Govt. of India notified the Tariff Policy. Accordingly, depreciation has been charged in the books following the revised rates of depreciation and as such the depreciation charge for the year is more by ₹ 525.77 Crore in comparison to previous year.
13. a) Corporation has taken Industrial All Risk (IAR) Insurance Policy w.e.f. 31.07.2009 in lieu of Self Insurance Policy. Accordingly, Self Insurance Reserve for the current year as per Significant Accounting Policy No. 11 (Schedule 23) has been created only up to 30.07.2009 on proportionate basis on the value of Gross Block as at 30.06.2009.
- b) The reserve so created up to 30.07.2009, now named as "Self Insurance Fund" has been invested in Central Government Securities, PSU Bonds and Bank Deposits to make said fund earmarked for reimbursement of the claims which would not be reimbursed under aforesaid IAR policy. The status of Self Insurance Fund Investment as at 31.03.2010 is as under:-

Schedule of Balance Sheet	Description of Investment / Deposit	Amount (₹ In Crore)
Schedule 8 - Investment	(i) Central Government Securities	163.03
	(ii) Public Sector Bonds	148.58
Schedule 9 - Current Assets, Loan & Advances	(i) Deposit with Public Sector Bank	306.50
	(ii) Interest Accrued (net of taxes)	1.26
	(iii) Current Account	0.03
Schedule 10 - Current Liabilities & Provisions	(i) Other Liabilities	(0.25)
<b>Total</b>		<b>619.15</b>

The total income of the Self Insurance Fund so invested is ₹ 0.24 Crore (net of taxes), which has been credited to Self Insurance Fund through Profit & Loss Appropriation Account.

## 14. Disclosure as required by Accounting Standard (AS) 15:

General description of various defined employee benefit schemes are as under:

### A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognised as expense and is charged to the profit & loss account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI.

### B. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 0.035 Crore, on superannuation, resignation, termination, disablement or on death. The liability for the same is recognised on the basis of actuarial valuation considering the maximum limit as ₹ 0.10 crore.



### C. Retired Employee Health Scheme

The Company has a Retired Employee Health Scheme, under which retired employee and the spouse are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

### D. Allowance on Retirement / Death

Actual cost of shifting from place of duty at which employee is posted at the time of retirement to any other place where he / she may like to settle after retirement is paid as per the rules of the corporation. In case of death, family of deceased employee can also avail this facility.

### E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75 % of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

### F. LTC

Employees are entitled to avail LTC in a block of 2 years. Liability for LTC as at 31.03.2010 is provided on the basis of actuarial valuation.

The above mentioned schemes (B, C, D, E and F) are unfunded and are recognised on the basis of actuarial valuation.

Summary of various defined benefits as on 31.03.2010 is as under:-

**Table 1: Key Actuarial assumption for Actuarial Valuation as at:**

Particulars	31.03.2010	31.03.2009
Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified
Discount rate	7.5%	7%
Future Salary Increase	5%	4.5%

**Table 2: Change in Present Value of Obligations (PVO)**

(₹ in Crore)

Particulars	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at Beginning of year	342.69	205.96	142.62	25.11	3.93	24.72
Interest cost	25.70	15.45	10.70	-	-	-
Current service cost	17.12	11.05	4.91	13.92	0.30	7.23
Benefit paid	(14.20)	(70.20)	(3.74)	(13.37)	(0.08)	(5.47)
Actuarial (Gain)/loss	36.01	58.41	15.00	-	-	-
PVO at end of year	407.32	220.67	169.49	25.66	4.15	26.48

**Table 3: Amount recognised in Balance Sheet**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at end of year	407.32	220.67	169.49	25.66	4.15	26.48
Fair Value of Plan Assets at the end of year	-	-	-	-	-	-
Funded Status	(407.32)	(220.67)	(169.49)	(25.66)	(4.15)	(26.48)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability recognized in Balance Sheet	407.32	220.67	169.49	25.66	4.15	26.48



**Table 4: Amount recognised in Profit & Loss Account/EDC Account**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
Current Service Cost	17.12	11.05	4.91	13.92	0.30	7.23
Interest Cost	25.70	15.45	10.70	-	-	-
Expected return on Plan Assets						
Net Actuarial (gain) / loss recognized for the year	36.01	58.41	15.00	-	-	-
Expense recognized in Profit & Loss/EDC for the year	78.83	84.91	30.61	13.92	0.30	7.23

15. a) Electricity generation is the principal business activity of the Corporation. Other operations viz., Contracts, Project Management and Consultancy works do not form a reportable segment as per the Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.
- b) The Corporation has power stations located within the country and therefore, geographical segments are inapplicable.
16. In compliance of Accounting Standard - 18 on related party disclosures issued by the Institute of Chartered Accountants of India, the required information is given as under: -

**a) Related Parties**

**(i) Joint Venture Companies**

National Power Exchange Ltd.

**(ii) Key Management Personnel**

Shri S.K. Garg	Chairman & Managing Director
Shri A. B. L. Srivastava	Director (Finance)
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects) - assumed office w.e.f. 10.04.2009
Shri R. S. Mina	Director (Personnel) - assumed office w.e.f. 28.04.2009

**b) Transaction carried out with the related parties at a(i) above is as follows:**

Particular	During 2009-10	During 2008-09
Investment	-	0.83

Remuneration to key management personnel is ₹ 0.96 Crore (previous year Rs.0.64 Crore) and amount of dues outstanding to the Company as on 31.03.2010 is ₹ 0.24 Crore (previous year ₹ 0.08 Crore).

17. The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses & transit camps. These leasing arrangements, which are not non-cancellable, are usually renewable on mutually agreeable terms. The Schedule of Employees remuneration and benefits includes ₹ 14.40 Crore (Previous year ₹ 12.59 Crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, guest house & transit camps are shown as Rent / Hiring charges under Schedule of Generation, Administration and other expenses.

**18. Earning Per Share:-**

The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	For the Year 2009-10	For the Year 2008-09
Net Profit after Tax used as numerator (Rs. Crore)	2090.50	1075.22
Weighted Average number of equity shares used as denominator- Basic	11850379339	11182493430
- Diluted	11850379339	11182493430
Earning Per Share (Rupees) - Basic	1.76	0.96
- Diluted	1.76	0.96
Face value per share (Rupees)	10	10



19. In compliance to the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Liability amounting to Rs.96.66 Crore (Previous Year Rs.395.91 Crore) has been provided during the current Year. The item-wise details of Cumulative Deferred Tax Liability are as under:

(₹ in Crore)

	01.04.2009	31.03.2010
<b>Deferred Tax Liability</b>		
i) Depreciation	2725.34	2701.58
<b>Less: Deferred Tax Assets</b>		
ii) Accumulated unabsorbed depreciation	-	-
iii) Advance against Depreciation to be considered as income in tax computation	131.23	-
iv) Provision for doubtful debts, self Insurance and other provisions	76.20	72.22
v) Provision for employee benefit schemes	104.93	119.72
<b>Deferred Tax Liability (Net)</b>	<b>2412.98</b>	<b>2509.64</b>

20. Interest in Joint Venture:

Name of Companies	Proportion of Ownership interest as at	
	31.03.2010	31.03.2009
National High Power Test Laboratory (P) Ltd.	25%	-
National Power Exchange Ltd.	16.67%	16.67%

The above joint venture entities are incorporated in India. The Company's share of the assets and liabilities as on 31st March 2010 and income and expenses for the financial year ended 31.03.2010 in respect of joint venture entities is based on audited accounts are given below:

(₹ in Crore)

		As at 31.03.2010	As at 31.03.2009
A	Assets	1.47	0.83
B	Liabilities (including equity)	1.47	0.83
C	Contingent Liabilities	-	-
D	Capital Commitments	-	-
		<b>For the Year 2009-10</b>	<b>For the Year 2008-09</b>
E	Income	0.06	0.01
F	Expenditure	0.89	0.03

21. The Management is of the opinion that no case of impairment of assets exists under the provision of Accounting Standard (AS)-28 on Impairment of assets as at 31<sup>st</sup> March 2010.

22. a) Remuneration paid/payable to Directors:

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
(i) Salaries & Allowances	0.66	0.47
(ii) Contribution to Provident Fund	0.06	0.03
(iii) Rent for Residential Accommodation	0.13	0.11
(iv) Other Benefits	0.11	0.03
(v) Sitting Fees to Independent Directors	0.23	0.08



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- b) Whole-time Directors were also allowed the use of company's car for official journeys and for private journeys upto 12000 kms in a Financial year on payment as under:-

	Non-AC Car	AC Car
Upto 16 HP	Rs 325 per month	Rs 520 per month
Above 16 HP	Rs 490 per month	Rs 780 per month

## 23. Remuneration to Statutory Auditors

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
Statutory Audit Fees	0.22	0.22
Tax Audit Fees	0.06	0.08
Audit Expenses	0.32	0.28
Other matters	0.42	0.26
<b>Cost Auditors</b>		
- Audit Fees	0.06	0.06
- Audit Expenses	0.01	0.01

## 24. Quantitative details in respect of Energy produced and sold:-

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
(i) Licensed Capacity (M.W.)	Not applicable	Not Applicable
(ii) Installed Capacity (M.W.)*	3619.20	3614.20
(iii) Actual Generation (Million Units)**	16857.10	16582.72
(iv) Actual Sales (Million Units) ***	14841.67	14587.88

\* derated capacity of Loktak Power Station.

\*\* including infirm Power & excluding Auxiliary Consumption & Transformation Loss.

\*\*\* excluding infirm Power & free Power to Home States.

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
25. a)* Value of imports calculated on CIF basis:		
i) Capital Goods	155.17	374.97
ii) Spare parts	3.91	6.47
b)* Expenditure in Foreign Currency		
i) Know-How	11.23	0.26
ii) Interest	73.37	98.84
iii) Other Misc. Matters	104.44	250.53
c)* Value of spare parts and Components consumed in operating units.		
i) Imported	0.89 (20.79%)	4.34 (48.65%)
ii) Indigenous	3.39 (79.21%)	4.58 (51.35%)
d)** Earnings in foreign currency		
i) Interest	-	-
ii) Others	-	-

\* Accrual basis.

\*\* Cash basis.



26. Disclosure as required under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 is as follows:-

(₹ in Crore)

(i)	Principal amount <i>remaining unpaid</i> to Micro, small & medium enterprise	NIL
(ii)	Interest accrued on principal amount remaining unpaid as (i) above	NIL
(iii)	Amount of Interest <i>paid</i> during the year along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/rendering of services	NIL
(iv)	Interest due but yet to be paid on principal paid during the year	NIL
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure	NIL

27. (a) Cash & Cash equivalents include an amount of ₹ 14.34 Crore (Previous year ₹ Nil) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2010.
- (b) Cash & cash equivalents include ₹ 488.41 Crore, held for Rural Road and Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation. Similarly "Loans & Advances" under Schedule 9 include ₹ 93.58 Crore given as Advance to Contractors & Suppliers in respect of these works.
28. Previous year's figures/opening balances have been regrouped/re-arranged/re-cast wherever necessary.

**VIJAY GUPTA**  
Company Secretary

**A.B.L. SRIVASTAVA**  
Director (Finance)  
DIN 01601682

**S.K. GARG**  
Chairman & Managing Director  
DIN 00055651

Place : New Delhi  
Dated : 25.5.2010



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration No

3 2 5 6 4

State

0 5

CodeBalance Sheet Date

3 1

0 3

2 0 1 0

### II Capital raised during the year (₹ in Crore)

Public Issue\*

4 0 2 5 . 7 0

Right Issue

N I L

Bond Issue

N I L

Private Placement

N I L

\* including share premium of ₹ 2907.45 Crore

### III Position of Mobilisation and Deployment of Funds (₹ in Crore)

Total Liabilities

4 3 1 3 5 . 7 9

Total Assets

4 3 1 3 5 . 7 9

#### Sources of Funds

Paid-up Capital #

1 2 3 0 0 . 7 4

Reserves and Surplus

1 0 9 7 2 . 4 5

Secured Loan

1 0 9 5 3 . 1 8

Unsecured Loans

2 9 1 5 . 0 4

#### Application of Funds

Net Fixed Assets

3 0 4 1 9 . 9 5 @

Investments

4 3 9 4 . 0 5

Net Current Assets

3 9 0 3 . 9 5

Misc. Expenditure

N I L

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress of Rs.12,802.50 Crore and Construction Stores and Advances of Rs.1,222.52 Crore.

### IV Performance of Company (₹ in Crore)

Turnover

4 3 3 1 . 9 8 \*\*

Total Expenditure

2 4 9 0 . 0 1

Profit Before Tax

2 4 0 2 . 0 8

Profit After Tax

2 0 9 0 . 5 0

Basic Earning per share in ₹

0 1 . 7 6

Dividend Amount (in Crore)

6 7 6 . 5 4

\*\* Excludes Other Income ₹ 560.11 Crore.





# NHPC Limited

(A Government of India Enterprise)

V Generic Names of Three Principal Products/Services of Company

i) Product Description

G E N E R A T I O N O F E L E C T R I C I T Y

Item Code No.

-

ii) Product Description

C O N S T R U C T I O N C O N T R A C T S

Item Code No.

-

iii) Product Description

C O N S U L T A N C Y S E R V I C E S

Item Code No.

-

As per our attached report of even date

For and on behalf of the Board of Directors

**For GSA & ASSOCIATES**

Chartered Accountants

FR No.- 000257N

**(SUNIL AGGARWAL)**

Partner

M.NO 83899

**VIJAY GUPTA**

Company Secretary

**A.B.L.SRIVASTAVA**

Director (Finance)

DIN 01601682

**S.K.GARG**

Chairman & Managing Director

DIN 00055651

Place : New Delhi

Dated : 25.5.2010



# Annual Report

## 2009-10

### CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2010

(₹ in crore)

	31st March, 2010	31st March, 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	2402.08	1178.34
<b>ADD :</b>		
Depreciation including Prior period	1032.39	521.79
Tariff Adjustment / Advance Against Depreciation	107.97	27.19
Interest excluding rebate	416.12	474.79
Others Provisions / Adjustments	48.58	161.78
Loss / (Profit) on Sale/Transfer of Assets	(4.06)	(37.72)
Exchange rate variation/Fluctuation Adjustment account	42.90	106.10
Dividend Income	(25.02)	(51.76)
<b>Cash flow from operating activities before working capital adjustments</b>	<b>1618.88</b>	<b>1202.17</b>
	4020.96	2380.51
<b>Working Capital Changes</b>		
(Increase)/Decrease in Inventories	(9.23)	1.13
(Increase)/Decrease in Contract Work in Progress	(8.29)	55.63
(Increase)/Decrease in Receivables	(910.30)	(95.58)
Increase/(Decrease) in Trade & Other Payables	398.71	274.39
<b>Cash flow from operating activities before taxes</b>	<b>3491.85</b>	<b>2616.08</b>
Less : Taxes Paid	353.53	105.98
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>3138.32</b>	<b>2510.10</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(2997.53)	(3172.17)
Proceeds on Sale/Transfer of Assets	0.19	2.31
Decrease/(Increase) in Investment	(1,600.45)	255.61
Dividend Received / Interest on Self Insurance Fund	25.28	51.76
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(4572.51)</b>	<b>(2862.49)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	1118.25	-
Share Premium	2868.74	-
Dividend & Dividend Tax	(230.01)	(371.66)
Proceeds from Borrowings	3458.42	2331.46
Repayments of Borrowings	(1669.58)	(771.06)
Interest & Finance Charges	(914.20)	(777.67)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>4631.62</b>	<b>411.07</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>3197.43</b>	<b>58.68</b>
Cash & Cash Equivalents at the beginning of the year	1899.95	1841.27
Cash & Cash Equivalents at the close of the year	5097.38	1899.95

#### EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and Cash equivalents consist of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits of varying periods except Deposits in the nature of Investment. Further, Cash & Cash equivalents include an amount of ₹ 14.34 Crore (Previous year ₹ Nil) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2010.
- Bonds allotted to the Corporation in discharge of debts and interest earned thereon being related to the core generating activity has been considered as part of cash from Operating Activities.
- Investment in Fixed Assets & Construction Work-in-Progress excludes interest & finance charges Capitalised to the tune of ₹ 494.65 Crore.
- Amount of undrawn loan as on 31.03.2010 : ₹ 9,243.44 Crore.
- Cash & cash equivalents include ₹ 488.41 Crore, held for Rural Road and Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation.
- Figures for the previous year have been re-grouped/re-arranged/re-cast wherever necessary.

As per our attached report of even date

For and on behalf of the Board of Directors

**For GSA & ASSOCIATES**  
Chartered Accountants  
FR No.- 000257N

**(SUNIL AGGARWAL)**  
Partner  
M.NO 83899

**VIJAY GUPTA**  
Company Secretary

**A.B.L.SRIVASTAVA**  
Director (Finance)  
DIN 01601682

**S.K.GARG**  
Chairman & Managing Director  
DIN 00055651

Place : New Delhi  
Dated : 25.5.2010



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.

1. Name and address of the Company	NHDC Limited, NHDC Parisar, Near Hotel Lake View Ashoka, Shyamla Hills, Bhopal (M.P.)	Loktak Downstream Hydroelectric Corporation Limited
2. Financial Year of the Subsidiary Company ended on	31 <sup>st</sup> March 2010	31st March 2010
3. Share of the Subsidiary Company held by NHPC and its nominees on the above date		
(a) Number of Shares and Face Value	(a) 1,00,24,200 Equity Shares of ₹ 1000/- each fully paid	(a) 4,44,00,000 Equity Shares of ₹ 10/- each fully paid.
(b) Extent of Holding	(b) Out of 1,96,25,800 shares issued, 1,00,24,200 shares are held by NHPC Limited	(b) Out of 6,00,00,000 shares issued, 4,44,00,000/- share are held by NHPC Limited.
4. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of NHPC Limited and is <b>not dealt</b> within the accounts of NHPC Limited		
(i) For Subsidiary Company Financial Year ended 31 <sup>st</sup> March 2010	(a) 51% of ₹ 187.54 Crore being the profit carried to Balance Sheet i. e. ₹ 95.65 Crore. (b) Dividend of ₹ 10.83 Crore being 51% share of the recommended dividend amount of ₹ 21.23 Crore.	(a) 74% of ₹ (1.16) Crore being the profit carried to Balance Sheet i. e. ₹ (0.86) Crore. (b) NIL
(ii) For previous Financial years of the Subsidiary company since it became Subsidiary	51% of ₹ 925.36 Crore being the profit carried to Balance Sheet i.e. ₹ 471.93 Crore.	NIL
5. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of NHPC Limited and is <b>dealt</b> within the accounts of NHPC Limited		
(i) For Subsidiary Company financial year ended 31 <sup>st</sup> March 2010	NIL	NIL
(ii) For previous Financial years of the Subsidiary company since it became Subsidiary	Dividend of Rs.124.12 Crore being 51% share of the dividend amount of Rs.243.37 crore.	
6. Change in the interest of NHPC Limited in the Subsidiary company between the end of the financial year of the Subsidiary Company and that of NHPC Limited.	NIL	NIL
7. Material changes between the end of the financial year of the Subsidiary Company and end of the financial year of NHPC Limited in respect of Subsidiary Company's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities.	NIL	NIL



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS  
OF NHPC LIMITED, FARIDABAD, FOR THE YEAR ENDED 31 MARCH 2010**

The preparation of financial statements of NHPC Limited, Faridabad, for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the audition and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is started to have been done by them vide their Audit Report dated 26 May 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements NHPC Limited, Faridabad, for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the  
**Comptroller & Auditor General of India**

**Sd/-**

**(M.K. BISWAS)**  
**Principal Director of Commercial Audit &  
Ex-officio Member Audit Board – III,  
New Delhi**

**Place : New Delhi  
Dated : 24 June 2010**



## DIRECTORS' REPORT

### TO THE MEMBERS, NHDC Ltd.

Your Directors have great pleasure in presenting the 10th Annual Report of your Company together with the Audited Accounts, Auditor's Report and the comments of the Comptroller and Auditor General of India for the financial year ended 31st March 2010.

During the year under review, your Corporation has achieved an aggregate income of Rs. 1005.93 crores representing an increase of 16.83% over the previous year. The highlights of the financial results are as under:-

#### 1. FINANCIAL HIGHLIGHTS:

	₹ in Lakhs	
Particulars	2009-10	2008-09*
Sale of Power incl. other Income	100593	86101
Profit before depreciation, interest (incl. financial charges) and tax.	90927	75502
Depreciation	24963	12599
Profit after depreciation and before interest and tax	65964	62903
Interest and financial charges.	28229	27083
Profit after depreciation and interest but before tax	37735	35820
Tax	16505	5204
Profit after depreciation, interest and tax	21230	30616
Surplus of Profit and Loss account of earlier years	92536	70634
Excess Provision withdrawn - Dividend	1	
Profit available for appropriations	113767	101250

\*As regrouped.

#### APPROPRIATIONS:

Self Insurance Reserve	3351	3341
Proposed Dividend	2123	4592
Provision for Income Tax (on dividend)	353	781
Balance Profit carried to Reserve and Surplus	107940	92536

The comparative Profit after tax (PAT) for year under review is lower mainly on account of Deferred Tax Liability which is not available for recovery from beneficiary from 01.04.2009 as per extant CERC Tariff Regulations 2009 and partly on account of increase in rate of Depreciation with effect from 01.04.2009 and additional Interest cost due to refinancing of Long Term Loan of ISPS and OSPs.

During the year under review, your Corporation has raised long Term Loan of ₹ 1354.17 cr. for refinancing of Term Loan taken for Indira Sagar Project.

#### 2. REVENUE REALISATION:

A record revenue realization of ₹ 1010.42 Cr. (i/c authorized rebate) has been registered during FY 2009-10 and it includes an amount of Rs. 134.16 Cr. towards EMLs against old outstanding securitized dues of Indira Sagar Project.

#### 3. POWER GENERATION:

Both the Projects of NHDC viz. ISP and OSP have generated 3071 MU of energy during FY 2009-10 with an increase of 29.66% over the previous year.

#### 4. DIVIDEND:

The Company has earned revenue of ₹ 1005.93 crores during the financial year 2009-2010. Taking into consideration the profitability of Rs. 212.30 cr. of the Company, the Board has recommended dividend of ₹ 21,22,94,168/- (excluding dividend tax as applicable) calculated @ 10% of the net profit of Rs. 212,29,41,683 (₹ 212.30 cr.) for payment to NHPC & Govt. of Madhya Pradesh on the equity for the year under review, subject to the approval of the Shareholders in the ensuing annual general meeting.

#### 5. CAPITAL STRUCTURE:

During the year, the capital structure of the company remained unchanged with paid up capital of ₹ 1962.58 cr.

#### 6. PROGRESS OF WORKS:

##### ➤ INDIRA SAGAR PROJECT (ISP):

Indira Sagar Project (8 x 125 MW) is a multipurpose Project with an installed capacity of 1000 MW, with sanctioned Annual Design Energy of 1979 MU and is the mother project for the downstream projects on Narmada Basin with largest reservoir in India, having a gross storage capacity 12.22 Bm<sup>3</sup> and the water released from Indira Sagar Power Station is utilized for generation of electricity at Omkareshwar Power Station. Presently, as per restriction by Court Orders, the permitted level for filling of Reservoir is upto EL 260.0 M against the FRL of EL 262.13 M. The generation from Indira Sagar Power Station during the FY 2009-10 was 2118 MU. This Power Station has generated 13125 MU of energy till March '2010 and demonstrated Plant Availability Factor (PAF) of 89.49% against Normative Value of 85% as per prevailing CERC norms.

##### ➤ OMKARESHWAR PROJECT (OSP):

Omkareshwar Project (8 x 65 MW), the first downstream project in the cascading series of Indira Sagar Project, with an installed capacity of 520MW and sanctioned Annual Design Energy of 1166 MU. OSP has been completed in record time and ahead of schedule in November 2007. As per the orders of Hon'ble Courts, currently the generation of energy from Omkareshwar Project is being done by maintaining the reservoir level at EL 189 M as against the FRL of 196.60 M. Accordingly, only 400 MW peaking power is being generated from the Omkareshwar Project corresponding to the installed capacity of 520 MW. The generation from Omkareshwar Project during the FY 2009-10 was 953 MU. This Power Station has generated 2455 MU of energy till March '2010 and demonstrated Plant Availability Factor (PAF) of 99.80% against Normative Value of 90% as per prevailing CERC norms with reference to the commissioned Installed Capacity of 400 MW at restricted reservoir level of EL 189.0 M.

#### 7. CHANGE IN THE NATURE OF COMPANY'S BUSINESS- CHANGE OF OBJECTS CLAUSE OF THE COMPANY.

During the year 2009-10, your company has changed its objects clause to include generation of power through conventional & non-conventional sources.

#### 8. CHANGE IN THE NAME OF THE COMPANY.

During the year 2009-10, your company's name has also been changed from "Narmada Hydroelectric Development Corporation Ltd." to "NHDC Ltd."

#### 9. DIVERSIFICATION ACTIVITIES:

##### ➤ REVA THERMAL POWER PROJECT (2 x 660 MW) :

NHDC Ltd. has signed MoU on 29th June 2009 with GoMP to develop on ownership basis 1320 MW (2 x 660 MW) Super Critical technology based Reva Thermal Power Project (RTPP) in District Khandwa of MP. Preinvestment activities like geo-technical investigations, land acquisition, Social Impact Analysis etc. for the purpose of preparation of DPR are under progress. The application for coal linkage has been submitted for considering the Project in the 12th Five Year Plan. As per Schedule, DPR is likely to be ready by July 2010.

##### ➤ WIND POWER PROJECT:

100 MW Potential Wind Power site was allocated at Kukru (Betul). Three Wind masts have been installed for wind assessment studies. Observation for Wind Assessment Data are in progress.

#### 10. ENVIRONMENT & FOREST:

While fully acknowledging the corporate responsibilities for Environmental concerns all stipulations of Ministry of Environment & Forests are being adhered to in true spirit, Compensatory Afforestation works over a target area of 86,030 Ha is completed under Indira Sagar Project and 11,660 Ha under Omkareshwar project. Likewise, Catchment Area treatment works in forest and non-forest areas are completed over a target area of 62,975 Ha under Indira Sagar Project and 28,455 Ha under Omkareshwar Project. One National Park and Two Sanctuaries are also being notified by Govt. of M. P. to compensate loss of forest habitat for wildlife. One Botanical Garden under Omkareshwar Project is also being set up with the help of State Forest Research Institute, Jabalpur.

#### 11. VIGILANCE ACTIVITIES:

NHDC Vigilance Division is constantly making all out efforts to support the management by bringing awareness amongst the employee in the organization to ensure adherence to various procedures and guidelines so as to bring transparency and fairness in the system. All circulars/ guidelines issued by the organization as well as instructions from Government of India & Central Vigilance Commission are being circulated among the HODs and HOPs of NHDC regularly. Vigilance appreciation programmes / workshops, surprise and regular inspections are being conducted at the project regularly as preventive measures. Continuous efforts are being made to protect interest of the stakeholders by keeping a close watch on activities in the Organization and continually improving the existing system and procedures.

#### 12. OFFICIAL LANGUAGE IMPLEMENTATION REPORT:

Official Language section of NHDC Corporate Office, Bhopal made effective efforts to achieve desired targets in the compliance of OL Annual programme. Corporation has been awarded with various prizes given below for excellent contribution in the field of implementation of official Language.

- 'First Prize' to NHDC by Town Official Language Implementation Committee, (Undertaking), Bhopal.
- 'Ambika Prashad Divya Rajbhasha Samman' prize to NHDC by Akhil Bharatiya Ambika Prashad Divya Smriti Pritishtha Puraskar Samiti and Prakashan Sansthan, Bhopal.
- 'Hindi Rajbhasha Karyanwayan Shiromani Samman' prize to NHDC by Parivartan Jankalyan Samiti, Delhi.
- 'Bhasha Bharti Puraskar' to NHDC by Dushyant Kumar Smarak Pandulipi Sangrahalaya, Bhopal.
- 'Utkrisha Patrika Puraskar' to Arohan by Rajbhasha Kiran Sansthan, Thane, Mumbai.

##### Specific Work:

- NHDC, Corporate Office, Bhopal was notified by the Ministry of Power, Govt. of India under the Official Language Rule 10(4).
- Publication of O.L. Annual magazine 'AROHAN', sponsorship of TOLIC (Undertaking), Bhopal, Hindi Pakhawara, Vishishta Hindi workshops and Hindi competitions.

#### 13. HUMAN RESOURCE DEVELOPMENT:

People are the main assets of the Corporation and accordingly conscious effort has been made to provide the environment for continuous development in line with organizational goals, priorities and individual aspirations of employees. HR initiative undertaken to improve employees performance level include KRA based appraisal system for all Executives and training for multiskilling and re-deployment. Your Corporation unique work culture is



based on trust & openness. An effective and empowering system has been established through well laid out delegation of power, decentralization and transparency. The organization looks at each and every employee as an achiever who will make the difference. Periodical job rotation and inter location transfer are undertaken to facilitate development and broaden outlook. The Human Resources function follows integrated approach to actualize the HR goals. As a learning organization the new recruits are attached with Senior Executive under a systematic and formal training to integrate them into the culture of the company. Rich library have been established at Projects/ Offices and Executives are encouraged to take professional bodies membership for knowledge enhancement. As a part of post employment training and development opportunity, a systematic training plan has been formulated for ensuring minimum seven man days training per employee per year through training need analysis. This has been designed to groom employee for assuming position of higher responsibility. The Corporation has been organizing annual inter and intra projects / offices sports competition to inculcate team building. The company also continue to focus on building leadership capability and strategic orientation through a series of training programmes and workshops. Demonstrating its high concern for people, we have developed employees welfare, health and social security system leading to high level of commitment. The Employee attrition rate has been lowest in the Industry. We have developed modern township with best quality of life, containing amenities like, educational, medical and recreational facility for employees and their family members. Corporation also has empanelled hospitals at various locations to meet employee health needs. We have the best record in the industry for accident free man hours. The Corporation emphasises aligning people capability and competency with current and emerging business challenges.

## 14. CORPORATE SOCIAL RESPONSIBILITY – COMMUNITY DEVELOPMENT:

NHDC Ltd. has a longstanding commitment to addressing the needs of the society, in view of its beliefs that for any economic development to be meaningful, the benefits from the business must trickle down to the society at large. We are of the firm view that the Corporate goals must be aligned with the longer societal goals. NHDC is aware of the need to work beyond financial consideration and put in that little extra effort to ensure that we are perceived not just as Corporate entity that exist for power generation but as wholesome entity created for the good of the society and for improving the quality of life of the communities we serve.

As a constructive partner in the Society in which it operates, Your Corporation has been taking concrete action to realize its social responsibility objectives, thereby building value for its shareholders and customers.

Your Corporation has framed a comprehensive corporate social responsibility Policy as per which, every year Corporation set aside a fixed budget for spreading smiles in thousands lives across the State through a comprehensive community welfare and development programme. The Social Responsibility Programme entails partnering communities in health, family welfare, education, environment protection, providing potable water, sanitation and empowerment of women and others marginalized groups.

With these programmes, your Corporation has undertaken many social and community initiatives in the State of Madhya Pradesh, touching the lives of thousands of people by supporting them, only to make sure that fellow humans could breathe easy.

With Corporate Social Responsibility high on its corporate agenda, Your Corporation is committed to conducting business in such a way so as to ensure sustainable development and enhancement of quality of life of the community where it operates. It is our firm resolve to move beyond business and touch every hearts in order to realize their dreams.

## 15. RIGHT TO INFORMATION ACT, 2005:

As per the directives of the Government of India, the Right to Information Act, 2005 was implemented in the past and all the required infrastructural arrangements required for implementation of the Act were made, such as, appointment of Public Information Officers, Assistant Public Information Officers and Appellate Authority and compliance of other formalities under the Act. All the officers concerned were imparted training and sent to seminars conducted by professional bodies. A Register is also being maintained for monitoring the requests from public seeking information and the replies by the concerned are also being coordinated.

## 16. INDUSTRIAL RELATIONS:

The Industrial Relation climate in your Corporation during the year continued to be harmonious. The company takes proactive measures and follows open door policy to redress the human values. Due to this cordial atmosphere, there was no loss of any man-days during the year.

## 17. RESERVATION FOR SC/ST/OBC:

Your Corporation follows the instructions relating to reservation of post for SC/ST/OBCs/Physically disabled persons in service as per the directives issued from time to time for recruitment and promotion of employees. In order to effectively redress the grievances of SC/ST/ OBC employees, Liaison Officers have been designated. Special drive has been undertaken to fill up the backlog vacancies for SC/ST/Physically disabled persons. Special arrangement have been made at Projects / Offices for smooth access of Physically disabled persons.

## 18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in Annex - "A" to this report.

## 19. AUDITORS:

M/s Multi Associates, Chartered Accountants, Bhopal were appointed as "Statutory Auditors" for conducting the Audit for the year 2009- 2010.

## 20. AUDITORS' REPORT:

The Auditors' Report refers to various notes incorporated by the Corporation in schedule 24, which are self-explanatory. The comments of the auditors and management's replies thereto, if any, are given in annex "B". The comment of the Comptroller and Auditor General of India is enclosed at "C" to the report.

## 21. COST AUDITORS:

The following Cost Auditors were appointed to conduct the audit of cost accounting records of power projects indicated against each firm for the financial year 2009-10 with the approval of the Central Government under Sec. 233-B of the Companies Act, 1956.

1. Prabha Sharma, Bhopal. Indira Sagar Power Project.
2. M.Goyal & Co., Indore. Omkareshwar Power Project.

## 22. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217 (2AA) of the Companies Amendment Act, 2000, the directors hereby confirm the following:

That in the preparation of the Annual Accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;

The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;

The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

The accounts have been prepared for the financial year ended 31st March, 2010 on a 'going concern' basis.

## 23. AUDIT COMMITTEE:

The Audit Committee has reviewed the annual financial statements before submission to the Board as required u/s Sec. 292A of the Companies Act, 1956. Presently, the composition of audit committee consists of Sh. Rajesh Dongre as Chairman along with two other directors i.e. Sh. K. M. Singh, Chief Executive Director and Sh. R. K. Taneja, Director.

## 24. PARTICULARS OF EMPLOYEES:

Information required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, is given in the Annex-D to the Report.

## 25. PARTICULARS OF DIRECTORS:

The composition of the Board includes Sh. S.K. Garg as CMD of the Company along with other Directors from MOP, Govt. of India, NHPC and Govt. of Madhya Pradesh.

NHPC has nominated Sh. R. Jayaseelan on the Board of NHDC w.e.f. 24th July, 2009. Sh. R. K. Taneja, who was earlier ceased to be a Director of the Company, has now been again appointed on the Board of NHDC.

NHPC has also nominated Sh. Sudhir Kumar, Joint Secretary (Hydel), Ministry of Power on the Board of NHDC w.e.f. 22nd January, 2010. Sh. Jayant Kawale, Joint Secretary (Hydel), Ministry of Power representing Govt. of India has now been ceased to be a Director of NHDC.

The Govt. of Madhya Pradesh nominated Sh.O.P. Rawat, Additional Chief Secretary, NVDD & Vice Chairman, NVDA, Sh. R.S. Julaniya, Member (R), NVDA on the Board of NHDC w.e.f. 19th August, 2009 and 15th September, 2009 respectively. Sh. M. K. Jain, Member (Power), NVDA earlier appointed on the Board of NHDC, has been ceased to be a Director of the Company during the year under review. The GoMP has again appointed him on the Board of NHDC w.e.f. 13th Nov. 2009. Further Sh. Rajneesh Vaish, Member (R), NVDA has now been appointed on the Board of NHDC by GoMP w.e.f. 26th May, 2010 in place of Sh. R.S.Julaniya.

Sh. Pradip Bhargava, Additional Chief Secretary, NVDD & Vice Chairman, NVDA and Sh. V. K. Bhatia, Member (Engineering), NVDA representing Govt. of Madhya Pradesh have now been ceased to be a Director of NHDC.

The Board expresses its gratitude for the contributions made & guidance given by the outgoing Director of the Company.

## 26. ACKNOWLEDGEMENTS:

The Board acknowledges with thanks the guidance and cooperation extended by various Ministries, State Govt. and other Govt. agencies at various stages of work. The Board records its appreciation of cooperation extended by the Statutory Auditors, Office of Comptroller and Auditor General of India, Bankers and other concerned authorities. Further, the Board wishes to record its deep gratitude to all the members of NHDC family whose enthusiasm, dedication and cooperation have made the achievement of a satisfying performance possible. The Board is also confident that the employees will continue to contribute their best in the coming years.

For and on behalf of the Board of Directors

Sd/-

Chairman & Managing Director-NHDC

Dated: 25.06.2010

Place: New Delhi.



**ANNEXURE - "A"**
**CONSERVATION OF ENERGY**

Sr. No.	Information sought	Reply
(a)	Energy conservation measures taken.	1. CFLs has been installed in the newly built Office Complex. 2. Split type AC's are installed in the Office Complex, which can be switched on/off depending upon the requirements. 3. Directions for use along with requests to switch off the equipments after use are displayed at different locations. 4. APFC system installed at NHDC Parisar for power factor improvement. 5. Maximum natural ventilation and lighting is being utilized in the powerhouse to conserve the energy. 6. Illumination has been segregated in small circuits in the powerhouse so that switching on/off of lights may be done as per requirement. 7. Periodic cleaning of lamps and fixtures for maximum output. 8. Automatic operation of all the pumps has been enabled to avoid idle operation of pumps. 9. Drainage of power transformer's cooling water is done by natural gravity as much as possible by installing separate drainage header. 10. Lubrication by means of proper greasing and alignment of all pumpmotor set at regular interval enhances the efficiency. 11. Metering at various points to locate excess consumption point so that remedial measure can be taken to reduce extra consumption if any. 12. Outdoor lights are being operated with help of timer switch to reduce manual operation so that lights can be switched on and off timely. 13. Seals and beddings of all leakage points of compressors, hydraulic gates, OPU and guide vanes etc are kept in healthy condition by proper maintenance.
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy;	NIL
(c)	Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	1. All the points mentioned above contributed to substantial saving of energy and reduction in power consumption.
(d)	Total energy consumption and energy consumption per unit of production as per Form - A of the annexure thereto in respect of industries specified in the schedule thereto.	1. NHDC is not in the category of industries mentioned in the schedule.

**FORM-B**

Sr. No.	Information sought	Reply
(a)	Specific areas in which R&D carried out by the Company.	No specific R&D work carried out during this year.
(b)	Benefit derived as a result of the above R&D;	NIL
(c)	Future Plan of action;	The R&D work will be carried out with in house expertise and in consultation with various suppliers after running of ISP/OSP continuously & identifying the specific problems there after.
(d)	Expenditure on R&D (a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnover	Presently no specific expenditure has been incurred on R&D. It is expected that the expenditure on R&D will be incurred in coming years.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Sr. No.	Information sought	Reply
(a)	Efforts in brief made towards technology absorption, adaptation and innovation;	1. Implementation of Social Security Scheme, fixed Asset Register in existing oracle based integrated Software application at Corporate Office & Projects.
(b)	Benefits derived as result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	1. Computerization of fixed Asset Register has enhanced the accuracy of asset management. 2. Automatic generation of consolidated reports/vouchers.

Technology imported during last five years	Nil
--	-----

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Sr. No.	Information sought	Reply
1.	Activities relating to exports; initiatives taken to increase export; development of new export markets for products and services; and export plans.	N.A
2.	Total foreign exchange earning	Nil
	Total foreign exchange outgo.	Nil

**ANNEXURE - "D"**
**INFORMATION REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**

A) Particulars of employees throughout the Financial Year who were in receipt of remuneration not less than ₹ 24,00,000/- or more per annum:
NIL

B) Particulars of employees employed for part of the Financial year who were in receipt of remuneration not less than ₹ 2,00,000/- per month:						
Name	Designation	Date of commencement of employment	Age	Remuneration	Cadre	Remarks
M.W. Khan	G.M (Finance)	3/14/1991	60	1885088	NHPC	Retired
Markandey Prasad	Head Store Keeper	7/18/1979	60	615268	NHPC	Retired
Gayani Choudhary	Assistant Special	1/10/1976	60	510283	NHPC	Retired

**Notes:**

- Persons named above were in NHDC on transfer from NHPC.
- Remuneration includes regular Salary & allowances, Leave encashment, LTC, Medical reimbursements, lease accommodation, employer contribution to Provident Fund and retirement/separation benefit paid during the year.
- None of the employees listed above is related to any director of the Company.
- All the shares of NHDC Ltd. are held by NHPC & GoMP in the ratio of 51:49.



## AUDITORS' REPORT

ANNEXURE - "B"

### TO THE MEMBERS OF NHDC LIMITED, BHOPAL (M.P.)

We have audited the attached Balance Sheet of **NHDC LIMITED, BHOPAL** as at 31<sup>st</sup> March 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- ii) 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 those books;
- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account; In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow

Statement dealt with by this report comply with the Accounting Standards referred to sub-section (3C) of section 211 of the Companies Act, 1956:

- iv) As per the circular issued by the Department of Companies Affairs vide their General Circular No. 829 (E) dt. 21.10.03 it has been directed that the clause (g) of sub section (1) of section 274 of the said Act about disqualification of Directors shall not apply to a Govt. company, hence in our opinion the requirement of this clause does not apply to this company also;
- v) In our opinion and according to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956, and give, a true & fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010;
  - b) In the case of Profit & Loss Account, of the profit for the year ended on that date;
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **MULTI ASSOCIATES**  
Chartered Accountants

(A. K. GARG)  
Partner

Membership No. 84003

FRN - 509955C

Place: New Delhi

Date: 19.05.2010

## ANNEXURE TO THE AUDITORS' REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2010

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the outside Chartered Accountant firm during the year. In our opinion, the frequency of verification is reasonable. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material but the same have been properly dealt with in the Books of Account.
- (c) Since there is no disposal of a substantial part of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
- (ii) (a) The outside Chartered Accountant firm has physically verified the inventory of the company other than items in transit. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or the other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
- (b) As per the information and explanations, the Company has not taken any loans, from the parties covered in the register maintained u/s 301 of the Companies Act, 1956. In view of this, sub clauses (e), (f) & (g) of clause (iii) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of power and services. During the course of our audit no major weakness has been noticed on the internal control system.
- (v) Based on the audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that Section. The question of reasonableness of transactions exceeding ₹ 5 lakhs during the year does not arise.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the Section 58 A and 58 AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the records provided to us by the Company, undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues, that are required to be deposited regularly with authorities, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the cases of non-deposit with the appropriate authorities of disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, are Nil.
- (x) The company neither has any accumulated losses at the end of the period nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) On the basis of verification of records and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Financial Institutions/Banks or Debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a Chit/Nidhi/Mutual Benefit Fund/Society and as such the clause of the order is not applicable.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The company has not given any guarantee for loan taken by others from banks/Financial Institutions.
- (xvi) On the basis of review of utilization of funds pertaining to Term Loans on overall basis and related information as made available to us, the company has applied term loans for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us, based on an overall examination of the Balance Sheet of the company, related information made available to us and as represented to us by the Management, the funds raised on short term basis has not been utilized for long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.
- (xx) The Company has not made any public issue of any securities during the year and therefore the question of disclosing the end use of money raised by any public issue does not arise.
- (xxi) Based on the audit procedures adopted and information and explanation given to us, by the management, no fraud on or by the company has been noticed or reported during the year.

For **MULTI ASSOCIATES**  
Chartered Accountants

(A. K. GARG)

Partner

Membership No. 84003

FRN - 509955C

Place: New Delhi

Date: 19.05.2010



**BALANCE SHEET AS AT 31ST MARCH, 2010**

(Amount in Lacs)

Particulars	Schedule No.	As at 31st March 2010		As at 31st March 2009	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i) Share Capital	1	196258		196258	
ii) Share Capital Deposit	1A	-		-	
iii) Reserves and Surplus	2	243493	439751	228200	424458
B. LOAN FUNDS					
i) Secured Loans	3	248331		251107	
ii) Unsecured Loans	4	-	248331	18587	269694
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION			10238		9505
D. DEFERRED TAX (NET)					
Deferred Tax Liabilities		65136		57054	
Less: Deferred Tax Recoverable		53835	11301	57054	-
TOTAL			709621		703657
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i) Fixed Assets	5				
a) Gross Block		671364		669404	
Less: Depreciation		80162		49903	
b) Net Block		591202		619501	
ii) Capital Work-in-Progress	6	434		684	
iii) Construction Stores and Advances	7	3	591639	12	620197
B. INVESTMENTS					
	8	-		-	
C. CURRENT ASSETS, LOANS & ADVANCES					
i) Interest Accrued on Investments	9	-		-	
ii) Inventories		402		381	
iii) Contract Work in Progress		-		-	
iv) Sundry Debtors		39357		46900	
v) Cash and Bank Balances		103067		70613	
vi) Other Current Assets		5459		3654	
vii) Loans and Advances		4713		2836	
		152998		124384	
Less: CURRENT LIABILITIES AND PROVISIONS		10			
i) Liabilities		11905		10769	
ii) Provisions		23111		30155	
		35016		40924	
NET CURRENT ASSETS			117982		83460
D. MISCELLANEOUS EXPENDITURE		11	-		-
(To the extent not written off or adjusted)					
TOTAL			709621		703657
Significant Accounting Policies		23			
Notes to the Accounts		24			
Schedule 1 to 24 form an integral part of the Accounts.					

As per our report of even date attached

 For and on behalf of **BOARD OF DIRECTORS**
**For Multi Associates**  
 Chartered Accountants

**R. K. TANEJA**  
 Director  
 DIN 00077493

**K. M. SINGH**  
 Chief Executive Director  
 DIN 02223301

**S. K. GARG**  
 Chairman & Managing Director  
 DIN 00055651

**A. K. GARG**  
 (Partner)  
 Membership No. 84003  
 FRN - 509955C

**V. K. TRIPATHI**  
 Co. Secretary

**VIJAY KUMAR**  
 General Manager (Finance)



# Annual Report 2009-10

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(Amount in Lacs)

Particulars		Schedule No.	For the year ended 31st March 2010		For the year ended 31st March 2009	
INCOME						
i)	Sales	12	90268		83543	
	Less: Tariff Adjustments		-		-	
	Less: Advance Against Depreciation	12A	733	89535	7951	75592
ii)	Contracts and Consultancy Income	13		-		-
iii)	Other Income	14		11058		10509
TOTAL INCOME				100593		86101
EXPENDITURE						
i)	Generation, Administration and Other Expenses	15		5147		4263
ii)	Employees' Remuneration and Benefits	16		4618		4645
iii)	Depreciation	17		24963		12599
iv)	Interest and Finance Charges	18		28229		27083
v)	Provisions	19		48		1
vi)	Contracts and Consultancy Expenses	20		-		-
TOTAL EXPENDITURE				63005		48591
Profit Before Tax and Prior Period Adjustments				37588		37510
	Prior Period Adjustments (Net)	21		(147)		1690
PROFIT BEFORE TAX				37735		35820
	Provision for Taxation					
i)	Current Tax		6418		5131	
ii)	Fringe Benefit Tax		-		74	
iii)	Adjustments Relating to Earlier Years		(1214)		(1)	
iv)	Deferred Tax		11301		15840	
	Less: Deferred Tax Recoverable Adjustment		-	16505	(15840)	5204
PROFIT AFTER TAX				21230		30616
	Balance brought forward from last year account			92536		70634
	Amount write back from Bond Redemption Reserve			-		-
	Amount write back from Capital Reserve			-		-
	Amount write back from Other Reserve (excess provision withdrawn- Dividend)			1		-
	Amount write back from Self Insurance Reserve			-		-
BALANCE AVAILABLE FOR APPROPRIATION				113767		101250
i)	Transfer to Capital Reserve		-		-	
ii)	Transfer to Bond Redemption Reserve		-		-	
iii)	Transfer to Self Insurance Reserve		3351		3341	
iv)	Transfer to General Reserve		-		-	
v)	Dividend		-			
	- Interim		-		-	
	- Proposed		2123		4592	
vi)	Tax on Dividend		-		-	
	- Interim		-		-	
	- Proposed		353	5827	781	8714
BALANCE CARRIED TO BALANCE SHEET				107940		92536
Earning per share (Equity shares, face value of Rs.1000/- each)						
	Basic EPS (Rupees per share)			108.17		156.00
	Diluted EPS (Rupees per share)			108.17		156.00
Expenditure during Construction		22				
Significant Accounting Policies		23				
Notes to the Accounts		24				

Schedule 1 to 24 form an integral part of the Accounts.

As per our report of even date attached

**For Multi Associates**  
Chartered Accountants

**A. K. GARG**  
(Partner)  
Membership No. 84003  
FRN - 509955C

**R. K. TANEJA**  
Director  
DIN 00077493

For and on behalf of **BOARD OF DIRECTORS**

**K. M. SINGH**  
Chief Executive Director  
DIN 02223301

**S. K. GARG**  
Chairman & Managing Director  
DIN 00055651

**V. K. TRIPATHI**  
Co. Secretary

**VIJAY KUMAR**  
General Manager (Finance)

Place: NEW DELHI  
Date : 19.05.2010



**SCHEDULE 1 - SHARE CAPITAL**

Particulars	(Amount in Lacs)	
	As at 31st March 2010	As at 31st March 2009
<b>AUTHORISED</b>		
Authorised Capital: 30000000 Equity Shares (As on 31.03.2009 30000000) of Rs. 1000/- each.	300000	300000
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>	196258	196258
1,96,25,800 (As on 31.03.2009 1,96,25,800) Equity Shares of Rs.1,000 each fully paid. Out of above, 100,24,200 (As on 31.03.2009 100,24,200) shares have been allotted to the holding company, NHPC Ltd., Faridabad. & 96,01,600 (As on 31.03.2009 96,01,600) Shares allotted to Govt of Madhya Pradesh.		
<b>NOTE:</b> Out of the above Equity Shares 74,83,528 (As on 31.03.2009 74,83,528) equity shares were allotted as fully paid up pursuant to a MoU without payment being received in cash.		
<b>TOTAL</b>	<b>196258</b>	<b>196258</b>

**SCHEDULE 2 - RESERVES AND SURPLUS**

Particulars	As at 31st March, 2010					As at 31st March, 2009				
	01.04.2009	Addition	Deduction	Adjustment	31.03.2010	01.04.2008	Addition	Deduction	Adjustment	31.03.2009
A. Bond Redemption Reserve	-	-	-	-	-	-	-	-	-	-
B. General Reserve	-	-	-	-	-	-	-	-	-	-
C. Profit and Loss Account	92536	21230	5827	1	107940	70634	30616	8714	-	92536
D. Self Insurance Reserve	11907	3351	-	-	15258	8566	3341	-	-	11907
E. Grant In Aid - Reserve										
i Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in ISPS as a Grant-in-Aid.	34917	53	1557	-	33413	34948	697	728	-	34917
ii Proportionate Sub-vention towards Sardar Sarovar project transferred from NVDA Account for ISPS.	44626	67	1990	-	42703	44664	892	930	-	44626
iii Contribution by Govt of Madhya Pradesh towards R&R of ISPS.	22953	500	888	-	22565	21201	2331	579	-	22953
iv Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in OSPS as Grant-in-Aid.	17516	-	882	(181)	16453	16733	1108	325	-	17516
v Contribution by Govt of Madhya Pradesh towards R&R of OSPS.	3745	1598	182	-	5161	3074	740	69	-	3745
<b>TOTAL</b>	<b>228200</b>	<b>26799</b>	<b>11326</b>	<b>(180)</b>	<b>243493</b>	<b>199820</b>	<b>39725</b>	<b>11345</b>	<b>-</b>	<b>228200</b>

**SCHEDULE 3 - LOAN FUNDS - SECURED**

Particulars	(Amount in Lacs)	
	As at 31st March 2010	As at 31st March 2009
<b>TERM LOANS</b>		
i) Term Loan from Banks/Fls - Indian Currency - Secured	248331	177417
ii) Short Term Loans From Banks /Fls - Indian Currency - Secured	-	73244
iii) Interest accrued and due on Short Term Loans From Banks /Fls - INR - Secured (Oriental Bank of Commerce) (Refer Annexure to Schedule -3)	-	446
<b>TOTAL</b>	<b>248331</b>	<b>251107</b>

**NOTE :**

Above Term Loans outstanding are secured by way of first Pari-passu Charge in favour of the lenders by deposit of title deeds of immovable property / fixed assets and also first pari-passu charge on all present and future movable, fixed and current assets of the respective power station.

**SCHEDULE 1A - SHARE CAPITAL DEPOSIT ACCOUNT**

Particulars	(Amount in Lacs)	
	As at 31st March 2010	As at 31st March 2009
1 From NHPC Ltd. (Holding Co.)	-	-
2 From NVDA Account	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**ANNEXURE TO SCHEDULE 3**
**LOAN FUNDS - SECURED**

Particulars	(Amount in Lacs)	
	As at 31st March 2010	As at 31st March 2009
<b>LONG TERM LOANS</b>		
<b>A - INDIRA SAGAR POWER STATION</b>		
i CENTRAL BANK OF INDIA (Due for repayment within one year Rs. 3120 Lacs) (Repayable in 20 half yearly equal installments commencing from 30.09.2009)	28080	-
ii DENA BANK (Due for repayment within one year Rs. 2642 Lacs) (Repayable in 20 half yearly equal installments commencing from 30.09.2009)	23777	-
iii DENA BANK (Due for repayment within one year Rs. 2250 Lacs) (Repayable in 20 half yearly equal installments commencing from 31.03.2010)	18667	-
iv HDFC BANK LIMITED (Due for repayment within one year Rs. 3726 Lacs) (Repayable in 20 half yearly equal installments commencing from 30.09.2009)	33530	-
v HDFC BANK LIMITED (Due for repayment within one year Rs. 1979 Lacs) (Repayable in 20 half yearly equal installments commencing from 31.03.2010)	18802	-



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				(Amount in Lacs)		
	Particulars				As at	As at
					31st March 2010	31st March 2009
vi	UNITED BANK OF INDIA (Due for repayment within one year Rs. 650 Lacs) (Repayable in 20 half yearly equal installments commencing from 30.09.2009)	5850	-			
vii	PUNJAB AND SINDH BANK	-	4167			
viii	SIDBI	-	8333			
ix	UNION BANK OF INDIA	-	8333			
x	PUNJAB NATIONAL BANK	-	22917			
xi	INDIAN OVERSEAS BANK (Due for repayment within one year Rs. 417 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	3750	4167			
xii	BANK OF BARODA (Due for repayment within one year Rs.125 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	1125	1250			
	<b>Sub Total (A)</b>	<b>133581</b>	<b>49167</b>			

## B- OMKARESHWAR POWER STATION

B. CURRENT LIABILITIES				2010	2009
i	POWER FINANCE CORPORATION LTD. (Due for repayment within one year Rs. 13500 Lacs) (Repayable in 20 Half yearly equal installments commencing from 15.01.2009)	114750	128250		
	<b>Sub Total (B)</b>	<b>114750</b>	<b>128250</b>		
	<b>TOTAL (A+B)</b>	<b>248331</b>	<b>177417</b>		

SHORT TERM LOANS		
i)	Short Term Loans From Banks /Fls - Indian Currency - unsecured (Allahabad Bank)	- 18423
ii)	Interest accrued and due on Short Term Loans From Banks /Fls - Indian Currency - unsecured (Allahabad Bank)	- 164
	<b>TOTAL</b>	<b>- 18587</b>

## SCHEDULE 4 - LOAN FUNDS - UNSECURED

				(Amount in Lacs)		
	Particulars				As at	As at
					31st March 2010	31st March 2009
	<b>SHORT TERM LOANS</b>					
i)	Short Term Loans From Banks /Fls - Indian Currency - unsecured (Allahabad Bank)	-				18423
ii)	Interest accrued and due on Short Term Loans From Banks /Fls - Indian Currency - unsecured (Allahabad Bank)	-				164
	<b>TOTAL</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>18587</b>

## SCHEDULE - 5 FIXED ASSETS

(Amount in Lacs)													
SL. NO.	PARTICULARS	GROSS BLOCK							DEPRECIATION			NET BLOCK	
		As at 01.04.2009	Additions/ Adjustment on a/c of inter-unit transfer	Additions/ Adjustment on a/c of others	Deductions/ Adjustment on a/c of inter-unit transfer	Deductions/ Adjustment on a/c of others	As at 31.03.2010	As at 01.04.2009	For the year	Adjustment	As at 31.03.2010	As at 31.03.2010	As at 01.04.2009
		1	2A	2B	3A	3B	4	5	6	7	8	9	10
1	Land – Freehold	-	-	-	-	-	-	-	-	-	-	-	-
2	Land – Leasehold	176	-	-	-	-	176	20	6	-	26	150	156
3	Land – Unclassified/ right of use	219204	-	5013	-	-	224217	16307	7819	-	24126	200091	202897
4	Buildings	65660	-	389	-	(387)	65662	6332	2209	(16)	8525	57137	59328
5	Roads and bridges	1011	-	161	-	-	1172	192	39	-	231	941	819
6	Railway sidings	-	-	-	-	-	-	-	-	-	-	-	-
7	Dams, water conductor system, hydro mechanical gates, tunnels etc.	218333	-	49	-	(1770)	216612	12535	11433	(57)	23911	192701	205798
8	Generating plant and machinery	157997	-	182	-	(1744)	156435	12732	8242	(72)	20902	135533	145265
9	Plant and machinery sub station	2440	-	5	-	(33)	2412	172	128	(2)	298	2114	2268
10	Plant and machinery transmission lines	281	-	14	-	-	295	19	17	-	36	259	262
11	Plant and machinery others	318	3	-	-	-	321	69	17	-	86	235	249
12	Construction equipment	538	-	34	-	-	572	141	65	-	206	366	397
13	Water supply system/drainage and sewerage	237	-	-	-	-	237	10	10	-	20	217	227
14	Electrical installations	12	-	-	(3)	-	9	5	1	(1)	5	4	7
15	Vehicles	153	-	-	-	(30)	123	110	6	(28)	88	35	43
16	Aircraft/ boats	15	-	-	-	-	15	12	1	-	13	2	3
17	Furniture and fixture	437	-	31	-	(6)	462	132	41	(2)	171	291	305
18	Computers	212	-	26	-	(7)	231	160	27	(6)	181	50	52
19	Communication equipment	52	-	1	-	(3)	50	12	3	(1)	14	36	40
20	Office equipments	245	-	10	-	(21)	234	77	20	(7)	90	144	168
21	Research and development	-	-	-	-	-	-	-	-	-	-	-	-
22	Intangible assets	7	-	-	-	(1)	6	5	2	(1)	6	-	2
23	Other assets	200	-	8	-	(1)	207	43	15	-	58	149	157
24	Capital expenditure on assets not owned by NHDC	1755	-	37	-	-	1792	701	358	-	1059	733	1054
25	Fixed assets of minor value >750 and < Rs.5000	116	-	3	-	(9)	110	116	3	(9)	110	-	-
26	Obsolete / surplus assets	5	-	10	-	(1)	14	1	-	(1)	-	14	4
TOTAL		669404	3	5973	(3)	(4013)	671364	49903	30462	(203)	80162	591202	619501
Previous Year Figures		659225	1	10206	(1)	(27)	669404	34535	15230	138	49903	619501	624690

### NOTE

Depreciation for the year	30462
Charged to P& L	24963
Charged to EDC	-
Charged to Grant In Aid Reserve	5499

Figures within parenthesis represent deductions.



**SCHEDULE 6 - CAPITAL WORK-IN-PROGRESS**

(Amount In Lacs)

	Particulars	As at 01.04.2009	Addition	Adjustment	Capitalised	As at 31.03.2010
i)	Buildings	333	270	(1)	(389)	213
ii)	Roads and Bridges	-	144	-	(144)	-
iii)	Railway Sidings	-	-	-	-	-
iv)	Dams, Water Conductor System,Hydromechanical Gates, Tunnels etc.	-	44	-	(44)	-
v)	Generating Plant and Machinery	-	48	-	(48)	-
vi)	Plant and Machinery Sub Station	48	4	-	(5)	47
vii)	Plant and Machinery- Transmission Lines	1	13	-	(14)	-
viii)	Plant and Machinery - Others	-	-	-	-	-
ix)	Construction Equipment	-	-	-	-	-
x)	Water Supply System/Drainage and Sewerage	-	-	-	-	-
xi)	Other Assets Awaiting Installation	61	3	-	(61)	3
xii)	Intangible Assets	-	-	-	-	-
xiii)	Capital Expenditure On Assets Not Owned byNHDC	14	81	-	(37)	58
xiv)	Survey, Investigation, Consultancy and Supervision Charges	-	113	-	-	113
xv)	Expenditure on R&R and CompensatoryAfforestation	227	136	(92)	(271)	-
xvi)	Expenditure During Construction (EDC)	-	-	-	-	-
	<b>TOTAL</b>	<b>684</b>	<b>856</b>	<b>(93)</b>	<b>(1013)</b>	<b>434</b>
	<b>Previous Year Figures</b>	<b>1927</b>	<b>7350</b>	<b>(1325)</b>	<b>(7268)</b>	<b>684</b>

Figures within parenthesis represent deductions.

**SCHEDULE 7 - CONSTRUCTION STORES AND ADVANCES**

(Amount in Lacs)

Particulars	As at 31st March 2010	As at 31st March 2009
<b>A. CONSTRUCTION STORES</b> (At cost as valued and certified by management)		
1. Stores and spares	-	-
2. Loose tools	-	-
3. Scrap inventory	-	-
4. Stores in transit/ pending inspection	-	-
5. Material issued to contractors/ fabricators	-	-
Less : Provisions for construction stores *1	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<b>B. ADVANCES FOR CAPITAL EXPENDITURES</b>		
1. Secured (considered good)	-	-
2. Unsecured – against bank guarantees (considered good)	-	-
3. Unsecured – others (considered good)	3	12
4. Unsecured – considered doubtful	-	-
Less : Provisions for doubtful advances *2	-	-
<b>Sub-Total</b>	<b>3</b>	<b>12</b>
<b>TOTAL</b>	<b>3</b>	<b>12</b>

\* DETAIL OF PROVISIONS

<b>1. Provision for construction stores</b>		
As per last Balance Sheet	-	-
Additions during the year - As per Sch 19 (iv)	-	-
Amount used during the year	-	-
Amount reversed during the year - As per Sch 14 e(d)	-	-
Closing Balance	-	-
<b>2. Provision for doubtful advances</b>		
As per last Balance Sheet	-	-
Additions during the year - As per Sch 19 (ii)	-	-
Amount used during the year	-	-
Amount reversed during the year - As per Sch 14 e(b)	-	-
Closing Balance	-	-

**SCHEDULE 8 - INVESTMENTS**

(Amount in Lacs)

Particulars	Number of shares/ bonds/ securities Current year/ (Previous year)	Face value per share/ bond/ security (in Rs.)	As at 31st March 2010	As at 31st March 2009
<b>LONG TERM (Trade- unless otherwise specified)</b>				
<b>A. Quoted</b>			-	-
Equity shares \$				
Sub Total (A)				
<b>B. Un-Quoted</b>			-	-
a) Equity shares in Subsidiary Companies				
b) Bonds			-	-
Bonds \$				
8.50% Tax-Free State Government				
Special Bonds of the Governments			-	-
<b>Sub Total (B)</b>			-	-
\$ in DEMAT form				
Quoted Investments				
(i) Aggregate Cost				
(ii) Aggregate Market Value				
- NSE quotes			-	-
- BSE quotes				
Un-Quoted Investments				
Aggregate Cost			-	-
<b>TOTAL</b>			<b>-</b>	<b>-</b>



## SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

		(Amount in Lacs)			
Particulars		As at 31st March 2010		As at 31st March 2009	
<b>A.</b>	<b>INTEREST ACCRUED ON INVESTMENTS</b>	-	-	-	-
<b>B.</b>	<b>INVENTORIES</b> (At cost as valued and certified by management)				
i)	Stores and spares	305		337	
ii)	Loose tools	1		2	
iii)	Scrap inventory	24		14	
iv)	Stores in transit/ pending inspection	19		5	
v)	Material at site	63		33	
vi)	Material issued to contractors/ fabricators	-		-	
	Less : Provisions for obsolete stores & spares *1	(10)	402	(10)	381
<b>C.</b>	<b>WORK IN PROGRESS</b>				
i)	Construction work in progress (on behalf of client)	-		-	
ii)	Consultancy work in progress (on behalf of client)	-	-	-	-
<b>D.</b>	<b>SUNDRY DEBTORS</b>				
i)	Debts outstanding for a period exceeding six months	-		-	
	- Considered good (Includes amount of Rs.24963 Lacs recoverable through EMI as per tripartite agreement, As on 31.03.2009 Rs.35310 Lacs)	24963		38542	
	- Considered doubtful and provided	-		-	
ii)	Other debts	-		-	
	- Considered good	8363		8358	
	- Considered doubtful and provided	-		-	
	- Less: Provision for doubtful debts *2	-		-	
	- Debtors for sale of power - Not Billed	6031	39357	-	46900
<b>E.</b>	<b>CASH &amp; BANK BALANCES</b>				
i)	Cash on hand (includes cheques & stamps in hand /transit of Rs. 5 Lacs, As on 31.03.09 Rs. 0.12 Lacs)	11		5	
ii)	Bank balances				
	with scheduled banks				
	In current account	2398		7111	
	In deposits account (including deposits earmarked towards Self insurance contingencies)	100658		63497	
	with other banks				
	In current account	-		-	
	In deposits account	-	103067	-	70613
<b>F.</b>	<b>OTHER CURRENT ASSETS</b>				
i)	Interest accrued on deposits	3374		1827	
ii)	Others	871		702	
iii)	Claims recoverable from other agencies	1282		1147	
	Less : Provisions for doubtful claims *3	(68)		(22)	
iv)	Claims reimbursable from self insurance reserve	-	5459	-	3654
<b>G.</b>	<b>LOANS AND ADVANCES</b>				
<b>a)</b>	<b>LOANS</b>				
i)	Employees (including accrued interest)				
	Secured	819		680	
	Unsecured (considered good)	107		155	
	Unsecured (considered doubtful)	-		-	
ii)	Loan to State Government in settlement of dues from customer	-	926	-	835
<b>b)</b>	<b>ADVANCES</b> (recoverable in cash or Kind or for value to be received)				
i)	Holding Company				
	Secured	-		-	
	Unsecured (considered good)	-		-	
	Unsecured (considered doubtful)	-		-	
ii)	Contractors & suppliers				
	Secured	-		-	
	Unsecured (considered good)	-		-	
	- Covered by bank guarantees	14		-	
	- Others	132		13	
	Unsecured (considered doubtful)	-		-	
iii)	Employees				
	Unsecured (considered good)	1096		800	
	Unsecured (considered doubtful)	-		-	
iv)	Other Advances				
	Unsecured (considered good)	-		-	
	Unsecured (considered doubtful)	-		-	
	Less: Provisions for doubtful loans and advances *4	-		-	
v)	Other recoverable	-	1242	-	813
<b>c)</b>	<b>DEPOSITS</b>				
	Advance Income tax and tax deducted at source	17649		17255	
	Less: Provision for Taxation*5	15104	2545	16067	1188
	<b>TOTAL</b>		<b>152998</b>		<b>124384</b>

Figures within parenthesis represent deductions.

Figures within parenthesis represent deductions.

		(Amount in Lacs)	
	2009-10	2008-09	
<b>PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH NON-SCHEDULED BANKS</b>			
<b>PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS</b>	Nil	Nil	
Amount due at the end of the year	7	3	
Maximum balance at any time during the year	7	3	
Advance due by Companies in which any director of the corporation is a Director or member amounts to Rs. Nil (As on 31.03.2009 Rs.Nil)			
<b>PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH HOLDING COMPANY</b>			
	2009-10	2008-09	
NHPC LTD.	(270)	(195)	



**PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH HOLDING COMPANY**

	31st March 2010	31st March 2009
<b>DETAILS OF PROVISIONS</b>		
<b>Provision for obsolete stores &amp; spares *1</b>		
As per last Balance Sheet	10	10
Additions during the year - As per Sch 19	-	-
Amount used during the year	-	-
Amount reversed during the year - As per Sch 14 e(d)	-	-
Closing Balance	10	10
<b>Provision for Doubtful Debts *2</b>		
As per last Balance Sheet	-	-
Additions during the year - As per Sch 19	-	-
Amount used during the year	-	-
Amount reversed during the year - As per Sch 14 e(a)	-	-
Closing Balance	-	-
<b>Provision for bad &amp; doubtful claims *3</b>		
As per last Balance Sheet	22	21
Additions during the year - As per Sch 19	47	1
Amount used during the year	1	-
Amount reversed during the year - As per Sch 14 e(c)	-	-
Closing Balance	68	22
<b>Provisions for Doubtful Loans and Advances *4</b>		
As per last Balance Sheet	-	-
Additions during the year - As per Sch 19	-	-
Amount used during the year	-	-
Amount reversed during the year - As per Sch 14 e(b)	-	-
Closing Balance	-	-
<b>Provision for Taxation*5</b>		
As per last Balance Sheet	16067	12086
Additions during the year	6418	5205
Amount used during the year	6167	1224
Amount reversed during the year	1214	-
Closing Balance	15104	16067

**SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS**

(Amount in Lacs)

Particulars	As at 31st March 2010	As at 31st March 2009
<b>A. LIABILITIES</b>		
1. Sundry creditors		
a) Total outstanding dues of Micro and Small scale Industrial Undertaking(s). (Due over 30 days Rs. NIL)	-	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days Rs. NIL)	-	-
c) Others	10039	8551
2. Unspent amount of deposit/agency	-	-
3. Deposits/retention money	750	766
4. Advances against the deposit works	-	-
Less : Amount recoverable on deposit works	-	-
5. Interest accrued but not due on loans	636	818
6. Advances/Deposits from clients/contractees	-	-
Less: Amount Recoverable in respect of project Management/ Consultancy works	-	-
7. Grant in aid - pending utilisation	-	-
8. Due to subsidiaries/ holdings	270	195
9. Deferred Income from Foreign Currency Fluctuation Account	-	-
10. Other liabilities	210	439
<b>TOTAL LIABILITIES (A)</b>	<b>11905</b>	<b>10769</b>
<b>B. PROVISIONS</b>		
1. <b>Provision for Proposed Dividend</b>		
As per last Balance Sheet	4592	9888
Additions during the year	2123	4592
Amount used during the year	4592	9888
Amount reversed during the year	-	-
Closing Balance	2123	4592
2. <b>Tax on proposed dividend</b>		
As per last Balance Sheet	781	1680
Additions during the year	353	781
Amount used during the year	781	1680
Amount reversed during the year	-	-
Closing Balance	353	781
3. <b>Provision for Wage revision</b>		
As per last Balance Sheet	2355	1274
Additions during the year	1175	1284
Amount used during the year	8	203
Amount reversed during the year	-	-
Closing Balance	3522	2355
4. <b>Provision for Productivity Linked Incentive</b>		
As per last Balance Sheet	234	238
Additions during the year	247	228
Amount used during the year	204	232
Amount reversed during the year	52	-
Closing Balance	225	234
5. <b>Provision for leave encashment</b>		
As per last Balance Sheet	403	251
Additions during the year	164	174
Amount used during the year	236	22
Amount reversed during the year	-	-
Closing Balance	331	403



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<b>6. Provision for Gratuity</b>				
As per last Balance Sheet	206		113	
Additions during the year	32		95	
Amount used during the year	6		2	
Amount reversed during the year	-		-	
Closing Balance		232		206
<b>7. Provision for REHS</b>				
As per last Balance Sheet	82		69	
Additions during the year	25		13	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		107		82
<b>8. Provision for LTC</b>				
As per last Balance Sheet	37		40	
Additions during the year	44		30	
Amount used during the year	45		33	
Amount reversed during the year	-		-	
Closing Balance		36		37
<b>9. Provision for M.C.on Leave Encashment</b>				
As per last Balance Sheet	47		30	
Additions during the year	19		20	
Amount used during the year	28		3	
Amount reversed during the year	-		-	
Closing Balance		38		47
<b>10. Provision for TTA(Baggage Allowance on Retirement)</b>				
As per last Balance Sheet	25		20	
Additions during the year	-		5	
Amount used during the year	-		-	
Amount reversed during the year	5		-	
Closing Balance		20		25
<b>11. Provision - Others</b>				
As per last Balance Sheet	95		146	
Additions during the year	-		-	
Amount used during the year	92		51	
Amount reversed during the year	-		-	
Closing Balance		3		95
<b>12. Provision for Project Expenses</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-
<b>13. Provision for contingencies</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-
<b>14. Provision for loss on Hedging Transaction</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-
<b>15. Provision for tariff adjustments</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-
<b>16. Provision for self consumption of power</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-
<b>17. Provision for Committed Capital Expenditure</b>				
As per last Balance Sheet	21298		20408	
Additions during the year	-		2500	
Amount used during the year	1509		1610	
Amount reversed during the year	3668		-	
Closing Balance		16121		21298
<b>TOTAL PROVISIONS (B)</b>		<b>23111</b>		<b>30155</b>
<b>TOTAL (A+B)</b>		<b>35016</b>		<b>40924</b>

## SCHEDULE 11 - MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

		(Amount in Lacs)	
Particulars	As at 31st March 2010	As at 31st March 2009	
Preliminary expenses	-	-	
Other deferred revenue expenditure	-	-	
Share Issue Expenses (IPO)	-	-	
Expenditure awaiting adjustment	-	-	
Less : Provision for project expenses write off sanction	-	-	-
Losses awaiting write off sanction	1	-	
Less : Provision for losses pending investigation	(1)	-	
<b>TOTAL</b>	<b>-</b>	<b>-</b>	



**SCHEDULE 12 - SALES**

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
Sale of power	80205	78884
Sale of Power - Not Billed	6031	-
Earlier Year Sales	4032	-
Sale of power (MAT)	-	4585
Sale of power (FBT)	-	74
Less: Income from generation of electricity - precommissioning (Transferred to Schedule 22 I(i) )	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>90268</b>	<b>83543</b>

**SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION**

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
During the year	733	7951
Less: Written back during the year	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>733</b>	<b>7951</b>

**SCHEDULE 13 - REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS**

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
Contract Income	-	-
Revenue from Project Management/ Consultancy Work	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>-</b>	<b>-</b>

**SCHEDULE 14 - OTHER INCOME**

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
i) Income from Long Term Investments	-	-
a) Trade	-	-
Dividend from subsidiaries	-	-
Dividend - others	-	-
Interest - Govt. Securities	-	-
b) Non-Trade	-	-
Dividend - others	-	-
ii) Other Income	-	-
a) Interest	-	-
- Loan to State Government in settlement of dues from customers	-	-
- Indian Banks (Gross)(Tax deducted at source Rs.1010 Lacs, As on 31.03.2009 Rs.1158 Lacs)	7307	5587
- Employee's Loans and Advances	58	50
- Interest from Beneficiary States (Tax deducted at source Rs.178 Lacs, As on 31.03.2009 Rs.NIL )	3014	4004
- Others (Tax deducted at source Rs.33 Lacs, As on 31.03.2009 Rs.13 Lacs)	292	64
b) Late payment surcharge	163	624
c) Profit on sale of Project	-	-
d) Profit on sale of assets	2	-
e) Liability/ Provisions not required written back #	76	9
f) Exchange rate variation	-	-
g) Foreign Currency Fluctuation adjustment (Credit)	-	-
h) Others (Tax deducted at source Rs. 0.48 Lacs, As on 31.03.2009 Rs.1 Lacs )	146	171
<b>Total</b>	<b>11058</b>	<b>10509</b>

 Less: Income transferred to EDC (Refer  
Schedule 22 E (ii), 22 I (ii) to (vi) and  
22 J(i))

 Less: Income transferred to contract  
and consultancy expenses (Refer  
Schedule 20)

<b>Total taken to Profit &amp; Loss Account</b>	<b>11058</b>	<b>10509</b>
# Detail of Liability/ Provisions not required written back		
a) Bad and doubtful debts	-	-
b) Bad and doubtful advances / deposits	-	-
c) Bad and doubtful claims	-	-
d) Diminution in value of stores and spares	-	-
e) Shortage in store & spares	-	-
f) Provision for contingencies	-	-
g) Provision against diminution in the value of investment	-	-
h) Provision for wage revision	-	-
i) Provision for loss pending investigation	-	-
j) Provision for productivity linked incentive	52	-
k) Provision for Tariff Adjustment	-	-
l) Other Provisions/Liability not required written back	24	9
<b>Total</b>	<b>76</b>	<b>9</b>

**SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES**

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
i) Consumption of stores and spare parts	255	189
ii) Repair and maintenance of:		
- Building	424	284
- Machinery	484	228
- Others	651	539
iii) Rent / Hiring Charges	295	288
iv) Rates and taxes	12	11
v) Insurance	11	8
vi) Reimbursement from Self insurance reserve	-	-
vii) Security expenses	414	232
viii) Electricity charges	1053	1058
ix) Traveling and conveyance	112	137
x) Expenses on staff car	34	35
xi) Telephone, telex and postage	48	50
xii) Advertisement and publicity	65	84
xiii) Entertainment and hospitality expenses	19	16
xiv) Donation	-	-
xv) Printing and stationery	51	54
xvi) Books and periodicals	2	5
xvii) Consultancy charges - Indigenous	72	35
xviii) Consultancy charges - Foreign	-	-
xix) Expenditure on compensatory afforestation/ catchments area treatment/Environment expenses	-	-
xx) Expenditure on land not belonging to corporation	600	-
xxi) Project expenses written off	-	-
xxii) Loss on sale of assets	2	2
xxiii) Deferred revenue expenditure written off	-	-
xxiv) Preliminary expenses written off	-	-
xxv) Survey and investigation expenses written off	-	546
xxvi) Bad debts / advances/ claims written off	-	-
xxvii) Stores written off	-	-
xxviii) Fixed assets written off	1	-
xxix) Interest on arbitration/court cases	-	-
xxx) Other general expenses	534	451
xxxi) Exchange rate variation	-	-
xxxii) Foreign Currency Fluctuation adjustment (Debit)	-	-
xxxiii) Audit expenses	8	11
xxxiv) Directors' expenses	-	-
xxxv) Research and development expenses	-	-
<b>Total</b>	<b>5147</b>	<b>4263</b>



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Less: Expenses transferred to EDC (Refer Schedule 22 B, 22 C, 22 E(i) and 22 J(ii))	-	-
Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>5147</b>	<b>4263</b>

## SCHEDULE 16 - EMPLOYEES REMUNERATION AND BENEFITS

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
i) Salaries, wages, allowances	3838	3853
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	430	515
iii) Staff welfare expenses	350	277
iv) Leave salary & pension contribution	-	-
<b>Total</b>	<b>4618</b>	<b>4645</b>
Less: Employee cost transferred to EDC (Refer Schedule 22 A and 22 J(iii))	-	-
Less: Employee cost transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>4618</b>	<b>4645</b>

## SCHEDULE 17 - DEPRECIATION

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
Depreciation during the year	30462	15230
<b>Total</b>	<b>30462</b>	<b>15230</b>
Less: Depreciation transferred to EDC (Refer Schedule 22 G and 22 J(iv))	-	-
Less: Depreciation transferred to Contract & Consultancy (Refer Schedule 20)	-	-
Less: Transfer from Grant In Aid - Reserve (Grants written off) (Refer Schedule 2)	5499	2631
<b>Total taken to Profit &amp; Loss Account</b>	<b>24963</b>	<b>12599</b>

## SCHEDULE 18 - INTEREST AND FINANCE CHARGES

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	27407	26275
e) Cash credit facilities /WCDL	-	-
f) Other interest charges	-	-
ii) Exchange differences regarded as adjustment to interest cost	-	-
iii) Loss on hedging transaction	-	-
iv) Bond issue/ service expenses	-	-
v) Share issue expenses written off	-	-
vi) Rebate to customers	789	766
vii) Commitment fee	-	-
viii) Guarantee fee on loan	-	-
ix) Royalty	-	-
x) Interest to Beneficiary States	-	-
xi) Bank charges	3	4
ix) Other finance charges	30	38
<b>Total</b>	<b>28229</b>	<b>27083</b>

Less: Interest & Finance charges capitalised by transfer to EDC (Refer Schedule 22 D and 22 J(v))	-	-
Less: Interest & Finance charges transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>28229</b>	<b>27083</b>

## SCHEDULE 19 - PROVISIONS

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
i) Bad and doubtful debts provided	-	-
ii) Bad and doubtful advances / deposits provided	-	1
iii) Bad and doubtful claims provided	47	-
iv) Diminution in value of stores and spares	-	-
v) Shortage in store & spares provided	-	-
vi) Provision against diminution in the value of investment	-	-
vii) Project expenses provided for	-	-
viii) Provision for fixed assets/stores	1	-
ix) Provision for other expenses	-	-
<b>Total</b>	<b>48</b>	<b>1</b>
Less: Provisions transferred to EDC (Refer Schedule 22 F and 22 J(vi))	-	-
Less: Provisions transferred to contract and consultancy expenses (Refer Sch.20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>48</b>	<b>1</b>

## SCHEDULE 20 - CONTRACT, PROJECT MANAGEMENT AND CONSULTANCY WORKS EXPENSES

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
i) Direct expenses	-	-
ii) Employees' remuneration and benefits	-	-
- Salaries, wages, allowances and benefits	-	-
- Gratuity, contribution to provident fund & pension scheme	-	-
- Staff welfare expenses	-	-
iii) Repairs and maintenance	-	-
- Buildings	-	-
- Machinery and construction equipments	-	-
- Others	-	-
iv) Administration and other expenses	-	-
- Rent/ Hiring Charges	-	-
- Traveling and conveyance	-	-
- Expenses on staff cars and inspection vehicle	-	-
- Insurance	-	-
- Telephone, telex, and postage	-	-
- Advertisement and publicity	-	-
- Printing and stationery	-	-
- Remuneration to auditors	-	-
- Other expenses	-	-
- Rates and taxes	-	-
- Security	-	-
- Electricity	-	-
- Contingencies	-	-
- Consultancy charges	-	-
- ERV	-	-
v) Depreciation	-	-
vi) Interest and finance charges	-	-
vii) Loss on construction contracts	-	-
viii) Provisions	-	-
ix) Work in progress :	-	-
- Construction contract	-	-
- Consultancy contract	-	-
x) Corporate Office Expenses (Net)	-	-
<b>Total Expenditure</b>	<b>-</b>	<b>-</b>



Less: Receipts and recoveries	-	-
Net expenditure during the year	-	-
Prior period Adjustments	-	-
<b>Total taken to Profit &amp; Loss Account</b>	-	-

## Schedule 21 - PRIOR PERIOD ADJUSTMENT (NET)

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
<b>Income</b>		
i) Sale of Electricity	-	(1664)
ii) Advance against depreciation written back	-	-
iii) Interest/ surcharge received from debtors	-	-
iv) Others	5	126
<b>Expenditure</b>		
i) Salaries and wages	1	1
ii) Repair and maintenance	-	2
iii) Interest	-	-
iv) Others	1	5
v) Depreciation	(144)	144
<b>Total</b>	<b>(147)</b>	<b>1690</b>
Less: Expenses transferred to EDC (Refer Schedule 22 H and 22 J(vii))	-	-
Prior period expenses	-	-
Less : Prior period income	-	-
<b>Total</b>	-	-
Less: Expense transferred to contract and consultancy expenses (Refer Sch.20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>(147)</b>	<b>1690</b>

xiv) Expenditure on compensatory afforestation/catchments area treatment/Environment expenses	-	-
xv) Expenditure on land not belonging to corporation	-	-
xvi) Land acquisition and rehabilitation	-	-
xvii) Loss on assets/ materials written off	-	-
xviii) Losses on sale of assets	-	-
xix) Other general expenses	-	-
<b>Sub-total</b>	-	-

## D. INTEREST AND FINANCE CHARGES

i) Interest on :	-	-
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	-	-
e) Cash credit facilities /WCDL	-	-
f) Exchange differences regarded as adjustment to interest cost	-	-
ii) Loss on hedging transaction	-	-
iii) Bond issue/ service expenses	-	-
iv) Commitment fee	-	-
v) Guarantee fee on loan	-	-
vi) Other finance charges	-	-
<b>Sub-total</b>	-	-

## E. EXCHANGE RATE VARIATION (NET)

i) Exchange rate variation (Debit balance)	-	-
ii) Less :Exchange rate variation (Credit balance)	-	-
<b>Sub-total</b>	-	-

## F. PROVISIONS

<b>Sub-total -</b>	-	-
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## G. DEPRECIATION

<b>Sub-total</b>	-	-
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## H. PRIOR PERIOD EXPENSES (NET)

i) Prior period expenses	-	-
ii) Less:Prior period income	-	-
<b>Sub-total</b>	-	-

## I. LESS : RECEIPTS AND RECOVERIES

i) Income from generation of electricity – precommissioning	-	-
ii) Interest on loans and advances	-	-
iii) Miscellaneous receipts	-	-
iv) Profit on sale of assets	-	-
v) Liability/ Provision not required written back	-	-
vi) Hire charges/ outturn on plant and machinery	-	-
<b>Sub-total</b>	-	-

## J. ADD: CORPORATE OFFICE MANAGEMENT EXPENSES

i) Other Income	-	-
ii) Generation, administration and other expenses	-	-
iii) Employee remuneration and benefits	-	-
iv) Depreciation	-	-
v) Interest and finance charges	-	-
vi) Provisions	-	-
vii) Prior period adjustment (Net)	-	-
<b>Sub-total</b>	-	-

## AMOUNT TRANSFERRED TO CAPITAL

## WORK- IN- PROGRESS

(A+B+C+D+E+F+G+H+J - I)

-	-
-	-

## SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION

(Amount in Lacs)

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
<b>A. EMPLOYEES REMUNERATION AND BENEFITS</b>		
i) Salaries, wages, allowances	-	-
ii) Gratuity and contribution to provident fund (including administration fees)	-	-
iii) Staff welfare expenses	-	-
iv) Leave salary & pension contribution	-	-
<b>Sub-total</b>	-	-
<b>B. REPAIRS AND MAINTENANCE</b>		
i) Building	-	-
ii) Machinery	-	-
iii) Others	-	-
<b>Sub-total</b>	-	-
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent /Hiring Charges	-	-
ii) Rates and taxes	-	-
iii) Insurance	-	-
iv) Security expenses	-	-
v) Electricity charges	-	-
vi) Traveling and conveyance	-	-
vii) Expenses on staff car	-	-
viii) Telephone, telex and postage	-	-
ix) Advertisement and publicity	-	-
x) Entertainment and hospitality expenses	-	-
xi) Printing and stationery	-	-
xii) Audit expenses	-	-
xiii) Design and consultancy charges:	-	-
- Indigenious	-	-
- Foreign	-	-



## Schedules to the Accounts (Contd.)

### SCHEDULE – 23 SIGNIFICANT ACCOUNTING POLICIES

#### 1. ACCOUNTING CONVENTIONS

The accounts of the Corporation are prepared under the historical cost convention using the accrual method of accounting.

#### 2. FIXED ASSETS

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalization is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets.
- 2.3 Capital Expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.
- 2.4 Payments made provisionally towards compensation and other expenses relatable to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuates or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified/Right of use, to be amortized over a period of 30 years from the date of commercial operation of the project.
- 2.6 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realizable value.

#### 3. MACHINERY SPARES

- 3.1 (a) Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with mother plant, these are capitalized & depreciated along with mother plant.
- (b) WDV of spares is charged off to Profit & Loss Account in the year in which such spares are replaced in place of retrieved spares, provided the spares so retrieved do not have any useful life. Similarly value of such spares, procured & replaced in place of retrieved spares, is charged off to Profit & Loss Account in that year itself, provided spares so retrieved do not have any useful life.
- (c) When the useful life of the related fixed asset expires and asset is retired from active use, such spares are valued at net book value or net realizable value whichever is lower. However, in case retired assets are not replaced, WDV of related spares less disposable value is written off.
- 3.2 Other spares are treated as "stores & spares" forming part of the inventory and expensed when issued.

#### 4. CAPITAL WORK IN PROGRESS

- 4.1 Projects under commissioning and other capital work-in-progress are carried at cost. Administration & General overhead expenses attributable to construction of fixed assets are identified and allocated on systematic basis on major immovable assets other than land and infrastructural facilities, on commissioning of the project.

- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to 'Expenditure during Construction (EDC)'.

- 4.3 Expenditure in relation to Survey and Investigation of the projects is carried as capital work in progress. Such expenditure is either capitalized as cost of Project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

#### 5. DEPRECIATION & AMORTISATION

- 5.1 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 5.2 Depreciation is charged on straight-line method to the extent of 90% of the Cost of Asset following the rates notified by the Central Electricity Regulatory Commission (CERC). However, Construction Plant & Machinery and Computers & Peripherals are being depreciated @11.25% and @30% respectively, being the rate assessed by the Corporation based on useful life of the respective Assets. However, temporary erections such as buildings etc. are depreciated fully (i.e. 100%) in the year of acquisition/ capitalization itself.
- 5.3 Assets valuing Rs 5000/- or less but more than Rs. 750/- and such items (excluding immovable assets) with written down value of Rs. 5000/- or less at the beginning of the year are fully depreciated during the year with Re. 1 as a balance value.
- 5.4 Low value items, which are in the nature of assets (excluding immovable assets) and valuing up to Rs750/- are not capitalized and charged off to revenue.
- 5.5 Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.
- 5.6 Leasehold Land is amortized over the period of lease or 30 years whichever is lower.
- 5.7 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land or at the applicable depreciation rates of such assets, which ever is higher.
- 5.8 Capital Expenditure referred to in Policy 2.3 is amortized over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.
- 5.9 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.

#### 6. INVESTMENTS

Investments are intended for long term and carried at cost. Provision for diminution, other than temporary, in the value of such investment is provided.

#### 7. INVENTORIES

- 7.1 Stores & Spares are valued at cost, determined on weighted average basis, or net realizable value whichever is lower.
- 7.2 Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts.
- 7.3 Loose tools issued during the year are charged to consumption account where cost of individual items is Rs. 5,000/- or less and in other cases written off in 5 yearly equated installments.
- 7.4 Stores issued for operation and maintenance at Power Stations but lying unused at site at the year-end are evaluated at engineering estimates and taken as stores.



## Schedules to the Accounts (Contd.)

### 8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
- 8.2 Exchange differences are recognized as income & expenses in the period in which they arise in Profit & Loss Account in case of operational stations and to EDC in case of projects under construction. However, Exchange Differences in respect of liabilities relating to fixed assets/ capital work-in-progress arising out of transaction entered into prior to 01/04/2004 are adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress.

### 9. EMPLOYEE BENEFITS

- 9.1 Provision for Post employment benefit as defined in Accounting Standard 15 (2005) on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Leave Travel concession, Leave Encashment & Baggage Allowance admissible on superannuation is made in the books on the basis of actuarial valuation made at the year end.
- 9.3 Expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.

### 10. REVENUE

- 10.1 (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the appropriate authority. Recovery/refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.
- (b) Incentives/Disincentives are recognized as per tariff notifications. In case of Power Station where tariffs have not been notified, incentives are recognized provisionally on assessment of the likelihood of acceptance of the same.
- (c) Adjustments arising out of finalization of global accounts, though not material, are effected in the year of respective finalization.
- (d) Advance against depreciation given as a component of tariff in the initial years to facilitate repayment of loans is reduced from Sales and considered as deferred income to be included in Sales in subsequent years.
- 10.2 In respect of Project Management/Consultancy Contracts/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.

10.3 Interest on investments is accounted for on accrual basis.

10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

### 11. SELF INSURANCE

0.5% p.a. of Gross Block of Power Stations as on the date of Balance Sheet is transferred to 'Self Insurance Reserve' on year to year basis through Profit & Loss Appropriation Account, to be utilized for losses of Assets for specified contingencies. The fund shall be earmarked.

### 12. MISCELLANEOUS

- 12.1 Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 12.2 Power supplied from Power Stations to Projects under construction is charged as per normal tariff.
- 12.3 Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.
- 12.4 Insurance claims are accounted for based on certainty of realization.

### 13. BORROWING COST

Borrowing costs attributable to the Fixed Assets during construction/ renovation & modernization are capitalised. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### 14. TAXES ON INCOME

Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited/debited to the extent tax expense is chargeable from the Beneficiaries in future years on actual payment basis.

### 15. GRANTS-IN-AID

Amount of contribution received from the Govt. of Madhya Pradesh towards "Irrigation and R&R Component" and Govt. of Gujarat towards "Sardar Sarovar Component", being not relatable to cost of individual assets are treated initially as Grant in Aid - Reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of such contribution.



## SCHEDULE 24 - NOTES TO THE ACCOUNTS

1. a) Contingent Liabilities not provided for in respect of :

(Amount in Lacs)

Particulars	As on 31.03.2010	As on 31.03.2009
a) Claims against the Corporation not acknowledged as debts in respect of -		
- Capital Works	20367	18868
- Land Compensation Cases	187185	174448
- Others	228	227
Disputed Income Tax Demand	NIL	NIL
Disputed Excise Demand	NIL	NIL
Disputed Sales Tax Demand	NIL	NIL
Others	NIL	NIL
<b>Total</b>	<b>207780</b>	<b>193543</b>

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters and others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is a possibility of reimbursement of Rs. NIL (As on 31.03.2009 Rs. NIL) towards above contingent liabilities.
2. a) Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs 5310 Lacs (As on 31.03.2009 Rs. 5173 Lacs). This includes estimated unexecuted amount for the railway diversion works Rs. 3461 Lacs (As on 31.03.2009 Rs. 3461 Lacs).
- b) Estimated amount of capital commitment towards compensation for Land and other related expenditure is for Rs 8578 Lacs (As on 31.03.2009 Rs. 8422 Lacs).
3. Government of Madhya Pradesh (GoMP), being a joint venture partner, contributed on various accounts as per CCEA approval, details given below:-

### A. Indira Sagar Power Station: -

(Amount in Lacs)

Sources of Fund	As on 31.03.2009	During April 09 to March 10	As on 31.03.2010
1. Cash in Kind/ Expenditure Adjusted	124131	1651	125782
2. Cash Received	54720	NIL	54720
3. Amount transferred from OSPS	1116	(260)	856
<b>Total</b>	<b>179967</b>	<b>1391</b>	<b>181358</b>
<b>Usage of Fund</b>			
1. Equity Capital	66000	NIL	66000
2. Irrigation Component	38012	53	38065
3. SSP Component	48573	67	48640
4. Sub-vention towards excess R&R Expenses	24566	500	25066
5. Electricity Charges recovered	279	NIL	279
6. Advance against Irrigation/Equity of OSPS	3308	NIL	3308
7. Amount pending adjustment/ Claim recoverable from NVDA	(771)	771	NIL
<b>Total</b>	<b>179967</b>	<b>1391</b>	<b>181358</b>

### B. Omkareshwar Power Station:

(Amount in Lacs)

Sources of Fund	As on 31.03.2009	During April 09 to March 10	As on 31.03.2010
1. Cash in Kind/ Expenditure Adjusted	8213	20	8233
2. Cash Received	41476	NIL	41476
3. Advance against Irrigation/Equity of OSPS	3308	NIL	3308
<b>Total</b>	<b>52997</b>	<b>20</b>	<b>53017</b>
<b>Usage of Fund:</b>			
1. Equity Capital	30016	NIL	30016
2. Irrigation Component	18018	(181)	17837
3. Sub-vention towards excess R&R Expenses	3847	1598	5445
4. Amount Transferred to ISPS	1116	(260)	856
5. Amount pending adjustment/ Claim recoverable from NVDA	NIL	(1137)	(1137)
<b>Total</b>	<b>52997</b>	<b>20</b>	<b>53017</b>

4. a) Central Electricity Regulatory Commission (CERC) has notified by regulations the terms and conditions for determination of tariff applicable with effect from 1<sup>st</sup> April 2009 for a period of five years vide notification dated 19.01.2009.

Pending filling of tariff petition and determination of station wise tariff as per aforesaid notification, sales for the year ended 31.03.2010 has been provisionally recognized at Rs.90268 Lacs on the basis of the principles enunciated in the said notification. However, billing for the year has been done at the tariff approved by the CERC (provisional in case of OSPS) and applicable as on 31<sup>st</sup> March 2009 as provided in the ibid notification. As such sales for the year include Rs. 6031 Lacs, being the difference between sales worked out as per new tariff norms applicable for 2009-14 and those billed.

The rates of depreciation as notified by CERC are to be used for the purpose of tariff as well as accounting in terms of Sub Para (c) of Para 5.3 of resolution No. 23/2/2005-R&R (Vol.III) dated 6th January 2006, vide which Gol notified the tariff policy. Depreciation charge for the current year is higher by Rs.12364 Lacs owing to revision of rate of depreciation with effect from 01.04.2009 vide notification dated 19.01.2009, whereby the new tariff norms for 2009-14 has been notified by CERC.

5. (a) Pending approval of the competent authority, provisional payments made towards executed quantities of some of the items beyond approved quantities as also for extra items, are included in Capital Work-in-Progress/Fixed Assets.
- (b) Balances shown under Material issued to contractors, claims recoverable, advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors, and Deposits/Earnest Money from contractors are subject to reconciliation/confirmation and respective consequential adjustments.
- (c) In the opinion of the management, the value of the current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- (d) Other Current Assets includes a sum of Rs. 9 Lacs (As on 31.03.2009 Rs. 9 Lacs) recoverable from Land Oustees towards TDS not deducted u/s 194 LA of the Income Tax Act 1961 against payment of Compensation and a sum of Rs. 12 Lacs (As on 31.03.2009 Rs. 12 Lacs) towards duplicate payments to oustees, already provided for.



6. Pending implementation of wage revision of Employees w.e.f 01.01.2007, a further provision of Rs.1175 Lacs (As on 31.03.2009 Rs. 1284 Lacs) has been made in the books during year ended 31.03.2010 on reasonable estimate basis. During the year Rs 297 Lacs (As on 31.03.2009 Rs 793 Lacs) has been paid as lump sum advance against the pay revision.

7. The effect of foreign exchange fluctuation during the year is as under:

(Amount in Lacs)

	For the year 2009-10	For the year 2008-09
(i) Amount charged to Profit & Loss Account excluding depreciation (as FERV)	NIL	NIL
(ii) Amount charged to Expenditure During Construction (as FERV)	NIL	NIL
(iii) Amount charged to Capital Work In Progress (as FERV)	NIL	NIL
(iv) Amount adjusted by addition to carrying amount of fixed assets	(20)	64

8. Following Accounting Policies have been modified during 2009-10, impact of which on Current Year accounts is given below:

(Amount in Lacs)

Sl. No.	Accounting policy	Effect of change on P&L Account
1	<b>Policy No. 4.1:</b> - Modification of accounting policy to disclose the fact of capitalization of Administration & General Overhead Expenses on commissioning of project, as practice has been translated into Policy.	NIL
2	<b>Policy No. 5.2:</b> - Rewording of accounting policy to disclose that temporary erection such as building etc. are depreciated 100% in the year of acquisition / capitalization.	Decrease in Profit Before Tax (PBT) by Rs. 5 Lacs.
3	<b>Policy No. 5.6:</b> - Modification in accounting policy regarding amortization of leasehold land	NIL
4	<b>Policy No. 5.7:</b> - Modification in accounting policy regarding depreciation of assets created on leasehold land	NIL
5	<b>Policy No. 14:</b> - Modification in accounting policy regarding taxes on income.	NIL
6	Deletion of Accounting policy regarding R&R Expenses previously taken as part of DAM cost now treated as Land Unclassified/ Right to Use under Accounting policy 2.4 & 2.5.	Increase in Profit Before Tax (PBT) by Rs. 2859 Lacs.

9. (a) The Provisions for employee's benefits in respect of NHDC's employee have been made for the year on the basis of actuarial valuation done as at 31.03.2010. In respect of NHPC employees who are presently posted at NHDC, no provision has been created and only the share of expenditure debited to P&L account on the basis of information/ advice received from NHPC. No provision has been made for employees who are on deputation from GoMP. The disclosure under the provisions of Accounting Standard – 15 (Revised) on "Employees Benefits" for the financial year ended 31.03.2010 is given below:-

**Table 1: - Key Assumptions**

	As on 31.03.2010	As on 31.03.2009
Mortality Table	Standard table LIC (1994-96) ultimate table	Standard table LIC (1994-96) ultimate table
Attrition Rate	2%	2%
Discount rate	8.10% (market yield on government bond as at same date)	7.80% (market yield on government bond as at same date)
Rate of increase in compensation level	5%	6%
Rate of return on plan assets	N.A.	N.A.
Expected average remaining working lives of employees (year)	23	24

**Table 2: Change in present value of obligations**

(Amount in Lacs)

	As on 31.03.2010			As on 31.03.2009		
	Gratuity	Leave encashment	REHS	Gratuity	Leave encashment	REHS
PVO at beginning of year	206	403	82	113	251	69
Interest Cost	16	31	6	9	20	5
Past Service Cost	NIL	NIL	NIL	2	NIL	NIL
Current Service Cost	40	40	18	40	79	23
Benefit paid	(6)	(236)	NIL	(2)	(22)	NIL
Actuarial gain/ loss	(24)	90	1	44	66	(15)
Balance received from NHPC	NIL	3	NIL	NIL	9	NIL
PVO at end of year	232	331	107	206	403	82

**Table 3 & 4: - Not Applicable**

**Table 5: - Actuarial gain/loss recognized**

(Amount in Lacs)

	As on 31.03.2010			As on 31.03.2009		
	Gratuity	Leave encashment	REHS	Gratuity	Leave encashment	REHS
Actuarial gain/ loss for the year-obligation	(24)	90	1	44	66	(15)
Actuarial gain/ loss for the year-Plan assets	NIL	NIL	NIL	NIL	NIL	NIL
Total gain/loss	(24)	90	1	44	66	(15)
Actuarial gain/ loss recognized for the year	(24)	90	1	44	66	(15)
Unrecognized Actuarial gain/ loss at the year end	NIL	NIL	NIL	NIL	NIL	NIL

**Table 6: - Amount recognized in Balance Sheet**

(Amount in Lacs)

	As on 31.03.2010			As on 31.03.2009		
	Gratuity	Leave encashment	REHS	Gratuity	Leave encashment	REHS
PVO at the end of year	232	331	107	206	403	82
Fair value of plan assets at the end of year	NIL	NIL	NIL	NIL	NIL	NIL
Funded status	(232)	(331)	(107)	(206)	(403)	(82)
Unrecognized Actuarial gain/ loss	NIL	NIL	NIL	NIL	NIL	NIL
Net liability recognized in balance sheet	232	331	107	206	403	82



**Table 7: - Amount recognized in Profit & Loss Account**

(Amount in Lacs)

	As on 31.03.2010			As on 31.03.2009		
	Gratuity	Leave encashment	REHS	Gratuity	Leave encashment	REHS
Current Service cost	40	40	18	40	79	23
Past service cost	NIL	NIL	NIL	2	NIL	NIL
Interest Cost	16	31	6	9	20	5
Expected return on plan assets	NIL	NIL	NIL	NIL	NIL	NIL
Net Actuarial gain/loss recognized for the year	(24)	90	1	44	66	(15)
Expenses recognized in P&L A/c for the year	32	161	25	95	165	13

**Table 8: Movement in liability recognized in the Balance Sheet**

(Amount in Lacs)

	As on 31.03.2010			As on 31.03.2009		
	Gratuity	Leave encashment	REHS	Gratuity	Leave encashment	REHS
Opening net liability	206	403	82	113	251	69
Expenses as above	32	161	25	95	165	13
Balance received from NHPC	NIL	3	NIL	NIL	9	NIL
Benefit paid	(6)	(236)	NIL	(2)	(22)	NIL
Closing net liability	232	331	107	206	403	82

- (b) Liabilities as on 31.03.2010 on account of LTC, EPF MC on Leave Encashment, and Baggage Allowance on retirement are Rs. 36 Lacs, Rs. 38 Lacs & Rs. 20 Lacs (As on 31.03.2009 Rs. 37 Lacs, Rs. 47 Lacs and Rs. 25 Lacs respectively).
- (c) The Company's provident fund scheme is governed by RPFC and it is a defined contribution plan. The contribution paid/payable for the year is recognized as expense and charged to the Profit & Loss Account during the year.
10. (a) Electricity Generation is the principal activity of the Corporation. Other operations viz, interest income do not form a reportable segment as per Accounting Standard-17.
- (b) The Corporation has at present only two power stations in the State of Madhya Pradesh, therefore, reporting geographical segments are inapplicable.
11. In compliance of Accounting Standard – 18 on related party disclosures issued by the Institute of Chartered Accountants of India, the required information is given as under : -

(a) Whole time Directors

Name	Designation
Sh. K.M. Singh (From 01.06.08 & onwards)	Whole time Director & designated as Chief Executive Director.

(b) Relationships

Name of the related party	Relationship
NHPC Ltd.	Joint Venture Partner
Govt. of MP	Joint Venture Partner

c) Details of transaction carried out with the related parties in the ordinary course of business

Name of the related party	Relationship	Description of transaction	As on 31.03.2010 (Rs. in Lacs)	As on 31.03.2009 (Rs. in Lacs)
1. NHPC Ltd.	Joint Venture Partner	(i) Investment during the year	NIL	NIL
		(ii) Cumulative Investment	100242	100242
		(iii) Payment made on account of Consultancy	2	2
		(iv) Balance Due	270	195
		(v) Balance Recoverable	NIL	NIL

d) Remuneration paid/ payable to Directors:

(Amount in Lacs)

Particulars	For the year 2009-10	For the year 2008-09
i Salaries & Allowances	11	15
ii Contribution to PF	1	1
iii Rent for residential accommodation	2	2
iv Other benefits	1	2
v Sitting Fees to independent directors	0.27	0.03

The above figures does not include the provision for gratuity, leave encashment, PRMS, LTC, Baggage & EPF on leave encashment, since the same is provided on actuarial valuation basis for the corporation as a whole.

12. The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses and transit camps. These leasing arrangements, which are not non-cancelable, are usually renewable by mutual consent on mutually agreeable terms. The Schedule of Employee's Remuneration and Benefits includes Rs.75 Lacs (As on 31.03.2009 Rs. 67 Lacs) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in r/o premises for offices, guesthouses and transit camps amounting to Rs. 29 Lacs (As on 31.03.2009 Rs. 10 Lacs) are shown as Rent/Hiring charges under Schedule of Generation, Administration and Other Expenses.
13. The elements considered for calculation of Earning per Share (EPS) are as under:-

Particulars	For the year 2009-10		For the year 2008-09	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net Profit after tax used as numerator (Rs.)	212,29,41,683	212,29,41,683	306,16,38,793	306,16,38,793
Weighted Average No. of Equity Share used as denominator	19625800	19625800	19625800	19625800
Earning Per share (Rs.)	108.17	108.17	156.00	156.00
FV Per Share (Rs.)	1000	1000	1000	1000

14. (a) In absence of taxable income, provision for Income Tax has been made in accordance with section 115JB of the Income Tax Act, 1961.
- (b) In compliance of the Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Net Deferred Tax Liability amounting to Rs. 11301 Lacs (As on 31.03.2009 Rs. 15840 Lacs) has been provided for during the year.



The item-wise details of cumulative Deferred Tax Liability are as under:

Deferred Tax Liability/ Asset	As on 31.03.2010 (Rs. in Lacs)	As on 31.03.2009 (Rs. in Lacs)
<b>I Deferred Tax Liability: -</b>		
Difference of book depreciation and Income Tax depreciation	66611	65032
<b>Less: Deferred Tax Assets</b>		
II Accumulated Unabsorbed depreciation (to be carried forward).	1280	7978
III Provision for doubtful debts and other provisions.	NIL	NIL
IV Provision for employees benefits schemes.	195	NIL
<b>Deferred Tax Liability (Net)</b>	<b>65136</b>	<b>57054</b>
Deferred Tax liability to the extent recoverable from beneficiary	53835	57054

(c) Unabsorbed depreciation is allowed to be carried forward indefinitely as per Income Tax Act, 1961. Considering the nature of business, market scenario and revenue mechanism, company is virtually certain to set off the unabsorbed depreciation against future taxable profits, hence recognized as deferred tax asset.

15. The Management is of the opinion that no case of Impairment of Assets exists as per the provision of the relevant Accounting Standard-28 as on 31.03.2010.
16. Remuneration to Statutory/Cost Auditors:
- (a) Statutory Auditors: -

(Amount in Lacs)

Particulars	For the year 2009-10	For the year 2008-09
i) Audit Fees	5	6
ii) Tax Audit Fees	1	1
iii) Certification Fees	1	1
iv) Other Matter	NIL	NIL
v) Out of Pocket Expenses	NIL	2

(b) Cost Auditors:

(Amount in Lacs)

Particulars	For the year 2009-10	For the year 2008-09
a) Audit Fees	1	1
b) Out of Pocket Expenses	NIL	NIL

17. Quantitative details in respect of Energy produced and sold:

Particulars	For the year 2009-10	For the year 2008-09
Licensed Capacity (MW)	Not Applicable	Not Applicable
Installed Capacity (MW)	1520	1520
Actual Generation (MU)	3071.22	2368.45
Actual Sales (MU)	3051.43	2345.01

For and on behalf of **BOARD OF DIRECTORS**

**R. K. TANEJA**  
Director  
DIN 00077493

**V. K. TRIPATHI**  
Co. Secretary

**K. M. SINGH**  
Chief Executive Director  
DIN 02223301

As per our report of even date attached

**For Multi Associates**  
Chartered Accountants

**A. K. GARG**  
(Partner)  
Membership No. 84003  
FRN - 509955C

Place: NEW DELHI  
Date : 19.05.2010

(Amount in Lacs)

Sl. No.	Particulars	For the year 2009-10	For the year 2008-09
a)*	Value of Imports calculated on CIF basis: i) Capital Goods ii) Spare Parts	NIL NIL	669 NIL
b)*	Expenditure in Foreign Currency i) Know -How ii) Interest iii) Other Misc. Matters (a) Capital Works (b) Tours	NIL NIL NIL NIL	NIL NIL 141 2
C)*	Value of spare parts and components consumed in operating units. i) Imported ii) Indigenous	NIL 225	NIL 189
D)**	Earning in foreign currency i) Interest ii) Others	NIL NIL	NIL NIL

\* Accrual basis \*\* Cash basis

19. Disclosure as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

Sl. No.	Particulars	Amount in Lacs
i)	Principal amount remaining unpaid to Micro, Small & Medium Enterprise	NIL
ii)	Interest accrued on principal amount remaining unpaid as (i) above.	NIL
iii)	Amount of Interest paid during the year along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/rendering of services.	NIL
iv)	Interest due but yet to be paid on principal amount paid during the year.	NIL
v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure.	NIL

20. Liquidated Damages, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.
21. C.O. management expenses are allocated to power stations in the ratio of weighted average installed capacity of Power Station.
22. Previous year's figures / opening balances have been regrouped/re-arranged/re-cast wherever necessary.



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.

1 0 1 4 3 3 7

State Code

1 0

Balance Sheet Date

3 1 0 3 2 0 1 0

### II. Capital raised during the year (₹ in Lakhs)

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement \*

N I L

\* Includes Share capital deposit received from NHPC & GoMP

### III. Position of Mobilisation and Deployment of funds (₹ in Lakhs)

Total Liabilities

7 4 4 6 3 7

Sources of funds

Paid - up Capital

1 9 6 2 5 8

Secured Loan

2 4 8 3 3 1

Application of Funds

Net fixed Assets

5 9 1 6 3 9 @

Net Current Assets

1 1 9 2 2 0

Accumulated Losses

N I L

Total Assets

7 4 4 6 3 7

Reserves and Surplus

2 4 4 7 3 1

Unsecured Loans

N I L

Investments

N I L

Misc Expenditure

N I L

@Includes Capital Work-in-Progress of Rs.434 Lacs and Construction Stores and Advances of Rs.3 Lacs.

### IV. Performance of company (₹ in Lakhs)

Turnover

8 9 5 3 5 #

Profit Before Tax

3 7 7 3 5

Earning per share in Rupees

1 0 8 . 1 7

#Excludes Other Income of Rs 11058 Lacs

Total Expenditure

6 2 8 5 8

Profit After Tax

2 1 2 3 0

Dividend Amount

1 0 6 2

### V. Generic Names of Three Principal Products/ Service of Company

I.Product Description

G E N E R A T I O N O F H Y D R O - E L E C T R I C I T Y

Item Code No.

-

II. Product Description

Item Code No.

-

III. Product Description

Item Code No.

-

As per our report of even date attached

**For Multi Associates**  
Chartered Accountants

**A. K. GARG**  
(Partner)  
Membership No. 84003  
FRN - 509955C

**R. K. TANEJA**  
Director  
DIN 00077493

For and on behalf of **BOARD OF DIRECTORS**

**K. M. SINGH**  
Chief Executive Director  
DIN 02223301

**V. K. TRIPATHI**  
Co. Secretary

**S. K. GARG**  
Chairman & Managing Director  
DIN 00055651

**VIJAY KUMAR**  
General Manager (Finance)



## CASH FLOW STATEMENT

(Amount in Lacs)

Particulars	For the year ended 31.03.2010		For the year ended 31.03.2009	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extraordinary items	37735		35820	
Add:				
- Depreciation including Prior Period	24819		12743	
- Other Provision/ Adjustment	48			
- Advance against depreciation	733		9505	
- Loss/(Profit) on sale of assets	-		2	
- Interest & financial charges excluding rebate	27440		26317	
<b>Operating profit before working capital changes</b>		90775		84387
<b>Working Capital Changes</b>				
(Increase)/ Decrease in inventories	(21)		(185)	
(Increase)/ Decrease in sundry debtor	7542		8757	
(Increase)/ Decrease in loans & advances	4891		2996	
(Increase)/ Decrease in other current assets	(1486)		(901)	
Increase /(Decrease) in current liabilities & provisions	(8825)	2101	(4022)	6645
		92876		91032
Less: Taxes Paid	(6768)		4441	
		(6768)		4441
<b>Cash generated from operations (A)</b>		86108		86591
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets & capitalisation of CWIP	(1011)		(2919)	
Capital work in progress	(764)		(5964)	
Construction stores & advances	9		28	
Proceeds on sale of assets	5		1	
<b>Net cash used in Investing Activities (B)</b>		(1761)		(8854)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Share Capital	-		-	
Receipts of share capital deposit	-		-	
Proceeds from Borrowings	198853		246102	
Repayments of Borrowings	(219605)		(266935)	
Funds received from GOMP towards SSP & Irrigation component	1672		1138	
Dividend paid	(4592)		(9888)	
Dividend tax paid	(781)		(1681)	
Interest and financial charges	(27440)		(26317)	
<b>Cash flow from Financing Activities</b>		(51893)		(57581)
<b>Net increase / decrease in Cash and Cash equivalents (A+B+C)</b>		32454		20156
Cash and cash equivalents (Opening balance)		70613		50457
Cash and cash equivalents (Closing balance)		103067		70613

### EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and cash equivalents consist of amount of Rs. 15517 Lacs (As on 31.03.2009 Rs.14444 Lacs) held by the corporation towards self insurance reserve and minimum escrow balance, not available for use otherwise.
- Out of total sanctioned loan of Rs.148500 Lacs, amount of undrawn loan as on 31.03.2010 is Rs. 7001 Lacs (As on 31.03.2009 Rs.NIL).
- Cash ( excluding taxes) realised on sale /disposal of fixed assets during the year is Rs.5 Lacs (As on 31.03.2009 Rs.1 Lacs).
- The previous year's figures has been regrouped / re-arranged / re-cast wherever necessary.

As per our report of even date attached

For and on behalf of BOARD OF DIRECTORS

 For **Multi Associates**  
 Chartered Accountants

**R. K. TANEJA**  
 Director  
 DIN 00077493

**K. M. SINGH**  
 Chief Executive Director  
 DIN 02223301

**S. K. GARG**  
 Chairman & Managing Director  
 DIN 00055651

**A. K. GARG**  
 (Partner)  
 Membership No. 84003  
 FRN - 509955C

**V. K. TRIPATHI**  
 Co. Secretary

**VIJAY KUMAR**  
 General Manager (Finance)

 Place: NEW DELHI  
 Date : 19.05.2010



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF NHDC LIMITED, BHOPAL FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2010**

The preparation of the financial statements of NHDC Limited, Bhopal, for the year ended on 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 in the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and the Auditor General of India under Section 619(2) of the Companies Act 1956 are responsible for expressing opinion on the financial statement under section 227 of the Companies Act 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the institution of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19 May 2010.

I, on behalf of the Comptroller Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of NHDC Limited, Bhopal, the year ended 31 March 2010. The supplementary audit has been carried out independently without access to the working papers of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement of Statutory Auditor's report under Section 619 (4) of the Companies Act, 1956.

For and on the behalf of the  
**Comptroller & Auditor General of India**

Sd/-

(M.K. BISWAS)  
Principal Director of Commercial Audit  
Ex-officio Member Audit Board - III,  
New Delhi

Place : New Delhi  
Dated : 21st June 2010



## LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION LIMITED

(A Joint venture between NHPC LTD. and Govt. of Manipur)

### DIRECTORS' REPORT

To the Members,

Loktak Downstream Hydroelectric Corporation Limited

The directors of Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL) are pleased to present the 1<sup>st</sup> Annual Report on the performance of the Company along-with Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the period starting from 23<sup>rd</sup> October 2009 i.e. date of incorporation to 31<sup>st</sup> March 2010.

#### 1. FORMATION OF THE COMPANY

Your company was incorporated on 23<sup>rd</sup> October 2009 as a joint venture company between NHPC Limited and Government of Manipur for execution of Loktak Downstream Hydroelectric Project of 66 MW capacity in State of Manipur. Your company has obtained the Certificate of Commencement of Business on 25<sup>th</sup> February 2010. The Initial paid-up capital of Rs. 60 Crore has been subscribed by NHPC Limited and Government of Manipur in the ratio of 74:26 respectively.

#### 2. STATE OF COMPANY'S AFFAIRS

##### a. OPERATIONAL REVIEW

The company has assigned the work for EIA & EMP studies of the project to CISMHE New Delhi for environmental clearance. M/s CISMHE has submitted the draft of EIA & EMP report to NHPC corporate office. List of Project affected families prepared by Govt. of Manipur through a committee, headed by DC Tamenglong District has been submitted to CISMHE, New Delhi. Socio-Economic Survey being done by CISMHE is likely to be completed within one month. The final report shall take another one month by CISMHE.

For forest clearance of the project LDHCL applied to Chief Conservator of Forest for diversion of 223.5 Ha of forest land. The case has already been forwarded to Ministry of Environment & Forest, New Delhi by Dept of Forest, Govt. of Manipur for obtaining of forest clearance of the project.

Survey of India was very much reluctant for doing the survey of project. However on intervention of Chief Secretary, Govt. of Manipur, Joint Secretary, Ministry of Home Affairs, New Delhi as well as NHPC Corporate Office the Survey of India has agreed to do the survey of the project if security arrangement can be provided through Centre Military Force like Assam Rifle. The matter has been taken up with Principal Secretary Power, Govt. of Manipur for confirming the security arrangement through Assam Rifle to Survey of India team for doing the survey.

##### b. FINANCIAL REVIEW

During the period under review, your company had parked its funds received from promoters towards equity contribution in Corporate Liquid Term Deposit Scheme with State Bank of India and earned interest of Rs. 51,19,824/-. The Establishment Expenditure of the company during this period was Rs. 1,04,12,531/-. As your company has incurred on the startup and commissioning of a capital project before the commencement of commercial production the expenditure towards incorporating the company amounting to Rs. 1,16,27,350/- is a net loss and this has been charged to Profit and Loss Account and accordingly reflected in accounts. As there are losses incurred during this year therefore nothing has been transferred to reserves account. Since the company is in the initial phase of its incorporation and no profits are earned during the period, therefore, no dividend has been recommended by the Board.

#### 3. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

There are no significant particulars, relating to conservation of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. During the period under review, the company had no earning and outgo in foreign exchange.

#### 4. PARTICULARS OF EMPLOYEES

During the period under review, there was no employee in receipt of remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

#### 5. STATUTORY AUDITOR

In exercise of powers conferred by section 619 (2) of the Companies Act, 1956 the Comptroller and Auditor General of India has appointed M/s

Sharad Jain Associates, Chartered Accountants, New Delhi as the Statutory Auditors of the Company for the year 2009-10.

#### 6. CORPORATE GOVERNANCE

A separate statement on Corporate Governance is produced as a part of the Directors' Report along with the Certificate for compliance as **Annexure-I** and the Management Discussion and Analysis Report as **Annexure-II** to this report.

#### 7. AUDITOR'S REPORT

The reports of the Statutory Auditors alongwith financial results of the company and comments of the Comptroller and Auditor General of India, not to review the reports of the Statutory Auditors on account of LDHCL, Imphal, for the year ended 31<sup>st</sup> March 2010, are enclosed as **Annexure-III** and **IV** respectively.

#### 8. DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217 of the Companies Act, 1956, the Directors hereby confirm the following:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year 2009-10 and of the profit of the Corporation for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the annual accounts on a going concern basis.

#### 9. BOARD OF DIRECTORS

Pursuant to Article 40 of the Articles of Association of the Company, the Chairman, NHPC Limited shall act as Chairman of the Company. Accordingly Shri S. K. Garg, Chairman & Managing Director, NHPC Limited is the Chairman of the Company. The other first directors as per the Articles of Association of the Company were Shri A. B. L. Srivastava, Director, Shri J. K. Sharma, Director, Shri Liangsi Paul Gonmei, Director and Smt. Kalyani Mishra, Director. At present the Board of your company comprises of the following members:

1. Shri S. K. Garg	Chairman
2. Shri Liangsi Paul Gonmei	Director
3. Shri Vijay Kumar	Director
4. Shri K. K. Joshi	Director
5. Smt. Kalyani Mishra	Director

#### ACKNOWLEDGEMENTS

The Board of Directors acknowledge with deep appreciation the cooperation and guidance received from the Government of India, specially the Ministry of Power, NHPC Limited, Government of Manipur and its ministries, Departments / Boards, Auditors and Bankers of the Company.

The Board places on record its deep appreciation for the cooperation extended by the Office of Comptroller and Auditor General of India. The Board is also confident that the employees of the company will continue to contribute their best in the coming years.

For and on behalf of the Board of Directors

Sd/-  
(S. K. GARG)  
CHAIRMAN  
DIN: 00055651

Date: 10-08-2010  
Place: New Delhi



## Certificate of Compliance of Corporate Governance

To,  
The Members

Ms/ Lektak Downstream Hydroelectric Corporation

We have examined the compliance of conditions of Corporate Governance by **M/s LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION** (the company) as required to be done Guidelines on Corporate Governance for Central Public Sector Enterprises for the financial year ended on 31<sup>st</sup> March, 2010

The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination as carried out was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on financial statements of the Company.

In our opinions and according the examinations carried out by us and explanations furnished to us by the Company, its officer & agents, and to the best of our knowledge and belief, we hereby certify that company has complied with all the provisions of in respect of the aforesaid financial year except for the points listed below:

1. The Company has no independent directors on its Board of Directors.
2. Company was incorporated on 23<sup>rd</sup> October, 2009 and has not placed before the Board the report regarding compliance with all applicable laws.
3. Company has not yet laid down the code of conduct for all Board members and senior management of the Company.
4. Board of Directors of the Company does not have a formal statement of Board Charter which clearly defines roles and responsibilities of the Board and individual directors.
5. Company has not framed a formal training programme for its new Board Members. However all its present Board Members are nominees of NHPC Limited, Principal Secretary (Power), Government of Manipur and Nominee of Ministry of Power hence they are well versed with the Business model, risk profile etc
6. Since Board does not have an independent director, hence Company does not have any independent member in its audit committee neither as member nor as chairman
7. Company has defined the role of Audit Committee as per Companies Act, 1956. However compliance of the provisions of Guidelines on Corporate Governance for Central Public Sector Enterprises still in progress
8. Company has not yet constituted Remuneration Committee
9. Company has not yet adopted any Whistle Blower Policy
10. Company has not yet laid down its Risk Management Policy

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

For Garima Duggal & Associates  
Company Secretaries

Sd/-  
Garima Duggal  
Proprietor  
Membership No.21818  
CP No. 8413



## REPORT ON CORPORATE GOVERNANCE

Corporate Governance deals with laws, practices and implicit rules that determine a company's ability to take informed managerial decisions vis-à-vis its claimants, in particular, its shareholders, creditors, customers, the State and employees, Loktak Downstream Hydroelectric Corporation Limited ("LDHCL") management tries to act in the best interest of all its stakeholders at all times and, being a recently incorporated company, is in the process of adopting good Corporate Governance practices to benefit the Stakeholders.

### 1. PHILOSOPHY ON CODE OF GOVERNANCE:

- To have adequate control system in operation and provide information to the Board on a timely basis in a transparent manner to enable the Board to monitor the accountability of Management to it.
- To increase the efficiency of Business Enterprise for creation of wealth of the Enterprise and Country as a whole.
- To ensure that Employees and Board subscribe to the corporate values and apply them in their conduct.

### 2. COMPOSITION AND CATEGORY OF BOARD OF DIRECTORS:

#### (i) Composition of Board:

The Board of Directors of the Company ("Board") consists of (5) five directors all of whom are Non-Executives. At present, the company is not having any Independent Director on its Board. The composition of the Board and the number of other Directorship and Committee positions held by the Directors as on 31<sup>st</sup> March, 2010 is as under:

Name	Executive/ Non-executive/ Independent	Other Director- ships held	Other Committee Positions	
			As Chairman	As Member
Mr. S. K. Garg	Non-Executive Chairman	2	Nil	Nil
Mr. Liangsi Paul Gonmei	Non-Executive Director	—	Nil	1
Mrs. Kalyani Mishra Director	Non-Executive Director	—	Nil	1
Mr. Vijay Kumar*	Non-Executive Director	—	1	Nil
Mr. K. K. Joshi**	Non-Executive Director	—	Nil	Nil

\* Mr. Vijay Kumar joined the Board on 26<sup>th</sup> March 2010

\*\* Mr. K. K. Joshi joined the Board on 29<sup>th</sup> March 2010

**Mr. S.K. Garg (DIN : 00055651)**, 59 years, is our Chairman. Mr. Garg holds a bachelor's degree in commerce from Sri Ram College of Commerce, Delhi University. He is a Chartered Accountant and a member of the Institute of Chartered Accountants of India. He has received the Centre for Excellence in Project Management and Project Management Associates Honorary Fellowship Award in 2008 and the Bharatiya Shiromani Puraskar from the Institute of Economic Studies in 2009. He has about 37 years of professional experience, which includes seven years of experience in the power sector. He is also the Chairman and Managing Director of NHPC Limited and its subsidiary NHDC Limited.

**Mr. Liangsi Paul Gonmei (DIN : 02302356)**, 56 years, is our Director. He holds Post Graduate degree in Political Science. He is an IAS of 1983 batch. Presently, he is Principal Secretary (Tribal Development/ Hills/ Power), Government of Manipur. Prior to this, he held various posts viz. Director, Information & Public Relation & Tourism, Commissioner, Sales Tax and Excise, Deputy Commissioner, Chandel, Deputy Commissioner, Tamenglong, Director, Tribal Welfare, Director, Food and Civil Supply, Secretary, Co-operation, Science & Technology, YAS, Horti & Soil Conservation, Commissioner, Agriculture & Horticulture, Commissioner, Rural Development & Panchayati Raj, Irrigation & Flood Control, Health & Family Welfare, GAD & Tribal Development, Food and Civil Supplies.

**Mrs. Kalyani Mishra (DIN : 02695750)**, 39 Years, is our Director. She holds Post Graduate degree in Analytical and Applied Economics, Utkal University, Bhubaneswar. She was entered in Indian Economic Service in 1999 Batch. Presently, she is Deputy Secretary, Hydro-I, Ministry of Power, Govt. of India. Prior to this she held posts of Deputy Director, Industrial Relations (Policy), Ministry of Labour & Employment, Deputy Director, International Labour Affairs, Ministry of Labour & Employment and Assistant Director (Planning), Dept of Industrial Policy and Promotion, Government of India.

**Mr. Vijay Kumar (DIN : 03021294)**, 49 Years, is our Director. He holds bachelor's degree in Science. He is a qualified Cost Accountant and a member of the Institute of Cost and Works Accountants of India. He has over 25 years experience in the Hydro Power Sector Accounting. He is holding the post of General Manager (Finance) in NHPC Ltd. since December 28, 2007. He is having vast experience in Finalization of Accounts, Fixation of Tariff and Financial vetting of proposals. He is currently posted as G.M. (Internal Audit) in NHDC Ltd., Bhopal, a subsidiary of NHPC Ltd. and is in-charge of Internal Audit activities in NHDC Ltd.

**Mr. K. K. Joshi (DIN - 03023696)**, 58 years is our Director. He holds bachelor's degree in Civil Engineering. He has over 34 years of vast experience in Hydro Sector. He is holding the post of General Manager, Construction Equipment Planning Division of NHPC Ltd. Prior to this, he headed Chamera H.E. Project Stage-III (3 x 77 MW) of NHPC Ltd since May 06 to Dec 09. He is well conversant to meet challenges of Hydro Electric Projects and having varied experience in different capacities in Hydro sector from project development to Execution of HE Projects located in Himalayan Region of Himachal Pradesh and J&K.

#### (ii) Non-Executive Director's Compensation & Disclosures:

The Company has not paid any sitting fee to any of the Directors during the year under review.

#### (iii) Board Meetings, Committee Meetings & Procedures:

A total of two Board Meetings were held during the period under review which were pre-scheduled. The Company has held at-least one Board Meeting every three months and the maximum time interval between two meetings did not exceed three months. The Chief Executive Officer of the Company has been delegated substantial powers to run the business. However, all major decisions are taken by the Board. The Board is provided with detailed information / progress on various developments.

The details of the Board meetings held during the period under review are as under:

Sr. No.	Date	Board Strength	No. of Directors Present
1	7 <sup>th</sup> December 2009	5	5
2	3 <sup>rd</sup> March 2010	5	5

Attendance of Directors in the Board Meetings during the period under review is as under:

Name of the Directors & Category of Director	Attendance of Meetings during 2009-10	
	Board Meeting	Last AGM
Shri S. K. Garg (NE)	2	N.A.
Shri A. B. L. Srivastava (NE) <sup>§</sup>	2	N.A.
Shri J. K. Sharma (NE) <sup>§</sup>	2	N.A.
Shri Vijay Kumar (NE)*	Nil	N.A.
Shri K. K. Joshi (NE)**	Nil	N.A.
Shri Liangsi Paul Gonmei (NE)	2	N.A.
Smt. Kalyani Mishra (NE)	2	N.A.

§ Nominations in respect of Shri A. B. L. Srivastava, Director (Finance), NHPC Ltd and Shri J. K. Sharma, Director (Projects), NHPC Ltd were withdrawn by NHPC Limited w.e.f. 23<sup>rd</sup> March 2010.

\* Mr. Vijay Kumar joined the Board of the company on 26<sup>th</sup> March 2010.

\*\* Mr. K. K. Joshi joined the Board of the company on 29<sup>th</sup> March 2010.

NE stands for 'Non Executive Director'

Loktak Downstream Hydroelectric Corporation Limited is a non-listed company and has been incorporated on 23<sup>rd</sup> October 2009. The guidelines on corporate governance have been made mandatory recently and hence no compliance report of all applicable laws was placed before the Board.

#### (iv) Code of Conduct:

The Company is committed to conducting business in accordance with the highest standard of business ethics and complying with applicable laws, rules and regulations. Since, the guidelines on corporate governance have been made mandatory recently, therefore, Code of Business Conduct and Ethics for Directors and Senior Management has not been made.

#### (v) Risk Management:

The Board of Directors has ensured integration and alignment of the risk management system with the corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate task at set times.



### 3. AUDIT COMMITTEE:

The Board of Directors of the company has constituted an audit committee in the month of March 2010. The present composition of Audit Committee consisting of Non executive Directors is as under:

- Shri Vijay Kumar Non-Executive Director and Chairman of the Committee
- Shri Liangsi Paul Gonmei Non-Executive Director
- Smt. Kalyani Mishra Non- Executive Director

There is no independent director on the board of the company, hence, none of the member including Chairman of the Committee was independent Director.

No meeting of the committee was held during the year under review. The Company Secretary of the Company has been nominated as Secretary to the Committee.

The terms of reference of the Committee are as under:

- Oversight of the Company Financial Reporting Process and the Disclosure of its Financial Information to ensure that the Financial Statement is Correct, Sufficient and Credible.
- Recommending to the Board, the Appointment, Re-appointment and, if required the replacement and removal of the Statutory Auditor and the fixation of Audit Fees.
- Reviewing with Management, the Annual Financial Statements before Submission to the Board approval, focusing primarily on the following:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of Companies Act, 1956.
  - Any change in Accounting Policies and practices and reasons for the same.
  - Major Accounting entries based on exercise of Judgment by Management.
  - Significant adjustments made in the Financial Statements arising out of Audit Findings.
  - Qualification in draft Audit Report.
  - Compliance with Accounting Standards.
  - Disclosure of any Related Party Transactions.
- Reviewing with the Management, performance of Statutory and internal Auditors, the adequacy of Internal Control Systems.
- Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit Department, Staffing and Seniority of the Official heading the department, reporting structure coverage and frequency of Internal Audit.
- Discussion with Internal Auditors on any significant findings and follow up there on.
- Reviewing the Findings of any Internal Investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control System of a Material Nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the Audit Commences, about the nature and scope of Audit as well as Post Audit Discussion to ascertain any area of Concern.
- Any other matter as may be advised by Board.

The powers of the Audit Committee are as per section 292A of the Companies Act, 1956.

- The company is not having any subsidiary company.

### 5. REMUNERATION COMMITTEE

No Remuneration Committee has been yet constituted by the Company.

### 6. GENERAL BODY MEETINGS:

The company has not held any Annual General Meeting till date. However, an Extra-ordinary General Meeting of shareholders of the company was held on 17<sup>th</sup> May 2010 to discuss shifting of registered office of the company from NHPC Limited, Liaison Office, C/o Chief Engineer (Power), Manipur Electricity Deptt. Imphal, West Imphal, Manipur, to Loktak Power Station, NHPC Limited, PO Loktak, Kom Keirap, Manipur.

### 6.1 DETAILS OF SPECIAL RESOLUTIONS PASSED DURING THE LAST THREE YEARS:

Sl. No.	Details of Meeting	Special Resolution passed
1.	Extra-ordinary General Meeting held on 17 <sup>th</sup> May 2010	Change of registered office of the company.

No resolution was passed through postal ballot during the year under review. Annual General Meeting of the year 2009-10 is expected to be held in the month of July-August 2010.

### 7. DISCLOSURES:

- Related Party Transactions:** There were no transactions of material nature with the promoters or Directors or the Management, etc, which have potential conflict with the interest of the Company at large.
- No penalty or strictures were imposed on the company by any statutory authority, on any matter related to any guidelines issued by Government, during the period under review.
- Whistle Blower Policy:** The Company has not adopted any Whistle Blower Policy. However, no personnel has been denied access to the Audit Committee.
- The guidelines on Corporate Governance for CPSEs has been made mandatory for unlisted CPSEs recently therefore the company is in the process of complying with all the requirement of these guidelines.
- No Presidential Directives were issued to the company during the year under review.
- No item of expenditure was debited in books of accounts, which are not for the purpose of business.
- There were no expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.
- Details of Administrative and office expenses as a percentage of total expenses vis-a-vis financial expenses is given below:

Sr. No.	Particulars	% age of total expenses	Remarks
1	Administrative Expense	115483/10412531=1.11%	
2.	Office Expenses	Nil	

- Accounting Treatment:**  
The Company has followed the Accounting Standards as prescribed by the Institute of Chartered Accountants of India.
- Consolidated Financial Statements**  
The company is not having any subsidiary and hence disclosure regarding consolidated financial statements is not required.
- Segment-wise profit and loss statement**  
The company does not provide groups of products or services and does not operate in different geographical areas. Therefore, publication of segment-wise profit and loss as per Accounting Standard 17 "Segment Reporting" is not applicable.
- Board Disclosures-Risk Management**  
The company is yet to lay down its risk management policy.
- Remuneration of Directors**  
Directors are not paid any remuneration or sitting fees.

### 8. MEANS OF COMMUNICATION

The information in this regard is nil.

### 9. AUDIT QUALIFICATION

There are no adverse comments, observations or reservations in the Auditors' Report on the accounts of the company.

### 10. TRAINING OF BOARD MEMBERS

Loktak Downstream Hydroelectric Corporation Ltd is into power business. The Board of the company comprises nominees of NHPC Limited, Principal Secretary (Power), Government of Manipur and Nominee of Ministry of Power. Therefore, they are well versed with the business model, risk profile of the business of the company.

### 11. COMPLIANCE CERTIFICATE:

Certificate from M/s. Garima Duggal & Associates, Company Secretaries in Whole Time Practice confirming the compliance with the conditions of Corporate Governance as stipulated under the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010, is forming part of Annual Report.

For and on behalf of the Board of Directors

Sd/-  
(S. K. GARG)  
CHAIRMAN  
DIN: 00055651

Date: 10-08-2010  
Place: New Delhi



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANNEXURE-II

### I INDUSTRY STRUCTURE AND DEVELOPMENT

The Loktak Downstream HE Project of 66 MW capacity will generate the Electricity, which will help the State of Manipur in overall development.

### II STRENGTH AND WEAKNESS

This project shall develop the local remote area of the Manipur particularly the Dist. Tamenglong. The Law and order situation is seems to be the only weakness in execution of the project.

### III OPPORTUNITIES AND THREATS

There shall be sufficient opportunity to generate the job for local people which shall help in improvement of their economic standard. The only threat in constructing the project is insurgency prevailing in the State of Manipur.

### IV SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The necessary action has been taken by the Management for Environmental & Forest Clearance of the Project. Survey of India is being pursued for taking up Topographical Survey of the Project.

### V OUTLOOK

The attention has been given for early starting of the project work.

### VI RISKS AND CONCERNS

Due to the insurgencies prevailing in the State of Manipur, there is a risk in delay in completion of project unless proper security arrangement is provided by Govt. of Manipur.

### VII INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control system prevailing in the NHPC are being followed.

### VIII DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Financial performance and operational performance has been discussed in directors' report.

### IX DEVELOPMENT IN HUMAN RESOURCE

The necessary action is being taken for human resource development.

### X ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION

The necessary action and precaution shall be taken as per the rule after starting of execution of the project.

### XI CORPORATE SOCIAL RESPONSIBILITY

The corporate Social Responsibility for the development of area shall be taken care as per rule in due course after starting of execution of the project.

For and on behalf of the Board of Directors

Sd/-  
(S. K. GARG)  
CHAIRMAN  
DIN: 00055651

Date: 10-08-2010  
Place: New Delhi

## AUDITOR'S REPORT

ANNEXURE - III

### TO THE MEMBERS OF LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION LIMITED

We have audited the attached Balance Sheet of LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION LIMITED as at 31<sup>st</sup> March, 2010 and the related Profit & Loss Account for the period 23<sup>rd</sup> October, 2009 to 31<sup>st</sup> March, 2010 and Expenditure During Construction Account for the period 23<sup>rd</sup> October, 2009 to 31<sup>st</sup> March, 2010, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion, and we report that-

1. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on 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, we report that:-
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts, as required by law, have been kept by the company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Profit & Loss and the Expenditure During Construction Account dealt with by this report are in agreement with the books of accounts.
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and the Expenditure During Construction Account dealt with by this report comply with the applicable mandatory accounting standards, referred to in Section 211(3C) of the Companies Act, 1956.
  - (e) The Department of Company Affairs vide their Notification No. F. No. 8/5/2001-CL.V dated 21<sup>st</sup> October 2003 have notified that the provision of section 274 (1) (g) of the Companies Act 1956 is not applicable to Govt. Company.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the Significant Accounting Policies (Schedule-23) and Notes to the Accounts (Schedule-24), give the information, required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
    - i) In the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2010 and
    - ii) In the case of Profit & Loss Account of the net loss for the period 23<sup>rd</sup> October to 31<sup>st</sup> March, 2010
    - iii) In the case of Expenditure During Construction Account of the net expenditure of the Company for the period 23<sup>rd</sup> October, 2009 to 31<sup>st</sup> March, 2010.

For Sharad Jain Associates  
Chartered Accountants

(Sharad Jain)  
Partner  
M.No. 083837

Place : Loktak  
Dated : 17th May, 2010

## Annexure to the Branch Auditors' Report

Referred to in Para-1 of our Report of even date

1. a) The Company has maintained proper records of Fixed Assets showing full particulars including quantitative details and situation of its fixed assets.
- b) We are informed that the fixed assets have not been physically verified by the management during the period. So we are unable to comment on the frequency of verification.
- c) Since there is no disposal of substantial part of fixed assets during the period, the preparation of financial statements on a going concern basis is not affected on this account.
2. a) The inventories of stores, spare parts, steel, cement have not been physically verified during the period by the management. So we are unable to comment on the frequency of verification.
- b) As no physical verification report is available we are not in position to comment on reasonableness and adequacy in relation to the size of the company and the nature of its business.
- c) In our opinion the company is maintaining proper records of inventories but due to non availability of any physical verification report the discrepancies, whether if any, could not be commented.
3. During the year, the company has not taken or granted any secured or unsecured loans from the companies, firms and others parties covered in the register maintained under Section 301 of the Companies Act, 1956.



4. In our opinion and according to information and explanations given, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventories and fixed assets. There was no sale of goods and services during the period as the project is under construction stage.
5. The company has not granted any loans, secured or unsecured during the period to the companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956.
6. In our opinion and according to explanations given to us the company has not accepted any deposits to which provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the companies (Acceptance of Deposits) rules, 1975 apply.
7. In our opinion, and according to information and explanations given to us, the company did not have any internal audit systems.
8. The company is under construction stage, so maintenance of cost records is not applicable on the company by central Government under section 209(1) (d) of the Companies Act, 1956.
9. (a) According to the records of the company, Provident Fund contributions have regularly been intimated to the corporate office of its holding company, NHPC Ltd for onward deposit with NHPC Employees Provident Fund during the period under audit and as informed the actual date of deposit was within due dates and as regards administrative charges on PF and EDLI the same is being deposited with appropriate authorities within due dates and as informed there is no dues towards Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other Statutory dues at project level.  
(b) There is no dues vis-à-vis pending disputes regarding Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty and Cess; thus disclosure of quantum and forum in which dispute is pending is not required.
10. The clause 4(X) of the order is not applicable on the company.
11. In our opinion and according to the information and explanations given to us, the company has not accepted any loans from any financial institution or bank. Therefore clause 4(XI) of the order is not applicable on the company.
12. According to the information and explanations given to us the company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore clause 4(XIII) of the order is not applicable to the company.
14. In our opinion and as per the explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore clause 4 (XIV) of the order is not applicable to the company.
15. In our opinion and according to the explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company did not avail any term loan during the period.
17. The Company did not raise any short term funds during the period.
18. During the period the company allotted shares to its promoters being subscribers to its Memorandum & Articles of Association only.
19. According to information and explanations given to us the company has not issued any debentures during the period covered by our audit report.
20. The Company has not raised any money by public issue during the period.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the period.

For Sharad Jain Associates  
Chartered Accountants

(Sharad Jain)  
Partner  
M.No. 083837

Place : Loktak  
Dated : 17th May, 2010

#### ANNEXURE - IV

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION LIMITED, IMPHAL, FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of Loktak Downstream Hydroelectric Corporation Limited, Imphal, for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 17 May 2010.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Loktak Downstream Hydroelectric Corporation Limited, Imphal, for the year ended 31 March 2010 and as such have no comments to make under Section 619(4) of the Companies Act, 1956

For and on the behalf of the  
Comptroller & Auditor General of India

Sd/-

(M.K. BISWAS)

Principal Director of Commercial Audit &  
Ex-officio Member Audit Board III,  
New Delhi

Place : New Delhi  
Dated : 25<sup>th</sup> June 2010



**BALANCE SHEET AS AT 31ST MARCH, 2010**

(Amount in ₹)		
Particulars	Sch. Ref.	31st March 2010
<b>SOURCES OF FUNDS</b>		
<b>A. SHAREHOLDERS' FUNDS</b>		
Share Capital	1	600000000
Share Capital Deposit	1A	-
Govt. of India Fund Adjustable to Equity Reserves and Surplus	2	-
		600,000,000
<b>B. Loan Funds</b>		
i) Secured Loans	3	-
ii) Unsecured Loans	4	-
<b>C. Income Received In Advance on Account of Advance Against Depreciation</b>		-
<b>D. Deferred Tax</b>		
Net deferred tax liabilities	-	-
Less: Deferred tax recoverable	-	-
<b>Total</b>		<b>600,000,000</b>
<b>APPLICATION OF FUNDS</b>		
<b>A. Fixed Capital Expenditure</b>		
i) Fixed Assets	5	
a) Gross Block		28,918,580
Less: Depreciation		18,934,536
b) Net Block		9,984,044
ii) Capital Work In Progress	6	322008235
iii) Construction stores and Advances	7	3,802,921
<b>B. Investments</b>	8	-
<b>C. Current Assets, Loans and Advances</b>	9	
i) Interest accrued on investments		-
ii) Inventories		-
iii) Contract Work in progress		-
iv) Sundry debtors		-
v) Cash and bank balances		600,486,366
vi) Other current assets		4,731,466
vii) Loans and advances		5,706,503
<b>Less: Current Liabilities and Provisions</b>	10	
i) Liabilities		353,317,824
ii) Provisions		5,029,061
<b>Net Current Assets</b>		252,577,450
<b>D. Miscellaneous Expenditure (to the extent not written off or adjusted)</b>	11	11,627,350
<b>Total</b>		<b>600,000,000</b>
<b>Accounting Policies</b>	23	
<b>Notes to the Accounts</b>	24	
Schedule 1 to 24 form integral part of accounts		

In terms of our report of even date attached For and on behalf of **BOARD OF DIRECTORS**

For **SHARAD JAIN ASSOCIATES**  
Chartered Accountants

(S.K. GARG)  
Chairman  
LDHCL

(VIJAY KUMAR)  
DIRECTOR  
LDHCL

**SHARAD JAIN**  
Partner  
Membership No. 083837

(D.K.RAY)  
Chief Executive Officer  
LDHCL

(VIPAN JAIN)  
Company Secretary  
LDHCL

Place : NEW DELHI  
Dated : 17/05/2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

(Amount in ₹)		
Particulars	Sch. Ref.	31st March 2010
<b>INCOME</b>		
i) Sales	12	-
Less: <b>Tariff Adjustments</b>		-
Less: Advances against depreciation	12A	-
ii) Contracts and Consultancy	13	-
iv) Other income	14	-
<b>Total Income</b>		-
<b>EXPENDITURE</b>		
i) Generation Administration and other Expenses	15	11627350
ii) Employee's remuneration and benefits	16	-
iii) Depreciation	17	-
iv) Interest and finance charges	18	-
v) Provisions	19	-
vi) Contract and consultancy expenses	20	-
vii) Incentive to beneficiary states		-
<b>Total Expenditure</b>		<b>11627350</b>
<b>Profit before Tax and Prior Period Adjustments</b>		<b>(11627350)</b>
Prior period adjustments (net)	21	-
<b>PROFIT BEFORE TAX</b>		<b>(11627350)</b>
<b>Provision for taxation</b>		
i) Current tax		-
ii) Fringe Benefit Tax		-
iii) Adjustments relating to earlier years		-
iv) Deferred Tax		-
Less: Deferred tax recoverable adjustment		-
<b>PROFIT AFTER TAX</b>		<b>(11627350)</b>
Balance brought forward from last year's account		-
Write Back From Bond Redemption Reserve		-
Write Back From Capital Reserve		-
Write Back From Other Reserve		-
Amount written back from Self Insurance Reserve		-
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>(11627350)</b>
i) Transfer to Capital Reserve		-
ii) Transfer to Bond Redemption Reserve		-
iii) Transfer to General Reserve		-
iv) Self Insurance Reserve		-
v) Dividend		-
- Interim		-
- Proposed		-
vi) Tax on Dividend		-
- Interim		-
- Proposed		-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(11627350)</b>
<b>Accounting Policies</b>	23	
<b>Notes to the Accounts</b>	24	
Schedule 1 to 24 form integral part of accounts		

In terms of our report of even date attached For and on behalf of **BOARD OF DIRECTORS**

For **SHARAD JAIN ASSOCIATES**  
Chartered Accountants

(S.K. GARG)  
Chairman  
LDHCL

(VIJAY KUMAR)  
DIRECTOR  
LDHCL

**SHARAD JAIN**  
Partner  
Membership No. 083837

(D.K.RAY)  
Chief Executive Officer  
LDHCL

(VIPAN JAIN)  
Company Secretary  
LDHCL

Place : NEW DELHI  
Dated : 17/05/2010



## SCHEDULE 1 - SHARE CAPITAL

(Amount in ₹)	
Particulars	As at 31.03.2010
<b>AUTHORISED:-</b>	
230000000 Equity Shares of Rs. 10/- each	2300000000
<b>ISSUED, SUBSCRIBED AND PAID-UP:-</b>	
I) 4,44,00,000 fully paid by Equity Shares of Rs. 10/- each held by NHPC Ltd (Including 5 Nos Equity Shares through 5 nominees)	444000000
II) 1,56,00,000 fully paid by Equity Shares of Rs. 10/- each held by Govt. of Manipur (Including 1 No Equity Shares through 1 nominees)	156000000
<b>Total</b>	<b>600000000</b>

## SCHEDULE 2 - RESERVE AND SURPLUS

Particulars	As at 31.03.2010
Capital Reserve	-
Bond Redemption reserve	-
General Reserve	-
Profit and loss account	-
Self Insurance Reserve	-
<b>Total</b>	<b>-</b>

## SCHEDULE 3 - LOAN FUNDS- SECURED

Particulars	As at 31.03.2010
<b>A. BONDS</b>	
i) Bonds/Debenture secured	-
ii) Interest accrued and due-secured-bonds and debenture	-
<b>B. TERM LOANS</b>	
i) Term Loan from Banks /Fls- Indian Currency-Secured	-
ii) Interest accrued and due on term loans Indian currency-secured	-
iii) Term Loan From Banks /Fls - Foreign Currency – secured	-
iv) Interest accrued and due on Term Loan From Banks /Fls - F. C. – secured	-
v) Short Term Loans From Banks /Fls - Indian Currency – secured	-
vi) Interest accrued and due on Short Term Loans From Banks /Fls – INR - secured	-
vii) Short Term Loans From Banks /Fls - Foreign Currency – secured	-
viii) Int. accrued and due on Short Term Loans From Banks /Fls - F.C. - secured	-
ix) Working Capital Demand Loan - secured	-
x) Cash Credit - secured	-
xi) Loans From Subsidiary - secured	-
xii) Interest accrued and due on Loans From Subsidiary - secured	-
xiii) Loans From governments - secured	-
xiv) Interest accrued and due on Loans From govts- secured	-
xv) Loans From Other Agencies - secured	-
xvi) Interest accrued and due on Loans From Other Agencies - secured	-
<b>Total</b>	<b>NIL</b>

## SCHEDULE 4 - LOAN FUNDS - UNSECURED

(Amount in ₹)	
Particulars	As at 31.03.2010
<b>A. TERM LOANS</b>	
i) Term Loan From Banks /Fls - Indian Currency –unsecured	-
ii) Interest accrued and due on Term Loan From Banks /Fls - INR - unsecured	-
iii) Term Loan From Banks /Fls - Foreign Currency- unsecured	-
a) Guaranteed by Government of India	-
b) Others	-
iv) Interest accrued and due on Term Loan From Banks /Fls - F.C. - unsecured	-
<b>B. LOANS FROM GOVERNMENT OF INDIA</b>	
i) Loans From Governments - unsecured	-
ii) Interest accrued and due on Loans From Govt.- unsecured	-
<b>C. BONDS/ DEBENTURES</b>	
i) Bonds/ Debenture- unsecured	-
ii) Interest accrued and due on Bonds/ Debenture - unsecured	-
<b>D. SHORT TERM LOANS</b>	
i) Short Term Loans From Banks /Fls - Indian Currency - unsecured	-
ii) Interest accrued and due on Short Term Loans From Banks /Fls - Indian Currency - unsecured	-
iii) Short Term Loans From Banks /Fls - Foreign Currency - unsecured	-
iv) Interest accrued and due on Short Term Loans From Banks /Fls - Foreign Currency -unsecured	-
<b>E. OTHER LOANS</b>	
i) Fixed Deposits - unsecured	-
ii) Interest accrued and due on Fixed Deposits –unsecured	-
iii) Loans From Subsidiary - unsecured	-
iv) Interest accrued and due on Loans From Subsidiary - unsecured	-
v) Loans From Other Agencies - unsecured	-
vi) Interest accrued and due on Loans From Other Agencies - unsecured	-
<b>Total</b>	<b>-</b>



**SCHEDULE 5 - FIXED ASSETS**

(Amount in ₹)

PARTICULARS	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Addition/ Adjustment on a/c of inter-unit transfer (Transfer From NHPC LTD)	Addition/ Adjustment on a/c of others	Deduction/ Adjustment on a/c of inter-unit transfer	Deduction/ Adjustment on a/c of others	As at 31.03.2010	As at 31.03.2010	For the Period	Adjustment Reversal, Transfer Out, (Transfer in) (Transfer From NHPC LTD)	As at 31.03.2010 (5+6+7)	As at 31.03.2010	As at 31.03.2009
	1	2A	2B	3A	3B	4	5	6	7	8	9	10
LAND-FREEHOLD	-	-	-	-	-	-	-	-	-	-	-	-
LAND-LEASEHOLD	-	-	-	-	-	-	-	-	-	-	-	-
LAND-RIGHT OF USE	-	-	-	-	-	-	-	-	-	-	-	-
BUILDINGS	-	5336923	-	-	-	5336923	-	534500	1369508	1904008	3432915	-
ROADS & BRIDGES	-	4589217	174524	-	-	4763741	-	73020	302898	375918	4387823	-
RAILWAY SIDING	-	-	-	-	-	-	-	-	-	-	-	-
HYDRAULIC WORKS (DAMS, TUNNELS, ETC.)	-	-	-	-	-	-	-	-	-	-	-	-
GENERATING PLANT & MACHINERY	-	-	-	-	-	-	-	-	-	-	-	-
PLANT & MACHINERY-SUB STATION	-	-	-	-	-	-	-	-	-	-	-	-
PLANT & MACHINERY-TRANSMISSION LINE	-	-	-	-	-	-	-	-	-	-	-	-
PLANT & MACHINERY-OTHERS	-	94554	-	-	-	94554	-	2188	57010	59198	35356	-
CONSTRUCTION EQUIPMENTS	-	7472225	-	-	-	7472225	-	7122	6756061	6763183	709042	-
WATER SUPPLY SYSTEM	-	-	-	-	-	-	-	-	-	-	-	-
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-	-	-
VEHICLES	-	5630248	-	-	-	5630248	-	-	5067223	5067223	563025	-
AIR CRAFT/ BOATS	-	-	-	-	-	-	-	-	-	-	-	-
FURNITURE FIXTURE	-	879154	16000	-	-	895154	-	10719	789808	800527	94627	-
COMPUTERS	-	1198916	-	-	-	1198916	-	862	1080709	1081571	117345	-
COMMUNICATION EQUIPMENTS	-	108455	-	-	-	108455	-	1708	85892	87600	20855	-
OFFICE EQUIPMENTS	-	689432	-	-	-	689432	-	30902	447392	478294	211138	-
RESEARCH & DEVELOPMENT EQUIPMENTS	-	-	-	-	-	-	-	-	-	-	-	-
INTANGIBLE ASSETS	-	-	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS	-	1240102	-	-	-	1240102	-	34077	794847	828924	411178	-
CAPITAL EXP. ON ASSETS NOT OWNED BY LDHCL **	-	-	-	-	-	-	-	-	-	-	-	-
F.ASSETS -MINOR VALUE >Rs.750 & <= Rs 5000	-	1468035	20795	-	-	1488830	-	20790	1467300	1488090	740	-
OBSOLETE / SURPLUS ASSETS	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	<b>28707261</b>	<b>211319</b>	-	-	<b>28918580</b>	-	<b>715888</b>	<b>18218648</b>	<b>18934536</b>	<b>9984044</b>	-



## SCHEDULE 6 - CAPITAL WORK IN PROGRESS

(Amount in ₹)

	Particulars	Opening Balance	Additions	Adjustments (Transfer from NHPC LTD)	Capitalised	Closing Balance
i)	Buildings	-	-	-	-	-
ii)	Roads and Bridges	-	-	1948004	-	1948004
iii)	Railway sidings	-	-	-	-	-
iv)	Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	-	-	-	-	-
v)	Generating Plant and machinery	-	-	-	-	-
vi)	Plant and machinery Sub station	-	-	-	-	-
vii)	Plant and machinery- Transmission lines	-	-	-	-	-
viii)	Plant and machinery Others	-	-	-	-	-
ix)	Construction Equipment	-	-	-	-	-
x)	Water Supply System/Drainage and Sewerage	-	-	-	-	-
xi)	Other assets awaiting installation	-	-	-	-	-
xii)	Intangible Assets	-	-	-	-	-
xiii)	Capital Expenditure On assets Not Owned by LDHCL *	-	-	-	-	-
xiv)	Survey, investigation, consultancy and supervision charges	-	158524	25138599	-	25297123
xv)	Expenditure on compensatory Afforestation	-	-	-	-	-
xvi)	Expenditure during construction ** (See Annexure to this schedule)	-	5262679	289500429	-	294763108
	<b>Total</b>	-	<b>5421203</b>	<b>316587032</b>	-	<b>322008235</b>
	Less: Provided for	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-

\* Note 1: Capital expenditure under this head shall be booked strictly as per Accounting Policy no. 2.3

\*\* Note 2 : Adjustment includes provision for Employees Retirement Benefit on the basis of Actuarial Valuation of Prior Period amounting to Rs. 15,54,239 and Rs. 1,50,110 for allocation of Corporate and Regional office Management expenses of NHPC LTD for the period upto 22.10.2009

## ANNEXURE TO SCHEDULE 6 - EXPENDITURE DURING CONSTRUCTION

(Amount in ₹)

Particulars	As at 31st March 2010
<b>A. EMPLOYEES' REMUNERATION &amp; BENEFITS</b>	
i) Salaries, wages, allowances	175747008
ii) Gratuity and contribution to provident fund and pension scheme (including administration fees)	32174830
iii) Staff welfare expenses	27624860
iv) Leave Salary & Pension Contribution	4869
<b>Sub-total</b>	<b>235551567</b>
<b>B. REPAIRS AND MAINTENANCE</b>	
i) Building	2423361
ii) Machinery	51451
iii) Others	10814854
<b>Sub-total</b>	<b>13289666</b>
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>	
i) Rent	3076501
ii) Rates and taxes	53396
iii) Insurance	1745348
iv) Security expenses	-
v) Electricity Charges	56464
vi) Traveling and Conveyance	6179992
vii) Expenses on staff car	3213099
viii) Telephone, telex and Postage	1585523
ix) Advertisement and publicity	1357161
x) Entertainment and hospitality expenses	23045
xi) Printing and stationery	1252352
xii) Remuneration to Auditors	44739
xiii) Design and Consultancy charges:	
- Indigenous	103056
- Foreign	-

xiv) Expenditure on compensatory afforestation / catchment area treatment/ environment expenses	-
xv) Expenditure on land not belonging to corporation	183233
xvi) Land acquisition and rehabilitation	-
xvii) Loss on assets/ materials written off	13562
xviii) Losses on sale of assets	-
xvix) Other general expenses	2926221
<b>Sub-total</b>	<b>21813692</b>
<b>D. INTEREST AND FINANCE CHARGES</b>	
i) Interest on :	
a) Government of India loa	-
b) Bonds	-
c) Foreign loan	-
d) Term loan	-
e) Cash credit facilities /WCDL	-
ii) Exchange differences regarded as adjustment to interest cost	-
iii) Loss on Hedging Transactions	-
iv) Bond issue/ service expenses	-
v) Commitment fee	-
vi) Guarantee fee on loan	-
vii) Other finance charges	147764
<b>Sub-total</b>	<b>147764</b>
<b>E. EXCHANGE RATE VARIATION (NET)</b>	
i) Exchange rate variation (Debit balance)	-
ii) Less : Exchange rate variation (Credit balance)	-
<b>Sub-total</b>	<b>-</b>
<b>F. PROVISIONS</b>	<b>1531747</b>
<b>Sub-total</b>	<b>1531747</b>



(Amount in ₹)	
Particulars	As at 31st March 2010
<b>G. DEPRECIATION</b>	19373726
<b>Sub-total</b>	
<b>H. PRIOR PERIOD EXPENSES (NET)</b>	19373726
i) Prior period expenses	65299
ii) Less: Prior period income	-
<b>Sub-total</b>	65299
<b>I. LESS : RECEIPTS AND RECOVERIES</b>	
i) Income from generation of electricity – precommissioning	-
ii) Interest on loans and advances	(7855294)
iii) Miscellaneous receipts	(647584)
iv) Profit on sale of assets	(61513)
v) Provision not required written back	(1598827)
vi) Hire charges/ outturn on plant and machinery	
<b>Sub-total</b>	(10163218)
<b>J. CORPORATE OFFICE MANAGEMENT EXPENSES</b>	13152865
<b>AMOUNT TRANSFERRED TO CAPITAL WORK- IN- PROGRESS (A+B+C+D+E+F+G+H-I+J)</b>	<b>294763108</b>

#### SCHEDULE 7 - CONSTRUCTION STORES & ADVANCES

(Amount in ₹)	
Particulars	As at 31st March 2010
<b>A. CONSTRUCTION STORES (At cost as valued and certified by management)</b>	
i) Stores and spares	274921
ii) Loose tools	-
iii) Scrap inventory	-
iv) Stores in transit/ pending inspection	-
v) Material issued to contractors/ fabricators	-
Less : Provisions for construction stores *1	- 274921
<b>B. ADVANCES FOR CAPITAL EXPENDITURES</b>	
i) Secured (considered good)	-
ii) Unsecured (considered good)	-
– Against bank guarantee	-
– Others	3528000
iii) Unsecured (considered doubtful)	1531747
Less : Provisions for doubtful advances *2	1531747
<b>SUB TOTAL</b>	3528000
<b>TOTAL</b>	<b>3802921</b>
<b>* DETAIL OF PROVISIONS</b>	
<b>1 Provision for construction stores</b>	
As per last Balance Sheet	-
Additions during thePeriod - As per Sch 19 (iv)	-
Amount used during thePeriod	-
Amount reversed during thePeriod	-
As per Sch 14 (e)	-
Closing Balance	-
<b>2 Provision for doubtful advances</b>	
As per last Balance Sheet (Transfer from NHPC LTD)	1531747
Additions during thePeriod - As per Sch 19 (ii)	-
Amount used during thePeriod	-
Amount reversed during thePeriod - As per Sch 14 (e)	-
Closing Balance	1531747

#### SCHEDULE 8 - INVESTMENTS

(Amount in ₹)		
Particulars	Number of shares/ bonds/ securities	Face value per share/ bond/ security
		(in Rs.)
	Current Period/ (Previous Period)	
<b>LONG TERM (Trade - unless otherwise specified)</b>		
<b>A. Quoted</b>		
<b>Equity shares \$</b>		
PTC India Ltd.	-	-
Indian Overseas Bank (Non-Trade)	-	-
<b>Sub Total (A)</b>	-	-
<b>B. Unquoted</b>		
<b>a) Equity shares in Subsidiary Companies</b>		
Narmada Hydroelectric Development Corporation Ltd.	-	-
<b>b) Bonds \$</b>		
8.50 % Tax-Free State Government Special Bonds of the Government	-	-
<b>Sub Total (B)</b>	-	-
<b>Total (A+B)</b>	-	-

\$ In DEMAT form

#### Quoted Investments

(i) Aggregate Cost	-	-
(ii) Aggregate Market Value	-	-
- NSE quotes	-	-
- BSE quotes	-	-

#### Unquoted Investments

Aggregate Cost	-	-
----------------	---	---

#### SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Amount in ₹)	
Particulars	As at 31st March 2010
<b>A. Interest accrued on investments</b>	-
<b>B. Inventories (As certified by the management)</b>	
i) Stores and spares	-
ii) Loose tools	-
iii) Scrap inventory	-
iv) Stores in transit/ pending investigation	-
v) Material at site	-
vi) Material issued to contractors/ fabricators	-
Less: Provision for obsolete store & spares *	-
<b>TOTAL</b>	-
<b>C. Work in progress</b>	
Contract work in progress (on be of client)	-
Consultancy WIP	-
<b>D. Sundry debtors (unsecured)</b>	
i) Debts outstanding for a period exceeding six months	-
- Considered good	-
- Considered doubtful and provided	-
ii) Other debts	-
- Considered good	-
- Considered doubtful and provided	-
Less: Provision for doubtful debts *	-
<b>TOTAL</b>	-



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## E. Cash and bank balances

i) Cash, imprest, cheques and drafts in hand (includes cheques, drafts, stamps in hand of Rs.NIL)	40471	
ii) Bank balances		
• With scheduled banks		
- In current account	465895	
- In Deposits account #	599980000	
• With other banks (separately for each bank)		
- In current account	-	
Bank of Bhutan, Phuentsholing		
Deutsche Bank, Tokyo Branch		
- In Deposits account	-	
		<b>600486366</b>

## F. Other current assets

i) <b>Interest Accrued</b>		
- Loans to State Govt. in settlement of dues	-	
- deposits	4731342	
ii) Others	-	
iii) Claims recoverable from different agencies	124	
Less provisions *	-	
iv) Claims reimbursable from self insurance reserve	-	
		<b>4731466</b>

## G. Loans and Advances

### a) Loans

i) Employees (incl. Accrued interest)		
- Secured	-	
- Unsecured (considered good)	189150	
- unsecured (considered doubtful)	-	
ii) Loans to State Govt. in settlement of dues from Customers		
- Unsecured considered good	-	

### b) Advances

(recoverable in cash & kind for value to be received)		
i) Subsidiary Companies		
- Secured	-	
- Unsecured (considered good)	-	
- unsecured (considered doubtful)	-	
ii) Contractors & Suppliers		
- Secured	-	
- Unsecured (considered good)	-	
- Covered by Bank guarantee	-	
- Others	-	
- unsecured (considered doubtful)	-	
iii) Employees		
- Unsecured (considered good)	5128870	
- unsecured (considered doubtful)	-	
iv) Other Advances		
- Unsecured (considered good)	-	
- unsecured (considered doubtful)	-	
Less: Provisions for doubtful loans & advances	-	
v) Deferred Foreign Currency Fluctuation Assets	-	
vi) Other Recoverable DEPOSITS	-	
- Tax Deducted at Sources	388483	
<b>Total</b>		<b>5706503</b>

## A. PARTICULARS OF MAXIMUM BALANCE DURING THE PERIOD WITH NON-SCHEDULED BANKS

Bank of Bhutan	
i) Current account	-
Deutsche Bank, Tokyo Branch	
ii) Current account	-

## B. PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the Period	-
ii) Maximum balance at any time during the Period	-
Advance due by Companies in which any Director of the Corporation is a Director or member amounts to Rs NIL	-

## C. PARTICULARS OF MAXIMUM BALANCE DURING THE PERIOD WITH HOLDING COMPANY

NHPC LTD	349038209
<b>Provision for obsolete stores &amp; spares</b>	
As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-
<b>Provision for Doubtful Debts *</b>	
As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
<b>Amount reversed /transferred during the Period to CO</b>	
Closing Balance	-
<b>Provision for bad &amp; doubtful advances *</b>	
As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-
<b>Provision for bad &amp; doubtful claims *</b>	
As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-
<b>Provisions for other recoverable *</b>	
As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-

## SCHEDULE 10 - CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31st March 2010
<b>A. LIABILITIES</b>	
i) Sundry creditors	
a) Total Outstanding dues of SSI (Due Over 30 Days)	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days RsNil)	-
c) Others	3655956
ii) Unspent amount of deposit/agency	-
iii) Deposits/ retention money	26567
iv) Advances against the Deposit Works	-
Less : Amount recoverable on Deposit works	-
v) Interest accrued but not due on loans	-
vi) Advances against cost of project/ contractees	-
vii) Grants in Aid - pending utilization	-
viii) Due to Holding Company ( NHPC LTD)	349038209
ix) Deferred Foreign Currency Fluctuation Liabilities	-
x) Other Liabilities	597092
<b>TOTAL LIABILITIES</b>	<b>353317824</b>



**B. PROVISIONS**
**Provision for Taxation**

As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-

**Provision for Proposed Dividend**

As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-

**Tax on proposed dividend**

As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-

**Provision for wage revision**

As per last Balance Sheet	-
(Transfer from NHPC LTD)	2731604
Additions during the Period	1846084
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	4577688

**Provision for ex gratia/PLI**

As per last Balance Sheet (Transfer from NHPC LTD)	206516
Additions during the Period	299373
Amount used during the Period	26569
Amount reversed during the Period	27947
Closing Balance	451373

**Provision for Leave Encashment**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision for Gratuity**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision for REHS**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision for Leave Travel Concession**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision for M.C. on Leave Encashment**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision for TTA (Baggage Allowance on Retirement)**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision for Other Expenses**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision for Project Expenses**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision For Contingencies**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision For Tariff Adjustment**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Provision For Self Consumption of Power**

As per last Balance Sheet	-
Additions during the Period	-
Amount used during the Period	-
Amount reversed during the Period	-
Closing Balance	-

**Provision For Committed Capital Expenditure**

As per last Balance Sheet	-
Additions during the period	-
Amount used during the period	-
Amount reversed during the period	-
Closing Balance	-

**Total(A+B)**
**5029061**
**358346885**
**SCHEDULE 11 - MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR TO BE ADJUSTED**

(Amount in ₹)

Particulars	As at 31st March 2010
<b>Preliminary expenses</b>	11627350
Less : Charged to P&L	11627350
Other Deferred revenue expenditure	0
Project expenses awaiting writ off sanction	0
Share Issue Expenses	0
Losses awaiting write off sanction	0
<b>Profit &amp; Loss Accounts</b>	
i) Loss for the Period	11627350
Less: Provision for losses pending investigation	0
<b>TOTAL</b>	<b>11627350</b>

**SCHEDULE 12 - SALES**

(Amount in ₹)

Particulars	As at 31st March 2010
Sale of Power	-
Less Income from generation of electricity-Pre-Commission (Transfer to Schedule 22(ii) )	-
<b>TOTAL</b>	<b>-</b>



## SCHEDULE 12A - ADVANCE AGAINST DEPRECIATION

(Amount in ₹)	
Particulars	31st March 2010
During thePeriod	-
Less: Written Back during thePeriod	-
<b>TOTAL</b>	<b>-</b>

## SCHEDULE 13 - CONTRACTS AND CONSULTANCY INCOME

Contract Income	-
Consultancy Income	-
<b>Total taken to Profit and loss account</b>	<b>-</b>

## SCHEDULE 14 - OTHER INCOME

(Amount in ₹)	
Particulars	31st March 2010
<b>i) Income from Long Term Investments</b>	
<b>a) Trade</b>	
Dividend from subsidiaries	-
Dividend -Others	-
Interest Government Securities (8.5% tax free bonds issued by the State Governments)	-
<b>b) Non-Trade</b>	
Dividend - Others	-
<b>ii) Other Income</b>	
a) Interest	
- Loan to State Government in settlement of dues from customers	-
- Indian Banks (Gross) (Tax deducted at source Rs.388483)	5119825
- Employee's Loans and Advances	-
- Interest from Beneficiary States	-
- Others	-
b) Late payment surcharge	-
c) Profit on sale of assets	-
d) Liability/ Provisions not required written back #	27947
e) Exchange rate variation	-
f) Foreign Currency Fluctuation adjustment (Credit)	-
g) Others	2080
<b>TOTAL</b>	<b>5149852</b>
Add: Share of Corporate Office/ ED Office	-
<b>TOTAL</b>	<b>5149852</b>
Less: Income transferred to EDC (Refer Schedule 22 B,22 C & 22E(i))	5149852
Less: Income transferred to contract and consultancy expenses (Refer Schedule 20)	-
<b>Total taken to Profit and loss account</b>	<b>-</b>
Detail of liability/provision not reqd written back	
a) Bad and Doubtful debts	
b) Bad and Doubtful advances/deposits	
c) Bad and Doubtful Claims	
d) Dimunition in value of stores & spares	
e) Shortage in stores and spares	
f) Provision for contingencies	
g) Provision against Dimunition in value of investments	
h) Provision for wage revision	
i) Provision for ex-gratia	
j) Provision for losses pending investigation	
k) Provision for Productivity Linked Incentive	27947
l) Other Liability/Provisions not required written back	-
m) Corporate Office/ED Region	-
<b>TOTAL</b>	<b>27947</b>

## SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Amount in ₹)	
Particulars	31st March 2010
Consumption of stores and spare parts	-
Repair and maintenance of:	
- Building	235989
- Machinery	-
- Others	103687
Rent / Hiring Charges	15000
Rates and taxes	-
Insurance	24746
Reimbursement from Self insurance reserve	-
Security expenses	-
Electricity Charges	-
Traveling and Conveyance	14432
Expenses on staff car	-
Telephone, telex and Postage	2287
Advertisement and publicity	-
Entertainment and hospitality expenses	-
Donation (Rs. 50000)	-
Printing and stationery	5954
Books and periodicals	-
Consultancy charges- Indegenious	-
Consultancy charges- Foreign	-
Expenditure on Compensatory Afforestation/ Catch. Area	-
Expenditure on Land not belonging to Corporation	-
Project expenses written off	-
Loss on sale of assets	-
Deferred revenue expenditure written off	-
Preliminary expenses written off	11627350
Survey and investigation expenses written off	-
Bad debts / advances/ claims written off	-
Stores written off	-
Fixed assets written off	-
Interest Payment on Court/Arbitration Cases	-
Capital expenditure on assets not belonging to Corporation written off	-
Other general expenses	8325
Exchange rate variation	-
Foreign Currency Fluctuation adjustment (Debit)	-
Audit expenses	44739
Director expenses	-
Research and development expenses	-
<b>TOTAL</b>	<b>12082509</b>
Less: Expenses transferred to EDC (Refer Schedule 22 B, 22 C & 22E(i))	455159
Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)	-
<b>Total taken to Profit and loss account</b>	<b>11627350</b>



**SCHEDULE 16 - EMPLOYEES REMUNERATION AND BENEFITS**

Particulars	(Amount in ₹) 31st March 2010
Salaries, wages, allowances	7149610
Gratuity, Contribution to provident fund & pension scheme (including administration fees)	1520915
Staff welfare expenses	568502
Leave Salary & Pension Contribution	-
<b>TOTAL</b>	<b>9239027</b>
Less: Employee cost transferred to EDC (Refer Schedule 22 A)	9239027
Less: Employee cost transferred to contract and consultancy expenses (Refer Schedule 20)	-
<b>Total taken to Profit and loss account</b>	<b>-</b>

**SCHEDULE 17 - DEPRECIATION**

Particulars	(Amount in ₹) 31st March 2010
Depreciation during the Period	715888
Add: Share of Corporate Office/ E.D. Office	-
<b>TOTAL</b>	<b>715888</b>
Less: Depreciation transferred to EDC (Refer Schedule 22 G and 22 J(iv))	715888
Less: Depreciation transferred to Contract & Consultancy (Refer Schedule 20)	-
<b>Total Taken to Profit And Loss Account</b>	<b>-</b>

**SCHEDULE 18 - INTEREST AND FINANCE CHARGES**

Particulars	(Amount in ₹) 31st March 2010
Interest on :	
a) Government of India loan	-
b) Bonds	-
c) Foreign loan	-
d) Term loan	-
e) Cash credit facilities /WCDL	-
f) Other interest charges	-
f) Exchange Differences regarded as adjustment to interest cost	-
Loss on Hedging Transactions	-
Bond issue/ service expenses	-
Share Issue Expenses Written Off	-
Rebate to customers	-
Commitment fee	-
Guarantee fee on loan	-
Royalty	-
Interest to Beneficiaries	-
Bank charges	2457
Other finance charges	-
<b>TOTAL</b>	<b>2457</b>
Less: Expenses capitalised by transfer to EDC (Refer Schedule 22 D and 22 J(v))	2457
Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)	-
<b>Total taken to Profit and loss account</b>	<b>-</b>

**SCHEDULE 19 – PROVISIONS**

Particulars	(Amount in ₹) 31st March 2010
Bad and doubtful debts provided	-
Bad and doubtful advances / deposits provided	-
Bad and doubtful claims provided	-
Diminution in value of stores and spares	-
Shortage in store & spares provided	-
Provision for contingencies	-
Provision against diminution in the value of investment	-
Project expenses provided for	-
Loss on Fixed Assets/ Stores provided for	-
Provision for CAT Plan / Environment Expenses	-
Provision for other expenses	-
<b>TOTAL</b>	<b>-</b>
Less: Provisions transferred to EDC (Refer Schedule 22 F and 22 J(vi))	-
Less: Provisions transferred to contract and consultancy expenses (Refer Schedule 20)	-
<b>Total taken to Profit and loss account</b>	<b>-</b>

**SCHEDULE 20 - CONTRACT AND CONSULTANCY EXPENSES**

Particulars	(Amount in ₹) 31st March 2010
i) <b>Direct Expenses</b>	-
ii) <b>Employees' Remuneration and benefits</b>	-
- Salaries, wages, allowances and benefits	-
- Gratuity, contribution to provident fund & pension scheme	-
- Staff welfare expenses	-
iii) <b>Repairs and Maintenance</b>	-
- Buildings	-
- Machinery and construction equipments	-
- Others	-
iv) <b>Administration and Other Expenses</b>	-
- Rent/ Hiring Charges	-
- Traveling and conveyance	-
- Expenses on staff cars and inspection vehicles	-
- Insurance	-
- Telephone, telex, and postage	-
- Advertisement and publicity	-
- Printing and stationery	-
- Remuneration to auditors	-
- Other expenses	-
- Rates and taxes	-
- Security	-
- Electricity	-
- Contingencies	-
- Consultancy charges	-
- ERV	-
v) <b>Depreciation</b>	-
vi) <b>Interest and finance charges</b>	-
vii) <b>Loss on construction contracts</b>	-
viii) <b>Provisions</b>	-
ix) <b>Work-in-Progress</b>	-
- Construction contract	-
- Consultancy contract	-
x) <b>Corporate / Regional office expenses:</b>	-
a) Other income	-
b) Generation, administration and other expenses	-
c) Employee remuneration and benefits	-
d) Depreciation	-
e) Interest and finance charges	-
f) Provisions	-
g) Prior period adjustment (Net)	-
<b>Total Expenditure</b>	-
xi) Less: Receipts and recoveries	-
<b>Net expenditure during the year</b>	-
xii) Prior period adjustments	-
<b>Total taken to Profit and loss account</b>	<b>-</b>



## SCHEDULE 21 - PRIOR PERIOD ADJUSTMENT (NET)

Particulars	31st March 2010
<b>Income</b>	
Sale of Electricity	-
Interest/Surcharge received from debtors	-
Advance Against Depreciation Written Back	-
Others	-
<b>Expenditure</b>	
Salaries and Wages	-
Repair and Maintenance	-
Interest	-
Others	-
Depreciation	-
<b>TOTAL</b>	
Add: Share of Corporate Office/ E.D. Office	-
<b>TOTAL</b>	
Less: Expenses transferred to EDC {Refer Schedule 22 H and 22 J(vii)}	-
Prior period expenses	-
Less Prior period income	-
<b>TOTAL</b>	
Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)	-
<b>Total taken to Profit and loss account</b>	

## SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION DURING THE PERIOD

Particulars	31st March 2010
<b>A. EMPLOYEES REMUNERATION AND BENEFITS</b>	
i) Salaries, wages, allowances	7149610
ii) Gratuity and contribution to provident fund (including administration fees)	1520915
iii) Staff welfare expenses	568502
iv) Leave Salary & Pension Contribution	-
<b>Sub-total</b>	<b>9239027</b>
<b>B. REPAIRS AND MAINTENANCE</b>	
i) Building	235989
ii) Machinery	-
iii) Others	103687
<b>Sub-total</b>	<b>339676</b>
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>	
i) Rent / Hiring Charges	15000
ii) Rates and taxes	-
iii) Insurance	24746
iv) Security expenses	-
v) Electricity charges	-
vi) Traveling and conveyance	14432
vii) Expenses on staff car	-
viii) Telephone, telex and postage	2287
ix) Advertisement and publicity	-
x) Entertainment and hospitality expenses	-
xi) Printing and stationery	5954
xii) Remuneration to auditors	44739
xiii) Design and Consultancy charges:	
- Indigenous	-
- Foreign	-

xiv) Expenditure on compensatory afforestation / catchment area treatment/ environment expenses	-
xv) Expenditure on land not belonging to corporation	-
xvi) Land acquisition and rehabilitation	-
xvii) Loss on assets/ materials written off	-
xviii) Losses on sale of assets	-
xix) Other general expenses	8325
<b>Sub-total</b>	<b>115483</b>

### D. INTEREST AND FINANCE CHARGES

i) Interest on :	
a) Government of India loan	-
b) Bonds	-
c) Foreign loan	-
d) Term loan	-
e) Cash credit facilities /WCDL	-
ii) Exchange differences regarded as adjustment to interest cost	-
iii) Loss on Hedging Transactions	-
iv) Bond issue/ service expenses	-
v) Commitment fee	-
vi) Guarantee fee on loan	-
vii) Other finance charges	2457
<b>Sub-total</b>	<b>2457</b>

### E. EXCHANGE RATE VARIATION (NET)

i) Exchange rate variation (Debit balance)	-
ii) Less : Exchange rate variation (Credit balance)	-
<b>Sub-total</b>	-

### F. PROVISIONS

<b>Sub-total</b>	-
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### G. DEPRECIATION

	715888
<b>Sub-total</b>	<b>715888</b>

### H. PRIOR PERIOD EXPENSES (NET)

i) Prior period expenses	-
ii) Less: Prior period income	-
<b>Sub-total</b>	-

### I. LESS : RECEIPTS AND RECOVERIES

i) Income from generation of electricity -precommissioning	-
ii) Interest on loans and advances	-5119825
iii) Miscellaneous receipts	-2080
iv) Profit on sale of assets	-
v) Liability/ Provisions not required written back	-27947
vi) Hire charges/ outturn of plant and machinery	-
<b>Sub-total</b>	<b>-5149852</b>

### J. ADD: CORPORATE OFFICE/ ED OFFICE MANAGEMENT EXPENSES

i) Other income	0
ii) Generation, administration and other expenses	0
iii) Employee remuneration and benefits	0
iv) Depreciation	0
v) Interest and finance charges	0
vi) Provisions	0
vii) Prior period adjustment (Net)	0
<b>Sub-total</b>	-
<b>TOTAL (A+B+C+D+E+F+G+H-I+J)</b>	<b>5262679</b>

### Accounting Policies Notes to the Accounts

Schedule 1 to 24 form integral part of accounts  
In terms of our report of even date attached



## SCHEDULE 23 - SIGNIFICANT ACCOUNTING POLICIES

### 1. ACCOUNTING CONVENTIONS

The accounts of the Corporation are prepared under the historical cost convention using the accrual method of accounting.

### 2. FIXED ASSETS

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets.
- 2.3 Capital Expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.
- 2.4 Payments made provisionally towards compensation and other expenses relatable to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuates or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified/Right of use, to be amortised over a period of 30 years from the date of commercial operation of the project.
- 2.6 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realisable value.

### 3. MACHINERY SPARES

- 3.1 (a) Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with mother plant, these are capitalized & depreciated along with mother plant.
- (b) WDV of spares is charged off to Profit & Loss Account in the year in which such spares are replaced in place of retrieved spares, provided the spares so retrieved do not have any useful life. Similarly value of such spares, procured & replaced in place of retrieved spares, is charged off to Profit & Loss Account in that year itself, provided spares so retrieved do not have any useful life.
- (c) When the useful life of the related fixed asset expires and asset is retired from active use, such spares are valued at net book value or net realizable value whichever ever is lower. However, in case retired assets are not replaced, WDV of related spares less disposable value is written off.
- 3.2 Other spares are treated as "stores & spares" forming part of the inventory and expensed when issued.

### 4. CAPITAL WORK IN PROGRESS

- 4.1 Projects under commissioning and other capital work-in-progress are carried at cost. Administration & General overhead expenses attributable to construction of fixed assets are identified and allocated on systematic basis on major immovable assets other than land and infrastructural facilities, on commissioning of the project.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to 'Expenditure During Construction (EDC)'.
- 4.3 Expenditure in relation to Survey and Investigation of the projects is carried as capital work in progress. Such expenditure is either capitalized as cost of Project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

### 5. DEPRECIATION & AMORTISATION

- 5.1 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 5.2 Depreciation is charged on straight-line method to the extent of 90% of the Cost of Asset following the rates notified by the Central Electricity Regulatory Commission (CERC). However, Construction Plant &

Machinery and Computers & Peripherals are being depreciated @11.25% and @30% respectively, being the rate assessed by the Corporation based on useful life of the respective Assets. However, temporary erections such as buildings etc. are depreciated fully (i.e. 100%) in the year of acquisition/ capitalization itself.

- 5.3 Assets valuing Rs 5000/- or less but more than Rs. 750/- and such items (excluding immovable assets) with written down value of Rs 5000/- or less at the beginning of the year are fully depreciated during the year with Re. 1 as a balance value.
- 5.4 Low value items, which are in the nature of assets (excluding immovable assets) and valuing upto Rs750/- are not capitalized and charged off to revenue.
- 5.5 Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.
- 5.6 Leasehold Land is amortized over the period of lease or 30 years whichever is lower.
- 5.7 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land or at the applicable depreciation rates of such assets, which ever is higher.
- 5.8 Capital Expenditure referred to in Policy 2.3 is amortised over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.
- 5.9 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.

### 6. INVESTMENTS

Investments are intended for long term and carried at cost. Provision for diminution, other than temporary, in the value of such investment is provided.

### 7. INVENTORIES

- 7.1 Stores & Spares are valued at cost, determined on weighted average basis, or net realizable value whichever is lower.
- 7.2 Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts.
- 7.3 Loose tools issued during the year are charged to consumption account where cost of individual items is Rs. 5,000/- or less and in other cases written off in 5 yearly equated installments.
- 7.4 Stores issued for operation and maintenance at Power Stations but lying unused at site at the year-end are evaluated at engineering estimates and taken as stores.

### 8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
- 8.2 Exchange differences are recognised as income & expenses in the period in which they arise in Profit & Loss Account in case of operational stations and to EDC in case of projects under construction. However, Exchange Differences in respect of liabilities relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to 01/04/2004 are adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress.

### 9. EMPLOYEE BENEFITS

- 9.1 Provision for Post employment benefit as defined in Accounting Standard 15 (2005) on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Leave Travel concession, Leave Encashment & Baggage Allowance admissible on superannuation is made in the books on the basis of actuarial valuation made at the year end.
- 9.3 Expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.

### 10. REVENUE

- 10.1 (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the



appropriate authority. Recovery/refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.

- (b) Incentives/Disincentives are recognised as per tariff notifications. In case of Power Station where tariffs have not been notified, incentives are recognized provisionally on assessment of the likelihood of acceptance of the same.
- (c) Adjustments arising out of finalisation of global accounts, though not material, are effected in the year of respective finalisation.
- (d) Advance against depreciation given as a component of tariff in the initial years to facilitate repayment of loans is reduced from Sales and considered as deferred income to be included in Sales in subsequent years.

10.2 In respect of Project Management/Consultancy Contracts/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.

10.3 Interest on investments is accounted for on accrual basis.

10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

## 11. SELF INSURANCE

0.5% p.a. of Gross Block of Power Stations as on the date of Balance Sheet is transferred to 'Self Insurance Reserve' on year to year basis through Profit & Loss Appropriation Account, to be utilized for losses of Assets for specified contingencies.

## SCHEDULE - 24: NOTES TO THE ACCOUNTS

(Annexed to and forming part of the accounts for the period ended 31<sup>ST</sup> March, 2010.)

1. a) Contingent Liabilities as on 31.03.2010

(₹ in Crores)

Description	Closing Balance 31.03.2010
Claims against the Company not acknowledged as debts in respect of-Capital works-Land Compensation cases-Others	Nil
Disputed Income tax demand	Nil
Disputed Excise demand	Nil
Disputed Sales Tax demand	Nil
Others Nil	
Total Nil	

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is a possibility of reimbursement of Rs. Nil towards above contingent Liabilities.
2. In terms of MOU with Govt. of Manipur and NHPC Ltd. (Corporation), the Loktak Downstream HE Project of the Corporation with all its Fixed Assets, CWIP, Construction Stores and Advances, Current Assets ( Including Cash & Bank Balance) and Current Liabilities as on 22nd October, 2009 was converted into a Joint Venture Company ( a Subsidiary of the Corporation) under the name and style of Loktak Downstream Hydroelectric Corporation Limited, on its Incorporation on 23rd October, 2009 on a going concern basis. The gross value of assets and liabilities of Loktak Downstream Hydroelectric Corporation Project of the corporation till 22<sup>nd</sup> October, 2009 have been incorporated by the company as Gross value of assets transferred to it by the corporation as on 23<sup>rd</sup> October, 2009. Also the gross value of depreciation, wherever applicable, has been shown as gross value of depreciation upto 22.10.2009 transferred by NHPC Ltd. to the company.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil.

## 12. MISCELLANEOUS

- 12.1. Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 12.2. Power supplied from Power Stations to Projects under construction is charged as per normal tariff.
- 12.3 Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.
- 12.4 Insurance claims are accounted for based on certainty of realization.

## 13. BORROWING' COST

Borrowing costs attributable to the Fixed Assets during construction/renovation & modernisation are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## 14. TAXES ON INCOME

Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited/debited to the extent tax expense is chargeable from the Beneficiaries in future years on actual payment basis.

4. a) Central Electricity Regulatory Commission (CERC) has notified by Regulations the terms and conditions for determination of tariff applicable with effect from 1st April 2009 for a period of five years vide notification dated 19.01.2009.

The rate of depreciation as notified by CERC are to be used for the purpose of tariff as well as accounting in terms of Sub Para (c) of Para 5.3 of resolution No. 23/2/2005-R&R (Vol.III) dated 6th January 2006, vide which Govt notified the tariff policy.

5. (a) Balances shown under advance for Capital Expenditure, Advances to Contractors, Sundry Creditors and Deposits/Earnest money from contractors are subject to reconciliation/ confirmation and respective consequential adjustments.
- (b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
6. Pending implementation of wage revision of Employees w.e.f 01.01.2007, a further provision of Rs. 0.018 Crore has been made in the books during period ended 31.03.2010 on reasonable estimate basis.
7. a) The effect of foreign exchange fluctuation during the Period is as under:

(₹ in Crore)

	For the Period ended 31.03.2010
(i) Amount charged to Profit and Loss Account excluding depreciation (as FERV)	NIL
(ii) Amount charged to Expenditure During Construction (as FERV)	NIL
(iii) Amount charged to Capital work-in-progress (as FERV)	NIL
(iv) Amount adjusted by addition to carrying amount of fixed assets	NIL

- b) The amount of borrowing cost capitalized by transfer to 'Expenditure during Construction (EDC)' during Period is Rs. NIL Crore (Previous Year Rs. NIL Crore).



8. The Company's does not have any leasing arrangements in respect of operating leases of premises for residential use of employees, offices, guesthouses & transit camps.

9.

(₹ in Crore)

	For the Period ended 31.03.2010
a)* Value of imports calculated on CIF basis:	
i) Capital Goods	
ii) Spare parts	NIL
b)* Expenditure in Foreign Currency	
i) Know - How	
ii) Interest	
iii) Other Misc. Matters	NIL
c)* Value of spare parts and Components consumed in operating units.	
i) Imported	
ii) Indigenous	NIL
d)** Earnings in foreign currency	
i) Interest	
ii) Others	NIL

\* Accrual basis.

\*\* Cash basis.

10. Disclosure as required under Section 22 of The Micro, Small and Medium Enterprises and Development Act, 2006 is as follows:-

Principal amount remaining unpaid to Micro, small & Medium enterprise.	Nil
Interest accrued & remaining unpaid to Micro, small & Medium enterprise for the year.	Nil
Amount of Interest paid during the quarter along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/rendering of services.	Nil
Amount of interest carried forward from last accounting year with interest for the year on such interest.	Nil

11. The break up of Auditors remuneration is as follows:

Sr. No.	Particulars	Amount in Rs.
1.	Audit fees(including Service Tax)	11,030
2.	Out of Pocket Expenses being TA/DA	33,709
	Total	44,739

12. The company was incorporated on 23<sup>rd</sup> October, 2009 and this being the first year of the company provisions relating to disclosure of previous year's figure are not applicable.

**(S.K. GARG)**  
Chairman  
LDHCL

**(D.K.RAY)**  
Chief Executive Officer  
LDHCL

**(VIJAY KUMAR)**  
DIRECTOR  
LDHCL

**(VIPAN JAIN)**  
Company Secretary  
LDHCL

Place : NEW DELHI  
Dated : 17/05/2010



### AUDITORS' REPORT TO THE BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP (NHPC LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES)

1. We have audited the attached Consolidated Balance Sheet of **NHPC LIMITED** (The Company), its Subsidiaries Companies and its Joint Ventures as at 31<sup>st</sup> March 2010, and also the Consolidated Profit & Loss Account, Consolidated Statement of Expenditure incurred during Construction and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company which have been audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

(₹ in Crore)

Name	Total Assets	Total Revenue	Net Cash Flows
<b>Subsidiary</b>			
NHDC Ltd.	7446.37	1005.93	324.54
Loktak Downstream Hydroelectric Power Corporation Ltd.	94.67	-	60.05
<b>Joint Ventures</b>			
National High Power Test Laboratory (P) Ltd.	2.96	0.08	-0.16
National Power Exchange Ltd.	5.19	0.20	-0.06

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' notified by the Institute of Chartered Accountants of India.
5. We report that on the basis of our audit, the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of NHPC Group, we are of the opinion that the said consolidated financial statements read with the Notes and the Significant Accounting Policies give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2010,
  - b) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the period ended on that date,
  - c) In the case of the Consolidated Statement of Expenditure incurred during the Construction, of the expenditure incurred up to the period ended on reporting date, and
  - d) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

For **GSA & Associates**  
Chartered Accountants  
FRN 000257N

**(SUNIL AGGARWAL)**  
PARTNER  
Membership No: 83899

PLACE : New Delhi  
DATE : 25.05.2010



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

(₹ in crore)

SCHEDULE		31st March 2010		31st March 2009	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i) Share Capital	1	12300.74		11182.49	
ii) Reserves and Surplus	2	<u>12806.49</u>	25107.23	<u>8585.26</u>	19767.75
B. MINORITY INTEREST					
			1589.53		1494.44
C. LOAN FUNDS					
i) Secured Loans	3	13436.48		10723.45	
ii) Unsecured Loans	4	<u>2915.04</u>	16351.52	<u>4207.52</u>	14930.97
D. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION					
			1539.82		1424.52
E. DEFERRED TAX LIABILITY (NET)					
Deferred tax liabilities		3161.00		2983.53	
Less: Deferred tax recoverable		<u>2908.90</u>	<u>252.10</u>	<u>2983.53</u>	-
TOTAL			<u>44840.20</u>		<u>37617.68</u>
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i) Fixed Assets	5				
a) Gross Block		28011.70		28146.92	
Less: Depreciation		<u>5710.08</u>		<u>4314.59</u>	
b) Net Block		22301.62		23832.33	
ii) Capital Work In Progress	6	12839.04		9408.06	
iii) Construction Stores and Advances	7	<u>1222.93</u>	36363.59	<u>1096.98</u>	34337.37
B. INVESTMENTS					
	8		3345.52		1790.35
C. CURRENT ASSETS, LOANS AND ADVANCES					
i) Interest accrued on investments		182.65		81.01	
ii) Inventories		48.34		41.52	
iii) Contract Work-in-Progress		26.84		19.55	
iv) Sundry Debtors		1533.77		763.65	
v) Cash and Bank Balances		6189.53		2606.86	
vi) Other Current Assets		589.73		430.28	
vii) Loans and Advances		<u>1294.94</u>	9865.80	<u>1713.65</u>	5656.52
Less: CURRENT LIABILITIES AND PROVISIONS					
i) Liabilities	10	2246.98		2256.00	
ii) Provisions		<u>2487.73</u>	<u>4734.71</u>	<u>1912.93</u>	<u>4168.93</u>
NET CURRENT ASSETS			5131.09		1487.59
D. MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	11		-		2.37
TOTAL			<u>44840.20</u>		<u>37617.68</u>
ACCOUNTING POLICIES		23			
NOTES TO THE ACCOUNTS		24			

Schedule 1 to 24 form integral part of the Accounts

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

**For GSA & ASSOCIATES**  
 Chartered Accountants  
 FRN-000257N

**(SUNIL AGGARWAL)**  
 Partner  
 M.NO 83899

**VIJAY GUPTA**  
 Company Secretary

**A.B.L. SRIVASTAVA**  
 Director (Finance)  
 DIN 01601682

**S.K. GARG**  
 Chairman & Managing Director  
 DIN 00055651

Place : New Delhi

Dated : 25.5.2010



# Annual Report 2009-10

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(₹ in crore)

		SCHEDULE	31st March 2010		31st March 2009	
INCOME						
i)	Sales	12	5229.56		3533.49	
	Less: Advance against depreciation	12A	<u>115.30</u>	5114.26	<u>105.72</u>	3427.77
ii)	Revenue from Contract, Project Management and Consultancy Works	13		113.06		48.93
iii)	Other Income	14		<u>647.30</u>		<u>595.34</u>
TOTAL INCOME				<u>5874.62</u>		<u>4072.04</u>
EXPENDITURE						
i)	Generation, Administration and other Expenses	15		357.59		369.08
ii)	Employees' Remuneration and Benefits	16		576.26		538.97
iii)	Depreciation	17		1282.73		644.07
iv)	Interest and Finance charges	18		739.37		776.01
v)	Provisions	19		80.98		190.98
vi)	Expenditure on Contract, Project Management and Consultancy Works	20		<u>82.39</u>		<u>61.16</u>
TOTAL EXPENDITURE				<u>3119.32</u>		<u>2580.27</u>
Profit before Tax and Prior Period Adjustments				<u>2755.30</u>		<u>1491.77</u>
	Prior Period Adjustments (net)	21		1.13		5.52
PROFIT BEFORE TAX				<u>2754.17</u>		<u>1486.25</u>
Provision for Taxation						
i)	Current Tax		452.83		161.85	
ii)	Fringe Benefit Tax		-		10.19	
iii)	Adjustments relating to earlier years		(105.38)		(16.88)	
iv)	Deferred Tax		209.66		554.32	
	Less: Deferred tax recoverable adjustment		<u>80.50</u>	<u>129.16</u>	<u>554.32</u>	<u>-</u>
PROFIT AFTER TAX (Before adjustment of Minority Interest)				<u>2277.56</u>		<u>1331.09</u>
Share of Profit/ (Loss) transferred to Minority Interest				102.00		146.20
PROFIT AFTER TAX (After adjustment of Minority Interest)				<u>2175.56</u>		<u>1184.89</u>
Balance brought forward				2452.49		1748.54
Add:						
i)	Amount written back from Bond Redemption Reserve			14.25		14.25
ii)	Amount written back from Self Insurance Reserve			-		0.06
iii)	Tax on Dividend - write back			<u>3.98</u>		<u>8.57</u>
BALANCE AVAILABLE FOR APPROPRIATION				<u>4646.28</u>		<u>2956.31</u>
i)	Transfer to Bond Redemption Reserve			100.00		-
ii)	Transfer to Self Insurance Fund			50.09		115.79
iii)	Dividend :					
	- Interim			-		125.00
	- Proposed			676.54		200.00
iv)	Tax on Dividend :					
	- Interim			-		21.24
	- Proposed			<u>115.89</u>		<u>41.79</u>
BALANCE CARRIED TO BALANCE SHEET				<u>3703.76</u>		<u>2452.49</u>
Earning per share (Equity shares, face value of Rs. 10/- each)						
Basic				1.84		1.06
Diluted				1.84		1.06

Schedule 1 to 24 form an integral part of the Accounts

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For GSA & ASSOCIATES

Chartered Accountants  
FRN-000257N

(SUNIL AGGARWAL)

Partner  
M.NO 83899

VIJAY GUPTA

Company Secretary

A.B.L. SRIVASTAVA

Director (Finance)  
DIN 01601682

S.K. GARG

Chairman & Managing Director  
DIN 00055651

Place : New Delhi

Dated : 25.5.2010



## SCHEDULE 1 - SHARE CAPITAL

(₹ in crore)

	Opening Balance as at 01.04.09	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.10
<b>AUTHORISED:</b> 15,000,000,000 Equity Shares of Rs.10/- each (Previous Year 15,000,000,000 Equity Shares of Rs.10/- each)	15,000.00	-	-	15,000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b> 12,300,742,773 Equity Shares of Rs.10/- each fully paid-up (Previous Year 11,182,493,430 Equity Shares of Rs.10/- each) fully paid-up (Out of above, 62,952,960 Shares of Rs.10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	11,182.49	1,118.25	-	12,300.74
<b>Total</b>	<b>11,182.49</b>	<b>1,118.25</b>	<b>-</b>	<b>12,300.74</b>

## SCHEDULE 2 - RESERVE AND SURPLUS

(₹ in crore)

	31st MARCH 2010				31st MARCH 2009			
	Opening Balance as at 01.04.2009	Addition	Adjustment/ Deduction	Closing Balance as at 31.03.2010	Opening Balance as on 01.04.2008	Addition	Deduction	Closing Balance as on 31.03.2009
Capital Reserve on Consolidation	3.54	-	-	3.54	3.54	-	-	3.54
Capital Grant - From GoMP, NVDA for Indira Sagar, Sardar Sarovar Project and Omkareswar	1237.57	22.18	56.80	1,202.95	1,206.19	57.68	26.30	1,237.57
Bond Redemption Reserve	128.25	100.00	14.25	214.00	142.50	-	14.25	128.25
Share Premium	-	2,907.45	38.71*	2,868.74	-	-	-	-
General Reserve	4120.06	-	-	4,120.06	4,120.06	-	-	4,120.06
Surplus as per Profit & Loss Account	2448.95	2193.79	942.52	3,700.22	1,745.00	1,207.77	503.82	2,448.95
Self Insurance Fund	646.89	50.09	-	696.98	531.17	115.78	0.06	646.89
<b>Total</b>	<b>8585.26</b>	<b>5273.51</b>	<b>1052.28</b>	<b>12806.49</b>	<b>7,748.46</b>	<b>1,381.23</b>	<b>544.43</b>	<b>8,585.26</b>

\* Adjustment of Share Issue Expenses as per the provisions of Section 78 of Companies Act, 1956

## SCHEDULE 3 - LOAN FUND - SECURED

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. BONDS</b>		
Bonds/ Debentures	2456.00	513.00
<b>B. TERM LOANS</b>		
Term Loan from Banks /FIs- Indian Currency	10980.48	10210.45
<b>TOTAL (Refer Appendix)</b>	<b>13436.48</b>	<b>10723.45</b>



APPENDIX TO SCHEDULE 3

LOAN FUND - SECURED (Contd.)

	(₹ in crore)	
	31st March 2010	31st March 2009
<b>(A) BONDS (Non-convertible and Non-cumulative)</b>		
<b>BONDS-O SERIES *2</b> (7.7% 15 Year Bonds of Rs.100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Yearly redemption of ₹ 57 Crore w.e.f. 31.03.09 to 31.03.18) (Due for redemption within one year ₹ 57 Crore)	456.00	513.00
<b>BONDS-P SERIES *5 , 7 &amp; 10</b> (9.00% 15 Year Secured Redeemable Non-Convertible Bonds of Rs.10,00,000/- each ) (Yearly redemption of Rs. 200 crore w.e.f. 01.02.16 to 01.02.25) (Due for redemption within one year ₹ Nil)	2,000.00	-
<b>TOTAL BONDS (A)</b>	<b>2,456.00</b>	<b>513.00</b>
<b>(B) TERM LOANS</b>		
<b>CANARA BANK *1</b> (Due for repayment within one year ₹ 17 crore) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)	51.00	68.00
<b>INDIAN OVERSEAS BANK *1</b> (Due for repayment within one year ₹ 12.50 crore) (Repayable in 4 equal yearly instalments w.e.f. 06.12.08)	25.00	37.50
<b>STATE BANK OF PATIALA *1</b> (Due for repayment within one year ₹ 4 crore) (Repayable in 20 half yearly instalments w.e.f. 09.07.07)	28.00	32.00
<b>BANK OF INDIA *3</b> (Due for repayment within one year ₹ 10 crore) (Repayable in 10 years in 40 equal quarterly instalments w.e.f. 24.12.06)	65.00	75.00
<b>CENTRAL BANK OF INDIA *3</b> (Due for repayment within one year ₹ 10 crore) (Repayment in 20 half yearly instalments of ₹ 5 crore w.e.f. 02.05.04)	40.00	50.00
<b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3</b> (Due for repayment within one year ₹ 14.28 crore) (Repayable in 14 equal half yearly instalments w.e.f. 13.02.07)	50.00	64.29
<b>PUNJAB &amp; SIND BANK *3</b> (Due for repayment within one year ₹ 10 crore) (Repayable in 40 quarterly instalments in 10 years w.e.f. 24.10.06)	65.00	75.00
<b>PUNJAB NATIONAL BANK *3</b> (Due for repayment within one year ₹ 15 crore) (Repayment in 10 years in 20 half yearly instalments w.e.f. 26.10.04)	67.50	82.50
<b>STATE BANK OF PATIALA *3</b> (Due for repayment within one year ₹ 7.14 crore) (Repayment in 14 half yearly instalments w.e.f. 30.01.07)	25.00	32.14
<b>STATE BANK OF HYDERABAD *3</b> (Due for repayment within one year ₹ 7.14 crore) (Repayment in 14 half yearly instalments in 7 years w.e.f. 07.01.07)	25.00	32.14
<b>STATE BANK OF INDIA *3</b> (Due for repayment within one year ₹ 21.43 crore) (Repayment in 14 half yearly instalments w.e.f. 18.09.06)	64.29	85.71



## APPENDIX TO SCHEDULE 3

(₹ in crore)

	31st March 2010	31st March 2009
<b>CANARA BANK *4</b> (Due for repayment within one year ₹ 10 crore) (Repayable in 4 equal yearly instalments w.e.f. 28.06.09)	30.00	40.00
<b>LIFE INSURANCE CORPORATION OF INDIA *5 &amp; 7</b> (Due for repayment within one year ₹ 208.33 crore) (Repayable in 24 half yearly instalments in 12 years w.e.f. 15.04.09)	2,291.67	2,500.00
<b>CANARA BANK *2</b> (Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 09.11.07)	140.00	160.00
<b>SYNDICATE BANK *2</b> (Due for repayment within one year ₹ 18.30 crore) (Repayable in 10 equal yearly instalments w.e.f. 23.02.08)	128.10	146.40
<b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 31.03.08)	140.00	160.00
<b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year ₹ Nil) (Repayable in 10 equal yearly instalments w.e.f. 27.12.11)	100.00	100.00
<b>LIFE INSURANCE CORPORATION OF INDIA *6</b> (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 30.04.12)	1,896.00	1,896.00
<b>INDIAN BANK *1</b> (Due for repayment within one year ₹ Nil) (Repayable in 3 equal installments w.e.f. 28.02.12)	100.00	100.00
<b>POWER FINANCE CORPORATION LIMITED *8</b> (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	501.00	296.00
<b>POWER FINANCE CORPORATION LIMITED *8</b> (Due for repayment within one year ₹ 18.60 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.10.08)	158.10	176.70
<b>POWER FINANCE CORPORATION LIMITED *8</b> (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	70.00	70.00
<b>POWER FINANCE CORPORATION LIMITED *2 &amp; 3</b> (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.07.11)	912.00	507.00
<b>POWER FINANCE CORPORATION LIMITED *1</b> (Due for repayment within one year ₹ 41.30 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.07.09)	382.02	413.00
<b>POWER FINANCE CORPORATION LIMITED *1</b> (Due for repayment within one year ₹ 50 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.01.10)	487.50	500.00
<b>INDIAN BANK *4 &amp; 9</b> (Due for repayment within one year ₹ Nil) (Bullet Repayment after 5th year w.e.f. 29.09.14)	55.00	-
<b>UCO BANK *8</b> (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 31.12.12)	600.00	-



### APPENDIX TO SCHEDULE 3

(₹ in crore)

	31st March 2010	31st March 2009
<b>CENTRAL BANK OF INDIA *11</b> (Due for repayment within one year ₹ 31.20 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	280.80	
<b>DENA BANK *11</b> (Due for repayment within one year ₹ 26.42 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	237.77	
<b>DENA BANK *11</b> (Due for repayment within one year ₹ 22.50 crore) (Repayable in 20 half yearly equal installments commencing from 31.03.10)	186.67	
<b>HDFC BANK LIMITED *11</b> (Due for repayment within one year ₹ 37.26 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	335.29	
<b>HDFC BANK LIMITED *11</b> (Due for repayment within one year ₹ 19.79 crore) (Repayable in 20 half yearly equal installments commencing from 31.03.10)	188.02	
<b>UNITED BANK OF INDIA *11</b> (Due for repayment within one year ₹ 6.50 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	58.50	
<b>PUNJAB AND SINDH BANK *11</b>		41.67
<b>SIDBI *11</b>		83.34
<b>UNION BANK OF INDIA *11</b>		83.33
<b>PUNJAB NATIONAL BANK *11</b>		229.17
<b>INDIAN OVERSEAS BANK *11</b> (Due for repayment within one year ₹ 4.17 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	37.50	41.67
<b>BANK OF BARODA *11</b> (Due for repayment within one year ₹ 1.25 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	11.25	12.50
<b>POWER FINANCE CORPORATION LTD. *12</b> (Due for repayment within one year ₹ 135.00 crore) (Repayable in 20 half yearly equal installments commencing from 15.01.09)	1,147.50	1,282.50
<b>CENTRAL BANK OF INDIA</b>	-	48.00
<b>DENA BANK</b>	-	83.33
<b>THE JAMMU AND KASHMIR BANK LTD.</b>	-	10.12
<b>ORIENTAL BANK OF COMMERCE</b>	-	500.00
<b>SYNDICATE BANK</b>	-	7.65
<b>UNITED BANK OF INDIA</b>	-	83.33
<b>ORIENTAL BANK OF COMMERCE</b> Interest accrued and due	-	4.46
<b>TOTAL SECURED LOANS (B)</b>	<b>10,980.48</b>	<b>10,210.45</b>
<b>Grand Total (A+B)</b>	<b>13,436.48</b>	<b>10,723.45</b>



**Note :-**

1. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the state of Himachal Pradesh except for Book Debts and Stores.
2. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
3. Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets of Corporation's Chamera-II Power Station situated in the state of Himachal Pradesh except book debts & stores.
4. Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak Power Station situated in the state of Manipur except for book debts and stores.
5. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
6. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E. Project situated in the state of Arunachal Pradesh & equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal & Teesta-V Power Station situated in the state of Sikkim.
7. Secured by a first pari-passu mortgage and charge over all the immovable and moveable assets of the Company's Dhauliganga Power Station situated in the state of Uttarakhand except for book debts & stores.
8. Secured by way of first charge by way of hypothecation on whole of the Corporation's movable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
9. Secured by exclusive charge by way of equitable mortgage against the assets of Company's Bairasiul Power Station situated in the state of Himachal Pradesh except for book debts and stores.
10. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Chamera-III HE Project situated in the state of Himachal Pradesh.
11. The Long Term Loans are secured by first pari-passu charge in favour of the lenders by way of mortgage by deposit of title deeds on the Immovable property / fixed assets and also by first pari-passu charge on all present and future moveable, fixed and current assets of the company in respect of the Indira Sagar Power Station for the respective portion of outstanding long term loan.
12. The Long Term Loans are secured by first pari-passu charge in favour of the lenders by way of mortgage by deposit of title deeds on the Immovable property / fixed assets and also by first pari-passu charge on all present and future moveable, fixed and current assets of the company in respect of the Omkareshwar Power Station for the respective portion of outstanding long term loan.

**SCHEDULE 4 - LOAN FUNDS - UNSECURED**

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. TERM LOANS</b>		
Term Loan From Banks/FIs - Foreign Currency Guaranteed by Government of India	2,696.04	3,187.65
<b>B. LOANS FROM GOVERNMENT OF INDIA</b>		
Loans From Governments	219.00	34.00
<b>C. SHORT TERM LOANS</b>		
Short Term Loans From Banks /FIs - Indian Currency	-	985.97
<b>Total (Refer Appendix)</b>	<b>2,915.04</b>	<b>4,207.52</b>



APPENDIX TO SCHEDULE 4

LOAN FUND - SECURED (Contd.)

(₹ in crore)

	31st March 2010		31st March 2009	
<b>(A) TERM LOAN FROM BANKS/FIs - FOREIGN CURRENCY</b>				
<b>Guaranteed by Government of India</b>				
<b>Nordic Investment Bank</b>	22.96		51.84	
(Due for repayment within one year ₹ 22.96 crore)				
<b>Credit Commercial DE France</b>	51.83		173.53	
(Due for repayment within one year ₹ 51.83 crore)				
<b>Export Development Canada</b>	334.59		363.24	
(Due for repayment within one year ₹ 62.52 crore)				
<b>Japan Bank of International Cooperation Tranche-I</b>	190.15		217.08	
(Due for repayment within one year ₹ 11.88 crore)				
<b>Japan Bank of International Cooperation Tranche-II</b>	701.77		795.94	
(Due for repayment within one year ₹ 38.99 crore)				
<b>Japan Bank of International Cooperation Tranche-III</b>	590.36		625.68	
(Due for repayment within one year ₹ Nil)				
<b>Deutsche Bank &amp; Others</b>	804.38	2,696.04	960.34	3,187.65
(Due for repayment within one year ₹ 89.37 crore)				
<b>(B) LOANS FROM GOVERNMENT OF INDIA</b>				
<b>Subordinate Debt from Govt. of India</b>	204.00		34.00	
(Due for repayment within one year ₹ Nil)				
(Repayable in 18 equal annual installments from the 12th year after commissioning of Nimmo Bazgo H.E. Project)				
<b>Subordinate Debt from Govt. of India</b>	15.00	219.00	-	34.00
(Due for repayment within one year ₹ Nil)				
(Repayable in 24 equal annual installments from the 12th year after commissioning of Chutak H.E. Project)				
<b>(C) SHORT TERM LOANS</b>				
<b>BANK OF BARODA</b>	-		100.00	
<b>BANK OF BARODA</b>	-		100.00	
<b>BANK OF MAHARASHTRA</b>	-		100.00	
<b>INDIAN OVERSEAS BANK</b>	-		300.00	
<b>INDIAN OVERSEAS BANK</b>	-		200.00	
<b>ALLAHABAD BANK</b>	-		184.23	
<b>ALLAHABAD BANK</b>	-	-	1.64	985.87
<b>TOTAL UNSECURED LOANS</b>		<b>2,915.04</b>		<b>4,207.52</b>



**SCHEDULE - 5 FIXED ASSETS**

(₹ in crore)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2009	Addition/ Adjustment	Deduction/ Adjustment	31.03.2010	01.04.2009	For the Year	Adjust- ment	31.03.2010	31.03.2010	31.03.2009
i) Land – Freehold	195.00	11.95	0.42	206.53	-	-	-	-	206.53	195.00
ii) Land – Leasehold	112.06	9.87	30.66	91.27	3.94	2.93	0.11	6.98	84.29	108.12
iii) Land – Unclassified/ Right of Use	2,912.08	82.02	79.09	2,915.01	175.06	80.18	-	255.24	2,659.77	2,737.02
iv) Buildings	2,324.69	23.77	7.06	2,341.40	432.93	106.56	0.22	539.71	1,801.69	1,891.76
v) Roads and Bridges	379.03	8.25	21.18	366.10	53.31	12.78	(1.38)	64.71	301.39	325.72
vi) Railway Sidings	40.07	0.11	-	40.18	6.80	2.67	-	9.47	30.71	33.27
vii) Hydraulic Works (Dams, Water Conductor system, Hydro mechanical gates, tunnels)	14,470.99	(105.84)	42.19	14,322.96	2,033.33	767.38	(1.73)	2,798.98	11,523.98	12,437.66
viii) Generating Plant and Machinery	7,119.02	(4.78)	26.45	7,087.79	1,355.12	383.75	(3.07)	1,735.80	5,351.99	5,763.90
ix) Plant and Machinery - Sub station	107.73	1.27	0.49	108.51	36.01	5.23	(0.03)	41.21	67.30	71.72
x) Plant and Machinery - Transmission lines	61.97	2.26	0.01	64.22	9.16	3.88	-	13.04	51.18	52.81
xi) Plant and Machinery - Others	27.94	0.99	0.23	28.70	9.39	1.36	(0.05)	10.70	18.00	18.55
xii) Construction Equipment	76.35	6.88	2.74	80.49	47.43	5.89	(1.74)	51.58	28.91	28.92
xiii) Water Supply System/ Drainage and Sewerage	29.96	2.05	0.15	31.86	2.44	1.08	(0.05)	3.47	28.39	27.52
xiv) Electrical installations	3.50	0.09	0.06	3.53	0.89	0.19	(0.03)	1.05	2.48	2.61
xv) Vehicles	28.81	2.37	2.45	28.73	22.34	0.69	(1.66)	21.37	7.36	6.47
xvi) Aircraft/ Boats	0.97	0.10	-	1.07	0.74	0.04	-	0.78	0.29	0.23
xvii) Furniture and Fixture	40.62	3.43	0.60	43.45	15.34	3.52	(0.18)	18.68	24.77	25.28
xviii) Computers	52.24	9.72	1.29	60.67	39.69	6.06	1.18	46.93	13.74	12.55
xix) Communication Equipment	15.43	(1.62)	0.41	13.40	6.60	0.86	(2.27)	5.19	8.21	8.83
xx) Office Equipments	37.37	3.32	1.34	39.35	13.14	2.65	(0.53)	15.26	24.09	24.23
xxi) Research and Development	1.36	0.03	-	1.39	0.12	0.09	-	0.21	1.18	1.24
xxii) Intangible Assets (Software)	15.21	14.78	0.03	29.96	9.67	11.49	-	21.16	8.80	5.54
xxiii) Other Assets	41.37	3.02	0.60	43.79	15.09	2.73	(0.30)	17.52	26.27	26.28
xxiv) Capital Expenditure on assets not owned by NHPC	33.43	8.63	1.47	40.59	8.25	4.13	-	12.38	28.21	25.18
xxv) Fixed assets of Minor Value >750 and < Rs.5000	17.80	1.53	0.66	18.67	17.79	1.30	(0.43)	18.66	0.01	0.01
xxvi) Obsolete / Surplus Assets	1.92	0.62	0.46	2.08	0.01	-	(0.01)	-	2.08	1.91
<b>TOTAL</b>	<b>28,146.92</b>	<b>84.82</b>	<b>220.04</b>	<b>28,011.70</b>	<b>4,314.59</b>	<b>1,407.44</b>	<b>(11.95)</b>	<b>5,710.08</b>	<b>22,301.62</b>	<b>23,832.33</b>
Previous year	27,224.56	1,082.72	160.36	28,146.92	3,607.46	706.58	0.55	4,314.59	23,832.33	23,617.10



## SCHEDULE 6 - CAPITAL WORK-IN-PROGRESS

(₹ in crore)

		01.04.2009	Addition	Adjustment	Capitalised	31.03.2010
i	Buildings	596.89	333.20	(16.65)	27.66	885.78
ii	Roads and Bridges	62.04	16.10	(0.91)	8.85	68.38
iii	Railway Sidings \$	1.77	0.01	-	0.11	1.67
iv	Hydraulic Works (Dams, Water Conductor system, Hydromechanical gates, tunnels)	3,380.83	1,325.19	(93.40)	17.70	4,594.92
v	Generating Plant and Machinery	2,104.19	1,010.59	(45.58)	7.04	3,062.16
vi	Plant and machinery - Sub station	4.63	7.57	(4.33)	0.24	7.63
vii	Plant and machinery - Transmission lines	1.06	1.15	(0.12)	1.60	0.49
viii	Plant and machinery - Others	1.00	1.34	-	1.06	1.28
ix	Construction Equipment	-	-	-	-	-
x	Water Supply System/Drainage and Sewerage	0.95	1.67	(0.12)	1.14	1.36
xi	Other assets awaiting installation	2.58	23.84	(3.53)	18.19	4.70
xii	Intangible Assets	4.36	7.66	(0.07)	11.44	0.51
xiii	Capital Expenditure On assets Not Owned by NHPC	15.38	8.03	(0.54)	1.36	21.51
xiv	Survey, investigation, consultancy and supervision charges	109.23	57.95	(0.98)	-	166.20
xv	Expenditure on compensatory Afforestation	2.27	1.35	(0.92)	2.70	-
xvi	Expenditure during construction period	3,161.78	976.00*	(65.68)	-	4,072.10
	<b>TOTAL</b>	<b>9,448.96</b>	<b>3,771.65</b>	<b>(232.83)</b>	<b>99.09</b>	<b>12,888.69</b>
	Less: Provided for	40.90	8.75	-	-	49.65
	<b>TOTAL</b>	<b>9,408.06</b>	<b>3,762.90</b>	<b>(232.83)</b>	<b>99.09</b>	<b>12,839.04</b>
	<i>Previous Year</i>	6,332.47	4,426.77	(991.78)	359.40	9,408.06

\$ includes Rs 1.67 Crore being claimed as refund from Railways due to not handing over of railway siding

\* Refer Schedule 22 - Expenditure During Construction for the year

## SCHEDULE 7 - CONSTRUCTION STORES AND ADVANCES

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. CONSTRUCTION STORES</b> (As valued and certified by management)		
i) Stores and spares	40.93	47.69
ii) Loose tools	0.12	0.03
iii) Scrap inventory	0.06	0.12
iv) Stores in transit/ pending inspection	1.52	4.87
v) Material issued to contractors/ fabricators	77.58	70.68
Less : Provisions for construction stores	1.56	3.31
		120.08
<b>B. ADVANCES FOR CAPITAL EXPENDITURES</b>		
i) Secured (Considered Good)	109.68	88.50
ii) Unsecured (Considered Good)		
– Against Bank Guarantee	775.22	761.77
– Others	219.38	126.63
iii) Unsecured – (Considered Doubtful)	0.22	2.28
Less : Provisions for doubtful advances	0.22	2.28
		976.90
<b>TOTAL</b>	<b>1222.93</b>	<b>1096.98</b>



**SCHEDULE 7 - CONSTRUCTION STORES AND ADVANCES (Contd.)**

(₹ in crore)

	31st March 2010	31st March 2009
<b>Provision for Construction Stores</b>		
As per last Balance Sheet	3.31	3.29
Additions during the year	-	0.04
Adjustment during the year	-	-
Amount used during the year	1.75	0.02
Amount reversed during the year	-	-
Closing Balance	<b>1.56</b>	<b>3.31</b>
<b>Provision for Doubtful Advances</b>		
As per last Balance Sheet	2.28	2.28
Additions during the year	0.07	-
Adjustment during the year	-	-
Amount used during the year	0.08	-
Amount reversed during the year	2.05	-
Closing Balance	<b>0.22</b>	<b>2.28</b>

**SCHEDULE 8 - INVESTMENTS**

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2010	31st March 2009
	Current year/ (Previous year)	(in Rs.)		
<b>LONG TERM (Trade - unless otherwise specified)</b>				
<b>A. Quoted</b>				
<b>(a) In Government Securities (Non-Trade) - Self Insurance Fund</b>				
8.35% SBI Right Issue GOI Special Bonds 2024	150,000	10,000	150.77	-
(-)	(-)	(-)	(-)	(-)
8.20% Oil Marketing Companies GOI Special Bonds 2024	12,380	10,000	12.26	-
(-)	(-)	(-)	(-)	(-)
<b>(b) Equity Shares</b>				
PTC India Ltd.	12,000,000	10	12.00	12.00
(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
Indian Overseas Bank (Non-Trade)	360,800	10	0.36	0.36
(360,800)	(360,800)	(360,800)	(360,800)	(360,800)
<b>(c) In Public Sector Undertaking/Public Financial Institution &amp; Corporate Bonds (Non-Trade) - Self Insurance Fund</b>				
8.80% Power Finance Corporation Bonds 2025	467	1,000,000	45.97	-
(-)	(-)	(-)	(-)	(-)
8.95% Indian Railways Finance Corporation Bonds 2025	688	1,000,000	69.62	-
(-)	(-)	(-)	(-)	(-)
8.65% Indian Railways Finance Corporation Bonds 2025	30	1,000,000	2.99	-
(-)	(-)	(-)	(-)	(-)
8.90% Power Grid Corporation of India Bonds 2021	80	1,250,000	10.00	-
(-)	(-)	(-)	(-)	(-)
8.90% Power Grid Corporation of India Bonds 2022	80	1,250,000	10.00	-
(-)	(-)	(-)	(-)	(-)
8.90% Power Grid Corporation of India Bonds 2023	80	1,250,000	10.00	-
(-)	(-)	(-)	(-)	(-)
<b>Sub Total (A)</b>			<b>323.97</b>	<b>12.36</b>



## SCHEDULE 8 - INVESTMENTS (Contd.)

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2010	31st March 2009
	Current year/ (Previous year)	(in Rs.)		
<b>B. Unquoted</b>				
<b>(a) Bonds</b>				
<b>8.50% Tax-Free State Government Special Bonds of the Government of :</b>				
Arunachal Pradesh	5,832 (6,804)	1,000	0.58	0.68
Bihar	114,420 (133,490)	1,000	11.44	13.35
Haryana	3,390,000 (3,955,000)	1,000	339.00	395.50
Himachal Pradesh	107,208 (125,076)	1,000	10.72	12.51
Jammu and Kashmir	4,624,176 (5,394,872)	1,000	462.42	539.49
Jharkhand	85,860 (100,170)	1,000	8.59	10.02
Meghalaya	3,192 (3,724)	1,000	0.32	0.37
Mizoram	19,260 (22,470)	1,000	1.93	2.24
Nagaland	41,520 (48,440)	1,000	4.15	4.84
Punjab	1,336,860 (1,559,670)	1,000	133.69	155.97
Rajasthan	170,946 (227,928)	1,000	17.09	22.79
Sikkim	14,016 (16,352)	1,000	1.40	1.63
Tripura	16,008 (18,676)	1,000	1.60	1.87
Uttar Pradesh	4,721,340 (5,508,230)	1,000	472.13	550.82
Uttarakhand	524,580 (612,010)	1,000	52.46	61.20
West Bengal	40,332 (47,054)	1,000	4.03	4.71
<b>Sub Total (B)</b>			<b>1,521.55</b>	<b>1,777.99</b>
<b>C. Term Deposit - towards unutilised money out of IPO proceeds</b>				
Deposits with Banks			1,500.00	-
<b>Sub Total (B)</b>			<b>1,500.00</b>	<b>-</b>
<b>Total (A+B+C)</b>			<b>3,345.52</b>	<b>1,790.35</b>
<b>Quoted Investments</b>				
(i) Aggregate Cost			323.97	12.36
(ii) Aggregate Market Value			450.70	85.58
<b>Unquoted Investments</b>				
Aggregate Cost			3,021.55	1,777.99



## SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. INTEREST ACCRUED ON INVESTMENTS</b>	182.65	81.01
<b>B. INVENTORIES</b> (As valued and certified by management)		
i) Stores and spares	53.91	51.28
ii) Loose tools	0.97	0.66
iii) Scrap inventory	2.64	2.36
iv) Stores in transit/ pending inspection	0.45	1.03
v) Material at site	12.56	11.45
vi) Material issued to contractors/ fabricators	0.98	0.73
Less: Provision for obsolete store & spares *1	23.17	25.99
<b>TOTAL</b>	48.34	41.52
<b>C. WORK IN PROGRESS</b> Construction Work-in-Progress (on behalf of clients)	52.88	45.59
Less: Advance/ deposits from clients/ contractees	26.04	26.04
	26.84	19.55
<b>D. SUNDRY DEBTORS (UNSECURED)</b>		
i) Debts outstanding for a period exceeding six months		
- Considered good	268.20	392.79
- Considered doubtful and provided	194.44	194.97
ii) Other debts		
- Considered good	1,265.57	370.86
	1,728.21	958.62
Less: Provision for doubtful debts *2	194.44	194.97
<b>TOTAL</b>	1,533.77	763.65
<b>E. CASH AND BANK BALANCES (refer note no. 32 (b) of Schedule 24)</b>		
i) Cash on hand (includes cheques, drafts, stamps in hand of Rs. 0.37 crores, Previous year Rs. 0.18 crores)	0.86	0.75
ii) Bank balances		
• With scheduled banks		
- In current account - Self Insurance Fund	0.03	-
- In current account - Others	366.21	311.18
- In deposits account - Self Insurance Fund	306.50	-
- In deposits account - Others #	5,515.84	2,294.90
• With other banks		
- In Current account		
The First Micro Finance Bank	0.02	-
Bank of Bhutan	0.07	0.03
<b>TOTAL</b>	6,189.53	2,606.86
<b>F. OTHER CURRENT ASSETS</b>		
i) Interest accrued		
- Advance to govt. of Arunachal Pradesh	60.51	36.94
- Loan to State Government in settlement of dues from customers	32.97	32.97
- Deposits with Banks-Self Insurance Fund	0.03	-
- Deposits with banks	47.44	79.19
ii) Others	163.66	93.72
iii) Deferred Tax Recovery Materialized	122.94	0.00
iv) Claims recoverable from different agencies	166.57	193.63
Less: Provisions for doubtful claims *3	4.39	6.17
<b>TOTAL</b>	589.73	430.28



**SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)**

(₹ in crore)

	31st March 2010		31st March 2009	
<b>G. LOANS AND ADVANCES</b>				
<b>a) LOANS</b>				
i) Employees (including accrued interest)				
Secured	105.80		107.69	
ii) Unsecured (Considered Good)	23.16		24.98	
Unsecured, considered doubtful	0.16		0.16	
Loan to State Government in settlement of dues from customer				
Unsecured considered good	164.85		190.22	
iii) Advance to Government of Arunachal Pradesh				
Unsecured considered good	225.00		225.00	
<b>b) ADVANCES</b>				
(recoverable in cash or kind for value to be received)				
i) Contractors & suppliers				
Secured	2.93		0.13	
Unsecured (Considered Good):				
- Covered by Bank Guarantees	88.77		177.89	
- Others	23.03		176.40	
Unsecured (Considered Doubtful)	0.16		2.90	
ii) Employees				
Unsecured (Considered Good)	1.91		3.04	
Unsecured (Considered Doubtful)	-		0.01	
iii) Other Advances				
Unsecured (Considered Good)	0.04		0.22	
Unsecured (considered doubtful)	-		-	
Less : Provisions for doubtful loans and advances *4	0.32	635.49	3.06	905.58
iv) Deferred Foreign Currency Fluctuation Assets		552.62		772.97
<b>c) DEPOSITS</b>				
Advance income tax	918.39		673.77	
Less : Provisions for Current Taxation *5	811.56	106.83	638.67	35.10
<b>TOTAL</b>		1,294.94		1,713.65
<b>TOTAL (A to G)</b>		<b>9,865.80</b>		<b>5,656.52</b>

# Includes Rs. 1,859.63 Crore towards unutilised money out of IPO proceeds

**PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH NON-SCHEDULED BANKS**

	As at 31.03.2010	As at 31.03.2009
Bank of Bhutan		
Current account	0.22	0.22
Deutsche Bank, Tokyo Branch		
Current account	-	6.20
The First Micro Finance Bank, Dushanbe (Tajikistan)		
Current account	0.03	-

**PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS**

i) Amount due at the end of the year	0.24	0.08
ii) Maximum balance at any time during the year	0.25	0.11
Advance due by Companies in which any Director of the Corporation is a Director or member amounts to Rs Nil (Previous period Rs. Nil)		



## DETAILS OF PROVISIONS

	As at 31.03.2010	As at 31.03.2009
<b>Provision for Obsolete Store &amp; Spares *1</b>		
As per last Balance Sheet	25.99	35.80
Additions during the year	0.79	0.08
Adjustment during the year	-	-
Amount used during the year	2.31	9.37
Amount reversed during the year	1.30	0.52
Closing Balance	<b>23.17</b>	<b>25.99</b>
<b>Provision for Doubtful Debts *2</b>		
As per last Balance Sheet	194.97	77.13
Additions during the year	0.66	120.81
Amount used during the year	-	2.97
Amount reversed during the year	1.19	-
Closing Balance	<b>194.44</b>	<b>194.97</b>
<b>Provision for Bad &amp; Doubtful Claims *3</b>		
As per last Balance Sheet	6.17	16.10
Additions during the year	0.47	0.45
Adjustment during the year	(0.01)	0.17
Amount used during the year	2.15	10.54
Amount reversed during the year	0.09	0.01
Closing Balance	<b>4.39</b>	<b>6.17</b>
<b>Provisions for Doubtful Loans &amp; Advances *4</b>		
As per last Balance Sheet	3.06	0.50
Additions during the year	0.01	2.60
Amount used during the year	0.17	0.04
Amount reversed during the year	2.58	-
Closing Balance	<b>0.32</b>	<b>3.06</b>
<b>Provision for Current Taxation *5</b>		
As per last Balance Sheet	638.67	556.05
Additions during the year	480.40	179.41
Adjustment during the year	(0.21)	(3.97)
Amount used during the year	174.36	68.58
Amount reversed during the year	132.94	24.24
Closing Balance	<b>811.56</b>	<b>638.67</b>

## SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. LIABILITIES</b>		
i) Sundry creditors		
a) Total outstanding dues of small scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
c) Others	821.78	653.97
ii) Deposits/ retention money	356.80	231.15
iii) Interest accrued but not due on loans	227.76	232.77
iv) Advances against the Deposit Works	210.19	133.60
Less : Amount recoverable on Deposit works	188.64	126.95
v) Advances/ Deposits from clients/ contractees	2,681.20	1,577.95
Less : Amount Recoverable in respect of Project Management/Consultancy works	2,284.45	998.19
vi) Deferred Income from Foreign Currency Fluctuation Account	229.65	428.34
vii) Other Liabilities - Self Insurance Fund	0.25	-
viii) Other Liabilities	192.44	123.36
<b>TOTAL LIABILITIES (A)</b>	<b>2,246.98</b>	<b>2,256.00</b>



### SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS (Contd.)

(₹ in crore)

	31st March 2010	31st March 2009
<b>B. PROVISIONS</b>		
i) <b>Provision for Proposed Dividend</b>		
As per last Balance Sheet	200.00	200.00
Additions during the year	676.54	200.00
Amount used during the year	200.00	200.00
Amount reversed during the year	-	-
Closing Balance	676.54	200.00
ii) <b>Tax on Proposed Dividend</b>		
As per last Balance Sheet	41.79	50.79
Additions during the year	115.89	41.79
Amount used during the year	37.81	42.22
Amount reversed during the year	3.98	8.57
Closing Balance	115.89	41.79
iii) <b>Provision for Wage Revision</b>		
As per last Balance Sheet	413.86	200.69
Additions during the year	304.38	215.41
Amount adjusted during the year	(0.23)	(0.21)
Amount used during the year	0.08	2.03
Amount reversed during the year	-	-
Closing Balance	717.93	413.86
Less: Advance paid	190.55	135.56
Closing Balance	527.38	278.30
iv) <b>Provision for Productivity Linked Incentive</b>		
As per last Balance Sheet	46.24	36.04
Additions during the year	47.00	46.23
Amount used during the year	34.27	33.15
Amount reversed during the year	12.19	2.88
Closing Balance	46.78	46.24
v) <b>Provision for Employees Benefits</b>		
As per last Balance Sheet	753.03	574.04
Additions during the year	218.66	221.21
Amount used during the year	110.22	42.22
Amount reversed during the year	0.05	-
Closing Balance	861.42	753.03
vi) <b>Provision for Loss on Hedging Transaction</b>		
As per last Balance Sheet	-	23.00
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	23.00
Closing Balance	-	-
vii) <b>Provision for Tariff Adjustment</b>		
As per last Balance Sheet	0.98	-
Additions during the year	-	0.98
Amount used during the year	0.98	-
Amount reversed during the year	-	-
Closing Balance	-	0.98
viii) <b>Provision for Committed Capital Expenditure</b>		
As per last Balance Sheet	579.92	615.76
Additions during the year	9.41	114.37
Amount used during the year	105.85	109.65
Amount reversed during the year	301.94	40.56
Closing Balance	181.54	579.92
ix) <b>Provision - Others</b>		
As per last Balance Sheet	12.67	37.68
Additions during the year	73.64	11.45
Adjustment during the year	-	(0.17)
Amount used during the year	7.88	30.18
Amount reversed during the year	0.25	6.11
Closing Balance	78.18	12.67
<b>TOTAL PROVISIONS (B)</b>	<b>2,487.73</b>	<b>1,912.93</b>
<b>TOTAL (A+B)</b>	<b>4,734.71</b>	<b>4,168.93</b>



## SCHEDULE 11 - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(₹ in crore)

	31st March 2010	31st March 2009
i) Share Issue Expenses (IPO)	-	2.37
ii) Expenditure awaiting adjustment	37.06	37.06
Less: Provision for project expenses write off sanction	<u>37.06</u>	<u>37.06</u>
	-	-
iii) Losses awaiting write off sanction	5.31	3.48
Less: Provision for losses pending investigation	<u>5.31</u>	<u>3.48</u>
	-	-
<b>TOTAL</b>	<u>-</u>	<u>2.37</u>

## SCHEDULE 12 - SALES

(₹ in crore)

	31st March 2010	31st March 2009
Sale of Power	5,229.56	3,543.46
Less: Tariff Adjustments	-	0.98
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	-	8.99
<b>Total taken to Profit and Loss Account</b>	<u>5,229.56</u>	<u>3,533.49</u>

## SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION

(₹ in crore)

	31st March 2010	31st March 2009
During the year	145.14	152.48
Less : Written back during the year	<u>29.84</u>	<u>46.76</u>
<b>Total taken to Profit and Loss Account</b>	<u>115.30</u>	<u>105.72</u>

## SCHEDULE 13 - REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS

(₹ in crore)

	31st March 2010	31st March 2009
Contract income	56.34	12.93
Revenue from Project management/Consultancy works	<u>56.72</u>	<u>36.00</u>
<b>Total taken to Profit and Loss Account</b>	<u>113.06</u>	<u>48.93</u>



### SCHEDULE 14 - OTHER INCOME

(₹ in crore)

	31st March 2010	31st March 2009
<b>i) Income from Long Term Investments</b>		
a) <b>Trade</b>		
- Dividend - Others	1.44	1.20
Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	145.68	167.48
b) <b>Non-Trade</b>		
Dividend income - Others	0.16	0.13
Interest - Self Insurance Fund	0.25	-
- Interest on Deposit Indian Bank - (Gross)		
(Tax deducted at source ₹ 3.79 crore, Previous Year ₹ Nil)	62.53	-
<b>ii) Other Income</b>		
a) <b>Interest</b>		
- Loan to State Government in settlement of dues from customers	15.63	17.79
- Loan to Government of Arunachal Pradesh	23.57	21.63
- Deposit Account -Self Insurance Fund - Indian Bank		
(Tax deducted at source ₹ 31490/-, Previous year ₹ Nil/-)	0.03	-
- Indian Banks (Gross) (Tax deducted at source ₹ 16.07 crore, Previous year ₹ 11.58 crore)	196.65	230.95
- Employee's Loans and Advances	6.05	6.36
- Interest from Beneficiary States	113.77	40.18
- Others	84.06	62.17
b) Late payment surcharge	6.37	17.07
c) Profit on transfer of project	-	37.52
d) Profit on sale of assets	4.68	0.94
e) Liability/ Provisions not required written back #	229.86	35.91
f) Exchange rate variation	27.36	17.29
g) Foreign Currency Fluctuation adjustment (Credit)	14.38	12.51
h) Others	32.51	64.67
Less: Hedging Adjustment Account	-	17.87
<b>TOTAL</b>	<b>964.98</b>	<b>715.93</b>
<b>Less: Income transferred to EDC</b>		
<b>(Refer Schedule 22 E (ii), 22 I (ii) to (vi) &amp; 22 J(i))</b>	314.23	114.26
<b>Less: Income transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	3.45	6.33
<b>Total taken to Profit and Loss Account</b>	<b>647.30</b>	<b>595.34</b>
<b># Detail of Liability/Provisions not required written back</b>		
a) Bad and doubtful debts	1.19	-
b) Bad and doubtful advances / deposits	4.63	-
c) Bad and doubtful claims	0.09	0.01
d) Diminution in value of stores and spares	1.13	0.52
e) Shortage in store & spares	0.17	0.01
f) Provision for Guarantee fee	0.43	-
g) Provision for Loss on Hedging Transactions	-	23.00
h) Provision for Committed Capital Expenditure	187.44	-
i) Provision for Productivity Linked Incentive	12.19	2.88
j) Other Provisions/Liability not required written back	22.59	9.49
<b>TOTAL</b>	<b>229.86</b>	<b>35.91</b>



**SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES**

(₹ in crore)

	31st March 2010	31st March 2009
i) Consumption of stores and spares	6.82	10.81
ii) Repair and maintenance:		
- Building	31.94	27.10
- Machinery	37.23	39.68
- Others	32.99	34.34
iii) Rent / Hiring Charges	36.46	29.55
iv) Rates and taxes	2.99	3.48
v) Insurance	19.53	2.56
vi) Reimbursement from Self insurance reserve	-	0.06
vii) Security expenses	91.96	74.43
viii) Electricity Charges	33.24	32.50
ix) Travelling and Conveyance	20.32	19.87
x) Expenses on staff car	7.99	8.62
xi) Telephone, telex and postage	11.07	10.36
xii) Advertisement and publicity	7.05	9.16
xiii) Entertainment and hospitality expenses	0.64	0.70
xiv) Donation	-	2.09
xv) Printing and stationery	5.57	5.91
xvi) Books and periodicals	0.61	0.55
xvii) Consultancy charges - Indigenous	5.63	5.27
xviii) Consultancy charges - Foreign	0.01	-
xix) Expenses on compensatory afforestation/ catchment areatreatment/ environmental expenses	5.41	69.17
xx) Expenditure on land not belonging to corporation	27.48	15.21
xxi) Project expenses written off	1.00	-
xxii) Loss on sale of project	-	-
xxiii) Loss on sale of assets	0.70	0.76
xxiv) Preliminary expenses written off	1.23	0.01
xxv) Survey and investigation expenses written off	-	5.46
xxvi) Bad debts / advances/ claims written off	2.21	-
xxvii) Stores written off	1.30	1.30
xxviii) Fixed assets written off	0.12	0.08
xix) Interest on Arbitration/ Court Cases	6.90	1.66
xxx) Other general expenses	54.44	40.36
xxxii) Exchange rate variation	13.35	76.28
xxxii) Less: ERV Recoverable	-	57.26
xxxiii) Foreign Currency Fluctuation adjustment (Debit)	65.69	104.42
xxxiv) Audit expenses	1.17	1.02
xxxv) Director expenses	0.21	0.08
xxxvi) Research and development expenses	0.55	0.15
<b>Total</b>	<b>533.81</b>	<b>575.74</b>
<b>Less: Expenses transferred to EDC</b> <b>{Refer Schedule 22 B, 22 C, 22 E(i) &amp; 22J (ii)}</b>	158.09	197.54
<b>Less: Expenses transferred to Contract, Project</b> <b>Management and Consultancy Works (Refer Schedule 20)</b>	17.94	8.92
<b>Less: Expense transferred to Deposit Works (Schedule 10)</b>	0.19	0.20
<b>Total taken to Profit and Loss Account</b>	<b>357.59</b>	<b>369.08</b>



### SCHEDULE 16 - EMPLOYEES REMUNERATION AND BENEFITS

(₹ in crore)

	31st March 2010	31st March 2009
i) Salaries, wages, allowances	967.43	852.35
ii) Gratuity, Contribution to provident fund & pension scheme (including administration fees)	153.06	183.93
iii) Staff welfare expenses	86.12	74.21
iv) Leave Salary & Pension Contribution	0.18	0.23
<b>Total</b>	<b>1,206.79</b>	<b>1,110.72</b>
Less: Employee cost transferred to EDC (Refer Schedule 22 A & 22J (iii))	569.30	528.85
Less: Employee cost transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	60.18	41.91
Less: Expense transferred to Deposit Works (Schedule 10)	1.05	0.99
<b>Total taken to Profit and Loss Account</b>	<b>576.26</b>	<b>538.97</b>

### SCHEDULE 17 - DEPRECIATION

(₹ in crore)

	31st March 2010	31st March 2009
Depreciation during the year	1,407.44	706.58
Less: Transferred to EDC (Refer Schedule 22 G & 22J (iv))	68.01	35.35
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	1.71	0.85
Less: Trf from Capital Grant	54.99	26.31
<b>Total taken to Profit and Loss Account</b>	<b>1,282.73</b>	<b>644.07</b>

### SCHEDULE 18 - INTEREST AND FINANCE CHARGES

(₹ in crore)

	31st March 2010	31st March 2009
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	74.52	43.89
c) Foreign loan	74.73	101.32
d) Term loan	993.94	888.51
e) Cash credit facilities /WCDL	0.02	-
	1,143.21	1,033.72
ii) Exchange differences regarded as adjustment to interest cost	22.90	245.64
Less: Recoverable/ (Payable)	22.90	245.64
	-	-
iii) Bond issue/ service expenses	0.08	0.27
iv) Share Issue Expenses Written Off	0.29	-
v) Rebate to customers	49.67	39.62
vi) Commitment fee	0.06	2.10
vii) Guarantee fee on loan	38.25	32.85
viii) Bank charges	1.57	1.19
ix) Other finance charges	1.95	1.76
<b>Total</b>	<b>1,235.08</b>	<b>1,111.51</b>
Less: Interest & Finance charges capitalised by transfer to EDC (Refer Schedule 22 D & 22J (v))	494.89	333.92
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.82	1.58
<b>Total taken to Profit and Loss Account</b>	<b>739.37</b>	<b>776.01</b>



## SCHEDULE 19 - PROVISIONS

(₹ in crore)

	31st March 2010	31st March 2009
i) Bad and doubtful debts provided	0.66	120.81
ii) Bad and doubtful advances / deposits provided	0.08	2.60
iii) Bad and doubtful claims provided	0.47	0.45
iv) Diminution in value of stores and spares	0.79	0.12
v) Project expenses provided for	8.75	69.09
vi) Provision for fixed assets written off	0.05	0.56
vii) Others	70.84	-
<b>Total</b>	<b>81.64</b>	<b>193.63</b>
Less: Expenses transferred to EDC (Refer Schedule 22 F & 22J (vi))	-	0.10
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.66	2.55
<b>Total taken to Profit and Loss Account</b>	<b>80.98</b>	<b>190.98</b>

## SCHEDULE 20 - EXPENDITURE ON CONTRACT, PROJECT MANAGEMENT AND CONSULTANCY WORKS

(₹ in crore)

	31st March 2010	31st March 2009
i) <b>Direct Expenses</b>	2.49	3.98
ii) <b>Employees' Remuneration and benefits</b>		
- Salaries, Wages, Allowances and benefits	42.13	26.03
- Gratuity, Contribution to provident fund & pension scheme	5.51	4.80
- Staff Welfare Expenses	2.94	1.74
	50.58	32.57
iii) <b>Repairs and Maintenance</b>		
- Buildings	0.32	0.32
- Machinery and Construction Equipments	0.37	0.02
- Others	0.48	0.57
	1.17	0.91
iv) <b>Administration and Other Expenses</b>		
- Rent/ Hiring Charges	4.13	2.04
- Traveling and Conveyance	2.66	1.11
- Expenses on Staff cars and Inspection vehicle	0.18	0.28
- Insurance	0.02	0.02
- Telephone, telex, and postage	0.43	0.34
- Advertisement and publicity	0.04	0.42
- Printing and Stationery	0.42	0.32
- Other Expenses	7.10	1.51
- Rates and taxes	-	0.01
- Security	0.21	0.22
- Electricity	0.12	0.07
- Consultancy charges	0.10	0.04
	15.41	6.38
v) Depreciation	0.98	0.50
vi) Interest and Finance Charges	0.81	1.57
vii) Provisions	0.66	2.55
viii) <b>Work-in-Progress</b>		
- Construction Contract	0.73	(0.73)



**SCHEDULE 20 - EXPENDITURE ON CONTRACT, PROJECT MANAGEMENT AND CONSULTANCY WORKS (Contd.)**

(₹ in crore)

	31st March 2010	31st March 2009
ix) <b>Corporate / Regional office expenses:-</b>		
a) Other Income	(0.28)	(0.22)
b) Generation, Administration and Other Expenses	1.36	1.63
c) Employee Remuneration and Benefits	9.60	9.34
d) Depreciation	0.73	0.35
e) Interest and Finance Charges	0.01	0.01
f) Prior Period Adjustment (Net)	0.01	0.02
	11.43	11.13
<b>Total Expenditure</b>	<b>84.26</b>	<b>58.86</b>
x) Less: Receipts and Recoveries	3.17	6.11
<b>Net expenditure during the year</b>	<b>81.09</b>	<b>52.75</b>
xi) Prior Period Adjustments	1.30	8.41
<b>Total taken to Profit and Loss Account</b>	<b>82.39</b>	<b>61.16</b>

**SCHEDULE 21- PRIOR PERIOD ADJUSTMENT (NET)**

(₹ in crore)

	31st March 2010	31st March 2009
<b>Income</b>		
i) Sale of Electricity	-	(1.10)
ii) Advance Against Depreciation Written Back	-	(15.53)
iii) Interest/Surcharge received from debtors	-	-
iv) Others	1.39	15.10
<b>Sub-total</b>	1.39	(1.53)
<b>Expenditure</b>		
i) Salaries and Wages	0.01	23.32
ii) Repair and Maintenance	(0.82)	2.20
iii) Interest	7.42	-
iv) Others	1.46	(74.62)
v) Depreciation	(4.30)	8.73
<b>Sub-total</b>	3.77	(40.37)
<b>Total</b>	<b>2.38</b>	<b>(38.84)</b>
<b>Less: Expenses transferred to EDC {Refer Schedule 22H &amp; 22J (vii)}</b>		
Prior period expenses	(0.03)	(51.80)
<b>Less: Prior period income</b>	0.03	0.99
<b>Total</b>	<b>(0.06)</b>	<b>(52.79)</b>
<b>Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)</b>	1.31	8.43
<b>Total taken to Profit and Loss Account</b>	<b>1.13</b>	<b>5.52</b>



**SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION FOR THE YEAR**

(₹ in crore)

	31st March 2010	31st March 2009
<b>A. EMPLOYEES REMUNERATION AND BENEFITS</b>		
i) Salaries, wages, allowances	300.81	273.42
ii) Gratuity and contribution to provident fund (including administration fees)	49.68	61.96
iii) Staff welfare expenses	24.87	21.67
iv) Leave Salary & Pension Contribution	0.09	0.17
<b>Sub-total</b>	<b>375.45</b>	<b>357.22</b>
<b>B. REPAIRS AND MAINTENANCE</b>		
i) Building	6.29	4.09
ii) Machinery	3.75	4.79
iii) Others	7.29	8.48
<b>Sub-total</b>	<b>17.33</b>	<b>17.36</b>
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent / Hiring Charges	15.11	15.61
ii) Rates and taxes	1.41	0.25
iii) Insurance	0.33	0.41
iv) Security expenses	22.21	17.92
v) Electricity Charges	4.52	4.65
vi) Travelling and Conveyance	4.80	4.80
vii) Expenses on staff car	3.24	3.27
viii) Telephone, telex and postage	3.85	3.26
ix) Advertisement and publicity	1.32	1.32
x) Entertainment and hospitality expenses	0.01	0.04
xi) Printing and stationery	1.35	1.20
xii) Remuneration to Auditors	0.01	0.01
xiii) <i>Design and Consultancy charges:</i> - Indigenous	1.26	0.99
xiv) Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	5.41	69.16
xv) Expenditure on land not belonging to corporation	20.41	13.65
xvi) Loss on assets/ materials written off	0.01	0.57
xvii) Losses on sale of assets	0.08	0.04
xviii) Other general expenses	13.34	10.16
<b>Sub-total</b>	<b>98.67</b>	<b>147.31</b>
<b>D. INTEREST AND FINANCE CHARGES</b>		
i) Interest on :		
a) Bonds	35.01	0.00
b) Foreign loan	-	0.02
c) Term loan	457.38	330.20
ii) Bond issue/ service expenses	0.03	-
iii) Commitment fee	-	1.88
iv) Guarantee fee on loan	-	0.01
v) Other finance charges	2.23	1.68
<b>Sub-total</b>	<b>494.65</b>	<b>333.79</b>



### SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION FOR THE YEAR (Contd.)

(₹ in crore)

	31st March 2010	31st March 2009
<b>E. EXCHANGE RATE VARIATION (NET)</b>		
i) Exchange rate variation (Debit balance)	13.09	4.78
ii) <b>Less : Exchange rate variation (Credit balance)</b>	<u>25.44</u>	<u>17.25</u>
<b>Sub-total</b>	(12.35)	(12.47)
<b>F. PROVISIONS</b>	-	0.10
<b>Sub-total</b>	-	0.10
<b>G. DEPRECIATION</b>	53.11	28.37
<b>Sub-total</b>	53.11	28.37
<b>H. PRIOR PERIOD EXPENSES (NET)</b>		
Prior period expenses	(0.07)	(52.14)
Less: : Prior period income	<u>0.03</u>	<u>0.99</u>
<b>Sub-total</b>	(0.10)	(53.13)
<b>I. LESS : RECEIPTS AND RECOVERIES</b>		
i) Income from generation of electricity –precommissioning	-	8.99
ii) Interest on loans and advances	82.79	58.51
iii) Miscellaneous receipts	5.20	25.76
iv) Profit on sale of assets	-	0.04
v) Liability/ Provisions not required written back	192.12	4.70
vi) Hire charges/ outturn on plant and machinery	<u>1.84</u>	<u>3.10</u>
<b>Sub-total</b>	281.95	92.11
<b>J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES</b>		
i) Other Income	(6.84)	(4.90)
ii) Generation, Administration and Other Expenses	29.00	28.09
iii) Employee Remuneration and Benefits	193.85	171.63
iv) Depreciation	14.90	6.98
v) Interest and Finance Charges	0.24	0.13
vi) Provisions	-	-
vii) Prior Period Adjustment (Net)	<u>0.04</u>	<u>0.34</u>
<b>Sub-total</b>	231.19	202.27
<b>TOTAL [(A to H) - I + J] (Transferred to Schedule 6)</b>	<u>976.00</u>	<u>919.72</u>



## **SCHEDULE – 23 SIGNIFICANT ACCOUNTING POLICIES - Consolidated**

### **1. ACCOUNTING CONVENTIONS**

The accounts of the Corporation are prepared under the historical cost convention using the accrual method of accounting.

### **2. FIXED ASSETS**

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets.
- 2.3 Capital Expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.
- 2.4 Payments made provisionally towards compensation and other expenses relatable to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuates or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified/Right of use, to be amortised over a period of 30 years from the date of commercial operation of the project.
- 2.6 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realisable value.

### **3. MACHINERY SPARES**

- 3.1 (a) Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with mother plant, these are capitalized & depreciated along with mother plant.
- (b) WDV of spares is charged off to Profit & Loss Account in the year in which such spares are replaced in place of retrieved spares, provided the spares so retrieved do not have any useful life. Similarly value of such spares, procured & replaced in place of retrieved spares, is charged off to Profit & Loss Account in that year itself, provided spares so retrieved do not have any useful life.
- (c) When the useful life of the related fixed asset expires and asset is retired from active use, such spares are valued at net book value or net realizable value whichever ever is lower. However, in case retired assets are not replaced, WDV of related spares less disposable value is written off.
- 3.2 Other spares are treated as "stores & spares" forming part of the inventory and expensed when issued.

### **4. CAPITAL WORK IN PROGRESS**

- 4.1 Projects under commissioning and other capital work-in-progress are carried at cost. Administration & General overhead expenses attributable to construction of fixed assets are identified and allocated on systematic basis on major immovable assets other than land and infrastructural facilities, on commissioning of the project.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to 'Expenditure During Construction (EDC)'.
- 4.3 Expenditure in relation to Survey and Investigation of the projects is carried as capital work in progress. Such expenditure is either capitalized as cost of Project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

### **5. DEPRECIATION & AMORTISATION**

- 5.1 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 5.2 Depreciation is charged on straight-line method to the extent of 90% of the Cost of Asset following the rates notified by the Central Electricity Regulatory Commission (CERC). However, Construction Plant & Machinery and Computers & Peripherals are being depreciated @11.25% and @30% respectively, being the rate assessed by the Corporation based on useful life of the respective Assets. However, temporary erections are depreciated fully (i.e. 100%) in the year of acquisition/ capitalization itself.
- 5.3 Assets valuing Rs. 5000/- or less but more than Rs. 750/- and such items (excluding immovable assets) with written down value of Rs 5000/- or less at the beginning of the year are fully depreciated during the year with Re. 1 as a balance value.
- 5.4 Low value items, which are in the nature of assets (excluding immovable assets) and valuing upto Rs750/- are not capitalized and charged off to revenue.
- 5.5 Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.
- 5.6 Leasehold Land is amortized over the period of lease or 30 years whichever is lower.
- 5.7 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land or at the applicable depreciation rates of such assets, which ever is higher.
- 5.8 Capital Expenditure referred to in Policy 2.3 is amortised over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.
- 5.9 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.

### **6. INVESTMENTS**

Investments are intended for long term and carried at cost. Provision for diminution, other than temporary, in the value of such investment is provided.



### 7. INVENTORIES

- 7.1 Stores & Spares are valued at cost, determined on weighted average basis, or net realizable value whichever is lower.
- 7.2 Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts.
- 7.3 Loose tools issued during the year are charged to consumption account where cost of individual items is Rs. 5,000/- or less and in other cases written off in 5 yearly equated installments.
- 7.4 Stores issued for operation and maintenance at Power Stations but lying unused at site at the year-end are evaluated at engineering estimates and taken as stores.

### 8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
- 8.2 Exchange differences are recognised as income & expenses in the period in which they arise in Profit & Loss Account in case of operational stations and to EDC in case of projects under construction. However, Exchange Differences in respect of liabilities relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to 01/04/2004 are adjusted to the carrying cost of respective Fixed Asset/Capital Work-in-Progress.

### 9. EMPLOYEE BENEFITS

- 9.1 Provision for Post employment benefit as defined in Accounting Standard 15 (2005) on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Leave Travel Concession, Leave Encashment & Baggage Allowance admissible on superannuation is made in the books on the basis of actuarial valuation made at the year end.
- 9.3 Expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.

### 10. REVENUE

- 10.1 (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the appropriate authority. Recovery/refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.
- (b) Incentives/Disincentives are recognised as per tariff notifications. In case of Power Station where tariffs have not been notified, incentives are recognized provisionally on assessment of the likelihood of acceptance of the same.
- (c) Adjustments arising out of finalisation of global accounts, though not material, are effected in the year of respective finalisation.
- (d) Advance against depreciation given as a component of tariff in the initial years to facilitate repayment of loans is reduced from Sales and considered as deferred income to be included in Sales in subsequent years.
- 10.2 In respect of Project Management/Consultancy Contracts/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.
- 10.3 Interest on investments is accounted for on accrual basis.
- 10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

### 11. SELF INSURANCE

0.5% p.a. of Gross Block of Power Stations as on the date of Balance Sheet is transferred to 'Self Insurance Reserve' on year to year basis through Profit & Loss Appropriation Account, to be utilized for losses of Assets for specified contingencies.

### 12. MISCELLANEOUS

- 12.1. Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 12.2. Power supplied from Power Stations to Projects under construction is charged as per normal tariff.
- 12.3 Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.
- 12.4 Insurance claims are accounted for based on certainty of realization.

### 13. BORROWING COST

Borrowing costs attributable to the Fixed Assets during construction/renovation & modernisation are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 14. TAXES ON INCOME

Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited/debited to the extent tax expense is chargeable from the Beneficiaries in future years.

- 15. Amount of contribution received from the Govt. of Madhya Pradesh towards "Irrigation and R&R Component" and Govt. of Gujarat towards "Sardar Sarovar Component", being not relatable to cost individual assets are treated in the same proportion as the depreciation written off on the assets acquired out of such contribution.



## SCHEDULE – 24 CONSOLIDATED NOTES TO THE ACCOUNTS

1. The Consolidated Financial Statements (CFS) comprises of the financial statements of NHPC Limited, its subsidiary companies and its interest in Joint Ventures.
2. a) Basis of Accounting:
  - i) The Financial Statement of the subsidiary companies in the consolidation is drawn up to the same reporting date as of the Company.
  - ii) The Consolidated Financial Statements has been prepared in accordance with Accounting Standard-21 Consolidated Financial Statements issued by Institute of Chartered Accountants of India and generally accepted accounting principles.
  - iii) The interest in Joint Venture has been reported in Consolidated Financial Statements in accordance with the Accounting Standard -27 – ‘Financial Reporting of interest in Joint Ventures issued by Institute of Chartered Accountants of India.
- b) Principle of Consolidation:
  - i) The Financial Statement of the Company and its subsidiary is combined on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses.
  - ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.
  - iii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
3. The subsidiary companies & Joint Ventures companies considered in the Consolidated Financial Statement is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest
<b>Subsidiary Companies:</b>		
NHDC Ltd.	India	51%
Loktak Downstream Hydroelectric Corporation Ltd.	India	74%
<b>Joint Venture Companies:</b>		
National High Power Test Laboratory (P) Ltd.	India	25%
National Power Exchange Ltd.	India	16.67%

4. a) Contingent Liabilities as on: -

(₹ in Crore)

Description	Opening Balance 01/04/2009	Closing Balance 31/03/2010
Claims against the Company not acknowledged as debts in respect of -		
- Capital Works	4059.23	4656.36
- Land Compensation Cases	1839.09	1954.67
- Others	-	-
- Disputed Income Tax Demand	-	0.09
- Disputed Sales Tax Demand	2062.41	2099.20
- Others	411.33	291.24
<b>Total</b>	<b>8372.06</b>	<b>9001.56</b>

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) The amount of claims where arbitration /court awards have been received but are under examination in the company are continuing as contingent liability and no provision has been created in the books.
- d) It is not practicable to disclose the uncertainties relating to any outflow.
- e) There is a possibility of reimbursement to Corporation, of Rs.41.96 Crore (Previous year Rs. 31.58 Crore) towards above contingent liabilities.
5. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 8404.74 Crore (Previous year Rs. 9761.03 crore).



6. a) During the year ended 31.03.2010, the company made initial public offering (IPO) of 167,73,74,015 Shares of ₹10/- each for cash at a price of ₹ 36/- per share including premium of ₹ 26/- per share consisting of fresh issue of 111,82,49,343 equity shares by the company including reservation of 4,19,34,350 equity shares for its employees and offer for sale of 55,91,24,672 equity shares by the President of India acting through Ministry of Power, Government of India aggregating to ₹ 6038.55 Crore including premium. The Company retained ₹ 4025.70 Crore as its share proceeds including share premium of ₹ 2907.45 Crore and sale proceeds of the equity of Government of India amounting to ₹ 2012.85 Crore was paid to the Ministry of Power, Government of India. Out of the Proceeds, a sum of ₹ 616.06 Crore has been utilised during the year ended 31.03.2010 for re-coupmnt of capital expenditure already incurred from internal accruals on the projects specified for utilisation, ₹ 3288 Crore has been invested as per extant investment policy of the company, ₹ 50 Crore recouped provisionally for meeting IPO expenditure and balance of ₹ 71.64 Crore is lying in bank account under Corporate Liquidity Term Deposit (CLTD).
- b) An amount of ₹ 49.07 Crore has been incurred as Share Issue Expenses for IPO, which includes ₹ 10.36 Crore as Government of India's share, being the selling shareholder. ₹ 10.34 Crore has since been recovered from Government of India. NHPC's share of expenses has been adjusted against the Share Premium Accounts (Schedule 2) in terms of Section 78 of the Companies Act, 1956.
7. a) Title deeds/title in respect of Land of some Projects/Units amounting to ₹ 56.89 Crore (Previous year ₹ 92.69 Crore), covering an area of 1864.13 hectare (Previous year 2046.46 hectare), are yet to be executed/passed. Expenses on stamp duty etc. relating to registration thereof will be accounted for as and when incurred.
- b) Land does not include the land taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years @ notional rent of ₹ 1/- per annum.
8. a) Central Electricity Regulatory Commission (CERC) has notified by Regulations the terms and conditions for determination of tariff applicable with effect from 1<sup>st</sup> April 2009 for a period of five years vide notification dated 19.01.2009.  
NHPC has filed tariff petitions up to 31.03.2010 with CERC for determination of tariff for the period 2009-14 in respect of 10 out of 11 power stations. Pending determination of station wise tariff as per aforesaid notification, sales for the current year have been provisionally recognised at ₹ 3306.63 Crore on the basis of the principles enunciated in the said notification. The principle of conservatism has also been kept in view, as the tariff petitions are subject to prudence check by CERC.  
The aforesaid CERC notification provides that pending determination of tariff by the CERC, the Company has to provisionally bill the beneficiaries at the tariff approved by the CERC as applicable as on 31<sup>st</sup> March 2009. The amount provisionally worked out for billing for the year ended 31<sup>st</sup> March 2010 on this basis is ₹ 2901.49 Crore, which also includes ₹ 194.28 Crore towards Income tax recoverable.
- b) Net Sales for the current year include ₹ 816.51 Crore (excluding income tax of ₹ 27.63 Crore) towards earlier year sales arising mainly because of finalisation and revision of tariff in respect of Power Stations.
- c) In case of NHDC, sales for the year ended 31.03.2010 has been provisionally recognized at ₹ 863.39 Crore on the basis of the principles enunciated in the said notification. The amount provisionally worked out for billing for the year ended 31<sup>st</sup> March 2010 on this basis is ₹ 803.08 Crore, Earlier years Sales in respect of NHDC is ₹ 40.32 Crore (excluding income tax of ₹ (-)3.69 Crore).
9. Pending approval of the competent authority, provisional payments made towards executed quantities of some of the items beyond approved quantities as also for extra items, are included in Capital Work-in-Progress/Fixed Asset.
10. a) Balances shown under Material issued to contractors, claims recoverable including insurance claims, advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors and Deposits/Earnest money from contractors are subject to reconciliation/ confirmation and respective consequential adjustments. Claims recoverable also include claims in respect of projects handed over or decided to be handed over to other agencies in terms of Government of India Directives.
- b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- c) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, ₹ 32.97 Crore is continuing under "Other Current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
- d) Debtors include an amount of ₹ 120.81 Crore, being recoverable from M/s Delhi Transco Limited (erstwhile DESU) pertaining to period prior to Financial Year 1996-97. The case for recovery of the same has been taken up through Ministry of Power with Ministry of Finance, Govt. of India. However, a provision for entire amount has been made in the books during 2008-09 as an abundant precaution.
11. a) Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of account with Brahmaputra Board, assets and liabilities have been booked to the extent of amounts incurred by the Corporation on these projects. Of the Siang Basin Projects, Siang Lower & Siyom HE Projects have since been handed over to private developer and liability arising out of settlement of accounts with Brahmaputra Board towards Siang Lower & Siyom projects is recoverable from respective private developer. Upper Siang HE project, a project of Siang Basin, has since been allotted to other agency for preparation of Pre-feasibility report and as such expenditure incurred on this project till 31.03.2010 amounting to ₹ 37.06 Crore has been provided in the books as abundant precaution.
- b) Pakal Dul, Kiru & Kwar HE Projects are to be executed through Joint Venture Company with participation from State Government. Pending formation of Joint Venture Company, expenditure amounting to ₹ 121.87 Crore & ₹ 42.61 Crore respectively incurred by NHPC on these projects upto 31.03.2010 is appearing under Capital Work-in-Progress.



12. a) Govt. of Arunachal Pradesh has shown their inclination to hand over Subansiri Upper & Subansiri Middle projects to Independent Power Producer (IPP), on which NHPC has solicited the intervention of Govt. of India. Pending final decision for execution of these projects, capital expenditure amounting to ₹ 2.15 Crore and ₹ 0.72 Crore incurred on these projects for current financial year has been charged to Profit & Loss Account as an abundant precaution, which is in addition to the provision of ₹ 32.03 Crore, already created till last year towards expenditure incurred on these projects during from 20.04.2004 to 31.03.2009, the period in which these projects were under suspension due to Supreme Court Injunction.
- b) Pursuant to the order of Govt. of Utarakhand (GoUK)/ Govt. of India, Corporation has decided to hand over Lakhawar Vyasi Project to Utarakhand Jal Vidyut Nigam Ltd. (UJVNL). UJVNL has paid ₹ 73.07 Crore, being the reimbursement of expenditure (including cost of capital & overheads / supervision charges) incurred by NHPC towards the creation of assets/CWIP of the project till 31.03.2009. Pending handing over of the project, the aforesaid amount has been adjusted to the extent of expenditure incurred by NHPC till said date and balance is appearing as "Other Liabilities" in Schedule 10 – Current Liabilities & Provisions. Further an amount of ₹ 5.88 Crore, being the expenditure incurred by NHPC on this project during 2009-10 has been provided as an abundant precaution as the date beyond 31.03.2009, up to which expenditure is reimbursable from UJVNL is yet to be decided.
13. Pending implementation of wage revision of Employees w.e.f 01.01.2007, a provision of Rs.304.15 Crore (previous year Rs.215.20 Crore) has been made in the books for current year on reasonable estimate basis.
14. a) The effect of foreign exchange fluctuation during the year is as under:

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
(i) Amount charged to Profit and Loss Account excluding depreciation (as FERV)	(1.67)	71.45
(ii) Amount charged to Profit and Loss Account excluding depreciation (as Borrowing Cost)	22.90	245.64
(iii) Amount charged to Expenditure During Construction (as FERV)	(12.35)	(12.47)
(iv) Amount charged to Capital work-in-progress (as FERV)	(1.12)	(3.83)
(v) Amount adjusted by addition to carrying amount of fixed assets	(177.75)	432.92

- b) The amount of borrowing cost capitalised by transfer to 'Expenditure during Construction (EDC)' during the Year is Rs.492.39 Crore (Previous Year ₹ 332.11 Crore).
16. a) Following Accounting Policies have been introduced / modified during the year: -

Policy No.	Description	Impact on Profit for the year
Policy No. 2.5	Modification of accounting policy on land unclassified and right to use in order to align with the new rates of depreciation notified by CERC in 2009-10	Not material.
Policy No. 4.1	Modification of accounting policy to disclose the fact of capitalisation of Administration & General Overhead Expenses.	Practice has been translated in policy.
Policy No. 5.2	Rewording of accounting policy to disclose that temporary erections are depreciated 100% in the year of acquisition / capitalisation.	Practice has been translated in policy.
Policy No. 5.6	Modification in accounting policy regarding amortisation of leasehold land.	Not material
Policy No. 5.7	Modification in accounting policy regarding depreciation of assets created on leasehold land.	Not material
Policy No. 14	Modification in accounting policy regarding taxes on income in view of new tariff norms	Impact on Profit is not ascertainable as far as Income tax is concerned. However Profit has reduced by ₹ 129.17 Crore on account of Deferred tax liability created during current year.
NHDC has deleted its earlier Accounting policy regarding R&R Expenses. Previously R&R expenses is taken as part of DAM cost and now treated as Land Unclassified/ Right to Use under Accounting policy 2.5.		Increase in Profit Before Tax (PBT) by ₹ 28.59 Crore.



- b) CERC vide notification No. L-7/145 (160)/2008-CERC dated 19.01.2009, has revised the rates of depreciation and methodology for recovery of depreciation through tariff. The rates of depreciation, so notified by CERC are applicable for the purpose of accounting as well in terms of Sub Para (c) of Para 5.3 of resolution No. 23/2/2005-R&R (Vol.III) dated 6<sup>th</sup> January 2006, vide which Govt. of India notified the Tariff Policy. Accordingly, depreciation has been charged in the books following the revised rates of depreciation and as such the depreciation charge for the year is more by Rs.649.41 Crore in comparison to previous year.
17. a) NHPC has taken Industrial all risk (IAR) Insurance Policy w.e.f. 31.07.2009 in lieu of Self Insurance Policy. Accordingly, Self Insurance Reserve for the current year as per Significant Accounting Policy No. 11 (Schedule 23) has been created only up to 30.07.2009 on proportionate basis on the value of Gross Block as at 30.06.2009.
- b) The reserve so created up to 30.07.2009, now named as "Self Insurance Fund" has been invested in Central Government Securities, PSU Bonds and Bank Deposits to make said fund earmarked for reimbursement of the claims which would not be reimbursed under aforesaid IAR policy. The status of Self Insurance Fund Investment as at 31.03.2010 is as under:-

Schedule of Balance Sheet	Description of Investment / Deposit	Amount (₹ In Crore)
Schedule 8 - Investment	(i) Central Government Securities	163.03
	(ii) Public Sector Bonds	148.58
Schedule 9 - Current Assets, Loan & Advances	(i) Deposit with Public Sector Bank	306.50
	(ii) Interest Accrued (net of taxes)	1.26
	(iii) Current Account	0.03
Schedule 10 – Current Liabilities & Provisions	(i) Other Liabilities	(0.25)
	<b>Total</b>	<b>619.15</b>

The total income of the Self Insurance Fund so invested is ₹ 0.24 Crore (net of taxes), which has been credited to Self Insurance Fund through Profit & Loss Appropriation Account.

18. Disclosure as required by Accounting Standard (AS) 15:

General description of various defined employee benefit schemes are as under:

#### A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognised as expense and is charged to the profit & loss account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI.

#### B. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 0.035 Crore, on superannuation, resignation, termination, disablement or on death. The liability for the same is recognised on the basis of actuarial valuation considering the maximum limit of ₹ 0.10 Crore.

#### C. Retired Employee Health Scheme

The Company has a Retired Employee Health Scheme, under which retired employee and the spouse are provided medical facilities in the Company hospitals / empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

#### D. Allowance on Retirement / Death

Actual cost of shifting from place of duty at which employee is posted at the time of retirement to any other place where he / she may like to settle after retirement is paid as per the rules of the corporation. In case of death, family of deceased employee can also avail this facility.

#### E. Leave

The Company provides for earned leave benefit (including compensated absences) and half-pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 75% of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half-pay leave is en-cashable only on superannuation up to the maximum of 240 days as per the rules of the Company. The liability for the same is recognised on the basis of actuarial valuation.

#### F. LTC

Employees are entitled to avail LTC in a block of 2 years. Liability for LTC as at 31.03.2010 is provided on the basis of actuarial valuation.



The above mentioned schemes (B, C, D and E) are unfunded and are recognised on the basis of actuarial valuation.

Summary of various defined benefits as on 31.03.2010 is as under:-

**For NHPC**

**Table 1: Key Actuarial assumption for Actuarial Valuation as at:**

Particular	31.03.2010	31.03.2009
Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified
Discount rate	7.5%	7%
Future Salary Increase	5%	4.5%

**Table 2: Change in Present Value of Obligations (PVO)**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at Beginning of year	342.69	205.96	142.62	25.11	3.93	24.72
Interest cost	25.70	15.45	10.70	-	-	-
Current service cost	17.12	11.05	4.91	13.92	0.30	7.23
Benefit paid	(14.20)	(70.20)	(3.74)	(13.37)	(0.08)	(5.47)
Actuarial (Gain)/loss	36.01	58.41	15.00	-	-	-
PVO at end of year	407.32	220.67	169.49	25.66	4.15	26.48

**Table 3: Amount recognised in Balance Sheet**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at end of year	407.32	220.67	169.49	25.66	4.15	26.48
Fair Value of Plan Assets at the end of year	-	-	-	-	-	-
Funded Status	(407.32)	(220.67)	(169.49)	(25.66)	(4.15)	(26.48)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability recognized in Balance Sheet	407.32	220.67	169.49	25.66	4.15	26.48



**Table 4: Amount recognised in Profit & Loss Account/EDC Account**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
Current Service Cost	17.12	11.05	4.91	13.92	0.30	7.23
Interest Cost	25.70	15.45	10.70	-	-	-
Expected return on Plan Assets						
Net Actuarial (gain) / loss recognized for the year	36.01	58.41	15.00	-	-	-
Expense recognized in Profit & Loss/ EDC for the year	78.83	84.91	30.61	13.92	0.30	7.23

### For NHDC

**Table 1: Key Actuarial assumption for Actuarial Valuation as at:**

Particular	31.03.2010	31.03.2009
Mortality Table	LIC(1994-96) ultimate table	LIC(1994-96) ultimate table
Discount rate	8.10%	7.80%
Future Salary Increase	5%	6%

**Table 2: Change in present value of obligations**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	REHS
PVO at beginning of year	2.06	4.03	0.82
Interest Cost	0.16	0.31	0.06
Past Service Cost			
Current Service Cost	0.40	0.44	0.18
Benefit paid	(0.06)	(2.36)	(0.00)
Actuarial gain/ loss	(0.24)	0.89	0.01
PVO at end of year	2.32	3.31	1.07

**Table 3: - Amount recognised in Balance Sheet**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	REHS
PVO at the end of year	2.32	3.31	1.07
Fair value of plan assets at the end of year	-	-	-
Funded status	(2.32)	(3.31)	(1.07)
Unrecognized Actuarial gain/loss	-	-	-
Net liability recognized in balance sheet	2.32	3.31	1.07



**Table 4: - Amount recognised in Profit & Loss Account/ EDC**

(₹ in Crore)

Particular	Gratuity	Leave Encashment	REHS
Current Service cost	0.40	0.44	0.18
Interest Cost	0.16	0.31	0.06
Expected return on plan assets	-	-	-
Net Actuarial gain/loss recognized for the year	(0.24)	0.89	0.01
Expenses recognized in P&L A/c for the year	0.32	1.64	0.25

Liability (as on 31.03.2010) on account of LTC, Company Contribution to PF on Retirement & Baggage Allowance on Retirement Rs. 0.36 Crore, ₹ 0.38 Crore and ₹ 0.20 Crore respectively.

18. a) Electricity generation is the principal business activity of the Corporation. Other operations viz., Contracts, Project Management and Consultancy works do not form a reportable segment as per the Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.
- b) The Corporation has power stations located within the country and therefore, geographical segments are inapplicable.
19. In compliance of Accounting Standard – 18 on related party disclosures issued by the Institute of Chartered Accountants of India, the required information is given as under: -

**a) Related Parties**
**(i) Joint Venture Companies**

National Power Exchange Ltd.

**(ii) Key Management Personnel**

Shri S. K. Garg	Chairman & Managing Director
Shri A B. L. Srivastava	Director (Finance)
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects) - assumed office w.e.f. 10.04.2009
Shri R. S. Mina	Director (Personnel) - assumed office w.e.f. 28.04.2009
Shri K. M. Singh	Whole Time Director and designated as Chief Executive Director in NHDC
Shri R. K. Taneja	Director in NHDC
Shri D. K. Ray	Chief Executive Officer in LDHCL
Shri Vijay Kumar	Director in LDHCL

**b) Transaction carried out with the related parties at a(i) above is as follows:**

Particular	During 2009-10	During 2008-09
Investment	-	0.83

Remuneration to key management personnel is ₹ 1.11 Crore (previous year ₹ 0.83 Crore) and amount of dues outstanding to the Company as on 31.03.2010 is ₹ 0.31 Crore (previous year ₹ 0.11 Crore)

20. The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses & transit camps. These leasing arrangements, which are not non-cancellable, are usually renewable on mutually agreeable terms. The Schedule of Employees remuneration and benefits includes ₹ 15.15 Crore (Previous year ₹ 13.26 Crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, guest house & transit camps are shown as Rent / Hiring charges under Schedule of Generation, Administration and other expenses.



# Annual Report

## 2009-10

### 21. Earning Per Share:-

The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	For the Year 2009-10	For the Year 2008-09
Net Profit after Tax used as numerator (₹ Crore)	2175.56	1184.89
Weighted Average number of equity shares used as denominator		
– Basic	11850379339	11182493430
– Diluted	11850379339	11182493430
Earning Per Share (₹)		
– Basic	1.84	1.06
– Diluted	1.84	1.06
Face value per share (₹)	10	10

### 22. In compliance to the Accounting Standard 22 on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, the item-wise details of Cumulative Deferred Tax Liability are as under:

(₹ in Crore)

	01.04.2009	31.03.2010
<b>Deferred Tax Liability</b>		
i) Depreciation	3375.66	3367.69
<b>Less: Deferred Tax Assets</b>		
ii) Accumulated unabsorbed depreciation	79.77	12.80
iii) Advance against Depreciation to be considered as income in tax computation	131.23	-
iv) Provision for doubtful debts, self Insurance and other provisions	76.22	74.17
v) Provision for employee benefit schemes	104.92	119.72
<b>Deferred Tax Liability (Net)</b>	<b>2983.52</b>	<b>3161.00</b>

### 23. Interest in Joint Venture:

Name of Companies	Proportion of Ownership interest as at	
	31.03.2010	31.03.2009
National High Power Test Laboratory (P) Ltd.	25%	-
National Power Exchange Ltd.	16.67%	16.67%

The above joint venture entities are incorporated in India. The Company's share of the assets and liabilities as on 31st March 2010 and income and expenses for the financial year ended 31.03.2010 in respect of joint venture entities is based on audited accounts are given below:

(₹ in Crore)

	As at 31.03.2010	As at 31.03.2009
A. Assets	1.47	0.83
B. Liabilities (including equity)	1.47	0.83
C. Contingent Liabilities	-	-
D. Capital Commitments	-	-

	For the Year 2009-10	For the year 2008-09
E. Income	0.06	0.01
F. Expenditure	0.89	0.03

### 24. The Management is of the opinion that no case of impairment of assets exists under the provision of Accounting Standard (AS)-28 on Impairment of assets as at 31<sup>st</sup> March 2010.



25. a) Remuneration paid/payable to Directors:

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
(i) Salaries & Allowances	0.77	0.62
(ii) Contribution to Provident Fund	0.07	0.04
(iii) Rent for Residential Accommodation	0.14	0.13
(iv) Other benefits	0.12	0.05
(v) Sitting Fees to Independent Directors	0.23	0.08

b) Whole-time Directors were also allowed the use of company's car for official journeys and for private journeys upto 12000 kms in a Financial year on payment as under:-

	Non-AC Car	AC Car
Upto 16 HP	Rs. 325 per month	Rs. 520 per month
Above 16 HP	Rs. 490 per month	Rs. 780 per month

26. Remuneration to Statutory Auditors

(₹ in Crore)

	For the Year 2009-10	For the Year 2008-09
Statutory Audit Fees	0.26	0.27
Tax Audit Fees	0.08	0.09
Audit Expenses	0.32	0.30
Other matters	0.43	0.27
<b>Cost Auditors</b>		
- Audit Fees	0.07	0.07
- Audit Expenses	0.01	0.01

27. Quantitative details in respect of Energy produced and sold:-

	For the Year 2009-10	For the Year 2008-09
(i) Licensed Capacity (M.W.)	Not Applicable	Not Applicable
(ii) Installed Capacity (M.W.)*	5139.20	5134.20
(iii) Actual Generation (Million Units)**	19928.32	18951.17
(iv) Actual Sales (Million Units) ***	17893.10	16932.89

\* derated capacity of Loktak Power Station.

\*\* including infirm Power & excluding Auxiliary Consumption & Transformation Loss.

\*\*\* excluding infirm Power & free Power to Home States.



# Annual Report 2009-10

(₹ in Crore)

		For the Year 2009-10	For the Year 2008-09
28.	a)* Value of imports calculated on CIF basis:		
	i) Capital Goods	155.17	381.66
	ii) Spare Parts	3.91	6.47
	b)* Expenditure in Foreign Currency		
	i) Know - how	11.23	0.26
	ii) Interest	73.37	98.84
	iii) Other Misc. Matters	104.44	251.96
	c)* Value of spare parts and Components consumed in operating units.		
	i) Imported	0.89 (13.04%)	4.34 (40.52%)
	ii) Indigenous	5.94 (86.96%)	6.37 (59.48%)
	d)** Earnings in foreign currency		
	i) Interest	-	-
	ii) Others	-	-

\* Accrual basis.

\*\* Cash basis.

29. Disclosure as required under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 is as follows:-

(₹ in Crore)

(i)	Principal amount <i>remaining unpaid</i> to micro, small & medium enterprise	NIL
(ii)	Interest accrued on principal amount remaining unpaid as (i) above	NIL
(iii)	Amount of Interest <i>paid</i> during the year along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/rendering of services	NIL
(iv)	Interest due but yet to be paid on principal paid during the year	NIL
(v)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure	NIL

30. (a) Cash & Cash equivalents include an amount of ₹ 14.34 Crore (Previous year ₹ Nil) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2010.

(b) Cash & cash equivalents include ₹ 488.41 Crore, held for Rural Road and Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation. Similarly "Loans & Advances" under Schedule 9 include ₹ 93.58 Crore given as Advance to Contractors & Suppliers in respect of these works.

31. Previous year's figures/opening balances have been regrouped/re-arranged/re-cast wherever necessary, including that of interest in Joint Venture Companies.

**VIJAY GUPTA**  
Company Secretary

**A.B.L. SRIVASTAVA**  
Director (Finance)  
DIN 01601682

**S.K. GARG**  
Chairman & Managing Director  
DIN 00055651

Place : New Delhi  
Dated : 25.5.2010



**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2010**

(₹ in crore)

	31st March, 2010	31st March, 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	2754.17	1486.25
<b>ADD :</b>		
Depreciation including Prior period	1280.43	649.22
Tariff Adjustment / Advance Against Depreciation	115.30	122.24
Interest excluding rebate	690.52	737.96
Others Provisions / Adjustments	49.12	161.57
Loss / (Profit) on Sale/Transfer of Assets	(4.06)	(37.70)
Exchange rate variation/Fluctuation Adjustment account	42.90	106.10
Dividend Income	(1.60)	(1.33)
<b>Cash flow from operating activities before working capital adjustments</b>	<b>2172.61</b>	<b>1738.06</b>
	4926.78	3224.31
<b>Working Capital Changes</b>		
(Increase)/Decrease in Inventories	(9.44)	(0.72)
(Increase)/Decrease in Contract Work in Progress	(8.29)	55.63
(Increase)/Decrease in Receivables	(766.25)	14.86
Increase/(Decrease) in Trade & Other Payables	311.26	232.27
<b>Cash flow from operating activities before taxes</b>	<b>4454.06</b>	<b>3526.35</b>
Less : Taxes Paid	421.23	150.39
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>4032.83</b>	<b>3375.96</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(3048.79)	(3260.72)
Proceeds on Sale/Transfer of Assets	0.24	2.32
Decrease/(Increase) in Investment	(1599.58)	256.44
Dividend Received / Interest on Self Insurance Fund	1.86	1.33
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(4646.27)</b>	<b>(3000.63)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	1178.25	-
Share Premium	2868.74	-
Dividend & Dividend Tax	(260.31)	(436.91)
Proceeds from Borrowings	5446.95	4,792.48
Repayments of Borrowings	(3865.64)	(3,440.41)
Funds received from GOMP towards SSP & Irrigation component	16.72	11.38
Interest & Finance Charges	(1188.60)	(1,040.85)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>4196.11</b>	<b>(114.31)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>3582.67</b>	<b>261.02</b>
Cash & Cash Equivalents at the beginning of the year	2606.86	2345.84
Cash & Cash Equivalents at the close of the year	6189.53	2606.86

**EXPLANATORY NOTES TO CASH FLOW STATEMENT**

- Cash and Cash equivalents consist of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits of varying periods except Deposits in the nature of Investment. Further, Cash & Cash equivalents include an amount of ₹ 14.34 Crore (Previous year Rs.Nil) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2010.
- Bonds allotted to the Corporation in discharge of debts and interest earned thereon being related to the core generating activity has been considered as part of cash from Operating Activities.
- Investment in Fixed Assets & Construction Work-in-Progress excludes interest & finance charges Capitalised to the tune of ₹ 494.65 Crore.
- Amount of undrawn loan as on 31.03.2010 : ₹ 9,403.86 Crore.
- Cash & cash equivalents include ₹ 488.41 Crore, held for Rural Road and Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation.
- Figures for the previous year have been re-grouped/re-arranged/re-cast wherever necessary.

As per our attached report of even date

 For and on behalf of the **BOARD OF DIRECTORS**
**For GSA & ASSOCIATES**

 Chartered Accountants  
 FRN-000257N

**(SUNIL AGGARWAL)**

 Partner  
 M.NO 83899

**VIJAY GUPTA**

Company Secretary

**A.B.L. SRIVASTAVA**

 Director (Finance)  
 DIN 01601682

**S.K. GARG**

 Chairman & Managing Director  
 DIN 00055651

Place : New Delhi

Dated : 25.5.2010



## NHPC Limited

Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121 003 (Haryana)

### ATTENDANCE SLIP

**34<sup>TH</sup> Annual General Meeting to be held on Wednesday, September 22, 2010 at 11.00 a.m.**

NAME OF THE ATTENDING MEMBERS \_\_\_\_\_  
(IN BLOCK LETTERS)

Folio No \_\_\_\_\_

DP ID No. \_\_\_\_\_

No. of shares held \_\_\_\_\_

NAME OF PROXY \_\_\_\_\_  
(IN BLOCK LETTERS TO BE FILLED)

IN, IF THE PROXY ATTENDS INSTEAD \_\_\_\_\_  
OF THE MEMBERS

I, hereby record My presence at the 34<sup>th</sup> Annual General Meeting of the Company at Municipal Corporation Auditorium, Faridabad, on Wednesday, September 22, 2010.

Signature of Member/Proxy

Applicable in case of shares held in physical form

## NHPC Limited

Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121 003 (Haryana)

### FORM OF PROXY

DP ID :
Client ID :
No. of Shares.

I/we \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being a member/members of the above named Company/herby appoint \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company at Municipal Corporation Auditorium, Faridabad, on Wednesday, September 22, 2010 and at any adjournments thereof .

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.



This form is to be used in favour of resolution(s) No. \_\_\_\_\_ and against resolution(s) no. \_\_\_\_\_ unless otherwise instructed, the proxy will act as he thinks fit.

#### Notes:

- The form should be signed across the stamp as per specimen signature registered with the Company
- The form should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the Meeting.





*120 MW Sewa-II Power Station, (Jammu & Kashmir) - Machine Hall of Power House*



*120 MW Sewa-II Power Station, (Jammu & Kashmir) - Reservoir area of Dam*



**एन एच पी सी लिमिटेड**  
(भारत सरकार का उद्यम)



**NHPC Limited**  
(A Government of India Enterprise)

एनएचपीसी कार्यालय परिसर, सैक्टर - 33, फरीदाबाद-121003, हरियाणा (भारत) वेबसाइट : [www.nhpcindia.com](http://www.nhpcindia.com)  
NHPC Office Complex, Sector-33, Faridabad-121003, Haryana (India) Website : [www.nhpcindia.com](http://www.nhpcindia.com)