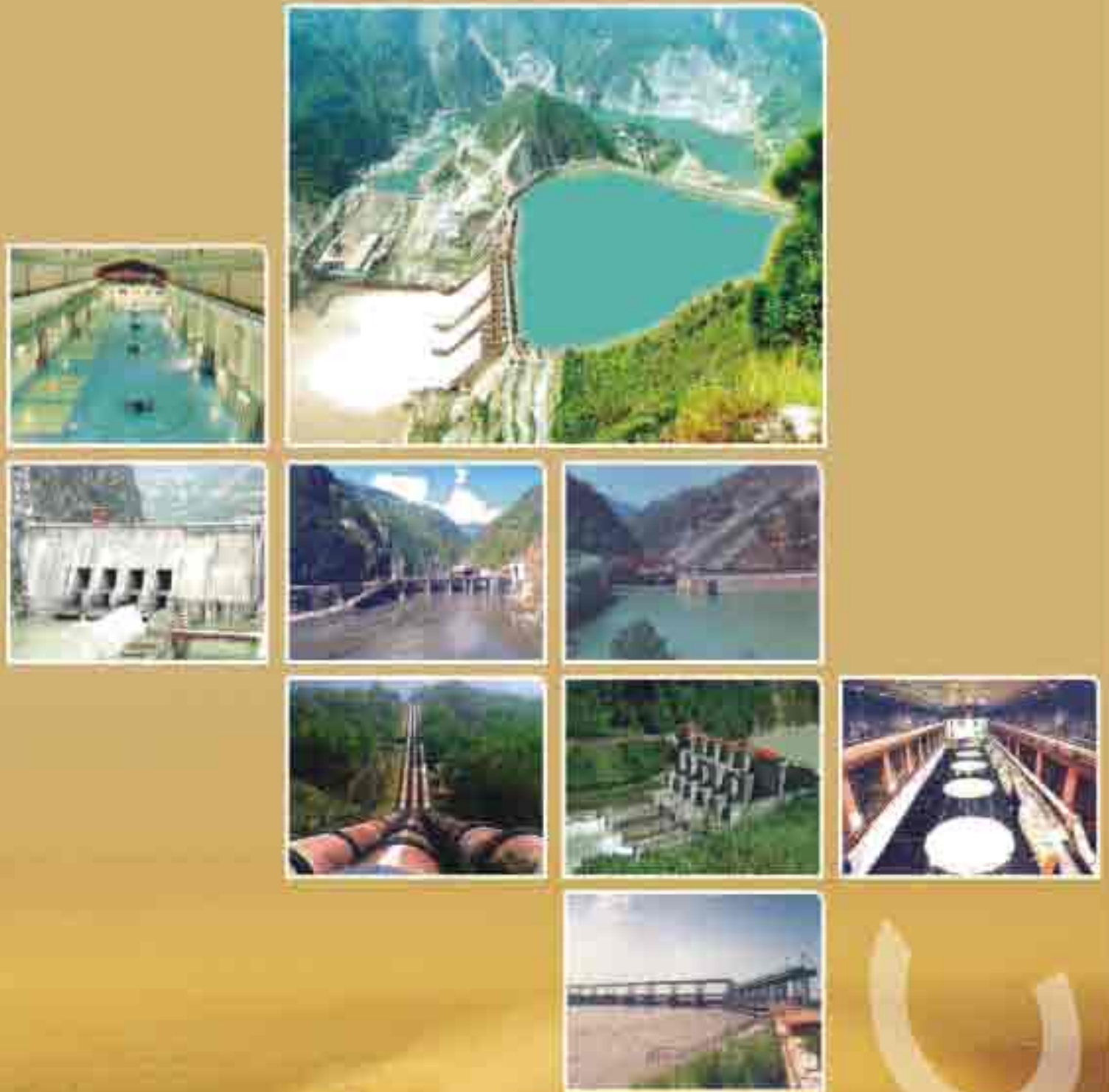


Annual Report 2008-09



NHPC Limited
(A Government of India Enterprise)



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NHPC

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NHDC

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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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510 MW Teesta-V Power Station (Sikkim) - Dam



Shri S.K. Garg
Chairman & Managing Director

BOARD OF DIRECTORS

As on 31.07.2009



Shri A.B.L. Srivastava
Director (Finance)



Shri D.P. Bhargava
Director (Technical)



Shri J.K. Sharma
Director (Projects)



Shri R.S. Mina
Director (Personnel)



Shri Jayant Kawale
Jt. Secretary (MOP)



Smt. Komal Anand
Independent Director



Shri A.K. Mago
Independent Director



Shri Raman Sidhu
Independent Director



Shri R. Jeyaseelan
Independent Director



Dr. Kuriakose Mamkoottam
Independent Director



Shri K. Dharmarajan
Independent Director

Company Secretary
Shri Vijay Gupta

Statutory Auditors
M/s. GSA & Associates,
Chartered Accountants,
16, DDA Flats,
Shivalik, Panchshil,
Near Malviya Nagar,
New Delhi - 110017

M/s. O.P. Garg & Co.,
Chartered Accountants,
40 A/D, Gandhi Nagar,
Jammu - 180004

M/s. K.K.Ghei & Co.,
Chartered Accountants,
806, Hemkunt House,
6, Rajendra Place,
New Delhi - 110008

M/s. K.C. Bhattacharjee & Paul,
Chartered Accountants,
2, Church Lane, 3rd Floor,
Room No. 304-B,
Kolkata - 700001

M/s. N. Sarkar & Co.,
Chartered Accountants,
21, Prafulla Sarkar Street,
Kolkata - 700072

Bankers

State Bank of India
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.



Shri Vijay Gupta
Company Secretary

CORPORATE PROFILE

FINANCIAL		2008-09	2007-08	2006-07	2005-06
Sales	**	2671.85	2243.73	1754.12	1614.11
Miscellaneous income	@	589.64	911.77	433.38	359.55
Profit before interest, depreciation & tax	\$	2201.76	2201.93	1610.04	1454.71
Profit after interest & depreciation		1178.34	1146.65	1087.74	812.16
Profit after interest, depreciation & tax		1075.22	1004.09	924.80	742.75
Dividend		325.00	300.00	278.00	223.00
Reserves & surplus (cumulative)		6798.13	6093.34	5367.05	4709.89
WHAT CORPORATION OWNS					
Gross Fixed Assets		21460.08	20639.51	12943.64	12755.52
Depreciation		3816.27	3262.66	2850.92	2527.83
Net Fixed Assets		17643.81	17376.85	10092.72	10227.69
Capital Work in progress		9401.77	6318.64	11399.92	8844.19
Construction Stores and Advances		1096.85	1077.34	856.43	778.95
Investments		2793.60	3049.22	3322.75	3832.81
Net Current Assets		605.76	713.03	-345.60	-225.34
Miscellaneous Expenditure not w/o.		2.33	0.34	25.80	24.55
		31544.12	28535.42	25352.02	23482.85
WHAT CORPORATION OWES					
Net Worth					
- Share Capital		11182.49	11182.49	11207.04	10576.09
- Reserves		6798.13	6093.34	5367.05	4709.89
Income Received in advance on account of Advance		1329.47	1303.26	1245.98	1030.18
Against Depreciation					
Borrowings		12234.03	9956.33	7531.95	7166.69
		31544.12	28535.42	25352.02	23482.85
OPERATING PERFORMANCE					
		2008-2009	2007-2008	2006-2007	2005-2006
Generation (M.U.)		16583	14663	13049	12567
Machine availability (%)		93.61	96.13	94.11	98.16
Sales (Rs.in crore)		2671.85	2243.73	1754.12	1614.11
Man power (Nos.)		12028	12341	12768	13118

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

@ Includes receipts against contracts

\$ After prior period adjustments

(Rupees in crore)

2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000
1449.98	1276.09	1172.23	1221.00	1179.90	1075.70
393.80	551.69	302.96	330.40	575.70	202.60
1438.86	1477.37	1153.39	1183.50	1209.70	1070.70
777.53	643.48	555.00	513.10	484.20	401.20
684.58	621.38	510.50	470.90	443.40	401.20
140.00	120.00	75.00	50.00	30.00	15.00
4168.49	3594.27	3065.70	2598.50	2139.10	1690.60
10876.28	10342.71	8280.95	8113.50	7892.70	7752.70
2148.20	1882.95	1672.19	1526.70	1280.10	1029.00
8728.08	8459.76	6608.76	6586.80	6612.60	6723.70
8787.19	6975.83	7078.00	5218.30	3710.80	2768.60
770.14	805.55	621.74	525.50	613.00	511.50
3769.43	3660.87	2415.66	1965.00	679.90	0.00
138.69	107.76	1889.77	1512.20	1864.20	2100.90
1.18	0.71	1.20	2.00	9.80	1.90
22194.71	20010.48	18615.13	15809.80	13490.30	12106.60
9933.27	8629.03	7240.61	6345.70	5188.20	4446.20
4168.49	3594.27	3065.70	2598.50	2139.10	1690.06
1071.15	939.40	801.06	648.40	519.90	386.10
7021.80	6847.78	7507.76	6217.20	5643.10	5583.70
22194.71	20010.48	18615.13	15809.80	13490.30	12106.60
2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
11286	11046	9863	8912	8774	8691
95.30	96.82	96.62	96.86	92.09	91.05
1449.98	1276.09	1172.23	1221.00	1179.90	1075.70
13470	13648	13017	13054	11850	12150

DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL		2008-09	2007-08	2006-07	2005-06
A SALE OF ENERGY	\$	2698.06	2301.00	1969.93	1661.99
B ADVANCE AGAINST DEPRECIATION		26.21	57.27	215.81	47.88
C OTHER INCOME (INCLUDES CONST. & CONSULTANCY RECEIPT)	#	589.64	911.77	433.38	359.55
D TOTAL INCOME (A)-(B)+(C)		3261.49	3155.50	2187.50	1973.66
E GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY)		1059.73	953.57	577.46	518.95
F GROSS MARGIN (D) - (E)		2201.76	2201.93	1610.04	1454.71
G DEPRECIATION		518.24	443.74	290.55	269.57
H GROSS PROFIT (F) - (G)		1683.52	1758.19	1319.49	1185.14
I INTEREST AND FINANCE CHARGES		505.18	611.54	231.75	372.98
J NET PROFIT (H) - (I)		1178.34	1146.65	1087.74	812.16
K TAX		103.12	142.56	162.94	69.41
L NET PROFIT AFTER TAX (J) - (K)		1075.22	1004.09	924.80	742.75
M INTERNAL RESOURCE GENERATED (G)+(L)+(B)		1619.67	1505.10	1431.16	1060.20
N AUTHORISED CAPITAL		15000.00	15000.00	15000.00	15000.00
O EQUITY PAID UP CAPITAL	**	11182.49	11182.49	11207.04	10576.09
P RESERVE AND SURPLUS		6798.13	6093.34	5367.05	4709.89
Q LOAN FUND		12234.03	9956.33	7531.95	7166.69
R INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)		1329.47	1303.26	1245.98	1030.18
S GROSS FIXED ASSETS		21460.08	20639.51	12943.64	12755.52
T DEPRECIATION		3816.27	3262.66	2850.92	2527.83
U NET FIXED ASSETS (S) - (T)		17643.81	17376.85	10092.72	10227.69
V CAPITAL WORK-IN-PROGRESS		9401.77	6318.64	11399.92	8844.19
W CONSTRUCTION STORES AND ADVANCES		1096.85	1077.34	856.43	778.95
X INVESTMENTS		2793.60	3049.22	3322.75	3832.81
Y WORKING CAPITAL		605.76	713.03	-345.60	-225.34
Z MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		2.33	0.34	25.80	24.55
A A GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)		31541.79	28535.08	25326.22	23458.30
A B NET WORTH (O)+(P)-(Z)		17978.29	17275.49	16548.29	15261.43
A C INVENTORY CONSUMPTION IN POWER STATION		8.92	6.15	6.56	12.02
A D VALUE ADDED (A)-(B)-(AC)		2662.93	2237.58	1747.56	1602.09
\$ INCLUDING TARIFF ADJUSTMENT, WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS					
** INCLUDING SHARE DEPOSIT & GOI FUND ADJUSTABLE TO EQUITY					
# INCLUDES RECEIPTS AGAINST CONTRACTS					
RATIOS		2008-09	2007-08	2006-07	2005-06
1 RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)		5.34%	6.16%	5.21%	5.05%
2 RETURN ON NET WORTH (L) / (AB)		5.98%	5.81%	5.59%	4.87%
3 NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)		8.47%	7.86%	6.93%	6.88%
4 VALUE ADDED TO NET SALES (AD) / ((A)-(B))		99.67%	99.73%	99.63%	99.26%
5 DEBT TO EQUITY RATIO (Q) / ((O)+(P)+(R))		0.63	0.54	0.42	0.44
6 NET PROFIT TO NET SALES (L) / ((A)-(B))		40.24%	44.75%	52.72%	46.02%

(Rupees in crore)

2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000
1581.73	1414.43	1324.86	1349.60	1313.70	1216.30
131.75	138.34	152.63	128.60	133.80	140.60
393.80	551.69	302.96	330.40	575.70	202.60
1843.78	1827.78	1475.19	1551.40	1755.60	1278.30
404.92	350.41	321.80	367.90	545.90	207.60
1438.86	1477.37	1153.39	1183.50	1209.70	1070.70
248.97	208.14	140.36	231.60	238.70	219.80
1189.89	1269.23	1013.03	951.90	971.00	850.90
412.36	625.75	458.03	438.80	486.80	449.70
777.53	643.48	555.00	513.10	484.20	401.20
92.95	22.10	44.50	42.20	40.80	0.00
684.58	621.38	510.50	470.90	443.40	401.20
1065.30	967.86	803.49	831.10	815.90	761.60
15000.00	15000.00	10000.00	7000.00	7000.00	5000.00
9933.27	8629.03	7240.61	6345.70	5188.20	4446.20
4168.49	3594.27	3065.70	2598.50	2139.10	1690.60
7021.80	6847.78	7507.76	6217.20	5643.10	5583.70
1071.15	939.40	801.06	648.40	519.90	386.10
10876.28	10342.71	8280.95	8113.50	7892.70	7752.70
2148.20	1882.95	1672.19	1526.70	1280.10	1029.00
8728.08	8459.76	6608.76	6586.80	6612.60	6723.70
8787.19	6975.83	7078.00	5218.30	3710.80	2768.60
770.14	805.55	621.74	525.50	613.00	511.50
3769.43	3660.87	2415.66	1965.00	679.90	0.00
138.69	107.76	1889.77	1512.20	1864.20	2100.90
1.18	0.71	1.20	2.00	9.80	1.90
22193.53	20009.77	18613.93	15807.80	13480.50	12104.70
14100.58	12222.59	10305.11	8942.20	7317.50	6134.90
7.73	2.67	2.65	6.90	7.10	6.00
1442.25	1273.42	1169.58	1214.10	1172.80	1069.70

2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000
5.36%	6.34%	5.44%	6.02%	7.20%	7.03%
4.85%	5.08%	4.95%	5.27%	6.06%	6.54%
6.53%	6.38%	6.30%	7.72%	8.75%	8.89%
99.47%	99.79%	99.77%	99.43%	99.40%	99.44%
0.46	0.52	0.68	0.65	0.72	0.86
47.21%	48.69%	43.55%	38.57%	37.58%	37.30%



240 MW Uri-II Project (Jammu & Kashmir) - Dam Site

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Directors and employees of NHPC Limited, I have great pleasure in extending a warm welcome to you at the 33rd Annual General meeting of your Company. The Annual Report containing Accounts for the year ending 31st March, 2009 and Auditors' Report thereon is already with you for consideration and adoption. With your permission I take them as read.

The financial performance, commercial performance, new projects, joint ventures, and status of ongoing projects etc. are given in detail in the Directors' Report and its Annexure.

To fulfill the requirements of the Corporate Governance, your Board has been strengthened with the appointment of six Independent Directors and Functional Directors.

Your Company has amended its clause of the Memorandum of Association for generation of power through conventional and non conventional sources. This will enable our subsidiary company M/s. NHDC Ltd. to go for generation of power through Thermal.

Your Company is having ISO certification and has also taken initiative for getting Social Accountability Certification.

I am to inform that our subsidiary Company "Narmada Hydroelectric Development Corporation Ltd." too shares our values. Indira Sagar and Omkareshwar Projects are generating and supplying power to the state of Madhya Pradesh. NHDC Ltd. has amended its objects to generate power through conventional and non conventional means. Further, the company has also changed its name from Narmada Hydroelectric Development Corporation Limited to 'NHDC Limited'.

Government of India is according topmost priority to rural electrification work to realize the objective of 'Power to all villages' and 'Power for all' through Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY). As a part of this programme, NHPC Limited has been assigned Rural Electrification works and executing works of rural roads under the Pradhan Mantri Gram Sadak Yojana (PMGSY).

During the year under review, Your Company has received consultancy assignments in India and abroad.

Human Resource is Company's biggest asset and efforts are being made to channelise the talent towards the overall objectives of the Company. Number of innovative schemes / policies has been introduced to nurture the

potential of our employees. Your Company accords utmost importance to the usage of National Language in official dealings and has been encouraging its use through various innovative schemes.

I take this opportunity to thank the help and support extended, in particular, by Ministry of Power, Government of India, Central Electricity Authority and Planning Commission. I also express my gratitude to Ministry of Finance, Ministry of Environment and Forest, Central Water Commission etc. and also to the various departments of State Government including Electricity Boards/ Companies for the support and guidance received. I would also wish to express my sincere thanks to



Shri Sushilkumar Shinde, Hon'ble Union Minister of Power after dedicating to the Nation the 510 MW Teesta-V Power Station in Sikkim along with (from L to R) Shri Harishankar Brahma, Secretary (Power), Govt. of India, Shri Bharatsinh Solanki, Hon'ble Union Minister of State for Power, Shri Balmiki Prasad Singh, His Excellency the Governor of Sikkim, Dr. Pawan Chamling, Hon'ble Chief Minister of Sikkim, Shri S.K. Garg, CMD, NHPC and Shri Sonam Gyatso Lepcha, Hon'ble Minister of Power, Sikkim



Shri S.K. Garg, CMD, NHPC striking the gong at the Listing Ceremony of NHPC's shares at the Bombay Stock Exchange, Mumbai

National & International Financing Institutions for the faith and confidence reposed by them and for their continued financial assistance to NHPC.

I take this opportunity to make special mention of the dedication, diligence and commitment of the NHPCians at all levels for their performance.

I would like to thank all the Directors of the Board for their valuable contribution and cooperation.

S.K. Garg

Date : 31.07.2009
Place : Faridabad

(S.K. Garg)
Chairman & Managing Director

DIRECTORS' REPORT

To the Members,

NHPC Limited,

Your Directors are pleased to present the 33rd Annual Report on the performance of your Company along-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 31st March, 2009.

1. FINANCIAL PERFORMANCE

The financial performance for the year ended as on March 31st 2009 is summarized here under:

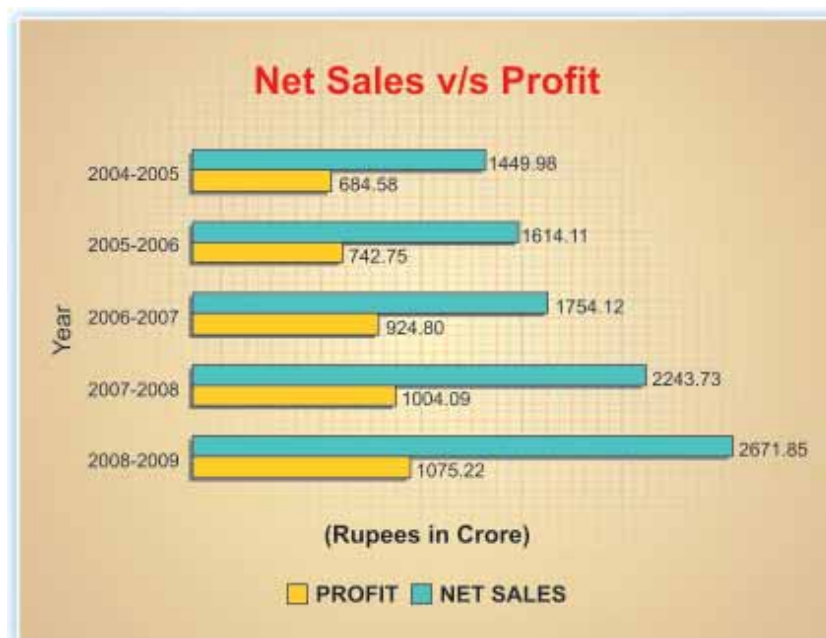


Table I

FINANCIAL HIGHLIGHTS

(Rs. in Crore)

Particulars	2008-2009	2007-2008
Sales	2698.06	2301.00
Profit before Depreciation, Interest and Tax	2201.76	2043.79
Depreciation	518.24	443.74
Profit after Depreciation but before Interest and Tax	1683.52	1600.05
Interest & Finance Charges	505.18	453.40
Profit after Depreciation and Interest but before Tax	1178.34	1146.65
Tax	103.12	142.56
Profit after Depreciation, Interest and Tax	1075.22	1004.09
Surplus of Profit and Loss Account of earlier years	1344.53	715.18
Profit available for appropriations	2419.75	1719.27
APPROPRIATIONS		
Transfer from Bond Redemption Reserve	(14.25)	23.75
Transfer to Self Insurance Reserve	98.74	0.00
Tax on Dividend written back	(8.57)	0.00
Amount written back from Self Insurance Reserve	(0.06)	0.00
Interim Dividend	125.00	100.00
Proposed Final Dividend	200.00	200.00
Corporate Dividend Tax	55.23	50.99
Transfer to general reserve	0.00	0.00
Balance Profit carried to Reserves and Surplus	1963.66	1344.53

Disclaimer: "NHPC Limited is proposing, subject to market conditions and other considerations, a public issue of its equity shares and has filed a Red Herring Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana. The Red Herring Prospectus is available on the website of SEBI at www.sebi.gov.in and the respective websites of the Book Running Lead Managers at www.enam.com, www.kotak.com and www.sbicans.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "Risk Factors" of the aforementioned Red Herring Prospectus."

2. POWER GENERATION

NHPC has generated 16,582.72 MUs of electricity in Fiscal 2009. In Fiscal 2009, the Company sold 14,587.88 MUs of electricity.

3. PROPOSED DIVIDEND

Your Directors have recommended a lump sum dividend of Rs. 325 Crore including the interim dividend of Rs. 125 Crore (excluding dividend tax) for the year 2008-09.

4. CAPITAL STRUCTURE

During the year, the capital structure of the Company remained unchanged with paid up capital of Rs. 11,182.49 Crore.



Shri S. K. Garg, CMD, NHPC handing over dividend cheque to the Hon'ble Union Minister of Power, Shri Sushilkumar Shinde in the presence of Hon'ble Union Minister of State for Power Shri Bharatsinh Solanki and Secretary (Power) Shri Harishankar Brahma

5. PROGRESS OF ONGOING PROJECTS

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

Hydroelectric Projects	State	Proposed Installed Capacity (MW)
Sewa-II	Jammu & Kashmir	120
Teesta Low Dam-III	West Bengal	132
Uri-II	Jammu & Kashmir	240
Chamera-III	Himachal Pradesh	231
Teesta Low Dam-IV	West Bengal	160
Nimoo Bazgo	Jammu & Kashmir	45
Parbati-III	Himachal Pradesh	520
Parbati-II	Himachal Pradesh	800
Chutak	Jammu & Kashmir	44
Subansiri Lower	Assam/Arunachal Pradesh	2,000
Kishanganga	Jammu & Kashmir	330
Total		4,622

STATUS OF ONGOING PROJECTS

The Status of ongoing projects is given below:

I Sewa-II Hydroelectric Project (120 MW), Jammu & Kashmir:

Sewa-II Hydroelectric Project is a run of the river scheme with an expected capacity of 120 MW. This project is expected to generate 533.52 MUs annually in a 90% dependable year. The project is scheduled to be commissioned in December 2009.

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II Teesta Low Dam-III Hydroelectric Project (132 MW), West Bengal:

Teesta Low Dam-III Hydroelectric Project came under the control of NHPC Limited in November 2000. The project is located on the River Teesta in the district of Darjeeling in the state of West Bengal. The project is anticipated to generate 594.42 MUs annually in a 90% dependable year. The project is scheduled to be commissioned in February 2011.

III Uri-II Hydroelectric Project (240 MW), Jammu & Kashmir:

Uri-II Hydroelectric Project is located in the Uri Tehsil of the Baramulla district. This project is estimated to generate 1,123.76 MUs of energy in a 90% dependable year. The project is scheduled to be commissioned in February 2011.



Shri S.K. Garg, CMD, NHPC receiving the "TERI Corporate Environmental Award 2009" from Smt. Pratibha Devisingh Patil, Her Excellency, the President of India

IV Chamara-III Hydroelectric Project (231 MW), Himachal Pradesh:

Chamara-III Hydroelectric Project is situated in the Chamba district in the state of Himachal Pradesh. This project is situated in the lower Himalayan region and it is being constructed in the Chamba metamorphic rock formation on the River Ravi. This project is anticipated to generate 1,108.17 MUs annually in a 90% dependable year. The project is scheduled to be commissioned in August 2010.

V Teesta Low Dam-IV Hydroelectric Project (160 MW), West Bengal:

Teesta Low Dam-IV Hydroelectric Project is located in the district of Darjeeling in the state of West Bengal. This project is a run of the river scheme with storage for peaking purpose. The annual energy generation of this project is estimated to be 720 MUs in a 90% dependable year. The project is scheduled to be commissioned in August 2011.



520 MW Parbati-III Project (Himachal Pradesh) - Diversion Tunnel under construction

VI Nimoo Bazgo Hydroelectric Project (45 MW), Jammu & Kashmir:

Nimoo Bazgo Project is a run of the river scheme to harness the hydropower potential of River Indus in the Leh district of Jammu & Kashmir. The project is anticipated to generate 239 MUs in a 90% dependable year. The project is scheduled to be commissioned in August 2010.

VII Parbati-III Hydroelectric Project (520 MW), Himachal Pradesh:

Parbati-III Hydroelectric Project is located in the Kullu district in the state of Himachal Pradesh. It is a run of the river scheme. It is

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Shri Sushilkumar Shinde, Hon'ble Union Minister of Power presenting a cheque to Hon'ble Prime Minister for Prime Minister's relief fund to aid Bihar flood victims. Also seen in picture (2nd Right), Shri S. K. Garg, CMD, NHPC

anticipated that the project will generate 1,963.29 MU of energy in a 90% dependable year. It is believed that the delay in the commissioning of the Parbati-II project may result in a reduction in the generation capacity of Parbati-III project from approximately 1,963 MU to approximately 972.20 MU of energy since the Parbati-III project is dependent upon the tailrace discharge from the Parbati-II project.

VIII Parbati-II Hydroelectric Project (800 MW), Himachal Pradesh:

The Parbati-II Hydroelectric Project is a run of the river scheme on the River Parbati. It is anticipated that the project will generate 3,108.66 MU of energy in a 90% dependable year. The project is scheduled to be commissioned in March 2013.

IX Chutak Hydroelectric Project (44 MW), Jammu & Kashmir:

Chutak Hydroelectric Project is a run of the river scheme intended to harness the hydropower potential of the River Suru in the Kargil district of the state of Jammu & Kashmir. It is expected that this project will generate 212.93 MU in a 90% dependable year. The project is scheduled to be commissioned in February 2011.

X Subansiri Lower Hydroelectric Project (2,000 MW), Assam/Arunachal Pradesh:

Subansiri Lower Hydroelectric Project is the biggest hydroelectric project being undertaken in India to date. It is a run of the river scheme on the Subansiri River. This project is located near north Lakhimpur on the border of Assam and Arunachal Pradesh. It is estimated that the annual energy generation from this project will be 7,421 MU in a 90% dependable year. The project is scheduled to be commissioned in December 2012.

XI Kishanganga Hydroelectric Project (330MW), Jammu & Kashmir:

The Kishanganga Hydroelectric Project is located on the Kishanganga River and was initially being constructed by the state government of Jammu & Kashmir and was subsequently transferred to us for implementation. CCEA clearance was granted by the Ministry of Power on January 19, 2009. Construction work has been awarded to M/s Kishanganga Consortium on a turnkey basis. Infrastructure work and mobilisation of a major contractor is currently in progress. The project is scheduled to be commissioned in January 2016.



Shri S.K. Garg, CMD, NHPC greeting Shri Sushilkumar Shinde on his assuming charge as Union Minister of Power

6. NEW SCHEMES

Projects under Govt. Sanction

- 1. Loktak Down Stream (66 MW), Manipur :** The Loktak Downstream Hydroelectric Project is being implemented through a joint venture with the state government of Manipur. The TEC approval for this project was granted

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on November 15, 2006 by the CEA. The PIB recommended the project for investment sanction on November 23, 2006 and the clearance for pre-construction activities and the terms of reference for undertaking the EIA studies was given by MoEF on April 20, 2007. The EIA EMP studies have been approved on April 8, 2008.

2. Pakal Dul and other hydroelectric Projects (2,100 MW) J&K:

The Pakal Dul and other hydroelectric projects with an aggregate installed capacity of about 2100 MW are being established in the Chenab River Basin in the Kishtwar District of Jammu & Kashmir. A MoU was signed among NHPC, JKSPDC, the government of Jammu & Kashmir and PTC on October 10, 2008 for the execution of these projects through a joint venture between JKSPDC, NHPC and PTC with equity interests of 49%, 49% and 2%, respectively. The project requires approval from the Supreme Court as it is located in the Kishtwar High Altitude National Park.



Shri. S.K. Garg, CMD, NHPC along with Shri. T.N. Thakur, CMD, PTC, and Shri. Shantmanu, MD, JKSPDC after signing MoU between NHPC, PTC & Govt. of J&K for execution of Pakal Dul and other Hydroelectric Projects through Joint Venture in the presence of Hon'ble Chairperson, UPA, Smt. Sonia Gandhi, Hon'ble Prime Minister, Dr. Manmohan Singh and His Excellency, The Governor of J&K Shri N.N. Vohra

3. **Kotli Bhel-IA (195 MW) Uttarakhand:** The agreement with the state government of Uttarakhand for the implementation of the Kotli Bhel Stage-IA hydroelectric project was entered into on June 8, 2006. The TEC for this project was granted on October 3, 2006 by the CEA. The PIB recommended the project for investment sanction on February 7, 2007. We received the required environmental clearances from the MoEF in respect of this project in May 2007 and are awaiting the forest clearance from MoEF and the CCEA clearance.

Kotli Bhel-IB (320 MW) Uttarakhand: The agreement with the state government of Uttarakhand for the implementation of this project was entered into on June 8, 2006. The TEC for this project was granted on October 31, 2006 by the CEA. The PIB recommended the project for investment sanction on February 7, 2007. We received the required environmental clearances from the MoEF in respect of this project in August 2007 and are awaiting the forest clearance from MoEF and the CCEA clearance.



Shri S. K. Garg, CMD, NHPC with Shri M. Hamid Ansari, His Excellency the Vice President of India during the visit of High level delegation to Myanmar

Kotli Bhel-II (530 MW) Uttarakhand:

The agreement with the state government of Uttarakhand for the implementation of the project was entered into on June 8, 2006. The TEC for this project was granted on November 30, 2006 by the CEA. The PIB recommended the project for investment sanction on May 15, 2007. We received the required environmental clearances from the MoEF in respect of this project in August 2007 and are awaiting the forest clearance from MoEF and the CCEA clearance.

4. **Dibang (3,000 MW) Arunachal Pradesh:** The Company entered into a MoA on June 24, 2007 to execute this project on an own and operate basis, which supersedes the MoA signed earlier on September 21, 2006 with the state government of Arunachal Pradesh for the

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implementation of this project as a joint venture partnership. The TEC for this project was granted on January 23, 2008 by the CEA. The PIB recommended the project for investment sanction on January 28, 2008 and we are awaiting CCEA clearance. EIA and EMP studies have been finalised and submitted to the State Pollution Control Board. The public consultation process for this project is currently underway. The MoEF has through its letter dated June 29, 2009 intimated that this project was considered by the Expert Appraisal Committee ("EAC") which was of the opinion that fresh public hearing is to be conducted as per the EIA Notification, 2006.

5. **Teesta-IV (520 MW) Sikkim:** An agreement for the implementation of this project was entered into with the state government of Sikkim on March 1, 2006. Site clearance for stage I and II activities was granted by the MoEF on October 6, 2005. DPR for the project was submitted to the CEA on March 31, 2008 for approval. EIA studies were approved on January 30, 2006 and are currently being carried out. Clearance for preconstruction activities was granted by the MoEF on June 4, 2009.



Shri S.K. Garg, CMD, NHPC alongwith Shri A.B.L. Srivastava, Director (Finance), Shri D.P. Bhargava, Director (Technical) and Shri J.K. Sharma, Director (Projects) on the occasion of Annual Press Conference at New Delhi

PROJECTS UNDER DPR / FR PREPARATION

1. **Bursar (1,020 MW) J&K:** An agreement for the implementation of this project was signed by the Ministry of Power with the state government of Jammu & Kashmir on July 20, 2000 wherein the Government of Jammu & Kashmir transferred this project to NHPC for its implementation. Preparation of DPR for this project is under process. EIA and EMP studies for the project were commenced on July 14, 2005 and are currently underway. Approval from the Supreme Court is required to execute this project as it is located in the Kishtwar High Altitude National Park. The report of a committee of the Ministry of Water Resources to evaluate the techno-economic feasibility and finalise an optimised storage cum hydroelectric project is awaited.
2. **Chungar Chal (240 MW) Uttarakhand:** An agreement for the implementation of this project was entered into with the state government of Uttarakhand on November 21, 2005. The site clearance for stage-I was



Shri S. K. Garg, CMD, NHPC exchanging MoU documents with Admiral R. H. Tahiliani (Retd.), Chairman, Transparency International India (TII) for implementation of 'Integrity Pact' in NHPC in the presence of Shri Harishankar Bramha, Secretary (Power)

granted on November 11, 2005. The EIA studies were awarded on January 30, 2006 and are currently being carried out. The state government has applied for a wildlife clearance, which is currently pending with the Supreme Court and the NBWL. Clearance from the Standing Committee of the NBWL is required as the project is located within the Askot Musk Deer Sanctuary. In light of the same, the survey and investigation works for preparation of DPR is currently on hold.

3. **Garba Tawaghat (630 MW) Uttarakhand:** An agreement for the implementation of this project was signed with the state government of Uttarakhand on November 21, 2005. The

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state government has applied for a wildlife clearance, which is currently pending with the Supreme Court and the NBWL. Clearance from the Standing Committee of the NBWL is required as the location of the project falls within the Askot Musk Deer Sanctuary. In light of the same, the survey and investigation works for preparation of DPR is currently on hold. Since the project is being developed on the River Kali (Sharda), which flows through both India and Nepal, the project needs to be examined under the provisions of the Mahakali Treaty, 1996, which requires that the project benefits are shared with Nepal. Accordingly, a letter dated February 16, 2009 was sent requesting that the MoP examine this issue and the MoP has referred the matter to the Ministry of External Affairs who will begin consultation with the Government of Nepal.



4. **Karmoli Lumti Tulli (55 MW) Uttarakhand:** An agreement for the implementation of this project was signed with the state government of Uttarakhand on November 21, 2005. The state government has applied for a wildlife clearance, which is currently pending with the Supreme Court and the NBWL. Clearance from the Standing Committee of the NBWL is required as the project is located within the Askot Musk Deer Sanctuary. In light of the same, the survey and investigation works for the preparation of DPR is currently on hold.
5. **Lachen (210 MW) Sikkim:** An agreement for the implementation of this project was signed with the state government of Sikkim on March 1, 2006. Site clearance for stage I was granted by the MoEF on February 27, 2006. However, survey and investigation works have been delayed on account of local opposition to the project. In addition, the MoEF through its letter dated October 8, 2008 has intimated that the final report on the carrying capacity study for the entire Teesta River basin undertaken by the Centre for Interdisciplinary



Shri S. K. Garg, CMD, NHPC alongwith Shri G.B. Pradhan, Addl. Secretary, Ministry of Power, Government of India addressing the gathering at launch of NHPC's IPO at Mumbai

Studies of Mountain and Hill Environment, University of Delhi, recommended that North Sikkim is ecologically sensitive and geologically unstable for undertaking major projects. In view of the same it was decided that projects above the Chungthang area should not be considered for the construction of dams and large scale development activities. Since Lachen Hydroelectric Project is situated above the Chungthang area, the status of the project is under review by the management of the Company.

- 6&7. **Tawang-I (750 MW) Arunachal Pradesh and Tawang-II (750 MW) Arunachal Pradesh:** An agreement for the implementation of this project was signed with the state government of Arunachal Pradesh on September 21, 2006 for Tawang-I and II that were revised on

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June 24, 2007. The environmental clearance for pre-construction activities and terms of reference for undertaking EIA studies was granted by the MoEF on December 8, 2006. Survey and investigation works are currently underway.

8&9. Subansiri Middle (1600 MW) Arunachal Pradesh & Subansiri Upper (2000 MW) Arunachal Pradesh:

The proposed Subansiri (Middle) Project is located on the River Kamla in Lower Subansiri District of Arunachal Pradesh. CEA has advised to prepare a DPR and commence essential infrastructure works, however, survey and investigation works for the preparation of DPR have been suspended due to lack of site clearance for Stage-II from the MoEF.

The proposed Subansiri (Upper) Project is located on the river Subansiri in the Upper Subansiri District of Arunachal Pradesh. The CEA has advised to prepare a DPR and commence essential infrastructure works, however, survey and investigation works for the preparation of DPR have been suspended due to lack of site clearance Stage-II from the MoEF. The project work at Subansiri Upper and Subansiri Middle is pending due to a Supreme Court order that restrains the construction of dams upstream of the Subansiri Lower project currently under construction.

The state government of Arunachal Pradesh appealed against this order and the matter was referred to the Standing Committee of the NBWL. The matter has been considered by the Standing Committee of NBWL. The MoEF has through its letter dated January 12, 2009, endorsed the recommendations of the Standing Committee of NBWL and stated, among other things, that any proposal pertaining to the upstream of Subansiri River would be considered independently on its merits.

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

During the year 2008-09 your Company has changed its objects clause to include generation of power through Conventional and Non Conventional Sources by passing a special resolution through postal ballot passed on 19th March, 2009. Accordingly, your Company has decided to pursue thermal projects through its Subsidiary i.e. through Narmada Hydroelectric Development Corporation Limited now known as NHDC Limited.



Shri S.K. Garg, CMD, NHPC alongwith officials of Government of Myanmar on the occasion of Signing of MoU for development of Hydro Power in Chindwin River Basin of Myanmar



Shri S.K. Garg, CMD, NHPC greeting His Majesty the King of Bhutan, Jigme Khesar Namgyal Wangchuk during the visit of High level delegation to Bhutan

8. CONSULTANCY SERVICES

Major consultancy assignments includes assignments from central and state government agencies in India including State Electricity Boards and Public Sector Undertakings. The consultancy services of the company are registered with the World Bank, the Asian Development Bank, the African Development Bank, the Kuwait Fund for Arab Economic Development and the Central Water Commission and Consultancy Development Centre. A number of foreign governments and private sector entities are on the client list of the company.

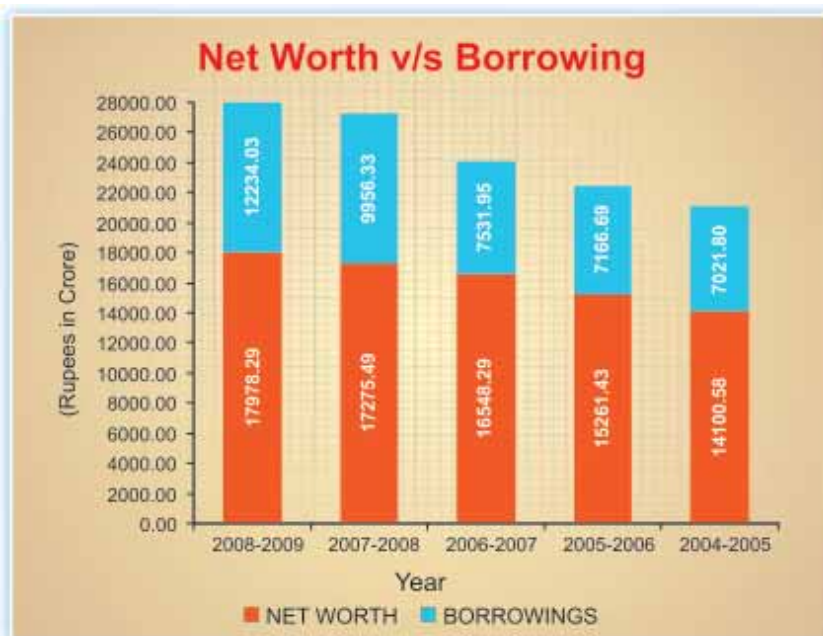
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Seventy Six consulting assignments have been completed and as at May 31, 2009 there are seventeen ongoing consulting assignments.

Further, on August 12, 2008, an agreement with the Ministry of External Affairs, Gol and Bharat Heavy Electricals Limited was signed in connection with the renovation, modernisation and uprating of the Varzov Hydropower Plant-I (2x3.67 MW), in Tajikistan.

A MoU with the Union of Myanmar dated September 16, 2008 was signed to study the master plan for the hydropower development of the Chindwin river basin and to review the DPRs for the Tamanthi hydroelectric project (1200 MW)

and the Shwzaye hydroelectric project (642 MW). Project review reports for these two projects were submitted to the government of Myanmar in December 2008.



9. 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"). Sanction has been received for construction of 832 roads of the length 3,517 kms.

10. RURAL ELECTRIFICATION (RE) PROJECTS

NHPC has taken initiative for contributing in village electrification programme under Rajiv Gandhi Gramin Vidyutikaran Yojna ("RGGVY") in 27 districts of five States at an estimated cost of about Rs. 2,580 crore. NHPC has been sanctioned 33 projects in these 27 districts.

So far about 3,396 villages have been electrified and approximately 3,28,389 connections have also been provided to below poverty line families.

11. INFORMATION TECHNOLOGY AND COMMUNICATIONS

NHPC has over the years implemented and developed software applications in key business areas like human resource, finance, commercial, project management, power generation, material management etc.

Now, NHPC has made a major break-through in utilizing information technology in its core functions by implementing Enterprise Resource Planning ("ERP") for meeting its business objectives by timely completion of construction projects and optimal operation of the generating power stations towards maximizing profit. During the year 2008-09, ERP has been implemented at pilot locations for energy sales accounting, project monitoring, power plant operation, human resource, finance, procurement etc. Employees Compensation and Employee Self Service functions are also being performed in ERP. Various modules of ERP are being rolled out across the organization in a phased manner. Once rolled out to all the locations during 2009-10, ERP shall provide backbone for information flow and decision making of various key business processes of NHPC as well as other routine functions across the Company.

Information Technology and Communication ("IT&C") infrastructure has also been strengthened considerably during the year to support ERP. Various remote locations have been connected through additional link of Ku-band based Very Small Aperture Terminal ("VSAT").

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12. VIGILANCE ACTIVITIES

NHPC's Vigilance Division in the Corporate Office has been granted ISO 9001:2000 certification by BIS. Regular and surprise inspections are conducted by the Vigilance Department of various units at regular intervals. Intensive examination of the works is carried out by Chief Technical Examiner of the Central Vigilance Commission ("CVC") as well as personnel of the Vigilance Department of NHPC.

Emphasis has been laid on preventive vigilance by issuing circulars and guide-lines based on inspection / intensive examinations. Various vigilance awareness programs are

conducted at regular intervals so as to make working as transparent as possible. Two Workshops of Vigilance Officers were conducted on 2nd June, 2008 and 10th February, 2009 respectively, in order to review and improve functioning.



Shri S.K. Garg, CMD, NHPC welcoming Shri Joginder Singh, former Director of CBI at Project Vigilance Officers Workshop organised at Corporate Office

13. OFFICIAL LANGUAGE IMPLEMENTATION

All efforts were made to increase the progressive use of Official Language policy of the Government of India. During the year appropriate action was taken to ensure implementation of the provisions of the Official Languages Act, 1963 and the Rules framed thereunder.

As per directives of the Government of India, "Hindi Month" was observed from 1st to 30th September, 2008 in company. Various competitions, programmes were conducted and a book exhibition was organised on this occasion. A large number of employees participated in these events.

In order to review the progress of the implementation of the Official Languages Act in the Corporation, 2nd Sub-Committee of the Committee of Parliament on Official Language conducted inspection of the Region-III Office, Kolkata on 7th April, 2008 and Corporate Office on 12th September, 2008. Hon'ble members of the Committee of Parliament on Official Languages appreciated our efforts. Annual magazine of Rajbhasha

'Rajbhasha Jyoti' was also released on this occasion. A team of officers from Ministry of Power visited the Corporate Office, Liaison office in Shimla, Dulhasti Power Station and Region-I office, Jammu. The senior officers at the level of Director/Executive Directors conducted Rajbhasha inspection of 10 Projects.

Quarterly meetings of the Official Language Implementation Committee of NHPC were held during the year. The Official Language Implementation Committee meetings held at Corporate Office are chaired by the Chairman & Managing Director.

During the year, 17 Hindi workshops including Computer workshops were organized in the



Shri S.K. Garg, CMD, NHPC addressing the Rajbhasha Karyanvayan Samiti at Corporate Office

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Corporate Office and 347 employees were trained in these workshops. During the year Hindi Training classes were organized to impart training for Hindi Language, Hindi Typing and stenography to the employees.

Hindi Books were purchased for Rajbhasha Library and prizes were given to employees under 'Hindi Book Incentive Scheme'.

NHPC received Sahastrabdi Rajbhasha Shield from Rashtriya Hindi Academy, Rupambara. The Shield was given to NHPC by Her Excellency, Governor of Himachal Pradesh, Smt. Prabha Rao. 'Rajbhasha Jyoti' was awarded excellent magazine award on All India Level.

Rajbhasha Shield (First prize) and letter of appreciation was given to NHPC by the

Hon'ble Minister of Power Shri Sushilkumar Shinde for doing excellent work of Rajbhasha amongst all Power Sector Undertakings. Rajbhasha Shield (First prize) and Letter of Appreciation was given to NHPC by Town Official Language Implementation Committee, Faridabad for doing excellent work during the year 2007-08 amongst Undertakings/ Corporations at Faridabad.

Second Tuesday of every month was observed as Hindi Diwas in the Corporation. In order to increase implementation of Official language Rajbhasha Desk has been established. 'Aaj Ka Shabda' and 'Aaj Ka Vichar' is being written and displayed on computers and boards – regularly in the Corporation.



Shri S.K. Garg, CMD NHPC being felicitated at Basant Mela, organized at NHPC Residential Colony at Surajkund, Faridabad

14. CORPORATE COMMUNICATION

The Corporate Communication Department plays an important role in projecting the image of the Company and sustaining it by using various mediums of communication. Periodically, the achievements of NHPC were appropriately highlighted through print and electronic media throughout the country. To create better awareness among the public about the strength and capabilities of NHPC in development of hydro power, NHPC has participated in a number of exhibitions like "International Exhibition and Conference - Power India -2008"



Shri S.K. Garg, CMD, NHPC inaugurating the NHPC Pavilion at IITF 2008 at Pragati Maidan, New Delhi

organized by India Tech Foundation in Mumbai, India Electricity-2008 organized by FICCI in New Delhi, Power Gen- India & Central Asia -2008 International Conference & Exhibition organized by Inter Ads Exhibitions Pvt. Ltd. at New Delhi and India International Trade Fair 2008 organized by India Trade Promotion Organization at New Delhi. NHPC Pavilion at the Power India-2008 exhibition bagged the 'Best Exhibit Display Award'.

The "NHPC News" and "From CMD's Desk" continued to be an effective tool of internal communication.

NHPC has been regularly organizing and participating in various sports related activities under the aegis of Power Sports Control Board, Ministry of Power. During 2008-09, NHPC

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successfully hosted the 11th Inter-PSU Table Tennis Tournament from 6th to 8th April, 2009 at Tanakpur Power Station in Uttarakhand. Nine teams from various Central Power Sector Undertakings participated in this tournament. Besides this, NHPC teams also participated in the various Inter-PSU sports tournaments organized by the Power Sports Control Board during 2008-09 and have won first prize in the Inter-PSU Women Carom Tournament hosted by Rural Electrification Corporation Limited at New Delhi, first prize in the Inter –PSU Bridge tournament hosted by North Eastern Electric Power Corporation Ltd. (“NEEPCO”) at Shillong, second prize in the Inter-PSU Chess tournament hosted by Tehri Hydro Development Corporation Ltd. (“THDC”) at Rishikesh and third prize in the Inter-PSU Kabaddi Tournament hosted by Satluj Jal Vidyut Nigam Ltd. (“SJVN”) at Shimla.

In respect of individual events Smt. Poorva Maini and Smt. Chanchal Bala bagged first prize in the doubles of events of Carom and Smt. Chanchal Bala also bagged second prize in singles event of carom. Shri C.L. Khayuingam bagged first prize in the chess game. Shri Rajesh Kumar bagged first prize in the singles event of Badminton tournament. Shri Luvkesh Ahuja and Shri Ashutosh Swarnkar bagged third position in the doubles event of Inter-PSU Table Tennis Tournament.

Ms. A. Nalini, TO (Fin.-Banking) participated in the 2nd Asian Paralympics Cup 2008 (Badminton for Challenged) from 9th to 15th December, 2008 at Bangalore and won Bronze Medal in the women’s singles event under BMSTU-L1/L2 category.

Energy Conservation Day

As a part of celebration of Energy Conservation Day 2008, NHPC coordinated the painting competition for school children in five states, viz. Jammu & Kashmir, Manipur, Sikkim, Arunachal Pradesh and



Shri S.K. Garg, CMD, NHPC alongwith Shri A.B.L. Srivastava, Director (Finance), lighting the lamp on the occasion of the 34th NHPC Raising Day celebration on 7th November, 2008 in the presence of Shri Anil Razdan, the then Secretary (Power), Government of India

Madhya Pradesh, organized by Bureau of Energy Efficiency (BEE), Ministry of Power at National level and State level.



Shri S. K. Garg, CMD, NHPC receiving the “Scope Meritorious Award for Best Practices in Human Resource Management” from Shri Sontosh Mohan Dev, the then Hon'ble Union Minister for Heavy Industries and Public Enterprises.

15. CORPORATE SOCIAL RESPONSIBILITY AND REHABILITATION AND RESETTLEMENT:

NHPC is committed to Corporate Social Responsibility (“CSR”) efforts and strive to demonstrate environmentally as well as ethically conscious behaviour. It seeks to incorporate best practices in corporate governance, employee welfare, and environmental commitment, and have taken various initiatives towards community development. In this endeavour to align business operations with social values, NHPC

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has sanctioned a budget for various large-scale community empowerment and capacity building initiatives to be undertaken in and around its power stations and construction sites pursuant to provisions made in the DPRs.

The resettlement and rehabilitation program of NHPC aims to improve the economic status of people displaced or otherwise affected adversely by the projects. NHPC is committed to safeguarding the interests of PAPs through implementation of Rehabilitation and Resettlement Policy, 2007, (“**R&R Policy**”) which is based on the National Resettlement and Rehabilitation Policy, 2007 (“**NRRP**”) of the GoI.

The R&R Policy of NHPC aims to provide PAPs with an adequate rehabilitation package beyond monetary compensation. This includes active and transparent participation of PAPs in deciding their compensation packages, compensation for those who do not have a legal or recognised right over the land on which they depend for subsistence, continuity in livelihood options after resettlement, quantification of costs and benefits that will accrue to society (as to the desirability and justifiability of each project), expeditious implementation of the rehabilitation process and special care for vulnerable sections of society.

Each resettlement and rehabilitation program is developed on a project-by-project basis, based on specific local requirements and guided by extensive socio-economic surveys. An institutional framework has been created to implement R&R Policy. However, the government of the state in which the project is located is ultimately responsible for disbursing compensation to PAPs. Where the Company is unable to extend direct employment to PAPs, relief packages may be deposited with local government authorities for further distribution, and various local capacity development and community empowerment programmes are undertaken for the benefit of PAPs. It is the endeavour of the company to involve local communities and non-governmental organisations in community empowerment and capacity building initiatives, including at the planning, implementation, and maintenance stage.



Shri S.K. Garg, CMD, NHPC handing over the cheque of Rs. 2 crore to Hon'ble Chief Minister of Himachal Pradesh as contribution for the construction of new building of Regional Hospital, Kullu (H.P.)



Free Medical & Eye Camp organized by Teesta-V Power Station & Teesta-IV Project at Dochum School, East of Sikkim

Recent initiatives towards socio-economic development in connection with Power Stations and projects, including initiatives under R&R Policy for the benefit of PAPs, include the following:

- Construction, widening and maintenance of roads and bridges.
- Afforestation, catchment area treatment, and fisheries management.
- Development of irrigational facilities, water supply, and drainage facilities.
- Creation of botanic parks and biodiversity conservatories.
- Rural electrification works.

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- Organisation of educational, career guidance and vocational training programs, awareness programs on horticultural and agricultural practices, healthcare programs and promotion of sports and culture.
- Organisation of health checkup camps, vaccination and immunisation works, free distribution of medicines and
- On occasion, the Company has assisted in reconstruction of flood-affected villages.

16. 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.



Shri S.K. Garg, CMD, NHPC welcoming Shri Harishankar Brahma, Secretary (Power), Government of India at the launch of NHPC's IPO at New Delhi

17. 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 and appointed the Company Secretary as the Central Public Information Officer (PIO) of the Corporation. 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.

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

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



Dr. R.K. Pachauri, Director General, TERI being received by Shri S.K. Garg, CMD, NHPC during NHPC Lecture Series at Corporate Office

19. 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.

20. AUDITORS

M/s. GSA & Associates, Chartered Accountants, New Delhi, were appointed as statutory auditors for conducting the audit for the year 2008-2009. 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. O. P. Garg & Co., Jammu were appointed as branch auditors of the Company.

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21. 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**.

22. 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 2008-09 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. Mani & Co., Kolkata	Rangit & Loktak
M/s. DGM & Associates, Kolkata	Teesta-V

23. SUBSIDIARY COMPANY

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

24. 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 Corporation at the end of the financial year 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 to the best of their knowledge and ability and
- The Directors have prepared the annual accounts on a going concern basis.

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25. BOARD OF DIRECTORS

Since last Report Shri S. K. Dodeja, Director (Projects) superannuated from the services of the Corporation w.e.f. 31st July, 2008. Shri S. K. Chaturvedi, Director (Personnel), relieved from the services of the Company to join Power Grid Corporation of India Limited as its Chairman & Managing Director. Shri S. P. Sen, Director (Technical) has taken pre-mature retirement w.e.f. 8th May, 2008.

As reported in last report, five Independent Directors i.e. Smt. Komal Anand, Shri A. K. Mago, Shri Raman Sidhu, Shri R. Jeyaseelan and Dr. Kuriakose Mamkoottam have joined the Board of NHPC Limited. Shri K. Dharmarajan was also appointed on the Board of your Company as Independent Director. Shri D. P. Bhargava took over the charge of Director (Technical) on 26th March, 2009.

Shri J. K. Sharma, Director (Projects) and Shri R. S. Mina, Director (Personnel) joined your company on 10th April, 2009 and 28th April, 2009 respectively. Shri Gurdial Singh ceased to be a Director w.e.f. 22nd June, 2009.

At present, the Board of your company comprises the following Directors:

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 J. K. Sharma	Director (Projects)
5.	Shri R. S. Mina	Director (Personnel)
6.	Shri Jayant Kawale	Director, Government Nominee
7.	Shri A. K. Mago	Independent Director
8.	Smt. Komal Anand	Independent Director
9.	Shri Raman Sidhu	Independent Director
10.	Shri R. Jeyaseelan	Independent Director
11.	Dr. Kuriakose Mamkoottam	Independent Director
12.	Shri K. Dharmarajan	Independent 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, State Government and their ministries, Departments / Boards, Bankers, Financial Institutions, lenders and investors. The Board places its appreciation for contributions of contractors, bankers, vendors and consultants for their efforts in timely completion of projects.

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 record its deep gratitude to all the members of NHPC family for their whole hearted support. The Board is also confident that the employees will continue to contribute their best in the years to come.

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



(S.K. Garg)

Chairman and Managing Director

DIN No. : 00055651

Date : 25.07.2009

Place: Faridabad

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REPORT OF CORPORATE GOVERNANCE

Corporate Governance adds considerable value to operational performance of companies. The importance of good corporate governance is being increasingly appreciated. The extent to which companies are run in an open and transparent manner for overall market confidence, the efficiency of capital allocation, the growth and development of countries' industrial bases, and ultimately the nations' overall wealth and welfare are all indicators of good governance.

Corporate Governance deals with 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. NHPC management tries to act in the best interest of all its stakeholders at all times and has adopted good Corporate Governance practices to benefit the larger number of Stakeholders.

1. PHILOSOPHY ON CODE OF GOVERNANCE:

- (i) 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.
- (ii) To increase the efficiency of Business Enterprise for creation of wealth of the Enterprise and Country as a whole.
- (iii) To ensure that Employees and Board subscribe to the Corporate values and apply them in their conduct.

The rights and obligations of the employees are delineated in the policy manuals published and the amendments are notified from time to time. The powers of the top executives and below are laid down for practice in the "Delegation of Powers". NHPC has also prepared and implemented various manual for systematic, transparent and easy to administer various activities of the company. The Board has also constituted several Committees viz. Audit Committee, Projects and Performance Review Committee, IPO Committee, Shareholders Grievance Committee, Committee of Directors on Contracts, etc. to have better and more focused attention on different aspects for the management of the company.

2. COMPOSITION OF BOARD AND PARTICULARS OF DIRECTORS:

(i) Size of Board:

NHPC is a Government Company within the meaning of section 617 of the Companies Act, 1956. All the shares are being held by the President of India and his nominees. As per the Articles of Association of the Company, power to appoint directors rests with the President of India. In terms of Articles of Association, the strength of our 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 of Directors of the Company comprises of Chairman and Managing Director, Functional Directors, Government Nominee Directors and Independent Directors. As on 31st March, 2009, the Board of the Company ("the Board") comprises of Eleven (11) Directors, out of which three Directors were Executive Directors including Chairman, two (2) Government Nominee Directors and Six (6) Independent Directors. In the month of April 2009, two (2) more Executive Directors were appointed by the Government of India making the total strength of the Board to thirteen (13). The Government of India has withdrawn one of the nominee Directors Shri Gurdial Singh from the Board of the company w.e.f. 22nd June, 2009 to meet the requirement of Articles of Association of the company and Government Guidelines.

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The composition of the Board and the number of other Directorship and Committee positions (viz. Audit Committee and Shareholders' Grievance Committee as per DPE Guidelines) held by the Directors during the year ended as on 31st March, 2009 is as under:

Name	Executive/ Non-executive/ Independent	Other Directorship held	Other Positions	Committee
			As Chairman	As Member
Mr. S. K. Garg	Executive Chairman	One	Nil	Nil
Mr. A. B. L. Srivastava	Executive Director	One	Nil	One
Mr. D. P. Bhargava*	Executive Director	Nil	Nil	Nil
Mr. Gurdial Singh	Non-Executive	Four	Nil	One
Mr. Jayant Kawale	Non-Executive	Four	Nil	Two
Mr. A. K. Mago**	Independent Director	Three	Two	Two
Ms. Komal Anand***	Independent Director	Nil	One	One
Mr. R. Jeyaseelan\$	Independent Director	Nil	Nil	One
Mr. Raman Sidhu\$\$	Independent Director	Three	Nil	Two
Dr. Kuriakose Mamkoottam#	Independent Director	Nil	Nil	One
Mr. K. Dharmarajan##	Independent Director	Two	One	Nil

* Mr. D. P. Bhargava appointed on 26.03.2009.

** Mr. A. K. Mago joined the Board on 03.04.2008.

*** Ms. Komal Anand joined the Board on 02.04.2008.

\$ Mr. R. Jeyaseelan joined the Board on 23.04.2008.

\$\$ Mr. Raman Sidhu joined the Board on 07.04.2008.

Dr. Kuriakose Mamkoottam joined the Board on 17.06.2008.

Mr. K. Dharmarajan joined the Board on 03.09.2008.

Brief profiles of our present Directors are as under:

Mr. S.K. Garg (DIN No.: 00055651), 58 years, is our Chairman and Managing Director. 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 36 years of professional experience, which includes six years of experience in the power sector. Prior to joining our Company, he was the Executive Director (Finance) in Indian Oil Corporation Limited. He was appointed as our Director (Finance) w.e.f. July 1, 2003 and was further elevated to the post of Chairman and Managing Director w.e.f. January 23, 2007. He is also the Chairman and Managing Director of our Subsidiary NHDC Limited. As the Chairman and Managing Director, he heads our organisation and holds the overall charge of all activities of our Company.

Mr. A. B. L. Srivastava (DIN No.: 01601682), 53 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

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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 on the board of REC Power Distribution Company Limited, a wholly owned subsidiary of REC. He also served at Uttar Pradesh Financial Corporation. He was also a Lecturer at Banaras Hindu University, Varanasi and D.A.V. College, Kanpur. He is presently a member in the Finance Committee of Hidayatullah National Law University, Raipur, Chhattisgarh. He joined our Board on February 11, 2008. He is in charge of the overall finance matters of our Company. He is representing NHPC on the Board of PTC India Ltd. He is in charge of the finance, information technology and commercial division of our company.

Mr. D.P. Bhargava (DIN No.: 01277269), 53 years, is our Director (Technical). He holds a bachelor's degree in electrical engineering from the University of Roorkee. He has approximately 30 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 Limited. 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, operation and maintenance, quality assurance and inspection in our company.

Mr. J.K. Sharma (DIN No.: 00387785), 50 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 and the Indian National Hydropower Association. He is also a fellow of the Institute of Engineers, India. He has over 29 years of experience in the hydro sector in India and abroad. Prior to joining our Company, he served as the Director (Civil) in the Satluj Jal Vidyut Nigam Limited. He joined our board on April 10, 2009. He is currently in charge of construction and survey and investigation projects of our company.

Mr. R.S. Mina (DIN No.: 00149956), 52 years, is our Director (Personnel). He holds a bachelor's degree in electrical engineering and a master's degree in business administration having specialised in financial management and human resource development from IGNOU. He has over 28 years of total work experience including 27 years in the power sector alone. Apart from handling technical assignments like design, engineering, construction, execution, testing and commissioning of transmission lines and hydroelectric projects, he has also headed the Human Resource Development, Corporate Communication, Rajbhasha and Facility Management Divisions. Prior to joining our Board, he served as the Executive Director (Consultancy and Business Development) of our Company. He joined our board on April 28, 2009. He is in charge of all human resource activities, corporate communication, estate and facilities management services and consultancy and business development.

Mr. Jayant Kawale (DIN No.: 00076038), 53 years, is our Government Nominee Director. He holds a master's degree in German from Jawahar Lal Nehru University, New Delhi and a diploma in Public Administration from Ecole Nationale D'Administration, Paris. He is an Indian Administrative Service Officer from the 1981 batch of Maharashtra cadre. He has held key positions including those of Secretary (Energy), Government of Maharashtra; Chairman, Maharashtra State Electricity Board; Managing Director, State Industrial and Investment Corporation of Maharashtra; Chief Executive Officer of Maharashtra Industrial Development Corporation and Development Commissioner (Industries), Maharashtra. He has been the Joint Secretary, MoP, GoI since February 2007 where he is in charge of hydropower development. He joined our Board on September 6, 2007. He is also on the Board of NHDC Limited, North Eastern Electric Power Corporation Limited, Satluj Jal Vidyut Nigam Limited and Tehri Hydro Development Corporation Limited.

Ms. Komal Anand (DIN No.: 01909263), 63 years, is our Independent Director. She holds a master's degree in Political Science from Delhi University. She also holds a post graduate diploma in Business Management (Marketing). She joined the Indian Administrative Service in the year 1968 and belonged to the Haryana cadre. She retired as Secretary, Ministry of Company Affairs, Government of India where she was involved in the preparation and introduction of Companies Amendment Act, 2006 into the Parliament and successfully 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. She joined our Board on April 2, 2008.

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Mr. Arun Kumar Mago (DIN No.: 01624833), 64 years, is our Independent Director. He holds a master's degree in Physics and 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 retired in the year 2004 as the Chief Secretary, Government of Maharashtra. He joined our Board on April 3, 2008. He is also on the Board of Yes Bank Limited, Shipping Corporation of India Ltd. and Hindustan Copper Limited.

Mr. Raman Sidhu (DIN No.: 00121906), 52 years, is our Independent Director. 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. He has an experience of 26 years in the field of investment and corporate banking in India and two years in insolvency and liquidation business in London, U.K. He was the senior Director, Corporate Affairs, India in Fidelity Fund Management Private Limited. Prior to this assignment, he has also worked with HSBC Securities and Capital Markets (India) Private Limited, Hongkong and Shanghai Banking Corporation Limited, Barclays Bank Group and Grindlays Bank in India. 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 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, GoI, in cooperation with Confederation of Indian Industries. He joined our Board on April 7, 2008. He is also on the Board of Deutsche Post Bank Home Finance Limited, G4S Corporate Services Pvt. Ltd and RDS Agencies Pvt. Limited.

Mr. R. Jeyaseelan (DIN No.: 02143850), 62 years, is our Independent Director. He 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 has also been a member of several committees including Vice President, International Commission on Irrigation and Drainage. He retired as the Chairman, Central Water Commission in November 2006. He joined our Board on April 23, 2008.

Dr. Kuriakose Mamkoottam (DIN No.: 02231128), 63 years, is our Independent Director. He holds a master's degree in Sociology from the Delhi School of Economics, University of Delhi. He also received his Ph.D. from the University of Delhi in 1977. He has experience of over 36 years in the field of human resource management and industrial relations. He is currently the Professor of Human Resource Management and Industrial Relations, Faculty of Management Studies, University of Delhi. He has served as director at Centre for Applied Behavioural Sciences and Action Research and research and consulting faculty at Sri Ram Centre for Industrial Relations and Human Resources. He has conducted extensive research and completed several projects in the areas of worker trade unionism, managerial unionism, ethno-agriculture, new technology and human resource management in India, South Asia and Europe. He has undertaken consulting and training for, inter alia, International Labour Organisation; Skills Development Fund (Sri Lanka), Nepal Industrial Relations Forum, Indian Oil Corporation Limited, Airport Authority of India, Planning Commission-GoI, Department of Posts. He was also the India - EEC Fellow at ESADE Business School, Barcelona in the year 1989-90. He has authored over 35 publications on labour and trade union issues. He joined our Board on June 17, 2008.

Mr. K. Dharmarajan (DIN No.: 02322767), 65 years, is our Independent Director. He holds a master's degree in Physics from 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 approximately 37 years of

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diverse experience with expertise in the fields of trade and commerce, urban governance and poverty, energy, finance and administration. He has held several posts in the Central and State governments including those in the Ministry of Energy, GoI; Ministry of Urban Development, GoI; 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 has 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. He is also on the Board of NTPC Limited and Infrastructure Professionals Enterprise Private Limited.

(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 over 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 Ministry of Power, Government of India retire from the Board at the pleasure of nominating authority or on ceasing to be officials of the Ministry of Power.

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

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

The Company has not paid any sitting fee to Non-Executive Government Nominee Directors. However, the Company paid sitting fees to the Independent Directors for attending each meeting of Board of Directors and Committee thereof at the rate of Rs. 10,000/- per sitting during the financial year 2008-09. The amount of sitting fees was enhanced from Rs. 10,000/- to Rs. 15,000/- per meeting w.e.f. 17th April, 2009. The details of payments made towards sitting fees to independent directors during the year 2008-09 are given below:

Name of Independent Directors	Sitting Fees (in rupees)		Total (in rupees)
	Board Meeting	Committee Meeting	
Mr. A. K. Mago	80,000/-	50,000/-	1,30,000/-
Ms. Komal Anand	1,10,000/-	60,000/-	1,70,000/-
Mr. R. Jeyaseelan	1,00,000/-	90,000/-	1,90,000/-
Mr. Raman Sidhu	90,000/-	30,000/-	1,20,000/-
Dr. K. Mamkoottam	1,00,000/-	40,000/-	1,40,000/-
Mr. K. Dharmarajan	70,000/-	NIL	70,000/-

(v) Board Meetings, Committee Meetings & Procedures:

The meetings of the Board of Directors are normally held at the registered office of the company or at any other place in National Capital Region. Detailed agenda notes, management reports are circulated to the Directors in advance. The members of the board have access to all information relating to the company. Senior level officers are also invited to the board meetings to provide additional information to the items being discussed by the Board. In case of business exigencies or urgency of matters, resolutions are also passed by circulation.

The Board of Directors is provided progress covering Project Implementation and operations of the Company at each Board / Committee Meeting. The information regularly provided to the Board specifically includes:

- Annual operating plans, budgets and any updates therein.
- Capital budgets and any updates therein.
- Half-yearly results of the company.

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- Minutes of meeting of audit committee 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.
- Award of large contracts.
- Other items in accordance to law and DPE guidelines.

Thirteen meetings of the Board of the Company were held during the year under review. The Company has 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	9 th April, 2008	10	8
2	29 th April, 2008	11	10
3	30 th May, 2008	10	8
4	30 th June, 2008	11	10
5	28 th July, 2008	11	11
6	5 th August, 2008	9	9
7	5 th September, 2008	10	8
8	27 th September, 2008	10	9
9	29 th October, 2008	10	10
10	28 th November, 2008	10	8
11	20 th January, 2009	10	7
12	11 th February, 2009	10	9
13	23 rd March, 2009	10	10

Attendance of Directors in the Board Meetings and Annual General Meeting during the year under review is as under:

Name of the Directors & Category of Director	Attendance of Meetings during 2008-09	
	Board Meeting	Last AGM
Mr. S. K. Garg, (E)	13	Yes
Mr. S. K. Chaturvedi (E)%	5	No
Mr. S. P. Sen (E)@@	2	NA
Mr. S. K. Dodeja (E)@	5	NA
Mr. A. B. L. Srivastava (E)	13	Yes
Mr. D. P. Bhargava*	NA	NA
Mr. Gurdial Singh (NE)	12	Yes
Mr. Jayant Kawale (NE)	12	Yes
Mr. A. K. Mago (ID)**	8	Yes
Ms. Komal Anand (ID)***	11	Yes
Mr. Raman Sidhu (ID)\$	9	No
Mr. R. Jeyaseelan (ID)\$§	10	Yes
Dr. Kuriakose Mamkoottam (ID)#	10	No
Mr. K. Dharmarajan (ID)##	7	NA

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NE-Non Executive Director, E-Executive Director, ID-Independent Director

- % Mr. S. K. Chaturvedi was relieved on 31.07.2008 to join Power Grid Corporation of India Limited as C.M.D.
- @ Mr. S. K. Dodeja Superannuated on 31.07.2008
- @ @ Mr. S. P. Sen resigned from the Board w.e.f. 08.05.2008
- * Mr. D. P. Bhargava appointed on 26.03.2009
- ** Mr. A. K. Mago joined the Board on 03.04.2008
- *** Ms. Komal Anand joined the Board on 02.04.2008
- \$ Mr. Raman Sidhu joined the Board on 07.04.2008
- \$\$ Mr. R. Jeyaseelan joined the Board on 23.04.2008
- # Dr. Kuriakose Mamkoottam joined the Board on 17.06.2008
- ## Mr. K. Dharmarajan joined the Board on 03.09.2008

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 conduct business in accordance with highest standard of business ethics and compliance to applicable laws, rules and regulations. Code of Business Conduct and Ethics for Directors and Senior Management are circulated to all concerned and it is confirmed that they were complied with by all 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 31st March, 2009.

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

(vii) Fraud and Risk Management Policy:

The Board of Directors has ensured that 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.

The Company is already formulated 'Fraud Policy' and the drafting of "Risk Management Policy" is under process.

(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 necessary documents/ brochures, reports and internal policies to enable them to familiarize with company's procedure and practice.

3. COMMITTEES OF BOARD OF DIRECTORS:

The Board has constituted the committees on different aspects. The various committees constituted by the Board along-with their scope are as under:

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.

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3.1 AUDIT COMMITTEE:

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

a) Composition of Audit Committee as on 31.03.2009 :

i)	Shri A. K. Mago	Independent Director - Chairman
ii)	Smt. Komal Anand	Independent Director
iii)	Shri Raman Sidhu	Independent Director
iv)	Shri K. Mamkoottam	Independent Director
v)	Shri Gurdial Singh	Non-Executive Director
vi)	Shri Jayant Kawale	Non- Executive Director

However, as on the date of report, the Audit Committee comprises the following Directors:

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

b) Meetings and attendance:

The Committee met 7 (seven) times during the year on 29th April, 2008, 30th May, 2008, 30th June, 2008, 5th September, 2008, 29th October, 2008, 28th November, 2008 and 23rd January, 2009. 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	5	5
2	Smt. Komal Anand	6	5
3	Shri Raman Sidhu	6	3
4	Shri K. Mamkoottam	4	4
5	Shri Gurdial Singh	7	5
6	Shri Jayant Kawale	6	2
7.	Shri R. Jeyaseelan	1	1
8.	Shri S. K. Chaturvedi	2	2

The meetings were also attended by Director (Finance), Head of the Internal Audit and Statutory Auditors as Special Invitees. There was no gap of more than three months between two Audit Committee meetings. The Company Secretary of the Company acted as Secretary to the Committee.

c) Scope of Audit Committee:

In the Board Meeting of the Company held on 30th 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 time to time, which includes discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems. The committee shall also have authority to investigate into any matter at 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 external professional advice, if necessary.

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3.2 SHAREHOLDERS' GRIEVANCE COMMITTEE :

a) Composition

The Board of Directors has constituted a Committee called "Shareholders' Grievance Committee" to monitor the redressal mechanism of Investors' Grievances. The committee comprises of following members as on 31st March, 2009:

1.	Smt. Komal Anand	Independent Director & Chairman
2.	Shri R. Jeyaseelan	Independent Director
3.	Shri A. B. L. Srivastava	Director (Finance)
4.	Shri Jayant Kawale	Government Nominee Director

The present composition of the committee is as under:

1.	Smt. Komal Anand	Independent Director & Chairman
2.	Shri R. Jeyaseelan	Independent Director
3.	Shri A. B. L. Srivastava	Director (Finance)

b) Meetings and attendance:

During the year one meeting of the committee was held on 23rd September, 2008 which was attended by all the members of the Committee except Shri Jayant Kawale. There were no complaints from investors during the period under review.

c) Scope of the Committee:

The Shareholders' Grievance Committee shall have powers to decide, inter alia, oversee the redressal of shareholder's 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 31st March, 2009:

1.	Shri Gurdial Singh	Member (Hydro), C.E.A. - Chairman
2.	Shri A. B. L. Srivastava	Director (Finance)
3.	Shri S. K. Garg	C.M.D. holding the charge of Director (Projects)
4.	Shri Jayant Kawale	Joint Secretary (Hydel), M.O.P
5.	Shri R. Jeyaseelan	Independent Director

The Projects and Performance Review Committee was reconstituted during the current financial year and at present the committee comprises the following Directors:

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

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b) Meetings and attendance:

The Committee met 4 (Four) times during the year on 22nd July, 2008, 20th November, 2008, 3rd March, 2009 and 19th March, 2009. The details of the meetings of Projects and Performance Review Committee attended by the members are as under:

Sr. No.	Member of the Committee	Meeting held during his tenure	Meetings attended
1	Shri Gurdial Singh	4	4
2	Shri Jayant Kawale	4	4
3	Shri S. K. Dodeja	1	1
4	Shri A. B. L. Srivastava	4	4
5	Shri R. Jeyaseelan	4	4
6	Shri S. K. Garg	3	3

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 Committee of Directors on Contracts comprises the following members as on 31st March, 2009 :

1.	Shri S. K. Garg	Chairman & Managing Director - Chairman
2.	Shri A. B. L. Srivastava	Director (Finance)
3.	Shri R. Jeyaseelan	Independent Director

The existing Committee of Directors on Contracts comprises the following Directors:

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

b) Meetings and attendance:

The Committee met 6 (Six) times during the year on 11th August, 2008, 21st August, 2008, 6th October, 2008, 12th November, 2008, 29th January, 2009 and 14th February, 2009. The details of the meetings of Committee of

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Directors on Contracts attended by the members are as under:

Sr. No.	Member of the Committee	Meeting held during his tenure	Meetings attended
1	Shri S. K. Garg	6	6
2	Shri A. B. L. Srivastava	6	6
3	Shri R. Jeyaseelan	3	3

c) Scope of the Committee:

The terms of reference of the Committee of Directors on Contracts is:

1. Award of Works contracts or purchase contract value exceeding Rs.50 crores but not exceeding Rs.100 crores.
2. 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 Rs.75 crore but within Rs100 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.
3. Payments of idle charges, hire charges and interest to contractor for delay not attributable to contractor and not covered by force majeure of value more than Rs. 2 Crore but not exceeding Rs. 5 crore.
4. Acceptance of disputed claims over the value of Rs. 2 Crore but not exceeding Rs. 5 crore.

3.5 IPO COMMITTEE

a) Composition

The IPO Committee comprises the following members as on 31st March, 2009:

1.	Shri S. K. Garg	Chairman & Managing Director - Chairman
2.	Shri A. B. L. Srivastava	Director (Finance)
3.	Shri Gurdial Singh	Director

At present the committee comprises of the following members:

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.	Shri Jayant Kawale	Non Executive Director
6.	Shri Raman Sidhu	Independent Director

b) Meetings and attendance:

The Committee met 5 (Five) times during the year on 12th May, 2008, 13th June, 2008, 27th June, 2008, 9th September, 2008 and 27th September, 2008. The details of the meetings of IPO Committee attended by the members are as under:

Sr. No.	Member of the Committee	Meeting held during his tenure	Meetings attended
1	Shri S. K. Garg	5	5
2	Shri A. B. L. Srivastava	5	5
3	Shri S. K. Dodeja	3	1
4	Shri Gurdial Singh	2	2

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c) Scope of the Committee:

The scope of the IPO Committee is:

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 dematerialize the equity shares of the Company.
6. To pay any fees, commissions, remuneration, expenses relating to the issue.
7. To finalize, 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 finalize 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 BOARD LEVEL.

The Board of Directors has also constituted a Remuneration Committee for Executives below Board Level as per office memorandum issued under the Department of Public Enterprise, to determine remuneration payable to executives below Board Level. The Committee comprises the following members:

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. Mamkoottam	Independent Director

3.7 DIRECTORS' REMUNERATION COMMITTEE

Our company being 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 the Board Meetings as well as Committee Meetings.

Details of remuneration of Functional Directors of the Company during the year 2008-09 are given below:

Directors	Designation	Salary / Allowances (Rs.)	Benefits* (Rs.)	Performance linked incentives (Rs.)	Gross Total (Rs.)
Shri S. K. Garg	Chairman & Managing Director	8,80,807/-	6,65,547/-	63,684/-	16,10,038/-
Shri S. K. Chaturvedi (upto 31.07.2008)	Director (Personnel)	3,12,401/-	1,86,925/-	55,186/-	5,54,512/-
Shri S. P. Sen (resigned w.e.f 08.05.2008)	Director (Technical)	1,81,065/-	10,81,684/-	50,064/-	13,12,813/-
Shri S. K. Dodeja (superannuated on 31.07.2008)	Director (Projects)	2,97,807/-	14,49,458/-	55,842/-	18,03,107/-
Shri A. B. L. Srivastava (appointed on 11.02.2008)	Director (Finance)	6,64,924/-	5,63,386/-	7,339/-	12,35,649/-
Shri D. P. Bhargava (appointed w.e.f. 26.03.2009)	Director (Technical)	13,823/-	1,624/-	—	15,447/-

*Benefits include medical / LTC.

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4. SUBSIDIARY COMPANY:

Narmada Hydroelectric Development Corporation Limited (“NHDC”) currently known as NHDC Limited is a subsidiary company of NHPC Ltd, wherein NHPC holds 51% equity shares. During the year, minutes of subsidiary company were placed before the Board of NHPC and significant transactions and arrangements entered into by the subsidiary company are brought to the notice of the Board of NHPC periodically. Since NHDC is covered within the definition of ‘Subsidiary Company’ as per Guidelines on Corporate Governance by DPE for CPSEs (as per the audited accounts for the period ended on 31st March, 2009 the turnover and net worth of NHDC is more than 20% of the turnover or net worth of NHPC Limited), Shri R. Jeyaseelan, Independent Director has been appointed on the Board of NHDC Limited in place of Shri R. K. Taneja in the Board Meeting held on 17th July, 2009.

5. GENERAL BODY MEETINGS:

The date, time and location where the last three Annual General Meeting were held are as under:

Financial Year	Date	Time	Location
2005-06	28.07.2006	10.30 A.M.	At Registered Office, Faridabad
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

5.1 DETAILS OF SPECIAL RESOLUTIONS PASSED DURING THE LAST THREE YEARS :

Sl. No.	Details of Meeting	Special Resolution passed
1.	Annual General Meeting held on 28 th July, 2006	Special resolution to reduce paid up share capital of Rs. 24.55 crore.
2.	Extra-ordinay General Meeting held on 13 th March, 2007	Splitting of shares of the face value of Rs. 1000/- each into 100 shares of the face value of Rs.10 each. Modification and insertion of new clauses in the Articles of Association of the Company.
3.	Special Resolution passed by postal ballot issued on 20 th June, 2007	Amendments to Object Clause of the Memorandum of Association of the Company.
4.	Extra-ordinay General Meeting held on 13 th March, 2008	Changes in the name of the company.
5.	Annual General Meeting held on 5 th August, 2008	Amendment to Articles of Association to allow enhanced powers to the company in line with DPE Guidelines due to grant of Miniratna status.

In addition to the above a special resolution was passed through postal ballot as per details below.

5.2 SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT:

During the year under review the Company passed Special Resolutions through Postal Ballot to amend Object Clause of the Memorandum of Association of the Company. The amendment was in respect of clause 1 (a) of the main objects of its Memorandum of Association so as to replace the words “through Hydroelectric, Wind, Tidal, Geo-thermal, Gas Power” with the words “through Conventional and Non Conventional Sources subject to clause 1(b)” and to insert clause 1 (b) after clause 1 (a) of the main objects of Memorandum of Association to execute thermal projects through its subsidiary i.e. NHDC Limited. Accordingly the existing clause 1 (b) of the main objects of Memorandum of Association of the company was renumbered as 1 (c).

The above resolution was passed unanimously. The postal ballot was conducted by Mr. P. C. Jain, Practicing Company Secretary.

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, which have potential conflict with the interest of the Company at large. The details

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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 been particular in adhering to the provisions of the laws and guidelines of regulatory authorities including SEBI. There has been compliance of various provisions /requirement of Stock exchanges /SEBI by the Company. No penalties /strictures have been imposed by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to Capital market / any guidelines issued by Government during 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. Information on adoption (and compliance) / non-adoption of the non-mandatory requirements is at **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 time line as per listing agreement. These results are published in National Dailies. The Company did not send periodical results /records to each household of shareholders being all the shares held by the President of India and its nominees. However, the same were hosted on website of the Company i.e. www.nhpcindia.com. The Company had also issued News Releases on significant corporate decisions and activities and placed them on its website.

8. SHAREHOLDERS INFORMATION:

(i) Annual General Meeting:

Date: 5th August, 2008

Time: 01:00 p.m.

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

(ii) Financial Calendar for financial year 2008-09:

Accounting Period: April 1, 2008 to March 31, 2009

AGM (Next Year): July, 2009 (Tentatively)

Audited financial results published by the company for the period ended six months:

Newspapers	Date of publications of results for the six months ended	
	30.09.2008	31.03.2009
Times of India	30.11.2008	27.05.2009
Navbharat Times	30.11.2008	27.05.2009

(iii) Book Closure / Record Date:

a. Payment of Interest on Bonds:

BOND SERIES	DUE DATE OF INTEREST PAYMENT	RECORD DATE
NHPC SECURED REDEEMABLE, NON - CUMULATIVE, TAXABLE 'O' SERIES BONDS (STRPP-A to STRPP-J)	30.06.2008	13.06.2008

b. Redemption of Bonds:

The details of bonds redeemed during the financial year 2008-09 are as under:

BOND SERIES	ISIN	SCRIP CODE	DUE DATE OF REDEMPTION	RECORD DATE
NHPC SECURED REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS (STRPP-A)	NE848E108037	NHPC09	31.03.2009	12.03.2009

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(iv) Dividend History:

Financial Year	Total Amount of Dividend paid (Rs. 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

(v) Securities Listed:

NHPC Redeemable Non-Cumulative Taxable “O” 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
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – B	NHPC10
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – C	NHPC11
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – D	NHPC12
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – E	NHPC13
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – F	NHPC14
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – G	NHPC15
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – H	NHPC16
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – I	NHPC17
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE ‘O’ SERIES BONDS, STRPP – J	NHPC18

b. Market Price data:

The market price data received from NSE is given below.

Issue Description	Trade date	No. of trade	Traded volume	Max. price	Min. price
NIL	NIL	NIL	NIL	NIL	NIL

The securities listed on the Exchanges are Non-Convertible Bonds, and could not be compared with BSE Sensex, which is equity based Index.

(vi) Registrar Transfer Agent and Share Transfer system:

The Company has appointed 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

(vii) Bonds Transfer System:

It is the responsibility of the Registrar and Transfer Agent to look after the routine matters of transfer of Bonds, if any, subject to the supervision, control and approval of the Board of Directors.

(viii) Pattern of Distribution of Holdings & Dematerialisation of Shares and Liquidity:

NHPC is a wholly owned Government of India Enterprise and the President of India and its nominees hold 100% equity shares of the Company. Therefore, no pattern of distribution of shareholdings is given. All the shares held by the President of India, Government of India are in dematerialized form. However, 600 shares held by

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nominees of the President of India are in physical form. The Bonds issued by NHPC are being held in dematerialized form.

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

(ix) 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

(x) Address for Correspondence:

**Shri Vijay Gupta, Compliance Officer,
1st 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 M/s. P.C. Jain & Co, Company Secretary in Whole Time Practice confirming the compliance with the conditions of Corporate Governance as stipulated under the Listing Agreement read with Guidelines on Corporate Governance for Central Public Sector Enterprises 2007, is forming part of Annual Report.

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

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

Date : 25.07.2009

Place : Faridabad

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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 3.7 of this report.
3. **Shareholders Rights:** The shares of the company are held by the President of India and his nominees. The half yearly results were published in leading newspapers as mentioned under the title "Shareholders Information". These results are not separately circulated. Significant events have been disclosed on the company's website.
4. **Audit Qualification:** The financial statements for the year 2008-09 have no audit qualification.
5. **Training to Board members:** Please refer to para 2 (viii) of this report.
6. **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.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I INDUSTRY STRUCTURE AND DEVELOPMENT

Power is one of the most important factors for the growth of an economy, in particular, for a developing country like India where higher and improved standard of living depends upon the availability of adequate and reliable power at an affordable price. Unlike other commodities, the dynamics of supply and demand does not apply to power, as it cannot be stored. Public sector has taken a lead in power generation in India with the State and Union Governments generating about 52.50% and 34% of total installed capacity respectively. The participation of the private sector, which generates about 13.50% of power, has been increasing since the liberalization of the economy in 1991.

As on 31st March, 2009, the total installed capacity of power in India was 1,47,965.41 MW out of which share of Thermal, Hydro and Nuclear was 93,725.24 MW (64.6%), 36,877.76 MW (24.7%) and 4,120 MW (2.9%), respectively and 13,242.41 MW (7.7%) was from Renewable energy sources. Hydro power is considered as clean power. However, during the last few years the share of hydro in the total installed capacity has gradually declined resulting in adverse hydro-thermal mix leading to many technical and operational abnormalities.

Besides shortage of power (especially peak power) and adverse hydro-thermal mix, Indian Power scenario has been plagued with variety of problems over the years such as skewed tariff, poor and substandard distribution networks, high aggregate technical and commercial losses etc. Poor financial health of the SEBs has deterred private investors from making investments besides hindering the capacity of CPSUs to reinvest the profit earned out of sale of power generated.

In the recent years, significant changes have been seen in power sector such as introduction of National Electricity Policy which envisages "Power for all by 2012" and per capita availability of power to be increased to over 1000 units by 2011-12.

II STRENGTH

We believe that the following are the primary competitive strengths of the company:

Established track record in implementing hydroelectric projects

Your company has a wide experience and expertise in project implementation which provides it significant competitive advantages. At present 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 terrain in inhospitable areas that are often difficult to access. Chamara-II and Dhauliganga-I power stations of the company and the Indira Sagar and Omkareshwar projects of its subsidiary were commissioned ahead of schedule. The company's reputation as a successful and efficient project manager is a key advantage for securing projects.

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, pursuant to long-term power purchase agreements. The allocation of power from different power stations to SEBs / Power Departments and their successor entities are done by the Ministry of Power, Government of India. The billings to state entities are currently secured through letters of credit pursuant to tripartite agreements entered into amongst the GoI, the RBI and respective State governments. In addition, the company can secure payment by regulating the power supply to the defaulting entity or recovery of

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payments can also be done directly through the GoI from the Central Plan Assistance of the concerned State Governments. At the time investment decisions made by the GOI on new projects, the company obtains the commitments from SEBs / Power Departments and their successor entities for purchase of power from the new projects.

Strong operating performance

The efficiency of the company is measured with reference to average capacity index / plant availability factor (PAF) and generation targets achieved. During the financial year 2008-2009, the Company generated a total of 16,582.72 MUs and the average capacity index of the company was 93.61%. The company extensively monitors and systematically renovates and modernize its power stations, which increases the efficiency of the plants and equipment. These techniques offer the company competitive advantage in an industry where reliability and maintenance costs are a significant determinant of profitability.

Competent and committed workforce

The company has a competent and committed workforce. Its' senior executives have extensive experience in the industry and many of them have been with the company for a significant portion of their careers. The skill, industry knowledge and operating experience of the senior executives of the company provide it with a significant competitive advantage as the company seeks to expand its existing markets and successfully enter new geographic areas. The company invests significant resources in employee training and development. In addition the uniform operational systems, processes and staff training procedures enable the company to replicate its high operating standards across all its projects and stations.

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. The engineers of the company have specialized tunnel design experience and are able to design for variable and unpredictable geological conditions. The engineers have experience with a variety of specialized analysis, design and computer aided design ("CAD") software applications and their innovative and fully-integrated approach brings a full complement of skills and knowledge to provide solutions to any given design problem.

III OPPORTUNITIES

The deteriorating hydro-thermal mix, increase in peaking shortages, erratic frequency variations, problems in water management etc., has resulted in the policy makers turning their attention towards development of hydro power. Hydro power not only generates clean energy but also provides drinking water supply, irrigation, navigation, increased employment opportunities, industrial development, recreation facilities etc. to the region. The Government of India has made special emphasis for its development in the initiative for accelerated hydro power development. North Eastern India is blessed with huge untapped hydro potential of 58,971 MW and the development of hydro power is considered an excellent option to boost the economy for this underdeveloped part of the country.

IV THREATS / RISKS / WEAKNESS

The management perceives the following as Threats / Risks / Weaknesses in construction of Hydro power Projects:

Environment & Forest clearances

Stringent norms and cumbersome procedures for getting environment clearance, forest clearance and clearance from National Board for Wild Life (where ever applicable) leads to delay in obtaining clearance of projects, which may affect the capacity addition programme.

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Land Acquisition

Most of the hydropower projects are located in hilly and difficult terrains which require large areas of land for infrastructure works as well as for project's components including submergence. The process of land acquisition is quite cumbersome and requires simplification of procedures.

Geological Surprises

Bulk of the balance hydro power potential is available in the Himalayan region. Geological surprises especially in underground works are common in this area which result in time and cost over-run.

Inter-State River Disputes

A number of Projects on rivers passing through different states have been held up due to Inter-State River disputes.

Natural Calamities

As Hydropower projects are located in hilly terrains, land slides, hill slope collapses and road blocks, flood and cloud burst cause severe set backs in construction schedules.

Unexpected complexities

The development of projects may be subject to unexpected complexities and delays, which may cause the actual costs of developing projects to differ significantly from estimates.

Any change to CERC's tariff regulations may adversely affect cash flow and results of operations. Also the generation capacity may vary substantially because of variations in water flow due to climatic conditions, which may cause significant fluctuations in revenue and profits.

V RISKS AND CONCERNS

As hydro power schemes are capital intensive and have long gestation period, availability of funds is always seen as one of the major constraint for exploitation of vast hydro power potential available in the Country. Water being the state subject, State Governments are demanding higher share of free power and other incentives, which lead to higher tariff.

VI SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Corporation is a generating company with an installed capacity of 5175 MW which includes 2 projects with total installed capacity of 1520 MW in Joint Venture with the Government of Madhya Pradesh. It has also undertaken a number of consultancy assignments for various organizations in the Country.

VII OUTLOOK

The development of hydro power in the Country has been sluggish over the years, which has led to adverse hydro-thermal mix. As per the assessment by CEA the country is endowed with hydro potential to the tune of 1,48,700 MW of installed capacity besides 56 pumped storage projects of 94,000 MW which have been identified.

As on 31.03.2009, 36,878 MW of hydro potential has been exploited and a lot is under development, therefore, ample opportunities are available for investors / executors in the field of hydro power development. Various initiatives have been taken for the reforms in Power Sector as a whole and hydropower in particular such as ranking study of potential hydro sites by CEA in 2001, enactment of Electricity Act 2003, 50,000 MW Hydroelectric Initiatives in May 2003, and introduction of Hydro Policy, 2008.

The changed scenario will provide new opportunity for the development of hydropower in the country.

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VIII INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Corporation has inbuilt control systems in functional / operational area and the transactions / process are guided by delegation of powers, documented policies, guidelines and manuals. The Organizational structure is well defined in terms of the structured authority / responsibility involved at a particular hierarchy level.

The Corporation has an independent and a full-fledged Internal Audit Department at the Corporate Office and 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 Report are placed before the Audit Committee. The recommendations and directions of the Committee are carried out and informed accordingly.

IX DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

A) Financial Performance

The Financial performance of your Corporation continued to show an upward trend. During the year, total sales turnover was Rs. **2698.06** crore against Rs. **2301.00** crore in the previous year. The net profit rose from Rs. **1004.09** crore to Rs. **1075.22** crore showing an increase of **7.08%**. During the year 2008-09, Rs. 2528.15 crore were realized against principal outstanding including arrears and the realization of the sales proceeds was as per schedule. Further, NHPC has realised Rs. 273.72 Crore towards UI charges during 2008-09. The Corporation earned an interest income of Rs. 185.27 crore on the bonds and long term advance issued earlier against the Securitization of outstanding dues and additionally Rs. 10.82 crore towards late payment surcharge. Current outstanding dues beyond 01.10.2001 towards principal amount have reduced to Rs. 2.56 Crore (as on 31.03.2009) from Rs. 4.26 Crore (as on 31.03.2008).

B) Performance of Projects and Power Stations

In operation

The operating power stations of NHPC, located in different parts of the country, have shown an increase of 12.67%. During the year 2008-09 the generation was 16,582.72 MUs

The machine availability of operating power stations of NHPC, measured as a Capacity Index (CI) was 93.61% during the year 2008-09. The power house wise details are given in the directors' report.

On going projects and new schemes are discussed in the Directors' Report.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATION

The company believe that a well-trained and experienced team of employees is crucial to the continued growth and success of employees. As a part of commitment to training, NHPC have 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).

WOMEN EMPLOYEES

No. & percentage of women employees in NHPC as on 31.03.2009 is as below:

Group	Total No. of Employees as on 31/03/2009	No. of female employees	% of overall staff strength
Total	12,028	1,007	8.37%

Steps taken for Welfare of women employees:

- Special care is always taken to nominate deserving women employees to attend training programs / seminars organized exclusively for such employees.

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- Crèche 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 harassment of women employees.
- Child care leave for women employees to take care of their newborn / infant children.
- Child Care Leave on adoption of a Child.
- Maternity leave as per rules.
- Relaxation in attendance timings for female employees at Corporate Office.
- Option to declare parents / parents-in law under LTC / Medical Rules.

INDUSTRIAL RELATION & STAFF WELFARE

Industrial relations between employee and employer were cordial and harmonious. No man-days were lost on account of strikes / lock-out. Staff welfare activities were given special consideration. Workers were encouraged to participate in the areas concerning their working conditions, welfare etc.

Employees and their families at Projects/ Power Stations are provided:

- Transportation facility to visit the nearest town for daily needs. Similarly, school children are extended transportation facility for going to Schools.
- Cultural programmes, celebration of festivals and sports activities are organized at project level. Clubs for both executives and Non –Executives are duly furnished.
- Entertainment facilities like Cable T.V. by arranging infrastructure or outsourcing the same.
- Townships with all amenities at all O&M power Stations and efforts are being made to provide accommodation at Projects.
- Educational facilities through Kendriya Vidyalaya wherever possible in the Projects/ Power Stations or through other agencies like DAV schools etc. In addition, Children Education Assistance and Hostel Subsidy to children of employees are also provided. In addition to this for higher / professional studies setting up of an engineering college at Himachal Pradesh jointly with NTPC is in the process and also an MoU has been signed with Govt. of Arunachal Pradesh for development of NHPC College of Science, Technology, Arts & Commerce at Tawang.
- Hospital / Dispensaries with qualified internal Doctors and para-medical staff. Along with the Hospitals, employees and their families are also entitled to seek Treatment in various empanelled hospitals throughout the country.

RESERVATION FOR SC/ST/OBC

NHPC is making a modest contribution for the socio-economic development of SC / ST and other weaker sections of the society at various Projects / Power Station situated in remote areas of the Corporation. It provides budget allocation for Schools and Colleges at various SC / ST / OBC populated locations of the NHPC Projects / Power Stations. Medical facilities are also being provided. During natural calamities / epidemic, NHPC helped in different ways and organized medical camps also.

The reservation and relaxation is provided to SC / ST and OBCs in direct recruitment as per guidelines issued by the Government from time to time. The relaxed standards are also applicable for SC / ST employees while considering promotion. The Organization holds periodical meetings with SC / ST employees. A SC / ST cell is set up for the welfare of SC / ST and OBCs under the direct control of separate liaison officers for SC / ST and OBC.

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

Group	Total Employees as on 31/03/09	Representation					
		SCs	SC%	STs	ST%	OBC	OBC%
Total	12,028	1,525	12.68%	610	5.07%	1,008	8.38%

WELFARE OF PERSONS WITH DISABILITIES

No. & Percentage of Physically Challenged employees in NHPC as on 31.03.2009 is as under:

Group	Total Employees as on 31/03/2009	Physically Challenged employees				% of Physically Challenged employees
		VH	HH	OH	Total	
Total	12,028	10	5	74	89	0.74%

Steps taken for Welfare of Physically Challenged employees:

The reservation and relaxation is provided to Physically Challenged Employees in direct recruitment and promotions as per guidelines issued by DoPT/Ministry of Social Justice & Empowerment from time to time in addition to following welfare schemes:-

- NHPC Rehabilitation Scheme of Physically Challenged Employees provides for Grants for vocational Training-Financial Assistance who get physically challenged while in service.
- Financial Assistance is also extended to physically challenged children of employees for vocational training. Reimbursement of Cost of Artificial Limbs and extending interest free loans for the same. Free medical advice / assistance to physically challenged persons.
- Reimbursement of monthly Conveyance Allowance for Blind and Orthopaedically challenged employees.
- Special privileges under scheme of Children Education Assistance provided to employee's children who are physically challenged/ mentally retarded. The reimbursement is allowed even if they continue for more than two academic sessions in a year.
- LTC facility is extended beyond 25 years of age to the dependent children who are physically challenged / mentally retarded.
- Reimbursement of charges for purchase of hearing aid is allowed to the employees and their dependents.
- Reservation for the physically challenged candidates is extended on recruitment to certain posts as per Government guidelines.
- Restriction of age is not applicable in respect of physically / mentally retarded children for considering him / her as a dependent.
- Provision of granting Special Casual Leave upto a maximum of 10 days in a calendar year to differently abled employees with disabilities 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 programmes organized at National / State level agencies to be specified by the Ministry of Social Justice and Empowerment.

SUBSIDIARY CORPORATION

Narmada Hydroelectric Development Corporation (NHDC) 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.

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NHDC has changed its objects clause to include generation of power through conventional and non-conventional sources. NHDC has been allotted the construction of a thermal project in the state of Madhya Pradesh.

The name of Narmada Hydroelectric Development Corporation Limited has been changed to NHDC Limited on 24th June, 2009.

ENVIRONMENT PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION

The Company is committed to preserve mankind's precious heritage nature by maintaining a balance between preservation of environment and construction activities. The adverse impact, if any, of construction activities is mitigated and compensated by adopting measures like 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 National Rehabilitation and Resettlement Policy, 2007 after consultation with various stakeholders. The policy assesses the issues related to loss of land, house, other resources, means of livelihood etc. of the PAFs. The policy will also provide a definite 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.

The policy has provided certain extra benefits over and above of what is proposed in NRRP-2007. These benefits are irrigation support system, provision to people who have lost accessibility to their land, marriage grant to BPL unmarried girls, subsistence grant for assetless youth, formation of self-help groups, special treatment of orphans, higher amount as rehabilitation grant and upto 0.75% of the estimated hard cost of the project, for Community and Social Development plan.

In addition to this, the Corporation 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 forward-looking statements contained in this report are based on reasonable assumptions and subject to certain risks and uncertainty that could cause actual results to differ from those reflected in such 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 forward-looking statements whether as a result of new information, future events or otherwise.

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

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Annexure-III

Annexure to the Director's Report on Energy Conservation, Technology absorption and Foreign Exchange Earnings as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988

A. Conservation of Energy:

a) Energy Conservation Measures Taken;

With a view to assess and optimize the performance, energy audit of Uri-I and Chamera-II Power Stations had been completed and the recommendations of CPRI to improve the energy savings are being implemented.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Energy Audit of Uri-I and Chamera-II Power Stations has been carried out in the financial year 2008-09. Energy Audit of Dhauliganga stage-I & Dulhasti Power Station is being undertaken during the current Financial Year 2009-10.

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;

i) Energy efficient devices/equipments to replace the low performance one's and shall be installed in phased manner.

B. Technology Absorption:

d) Efforts made in technology absorption are detailed in the Form B enclosed.

C. FOREIGN EXCHANGE EARNING AND OUTGO

(e) 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.

(f) Total Foreign Exchange used and earned

Particulars	Rs. in crore 2008-09	Rs. in crore 2007-2008
1.* Value of imports calculated on CIF basis:		
i) Capital Goods	374.97	0.07
ii) Spare parts	6.47	1.76
2.* Expenditure in Foreign currency		
i) Know how	0.26	2.28
ii) Interest	98.84	97.62
iii) Other Misc.	250.53	164.48
3.* Value of spare parts and components consumed in operating units		
- Imported	4.34 (48.65%)	4.23 (68.78%)
- Indigenous	4.58 (51.35%)	1.92 (31.22%)
4** EARNINGS IN FOREIGN CURRENCY		
i) Interest Income	-	-
ii) Others	-	-

* Accrual Basis

** Cash Basis

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FORM – B

1. Specific areas in which R&D carried out by the company

- Energy Audit of Uri-I & Chamera-II Power Stations.
- Obtaining CDM Benefits for NHPC Projects.
- Cooperation/Coordination between ITRCES, China and NHPC for Reservoir Sedimentation study.
- National R&D Project- Development of Silt Resistant Material for Turbine of Hydro Generators.
- 3.75 MW Durgaduani Mini Tidal Power Project in West Bengal.
- Development of Geothermal Power Projects.
- Established Computational Fluid Dynamics (CFD) Software Laboratory to study and analysis of penstock of two power stations viz. Baira Siul & Loktak power station.
- New R&D Projects under National Perspective Plan (NPP) -
 1. Ecological study of Hydro Reservoirs to estimate the Green House Gas emission from hydro Reservoirs.
 2. Method for Accurate Assessment of under ground geology upto 03 kms.
 3. Compilation of data and correlation between categories of rocks in Himalayan geology and excavation rates of tunnels in various hydro projects.
 4. Tunneling in water charged zones under high hydrostatic pressure.

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

- The recommendations of CPRI to improve the energy saving are being implemented by the power stations i.e. Uri-I & Chamera-II.
- NHPC has initiated CDM for two medium sized hydroelectric projects namely Nimoo Bazgo(45 MW) and Chutak(44 MW) located in Jammu & Kashmir state.
- A MOU between International Research and Training Centre on Erosion & Sedimentation (IRTCES), China and NHPC have been signed for co-operation on various research areas. 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 between NHPC and IRTCES, China. The research work is under progress.
- National R&D Project for development of Silt Resistant Material for elongation of service life of underwater components is under progress.
- A MOU has been signed between West Bengal Renewable Energy Development Agency under Ministry of Power, Govt. of West Bengal and NHPC Limited to update DPR and to execute the 3.75 MW DMTPP (Durgaduani mini tidal power project). Techno Commercial Bid in respect of Tidal Power Project through international competitive bidding were invited and are under evaluation.
- An Expert Group comprising representatives from CEA, MNRE, NHPC, GSI, NGRI & M/s Geo-syndicate was constituted to examine & compile the information available with various agencies involved in the areas of geothermal energy for assessment and development of the geothermal potential at the Puga valley, J&K. Based on the inputs received from the group NHPC have been entrusted the phase-I work of preparation of DPR and setting up of 2 to 5 MW geothermal plant at Puga.
- CFD analysis has been successfully utilized to provide considerable design support for advance hydropower design. The use of this tool allowed engineers to provide early input to critical design issues, and to refine hydraulic design to a level normally achieved only through the undertaking of physical model studies. The CFD model can also be used to provide insight into any planned physical models, allowing designers to streamline testing program by reducing the number of options to be evaluated. Computational Fluid Dynamics (CFD) Laboratory have been established in December, 2008 in Corporate Office of NHPC for its use in flow analysis of hydro power systems & its components. CFD analysis of Penstock of Baira Siul and Loktak Power Station has presently undertaken.

3. Future plan of action 2009-2010

The above-mentioned R&D activities are planned to be continued for the year 2009-10.

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4. Expenditure on R&D

Total expenditure on R&D during the financial year 2008-09 is Rs. 0.15 crore.

The break-up of the expenditure is as follows:

		(Rupees in crores)
a)	Capital	NIL
b)	Recurring	0.15
c)	Total	0.15
d)	Total R&D expenditure as a percentage of total turnover (Total turnover – Rs. 2720.82 Crore)	0.006%

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.

Recently the Corporation has successfully introduced a state-of-the-art MASW technique for application during various stages of hydropower project development. In order to adopt this modern technique of MASW, efforts had been made towards the technology absorption through interaction with international institutes who have developed the expertise.

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

Hard Coatings is an ongoing process and it is anticipated that 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.

Besides providing high-resolution image of the subsurface at the location of application of Geophysical MASW technique in hydropower project sites of the Company, the technique has provided useful information in computation of earthquake design parameters for the major civil structures. It has utility as well in liquefaction studies relevant to geotechnical evaluation of the site from earthquake stand point. The prime advantage of the technique lies in its speed in providing reliable profile of the subsurface, economically, without the necessity of drilling, thereby overall resulting in enhancing the efficiency of the exploration program and in optimizing the quantum of drilling, as well.

3. Technology imported during last five years:

During the last five years no technology was imported. However, the following activities were taken up with the help of foreign consultants:

- NHPC has been designated as 'nodal agency' for development of geothermal power in the country, by MNES. The ranking studies of various geothermal fields in India have already been got done through an International Consultant. Further transfer of technology in the area shall take place, once the MNES or MOP clears and entrusts setting up of geothermal project at Puga, J&K to NHPC.
- To promote environmental friendly use of Solar Energy, Solar heating and Solar lighting equipment, are being considered for remote locations where grid power has limitations or either not available or fulfill through DG sets. 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.
- MNES have requested NHPC to explore the possibilities for implementing Tidal Power Project in West Bengal. A letter of intent has been received from WBREDA for execution of the project as per DPR. Techno Commercial Bid in respect of International Competitive Bidding (ICB) for turnkey execution of this tidal power project are under evaluation. Importing of technology is anticipated for this project as it is first project of its kind for execution in India.

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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 Rs. 24,00,000/- or more per annum :

Name (S/Sh)	Nature of duties	Qualification and experience of the employee	Date of commencement of employment	Age (Yrs)	Remuneration	Last Employment held	Remarks
Bhim Sain	Manager (Fin.), Fin. Div.	SAE, B. Com., MBA 31Yrs Exp	01.02.1978	55	2562327	BSL Project, Sundernagar, H.P.	

- B) Particulars of employees employed for part of the Financial year who were in receipt of remuneration not less than Rs. 2,00,000/- per month

Name (S/Sh)	Nature of duties	Qualification and experience of the employee	Date of commencement of employment	Age (Yrs)	Remuneration	Last Employment held	Remarks
Ramesh Chandra	E.D. (HRD), T & HRD	PG Diploma Project Mgt., B.E. Mechanical, LLB, 28 Yrs Exp.	07.05.1980	60	3137017	UP State Electricity Board	Retired
B.K. Bhardwaj	Senior Manager (HR), HR / RMD	PG Diploma Business Mgt., PG Diploma PM&IR, B. Com. 25 Yrs Exp.	06.04.1983	55	2790596	Taylor Inst. Co. (India) Ltd., Faridabad	Death
Ramesh Chandra	E. D. (Projects)	Diploma Mgt., B.Sc.Engg., Civil, M.Sc. Engg. Hydraulic Structure, LLB, Law 30 Yrs Exp.	16.10.1978	60	2429578	PWD Govt. of U.P.	Retired
M.M. Madan	E. D. (Design & Engg.), CEP, C. O.	PG Diploma HR, PG Diploma Mgt., B.Tech Civil, M.Tech Civil, MBA, 32 Yrs Exp.	18.05.1977	56	2686066	-	Resigned
H.K. Mandal	Senior Manager (Mech), CEP Div.	Diploma Mech. Engg., 28 Yrs Exp	31.12.1980	60	1222777	CEA	Retired
Prakash Chand	Security Guard (Gr-I),	Below Matric 33 Yrs Exp	02.11.1974 / 07.11.1975	54	565177	-	Death
Vinod Kumar Bahuguna	Chief Engg. (Civil), Corporate Planning	Ph.D. Geology, M.Sc. Geology 19 Yrs Exp.	16.08.1989	52	1346429	Cont. Snow & Avalanche Study Estt. C/o 56 APO	Resigned

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Name (S/Sh)	Nature of duties	Qualification and experience of the employee	Date of commencement of employment	Age (Yrs)	Remuneration	Last Employment held	Remarks
H.C. Bisht	Manager (HR), HR (Rectt.)	Diploma Mgmt., M. Com. 30 Yrs Exp.	02.01.1978	60	1190999	UPSEB	Retired
R.C. Arora	Manager (Civil), EMD Div.	Diploma Elect. Engg., 33 Yrs Exp.	30.12.1975	60	1292296	CEA	Retired
I.B. Malhotra	Senior Manager (Mechanical), CEP Div.	Diploma Mech. Engg. 33 Yrs Exp.	07.11.1975 / 23.09.1972	60	1208321	Central Govt.	Retired
Mohinder Singh	Executive D/Man, Design Div.	ITI, Matric/SSLC, 23 Yrs Exp	06.06.1985	45	574472	Raj Jaitly & Associates, Bahadur-garh	Resigned
J.P. Sharma	Senior Manager (Civil), Vigilance Div.	Diploma Mech. Engg. 33 Yrs. Exp	07/11/1975 / 20.11.1974	60	599276	H. P. State Electricity Board.	Retired
Y.S. Goela	Chief Engg (Elec.), Comml. Div.	B. Sc. Engg. Electrical 28 Yrs Exp.	31.12.1980	60	452718	—	
D.K. Chopra	Manager (Civil), Contracts Civil	Diploma Civil Engg., 22Yrs Exp.	27.11.1976	56	1058573	—	Resigned
Ravinder Tikoo	Chief Engg (Mech.), CPMG	B.E. Mechanical 26 Yrs Exp.	09.12.1982	60	1840923	J & K Govt.	Retired
Barad Kumar Sharma	Deputy Manager (Civil), Design Div.	B. Tech. Civil 10 Yrs Exp.	30.12.1998	36	219944		Resigned
Dharam Dass	Deputy Manager (Secretary), CMD Sectt.	Higher Secondary 28 Yrs Exp.	18.02.1980	60	478228	Min. of Railways	Retired

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.
- All the shares of NHPC Ltd. are held by the President of India and its nominees.

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AUDITOR'S REPORT TO THE MEMBERS OF NHPC LIMITED

AUDITORS' COMMENTS

1. We have audited the attached Balance Sheet of **NHPC Ltd** (formerly known as National Hydroelectric Power Corporation Limited) as at 31st March, 2009 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 5 other offices audited by us, (ii) 6 Regional Offices and 5 other 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 (Auditors 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 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/Central Govt .NHPC (5)/48 dated 31.07.2008 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

MANAGEMENT REPLY

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 21st 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 particularly note no. 11 regarding depreciation, 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 31st March, 2009,
 - 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 G S A & Associates
Chartered Accountants

(Sunil Aggarwal)
Partner
Membership No: 83899

Place : Delhi

Dated: 26th May 2009

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) During the year Siang Lower Project have been disposed of having assets value of Rs 40.73 Crore under government direction; however it has no impact on going concern.
- (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, wherever material, 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) According to the information and explanations given to us and the records of the Company, the Company has an in-house Internal Audit system commensurate with its size and nature of its business. However it needs to be strengthened in respect of reporting aspects and follow up action.
- (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 31st March, 2009, for a period of more than six months from the date they became payable.

- (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 Rs.2062.47 crores.

Statute	Nature of Dues	Forum where the dispute is pending	Rs in Crore
Sales Tax act of Various State	Sales Tax	Guwahati high Court	1934.07
	Sales Tax	Sales Tax Appellate Tribunal, Srinagar, J&K	114.83
	Sales Tax	Joint Commissioner Appeal	1.04
	Sales Tax	Sales Tax Authority, Chamba	2.50
	Sales Tax	ACCT WB Sales Tax	1.67
Assam Value added tax of 2003	VAT	The Commissioner Taxes, Assam	8.30
Custom Act 1962	Custom duty	Mumbai Custom	0.06
Total			2062.47

- (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) 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) Based on the audit procedures applied by us and information and explanation provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi or a mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 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) The Company has not given any guarantee for loan taken by others from Banks/Financial Institutions.
- (xvi) According to the information and explanations given to us, based on an overall examination of the Balance Sheet of the company, the term loans were applied for the purpose for which the loans 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, no funds have been raised on short term basis during the period under audit.
- (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) The Company has not made any public issue of any securities during the period under audit.
- (xxi) We are informed that no frauds by or on the Company have been noticed and reported during the period under audit.

For G S A & Associates
Chartered Accountants

Place : New Delhi
Dated: 26th May, 2009

(Sunil Aggarwal)
Partner
Membership No. 83899



45 MW Nimoo Bazgo Project (Jammu & Kashmir) - Dam under construction



800 MW Parbati-II Project (Himachal Pradesh) - Tunnel under construction

NHPC Limited
(Formerly known as National Hydroelectric Power Corporation Limited)

BALANCE SHEET AS AT 31st MARCH, 2009

(Rupees in crore)

	SCHEDULE	31st March, 2009	31st March, 2008
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
i) Share Capital	1	11182.49	11182.49
ii) Reserves and Surplus	2	<u>6798.13</u> 17980.62	<u>6094.57</u> 17277.06
B. LOAN FUNDS			
i) Secured Loans	3	8212.38	7003.49
ii) Unsecured Loans	4	<u>4021.65</u> 12234.03	<u>2952.84</u> 9956.33
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION		1329.47	1303.26
D. DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liabilities		2412.97	2017.06
Less: Deferred Tax Recoverable		<u>2412.97</u> -	<u>2017.06</u> -
TOTAL		<u>31544.12</u>	<u>28536.65</u>
APPLICATION OF FUNDS			
A. FIXED CAPITAL EXPENDITURE			
i) Fixed Assets	5		
a) Gross Block		21460.08	20639.51
Less: Depreciation		<u>3816.27</u>	<u>3262.66</u>
b) Net Block		17643.81	17376.85
ii) Capital Work In Progress	6	9401.77	6313.20
iii) Construction Stores and Advances	7	<u>1096.85</u> 28142.43	<u>1076.96</u> 24767.01
B. INVESTMENTS	8	2793.60	3049.22
C. CURRENT ASSETS, LOANS AND ADVANCES	9		
i) Interest Accrued on Investments		81.01	91.91
ii) Inventories		37.16	37.12
iii) Contract Work-in-Progress		19.55	51.16
iv) Sundry Debtors		294.66	348.06
v) Cash and Bank Balances		1899.95	1841.27
vi) Other Current Assets		393.74	216.40
vii) Loans and Advances		<u>1693.20</u> 4419.27	<u>784.55</u> 3370.47
Less: CURRENT LIABILITIES AND PROVISIONS	10		
i) Liabilities		2150.25	1155.07
ii) Provisions		<u>1663.26</u> <u>3813.51</u>	<u>1495.32</u> <u>2650.39</u>
NET CURRENT ASSETS		605.76	720.08
D. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	11	2.33	0.34
TOTAL		<u>31544.12</u>	<u>28536.65</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 GSA & ASSOCIATES
Chartered Accountants

For and on behalf of the BOARD OF DIRECTORS

(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 : 26.05.2009



NHPC Limited

(Formerly known as National Hydroelectric Power Corporation Limited)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

(Rupees in crore)

SCHEDULE		31st March, 2009		31st March, 2008	
INCOME					
i) Sales	12	2698.06		2301.00	
Less: Advances Against Depreciation	12A	26.21	2671.85	57.27	2243.73
ii) Revenue from Contract, Project Management and Consultancy Works	13		48.97		39.19
iii) Other Income	14		540.67		405.02
TOTAL INCOME			3261.49		2687.94
EXPENDITURE					
i) Generation, Administration and Other Expenses	15		326.47		263.58
ii) Employees' Remuneration and Benefits	16		492.51		316.78
iii) Depreciation	17		518.24		443.74
iv) Interest and Finance Charges	18		505.18		453.40
v) Provisions	19		190.97		11.43
vi) Expenditure on Contract, Project Management and Consultancy Works	20		61.16		31.66
TOTAL EXPENDITURE			2094.53		1520.59
Profit before Tax and Prior Period Adjustments			1166.96		1167.35
Prior Period Adjustments (net)	21		(11.38)		20.70
PROFIT BEFORE TAX			1178.34		1146.65
Provision for Taxation					
i) Current Tax		110.54		117.96	
ii) Fringe Benefit Tax		9.45		9.50	
iii) Adjustments relating to earlier years		(16.87)		15.10	
iv) Deferred Tax		395.91		248.13	
Less: Deferred tax recoverable adjustment		395.91	- 103.12	248.13	- 142.56
PROFIT AFTER TAX			1075.22		1004.09
Balance brought forward			1344.53		715.18
BALANCE AVAILABLE FOR APPROPRIATION			2419.75		1719.27
i) Transfer to Bond Redemption Reserve			(14.25)		23.75
ii) Amount written back from Self Insurance Reserve			(0.06)		-
iii) Tax on Dividend - Write back			(8.57)		-
iv) Transfer to Self Insurance Reserve			98.74		-
iii) Dividend :					
- Interim			125.00		100.00
- Proposed			200.00		200.00
iv) Tax on Dividend :					
- Interim			21.24		17.00
- Proposed			33.99		33.99
BALANCE CARRIED OVER TO BALANCE SHEET			1963.66		1344.53
Earning per share (Equity shares, face value of Rs. 10/- each)					
Basic			0.96		0.90
Diluted			0.96		0.90
Expenditure During Construction		22			
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

(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 : 26.05.2009

SCHEDULE 1 - SHARE CAPITAL

(Rupees in crore)

	Opening Balance as at 01.04.2008	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2009
Authorised: 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
Issued, Subscribed and Paid-Up: 11,182,493,430 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			11,182.49
Total	11,182.49			11,182.49

SCHEDULE 2 - RESERVE AND SURPLUS

(Rupees in crore)

	31st March 2009				31st March 2008			
	Opening Balance as at 01.04.2008	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2009	Opening Balance as at 01.04.2007	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2008
Capital Reserve	-	-	-	-	0.06	-	0.06	-
Bond Redemption Reserve	142.50	-	14.25	128.25	118.75	23.75	-	142.50
General Reserve	4,120.06	-	-	4,120.06	4,120.00	-	(0.06)	4,120.06
Profit and Loss Account	1,344.53	619.13	-	1,963.66	715.18	629.35	-	1,344.53
Self Insurance Reserve	487.48	98.74	0.06	586.16	414.43	83.75	10.70	487.48
Total	6,094.57	717.87	14.31	6,798.13	5,368.42	736.85	10.70	6,094.57

SCHEDULE 3 - LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. BONDS		
Bonds/Debenture	513.00	570.00
B. TERM LOANS		
Term Loan from Banks / FIs - Indian Currency	7699.38	6433.49
TOTAL (Refer Appendix)	8212.38	7003.49

APPENDIX TO SCHEDULE 3

LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2009	31st March, 2008
(A). BONDS (Non-convertible and Non-cumulative)		
BONDS-O SERIES *2		
(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)	513.00	570.00
(Yearly redemption of Rs. 57 Crore w.e.f. 31.03.09 to 30.09.18)		
(Due for redemption within one year Rs. 57 crores)		
TOTAL BONDS (A)	513.00	570.00
(B). TERM LOANS		
CANARA BANK *1	68.00	85.00
(Due for repayment within one year Rs.17 crores)		
(Repayable in 5 equal yearly installment w.e.f. 31.01.09)		
INDIAN OVERSEAS BANK *1	37.50	50.00
(Due for redemption within one year Rs.12.50 crores)		
(Repayable in 4 equal yearly installments w.e.f. 06.12.08)		
STATE BANK OF PATIALA *1	32.00	36.00
(Due for repayment within one year Rs.4 crore)		
(Repayable in 20 half yearly installments w.e.f. 09.07.07)		
BANK OF INDIA *3	75.00	85.00
(Due for repayment within one year Rs.10 crore)		
(Repayable in 10 years in 40 equal quarterly installments w.e.f. 24.12.06)		
CENTRAL BANK OF INDIA *3	50.00	60.00
(Due for repayment within one year Rs.10 crore)		
(Repayment in 20 half yearly installments of Rs.5 crore w.e.f. 02.05.04)		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3	64.29	78.57
(Due for repayment within one year Rs.14.28 crore)		
(Repayable in 14 equal half yearly installments w.e.f. 13.02.07)		
PUNJAB & SIND BANK *3	75.00	85.00
(Due for repayment within one year Rs.10 crore)		
(Repayable in 40 quarterly installments in 10 years w.e.f. 24.10.06)		
PUNJAB NATIONAL BANK *3	82.50	97.50
(Due for repayment within one year Rs.15 crore)		
(Repayment in 10 years in 20 half yearly installments w.e.f. 26.10.04)		
STATE BANK OF PATIALA *3	32.14	39.29
(Due for repayment within one year Rs.7.14 crore)		
(Repayment in 14 half yearly installments w.e.f. 30.01.2007)		
STATE BANK OF HYDERABAD *3	32.14	39.29
(Due for repayment within one year Rs.7.14 crore)		
(Repayment in 14 half yearly installments in 7 years w.e.f. 07.01.07)		
STATE BANK OF INDIA *3	85.71	107.14
(Due for repayment within one year Rs.21.43 crore)		
(Repayment in 14 half yearly installments w.e.f. 18.09.06)		
CANARA BANK *4	40.00	50.00
(Due for repayment within one year Rs.10 crore)		
(Repayable in 4 equal yearly installments w.e.f. 28.06.09)		
LIFE INSURANCE CORPORATION OF INDIA *5 & 7	2500.00	2500.00
(Due for repayment within one year Rs.208.33 crore)		
(Repayable in 24 half yearly installments in 12 years w.e.f. 15.04.09)		
CANARA BANK *2	160.00	180.00
(Due for repayment within one year Rs.20 crore)		
(Repayable in 10 equal yearly installments w.e.f. 09.11.07)		
SYNDICATE BANK *2	146.40	164.70
(Due for repayment within one year Rs.18.30 crore)		
(Repayable in 10 equal yearly installments w.e.f. 23.02.08)		
ORIENTAL BANK OF COMMERCE *2	160.00	180.00
(Due for repayment within one year Rs.20 crore)		
(Repayable in 10 equal yearly installments w.e.f. 31.03.08)		

APPENDIX TO SCHEDULE 3

(Rupees in crore)

	31st March, 2009	31st March, 2008
ORIENTAL BANK OF COMMERCE *2	100.00	100.00
(Due for repayment within one year Rs. Nil)		
(Repayable in 10 equal yearly installments w.e.f. 27.12.11)		
LIFE INSURANCE CORPORATION OF INDIA *6	1896.00	1496.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 24 half yearly installments in 12 years w.e.f. 30.04.12)		
INDIAN BANK *1	100.00	100.00
(Due for repayment within one year Rs.NIL)		
(Repayable in 3 equal installments w.e.f. 28.02.12)		
POWER FINANCE CORPORATION LIMITED *8	296.00	50.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 40 equal quarterly installments w.e.f. 15.10.11)		
POWER FINANCE CORPORATION LIMITED *9	176.70	120.00
(Due for repayment within one year Rs.18.60 crore)		
(Repayable in 40 equal quarterly installments w.e.f. 15.10.08)		
POWER FINANCE CORPORATION LIMITED *9	70.00	70.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 40 equal quarterly installments w.e.f. 15.10.11)		
POWER FINANCE CORPORATION LIMITED *2 & 3	507.00	190.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 40 equal quarterly installments w.e.f. 15.07.11)		
POWER FINANCE CORPORATION LIMITED *1	413.00	260.00
(Due for repayment within one year Rs.30.97 crore)		
(Repayable in 40 equal quarterly installments w.e.f. 15.07.09)		
POWER FINANCE CORPORATION LIMITED *1	500.00	210.00
(Due for repayment within one year Rs.12.50 crore)		
(Repayable in 40 equal quarterly installments w.e.f. 15.01.10)		
TOTAL SECURED LOANS (B)	7699.38	6433.49
TOTAL (A+B)	8212.38	7003.49

Note :-

- 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.
- 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.
- Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-II situated in the state of Himachal Pradesh except book debts & stores.
- 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.
- Secured by a first charge by way of first mortgage and hypothecation against the Immovable and Moveable assets of the Company's Parbati H.E. Project-II situated in the state of Himachal Pradesh.
- 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/Moveable assets of Corporation's Teesta Low Dam-III Project situated in the state of West Bengal and Teesta-V H.E. Projects situated in the State of Sikkim.
- Secured by a first pari-passu mortgage and charge over all the Immoveable and Moveable assets of the Company's Dhauliganga Power Station situated in the state of Utrakhand except for book debts & stores.
- Secured by way of first charge by way of hypothecation on whole of the Corporation's Moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
- Secured by way of first pari-passu charge by way of hypothecation on whole of the Corporation's Moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.

SCHEDULE 4 - LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2009	31st March, 2008
TERM LOANS		
Term Loan From Banks / Fls - Foreign Currency		
(a) Guaranteed by Government of India	3187.65	2737.41
(b) Others	-	215.43
LOANS FROM GOVERNMENT OF INDIA		
Loans From Government - unsecured	34.00	-
SHORT TERM LOANS		
Short Term Loans From Banks/Fls - Indian Currency - unsecured	800.00	-
TOTAL (Refer Appendix)	4021.65	2952.84

APPENDIX TO SCHEDULE 4

LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2009	31st March, 2008
(A) Term Loan From Banks/Fls - Foreign Currency		
(a) Guaranteed by Government of India		
i) Nordic Investment Bank (Due for repayment within one year Rs.25.92 crore)	51.84	60.62
ii) Credit Commercial DE France (Due for repayment within one year Rs.115.69 crore)	173.53	268.25
iii) Export Development Canada (Due for repayment within one year Rs.57.19 crore)	363.24	402.42
iv) Japan Bank of International Cooperation Tranche-I (Due for repayment within one year Rs.12.77 crore)	217.08	175.89
v) Japan Bank of International Cooperation Tranche-II (Due for repayment within one year Rs.41.89 crore)	795.94	641.14
vi) Japan Bank of International Cooperation Tranche-III (Due for repayment within one year Rs.Nil)	625.68	472.48
vii) Deutsche Bank & Others (Due for repayment within one year Rs.96.03 crore)	960.34	716.61
	3187.65	2737.41
(b) Others		
ECB - BARCLAYS & SCB (Due for repayment within one year Rs.Nil)	-	215.43
(B) Loans from Government of India		
Subordinate Debt from Govt. of India (Due for repayment within one year Rs.Nil) (Repayable in 18 equal annual installments from the 12th year after commissioning)	34.00	-
(C) Short Term Loans		
Bank of Baroda (Due for repayment within one year Rs.100 crore)	100.00	-
Bank of Baroda (Due for repayment within one year Rs.100 crore)	100.00	-
Bank of Maharashtra (Due for repayment within one year Rs.100 crore)	100.00	-
Indian Overseas Bank (Due for repayment within one year Rs.300 crore)	300.00	-
Indian Overseas Bank (Due for repayment within one year Rs.200 crore)	200.00	-
	800.00	-
TOTAL	4021.65	2952.84

SCHEDULE 5 - FIXED ASSETS

(Rupees in crore)

		GROSS BLOCK			31.03.2009	DEPRECIATION			31.03.2009	NET BLOCK	
		01.04.2008	Additions/ Adjustments	Deductions/ Adjustments		01.04.2008	For the Year	Adjust- ments		31.03.2009	31.03.2008
i)	Land – Freehold	192.83	4.43	2.26	195.00	-	-	-	-	195.00	192.83
ii)	Land – Leasehold	65.96	44.54	0.20	110.30	2.60	0.88	0.27	3.75	106.55	63.36
iii)	Land – Unclassified/ Right of Use	675.45	118.72	74.14	720.03	10.37	1.62	-	11.99	708.04	665.08
iv)	Buildings	1,615.67	66.17	12.96	1,668.88	323.95	45.96	(0.26)	369.65	1,299.23	1,291.72
v)	Roads and Bridges	346.67	24.00	1.76	368.91	44.05	6.88	0.46	51.39	317.52	302.62
vi)	Railway Sidings	24.25	15.81	-	40.06	0.64	2.39	3.76	6.79	33.27	23.61
vii)	Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	11,937.28	356.41	1.24	12,292.45	1,621.82	286.15	0.26	1,908.23	10,384.22	10,315.46
viii)	Generating Plant and Machinery	5,293.78	290.70	43.91	5,540.57	1,048.54	177.36	1.98	1,227.88	4,312.69	4,245.24
ix)	Plant and Machinery - Sub station	82.02	2.75	1.36	83.41	31.84	2.73	(0.28)	34.29	49.12	50.18
x)	Plant and Machinery - Transmission lines	55.51	3.67	0.02	59.16	6.82	2.32	0.05	9.19	49.97	48.69
xi)	Plant and Machinery - Others	21.74	3.60	0.59	24.75	7.50	1.32	(0.04)	8.78	15.97	14.24
xii)	Construction Equipment	69.06	4.18	2.27	70.97	41.01	6.40	(1.38)	46.03	24.94	28.05
xiii)	Water Supply System/Drainage and Sewerage	23.85	4.21	0.47	27.59	1.90	0.46	(0.02)	2.34	25.25	21.95
xiv)	Electrical installations	3.22	0.19	0.02	3.39	0.64	0.20	-	0.84	2.55	2.58
xv)	Vehicles	26.94	2.10	1.77	27.27	21.54	1.22	(1.53)	21.23	6.04	5.40
xvi)	Aircraft/ Boats	0.87	0.03	0.09	0.81	0.64	0.05	(0.06)	0.63	0.18	0.23
xvii)	Furniture and Fixture	34.25	2.49	0.48	36.26	11.73	2.52	(0.22)	14.03	22.23	22.52
xviii)	Computers	46.77	6.31	2.95	50.13	34.86	5.36	(2.12)	38.10	12.03	11.91
xix)	Communication Equipment	14.84	0.43	0.34	14.93	5.96	0.75	(0.23)	6.48	8.45	8.88
xx)	Office Equipments	32.36	3.61	1.05	34.92	10.22	2.55	(0.41)	12.36	22.56	22.14
xxi)	Research and Development	0.16	1.20	-	1.36	0.04	0.08	-	0.12	1.24	0.12
xxii)	Intangible Assets (Software)	7.48	7.99	0.33	15.14	6.56	3.06	0.01	9.63	5.51	0.92
xxiii)	Other Assets	38.77	1.96	1.35	39.38	13.03	2.28	(0.65)	14.66	24.72	25.74
xxiv)	Capital Expenditure on assets not owned by NHPC	12.99	2.90	-	15.89	0.70	0.51	0.04	1.25	14.64	12.29
xxv)	Fixed assets of Minor Value >750 and < Rs.5000	15.71	1.43	0.50	16.64	15.70	1.39	(0.46)	16.63	0.01	0.01
xxvi)	Obsolete / Surplus Assets	1.08	1.35	0.55	1.88	-	-	-	-	1.88	1.08
	TOTAL	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
	Previous Year	12,943.64	7,798.07	102.20	20,639.51	2,850.92	482.35	(70.61)	3,262.66	17,376.85	10,092.72

SCHEDULE 6 - CAPITAL WORK-IN-PROGRESS

(Rupees in crore)

		01.04.2008	Additions	Adjustments	Capitalised	31.03.2009
i	Buildings	394.05	280.68	(44.60)	36.58	593.55
ii	Roads and Bridges	66.53	18.40	(3.49)	19.39	62.05
iii	Railway sidings\$	4.51	0.09	-	2.83	1.77
iv	Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	2,323.19	1,318.99	(226.97)	34.39	3,380.82
v	Generating Plant and Machinery	990.43	1,809.52	(551.91)	143.84	2,104.20
vi	Plant and Machinery - Sub station	0.02	4.21	-	0.09	4.14
vii	Plant and Machinery - Transmission lines	2.02	3.10	(0.05)	4.00	1.07
viii	Plant and Machinery - Others	1.74	2.19	-	2.94	0.99
ix	Water Supply System/Drainage and Sewerage	1.48	3.59	(0.06)	4.07	0.94
x	Other assets awaiting installation	3.43	1.47	(2.38)	-	2.52
xi	Intangible Assets	1.24	9.53	-	6.41	4.36
xii	Capital Expenditure On assets Not owned by NHPC	15.75	2.08	0.16	2.74	15.25
xiii	Survey, investigation, consultancy and supervision charges	116.41	12.34	(18.85)	0.67	109.23
xiv	Expenditure during construction period	2,401.27	919.72*	(130.41)	28.80	3,161.78
	TOTAL	6,322.07	4,385.91	(978.56)	286.75	9,442.67
	Less: Provided for	8.87	32.03	-	-	40.90
	TOTAL	6,313.20	4,353.88	(978.56)	286.75	9,401.77
	Previous year	11399.92	2648.13	(205.62)	7529.23	6313.20

\$ 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

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. CONSTRUCTION STORES		
(As valued and certified by management)		
i) Stores and spares	47.69	71.83
ii) Loose tools	0.03	0.03
iii) Scrap inventory	0.12	0.07
iv) Stores in transit/ pending inspection	4.87	58.95
v) Material issued to contractors/ fabricators	70.68	61.20
Less : Provisions for construction stores	3.31	3.29
	120.08	188.79
B. ADVANCES FOR CAPITAL EXPENDITURES		
i) Secured (considered good)	88.50	75.82
ii) Unsecured (considered good)		
– Against bank guarantee	761.77	711.34
– Others	126.50	101.01
iii) Unsecured (considered doubtful)	2.28	2.28
Less : Provisions for doubtful advances	2.28	2.28
	976.77	888.17
TOTAL	1096.85	1076.96
Provision for Construction Stores		
As per last Balance Sheet	3.29	16.20
Additions during the year	0.04	-
Adjustment during the year	-	(12.91)
Amount used during the year	0.02	-
Amount reversed during the year	-	-
Closing Balance	3.31	3.29
Provision for Doubtful Advances		
As per last Balance Sheet	2.28	2.28
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	2.28	2.28

SCHEDULE 8 - INVESTMENTS

(Rupees in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March, 2009	31st March, 2008
	Current year/ (Previous year)	(in Rs.)		
LONG TERM (Trade - unless otherwise specified)				
A. Quoted				
Equity shares \$				
PTC India Ltd.	12000000	10	12.00	12.00
	(12000000)			
Indian Overseas Bank (Non-Trade)	360800	10	0.36	0.36
	(360800)			
Sub Total (A)			12.36	12.36
B. Unquoted				
a) Equity shares in Subsidiary Companies				
Narmada Hydroelectric Development Corporation Ltd.	10024200	1,000	1,002.42	1,002.42
	(10024200)			
b) Equity shares in JV	833500	10	0.83	-
National Power Exchange Limited				

SCHEDULE 8 - INVESTMENTS

(Rupees in crore)

	Number of shares/ bonds/ securities Current year/ (Previous year)	Face value per share/ bonds/ security (in Rs.)	31st March, 2009	31st March, 2008
c) Bonds \$				
8.50 % Tax-Free State Government Special Bonds of the Government of				
Arunachal Pradesh	6,804 (7,776)	1,000	0.68	0.78
Bihar	1,33,490 (152,560)	1,000	13.35	15.26
Haryana	3,955,000 (4,520,000)	1,000	395.50	452.00
Himachal Pradesh	125,076 (142,944)	1,000	12.51	14.29
Jammu and Kashmir	5,394,872 (6,165,568)	1,000	539.49	616.56
Jharkhand	100,170 (114,480)	1,000	10.02	11.45
Meghalaya	3,724 (4,256)	1,000	0.37	0.43
Mizoram	22,470 (25,680)	1,000	2.24	2.57
Nagaland	48,440 (55,360)	1,000	4.84	5.53
Punjab	1,559,670 (1,782,480)	1,000	155.97	178.25
Rajasthan	227,928 (284,910)	1,000	22.79	28.49
Sikkim	16,352 (18,688)	1,000	1.63	1.87
Tripura	18,676 (21,344)	1,000	1.87	2.13
Uttar Pradesh	5,508,230 (6,295,120)	1,000	550.82	629.51
Uttarakhand	612,010 (699,440)	1,000	61.20	69.94
West Bengal	47,054 (53,776)	1,000	4.71	5.38
Sub Total (B)			2781.24	3036.86
Total (A+B)			2793.60	3049.22
\$ In DEMAT form				
Quoted Investments				
(i) Aggregate Cost			12.36	12.36
(ii) Aggregate Market Value				
- NSE quotes			85.58	121.03
- BSE quotes			84.86	120.20
Unquoted Investments				
Aggregate Cost			2781.24	3036.86

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. INTEREST ACCRUED ON INVESTMENTS	81.01	91.91
B. INVENTORIES (As valued and certified by management)		
i) Stores and spares	47.97	57.31
ii) Loose tools	0.64	0.64
iii) Scrap inventory	2.22	1.11
iv) Stores in transit/ pending inspection	0.38	0.41
v) Material at site	11.12	10.61
vi) Material issued to contractors/ fabricators	0.73	2.75
Less: Provision for obsolete store & spares *1	<u>25.90</u>	<u>35.71</u>
TOTAL	37.16	37.12
C. WORK IN PROGRESS Construction work-in-progress (on behalf of clients)	45.59	75.19
Less: Advance/deposits from clients/contractees	<u>26.04</u>	<u>24.03</u>
	19.55	51.16
D. SUNDRY DEBTORS (UNSECURED)		
i) Debts outstanding for a period exceeding six months		
- Considered good	7.38	132.19
- Considered doubtful and provided	194.97	77.13
ii) Other debts		
- Considered good	287.28	215.87
[(includes Rs Nil due from Narmada Hydroelectric Development Corporation Limited (previous year Rs 0.05 crore)]	<u>489.63</u>	<u>425.19</u>
Less: Provision for doubtful debts *2	<u>194.97</u>	<u>77.13</u>
TOTAL	294.66	348.06
E. CASH AND BANK BALANCES (refer note No.26 (b) of schedule 24)		
i) Cash on hand (includes cheques, drafts, stamps in hand of Rs 0.18 crores, Previous year Rs 0.09 crores)	0.70	0.48
ii) Bank balances		
• With scheduled banks		
- In current account	240.06	286.71
- In deposits account	1659.16	1553.90
• With other banks		
- In current account		
Bank of Bhutan	<u>0.03</u>	<u>0.18</u>
TOTAL	1899.95	1841.27
F. OTHER CURRENT ASSETS		
i) Interest accrued on:		
- Advance to Government of Arunachal Pradesh	36.94	15.31
- Loan to State Government in settlement of dues from customers	32.97	32.97
- Deposits with banks	60.92	13.36
ii) Others	86.70	64.70
iii) Claims recoverable from different agencies	182.16	105.94
Less: Provisions for doubtful claims *3	<u>5.95</u>	<u>15.88</u>
TOTAL	393.74	216.40
G. LOANS AND ADVANCES		
a) LOANS		
i) Employees (including accrued interest)		
- Secured	100.89	103.23
- Unsecured (considered good)	23.43	23.82
- Unsecured (considered doubtful)	0.16	-
ii) Loan to State Government in settlement of dues from customer		
- Unsecured considered good	190.22	215.58
iii) Advance to Government of Arunachal Pradesh		
- Unsecured considered good	225.00	225.00

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2009	31st March, 2008
b) ADVANCES (recoverable in cash or kind for value to be received)		
i) Subsidiary companies		
- Unsecured (considered good)	1.95	-
ii) Contractors & suppliers		
- Secured	0.13	0.07
- Unsecured (considered good):		
- Covered by bank guarantees	177.89	20.84
- Others	176.26	11.22
- Unsecured (considered doubtful)	2.90	0.50
iii) Employees		
- Unsecured (considered good)	1.01	3.91
- Unsecured (considered doubtful)	0.01	-
iv) Other advances		
- Unsecured (considered good)	0.22	0.43
Less : Provisions for doubtful loans and advances *4	3.06	0.50
v) Deferred Foreign Currency Fluctuation Assets	772.97	604.10
c) DEPOSITS		
Advance income tax	501.22	455.56
Less : Provisions for Taxation *5	478.00	435.19
	23.22	20.37
TOTAL	1693.20	784.55
TOTAL (A to G)	4419.27	3370.47

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

	2008-09	2007-08
Bank of Bhutan		
i) Current account	0.22	0.30
Deutsche Bank, Tokyo Branch		
i) Current account	6.20	12.92

PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the year	0.08	0.02
ii) Maximum balance at any time during the year	0.11	0.03

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

PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH SUBSIDIARY COMPANY

Narmada Hydroelectric Development Corporation Limited	1.95	2.65
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Details of Provisions

Provision for Obsolete Store & Spares *1

As per last Balance Sheet	35.71	13.18
Additions during the year	0.08	10.20
Adjustment during the year	-	12.91
Amount used during the year	9.37	0.53
Amount reversed during the year	0.52	0.05
Closing Balance	25.90	35.71

Provision for Doubtful Debts *2

As per last Balance Sheet	77.13	75.94
Additions during the year	120.81	1.19
Amount used during the year	2.97	-
Amount reversed during the year	-	-
Closing Balance	194.97	77.13

Provision for Bad & Doubtful Claims *3

As per last Balance Sheet	15.88	18.01
Additions during the year	0.45	0.78
Adjustment during the year	0.17	-
Amount used during the year	10.54	0.01
Amount reversed during the year	0.01	2.90
Closing Balance	5.95	15.88

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2009	31st March, 2008
Provisions for Doubtful Loans & Advances *4		
As per last Balance Sheet	0.50	0.46
Additions during the year	2.59	0.04
Amount used during the year	0.03	-
Amount reversed during the year	—	—
Closing Balance	3.06	0.50
Provision for Taxation *5		
As per last Balance Sheet	435.19	330.68
Additions during the year	103.12	142.56
Adjustment during the year	(3.97)	21.26
Amount used during the year	56.34	59.03
Amount reversed during the year	—	0.28
Closing Balance	478.00	435.19

SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. LIABILITIES		
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	568.46	631.06
ii) Deposits/ retention money	223.49	84.43
iii) Interest accrued but not due on loans	224.60	193.56
iv) Advances against the deposit works	133.60	77.85
Less : Amount recoverable on deposit works	<u>126.95</u> 6.65	<u>23.31</u> 54.54
v) Advances /Deposits from clients/contractees	1577.95	645.26
Less : Amount spent in respect of Project Management/Consultancy Works	<u>998.19</u> 579.76	<u>624.27</u> 20.99
vi) Due to subsidiaries	-	0.20
vii) Deferred Income from Foreign Currency Fluctuation Account	428.33	8.57
viii) Other liabilities	<u>118.96</u>	<u>161.72</u>
TOTAL LAIBILITIES (A)	2150.25	1155.07
B. PROVISIONS		
i) Provision for Proposed Dividend		
As per last Balance Sheet	200.00	206.00
Additions during the year	200.00	200.00
Amount used during the year	200.00	206.00
Amount reversed during the year	—	—
Closing Balance	200.00	200.00
ii) Tax on Proposed Dividend		
As per last Balance Sheet	33.99	35.01
Additions during the year	33.99	33.99
Amount used during the year	25.42	35.01
Amount reversed during the year	<u>8.57</u>	—
Closing Balance	33.99	33.99

SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March 2009	31st March 2008
iii) Provision for Wage Revision		
As per last Balance Sheet	187.96	39.95
Additions during the year	202.57	148.92
Adjustment during the year	(0.21)	-
Amount used during the year	-	0.87
Amount reversed during the year	-	0.04
Less : Advance paid	129.59	-
Closing Balance	260.73	187.96
iv) Provision for Productivity Linked Incentive		
As per last Balance Sheet	33.66	29.65
Additions during the year	43.88	33.66
Amount used during the year	30.78	25.17
Amount reversed during the year	2.88	4.48
Closing Balance	43.88	33.66
v) Provision for Employee Benefits		
As per last Balance Sheet	568.81	506.62
Additions during the year	217.83	107.44
Amount used during the year	41.61	45.25
Amount reversed during the year	-	-
Closing Balance	745.03	568.81
vi) Provision for Loss on Hedging Transaction		
As per last Balance Sheet	23.00	-
Additions during the year	-	23.00
Amount used during the year	-	-
Amount reversed during the year	23.00	-
Closing Balance	-	23.00
vii) Provision for Tariff Adjustment		
As per last Balance Sheet	-	-
Additions during the year	0.98	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	0.98	-
viii) Provision for Committed Capital Expenditure		
As per last Balance Sheet	411.68	222.13
Additions during the year	89.37	215.18
Amount used during the year	93.55	24.04
Amount reversed during the year	40.56	1.59
Closing Balance	366.94	411.68
ix) Provision-Others		
As per last Balance Sheet	36.22	11.90
Additions during the year	11.45	33.53
Adjustment during the year	(0.17)	-
Amount used during the year	29.68	7.58
Amount reversed during the year	6.11	1.63
Closing Balance	11.71	36.22
TOTAL PROVISIONS (B)	1663.26	1495.32
TOTAL (A+B)	3813.51	2650.39

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

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Share Issue Expenses (IPO)	2.33	0.34
ii) Expenditure awaiting adjustment	37.06	-
Less : Provided for	37.06	-
iii) Losses awaiting write off sanction	3.48	2.90
Less: Provided for	3.48	2.90
TOTAL	2.33	0.34

SCHEDULE 12 - SALES

(Rupees in crore)

	31st March, 2009	31st March, 2008
Sale of Power	2708.03	2340.23
Less : Tariff Adjustments	0.98	-
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	8.99	39.23
Total taken to Profit and Loss Account	2698.06	2301.00

SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION

(Rupees in crore)

	31st March, 2009	31st March, 2008
During the year	72.96	72.16
Less : Written back during the year	46.75	14.89
Total taken to Profit and Loss Account	26.21	57.27

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

(Rupees in crore)

	31st March, 2009	31st March, 2008
Contract income	12.94	13.98
Revenue from Project Management/Consultancy Works	36.03	25.21
Total taken to Profit and Loss Account	48.97	39.19

SCHEDULE 14 - OTHER INCOME

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Income from Long Term Investments		
a) Trade		
- Dividend from subsidiaries	50.43	34.75
- Dividend - others	1.20	1.20
- Interest		
Government securities (8.5% tax free bonds issued by the State Governments)	167.48	189.28

SCHEDULE 14 - OTHER INCOME

(Rupees in crore)

	31st March, 2009	31st March, 2008
b) Non-Trade		
- Dividend - others	0.13	0.11
ii) Other Income		
a) Interest		
- Loan to State Government in settlement of dues from customers	17.79	19.94
- Loan to Government of Arunachal Pradesh	21.63	15.31
- Indian Banks (Gross) (Tax deducted at source Rs.26540/-), (Previous year Rs.18,86,647/-)	174.44	63.27
- Employee's loans and advances	5.87	6.28
- Interest from beneficiary states	0.14	0.25
- Others	62.16	48.66
b) Late payment surcharge	10.82	0.90
c) Profit on transfer of project	37.52	52.00
d) Profit on sale of assets	0.94	3.03
e) Liability/ Provisions not required written back #	35.82	12.23
f) Exchange rate variation	17.29	3.80
g) Foreign Currency Fluctuation adjustment (Credit)	12.51	9.41
h) Others	62.96	19.71
Less : Hedging Adjustment Account	17.87	-
TOTAL	661.26	480.13
Less: Income transferred to EDC (Refer Schedule 22 E (ii), 22 I (ii) to (vi) & 22 J(i))	114.26	72.11
Less: Income transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	6.33	3.00
Total taken to Profit and Loss Account	540.67	405.02
# Detail of Liability/Provisions not required written back		
a) Bad and doubtful claims	0.01	2.90
b) Diminution in value of stores and spares	0.52	0.05
c) Shortage in store & spares	0.01	-
d) Provision for Loss on Hedging Transactions	23.00	-
e) Provision for wage revision	-	0.04
f) Provision for productivity linked incentive	2.88	4.48
g) Other Provisions/Liability not required written back	9.40	4.76
TOTAL	35.82	12.23

SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Consumption of stores and spares	8.92	6.15
ii) Repair and maintenance:		
- Building	24.26	21.29
- Machinery	37.40	29.51
- Others	28.96	37.88
iii) Rent / Hiring Charges	26.67	23.33
iv) Rates and taxes	3.38	2.63
v) Insurance	2.48	2.43
vi) Self insurance reserve	-	83.74

SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2009	31st March, 2008
vii) Reimbursement from Self insurance reserve	0.06	-
viii) Security expenses	72.11	62.98
ix) Electricity charges	21.91	21.75
x) Travelling and conveyance	18.51	16.64
xi) Expenses on staff car	8.27	9.02
xii) Telephone, telex and postage	9.85	8.26
xiii) Advertisement and publicity	8.32	7.14
xiv) Entertainment and hospitality expenses	0.54	0.43
xv) Donation	2.09	0.07
xvi) Printing and stationery (Consumed)	5.36	5.75
xvii) Books and periodicals	0.49	0.43
xxiii) Consultancy charges - Indigenous	4.96	2.84
xix) Consultancy charges - Foreign	-	0.23
xx) Expenditure on compensatory afforestation/ catchment area treatment/environmental expenses	69.17	67.69
xxi) Expenditure on land not belonging to corporation	15.21	41.20
xxii) Loss on sale of assets	0.74	1.59
xxiii) Stores written off	1.30	0.34
xxiv) Fixed assets written off	0.08	0.60
xxv) Interest on arbitration/ court cases	1.66	0.66
xxvi) Other general expenses	35.85	35.36
xxvii) Exchange rate variation	76.28	15.79
Less : ERV Recoverable	57.26	14.57
xxviii) Foreign Currency Fluctuation adjustment (Debit)	104.42	9.96
xxix) Audit expenses	0.91	0.74
xxx) Directors' expenses	0.08	-
xxxi) Research and development expenses	0.15	0.02
Total	533.13	501.88
Less: Expenses transferred to EDC {Refer Schedule 22 B, 22 C, 22 E(i) & 22J (ii)}	197.54	231.93
Less: Expense transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	8.92	6.37
Less : Expense transferred to Deposit Works (Schedule 10)	0.20	-
Total taken to Profit and Loss Account	326.47	263.58

SCHEDULE 16 - EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Salaries, wages, allowances & benefits	813.81	597.27
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	178.78	82.82
iii) Staff welfare expenses	71.43	75.34
iv) Leave salary & pension contribution	0.24	0.05
Total	1064.26	755.48
Less: Employee cost transferred to EDC (Refer Schedule 22 A & 22J (iii))	528.85	414.33
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	41.91	24.37
Less: Expenses transferred to Deposit Works (Schedule 10)	0.99	-
Total taken to Profit and Loss Account	492.51	316.78

SCHEDULE 17 - DEPRECIATION

(Rupees in crore)

	31st March, 2009	31st March, 2008
Depreciation during the year	554.44	482.35
Less: Transferred to EDC (Refer Schedule 22 G & 22J (iv))	35.35	38.06
Less: Transferred to Contract, Project Management & Consultancy Works (Refer Schedule 20)	0.85	0.55
Total taken to Profit and Loss Account	518.24	443.74

SCHEDULE 18 - INTEREST AND FINANCE CHARGES

((Rupees in crore))

	31st March, 2009	31st March, 2008
i) Interest on :		
a) Bonds	43.89	43.89
b) Foreign loan	101.32	99.38
c) Term loan	625.76	429.42
d) Cash credit facilities /WCDL	-	0.06
ii) Exchange differences regarded as adjustment to interest cost	245.64	183.35
Less : Recoverable	245.64	158.14
iii) Loss on Hedging Transactions	-	23.00
iv) Bond issue/ service expenses	0.27	1.03
v) Share Issue Expenses Written Off	-	1.11
vi) Rebate to customers	31.97	27.75
vii) Commitment fee	2.10	0.27
viii) Guarantee fee on loan	32.85	32.52
ix) Interest to beneficiary states	-	0.16
x) Bank charges	1.15	1.11
xi) Other finance charges	1.37	4.70
Total	840.68	689.61
Less: Interest & Finance charges capitalised by transfer to EDC (Refer Schedule 22 D & 22J (v))	333.92	234.65
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	1.58	1.56
Total taken to Profit and Loss Account	505.18	453.40

SCHEDULE 19 - PROVISIONS

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Bad and doubtful debts provided	120.81	1.19
ii) Bad and doubtful advances / deposits provided	2.59	0.04
iii) Bad and doubtful claims provided	0.45	0.78
iv) Diminution in value of stores and spares	0.12	10.20
v) Project expenses provided for	69.09	-
vi) Provision for fixed assets	0.56	-
vii) Others	-	0.01
Total	193.62	12.22
Less: Expenses transferred to EDC (Refer Schedule 22 F & 22J (vi))	0.10	0.01
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	2.55	0.78
Total taken to Profit and Loss Account	190.97	11.43

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

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Direct Expenses	3.98	4.84
ii) Employees' Remuneration and benefits		
- Salaries, wages, allowances and benefits	26.03	17.38
- Gratuity, contribution to provident fund & pension scheme	4.80	1.96
- Staff welfare expenses	1.74	1.76
	32.57	21.10
iii) Repairs and Maintenance		
- Buildings	0.32	0.23
- Machinery and construction equipments	0.02	0.07
- Others	0.57	0.45
	0.91	0.75
iv) Administration and Other Expenses		
- Rent/ Hiring Charges	2.04	1.61
- Traveling and conveyance	1.11	1.08
- Expenses on staff cars and inspection vehicles	0.28	0.40
- Insurance	0.02	0.02
- Telephone, telex, and postage	0.34	0.36
- Advertisement and publicity	0.42	0.13
- Printing and stationery	0.32	0.17
- Other expenses	1.51	0.88
- Rates and taxes	0.01	-
- Security	0.22	0.25
- Electricity	0.07	0.12
- Consultancy charges	0.04	0.02
	6.38	5.04
v) Depreciation	0.50	0.43
vi) Interest and finance charges	1.57	1.56
vii) Provisions	2.55	0.78
viii) Work-in-Progress		
- Construction contract	(0.73)	(4.08)
- Consultancy contract	-	-
	(0.73)	(4.08)
ix) Corporate / Regional office expenses:		
a) Other income	(0.22)	(0.07)
b) Generation, administration and other expenses	1.63	0.58
c) Employee remuneration and benefits	9.34	3.27
d) Depreciation	0.35	0.12
e) Interest and finance charges	0.01	-
f) Prior period adjustment (Net)	0.02	-
	11.13	3.90
Total Expenditure	58.86	34.32
x) Less: Receipts and recoveries	6.11	2.93
Net expenditure during the year	52.75	31.39
xi) Prior period adjustments	8.41	0.27
Total taken to Profit and Loss Account	61.16	31.66

SCHEDULE 21 - PRIOR PERIOD ADJUSTMENT (NET)

(Rupees in crore)

	31st March, 2009	31st March, 2008
Income		
i) Others	13.83	6.31
Sub-total	13.83	6.31
Expenditure		
i) Salaries and wages	23.31	0.57
ii) Repair and maintenance	2.18	(9.56)
iii) Others	(74.68)	51.04
iv) Depreciation	7.28	1.62
Sub-total	(41.91)	43.67
Total	(55.74)	37.36
Less: Expenses transferred to EDC		
{Refer Schedule 22H & 22J (vii)}		
Prior period expenses	(51.80)	16.46
Less : Prior period income	0.99	0.07
Total	(52.79)	16.39
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	8.43	0.27
Total taken to Profit and Loss Account	(11.38)	20.70

SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances & benefits	273.42	222.37
ii) Gratuity and contribution to provident fund (including administration fees)	61.97	31.14
iii) Staff welfare expenses	21.66	26.20
iv) Leave Salary & Pension Contribution	<u>0.17</u>	<u>-</u>
Sub-total	357.22	279.71
B. REPAIRS AND MAINTENANCE		
i) Building	4.09	5.67
ii) Machinery	4.79	3.83
iii) Others	<u>8.48</u>	<u>7.55</u>
Sub-total	17.36	17.05
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent / Hiring Charges	15.62	15.42
ii) Rates and taxes	0.25	0.27
iii) Insurance	0.41	0.47
iv) Security expenses	17.92	19.00
v) Electricity charges	4.65	6.02
vi) Travelling and conveyance	4.80	5.58
vii) Expenses on staff car	3.27	3.89
viii) Telephone, telex and postage	3.26	2.90
ix) Advertisement and publicity	1.32	1.83
x) Entertainment and hospitality expenses	0.04	0.17
xi) Printing and stationery	1.21	1.35
xii) Remuneration to auditors	0.01	0.01
xiii) Design and Consultancy charges:		
- Indigenous	0.98	0.55
- Foreign	-	0.23
xiv) Expenditure on compensatory afforestation/ catchment area treatment/environmental expenses	69.16	67.69
xv) Expenditure on land not belonging to corporation	13.65	40.96
xvi) Loss on assets/ materials written off	0.56	0.80
xvii) Losses on sale of assets	0.04	0.07
xviii) Other general expenses	<u>10.16</u>	<u>10.35</u>
Sub-total	147.31	177.56

SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2009	31st March, 2008
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Bonds	-	0.41
b) Foreign loan	0.02	10.42
c) Term loan	330.20	185.79
ii) Exchange differences regarded as adjustment to interest cost	-	25.20
iii) Bond issue/ service expenses	-	0.59
iv) Commitment fee	1.88	0.05
v) Guarantee fee on loan	0.01	7.09
vi) Other finance charges	<u>1.68</u>	<u>5.01</u>
Sub-total	333.79	234.56
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	4.78	0.72
Less :		
ii) Exchange rate variation (Credit balance)	<u>17.25</u>	<u>3.80</u>
Sub-total	(12.47)	(3.08)
F. PROVISIONS	<u>0.10</u>	-
Sub-total	0.10	-
G. DEPRECIATION	<u>28.37</u>	<u>31.35</u>
Sub-total	28.37	31.35
H. PRIOR PERIOD EXPENSES (NET)		
i) Prior period expenses	(52.14)	15.73
ii) Less: Prior period income	<u>0.99</u>	<u>0.07</u>
Sub-total	(53.13)	15.66
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity – precommissioning	8.99	39.23
ii) Interest on loans and advances	58.51	47.58
iii) Miscellaneous receipts	25.76	9.33
iv) Profit on sale of assets	0.04	0.13
v) Liability/ Provisions not required written back	4.70	3.43
vi) Hire charges/ outturn of plant and machinery	<u>3.10</u>	<u>2.86</u>
Sub-total	101.10	102.56
J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES		
i) Other income	(4.90)	(4.98)
ii) Generation, administration and other expenses	28.09	36.60
iii) Employee remuneration and benefits	171.63	134.62
iv) Depreciation	6.98	6.71
v) Interest and finance charges	0.13	0.09
vi) Provisions	-	0.01
vii) Prior period adjustment (Net)	<u>0.34</u>	<u>0.73</u>
Sub-total	202.27	173.78
TOTAL [(A to H) - I + J] (Transferred to Schedule 6)	<u>919.72</u>	<u>824.03</u>

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, to be amortized over the useful life of the project, which is taken as 35 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 which 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.
- 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 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) for the purpose of fixation of tariff. However, Construction Plant & Machinery and Computers & Peripherals are being depreciated @11.25% and @30% respectively, as CERC regulations do not provide depreciation rates for these assets.
- 5.2 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 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 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.
- 5.7 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.
- 5.8 Leasehold Land is amortised over the period of lease. In case lease period is yet to be finalised, lease period is taken as 30 years except in case of J&K where lease period is taken as 90 years.
- 5.9 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the lease period of land as per Policy No. 5.8 or at the applicable depreciation rate of such assets, which ever is higher.

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. Income tax is a Pass-through to beneficiaries to the extent relatable to Core activity i. e. Generation of electricity.

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 on actual payment basis.

SCHEDULE 24 - NOTES TO THE ACCOUNTS

1. a) Contingent Liabilities as on: -

(Rupees in Crore)

Description	Opening Balance 01/04/2008	Closing Balance 31/03/2009
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	3193.93	3870.55
- Land Compensation Cases	84.48	94.61
- Others		
Disputed Sales Tax Demand	2045.53	2062.41
Others	340.02	409.06
Total	5663.96	6436.63

- 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.31.58 Crore (Previous year Rs. 0.03 Crore) towards above contingent liabilities.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.9709.30 Crore (Previous year Rs. 8454.03 crore).
3. a) Title deeds/title in respect of Land of some Projects/Units amounting to Rs.92.69 Crore (Previous year Rs. 52.10 crore), covering an area of 2046.46 hectare (Previous year 2080.40 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) on lease for a period of 99 years @ notional rent of Rs.1/- per annum.
- c) Land measuring 722 Kanal & 18 marlas and structure created thereon in respect of Salal Power Station, though in possession of J&K Govt., is appearing in respective fixed assets heads.
4. 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.
5. a) Sales for current year include Rs.(-)6.75 Crore towards income tax, billing of which is yet to be done.
- b) Sales in respect of Dulhasti & Teesta-V Power Stations have been accounted for based on provisional tariff notified by Central Electricity Regulatory Commission (CERC).
6. 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) "Loans & Advances" under Schedule 9 include Rs.244.44 Crore given as Advance to Contractors & Suppliers in respect of Contracts, Project Management and Consultancy Works being executed by Corporation on behalf of other agencies.
- c) 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.
- d) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, Rs.32.97 Crore is continuing under "Other current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10)
7. 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 31.03.2009 amounting to Rs.37.06 Crore has been provided in the books as abundant precaution.

- b) Profit on Transfer of Project under "(ii) Other Income" in Schedule 14 pertains to transfer of Lower Siang Project, which has been handed over to private developer as referred to in 7(a) above.
 - c) Out of Rs. 84.89 Crore, as demanded by JKSPDC for projects taken over by Corporation from J&KPDC, Rs.26 crore has been paid by Corporation against account of Rs.33.66 Crore against total demand and Rs.51.23 Crore is appearing under contingent liability, which shall be accounted for in the books on reconciliation of assets of projects thus taken over with accounts submitted by them. The Corporation is also having a claim of Rs.37.55 Crore against JKSPDC in respect of projects handed over or decided to be handed over to JKSPDC.
 - d) Pakal Dul & Loktak Down Stream HE Projects are to be executed through Joint Venture Companies with participation from State Government. Pending formation of Joint Venture Companies, expenditure amounting to Rs.101.03 Crore & Rs. 30.99 Crore respectively incurred by NHPC on these two projects upto 31.03.2009 is appearing under Capital Work-in-Progress. Similarly Kiru & Kavar HE Projects, entrusted to Corporation for preparation of DPR, are also to be executed through Joint Venture Company. Pending formation of Joint Venture Company, expenditure of Rs.28.49 Crore incurred by Corporation on these Projects is appearing under Capital Work-in-Progress.
8. Project work at Subansiri Upper & Subansiri Middle is under suspension due to the Hon'able Supreme Court order dated 19.04.2004 in Interlocutory Applications (IAs) 966 & 1012, restraining the construction of dam upstream of Subansiri River. Pending disposal of said IAs, capital expenditure of Rs.40.35 crore & Rs.34.78 Crore respectively is appearing under Capital Work In progress and as abundant precaution expenditure incurred towards Survey & Investigation including expenditure during construction on these projects from 20.04.2004 to 31.03.2009 has been provided in the books in current year.
 9. Ministry of Power, Govt. of India (GOI) vide its order No. 16/47/2001/-DO (NHPC) dated 08.01.2007 and order No. even dated 08.03.2007 respectively granted approval for Initial Public Offering (IPO) of 10% of paid up Share Capital and to offload 5% of GOI share in the Corporation. The eligible issue expenses will be shared between NHPC & Govt. of India, being the selling shareholder. The expenses pertaining to NHPC will be adjusted from the premium proceeds of the issue.
 10. Pending implementation of wage revision of Employees w.e.f 01.01.2007, a provision of Rs.202.36 Crore has been made in the books for current year on reasonable estimate basis.
 11. The depreciation on Fixed Assets is charged as per Significant Accounting Policy No.5 (Schedule 23) of the Corporation. Ministry of Power (MOP) has already notified tariff policy which provides that rates of depreciation as notified by the Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariff as well as accounting. The revised rates of depreciation as notified by CERC have been made applicable w.e.f. 01.04.2009. Accordingly, the rates notified under present tariff norms have been considered for charging depreciation for the year. The depreciation for the year as per rates prescribed under schedule XIV of the Companies Act, 1956 works out to Rs.390.08 crore more than that worked out as per CERC rates (previous year Rs.338.39 crore). However, the Management considers the depreciation provided in the books as appropriate and adequate keeping in view matching concept of Accounting.
 12. a) The effect of foreign exchange fluctuation during the year is as under:

Rupees in Crore

	For the Year 2008-09	For the Year 2007-08
(i) Amount charged to Profit and Loss Account excluding depreciation (as FERV)	71.45	15.07
(ii) Amount charged to Incidental Expenditure During Construction (as FERV)	(12.47)	(3.08)
(iii) Amount charged to Capital work-in-progress (as FERV)	(3.83)	(1.00)
(iv) Amount adjusted by addition to carrying amount of fixed assets	432.28	6.94

- b) The amount of borrowing cost capitalised by transfer to 'Expenditure during Construction (EDC)' during the Year is Rs.332.11 Crore (Previous Year Rs. 228.96 Crore).

13. Following Accounting Policies have been introduced / modified during the year: -

Policy No.	Description	Impact on Profit for the year
Policy No. 3.1 (b)	Modification of accounting policy on capital spares, suitable for re-use	Profit decreased by Rs. 0.28 Crore
Policy No. 4.1	Modification of accounting policy on capitalisation of Administration & General overhead expenses.	Profit decreased by Rs. 3.26 Crore
Policy No. 5.1	Slight modification in accounting policy on depreciation to have better disclosure.	Disclosure has been modified & has no impact on profit
Policy No. 5.8	Introduction of accounting policy regarding amortisation of leasehold land	No material impact
Policy No. 5.9	Introduction of accounting policy regarding depreciation of assets created on leasehold and	No impact on Profit
Policy No. 7.1	Modification of earlier accounting policy No. 7.1 (a) (b) and (c) on valuation of stores & spares	Disclosure has been modified & has no impact on profit.
Earlier Policy No. 10.2 (a)	Stands deleted, being not relevant.	No impact.
Earlier Policy No. 11	Stands deleted in view of the modified accounting policy No. 4.1	Profit decreased by Rs. 37.66 Crore
Policy No. 11	Modification of accounting policy regarding creation of self insurance reserve through P & L appropriation account instead of charging to P & L Account.	Profit increased by Rs. 98.68 Crore

14. Provisions for employee benefits have been made for the current period using the Actuarial Valuation done as at 31.03.2009. Accordingly, disclosure under the provision of Accounting Standard 15 (Revised) on "Employee Benefits" for the Financial Year ended 31.03.2009 is given below:-

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

Particular	31.03.2009	31.03.2008
Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified
Discount rate	7%	8%
Future Salary Increase	4.5%	5.5%

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

(Rs. 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 Beginning of year	240.96	161.96	127.39	23.77	3.51	11.21
Interest cost	19.06	11.34	8.92	-	-	-
Current service cost	14.72	10.59	4.64	14.94	0.49	15.24
Benefit paid	(9.18)	(14.45)	(2.57)	(13.60)	(0.07)	(1.73)
Actuarial (Gain)/loss	77.13	36.52	4.24	-	-	-
PVO at end of year	342.69	205.96	142.62	25.11	3.93	24.72

Table 3: - Amount recognised in Balance Sheet

(Rs. 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	342.69	205.96	142.62	25.11	3.93	24.72
Fair Value of Plan Assets at the end of year	-	-	-	-	-	-
Funded Status	(342.69)	(205.96)	(142.62)	(25.11)	(3.93)	(24.72)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability recognised in Balance Sheet	342.69	205.96	142.62	25.11	3.93	24.72

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

(Rs. 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	14.72	10.59	4.64	14.94	0.49	15.24
Interest Cost	19.06	11.34	8.92	-	-	-
Expected return on Plan Assets	-	-	-	-	-	-
Net Actuarial (gain)/loss recognised for the year	77.13	36.52	4.24	-	-	-
Expense recognised in Profit & Loss/EDC for the year	110.91	58.45	17.80	14.94	0.49	15.24

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) Whole time Directors:

Shri S. K. Garg	Chairman & Managing Director
Shri A. B. L. Srivastava	Director (Finance)
Shri D. P. Bhargava	Director (Technical)- assumed office w. e. f. 26.03.2009
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 S. K. Chaturvedi	Director (Personnel)- relieved w.e.f. 31.07.2008
Shri S. P. Sen	Director (Technical) - relieved w.e.f. 08.05.2008
Shri S. K. Dodeja	Director (Projects) – superannuated on 31.07.2008

b) Relationship

Joint Venture Companies	Nil
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c) Details of transaction carried out with the related parties in the ordinary course of business

(i)	Details relating to parties referred to in item (a) above	Nil
(ii)	Details relating to parties referred to in item (b) above.	N.A.

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 include Rs.12.59 Crore (Previous year Rs.10.41 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 Year 2008-09	For Year 2007-08
Net Profit after Tax used as numerator (Rs. Crore)	1075.22	1004.09
Weighted Average number of equity shares used as denominator		
– Basic	11182493430	11174850574
- Diluted	11182493430	11183030042
Earning Per Share (Rupees)		
- Basic	0.96	0.90
- Diluted	0.96	0.90
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.395.91 Crore (Previous Year Rs.248.13 Crore) has been provided during the current Year. The item-wise details of Cumulative Deferred Tax Liability are as under:

(Rupees in Crore)

	01.04.2008	31.03.2009
Deferred Tax Liability		
i) Depreciation	2433.76	2725.34
Less: Deferred Tax Assets		
ii) Accumulated unabsorbed depreciation	-	-
iii) Advance against Depreciation to be considered as income in tax computation	131.23	131.23
iv) Provision for doubtful debts, self Insurance and other provisions	208.63	76.21
v) Provision for employee benefit schemes	76.84	104.93
Deferred Tax Liability (Net)	2017.06	2412.97

20. 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 31st March, 2009.

21. a) Remuneration paid/payable to Directors:

(Rupees in Crore)

		For the Year 2008-09	For the Year 2007-08
(i)	Salaries & Allowances	0.47	0.40
(ii)	Contribution to Provident Fund	0.03	0.03
(iii)	Rent for Residential Accommodation	0.11	0.09
(iv)	Other benefits	0.03	0.02
(v)	Sitting Fees to Independent Directors	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

22. Remuneration to Statutory Auditors

(Rupees in Crore)

	For the Year 2008-09	For the Year 2007-08
Statutory Audit Fees	0.41	0.33
Tax Audit Fees	0.08	0.06
Audit Expenses	0.28	0.25
Other matters	0.07	0.03
Cost Auditors		
- Audit Fees	0.06	0.06
- Audit Expenses	0.01	0.01

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

		For the Year 2008-09	For the Year 2007-08
(i)	Licensed Capacity (M.W.)	Not applicable	Not Applicable
(ii)	Installed Capacity (M.W.)*	3614.20	3274.20
(iii)	Actual Generation (Million Units)**	16582.72	14662.69
(iv)	Actual Sales (Million Units) ***	14587.88	12779.62

* Commercial Operation of Unit No. 1 & Unit No. 3 of Teesta-V Power Station started from 10.04.2008 & 03.04.2008 respectively.

** Including infirm Power & excluding Auxiliary Consumption & Transformation Loss.

*** Excluding infirm Power & free Power to Home States.

24.

(Rupees in Crore)

		For the Year 2008-09	For the Year 2007-08
a)*	Value of imports calculated on CIF basis:		
	i) Capital Goods	374.97	0.07
	ii) Spare parts	6.47	1.76
b)*	Expenditure in Foreign Currency		
	i) Know - How	0.26	2.28
	ii) Interest	98.84	97.62
	iii) Other Misc. Matters	250.53	164.48
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported	4.34 (48.65%)	4.23 (68.78%)
	ii) Indigenous	4.58 (51.35%)	1.92 (31.22%)
d)**	Earnings in foreign currency		
	i) Interest	-	-
	ii) Others	-	-

* Accrual basis.

** Cash basis.

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

(Rupees 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

26. (a) Cash & Cash equivalents include an amount of Rs. NIL (Previous year Rs.15.57 Crore) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2009.

(b) Cash & cash equivalents include Rs.382.28 Crore, held on behalf of other agencies for execution of Contract, Project Management and Consultancy Works on behalf of such agencies and are not freely available for the business of the Corporation.

27. 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 001601682

S.K.GARG
CHAIRMAN & MANAGING DIRECTOR
DIN 00055651

Place : New Delhi

Dated : 26.05.2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

3 2 5 6 4

State Code

0 5

Balance Sheet Date

3 1 0 3 2 0 0 9

II Capital raised during the year (Rupees in Crore)

Public Issue

N I L

Right Issue

N I L

Bond Issue

N I L

Private Placement

N I L

III Position of Mobilisation and Deployment of Funds (Rupees in Crore)

Total Liabilities

3 5 3 5 7 . 6 3

Total Assets

3 5 3 5 7 . 6 3

Sources of Funds

Paid-up Capital #

1 1 1 8 2 . 4 9

Reserves and Surplus

6 7 9 8 . 1 3

Secured Loan

8 2 1 2 . 3 8

Unsecured Loan

4 0 2 1 . 6 5

Application of Funds

Net Fixed Assets

2 8 1 4 2 . 4 3 @

Investments

2 7 9 3 . 6 0

Net Current Assets

0 6 0 5 . 7 6

Misc. Expenditure

0 2 . 3 3

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress of Rs. 9401.77 Crore and Construction Stores and Advances of Rs.1096.85 Crore.

IV Performance of Company (Rupees in Crore)

Turnover

2 7 2 0 . 8 2 **

Profit Before Tax

1 1 7 8 . 3 4

Basic Earning per share in Rs.

0 0 - 9 6

Total Expenditure

2 0 8 3 . 1 5

Profit After Tax

1 0 7 5 . 2 2

Dividend Amount (in Crore)

3 2 5 . 0 0

** Excludes Other Income Rs. 540.67 Crore.

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.

-

For GSA & ASSOCIATES
Chartered Accountants

For and on behalf of the BOARD OF DIRECTORS

(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 : 26.05.2009

NHPC Limited
(Formerly known as National Hydroelectric Power Corporation Limited)
CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH 2009

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	1178.34	1146.65
ADD :		
Depreciation including Prior period	521.79	444.37
Tariff Adjustment / Advance Against Depreciation	27.19	57.27
Interest excluding rebate	474.79	427.20
Transfer to/Reimbursement from Self insurance reserve	0.06	73.19
Others Provisions / Adjustments	161.72	4.64
Loss / (Profit) on Sale of Assets	(37.72)	(53.38)
Exchange rate variation/Fluctuation Adjustment account	106.10	21.71
Dividend Income	(51.76)	(36.06)
Cash flow from operating activities before working capital adjustments	1202.17	938.94
Working Capital Changes	2380.51	2085.59
(Increase)/Decrease in Inventories	1.13	(5.76)
(Increase)/Decrease in Contract Work in Progress	653.87	(419.49)
(Increase)/Decrease in Receivables	(183.34)	(267.27)
Increase/(Decrease) in Trade & Other Payables	(236.08)	1095.15
Cash flow from operating activities before taxes	235.58	402.63
Less : Taxes Paid	2616.09	2488.22
	105.98	162.37
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2510.11	2325.85
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(3172.18)	(2686.36)
Proceeds on Transfer of Project/Sale of assets	2.31	105.96
Decrease/(Increase) in Investment	255.61	273.54
Dividend Received	51.76	36.06
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(2862.50)	(2270.80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend & Dividend Tax Paid	(371.66)	(358.00)
Proceeds from Borrowings	2331.46	2577.48
Repayments of Borrowings	(771.06)	(351.22)
Interest & Financial Charges	(777.67)	(548.94)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	411.07	1319.32
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	58.68	1374.37
Cash & Cash Equivalents at the beginning of the year	1841.27	466.90
Cash & Cash Equivalents at the close of the year	1899.95	1841.27

EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and Cash equivalents consist of Cash on hand and Bank balances including cheques / drafts in hands. Further Cash & Cash equivalents includes an amount of Rs Nil towards margin money kept with banks for opening Letter of Credit or similar facility.
- 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 & financial charges capitalised Rs 333.91 Crore.
- Amount of undrawn loan as on 31.03.2009 Rs.6833.63 Crore
- Cash & Cash equivalents includes Rs. 382.28 Crore, held on behalf of other agencies for execution of Contract, Project Management and Consultancy Work on behalf of such agencies and is not freely available for the business of the Corporation.
- The Previous year's figures have been regrouped/re-arranged/re-cast wherever necessary

As per our attached report of even date

For GSA & ASSOCIATES

Chartered Accountants

(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 : 26.05.2009

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

1. Name and address of the Company	Narmada Hydroelectric Development Corporation Limited, NHDC Parisar, Near Hotel Lake View Ashoka, Shyamla Hills, Bhopal (M.P.).
2. Financial Year of the Subsidiary Company ended on	31 st March, 2009.
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 Rs. 1000/-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.
4. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of NHPC Limited and is not dealt within the accounts of NHPC Limited	
(i) For Subsidiary Company Financial Year ended 31 st March, 2009	<p>a) 51% of Rs.252.43 Crore being the profit carried to Balance Sheet i.e. Rs.128.74 Crore.</p> <p>b) Dividend of Rs.23.42 Crore being 51% share of the recommended dividend amount of Rs.45.92 Crore.</p>
(ii) For previous Financial years of the Subsidiary company since it became Subsidiary	51% of Rs.706.34 Crore being the profit carried to Balance Sheet i.e.Rs.360.23 Crore.
5. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of NHPC Limited and is dealt within the accounts of NHPC Limited	
(i) For Subsidiary Company financial year ended 31 st March, 2009	NIL
(ii) For previous Financial years of the Subsidiary company since it became Subsidiary	Dividend of Rs.100.70 Crore being 51% share of the dividend amount of Rs.197.45 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
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

For and on behalf of the BOARD OF DIRECTORS

VIJAY GUPTA
COMPANY SECRETARY

A.B.L. SRIVASTAVA
DIRECTOR (FINANCE)
DIN 01601682

S.K.GARG
CHAIRMAN & MANAGING DIRECTOR
DIN 00055651

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, 2009.

The preparation of financial statements of NHPC Limited, Faridabad, for the year ended 31 March, 2009 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 26 May, 2009.

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 of NHPC Limited, Faridabad, for the year ended 31 March, 2009. 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 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/-

(Ghazala Meenai)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III,
New Delhi**

Place: New Delhi

Dated: 29 June, 2009

DIRECTORS' REPORT

TO THE MEMBERS, NHDC Ltd.

Your Directors have great pleasure in presenting the 9th 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, 2009.

During the year under review, your Corporation has achieved an aggregate income of Rs. 861.01 crores representing an increase of 12.10% over the previous year. The highlights of the financial results are as under:-



Shri Sushilkumar Shinde, Hon'ble Union Minister of Power dedicating the 520 MW Omkareshwar Hydroelectric Project to the Nation through remote control at Ministry of Power in the presence of Shri Bharatsinh Solanki, Hon'ble Union Minister of State for Power and Shri S.K. Garg, CMD, NHPC and NHDC

1. Financial Highlights:

Rs. in Lakhs

Particulars	2008-09	2007-08*
Sale of Power incl. other Income	86101	76807
Profit before depreciation, interest (incl. financial charges) and tax.	75502	69569
Depreciation	12599	10194
Profit after depreciation and before interest and tax	62903	59375
Interest and financial charges.	27083	18425
Profit after depreciation and interest but before tax	35820	40950
Tax	5204	4699
Profit after depreciation, interest and tax	30616	36251
Surplus of Profit and Loss account of earlier years	70634	45255
Excess Provision withdrawn-Dividend		3986
Profit available for appropriations	101250	85492

*As regrouped.

APPROPRIATIONS:

Self Insurance Reserve	3341	3290
Proposed Dividend	4592	9888
Provision for Income Tax (on dividend)	781	1680
Balance Profit carried to Reserve and Surplus	92536	70634

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The lower profit was due to non-generation of secondary energy for low rainfall, additional interest burden, increase in expenditure and write-off of survey and investigation expenses in respect of projects not being pursued by your Corporation. Most of these expenditures are subject to reimbursement through electricity tariff in coming year(s) on passing of necessary tariff orders by CERC, New Delhi for which tariff revision work is under process.

During the year under review, your Corporation has refinanced long-term loan of Rs. 1035 crore advanced by bankers on competitive terms & conditions, availed initially to finance construction activities of Indira Sagar Power project (8x 125 MW) in years 2003 and 2004. With this achievement your Corporation has secured long-term tie-up for its borrowings both for Indira Sagar Power project and Omkareshwar Power project, except for a sum of Rs. 450 crore for which similar process of refinancing shall be undertaken in near future, if call option available to consortium bankers is exercised.



Shri S.K. Garg, CMD, NHPC & NHDC receiving the Gold Shield for early completion of 520 MW Omkareshwar Hydroelectric Project of NHDC from Smt. Pratibha Devisingh Patil, Her Excellency, the President of India in the presence of Shri Sushilkumar Shinde, Hon'ble Union Minister of Power

2. REVENUE REALISATION:

During financial year 2008-09, a record revenue realization of Rs.959.49 crore has been registered and this includes an amount of Rs. 134.16 crore towards EMIs against old outstanding securitized dues of Indira Sagar Power Project.

3. POWER GENERATION:

The total generation was 2368.45 MU during the year showing a decrease of 30.99% over the previous year due to failure of monsoon 2008 in catchments of Narmada basin.

4. DIVIDEND:

The Company has earned revenue of Rs. 861.01 crores during the financial year 2008-2009. Taking into



MoU signing ceremony between NHDC and Govt. of Madhya Pradesh for setting up the 1320 MW Rewa Thermal Power Station in Khandwa District of Madhya Pradesh

consideration the profitability of Rs. 306.16 crore of the Company, the Board has recommended dividend @15% of the profit 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. PROGRESS OF WORKS:

i) INDIRA SAGAR POWER PROJECT (ISP):

Out of total 44083 PAFs to be rehabilitated due to submergence of ISPS, only 2137 PAFs are balance at the end of FY 2008-09. NVDD, GoMP vide letter dated 02-02-2009 has conveyed its permission to raise level of Indira Sagar Reservoir upto FRL 262.13 M during monsoon of 2009 pursuant to verdict of M.P. High Court in petition no. 3022/2005

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1000 MW Indira Sagar Power Station (Madhya Pradesh) - Dam

against earlier allowable level of EL 260.0 M. However the petitioner has filed SLP vide no. 935/2007 in Apex Court against the verdict of Hon'ble High Court.

The generation from Indira Sagar Power project during the FY 2008-09 was 1568.67 MU. This Power Project has generated a total of 11006 MU till March'09, which has been supplied at an average rate of Rs. 2.17 per kWh as per tariff fixed by CERC.

ii) OMKARESHWAR POWER PROJECT (OSP):

Out of the total 30 Nos. villages getting affected due to submergence of OSP, in 3 Nos. villages only the Govt. land is getting

affected. Section IV, VI issued for all 27 villages and award has been passed for all the 27 villages. Out of total 5960 PAFs to be shifted, 3227 PAFs have been rehabilitated upto May'09.

The generation from Omkareshwar Project during the FY 2008-09 was 799.78 MU. This Power project has so far generated 1502 MU till March'09, which has been supplied at an average rate of Rs. 2.87 per kWh as per tariff fixed by CERC.

First Unit of Omkareshwar Project (8 x 65 MW) has been awarded with Gold Shield for early completion under the Comprehensive Award Scheme instituted by the Ministry of Power, Govt. of India for meritorious performance in the Power Sector. The award was presented by Smt. Pratibha Devisingh Patil, the President of India in a glittering ceremony held on 17th February, 2009 at Vigyan Bhawan, New Delhi.

6. DIVERSIFICATION ACTIVITIES:

NHDC is diversifying into new ventures of other conventional and / or non-conventional sources of power viz. Wind / Thermal etc. NVDD, GoMP vide letter dated 29-05-2009 has agreed for setting up of supercritical coal fired power plant of 1320 MW (2 x 660 MW) by NHDC in Madhya Pradesh. The initial activities for identification of land around the periphery of Indira Sagar Reservoir, preparation of PFR, application for coal linkages, engagement of consultants etc. are under progress. Earlier a 100 MW Potential Wind Power site has also been identified at Kukru (Betul) and consequent upon completion of requisite formalities of diversification, the initial activities including installation of Mast etc. are initiated.

7. 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 86030.000 Ha is completed under Indira Sagar Project and 11660.000 Ha under Omkareshwar Project. Likewise, Catchment Area Treatment works in forest and non-



520 MW Omkareshwar Power Station (Madhya Pradesh) - Dam

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forest areas are completed over a target area of 62975.000 Ha under Indira Sagar Project and 25526.000 Ha under Omkareshwar Project.

08. 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.



Shri S.K. Garg, CMD, NHPC and NHDC greeting Shri Shivraj Singh Chouhan, Hon'ble Chief Minister of Madhya Pradesh

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.

09. OFFICIAL LANGUAGE IMPLEMENTATION REPORT:

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

- **'Sahastabdi Rajbhasha Shield Samman'** to NHDC in Shimla (H.P.) from Rashtriya Hindi Akadami, Rupambara, Kolkata .
- **'Rajbhasha Manishi'** prize to General Manager (HR) NHDC in Ernakulam (Kerala), from Bhartiya Bhasha Evam Sanskriti Kendra, New Delhi.
- **'Second Prize'** to NHDC from Town Official Language Implementation Committee (Corporations), Bhopal.
- **'Special Prize'** to Official Language Annual magazine **'Arohan'** from **Akhil Bhartiya Rashtrabhasha Vikas Sangthan, Ghaziabad.**
- **'Rajbhasha Rashtriya Shield Samman,** to AROHAN, 2008 in Shimla (H.P.) from Rashtriya Hindi Akadami, Rupambara, Kolkata .

Specific Work :

Publication of Official Language Annual magazine **'AROHAN'**, **'BRIHAD HINDI KARYASHALA'** specific Hindi workshops and Hindi competitions.

10. 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 at Senior Executives level as an initial step towards progressive implementation at all level and training for multiskilling and re-deployment. The Corporation unique work culture is based on Trust & openness. The organization looks at each and every employee as an achiever who will make the difference.

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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. 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. This has been designed to groom employee for assuming positions of higher responsibility. The Company also continues to focus on building leadership capability and strategic orientation through a series of training programmes and workshops. Demonstrating its high concern for people, the company has developed employees' welfare, health and social security system leading to high level of commitment. The Employee attrition rate has been lowest in the Industry. The Company has also developed Modern Township with best quality of life, containing amenities like, educational, medical and recreational facility for employees and their family members. The hospitals have been empanelled at various locations to meet employee health needs. The Company has best record in the industry for accident free man-hours. It has also been emphasized to align people's capability and competency with current and emerging business challenges.

11. SOCIAL RESPONSIBILITY:

The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large, the company as a responsible corporate citizen, made detailed Corporate Social Responsibility Plan with resource allocation for implementation. The major activities included improvement in the field of Education, Healthcare, Environment Conservation, Water Conservation, Access to Drinking Water, Sustainable Livelihood, Income Generation, Women's Empowerment and Sanitation. The CSR-CD efforts of NHDC as a whole got appreciation and applause from the State Govt. and local population.

12. RIGHT TO INFORMATION ACT, 2005:

The Right to information Act, 2005 came into effect from 12th October, 2005 with the objective to promote transparency and accountability in the working of every public authority. In compliance to provisions of the Act, the Corporation has appointed Public Information Officer (PIO) and further to enable wide access to the information, Asstt. Public information officers (APIO) have also been appointed at Project(s).

13. INDUSTRIAL RELATIONS:

The Industrial Relations climate in the Corporation during the year continued to be harmonious. The Corporation 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.

14. RESERVATION FOR SC/ST/OBC:

The Corporation follows the instructions relating to reservation of post for SC/ST/OBCs 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.

15. 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.

16. AUDITORS:

M/s Multi Associates, Chartered Accountants, Bhopal were appointed as "Statutory Auditors" for conducting the Audit for the year 2008- 2009.

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17. 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 **Annex "C"** to the report.

18. 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 2008-09 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.

19. 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, 2009, 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, 2009 on a 'going concern' basis.

20. 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 Shri Rajesh Dongre as Chairman along with two other directors i.e. Shri K.M.Singh, Chief Executive Director and Shri R.K.Taneja, Director.

21. PARTICULARS OF EMPLOYEES:

Information required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, may be treated as nil.

22. PARTICULARS OF DIRECTORS:

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

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.

sd/-

**For and on behalf of the Board of Directors
Chairman & Managing Director-NHDC**

**Dated: 14-07-2009
Place: New Delhi**

Disclaimer: "NHPC Limited is proposing, subject to market conditions and other considerations, a public issue of its equity shares and has filed a Red Herring Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana. The Red Herring Prospectus is available on the website of SEBI at www.sebi.gov.in and the respective websites of the Book Running Lead Managers at www.enam.com, www.kotak.com and www.sbicap.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "Risk Factors" of the aforementioned Red Herring Prospectus."

ANNEXURE “A”

CONSERVATION OF ENERGY

Sr. No.	Information sought	Reply
(a)	Energy conservation measures taken	<ol style="list-style-type: none"> 1. CFL lamps have been used for illumination in the corporate office and project's offices and powerhouse wherever possible. 2. Split ACs are installed at Corporate Office and split/tower/window ACs at projects, which can be operated individually as per the requirement. 3. APFC system installed at NHDC Parisar, for power factor improvement. 4. Maximum natural ventilation and lighting is being utilized in the powerhouse to conserve the energy. 5. Illumination has been segregated in small circuits in the powerhouse so that switching on/off of lights may be done as per requirement. 6. Periodic cleaning of lamps and fixtures for maximum output. 7. Automatic operation of all the pumps has been enabled to avoid idle operation of pumps. 8. Drainage of power transformer's cooling water is done by natural gravity as much as possible by installing separate drainage header. 9. Lubrication by means of proper greasing and alignment of all pump-motor set at regular interval enhances the efficiency. 10. Metering at various points to locate excess consumption point so that remedial measure can be taken to reduce extra consumption if any. 11. Outdoor lights are being operated with help of timer switch to reduce manual operation so that lights can be switched on and off timely. 12. Creating awareness about energy conservation with help of signboards, captions and stickers to reduce misuse of electricity. 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;	<ol style="list-style-type: none"> 1. All the points mentioned at (a) and (b) contributed to substantial saving of energy and reduction 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.	<ol style="list-style-type: none"> 1. NHDC is not the category of industries mentioned in the schedule.

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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;	Not Applicable
(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 and 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.

TECHONOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Sr. No.	Information sought	Reply
(a)	Efforts in brief made towards technology absorption, adaptation and innovation;	1. Implementation of Price Store Ledger (PSL) in existing oracle based integrated software application at projects.
(b)	Benefits derived as result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	1. Computerization of store section, which has enhanced the efficiency of store 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 Total foreign exchange outgo.	Nil Rs. 143 Lacs.

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ANNEXURE “B”

AUDITORS’ REPORT TO THE MEMBERS OF NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LTD., BHOPAL (M.P.)

We have audited the attached Balance Sheet of **NARMADA HYDRO-ELECTRIC DEVELOPMENT CORPORATION LIMITED, BHOPAL** as at 31st March, 2009, 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 31st March, 2009;
 - 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

(CA A.K. Garg)
Partner
M. No. 84003

Place : New Delhi
Date : 21st May, 2009

ANNEXURE TO THE AUDITORS' REPORT
FOR THE YEAR ENDED ON 31st MARCH, 2009
(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 management at reasonable intervals during the year. 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 management during the year 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 be entered in the register required to be maintained under that Section. The question of reasonableness of transactions exceeding Rs. 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 31st March, 2009 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 details of 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 virtually 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

(CA A.K. Garg)
Partner
M. No. 84003

Place : New Delhi
Date : 21st May, 2009



Night view of colony of Teesta Stage-V Power Station



520 MW Omkareshwar Power Station (Madhya Pradesh) - Power House

BALANCE SHEET AS AT 31st MARCH, 2009

(Rupees in lacs)

PARTICULARS	SCHEDULE No.	AS AT 31 st MARCH, 2009	AS AT 31 st MARCH, 2008
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
i) Share Capital	1	196258	196258
ii) Share Capital Deposit	1A	-	-
iii) Reserves and Surplus	2	228200	199820
		424458	396078
B. LOAN FUNDS			
i) Secured Loans	3	251107	289917
ii) Unsecured Loans	4	18587	-
		269694	289917
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION		9505	-
D. DEFERRED TAX (NET)			
Deferred Tax Liabilities		57054	41214
Less: Deferred Tax Recoverable		57054	41214
		-	-
TOTAL		703657	685995
APPLICATION OF FUNDS			
A. FIXED CAPITAL EXPENDITURE			
i) Fixed Assets	5		
a) Gross Block		669404	659225
Less: Depreciation		49903	34535
b) Net Block		619501	624690
ii) Capital Work-in-Progress	6	623	1927
iii) Construction Stores and Advances	7	12	41
		620136	626658
B. INVESTMENTS	8	-	-
C. CURRENT ASSETS, LOANS & ADVANCES	9		
i) Interest Accrued on Investments		-	-
ii) Inventories		442	258
iii) Contract Work in Progress		-	-
iv) Sundry Debtors		46900	55656
v) Cash and Bank Balances		70613	50457
vi) Other Current Assets		3654	1981
vii) Loans and Advances		2836	1391
		124445	109743
Less: Current Liabilities and Provisions	10		
i) Liabilities		10769	16249
ii) Provisions		30155	34157
		40924	50406
NET CURRENT ASSETS		83521	59337
D. MISCELLANEOUS EXPENDITURE	11	-	-
(To the extent not written off or adjusted)			
TOTAL		703657	685995
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

CA A.K. GARG
(Partner)
Membership No. 84003

V.K. TRIPATHI
Co. Secretary

M.W. KHAN
General Manager (Finance)

Place : New Delhi
Dated : 21.05.2009

Cover

Contents

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

(Rupees in lacs)

PARTICULARS	SCHEDULE No.	FOR THE YEAR ENDED 31st MARCH, 2009	FOR THE YEAR ENDED 31st MARCH, 2008
Sales	12	83543	68110
Less: Tariff Adjustments		-	-
Less: Advance Against Depreciation	12A	7951	75592
Contracts and Consultancy Income	13	-	-
Other Income	14	10509	8697
TOTAL INCOME		86101	76807
Generation, Administration and Other Expenses	15	4263	2722
Employees' Remuneration and Benefits	16	4645	2315
Depreciation	17	12599	10194
Interest and Finance Charges	18	27083	18425
Provisions	19	1	-
Contracts and Consultancy Expenses	20	-	-
TOTAL EXPENDITURE		48591	33656
		37510	43151
Prior Period Adjustment (Net)	21	1690	2201
PROFIT BEFORE TAX		35820	40950
Provision for Taxation			
Current Tax		5131	4634
Fringe Benefit Tax		74	67
Adjustments Relating to Earlier Years		(1)	(2)
Deferred Tax		15840	15200
Less: Deferred Tax Recoverable Adjustment		(15840)	(15200)
PROFIT AFTER TAX		30616	36251
Balance brought forward from last year account		70634	45255
Amount write back from Bond Redemption Reserve		-	-
Amount write back from Capital Reserve		-	-
Amount write back from Other Reserve (excess provision withdrawn- Dividend)		-	3986
Amount write back from Self Insurance Reserve		-	-
		101250	85492
Transfer to Capital Reserve		-	-
Transfer to Bond Redemption Reserve		-	-
Transfer to Self Reserve		3341	3290
Transfer to General Reserve		-	-
- Dividend		-	-
- Interim		-	-
- Proposed		4592	9888
Tax on Dividend		-	-
- Interim		-	-
- Proposed		781	1680
BALANCE CARRIED TO BALANCE SHEET		92536	70634
Earning per share (Equity shares, face value of Rs.1000/- each)			
Basic EPS (Rupees per share)		156.00	184.71
Diluted EPS (Rupees per share)		156.00	184.71
Incidental Expenditure during Construction	22		
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

CA A.K. GARG
(Partner)
Membership No. 84003

V.K. TRIPATHI
Co. Secretary

M.W. KHAN
General Manager (Finance)

Place : New Delhi
Dated : 21.05.2009

SCHEDULE 1 - SHARE CAPITAL

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
AUTHORISED		
Authorised Capital:30000000 Equity Shares (As on 31.03.2008 30000000) of Rs. 1000/- each.	300000	300000
ISSUED SUBSCRIBED AND PAID-UP		
1,96,25,800 (As on 31.03.2008 1,96,25,800) Equity Shares of Rs.1,000 each fully paid. Out of above, 100,24,200 (As on 31.03.2008 100,24,200) shares have been allotted to the holding company, NHPC Ltd., Faridabad & 96,01,600 (As on 31.03.2008 96,01,600) shares allotted to Govt. of Madhya Pradesh.	196258	196258
NOTE: Out of the above Equity Shares 74,83,528 (As on 31.03.2008 74,83,528) equity shares were allotted as fully paid up pursuant to a MOU without payment being received in cash.		
TOTAL	196258	196258

SCHEDULE 1A - SHARE CAPITAL DEPOSIT ACCOUNT

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
1 From NHPC Ltd. (Holding Co)	-	-
2 From NVDA Account	-	-
TOTAL	-	-

SCHEDULE 2 - RESERVES AND SURPLUS

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009					AS AT 31 ST MARCH, 2008				
	01.04.2008	ADDITIONS	DEDUCTIONS	ADJUSTMENTS	31.03.2009	01.04.2007	ADDITIONS	DEDUCTIONS	ADJUSTMENTS	31.03.2008
A Bond Redemption Reserve	-	-	-	-	-	-	-	-	-	-
B General Reserve	-	-	-	-	-	-	-	-	-	-
C Profit and Loss Account	70634	30616	8714	-	92536	45255	36251	14858	3986	70634
D Self Insurance Reserve	8566	3341	-	-	11907	5276	3290	-	-	8566
E Grant In Aid - Reserve										
1 Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in Indira Sagar Project as a Grant-in-Aid.	34948	697	728	-	34917	33792	1881	725	-	34948
2 Proportionate Sub-vention towards Sardar Sarovar project transferred from NVDA Account.	44664	892	930	-	44626	43188	2403	927	-	44664
3 Contribution by Govt of Madhya Pradesh towards R&R of Indira Sagar Project	21201	2331	579	-	22953	19819	1835	453	-	21201
4 Proportionate contribution by Govt.of Madhya Pradesh towards Irrigation Component in Omkareshwar Project as Grant-in-Aid.	16733	1108	325	-	17516	15954	956	177	-	16733
5 Contribution by Govt of Madhya Pradesh towards R&R of Omkareshwar Project	3074	740	69	-	3745	-	3107	33	-	3074
TOTAL	199820	39725	11345	-	228200	163284	49723	17173	3986	199820

SCHEDULE 3 - LOAN FUNDS - SECURED

PARTICULARS	(Amount in Lacs)	
	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
TERM LOANS		
i) Term Loan from Banks/FIs - Indian Currency - Secured	177417	289917
ii) Short Term Loans From Banks /FIs - Indian Currency-secured	73244	-
iii) Interest accrued and due on Short Term Loans From Banks / FIs-INR-secured (Oriental Bank of Commerce) (Refer Annexure to Schedule -3)	446	-
Total	251107	289917

NOTE :

- 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 movable, fixed and current assets of the company in respect of the particular project / power station for the respective portion of outstanding long term loan.
- The Short Term Loan of Rs. 583.33 Cr. of Oriental Bank of Commerce & United Bank of India is secured by first Pari-passu Charge on all present and future movable, fixed and current assets of the Indira Sagar Power Station and rest of the Short Term Loans are against the FDR's.

ANNEXURE TO SCHEDULE 3

LOAN FUNDS - SECURED

PARTICULARS	(Amount in Lacs)	
	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
LONG TERM LOANS		
A- INDIRA SAGAR POWER STATION		
1 ORIENTAL BANK OF COMMERCE	-	18333
2 THE JAMMU AND KASHMIR BANK LTD.	-	9167
3 BANK OF INDIA		32083
4 ANDHRA BANK	-	9167
5 CANARA BANK	-	13750
6 DENA BANK	-	9167
7 UNITED BANK OF INDIA	-	9167
8 PUNJAB AND SINDH BANK	4167	4583
(Due for repayment within one year Rs.4167 Lacs) (Call notice for repayment of outstanding amount of Rs. 4167 Lacs- due on 26.04.2009)		
9 SIDBI	8333	9167
(Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)		
10 UNION BANK OF INDIA	8333	9167
(Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)		
11 PUNJAB NATIONAL BANK	22917	25208
(Due for repayment within one year Rs.2291.67 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)		
12 INDIAN OVERSEAS BANK	4167	4583
(Due for repayment within one year Rs.416.67 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)		
13 BANK OF BARODA	1250	1375
(Due for repayment within one year Rs.125.00 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)		
Sub Total (A)	49167	154917

ANNEXURE TO SCHEDULE 3

LOAN FUNDS - SECURED

(Amount in Lacs)		
PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
LONG TERM LOANS		
B-OMKARESHWAR POWER STATION		
1 UNION BANK OF INDIA	-	30000
2 INDIAN OVERSEAS BANK	-	5000
3 CORPORATION BANK	-	10000
4 CANARA BANK	-	10400
5 CENTRAL BANK OF INDIA	-	13800
6 PUNJAB NATIONAL BANK	-	17300
7 SIDBI	-	3500
8 UNITED BANK OF INDIA	-	7500
9 SYNDICATE BANK	-	7500
10 ORIENTAL BANK OF COMMERCE	-	15000
11 ALLAHABAD BANK	-	15000
12 POWER FINANCE CORPORATION LTD. (Due for repayment within one year Rs.13500.00 Lacs) (Repayable in 20 Half yearly equal installments commencing from 15.01.2009)	128250	-
Sub Total (B)	128250	135000
Total (A+B)	177417	289917
SHORT TERM LOANS		
INDIRA SAGAR POWER STATION		
1 CENTRAL BANK OF INDIA (Due for repayment within one year Rs.4800.00 Lacs)	4800	-
2 DENA BANK (Due for repayment within one year Rs.8333.00 Lacs)	8333	-
3 THE JAMMU AND KASHMIR BANK LTD. (Due for repayment within one year Rs.1012.00 Lacs)	1012	-
4 ORIENTAL BANK OF COMMERCE (Due for repayment within one year Rs.50000.00 Lacs)	50000	-
5 SYNDICATE BANK (Due for repayment within one year Rs.765.00 Lacs)	765	-
6 UNITED BANK OF INDIA (Due for repayment within one year Rs.8334.00 Lacs)	8334	-
Total	73244	-

SCHEDULE 4 - LOAN FUNDS - UNSECURED

(Amount in Lacs)		
PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
SHORT TERM LOANS		
i) Short Term Loans From Banks / Fls- Indian Currency - unsecured (Allahabad Bank, Repayable within one year Rs. 18423.00 Lacs)	18423	-
ii) Interest accrued and due on Short Term Loans From Banks/ Fls-Indian Currency - unsecured (Allahabad Bank)	164	-
TOTAL	18587	-

SCHEDULE 5 - FIXED ASSETS

(Amount in Lacs)

Sl. No.	PARTICULARS	GROSS BLOCK						DEPRECIATION				NET BLOCK	
		As at 01.04.2008	Additions/ Adjustments on a/c of inter-unit transfer	Additions/ Adjustments on a/c of others	Deductions/ Adjustments on a/c of inter-unit transfer	Deductions/ Adjustments on a/c of others	As at 31.03.2009	As at 01.04.2008	For the year	Adjus-ments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
		1	2A	2B	3A	3B	4	5	6	7	8	9	10
1	Land – Freehold	-	-	-	-	-	-	-	-	-	-	-	-
2	Land – Leasehold	176	-	-	-	-	176	12	6	2	20	156	164
3	Land – Unclassified/ right of use	70	-	-	-	-	70	-	2	9	11	59	70
4	Buildings	65360	-	307	-	(7)	65660	4626	1679	27	6332	59328	60734
5	Roads and bridges	1008	-	3	-	-	1011	178	18	(4)	192	819	830
6	Railway sidings	-	-	-	-	-	-	-	-	-	-	-	-
7	Dams, water conductor system hydro mechanical gates, tunnels etc.	428454	-	9013	-	-	437467	20245	8559	27	28831	408636	408209
8	Generating plant and machinery	157337	-	660	-	-	157997	8417	4309	6	12732	145265	148920
9	Plant and machinery sub station	2428	-	12	-	-	2440	84	88	0	172	2268	2344
10	Plant and machinery transmission lines	248	-	33	-	-	281	11	8	-	19	262	237
11	Plant and machinery others	318	-	-	-	-	318	49	19	1	69	249	269
12	Construction equipment	489	-	50	-	(1)	538	80	59	2	141	397	409
13	Water supply system/drainage and sewerage	237	-	-	-	-	237	6	4	-	10	227	231
14	Electrical installations	12	-	-	-	-	12	4	1	-	5	7	8
15	Vehicles	144	-	9	-	-	153	98	12	-	110	43	46
16	Aircraft/ boats	15	-	-	-	-	15	10	2	-	12	3	5
17	Furniture and fixture	397	-	44	-	(4)	437	103	30	(1)	132	305	294
18	Computers	202	-	14	-	(4)	212	130	31	(1)	160	52	72
19	Communication equipment	50	-	3	-	(1)	52	8	4	0	12	40	42
20	Office equipments	234	1	14	(1)	(3)	245	55	23	(1)	77	168	179
21	Research and development	-	-	-	-	-	-	-	-	-	-	-	-
22	Intangible assets	7	-	-	-	-	7	3	2	-	5	2	4
23	Other assets	180	-	21	-	(1)	200	35	12	(4)	43	157	145
24	Capital expenditure on assets not owned by NHDC	1747	-	8	-	-	1755	273	351	77	701	1054	1474
25	Fixed assets of minor value >750 and < Rs.5000	108	-	11	-	(3)	116	108	11	(3)	116	-	-
26	Obsolete / surplus assets	4	-	4	-	(3)	5	-	-	1	1	4	4
	TOTAL	659225	1	10206	(1)	(27)	669404	34535	15230	138	49903	619501	624690
	As on 31.03.2008	408487	27	251338	(27)	(600)	659225	22311	12583	(359)	34535	624690	386176

NOTE

Depreciation for the year	15230
Charged to P & L	12599
Charged to IEDC	-
Charged to Capital Reserve	2631

Figures within parenthesis represent deductions.

SCHEDULE 6 - CAPITAL WORK-IN-PROGRESS

(Amount in Lacs)

PARTICULARS	AS AT 01.04.2008	ADDITIONS	ADJUST- MENT	CAPITALISED	AS AT 31.03.2009
i) Buildings	281	359	-	(307)	333
ii) Roads and Bridges	4	3	(4)	(3)	-
iii) Railway Sidings	-	-	-	-	-
iv) Dams, Water Conductor System, Hydromechanical Gates, Tunnels etc.	24	476	-	(500)	-
v) Generating Plant and Machinery	22	405	-	(427)	-
vi) Plant and Machinery Sub Station	46	8	-	(6)	48
vii) Plant and Machinery- Transmission Lines	-	33	-	(32)	1
viii) Plant and Machinery - Others	-	-	-	-	-
ix) Construction Equipment	-	9	-	(9)	-
x) Water Supply System/Drainage and Sewerage	-	-	-	-	-
xi) Intangible Assets	-	-	-	-	-
xii) Capital Expenditure On Assets Not Owned by NHDC	-	22	-	(8)	14
xiii) Survey, Investigation, Consultancy and Supervision Charges	522	24	(546)	-	-
xiv) Expenditure on R&R and Compensatory Afforestation	1028	5950	(775)	(5976)	227
xv) Incidental Expenditure During Construction Period (IEDC) - Refer Annexure to Schedule-6	-	-	-	-	-
TOTAL	1927	7289	(1325)	(7268)	623
As on 31.03.2008	201506	51313	(11)	(250881)	1927

Figures within parenthesis represent deductions.

SCHEDULE 7 - CONSTRUCTION STORES AND ADVANCES

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
A. CONSTRUCTION STORES (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	-	-
Sub-Total	-	-
B. ADVANCES FOR CAPITAL EXPENDITURES		
1. Secured (considered good)	-	-
2. Unsecured – against bank guarantees (considered good)	-	32
3. Unsecured – others (considered good)	12	9
4. Unsecured – considered doubtful	-	-
Less : Provisions for doubtful advances *2	-	-
Sub-Total	12	41
TOTAL	12	41
DETAIL OF PROVISIONS		
1. Provision for construction stores		
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)	-	-
Closing Balance	-	-
2. Provision for doubtful advances		
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 (b)	-	-
Closing Balance	-	-

SCHEDULE 8 - INVESTMENTS

(Amount in Lacs)

PARTICULARS	NUMBER OF SHARE/BONDS/ SECURITIES	FACE VALUE PER SHARE/BONDS/ SECURITY	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
	CURRENT YEAR/(PREVIOUS YEAR)	(IN RS.)		
LONG TERM (Trade- unless otherwise specified)				
A. Quoted			-	-
Equity shares \$				
Sub Total (A)				
B. Un-Quoted			-	-
a) Equity shares in Subsidiary Companies				
b) Bonds			-	-
Bonds \$				
8.50% Tax-Free State Government				
Special Bonds of the Governments			-	-
Sub Total (B)			-	-
\$ in DEMAT form				
Quoted Investments				
(i) Aggregate Cost				
(ii) Aggregate Market Value				
- NSE quotes			-	-
- BSE quotes				
Un-Quoted Investments				
Aggregate Cost			-	-
Total			<u>-</u>	<u>-</u>

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
A. INTEREST ACCRUED ON INVESTMENTS	-	-
B. INVENTORIES (At cost as valued and certified by management)		
i) Stores and spares	337	207
ii) Loose tools	2	4
iii) Scrap inventory	14	10
iv) Stores in transit/ pending inspection	66	3
v) Material at site	33	44
vi) Material issued to contractors/ fabricators	-	-
Less : Provisions for obsolete stores & spares*1	(10)	(10)
	442	258
C. WORK IN PROGRESS		
i) Construction work in progress(on behalf of client)	-	-
ii) Consultancy work in progress(on behalf of client)	-	-
D. SUNDRY DEBTORS (UNSECURED)		
i) Debts outstanding for a year exceeding six months	-	-
- Considered good (includes securitised amount of Rs.35310 Lacs, As on 31.03.2008 Rs. 44825 lacs)	38542	46123
- Considered doubtful and provided	-	-
ii) Other debts		
- Considered good	8358	9533
- Considered doubtful and provided	-	-
Less: Provision for doubtful debts *2	-	-
	46900	55656

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009		AS AT 31 ST MARCH, 2008	
E. CASH & BANK BALANCES				
i) Cash on hand (includes cheques & stamps in hand of Rs.0.12 Lacs, As on 31.03.2008 Rs. 0.40 Lacs)	5		6	
ii) Bank balances	-		-	
with scheduled banks				
In current account	7111		14866	
In deposits account (including deposits earmarked towards Self insurance contingencies)	63497		35585	
with other banks				
In current account	-		-	
In deposits account	-	70613	-	50457
F. OTHER CURRENT ASSETS				
i) Interest accrued on deposits	1827		1058	
ii) Others	702		589	
iii) Claims recoverable from other agencies	1147		355	
Less : Provisions for doubtful claims *3	(22)		(21)	
iv) Claims reimbursable from self insurance reserve		3654		1981
G. LOANS AND ADVANCES				
A) LOANS				
Employees (including accrued interest)				
Secured	680		537	
Unsecured - (considered good)	155		83	
Unsecured - (considered doubtful)	-	835	-	620
B) ADVANCES				
(recoverable in cash or Kind or for value to be received)				
i) Holding Company	-		-	
Secured	-		18	
Unsecured - (considered good)	-		-	
Unsecured - (considered doubtful)	-		-	
ii) Contractors & suppliers	-		-	
Secured	-		-	
Unsecured - (considered good)				
- Covered by bank guarantees	-		-	
- Others	13		17	
Unsecured - considered doubtful	-		-	
iii) Employees	-		-	
Unsecured - (considered good)	800		9	
Unsecured - (considered doubtful)	-		-	
iv) Other Advances	-		-	
Unsecured - (considered good)	-		-	
Unsecured - (considered doubtful)	-		-	
Less: Provisions for doubtful loans and advances *4	-		-	
v) Other recoverables	-	813	-	44
C) DEPOSITS				
Advance Income tax and tax deducted at source	17255		12813	
Less : Provision for Taxation *5	16067	1188	12086	727
TOTAL		124445		109743
Figures within parenthesis represent deductions.				

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Lacs)

	31 ST MARCH, 2009	31 ST MARCH, 2008
PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH NON-SCHEDULED BANKS	Nil	Nil
PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS		
Amount due at the end of the year	3	Nil
Maximum balance at any time during the year	3	Nil

Advance due by Companies in which any director of the corporation is a Director or member amounts to Rs. Nil (As on 31.03.2008 Rs.Nil)

PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH HOLDING COMPANY

	31 ST MARCH, 2009	31 ST MARCH, 2008
NHPC LTD.	(195)	18
DETAILS OF PROVISIONS		
Provision for obsolete stores & spares *1		
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)	-	-
Closing Balance	10	10
Provision for Doubtful Debts *2		
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 (a)	-	-
Closing Balance	-	-
Provision for bad & doubtful claims *3		
As per last Balance Sheet	21	29
Additions during the year- As per Sch 19	1	-
Amount used during the year	-	8
Amount reversed during the year - As per Sch 14 (c)	-	-
Closing Balance	22	21
Provisions for Doubtful Loans and Advances *4		
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 (b)	-	-
Closing Balance	-	-
Provision for Taxation *5		
As per last Balance Sheet	12086	7773
Additions during the year	5205	4701
Amount used during the year	1224	386
Amount reversed during the year	-	2
Closing Balance	16067	12086

SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
A. LIABILITIES		
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 (Includes Rs. 0.05 lacs payable to directors)	8551	10238
2. Unspent amount of deposit/agency	-	-
3. Deposits/retention money	766	1690
4. Advances against the deposit works	-	-
Less : Amount recoverable on deposit works	-	-
5. Interest accrued but not due on loans	818	-
6. Advances/Deposits from clients / contractees	-	-
Less : Amount recoverable in respect of Project Management/Consultancy Works	-	-
7. Grant in aid - pending utilisation	-	3859
8. Due to subsidiaries/ holdings	195	-
9. Deferred Foreign Currency Fluctuation Liabilities	-	-
10. Deferred Income from Foreign Currency Fluctuation Account	-	-
11. Other liabilities	439	462
TOTAL LIABILITIES (A)	10769	16249
B. PROVISIONS		
1. Provision for Proposed Dividend		
As per last Balance Sheet	9888	10222
Additions during the year	4592	9888
Amount used during the year	9888	6815
Amount reversed during the year	-	3407
Closing Balance	4592	9888
2. Tax on proposed dividend		
As per last Balance Sheet	1680	1737
Additions during the year	781	1680
Amount used during the year	1680	1158
Amount reversed during the year	-	579
Closing Balance	781	1680
3. Provision for Wage revision		
As per last Balance Sheet	1274	207
Additions during the year	1284	1067
Amount used during the year	203	-
Amount reversed during the year- As per Sch 14(e)	-	-
Closing Balance	2355	1274
4. Provision for Productivity Linked Incentive		
As per last Balance Sheet	238	181
Additions during the year	228	247
Amount used during the year	232	190
Amount reversed during the year- As per Sch 14(e)	-	-
Closing Balance	234	238
5. Provision for leave encashment		
As per last Balance Sheet	251	134
Additions during the year	174	135
Amount used during the year	22	18
Amount reversed during the year	-	-
Closing Balance	403	251
6. Provision for Gratuity		
As per last Balance Sheet	113	63
Additions during the year	95	54
Amount used during the year	2	4
Amount reversed during the year	-	-
Closing Balance	206	113
7. Provision for REHS		
As per last Balance Sheet	69	59
Additions during the year	13	10
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	82	69

SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
8. Provision for LTC		
As per last Balance Sheet	40	41
Additions during the year	30	25
Amount used during the year	33	26
Amount reversed during the year	-	-
Closing Balance	37	40
9. Provision for M.C.on Leave Encashment		
As per last Balance Sheet	30	16
Additions during the year	20	16
Amount used during the year	3	2
Amount reversed during the year	-	-
Closing Balance	47	30
10. Provision for TTA(Baggage Allowance on Retirement)		
As per last Balance Sheet	20	10
Additions during the year	5	10
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	25	20
11. Provision - Others		
As per last Balance Sheet	146	-
Additions during the year	-	146
Amount used during the year	51	-
Amount reversed during the year	-	-
Closing Balance	95	146
12. Provision for project expenses		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
13. Provision for contingencies		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
14. Provision for loss on Hedging Transaction		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
15. Provision for tariff adjustments		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
16. Provision for self consumption of power		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
17. Provision for Committed Capital Expenditure		
As per last Balance Sheet	20408	-
Additions during the year	2500	21867
Amount used during the year	1610	1459
Amount reversed during the year	-	-
Closing Balance	21298	20408
TOTAL PROVISIONS (B)	30155	34157
TOTAL (A+B)	40924	50406

SCHEDULE 11 - MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Amount in Lacs)

PARTICULARS	AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
Preliminary expenses	-	-
Other deferred revenue expenditure	-	-
Share Issue Expenses (IPO)	-	-
Expenditure awaiting adjustment	-	-
Losses awaiting write off sanction	-	-
Less : Provision for losses pending investigation	-	-
TOTAL	-	-

SCHEDULE 12 - SALES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 ST MARCH, 2009	FOR THE YEAR ENDED 31 ST MARCH, 2008
Sale of power	78884	64371
Sale of power (FBT)	74	67
Sale of power (MAT)	4585	4090
Less : Income from generation of electricity-precommissioning (Transferred to Schedule 22 (I) (i))	-	(418)
Total taken to Profit & loss Account	83543	68110

SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 ST MARCH, 2009	FOR THE YEAR ENDED 31 ST MARCH, 2008
During the year	7951	-
Less : Written back during the year	-	-
Total taken to Profit & loss Account	7951	-

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

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 ST MARCH, 2009	FOR THE YEAR ENDED 31 ST MARCH, 2008
Contract Income	-	-
Revenue from Project Management/ Consultancy Work	-	-
Total taken to Profit & loss Account	-	-

SCHEDULE 14 - OTHER INCOME

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
i) Income from Long Term Investments		
a) Trade		
Dividend from subsidiaries	-	-
Dividend - others	-	-
Interest - Govt. Securities (8.5% tax free bonds issued by the State Govt.)	-	-
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. 1172 lacs, As on 31.03.2008 Rs. NIL-)	5651	2678
- Employee's Loans and Advances	50	36
- Interest from Beneficiary States	4004	5910
- Others	-	-
b) Late payment surcharge	624	117
c) Profit on sale of Project	-	-
d) Profit on sale of assets	-	-
e) Liability/ Provisions not required written back #	9	30
f) Exchange rate variation	-	65
g) Foreign Currency Fluctuation adjustment (Credit)	-	-
h) Others	171	295
Total	10509	9131
Less: Income transferred to IEDC {Refer Schedule 22 E (ii), 22 I (ii) to (vi) and 22 (J) (i)}	-	434
Less: Income transferred to Contract and Consultancy Expenses (Refer Schedule 20)	-	-
Total taken to Profit & Loss Account	10509	8697

(Amount in Lacs)

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	-	-
k) Provision for Tariff Adjustment	-	-
l) Other Provisions/Liability not required written back	9	30
Total	9	30

SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
i) Consumption of stores and spare parts	189	193
ii) Repair and maintenance of:		
- Building	284	242
- Machinery	228	98
- Others	539	562
iii) Rent / Hiring Charges	288	325
iv) Rates and taxes	11	18
v) Insurance	8	10
vi) Reimbursement from Self insurance reserve	-	-

SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
vii) Security expenses	232	248
viii) Electricity charges	1058	897
ix) Travelling and conveyance	137	135
x) Expenses on staff car	35	42
xi) Telephone, telex and postage	50	56
xii) Advertisement and publicity	84	92
xiii) Entertainment and hospitality expenses	16	15
xiv) Donation	-	-
xv) Printing and stationery	54	56
xvi) Books and periodicals	5	7
xvii) Consultancy charges - Indigeneous	35	74
xxviii) Consultancy charges - Foreign	-	-
xix) Expenditure on compensatory afforestation/ catchment area treatment/Environment expenses	-	-
xx) Expenditure on land not belonging to corporation	-	-
xxi) Project expenses written off	-	-
xxii) Loss on sale of assets	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	-	-
xxix) Interest on arbitration/court cases	-	-
xxx) Other general expenses	451	208
xxxi) Exchange rate variation	-	-
xxxii) Foreign Currency Fluctuation adjustment (Dedit)	-	-
xxxiii) Audit expenses (refer Notes to Accounts)	11	12
xxxiv) Director expenses	-	-
xxxv) Research and development expenses	-	-
Total	4263	3290
Less: Expenses transferred to IEDC (Refer Schedule 22 B, 22 C, 22 E (i) and 22 J (ii))	-	568
Less: Expense transferred to Contract and Consultancy Expenses (Refer Schedule 20)	-	-
Total taken to Profit & Loss Account	4263	2722

SCHEDULE 16 - EMPLOYEES REMUNERATION AND BENEFITS

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
i) Salaries, wages, allowances	3853	3255
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	515	356
iii) Staff welfare expenses	277	412
iv) Leave salary & pension contribution	-	-
Total	4645	4023
Less: Employee cost transferred to IEDC {Refer Schedule 22 A and 22 J (iii)}	-	1708
Less: Employee cost transferred to Contract and Consultancy Expenses (Refer Schedule 20)	-	-
Total Taken to Profit & Loss Account	4645	2315

SCHEDULE 17 - DEPRECIATION

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
Depreciation during the year	15230	12583
Total	15230	12583
Less: Depreciation transferred to IEDC {Refer Schedule 22 G and 22 J (iv)}	-	74
Less: Depreciation transferred to Contract & Consultancy (Refer Schedule 20)	-	-
Less: Transfer from Capital Reserve (Grants written off) (Refer Schedule 2)	2631	2315
Total taken to Profit & Loss Account	12599	10194

SCHEDULE 18 - INTEREST AND FINANCE CHARGES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	26275	21895
e) Cash credit facilities /WCDL	-	-
f) Other interest charges	-	-
Exchange differences regarded as adjustment to interest	-	-
ii) Cost	-	-
iii) Loss on hedging transaction	-	-
iv) Bond issue/ service expenses	-	-
v) Share issue expenses written off	-	-
vi) Rebate to customers	766	334
vii) Commitment fee	-	-
viii) Guarantee fee on loan	-	-
ix) Royalty	-	-
x) Interest to Beneficiary States	-	-
xi) Bank charges	4	13
xii) Other finance charges	38	22
Total	27083	22264
Less: Interest & Finance charges capitalised by transfer to IEDC {Refer Schedule 22 (D) and 22 (J) (v)}	-	3839
Less: Interest & Finance charges transferred to Contract and Consultancy Expenses (Refer Schedule 20)	-	-
Total taken to Profit & Loss Account	27083	18425

SCHEDULE 19 - PROVISIONS

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
i) Bad and doubtful debts provided	-	-
ii) Bad and doubtful advances / deposits provided	1	-
iii) Bad and doubtful claims provided	-	-
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	-	-
ix) Provision for other expenses	-	-
Total	1	-
Less: Provisions transferred to IEDC {Refer Schedule 22 F and 22 J (vi)}	-	-
Less: Provisions transferred to Contract and Consultancy Expenses (Refer Sch. 20)	-	-
Total taken to Profit & Loss Account	1	-

SCHEDULE 20 - CONTRACT, PROJECT MANAGEMENT AND CONSULTANCY WORK EXPENSES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
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	-	-
- Travelling 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)	-	-
Total Expenditure	-	-
Less: Receipts and recoveries	-	-
Net expenditure during the year	-	-
Prior period Adjustments	-	-
Total taken to Profit & Loss Account	-	-

SCHEDULE 21 - PRIOR PERIOD ADJUSTMENT (NET)

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
Income		
i) Sale of Electricity	(1664)	(2113)
ii) Advance against depreciation written back	-	-
iii) Interest/ surcharge received from debtors	-	-
iv) Others	126	-
Expenditure		
i) Salaries and wages	1	-
ii) Repair and maintenance	2	-
iii) Interest	-	-
iv) Others	5	83
v) Depreciation	144	5
Total	1690	2201
Less: Expenses transferred to IEDC {Refer Schedule 22 H and 22 J (vii)}		
Prior period expenses	-	-
Less Prior period income	-	-
Total	-	-
Less: Expense transferred to Contract and Consultancy Expenses (Refer Sch.20)	-	-
Total taken to Profit & Loss Account	1690	2201

SCHEDULE 22 - INCIDENTAL EXPENDITURE DURING CONSTRUCTION DURING THE YEAR

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances	-	1193
ii) Gratuity and contribution to provident fund (including administration fees)	-	52
iii) Staff welfare expenses	-	110
iv) Leave Salary & Pension Contribution	-	-
Sub-total	-	1355
B. REPAIRS AND MAINTENANCE		
i) Building	-	56
ii) Machinery	-	9
iii) Others	-	33
Sub-total	-	98
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent/Hiring Charges	-	123
ii) Rates and taxes	-	3
iii) Insurance	-	1
iv) Security expenses	-	7
v) Electricity charges	-	70
vi) Travelling and conveyance	-	31
vii) Expenses on staff car	-	11
viii) Telephone, telex and postage	-	12
ix) Advertisement and publicity	-	13
x) Entertainment and hospitality expenses	-	2
xi) Printing and stationery	-	14
xii) Audit expenses	-	-
xiii) Design and consultancy charges:		-
- Indigenous	-	40
- 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	-	11
Sub-total	-	338
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	-	3838

SCHEDULE 22 - INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st MARCH, 2009	FOR THE YEAR ENDED 31 st MARCH, 2008
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	-	1
Sub-total	-	3839
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	-	-
Less :		
ii) Exchange rate variation (Credit balance)	-	(184)
Sub-total	-	(184)
F. PROVISIONS	-	-
Sub-total	-	-
G. DEPRECIATION	-	50
Sub-total	-	50
H. PRIOR PERIOD EXPENSES (NET)		
i) Prior period expenses	-	-
ii) Less: Prior period income	-	-
Sub-total	-	-
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity – precommissioning	-	418
ii) Interest on loans and advances	-	1
iii) Miscellaneous receipts	-	231
iv) Profit on sale of assets	-	-
v) Liability/ Provisions not required written back	-	-
vi) Hire charges/ outturn of plant and machinery	-	-
Sub-total	-	650
J. ADD : CORPORATE OFFICE MANAGEMENT EXPENSES		
i) Other income	-	(18)
ii) Generation, administration and other expenses	-	132
iii) Employee remuneration and benefits	-	353
iv) Depreciation	-	24
v) Interest and finance charges	-	-
vi) Provisions	-	-
vii) Prior period adjustment (Net)	-	-
Sub-total	-	491
AMOUNT TRANSFERRED TO CAPITAL		
WORK-IN-PROGRESS (A+B+C+D+E+F+G+H+J-I)	-	5337

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 except those assets, which are created for Rehabilitation / Resettlement.
- 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 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.
- 2.5 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 assets is retired from active use, such spares are valued at net book value or net realizable value which 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 infrastructure facilities.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to 'Incidental Expenditure During Construction'.
- 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 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) for the purpose of fixation of tariff. However, Construction Plant & Machinery and Computers & Peripherals are being depreciated @11.25% and @30% respectively, as CERC regulations do not provide depreciation rates for these assets.
- 5.2 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 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 Rs. 1 as a balance value.
- 5.4 Low value items, which are in the nature of assets (excluding immovable assets) and valuing up to 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 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, the unamortized balance of such assets is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.
- 5.7 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.
- 5.8 Leasehold Land is amortized over the period of lease. In case lease period is yet to be finalized, lease period is taken as 30 years except in case of J&K where lease period is taken as 90 years.
- 5.9 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the lease period of land as per Policy No. 5.8 or at the applicable depreciation rate of such assets, whichever is higher.

6. INVESTMENTS

Investments are intended for long term and carried at cost.

7. INVENTORIES

- 7.1 (a) Stores & Spares other than scrap and spares of surplus construction equipments are valued at cost on weighted average basis.
(b) Scrap is valued at net realizable value.
(c) Spares for surplus construction equipments are valued at lower of cost and net realizable value.
- 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 EXCHANGE FLUCTUATION

- 8.1 Transactions in foreign currency are 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 & expense in the period in which they arise in Profit & Loss Account in case of operational stations and to IEDC 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 is 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 AS-15 on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Leave Travel Concession, Leave Encashment and Baggage Allowance admissible on superannuation is made based on actuarial valuation at the year-end.

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.(a) Revenue from Contract Works on Cost Plus/Deposit/Turnkey basis is recognized on %age of completion method as under: -
- | <u>Progress of Work</u> | <u>Recognition of Revenue</u> |
|--------------------------------|---|
| (a) Up to 66.67% | To the extent of cost incurred of which recovery is probable. |
| (b) Above 66.67% | By reference to stage of completion. |
- Losses including those anticipated in the contracts are recognised immediately. Provision for contingencies is made in such cases and to such extent as is considered necessary to cover any claims that may arise during the defect liability period.
- 10.2 (b) In respect of Project Management/ Consultancy Contracts/ Cost plus Contracts, 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

- 14.1 Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961. Income tax is a pass-through to beneficiaries to the extent relatable to Core Activity, i.e., Generation of Electricity.
- 14.2 Deferred tax 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 for unabsorbed depreciation or carry forward of losses under tax laws and carried forward to the extent there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Other deferred tax assets are recognized and carried forward to the extent there is 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 on actual payment basis.

15. REHABILITATION & RESETTLEMENT EXPENSES:

Payment made provisionally towards compensation and other expenses relatable to land, which are going to be sub-merged, are treated as Rehabilitation & Resettlement expenses to be capitalized as Dam cost.

16. 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 31.03.2009 (Rs.)	As on 31.03.2008 (Rs.)
(a) Claims against the Corporation not acknowledged as debts in respect of -		
- Capital Works	18868	13459
- Land Compensation Cases	174448	NIL
- Others	227	227
Disputed Income Tax Demand	NIL	NIL
Disputed Excise Demand	NIL	NIL
Disputed Sales Tax Demand	NIL	NIL
Others -CESS	NIL	277
Total	193543	13963

- 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 (Previous year Rs. NIL) towards above contingent liabilities.
2. Foreign Letters of Credits (FLCs) issued in favour of M/s Voith Siemens Hydro Kraft, Germany outstanding as on 31.03.09 amounting to Rs. NIL (Previous year Rs.497 lacs). Inland letters of credit issued in favour of Voith Siemens Hydro Pvt. Ltd. outstanding as on 31.03.09 amounting to Rs. NIL (Previous year Rs. 441 lacs).
3. a) Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs 5173 lacs (Previous year Rs. 5296 lacs). This includes estimated unexecuted amount for the railway diversion works Rs. 3461 lacs (Previous year Rs. 3461 lacs).
- b) Estimated amount of capital commitment towards compensation for Land and other related expenditure is for Rs 8422 lacs (Previous year Rs. 7875 lacs).
4. 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	Upto 31.03.2008	During 2008-09	Upto 31.03.2009
1. Cash in Kind/ Expenditure Adjusted	123113	1018	124131
2. Cash Received	54720	0	54720
3. Amount transferrede from OSPS	0	1116	1116
Total	177833	2134	179967
USAGE OF FUND			
1. Equity Capital	66000	-	66000
2. Irrigation Component	37315	697	38012
3. SSP Component	47681	892	48573
4. Sub-vention towards excess R&R Expenses	22235	2331	24566
5. Electricity Charges recovered	279	0	279
6. Advance against Irrigation/Equity of OSP	3308	0	3308
7. Amount pending adjustment	1015	(1786)	(771)
Total	177833	2134	179967

B) Omkareshwar H.E. project : -

(Amount in Lacs)

SOURCES OF FUND	Upto 31.03.2008	During 2008-09	Upto 31.03.2009
1. Cash in Kind/ Expenditure Adjusted	8093	120	8213
2. Cash Received	41476	0	41476
3. Advance against Irrigation/Equity of OSP	3308	0	3308
Total	52877	120	52997
USAGE OF FUND:			
1. Equity Capital	30016	-	30016
2. Irrigation Component	16910	1108	18018
3. Sub- Vention toward excess R&R Expenses	3107	740	3847
4. Amount Transferred to ISPS		1116	1116
5. Amount pending adjustment			
(i) At C.O.	1570	(1570)	0
(ii) At OSP	1274	(1274)	0
Total	52877	120	52997

5. Other Current Assets includes a sum of Rs. 9 lacs (Previous year 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 (previous year Rs. 12 lacs) towards duplicate payments to oustees, recovery for which is doubtful, therefore, provided for.
6. The effect on the accounts for the year due to change in accounting policy is as under.

Sl. No.	Accounting policy	Effect of change on P&L Account
	NEW ACCOUNTING POLICIES	
1	Accounting Policy No.3.1 (b): Modification of Accounting Policy on Capital Spares, Suitable for re use.	NIL
2	Accounting Policy No.5.1: Rewording of Accounting Policy on Depreciation.	Accounting Policy No.5.1 has been re worded and there is no impact on Profit & Loss Account as there is no change in the effective rates of depreciation.
3	Accounting Policy No.5.8: Introduction of Accounting Policy regarding amortisation of leasehold land.	NIL
4	Accounting Policy No.5.9 :Introduction of Accounting Policy regarding depreciation of assets created on leasehold land.	Profit before tax reduced by Rs. 11 lacs
5	Accounting Policy No.11: Modification of Accounting Policy regarding creation of self-insurance through Profit & Loss appropriation account instead of charging to Profit & Loss Account.	Profit after tax Increased by Rs. 3341 lacs
6	Accounting Policy No. 16: Rewording of Accounting Policy on Grant In Aid.	Accounting Policy No. 16 has been re worded and there is no impact on Profit & Loss Account.
7	Accounting Policy No. 4.1-Rewording of existing policy on Capital Work in Progress	No Impact on P&L Account.
8	Accounting Policy No. 11 - Deletion of existing policy on Allocation of Corporate Office Management Expenses.	No Impact on P&L Account.

7. Depreciation on Fixed Assets is charged as per Significant Accounting Policy No 5 (Schedule 23) of the Corporation. MOP has notified tariff policy, which provides that rate of depreciation, as notified by the Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariff as well as accounting. Pending formulation of norms by CERC in accordance with the tariff policy, the rates notified under present tariff norms are considered appropriate for depreciation for the year. The depreciation charge

for the year is lower by Rs. 13135 lacs (Previous year lower by Rs. 11298 lacs) as compared to the rates prescribed under the Companies Act, 1956.

8. Depreciation on land for right to use provided by M.P. Govt. charged to P&L Account, considering the project life as 35 years.
9. The effect of foreign exchange fluctuation during the year is as under:

(Amount in Lacs)

	For Year 2008-2009	For Year 2007-2008
(i) Amount charged to Profit & Loss Account excluding depreciation (as FERV)	NIL	(65)
(ii) Amount charged to Incidental Expenditure During Construction (as FERV)	NIL	(184)
(iii) Amount charged to Capital Work In Progress (as FERV)	NIL	NIL
(iv) Amount adjusted by addition to carrying amount of fixed assets	64	NIL

10. The Provision of Gratuity, Leave Encashment, Retired Employees' Health Scheme, Leave Travel Concession and Transfer Travelling Allowance (Baggage Allowance) in respect of employees of NHDC is provided on the basis of Actuarial valuation at the year end as on 31.03.2009. In respect of employees who are on transfer from NHPC, the same is taken on the basis of information received from NHPC. No provision is required to be made for employees who are on deputation from GoMP. The disclosure in accordance with Accounting Standard-15 R in respect of actuarial valuation is as follows:

Table 1: - Key Assumptions

	As on 31.03.2009	As on 31.03.2008
Mortality Table	Standard table LIC (1994-96) ultimate table	Standard table LIC (1994-96) ultimate table
Attrition Rate	2%	1%
Discount Rate	7.80% (market yield on government bond as at same date)	8.00% (market yield on government bond as at same date)
Rate of increase in compensation level	6%	6%
Rate of return on plan assets	N.A.	N.A.
Expected average remaining working lives of employees (year)	24	25

Table 2: - Change in present value of obligations

(Amount in Lacs)

	As on 31.03.2009			As on 31.03.2008		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
PVO at beginning of year	113	251	69	63	134	59
Interest Cost	9	20	5	5	11	5
Past Service Cost	2	-	-	-	-	-
Current Service Cost	40	79	23	29	68	19
Benefit paid	(2)	(22)	-	(4)	(18)	-
Actuarial gain/ loss	44	66	(15)	20	56	(14)
Balances received from NHPC	-	9	-	-	-	-
PVO at end of year	206	403	82	113	251	69

Table 3 & 4 - Not Applicable

Table 5:- Actuarial gain/loss recognized

(Amount in Lacs)

	As on 31.03.2009			As on 31.03.2008		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
Actuarial gain/loss for the year- obligation	44	66	(15)	20	56	(14)
Actuarial gain/loss for the year- Plan assets	NIL	NIL	NIL	NIL	NIL	NIL
Total gain/loss	44	66	(15)	20	56	(14)
Actuarial gain/loss recognized for the year	44	66	(15)	20	56	(14)
Unrecognized Actuarial gain/loss at the year end	NIL	NIL	NIL	NIL	NIL	NIL

Table 6:- Amount recognised in Balance Sheet

(Amount in Lacs)

	As on 31.03.2009			As on 31.03.2008		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
PVO at the end of year	206	403	82	113	251	69
Fair value of plan assets at the end of year	NIL	NIL	NIL	NIL	NIL	NIL
Funded status	(206)	(403)	(82)	(113)	(251)	(69)
Unrecognized Actuarial gain/loss	NIL	NIL	NIL	NIL	NIL	NIL
Net liability recognized in balance sheet	206	403	82	113	251	69

Table 7:- Amount recognised in Profit & Loss Account

(Amount in Lacs)

	As on 31.03.2009			As on 31.03.2008		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
Current Service cost	40	79	23	29	68	19
Past service cost	2	NIL	NIL	NIL	NIL	NIL
Interest Cost	9	20	5	5	11	5
Expected return on plan assets	NIL	NIL	NIL	NIL	NIL	NIL
Net Actuarial gain/loss recognised for the year	44	66	(15)	20	56	(14)
Expenses recognized in P&L A/c for the year	95	165	13	54	135	10

Table 8:- Movement in liability recognised in the Balance Sheet

(Amount in Lacs)

	As on 31.03.2009			As on 31.03.2008		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
Opening net liability	113	251	69	63	134	59
Expenses as above	95	165	13	54	135	10
Balances recieved from NHPC	-	9	-	-	-	-
Benefit paid	(2)	(22)	-	(4)	(18)	-
Closing net liability	206	403	82	113	251	69

Liabilities (As on 31.03.09) on account of LTC, EPF MC on Leave Encashment, Baggage Allowance on retirement are Rs.37 lacs, Rs.47 lacs & Rs.25 lacs (As on 31.03.2008 Rs. 40 lacs, Rs. 30 lacs and Rs. 20 lacs respectively).

11. Wage revision of the employees of the Corporation is due w.e.f. 01.01.2007 pending implementation of the report of the committee formed by Govt. of India as regard to wage revision, a provision of Rs. 1284 lacs (Previous Year Rs. 1067 lacs) has been made in current year in the books on reasonable estimate basis. During the FY 2008-09 Rs. 793 lacs (Previous Year Rs NIL) has been paid as lump sum advance against the pay revision.
12. (a) 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.
(b) 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.
13. The elements considered for calculation of Earning Per Share (EPS) are as under:-

Particulars	2008-09		2007-08	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net Profit after tax used as numerator	306,16,38,793	306,16,38,793	362,51,54,625	362,51,54,625
Weighted Average No. of Equity Share used as denominator	19625800	19625800	19625800	19625800
Earning Per share (Rs.)	156.00	156.00	184.71	184.71
FV Per Share (Rs.)	1000	1000	1000	1000

14. The amount of borrowing cost transferred to CWIP during the Year is Rs. NIL (Previous Year Rs. 3838 lacs)
15. The sale of power from OSP to the sole beneficiary MPSEB has been billed on the basis of CERC provisional tariff order dated 30.10.2007 against petition no.56/2007 filed by NHDC.
16. Expenditure of Rs. 546 lacs on Survey and Investigation of New Projects, since not found economically viable and therefore not taken up further, is charged to P&L A/C (ref SCH – 15) in pursuant to Accounting Policy no. 4.3 of the corporation in this regard.
17. (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.
18. Related Party Disclosure: -
a) Related Party Relationships:-

Name of the related party	Relationship
NHPC Ltd.	Joint Venture Partner
Govt. of MP	Joint Venture Partner

b) Directors

Name	Designation
Sh. D.P. Bhargava (On & From 28.02.07 to 31.05.08)	Whole time Director & designated as Chief Executive Director.
Sh. K.M. Singh (From 01.06.08 & onwards)	Whole time Director & designated as Chief Executive Director.

c) Transaction during the period with Related Parties / Directors.

(Amount in Lacs)

Name of the related party	Relation-ship	Description of transaction (Balance as on 31.03.09)	2008-09	2007-08
1. NHPC Ltd.	Joint Venture Partner	(i) Investment during the year (ii) Cumulative Investment (iii) Payment made on account of Consultancy (iv) Balance Due (v) Balance Recoverable	NIL 100242 3 195 NIL	NIL 100242 26 NIL 18
2. Directors	-	(i) Salaries & Allowances (ii) Contribution to PF (iii) Rent for residential accommodation (iv) Other Misc. Reimbursement	15 1 2 2	9 1 1 1

19. 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.67 lacs (Previous year Rs. 71 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. 10 lacs (Previous year Rs. 12 lacs) are shown as Rent / Hiring charges under Schedule of Generation, Administration and Other Expenses.

20. Remuneration to Statutory/Cost Auditors:

a) Statutory Auditors:-

(Amount in Lacs)

Particulars	2008-09	2007-08
i) Audit Fees	6	5
ii) Tax Audit Fees	1	1
iii) Certification Fees	1	2
iv) Other Matters	NIL	NIL
v) Out of Pocket Expenses	2	2

b) Cost Auditors:-

(Amount in Lacs)

a) Audit Fees	1	1
b) Out of Pocket Expenses	NIL	1

21. (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.15840 lacs (previous year

Rs. 15200 lacs) has been provided for during the current year. The item-wise details of cumulative Deferred Tax Liability are as under:

(Amount in Lacs)

	Deferred Tax Liability / Asset	As on 31.3.2009	As on 31.3.2008
I	Deferred Tax Liability: - Difference of book depreciation and tax depreciation	65032	52037
II	Deferred Tax Asset: Unabsorbed depreciation to be carried forward.	7978	10823
III	Net Deferred Tax Liability	57054	41214

(c) The Deferred Tax Asset has been recognized for the amount of unabsorbed depreciation carried forward, in view of virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Asset can be realized.

(d) Since taxes are recoverable from beneficiaries under the CERC guidelines, the Net Deferred Tax Liability provided for has been shown as recoverable from the beneficiary.

22. 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 31.03.09.

23. (a) Quantitative Information:-

(Amount in Lacs)

Particulars	2008-09	2007-08
Licensed Capacity (MW)	Not Applicable	Not Applicable
Installed Capacity (MW)	1520	1520
Actual Generation (MU)	2368.45	3431.87
Actual Sales (MU)	2345.01	3401.67

(b) Information w.r.t:-

(Amount in Lacs)

Sl. No.	Particulars	2008-09	2007-08
a)*	Value of Imports calculated on CIF basis:-		
	i) Capital Goods	669	2039
	ii) Spare Parts	NIL	NIL
b)*	Expenditure in Foreign Currency		
	i) Know – How	NIL	NIL
	ii) Interest	NIL	NIL
	iii) Other Misc. Matters		
	a) Capital Works	141	1343
	b) Tours	2	NIL
c)*	Value of spare parts and components consumed in operating units.		
	i) Imported	NIL	NIL
	ii) Indigenous	179	176
d)**	Earning in foreign currency		
	i) Interest	NIL	NIL
	ii) Others	NIL	NIL

* Accrual basis

** Cash basis

24. 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.
25. Disclosure as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

Particulars	Amount (Rs.)
Principal amount remaining unpaid to Micro, Small & Medium Enterprise	NIL
Interest accrued on principal amount remaining unpaid as (i) above.	NIL
Amount of Interest paid during the year along with the payment of principal amount made beyond the appointed day.	NIL
Interest due but yet to be paid on principal amount paid during the year beyond the appointed day without adding the interest specified under this Act.	NIL
Year –wise detail of sum of (ii) & (iv) above is to be given.	NIL
Sum of (ii) + (iv) + interest paid as per (iii) above less opening liability of interest accrued on principal amount payable under the Micro, Small & Medium Enterprise Development Act, 2006.	NIL

26. Liquidated Damages, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.
27. C.O. management expenses are allocated to Power Stations in the ratio of weighted average installed capacity of Power Station.
28. Previous years' figures have been rearranged/regrouped/recasted, wherever necessary.

For and on behalf of BOARD OF DIRECTORS

R. K. TANEJA
Director
DIN 00077493

K.M Singh
Chief Executive Director
DIN 02223301

S.K.GARG
Chairman & Managing Director
DIN 00055651

V. K. TRIPATHI
Co. Secretary

M. W. KHAN
General Manager (Finance)

As per our report of even date attached
For Multi Associates
Chartered Accountants

CA A.K. Garg
Partner
Membership No. 84003

Place : New Delhi
Dated : 21 May, 2009

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 0 9

II Capital raised during the year (Rupees in Lakhs)

Public Issue

N I L

Right Issue

N I L

Bonus 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 (Rupees in Lakhs)

Total Liabilities

7 4 4 5 8 1

Total Assets

7 4 4 5 8 1

Sources of Funds

Paid-up Capital

1 9 6 2 5 8

Reserves and Surplus

2 2 8 2 0 0

Secured Loan

2 5 1 1 0 7

Unsecured Loan

1 8 5 8 7

Application of Funds

Net Fixed Assets

6 2 0 1 3 6 @

Investments

N I L

Net Current Assets

8 3 5 2 1

Misc. Expenditure

N I L

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress of Rs. 623 Lacs and Construction Stores and Advances of Rs. 12 Lacs.

IV Performance of Company (Rupees in Lacs)

Turnover

7	5	5	9	2	#
---	---	---	---	---	---

Total Expenditure

5	0	2	8	1
---	---	---	---	---

Profit Before Tax

3	5	8	2	0
---	---	---	---	---

Profit After Tax

3	0	6	1	6
---	---	---	---	---

Earning per share in Rupees

1	5	6	.	0	0
---	---	---	---	---	---

Dividend Amount

4	5	9	2
---	---	---	---

Excludes Other Income Rs. 10509 Lacs.

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		H	Y	D	R	O	-	E	L	E	C	T	R	I	C	I	T	Y
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Item Code No.

	-	
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ii) Product Description

											-																			
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Item Code No.

	-	
--	---	--

iii) Product Description

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Item Code No.

	-	
--	---	--

As per our report of even date attached

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

For Multi Associates
Chartered Accountants

CA A.K. GARG
(Partner)
Membership No. 84003

R.K. TANEJA
Director
DIN 00077493

K.M. SINGH
Chief Executive Director
DIN 02223301

V.K. TRIPATHI
Co. Secretary

S.K. GARG
Chairman & Managing Director
DIN 00055651

M.W. KHAN
General Manager (Finance)

Place : New Delhi
Dated : 21.05.2009

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2009

(Rupees in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 st March, 2009	FOR THE YEAR ENDED 31 st March, 2008
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	35820	40950
Add		
- Depreciation	12599	10194
- Excess Provision withdrawn - Dividend	-	3986
- Advance against depreciation (Incl. Rs. 1554 lacs charged to prior period)	9505	-
- Interest & financial charges considered separately	27083	18425
Operating profit before working capital changes	85007	73555
Working Capital Changes		
(Increase)/ Decrease in inventories	(184)	(41)
(Increase)/ Decrease in sundry debtor	8756	6670
(Increase)/ Decrease in loans & advances	2997	(80)
(Increase)/ Decrease in other current assets	(902)	(844)
Increase /(Decrease) in current liabilities & provisions	(4022)	14337
	6645	20042
	91652	93597
Less: Advance tax paid (Net)	4442	3774
Cash generated from operations (A)	87210	89823
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchased of Fixed assets & capitalisation of CWIP	(2773)	(216)
Capital work in progress	(5964)	(47389)
Construction stores & advances	29	483
Net cash used in Investing Activities (B)	(8708)	(47122)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Receipts of share capital deposit	-	-
Proceeds from Borrowings	246102	10016
Repayments of Borrowings	(266935)	(14083)
Funds received from GOMP towards SSP & Irrigation component	1138	7120
Dividend paid	(9888)	(6815)
Dividend tax paid	(1680)	(1158)
Interest and financial charges paid	(27083)	(22264)
CASH FLOW FROM FINANCING ACTIVITIES	(58346)	(27184)
Net increase / decrease in Cash and Cash equivalents (A+B+C)	20156	15517
Cash and cash equivalents (Opening balance)	50457	34940
Cash and cash equivalents (Closing balance)	70613	50457

EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and cash equivalents consist of amount of Rs.14444 lacs (As on 31.03.2008 Rs.16364 lacs) held by the corporation towards margin money of L/C, self insurance reserve and minimum escrow balance, not available for use otherwise.
- Out of total sanctioned loan of Rs.320800 lacs, amount of undrawn loan as on 31.03.2009 is Rs. 8500 lacs (As on 31.03.2008 Rs.16800 lacs).
- Cash (excluding taxes) realised on sale /diposal of fixed assets during the year is 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

CA A.K. GARG
(Partner)
Membership No. 84003

V.K. TRIPATHI
Co. Secretary

M.W. KHAN
General Manager (Finance)

Place : New Delhi
Dated : 21.05.2009

Annexure - C

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED, BHOPAL FOR THE YEAR ENDED 31 MARCH, 2009.

The preparation of financial statements of Narmada Hydroelectric Development Corporation Limited, Bhopal for the year ended 31 March, 2009 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 21 May, 2009

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 of Narmada Hydroelectric Development Corporation Limited, Bhopal, for the year ended 31 March, 2009. 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 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

(Ghazala Meenai)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-III, New Delhi

Place : New Delhi

Dated : 22 June, 2009

AUDITORS' REPORT TO THE BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP (NHPC LIMITED & ITS SUBSIDIARY NHDC)

1. We have audited the attached Consolidated Balance Sheet of **NHPC LIMITED** (NHPC) and its subsidiary company **NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED** (NHDC) as at 31st March, 2009 and also the Consolidated Profit & Loss Accounts, 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 subsidiary NHDC, which has been audited by M/s Multi Associates., whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of its auditor. The details of the assets, revenue and net cash flow in respect of subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:

(Amount in Crore)

Name	Total Assets	Total Revenue	Net Cash Flows
Subsidiary NHDC	7445.81	861.01	201.56

4. We report that the consolidated financial statements have been prepared by the Company management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

MANAGEMENT REPLY

5. ***Uniform accounting policies / methods regarding charging to revenue of following expenses have not been followed while drawing the financial statements of NHPC Limited and its subsidiary NHDC.***

S.No.	Policy/Method	NHPC	NHDC
1	<i>Payments relating to Rehabilitation and Resettlement including land under sub - mergence.</i>	<i>Treated as Land- unclassified</i>	<i>Treated as Dam Cost.</i>

Had uniform policy / method been followed, the profit for the year of the Group (net of Minority Interest) would have been lower by Rs 6.67 Crore. Further, Fixed Assets are overstated by Rs. 95.63 Crore, Capital Reserve are overstated by Rs. 39.53 Crore, Minority Interest are overstated by Rs. 27.49 Crore and Reserve & Surplus is overstated by Rs 28.61 Crore.

6. ***Subject to our observations referred in paragraph 5 above,*** 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 particularly note no. 15 regarding depreciation, and the Significant Accounting Policies give a true and fair view in conformity with the accounting principles generally accepted in India:
- In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2009,
 - In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the period ended on that date,
 - In case of the Consolidated Statement of Expenditure incurred during the Construction, of the expenditure incurred up to the period ended on reporting date, and
 - 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

(SUNIL AGGARWAL)
PARTNER
MEMBERSHIP NO: 83899

PLACE : NEW DELHI
DATE : 26th May, 2009



44 MW Chutak Project (Jammu & Kashmir) - Dam Site



2000 MW Subansiri Lower Project (Arunachal Pradesh) - Inlet to diversion tunnel

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

(Rupees in crore)

	SCHEDULE	31st March, 2009	31st March, 2008
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
i) Share Capital	1	11182.49	11182.49
ii) Reserves and Surplus	2	<u>8585.28</u> 19767.77	<u>7748.46</u> 18930.95
B. MINORITY INTEREST		1494.44	1396.69
C. LOAN FUNDS			
i) Secured Loans	3	10723.45	9902.65
ii) Unsecured Loans	4	<u>4207.52</u> 14930.97	<u>2952.84</u> 12855.49
D. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION			
		1424.52	1303.26
E. DEFERRED TAX LIABILITY (NET)			
Deferred tax liabilities		2983.52	2429.21
Less: Deferred tax recoverable		<u>2983.52</u> -	<u>2429.21</u> -
TOTAL		<u>37617.70</u>	<u>34486.39</u>
APPLICATION OF FUNDS			
A. FIXED CAPITAL EXPENDITURE			
i) Fixed Assets	5		
a) Gross Block		28146.92	27224.56
Less: Depreciation		<u>4314.59</u>	<u>3607.46</u>
b) Net Block		23832.33	23617.10
ii) Capital Work In Progress	6	9408.06	6332.47
iii) Construction Stores and Advances	7	<u>1096.98</u> 34337.37	<u>1077.37</u> 31026.94
B. INVESTMENTS	8	1791.19	2046.79
C. CURRENT ASSETS, LOANS AND ADVANCES			
i) Interest accrued on investments		81.01	91.91
ii) Inventories		41.52	39.69
iii) Contract Work-in-Progress		19.55	75.19
iv) Sundry Debtors		763.65	904.58
v) Cash and Bank Balances		2606.08	2345.87
vi) Other Current Assets		430.27	236.21
vii) Loans and Advances		<u>1713.65</u> 5655.73	<u>798.27</u> 4491.72
Less: CURRENT LIABILITIES AND PROVISIONS	10		
i) Liabilities		2255.99	1341.40
ii) Provisions		<u>1912.93</u> <u>4168.92</u>	<u>1738.00</u> <u>3079.40</u>
NET CURRENT ASSETS		1486.81	1412.32
D. MISCELLANEOUS EXPENDITURE	11	2.33	0.34
(To the extent not written off or adjusted)			
TOTAL		<u>37617.70</u>	<u>34486.39</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 GSA & ASSOCIATES

Chartered Accountants

(SUNIL AGGARWAL)

Partner
M.NO 83899

VIJAY GUPTA
Company Secretary

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

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

S.K. GARG
Chairman & Managing Director
DIN 00055651

Place : New Delhi
Dated : 26th May, 2009



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

(Rupees in crore)

SCHEDULE		31st March, 2009		31st March, 2008	
INCOME					
i)	Sales	12	3533.49		2982.10
	Less: Advances against depreciation	12A	105.72	3427.77	57.27
ii)	Revenue from Contract, Project Management and Consultancy Works	13		48.93	47.77
iii)	Other Income	14		595.33	457.23
TOTAL INCOME			4072.03		3429.83
EXPENDITURE					
i)	Generation, Administration and other Expenses	15		369.06	323.57
ii)	Employees' Remuneration and Benefits	16		538.96	339.93
iii)	Depreciation	17		644.07	545.54
iv)	Interest and Finance charges	18		776.01	637.65
v)	Provisions	19		190.98	11.43
vi)	Expenditure on Contract, Project Management and Consultancy Works	20		61.16	40.37
TOTAL EXPENDITURE			2580.24		1898.49
Profit before Tax and Prior Period Adjustments			1491.79		1531.34
	Prior Period Adjustments (net)	21		5.52	42.35
PROFIT BEFORE TAX			1486.27		1488.99
Provision for Taxation					
i)	Current Tax		161.85		164.30
ii)	Fringe Benefit Tax		10.19		10.18
iii)	Adjustments relating to earlier years		(16.88)		15.07
iv)	Deferred Tax		554.32	400.13	
	Less: Deferred tax recoverable adjustment		554.32	-	400.13
PROFIT AFTER TAX (Before adjustment of Minority Interest)			1331.11		1299.44
	Share of Profit/ (Loss) transferred to Minority Interest		146.20		153.27
PROFIT AFTER TAX (After adjustment of Minority Interest)			1184.91		1146.17
	Balance brought forward		1748.54		990.96
	Excess provision withdrawn- Dividend		-		2.95
BALANCE AVAILABLE FOR APPROPRIATION			2933.45		2140.08
i)	Transfer from Bond Redemption Reserve		(14.25)		23.75
ii)	Amount written back from Self Insurance Reserve		(0.06)		-
iii)	Tax on Dividend - Set Off		(8.57)		-
iv)	Transfer to Self Insurance Reserve		115.79		-
v)	Dividend :				
	- Interim		125.00		100.00
	- Proposed		200.00		200.00
vi)	Tax on Dividend :				
	- Interim		21.24		17.00
	- Proposed		41.79		50.79
BALANCE CARRIED TO BALANCE SHEET			2452.51		1748.54
Earning per share					
(Equity shares, face value of Rs. 10/- each)					
	Basic		1.06		1.03
	Diluted		1.06		1.02
Expenditure during Construction		22			
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 GSA & ASSOCIATES

Chartered Accountants

(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 : 26th May, 2009

SCHEDULE 1 - SHARE CAPITAL

(Rupees in crore)

	Opening Balance as at 01.04.2008	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2009
AUTHORISED: 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
ISSUED, SUBSCRIBED AND PAID-UP: 11,182,493,430 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	-	-	11,182.49
Total	11,182.49	-	-	11,182.49

SCHEDULE 2 - RESERVE & SURPLUS

(Rupees in crore)

		31st MARCH, 2009			31st MARCH, 2008			
	Opening Balance as at 01.04.2008	Additions	Adjustment/ Deductions	Closing Balance as at 31.03.2009	Opening Balance as at 01.04.2007	Additions	Deductions	Closing Balance as at 31.03.2008
Capital Reserve on Consolidation	3.54	-	-	3.54	3.54	-	-	3.54
Capital Reserve - Sale of Assets	-	-	-	-	0.06	-	0.06	-
Capital Grant-From GoMP, NVDA for Indira Sagar, Sardar Sarovar Project and Omkareshwar	1,206.19	57.68	26.30	1,237.57	1,127.52	101.81	23.14	1,206.19
Bond Redemption Reserve	142.50	-	14.25	128.25	118.75	23.75	-	142.50
General Reserve	4,120.06	-	-	4,120.06	4,120.00	-	(0.06)	4,120.06
Surplus as per Profit & Loss Account	1,745.00	703.97	-	2,448.97	987.42	1,149.12	391.54	1,745.00
Self Insurance Reserve	531.17	1,15.78	0.06	646.89	441.34	100.53	10.70	531.17
Total	7,748.46	8,77.43	40.61	8,585.28	6,798.63	1,375.21	425.38	7,748.46

SCHEDULE 3 - LOAN FUNDS SECURED

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. BONDS		
Bonds/Debenture	513.00	570.00
B. TERM LOANS		
Term Loan from Banks / FIs - Indian Currency	10210.45	9332.65
TOTAL (Refer Appendix)	10723.45	9902.65

APPENDIX TO SCHEDULE-3

LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2009	31st March, 2008
(A). BONDS (Non-convertible and Non-cumulative)		
BONDS - O SERIES *2		
(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)	513.00	570.00
(Yearly redemption of Rs. 57 crore w.e.f. 31.03.09 to 30.09.18)		
(Due for redemption within one year Rs. 57 crores)		
TOTAL BONDS (A)	513.00	570.00
(B). TERM LOANS		
CANARA BANK *1	68.00	85.00
(Due for repayment within one year Rs.17 crores)		
(Repayable in 5 equal yearly installment w.e.f. 31.01.09)		
INDIAN OVERSEAS BANK *1	37.50	50.00
(Due for redemption within one year Rs.12.50 crores)		
(Repayable in 4 equal yearly installments w.e.f. 06.12.08)		
STATE BANK OF PATIALA *1	32.00	36.00
(Due for repayment within one year Rs.4 crore)		
(Repayable in 20 half yearly installments w.e.f. 09.07.07)		
BANK OF INDIA *3	75.00	85.00
(Due for repayment within one year Rs.10 crore)		
(Repayable in 10 years in 40 equal quarterly installments w.e.f. 24.12.06)		
CENTRAL BANK OF INDIA *3	50.00	60.00
(Due for repayment within one year Rs.10 crore)		
(Repayment in 20 half yearly installments of Rs.5 crore w.e.f. 02.05.04)		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3	64.29	78.57
(Due for repayment within one year Rs.14.28 crore)		
(Repayable in 14 equal half yearly installments w.e.f. 13.02.07)		
PUNJAB & SIND BANK *3	75.00	85.00
(Due for repayment within one year Rs.10 crore)		
(Repayable in 40 quarterly installments in 10 years w.e.f. 24.10.06)		
PUNJAB NATIONAL BANK *3	82.50	97.50
(Due for repayment within one year Rs.15 crore)		
(Repayment in 10 years in 20 half yearly installments w.e.f. 26.10.04)		
STATE BANK OF PATIALA *3	32.14	39.29
(Due for repayment within one year Rs.7.14 crore)		
(Repayment in 14 half yearly installments w.e.f. 30.01.07)		
STATE BANK OF HYDERABAD *3	32.14	39.29
(Due for repayment within one year Rs.7.14 crore)		
(Repayment in 14 half yearly installments in 7 years w.e.f. 07.01.07)		
STATE BANK OF INDIA *3	85.71	107.14
(Due for repayment within one year Rs.21.43 crore)		
(Repayment in 14 half yearly installments w.e.f. 18.09.06)		
CANARA BANK *4	40.00	50.00
(Due for repayment within one year Rs.10 crore)		
(Repayable in 4 equal yearly installments w.e.f. 28.06.09)		
LIFE INSURANCE CORPORATION OF INDIA *5 & 7	2500.00	2500.00
(Due for repayment within one year Rs.208.33 crore)		
(Repayable in 24 half yearly installments in 12 years w.e.f. 15.04.09)		
CANARA BANK *2	160.00	180.00
(Due for repayment within one year Rs.20 crore)		
(Repayable in 10 equal yearly installments w.e.f. 09.11.07)		
SYNDICATE BANK *2	146.40	164.70
(Due for repayment within one year Rs.18.30 crore)		
(Repayable in 10 equal yearly installments w.e.f. 23.02.08)		

APPENDIX TO SCHEDULE-3

(Rupees in crore)

	31st March, 2009	31st March, 2008
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year Rs.20 crore) (Repayable in 10 equal yearly installments w.e.f. 31.03.08)	160.00	180.00
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year Rs. Nil) (Repayable in 10 equal yearly installments w.e.f. 27.12.11)	100.00	100.00
LIFE INSURANCE CORPORATION OF INDIA *6 (Due for repayment within one year Rs.Nil) (Repayable in 24 half yearly installments in 12 years w.e.f. 30.04.12)	1896.00	1496.00
INDIAN BANK *1 (Due for repayment within one year Rs.NIL) (Repayable in 3 equal installments w.e.f. 28.02.12)	100.00	100.00
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	296.00	50.00
POWER FINANCE CORPORATION LIMITED *9 (Due for repayment within one year Rs.18.60 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.10.08)	176.70	120.00
POWER FINANCE CORPORATION LIMITED *9 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	70.00	70.00
POWER FINANCE CORPORATION LIMITED *2 & 3 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.07.11)	507.00	190.00
POWER FINANCE CORPORATION LIMITED *1 (Due for repayment within one year Rs.30.97 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.07.09)	413.00	260.00
POWER FINANCE CORPORATION LIMITED *1 (Due for repayment within one year Rs.12.50 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.01.10)	500.00	210.00
PUNJAB AND SINDH BANK * 10 (Due for repayment within one year Rs.41.67 crore) (Call notice for repayment of outstanding amount of Rs. 41.67 crore due on 26.04.2009)	41.67	45.83
SIDBI * 10 (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments w.e.f. 31.12.2007)	83.34	91.67
UNION BANK OF INDIA * 10 (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments w.e.f. 31.12.2007)	83.33	91.67
PUNJAB NATIONAL BANK * 10 (Due for repayment within one year Rs. 22.92 crore) (Repayable in 12 annual equal installments w.e.f. 31.12.2007)	229.17	252.08
INDIAN OVERSEAS BANK * 10 (Due for repayment within one year Rs.4.17 crore) (Repayable in 12 annual equal installments w.e.f. 31.12.2007)	41.67	45.83
BANK OF BARODA * 10 (Due for repayment within one year Rs. 1.25 crore) (Repayable in 12 annual equal installments w.e.f. 31.12.2007)	12.50	13.75
POWER FINANCE CORPORATION LTD. *11 (Due for repayment within one year Rs. 135 crore) (Repayable in 20 Half yearly equal installments w.e.f. 15.01.2009)	1282.50	-
CENTRAL BANK OF INDIA * 13 (Due for repayment within one year Rs.48 crore)	48.00	-

APPENDIX TO SCHEDULE 3

(Rupees in crore)

	31st March, 2009	31st March, 2008
DENA BANK * 13 (Due for repayment within one year Rs.83.33 crore)	83.33	-
THE JAMMU AND KASHMIR BANK LTD. * 13 (Due for repayment within one year Rs.10.12 crore)	10.12	-
ORIENTAL BANK OF COMMERCE *12 (Due for repayment within one year Rs.500 crore)	500.00	-
SYNDICATE BANK * 13 (Due for repayment within one year Rs. 7.65 crore)	7.65	-
UNITED BANK OF INDIA *12 (Due for repayment within one year Rs. 83.33 crore)	83.33	-
ORIENTAL BANK OF COMMERCE * 13 (Interest accrued and due on Short Term Loans From Banks /FIs-INR-secured)	4.46	-
UNION BANK OF INDIA	-	300.00
INDIAN OVERSEAS BANK	-	50.00
CORPORATION BANK	-	100.00
CANARA BANK	-	104.00
CENTRAL BANK OF INDIA	-	138.00
PUNJAB NATIONAL BANK	-	173.00
SIDBI	-	35.00
UNITED BANK OF INDIA	-	75.00
SYNDICATE BANK	-	75.00
ORIENTAL BANK OF COMMERCE	-	150.00
ALLAHABAD BANK	-	150.00
ORIENTAL BANK OF COMMERCE	-	183.33
THE JAMMU AND KASHMIR BANK LTD.	-	91.66
BANK OF INDIA	-	320.83
ANDHRA BANK	-	91.67
CANARA BANK	-	137.50
DENA BANK	-	91.67
UNITED BANK OF INDIA	-	91.67
TOTAL SECURED LOANS (B)	10210.45	9332.65
TOTAL (A+B)	10723.45	9902.65

APPENDIX TO SCHEDULE-3

Note :-

- 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.
- 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.
- Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets of Corporation's Chamera Power Station-II situated in the state of Himachal Pradesh except book debts & stores.
- 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.
- 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.
- 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 and Teesta-V H.E. Projects situated in the State of Sikkim.
- Secured by a first pari-passu mortgage and charge over all the Immoveable and Moveable assets of the Company's Dhauliganga Power Station situated in the state of Uttarakhand except for book debts & stores.
- Secured by way of first charge by way of hypothecation on whole of the Corporation's Moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
- Secured by way of first pari-passu charge by way of hypothecation on whole of the Corporation's Moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
- 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 Indra Sagar Power Station for the respective portion of outstanding long term loan.
- 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.
- The Short Term Loan of Rs. 583.33 Cr. of Oriental Bank of Commerce & United Bank of India is secured by first pari-passu charge on all present and future Moveable, fixed and current assets of the Indira Sagar Power Station.
- The Short Term Loan are secured against FDR's.

SCHEDULE 4 - LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2009	31st March, 2008
TERM LOANS		
Term Loan from Banks / Fls - Foreign Currency		
(a) Guaranteed by Government of India	3187.65	2737.41
(b) Others	-	215.43
LOANS FROM GOVERNMENT OF INDIA		
Loans From Government - unsecured	34.00	-
SHORT TERM LOANS		
Short Term Loans From Banks/Fls - Indian Currency - unsecured	985.87	-
TOTAL (Refer Appendix)	4207.52	2952.84

APPENDIX TO SCHEDULE-4

LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2009		31st March, 2008	
(A) Term Loan From Banks/FIs - Foreign Currency				
(a) Guaranteed by Government of India				
i) Nordic Investment Bank (Due for repayment within one year Rs.25.92 crore)	51.84		60.62	
ii) Credit Commercial DE France (Due for repayment within one year Rs.115.69 crore)	173.53		268.25	
iii) Export Development Canada (Due for repayment within one year Rs.57.19 crore)	363.24		402.42	
iv) Japan Bank of International Cooperation Tranche-I (Due for repayment within one year Rs.12.77 crore)	217.08		175.89	
v) Japan Bank of International Cooperation Tranche-II (Due for repayment within one year Rs.41.89 crore)	795.94		641.14	
vi) Japan Bank of International Cooperation Tranche-III (Due for repayment within one year Rs.Nil)	625.68		472.48	
vii) Deutsche Bank & Others (Due for repayment within one year Rs.96.03 crore)	<u>960.34</u>	3187.65	<u>716.61</u>	2737.41
(b) Others				
ECB - BARCLAYS & SCB (Due for repayment within one year Rs.Nil)		-		215.43
(B) Loans from Government of India				
Subordinate Debt from Govt. of India (Due for repayment within one year Rs.Nil) (Repayable in 18 equal annual installments from the 12th year after commissioning)		34.00		-
(C) Short Term Loans				
BANK OF BARODA (Due for repayment within one year Rs.100 crore)	100.00			-
BANK OF BARODA (Due for repayment within one year Rs.100 crore)	100.00			-
BANK OF MAHARASHTRA (Due for repayment within one year Rs.100 crore)	100.00			-
INDIAN OVERSEAS BANK (Due for repayment within one year Rs.300 crore)	300.00			-
INDIAN OVERSEAS BANK (Due for repayment within one year Rs.200 crore)	200.00			-
ALLAHABAD BANK (Due for repayment within one year Rs.184.23 crore)	184.23			-
ALLAHABAD BANK (Due for repayment within one year Rs. 1.64 crore)	1.64	985.87		-
TOTAL		<u>4207.52</u>		<u>2952.84</u>

SCHEDULE 5 - FIXED ASSETS

(Rupees in crore)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
		01.04.2008	Additions/ Adjustments	Deductions/ Adjustments	31.03.2009	01.04.2008	For the Year	Adjust- ments	31.03.2009	31.03.2009	31.03.2008
i)	Land – Freehold	192.83	4.43	2.26	195.00	-	-	-	-	195.00	192.83
ii)	Land – Leasehold	67.72	44.54	0.20	112.06	2.71	0.94	0.29	3.94	108.12	65.01
iii)	Land – Unclassified/ Right of Use	676.15	118.72	74.13	720.74	10.38	1.64	0.10	12.12	708.62	665.77
iv)	Buildings	2,268.48	69.24	13.03	2,324.69	370.19	62.73	0.01	432.93	1,891.76	1,898.29
v)	Roads and Bridges	356.75	24.03	1.75	379.03	45.83	7.06	0.42	53.31	325.72	310.92
vi)	Railway Sidings	24.26	21.27	5.46	40.07	0.64	2.39	3.77	6.80	33.27	23.62
vii)	Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	16,217.02	446.55	1.24	16,662.33	1,824.10	371.65	0.53	2,196.28	14,466.05	14,392.92
viii)	Generating Plant and Machinery	6,865.63	297.31	43.92	7,119.02	1,132.68	220.41	2.03	1,355.12	5,763.90	5,732.95
ix)	Plant and Machinery - Sub station	106.22	2.97	1.46	107.73	32.68	3.60	(0.27)	36.01	71.72	73.54
x)	Plant and Machinery -Transmission lines	58.00	3.99	0.02	61.97	6.72	2.39	0.05	9.16	52.81	51.28
xi)	Plant and Machinery - Others	24.92	3.70	0.68	27.94	7.92	1.51	(0.04)	9.39	18.55	17.00
xii)	Construction Equipment	73.96	5.53	3.14	76.35	41.80	6.99	(1.36)	47.43	28.92	32.16
xiii)	Water Supply System/Drainage and Sewerage	26.22	4.22	0.48	29.96	1.96	0.51	(0.03)	2.44	27.52	24.26
xiv)	Electrical installations	3.33	0.20	0.03	3.50	0.68	0.21	-	0.89	2.61	2.65
xv)	Vehicles	28.38	2.83	2.40	28.81	22.51	1.34	(1.51)	22.34	6.47	5.87
xvi)	Aircraft/ Boats	1.02	0.05	0.10	0.97	0.74	0.07	(0.07)	0.74	0.23	0.28
xvii)	Furniture and Fixture	38.21	3.28	0.87	40.62	12.75	2.83	(0.24)	15.34	25.28	25.46
xviii)	Computers	48.78	6.76	3.30	52.24	36.16	5.67	(2.14)	39.69	12.55	12.62
xix)	Communication Equipment	15.33	0.54	0.44	15.43	6.04	0.79	(0.23)	6.60	8.83	9.29
xx)	Office Equipments	34.70	4.22	1.55	37.37	10.78	2.77	(0.41)	13.14	24.23	23.92
xxi)	Research and Development	0.16	1.20	-	1.36	0.04	0.08	-	0.12	1.24	0.12
xxii)	Intangible Assets (Software)	7.55	7.99	0.33	15.21	6.57	3.09	0.01	9.67	5.54	0.98
xxiii)	Other Assets	40.55	3.09	2.27	41.37	13.37	2.40	(0.68)	15.09	26.28	27.18
xxiv)	Capital Expenditure on assets not owned by NHPC	30.46	2.97	-	33.43	3.43	4.02	0.80	8.25	25.18	27.03
xxv)	Fixed assets of Minor Value >750 and < Rs.5000	16.79	1.71	0.70	17.80	16.78	1.49	(0.48)	17.79	0.01	0.01
xxvi)	Obsolete / Surplus Assets	1.14	1.38	0.60	1.92	-	-	-	-	1.92	1.14
	TOTAL	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
	Previous Year	17,027.37	10,317.47	120.28	27,224.56	3,073.97	608.04	(74.55)	3,607.46	23,617.10	13,953.40

SCHEDULE 6 - CAPITAL WORK-IN-PROGRESS

(Rupees in crore)

		01.04.2008	Additions	Adjustments	Capitalised	31.03.2009
i	Buildings	396.86	284.27	(44.59)	39.65	596.89
ii	Roads and Bridges	66.57	18.43	(3.54)	19.42	62.04
iii	Railway sidings \$	4.50	0.09	-	2.82	1.77
iv	Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	2,323.43	1,323.75	(226.97)	39.38	3,380.83
v	Generating Plant and Machinery	990.65	1,813.56	(551.91)	148.11	2,104.19
vi	Plant and machinery - Sub station	0.49	4.29	-	0.15	4.63
vii	Plant and machinery - Transmission lines	2.01	3.43	(0.05)	4.33	1.06
viii	Plant and machinery - Others	1.74	2.20	-	2.94	1.00
ix	Construction Equipment	-	0.09	-	0.09	-
x	Water Supply System/Drainage and Sewerage	1.51	3.60	(0.09)	4.07	0.95
xi	Other assets awaiting installation	3.43	1.47	(2.32)	-	2.58
xii	Intangible Assets	1.24	9.53	-	6.41	4.36
xiii	Capital Expenditure On assets Not Owned by NHPC	15.74	2.29	0.16	2.81	15.38
xiv	Survey, investigation, consultancy and supervision charges	121.62	12.58	(24.30)	0.67	109.23
xv	Expenditure on compensatory Afforestation	10.27	59.50	(7.75)	59.75	2.27
xvi	Expenditure during construction period	2,401.28	919.72*	(130.42)	28.80	3,161.78
	TOTAL	6,341.34	4,458.80	(991.78)	359.40	9,448.96
	Less: Provided for	8.87	32.03	-	-	40.90
	TOTAL	6,332.47	4,426.77	(991.78)	359.40	9,408.06
	<i>Previous Year</i>	13408.92	3161.27	(205.75)	10031.97	6332.47

\$ 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

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. CONSTRUCTION STORES		
(At cost as valued and certified by management)		
i) Stores and spares	47.69	71.84
ii) Loose tools	0.03	0.03
iii) Scrap inventory	0.12	0.07
iv) Stores in transit/ pending inspection	4.87	58.95
v) Material issued to contractors/ fabricators	70.68	61.19
Less : Provisions for construction stores	<u>3.31</u>	<u>3.29</u>
	120.08	188.79
B. ADVANCES FOR CAPITAL EXPENDITURES		
i) Secured (Considered Good)	88.50	75.82
ii) Unsecured (Considered Good)		
– Against Bank Guarantee	761.78	711.66
– Others	126.63	101.10
iii) Unsecured-(Considered Doubtful)	2.27	2.28
Less : Provisions for doubtful advances	<u>2.28</u>	<u>2.28</u>
TOTAL	1096.98	1077.37
Provision for construction Stores		
As per last Balance Sheet	3.29	16.20
Additions during the year	0.04	-
Adjustment during the year	-	(12.91)
Amount used during the year	0.02	-
Amount reversed during the year	-	-
Closing Balance	3.31	3.29
Provision for doubtful Advances		
As per last Balance Sheet	2.28	2.28
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	2.28	2.28

SCHEDULE 8 - INVESTMENTS

(Rupees in crore)

	Number of shares/ bonds/ Securities Current year/ (Previous year)	Face value per share/ bond/ security (in Rs.)	31st March, 2009	31st March, 2008
LONG TERM (Trade - unless otherwise specified)				
A. Quoted				
Equity shares \$				
PTC India Ltd.	12000000 (12000000)	10	12.00	12.00
Indian Overseas Bank (Non-Trade)	360800 (360800)	10	0.36	0.36
Sub Total (A)			12.36	12.36
B. Unquoted				
Equity shares in JV				
National Power Exchange limited	833500	10	0.83	-
Bonds \$				
8.50 % Tax-Free State Government Special Bonds of the Government of				
Arunachal Pradesh	6,804 (7,776)	1,000	0.68	0.78
Bihar	133,490 (152,560)	1,000	13.35	15.25
Haryana	3,955,000 (4,520,000)	1,000	395.50	452.00
Himachal Pradesh	125,076 (142,944)	1,000	12.51	14.29
Jammu and Kashmir	5,394,872 (6,165,568)	1,000	539.49	616.56
Jharkhand	100,170 (114,480)	1,000	10.02	11.45
Meghalaya	3,724 (4,256)	1,000	0.37	0.43
Mizoram	22,470 (25,680)	1,000	2.24	2.57
Nagaland	48,440 (55,360)	1,000	4.84	5.53
Punjab	1,559,670 (1,782,480)	1,000	155.97	178.25
Rajasthan	227,928 (284,910)	1,000	22.79	28.49
Sikkim	16,352 (18,688)	1,000	1.64	1.87
Tripura	18,676 (21,344)	1,000	1.87	2.13
Uttar Pradesh	5,508,230 (6,295,120)	1,000	550.82	629.51
Uttarakhand	612,010 (699,440)	1,000	61.20	69.94
West Bengal	47,054 (53,776)	1,000	4.71	5.38
Sub Total (B)			1778.83	2034.43
Total (A+B)			1791.19	2046.79
<i>\$ In DEMAT form</i>				
Quoted Investments				
(i) Aggregate Cost			12.36	12.36
(ii) Aggregate Market Value				
- NSE quotes			85.58	121.03
- BSE quotes			84.86	120.20
Unquoted Investments				
Aggregate Cost			1778.83	2034.43

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. INTEREST ACCRUED ON INVESTMENTS	81.01	91.91
B. INVENTORIES		
(As valued and certified by management)		
i) Stores and spares	51.28	59.37
ii) Loose tools	0.66	0.68
iii) Scrap inventory	2.36	1.20
iv) Stores in transit/ pending inspection	1.03	0.44
v) Material at site	11.45	11.05
vi) Material issued to contractors/ fabricators	0.73	2.75
Less: Provision for obsolete store & spares *1	<u>25.99</u>	<u>35.80</u>
TOTAL	41.52	39.69
C. WORK IN PROGRESS		
i) Construction Work-in-Progress (on behalf of clients)	45.59	75.19
Less: Advance/deposits from clients/contractees	<u>26.04</u>	<u>-</u>
	19.55	75.19
D. SUNDRY DEBTORS (UNSECURED)		
i) Debts outstanding for a period exceeding six months		
- Considered good	392.79	593.37
- Considered doubtful and provided	<u>194.97</u>	<u>77.13</u>
ii) Other debts		
- Considered good	<u>370.86</u>	<u>311.21</u>
	958.62	981.71
Less: Provision for doubtful debts *2	<u>194.97</u>	<u>77.13</u>
TOTAL	763.65	904.58
E. CASH AND BANK BALANCES		
i) Cash on hand		
(includes cheques, drafts, stamps in hand of Rs 0.18 crores, Previous year Rs 0.09 crores)	0.75	0.56
ii) Bank balances		
• With scheduled banks		
- In current account	311.17	435.37
- In deposits account	<u>2294.13</u>	<u>1909.75</u>
• With other banks		
- In current account		
Bank of Bhutan, Trongsa	<u>0.03</u>	<u>0.19</u>
TOTAL	2606.08	2345.87
F. OTHER CURRENT ASSETS		
i) Interest accrued		
- Advance to Government of Arunachal Pradesh	36.94	15.31
- Loan to State Government in settlement of dues from customers	<u>32.97</u>	<u>32.97</u>
- Deposits with banks	79.19	23.94
ii) Others	93.71	70.60
iii) Claims recoverable from different agencies	193.63	109.49
Less: Provisions for doubtful claims *3	<u>6.17</u>	<u>16.10</u>
TOTAL	430.27	236.21
G. LOANS AND ADVANCES		
a) LOANS		
i) Employees (including accrued interest)		
- Secured	107.69	108.60
- Unsecured (Considered Good)	24.98	24.65
- Unsecured, considered doubtful	0.16	-
ii) Loan to State Government in settlement of dues from customer		
Unsecured Considered Good	190.22	215.58
iii) Advance to Government of Arunachal Pradesh		
- Unsecured Considered Good	<u>225.00</u>	<u>225.00</u>
b) ADVANCES		
(recoverable in cash or kind for value to be received)		
i) Contractors & suppliers		
Secured	0.13	0.07
Unsecured (Considered Good):		
- Covered by Bank Gurantees	177.89	20.83
- Others	<u>176.40</u>	<u>11.39</u>
Unsecured (Considered Doubtful)	2.90	0.50
ii) Employees		
Unsecured (Considered Good)	3.04	4.00
Unsecured (Considered Doubtful)	0.01	-

SCHEDULE 9 - CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2009		31st March, 2008	
iii) Other Advances				
Unsecured (Considered Good)	0.22		0.43	
Less : Provisions for doubtful loans and advances *4	<u>3.06</u>	905.58	<u>0.50</u>	610.55
iv) Deferred Foreign Currency Fluctuation Assets		772.97		160.08
c) DEPOSITS				
Advance income tax	673.77		583.69	
Less : Provisions for Taxation *5	<u>638.67</u>	35.10	<u>556.05</u>	27.64
TOTAL		1713.65		798.27
TOTAL (A to G)		<u>5655.73</u>		<u>4491.72</u>
PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH NON-SCHEDULED BANKS				
	2008-09		2007-08	
Bank of Bhutan				
i) Current account		0.22		0.30
Deutsche Bank, Tokyo Branch				
i) Current account		6.20		12.92
PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS				
i) Amount due at the end of the year		0.08		0.02
ii) Maximum balance at any time during the year		0.11		0.03
Advance due by Companies in which any Director of the Corporation is a Director or member amounts to Rs. Nil (Previous year Rs. Nil)				
DETAILS OF PROVISION				
Provision for obsolete store & spares *1				
As per last Balance Sheet		35.80		13.27
Additions during the year		0.08		10.20
Adjustment during the year		-		12.91
Amount used during the year		9.37		0.53
Amount reversed during the year		<u>0.52</u>		<u>0.05</u>
Closing Balance		25.99		35.80
Provision for Doubtful Debts *2				
As per last Balance Sheet		77.13		75.94
Additions during the year		120.81		1.19
Amount used during the year		2.97		-
Amount reversed during the year		-		-
Closing Balance		194.97		77.13
Provision for bad & doubtful claims *3				
As per last Balance Sheet		16.10		18.30
Additions during the year		0.45		0.78
Adjustment during the year		0.17		-
Amount used during the year		10.54		0.08
Amount reversed during the year		<u>0.01</u>		<u>2.90</u>
Closing Balance		6.17		16.10
Provisions for Doubtful Loans & Advances *4				
As per last Balance Sheet		0.50		0.46
Additions during the year		2.59		0.04
Amount used during the year		0.03		-
Amount reversed during the year		-		-
Closing Balance		3.06		0.50
Provision for Taxation *5				
As per last Balance Sheet		556.05		408.42
Additions during the year		155.17		189.57
Adjustment during the year		(3.97)		21.26
Amount used during the year		68.58		62.89
Amount reversed during the year		-		<u>0.31</u>
Closing Balance		638.67		556.05

SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March, 2009		31st March, 2008	
A. LIABILITIES				
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	653.97		733.44	
ii) Deposits/ retention money	231.15		101.33	
iii) Interest accrued but not due on loans	232.77		193.56	
iv) Advances against the Deposit Works	133.60		77.85	
Less : Amount recoverable on Deposit Works	126.95	6.65	23.31	54.54
v) Advances/ Deposit from clients/contractees	1577.95		669.29	
Less : Amount Recoverable in respect of Project Management/Consultancy Works	998.19	579.76	624.27	45.02
vi) Grants in Aid - pending utilization	-		38.59	
vii) Deferred Income from Foreign Currency Fluctuation Account	428.34		8.57	
viii) Other Liabilities	123.35		166.35	
TOTAL LIABILITIES (A)		2255.99		1341.40
B. PROVISIONS				
i) Provision for Proposed Dividend				
As per last Balance Sheet	200.00		206.00	
Additions during the year	200.00		200.00	
Amount used during the year	200.00		206.00	
Amount reversed during the year	-		-	
Closing Balance		200.00		200.00
ii) Tax on Proposed Dividend				
As per last Balance Sheet	50.79		52.38	
Additions during the year	41.79		50.79	
Amount used during the year	42.22		46.59	
Amount reversed during the year	8.57		5.79	
Closing Balance		41.79		50.79
iii) Provision for Wage Revision				
As per last Balance Sheet	200.69		42.00	
Additions during the year	215.41		159.60	
Amount adjusted during the year	(0.21)		-	
Amount used during the year	2.03		0.87	
Amount reversed during the year	-		0.04	
Less : Advance paid	135.56		-	
Closing Balance		278.30		200.69
iv) Provision for Productivity Linked Incentive				
As per last Balance Sheet	36.04		31.47	
Additions during the year	46.23		36.13	
Amount adjusted during the year	-		-	
Amount used during the year	33.15		27.08	
Amount reversed during the year	2.88		4.48	
Closing Balance		46.24		36.04
v) Provision for Employees Benefits				
As per last Balance Sheet	574.04		509.84	
Additions during the year	221.21		109.95	
Amount used during the year	42.22		45.75	
Amount reversed during the year	-		-	
Closing Balance		753.03		574.04
vi) Provision for Loss on Hedging Transaction				
As per last Balance Sheet	23.00		-	
Additions during the year	-		23.00	
Amount used during the year	-		-	
Amount reversed during the year	23.00		-	
Closing Balance		-		23.00
vii) Provision for Tariff Adjustment				
As per last Balance Sheet	-		-	
Additions during the year	0.98		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		0.98		-

SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)		
	31st March, 2009	31st March, 2008
viii) Provision for Committed Capital Expenditure		
As per last Balance Sheet	615.76	222.13
Additions during the year	114.37	433.84
Amount used during the year	109.65	38.62
Amount reversed during the year	40.56	1.59
Closing Balance	579.92	615.76
ix) Provision - Others		
As per last Balance Sheet	37.68	11.90
Additions during the year	11.45	34.99
Amount adjusted during the year	(0.17)	-
Amount used during the year	30.18	7.58
Amount reversed during the year	6.11	1.63
Closing Balance	12.67	37.68
TOTAL PROVISIONS (B)	1912.93	1738.00
TOTAL (A+B)	4168.92	3079.40

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

(Rupees in crore)		
	31st March, 2009	31st March, 2008
i) Share Issue Expenses (IPO)	2.33	0.34
ii) Expenditure awaiting adjustment	37.06	-
Less : Provision for project expenses write off sanction	37.06	-
iii) Losses awaiting write off sanction	3.48	2.90
Less : Provision for losses pending investigation	3.48	2.90
TOTAL	2.33	0.34

SCHEDULE 12 - SALES

(Rupees in crore)		
	31st March, 2009	31st March, 2008
Sale of Power	3543.46	3025.51
Less : Tariff Adjustments	0.98	-
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	8.99	43.41
Total taken to Profit and Loss Account	3533.49	2982.10

SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION

(Rupees in crore)		
	31st March, 2009	31st March, 2008
During the year	152.48	72.16
Less : Written back during the year	46.76	14.89
Total taken to Profit and Loss Account	105.72	57.27

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

	(Rupees in crore)	
	31st March, 2009	31st March, 2008
Contract income	12.93	45.81
Revenue from Project Management/Consultancy Works	36.00	1.96
Total taken to Profit and Loss Account	48.93	47.77

SCHEDULE 14 - OTHER INCOME

	(Rupees in crore)	
	31st March, 2009	31st March, 2008
i) Income from Long Term Investments		
a) Trade		
- Dividend -Others	1.20	1.20
- Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	167.48	189.28
b) Non-Trade		
Dividend income -Others	0.13	0.11
ii) Other Income		
a) Interest		
- Loan to State Government in settlement of dues from customers	17.79	19.94
- Loan to Government of Arunachal Pradesh	21.63	15.31
- Indian Banks (Gross)		
(Tax deducted at source Rs. 11,72,30,980/-, Previous Year Rs. 18,86,647/-)	230.95	90.05
- Employee's Loans and Advances	6.36	6.64
- Interest from Beneficiary States	40.18	59.35
- Others	62.16	48.66
b) Late payment surcharge	17.07	2.07
c) Profit on transfer of project	37.52	52.00
d) Profit on sale of assets	0.94	3.03
e) Liability/ Provisions not required written back #	35.91	12.53
f) Exchange rate variation	17.29	4.45
g) Foreign Currency Fluctuation adjustment (Credit)	12.51	9.41
h) Others	64.67	22.66
Less : Hedging Adjustment Account	17.87	46.80
TOTAL	715.92	536.69
Less: Income transferred to EDC		
(Refer Schedule 22 E (ii), 22 I (ii) to (vi) & 22 J(i))	114.26	76.45
Less: Income transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	6.33	3.01
Total taken to Profit and Loss Account	595.33	457.23
# Detail of Liability/Provisions not required written back		
a) Bad and doubtful claims	0.01	2.90
b) Diminution in value of stores and spares	0.52	0.05
c) Storage in store & spares	0.01	-
d) Provision for Loss on Hedging Transactions	23.00	-
e) Provision for wage revision	-	0.04
f) Provision for Productivity Linked Incentive	2.88	4.48
g) Other Provisions/Liability not required written back	9.49	5.06
TOTAL	35.91	12.53

SCHEDULE 15 - GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Consumption of stores and spares	10.81	8.08
ii) Repair and maintenance:		
- Building	27.10	23.71
- Machinery	39.68	30.49
- Others	<u>34.34</u>	<u>43.50</u>
iii) Rent / Hiring Charges	101.12	97.70
iv) Rates and taxes	29.55	26.58
v) Insurance	3.48	2.82
vi) Self insurance reserve	2.56	2.53
vii) Reimbursement from Self insurance reserve	-	116.65
viii) Security expenses	0.06	-
ix) Electricity Charges	74.43	65.46
x) Travelling and Conveyance	32.50	30.71
xi) Expenses on staff car	19.87	17.99
xii) Telephone, telex and Postage	8.62	9.44
xiii) Advertisement and publicity	10.36	8.81
xiv) Entertainment and hospitality expenses	9.15	8.07
xv) Donation	0.70	0.58
xvi) Printing and stationery	2.09	0.07
xvii) Books and periodicals	5.91	6.31
xviii) Consultancy charges - Indigenous	0.55	0.50
xix) Consultancy charges - Foreign	5.27	3.44
xx) Expenditure on compensatory afforestation/ catchment area treatment/environmental expenses	-	0.23
xxi) Expenditure on land not belonging to corporation	69.17	67.69
xxii) Loss on sale of assets	15.21	41.20
xxiii) Survey and investigation expenses written off	0.76	1.60
xxiv) Stores written off	5.46	-
xxv) Fixed assets written off	1.30	0.34
xxvi) Interest on Arbitration/ Court Cases	0.08	0.60
xxvii) Other general expenses	1.66	0.66
xxviii) Exchange rate variation	40.36	37.43
Less : ERV Recoverable	76.28	15.79
xxix) Foreign Currency Fluctuation adjustment (Debit)	<u>57.26</u>	<u>14.57</u>
xxx) Audit expenses	19.02	1.22
xxxi) Director expenses	104.42	9.96
xxxii) Research and development expenses	1.02	0.86
	0.08	-
	0.15	0.02
Total	575.72	567.55
Less: Expenses transferred to EDC {Refer Schedule 22 B, 22 C, 22 E(i) & 22J (ii)}	197.54	237.61
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	8.92	6.37
Less: Expenses transferred to Deposit Works (Schedule 10)	0.20	-
Total taken to Profit and Loss Account	369.06	323.57

SCHEDULE 16 - EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Salaries, wages, allowances	852.34	629.81
ii) Gratuity, Contribution to provident fund & pension scheme (including administration fees)	183.93	86.37
iii) Staff welfare expenses	74.21	79.47
iv) Leave Salary & Pension Contribution	0.23	0.05
Total	1110.71	795.70
Less: Employee cost transferred to EDC (Refer Schedule 22 A & 22J (iii))	528.85	431.40
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	41.91	24.37
Less: Expenses transferred to Deposit Works (Schedule 10)	0.99	-
Total taken to Profit and Loss Account	538.96	339.93

SCHEDULE 17 - DEPRECIATION

(Rupees in crore)

	31st March, 2009	31st March, 2008
Depreciation during the year	706.58	608.04
Less: Transferred to EDC (Refer Schedule 22 G & 22J (iv))	35.35	38.81
Less: Transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.85	0.55
Less: Transferred from Capital Grant	26.31	23.14
Total taken to Profit and Loss Account	644.07	545.54

SCHEDULE 18 - INTEREST AND FINANCE CHARGES

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Interest on :		
a) Bonds	43.89	43.89
b) Foreign loan	101.32	99.37
c) Term loan	888.51	648.37
d) Cash credit facilities /WCDL	-	0.06
	1033.72	791.69
ii) Exchange differences regarded as adjustment to interest cost	245.64	183.35
Less : Recoverable	245.64	158.14
	-	25.21
iii) Loss on Hedging Transactions	-	23.00
iv) Bond issue/ service expenses	0.27	1.03
v) Share Issue Expenses Written Off	-	1.11
vi) Rebate to customers	39.62	31.09
vii) Commitment fee	2.10	0.27
viii) Guarantee fee on loan	32.85	32.52
ix) Interest to beneficiary states	-	0.16
x) Bank charges	1.19	1.24
xi) Other finance charges	1.76	4.92
Total	1111.51	912.24
Less: Interest & Finance charges capitalised by transfer to EDC (Refer Schedule 22 D & 22J (v))	333.92	273.03
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	1.58	1.56
Total taken to Profit and Loss Account	776.01	637.65

SCHEDULE 19 - PROVISIONS

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Bad and doubtful debts provided	120.81	1.19
ii) Bad and doubtful advances / deposits provided	2.60	0.04
iii) Bad and doubtful claims provided	0.45	0.78
iv) Diminution in value of stores and spares	0.12	10.03
v) Project expenses provided for	69.09	-
vi) Provision for fixed assets	0.56	0.17
vii) Others	-	0.01
Total	193.63	12.22
Less: Expenses transferred to EDC (Refer Schedule 22 F & 22J (vi))	0.10	0.01
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	2.55	0.78
Total taken to Profit and Loss Account	190.98	11.43

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

(Rupees in crore)

	31st March, 2009	31st March, 2008
i) Direct Expenses	3.98	9.48
ii) Employees' Remuneration and benefits		
- Salaries, wages, allowances and benefits	26.03	17.38
- Gratuity, contribution to provident fund & pension scheme	4.80	1.96
- Staff welfare Expenses	1.74	1.76
	32.57	21.10
iii) Repairs and Maintenance		
- Buildings	0.32	0.23
- Machinery and construction Equipments	0.02	0.07
- Others	0.57	0.45
	0.91	0.75
iv) Administration and Other Expenses		
- Rent/ Hiring Charges	2.04	1.61
- Travelling and Conveyance	1.11	1.08
- Expenses on staff cars and inspection vehicles	0.28	0.40
- Insurance	0.02	0.02
- Telephone, telex, and postage	0.34	0.36
- Advertisement and publicity	0.42	0.13
- Printing and Stationery	0.32	0.17
- Other Expenses	1.51	0.87
- Rates and taxes	0.01	-
- Security	0.22	0.25
- Electricity	0.07	0.12
- Consultancy charges	0.04	0.02
	6.38	5.03
v) Depreciation	0.50	0.43
vi) Interest and finance charges	1.57	1.56
vii) Provisions	2.55	0.78
viii) Work-in-Progress		
- Construction contract	(0.73)	-
ix) Corporate / Regional office expenses:		
a) Other Income	(0.22)	(0.08)
b) Generation, Administration and Other Expenses	1.63	0.59
c) Employee Remuneration and Benefits	9.34	3.27
d) Depreciation	0.35	0.12
e) Interest and Finance Charges	0.01	-
f) Provisions	-	-
g) Prior Period Adjustment (Net)	0.02	-
	11.13	3.90
Total Expenditure	58.86	43.03
Less: Receipts and Recoveries	6.11	2.93
Net expenditure during the year	52.75	40.10
Prior Period Adjustments	8.41	0.27
Total taken to Profit and Loss Account	61.16	40.37

SCHEDULE 21 - PRIOR PERIOD ADJUSTMENT (NET)

(Rupees in crore)

	31st March, 2009	31st March, 2008
Income		
i) Sale of Electricity	(1.10)	(21.13)
ii) Advance Against Depreciation Written Back	(15.53)	-
iii) Interest/Surcharge received from debtors	-	-
iv) Others	15.10	6.30
Sub-total	(1.53)	(14.83)
Expenditure		
i) Salaries and Wages	23.32	0.57
ii) Repair and Maintenance	2.20	(9.56)
iii) Interest	-	-
iv) Others	(74.62)	51.87
v) Depreciation	8.73	1.30
Sub-total	(40.37)	44.18
TOTAL	(38.84)	59.01
Less : Expenses transferred to EDC {Refer Schedule 22H & 22J (vii)}		
Prior period expenses	(51.80)	16.46
Less : Prior period income	0.99	0.07
TOTAL	(52.79)	16.39
Less : Expense transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	8.43	0.27
Total taken to Profit and Loss Account	5.52	42.35

SCHEDULE 22 - EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances	273.42	234.30
ii) Gratuity and contribution to provident fund (including administration fees)	61.96	31.66
iii) Staff welfare expenses	21.67	27.30
iv) Leave Salary & Pension Contribution	0.17	-
Sub-total	357.22	293.26
B. REPAIRS AND MAINTENANCE		
i) Building	4.09	6.22
ii) Machinery	4.79	3.92
iii) Others	8.48	7.88
Sub-total	17.36	18.02
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent / Hiring Charges	15.61	16.65
ii) Rates and taxes	0.25	0.31
iii) Insurance	0.41	0.49
iv) Security expenses	17.92	19.06
v) Electricity Charges	4.65	6.72
vi) Travelling and Conveyance	4.80	5.89
vii) Expenses on staff car	3.27	4.00
viii) Telephone, telex and Postage	3.26	3.02
ix) Advertisement and publicity	1.32	1.96
x) Entertainment and hospitality expenses	0.04	0.18
xi) Printing and stationery	1.20	1.49
xii) Remuneration to Auditors	0.01	0.01
xiii) <i>Design and Consultancy charges:</i>		
- Indigenous	0.99	0.94
- Foreign	-	0.23
xiv) Expenditure on compensatory afforestation/catchment area treatment/environmental expenses	69.16	67.69
xv) Expenditure on land not belonging to corporation	13.65	40.96
xvi) Loss on assets/ materials written off	0.57	0.80
xvii) Losses on sale of assets	0.04	0.07
xviii) Other general expenses	10.16	10.46
Sub-total	147.31	180.93
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Bonds	-	0.41
b) Foreign loan	0.02	10.42
c) Term loan	330.20	224.17
ii) Exchange differences regarded as adjustment to interest cost	-	25.20
iii) Bond issue/ service expenses	-	0.59
iv) Commitment fee	1.88	0.04
v) Guarantee fee on loan	0.01	7.09
vi) Other finance charges	1.68	5.02
Sub-total	333.79	272.94
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	4.78	0.73
ii) Less : Exchange rate variation (Credit balance)	17.25	5.64
Sub-total	(12.47)	(4.91)
F. PROVISIONS	0.10	-
Sub-total	0.10	-
G. DEPRECIATION	28.37	31.86
Sub-total	28.37	31.86
H. PRIOR PERIOD EXPENSES (NET)		
i) Prior period expenses	(52.14)	15.73
ii) Less : Prior period income	0.99	0.07
Sub-total	(53.13)	15.66
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity –precommissioning	8.99	43.41
ii) Interest on loans and advances	58.51	47.59
iii) Miscellaneous receipts	25.76	11.64
iv) Profit on sale of assets	0.04	0.13
v) Liability/ Provisions not required written back	4.70	3.43
vi) Hire charges/ outturn on plant and machinery	3.10	2.86
Sub-total	92.11	65.65
Sub-total	101.10	109.06
J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES		
i) Other Income	(4.90)	(5.16)
ii) Generation, Administration and Other Expenses	28.09	37.93
iii) Employee Remuneration and Benefits	171.63	138.14
iv) Depreciation	6.98	6.95
v) Interest and Finance Charges	0.13	0.09
vi) Provisions	-	0.01
vii) Prior Period Adjustment (Net)	0.34	0.73
Sub-total	202.27	178.69
TOTAL [(A to H) - I + J] (Transferred to Schedule 6)	919.72	877.39

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, to be amortized over the useful life of the project, which is taken as 35 years from the date of commercial operation of the project. However, NHDC treats expenses relatable to land, which is going to be sub-merged, as Rehabilitation & Resettlement expenses to be capitalized as Dam cost.
- 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 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.
- 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 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) for the purpose of fixation of tariff.

However, Construction Plant & Machinery and Computers & Peripherals are being depreciated @11.25% and @30% respectively, as CERC regulations do not provide depreciation rates for these assets.

- 5.2 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 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 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 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.
- 5.7 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.
- 5.8 Leasehold Land is amortised over the period of lease. In case lease period is yet to be finalised, lease period is taken as 30 years except in case of J&K where lease period is taken as 90 years.
- 5.9 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the lease period of land as per Policy No. 5.8 or at the applicable depreciation rate of such assets, which ever is higher.

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. Income tax is a Pass-through to beneficiaries to the extent relatable to Core activity i. e. Generation of electricity.

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 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 - CONSOLIDATED NOTES TO THE ACCOUNTS FOR YEAR ENDED 31.03.2009

1. The Consolidated Financial Statements (CFS) comprises of the financial statements of NHPC Limited and its subsidiary named Narmada Hydroelectric Development Corporation Limited (NHDC).
2. a) Basis of Accounting:
 - i) The Financial Statement of the subsidiary company in the consolidation is drawn up to the same reporting date as of the Company.
 - ii) The Consolidated Financial Statement 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.
- b) Principle of Consolidation:

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.
3. The subsidiary company considered in the Consolidated Financial Statement is:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Narmada Hydroelectric Development Corporation Limited	India	51%

4. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except policies regarding capitalisation of Rehabilitation & Resettlement expenses under "Dam Cost" instead of under "Land Unclassified", having an impact on profit of the group amounting to Rs.(-)6.67 Crore.
5. a) Contingent Liabilities as on:-

(Rupees in Crore)

Description	Opening Balance 01/04/2008	Closing Balance 31/03/2009
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	3328.53	4059.23
- Land Compensation Cases	84.48	1839.09
- Others	-	-
Disputed Income Tax Demand	-	-
Disputed Excise Demand	-	-
Disputed Sales Tax Demand	2045.53	2062.41
Others	345.06	411.33
Total	5803.60	8372.06

- 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.31.58 Crore (Previous year Rs. 0.03 Crore) towards above contingent liabilities.

6. a) Foreign Letters of Credits (FLCs) issued in favour of M/s Voith Siemens Hydro Kraft, Germany outstanding as on 31.03.09 amounting to Rs. NIL Crore (Previous year Rs. 4.97 Crore). Inland letters of credit issued in favour of Voith Siemens Hydro Pvt. Ltd outstanding as on 31.03.09 amounting to Rs. NIL Crore (Previous year Rs. 4.41 Crore).
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.9761.03 Crore (Previous year Rs. 8506.99 crore).
- c) Estimated amount of capital commitment towards compensation for Land and other related expenditure is for Rs 84.22 Crore (Previous year Rs. 78.75 Crore).
7. a) Title deeds/title in respect of Land of some Projects/Units amounting to Rs.92.69 Crore (Previous year Rs. 52.10 crore), covering an area of 2046.46 hectare (Previous year 2080.40 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) on lease for a period of 99 years @ notional rent of Rs.1/- per annum.
- c) Land measuring 722 Kanal & 18 marlas and structure created thereon in respect of Salal Power Station, though in possession of J&K Govt., is appearing in respective fixed assets heads.
8. 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.
9. a) Sales for current year include Rs.(-)6.75 Crore toward income tax, billing of which is yet to be done.
- b) Sales in respect of Dulhasti & Teesta-V Power Stations have been accounted for based on provisional tariff notified by Central Electricity Regulatory Commission (CERC).
- c) The sale of power from OSP to the sole beneficiary MPSEB has been billed on the basis of CERC provisional tariff order dated 30.10.2007 against petition no.56/2007 filed by NHDC.
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) "Loans & Advances" under Schedule 9 include Rs.244.44 Crore given as Advance to Contractors & Suppliers in respect of Contracts, Project Management and Consultancy Works being executed by Corporation on behalf of other agencies.
- c) 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.
- d) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, Rs.32.97 Crore is continuing under "Other Current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
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 31.03.2009 amounting to Rs.37.06 Crore has been provided in the books as abundant precaution.

- b) Profit on Transfer of Project under “(ii) Other Income” in Schedule 14 pertains to transfer of Lower Siang Project, which has been handed over to private developer as referred to in 11 (a) above.
- c) Out of Rs. 84.89 Crore, as demanded by JKSPDC for projects taken over by Corporation from J&KPDC, Rs.26 crore has been paid by Corporation against account of Rs.33.66 Crore against total demand and Rs.51.23 Crore is appearing under contingent liability, which shall be accounted for in the books on reconciliation of assets of projects thus taken over with accounts submitted by them. The Corporation is also having a claim of Rs.37.55 Crore against JKSPDC in respect of projects handed over or decided to be handed over to JKSPDC.
- d) Pakal Dul & Loktak Down Stream HE Projects are to be executed through Joint Venture Companies with participation from State Government. Pending formation of Joint Venture Companies, expenditure amounting to Rs.101.03 Crore & Rs. 30.99 Crore respectively incurred by NHPC on these two projects upto 31.03.2009 is appearing under Capital Work-in-Progress. Similarly Kiru & Kavar HE Projects, entrusted to Corporation for preparation of DPR, are also to be executed through Joint Venture Company. Pending formation of Joint Venture Company, expenditure of Rs.28.49 Crore incurred by Corporation on these Projects is appearing under Capital Work-in-Progress.
12. Project work at Subansiri Upper & Subansiri Middle is under suspension due to the Hon’able Supreme Court order dated 19.04.2004 in Interlocutory Applications (IAs) 966 & 1012, restraining the construction of dam upstream of Subansiri River. Pending disposal of said IAs, capital expenditure of Rs.40.35 crore & Rs.34.78 Crore respectively is appearing under Capital Work In progress and as abundant precaution expenditure incurred towards Survey & Investigation including expenditure during construction on these projects from 20.04.2004 to 31.03.2009 has been provided in the books in current year.
13. Ministry of Power, Govt. of India (GOI) vide its order No. 16/47/2001/-DO (NHPC) dated 08.01.2007 and order No. even dated 08.03.2007 respectively granted approval for Initial Public Offering (IPO) of 10% of paid up Share Capital and to offload 5% of GOI share in the Corporation. The eligible issue expenses will be shared between NHPC & Govt. of India, being the selling shareholder. The expenses pertaining to NHPC will be adjusted from the premium proceeds of the issue.
14. Pending implementation of wage revision of Employees w.e.f 01.01.2007, a provision of Rs.215.20 Crore has been made in the books for current year on reasonable estimate basis.
15. The depreciation on Fixed Assets is charged as per Significant Accounting Policy No.5 (Schedule 23) of the Corporation. Ministry of Power (MOP) has already notified tariff policy which provides that rates of depreciation as notified by the Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariff as well as accounting. The revised rates of depreciation as notified by CERC have been made applicable w.e.f. 01.04.2009. Accordingly, the rates notified under present tariff norms have been considered for charging depreciation for the year. The depreciation for the year as per rates prescribed under schedule XIV of the Companies Act, 1956 works out to Rs. 521.43 crore more than that worked out as per CERC rates (previous year Rs. 451.27 crore). However, the Management considers the depreciation provided in the books as appropriate and adequate keeping in view matching concept of Accounting.
16. a) The effect of foreign exchange fluctuation during the year is as under:

(Rupees in Crore)

		For the Year 2008-09	For the Year 2007-08
(i)	Amount charged to Profit and Loss Account excluding depreciation (as FERV)	71.45	14.42
(ii)	Amount charged to Expenditure During Construction (as FERV)	(12.47)	(4.92)
(iii)	Amount charged to Capital work-in-progress (as FERV)	(3.83)	(1.00)
(iv)	Amount adjusted by addition to carrying amount of fixed assets	432.92	6.94

- b) The amount of borrowing cost capitalised by transfer to ‘Expenditure during Construction (EDC)’ during the Year is Rs.332.11 Crore (Previous Year Rs.267.34 Crore).

17. Following Accounting Policies have been introduced / modified during the year: -

Policy No.	Description	Impact on Profit for the year
Policy No. 3.1 (b)	Modification of accounting policy on capital spares, suitable for re use.	Profit decreased by Rs.0.28 Crore.
Policy No. 4.1	Modification of accounting policy on capitalisation of Administration & General overhead expenses.	Profit decreased by Rs.3.26 Crore
Policy No. 5.1	Slight modification in accounting policy on depreciation to have better disclosure.	Disclosure has been modified & has no impact on profit.
Policy No. 5.8	Introduction of accounting policy regarding amortisation of leasehold land.	No material impact
Policy No. 5.9	Introduction of accounting policy regarding depreciation of assets created on leasehold land.	Profit decreased by Rs.0.11 Crore.
Policy No. 7.1	Modification of earlier accounting policy No.7.1(a), (b) and (c) on valuation of stores & spares.	Disclosure has been modified & has no impact on profit.
Earlier Policy No. 10.2(a)	Stands deleted, being not relevant.	No impact.
Earlier Policy No. 11	Stands deleted in view of the modified accounting policy No.4.1.	Profit decreased by Rs.37.66 Crore
Policy No. 11	Modification of accounting policy regarding creation of self insurance reserve through P & L appropriation account instead of charging to P & L Account.	Profit increased by Rs.132.09 Crore.

18. Provisions for employee benefits have been made for the current period using the Actuarial Valuation done as at 31.03.2009. Accordingly, disclosure under the provision of Accounting Standard 15 on "Employee Benefits" for the Financial Year ended 31.03.2009 is given below:-

For NHPC

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

Particular	31.03.2009	31.03.2008
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Discount rate	7%	8%
Future Salary Increase	4.5%	5.5%

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

(Rs. 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 Beginning of year	240.96	161.96	127.39	23.77	3.51	11.21
Interest cost	19.06	11.34	8.92	-	-	-
Current service cost	14.72	10.59	4.64	14.94	0.49	15.24
Benefit paid	(9.18)	(14.45)	(2.57)	(13.60)	(0.07)	(1.73)
Actuarial (Gain)/loss	77.13	36.52	4.24	-	-	-
PVO at end of year	342.69	205.96	142.62	25.11	3.93	24.72

Table 3: - Amount recognised in Balance Sheet

(Rs. 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	342.69	205.96	142.62	25.11	3.93	24.72
Fair Value of Plan Assets at the end of year	-	-	-	-	-	-
Funded Status	(342.69)	(205.96)	(142.62)	(25.11)	(3.93)	(24.72)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability recognized in Balance Sheet	342.69	205.96	142.62	25.11	3.93	24.72

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

(Rs. 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	14.72	10.59	4.64	14.94	0.49	15.24
Interest Cost	19.06	11.34	8.92	-	-	-
Expected return on Plan Assets	-	-	-	-	-	-
Net Actuarial (gain)/loss recognised for the year	77.13	36.52	4.24	-	-	-
Expense recognised in Profit & Loss/EDC for the year	110.91	58.45	17.80	14.94	0.49	15.24

For NHDC
Table 1:-Key Actuarial assumption for Actuarial Valuation as at:

Particular	31.03.2009	31.03.2008
Mortality Table	LIC(1994-96) ultimate table	LIC(1994-96) ultimate table
Discount rate	7.80%	8.0%
Future Salary Increase	6%	6%

Table 2:-Change in Present Value of Obligations

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	REHS
PVO at beginning of year	1.13	2.51	0.69
Interest Cost	0.09	0.20	0.05
Past Service Cost	0.02	-	-
Current Service Cost	0.40	0.79	0.23
Benefit paid	(0.02)	(0.13)	-
Actuarial gain/ loss	0.44	0.66	(0.15)
PVO at end of year	2.06	4.03	0.82

Table 3:- Amount recognised in Balance Sheet

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	REHS
PVO at the end of year	2.06	4.03	0.82
Fair value of plan assets at the end of year	-	-	-
Funded status	(2.06)	(4.03)	(0.82)
Unrecognized Actuarial gain/loss	-	-	-
Net liability recognized in balance sheet	2.06	4.03	0.82

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

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	REHS
Current Service cost	0.40	0.79	0.23
Past Service cost	0.02	-	-
Interest Cost	0.09	0.20	0.05
Expected return on plan assets	-	-	-
Net Actuarial gain/loss recognized for the year	0.44	0.66	(0.15)
Expenses recognized in P&L A/c for the year	0.95	1.65	0.13

Liability (as on 31.03.2009) on account of LTC, Company Contribution to PF on Retirement & Baggage Allowance on Retirement Rs. 0.37 Crore, Rs.0.47 Crore and Rs.0.25 Crore respectively.

19. a) Electricity generation is the principal business activity of the Corporation. Other operations viz., Contract, 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.
20. Accounting Standard – 18 on related party disclosures issued by the Institute of Chartered Accountants of India does not applied to the Group, as both the Corporations are State controlled enterprises. However following are the key management personnel of the Group:-

NHPC

Whole time Directors:

Shri S. K. Garg	Chairman & Managing Director
Shri A. B. L. Srivastava	Director (Finance)
Shri D. P. Bhargava	Director (Technical) - assumed office w. e. f. 26.03.2009
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 S. K. Chaturvedi	Director (Personnel) - relieved w.e.f. 31.07.2008
Shri S. P. Sen	Director(Technical) - relieved w.e.f. 08.05.2008
Shri S. K. Dodeja	Director (Projects) - superannuated on 31.07.2008

NHDC

Shri D. P. Bhargava	Whole time Director & designated as Chief Executive Director (upto 31.05.2008)
Shri K. M. Singh	Whole time Director & designated as Chief Executive Director (from 01.06.2008 onwards)

21. 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 by mutual consent on mutually agreeable terms. The Schedule of Employees remuneration and benefits include Rs.13.26 Crore (Previous year Rs.11.12 Crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house & transit camps are shown as Rent/Hiring Charges under Schedule of Generation, Administration and other expenses.

22. Earning Per Share:-

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

	For the Year 2008-09	For the Year 2007-08
Net Profit after Tax used as numerator (Rs. Crore)	1184.91	1146.17
Weighted Average number of equity shares used as denominator		
- Basic	11182493430	11174850574
- Diluted	11182493430	11183030042
Earning Per Share (Rupees)		
- Basic	1.06	1.03
- Diluted	1.06	1.02
Face value per share (Rupees)	10	10

23. In compliance to the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, details of Cumulative Deferred Tax Liability are as under:

(Rupees in Crore)

	01.04.2008	31.03.2009
Deferred Tax Liability		
i) Depreciation	2954.14	3375.66
Less: Deferred Tax Assets		
ii) Accumulated unabsorbed depreciation	108.23	79.77
iii) Advance against Depreciation to be considered as income in tax computation	131.23	131.23
iv) Provision for doubtful debts, self Insurance, Contingencies and other provisions	208.63	76.22
v) Provision for employee benefit schemes	76.84	104.92
Deferred Tax Liability (Net)	2429.21	2983.52

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 31st March 2009.

25. a) Remuneration paid/payable to Directors :

(Rupees in Crore)

		For the Year 2008-09	For the Year 2007-08
(i)	Salaries & Allowances	0.62	0.49
(ii)	Contribution to Provident Fund	0.04	0.04
(iii)	Rent for Residential Accommodation	0.13	0.10
(iv)	Other benefits	0.05	0.03
(v)	Sitting Fees to Independent Directors	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:

(Rupees in Crore)

	For the Year 2008-09	For the Year 2007-08
Statutory Audit Fees	0.47	0.37
Tax Audit Fees	0.09	0.07
Audit Expenses	0.30	0.27
Other matters	0.08	0.06
Cost Auditors		
-Audit Fees	0.07	0.07
-Audit Expenses	0.01	0.02

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

		For the Year 2008-09	For the Year 2007-08
(i)	Licensed Capacity (M.W.)	Not Applicable	Not Applicable
(ii)	Installed Capacity (M.W.)*	5134.20	4794.20
(iii)	Actual Generation (Million Units)**	18951.17	18094.56
(iv)	Actual Sales (Million Units) ***	16932.89	16181.29

*Commercial Operation of Unit No. 1 & Unit No. 3 of Teesta V Power Station started from 10.04.2008 & 03.04.2008 respectively.

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

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

28.

(Rupees in Crore)

		For the Year 2008-09	For the Year 2007-08
a)*	Value of imports calculated on CIF basis:		
	i) Capital Goods	381.66	20.46
	ii) Spare parts	6.47	1.76
b)*	Expenditure in Foreign Currency		
	i) Know - How	0.26	2.28
	ii) Interest	98.84	97.62
	iii) Other Misc. Matters	251.96	177.92
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported	4.34 (40.52%)	4.23 (53.54%)
	ii) Indigenous	6.37 (59.48%)	3.67 (46.46%)
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:-

(Rupees 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 Rs. NIL(Previous year Rs.179.21 Crore) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2009.
- (b) Cash & cash equivalents include Rs.382.28 Crore, held on behalf of other agencies for execution of Contract, Project Management and Consultancy Work on behalf of such agencies and is not freely available for the business of the Corporation.
31. 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 : 26-05-2009

CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2009

(Rupees in crore)

	31st March, 2009	31st March, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	1486.27	1488.99
ADD :		
Depreciation including Prior period	653.65	547.39
Tariff Adjustment / Advance Against Depreciation	122.24	57.27
Interest excluding rebate	737.97	608.11
Transfer to/ Reimbursement from Self insurance reserve	0.06	106.10
Others Provisions / Adjustments	161.72	4.34
Loss / (Profit) on Sale of Assets	(37.70)	(53.37)
Exchange rate variation/Fluctuation Adjustment account	106.10	21.71
Dividend Income	(1.33)	(1.31)
Cash flow from operating activities before working capital adjustments	3228.98	2779.24
Working Capital Changes		
(Increase)/Decrease in Inventories	(0.66)	(6.17)
(Increase)/Decrease in Contract Work in Progress	653.87	(419.49)
(Increase)/Decrease in Receivables	48.73	(212.00)
Increase/(Decrease) in Trade & Other Payables	(401.86)	1295.76
Cash flow from operating activities before taxes	3529.06	3437.34
Less : Taxes Paid	162.62	203.96
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3366.44	3233.38
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(3265.45)	(3159.16)
Proceeds on Transfer of Project/ Sale of assets	2.31	105.96
Decrease/(Increase) in Investment	255.61	273.54
Dividend Received	1.33	1.31
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(3006.20)	(2778.35)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend & Dividend Tax Paid	(388.47)	(369.59)
Dividend Paid to Minority	(48.45)	(33.39)
Proceeds from Borrowings	4792.48	2677.64
Repayments of Borrowings	(3440.41)	(492.05)
Interest & Financial Charges	(1026.56)	(779.26)
Fund from GOMP	11.38	71.20
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(100.03)	1074.55
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	260.21	1529.58
Cash & Cash Equivalents at the beginning of the Year	2345.87	816.29
Cash & Cash Equivalents at the close of the Year	2606.08	2345.87

EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and Cash equivalents consist of Cash on hand and Bank Balances including cheques / drafts in hands. Further Cash & Cash equivalents includes an amount of Rs. 1 crore held by the Corporation towards the margin money for Letter of Credit.
- 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 & financial charges capitalised Rs 333.91 Crores.
- Amount of undrawn loan as on 31.03.2009 Rs 6918.63 Crore.
- Cash & Cash equivalents includes Rs. 382.28 Crore, held on behalf of other agencies for execution of Contract, Project Management and Consultancy Work on behalf of such agencies and is not freely available for the business of the Corporation.
- The Previous year's figures have been regrouped / re-arranged / re-cast wherever necessary.

As per our attached report of even date

For GSA & ASSOCIATES

Chartered Accountants

(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 : 26-05-2009



540 MW Chamera-I Power Station (Himachal Pradesh) - Power House



120 MW Sewa-II Project (Jammu & Kashmir) - Dam under construction