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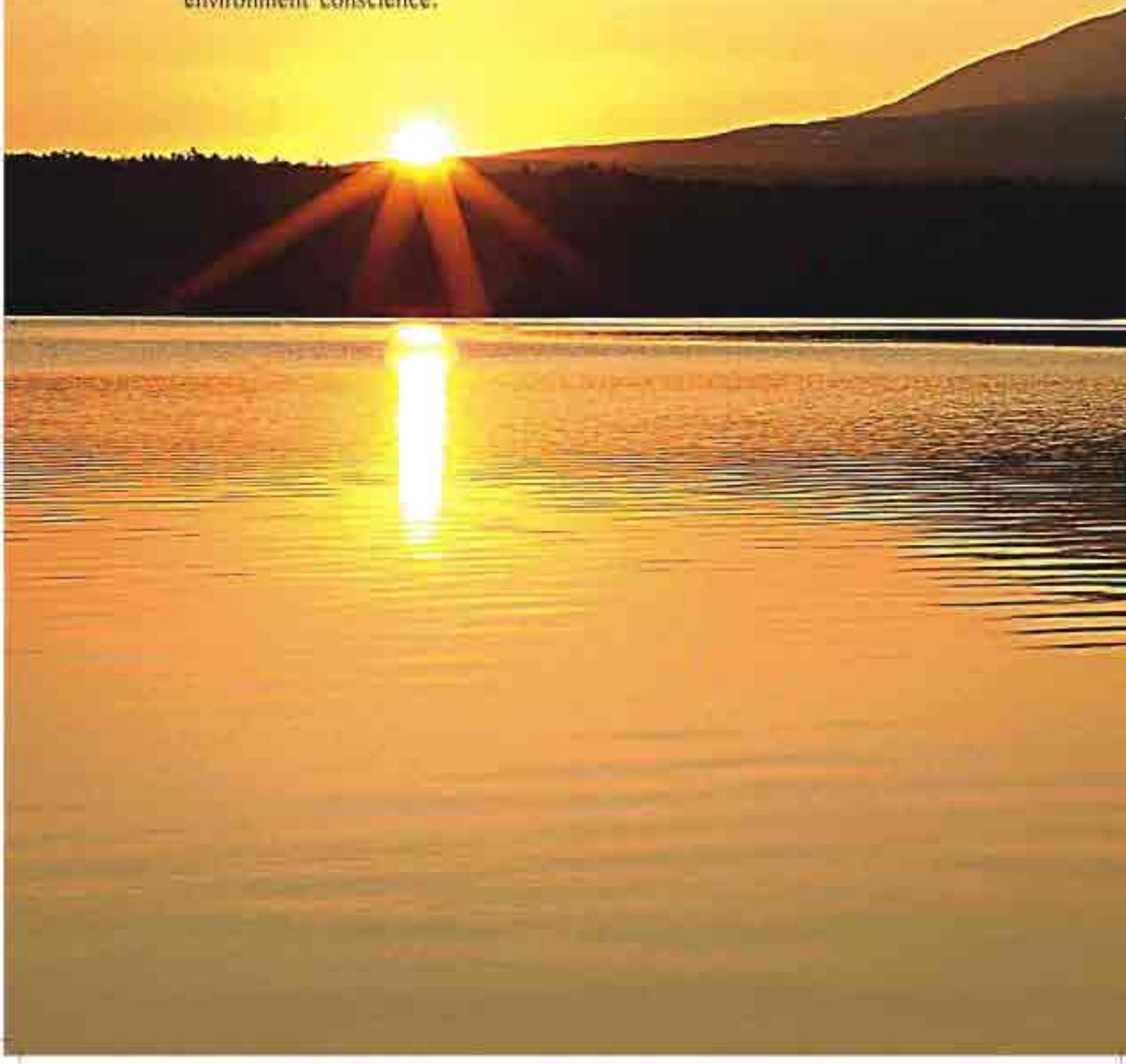
## **NHDC**

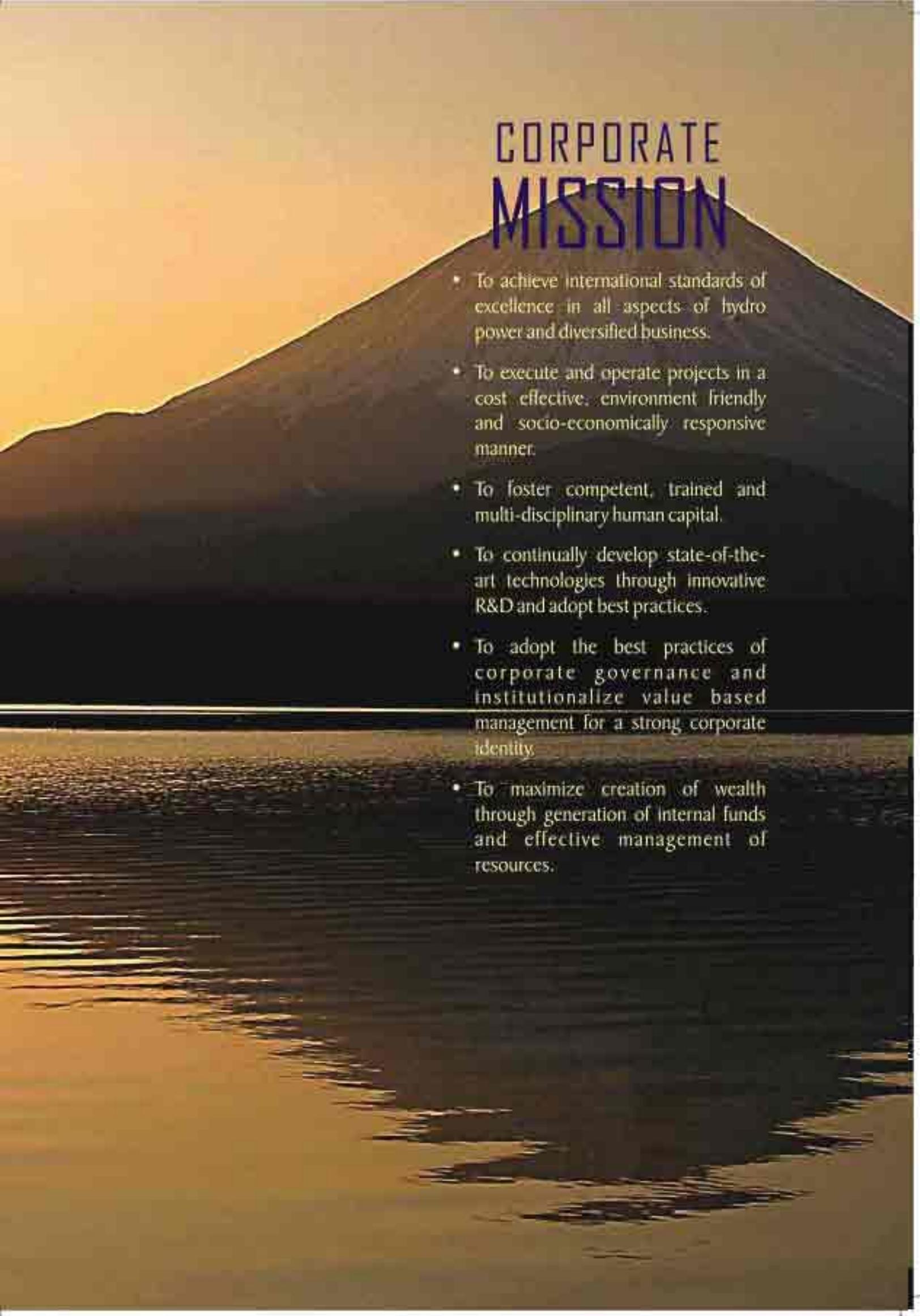
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# CORPORATE VISION

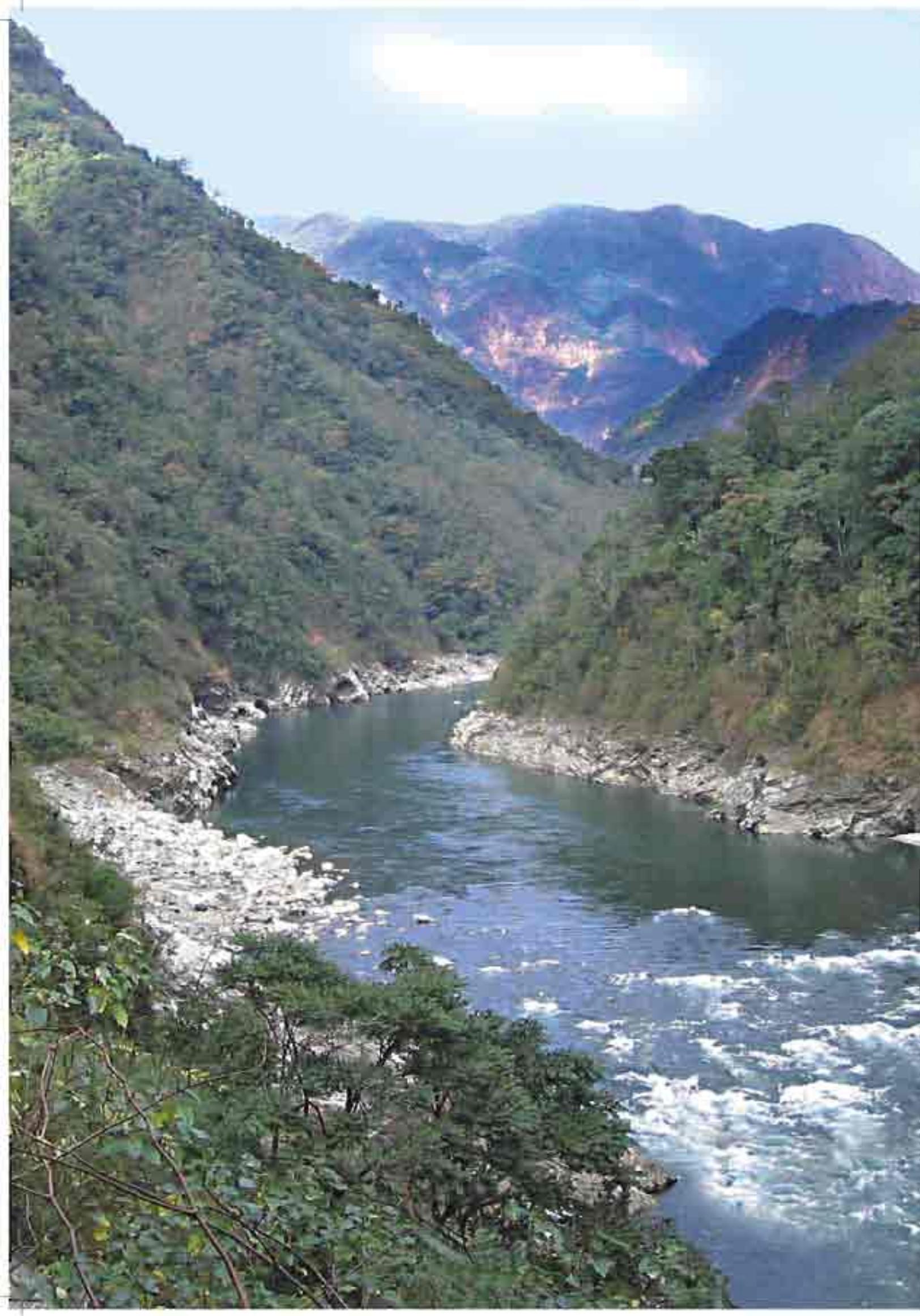
A world class, diversified & transnational organization for sustainable development of hydro power and water resources with strong environment conscience.





# 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.





# BOARD OF DIRECTORS

# BOARD OF DIRECTORS

As on 07.08.2007



**Shri S.K. Garg**  
Chairman & Managing Director



**Shri S.K. Chaturvedi**  
Director (Personnel)



**Shri S.P. Sen**  
Director (Technical)



**Shri S.K. Dodeja**  
Director (Project)



**Shri Gurdial Singh**  
Member (Hydro-EEA)



**Shri Anil Kumar Kuttu**  
II Secretary (Hydro- MOP)



**Shri Vijay Gupta**  
Company Secretary

## Company Secretary

Shri Vijay Gupta

## Statutory Auditors

M/s GSA & Associates,

Chartered Accountants

8/25 WEA Abdul Aziz Marg,

Kareli Bagh, New Delhi - 110 005

## Branch Auditors

M/s O.P. Garg & Co.,

Chartered Accountants

40 A/D, Gandhi Nagar,

Bhimra - 180 004

## M/s K. K. Ghel & Co.,

Chartered Accountants,

806, Hemkunt House, 6, Rajendra Place,

New Delhi - 110 008

## M/s K.C. Bhattacharjee & Paul

Chartered Accountants,

2, Church Lane, 3<sup>rd</sup> Floor,

Room No. 304-B, Kolbata - 700 001

## M/s N. Sankar & Co.,

Chartered Accountants,

21, Prafulla Sankar Street,

Kolbata - 700 072

## Bankers

State Bank of India

Indian Overseas Bank

Bank of India

I & X Bank Limited

ICICI Bank Limited

Deutsche Bank

UTI Bank Limited

Bank of Bihar

Canara Bank

Standard Chartered Bank

IDBI Limited

## CORPORATE PROFILE

<b>FINANCIAL</b>		<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2003-04</b>
Sales	**	1754.12	1614.11	1449.98	1276.09
Miscellaneous income	@	433.38	359.55	393.80	551.69
Profit before interest ,depreciation & tax	\$	1610.04	1454.71	1438.86	1477.37
Profit after interest & depreciation		1087.74	812.16	777.53	643.48
Profit after interest ,depreciation & tax		924.80	742.75	684.58	621.38
Dividend		278.00	223.00	140.00	120.00
Reserves & surplus (cumulative)		5367.05	4709.89	4168.49	3594.27
<b>WHAT CORPORATION OWNS</b>					
Gross Fixed Assets		12943.64	12755.52	10876.28	10342.71
Depreciation		2850.92	2527.83	2148.20	1882.95
<b>NET FIXED ASSETS</b>		<b>10092.72</b>	<b>10227.69</b>	<b>8728.08</b>	<b>8459.76</b>
Capital Work in progress		11399.92	8844.19	8787.19	6975.83
Construction Stores and Advances		856.43	778.95	770.14	805.55
Investments		3322.75	3832.81	3769.43	3660.87
Net Current Assets		-345.60	-225.34	138.69	107.76
Miscellaneous Expenditure not w/o.		25.80	24.55	1.18	0.71
		<b>25352.02</b>	<b>23482.85</b>	<b>22194.71</b>	<b>20010.48</b>
<b>WHAT CORPORATION OWES</b>					
Net Worth					
-Share Capital		11207.04	10576.09	9933.27	8629.03
-Reserves		5367.05	4709.89	4168.49	3594.27
Income Received in advance on account of Advance Against Depreciation		1245.98	1030.18	1071.15	939.40
Borrowings		7531.95	7166.69	7021.80	6847.78
		<b>25352.02</b>	<b>23482.85</b>	<b>22194.71</b>	<b>20010.48</b>
<b>OPERATING PERFORMANCE</b>					
		<b>2006-2007</b>	<b>2005-2006</b>	<b>2004-2005</b>	<b>2003-2004</b>
Generation (M.U.)		13049	12567	11286	11046
Machine availability (%)		94.11	98.16	95.30	96.82
Sales (Rs.in crore)		1754.12	1614.11	1449.98	1276.09
Man power (Nos.)		12768	13118	13470	13648

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

@ Includes receipts against contracts

\$ After prior period adjustments



(Rupees in crore)

2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98
1172.23	1221.00	1179.90	1075.70	1194.40	993.00
302.96	330.40	575.70	202.60	39.10	4.40
1153.39	1183.50	1209.70	1070.70	999.20	849.10
555.00	513.10	484.20	401.20	305.30	299.40
510.50	470.90	443.40	401.20	305.30	299.40
75.00	50.00	30.00	15.00	15.00	15.00
3065.70	2598.50	2139.10	1690.60	1272.10	948.60
8280.95	8113.50	7892.70	7752.70	7090.40	6903.60
1672.19	1526.70	1280.10	1029.00	811.10	598.60
<b>6608.76</b>	<b>6586.80</b>	<b>6612.60</b>	<b>6723.70</b>	<b>6279.30</b>	<b>6305.00</b>
7078.00	5218.30	3710.80	2768.60	2576.00	2073.10
621.74	525.50	613.00	511.50	322.80	332.00
2415.66	1965.00	679.90	0.00	0.00	0.00
1889.77	1512.20	1864.20	2100.90	1471.80	1252.50
1.20	2.00	9.80	1.90	0.40	1.70
<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>	<b>12106.60</b>	<b>10650.30</b>	<b>9964.30</b>
7240.61	6345.70	5188.20	4446.20	3825.00	3393.00
3065.70	2598.50	2139.10	1690.60	1272.10	948.60
801.06	648.40	519.90	386.10	245.50	130.50
7507.76	6217.20	5643.10	5583.70	5307.70	5492.20
<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>	<b>12106.60</b>	<b>10650.30</b>	<b>9964.30</b>
2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
9863	8912	8774	8691	9917	8816
96.62	96.86	92.09	91.05	88.39	83.00
1172.23	1221.00	1179.90	1075.70	1194.40	993.00
13017	13054	11850	12150	11860	11799

## DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL	2006-07	2005-06	2004-05	2003-04
A SALE OF ENERGY \$	1969.93	1661.99	1581.73	1414.43
B ADVANCE AGAINST DEPRECIATION	215.81	47.88	131.75	138.34
C OTHER INCOME ( INCLUDES CONST. & CONSULTANCY RECEIPT) #	433.38	359.55	393.80	551.69
<b>D TOTAL INCOME (A)-(B)+(C)</b>	<b>2187.50</b>	<b>1973.66</b>	<b>1843.78</b>	<b>1827.78</b>
E GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY EXP)	577.46	518.95	404.92	350.41
<b>F GROSS MARGIN (D) - (E)</b>	<b>1610.04</b>	<b>1454.71</b>	<b>1438.86</b>	<b>1477.37</b>
G DEPRECIATION	290.55	269.57	248.97	208.14
<b>H GROSS PROFIT (F) - (G)</b>	<b>1319.49</b>	<b>1185.14</b>	<b>1189.89</b>	<b>1269.23</b>
I INTEREST AND FINANCE CHARGES	231.75	372.98	412.36	625.75
<b>J NET PROFIT (H) - (I)</b>	<b>1087.74</b>	<b>812.16</b>	<b>777.53</b>	<b>643.48</b>
K TAX	162.94	69.41	92.95	22.10
<b>L NET PROFIT AFTER TAX (J) - (K)</b>	<b>924.80</b>	<b>742.75</b>	<b>684.58</b>	<b>621.38</b>
<b>M INTERNAL RESOURCE GENERATED (G)+(L)+(B)</b>	<b>1431.16</b>	<b>1060.20</b>	<b>1065.30</b>	<b>967.86</b>
N AUTHORISED CAPITAL	15000.00	15000.00	15000.00	15000.00
O EQUITY PAID UP CAPITAL **	11207.04	10576.09	9933.27	8629.03
P RESERVE AND SURPLUS	5367.05	4709.89	4168.49	3594.27
Q LOAN FUND	7531.95	7166.69	7021.80	6847.78
R INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)	1245.98	1030.18	1071.15	939.40
S GROSS FIXED ASSETS	12943.64	12755.52	10876.28	10342.71
T DEPRECIATION	2850.92	2527.83	2148.20	1882.95
<b>U NET FIXED ASSETS (S) - (T)</b>	<b>10092.72</b>	<b>10227.69</b>	<b>8728.08</b>	<b>8459.76</b>
V CAPITAL WORK-IN-PROGRESS	11399.92	8844.19	8787.19	6975.83
W CONSTRUCTION STORES AND ADVANCES	856.43	778.95	770.14	805.55
X INVESTMENTS	3322.75	3832.81	3769.43	3660.87
Y WORKING CAPITAL	-345.60	-225.34	138.69	107.76
Z MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	25.80	24.55	1.18	0.71
<b>AA GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)</b>	<b>25326.22</b>	<b>23458.30</b>	<b>22193.53</b>	<b>20009.77</b>
<b>AB NET WORTH (O)+(P)-(Z)</b>	<b>16548.29</b>	<b>15261.43</b>	<b>14100.58</b>	<b>12222.59</b>
AC INVENTORY CONSUMPTION IN POWER STATION	6.56	12.02	7.73	2.67
<b>AD VALUE ADDED (A)-(B)-(AC)</b>	<b>1747.56</b>	<b>1602.09</b>	<b>1442.25</b>	<b>1273.42</b>
<p>\$ INCLUDING TARIFF ADJUSTMENT , WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS</p> <p>** INCLUDING SHARE DEPOSIT &amp; GOI FUND ADJUSTABLE TO EQUITY</p> <p># INCLUDES RECEIPTS AGAINST CONTRACTS</p>				
<b>RATIOS</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2003-04</b>
1 RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)	5.21%	5.05%	5.36%	6.34%
2 RETURN ON NET WORTH (L) / (AB)	5.59%	4.87%	4.85%	5.08%
3 NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)	6.93%	6.88%	6.53%	6.38%
4 VALUE ADDED TO NET SALES (AD) / ((A)-(B))	99.63%	99.26%	99.47%	99.79%
5 DEBT TO EQUITY RATIO (Q) / ((O)+(P)+(R))	0.42	0.44	0.46	0.52
6 NET PROFIT TO NET SALES (L) / ((A)-(B))	52.72%	46.02%	47.21%	48.69%

(Rupees in crore)

2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98
1324.86	1349.60	1313.70	1216.30	1309.40	1123.50
152.63	128.60	133.80	140.60	115.00	130.50
302.96	330.40	575.70	202.60	39.10	4.40
<b>1475.19</b>	<b>1551.40</b>	<b>1755.60</b>	<b>1278.30</b>	<b>1233.50</b>	<b>997.40</b>
321.80	367.90	545.90	207.60	234.30	148.30
<b>1153.39</b>	<b>1183.50</b>	<b>1209.70</b>	<b>1070.70</b>	<b>999.20</b>	<b>849.10</b>
140.36	231.60	238.70	219.80	215.20	114.00
<b>1013.03</b>	<b>951.90</b>	<b>971.00</b>	<b>850.90</b>	<b>784.00</b>	<b>735.10</b>
458.03	438.80	486.80	449.70	478.70	435.70
<b>555.00</b>	<b>513.10</b>	<b>484.20</b>	<b>401.20</b>	<b>305.30</b>	<b>299.40</b>
44.50	42.20	40.80	0.00	0.00	0.00
<b>510.50</b>	<b>470.90</b>	<b>443.40</b>	<b>401.20</b>	<b>305.30</b>	<b>299.40</b>
<b>803.49</b>	<b>831.10</b>	<b>815.90</b>	<b>761.60</b>	<b>635.50</b>	<b>543.90</b>
10000.00	7000.00	7000.00	5000.00	5000.00	3500.00
7240.61	6345.70	5188.20	4446.20	3825.00	3393.00
3065.70	2598.50	2139.10	1690.60	1272.10	948.60
7507.76	6217.20	5643.10	5583.70	5307.70	5492.20
801.06	648.40	519.90	386.10	245.50	130.50
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7078.00	5218.30	3710.80	2768.60	2576.00	2073.10
621.74	525.50	613.00	511.50	322.80	332.00
2415.66	1965.00	679.90	0.00	0.00	0.00
1889.77	1512.20	1864.20	2100.90	1471.80	1252.50
1.20	2.00	9.80	1.90	0.40	1.70
<b>18613.93</b>	<b>15807.80</b>	<b>13480.50</b>	<b>12104.70</b>	<b>10649.90</b>	<b>9962.60</b>
<b>10305.11</b>	<b>8942.20</b>	<b>7317.50</b>	<b>6134.90</b>	<b>5096.70</b>	<b>4339.90</b>
2.65	6.90	7.10	6.00	13.30	6.00
<b>1169.58</b>	<b>1214.10</b>	<b>1172.80</b>	<b>1069.70</b>	<b>1181.10</b>	<b>987.00</b>

2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98
5.44%	6.02%	7.20%	7.03%	7.36%	7.38%
4.95%	5.27%	6.06%	6.54%	5.99%	6.90%
6.30%	7.72%	8.75%	8.89%	11.22%	9.97%
99.77%	99.43%	99.40%	99.44%	98.89%	99.40%
0.68	0.65	0.72	0.86	0.99	1.23
43.55%	38.57%	37.58%	37.30%	25.56%	30.15%

# Past & Present... CMDs & Directors



**Standing (L to R)** Shri S. P. Sen, Director (Technical), Shri N. Visvanathan, Ex-Director (Technical),  
Shri S. C. Sen, Ex-Director (Technical), Shri S. K. Dodeja, Director (Projects),  
Shri O. P. Sarbhoy, Ex-Director (Personnel), Shri A. I. Buneet, Ex-Director (Personnel),  
Shri R. K. Sharma, Ex-Director (Technical), Shri K. K. Vohra, Ex-Director (Finance),  
Shri Ghanshyam Des, Ex-Director (Finance), Shri S. K. Chaturvedi, Director (Personnel)

**Sitting (L to R)** Shri B. R. Oberoi, Ex-CMD, Shri K. K. Kashyap, Ex-CMD, Shri P. M. Belleppa, Ex-CMD,  
Shri S. K. Garg, CMD, Shri M. A. Hai, Ex-CMD, Shri Ajay Dua, Ex-CMD, Shri G. P. Singh, Ex-CMD,  
Shri A. K. Gangopadhyay, Ex-CMD



# CHAIRMAN'S STATEMENT

## CHAIRMAN'S STATEMENT



### Dear Shareholders,

It is my privilege and pleasure to welcome you all to the 31<sup>st</sup> Annual General Meeting of your Corporation. The Annual Report containing Accounts for the year ending 31<sup>st</sup> March, 2007 and Auditors' Report thereon along with C&AG's comments is already with you for consideration and adoption. With your permission I take them as read.

Your Corporation is marching towards the goals set by Ministry of Power to provide electricity for all by 2012 and has registered excellent performance, both on operational and financial fronts, during the year. To start with, your Corporation has commissioned Dul Hasti Hydroelectric Project (390 MW) in Jammu & Kashmir, overcoming many hurdles like militant activities, change of the contractor due to recession agreement with French Consortium, acute geological constraints experienced during execution etc. You will appreciate that it is the outcome of hard work put in by all NHPCians as a team. The commercial operation of this project has started from 7<sup>th</sup> April, 2007.

On the operational front, the Corporation continues to improve upon the performance during the past years. The Corporation generated 13048.76 million units during the year 2006-07 registering an increase of 3.83% over the generation during last year. Most of its Power Stations have exceeded their generation targets and achieved capacity index of 94.1%.

During the year, the Corporation has achieved a turnover of Rs. 1962.76 crore and earned its highest ever net profit of Rs. 924.80 crore since its inception. Your Directors have recommended a dividend of Rs. 278 crore i.e. 30% of net profit including the interim dividend of Rs. 72 crore against the total dividend of Rs. 223 crore. This is the highest ever dividend declared so far.

Your Corporation has realized the principal amount of Rs. 1644.80 crore towards energy sold to the beneficiaries during the year. The realization of the sales proceeds were 100% of the billing, exceeding the target of 97% set in the MoU with Ministry of Power. Corporation has also earned an interest and other income of Rs. 234.09 crore on the bonds received and loans to State Governments against the securitization of outstanding dues.

The progress of work at all projects under construction had been satisfactory. The works at Teesta-V Hydroelectric Project (510 MW) are nearing completion and the project is likely to be commissioned during January, 2008. However, it is to inform that the progress of works at Teesta Low Dam III & IV and Parbati - II have suffered due to recent incessant rains in West Bengal and partial burial of TBM in HRT respectively,



Shri S.K. Gang, CMD, NHPC exchanging MoU documents with Shri Anil Razdan, Secretary (Power), Ministry of Power, Government of India

CCEA clearance has also been accorded to Kishanganga HE Project (330 MW) in Jammu & Kashmir and the construction works of the project will commence soon.

You would be glad to know that your Corporation's business development plans got a major boost with signing of Memorandum of Understanding with Government of Arunachal Pradesh for execution of Tawang-I & II Projects (1500 MW) and Dibang HE Project (3000 MW) on ownership basis on 24.06.2007.

This amply demonstrates the confidence reposed by the State in the capability of the Corporation for speedy execution of hydroelectric projects. In addition to the above, discussions are also in process with other States for execution of hydro projects on JV basis.

I am also happy to inform that Hon'ble Minister of Power Shri Sushilkumar Shinde laid foundation stone of Loktak D/s HE Project (66 MW) in Manipur on 16.12.2006 which is to be executed by NHPC in JV with the State Government. PIB clearance in respect of above project has already been accorded on 23.11.2006. In addition to this, PIB clearance in respect of Kotli Bhei-IA (195 MW), Kotli Bhei-IB (320 MW) and Kotli Bhei-II (530 MW) in Uttarakhand have also been accorded for consideration of CCEA. An umbrella agreement has been signed between Government of India and Government of Bhutan for cooperation in the field of hydroelectric power in Bhutan. This would facilitate development of projects in Bhutan by your Corporation. Your Corporation is already executing the investigation works for preparation of Detailed Project Report of Mangdechhu HE Project (672 MW) in Bhutan. Survey and investigation works at other projects is progressing satisfactorily.

Government of India is according top most priority to rural electrification work to realize the objective of 'Power to all villages' by 2009 and 'Power for all' by 2012 through Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY). As a part of this programme, NHPC has been assigned Rural Electrification works in five states viz. Bihar, West Bengal, Jammu & Kashmir, Chattisgarh and Orissa. Also, your Corporation is executing works of rural roads under the Pradhanmantri Gram Sadak Yojana (PMGSY) in the State of Bihar. In addition to above, your Corporation is also executing construction work for power



Shri S.K. Gang, CMD, NHPC in discussion with Shri. Sonu Gandhi, Hon'ble Chairperson, UPA in the presence of Shri Sushilkumar Shinde, Hon'ble Union Minister of Power



Shri S. K. Garg, CMD, NHPC receiving the National Award for Meritorious Performance from Dr. Manmohan Singh Hon'ble Prime Minister of India

evacuation system of TLDP-III & IV for the Government of West Bengal.

Your Corporation in order to promote educational facilities in remote regions is going to construct NHPC college of Science, Technology, Arts and Commerce at Tawang, Arunachal Pradesh for which the foundation stone has been laid by Smt. Sonia Gandhi, Hon'ble Chairperson of UPA. It is universally accepted that no developmental project can be considered complete unless the areas adjoining the project also

reap the benefits of the development. Your Corporation, as a Corporate Citizen is well aware of its Corporate Social Responsibility (CSR) and has framed comprehensive policy guidelines for taking up developmental works in areas near our projects. The areas covered by your Corporation include the community development initiatives viz. creating Herbal Parks, Afforestation, Catchment Area Treatment (CAT), Fisheries Management, Organizing Medical/Vaccination Camps, Education Facility, Peripheral Development, Organizing Sports/Melas etc.

I am also glad to inform that your Corporation has received various awards and recognition for its achievements. Hon'ble Prime Minister of India Dr. Manmohan Singh has conferred the National Awards for Meritorious Performance to NHPC for its Chamara-I Power Station (Bronze for 2005-06) and to NHDC for Indira Sagar Project (Gold and Silver for Unit # 7 & 5 respectively for the year 2004-05) on 21.03.2007. The Corporation in recognition of its Environment Management has also been conferred the prestigious "Srishti G-Cube Award 2006 for Good Green Governance". The Corporate Office has been granted Occupational Health and Safety Management System (OHSMS) Certificate as per ISI 18001: 2000 by M/s. Bureau of Indian

Standards, Chandigarh for a period of three years. Your Corporation has also been conferred with the "Enterprise Excellence Award 2005-06 (Gold Shield)" for its operational & financial strength on 18.05.2007.

I am also happy to inform that your Corporation has been awarded the "MoU Excellence" certificate for the year 2005-06 & 2004-05 by Ministry of Heavy Industries & Public Enterprises on 8<sup>th</sup> March, 2007.

Government of India has given its consent to your Corporation to



540 MW Chamara I Power Station (Himachal Pradesh) - Dam



Shri S.K. Garg, CMD, NHPC & NHDC briefing Shri Susant Kumar Sharma, Hon'ble Union Minister of Power on the 1000 MW Indira Sagar Project Model

raise funds by issue of shares to the public in the market through Initial Public Offer. The Initial Public Offer will be for 15% of the pre issue paid up capital which will also include 5% sale of Government of India holding. The Draft Red Herring Prospectus have been filed with SEBI and issue is likely to hit the market.

I am happy to inform that our Joint Venture Company "Narmada Hydroelectric Development Corporation Ltd." too shares our values. Indira Sagar Project was commissioned expeditiously by

NHDC and the generation at this Power Station was 2573.45 million units of electricity so far to the power deficit State of Madhya Pradesh at relatively cheaper rates resulting in substantial savings to the State. The Project was completed at a cost less than the estimated cost, thereby earning the reputation of being rare project for achieving this feat. The construction work of Omkareswar Project (520 MW) is almost complete and the first Unit has been commissioned on 21.07.2007. The other units are likely to be commissioned by October, 2007 i.e. ahead of its target date of February, 2008. The project will generate 1166 million units annually on its completion.

It is worthwhile to note that NHDC has also signed MoU on 27.04.07 with Government of MP for implementation of three new projects viz. 60 MW Bauras, 45 MW Hoshangabad and 55 MW Handia in Narmada Basin. It has also signed Power Purchase Agreement (PPA) for both ISP and OSP on 27.04.2007 with the Government of Madhya Pradesh. In addition to the above, discussions are also in process with other States for execution of hydro projects on JV basis.

During the year under review, the Corporation has received consultancy assignments for the work for Udhampur-Srinagar-Baramulla Rail link project in J&K, development of Office Complex for Indian Reserve Battalion at Port Mout, Port Blair, Development of infrastructures at Port Blair for Police Department, Renovation and uprating of Varzob-I Hydro Power Plant in Tajikistan jointly with M/s BHEL and implementation of Durgaduani Tidal Power Project (3.65 MW) in West Bengal. Corporation has received consultancy assignments worth Rs.23.76 crore during the year.



520 MW Omkareswar Project (Madhya Pradesh) - View of Intake Gate

Human Resource is Corporation'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. It is a matter of pride to inform that the Industrial Relations climate in the Corporation remained cordial and harmonious and no man days were lost during the year. Your Corporation accords utmost importance to the usage of



Shri S.K. Garg, CMD, NHPC presenting a cheque for Rs. 225 Crores to Shri Digvijay Khairu, then the Chief Minister of Aniharap Pradesh as an advance payment against value of free power from NHPC Project to be commissioned in the State.

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/Corporations for the support and guidance received. I would also wish to express my sincere thanks to National & International Financing Institutions for the faith and confidence reposed by them and for their continued financial assistance to NHPC. I, on behalf



Shri S.K. Garg, CMD, NHPC and Shri S.K. Chaturvedi, Director (Personnel) alongwith his Excellency Shri Tejendra Khanna, Lt. Governor of Delhi at the NHPC Lecture Series

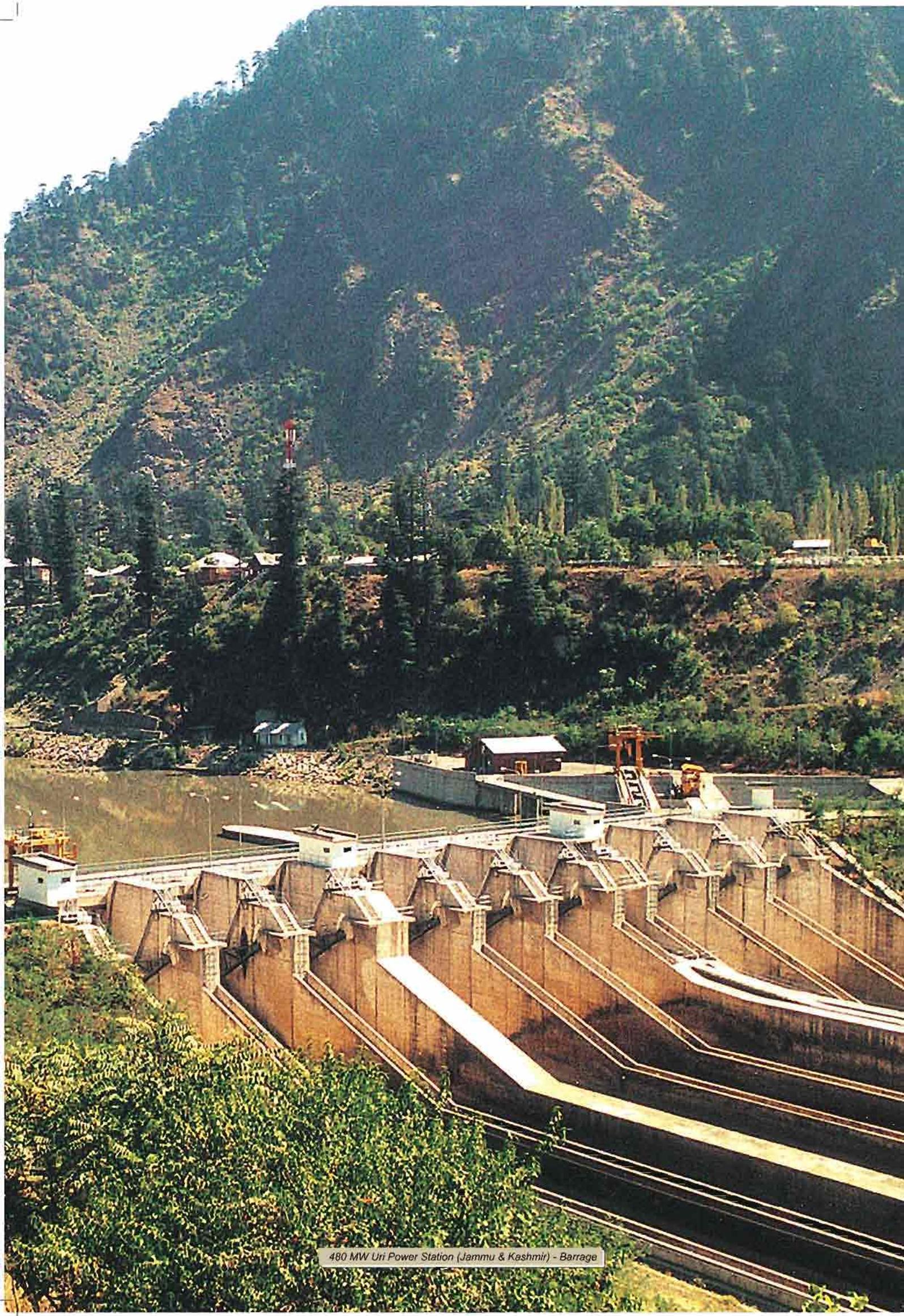
of all Directors on Board, compliment our employees for their whole hearted dedication, commitment, co-operation and excellent all round performance during the year.

(S.K. Garg)

Chairman & Managing Director

Date : 07.08.2007

Place: Faridabad



480 MW Uri Power Station (Jammu & Kashmir) - Barrage



# DIRECTORS' REPORT

## DIRECTORS' REPORT

To the Members,

National Hydroelectric Power Corporation Ltd.,

Your Directors have great pleasure in presenting the 31<sup>st</sup> Annual Report on the performance of your Corporation together with Audited Accounts including consolidated Financial Statement relating to the Corporation, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the financial year ended 31<sup>st</sup> March, 2007.

### 1. FINANCIAL PERFORMANCE

The Financial performance of the Corporation continued to show an upward trend. During the year, total sales turnover was Rs.1962.76 crore against Rs.1713.79 crore in the previous year. The net profit after tax rose from Rs.742.75 crore to Rs.924.80 crore showing an increase of 24.51%. The realization of the sales proceeds was 100% as against the target of 97% set by the Ministry of Power in the MoU for excellent rating. Further, NHPC has earned Rs.55.59 crore towards

UI charges during 2006-07. The Corporation earned an interest income of Rs.234.09 crore on the bonds issued earlier against the Securitization of outstanding dues and loan to State Government in settlement of dues from customers and Rs.7.92 crore towards late payment surcharge.

The financial performance as on March 31, 2007 is summarized hereunder:



Table I

### FINANCIAL HIGHLIGHTS

(Rs. in crore)

Particulars	2006-2007	2005-2006
Sale of Power	1962.76	1713.79
Profit before Depreciation, Interest and Tax	1610.04	1373.55
Depreciation	290.55	269.57
Profit after Depreciation and before Interest and Tax	1319.49	1103.98
Interest Cost	231.75	291.82
Profit after Depreciation and Interest but before Tax	1087.74	812.16
Tax	162.94	69.41
Profit after Depreciation, Interest and Tax	924.80	742.75
Surplus of Profit and Loss Account of earlier years	2829.74	2369.02
Amount written back from bonds redemption reserve	83.75	-
Profit available for appropriations	3838.29	3111.77
<b>APPROPRIATIONS</b>		
Interim Dividend	72.00	64.00
Proposed Final Dividend	206.00	159.00
Corporate Dividend Tax	45.11	31.28
Appropriations from profit to general reserve	2800.00	-
Transfer to Bonds Redemption Reserve	-	27.75
Balance Profit carried to Reserves and Surplus	715.18	2829.74

## 2. POWER GENERATION.

During the year your Corporation has added 390 MW generating capacity with the commissioning of Dul Hasti Hydroelectric Project in Jammu & Kashmir. The commercial generation from the Project has started from 7<sup>th</sup> April, 2007 and the Power Station is supplying generation to the power starved Northern Grid.

The total generation during the year under report was 13048.76 MUs as compared to 12567.15 MUs generated during 2005-06 and therefore showing an increase of 3.83% over previous year. The machine availability measured as capacity index was 94.13 % against MoU target of 92% for "good rating". The Station wise generation is summarized below:

### YEARLY GENERATION POWER STATIONWISE

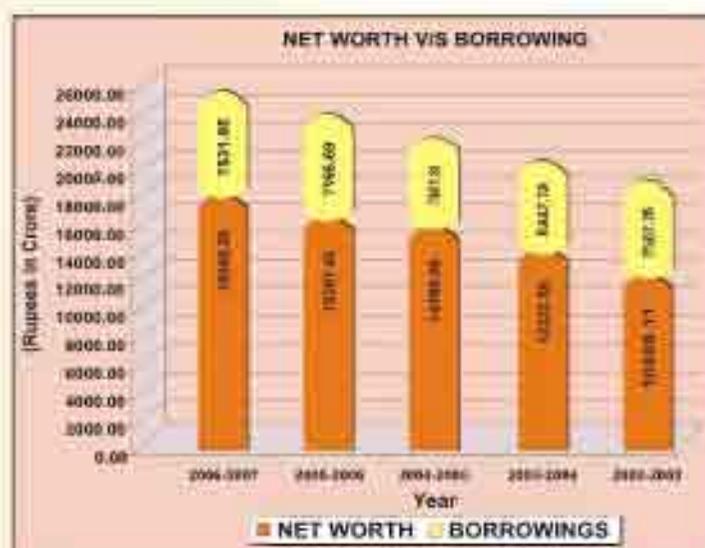
Table 2

Power Stations	Target Generation 2006-07	Actual Generation (MU) 2006-07	Actual Generation (MU) 2005-06	Target CI (%) 2006-07	Actual CI (%) 2006-07
Baira Siul 180MW	708.70	698.37	790.99	88.23	94.22
Loktak 90 MW	425.60	475.43	586.11	82.56	91.80
Salal 690 MW	2927.90	3462.54	3480.86	95.14	97.90
Tanakpur 94.20 MW	429.40	455.20	483.25	95.14	99.91
Chamera-I 540 MW	1526.65	2365.67	2343.17	90.89	95.62
Uri 480 MW	2457.65	2818.09	2724.82	96.20	98.78
Rangit 60 MW	322.05	201.10	352.04	89.82	62.58
Chamera-II 300 MW	1382.25	1431.59	1490.46	89.82	95.89
Dhauliganga 280 MW	1078.25	1094.00	315.46	89.09	77.58
Dul Hasti* 390 MW	1234.05	46.77	—	90.16	—
Teesta-V 510 MW	47.50	—	—	77.60	—
<b>Total</b>	<b>12540</b>	<b>13048.76</b>	<b>12567.15</b>	<b>92.0</b>	<b>94.13</b>

#### \* Infirm power

Note: The CI (%) figures for the year 2006-07 are provisional subject to certification by the respective RPC's.

Targets for "good" rating in the MoU signed with Government of India



### 3. PROPOSED DIVIDEND

Your Directors have recommended a lump sum dividend of Rs.278 crore including the interim dividend of Rs.72 crore (excluding Dividend Tax) for the year 2006-07 which is about 30% of the net profit of the Corporation.

### 4. CAPITAL STRUCTURE

During the year, Corporation issued equity shares of Rs.982.93 crore to the President of India and the total paid up capital of the Corporation was Rs.11,198.21 crore as on March 31<sup>st</sup> 2007. This amount includes a sum of Rs.24.55 crore towards

reduction of capital which was approved by Ministry of Company Affairs and the orders confirmed by ROC.

### 5. PROGRESS OF ONGOING PROJECTS. STATUS OF ONGOING PROJECTS

#### Teesta HE Project Stage-V (510 MW), Sikkim

Most of the works have been completed. Concreting of Dam and Intake structures has been completed. Radial Gates and Intake Gates are under erection. Desilting Chambers, Surge Shaft, Pressure Shafts and Power House civil works have been completed. Most of the HRT excavation and Overt Lining have been completed except in Face-VIII. All three units have been boxed up and auxiliaries

are under erection/testing. The Project is now expected to be commissioned in January, 2008.

#### Parbati HE Project Stage-II (800 MW), Himachal Pradesh

Construction activities at the site are going on in full swing. Excavation of Dam has been completed and concreting is in progress. Other major civil works are in progress. The works got a set back due to partial burial of TBM in slush and also due to

slope failure in the Power House. TBM is expected to be operational again from September, 2007. The anticipated commissioning of the Project is December, 2010.

#### Subansiri (Lower) HE Project (2000 MW), Arunachal Pradesh.

Heading excavation in Diversion Tunnels has been completed and concreting is in progress. Other works are going on as per schedule and River Diversion is expected in Oct./Nov., 2007. The Project is expected to be commissioned by January, 2012.



Shri S.K. Gang, CMD, NHPC presenting the interim dividend cheque of Rs.72 crore to Shri Sushil Kumar Shinde, Hon'ble Union Minister of Power along with senior officers of MOP and NHPC



510MW Teesta Stage V Project (Sikkim) - Dam



120 MW Sawa HE Project (Jammu & Kashmir) - Power house under construction

**Sewa HE Project Stage-II  
(120 MW), Jammu & Kashmir**

In Dam and Power House, excavation is completed and concreting is in progress. Other works including E&M and HM works are in progress. Erection of Generator of unit-I has been completed. Project is expected to be commissioned by December, 2008.

**Teesta Low Dam Project Stage-III  
(132 MW), West Bengal.**

Presently the excavation in Barrage

Blocks 3 to 7, Power House, Cellular Wall, Intake etc. have been completed and concreting is under progress. In E&M works, erection of Draft tube segments in all Units has been completed and 2<sup>nd</sup> stage concreting is in progress. In HM works, first stage embedded parts are under installation in Barrage piers. The Project is expected to be commissioned in September, 2008.

**Uri HE Project Stage-II (240 MW), Jammu & Kashmir**

River was diverted in January, 2007. Major civil works are in progress. The E&M package was awarded to M/s Alstom in December, 2006. The HM Package has been awarded to M/s. Om Metals-SPML (JV) on 09.05.2007. Works suffered an initial setback due to earthquake in October, 2005 and also due to washing away of Cofferdam in March'07 during heavy rains and flood. The Project is expected to be commissioned by March, 2010.

**Chamera HE Project Stage-III  
(231MW), Himachal Pradesh**

River was diverted on 05.03.2007. Civil works are in progress. Contract for the E&M works has been awarded to M/s Alstom in January, 2007.



240 MW Uri-II HE Project (Jammu & Kashmir) - Boomer at Mat Portal

The Project is expected to be commissioned by August, 2010.

**Parbati HE Project Stage-III (520MW), Himachal Pradesh**

River was diverted on 14.03.2007. Major civil works are in progress. Contract for Electro Mechanical works package has been awarded to M/s BHEL in December, 2006 and the project is expected to be commissioned by November, 2010.

**Teesta Low Dam Project Stage-IV (160MW), West Bengal**

The 1<sup>st</sup> stage diversion work has been completed and river was diverted on 30.01.2007. Excavation for Dam, Power House and Cellular Wall is in progress. The E&M and HM works have been awarded on 9<sup>th</sup> and 10<sup>th</sup> May '07 respectively. The expected commissioning date of the Project is May, 2010.

#### **Nimoo Bazgo HE Project (45 MW), Jammu & Kashmir**

The CCEA approval was received on 24.08.06 for executing the Project within 48 months i.e August, 2010, at a cost of Rs. 611.01 crore including IDC and Finance Charges of Rs.7.34 crore at December, 2005 PL. Major civil works have already been awarded and the works are in progress. As per approval of CCEA, the scheduled date of completion of this project is August, 2010. The E&M work has been awarded to M/s. BHEL on 12.06.07.

#### **Chutak HE Project (44 MW), Jammu & Kashmir**

The CCEA approval was accorded on 24.08.06 for completion of the Project in 54 months i.e February, 2011 at a cost of Rs. 621.26 crore including IDC and financing of Rs.3.69 crore at December, 2005 PL. Contracts for major civil works are awarded and the works are in progress.

### **6. NEW SCHEMES**

#### **A. PROJECTS AWAITING GOVERNMENT SANCTION**

##### **1. Kishanganga (330 MW), Jammu & Kashmir**

Techno Economic Appraisal (TEA), Defence, Environmental and Forest Clearances are received. The project has been cleared from Indus Water Treaty Angle. Ministry of Power vide their letter dated 20.07.2007 has conveyed the approval of CCEA for implementation of this Project.

##### **2. Kotli Bhel I-A (195 MW), Uttarakhand**

Implementation Agreement for the project has been signed on 08.06.06 between NHPC and Govt. of Uttarakhand. Techno Economic Clearance (TEC), Defence clearance and Environmental clearance are available. Forest proposal has been submitted to State Govt. and the same is yet to be forwarded by State Govt. to MOEF, PIB in its meeting held on 07.02.07 has recommended the project for consideration of CCEA. Draft CCEA note has been submitted to Ministry of Power on 18.04.07. Formal Defence clearance is awaited.

##### **3. Kotli Bhel I-B (320 MW), Uttarakhand**

Implementation Agreement for the project had been signed on 08.06.06 between NHPC and Govt. of Uttarakhand. Techno Economic Clearance (TEC) and Defence clearance is available. Environment clearance proposal along with EIA & EMP report / Public hearing report have been submitted to MOEF on 14.02.07. The project was discussed by Expert Appraisal Committee (EAC) of MOEF on 22.03.07. As directed by MOEF, Public hearing for District Pauri held on 02.06.2007. The proceedings of the same has been sent to MOEF. Forest proposal has been submitted to State Govt. and the same is yet to be forwarded by State Govt. to MOEF. PIB in its meeting has recommended the project. Draft CCEA note has been submitted to MOP on 19.04.2007.

##### **4. Kotli Bhel II (530 MW), Uttarakhand**

Implementation Agreement for the project has been signed on 08.06.06 between NHPC and Govt. of Uttarakhand. Techno Economic clearance and Defence clearance are available. EIA & EMP studies have been awarded vide letter dated 10.11.05 and reports have been finalized. Copy of EIA & EMP



195 MW Kotli Bhel I-A NHPC Project (Uttarakhand) - Tunnel work in progress



1000 MW Pakal Dul HEP Project (Jammu & Kashmir) - Drilling at Dam site

**5. Pakal Dul (1000 MW), Jammu & Kashmir**

Techno Economic Appraisal (TEA) is available. The project has been cleared from Indus Water Treaty Angle. Govt. of J&K has accorded Forest clearance for forest area falling outside the Kishtwar High Altitude National Park (KHANP).

Dereservation of forest land falling under KHANP is under consideration of NBWL. Draft PIB memo submitted to Ministry of Power on 02.11.06. In the meeting taken by Hon'ble Prime Minister on 08.11.06 to review the progress of reconstruction plan for J&K, Planning Commission agreed to request of State Govt. for transfer of this project from NHPC to State sector. NHPC has already furnished its comments to Ministry of Power stating that it is not in the interest of the project and hydro sector as a whole to transfer this project to State sector. Further, directions of Ministry of Power are awaited.

**6. Loktak Downstream (66 MW), Manipur**

Ministry of Power has entrusted execution of the project to NHPC with the consent of the State Government on ownership basis and CCEA approval for implementation of the project was conveyed by Ministry of Power vide letter dated 30.12.99. The construction work on the project could not commence due to adverse law & order situation prevailing in the area.

Further, in the meeting held in the Ministry of Power between Hon'ble Chief Minister, Manipur and Secretary (Power), Government of India on 07.10.2006, it was decided that the State would take up the project in joint venture with NHPC. NHPC submitted a Revised Proposal of the project to CEA. CEA has accorded TEC to revised proposal.

MOEF has accorded in principle forest and pre-construction activities clearance to the project. PIB in its meeting held on 23.11.06 has recommended the project. Draft MoU for Joint Venture has been modified based on the recommendations made by PIB. A copy of modified draft MoU has been sent to Government of Manipur on 08.02.07 for their comments/ concurrence. MoU to be signed with Government of Manipur is under finalization.



Sri Sush Kumar Shinde, Hon'ble Union Minister of Power laying the foundation stone of 66 MW Loktak Downstream Hydroelectric Project at Thangai (Langrang) in Tamenglong district of Manipur

reports and Executive summary have been submitted to MOEF on 14.05.07 for initiating the process of Public Consultation. Public hearings held on 27.06.2007 & 28.07.2007. The proposal for environmental clearance along with EIA, EMP and Public hearing proceedings submitted to MOEF vide letter dated 29.06.2007. Forest proposal has been submitted to State Govt. and the same is yet to be forwarded by State Govt. to MOEF. PIB in the meeting held on 15.05.2007 has recommended the project for consideration of CCEA.

## B PROJECTS UNDER TEC / DPR PREPARATION

### 7. Dibang (3000 MW), Arunachal Pradesh

The DPR was prepared by NHPC and submitted to CEA on 29.12.2005 for accord of Techno-economic clearance. Revised MoU signed on 24.06.2007 between NHPC and Government of Arunachal Pradesh for implementation of the project on ownership basis. This MoU supercedes the earlier MoU signed on 21.9.06. EIA & EMP reports have been submitted to MOEF on 13.02.2007. Process for getting the public hearing/public consultation has been initiated.

### 8. Lakhwar Vyasi (420 MW)/ Vyasi (120 MW), Uttarakhand

DPR of the Lakhwar Vyasi project has been submitted to CWC. EIA /EMP reports of Lakhwar Vyasi project have been submitted by the consultant on 02.02.07. Consent from Govt. of Delhi, UP etc. on sharing of cost towards water and irrigation component respectively is a constraint in finalizing DPR of the project. Several meetings have been taken by Ministry of Power, CEA and MOWR to resolve the above issue.

Subsequently Ministry of Power advised NHPC to examine the DPR of the Vyasi project (120 MW) on stand alone basis. NHPC prepared the DPR and submitted it to CEA on 2.8.06. Concurrence of CEA is awaited. EIA/EMP reports have been submitted to MOEF on 26.2.07 for initiating process of Public consultation. Govt. of Uttarakhand has been requested for signing the Implementation Agreement. Matter has been pursued with them regularly.



420 MW Lakhwar Vyasi HE Project (Uttarakhand) - Dam Site

### 9. Bav-II (20 MW), Maharashtra

DPR has been submitted to CEA for accord of TEC. CEA has returned the same as project is not viable. Maharashtra State Electricity Distribution Company Limited (MSEDCL) informed that it is unable to purchase power from the project. Further, MSEDCL has intimated NHPC to treat the PPA signed between NHPC and MSEDCL as cancelled.

NHPC Board of Directors in its meeting held on 01.05.07 has decided to close down the project as Govt. of Maharashtra is not willing to purchase power.

### 10. Teesta-IV (495 MW), Sikkim

Implementation Agreement for the project has been signed on 01.03.06 between NHPC and Govt. of Sikkim. Ministry of Environment and Forests (MOEF) has accorded site clearance Stage-I & II to the project. EIA/EMP studies have been awarded. FR/DPR is under preparation.

### 11. Bursar (1020 MW), Jammu & Kashmir

CEA has accorded Commercial viability to the project. MOEF has accorded site clearance stage-II to the project and the Forest clearance for forest land falling outside the Kishtwar High Altitude National Park (KHANP) has been accorded by Jammu & Kashmir. The proposal for de-notification /diversion of forest land falling inside KHANP required for the project is considered by the Standing Committee of National Board for Wild Life (NBWL). The Committee has recommended a detailed study on impact of the project on Wildlife. EIA & EMP studies for the project have been awarded. The project is also facing constraints viz. adverse law and order situation, Dereservation of forest land falling under KHANP. The task force on development of J&K have recommended the transfer of the project to J&K Govt. Several meetings have been taken by MOP in this aspect. NHPC has conveyed that the project may be developed as a joint venture between NHPC and J&K Govt.

**12. Chungar Chal (240 MW), Uttarakhand**

Implementation Agreement for the project has been signed on 21.11.05 between NHPC and Govt. of Uttarakhand. MOEF has accorded site clearance stage-I to the project subject to clearance from NBWL in case project falls in Askot Musk Deer Sanctuary. EIA/EMP studies have been awarded. Work of preparation of DPR would be taken up only after receipt of clearance from NBWL/ Hon'ble Supreme Court of India.

**13. Garba Tawaghat (630 MW), Uttarakhand**

Implementation Agreement for the project has been signed on 21.11.05 between NHPC and Govt. of Uttarakhand. The project is affected by Askot Wild Life Sanctuary, therefore work of preparation of DPR is held up.

Since the project involves International angle with Nepal, matter was taken up with MOWR, who advised to seek necessary clearances from Govt. of India for holding discussions with Govt. of Nepal through MEA for taking up survey/investigations for this project. Response from the MOP/Indian embassy is awaited.

**14. Khartoli Lumti Tulli (55 MW), Uttarakhand**

Implementation Agreement for the project has been signed on 21.11.05 between NHPC and Govt. of Uttarakhand. The project is affected by Askot Wild Life Sanctuary, therefore work of preparation of DPR is held up.

**15. Lachen (210 MW), Sikkim**

Implementation Agreement for the project was signed on 01.03.06 between NHPC and Government of Sikkim. MOEF has accorded the site clearance stage-I to the project.

CEA vide letter dated 16.01.2007 recommended an amount of Rs.300 lakhs for undertaking the works under stage-I activities of the Project.

**16. Tawang-I (750 MW) & Tawang-II (750 MW), Arunachal Pradesh**

Memorandum of Agreement (MOA) has been signed on 24.06.07 between Govt. of Arunachal Pradesh and NHPC for implementation of the project.

MOEF has accorded clearance for preconstruction activities in the proposed sites. NHPC submitted the PFRs of both the projects to CEA for establishing the commercial viability.

**17. Subansiri Middle (1600 MW) & Subansiri Upper (2000 MW), Arunachal Pradesh**

CEA had advised NHPC to prepare DPR and take up essential infrastructure works. Survey & Investigation work for preparation of

DPR has been suspended due to non-availability of site clearance stage-II by MOEF. Proposal for site clearance stage-II was rejected on the basis of recommendation of IBWL (now NBWL), in case of Lower Subansiri Project that "there will be no construction of dam upstream of Subansiri river in future". While disposing IA filed against Subansiri Lower Project, Supreme Court has directed that permission for Subansiri Lower Project may be given subject to fulfillment of condition imposed by Standing Committee of



Tunnel Boring Machine (TBM)

IBWL. State Govt. had filed a review petition in Hon'ble Supreme Court of India for review of its order. After hearing, Hon'ble Supreme Court directed that "matter is referred to the Standing Committee of the National Board of Wildlife to consider waiving or modifying these conditions as sought by the applicant

and is to be listed again after receipt of report from Standing Committee<sup>2</sup>. The matter is under consideration of Standing Committee of NBWL.

**18. Siang Lower (1600 MW), Arunachal Pradesh**

CEA has accorded Commercial viability to the project. MOEF has accorded site clearance stage-II for new site. S&I works for preparation of DPR and infrastructure works are almost complete. However, Govt. of Arunachal Pradesh has signed MoU with M/s JP Associates on 22.02.06 for execution of the project. NHPC has requested Ministry of Power to look into the matter and advise whether it would be appropriate to put NHPC point through legal route.

**19. Siyom (1000 MW), Arunachal Pradesh**

DPR has been submitted to CEA for accord of TEC. However, Govt. of Arunachal Pradesh has signed MoU with M/s Reliance Energy Ltd. on 22.02.06 for execution of the project. NHPC has requested Ministry of Power to look into the matter and advise whether it would be appropriate to put NHPC point through legal route.

**C PROJECT UNDER FR PREPARATION**

**20. Siang Upper & Siang Intermediate, Arunachal Pradesh**

Siang Upper/Siang Intermediate project have been accorded site clearance Stage-I. In the meeting held between Hon'ble Chief Minister, Government of Arunachal Pradesh and Hon'ble Minister of Power, Government of India, in July,06 it was decided that the State Government shall carry out studies to determine optimum utilization of hydro potential and submersion, revised lay out through one or more professional agencies and prepare a Pre-Feasibility Report within six months.



**7. CONSULTANCY SERVICES**

During the financial year 2006-2007, Consultancy Assignments of Rs.23.76 crore and total payments of Rs.7.74 crore were received. In the current financial year 2007-2008, till 31<sup>st</sup> May'07, Consultancy Assignments of Rs.20.47 crore and payments amounting to Rs.26.51 crore have been received. The important Consultancy Assignments received during the period includes the preparation of DPR of Mangdechhu HE Project in Bhutan, works for Udhampur-Srinagar-Baramulla Rail link project in J&K, development of a complex for India Reserve Battalion at Port Mout, Port Blair, Development of infrastructures at Port Blair for Police Department, A&N Islands, Renovation, Modernization and uprating of Varzob-I Hydro Power Plant in Tajikistan jointly with M/s. BHEL and Implementation of Durgaduani Tidal Power Project (3.65 MW) in West Bengal. The Corporation has an MoU with Montgomery Watson Harza America Inc. International Energy & Water Resources Group for jointly providing Consultancy Services to outside agencies in the field of Hydro Power in India and abroad.

The Corporation is also registered as a "Consultant" with World Bank (WB), Asian Development Bank (ADB), African Development Bank (AFDB) and Kuwait Fund for Arab Economic Development (KFAED), Kuwait.

### 8. Rural Roads Project

NHPC has undertaken construction of rural roads in six districts of Bihar under the Pradhan Mantri Gram Sadak Yojna (PMGSY). As on 31.03.07, 193 roads of 1211 Kms. with a cost of Rs.526.70 crore have been cleared by Ministry of Rural Development, Government of India. Work on 25 roads with a total length of 152.34 Kms. have been completed in addition to part completion of 70.66 Kms. length. Work on 117 roads with a total length of 762 Kms. with an estimate cost of Rs.315.22 crore have been taken up.

Tender process for award of work of 50 roads covering 289 Kms with a total cost of Rs. 141.21 crore is being undertaken.



Construction of Roads by NHPC in Bihar under PMGSY

### 9. TRANSMISSION LINE WORKS

Your Corporation is entrusted with construction works for power evacuation system of TLDP-III & IV HE Project as deposit work of WBSEB. The work of package-I has been awarded to M/s L&T for execution. Award process of the package-II is in advance stage. The associated transmission system for various projects of NHPC are being monitored and coordinated with concerned agencies for timely construction of reliable transmission system for the projects.

### 10. RURAL ELECTRIFICATION (RE) PROJECTS



Rural Electrification Project, Purulia (West Bengal)

NHPC is contributing its project management expertise in implementation of RE projects under RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA (RGGVY). NHPC has signed MoU with Rural Electrification Corporation Ltd., and quadripartite agreements with five State Governments (namely West Bengal, Bihar, Chhattisgarh, Orissa and J&K) for implementation of RE projects on behalf of respective State Governments.

NHPC has been allocated 27 districts in these states for implementation of

work with estimated cost of approximately Rs.2420 crore. Twelve projects costing Rs.655 crore have been sanctioned. So far, NHPC has electrified 825 villages and provided 7558 service connections to BPL households during 2006-07. In the next financial year it is planned to electrify approx. 3000 villages and provide 2.60 lacs service connections to BPL households.

### 11. INFORMATION TECHNOLOGY AND COMMUNICATIONS

The Corporation has created a robust IT & Communication infrastructure across all locations. The same are being harnessed to run critical business functions like Construction Project Management, Power Generation, Finance, Human Resources, Commercial, Materials Management etc.

The Corporation has embarked upon implementing an ERP solution in the organisation for integrated operations of all key functions at Corporate Office, Projects, Power Stations and Regional Offices. After ascertaining the functional and technical requirements, NHPC is now in advanced stage of procuring the ERP software package and an implementation partner. The implementation process shall start from August, 07 and the project when implemented shall facilitate improved performance, productivity and profitability in the organisation. IT & Communication infrastructure presently available are being upgraded to support the ERP initiative. An enterprise class Data Centre is also being developed to meet the centralized processing, storage and security requirements of ERP.

## 12. HUMAN RESOURCE DEVELOPMENT

Employees are the most precious asset of an organization and a favourable environment is necessary to encourage creativity, innovation and performance excellence amongst them. The Corporation focused its efforts to enhance the competencies of the employees, to develop competent, trained and



multi-disciplinary human capital in NHPC so as to meet the challenging assignments. With the aim to offer the best training to the employees, NHPC has entered into strategic alliance with the premier Academic Institutes like IIM- Ahmedabad, IIT-Roorkee, MDI-Gurgaon, IMI-Delhi, IMT-Ghaziabad. We have conducted 686 training programmes during 2006-07 in which 9323 employees of various levels were trained. In addition, various other HR interventions e.g. Organisation Climate Survey, Competency mapping

exercise are also undertaken to adjudge the employees satisfaction level and improved performance.

## 13. WELFARE OF PERSONS WITH DISABILITIES

The welfare of persons with disabilities is given special consideration. Reservation in employment is provided as per the directions of the Government of India. A Co-ordination Committee for Empowerment and Rehabilitation of persons with Disabilities has been constituted to suggest a disabled friendly workplace for employees in the Corporation and ensuring implementation of the recommendations of National Policy for persons with disabilities.

## 14. WOMEN EMPLOYEES

A Complaint Committee as per laid down guidelines for looking into the complaints about sexual harassment of females at work place has been constituted. The Committee has more than 50% of female representation and is headed by a female employee. There are provisions for Maternity Leave, Child Care leave for the female employees. Corporation is also maintaining a well equipped Crèche during office hours at NHPC Corporate Centre for the children of female employees.

## 15. INDUSTRIAL RELATIONS & STAFF WELFARE

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

## 16. RESERVATION FOR SC/ST/OBC

The Corporation is following the instructions relating to reservation of post for SC/ST/OBCs in service as per the Presidential Directives issued from time to time for recruitment and promotion of employees.

### 17. VIGILANCE ACTIVITIES

NHPC Vigilance Division is constantly striving to bring transparency in the system and increased awareness among employees of the Corporation to ensure adherence to various procedures and guidelines issued by the organization as well as instructions from Government of India & Central Vigilance Commission. Continuous efforts are being made to enhance satisfaction and protect interest of the stakeholders by keeping a close watch on activities of Organization and continually improving the existing system and procedures.

Vigilance Division of NHPC with a view to instill a transparent system of responsibility and accountability, has standardized and documented its internal procedures and obtained ISO 9001:2000 Quality Management Certification for vigilance functioning.

### 18. OFFICIAL LANGUAGE IMPLEMENTATION

In connection with implementation of Official Language (Rajbhasha) of Govt. of India in the Corporation, all efforts have been continuously made honestly to enhance the practice of Official Language (Rajbhasha) in official works. Rules and regulations of Rajbhasha Act were abided by during the year. In compliance with instructions of Government, Corporate Office alongwith its projects/all offices, from 1<sup>st</sup> September to 14<sup>th</sup> September, 2006, Hindi Pakhwara (fortnight) was celebrated. During this period, different competitions, programmes, and Book Exhibitions were organized and prizes distributed to competitors. On this occasion, Hindi Magazine i.e. "Rajbhasha Jyoti" was also published.



Shri S.K. Garg, CMD NHPC alongwith Shri S.K. Ghatwadi, Director (Personnel), Shri S.K. Dodeja, Director (Projects) and Shri V.R. Pant, CVO at the release of the Vigilance Booklet titled "Chakra"



Shri. Sustakumar Sonik, Hon'ble Union Minister of Power inaugurating the Rajbhasha Library at NHPC Office Complex, Faridkot

To monitor the implementation of Rajbhasha in Corporation, the inspection in the divisions/ projects/ offices were carried out. The classes were conducted for Hindi language, Hindi typing as well as stenography training etc. Ten days refresher course for stenographers was organized in Corporate Office. Simultaneously, Hindi workshop was organized for the employees of different disciplines.

A Rajbhasha Desk has been established at Corporate Office to motivate employees. Every second Tuesday of the month is observed as 'Hindi Divas'. Corporation has implemented 'Hindi Book Reading Scheme' to inculcate the habit of reading books in Hindi language. A Rajbhasha library was inaugurated by Hon'ble Minister of Power Shri Sushilkumar Shinde.

### 19. CORPORATE COMMUNICATION.

The Corporate Communication Department plays a pivotal role in communicating and enhancing the overall Corporate image of NHPC. The various achievements and new developments at NHPC were effectively highlighted in print and electronic media throughout the country. The Corporation participated in a number of National, Regional and also International level exhibitions. Some of the important exhibitions in



Shri J.K. Garg, CMD, NHPC, inaugurating the NHPC pavilion during IITF-2006

which NHPC's achievements and capabilities were showcased included India Electricity-2006 held at New Delhi, Power India-2006 held at Mumbai, IITF-2006 held at New Delhi, Bharat Kranti Utsav held at Kolkata, Statehood Day celebrations of Arunachal Pradesh held at Itanagar etc. The NHPC pavilion at Statehood Day celebrations of Arunachal Pradesh, Itanagar was conferred the first prize amongst the entire stalls put up by State Government departments and other Central PSUs. In addition, NHPC also participated in Hannover Fair – world's largest Industrial Fair held at Hannover, Germany. NHPC was part of Ministry of Power pavilion in the Fair.



NHPC volleyball team along with senior officers of NHPC at the 30th Inter PSU Volleyball competition at Tarapur Power Station.

The Corporate Communication Department also managed the internal communication for NHPC through regular and timely dissemination of 'NHPC News' and the monthly bulletin titled 'From CMD's Desk' to keep the employees informed about the various developments at NHPC.

As part of celebration of Energy Conservation Day 2006, NHPC coordinated the painting competition for School Children organized by the Bureau of Energy Efficiency (BEE), Ministry of Power at National Level in

five states namely: Jammu and Kashmir, Manipur, Sikkim, Arunachal Pradesh and Madhya Pradesh. NHPC regularly participates in various cultural and sports related activities. The NHPC team bagged 2<sup>nd</sup> Prize in the PSCB Cultural meet organized at PGCIL auditorium, Gurgaon. NHPC also hosted the XI Inter CPSU Volleyball tournament under the aegis of the Power Sports Control Board, Ministry of Power at Tanakpur Power Station.

## 20. AWARDS AND RECOGNITION

Your Corporation during the period under review has received various awards and recognition for its achievements. The Corporation in recognition of its Environment Management has been conferred the prestigious "Srishti G-Cube Award-2006 for Good Green Governance" which was given by Shri Kamal Nath, Hon'ble Union Minister for Commerce. Your Corporation has also been conferred with "Enterprise Excellence Award" 2005-06 by Indian Institution of Industrial Engineering (IIIE) Mumbai for its Financial and Operations strength which was further assessed



Shri S.K. Garg, CMD, NHPC receiving Project Management for the Speedy Completion of Chamera Stage-II Power Station Award from Shri Kamal Nath (Member - Energy Planning Commission), Chairman Apex Advisory Council, Power India 2006 at the 1<sup>st</sup> International Exhibition & Conference Power India 2006 at Mumbai.

under five perspectives namely Financial Strength / Achievements, Internal Processes, Innovation & Learning, Strategy for Development and Growth and Customer Satisfaction. The Corporate Office has been granted Occupational Health and Safety Management System (OHSMS) Certificate as per IS 18001:2000 by M/s Bureau of Indian Standards, Chandigarh for a period of three years.

Shri S.K.Garg, Chairman & Managing Director of your Corporation has been elected as Chairman of India-Tech Council at the 9<sup>th</sup> Annual General Meeting of India Tech Foundation at Mumbai.

## 21. SOCIAL RESPONSIBILITY

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



CMD, Directors and senior officials and their family members at Inaugural Meet held at NHPC Residential colony, Ferozabad

Responsibility - Community Development (CSR-CD) Initiatives at Power Stations, has been approved by the Board and Rs.2.05 crore sanctioned for Power Stations, for the year 2006-2007. Under the R&R Policy, NHPC has also earmarked funds for various Community Development Initiatives to be taken up at the construction Projects.

NHPC has undertaken a number of CSR-CD Initiatives in the areas of Health, Education, Peripheral Development, Sports & Culture etc. for the community living in and around the Power Stations and construction

Projects. Various other initiatives like creating Herbal Parks with medicinal value, Butterfly Parks for conservation of Butterfly Species wherein protection & restoration of breeding & feeding habits are aimed at, the Bio-Diversity Conservatories for preservation of in-situ Bio Diversity of Temperate & Tropical Flora, large scale Afforestation, Catchment Area Treatment (CAT), Fisheries Management, Vocational Training Programmes for the Rural Youth and Women, Adult Education Programmes, Medical Camps, construction of Infrastructural facilities, Development of Tourism in the region etc. are also taken up at different sites of NHPC.

Recently, in order to promote Educational Facilities in remote regions, NHPC College of Science, Technology, Arts & Commerce is going to be constructed at Tawang, Arunachal Pradesh for which the foundation stone has already been laid by Smt. Sonia Gandhi, Hon'ble Chairperson, UPA.

NHPC firmly believes that unless and until it mitigates the hardships of its next door neighbour i.e. the Social Milieu, the whole idea of bringing about a better tomorrow would sound absurd. Hence, NHPC as a good Corporate Citizen has outreached itself for the Social Good with a deep concern for the Social Milieu around which she works & lives.

## 22. SUBSIDIARY CORPORATION

Narmada Hydroelectric Development Corporation is a Joint Venture of NHPC and Government of Madhya Pradesh. The two Projects of NHDC are the 1000 MW Indira Sagar Project and 520 MW Omkareshwar HE Project.



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

### Indira Sagar Project (1000 MW)

Indira Sagar Project provided 2573.45 million units of electricity so far to the power deficit State of Madhya Pradesh at relatively cheaper rates resulting in substantial savings to the State. The Project was completed at a cost less than the estimated cost of Rs.3527.54 crore at September, 2000 Price level, thereby earning the reputation of being rare project for achieving this feat.

### Omkareshwar Project (520 MW)

The 520 MW Omkareshwar Project with 8 units of 65 MW each is designed to generate 1166 million units annually.

The Government of India has accorded approval for the execution of the project by NHDC by February, 2008. However, work on the project is progressing ahead of schedule and it achieved a record highest concreting of 1.294 lac cum. in the month of March, 2006. It is expected that the project may be completed in less than 4 years i.e. by October, 2007 and the first unit has been synchronized on 21.07.07.

MoU for implementation of three new projects viz. 60 MW Bauras, 45 MW Hoshangabad and 55 MW Handia in the Narmada Basin and Power Purchase Agreement (PPA) both for ISP and OSP has been signed on 27.04.2007 between NHDC and Government of Madhya Pradesh.

## 23. CORPORATE GOVERNANCE

Our Corporation firmly believes that good Corporate Governance practices pave the way towards building Great Corporation. It stresses on developing adequate control system in operation and increasing the efficiency of Business Enterprise, for creation of wealth of enterprise and country as a whole. An Audit Committee regularly reviews all financial statements before placing them to the Board and monitors internal control system. The accounts of the Corporation are regularly published in National Dailies after taken on record by its Board. These are also hosted on the website of the Corporation along with other communications made to the public at large. The Corporation strictly

adheres to the provisions of the laws, guidelines of Regulatory Authorities and clauses of Listing Agreement signed with National Stock Exchange (NSE). No penalties/ strictures have been imposed by National Stock Exchange/Securities Exchange Board of India or any other Statutory Authority on matter related to Capital Market.

**24. RIGHT TO INFORMATION ACT, 2005**

In compliance to provisions of the Right to Information Act, Corporation published various documents/records at its website. To provide nation wide access to the information, Assistant Public Information Officers at each of Power Station/ Project/ Regional Office/Unit were also appointed.

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

The information is placed at Annexure-I to the Report.

**26. PARTICULARS OF EMPLOYEES**

Information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed as Annexure-II

**27. AUDITORS**

M/s. GSA & Associates, Chartered Accountants, New Delhi, was appointed as Statutory Auditors for conducting the Audit for the year 2006-2007. M/s N. Sarkar & Co. Chartered Accountants, Kolkata, M/s. K.C.Bhattacharjee & Paul, Chartered Accountants, Kolkata, M/s. K.K.Ghei & Co., Chartered Accountants, New Delhi and M/s. O. P. Garg & Co. Jammu were appointed as Branch Auditors of the Corporation.

M/s. Ramanath Iyer & Co., Cost Accountants for Chamera-II and Baira Siul Power Stations, M/s. Chandra Wadhwa & Co. New Delhi for Salal and Chamera-I Power Stations, M/s. Narasimha Murthy & Co. Hyderabad for Tanakpur & Dhauliganga Power Stations, M/s. Mani & Co. Kolkata for Rangit & Loktak Power Stations and Krishan S.Berk, Faridabad for Uri & Dul Hasti have been appointed as Cost Auditors for the Corporation for the year 2006-07. For 2007-08 also the same auditors are being appointed subject to approval of Central Government.

**28. AUDITOR'S REPORT**

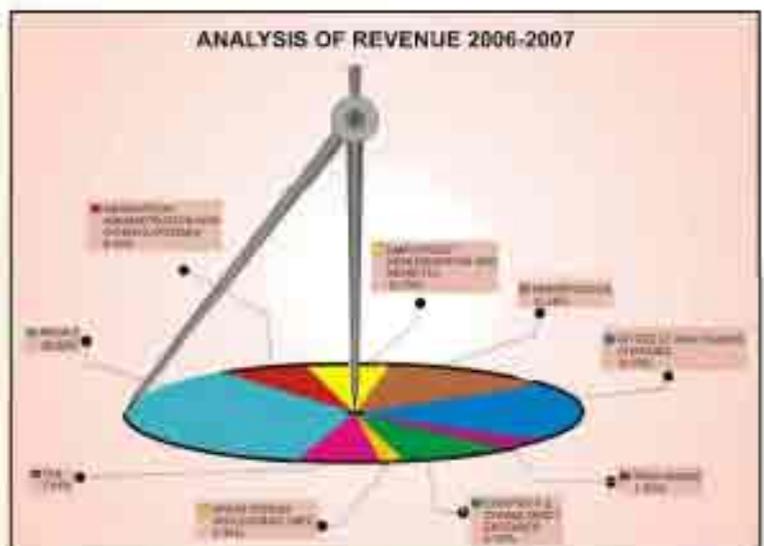
The comments of the Auditors' and Management's replies thereto are given in Annexure -III. The Comptroller and Auditor General of India has issued Nil comments which is enclosed as Annexure-IV to the Report. The consolidated Financial Statement of the Corporation along with the Auditor's Report and Management Reply is placed at Annexure-V.

**29. INITIAL PUBLIC OFFER**

Government of India has given its consent to NHPC to go for Initial Public Offer. The Initial Public Offer will be for 15% of the pre issue paid up capital which also include 5% sale of Government holding. Your Corporation has filed the Draft Red Herring Prospectus with SEBI.

**30. ACCOUNTS OF SUBSIDIARY CORPORATION**

The Annual Accounts along with the Report of Auditors' and Directors' Report of Narmada Hydroelectric Development Corporation Ltd, a subsidiary of our Corporation are annexed along with the Statement under Section 212 of the Companies Act, 1956.



### 31. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, 1956, the Directors hereby confirm the following:

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) 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;
- iii) 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;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

### 32. BOARD OF DIRECTORS

Shri S.K.Garg who was holding the additional charge of the Chairman & Managing Director has been appointed as the Chairman & Managing Director with effect from 23.01.2007. Shri S.K.Dodeja has joined as Director (Projects) with effect from 02.09.2006.

#### ACKNOWLEDGEMENTS

The Board of Directors acknowledge with deep appreciation the co-operation and guidance received from the Government of India and in particular the Ministry of Power, Planning Commission, Ministry of Environment and Forest, Reserve Bank of India, Department of Public Enterprises, Ministry of Corporate Affairs, Central Electricity Authority, Central Water Commission as well as the State Governments, the Regional Electricity Boards/Companies. The Board also places on record its appreciation for continuing support, faith and confidence reposed in the Corporation by the National and International Banks/Financial Institutions as well as Indian Investors.

The Board places its special appreciation to the beneficiary States and other valuable clients for consultancy assignments. The Board also places its appreciation for contributions of Contractors, Vendors and Consultants for their efforts in timely completion of projects.

The Board places on record its deep appreciation for the co-operation extended by Statutory Auditors and Office of Comptroller and Auditor General of India. Further, the Board wishes to record its deep gratitude to all the members of NHPC family whose enthusiasm, dedication and co-operation have made the achievement of a satisfying performance possible. The Board is also confident that the employees will continue to contribute their best in the coming years.



For and on behalf of the Board of Directors

Date : 03.08.2007

Place : Faridabad.

  
(S.K. Garg)

Chairman and Managing Director

**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 & optimize the performance, energy audit of Tanakpur and Loktak Power Stations has been conducted. The recommendations suggested by CPRI to improve the energy saving shall be implemented in due course of time in phased manner.

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

- i) Based on the encouraging results of the field trials, NHPC Power Stations were encouraged to use the Fitch Fuel catalyst on vehicles/equipments depending upon their usage (working hours) requirement taking into account the return on investment (ROI).
- ii) Energy Audit of Baira Siul & Salal Power Stations has been carried out in the FY 2004-05 & 2005-06 respectively. Energy Audit of Tanakpur and Loktak Power Stations has been carried out in FY 2006-07. The recommendations suggested by CPRI to improve the energy saving shall be implemented in due course of time in phased manner.
- iii) Energy Audit of Rangit & Chamera-I Power Stations is being undertaken during the current FY 2007-08.

**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.
- ii) Fitch Fuel Catalyst is a pre-combustion, emission reducing and fuel economy improvement technology. It is stated to improve engine power, reduce harmful emissions, reduce maintenance & operating costs.
- iii) Phase-II Office Complex at Faridabad and Township/Building of Kotli Bhel Project are to be as per energy efficient code of Government of India.

**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**

Rs. In crore

	Particulars	2006-2007	2005-2006
1.*	Value of imports calculated on CIF basis		
	i) Capital Goods	83.77	-
	ii) Spare parts	1.18	2.27
2.*	Expenditure in Foreign Currency		
	i) Know How	2.36	1.19
	ii) Interest	112.38	108.47
	iii) Other Misc. matters.	162.36	335.24
3.*	Value of spare parts and components consumed in Operating units		
	i) Imported	3.52 (40.70%)	5.12(35%)
	ii) Indigenous	5.13 (59.30%)	9.54(65%)
4.**	Earnings in Foreign Currency		
	(i) Interest Income	-	-
	(ii) Others	-	-
	* Accrual Basis		
	**Cash Basis		

## **FORM – B**

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

- Energy Audit of Tanakpur & Loktak Power Station.
- Obtaining CDM Benefits for NHPC Projects.
- Fuel Saving Technology – trial runs conducted at Projects.
- Studies on development of Geothermal Power
- Promoting Use of Renewable Energy Sources i.e. Solar Energy at NHPC Projects/ Installations
- Ecological Study of Teesta River
- Cooperation/Coordination between ITRCES, China and NHPC
- National R&D Project- Development of Silt Resistant Material for Turbine of Hydro Generators
- Techno-Economic studies for selection of appropriate Turbine-Generator units for Tidal Power Stations
- Standardization of measuring & testing instruments
- Import Substitution of E&M instruments/equipments/spares
- Computational Fluid Dynamics Software Laboratory

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

- With a view to assess & optimize the performance, energy audit of all the electro-mechanical parts/equipments of Tanakpur & Loktak Power Stations has been undertaken. Energy Audit of both the Power Stations has been completed by CPRI, Bangalore. Final report for both the Power Stations has also been submitted by CPRI. The recommendations suggested by CPRI to improve the energy saving measures shall be implemented in due course of time in phased manner.
- NHPC is actively engaged in development of Hydro Projects as Clean Development Mechanism (CDM) Projects. Tender documents for call for expression of interest for development of NHPC Projects/Power Stations under CDM and sale of Certified Emission Reductions (CERs) generated by CDM Projects upto 31<sup>st</sup> December, 2012 has been prepared. Project Idea Notes (PINs) for 15 (fifteen) Projects have been prepared for obtaining benefits under CDM Scheme. Nimmo-Bazgo and Chutak Hydroelectric Projects has been awarded to M/s MGM International/IDBI on 06.02.2007.
- Ecological study of Teesta River at Teesta Stage-V Hydroelectric Project and Teesta Stage-V reservoir was awarded to NEERI, Nagpur. Literature study and field visit have been completed by NEERI, in line with the required ecological study. Final report has been completed by NEERI, Nagpur incorporating observations of UNFCCC's CDM Meth panel 19<sup>th</sup> meeting report & UNESCO workshop report. Stage-II study to be taken up subsequently.
- MoU for co-operation between ITRCES, China and NHPC has been signed on 28.11.2006. ITRCES, China and IWHR have identified some research field and projects related with hydroelectric projects which are being scrutinized by R&D as well as Design Division to obtain the best option to sort out the problems faced by NHPC projects.
- Standing Committee of Govt. of India on R&D approved the proposal on National R&D project for Development of Silt Resistant Material for elongation of service life of underwater components for which National Metallurgical Laboratory, Jamshedpur(NML) is the lead agency and NHPC & CPRI, Bangalore is the participating agency. A Project Review Committee (PRC) has been constituted in order to monitor the progress of the project. The 1<sup>st</sup> meeting of PRC was held at CPRI, Bangalore on 09.03.2007 to firm up i) signing of MoU between participating agency ii) Fund Flow arrangement and iii) Schedule of the project etc.
- MNRE requested NHPC to explore the possibilities for implementing Tidal Power Project in West Bengal on 06.09.2006. It was decided during the meeting conducted in MNRE with WBREDA that MNRE will give its in-principle approval to execute the project and NHPC will enter into a MoU with WBREDA for updation of DPR & execution of the tidal project. MoU between NHPC and WBREDA was signed on 28.02.2007. Proposal for hiring of Foreign Consultant is under process.

### **3. Future plan of action 2007-2008**

The above-mentioned R&D activities are planned to be continued for the year 2007-08.

- National R&D plan on Development of Silt Resistant Material for Turbines of Hydro Generators has been

approved by Standing Committee on R&D. NHPC's share has been released to CPRI. NML is the nodal agency for this research project. The completion schedule is 3 years.

- Promoting use of renewable energy sources i.e. solar energy for street lighting etc. at NHPC Residential Complex, Faridabad.
- Energy Audit of Rangit & Chamera-I Power Stations.
- Techno-Economic studies for Selection of Appropriate Turbine-Generator units for Tidal Power Stations
- Preliminary Study of Downstream release of water of hydro project

#### 4. Expenditure on R&D

Total expenditure on R&D during the financial year 2006-07 was Rs.21,72,908/-.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### 1. Efforts in brief made towards Technology Absorption, Adaptation and Innovation

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

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

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

3. Technology imported during last five years:

- a. NHPC has been designated as 'nodal agency' for development of geothermal power in the country, by MNRE. 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 MNRE or MOP clears and entrusts setting up of geothermal project at Puga/Tattapani to NHPC.

- b. 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 is not available or fulfilled through DG sets. A pilot project for 25kWp Solar Power Plant & Stand alone street lights for Nimmo Bazgo Hydroelectric Project of NHPC investigation schemes was undertaken by R&D Division to promote green power. The 20 nos. stand alone street light and 25 kWp solar power plant was successfully commissioned on 17<sup>th</sup> January, 2007. Efforts are being made to identify the suitable locations for use of Solar Power at NHPC Projects.

MNRE has requested NHPC to explore the possibilities for implementing Tidal Power Project in West Bengal. An MoU has been signed between NHPC and WBREDA for hiring of consultant for updation of DPR for 3.65MW Durgaduani Mini Tidal Power Project, Sunderbans.



## ANNEXURE - II

### 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/- PER YEAR.

- NIL -

- 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.

Sl. No.	Name & Designation	Remuneration (Rupees)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment in NHPC	Age Years	Last Employment held
1.	Sh. N.K. Choudhari Executive Director	24,48,815/-	Regular	AMIE, LLB, MIE	15.07.1981	60 Years	NBCC
2.	Sh. A.K. Sood Executive Director	28,03,252/-	Regular	BSc., M.Tech	02.11.1982	59 <sup>1/2</sup> Years	Geological Survey of India
3.	Subhash Kapor Executive Director	24,59,068/-	Regular	CA	05.11.1988	60 Years	Sab Electronics Pvt. Ltd.
4.	Sh. K. Hariharan Chief Engineer	41,52,767/-	Regular	B. Tech., PG Diploma in Management	20.02.1985	46 Years	Simplex cone Piles Pvt. Ltd.
5.	Sh. C.P. Grover Deputy Manager	27,60,373/-	Regular	ICWA SAE.M. Com	09.04.1979	50 Years	Arnold Heinemann Publishers Pvt. Ltd.
6.	Late Sh. Chet Ram, Masson	9,26,923/-	Regular	32 Years	23.01.1974	55 Years Expired on 28.06.06	-

## AUDITORS' REPORT TO THE MEMBERS OF NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

### AUDITORS' COMMENTS

We have audited the attached Balance Sheet of NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED as at 31st March, 2007 and also the Profit and Loss Account 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 audited by us, (ii) 6 Regional Offices audited by other auditors, (iii) 5 other offices and Corporate Office audited by us and (iv) one 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.

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 (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. As per amended clause 33 of the Articles of Association, the Independent Directors should not be less than 50% of the actual strength of the Board, which needs to be complied with.

### MANAGEMENT REPLY

The Directors are appointed by the Govt. of India and the same is under process.

5. **The Company has created self insurance reserve of Rs.57.34 crore by charging the same to the Profit & Loss Account instead of Profit & Loss Appropriation Account. This has resulted in understatement of net profit to that extent.**

6.(a) **At projects namely Subansiri (Middle and Upper) and Siang (Lower, Middle and Upper), construction activity had to be suspended due to intervention of court/ State government/public unrest etc. considerable period ranging from 1 to 3 years has elapsed since then. The Company has continued to incur revenue expenditure at such projects. During the year such expenditure amounted to Rs.13.58 crore and such expenditure incurred up to 31.03.06 amounted to Rs.19.77 crore. As per generally accepted accounting principles such abnormal expenses/losses have to be charged off to revenue and are not to be capitalized. In our opinion such expenditure does not add any value to the projects and need be charged off to revenue. Accordingly in our opinion the Capital Work In Progress is overstated by Rs.33.35 crore and profits for the current year are overstated by Rs.13.58 crore. Reserve and surplus are overstated by Rs.19.77 crore.**

(b) **Capital Work in Progress includes sum of Rs.2.37 crore incurred at projects, namely Subansiri (Middle and Upper) and Siang (Lower, Middle and Upper), towards Survey and Investigations during the period of suspended activity consequent to interventions of Court/State Government/ Public unrest. Consequential effect, if any, is unascertainable.**

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.VI/COY/CENTRAL GOVT. NHPC (5)/115 Dated 03.07.2006 addressed to NHPC by the Office of Comptroller & Auditor General of India, New Delhi.
- (iii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of

The Company is giving the same Accounting Treatment consistently since 1997-98.

Survey & Investigation work on these Projects was taken up after issue of necessary notification under Indian Electricity (Supply) Act, 1948 by Govt. of India who has also provided equity support for these Projects. The said notification has not been withdrawn till date. The Company is consistently following Accounting Practice of charging off expenditure on such Projects to Profit & Loss A/C when it is decided to abandon the Project. Since the Competent Authority has not yet decided to abandon these Projects, the expenditure on Survey & Investigation including incidental expenditure, is continuing under Capital Work In Progress. However, Company shall be formulating a suitable Accounting Policy on this issue during 2007-08.

those books. The Regional 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 regions;
- (v) In our opinion, the Balance Sheet, Profit and Loss account and Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- (vi) The Department of Companies Affairs, Ministry of Finance vide their Notification No. F. No. 8/5/2001-CL.V dated 21<sup>st</sup> October, 2003 have notified that provision of Section 274 (1) (g) of the Companies Act 1956, shall not apply to a Government Company.
- (vii) The central government has not prescribed the amount of Cess payable under section 441 A of the Companies Act, 1956.
- (viii) **Subject to our observations referred in paragraph 5 and 6 (a) and (b) above, to the extent effect can be ascertained, the same have the net effect of understatement of profit for the year by Rs.43.76 crore and overstatement of Capital Work in Progress and Reserves & Surplus by Rs. 33.35 crore and Rs.19.77 crore respectively**, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes and the Significant Accounting Policies thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March, 2007.
  - b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date, and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

As above.

**For G S A & Associates**  
Chartered Accountants

**(SANJEEV CHAUDHARY)**  
PARTNER

PLACE : NEW DELHI  
DATE : 26<sup>th</sup> MAY, 2007

M. No :85761

## ANNEXURE TO THE AUDITOR'S REPORT

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

- (i) (a) The company has maintained proper records to show 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 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) Substantial part of fixed assets has not been disposed off during the year. Accordingly there is no effect on going concern basis.
- (ii) (a) The inventories of stores, spare parts, steel and cement except those lying with contractors and in transit have been physically verified during the year by the management. 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 and no material discrepancies were noticed on physical verification as compared to the records of inventories.
- (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, 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) As per information and explanation there is no such contract or transactions, which requires an entry in the register maintained u/s 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.
- We are informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal under sections 58A and 58AA of the Companies Act, 1956.
- (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 scope and coverage.
- (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 in general been deposited regularly with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable

in respect of the aforesaid statutory dues were in arrears, as at 31<sup>st</sup> March, 2007, 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 amount to Rs.2055.53 crore.

Statute	Nature of Dues	Forum where the dispute is pending	Rs. in crore
Sales Tax act of Various State	Sales Tax	Guwahati High Court	1931.19
	Sales Tax	Appelitte Authority Tribunal Jammu.	10.75
	Sales Tax	Sales Tax Deptt. (Sopore) J&K	109.84
	Sales Tax	With Arbitrator	1.91
	Sales Tax	ACCT WB Sales Tax	0.06
	Sales Tax	TTO Khatima	0.84
	Sales Tax	Asst Trade Tax Commissioner	0.45
	Sales Tax	Superintendent of Tax	0.49
		<b>Total</b>	<b>2055.53</b>

- (x) The company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash loss during the year covered by our audit and in the immediately preceding financial year.
- (xi) 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. Accordingly the 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) The Company has not issued any debentures during the period under audit. Accordingly the provisions of this clause are not applicable.
- (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

**(SANJEEV CHAUDHARY)**  
PARTNER  
M. No: 85761

**PLACE : NEW DELHI**  
**DATE : 26<sup>th</sup> May, 2007**



# ANNUAL ACCOUNTS



- 800 MW Parbati HE Project, Stage-II (Himachal Pradesh) - Fossil Valley Treatment

## BALANCE SHEET AS AT 31st MARCH, 2007

(Rupees in crore)

SCHEDULE		31st March, 2007		31st March, 2006	
<b>SOURCES OF FUNDS</b>					
<b>A. SHAREHOLDERS' FUNDS</b>					
i)	Share Capital	1	11198.21		10215.28
ii)	Share Capital Deposit		-		20.38
iii)	Govt. of India Fund Adjustable to Equity		8.83		340.43
iv)	Reserves and Surplus	2	<u>5367.05</u>	16574.09	<u>4709.89</u> 15285.98
<b>B. LOAN FUNDS</b>					
i)	Secured Loans	3	4622.79		3973.50
ii)	Unsecured Loans	4	<u>2909.16</u>	7531.95	<u>3193.19</u> 7166.69
<b>C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION</b>					
				1245.98	1030.18
<b>D. DEFERRED TAX LIABILITY (NET)</b>					
	Deferred tax liabilities		1768.93		1601.38
	Less: Deferred tax recoverable		<u>1768.93</u>	-	<u>1601.38</u> -
	<b>TOTAL</b>		<b><u>25352.02</u></b>		<b><u>23482.85</u></b>
<b>APPLICATION OF FUNDS</b>					
<b>A. FIXED CAPITAL EXPENDITURE</b>					
i)	Fixed Assets	5			
a)	Gross Block		12943.64		12755.52
	Less: Depreciation		<u>2850.92</u>		<u>2527.83</u>
b)	Net Block		10092.72		10227.69
ii)	Capital Work In Progress	6	11399.92		8844.19
iii)	Construction Stores and Advances	7	<u>856.43</u>	22349.07	<u>778.95</u> 19850.83
<b>B. INVESTMENTS</b>					
		8		3322.75	3579.19
<b>C. CURRENT ASSETS, LOANS AND ADVANCES</b>					
i)	Interest accrued on investments		103.54		113.85
ii)	Inventories		44.95		51.80
iii)	Contract Work-in-Progress		279.98		93.17
iv)	Sundry Debtors		291.22		161.56
v)	Cash and Bank Balances		466.90		542.20
vi)	Other Current Assets		154.30		142.77
vii)	Loans and Advances		<u>776.00</u>	2116.89	<u>602.78</u> 1708.13
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>					
i)	Liabilities	10	1071.68		700.79
ii)	Provisions		<u>1390.81</u>	<u>2462.49</u>	<u>979.06</u> <u>1679.85</u>
<b>NET CURRENT ASSETS</b>					
				(345.60)	28.28
<b>D. MISCELLANEOUS EXPENDITURE</b>					
	(To the extent not written off or adjusted)	11		25.80	24.55
	<b>TOTAL</b>		<b><u>25352.02</u></b>		<b><u>23482.85</u></b>
	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**

**(SANJEEV CHAUDHARY)**  
Partner  
M.No.85761

**VIJAY GUPTA**  
Company Secretary

**S.P.SEN**  
Director (Technical)

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

Place : New Delhi  
Dated : 26<sup>th</sup> May, 2007



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

(Rupees in crore)

	SCHEDULE	31st March, 2007		31st March, 2006	
<b>INCOME</b>					
i) Sales	12	1962.76		1713.79	
Less: Tariff Adjustment		(7.17)		51.80	
Less: Advances against depreciation	12A	<u>215.81</u>	1754.12	<u>47.88</u>	1614.11
ii) Contracts and Consultancy Income	13		128.81		48.81
iii) Other Income	14		304.57		310.74
<b>TOTAL INCOME</b>			<b><u>2187.50</u></b>		<b><u>1973.66</u></b>
<b>EXPENDITURE</b>					
i) Generation, Administration and other Expenses	15		183.78		240.00
ii) Employees' Remuneration and Benefits	16		235.97		214.02
iii) Depreciation	17		290.55		269.57
iv) Interest and Finance charges	18		231.75		291.82
v) Provisions	19		23.74		8.45
vi) Contract and Consultancy expenses	20		126.43		50.09
vii) Incentive to Beneficiary States			-		81.16
<b>TOTAL EXPENDITURE</b>			<b><u>1092.22</u></b>		<b><u>1155.11</u></b>
<b>Profit before Tax and Prior Period Adjustments</b>			<b>1095.28</b>		<b>818.55</b>
Prior Period Adjustments (net)	21		7.54		6.39
<b>PROFIT BEFORE TAX</b>			<b>1087.74</b>		<b>812.16</b>
<b>Provision for Taxation</b>					
i) Current Tax			125.78		47.52
ii) Fringe Benefit Tax			8.90		5.75
iii) Adjustments relating to earlier years			28.26		16.14
iv) Deferred Tax		167.55		187.90	
Less: Deferred tax recoverable adjustment		<u>167.55</u>	<u>162.94</u>	<u>187.90</u>	<u>69.41</u>
<b>PROFIT AFTER TAX</b>			<b>924.80</b>		<b>742.75</b>
Balance brought forward from last year's account			2829.74		2,369.02
Amount written back from bonds redemption reserve			83.75		-
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>			<b><u>3838.29</u></b>		<b><u>3111.77</u></b>
i) Transfer to Bond Redemption Reserve			-		27.75
ii) Transfer to General Reserve			2800.00		-
iii) Dividend :					
- Interim			72.00		64.00
- Proposed			206.00		159.00
iv) Tax on Dividend :					
- Interim			10.10		8.98
- Proposed			35.01		22.30
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b><u>715.18</u></b>		<b><u>2829.74</u></b>

Earning per share (Equity shares, face value of Rs. 10/- each, Previous year Rs.1000/- each)

Basic	0.88	75.05
Diluted	0.85	72.53

Incidental Expenditure during Construction 22  
 Accounting Policies 23  
 Notes to the Accounts 24  
 Schedule 1 to 24 form intergral part of the Accounts

As per our attached report of even date  
**For GSA & ASSOCIATES**  
 Chartered Accountants

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

**(SANJEEV CHAUDHARY)**  
 Partner  
 M.No.85761

**VIJAY GUPTA**  
 Company Secretary

**S.P.SEN**  
 Director (Technical)

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

Place : New Delhi  
 Dated : 26<sup>th</sup> May, 2007

## SCHEDULE - 1 SHARE CAPITAL

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. AUTHORISED</b>		
Authorised capital : 15,000,000,000 Equity Shares of Rs.10 each (Previous Year 150,000,000 Equity Shares of Rs.1,000* each)	15000.00	15000.00
<b>B. ISSUED</b>		
Issued capital : 11,198,212,500 Equity Shares of Rs.10 each (Previous Year 102,152,820 Equity Shares of Rs.1,000* each)	11198.21	10215.28
<b>C. SUBSCRIBED AND PAID UP</b>		
Subscribed and paid up capital : 11,198,212,500 Equity Shares of Rs.10 each (Previous Year 102,152,820 Equity Shares of Rs.1,000* 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)	11198.21	10215.28
<b>TOTAL</b>	<b>11,198.21</b>	<b>10,215.28</b>

\* Split into Share of Face Value of Rs.10/- each w.e.f. 13.03.2007

## SCHEDULE - 2 RESERVE AND SURPLUS

(Rupees in crore)

	Opening Balance as on 01.04.2006				Additions				Deduction/ Adjustments				Closing balance as on 31.03.2007			
	Opening Balance as on 01.04.2005		Additions		Deduction/ Adjustments		Closing balance as on 31.03.2006									
Capital Reserve	0.06	-	-	-	0.06	-	-	0.06								
Bond Redemption Reserve	202.50	-	-	83.75	118.75	174.75	27.75	202.50								
General Reserve	1,320.00	2,800.00	-	-	4,120.00	1,320.00	-	1,320.00								
Profit and Loss Account	2,829.74	924.80	3,039.36	-	715.18	2,369.02	742.75	2,829.74								
Self Insurance Reserve	357.98	57.34	0.89	414.43	304.88	53.19	0.09	357.98								
Less: Losses reimbursable from																
Self Insurance Reserve	0.39	357.59	0.98	56.36	1.37	0.22	304.66	357.59								
<b>TOTAL</b>	<b>4,709.89</b>	<b>3,781.16</b>	<b>3,124.00</b>	<b>5,367.05</b>	<b>4,168.49</b>	<b>823.52</b>	<b>282.12</b>	<b>4,709.89</b>								

## SCHEDULE - 3 LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. BONDS</b>		
Bonds/Debenture-Secured	570.00	1000.00
<b>B. TERM LOANS</b>		
Term Loan from Banks /FIs- Indian Currency-Secured	4052.79	2973.50
<b>TOTAL (Refer Appendix)</b>	<b>4,622.79</b>	<b>3,973.50</b>



## APPENDIX TO SCHEDULE - 3

### LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>I. BONDS (Non-convertible and Non-cumulative)</b>		
<b>BONDS-M SERIES *4 &amp; 7</b>		
<b>(PRIVATE PLACEMENT)</b>		
(9.55% 5 Year Bonds of Rs.100,000/- each) (Redeemed on 07.01.07)	-	430.00
<b>BONDS-O SERIES *2</b>		
(7.7% 15 year Bonds of Rs.100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Earliest redemption 31.03.09) (Due for redemption within one year Rs.Nil )	570.00	570.00
<b>TOTAL BONDS (A)</b>	<b>570.00</b>	<b>1000.00</b>
<b>II. TERM LOANS</b>		
<b>BANK OF MAHARASHTRA *1</b> (Repaid on 24.05.06)	-	50.00
<b>CANARA BANK *1</b> (Due for repayment within one year Rs. Nil ) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)	85.00	85.00
<b>INDIAN OVERSEAS BANK *1</b> (Due for redemption within one year Rs. Nil ) (Repayable in 4 equal yearly instalments w.e.f. 06.12.08)	50.00	50.00
<b>PUNJAB NATIONAL BANK *1</b> (Repaid on 24.05.06)	-	100.00
<b>STATE BANK OF PATIALA *1</b> (Due for repayment within one year Rs.4 crore) (Repayable in 20 half yearly instalments w.e.f. 09.07.07)	40.00	40.00
<b>STATE BANK OF INDIA *2</b> (Repaid on 23.05.06)	-	200.00
<b>BANK OF INDIA *3</b> (Due for repayment within one year Rs. 10 crore) (Repayable in 10 years in 40 equal quarterly instalments w.e.f. 24.12.06)	95.00	100.00
<b>CENTRAL BANK OF INDIA *3</b> (Due for repayment within one year Rs.10 crore) (Repayment in 20 half yearly instalments of Rs.5 crore w.e.f. 02.05.04)	70.00	80.00
<b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3</b> (Due for repayment within one year Rs.14.29 crore) (Repayable in 14 equal half yearly instalments w.e.f. 13.02.07)	92.86	100.00
<b>PUNJAB &amp; SIND BANK *3</b> (Due for repayment within one year Rs.10 crore) (Repayable in 40 quarterly instalments in 10 years w.e.f. 24.10.06)	95.00	100.00

APPENDIX TO SCHEDULE - 3

LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>PUNJAB NATIONAL BANK *3</b>	112.50	127.50
(Due for repayment within one year Rs.15 crore)		
(Repayment in 10 years in 20 half yearly instalments w.e.f. 26.10.04)		
<b>STATE BANK OF PATIALA *3</b>	46.43	50.00
(Due for repayment within one year Rs.7.14 crore)		
(Repayment in 14 half yearly instalments w.e.f. 30.01.2007 )		
<b>STATE BANK OF HYDERABAD *3</b>	46.43	50.00
(Due for repayment within one year Rs.7.14 crore)		
(Repayment in 14 half yearly instalments in 7 years w.e.f. 07.01.07)		
<b>STATE BANK OF INDIA *3</b>	128.57	150.00
(Due for repayment within one year Rs.21.43 crore)		
(Repayment in 14 half yearly instalments w.e.f. 18.09.06)		
<b>CANARA BANK *5</b>	50.00	50.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 4 equal yearly instalments w.e.f. 28.06.09)		
<b>LIFE INSURANCE CORPORATION OF INDIA *6&amp;9</b>	2062.00	862.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 24 half yearly instalments in 12 years w.e.f. 15.04.09)		
<b>CANARA BANK *2</b>	200.00	200.00
(Due for repayment within one year Rs.20 crore)		
(Repayable in 10 equal yearly instalments w.e.f. 09.11.07)		
<b>SYNDICATE BANK *2</b>	183.00	183.00
(Due for repayment within one year Rs.18.30 crore)		
(Repayable in 10 equal yearly instalments w.e.f. 23.02.08)		
<b>ORIENTAL BANK OF COMMERCE *2</b>	200.00	200.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 10 equal yearly instalments w.e.f. 01.04.08)		
<b>ORIENTAL BANK OF COMMERCE *2</b>	100.00	100.00
(Due for repayment within one year Rs. Nil)		
(Repayable in 10 equal yearly instalments w.e.f. 27.12.11)		
<b>LIFE INSURANCE CORPORATION OF INDIA *8</b>	296.00	96.00
(Due for repayment within one year Rs.Nil)		
(Repayable in 24 half yearly instalments in 12 years w.e.f. 30.04.12)		
<b>INDIAN BANK *1</b>	100.00	-
(Due for repayment within one year Rs.NIL)		
(Repayable in 3 equal installments w.e.f. 28.02.12)		
(Converted into Secured Loan 04.10.06)		
<b>TOTAL SECURED LOANS (B)</b>	<u>4052.79</u>	<u>2973.50</u>
<b>TOTAL (A+B)</b>	<u>4622.79</u>	<u>3973.50</u>



## APPENDIX TO SCHEDULE - 3

### LOAN FUNDS - SECURED

**Note :-**

- \*1. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the State of Himachal Pradesh except for Book Debts and Stores.
- \*2. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the State of Jammu & Kashmir except for book debts and stores.
- \*3. Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets of Corporation's Chamera Power Station-II situated in the State of Himachal Pradesh except book debts & stores.
- \*4. Secured by a first pari-passu charge by way of Equitable mortgage/ hypothecation against the assets of the Company's Rangit Power Station situated in the State of Sikkim subject to prior charge of Bankers against book debts and stores.
- \*5. 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.
- \*6. 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.
- \*7. Secured by a first pari-passu mortgage and charge over all the immoveable and moveable assets of the Company's BairaSiul Power Station situated in the State of Himachal Pradesh except for book debts and stores.
- \*8. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E.Project situated in the State of Arunachal Pradesh & Teesta Low Dam-III Project situated in the State of West Bengal and mortgage on the fixed assets of Teesta Low Dam-III Project situated in the State of West Bengal.
- \*9. Secured by a first pari-passu mortgage and charge over all the immoveable and moveable assets of the Company's Dhauliganga HE Project situated in the State of Uttarakhand except book debts & stores.

### SCHEDULE - 4 LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>TERM LOANS</b>		
i) Term Loan From Banks/FIs - Indian Currency -unsecured	-	100.00
ii) Term Loan From Banks/FIs - Foreign Currency- unsecured		
(a) Guaranteed by Government of India	2710.04	2888.40
(b) Others	199.12	204.79
<b>TOTAL (Refer Appendix)</b>	<b>2,909.16</b>	<b>3,193.19</b>

APPENDIX TO SCHEDULE - 4

LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2007		31st March, 2006	
<b>A. Term Loan From Banks/FIs - Indian Currency -unsecured</b>				
<b>i) INDIAN BANK</b>		-		100.00
(Due for repayment within one year Rs.Nil)				
(Converted into Secured Loan 04.10.06)				
<b>B. Term Loan From Banks/FIs - Foreign Currency- unsecured</b>				
<b>(a) Guaranteed by Government of India</b>				
<b>i) Nordic Investment Bank</b>	88.20		113.00	
(Due for repayment within one year Rs.22.05 crore)				
<b>ii) Credit Commercial DE France</b>	346.38		416.36	
(Due for repayment within one year Rs.98.97 crore)				
<b>iii) Export Development Canada</b>	439.60		503.89	
(Due for repayment within one year Rs.52.64 crore)				
<b>iv) Japan Bank of International Cooperation Tranche-I</b>	171.61		185.79	
(Due for repayment within one year Rs.9.03 crore)				
<b>v) Japan Bank of International Cooperation Tranche-II</b>	607.43		624.72	
(Due for repayment within one year Rs.14.82 crore)				
<b>vi) Japan Bank of International Cooperation Tranche-III</b>	422.95		402.59	
(Due for repayment within one year Rs.Nil)				
<b>vii) Deutsche Bank &amp; Others</b>	633.87	2,710.04	642.05	2,888.40
(Due for repayment within one year Rs.Nil)				
<b>(b) Others</b>				
<b>i) ECB - BARCLAYS &amp; SCB</b>		199.12		204.79
(Due for repayment within one year Rs.Nil)				
<b>TOTAL</b>		<b>2,909.16</b>		<b>3,193.19</b>

## SCHEDULE - 5 FIXED ASSETS

(Rupees in crore)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2006	Additions/ Adjust- ments	Deductions/ Adjust- ments	31.03.2007	01.04.2006	For the Year	Adjust- ments	upto 31.03.2007	31.03.2007	31.03.2006
Land – Freehold	184.62	7.39	5.18	186.83	-	-	-	-	186.83	184.62
Land – Leasehold	37.68	8.46	1.17	44.97	2.41	0.48	0.05	2.94	42.03	35.27
Land – Unclassified/ Right of Use	458.99	53.78	-	512.77	8.58	0.87	-	9.45	503.32	450.41
Buildings	1,195.74	111.23	11.21	1,295.76	260.60	38.68	1.69	300.97	994.79	935.14
Roads and Bridges	261.80	44.33	0.91	305.22	36.26	5.84	0.63	42.73	262.49	225.54
Railway Sidings	14.53	2.62	3.82	13.33	0.31	0.24	(0.07)	0.48	12.85	14.22
Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	7,025.14	30.17	54.52	7,000.79	1,230.25	157.48	(0.38)	1,387.35	5,613.44	5,794.89
Generating Plant and Machinery	3,133.33	46.68	61.72	3,118.29	795.04	93.81	(1.98)	886.87	2,231.42	2,338.29
Plant and Machinery - Sub station	80.10	4.19	0.64	83.65	31.12	2.56	(0.16)	33.52	50.13	48.98
Plant and Machinery - Transmission lines	39.93	4.29	1.64	42.58	15.24	1.54	(0.36)	16.42	26.16	24.69
Plant and Machinery - Others	20.31	2.16	0.30	22.17	6.70	0.99	0.04	7.73	14.44	13.61
Construction Equipment	74.85	1.85	3.32	73.38	36.11	6.69	(2.67)	40.13	33.25	38.74
Water Supply System/Drainage and Sewerage	15.17	7.03	0.03	22.17	1.47	0.45	0.02	1.94	20.23	13.70
Electrical installations	2.36	0.86	0.13	3.09	0.33	0.15	(0.03)	0.45	2.64	2.03
Vehicles	32.43	0.47	0.91	31.99	23.72	2.35	(0.83)	25.24	6.75	8.71
Aircraft/ Boats	1.20	0.02	0.11	1.11	0.78	0.11	(0.08)	0.81	0.30	0.42
Furniture and Fixture	28.91	4.04	0.38	32.57	8.87	2.20	(0.09)	10.98	21.59	20.04
Computers	32.34	4.88	1.36	35.86	23.27	4.25	(0.79)	26.73	9.13	9.07
Communication Equipment	20.71	2.67	0.64	22.74	10.23	1.78	(0.20)	11.81	10.93	10.48
Office Equipments	27.36	4.18	0.46	31.08	7.08	2.12	0.03	9.23	21.85	20.28
Research and Development	0.81	0.02	0.67	0.16	0.22	0.01	(0.20)	0.03	0.13	0.59
Intangible Assets (Software)	6.73	0.59	0.01	7.31	4.12	1.70	0.05	5.87	1.44	2.61
Other Assets	34.71	2.77	0.35	37.13	11.54	1.90	(0.15)	13.29	23.84	23.17
Capital Expenditure on assets not owned by NHPC	11.35	1.75	11.35	1.75	-	0.35	-	0.35	1.40	11.35
Fixed assets of Minor Value >750 and < Rs.5000	13.59	2.20	0.18	15.61	13.58	2.02	-	15.60	0.01	0.01
Obsolete / Surplus Assets	0.83	0.76	0.26	1.33	-	-	-	-	1.33	0.83
<b>TOTAL</b>	<b>12,755.52</b>	<b>349.39</b>	<b>161.27</b>	<b>12,943.64</b>	<b>2,527.83</b>	<b>328.57</b>	<b>(5.48)</b>	<b>2,850.92</b>	<b>10,092.72</b>	<b>10,227.69</b>
<b>Previous Year</b>	<b>10,876.28</b>	<b>2,285.72</b>	<b>406.48</b>	<b>12,755.52</b>	<b>2,148.20</b>	<b>305.43</b>	<b>74.20</b>	<b>2,527.83</b>	<b>10,227.69</b>	<b>8,728.08</b>

## SCHEDULE - 6 CAPITAL WORK - IN - PROGRESS

(Rupees in crore)

	01.04.2006	Additions	Adjustments	Capitalised	31.03.2007
Buildings	732.96	303.25	(1.40)	87.52	947.29
Roads and Bridges	75.61	33.32	(1.05)	39.10	68.78
Railway sidings	10.37	-	-	5.87	4.50
Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	2,869.48	1,071.25	280.23	4.31	4,216.65
Generating Plant and Machinery	1,278.54	341.95	217.83	6.12	1,832.20
Plant and machinery - Sub station	18.37	1.20	(16.78)	1.98	0.81
Plant and machinery - Transmission lines	23.69	2.50	(0.06)	3.17	22.96
Plant and machinery - Others	1.04	1.94	(0.76)	1.04	1.18
Water Supply System/Drainage and Sewerage	5.01	1.39	0.07	4.75	1.72
Capital Expenditure On assets Not Owned by NHPC	6.93	1.65	5.18	1.82	11.94
Survey, investigation, consultancy and supervision charges	104.45	17.59	(0.80)	-	121.24
Expenditure on compensatory Afforestation	0.51	-	(0.07)	-	0.44
Incidental expenditure during construction period	3,717.23	961.28 *	(508.30)	-	4,170.21
<b>TOTAL</b>	<b>8,844.19</b>	<b>2,737.32</b>	<b>(25.91)</b>	<b>155.68</b>	<b>11,399.92</b>
<b>Previous Year</b>	<b>8787.19</b>	<b>2928.85</b>	<b>(1089.74)</b>	<b>1782.11</b>	<b>8844.19</b>

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

## SCHEDULE - 7 CONSTRUCTION STORES AND ADVANCES

(Rupees in crore)

	31st March, 2007		31st March, 2006	
<b>A. CONSTRUCTION STORES</b>				
(At cost as valued and certified by Management)				
i) Stores and spares	79.68		64.91	
ii) Loose tools	0.07		0.13	
iii) Scrap inventory	0.05		-	
iv) Stores in transit/ pending inspection	0.86		2.43	
v) Material issued to contractors/ fabricators	79.19		57.01	
Less : Provisions for construction stores	<u>16.20</u>	143.65	<u>13.28</u>	111.20
<b>B. ADVANCES FOR CAPITAL EXPENDITURES</b>				
i) Secured (Considered Good)	389.12		152.94	
ii) Unsecured (Considered Good)				
- Against Bank Guarantee	253.19		407.38	
- Others	70.47		107.43	
iii) Unsecured - (Considered Doubtful)	2.28		0.02	
Less : Provisions for doubtful advances	<u>2.28</u>	712.78	<u>0.02</u>	667.75
<b>TOTAL</b>		<b><u>856.43</u></b>		<b><u>778.95</u></b>
<b>Provision for construction stores</b>				
As per last Balance Sheet	13.28		13.18	
Additions during the year	2.98		0.18	
Amount used during the year	0.06		0.08	
Amount reversed during the year	-		-	
Closing Balance		16.20		13.28
<b>Provision for doubtful advances</b>				
As per last Balance Sheet	0.02		0.02	
Additions during the year	2.26		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		2.28		0.02

## SCHEDULE - 8 INVESTMENTS

(Rupees in crore)

	Number of Shares/Bonds/ Securities Current Year/ (Previous Year)	Face Value per Share/ Bond/Security (in Rupees)	31st March, 2007	31st March, 2006
<b>LONG TERM (Trade - unless otherwise specified)</b>				
<b>A. Quoted</b>				
<b>Equity shares \$</b>				
PTC India Ltd.	12000000 (12000000)	10	12.00	12.00
Indian Overseas Bank <b>(Non-Trade)</b>	360800 (360800)	10	0.36	0.36
<b>Sub Total (A)</b>			<b><u>12.36</u></b>	<b><u>12.36</u></b>
<b>B. Unquoted</b>				
<b>a) Equity shares in Subsidiary Companies</b>				
Narmada Hydroelectric Development Corporation Ltd.	10024200 (10024200)	1,000	1,002.42	1,002.42



## SCHEDULE - 8 INVESTMENTS

(Rupees in crore)

	Number of Shares/Bonds/ Securities Current Year/ (Previous Year)	Face Value per Share/ Bond/ Security (in Rupees)	31st March, 2007	31st March, 2006
<b>b) Bonds \$</b>				
<b>8.50 % Tax-Free State Government Special Bonds of the Government of</b>				
Arunachal Pradesh	8748 (9720)	1,000	0.87	0.97
Bihar	171630 (190700)	1,000	17.16	19.07
Haryana	5085000 (5650000)	1,000	508.50	565.00
Himachal Pradesh	160812 (178680)	1,000	16.08	17.86
Jammu and Kashmir	6936264 (7706960)	1,000	693.63	770.70
Jharkhand	128790 (143100)	1,000	12.88	14.31
Meghalaya	4788 (5320)	1,000	0.48	0.53
Mizoram	28890 (32100)	1,000	2.89	3.21
Nagaland	62280 (69200)	1,000	6.23	6.92
Punjab	2005290 (2228100)	1,000	200.53	222.81
Rajasthan	512838 (569820)	1,000	51.28	56.98
Sikkim	21024 (23360)	1,000	2.10	2.34
Tripura	24012 (26680)	1,000	2.40	2.67
Uttar Pradesh	7082010 (7868900)	1,000	708.20	786.89
Uttarakhand	786870 (874300)	1,000	78.69	87.43
West Bengal	60498 (67220)	1,000	6.05	6.72
	<b>Sub Total (B)</b>		<b>3,310.39</b>	<b>3,566.83</b>
	<b>Total (A+B)</b>		<b>3,322.75</b>	<b>3,579.19</b>
<b>\$ In DEMAT form</b>				
<b>Quoted Investments</b>				
(i) Aggregate Cost			12.36	12.36
(ii) Aggregate Market Value				
- NSE quotes			75.17	74.41
- BSE quotes			75.18	74.36
<b>Unquoted Investments</b>				
Aggregate Cost			3,310.39	3,566.83

## SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
<b>A. INTEREST ACCURED ON INVESTMENTS</b>	103.54	113.85
<b>B. INVENTORIES</b>		
(At cost as valued and certified by management)		
i) Stores and spares	45.73	51.37
ii) Loose tools	0.55	0.54
iii) Scrap inventory	0.91	0.64
iv) Stores in transit/ pending inspection	0.19	1.03
v) Material at site	7.72	6.50
vi) Material issued to contractors/ fabricators	3.03	1.39
Less: Provision for obsolete store & spares *1	<u>13.18</u>	<u>9.67</u>
<b>TOTAL</b>	44.95	51.80
<b>C. WORK IN PROGRESS</b>		
i) Construction Work-in-Progress (on behalf of clients)	279.98	93.06
ii) Consultancy Work-in-Progress (on behalf of clients)	— 279.98	<u>0.11</u> 93.17
<b>D. SUNDRY DEBTORS (UNSECURED)</b>		
i) Debts outstanding for a period exceeding six months		
- Considered good	125.07	134.57
- Considered doubtful and provided	75.94	77.07
ii) Other debts		
- Considered good	166.15	26.99
[(includes Rs 0.10 crore due from Narmada Hydroelectric Development Corporation Limited (previous year Rs 0.13 crore)]		
- Considered doubtful and provided	—	—
	367.16	238.63
Less : Provision for doubtful debts *2	<u>75.94</u>	<u>77.07</u>
<b>TOTAL</b>	291.22	161.56
<b>E. CASH AND BANK BALANCES</b>		
i) Cash on hand		
(includes cheques, drafts, stamps in hand of Rs.53.81 crore, Previous year Rs.20.45 crore)	54.24	20.82
ii) Bank balances		
• With scheduled banks		
- In current account	176.46	117.09
- In Deposits account	236.00	404.04
• With other banks		
- In current account		
Bank of Bhutan, Phuentsholing	0.07	0.14
Deutsche Bank, Tokyo Branch	<u>0.13</u>	<u>0.11</u>
<b>TOTAL</b>	466.90	542.20
<b>F. OTHER CURRENT ASSETS</b>		
i) Interest accrued on		
- Loan to State Government in settlement of dues from customers	43.75	32.97
- Deposits	3.55	1.60
ii) Others	63.51	58.70
iii) Claims recoverable from different agencies	61.50	68.37
Less : Provisions for doubtful claims *3	<u>18.01</u>	<u>18.87</u>
<b>TOTAL</b>	154.30	142.77



## SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>G. LOANS AND ADVANCES</b>		
<b>a) LOANS</b>		
Employees (including accrued interest)		
Secured	97.51	93.12
Unsecured (Considered Good)	28.02	29.12
Loan to State Government in settlement of dues from customer		
Unsecured considered good	253.62	253.62
<b>b) ADVANCES</b> (recoverable in cash or kind for value to be received)		
i) Subsidiary Companies		
Unsecured (Considered Good)	2.31	2.92
ii) Contractors & suppliers		
Secured	35.14	0.30
Unsecured (Considered Good):		
- Covered by Bank Guarantees	16.85	7.87
- Others	8.85	6.89
Unsecured (Considered Doubtful)	0.46	0.44
iii) Employees		
Unsecured (Considered Good):	1.99	2.67
iv) Other Advances		
Unsecured (Considered Good)	0.63	0.30
Less : Provisions for doubtful loans and advances *4	<u>0.46</u>	<u>0.44</u>
v) Other Recoverable	-	0.03
<b>c) DEPOSITS</b>		
Advance income tax	<u>331.08</u>	<u>205.94</u>
<b>TOTAL</b>	776.00	602.78
<b>TOTAL (A to G)</b>	<b><u>2116.89</u></b>	<b><u>1708.13</u></b>

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

	2006-07	2005-06
Bank of Bhutan		
i) Current account	0.19	0.54
Deutsche Bank, Tokyo Branch		
i) Current account	0.99	100.52

### PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the period	0.02	0.03
ii) Maximum balance at any time during the year	0.06	0.06

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	4.07	2.99
<b>Details of Provisions</b>		
<b>Provision for Obsolete Store &amp; Spares *1</b>		
As per last Balance Sheet	9.67	4.00
Additions during the year	8.70	5.67
Amount used during the year	5.06	-
Amount reversed during the year	<u>0.13</u>	-
Closing Balance	<b>13.18</b>	<b>9.67</b>

## SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
<b>Provision for Doubtful Debts *2</b>		
As per last Balance Sheet	77.07	77.56
Additions during the year	-	3.60
Amount used during the year	-	2.92
Amount reversed during the year	1.13	1.17
Closing Balance	<b>75.94</b>	<b>77.07</b>
<b>Provision for Bad &amp; Doubtful Claims *3</b>		
As per last Balance Sheet	18.87	16.54
Additions during the year	1.21	2.33
Amount used during the year	2.07	-
Amount reversed during the year	—	—
Closing Balance	<b>18.01</b>	<b>18.87</b>
<b>Provisions for Doubtful Loans &amp; Advances *4</b>		
As per last Balance Sheet	0.44	0.19
Additions during the year	0.02	0.25
Amount used during the year	-	-
Amount reversed during the year	—	—
Closing Balance	<b>0.46</b>	<b>0.44</b>

## SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
<b>A. LIABILITIES</b>		
i) Sundry creditors		
a) Total outstanding dues of small scale Industrial undertaking(s). (Due over 30 days Rs.NIL)	-	-
b) Others	459.91	292.08
ii) Unspent amount of deposit/agency	-	0.78
iii) Deposits/ retention money	50.43	47.89
iv) Advances against the Deposit Works	81.67	8.22
Less : Amount recoverable on Deposit works	(0.05)	(7.02)
v) Interest accrued but not due on loans	128.85	73.47
vi) Advances against cost of project/ contractees	273.47	146.17
vii) Other Liabilities	77.40	139.20
<b>TOTAL LIABILITIES (A)</b>	<b>1071.68</b>	<b>700.79</b>
<b>B. PROVISIONS</b>		
i) <b>Provision for Taxation</b>		
As per last Balance Sheet	197.59	197.32
Additions during the year	162.94	69.41
Amount used during the year	29.85	69.14
Amount reversed during the year	—	—
Closing Balance	330.68	197.59
ii) <b>Provision for Proposed Dividend</b>		
As per last Balance Sheet	159.00	80.00
Additions during the year	206.00	159.00
Amount used during the year	159.00	80.00
Amount reversed during the year	—	—
Closing Balance	206.00	159.00
iii) <b>Tax on Proposed Dividend</b>		
As per last Balance Sheet	22.30	11.22
Additions during the year	35.01	22.30
Amount used during the year	22.30	11.22
Amount reversed during the year	—	—
Closing Balance	35.01	22.30

## SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>iv) Provision for Wage Revision</b>		
As per last Balance Sheet	73.11	-
Additions during the year	39.95	73.11
Amount used during the year	45.19	-
Amount reversed during the year	<u>27.92</u>	-
Closing Balance	39.95	73.11
<b>v) Provision for Ex-gratia</b>		
As per last Balance Sheet	28.59	7.36
Additions during the year	29.33	28.49
Amount used during the year	16.42	6.81
Amount reversed during the year	<u>11.85</u>	<u>0.45</u>
Closing Balance`	29.65	28.59
<b>vi) Provision for Employee Benefits</b>		
As per last Balance Sheet	420.08	339.49
Additions during the year	112.67	101.42
Amount used during the year	26.13	20.83
Amount reversed during the year	-	-
Closing Balance	506.62	420.08
<b>vii) Provision for Other Expenses</b>		
As per last Balance Sheet	0.28	0.27
Additions during the year	3.51	6.49
Amount used during the year	0.07	6.39
Amount reversed during the year	-	<u>0.09</u>
Closing Balance	3.72	0.28
<b>viii) Provision for Project Expenses</b>		
As per last Balance Sheet	-	-
Additions during the year	8.87	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	8.87	-
<b>ix) Provision for Contingencies</b>		
As per last Balance Sheet	1.77	1.80
Additions during the year	-	-
Amount used during the year	0.04	0.03
Amount reversed during the year	-	-
Closing Balance	1.73	1.77
<b>x) Provision for Tariff Adjustment</b>		
As per last Balance Sheet	69.89	86.54
Additions during the year	-	51.80
Amount used during the year	62.72	68.45
Amount reversed during the year	<u>7.17</u>	-
Closing Balance	-	69.89
<b>xi) Provision for Self Consumption of Power</b>		
As per last Balance Sheet	6.45	6.45
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	6.45	6.45
<b>xii) Provision for Committed Capital Expenditure</b>		
As per last Balance Sheet	-	-
Additions during the year	222.13	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	222.13	-
<b>TOTAL PROVISIONS (B)</b>	<u>1390.81</u>	<u>979.06</u>
<b>TOTAL (A+B)</b>	<u>2462.49</u>	<u>1679.85</u>

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

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
i) Share Issue Expenses (IPO)	1.25	-
ii) Expenditure awaiting adjustment	24.55	24.55
iii) Losses awaiting write off sanction	2.60	3.71
iv) Less: Provision for losses pending investigation	<u>2.60</u>	<u>3.71</u>
<b>TOTAL</b>	<b><u>25.80</u></b>	<b><u>24.55</u></b>

## SCHEDULE - 12 SALES

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
Sale of Power	1963.10	1718.83
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	<u>0.34</u>	<u>5.04</u>
<b>Total taken to Profit and Loss Account</b>	<b><u>1962.76</u></b>	<b><u>1713.79</u></b>

## SCHEDULE - 12A ADVANCE AGAINST DEPRECIATION

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
During the year	223.45	70.68
Less : Written back during the year	<u>7.64</u>	<u>22.80</u>
<b>Total taken to Profit and Loss Account</b>	<b><u>215.81</u></b>	<b><u>47.88</u></b>

## SCHEDULE - 13 CONTRACTS AND CONSULTANCY INCOME

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
Contract income	125.46	43.47
Consultancy Income	<u>3.35</u>	<u>5.34</u>
<b>Total taken to Profit and Loss Account</b>	<b><u>128.81</u></b>	<b><u>48.81</u></b>



## SCHEDULE - 14 OTHER INCOME

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) <b>Income from Long Term Investments</b>		
a) <b>Trade</b>		
- Dividend from subsidiaries	10.82	3.47
- Dividend - Others	1.20	0.96
- Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	212.53	227.91
b) <b>Non-Trade</b>		
- Dividend income -Others	0.09	0.04
ii) <b>Other Income</b>		
a) Interest		
- Loan to State Government in settlement of dues from customers	21.56	21.56
- Indian Banks (Gross)		
(Tax deducted at source Rs. 4519/-, Previous Year Rs Nil)	29.83	19.32
- Employee's Loans and Advances	43.09	51.77
- Interest from Beneficiary States	1.46	-
b) Late payment surcharge	7.92	24.43
c) Profit on sale of assets	0.68	1.17
d) Liability/ Provisions not required written back #	42.64	2.75
e) Exchange rate variation	43.43	28.31
f) Others	22.36	16.51
<b>TOTAL</b>	<b>437.61</b>	<b>398.20</b>
<b>Less : Income transferred to IEDC</b>		
(Refer Schedule 22 E (ii), 22 I (ii) to (vi) and 22 J(i))	130.77	86.78
<b>Less : Income transferred to contract and consultancy expenses (Refer Schedule 20)</b>	2.27	0.68
<b>Total taken to Profit and Loss Account</b>	<b>304.57</b>	<b>310.74</b>
<b># Detail of Liability/Provisions not required written back</b>		
a) Bad and doubtful debts	0.88	1.17
b) Bad and doubtful advances / deposits	(0.03)	-
c) Diminution in value of stores and spares	0.12	-
d) Provision for wage revision	27.92	-
e) Provision for ex-gratia/ PLI	3.87	0.45
f) Provision for losses pending investigation	0.01	-
g) Provision for Productivity Linked Incentive	7.98	-
h) Liability not required written back	1.89	1.13
<b>TOTAL</b>	<b>42.64</b>	<b>2.75</b>

## SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Consumption of stores and spares	6.56	12.02
ii) Repair and maintenance:		
- Building	13.63	14.94
- Machinery	31.36	45.20
- Others	33.29	30.45
	78.28	90.59
iii) Rent	12.12	14.39
iv) Rates and taxes	1.01	1.20
v) Insurance	2.84	2.72
vi) Self insurance reserve	57.34	53.19

## SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2007	31st March, 2006
vii) Security expenses	46.08	41.20
viii) Electricity charges	21.17	19.74
ix) Travelling and conveyance	18.27	15.61
x) Expenses on staff car	19.93	18.67
xi) Telephone, telex and postage	7.06	7.62
xii) Advertisement and publicity	7.20	4.32
xiii) Entertainment and hospitality expenses	0.46	0.45
xiv) Donation	0.03	0.01
xv) Printing and stationery	4.71	5.42
xvi) Books and periodicals	0.51	0.55
xvii) Consultancy charges - Indigenous	3.65	3.02
xviii) Consultancy charges - Foreign	0.46	0.38
xix) Expenditure on compensatory afforestation/Catchment Area Treatment	47.39	12.75
xx) Expenditure on land not belonging to Corporation	19.31	13.67
xxi) Project expenses written off	-	53.76
xxii) Loss on sale of assets	0.67	0.27
xxiii) Deferred revenue expenditure written off	-	0.02
xxiv) Bad debts / advances/ claims written off	0.01	0.09
xxv) Stores written off	0.33	0.15
xxvi) Fixed assets written off	0.06	0.31
xxvii) Interest on arbitration/ court cases	3.09	0.95
xxviii) Other general expenses	20.40	17.77
xxix) Exchange rate variation	18.32	0.66
xxx) Audit expenses	0.59	0.63
xxxi) Research and development expenses	0.02	0.37
<b>TOTAL</b>	<b>397.87</b>	<b>392.50</b>
<b>Less: Expenses transferred to IEDC {Refer Schedule 22 B, 22 C, 22 E(i) &amp; 22J (ii)}</b>	208.46	147.55
<b>Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)</b>	5.63	4.95
<b>Total taken to Profit and Loss Account</b>	<b>183.78</b>	<b>240.00</b>

## SCHEDULE - 16 EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Salaries, wages, allowances	458.43	454.45
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	65.55	76.90
iii) Staff welfare expenses	86.04	54.92
iv) Leave salary & pension contribution	0.10	-
<b>TOTAL</b>	<b>610.12</b>	<b>586.27</b>
<b>Less : Employee cost transferred to IEDC (Refer Schedule 22 A &amp; 22J (iii))</b>	358.04	358.22
<b>Less : Employee cost transferred to contract and consultancy expenses (Refer Schedule 20)</b>	16.11	14.03
<b>Total taken to Profit and Loss Account</b>	<b>235.97</b>	<b>214.02</b>

## SCHEDULE - 17 DEPRECIATION

(Rupees in crore)

	31st March, 2007	31st March, 2006
Depreciation during the year	328.58	305.43
Less : Transferred to IEDC (Refer Schedule 22 G & 22J (iv))	37.74	35.65
Less : Transferred to Contract & Consultancy (Refer Schedule 20)	0.29	0.21
<b>Total taken to Profit and Loss Account</b>	<b>290.55</b>	<b>269.57</b>

## SCHEDULE - 18 INTEREST AND FINANCE CHARGES

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Interest on :		
a) Bonds	75.41	92.44
b) Foreign loan	112.80	108.47
c) Term loan	270.13	227.34
d) Cash credit facilities /WCDL	<u>0.04</u> 458.38	<u>0.02</u> 428.27
ii) Bond issue/ service expenses	1.25	1.06
iii) Rebate to customers	24.16	31.26
iv) Commitment fee	0.47	3.28
v) Guarantee fee on loan	34.66	32.38
vi) Interest to Beneficiary States	2.25	-
vii) Bank charges	0.89	0.82
viii) Other finance charges	<u>4.67</u>	<u>4.58</u>
<b>Total</b>	<b>526.73</b>	<b>501.65</b>
Less : Interest & Finance charges capitalised by transfer to IEDC (Refer Schedule 22 D & 22J (v))	293.42	208.27
Less : Expenses transferred to contract and consultancy expenses (Refer Schedule 20)	1.56	1.56
<b>Total taken to Profit and Loss Account</b>	<b>231.75</b>	<b>291.82</b>

## SCHEDULE - 19 PROVISIONS

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Bad and doubtful debts provided	-	3.60
ii) Bad and doubtful advances / deposits provided	2.29	0.25
iii) Bad and doubtful claims provided	3.95	2.33
iv) Diminution in value of stores and spares	8.40	5.77
v) Shortage in store & spares provided	-	0.08
vi) Provision for CAT Plan/ Environment Expenditure	184.94	-
vii) Project expenses provided for	8.87	-
viii) Provision for fixed assets/ stores provided for	0.35	0.06
ix) Others	<u>0.46</u>	-
<b>Total</b>	<b>209.26</b>	<b>12.09</b>
Less : Expenses transferred to IEDC (Refer Schedule 22 F & 22J (vi))	185.52	0.67
Less : Expenses transferred to contract and consultancy expenses (Refer Schedule 20)	-	2.97
<b>Total taken to Profit and Loss Account</b>	<b>23.74</b>	<b>8.45</b>

## SCHEDULE - 20 CONTRACT AND CONSULTANCY EXPENSES

(Rupees in crore)

	31st March, 2007		31st March, 2006	
<b>i) Direct Expenses</b>		166.45		32.38
<b>ii) Employees' Remuneration and benefits</b>				
- Salaries, Wages, Allowances and benefits	10.97		10.26	
- Gratuity, Contribution to provident fund & pension scheme	1.22		1.09	
- Staff welfare Expenses	<u>1.50</u>	13.69	<u>0.86</u>	12.21
<b>iii) Repairs and Maintenance</b>				
- Buildings	0.15		0.09	
- Machinery and Construction Equipments	0.03		0.04	
- Others	<u>0.79</u>	0.97	<u>1.05</u>	1.18
<b>iv) Administration and Other Expenses</b>				
- Rent	1.21		1.00	
- Traveling and conveyance	0.80		0.83	
- Expenses on staff cars and inspection vehicle	0.32		0.17	
- Insurance	0.02		0.01	
- Telephone, telex, and postage	0.23		0.13	
- Advertisement and publicity	0.09		0.22	
- Printing and stationery	0.19		0.14	
- Other expenses	0.89		0.59	
- Rates and taxes	0.01		-	
- Security	0.21		0.16	
- Electricity	0.08		0.08	
- Consultancy charges	<u>0.01</u>	4.06	<u>0.06</u>	3.39
<b>v) Depreciation</b>		0.20		0.15
<b>vi) Interest and Financial Charges</b>		1.56		1.56
<b>vii) Provisions</b>		-		2.97
<b>viii) Work-in-Progress</b>				
- Construction Contract	(61.46)		(6.72)	
- Consultancy	-	(61.46)	(0.11)	(6.83)
<b>ix) Corporate / Regional office expenses</b>		2.99		2.23
<b>Total expenditure</b>		<b>128.46</b>		<b>49.24</b>
<b>x) Less: Receipts and Recoveries</b>		2.15		0.65
<b>Net expenditure during the year</b>		<b>126.31</b>		<b>48.59</b>
<b>xi) Prior Period Adjustments</b>		0.12		1.50
<b>Total taken to Profit and Loss Account</b>		<b>126.43</b>		<b>50.09</b>

## SCHEDULE - 21 PRIOR PERIOD ADJUSTMENT (NET)

(Rupees in crore)

	31st March, 2007		31st March, 2006	
<b>Income</b>				
i) Sale of Electricity	-		0.50	
ii) Advance Against Depreciation Written Back	-		88.85	
iii) Others	(3.48)		2.00	
<b>Sub-total</b>		(3.48)		91.35
<b>Expenditure</b>				
i) Salaries and Wages	0.19		0.73	
ii) Repair and Maintenance	0.35		0.38	
iii) Interest	0.74		0.71	
iv) Others	9.42		77.26	
v) Depreciation	<u>2.69</u>		<u>98.49</u>	
<b>Sub-total</b>		13.39		177.57
<b>Total</b>		16.87		86.22
<b>Less : Expenses transferred to IEDC {Refer Schedule 22H &amp; 22J (vii)}</b>				
<i>Prior period expenses</i>	9.26		78.72	
<i>Less : Prior period income</i>	<u>0.05</u>		<u>0.39</u>	
<b>Total</b>		9.21		78.33
<b>Less : Expense transferred to contract and consultancy expenses (Refer Schedule 20)</b>		0.12		1.50
<b>Total taken to Profit and Loss Account</b>		<b>7.54</b>		<b>6.39</b>

## SCHEDULE - 22 INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. EMPLOYEES REMUNERATION AND BENEFITS</b>		
i) Salaries, wages, allowances	185.23	194.58
ii) Gratuity and contribution to provident fund (including administration fees)	26.31	32.29
iii) Staff welfare expenses	36.23	22.58
iv) Leave Salary & Pension Contribution	0.10	—
<b>Sub-total</b>	247.87	249.45
<b>B. REPAIRS AND MAINTENANCE</b>		
i) Building	4.23	2.90
ii) Machinery	4.89	4.66
iii) Others	10.76	11.40
<b>Sub-total</b>	19.88	18.96
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent	13.31	12.51
ii) Rates and taxes	0.34	0.40
iii) Insurance	0.68	0.84
iv) Security expenses	22.96	20.68
v) Electricity Charges	10.75	9.86
vi) Traveling and Conveyance	8.47	6.14
vii) Expenses on staff car	6.79	5.88
viii) Telephone, telex and Postage	2.54	2.36
ix) Advertisement and publicity	2.15	0.80
x) Entertainment and hospitality expenses	0.15	0.13
xi) Printing and stationery	1.67	1.78
xii) Remuneration to Auditors	0.01	0.03
xiii) <i>Design and Consultancy charges:</i>		
- Indigenus	1.10	0.40
- Foreign	0.18	0.37
xiv) Expenditure on compensatory afforestation	46.69	11.98
xv) Expenditure on land not belonging to Corporation	18.72	13.41
xvi) Land acquisition and rehabilitation	-	0.14
xvii) Loss on assets/ materials written off	0.27	0.27
xviii) Losses on sale of assets	-	0.01
xix) Other general expenses	4.86	5.43
<b>Sub-total</b>	141.64	93.42
<b>D. INTEREST AND FINANCE CHARGES</b>		
i) Interest on :		
a) Bonds	24.64	24.64
b) Foreign loan	53.09	59.40
c) Term loan	197.01	98.51
ii) Bond issue/ service expenses	0.91	0.30
iii) Commitment fee	0.12	3.20
iv) Guarantee fee on loan	12.70	17.22
v) Other finance charges	4.89	4.86
<b>Sub-total</b>	293.36	208.13

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

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>E. EXCHANGE RATE VARIATION (NET)</b>		
i) Exchange rate variation (Debit balance)	16.71	0.51
ii) Less: Exchange rate variation (Credit balance)	<u>40.10</u>	<u>25.06</u>
<b>Sub-total</b>	(23.39)	(24.55)
<b>F. PROVISIONS</b>	<u>185.46</u>	<u>0.61</u>
<b>Sub-total</b>	185.46	0.61
<b>G. DEPRECIATION</b>	<u>30.87</u>	<u>28.85</u>
<b>Sub-total</b>	30.87	28.85
<b>H. PRIOR PERIOD EXPENSES (NET)</b>		
i) Prior period expenses	8.97	77.97
ii) Less: Prior period income	<u>0.05</u>	<u>0.39</u>
<b>Sub-total</b>	<u>8.92</u>	<u>77.58</u>
<b>I. LESS : RECEIPTS AND RECOVERIES</b>		
i) Income from generation of electricity – Pre-commissioning	0.34	5.04
ii) Interest on loans and advances	38.66	45.46
iii) Miscellaneous receipts	14.46	10.00
iv) Profit on sale of assets	0.06	0.46
v) Liability/ Provisions not required written back	29.65	0.74
vi) Hire charges/ outturn on plant and machinery	<u>0.28</u>	<u>0.46</u>
<b>Sub-total</b>	<u>83.11</u>	<u>57.12</u>
	83.45	62.16
<b>J. CORPORATE OFFICE MANAGEMENT EXPENSES</b>		
i) Other Income	(7.56)	(4.60)
ii) Generation, Administration and Other Expenses	30.23	34.66
iii) Employee Remuneration and Benefits	110.17	108.77
iv) Depreciation	6.87	6.80
v) Interest and Finance Charges	0.06	0.14
vi) Provisions	0.06	0.06
vii) Prior Period Adjustment (Net)	<u>0.29</u>	<u>0.75</u>
<b>Sub-total</b>	<u>140.12</u>	<u>146.58</u>
<b>TOTAL [(A to H) - I + J] (Transferred to Schedule 6)</b>	<b><u>961.28</u></b>	<b><u>736.87</u></b>

## SCHEDULE - 23 SIGNIFICANT ACCOUNTING POLICIES

### 1. ACCOUNTING CONVENTIONS

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

### 2. FIXED ASSETS

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets.
- 2.3 Capital Expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.
- 2.4 Payments made provisionally towards compensation and other expenses relatable to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuates or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified, 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.
- 3.1 (b) WDV of spares is charged to revenue in the year in which such spares are consumed. Similarly value of such spares, procured & consumed in a particular year is charged to revenue in that year itself.
- 3.1 (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. In respect of Projects under construction, incidental and attributable expenses (net of incidental income) including interest and depreciation on fixed assets in use during construction are carried as part of Incidental Expenditure During Construction to be allocated on major immovable Project Assets other than Land and infrastructural facilities, on commissioning of the Project.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to ‘Incidental Expenditure During Construction’.

### 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. In respect of assets, where rate has not been notified by regulations by the CERC, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961, except in case of computers and peripherals, where rates as assessed by the Company are adopted.
- 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.

## 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 (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. Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year.
- 8.2 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.
- 8.3 Exchange differences in respect of liabilities relating to fixed assets/ capital work-in-progress acquired *from outside India*, arising out of transaction entered on or after 01.04.2004 is adjusted to the carrying cost of respective fixed asset/capital work-in-progress.
- 8.4 Other 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 IEDC in case of projects under construction.

## 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 (a) Revenue from Construction Contracts is recognized on %age of completion method as under: -
- | <b>Progress of Work in terms of<br/>Estimated Contract Cost</b> | <b>Recognition of Revenue</b>                                 |
|---|---|
| (a) Upto 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 recognized 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 other Project Management/Consultancy 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. ALLOCATION OF CORPORATE OFFICE EXPENSES

Corporate Office Expenses are allocated as under:

- (a) On Power Station @ 1% of Sale of Energy for the year excluding taxes & duties.
- (b) In case of construction contract works awarded to and executed by the Corporation @ 5% of the project expenditure incurred during the year except in case of contracts of Rural Electrification & PMGSY, where allocation of expenditure in respect of dedicated division is made on the basis of services rendered.
- (c) The balance expenditure is allocated to construction projects in the ratio of net capital expenditure incurred during the year.

#### 12. 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 by charge to Profit & Loss Account, to be utilized for losses of Assets for specified contingencies.

#### 13. MISCELLANEOUS

- 13.1. Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 13.2. Power supplied from Power Stations to Projects under construction is charged as per normal tariff.
- 13.3 Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.
- 13.4 Insurance claims are accounted for based on certainty of realisation.

#### 14. 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.

#### 15. 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 01.04.2006	Closing Balance 31.03.2007
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	1257.56	1819.78
- Land Compensation Cases	69.72	125.55
- Others	125.98	183.30
Disputed Income Tax Demand	14.79	-
Disputed Excise Demand	0.15	-
Disputed Sales Tax Demand	2075.25	2055.53
Others (including bonds for Rs. 30.21 crore (Previous year Rs.30.21 crore) executed in favour of Custom Authorities by the Corporation)	54.59	97.26
<b>Total</b>	<b>3598.04</b>	<b>4281.42</b>

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is a possibility of reimbursement to Corporation, of Rs.0.03 crore (previous year Rs.14.79 crore) towards above contingent liabilities.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.8588.86 crore (previous year Rs. 8216.34 crore).
3. a) Pending sanction from Government of India, Rs. 8.83 crore, (Previous year Rs.8.83 crore) being the first 50% of interest accrued during construction on Government of India loan and capitalised in respect of Tanakpur Power Station has been shown as Government of India fund adjustable to equity. Further adjustments, if any, shall be carried out on receipt of approval from Government of India.
- b) Pursuant to the approval of Ministry of Power, expenditure on Koel Karo project, to the extent of Rs. 24.55 crore, being equal to equity capital of the project, is to be borne by Govt. of India. Accordingly, Shareholders through Special Resolution in Annual General Meeting (AGM) held on 28.07.2006 have approved the reduction in equity capital. Book entry for reduction in equity has not been carried out since the reduction of Share Capital has been confirmed vide Ministry of Company Affairs order No. 40/4/2006-CL-III dated 09.04.2007 and has been registered by the Registrar of Companies on 20.04.2007.
4. a) Title deeds/title in respect of Land of some Projects/Units amounting to Rs.59.51 crore (Previous year Rs.60.37 crore), covering an area of 2,103 hectare (Previous year 2,049 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) Pending execution of lease deeds at some of the Units in Jammu and Kashmir, period of lease has been taken at 99 year except in certain cases where it has been taken as 30 or 40 years as the case may be and cost of the land has been amortised accordingly.
- c) Land does not include the land taken from SSB on lease for a period of 99 years @ notional rent of Rs.1/- per annum.
5. 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.
6. a) Sales include Rs.18.98 crore (Previous Year Rs. (-)8.09 crore), charges yet to be billed to the Beneficiaries towards Income Tax & FERV, which shall be done after close of the year.
- b) Sales in respect of Dhauliganga Power Station have been accounted for based on provisional tariff notified by Central Electricity Regulatory Commission (CERC).
7. 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) Debtors for sales include an amount of Rs.120.81 crore (Net), being recoverable from M/s Delhi Transco Limited (erstwhile DESU) pertaining to period prior to Financial Year 1996-97. In the opinion of management no provision is required in this regard as the case for recovery of the same has been taken up by Ministry of Power with Ministry of Finance.
  - 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. In absence of surrender value, the gratuity fund is however continuing on the value as certified by LIC of India.
  - 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).
  - e) Claims recoverable include Rs.16.65 crore due from J&KPDC in respect of Baglihar Project handed over to them as per Government of India orders. In respect of Sawalkot Project, pending final handing over of the Project, capital expenditure aggregating to Rs.10.33 crore continues to appear as part of the assets of the Corporation whereas adhoc advance of Rs.5.36 crore received from J&KPDC in respect of this Project is however shown under 'Current Liabilities' and shall be adjusted on final settlement of account.
- 8.
- a) In accordance with the decision of Government of India, Siang (13600 MW), Subansiri (5600 MW) & Dibang Multipurpose Projects were transferred to the Corporation from Brahmaputra Board. Pending finalisation of handing over process and settlement of account with Brahmaputra Board and signing of MoUs for all the schemes in the State of Arunachal Pradesh except Dibang Multipurpose Project & Twang Basin Projects, assets and liabilities in respect of these Projects have been booked to the extent of amounts incurred by the Corporation.
  - b) In pursuance of Government of India decision, the Corporation has taken over, Uri-II, Kishanganga, Pakul Dul, Sewa-II, Bursur, Nimmo-Bazgo, Chutak Projects from J&KPDC for which demand of Rs. 84.89 crore has been raised by J&KPDC. In addition to expenditure incurred after taking over of the Projects, the Corporation has booked a total expenditure of Rs.33.66 crore towards Sewa II Project against Rs.41.45 crore claimed for the said Project to the extent of verification of the assets transferred and reconciliation with accounts of J&KPDC. Out of Rs.33.66 crore Rs.26 crore has been discharged. The remaining expenditure as demanded by J&KPDC shall be booked on final reconciliation of items and the accounts submitted by them.
  - c) In pursuance of MoU signed by NHPC with Govt. of Uttarakhand on 1<sup>st</sup> November,2003, the Lakhwar Vyasi Project was handed over to NHPC. An amount of Rs.246.86 crore spent by Govt. of Uttarakhand before its handing over to NHPC, has not been incorporated in the books of accounts, as the implementation agreement for construction of said project has not been signed with Govt. of Uttarakhand.
- 9.
- a) The project work at Subansiri Upper & Subansiri Middle is pending due to the Honourable Supreme Court order on IAs 966 & 1012, restraining the construction of Dam upstream of Subansiri River. However, subsequently the State Govt. of Arunachal Pradesh has filed an IA No. 1362-63 for construction of projects, which was heard by Honourable Supreme Court on 21.07.2006 and has referred the issue to Standing Committee of the National Board of Wildlife. Pending decision in this regard, Capital Expenditure of Rs.35.73 crore (previous year Rs.33.03 crore) and Rs.32.79 crore (previous year Rs.31.05 crore) respectively are appearing under Capital Work in Progress.
  - b) Govt. of Arunachal Pradesh has allotted Siyom (Siang Middle) & Siang Lower Project to private developers and has requested the Corporation to submit its claim for reimbursement of justifiable expenditure. Corporation has taken up the matter with Ministry of Power, GOI as NHPC has carried out detailed survey & investigation of these projects after taking up the Projects from Brahmaputra Board as per decision of GOI referred to in Note 7(a) above. Pending decision of GOI, capital expenditure of Rs.45.34 crore (Previous year Rs.43.07 crore) & Rs.37.20 crore (previous year Rs.33.54 crore) respectively is appearing under Capital Work in progress.
  - c) Pending signing of MoU with the Govt. of Arunachal Pradesh, expenditure of Rs.29.94 crore (Previous year Rs.27.79 crore) in respect of Siang Upper Project, which has been entrusted to NHPC for Survey & Investigation, is continuing in Capital Work-in-Progress.
  - d) Pending signing of agreement between NHPC & Govt. of Manipur for formation of Joint Venture Company for the execution of Loktak Down Stream Project, as decided by Govt. of India, capital expenditure of Rs.29.44 crore (previous year Rs.28.69 crore) is appearing under Capital Work in Progress.

10. Corporation has filed Draft Red Herring Prospectus with the SEBI for Public issue of 1,676,049,945 Equity Shares, of which 558,683,315 Equity share shall be sold by Govt. of India to offload its 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 proceeds of the issue.
11. Board has decided to close down Bav II & Devade HE Project. Pending formal approval of Govt. of India, an amount of Rs.8.25 crore & Rs.0.62 crore respectively has been provided in the accounts to take care of writing off expenditure incurred on these Projects.
12. Wage revision of the employees of the Corporation is due w.e.f. 01.01.2007. Pending decision of the committee formed by Govt. of India as regard to wage revision, a provision of Rs.37.22 crore has been made in the Books. Further, a provision of Rs.2.73 crore has been made to take care of anomalies arising out of implementation of modified pay structure in respect of executives w.e.f. 01.01.1997.
13. Depreciation on Fixed Assets is charged as per Significant Accounting Policy No. 5 (Schedule 23) of the Corporation. The issue of charging depreciation has been referred by C&AG to Ministry of Power (MOP), Govt. of India. MOP has already 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 charging depreciation for the year.
14. The Company, in respect of a foreign currency loan of JPY 534.70 crore, has entered into a hedging agreement covering interest payment on the due dates, viz., 9<sup>th</sup> January and 9<sup>th</sup> July and also for the possible repayment of the principal at the end of 5 years. In the absence of a specific Accounting Standard in India and being an "off balance sheet item", no adjustment is considered necessary as on the Balance Sheet date. The loss or gain arising out of the agreement is accounted for on settlement on the due dates.
15. a) The effect of foreign exchange fluctuation during the year is as under:

(Rupees in crore)

	For Year 2006-07	For Year 2005-06
(i) Amount charged to Profit and Loss Account excluding depreciation	(-) 1.72	(-) 3.10
(ii) Amount charged to Incidental Expenditure During Construction	(-) 23.39	(-) 24.56
(iii) Amount charged to Capital work -in-progress	28.43	(-) 102.31
(iv) Amount adjusted by addition to carrying amount of fixed assets	(-) 44.41	29.42
(v) Amount adjusted by addition to monetary assets	-	0.05

- b) The amount of borrowing cost capitalised by transfer to 'Incidental Expenditure During Construction' during the year is Rs.287.56 crore (Previous Year Rs.202.97 crore).
16. a) Following Accounting Policies have been introduced / modified/deleted during the year: -

Policy No.	Description	Impact on Profit for the year
Policy No. 1	Deletion of word "except in case of expenditure on leave travel concession to employees, which is recognised in the year of avallment".	Impact disclosed against Policy No.9 below.
Policy No. 4.1	Addition of word "(net of incidental income)" after incidental and attributable expenses.	No impact.
Policy No. 5.1	Addition of word "to the extent of 90% of the cost of asset" after "straight line method".	No impact.
Policy No. 5.4	Addition of words "Price adjustment, change in duties or similar factors" after "Exchange fluctuation".	No material impact
Policy No. 7	Addition of words "Provision for diminution, other than temporary, in the value of such investment is provided".	No impact.
Policy No. 9	Modification of Policy of Retirement benefit as Employee Benefits in line with the Accounting Standard 15 (2005).	Rs. (-) 11.17 crore
Policy to. 13.5	Merger of this policy under policy on Employee Benefits (Policy No. 9)	No impact

- b) In terms of Accounting Standard (AS) 15 (2005) on “Employee Benefits”, a provision of Rs.84.48 crore (previous year Rs.78.45 crore as per Accounting Standard 15 (1995)) has been made towards employee benefits based upon actuarial valuation. Current year provision includes provision of Rs.16.12 crore & Rs.3.13 crore on account of Leave Travel Concession & Baggage Allowance admissible on superannuation respectively. Prior to issue of AS-15 (2005), these were accounted for in the year of actual incurrence. Consequently the Profit for the year is lower by Rs.11.17 crore.
17. a) Electricity generation is the principal business activity of the Corporation. Other operations viz., contract works and consultancy services 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.
18. 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 w.e.f. 23.01.2007. Also holding additional charge of Director (Finance). Earlier Director (Finance) with additional charge of Chairman & Managing Director w.e.f. 01.10.2005.
Shri S.K. Chaturvedi	Director (Personnel)
Shri S. P. Sen	Director (Technical)
Shri S. K. Dodeja	Director (Projects) w.e.f. 02.09.2006.

**b) Relationship**

Joint Venture Companies	Nil
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**a) 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.

19. 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.11.43 crore (Previous year Rs.13.26 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house & transit camps are shown as Rent under Schedule of Generation, Administration and other expenses.
20. Earning Per Share:-

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

	For Year 2006-07	For Year 2005-06
Net Profit after Tax used as numerator (Rs. crore)	924.80	742.75
Weighted Average number of equity shares used as denominator		
- Basic	10502319459	98972844
- Diluted	10822615290	102411137
Earning Per Share (Rupees)		
- Basic	0.88	75.05
- Diluted	0.85	72.53
Face value per share (Rupees)	10	1000*

\* split into Share of Face Value of Rs.10/- each w.e.f. 13.03.2007.

21. 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.167.55 crore (Previous Year Rs.187.90 crore) has been provided during the Current Year. The item-wise details of cumulative Deferred Tax Liability are as under:

(Rupees in crore)

	31.03.2006	31.03.2007
<b>Deferred Tax Liability</b>		
i) Depreciation	2082.77	2147.11
<b>Less: Deferred Tax Assets</b>		
ii) Accumulated unabsorbed depreciation	145.38	-
iii) Advance against Depreciation to be considered as income in tax computation	129.95	131.23
iv) Provision for doubtful debts, Insurance, contingencies and incentive (Bonds)	150.05	179.84
v) Provision for employee benefit schemes	56.01	67.11
<b>Deferred Tax Liability (Net)</b>	<b>1601.38</b>	<b>1768.93</b>

22. The Management is of the opinion that, except to the extent provided for in respect of abandoned projects, no case of impairment of assets exists under the provision of Accounting Standard (AS)-28 on Impairment of assets as at 31<sup>st</sup> March 2007.
23. In compliance of the provisions of Accounting Standard 29 on "Provisions, Contingent Liabilities & Contingent Assets", a provision of Rs.222.13 crore has been made towards obligations for Environment & Ecology and Relief & Rehabilitation etc. Consequently Fixed Asset & CWIP is higher by similar amount.
24. a) Remuneration paid/payable to Directors:

(Rupees in crore)

	For Year 2006-07	For Year 2005-06
(i) Salaries & Allowances	0.28	0.42
(ii) Contribution to Provident Fund	0.03	0.04
(iii) Rent for Residential Accommodation	0.08	0.08
(iv) Other benefits	0.03	0.03
(v) Sitting Fees	-	-

- 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



25. Remuneration to Statutory Auditors

(Rupees in crore)

	For Year 2006-07	For Year 2005-06
Statutory Audit Fees	0.22	0.20
Tax Audit Fees	0.04	0.04
Audit Expenses	0.24	0.32
Other matters	0.02	0.01
Cost Auditors		
- Audit Fees	0.05	0.05
- Audit Expenses	0.02	0.01

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

	For Year 2006-07	For Year 2005-06
(i) Licensed Capacity (M.W.)	Not applicable	Not Applicable
(ii) Installed Capacity (M.W.)***	3104.20	2729.20
(iii) Actual Generation (Million Units) *	13048.76	12567.15
(iv) Actual Sales (Million Units) **	11286.80	10787.46

\* including infirm Power.

\*\* excluding free Power to Home States.

\*\*\* Loktak Power Station capacity derated from 105 MW to 90 MW w.e.f. 04.04.2006.

27.

(Rupees in crore)

	For Year 2006-07	For Year 2005-06
a)* Value of imports calculated on CIF basis:		
i) Capital Goods	83.77	
ii) Spare parts	1.18	2.27
b)* Expenditure in Foreign Currency		
i) Know - How	2.36	1.19
ii) Interest	112.38	108.47
iii) Other Misc. Matters	162.36	335.24
c)* Value of spare parts and Components consumed in operating units.		
i) Imported	3.52 (40.70%)	5.12(35%)
ii) Indigenous	5.13 (59.30%)	9.54(65%)
d)** Earnings in foreign currency		
i) Interest	-	-
ii) Others	-	-

28. Disclosure as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 is NIL in respect of all the items specified therein.

29. Previous year's figures/opening balances have been regrouped/re-arranged/re-cast wherever necessary.

**VIJAY GUPTA**  
COMPANY SECRETARY

**S. P. SEN**  
DIRECTOR (TECHNICAL)

**S.K. GARG**  
CHAIRMAN & MANAGING DIRECTOR

Place : NEW DELHI  
Dated : 26<sup>th</sup> MAY, 2007

## 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 7

### 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 \*

6 3 0 . 9 5

\* Share Capital Deposit received from Govt. of India.

### III Position of Mobilisation and Deployment of Funds (Rupees in crore)

Total Liabilities

2 7 8 1 4 . 5 1

Total Assets

2 7 8 1 4 . 5 1

#### Sources of Funds

Paid-up Capital #

1 1 2 0 7 . 0 4

Reserves and Surplus \$

5 3 6 7 . 0 5

Secured Loan

4 6 2 2 . 7 9

Unsecured Loans

2 9 0 9 . 1 6

# Includes Government of India Fund adjustable to equity Rs.8.83 crore.

#### Application of Funds

Net Fixed Assets

2 2 3 4 9 . 0 7 @

Investments

3 3 2 2 . 7 5

Net Current Assets

(-) 3 4 5 . 6 0

Misc. Expenditure

2 5 . 8 0

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress of Rs.11399.92 crore and Construction Stores and Advances of Rs.856.43 crore.



#### IV Performance of Company (Rupees in crore)

Turnover

1	8	8	2	.	9	3
---	---	---	---	---	---	---

 \*\*

Total Expenditure

1	0	9	9	.	7	6
---	---	---	---	---	---	---

Profit Before Tax

1	0	8	7	.	7	4
---	---	---	---	---	---	---

Profit After Tax

9	2	4	.	8	0
---	---	---	---	---	---

Basic Earning per share in Rs.

0	0	.	8	8
---	---	---	---	---

Dividend Amount (in crore)

2	7	8	.	0	0
---	---	---	---	---	---

\*\* Excludes Other Income Rs. 304.57 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.

-	-	-
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ii) Product Description

C	O	N	S	T	R	U	C	T	I	O	N		C	O	N	T	R	A	C	T	S
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Item Code No.

-	-	-
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iii) Product Description

C	O	N	S	U	L	T	A	N	C	Y		S	E	R	V	I	C	E	S
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Item Code No.

-	-	-
---	---	---

As per our attached report of even date  
**For GSA & ASSOCIATES**  
Chartered Accountants

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

**(SANJEEV CHAUDHARY)**  
Partner  
M.No.85761

**VIJAY GUPTA**  
Company Secretary

**S.P.SEN**  
Director (Technical)

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

Place : New Delhi  
Dated : 26<sup>th</sup> May, 2007

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2007

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	1087.74	812.16
<b>ADD :</b>		
Depreciation including Prior Period	292.01	366.55
Tariff Adjustment / Advance Against Depreciation	208.64	10.83
Interest excluding rebate	209.13	260.55
Self Insurance	55.47	52.93
Others Provisions / Adjustments	9.84	64.58
Loss / (Profit) on Sale of Assets	0.05	-0.45
Exchange Rate Variation	-1.71	-3.10
Dividend Income	<u>-12.12</u>	<u>-4.46</u>
<b>Cash flow from operating activities before working capital adjustments</b>	<b>1849.05</b>	<b>1559.59</b>
<b>Working Capital Changes</b>		
(Increase)/Decrease in Inventories	(1.66)	(7.66)
(Increase)/Decrease in Contract Work in Progress	(186.81)	(50.30)
(Increase)/Decrease in Receivables	(247.75)	257.96
Increase/(Decrease) in Trade & Other Payables	<u>616.84</u>	<u>224.54</u>
<b>Cash flow from operating activities before taxes</b>	<b>2029.67</b>	<b>1984.13</b>
Less : Taxes	<u>154.99</u>	<u>84.89</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1874.68</b>	<b>1899.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & expenditure on construction projects (including incidental expenditure during construction)	(2697.80)	(1948.27)
Sale proceeds on disposal of fixed assets	153.13	48.64
Investment in shares of Subsidiary Company & Others	256.44	-30.00
Dividend Received	<u>12.12</u>	<u>4.46</u>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(2276.11)</b>	<b>(1925.17)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	630.95	622.44
Share Capital Deposit		20.38
Dividend & Dividend Tax Paid	(263.40)	(164.20)
Proceeds from Borrowings	1442.80	1363.99
Repayments of Borrowings	-1037.04	-1118.05
Interest & Financial Charges	<u>-447.18</u>	<u>-468.11</u>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>326.13</b>	<b>256.45</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(75.30)</b>	<b>230.52</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>542.20</b>	<b>311.68</b>
<b>Cash &amp; Cash Equivalents at the close of the year</b>	<b>466.90</b>	<b>542.20</b>

### EXPLANATORY NOTES TO CASH FLOW STATEMENT

1. Cash and Cash equivalents consist of Cash in hand and bank balances including cheques / drafts in hands.
2. 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.
3. Investment in Fixed Assets & Construction Work in Progress excludes interest & financial charges capitalised Rs.293.43 crores.
4. The Previous year's figures has been regrouped / re-arranged / re-cast wherever necessary

As per our attached report of even date

**For GSA & ASSOCIATES**  
Chartered Accountants

**(SANJEEV CHAUDHARY)**  
Partner  
M.No.85761

**VIJAY GUPTA**  
Company Secretary

**S.P.SEN**  
Director (Technical)

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

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

Place : New Delhi  
Dated : 26<sup>th</sup> May, 2007



Annexure-IV

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL HYDROELECTRIC POWER CORPORATION, FARIDABAD, FOR THE YEAR ENDED 31 MARCH, 2007.**

The preparation of financial statements of National Hydroelectric Power Corporation Limited, Faridabad, for the year ended 31 March, 2007 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 26.05.2007.

I on the 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 National Hydroelectric Power Corporation Limited, Faridabad, for the year ended 31 March, 2007. 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/-  
(MEERA SWARUP)  
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND  
EX-OFFICIO MEMBER, AUDIT BOARD-III,  
NEW DELHI

Place : New Delhi  
Dated : 2<sup>nd</sup> July, 2007

**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 <sup>st</sup> March, 2007   |
| 3. Share of the Subsidiary Company held by NHPC and its nominees on the above date  |  |
| (a) Number of Shares and Face Value   | 1,00,24,200 Equity Shares of Rs. 1000/-each fully paid   |
| (b) Extent of Holding   | Out of 1,96,25,800 shares issued, 1,00,24,200 shares are held by National Hydroelectric Power Corporation Limited.   |
| 4. Net aggregate amount of profits/losses of the Subsidiary Company so far as it concerns the members of National Hydroelectric Power Corporation Limited and is <b>not dealt</b> within the accounts of National Hydroelectric Power Corporation Limited   |  |
| (i) For Subsidiary Company Financial year ended 31 <sup>st</sup> March, 2007  | a) 51% of Rs.334.72 crore being the profit carried to Balance Sheet i. e. Rs.170.70 crore.<br>b) Dividend of Rs.52.13 crore being 51% share of the recommended dividend amount of Rs.102.22 crore. |
| (ii) For previous Financial years of the Subsidiary company since it become Subsidiary  | 51% of Rs.117.83 crore being the profit carried to Balance Sheet i.e. Rs.60.09 crore.  |
| 5. Net aggregate amount of profits/losses of the Subsidiary Company so far as it concerns the members of National Hydroelectric Power Corporation Limited and is <b>dealt</b> within the accounts of National Hydroelectric Power Corporation Limited   |  |
| (i) For Subsidiary Company Financial year ended 31 <sup>st</sup> March, 2007  | NIL  |
| (ii) For previous Financial years of the Subsidiary company since it become Subsidiary  | Dividend of Rs.15.51 crore being 51% share of the dividend amount of Rs.30.42 crore.   |
| 6. Change in the interest of National Hydroelectric Power Corporation Limited in the Subsidiary company between the end of the Financial year of the Subsidiary Company and that of National Hydroelectric Power Corporation Limited.   | NIL  |
| 7. Material changes between the end of the Financial year of the Subsidiary Company and end of the Financial year of National Hydroelectric Power Corporation 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

**S.P.SEN**  
DIRECTOR (TECHNICAL)

**S.K. GARG**  
CHAIRMAN & MANAGING DIRECTOR



## DIRECTORS' REPORT

### TO THE MEMBERS,

#### Narmada Hydroelectric Development Corporation Ltd.

Your Directors have great pleasure in presenting the 7<sup>th</sup> 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 31<sup>st</sup> March, 2007.

#### FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	2006-07	2005-06*
Sale of Power	74854	33598
Profit before Depreciation, Interest (incl. Financial Charges) and Tax	71201	29864
Depreciation	6617	6021
Profit after Depreciation and before Interest and Tax	64584	23843
Interest and Financial Charges	12977	12021
Profit after Depreciation and Interest but before Tax	51607	11822
Tax	6176	1212
Profit after Depreciation, Interest and Tax	45431	10610
Surplus of Profit and Loss Account of earlier years	11783	3592
Profit available for Appropriations	57214	14202

\*As regrouped.

APPROPRIATIONS:		
Proposed Dividend	10222	2122
Provision for Income Tax (on dividend)	1737	297
Balance Profit carried to Reserve and Surplus	45255	11783

The turnover of your Corporation during 2006-07 has increased to Rs.748.54 crore (including arrear sales of Rs.205.58 crore pursuant to revised tariff fixed by CERC) from Rs.335.98 crore during 2005-06. Also the net profit after tax during 2006-07 has jumped to Rs.454.31 crore from Rs.106.10

crore during 2005-06. Net profit after tax of your Corporation, excluding arrear sales, increased by 134% from last year. On the recoveries front, NHDC has realized an amount of Rs.284.91 crore towards energy sold to the beneficiary during 2006-07. Recoveries of dues from M.P.Power Trading Company Ltd. are likely to improve during the current year 2007-08 with the signing of power purchase agreement in the month of April,2007. Further efforts are being made to neutralize the outstanding dues at the earliest possible. During the year 2006-07, 2605.58 million units of energy have been generated from Indira Sagar



Shri Sushilkumar Shinde, Hon'ble Union Minister of Power along with (L to R) Shri Shivraj Singh Chouhan, Hon'ble Chief Minister of Madhya Pradesh, Shri R.V. Shahi, Seceratry (Power), Govt. of India, Shri S.K. Garg, CMD, NHPC & NHDC and Shri Babulal Gaur, Hon'ble Minister for Industries & Commerce, Madhya Pradesh at the dedication ceremony of 1000 MW Indira Sagar Power Station to the Nation on 02.06.2006

Project as against 2573.36 million units of last year.

As on 31<sup>st</sup> March, 2007 Bank Balance of Rs.349.40 crore (Previous Year Rs.350.39 crore) as shown in Schedule-9 Current Assets, Loan & Advance, includes Rs.9 crore (Previous Year Rs.34.96 crore) toward margin money for L/c operation, Rs.74.66 crore (Previous Year Rs.32.42 crore) lying in Escrow A/C maintained with lead Banker and Rs.52.76 crore (Previous Year Rs.32.55 crore) towards Self Insurance Reserve, aggregating Rs.136.42 crore (Previous year Rs.99.93 crore) which is not available for use by the Corporation.



Shri S.K. Garg, CMD, NHPC & NHDC and senior officers of NHDC at the PPA signing for Indira Sagar & Omkareshwar Projects and MoU for three New Hydro Projects

#### **DIVIDEND**

The Company has earned revenue of Rs.748.54 crore during the financial year 2006-2007. Taking into consideration the profitability of Rs.454.31 crore of the Company, the Board has recommended dividend @22.50% 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.

#### **PROGRESS OF WORKS**

##### **INDIRA SAGAR PROJECT (ISP)**

During the financial year 2006-07, the reservoir of Indira Sagar Project has been filled up to 259.46 M after permission of 260 M granted by Hon'ble High Court, Jabalpur. Total 2605.58 MU of electricity during current financial year 2006-07 and a cumulative 6707.30 MU of electricity since project commissioning has been generated and sold to single beneficiary MPPTC/MPSEB as on 31<sup>st</sup> March, 2007. The tripartite Power Purchase Agreement (PPA) has been signed on 27<sup>th</sup> April, 2007



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

for ISP among NHDC, MPPTC and GoMP.

##### **REHABILITATION AND RESETTLEMENT WORKS: (ISP)**

Government of Madhya Pradesh has given full support on R&R works and under their guidance out of 40026 PAFs to be rehabilitated due to submergence up to FRL of Indira Sagar Project, only 12 PAFs are balance at the end of financial year 2006-07. Up to May, 2007 out of proposed 10153 plots in 34 fully developed resettlement sites, 9332 plots have been developed and 4548 plots have been allotted to PAFs. The R&R

activity is in progress in the additional area identified after re-survey as well as villages categorized as island and properties between FRL & BWL.

### **NATIONAL AWARD FOR MERITORIOUS PERFORMANCE: (ISP)**

At a glittering ceremony held on 21<sup>st</sup> March, 2007 at New Delhi, Dr. Manmohan Singh Hon'ble Prime Minister of India presented Gold and Silver Medal National Awards for 1000 MW Indira Sagar Project. These awards for the year 2004-05 have been given for the early commissioning of Unit 7 and Unit 5 (125 MW each) of Indira Sagar Project. The unit 7 was commissioned 5 months and 4 days ahead of schedule and Unit 5 was commissioned 4 months and 7 days ahead of schedule.

### **OMKARESHWAR PROJECT (OSP):**

Omkareshwar Project (OSP) is situated on river Narmada 40 Km downstream of Indira Sagar Project, near Omkareshwar Temple, in Khandwa District of Madhya Pradesh. Omkareshwar Project is a multipurpose Project with an installed capacity of 520 MW and designed Annual Energy Generation of 1166 Million Units in initial stage and Annual Irrigation of 2.83 Lac. Ha on a Culturable Command Area (CCA) of 1.47 Lac. Ha. Total Catchment Area at the Dam site is 64880 Sq.Km.

During this financial year all major civil works of Main Dam, Power House, Power Dam, Switchyard TRC and HRC has been completed ahead of schedule including Commissioning & Testing of all 23 Nos. Radial Gates. Erection of Intake Fixed Wheel Gates, Bulk Head Gates, Intake Gantry Crane, Draft Tube Gantry Crane and Trashrack Cleaning Machine is also completed. Commissioning & Back Charging of 220 KV Switchyard has been carried out successfully and dry commissioning of Unit No#1 has been



520 MW Omkareshwar Project (Madhya Pradesh) - Dam

completed on 25<sup>th</sup> March'07. Further, Dry Commissioning of Generating Units 2 to 6 has also been completed. Reservoir level has been raised upto EL 189 on 18<sup>th</sup> June, 2007 after order of Hon'ble Supreme Court on 11<sup>th</sup> June, 2007. First unit of the Power House is likely to be commissioned by end of July, 2007. The tripartite Power Purchase Agreement (PPA) has been signed on 27<sup>th</sup> April, 2007 for OSP among NHDC, MPPTC and GoMP.

### **REHABILITATION AND RESETTLEMENT WORKS: (OSP)**

Total 30 villages are getting affected, out of which in 3 villages only Govt. land is getting affected. Section IV, VI have been issued for all 27 villages and award has been passed for all the 27 villages with the State Govt. support and under their guidance. Till May, 2007 out of total 4531 PAFs to be shifted, 3062 PAFs have been rehabilitated so far. Out of proposed 1877 plots in 7 fully developed and 3 under developed resettlement sites, 1688 plots have been developed and 1390 plots have been allotted to PAFs so far. The R&R activity is in progress in the additional area identified after re-survey as well as villages categorized as island and properties between FRL & BWL.

### **NEW PROJECTS:**

During the year under review, NHDC has been assigned the job of preparation of DPR of three new projects, namely Bauras (55 MW), Hoshangabad (60 MW) and Handia (51 MW) on upstream of ISP on river Narmada in Madhya Pradesh. The draft DPRs of all three new projects has been submitted to GoMP/NVDA and Memorandum of Understanding has also been signed between NHDC & GoMP on 27<sup>th</sup> April, 2007.

#### **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 81456.753 Ha is almost completed except 100 Ha. Likewise, Catchment Area Treatment works in forest and non-forest areas are completed over a target area of 61352 Ha. Works relating to relocation of Archaeologically significant monuments for ISP & OSP are almost completed. All monuments are being relocated/restored scientifically by expert agencies. Work on restoration of Singhaji's Samadhi is underway. Replica of Shiv Mandir, Punghat is prepared. Archaeologically significant mounds namely Naval Khera, Bijalpur Khurd, Gannor, etc. have been excavated and explored by the State Archaeological Department to find out artifacts, etc. Construction of safety wall at Joga Fort is completed. One National Park and Two Sanctuaries are also being notified by Govt. of M.P to compensate loss of forest habitat for wildlife.

#### **VIGILANCE ACTIVITIES:**

Vigilance wing of NHDC is functioning smoothly by conducting time to time regular/surprise inspections of different works and records of Projects as well as Corporate Office to avoid common irregularities. CTE type examinations are also being conducted by a team of Vigilance Officer of Corporate Office and Project Vigilance Officer as per Vigilance Action Plan.

As a part of preventive Vigilance and to create awareness among employees, Vigilance Awareness Week has been observed at Corporate Office as well as Project level. During the observance of Vigilance Week, the first edition of NHDC Vigilance Journal "Jagriti" has also been published.

#### **OFFICIAL LANGUAGE IMPLEMENTATION REPORT :**

During the year 2005-06, Official Language section of NHDC made all efforts to achieve desired targets as per Annual programme received from Official Language Department. Corporation has been awarded with various prizes for excellent contribution in the field of implementation of Official Language.

- A special award from Nagar Rajbhasha Karyanvyan Samiti (Upkram), Bhopal for the year 2005-06.
- "Sarvshresth Sansthan" award to NHDC by Akhil Bhartiya Rashtrabhasha Vikas Sammelan, Ghaziabad for remarkable contribution of Official Language for the year 2006-07.
- Annual publication of important Rajbhasha magazine-"AROHAN".

In order to promote the progressive use of Official Language, Hindi workshops have been organized time to time. Quarterly Meetings of departmental Official Language Implementation Committee (OLIC) have been organized in the presence of Chief Executive Director and actions have been taken on decisions accordingly. During Hindi Pakhwara/Divas, various competitions/activities have been organized including special competitions like Quiz, Poem recitation and singing etc. for blind and disabled students. Besides this, other related activities are conducted time to time.

#### **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 multi skilling 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.

Periodical job rotation and inter location transfer are undertaken to facilitate development and broaden outlook. The Human Resources functions follow 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. Training activities has been designed to groom employees 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, we have developed employee's welfare, health and social security system leading to high level of commitment. The employee attrition rate has been lowest in the Industry. We have developed modern township with best quality of life, containing amenities like, educational, medical and recreational facility for employees and their family members. Corporation also has empanelled hospitals at various locations to meet employee health needs. We have the best record in the industry for accident free man-hours. The Corporation emphasizes aligning people capability and competency with current and emerging business challenges. 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 has made detailed Corporate Social Responsibility Plan with resource allocation for implementation.



*Shri S.K. Garg, CMD, NHPC & NHDC Presenting Memento to Shri Shivraj Singh Chouhan, Hon'ble Chief Minister of Madhya Pradesh on the occasion of NHDC Day celebrations*

#### **INDUSTRIAL RELATIONS:**

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

#### **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.

#### **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 **Annexure - "A"** to this report.

#### **AUDITORS:**

M/s O.P. Totla & Co., Chartered Accountants, Indore was appointed as "Statutory Auditors" for conducting the Audit for the year 2006- 2007.

**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 **Annexure "B"**. The comments of the Comptroller and Auditor General of India and replies thereon are enclosed at **"C"** to the report.

**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 31<sup>st</sup> March, 2007, 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 31<sup>st</sup> March, 2007 on a 'going concern' basis.

**AUDIT COMMITTEE:**

The Audit Committee of the Board consists of Shri I.C.Jain, Member (Power), NVDA, Shri D.P.Bhargava, Chief Executive Director and Shri Rajesh Dongre, Director. The said Audit Committee has reviewed the Annual Financial Statements before submission to the Board as required under Section - 292A of the Companies Act, 1956.

**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.

**PARTICULARS OF DIRECTORS:**

The composition of the Board includes Shri S.K. Garg as CMD of the Company along with six other Directors. NHPC has appointed Shri D.P.Bhargava as whole time Director in place of Shri T. Mandal effective from 28<sup>th</sup> February, 2007.

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

**ACKNOWLEDGEMENTS:**

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

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

**Dated : 23.07.2007**

**Place : Delhi**

**FOR CONSERVATION OF ENERGY**

Sl.No.	Information Sought	Reply
(a)	Energy conservation measures taken	i. CFLs has been installed in the newly built Office Complex. ii. Split type AC's are installed in the Office Complex, which can be switched on/off, depending upon the requirements. iii. Directions for use along with requests to switch off the equipments after use are displayed at several locations iv. Efforts being made to minimize leakage of water from various gates & other points in Power House at ISP/OSP .
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy;	There is no proposal for direct investment by NHDC at present.
(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;	The power consumption is reduced in consequent to above measures.
(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.	NHDC is not in the Category of Industries mentioned in the schedule.

**Form -B**

Sl.No.	Information Sought	Reply
(1)	Specific areas in which R&D carried out by the Company.	The control of auxiliary system integrated with Power House SCADA at ISP/OSP
(2)	Benefit derived as a result of the above R&D	Smooth operation and maintenance of Power House
(3)	Future Plan of action.	The R&D work will be carried out with inhouse expertise and in consultation with various suppliers after running of ISP/OSP continuously & identifying the specific problems there after.
(4)	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.

**TECHONOLGY ABSORPTION, ADAPTATION AND INNOVATION**

Sl.No.	Information Sought	Reply
(1)	Efforts in brief made towards technology absorption, adaptation and innovation.	Digitization of revenue maps and superimposition on contour maps to work out R&R plan for three new projects.
(2)	Benefits derived as result of the above efforts, e.g. product improvement, cost reduction, substitution etc.	Early finalization of R&R Plan & Expenditure thereof.
(3)	Technology Imported during last five years	<b>Nil</b>

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Sl.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. 19770 Lacs.

## AUDITOR'S REPORT TO THE MEMBERS OF NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LTD., BHOPAL (M.P.)

We have audited the attached Balance Sheet of **NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED, BHOPAL** as at 31<sup>st</sup> March, 2007, 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 by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, 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, to the extent applicable.

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;
- iv) 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;
- v) 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;
- vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956, and give, a true & fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March, 2007;
  - 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 O.P. TOTLA & CO.**  
Chartered Accountants

**(CA S.R. TOTLA)**  
Partner  
M. No. 71774

**Place : New Delhi**

**Date : 22<sup>nd</sup> May, 2007**

## ANNEXURE TO THE AUDITOR'S REPORT

FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2007

(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 and the same have not 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 inventory of the company other than items in transit has been physically verified by the management during the year. 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) On the basis of our examination of the records of inventory, we are of the opinion that the company needs to improve the quality of the inventory records in consonance with the size and nature of its business. According to the information and explanations given to us and the records produced before us, discrepancies noticed on such physical verification were not, in our opinion, material and the same have not been properly dealt with in the Books of Account.
- (iii) 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,
- A. No any loans, secured or unsecured, were granted to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and
- B. The Company has not taken any loans, secured or unsecured, from companies, firms or the other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- Therefore there is no question: -
- (a) Of number of parties and amount involved in the transaction.
- (b) Of rate of interest and other terms and conditions of loans being prima facie prejudicial and the interest of company.
- (c) Of regularity of receipt of the principal amount and interest.
- (d) Of taking reasonable steps for recovery of the loans given.
- (e) Of regularity of payment of principal and interest.
- (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, however, it needs to be further strengthened in respect of inventory and fixed assets.
- (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) The company has an in-house Internal Audit Department, which in our opinion needs to be further strengthened to be commensurate with size and nature of the business activities. The Department should so plan their audit in accordance with SIA-I (planning an Internal Audit) that each and every department of the Corporation is subjected to their audit and no department is left out.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies

Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records with a view to determining whether they are accurate or complete.

- (ix) (a) According to the records provided to us by the Company, undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues, that are required to be deposited regularly with authorities, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as at 31<sup>st</sup> March, 2007 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, Cess 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. The Term Loan funds pending utilization as on 31<sup>st</sup> March, 2007 are Rs.46.36 crores, part of these loans funds which remain unutilized were deployed as short-term interest bearing deposits.
- (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 were raised on short term basis. Therefore, question of using short term funds for long term investments does not arise.
- (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 O.P. TOTLA & CO.**  
Chartered Accountants

**(CA S.R. TOTLA)**  
Partner  
**M. No. 71774**

**Place : New Delhi**  
**Date : 22<sup>nd</sup> May, 2007**



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 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007**

### **COMMENTS**

### **MANAGEMENT REPLY**

The preparation of financial statements of Narmada Hydroelectric Development Corporation Limited, Bhopal for the year ended 31 March, 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is 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 22 May, 2007.

I on the 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, 2007. 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. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956 which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:

**COMMENTS**

**MANAGEMENT REPLY**

**General**

**Cash Flow Statement**

**Cash and Cash equivalents (Closing Balance)**

**Rs.349.40 crore**

Above includes an amount of Rs. Nine crore deposited with State Bank of India towards margin money for letter of credits issued in favour of a party. As the amount was not available for use by the Company, it should have been disclosed suitably as required by Accounting Standard 3 prescribed under section 211 (3C) of the Companies Act, 1956.

The required disclosure has since been incorporated in the Director's Report for the Year

For and on the behalf of the

**Comptroller & Auditor General of India**

**Sd/-**

**(MEERA SWARUP)**

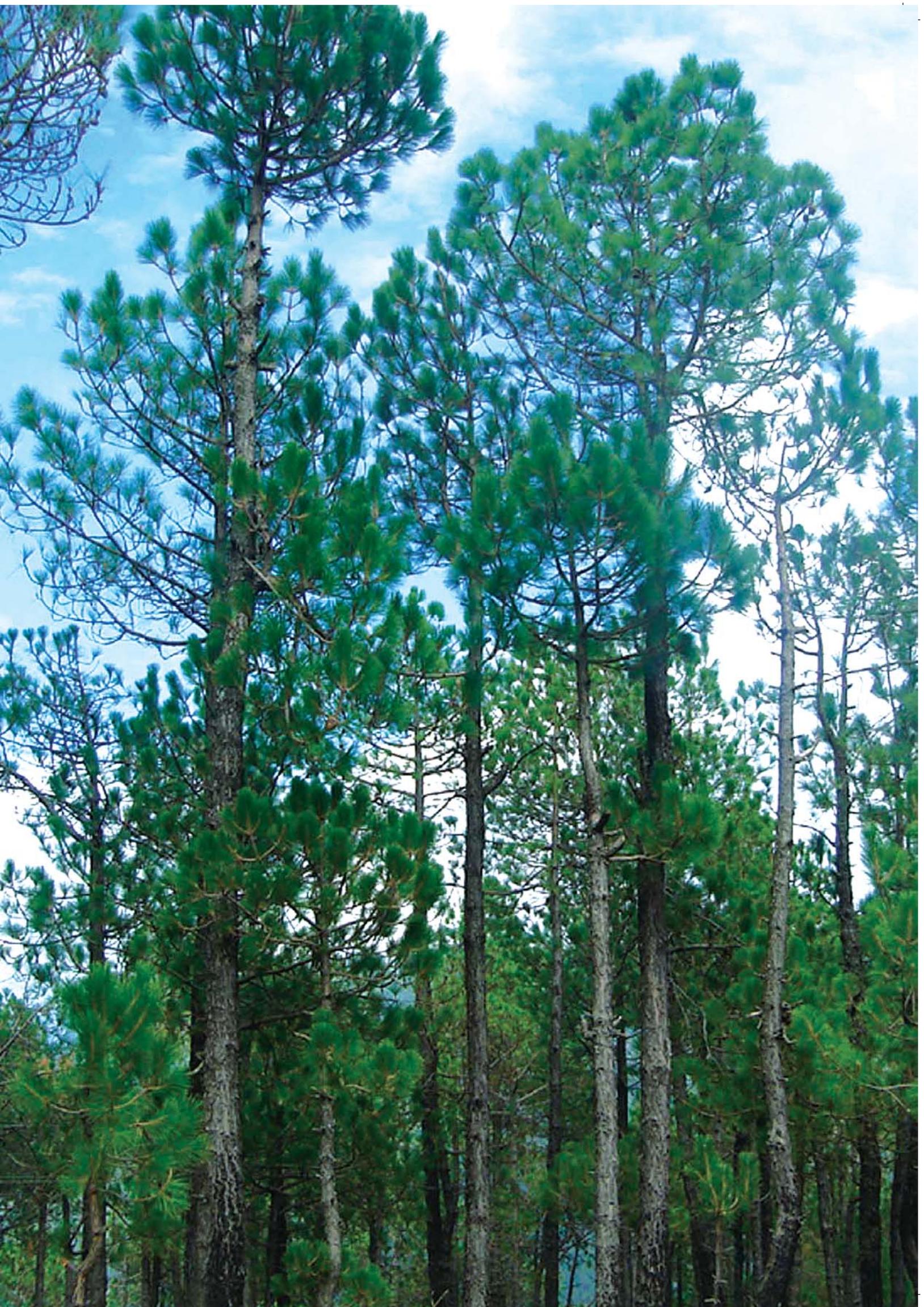
**PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT AND EX-OFFICIO MEMBER,  
AUDIT BOARD-III, NEW DELHI**

**Place : New Delhi**

**Dated : 5<sup>th</sup> July, 2007**



# ANNUAL ACCOUNTS



## BALANCE SHEET AS AT 31st MARCH, 2007

(Rupees in lacs)

PARTICULARS	SCHEDULE NO.	AS AT	
		31st MARCH, 2007	31st MARCH, 2006
<b>SOURCES OF FUNDS</b>			
<b>A. SHAREHOLDERS' FUNDS</b>			
i) Share Capital	1	196258	196258
ii) Share Capital Deposit	1A	-	-
iii) Reserves and Surplus	2	<u>163284</u> 359542	<u>125208</u> 321466
<b>B. LOAN FUNDS</b>			
i) Secured Loans	3	293984	216474
ii) Unsecured Loans	4	<u>-</u> 293984	<u>15000</u> 231474
<b>C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION</b>			
		-	-
<b>D. DEFERRED TAX</b>			
Net Deferred Tax Liabilities		26014	7633
Less: Deferred Tax Recoverable		<u>26014</u>	<u>7633</u>
<b>TOTAL</b>		<b><u>653526</u></b>	<b><u>552940</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>A. FIXED CAPITAL EXPENDITURE</b>			
i) Fixed Assets	5		
a) Gross Block		408487	397189
Less: Depreciation		<u>22311</u>	<u>13437</u>
b) Net Block		386176	383752
ii) Capital Work-in-Progress	6	201506	131061
iii) Construction Stores and Advances	7	<u>524</u> 588206	<u>5811</u> 520624
<b>B. INVESTMENTS</b>			
		-	-
<b>C. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
i) Interest Accrued on Investments		-	-
ii) Inventories		217	121
iii) Contract Work in Progress		-	-
iv) Sundry Debtors		62326	15965
v) Cash and Bank Balances		34940	35059
vi) Other Current Assets		937	1605
vii) Loans and Advances		<u>9823</u>	<u>3767</u>
		108243	56517
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
i) Liabilities	10	22480	19757
ii) Provisions		<u>20443</u>	<u>4588</u>
		<u>42923</u>	<u>24345</u>
<b>NET CURRENT ASSETS</b>		65320	32172
<b>D. MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	11	-	144
<b>TOTAL</b>		<b><u>653526</u></b>	<b><u>552940</u></b>
<b>ACCOUNTING POLICIES</b>		23	
<b>NOTES TO THE ACCOUNTS</b>		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 **O.P.TOTLA & CO**  
Chartered Accountants

**R.K.TANEJA**  
Director

**D.P. BHARGAVA**  
Chief Executive Director

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

**CA S.R.TOTLA**  
Partner  
M. No.71774

**V.K.TRIPATHI**  
Company Secretary

**M.W.KHAN**  
General Manager(Finance)

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2007



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

(Rupees in lacs)

PARTICULARS	SCHEDULE NO.	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
<b>INCOME</b>			
i) Sales	12	74854	33598
Less: Tariff Adjustments		-	-
Less: Advance Against Depreciation		74854	33598
ii) Contracts and Consultancy Income	13	-	-
iii) Interest on Power Bonds		-	-
iv) Interest on Long Term Advances		-	-
v) Other Income	14	1814	718
<b>TOTAL INCOME</b>		<b>76668</b>	<b>34316</b>
<b>EXPENDITURE</b>			
i) Generation, Administration and Other Expenses	15	3893	3426
ii) Employees' Remuneration and Benefits	16	1382	967
iii) Depreciation	17	6617	6021
iv) Interest and Finance Charges	18	12977	12021
v) Provisions	19	-	41
vi) Contracts and Consultancy Expenses	20	-	-
vii) Incentive to Beneficiary States		-	-
viii) Prior Period Adjustment(Net)	21	192	18
<b>TOTAL EXPENDITURE</b>		<b>25061</b>	<b>22494</b>
<b>PROFIT BEFORE TAX</b>		<b>51607</b>	<b>11822</b>
<b>Provision for Taxation</b>			
i) Current Tax		6110	1156
ii) Adjustments Relating to Earlier Years		10	-
iii) Fringe Benefit Tax		56	56
iv) Deferred Tax		18381	5971
Less: Deferred Tax Recoverable Adjustment		18381	5971
		6176	1212
<b>PROFIT AFTER TAX</b>		<b>45431</b>	<b>10610</b>
Balance brought forward from last year account		11783	3592
<b>DISPOSABLE PROFIT</b>		<b>57214</b>	<b>14202</b>
<b>Appropriations</b>			
i) Interim Dividend		-	-
ii) Proposed Final Dividend		10222	2122
iii) Corporate Dividend Tax		1737	297
iv) Appropriation from Profits to Reserves		-	-
v) Amount Written Back from Reserves		11959	2419
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>45255</b>	<b>11783</b>
Earning per share (Equity shares, face value of Rs.1000/- each)			
Basic EPS (Rupees per share)		231.48	54.87
Diluted EPS (Rupees per share)		231.48	54.25
<b>ACCOUNTING POLICIES</b>	23		
<b>NOTES TO THE ACCOUNTS</b>	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 O.P.TOTLA & CO**  
Chartered Accountants

**R.K.TANEJA**  
Director

**D.P. BHARGAVA**  
Chief Executive Director

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

**CA S.R.TOTLA**  
Partner  
M. No.71774

**V.K.TRIPATHI**  
Company Secretary

**M.W.KHAN**  
General Manager(Finance)

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2007

## SCHEDULE - 1 SHARE CAPITAL

(Rupees in lacs)

PARTICULARS	AS AT 31st MARCH, 2007	AS AT 31st MARCH, 2006
<b>AUTHORISED</b>		
Authorised Capital:30000000 Equity Shares (Previous year 30000000) of Rs. 1000/- each.	300000	300000
<b>ISSUED SUBSCRIBED AND PAID-UP</b>	196258	196258
1,96,25,800 (Previous year 1,96,25,800) Equity Shares of Rs.1,000 each fully paid. Out of above, 100,24,200 (Previous year 100,24,200) shares have been allotted to the holding company, National Hydroelectric Power Corporation Ltd., Faridabad. & 96,01,600 (Previous year 96,01,600) Shares allotted to Govt. of Madhya Pradesh.		
<b>NOTE:</b>		
Out of the above Equity shares 74,83,528 (Previous year 74,83,528) equity shares were allotted as fully paid up pursuant to a MoU without payment being received in cash.		
<b>TOTAL</b>	<b>196258</b>	<b>196258</b>

## SCHEDULE - 1A SHARE CAPITAL DEPOSIT ACCOUNT

(Rupees in lacs)

PARTICULARS	AS AT 31st MARCH, 2007	AS AT 31st MARCH, 2006
1. From NHPC ( Holding Co.)	-	-
2. From NVDA Account	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## SCHEDULE - 2 RESERVES AND SURPLUS

(Rupees in lacs)

PARTICULARS	AS AT 31st MARCH, 2007					AS AT 31st MARCH, 2006				
	01.04.06	ADDITIONS	DEDUCTIONS	Adjustments	31.03.07	01.04.05	ADDITIONS	DEDUCTIONS	Adjustments	31.03.06
<b>A CAPITAL RESERVE</b>										
1. Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in Indira Sagar H.E.Project as a Grant-In-Aid.	34218	273	699	-	33792	34025	769	576	-	34218
2. Proportionate Sub-vention towards Sardar Sarovar project transferred from NVDA Account.	43724	348	884	-	43188	43503	957	736	-	43724
3. Contribution by Govt of Madhya Pradesh towards R&R of ISP	20186	-	367	-	19819	-	20400	214	-	20186
4. Proportionate contribution by Govt.of Madhya Pradesh towards Irrigation Component in Omkareshwar H.E.Project as Grant-In-Aid.	12042	3912	-	-	15954	5440	6602	-	-	12042
B. Profit and Loss Account	11783	45431	11959	-	45255	3592	10610	2419	-	11783
C. Self Insurance Reserve	3255	2021	-	-	5276	1285	1970	-	-	3255
<b>TOTAL</b>	<b>125208</b>	<b>51985</b>	<b>13909</b>	<b>-</b>	<b>163284</b>	<b>87845</b>	<b>41308</b>	<b>3945</b>	<b>-</b>	<b>125208</b>



## SCHEDULE - 3 LOAN FUNDS - SECURED

(Rupees in lacs)

PARTICULARS	AS AT 31st MARCH, 2007	AS AT 31st MARCH, 2006
<b>TERM LOANS</b>		
Term Loan from Banks - Indian Currency - Secured (Refer Annexure to Schedule-3)	293984	216474
<b>NOTE :</b> All the above Term Loans are secured by first Paripasu Charge in favour of the lenders over all the Assets, both present and future, of Indira Sagar Power Station/ Omkareshwar H.E. Project for the respective portion of long term loan.		
<b>TOTAL</b>	<u>293984</u>	<u>216474</u>

## ANNEXURE TO SCHEDULE - 3

### LOAN FUNDS - SECURED

(Rupees in lacs)

PARTICULARS	AS AT 31st MARCH, 2007	AS AT 31st MARCH, 2006
<b>LONG TERM LOANS</b>		
<b>A. INDIRA SAGAR POWER STATION</b>		
1. <b>ORIENTAL BANK OF COMMERCE</b> (Due for repayment within one year Rs.1666.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	20000	20000
2. <b>JAMMU AND KASHMIR BANK</b> (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	10000	10000
3. <b>BANK OF INDIA</b> (Due for repayment within one year Rs.2916.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	35000	35000
4. <b>ANDHRA BANK</b> (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	10000	10000
5. <b>CANARA BANK</b> (Due for repayment within one year Rs.1250.00 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	15000	15000
6. <b>DENA BANK</b> (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	10000	10000
7. <b>UNITED BANK OF INDIA</b> (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	10000	10000
8. <b>PUNJAB AND SINDH BANK</b> (Due for repayment within one year Rs.416.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	5000	5000
9. <b>SIDBI</b> (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	10000	10000
10. <b>UNION BANK OF INDIA</b> (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	10000	10000
11. <b>PUNJAB NATIONAL BANK</b> (Due for repayment within one year Rs.2291.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	27500	27500
12. <b>INDIAN OVERSEAS BANK</b> (Due for repayment within one year Rs.416.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	5000	5000
13. <b>BANK OF BARODA</b> (Due for repayment within one year Rs.125.00 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	1500	1500
<b>TOTAL</b>	<u>169000</u>	<u>169000</u>

## ANNEXURE TO SCHEDULE - 3

### LOAN FUNDS - SECURED

(Rupees in lacs)

PARTICULARS	AS AT	AS AT
	31st MARCH, 2007	31st MARCH, 2006
<b>LONG TERM LOANS</b>		
<b>B. OMKARESHWAR H.E. PROJECT</b>		
<b>1. UNION BANK OF INDIA</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	29017	10777
<b>2. INDIAN OVERSEAS BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	4833	1794
<b>3. CORPORATION BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	9676	3594
<b>4. CANARA BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	10057	3734
<b>5. CENTRAL BANK OF INDIA</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	13348	4957
<b>6. PUNJAB NATIONAL BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	16737	5192
<b>7. SIDBI</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	3384	1256
<b>8. UNITED BANK OF INDIA</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	7447	2697
<b>9. SYNDICATE BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	7255	2697
<b>10. ORIENTAL BANK OF COMMERCE</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	14509	5388
<b>11. ALLAHABAD BANK</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.2009)	8721	5388
<b>Total</b>	<b>124984</b>	<b>47474</b>

### SCHEDULE - 4 LOAN FUNDS - UNSECURED

(Rupees in lacs)

PARTICULARS	AS AT	AS AT
	31st MARCH, 2007	31st MARCH, 2006
<b>SHORT TERM LOANS</b>		
<b>1. STATE BANK OF INDIA</b> ( Repaid on 10.04.2006 )	-	15000
<b>TOTAL</b>	<b>-</b>	<b>15000</b>

## SCHEDULE - 5 FIXED ASSETS

(Rupees in Lacs)

Particulars	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	As at 01.04.06	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 31.03.07	As at 01.04.06	For the year	Adjus- ments	As at 31.03.07	As at 31.03.07	As at 31.03.06
	1	2A	2B	3A	3B	4	5	6	7	8	9	10
Land – Freehold	39	-	31	-	-	70	-	-	-	-	70	39
Land – Leasehold	161	-	12	-	-	173	6	5	-	11	162	155
Land – Unclassified/ right of use	10	-	-	-	-	10	1	-	-	1	9	9
Buildings	43232	-	926	-	(5)	44153	2152	1132	7	3291	40862	41080
Roads and bridges	1250	-	167	-	-	1417	174	23	-	197	1220	1076
Railway sidings	-	-	-	-	-	-	-	-	-	-	-	-
Hydraulic works (Dams, water conductor system, hydro mechanical gates, tunnels)	276223	-	9718	-	(120)	285821	7279	5365	156	12800	273021	268944
Generating plant and machinery	73999	-	148	-	(1)	74146	3301	1977	16	5294	68852	70698
Plant and machinery sub station	537	-	4	-	(1)	540	9	19	-	28	512	528
Plant and machinery transmission lines	129	-	57	-	-	186	4	6	-	10	176	125
Plant and machinery others	239	-	-	-	-	239	20	14	-	34	205	219
Construction equipment	152	-	62	-	-	214	24	20	(1)	43	171	128
Water supply system/drainage and sewerage	104	-	63	-	-	167	2	3	-	5	162	102
Electrical installations	16	-	-	-	-	16	5	2	-	7	9	11
Vehicles	127	-	-	-	-	127	80	14	-	94	33	47
Aircraft/ boats	15	-	-	-	-	15	4	3	-	7	8	11
Furniture and fixture	283	24	77	(24)	(7)	353	61	26	(1)	86	267	222
Computers	163	-	57	-	(2)	218	110	38	-	148	70	53
Communication equipment	43	-	4	-	-	47	5	3	-	8	39	38
Office equipments	197	-	63	-	(2)	258	30	23	-	53	205	167
Research and development	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	1	-	-	-	-	1	-	-	-	-	1	1
Other assets	115	-	32	-	-	147	16	9	-	25	122	99
Capital expenditure on assets not owned by NHDC	-	-	-	-	-	-	-	-	-	-	-	-
Fixed assets of minor value >750 and < Rs.5000	154	-	16	-	(1)	169	154	16	(1)	169	-	-
Obsolete / surplus assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>397189</b>	<b>24</b>	<b>11437</b>	<b>(24)</b>	<b>(139)</b>	<b>408487</b>	<b>13437</b>	<b>8698</b>	<b>176</b>	<b>22311</b>	<b>386176</b>	<b>383752</b>
Previous Year	332840	2	64391	(2)	(42)	397189	5771	7657	9	13437	383752	327069

### NOTES

Depreciation for the year	8698
Charged to P& L	6617
Charged to IEDC	131
Charged to Capital Reserve	1950

Figures with in Parenthesis represent deduction

## SCHEDULE - 6 CAPITAL WORK - IN - PROGRESS

(Rupees in lacs)

PARTICULARS	AS AT 01.04.2006	ADDITIONS DURING THE PERIOD	ADJUST- MENTS	CAPITALISED DURING THE PERIOD	AS AT 31.03.2007
1. Buildings	15706	2286	(1)	(979)	17012
2. Roads and Bridges	79	99	-	(167)	11
3. Railway Sidings	-	-	-	-	-
4. Hydraulic Works(Dams, Water Conductor System,Hydro Mechanical Gates, Tunnels)	53683	23979	-	(118)	77544
5. Generating Plant and Machinery	34356	32572	-	(95)	66833
6. Plant and Machinery-Sub Station	1149	328	-	(1)	1476
7. Plant and Machinery- Transmission Lines	9	65	-	(41)	33
8. Plant and Machinery-Others	-	-	-	-	-
9. Construction Equipment	-	-	-	-	-
10. Water Supply System/Drainage and Sewerage	10	52	-	(62)	-
11. Capital Expenditure on Assets Not Owned by NHDC	-	78	874	-	952
12. Survey, Investigation, Consultancy and Supervision Charges	2118	955	-	-	3073
13. Expenditure on R&R and Compensatory Afforestation	11253	12128	-	(8695)	14686
14. Incidental Expenditure During Construction Period (IEDC)-Refer Annexure to Shedule-6	12698	8966*	(874)	(904)	19886
<b>TOTAL</b>	<b>131061</b>	<b>81508</b>	<b>(1)</b>	<b>(11062)</b>	<b>201506</b>
PREVIOUS YEAR	102139	91547	(263)	(62362)	131061

Figures within parenthesis represent deductions.

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

## ANNEXURE TO SCHEDULE - 6 INCIDENTAL EXPENDITURE DURING CONSTRUCTION

(Rupees in lacs)

PARTICULARS	AS AT	
	31st MARCH, 2007	31st MARCH, 2006
<b>A. EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
i) Salaries, wages, allowances	1908	1269
ii) Gratuity and contribution to provident fund and pension scheme (including administration fees)	185	115
iii) Staff welfare expenses	229	144
iv) Leave salary & pension contribution	26	26
<b>Sub-total</b>	<b>2348</b>	<b>1554</b>
<b>B. REPAIRS AND MAINTENANCE</b>		
i) Building	26	15
ii) Machinery	11	-
iii) Others	268	201
<b>Sub-total</b>	<b>305</b>	<b>216</b>
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent	262	195
ii) Rates and taxes	4	-
iii) Insurance	2	1
iv) Security expenses	17	6
v) Electricity Charges	111	57
vi) Traveling and Conveyance	159	105
vii) Expenses on staff car	173	168
viii) Telephone, telex and Postage	47	33
ix) Advertisement and publicity	53	32
x) Entertainment and hospitality expenses	3	2
xi) Printing and stationery	38	31
xii) Remuneration to Auditors	-	-
xiii) Design and Consultancy charges:		
- Indigenious	838	758
- Foreign	-	-
xiv) Expenditure on compensatory afforestation	-	-
xv) Expenditure on land not belonging to corporation	-	874
xvi) Land acquisition and rehabilitation	-	-
xvii) Loss on assets/ materials written off	-	-
xviii) Losses on sale of assets	-	-
xix) Other general expenses	4952	4938
<b>Sub-total</b>	<b>6659</b>	<b>7200</b>
<b>D. INTEREST AND FINANCE CHARGES</b>		
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	12714	5933
e) Cash credit facilities /WCDL	-	-
ii) Bond issue/ service expenses	-	-
iii) Commitment fee	-	-
iv) Guarantee fee on loan	11	11
v) Other finance charges	534	527
<b>Sub-total</b>	<b>13259</b>	<b>6471</b>
<b>E. EXCHANGE RATE VARIATION (NET)</b>		
i) Exchange rate variation (Debit balance)	13	-
ii) Less :Exchange rate variation (Credit balance)	248	-
<b>Sub-total</b>	<b>(235)</b>	<b>-</b>
<b>F. PROVISIONS</b>		
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>G. DEPRECIATION</b>		
<b>Sub-total</b>	<b>314</b>	<b>206</b>
<b>H. PRIOR PERIOD EXPENSES (NET)</b>		
i) Prior period expenses	22	21
ii) Less:Prior period income	-	-
<b>Sub-total</b>	<b>22</b>	<b>21</b>
<b>I. LESS : RECEIPTS AND RECOVERIES</b>		
i) Income from generation of electricity – precommissioning	-	-
ii) Interest on loans and advances	442	158
iii) Miscellaneous receipts	3759	3719
iv) Profit on sale of assets	-	-
v) Liability/ Provision not required written back	34	2
vi) Hire charges/ outturn on plant and machinery	-	-
<b>Sub-total</b>	<b>4235</b>	<b>3879</b>
<b>J. CORPORATE OFFICE MANAGEMENT EXPENSES</b>		
<b>AMOUNT TRANSFERRED TO CAPITAL WORK- IN- PROGRESS (A+B+C+D+E+F+G+H+J - I)</b>	<b>19886</b>	<b>12698</b>

## SCHEDULE - 7 CONSTRUCTION STORES AND ADVANCES

(Rupees in lacs)

PARTICULARS	AS AT	AS AT
	31st MARCH, 2007	31st MARCH, 2006
<b>A. CONSTRUCTION STORES</b>		
1. Stores and spares	-	-
2. Loose tools	-	-
3. Scrap inventory	-	-
4. Stores in transit/ pending inspection	131	12
5. Material issued to contractors/ fabricators	-	-
Less : Provisions for construction stores	-	-
<b>Sub-Total</b>	<b>131</b>	<b>12</b>
<b>B. ADVANCES FOR CAPITAL EXPENDITURES</b>		
1. Secured (considered good)	-	-
2. Unsecured – against bank guarantees (considered good)	374	5713
3. Unsecured – others (considered good)	19	86
4. Unsecured – considered doubtful	-	-
Less : Provisions for doubtful advances	-	-
<b>Sub-Total</b>	<b>393</b>	<b>5799</b>
<b>TOTAL</b>	<b>524</b>	<b>5811</b>
<b>Provision for construction stores</b>		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
<b>Provision for doubtful advances</b>		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-

## SCHEDULE - 8 INVESTMENTS

(Rupees in lacs)

PARTICULARS	AS AT	AS AT
	31st MARCH, 2007	31st MARCH, 2006
<b>LONG TERM</b>		
<b>A. INVESTMENT – SUBSIDIARY COMPANY (TRADE)</b>	-	-
Equity shares (unquoted)	-	-
<b>B. INVESTMENT – OTHERS (TRADE)</b>	-	-
Equity shares \$	-	-
<b>C. INVESTMENT – OTHERS (TRADE)</b>	-	-
<b>Bonds \$ *</b>		
Investment in SEB Bonds	-	-
<b>D. INVESTMENT – SUBSIDIARY COMPANY (NON TRADE)</b>	-	-
Equity shares	-	-
<b>E. INVESTMENT – OTHERS (NON TRADE)</b>	-	-
Equity shares	-	-
<b>F. INVESTMENT – OTHERS (NON TRADE)</b>	-	-
Bonds \$	-	-
Investment in SEB Bonds	-	-
<b>G. LONG TERM ADVANCES</b>	-	-
Delhi Transco Limited	-	-
<b>SHORT TERM</b>		
<b>A. INVESTMENT – SUBSIDIARY COMPANY (TRADE)</b>	-	-
Equity shares	-	-
<b>B. INVESTMENT – OTHERS (TRADE)</b>	-	-
Equity shares	-	-
<b>C. INVESTMENT – OTHERS (TRADE)</b>	-	-
<b>D. INVESTMENT – SUBSIDIARY COMPANY (NON TRADE)</b>	-	-
Equity shares	-	-
<b>E. INVESTMENT – OTHERS (NON TRADE)</b>	-	-
Equity shares	-	-
<b>F. INVESTMENT – OTHERS (NON TRADE)</b>	-	-
Bonds	-	-
<b>G. INVESTMENT RELATED TO DEVELOPMENT SURCHARGE RESERVE</b>	-	-
Less : Provision against the diminution in the value of investment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in lacs)

PARTICULARS	AS AT		AS AT	
	31st MARCH, 2007		31st MARCH, 2006	
<b>A. INTEREST ACCRUED ON INVESTMENTS</b>	-		-	
<b>B. INVENTORIES</b>				
i) Stores and spares	162		105	
ii) Loose tools	6		10	
iii) Scrap inventory	10		10	
iv) Stores in transit/ pending inspection	49		6	
v) Material at site	-		-	
vi) Material issued to contractors/ fabricators	-		-	
Less : Provisions for obsolete stores & spares	(10)	217	(10)	121
<b>C. WORK IN PROGRESS</b>				
i) Construction work in progress(on behalf of client)	-		-	
ii) Consultancy work in progress(on behalf of client)	-		-	
<b>D. SUNDRY DEBTORS (UNSECURED)</b>				
i) Debts outstanding for a period exceeding six months				
- Considered good	3488		4423	
- Considered doubtful and provided	-		-	
ii) Other debts				
- Considered good	58838		11542	
- Considered doubtful and provided	-		-	
Less: Provision for doubtful debts	-	62326	-	15965
<b>E. CASH &amp; BANK BALANCES</b>				
i) Cash on hand (includes cheque in hand of Rs.43109420/- towards income tax refund of A.Y. 04-05, Previous year Rs.Nil)	437		21	
ii) Bank balances	-		-	
with scheduled banks				
In current account	12397		10286	
In deposits account	22106		24752	
(including deposits earmarked towards Self insurance contingencies)				
with other banks				
In current account	-		-	
In deposits account	-	34940	-	35059
<b>F. OTHER CURRENT ASSETS</b>				
i) Interest accrued on deposits	415		561	
ii) Others	292		318	
iii) Claims recoverable from other agencies	259		757	
Less : Provisions for doubtful claims	(29)	937	(31)	1605
<b>G. LOANS AND ADVANCES</b>				
<b>A) LOANS</b>				
Employees (including accrued interest)				
Secured	366		447	
Unsecured - considered good	148		64	
Unsecured - considered doubtful	-	514	-	511
<b>B) ADVANCES</b>				
(recoverable in cash or Kind or for value to be received)				
i) Subsidiary Companies				
Secured	-		-	
Unsecured - considered good	-		-	
Unsecured - considered doubtful	-		-	
ii) Contractors & suppliers				
Secured	-		-	
Unsecured - considered good				
Covered by bank guarantees	-		-	
Others	263		41	
Unsecured - considered doubtful	-		-	

## SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in lacs)

PARTICULARS	AS AT		AS AT	
	31st MARCH, 2007		31st MARCH, 2006	
iii) Employees				
Unsecured - considered good	7		12	
Unsecured - considered doubtful	-		-	
iv) Other Advances				
Unsecured - considered good	-		-	
Unsecured - considered doubtful	-		-	
Less: Provisions for doubtful loans and advances	-		-	
v) Other recoverables	-	270	-	53
<b>C) DEPOSITS</b>				
Advance Income tax and tax deducted at source		9039 9823	3203	3767
<b>TOTAL</b>		<b>108243</b>	<b>56517</b>	

Figures within parenthesis represent deductions.

(Rupees in Lacs)

	31.03.2007	31.03.2006
<b>PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH NON-SCHEDULED BANKS.</b>	Nil	Nil
<b>PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS</b>		
Amount due at the end of the year	Nil	Nil
Maximum balance at any time during the year	0.06	Nil

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

<b>Provision for obsolete store &amp; spares *</b>				
As per last Balance Sheet	10		-	
Additions during the year	-		10	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		10		10
<b>Provision for Doubtful Debts *</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-
<b>Provision for bad &amp; doubtful claims *</b>				
As per last Balance Sheet	31		-	
Additions during the year	-		31	
Amount used during the year	-		-	
Amount reversed during the year	2		-	
Closing Balance		29		31
<b>Provisions for other recoverable *</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-
<b>Provisions for PGCIL recoverable *</b>				
As per last Balance Sheet	-		-	
Additions during the year	-		-	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		-		-

## SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in lacs)

PARTICULARS	AS AT	
	31st MARCH, 2007	31st MARCH, 2006
<b>A. LIABILITIES</b>		
1. Sundry creditors		
a) Total outstanding dues of SSI undertakings (Due over 30 days Rs.NIL)	-	-
b) Others	8095	14209
2. Unspent amount of deposit/agency	-	-
3. Deposits/retention money	5635	2747
4. Advances against the deposit works	-	-
Less : Amount recoverable on deposit works	-	-
5. Interest accrued but not due on loans	1102	-
6. Advances against cost of project/ contractees	-	-
7. Grant in aid-pending utilisation	6921	1630
8. Due to Subsidiaries/Holdings	242	305
9. Other liabilities	485	866
<b>TOTAL LIABILITIES (A)</b>	<b>22480</b>	<b>19757</b>
<b>B. PROVISIONS</b>		
<b>1. Provision for Taxation</b>		
As per last Balance Sheet	1719	504
Additions during the year	6176	1215
Amount used during the year	122	-
Amount reversed during the year	-	-
Closing Balance	7773	1719
<b>2. Provision for Proposed Dividend</b>		
As per last Balance Sheet	2122	680
Additions during the year	10222	2122
Amount used during the year	2122	680
Amount reversed during the year	-	-
Closing Balance	10222	2122
<b>3. Tax on Proposed Dividend</b>		
As per last Balance Sheet	298	89
Additions during the year	1737	297
Amount used during the year	298	89
Amount reversed during the year	-	-
Closing Balance	1737	297
<b>4. Provision for Wage revision</b>		
As per last Balance Sheet	160	-
Additions during the year	206	160
Amount used during the year	159	-
Amount reversed during the year	-	-
Closing Balance	207	160
<b>5. Provision for PLI / exgratia</b>		
As per last Balance Sheet	122	18
Additions during the year	181	123
Amount used during the year	83	18
Amount reversed during the year	39	-
Closing Balance	181	123
<b>6. Provision for Leave Encashment</b>		
As per last Balance Sheet	69	19
Additions during the year	65	52
Amount used during the year	-	2
Amount reversed during the year	-	-
Closing Balance	134	69

## SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in lacs)

PARTICULARS	AS AT	
	31st MARCH, 2007	31st MARCH, 2006
<b>7. Provision for Gratuity</b>		
As per last Balance Sheet	41	25
Additions during the year	29	19
Amount used during the year	7	3
Amount reversed during the year	-	-
Closing Balance	63	41
<b>8. Provision for REHS</b>		
As per last Balance Sheet	57	30
Additions during the year	2	27
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	59	57
<b>9. Provision for LTC</b>		
As per last Balance Sheet	-	-
Additions during the year	41	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	41	-
<b>10. Provision for Contribution to PF on EL Encashment</b>		
As per last Balance Sheet	-	-
Additions during the year	16	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	16	-
<b>11. Provision for TTA(Baggage Allowance on Retirement)</b>		
As per last Balance Sheet	-	-
Additions during the year	10	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	10	-
<b>12. Provision for Other Expenses</b>		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
<b>13. Provision for Contingencies</b>		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
<b>14. Provision for Tariff Adjustments</b>		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
<b>15. Provision for Self Consumption of Power</b>		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
<b>TOTAL PROVISIONS (B)</b>	<b>20443</b>	<b>4588</b>
<b>TOTAL (A+B)</b>	<b>42923</b>	<b>24345</b>



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

(Rupees in lacs)

PARTICULARS	AS AT		AS AT	
	31st MARCH, 2007		31st MARCH, 2006	
Preliminary expenses				
Balance as per last year Balance Sheet	144	-	164	
Less : written off during the period	<u>144</u>	-	<u>20</u>	144
Other deferred revenue expenditure	-	-	-	
Project expenses awaiting write off sanction	-	-	-	
Losses awaiting write off sanction	-	-	-	
Less : Provision for losses pending investigation	<u>-</u>	-	<u>-</u>	-
<b>TOTAL</b>		<u>-</u>		<u>144</u>

## SCHEDULE - 12 SALES

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED		FOR THE YEAR ENDED	
	31st MARCH, 2007		31st MARCH, 2006	
Sale of power (Including Arrear Sale of Rs.20558 Lacs)		68925		32408
Sale of power (FBT)		56		56
Sale of power (MAT)		5873		1134
Less: Income from generation of electricity- precommissioning (Transferred to Schedule 22 I(i) )		-		-
<b>Total taken to Profit &amp; Loss Account</b>		<u>74854</u>		<u>33598</u>

## SCHEDULE - 12 A ADVANCE AGAINST DEPRECIATION

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED		FOR THE YEAR ENDED	
	31st MARCH, 2007		31st MARCH, 2006	
During the year		-		-
Less: Written back during the year		-		-
<b>Total taken to Profit &amp; Loss Account</b>		<u>-</u>		<u>-</u>

## SCHEDULE - 13 CONTRACT AND CONSULTANCY INCOME

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED		FOR THE YEAR ENDED	
	31st MARCH, 2007		31st MARCH, 2006	
Contract Income		-		-
Consultancy Income		-		-
<b>Total taken to Profit &amp; Loss Account</b>		<u>-</u>		<u>-</u>

## SCHEDULE - 14 OTHER INCOME

PARTICULARS	(Rupees in lacs)	
	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
i) Income from short term deposit other than Bank	-	-
ii) Interest on bonds	-	-
iii) Interest on loans and advances	28	30
iv) Dividend income from subsidiaries	-	-
v) Dividend income from others	-	-
vi) Late payment surcharge	-	-
vii) Profit on sale of assets	-	-
viii) Liability/ Provisions not required written back #	52	-
ix) Income from scrap	8	-
x) Interest on term deposit and savings bank (Includes TDS Rs.5 Lacs Previous Year Rs.1 Lac)	2020	1616
xi) Interest income from subsidiary	-	-
xii) Interest on Public Deposit Account	-	-
xiii) Other miscellaneous income (Includes TDS Rs.0.35 Lac Previous Year Rs.1 Lac)	187	115
xiv) Exchange rate variation	248	-
xv) Excesses on physical verification	-	-
<b>Total</b>	<b>2543</b>	<b>1761</b>
Less: Income transferred to IEDC {Refer Schedule 22 E (ii), 22 I (ii) to (vi) and 22 J(i)}	729	1043
Less: Income transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>1814</b>	<b>718</b>

(Rupees 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	2
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 Ex-gratia	7
j) Provision for loss pending investigation	-
k) Provision for productivity linked incentive	33
l) Liability not required written back	10
<b>Total</b>	<b>52</b>

## SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

PARTICULARS	(Rupees in lacs)	
	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
i) Consumption of stores and spare parts	19	13
ii) Repair and maintenance of:		
- Building	134	202
- Machinery	61	159
- Others	439	313
iii) Rent	244	279
iv) Rates and taxes	16	10
v) Insurance	10	20
vi) Self insurance reserve	2021	1970
vii) Security expenses	170	72
viii) Electricity charges	658	559

## SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
ix) Travelling and conveyance	194	171
x) Expenses on staff car	99	67
xi) Telephone, telex and postage	71	68
xii) Advertisement and publicity	77	105
xiii) Entertainment and hospitality expenses	21	10
xiv) Donation	2	4
xv) Printing and stationery	48	61
xvi) Books and periodicals	4	3
xvii) Consultancy charges - Indegenous	118	209
xviii) Consultancy charges - Foreign	-	-
xix) Expenditure on compensatory afforestation/ catchment area treatment	-	-
xx) Expenditure on land not belonging to corporation	-	163
xxi) Project expenses written off	-	-
xxii) Loss on sale of assets	2	1
xxiii) Deferred revenue expenditure written off	-	-
xxiv) Preliminary expenses written off	144	21
xxv) Survey and investigation expenses written off	-	-
xxvi) Bad debts / advances/ claims written off	-	-
xxvii) Stores written off	-	-
xxviii) Fixed assets written off	-	5
xxix) Interest payment on court/ arbitration cases	-	-
xxx) Other general expenses	195	112
xxxi) Exchange rate variation	13	-
xxxii) Audit expenses (refer S.No.21 to Notes to Accounts)	11	6
xxxiii) Director expenses	-	-
xxxiv) Research and development expenses	-	-
<b>Total</b>	<b>4771</b>	<b>4603</b>
<b>Less:</b> Expenses transferred to IEDC {Refer Schedule 22 B, 22 C, 22 E(i) and 22 J(iii)}	878	1177
<b>Less:</b> Expense transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>3893</b>	<b>3426</b>

## SCHEDULE - 16 EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
i) Salaries, wages, allowances	2542	2334
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	287	257
iii) Staff welfare expenses	333	313
iv) Leave salary & pension contribution	-	-
<b>Total</b>	<b>3162</b>	<b>2904</b>
<b>Less:</b> Employee cost transferred to IEDC {Refer Schedule 22 A and 22 J(ii)}	1780	1937
<b>Less:</b> Employee cost transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>1382</b>	<b>967</b>

## SCHEDULE - 17 DEPRECIATION

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
Depreciation during the year	8698	7657
<b>Total</b>	<b>8698</b>	<b>7657</b>
<b>Less:</b> Depreciation transferred to IEDC {Refer Schedule 22 G and 22 J(iv)}	131	110
<b>Less:</b> Depreciation transferred to Contract & Consultancy (Refer Schedule 20)	-	-
<b>Less:</b> Transfer from Capital Reserve (Grants written off) (Refer Schedule 2)	1950	1526
<b>Total taken to Profit &amp; Loss Account</b>	<b>6617</b>	<b>6021</b>

## SCHEDULE - 18 INTEREST AND FINANCE CHARGES

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	19752	14644
e) Cash credit facilities /WCDL	-	-
f) Other interest charges	-	-
ii) Bond issue/ service expenses	-	-
iii) Rebate to customers	-	-
iv) Commitment fee	-	-
v) Guarantee fee on loan	-	-
vi) Royalty	-	-
vii) Bank charges	5	6
viii) Other finance charges	8	514
<b>TOTAL</b>	<b>19765</b>	<b>15164</b>
<b>Less:</b> Expenses capitalised by transfer to IEDC {Refer Schedule 22 D and 22 J(v)}	6788	3143
<b>Less:</b> Expense transferred to contract and consultancy expenses (Refer Sch.20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>12977</b>	<b>12021</b>

## SCHEDULE - 19 PROVISIONS

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
i) Bad and doubtful debts provided	-	-
ii) Bad and doubtful advances / deposits provided	-	-
iii) Bad and doubtful claims provided	-	31
iv) Diminution in value of stores and spares	-	10
v) Shortage in store & spares provided	-	-
vi) Provision for contingencies	-	-
vii) Provision against diminution in the value of investment	-	-
viii) Project expenses provided for	-	-
ix) Loss on Fixed Assets/ Stores provided for	-	-
<b>TOTAL</b>	<b>-</b>	<b>41</b>
<b>Less:</b> Provisions transferred to IEDC {Refer Schedule 22 F and 22 J(vii)}	-	-
<b>Less:</b> Provisions transferred to contract and consultancy expenses (Refer Sch.20)	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<b>-</b>	<b>41</b>

## SCHEDULE - 20 CONTRACT AND CONSULTANCY EXPENSES

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
<b>i) Direct expenses</b>	-	-
<b>ii) Employees' remuneration and benefits</b>		
- Salaries, wages, allowances and benefits	-	-
- Gratuity, contribution to provident fund & pension scheme	-	-
- Staff welfare expenses	-	-
<b>iii) Repairs and maintenance</b>		
- Buildings	-	-
- Machinery and construction equipments	-	-
- Others	-	-
<b>iv) Administration and other expenses</b>		
- Rent	-	-
- Traveling and conveyance	-	-
- Expenses on staff cars and inspection vehicle	-	-
- Insurance	-	-
- Telephone, telex, and postage	-	-
- Advertisement and publicity	-	-
- Printing and stationery	-	-
- Remuneration to auditors	-	-
- Other expenses	-	-
- Rates and taxes	-	-
- Security	-	-
- Electricity	-	-
- Contingencies	-	-
- Consultancy charges	-	-
- ERV	-	-
<b>v) Depreciation</b>	-	-
<b>vi) Interest and finance charges</b>	-	-
<b>vii) Loss on construction contracts</b>	-	-
<b>viii) Provisions</b>	-	-
<b>ix) Work in progress :</b>		
- Construction contract	-	-
- Consultancy	-	-
<b>x) Corporate Office Expenses (Net)</b>	-	-
<b>Total Expenditure</b>	<u>-</u>	<u>-</u>
<b>Less: Receipts and recoveries</b>	-	-
<b>Net expenditure during the year</b>	-	-
<b>Prior period Adjustments</b>	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<u>-</u>	<u>-</u>

## SCHEDULE - 21 PRIOR PERIOD ADJUSTMENT (NET)

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
<b>Income</b>		
i) Sale of Electricity	(2)	-
ii) Interest/ surcharge received from debtors	-	-
iii) Advance against depreciation written back	-	-
iv) Others	<u>(117)</u>	<u>1</u>
<b>Expenditure</b>		
i) Salaries and wages	-	-
ii) Repair and maintenance	-	(2)
iii) Interest	-	-
iv) Others	13	309
v) Depreciation	<u>178</u>	<u>17</u>
<b>Total</b>	<u>191</u>	<u>324</u>
<b>Less: Expenses transferred to IEDC</b> {Refer Schedule 22 H and 22 J(vi)}		
Prior period expenses	1	305
Less Prior period income	<u>(117)</u>	<u>-</u>
<b>Total</b>	<u>118</u>	<u>305</u>
<b>Less: Expense transferred to contract and consultancy expenses (Refer Sch.20)</b>	-	-
<b>Total taken to Profit &amp; Loss Account</b>	<u>192</u>	<u>18</u>

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

(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
<b>A. EMPLOYEES REMUNERATION AND BENEFITS</b>		
i) Salaries, wages, allowances	1133	1124
ii) Gratuity and contribution to provident fund (including administration fees)	84	64
iii) Staff welfare expenses	117	120
iv) Leave salary & pension contribution	—	—
<b>Sub-total</b>	<b>1334</b>	<b>1308</b>
<b>B. REPAIRS AND MAINTENANCE</b>		
i) Building	47	40
ii) Machinery	14	2
iii) Others	86	73
<b>Sub-total</b>	<b>147</b>	<b>115</b>
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent	158	178
ii) Rates and taxes	6	3
iii) Insurance	1	1
iv) Security expenses	11	-
v) Electricity charges	64	41
vi) Traveling and conveyance	76	80
vii) Expenses on staff car	14	16
viii) Telephone, telex and postage	27	21
ix) Advertisement and publicity	43	44
x) Entertainment and hospitality expenses	6	1
xi) Printing and stationery	10	27
xii) Audit expenses	-	-
xiii) Design and consultancy charges:		
- Indigenouse	112	197
- Foreign	-	-
xiv) Expenditure on compensatory afforestation	-	-
xv) Expenditure on land not belonging to corporation	-	140
xvi) Land acquisition and rehabilitation	-	-
xvii) Loss on assets/ materials written off	-	-
xviii) Losses on sale of assets	-	-
xix) Other general expenses	16	18
<b>Sub-total</b>	<b>544</b>	<b>767</b>
<b>D. INTEREST AND FINANCE CHARGES</b>		
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	6781	2635
e) Cash credit facilities /WCDL	-	-
ii) Bond issue/ service expenses	-	-
iii) Commitment fee	-	-
iv) Guarantee fee on loan	-	-
v) Other finance charges	7	507
<b>Sub-total</b>	<b>6788</b>	<b>3142</b>



(Rupees in lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2007	FOR THE YEAR ENDED 31st MARCH, 2006
<b>E. EXCHANGE RATE VARIATION (NET)</b>		
i) Exchange rate variation (Debit balance)	13	-
ii) Less :Exchange rate variation (Credit balance)	(248)	-
<b>Sub-total</b>	<b>(235)</b>	<b>-</b>
<b>F. PROVISIONS</b>	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>G. DEPRECIATION</b>	113	87
<b>Sub-total</b>	<b>113</b>	<b>87</b>
<b>H. PRIOR PERIOD EXPENSES (NET)</b>		
i) Prior period expenses	1	297
ii) Less:Prior period income	(117)	-
<b>Sub-total</b>	<b>118</b>	<b>297</b>
<b>I. LESS : RECEIPTS AND RECOVERIES</b>		
i) Income from generation of electricity – Precommissioning	-	-
ii) Interest on loans and advances	283	696
iii) Miscellaneous receipts	144	279
iv) Profit on sale of assets	-	-
v) Liability/ Provision not required written back	39	-
vi) Hire charges/ outturn on plant and machinery	-	-
<b>Sub-total</b>	<b>466</b>	<b>975</b>
<b>J. ADD: CORPORATE OFFICE MANAGEMENT EXPENSES</b>		
i) Other Income	(15)	(68)
ii) Employee remuneration and benefits	446	629
iii) Generation, administration and other expenses	174	295
iv) Depreciation	18	23
v) Interest and finance charges	-	1
vi) Prior period adjustment (Net)	-	8
vii) Provisions	-	-
<b>Sub-total</b>	<b>623</b>	<b>888</b>
<b>AMOUNT TRANSFERRED TO CAPITAL</b>	<b>8966</b>	<b>5629</b>
<b>WORK- IN- PROGRESS ( A+B+C+D+E+F+G+H+J - I)</b>		

## SCHEDULE - 23 SIGNIFICANT ACCOUNTING POLICIES

### 1. ACCOUNTING CONVENTIONS

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

### 2. FIXED ASSETS

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, 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 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 upto 90% of the acquisition cost.
- 3.1(b) WDV of spares is charged to revenue in the year in which such spares are consumed. Similarly value of such spares, procured & consumed in a particular year is charged to revenue in that year itself.
- 3.1(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. In respect of Projects under construction, incidental and attributable expenses including interest and depreciation on fixed assets in use during construction are carried as part of Incidental Expenditure During Construction to be allocated on major immovable Project Assets other than Land and infrastructural facilities, on commissioning of the Project.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to 'Incidental Expenditure During Construction'.

## 5. DEPRECIATION & AMORTISATION

- 5.1 Depreciation is charged on straight-line method following the rates notified by the Central Electricity Regulatory Commission (CERC) for the purpose of fixation of tariff. In respect of assets, where rate has not been notified by regulations by the CERC, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961, except in case of computers and peripherals, where rates as assessed by the Company are adopted. The assets are depreciated upto 90% of the cost of asset.
- 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, 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.

## 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. Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year.
- 8.2 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.

- 8.3 Exchange differences in respect of liabilities relating to fixed assets/capital work-in-progress acquired from outside India, arising out of transaction entered on or after 01.04.2004 is adjusted to the carrying cost of respective fixed asset/capital work-in-progress.
- 8.4 Other 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 IEDC in case of projects under construction.

#### 9. RETIREMENT BENEFITS

Provision for gratuity, leave encashment, post-retirement medical health scheme, leave travel concession and transfer travelling allowance (baggage allowance) 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 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 Revenue from Contract Works on Cost Plus/Deposit/Turnkey basis is recognized on %age of completion method as under: -

##### Progress of Work

- (a) Up to 66.67%
- (b) Above 66.67%

##### Recognition of Revenue

- To the extent of cost incurred of which recovery is probable.
- 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.

- 10.3 In respect of Project Management/Consultancy Contracts, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.
- 10.4 Interest on investments is accounted for on accrual basis.
- 10.5 Interest/Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

#### 11. ALLOCATION OF CORPORATE OFFICE EXPENSES

Corporate Office Expenses are allocated as under:

- (a) On Power Station @ 1% of Sale of Energy for the year excluding taxes & duties.
- (b) In case of construction contract works awarded to and executed by the Corporation @ 5% of the project expenditure incurred during the year except in case of contracts of Rural Electrification & PMGSY, where allocation of expenditure in respect of dedicated division is made on the basis of services rendered.

- (c) The balance expenditure is allocated to construction projects in the ratio of net capital expenditure incurred during the year.

## 12. 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 by charge to Profit & Loss Account, to be utilized for losses of Assets for specified contingencies. The fund shall be earmarked.

## 13. MISCELLANEOUS

- 13.1 Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 13.2 Power supplied from Power Stations to Projects under construction is charged as per normal tariff.
- 13.3 Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.
- 13.4 Insurance claims are accounted for based on certainty of realisation.
- 13.5 Expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.

## 14. 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.

## 15. TAXES ON INCOME

- 15.1 Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961.
- 15.2 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.

## 16. REHABILITATION & RESETTLEMENT EXPENSES:

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

## 17. 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 Capital 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: - (Rupees in Lacs)

PARTICULARS	As on 31.03.2007	As on 31.03.2006
a) Claims against the Corporation not acknowledged as debts in respect of -		
- Capital Works	10,964	9,664
- Land Compensation Cases	697	8,233
- Others	543	554
Disputed Income Tax Demand	NIL	NIL
Disputed Excise Demand	NIL	NIL
Disputed Sales Tax Demand	NIL	NIL
Others (to be specified)-CESS	NIL	NIL
<b>Total</b>	<b>12204</b>	<b>18451</b>

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters and others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is a possibility of reimbursement of Rs. NIL (Previous year Rs. NIL) towards above contingent liabilities.
- 2.a) Foreign Letters of Credit (FLC's) opened by Bankers in favour of M/s Technopromexport, Moscow, Russia outstanding as on 31.03.07 Rs.NIL (Previous Year Rs.540 Lacs)
- b) Foreign Letters of Credits (FLC's) issued in favour of M/s Voith Siemens Hydro Kraft, Germany outstanding as on 31.03.07 amounting to Rs.2,501 Lacs (Previous year Rs.15100 Lacs). Inland letters of credit issued in favour of Voith Siemens Hydro Pvt. Ltd outstanding as on 31.03.07 amounting to Rs.4,312 Lacs (Previous year Rs. 14,607 Lacs).
- 3.a) Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs.12,315 Lacs (Previous year Rs.48,919 Lacs – excluding Rs.5,052 Lacs in respect of railway diversion work). This includes estimated unexecuted amount for the Railway diversion works Rs.5,052 Lacs
- b) Estimated amount of awards in process pending as on 31.03.07 at R&R not provided for is Rs.13,280 Lacs (Previous year Rs.15,800 Lacs).
4. Government of Madhya Pradesh (GoMP), being a joint venture partner, contributed on various accounts as per CCEA approval, in both Indira Sagar Power Station and Omkareshwar Hydroelectric Project, details of same are as under:-

A. **Indira Sagar Power Station: -** (Rupees in Lacs)

PARTICULARS	Upto 31.03.2006	During 2006-07	Upto 31.03.2007
<b>SOURCES OF FUND</b>			
1. Cash in Kind/ Expenditure Adjusted	1,20,468	1,355	1,21,823
2. Cash Received	50,875	2,982	53,857
<b>TOTAL</b>	<b>1,71,343</b>	<b>4,337</b>	<b>1,75,680</b>
<b>USAGE OF FUND</b>			
1. Equity Capital	66,000	-	66,000
2. Irrigation Component	35,161	273	35,434
3. SSP Component	44,930	348	45,278
4. Sub-vention towards excess R&R Expenses	20,400	-	20,400
5. Electricity Charges recovered	279	-	279
6. Advance against Irrigation/Equity of OSP	3,308	-	3308
7. Amount pending adjustment	1,265	3,716	4,981
<b>TOTAL</b>	<b>1,71,343</b>	<b>4,337</b>	<b>1,75,680</b>

**B. Omkareshwar H.E. project: -**

(Rupees in Lacs)

PARTICULARS		Upto 31.03.2006	During 2006-07	Upto 31.03.2007
<b>SOURCES OF FUND</b>				
1.	Cash in Kind/ Expenditure Adjusted	6,520	987	7,507
2.	Cash Received	32,595	4,500	37,095
3.	Advance against Irrigation/Equity of OSP	3,308	-	3,308
	<b>Total</b>	<b>42,423</b>	<b>5,487</b>	<b>47,910</b>
<b>USAGE OF FUND</b>				
1.	Equity Capital	30,016	-	30,016
2.	Irrigation Component	12,042	3,912	15,954
3.	Amount pending adjustment	365	1,575	1,940
	<b>Total</b>	<b>42,423</b>	<b>5,487</b>	<b>47,910</b>

5. Cumulative expenditure upto 31.03.2007 incurred on Rehabilitation & Resettlement including Cost of Sub-mergeble Land, Construction of Roads, School Buildings, Hospital Buildings, Office Buildings, Other Infrastructure work, Electrification, and Diversification of Railway Line etc. shown under the head Capital Work-in-Progress is Rs. 1,91,783 Lacs (Up to Previous year Rs.1,81,798 Lacs).
6. a) Contribution received towards Irrigation and Sardar Sarovar Project component from GoMP and Govt. of Gujarat respectively is credited to Capital Reserve, treating it as Grant-in-Aid.  
b) Depreciation on fixed assets represented by such Grant-In-Aid is allocated to Capital Reserve, instead of charging it to Profit & Loss account.
7. Other Current Assets includes a sum of Rs.17 Lacs (Previous year Rs.18 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.13 Lacs) towards duplicate payments to oustees, recovery for which is doubtful, therefore, provided for.
8. The effect on the accounts for the year due to change in accounting policy is as under.

Accounting Policy		Effect of Change on P&L Account
<b>NEW ACCOUNTING POLICIES</b>		
1.	Accounting Policy No. 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 there after in fixed assets.	NIL
2.	Accounting Policy No. 5.7: Capital expenditure referred to in the above policy is amortised over a period of 5 years from the year in which the first unit of the project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.	NIL
3.	Accounting Policy No. 13.5: Expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.	NIL
4.	Accounting Policy No. 17: Amount of contribution received from Govt. of MP and Govt. of Gujarat, not being relatable to cost of individual assets are treated initially as Capital Reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of such contribution.	NIL
<b>DELETED ACCOUNTING POLICIES</b>		
5.	Miscellaneous expenditure of the projects is written off over a period of 5 years after start of commercial operation.	NIL
6.	Preliminary expenditure of the projects is written off over a period of 10 years after start of commercial operation.	(-) Rs.123 Lacs

S.N.	Accounting Policy	Effect of Change on P&L Account
	<b>CHANGE IN ACCOUNTING POLICIES</b>	
7.	Accounting Policy no. 1 in r/o accounting conventions	NIL
8.	Accounting Policy no. 3.1(a) in r/o machinery spares	NIL
9.	Accounting Policy no. 5.1 in r/o Depreciation	NIL
10.	Accounting Policy no. 9 in r/o Retirement Benefits	(-) Rs.67 Lacs
11.	Accounting Policy no. 10.2 in r/o Revenue	NIL
12.	Accounting Policy no. 11(b) in r/o CO Management Expenses	NIL

9. The depreciation on Fixed Assets is continued to be charged as per Accounting Policy No 5 (Schedule 23) of the Corporation. The GOI has already notified vide sub Para (C) of Para 5.3 of resolution No. 23/2/2005-R&R (Vol.III) dated 6<sup>th</sup> January 2006 that the rate of depreciation as notified by the CERC would be applicable for the purpose of tariff as well as accounting. The depreciation charge for the year is lower by Rs. 7,535 Lacs (Previous year lower by Rs. 6,421 Lacs) as compared to the rates prescribed under the Companies Act, 1956 so far as Profit & Loss Account is concerned.
10. The effect of foreign exchange fluctuation during the year is as under:

(Rupees in Lacs)

	Particulars	For Year 2006-2007	For Year 2005-2006
(i)	Amount charged to Profit & Loss Account excluding depreciation	NIL	NIL
(ii)	Amount charged to Incidental Expenditure During Construction	(235)	NIL
(iii)	Amount charged to Capital Work In Progress	NIL	NIL
(iv)	Amount adjusted by addition to carrying amount of fixed assets	2	NIL
(v)	Amount adjusted by addition to monetary assets	NIL	NIL

11. 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 31.03.2007. In respect of employees who are on deputation 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**

(Rupees in Lacs)

Particulars	As on 31.03.2007	As on 31.03.2006
Mortality Table	Standard table LIC (1994-96) ultimate table	NIL AS 15 R is effective from 01.04.2006
Attrition Rate	1%	
Discount Rate	8.30% (market yield on government bond as at same date)	
Rate of increase in compensation level	5%	
Rate of return on plan assets	N.A.	
Expected average remaining working lives of employees (year)	26	

**Table 2: - Change in present value of obligations** (Rupees in Lacs)

Particulars	As on 31.03.2007			As on 31.03.2006
	Gratuity	Leave Encashment	REHS	
PVO at beginning of year	41	69	57	NIL  AS 15 R is effective from 01.04.2006
Interest Cost	3	5	4	
Current Service Cost	19	43	16	
Benefit paid	(1)	(25)	0	
Actuarial gain/ loss	1	42	(18)	
PVO at end of year	63	134	59	

**Table 3 & 4 :- Not Applicable**

**Table 5:- Actuarial gain/loss recognized** (Rupees in Lacs)

Particulars	As on 31.03.2007			As on 31.03.2006
	Gratuity	Leave Encashment	REHS	
Actuarial gain/loss for the year- obligation	1	42	(18)	NIL  AS 15 R is effective from 01.04.2006
Actuarial gain/loss for the year- Plan assets	NIL	NIL	NIL	
<b>Total gain/loss</b>	1	42	(18)	
Actuarial gain/loss recognised for the year	1	42	(18)	
Unrecognized Actuarial gain/loss at the year end	NIL	NIL	NIL	

**Table 6: - Amount recognised in Balance Sheet** (Rupees in Lacs)

Particulars	As on 31.03.2007			As on 31.03.2006
	Gratuity	Leave Encashment	REHS	
PVO at the end of year	63	134	59	NIL  AS 15 R is effective from 01.04.2006
Fair value of plan assets at the end of year	NIL	NIL	NIL	
Funded status	(63)	(134)	(59)	
Unrecognized Actuarial gain/loss	NIL	NIL	NIL	
Net liability recognised in balance sheet	63	134	59	

**Table 7: - Amount recognised in Profit & Loss Account** (Rupees in Lacs)

Particulars	As on 31.03.2007			As on 31.03.2006
	Gratuity	Leave Encashment	REHS	
Current Service cost	19	43	16	NIL  AS 15 R is effective from 01.04.2006
Past service cost	NIL	NIL	NIL	
Interest Cost	3	5	4	
Expected return on plan assets	NIL	NIL	NIL	
Net Actuarial gain/loss recognised for the year	1	42	(18)	
Expenses recognised in P&L A/c for the year	23	90	2	

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

(Rupees in Lacs)

Particulars	As on 31.03.2007			As on 31.03.2006
	Gratuity	Leave Encashment	REHS	
Opening net liability	41	69	57	NIL AS 15 R is effective from 01.04.2006
Expenses as above	23	90	2	
Benefit paid	1	25	0	
Closing net liability	63	134	59	

Actuarial Valuation for LTC, Company Contribution to PF on Retirement, Baggage Allowance on retirement is carried out for first time & their liability comes to Rs. 41 Lacs, Rs 16 Lacs and Rs.10 Lacs respectively.

12. Provision for wage revision has been made on adhoc basis pending revision of pay scales of executives, supervisors and workmen due w.e.f. 01.01.2007.
13. (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.
14. The elements considered for calculation of Earning Per Share (EPS) are as under: -

Particulars	2006 - 07		2005 - 06	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net Profit after tax used as numerator (Rs.in Lacs)	45,431	45,431	10610	10610
Weighted Average no. of Equity Share used as denominator	1,96,25,800	1,96,25,800	1,93,37,615	1,95,57,581
Earning Per share (Rs.)	231.48	231.48	54.87	54.25
FV Per Share (Rs.)	1000	1000	1000	1000

15. The amount of borrowing cost transferred to CWIP during the Year is Rs.6,788 Lacs (Previous Year Rs. 3,143 Lacs)
16. The sale of power to the sole beneficiary MPSEB, earlier billed provisionally, has now been revised during the year as per CERC Tariff Order dated 06.02.07 as applicable for the period from 14.01.2004 to 31.03.2006.
17. In terms of GoMP letter No. CE/NVDA/2005/1575 dated 05.09.2005, MoU has been signed on 27.04.07 between NHDC and GoMP for the work of survey, investigation and preparation of Detailed Hydroelectric Project Reports (DPR's) of Bauras (55 MW), Hoshangabad (60 MW) & Handia (51 MW) and execution thereof. The DPR has since been submitted to GoMP/NVDA. So far Corporation has incurred a sum of Rs. 421 Lacs (Previous year Rs.62 Lacs) on various activities as detailed below and shown in Schedule 6 - Capital Work in Progress under the head – Survey, Investigation, Consultancy and Supervision Charges.

(Rupees in Lacs)

Particulars	Up to 31.03.07	Up to 31.03.06
Salaries, Allowances, & Benefits	148	43
Survey Works	222	13
Geological and Foundation Investigation	24	NIL
Rent	2	-
Hiring of Vehicle	21	6
Consultancy work/ report preparation expenses	4	NIL
<b>TOTAL</b>	<b>421</b>	<b>62</b>

18. (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 one Power Station in the State of Madhya Pradesh, therefore, reporting geographical segments are inapplicable.

19. Related Party Disclosure: -

a) Related Party Relationships: -

Name of the related party	Relationship
National Hydroelectric Power Corporation Ltd.(NHPC)	Joint Venture Partner
Govt. of MP	Joint Venture Partner

b) Directors:

Name	Designation
Sh. T. Mandal (From 19.09.06 to 28.02.2007)	Whole time Director & designated as Chief Executive Director .
Sh. D.P. Bhargava (On & From 28.02.07)	Whole time Director & designated as Chief Executive Director .

c) Transaction during the period with Related Parties/Directors:-

(Rupees in Lacs)

Name of the related party	Relation ship	Description of transaction (Balance as on 31.03.07)	2006-07	2005-06
1. NHPC	Joint Venture Partner	(i) Investment during the year	NIL	3000
		(ii) Cumulative Investment	1,00,242	1,00,242
		(iii) Payment made on account of Consultancy	65	210
		(iv) Balance Due	242	305
2. Directors	-	(i) Salaries & Allowances	3	6
		(ii) Contribution to PF	-	1
		(iii) Rent for residential accommodation	1	-
		(iv) Other Misc. Reimbursement	1	1
		(v) Sitting Fees	-	-

20. The Company's 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, range from one year to three years generally or longer, and are usually renewable on mutually, agreed terms. The Schedule of Employee's Remuneration and Benefits, Sch.-16 includes Rs.84 Lacs (Previous year Rs.77 Lacs) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in r/o premises for offices, guest houses and transit camps aggregate to Rs.10 Lacs shown as Rent in Schedule – 15 of Generation, Administration and Other Expenses.

21. Remuneration to Statutory/Cost Auditors:

a) Statutory Auditors:

(Rupees in Lacs)

	Particulars	2006-07	2005-06
i)	Audit Fees	6*	3
ii)	Tax Audit Fees	1	1
iii)	Cash Flow Statement Fees	-	-
iv)	Various Certification Fees	1	-
v)	Out of Pocket Expenses	2**	1

\* Includes Rs. 3 Lacs on account of half yearly audit fees for the period ended on 30.09.05 & 30.09.06.

\*\* Includes Rs. 0.39 Lacs on account of half yearly audit for the period ended on 30.09.05 & 30.09.06.

b) Cost Auditors: -

(Rupees in Lacs)

i)	Audit Fees	1	1
ii)	Expenses	-	-

22 (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.18,381 Lacs (previous year Rs. 5,971 Lacs) has been provided for during the current year. The item-wise details of cumulative Deferred Tax Liability are as under:

(Rupees in Lacs)

	Deferred Tax Liability / Asset	As on 31.3.2007	As on 31.3.2006
I.	Deferred Tax Liability: - Difference of book depreciation and tax depreciation	36,041	29,841
II.	Deferred Tax Asset: Unabsorbed depreciation to be carried forward.	10,027	22,208
III.	Net Deferred Tax Liability	26,014	7,633

(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 realised.

(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.

23. The Management is of the opinion that no case of Impairment of Assets exists as per the provision of Accounting Standard-28 on Impairment of Assets as on 31.03.07.

24. (a) Quantitative Information:-

Particulars	2006-07	2005-06
Licensed Capacity (MW)	Not Applicable	Not Applicable
Installed Capacity (MW)	1000	1000
Actual Generation (MU)	2605.58	2573.36
Actual Sales (MU)	2591.96	2555.75



(b) Information w.r.t: -

(Rupees in Lacs)

SI.N.	Particulars	2006-07	2005-06
a)*	<b>Value of Imports calculated on CIF basis:-</b> i) Capital Goods ii) Spare Parts	12,803 NIL	6,751 NIL
b)*	Expenditure in Foreign Currency i) Know – how ii) Interest iii) Other Misc. Matters a) Capital Works b) Tours	NIL NIL 6,940 27	NIL NIL 7,759 27
c)*	Value of spare parts and components consumed in operating units. i) Imported ii) Indigenous	NIL 19	NIL 8
d)**	Earning in foreign currency i) Interest ii) Others	NIL NIL	NIL NIL

\*Accrual basis

\*\*Cash basis

25. Previous years' figures have been rearranged/regrouped/recasted, wherever necessary.

As per our report of even date attached

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

**For O.P.TOTLA & CO**  
Chartered Accountants

**R.K.TANEJA**  
Director

**D.P. BHARGAVA**  
Chief Executive Director

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

**CA S.R. TOTLA**  
(Partner)  
M. No. 71774

**V.K.TRIPATHI**  
Company Secretary

**M. W. KHAN**  
General Manager (Finance)

Place : New Delhi

Date : 22<sup>nd</sup> May, 2007

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2007

(Rupees in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st March, 2007	FOR THE YEAR ENDED 31st March, 2006
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	51607	11822
Add: Depreciation	6617	6021
Preliminary expenditure written off	144	20
Self insurance for contingency	2021	1970
Interest & financial charges considered separately	<u>12977</u>	<u>12021</u>
<b>Operating profit before working capital changes</b>	73366	31854
<b>Working Capital Changes</b>		
(Increase)/Decrease in inventories	(96)	(109)
(Increase)/Decrease in sundry debtor	(46361)	(11243)
(Increase)/Decrease in loans & advances	(220)	495
(Increase)/Decrease in other current assets	668	924
Increase/(Decrease) in current liabilities & provisions	<u>(2429)</u>	<u>(4437)</u>
	24928	17484
Less: Advance tax paid (Net)	<u>5836</u>	<u>1188</u>
<b>CASH GENERATED FROM OPERATIONS (A)</b>	<b>19092</b>	<b>16296</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchased of Fixed assets & capitalisation of CWIP	(60)	(1978)
Capital work in progress	(74588)	(88032)
Construction stores & advances	<u>5287</u>	<u>7775</u>
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(69361)</b>	<b>(82235)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	33023
Receipts of share capital deposit	-	(30023)
Proceeds from borrowings	62510	19049
Funds received from GOMP towards SSP & Irrigation component	9824	28728
Dividend paid including dividend tax	(2419)	(769)
Interest and financial charges paid	<u>(19765)</u>	<u>(15162)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>50150</b>	<b>34846</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(119)</b>	<b>(31093)</b>
Cash and cash equivalents (Opening balance)	35059	66152
Cash and cash equivalents (Closing balance)	34940	35059

**EXPLANATORY NOTES TO CASH FLOW STATEMENT**

- Cash and cash equivalents consist of Cash in hand and bank balances including cheques / drafts in hands.
- 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 the **BOARD OF DIRECTORS**

**For O.P.TOTLA & CO**  
Chartered Accountants

**R.K.TANEJA**  
Director

**D.P. BHARGAVA**  
Chief Executive Director

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

**CA S.R. TOTLA**  
(Partner)  
M. No. 71774

**V.K.TRIPATHI**  
Company Secretary

**M. W. KHAN**  
General Manager (Finance)

Place : New Delhi

Date : 22<sup>nd</sup> May, 2007



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

### Registration Details

<b>I</b>	<b>Registration No.</b>	<b>State Code</b>	<b>Balance Sheet Date</b>
	1   0   -   1   4   3   3   7	1   0	3   1   0   3   2   0   0   7

### II Capital Raised during the year (Rupees in Lacs)

Public Issue

N | I | L

Bonus Issue

N | I | L

Right Issue

N | I | L

Private Placement \*

N | I | L

\* Includes Share capital deposit received from NHPC & GoMP

### III Position of Mobilisation and Deployment of Funds (Rupees in Lacs)

Total Liabilities

7 | 2 | 2 | 4 | 6 | 3

Total Assets

7 | 2 | 2 | 4 | 6 | 3

#### Sources of Funds

Paid-up Capital

1 | 9 | 6 | 2 | 5 | 8

Reserves and Surplus

1 | 6 | 3 | 2 | 8 | 4

Secured Loan

2 | 9 | 3 | 9 | 8 | 4

Unsecured Loans

N | I | L

#### Application of Funds

Net Fixed Assets

5 | 8 | 8 | 2 | 0 | 6 @

Investments

N | I | L

Net Current Assets

6 | 5 | 3 | 2 | 0

Misc. Expenditure

N | I | L

Accumulated Losses

N | I | L

@ Includes Capital Work-in-Progress of Rs.201506 Lacs and Construction Stores and Advances of Rs.524 Lacs.



IV **Performance of Company (Rupees in Lacs)**

Turnover

7 4 8 5 4 #

Profit Before Tax

5 1 6 0 7

Earning per share in Rupees

2 3 1 . 4 8

# Excludes Other Income of Rs.1814 Lacs

Total Expenditure

2 5 0 6 1

Profit After Tax

4 5 4 3 1

Dividend Amount

1 0 2 2 2

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

Item Code No.

-

ii) Product Description

-

Item Code No

-

iii) Product Description

-

Item Code No.

-

As per our report of even date attached

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

**For O.P.TOTLA & CO**

Chartered Accountants

**R.K.TANEJA**

Director

**D.P. BHARGAVA**

Chief Executive Director

**S. K. GARG**

Chairman & Managing Director

**CA S.R. TOTLA**

(Partner)

M. No. 71774

**V.K.TRIPATHI**

Company Secretary

**M. W. KHAN**

General Manager (Finance)

Place : New Delhi

Date : 22<sup>nd</sup> May, 2007





ANNEXURE - V

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

**AUDITORS' COMMENTS**

**MANAGEMENT REPLY**

1. We have audited the attached Consolidated Balance Sheet of NATIONAL HYDRO-ELECTRIC POWER CORPORATION LIMITED (NHPC) and its subsidiary company NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED (NHDC) as at 31<sup>st</sup> March 2007 and also the Consolidated Profit & Loss Accounts 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 O.P. Totla & Co. Chartered Accountants, whose report 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:

( Rupees in crores)

Name	Total Assets	Total Revenue	Net Cash Flows
Subsidiary NHDC	6535.26	766.68	-1.19

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.
5. **As per the amended clause 33 of the Articles of Association the independent Directors should not be less than 50% of the actual strength of the Board, which needs to be complied with.**
6. **A debit of Rs.77.55 crore to the profit & loss account instead of Profit & Loss Appropriation Account on account "Self Insurance Reserve" being a notional entry has resulted in understatement of Net Profit to that extent.**
- 7(a) **At projects namely Subansiri (Middle and Upper) and Siang (Lower, Middle and Upper), construction activity had to be suspended due to intervention of court / State government / public unrest etc. considerable period ranging from 1 to 3 years has elapsed since then. The company has continued to incur revenue expenditure at such projects. During the year such expenditure amounted to Rs. 13.58 crore and such expenditure incurred up to 31.03.06 amounted to Rs.19.77 crore. As per generally accepted accounting principles such abnormal expenses / losses have to be charged off to revenue and are not to be capitalized. In our opinion such expenditure does not add any value to the projects and need be charged off to revenue. Accordingly in our opinion, the Capital Work In Progress is overstated by Rs.33.35 crore and profits for the current year are overstated by Rs.13.58 crore. Reserve and surplus are overstated by Rs.19.77 crore.**
- (b) **Capital Work in Progress includes sum of Rs.2.37 crore incurred at projects, namely Subansiri (Middle and Upper) and Siang (Lower, Middle and Upper), towards Survey and Investigations during the period of suspended activity consequent to interventions of Court / State Government / Public unrest. Consequential effect, if any, is unascertainable.**
8. **Uniform accounting policy / method regarding charging to revenue of following expense has not been followed while drawing the financial statements of NHPC and its subsidiary NHDC.**

The Directors are appointed by the Govt. of India and the same is under process.

The Company is giving the same Accounting Treatment since 1997-98 consistently.

Survey & Investigation work on these Projects was taken up after issue of necessary notification under Indian Electricity (Supply) Act, 1948 by Govt. of India who has also provided equity support for these Projects. The said notification has not been withdrawn till date. The Company is consistently following Accounting Practice of charging off expenditure on such Projects to Profit & Loss A/C when it is decided to abandon the Project. Since the Competent Authority has not yet decided to abandon these Projects, the expenditure on Survey & Investigation including incidental expenditure, is continuing under Capital Work In Progress. However, Company shall be formulating a suitable Accounting Policy on this issue during 2007-08.

The subsidiary Company shall be advised to review the said Accounting Policy during 2007-08.

Policy/ Method	31st March,2007		31st March,2006	
	NHPC	NHDC	NHPC	NHDC
Payments relating to Rehabilitation and Resettlement	Treated as Unclassified Land	Treated as Dam Cost.	Treated as Unclassified Land	Treated as Dam Cost.
Freehold land used in DAM	Treated as Freehold Land	Treated as Dam Cost.	Treated as Freehold	Treated as Dam Cost Land

**Had the uniform accounting policy / method been followed, the profit for the year, Reserve & Surplus (cumulative) and minority interest would have been more by Rs.4.23 crore, Rs.5.11 crore and Rs.4.91 crores respectively.**

9. **Subject to our observations referred in paragraph 6, 7 (a) & (b) and 8 above, to the extent effect can be ascertained, the same have the net effect of understatement of profit for the year and minority interest by Rs.68.20 crore and Rs.4.91 core respectively and overstatement of Capital Work in Progress and Reserves & Surplus by Rs.33.35 crore and Rs.14.66 crore respectively,** 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 give a true and fair view in conformity with the accounting principles generally accepted in India:
- As above
- In the case of the Consolidated Balance Sheet, of the State of affairs of the Group as at 31<sup>st</sup> March, 2007,
  - In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date, and
  - In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For G S A & Associates**  
Chartered Accountants

**(SANJEEV CHAUDHARY)**  
PARTNER  
M. No :85761

**PLACE : NEW DELHI**  
**DATE : 26<sup>th</sup> MAY, 2007**

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2007

(Rupees in crore)

		31st March, 2007		31st March, 2006	
SCHEDULE					
<b>SOURCES OF FUNDS</b>					
<b>A. SHAREHOLDERS' FUNDS</b>					
i)	Share Capital	1	11198.21		10215.28
ii)	Share Capital Deposit		-		20.38
iii)	Govt. of India Fund Adjustable to Equity		8.83		340.43
iv)	Reserves and Surplus	2	<u>6797.09</u>	18004.13	<u>5891.79</u> 16467.88
<b>B. LOAN FUNDS</b>					
i)	Secured Loans	3	7562.63		6138.24
ii)	Unsecured Loans	4	<u>2909.16</u>	10471.79	<u>3343.19</u> 9481.43
<b>C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION</b>					
			1245.98		1030.18
<b>D. DEFERRED TAX LIABILITY (NET)</b>					
			2029.08		1677.72
			<u>2029.08</u>	-	<u>1677.72</u> -
<b>E. MINORITY INTEREST</b>					
			1207.94		1034.02
<b>TOTAL</b>			<u>30929.84</u>		<u>28013.51</u>
<b>APPLICATION OF FUNDS</b>					
<b>A. FIXED CAPITAL EXPENDITURE</b>					
i)	Fixed Assets	5			
a)	Gross Block		17027.37		16727.36
	Less: Depreciation		<u>3073.97</u>		<u>2662.20</u>
b)	Net Block		13953.40		14065.16
ii)	Capital Work In Progress	6	13408.92		10147.70
iii)	Construction Stores and Advances	7	<u>861.66</u>	28223.98	<u>837.06</u> 25049.92
<b>B. INVESTMENTS</b>					
				2320.33	2576.77
<b>C. CURRENT ASSETS, LOANS AND ADVANCES</b>					
i)	Interest accrued on investments		103.54		113.85
ii)	Inventories		47.12		53.01
iii)	Contract Work-in-Progress		279.97		93.17
iv)	Sundry Debtors		914.38		321.09
v)	Cash and Bank Balances		816.29		892.78
vi)	Other Current Assets		163.67		158.83
vii)	Loans and Advances		<u>871.91</u>	3196.88	<u>637.54</u> 2270.27
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>					
i)	Liabilities	10	1294.05		895.32
ii)	Provisions		<u>1543.10</u>	<u>2837.15</u>	<u>1014.11</u> 1909.43
<b>NET CURRENT ASSETS</b>				359.73	360.84
<b>D. MISCELLANEOUS EXPENDITURE</b>					
				25.80	25.98
<b>TOTAL</b>			<u>30929.84</u>		<u>28013.51</u>
<b>Accounting Policies</b>		23			
<b>Notes To The Accounts</b>		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**

**(SANJEEV CHAUDHARY)**  
Partner  
M.No.85761

**VIJAY GUPTA**  
Company Secretary

**S.P.SEN**  
Director (Technical)

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

Place : New Delhi  
Dated : 26<sup>th</sup> May, 2007



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

(Rupees in crore)

	SCHEDULE	31st March, 2007		31st March, 2006	
<b>INCOME</b>					
i) Sales	12	2711.30		2049.77	
Less: Tariff Adjustment		(7.17)		51.80	
Less: Advances against depreciation	12A	<u>215.81</u>	2502.66	<u>47.88</u>	1950.09
ii) Contracts and Consultancy Income	13		128.75		48.41
iii) Other Income	14		<u>311.89</u>		<u>314.48</u>
<b>TOTAL INCOME</b>			<b><u>2943.30</u></b>		<b><u>2312.98</u></b>
<b>EXPENDITURE</b>					
i) Generation, Administration and other Expenses	15		222.72		274.01
ii) Employees' Remuneration and Benefits	16		249.79		223.69
iii) Depreciation	17		356.70		329.78
iv) Interest and Finance charges	18		361.51		412.04
v) Provisions	19		23.74		8.85
vi) Contract and Consultancy expenses	20		126.43		50.09
vii) Incentive to Beneficiary States			-		81.16
<b>TOTAL EXPENDITURE</b>			<b><u>1340.89</u></b>		<b><u>1379.62</u></b>
<b>PROFIT BEFORE TAX AND PRIOR PERIOD ADJUSTMENTS</b>			<b><u>1602.41</u></b>		<b><u>933.36</u></b>
Prior Period Adjustments (net)	21		9.42		6.57
<b>PROFIT BEFORE TAX</b>			<b><u>1592.99</u></b>		<b><u>926.79</u></b>
<b>Provision for Taxation</b>					
i) Current Tax			186.89		59.64
ii) Fringe Benefit Tax			9.46		5.75
iii) Adjustments relating to earlier years			28.36		16.14
iv) Deferred Tax		351.36		247.62	
Less: Deferred tax recoverable adjustment		<u>351.36</u>	-	<u>247.62</u>	-
			<u>224.71</u>		<u>81.53</u>
<b>PROFIT AFTER TAX</b>			<b><u>1368.28</u></b>		<b><u>845.26</u></b>
Minority Interest			<u>164.01</u>		40.13
<b>PROFIT AFTER MINORITY INTEREST</b>			<b><u>1204.27</u></b>		<b><u>805.13</u></b>
Balance brought forward from last year's account			2893.34		2383.61
Amount written back from bonds redemption reserve			83.75		-
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>			<b><u>4181.36</u></b>		<b><u>3188.74</u></b>
i) Transfer to Bond Redemption Reserve			-		27.75
ii) Appropriation from profit to reserves			2800.00		-
iii) Dividend :					
- Interim			72.00		64.00
- Proposed			256.09		169.40
iv) Tax on Dividend :					
- Interim			10.10		8.97
- Proposed			52.38		25.28
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b><u>990.79</u></b>		<b><u>2893.34</u></b>
<b>Incidental Expenditure during Construction</b>	22				
<b>Accounting Policies</b>	23				
<b>Notes to the Accounts</b>	24				
<b>Schedule 1 to 24 form interegral part of the Accounts</b>					

As per our attached report of even date  
For **GSA & ASSOCIATES**  
Chartered Accountants

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

**(SANJEEV CHAUDHARY)**

Partner  
M.No.85761

**VIJAY GUPTA**

Company Secretary

**S.P.SEN**

Director (Technical)

**S.K.GARG**

Chairman & Managing Director

Place : New Delhi

Dated : 26<sup>th</sup> May, 2007

## SCHEDULE - 1 SHARE CAPITAL

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. AUTHORISED</b>		
Authorised capital : 15,000,000,000 Equity Shares of Rs.10 each (Previous Year 150,000,000 Equity Shares of Rs.1,000* each)	15000.00	15000.00
<b>B. ISSUED</b>		
Issued capital : 11,198,212,500 Equity Shares of Rs.10 each (Previous Year 102,152,820 Equity Shares of Rs.1,000* each)	11198.21	10215.28
<b>C. SUBSCRIBED AND PAID UP</b>		
Subscribed and paid up capital : 11,198,212,500 Equity Shares of Rs.10 each (Previous Year 102,152,820 Equity Shares of Rs.1,000* 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)	11198.21	10215.28
<b>TOTAL</b>	<b>11,198.21</b>	<b>10,215.28</b>

\* Split into Share of Face Value of Rs.10/- each w.e.f. 13.03.2007

## SCHEDULE - 2 RESERVE AND SURPLUS

(Rupees in crore)

	Opening Balance as on 01.04.2006		Additions		Deductions		Closing balance as on 31.03.2007	
Capital Reserve on Consolidation		3.37		-		-		3.37
Capital Reserve - Sale of Assets		0.06		-		-		0.06
Capital Grant - From GoMP, NVDA for Indira Sagar, Sardar Sarovar Project and Omkareswar		1,101.70		45.32		19.50		1,127.52
Bond Redemption Reserve		202.50		-		83.75		118.75
General Reserve		1,320.00		2,800.00		-		4,120.00
Surplus as per Profit & Loss Account		2,889.97		1,288.02		3,190.57		987.42
Self Insurance for Contingencies	374.58		67.65		0.89		441.34	
Less: Losses reimbursable from Self Insurance Reserve	0.39	374.19	0.98	66.67	-	0.89	1.37	439.97
<b>TOTAL</b>		<b>5,891.79</b>		<b>4,200.01</b>		<b>3,294.71</b>		<b>6,797.09</b>

## SCHEDULE - 3 LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. BONDS</b>		
Bonds/Debenture-Secured	570.00	1,000.00
<b>B. TERM LOANS</b>		
Term Loan from Banks /FIs- Indian Currency-Secured	6992.63	5138.24
<b>TOTAL (Refer Appendix)</b>	<b>7,562.63</b>	<b>6,138.24</b>



## APPENDIX TO SCHEDULE 3

### LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>I. BONDS (Non-convertible and Non-cumulative)</b>		
<b>BONDS-M SERIES *4 &amp; 7 (PRIVATE PLACEMENT)</b> (9.55% 5 Year Bonds of Rs.100,000/- each) (Redeemed on 07.01.07)	-	430.00
<b>BONDS-O SERIES *2</b> (7.7% 15 year Bonds of Rs.100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Earliest redemption 31.03.09)	570.00	570.00
<b>TOTAL BONDS (A)</b>	<b>570.00</b>	<b>1000.00</b>
<b>II. TERM LOANS</b>		
<b>BANK OF MAHARASHTRA *1</b> (Repaid on 24.05.06)	-	50.00
<b>CANARA BANK *1</b> (Due for repayment within one year Rs. Nil ) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)	85.00	85.00
<b>INDIAN OVERSEAS BANK *1</b> (Due for redemption within one year Rs. Nil ) (Repayable in 4 equal yearly instalments w.e.f. 06.12.08)	50.00	50.00
<b>PUNJAB NATIONAL BANK *1</b> (Repaid on 24.05.06)	-	100.00
<b>STATE BANK OF PATIALA *1</b> (Due for repayment within one year Rs.4 crore) (Repayable in 20 half yearly instalments w.e.f. 09.07.07)	40.00	40.00
<b>STATE BANK OF INDIA *2</b> (Repaid on 23.05.06)	-	200.00
<b>BANK OF INDIA *3</b> (Due for repayment within one year Rs. 10 crore) (Repayable in 10 years in 40 equal quarterly instalments w.e.f. 24.12.06)	95.00	100.00
<b>CENTRAL BANK OF INDIA *3</b> (Due for repayment within one year Rs.10 crore) (Repayment in 20 half yearly instalments of Rs.5 crore w.e.f. 02.05.04)	70.00	80.00
<b>HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3</b> (Due for repayment within one year Rs.14.29 crore) (Repayable in 14 equal half yearly instalments w.e.f. 13.02.07)	92.86	100.00
<b>PUNJAB &amp; SIND BANK *3</b> (Due for repayment within one year Rs.10 crore) (Repayable in 40 quarterly instalments in 10 years w.e.f. 24.10.06)	95.00	100.00
<b>PUNJAB NATIONAL BANK *3</b> (Due for repayment within one year Rs.15 crore) (Repayment in 10 years in 20 half yearly instalments w.e.f. 26.10.04)	112.50	127.50
<b>STATE BANK OF PATIALA *3</b> (Due for repayment within one year Rs.7.14 crore) (Repayment in 14 half yearly instalments w.e.f. 30.01.2007 )	46.43	50.00
<b>STATE BANK OF HYDERABAD *3</b> (Due for repayment within one year Rs.7.14 crore) (Repayment in 14 half yearly instalments in 7 years w.e.f. 07.01.07)	46.43	50.00

APPENDIX TO SCHEDULE 3

LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>STATE BANK OF INDIA *3</b> (Due for repayment within one year Rs.21.43 crore) (Repayment in 14 half yearly instalments w.e.f. 18.09.06)	128.57	150.00
<b>CANARA BANK *5</b> (Due for repayment within one year Rs.Nil) (Repayable in 4 equal yearly instalments w.e.f. 28.06.09)	50.00	50.00
<b>LIFE INSURANCE CORPORATION OF INDIA *6&amp;9</b> (Due for repayment within one year Rs.Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 15.04.09)	2062.00	862.00
<b>CANARA BANK *2</b> (Due for repayment within one year Rs.20 crore) (Repayable in 10 equal yearly instalments w.e.f. 09.11.07)	200.00	200.00
<b>SYNDICATE BANK *2</b> (Due for repayment within one year Rs.18.30 crore) (Repayable in 10 equal yearly instalments w.e.f. 23.02.08)	183.00	183.00
<b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 equal yearly instalments w.e.f. 01.04.08)	200.00	200.00
<b>ORIENTAL BANK OF COMMERCE *2</b> (Due for repayment within one year Rs. Nil) (Repayable in 10 equal yearly instalments w.e.f. 27.12.11)	100.00	100.00
<b>LIFE INSURANCE CORPORATION OF INDIA *8</b> (Due for repayment within one year Rs.Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 30.04.12)	296.00	96.00
<b>INDIAN BANK *1</b> (Due for repayment within one year Rs.NIL) (Repayable in 3 equal installments w.e.f. 28.02.12) (Converted into Secured Loan 04.10.06)	100.00	-
<b>ORIENTAL BANK OF COMMERCE *10</b> (Due for repayment within one year Rs.16.67 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	200.00	200.00
<b>JAMMU AND KASHMIR BANK *10</b> (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	100.00	100.00
<b>BANK OF INDIA *10</b> (Due for repayment within one year Rs.29.17 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	350.00	350.00
<b>ANDHRA BANK *10</b> (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	100.00	100.00
<b>CANARA BANK *10</b> (Due for repayment within one year Rs.12.50 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	150.00	150.00



## APPENDIX TO SCHEDULE 3

### LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>DENA BANK *10</b> (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	100.00	100.00
<b>UNITED BANK OF INDIA *10</b> (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	100.00	100.00
<b>PUNJAB AND SINDH BANK *10</b> (Due for repayment within one year Rs.4.17 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	50.00	50.00
<b>SIDBI *10</b> (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	100.00	100.00
<b>UNION BANK OF INDIA *10</b> (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	100.00	100.00
<b>PUNJAB NATIONAL BANK *10</b> (Due for repayment within one year Rs.22.92 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	275.00	275.00
<b>INDIAN OVERSEAS BANK *10</b> (Due for repayment within one year Rs.4.17 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	50.00	50.00
<b>BANK OF BARODA *10</b> (Due for repayment within one year Rs.1.25 crore) (Repayable in 12 annual equal installments commencing from 31.12.07)	15.00	15.00
<b>UNION BANK OF INDIA *10</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.09)	290.17	107.77
<b>INDIAN OVERSEAS BANK *10</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.09)	48.33	17.94
<b>CORPORATION BANK *10</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.09)	96.76	35.94
<b>CANARA BANK *10</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.09)	100.57	37.34
<b>CENTRAL BANK OF INDIA *10</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.09)	133.48	49.57
<b>PUNJAB NATIONAL BANK *10</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.09)	167.37	51.92
<b>SIDBI *10</b> (Due for repayment within one year Rs.Nil) (Repayable in 10 annual equal installments commencing from 31.03.09)	33.84	12.56

## APPENDIX TO SCHEDULE 3

### LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>UNITED BANK OF INDIA *10</b>	74.47	26.97
(Due for repayment within one year Rs.Nil)		
(Repayable in 10 annual equal installments commencing from 31.03.09)		
<b>SYNDICATE BANK *10</b>	72.55	26.97
(Due for repayment within one year Rs.Nil)		
(Repayable in 10 annual equal installments commencing from 31.03.09)		
<b>ORIENTAL BANK OF COMMERCE *10</b>	145.09	53.88
(Due for repayment within one year Rs.Nil)		
(Repayable in 10 annual equal installments commencing from 31.03.09)		
<b>ALLAHABAD BANK *10</b>	87.21	53.88
(Due for repayment within one year Rs.Nil)		
(Repayable in 10 annual equal installments commencing from 31.03.09)		
<b>TOTAL SECURED LOANS (B)</b>	<b>6992.63</b>	<b>5138.24</b>
<b>TOTAL (A+B)</b>	<b>7562.63</b>	<b>6138.24</b>

**Note: -**

- \*1. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the State of Himachal Pradesh except for Book Debts and Stores.
- \*2. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the State of Jammu & Kashmir except for book debts and stores.
- \*3. Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets of Corporation's Chamera Power Station-II situated in the State of Himachal Pradesh except book debts & stores.
- \*4. Secured by a first pari-passu charge by way of Equitable mortgage/ hypothecation against the assets of the Company's Rangit Power Station situated in the State of Sikkim subject to prior charge of Bankers against book debts and stores.
- \*5. 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.
- \*6. 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.
- \*8. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E.Project situated in the State of Arunachal Pradesh & Teesta Low Dam-III Project situated in the State of West Bengal and mortgage on the fixed assets of Teesta Low Dam-III Project situated in the State of West Bengal.
- \*9. Secured by a first pari-passu mortgage and charge over all the immovable and moveable assets of the Company's Dhauliganga HE Project situated in the State of Uttarakhand except book debts & stores.
- \*10. Secured by first pari-pasu charge in favour of the lenders over all the Assets, both present and future, of Indira Sagar Power Station/Omkareshwar H.E.Project for the respective portion of long term loan.



## SCHEDULE - 4 LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>TERM LOANS</b>		
i) Term Loan From Banks/FIs - Indian Currency -unsecured	-	250.00
ii) Term Loan From Banks/FIs - Foreign Currency- unsecured		
(a) Guaranteed by Government of India	2710.04	2888.40
(b) Others	199.12	204.79
<b>TOTAL (Refer Appendix)</b>	<b>2,909.16</b>	<b>3,343.19</b>

## APPENDIX TO SCHEDULE 4

### LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>(A) Term Loan From Banks/FIs - Indian Currency -unsecured</b>		
i) <b>INDIAN BANK</b>	-	100.00
(Due for repayment within one year Rs.Nil)		
(Converted into Secured Loan 04.10.06)		
ii) <b>STATE BANK OF INDIA</b>	-	150.00
(Repaid on 10.04.06)		
<b>(B) Term Loan From Banks/FIs - Foreign Currency- unsecured</b>		
<b>(a) Guaranteed by Government of India</b>		
i) <b>Nordic Investment Bank</b>	88.20	113.00
(Due for repayment within one year Rs.22.05 crore)		
ii) <b>Credit Commercial DE France</b>	346.38	416.36
(Due for repayment within one year Rs.98.97 crore)		
iii) <b>Export Development Canada</b>	439.60	503.89
(Due for repayment within one year Rs.52.64 crore)		
iv) <b>Japan Bank of International Cooperation Tranche-I</b>	171.61	185.79
(Due for repayment within one year Rs.9.03 crore)		
v) <b>Japan Bank of International Cooperation Tranche-II</b>	607.43	624.72
(Due for repayment within one year Rs.14.82 crore)		
vi) <b>Japan Bank of International Cooperation Tranche-III</b>	422.95	402.59
(Due for repayment within one year Rs.Nil)		
vii) <b>Deutsche Bank &amp; Others</b>	<u>633.87</u>	<u>642.05</u>
(Due for repayment within one year Rs.Nil)	2,710.04	2,888.40
<b>(b) Others</b>		
i) <b>ECB - BARCLAYS &amp; SCB</b>	199.12	204.79
(Due for repayment within one year Rs.Nil)		
<b>TOTAL</b>	<b><u>2,909.16</u></b>	<b><u>3,343.19</u></b>

## SCHEDULE - 5 FIXED ASSETS

(Rupees in crore)

	GROSS BLOCK			31.03.2007	DEPRECIATION			upto 31.03.2007	NET BLOCK	
	01.04.2006	Additions/ Adjust- ments	Deductions/ Adjust- ments		01.04.2006	For the Year	Adjust- ments*		31.03.2007	31.03.2006
Land – Freehold	185.01	7.70	5.18	187.53	-	-	-	-	187.53	185.01
Land – Leasehold	39.30	8.58	1.18	46.70	2.47	0.54	0.04	3.05	43.65	36.83
Land – Unclassified/ Right of Use	459.08	53.79	-	512.87	8.59	0.87	-	9.46	503.41	450.49
Buildings	1,628.06	120.34	11.26	1,737.14	282.13	49.99	1.76	333.88	1,403.26	1,345.93
Roads and Bridges	274.30	46.00	0.91	319.39	37.99	6.07	0.64	44.70	274.69	236.31
Railway Sidings	14.53	2.63	3.82	13.34	0.31	0.24	(0.07)	0.48	12.86	14.22
Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	9,787.33	126.66	55.72	9,858.27	1,303.04	211.12	1.15	1,515.31	8,342.96	8,484.29
Generating Plant and Machinery	3,873.31	47.92	61.73	3,859.50	828.06	113.58	(1.83)	939.81	2,919.69	3,045.25
Plant and Machinery - Sub station	85.47	4.22	0.65	89.04	31.20	2.75	(0.16)	33.79	55.25	54.27
Plant and Machinery - Transmission lines	41.22	4.87	1.64	44.45	15.29	1.60	(0.36)	16.53	27.92	25.93
Plant and Machinery - Others	22.70	2.16	0.30	24.56	6.90	1.13	0.04	8.07	16.49	15.80
Construction Equipment	76.37	2.47	3.32	75.52	36.36	6.88	(2.68)	40.56	34.96	40.01
Water Supply System/Drainage and Sewerage	16.21	7.66	0.03	23.84	1.49	0.48	0.02	1.99	21.85	14.72
Electrical installations	2.52	0.86	0.13	3.25	0.39	0.16	(0.03)	0.52	2.73	2.13
Vehicles	33.70	0.47	0.91	33.26	24.51	2.50	(0.83)	26.18	7.08	9.19
Aircraft/ Boats	1.35	0.02	0.11	1.26	0.81	0.14	(0.08)	0.87	0.39	0.54
Furniture and Fixture	31.74	5.04	0.69	36.09	9.48	2.46	(0.11)	11.83	24.26	22.26
Computers	33.97	5.45	1.39	38.03	24.36	4.63	(0.79)	28.20	9.83	9.61
Communication Equipment	21.14	2.71	0.65	23.20	10.29	1.80	(0.20)	11.89	11.31	10.85
Office Equipments	29.33	4.81	0.48	33.66	7.39	2.35	0.03	9.77	23.89	21.94
Research and Development	0.81	0.02	0.67	0.16	0.22	0.01	(0.20)	0.03	0.13	0.59
Intangible Assets (Software)	6.73	0.60	0.01	7.32	4.12	1.70	0.05	5.87	1.45	2.61
Other Assets	35.86	3.09	0.36	38.59	11.69	1.99	(0.15)	13.53	25.06	24.17
Capital Expenditure on assets not owned by NHPC	11.35	1.75	11.35	1.75	-	0.35	-	0.35	1.40	11.35
Fixed assets of Minor Value >750 and < Rs.5000	15.13	2.37	0.19	17.31	15.11	2.19	-	17.30	0.01	0.02
Obsolete / Surplus Assets	0.84	0.76	0.26	1.34	-	-	-	-	1.34	0.84
<b>TOTAL</b>	<b>16,727.36</b>	<b>462.95</b>	<b>162.94</b>	<b>17,027.37</b>	<b>2,662.20</b>	<b>415.53</b>	<b>(3.76)</b>	<b>3,073.97</b>	<b>13,953.40</b>	<b>14,065.16</b>
<b>Previous Year</b>	<b>14,204.64</b>	<b>2,929.65</b>	<b>406.93</b>	<b>16,727.36</b>	<b>2,205.90</b>	<b>382.00</b>	<b>74.30</b>	<b>2,662.20</b>	<b>14,065.16</b>	<b>11,998.74</b>

## SCHEDULE - 6 CAPITAL WORK - IN - PROGRESS

(Rupees in crore)

	01.04.2006	Additions	Adjustments	Capitalised	31.03.2007
Buildings	890.01	326.12	(1.41)	97.31	1,117.41
Roads and Bridges	76.40	34.31	(1.05)	40.77	68.89
Railway sidings	10.36	-	-	5.87	4.49
Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	3,406.31	1,311.04	280.23	5.49	4,992.09
Generating Plant and Machinery	1,622.10	667.66	217.83	7.06	2,500.53
Plant and machinery - Sub station	29.88	4.47	(16.78)	1.99	15.58
Plant and machinery - Transmission lines	23.78	3.15	(0.06)	3.58	23.29
Plant and machinery - Others	1.04	1.94	(0.76)	1.04	1.18
Water Supply System/Drainage and Sewerage	5.13	1.91	0.07	5.37	1.74
Capital Expenditure On assets Not Owned by NHPC	6.93	2.43	13.92	1.82	21.46
Survey, investigation, consultancy and supervision charges	125.62	27.15	(0.80)	-	151.97
Expenditure on compensatory Afforestation	113.03	121.28	(0.07)	86.95	147.29
Incidental expenditure during construction period	3,837.11	1,050.89*	(517.04)	7.96	4,363.00
<b>TOTAL</b>	<b>10,147.70</b>	<b>3,552.35</b>	<b>(25.92)</b>	<b>265.21</b>	<b>13,408.92</b>
<b>Previous Year</b>	<b>9801.61</b>	<b>3844.19</b>	<b>(1092.38)</b>	<b>2405.72</b>	<b>10147.70</b>

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

## SCHEDULE - 7 CONSTRUCTION STORES AND ADVANCES

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. CONSTRUCTION STORES</b>		
(At cost as valued and certified by Management)		
i) Stores and spares	79.68	64.91
ii) Loose tools	0.07	0.13
iii) Scrap inventory	0.05	-
iv) Stores in transit/ pending inspection	2.16	2.55
v) Material issued to contractors/ fabricators	79.19	57.01
Less : Provisions for construction stores	<u>16.20</u>	<u>13.28</u>
	144.95	111.32
<b>B. ADVANCES FOR CAPITAL EXPENDITURES</b>		
i) Secured (Considered Good)	389.12	152.94
ii) Unsecured (Considered Good)		
– Against Bank Guarantee	256.93	464.50
– Others	70.66	108.30
iii) Unsecured – (Considered Doubtful)	2.28	0.02
Less : Provisions for doubtful advances	<u>2.28</u>	<u>0.02</u>
	716.71	725.74
<b>TOTAL</b>	<b><u>861.66</u></b>	<b><u>837.06</u></b>
<b>Provision for construction stores</b>		
As per last Balance Sheet	13.28	13.18
Additions during the year	2.98	0.18
Amount used during the year	0.06	0.08
Amount reversed during the year	-	-
Closing Balance	<b>16.20</b>	<b>13.28</b>
<b>Provision for doubtful advances</b>		
As per last Balance Sheet	0.02	0.02
Additions during the year	2.26	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	<b>2.28</b>	<b>0.02</b>

## SCHEDULE - 8 INVESTMENTS

(Rupees in crore)

	Number of Shares/Bonds/ Securities Current Year (Previous Year)	Face Value per Share/ Bond/Security (in Rupees)	31st March, 2007	31st March, 2006
<b>LONG TERM (Trade - unless otherwise specified)</b>				
<b>A. Quoted</b>				
<b>Equity shares \$</b>				
PTC India Ltd.	12000000 (12000000)	10	12.00	12.00
Indian Overseas Bank (Non-Trade)	360800 (360800)	10	0.36	0.36
<b>Sub Total (A)</b>			<b><u>12.36</u></b>	<b><u>12.36</u></b>

## SCHEDULE - 8 INVESTMENTS

(Rupees in crore)				
	Number of Shares/Bonds/ Securities Current Year/ (Previous Year)	Face Value per Share/ Bond/Security (in Rupees)	31st March, 2007	31st March, 2006
<b>Bonds \$</b>				
<b>8.50 % Tax-Free State Government Special</b>				
<b>Bonds of the Government of</b>				
Arunachal Pradesh	8748 (9720)	1,000	0.87	0.97
Bihar	171630 (190700)	1,000	17.16	19.07
Haryana	5085000 (5650000)	1,000	508.50	565.00
Himachal Pradesh	160812 (178680)	1,000	16.08	17.86
Jammu and Kashmir	6936264 (7706960)	1,000	693.63	770.70
Jharkhand	128790 (143100)	1,000	12.88	14.31
Meghalaya	4788 (5320)	1,000	0.48	0.53
Mizoram	28890 (32100)	1,000	2.89	3.21
Nagaland	62280 (69200)	1,000	6.23	6.92
Punjab	2005290 (2228100)	1,000	200.53	222.81
Rajasthan	512838 (569820)	1,000	51.28	56.98
Sikkim	21024 (23360)	1,000	2.10	2.34
Tripura	24012 (26680)	1,000	2.40	2.67
Uttar Pradesh	7082010 (7868900)	1,000	708.20	786.89
Uttarakhand	786870 (874300)	1,000	78.69	87.43
West Bengal	60498 (67220)	1,000	6.05	6.72
	<b>Sub Total (B)</b>		<b>2,307.97</b>	<b>2,564.41</b>
	<b>Total (A+B)</b>		<b>2,320.33</b>	<b>2,576.77</b>
<i>\$ In DEMAT form</i>				
<b>Quoted Investments</b>				
(i) Aggregate Cost			12.36	12.36
(ii) Aggregate Market Value				
- NSE quotes			75.17	74.41
- BSE quotes			75.18	74.36
<b>Unquoted Investments</b>				
Aggregate Cost			2,307.97	2,564.41

## SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. INTEREST ACCURED ON INVESTMENTS</b>	103.54	113.85
<b>B. INVENTORIES</b> (At cost as valued and certified by management)		
i) Stores and spares	47.36	52.42
ii) Loose tools	0.60	0.64
iii) Scrap inventory	1.00	0.74
iv) Stores in transit/ pending inspection	0.68	1.09
v) Material at site	7.72	6.50
vi) Material issued to contractors/ fabricators	3.03	1.39
Less: Provision for obsolete store & spares *1	<u>13.27</u>	<u>9.77</u>
<b>TOTAL</b>	47.12	53.01
<b>C. WORK IN PROGRESS</b>		
i) Construction Work-in-Progress (on behalf of clients)	279.97	93.06
ii) Consultancy Work-in-Progress (on behalf of clients)	<u>-</u> 279.97	<u>0.11</u> 93.17
<b>D. SUNDRY DEBTORS (UNSECURED)</b>		
i) Debts outstanding for a period exceeding six months		
- Considered good	159.95	178.81
- Considered doubtful and provided	75.94	77.07
ii) Other debts		
- Considered good	754.43	142.28
- Considered doubtful and provided	<u>990.32</u>	<u>398.16</u>
Less: Provision for doubtful debts *2	<u>75.94</u>	<u>77.07</u>
<b>TOTAL</b>	914.38	321.09
<b>E. CASH AND BANK BALANCES</b>		
i) Cash on hand (includes cheques, drafts, stamps in hand of Rs. 58.12 crores, Previous year Rs 20.45 crores)	58.61	21.02
ii) Bank balances		
• With scheduled banks		
- In current account	300.42	179.93
- In Deposits account	457.06	691.58
• With other banks		
- In current account		
Bank of Bhutan, Phuentsholing	0.07	0.14
Deutsche Bank, Tokyo Branch	0.13	0.11
- In Deposits account	<u>-</u>	<u>-</u>
<b>TOTAL</b>	816.29	892.78
<b>F. OTHER CURRENT ASSETS</b>		
i) Interest accrued		
- Loan to State Government in settlement of dues from customers	43.75	32.97
- Deposits	7.71	7.21
ii) Others	66.42	61.88
iii) Claims recoverable from different agencies	64.09	75.95
Less : Provisions for doubtful claims *3	<u>18.30</u>	<u>19.18</u>
<b>TOTAL</b>	163.67	158.83
<b>G. LOANS AND ADVANCES</b>		
<b>a) LOANS</b>		
Employees (including accrued interest)		
Secured	101.17	97.59
Unsecured (Considered Good)	29.50	29.76
Unsecured, considered doubtful	-	-
Loan to State Government in settlement of dues from customer		
- Unsecured considered good	253.62	253.62

## SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
<b>b) ADVANCES</b>		
(recoverable in cash or kind for value to be received)		
i) Contractors & suppliers		
Secured	35.14	0.30
Unsecured (Considered Good):		
- Covered by Bank Guarantees	16.85	8.28
- Others	11.48	7.04
Unsecured (Considered Doubtful)	0.46	0.29
ii) Employees		
Unsecured (Considered Good):	2.05	2.79
iii) Other Advances		
Unsecured (Considered Good)	0.63	0.30
Less : Provisions for doubtful loans and advances *4	<u>0.46</u> 450.44	<u>0.44</u> 399.53
iv) Other Recoverable	-	0.03
<b>c) DEPOSITS</b>		
Advance income tax	421.47	237.98
<b>TOTAL</b>	871.91	637.54
<b>TOTAL (A to G)</b>	<b><u>3196.88</u></b>	<b><u>2270.27</u></b>

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

	2006-07	2005-06
Bank of Bhutan		
i) Current account	0.19	0.54
Deutsche Bank, Tokyo Branch		
ii) Current account	0.99	100.52

### PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the period	0.02	0.03
ii) Maximum balance at any time during the year	0.06	0.06

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 PROVISIONS

#### Provision for obsolete store & spares \*1

As per last Balance Sheet	9.77	4.00
Additions during the year	8.70	5.77
Amount used during the year	5.07	-
Amount reversed during the year	<u>0.13</u>	-
Closing Balance	13.27	9.77

#### Provision for Doubtful Debts \*2

As per last Balance Sheet	77.07	77.56
Additions during the year	-	3.60
Amount used during the year	-	2.92
Amount reversed during the year	<u>1.13</u>	<u>1.17</u>
Closing Balance	75.94	77.07

#### Provision for bad & doubtful claims \*3

As per last Balance Sheet	19.18	16.54
Additions during the year	1.21	2.65
Amount used during the year	2.07	0.01
Amount reversed during the year	<u>0.02</u>	-
Closing Balance	18.30	19.18

#### Provisions for Doubtful Loans & Advances \*4

As per last Balance Sheet	0.44	0.20
Additions during the year	0.02	0.24
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	0.46	0.44

## SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. LIABILITIES</b>		
i) Sundry creditors		
a) Total outstanding dues of small scale Industrial Undertaking(s). (Due over 30 days Rs.NIL)	-	-
b) Others	540.86	434.17
ii) Unspent amount of deposit/agency	-	0.79
iii) Deposits/ retention money	106.78	75.36
iv) Advances against the Deposit Works	81.67	8.22
Less : Amount recoverable on Deposit works	(0.05)	(7.02)
v) Interest accrued but not due on loans	139.86	73.47
vi) Advances against cost of project/ contractees	273.47	146.17
vii) Grants in Aid - pending utilization	69.21	16.30
viii) Other Liabilities	<u>82.25</u>	<u>147.86</u>
<b>TOTAL LIABILITIES (A)</b>	<b>1294.05</b>	<b>895.32</b>
<b>B. PROVISIONS</b>		
<b>i) Provision for Taxation</b>		
As per last Balance Sheet	214.78	202.36
Additions during the year	224.70	81.57
Amount used during the year	31.06	69.15
Amount reversed during the year	-	-
Closing Balance	408.42	214.78
<b>ii) Provision for Proposed Dividend</b>		
As per last Balance Sheet	169.40	83.33
Additions during the year	256.09	169.40
Amount used during the year	169.40	83.33
Amount reversed during the year	-	-
Closing Balance	256.09	169.40
<b>iii) Tax on Proposed Dividend</b>		
As per last Balance Sheet	25.28	12.11
Additions during the year	52.38	25.28
Amount used during the year	25.28	12.11
Amount reversed during the year	-	-
Closing Balance	52.38	25.28
<b>iv) Provision for Wage Revision</b>		
As per last Balance Sheet	74.70	-
Additions during the year	42.01	74.70
Amount used during the year	46.79	-
Amount reversed during the year	<u>27.92</u>	-
Closing Balance	42.00	74.70
<b>v) Provision for Ex-gratia</b>		
As per last Balance Sheet	29.82	7.54
Additions during the year	31.14	29.72
Amount used during the year	17.25	6.99
Amount reversed during the year	<u>12.24</u>	<u>0.45</u>
Closing Balance	31.47	29.82

## SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
<b>vi) Provision for Employees Benefits</b>		
As per last Balance Sheet	421.74	340.23
Additions during the year	114.30	102.35
Amount used during the year	26.20	20.84
Amount reversed during the year	—	—
Closing Balance	509.84	421.74
<b>vii) Provision for Other Expenses</b>		
As per last Balance Sheet	0.28	6.72
Additions during the year	3.51	0.04
Amount used during the year	0.07	6.39
Amount reversed during the year	—	0.09
Closing Balance	3.72	0.28
<b>viii) Provision for Project Expenses</b>		
As per last Balance Sheet	-	-
Additions during the year	8.87	-
Amount used during the year	-	-
Amount reversed during the year	—	—
Closing Balance	8.87	-
<b>ix) Provision for Contingencies</b>		
As per last Balance Sheet	1.77	1.80
Additions during the year	-	-
Amount used during the year	0.04	0.03
Amount reversed during the year	—	—
Closing Balance	1.73	1.77
<b>x) Provision for Tariff Adjustment</b>		
As per last Balance Sheet	69.89	86.54
Additions during the year	-	51.80
Amount used during the year	62.72	68.45
Amount reversed during the year	7.17	—
Closing Balance	-	69.89
<b>xi) Provision for Self Consumption of Power</b>		
As per last Balance Sheet	6.45	-
Additions during the year	-	6.45
Amount used during the year	-	-
Amount reversed during the year	—	—
Closing Balance	6.45	6.45
<b>xii) Provision for Committed Capital Expenditure</b>		
As per last Balance Sheet	-	-
Additions during the year	222.13	-
Amount used during the year	-	-
Amount reversed during the year	—	—
Closing Balance	222.13	-
<b>TOTAL PROVISIONS (B)</b>	<b>1543.10</b>	<b>1014.11</b>
<b>TOTAL (A+B)</b>	<b>2837.15</b>	<b>1909.43</b>

## SCHEDULE - 11 MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
i) Preliminary expenses	-	1.43
ii) Share Issue Expenses (IPO)	1.25	-
iii) Expenditure awaiting adjustment	24.55	24.55
iv) Losses awaiting write off sanction	2.60	3.71
Less: Provision for losses pending investigation	2.60	3.71
<b>TOTAL</b>	<b><u>25.80</u></b>	<b><u>25.98</u></b>

## SCHEDULE - 12 SALES

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
Sale of Power	2711.64	2054.81
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i) )	0.34	5.04
<b>Total taken to Profit and Loss Account</b>	<b><u>2711.30</u></b>	<b><u>2049.77</u></b>

## SCHEDULE - 12A ADVANCE AGAINST DEPRECIATION

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
Deferred during the year	223.45	47.88
Less : Written back during the year	7.64	-
<b>Total taken to Profit and Loss Account</b>	<b><u>215.81</u></b>	<b><u>47.88</u></b>

## SCHEDULE - 13 CONTRACTS AND CONSULTANCY INCOME

	(Rupees in crore)	
	31st March, 2007	31st March, 2006
Contract income	125.46	43.47
Consultancy Income	3.29	4.94
<b>Total taken to Profit and Loss Account</b>	<b><u>128.75</u></b>	<b><u>48.41</u></b>

## SCHEDULE - 14 OTHER INCOME

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) <b>Income from Long Term Investments</b>		
a) <b>Trade</b>		
- Dividend from subsidiaries		
- Dividend - Others	1.20	0.96
Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	212.53	227.91
b) <b>Non-Trade</b>		
Dividend income -Others	0.09	0.04
ii) <b>Other Income</b>		
a) Interest		
Loan to State Government in settlement of dues from customers	21.56	21.56
- Indian Banks (Gross)		
(Tax deducted at source Rs. 4519/-, Previous Year Rs.Nil)	50.03	35.49
b) Employee's Loans and Advances	43.37	52.07
c) Others		
d) Late payment surcharge	7.92	24.43
e) Interest received from Beneficiaries	1.46	-
f) Profit on sale of assets	0.68	1.17
g) Liability/ Provisions not required written back #	43.16	2.75
h) Exchange rate variation	45.91	28.32
i) Others	<u>24.30</u>	<u>17.66</u>
<b>TOTAL</b>	<b>452.21</b>	<b>412.36</b>
<b>Less : Income transferred to IEDC</b>		
(Refer Schedule 22 E (ii), 22 I (ii) to (vi) and 22 J(i))	138.05	97.20
<b>Less: Income transferred to contract and consultancy expenses (Refer Schedule 20)</b>	2.27	0.68
<b>Total taken to Profit and Loss Account</b>	<b><u>311.89</u></b>	<b><u>314.48</u></b>
<b># Detail of Liability/Provisions not required written back</b>		
a) Bad and doubtful debts	0.88	1.17
b) Bad and doubtful advances / deposits	(0.03)	-
c) Bad and doubtful claims	0.02	-
d) Diminution in value of stores and spares	0.12	-
e) Provision for wage revision	27.92	-
f) Provision for ex-gratia/ PLI	3.93	0.45
g) Provision for losses pending investigation	0.01	-
h) Provision for Productivity Linked Incentive	8.31	-
i) Liability not required written back	<u>2.00</u>	<u>1.13</u>
<b>TOTAL</b>	<b><u>43.16</u></b>	<b><u>2.75</u></b>

## SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Consumption of stores and spares	6.75	12.15
ii) Repair and maintenance:		
- Building	14.98	16.97
- Machinery	31.97	46.53
- Others	<u>37.67</u>	<u>33.58</u>
iii) Rent	14.56	17.18
iv) Rates and taxes	1.17	1.30

## SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2007	31st March, 2006
v) Insurance	2.94	2.92
vi) Self insurance reserve	77.55	72.88
vii) Security expenses	47.78	41.92
viii) Electricity Charges	27.75	25.33
ix) Travelling and Conveyance	20.20	17.32
x) Expenses on staff car	20.93	19.35
xi) Telephone, telex and Postage	7.77	8.30
xii) Advertisement and publicity	7.97	5.37
xiii) Entertainment and hospitality expenses	0.67	0.54
xiv) Donation	0.05	0.06
xv) Printing and stationery	5.19	6.02
xvi) Books and periodicals	0.55	0.59
xvii) Consultancy charges - Indigenous	4.78	4.98
xviii) Consultancy charges - Foreign	0.46	0.38
xix) Expenditure on compensatory afforestation/ catchment area treatment	47.39	12.75
xx) Expenditure on land not belonging to corporation	19.31	15.30
xxi) Project expenses written off	-	53.76
xxii) Loss on sale of assets	0.68	0.28
xxiii) Deferred revenue expenditure written off	-	0.02
xxiv) Preliminary expenses written off	1.44	0.21
xxv) Bad debts / advances/ claims written off	0.01	0.09
xxvi) Stores written off	0.33	0.15
xxvii) Fixed assets written off	0.06	0.36
xxviii) Interest on Arbitration/ Court Cases	3.09	0.95
xxix) Other general expenses	22.35	18.88
xxx) Exchange rate variation	18.45	0.66
xxxii) Audit expenses	0.70	0.69
xxxii) Research and development expenses	0.03	0.37
<b>Total</b>	<b>445.53</b>	<b>438.14</b>
<b>Less : Expenses transferred to IEDC {Refer Schedule 22 B, 22 C, 22 E(i) &amp; 22J (ii)}</b>	217.18	159.18
<b>Les : Expense transferred to contract and consultancy expenses (Refer Schedule 20)</b>	5.63	4.95
<b>Total taken to Profit and Loss Account</b>	<b><u>222.72</u></b>	<b><u>274.01</u></b>

## SCHEDULE - 16 EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Salaries, wages, allowances	483.84	477.79
ii) Gratuity, Contribution to provident fund & pension scheme (including administration fees)	68.42	79.48
iii) Staff welfare expenses	89.36	58.05
iv) Leave Salary & Pension Contribution	0.10	-
<b>Total</b>	<b>641.72</b>	<b>615.32</b>
<b>Less : Employee cost transferred to IEDC (Refer Schedule 22 A &amp; 22J (iii))</b>	375.82	377.60
<b>Less : Employee cost transferred to contract and consultancy expenses (Refer Schedule 20)</b>	16.11	14.03
<b>Total taken to Profit and Loss Account</b>	<b><u>249.79</u></b>	<b><u>223.69</u></b>

## SCHEDULE - 17 DEPRECIATION

(Rupees in crore)

	31st March, 2007	31st March, 2006
Depreciation during the year	415.54	382.00
Less : Transferred to IEDC (Refer Schedule 22 G & 22J (iv))	39.05	36.75
Less : Transferred to Contract & Consultancy (Refer Schedule 20)	0.29	0.21
Less : Trf from Capital reserve	19.50	15.26
<b>Total taken to Profit and Loss Account</b>	<b>356.70</b>	<b>329.78</b>

## SCHEDULE - 18 INTEREST AND FINANCE CHARGES

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Interest on :		
a) Bonds	75.41	92.44
b) Foreign loan	112.80	108.47
c) Term loan	467.65	373.78
d) Cash credit facilities /WCDL	<u>0.04</u> 655.90	<u>0.02</u> 574.71
ii) Bond issue/ service expenses	1.25	1.06
iii) Rebate to customers	24.16	31.26
iv) Commitment fee	0.47	3.28
v) Guarantee fee on loan	34.66	32.38
vi) Interest to beneficiary states	2.25	-
vii) Bank charges	0.94	0.88
viii) Other finance charges	<u>4.75</u>	<u>9.73</u>
<b>TOTAL</b>	<b>724.38</b>	<b>653.30</b>
Less: Interest & Finance charges capitalised by transfer to IEDC (Refer Schedule 22 D & 22J (v))	361.31	239.70
Less: Expenses transferred to contract and consultancy expenses (Refer Schedule 20)	1.56	1.56
<b>Total taken to Profit and Loss Account</b>	<b>361.51</b>	<b>412.04</b>

## SCHEDULE - 19 PROVISIONS

(Rupees in crore)

	31st March, 2007	31st March, 2006
i) Bad and doubtful debts provided	-	3.60
ii) Bad and doubtful advances / deposits provided	2.29	0.25
iii) Bad and doubtful claims provided	3.95	2.64
iv) Diminution in value of stores and spares	8.40	5.86
v) Shortage in store & spares provided	-	0.08
vi) Provision for CAT Plan/ Environment Expenditure	184.94	-
vii) Project expenses provided for	8.87	-
viii) Provision for fixed assets written off	0.35	0.06
ix) Others	<u>0.46</u>	-
<b>TOTAL</b>	<b>209.26</b>	<b>12.49</b>
Less: Expenses transferred to IEDC (Refer Schedule 22 F & 22J (vi))	185.52	0.67
Less: Expenses transferred to contract and consultancy expenses (Refer Schedule 20)	-	2.97
<b>Total taken to Profit and Loss Account</b>	<b>23.74</b>	<b>8.85</b>

## SCHEDULE - 20 CONTRACT AND CONSULTANCY EXPENSES

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>i) Direct Expenses</b>	166.45	32.38
<b>ii) Employees' Remuneration and benefits</b>		
- Salaries, Wages, Allowances and benefits	10.97	10.26
- Gratuity, Contribution to provident fund & pension scheme	1.22	1.09
- Staff welfare Expenses	<u>1.50</u>	<u>0.86</u>
	13.69	12.21
<b>iii) Repairs and Maintenance</b>		
- Buildings	0.15	0.09
- Machinery and Construction Equipments	0.03	0.04
- Others	<u>0.79</u>	<u>1.05</u>
	0.97	1.18
<b>iv) Administration and Other Expenses</b>		
- Rent	1.21	1.00
- Traveling and Conveyance	0.80	0.83
- Expenses on Staff cars and Inspection vehicle	0.32	0.17
- Insurance	0.02	0.01
- Telephone, telex, and postage	0.23	0.13
- Advertisement and publicity	0.09	0.22
- Printing and Stationery	0.19	0.14
- Other Expenses	0.89	0.59
- Rates and taxes	0.01	0.00
- Security	0.21	0.16
- Electricity	0.08	0.08
- Consultancy charges	<u>0.01</u>	<u>0.06</u>
	4.06	3.39
<b>v) Depreciation</b>	0.20	0.15
<b>vi) Interest and Financial Charges</b>	1.56	1.56
<b>vii) Provisions</b>	-	2.97
<b>viii) Work-in-Progress</b>		
- Construction Contract	(61.46)	(6.72)
- Consultancy`	-	<u>(0.11)</u>
	(61.46)	(6.83)
<b>ix) Corporate / Regional office expenses</b>	2.99	2.23
<b>Total Expenditure</b>	<b>128.46</b>	<b>49.24</b>
<b>Less: Receipts and Recoveries</b>	<u>2.15</u>	<u>0.65</u>
<b>Net expenditure during the year</b>	<b>126.31</b>	<b>48.59</b>
<b>Prior Period Adjustments</b>	<u>0.12</u>	<u>1.50</u>
<b>Total taken to Profit and Loss Account</b>	<b>126.43</b>	<b>50.09</b>

## SCHEDULE - 21 PRIOR PERIOD ADJUSTMENT (NET)

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>Income</b>		
i) Sale of Electricity	(0.02)	0.50
ii) Advance Against Depreciation Written Back	-	88.85
iii) Others	<u>(4.66)</u>	<u>2.01</u>
<b>Sub-total</b>	(4.68)	91.36
<b>Expenditure</b>		
i) Salaries and Wages	0.19	0.73
ii) Repair and Maintenance	0.35	0.36
iii) Interest	0.74	0.71
iv) Others	9.55	80.35
v) Depreciation	<u>4.43</u>	<u>98.65</u>
<b>Sub-total</b>	<u>15.26</u>	<u>180.80</u>
<b>TOTAL</b>	19.94	89.44
<b>Less: Expenses transferred to IEDC {Refer Schedule 22H &amp; 22J (vii)} Prior period expenses</b>	9.27	81.76
<b>Less: Prior period income</b>	<u>(1.13)</u>	<u>0.39</u>
<b>TOTAL</b>	10.40	81.37
<b>Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)</b>	0.12	1.50
<b>Total taken to Profit and Loss Account</b>	<b>9.42</b>	<b>6.57</b>

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

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. EMPLOYEES REMUNERATION AND BENEFITS</b>		
i) Salaries, wages, allowances	196.55	205.81
ii) Gratuity and contribution to provident fund (including administration fees)	27.15	32.94
iii) Staff welfare expenses	37.40	23.78
iv) Leave Salary & Pension Contribution	<u>0.10</u>	<u>0.01</u>
<b>Sub-total</b>	261.20	262.54
<b>B. REPAIRS AND MAINTENANCE</b>		
i) Building	4.69	3.29
ii) Machinery	5.04	4.68
iii) Others	<u>11.62</u>	<u>12.13</u>
<b>Sub-total</b>	21.35	20.10
<b>C. ADMINISTRATION AND OTHER EXPENSES</b>		
i) Rent	14.89	14.29
ii) Rates and taxes	0.40	0.44
iii) Insurance	0.69	0.84
iv) Security expenses	23.07	20.68
v) Electricity Charges	11.38	10.27
vi) Traveling and Conveyance	9.23	6.94
vii) Expenses on staff car	6.93	6.04
viii) Telephone, telex and Postage	2.82	2.57
ix) Advertisement and publicity	2.58	1.24
x) Entertainment and hospitality expenses	0.21	0.14
xi) Printing and stationery	1.77	2.04
xii) Remuneration to Auditors	0.01	0.03
xiii) <i>Design and Consultancy charges:</i>		
- Indigenious	2.16	2.24
- Foreign	0.18	0.37
xiv) Expenditure on compensatory afforestation	46.69	11.98
xv) Expenditure on land not belonging to corporation	18.72	14.82
xvi) Land acquisition and rehabilitation	-	0.14
xvii) Loss on assets/ materials written off	0.27	0.27
xviii) Losses on sale of assets	-	0.01
xix) Other general expenses	<u>5.02</u>	<u>5.61</u>
<b>Sub-total</b>	147.02	100.96
<b>D. INTEREST AND FINANCE CHARGES</b>		
i) Interest on :		
a) Bonds	24.64	24.64
b) Foreign loan	53.09	59.40
c) Term loan	264.83	124.86
ii) Bond issue/ service expenses	0.91	0.30
iii) Commitment fee	0.12	3.20
iv) Guarantee fee on loan	12.70	17.22
v) Other finance charges	<u>4.96</u>	<u>9.93</u>
<b>Sub-total</b>	361.25	239.55

## SCHEDULE 22 - INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>E. EXCHANGE RATE VARIATION (NET)</b>		
i) Exchange rate variation (Debit balance)	16.84	0.51
<b>Less :</b>		
ii) Exchange rate variation (Credit balance)	<u>42.58</u>	<u>25.06</u>
<b>Sub-total</b>	(25.74)	(24.55)
<b>F. PROVISIONS</b>	<u>85.46</u>	<u>0.61</u>
<b>Sub-total</b>	185.46	0.61
<b>G. DEPRECIATION</b>	<u>32.00</u>	<u>29.72</u>
<b>Sub-total</b>	32.00	29.72
<b>H. PRIOR PERIOD EXPENSES (NET)</b>		
i) Prior period expenses	8.98	80.93
ii) Less: Prior period income	<u>(1.13)</u>	<u>0.39</u>
<b>Sub-total</b>	10.11	80.54
<b>I. LESS : RECEIPTS AND RECOVERIES</b>		
i) Income from generation of electricity –precommissioning	0.34	5.04
ii) Interest on loans and advances	41.49	52.43
iii) Miscellaneous receipts	15.89	12.79
iv) Profit on sale of assets	0.06	0.46
v) Liability/ Provisions not required written back	30.04	0.74
vi) Hire charges/ outturn on plant and machinery	<u>0.28</u>	<u>0.46</u>
<b>Sub-total</b>	87.76	66.88
	88.10	71.92
<b>J. CORPORATE OFFICE MANAGEMENT EXPENSES</b>		
i) Other Income	(7.71)	(5.26)
ii) Generation, Administration and Other Expenses	31.97	37.61
iii) Employee Remuneration and Benefits	114.62	115.06
iv) Depreciation	7.05	7.03
v) Interest and Finance Charges	0.06	0.15
vi) Provisions	0.06	0.06
vii) Prior Period Adjustment (Net)	<u>0.29</u>	<u>0.83</u>
<b>Sub-total</b>	146.34	155.48
<b>TOTAL [(A to H) - I + J] (Transferred to Schedule 6)</b>	<u>1050.89</u>	<u>793.03</u>

## SCHEDULE - 23 CONSOLIDATED 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 relating 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 evacuees 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 relating 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.
- 3.1(b) WDV of spares is charged to revenue in the year in which such spares are consumed. Similarly value of such spares, procured & consumed in a particular year is charged to revenue in that year itself.
- 3.1(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 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. In respect of Projects under construction, incidental and attributable expenses (net of incidental income) including interest and depreciation on fixed assets in use during construction are carried as part of Incidental Expenditure During Construction to be allocated on major immovable Project Assets other than Land and infrastructural facilities, on commissioning of the Project.
- 4.2 Expenditure on maintenance, up gradation etc. of common public facilities in projects under construction is charged to 'Incidental Expenditure During Construction'.

### 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. In respect of assets, where rate has not been notified by regulations by the

CERC, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961, except in case of computers and peripherals, where rates as assessed by the Company are adopted.

- 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.

## 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 (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. Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year.
- 8.2 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.
- 8.3 Exchange differences in respect of liabilities relating to fixed assets/ capital work-in-progress acquired *from outside India*, arising out of transaction entered on or after 01.04.2004 is adjusted to the carrying cost of respective fixed asset/capital work-in-progress.
- 8.4 Other 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 IEDC in case of projects under construction.

## 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 (a) Revenue from Construction Contracts is recognized on %age of completion method as under: -
- | <b>Progress of Work in terms of<br/>Estimated Contract Cost</b> | <b>Recognition of Revenue</b>                                 |
|---|---|
| (a) Upto 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 recognized 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 other Project Management/Consultancy 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. ALLOCATION OF CORPORATE OFFICE EXPENSES

Corporate Office Expenses are allocated as under:

- (a) On Power Station @ 1% of Sale of Energy for the year excluding taxes & duties.
- (b) In case of construction contract works awarded to and executed by the Corporation @ 5% of the project expenditure incurred during the year except in case of contracts of Rural Electrification & PMGSY, where allocation of expenditure in respect of dedicated division is made on the basis of services rendered.
- (c) The balance expenditure is allocated to construction projects in the ratio of net capital expenditure incurred during the year.

#### 12. 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 by charge to Profit & Loss Account, to be utilized for losses of Assets for specified contingencies.

#### 13. MISCELLANEOUS

- 13.1. Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- 13.2. Power supplied from Power Stations to Projects under construction is charged as per normal tariff.
- 13.3. Prepaid expenses and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts.
- 13.4. Insurance claims are accounted for based on certainty of realisation.

#### 14. 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.

#### 15. 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 CONSOLIDATED NOTES TO THE ACCOUNTS

1. The Consolidated Financial Statements (CFS) comprises of the financial statements of National Hydroelectric Power Corporation Limited (NHPC) 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 certain policies such as funding of Self Insurance Reserve, treatment of expenditure towards compensation and other expenses relating to land and policy on Grants-in-aid.
5. a) Contingent Liabilities as on: - (Rupees in crore)

Description	Opening Balance 01.04.2006	Closing Balance 31.03.2007
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	1354.20	1929.42
- Land Compensation Cases	152.05	132.52
- Others	131.52	188.73
Disputed Income Tax Demand	14.79	-
Disputed Excise Demand	0.15	-
Disputed Sales Tax Demand	2075.25	2055.53
Others (including bonds for Rs. 30.21 crore (Previous year Rs.30.21 crore) executed in favour of Custom Authorities by the Corporation)	54.59	97.26
<b>Total</b>	<b>3782.55</b>	<b>4403.46</b>

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is possibility of reimbursement of Rs.0.03 crore (Previous year Rs.14.79 crore) towards above contingent liabilities.
6. a) Foreign Letters of Credit opened by Bankers in favour of M/s Technopromexport, Moscow, Russia Rs. NIL (Previous year Rs.5.40 crore ).

- b) Foreign Letters of Credits opened by Bankers in favour of M/s Voith Siemens Hydro Pvt. Ltd. amounting to Rs. 68.13 crore (Previous year Rs. 297.07 crore).
7.
  - a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.8712.01 crore (previous year Rs. 8705.53 crore).
  - b) Estimated amount of award in process pending as on 31.03.2007 at R&R not provided for Rs.32.80 crore (previous year Rs.158.00 crore).
8.
  - a) Pursuant to the approval of Ministry of Power, expenditure on Koel Karo Project, to the extent of Rs.24.55 crore, being equal to equity capital of the project, is to be borne by Govt. of India. Accordingly, Shareholders through Special Resolution in Annual General Meeting (AGM) held on 28.07.2006 have approved the reduction in equity capital. Book entry for reduction in equity has not been carried out since the reduction of Share Capital has been confirmed vide Ministry of Company Affairs order No. 40/4/2006-CL-III dated 09.04.2007 and has been registered by the Registrar of Companies on 20.04.2007.
  - b) Pending sanction from Government of India, Rs.8.83 crore, (previous year Rs.8.83 crore) being the first 50% of interest accrued during construction on Government of India loan and capitalised in respect of Tanakpur Power Station has been shown as Government of India fund adjustable to equity. Further adjustments, if any, shall be carried out on receipt of approval from Government of India.
9.
  - a) Title deeds/title in respect of Land of some Projects/Units amounting to Rs.59.51Crore (Previous year Rs.60.37 crore), covering an area of 2,103 hectare (Previous year 2,049 hectare), have yet to be executed/passed. Expenses on stamp duty etc. relating to registration thereof will be accounted for as and when incurred.
  - b) Pending execution of lease deeds at some of the Units in Jammu and Kashmir, period of lease has been taken at 99 year except in certain cases where it has been taken as 30 or 40 years as the case may be and cost of land has been amortised accordingly.
  - c) Land does not include the land taken from SSB on lease for a period of 99 years @ notional rent of Rs.1/- per annum in the State of Arunachal Pradesh.
10. Pending approval of the competent authority, provisional payment has been made towards executed quantities of some of the items beyond approved quantities as also extra items, are included in Capital Work-in-Progress.
11.
  - a) Sales include Rs.18.98 crore (Previous year Rs. (-) 8.09 crore), charges yet to be billed to the Beneficiaries towards Income Tax & FERV, which shall be done after close of the year.
  - b) Sales in respect of Dhauliganga Power Station have been accounted for based on provisional tariff notified by Central Electricity Regulatory Commission (CERC).
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) Debtors for sales include an amount of Rs.120.81 crore (Net), being recoverable from M/s Delhi Transco Limited (erstwhile DESU) pertaining to period prior to Financial Year 1996-97. In the opinion of management no provision is required in this regard as the case for recovery of the same has been taken up by Ministry of Power with Ministry of Finance.
  - 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. In absence of surrender value, the gratuity fund is however continuing on the value as certified by LIC of India.
  - 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 "Interest Accrued on Investment" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
  - e) Claims recoverable include Rs.16.65 crore due from J&KPDC in respect of Baglihar Project handed over to them as per Government of India orders. In respect of Sawalkot Project, pending final handing over of the Project, capital expenditure aggregating to Rs.10.33 crore continues to appear as part of the assets of the Corporation whereas adhoc advance of Rs.5.36 crore received from J&KPDC in respect of this Project is however shown under 'Current Liabilities' and shall be adjusted on final settlement of account.
13.
  - a) In accordance with the decision of Government of India, Siang (13600 MW), Subansiri (5600 MW) & Dibang Multipurpose Projects were transferred to the Corporation from Brahmaputra Board. Pending finalisation of handing over process and settlement of account with Brahmaputra Board and signing of MoUs for all the schemes in the State of Arunachal Pradesh except Dibang Multipurpose Project & Twang Basin Projects, assets and liabilities in respect of these Projects have been booked to the extent of amounts incurred by the Corporation.

- b) In pursuance of Government of India decision, the Corporation has taken over, Uri-II, Kishanganga, Pakul Dul, Sewa-II, Bursur, Nimmo-Bazgo, Chutak Projects from J&KPDC for which demand of Rs. 84.89 crore has been raised by J&KPDC. In addition to expenditure incurred after taking over of the Projects, the Corporation has booked a total expenditure of Rs.33.66 crore towards Sewa II Project against Rs.41.45 crore claimed for the said Project to the extent of verification of the assets transferred and reconciliation with accounts of J&KPDC. Out of Rs.33.66 crore Rs.26 crore has been discharged. The remaining expenditure as demanded by J&KPDC shall be booked on final reconciliation of items and the accounts submitted by them.
- c) In pursuance of MoU signed by NHPC with Govt. of Uttarakhand on 1<sup>st</sup> November, 2003, the Lakhwar Vyasi Project was handed over to NHPC. An amount of Rs.246.86 crore spent by Govt. of Uttarakhand before its handing over to NHPC, has not been incorporated in the books of accounts, as the implementation agreement for construction of said project has not been signed with Govt. of Uttarakhand.
14. a) The project work at Subansiri Upper & Subansiri Middle is pending due to the Honourable Supreme Court order on IAs 966 & 1012, restraining the construction of Dam upstream of Subansiri River. However, subsequently the State Govt. of Arunachal Pradesh has filed an IA No. 1362-63 for construction of projects, which was heard by Honourable Supreme Court on 21.07.2006 and has referred the issue to Standing Committee of the National Board of Wildlife. Pending decision in this regard, Capital Expenditure of Rs.35.73 crore (previous year Rs.33.03 crore) and Rs.32.79 crore (previous year Rs.31.05 crore) respectively are appearing under Capital Work in Progress.
- b) Govt. of Arunachal Pradesh has allotted Siyom (Siang Middle) & Siang Lower Project to private developers and has requested the Corporation to submit its claim for reimbursement of justifiable expenditure. Corporation has taken up the matter with Ministry of Power, GOI as NHPC has carried out detailed survey & investigation of these projects after taking up the Projects from Brahmaputra Board as per decision of GOI referred to in Note 7(a) above. Pending decision of GOI, capital expenditure of Rs.45.34 crore (Previous year Rs.43.07 crore) & Rs.37.20 crore (previous year Rs.33.54 crore) respectively is appearing under Capital Work in progress.
- c) Pending signing of MoU with the Govt. of Arunachal Pradesh, expenditure of Rs.29.94 crore (Previous year Rs.27.79 crore) in respect of Siang Upper Project, which has been entrusted to NHPC for Survey & Investigation, is continuing in Capital Work-in-Progress.
- d) Pending signing of agreement between NHPC & Govt. of Manipur for formation of Joint Venture Company for the execution of Loktak Down Stream Project, as decided by Govt. of India, capital expenditure of Rs.29.44 crore (previous year Rs.28.69 crore) is appearing under Capital Work in Progress.
15. Corporation has filed Draft Red Herring Prospectus with the SEBI for Public issue of 1,676,049,945 Equity Shares, of which 558,683,315 Equity share shall be sold by Govt. of India to offload its 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 proceeds of the issue.
16. Board has decided to close down Bav II & Devade HE Project. Pending formal approval of Govt. of India, an amount of Rs.8.25 crore & Rs.0.62 crore respectively has been provided in the accounts to take care of writing off expenditure incurred on these Projects.
17. Wage revision of the employees of the Corporation is due w.e.f. 01.01.2007. Pending decision of the committee formed by Govt. of India as regard to wage revision, a provision of Rs.39.28 crore has been made in the books. Further, a provision of Rs.2.73 crore has been made to take care of anomalies arising out of implementation of modified pay structure in respect of executive w.e.f. 01.01.1997.
18. Depreciation on Fixed Assets is charged as per Significant Accounting Policy No. 5 (Schedule 23) of the Corporation. The issue of charging depreciation has been referred by C&AG to Ministry of Power (MOP), Govt. of India. MOP has already 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 charging depreciation for the year.
19. a) Contribution received towards Irrigation and Sardar Sarovar Project components from GoMP and Govt. of Gujarat respectively is credited to Capital Reserve, treating it as Grant-in-Aid.
- b) Depreciation on fixed assets represented by such Grant-in-Aid is allocated to capital reserve, instead of charging it to Profit & Loss Account.
20. The Company, in respect of a foreign currency loan of JPY 534.70 crore, has entered into a hedging agreement covering interest payment on the due dates, viz., 9<sup>th</sup> January and 9<sup>th</sup> July and also for the possible repayment of the principal at the end of 5 years. In the absence of a specific Accounting

Standard in India and being an “off balance sheet item”, no adjustment is considered necessary as on the Balance Sheet date. The loss or gain arising out of the agreement is accounted for on settlement on the due dates.

21. In respect of NHDC, erstwhile Accounting policy of Miscellaneous Expenditure has been deleted, as a result preliminary expenditure of Rs.1.23 crore has been charged to Profit & Loss Account.

22. a) The effect of foreign exchange fluctuation during the year is as under:

(Rupees in crore)

		2006-07	2005-06
(i)	Amount charged to Profit and Loss Account excluding depreciation	(-)1.72	(-)3.10
(ii)	Amount charged to Incidental Expenditure During Construction	(-)25.74	(-)24.56
(iii)	Amount charged to Capital work -in-progress	28.43	(-) 102.31
(iv)	Amount adjusted by addition to carrying amount of fixed assets	(-)44.39	29.42
(v)	Amount adjusted by addition to monetary assets	-	0.05

b) The amount of borrowing cost capitalised by transfer to ‘Incidental Expenditure During Construction’ during the Year is Rs.355.44 crore (Previous Year Rs.234.40 crore).

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

Policy No.	Description	Impact on Profit for the year
Policy No. 1	Deletion of word “ <i>except in case of expenditure on leave travel concession to employees, which is recognised in the year of availment</i> ”.	Impact disclosed against policy No. 9 below.
Policy No. 4.1	Addition of word “ <i>(net of incidental income)</i> ” after incidental and attributable expenses.	No impact.
Policy No. 5.1	Addition of word “ <i>to the extent of 90% of the cost of asset</i> ” after “ <i>straight line method</i> ”.	No impact.
Policy No. 5.4	Addition of words “ <i>Price adjustment, change in duties or similar factors</i> ” after “ <i>Exchange fluctuation</i> ”.	No material impact
Policy No. 7	Addition of words “ <i>Provision for diminution, other than temporary, in the value of such investment is provided</i> ”.	No impact.
Policy No. 9	Modification of Policy of Retirement benefit as Employee Benefits in line with the Accounting Standard 15 (2005).	Rs.(-) 11.17 crore.
Policy No.13.5	Merger of this policy under policy on Employee Benefits (Policy No. 9)	No impact.

b) In terms of Accounting Standard(AS) 15 (2005) on “Employee Benefits”, a provision of Rs.87.83 crore (previous year Rs.81.28 crore as per Accounting Standard 15 (1995)) has been made towards employee benefits on the basis of actuarial valuation. Current year provision includes provision of Rs.17.19 crore & Rs.3.35 crore on account of Leave Travel Concession & Baggage Allowance admissible on superannuation respectively. Prior to issue of AS-15 (2005), these were accounted for in the year of actual incurrence.

24. a) Electricity generation is the principal business activity of the Corporation. Other operations viz., contract works and consultancy services 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.

25. Accounting Standard – 18 on related party disclosures issued by the Institute of Chartered Accountants of India does not apply to the group, as both the corporations are State controlled enterprises. However followings are the key management personnel of the Group:-

### NHPC

Shri S.K. Garg	Chairman & Managing Director w.e.f. 23.01.2007. Also holding additional charge of Director (Finance). Earlier Director (Finance) with additional charge of Chairman & Managing Director w.e.f. 01.10.2005.
Shri S.K. Chaturvedi	Director (Personnel)
Shri S. P. Sen	Director (Technical)
Shri S. K. Dodeja	Director (Projects) w.e.f. 02.09.2006.

### NHDC

Shri T. Mandal	Whole time Director & designated Chief Executive Director (from 19.09.2006 to 28.02.2007).
Shri D. P. Bhargava	Whole time Director & designated Chief Executive Director (w.e.f. 28.02.2007).

26. 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.12.27 crore (Previous year Rs.14.03 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 under Schedule of Generation, Administration and other expenses.

27. a) **Earning Per Share - NHPC**

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

	For Year 2006-07	For Year 2005-06
Net Profit after Tax used as numerator (Rs. crore)	924.80	742.75
Weighted Average number of equity shares used as denominator		
– Basic	10502319459	98972844
– Diluted	10822615290	102411137
Earning Per Share (Rupees)		
– Basic	0.88	75.05
– Diluted	0.85	72.53
Face value per share (Rupees)	10	1000*

\* split into Share of Face Value of Rs.10/- each w.e.f. 13.03.2007.

b) **Earning Per Share-NHDC**

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

	For Year 2006-07	For Year 2005-06
Net Profit after Tax used as numerator (Rs. crore)	454.31	106.10
Weighted Average number of equity shares used as denominator		
– Basic	19625800	19337615
– Diluted	19625800	19557581
Earning Per Share (Rupees)		
– Basic	231.48	54.87
– Diluted	231.48	54.25
Face value per share (Rupees)	1000	1000

28. 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)

		31.03.2006	31.03.2007
	<b>Deferred Tax Liability</b>		
i)	Depreciation	2381.18	2507.52
	<b>Less: Deferred Tax Assets</b>		
ii)	Accumulated unabsorbed depreciation	367.46	100.27
iii)	Advance against Depreciation to be considered as income in tax computation	129.95	131.23
iv)	Provision for doubtful debts, Insurance, contingencies and incentive (Bonds)	150.05	179.84
v)	Provision for employee benefit schemes	56.01	67.11
	<b>Deferred Tax Liability (Net)</b>	<b>1677.71</b>	<b>2029.07</b>

29. The Management is of the opinion that, except to the extent provided for in respect of abandoned projects, no case of impairment of assets exists under the provision of Accounting Standard (AS)-28 on Impairment of assets as at 31<sup>st</sup> March 2007.

30. In compliance of the provisions of Accounting Standard 29 on "Provisions, Contingent Liabilities & Contingent Assets", a provision of Rs.222.13 crore has been made towards obligations for Environment & Ecology and Relief & Rehabilitation etc. Consequently Fixed Asset & CWIP is higher by similar amount.

31. a) Remuneration paid/payable to Directors:

(Rupees in crore)

		For Year 2006-07	For Year 2005-06
(i)	Salaries & Allowances	0.31	0.48
(ii)	Contribution to Provident Fund	0.03	0.05
(iii)	Rent for Residential Accommodation	0.09	0.08
(iv)	Other benefits	0.04	0.04
(v)	Sitting Fees	-	-

- 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

32. Remuneration to Statutory Auditors

(Rupees in crore)

	For Year 2006-07	For Year 2005-06
Statutory Audit Fees	0.28	0.23
Tax Audit Fees	0.05	0.05
Audit Expenses	0.26	0.33
Other matters	0.03	0.01
<b>Cost Auditors</b>		
-Audit Fees	0.06	0.06
-Audit Expenses	0.02	0.01

33. Quantitative details in respect of Energy produced and sold:

		For Year 2006-07	For Year 2005-06
(i)	Licensed Capacity (M.W.)	Not applicable	Not Applicable
(ii)	Installed Capacity (M.W.)***	4104.20	3729.20
(iii)	Actual Generation (Million Units) *	15654.34	15140.51
(iv)	Actual Sales (Million Units) **	13878.76	13343.21

\* including infirm Power.

\*\* excluding free Power to Home States.

\*\*\*Loktak Power Station capacity derated from 105 MW to 90 MW w.e.f. 04.04.2006.

34. (Rupees in crore)

		For Year 2006-07	For Year 2005-06
a)*	Value of imports calculated on CIF basis:		
	i) Capital Goods	211.80	67.51
	ii) Spare parts	1.18	2.27
b)*	Expenditure in Foreign Currency		
	i) Know - How	2.36	1.19
	ii) Interest	112.38	108.47
	iii) Other Misc. Matters	232.30	413.10
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported	3.52 (39.82%)	5.12(34.74%)
	ii) Indigenous	5.32 (60.18%)	9.62(65.26%)
d)**	Earnings in foreign currency		
	i) Interest	—	—
	ii) Others	—	—

\* Accrual basis.

\*\* Cash basis.

35. Disclosure as required under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 is NIL in respect of all the items specified therein.

36. Previous year's figures/opening balances have been regrouped/re-arranged/re-cast wherever necessary

**VIJAY GUPTA**  
COMPANY SECRETARY

**S. P. SEN**  
DIRECTOR (TECHNICAL)

**S.K. GARG**  
CHAIRMAN & MANAGING DIRECTOR

Place: **NEW DELHI**  
Dated: **26<sup>th</sup> MAY, 2007**

## CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2007

(Rupees in crore)

	31st March, 2007	31st March, 2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	1592.99	926.79
<b>ADD :</b>		
Depreciation including prior period	361.42	428.65
Tariff Adjustment / Advance Against Depreciation	208.64	10.83
Interest excluding rebate	338.90	380.76
Self-Insurance Reserve	75.68	72.62
Others Provisions / Adjustments	11.14	40.57
Loss / (Profit) on Sale of Assets	0.06	(0.44)
Exchange rate variation	(1.71)	(3.10)
Dividend Income	(1.29)	(1.00)
<b>Cash flow from operating activities before working capital adjustments</b>	<b>2585.83</b>	<b>1855.68</b>
<b>Working Capital Changes</b>		
(Increase)/Decrease in Inventories	(2.61)	(9.94)
(Increase)/Decrease in Contract Work in Progress	(186.81)	(50.30)
(Increase)/Decrease in Receivables	(707.51)	72.24
Increase/(Decrease) in Trade & Other Payables	636.43	178.27
<b>Cash flow from operating activities before taxes</b>	<b>2325.33</b>	<b>2045.95</b>
Less : Taxes	214.56	96.77
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>2110.77</b>	<b>1949.18</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & expenditure on construction projects (including incidental expenditure during construction)	(3396.27)	(2658.19)
Sale proceeds on disposal of fixed assets	154.73	49.01
Investment	256.44	
Dividend Received	1.29	1.00
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(2983.81)</b>	<b>(2608.18)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	630.95	622.44
Share capital deposit		20.38
Dividend & Dividend Tax Paid	(276.77)	(168.42)
Proceeds from Borrowings	2217.90	2178.74
Repayments of Borrowings	(1187.04)	(1742.30)
Interest & Financial Charges	(633.82)	(619.89)
Fund from GOMP	45.33	287.28
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>796.55</b>	<b>578.23</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(76.49)</b>	<b>(80.77)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>892.78</b>	<b>973.55</b>
<b>Cash &amp; Cash Equivalents at the close of the year</b>	<b>816.29</b>	<b>892.78</b>

### EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and Cash equivalents consist of Cash in hand and bank balances including cheques / drafts in hands.
- 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.
- The Previous year's figures has been regrouped / re-arranged / re-cast wherever necessary.

As per our attached report of even date  
**For GSA & ASSOCIATES**  
Chartered Accountants

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

**(SANJEEV CHAUDHARY)**  
Partner  
M.No.85761

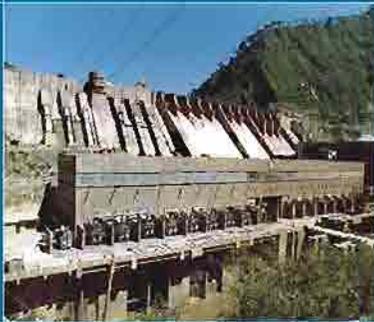
**VIJAY GUPTA**  
Company Secretary

**S.P.SEN**  
Director (Technical)

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

Place : New Delhi  
Dated : 26<sup>th</sup> May, 2007





## National Hydroelectric Power Corporation Ltd.

(A Government of India Enterprise)

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

Website : <http://www.nhpcindia.com>