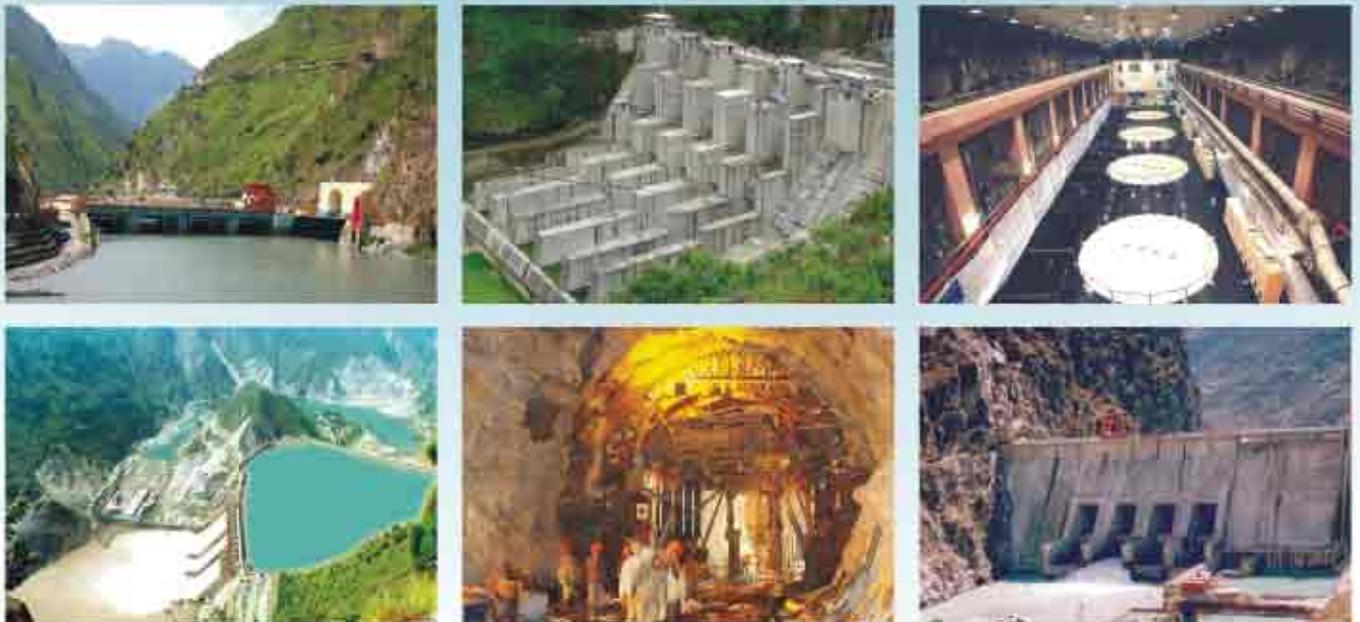


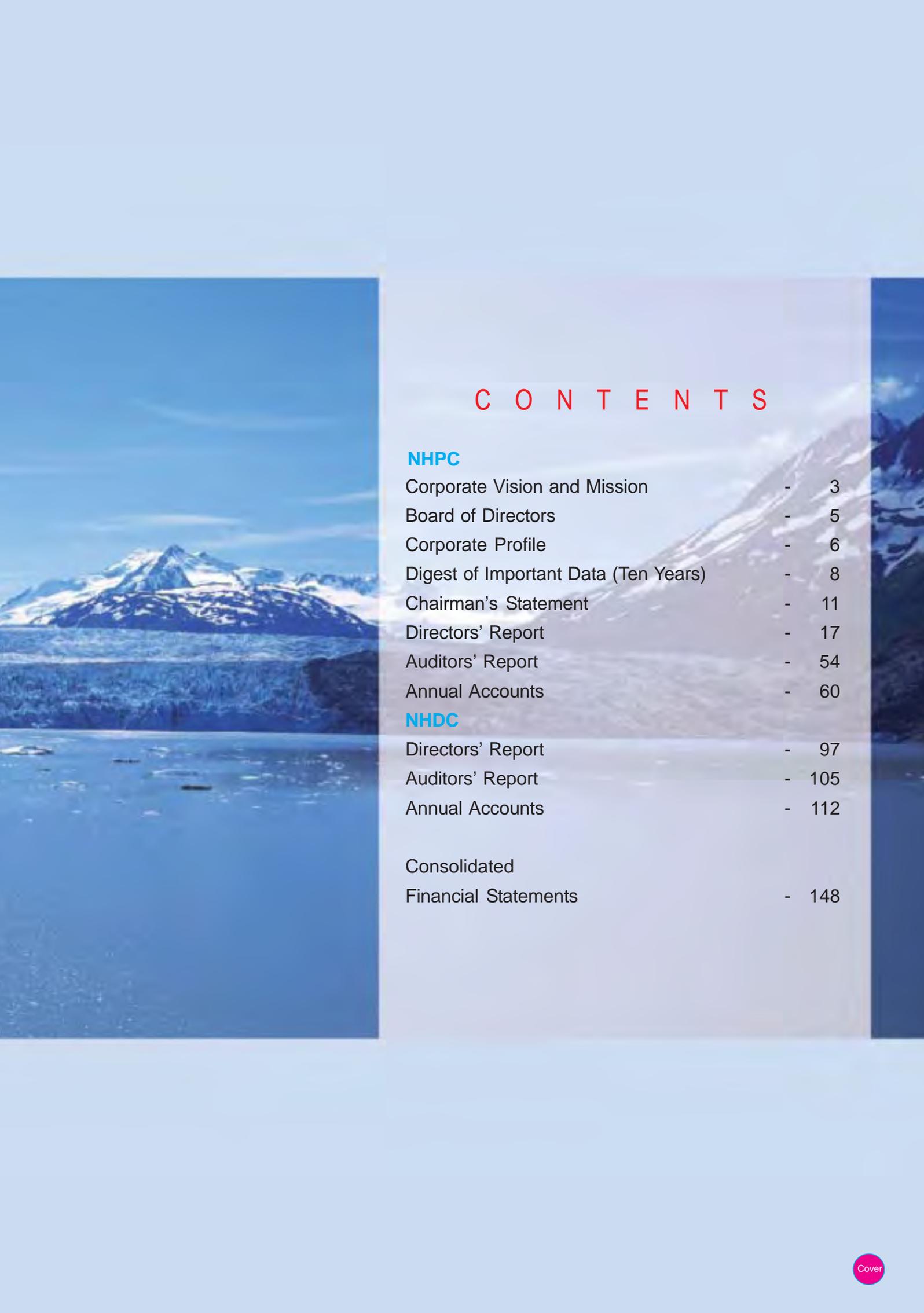
Annual Report 2007-08



NHPC Limited
(A Government of India Enterprise)







C O N T E N T S

NHPC

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NHDC

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C O R P O R A T E V I S I O N

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

C O R P O R A T E M I S S I O N

- 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.





Shri S.K. Garg
Chairman & Managing Director

BOARD OF DIRECTORS

As on 05.08.2008



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



Shri Gurdial Singh
Member (Hydro), CEA



Shri Jayant Kawale
Jt. Secretary (MOP)



Smt. Komal Anand
Non-Official Part-Time
Director



Shri A.K. Mago
Non-Official Part-Time
Director



Shri Raman Sidhu
Non-Official Part-Time
Director



Shri R. Jeyaseelan
Non-Official Part-Time
Director



Dr. Kuriakose Mamkoottam
Non-Official Part-Time
Director



Shri Vijay Gupta
Company Secretary

Company Secretary
Shri Vijay Gupta

Statutory Auditors
M/s GSA & Associates,
Chartered Accountants,
502, Prabhat Kiran,
17, Rajendra Place,
New Delhi-110008

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

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

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

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

Bankers

State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Patiala
Indian Overseas Bank
Bank of India
J&K Bank of India
ICICI Bank Limited
Deutsche Bank
Axis Bank Ltd.
Bank of Bhutan
Standard Chartered Bank
IDBI Limited

CORPORATE PROFILE

FINANCIAL		2007-08	2006-07	2005-06	2004-05
Sales	**	2243.73	1754.12	1614.11	1449.98
Miscellaneous income	@	911.77	433.38	359.55	393.80
Profit before interest, depreciation & tax	\$	2201.93	1610.04	1454.71	1438.86
Profit after interest & depreciation		1146.65	1087.74	812.16	777.53
Profit after interest, depreciation & tax		1004.09	924.80	742.75	684.58
Dividend		300.00	278.00	223.00	140.00
Reserves & surplus (cumulative)		6093.34	5367.05	4709.89	4168.49
WHAT CORPORATION OWNS					
Gross Fixed Assets		20639.51	12943.64	12755.52	10876.28
Depreciation		3262.66	2850.92	2527.83	2148.20
Net Fixed Assets		17376.85	10092.72	10227.69	8728.08
Capital Work in progress		6318.64	11399.92	8844.19	8787.19
Construction Stores and Advances		1077.34	856.43	778.95	770.14
Investments		3049.22	3322.75	3832.81	3769.43
Net Current Assets		713.03	-345.60	-225.34	138.69
Miscellaneous Expenditure not w/o.		0.34	25.80	24.55	1.18
		28535.42	25352.02	23482.85	22194.71
WHAT CORPORATION OWES					
Net Worth					
- Share Capital		11182.49	11207.04	10576.09	9933.27
- Reserves		6093.34	5367.05	4709.89	4168.49
Income Received in advance on account of Advance Against Depreciation		1303.26	1245.98	1030.18	1071.15
Borrowings		9956.33	7531.95	7166.69	7021.80
		28535.42	25352.02	23482.85	22194.71
OPERATING PERFORMANCE					
		2007-2008	2006-2007	2005-2006	2004-2005
Generation (M.U.)		14663	13049	12567	11286
Machine availability (%)		96.13	94.11	98.16	95.30
Sales (Rs.in crore)		2243.73	1754.12	1614.11	1449.98
Man power (Nos.)		12341	12768	13118	13470

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

@ Includes receipts against contracts

\$ After prior period adjustments

(Rupees in crore)

2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
1276.09	1172.23	1221.00	1179.90	1075.70	1194.40
551.69	302.96	330.40	575.70	202.60	39.10
1477.37	1153.39	1183.50	1209.70	1070.70	999.20
643.48	555.00	513.10	484.20	401.20	305.30
621.38	510.50	470.90	443.40	401.20	305.30
120.00	75.00	50.00	30.00	15.00	15.00
3594.27	3065.70	2598.50	2139.10	1690.60	1272.10
10342.71	8280.95	8113.50	7892.70	7752.70	7090.40
1882.95	1672.19	1526.70	1280.10	1029.00	811.10
8459.76	6608.76	6586.80	6612.60	6723.70	6279.30
6975.83	7078.00	5218.30	3710.80	2768.60	2576.00
805.55	621.74	525.50	613.00	511.50	322.80
3660.87	2415.66	1965.00	679.90	0.00	0.00
107.76	1889.77	1512.20	1864.20	2100.90	1471.80
0.71	1.20	2.00	9.80	1.90	0.40
20010.48	18615.13	15809.80	13490.30	12106.60	10650.30
8629.03	7240.61	6345.70	5188.20	4446.20	3825.00
3594.27	3065.70	2598.50	2139.10	1690.60	1272.10
939.40	801.06	648.40	519.90	386.10	245.50
6847.78	7507.76	6217.20	5643.10	5583.70	5307.70
20010.48	18615.13	15809.80	13490.30	12106.60	10650.30
2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
11046	9863	8912	8774	8691	9917
96.82	96.62	96.86	92.09	91.05	88.39
1276.09	1172.23	1221.00	1179.90	1075.70	1194.40
13648	13017	13054	11850	12150	11860

DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL	2007-08	2006-07	2005-06	2004-05
A SALE OF ENERGY \$	2301.00	1969.93	1661.99	1581.73
B ADVANCE AGAINST DEPRECIATION	57.27	215.81	47.88	131.75
C OTHER INCOME (INCLUDES CONST. & CONSULTANCY RECEIPT) #	911.77	433.38	359.55	393.80
D TOTAL INCOME (A)-(B)+(C)	3155.50	2187.50	1973.66	1843.78
E GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY EXP.)	953.57	577.46	518.95	404.92
F GROSS MARGIN (D) - (E)	2201.93	1610.04	1454.71	1438.86
G DEPRECIATION	443.74	290.55	269.57	248.97
H GROSS PROFIT (F) - (G)	1758.19	1319.49	1185.14	1189.89
I INTEREST AND FINANCE CHARGES	611.54	231.75	372.98	412.36
J NET PROFIT (H) - (I)	1146.65	1087.74	812.16	777.53
K TAX	142.56	162.94	69.41	92.95
L NET PROFIT AFTER TAX (J) - (K)	1004.09	924.80	742.75	684.58
M INTERNAL RESOURCE GENERATED (G)+(L)+(B)	1505.10	1431.16	1060.20	1065.30
N AUTHORISED CAPITAL	15000.00	15000.00	15000.00	15000.00
O EQUITY PAID UP CAPITAL **	11182.49	11207.04	10576.09	9933.27
P RESERVE AND SURPLUS	6093.34	5367.05	4709.89	4168.49
Q LOAN FUND	9956.33	7531.95	7166.69	7021.80
R INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)	1303.26	1245.98	1030.18	1071.15
S GROSS FIXED ASSETS	20639.51	12943.64	12755.52	10876.28
T DEPRECIATION	3262.66	2850.92	2527.83	2148.20
U NET FIXED ASSETS (S) - (T)	17376.85	10092.72	10227.69	8728.08
V CAPITAL WORK-IN-PROGRESS	6318.64	11399.92	8844.19	8787.19
W CONSTRUCTION STORES AND ADVANCES	1077.34	856.43	778.95	770.14
X INVESTMENTS	3049.22	3322.75	3832.81	3769.43
Y WORKING CAPITAL	713.03	-345.60	-225.34	138.69
Z MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	0.34	25.80	24.55	1.18
AA GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)	28535.08	25326.22	23458.30	22193.53
AB NET WORTH (O)+(P)-(Z)	17275.49	16548.29	15261.43	14100.58
AC INVENTORY CONSUMPTION IN POWER STATION	6.15	6.56	12.02	7.73
AD VALUE ADDED (A)-(B)-(AC)	2237.58	1747.56	1602.09	1442.25
<p>\$ INCLUDING TARIFF ADJUSTMENT, WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS</p> <p>** INCLUDING SHARE DEPOSIT & GOI FUND ADJUSTABLE TO EQUITY</p> <p># INCLUDES RECEIPTS AGAINST CONTRACTS</p>				
RATIOS	2007-08	2006-07	2005-06	2004-05
1 RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)	6.16%	5.21%	5.05%	5.36%
2 RETURN ON NET WORTH (L) / (AB)	5.81%	5.59%	4.87%	4.85%
3 NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)	7.86%	6.93%	6.88%	6.53%
4 VALUE ADDED TO NET SALES (AD) / ((A)-(B))	99.73%	99.63%	99.26%	99.47%
5 DEBT TO EQUITY RATIO (Q) / ((O)+(P)+(R))	0.54	0.42	0.44	0.46
6 NET PROFIT TO NET SALES (L) / ((A)-(B))	44.75%	52.72%	46.02%	47.21%

(Rupees in crore)

2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
1414.43	1324.86	1349.60	1313.70	1216.30	1309.40
138.34	152.63	128.60	133.80	140.60	115.00
551.69	302.96	330.40	575.70	202.60	39.10
1827.78	1475.19	1551.40	1755.60	1278.30	1233.50
350.41	321.80	367.90	545.90	207.60	234.30
1477.37	1153.39	1183.50	1209.70	1070.70	999.20
208.14	140.36	231.60	238.70	219.80	215.20
1269.23	1013.03	951.90	971.00	850.90	784.00
625.75	458.03	438.80	486.80	449.70	478.70
643.48	555.00	513.10	484.20	401.20	305.30
22.10	44.50	42.20	40.80	0.00	0.00
621.38	510.50	470.90	443.40	401.20	305.30
967.86	803.49	831.10	815.90	761.60	635.50
15000.00	10000.00	7000.00	7000.00	5000.00	5000.00
8629.03	7240.61	6345.70	5188.20	4446.20	3825.00
3594.27	3065.70	2598.50	2139.10	1690.60	1272.10
6847.78	7507.76	6217.20	5643.10	5583.70	5307.70
939.40	801.06	648.40	519.90	386.10	245.50
10342.71	8280.95	8113.50	7892.70	7752.70	7090.40
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8459.76	6608.76	6586.80	6612.60	6723.70	6279.30
6975.83	7078.00	5218.30	3710.80	2768.60	2576.00
805.55	621.74	525.50	613.00	511.50	322.80
3660.87	2415.66	1965.00	679.90	0.00	0.00
107.76	1889.77	1512.20	1864.20	2100.90	1471.80
0.71	1.20	2.00	9.80	1.90	0.40
20009.77	18613.93	15807.80	13480.50	12104.70	10649.90
12222.59	10305.11	8942.20	7317.50	6134.90	5096.70
2.67	2.65	6.90	7.10	6.00	13.30
1273.42	1169.58	1214.10	1172.80	1069.70	1181.10

2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
6.34%	5.44%	6.02%	7.20%	7.03%	7.36%
5.08%	4.95%	5.27%	6.06%	6.54%	5.99%
6.38%	6.30%	7.72%	8.75%	8.89%	11.22%
99.79%	99.77%	99.43%	99.40%	99.44%	98.89%
0.52	0.68	0.65	0.72	0.86	0.99
48.69%	43.55%	38.57%	37.58%	37.30%	25.56%



390 MW Dul Hasti Power Station (J&K) - Power House

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Directors and employees of NHPC Limited, I have great pleasure in extending a warm welcome to you at the 32nd Annual General Meeting of Your Company. The Annual Report containing Accounts for the year ending 31st March, 2008 and Auditors' Report thereon is already with you for consideration and adoption. I have pleasure to inform that the Comptroller and Auditor General has given Nil comments on annual accounts. With your permission I take them as read.

You would be glad to note that your Company has been conferred with the prestigious 'Mini Ratna' Status by the Government of India thus allowing the Company to have more autonomy for decision making. The Company has also changed its name from "National Hydroelectric Power Corporation Ltd.," to 'NHPC Limited' as it is popularly known in the industry. The Company has also amended its object clause of the Memorandum of Association to include trading, power development including forward, backward or horizontal integration, ancillary and other allied industries. The implementation of ERP project achieved a mile stone with the formal commissioning of "Energy Sales Accounting" and this module is the first of the seven business modules under 'Project Kiran'. I am glad to state that the Corporate Office is already certified ISO-9001:2000 for its Quality Management System; ISO-14001:2004 for its Environmental Management System and OHSMS-18001 for its Occupational Health & Safety Management System. To implement two or more management system standards/specifications in an integrated way NHPC has taken initiative for implementing PAS 99 (Publicly Available Specifications) from BSI (British Standard Institute) and got certified for the same.

Your Company is marching towards the ladder of success and during the year under review commissioned the prestigious 510 MW of Teesta-V Power Station situated at Sikkim. The project will generate 2573 Million units energy annually in a 90% dependable year. The commercial generation has already started and is supplying much needed power to DVC, Bihar, Orissa, Jharkhand, West Bengal and Sikkim. You will appreciate that this tremendous achievement is the outcome of hard work put in by all NHPCians as a team. The installed capacity of your Company constitute 14.36% of the total Hydro capacity in the country.

During the period under review, You would be glad to note that your subsidiary company viz. M/s. Narmada Hydroelectric Development Corporation Ltd. has also commissioned 520 MW of Omkareshwar Power Station at

Madhya Pradesh. On commissioning of both the projects of NHDC, the demand and supply position in Madhya Pradesh has improved considerably. These projects were commissioned ahead of the scheduled time. The net profit of NHDC in current year is Rs.329.61 crore against Rs. 248.73 crore in the year 2006-07.

With the dedication of employees for completion of the existing projects, your Company is planning to become 10,000 MW plus company by end of 11th Plan.

On the operational front, the Company continues to improve upon the performance during the past years. The Company generated 14813.16 million units during the year 2007-08 registering an increase of 13.52% over the generation during last year. Most of its power stations have exceeded their generation targets and achieved capacity index of 96.14%.

During the year, the Company has achieved a turnover of Rs.2301 crore and earned its highest ever net profit of Rs.1004.09 crore since its inception. Your Directors have recommended a dividend of Rs.300 crore i.e 30% of net profit including the interim dividend of Rs.100 crore against the total dividend of Rs.278 Crore paid last year. This is the highest ever dividend declared so far.

Your Company has realized the principal amount of Rs.2237.67 crore towards energy sold to the beneficiaries during the year. The realization of the sales proceeds were 100% of the billing, exceeding the target set in the

MoU with Ministry of Power. Company has also earned an interest and other income of Rs.209.22 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. However, it is to inform that the progress of works suffered badly at Subansiri (Lower) H.E. Project due to slope failure in Power House area, at Teesta Low Dam Project, Stage-III due to flood and at Parbati H.E. Project, Stage-III due to ban imposed by Himachal Pradesh High Court on lifting of aggregate from Kullu Vally. The ban is lifted now.



Shri S.K. Garg, CMD, NHPC welcoming Dr. Manmohan Singh, Hon'ble Prime Minister of India during the dedication ceremony of 390 MW Dul Hasti Power Station at Kishtwar



Shri S.K. Garg, CMD, NHPC exchanging MoU documents with Shri Anil Razdan, Secretary (Power)

Government of India is according topmost 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 of States of West Bengal, Bihar, J&K, Chhattisgarh and Orissa. In addition to above, your Company is executing works of rural roads under the Pradhan Mantri Gram Sadak Yojna (PMGSY) in the State of Bihar.



Shri Sushilkumar Shinde, Hon'ble Union Minister of Power alongwith Shri Anil Razdan, Secretary (Power) and Shri S.K. Garg, CMD, NHPC after inaugurating the AVYA, The SCADA Hall at Chamera-I Power Station

It is universally accepted that no development project can be considered complete unless the people residing in the area adjoining the project also get the benefits of the development. Your Company 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 Company include the community development initiatives viz. Creating Herbal Parks, large scale Afforestation, Catchment Area Treatment (CAT), Fisheries Management, Vocational Training Programmes for the Rural Youth and Women, Adult education Programmes, Medical Camps, development of Infrastructural facilities, etc.

I am glad to inform that your Company has received various awards and recognition for its achievements. Smt. Sheila Dikshit, Chief Minister of Delhi presented "BML Munjal Award for Excellence in Learning and Development" instituted by 'HERO Group' recognizing NHPC's efforts for consistently using Training, Learning and Development as a source of competitive advantage and business strategy.



Shri S.K. Garg, CMD, NHPC receiving "BML Munjal Award for Excellence in Learning and Development" from Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi

I am also happy to inform that your Company has been awarded with the "SCOPE Meritorious Award for Corporate Social Responsibility and Responsiveness" instituted by SCOPE, recognizing NHPC's constant endeavor to be a Good Corporate Citizen through incorporation of the best practices of good Corporate Governance, Employee Welfare, Strong Environmental Commitments and Smooth Industrial Relations by Ministry of Heavy Industry.

Government of India has given its consent to your Company to raise funds by issue of shares of 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 will be soon filed with SEBI after which issue will hit the market shortly.

It is heartening to note that your Company consistently enjoys highest credit rating i.e AAA for domestic borrowings and rating equivalent to Sovereign rating for external borrowings from reputed international rating agencies bear testimony to NHPC's strong fundamentals and financial strength.

I am happy to inform that our Joint Venture Company "Narmada Hydroelectric Development Corporation Ltd." too shares our values. Indirasagar and Omkareshwar Projects are generating and supplying power to the state of Madhya Pradesh at a relatively cheaper rate.

During the year under review, your Company has received consultancy assignments for preparation of DPR of Mangdechhu H.E. 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, Implementation of Durgaduani Tidal Power project (3.65 MW) in West Bengal and consultancy services for supply, erection, testing & commissioning of 400 kv additional GIS Bay and associated equipments at Chamera-II on Deposit work basis. Company has received consultancy assignments worth Rs. 21.56 crore during the year.



Shri S.K. Garg, CMD, NHPC receiving the "SCOPE Meritorious Award for Corporate Social Responsibility and Responsiveness" from Shri Sontosh Mohan Dev, Hon'ble Union Minister for Heavy Industries and Public Enterprises



Human Resource is Company's biggest asset and efforts are being made to channelise the talent towards the overall objectives of the Company. Number of innovative schemes / policies has been introduced to nurture the potential of our employees. It is a matter of pride to inform that the industrial relations climate in the Company remained cordial and harmonious and no man days were lost during the year. Your Company accords utmost importance to the usage of National Language in official dealings and has been encouraging its use through various innovative schemes.



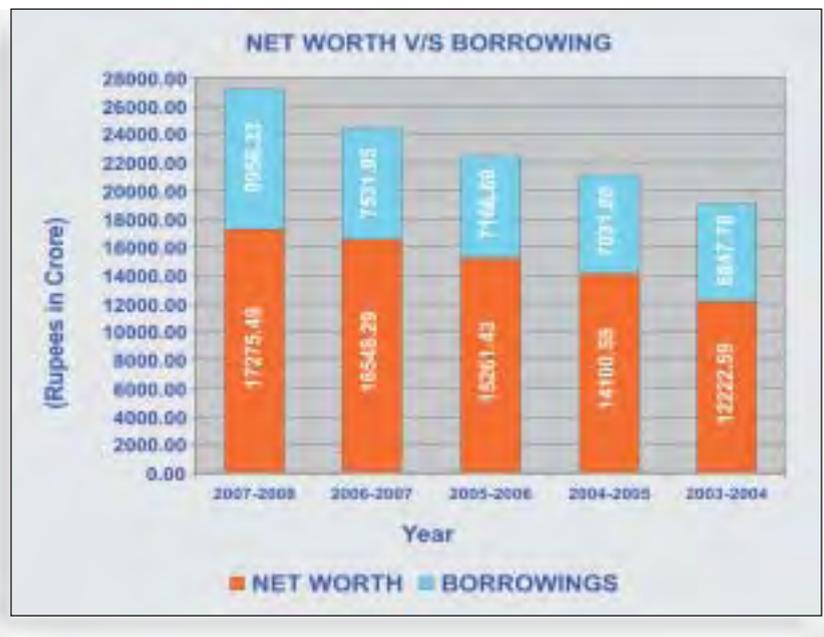
Shri S.K. Garg, CMD, NHPC felicitating Dr. Girija Vyas, Chairperson of the National Commission for Women during the NHPC lecture Series

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 External Affairs, Ministry of Environment and Forest, Central Water Commission etc. and also to the various departments of State Government including Electricity Boards/ Companies for the support and guidance received. I would also wish to express my sincere thanks to National & International Financing Institutions for the faith and confidence reposed by them and for their

continued financial assistance to NHPC.

I take this opportunity to make special mention of the dedication, diligence and commitment of the NHPCians at all levels and for their excellent performance under the most difficult and dangerous conditions leaving their families thousand of miles away.

I would like to thank all the Directors of the Board for their valuable contribution and cooperation which enabled the Company to scale new heights and achieve excellent performance.




(S.K.Garg)

Chairman & Managing Director

Date : 05.08.2008

Place: Faridabad



480 MW Uri Power Station (J&K) - Power House

DIRECTORS' REPORT

To the Members,

NHPC Limited,

Your Directors have great pleasure in presenting the 32nd Annual Report on the performance of your Corporation along-with Audited Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the financial year ended 31st March, 2008.

The financial performance for the year ended as on March 31st 2008 is summarized here under:-

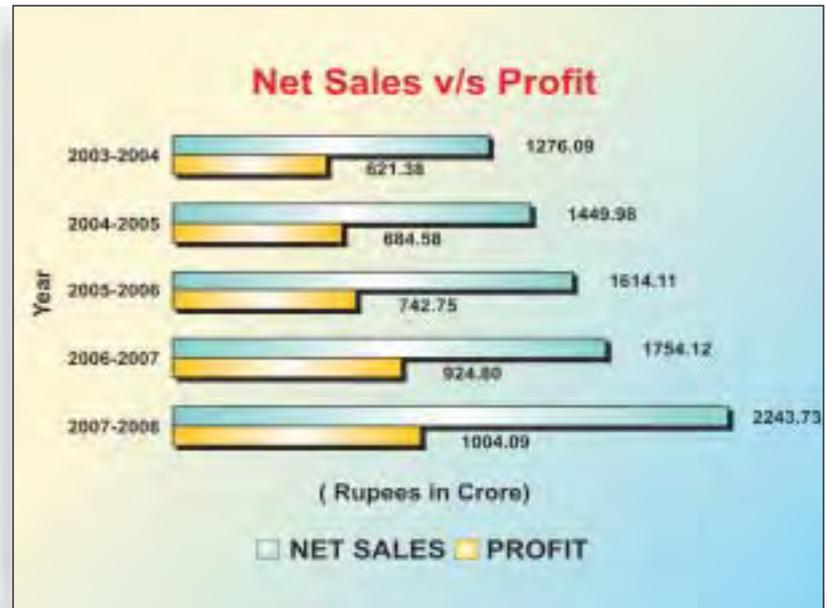


Table I

FINANCIAL HIGHLIGHTS

(Rs. in Crore)

Particulars	2007-2008	2006-2007
Sales	2301.00	1962.76
Profit before Depreciation, Interest and Tax	2201.93	1610.04
Depreciation	443.74	290.55
Profit after Depreciation but before Interest and Tax	1758.19	1319.49
Interest & Finance Charges	611.54	231.75
Profit after Depreciation and Interest but before Tax	1146.65	1087.74
Tax	142.56	162.94
Profit after Depreciation, Interest and Tax	1004.09	924.80
Surplus of Profit and Loss Account of earlier years	715.18	2829.74
Amount written back from bonds redemption reserve	0.00	83.75
Profit available for appropriations	1719.27	3838.29
APPROPRIATIONS		
Transfer to Bond Redemption Reserve	23.75	-
Interim Dividend	100.00	72.00
Proposed Final Dividend	200.00	206.00
Corporate Dividend Tax	50.99	45.11
Transfer to general reserve	0.00	2800.00
Balance Profit carried to Reserves and Surplus	1344.53	715.18

2. PROPOSED DIVIDEND

Your Directors have recommended a highest ever lump sum dividend of Rs. 300 crore including the interim dividend of Rs. 100 crore (excluding Dividend Tax) for the year 2007-08 which is about 30% of the net profit of the Corporation.



Shri S.K. Garg, CMD, NHPC presenting dividend cheque to Shri Sushilkumar Shinde, Hon'ble Union Minister of Power in the presence of Shri Jairam Ramesh, Hon'ble Union Minister of State for Commerce and Power & Shri Anil Razdan, Secretary (Power)

3. CAPITAL STRUCTURE

During the year, Corporation issued equity shares of Rs. 8.83 crore to the President of India and the total paid up capital of the Corporation was Rs. 11,182.49 crore as on March 31st 2008 after taking the effect of Rs. 24.55 crore for reduction of Share Capital due to the closure of Koel Karo project.

4. CONSULTANCY SERVICES

During the financial year 2007-2008, Consultancy assignments amounting to Rs. 21.56 crore and payments amounting to Rs. 30.11 crore were received. Important consultancy assignment during the year include the preparation of DPR of Mangdechhu H.E.

Project in Bhutan; works for Udampur–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, Implementation of Durgaduani Tidal Power project (3.65 MW) in West Bengal and consultancy services for supply, erection, testing & commissioning of 400 kv additional GIS Bay and associated equipments at Chamera - II on Deposit work basis.

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.

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



Shri S.K. Garg, CMD, NHPC alongwith Shri Anil Razdan, Secretary (Power), Shri Prithviraj Chavan, Hon'ble Minister of State, PMO, Shri Dorjee Khandu, Hon'ble Chief Minister of Arunachal Pradesh and other officials after unveiling the foundation stone of 3000 MW Dibang Multipurpose Project by the Hon'ble Prime Minister of India

5. RURAL ROADS PROJECT

The corporation has signed a Memorandum of Understanding with the Ministry of Rural Development, Govt. of India and Govt. of Bihar for construction of Rural Roads and its maintenance under Pradhan Mantri Gram Sadak Yojna (PMGSY) in Bihar. NHPC has been allotted six districts of Bihar namely East Champaran, Muzaffarpur, Sheohar, Sitamarhi, Vaishali and West Champaran. DPR has been prepared and submitted for approval for construction of 427 number of roads (length 2259 km). Approval for 304 number roads (length 1741 km) has been received and work for the length of 495 km has been completed so far.

6. RURAL ELECTRIFICATION (RE) PROJECTS

NHPC has taken initiative for contributing to the cause of village electrification programme under RAJIV GANDHI GRAMIN VIDYUTIKARAN YOJNA (RGGVY) in 27 districts of States of West Bengal, Bihar, J&K, Chhattisgarh and Orissa with an estimated cost of about Rs. 2580 crore. The scope of work of all the districts includes 32400 villages and service connection to 20.80 lacs of BPL Households.

Out of 27 districts, NHPC has awarded contracts for works in 14 districts. The tender process for the remaining 13 districts has been initiated. 1276 numbers villages have been electrified and 59479 numbers BPL service connections were also provided during 2007-08.

7. INFORMATION TECHNOLOGY AND COMMUNICATIONS

NHPC has over the years implemented software applications in key business areas like HR, Finance, Commercial, Project Management, Power Generation, Material Management etc. across the organisation. NHPC has also created an elaborate Satellite based Communication network to connect its remote locations and a robust IT infrastructure to support the IT applications.

With the objective of high level of interaction, co-ordination and synchronization of all functions and to enhance NHPC's capability to respond to new needs in a dynamic business environment NHPC is implementing IFS ERP solution of IFS AB, Sweden across the organisation in seven business processes i.e. Project Management (Concept to Commissioning), Power Plant Operation and Maintenance, Procurement and Contracts, HR, Finance, Engineering & QA and Energy Sales Accounting.

By October, 2009, ERP project is likely to be implemented across all locations of NHPC which would facilitate improved performance, productivity and profitability in the organisation.

Awards conferred to NHPC during 2007~2008:

1. "Global HR Excellence Award" by 'Organizing Council for Asia Pacific HRM Congress' for the year 2007-08, recognizing Innovative HR Practices in NHPC.
2. "BML Munjal Award for Excellence in Learning and Development" instituted by 'HERO Group' recognizing NHPC's efforts for consistently using Training, Learning and Development as a source of competitive advantage and business strategy.
3. "Amity Award for Best Practices of Corporate Social Responsibility" by the Amity International Business School.
4. "SCOPE Meritorious Award for Corporate Social Responsibility and Responsiveness" for the year 2005-06 instituted by SCOPE, recognizing NHPC's constant endeavor to be a Good Corporate Citizen through incorporation of the best practices of good Corporate Governance, Employee Welfare, Strong Environmental Commitments and Smooth Industrial Relations.
5. "Best Corporate Citizen Award" by Power HR Forum-2007.
6. "Best Enterprise Award" by SCOPE-WIPS 2007 for Women Development in Public Sector.



Shri S.K. Garg, CMD, NHPC addressing the gathering on the occasion of Kick off Ceremony of "Project Kiran", the ERP initiative in NHPC



Shri Azim Premji, Chairman & CEO of Wipro Ltd. during his visit to Corporate Office along with Shri S.K. Garg, CMD, NHPC

7. "Water Digest Water Award – 2007-08" for Best Water Management in Public Sector Undertaking.
8. 8th Annual Greentech Environment Excellence Silver Award by Greentech Foundation to Region-II, Banikhet and Dhauliganga Power Station for Environment Management.
9. Golden Peacock Award – 2007 by World Environment Foundation to Region-II, Banikhet for Environment Management.
10. IIIE Enterprise Excellence Award – Gold Shield for 2005-06 for Financial & Operational Strength.



Shri S.K. Garg, CMD, NHPC presenting bouquet to Shri Jairam Ramesh, Hon'ble Union Minister of State for Commerce and Power

8. ENVIRONMENT MANAGEMENT

The Corporation is committed to nurture and preserve 'nature' – mankind's precious heritage for posterity. The Corporation strives to maintain an optimum balance between preservation of environment and construction activities. The adverse impact, if any, of construction activities is mitigated and compensated by adopting measures like Compensatory Afforestation, Catchment Area Treatment, Wildlife Conservation, Green Belt Development, Fishery Management, Health Management, Restoration of Dumping Sites and Quarry Sites etc.

In addition to this, the Corporation also conducts post-construction Environment Impact Assessment studies, to evaluate the efficacy of management plans implemented during the course of project construction.



Shri S.K. Garg, CMD, NHPC along with Shri Vijay Raghav Pant, CVO at the release of the Vigilance Magazine titled "Chetna"

9. VIGILANCE ACTIVITIES

NHPC Vigilance Division is constantly making all out efforts to support the management by bringing awareness amongst the employees in the organization to ensure adherence to various procedures and guidelines so as to bring transparency and fairness in the system. All circulars / guidelines issued by the organization as well as instructions from Government of India & Central Vigilance Commission are being uploaded on intranet site regularly. Vigilance

appreciation programmes / workshops, surprise and regular inspections are being conducted at the projects regularly as preventive measures. Continuous efforts are being made to protect interest of the stakeholders by keeping a close watch on activities in the Organization and continually improving the existing system and procedures.

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.

10. OFFICIAL LANGUAGE IMPLEMENTATION

All efforts are being made by NHPC to encourage progressive use of Official Language in the Corporation by ensuring implementation of various directives, rules of Official Language policy of the Government of India. Raj-Bhasha Fortnight was observed from 1st to 14th September, 2007 in the Corporate Office and different projects/power stations, Regional offices of the Corporation. Second Tuesday of every month is being observed as Hindi Diwas in the Corporation. An user friendly 'Official and Technical Glossary' has been published to facilitate employees for doing their routine official work in Hindi. Quarterly meetings of Official Language Implementation Committee and Hindi Workshops were held regularly in the Corporation. Corporation has reviewed various incentive schemes and made these schemes more attractive.

In order to increase the progressive use of Hindi, a grand 'Akhil Bhartiya Kavi Sammelan' was organised at FICCI Auditorium, New Delhi on 7th December, 2007. Reputed poets of Hindi recited their poems on this occasion. This programme earned a grand success.

A high level translation training programme was conducted for Rajbhasha Officers posted in Projects Power Stations/Units of the Corporation from 10th to 14th March, 2008. Classes have been conducted to impart training of Hindi Language, Hindi Typewriting and Hindi Stenography.

The second sub-committee of Committee of Parliament on Official Language inspected our power stations and units and appreciated the efforts made by the Corporation in order to increase the use of Official Language in the Corporation.

NHPC bagged Rajbhasha Aabhushan Award from Bhartiya Bhasha and Sanskriti Kendra, Delhi and first prize from TOLIC Faridabad. Our Teesta - V project got Rajbhasha Shield (2nd prize) from Rajbhasha Vibhag, Ministry of Home Affairs and Regional Office (Uttarakhand), Dehradun got Rajbhasha Shield (2nd prize) from TOLIC Dehradun.



Akhil Bharatiya Rajbhasha Sammalen held at Corporate Office



Shri S.K. Garg, CMD, NHPC at the NHPC pavilion in Power Gen India & Central Asia 2008 Exhibition held at Pragati Maidan, New Delhi

11. CORPORATE COMMUNICATION

The Corporate Communication plays a pivotal role in projecting the image of the Corporation. The achievements of NHPC were appropriately highlighted through print and electronic media throughout the country. The Corporation participated in a number of National and Regional level exhibitions like "India International Trade Fair – 2007" held at Pragati Maidan, New Delhi, 9th International Exhibition and Conference "Power India – 2007", organized by India Tech Foundation held at Mumbai and 2nd North Bengal Industrial Trade Fair – 2008 at Jalpaiguri, West Bengal. The NHPC Pavilion at India



Shri Sushilkumar Shinde, Hon'ble Union Minister of Power lighting the lamp on the occasion of 33rd Raising Day Celebration of NHPC on 7th November, 2007

related activities and is a member of the Power Sports Control Board. The Corporation emerged as proud winner at the Inter-CPSU Chess Tournament at Shillong hosted by NEEPCO in November, 2007. Shri C.L. Khayuingum, Engineer (E), Rangit Power Station was declared champion in individual event of the tournament. NHPC successfully hosted the 10th Inter-CPSU Carrom and 12th Inter-CPSU Bridge tournament at NHPC Residential Complex, Faridabad in January, 2008 wherein the NHPC Women's Team bagged the first prize in Carrom and Ms. Poorva Maini of Corporate Office was declared champion in individual events. Men's Bridge team finished as second runners up in the event.

NHPC participated in the Inter-CPSU Athletic Championship at Korba and Table Tennis Tournament at Rishikesh and finished as second runners-up in both the events.

As part of celebration of Energy Conservation Day 2007, NHPC coordinated the painting competition for school children organized by Bureau of Energy Efficiency (BEE), Ministry of Power at National Level in five States namely: Jammu & Kashmir, Manipur, Sikkim, Arunachal Pradesh and Madhya Pradesh.



Shri S.K. Garg, CMD, NHPC presenting the shield to the NHPC women's carrom team which stood first in the 10th Inter-CPSU carrom tournament hosted by NHPC under the aegis of Power Sports Control Board

12. CORPORATE 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".

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

The Company has adopted a scheme on Corporate Social Responsibility – Community Development (CSR -CD), Initiatives at Power Stations with the approval of the Board.



Shri S.K. Garg, CMD, NHPC welcoming the participants in the Round Table on Accelerated Development of Hydro Power. Also present on the dias are Shri Sushilkumar Shinde, Hon'ble Union Minister of Power and Shri Anil Razdan, Secretary (Power)

NHPC has undertaken a number of CSR-CD initiatives in the areas of Health, Education, Peripheral Development, Sports & Culture, development of Employment opportunities, Preservation of Nature etc. for the community living in and around the Power Stations and Construction Projects. Various other initiatives were undertaken like creating Herbal Parks with Medicinal Value, large scale Afforestation, Catchment Area Treatment (CAT), Fisheries Management, Vocational Training Programmes for the Rural Youth and Women, Adult education Programmes, Medical Camps, development of Infrastructural facilities.

More importantly NHPC has empowered millions of rural poor in the surrounding communities through Education, Vocational Training Programmes, Adult education Programmes, Health Care, promoting Sports & Culture etc. which have led to large scale socio economic development in the vicinity of various NHPC Power Stations/ Projects.

Under the R&R Policy, NHPC has also earmarked funds for various Community Development Initiatives to be taken up at the Construction Projects.

The NHPC's CSR Initiatives has become a matter of Folklore with reputed Awards / Recognitions like SCOPE Meritorious Award for Corporate Social Responsibility and Responsiveness, Power HR Forum Award for Best Practices as a Corporate Citizen, AMITY Award for Best CSR Practices, Golden Peacock Award for Environmental Excellence, GreenTech Environmental Excellence Award, SRISHTI Awards for Good Green Governance etc. being bestowed on NHPC.

Few CSR-CD Initiatives undertaken during 2007- 08:

- Construction of an Examination Hall at Govt. High School, Janipur Colony, Jammu for the underprivileged students community located in the undeveloped / Backward area of Jammu City.
- Scholarships for Education of local Meritorious Students were provided by various Project Sites of NHPC to help them pursue their education.
- To uphold the interests of the Poor and Meritorious Students Free Uniforms, Books, Stationary Items, School Bags were distributed to around 2000 Students of different Govt. primary / Middle / High Schools by the Project Sites of NHPC.
- Around 104 Free Medical Camps / Eye Camps were arranged by different Project locations wherein free medicines were distributed, Cataract (Eye) Operations and other Surgical operations were conducted for the rural poor.
- Sewing Centers providing Training Courses in Tailoring for the rural needy Women are being run at



Sewing Machines being distributed by Dhauliganga Power Station as a part of CSR-CD initiatives

various Project Sites like Salal, Tanakpur, Chamara-I Power Station etc. with a new Center being opened at Uri Power Station. Approximately 70 Free Sewing Machines were distributed to various Women self Help Groups, Widows, Handicapped people etc.

- To increase the Employability of the Local Youth, One Year Diploma in Computer Software Technology (DCST) to 13 local youths and ITI Training at ITI Roing & Tabarijo to 36 local youths was provided by Salal Power Station in J&K and Subansiri Lower Project, Arunachal Pradesh respectively.



Shri S.K. Garg, CMD, NHPC inaugurating the Basant Mela at NHPC Residential Colony, Surajkund

- To encourage & promote sports in the region where NHPC Sites are located, Infrastructural facilities and sports items were distributed by different project sites of NHPC.

13. CORPORATE GOVERNANCE

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

14. RIGHT TO INFORMATION ACT, 2005

In compliance to the provisions of Right to Information Act, 2005 the Corporation has provided various documents / records at its website and appointed the Company Secretary as the Central Public Information Officer (PIO) of the Corporation. To enable nation wide access to the information, Asstt. Public Information Officers at each of Power Station / Project / Regional Office / Unit were also appointed. All the applications received under this Act have been attended and suitable reply / information furnished to the applicants.

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

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



Shri S.K. Garg, CMD, NHPC and Shri V.K.Garg, CMD, PFC after signing three Memorandum of Agreements with PFC for line of credit facilities aggregating to Rs. 3,000 crore

16. PARTICULARS OF EMPLOYEES

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

17. AUDITORS

M/s. GSA & Associates, Chartered Accountants, New Delhi, was appointed as Statutory Auditors for conducting the Audit for the year 2007-2008. 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.

18. AUDITOR'S REPORT

The Auditor's 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 are given in **Annexure -V**. The comments of the Comptroller and Auditor General of India are enclosed as **Annexure-VI** to the Report. The consolidated Financial Statement of the Corporation along with the Auditor's Report and Management Reply is placed at **Annexure-VII**.



Shri A.B.L. Srivastava, Director (Finance) addressing the Cost Auditor's Meet at Corporate Office, Faridabad

19. COST AUDITORS

The following firms of Cost Auditors were appointed to conduct the audit of cost accounting records of power stations indicated against each firm for the financial year 2007-08 with the approval of the Central Government under Section 233-B of the Companies Act, 1956:-

Name of the Firm	Name of Power Station
Shri Krishan S.Berk, Faridabad	Uri-I & Dulhasti
M/s. Chandra Wadhwa & Co., New Delhi	Salal & CPS-I
M/s. Narasimha Murthy & Co., Hyderabad	Dhaultiganga & Tanakpur
M/s. Ramnath Iyer & Co., New Delhi	Bairasiul & CPS-II
M/s. Mani & Co., Kolkata	Rangit & Loktak
M/s. DGM & Associates, Kolkata	Teesta-V

20. 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 Companies Act 1956.

21. 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;



Shri S.K.Garg, CMD, NHPC addressing the Annual Press Conference, 2008 at New Delhi

22. BOARD OF DIRECTORS

Shri Jayant Kawale, Joint Secretary (Hydel), Ministry of Power has been appointed as part-time Government Director on the Board of your company w.e.f. 6th September, 2007 in place of Shri Anil Kumar Kutty, Ex Joint Secretary (Hydel), who ceases to be Director w.e.f. 14th August, 2007. Shri A. B. L. Srivastava took the charge of Director (Finance) of your company w.e.f. 11th February, 2008. Five Independent Directors i.e. Shri R. Jeyaseelan, Shri Raman Sidhu, Smt. Komal Anand and Shri A. K. Mago were also appointed on the Board of your Company during the month of April, 2008 and Dr. Kuriakose Mamkoottam was appointed as Independent Director in the month of June, 2008. Shri S. P. Sen, Director (Technical) of the Company has taken premature retirement w.e.f. 8th May, 2008.

23. CHANGE OF NAME OF THE CORPORATION

National Hydroelectric Power Corporation Limited was incorporated in 1975 for integrated development of Hydropower in the country. In these 32 years, National Hydroelectric Power Corporation Limited has emerged as a leader in Hydro Power in the country by making its presence in international scenario. National Hydroelectric Power Corporation Limited is better known in its abbreviated name "NHPC" and has become a brand name of the Company. Therefore, the name of your Company has been changed from "National Hydroelectric Power Corporation Limited" to "NHPC Limited" w.e.f. 28th March, 2008.



300 MW Chamera-II Power Station (Himachal Pradesh)-Dam

- 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.



Shri S.K. Garg, CMD, NHPC attending the discussion at the India-Asia Investment Forum held at Singapore

24. MINI RATNA STATUS TO THE CORPORATION

Your company has been conferred with Mini-Ratna (Category-I) status by the Ministry of Power w.e.f. 28th April, 2008. This status will not only entitle your company to incur capital expenditure on new projects, modernization, purchase of equipment, etc. without Government approval upto certain specified limit but also entitle it to establish Joint Ventures within stipulated limits, enter into technology Joint Ventures, Strategic alliances and certain other benefits.

25. LONG TERM DEBT REQUIREMENT

During the FY 2007-08, the corporation has raised debt amounting to Rs. 2538 crore to meet its capital requirement for ongoing projects. The corporation has also entered into fresh agreements with Power Finance Corporation Ltd. for an amount of Rs. 4006 crore to meet the balance debt requirements of on going projects. The corporation has fully discharged its obligation in a timely manner with regard to repayment of principal as well as interest.



2000 MW Subansiri Lower Project (Arunachal Pradesh) - Dam Site

26. INITIAL PUBLIC OFFERING

Government of India had given its consent to go for Initial Public Offering for an amount equal to 15% of pre-issued paid up capital which includes 5% sale of Govt. of India holding. A Draft Red Herring Prospectus has been filed in April, 2007 but could not materialize due to delay in positioning of independent directors. The corporation has again initiated action to re-file the DRHP afresh for the purpose of the issue. Post issue Government of India holding will be 86.36%.

ACKNOWLEDGEMENTS

The Board of Directors acknowledge with deep appreciation the cooperation and guidance received from the Government of India specially the Ministry of Power, State Governments and their ministries and Departments/Boards. 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 beneficiaries drawing power and other valuable clients for consultancy assignments. The Board also places its appreciation for contributions of contractors, bankers, vendors and consultants for their efforts in timely completion of projects.

The Board places on record its deep appreciation for the cooperation extended by Statutory Auditors, Cost 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**


(S.K. Garg)

Chairman and Managing Director

Date : 31.07.2008

Place : FARIDABAD

REPORT OF CORPORATE GOVERNANCE

Corporate Governance deals with laws, practices and implicit rules that determine a company's ability to take informed managerial decisions vis-à-vis its claimants- in particular, its shareholders, creditors, customers, the State and employees. NHPC management tries to acts in the best interest of all its stakeholders at all times and has adopted good Corporate Governance practices to benefit the greatest number of Stakeholders.

1. PHILOSOPHY ON CODE OF GOVERNANCE:

- (i) To have adequate control system in operation and provide information to the Board on a timely basis in a transparent manner to enable the Board to monitor the accountability of Management to it.
- (ii) To increase the efficiency of Business Enterprise for creation of wealth of the Enterprise and Country as a whole.
- (iii) To ensure that Employees and Board subscribe to the Corporate values and apply them in their conduct.

2. COMPOSITION OF BOARD AND PARTICULARS OF DIRECTORS:

(i) Composition of Board:

The Board of Directors of the Company ("the Board") consists of (7) seven Directors, out of which five Directors are Executive Directors including Chairman and two are Non-Executive Directors. During the year under report, the company has no Independent Director however, 6 (six) Non Executive Independent Directors were appointed by the Government of India as on date of this report.

The composition of the Board and the number of other Directorship and Committee positions held by the Directors during the year ended as on 31st March, 2008 is as under:

Name	Executive/ Non-executive/ Independent	Other Directorship held	Other Positions		Committee	
			As Chairman	As Member		
Mr. S. K. Garg	Executive Chairman	1	Nil		1	
Mr. S. K. Chaturvedi	Executive Director	Nil	Nil		1	
Mr. S. P. Sen*	Executive Director	1	Nil		Nil	
Mr. S. K. Dodeia	Executive Director	Nil	Nil		1	
Mr. A.B. L. Srivastava**	Executive Director	1	Nil		Nil	
Mr. Gurdial Singh	Non-Executive	4	1		1	
Mr. Jayant Kawale***	Non-Executive	3	Nil		1	

* Mr. S.P. Sen ceased to be Director on 08.05.2008

** Mr. A.B.L. Srivastava was appointed on 11.02.2008

*** Mr. Jayant Kawale was appointed on 06.09.2007

The Government of India appointed the following non-executive Independent Directors on the Board of the Company as on date of report:

Sr. No.	Name
1	Ms. Komal Anand
2	Mr. A. K. Mago
3	Mr. R. Jeyaseelan
4	Mr. Raman Sidhu
5	Dr. Kuriakose Mamkoottam
6	Mr. K. Dharmarajan

(ii) Non-Executive Director's Compensation & Disclosures:

The Company has not paid any sitting fee to Non-Executive Directors.

(iii) Board Meetings, Committee Meetings & Procedures:

- Minimum four Board Meetings are held in each year which are pre-scheduled. Apart from the four scheduled Board Meetings, additional Board Meetings can be convened by giving appropriate notice. In case of business exigencies or urgency of matters, resolution is passed by circulation.
- The Board of Directors is given presentation covering Project Implementation and operations of the Company at each Board / Committee Meeting. The information to the Board is being placed before the Board in accordance to DPE guidelines.
- Eleven meetings of the Board of the Company were held during the year under review. The Company has held at-least one Board Meeting every three months and the maximum time interval between two meetings did not exceed three months. The details of the Board meetings are as under:

Sr. No.	Date	Board Strength	No. of Directors Present
1	1 st May, 2007	6	6
2	26 th May, 2007	6	6
3	13 th July, 2007	6	6
4	7 th August, 2007	6	5
5	14 th August, 2007	6	6
6	20 th September, 2007	6	5
7	19 th October, 2007	6	5
8	30 th November, 2007	6	5
9	7 th December, 2007	6	6
10	18 th February, 2008	7	6
11	13 th March, 2008	7	7

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

Name of the Directors & Category of Director	Attendance of Meetings during 2007-08	
	Board Meeting	Last AGM
Shri S. K. Garg (E)	11	YES
Shri S. K. Chaturvedi (E)	9	YES

Shri S. P. Sen (E)	10	YES
Shri S. K. Dodeja (E)	10	YES
Shri A. B. L. Srivastava (E)	2	No
Shri Gurdial Singh (NE)	11	YES
Shri A. K. Kutty (NE)	5	N.A.
Shri Jayant Kawale (NE) (w.e.f. 06.09.2007)	5	YES

*NE-Non Executive Director, E-Executive Director

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

(iv) Code of Conduct:

The Company is committed to conducting business in accordance with the highest standard of business ethics and complying with applicable laws, rules and regulations. Code of Business Conduct and Ethics for Directors and Senior Management are under preparation.

(v) Fraud and Risk Management Policy:

The Board of Directors has ensure that integration and alignment of the risk management system with the corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate task at set times.

The Company is already having a 'Fraud Policy' and the preparation of "Risk Management Policy" is under process.

(vi) Training of Board Members:

New Directors appointed by the Board are given formal induction and orientation with respect of the Company's vision, strategic direction, core values including financial matters and business operations.

The Board Members are also provided necessary documents/ brochures, reports and internal policies to enable them to familiarize with company's procedure and practice.

3. AUDIT COMMITTEE:

The Audit Committee was constituted in the year 2001. The composition of Audit Committee of Board of Directors consisting of two Non executive Directors and one Executive Director as on 31.03.2008 as under:

- | | |
|-------------------------|--|
| i) Shri Gurdial Singh | Non-Executive Director |
| ii) Shri A. K. Kutty | Non-Executive Director upto 14 th August,2007 |
| iii) Shri Jayant Kawale | Non- Executive Director (w.e.f.06.09.2007) |
| iv) Shri S.K.Chaturvedi | Executive Director |

Shri Gurdial Singh was the Chairman of the Committee for the period under report. None of the members including Chairman of the Committee was an independent Director. The Board of Directors has now appointed six independent directors on the Board of the Company and the Audit Committee has been re-constituted with following members:

- | | |
|------------------------------|----------|
| 1. Shri A. K Mago | Chairman |
| 2. Shri Gurdial Singh | Member |
| 3. Shri Jayant Kawale | Member |
| 4. Shri Raman Sidhu | Member |
| 5. Smt. Komal Anand | Member |
| 6. Shri Kuriakose Mamkoottam | Member |

The Committee met 7 (seven) times during the year. The meetings were also attended by Director (Finance), Head of the Internal Audit and Statutory Auditors as Special Invitees. There was no gap of more than four months between two Audit Committee meetings. The Company Secretary of the Company acted as Secretary to the Committee.

Sr. No.	Date	Committee Strength	No. of Members Present
1	26 th May, 2007	3	3
2	20 th September, 2007	3	2
3	19 th October, 2007	3	3
4	30 th November, 2007	3	3
5	7 th December, 2007	3	3
6	18 th February, 2008	3	2
7	19 th March, 2008	3	3

The minutes of Audit Committee were placed before the Board for information. The terms of reference of the Committee are as under:

- (a) Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending the Board regarding the fixation of the audit fee
- (c) Approval of payment of statutory auditors for any other services rendered by them
- (d) Reviewing with the management the half yearly and annual financial statements before submission to the Board
- (e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- (f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit
- (g) Discussion with internal auditors regarding any significant findings and follow up thereon
- (h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- (i) Discussion with external auditors before the audit commences, nature and scope of the audit, as well as have post audit discussion to ascertain any area of concern
- (j) Reviewing our financial and risk management policies
- (k) To look into the reason for substantial defaults in payments to depositors, debenture holders, shareholders and creditors
- (l) To review the functioning of the whistle blowing mechanism, in case the same is formulated
- (m) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of public or rights issue and making appropriate recommendations to the board to take up steps in this matter
- (n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (o) Reviewed the half yearly, annual financial statements before submission to the Board.

- (p) Reviewed the reports of the external and internal auditors, and the adequacy of internal control systems.
- (q) Reviewed the adequacy of internal audit functions.
- (r) Reviewed the company's financial and risk management policies.
- (s) Reviewed the financial statement of the subsidiary company.

4. DIRECTORS' REMUNERATION COMMITTEE

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

Details of remuneration of Functional Directors of the Company during the year 2007-08 are given below:

Directors	Designation	Salary (Rs.)	Benefits (Rs.)	Performance linked incentives (Rs.)	Total (Rs.)
Shri S. K. Garg	Chairman & Managing Director	680747	475802	44075	1200624
Shri S. K. Chaturvedi	Director (Personnel)	695287	368664	43754	1107705
Shri S. P. Sen	Director (Technical)	717683	404246	39978	1161907
Shri S. K. Dodeja	Director (Projects)	769106	294138	45411	1108655
Shri A. B. L. Srivastava (appointed on 11 th Feb 2008)	Director (Finance)	76619	10122	0	86741

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The Board of Directors constituted a Committee called "Shareholders' Grievance Committee" to monitor the redressal mechanism of Investors' Grievances. The committee comprises of following members as on 31st March, 2008:

1. Member (Hydro), CEA
2. Director (Finance)
3. Director (Projects)

There were no complaints from investors therefore no meeting of the Committee was held.

6. SUBSIDIARY COMPANY:

Narmada Hydroelectric Development Corporation Limited is a subsidiary company of NHPC Ltd, wherein NHPC holds 51% equity shares. Necessary steps are being taken to appoint Independent director of NHPC on the Board of NHDC. Minutes of subsidiary company were placed before the Board of NHPC and significant transactions and arrangements entered into by the subsidiary company are brought to the notice of the Board of NHPC periodically.

7. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Location
2004-05	25.08.2005	5.00 P.M.	At Registered Office, Faridabad
2005-06	28.07.2006	10.30 A.M	At Registered Office, Faridabad
2006-07	07.08.2007	10.00 A.M.	At Registered Office, Faridabad

8. SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT:

During the year under review the Company passed a Special Resolution through Postal Ballot to amend Object Clause of the Memorandum of Association of the Company. The amendment was in respect of expanding the area of business of the Company by including "in India and Abroad" and "trading" in clause 1(a) and 3 of the Object Clause. The words "including forward, backward or horizontal integration" was also added in clause 4 of the Object Clause of Memorandum of Association of the Company.

9. DISCLOSURES:

(i) Related Party Transactions:

There were no transactions of material nature with the promoters or Directors or the Management, joint venture Company /subsidiary etc, which have potential conflict with the interest of the Company at large. The details of the Related Party Disclosure are included in notes forming part of the Accounts as per Accounting Standard -18 issued by the Institute of Chartered Accountants of India . The Company has been particular in adhering to the provisions of the laws and guidelines of regulatory authorities including SEBI. There has been compliance of various provisions requirement of Stock exchanges /SEBI by the Company. No penalties /strictures have been imposed by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to Capital market during last three years.

(ii) Accounting Treatment:

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

10. MEANS OF COMMUNICATION:

The Periodical financial results of the Company are announced within time line as per listing agreement. These results are published in National Dailies. The Company did not send periodical results /records to each household of shareholders being all the shares held by the President of India and its nominees. However, the same were hosted on website of the Company i.e. www.nhpcindia.com. The Company had also issued News Releases on significant corporate decisions and activities and placed them on its website.

11. SHAREHOLDERS INFORMATION:

(i) Annual General Meeting:

Date: 7th August,2007

Time: 10.00 a.m.

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

(ii) Financial Calendar for financial year 2007-08:

Accounting Period: April 1, 2007 to March 31, 2008

AGM (Next Year): August, 2008 (Tentatively)

Un-audited financial results published by the company for the period ended six months:

Newspapers	Date of publications of results for the six months ended	
	30.09.2007	31.03.2008
Hindustan Times, Economic Times, Times of India	21.10.2007	01.05.2008
Amar Ujala, Nav Bharat Times	21.10.2007	01.05.2008

(iii) Book Closure / Record Date:

a. Payment of Interest on Bonds:

BOND SERIES	DUE DATE OF INTEREST PAYMENT	RECORD DATE
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS (STRPP-A to STRPP J)	30.06.2007	14.06.2007

b. Redemption of Bonds:

There was no redemption of Bonds during the financial year 2007-2008. Therefore, no record date was fixed for redemption purpose.

(iv) Dividend History:

Financial Year	Total Amount of Dividend paid (Rs. In Crore)	Date of AGM in which dividend was declared
2004-05	140(including Rs. 60 crore Interim Dividend)	25.08.2005
2005-06	223(including Rs. 64 crore Interim Dividend)	28.07.2006
2006-07	278.00(including Rs. 72 crore Interim Dividend)	07.08.2007

(v) Securities Listed at:

NHPC Redeemable Non-Cumulative Taxable "O" Series Bonds are listed at:

National Stock Exchange India Limited

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

a. Stock Code:

Securities Name	NSE Scrip Code
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS, STRPP – A	NHPC09
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – B	NHPC10
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – C	NHPC11
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – D	NHPC12
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – E	NHPC13
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – F	NHPC14
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – G	NHPC15
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – H	NHPC16
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – I	NHPC17
NHPC REDEEMABLE, NON-CUMULATIVE, TAXABLE 'O' SERIES BONDS , STRPP – J	NHPC18

b. Market Price data:

The market price data received from NSE is given below.

Issue Description	Trade date	No. of trade	Traded volume	Max. price	Min. price
NHPC 7.70% 2009 (STRPP) S-O	20-SEP-2007	1	Rs 1000 Lakhs	Rs 98.1338	Rs 98.1338

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

(vi) Registrar Transfer Agent and Share Transfer system:

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

M/s RCMC share Registry (P) Ltd.

B-106, Sector-2 Noida-201301 (Uttar Pradesh) Ph.0120-4015880

E. mail: info@rcmcdelhi.com

(vii) Bonds Transfer System:

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

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

NHPC is a Wholly Owned Government of India Enterprise and the President of India and its nominees hold 100% (Hundred Percent) equity shares of the Company. Therefore, no pattern of distribution of shareholdings is given. The Government of India through Ministry of Power has been requested to dematerialize the shares which are held by them. However, above mentioned all Bonds issued are being held in dematerialized form.

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

(ix) Plant Locations:

Baira Siul	NHPC Limited, Surangani, Distt. Chamba, Himachal Pradesh.
Loktak	NHPC Limited, P.O. Loktak, Komkeirap, Manipur.
Salal	NHPC Limited, P.O. Jyotipuram, Via Reasi, Distt. Reasi, Jammu & Kashmir.
Tanakpur	NHPC Limited, P.O. T.P.S. Campus, Banbassa, Distt. Champawat, Uttarakhand
Chamera-I	NHPC Limited, Khairi, Distt. Chamba, Himachal Pradesh.
Uri	NHPC Limited, Gingle, P.O. Mohra, Distt. Baramulla, Jammu & Kashmir.
Rangit	NHPC Limited, Rangit Nagar, South Sikkim,
Chamera-II	NHPC Limited, Karian, Distt. Chamba, Himachal Pradesh.
Dhauliganga-I	NHPC Limited, Post Box No.1, Tapovan, Dharchula, Distt. Pithoragarh, Uttarakhand
Dul Hasti	NHPC Limited, Chenab Nagar, Sector-II, Kishtwar, Distt. Kishtwar, Jammu & Kashmir.
Teesta-V	NHPC Limited, P.O. Singtam, East Sikkim.

(x) Address for Correspondence:

Shri Vijay Gupta, Compliance Officer,
1st Floor, NHPC Office Complex,
Sector-33, Faridabad (Haryana)
Phone: 0129-2278018 Fax: 0129-2278018
E-mail: companysecretary@nhpc.nic.in

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

12. COMPLIANCE CERTIFICATE:

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

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

(S.K. Garg)

Chairman and Managing Director

Date : 31.07.2008

Place : FARIDABAD

**P.C. JAIN & CO
COMPANY SECRETARIES**

**# 2382, Sector-16
FARIDABAD-121002
HARYANA (INDIA)
PH- (0129) 4043338
Mobile: +91981 1078338
E.mail: pcjcs@airtelmail.in**

To,
The Members,
NHPC Limited

We have examined the compliance of conditions of Corporate Governance by NHPC Limited, for the year ended as on March 31, 2008 as stipulated in the Listing Agreement in respect of Redeemable Non-Cumulative Taxable "O" Series Bonds of the said company with the Stock Exchange read with Guidelines on Corporate Governance for Central Public Sector Enterprises 2007.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring the compliance of conditions of Corporate Governance as stipulated. It is neither an audit nor an expression of opinion on the financial systems of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement read with Guidelines on Corporate Governance for Central Public Sector Enterprise 2007 except the following:

- i The Composition of Board of Directors as reported in para 2 (i) of Report on Corporate Governance do not include minimum 50% Independent Directors of total strength of the Board.
- ii The Composition of Audit Committee as reported in para 3 of Report on Corporate Governance do not include Independent members including Chairman.
- iii The Company has not implemented the Code of Conduct & Ethics for Board Members and Senior Management Personnel. As a result, the Report on Corporate Governance does not include declaration by the Chief Executive on Compliance of Code of Conduct in the Company.
- iv The company has yet to appoint an independent Director on the Board of its Subsidiary Company as reported in para 6 of Corporate Governance.

We further state that such compliance is neither an assurance as to the future vitality of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P.C. JAIN & CO
Company Secretaries**

**Place : Faridabad
Date : July 31, 2008**

**(P.C. JAIN)
Proprietor
M. No. FCS 4103**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I INDUSTRY STRUCTURE AND DEVELOPMENT

Power is one of the most important factors for the growth of an economy, in particular, for a developing country like India where higher and improved standards of living depend upon the availability of adequate and reliable power at an affordable price. Unlike other commodities the dynamics of its supply and demand does not apply to power as it cannot be stored. Development of Power is basically with the Government in which the Central and State share 34% and 52% respectively. The Private Sector is also participating in the development of Power.

As on 31st March, 2008, The total installed capacity of power in India was 1,43,061 MW out of which share of Thermal, Hydro and Nuclear was 91,907 MW (64%) ,35909 MW (25%) and 4120 MW (3%) respectively and 11,125 MW (8%) from Renewable energy sources. Hydro power is considered as clean power. Over the years the share of hydro in the total installed capacity has gradually declined resulting in adverse Hydro-Thermal Mix leading to many technical and operational abnormalities.

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

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

Electricity Act, 2003 has widespread implications for entire power sector, which introduce the much needed competition in the generation and distribution sectors besides providing a boost to investment from the private sector. Notably, the Act opens up the opportunities in generation, transmission and distribution & trading of power. The Act also provides an option to the power producers not to sell their electricity through SEBs. The country has witnessed the introduction of power exchanges for trading in power.

II OPPORTUNITIES

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

III THREATS / RISKS

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

Environment & Forest clearance

Stringent norms and cumbersome procedures for getting forest clearance and clearance from NBWL (where ever applicable) lead to delay in obtaining clearance of projects which may affect the capacity addition programme.

Land Acquisition

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

Geological Surprises

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

Inter-State River Disputes

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

Natural Calamities

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

Unexpected complexities

The development of projects may be subject to unexpected complexities and delays, which may cause the actual costs of developing projects to differ significantly from our estimates. Any change to CERC's tariff regulations may adversely affect our cash flow and results of operations. Also the generation capacity may vary substantially because of variations in water flow due to climatic conditions, which may cause significant fluctuations in our revenue and profits.

CONCERNS

The reduction in the rate of return on equity for CPSUs from 16% to 14% post tax will have a bearing on the revenue realization and cash flow of the Company and is a cause of concern. As hydro power schemes are capital intensive and have long gestation period, availability of funds is always seen as one of the major constraint for exploitation of vast hydro power potential available in the Country.

IV SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Corporation is a generating company with an installed capacity of 3655MW. It has also undertaken a number of consultancy assignments for various organizations in the Country. A sum of Rs. 30.11 Crore has been received on account of Consultancy services rendered.

V OUTLOOK

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

As on 31.03.2008, 35909 MW of hydro potential has been exploited and 13574 MW are under development, therefore, ample opportunities are available for investors/executors in the field of hydro power development. Various initiatives have been taken for the reforms in Power Sector as whole and hydropower in particular such as ranking study of potential hydro sites by CEA in 2001, enactment of Electricity Act 2003, 50,000 MW Hydroelectric Initiatives in May 2003, and introduction of Hydro Policy, 2008.

NHPC being a premier Central Sector Organization has a major role to play for faster development of hydro power. The management of the Corporation is optimistic and has planned massive capacity addition of 5322 MW in XIth plan (2007-2012) and 13966MW in XIIth Plan (2012-2017) and beyond. The changed scenario will provide new opportunity for the development of hydropower in the country.

VI INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Corporation has an independent and a full-fledged Internal Audit Department at the Corporate Office and Internal audit cells at Regional Offices, staffed with qualified experienced people who carry out audits. A summary of Audit Observations and Action Taken Report are placed before the Audit

Committee. The recommendations and directions of the Committee are carried out and informed accordingly.

VII DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

A) Financial Performance

The Financial performance of your Corporation continued to show an upward trend. During the year, total sales turnover was Rs. **2301** crore against Rs. **1962.76** crore in the previous year. The net profit rose from Rs. **924.80** crore to Rs. **1004.09** crore showing an increase of **8.57%**. During the year, the Corporation has realized a sum of Rs. 2237.67 crore against principal outstanding including arrears and the realization of the sales proceeds as per schedule was 100%. Further, NHPC has earned Rs. 92.67 Crore towards UI charges during 2007-08. The Corporation earned an interest income of Rs. 209.22 crore on the bonds issued earlier against the Securitization of outstanding dues and additionally Rs. 1.92 crore towards surcharge. Current outstanding dues beyond 1.10.01 towards principal amount have reduced to Rs. 4.26 Crore (as on 31.03.2008) from Rs. 10.33 Crore (as on 31.03.2007), thereby, the reduction in outstanding dues in terms of months of average billing from 0.07 to 0.02.

B) Performance of Projects

In operation

You would be glad to know that on 26.04.2008 the Hon'ble Prime Minister of India Dr. Manmohan Singh dedicated 390 MW Dulhasti Power Station to the Nation. During the year your Corporation has added 510 MW with the commissioning of Teesta-V Hydroelectric Project in Sikkim. The first generating unit i.e. unit no. II has been declared commercial operation from 25th February 2008.

The total generation during the year under report was 14813.16 MU which is 6.52% higher than MOU target of 13093.65 MUs for very-good rating. The generation shows an increase of 13.52% over previous year. The capacity index was 96.14% which is 2.64% higher than MOU target of 93.50% for very-good rating. The capacity index shows an increase of 2.01% over previous year. The Station wise generation is summarized below:

YEARLY GENERATION POWER STATION WISE

Table 2

Power Station	Generation Target (MUs) 2007-08 for 'V-Good' MOU rating	Actual Generation (MUs) 2007-08	Actual Generation (MUs) 2006-07	C.I Target (%) 2007- 08 for 'V-Good' MOU rating	Actual C.I (%) 2007-08	Actual C.I (%) 2006-07
Baira Siul 180 MW	779.00	609.31	698.37	91.68	94.93	94.22
Loktak 90 MW	448.00	604.48	475.43	84.84	90.20	91.98
Salal 690 MW	3082.00	3231.64	3462.54	96.72	98.19	97.90
Tanakpur 94.2 MW	452.19	438.21	455.20	86.61	83.39	99.91
Chamera-I 540 MW	1665.00	2101.30	2365.67	94.30	98.04	95.62
Uri 480 MW	2587.00	2595.67	2818.09	97.81	99.79	98.78
Rangit 60 MW	339.00	335.84	201.10	89.48	87.31	62.58
Chamera-II 300 MW	1500.00	1408.14	1431.59	92.92	96.90	95.90
Dhauliganga 280 MW	1134.69	1186.06	1094.00	90.10	92.83	77.58
Dul Hasti* 390 MW	1716.30	2210.00	46.77	89.53	95.32	
Teesta-V* 510 MW	203.77	92.51	-	92.67	55.56	
Total	13906.95	14813.16	13048.76	93.50	96.14	94.13

* Generation includes Infirm Power

Note: The C.I (%) figures for the year 2007-08 are provisional subject to certification by the respective RPC's.

ON GOING PROJECTS

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

Sl. No	Name of the Project	State/ UT/ Country	Installed Capacity (MW)
1.	PARBATI-II	Himachal Pradesh	800
2.	SEWA – II	Jammu & Kashmir	120
3.	SUBANSIRI LOWER	Arunachal Pradesh	2000
4.	TEESTA LOW DAM-III	West Bengal	132
5.	URI-II	Jammu & Kashmir	240
6.	CHAMERA-III	Himachal Pradesh	231
7.	TEESTA LOW DAM-IV	West Bengal	160
8.	PARBATI-III	Himachal Pradesh	520
9.	NIMOO BAZGO	Jammu & Kashmir	45
10.	CHUTAK	Jammu & Kashmir	44
11.	KISHANGANGA	Jammu & Kashmir	330
		Total	4622

STATUS OF ONGOING PROJECTS

Parbati HE Project, Stage-II (800 MW), H.P

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 in 2006-07, the refurbishment of TBM has been completed. The works also suffered due to the ban imposed by Himachal Pradesh High Court on lifting aggregate from Kullu Valley. The anticipated commissioning of the Project is December 2010.

Subansiri (Lower) H.E. Project (2000 MW) Arunachal Pradesh

River diversion has been completed in Dec.'07. Dam foundation excavation was taken up but were stopped after overtopping of cofferdam in June'08 and will be resumed after monsoon. Major excavation works on Horizontal Pressure shaft has been completed. Though Power house excavation has been completed, the back side slope failure caused a setback to the works due to disruption of access roads to intake. The Project is expected to be commissioned by January 2012.

Sewa H.E. Project Stage-II (120 MW), J&K

In Dam and Powerhouse, excavation has been completed and concreting is in progress. In HRT most of the excavation has been completed. Other works including E&M and HM works are in progress. Erection of Generator of unit-I has been completed. The completion of the project has been delayed due to poor geology in HRT, contractual problem and labour union agitations. Project is expected to be commissioned by June, 2009.



120 MW Sewa-II Project (J&K) - upstream view of Dam under construction

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

Presently the concreting in intake, Barrage Bays 3 to 7 and Cellular Wall is almost over. Draft tubes for all the 4 units have been erected. Due to heavy floods, the Cofferdam was breached causing a setback to the

progress of works and delaying the completion of the project. Supply of E&M components is in progress. The Project is expected to be commissioned in December, 2009.

Uri H.E. Project, Stage-II (240 MW), J&K

Dam excavation and concreting up to RBL has been completed and above RBL is in progress. Heading excavation of HRT has been completed and benching is in progress. Excavation of Powerhouse has been completed and major excavation in TRT completed. 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 Oct.'05, and also due to washing away of coffer dam in March'07 during heavy rains and flood. The Project is expected to be commissioned by August, 2010.



240 MW Uri -II Project, (J&K) - DT Heading from outlet

Chamera H.E. Project, Stage-III (231MW), H.P

All the Civil works are in progress and the river has been diverted. Major excavation works of HRT and TRT



231 MW Chamera - III Project (Himachal Pradesh) - Inlet of Diversion Tunnel

have been completed. Excavation of Power house has been completed and its concreting is in progress. The Project is expected to be commissioned by August, 2010.

Parbati H.E. Project, Stage-III (520MW), H.P

Major civil works are in progress. Excavation of Rock fill Dam has been almost completed. Excavation of HRT and TRT is in progress. Concreting in Desilting Chambers is in progress. Excavation in Intake Tunnel Pressure Shaft, GOC and adit to Surge Shaft bottom has been completed. River was diverted on 14.03.2007. Contract for Electro Mechanical

works package has been awarded. The works suffered badly due to the ban imposed by Himachal Pradesh High Court on lifting of aggregate from Kullu Vally and the ban is lifted now. The project is expected to be commissioned by November, 2010.

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

Major excavation work of Dam Spillway, Power Dam, TRC and L/B NOF section and Energy Dissipaters has been completed. The Excavation work in respect of Power House and Cellular Wall has been



520 MW Parbati - III Project (Himachal Pradesh) - Upstream Transition at Desilting Chamber-I

completed and concreting is in progress. During heavy floods in July '07, the Cofferdam got breached and whole Cellular Wall, Dam & Powerhouse area got inundated. The restoration work is completed and the works have been resumed on all fronts. The project is expected to be commissioned by August, 2010.

Nimoo Bazgo H.E. Project (45 MW), J&K

Major civil works have already been awarded and the works are progressing satisfactorily. The river has been diverted on 22.11.07. Excavation of Dam, Cellular Wall and Power house is in progress. As per approval of CCEA, the scheduled date of completion of this project is August, 2010. Efforts are being made to complete the project as per schedule.



45 MW Nimoo Bazgo Project (J&K) - Dam Site

Chutak H.E. Project (44 MW), J&K

Major Civil works have been awarded. The works are progressing satisfactorily in spite of extreme working conditions and the river

has been diverted on 22.11.07. Excavation of HRT heading and Power house is in progress. Powerhouse ventilation tunnel excavation has been completed. Contracts for E&M works have been awarded. The expected date of completion of the project is Feb. 2011.

Kishanganga H.E. Project (330 MW), J&K

The CCEA clearance was accorded on 20.07.2007 for completion of the Project in seven years from the date of sanction, i.e. by July 2014. Contract for major works are being awarded shortly. 208m of Diversion Tunnel has been excavated departmentally. Notification under section-17 for acquisition of private land at PH site has been issued by J&K Govt.

6. NEW SCHEMES

A. PROJECTS UNDER GOVT. SANCTION

1. Loktak Down Stream (66 MW), Manipur

Techno Economic Clearance (TEC) has been accorded to the revised proposal by Central Electricity Authority (CEA). Clearance for pre construction activities has been accorded by Ministry of Environment & Forest (MOEF). Public Investment Board has recommended the project. MOU has been signed between Govt. of Manipur and NHPC for execution of Loktak Downstream (66 MW) project through a Joint Venture Company between Govt. of Manipur and NHPC. Formation of Joint Venture Company is in process.

2. Pakal Dul (1000 MW), J&K

The project has been cleared by MOWR under Indus Water Treaty. TEA has been accorded by CEA. Environmental clearance has been issued by MOEF. Forest clearance for forest area falling outside the Kishtwar High Altitude National Park (KHANP) has been accorded by Govt. of J&K. The proposal regarding denotification of forest land comprising a part of Kishtwar High Altitude National Park for construction of the project has been recommended by the Standing Committee of NBWL. For seeking the permission of Hon'ble Supreme Court of India petition has been filed by NHPC. PIB recommendation is awaited. Permission from Hon'ble Supreme Court for de reservation of forest land falling under KHANP is a constraint.

Transfer of project from NHPC to State Sector

A proposal to have a Joint Venture between NHPC, J&KPDC, and Govt. of Jammu and Kashmir to execute Pakal Dul, Bursar, etc H.E Projects in J&K is under active consideration of Ministry of Power.

3. Kotli Bhel I-A (195 MW), Uttarakhand; Kotli Bhel I- B(320MW), Uttarakhand and Kotli Bhel II (530 MW), Uttarakhand

TEC has been accorded by CEA. Ministry of Defence has conveyed No Objection for the projects. Environmental clearance has been accorded by MOEF. The forest clearance proposal in respect of Kotli Bhel I-A & I-B was discussed by Forest Advisory Committee and clearance is awaited.

PIB has recommended the projects for Government sanction. Material for draft CCEA note of the projects has been submitted to Ministry of Power, GOI.

4. Vyasi (120 MW), Stand Alone Basis

NHPC has prepared the DPR of project and submitted to CEA for accord of concurrence. CEA has conveyed that DPR of the project is not being pursued and it may be treated as returned since implementation agreement of project is yet to be signed between Govt. of Uttarakhand and NHPC Ltd. MOEF has accorded Environmental clearance to the project. The state Govt. is yet to forward the Forest proposal to MOEF.

5. Dibang (3000 MW), Arunachal Pradesh

Revised MOA between NHPC and Govt. of Arunachal Pradesh has been signed for executing the project on ownership basis by NHPC. CEA has accorded concurrence to the project. EIA & EMP Reports have been submitted to MOEF for initiating process of Public Consultation. Public hearing for one district has been held and public hearing proposed for another district could not be conducted due to inclement weather and due to protest and road blockade by local people. Forest clearance proposal has been initiated by the project.

PIB has recommended the project for consideration of Cabinet Committee of Economic Affairs (CCEA) subject to certain observations and suggestions.

6. Teesta-IV (520 MW), Sikkim

Implementation agreement has been signed between NHPC and Govt. of Sikkim. MOEF has accorded site clearance Stage-I & II to the project. EIA / EMP studies are under progress. DPR of the project has been submitted to CEA on 31.3.08. Infrastructural works are getting delayed due to local disturbances.

B. PROJECTS UNDER DPR/ FR PREPARATION

1. Bursar (1020 MW), J&K

Commercial viability ascertained by CEA. Site clearance stage-II accorded by MOEF. Forest clearance for forest land falling outside the KHANP has been accorded by Govt. of J&K. The proposal for de reservation of forest land falling under KHANP was discussed and it was decided by the Committee that a detailed study on impact of the project on Wildlife to be carried out by WII and the proposal be resubmitted for the consideration of the Standing Committee. EIA & EMP studies for the project in J&K has been awarded to CISMHE, University of Delhi. The studies will be further undertaken as soon as the layout plan / salient features of the project are finalized.

Constraint

- ❖ The adverse law and order situation is causing delay in S&I work for preparation of DPR.
- ❖ De-reservation of forest land falling under KHANP.

2. Chungar Chal (240 MW), Uttarakhand

Implementation agreement has been signed between NHPC and Govt. of Uttarakhand. MOEF has accorded site clearance stage-I to the project subject to the condition that clearance from NBWL is required, in case project falls in Askot Musk Deer Sanctuary. The project falls within 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.

3. Garba Tawaghat (630 MW), Uttarakhand

Implementation agreement has been signed 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. NHPC vide letter 1.10.07 requested MOP to arrange latest status in this regard. Response from the MOP/Indian embassy is awaited.

4. Khartoli Lumtitulli (55 MW), Uttarakhand

Implementation agreement has been signed between NHPC and Govt. of Uttarakhand. The project is affected by Askot wild life sanctuary, therefore work of preparation of DPR is held up.

5. Lachen (210 MW), Sikkim

Implementation agreement has been signed between NHPC and Government of Sikkim. MOEF has accorded the site clearance stage-I to the project. S & I work is getting delayed due to local disturbances.

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

Revised MOA between NHPC and Govt. of Arunachal Pradesh has been signed for executing the project on ownership basis by NHPC. 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. EIA & EMP studies have been awarded which are under progress. S&I works are under progress for preparation of FR/DPR.

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

CEA had advised NHPC to prepare DPR and take up essential infrastructure works. S&I 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 submitted to MOEF and the same was rejected due to the recommendation of IBWL in case of Lower Subansiri Project that “there will be no construction of dam upstream of Subansiri river in future”. Supreme Court has directed that permission for Subansiri Lower Project may be given subject to fulfillment of certain conditions imposed by 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 “the matter is referred to the Standing Committee of the National Board of Wildlife to consider waiving or modifying these conditions. The matter is under consideration of Hon’ble Supreme Court of India / NBWL.

C. SHELF OF PROJECTS / IN PIPELINE

1. Goriganag-III A (120 MW), Uttarakhand

DPR of the project was submitted to CEA for TEC in the year 1991-92. CEA vide letter dated 15.5.98 suggested that in case Madkini Hydro Project is getting affected because of Goriganga IIIA & IIIB H.E. Projects, the proposed schemes of Goriganga IIIA & IIIB need to be modified and submitted to CEA for clearance. Standing committee of NBWL has recommended diversion of forest area falling under Askot musk deer sanctuary, as conveyed vide MOEF’s. Further, NHPC approached the Hon’ble Supreme Court for its permission. The case was heard on 06.02.08 wherein approval was granted. NHPC would approach MOEF for clearance for pre construction activities for which Implementation agreement between NHPC and GOU is a prerequisite.

2. Dhauliganga - Intermediate (210 MW), Uttarakhand

NHPC has submitted the updated DPR (with installed capacity of the project as 210 MW) on 20.11.1996. Most of the observations of CEA / CWC stand replied. CEA enquired the status of Environment & Forest clearance. Due to non availability of environment clearance, DPR was not pursued further in CEA.

The proposal for forest clearance was submitted to State Government but returned due to non clearance from wild life angle on account of Project located in “Askot Musk-Deer Sanctuary”.

In 2000 proposal for diversion of forest land was forwarded by UP Govt. to MOEF but was returned by MOEF on the grounds that project was coming under Askot Musk deer sanctuary. The proposal for de-reservation of forest land was discussed in the meeting of Standing Committee of NBWL on 06.04.2005 and views of National Geophysical Research Institute (NGRI), Hyderabad and Wadia Institute of Himalayan Ecology, Dehradun were obtained on the likely impact of the proposed project on Askot Sanctuary & surrounding forests. Standing committee of NBWL has recommended diversion of forest area falling under

Askot musk deer sanctuary, as conveyed vide MOEF's letter dated 06.07.06. Further, NHPC approached the Hon'ble Supreme Court for its permission. The case was heard on 6.02.08 wherein approval was granted. NHPC would approach MOEF for clearance for pre construction activities for which Implementation agreement between NHPC and GOU is a prerequisite.

3. Kiru (600 MW), J&K

Site clearance Stage-I & Stage-II of this project has been accorded by MoEF on 19.4.2006. The DPR of Kiru project was finalized and submitted to CEA on 31.03.06. CEA vide letter no. 2/NHPC/54/06-PAC/616 dated 12.04.2006 has returned the DPR of the project stating that the J&K Govt. has not authorized NHPC to establish, operate & maintain the Kiru H.E. Project.

Chief (Secretary), Govt. of Jammu & Kashmir vide his D.O. dated 21.08.2007 informed that Board of Directors of J&K State Power Development Corporation (JKSPDC) has decided to implement Kiru hydro electric project through a joint venture arrangement between the JKSPDC and NHPC.

4. Kwar (520 MW), J&K

Site clearance Stage- I for this project accorded by MoEF on 28.02.05. The DPR of Kwar H.E. project was prepared and submitted to CEA on 30.3.2007. CEA has intimated that the DPR of Kwar H.E. Project for appraisal/concurrence may be treated as returned as the project was given to NHPC for preparation of DPR only and the J&K Govt. has not authorized NHPC to establish, operate & maintain the Kwar H.E. Project.

During the visit of Hon'ble Minister of State for Power to NHPC Office Complex on 13.4.2008, the issue of execution of Project was discussed with Shri Haseeb Drabu, Advisor to Govt. of J&K and Commissioner-cum Secretary (Power), J&K Government wherein, it was agreed to execute Pakal Dul (1000 MW), Kiru (600 MW), and Kwar (520 MW) H.E. Projects under joint venture route by NHPC and JKSPDC.

Transfer of project from NHPC to State Sector

A proposal to have a Joint Venture between NHPC, JKSPDC, and Govt. of Jammu and Kashmir to execute Pakal Dul, Bursar H.E. Projects in J&K is under active consideration of Ministry of Power.

5. Ratle (690 MW), J&K

Revised Site clearance Stage-I & Stage-II of this project accorded by MoEF. The DPR of Ratle H.E. project was prepared and submitted to CEA on 28.03.2007. CEA has intimated that the DPR of Ratle H.E. Project for appraisal / concurrence may be treated as returned as the project was given to NHPC for preparation of DPR only and the J&K Govt. has not authorized NHPC to establish, operate & maintain the Ratle H.E. Project.

NHPC requested Government of Jammu & Kashmir (GoJK) to convey their consent for implementation of Projects allotted to NHPC so as to develop these projects at a fast pace by carrying out EIA & EMP studies simultaneously. Govt. of J&K intimated that implementation of the Project would be done by JKSPDC through IPP on BOOT basis. JKSPDC has intimated that BoD of JKSPDC has decided to reimburse the expenditure for preparation of the DPR of Ratle to NHPC for handing over the DPR. The decision in respect of handing over of DPR of Ratle HEP is to be taken by NHPC after receiving the advice from MOP.

During the year two projects viz. Siang Middle (Siyom) and Siang Lower H. E. Project in Arunachal Pradesh were withdrawn by Arunachal Pradesh Government and therefore, DPRs of these projects were handed over to developers of these projects.

DEVELOPMENT IN 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. During financial year 2007-2008 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.

The Corporation strived hard to keep the employees abreast with the changes happening in the global market. With an 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, Amity, IMI-New Delhi,

IMT-Ghaziabad, ASCI Hyderabad, NIFM-Faridabad, IIM-Indore, CSMRS-New Delhi and Companies like ABB, AREVA (T&D), VA-Tech, BHEL etc.

Training Programmes were designed comprehensively incorporating interventions for meeting Organizational Challenges and addressing the individual Training Needs for the Short Term and Long Term.

- A total of 702 Training Programs were conducted across the organization during 2007-2008, in which 10226 employees i.e. 82.8% of the manpower at various levels have been trained.
- 76.4% of the employees in SC category, 78.8% of the employees in ST category and 95% of the employees in OBC category were imparted training.
- 2.51% of the gross salary of the employees has been invested in Training & Development activities against the MoU target of 2.5% for 2007-2008 for achieving excellent rating.
- NHPC Training & HRD Policy has been implemented across the organization.
- A total of 109 Workmen have completed their Skilling/ Multi Skilling for different trades namely Electrician, Scientific Assistant, EOT Crane Operator, Operator (Generator/Turbine) during 2007-2008.
- In terms of “NHPC Scheme of Facilities for Higher Studies” 01 executive has been sponsored to pursue one year MBA programme with specialization in “Sustainable Development Management” from ICPE, Slovenia.
- NHPC has signed an MoU with The Energy & Resource Institute (TERI), New Delhi for academic collaboration for the Master’s Degree Programme in “Infrastructure” in respect of NHPC sponsored participants wherein one executive will be nominated to undergo the programme for five academic years commencing from 2008-09 session. An amount of Rs. 56.75 Lacs paid towards endowment for the faculty chair at the TERI University.

Core Training Areas:

- Functional / Technical Training Programmes.
- Management Development Programmes.
- Soft Skills Development Programmes.
- Leadership Development Programmes.
- Programmes as per OD Interventions.
- IT & Computer related Programmes.
- Women Empowerment and Development Programmes.
- Lifestyle / Health Management Programmes.
- Multi skilling/Skill Upgradation Programmes for Workmen.
- Team Development Programmes.
- Cross Functional Programmes.
- Programmes related to QMS/ EMS/ OHSAS.
- Safety and Security based Programmes.

WOMEN EMPLOYEES

In line with the Supreme Court directives a Complaint Committee is in place in NHPC to examine the complaints of sexual harassment of female employees at work place. The Committee is headed by a female employee with more than 50% representation of female employees. The Committee also has a representative from Centre for Women’s Development Studies, an NGO as third Party representation.

INDUSTRIAL RELATION & STAFF WELFARE

Industrial relations between employee and employer were cordial and harmonious. No man-days were lost on account of strikes / lock-out. Staff welfare activities were given special consideration. Workers

were encouraged to participate in the areas concerning their working conditions, welfare etc.

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.

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. A new provision under NHPC Casual / Special Casual Leave Rules has been introduced for differently abled persons on the guidelines issued by the Govt. of India. The provisions under the scheme are:

(a) Special Casual Leave upto a maximum of 10 days in a calendar year may be granted to differently abled employees with disabilities as defined in the Persons with Disabilities (equal opportunities, protection of rights and full participation) Act 1995 for participating in the Conferences / Seminars / Trainings / Workshops related to disability and development related programmes organized at National & State level agencies to be specified by the Ministry of Social Justice & Empowerment.

(b) The period of absence in excess of 10 days is to be treated as a Regular Leave of the kind due and admissible.

SUBSIDIARY CORPORATION

Narmada Hydroelectric Development Corporation Ltd. is a **Joint Venture** of **NHPC and Government of Madhya Pradesh**. NHDC has commissioned both 1000 MW Indira Sagar project and Omkareshwar H.E. Project (520 MW) and gives much needed power to the State.

Cautionary Statement

The views and futuristic statement contained in this report are the perception of the Management and subject to certain risks and uncertainty that could cause actual results to differ from those reflected in such statements. Reader should carefully review the other information in this report and in the Company's periodic reports. The company undertakes no obligation to publicly update or revise any of these futuristic statement whether as a result of new information, future events or otherwise.



Annexure-III

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

A. Conservation of Energy:

(a) Energy Conservation Measures Taken;

With a view to assess and optimize the performance, energy audit of Rangit and Chamera-I Power Stations had been completed by CPRI, Bangalore. The recommendations suggested by CPRI to improve the energy saving measures 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:

Energy Audit of Uri and Chamera-I Power Stations is being undertaken during the current Financial Year 2008-09.

(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 to improve engine power, reduce harmful emissions, reduce maintenance & operating costs.

B. Technology Absorption:

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

(e) Activities relating to exports; initiatives taken to increase exports; development of new markets for products and services and export plans;

NHPC has no export plans.

(f) Total Foreign Exchange used and earned

Particulars	Rs. in crore 2007-08	Rs. in crore 2006-2007
1.* Value of imports calculated on CIF baiss:		
i) Capital Goods	0.07	83.77
ii) Spare parts	1.76	1.18
2.* Expenditure in Foreign currency		
i) know how	2.28	2.36
ii) interest	97.62	112.38
iii) Other Misc	164.48	162.36
3.* Value of spare parts and components consumed in Operating units		
- imported	4.23 (68.78%)	3.52 (40.70%)
- Indigenous	1.92 (31.22%)	5.13 (59.30%)
4** INCOME (ON CASH BASIS)		
i) Interest Income	-	-
ii) Others	-	-
* Accrual Basis		
** Cash Basis		

FORM – B

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

- Cooperation/Coordination between IRTCES, China and NHPC for different R&D Projects.
- National R&D Project- Development of Silt Resistant Material for Turbine of Hydro Generators.
- 3.75 MW Durgaduani Mini Tidal Power Project for development of Tidal Power.
- Import Substitution of E&M instruments/equipments/spares.
- Development of Geothermal Power.
- Preliminary study of release of down stream water.
- Techno-Economic studies for Selection of Appropriate Turbine-Generator units for Tidal Power Stations.
- Standardization of measuring & testing instruments.
- Computational Fluid Dynamics Software Laboratory.

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

- An MOU between IRTCES, China and NHPC has been signed and Specific research areas relevant to NHPC needs have been identified and Interaction for separate agreements for different areas of research with IRTCES, China is under process. Collaborative research on Management of Sedimentation in Hydro Reservoir between NHPC and IRTCES, China is being undertaken to take a preventative measure against sedimentation in hydro reservoir of both the countries.
- National R&D Project on “Development of Silt Erosion Resistant Material for Turbines of Hydro Generators” by NML (National Metallurgical Laboratory) Jamshedpur is under execution in which NHPC is also one of the participating agencies in conjunction with CPRI & SJVNL.
- MNES has requested NHPC to explore the possibilities for implementing Tidal Power Project in West Bengal. An MOU has been signed between NHPC and West-Bengal Renewal Energy Development Agency (WBREDA) for execution of Durgaduani Tidal Power Project. Updated DPR has been submitted to WBREDA with the help of an International Consultant.
- R&D Division has identified the local vendors partly for instruments / equipments / components / spares for Dhauliganga & Chamera-II Power Stations. Efforts are in process to identify the local vendors for balance instruments / equipments required by the Power Stations. NHPC is also making effort to identify the agencies for doing reverse engineering for substitute of equipments indigenously.
- Recently an Expert Group consisting of representatives from CEA, MNRE, NHPC, GSI, NGRI & M/s Geo-syndicate has been constituted to examine & compile the information available with various agencies involved in the areas of geothermal energy for assessment and development of the geothermal potential within the country.
- Preliminary study of down stream release of water of hydro power projects has been taken up as a research project. To formulate the exact scope of this study information / data (Environmental, Commercial, legal and other data) pertaining to down stream release of water dam has been collected from projects, related functional groups and other organizations (National / International). The study of flow through Down stream of Dam / barrage from hydro power projects for sustaining aquatic life is being conducted first time in national level. Based on this study a comprehensive comparative data may be developed.
- A standard minimum list of measuring and monitoring instruments / equipments have been prepared. Specification have also been prepared for measuring and monitoring instruments.
- CFD is extensively applied in the design of components in the water path like spiral casing, stay vanes, guide vanes, runner blades and draft tube and accurate prediction of losses and design analysis aid in optimization of the performance of the hydro turbines. CFD analysis have been successfully utilized to provide considerable design support for advance hydropower design.

3. Future plan of action 2008-2009

The above-mentioned R&D activities are planned to be continued for the year 2008-09.

- 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 Uri & Chamera-II Power Stations.
- Study of Hydro Reservoirs for estimation of Greenhouse Gas Emissions & Flow through downstream of Dam & Barrage for sustaining aquatic and other requirements by taking up as National R&D Projects.

4. Expenditure on R&D

Total expenditure on R&D during the financial year 2007-08 was Rs. 21,29,220/-.

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:

NIL

Annexure-IV

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

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

Name & Designation (S/Sh)	Nature of Employment and Nature of duties	Qualification and experience of the employee	Date of commencement of employment	Age (Yrs)	Remuneration (Rs.)	Last Employment held	Remarks
V. K. Kapoor, Executive Director	Regular	B.Sc., Engg. (Civil), 30 years 9 months experience	6th May 1977	54	25,18,049	Junior Engineer in Delhi Development Authority	

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

Name & Designation (S/Sh)	Nature of Employment and Nature of duties	Qualification and experience of the employee	Date of commencement of employment	Age (Yrs)	Remuneration (Rs.)	Last Employment held	Remarks
P. Venu gopal, Ex. Master Technician (Mech)	Regular	- 23 years experience in NHPC	3rd July 1984	58	10,70,877	-	

Notes:

- Persons named above were employees of the Company.
- Remuneration includes Salary, allowances, Leave encashment, leave travel concession, payment for subsidized leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries / hospitals at Project sites, since it can not be quantified employees wise. In addition, the employees are entitled to gratuity / group insurance in accordance with Company's Rules.
- Remuneration mentioned above is inclusive of retirement / separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

AUDITOR'S REPORT TO THE MEMBERS OF NHPC LIMITED

AUDITORS' COMMENTS

1. We have audited the attached Balance Sheet of **NHPC Ltd** (formerly known as National Hydro Electric Power Corporation Limited) as at 31st March 2008 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, Corporate Office and 3 other offices audited by us, (ii) 6 Regional Offices audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (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.
5. ***The Company has created self insurance reserve (net) of Rs. 73.05 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.***

MANAGEMENT REPLY

The Directors are appointed by the Govt. of India. 5 Nos. Independent Directors have been appointed upto June, 2008.

The Company is giving the same Accounting Treatment consistently since 1997-98. However, in view of a recent clarification issued by the Expert Advisory Committee of the ICAI, the accounting treatment shall be reviewed during Financial Year – 2008-09.

6. (a) *At projects namely Subansiri (Middle and Upper) and Siang (Upper), construction activity had to be suspended due to intervention of court / state government / public unrest etc. considerable period i.e. more than 2 years. The company has continued to incur revenue expenditure at such projects. During the year such expenditure amounted to Rs.9.04 crore and such expenditure incurred up to 31.03.07 amounted to Rs. 26.34 crore. As per generally accepted accounting principles such abnormal expenses / losses have to be charged off to revenue and are not to be capitalized. Since the same does not add any value to the projects and need be charged off to revenue. Accordingly in our opinion, profits for the current year are overstated by Rs.9.04 Crore. the Capital Work In Progress and Reserve and surplus are overstated by Rs.35.38 crore.*

(b) Capital Work in Progress includes sum of Rs.1.90 crore incurred at projects, namely Subansiri (Middle and Upper) and Siang (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.

7. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) The allocation of work amongst the auditors has been followed as per direction contained in letter No. CA. V/COY/Central Govt. NHPC(5)/79 dated 31.07.2007 addressed to NHPC by the Office of Comptroller & Auditor General of India, New Delhi.
 - (iii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with;
 - (iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - (v) In our opinion, the Balance Sheet, Profit and Loss account and Cash flow Statement dealt

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, translated into Accounting Policy during F.Y. 2007-08, 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.

with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

- (vi) The Department of Companies Affairs, Ministry of Finance vide their Notification No. F. No. 8/5/2001-CL.V dated 21st October, 2003 have notified that provision of Section 274 (1) (g) of the Companies Act 1956, shall not apply to a Government Company.
- (vii) The central government has not prescribed the amount of Cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(viii) Subject to our observations referred in paragraph 5, 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. 64.01 crore, overstatement of Capital Work in Progress by Rs. 35.38 Crore and overstatement of Reserves & Surplus by Rs. 35.38 Crore, 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 31st March 2008,
- 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

(Sunil Aggarwal)
Partner
Membership No: 83899

Place : New Delhi

Dated: 30th May 2008

Annexure to the Auditor's Report

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

- (i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are informed that the fixed assets have been physically verified by the management / out side chartered accountants firm during the year. In our opinion, the frequency of verification is reasonable. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets physically verified during the year.
- (c) During the year Siyom HE Projects (Middle) have been disposed of having assets value of Rs 53.96 Crores under government direction, however it has no impact on going concern.
- (ii) (a) The inventories of stores, spare parts, steel and cement have been physically verified during the year by the management / outside chartered accountants firm. In our opinion, the frequency of physical verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories, wherever material, have been properly dealt with in the books of account.
- (iii) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
- (b) As per information and explanation the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, in general there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of power and services.
- (v) (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements, which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of sub-clause (a) above, the sub clause is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) According to the information and explanations given to us and the records of the Company, the Company has an in house Internal Audit system commensurate with its size and nature of its business. However it needs to be strengthened in 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 generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as at 31st March, 2008, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and as per the records of the Company, the dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute amounting to Rs. 2045.41 crores.

Statute	Nature of Dues	Forum where the dispute is pending	Rs in Crore
Sales Tax act of Various State	Sales Tax	Gwahati high Court	1931.19
	Sales Tax	Appelite Authority Tribunal Jammu.	112.34
	Sales Tax	ACCT WB Sales Tax	0.22
	Sales Tax	TTO Khatima	1.41
	Entry Tax	Superintendent of taxes-Dhemaji Assam	0.25
		Total	2045.41

- (x) The company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash loss during the year covered by our audit and in the immediately preceding financial year.
- (xi) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions / Banks or Debenture holders.
- (xii) Based on the audit procedures applied by us and information and explanation provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi or a mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. In view of provisions of this clause are not applicable.
- (xv) The Company has not given any guarantee for loan taken by others from Banks/Financial Institutions.
- (xvi) According to the information and explanations given to us, based on an overall examination of the Balance Sheet of the company, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us, based on an overall examination of the Balance Sheet of the company, related information made available to us and as represented to us by the Management, no funds have been raised on short-term basis during the period under audit.
- (xviii) The Company has not made any preferential allotment of shares during the period under audit to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created security in respect of Bonds issued by the Company.
- (xx) The Company has not made any public issue of any securities during the period under audit.
- (xxi) We are informed that no frauds by or on the Company have been noticed and reported during the period under audit.

For G S A & Associates
Chartered Accountants

Place : New Delhi
Dated: 30th May, 2008

(Sunil Aggarwal)
Partner
Membership No. 83899



132 MW Teesta Low Dam - III Project (West Bengal) - Erection of Pressure Shaft Liner in Unit - I

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

BALANCE SHEET AS AT 31st MARCH, 2008

(Rupees in crore)

SCHEDULE	31st March, 2008	31st March, 2007
SOURCES OF FUNDS		
A. SHAREHOLDERS' FUNDS		
i) Share Capital	11182.49	11198.21
ii) Govt. of India Fund Adjustable to Equity	-	8.83
iii) Reserves and Surplus	<u>6093.34</u> 17275.83	<u>5367.05</u> 16574.09
B. LOAN FUNDS		
i) Secured Loans	7003.49	4622.79
ii) Unsecured Loans	<u>2952.84</u> 9956.33	<u>2909.16</u> 7531.95
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION		
	1303.26	1245.98
D. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities	2017.06	1768.93
Less: Deferred Tax Recoverable	<u>2017.06</u> -	<u>1768.93</u> -
TOTAL	<u>28535.42</u>	<u>25352.02</u>
APPLICATION OF FUNDS		
A. FIXED CAPITAL EXPENDITURE		
i) Fixed Assets	5	
a) Gross Block	20639.51	12943.64
Less: Depreciation	<u>3262.66</u>	<u>2850.92</u>
b) Net Block	17376.85	10092.72
ii) Capital Work In Progress	6	11399.92
iii) Construction Stores and Advances	<u>1077.34</u> 24772.83	<u>856.43</u> 22349.07
B. INVESTMENTS		
	8	3322.75
C. CURRENT ASSETS, LOANS AND ADVANCES		
i) Interest Accrued on Investments	91.91	103.54
ii) Inventories	40.17	44.95
iii) Contract Work-in-Progress	699.46	279.98
iv) Sundry Debtors	348.06	291.22
v) Cash and Bank Balances	1841.27	466.90
vi) Other Current Assets	215.17	154.30
vii) Loans and Advances	<u>843.84</u> 4079.88	<u>445.32</u> 1786.21
Less: CURRENT LIABILITIES AND PROVISIONS		
i) Liabilities	1862.66	1071.68
ii) Provisions	<u>1504.19</u> <u>3366.85</u>	<u>1060.13</u> <u>2131.81</u>
NET CURRENT ASSETS	713.03	(345.60)
D. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)	11	25.80
TOTAL	<u>28535.42</u>	<u>25352.02</u>
Accounting Policies	23	
Notes to the Accounts	24	

Schedule 1 to 24 form integral part of the Accounts

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For GSA & ASSOCIATES

Chartered Accountants

(SUNIL AGGARWAL)

Partner

M.No. 83899

VIJAY GUPTA

Company Secretary

A.B.L. SRIVASTAVA

Director (Finance)

S.K. GARG

Chairman & Managing Director

Place : New Delhi

Dated : 30.05.2008

NHPC Limited

(Formerly known as National Hydroelectric Power Corporation Limited)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

(Rupees in crore)

	SCHEDULE	31st March, 2008	31st March, 2007
INCOME			
i) Sales	12	2301.00	1962.76
Less: Tariff Adjustment		-	(7.17)
Less: Advances Against Depreciation	12A	<u>57.27</u>	<u>215.81</u>
ii) Contracts and Consultancy Income	13	326.63	128.81
iii) Other Income	14	585.14	304.57
TOTAL INCOME		<u>3155.50</u>	<u>2187.50</u>
EXPENDITURE			
i) Generation, Administration and Other Expenses	15	285.56	182.56
ii) Employees' Remuneration and Benefits	16	316.78	237.19
iii) Depreciation	17	443.74	290.55
iv) Interest and Finance Charges	18	611.54	231.75
v) Provisions	19	11.43	23.74
vi) Contract and Consultancy Expenses	20	319.10	126.43
TOTAL EXPENDITURE		<u>1988.15</u>	<u>1092.22</u>
Profit before Tax and Prior Period Adjustments		1167.35	1095.28
Prior Period Adjustments (net)	21	20.70	7.54
PROFIT BEFORE TAX		1146.65	1087.74
Provision for Taxation			
i) Current Tax		117.96	125.78
ii) Fringe Benefit Tax		9.50	8.90
iii) Adjustments relating to earlier years		15.10	28.26
iv) Deferred Tax		248.13	167.55
Less: Deferred tax recoverable adjustment		<u>248.13</u>	<u>167.55</u>
		-	-
		<u>142.56</u>	<u>162.94</u>
PROFIT AFTER TAX		1004.09	924.80
Balance brought forward from last year's account		715.18	2829.74
Amount written back from bonds redemption reserve		-	83.75
BALANCE AVAILABLE FOR APPROPRIATION		<u>1719.27</u>	<u>3838.29</u>
i) Transfer to Bond Redemption Reserve		23.75	-
ii) Transfer to General Reserve		-	2800.00
iii) Dividend :			
- Interim		100.00	72.00
- Proposed		200.00	206.00
iv) Tax on Dividend :			
- Interim		17.00	10.10
- Proposed		33.99	35.01
BALANCE CARRIED OVER TO BALANCE SHEET		<u>1344.53</u>	<u>715.18</u>
Earning per share (Equity shares, face value of Rs. 10/- each)			
Basic		0.90	0.88
Diluted		0.90	0.85
Incidental Expenditure During Construction	22		
Accounting Policies	23		
Notes to the Accounts	24		

Schedule 1 to 24 form integral part of the Accounts

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For GSA & ASSOCIATES

Chartered Accountants

(SUNIL AGGARWAL)

Partner
M.No. 83899

VIJAY GUPTA

Company Secretary

A.B.L. SRIVASTAVA

Director (Finance)

S.K.GARG

Chairman & Managing Director

Place : New Delhi

Dated : 30.05.2008

SCHEDULE - 1 SHARE CAPITAL

(Rupees in crore)

	Opening Balance as at 01.04.2007	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2008
Authorised: 15,000,000,000 Equity Shares of Rs.10/- each (Previous Year 15,000,000,000 Equity Shares of Rs.10/- each)	15,000.00	-	-	15,000.00
Issued, Subscribed and Paid-Up: 11,182,493,430 Equity Shares of Rs.10/- each fully paid-up (Previous Year 11,198,212,500 Equity Shares of Rs.10/- each) fully paid-up (Out of above, 62,952,960 Shares of Rs.10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	11,198.21	8.83	24.55*	11,182.49
Total	11,198.21	8.83	24.55	11,182.49

* Refer Note No. 3 of Notes to the Accounts (Schedule 24)

SCHEDULE - 2 RESERVE AND SURPLUS

(Rupees in crore)

	31st March 2008				31st March 2007			
	Opening Balance as at 01.04.2007	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2008	Opening Balance as at 01.04.2006	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2007
Capital Reserve	0.06	-	0.06	-	0.06	-	-	0.06
Bond Redemption Reserve	118.75	23.75	-	142.50	202.50	-	83.75	118.75
General Reserve	4,120.00	-	(0.06)	4,120.06	1,320.00	2,800.00	-	4,120.00
Profit and Loss Account	715.18	1,004.09	374.74	1,344.53	2,829.74	924.80	3,039.36	715.18
Self Insurance Reserve	414.43	83.75	10.70	487.48	357.98	57.34	0.89	414.43
Less: Losses reimbursable from Self Insurance Reserve	1.37	413.06	10.73	73.02	10.87	(0.17)	1.23	486.25
Total	5,367.05	1,100.86	374.57	6,093.34	4,709.89	3,781.16	3,124.00	5,367.05

SCHEDULE - 3 LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. BONDS	570.00	570.00
B. TERM LOANS		
Term Loan from Banks / FIs - Indian Currency	6433.49	4052.79
TOTAL (Refer Appendix)	7003.49	4622.79

APPENDIX TO SCHEDULE 3

LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2008	31st March, 2007
(A). BONDS (Non-convertible and Non-cumulative)		
BONDS-O SERIES *2		
(7.7% 15 year Bonds of Rs.100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Earliest redemption 31.03.09) (Due for redemption within one year Rs. 57 crores)	570.00	570.00
TOTAL BONDS (A)	570.00	570.00
(B). TERM LOANS		
CANARA BANK *1	85.00	85.00
(Due for repayment within one year Rs.17 crores) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)		
INDIAN OVERSEAS BANK *1	50.00	50.00
(Due for redemption within one year Rs.12.50 crores) (Repayable in 4 equal yearly installments w.e.f. 06.12.08)		
STATE BANK OF PATIALA *1	36.00	40.00
(Due for repayment within one year Rs.4 crore) (Repayable in 20 half yearly installments w.e.f. 09.07.07)		
BANK OF INDIA *3	85.00	95.00
(Due for repayment within one year Rs.10 crore) (Repayable in 10 years in 40 equal quarterly installments w.e.f. 24.12.06)		
CENTRAL BANK OF INDIA *3	60.00	70.00
(Due for repayment within one year Rs.10 crore) (Repayment in 20 half yearly installments of Rs.5 crore w.e.f. 02.05.04)		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3	78.57	92.86
(Due for repayment within one year Rs.14.28 crore) (Repayable in 14 equal half yearly installments w.e.f. 13.02.07)		
PUNJAB & SIND BANK *3	85.00	95.00
(Due for repayment within one year Rs.10 crore) (Repayable in 40 quarterly installments in 10 years w.e.f. 24.10.06)		
PUNJAB NATIONAL BANK *3	97.50	112.50
(Due for repayment within one year Rs.15 crore) (Repayment in 10 years in 20 half yearly installments w.e.f. 26.10.04)		
STATE BANK OF PATIALA *3	39.29	46.43
(Due for repayment within one year Rs.7.14 crore) (Repayment in 14 half yearly installments w.e.f. 30.01.2007)		
STATE BANK OF HYDERABAD *3	39.29	46.43
(Due for repayment within one year Rs.7.14 crore) (Repayment in 14 half yearly installments in 7 years w.e.f. 07.01.07)		
STATE BANK OF INDIA *3	107.14	128.57
(Due for repayment within one year Rs.21.43 crore) (Repayment in 14 half yearly installments w.e.f. 18.09.06)		
CANARA BANK *4	50.00	50.00
(Due for repayment within one year Rs.Nil) (Repayable in 4 equal yearly installments w.e.f. 28.06.09)		
LIFE INSURANCE CORPORATION OF INDIA *5 & 7	2500.00	2062.00
(Due for repayment within one year Rs.Nil) (Repayable in 24 half yearly installments in 12 years w.e.f. 15.04.09)		
CANARA BANK *2	180.00	200.00
(Due for repayment within one year Rs.20 crore) (Repayable in 10 equal yearly installments w.e.f. 09.11.07)		
SYNDICATE BANK *2	164.70	183.00
(Due for repayment within one year Rs.18.30 crore) (Repayable in 10 equal yearly installments w.e.f. 23.02.08)		
ORIENTAL BANK OF COMMERCE *2	180.00	200.00
(Due for repayment within one year Rs.20 crore) (Repayable in 10 equal yearly installments w.e.f. 31.03.08)		

APPENDIX TO SCHEDULE 3

(Rupees in crore)

	31st March, 2008	31st March, 2007
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year Rs. Nil) (Repayable in 10 equal yearly installments w.e.f. 27.12.11)	100.00	100.00
LIFE INSURANCE CORPORATION OF INDIA *6 (Due for repayment within one year Rs.Nil) (Repayable in 24 half yearly installments in 12 years w.e.f. 30.04.12)	1496.00	296.00
INDIAN BANK *1 (Due for repayment within one year Rs.NIL) (Repayable in 3 equal installments w.e.f. 28.02.12)	100.00	100.00
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	50.00	-
POWER FINANCE CORPORATION LIMITED *9 (Due for repayment within one year Rs.60,000,000/-) (Repayable in 40 equal quarterly installments w.e.f. 15.10.08)	120.00	-
POWER FINANCE CORPORATION LIMITED *9 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	70.00	-
POWER FINANCE CORPORATION LIMITED *10 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.04.10)	190.00	-
POWER FINANCE CORPORATION LIMITED *11 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.07.09)	260.00	-
POWER FINANCE CORPORATION LIMITED *11 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.04.09)	210.00	-
TOTAL SECURED LOANS (B)	6433.49	4052.79
TOTAL (A+B)	7003.49	4622.79

APPENDIX TO SCHEDULE 3

Note :-

- *1. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the state of Himachal Pradesh except for Book Debts and Stores.
- *2. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
- *3. Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets of Corporation's Chamera Power Station-II situated in the state of Himachal Pradesh except book debts & stores.
- *4. Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak Power Station situated in the state of Manipur except for book debts and stores.
- *5. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
- *6. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E.Project situated in the state of Arunachal Pradesh & equitable mortgage/hypothecation against immovable/moveable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal and Teesta V H.E. Projects situated in the State of Sikkim.
- *7. Secured by a first pari-passu mortgage and charge over all the immovable and moveable assets of the Company's Dhauliganga Power Station situated in the state of Uttarakhand except for book debts & stores.
- *8. Secured by way of first charge by way of hypothecation on whole of the Corporation's moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.The charge has been filed with ROC on 09/05/2008.

- *9. Secured by way of first charge by way of hypothecation on whole of the Corporation's moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores. The charge has been filed with ROC on 02/05/2008.
- *10. Secured by way of first pari-passu charge by way of mortgage/hypothecation on whole of the Corporation's immoveable/moveable assets, both present and future, of Uri-I Power Station & Chamera-II Power Station situated in the state of Jammu & Kashmir & Himachal Pradesh respectively except for book debts & stores. Security creation under process and charge is yet to be filed with ROC.
- *11. Secured by way of first pari-passu charge by way of mortgage/hypothecation on whole of the Corporation's immoveable/moveable assets, both present and future, of Chamera-I Power Station situated in the state of Himachal Pradesh except for book debts & stores. Security creation under process and charge is yet to be filed with ROC.

SCHEDULE - 4 LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2008	31st March, 2007
TERM LOANS		
Term Loan From Banks / FIs - Foreign Currency		
(a) Guaranteed by Government of India	2737.41	2710.04
(b) Others	215.43	199.12
TOTAL (Refer Appendix)	2952.84	2909.16

APPENDIX TO SCHEDULE 4

LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2008	31st March, 2007
Term Loan From Banks/FIs - Foreign Currency		
(a) Guaranteed by Government of India		
i) Nordic Investment Bank (Due for repayment within one year Rs.20.21 crore)	60.62	88.20
ii) Credit Commercial DE France (Due for repayment within one year Rs.107.30 crore)	268.25	346.38
iii) Export Development Canada (Due for repayment within one year Rs.54.74 crore)	402.42	439.60
iv) Japan Bank of International Cooperation Tranche-I (Due for repayment within one year Rs.9.77 crore)	175.89	171.61
v) Japan Bank of International Cooperation Tranche-II (Due for repayment within one year Rs.32.06 crore)	641.14	607.43
vi) Japan Bank of International Cooperation Tranche-III (Due for repayment within one year Rs.Nil)	472.48	422.95
vii) Deutsche Bank & Others (Due for repayment within one year Rs.Nil)	<u>716.61</u>	<u>633.87</u>
	2,737.41	2,710.04
(b) Others		
ECB - BARCLAYS & SCB (Due for repayment within one year Rs.Nil)	215.43	199.12
TOTAL	<u>2,952.84</u>	<u>2,909.16</u>

SCHEDULE - 5 FIXED ASSETS

(Rupees in crore)

		GROSS BLOCK			DEPRECIATION			NET BLOCK		
		01.04.2007	Additions/ Adjustments	Deductions/ Adjustments	31.03.2008	01.04.2007	For the Year	Adjust- ments	31.03.2008	31.03.2007
i)	Land – Freehold	186.83	6.02	0.02	192.83	-	-	-	192.83	186.83
ii)	Land – Leasehold	44.97	24.17	3.18	65.96	2.94	0.56	(0.90)	2.60	63.36
iii)	Land – Unclassified/ Right of Use	512.77	172.35	9.67	675.45	9.45	0.92	-	10.37	665.08
iv)	Buildings	1,295.76	344.22	24.31	1,615.67	300.97	44.19	(21.21)	323.95	1,291.72
v)	Roads and Bridges	305.22	49.34	7.89	346.67	42.73	7.17	(5.85)	44.05	302.62
vi)	Railway Sidings	13.33	11.27	0.35	24.25	0.48	0.51	(0.35)	0.64	23.61
vii)	Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	7,000.79	4,938.21	1.72	11,937.28	1,387.35	234.31	0.16	1,621.82	10,315.46
viii)	Generating Plant and Machinery	3,118.29	2,179.77	4.28	5,293.78	886.87	162.57	(0.90)	1,048.54	4,245.24
ix)	Plant and Machinery - Sub station	83.65	2.76	4.39	82.02	33.52	2.68	(4.36)	31.84	50.18
x)	Plant and Machinery - Transmission lines	42.58	25.97	13.04	55.51	16.42	2.25	(11.85)	6.82	48.69
xi)	Plant and Machinery - Others	22.17	1.27	1.70	21.74	7.73	1.12	(1.35)	7.50	14.24
xii)	Construction Equipment	73.38	2.73	7.05	69.06	40.13	6.84	(5.96)	41.01	28.05
xiii)	Water Supply System/Drainage and Sewerage	22.17	2.23	0.55	23.85	1.94	0.46	(0.50)	1.90	21.95
xiv)	Electrical installations	3.09	0.14	0.01	3.22	0.45	0.19	-	0.64	2.58
xv)	Vehicles	31.99	0.69	5.74	26.94	25.24	1.80	(5.50)	21.54	5.40
xvi)	Aircraft/ Boats	1.11	-	0.24	0.87	0.81	0.06	(0.23)	0.64	0.23
xvii)	Furniture and Fixture	32.57	4.00	2.32	34.25	10.98	2.59	(1.84)	11.73	22.52
xviii)	Computers	35.86	6.60	2.94	39.52	26.73	4.54	(2.06)	29.21	10.31
xix)	Communication Equipment	22.74	2.79	3.44	22.09	11.81	1.57	(1.77)	11.61	10.48
xx)	Office Equipments	31.08	3.22	1.94	32.36	9.23	2.36	(1.37)	10.22	22.14
xxi)	Research and Development	0.16	-	-	0.16	0.03	0.01	-	0.04	0.12
xxii)	Intangible Assets (Software)	7.31	1.68	1.51	7.48	5.87	1.27	(0.58)	6.56	0.92
xxiii)	Other Assets	37.13	4.75	3.11	38.77	13.29	2.06	(2.32)	13.03	25.74
xxiv)	Capital Expenditure on assets not owned by NHPC	1.75	11.33	0.09	12.99	0.35	0.35	-	0.70	12.29
xxv)	Fixed assets of Minor Value >750 and < Rs.5000	15.61	2.03	1.93	15.71	15.60	1.97	(1.87)	15.70	0.01
xxvi)	Obsolete / Surplus Assets	1.33	0.53	0.78	1.08	-	-	-	-	1.08
	TOTAL	12,943.64	7,798.07	102.20	20,639.51	2,850.92	482.35	(70.61)	3,262.66	17,376.85
	<i>Previous Year</i>	12,755.52	349.39	161.27	12,943.64	2,527.83	328.57	(5.48)	2,850.92	10,092.72

SCHEDULE - 6 CAPITAL WORK-IN-PROGRESS

(Rupees in crore)

		01.04.2007	Additions	Adjustments	Capitalised	31.03.2008
i	Buildings	947.29	210.57	(425.07)	338.74	394.05
ii	Roads and Bridges	68.78	37.67	9.30	49.22	66.53
iii	Railway sidings	4.50	-	0.01	-	4.51
iv	Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	4,216.65	1,050.47	1,988.46	4,932.39	2,323.19
v	Generating Plant and Machinery	1,832.20	500.02	826.59	2,168.38	990.43
vi	Plant and Machinery - Sub station	0.81	1.71	(0.18)	2.32	0.02
vii	Plant and Machinery - Transmission lines	22.96	2.64	0.18	23.76	2.02
viii	Plant and Machinery - Others	1.18	2.17	(0.06)	1.55	1.74
ix	Construction Equipment	-	0.01	-	0.01	-
x	Water Supply System/Drainage and Sewerage	1.72	1.69	(0.30)	1.63	1.48
xi	Intangible Assets	-	1.24	-	-	1.24
xii	Capital Expenditure On assets Not Owned by NHPC	11.94	15.10	(0.06)	11.23	15.75
xiii	Survey, investigation, consultancy and supervision charges	121.24	9.68	(14.51)	-	116.41
xiv	Expenditure on compensatory Afforestation	0.44	-	(0.45)	-	(0.01)
xv	Incidental expenditure during construction period	4,170.21	824.03*	(2,592.96)	-	2,401.28
	TOTAL	11,399.92	2,657.00	(209.05)	7,529.23	6,318.64
	<i>Previous Year</i>	8844.19	2737.32	(25.91)	155.68	11399.92

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

SCHEDULE - 7 CONSTRUCTION STORES AND ADVANCES

(Rupees in crore)

	31st March, 2008		31st March, 2007	
A. CONSTRUCTION STORES				
(At cost as valued and certified by management)				
i) Stores and spares	72.21		79.68	
ii) Loose tools	0.03		0.07	
iii) Scrap inventory	0.07		0.05	
iv) Stores in transit/ pending inspection	58.95		0.86	
v) Material issued to contractors/ fabricators	61.20		79.19	
Less : Provisions for construction stores	3.29	189.17	16.20	143.65
B. ADVANCES FOR CAPITAL EXPENDITURES				
i) Secured (considered good)	75.82		78.00	
ii) Unsecured (considered good)				
– Against bank guarantee	711.34		564.31	
– Others	101.01		70.47	
iii) Unsecured (considered doubtful)	2.28		2.28	
Less : Provisions for doubtful advances	2.28	888.17	2.28	712.78
TOTAL		1077.34		856.43
Provision for Construction Stores				
As per last Balance Sheet	16.20		13.28	
Additions during the year	-		2.98	
Adjustment during the year	(12.91)		-	
Amount used during the year	-		0.06	
Amount reversed during the year	-		-	
Closing Balance		3.29		16.20
Provision for Doubtful Advances				
As per last Balance Sheet	2.28		0.02	
Additions during the year	-		2.26	
Amount used during the year	-		-	
Amount reversed during the year	-		-	
Closing Balance		2.28		2.28

SCHEDULE - 8 INVESTMENTS

(Rupees in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March, 2008	31st March, 2007
	Current year/ (Previous year)	(in Rs.)		
LONG TERM (Trade - unless otherwise specified)				
A. Quoted				
Equity shares \$				
PTC India Ltd.	12000000 (12000000)	10	12.00	12.00
Indian Overseas Bank (Non-Trade)	360800 (360800)	10	0.36	0.36
Sub Total (A)			12.36	12.36
B. Unquoted				
a) Equity shares in Subsidiary Companies				
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	Face value per share/ bonds/ security	31st March, 2008	31st March, 2007
	Current year/ (Previous year)	(in Rs.)		
b) Bonds \$				
8.50 % Tax-Free State Government Special Bonds of the Government of				
Arunachal Pradesh	7776 (8748)	1,000	0.78	0.87
Bihar	152560 (171630)	1,000	15.26	17.16
Haryana	4520000 (5085000)	1,000	452.00	508.50
Himachal Pradesh	142944 (160812)	1,000	14.29	16.08
Jammu and Kashmir	6165568 (6936264)	1,000	616.56	693.63
Jharkhand	114480 (128790)	1,000	11.45	12.88
Meghalaya	4256 (4788)	1,000	0.43	0.48
Mizoram	25680 (28890)	1,000	2.57	2.89
Nagaland	55360 (62280)	1,000	5.53	6.23
Punjab	1782480 (2005290)	1,000	178.25	200.53
Rajasthan	284910 (512838)	1,000	28.49	51.28
Sikkim	18688 (21024)	1,000	1.87	2.10
Tripura	21344 (24012)	1,000	2.13	2.40
Uttar Pradesh	6295120 (7082010)	1,000	629.51	708.20
Uttarakhand	699440 (786870)	1,000	69.94	78.69
West Bengal	53776 (60498)	1,000	5.38	6.05
	Sub Total (B)		3,036.86	3,310.39
	Total (A+B)		3,049.22	3,322.75
\$ In DEMAT form				
Quoted Investments				
(i) Aggregate Cost			12.36	12.36
(ii) Aggregate Market Value				
- NSE quotes			121.03	75.17
- BSE quotes			120.20	75.18
Unquoted Investments				
Aggregate Cost			3,036.86	3,310.39

SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March 2008	31st March 2007
A. INTEREST ACCRUED ON INVESTMENTS	91.91	103.54
B. INVENTORIES (At cost as valued and certified by management)		
i) Stores and spares	60.36	45.73
ii) Loose tools	0.64	0.55
iii) Scrap inventory	1.11	0.91
iv) Stores in transit/ pending inspection	0.41	0.19
v) Material at site	10.61	7.72
vi) Material issued to contractors/ fabricators	2.75	3.03
Less: Provision for obsolete store & spares *1	<u>35.71</u>	<u>13.18</u>
TOTAL	40.17	44.95
C. WORK IN PROGRESS Construction work-in-progress (on behalf of clients)	699.46	279.98
D. SUNDRY DEBTORS (UNSECURED)		
i) Debts outstanding for a period exceeding six months		
- Considered good	132.19	125.07
- Considered doubtful and provided	77.13	75.94
ii) Other debts		
- Considered good	215.87	166.15
[(includes Rs 0.05 crore due from Narmada Hydroelectric Development Corporation Limited (previous year Rs 0.10 crore)]	<u>425.19</u>	<u>367.16</u>
Less: Provision for doubtful debts *2	<u>77.13</u>	<u>75.94</u>
TOTAL	348.06	291.22
E. CASH AND BANK BALANCES		
i) Cash on hand (includes cheques, drafts, stamps in hand of Rs 0.09 crores, Previous year Rs 53.81 crores)	0.48	54.24
ii) Bank balances		
• With scheduled banks		
- In current account	286.71	176.46
- In deposits account	1553.90	236.00
• With other banks		
- In current account		
Bank of Bhutan, Phuentsholing	0.18	0.07
Deutsche Bank, Tokyo Branch	-	0.13
TOTAL	1841.27	466.90
F. OTHER CURRENT ASSETS		
i) Interest accrued on:		
- Advance to Government of Arunachal Pradesh	15.31	-
- Loan to State Government in settlement of dues from customers	32.97	43.75
- Deposits	13.36	3.55
ii) Others	64.70	63.51
iii) Claims recoverable from different agencies	104.71	61.50
Less: Provisions for doubtful claims *3	<u>15.88</u>	<u>18.01</u>
TOTAL	215.17	154.30
G. LOANS AND ADVANCES		
a) LOANS		
i) Employees (including accrued interest)		
- Secured	103.23	97.51
- Unsecured (considered good)	23.82	28.02
ii) Loan to State Government in settlement of dues from customer		
- Unsecured considered good	215.58	253.62
iii) Advance to Government of Arunachal Pradesh		
- Unsecured considered good	225.00	-

SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2008		31st March, 2007	
b) ADVANCES (recoverable in cash or kind for value to be received)				
i) Subsidiary companies				
- Unsecured (considered good)	-		2.31	
ii) Contractors & suppliers				
- Secured	0.07		35.14	
- Unsecured (considered good):				
> Covered by bank guarantees	20.84		16.85	
> Others	11.22		8.85	
- Unsecured (considered doubtful)	0.50		0.46	
iii) Employees				
- Unsecured (considered good)	3.91		1.99	
iv) Other advances				
- Unsecured (considered good)	0.43		0.63	
Less : Provisions for doubtful loans and advances *4	0.50	604.10	0.46	444.92
v) Deferred Foreign Currency Fluctuation Assets		219.37		-
c) DEPOSITS				
Advance income tax	455.56		331.08	
Less : Provisions for Taxation *5	435.19	20.37	330.68	0.40
TOTAL		843.84		445.32
TOTAL (A to G)		4079.88		1786.21

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

	2007-08	2006-07
Bank of Bhutan		
i) Current account	0.30	0.19
Deutsche Bank, Tokyo Branch		
i) Current account	12.92	0.99

PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the year	0.02	0.02
ii) Maximum balance at any time during the year	0.03	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	2.65	4.07
Details of Provisions		
Provision for Obsolete Store & Spares *1		
As per last Balance Sheet	13.18	9.67
Additions during the year	10.20	8.70
Adjustment during the year	12.91	-
Amount used during the year	0.53	5.06
Amount reversed during the year	0.05	0.13
Closing Balance	35.71	13.18
Provision for Doubtful Debts *2		
As per last Balance Sheet	75.94	77.07
Additions during the year	1.19	-
Amount used during the year	-	-
Amount reversed during the year	-	1.13
Closing Balance	77.13	75.94
Provision for Bad & Doubtful Claims *3		
As per last Balance Sheet	18.01	18.87
Additions during the year	0.78	1.21
Amount used during the year	0.01	2.07
Amount reversed during the year	2.90	-
Closing Balance	15.88	18.01

SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2008	31st March, 2007
Provisions for Doubtful Loans & Advances *4		
As per last Balance Sheet	0.46	0.44
Additions during the year	0.04	0.02
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	<u>0.50</u>	<u>0.46</u>
Provision for Taxation *5		
As per last Balance Sheet	330.68	197.59
Additions during the year	142.56	162.94
Adjustment during the year	21.26	-
Amount used during the year	59.03	29.85
Amount reversed during the year	0.28	-
Closing Balance	<u>435.19</u>	<u>330.68</u>

SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. LIABILITIES		
i) Sundry creditors		
a) Total outstanding dues of small scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
c) Others	631.06	459.91
ii) Deposits/ retention money	84.43	50.43
iii) Advances against the deposit works	77.85	81.67
Less : Amount recoverable on deposit works	(23.31)	(0.05)
iv) Interest accrued but not due on loans	193.56	128.85
v) Advances against cost of project/ contractees	669.29	273.47
vi) Due to subsidiaries	0.20	-
vii) Deferred Foreign Currency Fluctuation Liabilities	67.86	-
viii) Other liabilities	<u>161.72</u>	<u>77.40</u>
TOTAL LAIBILITIES (A)	1862.66	1071.68
B. PROVISIONS		
i) Provision for Proposed Dividend		
As per last Balance Sheet	206.00	159.00
Additions during the year	200.00	206.00
Amount used during the year	206.00	159.00
Amount reversed during the year	-	-
Closing Balance	<u>200.00</u>	<u>206.00</u>
ii) Tax on Proposed Dividend		
As per last Balance Sheet	35.01	22.30
Additions during the year	33.99	35.01
Amount used during the year	35.01	22.30
Amount reversed during the year	-	-
Closing Balance	<u>33.99</u>	<u>35.01</u>
iii) Provision for Wage Revision		
As per last Balance Sheet	39.95	73.11
Additions during the year	148.92	39.95
Amount used during the year	0.87	45.19
Amount reversed during the year	0.04	27.92
Closing Balance	<u>187.96</u>	<u>39.95</u>

SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March 2008	31st March 2007
iv) Provision for Productivity Linked Incentive		
As per last Balance Sheet	29.65	28.59
Additions during the year	33.66	29.33
Amount used during the year	25.17	16.42
Amount reversed during the year	4.48	11.85
Closing Balance	33.66	29.65
v) Provision for Employee Benefits		
As per last Balance Sheet	506.62	420.08
Additions during the year	107.44	112.67
Amount used during the year	45.25	26.13
Amount reversed during the year	-	-
Closing Balance	568.81	506.62
vi) Provision - Others		
As per last Balance Sheet	3.72	0.28
Additions during the year	33.53	3.51
Amount used during the year	1.13	0.07
Amount reversed during the year	-	-
Closing Balance	36.12	3.72
vii) Provision for Project Expenses		
As per last Balance Sheet	8.87	-
Additions during the year	-	8.87
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	8.87	8.87
viii) Provision for Contingencies		
As per last Balance Sheet	1.73	1.77
Additions during the year	-	-
Amount used during the year	-	0.04
Amount reversed during the year	1.63	-
Closing Balance	0.10	1.73
ix) Provision for Loss on Hedging Transaction		
As per last Balance Sheet	-	-
Additions during the year	23.00	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	23.00	-
x) Provision for Tariff Adjustment		
As per last Balance Sheet	-	69.89
Additions during the year	-	-
Amount used during the year	-	62.72
Amount reversed during the year	-	7.17
Closing Balance	-	-
xi) Provision for Self Consumption of Power		
As per last Balance Sheet	6.45	6.45
Additions during the year	-	-
Amount used during the year	6.45	-
Amount reversed during the year	-	-
Closing Balance	-	6.45
xii) Provision for Committed Capital Expenditure		
As per last Balance Sheet	222.13	-
Additions during the year	215.18	222.13
Amount used during the year	24.04	-
Amount reversed during the year	1.59	-
Closing Balance	411.68	222.13
TOTAL PROVISIONS (B)	1504.19	1060.13
TOTAL (A+B)	3366.85	2131.81

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

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Share Issue Expenses (IPO)	0.34	1.25
ii) Expenditure awaiting adjustment	-	24.55
iii) Losses awaiting write off sanction	2.90	2.60
Less: Provision for losses pending investigation	<u>2.90</u>	<u>2.60</u>
TOTAL	0.34	25.80

SCHEDULE - 12 SALES

(Rupees in crore)

	31st March, 2008	31st March, 2007
Sale of Power	2340.23	1963.10
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	39.23	0.34
Total taken to Profit and Loss Account	2301.00	1962.76

SCHEDULE - 12 A - ADVANCE AGAINST DEPRECIATION

(Rupees in crore)

	31st March, 2008	31st March, 2007
During the year	72.16	223.45
Less : Written back during the year	14.89	7.64
Total taken to Profit and Loss Account	57.27	215.81

SCHEDULE - 13 CONTRACTS AND CONSULTANCY INCOME

(Rupees in crore)

	31st March, 2008	31st March, 2007
Contract income	324.53	125.46
Consultancy income	2.10	3.35
Total taken to Profit and Loss Account	326.63	128.81

SCHEDULE - 14 OTHER INCOME

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Income from Long Term Investments		
a) Trade		
- Dividend from subsidiaries	34.75	10.82
- Dividend - others	1.20	1.20
- Interest		
Government securities (8.5% tax free bonds issued by the State Governments)	189.28	212.53

SCHEDULE - 14 OTHER INCOME

(Rupees in crore)

	31st March, 2008	31st March, 2007
b) Non-Trade		
- Dividend - others	0.11	0.09
ii) Other Income		
a) Interest		
- Loan to State Government in settlement of dues from customers	19.94	21.56
- Loan to Government of Arunachal Pradesh	15.31	-
- Indian Banks (Gross) (Tax deducted at source Rs.18,86,647/-), (Previous year Rs.4,519/-)	63.27	29.83
- Employee's loans and advances	6.28	6.36
- Interest from beneficiary states	0.25	1.46
- Others	48.66	36.73
b) Late payment surcharge	0.90	7.92
c) Profit on transfer of project	52.00	-
d) Profit on sale of assets	3.03	0.68
e) Liability/ Provisions not required written back #	12.23	42.64
f) Exchange rate variation	3.80	43.43
g) Foreign Currency Fluctuation adjustment (Credit)	189.53	-
h) Others	19.71	22.36
TOTAL	660.25	437.61
Less: Income transferred to IEDC (Refer Schedule 22 E (ii), 22 I (ii) to (vi) & 22 J(i))	72.11	130.77
Less: Income transferred to contract and consultancy expenses (Refer Schedule 20)	3.00	2.27
Total taken to Profit and Loss Account	585.14	304.57
# Detail of Liability/Provisions not required written back		
a) Bad and doubtful debts	-	1.13
b) Bad and doubtful claims	2.90	-
c) Diminution in value of stores and spares	0.05	0.13
d) Provision for contingencies	1.63	-
e) Provision for wage revision	0.04	27.92
f) Provision for productivity linked incentive	4.48	11.85
g) Other Provisions/Liability not required written back	3.13	1.61
TOTAL	12.23	42.64

SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Consumption of stores and spares	6.15	6.56
ii) Repair and maintenance:		
- Building	21.29	13.63
- Machinery	29.51	31.36
- Others	37.88	33.29
iii) Rent / Hiring Charges	23.33	20.88
iv) Rates and taxes	2.63	1.01
v) Insurance	2.43	2.84
vi) Self insurance reserve	83.74	57.34

SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2008	31st March, 2007
vii) Security expenses	62.98	46.08
viii) Electricity charges	21.75	21.17
ix) Travelling and conveyance	16.64	15.14
x) Expenses on staff car	9.02	11.17
xi) Telephone, telex and postage	8.26	7.06
xii) Advertisement and publicity	7.14	7.20
xiii) Entertainment and hospitality expenses	0.43	0.46
xiv) Donation	0.07	0.03
xv) Printing and stationery	5.75	4.71
xvi) Books and periodicals	0.43	0.51
xvii) Consultancy charges - Indigenous	2.84	3.65
xviii) Consultancy charges - Foreign	0.23	0.46
xix) Expenditure on compensatory afforestation/ catchment area treatment	20.96	47.39
xx) Expenditure on land not belonging to corporation	41.20	19.31
xxi) Loss on sale of assets	1.59	0.67
xxii) Bad debts / advances/ claims written off	-	0.01
xxiii) Stores written off	0.34	0.33
xxiv) Fixed assets written off	0.60	0.06
xxv) Interest on arbitration/ court cases	0.66	3.09
xxvi) Other general expenses	35.36	20.40
xxvii) Exchange rate variation	15.79	18.32
xxviii) Foreign Currency Fluctuation adjustment (Debit)	17.37	-
xxix) Audit expenses	0.74	0.59
xxx) Research and development expenses	0.02	0.02
Total	477.13	394.74
Less: Expenses transferred to IEDC {Refer Schedule 22 B, 22 C, 22 E(i) & 22J (ii)}	185.20	206.62
Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)	6.37	5.56
Total taken to Profit and Loss Account	285.56	182.56

SCHEDULE - 16 EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Salaries, wages, allowances & benefits	597.27	458.43
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	82.82	65.55
iii) Staff welfare expenses	75.34	89.17
iv) Leave salary & pension contribution	0.05	0.10
Total	755.48	613.25
Less: Employee cost transferred to IEDC (Refer Schedule 22 A & 22J (iii))	414.33	359.88
Less: Employee cost transferred to Contract and Consultancy expenses (Refer Schedule 20)	24.37	16.18
Total taken to Profit and Loss Account	316.78	237.19

SCHEDULE - 17 DEPRECIATION

(Rupees in crore)

	31st March, 2008	31st March, 2007
Depreciation during the year	482.35	328.58
Less: Transferred to IEDC (Refer Schedule 22 G & 22J (iv))	38.06	37.74
Less: Transferred to Contract & Consultancy expenses (Refer Schedule 20)	0.55	0.29
Total taken to Profit and Loss Account	443.74	290.55

SCHEDULE - 18 INTEREST AND FINANCE CHARGES

((Rupees in crore)

	31st March, 2008	31st March, 2007
i) Interest on :		
a) Bonds	43.89	75.41
b) Foreign loan	99.38	112.80
c) Term loan	429.42	270.13
d) Cash credit facilities /WCDL	0.06	0.04
e) Exchange differences regarded as adjustment to interest cost	183.35	-
ii) Loss on Hedging Transactions	23.00	-
iii) Bond issue/ service expenses	1.03	1.25
iv) Share Issue Expenses Written Off	1.11	-
v) Rebate to customers	27.75	24.16
vi) Commitment fee	0.27	0.47
vii) Guarantee fee on loan	32.52	34.66
viii) Interest to beneficiary states	0.16	2.25
ix) Bank charges	1.11	0.89
x) Other finance charges	4.70	4.67
Total	847.75	526.73
Less: Interest & Finance charges capitalised by transfer to IEDC (Refer Schedule 22 D & 22J (v))	234.65	293.42
Less: Expenses transferred to Contract and Consultancy expenses (Refer Schedule 20)	1.56	1.56
Total taken to Profit and Loss Account	611.54	231.75

SCHEDULE - 19 PROVISIONS

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Bad and doubtful debts provided	1.19	-
ii) Bad and doubtful advances / deposits provided	0.04	2.28
iii) Bad and doubtful claims provided	0.78	1.21
iv) Diminution in value of stores and spares	10.03	8.40
v) Provision for CAT plan/ environment expenditure	46.73	184.94
vi) Project expenses provided for	-	8.87
vii) Provision for fixed assets/ stores	0.17	0.30
viii) Others	0.01	3.26
Total	58.95	209.26
Less: Expenses transferred to IEDC (Refer Schedule 22 F & 22J (vi))	46.74	185.52
Less: Expenses transferred to Contract and Consultancy expenses (Refer Schedule 20)	0.78	-
Total taken to Profit and Loss Account	11.43	23.74

SCHEDULE - 20 CONTRACT AND CONSULTANCY EXPENSES

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Direct Expenses	391.61	166.45
ii) Employees' Remuneration and benefits		
- Salaries, wages, allowances and benefits	17.38	10.97
- Gratuity, contribution to provident fund & pension scheme	1.96	1.22
- Staff welfare expenses	<u>1.76</u>	<u>1.57</u>
	21.10	13.76
iii) Repairs and Maintenance		
- Buildings	0.23	0.15
- Machinery and construction equipments	0.07	0.03
- Others	<u>0.45</u>	<u>0.79</u>
	0.75	0.97
iv) Administration and Other Expenses		
- Rent/ Hiring Charges	1.61	1.21
- Traveling and conveyance	1.08	0.73
- Expenses on staff cars and inspection vehicles	0.40	0.32
- Insurance	0.02	0.02
- Telephone, telex, and postage	0.36	0.23
- Advertisement and publicity	0.13	0.09
- Printing and stationery	0.17	0.19
- Other expenses	0.88	0.89
- Rates and taxes	-	0.01
- Security	0.25	0.21
- Electricity	0.12	0.08
- Consultancy charges	<u>0.02</u>	<u>0.01</u>
	5.04	3.99
v) Depreciation	0.43	0.20
vi) Interest and finance charges	1.56	1.56
vii) Provisions	0.78	-
viii) Work-in-Progress		
- Construction contract	(103.41)	(61.46)
ix) Corporate / Regional office expenses:		
a) Other income	(0.07)	(0.12)
b) Generation, administration and other expenses	0.58	0.60
c) Employee remuneration and benefits	3.27	2.42
d) Depreciation	<u>0.12</u>	<u>0.09</u>
	3.90	2.99
Total Expenditure	321.76	128.46
x) Less: Receipts and recoveries	2.93	2.15
Net expenditure during the year	318.83	126.31
xi) Prior period adjustments	0.27	0.12
Total taken to Profit and Loss Account	319.10	126.43

SCHEDULE - 21 PRIOR PERIOD ADJUSTMENT (NET)

(Rupees in crore)

	31st March, 2008	31st March, 2007
Income		
i) Others	<u>6.31</u>	(3.48)
Sub-total	6.31	(3.48)
Expenditure		
i) Salaries and wages	0.57	0.19
ii) Repair and maintenance	(9.56)	0.35
iii) Interest	-	0.74
iv) Others	51.04	9.42
v) Depreciation	<u>1.62</u>	<u>2.69</u>
Sub-total	43.67	13.39
Total	37.36	16.87
Less: Expenses transferred to IEDC		
{Refer Schedule 22H & 22J (vii)}		
Prior period expenses	16.46	9.26
Less : Prior period income	<u>0.07</u>	<u>0.05</u>
Total	16.39	9.21
Less: Expenses transferred to contract and consultancy expenses (Refer Schedule 20)	0.27	0.12
Total taken to Profit and Loss Account	20.70	7.54

SCHEDULE - 22 INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances & benefits	222.37	185.23
ii) Gratuity and contribution to provident fund (including administration fees)	31.14	26.31
iii) Staff welfare expenses	26.20	37.66
iv) Leave Salary & Pension Contribution	-	0.10
Sub-total	279.71	249.30
B. REPAIRS AND MAINTENANCE		
i) Building	5.67	4.23
ii) Machinery	3.83	4.89
iii) Others	7.55	10.76
Sub-total	17.05	19.88
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent / Hiring Charges	15.42	13.31
ii) Rates and taxes	0.27	0.34
iii) Insurance	0.47	0.68
iv) Security expenses	19.00	22.96
v) Electricity charges	6.02	10.75
vi) Traveling and conveyance	5.58	7.04
vii) Expenses on staff car	3.89	6.79
viii) Telephone, telex and postage	2.90	2.54
ix) Advertisement and publicity	1.83	2.15
x) Entertainment and hospitality expenses	0.17	0.15
xi) Printing and stationery	1.35	1.67
xii) Remuneration to auditors	0.01	0.01
xiii) Design and Consultancy charges:		
- Indigenus	0.55	1.10
- Foreign	0.23	0.18
xiv) Expenditure on compensatory afforestation	20.96	46.69
xv) Expenditure on land not belonging to corporation	40.96	18.72
xvi) Loss on assets/ materials written off	0.80	0.27
xvii) Losses on sale of assets	0.07	-
xviii) Other general expenses	10.35	4.86
Sub-total	130.83	140.21

SCHEDULE - 22 INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2008	31st March, 2007
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Bonds	0.41	24.64
b) Foreign loan	10.42	53.09
c) Term loan	185.79	197.01
d) Exchange differences regarded as adjustment to interest cost	25.20	-
ii) Bond issue/ service expenses	0.59	0.91
iii) Commitment fee	0.05	0.12
iv) Guarantee fee on loan	7.09	12.70
v) Other finance charges	<u>5.01</u>	<u>4.89</u>
Sub-total	234.56	293.36
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	0.72	16.71
Less :		
ii) Exchange rate variation (Credit balance)	<u>3.80</u>	<u>40.10</u>
Sub-total	(3.08)	(23.39)
F. PROVISIONS	<u>46.73</u>	<u>185.46</u>
Sub-total	46.73	185.46
G. DEPRECIATION	<u>31.35</u>	<u>30.87</u>
Sub-total	31.35	30.87
H. PRIOR PERIOD EXPENSES (NET)		
i) Prior period expenses	15.73	8.97
ii) Less: Prior period income	<u>0.07</u>	<u>0.05</u>
Sub-total	15.66	8.92
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity – precommissioning	39.23	0.34
ii) Interest on loans and advances	47.58	38.66
iii) Miscellaneous receipts	9.33	14.46
iv) Profit on sale of assets	0.13	0.06
v) Liability/ Provisions not required written back	3.43	29.65
vi) Hire charges/ outturn of plant and machinery	<u>2.86</u>	<u>0.28</u>
Sub-total	102.56	83.45
J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES		
i) Other income	(4.98)	(7.56)
ii) Generation, administration and other expenses	36.60	29.82
iii) Employee remuneration and benefits	134.62	110.58
iv) Depreciation	6.71	6.87
v) Interest and finance charges	0.09	0.06
vi) Provisions	0.01	0.06
vii) Prior period adjustment (Net)	<u>0.73</u>	<u>0.29</u>
Sub-total	173.78	140.12
TOTAL [(A to H) - I + J] (Transferred to Schedule 6)	<u>824.03</u>	<u>961.28</u>

SCHEDULE - 23 SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTIONS

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

2. FIXED ASSETS

- 2.1 Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets.
- 2.3 Capital Expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.
- 2.4 Payments made provisionally towards compensation and other expenses relatable to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuates or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified, to be amortized over the useful life of the project, which is taken as 35 years from the date of commercial operation of the project.
- 2.6 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realisable value.

3. MACHINERY SPARES

- 3.1 (a) Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with mother plant, these are capitalized & depreciated along with mother plant.
- 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'.
- 4.3 Expenditure in relation to Survey and Investigation of the projects is carried as capital work in progress. Such expenditure is either capitalized as cost of Project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

5. DEPRECIATION & AMORTISATION

- 5.1 Depreciation is charged on straight-line method to the extent of 90% of the Cost of Asset following the rates notified by the Central Electricity Regulatory Commission (CERC) for the purpose of fixation of tariff. 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 (@ 30%) 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 CURRENCY TRANSACTIONS

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

9. EMPLOYEE BENEFITS

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

10. REVENUE

- 10.1 (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the appropriate authority. Recovery/refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.
(b) Incentives/Disincentives are recognised as per tariff notifications. In case of Power Station where

tariffs have not been notified, incentives are recognized provisionally on assessment of the likelihood of acceptance of the same.

- (c) Adjustments arising out of finalisation of global accounts, though not material, are effected in the year of respective finalisation.
 - (d) Advance against depreciation given as a component of tariff in the initial years to facilitate repayment of loans is reduced from Sales and considered as deferred income to be included in Sales in subsequent years.
- 10.2 (a) Revenue from Construction Contracts is recognized on %age of completion method as under: -
- | Progress of Work in terms of | | Recognition of Revenue |
|--------------------------------|---------|---|
| <u>Estimated Contract Cost</u> | | |
| (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/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.
- 10.3 Interest on investments is accounted for on accrual basis.
- 10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

11. 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 OF THE ACCOUNTS

1. a) Contingent Liabilities as on: -

(Rupees in Crore)

Description	Opening Balance 01/04/2007	Closing Balance 31/03/2008
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	1819.78	3193.93
- Land Compensation Cases	125.55	84.48
- Others		
Disputed Income Tax Demand	-	-
Disputed Excise Demand	-	-
Disputed Sales Tax Demand	2055.53	2045.53
Others	280.56	340.02
Total	4281.42	5663.96

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) The amount of claims where arbitration /court awards have been received but are under examination in the company are continuing as contingent liability and no provision has been created in the books.
- d) It is not practicable to disclose the uncertainties relating to any outflow.
- e) There is a possibility of reimbursement to Corporation, of Rs.0.03 Crore (Previous year Rs. 0.03 Crore) towards above contingent liabilities.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.8454.03 Crore (Previous year Rs. 8588.86 crore).
3. Pursuant to the approval of Ministry of Power to abandon the Koel Karo Project, expenditure to the extent of Rs. 24.55 Crore, being equal to equity capital of the project, has been borne by Govt. of India. Accordingly, Shareholders through Special Resolution in Annual General Meeting (AGM) held on 28.07.2006 has approved the reduction in equity capital. Entry for reduction in equity has been carried out in current year since the reduction of Share Capital has been confirmed vide Ministry of Company Affair 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.52.10 Crore (Previous year Rs. 59.51 crore), covering an area of 2080.40 hectare (Previous year 2,103 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 as 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. Initial payment/lease rent, wherever not determined by State Govt., shall be accounted for in the year of determination.
- c) Land does not include the land taken from Sashatra Seema Bal (SSB) on lease for a period of 99 years @ notional rent of Rs.1/- per annum.
- d) Land measuring 722 Kanal & 18 marlas and structure created thereon in respect of Salal Power Station, though in possession of J&K Govt., is appearing in respective fixed assets heads.
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/Fixed Asset.
6. a) Billing on account of year end adjustments towards FERV (Rs.1.07 Crore) and Income Tax (Rs. (-)16 Crore) is yet to be done.
- b) Sales in respect of Dulhasti & Teesta V (Unit No. 2) Power Stations 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, Govt. of India.
 - c) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
 - d) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, Rs.32.97 Crore is continuing under "Other current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
 - 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 Basin, Subansiri & 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 & Tawang Basin Projects, assets and liabilities in respect of these Projects have been booked to the extent of amounts incurred by the Corporation on these projects.
 - b) In consideration of MOA for Dibang Multipurpose Project & Tawang Basin Projects, an amount of Rs.150 Crore and Rs.75 Crore respectively has been paid to Govt. of Arunachal Pradesh as advance. This advance alongwith interest @ 9% p.a. shall be adjusted against value of free power to state, for which the state government is entitled from any project of NHPC, whichever is commissioned first, in the state of Arunachal Pradesh.
 - c) 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 accounted for 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.
 - d) In pursuance of MOU signed by NHPC with Govt. of Uttarakhand (GoUK) on 1st November 2003, the Lakhwar Vyasi project was handed over to NHPC. Pending signing of implementation agreement with GoUK for construction of said project an amount of Rs.246.86 Crore, spent by GoUK before it's handing over to NHPC has not been incorporated in the books of accounts.
9.
 - a) The project work at Subansiri Upper & Subansiri Middle is pending due to the Honourable Supreme Court order dated 19.04.2004 in Interlocutory Applications (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 (NBWL). Pending finalisation of committee recommendation & decision in this regard, Capital Expenditure of Rs.38.01 Crore (Previous year Rs.35.73 Crore) and Rs.33.89 Crore (Previous year Rs.32.79 Crore) respectively are appearing under Capital Work in Progress.
 - b) Pending signing of MOU with the Govt. of Arunachal Pradesh, expenditure of Rs.36.27 Crore (Previous year Rs. 29.94 Crore) in respect of Siang Upper Project, which has been entrusted to NHPC for Survey & Investigation, is continuing in Capital Work-in-Progress.
 - c) Pursuant to the order of Govt. of Arunachal Pradesh/Govt. of India, Corporation had decided to hand over Siyom & Siang Lower Project referred to in Note No.8 (a) as originally taken over from Brahmaputra Board, to private developers. DPR of both the projects were handed over in December 2007. Other

fixed assets & CWIP of Siyom project, except some of the asset decided to be retained by NHPC, has been handed over to M/s Siyom Hydro Project Private Limited vide Memorandum of transfer on 17.04.2008. Accordingly, a profit of Rs.52 Crore has been recognised in the books on sale of project. However, handing over of Siang Lower Project to M/s Jai Prakash Ltd. is yet to be completed and as such, expenditure of Rs.41.90 Crore is appearing under the Schedule of Fixed Assets & CWIP and amount of Rs.78.78 Crore received from M/s Jai Prakash Ltd. is appearing under the Schedule of Current Liabilities.

- 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.29.80 Crore (Previous year Rs.29.44 Crore) is appearing under Capital Work in Progress.
10. Ministry of Power, Govt. of India (GOI) vide its order No. 16/47/2001/-DO (NHPC) dated 08.01.2007 has granted approval for Initial Public Offering of 10% of paid up Share Capital. Further, vide order No. even dated 08.03.2007, GOI has granted approval to offload 5% of 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 premium proceeds of the issue.
11. 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.148.92 Crore has been made in current year in the books on reasonable estimate basis. Similarly, an amount of Rs.28.32 Crore has been provided towards wage revision arrear due w.e.f. 01.01.2006 to personnel working in NHPC from other organisation.
12. Depreciation on Fixed Assets is charged as per Significant Accounting Policy No. 5 (Schedule 23) of the Corporation. MOP has notified tariff policy which provides that rate of depreciation as notified by the Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariff as well as accounting. Pending formulation of norms by CERC in accordance with the tariff policy, the rates notified under present Tariff norms are considered appropriate for charging depreciation for the year.
13. Pursuant to the Announcement of the Institute of Chartered Accountants of India for providing loss on derivative exposure, a provision of Rs.23 Crore has been made in the books on hedging transaction, on the basis of Mark to Market valuation, which had been entered into in 2003-04 to hedge foreign currency loan of JPY 534.70 Crore.
14. a) The effect of foreign exchange fluctuation during the year is as under: (Rupees in Crore)

	For the Year 2007-08	For the Year 2006-07
(i) Amount charged to Profit and Loss Account excluding depreciation (as FERV)	15.07	(1.72)
(ii) Amount charged to Incidental Expenditure During Construction (as FERV)	(3.08)	(23.39)
(iii) Amount charged to Capital work-in-progress (as FERV)	(1.00)	28.43
(iv) Amount adjusted by addition to carrying amount of fixed assets	6.94	(44.41)

- b) FERV is accounted for as per Accounting Standard-11 read with ASI-10 on Accounting Standard 16 on accrual basis but the same is recoverable on cash basis through Sales from beneficiary States. In order to bring both the concept on common footing, Accounting practice of Deferred Current Assets/ Deferred Current Liabilities has been introduced as per opinion of The Expert Advisory Committee of Institute of Chartered Accountants of India with retrospective effect from 01.04.2004 in such a way that there is no impact on the profit. Consequently, in addition to the current year adjustments, the adjustment on this account through prior period (net) works out to Rs.20.65 Crore (Debit).
- c) The amount of borrowing cost capitalised by transfer to 'Incidental Expenditure during Construction (IEDC)' during the Year is Rs.228.96 Crore (Previous Year Rs. 287.56 Crore).

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

Policy No.	Description	Impact on Profit for the year
Policy No. 4.3	Introduction of Accounting Policy on Survey & Investigation Expenditure	The practice has been translated into policy as such no impact.
Policy No. 5.1	Addition of word 30% in the depreciation policy in respect of computers	The practice has been translated into policy as such no impact.
Policy No. 8	Modification of accounting policy on Foreign currency transaction	No impact on profit in view of accounting practice introduced, referred to in Note No. 14 (b).
Policy No. 10.2 (b)	Re wording of Accounting Policy regarding recognition of revenue from Cost plus Contract.	Rs. 7.53 Crore

16. Provisions for employee benefits have been made for the current period using the Actuarial Valuation done as at 31.03.2008. Accordingly, disclosure under the provision of Accounting Standard 15 on "Employee Benefits" for the Financial Year ended 31.03.2008 is given below:-

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

Particular	31.03.2008	31.03.2007
Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified
Discount rate	8%	7.5%
Future Salary Increase	5.5%	5%

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

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at Beginning of year	225.38	140.56	111.39	16.45	3.19	9.65
Interest cost	18.03	11.25	8.91	-	-	-
Current service cost	12.82	10.02	4.77	19.40	0.39	3.85
Benefit paid	(10.60)	(19.04)	(1.17)	(12.08)	(0.07)	(2.29)
Actuarial (Gain)/loss	(4.67)	19.17	3.49	-	-	-
PVO at end of year	240.96	161.96	127.39	23.77	3.51	11.21

Table 3: - Amount recognised in Balance Sheet
(Rs. in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at end of year	240.96	161.96	127.39	23.77	3.51	11.21
Fair Value of Plan Assets at the end of year	-	-	-	-	-	-
Funded Status	(240.96)	(161.96)	(127.39)	(23.77)	(3.51)	(11.21)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability recognised in Balance Sheet	240.96	161.96	127.39	23.77	3.51	11.21

Table 4: - Amount recognised in Profit & Loss Account / IEDC Account
(Rs. in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
Current Service Cost	12.82	10.02	4.77	19.40	0.39	3.85
Interest Cost	18.03	11.25	8.91	-	-	-
Expected return on Plan Assets	-	-	-	-	-	-
Net Actuarial (gain)/loss recognised for the year	(4.67)	19.17	3.49	-	-	-
Expense recognised in Profit & Loss/IEDC for the year	26.18	40.44	17.17	19.40	0.39	3.85

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
Shri S.K. Chaturvedi	Director (Personnel)
Shri S. P. Sen	Director (Technical)-Relieved w.e.f. 08.05.2008
Shri S. K. Dodeja	Director (Projects)
Shri A .B.L. Srivastava	Director (Finance)-Appointed w.e.f. 11.02.2008

b) Relationship

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

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

19. The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guest houses & 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.10.41 Crore (Previous year Rs.11.43 Crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, guest house & transit camps are shown as Rent / Hiring charges under Schedule of Generation, Administration and other expenses.

20. Earning Per Share:-

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

	For Year 2007-08	For Year 2006-07
Net Profit after Tax used as numerator (Rs. Crore)	1004.09	924.80
Weighted Average number of equity shares used as denominator		
- Basic	11174850574	10502319459
- Diluted	11183030042	10822615290
Earning Per Share (Rupees)		
- Basic	0.90	0.88
- Diluted	0.90	0.85
Face value per share (Rupees)	10	10

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.248.13 Crore (Previous Year Rs.167.55 Crore) has been provided during the current Year. The item-wise details of Cumulative Deferred Tax Liability are as under:

(Rupees in Crore)

	01.04.2007	31.03.2008
Deferred Tax Liability		
i) Depreciation	2147.11	2433.76
Less: Deferred Tax Assets		
ii) Accumulated unabsorbed depreciation	-	-
iii) Advance against Depreciation to be considered as income in tax computation	131.23	131.23
iv) Provision for doubtful debts, self Insurance, Contingencies and other provisions	179.84	208.63
v) Provision for employee benefit schemes	67.11	76.84
Deferred Tax Liability (Net)	1768.93	2017.06

22. The Management is of the opinion that no case of impairment of assets exists under the provision of Accounting Standard (AS)-28 on Impairment of assets as at 31st March, 2008.

23. a) Remuneration paid/payable to Directors: (Rupees in Crore)

	For Year 2007-08	For Year 2006-07
(i) Salaries & Allowances	0.40	0.28
(ii) Contribution to Provident Fund	0.03	0.03
(iii) Rent for Residential Accommodation	0.09	0.08
(iv) Other benefits	0.02	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

24. Remuneration to Statutory Auditors (Rupees in Crore)

	For Year 2007-08	For Year 2006-07
Statutory Audit Fees	0.33	0.22
Tax Audit Fees	0.06	0.04
Audit Expenses	0.25	0.24
Other matters	0.03	0.02
Cost Auditors		
- Audit Fees	0.06	0.05
- Audit Expenses	0.01	0.02

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

	For Year 2007-08	For Year 2006-07
(i) Licensed Capacity (M.W.)	Not applicable	Not Applicable
(ii) Installed Capacity (M.W.)*	3274.20	2714.20
(iii) Actual Generation (Million Units)**	14662.69	13048.76
(iv) Actual Sales (Million Units)***	12779.62	11282.62

* Commercial Operation of all the three units of Dulhasti Power station started from 07.04.2007 & that of Unit No. 2 of Teesta V Power Station started from 01.03.2008 (170 MW). Unit No. 1 & 3 of Teesta V Power Station, which has started commercial operation in April 2008 (340 MW) has not been considered in (ii) above.

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

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

26.

(Rupees in Crore)

		For Year 2007-08	For Year 2006-07
a)*	Value of imports calculated on CIF basis:		
	i) Capital Goods	0.07	83.77
	ii) Spare parts	1.76	1.18
b)*	Expenditure in Foreign Currency		
	i) Know - How	2.28	2.36
	ii) Interest	97.62	112.38
	iii) Other Misc. Matters	164.48	162.36
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported	4.23 (68.78%)	3.52 (40.70%)
	ii) Indigenous	1.92 (31.22%)	5.13 (59.30%)
d)**	Earnings in foreign currency		
	i) Interest	-	-
	ii) Others	-	-

* Accrual basis.

** Cash basis.

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

(Rupees in Crore)

Principal amount <i>remaining unpaid</i> to Micro, small & Medium enterprise.	Nil
Interest <i>accrued & remaining unpaid</i> to Micro, small & Medium enterprise for the current year.	Nil
Amount of Interest <i>paid</i> during the year along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/rendering of services.	Nil
Amount of interest carried forward from last accounting year with interest for the current year on such interest.	Nil

28. Cash & Cash equivalents includes an amount of Rs.15.57 Crore (Previous year NIL) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2008.

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

VIJAY GUPTA
COMPANY SECRETARY

A.B.L. SRIVASTAVA
DIRECTOR (FINANCE)

S.K.GARG
CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi
Dated : 30th May, 2008



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 8

II Capital raised during the half year (Rupees in Crore)

Public Issue

N I L

Right Issue

N I L

Bond Issue

N I L

Private Placement*

(-) 2 4 . 5 5

* Share Capital reduction (refer Note No. 3 of Schedule 24 of Balance Sheet).

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

Total Liabilities

3 1 9 0 2 . 2 7

Total Assets

3 1 9 0 2 . 2 7

Sources of Funds

Paid-up Capital #

1 1 1 8 2 . 4 9

Reserves and Surplus

6 0 9 3 . 3 4

Secured Loan

7 0 0 3 . 4 9

Unsecured Loan

2 9 5 2 . 8 4

Application of Funds

Net Fixed Assets

2 4 7 7 2 . 8 3 @

Investments

3 0 4 9 . 2 2

Net Current Assets

7 1 3 . 0 3

Misc. Expenditure

0 . 3 4

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress of Rs. 6318.64 Crore and Construction Stores and Advances of Rs.1077.34 Crore.

IV Performance of Company (Rupees in Crore)

Turnover

2 5 7 0 . 3 6 **

Profit Before Tax

1 1 4 6 . 6 5

Basic Earning per share in Rs.

0 0 - 9 0

Total Expenditure

2 0 0 8 . 8 5

Profit After Tax

1 0 0 4 . 0 9

Dividend Amount (in Crore)

3 0 0 . 0 0

** Excludes Other Income Rs. 585.14 Crore.

V Generic Names of Three Principal Products/Services of Company

i) Product Description

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

Item Code No.

-

ii) Product Description

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

Item Code No.

-

iii) Product Description

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

Item Code No.

-

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

(SUNIL AGGARWAL)
Partner
M.No. 83899

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

VIJAY GUPTA
Company Secretary

A.B.L. SRIVASTAVA
Director (Finance)

S.K.GARG
Chairman & Managing Director

Place : New Delhi
Dated : 30.05.2008

NHPC Limited
(Formerly known as National Hydroelectric Power Corporation Limited)
CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH 2008

((Rupees in crore))

	31st March, 2008	31st March, 2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	1146.65	1087.74
ADD :		
Depreciation including Prior period	444.37	292.01
Tariff Adjustment / Advance Against Depreciation	57.27	208.64
Interest excluding rebate	585.35	209.13
Self-Insurance	73.19	55.47
Others Provisions / Adjustments	4.64	9.84
Loss / (Profit) on Sale of Assets	(53.38)	0.05
Exchange rate variation/Fluctuation Adjustment account	(136.44)	(1.71)
Dividend Income	<u>(36.06)</u>	<u>(12.12)</u>
Cash flow from operating activities before working capital adjustments	2085.59	1849.05
Working Capital Changes		
(Increase)/Decrease in Inventories	(5.76)	(1.66)
(Increase)/Decrease in Contract Work in Progress	(419.49)	(186.81)
(Increase)/Decrease in Receivables	(267.27)	(247.75)
Increase/(Decrease) in Trade & Other Payables	<u>1095.15</u>	<u>673.93</u>
Cash flow from operating activities before taxes	2488.22	2086.76
Less : Taxes Paid	<u>162.37</u>	<u>212.08</u>
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2325.85	1874.68
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/Sale of Fixed Assets & expenditure on construction projects (including incidental expenditure during construction)	(2686.36)	(2544.67)
Sale proceeds on Transfer of Project	105.96	-
Decrease/(Increase) in Investment	273.54	256.44
Dividend Received	<u>36.06</u>	<u>12.12</u>
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(2270.80)	(2276.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	630.95
Dividend & Dividend Tax Paid	(358.00)	(263.40)
Proceeds from Borrowings	2577.48	1442.80
Repayments of Borrowings	(351.22)	(1037.04)
Interest & Financial Charges	<u>(548.94)</u>	<u>(447.18)</u>
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	1319.32	326.13
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1374.37	(75.30)
Cash & Cash Equivalents at the beginning of the year	466.90	542.20
Cash & Cash Equivalents at the close of the year	1841.27	466.90

EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and Cash equivalents consist of Cash on hand and bank balances including cheques / drafts in hands. Further Cash & Cash equivalents includes an amount of Rs 15.57 crore (Previous year Nil) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2008.
- Bonds allotted to the Corporation in discharge of debts and interest earned thereon being related to the core generating activity has been considered as part of cash from Operating Activities.
- Investment in Fixed Assets & Construction Work in Progress excludes interest & financial charges capitalised Rs 234.64 Crore.
- Amount of undrawn loan as on 31.03.2008 Rs.8215.43 Crore (previous Year Rs 6781.70 crore).
- The Previous year's figures have been regrouped / re-arranged / re-cast wherever necessary.

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For GSA & ASSOCIATES

Chartered Accountants

(SUNIL AGGARWAL)

Partner
M.No. 83899

VIJAY GUPTA

Company Secretary

A.B.L. SRIVASTAVA

Director (Finance)

S.K.GARG

Chairman & Managing Director

Place : New Delhi

Dated : 30.05.2008

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NHPC LIMITED, FARIDABAD FOR THE YEAR ENDED 31 MARCH 2008.

The preparation of financial statements of NHPC Limited, Faridabad for the year ended 31 March 2008 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 30 May 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of NHPC Limited, Faridabad for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

sd/-

(Ghazala Meenai)

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

**Place: New Delhi
Date : 16 July, 2008**

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

- | | |
|---|--|
| 1. Name and address of the Company | Narmada Hydroelectric Development Corporation Limited, NHDC Parisar, Near Hotel Lake View Ashoka, Shyamla Hills, Bhopal (M.P.). |
| 2. Financial Year of the Subsidiary Company ended on | 31 st March 2008. |
| 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 NHPC Limited. |
| 4. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of NHPC Limited and is not dealt within the accounts of NHPC Limited | |
| (i) For Subsidiary Company Financial Year ended 31 st March 2008 | a) 51% of Rs.213.93 Crore being the profit carried to Balance Sheet i.e. Rs.109.10 Crore.
b) Dividend of Rs.50.43 Crore being 51% share of the recommended dividend amount of Rs.98.88 Crore. |
| (ii) For previous Financial years of the Subsidiary company since it became Subsidiary | 51% of Rs.492.41 Crore being the profit carried to Balance Sheet i.e.Rs.251.13 Crore. |
| 5. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of NHPC Limited and is dealt within the accounts of NHPC Limited | |
| (i) For Subsidiary Company financial year ended 31 st March 2008 | NIL |
| (ii) For previous Financial years of the Subsidiary company since it became Subsidiary | Dividend of Rs.50.27 Crore being 51% share of the dividend amount of Rs.98.57 crore. |
| 6. Change in the interest of NHPC Limited in the Subsidiary company between the end of the financial year of the Subsidiary Company and that of NHPC Limited. | NIL |
| 7. Material changes between the end of the financial year of the Subsidiary Company and end of the financial year of NHPC Limited in respect of Subsidiary Company's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities. | NIL |

For and on behalf of the BOARD OF DIRECTORS

VIJAY GUPTA
COMPANY SECRETARY

A.B.L. SRIVASTAVA
DIRECTOR (FINANCE)

S.K.GARG
CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

TO THE MEMBERS,

Narmada Hydroelectric Development Corporation Ltd.

Your Directors have great pleasure in presenting the 8th Annual Report of your Company together with the Audited Accounts, Auditor's Report and the comments of the Comptroller and Auditor General of India for the financial year ended 31st March, 2008.

1. FINANCIAL HIGHLIGHTS:

Particulars	Rs. in Lakhs	
	2007-08	2006-07*
Sale of Power	68110	74854
Profit before depreciation, interest (incl. financial charges) and tax.	66279	71201
Depreciation	10194	6617
Profit after depreciation and before interest and tax	56085	64584
Interest and financial charges.	18425	12977
Profit after depreciation and interest but before tax	37660	51607
Tax	4699	6176
Profit after depreciation, interest and tax	32961	45431
Surplus of Profit and Loss account of earlier years	45255	11783
Excess Provision withdrawn - Dividend	3986	-
Profit available for appropriations	82202	57214

*As regrouped.

APPROPRIATIONS:

Proposed Dividend	9888	10222
Provision for Income Tax (on dividend)	1680	1737
Balance Profit carried to Reserve and Surplus	70634	45255

The turnover of your corporation during the year is increased from **Rs.542.96 cr.** keeping aside arrear sale of Rs.205.58 cr. pertaining to period of 2006-07, to **Rs. 681.10 cr.**, mainly on account of commissioning of all the 8 units of Omkareswhwar Power Station in phases. Accordingly, net profit has also increased from **Rs.248.73 cr.** of previous year (except arrear sale profit of Rs.205.58 cr.) to **Rs. 329.61 cr.** during the year under review.



Shri S.K. Garg, CMD, NHPC & NHDC presenting Memento to Shri Raghavji, Hon'ble Minister of Finance, Govt. of Madhya Pradesh on the occasion of NHDC Day celebrations

The long-term loan of Rs. 1350 crore taken for OSP under a consortium arrangement of 11 bankers has been repaid on 28th June, 2008 as the Bankers have exercised "call option" available to them, due to upward trend in interest rates. Your corporation has now drawn a fresh long-term loan of Rs. 1350 cr. from PFC for which Memorandum of Agreement (MOA) has been signed on 26th June, 2008.



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

2. RECOVERIES OF OUTSTANDING DUES:

During the Financial Year 2007-08, a record revenue collection of Rs. 787.17 crore has been registered and this includes Rs. 154.53 cr, towards the prior period arrears. In order to neutralize the outstanding dues of Rs. 448.25 crore, a Tripartite Securitization Agreement has been executed amongst NHDC, MP TradeCo and MPSEB on 26th March, 2008. Accordingly, outstanding dues along with interest @10% per annum shall be liquidated by April, 2012 through EMIs.

3. COMMISSIONING OF NEW PROJECT:

During the year under review, Your Corporation has commissioned 520 MW Omkareshwar Project.

4. POWER GENERATION:

The total generation was 3431.87 MU during the year showing an increase of 31.71% over the previous year mainly due to capacity addition at OSP and availability of machines during 98.6% time during the year under review. The Indira Sagar power station exceeded its generation targets by achieving its highest generation of 2729 MUs.

5. DIVIDEND:

The Company has earned revenue of Rs. 681.10 crore during the financial year 2007-2008. Taking into consideration the profitability of Rs. 329.61 crore of the Company, the Board has recommended dividend @30% 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.



520 MW Omkareshwar Power Station (Madhya Pradesh) - Dam

6. CREDIT RATINGS:

Your Company has been affirmed the second highest "CARE AA" credit rating to the outstanding term loans by the Credit rating agency, Credit Analysis & Research limited (CARE) during the year under review, signifying high safety for timely servicing of debt obligations and carrying very low credit risk.

Similarly, your Company has also been assigned "CARE AA" (SO) {Double A (structured obligation) by CARE and AA – (ind) {Double A minus (ind)} by Fitch Rating to the bond issue. Such ratings indicate stable outlook.

7. PROGRESS OF WORKS:

i) INDIRA SAGAR POWER STATION (ISPS):

Out of total 44,086 PAFs to be rehabilitated due to submergence of ISPS, only 2,188 PAFs are balance upto June' 08. Out of proposed 10,153 plots in 34 fully developed resettlement sites, 9,629 plots have already

been developed, whereas 4,397 plots have been allotted to PAFs upto June '08.

ii) **OMKARESHWAR PROJECT (OSPS):**

The first Unit of OSP has been put under commercial operation on 20th August, 2007 and subsequently remaining Units have been put under commercial operation sequentially and the last eighth Unit has been declared under commercial operation on 15th November, 2007 as against the GOI targeted schedule of Feb'2008. All the Units have been commissioned for 50 MW output as against rated capacity of 65 MW due to the restriction imposed by Hon'ble High Court of Madhya Pradesh for filling of OSP reservoir upto EL 189.0 M only as against FRL of EL 196.60 M.



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

Total 30 villages are getting affected, out of which in 3 villages only Govt. land is getting affected. Section IV, VI has been issued for all 27 villages and award has been passed for all the 27 villages. Out of total 5,960 PAFs to be shifted, 3227 PAFs have been rehabilitated upto June, 08. Out of proposed 1,905 plots in 10 fully developed resettlement sites, 1,716 plots have been developed and 1,599 plots have been allotted to PAFs upto June,'08.

8. **DIVERSIFICATION ACTIVITIES:**

Business Development Group of NHDC is exploring possibilities of entering into new ventures viz. Wind / Thermal etc. in near future and further necessary exercises are being made in this direction.

9. **ENVIRONMENT & FOREST:**

While fully acknowledging the corporate responsibilities for Environmental concerns all stipulations of Ministry of Environment & Forests are being adhered to in true spirit. Compensatory Afforestation works over a target area of 86030.000 Ha is completed under Indira Sagar Project and 11660.000 Ha under Omkareshwar Project. Likewise, Catchment Area Treatment works in forest and non-forest areas are completed over a target area of 62975.000 Ha under Indira Sagar Project and 25526.000 Ha under Omkareshwar Project.

10. **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 second edition of NHDC Vigilance Journal "Jagriti" has also been published.

11. **OFFICIAL LANGUAGE IMPLEMENTATION REPORT:**

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

- 'Rajbhasha Alankaran' prize to NHDC in Kovalam, Tiruanantpuram (Kerala) from Bhartiya Bhasha Evam Sanskriti Kendra, New Delhi.

- **'Second Prize'** to NHDC from Town O.L. Implementation Committee (Corporations), Bhopal.
- **'Ganesh Shankar Vidyarthi'** Prize to O.L. magazine 'Arohan' from Dushyant Kumar Smarak Pandulipi Sangrahalaya.
- **'Rastrabhasha Gaurav'** Prize to the head of O.L. on outstanding contribution in field of O.L. implementation from Akhil Bhartiya Rashtrabhasha Vikas Sangthan, Ghaziabad.
- **'Second Prize'** to O.L. annual magazine 'Arohan' from the above mentioned organisation.

Specific Work:

Publication of O.L. Annual magazine **"AROHAN"**, specific Hindi workshops, Hindi competitions and grand sponsorship of **'Kavya Sandhya'**

12. 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 goal, priorities and individual aspirations of employees. HR initiative has been undertaken to improve employee's performance level. Training for multi skilling and re- deployment are also being provided to employees of all levels. The corporation's 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 Corporation 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, your corporation has developed employee's welfare, health and social security system leading to high level of commitment. Your Corporation has developed Modern Township with best quality of life, containing amenities like, educational, medical and recreational facility for employees and their family members. Further hospitals have also been empanelled at various locations to meet employee health needs.

13. SOCIAL RESPONSIBILITY:

NHDC being an ethical corporate citizen strives to strike a perfect balance between business and society. In this process your corporation has formulated an extensive NHDC Corporate Social Responsibility-Community development policy (CSR). Under this policy various community development programs have been initiated/ implemented for the benefit of neighborhood areas / community and society at large.

Accordingly, during the year 2007-2008, your corporation has taken up various environmental, educational and social welfare activities such as plantation, distribution of study materials to down trodden school children, distribution of furniture and furnishing items to schools located at project affected areas, construction of community centers for social gathering of project affected families, organizing free medical and eye camps, providing drinking water facilities at project affected areas, distribution of playing kits for physically disabled children.

14. RIGHT TO INFORMATION ACT, 2005:

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

15. INDUSTRIAL RELATIONS:

The Industrial Relation 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.

16. 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.

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

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

18. AUDITORS:

M/s O.P. Totla & Co., Chartered Accountants, Indore was re-appointed as "Statutory Auditors" for conducting the Audit for the year 2007- 2008.

19. AUDITORS' REPORT:

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

20. DIRECTORS' RESPONSIBILITY STATEMENT:

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

That in the preparation of the Annual Accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;

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

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

The accounts have been prepared for the financial year ended 31st March, 2008 on a 'going concern' basis.

21. AUDIT COMMITTEE:

The Audit Committee has reviewed the annual financial statements before submission to the Board as required u/s Sec. 292A of the Companies Act, 1956. The audit committee of the Board has now been reconstituted comprising of Shri Rajesh Dongre, Director, Shri K.M. Singh, Chief Executive Director and Shri R.K. Taneja, Director.

22. 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.

23. 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 K.M. Singh as Whole- time-director in place of Shri D.P. Bhargava effective from 11th June, 2008.

The Govt. of India has now nominated Shri Jayant Kawale, Joint Secretary (Hydel), Ministry of Power on the Board of NHDC w.e.f. 11th September, 2007. Shri A. K. Kutty, Joint Secretary (Hydel), Ministry of Power representing Govt. of India has now been ceased to be a Director of NHDC.

The Govt. of Madhya Pradesh has now nominated Shri Pradip Bhargava, Additional Chief Secretary, NVDD & Vice Chairman, NVDA and Shri V.K. Bhatia, Member (Engineering), NVDA on the Board of NHDC w.e.f. 11th December, 2007 & 10th December, 2007 respectively.

Shri Uday Kumar Varma, Principal Secretary, NVDD & Vice Chairman, NVDA and Shri I. C. Jain, Member (Power), NVDA representing Govt. of Madhya Pradesh have now been ceased to be a Director of NHDC.

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

ACKNOWLEDGEMENTS:

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

sd/-

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

Date : 22.07.08

Place : Delhi

CONSERVATION OF ENERGY

Sr. No.	Information sought	Reply
(a)	Energy conservation measures taken	<ol style="list-style-type: none"> 1. Machine hall of the powerhouse has been designed in such a way that it utilizes maximum natural ventilation and lighting. 2. Illumination in machine hall and service bay of powerhouse has been segregated in small circuits. Thus circuit can be switched on/off as per lighting requirement in the particular area. 3. Periodic cleaning of lamps and fixtures for maximum output. 4. CFL lamps have been used for illumination in the corporate office and project’s offices and powerhouse wherever possible. 5. Split ACs are installed at Corporate Office and split/tower/window Acs at projects, which can be operated individually as per the requirement. 6. APFC system installed at NHDC Parisar, for power factor improvement. 7. Operation of drainage and dewatering pumps are being controlled through water level sensors, eliminating manual interference, thereby minimizing idle operation of pumps. 8. Proper regulation of flow of cooling water for turbine-generator set to reduce flow of excess water. 9. Drainage of power transformer’s cooling water is done by natural gravity as much as possible by installing separate drainage header. 10. Cleaning of footvalve/strainers of pumps and proper greasing and alignment of all pumps/motors at regular interval enhances the efficiency. 11. Load on generating units are varied on according to available head as per turbine efficiency curve to obtain highest possible efficiency. 12. Metering at various points to locate excess consumption point so that remedial measure can be taken to reduce extra consumption, if any. 13. Outdoor lights are being operated with help of timer switch to reduce manual operation so that lights can be switched on and off timely. 14. Creating general awareness about energy conservation with help of signboards, captions and stickers to reduce misuse of electricity. 15. Seals and beddings of all leakage points of compressors, hydraulic gates, OPU and guide vanes etc are kept in healthy condition by proper maintenance.
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy;	Variable Frequency Drive starter is installed for OPU pump of unit no.1 on trial run basis.
(c)	Impact of measures at (a) and (b) above for reduction of energy consumption impact on the cost of production of goods;	All the points mentioned at (a) and (b) contributed to substantial saving of energy and reduction of power consumption.
(d)	Total energy consumption and energy consumption per unit of production as per Form - A of the annexure thereto in respect of industries specified in the schedule thereto.	NHDC is not the category of industries mentioned in the schedule.

FORM - B

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

TECHONLOGY ABSORPTION, ADAPTATION AND INNOVATION

Sr. No.	Information sought	Reply
(a)	Efforts in brief made towards technology absorption, adaptation and innovation;	1. Implementation of Oracle based integrated financial pacakage at project. 2. Implementatin of electronic clearing system (ECS) at Corporate Office.
(b)	Benefits derived as result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	1. Early and accurate accounting system at project. 2. Online payments to vendors through Electronic Transfer directly in their accounts.
(c)	Technology imported during last five years	Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

Sr. No.	Information sought	Reply
1.	Activities relating to exports; initiatives taken to increase export; development of new export markets for products and services; and export plans.	N.A
2.	Total foreign exchange earning Total foreign exchange outgo.	Nil Rs. 3382 Lacs.

AUDITORS’ 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 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to subsection (3C) of section 211 of the Companies Act, 1956;

- iv) As per the circular issued by the Department of Companies Affairs vide their General Circular No. 829 (E) dt. 21.10.03 it has been directed that the clause (g) of sub section (1) of section 274 of the said Act about disqualification of Directors shall not apply, to a Govt. company, hence in our opinion the requirement of this clause does not apply to this company also;
- v) In our opinion and according to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956 and give a true & fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2008,
 - b) in the case of Profit & Loss Account, of profit 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.

For O.P. TOTLA & CO.
Chartered Accountants

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

Place : Camp New Delhi
Date : 23rd May, 2008

ANNEXURE TO THE AUDITORS' REPORT
FOR THE YEAR ENDED ON 31st MARCH, 2008
(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material but the same have not been properly dealt with in the Books of Accounts.
- (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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or 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 the information and explanations, 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 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 58A and 58AA and any other relevant provisions of the Companies Act 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government, for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of these records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the records provided to us by the Company, undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service

tax, custom duty, excise duty, cess and other statutory dues, that are required to be deposited regularly with authorities, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears, as at 31st March 2008 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the details of cases of non-deposit with the appropriate authorities of disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, are virtually Nil except Workmen Labour Welfare Cess of Rs 2.77 Crore:

Statue	Nature of Dues	Forum Where Dispute is Pending	Amount
Bldg & Other construction Worker's Cess 1996	Workmen Labour Welfare Cess Assessing Officer Order 2007	Adtl. Labour Commissioner (Appeallate Authority)	Rs. 2.77 Crore

- (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 Fund/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 31st March, 2008 are Rs. 0.32 Lacs part of these loans funds 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 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 : Camp New Delhi
Date : 23rd May, 2008



240 MW Uri - II Project, (J&K) - Dam Site

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED, BHOPAL FOR THE YEAR ENDED 31 MARCH 2008.

The preparation of financial statements of Narmada Hydroelectric Development Corporation Limited, Bhopal, for the year ended 31 March 2008 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 23 May 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of Narmada Hydroelectric Development Corporation Limited, Bhopal, for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

sd/-
(Ghazala Meenai)
**Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - III,
New Delhi**

Place : New Delhi

Dated : 11 July 2008



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



BALANCE SHEET AS AT 31st MARCH, 2008

(Rupees in lacs)

PARTICULARS	SCHEDULE No.	AS AT 31st MARCH, 2008		AS AT 31st MARCH, 2007	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i) Share Capital	1	196258		196258	
ii) Share Capital Deposit	1A	-		-	
iii) Reserves and Surplus	2	199820	396078	163284	359542
B. LOAN FUNDS					
i) Secured Loans	3	289917		293984	
ii) Unsecured Loans	4	-	289917	-	293984
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION					
D. DEFERRED TAX					
Net Deferred Tax Liabilities		41214		26014	
Less: Deferred Tax Recoverable		41214	-	26014	-
TOTAL		685995		653526	
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i) Fixed Assets	5				
a) Gross Block		659225		408487	
Less: Depreciation		34535		22311	
b) Net Block		624690		386176	
ii) Capital Work-in-Progress	6	1927		201506	
iii) Construction Stores and Advances	7	41	626658	524	588206
B. INVESTMENTS					
C. CURRENT ASSETS, LOANS & ADVANCES					
i) Interest Accrued on Investments	8	-	-	-	-
ii) Inventories		258		217	
iii) Contract Work in Progress		-		-	
iv) Sundry Debtors		55656		62326	
v) Cash and Bank Balances		50457		34940	
vi) Other Current Assets		1981		1137	
vii) Loans and Advances		13477		9623	
		121829		108243	
Less: Current Liabilities and Provisions	10				
i) Liabilities		16249		22480	
ii) Provisions		46243		20443	
		62492		42923	
NET CURRENT ASSETS			59337		65320
D. MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	11		-		-
TOTAL		685995		653526	
Accounting Policies	23				
Notes to the Accounts	24				

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

As per our report of even date attached

For and on behalf of 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
Co. Secretary

M.W. KHAN
General Manager (Finance)

Place : New Delhi
Dated : 23rd May, 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

(Rupees in lacs)

PARTICULARS	SCHEDULE No.	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
INCOME			
i) Sales	12	68110	74854
Less: Tariff Adjustments		-	-
Less: Advance Against Depreciation		-	-
		68110	74854
ii) Contracts and Consultancy Income	13	-	-
iii) Other Income	14	8697	1814
TOTAL INCOME		76807	76668
EXPENDITURE			
i) Generation, Administration and Other Expenses	15	6012	3884
ii) Employees' Remuneration and Benefits	16	2315	1391
iii) Depreciation	17	10194	6617
iv) Interest and Finance Charges	18	18425	12977
v) Provisions	19	-	-
vi) Contracts and Consultancy Expenses	20	-	-
vii) Incentive to Beneficiary States		-	-
TOTAL EXPENDITURE		36946	24869
Profit Before Tax and Prior Period Adjustments		39861	51799
Prior Period Adjustment (Net)	21	2201	192
PROFIT BEFORE TAX		37660	51607
Provision for Taxation			
i) Current Tax		4634	6110
ii) Fringe Benefit Tax		67	56
iii) Adjustments Relating to Earlier Years		(2)	10
iv) Deferred Tax		15200	18381
Less: Deferred Tax Recoverable Adjustment		15200	18381
		-	-
		4699	6176
PROFIT AFTER TAX		32961	45431
Balance brought forward from last year account		45255	11783
Excess Provision withdrawn - Dividend		3986	-
BALANCE AVAILABLE FOR APPROPRIATION		82202	57214
i) Transfer to Capital Reserve		-	-
ii) Transfer to Bond Redemption Reserve		-	-
iii) Transfer to General Reserve		-	-
iv) Dividend		-	-
- Interim		-	-
- Proposed		9888	10222
v) Tax on Dividend		-	-
- Interim		-	-
- Proposed		1680	1737
		11568	11959
BALANCE CARRIED TO BALANCE SHEET		70634	45255
Earning per share (Equity shares, face value of Rs.1000/- each)			
Basic EPS (Rupees per share)		167.95	231.48
Diluted EPS (Rupees per share)		167.95	231.48
Incidental Expenditure during Construction	22		
Accounting Policies	23		
Notes to the Accounts	24		

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

As per our report of even date attached

For and on behalf of 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
Co. Secretary

M.W. KHAN
General Manager (Finance)

Place : New Delhi
Dated : 23rd May, 2008

SCHEDULE - 1 SHARE CAPITAL

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008	AS AT 31st March, 2007
AUTHORISED		
Authorised Capital:30000000 Equity Shares (Previous year 30000000) of Rs. 1000/- each.	300000	300000
ISSUED SUBSCRIBED AND PAID-UP		
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, NHPC Ltd., Faridabad & 96,01,600 (Previous year 96,01,600) shares allotted to Govt. of Madhya Pradesh.	196258	196258
NOTE: 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.		
TOTAL	196258	196258

SCHEDULE - 1A SHARE CAPITAL DEPOSIT ACCOUNT

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008	AS AT 31st March, 2007
1 From NHPC Ltd. (Holding Co)	-	-
2. From NVDA Account	-	-
TOTAL	-	-

SCHEDULE - 2 RESERVES AND SURPLUS

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008					AS AT 31st March, 2007				
	01.04.2007	ADDITIONS	DEDUCTIONS	ADJUSTMENTS	31.03.2008	01.04.2006	ADDITIONS	DEDUCTIONS	ADJUSTMENTS	31.03.2007
A CAPITAL RESERVE										
1 Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in Indira Sagar Project as a Grant-in-Aid.	33792	1881	725	-	34948	34218	273	699	-	33792
2 Proportionate Sub-vention towards Sardar Sarovar project transferred from NVDA Account.	43188	2403	927	-	44664	43724	348	884	-	43188
3 Contribution by Govt. of Madhya Pradesh towards R&R of Indira Sagar Project	19819	1835	453	-	21201	20186	-	367	-	19819
4 Proportionate contribution by Govt. of Madhya Pradesh towards Irrigation Component in Omkareshwar Project as Grant-in-Aid.	15954	956	177	-	16733	12042	3912	-	-	15954
5 Contribution by Govt. of Madhya Pradesh towards R&R of Omkareshwar Project	-	3107	33	-	3074	-	-	-	-	-
B Profit and Loss Account	45255	32961	11568	3986	70634	11783	45431	11959	-	45255
C Self Insurance Reserve	5276	3290	-	-	8566	3255	2021	-	-	5276
TOTAL	163284	46433	13883	3986	199820	125208	51985	13909	-	163284

SCHEDULE - 3 LOAN FUNDS - SECURED

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008	AS AT 31st March, 2007
TERM LOANS		
Term Loan from Banks - Indian Currency - Secured (Refer Annexure to Schedule - 3)	289917	293984
TOTAL	289917	293984

NOTE :

The Term Loans are secured by first Pari-passu Charge in favour of the lenders by way of mortgage by deposit of title deeds on the immovable property / fixed assets and also by first pari-passu charge on all present and future moveable, fixed and current assets of the company in respect of the particular project / power station for the respective portion of outstanding long term loan.

APPENDIX TO SCHEDULE 3

LOAN FUNDS - SECURED

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008	AS AT 31st March, 2007
LONG TERM LOANS		
A- INDIRA SAGAR POWER STATION		
1 ORIENTAL BANK OF COMMERCE (Due for repayment within one year Rs.1666.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	18333	20000
2 JAMMU AND KASHMIR BANK (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	9167	10000
3 BANK OF INDIA (Due for repayment within one year Rs.2916.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	32083	35000
4 ANDHRA BANK (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	9167	10000
5 CANARA BANK (Due for repayment within one year Rs.1250.00 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	13750	15000
6 DENA BANK (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	9167	10000
7 UNITED BANK OF INDIA (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	9167	10000
8 PUNJAB AND SINDH BANK (Due for repayment within one year Rs.416.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	4583	5000
9 SIDBI (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	9167	10000
10 UNION BANK OF INDIA (Due for repayment within one year Rs.833.33 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	9167	10000
11 PUNJAB NATIONAL BANK (Due for repayment within one year Rs.2291.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	25208	27500
12 INDIAN OVERSEAS BANK (Due for repayment within one year Rs.416.66 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	4583	5000
13 BANK OF BARODA (Due for repayment within one year Rs.125.00 Lacs) (Repayable in 12 annual equal installments commencing from 31.12.2007)	1375	1500
Total	154917	169000

APPENDIX TO SCHEDULE 3

LOAN FUNDS - SECURED

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008	AS AT 31st March, 2007
LONG TERM LOANS		
B- OMKARESHWAR POWER STATION		
1 UNION BANK OF INDIA (Due for repayment within one year Rs.3000.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	30000	29017
2 INDIAN OVERSEAS BANK (Due for repayment within one year Rs.500.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	5000	4833
3 CORPORATION BANK (Due for repayment within one year Rs.1000.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	10000	9676
4 CANARA BANK (Due for repayment within one year Rs.1040.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	10400	10057
5 CENTRAL BANK OF INDIA (Due for repayment within one year Rs.1380.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	13800	13348
6 PUNJAB NATIONAL BANK (Due for repayment within one year Rs.1730.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	17300	16737
7 SIDBI (Due for repayment within one year Rs.350.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	3500	3384
8 UNITED BANK OF INDIA (Due for repayment within one year Rs.750.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	7500	7447
9 SYNDICATE BANK (Due for repayment within one year Rs.750.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	7500	7255
10 ORIENTAL BANK OF COMMERCE (Due for repayment within one year Rs.1500.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	15000	14509
11 ALLAHABAD BANK (Due for repayment within one year Rs.1500.00 Lacs) (Repayable in 10 annual equal installments commencing from 31.03.2009)	15000	8721
Total	135000	124984

SCHEDULE - 4 LOAN FUNDS - UNSECURED

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008	AS AT 31st March, 2007
	-	-
TOTAL	-	-

SCHEDULE - 5 FIXED ASSETS

(Amount in Lacs)

S. No.	PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at 01.04.2007	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 31.03.2008	As at 01.04.2007	For the year	Adjustments	As at 31.03.2008	As at 31.03.2008	As at 01.04.07
i)	Land – Freehold	70	-	1	-	(1)	70	-	-	-	-	70	70
ii)	Land – Leasehold	173	-	-	-	(7)	166	11	6	(7)	10	156	162
iii)	Land – Unclassified/ right of use	10	-	-	-	-	10	1	-	-	1	9	9
iv)	Buildings	44153	-	21324	-	(117)	65360	3291	1444	(109)	4626	60734	40862
v)	Roads and bridges	1417	-	25	-	(46)	1396	197	26	(45)	178	1218	1220
vi)	Railway sidings	-	-	-	-	-	-	-	-	-	-	-	-
vii)	Dams, water conductor system, hydro mechanical gates, tunnels, etc.	285821	-	142847	-	(214)	428454	12800	7445	-	20245	408209	273021
viii)	Generating plant and machinery	74146	17	83174	-	-	157337	5294	3117	6	8417	148920	68852
ix)	Plant and machinery sub station	540	-	1891	-	(3)	2428	28	60	(4)	84	2344	512
x)	Plant and machinery transmission lines	186	-	74	-	(12)	248	10	10	(9)	11	237	176
xi)	Plant and machinery others	239	-	79	-	-	318	34	16	(1)	49	269	205
xii)	Construction equipment	214	-	276	-	(1)	489	43	38	(1)	80	409	171
xiii)	Water supply system/drainage and sewerage	167	-	73	-	(3)	237	5	4	(3)	6	231	162
xiv)	Electrical installations	16	-	-	(2)	(2)	12	7	1	(4)	4	8	9
xv)	Vehicles	127	4	30	(4)	(13)	144	94	16	(12)	98	46	33
xvi)	Aircraft/ boats	15	-	-	-	-	15	7	3	-	10	5	8
xvii)	Furniture and fixture	353	1	67	(3)	(21)	397	86	34	(17)	103	294	267
xviii)	Computers	218	4	35	(3)	(54)	200	148	34	(51)	131	69	70
xix)	Communication equipment	47	-	8	-	(3)	52	8	3	(3)	8	44	39
xx)	Office equipments	258	1	21	(15)	(31)	234	53	32	(30)	55	179	205
xxi)	Research and development	-	-	-	-	-	-	-	-	-	-	-	-
xxii)	Intangible assets	1	-	6	-	-	7	-	3	-	3	4	1
xxiii)	Other assets	147	-	36	-	(3)	180	25	11	(1)	35	145	122
xxiv)	Capital expenditure on assets not owned by NHDC	-	-	1359	-	-	1359	-	272	1	273	1086	-
xxv)	Fixed assets of minor value >750 and < Rs.5000	169	-	8	-	(69)	108	169	8	(69)	108	-	-
xxvi)	Obsolete / surplus assets	-	-	4	-	-	4	-	-	-	-	4	-
	TOTAL	408487	27	251338	(27)	(600)	659225	22311	12583	(359)	34535	624690	386176
	Previous Year	397189	24	11437	(24)	(139)	408487	13437	8698	176	22311	386176	383752

NOTE

Depreciation for the year	12583
Charged to P & L	10194
Charged to IEDC	74
Charged to Capital Reserve	2315

Figures within parenthesis represent deductions.

SCHEDULE - 6 CAPITAL WORK-IN-PROGRESS

(Amount in Lacs)

	01.04.2007	ADDITIONS DURING THE PERIOD	ADJUST- MENT	CAPITALISED DURING THE PERIOD	AS AT 31.03.2008
i) Buildings	17012	2137	-	(18868)	281
ii) Roads and Bridges	11	4	(11)	-	4
iii) Railway Sidings	-	-	-	-	-
iv) Dams, Water Conductor System, Hydromechanical Gates, Tunnels etc.	77544	8848	-	(86368)	24
v) Generating Plant and Machinery	66833	3427	-	(70238)	22
vi) Plant and Machinery Sub Station	1476	233	-	(1663)	46
vii) Plant and Machinery- Transmission Lines	33	46	-	(79)	-
viii) Plant and Machinery - Others	-	-	-	-	-
ix) Construction Equipment	-	178	-	(178)	-
x) Water Supply System/Drainage and Sewerage	-	90	-	(90)	-
xi) Intangible Assets	-	-	-	-	-
xii) Capital Expenditure On Assets Not Owned by NHDC	952	405	-	(1357)	-
xiii) Survey, Investigation, Consultancy and Supervision Charges	3073	101	-	(2652)	522
xiv) Expenditure on R&R and Compensatory Afforestation	14686	30507	-	(44165)	1028
xv) Incidental Expenditure During Construction Period (IEDC) - Refer Annexure to Schedule-6	19886	5337*	-	(25223)	-
TOTAL	201506	51313	(11)	(250881)	1927
PREVIOUS YEAR	131061	81508	(1)	(11062)	201506

Figures within parenthesis represent deductions.

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

ANNEXURE TO SCHEDULE - 6 INCIDENTAL EXPENDITURE DURING CONSTRUCTION

(Amount in Lacs)

	AS AT 31st March, 2008	AS AT 31st March, 2007
A. EMPLOYEES' REMUNERATION & BENEFITS		
i) Salaries, wages, allowances	-	1908
ii) Gratuity and contribution to provident fund and pension scheme (including administration fees)	-	185
iii) Staff welfare expenses	-	229
iv) Leave Salary & Pension Contribution	-	26
Sub-total	-	2348
B. REPAIRS AND MAINTENANCE		
i) Building	-	26
ii) Machinery	-	11
iii) Others	-	243
Sub-total	-	280
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent	-	262
ii) Rates and taxes	-	4
iii) Insurance	-	2
iv) Security expenses	-	17
v) Electricity Charges	-	111
vi) Traveling and Conveyance	-	159
vii) Expenses on staff car	-	173
viii) Telephone, telex and Postage	-	47
ix) Advertisement and publicity	-	53
x) Entertainment and hospitality expenses	-	3
xi) Printing and stationery	-	38
xii) Remuneration to Auditors	-	-
xiii) Design and Consultancy charges:		
- Indigenous	-	838
- Foreign	-	-
xiv) Expenditure on compensatory afforestation	-	-
xv) Expenditure on land not belonging to corporation	-	-
xvi) Land acquisition and rehabilitation	-	-
xvii) Loss on assets/ materials written off	-	-
xviii) Losses on sale of assets	-	-
xvix) Other general expenses	-	4977
Sub-total	-	6684
D. INTEREST AND FINANCE CHARGES		
Interest on :		
i) a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	-	12714
e) Cash credit facilities /WCDL	-	-
f) Exchange differences regarded as adjustment to interest cost	-	-
ii) Bond issue/ service expenses	-	-
iii) Commitment fee	-	-
iv) Guarantee fee on loan	-	11
v) Other finance charges	-	534
Sub-total	-	13259
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	-	13
ii) Less :Exchange rate variation (Credit balance)	-	248
Sub-total	-	(235)
F. PROVISIONS	-	-
Sub-total	-	-
G. DEPRECIATION	-	314
Sub-total	-	314
H. PRIOR PERIOD EXPENSES (NET)		
i) Prior period expenses	-	22
ii) Less: Prior period income	-	-
Sub-total	-	22
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity – precommissioning	-	-
ii) Interest on loans and advances	-	442
iii) Miscellaneous receipts	-	3759
iv) Profit on sale of assets	-	-
v) Liability/ Provision not required written back	-	34
vi) Hire charges/ outturn on plant and machinery	-	-
Sub-total	-	4235
J. CORPORATE OFFICE MANAGEMENT EXPENSES	-	1449
AMOUNT TRANSFERRED TO CAPITAL WORK- IN- PROGRESS (A+B+C+D+E+F+G+H+J - I)	-	19886

SCHEDULE - 7 CONSTRUCTION STORES AND ADVANCES

(Amount in Lacs)

	AS AT 31st March, 2008	AS AT 31st March, 2007
A. CONSTRUCTION STORES		
1. Stores and spares	-	-
2. Loose tools	-	-
3. Scrap inventory	-	-
4. Stores in transit/ pending inspection	-	131
5. Material issued to contractors/ fabricators	-	-
Less : Provisions for construction stores	-	-
Sub-Total	-	131
B. ADVANCES FOR CAPITAL EXPENDITURES		
1. Secured (considered good)	-	-
2. Unsecured – against bank guarantees (considered good)	32	374
3. Unsecured – others (considered good)	9	19
4. Unsecured – considered doubtful	-	-
Less : Provisions for doubtful advances	-	-
Sub-Total	41	393
TOTAL	41	524
Provision for construction stores	-	-
Additions during the year - Schedule 19 -	-	-
Amount used during the year	-	-
Amount reversed during the year - Schedule - 14	-	-
Closing Balance	-	-
Provision for doubtful advances		
As per last Balance Sheet	-	-
Additions during the year - Schedule 19 -	-	-
Amount used during the year	-	-
Amount reversed during the year - Schedule - 14	-	-
Closing Balance	-	-

SCHEDULE - 8 INVESTMENTS

(Amount in Lacs)

	AS AT 31st March, 2008	AS AT 31st March, 2007
LONG TERM		
A. INVESTMENT – SUBSIDIARY COMPANY (TRADE)	-	-
Equity shares (unquoted)	-	-
B. INVESTMENT – OTHERS (TRADE)	-	-
Equity shares	-	-
C. INVESTMENT – OTHERS (TRADE)	-	-
Bonds	-	-
Investment in SEB Bonds	-	-
D. INVESTMENT – SUBSIDIARY COMPANY (NON TRADE)	-	-
Equity shares	-	-
E. INVESTMENT – OTHERS (NON TRADE)	-	-
Equity shares	-	-
F. INVESTMENT – OTHERS (NON TRADE)	-	-
Bonds	-	-
Investment in SEB Bonds	-	-
G. LONG TERM ADVANCES	-	-
Delhi Transco Limited	-	-
SHORT TERM		
A. INVESTMENT – SUBSIDIARY COMPANY (TRADE)	-	-
Equity shares	-	-
B. INVESTMENT – OTHERS (TRADE)	-	-
Equity shares	-	-
C. INVESTMENT – OTHERS (TRADE)	-	-
D. INVESTMENT – SUBSIDIARY COMPANY (NON TRADE)	-	-
Equity shares	-	-
E. INVESTMENT – OTHERS (NON TRADE)	-	-
Equity shares	-	-
F. INVESTMENT – OTHERS (NON TRADE)	-	-
Bonds	-	-
G. INVESTMENT RELATED TO DEVELOPMENT SURCHARGE RESERVE	-	-
Less : Provision against the diminution in the value of investment	-	-
Total	-	-

SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Lacs)

	AS AT 31st March 2008		AS AT 31st March 2007	
A. INTEREST ACCRUED ON INVESTMENTS		-		-
B. INVENTORIES (valuation as per accounting policy No.7)				
i) Stores and spares	207		162	
ii) Loose tools	4		6	
iii) Scrap inventory	10		10	
iv) Stores in transit/ pending inspection	3		49	
v) Material at site	44		-	
vi) Material issued to contractors/ fabricators	-		-	
Less : Provisions for obsolete stores & spares	(10)	258	(10)	217
C. WORK IN PROGRESS				
i) Construction work in progress(on behalf of client)	-		-	
ii) Consultancy work in progress(on behalf of client)	-	-	-	-
D. SUNDRY DEBTORS (UNSECURED)				
i) Debts outstanding for a period exceeding six months				
- Considered good (includes securitised amount of Rs.44825 Lacs,(previous year NIL)	46123		3488	
- Considered doubtful and provided	-		-	
ii) Other debts				
- Considered good	9533		58838	
- Considered doubtful and provided	-		-	
Less: Provision for doubtful debts	-	55656	-	62326
E. CASH & BANK BALANCES				
i) Cash on hand (includes cheques & stamps in hand of Rs.40 Lacs, Previous year Rs. 431 Lacs)	6		437	
ii) Bank balances	-		-	
with scheduled banks				
In current account	14866		12397	
In deposits account (including deposits earmarked towards Self insurance contingencies)	35585		22106	
with other banks				
In current account	-		-	
In deposits account	-	50457	-	34940
F. OTHER CURRENT ASSETS				
i) Interest accrued on deposits	1058		415	
ii) Others	589		492	
iii) Claims recoverable from other agencies	355		259	
Less : Provisions for doubtful claims	(21)	1981	(29)	1137
G. LOANS AND ADVANCES				
A) LOANS				
Employees (including accrued interest)	-		-	
Secured	537		366	
Unsecured - considered good	83		148	
Unsecured - considered doubtful	-	620	-	514
B) ADVANCES				
(recoverable in cash or Kind or for value to be received)				
i) Holding Company				
Secured	18		-	
Unsecured - considered good	-		-	
Unsecured - considered doubtful	-		-	
ii) Contractors & suppliers				
Secured	-		-	
Unsecured - considered good				
- Covered by bank guarantees	-		-	
- Others	17		63	
Unsecured - considered doubtful	-		-	

SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Lacs)

	AS AT 31st March 2008		AS AT 31st March 2007	
iii) Employees	-	-	-	-
Unsecured - considered good	9	-	7	-
Unsecured - considered doubtful	-	-	-	-
iv) Other Advances	-	-	-	-
Unsecured - considered good	-	-	-	-
Unsecured - considered doubtful	-	-	-	-
Less: Provisions for doubtful loans and advances	-	-	-	-
v) Other recoverables	-	44	-	70
C) DEPOSITS				
Advance Income tax and tax deducted at source	12813	13477	9039	9623
TOTAL		121829		108243

Figures within parenthesis represent deductions.

(Amount in Lacs)

31st March 2008

31st March 2007

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

Nil Nil

PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

Amount due at the end of the year Nil Nil

Maximum balance at any time during the year Nil 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 stores & spares

As per last Balance Sheet	10	10
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	10	10

Provision for Doubtful Debts

As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-

Provision for bad & doubtful claims

As per last Balance Sheet	29	31
Additions during the year	-	-
Amount used during the year	8	-
Amount reversed during the year	-	2
Closing Balance	21	29

Provisions for Doubtful Loans and Advances

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

(Amount in Lacs)

	AS AT 31st March, 2008	AS AT 31st March, 2007
A. LIABILITIES		
1 Sundry creditors		
a) Total outstanding dues of Micro, Small & Medium enterprises as per MSMEDA, 2006	-	-
b) Others	10238	8095
2. Unspent amount of deposit/agency	-	-
3. Deposits/retention money	1690	5635
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	3859	6921
8. Due to subsidiaries/ holdings	-	242
9. Other liabilities	462	485
TOTAL LIABILITIES (A)	16249	22480
B. PROVISIONS		
1. Provision for Taxation		
As per last Balance Sheet	7773	1719
Additions during the year	4701	6176
Amount used during the year	386	122
Amount reversed during the year	2	-
Closing Balance	12086	7773
2. Provision for Proposed Dividend		
As per last Balance Sheet	10222	2122
Additions during the year	9888	10222
Amount used during the year	6815	2122
Amount reversed during the year	3407	-
Closing Balance	9888	10222
3. Tax on proposed dividend		
As per last Balance Sheet	1737	298
Additions during the year	1680	1737
Amount used during the year	1158	298
Amount reversed during the year	579	-
Closing Balance	1680	1737
4. Provision for Wage revision		
As per last Balance Sheet	207	160
Additions during the year	1067	206
Amount used during the year	-	159
Amount reversed during the year	-	-
Closing Balance	1274	207
5. Provision for PLI / exgratia		
As per last Balance Sheet	181	122
Additions during the year	247	181
Amount used during the year	190	83
Amount reversed during the year	-	39
Closing Balance	238	181
6. Provision for leave encashment		
As per last Balance Sheet	134	69
Additions during the year	135	90
Amount used during the year	18	25
Amount reversed during the year	-	-
Closing Balance	251	134

SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Amount in Lacs)

	AS AT 31st March, 2008	AS AT 31st March, 2007
7. Provision for Gratuity		
As per last Balance Sheet	63	41
Additions during the year	54	30
Amount used during the year	4	8
Amount reversed during the year	-	-
Closing Balance	113	63
8. Provision for REHS		
As per last Balance Sheet	59	57
Additions during the year	10	2
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	69	59
9. Provision for LTC		
As per last Balance Sheet	41	-
Additions during the year	25	59
Amount used during the year	26	18
Amount reversed during the year	-	-
Closing Balance	40	41
10. Provision for M.C.on Leave Encashment		
As per last Balance Sheet	16	-
Additions during the year	16	16
Amount used during the year	2	-
Amount reversed during the year	-	-
Closing Balance	30	16
11. Provision for TTA(Baggage Allowance on Retirement)		
As per last Balance Sheet	10	-
Additions during the year	10	10
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	20	10
12. Provision for other expenses		
As per last Balance Sheet	-	-
Additions during the year	146	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	146	-
13. Provision for Project Expenses		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
14. Provision for contingencies		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
15. Provision for tariff adjustments		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
16. Provision for self consumption of power		
As per last Balance Sheet	-	-
Additions during the year	-	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	-	-
17. Provision for Committed Capital Expenditure		
As per last Balance Sheet	-	-
Additions during the year	21867	-
Amount used during the year	1459	-
Amount reversed during the year	-	-
Closing Balance	20408	-
TOTAL PROVISIONS (B)	46243	20443
TOTAL (A+B)	62492	42923

SCHEDULE - 11 MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Amount in Lacs)

PARTICULARS	AS AT 31st March, 2008	AS AT 31st March, 2007
Preliminary expenses	-	144
Balance as per last year Balance Sheet	-	144
Less : written off during the period	-	-
Other deferred revenue expenditure	-	-
Project expenses awaiting write off saction	-	-
Losses awaiting write off sanction	-	-
Less : Provision for losses pending investigation	-	-
TOTAL	-	-

SCHEDULE - 12 SALES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
Sale of power	64371	68925
Sale of power (FBT)	67	56
Sale of power (MAT)	4090	5873
Less : income from generation of electricity- precommissioning (Transferred to Schedule 22 (I) (i))	(418)	-
Total taken to Profit & loss Account	68110	74854

SCHEDULE - 12 A - ADVANCE AGAINST DEPRECIATION

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
During the year	-	-
Less : Written back during the year	-	-
Total taken to Profit & loss Account	-	-

SCHEDULE - 13 CONTRACTS AND CONSULTANCY INCOME

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
Contract Income	-	-
Consultancy Income	-	-
Total taken to Profit & loss Account	-	-

SCHEDULE - 14 OTHER INCOME

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
i) Income from Long Term Investments		
a) Trade		
Dividend from subsidiaries	-	-
Dividend - others	-	-
Interest - Govt. Securities (8.5% tax free bonds issued by the State Govt.)	-	-
b) Non-Trade		
Dividend - others	-	-
ii) Other Income		
a) Interest		
- Loan to State Government in settlement of dues from customers	-	-
- Indian Banks (Gross) (Tax deducted at source Rs. Nil, Previous year Rs.5 Lacs)	2678	2020
- Employee's Loans and Advances	36	28
- Interest from Beneficiary States	5910	-
- Others	-	-
b) Late payment surcharge	117	-
c) Profit on sale of assets	-	-
d) Liability/ Provisions not required written back #	30	52
e) Exchange rate variation	65	248
f) Others	295	195
Total	9131	2543
Less: Income transferred to IEDC {Refer Schedule 22 (E) (ii), 22 (I) (ii) to (vi) and 22 (J) (i)}	434	72
Less: Income transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
Total taken to Profit & Loss Account	8697	1814
		(Amount in Lacs)
# Detail of Liability/ Provisions not required written back		
a) Bad and doubtful debts	-	-
b) Bad and doubtful advances / deposits	-	-
c) Bad and doubtful claims	-	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) Provision for Tariff Adjustment	-	-
m) Liability not required written back	30	10
Total	30	52

SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
i) Consumption of stores and spare parts	193	19
ii) Repair and maintenance of:		
- Building	242	158
- Machinery	98	61
- Others	562	391
iii) Rent	325	244
iv) Rates and taxes	18	16
v) Insurance	10	10
vi) Self insurance reserve	3290	2021

SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
vii) Security expenses	248	170
viii) Electricity charges	897	658
ix) Travelling and conveyance	135	177
x) Expenses on staff car	42	99
xi) Telephone, telex and postage	56	71
xii) Advertisement and publicity	92	77
xiii) Entertainment and hospitality expenses	15	21
xiv) Donation	-	2
xv) Printing and stationery	56	48
xvi) Books and periodicals	7	4
xvii) Consultancy charges - Indegenous	74	118
xviii) Consultancy charges - Foreign	-	-
xix) Expenditure on compensatory afforestation/ catchment area treatment	-	-
xx) Expenditure on land not belonging to corporation	-	-
xxi) Project expenses written off	-	-
xxii) Loss on sale of assets	-	2
xxiii) Deferred revenue expenditure written off	-	-
xxiv) Preliminary expenses written off	-	144
xxv) Survey and investigation expenses written off	-	-
xxvi) Bad debts / advances/ claims written off	-	-
xxvii) Stores written off	-	-
xxviii) Fixed assets written off	-	-
xxix) Interest payment on court/ arbitration cases	-	-
xxx) Other general expenses	208	220
xxxi) Exchange rate variation	-	13
xxxii) Audit expenses (refer Notes to Accounts)	12	11
xxxiii) Director expenses	-	-
xxxiv) Research and development expenses	-	-
Total	6580	4755
Less: Expenses transferred to IEDC {Refer Schedule 22 (B), 22 (C), 22 (E) (i) and 22 (J) (iii)}	568	871
Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
Total taken to Profit & Loss Account	6012	3884

SCHEDULE - 16 EMPLOYEES REMUNERATION AND BENEFITS

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
i) Salaries, wages, allowances	3255	2542
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	356	287
iii) Staff welfare expenses	412	349
iv) Leave salary & pension contribution	-	-
Total	4023	3178
Less: Employee cost transferred to IEDC {Refer Schedule 22 (A) and 22 (J) (ii)}	1708	1787
Less: Employee cost transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
Total Taken to Profit & Loss Account	2315	1391

SCHEDULE - 17 DEPRECIATION

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
Depreciation during the year	12583	8698
Total	12583	8698
Less: Depreciation transferred to IEDC {Refer Schedule 22 (G) and 22 (J) (iv)}	74	131
Less: Depreciation transferred to Contract & Consultancy (Refer Schedule 20)	-	-
Less: Transfer from Capital Reserve (Grants written off) (Refer Schedule 2)	2315	1950
Total taken to Profit & Loss Account	10194	6619

SCHEDULE - 18 INTEREST AND FINANCE CHARGES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	21895	19752
e) Cash credit facilities /WCDL	-	-
f) Exchange differences regarded as adjustment to interest cost	-	-
g) Other interest charges	-	-
ii) Bond issue/ service expenses	-	-
iii) Rebate to customers	334	-
iv) Commitment fee	-	-
v) Guarantee fee on loan	-	-
vi) Royalty	-	-
vii) Interest to Beneficiary States	-	-
viii) Bank charges	13	5
ix) Other finance charges	22	8
Total	22264	19765
Less: Interest & Finance charges capitalised by transfer to IEDC {Refer Schedule 22 (D) and 22 (J) (v)}	3839	6788
Less: Interest & Finance charges transferred to contract and consultancy expenses (Refer Schedule 20)	-	-
Total taken to Profit & Loss Account	18425	12977

SCHEDULE - 19 PROVISIONS

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
i) Bad and doubtful debts provided	-	-
ii) Bad and doubtful advances / deposits provided	-	-
iii) Bad and doubtful claims provided	-	-
iv) Diminution in value of stores and spares	-	-
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	-	-
x) Provision for CAT Plan / Environment expenses	-	-
xi) Provision for other expenses	-	-
Total	-	-
Less: Provisions transferred to IEDC { Refer Scedule 22 (F) and 22 (J) (vii)}	-	-
Less: Provisions transferred to contract and consultancy expenses (Refer Sch. 20)	-	-
Total taken to Profit & Loss Account	-	-

SCHEDULE - 20 CONTRACT AND CONSULTANCY EXPENSES

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
i) Direct expenses	-	-
ii) Employees remuneration and benefits	-	-
- Salaries, wages, allowances and benefits	-	-
- Gratuity, contribution to provident fund & pension scheme	-	-
- Staff welfare expenses	-	-
iii) Repairs and maintenance	-	-
- Buildings	-	-
- Machinery and construction equipments	-	-
- Others	-	-
iv) Administration and other expenses	-	-
- Rent	-	-
- Traveling and conveyance	-	-
- Expenses on staff cars and inspection vehicle	-	-
- Insurance	-	-
- Telephone, telex, and postage	-	-
- Advertisement and publicity	-	-
- Printing and stationery	-	-
- Remuneration to auditors	-	-
- Other expenses	-	-
- Rates and taxes	-	-
- Security	-	-
- Electricity	-	-
- Contingencies	-	-
- Consultancy charges	-	-
- ERV	-	-
v) Depreciation	-	-
vi) Interest and finance charges	-	-
vii) Loss on construction contracts	-	-
viii) Provisions	-	-
ix) Work in progress :	-	-
- Construction contract	-	-
- Consultancy	-	-
x) Corporate Office Expenses (Net)	-	-
Total Expenditure	<u>-</u>	<u>-</u>
Less: Receipts and recoveries	-	-
Net expenditure during the year	-	-
Prior period Adjustments	-	-
Total taken to Profit & Loss Account	<u>-</u>	<u>-</u>

SCHEDULE - 21 PRIOR PERIOD ADJUSTMENT (NET)

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
Income		
i) Sale of Electricity	(2113)	(2)
ii) Interest/ surcharge received from debtors	-	-
iii) Advance against depreciation written back	-	-
iv) Others	-	(117)
Expenditure		
i) Salaries and wages	-	-
ii) Repair and maintenance	-	-
iii) Interest	-	-
iv) Others	83	13
v) Depreciation	5	178
Total	<u>2201</u>	<u>310</u>
Less: Expenses transferred to IEDC {Refer Schedule 22 (H) and 22 (J) (vi)}		
Prior period expenses	-	1
Less Prior period income	-	(117)
Total	<u>-</u>	<u>118</u>
Less: Expense transferred to contract and consultancy expenses (Refer Sch.20)	-	-
Total taken to Profit & Loss Account	<u>2201</u>	<u>192</u>

SCHEDULE - 22 INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances & benefits	1193	1133
ii) Gratuity and contribution to provident fund (including administration fees)	52	84
iii) Staff welfare expenses	110	120
iv) Leave Salary & Pension Contribution	-	-
Sub-total	1355	1337
B. REPAIRS AND MAINTENANCE		
i) Building	56	55
ii) Machinery	9	15
iii) Others	33	53
Sub-total	98	123
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent	123	158
ii) Rates and taxes	3	6
iii) Insurance	1	1
iv) Security expenses	7	11
v) Electricity charges	70	64
vi) Traveling and conveyance	31	73
vii) Expenses on staff car	11	14
viii) Telephone, telex and postage	12	27
ix) Advertisement and publicity	13	43
x) Entertainment and hospitality expenses	2	6
xi) Printing and stationery	14	10
xii) Audit expenses	-	-
xiii) Design and consultancy charges:		
- Indigenious	40	112
- Foreign	-	-
xiv) Expenditure on compensatory afforestation	-	-
xv) Expenditure on land not belonging to corporation	-	-
xvi) Land acquisition and rehabilitation	-	-
xvii) Loss on assets/ materials written off	-	-
xviii) Losses on sale of assets	-	-
xix) Other general expenses	11	40
Sub-total	338	565
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Government of India loan	-	-
b) Bonds	-	-
c) Foreign loan	-	-
d) Term loan	3838	6782

SCHEDULE - 22 INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Amount in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st MARCH, 2008	FOR THE YEAR ENDED 31st MARCH, 2007
e) Cash credit facilities /WCDL	-	-
f) Exchange differences regarded as adjustment to interest cost	-	-
ii) Bond issue/ service expenses	-	-
iii) Commitment fee	-	-
iv) Guarantee fee on loan	-	-
v) Other finance charges	1	6
Sub-total	3839	6788
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	-	13
ii) Less : Exchange rate variation (Credit balance)	(184)	(248)
Sub-total	(184)	(235)
F. PROVISIONS	-	-
Sub-total	-	-
G. DEPRECIATION	50	113
Sub-total	50	113
H. PRIOR PERIOD EXPENSES (NET)		
i) Prior period expenses	-	1
ii) Less: Prior period income	-	(117)
Sub-total	-	118
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity –precommissioning	418	-
ii) Interest on loans and advances	1	1
iii) Miscellaneous receipts	231	426
iv) Profit on sale of assets	-	-
v) Liability/ Provisions not required written back	-	39
vi) Hire charges/ outturn of plant and machinery	-	-
Sub-total	650	466
J. ADD : CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES		
i) Other income	(18)	(15)
ii) Generation, administration and other expenses	353	450
iii) Employee remuneration and benefits	132	170
iv) Depreciation	24	18
v) Interest and finance charges	-	-
vi) Provisions	-	-
vii) Prior period adjustment (Net)	-	-
Sub-total	491	623
AMOUNT TRANSFERRED TO CAPITAL		
WORK-IN-PROGRESS (A+B+C+D+E+F+G+H+J-I)	5337	8966

SCHEDULE - 23 SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTIONS

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

2. FIXED ASSETS

- 2.1. Fixed assets are stated at cost of acquisition/construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalization is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Corporation are included under fixed assets except those assets, which are created for Rehabilitation / Resettlement.
- 2.3 Capital Expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.
- 2.4 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation
- 2.5 Construction equipments declared surplus are shown at lower of book value and net realizable value.

3. MACHINERY SPARES

- 3.1 (a) "Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with mother plant, these are capitalized & depreciated along with mother plant.
- 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'.
- 4.3 Expenditure in relation to Survey and Investigation of the projects is carried as capital work in progress. Such expenditure is either capitalized as cost of Project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

5 DEPRECIATION & AMORTISATION

- 5.1 Depreciation is charged on straight-line method to the extent of 90% of the cost of asset following the rates notified by the Central Electricity Regulatory Commission (CERC) for the purpose of fixation of tariff. 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 (@ 30%) 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, 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. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
- 8.2 Exchange differences are recognized as income & expense in the period in which they arise in Profit & Loss Account in case of operational stations and to IEDC in case of projects under construction. However, exchange differences in respect of liabilities relating to fixed assets/ capital work-in-progress arising out of transaction entered into prior to 01.04.2004 is adjusted to the carrying cost of respective fixed asset/capital work-in-progress.

9. EMPLOYEE BENEFITS

- 9.1 Provision for Post employment benefit as defined in AS-15 on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Leave Travel Concession, Leave Encashment and Baggage Allowance admissible on superannuation is made based on actuarial valuation at the year-end.

10. REVENUE

- 10.1 (a) Sale of energy is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Station where tariff is not notified, sales are billed on provisional rates worked out based on the parameters and method adopted by the appropriate authority. Recovery/refund towards foreign currency variation in respect of foreign currency loans and recovery towards income tax are accounted for on year to year basis.
 (b) Incentives/Disincentives are 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 Contract Works on Cost Plus/Deposit/Turnkey basis is recognised on %age of completion method as under: -

Progress of Work

- a) Upto 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.

10.2 (b) In respect of Project Management/ Consultancy Contracts/ Cost plus Contracts, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.

10.3 Interest on investments is accounted for on accrual basis.

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

11. 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. Income tax is a pass-through to beneficiaries to the extent relatable to Core Activity, i.e., Generation of Electricity.

15.2 Deferred tax recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized for unabsorbed depreciation or carry forward of losses under tax laws and carried forward to the extent there is a reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Other deferred tax assets are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited debited to the extent tax expense is chargeable from the Beneficiaries in future years on actual payment basis.

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 OF THE ACCOUNTS

1. a) Contingent Liabilities not provided for in respect of : -

(Amount in Lacs)

Particulars	As on 31.03.2008	As on 31.03.2007
(a) Claims against the Corporation not acknowledged as debts in respect of		
- Capital Works	13459	10964
- Land Compensation Cases	NIL	697
- Others	227	227
Disputed Income Tax Demand	NIL	NIL
Disputed Excise Demand	NIL	NIL
Disputed Sales Tax Demand	NIL	NIL
Others -CESS	227	316
Total	13963	12204

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters and others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is a possibility of reimbursement of Rs. NIL (Previous year Rs. NIL) towards above contingent liabilities.
2. Foreign Letters of Credits (FLCs) issued in favour of M/s Voith Siemens Hydro Kraft, Germany outstanding as on 31.03.08 amounting to Rs. 497 Lacs (Previous year Rs. 2501 Lacs). Inland letters of credit issued in favour of Voith Siemens Hydro Pvt. Ltd outstanding as on 31.03.08 amounting to Rs.441 Lacs (Previous year Rs. 4312 Lacs).
3. a) Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs. 5296 Lacs (Previous year Rs. 12315 Lacs) . This includes estimated unexecuted amount for the railway diversion works Rs. 3461 Lacs (Previous year Rs. 5052 Lacs).
- b) Estimated amount of capital commitment towards compensation for Land and other related expenditure is for Rs 7875 Lacs (Previous year Rs. 13280 Lacs).
4. Government of Madhya Pradesh (GoMP), being a joint venture partner, contributed on various accounts as per CCEA approval, details given below: -

A) Indira Sagar Power Station : -

(Amount in Lacs)

SOURCES OF FUND	Upto 31.03.2007	During 2007-08	Upto 31.03.2008
1. Cash in Kind/ Expenditure Adjusted	121823	1290	123113
2. Cash Received	53857	863	54720
Total	175680	2153	177833
USAGE OF FUND			
1. Equity Capital	66000	-	66000
2. Irrigation Component	35434	1881	37315
3. SSP Component	45278	2403	47681
4. Sub-vention towards excess R&R Expenses	20400	1835	22235
5. Electricity Charges recovered	279	-	279
6. Advance against Irrigation/Equity of OSP	3308	-	3308
7. Amount pending adjustment	4981	(3966)	1015
Total	175680	2153	177833

B) Omkareshwar H.E. project : -

(Amount in Lacs)

SOURCES OF FUND	Upto 31.03.2007	During 2007-08	Upto 31.03.2008
1.Cash in Kind/ Expenditure Adjusted	7507	586	8093
2.Cash Received	37095	4381	41476
3.Advance against Irrigation/Equity of OSP	3308	-	3308
Total	47910	4967	52877
USAGE OF FUND:			
1.Equity Capital	30016	-	30016
2.Irrigation Component	15954	956	16910
3.Sub- Vention toward excess R&R Expenses	-	3107	3107
4.Amount pending adjustment	1940	904	2844
Total	47910	4967	52877

5. a) Contribution received towards Irrigation and Sardar Sarovar Project component from GoMP and Govt. of Gujarat respectively credited to Capital Reserve, treating it as Grant-in-Aid.
- b) Depreciation on fixed assets represented by such Grant-in-Aid allocated to Capital Reserve, instead of charging to Profit & Loss account.
6. Other Current Assets includes a sum of Rs. 9 Lacs (Previous year Rs. 17 Lacs) recoverable from Land Oustees towards TDS not deducted u/s 194 LA of the Income Tax Act 1961 against payment of Compensation and a sum of Rs.12 Lacs (previous year Rs. 12 Lacs) towards duplicate payments to oustees, recovery for which is doubtful, therefore, provided for.
7. The effect on the accounts for the year due to change in accounting policy is as under.

Sl. No.	Accounting policy	Effect of change on P&L Account
NEW ACCOUNTING POLICIES		
1	Accounting Policy No. 4.3: Introduction of Accounting Policy on Survey & Investigation Expenditure	The practice has been translated into policy as such no impact
2	Accounting Policy No. 5.1: Addition of word 30% in the depreciation policy in respect of computers	The practice has been translated into policy as such no impact
3	Accounting Policy No. 8: Modification of accounting policy on Foreign Currency transaction	NIL
4	Accounting Policy No. 10.2 (b): Rewording of Accounting Policy regarding recognition of revenue from cost plus contract	NIL

8. The depreciation on Fixed Assets is charged as per Significant Accounting Policy No 5 (Schedule 23) of the Corporation. MOP has notified tariff policy which provides that rate of depreciation as notified by the Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariff as well as accounting. Pending formulation of norms by CERC in accordance with the tariff policy, the rates notified under present tariff norms are considered appropriate for depreciation for the year. The depreciation charge for the year is lower by Rs. 11298 Lacs (Previous year lower by Rs. 7535 Lacs) as compared to the rates prescribed under the Companies Act, 1956 so far as Profit & Loss Account / IEDC is concerned.
9. The effect of foreign exchange fluctuation during the year is as under: (Amount in Lacs)

	For Year 2007-2008	For Year 2006-2007
(i) Amount charged to Profit & Loss Account excluding depreciation	(65)	NIL
(ii) Amount charged to Incidental Expenditure During Construction	(184)	(235)
(iii) Amount charged to Capital Work In Progress	NIL	NIL
(iv) Amount adjusted by addition to carrying amount of fixed assets	NIL	2

- 10.a) 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 31.03.2008. 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

(Amount in Lacs)

	As on 31.03.2008	As on 31.03.2007
Mortality Table	Standard table LIC (1994-96) ultimate table	Standard table LIC (1994-96) ultimate table
Attrition Rate	1%	1%
Discount rate	8.00% (market yield on government bond as at same date)	8.30% (market yield on government bond as at same date)
Rate of increase in compensation level	6%	5%
Rate of return on plan assets	N.A.	N.A.
Expected average remaining working lives of employees (year)	25	26

Table 2: - Change in present value of obligations

(Amount in Lacs)

	As on 31.03.2008			As on 31.03.2007		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
PVO at beginning of year	63	134	59	41	69	57
Interest Cost	5	11	5	3	5	4
Current Service Cost	29	68	19	26	43	16
Benefit paid	(4)	(18)	0	(8)	(25)	0
Actuarial gain/ loss	20	56	(14)	1	42	(18)
PVO at end of year	113	251	69	63	134	59

Table 3 & 4 - Not Applicable

Table 5:- Actuarial gain/loss recognized

(Amount in Lacs)

	As on 31.03.2008			As on 31.03.2007		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
Actuarial gain/loss for the year- obligation	20	56	(14)	1	42	(18)
Actuarial gain/loss for the year- Plan assets	NIL	NIL	NIL	NIL	NIL	NIL
Total gain/loss	20	56	(14)	1	42	(18)
Actuarial gain/loss recognized for the year	20	56	(14)	1	42	(18)
Unrecognized Actuarial gain/loss at the year end	NIL	NIL	NIL	NIL	NIL	NIL

Table 6:- Amount recognised in Balance Sheet

(Amount in Lacs)

	As on 31.03.2008			As on 31.03.2007		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
PVO at the end of year	113	251	69	63	134	59
Fair value of plan assets at the end of year	NIL	NIL	NIL	NIL	NIL	NIL
Funded status	(113)	(251)	(69)	(63)	(134)	(59)
Unrecognized Actuarial gain/loss	NIL	NIL	NIL	NIL	NIL	NIL
Net liability recognised in balance sheet	113	251	69	63	134	59

Table 7:- Amount recognised in Profit & Loss Account / IEDC

(Amount in Lacs)

	As on 31.03.2008			As on 31.03.2007		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
Current Service cost	29	68	19	26	43	16
Past service cost	NIL	NIL	NIL	NIL	NIL	NIL
Interest Cost	5	11	5	3	5	4
Expected return on plan assets	NIL	NIL	NIL	NIL	NIL	NIL
Net Actuarial gain/loss recognized for the year	20	56	(14)	1	42	(18)
Expenses recognized in P&L A/c for the year	54	135	10	30	90	2

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

(Amount in Lacs)

	As on 31.03.2008			As on 31.03.2007		
	Gratuity	Leave Encashment	REHS	Gratuity	Leave Encashment	REHS
Opening net liability	63	134	59	41	69	57
Expenses as above	54	135	10	30	90	2
Less: Benefit paid	4	18	0	8	25	0
Closing net liability	113	251	69	63	134	59

- b) Liability (as on 31.03.2008) on account of LTC, Company Contribution to PF on Retirement & Baggage Allowance on Retirement Rs. 40 Lacs, Rs. 30 and Rs. 20 Lacs respectively (as on 31.03.2007 Rs. 41 Lacs, Rs. 16 Lacs and Rs. 10 Lacs respectively).
11. 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. 1067 Lacs (previous year 207 lacs) has been made in the books. Similarly, an amount of Rs. 136 Lacs (previous year NIL) has been provided towards wage revision arrear of CISF/ Other Paramilitary Forces / Kendriya Vidyalaya w.e.f. 01.01.2006.
- 12.(a) Balances shown under Material issued to contractors, claims recoverable, advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors, and Deposits/Earnest Money from contractors are subject to reconciliation/confirmation and respective consequential adjustments.
- (b) In the opinion of the management, the value of the current assets, loans and advances on realization in

the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

13. The elements considered for calculation of Earning Per Share (EPS) are as under:-

(Amount in Lacs)

Particulars	2007-08		2006-07	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net Profit after tax used as numerator (Rs.)	3296100682	3296100682	4543076681	4543076681
Weighted Average No. of Equity Share used as denominator	19625800	19625800	19625800	19625800
Earning Per share (Rs.)	167.95	167.95	231.48	231.48
FV Per Share (Rs.)	1000	1000	1000	1000

14. The amount of borrowing cost transferred to CWIP during the Year is Rs.3838 Lacs (Previous Year Rs. 6788 Lacs)
15. The sale of power from OSP to the sole beneficiary MPSEB has been billed on the basis of CERC provisional tariff order dated 30.10.2007 against petition no.56/2007 filed by NHDC.
16. 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. 522 Lacs (Previous year Rs. 421 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.

(Amount in Lacs)

Sl.No.	Particulars	Up to 31.03.2008	Up to 31.03.2007
i)	Salaries, Allowances, & Benefits	214	148
ii)	Survey Works	234	222
iii)	Geological and Foundation Investigation	24	24
iv)	Rent	4	2
v)	Hiring of Vehicle	27	21
vi)	Consultancy work/ report preparation expenses	19	4
	TOTAL	522	421

- 17.(a) Electricity Generation is the principal activity of the Corporation. Other operations viz, interest income do not form a reportable segment as per Accounting Standard-17.
- (b) The Corporation has at present only two power stations in the State of Madhya Pradesh, therefore, reporting geographical segments are inapplicable.

18. Related Party Disclosure: -

- a) Related Party Relationships: -

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

- b) Directors:

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

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

(Amount in Lacs)

Name of the related party	Relation-ship	Description of transaction (Balance as on 31.03.07)	2007-08	2006-07
1.NHPC Ltd.	Joint Venture Partner	(i) Investment during the year	NIL	NIL
		(ii) Cumulative Investment	100242	100242
		(iii) Payment made on account of Consultancy	26	65
		(iv) Balance Due	NIL	242
		(v) Balance Recoverable	18	NIL
2. Directors	-	(i) Salaries & Allowances	9	3
		(ii) Contribution to PF	1	-
		(iii) Rent for residential accommodation	1	1
		(iv) Other Misc. Reimbursement	1	1

19. 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. 71 Lacs (Previous year Rs. 84 Lacs) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in r/o premises for offices, guesthouses and transit camps aggregate to Rs. 12 Lacs (Previous year Rs.10 Lacs) shown as Rent in Schedule – 15 of Generation, Administration and Other Expenses.
20. Remuneration to Statutory/Cost Auditors (Includes Half Yearly Audit Fees and out of pocket expenses, as and where applicable): -

a) Statutory Auditors: -

(Amount in Lacs)

Particulars	2007-08	2006-07
i) Audit Fees	5	6
ii) Tax Audit Fees	1	1
iii) Cash Flow Statement Fees	-	-
iv) Certification Fees	2	1
v) Out of Pocket Expenses	2	2

b) Cost Auditors:-

(Amount in Lacs)

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

21. (a) In absence of taxable income, provision for Income Tax has been made in accordance with section 115JB of the Income Tax Act, 1961.
- (b) In compliance of the Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Net Deferred Tax Liability amounting to Rs.15200 Lacs (previous year Rs. 18381 Lacs) has been provided for during the current year. The item-wise details of cumulative Deferred Tax Liability are as under:

(Amount in Lacs)

	Deferred Tax Liability / Asset	As on 31.3.2008	As on 31.3.2007
I	Deferred Tax Liability: -	52037	36041
	Difference of book depreciation and tax depreciation		
II	Deferred Tax Asset:Unabsorbed depreciation to be carried forward.	10823	10027
III	Net Deferred Tax Liability	41214	26014

- (c) The Deferred Tax Asset has been recognized for the amount of unabsorbed depreciation carried forward, in view of virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Asset can be realized.
- (d) Since taxes are recoverable from beneficiaries under the CERC guidelines, the Net Deferred Tax Liability provided for has been shown as recoverable from the beneficiary.

22. The Management is of the opinion that no case of Impairment of Assets exists as per the provision of the relevant Accounting Standard-28 as on 31.03.08.

23. (a) Quantitative Information:- (Amount in Lacs)

Particulars	2007-08	2006-07
Licensed Capacity (MW)	Not Applicable	Not Applicable
Installed Capacity (MW)	1520	1000
Actual Generation (MU)	3431.87	2605.58
Actual Sales (MU)	3401.67	2591.96

(b) Information w.r.t: - (Amount in Lacs)

Sl. No.	Particulars	2007-08	2006-07
a)*	Value of Imports calculated on CIF basis: -		
	i) Capital Goods	2039	12803
	ii) Spare Parts	NIL	NIL
b)*	Expenditure in Foreign Currency		
	i) Know – How	NIL	NIL
	ii) Interest	NIL	NIL
	iii) Other Misc. Matters		
	a) Capital Works	1343	6940
	b) Tours	NIL	27
c)*	Value of spare parts and components consumed in operating units.		
	i) Imported	NIL	NIL
	ii) Indigenous	176	1
d)**	Earning in foreign currency		
	i) Interest	NIL	NIL
	ii) Others	NIL	NIL

* Accrual basis ** Cash basis

24. Pending approval of the competent authority, provisional payments made towards executed quantities of some of the items beyond approved quantities as also for extra items, are included in Capital Work-in Progress.

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

Particulars	Amount
Principal amount remaining unpaid to Micro, Small and Medium Enterprise	NIL
Interest accrued & remaining unpaid to Micro, Small and Medium Enterprise for the current year	NIL
Amount of Interest paid during the year along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery / rendering of services	NIL
Amount of interest carried forward from last accounting year with interest for the current year on such interest	NIL

26. Liquidated Damages, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.
27. Previous years' figures have been rearranged / regrouped / recasted, wherever necessary.

As per our attached report of even date

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
Co. Secretary

M. W. KHAN
General Manager (Finance)

Place : New Delhi

Dated : 23rd May, 2008



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

1 0 1 4 3 3 7

State Code

1 0

Balance Sheet Date

3 1 0 3 2 0 0 8

II Capital raised during the year (Rupees in Lakhs)

Public Issue

N I L

Right Issue

N I L

Bond Issue

N I L

Private Placement*

N I L

* Includes Share capital deposit received from NHPC & GoMP

III Position of Mobilisation and Development of Funds (Rupees in Lakhs)

Total Liabilities

7 4 8 4 8 7

Total Assets

7 4 8 4 8 7

Sources of Funds

Paid-up Capital

1 9 6 2 5 8

Reserves and Surplus

1 9 9 8 2 0

Secured Loan

2 8 9 9 1 7

Unsecured Loan

N I L

Application of Funds

Net Fixed Assets

6 2 6 6 5 8 @

Investments

N I L

Net Current Assets

5 9 3 3 7

Misc. Expenditure

N I L

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress of Rs. 1927 Lacs and Construction Stores and Advances of Rs. 41 Lacs.

IV Performance of Company (Rupees in Lacs)

Turnover

6 8 1 1 0 #

Profit Before Tax

3 7 6 6 0

Earning per share in Rupees

1 6 7 . 9 5

Total Expenditure

3 9 1 4 7

Profit After Tax

3 2 9 6 1

Dividend Amount

9 8 8 8

Excludes Other Income Rs. 8697 Lacs.

V Generic Names of Three Principal Products/Services of Company

i) Product Description

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

Item Code No.

-

ii) Product Description

-

Item Code No.

-

iii) Product Description

-

Item Code No.

-

As per our attached report of even date

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
Membership No. 71774

V. K. TRIPATHI
Co. Secretary

M. W. KHAN
General Manager (Finance)

Place : New Delhi

Dated : 23rd May, 2008

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2008

(Rupees in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31st March, 2008	FOR THE YEAR ENDED 31st March, 2007
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	37660	51607
Add: Depreciation	10194	6617
Preliminary expenditure written off	-	144
Self insurance for contingency	3290	2021
Excess Provision withdrawn - Dividend	3986	-
Interest & financial charges considered separately	18425	12977
Operating profit before working capital changes	73555	73366
Working Capital Changes		
(Increase)/ Decrease in inventories	(41)	(96)
(Increase)/ Decrease in sundry debtor	6670	(46361)
(Increase)/ Decrease in loans & advances	(80)	(220)
(Increase)/ Decrease in other current assets	(844)	668
Increase /(Decrease) in current liabilities & provisions	14337	(2429)
	20042	(48438)
	93597	24928
Less: Advance tax paid (Net)	3774	5836
Interest received considered separately	534	245
	4308	6081
CASH GENERATED FROM OPERATIONS (A)	89289	18847
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchased of Fixed assets & capitalisation of CWIP	(216)	(60)
Capital work in progress	(47389)	(74588)
Construction stores & advances	483	5287
Interest received	534	245
NET CASH USED IN INVESTING ACTIVITIES (B)	(46588)	(69116)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Receipts of share capital deposit	-	-
Proceeds from Borrowings	10016	62510
Repayments of Borrowings	(14083)	-
Funds received from GOMP towards SSP & Irrigation component	7120	9824
Dividend paid	(6815)	(2122)
Dividend tax paid	(1158)	(297)
Interest and financial charges paid	(22264)	(19765)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(27184)	50150
Net increase / decrease in Cash and Cash equivalents (A+B+C)	15517	(119)
Cash and cash equivalents (Opening balance)	34940	35059
Cash and cash equivalents (Closing balance)	50457	34940

EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and cash equivalents consist of amount of Rs.16364/- Lacs (Previous year Rs.13966/- Lacs) held by the corporation towards margin money of L/C, self insurance reserve and minimum escrow balance that are not available for use otherwise.
- Out of total sanctioned loan of Rs.320800 Lacs, amount of undrawn loan as on 31.03.08 Rs.16800 Lacs (previous year Rs.26816 Lacs).
- The previous year's figures has been regrouped / re-arranged / re-cast wherever necessary.

As per our attached report of even date

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
Membership No. 71774

V. K. TRIPATHI
Co. Secretary

M. W. KHAN
General Manager (Finance)

Place : New Delhi

Dated : 23rd May, 2008



800 MW Parbati - II Project (Himachal Pradesh) - Dam Site

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

AUDITORS' COMMENTS

MANAGEMENT REPLY

1. We have audited the attached Consolidated Balance Sheet of **NHPC LIMITED** (NHPC) and its subsidiary company **NARMADA HYDROELECTRIC DEVELOPMENT CORPORATION LIMITED** (NHDC) as at 31st March 2008, and also the Consolidated Profit & Loss Accounts, Consolidated Statement of Incidental Expenditure incurred during Construction and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary NHDC, which has been audited by M/s O P Totla & Co., whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of its auditor. The details of the assets, revenue and net cash flow in respect of subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:

(Amount in Crore)

Name	Total Assets	Total Revenue	Net Cash Flows
Subsidiary NHDC	7484.87	768.07	155.17

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) **At projects namely Subansiri (Middle and Upper) and Siang (Upper), construction activity had to be suspended due to intervention of court / state government / public unrest etc. a considerable period i.e. more than 2 years. The company has continued to incur revenue expenditure at such projects. During the year such expenditure amounted to Rs.9.04 crore and such expenditure incurred up to 31.03.07 amounted to Rs. 26.34 crore. As per generally accepted accounting principles such abnormal expenses / losses have to be charged off to revenue and are not to be capitalized. Since the same does not add any value to the projects and need to be charged off to revenue. Accordingly in our opinion, profits for the current year are overstated by Rs.9.04 Crore, Capital Work In Progress and Reserve and surplus are overstated by Rs.35.38 crore.**
- (b) **Capital Work in Progress includes sum of Rs.1.90 crore incurred at projects, namely Subansiri (Middle and Upper) and Siang (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**
7. **Uniform accounting policies / methods regarding charging to revenue of following expenses have not been followed while drawing the financial statements of NHPC Limited and its subsidiary NHDC.**

The Directors are appointed by the Govt. of India. 5 Nos. Independent Directors have been appointed upto June, 2008.

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, translated into Accounting Policy during F.Y. 2007-08, 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.

The subsidiary Company has agreed to review the said Accounting Policy at appropriate time.

S. No.	Policy/Method	31 st March, 2008 & 31 st March, 2007	
		NHPC	NHDC
1	Payments relating to Rehabilitation and Resettlement including land under sub - mergence.	Treated as Land-unclassified	Treated as Dam Cost.

Had uniform policy / method been followed, the profit for the year of Group (net of Minority Interest) would have been lower by Rs 6.74 Crore. Further, Fixed Assets and Capital Reserve are overstated by Rs. 71.44 Crore and Rs. 28.32 Crore respectively, Minority Interest and Reserve & Surplus are overstated by Rs. 21.13 Crore and Rs 21.99 Crore respectively.

8. **Company has created self-insurance reserve (net) of Rs.89.83 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 the extent of Rs. 89.83 Crore (net of Minority Interest).**
9. **Subject to our observations referred in paragraph 6 to 8 above, to the extent effect can be ascertained, the same have the net effect of understatement of profit of the group for the year by Rs 74.05 crore, overstatement of Capital Work in Progress and Fixed Assets by Rs. 35.38 Crore and Rs. 71.44 Crore respectively and also overstatement of Reserves & Surplus, Capital Reserve and Minority Interest by Rs.57.37 crore, Rs.28.32 Crore, Rs. 21.13 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:**
 - a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2008,
 - b) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the period ended on that date, and
 - c) In case of the Consolidated Statement of Incidental Expenditure incurred during the Construction, of the expenditure incurred up to the period ended on reporting date.
 - d) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

The Company is giving the same Accounting Treatment consistently since 1997-98. However, in view of a recent clarification issued by the Expert Advisory Committee of the ICAI, the accounting treatment shall be reviewed during Financial Year – 2008-09.

As above

For GSA & ASSOCIATES
Chartered Accountants

(SUNIL AGGARWAL)
PARTNER
MEMBERSHIP NO: 83899

PLACE : NEW DELHI
DATE : 30th May, 2008

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008

(Rupees in crore)

	SCHEDULE	31st March, 2008		31st March, 2007	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i) Share Capital	1	11182.49		11198.21	
ii) Govt. of India Fund Adjustable to Equity		-		8.83	
iii) Reserves and Surplus	2	<u>7747.23</u>	18929.72	<u>6797.26</u>	18004.30
B. MINORITY INTEREST			1396.69		1257.86
C. LOAN FUNDS					
i) Secured Loans	3	9902.65		7562.63	
ii) Unsecured Loans	4	<u>2952.84</u>	12855.49	<u>2909.16</u>	10471.79
D. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION					
			1303.26		1245.98
E. DEFERRED TAX LIABILITY (NET)					
Deferred tax liabilities		2429.21		2029.08	
Less: Deferred tax recoverable		<u>2429.21</u>	-	<u>2029.08</u>	-
TOTAL			<u>34485.16</u>		<u>30979.93</u>
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i) Fixed Assets	5				
a) Gross Block		27224.56		17027.37	
Less: Depreciation		<u>3607.46</u>		<u>3073.97</u>	
b) Net Block		23617.10		13953.40	
ii) Capital Work In Progress	6	6337.91		13408.92	
iii) Construction Stores and Advances	7	<u>1077.74</u>	31032.75	<u>861.66</u>	28223.98
B. INVESTMENTS	8		2046.79		2320.33
C. CURRENT ASSETS, LOANS AND ADVANCES					
i) Interest accrued on investments		91.91		103.54	
ii) Inventories		42.75		47.12	
iii) Contract Work-in-Progress		699.46		279.97	
iv) Sundry Debtors		904.58		914.38	
v) Cash and Bank Balances		2345.87		816.29	
vi) Other Current Assets		234.98		163.67	
vii) Loans and Advances		<u>857.56</u>	5177.11	<u>463.49</u>	2788.46
Less: CURRENT LIABILITIES AND PROVISIONS	10				
i) Liabilities		2024.96		1294.05	
ii) Provisions		<u>1746.87</u>	<u>3771.83</u>	<u>1084.59</u>	<u>2378.64</u>
NET CURRENT ASSETS			1405.28		409.82
D. MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	11		0.34		25.80
TOTAL			<u>34485.16</u>		<u>30979.93</u>
ACCOUNTING POLICIES	23				
NOTES TO THE ACCOUNTS	24				
Schedule 1 to 24 form integral part of the Accounts					

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

(SUNIL AGGARWAL)
Partner
M.NO 83899

VIJAY GUPTA
Company Secretary

A.B.L. SRIVASTAVA
Director (Finance)

S.K.GARG
Chairman & Managing Director

Place : New Delhi
Dated : 30th May, 2008

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

(Rupees in crore)

	SCHEDULE	31st March, 2008		31st March, 2007	
INCOME					
i) Sales	12	2982.10		2711.30	
Less: Tariff Adjustment		-		(7.17)	
Less: Advances against depreciation	12A	57.27	2924.83	215.81	2502.66
ii) Contracts and Consultancy Income	13		326.49		128.75
iii) Other Income	14		637.35		311.89
TOTAL INCOME			3888.67		2943.30
EXPENDITURE					
i) Generation, Administration and other Expenses	15		345.55		221.37
ii) Employees' Remuneration and Benefits	16		339.93		251.14
iii) Depreciation	17		545.54		356.70
iv) Interest and Finance charges	18		795.79		361.51
v) Provisions	19		11.43		23.74
vi) Contract and Consultancy expenses	20		319.09		126.43
TOTAL EXPENDITURE			2357.33		1340.89
Profit before Tax and Prior Period Adjustments			1531.34		1602.41
Prior Period Adjustments (net)	21		42.35		9.42
PROFIT BEFORE TAX			1488.99		1592.99
Provision for Taxation					
i) Current Tax			164.30		186.89
ii) Fringe Benefit Tax			10.18		9.46
iii) Adjustments relating to earlier years			15.07		28.36
iv) Deferred Tax		400.13		351.36	
Less: Deferred tax recoverable adjustment		400.13	-	351.36	-
			189.55		224.71
PROFIT AFTER TAX (Before adjustment of Minority Interest)			1299.44		1368.28
Share of Profit/ (Loss) transferred to Minority Interest			153.27		214.10
PROFIT AFTER TAX (After adjustment of Minority Interest)			1146.17		1154.18
Balance brought forward from last year's account			990.96		2893.51
Excess Provision withdrawn- Dividend			2.95		83.75
BALANCE AVAILABLE FOR APPROPRIATION			2140.08		4131.44
i) Transfer to Bond Redemption Reserve			23.75		-
ii) Appropriation from profit to reserves			-		2,800.00
iii) Dividend :					
- Interim			100.00		72.00
- Proposed			200.00		206.00
iv) Tax on Dividend :					
- Interim			17.00		10.10
- Proposed			50.79		52.38
BALANCE CARRIED TO BALANCE SHEET			1748.54		990.96
Incidental Expenditure during Construction	22				
Accounting Policies	23				
Notes to the Accounts	24				

Schedule 1 to 24 form interegral part of the Accounts

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

(SUNIL AGGARWAL)
Partner
M.NO 83899

VIJAY GUPTA
Company Secretary

A.B.L. SRIVASTAVA
Director (Finance)

S.K.GARG
Chairman & Managing Director

Place : New Delhi
Dated : 30th May, 2008

SCHEDULE - 1 SHARE CAPITAL

(Rupees in crore)

	Opening Balance as at 01.04.2007	Additions	Deduction/ Adjustments	Closing Balance as at 31.03.2008
AUTHORISED: 15,000,000,000 Equity Shares of Rs.10/- each (Previous Year 15,000,000,000 Equity Shares of Rs.10/- each)	15,000.00	-	-	15,000.00
ISSUED, SUBSCRIBED AND PAID-UP: 11,182,493,430 Equity Shares of Rs.10/- each fully paid-up (Previous Year 11,198,212,500 Equity Shares of Rs.10/- each) fully paid-up (Out of above, 62,952,960 Shares of Rs.10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	11,198.21	8.83	24.55*	11,182.49
Total	11,198.21	8.83	24.55	11,182.49

* Refer Note No. 3 of Notes to the Accounts (Schedule 24)

SCHEDULE - 2 RESERVE & SURPLUS

(Rupees in crore)

	31st MARCH, 2008				31st MARCH, 2007			
	Opening Balance as at 01.04.2007	Additions	Deductions	Closing Balance as at 31.03.2008	Opening Balance as at 01.04.2006	Additions	Deductions	Closing Balance as at 31.03.2007
Capital Reserve on Consolidation	3.54	-	-	3.54	3.54	-	-	3.54
Capital Reserve - Sale of Assets	0.06	-	0.06	-	0.06	-	-	0.06
Capital Grant-From GoMP, NVDA for Indira Sagar, Sardar Sarovar Project and Omkareshwar	1,127.52	101.81	23.14	1,206.19	1,101.70	45.32	19.50	1,127.52
Bond Redemption Reserve	118.75	23.75	-	142.50	202.50	-	83.75	118.75
General Reserve	4,120.00	-	(0.06)	4,120.06	1,320.00	2,800.00	-	4,120.00
Surplus as per Profit & Loss Account	987.42	1,149.12	391.54	1,745.00	2,889.97	1,288.02	3,190.57	987.42
Self Insurance for Contingencies	441.43	100.53	10.70	531.17	374.58	67.65	0.89	441.34
Less: Losses reimbursable from Self Insurance Reserve	1.37	439.97	10.73	89.80	10.87	(0.17)	1.23	529.94
Total	6,797.26	1,364.48	414.51	7,747.23	5,891.96	4,200.01	3,294.71	6,797.26

SCHEDULE - 3 LOAN FUNDS SECURED

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. BONDS	570.00	570.00
B. TERM LOANS		
Term Loan from Banks / Fls - Indian Currency	9332.65	6992.63
TOTAL (Refer Appendix)	9902.65	7,562.63

APPENDIX TO SCHEDULE 3

LOAN FUNDS - SECURED

(Rupees in crore)

	31st March, 2008	31st March, 2007
(A). BONDS (Non-convertible and Non-cumulative)		
BONDS-O SERIES *2 (7.7% 15 year Bonds of Rs.100,000,000/- each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Earliest redemption 31.03.09) (Due for redemption within one year Rs. 57 crores)	570.00	570.00
TOTAL BONDS (A)	570.00	570.00
(B). TERM LOANS		
CANARA BANK *1 (Due for repayment within one year Rs.17 crores) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)	85.00	85.00
INDIAN OVERSEAS BANK *1 (Due for redemption within one year Rs.12.50 crores) (Repayable in 4 equal yearly installments w.e.f. 06.12.08)	50.00	50.00
STATE BANK OF PATIALA *1 (Due for repayment within one year Rs.4 crore) (Repayable in 20 half yearly installments w.e.f. 09.07.07)	36.00	40.00
BANK OF INDIA *3 (Due for repayment within one year Rs.10 crore) (Repayable in 10 years in 40 equal quarterly installments w.e.f. 24.12.06)	85.00	95.00
CENTRAL BANK OF INDIA *3 (Due for repayment within one year Rs.10 crore) (Repayment in 20 half yearly installments of Rs.5 crore w.e.f. 02.05.04)	60.00	70.00
HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3 (Due for repayment within one year Rs.14.28 crore) (Repayable in 14 equal half yearly installments w.e.f. 13.02.07)	78.57	92.86
PUNJAB & SIND BANK *3 (Due for repayment within one year Rs.10 crore) (Repayable in 40 quarterly installments in 10 years w.e.f. 24.10.06)	85.00	95.00
PUNJAB NATIONAL BANK *3 (Due for repayment within one year Rs.15 crore) (Repayment in 10 years in 20 half yearly installments w.e.f. 26.10.04)	97.50	112.50
STATE BANK OF PATIALA *3 (Due for repayment within one year Rs.7.14 crore) (Repayment in 14 half yearly installments w.e.f. 30.01.2007)	39.29	46.43
STATE BANK OF HYDERABAD *3 (Due for repayment within one year Rs.7.14 crore) (Repayment in 14 half yearly installments in 7 years w.e.f. 07.01.07)	39.29	46.43
STATE BANK OF INDIA *3 (Due for repayment within one year Rs.21.43 crore) (Repayment in 14 half yearly installments w.e.f. 18.09.06)	107.14	128.57
CANARA BANK *4 (Due for repayment within one year Rs.Nil) (Repayable in 4 equal yearly installments w.e.f. 28.06.09)	50.00	50.00
LIFE INSURANCE CORPORATION OF INDIA *5 & 7 (Due for repayment within one year Rs.Nil) (Repayable in 24 half yearly installments in 12 years w.e.f. 15.04.09)	2500.00	2062.00
CANARA BANK *2 (Due for repayment within one year Rs.20 crore) (Repayable in 10 equal yearly installments w.e.f. 09.11.07)	180.00	200.00
SYNDICATE BANK *2 (Due for repayment within one year Rs.18.30 crore) (Repayable in 10 equal yearly installments w.e.f. 23.02.08)	164.70	183.00

APPENDIX TO SCHEDULE 3

(Rupees in crore)

	31st March, 2008	31st March, 2007
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year Rs.20 crore) (Repayable in 10 equal yearly installments w.e.f. 31.03.08)	180.00	200.00
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year Rs. Nil) (Repayable in 10 equal yearly installments w.e.f. 27.12.11)	100.00	100.00
LIFE INSURANCE CORPORATION OF INDIA *6 (Due for repayment within one year Rs.Nil) (Repayable in 24 half yearly installments in 12 years w.e.f. 30.04.12)	1496.00	296.00
INDIAN BANK *1 (Due for repayment within one year Rs.NIL) (Repayable in 3 equal installments w.e.f. 28.02.12)	100.00	100.00
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	50.00	-
POWER FINANCE CORPORATION LIMITED *9 (Due for repayment within one year Rs.60,000,000/-) (Repayable in 40 equal quarterly installments w.e.f. 15.10.08)	120.00	-
POWER FINANCE CORPORATION LIMITED *9 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	70.00	-
POWER FINANCE CORPORATION LIMITED *10 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.04.10)	190.00	-
POWER FINANCE CORPORATION LIMITED *11 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.07.09)	260.00	-
POWER FINANCE CORPORATION LIMITED *11 (Due for repayment within one year Rs.Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.04.09)	210.00	-
ORIENTAL BANK OF COMMERCE *12 (Due for repayment within one year Rs.16.67 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	183.33	200.00
JAMMU AND KASHMIR BANK *12 (Due for repayment within one year Rs.8.33/-) (Repayable in 12 annual equal installments commencing from 31.12.2007)	91.66	100.00
BANK OF INDIA *12 (Due for repayment within one year Rs.29.17 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	320.83	350.00
ANDHRA BANK *12 (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	91.67	100.00
CANARA BANK *12 (Due for repayment within one year Rs.12.50 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	137.50	150.00
DENA BANK *12 (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	91.67	100.00
UNITED BANK OF INDIA *12 (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	91.67	100.00

APPENDIX TO SCHEDULE 3

(Rupees in crore)

	31st March, 2008	31st March, 2007
PUNJAB AND SINDH BANK *12 (Due for repayment within one year Rs.4.166 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	45.83	50.00
SIDBI *12 (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	91.67	100.00
UNION BANK OF INDIA *12 (Due for repayment within one year Rs.8.33 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	91.67	100.00
PUNJAB NATIONAL BANK *12 (Due for repayment within one year Rs.22.92 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	252.08	275.00
INDIAN OVERSEAS BANK *12 (Due for repayment within one year Rs.4.16 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	45.83	50.00
BANK OF BARODA *12 (Due for repayment within one year Rs.1.25 crore) (Repayable in 12 annual equal installments commencing from 31.12.2007)	13.75	15.00
UNION BANK OF INDIA *13 (Due for repayment within one year Rs.30.00 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	300.00	290.17
INDIAN OVERSEAS BANK *13 (Due for repayment within one year Rs.5.00 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	50.00	48.33
CORPORATION BANK *13 (Due for repayment within one year Rs.10.00 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	100.00	96.76
CANARA BANK *13 (Due for repayment within one year Rs.10.40 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	104.00	100.57
CENTRAL BANK OF INDIA *13 (Due for repayment within one year Rs.13.80 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	138.00	133.48
PUNJAB NATIONAL BANK *13 (Due for repayment within one year Rs.17.30 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	173.00	167.37
SIDBI *13 (Due for repayment within one year Rs.3.50 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	35.00	33.84
UNITED BANK OF INDIA *13 (Due for repayment within one year Rs.7.50 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	75.00	74.47
SYNDICATE BANK *13 (Due for repayment within one year Rs.7.50 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	75.00	72.55
ORIENTAL BANK OF COMMERCE *13 (Due for repayment within one year Rs.15.00 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	150.00	145.09
ALLAHABAD BANK *13 (Due for repayment within one year Rs.15.00 crore) (Repayable in 10 annual equal installments commencing from 31.03.2009)	150.00	87.21
TOTAL SECURED LOANS (B)	9332.65	6992.63
TOTAL (A+B)	9902.65	7562.63

APPENDIX TO SCHEDULE 3

Note :-

- *1. Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immoveable/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 Immoveable/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 Immoveable / Moveable assets of Corporation's Chamera Power Station-II situated in the state of Himachal Pradesh except book debts & stores.
- *4. Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak Power Station situated in the state of Manipur except for book debts and stores.
- *5. Secured by a first charge by way of first mortgage and hypothecation against the immoveable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
- *6. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E.Project situated in the state of Arunachal Pradesh & equitable mortgage/hypothecation against immoveable/moveable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal and Teesta V H.E. Projects situated in the State of Sikkim.
- *7. Secured by a first pari-passu mortgage and charge over all the immoveable and moveable assets of the Company's Dhauliganga Power Station situated in the state of Utrakhand except for book debts & stores.
- *8. Secured by way of first charge by way of hypothecation on whole of the Corporation's moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.The charge has been filed with ROC on 09/05/2008.
- *9. Secured by way of first charge by way of hypothecation on whole of the Corporation's moveable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.The charge has been filed with ROC on 02/05/2008.
- *10. Secured by way of first pari-passu charge by way of mortgage/hypothecation on whole of the Corporation's immoveable/ moveable assets, both present and future, of Uri-I Power Station & Chamera-II Power Station situated in the state of Jammu & Kashmir & Himachal Pradesh respectively except for book debts & stores.Security creation under process and charge is yet to filed with ROC.
- *11. Secured by way of first pari-passu charge by way of mortgage/hypothecation on whole of the Corporation's immoveable/ moveable assets, both present and future, of Chamera-I Power Station situated in the state of Himachal Pradesh except for book debts & stores.Security creation under process and charge is yet to filed with ROC.
- *12. Secured by first pari-passu charge in favour of the lenders by way of mortgage by deposit of title deeds on the immoveable property / fixed assets and also by first pari-passu charge on all present and future moveable, fixed and current assets of the company in respect of the Indra Sagar Power Station for the portion of outstanding long term loan.
- *13. Secured by first pari-passu charge in favour of the lenders by way of mortgage by deposit of title deeds on the immoveable property / fixed assets and also by first pari-passu charge on all present and future moveable, fixed and current assets of the company in respect of the Omkareshwar Power Station for the portion of outstanding long term loan.

SCHEDULE - 4 LOAN FUNDS UNSECURED

(Rupees in crore)

	31st March, 2008	31st March, 2007
TERM LOANS		
Term Loan from Banks / FIs - Foreign Currency		
(a) Guaranteed by Government of India	2737.41	2710.04
(b) Others	215.43	199.12
TOTAL (Refer Appendix)	2952.84	2909.16

APPENDIX TO SCHEDULE 4

LOAN FUNDS - UNSECURED

(Rupees in crore)

	31st March, 2008		31st March, 2007	
Term Loan From Banks/FIs - Foreign Currency				
(a) Guaranteed by Government of India				
i) Nordic Investment Bank (Due for repayment within one year Rs.20.21 crore)	60.62		88.20	
ii) Credit Commercial DE France (Due for repayment within one year Rs.107.30 crore)	268.25		346.38	
iii) Export Development Canada (Due for repayment within one year Rs.54.74 crore)	402.42		439.60	
iv) Japan Bank of International Cooperation Tranche-I (Due for repayment within one year Rs.9.77 crore)	175.89		171.61	
v) Japan Bank of International Cooperation Tranche-II (Due for repayment within one year Rs.32.06 crore)	641.14		607.43	
vi) Japan Bank of International Cooperation Tranche-III (Due for repayment within one year Rs.Nil)	472.48		422.95	
vii) Deutsche Bank & Others (Due for repayment within one year Rs.Nil)	<u>716.61</u>	2,737.41	<u>633.87</u>	2,710.04
(b) Others				
ECB - BARCLAYS & SCB (Due for repayment within one year Rs.Nil)		215.43		199.12
TOTAL		<u>2,952.84</u>		<u>2,909.16</u>

SCHEDULE - 5 FIXED ASSETS

(Rupees in crore)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2007	Additions/ Adjustments	Deductions/ Adjustments	31.03.2008	01.04.2007	For the Year	Adjus- ments	31.03.2008	31.03.2008	31.03.2007
i) Land – Freehold	187.53	8.69	2.69	193.53	-	-	-	-	193.53	187.53
ii) Land – Leasehold	46.70	24.18	3.25	67.63	3.05	0.62	(0.97)	2.70	64.93	43.65
iii) Land – Unclassified/ Right of Use	512.87	172.35	9.67	675.55	9.46	0.93	-	10.39	665.16	503.41
iv) Buildings	1,737.14	557.04	25.71	2,268.47	333.88	58.61	(22.30)	370.19	1,898.28	1,403.26
v) Roads and Bridges	319.39	49.59	8.35	360.63	44.70	7.43	(6.30)	45.83	314.80	274.69
vi) Railway Sidings	13.34	11.27	0.35	24.26	0.48	0.51	(0.35)	0.64	23.62	12.86
vii) Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	9,858.27	6,362.60	3.85	16,217.02	1,515.31	308.68	0.11	1,824.10	14,392.92	8,342.96
viii) Generating Plant and Machinery	3,859.50	3,010.40	4.28	6,865.62	939.81	193.70	(0.83)	1,132.68	5,732.94	2,919.69
ix) Plant and Machinery - Sub station	89.04	21.60	4.42	106.22	33.79	3.28	(4.39)	32.68	73.54	55.25
x) Plant and Machinery - Transmission lines	44.45	26.71	13.16	58.00	16.53	2.35	(12.16)	6.72	51.28	27.92
xi) Plant and Machinery - Others	24.56	2.49	2.13	24.92	8.07	1.28	(1.43)	7.92	17.00	16.49
xii) Construction Equipment	75.52	9.02	10.58	73.96	40.56	7.23	(5.99)	41.80	32.16	34.96
xiii) Water Supply System/Drainage and Sewerage	23.84	2.96	0.58	26.22	1.99	0.50	(0.53)	1.96	24.26	21.85
xiv) Electrical installations	3.25	0.14	0.06	3.33	0.52	0.20	(0.04)	0.68	2.65	2.73
xv) Vehicles	33.26	1.93	6.81	28.38	26.18	1.95	(5.62)	22.51	5.87	7.08
xvi) Aircraft/ Boats	1.26	0.06	0.30	1.02	0.87	0.10	(0.23)	0.74	0.28	0.39
xvii) Furniture and Fixture	36.09	5.30	3.18	38.21	11.83	2.93	(2.01)	12.75	25.46	24.26
xviii) Computers	38.03	7.49	4.01	41.51	28.20	4.88	(2.57)	30.51	11.00	9.83
xix) Communication Equipment	23.20	3.66	4.25	22.61	11.89	1.60	(1.80)	11.69	10.92	11.31
xx) Office Equipments	33.66	3.63	2.59	34.70	9.77	2.68	(1.67)	10.78	23.92	23.89
xxi) Research and Development	0.16	-	-	0.16	0.03	0.01	-	0.04	0.12	0.13
xxii) Intangible Assets (Software)	7.32	1.77	1.54	7.55	5.87	1.29	(0.59)	6.57	0.98	1.45
xxiii) Other Assets	38.59	6.73	4.77	40.55	13.53	2.17	(2.33)	13.37	27.18	25.06
xxiv) Capital Expenditure on assets not owned by NHPC	1.75	24.92	0.09	26.58	0.35	3.07	0.01	3.43	23.15	1.40
xxv) Fixed assets of Minor Value >750 and < Rs.5000	17.31	2.37	2.89	16.79	17.30	2.04	(2.56)	16.78	0.01	0.01
xxvi) Obsolete / Surplus Assets	1.34	0.57	0.77	1.14	-	-	-	-	1.14	1.34
TOTAL	17,027.37	10,317.47	120.28	27,224.56	3,073.97	608.04	(74.55)	3,607.46	23,617.10	13,953.40
<i>Previous Year</i>	<i>16,727.36</i>	<i>462.95</i>	<i>162.94</i>	<i>17,027.37</i>	<i>2,662.20</i>	<i>415.53</i>	<i>(3.76)</i>	<i>3,073.97</i>	<i>13,953.40</i>	<i>14,065.16</i>

SCHEDULE - 6 CAPITAL WORK-IN-PROGRESS

(Rupees in crore)

		01.04.2007	Additions	Adjustments	Capitalised	31.03.2008
i)	Buildings	1,117.41	231.94	(425.07)	527.42	396.86
ii)	Roads and Bridges	68.89	37.72	9.18	49.22	66.57
iii)	Railway Sidings	4.49	-	0.01	-	4.50
iv)	Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	4,992.09	1,138.95	1,988.45	5,796.06	2,323.43
v)	Generating Plant and Machinery	2,500.53	534.29	826.59	2,870.76	990.65
vi)	Plant and Machinery - Sub station	15.58	4.04	(0.18)	18.95	0.49
vii)	Plant and Machinery - Transmission lines	23.29	3.10	0.18	24.56	2.01
viii)	Plant and Machinery - Others	1.18	2.17	(0.06)	1.55	1.74
ix)	Construction Equipment	-	1.80	-	1.80	-
x)	Water Supply System/Drainage and Sewerage	1.74	2.59	(0.30)	2.52	1.51
xi)	Intangible Assets	-	1.24	-	-	1.24
xii)	Capital Expenditure on assets not owned by NHPC	21.46	19.15	(0.06)	24.81	15.74
xiii)	Survey, Investigation, Consultancy and Supervision Charges	151.97	10.68	(14.51)	26.52	121.62
xiv)	Expenditure on Compensatory Afforestation	147.29	305.08	(0.45)	441.65	10.27
xv)	Incidental Expenditure During Construction Period	4,363.00	877.39*	(2,592.96)	246.15	2,401.28
	TOTAL	13,408.92	3,170.14	(209.18)	10,031.97	6,337.91
	<i>Previous Year</i>	10147.70	3552.35	(25.92)	265.21	13408.92

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

SCHEDULE - 7 CONSTRUCTION STORES AND ADVANCES

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. CONSTRUCTION STORES		
(At cost as valued and certified by management)		
i) Stores and spares	72.21	79.68
ii) Loose tools	0.03	0.07
iii) Scrap inventory	0.07	0.05
iv) Stores in transit/ pending inspection	58.95	2.16
v) Material issued to contractors/ fabricators	61.19	79.19
Less : Provisions for construction stores	<u>3.29</u>	<u>16.20</u>
	189.16	144.95
B. ADVANCES FOR CAPITAL EXPENDITURES		
i) Secured (Considered Good)	75.82	78.00
ii) Unsecured (Considered Good)		
– Against Bank Guarantee	711.66	568.05
– Others	101.10	70.66
iii) Unsecured-(Considered Doubtful)	2.28	2.28
Less : Provisions for doubtful advances	<u>2.28</u>	<u>2.28</u>
	888.58	716.71
TOTAL	<u>1077.74</u>	<u>861.66</u>
Provision for construction Stores		
As per last Balance Sheet	16.20	13.28
Additions during the year	-	2.98
Adjustment during the year	(12.91)	-
Amount used during the year	-	0.06
Amount reversed during the year	-	-
Closing Balance	3.29	16.20
Provision for doubtful Advances		
As per last Balance Sheet	2.28	0.02
Additions during the year	-	2.26
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	2.28	2.28

SCHEDULE - 8 INVESTMENTS

(Rupees in crore)

	Number of shares/ bonds/ Securities Current year/ (Previous year)	Face value per share/ bond/ security (in Rs.)	31st March, 2008	31st March, 2007
LONG TERM (Trade - unless otherwise specified)				
A. Quoted				
Equity shares \$				
PTC India Ltd.	12000000 (12000000)	10	12.00	12.00
Indian Overseas Bank (Non-Trade)	360800 (360800)	10	0.36	0.36
Sub Total (A)			12.36	12.36
B. Unquoted				
Bonds \$				
8.50 % Tax-Free State Government Special Bonds of the Government of				
Arunachal Pradesh	7776 (8748)	1,000	0.78	0.87
Bihar	152560 (171630)	1,000	15.25	17.16
Haryana	4520000 (5085000)	1,000	452.00	508.50
Himachal Pradesh	142944 (160812)	1,000	14.29	16.08
Jammu and Kashmir	6165568 (6936264)	1,000	616.56	693.63
Jharkhand	114480 (128790)	1,000	11.45	12.88
Meghalaya	4256 (4788)	1,000	0.43	0.48
Mizoram	25680 (28890)	1,000	2.57	2.89
Nagaland	55360 (62280)	1,000	5.53	6.23
Punjab	1782480 (2005290)	1,000	178.25	200.53
Rajasthan	284910 (512838)	1,000	28.49	51.28
Sikkim	18688 (21024)	1,000	1.87	2.10
Tripura	21344 (24012)	1,000	2.13	2.40
Uttar Pradesh	6295120 (7082010)	1,000	629.51	708.20
Uttarakhand	699440 (786870)	1,000	69.94	78.69
West Bengal	53776 (60498)	1,000	5.38	6.05
Sub Total (B)			2034.43	2307.97
Total (A+B)			2046.79	2320.33
\$ In DEMAT form				
Quoted Investments				
(i) Aggregate Cost			12.36	12.36
(ii) Aggregate Market Value				
- NSE quotes			121.03	75.1
- BSE quotes			120.20	75.18
Unquoted Investments				
Aggregate Cost			2034.43	2307.97

SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. INTEREST ACCURED ON INVESTMENTS	91.91	103.54
B. INVENTORIES (At cost as valued and certified by management)		
i) Stores and spares	62.43	47.36
ii) Loose tools	0.68	0.60
iii) Scrap inventory	1.20	1.00
iv) Stores in transit/ pending inspection	0.44	0.68
v) Material at site	11.05	7.72
vi) Material issued to contractors/ fabricators	2.75	3.03
Less: Provision for obsolete store & spares *1	<u>35.80</u>	<u>13.27</u>
TOTAL	42.75	47.12
C. WORK IN PROGRESS Construction Work-in-Progress (on behalf of clients)	699.46	279.97
D. SUNDRY DEBTORS (UNSECURED)		
i) Debts outstanding for a period exceeding six months		
- Considered good	593.37	159.95
- Considered doubtful and provided	77.13	75.94
ii) Other debts		
- Considered good	<u>311.21</u>	<u>754.43</u>
Less: Provision for doubtful debts *2	981.71	990.32
	<u>77.13</u>	<u>75.94</u>
TOTAL	904.58	914.38
E. CASH AND BANK BALANCES		
i) Cash on hand (includes cheques, drafts, stamps in hand of Rs 0.09 crores, Previous year Rs 58.12 crores)	0.56	58.61
ii) Bank balances		
• With scheduled banks		
- In current account	435.37	300.42
- In deposits account	1909.75	457.06
• With other banks		
- In current account		
Bank of Bhutan, Phuentsholing	0.19	0.07
Deutsche Bank, Tokyo Branch	-	<u>0.13</u>
TOTAL	2345.87	816.29
F. OTHER CURRENT ASSETS		
i) Interest accrued		
- Advance to Government of Arunachal Pradesh	15.31	-
- Loan to State Government in settlement of dues from customers	32.97	43.75
- Deposits	23.94	7.71
ii) Others	70.60	66.42
iii) Claims recoverable from different agencies	108.26	64.09
Less: Provisions for doubtful claims *3	<u>16.10</u>	<u>18.30</u>
TOTAL	234.98	163.67
G. LOANS AND ADVANCES		
a) LOANS		
i) Employees (including accrued interest)		
- Secured	108.60	101.17
ii) Unsecured (Considered Good)	24.65	29.50
Loan to State Government in settlement of dues from customer		
Unsecured Considered Good	215.58	253.62
iii) Advance to Government of Arunachal Pradesh		
- Unsecured Considered Good	225.00	-
b) ADVANCES (recoverable in cash or kind for value to be received)		
i) Contractors & suppliers		
Secured	0.07	35.14
Unsecured (Considered Good):		
- Covered by Bank Gurantees	20.83	16.85
- Others	11.39	11.48
Unsecured (Considered Doubtful)	0.50	0.46
ii) Employees		
Unsecured (Considered Good)	4.00	2.05

SCHEDULE - 9 CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crore)

	31st March, 2008		31st March, 2007	
iii) Other Advances				
Unsecured (Considered Good)	0.43		0.63	
Less : Provisions for doubtful loans and advances *4	<u>0.50</u>	610.55	<u>0.46</u>	450.44
iv) Deferred Foreign Currency Fluctuation Assets		219.37		-
c) DEPOSITS				
Advance income tax	583.69		421.47	
Less : Provisions for Taxation *5	<u>556.05</u>	27.64	<u>408.42</u>	13.05
TOTAL		857.56		463.49
TOTAL (A to G)		<u>5177.11</u>		<u>2788.46</u>

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

	2007-08	2006-07
Bank of Bhutan		
i) Current account	0.30	0.19
Deutsche Bank, Tokyo Branch		
i) Current account	12.92	0.99

PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

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

Provision for obsolete store & spares *1

As per last Balance Sheet	13.27	9.77
Additions during the year	10.20	8.70
Adjustment during the year	12.91	
Amount used during the year	0.53	5.07
Amount reversed during the year	<u>0.05</u>	<u>0.13</u>
Closing Balance	35.80	13.27

Provision for Doubtful Debts *2

As per last Balance Sheet	75.94	77.07
Additions during the year	1.19	-
Amount used during the year	-	-
Amount reversed during the year	-	<u>1.13</u>
Closing Balance	77.13	75.94

Provision for bad & doubtful claims *3

As per last Balance Sheet	18.30	19.18
Additions during the year	0.78	1.21
Amount used during the year	0.08	2.07
Amount reversed during the year	<u>2.90</u>	<u>0.02</u>
Closing Balance	16.10	18.30

Provisions for Doubtful Loans & Advances *4

As per last Balance Sheet	0.46	0.44
Additions during the year	0.04	0.02
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	0.50	0.46

Provision for Taxation *5

As per last Balance Sheet	408.42	214.78
Additions during the year	189.57	224.70
Adjustment during the year	21.26	-
Amount used during the year	62.89	31.06
Amount reversed during the year	<u>0.31</u>	-
Closing Balance	556.05	408.42

SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. LIABILITIES		
i) Sundry Creditors		
a) Total outstanding dues of small scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days Rs. Nil)	-	-
c) Others	733.44	540.86
ii) Deposits/ retention money	101.33	106.78
iii) Advances against the Deposit Works	77.85	81.67
Less : Amount recoverable on Deposit works	(23.31)	(0.05)
iv) Interest accrued but not due on loans	193.56	139.86
v) Advances against cost of project/ contractees	669.29	273.47
vi) Grants in Aid - pending utilization	38.59	69.21
vii) Deferred Foreign Currency Fluctuation Liabilities	67.86	-
viii) Other Liabilities	166.35	82.25
TOTAL LIABILITIES (A)	2024.96	1294.05
B. PROVISIONS		
i) Provision for Proposed Dividend		
As per last Balance Sheet	206.00	159.00
Additions during the year	200.00	206.00
Amount used during the year	206.00	159.00
Amount reversed during the year	-	-
Closing Balance	200.00	206.00
ii) Tax on Proposed Dividend		
As per last Balance Sheet	52.38	25.28
Additions during the year	50.79	52.38
Amount used during the year	46.59	25.28
Amount reversed during the year	5.79	-
Closing Balance	50.79	52.38
iii) Provision for Wage Revision		
As per last Balance Sheet	42.00	74.70
Additions during the year	159.60	42.01
Amount used during the year	0.87	46.79
Amount reversed during the year	0.04	27.92
Closing Balance	200.69	42.00
iv) Provision for Productivity Linked Incentive		
As per last Balance Sheet	31.47	29.82
Additions during the year	36.13	31.14
Amount used during the year	27.08	17.25
Amount reversed during the year	4.48	12.24
Closing Balance	36.04	31.47
v) Provision for Employees Benefits		
As per last Balance Sheet	509.84	421.74
Additions during the year	109.95	114.30
Amount used during the year	45.75	26.20
Amount reversed during the year	-	-
Closing Balance	574.04	509.84
vi) Provision - Others		
As per last Balance Sheet	3.72	0.28
Additions during the year	34.99	3.51
Amount used during the year	1.13	0.07
Amount reversed during the year	-	-
Closing Balance	37.58	3.72
vii) Provision for Project Expenses		
As per last Balance Sheet	8.87	-
Additions during the year	-	8.87
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	8.87	8.87

SCHEDULE - 10 CURRENT LIABILITIES AND PROVISIONS

(Rupees in crore)

	31st March, 2008	31st March, 2007
viii) Provision for Contingencies		
As per last Balance Sheet	1.73	1.77
Additions during the year	-	-
Amount used during the year	-	0.04
Amount reversed during the year	1.63	-
Closing Balance	0.10	1.73
ix) Provision for Loss on Hedging Transaction		
As per last Balance Sheet	-	-
Additions during the year	23.00	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	23.00	-
x) Provision for Tariff Adjustment		
As per last Balance Sheet	-	69.89
Additions during the year	-	-
Amount used during the year	-	62.72
Amount reversed during the year	-	7.17
Closing Balance	-	-
xi) Provision for Self Consumption of Power		
As per last Balance Sheet	6.45	6.45
Additions during the year	-	-
Amount used during the year	6.45	-
Amount reversed during the year	-	-
Closing Balance	-	6.45
xii) Provision for Committed Capital Expenditure		
As per last Balance Sheet	222.13	-
Additions during the year	433.84	222.13
Amount used during the year	38.62	-
Amount reversed during the year	1.59	-
Closing Balance	615.76	222.13
TOTAL PROVISIONS (B)	1746.87	1084.59
TOTAL (A+B)	3771.83	2378.64

SCHEDULE - 11 MISCELLANEOUS EXPENDITURE

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Share Issue Expenses (IPO)	0.34	1.25
ii) Expenditure awaiting adjustment	-	24.55
iii) Losses awaiting write off sanction	2.90	2.60
Less: Provision for losses pending investigation	2.90	2.60
TOTAL	0.34	25.80

SCHEDULE - 12 SALES

(Rupees in crore)

	31st March, 2008	31st March, 2007
Sale of Power	3025.51	2711.64
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	43.41	0.34
Total taken to Profit and Loss Account	2982.10	2711.30

SCHEDULE - 12 A ADVANCE AGAINST DEPRECIATION

(Rupees in crore)

	31st March, 2008	31st March, 2007
Differred During the year	72.16	223.45
Less : Written back during the year	14.89	7.64
Total taken to Profit and Loss Account	57.27	215.81

SCHEDULE - 13 CONTRACTS AND CONSULTANCY INCOME

(Rupees in crore)

	31st March, 2008	31st March, 2007
Contract income	324.53	125.46
Consultancy income	1.96	3.29
Total taken to Profit and Loss Account	326.49	128.75

SCHEDULE - 14 OTHER INCOME

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Income from Long Term Investments		
a) Trade		
- Dividend -Others	1.20	1.20
Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	189.28	212.53
b) Non-Trade		
Dividend income -Others	0.11	0.09
ii) Other Income		
a) Interest		
- Loan to State Government in settlement of dues from customers	19.94	21.56
- Loan to Government of Arunachal Pradesh	15.31	-
- Indian Banks (Gross)		
(Tax deducted at source Rs. 18,86,647/-, Previous Year Rs 481065/-)	90.05	50.03
- Employee's Loans and Advances	6.64	6.64
- Interest from Beneficiary States	59.35	1.46
- Others	48.66	36.73
b) Late payment surcharge	2.07	7.92
c) Profit on transfer of project	52.00	-
d) Profit on sale of assets	3.03	0.68
e) Liability/ Provisions not required written back #	12.53	43.16
f) Exchange rate variation	4.45	45.91
g) Foreign Currency Fluctuation adjustment (Credit)	189.53	-
h) Others	22.66	24.30
TOTAL	716.81	452.21
Less: Income transferred to IEDC		
(Refer Schedule 22 E (ii), 22 I (ii) to (vi) & 22 J(i))	76.45	138.05
Less: Income transferred to contract and consultancy expenses (Refer Schedule 20)	3.01	2.27
Total taken to Profit and Loss Account	637.35	311.89
# Detail of Liability/Provisions not required written back		
a) Bad and doubtful debts	-	1.13
b) Bad and doubtful advances / deposits	-	-
c) Bad and doubtful claims	2.90	0.02
d) Diminution in value of stores and spares	0.05	0.13
e) Provision for contingencies	1.63	-
f) Provision for wage revision	0.04	27.92
g) Provision for losses pending investigation	-	0.01
h) Provision for Productivity Linked Incentive	4.48	12.24
i) Other Provisions/Liability not required written back	3.43	1.71
TOTAL	12.53	43.16

SCHEDULE - 15 GENERATION, ADMINISTRATION AND OTHER EXPENSES

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Consumption of stores and spares	8.08	6.75
ii) Repair and maintenance:		
- Building	23.71	15.22
- Machinery	30.49	31.97
- Others	<u>43.50</u>	<u>37.19</u>
iii) Rent / Hiring Charges	97.70	84.38
iv) Rates and taxes	26.58	23.33
v) Insurance	2.82	1.17
vi) Self insurance reserve	2.53	2.94
vii) Security expenses	116.65	77.55
viii) Electricity Charges	65.46	47.78
ix) Travelling and Conveyance	30.71	27.75
x) Expenses on staff car	17.99	16.90
xi) Telephone, telex and Postage	9.44	12.16
xii) Advertisement and publicity	8.81	7.77
xiii) Entertainment and hospitality expenses	8.07	7.97
xiv) Donation	0.58	0.67
xv) Printing and stationery	0.07	0.05
xvi) Books and periodicals	6.31	5.19
xvii) Consultancy charges - Indigenous	0.50	0.55
xviii) Consultancy charges - Foreign	3.44	4.78
xix) Expenditure on compensatory afforestation/ catchment area treatment	0.23	0.46
xx) Expenditure on land not belonging to corporation	20.96	47.39
xxi) Loss on sale of assets	41.20	19.31
xxii) Preliminary expenses written off	1.60	0.68
xxiii) Bad debts / advances/ claims written off	-	1.44
xxiv) Stores written off	-	0.01
xxv) Fixed assets written off	0.34	0.33
xxvi) Interest on Arbitration/ Court Cases	0.60	0.06
xxvii) Other general expenses	0.66	3.09
xxviii) Exchange rate variation	37.43	22.60
xxix) Foreign Currency Fluctuation adjustment (Debit)	15.79	18.45
xxx) Audit expenses	17.37	-
xxxi) Research and development expenses	0.86	0.70
	0.02	0.03
Total	542.80	442.24
Less: Expenses transferred to IEDC {Refer Schedule 22 B, 22 C, 22 E(i) & 22J (ii)}	190.88	215.30
Less: Expense transferred to contract and consultancy expenses (Refer Schedule 20)	6.37	5.57
Total taken to Profit and Loss Account	345.55	221.37

SCHEDULE - 16 EMPLOYEES REMUNERATION AND BENEFITS

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Salaries, wages, allowances	629.81	483.84
ii) Gratuity, Contribution to provident fund & pension scheme (including administration fees)	86.37	68.42
iii) Staff welfare expenses	79.47	92.65
iv) Leave Salary & Pension Contribution	0.05	0.10
Total	795.70	645.01
Less: Employee cost transferred to IEDC (Refer Schedule 22 A & 22J (iii))	431.40	377.70
Less: Employee cost transferred to contract and consultancy expenses (Refer Schedule 20)	24.37	16.17
Total taken to Profit and Loss Account	339.93	251.14

SCHEDULE - 17 DEPRECIATION

(Rupees in crore)

	31st March, 2008	31st March, 2007
Depreciation during the year	608.04	415.54
Less: Transferred to IEDC (Refer Schedule 22 G & 22J (iv))	38.81	39.05
Less: Transferred to Contract & Consultancy (Refer Schedule 20)	0.55	0.29
Less: Trf from Capital Grant	23.14	19.50
Total taken to Profit and Loss Account	545.54	356.70

SCHEDULE - 18 INTEREST AND FINANCE CHARGES

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Interest on :		
a) Bonds	43.89	75.41
b) Foreign loan	99.37	112.80
c) Term loan	648.37	467.65
d) Cash credit facilities /WCDL	0.06	0.04
e) Exchange differences regarded as adjustment to interest cost	183.35	-
ii) Loss on Hedging Transactions	23.00	-
iii) Bond issue/ service expenses	1.03	1.25
iv) Share Issue Expenses Written Off	1.11	-
v) Rebate to customers	31.09	24.16
vi) Commitment fee	0.27	0.47
vii) Guarantee fee on loan	32.52	34.66
viii) Interest to beneficiary states	0.16	2.25
ix) Bank charges	1.24	0.94
x) Other finance charges	4.92	4.75
Total	1070.38	724.38
Less: Interest & Finance charges capitalised by transfer to IEDC (Refer Schedule 22 D & 22J (v))	273.03	361.31
Less: Expenses transferred to Contract and consultancy expenses (Refer Schedule 20)	1.56	1.56
Total taken to Profit and Loss Account	795.79	361.51

SCHEDULE - 19 PROVISIONS

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Bad and doubtful debts provided	1.19	-
ii) Bad and doubtful advances / deposits provided	0.04	2.29
iii) Bad and doubtful claims provided	0.78	3.95
iv) Diminution in value of stores and spares	10.03	8.40
v) Provision for CAT plan/ Environment Expenditure	46.73	184.94
vi) Project expenses provided for	-	8.87
vii) Provision for fixed assets written off	0.17	0.35
viii) Others	0.01	0.46
Total	58.95	209.26
Less: Expenses transferred to IEDC (Refer Schedule 22 F & 22J (vi))	46.74	185.52
Less: Expenses transferred to Contract and consultancy expenses (Refer Schedule 20)	0.78	-
Total taken to Profit and Loss Account	11.43	23.74

SCHEDULE - 20 CONTRACT AND CONSULTANCY EXPENSES

(Rupees in crore)

	31st March, 2008	31st March, 2007
i) Direct Expenses	391.61	166.45
ii) Employees' Remuneration and benefits		
- Salaries, wages, allowances and benefits	17.38	10.97
- Gratuity, contribution to provident fund & pension scheme	1.96	1.22
- Staff welfare Expenses	<u>1.76</u>	<u>1.56</u>
	21.10	13.75
iii) Repairs and Maintenance		
- Buildings	0.23	0.15
- Machinery and construction Equipments	0.07	0.03
- Others	<u>0.45</u>	<u>0.79</u>
	0.75	0.97
iv) Administration and Other Expenses		
- Rent/ Hiring Charges	1.61	1.21
- Travelling and Conveyance	1.08	0.74
- Expenses on staff cars and inspection vehicles	0.40	0.32
- Insurance	0.02	0.02
- Telephone, telex, and postage	0.36	0.23
- Advertisement and publicity	0.13	0.09
- Printing and Stationery	0.17	0.19
- Other Expenses	0.87	0.89
- Rates and taxes	0.00	0.01
- Security	0.25	0.21
- Electricity	0.12	0.08
- Consultancy charges	<u>0.02</u>	<u>0.01</u>
	5.03	4.00
v) Depreciation	0.43	0.20
vi) Interest and finance charges	1.56	1.56
vii) Provisions	0.78	-
viii) Work-in-Progress		
- Construction contract	(103.41)	(61.46)
ix) Corporate / Regional office expenses:		
a) Other Income	(0.08)	(0.12)
b) Generation, Administration and Other Expenses	0.59	0.60
c) Employee Remuneration and Benefits	3.27	2.42
d) Depreciation	<u>0.12</u>	<u>0.09</u>
	3.90	2.99
Total Expenditure	321.75	128.46
Less: Receipts and Recoveries	<u>2.93</u>	<u>2.15</u>
Net expenditure during the year	318.82	126.31
Prior Period Adjustments	<u>0.27</u>	<u>0.12</u>
Total taken to Profit and Loss Account	319.09	126.43

SCHEDULE - 21 PRIOR PERIOD ADJUSTMENT (NET)

(Rupees in crore)

	31st March, 2008	31st March, 2007
Income		
i) Sale of Electricity	(21.13)	(0.02)
ii) Others	<u>6.30</u>	<u>(4.66)</u>
Sub-total	(14.83)	(4.68)
Expenditure		
i) Salaries and Wages	0.57	0.19
ii) Repair and Maintenance	(9.56)	0.35
iii) Interest	-	0.74
iv) Others	51.87	9.55
v) Depreciation	<u>1.30</u>	<u>4.43</u>
Sub-total	44.18	15.26
TOTAL	59.01	19.94
Less : Expenses transferred to IEDC {Refer Schedule 22H & 22J (vii)}		
Prior period expenses	16.46	9.27
Less : Prior period income	<u>0.07</u>	<u>(1.13)</u>
TOTAL	16.39	10.40
Less : Expense transferred to contract and consultancy expenses (Refer Schedule 20)	<u>0.27</u>	<u>0.12</u>
Total taken to Profit and Loss Account	42.35	9.42

SCHEDULE - 22 INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances	234.30	196.55
ii) Gratuity and contribution to provident fund (including administration fees)	31.66	27.15
iii) Staff welfare expenses	27.30	38.86
iv) Leave Salary & Pension Contribution	-	0.10
Sub-total	293.26	262.66
B. REPAIRS AND MAINTENANCE		
i) Building	6.22	4.76
ii) Machinery	3.92	5.04
iii) Others	7.88	11.30
Sub-total	18.02	21.10
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent / Hiring Charges	16.65	14.89
ii) Rates and taxes	0.31	0.40
iii) Insurance	0.49	0.69
iv) Security expenses	19.06	23.07
v) Electricity Charges	6.72	11.38
vi) Travelling and Conveyance	5.89	7.77
vii) Expenses on staff car	4.00	6.93
viii) Telephone, telex and Postage	3.02	2.82
ix) Advertisement and publicity	1.96	2.58
x) Entertainment and hospitality expenses	0.18	0.21
xi) Printing and stationery	1.49	1.77
xii) Remuneration to Auditors	0.01	0.01
xiii) <i>Design and Consultancy charges:</i>		
- Indigenous	0.94	2.16
- Foreign	0.23	0.18
xiv) Expenditure on compensatory afforestation	20.96	46.69
xv) Expenditure on land not belonging to corporation	40.96	18.72
xvi) Loss on assets/ materials written off	0.80	0.27
xvii) Losses on sale of assets	0.07	-
xviii) Other general expenses	10.46	5.27
Sub-total	134.20	145.81
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Bonds	0.41	24.64
b) Foreign loan	10.42	53.09
c) Term loan	224.17	264.83
d) Exchange differences regarded as adjustment to interest cost	25.20	-
ii) Bond issue/ service expenses	0.59	0.91
iii) Commitment fee	0.04	0.12
iv) Guarantee fee on loan	7.09	12.70
v) Other finance charges	5.02	4.96
Sub-total	272.94	361.25
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	0.73	16.84
Less :		
ii) Exchange rate variation (Credit balance)	5.64	42.58
Sub-total	(4.91)	(25.74)
F. PROVISIONS	46.73	185.46
Sub-total	46.73	185.46
G. DEPRECIATION	31.86	32.00
Sub-total	31.86	32.00
H. PRIOR PERIOD EXPENSES (NET)		
i) Prior period expenses	15.73	8.98
ii) <i>Less : Prior period income</i>	0.07	(1.13)
Sub-total	15.66	10.11
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity –precommissioning	43.41	0.34
ii) Interest on loans and advances	47.59	41.49
iii) Miscellaneous receipts	11.64	15.89
iv) Profit on sale of assets	0.13	0.06
v) Liability/ Provisions not required written back	3.43	30.04
vi) Hire charges/ outturn on plant and machinery	2.86	0.28
Sub-total	109.06	88.10
J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES		
i) Other Income	(5.16)	(7.71)
ii) Generation, Administration and Other Expenses	37.93	31.55
iii) Employee Remuneration and Benefits	138.14	115.04
iv) Depreciation	6.95	7.05
v) Interest and Finance Charges	0.09	0.06
vi) Provisions	0.01	0.06
vii) Prior Period Adjustment (Net)	0.73	0.29
Sub-total	178.69	146.34
TOTAL [(A to H) - I + J] (Transferred to Schedule 6)	877.39	1050.89

SCHEDULE - 23 SIGNIFICANT ACCOUNTING POLICIES - CONSOLIDATED

1. ACCOUNTING CONVENTIONS

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

2. FIXED ASSETS

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

3. MACHINERY SPARES

- 3.1 (a) Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with mother plant, these are capitalized & depreciated along with mother plant.
- 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'.
- 4.3 Expenditure in relation to Survey and Investigation of the projects is carried as capital work in progress.

Such expenditure is either capitalized as cost of Project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

5. **DEPRECIATION & AMORTISATION**

- 5.1 Depreciation is charged on straight-line method to the extent of 90% of the Cost of Asset following the rates notified by the Central Electricity Regulatory Commission (CERC) for the purpose of fixation of tariff. 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 (@ 30%) 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 CURRENCY TRANSACTIONS**

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

9. **EMPLOYEE BENEFITS**

- 9.1 Provision for Post employment benefit as defined in Accounting Standard 15 (2005) on Employee Benefits is made based on actuarial valuation at the year-end.

- 9.2 Provision for Leave Travel concession, Leave Encashment & Baggage Allowance admissible on superannuation is made in the books on the basis of actuarial valuation made at the year end.
- 9.3 Expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.

10. REVENUE

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

**Progress of Work in terms of
Estimated Contract Cost**

Recognition of Revenue

(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/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.
- 10.3 Interest on investments is accounted for on accrual basis.
- 10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

11. 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 FOR YEAR ENDED 31.03.2008

1. The Consolidated Financial Statements (CFS) comprises of the financial statements of NHPC Limited and its subsidiary named Narmada Hydroelectric Development Corporation Limited (NHDC).
2. a) Basis of Accounting:
 - i) The Financial Statement of the subsidiary company in the consolidation is drawn up to the same reporting date as of the Company.
 - ii) The Consolidated Financial Statement has been prepared in accordance with Accounting Standard-21 Consolidated Financial Statements issued by Institute of Chartered Accountants of India and generally accepted accounting principles.
- b) Principle of Consolidation:
The Financial Statement of the Company and its subsidiary is combined on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses.
3. The subsidiary company considered in the Consolidated Financial Statement is:

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

4. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except certain policies such as funding of Self Insurance Reserve, treatment of expenditure towards compensation and other expenses relating to land and policy on Grant-in-aid.
5. a) Contingent Liabilities as on: -

(Rupees in Crore)

Description	Opening Balance 01/04/2007	Closing Balance 31/03/2008
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	1929.42	3328.53
- Land Compensation Cases	132.52	84.48
- Others		
Disputed Income Tax Demand	-	-
Disputed Excise Demand	-	-
Disputed Sales Tax Demand	2055.53	2045.53
Others	285.99	345.06
Total	4403.46	5803.60

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) The amount of claims where arbitration /court awards have been received but are under examination in the company are continuing as contingent liability and no provision has been created in the books.
- d) It is not practicable to disclose the uncertainties relating to any outflow.
- e) There is a possibility of reimbursement to Corporation, of Rs.03 Crore (Previous year Rs. 0.03 Crore) towards above contingent liabilities.

6. a) Foreign Letters of Credits (FLCs) issued in favour of M/s Voith Siemens Hydro Kraft, Germany outstanding as on 31.03.08 amounting to Rs. 4.97 Crore (Previous year Rs. 25.01 Crore). Inland letters of credit issued in favour of Voith Siemens Hydro Pvt. Ltd outstanding as on 31.03.08 amounting to Rs.4.41 Crore (Previous year Rs. 43.12 Crore).
- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.8506.99 Crore (Previous year Rs. 8712.01 crore).
- c) Estimated amount of capital commitment towards compensation for Land and other related expenditure is for Rs 78.75 Crore (Previous year Rs. 132.80 Crore).
7. Pursuant to the approval of Ministry of Power to abandon the Koel Karo Project, expenditure to the extent of Rs. 24.55 Crore, being equal to equity capital of the project, has been borne by Govt. of India. Accordingly, Shareholders through Special Resolution in Annual General Meeting (AGM) held on 28.07.2006 has approved the reduction in equity capital. Entry for reduction in equity has been carried out in current year since the reduction of Share Capital has been confirmed vide Ministry of Company Affair order No. 40/4/2006-CL-III dated 09.04.2007 and has been registered by the Registrar of Companies on 20.04.2007.
8. a) Title deeds/title in respect of Land of some Projects/Units amounting to Rs.52.10 Crore (Previous year Rs. 59.51 crore), covering an area of 2080.40 hectare (Previous year 2,103 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 as 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. Initial payment/lease rent, wherever not determined by State Govt., shall be accounted for in the year of determination.
- c) Land does not include the land taken from Sashttra Seema Bal (SSB) on lease for a period of 99 years @ notional rent of Rs.1/- per annum.
- d) Land measuring 722 Kanal & 18 marlas and structure created thereon in respect of Salal Power Station, though in possession of J&K Govt., is appearing in respective fixed assets heads.
9. Pending approval of the competent authority, provisional payments made towards executed quantities of some of the items beyond approved quantities as also for extra items, are included in Capital Work in-Progress/Fixed Asset.
10. a) Billing on account of year end adjustments towards FERV (Rs.1.07 Crore) and Income Tax (Rs. (-)16 Crore) is yet to be done.
- b) Sales in respect of Dulhasti & Teesta V (Unit No. 2) Power Stations have been accounted for based on provisional tariff notified by Central Electricity Regulatory Commission (CERC).
- c) The sale of power from OSP to the sole beneficiary MPSEB has been billed on the basis of CERC provisional tariff order dated 30.10.2007 against petition no.56/2007 filed by NHDC.
11. 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, Govt. of India.
- c) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- d) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, Rs.32.97 Crore is continuing under "Other current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
- 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.

12. a) In accordance with the decision of Government of India, Siang Basin, Subansiri & Dibang Multipurpose Projects were transferred to the Corporation from Brahmputra Board. Pending finalisation of handing over process and settlement of account with Brahmputra Board and signing of MOUs for all the schemes in the State of Arunachal Pradesh except Dibang Multipurpose Project & Tawang Basin Projects, assets and liabilities in respect of these Projects have been booked to the extent of amounts incurred by the Corporation.
 - b) In consideration of MOA for Dibang Multipurpose Project & Tawang Basin Projects, an amount of Rs.150 Crore and Rs.75 Crore respectively has been paid to Govt. of Arunachal Pradesh as advance. This advance alongwith interest @9% p a shall be adjusted against value of free power to state, for which the state government is entitled from any project of NHPC, whichever is commissioned first, in the state of Arunachal Pradesh.
 - c) 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 accounted for 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.
 - d) In pursuance of MOU signed by NHPC with Govt. of Uttarakhand (GoUK) on 1st November 2003, the Lakhwar Vyasi project was handed over to NHPC. Pending signing of implementation agreement with GoUK for construction of said project an amount of Rs.246.86 Crore, spent by GoUK before it's handing over to NHPC has not been incorporated in the books of accounts.
13. a) The project work at Subansiri Upper & Subansiri Middle is pending due to the Honourable Supreme Court order dated 19.04.2004 in Interlocutory Applications (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 (NBWL). Pending finalisation of committee recommendation & decision in this regard, Capital Expenditure of Rs.38.01 Crore (Previous year Rs.35.73 Crore) and Rs.33.89 Crore (Previous year Rs.32.79 Crore) respectively are appearing under Capital Work in Progress.
 - b) Pending signing of MOU with the Govt. of Arunachal Pradesh, expenditure of Rs.36.27 Crore (Previous year Rs. 29.94 Crore) in respect of Siang Upper Project, which has been entrusted to NHPC for Survey & Investigation, is continuing in Capital Work-in-Progress.
 - c) Pursuant to the order of Govt. of Arunachal Pradesh/Govt. of India, Corporation had decided to hand over Siyom & Siang Lower Project referred to in Note No.12 (a) as originally taken over from Brahmputra Board, to private developers. DPR of both the projects were handed over in December 2007. Other fixed assets & CWIP of Siyom project, except some of the asset decided to be retained by NHPC, has been handed over to M/s Siyom Hydro Project Private Limited vide Memorandum of transfer on 17.04.2008. Accordingly, a profit of Rs.52 Crore has been recognised in the books on sale of project. However, handing over of Siang Lower Project to M/s Jai Prakash Ltd. is yet to be completed and as such, expenditure of Rs.41.90 Crore is appearing under the Schedule of Fixed Assets & CWIP and amount of Rs.78.78 Crore received from M/s Jai Prakash Ltd. is appearing under the Schedule of Current Liabilities.
 - 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.29.80 Crore (Previous year Rs.29.44 Crore) is appearing under Capital Work in Progress.
14. Ministry of Power, Govt. of India (GOI) vide its order No. 16/47/2001/-DO (NHPC) dated 08.01.2007 has granted approval for Initial Public Offering of 10% of paid up Share Capital. Further, vide order No. even dated 08.03.2007, GOI has granted approval to offload 5% of 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 premium proceeds of the issue.

15. 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.159.60 Crore has been made in current year in the books on reasonable estimate basis. Similarly, an amount of Rs.29.68 Crore has been provided towards wage revision arrear due w.e.f. 01.01.2006 to personnel working in NHPC from other organisation.
16. Depreciation on Fixed Assets is charged as per Significant Accounting Policy No. 5 (Schedule 23) of the Corporation. MOP has notified tariff policy which provides that rate of depreciation as notified by the Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariff as well as accounting. Pending formulation of norms by CERC in accordance with the tariff policy, the rates notified under present Tariff norms are considered appropriate for charging depreciation for the year.
17. a) Contribution received towards Irrigation and Sardar Sarovar Project component from GoMP and Govt. of Gujarat respectively credited to Capital Reserve, treating it as Grant-in-Aid.
b) Depreciation on fixed assets represented by such Grant-in-Aid allocated to Capital Reserve, instead of charging to Profit & Loss account.
18. Pursuant to the Announcement of the Institute of Chartered Accountants of India for providing loss on derivative exposure, a provision of Rs.23 Crore has been made in the books on hedging transaction, on the basis of Mark to Market valuation, which had been entered into in 2003-04 to hedge foreign currency loan of JPY 534.70 Crore.
19. a) The effect of foreign exchange fluctuation during the year is as under:

(Rupees in Crore)

	For the Year 2007-08	For the Year 2006-07
(i) Amount charged to Profit and Loss Account excluding depreciation (as FERV)	14.42	(1.72)
(ii) Amount charged to Incidental Expenditure During Construction (as FERV)	(4.92)	(25.74)
(iii) Amount charged to Capital work-in-progress (as FERV)	(1.00)	28.43
(iv) Amount adjusted by addition to carrying amount of fixed assets	6.94	(44.39)

- b) FERV is accounted for as per Accounting Standard-11 read with ASI-10 on Accounting Standard 16 on accrual basis but the same is recoverable on cash basis through Sales from beneficiary States. In order to bring both the concept on common footing, Accounting practice of Deferred Current Assets Deferred Current Liabilities has been introduced as per opinion of The Expert Advisory Committee of Institute of Chartered Accountants of India with retrospective effect from 01.04.2004 in such a way that there is no impact on the profit. Consequently, in addition to the current year adjustments, the adjustment on this account through prior period (net) works out to Rs. 20.65 Crore (Debit).
- c) The amount of borrowing cost capitalised by transfer to 'Incidental Expenditure during Construction (IEDC)' during the Year is Rs. 267.34 Crore (Previous Year Rs. 355.44 Crore).
20. a) Following Accounting Policies have been introduced / modified during the year: -

Policy No.	Description	Impact on Profit for the year
Policy No. 4.3	Introduction of Accounting Policy on Survey & Investigation Expenditure	The practice has been translated into policy as such no impact.
Policy No. 5.1	Addition of word 30% in the depreciation policy in respect of computers	The practice has been translated into policy as such no impact.
Policy No. 8	Modification of accounting policy on Foreign currency transaction	No impact on profit in view of accounting practice introduced, referred to in Note No. 19 (b).
Policy No. 10.2 (b)	Re wording of Accounting Policy regarding recognition of revenue from Cost plus Contract.	Rs. 7.53 Crore

21. Provisions for employee benefits have been made for the current period using the Actuarial Valuation done as at 31.03.2008. Accordingly, disclosure under the provision of Accounting Standard 15 on "Employee Benefits" for the Financial Year ended 31.03.2008 is given below:-

For NHPC

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

Particular	31.03.2008	31.03.2007
Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified
Discount rate	8%	7.5%
Future Salary Increase	5.5%	5%

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

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at Beginning of year	225.38	140.56	111.39	16.45	3.19	9.65
Interest cost	18.03	11.25	8.91	-	-	-
Current service cost	12.82	10.02	4.77	19.40	0.39	3.85
Benefit paid	(10.60)	(19.04)	(1.17)	(12.08)	(0.07)	(2.29)
Actuarial (Gain)/loss	(4.67)	19.17	3.49	-	-	-
PVO at end of year	240.96	161.96	127.39	23.77	3.51	11.21

Table 3: - Amount recognised in Balance Sheet

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at end of year	240.96	161.96	127.39	23.77	3.51	11.21
Fair Value of Plan Assets at the end of year	-	-	-	-	-	-
Funded Status	(240.96)	(161.96)	(127.39)	(23.77)	(3.51)	(11.21)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability recognised in Balance Sheet	240.96	161.96	127.39	23.77	3.51	11.21

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

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Leave Travelling Concession	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
Current Service Cost	12.82	10.02	4.77	19.40	0.39	3.85
Interest Cost	18.03	11.25	8.91	-	-	-
Expected return on Plan Assets	-	-	-	-	-	-
Net Actuarial (gain)/loss recognised for the year	(4.67)	19.17	3.49	-	-	-
Expense recognised in Profit & Loss/IEDC for the year	26.18	40.44	17.17	19.40	0.39	3.85

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

Particular	31.03.2008	31.03.2007
Mortality Table	LIC(1994-96) ultimate table	LIC(1994-96) ultimate table
Discount rate	8%	8.3%
Future Salary Increase	6%	5%

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

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	REHS
PVO at beginning of year	0.63	1.34	0.59
Interest Cost	0.05	0.11	0.05
Current Service Cost	0.29	0.68	0.19
Benefit paid	(0.04)	(0.18)	0
Actuarial gain/ loss	0.20	0.56	(0.14)
PVO at end of year	1.13	2.51	0.69

Table 3:- Amount recognised in Balance Sheet

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	REHS
PVO at the end of year	1.13	2.51	0.69
Fair value of plan assets at the end of year	-	-	-
Funded status	(1.13)	(2.51)	(0.69)
Unrecognized Actuarial gain/loss	-	-	-
Net liability recognized in balance sheet	1.13	2.51	0.69

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

(Rs. in Crore)

Particular	Gratuity	Leave Encashment	REHS
Current Service cost	0.29	0.68	0.19
Interest Cost	0.05	0.11	0.05
Expected return on plan assets	-	-	-
Net Actuarial gain/loss recognized for the year	0.20	0.56	(0.14)
Expenses recognized in P&L A/c for the year	0.54	1.35	0.10

Liability (as on 31.03.2008) on account of LTC, Company Contribution to PF on Retirement & Baggage Allowance on Retirement Rs. 0.40 Crore, Rs.0.30 Crore and Rs.0.20 Crore respectively.

22. 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.
23. Accounting Standard – 18 on related party disclosures issued by the Institute of Chartered Accountants of India does not applied to the Group, as both the Corporations are State controlled enterprises. However following are the key management personnel of the Group: -

NHPC

Whole time Directors:

Shri S.K. Garg	Chairman & Managing Director
Shri S.K. Chaturvedi	Director (Personnel)
Shri S. P. Sen	Director (Technical)-Relieved w.e.f. 08.05.2008
Shri S. K. Dodeja	Director (Projects)
Shri A B L Srivastava	Director (Finance)-Appointed w.e.f. 11.02.2008

NHDC

Shri D.P. Bhargava	Whole time Director & designated as Chief Executive Director
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24. 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.11.12 Crore (Previous year Rs.12.27 Crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house & transit camps are shown as Rent Hiring Charges under Schedule of Generation, Administration and other expenses.

25. Earning Per Share:-

a) **NHPC**

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

	For Year 2007-08	For Year 2006-07
Net Profit after Tax used as numerator (Rs. Crore)	1004.09	924.80
Weighted Average number of equity shares used as denominator		
- Basic	11174850574	10502319459
- Diluted	11183030042	10822615290
Earning Per Share (Rupees)		
- Basic	0.90	0.88
- Diluted	0.90	0.85
Face value per share (Rupees)	10	10

b) **NHDC**

	For Year 2007-08	For Year 2006-07
Net Profit after Tax used as numerator (Rs. Crore)	329.61	454.31
Weighted Average number of equity shares used as denominator		
- Basic	19625800	19625800
- Diluted	19625800	19625800
Earning Per Share (Rupees)		
- Basic	167.95	231.48
- Diluted	167.95	231.48
Face value per share (Rupees)	1000	1000

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

(Rupees in Crore)

	01.04.2007	31.03.2008
Deferred Tax Liability		
i) Depreciation	2507.52	2954.14
Less: Deferred Tax Assets		
ii) Accumulated unabsorbed depreciation	100.27	108.23
iii) Advance against Depreciation to be considered as income in tax computation	131.23	131.23
iv) Provision for doubtful debts, self Insurance, Contingencies and other provisions	179.84	208.63
v) Provision for employee benefit schemes	67.10	76.84
Deferred Tax Liability (Net)	2029.08	2429.21

27. The Management is of the opinion that no case of impairment of assets exists under the provision of Accounting Standard (AS)-28 on Impairment of assets as at 31st March 2008.

28. a) Remuneration paid/payable to Directors:

(Rupees in Crore)

	For Year 2007-08	For Year 2006-07
i) Salaries & Allowances	0.49	0.31
ii) Contribution to Provident Fund	0.04	0.03
iii) Rent for Residential Accommodation	0.10	0.09
iv) Other benefits	0.03	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

29. Remuneration to Statutory Auditors (Rupees in Crore)

	For Year 2007-08	For Year 2006-07
Statutory Audit Fees	0.37	0.28
Tax Audit Fees	0.07	0.05
Audit Expenses	0.27	0.26
Other matters	0.06	0.03
Cost Auditors		
-Audit Fees	0.07	0.06
-Audit Expenses	0.02	0.02

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

		For Year 2007-08	For Year 2006-07
(i)	Licensed Capacity (M.W.)	Not Applicable	Not Applicable
(ii)	Installed Capacity (M.W.)*	4794.20	3714.20
(iii)	Actual Generation (Million Units)**	18094.56	15654.34
(iv)	Actual Sales (Million Units) ***	16181.29	13874.58

*Dulhasti Power station & Omkareshwar Power Station commissioned in current year. Commercial Operation of Unit No. 2 of Teesta V Power Station started from 01.03.2008 (170 MW). Unit No. 1 & 3 of Teesta V Power Station, which has started commercial operation in April 2008 (340 MW) has not been considered in (ii) above

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

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

(Rupees in Crore)

31.

		For Year 2007-08	For Year 2006-07
a)*	Value of imports calculated on CIF basis:		
	i) Capital Goods	20.46	211.80
	ii) Spare parts	1.76	1.18
b)*	Expenditure in Foreign Currency		
	i) Know - How	2.28	2.36
	ii) Interest	97.62	112.38
	iii) Other Misc. Matters	177.92	232.30
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported	4.23 (53.54%)	3.52 (39.82%)
	ii) Indigenous	3.67 (46.46%)	5.32 (60.18%)
d)**	Earnings in foreign currency		
	i) Interest	-	-
	ii) Others	-	-

* Accrual basis.

** Cash basis.

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

(Rupees in Crore)

Principal amount <i>remaining unpaid</i> to Micro, small & Medium enterprise.	NIL
Interest <i>accrued & remaining unpaid</i> to Micro, small & Medium enterprise for the current year.	NIL
Amount of Interest <i>paid</i> during the year along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/rendering of services.	NIL
Amount of interest carried forward from last accounting year with interest for the current year on such interest.	NIL

33. Cash & Cash equivalents includes an amount of Rs.179.21 Crore (Previous year 139.66) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2008.
34. Previous year's figures/opening balances have been regrouped/re-arranged/re-cast wherever necessary.

VIJAY GUPTA
COMPANY SECRETARY

A.B.L. SRIVASTAVA
DIRECTOR (FINANCE)

S.K.GARG
CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi
Dated : 30th May, 2008

CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2008

(Rupees in crore)

	31st March, 2008	31st March, 2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	1488.99	1592.99
ADD :		
Depreciation including Prior period	547.39	361.42
Tariff Adjustment / Advance Against Depreciation	57.27	208.64
Interest excluding rebate	766.27	338.90
Self-Insurance	106.10	75.68
Others Provisions / Adjustments	4.34	11.14
Loss / (Profit) on Sale of Assets	-53.37	0.06
Exchange rate variation/Fluctuation Adjustment account	(136.44)	(1.71)
Dividend Income	(1.31)	(1.29)
	<u>1290.25</u>	<u>992.84</u>
Cash flow from operating activities before working capital adjustments	2779.24	2585.83
Working Capital Changes		
(Increase)/Decrease in Inventories	(6.17)	(2.61)
(Increase)/Decrease in Contract Work in Progress	(419.49)	(186.81)
(Increase)/Decrease in Receivables	(212.00)	(707.51)
Increase/(Decrease) in Trade & Other Payables	<u>1295.76</u>	<u>636.43</u>
	658.10	(260.50)
Cash flow from operating activities before taxes	3437.34	2325.33
Less : Taxes Paid	<u>203.96</u>	<u>214.56</u>
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3233.38	2110.77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/Sale of Fixed Assets & expenditure on construction projects (including incidental expenditure during construction)	(3159.16)	(3241.54)
Sale proceeds on Transfer of Project	105.96	-
Decrease/(Increase) in Investment	273.54	256.44
Dividend Received	<u>1.31</u>	<u>1.29</u>
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(2778.35)	(2983.81)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	630.95
Dividend & Dividend Tax Paid	(369.59)	(276.77)
Dividend Paid to Minority	(33.39)	-
Proceeds from Borrowings	2677.64	2217.90
Repayments of Borrowings	(492.05)	(1187.04)
Interest & Financial Charges	(779.26)	(633.82)
Fund from GOMP	<u>71.20</u>	<u>45.33</u>
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	1074.55	796.55
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1529.58	(76.49)
Cash & Cash Equivalents at the beginning of the year	816.29	892.78
Cash & Cash Equivalents at the close of the year	2345.87	816.29

EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and Cash equivalents consist of Cash on hand and bank balances including cheques / drafts in hands. Further Cash & Cash equivalents includes an amount of Rs 179.21 crore (Previous year Rs 139.66 crore) held by the Corporation towards the margin money for Letter of Credit. The amount includes Self Insurance Reserve and minimum ESCROW balance that are not available for use otherwise by Subsidiary i.e. NHDC Ltd.
- Bonds allotted to the Corporation in discharge of debts and interest earned thereon being related to the core generating activity has been considered as part of cash from Operating Activities.
- Investment in Fixed Assets & Construction Work in Progress excludes interest & financial charges capitalised Rs 273.03 Crores.
- Amount of undrawn loan as on 31.03.2008 Rs 8383.43 Crore (previous Year Rs 7049.86 crore).
- The Previous year's figures have been regrouped / re-arranged / re-cast wherever necessary.

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

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

(SUNIL AGGARWAL)
Partner
M.NO 83899

VIJAY GUPTA
Company Secretary

A.B.L. SRIVASTAVA
Director (Finance)

S.K.GARG
Chairman & Managing Director

Place : New Delhi
Dated : 30th May, 2008



390 MW Dul Hasti Power Station (J&K) - Dam



NHPC Limited

(A Government of India Enterprise)

NHPC Office Complex, Sector - 33, Faridabad - 121 003 (Haryana)
Website : <http://www.nhpcindia.com>