



**35TH ANNUAL
REPORT**

2010-2011



Corporate Vision

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

Corporate Mission

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

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CONSOLIDATED

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CORPORATE PROFILE

FINANCIAL		2010-11	2009-10	2008-09
Sales	**	4046.59	4218.90	2671.85
Miscellaneous income	@	885.52	673.19	589.64
Profit before interest ,depreciation & tax	\$	4208.73	3892.41	2201.76
Profit after interest & depreciation		2878.43	2402.08	1178.34
Profit after interest ,depreciation & tax		2166.67	2090.50	1075.22
Dividend		738.04	676.54	325.00
Reserves & surplus (cumulative)		12283.15	10972.45	6798.13
WHAT CORPORATION OWNS				
Gross Fixed Assets		22874.92	21302.37	21460.08
Depreciation		5774.04	4907.44	3816.27
Net Fixed Assets		17100.88	16394.93	17643.81
Capital Work in progress		15797.03	12802.50	9401.77
Construction Stores and Advances		1325.42	1222.52	1096.85
Investments		5399.50	4394.05	2793.60
Net Current Assets		1098.20	3903.95	605.76
Miscellaneous Expenditure not w/o.		-	-	2.33
		40721.03	38717.95	31544.12
WHAT CORPORATION OWES				
Net Worth				
- Share Capital		12300.74	12300.74	11182.49
- Reserves		12283.15	10972.45	6798.13
Income Received in advance on account of Advance Against Depreciation		1406.55	1437.44	1329.47
Borrowings		14569.26	13868.22	12234.03
Deferred Tax Liability (Net)		161.33	139.10	-
		40721.03	38717.95	31544.12
OPERATING PERFORMANCE				
		2010-2011	2009-2010	2008-2009
Generation (M.U.)		18604	16960	16689
Machine availability (%)		85.20	84.10	93.61
Sales (₹ in crore)		4046.59	4218.90	2671.85
Man power (Nos.)		11420	11712	12028

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

@ Includes receipts against contracts

\$ After prior period adjustments

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(₹ in crore)

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
2243.73	1754.12	1614.11	1449.98	1276.09	1172.23	1221.00
911.77	433.38	359.55	393.80	551.69	302.96	330.40
2201.93	1610.04	1454.71	1438.86	1477.37	1153.39	1183.50
1146.65	1087.74	812.16	777.53	643.48	555.00	513.10
1004.09	924.80	742.75	684.58	621.38	510.50	470.90
300.00	278.00	223.00	140.00	120.00	75.00	50.00
6093.34	5367.05	4709.89	4168.49	3594.27	3065.70	2598.50
20639.51	12943.64	12755.52	10876.28	10342.71	8280.95	8113.50
3262.66	2850.92	2527.83	2148.20	1882.95	1672.19	1526.70
17376.85	10092.72	10227.69	8728.08	8459.76	6608.76	6586.80
6318.64	11399.92	8844.19	8787.19	6975.83	7078.00	5218.30
1077.34	856.43	778.95	770.14	805.55	621.74	525.50
3049.22	3322.75	3832.81	3769.43	3660.87	2415.66	1965.00
713.03	-345.60	-225.34	138.69	107.76	1889.77	1512.20
0.34	25.80	24.55	1.18	0.71	1.20	2.00
28535.42	25352.02	23482.85	22194.71	20010.48	18615.13	15809.80
11182.49	11207.04	10576.09	9933.27	8629.03	7240.61	6345.70
6093.34	5367.05	4709.89	4168.49	3594.27	3065.70	2598.50
1303.26	1245.98	1030.18	1071.15	939.40	801.06	648.40
9956.33	7531.95	7166.69	7021.80	6847.78	7507.76	6217.20
-	-	-	-	-	-	-
28535.42	25352.02	23482.85	22194.71	20010.48	18615.13	15809.80
<u>2007-2008</u>	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>
14813	13049	12567	11286	11046	9863	8912
96.13	94.11	98.16	95.30	96.82	96.62	96.86
2243.73	1754.12	1614.11	1449.98	1276.09	1172.23	1221.00
12341	12768	13118	13470	13648	13017	13054



DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL			2010-11	2009-10	2008-09
A	SALE OF ENERGY	\$	3999.63	4326.87	2698.06
B	ADVANCE AGAINST DEPRECIATION		(46.96)	107.97	26.21
C	OTHER INCOME (INCLUDES CONST. & CONSULTANCY RECEIPT)	#	885.52	673.19	589.64
D	TOTAL INCOME (A)-(B)+(C)		4932.11	4892.09	3261.49
E	GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY EXP.)		723.38	999.68	1059.73
F	GROSS MARGIN (D) - (E)		4208.73	3892.41	2201.76
G	DEPRECIATION		916.74	1033.25	518.24
H	GROSS PROFIT (F) - (G)		3291.99	2859.16	1683.52
I	INTEREST AND FINANCE CHARGES		413.56	457.08	505.18
J	NET PROFIT (H) - (I)		2878.43	2402.08	1178.34
K	TAX		711.76	311.58	103.12
L	NET PROFIT AFTER TAX (J) - (K)		2166.67	2090.50	1075.22
M	INTERNAL RESOURCE GENERATED (G)+(L)+(B)		3036.45	3231.72	1619.67
N	AUTHORISED CAPITAL		15000.00	15000.00	15000.00
O	EQUITY PAID UP CAPITAL	**	12300.74	12300.74	11182.49
P	RESERVE AND SURPLUS		12283.15	10972.45	6798.13
Q	LOAN FUND		14569.26	13868.22	12234.03
R	INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)		1406.55	1437.44	1329.47
S	GROSS FIXED ASSETS		22874.92	21302.37	21460.08
T	DEPRECIATION		5774.04	4907.44	3816.27
U	NET FIXED ASSETS (S) - (T)		17100.88	16394.93	17643.81
V	CAPITAL WORK-IN-PROGRESS		15797.03	12802.5	9401.77
W	CONSTRUCTION STORES AND ADVANCES		1325.42	1222.52	1096.85
X	INVESTMENTS		5399.50	4394.05	2793.60
Y	WORKING CAPITAL		1098.20	3903.95	605.76
Z	MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		-	-	2.33
AA	GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)		40721.03	38717.95	31541.79
AB	NET WORTH (O)+(P)-(Z)		24583.89	23273.19	17978.29
AC	INVENTORY CONSUMPTION IN POWER STATION		3.94	4.28	8.92
AD	VALUE ADDED (A)-(B)-(AC)		4042.65	4214.62	2662.93
	\$		INCLUDING TARIFF ADJUSTMENT , WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS		
	**		INCLUDING SHARE DEPOSIT & GOI FUND ADJUSTABLE TO EQUITY		
	#		INCLUDES RECEIPTS AGAINST CONTRACTS		
	RATIOS		2010-11	2009-10	2008-09
1	RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)		8.08%	7.38%	5.34%
2	RETURN ON NET WORTH (L) / (AB)		8.81%	8.98%	5.98%
3	NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)		9.94%	10.90%	8.47%
4	VALUE ADDED TO NET SALES (AD) / ((A)-(B))		99.90%	99.90%	99.67%
5	DEBT TO EQUITY RATIO (Q) / ((O)+(P))		0.59	0.60	0.68
6	NET PROFIT TO NET SALES (L) / ((A)-(B))		53.54%	49.55%	40.24%

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(₹ in crore)

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
2301.00	1969.93	1661.99	1581.73	1414.43	1324.86	1349.60
57.27	215.81	47.88	131.75	138.34	152.63	128.60
911.77	433.38	359.55	393.80	551.69	302.96	330.40
3155.50	2187.50	1973.66	1843.78	1827.78	1475.19	1551.40
953.57	577.46	518.95	404.92	350.41	321.80	367.90
2201.93	1610.04	1454.71	1438.86	1477.37	1153.39	1183.50
443.74	290.55	269.57	248.97	208.14	140.36	231.60
1758.19	1319.49	1185.14	1189.89	1269.23	1013.03	951.90
611.54	231.75	372.98	412.36	625.75	458.03	438.80
1146.65	1087.74	812.16	777.53	643.48	555.00	513.10
142.56	162.94	69.41	92.95	22.10	44.50	42.20
1004.09	924.80	742.75	684.58	621.38	510.50	470.90
1505.10	1431.16	1060.20	1065.30	967.86	803.49	831.10
15000.00	15000.00	15000.00	15000.00	15000.00	10000.00	7000.00
11182.49	11207.04	10576.09	9933.27	8629.03	7240.61	6345.70
6093.34	5367.05	4709.89	4168.49	3594.27	3065.70	2598.50
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3262.66	2850.92	2527.83	2148.20	1882.95	1672.19	1526.70
17376.85	10092.72	10227.69	8728.08	8459.76	6608.76	6586.80
6318.64	11399.92	8844.19	8787.19	6975.83	7078.00	5218.30
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713.03	-345.60	-225.34	138.69	107.76	1889.77	1512.20
0.34	25.80	24.55	1.18	0.71	1.20	2.00
28535.08	25326.22	23458.30	22193.53	20009.77	18613.93	15807.80
17275.49	16548.29	15261.43	14100.58	12222.59	10305.11	8942.20
6.15	6.56	12.02	7.73	2.67	2.65	6.90
2237.58	1747.56	1602.09	1442.25	1273.42	1169.58	1214.10

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
6.16%	5.21%	5.05%	5.36%	6.34%	5.44%	6.02%
5.81%	5.59%	4.87%	4.85%	5.08%	4.95%	5.27%
7.86%	6.93%	6.88%	6.53%	6.38%	6.30%	7.72%
99.73%	99.63%	99.26%	99.47%	99.79%	99.77%	99.43%
0.58	0.45	0.47	0.50	0.56	0.73	0.70
44.75%	52.72%	46.02%	47.21%	48.69%	43.55%	38.57%



NHPC Limited

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REFERENCE INFORMATION

Registered Office

NHPC Office Complex,
Sector-33, Faridabad- 121003
Haryana

Corporate Office

NHPC Office Complex,
Sector-33, Faridabad-121003
Haryana

Company Secretary

Mr. Vijay Gupta

Registrar & Share Transfer Agent

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

M/s. RCMC Share Registry (P) Ltd., (for Bond)
B-106, Sector-21,
NOIDA - 201 301 (Uttar Pradesh)
Ph.: 0120-4015880
Email: info@rcmcdelhi.com

Shares Listed at:

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Statutory Auditors

M/s SBG & Co,
Chartered Accountants,
E-27, Kamla Nagar,
Delhi -110017

M/s Baweja & Kaul,
Chartered Accountants
15B/B, First Floor
Gandhi Nagar Extn.
Jammu Tawi (J&K) - 180004

M/s Singhi & Co.
Chartered Accountants,
Emerald House, 4th Floor
1-B, Old Post Office Street
Kolkata - 700 001
West Bengal

M/s A.Kayes & Co.
Chartered Accountants,
231, Kamalalaya Centre (2nd & 3rd Floor)
156A, Lenin Sarani
Kolkata - 700 013

M/s Tiwari & Associates
Chartered Accountants,
T-8, Green Park Extension
New Delhi – 110 016

Bankers

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

LETTER TO SHAREHOLDERS



Dear Shareholders,

It gives me great pleasure to present the Annual Report of your Company for the financial year 2010-11. You will be happy to know that your Company has maintained the growth momentum of earlier years and created new records of performance with respect to financial and operational parameters.

During the year 2010-11, your Company earned a commendable profit of ₹ 2166.67 crore. Similarly, on the operational front, I am proud to state that during 2010-11 your Company generated 18,606 MUs of power which exceeded the annual MoU target of 18,000 MUs for an 'Excellent' rating. You will also be happy to know that the generation of power was higher by 9.70 per cent in 2010-11 as compared to the generation during the previous year.

During the year, your Company faced many challenges ranging from geological ones to those that had to do with local problems but work continued at a fast pace. It was a proud moment for all of us when Shri Sushilkumar Shinde, Hon'ble Union Minister of Power dedicated NHPC's 120 MW Sewa-II Power Station in Jammu and Kashmir to the nation on 29 September 2010. With the commissioning of Sewa-II, NHPC's installed capacity increased to 5,295 MW through its 14 operating power stations (including the 1,000 MW Indira Sagar and 520 MW Omkareshwar Power Stations of NHDC Limited, a subsidiary of NHPC and the Government of Madhya Pradesh). During the 11th Plan period, NHPC added 1,150 MW to its capacity through three projects (the 510 MW Teesta-V in Sikkim, 120 MW Sewa-II in Jammu and Kashmir and the 520 MW Omkareshwar of NHDC in Madhya Pradesh). NHPC is currently engaged in the construction of 10 hydroelectric projects with a combined installed capacity of 4,502 MW in the states of Jammu and Kashmir, Himachal Pradesh, West Bengal, Arunachal Pradesh and Assam. Seven new projects with a combined capacity of 5,965 MW are in the clearance and approval stages. These projects will come up in the states of Arunachal Pradesh, Sikkim and Uttarakhand. With the commissioning of these projects, NHPC aspires to become a 9,500 MW company in the coming years.

NHPC is also keen to harness the hydropower potential in the states through joint ventures. The Company has been actively pursuing business development and has entered into various agreements for expanding its business portfolio. Eight projects, totaling 4,006 MW of power, are to be implemented as joint ventures. A joint venture company, the Loktak Downstream Hydroelectric Corporation Limited, has been incorporated for executing the 66 MW Loktak Downstream Project in Manipur with a 74 per cent shareholding by NHPC and 26 per cent by the Government of Manipur. Another joint venture company, Chenab Valley Power Projects (Pvt.) Limited, has been formed in which NHPC, JKSPDC and PTC are partners on a 49:49:2 basis for taking up three projects, totaling 2,120 MW in the Chenab river basin in Jammu and Kashmir. Another joint



NHPC Limited

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venture company with SJVN Limited and the Government of Manipur to implement the 1,500 MW Tipaimukh Hydroelectric (multipurpose) Project in Manipur is in an advanced stage of formation with shareholding of NHPC, SJVNL and the Government of Manipur being 69, 26 and 5 per cent respectively. NHPC has signed one more MoU for a joint venture company with OHPC and the Government of Orissa to implement three hydroelectric projects —SINDOL—I,II and III, with a total capacity of 320 MW on the Mahnandi river, downstream of Hirakund in Orissa. The shareholding of the JVC will be 51:49 between NHPC and OHPC.

NHPC is committed to maintaining a leading position in the hydropower sector and also expanding its business domain. The Company is making a foray in the thermal power business through its subsidiary NHDC which has been entrusted with the task of setting up the 1,320 MW Reva Thermal Power Project in Khandwa district by the Government of Madhya Pradesh. Also, your Company is in the process of establishing a wind power plant near the Salal Power Station in the Bidda district of Jammu and Kashmir.

Your Company is emerging as a pioneer in providing consultancy services in the field of hydropower with its in-house expertise. The Company plans to continue expanding its international operations and help in harnessing the hydropower potential available internationally by leveraging its existing relationships and goodwill earned through past consultancy assignments. The expertise available with NHPC is being utilized for hydropower development in countries like Bhutan, Myanmar and Tajikistan. NHPC has been entrusted with the task of preparing DPRs of the 670 MW Chamkarchhu-I and 1,800 MW Kuri-Gongri HE projects in Bhutan. NHPC has also been appointed as the engineering and design consultant for the execution of the 720 MW Mangdechhu HE Project in Bhutan. Your Company has also been designated as the executing agency for the 1,200 MW Tamanthi and 642 MW Shwezaye Hydropower Projects in Myanmar. NHPC signed a MoU with Russia's largest power generating company, JSC Rus Hydro, on 23 May 2011 in New Delhi for cooperation in the field of hydropower. This MoU heralds a new beginning in the development of hydro projects.

Your Company is ever dedicated to nation building and is part of the national programme of providing electricity in the remote and far-flung corners of the country. Under the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) your Company completed the electrification of 2,667 UE/DE villages and provided 7.48 lakh BPL connections. As on 31.03.2011, the cumulative achievements for UE/DE villages, PE villages and BPL connections were 8,632, 14,419 and 16.28 lakh respectively. Your Company is also executing 66 KV transmission lines in the Leh and Kargil districts of Jammu and Kashmir under RGGVY. NHPC has also been entrusted with the construction of rural roads and their maintenance under the Pradhan Mantri Gram Sadak Yojana (PMGSY) in six districts of Bihar. You will be happy to know that so far your Company has completed 1,627 km of the roads at a cost of ₹ 818.93 crore.

I am delighted to tell you that NHPC's constant efforts in developing clean and green power have not gone unrecognized and your Company has won many laurels across the industry at various platforms. Your Company was conferred with the 'India Power Award 2010' by the Council of Power Utilities for 'Social and Community Impact' for its outstanding work under Corporate Social Responsibility. NHPC was also conferred with the 'Best PSU in Creating Alternative Energy Resources Award' at the 2nd Infrastructure Excellence Awards. NHPC was adjudged as the top Indian company in the power sector at the Dun & Bradstreet- Rolta Corporate Awards 2010 for its contribution to the Indian economy and was also conferred with the 'Gentle Giants Award' under the non-manufacturing Mini-Ratna Category by the Dalal Street Investment Journal. NHPC was also given the 'CIDC Vishwakarma Award 2011' under the category 'Social Responsibility'.

The 45 MW Nimoo-Bazgo and 44 MW Chutak Projects in Jammu and Kashmir have been registered by the CDM Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC) in pursuance of securing benefits from NHPC's hydropower projects under the Clean Development Mechanism (CDM). NHPC's 510 MW Teesta-V Power Station has been successfully validated under the Voluntary Emission Reduction Scheme.

Your Company gives prime importance to the promotion of the Rajbhasha, which is reflected in its daily use across its offices. I am very happy to inform you that last year NHPC was awarded the First Prize by the Department of Official Languages, Ministry of Home Affairs, Government of India, under the Indira Gandhi Rajbhasha Award programme for outstanding work in implementing Rajbhasha among Public Sector Undertakings located in Region 'A' for the year 2008-09. This is the highest award for Rajbhasha implementation in the Union Government. NHPC also received the First Prize for 2008-09 and the Second Prize for 2009-10 for outstanding work in implementing Rajbhasha among Power Sector Utilities.

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Your Company continues to maintain its strong commitment towards the environment and is spearheading the Government's green drive in the power sector. NHPC has given paramount importance to executing and operating its projects in an environment-friendly and socially responsible manner. In the event of any adverse impact on the environment from its construction activities, your Company takes care to mitigate such impact through compensatory measures. Your Company takes its social responsibility very seriously which is why it takes a special interest in Project Affected Families (PAFs). Its policy provides certain extra benefits over and above those proposed in NRRP 2007. The policy addresses issues related to loss of land, houses, other resources and means of livelihood of PAFs. Your Company lays emphasis on the economic sustenance of PAFs.

Your company is committed to set the highest standard of Corporate Governance. During the year, Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by DPE have been made mandatory. These have become applicable to your company as well. During the year, your company has complied with all the requirements of the Corporate Governance.

NHPC is constantly shaping itself to be a dynamic, robust and modern organization. The IT initiative of the Specialized Enterprise Resource Planning (ERP) system has been successfully implemented across the Company to efficiently manage the utilization of generating assets and for expeditious implementation of construction projects thereby improving the quality and profitability of the organization. An online project monitoring centre has been set up in the corporate office supporting video conferencing and influencing live video feeds from cameras installed at various NHPC locations. Your Company has also established facilities for online web casting for live coverage of important events/announcements/briefings by senior management for all locations.

No company can be successful without the support of its workforce. The true strength of NHPC lies with its 11,350 strong skilled manpower which is well versed in investigating, planning, designing and executing hydropower projects and also in their operations and maintenance. Your Company constantly endeavours to maintain employee morale. It has undertaken numerous HR initiatives to create an ideal work atmosphere and create a perfect work-life balance for its employees. Your Company has executed many strategic training programmes to keep its employees abreast with the latest trends and techniques at the workplace. Training was imparted across all levels to over 98 per cent of the employees last year relating to the operation and maintenance of power stations. Your Company also maintained excellent industrial relations last year due to which no single man-day was lost. Your Company is also dedicated towards the National Skill Development Mission of the Government of India and has adopted 11 ITIs in Jammu and Kashmir, Uttarakhand and Arunachal Pradesh so far through Public Private Partnership(PPP)/Vocational Training Improvement Programme (VTIP)/Centre of Excellence (CoE) Scheme.

We are grateful for the guidance and encouragement of the Ministry of Power, Central Electricity Authority, Central Electricity Regulatory Commission and the Planning Commission who inspire us to improve our performance across all fronts every year. We are thankful to other bodies including Ministries of Heavy Industry & Public Enterprises, Finance, Home, Defence, External Affairs, Environment and Forests, New & Renewable Energy, the Central Water Commission and State Governments including Electricity Boards for their constant support. We are also thankful for the faith imposed in the Company by bankers and lenders including foreign institutions.

I would like to place on record my appreciation for the invaluable contributions of my fellow Members on the Board which have been extremely vital for taking NHPC to greater heights of achievement. I thank each and every NHPC employee for the special role that they are playing in the Company's growth and in shaping its future. I take this opportunity to express my gratitude to our valued stakeholders whose constant support and cooperation has encouraged us to work harder towards taking the Company forward. We look forward to your continued support and guidance in the future which will help us move ahead in contributing to the growth of the Indian economy in an environment friendly and socially responsible manner.



A.B.L. Srivastava
(Chairman & Managing Director)

Place: Faridabad

Date: 12.08.2011



NHPC Limited

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NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of the members of NHPC Limited will be held at 3.30 P.M. on Monday, 19.09.2011 at Magpie Tourist Resort, Sector-16A, Mathura Road, Faridabad -121002 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and Profit & Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year 2010-2011.
3. To appoint a Director in place of Shri D.P. Bhargava, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J.K. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix the remuneration of the Auditors for the year 2011-12

By order of the Board of Directors

(Vijay Gupta)

Company Secretary

Regd Office:

NHPC Office Complex,
Sector-33, Faridabad-121003,
(Haryana).

Date : 12.08.2011

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME TO THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.**
2. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri D.P. Bhargava, Shri J.K. Sharma, Directors retiring by rotation and seeking re-appointment under item Nos. 3,4 aforesaid in accordance with applicable provisions of the Articles of Association of the Company is annexed hereto and form part of the notice. The tenure of Shri D.P. Bhargava and Shri J.K. Sharma is for 5 years from the date of appointment i.e. 26.03.2009 and 10.04.2009 respectively as per terms of their appointments issued by the Government of India.
3. The Register of Members and share Transfer Books of the company will remain closed from September 06, 2011 to September 19, 2011 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after September 24, 2011 to the Members or their mandates whose names appear on the company's Register of Members on September 19, 2011 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on September 5, 2011.
4. Members are requested to:
 - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.

- iii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
 - iv) quote their Folio/ Client ID& DP ID Nos. in all correspondence.
 - v) **Note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium/venue.**
 - vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. Those holding shares in Electronic Form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/Registrar & Share Transfer Agent/DP with complete details need not send it again.
- The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
6. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent alongwith relevant Share Certificates.
7. SEBI has made it mandatory for the transferee(s) to furnish copy of PAN card to the Company/ Registrar & Share Transfer Agent for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical form should attach a copy of their PAN card for every transfer request sent to the company/ Registrar & Share Transfer Agent.
8. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 the dividend amounts which remain unpaid /unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.
9. Members may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the companies (Central Government's) General Rules and forms, 1956 any person to whom their shares in the Company shall vest on occurrence of events stated in the form. Form-2B is to be submitted in duplicate to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
10. Annual listing fee for the year 2011-12 has been paid to all Stock Exchanges wherein shares of the Company are listed.
11. Pursuant to Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India(C&AG) and in terms of Clause (aa) of sub-section (8) of Section 224 of the Companies Act, 1956 their remuneration is to be fixed by the Company in Annual General Meeting or in such manner as the Company in general meeting may determine. The members of the Company in their 34th Annual General Meeting held on September 22, 2010 authorized the Board of Directors to fix the remuneration for the year 2010-11. Accordingly, the Board of directors have recommended a sum of ₹ 30,00,000/- as remuneration to the Statutory Auditors for the year 2010-11 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses. The Auditors for the year 2011-12 are yet to be appointed by the C&AG. The Members may consider and authorize the Board to fix an appropriate remuneration of Auditors for the year 2011-12 as may be deemed fit by the Board.
12. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
13. Members are requested to notify immediately any change of address:
- i) to their Depository Participants(DP) in respect of shares held in dematerialized form and
 - ii) to the Company at its Registered Office or to its Registrar & Share Transfer Agent, Karvy Computershare Private Limited in respect of their physical shares, if any, quoting their folio number.
14. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Shri A.B.L. Srivastava, Director (Finance) and public spokesperson Shri R.S.Batra, Chief (Finance) of the Company at the registered office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.



15. None of the Directors of the Company in any way related to each other.
16. All documents referred to in the accompanying notice are open for inspection at the registered office of the company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.
17. Members may write to the Company Secretary of the Company for the annual report of the subsidiary companies. The annual accounts of the subsidiary companies shall also be available for inspection by any shareholders at the Registered office of the Company.
18. The members can also access the annual report electronically using the link: <http://nhpc-reports.nic.in/index.htm>

Important communication to members

To allow paperless compliances by the companies, the Ministry of Corporate affairs has taken a "Green Initiative in the Corporate Governance". It has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register and who have registered may kindly update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

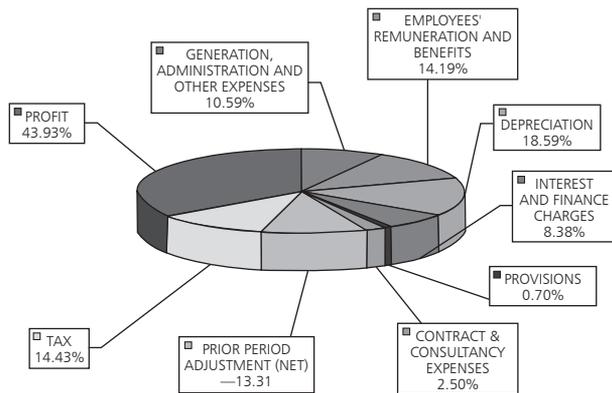
BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION

Directors seeking re-election at the 35th Annual General Meeting.

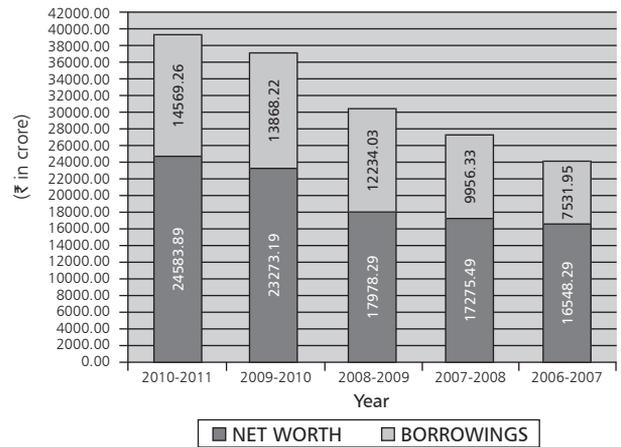
Name	Shri D.P. Bhargava	Shri J.K. Sharma
Date of Birth	01.04.1956	30.09.1958
Date of Appointment	26.03.2009	10.04.2009
Qualification	He holds a bachelor's degree in electrical engineering from the University of Roorkee.	He did graduation in Civil Engineering from University of Indore. He is a member of the American Society of Civil Engineers. He is also a fellow of the Institute of Engineers and Chartered Engineers, India.
Expertise in specific functional area	He has approximately 33 years of experience in the hydro power sector. He has worked with Nathpa Jhakri Hydro Power Station of Satluj Jal Vidyut Nigam Limited and was also the Chief Executive Director of our Subsidiary, NHDC. He has also served as the Executive Director (Projects) of our Company. He joined our Board on March 26, 2009. He is currently in charge of activities including Design & Engineering of projects under Construction, Commercial, Consultancy & Business Development, Planning, Quality Assurance & Inspection and Operation & Maintenance of Power Stations.	He has over 31 years of experience in the hydro sector in India and abroad. Prior to joining our Company, he served as the Director (Civil) in the Satluj Jal Vidyut Nigam Limited. He is a recipient of the Rashtriya Gaurav Award and the Mother Teresa Excellence Award. He joined our Board on April 10, 2009. He is currently in charge of Construction, Surveys and Investigations of Projects, Information & Technology (IT) and Construction Equipment Planning (CEP).
Directorship held in other companies	NIL	NIL
Membership/ Chairmanship of Committees across all public companies (as per clause 49 (c) of the listing agreement)	NIL	NIL
Number of shares held	20000	4550

NHPC'S PERFORMANCE

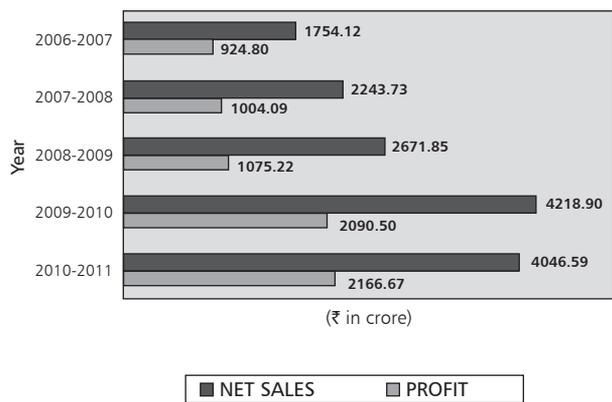
ANALYSIS OF REVENUE 2010-2011



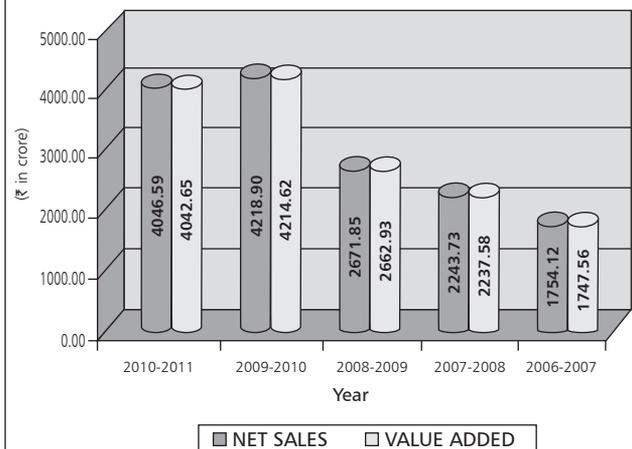
NET WORTH V/S BORROWING



NET SALES V/S PROFIT



NET SALES V/S VALUE ADDED



DIRECTORS' PROFILE

Shri A.B.L. Srivastava



Shri A.B.L. Srivastava (DIN: 01601682) 56 years, is the **Director (Finance) and Chairman and Managing Director**. He holds a master's degree in business finance and commerce. He is also a member of the Institute of Chartered Accountants of India (ICAI).

Shri Srivastava has made significant contributions to the growth and success of NHPC. He has been responsible for project finance, including resource mobilization, financial restructuring and fund raising from both domestic and international sources and also its optimum utilization. Shri Srivastava has been instrumental in designing adequate internal control systems to enable NHPC to adopt corporate governance practices.

Prior to joining NHPC, Shri Srivastava worked with REC in various capacities. He was also on the Board of the REC Power Distribution Company, a wholly owned subsidiary of REC. Shri Srivastava is also on the Board of PTC India Limited as a Nominee Director since May 2008.

Shri Srivastava was actively involved in the disinvestment programme of both REC as well as NHPC Limited. He is one of the recipients of the prestigious Special Achiever Award-2010 given by ICAI in recognition of his professional achievements. Shri Srivastava also holds additional charge of CMD from 1.1.2011 in NHPC along with its subsidiary companies NHDC Limited (a joint venture with the Government of Madhya Pradesh). He is also the Chairman of Loktak Downstream Hydroelectric Corporation Limited. (a joint venture with the Government of Manipur). He joined the NHPC Board as Director (Finance) in February 2008.

Shri D.P. Bhargava



Shri D. P. Bhargava (DIN: 01277269) 55 years, is **Director (Technical)**. He is in charge of activities, including design and engineering of projects under construction, commercial, consultancy and business development, planning, quality assurance, inspection and operation & maintenance of power stations.

Shri Bhargava holds a bachelor's degree in electrical engineering from the University of Roorkee and has about 33 years of experience in the hydro power sector. He has worked with the Nathpa Jhakri Hydro Power Station of the Satluj Jal Vidyut Nigam Limited and was also the Chief Executive Director of NHDC Ltd, a subsidiary of NHPC Ltd. Besides this, Shri Bhargava also served as the Executive Director (Projects) of NHPC Ltd. He joined the NHPC Board on 26 March 2009.

Shri J.K. Sharma



Shri J. K. Sharma (DIN: 00387785) 53 years, is **Director (Projects)**. He is currently in charge of construction, surveys and investigations of projects, information and technology (IT) and construction equipment planning (CEP)

Shri Sharma has a bachelor's degree in civil engineering from the University of Indore and is a member of the American Society of Civil Engineers. He is also a fellow of the Institute of Engineers and Chartered Engineers, India. He has over 31 years of experience mainly in the hydro sector both in India and abroad.

Prior to joining NHPC, Shri Sharma served as the Director (Civil) in the Satluj Jal Vidyut Nigam Limited. He is a recipient of the Rashtriya Gaurav Award and of the Mother Teresa Excellence Award. He joined the NHPC Board on 10 April 2009.

Shri Radheshyam Mina



Shri Radheshyam Mina (DIN: 00149956) 54 years, is **Director (Personnel)**. Presently, he is in charge of human resource management, human resource development, Rajbhasha, legal, corporate communication, estate and facility management services.

Shri Mina holds a bachelor's degree in electrical engineering from Maulana Azad College of Technology, Bhopal and a master's degree in business administration with specialization in financial and human resource management from the Indira Gandhi National Open University (IGNOU). He has over 31 years of experience, including 30 years in the power sector.

This is Shri Mina's second term with NHPC. Earlier he worked with the company from 1 May 1981 to 18 November 1991. He left NHPC to join the Power Grid Corporation of India Limited and re-joined NHPC on 18 December 1998. Prior to joining the NHPC Board, Shri Mina served as Executive Director (consultancy and business development) and as Executive Director, Region-III, Kolkata. He joined the NHPC Board on 28 April 2009.

Shri Rakesh Jain



Shri Rakesh Jain (DIN: 02682574) 54 years, is an **official part-time Director**. He holds a master's degree in physics from Delhi University. He is an officer of the Indian Audit and Accounts Service (1981) and is currently the Joint Secretary & Financial Advisor (JS&FA) in the Ministry of Power. He is a Government Nominee Director on the Board of Directors of NTPC Limited, NHPC Limited, PFC Ltd, Power Grid Corporation of India Limited under the Ministry of Power.

Before joining the Ministry of Power, Shri Jain held various positions such as Director General (Accounts, Entitlement, Complaints and Information System), Principal Director Office of the Comptroller & Auditor General of India, Accountant General (AG) (Audit), Rajasthan, AG (AE-11) Madhya Pradesh, Principal Director (Commercial Audit), Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He joined the NHPC Board on 29 September 2009.

Shri Sudhir Kumar



Shri Sudhir Kumar (DIN: 02669103) 55 years, is an **official part-time Director**. He holds a master's degree from the Delhi School of Economics, University of Delhi. He was selected for the Indian Administrative Service in 1982 and allotted to the Bihar Cadre. As Deputy Development Commissioner, Ranchi and Deputy Commissioner, Dumka, he started the 'Jal Hai Jaan Hai' scheme for poor tribals under the Government's Million Well Programme. Under this scheme, over 50,000 irrigation wells and tanks, hundreds of check dams and lift irrigation schemes were constructed.

Shri Kumar has also made achievements as the District Magistrate, Sitamarhi Deputy Commissioner, Dhanbad and Commissioner Commercial Taxes, Jharkhand.

As Officer on Special Duty to the Minister for Railways, Shri Kumar assisted the Minister in transforming the financial health of the railways from a state of a terminal debt trap to one of the biggest money spinners in the country.

Shri Kumar was conferred the Public Service Excellence Award by the All India Management Association for 2008. He was also conferred the Director's Special Award by the Indian Institute of Public Administration, New Delhi for 2007 for the historic turnaround of Indian Railways. He joined the NHPC Board on 21 October 2009.

Shri K. Dharmarajan



Shri K. Dharmarajan (DIN:02322767) 67 years is an **Independent Director**. He holds a bachelor's and a master's degree in physics from St. Stephen's College, University of Delhi and a master of science degree in energy management and policy from the University of Pennsylvania, USA. A retired member of the Indian Administrative Service he has 45 years of diverse experience with expertise in the fields of energy, finance, administration, trade and commerce, urban governance and poverty. He has held several posts in Central State and Governments, including those in the Ministry of Energy and Urban Development, Government of India; the Tamil Nadu Electricity Board and Commercial Taxes Department, Government of Tamil Nadu. He has also served as the Director General of the Indian Institute of Foreign Trade and the Chairman of the Expert Committee for Property Tax Reforms, Delhi Government and the Hardship and Anomaly Committee for Tax Delhi. He is presently Chairman of an expert committee on Municipal Corporation of Delhi reforms. He has also undertaken several consultancy assignments for United Nations Agencies, the World Bank, the Asia Pacific Development Centre and other multilateral national level organizations. He joined the NHPC Board on 3 September 2008. And his current term is expiring on 2nd September 2011.

Shri A. GopalaKrishnan



Shri A Gopalakrishnan (DIN: 02880344) 59 years, is an independent Director and senior **partner** in one of the oldest and most reputed firms of Chartered Accountants M/s K. Ventkatachalam Aiyer and Co. headquartered at Thiruvananthapuram. He stood 13th at the all-India level in the CA final examination held in May 1974 and 36th in CA intermediate. He held membership in the State Council of Confederation of Indian Industry, Kerala Region and Centre for Taxation Studies Thiruvananthapuram. He is associated with the Education Trust as Chief Sevak of the Chinmaya Mission Educational and Cultural Trust, Ernakulam. He is the founder President of Chinmaya Vidyalaya, Kottayam. He was the Chairman of the Kottayam branch of the Institute of Chartered Accountants of India (1999-2000). Shri Krishnan has been faculty for the Coaching Board classes for CA intermediate and final students. He was the Convener of the Economic Affairs and Taxation panel of CII Kerala region for 2007-08 and Director of Dena Bank up to December 2009 and Chairman of the Audit Committee to the Board of Dena Bank.

Shri Gopalakrishnan has presented papers and written articles on various subjects in conferences and seminars organized by various professional bodies like ICAI. He joined the NHPC Board on 15 December 2009.

DIRECTORS' REPORT

To the Members,
NHPC Limited,

The directors' have immense pleasure in presenting the 35th Annual Report on the performance of your Company, along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the financial year ended 31st March 2011.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March 2011 are summarized in Table 1

Table-1

FINANCIAL HIGHLIGHTS

(₹ in Crore)

PARTICULARS	2010-11	2009-10
Sales	3999.63	4261.18
Profit before Depreciation, Interest and Tax	4208.73	3878.03
Depreciation	916.74	1018.87
Profit after Depreciation but before Interest and Tax	3291.99	2859.16
Interest & Finance Charges	413.56	457.08
Profit after Depreciation and Interest but before Tax	2878.43	2402.08
Tax	711.76	311.58
Profit after Depreciation, Interest and Tax	2166.67	2090.50
Surplus of Profit and Loss Account of earlier years	3150.50	1963.66
Amount written back from Bond Redemption Reserve	14.25	14.25
Amount written back from Self Insurance Reserve	0.04	-
Tax on Dividend-written back	1.80	3.98
Balance available for appropriation	5333.26	4072.39
Appropriations		
Transfer to Bond Redemption Reserve	100	100
Transfer to Self Insurance Fund	39.31	32.99
Interim Dividend	-	-
Proposed Final Dividend	738.04	676.54
Tax on Proposed Dividend	119.73	112.36
Balance carried over to Reserves and Surplus	4336.18	3150.50

2. POWER GENERATION

The 12 operating NHPC power stations, located in different parts of the country, generated 18606 MUs of power during 2010-11. This exceeded the Memorandum of Understanding (MoU) target of 18000 MUs for "Excellent" rating by 606 MU. The generation in 2010-11 was higher by 9.70 per cent as compared to the generation during the previous year. During the year, the 120 MW SEWA-II Power Station (3x40) 120 MW was dedicated to the nation in September, 2010. The overall power generation by your Company includes 363 MUs from this project.

3. PROPOSED DIVIDEND

Your Directors have recommended a dividend of Re. 0.60 per share (excluding dividend tax) for the year 2010-11. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay out for the year amounting to ₹ 738.04 crore represents 34.06 per cent profits after tax.

4. CAPITAL STRUCTURE

Your Company's paid up capital remained at ₹ 12300.74 crore during the year.

5. STATUS OF ONGOING PROJECTS

During the year, your Company had to face many challenges including geological obstacles, natural calamities and local problems, but construction activities continued at a good pace and the projects are in various stages of completion. Presently your Company is engaged in the construction of hydroelectric projects with an installed capacity of 4502 MW as per the details given in Table 2. Six projects - Teesta Low Dam III, Uri II, Chamera III, Nimoo Bazgo, Chutak and Parbati-III are in advanced stages of completion.

Table 2: Details of hydroelectric projects under construction

Hydroelectric Projects	State	Proposed Installed Capacity (MW)
Teesta Low Dam III	West Bengal	132
Uri II	Jammu and Kashmir	240
Chamera III	Himachal Pradesh	231
Teesta Low Dam IV	West Bengal	160
Nimmo Bazgo	Jammu and Kashmir	45
Parbati III	Himachal Pradesh	520
Parbati II	Himachal Pradesh	800
Chutak	Jammu and Kashmir	44
Subansiri Lower	Assam/ Arunachal Pradesh	2,000
Kishanganga	Jammu and Kashmir	330
Total		4,502

6. COMMERCIAL PERFORMANCE

Your Company's commercial performance has been highly satisfactory. It achieved 100 percent sales realization of tariff charges as compared to 97 per cent last year.

The Central Electricity Regulatory Commission (CERC) under the Regulations has notified the terms and conditions for determining tariff, which is effective from 1st April, 2009 for a period of five years. The petitions for all 12 power stations have since been filed and tariff for three power stations has already been approved.

7. PROJECT MANAGEMENT

An online Project Monitoring Centre has been set up at the corporate office to support video conferencing and provide live video feeds from cameras installed at strategic locations in projects under construction to facilitate the analysis of data on physical progress.

8. NEW SCHEMES

Projects in the Clearance/Approval Stages:

Details of the projects which are under clearance/approval stages are given in Table-3.

As a part of its future expansion programme seven projects of your Company are under various stages of approval. In addition to these four projects with a capacity of 3620 MW are to be executed through JVCs with State/Government PSUs.

Table 3: Projects under clearance/approval

UNDER NHPC STAND ALONE

Sr. No	Name of the project	Capacity
1	Kotli Bhel I-A, Uttarakhand	195 MW
2	Kotli Bhel I-B, Uttarakhand	320 MW
3	Kotli Bhel II, Uttarakhand	530 MW
4	Teesta-IV, Sikkim	520 MW
5	Dibang, Arunachal Pradesh	3,000 MW
6	Tawang-I, Arunachal Pradesh	600 MW
7	Tawang-II, Arunachal Pradesh	800 MW
Total		5965 MW

JOINT VENTURE COMPANIES

*8	Pakal Dul and others , Jammu & Kashmir	2120 MW
9	Tipaimukh, Manipur	1500 MW
Total		3620 MW
Grand Total		9585 MW

* NHPC has incorporated a new joint venture (JV) company i.e Chenab Valley Power Projects (P) Ltd in June,2011 to execute Pakul Dul and other hydroelectric projects, with an aggregate installed capacity of about 2100 MW in the Chenab basin in the state of Jammu & Kashmir. The equity share capital in the Chenab Valley Power Projects shall be contributed by NHPC, Jammu and Kashmir State Power Development Corporation and PTC India in the ratio of 49:49:2 respectively.

9. PROJECTS UNDER DPR/FR PREPARATION

Your Company has undertaken preparation of Detailed Project Reports (DPRs), Feasibility Reports (FRs) and Surveys and Investigations for five projects of the 2155 MW capacity which are under various stages of clearances. The details are given in Table 4.

Table 4: DPRs, FRs and Surveys and Investigations

Sl.No	Projects	Capacity
1	Bursar, J&K	1,020 MW
2	Chungar Chal, Uttarakhand	240 MW
3	Garba Tawaghat, Uttarakhand	630 MW
4	Karmoli Lumti Tulli, Uttarakhand	55 MW
5	Lachen, Sikkim	210 MW
	Total	2155 MW

10. GLOBAL INITIATIVES

Under the 'Action Plan' on India-Bhutan cooperation for developing 10000 MW of hydro power by 2020, the following developments took place during the year:

NHPC was entrusted with the work of preparing DPRs of Chamkharchhu-I H.E. Project (670 MW) and the Kuri Gongri H.E. Project (1800 MW) in Bhutan by the Ministry of Power.

In March 2010 an agreement was signed between NHPC and the Department of Energy, Royal Government of Bhutan for providing engineering consultancy services for pre-construction activities at the Mangdechhu H.E. Project (720MW) in Bhutan.

Further, your Company undertook the following consultancy services:-

- Additional investigations and preparation of updated DPRs for the 1200 MW Tamanthi and the 642 MW Shwezaye hydro power and multipurpose projects in Myanmar, as a consultancy assignment with the Ministry of External Affairs (MEA), Government of India.
- Varzob-I H.E. project in Tajikistan. The work of RMU of the project is assigned to NHPC under a tripartite agreement signed between MEA, BHEL and NHPC.

11. CONSULTANCY & BUSINESS DEVELOPMENT SERVICES

NHPC is providing consultancy services in the following fields of hydro power — river basin studies, survey work, design and engineering, geological and geotechnical studies, hydraulic transient studies, hydrological studies, contract management, construction management, equipment planning, underground construction, testing, commissioning and operation and maintenance.

The major consultancy assignments undertaken by your Company include assignments from Central and State Government agencies like State Electricity Boards and Public Sector Undertakings.

NHPC is registered with international financial agencies and the Central Water Commission, as a Consultant in the area of hydro power.

12. RGGVY-RURAL ELECTRIFICATION (RE) PROJECTS

Your Company is implementing rural electrification projects under the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) in 27 districts spread over the five States of West Bengal, Bihar, Jammu and Kashmir, Chhatisgarh and Orissa at an estimated cost of approximately ₹ 2900 crore.

The scope of work includes electrification of 29709 villages (9504 unelectrified/de-electrified (UE/DE) and 20205 PE villages) and providing service connections to 20.49 lakh BPL households.

During 2010-11, NHPC completed 2667 UE/DE villages and provided 7.48 lakh BPL connections. As on 31.03.2011, the cumulative achievements for UE/DE villages, PE villages and BPL connections was 8632, 14419 and 16.28 lakhs respectively.

NHPC is also executing 66 KV transmission lines in the Leh and Kargil districts of Jammu and Kashmir under RGGVY.

13. RURAL ROADS PROJECT

NHPC has signed a MoU with the Ministry of Rural Development, Government of India and the Government of Bihar for constructing rural roads under the Pradhan Mantri Gram Sadak Yojna (PMGSY). These roads in six districts of Bihar will also be maintained by your Company.

Under this scheme, 832 roads totaling 3517 km with a cost of ₹ 1921 crore have been cleared by the Ministry of Rural Development, Government of India.

Your Company has so far completed 333 roads with a length of 1627 km (full length) at a cost of ₹ 818.93 crore.



14. INFORMATION TECHNOLOGY & COMMUNICATION

After implementing all modules of ERP in the last three years, the key functions of the organization have now been totally IT enabled with a major focus on the management of projects under construction and also the operations and maintenance of power stations.

The IT and Communication infrastructure has been upgraded in over 50 locations to support the increased dependence on IT. Necessary IT security measures have been put in place to ensure security of all information assets of the organization.

NHPC has created a policy framework for managing the IT systems and assets that it owns so that these are optimally used in a secure manner.

15. TRAINING & HUMAN RESOURCE DEVELOPMENT

As a part of its commitment to training, your Company has set up training centres in various power stations. It has also developed learning ventures with leading educational institutions in the country for skill and knowledge enrichment of all sections of its employees. The training programmes are designed and conducted on both existing and upcoming technologies in the power sector.

Special training programmes were organized for creating awareness about the features of the reservation policy and other essential provisions for employees in the SC/ST/OBC category.

16. EMPLOYEE RELATIONS

During the year, industrial relations were cordial and harmonious at all NHPC projects/stations/units. There was no report of any strike or lockout during the period.

Representatives of workmen were allowed to participate in the decision making process, wherever feasible. Scales and Salaries of NHPC Executives were revised during the year, in accordance with the guidelines issued by the Department of Public Enterprises (DPE) based on the recommendations of the 2nd Pay Revision Committee. A wage settlement with workers were signed for the pay revision of the wages. The revision in wages and pay scales of unionized category (workmen) and non-unionized supervisory category have been implemented from 1.1.2007.

Details about industrial relations, women employees, staff welfare and Persons with Disabilities (PwD) are given in the Management and Discussion Analysis Report.

17. RESEARCH & DEVELOPMENT (R&D)

NHPC's research and development wing is carrying out several activities in various fields. It is making sustained efforts towards improving self reliance, import substitution, trouble free operations, faster construction, efficiency gains, innovations and cost reductions as well as residual life predictions.

Some specific areas in which R&D activities were carried out during the year include:

- Computational Fluid Dynamics (CFD) analysis of penstock at the Salal Power Station.
- National R&D project development of silt resistant material for hydro generator turbines.
- National Perspective Plan (NPP) projects for R&D - tunneling in water charged zones under high hydrostatic pressure.

18. REHABILITATION & RESETTLEMENT (R&R)

Your Company is sensitive towards the problems, concerns and aspirations of Project Affected Families (PAFs). Hence, NHPC formulated its own Resettlement & Rehabilitation (R&R) Policy in 2007 which is in line with the National Rehabilitation and Resettlement Policy (NRRP), 2007.

Your Company, in its policy has modified the definition of vulnerable persons as to include persons who are disabled, destitute orphans, widows, unmarried girls, abandoned women or persons above 50 years of age who are not provided or cannot immediately be provided with alternative livelihood and who are not covered as part of a family. The main aim behind this redefining of vulnerable persons was to extend the policy to the maximum number of those who are affected.

Your Company's policy provides certain extra benefits over and above those proposed in NRRP 2007. The policy assesses issues related to loss of land, houses, other resources and means of livelihood, etc. of PAFs. It provides an insight into resolving the issues of income generation and concerns of both PAFs and the local people. A major emphasis for your Company is on the economic sustenance of PAFs.

Further, to implement NHPC's R&R policy in its true spirit, an operational manual for effective implementation of various R&R activities has been formulated.

19. VIGILANCE ACTIVITIES

The vigilance division issued a number of preventive/proactive circular in the areas of administrative functioning, works and procurement to ensure good governance by promoting values of ethics and integrity.

In addition, circulars and guidelines issued by the CVC from time to time were re-circulated in the corporation for awareness and implementation.

Your company has signed the MoU with the Transparencies International India.

An integrity pact is being implemented for works and procurement for ₹ 15 crore and ₹ 25 lakhs respectively, this has been implemented as per the guidelines of the CVC.

Your Company has signed a MoU with Transparencies International India.

20. IMPLEMENTATION OF FRAUD PREVENTION POLICY

The fraud prevention policy has been formulated and implemented in your company.

21. IMPLEMENTATION OF OFFICIAL LANGUAGE

The provisions of the Official Language Act and rules were followed in the Company. Efforts were made to increase the progressive use of the official language in accordance with the policy of the Government of India.

Inspections were conducted in the corporate office and at power stations/projects/regional offices to monitor progress. Rajbhasha inspection of our regional office Uttarakhand (Dehradun) was conducted by 2nd Sub- Committee of Parliament on official language. During inspection committee appreciated the official language progress of our company.

A Hindi fortnight was observed from 1-15 September, 2010. Rajbhasha magazine 'Rajbhasha Jyoti' was released during the event Hindi competitions were organized. The All India Hindi Kavi sameelan was organized to promote and propagate the official language Rajbhasha. During the year workshops and training classes in Hindi were also conducted.

A Hindi 'Kavya Path' and 'Bhashan Pratiyogita' were organized for the children of employees at the NHPC residential complex at Faridabad.

NHPC was also conferred with the first prize under the "Indira Gandhi Rajbhasha Shield Yojna" by the Government of India for the year 2008-09, which is the highest award of the Government of India in the field of implementation of Rajbhasha. NHPC also received the Rajbhasha Shield and citation, as first prize for 2008-09 and second prize for 2009-10 under the NTPC Rajbhasha Shield Yojna for outstanding work in implementing Rajbhasha. Apart from this your Company's three regional offices and one power station were also awarded Rajbhasha shields in appreciation of their work by the Ministry of Home Affairs, Government of India.

Your Company also played an important role in the publishing of the 'Power Glossary' by the Ministry of Power.

22. CORPORATE COMMUNICATIONS

The organization's initiatives and achievements were appropriately highlighted through print and electronic media throughout the country, creating awareness among the public about the strengths and capabilities of NHPC in the development of hydro power.

Your Company participated in various exhibitions in India and abroad, in sports related activities under the aegis of the Power Sports Control Board, Ministry of Power and conveyed the message of 'Clean Power Hydro Power'.

Corporate films on NHPC and a film on the environment were screened at a number of platforms.

The bi-monthly NHPC NEWS and the monthly Communiqué continued to be effective tools of internal communication.

As a part of its attempts at propagating Energy Conservation Day 2010, NHPC coordinated a painting competition for school children organized by the Bureau of Energy Efficiency (BEE), Ministry of Power at the national and state levels.

23. AWARDS AND ACHIEVEMENTS

During 2010-11, NHPC received various prestigious awards. Some of these are:

- NHPC was adjudged the top Indian company under the power sector at the Dun & Bradstreet-Rolta Corporate Awards for its contribution to the Indian economy.
- NHPC was conferred with the Best PSU award for creating Alternative Energy Resources.
- The Gentle Giants Award under the Non-Manufacturing-Mini Ratna category by the Dalal Street Investment Journal was given to NHPC.
- India Power award 2010 by the Council of Power Utilities for 'Social and Community Impact' in recognition of NHPC's outstanding work under Corporate Social Responsibility.
- CIDC Vishwakarma Award 2011 under the category Social Responsibility.



24. CORPORATE SOCIAL RESPONSIBILITY

NHPC's commitment to Corporate Social Responsibility (CSR) finds echoes in its Corporate Mission Statement: 'To execute and operate projects in a cost effective, environment friendly and socio-economically responsive manner.'

In line with DPE guidelines on CSR, your Company has formulated a policy on CSR and has undertaken a number of CSR initiatives in the areas of health, education, peripheral development, sports & culture, employment opportunities and the environment for communities living in and around power stations and construction projects.

Various other initiatives like developing herbal parks with medicinal values, afforestation, catchment area treatment (CAT), fisheries management, vocational training programmes, medical camps and infrastructural development were also undertaken during the year.

25. CORPORATE GOVERNANCE

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

26. RIGHT TO INFORMATION ACT, 2005

In compliance with the provisions of the Right to Information Act 2005, your Company provided various documents/records on its website during the year.

To enable nationwide access to information, Assistant Public Information Officers were appointed at each of the power stations/projects/regional offices/units.

All the applications received under the Right to Information Act were attended to and the information furnished to the applicants. Shri S.K. Dubey, Chief Engineer, is designated as the Central Public Information Officer.

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

The information pertaining to conservation of energy and technology absorption and foreign exchange earnings and outgo as required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Repository, the Board of Directors) Rules, 1986 is given in Annexure III and forms part of the Directors' Report.

See Annexure-III to the report for details.

28. PARTICULARS OF EMPLOYEES

This information is required under Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 is given in Annexure-IV to the report.

29. AUDITORS

M/s. SBG & Co., Delhi were appointed as statutory auditors for conducting the audit for 2010-11. Baweja & Kaul, Tiwari & Associates, Singhi & Co. and A. Kayes & Co. were appointed as branch auditors for 2010-11.

30. AUDITOR'S REPORT

The Auditor's Report refers to various notes incorporated by the Company in Schedule 24, which are self-explanatory. The report of the Statutory Auditors and with comments of the Comptroller and Auditor General of India are enclosed as Annexures-V and VI respectively. The consolidated financial statement of the Company along with the Auditor's Report is given in Annexure-VII.

31. COST AUDITORS

As prescribed under the Cost Accounting Records (Electricity Industry) Rules 2001, cost accounts are being maintained by all stations of the Company since 2002-03. The cost audit for 2010-11 is under progress. The following firms of cost auditors were appointed to conduct an audit of cost accounting records of power stations indicated against each firm for the financial year 2010-11 under Section 233-B of the Companies Act 1956:

Name of the Firm	Name of Power Station
M/s K. L. Jaisingh & Co., Noida	Uri-Power Station & Dulhasti Power Station
M/s K. G. Goyal & Associates, New Delhi	Sewa-II H.E Project & Chamera-I Power Station
M/s. S.K. Adya & Co., Faridabad	Dhauliganga Power Station & Tanakpur Power Station
M/s Jugal K Puri & Associates, New Delhi	Bairasiul Power Station & Chamera- II Power Station
M/s. D. Dutt & Associates, Kolkata	Loktak Power Station & Rangit Power Station
M/s R.M Bansal & Co., Kanpur	Salal Power Station & Teesta-V Power Station

The details of the cost audit report filed for the financial year-2009-10 are given below:

Sl. No.	Power Station	Name of Cost Auditor	Member ship No.	Address	Due Date of filing of Cost Audit Report	Actual Date of filing of Cost Audit Report
1	Uri I	K L JAISINGH AND CO., COST ACCOUNTANTS	1222	J-7, SECTOR- XI, JAISINGH HOUSE, NOIDA - 201301	9/27/2010	9/1/2010
2	Dulhasti	K L JAISINGH AND CO., COST ACCOUNTANTS	1222	J-7, SECTOR- XI, JAISINGH HOUSE, NOIDA - 201301	9/27/2010	9/1/2010
3	Salal	K G GOYAL AND ASSOCIATES, COST ACCOUNTANTS	10884	4-A, POCKET 2, MIX HOUSING, NEW KONDLI, MAYUR VIHAR III NEW DELHI- 110096	9/27/2010	9/2/2010
4	Chamera I	K G GOYAL AND ASSOCIATES, COST ACCOUNTANTS	10884	4-A, POCKET 2, MIX HOUSING, NEW KONDLI, MAYUR VIHAR III NEW DELHI- 110096	9/27/2010	9/2/2010
5	Bairasiul	JUGAL K PURI AND ASSOCIATES, COST ACCOUNTANTS	3703	K 19 (GF), SOUTH EXTENSION PART - II, NEW DELHI-110049	9/27/2010	9/8/2010
6	Chamera II	JUGAL K PURI AND ASSOCIATES, COST ACCOUNTANTS	3703	K 19 (GF), SOUTH EXTENSION PART - II, NEW DELHI-110049	9/27/2010	9/8/2010
7	Loktak	D DUTT AND ASSOCIATES, COST ACCOUNTANTS	11633	58, CREEK ROW, KOLKATA - 700014	9/27/2010	9/13/2010
8	Rangit	DGM AND ASSOCIATES, COST ACCOUNTANTS	10223	64 BB GANGULY STREET, 2ND FLOOR, KOLKATA. 700012	9/27/2010	9/2/2010
9	Teesta V	DGM AND ASSOCIATES, COST ACCOUNTANTS	10223	64 BB GANGULY STREET, 2ND FLOOR, KOLKATA. 700012	9/27/2010	9/2/2010
10	Dhauliganga	S K ADYA AND CO., COST ACCOUNTANTS	765	1158/SECTOR -14, FARIDABAD - 121007, Haryana	9/27/2010	9/7/2010
11	Tanakpur	S K ADYA AND CO., COST ACCOUNTANTS	765	1158/SECTOR -14, FARIDABAD - 121007, Haryana	9/27/2010	9/7/2010

32. CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the Audited Consolidated Financial Statements are provided in the Annual Report. A statement of the holding company's interest in the Subsidiary Company is annexed to the report.

33. SUBSIDIARY COMPANIES

Your company has two subsidiary companies - NHDC Limited and Loktak Downstream Hydroelectric Corporation Limited. Detailed information about these companies is given in the Management Discussion Report.

The Annual Accounts along with Report of the Auditors, Directors' Report of the shareholders NHDC Ltd and Loktak Downstream Hydroelectric Corporation Limited are not being attached with the Balance sheet of the company. In accordance to the general circular issued by the Ministry of Corporate Affairs, Government of India any shareholder interested in obtaining a copy of these reports related to the Subsidiary Companies may write to the Company Secretary at the Company's registered office. The information is also available on the NHPC website www.nhpcindia.com.



NHPC Limited

(A Government of India Enterprise)

The annual accounts of the subsidiary will also be kept open for inspection at the Registered Office of the Company and that of the respective of subsidiary companies. The consolidated financial statements presented by the Company include the financial results of its subsidiaries.

The statement under Section 212 of the companies Act, 1956 is annexed to this Report.

34. DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) 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 Company at the end of the financial year and of the profit of the Company for that period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability; and
- iv. The Directors have prepared the annual accounts on a going concern basis.

35. BOARD OF DIRECTORS

Since the last report the Chairman and Managing Director of NHPC Limited Shri S.K.Garg superannuated on 31.12.2010. The following independent directors have also completed their tenures:

Smt. Komal Anand, Independent Director, ceased to be Director on the Board with effect from 02.04.2011

Shri A.K.Mago, Independent Director, ceased to be Director on the Board with effect from 03.04.2011

Shri Raman Sidhu, Independent Director, ceased to be Director on the Board with effect from 07.04.2011

Shri R. Jeyaseelan, Independent Director, ceased to be Director on the Board with effect from 23.04.2011

Dr. Kuriakose Mamkottam, Independent Director, ceased to be Director on the Board with effect from 17.06.2011

The present composition of the Board is given in the Report on Corporate Governance.

ACKNOWLEDGEMENTS

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

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

The Board also places on record its deep admiration for the cooperation extended by Statutory Auditors, Cost Auditors and the Office of the Comptroller and Auditor General of India. Further, the Board wishes to convey its gratitude to all the employees of NHPC for their untiring efforts, valuable services, dedication and commitment. The co-operation of these stakeholders have been vital for the success and achievements of the Company.

For and On behalf of the Board of Directors

(A.B.L. Srivastava)
Chairman and Managing Director
DIN No.: 01601682

Date : Faridabad
Place: 12.08.2011

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on the Code of Governance

Corporate Governance is the management's acceptance of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about conducting business ethically and about making a distinction between personal and corporate funds in the management of a company.

Besides adhering to the provisions of the Listing Agreement with Stock Exchanges we also follow the Guidelines on Corporate Governance issued by the Department of Public Enterprises, Government of India. At NHPC the management tries to act in the best interest of all its stakeholders at all times and has adopted good corporate governance practices to benefit its stakeholders.

2. Board of Directors

(i) **Size of the Board:** NHPC is a Government Company as defined under Section 617 of the Companies Act, 1956. As per the articles of association of the company, the power to appoint directors rests with the President of India. The strength of the Board shall not be less than 4 Directors and not more than 15 provided that the number of Independent Directors in any case shall not be less than half of the actual strength of the Board.

(ii) **Composition of the Board:** Presently, the Board comprises of the Chairman and Managing Director, Functional Directors, Government Nominee Directors and Independent Directors. As on 31st March 2011, there were 13 Directors, of which 4 were whole-time Directors, including the Chairman and Managing Director, 2 Government Nominee Directors and 7 Independent Directors. The names and categories of Directors, their attendance at Board meetings held during the year and at the last Annual General Meeting, as well as the number of directorships and committee positions, i.e., of the Audit Committee, Shareholders' Grievance Committee as per the Listing Agreement held by them in other companies are:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 22.09.10)	No. of Other Directorship held as on 31.03.11#		No of Other Committee Membership held as on 31.03.2011	
				Public	Private	Chairman	Member
Executive Directors							
Mr. S.K.Garg*	11	10	Yes	NA	NA	NA	NA
Mr. A. B. L. Srivastava	13	13	Yes	3	Nil	Nil	1
Mr. D. P. Bhargava	13	13	Yes	Nil	Nil	Nil	Nil
Mr. J. K. Sharma	13	13	Yes	Nil	Nil	Nil	Nil
Mr. R. S. Mina	13	13	Yes	Nil	Nil	Nil	Nil
Non-Executive Directors							
Mr. Rakesh Jain	13	13	Yes	4	Nil	2	2
Mr. Sudhir Kumar	13	7	No	6	Nil	Nil	Nil
Independent Directors							
Mr. A. K. Mago**	13	12	Yes	2	Nil	Nil	1
Ms. Komal Anand**	13	8	Yes	Nil	Nil	Nil	Nil
Mr. Raman Sidhu**	13	8	No	1	1	Nil	1
Mr. R. Jeyaseelan**	13	12	Yes	1	Nil	1	Nil
Dr. Kuriakose Mamkootam***	13	11	Yes	Nil	Nil	Nil	Nil
Mr. K. Dharmarajan	13	9	No	1	1	1	Nil
Mr. A. Gopalakrishnan	13	12	Yes	Nil	Nil	Nil	Nil

* Mr. S.K. Garg ceased to be a director w.e.f. 31.12.2010 on attaining the age of superannuation. Accordingly the status and details are up to the date of retirement.

** Mr. A.K. Mago, Ms. Komal Anand, Mr. Raman Sidhu and Mr. R. Jeyaseelan completed their term of appointment during April 2011.

*** Dr. K. Mamkootam completed his term of appointment in the month of June 2011.

The directorships held by the Directors, as mentioned in this table exclude alternate directorships, directorships in foreign companies and companies under Section 25 of the Companies Act, 1956.



The Directors of the Company do not have any inter-se relationship amongst themselves. A brief profile of the Directors is provided elsewhere in the Annual Report.

- (iii) **Age limit and tenure of Directors:** The age limit of the Chairman and Managing Director (CMD) and other whole-time Functional Directors is 60 years. The Chairman and Managing Director and other whole-time Functional Directors are appointed for a period of 5 years from the date of taking charge or till the date of superannuation of the incumbent or till further instructions from the Government of India, whichever occurs earlier. Government Nominee Directors representing the Ministry of Power, Government of India, retire from the Board at the discretion of the nominating authority or on their ceasing to be officials of the Ministry of Power. Independent Directors are appointed by the Government of India usually for a tenure of 3 years.
- (iv) **Non-Executive Directors' compensation & disclosures:** The Company did not pay sitting fees to Non-Executive Government Nominee Directors. However, Independent Directors were paid sitting fees at the rate of ₹ 15,000 per meeting, for attending the meetings of the Board of Directors and Committees thereof during the financial year 2010-11. Details of payments made towards sitting fees to Independent Directors during 2010-11 are:

Name of Independent Directors	Sitting Fees (in ₹) *		Total (in ₹)
	Board Meeting	Committee Meetings	
Mr. A. K. Mago	180000	405000	585000
Ms. Komal Anand	120000	150000	270000
Mr. R. Jeyaseelan	180000	195000	375000
Mr. Raman Sidhu	120000	150000	270000
Dr. K. Mamkoottam	165000	150000	315000
Mr. K. Dharmarajan	135000	315000	450000
Mr. A. Gopalakrishnan	180000	60000	240000

* The sitting fees includes all the committees constituted by the Board of Directors.

Details of shares held by Directors as on 31st March 2011 are:

Name of Non-Executive Directors	No. of shares held
Mr. S. K. Garg	10050
Mr. A.B.L.Srivastava	49875
Mr. D.P. Bhargava	21000
Mr. J. K. Sharma	4550
Mr. R. S. Mina	42000
Mr. Rakesh Jain	Nil
Mr. Sudhir Kumar	Nil
Mr. A. K. Mago	Nil
Ms. Komal Anand	Nil
Mr. R. Jeyaseelan	Nil
Mr. Raman Sidhu	Nil
Dr. K. Mamkoottam	713
Mr. K. Dharmarajan	Nil
Mr. A. Gopalakrishnan	Nil

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

(A) **Decision making Process:** The Company has laid down a set of guidelines for the meetings of the Board of Directors with a view to professionalizing all corporate affairs. These guidelines seeks to systematize the decision making process in Board meetings in an informed and efficient manner.

(B) **Scheduling and selection of agenda items for Board/Committee meetings:**

- The meetings are convened by giving appropriate notice after obtaining the approval of the Chairman of the Board/ Committee. Detailed agenda notes, management reports and other explanatory statements are circulated in advance among the members to facilitate meaningful, informed and focused decisions during the meeting. When urgent issues need to be addressed, meetings are called at shorter notice or resolutions are passed by circulation.

- Wherever it is not practical to attach any document to the agenda notes due to its confidential nature or in special and exceptional circumstances, additional or supplemental items, such papers are placed on the table in the meeting.
 - The agenda papers are circulated after obtaining the approval of the functional director/CMD.
 - The meetings are held at the company's offices in Faridabad or in New Delhi.
 - Presentations are made in the Board/Committee meetings on matters related to Finance, Operations, Human Resources, etc. to enable members to take informed decisions.
 - The members of the Board have complete access to all information of the Company. The Board is also free to recommend any issue that it may consider important for inclusion in the agenda. Senior management officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.
- (C) Recording of minutes of the Board/Committee meetings:** Minutes of the proceedings of each Board/Committee meetings are duly recorded in the minutes book. The minutes of each Board meeting are circulated among Board members in the next Board meeting for their confirmation.
- (D) Follow-up mechanism:** As per the guidelines laid down by the Board/Committee, an action-taken report on the decisions of the Board/Committee members is presented in subsequent meetings. This acts as an effective follow-up, review and report process.
- (E) Compliance:** It is our endeavour to ensure that all applicable provisions of law, rules and guidelines are adhered to while preparing the agenda notes. The Company ensures compliance of all the applicable provisions of the Companies Act, 1956, SEBI Guidelines, Listing Agreement and various other statutory requirements under different laws. The Board of Directors review the legal compliance report presented by the Company Secretary from time to time.

The following information is regularly provided to the Board:

- Annual operating plans, budgets and related updates.
- Capital budgets and related updates.
- Quarterly results of the Company.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
- Fatal or serious accidents, dangerous occurrences.
- Major investments, formation of Subsidiaries, Joint Ventures and Strategic Alliances.
- Disclosure of interest by Directors about directorships and committee positions occupied by them in other companies/firms, etc.
- Details of Joint Ventures/Collaboration Agreements, etc.
- Award of large Contracts.
- Other items in accordance with the law and DPE Guidelines.

The Company held 13 Board meetings during the year under review. The Company held at least one Board Meeting in every 3 months and the maximum time interval between 2 meetings did not exceed 3 months. Details of the Board meetings are:

Sr. No.	Date	Board Strength	No. of Directors Present
1	30 th April, 2010	14	12
2	25 th May, 2010	14	11
3	29 th July, 2010	14	12
4	25 th August, 2010	14	14
5	22 nd September, 2010	14	11
6	1 st October, 2010	14	13
7	28 th October, 2010	14	12
8	16 th November, 2010	14	14
9	2 nd December, 2010	14	12
10	20 th December, 2010	14	12
11	29 th December, 2010	14	10
12	27 th January, 2011	13	11
13	7 th March, 2011	13	10



- (vi) **Code of conduct:** The Company is committed to conducting its business in accordance with the highest standards of business ethics and with compliance to applicable laws, rules and regulations. It is hereby confirmed that the Code of Business Conduct and Ethics for Directors and senior management were circulated among all concerned and complied with during the year under report.

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

All the members of the Board and senior management personnel have affirmed compliance to the Code of Conduct for the financial year ended on 31st March 2011.

Sd/-

(A. B. L. Srivastava)

Chairman & Managing Director

DIN No: 01601682

- (vii) **Fraud prevention and Risk Management Policy:** The risk management system is integrated and aligned with corporate and operational objectives. Risk management is undertaken as a part of normal business practice and not as a separate task at set times. The Company has separate policies for fraud prevention and risk management.
- (viii) **Training of Board Members:** Whenever new Directors are appointed by the Board, they are given formal induction and orientation with respect to the Company's Vision, Strategic Direction and core values, including financial matters and business operations. They are also provided with necessary documents/brochures, reports and internal policies to help familiarize them with Company procedures and practices. Site visits are also arranged for the Directors, including for Independent Director. The Independent Directors are being considered for nomination to participate in seminars and training programmes organized by reputed institutions.
- (ix) **Code for prevention of insider trading in securities of NHPC Limited:** In accordance with the requirement of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, NHPC Limited has implemented a comprehensive code for prevention of insider trading in its securities.

3. Committees Appointed by the Board of Directors

The Board has set up committees to look at various aspects of the business. The following committees have been constituted by the Board:

1. Audit Committee.
2. Shareholders' Grievance Committee.
3. Projects and Performance Review Committee.
4. Committee of Directors on Contracts.
5. Remuneration Committee.
6. Committee of Directors for Allotment and Post-allotment Activities of NHPC Securities.
7. Committee of Directors for Investment of IPO proceeds.
8. Committee of Directors for the Self-Insurance Fund.

- (i) **Audit Committee:** The composition, quorum, scope, etc. of the Audit Committee is in line with the Companies Act, 1956 and provisions of the Listing Agreement. The Audit Committee was reconstituted on 22nd September 2010 and 27th January 2011. The composition of the Audit Committee as on 31.03.2011 is:

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

In view of the fact that 4 independent Directors completed their tenure in April 2011, the Committee was reconstituted. The present composition of the Committee is:

- | | |
|---------------------------|---------------------------------|
| i) Shri A. Gopalakrishnan | Independent Director - Chairman |
| ii) Shri Rakesh Jain | Non-Executive Director |
| iii) Shri K. Dharmarajan | Independent Director |

Meetings and attendance: The Committee met 7 times during the year on 5th May 2010, 24th May 2010, 13th July 2010, 29th July, 2010, 28th October 2010, 4th January 2011 and 27th January 2011. Details of the Audit Committee meetings attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1	Shri A. K. Mago	7	7
2	Smt. Komal Anand	7	4
3	Shri Raman Sidhu	7	4
4.	Shri Rakesh Jain	7	7
5.	Shri A. Gopalakrishnan	3	3

The meetings were also attended by Director (Finance), head/representative of the Internal Audit and Statutory Auditors/Branch Auditors as Special Invitees. The time interval between any 2 Audit Committee meetings never exceeded 3 months. The Company Secretary acted as the Secretary to the Committee.

Scope of the Audit Committee: The terms of reference of the Audit Committee are as per the Companies Act, 1956, the Listing Agreement as amended from time to time and Guidelines on Corporate Governance issued by the Department of Public Enterprises and include the following:

- 1 Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2 Recommending fixing of the audit fees to the Board.
- 3 Approval of payment to Statutory Auditors for any other services rendered by them.
- 4 Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
 - b) Changes, if any, in accounting policies and practices and reasons for them;
 - c) Major accounting entries involving estimates based on the exercise of judgment by the management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Qualifications in the draft audit report.
- 5 Reviewing, with the management, quarterly financial statements before submission to the Board for approval.
- 6 Reviewing, with the management, the performance of Internal Auditors and the adequacy of the internal control systems.
- 7 Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, coverage of the reporting structure and frequency of internal audit.
- 8 Discussion with Internal Auditors and/or auditors on any significant findings and follow-up thereon.
- 9 Reviewing the findings of any internal investigations by Internal Auditors/auditors/agencies 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.
- 10 Discussion with Statutory Auditors before the audit starts about the nature and scope of the audit as well as a post-audit discussion to ascertain any areas of concern.
- 11 To look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- 12 To review the functioning of the Whistle Blower Mechanism, in case it is formulated.
- 13 Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
- 14 To review the follow-up action on the audit observations of the C&AG audit.
- 15 To review the follow-up action taken on the recommendations of the Parliament's Committee on Public Undertakings (COPU).



- 16 Provide an open avenue of communication between the Independent Auditor, Internal Auditor and the Board of Directors.
- 17 Review and pre-approve all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.
- 18 Review with the Independent Auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and effective use of all audit resources.
- 19 Consider and review the following with the Independent Auditor and the management:
 - The adequacy of internal controls, including computerized information system controls and security and
 - Related findings and recommendations of the Independent Auditor and Internal Auditor, together with management responses.
- 20 Consider and review the following with the management, the Internal Auditor and the Independent Auditor:
 - Significant findings during the year, including the status of previous audit recommendations and
 - Any difficulties encountered during audit work, including any restrictions on the scope of activities or access to required information.

(ii) Shareholders' Grievance Committee:

Composition: The Committee comprised of the following members as on 31st March, 2011:

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

Shri Vijay Gupta, Company Secretary is the Compliance Officer in terms of Clause 47 of the Listing Agreement.

In view of the fact that 4 Independent Directors completed their tenure in April 2011, the Committee was reconstituted. The present composition of the Committee is:

1. Shri K. Dharmarajan Independent Director - Chairman
2. Shri A. B. L. Srivastava Director (Finance) & CMD
3. Shri A. Gopalakrishnan Independent Director

Meetings and attendance: During the year, 2 meetings of the Committee were held on 24th May 2010 and 28th October 2010. Details of the meetings of the Shareholders' Grievance Committee attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1	Smt. Komal Anand	2	1
2	Shri R. Jeyaseelan	2	2
3	Shri A. B. L. Srivastava	2	2

Number of shareholders' complaints received: Details of complaints received during the year are:

Description	Opening Balance as on 1st April 2010	Received during the period ending 31st March 2011	Attended during the period ending 31st March 2011	Pending
Non-receipt of refund order	NIL	1364	1364	NIL
Non-receipt of dividend warrants	NIL	1755	1755	NIL
SEBI complaints	NIL	161	161	NIL
Stock Exchange complaints	NIL	22	22	NIL
Consumer Forum / Court cases	NIL	4	2	2
Advocate notices	NIL	26	26	NIL
TOTAL	NIL	3332	3330	2

Number of pending share transfers: As on 31st March 2011, 67 share transfer requests were pending. All share transfers took place within the time prescribed by the Stock Exchanges and certificates to this effect, signed by a Practicing Company Secretary, were furnished to the Stock Exchanges.

Details of shares in the suspense account:

Description	No. of Cases	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year	1174	546440
Number of shareholders who approached the issuer for transfer of shares from the suspense account during the year	580	290209
Number of shareholders to whom shares were transferred from the suspense account during the year	580	290209
Aggregate number of shareholders and outstanding shares in the suspense account at the end of the year	594	256231

Note: Voting rights on these shares shall remain frozen till the rightful owners of such shares claim them.

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

The Shareholders' Grievance Committee shall meet periodically, as it deems fit. The quorum for the Committee is the presence of one-third of the total number of members or 2 members, whichever is higher.

(iii) Projects and Performance Review Committee:

Composition: The Projects and Performance Review Committee comprised of the following members as on 31st March 2011:

Shri K. Dharmarajan	Independent Director - Chairman
Shri Sudhir Kumar	Govt. Nominee Director
Shri A. B. L. Srivastava	Director (Finance) & CMD
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects)
Shri R. Jeyaseelan	Independent Director

Shri R. Jeyaseelan completed his tenure during April 2011 hence, the Committee was reconstituted. The present composition of the Committee is:

Shri K. Dharmarajan	Independent Director - Chairman
Shri Sudhir Kumar	Govt. Nominee Director
Shri A. B. L. Srivastava	Director (Finance) & CMD
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects)
Shri A. Gopalakrishnan	Independent Director

Meetings and attendance: The Committee met 4 times during the year on 22nd July 2010, 15th October 2010, 12th November 2010 and 17th February 2011. Details of the meetings of Project and Performance Review Committee attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1	Shri K. Dharmarajan	4	4
2	Shri Sudhir Kumar	4	3
3	Shri A. B. L. Srivastava	4	3
4.	Shri D. P. Bhargava	4	4
5.	Shri J. K. Sharma	4	4
6.	Shri R. Jeyaseelan	4	4



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

- (a) Significant deviations from standard performance parameters.
- (b) Deviations in project implementation.
- (c) Construction budget.
- (d) Operation and maintenance budget.
- (e) Investigations of such matters, excluding those that fall within the scope of the Audit Committee, as may be referred to it by the Board from time to time.
- (f) Any other matter which in the opinion of the management is of such importance as to be referred to the Committee for Project and Performance Review.

(iv) Committee of Directors on Contracts:

Composition: The Committee was reconstituted on 7th March 2011. The composition of this Committee as on 31.03.2011 was:

1. Shri A. B. L. Srivastava Director (Finance) & CMD
2. Shri D. P. Bhargava Director (Technical)
3. Shri J. K. Sharma Director (Projects)
4. Dr. Kuriakose Mamkoottam Independent Director
5. Shri R. Jeyaseelan Independent Director

In view of the fact that 4 Independent Directors completed their tenure in April 2011, the Committee was reconstituted. The present composition of the Committee is:

1. Shri A. B. L. Srivastava Director (Finance) & CMD
2. Shri D. P. Bhargava Director (Technical)
3. Shri J. K. Sharma Director (Projects)
4. Shri K. Dharmarajan Independent Director
5. Shri A. Gopalakrishnan Independent Director

Meetings and attendance: The Committee met 3 times during the year on 16th November 2010, 10th March 2011 and 17th March 2011. Details of the meetings of the Committee of Directors on Contracts attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1	Shri S. K. Garg	1	1
2	Shri A. B. L. Srivastava	3	3
3	Shri D. P. Bhargava	3	3
4.	Shri J. K. Sharma	3	3
5.	Dr. Kuriakose Mamkoottam	3	3
6.	Shri R. Jeyaseelan	3	3

Scope of the Committee: The terms of reference of the Committee of Directors on Contracts are:

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

(v) Remuneration Committee

For a central public sector undertaking, the appointments, tenures and remunerations of the Directors are decided by the President of India. Independent Directors are paid only sitting fees at the rate fixed by the Board, within the ceiling fixed under the Companies Act, 1956 and approved by the Government, for attending Board meetings as well as Committee meetings. The report of the Remuneration Committee for the Performance Related Pay has been placed before the Board for its consideration. Details of remunerations of Functional Directors of the Company during 2010-11 are:

Directors	Designation	Salary / Allowances (₹)	Benefits* (₹)	Performance linked incentives (₹)	Gross Total (₹)
Shri S. K. Garg (up to 31.12.2010)	Chairman & Managing Director	2630461	5017101	65256	7712818#
Shri A. B. L. Srivastava	Director (Finance)	3135420	347163	54564	3537147
Shri D. P. Bhargava	Director (Technical)	2264486	812677	63624	3140787
Shri J. K. Sharma	Director (Projects)	2412488	936754	52065	3401307
Shri R. S. Mina	Director (Personnel)	3519601	403464	63672	3986737

Note: * Benefits include medical/LTC/Lease.

Total amount includes Retirement benefits.

The Board of Directors has reconstituted the Remuneration Committee comprising the following Independent Directors in line with the Guidelines on Corporate Governance issued by the Department of Public Enterprise:

The Committee members as on 31.03.2011 were:

1. Smt. Komal Anand Independent Director
2. Shri Raman Sidhu Independent Director
3. Dr. K. Mamkoottam Independent Director

In view of the fact that 4 Independent Directors completed their tenure in April 2011, the Committee was reconstituted. The present composition of the Committee is:

1. Shri Rakesh Jain Govt. nominee Director
2. Shri K. Dharmarajan Independent Director
3. Shri A. Gopalakrishnan Independent Director

Meetings and attendance: The Committee met 5 times during the year on 7th September 2010, 24th September 2010, 13th January 2011, 19th January 2011 and 25th February 2011. Details of the meetings of the Committee of Directors on Contracts attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1	Smt. Komal Anand	5	4
2	Shri Raman Sidhu	5	4
3	Dr. K. Mamkoottam	5	5

Scope of the Committee:

- (i) To recommend the distribution of the annual bonus/performance related pay (PRP) and policy for distribution across the Board and below Board level employees.
- (ii) To examine and recommend other allowances and perks to the Board of Directors for its approval.

(vi) Committee of Directors for Allotment & Post-Allotment activities of NHPC Securities

Composition: The Board of Directors constituted a Committee for Allotment and Post-Allotment Activities of NHPC Securities on 24th September 2009 comprising of the following members:

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



Meetings and attendance: The Committee met 14 times during the year on 15th April 2010, 14th May 2010, 9th June 2010, 6th July 2010, 5th August 2010, 23rd August 2010, 10th September 2010, 20th September 2010, 22nd October 2010, 23rd November 2010, 27th December 2010, 27th January 2010, 24th February 2011 and 17th March 2011. Details of the meetings of Committee of Directors for Allotment and Post-Allotment Activities of NHPC Securities attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1	Shri A. B. L. Srivastava	14	14
2	Shri D. P. Bhargava	14	11
3	Shri R. S. Mina	14	14

Scope of the Committee: The scope of the Committee includes the following:

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

(vii) Committee of Directors for Investment of IPO Proceeds:

Composition of the Committee: The Board of Directors reconstituted the Committee for Investment of IPO Proceeds on 7th March 2011 with the following members:

1. Shri A. B. L. Srivastava Director (Finance)
2. Shri D. P. Bhargava Director (Technical)
3. Shri Raman Sidhu Independent Director

In view of the fact that 4 Independent Directors completed their tenure in April 2011, the Committee was reconstituted. The present composition of the Committee is:

1. Shri K. Dharmarajan Independent Director - Chairman
2. Shri A. B. L. Srivastava Director (Finance)
3. Shri D. P. Bhargava Director (Technical)

Meetings and attendance: The Committee met 3 times during the year on 25th August 2010, 30th August 2010 and 10th March 2011. Details of the meetings of the Committee of Directors for Investment of IPO Proceeds attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1.	Shri S. K. Garg	2	2
2.	Shri A. B. L. Srivastava	3	3
3.	Shri D. P. Bhargava	3	3
4.	Shri Raman Sidhu	3	2

(viii) Committee of Directors for Investment of Self-Insurance Fund

Composition: The Board of Directors constituted a Committee for Investment of Self-Insurance Fund on 3rd June 1998 consisting of the CMD, Director (Finance), Director (Projects), Director (Personnel) and Director (Technical). However, after Shri S. K. Garg, then CMD attained the age of superannuation on 31st March 2010, the Committee was reconstituted with the remaining members on 7th March 2011.

Meetings and attendance: The Committee met 5 times during the year on 15th April 2010, 3rd May 2010, 21st May 2010, 15th November 2010 and 23rd November 2010. Details of the meetings of the Committee of Directors for Investment of Self-Insurance Fund attended by the members are:

Sr. No.	Member of Committee	Meetings held during their tenure	Meetings attended
1.	Shri S. K. Garg	5	4
2.	Shri A. B. L. Srivastava	5	5
3.	Shri D. P. Bhargava	5	4
4.	Shri J. K. Sharma	5	5
5.	Shri R. S. Mina	5	5

Scope of the Committee: The Committee has been authorized to invest the amount available with the insurance fund in Government Securities, Public Sector Bonds and Time Deposits of Nationalized Banks. It is also authorized to sell/realize the proceeds of such investments as deemed fit considering the requirements of funds to meet the losses incurred.

4. Subsidiary Companies

- (i) **NHDC LIMITED:** NHDC Limited is a subsidiary company of NHPC Limited. NHPC holds 51 per cent of the paid-up equity share capital in NHDC Limited. During the year, the minutes of the subsidiary company were placed before the NHPC Board. Periodically, members of the NHPC Board were apprised of significant transactions and arrangements entered into by the subsidiary company. NHDC is covered within the definition of 'Subsidiary Company' as per the Guidelines on Corporate Governance by DPE for CPSEs (as per the audited accounts for the period ended on 31st March 2011, the turnover and net worth of NHDC was more than 20 per cent of the turnover or net worth of NHPC Limited). Accordingly, Shri A. Gopalakrishnan, an Independent Director on the Board of NHPC Limited was appointed the Board of NHDC.
- (ii) **LOKTAK DOWNSTREAM HYDROELECTRIC CORPORATION LIMITED:** Laktak Downstream Hydroelectric Corporation Limited (LDHCL) was incorporated on 23rd October 2009. The company was promoted as a Joint Venture between NHPC Limited and the Government of Manipur with equity shareholding of 74 and 26 per cent respectively. The certificate of commencement of business was granted to the company on 25th February 2010. The company is not a material subsidiary within the definition of a 'Subsidiary Company' as per the Guidelines on Corporate Governance by DPE for CPSEs. The minutes of the LDHCL Board meeting were placed before the Board of NHPC Limited.

5. General Body Meetings:

The dates, times and locations of the last 3 Annual General meetings are:

Financial Year	Date	Time	Location
2007-08	05.08.2008	01:00 P.M.	At Registered Office, Faridabad
2008-09	31.07.2009	10:30 A.M.	At Registered Office, Faridabad
2009-10	22.09.2010	11:00 A.M.	At Municipal Corporation Auditorium, Faridabad

(i) Details of Special Resolutions Passed During the Last 3 Years:

Sl. No.	Details of Meeting	Special Resolution passed
1.	Extraordinary General Meeting held on 13 th March 2008	Changes in the name of the Company
2.	Annual General Meeting held on 5 th August 2008	Amendment to Articles of Association to allow enhanced powers to the Company in line with DPE Guidelines as a result of being conferred the status of Mini-Ratna

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

6. Disclosures

- (i) **Related Party Transactions:** There were no transactions of material nature with the Promoters or Directors or the Management, Joint Venture Company/Subsidiary etc., having potential conflict with the interest of the Company in general. Details of the Related Party Disclosure are included in the notes forming part of the accounts as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India. The Company adhered to the provisions of the law and the guidelines of regulatory authorities, including SEBI. The Company complied with statutory compliances and no penalty/stricture was imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market or any guidelines issued by the Government during the last 3 years. The Company has adopted all suggested items to be included in the Report on Corporate Governance. The results and other communication are regularly published on the Company's official website www.nhpcindia.com. The required details as per DPE Guidelines on Corporate Governance have been incorporated in this report. Information on adoption (and compliance)/non-adoption of the non-mandatory requirements is provided in Annexure-A.
- (ii) **Accounting Treatment:** The Company followed the accounting standards as prescribed by the Institute of Chartered Accountants of India. However, deviations, if any have been reported in the notes forming part of accounts.

**7. CEO/CFO Certification**

As required by clause 49 of the Listing Agreement(s), the certificate duly signed by Shri.A.B.L.Srivastava, Chairman and Managing Director and Shri.R.K.Taneja Executive Director (Finance) was placed in the meeting of the Board of Directors.

8. Means of Communication

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

Audited/unaudited financial results were published by the company as:

Newspapers	Date of publications of results for the period ended			
	30.06.2010	30.09.2010	31.12.2010	31.03.2011
Financial Express (All Editions / English)	30.07.2010	-	28.01.2011	28.05.2011
Hindustan (Hindi)	-	29.10.2010	-	28.05.2011
Hindustan Times (All Editions / English)	-	29.10.2010	-	28.05.2011
Times of India (English)	-	29.10.2010	28.01.2011	-
Navbharat Times (Hindi)	-	30.10.2010	28.01.2011	-
Business Standard (All Editions / English)	30.07.2010	29.10.2010	-	-
Dainik Bhaskar (Faridabad Edition)	-	-	28.01.2011	-
Financial Times	-	-	30.01.2011	-
Jansatta (Hindi)	30.07.2010	-	-	-
Mint (All Editions)	-	-	-	28.05.2011
Business Line (All Editions)	-	-	-	28.05.2011
Dainik Jagran (Delhi / NCR)	-	-	-	28.05.2011

Details of the presentations made to institutional investors or analysts are:

9. Shareholder Information**(i) Annual General Meeting:**

Date: 19.09.2011

Time: 3 : 30 p.m.

Venue: At—Magpie Tourist Resort, Sector- 16A, Mathura Road, Faridabad.

(ii) Financial Calendar for the year 2010-11:

Particulars	Date
Accounting Period	1st April 2010 to 31st March 2011
Unaudited financial results for the quarter ended on 30th June 2010	Intimation to Stock Exchanges within 15 minutes of conclusion of the Board meeting on 29th July 2010.
Unaudited financial results for the quarter and half-year ended 30th September 2010	Intimation to Stock Exchanges within 15 minutes of conclusion of the Board meeting on 28th October 2010.
Unaudited financial results for the quarter ended 31st December 2010	Intimation to Stock Exchanges within 15 minutes of conclusion of the Board meeting on 27th January 2011.
Audited financial results for the year ended 31st March 2011	Intimation to Stock Exchanges within 15 minutes of conclusion of the Board meeting on 27th May 2011.
AGM – 2011	19 th September 2011

(iii) Book Closure / Record Date:

- a) **For Payment of Dividends:** The register of members and share transfer books of the company will remain closed from 06.09.2011 to 19.09.2011 (both days inclusive).

b) For Payment of Interest on Bonds:

BOND SERIES	DUE DATE OF INTEREST PAYMENT	RECORD DATE
NHPC 7.70% SECURED REDEEMABLE, NON-CUMULATIVE, TAXABLE `O' SERIES BONDS (STRPP-C to STRPP-J)	30.06.2010	14.06.2010
NHPC 9% SECURED REDEEMABLE NON-CUMULATIVE TAXABLE `P' SERIES BONDS	28.02.2011	22.02.2011

c) Redemption of Bonds: Details of bonds redeemed during the financial year 2010-11 are:

BOND SERIES	ISIN	SCRIP CODE	DUE DATE OF REDEMPTION	RECORD DATE
NHPC 7.70% SECURED REDEEMABLE, NON-CUMULATIVE, TAXABLE `O' SERIES BONDS (STRPP-C)	INE848E08052	NHPC11	31.03.2011	25.03.2011

(iv) Dividend History:

Financial Year	Total Amount of Dividend paid (₹ in crore)	Date of AGM in which dividend was declared	Date of payment of Dividend
2005-06	223 (including ₹ 64 crore interim dividend)	28.07.2006	03.08.2006
2006-07	278.00 (including ₹ 72 crore interim dividend)	07.08.2007	14.08.2007
2007-08	300.00 (including ₹ 100 crore interim dividend)	05.08.2008	13.08.2008
2008-09	325.00 (including ₹ 125 crore interim dividend)	31.07.2009	13.08.2009
2009-10	676.54	22.09.2010	01.10.2010

(v) Listing on Stock Exchanges:

a) Equity Shares:

The equity shares of the Company are listed on the following Stock Exchanges:

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

b) Bonds: NHPC 7.70 per cent Redeemable Non-Cumulative Taxable `O' Series Bonds and NHPC 9 per cent Secured Redeemable Non-Cumulative Taxable `P' Series Bonds are listed at:

National Stock Exchange of India Limited

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

Stock Code:

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



NHPC Limited

(A Government of India Enterprise)

(vi) Market Price data:

a) Equity Shares:

NHPC AT NSE			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 10	31.45	30.05	30.40
May 10	30.70	27.60	29.00
Jun 10	31.70	27.90	31.40
Jul 10	32.50	29.90	31.75
Aug 10	32.05	30.20	30.40
Sep 10	33.30	30.25	31.70
Oct 10	34.40	31.00	31.20
Nov 10	32.30	26.90	27.60
Dec 10	29.90	26.55	28.20
Jan 11	29.35	24.40	24.55
Feb 11	25.25	22.25	23.15
Mar 11	25.50	22.25	25.30

NHPC AT BSE			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 10	31.60	30.05	30.35
May 10	30.70	27.60	29.00
Jun 10	31.60	28.00	31.40
Jul 10	32.55	29.95	31.80
Aug 10	32.10	30.00	30.40
Sep 10	33.30	30.30	31.75
Oct 10	34.40	31.05	31.20
Nov 10	32.20	26.95	27.65
Dec 10	28.60	26.55	28.15
Jan 11	29.35	24.30	24.60
Feb 11	25.25	22.25	23.20
Mar 11	25.50	22.65	25.35

b) Bonds: (O SERIES)

NSE			
Month	High (₹)	Low (₹)	Closing (₹)
April 10	NIL	NIL	NIL
May 10	101.3601	101.3601	101.3601
June 10	NIL	NIL	NIL
July 10	NIL	NIL	NIL
Aug 10	NIL	NIL	NIL
Sept 10	NIL	NIL	NIL
Oct 10	NIL	NIL	NIL
Nov 10	NIL	NIL	NIL
Dec 10	NIL	NIL	NIL
Jan 11	NIL	NIL	NIL
Feb 11	NIL	NIL	NIL
March 11	NIL	NIL	NIL

Note: * 1. No. Trade for STRPP-C (Scrip code–NHPC 11) On 10 May 2010. No trade for the rest of STRPPs during the period 01.04.2010-31.03.2011.

c) Bonds: (P SERIES)

NSE			
Month	High (₹)	Low (₹)	Closing (₹)
April 10	NA	NA	NA
May 10	NA	NA	NA
June 10	NA	NA	NA
July 10	NA	NA	NA
Aug 10	NA	NA	NA
Sept 10	NA	NA	NA
Oct 10	NA	NA	NA
Nov 10	NA	NA	NA
Dec 10	NA	NA	NA
Jan 11	NA	NA	NA
Feb 11	NA	NA	NA
March 11	NA	NA	NA

Note: P-series Bonds listed on NSE 19.02.2010.
No trade for P-series Bonds during the period 01.04.2010-31.03.2011.

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(vii) **Performance in comparison to Indices:** Since there was no trade in NHPC's Debt Securities during 01.04.2010-31.03.2011 except for 1 trade for STRPP-C (Scrip Code- NHPC 11) on 10th May 2010, the performance in comparison to the Bond Index is not relevant.

a) **Equity Shares:**

BSE Sensex and NHPC Price:

SENSEX			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 10	18047.86	17276.80	17558.71
May 10	17536.86	15960.15	16944.63
Jun 10	17919.62	16318.39	17700.90
Jul 10	18237.56	17395.58	17868.29
Aug 10	18475.27	17819.99	17971.12
Sep 10	20267.98	18027.12	20069.12
Oct 10	20854.55	19768.96	20032.34
Nov 10	21108.64	18954.82	19521.25
Dec 10	20552.03	19074.57	20509.09
Jan 11	20664.80	18038.48	18327.76
Feb 11	18690.97	17295.62	17823.40
Mar 11	19575.16	17792.17	19445.22

NHPC AT BSE			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 10	31.60	30.05	30.35
May 10	30.70	27.60	29.00
Jun 10	31.60	28.00	31.40
Jul 10	32.55	29.95	31.80
Aug 10	32.10	30.00	30.40
Sep 10	33.30	30.30	31.75
Oct 10	34.40	31.05	31.20
Nov 10	32.20	26.95	27.65
Dec 10	28.60	26.55	28.15
Jan 11	29.35	24.30	24.60
Feb 11	25.25	22.25	23.20
Mar 11	25.50	22.65	25.35

NIFTY and NHPC Price:

NIFTY			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 10	5399.65	5160.90	5278.00
May 10	5278.70	4786.45	5086.30
Jun 10	5366.75	4961.05	5312.50
Jul 10	5477.50	5225.60	5367.60
Aug 10	5549.80	5348.90	5402.40
Sep 10	6073.50	5403.05	6029.95
Oct 10	6284.10	5937.10	6017.70
Nov 10	6338.50	5690.35	5862.70
Dec 10	6147.30	5721.15	6134.50
Jan 11	6181.05	5416.65	5505.90
Feb 11	5599.25	5177.70	5333.25
Mar 11	5827.00	5348.20	5833.75

NHPC AT NSE			
Month	High (₹)	Low (₹)	Closing (₹)
Apr 10	31.45	30.05	30.40
May 10	30.70	27.60	29.00
Jun 10	31.70	27.90	31.40
Jul 10	32.50	29.90	31.75
Aug 10	32.05	30.20	30.40
Sep 10	33.30	30.25	31.70
Oct 10	34.40	31.00	31.20
Nov 10	32.30	26.90	27.60
Dec 10	29.90	26.55	28.20
Jan 11	29.35	24.40	24.55
Feb 11	25.25	22.25	23.15
Mar 11	25.50	22.25	25.30

b) **Bonds:**

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

a) **Equity Shares:**

M/s Karvy Computershare Private Limited,

Plot No. 17-24, Vittalrao Nagar,

Madhapur, Hyderabad – 500 081

Tel No.: +91 40 23420818

Fax No.: 091 40 23420814

E-mail: mailmanager@karvy.com



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

M/s RCMC Share Registry (P) Ltd.

B-106, Sector-2

Noida-201301 (Uttar Pradesh)

Ph.: 0120-4015880

E-mail: info@rcmcdelhi.com

- (ix) **Share/Bond Transfer System:** It is the responsibility of respective Registrar and Transfer Agents to look after routine matters of transfer of shares/bonds, subject to the supervision, control and approval of the Board/Committee of Directors.

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

- a) **Equity Shares:** Shares held by different categories of shareholders and according to the size of holdings as on 31st March 2011 are:

- i) **According to size:** Distribution of shareholding according to size and percentage of holdings as on 31st March 2011 is as under:

Number of Shares	Number of share holders	%age of share holders	Total No. of Shares	%age of shares
1-5000	731120	60.71%	169297743	1.37%
5001-10000	360325	29.92%	268135946	2.17%
10001-20000	62474	5.19%	93388667	0.75%
20001-30000	19435	1.61%	49967111	0.41%
30001-40000	8073	0.67%	28950178	0.23%
40001-50000	6430	0.53%	30453428	0.28%
50001-100000	9542	0.79%	69097586	0.56%
100001 and above	6917	0.58%	11591452114	94.23%
Total	1204316	100%	12300742773	100%

(ii) **Shareholding pattern as on 31st March 2011:**

Category	Total No. of Shares	%age of Equity
Central Govt. / State Govt.	10623368758	86.36%
FIs	215058425	01.75%
Indian Public	870617388	07.08%
Bank, FIs and Insurance Companies	245891103	02.00%
Corporate Bodies	242206494	01.97%
Mutual Funds/UTI	77561448	00.63%
NRIs/OCBs	17290557	00.14%
Others:		
Trusts	2273767	00.02%
Clearing Members	6474833	00.05%
Total	12300742773	100.00%

- iii) **Major Shareholding as on 31st March 2011:** Details of shareholders holding more than 1 per cent of the paid-up capital of the Company as on 31st March 2011 is as under:

Name of Shareholder	No. of Shares	%age of paid-up capital	Category
Government of India through President of India	10623368158	86.36%	Central Govt. / State Govt.

b) Bonds: (O SERIES)

i) **According to size:** Distribution of bondholding according to size and percentage of holdings as on 31st March 2011 is as under :

Number of Bonds	Number of bondholders	%age of bondholders	Total No. of Bonds	%age of Bonds
1-5000	109	100.00%	399	100.00%
5001-10000	NIL	0.00%	NIL	0.00%
10001-20000	NIL	0.00%	NIL	0.00%
20001-30000	NIL	0.00%	NIL	0.00%
30001-40000	NIL	0.00%	NIL	0.00%
40001-50000	NIL	0.00%	NIL	0.00%
50001-100000	NIL	0.00%	NIL	0.00%
100001 and above	NIL	0.00%	NIL	0.00%
Total	109	100.00%	399	100.00%

ii) **Bondholding pattern as on 31st March 2011:**

Category	Total No. of Bonds	%age of Bonds
Central Govt./State Govt.	0	00.00%
FIs	0	00.00%
Indian Public	0	00.00%
Bank, FIs and Insurance Companies	185	46.37%
Private Corporate Bodies	0	00.00%
Mutual Funds/UTI	0	00.00%
NRIs/OCBs	0	00.00%
Others		
(i) PF Fund/Trust	214	53.63%
(ii) Clearing Members	0	00.00%
Total	399	100.00%

ii) **Major Bondholding as on 31st March 2011:** Details of bondholders holding more than 1 per cent of the Company's total bonds value as on 31st March 2011 are given as under:

Sl. No.	Name of Bondholder	No. of Bonds	% of Total Bonds Value	Category
1	Sahara India Life Insurance Company Ltd.	5	1.25%	Bank, FIs and Insurance Companies
2	CBT EPF EPS A/C HSBC AMC Ltd.	15	3.76%	Others (PF Fund / Trust)
3	CBT EPF EPF A/C Reliance Capital AMC Ltd.	5	1.25%	Others (PF Fund / Trust)
4	Max New York Life Insurance Company Ltd.	5	1.25%	Bank, FIs and Insurance Companies
5	ICICI Prudential Life Insurance Company Ltd.	20	5.01%	Bank, FIs and Insurance Companies
6	Birla Sun Life Insurance Company Ltd.	11	2.76%	Bank, FIs and Insurance Companies
7	Oil & Natural Gas Corporation Ltd. Employees Contributory Provident Fund	4	1.00%	Others (PF Fund / Trust)
8	IPCL EPF Trust	5	1.25%	Others (PF Fund / Trust)



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Sl. No.	Name of Bondholder	No. of Bonds	% of Total Bonds Value	Category
9	Maharashtra State Electricity Board Contributory Provident Fund	5	1.25%	Others (PF Fund / Trust)
10	Axis Bank Ltd.	5	1.25%	Bank, Fls and Insurance Companies
11	Food Corporation of India CPF Trust	17	4.26%	Others (PF Fund / Trust)
12	Punjab National Bank Employees Provident Fund	13	3.26%	Others (PF Fund / Trust)
13	Punjab National Bank Employees Gratuity Fund	10	2.51%	Others (PF Fund / Trust)
14	Punjab National Bank Employees Pension Fund	29	7.27%	Others (PF Fund / Trust)
15	Bank of India Provident Fund	12	3.01%	Others (PF Fund / Trust)
16	General Insurance Corporation of India	70	17.54%	Bank, Fls and Insurance Companies
17	United India Insurance Company Ltd.	15	3.76%	Bank, Fls and Insurance Companies
18	The New India Assurance Company Ltd.	30	7.52%	Bank, Fls and Insurance Companies
19	Indian Provident Fund of Bharat Petroleum Corporation Ltd.	5	1.25%	Others (PF Fund / Trust)
20	Kribhco Employees PF Trust	5	1.25%	Others (PF Fund / Trust)
21	Tata Motors Ltd. Provident Fund	8	2.01%	Others (PF Fund / Trust)
22	Power Grid Self Contributory Superannuation Benefit Pension Fund Trust	5	1.25%	Others (PF Fund / Trust)
23	The Times of India Provident Fund	4	1.00%	Others (PF Fund / Trust)
24	National Thermal Power Corporation Ltd. Employees Provident Fund Trust	4	1.00%	Others (PF Fund / Trust)
25	The Peerless General Investment and Finance Company Ltd.	10	2.51%	Bank, Fls and Insurance Companies

C) Bonds: (P SERIES)

- i) **According to size:** Distribution of bondholdings according to size and percentage of holdings as on 31st March 2011 is as under:

Number of Bonds	Number of bondholders	%age of bondholders	Total No. of Bonds	%age of Bonds
1-5000	NIL	NIL	NIL	NIL
5001-10000	NIL	NIL	NIL	NIL
10001-20000	1	100.00%	20000	100.00%
20001-30000	NIL	NIL	NIL	NIL
30001-40000	NIL	NIL	NIL	NIL
40001-50000	NIL	NIL	NIL	NIL
50001-100000	NIL	NIL	NIL	NIL
100001 and above	NIL	NIL	NIL	NIL
Total	1	100.00%	20000	100.00%

ii) Bondholding pattern as on 31st March 2011:

Category	Total No. of Bonds	%age of Bonds
Central Govt./State Govt.	NIL	0.00%
FIs	NIL	0.00%
Indian Public	NIL	0.00%
Bank, FIs and Insurance Companies	20000	100.00%
Private Corporate Bodies	NIL	0.00%
Mutual Funds/UTI	NIL	0.00%
NRIs/OCBs	NIL	0.00%
Others		
(i) PF Fund/Trust	NIL	0.00%
(ii) Clearing Members	NIL	0.00%
Total	20000	100.00%

iii) Major Bondholding as on 31st March 2011: Details of bondholders holding more than 1 per cent of the Company's total bonds value as on 31st March 2011 are given as under:

Name of Bondholder	No. of Bonds	%age of Total Bonds Value	Category
LIC of India Limited	20000	100.00%	Bank, FIs and Insurance Companies

- (xi) Dematerialization of Share and Liquidity:** The shares of the Company are in the compulsory dematerialized segment and are available for trading with both the depositories, i.e., the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

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

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

- (xii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion date and likely impact on equity:** NHPC has not issued GDRs/ADRs/Warrants or any Convertible instruments.

(xiii) Plant Locations:

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



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(x) Address for Correspondence:

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

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

10. COMPLIANCE CERTIFICATE:

Certificate from M/s P. C. Jain & Co., Company Secretaries in Whole Time Practice confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Agreement along with Guidelines on Corporate Governance for Central Public Sector Enterprises 2010, forms part of the Annual Report.

For and on behalf of the Board of Directors

(A.B.L. Srivastava)

Chairman and Managing Director

DIN: 01601682

Place: Faridabad
Date : 10.08.2011

ANNEXURE-A

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

- a) **The Board:** The Company is headed by an Executive Chairman. No Independent Director has been appointed for the period exceeding, in aggregate, a period of 9 years, on the Board of the Company.
- b) **Remuneration Committee:** Please refer to para 3 (v) of this Report.
- c) **Shareholders Rights:** The half-yearly declaration of financial performance, including a summary of significant events in the last 6 months is not sent individually to every shareholder. However, this is made available on the Company's website. Financial results are published in leading newspapers as mentioned under 'Shareholder Information' in this Report.
- d) **Audit Qualification:** The financial statements for 2010-11 have no audit qualification.
- e) **Training of Board members:** Please refer to para 2 (viii) of this Report.
- f) **Mechanism for evaluating non-executive Board Members:** The Board of the Company comprises 9 Non-Executive Directors, including 2 Government Nominees. All of them have been appointed by the President of India through the Ministry of Power and, therefore, their performance evaluation is not done by the Board of the Company.
- g) **Whistle Blower Policy:** The Company is in the process of adopting a Whistle Blower Policy. In addition to this, a policy to prevent frauds has already been adopted by the Company for reporting on frauds or suspected frauds involving Company employees as well as representatives of vendors, suppliers, contractors, consultants, service providers or any other party doing any type of business with NHPC. All reports on frauds or suspected frauds are investigated with utmost speed. The mechanism for prevention of frauds is also included in the policy.

CEO AND CFO CERTIFICATE

To,
The Board of Directors,
NHPC Limited,
Faridabad

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2011 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
- (i) significant changes in internal control over financial reporting during the year 2010-11.
 - (ii) significant changes in accounting policies during the year 2010-11 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



(R.K. TANEJA)
ED (FINANCE)

Place: Faridabad
Date: 30.06.11



(A.B.L. SRIVASTAVA)
CHAIRMAN & MANAGING DIRECTOR

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
NHPC Ltd.

1. We have examined the compliance of conditions of Corporate Governance by NHPC Limited, for the year ended on 31.03.2011, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges(s).
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the company.

For- P. C. Jain & Co.
Company Secretaries

Place: Faridabad
Date : 10.08.2011

Sd/-
P. C. Jain
(Proprietor)
CP No. 3349



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Electric power is part of the basic infrastructure required for the Indian economy's sustained growth. The Indian power sector seems to be making some progress—from an installed capacity of 1,362 MW at the time of independence it now has an installed capacity of 173,626 MW. As on 31st March 2011, the shares of thermal, hydro and nuclear power stood at 112,824 MW, 37,567 MW and 4,780 MW respectively; 18,455 MW is from renewable energy sources.

The public sector has taken a lead in power generation in India with the Central and State Governments generating about 79 per cent of the total installed capacity. The participation of the private sector, which generates about 21 per cent of the power, too has been increasing since the liberalization of the economy in 1991.

However, there are many challenges that still need to be met. Among these are shortages of power (especially peak power) and an adverse hydro-thermal mix. The Indian power sector is also struggling with system unreliability/grid instability, frequency excursions, skewed tariffs, poor and sub-standard distribution networks and high aggregate technical and commercial losses.

During the last few years, hydro power's share in the total installed capacity has gradually declined which has resulted in an adverse hydro-thermal mix leading to many technical and operational abnormalities. Even though India is endowed with a huge potential for hydro power (to the tune 148,700 MW), only about 25 per cent of this has been commissioned till now.

SWOT ANALYSIS

A) **STRENGTHS** – NHPC has the following primary competitive strengths:

- **Established track record in implementing hydroelectric projects:** NHPC has wide experience and expertise in implementing projects which provide it significant competitive advantages. It has a strong design and engineering base with in-house expertise in geology, geo-physics, geo-technics, construction and material surveys. Its engineering capabilities range right from the stage of conceptualization till the commissioning of projects. NHPC's team is supported by international and domestic project consultants.
- **Exposure to the construction and operations of hydro projects in remote/non-penetrative areas, geo-technically sensitive Himalayan terrain:** Almost all NHPC projects are situated in remote areas which come with a range of challenges—logistical, climatic and technological. However, with its strong and efficient team of competent and experienced professionals, who have the capability to execute all types and sizes of hydro power projects, NHPC has successfully managed to develop and implement 14 power stations, including two through its subsidiary, NHDC. The Chamera-II Power Station and the Indira Sagar and Omkareshwar projects of its subsidiary NHDC have been commissioned ahead of schedule.
- **Long-term power purchase agreements with customers:** Pursuing Power Purchase Agreements (PPAs), NHPC gets most of its revenue from the sale of energy to SEBs/Power Departments and their successor entities. The allocation of power from the different power stations to various beneficiaries is done by the Ministry of Power, Government of India. The billings made to the state entities are currently secured through letters of credit pursuant to the tripartite agreements entered into among the Government of India, the Reserve Bank of India and respective State Governments.

Further, the company also obtains commitments from beneficiaries for purchase of power from new projects as and when the Government of India decides to invest in such projects.

- **Strong operating performance:** Over the years, power stations have shown improvements in their operations. NHPC's operating power stations generated 18606 MUs of power during 2010-11, exceeding the annual MoU target of 18,000 MUs for 'Excellent' rating. Moreover, the power generated in 2010-11 was about 9.7 per cent higher than what was generated in 2009-10 (16960 MU).

Similarly, NHPC's Plant Availability Factor (PAF) for operating power stations was 85.2 per cent (provisional) during 2010-11, as against 84.1 per cent in the previous year thus exceeding the annual MoU target of 79.9 per cent for 'Excellent' rating by 5.3 per cent.

- **Competent and committed workforce:** NHPC has a competent and committed workforce. Its executives have extensive experience in the industry. Their skills, industry knowledge and operating experience provide NHPC with a significant competitive advantage.
- **Strong financial position:** NHPC is a Mini-Ratna Schedule 'A' enterprise with an authorized share capital of ₹ 15000 crore and an investment base of over ₹ 40471 crore. It also has a strong financial position with a rating of 'AAA (ind)' Fitch for domestic borrowings.

B) OPPORTUNITIES

The deteriorating hydro-thermal mix, increase in peaking shortages and frequency variations have forced policymakers to turn their attention towards water resources and developing hydro power. Besides India's huge untapped hydro potential, especially in the North Eastern region, the focus shifting to hydro power, NHPC now has opportunities for adding to its capacity in the coming years.

C) THREATS/WEAKNESSES

The management perceives the following as threats/risks/weaknesses in the construction of hydro power projects:

Environment and Forest Clearances: Stringent norms and cumbersome procedures for getting environment and forest clearances and clearances from the National Board for Wild Life (wherever applicable) lead to delays in getting projects cleared, which affects capacity addition programmes.

Land Acquisition: The process of land acquisition for infrastructure as well as for a project's components, including submergence, is cumbersome and time consuming.

Geological Uncertainties: In spite of extensive surveys and investigations, various components of hydro projects, such as head race tunnel, underground power house, pressure shaft and surge shaft face geological surprises, especially in the young Himalayan region. With its experience and expertise coupled with state-of-the-art technology, NHPC has been able to overcome such surprises many a times in the past but their common and frequent occurrences may result in time and cost over-runs for projects.

Inter-State and International Disputes: Since water is a state subject, inter-state river disputes often result in projects getting delayed or abandoned. Further, certain projects situated in border areas get affected due to international relations.

Natural Calamities: As most of the hydro projects are located in hilly terrains, land slides, hill slope collapses, road blocks, floods and cloud bursts cause severe setbacks in construction schedules.

Unexpected Complexities: Unexpected complexities and delays in clearances/execution because of reasons like law and order situations and contractual problems which are beyond NHPC's control may cause variations/escalations in estimates. Changes in CERC's tariff regulations may also affect cash flows and results of operations.

Dearth of Competent Contractors: More and more contractors are becoming developers resulting in a dearth of experienced contractors in the hydro sector.

Lack of Basic Infrastructure Facilities: Construction of hydro power stations in remote and hilly areas is a complex exercise. Infrastructure development in such areas is poor and so requires extra efforts and costs by executing agencies for mobilizing men, materials and resources.

RISKS AND CONCERNS

Hydro power schemes are capital intensive and have long gestation periods. Hence, availability of funds is seen as one of the major constraints in exploiting the vast hydro power potential available in the country. Since water is a state subject, State Governments are demanding higher shares of free power and other incentives, leading to higher tariffs.

OUTLOOK

Since the Indian economy is one of the fastest growing economies in the world it is demanding more energy, particularly electrical energy, demand for which is increasing at a rate of approximately 8 to 10 per cent annually. Energy and peak shortages during 2010-11 remained at 7.5 and 10.3 per cent respectively. CEA has projected an energy demand of about 969 billion units in 2011-2012 and 1,392 billion units in 2016-2017. Peak demand has been projected at 153 GW in 2011-2012 and 218 GW in 2016-2017. It is clear from these figures that there will have to be a big increase in installed capacity to fill the gap for the ever increasing demand for power.

It is noteworthy that the Government of India has taken various initiatives for reforms in the power sector as a whole, with particular reference to hydro power, such as a study of potential hydro sites by CEA in 2001, enactment of the Electricity Act, 2003, 50000 MW hydroelectric initiatives in May 2003 and introduction of the Hydro Policy in 2008.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

NHPC has in-built control systems in functional/operational areas and the transactions/processes are guided by delegation of powers and by documented policies, guidelines and manuals. Its organizational structure is well-defined in terms of structured authority/responsibility at particular levels of the hierarchy.

NHPC has an independent and a full-fledged Internal Audit Department at the Corporate Office and Internal Audit Wings in Regional Offices, which are staffed with qualified and experienced people who carry out audits at regular intervals. A summary of Audit Observations and Action Taken Report are placed before the Audit Committee. The recommendations and directions of the Committee are carried out accordingly.



DISCUSSION ON THE FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

A. FINANCIAL DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

A detailed financial discussion and analysis is furnished below on the Audited Financial Results of the corporation for fiscal 2011 as compared to fiscal 2010.

Income

	Fiscal 2011	Fiscal 2010
Units of electricity sold (million units)	16,293.32	14,841.67
Income		₹ in crore
Sales of Energy	4,046.59	4,153.21
Revenue from Contracts, Project Management and Consultancy Works	178.66	113.08
Other Income	706.86	545.73
Total	4,932.11	4,812.02

NHPC's income comprises of income from sale of electricity, contracts, project management and consultancy services and other income comprising mainly of interest earned on investments of surplus funds, interest on securitized bonds/long term advances, dividend income, etc. NHPC's total income increased by 2.50 per cent to ₹ 4,932.11 crore in fiscal 2011 from ₹ 4,812.02 crore in fiscal 2010. This was primarily due to the commissioning of the Sewa-II Power Station, grossing up of Return on Equity (ROE) at the corporate tax rate and increase in interest income from investment of surplus cash. Last year's energy sales included earlier year sales of ₹ 706.33 crore (net of advance against depreciation [(AAD)]).

TARIFF

Electricity charges are determined power station wise by the Central Electricity Regulatory Commission (CERC). A new order/regulation was issued by CERC vide notification No. L-7/145(160)/2008-CERC dated 19 January 2009 and relates to the tariff period 2009-14.

Tariff is determined by referring to Annual Fixed Charges (AFC), which comprise of primary energy charges and capacity charges and include ROE, depreciation, interest on loan, interest on working capital and operation and maintenance expenses. ROE is grossed-up with reference to the applicable income tax rate so as to recover income tax incidence. Recovery of capacity charges is dependent on the actual utilization of machines for generating power while capacity is determined by reference to the Normative Annual Plant Availability Factor (NAPAF), which has been prescribed for each power station based on its nature.

NHPC is entitled to receive incentives for achieving a Plant Availability Factor greater than NAPAF as well as for generating energy in excess of the designed energy level of the plant. This contrasts with the tariff system in place for fiscal 2005 to fiscal 2009 in which additional energy charges were recovered when prescribed capacity levels were exceeded.

Sale of Energy

NHPC sells electricity to bulk customers mainly comprising of electricity utilities owned by State Governments. Sale of electricity is made pursuant to long-term power purchase agreements. CERC has notified by regulations the terms and conditions for determining the applicable tariff with effect from 1 April 2009 for a period of five years vide notification dated 19.01.2009. The petitions for all 12 power stations have since been filed and tariff for three power stations already stands approved.

The said regulations inter-alia provide that for the purpose of filing petitions, ROE is to be grossed-up using the applicable income tax rate for the financial year 2008-09 and the difference in ROE, if any, that may arise due to a change in the income tax rate during the tariff period 2009-14, is to be claimed in 2014-15. However, keeping in view the provisions of Accounting Standard (AS-9) on 'Revenue Recognition', during fiscal 2011, the sales figure has been recomputed and provisionally recognized by the Company based on the principle enunciated in the aforesaid regulation by grossing-up the ROE with the applicable income tax rate for the financial year 2010-11.

In fiscal 2011, NHPC sold 16,293.32 MUs of electricity from its installed capacity of 3,749.20 MW while in fiscal 2010 it sold 14,841.67 MUs from an installed capacity of 3,619.20 MW. Besides increased generation, this represents an increase of 9.78 per cent in the number of units sold, primarily due to the commissioning of the Sewa-II Power Station during the current fiscal. NHPC's average selling price was ₹ 2.45 per unit in fiscal 2011 as compared to ₹ 2.87 per unit in fiscal 2010. The decrease in per unit rate during fiscal 2011 is mainly attributable to the account of sales in earlier years during the previous fiscal on account of finalization/revision of tariffs for power stations.

Energy sales decreased by 2.57 per cent to ₹ 4,046.59 crore in fiscal 2011 from ₹ 4,153.21 crore in fiscal 2010 because of account of earlier year sales (net of AAD) amounting to ₹ 706.33 crore during the previous fiscal. Sales realization in fiscal 2011 was 100 per cent while in fiscal 2010, it was 99.69 per cent. NHPC's Plant Availability Factor in fiscal 2011 was 85.20 per cent as compared to 84.10 per cent in fiscal 2010.

Adjusted Sales of Energy

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

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

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

The revenue from sales of energy after such adjustments is:

₹ in crore

	Fiscal 2011	Fiscal 2010
Gross Sales	3,999.63	4,261.18
Less: Advance against Depreciation (AAD) net	(46.96)	107.97
Net Sales	4,046.59	4,153.21
Less:		
(a) Earlier year sales (net of AAD)	24.01	706.33
(b) UI Charges	128.61	110.39
Adjusted Sales of Energy	3,893.97	3,336.49

Earlier year sales (net of AAD) of ₹ 706.33 crore (gross ₹ 844.14 crore) in fiscal 2010 arose primarily because of the finalization and revision of tariff with respect to power stations

Increase in adjusted sales by 16.71 per cent is primarily attributable to the commissioning of the Sewa-II Power Station during the current fiscal and grossing-up of ROE at the corporate tax rate.

Revenue from Contracts, Project Management and Consultancy Works

NHPC also earns revenue from contracts obtained for construction/execution of projects as well as project management and consultancy assignments. These assignments primarily include works pursuant to the Pradhan Mantri Gram Sadak Yojana scheme in connection with the development of rural roads and the Rajiv Gandhi Grameen Vidyutikaran Yojana scheme relating to establishing rural electrification infrastructure, primarily distribution lines. These two schemes are overseen by different agencies of the Government of India and are executed by PSUs and Government Departments. NHPC is responsible for executing the projects allocated to it in certain specified areas throughout India. Besides, NHPC is also operating the Baghliar Power Station on behalf of J&KPDC.

NHPC's income from contracts, project management and consultancy works increased by 57.99 per cent from ₹ 113.08 crore in fiscal 2010 to ₹ 178.66 crore in fiscal 2011 mainly due to income from the Baghliar Power Station.

Other Income

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

NHPC's other income was ₹ 706.86 crore in fiscal 2011, an increase of 29.53 per cent over the other income of ₹ 545.73 crore in fiscal 2010. The major components of other income are:

₹ in crore

Other Income	Fiscal 2011	Fiscal 2010
Interest on securitized power bonds/long term advances	137.35	161.31
Interest from beneficiary states	20.40	83.64
Interest on Term Deposit	409.58	185.61
Dividend	12.40	25.02
Other miscellaneous income	127.13	90.15
Total	706.86	545.73



Interest income from securitized power bonds/long term advances for fiscal 2011 was ₹ 137.35 crore as compared to ₹ 161.31 crore in fiscal 2010. The reduction in interest income to the extent of ₹ 23.96 crore is due to redemption of these bonds/long term advances amounting to ₹ 281.80 crore.

NHPC's other income during fiscal 2011 was impacted upon by a decrease of ₹ 63.24 crore on account of interest from beneficiary States due to finalization/revision of tariff of power stations. During fiscal 2011, tariff of the Dhauliganga Power Station was finalized and during fiscal 2010, tariff of the Dulhasti, Teesta-V and Chamera-II power stations was finalized by CERC.

Interest on term deposit increased to ₹ 409.58 crore during fiscal 2011 as against ₹ 185.61 crore during fiscal 2010 due to investment of surplus cash out of IPO proceeds.

NHPC received ₹ 4,025.70 crore as IPO proceeds during fiscal 2010. Out of these funds, ₹ 2,394.40 crore was invested in Fixed Deposit/ Corporate Liquid Term Deposit.

During fiscal 2011, NHPC earned ₹ 12.40 crore as dividend from investments mainly in subsidiary companies as against ₹ 25.02 crore during fiscal 2010.

Other miscellaneous income of ₹ 127.13 crore and ₹ 90.15 crore in fiscal 2011 and fiscal 2010 respectively, comprises mainly of interest on advance to the Government of Arunachal Pradesh, write-back of liabilities, etc. The increase in other miscellaneous income by ₹ 36.97 crore during fiscal 2011 is mainly attributable to gain on transfer of one of project during the current fiscal.

Expenditure

₹ in crore

Expenditure	Fiscal 2011	Fiscal 2010
Generation, Administration and Other Expenses	522.43	238.67
Employees' Remuneration and Benefits	699.62	529.84
Depreciation	916.74	1,018.87
Interest and Finance Charges	413.56	457.08
Provisions	34.46	80.50
Expenditure on Contracts, Project Management and Consultancy Works	123.25	82.39
Total Expenditure	2,710.06	2,407.35

NHPC's total expenditure increased by 12.57 per cent to ₹ 2,710.06 crore in fiscal 2011 from ₹ 2,407.35 crore in fiscal 2010 mainly due to levy of water cess with respect to power stations situated in Jammu and Kashmir, POSOCO charges and interest on the arbitration award. Being a new levy, the petition for recovery of water cess from beneficiaries has already been filed with CERC. NHPC's total expenditure as a percentage of total income was 54.95 per cent in fiscal 2011 as compared to 50.03 per cent in fiscal 2010. This increase is primarily due to the reasons mentioned above.

Generation, Administration and Other Expenses

Generation, administration and other expenses consist primarily of repair and maintenance of buildings and plant and machinery, security and insurance expenses, etc. These expenses represented approximately 19 per cent of NHPC's total expenditure in fiscal 2011 as compared to 10 per cent in fiscal 2010. In absolute terms, these expenses increased by approximately 119 per cent to ₹ 522.43 crore in fiscal 2011 from ₹ 238.67 crore in fiscal 2010. Expenses per unit of saleable energy were ₹ 0.32 in fiscal 2011 as compared to ₹ 0.16 in the previous fiscal.

The increase of ₹ 283.76 crore is mainly due to levy of water cess with respect to power stations situated in Jammu and Kashmir, POSOCO charges, interest on the arbitration award and commissioning of the Sewa-II Power Station during the current fiscal. Petition for recovery of water cess has already been filed with CERC.

Employees' Remuneration and Benefits

Employees' remuneration and benefits include salaries and wages, allowances, incentives, contribution to provident and other funds and welfare expenses. These expenses accounted for approximately 26 per cent of NHPC's total expenditure in fiscal 2011 as compared to approximately 22 per cent in fiscal 2010. In absolute terms, the employee costs increased by ₹ 169.78 crore in fiscal 2011 mainly due to an additional provision made towards long term/post-employment benefits and performance related pay besides commissioning of the Sewa-II Power Station during the current fiscal. This resulted in an increase in the employee cost per unit of saleable energy from ₹ 0.36 in the previous fiscal to ₹ 0.43 in the current fiscal.

NHPC had 11,344 employees on its payroll as of 31st March 2011, compared to 11,618 employees as of 31st March 2010. Of these, 5,189 and 4,971 employees for fiscal 2011 and fiscal 2010 respectively, were engaged in operation and maintenance areas. Employees' remuneration and other benefits increased by 32.04 per cent to ₹ 699.62 crore in fiscal 2011 from ₹ 529.84 crore in fiscal 2010.

As a percentage of total income, employees' remuneration and other benefits increased from 11.01 per cent in fiscal 2010 to 14.19 per cent in fiscal 2011 mainly because of provisions made towards long term/post-employment benefits and performance related pay.

Depreciation

As per NHPC's accounting policy, depreciation is charged on a straight line method to the extent of 90 per cent of the cost of assets following the rates and methodology notified by CERC vide notification dated 19.01.2009, except for some items for which depreciation at the rates assessed by NHPC is charged.

Depreciation costs decreased by 10.02 per cent to ₹ 916.74 crore in fiscal 2011 from ₹ 1,018.87 crore in fiscal 2010. Depreciation expenses decreased mainly on account of adopting the rates and methodology of depreciation as notified by CERC vide notification dated 19.01.2009 during the current financial year which is partly offset by an increase due to commissioning of the Sewa-II Power Station and increase due to the impact of capitalization of the arbitration award during the current fiscal.

As a percentage of total income, depreciation decreased from 21.17 per cent in fiscal 2010 to 18.59 per cent in fiscal 2011.

Interest and Finance Charges

NHPC's interest charges consist primarily of interest expense on bonds and term loans. For accounting purposes, NHPC's borrowings are denominated in rupees, including those raised in foreign currencies, primarily consisting of the Japanese yen, US dollars and euros. Besides, NHPC also incurs expenses on account of guarantee fees in connection with the loans raised.

Interest and finance charges decreased by 9.52 per cent to ₹ 413.56 crore in fiscal 2011 from ₹ 457.08 crore in fiscal 2010 due to repayment of high cost debt and normal repayments.

Provisions

NHPC maintains provisions mainly on account of doubtful debts, claims and advances and obsolescence of stores and spares. Such provisions are estimated on a year-to-year basis and are based on the management's assessment.

NHPC's provisions decreased by 57.19 per cent to ₹ 34.46 crore in fiscal 2011 from ₹ 80.50 crore in fiscal 2010. This decrease was mainly due to a provision of ₹ 70.84 crore created during the previous fiscal towards the cost of the Dhauliganga Power Station, which was recommended for disallowance by the Standing Committee on Time & Cost Overrun as per the Public Investment Board (PIB) note.

Expenditure on Contracts, Project Management and Consultancy Works

Expenditure on account of contracts, project management and consultancy works represents direct expenditure relating to construction contracts, employee expenditure for contract and consultancy personnel and administration and general overhead expenses relating to contracts that NHPC executes either on an agency basis or otherwise on behalf of third parties (primarily the Government of India on behalf of State Governments).

NHPC's expenditure on contracts, project management and consultancy works increased by 49.59 per cent to ₹ 123.25 crore in fiscal 2011 from ₹ 82.39 crore in fiscal 2010. This increase is primarily attributable to progress of work and O&M of the Baghliar Power Station.

Prior Period Adjustments

Prior period income (net) increased by ₹ 658.97 in fiscal 2011 mainly because of differences due to grossing-up of ROE at normal income tax rates instead of MAT rates, which was considered for grossing-up in 2009-10 and other tax adjustments relating to beneficiary States.

Profit Before Tax

Due to the reasons outlined above, NHPC's profit before tax increased by 19.83 per cent to ₹ 2,878.43 crore in fiscal 2011 from ₹ 2,402.08 crore in fiscal 2010.

Provision for Tax

In fiscal 2011, NHPC provided ₹ 711.76 crore for tax as compared to ₹ 311.58 crore in fiscal 2010. The increase in tax in fiscal 2011 is attributable to increased profit before tax, change in the tax rate and impact of the deferred tax.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

NHPC depends on both internal and external sources of liquidity to provide working capital and to fund capital requirements. NHPC generally enters into long term borrowings in the form of term loans or issue bonds, which may be in Indian rupees or in foreign currencies. NHPC had cash and cash equivalents of ₹ 2,864.14 crore and ₹ 5,097.38 crore as of 31st March 2011 and 31st March 2010 respectively.

**Cash Flows**

₹ in crore

	Fiscal 2011	Fiscal 2010
Net cash inflow from operating activities	3,066.94	2,791.69
Net cash outflow from investment activities	(3,882.83)	(4,225.88)
Net cash inflow from financing activities	(1,417.35)	4,631.62

Net Cash from Operations

NHPC's net cash from operating activities was ₹ 3,066.94 crore in fiscal 2011. It had a net profit before tax and after extraordinary items of ₹ 2,878.43 crore. Its net cash from operating activities was arrived at after adjusting non-cash items of depreciation (including prior period) of ₹ 817.89 crore, interest, excluding a rebate of ₹ 374.53 crore and ₹ 563.70 crore towards interest earned on deposits/investments and other non-operating items. Changes in current assets and current liabilities that had a current period cash flow impact comprised mainly of an increase in working capital of ₹ 59.59 crore, consisting of the net effect of an increase in receivables and an increase in trade and other payables.

NHPC's net cash from operating activities was ₹ 2,791.69 crore in fiscal 2010. It had a net profit before tax and after extraordinary items of ₹ 2,402.08 crore. Its net cash from operating activities was arrived at after adjusting non-cash items of depreciation (including prior period) of ₹ 1,032.39 crore, interest excluding rebate of ₹ 416.12 crore, ₹ 107.97 crore in deferred revenue on account of advance against depreciation and ₹ 346.89 crore towards interest earned on deposits/investments and other non-operating items. Changes in current assets and current liabilities that had a current period cash flow impact comprised mainly of decrease in working capital of ₹ 529.11 crore, which was the net effect of an increase in receivables and an increase in trade and other payables.

Net Cash from Investing Activities

NHPC's net cash used in investing activities was ₹ 3,882.83 crore in fiscal 2011. This mainly reflected expenditure on fixed assets of ₹ 3,426.11 crore, increase in investments by ₹ 1,005.45 crore was offset by interest income on deposits/investments and a small amount of dividend income.

NHPC's net cash used in investing activities was ₹ 4,225.88 crore in fiscal 2010. This mainly reflected expenditure on fixed assets of ₹ 2,997.53 crore, increase in Investments by ₹ 1,600.45 crore offset by interest income on deposits/investments and a small amount of dividend income.

Net Cash from Financing Activities

In fiscal 2011, NHPC's net cash outflow from financing activities was ₹ 1,417.35 crore. The Company raised ₹ 1,591 crore of fresh domestic term loans and repaid borrowings to the tune of ₹ 1,162.04 crore and paid interest and finance charges of ₹ 1,057.41 crore. In fiscal 2011, NHPC paid a final dividend (including dividend tax) of ₹ 788.90 crore.

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

The significant decrease in fiscal 2011 is mainly due to share capital and share premium money received consequent upon NHPC's Initial Public Offer (IPO) during the previous fiscal.

DISCUSSION OF BALANCE SHEET ITEMS**Balance Sheet Highlights**

₹ in crore

	As on 31st March	
	2011	2010
Fixed assets	34,223.33	30,419.95
Investments	5,399.50	4,394.05
Interest Accrued on Investments	157.87	182.65
Inventories	33.71	44.31
Contract Work-in-Progress	19.94	24.22
Sundry Debtors	1,908.60	1,140.21
Cash and Bank Balances	2,864.14	5,097.38
Other Current Assets	511.32	534.66
Loans and Advances	1,365.42	1,295.74

FINANCIAL CONDITION

Net worth

The net worth of the Company at the end of fiscal 2011 increased to ₹ 25,441.66 crore from ₹ 23,273.19 crore in the previous fiscal registering an increase of 9.32 per cent mainly due to increased profit after tax.

Net Fixed Assets

NHPC's fixed assets after depreciation, defined as net fixed assets, were ₹ 34,223.33 crore and ₹ 30,419.95 crore as of 31st March 2011 and 31st March 2010 respectively. Its fixed assets consist of land, dams, tunnels, buildings, including power house buildings, plant and machinery, office equipment, computers and intangible assets.

Net fixed asset value increased by 12.50 per cent in fiscal 2011 as compared to fiscal 2010 mainly due to increase in work in progress capital.

Investments

Investments are intended for a long term and carried at cost. NHPC's total investments were ₹ 5,399.50 crore and ₹ 4,394.05 crore as of 31st March 2011 and 31st March 2010 respectively.

The increase in investments is the net effect of increase due to investments in the Self Insurance Fund, other long term deposits, investments in joint ventures/subsidiaries and decrease due to repayment and redemption of securitized power bonds.

Power bonds received pursuant to the one time settlement scheme are also accounted for as investments. As of 31st March 2011 and 31st March 2010, these investments amounted to ₹ 1265.11 crore and ₹ 1,521.55 crore respectively. The decrease in power bonds is due to their redemption.

Interest Accrued on Investments

Interest accrued on investments was valued at ₹ 157.87 crore and ₹ 182.65 crore as of 31st March 2011 and 31st March 2010 respectively, a decrease of 13.57 per cent in fiscal 2011 as compared to fiscal 2010.

Inventories

Inventories are valued at net realizable value. NHPC's management has valued its inventories based on the physical verification of stock. The inventories were valued at ₹ 33.71 crore and ₹ 44.31 crore as of 31st March 2011 and 31st March 2010 respectively.

Contract Works-in-Progress

Contract works-in-progress as of 31st March 2011 and 31st March 2010 were ₹ 19.94 and ₹ 24.22 crore respectively.

Sundry Debtors

Sundry debtors consist primarily of receivables relating to sale of electricity. The sundry debtors (net of provision for doubtful debts) as of 31st March 2011 and 31st March 2010 were ₹ 1,908.60 crore and ₹ 1,140.21 crore respectively, including un-billed debtors to the tune of ₹ 996.58 and ₹ 405.14 crore respectively. The significant increase of 67.39 per cent in sundry debtors between fiscal 2010 and fiscal 2011 is mainly due to the increase in the unbilled amount.

Cash and Bank Balances

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

NHPC's cash and bank balances as of 31st March 2011 and 31st March 2010 were ₹ 2,864.14 crore and ₹ 5,097.38 crore respectively. The decrease of ₹ 2,233.24 crore during fiscal 2011 is on account of investments of surplus cash in long term deposits.

Other Current Assets

NHPC's other current assets as of 31st March 2011 and 31st March 2010 were ₹ 511.32 crore and ₹ 534.66 crore respectively, a decrease of 4.37 per cent in fiscal 2011 as compared to fiscal 2010.

Loans and Advances

NHPC's loans and advances as of 31st March 2011 and 31st March 2010 were ₹ 1,365.42 crore and ₹ 1,295.74 crore respectively, an increase of 5.38 per cent over the previous fiscal. Loans and advances include advance income tax and advances given to employees, contractors and suppliers.

**Liabilities and Provisions**

₹ in crore

	As on 31st March	
	2011	2010
Secured Loans	10,884.36	10,953.18
Unsecured Loans	3,684.90	2,915.04
Income Received in Advance on Account of Advance against Depreciation	1,406.55	1,437.44
Current Liabilities & Provisions	4,905.03	4,415.22

Secured Loans

NHPC's secured loans as of 31st March 2011 and 31st March 2010 were ₹ 10,884.36 crore and ₹ 10,953.18 crore respectively. Secured loans include borrowings from domestic banks and financial institutions along with corporate bonds raised in capital markets that are secured against the assets of the Company.

A minor decrease of 0.63 per cent in secured loans during fiscal 2011 is the net effect of increase due to fresh borrowings and decrease due to repayment of loans.

Unsecured Loans

Unsecured loans as of 31st March 2011 and 31st March 2010 were ₹ 3,684.90 crore and ₹ 2,915.04 crore respectively. Unsecured loans include borrowings from domestic and foreign banks and financial institutions that have not been secured by any assets of the Company.

Unsecured loans decreased by 26.41 per cent in fiscal 2011 as compared to fiscal 2010. This decrease was mainly due to repayment of loans during fiscal 2011.

Income Received in Advance on Account of Advance against Depreciation (AAD)

AADs as of 31st March 2011 and 31st March 2010 were ₹ 1,406.55 crore and ₹ 1,437.44 crore respectively. AAD standing in the books is being written-back in a systematic manner, subsequent upon the removal of its concept by CERC w.e.f. 01.04.2009.

Current Liabilities and Provisions

NHPC's current liabilities and provisions as of 31st March 2011 and 31st March 2010 were ₹ 4,905.03 crore and ₹ 4,415.22 crore respectively. Its current liabilities and provisions include sundry creditors, advances from contractees, security deposits, retention money, provision for wage revision, actuarial valuations and dividend and dividend tax.

An Increase of 11.09 per cent in current liabilities and provisions during fiscal 2011 is mainly on account of increase in provisions towards productivity linked incentives payable to employees and increase on account of actuarial valuations and provisions towards the arbitration award.

OFF-BALANCE SHEET ITEMS**Contingent Liabilities**

The following table gives the components contingent liabilities for fiscal 2011 and 2010:

₹ in crore

Particulars	Fiscal 2011	Fiscal 2010
Claims against the Company not acknowledged as debts in respect of:		
Capital Works	5,112.64	4,452.69
Land Compensation Cases	71.97	82.82
Disputed Income Tax, Sales Tax, Other Items	2,404.88	2,388.25
Total	7,589.49	6,923.76

Contingent liabilities increased by 9.62 per cent from ₹ 6,923.76 crore as of 31st March 2010 to ₹ 7,589.49 crore as at 31st March 2011 mainly on account of increase in contingent liabilities relating to capital works.

BUSINESS AND FINANCIAL REVIEW OF SUBSIDIARIES/JOINT VENTURE COMPANIES

Highlights of the NHPC's subsidiaries and joint venture companies are:

NHDC Ltd.

NHDC Ltd. (formerly known as Narmada Hydro-electric Development Corporation Ltd.) was incorporated on 01.08.2000 as a joint venture between NHPC Limited (51 per cent) and the Government of Madhya Pradesh (49 per cent) having an authorized share capital of ₹ 3,000 crore. NHDC has commissioned the Indira Sagar Power Project (1,000 MW) and the Omkareshwar Power Project (520 MW). NHDC has also signed MoU with Government of Madhya Pradesh to develop on ownership basis 1320 MW. (2 x 660 MW) Super Critical Technology based Reva Thermal Power Project (RTPP) in District Khandawa of Madhya Pradesh. A site for Wind Power for 100 MW has been allotted at Kukru (Betul) in MP. NHDC has generated 3197 MUS of energy during the year 2010-11 and earned a profit after tax of ₹ 304.13 crore.

Loktak Downstream Hydroelectric Corporation Limited

Loktak Downstream Hydroelectric Corporation Limited was incorporated on 23.10.2009 as a joint venture between NHPC Ltd. (74 per cent) and the Government of Manipur (26 per cent) having an authorized share capital of ₹ 230 crore. Subsequent to its incorporation, all the assets and liabilities of the erstwhile Loktak Downstream H.E. Power Project of NHPC Ltd. have been handed over to our company.

National Power Exchange Limited (NPEX)

NPEX was incorporated on 11.12.2008 as a joint venture between NHPC Ltd., NTPC Ltd., the Power Finance Corporation Ltd. and Tata Consultancy Services Ltd. under the name 'National Power Exchange Limited' to operate a power exchange at the national level. NHPC has a 16.67 per cent equity participation in this joint venture company. This power exchange would provide a neutral and transparent electronic platform for trading of power on 'day ahead basis' and ensure clearing of all trades in a transparent, fair and open manner with access to all players in the power markets.

National High Power Test Laboratory Private Limited (NHPTLPL)

NHPTLPL was incorporated on 22.05.2009 as a joint venture company of NHPC Ltd., NTPC Ltd., the Power Grid Corporation of India Limited (Power Grid) and the Damodar Valley Corporation (DVC) each having a 25 per cent equity participation. The company has been incorporated to set up an Online High Power Test Laboratory for short-circuit test facility in the country.

PTC India Limited

The main objectives of PTC India Limited include trading of power, import/export of power and purchase of power from identified private power projects and selling it to identified SEBs/others. NHPC holds 4.17 per cent of PTC's paid-up capital. During fiscal 2010, the applicability of the provisions of Accounting Standard (AS) 27- 'Financial Reporting of Interests in Joint Ventures' to the investments made in PTC India Ltd. was reviewed. Since NHPC is of the view that provisions of this Standard are not applicable to investments in PTC India Ltd., they have been excluded from the disclosures during this fiscal.

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

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

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

₹ in crore

Particulars	Fiscal 2011	Fiscal 2010
Total Income	5,950.74	5,794.55
Profit before Tax	3,257.23	2,754.17
Profit after Tax (After adjustment of Minority Interest)	2,316.16	2,175.56

B) PERFORMANCE OF PROJECTS AND POWER STATIONS

NHPC's operating power stations have shown an increase in power generation:

Power Station	Generation Target (MU) 2010-11 for 'EXCELLENT' MoU rating	Actual Generation (MU) 2010-11	Actual Generation (MU) 2009-10	PAF Target (%) 2010-11 for 'Excellent' MoU rating	Actual PAF(%) 2010-11	Actual PAF(%) 2009-10
Bairasiul	807	711	623	87.00	95.0	91.1
Loktak	474	605	381	87.00	72.0	72.6
Salal	3176	3230	3024	62.00	63.1	59.5
Tanakpur	469	465	471	57.00	62.6	63.1
Chamera- I	1763	2408	2065	92.00	99.2	97.7
Uri	2739	3040	2703	62.00	82.1	72.5
Rangit	353	352	329	87.00	92.2	91.5
Chamera – II	1558	1439	1369	92.00	95.0	97.8
Dhauliganga	1145	1134	1134	87.00	92.0	92.7
Dulhasti	1980	2234	2264	92.00	92.9	96.7
Teesta – V	2659	2624	2598	87.00	89.4	94.0
Sewa – II	439	363	-	87.00	90.7	-
New Projects	439	-	-	75.8	-	-
	18000	18606*	16960	79.9	85.2	84.1

Note: PAF figures for 2010-11 are provisional subject to certification by respective RPCs.

* The figure has been rounded off from 18605.8 MU



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

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

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

Training

NHPC holds learning ventures with leading educational institutions, including with IIM Bangalore, IIM Calcutta, ASCI Hyderabad, CPRI Bangalore, NCB Ballabgarh, ISM Dhanbad, the National Water Academy (NWA) Pune, IIT Roorkee and Delhi and KLG Systel Gurgaon.

During the year, training programmes were designed and conducted on prevailing and upcoming technologies in the power sector through market leaders/equipment manufacturing companies like ABB AREVA (T&D), ALSTOM VA- TECH, BHEL and Siemens.

The Regional Training Centre established at Regional-III office, Kolkata started looking after the training needs of employees posted in power stations /projects under Region-III and those employees posted in the North Eastern region.

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

WOMEN EMPLOYEES

The number and percentage of women employees in NHPC as on 31.03.2011 is:

Group	Total No. of Employees as on 31.03.2011	No. of female employees	% of overall staff strength
Total	11,344	1,000	8.82

Steps taken for the welfare of women employees:

- Special care is taken to nominate deserving women employees to attend training programmes/seminars organized exclusively for such employees.
- Creche facility is provided for women with infant children in the Corporate Office.
- Special committees with third party association have been set up to look into grievances/complaints of sexual harassment made by women employees.
- Child care leave for women employees to take care of their newborn/infant children.
- Child care leave when a woman employee adopts a child.
- Maternity leave as per the rules.
- Relaxation in attendance timings for female employees at the Corporate Office.
- Option to declare parents/parents-in-law under medical rules.

RESERVATIONS FOR SC/ST/OBC

NHPC is taking care of the socio-economic development of SC/ST and other weaker sections at various projects/power stations situated in remote areas. It provides budget allocation for schools and colleges in SC/ST/OBC populated projects/power stations. Medical facilities are also being provided to all weaker sections and SC/ST/OBC people where necessary.

Reservations and relaxations are provided to SC/ST and OBC in direct recruitment as per the guidelines issued by DoPT from time to time. The relaxed standards are also applicable for SC/ST employees while considering their promotions. NHPC holds periodical meetings with SC/ST employees. A SC/ST Cell has been set up for the welfare of SC/ST and OBC under the direct control of separate Liaison Officers for SC/ST and OBC respectively. The representation of

SC/ST/OBC employees in NHPC is:

	Total Employees as on 31/03/11	Representation					
		SCs	SC%	STs	ST%	OBC	OBC%
Total	11,344	1,457	12.84	554	4.884	979	8.63

WELFARE OF PERSONS WITH DISABILITIES

Representation of persons with disabilities:

Group	Total Employees as on 31/03/2011	Physically Challenged Employees				% of Physically Challenged Employees
		VH	HH	OH	Total	
Total	11,344	10	5	79	94	0.83

Steps taken for the welfare of physically challenged employees:

Reservations and relaxations are provided to physically challenged employees in direct recruitments and promotions as per the guidelines issued by DoPT/Ministry of Social Justice & Empowerment from time to time. In addition, the following welfare schemes have also been taken up:-

Grant of financial assistance for vocational training to those who get physically hurt while in service.

Reimbursement of monthly conveyance allowance for blind and orthopedically challenged employees.

Reimbursement of charges for purchase of hearing aids for employees and their dependents and reimbursement of cost of artificial limbs for which interest free loans are also given.

Restriction of age is not applicable with respect to physically/mentally retarded children for considering them as dependents.

ENVIRONMENT PROTECTION, REHABILITATION AND RESETTLEMENT

NHPC is committed to preserving the country's heritage and natural endowments by maintaining a balance between the preservation of the environment and its construction activities. Adverse impacts of construction activities, if any, are mitigated and compensated for by adopting measures like compensatory afforestation, catchment area treatment, wildlife conservation, green belt development, fishery management, health management, rejuvenation of dumping and quarry sites and resettlement and rehabilitation.

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

The policy has provided certain extra benefits over and above what are proposed in NRRP, 2007. These include irrigation support systems, provisions to people who have lost accessibility to their land, marriage grants to BPL unmarried girls, subsistence grants for asset-less youth, formation of self-help groups, special treatment of orphans, higher amount as rehabilitation grants and up to 0.75 per cent of the estimated hard cost of a project for a community and social development plan.

In addition to this, the Company also conducts post-construction environment and social impact assessment studies to evaluate the efficacy of management plans implemented during the course of constructing a project.

Cautionary Statement

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

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



Reply to Annexure to the Directors Report on Energy Conservation & Technology Absorption is given hereunder:

Conservation & Technology Absorption is given hereunder:

A. Conservation of Energy:

a) Energy Conservation Measures Taken:

With a view to assessing and optimizing the power station's performance, an energy audit of the Teesta-V Power Station was completed and CPRI's recommendations for improving energy saving are being implemented.

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

Pursuing the implementation of energy audit measures recommended by CPRI in their final energy audit reports at power stations.

c) Impacts of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The anticipated energy savings is 871.30 MWh/year after implementing energy saving measures at the Teesta-V Power Station in a phased manner as recommended by CPRI in its Energy Audit Report which will reduce the cost of production of electricity at the Teesta-V Power Station.

B. Technology Absorption:

e. Efforts made in technology absorption are detailed in Form B which is enclosed.

FOREIGN EXCHANGE AND OUT GO

f) Activities relating to exports; Initiatives taken to increase exports; development of new markets for products and services and export plans.

NHPC has no export plans.

g) Total foreign exchange used and earned

Particulars:

	₹ in crore 2010-11	₹ in crore 2009-10
1* Value of Imports calculated on CIF basis :		
i) Capital Goods	99.39	155.17
ii) Spare parts	1.90	3.91
2* Expenditure in Foreign currency		
i) know how	11.18	11.23
ii) interest	59.53	73.37
iii) Other Misc.	119.79	104.44
3.* Value of spare parts and components consumed in Operating units		
- imported	1.05 (26.65%)	0.89 (20.79%)
- indigenous	2.89 (73.35%)	3.39 (79.21%)
4.** EARNINGS IN FOREIGN CURRENCY		
i) interest Income	—	—
ii) Others	—	—

* Accrual basis

** Cash basis

FORM – B

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

- Computational Fluid Dynamics (CFD) analysis of penstock of Salal Power Station.
- National Perspective Plan (NPP) for R&D Projects - Development of Silt Erosion Resistant Material for Turbine of Hydro Generators.
- National Perspective Plan (NPP) Projects for R&D - Tunneling in water charged zones under high hydrostatic pressure.
- Energy audit of Teesta-V Power Station.

Benefits derived as a result of the above R&D

- With a view to assessing and optimizing the power station's performance, energy audit of Teesta-V Power Station was completed and the recommendations of CPRI to improve energy saving are being implemented.

- National Perspective Plan (NPP) for R&D Projects: Development of Silt Erosion Resistant Material for Turbine of Hydro Generators for which National Metallurgical Laboratory (NML), Jamshedpur is the lead agency and NHPC is the participating agency in conjunction with SJVNL & CPRI, is under execution.
- Computational Fluid Dynamic (CFD) Lab in NHPC, Corporate Office has been set up to analyse the flow pattern in the water conductor system. CFD analysis of penstock of three power stations has been completed and CFD analysis of surge shaft and dam-spillway of two projects will be carried out during the current fiscal.

Plan of action 2011-2012

It is planned to continue the following R&D activities in 2011-2012:

- Clean Development Mechanism (CDM):
- Sales and realization of revenues for VERs (Verified Emission Radiation) issued by VCS (Verified Carbon Standard) registry for the Teesta-V Power Station for the generation period April 2008 to September 2009.
- Finalization of tender evaluation and award of work for developing the 3.75 MW Durgaduani Mini Tidal Power Project at Sunderban, West Bengal.
- Pursuing the implementation of Energy Audit measures recommended by CPRI.
- CFD analysis of water flowing through the surge shaft of the Teesta-V Power Station and spillway of Subansiri Lower H.E. project.
- Studying techniques to stop seepage in reservoirs/structures.
- Documentation for future reference with respect to the problems already faced or which are being faced in the field of geology and hydrology and the measures already taken/being taken up.
- Development of hard coating facility – DPR preparation.
- DPR preparation for developing the wind power project in the Bidda area near the Salal Power Station.
- Assessment of the potential of wind power at four NHPC power stations/projects.
- National Perspective Plan (NPP) for R&D Projects: Development of Silt Erosion Resistant Material for Turbines of Hydro Generators is under progress.
- National Perspective Plan (NPP) for R&D Projects– Tunneling in water charged zones under high hydrostatic pressure.

Expenditure on R&D

Total expenditure on R&D during the financial year 2010-11 was ₹ 3, 85, 63,120/-

Technology absorption, adaptation and innovation

- i) Efforts made towards technology absorption, adaptation and innovation: Various experimental studies/trials undertaken in association with specialized organizations in the field of hard coatings for underwater turbine components to improve their performance against silt erosion, identified thermal spray techniques as a possible solution.
- ii) Benefits derived as a result of these efforts, for example product improvement, cost reduction, product development and import substitution, Hard coatings is an on-going process and its benefits will be derived after finalizing the final coating material beneficial to the underwater components of hydro turbines. Tungsten Carbide Cobalt coating with the HVOF process seems to be showing encouraging results.

Technology imported during the last five years:

- NHPC has been engaged as a nodal agency for exploiting geo-thermal energy by the Ministry of New & Renewable Energy (MNRE). NHPC got the ranking studies of geo-thermal fields in India done through the international consultant M/s GeothermEx, USA. A proposal regarding the development of Tattapani geo-thermal fields was prepared by NHPC and submitted to MNRE. NHPC submitted PFR of the Puga geo-thermal fields in Jammu and Kashmir Further, NHPC also submitted a proposal to MNRE for the preparation of DPR of a 2 to 5 MW geo-thermal power project at Puga during September 2008.
- To promote environmental friendly use of solar energy, solar heating and solar lighting equipment, are being considered for remote locations where grid power has limitations or is not available. A pilot project of 25k Wp solar power plant and stand alone street lights for NHPC's Nimmo Bazgo Hydroelectric Project was undertaken by the R&D division to promote green power. Twenty stand alone street lights and a 25k Wp solar power plant were successfully commissioned on 17 January 2007 and are fully functional at the project site.
- An MoU has been signed with WBREDA for implementing the 3.75 MW Durgaduani Mini Tidal Power Project in the Sunderbans, West Bengal. NHPC has completed the updation of this project's DPR. A letter of intent has been issued by WBREDA to NHPC for executing the project on a deposit basis. This project is being funded by MNRE. International competitive bidding (ICB) for turnkey execution of this tidal power project is under process. It is anticipated that technology will have to be imported for this project as it is the first project of its kind to be executed in India.



Annexure-IV

Particulars of Employees employed during part of the year who were in receipt of remuneration not less than ₹ 5 Lacs per month including arrear paid to employees Retired/Resigned during FY 2010-11

SI No.	EMP No.	Location	Employee Name	Designation	Date of joining	Date of Leaving	Total Remuneration in Rupees	D-Deputation R- Regular	Qualification
1	103533L	119	RAM BILAS GOUTAM	MANAGER (CIVIL)	9/8/2005	4/3/2010	912730	D	N/A
2	110544L	117	KISHORI LAL	DEPUTY MANAGER(FINANCE)	3/7/1974	4/12/2010	1114359	R	B.A., SAE
3	313024A	117	SARWAN SINGH	COOK GR-SPL	11/12/1976	4/15/2010	635106	R	ILLETRATE
4	101124Y	116	SANDEEP SINGHAL	CHIEF ENGINEER (CIVIL)	10/5/1987	4/28/2010	1576609	R	B.E. CIVIL, M.B.A.
5	150662T	102	P RAJ BANSI	OPTR (PUMP) GR-SPL	11/21/1979	4/29/2010	602250	R	9TH
6	110939N	112	JASMER SINGH JASWAL	ASSISTANT MANAGER (FINANCE)	2/14/1978	4/30/2010	837863	R	B.A., SAE
7	130019N	116	K S JASROTIA	EXECUTIVE D/MAN GRADE A	9/22/1972	4/30/2010	659474	R	ITI DRAFTSMAN(CIVIL)
8	130348H	112	RAM PRAKASH	SR. TIMEKEEPER GR-I	1/19/1980	4/30/2010	800326	R	MATRIC/SSLC
9	140095X	119	NARINDER KUMAR	HEAD STOREKEEPER GR-I	10/11/1971	4/30/2010	982061	R	MATRIC/SSLC
10	148041L	101	KRISHAN KUMAR	TELEPHONE OPTR GR-SPL	10/23/1971	4/30/2010	689850	R	ILLETRATE
11	148638T	105	BALBIR SINGH	SR. SUPERVISOR (MECH.) GR-I	12/1/1975	4/30/2010	605116	R	ITI, MATRIC/SSLC
12	149066K	101	TEJ RAJ	MASTER ARTISAN (MASON) GR-II	2/1/1974	4/30/2010	730003	R	ILLETRATE
13	150281N	112	BACHITER SINGH	SR. FOREMAN (CIVIL)	2/20/1978	4/30/2010	987621	R	BELOW MATRIC
14	171044N	117	BRIKH BHADUR	MASTER TECH. (DRILLER) GR-II	10/29/1981	4/30/2010	556862	R	ILLETRATE
15	171079H	117	KARAM CHAND	SR. H.E.M OPERATOR GR-II	6/25/1983	4/30/2010	729138	R	5TH
16	180040H	144	RATTAN CHAND BHARDWAJ	OFFICER (HR)	2/7/1978	4/30/2010	2048824	R	B.A., PG DIPLOMA (1 YEAR) PERSONNEL MGT, SAE FINANCE
17	190921A	104	RAKESH KUMAR SAXENA	MASTER ELECTRICIAN GR-II	9/1/1987	4/30/2010	723316	R	ITI, MATRIC/SSLC
18	110917T	100	RAJEEV KUMAR SARIN	DEPUTY MANAGER(FINANCE)	11/25/1988	5/17/2010	1356634	R	B.COM., CA INTER
19	100245T	100	R N MISRA	EXECUTIVE DIRECTOR	6/21/1979	5/21/2010	1708706	R	B.E. CIVIL, M TECH WATER RESOURCES, M.B.A. FINANCE
20	101051X	111	DEVINDRA NATH	CHIEF MEDICAL OFFICER	1/19/1987	5/31/2010	2508659	R	MBBS
21	110090H	117	R K GUPTA	SENIOR MANAGER (RESEARCH)	10/6/1977	5/31/2010	1479677	R	M.SC. STATISTICS
22	130376V	112	SHYAM SINGH	SR. ASSISTANT GR-II	1/17/1980	5/31/2010	1051359	R	MATRIC/SSLC
23	135306A	103	SURAM SINGH	SR. H.E.M OPERATOR GR-II	10/1/1976	5/31/2010	1328471	R	BELOW MATRIC
24	135724V	103	AJMER SINGH	SR. H.E.M OPERATOR GR-II	7/20/1978	5/31/2010	1354023	R	ILLETRATE
25	135837X	103	JAGDISH RAJ	MASTER TECH. (FITTER) GR-I	4/18/1978	5/31/2010	1324329	R	BELOW MATRIC, ITI
26	149079F	101	TOTU RAM	OPTR (PUMP) GR-SPL	1/23/1974	5/31/2010	1128622	R	BELOW MATRIC
27	182352X	111	KARNAIL SINGH	MASTER CRANE OPTR GR-II	6/1/1975	5/31/2010	1212933	R	ILLETRATE
28	538504A	105	PREM NATH	SR. FOREMAN (ELECTRICAL)	4/1/1974	5/31/2010	1427057	R	N/A
29	148122L	101	RAVI KUMAR	SR. SUPERVISOR (ELECT.) GR-I	1/1/1974	6/30/2010	1531828	R	ITI, MATRIC/SSLC
30	180061Y	119	BHUPINDER SINGH	ASST. MANAGER (ADMINISTRATION)	2/14/1978	6/30/2010	1696401	R	M.A. HISTORY
31	110400H	105	RADHEY SHYAM	MANAGER (ELECTRICAL)	12/16/1975	7/31/2010	2699316	R	DIPLOMA ELECT. ENGG.
32	120076V	100	SUBHASH CHANDER KHANNA	EXECUTIVE SECRETARY	6/30/1978	7/31/2010	2444143	R	B.SC.
33	150502T	100	K P PREMRAJAN	SENIOR MANAGER(PR)	4/20/1979	8/31/2010	2693841	R	M.A. ENGLISH, POST GRADUATE PUBLIC RELATION
34	102042H	100	T N GOPALAKRISHNA	EXECUTIVE DIRECTOR-Finance	3/24/1999	9/9/2010	3347998	R	B.COM., C A
35	102870T	100	S K GARG	CMD	7/1/2003	12/31/2010	7712818	R	B.COM.(HONS), CA, FCA

AUDITORS' REPORT

To The Members of NHPC Limited

1. We have audited the attached **REVISED** Balance Sheet of M/s NHPC Limited as at March 31, 2011 and the **REVISED** Profit & Loss account, **REVISED** Statement of expenditure during construction and **REVISED** 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.
2. Reference is invited to Auditors' Report dated 27.05.2011 given by us on the Financial Statements of NHPC Limited for the financial year ended as at 31.03.2011.
3. The Company has amended its aforesaid financial statements covered by the above referred Auditor's Report so as to incorporate the provision for dividend and dividend distribution tax thereon in the books, which has been recommended by the Board of NHPC Limited. Accordingly, the Balance Sheet as at 31.03.2011 and Profit & Loss Account for the period ended on even date, audited by us (covered by our above referred Auditors Report) has been amended by the Company (*refer Note No. 33 of Schedule 24*).
4. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any 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 management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
5. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters in paragraph 4 and 5 of the said Order.
6. Further to our comments in the Annexure referred to in Para 3 above, without qualifying our report, we draw attention to (a) Note No. 5 (Schedule 24 – Notes to Accounts) in respect of accounting of sales on provisional basis pending determination of tariff by the Central Electricity Regulatory Commission and Prior Period sales, (b) Note No. 7 (Schedule 24 – Notes to Accounts) regarding capitalisation of Corporate Office Expenses, Regional Office Expenses, Survey & Investigation and administration & other general overhead expenses of construction projects and (c) Note No. 12 (Schedule 24 – Notes to Accounts) regarding having referred the issue of capitalisation of expenditure incurred for creation of assets (enabling assets) not within the control of the company, to Expert Advisory Committee of the Institute of Chartered Accountants of India, 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 the direction contained in letter No.CA. V/COY/CENTRAL GOVERNMENT, NHPC(5)/70 dated 13.07.2010 addressed to NHPC by the Office of the Comptroller & Auditor General of India, New Delhi;
 - (iii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - (iv) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (v) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956;
 - (vi) The Department of Companies Affairs, Ministry of Finance vide Notification No. F.No.8/5/2001-CL.V dated 21st October 2003 have notified that the provisions of clause (g) of sub-section (1) of section 274 of Companies Act, 1956, shall not apply to a Government Company.
 - (vii) The Central Government has not prescribed the amount of Cess payable under section 441A on Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
 - (viii) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts read together with other notes thereon in schedule 24 and significant accounting policies in schedule 23, thereon give the information required under the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:
 1. In the case of the **Balance Sheet**, of the **state of affairs** of the company as at 31st March, 2011;
 2. In the case of the **Profit and Loss account**, of the **Profit** for the year ended on that date;
 3. In case of Statement of Expenditure During Construction, of the expenditure incurred up to the period ended on reporting date; and
 4. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. B. G. & Company**
Chartered Accountants

(CA. Suresh Kumar)
Partner

M. No. 072921

F.R.No.001818N

Place: New Delhi

Dated: 30.06.2011



ANNEXURE TO THE AUDITOR'S REPORT (Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) All the fixed assets have been physically verified by the management/outside Chartered Accountants Firm during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of the assets. 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) The Company has not disposed off substantial part of fixed assets during the year.
2. In respect of its inventories:
 - a) The inventory has been physically verified during the year by the management/outside Chartered Accountants Firms. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanation given to us, the procedures of verification of stocks 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 inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
3. In respect of loans granted/taken to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a) The company has not taken or granted any loans, secured or unsecured, to/from companies, firms or other parties during the year covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
 - b) As per explanations & information 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.
4. 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 with regard to the purchase of the inventory, fixed assets and sale of power & services; **however the same needs to be strengthened further.**
5. In respect of transactions with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a) According to the information and explanations given to us, during the year under audit there have been no contracts & arrangements which need to be entered in the register maintained under section 301 of the Companies Act.
 - b) In view of sub clause (a) above, the sub-clause is not applicable.
6. The Company has broadly complied with provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. According to the information and explanation given to us, no order has been passed by the Company Law Board.
7. Corporation is having internal audit department/Outside Chartered Accountants Firm responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan.
8. The Company has maintained proper books of account relating to material, labour and items of cost incurred by the Company pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & 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,

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undisputed payable in respect of the aforesaid statutory dues were in arrears, as at 31/03/2011 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, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute amounting to ₹ 2253.31 Cr.

Statute	Nature	Forum	Amt (₹ in crore)
Income Tax Act, 1961	Income tax	ACIT, Faridabad	8.65
		CIT (Appeal), Dehradun	1.12
		Total	9.77
Sales Tax Act of various states	Sales Tax	Guhahati High Court	1934.07
		Sales Tax Appellate, J&K	247.54
		AC/JC, Trade Tax	0.05
		JCCT, Sale tax	20.87
		High Court, Kolkatta	0.06
		Total	2202.59
Assam VAT	VAT	DC, Sales tax	13.87
Custom Act, 1962	Custom Duty	Mumbai Custom	0.06
Finance Act, 1994	Service tax	Service tax Commissioner, Delhi	27.02
		Grand Total	2253.31

10. The company has no accumulated losses as at the end of the Financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of the security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of this clause are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15. The company has not given guarantees for loans taken by the others from banks or financial institutions.
16. As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information & explanations given to us, the company has created security in respect of Bonds issued by the company.
20. The Corporation has not raised money by Public Issue during the year.
21. Based on the audit procedures performed for the purpose of reporting the true & fair view of the financial statements and as per the information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. B. G. & Company**
Chartered Accountants

(CA. Suresh Kumar)
Partner

M. No. 072921

F.R.No.001818N

Place: New Delhi

Dated: 30.06.2011



BALANCE SHEET AS AT 31ST MARCH 2011

(₹ in crore)

SCHEDULE		31st Mar 2011		31st March 2010	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i)	Share Capital	1	12300.74		12300.74
ii)	Reserves and Surplus	2	<u>12283.15</u>	24583.89	<u>10972.45</u> 23273.19
B. LOAN FUNDS					
i)	Secured Loans	3	10884.36		10953.18
ii)	Unsecured Loans	4	<u>3684.90</u>	14569.26	<u>2915.04</u> 13868.22
C. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION					
				1406.55	1437.44
D. DEFERRED TAX LIABILITY (NET)					
	Deferred Tax Liabilities		2450.39		2509.64
	Less: Deferred Tax Recoverable		<u>2289.06</u>	161.33	<u>2370.54</u> 139.10
	TOTAL		<u>40721.03</u>		<u>38717.95</u>
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i)	Fixed Assets	5			
a)	Gross Block		22874.92		21302.37
	Less: Depreciation		<u>5774.04</u>		<u>4907.44</u>
b)	Net Block		17100.88		16394.93
ii)	Capital Work In Progress	6	15797.03		12802.50
iii)	Construction Stores and Advances	7	<u>1325.42</u>	34223.33	<u>1222.52</u> 30419.95
B. INVESTMENTS					
		8		5399.50	4394.05
C. CURRENT ASSETS, LOANS AND ADVANCES					
i)	Interest Accrued on Investments		157.87		182.65
ii)	Inventories		33.71		44.31
iii)	Contract Work-in-Progress		19.94		24.22
iv)	Sundry Debtors		1908.60		1140.21
v)	Cash and Bank Balances		2864.14		5097.38
vi)	Other Current Assets		511.32		534.66
vii)	Loans and Advances		<u>1365.42</u>	6861.00	<u>1295.74</u> 8319.17
Less: CURRENT LIABILITIES AND PROVISIONS					
i)	Liabilities	10	2349.21		2126.97
ii)	Provisions		<u>3413.59</u>	<u>5762.80</u>	<u>2288.25</u> <u>4415.22</u>
NET CURRENT ASSETS					
				1098.20	3903.95
D. MISCELLANEOUS EXPENDITURE					
	(To the extent not written off or adjusted)	11		-	-
	TOTAL		<u>40721.03</u>		<u>38717.95</u>
ACCOUNTING POLICIES					
		23			
NOTES TO THE ACCOUNTS					
		24			

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For **SBG & CO.**
Chartered Accountants
FR No.- 001818N

SURESH KUMAR
Partner
M.No. 72921

VIJAY GUPTA
Company Secretary

D.P. BHARGAVA
Director (Technical)
DIN 01277269

A.B.L. SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi
Dated : 30.06.2011

Annual Report 2010-11

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(₹ in crore)

	SCHEDULE	31st Mar 2011		31st Mar 2010	
INCOME					
i) Sales	12	3999.63		4261.18	
Less: Advance Against Depreciation	12A	(46.96)	4046.59	107.97	4153.21
ii) Revenue from Contract, Project Management and Consultancy Works	13		178.66		113.08
iii) Other Income	14		706.86		545.73
	TOTAL INCOME		4932.11		4812.02
EXPENDITURE					
i) Generation, Administration and Other Expenses	15		522.43		238.67
ii) Employees' Remuneration and Benefits	16		699.62		529.84
iii) Depreciation	17		916.74		1018.87
iv) Interest and Finance Charges	18		413.56		457.08
v) Provisions	19		34.46		80.50
vi) Expenditure on Contract, Project Management and Consultancy Works	20		123.25		82.39
	TOTAL EXPENDITURE		2710.06		2407.35
Profit before Tax and Prior Period Adjustments			2222.05		2404.67
Prior Period Adjustments (net)	21		(656.38)		2.59
PROFIT BEFORE TAX			2878.43		2402.08
Provision for Taxation					
i) Current Tax			558.53		388.65
ii) Adjustments relating to earlier years			8.06		(93.23)
iii) Deferred Tax		(59.25)		96.66	
Less: Deferred tax recoverable adjustment		(204.42)	145.17	80.50	16.16
			711.76		311.58
PROFIT AFTER TAX			2166.67		2090.50
Balance brought forward			3150.50		1963.66
Add:					
i) Amount written back from Bond Redemption Reserve			14.25		14.25
ii) Amount written back from Self Insurance Reserve			0.04		-
iii) Tax on dividend - write back			1.80		3.98
BALANCE AVAILABLE FOR APPROPRIATION			5333.26		4072.39
i) Transfer to Bond Redemption Reserve			100.00		100.00
i) Transfer to Self Insurance Fund			39.31		32.99
iii) Dividend :					
- Proposed			738.04		676.54
iv) Tax on Dividend					
- Proposed			119.73		112.36
BALANCE CARRIED OVER TO BALANCE SHEET			4336.18		3150.50
Earning per share (Equity shares, face value of ₹ 10/- each)					
		Basic	1.76		1.76
		Diluted	1.76		1.76
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 **SBG & CO.**
Chartered Accountants
FR No.- 001818N

SURESH KUMAR
Partner
M.No. 72921

VIJAY GUPTA
Company Secretary

D.P. BHARGAVA
Director (Technical)
DIN 01277269

A.B.L. SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi

Dated : 30.06.2011



SCHEDULE- 1 – SHARE CAPITAL

(₹ in crore)

	Opening Balance as at 01.04.2010	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.2011
Authorised: 15,000,000,000 Equity Shares of ₹10/- each (Previous Year 15,000,000,000 Equity Shares of ₹10/- each)	15,000.00	-	-	15,000.00
Issued, Subscribed and Paid-Up: 12,300,742,773 Equity Shares of ₹10/- each fully paid-up (Previous Year 11,182,493,430 Equity Shares of ₹10/- each) fully paid-up (Out of above, 62,952,960 Shares of ₹10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	12,300.74	-	-	12,300.74
Total	12,300.74	-	-	12,300.74

SCHEDULE 2 – RESERVE AND SURPLUS

(₹ in crore)

	31st MARCH 2011				31st March 2010			
	Opening Balance as at 01.04.2010	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.2011	Opening Balance as at 01.04.2010	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.2010
Bond Redemption Reserve	214.00	100.00	14.25	299.75	128.25	100.00	14.25	214.00
Share Premium Account	2,868.74	-	-	2,868.74	-	2,907.45	38.71 *	2,868.74
General Reserve	4,120.06	-	-	4,120.06	4,120.06	-	-	4,120.06
Profit and Loss Account	3,150.50	2,166.67	980.99	4,336.18	1,963.66	2,108.73	921.89	3,150.50
Self Insurance Fund	619.15	39.31	0.04	658.42	586.16	32.99	-	619.15
Total	10,972.45	2,305.98	995.28	12,283.15	6,798.13	5,149.17	974.85	10,972.45

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

SCHEDULE 3 - LOAN FUNDS - SECURED

(₹ in crore)

	31st March 2011	31st March 2010
A. BONDS		
Bonds	2,399.00	2,456.00
B. TERM LOANS		
Term Loan from Banks /FIs- Indian Currency	8,485.36	8,497.18
Total (Refer Appendix-A)	10,884.36	10,953.18

APPENDIX TO SCHEDULE 3 LOAN FUNDS – SECURED

APPENDIX-A

(₹ in crore)

	31st March 2011	31st March 2010
(A) BONDS (Non-convertible and Non-cumulative)		
BONDS-O SERIES *2		
(7.7% 15 year Bonds of ₹ 10 crore each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Yearly redemption of ₹ 57 crore w.e.f. 31.03.09 to 31.03.18) (Due for redemption within one year ₹ 57 crore)	399.00	456.00
BONDS-P SERIES *5, 7 & 10		
(9.00% 15Year Secured Redeemable Non-Convertible Bonds of ₹ 10,00,000/- each) (Yearly redemption of ₹ 200 crore w.e.f. 01.02.16 to 01.02.25) (Due for redemption within one year ₹ Nil)	2000.00	2000.00
TOTAL BONDS (A)	2399.00	2456.00
(B) TERM LOANS		
CANARA BANK *1	34.00	51.00
(Due for repayment within one year ₹ 17 crore) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)		
INDIAN OVERSEAS BANK *1	12.50	25.00
(Due for repayment within one year ₹ 12.50 crore) (Repayable in 4 equal yearly instalments w.e.f. 06.12.08)		
STATE BANK OF PATIALA *1	24.00	28.00
(Due for repayment within one year ₹ 4 crore) (Repayable in 20 half yearly instalments w.e.f. 09.07.07)		
BANK OF INDIA *3	-	65.00
(Amount repaid on 02.07.2010)		
CENTRAL BANK OF INDIA *3	-	40.00
(Amount repaid on 02.07.2010)		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3	-	50.00
(Amount repaid on 02.07.2010)		
PUNJAB & SIND BANK *3	-	65.00
(Amount repaid on 02.07.2010)		
PUNJAB NATIONAL BANK *3	-	67.50
(Amount repaid on 02.07.2010)		
STATE BANK OF PATIALA *3	-	25.00
(Amount repaid on 02.07.2010)		
STATE BANK OF HYDERABAD *3	-	25.00
(Amount repaid on 03.07.2010)		
STATE BANK OF INDIA *3	-	64.29
(Amount repaid on 01.07.2010)		
CANARA BANK *4	20.00	30.00
(Due for repayment within one year ₹ 10 crore) (Repayable in 4 equal yearly instalments w.e.f. 28.06.09)		
LIFE INSURANCE CORPORATION OF INDIA *5 & 7	2083.33	2291.67
(Due for repayment within one year ₹ 208.33 crore) (Repayable in 24 half yearly instalments in 12 years w.e.f. 15.04.09)		

**APPENDIX TO SCHEDULE 3 (Contd.)
LOAN FUNDS – SECURED****APPENDIX-A**

(₹ in crore)

	31st March 2011	31st March 2010
CANARA BANK *2 (Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 09.11.07)	120.00	140.00
SYNDICATE BANK *2 (Due for repayment within one year ₹ 18.30 crore) (Repayable in 10 equal yearly instalments w.e.f. 23.02.08)	109.80	128.10
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 31.03.08)	120.00	140.00
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year ₹ Nil) (Repayable in 10 equal yearly instalments w.e.f. 27.12.11)	100.00	100.00
LIFE INSURANCE CORPORATION OF INDIA *6 (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 30.04.12)	1896.00	1896.00
INDIAN BANK *1 (Due for repayment within one year ₹ NIL) (Repayable in 3 equal instalments w.e.f. 28.02.12)	100.00	100.00
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	571.00	501.00
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year ₹ 18.60 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.10.08)	139.50	158.10
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	70.00	70.00
POWER FINANCE CORPORATION LIMITED *2&3 (Due for repayment within one year ₹ 25.30 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.07.11)	1232.00	912.00
POWER FINANCE CORPORATION LIMITED *1 (Due for repayment within one year ₹ 41.30 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.07.09)	340.73	382.02
POWER FINANCE CORPORATION LIMITED *1 (Due for repayment within one year ₹ 50 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.01.10)	437.50	487.50
INDIAN BANK *4&9 (Due for repayment within one year ₹ Nil) (Bullet Repayment after 5th year w.e.f. 29.09.14)	75.00	55.00
UCO BANK *8 (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 31.12.12)	1000.00	600.00
TOTAL SECURED LOANS (B)	8485.36	8497.18
Grand Total (A+B)	10884.36	10953.18

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.Charge/ Mortgage in respect loans repaid has been satisfied by Registrar of Companies, NCT of Delhi and Haryana.
4. Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak Power Station situated in the state of Manipur except for book debts and stores.
5. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
6. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E.Project situated in the state of Arunachal Pradesh & equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal & Teesta-V project 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 Utrakhand except for book debts & stores.
8. Secured by way of first charge by way of hypothecation on whole of the Corporation's movable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
9. Secured by exclusive charge by way of equitable mortgage against the assets of Company's Bairasiul Power Station situated in the state of Himachal Pradesh except for book debts and stores.
10. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Chamera-III HE Project-situated in the state of Himachal Pradesh.

SCHEDULE 4 – LOAN FUNDS - UNSECURED

	(₹ in crore)	
	31st March 2011	31st March 2010
A. TERM LOANS		
Term Loan From Banks/FIs - Foreign Currency Guaranteed by Government of India	2,684.90	2,696.04
B. LOANS FROM GOVERNMENT OF INDIA		
Loans From Governments - unsecured	1,000.00	219.00
Total (Refer Appendix-B)	3,684.90	2,915.04



APPENDIX TO SCHEDULE 4 (Contd.) LOAN FUNDS – UNSECURED

APPENDIX-B

(₹ in crore)

	31st March 2011		31st March 2010	
(A) TERM LOAN FROM BANKS/FIS - FOREIGN CURRENCY				
Guaranteed by Government of India				
i) Nordic Investment Bank	-		22.96	
(Due for repayment within one year ₹ Nil)				
ii) Credit Commercial DE France	-		51.83	
(Due for repayment within one year ₹ Nil)				
iii) Export Development Canada	282.67		334.59	
(Due for repayment within one year ₹64.96 crore)				
iv) Japan Bank of International Cooperation Tranche-I	199.51		190.15	
(Due for repayment within one year ₹13.30 crore)				
v) Japan Bank of International Cooperation Tranche-II	741.78		701.77	
(Due for repayment within one year ₹43.63 crore)				
vi) Japan Bank of International Cooperation Tranche-III	660.72		590.36	
(Due for repayment within one year ₹ Nil)				
vii) Deutsche Bank & Others	800.22	2,684.90	804.38	2,696.04
(Due for repayment within one year ₹100.03 crore)				
(B) LOANS FROM GOVERNMENT OF INDIA				
Subordinate Debt from Govt. of India	270.00		204.00	
(Due for repayment within one year ₹ Nil)				
(Repayable in 18 equal annual installments from the 12th year after commissioning of Nimmo Bazgo H.E.Project)				
Subordinate Debt from Govt. of India	364.00		15.00	
(Due for repayment within one year ₹ Nil)				
(Repayable in 24 equal annual installments from the 6th year after commissioning of Chutak H.E.Project)				
Subordinate Debt from Govt. of India	366.00	1,000.00	-	219.00
(Due for repayment within one year ₹ Nil)				
(Repayable in 10 equal annual installments from the 11th year after commissioning of Kishanganga H.E.Project)				
TOTAL UNSECURED LOANS		3,684.90		2,915.04

SCHEDULE – 5 FIXED ASSETS

(₹ in crore)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2010	Addition/ Adjustment	Deduction/ Adjustment	31.03.2011	01.04.2010	For the Year	Adjust- ment	31.03.2011	31.03.2011	31.03.2010
i) Land – Freehold	206.53	11.51	0.20	217.84	-	-	-	-	217.84	206.53
ii) Land – Leasehold	89.51	30.39	0.39	119.51	6.73	3.05	(0.39)	9.39	110.12	82.78
iii) Land – Unclassified/ Right of Use	672.83	12.49	9.74	675.58	13.98	2.18	-	16.16	659.42	658.85
iv) Buildings	1,685.03	150.93	13.20	1,822.76	454.33	60.72	(7.58)	507.47	1,315.29	1,230.70
v) Roads and Bridges	353.90	7.55	5.36	356.09	62.36	12.87	(3.66)	71.57	284.52	291.54
vi) Railway Sidings	40.17	-	-	40.17	9.46	2.67	-	12.13	28.04	30.71
vii) Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	12,161.64	1,031.45	3.44	13,189.65	2,560.22	606.71	(42.54)	3,124.39	10,065.26	9,601.42
viii) Generating Plant and Machinery	5,524.96	353.58	11.81	5,866.73	1,526.89	246.42	(39.03)	1,734.28	4,132.45	3,998.07
ix) Plant and Machinery - Sub station	84.48	0.82	0.78	84.52	38.23	3.44	(0.99)	40.68	43.84	46.25
x) Plant and Machinery - Transmission lines	61.28	2.68	0.55	63.41	12.91	3.30	(0.90)	15.31	48.10	48.37
xi) Plant and Machinery - Others	25.47	1.34	0.55	26.26	9.92	1.17	(0.38)	10.71	15.55	15.55
xii) Construction Equipment	74.02	4.69	3.78	74.93	48.85	4.68	(2.95)	50.58	24.35	25.17
xiii) Water Supply System/ Drainage and Sewerage	29.49	1.55	0.09	30.95	3.27	1.08	(0.04)	4.31	26.64	26.22
xiv) Electrical installations	3.45	0.02	0.02	3.45	1.00	0.17	(0.02)	1.15	2.30	2.45
xv) Vehicles	26.92	0.97	2.45	25.44	19.98	0.56	(1.91)	18.63	6.81	6.94
xvi) Aircraft/ Boats	0.91	-	0.25	0.66	0.66	0.02	(0.23)	0.45	0.21	0.25
xvii) Furniture and Fixture	38.74	4.59	1.16	42.17	16.90	2.67	(0.84)	18.73	23.44	21.84
xviii) Computers	58.26	5.92	5.45	58.73	45.01	5.39	(4.25)	46.15	12.58	13.25
xix) Communication Equipment	12.91	0.84	0.38	13.37	5.03	0.72	(0.47)	5.28	8.09	7.88
xx) Office Equipments	36.93	2.91	1.52	38.32	14.31	2.21	(0.94)	15.58	22.74	22.62
xxi) Research and Development	1.39	-	0.03	1.36	0.21	0.09	(0.01)	0.29	1.07	1.18
xxii) Intangible Assets (Software)	29.89	6.35	0.07	36.17	21.11	12.34	0.04	33.49	2.68	8.78
xxiii) Other Assets	41.61	2.22	0.87	42.96	16.86	2.19	(1.01)	18.04	24.92	24.75
xxiv) Capital Expenditure on assets not owned by NHPC	22.67	1.79	-	24.46	1.80	0.52	-	2.32	22.14	20.87
xxv) Fixed assets of Minor Value >750 and < ₹5000	17.43	1.21	1.68	16.96	17.42	1.14	(1.61)	16.95	0.01	0.01
xxvi) Obsolete / Surplus Assets	1.95	0.97	0.45	2.47	-	-	-	-	2.47	1.95
TOTAL	21,302.37	1,636.77	64.22	22,874.92	4,907.44	976.31	(109.71)	5,774.04	17,100.88	16,394.93
Previous Year	21,460.08	22.14	179.85	21,302.37	3,816.27	1,102.89	(11.72)	4,907.44	16,394.93	17,643.81

Note : Fixed Assets of ₹ 4501.88 crore (Previous period ₹ 4252.38 crore) created on Land unclassified / Right to use are included under the relevant head.



SCHEDULE 6 – CAPITAL WORK-IN-PROGRESS

(₹ in crore)

	01.04.2010	Addition	Adjustment	Capitalised	31.03.2011
i Buildings	883.64	308.00	20.62	104.25	1,108.01
ii Roads and Bridges	68.19	13.06	(1.22)	7.10	72.93
iii Railway sidings	1.67	-	(1.67)	-	-
iv Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	4,594.91	1,428.68	227.79	663.43	5,587.95
v Generating Plant and Machinery	3,062.17	819.03	68.75	304.55	3,645.40
vi Plant and Machinery - Sub station	7.14	0.01	(0.01)	-	7.14
vii Plant and Machinery - Transmission lines	0.50	2.38	-	2.16	0.72
viii Plant and Machinery - Others	1.27	1.90	(0.44)	0.49	2.24
ix Water Supply System/Drainage and Sewerage	1.35	2.82	(0.40)	1.23	2.54
x Other assets awaiting installation	4.68	41.16	(9.36)	33.86	2.62
xi Intangible Assets	0.52	4.21	-	4.33	0.40
xii Capital Expenditure On assets Not Owned by NHPC	20.94	104.41	(5.45)	0.86	119.04
xiii Survey, investigation, consultancy and supervision charges	162.54	43.73	(10.70)	-	195.57
xiv Expenditure during construction year	4,042.63	1,459.95 *	(415.39)	-	5,087.19
TOTAL	12,852.15	4,229.34	(127.48)	1,122.26	15,831.75
Less: Provided for	49.65	0.85	(15.78)	-	34.72
TOTAL	12,802.50	4,228.49	(111.70)	1,122.26	15,797.03
Previous Year	9401.77	3753.79	(264.09)	88.97	12802.50

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

* Refer Schedule 22 - Expenditure During Construction for the year

SCHEDULE 7 – CONSTRUCTION STORES AND ADVANCES

(₹ in crore)

	31st March 2011	31st March 2010
A. CONSTRUCTION STORES (As valued and certified by management)		
i) Stores and spares	63.22	40.90
ii) Loose tools	0.04	0.12
iii) Scrap inventory	-	0.06
iv) Stores in transit/ pending inspection	0.66	1.52
v) Material issued to contractors/ fabricators	103.50	77.58
Less : Provisions for construction stores	1.69	1.56
	165.73	118.62
B. ADVANCES FOR CAPITAL EXPENDITURES		
i) Secured (considered good)	61.97	109.68
ii) Unsecured (considered good)		
– Against bank guarantee	928.12	775.22
– Others	169.60	219.00
iii) Unsecured (considered doubtful)	0.05	0.07
Less : Provisions for doubtful advances	0.05	0.07
	1159.69	1103.90
TOTAL	1325.42	1222.52

SCHEDULE 7 – CONSTRUCTION STORES AND ADVANCES (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
Provision for Construction Stores		
As per last Balance Sheet	1.56	3.31
Additions during the year	0.14	-
Amount used during the year	-	1.75
Amount reversed during the year	0.01	-
Closing Balance	1.69	1.56
Provision for Doubtful Advances		
As per last Balance Sheet	0.07	2.28
Additions during the year	-	0.07
Adjustment during the year	-	(0.15)
Amount used during the year	-	0.08
Amount reversed during the year	0.02	2.05
Closing Balance	0.05	0.07

SCHEDULE 8 – INVESTMENTS

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2011	31st March 2010
	Current year/ (Previous year)	(in ₹)		
LONG TERM (Trade - unless otherwise specified)				
A. Quoted				
(a) In Government Securities (Non-Trade) - Self Insurance Fund				
8.35% SBI Right Issue GOI Special Bonds 2024	1,50,000 (1,50,000)	10,000	150.77	150.77
8.20% Oil Marketing Companies GOI Special Bonds 2024	12,380 (12,380)	10,000	12.26	12.26
8.28% GOI 2032	35,000 (-)	10,000	34.62	-
(b) Equity shares				
PTC India Ltd.	1,20,00,000 (12000000)	10	12.00	12.00
Indian Overseas Bank (Non-Trade)	3,60,800 (3,60,800)	10	0.36	0.36
(c) In Public Sector Undertaking/Public Financial Institution & Corporate Bonds (Non-Trade) - Self Insurance Fund				
8.80% Power Finance Corporation Bonds 2025	467 (467)	10,00,000	45.97	45.97
8.95% Indian Railways Finance Corporation Bonds 2025	688 (688)	10,00,000	69.63	69.62
8.65% Indian Railways Finance Corporation Bonds 2025	30 (30)	10,00,000	2.99	2.99
8.90% Power Grid Corporation of India Bonds 2021	80 (80)	12,50,000	10.00	10.00
8.90% Power Grid Corporation of India Bonds 2022	80 (80)	12,50,000	10.00	10.00



SCHEDULE 8 – INVESTMENTS (Contd.)

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2011	31st March 2010
	Current year/ (Previous year)	(in ₹)		
8.90% Power Grid Corporation of India Bonds 2023	80 (80)	12,50,000	10.00	10.00
8.80% Indian Railways Finance Corporation Bonds 2030	150 (-)	10,00,000	15.14	-
8.95% Power Finance Corporation Bonds 2025	51 (-)	10,00,000	5.16	-
8.90% Power Grid Corporation of India Bonds 2025	40 (-)	12,50,000	5.03	-
8.70% Power Finance Corporation Bonds 2025	477 (-)	10,00,000	47.36	-
8.83% Indian Railways Finance Corporation Bonds 2035	120 (-)	10,00,000	12.09	-
8.80% Rural Electrification Corporation Bonds 2020	600 (-)	10,00,000	59.93	-
8.84% Power Grid Corporation of India Bonds 2024	156 (-)	12,50,000	19.51	-
8.84% Power Grid Corporation of India Bonds 2025	364 (-)	12,50,000	45.52	-
Sub Total (A)			568.34	323.97
B. Unquoted				
(a) Bonds				
8.50 % Tax-Free State Government Special Bonds of the Government of :				
Arunachal Pradesh	4,860 (5832)	1,000	0.49	0.58
Bihar	95,350 (114420)	1,000	9.53	11.44
Haryana	28,25,000 (3390000)	1,000	282.50	339.00
Himachal Pradesh	89,340 (107208)	1,000	8.93	10.72
Jammu and Kashmir	38,53,480 (4624176)	1,000	385.35	462.42
Jharkhand	71,550 (85860)	1,000	7.15	8.59
Meghalaya	2,660 (3192)	1,000	0.27	0.32
Mizoram	16,050 (19260)	1,000	1.61	1.93
Nagaland	34,600 (41520)	1,000	3.46	4.15
Punjab	11,14,050 (1336860)	1,000	111.41	133.69
Rajasthan	1,13,964 (170946)	1,000	11.40	17.09

SCHEDULE 8 – INVESTMENTS (Contd.)

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2011	31st March 2010
	Current year/ (Previous year)	(in ₹)		
Sikkim	11,680 (14016)	1,000	1.17	1.40
Tripura	13,340 (16008)	1,000	1.33	1.60
Uttar Pradesh	4,37,150 (4721340)	1,000	43.72	472.13
Uttarakhand	39,34,450 (524580)	1,000	393.44	52.46
West Bengal	33,610 (40332)	1,000	3.36	4.03
(b) Equity Shares in JV (Fully Paid Up)				
(i) National Power Exchange Limited	21,88,325 (833500)	10	2.19	0.83
(ii) National High Power Test Laboratory (P) Limited\$	26,25,000 (875000)	10	2.62	0.88
(c) Equity shares in Subsidiary Companies (Fully Paid Up)				
(i) N H D C Limited	1,00,24,200 (10024200)	1,000	1,002.42	1,002.42
(ii) Loktak Downstream Hydroelectric Corporation Limited \$	4,44,00,000 (44400000)	10	44.40	44.40
(d) Share Application Money				
- Loktak Downstream Hydroelectric Corporation Limited			28.46	-
Sub Total (B)			2,345.21	2,570.08
C (a) Term Deposit-others				
Deposits with Banks			555.00	-
(b) Term Deposit-towards unutilised money out of IPO proceeds Deposits with Banks				
			1,900.00	1,500.00
(c) Term Deposit-Self Insurance Fund Deposits with Banks				
			30.95	-
Sub Total (C)			2,485.95	1,500.00
Total (A+B+C)			5,399.50	4,394.05
\$ Shares yet to be received				
Quoted Investments				
(i) Aggregate Cost			568.34	323.97
(ii) Aggregate Market Value			660.38	450.70
Unquoted Investments				
Aggregate Cost			4,831.16	4,070.08
			-	-



SCHEDULE 9 – CURRENT ASSETS, LOANS AND ADVANCES

(₹ in crore)

	31st Mar 2011		31st March 2010	
A. INTEREST ACCRUED ON INVESTMENTS		157.87		182.65
B. INVENTORIES				
(As valued and certified by management)				
i) Stores and spares	57.49		50.85	
ii) Loose tools	1.38		0.96	
iii) Scrap inventory	2.36		2.41	
iv) Stores in transit/ pending inspection	1.09		0.25	
v) Material at site	-		11.93	
vi) Material issued to contractors/ fabricators	0.29		0.98	
Less: Provision for obsolete store & spares *1	28.90		23.07	
TOTAL		33.71		44.31
C. WORK IN PROGRESS				
Construction work-in-progress (on behalf of clients)	19.94		50.26	
Less: Advance/ deposits from clients/ contractees	-	19.94	26.04	24.22
D. SUNDRY DEBTORS (UNSECURED)				
i) Debts outstanding for a period exceeding six months				
- Considered good	46.22		18.57	
- Considered doubtful and provided	194.44		194.44	
ii) Other debts				
- Considered good	273.36		716.50	
iii) Debtors not billed	1589.02	2103.04	405.14	1334.65
Less: Provision for doubtful debts *2		194.44		194.44
TOTAL		1908.60		1140.21
E. CASH AND BANK BALANCES				
(refer note no.31 of Schedule 24)				
i) Cash on hand	20.44		0.69	
(includes cheques, drafts, stamps in hand of ₹ 19.26 crore, Previous year ₹ 0.32 crore)				
ii) Bank balances				
• With scheduled banks				
- In current account - Self Insurance Fund	-		0.03	
- In current account - Others \$	115.16		342.19	
- In deposits account - Self Insurance Fund	63.41		306.50	
- In deposits account - Others *	2664.55		4447.88	
• With other banks				
- In current account				
The First Micro Finance Bank	-		0.02	
Bank of Bhutan	0.58		0.07	
TOTAL		2864.14		5097.38
F. OTHER CURRENT ASSETS				
i) Interest accrued on:				
- Advance to Government of Arunachal Pradesh	86.21		60.52	
- Loan to State Government in settlement of dues from customers	32.97		32.97	
- Deposits with Banks-Self Insurance Fund	1.42		0.03	
- Deposits with banks	39.37		13.21	
ii) Others	242.91		154.95	
iii) Deferred Tax Recovery Materialized	-		122.94	
iv) Claims recoverable from different agencies	155.83		153.75	
Less: Provisions for doubtful claims *3	47.39		3.71	
TOTAL		511.32		534.66

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

(₹ in crore)

	31st Mar 2011		31st March 2010	
G. LOANS AND ADVANCES				
a) LOANS				
i) Employees (including accrued interest)				
- Secured	90.74		97.60	
- Unsecured (considered good)	16.59		22.07	
- Unsecured (considered doubtful)	0.04		0.16	
ii) Loan to State Government in settlement of dues from customer				
- Unsecured considered good	139.49		164.85	
iii) Advance to Government of Arunachal Pradesh				
- Unsecured considered good	225.00		225.00	
b) ADVANCES				
(recoverable in cash or kind for value to be received)				
i) Subsidiary companies				
- Unsecured (considered good)	10.96		37.61	
ii) Contractors & suppliers				
- Secured	0.49		2.93	
- Unsecured (considered good):				
- Covered by bank guarantees	43.87		88.63	
- Others	29.81		21.72	
- Unsecured (considered doubtful)	0.27		0.16	
iii) Employees				
- Unsecured (considered good)	1.06		1.33	
iv) Other advances				
- Unsecured (considered good)	1.57		0.04	
Less : Provisions for doubtful loans and advances *4	0.31	559.58	0.32	661.78
c) Deferred Foreign Currency Fluctuation Assets		772.20		552.62
d) Deferred Expenditure on Foreign Currency Fluctuation Account		0.16		-
e) Other Recoverable		0.01		-
f) DEPOSITS				
Advance income tax	1133.04		741.85	
Less : Provisions for Current Taxation *5	1099.57	33.47	660.51	81.34
TOTAL		1365.42		1295.74
TOTAL (A to G)		6861.00		8319.17

* Includes ₹ 494.39 Crore towards unutilised money out of IPO proceeds

\$ Includes ₹ 1.21 Crore of Unclaimed Dividend (Previous Year Nil)

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

	As at 31.03.2011	As at 31.03.2010
Bank of Bhutan		
i) Current account	1.23	0.22
The First Micro Finance Bank, Dushanbe (Tajikistan)		
i) Current account	1.86	0.03

PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the year	0.04	0.24
ii) Maximum balance at any time during the year	0.23	0.25

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



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

(₹ in crore)

	31st Mar 2011	31st March 2010
PARTICULARS OF MAXIMUM BALANCE DURING THE YEAR WITH SUBSIDIARY COMPANY		
NHDC Limited	2.08	2.70
Loktak Downstream Hydroelectric Corporation Ltd.	8.88	34.90
DETAILS OF PROVISIONS		
Provision for Obsolete Store & Spares *1		
As per last Balance Sheet	23.07	25.90
Additions during the year	16.95	0.79
Adjustment during the year	0.01	-
Amount used during the year	10.18	2.31
Amount reversed during the year	0.95	1.31
Closing Balance	28.90	23.07
Provision for Doubtful Debts *2		
As per last Balance Sheet	194.44	194.97
Additions during the year	-	0.66
Amount used during the year	-	-
Amount reversed during the year	-	1.19
Closing Balance	194.44	194.44
Provision for Bad & Doubtful Claims *3		
As per last Balance Sheet	3.71	5.95
Additions during the year	45.96	-
Adjustment during the year	-	-
Amount used during the year	0.48	2.15
Amount reversed during the year	1.80	0.09
Closing Balance	47.39	3.71
Provisions for Doubtful Loans & Advances *4		
As per last Balance Sheet	0.32	3.06
Additions during the year	0.02	0.01
Amount used during the year	0.02	0.17
Amount reversed during the year	0.01	2.58
Closing Balance	0.31	0.32
Provision for Current Taxation *5		
As per last Balance Sheet	660.51	478.00
Additions during the year	569.16	416.22
Adjustment during the year	(0.35)	(0.21)
Amount used during the year	125.95	112.70
Amount reversed during the year	3.80	120.80
Closing Balance	1099.57	660.51

SCHEDULE 10 – CURRENT LIABILITIES AND PROVISIONS

(₹ in crore)

	31st Mar 2011	31st March 2010
A. LIABILITIES		
i) Sundry creditors		
a) Total outstanding dues of small scale Industrial Undertaking(s). (Due over 30 days ₹ _____)	-	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days ₹ _____)	-	-
c) Others	730.91	720.53
ii) Deposits/ retention money	392.76	349.30
iii) Interest accrued but not due on loans	209.77	221.41

SCHEDULE 10 – CURRENT LIABILITIES AND PROVISIONS (Contd.)

(₹ in crore)

	31st Mar 2011		31st March 2010	
iv) Advances against the deposit works	242.19		210.19	
Less : Amount spent on deposit works	<u>229.03</u>	13.16	<u>188.64</u>	21.55
v) Advances/ Deposits from clients/ contractees	3624.66		2681.20	
Less : Amount spent in respect of Project Management/Consultancy works	<u>3240.49</u>	384.17	<u>2287.07</u>	394.13
vi) Deferred Income from Foreign Currency Fluctuation Account		249.54		229.65
vii) Unclaimed Dividend		1.21		-
viii) Other Liabilities - Self Insurance Fund		-		0.25
ix) Other liabilities		367.69		190.15
TOTAL LIABILITIES (A)		<u>2349.21</u>		<u>2126.97</u>
B. PROVISIONS				
i) Provision for Proposed Dividend				
As per last Balance Sheet	676.54		200.00	
Additions during the year	738.04		676.54	
Amount used during the year	676.54		200.00	
Amount reversed during the year	-		-	
Closing Balance		<u>738.04</u>		<u>676.54</u>
ii) Tax on Proposed Dividend				
As per last Balance Sheet	112.36		33.99	
Additions during the year	119.73		112.36	
Amount used during the year	110.56		30.01	
Amount reversed during the year	<u>1.80</u>		<u>3.98</u>	
Closing Balance		<u>119.73</u>		<u>112.36</u>
iii) Provision for Wage Revision				
As per last Balance Sheet	682.25		390.32	
Additions during the year	199.69		292.44	
Adjustment during the year	-		(0.51)	
Amount used during the year	175.66		-	
Amount reversed during the year	<u>6.86</u>		<u>-</u>	
Closing Balance		699.42		682.25
Less: Advance paid	<u>154.54</u>		<u>179.65</u>	
Closing Provision		<u>544.88</u>		<u>502.60</u>
iv) Provision for Productivity Linked Incentive				
As per last Balance Sheet	44.51		43.88	
Additions during the year	122.15		44.51	
Amount adjusted during the year	(0.03)		(0.03)	
Amount used during the year	34.98		32.19	
Amount reversed during the year	<u>11.53</u>		<u>11.66</u>	
Closing Balance		<u>120.12</u>		<u>44.51</u>
v) Provision for Employee Benefits				
As per last Balance Sheet	853.78		745.03	
Additions during the year	426.75		215.82	
Amount used during the year	136.36		107.07	
Amount reversed during the year	<u>28.80</u>		<u>-</u>	
Closing Balance		<u>1115.37</u>		<u>853.78</u>



SCHEDULE 10 – CURRENT LIABILITIES AND PROVISIONS (Contd.)

(₹ in crore)

	31st Mar 2011	31st March 2010
vi) Provision for Tariff Adjustment		
As per last Balance Sheet	-	0.98
Additions during the year	-	-
Amount used during the year	-	0.98
Amount reversed during the year	-	-
Closing Balance	-	-
vii) Provision for Corporate Social Responsibility Expenses		
As per last Balance Sheet	-	-
Additions during the year	6.05	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	6.05	-
viii) Provision for Committed Capital Expenditure		
As per last Balance Sheet	20.32	366.94
Additions during the year	102.87	9.41
Amount used during the year	0.67	90.76
Amount reversed during the year	5.00	265.27
Closing Balance	117.52	20.32
ix) Provision - Others		
As per last Balance Sheet	78.14	11.71
Additions during the year	578.32	73.64
Adjustment during the year	(0.56)	-
Amount used during the year	1.94	6.96
Amount reversed during the year	2.08	0.25
Closing Balance	651.88	78.14
TOTAL PROVISIONS (B)	3413.59	2288.25
TOTAL (A+B)	5762.80	4415.22

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

(₹ in crore)

	31st Mar 2011	31st March 2010
i) Expenditure awaiting adjustment	37.06	37.06
Less: Provided for	37.06	37.06
ii) Losses awaiting write off sanction	11.02	5.30
Less: Provided for	11.02	5.30
TOTAL	-	-

SCHEDULE 12 - SALES

(₹ in crore)

	31st Mar 2011	31st March 2010
i) Sale of Power	3461.29	3921.18
ii) Sale not billed	591.44	405.69
iii) Sales adjustment on account of FERV	(52.51)	(65.69)
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	0.59	-
Total taken to Profit and Loss Account	3999.63	4261.18

SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION

(₹ in crore)

	31st March 2011	31st March 2010
During the year	0.20	137.81
Less : Written back during the year	47.16	29.84
Total taken to Profit and Loss Account	(46.96)	107.97

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

(₹ in crore)

	31st March 2011	31st March 2010
Contract income	89.74	56.34
Revenue from Project management/Consultancy works	88.92	56.74
Total taken to Profit and Loss Account	178.66	113.08

SCHEDULE 14 – OTHER INCOME

(₹ in crore)

	31st March 2011	31st March 2010
a) Income from Long Term Investments		
i) Trade		
- Dividend from subsidiaries	10.83	23.42
- Dividend - others	1.44	1.44
- Interest		
Government securities (8.5% tax free bonds issued by the State Governments)	123.88	145.68
ii) Non-Trade		
- Dividend - others	0.13	0.16
- Interest -Self Insurance Fund	39.65	0.25
- Interest on Deposit Indian Banks - (Gross)	102.78	62.53
(Tax deducted at source ₹ 7.21 crore, Previous year ₹ 3.79 crore)		
b) Other Income		
i) Interest		
- Loan to State Government in settlement of dues from customers	13.47	15.63
- Loan to Government of Arunachal Pradesh	25.70	23.58
- Deposit Account -Self Insurance Fund - Indian Banks		
(Tax deducted at source ₹ 0.92 crore Previous year ₹ 31490/-)	9.51	0.03
- Deposit Account-Others-Indian Banks (Gross)		
(Tax deducted at source ₹ 27.76 crore Previous year ₹ 5.98)	274.41	123.07
- Employee's loans and advances	4.76	5.47
- Interest from beneficiary states	20.40	83.64
- Others	103.23	81.08
ii) Late payment surcharge	3.52	4.73
iii) Gain on transfer of project	26.63	-
iv) Profit on sale of assets	1.54	4.66
v) Liability/ Provisions not required written back #	79.71	229.10
vi) Exchange rate variation	15.39	27.36
vii) Others	33.20	31.06
TOTAL	890.18	862.89
Less: Income transferred to EDC		
(Refer Schedule 22 E (ii), 22 I (ii) & 22 J(i))	149.84	313.71
Less: Income transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	3.21	3.45
Less: Income transferred to Advance Deposit from Client/ Contractee and against Deposit Works (Refer Schedule 10)	30.27	-
Total taken to Profit and Loss Account	706.86	545.73



SCHEDULE 14 – OTHER INCOME (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
# Detail of Liability/Provisions not required written back		
a) Bad and doubtful debts	-	1.19
b) Bad and doubtful advances / deposits	0.03	4.63
c) Bad and doubtful claims	1.80	0.09
d) Diminution in value of stores and spares	0.10	1.14
e) Shortage in store & spares	0.86	0.17
f) Provision for Guarantee fee	-	0.43
g) Provision for wage Revision	6.86	-
h) Provision for Committed Capital Expenditure	5.00	187.44
i) Provision for losses pending investigation	0.02	-
j) Provision for productivity linked incentive	11.53	11.66
k) Other Provisions/Liability not required written back	53.51	22.35
TOTAL	79.71	229.10

SCHEDULE 15 – GENERATION, ADMINISTRATION AND OTHER EXPENSES

(₹ in crore)

	31st March 2011	31st March 2010
i) Consumption of stores and spares	3.94	4.28
ii) Repair and maintenance:		
- Building	27.17	27.67
- Machinery	38.89	32.39
- Others	31.57	26.47
iii) Rent / Hiring Charges	32.72	33.42
iv) Rates and taxes	145.52	2.87
v) Insurance	31.18	19.43
vi) Reimbursement from Self insurance reserve	0.04	-
vii) Security expenses	98.90	87.81
viii) Electricity charges	26.83	22.70
ix) Travelling and conveyance	17.88	19.20
x) Expenses on staff car	8.64	7.65
xi) Telephone, telex and postage	9.00	10.59
xii) Advertisement and publicity	7.21	6.40
xiii) Entertainment and hospitality expenses	0.47	0.45
xiv) Printing and stationery	5.37	5.05
xv) Books and periodicals	0.45	0.59
xvi) Consultancy charges - Indigenous	4.91	4.48
xvii) Consultancy charges - Foreign	0.07	0.01
xviii) Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	22.05	5.41
xix) Expenditure on land not belonging to corporation	62.79	21.49
xx) Project expenses written off	-	1.00
xxi) Loss on sale of assets	0.82	0.68
xxii) Bad debts / advances/ claims written off	0.02	2.21
xxiii) Stores written off	0.06	1.30
xxiv) Fixed assets written off	0.39	0.11
xxv) Interest on arbitration/ court cases	80.57	6.90
xxvi) Corporate Social Responsibility Expenditure	10.45	1.72
xxvii) Other general expenses	73.10	47.38
xxviii) Exchange rate variation	22.73	13.35
xxix) Audit expenses	1.07	1.09

SCHEDULE 15 – GENERATION, ADMINISTRATION AND OTHER EXPENSES (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
xxx) Directors' expenses	0.19	0.20
xxxi) Research and development expenses	-	0.55
Total	765.00	414.85
Less: Expenses transferred to EDC {Refer Schedule 22 B, 22 C, 22 E(i) & 22J (ii)}	219.94	158.04
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	22.49	17.94
Less: Expense transferred to Deposit Works (Schedule 10)	0.14	0.20
Total taken to Profit and Loss Account	522.43	238.67

SCHEDULE 16 – EMPLOYEES REMUNERATION AND BENEFITS

(₹ in crore)

	31st March 2011	31st March 2010
i) Salaries, wages, allowances & benefits	1048.83	928.09
ii) Gratuity, contribution to provident fund & pension scheme (including administration fees)	220.38	148.61
iii) Staff welfare expenses	141.13	82.57
iv) Leave salary & pension contribution	0.40	0.18
Total	1410.74	1159.45
Less: Employee cost transferred to EDC (Refer Schedule 22 A & 22J (iii))	623.42	568.38
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	86.25	60.18
Less: Expense transferred to Deposit Works (Schedule 10)	1.45	1.05
Total taken to Profit and Loss Account	699.62	529.84

SCHEDULE 17 – DEPRECIATION

(₹ in crore)

	31st March 2011	31st March 2010
Depreciation during the year	976.31	1102.89
Depreciation adjustment on account of FERV	(15.66)	(14.38)
Total	960.65	1088.51
Less: Transferred to EDC (Refer Schedule 22 G & 22J (iv))	42.08	67.93
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	1.81	1.71
Less: Expense transferred to Deposit Works (Schedule 10)	0.02	-
Total taken to Profit and Loss Account	916.74	1018.87

SCHEDULE 18 – INTEREST AND FINANCE CHARGES

(₹ in crore)

	31st March 2011	31st March 2010
i) Interest on :		
a) Bonds	215.12	74.52
b) Foreign loan	60.61	74.73
c) Term loan	726.51	719.87
d) Cash credit facilities /WCDL	-	0.02
ii) Exchange differences regarded as adjustment to interest cost	240.68	22.90
Less: Recoverable	240.68	22.90
	-	-



SCHEDULE 18 – INTEREST AND FINANCE CHARGES (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
iii) Bond issue/ service expenses	0.45	0.08
iv) Post Share Issue Expenses	7.50	0.29
v) Rebate to customers	39.40	41.78
vi) Commitment fee	0.06	0.06
vii) Guarantee fee on loan	32.35	38.25
viii) Bank charges	1.67	1.54
ix) Other finance charges	1.50	1.65
Total	1085.17	952.79
Less: Interest & Finance charges capitalised by transfer to EDC (Refer Schedule 22 D & 22J (v))	671.24	494.89
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.37	0.82
Total taken to Profit and Loss Account	413.56	457.08

SCHEDULE 19 – PROVISIONS

(₹ in crore)

	31st March 2011	31st March 2010
i) Bad and doubtful debts provided	-	0.66
ii) Bad and doubtful advances / deposits provided	0.02	0.08
iii) Bad and doubtful claims provided	45.96	-
iv) Diminution in value of stores and spares	17.09	0.79
v) Project expenses provided for	6.10	8.75
vi) Provision for fixed assets	1.83	0.04
vii) Others	-	70.84
Total	71.00	81.16
Less: Expenses transferred to EDC (Refer Schedule 22 F)	36.53	-
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.01	0.66
Total taken to Profit and Loss Account	34.46	80.50

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

(₹ in crore)

	31st March 2011	31st March 2010
i) Direct Expenses	15.30	2.49
ii) Employees' Remuneration and benefits		
- Salaries, wages, allowances and benefits	60.93	42.13
- Gratuity, contribution to provident fund & pension scheme	8.07	5.51
- Staff welfare expenses	5.24	2.94
	74.24	50.58
iii) Repairs and Maintenance		
- Buildings	0.30	0.32
- Machinery and construction equipments	2.30	0.37
- Others	0.51	0.48
	3.11	1.17

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

(₹ in crore)

	31st March 2011	31st March 2010
iv) Administration and Other Expenses		
- Rent/ Hiring Charges	5.89	4.13
- Traveling and conveyance	2.95	2.66
- Expenses on staff cars and inspection vehicles	0.17	0.18
- Insurance	0.15	0.02
- Telephone, telex and postage	0.64	0.43
- Advertisement and publicity	0.19	0.04
- Printing and stationery	0.44	0.42
- Other expenses	6.91	7.10
- Security	0.14	0.21
- Electricity	0.24	0.12
- Consultancy charges	0.31	0.10
- ERV	0.06	-
	18.09	15.41
v) Depreciation	0.96	0.98
vi) Interest and finance charges	0.37	0.81
vii) Provisions	-	0.66
viii) Work-in-Progress		
- Construction contract	-	0.73
ix) Corporate / Regional office expenses:		
a) Other income	(0.57)	(0.28)
b) Generation, administration and other expenses	1.29	1.36
c) Employee remuneration and benefits	12.01	9.60
d) Depreciation	0.85	0.73
e) Interest and finance charges	-	0.01
f) Provisions	0.01	-
g) Prior period adjustment (Net)	0.01	-
	13.60	11.43
Total Expenditure	125.67	84.26
x) Less: Receipts and recoveries	2.64	3.17
Net expenditure during the year	123.03	81.09
xi) Prior period adjustments	0.22	1.30
Total taken to Profit and Loss Account	123.25	82.39

SCHEDULE 21– PRIOR PERIOD ADJUSTEMENT (NET)

(₹ in crore)

	31st March 2011	31st March 2010
Income		
i) Sale of electricity	592.44	-
ii) Advance against depreciation written back	(16.08)	-
iii) Interest/ surcharge received from debtors	1.45	-
iv) Others	(22.82)	1.34
Sub-total	554.99	1.34
Expenditure		
i) Salaries and wages	0.01	-
ii) Repair and maintenance	0.50	(0.82)
iii) Interest and finance charges	-	7.42
iv) Others	(1.95)	1.44
v) Depreciation	(82.55)	(2.86)
Sub-total	(83.99)	5.18
Total	(638.98)	3.84



SCHEDULE 21– PRIOR PERIOD ADJUSTEMENT (NET) (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
Less: Expenses transferred to EDC {Refer Schedule 22H & 22J (vi)}		
Prior period expenses	(1.45)	(0.03)
Less: Prior period income	<u>(18.62)</u>	<u>0.03</u>
Total	17.17	(0.06)
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.23	1.31
Total taken to Profit and Loss Account	<u>(656.38)</u>	<u>2.59</u>

SCHEDULE 22 – EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(₹ in crore)

	31st March 2011	31st March 2010
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances & benefits	297.91	300.10
ii) Gratuity and contribution to provident fund (including administration fees)	59.73	49.53
iii) Staff welfare expenses	39.03	24.81
iv) Leave Salary & Pension Contribution	<u>0.39</u>	<u>0.09</u>
Sub-total	397.06	374.53
B. REPAIRS AND MAINTENANCE		
i) Building	5.48	6.26
ii) Machinery	1.66	3.75
iii) Others	<u>8.92</u>	<u>7.28</u>
Sub-total	16.06	17.29
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent / Hiring Charges	15.14	15.11
ii) Rates and taxes	2.05	1.41
iii) Insurance	0.31	0.33
iv) Security expenses	25.60	22.21
v) Electricity charges	3.93	4.52
vi) Traveling and conveyance	4.23	4.80
vii) Expenses on staff car	3.54	3.24
viii) Telephone, telex and postage	2.92	3.85
ix) Advertisement and publicity	0.70	1.32
x) Entertainment and hospitality expenses	-	0.01
xi) Printing and stationery	1.02	1.34
xii) Remuneration to auditors	0.01	0.01
xiii) Design and Consultancy charges:		
- Indigenus	1.08	1.26
xiv) Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	21.86	5.41
xv) Expenditure on land not belonging to corporation	61.58	20.41
xvi) Loss on assets/ materials written off	0.01	0.01
xvii) Losses on sale of assets	0.02	0.08
xviii) Other general expenses	<u>12.00</u>	<u>13.34</u>
Sub-total	156.00	98.66

SCHEDULE 22 – EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(₹ in crore)

	31st March 2011	31st March 2010
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Bonds	180.00	35.01
b) Term loan	488.48	457.38
ii) Bond issue/ service expenses	0.25	0.03
iii) Other finance charges	2.45	2.23
Sub-total	671.18	494.65
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	20.86	13.09
ii) Less : Exchange rate variation (Credit balance)	15.03	25.44
Sub-total	5.83	(12.35)
F. PROVISIONS	36.39	-
Sub-total	36.39	-
G. DEPRECIATION	27.54	53.03
Sub-total	27.54	53.03
H. PRIOR PERIOD EXPENSES (NET)		
Prior period expenses	(1.64)	(0.07)
Less: Prior period income	(18.62)	0.03
Sub-total	16.98	(0.10)
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity –precommissioning	0.59	-
ii) a) Interest on loans and advances	90.72	82.28
b) Miscellaneous receipts	6.46	5.20
c) Liability/ Provisions not required written back	24.69	192.11
d) Hire charges/ outturn of plant and machinery	1.60	1.84
Sub-total	123.47	281.43
Sub-total	124.06	281.43
J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES		
i) Other income	(11.34)	(6.84)
ii) Generation, administration and other expenses	27.02	29.00
iii) Employee remuneration and benefits	226.36	193.85
iv) Depreciation	14.54	14.90
v) Interest and finance charges	0.06	0.24
vi) Provisions	0.14	-
vii) Prior period adjustment (Net)	0.19	0.04
Sub-total	256.97	231.19
TOTAL [(A to H) - I + J] (Transferred to Schedule 6)	1459.95	975.47



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 relating to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuees or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified/Right of use, to be amortised over a period of 30 years from the date of commercial operation of the project.
- 2.6 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realisable value.

3. MACHINERY SPARES

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

4. CAPITAL WORK IN PROGRESS

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

5. DEPRECIATION & AMORTISATION

- 5.1 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.

- 5.2.1 Depreciation on Fixed Assets of Operating Units of the company is charged on straight-line method following the rates and methodology as notified by the Central Electricity Regulatory Commission (CERC) for the fixation of tariff except for assets specified in 5.2.3 below, in respect of which depreciation is charged at the rates mentioned in that policy.
- 5.2.2 Depreciation on Fixed Assets of other than Operating Units of the company is charged on straight-line method to extent of 90% of the cost of asset following the rates as notified by the Central Electricity Regulatory Commission (CERC) for the fixation of tariff except for assets specified in 5.2.3 below, in respect of which depreciation is charged at the rates mentioned in that policy.
- 5.2.3 Depreciation in respect of following assets shall be charged on straight line method to the extent of 90% of the cost of asset following the rates of depreciation indicated as against each asset
- | | | |
|------|--------------------------------|--------|
| (i) | Construction Plant & Machinery | 11.25% |
| (ii) | Computer & Peripherals | 30% |
- 5.2.4 Temporary erections are depreciated fully (100%) in the year of acquisition / capitalization by retaining Re.1/- as a WDV for control purpose.
- 5.3 Assets valuing ₹ 5000/- or less but more than ₹ 750/- and such items (excluding immovable assets) with written down value of ₹ 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 ₹ 750/- are not capitalized and charged off to revenue.
- 5.5 Cost of software is recognized as 'Intangible Assets' and is amortized on straight line method over a period of legal right to use or three years, whichever is earlier. Other intangible assets are amortized on straight line method over the period of legal right to use or 35 years whichever is earlier.
- 5.6 Leasehold Land is amortized over the period of lease or 30 years whichever is lower.
- 5.7 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land or at the applicable depreciation rates & methodology notified by CERC regulations for such assets, whichever is higher.
- 5.8 Capital Expenditure referred to in Policy 2.3 is amortized over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.
- 5.9 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such assets at the rate of depreciation and methodology notified by CERC regulations.
- 5.10 Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.

6. INVESTMENTS

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

7. INVENTORIES

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

8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.



- 8.2 Exchange differences are recognised as income & expenses in the period in which they arise in Profit & Loss Account in case of operational stations and to EDC in case of projects under construction. However, Exchange Differences in respect of liabilities relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to 01/04/2004 are adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress.

9. EMPLOYEE BENEFITS

- 9.1 Provision for Post employment benefit as defined in Accounting Standard 15 (2005) on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Long term employee benefits 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 considered as deferred income in earlier years is included in sales on straight line basis over the balance useful life after 31st March of the year closing after a period of 12 years from the date of commercial operation of the project, considering the total useful life of the project as 35 years.
- 10.2 In respect of Project Management/Consultancy Contracts/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.
- 10.3 Interest on investments is accounted for on accrual basis.
- 10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

11. MISCELLANEOUS

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

12. 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.

13. TAXES ON INCOME

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

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

SCHEDULE – 24 NOTES TO THE ACCOUNTS

1. a) Contingent Liabilities as on: -

(₹ in Crore)

Description	Opening Balance 01/04/2010	Closing Balance 31/03/2011
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	4452.69	5112.64
- Land Compensation Cases	82.82	71.97
- Others		
- Disputed Income Tax Demand	0.09	10.99
- Disputed Sales Tax Demand	2099.20	2244.45
- Others	288.96	149.44
Total	6923.76	7589.49

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is a possibility of reimbursement to Corporation, of ₹42.39 Crore (Previous year ₹41.96 Crore) towards above contingent liabilities.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹6286.47 Crore (Previous year ₹8265.86 crore)
3. The company made initial public offering (IPO) during last financial year i. e. in 2009-10. Out of the IPO proceeds, a sum of ₹1592.59 Crore has been utilised up to 31.03.2011 for re-coupmnt of capital expenditure already incurred from internal accruals on the projects specified for utilisation, ₹2300 Crore has been invested as per extant investment policy of the company, ₹38.71 Crore recouped for meeting IPO expenditure and balance of ₹94.40 Crore is lying in bank account under Corporate Liquidity Term Deposit (CLTD).
4. a) Title deeds/title in respect of Land of some Projects/Units amounting to ₹60.60Crore (Previous year ₹56.89 crore), covering an area of 2192.36 hectare (Previous year 1864.13 hectare), are yet to be executed/passed. Expenses on stamp duty etc. relating to registration thereof will be accounted for as and when incurred.
- b) Land does not include the land taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years @ notional rent of ₹1/- per annum.
5. a) Central Electricity Regulatory Commission (CERC) has notified by Regulations the terms and conditions for determination of tariff applicable with effect from 1st April 2009 for a period of five years vide notification dated 19.01.2009. The petitions for all 12 power stations have since been filed and tariff for 3 power stations already stands approved.
- The said regulations inter-alia provides that for the purpose of filing petitions, Return on Equity (ROE, a component of tariff) is to be grossed up using applicable income tax rate for the Financial Year 2008-09 and difference in ROE, if any, that may arise due to change in income tax rate during the tariff period 2009-14, is to be claimed in 2014-15. However, keeping in view the provisions of Accounting Standard 9 on Revenue Recognition, tariff has been recomputed based on the principle enunciated in the aforesaid regulation by grossing up the ROE with applicable income tax rate for the financial year 2010-11 and sales have been provisionally recognized at ₹3852.86 Crore, which includes ₹391.77 Crore towards grossing up of ROE with applicable tax rates of 2010-11 viz-a-viz tax rates of 2008-09, (Previous year ₹3306.63 Crore) also taking into consideration the principle of conservatism.
- The ibid regulation also provides that pending determination of tariff, the company is to provisionally bill the beneficiary at tariff approved by the CERC as applicable as on 31st March 2009. The amount provisionally billed comes to ₹3261.42 Crore (Previous year ₹2901.49 Crore). Accordingly, unbilled sale for the current year comes to ₹591.44Crore (Previous year ₹405.14 Crore).
- b) Sales of ₹592.44 crore included in Prior Period Adjustment (Schedule 21) represent the difference due to grossing up of ROE at normal income tax instead of MAT rate, which was considered for grossing up in 2009-10 and other tax adjustments relating to the beneficiary States.



6. Pending approval of the competent authority, provisional payments made towards executed quantities of some of the items beyond approved quantities as also for extra items, are included in Capital Work-in-Progress/Fixed Asset.
7. Capital work in progress includes ₹648.78 Crore as at 1st April 2010 and ₹161.25 Crore during the year totalling to ₹810.03 Crore as at 31.03.2011 on account of Survey & Investigation expenses and Administration & other general overhead expenses of Construction Projects. Similarly Capital Work in Progress includes ₹172.35 crore on account of Administration & other general overhead expenses of Corporate Office & Regional Offices allocated to these projects during the year. This accounting treatment is being followed consistently in line with the Significant Accounting Policy No.4.1 and 4.3 as such expenditure forms part of Capital cost of the project.
8.
 - a) Balances shown under Material issued to contractors, claims recoverable including insurance claims, advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors and Deposits/Earnest money from contractors are subject to reconciliation/ confirmation and respective consequential adjustments. Claims recoverable also include claims in respect of projects handed over or decided to be handed over to other agencies in terms of Government of India Directives.
 - b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
 - c) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, ₹32.97 Crore is continuing under "Other current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
 - d) Debtors include an amount of ₹120.81 Crore, being recoverable from M/s Delhi Transco Limited (erstwhile DESU) pertaining to period prior to Financial Year 1996-97. The case for recovery of the same has been taken up through Ministry of Power with Ministry of Finance, Govt. of India. However, a provision for entire amount has been made in the books during 2008-09 as an abundant precaution.
9.
 - a) Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of account with Brahmaputra Board, assets and liabilities have been booked to the extent of amounts incurred by the Corporation on these projects. Of the Siang Basin Projects, Siang Lower & Siyom HE Projects have since been handed over to private developer and liability arising out of settlement of accounts with Brahmaputra Board towards these projects is recoverable from respective private developer. Upper Siang HE project, a project of Siang basin, has since been allotted to other agency for preparation of Pre-feasibility report and as such expenditure incurred on this project till 31.03.2011 amounting to ₹37.06 Crore has been provided in the books as abundant precaution.
 - b) Pakal Dul, Kiru & Kwar HE Projects are to be executed through Joint Venture Company with participation from state Government. Pending formation of Joint Venture Company, expenditure amounting to ₹145.71 Crore & ₹61.67 Crore respectively incurred by NHPC on these projects up to 31.03.2011 is appearing under Capital Work-in-Progress.
10. Govt. of Arunachal Pradesh had shown their inclination to hand over Subansiri Upper & Subansiri Middle projects to Independent Power Producer (IPP), on which NHPC had solicited the intervention of Govt. of India. As directed by Gol, Subansiri Middle Project has since been decided to be handed over to M/s Jindal Power Ltd. (JPL) for which an amount of ₹105.21 Crore has been received by NHPC from M/s JPL. Pending handing over the project to M/s JPL, the amount received from M/s JPL has been adjusted to the extent of amount spent by NHPC towards capital work in progress and for creation of fixed asset of Subansiri Middle Project and the balance is being shown under the head "Other Liabilities" in Schedule 10-"Current Liabilities & Provisions". As regard to Subansiri Upper Project, decision of GOI is still awaited and pending decision, capital expenditure amounting to ₹0.61 Crore incurred on this project for the year ended 31.03.2011 has been charged to Profit & Loss Account as an abundant precaution, which is in addition to the provision of ₹19.35 Crore, already existed as at 31.03.2010 towards expenditure incurred on this project during 20.04.2004 to 31.03.2010, the period in which this project was under suspension.
11. CERC while notifying tariff regulation for the period 2009-14 vide notification dated 19.01.2009 has revised the rates of depreciation and has also provided the methodology for computing the depreciation. As per ibid tariff regulation, depreciation is to be calculated at specified depreciation rates till 31st March of the year closing after a period of 12 years from the date of commercial operation of an operating unit and thereafter amortisation of residual depreciable value of the assets over the remaining useful life of operating unit, life of the unit being considered 35 years from the date of commercial operation.

The Company had however provided depreciation in financial year 2009-10, following the rate notified by CERC even in respect of assets of Operating Units, which have completed 12 years as at 31.03.2009. During the year ended 31.03.2011, Company has recomputed its depreciation charge w.e.f. 01.04.2009 in compliance of opinion of the Office of C&AG of India that depreciation is to be provided following the rates of depreciation as well as methodology notified by CERC.

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Accordingly, the depreciation charge for the financial year 2009-10 and for the year ended 31.03.2011 has reduced by ₹96.27 Crore (adjusted as prior period item) and ₹191.97 Crore respectively. In view of forgoing, the Significant Accounting Policies on `Depreciation and Amortisation' (Significant Accounting Policy No.5.2.1 to 5.2.4, 5.7, 5.9) and `Machinery Spares' (Significant Accounting Policy No. 3.1(a)) have been suitably reworded to disclose the fact of "rate of depreciation as well as methodology" wherever required.

12. During the year Company has received the opinion from the Expert Advisory Committee of the Institute of Chartered Accountants of India (EAC of ICAI) and as per opinion of EAC, expenditure incurred for creation of assets not within the control of company should be charged to profit & loss account in the year of incurrance itself. The Company has represented to the EAC of ICAI that such expenditure, being essential for setting up of a hydro project, should be allowed to be capitalised. Pending receipt of further opinion / communication from the EAC, the accounting treatment as per existing accounting practices / policies has been continued.
13. In pursuance of the J&K Water Resources (Regulation & Management) Act, 2010, Govt of J&K has levied cess on use of water by power stations in the state of J&K with effect from 10.11.2010, which has since been challenged in J&K High Court. A petition has also been filed with CERC for allowing reimbursement of the said cess being a new levy. However, as an abundant precaution, a provision of ₹138.87 Crore has been made in the books of accounts.
14. Pending final settlement of arrears of pay revision of Employees w.e.f 01.01.2007, a further provision of ₹199.69 Crore has been made in the books for the year ended 31.03.2011 on reasonable estimate basis. In addition to this, an amount of ₹89.11 Crore towards Performance Related Pay Scheme in terms of DPE guidelines, pending approval of the scheme by Board, has also been provided.
15. a) The effect of foreign exchange fluctuation during the year is as under:

(₹ in Crore)

		For the year ended 30.03.11	For the year ended 30.03.10
(i)	Amount charged to Profit and Loss Account excluding depreciation (as FERV)	1.51	(1.67)
(ii)	Amount charged to Profit and Loss Account excluding depreciation (as Borrowing Cost)	240.68	22.90
(iii)	Amount charged to Expenditure During Construction (as FERV)	5.92	(12.35)
(iv)	Amount charged to Capital work-in-progress (as FERV)	(1.18)	(1.12)
(iv)	Amount adjusted by addition to the carrying amount of fixed assets	31.41	(177.55)

- b) The amount of borrowing cost capitalised by transfer to `Expenditure during Construction (EDC)' during the year is ₹668.49 Crore (Previous Year ₹492.39 Crore).

16. Following Accounting Policies have been Introduced / Modified during the year ended 31.03.2011:

Policy No.	Description	Impact on Profit for the year.
5.5	Policy has been reworded to have a better disclosure	No impact since practice has been translated into policy.
5.10	Introduction of new policy for capitalisation of expenditure incurred on renovation / modernisation of asset.	No impact since practice has been translated into policy.
7.2	Policy for making provision for unserviceable and obsolete store has been modified.	Profit before tax has reduced by ₹18.15 Crore.
9.2	Policy for making provision for employee benefit has been reworded due to change in component of employee benefits	Profit before tax has increased by ₹11.72 Crore.
10.1(d)	Accounting Policy on Advance against Depreciation has been modified subsequent to the adoption of rates of depreciation and methodology as notified by CERC (refer Para 11 above).	Profit before tax has reduced by ₹2.43 Crore.
Earlier Policy No. 11	Sequel to obtaining of Industrial All Risk (IAR) Insurance Policy, earlier Significant Accounting Policy No. 11 on creation of Self Insurance Reserve through Profit & Loss Appropriation Account has been deleted.	Profit before tax has reduced by ₹9.41 Crore.



17. The status of Self Insurance Fund Investment as at 31.03.2011 is as under:-

Schedule of Balance Sheet	Description of Investment / Deposit	Amount (₹ in Crore)
Schedule 8 – Investment	(i) Central Government Securities	197.65
	(ii) Public Sector Bonds	358.33
	(iii) Deposit Account–Long term	30.95
Schedule 9 - Current Assets, Loan & Advances	(i) Deposit with Public Sector Bank	63.41
	(ii) Interest Accrued (net of taxes)	17.05
	(iii) Current Account incl TDS	0.93
Schedule 10 - Current Liabilities & Provisions	(i) Provision for income tax	(9.89)
	Total	658.42

The total income of Self Insurance Fund for the year ended 31.03.2011 is ₹39.31 Crore (net of taxes), which has been credited to Self Insurance Fund through Profit & Loss Appropriation Account.

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

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

A. Provident Fund

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

B. Gratuity

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

C. Retired Employee Health Scheme

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

D. Allowance on Retirement / Death

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

E. Leave

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

F. Social Security Scheme

NHPC has a Social Security Scheme in lieu of compensate appointment subject to the condition that the scheme will be withdrawn on introduction of pension scheme. Corporation makes a matching contribution per month per employee and such contribution is to be made for 8 years to build up corpus. The scheme is in operation since 01.06.2007. The scheme has been created to take care of and helping bereaved families in event of death of its employee or permanent total disability.

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

Summary of various defined benefits as on 31.03.2011 is as under:-

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

Particular	31.03.2011	31.03.2010
Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified
Discount rate	8.0%	7.5%
Future Salary Increase	5.5%	5%

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

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at Beginning of year	407.32	220.67	169.49	4.15	26.48
Interest cost	32.59	17.65	13.55	-	-
Current service cost	20.92	14.27	6.65	0.31	10.28
Benefit paid	(27.87)	(28.22)	(8.26)	(0.04)	(1.70)
Actuarial (Gain)/loss	79.80	78.84	74.73	0.03	1.32
PVO at end of year	512.76	303.21	256.16	4.45	36.38

Table 3:- Amount recognised in Balance Sheet

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at end of year	512.76	303.21	256.16	4.45	36.38
Fair Value of Plan Assets at the end of year	-	-	-	-	-
Funded Status	(512.76)	(303.21)	(256.16)	(4.45)	(36.38)
Unrecognized actuarial gain/loss	-	-	-	-	-
Net Liability recognized in Balance Sheet	512.76	303.21	256.16	4.45	36.38

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

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
Current Service Cost	20.92	14.27	6.65	0.30	9.90
Interest Cost	32.59	17.65	13.55	-	-
Expected return on Plan Assets					
Net Actuarial (gain) / loss recognized for the year	79.80	78.84	74.73	0.03	1.32
Expense recognized in Profit & Loss/EDC for the year	133.31	110.76	94.93	0.33	11.22

19. a) Electricity generation is the principal business activity of the Corporation. Other operations viz., Contracts, Project Management and Consultancy works do not form a reportable segment as per the Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.
- b) The Corporation has power stations located within the country and therefore, geographical segments are inapplicable.



20. In compliance of Accounting Standard – 18 on related party disclosures issued by the Institute of Chartered Accountants of India, the required information is given as under: -

a) Related Parties

(i) Joint Venture Companies

National Power Exchange Ltd.

(ii) Key Management Personnel

Shri S. K. Garg	CMD (retired on attaining the age of superannuation w.e.f. 31.12.2010)
Shri A. B. L.Srivastava	Director (Finance) with additional Charge of CMD w.e.f. 01.01.2011.
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects)
Shri R. S. Mina	Director (Personnel)

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

Particular	During the Year ended 31.03.2011	During the Year ended 31.03.2010
Investment	-	-

Remuneration to key management personnel is ₹2.72 Crore (previous year ₹1.19 Crore) and amount of dues outstanding to the Company as on 31.03.2011 is ₹0.04 Crore (Previous year ₹0.24 Crore)

21. The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses & transit camps. These leasing arrangements, which are not non-cancellable, are usually renewable on mutually agreeable terms. The Schedule of Employees remuneration and benefits includes ₹26.48 Crore (Previous year ₹ 14.40 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.

22. Earning Per Share:-

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

	For the year ended 31.03.11	For the year ended 31.03.10
Net Profit after Tax used as numerator (₹ in Crore)	2166.67	2090.50
Weighted Average number of equity shares used as denominator		
– Basic	12300742773	11850379339
– Diluted	12300742773	11850379339
Earning Per Share (₹)		
– Basic	1.76	1.76
– Diluted	1.76	1.76
Face value per share (₹)	10	10

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

(₹ in Crore)

	01.04.2010	31.03.2011
Deferred Tax Liability		
i) Depreciation	2701.58	2740.51
Less: Deferred Tax Assets		
ii) Accumulated unabsorbed depreciation	-	-
iii) Advance against Depreciation to be considered as income in tax computation	-	-
iv) Provision for doubtful debts, self Insurance and other provisions	72.22	121.81
v) Provision for employee benefit schemes	119.72	168.31
Deferred Tax Liability (Net)	2509.64	2450.39

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24. Interest in Joint Venture:

Name of Companies	Proportion of Ownership interest as at	
	31.03.2011	31.03.2010
National High Power Test Laboratory (P) Ltd.	25%	25%
National Power Exchange Ltd.	16.67%	16.67%

The above joint venture entities are incorporated in India. The Company's share of the assets and liabilities as on 31st March 2011 and income and expenses for the financial year ended 31.03.2011 in respect of joint venture entities is based on audited accounts are given below:

(₹ in Crore)

		As at	
		31.03.2011	31.03.2010
A	Assets	3.84	1.47
B	Liabilities (including equity)	3.84	1.47
C	Contingent Liabilities	0.01	-
D	Capital Commitments	-	-
		For the Year 2010-11	For the year 2009-10
E	Income	0.08	0.06
F	Expenditure	0.34	0.89

25. 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 2011.

26. a) Remuneration paid/payable to Directors:

(₹ in Crore)

		For the year ended 31.03.11	For the year ended 31.03.10
(i)	Salaries & Allowances	1.73	0.66
(ii)	Contribution to Provident Fund	0.17	0.06
(iii)	Rent for Residential Accommodation	0.21	0.13
(iv)	Other benefits	0.36	0.11
(v)	Sitting Fees to Independent Directors	0.25	0.23

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	₹ 325 per month	₹ 520 per month
Above 16 HP	₹ 490 per month	₹ 780 per month

27. Remuneration to Statutory Auditors:-

(₹ in Crore)

	For the year ended 31.03.11	For the year ended 31.03.10
Statutory Audit Fees	0.32	0.22
Tax Audit Fees	0.10	0.06
Audit Expenses	0.34	0.32
Other matters	0.23	0.42
Cost Auditors		
- Audit Fees	0.06	0.06
- Audit Expenses	0.02	0.01



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

		For the year ended 31.03.11	For the year ended 31.03.10
(i)	Licensed Capacity (M.W.)	Not Applicable	Not Applicable
(ii)	Installed Capacity (M.W.)*	3749.20	3619.20
(iii)	Actual Generation (Million Units)**	18500.30	16857.10
(iv)	Actual Sales (Million Units) ***	16293.32	14841.67

*Derated capacity of Loktak Power Station in last year only. Sewa II Power Station came into commercial operation since 24.07.2010.

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

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

(₹ in Crore)

29.

		For the year ended 31.03.11	For the year ended 31.03.10
a)*	Value of imports calculated on CIF basis:		
	i) Capital Goods	99.39	155.17
	ii) Spare parts	1.90	3.91
b)*	Expenditure in Foreign Currency		
	i) Know - How	11.18	11.23
	ii) Interest	59.53	73.37
	iii) Other Misc. Matters	119.79	104.44
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported	1.05(26.65%)	0.89(20.79%)
	ii) Indigenous	2.89(73.35%)	3.39(79.21%)
d)**	Earnings in foreign currency		
	i) Interest	-	-
	ii) Others	-	-

* Accrual basis.

** Cash basis.

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

(₹ in Crore)

(i)	Principal amount <i>remaining unpaid</i> to Micro, small & medium enterprise.	NIL
(ii)	Interest accrued on principal amount remaining unpaid as (i) above	NIL
(iii)	Amount of Interest <i>paid</i> during the year ended 31.03.2011 along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/rendering of services.	NIL
(iv)	Interest due but yet to be paid on principal paid during the year ended 31.03.2011	NIL
(v)	Amount of further interest remaining due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure.	NIL

31. (a) Cash & Cash equivalents include an amount of ₹57.39 Crore (Previous year ₹14.34 Crore) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2011.

(b) Cash & cash equivalents include ₹486.44 Crore, held for Rural Road and Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation. Similarly "Loans & Advances" under Schedule 9 include ₹49.40 Crore given as Advance to Contractors & Suppliers in respect of these works.

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32. Previous year figures / Opening balances have been regrouped/re-arranged/re-cast wherever necessary.
33. Subsequent to the approval of accounts for the year ended 31st March 2011 by the Board of directors on 27th May, 2011, the members of the Board has recommended dividend @ ₹0.60/- per share (subject to rounding off to nearest Rupee in terms of Rule 23 of Companies (Central Government's) General Rules & Forms, 1956) on the paid up equity capital of the Company (as per Balance Sheet as at 31st March 2011) for the year ended as at 31st March 2011 in the meeting held on 30.06.2011. Accordingly the Company has reopened and revised its earlier finalized audited accounts for the year ended 31st March 2011 and a provision for dividend amounting to ₹738.04 Crore (subject to rounding off) @6% on the paid up equity capital amounting to ₹12300.74 Crore (divided into 1230,07,42,773 equity shares of ₹10/- each fully paid up) and dividend distribution tax thereon, has been made.

VIJAY GUPTA
Company Secretary

D. P. BHARGAVA
Director (Technical)
DIN 01277269

A. B. L. SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi
Dated : 30.06.2011



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 1 1 3

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

Public Issue

N I L

Right Issue

N I L

Bond Issue

N I L

Private Placement

N I L

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

Total Liabilities

4 6 4 8 3 . 8 3

Total Assets

4 6 4 8 3 . 8 3

Sources of Funds

Paid-up Capital

1 2 3 0 0 . 7 4

Reserves and Surplus

1 2 2 8 3 . 1 5

Secured Loan

1 0 8 8 4 . 3 6

Unsecured Loans

3 6 8 4 . 9 0

Application of Funds

Net Fixed Assets

3 4 2 2 3 . 3 3 @

Investments

5 3 9 9 . 5 0

Net Current Assets

1 0 9 8 . 2 0

Misc. Expenditure

N I L

Accumulated Losses

N I L

@ Includes Capital Work-in-Progress of ₹ 15,797.03 Crore and Construction Stores and Advances of ₹ 1,325.42 Crore.

IV. Performance of Company (₹ in Crore)

Turnover

4 2 2 5 . 2 5 **

Total Expenditure

2 0 5 3 . 6 8

Profit Before Tax

2 8 7 8 . 4 3

Profit After Tax

2 1 6 6 . 6 7

Basic Earning per share in Rupee.

0 1 . 7 6

Dividend Amount (in Crore)

7 3 8 . 0 4

** Excludes Other Income ₹ 706.86 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 and on behalf of the **BOARD OF DIRECTORS**

For **SBG & CO.**
Chartered Accountants
FR No.- 001818N

SURESH KUMAR
Partner
M.No. 72921

VIJAY GUPTA
Company Secretary

D.P.BHARGAVA
Director (Technical)
DIN 01277269

A.B.L.SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi
Dated : 30.06.2011



CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in crore)

	31st March, 2011	31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	2878.43	2402.08
ADD :		
Depreciation including Prior Period	817.89	1032.39
Advance Against Depreciation including Prior Period	(30.88)	107.97
Interest Paid excluding Rebate	374.53	416.12
Loss / (Profit) on Sale/Transfer of Assets	27.37	(4.06)
Other Provisions/Adjustments	34.83	91.74
Dividend Income	(12.40)	(25.02)
Interest Income	(563.70)	(346.89)
Cash flow from operating activities before working capital adjustments	647.64	1272.25
Working Capital Changes	3526.07	3674.33
(Increase)/Decrease in Inventories	4.77	(9.23)
(Increase)/Decrease in Contract Work in Progress	6.90	(8.29)
(Increase)/Decrease in Receivables	(1122.18)	(910.30)
Increase/(Decrease) in Trade & Other Payables	1170.10	398.71
	59.59	(529.11)
Cash flow from operating activities before taxes	3585.66	3145.22
Less : Taxes on Income	518.72	353.53
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3066.94	2791.69
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(3426.11)	(2997.53)
Loss / (Profit) on Sale/Transfer of Assets	(27.37)	0.19
Decrease/(Increase) in Investment	(1005.45)	(1600.45)
Interest Income	563.70	346.89
Dividend Income	12.40	25.02
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(3882.83)	(4225.88)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	—	1118.25
Share Premium	—	2868.74
Dividend & Dividend Tax Paid	(788.90)	(230.01)
Proceeds from Borrowings	1591.00	3458.42
Repayment of Borrowings	(1162.04)	(1669.58)
Interest & Finance Charges excluding Rebate	(1057.41)	(914.20)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(1417.35)	4631.62
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(2233.24)	3197.43
Cash & Cash Equivalents at the beginning of the period	5097.38	1899.95
Cash & Cash Equivalents at the close of the period	2864.14	5097.38

EXPLANATORY NOTES TO CASH FLOW STATEMENT

- Cash and Cash equivalents consist of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits of varying periods except Deposits in the nature of Investment. Further, Cash & Cash equivalents include an amount of ₹ 57.38 Crore (Previous year ₹ 14.34 Crore) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2011.
- Investment in Fixed Assets & Construction Work-in-Progress excludes interest & finance charges Capitalised to the tune of ₹ 671.18 Crore.
- Amount of undrawn loan as on 31.03.2011 : ₹ 3,048.44 Crore.
- Cash & cash equivalents include ₹ 486.44 Crore, held for Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation.
- Figures for the previous year have been re-grouped/re-arranged/re-cast wherever necessary.

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For **SBG & CO.**
Chartered Accountants
FR No.- 001818N

SURESH KUMAR
Partner
M.No. 72921

VIJAY GUPTA
Company Secretary

D.P.BHARGAVA
Director (Technical)
DIN 01277269

A.B.L.SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi
Dated : 30.06.2011

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

1. Name and address of the Company	NHDC Limited, NHDC Parisar, Near Hotel Lake View Ashoka, Shyamla Hills, Bhopal (M.P).	Loktak Downstream Hydroelectric Corporation Limited,
2. Financial Year of the Subsidiary Company ended on	31st March 2011.	31st March 2011.
3. Share of the Subsidiary Company held by NHPC and its nominees on the above date		
(a) Number of Shares and Face Value	(a) 1,00,24,200 Equity Shares of ₹ 1000/- each fully paid	(a) 4,44,00,000 Equity Shares of ₹10/- each fully paid.
(b) Extent of Holding	(b) Out of 1,96,25,800 shares issued, 1,00,24,200 shares are held by NHPC Limited.	(b) Out of 6,00,00,000 shares issued, 4,44,00,000/- share are held by NHPC Limited.
4. Net aggregate amount of profits/(losses) of the Subsidiary Company so far as it concerns the members of NHPC Limited and is not dealt within the accounts of NHPC Limited		
(i) For Subsidiary Company Financial Year ended 31st March 2011	(a) 51% of ₹ 258.51 Crore being the profit carried to Balance Sheet i.e. ₹ 131.84 Crore. (b) Dividend of ₹ 20.02 Crore being 51% share of the recommended dividend amount of ₹39.25 Crore.	(a) 74% of ₹ 2.71 Crore being the profit carried to Balance Sheet i. e. ₹ 2.01 Crore. (b) NIL
(ii) For previous Financial years of the Subsidiary company since it became Subsidiary	51% of ₹ 1079.39 Crore being the profit carried to Balance Sheet i.e. ₹550.49 Crore.	74% of (₹ 1.16) Crore being the loss carried to Balance Sheet i.e. (₹ 0.86) Crore
5. (iii) 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 31st March 2011	NIL	NIL
(ii) For previous Financial years of the Subsidiary company since it became Subsidiary	Dividend of ₹ 134.95 Crore being 51% share of the dividend amount of ₹ 264.60 crore.	NIL
6. Change in the interest of NHPC Limited in the Subsidiary company between the end of the financial year of the Subsidiary Company and that of NHPC Limited.	NIL	NIL
7. Material changes between the end of the financial year of the Subsidiary Company and end of the financial year of NHPC Limited in respect of Subsidiary Company's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities.	NIL	NIL

For and on behalf of the BOARD OF DIRECTORS

VIJAY GUPTA
Company Secretary

D.P.BHARGAVA
Director (Technical)
DIN 01277269

A.B.L.SRIVASTAVA
Chairman & Managing Director
DIN 01601682



NHPC Limited

(A Government of India Enterprise)

Annexure-VI

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 2011.

The preparation of financial statements of NHPC Limited, Faridabad for the year ended 31 March 2011 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 June 2011.

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 2011. 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/-
(M. K. Biswas)
**Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - III,
New Delhi**

Place: New Delhi

Dated: 22 July 2011

AUDITORS' REPORT TO THE BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP (NHPC LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES)

1. We have audited the attached **REVISED** Consolidated Balance Sheet of NHPC LIMITED (The Company), its Subsidiaries Companies and its Joint Ventures as at March 31, 2011 and also the **REVISED** Consolidated Profit & Loss account, **REVISED** Consolidated Statement of expenditure during construction and the **REVISED** 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. Reference is invited to Auditors' Report dated 27.05.2011 given by us on the Financial Statements of NHPC Limited for the financial year ended as at 31.03.2011.
3. The Company has amended its aforesaid financial statements covered by the above referred Auditor's Report so as to incorporate the provision for dividend and dividend distribution tax thereon in the books, which has been recommended by the Board of NHPC Limited. Accordingly, the Balance Sheet as at 31.03.2011 and Profit & Loss Account for the period ended on even date, audited by us (covered by our above referred Auditors Report) has been amended by the Company (refer Note No. 36 of Schedule 24)
4. 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.
5. We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company which have been audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

(₹ in Crore)

Name	Total Assets	Total Revenue	Net Cash Flows
Subsidiaries			
NHDC Ltd.	7393.16	1025.75	299.42
Loktak Downstream Hydroelectric Power Corporation Ltd.	110.83	-	8.16
Joint Ventures			
National High Power Test Laboratory (P) Ltd.	2.08	-	0.43
National Power Exchange Ltd.	1.75	0.07	1.00

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' notified by the Institute of Chartered Accountants of India.
7. 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 financial statements of NHPC group, we are of the opinion that the said consolidated financial statements read with the Notes and the Significant Accounting Policies give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 31st March, 2011;
 - b) In the case of the Consolidated Profit and Loss account, of the Profit of the group for the year ended on that date;
 - c) In the case of the Consolidated Statement of Expenditure incurred During Construction, of the expenditure incurred up to the period ended on reporting date; and
 - d) In the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

For **S. B. G. & Company**
Chartered Accountants

CA. Suresh Kumar
Partner

M. No. 072921
F.R.No.001818N

Place: New Delhi
Dated: 30.06.2011



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

(₹ in crore)

SCHEDULE		31st March 2011		31st March 2010	
SOURCES OF FUNDS					
A. SHAREHOLDERS' FUNDS					
i)	Share Capital	1	12300.74		12300.74
ii)	Reserves and Surplus	2	<u>14229.52</u>	26530.26	<u>12806.49</u>
B. MINORITY INTEREST				1735.74	1589.53
C. LOAN FUNDS					
i)	Secured Loans	3	13086.71		13436.48
ii)	Unsecured Loans	4	<u>3684.90</u>	16771.61	<u>2915.04</u>
D. INCOME RECEIVED IN ADVANCE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION					
				1507.56	1539.82
E. DEFERRED TAX LIABILITY (NET)					
Deferred tax liabilities			3112.55		3161.00
Less: Deferred tax recoverable			2835.19	<u>277.36</u>	2908.90
TOTAL			<u>46822.53</u>		<u>44840.20</u>
APPLICATION OF FUNDS					
A. FIXED CAPITAL EXPENDITURE					
i)	Fixed Assets	5			
a)	Gross Block		29608.72		28011.70
	Less: Depreciation		<u>6878.04</u>		<u>5710.08</u>
b)	Net Block		22730.68		22301.62
ii)	Capital Work In Progress	6	15842.61		12839.04
iii)	Construction Stores and Advances	7	<u>1326.98</u>	39900.27	<u>1222.93</u>
B. INVESTMENTS		8		4319.40	3345.52
C. CURRENT ASSETS, LOANS AND ADVANCES					
i)	Interest accrued on investments		157.87		182.65
ii)	Inventories		39.21		48.34
iii)	Contract Work-in-Progress		19.94		29.46
iv)	Sundry Debtors		2216.60		1533.77
v)	Cash and Bank Balances		4265.31		6189.53
vi)	Other Current Assets		578.74		589.73
vii)	Loans and Advances		<u>1397.27</u>	8674.94	<u>1294.94</u>
Less: CURRENT LIABILITIES AND PROVISIONS		10			
i)	Liabilities		2414.30		2213.63
ii)	Provisions		<u>3657.78</u>	<u>6072.08</u>	<u>2523.70</u>
NET CURRENT ASSETS				2602.86	5131.09
D. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
		11		-	-
TOTAL			<u>46822.53</u>		<u>44840.20</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 **SBG & CO.**
Chartered Accountants
FR No.- 001818N

SURESH KUMAR
Partner
M.No. 72921

VIJAY GUPTA
Company Secretary

D.P. BHARGAVA
Director (Technical)
DIN 01277269

A.B.L. SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi
Dated : 30.06.2011

Annual Report 2010-11

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(₹ in crore)

	SCHEDULE	31st March 2011		31st March 2010	
INCOME					
i) Sales	12	4916.66		5163.87	
Less: Advance against depreciation	12A	(48.33)	4964.99	115.30	5048.57
ii) Revenue from Contract, Project Management and Consultancy Works	13		178.66		113.06
iii) Other Income	14		807.09		632.92
TOTAL INCOME			5950.74		5794.55
EXPENDITURE					
i) Generation, Administration and other Expenses	15		585.15		291.90
ii) Employees' Remuneration and Benefits	16		769.65		576.26
iii) Depreciation	17		1166.55		1268.35
iv) Interest and Finance charges	18		670.88		739.37
v) Provisions	19		34.52		80.98
vi) Expenditure On Contract, Project Management and Consultancy Works	20		123.24		82.39
TOTAL EXPENDITURE			3349.99		3039.25
Profit before Tax and Prior Period Adjustments			2600.75		2755.30
Prior Period Adjustments (net)	21		(656.48)		1.13
PROFIT BEFORE TAX			3257.23		2754.17
Provision for Taxation					
i) Current Tax			636.64		452.83
ii) Adjustments relating to earlier years			9.63		(105.38)
iii) Deferred Tax		(48.44)		209.66	
Less: Deferred tax recoverable adjustment		(196.63)	148.19	80.50	129.16
			794.46		476.61
PROFIT AFTER TAX (Before adjustment of Minority Interest)			2462.77		2277.56
Share of Profit/ (Loss) transferred to Minority Interest			146.61		102.00
PROFIT AFTER TAX (After adjustment of Minority Interest)			2316.16		2175.56
Balance brought forward			3703.76		2452.49
Add:					
i) Amount written back from Bond Redemption Reserve			14.25		14.25
ii) Amount written back from Self Insurance Reserve			0.04		-
iii) Tax on Dividend - write back			1.80		3.98
BALANCE AVAILABLE FOR APPROPRIATION			6036.01		4646.28
i) Transfer to Bond Redemption Reserve			100.00		100.00
ii) Transfer to Self Insurance Fund			43.35		50.09
iii) Dividend :					
- Proposed			738.04		676.54
iv) Tax on Dividend :					
- Proposed			126.10		115.89
BALANCE CARRIED TO BALANCE SHEET			5028.52		3703.76
Earning per share (Equity shares, face value of ₹ 10/- each)					
Basic			1.88		1.84
Diluted			1.88		1.84
Expenditure During Construction	22				
Accounting Policies	23				
Notes to the Accounts	24				
Schedule 1 to 24 form intergral part of the Accounts					

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For **SBG & CO.**
Chartered Accountants
FR No.- 001818N

SURESH KUMAR
Partner
M.No. 72921

VIJAY GUPTA
Company Secretary

D.P. BHARGAVA
Director (Technical)
DIN 01277269

A.B.L. SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi

Dated : 30.06.2011



SCHEDULE 1 – SHARE CAPITAL

(₹ in crore)

	Opening Balance as at 01.04.2010	Addition	Deduction/ Adjustment	Closing Balance as at 31.03.2011
Authorised: 15,000,000,000 Equity Shares of ₹ 10/- each (Previous Year 15,000,000,000 Equity Shares of ₹ 10/- each)	15,000.00			15,000.00
Issued, Subscribed and Paid-Up: 12,300,742,773 Equity Shares of ₹ 10/- each fully paid-up (Previous Year 11,182,493,430 Equity Shares of ₹ 10/- each) fully paid-up (Out of above, 62,952,960 Shares of ₹ 10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	12,300.74			12,300.74
Total	12,300.74	-	-	12,300.74

SCHEDULE 2 – RESERVE & SURPLUS

(₹ in crore)

	31st March 2011				31st March 2010			
	Opening Balance as at 01.04.2010	Addition	Adjustment/ Deduction	Closing Balance as at 31.03.2011	Opening Balance as on 01.04.2009	Addition	Deduction	Closing balance as on 31.03.2010
Capital Reserve on Consolidation	3.54	-	-	3.54	3.54	-	-	3.54
Capital Grant - From GoMP, NVDA for Indira Sagar, Sardar Sarovar Project and Omkareswar	1202.95	-	30.79	1,172.16	1,237.57	22.18	56.80	1,202.95
Bond Redemption Reserve	214.00	100.00	14.25	299.75	128.25	100.00	14.25	214.00
Share Premium	2,868.74	-	-	2,868.74	-	2,907.45	38.71 *	2,868.74
General Reserve	4120.06	-	-	4,120.06	4,120.06	-	-	4,120.06
Surplus as per Profit & Loss Account	3700.22	2316.16	991.40	5,024.98	2,448.95	2,193.79	942.52	3,700.22
Self Insurance Fund	696.98	43.35	0.04	740.29	646.89	50.09	-	696.98
Total	12806.49	2459.51	1036.48	14229.52	8,585.26	5,273.51	1,052.28	12,806.49

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

SCHEDULE 3 – LOAN FUNDS - SECURED

(₹ in crore)

	31st March 2011	31st March 2010
A. BONDS		
Bonds	2,399.00	2,456.00
B. TERM LOANS		
Term Loan from Banks /FIs- Indian Currency	10,687.71	10,980.48
Total (Refer Appendix-A)	13,086.71	13,436.48

APPENDIX TO SCHEDULE 3 LOAN FUNDS – SECURED

APPENDIX-A

(₹ in crore)

	31st March 2011	31st March 2010
(A) BONDS (Non-convertible and Non-cumulative)		
BONDS-O SERIES *2		
(7.7% 15 year Bonds of ₹ 10 crore each with 10 separately transferable redeemable principal parts and each separately transferable redeemable principal part comprising 1/10th of face value of Bond) (Yearly redemption of ₹ 57 crore w.ef. 31.03.09 to 31.03.18) (Due for redemption within one year ₹ 57 crore)	399.00	456.00
BONDS-P SERIES *5 , 7 &10		
(9.00% 15Year Secured Redeemable Non-Convertible Bonds of ₹ 10,00,000/- each) (Yearly redemption of ₹ 200 crore w.ef. 01.02.16 to 01.02.25) (Due for redemption within one year ₹ Nil)	2000.00	2000.00
TOTAL BONDS (A)	2399.00	2456.00
(B) TERM LOANS		
CANARA BANK *1		
(Due for repayment within one year ₹ 17 crore) (Repayable in 5 equal yearly installment w.e.f. 31.01.09)	34.00	51.00
INDIAN OVERSEAS BANK *1		
(Due for repayment within one year ₹ 12.50 crore) (Repayable in 4 equal yearly instalments w.e.f. 06.12.08)	12.50	25.00
STATE BANK OF PATIALA *1		
(Due for repayment within one year ₹ 4 crore) (Repayable in 20 half yearly instalments w.e.f. 09.07.07)	24.00	28.00
BANK OF INDIA *3	-	65.00
(Amount repaid on 02.07.2010)		
CENTRAL BANK OF INDIA *3	-	40.00
(Amount repaid on 02.07.2010)		
HOUSING DEVELOPMENT FINANCE CORPORATION LTD. *3	-	50.00
(Amount repaid on 02.07.2010)		
PUNJAB & SIND BANK *3	-	65.00
(Amount repaid on 02.07.2010)		
PUNJAB NATIONAL BANK *3	-	67.50
(Amount repaid on 02.07.2010)		
STATE BANK OF PATIALA *3	-	25.00
(Amount repaid on 02.07.2010)		
STATE BANK OF HYDERABAD *3	-	25.00
(Amount repaid on 03.07.2010)		
STATE BANK OF INDIA *3	-	64.29
(Amount repaid on 01.07.2010)		
CANARA BANK *4		
(Due for repayment within one year ₹ 10 crore) (Repayable in 4 equal yearly instalments w.e.f. 28.06.09)	20.00	30.00
LIFE INSURANCE CORPORATION OF INDIA *5 & 7		
(Due for repayment within one year ₹ 208.33 crore) (Repayable in 24 half yearly instalments in 12 years w.e.f. 15.04.09)	2083.33	2291.67
CANARA BANK *2		
(Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 09.11.07)	120.00	140.00



APPENDIX TO SCHEDULE 3 (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
SYNDICATE BANK *2 (Due for repayment within one year ₹ 18.30 crore) (Repayable in 10 equal yearly instalments w.e.f. 23.02.08)	109.80	128.10
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year ₹ 20 crore) (Repayable in 10 equal yearly instalments w.e.f. 31.03.08)	120.00	140.00
ORIENTAL BANK OF COMMERCE *2 (Due for repayment within one year ₹ Nil) (Repayable in 10 equal yearly instalments w.e.f. 27.12.11)	100.00	100.00
LIFE INSURANCE CORPORATION OF INDIA *6 (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 30.04.12)	1896.00	1896.00
INDIAN BANK *1 (Due for repayment within one year ₹ 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 ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	571.00	501.00
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year ₹ 18.60 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.10.08)	139.50	158.10
POWER FINANCE CORPORATION LIMITED *8 (Due for repayment within one year ₹ Nil) (Repayable in 40 equal quarterly installments w.e.f. 15.10.11)	70.00	70.00
POWER FINANCE CORPORATION LIMITED *2&3 (Due for repayment within one year ₹ 25.30 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.07.11)	1232.00	912.00
POWER FINANCE CORPORATION LIMITED *1 (Due for repayment within one year ₹ 41.30 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.07.09)	340.73	382.02
POWER FINANCE CORPORATION LIMITED *1 (Due for repayment within one year ₹ 50 crore) (Repayable in 40 equal quarterly installments w.e.f. 15.01.10)	437.50	487.50
INDIAN BANK *4&9 (Due for repayment within one year ₹ Nil) (Bullet Repayment after 5th year w.e.f. 29.09.14)	75.00	55.00
UCO BANK *8 (Due for repayment within one year ₹ Nil) (Repayable in 24 half yearly instalments in 12 years w.e.f. 31.12.12)	1000.00	600.00
CENTRAL BANK OF INDIA *11 (Due for repayment within one year ₹ 31.20 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	249.60	280.80
DENA BANK *11 (Due for repayment within one year ₹ 26.42 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	211.35	237.77

APPENDIX TO SCHEDULE 3 (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
DENA BANK *11 (Due for repayment within one year ₹ 22.50 crore) (Repayable in 20 half yearly equal installments commencing from 31.03.10)	188.54	186.67
HDFC BANK LIMITED *11 (Due for repayment within one year ₹ 37.26 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	298.04	335.29
HDFC BANK LIMITED *11 (Due for repayment within one year ₹ 22.39 crore) (Repayable in 20 half yearly equal installments commencing from 31.03.10)	190.32	188.02
UNITED BANK OF INDIA *11 (Due for repayment within one year ₹ 6.50 crore) (Repayable in 20 half yearly equal installments commencing from 30.09.09)	52.00	58.50
INDIAN OVERSEAS BANK *11	-	37.50
BANK OF BARODA *11	-	11.25
POWER FINANCE CORPORATION LTD. *12 (Due for repayment within one year ₹ 135.00 crore) (Repayable in 20 Half yearly equal installments commencing from 15.01.09)	1,012.50	1147.50
TOTAL SECURED LOANS (B)	10687.71	10980.48
Grand Total (A+B)	13086.71	13436.48

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.Charge/ Mortgage in respect loans repaid has been satisfied by Registrar of Companies, NCT of Delhi and Haryana.
4. Secured by exclusive charge by way of equitable mortgage/hypothecation against the assets of Company's Loktak Power Station situated in the state of Manipur except for book debts and stores.
5. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
6. Secured by the hypothecation of the moveable assets of the Corporation's Subansiri Lower H.E.Project situated in the state of Arunachal Pradesh & equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal & Teesta-V project 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 Utrakhand except for book debts & stores.
8. Secured by way of first charge by way of hypothecation on whole of the Corporation's movable assets, both present and future, of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
9. Secured by exclusive charge by way of equitable mortgage against the assets of Company's Bairasiul Power Station situated in the state of Himachal Pradesh except for book debts and stores.
10. Secured by a first charge by way of first mortgage and hypothecation against the immovable and moveable assets of the Company's Chamera-III HE Project-situated in the state of Himachal Pradesh.
11. The Long Term Loans are secured by first pari-passu charge in favour of the lenders by way of mortgage by deposit of title deeds on the Immovable property / fixed assets and also by first pari-passu charge on all present and future moveable, fixed and current assets of the company in respect of the Indira Sagar Power Station for the respective portion of outstanding long term loan.
12. The Long Term Loans are secured by first pari-passu charge in favour of the lenders by way of mortgage by deposit of title deeds on the Immovable property / fixed assets and also by first pari-passu charge on all present and future moveable, fixed and current assets of the company in respect of the Omkareshwar Power Station for the respective portion of outstanding long term loan.



SCHEDULE 4 – LOAN FUNDS - UNSECURED

(₹ in crore)

	31st March 2011	31st March 2010
A. TERM LOANS		
Term Loan From Banks/FIs - Foreign Currency Guaranteed by Government of India	2,684.90	2,696.04
B. LOANS FROM GOVERNMENT OF INDIA		
Loans From Governments - unsecured	1,000.00	219.00
Total (Refer Appendix-B)	3,684.90	2,915.04

APPENDIX TO SCHEDULE 4

APPENDIX-B

(₹ in crore)

	31st March 2011		31st March 2010	
(A) TERM LOAN FROM BANKS/FIS - FOREIGN CURRENCY				
Guaranteed by Government of India				
i) Nordic Investment Bank	-		22.96	
(Due for repayment within one year ₹ Nil)				
ii) Credit Commercial DE France	-		51.83	
(Due for repayment within one year ₹ Nil)				
iii) Export Development Canada	282.67		334.59	
(Due for repayment within one year ₹ 64.96 crore)				
iv) Japan Bank of International Cooperation Tranche-I	199.51		190.15	
(Due for repayment within one year ₹ 13.30 crore)				
v) Japan Bank of International Cooperation Tranche-II	741.78		701.77	
(Due for repayment within one year ₹ 43.63 crore)				
vi) Japan Bank of International Cooperation Tranche-III	660.72		590.36	
(Due for repayment within one year ₹ Nil)				
vii) Deutsche Bank & Others	800.22	2,684.90	804.38	2,696.04
(Due for repayment within one year ₹ 100.03 crore)				
(B) LOANS FROM GOVERNMENT OF INDIA				
Subordinate Debt from Govt. of India	270.00		204.00	
(Due for repayment within one year ₹ Nil)				
(Repayable in 18 equal annual installments from the 12th year after commissioning of Nimmo Bazgo H.E.Project)				
Subordinate Debt from Govt. of India	364.00		15.00	
(Due for repayment within one year ₹ Nil)				
(Repayable in 24 equal annual installments from the 6th year after commissioning of Chutak H.E.Project)				
Subordinate Debt from Govt. of India	366.00	1,000.00	-	219.00
(Due for repayment within one year ₹ Nil)				
(Repayable in 10 equal annual installments from the 11th year after commissioning of Kishanganga H.E.Project)				
TOTAL UNSECURED LOANS	3,684.90		2,915.04	

SCHEDULE – 5 FIXED ASSETS

(₹ in crore)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2010	Addition/ Adjustment	Deduction/ Adjustment	31.03.2011	01.04.2010	For the Year	Adjustment	31.03.2011	31.03.2011	31.03.2010
i) Land – Freehold	206.53	11.51	0.20	217.84	-	-	-	-	217.84	206.53
ii) Land – Leasehold	91.27	30.39	0.39	121.27	6.98	3.12	(0.39)	9.71	111.56	84.29
iii) Land – Unclassified/ Right of Use	2,915.01	35.62	17.23	2,933.40	255.24	80.93	-	336.17	2,597.23	2,659.77
iv) Buildings	2,341.40	154.00	15.82	2,479.58	539.69	82.82	(9.99)	612.52	1,867.06	1,801.71
v) Roads and Bridges	366.10	7.67	6.59	367.18	64.71	13.29	(4.89)	73.11	294.07	301.39
vi) Railway Sidings	40.18	-	-	40.18	9.47	2.67	-	12.14	28.04	30.71
vii) Hydraulic Works(Dams, Water Conductor system, Hydro mechanical gates, tunnels)	14,322.96	1,032.15	3.47	15,351.64	2,798.99	720.91	(42.53)	3,477.37	11,874.27	11,523.97
viii) Generating Plant and Machinery	7,087.79	358.81	11.84	7,434.76	1,735.80	329.08	(39.05)	2,025.83	5,408.93	5,351.99
ix) Plant and Machinery - Sub station	108.51	0.85	0.79	108.57	41.21	4.72	(0.99)	44.94	63.63	67.30
x) Plant and Machinery - Transmission lines	64.22	3.41	0.55	67.08	13.04	3.47	(0.91)	15.60	51.48	51.18
xi) Plant and Machinery - Others	28.70	2.26	0.57	30.39	10.71	1.35	(0.39)	11.67	18.72	17.99
xii) Construction Equipment	80.49	4.82	3.80	81.51	51.58	5.33	(2.94)	53.97	27.54	28.91
xiii) Water Supply System/ Drainage and Sewerage	31.86	1.55	0.10	33.31	3.47	1.16	(0.04)	4.59	28.72	28.39
xiv) Electrical installations	3.53	0.03	0.02	3.54	1.05	0.17	(0.02)	1.20	2.34	2.48
xv) Vehicles	28.73	1.04	2.57	27.20	21.37	0.61	(2.01)	19.97	7.23	7.36
xvi) Aircraft/ Boats	1.07	-	0.28	0.79	0.78	0.03	(0.25)	0.56	0.23	0.29
xvii) Furniture and Fixture	43.45	4.79	1.29	46.95	18.68	2.99	(0.95)	20.72	26.23	24.77
xviii) Computers	60.67	6.04	5.66	61.05	46.92	5.58	(4.46)	48.04	13.01	13.75
xix) Communication Equipment	13.40	0.85	0.42	13.83	5.18	0.75	(0.49)	5.44	8.39	8.22
xx) Office Equipments	39.35	3.23	1.60	40.98	15.25	2.40	(1.02)	16.63	24.35	24.10
xxi) Research and Development	1.39	0.06	0.03	1.42	0.21	0.09	(0.01)	0.29	1.13	1.18
xxii) Intangible Assets (Software)	29.96	7.10	0.07	36.99	21.17	12.59	0.04	33.80	3.19	8.79
xxiii) Other Assets	43.79	2.43	0.93	45.29	17.52	2.33	(1.04)	18.81	26.48	26.27
xxiv) Capital Expenditure on assets not owned by NHPC	40.59	2.91	-	43.50	12.39	4.33	0.41	17.13	26.37	28.20
xxv) Fixed assets of Minor Value > 750 and < ₹ 5000	18.67	1.32	2.16	17.83	18.67	1.24	(2.08)	17.83	-	-
xxvi) Obsolete / Surplus Assets	2.08	1.01	0.45	2.64	-	-	-	-	2.64	2.08
TOTAL	28,011.70	1,673.85	76.83	29,608.72	5,710.08	1,281.96	(114.00)	6,878.04	22,730.68	22,301.62
Previous year	28,146.92	84.82	220.04	28,011.70	4,314.59	1,407.44	(11.95)	5,710.08	22,301.62	23,832.33

Note : Fixed Assets of ₹ 8931.98 crore (Previous period ₹ 8675.79 crore) created on Land unclassified / Right to use are included under the relevant head.



SCHEDULE 6 – CAPITAL WORK-IN-PROGRESS

(₹ in crore)

	01.04.2010	Addition	Adjustment	Capitalised	31.03.2011
i Buildings	885.78	311.26	20.61	107.41	1,110.24
ii Roads and Bridges	68.38	14.51	(1.21)	7.21	74.47
iii Railway sidings \$	1.67	-	(1.67)	-	-
iv Hydraulic Works(Dams, Water Conductor system, Hydromechanical gates, tunnels)	4,594.92	1,429.40	227.79	664.13	5,587.98
v Generating Plant and Machinery	3,062.16	823.72	68.76	309.25	3,645.39
vi Plant and machinery - Sub station	7.63	0.03	(0.48)	0.02	7.16
vii Plant and machinery - Transmission lines	0.49	2.55	-	2.32	0.72
viii Plant and machinery - Others	1.28	2.81	(0.43)	1.41	2.25
ix Construction Equipment	-	0.10	-	0.10	-
x Water Supply System/Drainage and Sewerage	1.36	2.82	(0.40)	1.23	2.55
xi Other assets awaiting installation	4.70	41.16	(9.36)	33.89	2.61
xii Intangible Assets	0.51	4.21	-	4.33	0.39
xiii Capital Expenditure On assets Not Owned by NHPC	21.51	104.95	(5.45)	1.98	119.03
xiv Survey, investigation, consultancy and supervision charges	166.20	45.86	(11.00)	-	201.06
xv Expenditure on compensatory Afforestation	-	-	-	(0.01)	0.01
xvi Expenditure during construction year	4,072.10	1,466.24 *	(414.88)	-	5,123.46
TOTAL	12,888.69	4,249.62	(127.72)	1,133.27	15,877.32
Less: Provided for	49.65	0.85	(15.79)	-	34.71
TOTAL	12,839.04	4,248.77	(111.93)	1,133.27	15,842.61
Previous Year	9408.06	3762.90	(232.83)	99.09	12839.04

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

* Refer Schedule 22 - Expenditure During Construction for the year

SCHEDULE 7 – CONSTRUCTION STORES AND ADVANCES

(₹ in crore)

	31st Mar 2011	31st March 2010
A. CONSTRUCTION STORES		
(As valued and certified by management)		
i) Stores and spares	63.25	40.93
ii) Loose tools	0.04	0.12
iii) Scrap inventory	-	0.06
iv) Stores in transit/ pending inspection	0.65	1.52
v) Material issued to contractors/ fabricators	103.50	77.58
Less : Provisions for construction stores	1.70	1.56
	165.74	118.65
B. ADVANCES FOR CAPITAL EXPENDITURES		
i) Secured (Considered Good)	61.97	109.68
ii) Unsecured (Considered Good)		
– Against Bank Guarantee	928.12	775.22
– Others	171.15	219.38
iii) Unsecured – (Considered Doubtful)	0.06	0.22
Less : Provisions for doubtful advances	0.06	0.22
	1161.24	1104.28
TOTAL	1326.98	1222.93

SCHEDULE 7 – CONSTRUCTION STORES AND ADVANCES (Contd.)

(₹ in crore)

	31st Mar 2011	31st March 2010
Provision for Construction Stores		
As per last Balance Sheet	1.56	3.31
Additions during the year	0.16	-
Amount used during the year	-	1.75
Amount reversed during the year	0.01	-
Closing Balance	1.71	1.56
Provision for Doubtful Advances		
As per last Balance Sheet	0.22	2.28
Additions during the year	-	0.07
Amount used during the year	0.01	0.08
Amount reversed during the year	0.16	2.05
Closing Balance	0.05	0.22

SCHEDULE 8 – INVESTMENTS

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security (in ₹)	31st March 2011	31st March 2010
	Current year/ (Previous year)			
LONG TERM (Trade - unless otherwise specified)				
A. Quoted				
(a) In Government Securities (Non-Trade) - Self Insurance Fund				
8.35% SBI Right Issue GOI Special Bonds 2024	150,000 (150000)	10,000	150.77	150.77
8.20% Oil Marketing Companies GOI Special Bonds 2024	12,380 (12380)	10,000	12.26	12.26
8.28% GOI 2032	35000 (-)	10,000	34.62	-
(b) Equity shares				
PTC India Ltd.	12,000,000 (12000000)	10	12.00	12.00
Indian Overseas Bank (Non-Trade)	360,800 (360800)	10	0.36	0.36
(c) In Public Sector Undertaking/Public Financial Institution & Corporate Bonds (Non-Trade) - Self Insurance Fund				
8.80% Power Finance Corporation Bonds 2025	467 (467)	10,00,000	45.97	45.97
8.95% Indian Railways Finance Corporation Bonds 2025	688 (688)	10,00,000	69.63	69.62
8.65% Indian Railways Finance Corporation Bonds 2025	30 (30)	10,00,000	2.99	2.99
8.90% Power Grid Corporation of India Bonds 2021	80 (80)	12,50,000	10.00	10.00
8.90% Power Grid Corporation of India Bonds 2022	80 (80)	12,50,000	10.00	10.00
8.90% Power Grid Corporation of India Bonds 2023	80 (80)	12,50,000	10.00	10.00
8.80% Indian Railways Finance Corporation Bonds 2030	150 (-)	10,00,000	15.14	-
8.95% Power Finance Corporation Bonds 2025	51 (-)	10,00,000	5.16	-
8.90% Power Grid Corporation of India Bonds 2025	40 (-)	12,50,000	5.03	-



SCHEDULE 8 – INVESTMENTS (Contd.)

(₹ in crore)

	Number of shares/ bonds/ securities	Face value per share/ bond/ security	31st March 2011	31st March 2010
	Current year/ (Previous year)	(in ₹)		
8.70% Power Finance Corporation Bonds 2025	477 (-)	10,00,000	47.36	-
8.83% Indian Railways Finance Corporation Bonds 2035	120 (-)	10,00,000	12.09	-
8.80% Rural Electrification Corporation Bonds 2020	600 (-)	10,00,000	59.93	-
8.84% Power Grid Corporation of India Bonds 2024	156 (-)	12,50,000	19.51	-
8.84% Power Grid Corporation of India Bonds 2025	364 (-)	12,50,000	45.52	-
Sub Total (A)			568.34	323.97
B. Unquoted				
(a) Bonds				
8.50 % Tax-Free State Government Special Bonds of the Government of :				
Arunachal Pradesh	4,860 (5832)	1,000	0.49	0.58
Bihar	95,350 (114420)	1,000	9.53	11.44
Haryana	2,825,000 (3390000)	1,000	282.50	339.00
Himachal Pradesh	89,340 (107208)	1,000	8.93	10.72
Jammu and Kashmir	3,853,480 (4624176)	1,000	385.35	462.42
Jharkhand	71,550 (85860)	1,000	7.15	8.59
Meghalaya	2,660 (3192)	1,000	0.27	0.32
Mizoram	16,050 (19260)	1,000	1.61	1.93
Nagaland	34,600 (41520)	1,000	3.46	4.15
Punjab	1,114,050 (1336860)	1,000	111.41	133.69
Rajasthan	113,964 (170946)	1,000	11.40	17.09
Sikkim	11,680 (14016)	1,000	1.17	1.40
Tripura	13,340 (16008)	1,000	1.33	1.60
Uttar Pradesh	437,150 (4721340)	1,000	43.71	472.13
Uttarakhand	3,934,450 (524580)	1,000	393.44	52.46
West Bengal	33,610 (40332)	1,000	3.36	4.03
Sub Total (B)			1,265.11	1,521.55
C. (a) Term Deposit-others				
Deposits with Banks			555.00	-
(b) Term Deposit-towards unutilised money out of IPO proceeds			1,900.00	1,500.00
Deposits with Banks				
(c) Term Deposit-Self Insurance Fund Deposits with Banks			30.95	-
Sub Total (C)			2,485.95	1,500.00
Total (A+B+C)			4,319.40	3,345.52
\$ Shares yet to be received				
Quoted Investments				
(i) Aggregate Cost			568.34	323.97
(ii) Aggregate Market Value			660.38	450.70
Unquoted Investments				
Aggregate Cost			3,751.06	3,021.55

SCHEDULE 9 – CURRENT ASSETS, LOANS AND ADVANCES

(₹ in crore)

	31st March 2011	31st March 2010
A. INTEREST ACCURED ON INVESTMENTS	157.87	182.65
B. INVENTORIES (As valued and certified by management)		
i) Stores and spares	61.25	53.91
ii) Loose tools	1.46	0.97
iii) Scrap inventory	2.53	2.64
iv) Stores in transit/ pending inspection	1.71	0.45
v) Material at site	0.97	12.56
vi) Material issued to contractors/ fabricators	0.29	0.98
Less: Provision for obsolete store & spares *1	29.00	23.17
TOTAL	39.21	48.34
C. WORK IN PROGRESS		
Construction Work-in-Progress (on behalf of clients)	19.94	55.50
Less: Advance/ deposits from clients/ contractees	-	26.04
	19.94	29.46
D. SUNDRY DEBTORS (UNSECURED)		
i) Debts outstanding for a period exceeding six months		
- Considered good	181.46	268.20
- Considered doubtful and provided	194.44	194.44
ii) Other debts		
- Considered good	417.54	1265.57
iii) Debtors not billed	1617.60	2411.04
Less: Provision for doubtful debts *2	194.44	1728.21
	194.44	194.44
TOTAL	2216.60	1533.77
E. CASH AND BANK BALANCES (refer note no. 34 of Schedule 24)		
i) Cash on hand (includes cheques, drafts, stamps in hand of ₹ 19.26 crore, Previous year ₹ 0.37 crore)	21.11	0.86
ii) Bank balances		
• With scheduled banks		
- In current account - Self Insurance Fund	-	0.03
- In current account - Others	167.77	366.21
- In deposits account - Self Insurance Fund	63.41	306.50
- In deposits account - Others #	4012.44	5515.84
• With other banks		
- In Current account		
The First Micro Finance Bank	-	0.02
Bank of Bhutan	0.58	0.07
TOTAL	4265.31	6189.53
F. OTHER CURRENT ASSETS		
i) Interest accrued		
- Advance to govt. of Arunachal Pradesh	86.21	60.51
- Loan to State Government in settlement of dues from customers	32.97	32.97
- Deposits with Banks-Self Insurance Fund	1.42	0.03
- Deposits with banks	87.15	47.44
ii) Others	254.35	163.66
iii) Deferred Tax Recovery Materialized	-	122.94
iv) Claims recoverable from different agencies	164.76	166.57
Less: Provisions for doubtful claims *3	48.12	4.39
TOTAL	578.74	589.73



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

(₹ in crore)

	31st March 2011		31st March 2010	
G. LOANS AND ADVANCES				
a) LOANS				
i) Employees (including accrued interest)				
Secured	99.45		105.80	
Unsecured (Considered Good)	17.16		23.16	
Unsecured, Considered Doubtful	0.04		0.16	
ii) Loan to State Government in settlement of dues from customer				
Unsecured Considered Good	139.49		164.85	
iii) Advance to Government of Arunachal Pradesh				
Unsecured Considered Good	225.00		225.00	
b) ADVANCES				
(recoverable in cash or kind for value to be received)				
i) Contractors & suppliers				
Secured	0.49		2.93	
Unsecured (Considered Good):				
- Covered by Bank Guarantees	43.95		88.77	
- Others	30.25		23.03	
Unsecured (Considered Doubtful)	0.27		0.16	
ii) Employees				
Unsecured (Considered Good)	1.06		1.91	
iii) Other Advances				
Unsecured (Considered Good)	1.57		0.04	
Less : Provisions for doubtful loans and advances *4	0.31	558.42	0.32	635.49
c) Deferred Foreign Currency Fluctuation Assets		772.20		552.62
d) Deferred Expenditure on Foreign Currency Fluctuation Account		0.16		-
e) Other Recoverable		0.01		-
f) DEPOSITS				
Advance income tax	1348.28		918.39	
Less : Provisions for Current Taxation *5	1281.80	66.48	811.56	106.83
TOTAL		1397.27		1294.94
TOTAL (A to G)		8674.94		9868.42

* Includes ₹ 494.39 Crore towards unutilised money out of IPO proceeds

\$ Includes ₹ 1.21 Crore of Unclaimed Dividend (Previous Year Nil)

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

Bank of Bhutan		
i) Current account	1.23	0.22
The First Micro Finance Bank, Dushanbe (Tajikistan)		
i) Current account	1.86	0.03

PARTICULARS OF LOANS AND ADVANCES DUE FROM DIRECTORS

i) Amount due at the end of the year	0.07	0.31
ii) Maximum balance at any time during the year	0.23	0.25

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

Details of Provisions

	31st March 2011	31st March 2010
Provision for Obsolete Store & Spares *1		
As per last Balance Sheet	23.16	25.99
Additions during the year	16.95	0.79
Adjustment during the year	0.01	-
Amount used during the year	10.17	2.32
Amount reversed during the year	0.95	1.30
Closing Balance	<u>29.00</u>	<u>23.16</u>
Provision for Doubtful Debts *2		
As per last Balance Sheet	194.44	194.97
Additions during the year	-	0.66
Amount used during the year	-	-
Amount reversed during the year	-	1.19
Closing Balance	<u>194.44</u>	<u>194.44</u>
Provision for Bad & Doubtful Claims *3		
As per last Balance Sheet	4.39	6.17
Additions during the year	46.01	0.47
Adjustment during the year	-	(0.01)
Amount used during the year	0.48	2.15
Amount reversed during the year	1.80	0.09
Closing Balance	<u>48.12</u>	<u>4.39</u>
Provisions for Doubtful Loans & Advances *4		
As per last Balance Sheet	0.32	3.06
Additions during the year	0.02	0.01
Amount used during the year	0.02	0.17
Amount reversed during the year	0.01	2.58
Closing Balance	<u>0.31</u>	<u>0.32</u>
Provision for Current Taxation *5		
As per last Balance Sheet	811.56	638.67
Additions during the year	647.39	480.40
Adjustment during the year	(0.35)	(0.21)
Amount used during the year	173.00	174.36
Amount reversed during the year	3.80	132.94
Closing Balance	<u>1281.80</u>	<u>811.56</u>

SCHEDULE 10 – CURRENT LIABILITIES AND PROVISIONS

(₹ in crore)

	31st March 2011	31st March 2010
A. LIABILITIES		
i) Sundry creditors		
a) Total outstanding dues of small scale Industrial Undertaking(s). (Due over 30 days ₹ Nil)	-	-
b) Total outstanding dues of Medium scale Industrial Undertaking(s). (Due over 30 days ₹ Nil)	-	-
c) Others	780.86	785.81
ii) Deposits/ retention money	400.25	356.80
iii) Interest accrued but not due on loans	215.38	227.76
iv) Advances against the Deposit Works	242.19	210.19
Less : Amount recoverable on Deposit works	<u>229.03</u>	<u>188.64</u>
v) Advances/ Deposits from clients/ contractees	3624.66	2681.20
Less : Amount Recoverable in respect of Project Management/Consultancy works	<u>3240.49</u>	<u>2281.83</u>
vi) Deferred Income from Foreign Currency Fluctuation Account	249.54	229.65
vii) Unclaimed Dividend	1.21	-
viii) Other Liabilities - Self Insurance Fund	-	0.25
ix) Other Liabilities	369.73	192.44
TOTAL LIABILITIES (A)	<u>2414.30</u>	<u>2213.63</u>



SCHEDULE 10 – CURRENT LIABILITIES AND PROVISIONS (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
B. PROVISIONS		
i) Provision for Taxation		
As per last Balance Sheet	-	-
Additions during the year	1.06	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	1.06	-
ii) Provision for Proposed Dividend		
As per last Balance Sheet	676.54	200.00
Additions during the year	738.04	676.54
Amount used during the year	676.54	200.00
Amount reversed during the year	-	-
Closing Balance	738.04	676.54
iii) Tax on Proposed Dividend		
As per last Balance Sheet	115.89	41.79
Additions during the year	126.10	115.89
Amount used during the year	114.09	37.81
Amount reversed during the year	1.80	3.98
Closing Balance	126.10	115.89
iv) Provision for Wage Revision		
As per last Balance Sheet	717.93	413.86
Additions during the year	212.26	304.38
Amount adjusted during the year	-	(0.23)
Amount used during the year	189.61	0.08
Amount reversed during the year	6.87	-
Closing Balance	733.71	717.93
Less: Advance paid	160.42	190.55
Closing Balance	573.29	527.38
v) Provision for Productivity Linked Incentive		
As per last Balance Sheet	46.78	46.24
Additions during the year	133.10	47.00
Amount used during the year	37.00	34.27
Amount reversed during the year	11.65	12.19
Closing Balance	131.23	46.78
vi) Provision for Employees Benefits		
As per last Balance Sheet	861.42	753.03
Additions during the year	433.33	218.66
Amount used during the year	137.27	110.22
Amount reversed during the year	28.91	0.05
Closing Balance	1128.57	861.42
vii) Provision for Tariff Adjustment		
As per last Balance Sheet	-	0.98
Additions during the year	-	-
Amount used during the year	-	0.98
Amount reversed during the year	-	-
Closing Balance	-	-

SCHEDULE 10 – CURRENT LIABILITIES AND PROVISIONS (Contd.)

(₹ in crore)

	31st March 2011	31st March 2010
viii) Provision for Corporate Social Responsibility Expenses		
As per last Balance Sheet	-	-
Additions during the year	6.05	-
Amount used during the year	-	-
Amount reversed during the year	-	-
Closing Balance	6.05	-
ix) Provision for Committed Capital Expenditure		
As per last Balance Sheet	181.54	579.92
Additions during the year	102.86	9.41
Amount used during the year	16.18	105.85
Amount reversed during the year	5.00	301.94
Closing Balance	263.22	181.54
x) Provision - Others		
As per last Balance Sheet	114.15	48.64
Additions during the year	581.08	73.64
Adjustment during the year	(0.56)	-
Amount used during the year	2.36	7.88
Amount reversed during the year	2.09	0.25
Closing Balance	690.22	114.15
TOTAL PROVISIONS (B)	3657.78	2523.70
TOTAL (A+B)	6072.08	4737.33

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

(₹ in crore)

	31st March 2011	31st March 2010
i) Expenditure awaiting adjustment	37.06	37.06
Less: Provision for project expenses write off sanction	37.06	37.06
ii) Losses awaiting write off sanction	11.03	5.31
Less: Provision for losses pending investigation	11.03	5.31
TOTAL	-	-

SCHEDULE 12 - SALES

(₹ in crore)

	31st March 2011	31st March 2010
i) Sale of Power	4378.32	4823.87
ii) Sale not billed	591.44	405.69
iii) Sales adjustment on account of FERV	(52.51)	(65.69)
Less : Income from generation of electricity – Pre-commissioning (Transferred to Schedule 22 I (i))	0.59	-
Total taken to Profit and Loss Account	4916.66	5163.87

SCHEDULE 12 A - ADVANCE AGAINST DEPRECIATION

(₹ in crore)

	31st March 2011	31st March 2010
During the year	0.20	145.14
Less : Written back during the year	48.53	29.84
Total taken to Profit and Loss Account	(48.33)	115.30



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

(₹ in crore)

	31st March 2011	31st March 2010
Contract income	89.74	56.34
Revenue from Project management/Consultancy works	88.92	56.72
Total taken to Profit and Loss Account	178.66	113.06

SCHEDULE 14 – OTHER INCOME

(₹ in crore)

	31st March 2011	31st March 2010
a) Income from Long Term Investments		
i) Trade		
- Dividend -Others	1.44	1.44
Interest		
Government Securities (8.5% tax free bonds issued by the State Governments)	123.88	145.68
ii) Non-Trade		
Dividend income -Others	0.13	0.16
- Interest -Self Insurance Fund	39.65	0.25
- Interest on Deposit Indian Banks - (Gross)		
(Tax deducted at source ₹ 7.21 crore, Previous year ₹ 3.79 crore)	102.78	62.53
b) Other Income		
i) Interest		
- Loan to State Government in settlement of dues from customers	13.47	15.63
- Loan to Government of Arunachal Pradesh	25.70	23.57
-Deposit Account -Self Insurance Fund - Indian Banks		
(Tax deducted at source ₹ 0.92 crore Previous year ₹ 31490/-)	9.51	0.03
- Deposit Account-Others-Indian Banks (Gross)		
(Tax deducted at source ₹ 36.43 crore Previous year ₹ 16.08 crore)	362.61	196.65
- Employee's Loans and Advances	5.31	6.05
- Interest from Beneficiary States	39.70	113.77
- Others	103.34	84.06
ii) Late payment surcharge	3.63	6.37
iii) Profit on transfer of project	26.63	-
iv) Profit on sale of assets	1.54	4.68
v) Liability/ Provisions not required written back #	80.91	229.86
vi) Exchange rate variation	15.40	27.36
vii) Others	35.30	32.51
TOTAL	990.93	950.60
Less: Income transferred to EDC		
(Refer Schedule 22 E (ii), 22 I (ii) & 22 J(i))	150.36	314.23
Less: Income transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	3.21	3.45
Less: Income transferred to Advance Deposit from Client/Contractee and against Deposit Works (Refer Schedule 10)	30.27	-
Total taken to Profit and Loss Account	807.09	632.92
# Detail of Liability/Provisions not required written back		
a) Bad and doubtful debts	-	1.19
b) Bad and doubtful advances / deposits	0.17	4.63
c) Bad and doubtful claims	1.80	0.09
d) Diminution in value of stores and spares	0.10	1.13
e) Shortage in store & spares	0.86	0.17
f) Provision for Guarantee fee	-	0.43
g) Provision for wage revision	6.87	-
h) Provision for Committed Capital Expenditure	5.00	187.44
i) Provision for losses pending investigation	0.02	-
j) Provision for Productivity Linked Incentive	11.65	12.19
k) Other Provisions/Liability not required written back	54.44	22.59
TOTAL	80.91	229.86

SCHEDULE 15 – GENERATION, ADMINISTRATION AND OTHER EXPENSES

(₹ in crore)

	31st March 2011	31st March 2010
i) Consumption of stores and spares	6.50	6.82
ii) Repair and maintenance:		
- Building	32.17	31.94
- Machinery	44.51	37.23
- Others	41.07	32.99
iii) Rent / Hiring Charges	117.75	102.16
iv) Rates and taxes	36.58	36.46
v) Insurance	145.89	2.99
vi) Reimbursement from Self insurance reserve	37.90	19.53
vii) Security expenses	0.04	-
viii) Electricity Charges	102.80	91.96
ix) Travelling and Conveyance	37.61	33.24
x) Expenses on staff car	19.03	20.32
xi) Telephone, telex and Postage	8.87	7.99
xii) Advertisement and publicity	9.49	11.07
xiii) Entertainment and hospitality expenses	7.80	7.05
xiv) Printing and stationery	0.62	0.64
xv) Books and periodicals	6.01	5.57
xvi) Consultancy charges - Indigenous	0.51	0.61
xvii) Consultancy charges - Foreign	6.55	5.63
xviii) Expenses on compensatory afforestation/ catchment area treatment/ environmental expenses	0.07	0.01
xix) Expenditure on land not belonging to corporation	22.05	5.41
xx) Project expenses written off	62.79	27.48
xxi) Loss on sale of assets	-	1.00
xxii) Preliminary expenses written off	0.83	0.70
xxiii) Survey and investigation expenses written off	-	1.23
xxiv) Bad debts / advances/ claims written off	0.29	-
xxv) Stores written off	0.02	2.21
xxvi) Fixed assets written off	0.06	1.30
xxvii) Interest on Arbitration/ Court Cases	0.39	0.12
xxviii) Corporate Social Responsibility Expenditure	80.59	6.90
xxix) Other general expenses	10.45	1.72
xxx) Exchange rate variation	82.54	52.72
xxxi) Audit expenses	22.73	13.35
xxxii) Director expenses	1.15	1.17
xxxiii) Research and development expenses	0.20	0.21
	-	0.55
Total	828.11	468.12
Less: Expenses transferred to EDC {Refer Schedule 22 B, 22 C, 22 E(i) & 22J (ii)}	220.35	158.09
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	22.48	17.94
Less: Expense transferred to Deposit Works (Schedule 10)	0.13	0.19
Total taken to Profit and Loss Account	585.15	291.90



SCHEDULE 16 – EMPLOYEES REMUNERATION AND BENEFITS

(₹ in crore)

	31st March 2011	31st March 2010
i) Salaries, wages, allowances	1110.83	967.43
ii) Gratuity, Contribution to provident fund & pension scheme (including administration fees)	229.72	153.06
iii) Staff welfare expenses	146.18	86.12
iv) Leave Salary & Pension Contribution	0.39	0.18
Total	1487.12	1206.79
Less: Employee cost transferred to EDC (Refer Schedule 22 A & 22J (iii))	629.77	569.30
Less: Employee cost transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	86.25	60.18
Less: Expense transferred to Deposit Works (Schedule 10)	1.45	1.05
Total taken to Profit and Loss Account	769.65	576.26

SCHEDULE 17 – DEPRECIATION

(₹ in crore)

	31st March 2011	31st March 2010
Depreciation during the year	1281.96	1407.44
Depreciation adjustment on account of FERV	(15.66)	(14.38)
Less: Transferred to EDC (Refer Schedule 22 G & 22J (iv))	42.13	68.01
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	1.81	1.71
Less: Expense transferred to Deposit Works (Schedule 10)	0.02	-
Less: Trf from Capital Grant	55.81	54.99
Total taken to Profit and Loss Account	1166.55	1268.35

SCHEDULE 18 – INTEREST AND FINANCE CHARGES

(₹ in crore)

	31st March 2011	31st March 2010
i) Interest on :		
a) Bonds	215.12	74.52
b) Foreign loan	60.61	74.73
c) Term loan	975.74	993.94
d) Cash credit facilities /WCDL	-	0.02
	1251.47	1143.21
ii) Exchange differences regarded as adjustment to interest cost	240.68	22.90
Less: Recoverable/ (Payable)	240.68	22.90
iii) Bond issue/ service expenses	0.45	0.08
iv) Share Issue Expenses Written Off	7.50	0.29
v) Rebate to customers	47.38	49.67
vi) Commitment fee	0.06	0.06
vii) Guarantee fee on loan	32.35	38.25
viii) Bank charges	1.69	1.57
ix) Other finance charges	1.59	1.95
Total	1342.49	1235.08
Less: Interest & Finance charges capitalised by transfer to EDC (Refer Schedule 22 D & 22J (v))	671.24	494.89
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.37	0.82
Total taken to Profit and Loss Account	670.88	739.37

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SCHEDULE 19 – PROVISIONS

(₹ in crore)

	31st March 2011	31st March 2010
i) Bad and doubtful debts provided	-	0.66
ii) Bad and doubtful advances / deposits provided	0.02	0.08
iii) Bad and doubtful claims provided	46.01	0.47
iv) Diminution in value of stores and spares	17.11	0.79
v) Project expenses provided for	6.10	8.75
vi) Provision for fixed assets written off	1.83	0.05
vii) Others	-	70.84
Total	71.07	81.64
Less: Expenses transferred to EDC (Refer Schedule 22 F & 22J (vi))	36.54	-
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.01	0.66
Total taken to Profit and Loss Account	34.52	80.98

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

(₹ in crore)

	31st March 2011	31st March 2010
i) Direct Expenses	15.30	2.49
ii) Employees' Remuneration and benefits		
- Salaries, Wages, Allowances and benefits	60.93	42.13
- Gratuity, Contribution to provident fund & pension scheme	8.07	5.51
- Staff welfare Expenses	5.24	2.94
iii) Repairs and Maintenance		
- Buildings	0.30	0.32
- Machinery and Construction Equipments	2.30	0.37
- Others	0.50	0.48
iv) Administration and Other Expenses		
- Rent/ Hiring Charges	5.89	4.13
- Traveling and Conveyance	2.95	2.66
- Expenses on Staff cars and Inspection vehicle	0.17	0.18
- Insurance	0.15	0.02
- Telephone, telex and postage	0.64	0.43
- Advertisement and publicity	0.19	0.04
- Printing and Stationery	0.44	0.42
- Other Expenses	6.91	7.10
- Security	0.14	0.21
- Electricity	0.24	0.12
- Consultancy charges	0.31	0.10
- ERV	0.06	-
v) Depreciation	0.96	0.98
vi) Interest and Finance Charges	0.37	0.81
vii) Provisions	-	0.66
viii) Work-in-Progress		
- Construction Contract	-	0.73
ix) Corporate / Regional office expenses:-		
a) Other Income	(0.57)	(0.28)
b) Generation, Administration and Other Expenses	1.29	1.36
c) Employee Remuneration and Benefits	12.01	9.60
d) Depreciation	0.85	0.73
e) Interest and Finance Charges	-	0.01
f) Provisions	0.01	-
g) Prior Period Adjustment (Net)	0.01	0.01
Total Expenditure	125.66	84.26
x) Less: Receipts and Recoveries	2.64	3.17
Net expenditure during the year	123.02	81.09
xi) Prior Period Adjustments	0.22	1.30
Total taken to Profit and Loss Account	123.24	82.39



SCHEDULE 21 – PRIOR PERIOD ADJUSTEMENT (NET)

(₹ in crore)

	31st March 2011	31st March 2010
Income		
i) Sale of Electricity	592.44	-
ii) Advance Against Depreciation Written Back	(16.08)	-
iii) Interest/Surcharge received from debtors	1.46	-
iv) Others	(22.30)	1.39
Sub-total	555.52	1.39
Expenditure		
i) Salaries and Wages	0.02	0.01
ii) Repair and Maintenance	0.50	(0.82)
iii) Interest	-	7.42
iv) Others	(1.96)	1.46
v) Depreciation	(82.13)	(4.30)
Sub-total	(83.57)	3.77
Total	(639.09)	2.38
Less: Expenses transferred to EDC {Refer Schedule 22H & 22J (vii)}		
Prior period expenses	(1.46)	(0.03)
Less: Prior period income	(18.62)	0.03
Total	17.16	(0.06)
Less: Expenses transferred to Contract, Project Management and Consultancy Works (Refer Schedule 20)	0.23	1.31
Total taken to Profit and Loss Account	(656.48)	1.13

SCHEDULE 22 – EXPENDITURE DURING CONSTRUCTION FOR THE YEAR

(₹ in crore)

	31st Mar 2011	31st Mar. 2010
A. EMPLOYEES REMUNERATION AND BENEFITS		
i) Salaries, wages, allowances	301.82	300.81
ii) Gratuity and contribution to provident fund (including administration fees)	61.34	49.68
iii) Staff welfare expenses	39.85	24.87
iv) Leave Salary & Pension Contribution	0.40	0.09
Sub-total	403.41	375.45
B. REPAIRS AND MAINTENANCE		
i) Building	5.54	6.30
ii) Machinery	1.66	3.75
iii) Others	8.96	7.29
Sub-total	16.16	17.34
C. ADMINISTRATION AND OTHER EXPENSES		
i) Rent / Hiring Charges	15.19	15.11
ii) Rates and taxes	2.06	1.41
ii) Insurance	0.32	0.33
iv) Security expenses	25.60	22.21
v) Electricity Charges	3.94	4.52
vi) Traveling and Conveyance	4.31	4.80
vii) Expenses on staff car	3.56	3.24
viii) Telephone, telex and Postage	2.92	3.85
ix) Advertisement and publicity	0.70	1.32
x) Entertainment and hospitality expenses	0.01	0.01

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

(₹ in crore)

	31st March 2011	31st March 2010
x) Printing and stationery	1.03	1.35
xii) Remuneration to Auditors	0.01	0.01
xiii) Design and Consultancy charges:		
- Indigenous	1.08	1.26
xiv) Expenses on compensatory afforestation/ catchment area treatment / environmental expenses	21.86	5.41
xv) Expenditure on land not belonging to corporation	61.58	20.41
xvi) Loss on assets / materials written off	0.01	0.01
xvii) Losses on sale of assets	0.02	0.08
xviii) Other general expenses	12.10	13.34
Sub-total	156.30	98.67
D. INTEREST AND FINANCE CHARGES		
i) Interest on :		
a) Bonds	180.00	35.01
b) Term loan	488.48	457.38
ii) Bond issue/ service expenses	0.25	0.03
iii) Other finance charges	2.45	2.23
Sub-total	671.18	494.65
E. EXCHANGE RATE VARIATION (NET)		
i) Exchange rate variation (Debit balance)	20.86	13.09
ii) Less : Exchange rate variation (Credit balance)	15.03	25.44
Sub-total	5.83	(12.35)
F. PROVISIONS	36.40	-
Sub-total	36.40	-
G. DEPRECIATION	27.59	53.11
Sub-total	27.59	53.11
H. PRIOR PERIOD EXPENSES (NET)		
Prior period expenses	(1.65)	(0.07)
Less: : Prior period income	(18.62)	0.03
Sub-total	16.97	(0.10)
I. LESS : RECEIPTS AND RECOVERIES		
i) Income from generation of electricity –precommissioning	0.59	-
ii) a) Interest on loans and advances	90.76	82.79
b) Miscellaneous receipts	6.52	5.20
c) Liability / Provisions not required written back	25.11	192.12
d) Hire charges / outturn on plant and machinery	1.60	1.84
Sub-total	123.99	281.95
Sub-total	124.58	281.95
J. CORPORATE OFFICE/ REGIONAL OFFICE EXPENSES		
i) Other Income	(11.34)	(6.84)
ii) Generation, Administration and Other Expenses	27.03	29.00
iii) Employee Remuneration and Benefits	226.36	193.85
iv) Depreciation	14.54	14.90
v) Interest and Finance Charges	0.06	0.24
vi) Provisions	0.14	-
vii) Prior Period Adjustment (Net)	0.19	0.04
Sub-total	256.98	231.19
TOTAL [(A to H) - I + J] (Transferred to Schedule 6)	1466.24	976.01



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 relating to land are treated as cost of land.
- 2.5 Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuees or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre condition for the acquisition of the land for the purpose of the project, are accounted for as Land-unclassified/Right of use, to be amortised over a period of 30 years from the date of commercial operation of the project.
- 2.6 Assets procured/created in projects on grants-in-aid/agency or deposit basis are not included in the assets, as ownership does not vest with the Corporation.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realisable value.

3. MACHINERY SPARES

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

4. CAPITAL WORK IN PROGRESS

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

5. DEPRECIATION & AMORTISATION

- 5.1 Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- 5.2.1 Depreciation on Fixed Assets of Operating Units of the company is charged on straight-line method following the rates and methodology as notified by the Central Electricity Regulatory Commission (CERC) for the fixation of tariff except for assets specified in 5.2.3 below, in respect of which depreciation is charged at the rates mentioned in that policy.

- 5.2.2 Depreciation on Fixed Assets of other than Operating Units of the company is charged on straight-line method to extent of 90% of the cost of asset following the rates as notified by the Central Electricity Regulatory Commission (CERC) for the fixation of tariff except for assets specified in 5.2.3 below, in respect of which depreciation is charged at the rates mentioned in that policy.
- 5.2.3 Depreciation in respect of following assets shall be charged on straight line method to the extent of 90% of the cost of asset following the rates of depreciation indicated as against each asset
- | | |
|------------------------------------|--------|
| (i) Construction Plant & Machinery | 11.25% |
| (ii) Computer & Peripherals | 30% |
- 5.2.4 Temporary erections are depreciated fully (100%) in the year of acquisition / capitalization by retaining ₹ 1/- as a WDV for control purpose.
- 5.3 Assets valuing ₹ 5000/- or less but more than ₹ 750/- and such items (excluding immovable assets) with written down value of ₹ 5000/- or less at the beginning of the year are fully depreciated during the year with ₹ 1 as a balance value.
- 5.4 Low value items, which are in the nature of assets (excluding immovable assets) and valuing upto ₹ 750/- are not capitalized and charged off to revenue.
- 5.5 Cost of software is recognized as 'Intangible Assets' and is amortized on straight line method over a period of legal right to use or three years, whichever is earlier. Other intangible assets are amortized on straight line method over the period of legal right to use or 35 years whichever is earlier.
- 5.6 Leasehold Land is amortized over the period of lease or 30 years whichever is lower.
- 5.7 Fixed Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land or at the applicable depreciation rates & methodology notified by CERC regulations for such assets, whichever is higher.
- 5.8 Capital Expenditure referred to in Policy 2.3 is amortized over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use.
- 5.9 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such assets at the rate of depreciation and methodology notified by CERC regulations.
- 5.10 Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.

6. INVESTMENTS

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

7. INVENTORIES

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

8. FOREIGN CURRENCY TRANSACTIONS

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



9. EMPLOYEE BENEFITS

- 9.1 Provision for Post employment benefit as defined in Accounting Standard 15 (2005) on Employee Benefits is made based on actuarial valuation at the year-end.
- 9.2 Provision for Long term employee benefits 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 considered as deferred income in earlier years is included in sales on straight line basis over the balance useful life after 31st March of the year closing after a period of 12 years from the date of commercial operation of the project, considering the total useful life of the project as 35 years.
- 10.2 In respect of Project Management/Consultancy Contracts/Cost plus Contract, revenue is recognized based on the terms of agreement and the quantum of work done under the contract.
- 10.3 Interest on investments is accounted for on accrual basis.
- 10.4 Interest / Surcharge charged from customers are recognized as income on receipt or when there is reasonable certainty of collection.

11. MISCELLANEOUS

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

12. 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.

13. TAXES ON INCOME

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

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

14. GRANTS-IN-AID

Amount of contribution received from the Govt. of Madhya Pradesh towards "Irrigation and R&R Component" and Govt. of Gujrat towards "Sardar Sarovar Component", being not relatable to individual assets are treated initially as Grant in Aid – Reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of such contribution.

SCHEDULE – 24 CONSOLIDATED NOTES TO THE ACCOUNTS

1. The Consolidated Financial Statements (CFS) comprises of the financial statements of NHPC Limited, its subsidiary companies and its interest in Joint Ventures.
2. a) Basis of Accounting:
 - i) The Financial Statements of the subsidiary companies in the consolidation are drawn up to the same reporting date as of the Company.
 - ii) The Consolidated Financial Statements has been prepared in accordance with Accounting Standard-21 Consolidated Financial Statements issued by Institute of Chartered Accountants of India and generally accepted accounting principles.
 - iii) The interest in Joint Venture has been reported in Consolidated Financial Statements in accordance with the Accounting Standard -27 'Financial Reporting of interest in Joint Ventures' issued by Institute of Chartered Accountants of India.
- b) Principle of Consolidation:
 - i) The Financial Statement of the Company and its subsidiary is combined on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses.
 - ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.
 - iii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
3. The subsidiary companies & Joint Ventures companies considered in the Consolidated Financial Statement is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest
Subsidiary Companies:		
NHDC Ltd.	India	51%
Loktak Downstream Hydroelectric Corporation Ltd.	India	74%
Joint Venture Companies:		
National High Power Test Laboratory (P) Ltd.	India	25%
National Power Exchange Ltd.	India	16.67%

4. a) Contingent Liabilities as on: -

(₹ in Crore)

Description	Opening Balance 01/04/2010	Closing Balance 31/03/2011
Claims against the Company not acknowledged as debts in respect of		
- Capital Works	4656.36	5378.53
- Land Compensation Cases	1954.67	1538.58
- Others		
- Disputed Income Tax Demand	0.09	11.05
- Disputed Sales Tax Demand	2099.20	2244.45
- Others	291.24	149.47
Total	9001.56	9322.08

- b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.
- c) It is not practicable to disclose the uncertainties relating to any outflow.
- d) There is a possibility of reimbursement to Corporation, of ₹ 42.39 Crore (Previous year ₹ 41.96 Crore) towards above contingent liabilities.



5. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹6395.58 Crore (Previous year ₹ 8404.74 crore)
6. a) The company made initial public offering (IPO) during last financial year i.e in 2009-10. Out of the IPO proceeds, a sum of ₹1592.59 Crore has been utilised up to the year ended 31.03.2011 for re-coupmnt of capital expenditure already incurred from internal accruals on the projects specified for utilisation, ₹2300 Crore has been invested as per extant investment policy of the company, ₹38.71 Crore recouped for meeting IPO expenditure and balance of ₹94.40 Crore is lying in bank account under Corporate Liquidity Term Deposit (CLTD).
7. a) Title deeds/title in respect of Land of some Projects/Units amounting to ₹60.60 Crore (Previous year ₹56.89 crore), covering an area of 2192.36 hectare (Previous year 1864.13 hectare), are yet to be executed/passed. Expenses on stamp duty etc. relating to registration thereof will be accounted for as and when incurred.
b) Land does not include the land taken from Sashatra Seema Bal (SSB) for Subansiri Upper Project on lease for a period of 99 years @ notional rent of ₹1/- per annum.
8. a) Central Electricity Regulatory Commission (CERC) has notified by Regulations the terms and conditions for determination of tariff applicable with effect from 1st April 2009 for a period of five years vide notification dated 19.01.2009. The petitions for all 12 power stations have since been filed and tariff for 3 power stations already stands approved.

The said regulations inter-alia provides that for the purpose of filing petitions, Return on Equity (ROE, a component of tariff) is to be grossed up using applicable income tax rate for the Financial Year 2008-09 and difference in ROE, if any, that may arise due to change in income tax rate during the tariff period 2009-14, is to be claimed in 2014-15. However, keeping in view the provisions of Accounting Standard 9 on Revenue Recognition, tariff has been recomputed based on the principle enunciated in the aforesaid regulation by grossing up the ROE with applicable income tax rate for the financial year 2010-11 and sales have been provisionally recognized at ₹3852.86 Crore, which includes ₹391.77 Crore towards grossing up of ROE with applicable tax rates of 2010-11 viz-a-viz tax rates of 2008-09, (Previous year ₹3306.63 Crore) also taking into consideration the principle of conservatism.

The ibid regulation also provides that pending determination of tariff, the company is to provisionally bill the beneficiary at tariff approved by the CERC as applicable as on 31st March 2009. The amount provisionally billed comes to ₹3261.42 Crore (Previous year ₹2901.49 Crore). Accordingly, unbilled sale for the current year comes to ₹591.44Crore (Previous year ₹405.14 Crore).

- b) Sales of ₹592.44 crore included in Prior Period Adjustment (Schedule 21) represent the difference due to grossing up of ROE at normal income tax instead of MAT rate, which was considered for grossing up in 2009-10 and other tax adjustments relating to the beneficiary States.
 - c) In case of NHDC, tariff petition with CERC for determination of tariff for period 2009-14 in respect of Indira Sagar Power Station has been filed whereas it is yet to be filed in case of Omkareshwar Power Station. The sales in respect of both the Power Stations have been accounted for provisionally following principle of conservatism, as the tariff pertions are subject to prudence check by CERC. However billing during the year has been done at the tariff approved by the CERC (provisional in case of OSPS) as applicable on 31st March 2009.As such sale for the year include ₹26.14 crore (previous year ₹60.31 crore),being the difference between sales worked out as per new tariff norms applicable for 2009-14 and those billed.
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. Capital work in progress includes ₹648.78 Crore as at 1st April 2010 and ₹161.25 Crore during the year totalling to ₹810.03 Crore as at 31.03.2011 on account of Survey & Investigation expenses and Administration & other general overhead expenses of Construction Projects. Similarly Capital Work in Progress includes ₹172.35 crore on account of Administration & other general overhead expenses of Corporate Office & Regional Offices allocated to these projects during the year. This accounting treatment is being followed consistently in line with the Significant Accounting Policy No.4.1 and 4.3 as such expenditure forms part of Capital cost of the project.
 11. a) Balances shown under Material issued to contractors, claims recoverable including insurance claims, advance for Capital Expenditure, Sundry Debtors, Advances to Contractors, Sundry Creditors and Deposits/Earnest money from contractors are subject to reconciliation/ confirmation and respective consequential adjustments. Claims recoverable also include claims in respect of projects handed over or decided to be handed over to other agencies in terms of Government of India Directives.
b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

- c) Since the issue of payment of incentive to M/s Delhi Transco Limited has not been resolved, ₹32.97 Crore is continuing under "Other current Assets" (Schedule-9) as well as under "Other Liabilities" (Schedule-10).
- d) Debtors include an amount of ₹120.81 Crore, being recoverable from M/s Delhi Transco Limited (erstwhile DESU) pertaining to period prior to Financial Year 1996-97. The case for recovery of the same has been taken up through Ministry of Power with Ministry of Finance, Govt. of India. However, a provision for entire amount has been made in the books during 2008-09 as an abundant precaution.
12. a) Siang Basin, Subansiri Basin & Dibang Multipurpose Projects were taken over from Brahmaputra Board. Pending settlement of account with Brahmaputra Board, assets and liabilities have been booked to the extent of amounts incurred by the Corporation on these projects. Of the Siang Basin Projects, Siang Lower & Siyom HE Projects have since been handed over to private developer and liability arising out of settlement of accounts with Brahmaputra Board towards these projects is recoverable from respective private developer. Upper Siang HE project, a project of Siang basin, has since been allotted to other agency for preparation of Pre-feasibility report and as such expenditure incurred on this project till 31.03.2011 amounting to ₹37.06 Crore has been provided in the books as abundant precaution.
- b) Pakal Dul, Kiru & Kwar HE Projects are to be executed through Joint Venture Company with participation from state Government. Pending formation of Joint Venture Company, expenditure amounting to ₹145.71 Crore & ₹61.67 Crore respectively incurred by NHPC on these projects up to 31.03.2011 is appearing under Capital Work-in-Progress.
13. Govt. of Arunachal Pradesh had shown their inclination to hand over Subansiri Upper & Subansiri Middle projects to Independent Power Producer (IPP), on which NHPC had solicited the intervention of Govt. of India. As directed by Gol, Subansiri Middle Project has since been decided to be handed over to M/s Jindal Power Ltd. (JPL) for which an amount of ₹105.21 Crore has been received by NHPC from M/s JPL. Pending handing over the project to M/s JPL, the amount received from M/s JPL has been adjusted to the extent of amount spent by NHPC towards capital work in progress and for creation of fixed asset of Subansiri Middle Project and the balance is being shown under the head "Other Liabilities" in Schedule 10-"Current Liabilities & Provisions". As regard to Subansiri Upper Project, decision of Gol is still awaited and pending decision, capital expenditure amounting to ₹0.61 Crore incurred on this project for the year ended 31.03.2011 has been charged to Profit & Loss Account as an abundant precaution, which is in addition to the provision of ₹19.35 Crore, already existed as at 31.03.2010 towards expenditure incurred on this project during 20.04.2004 to 31.03.2010, the period in which this project was under suspension.
14. CERC while notifying tariff regulation for the period 2009-14 vide notification dated 19.01.2009 has revised the rates of depreciation and has also provided the methodology for computing the depreciation. As per ibid tariff regulation, depreciation is to be calculated at specified depreciation rates till 31st March of the year closing after a period of 12 years from the date of commercial operation of an operating unit and thereafter amortisation of residual depreciable value of the assets over the remaining useful life of operating unit, life of the unit being considered 35 years from the date of commercial operation.
- The Company had however provided depreciation in financial year 2009-10, following the rate notified by CERC even in respect of assets of Operating Units, which have completed 12 years as at 31.03.2009 and had also continued to follow the same practice in the accounts for the half year ended 30.09.2010. During the year ended 31.03.2011, Company has recomputed its depreciation charge w.e.f. 01.04.2009 in compliance of opinion of the Office of C&AG of India that depreciation is to be provided following the rates of depreciation as well as methodology notified by CERC.
- Accordingly, the depreciation charge for the financial year 2009-10 and for the year ended 31.03.2011 has reduced by ₹96.27 Crore (adjusted as prior period item) and ₹191.97 Crore respectively. In view of forgoing, the Significant Accounting Policies on 'Depreciation and Amortisation' (Significant Accounting Policy No.5.2.1 to 5.2.4, 5.7, 5.9) and 'Machinery Spares' (Significant Accounting Policy No. 3.1(a)) have been suitably reworded to disclose the fact of "rate of depreciation as well as methodology" wherever required.
15. During the year Company has received the opinion from the Expert Advisory Committee of the Institute of Chartered Accountants of India (EAC of ICAI) and as per opinion of EAC, expenditure incurred for creation of assets not within the control of company should be charged to profit & loss account in the year of incurrence itself. The Company has represented to the EAC of ICAI that such expenditure, being essential for setting up of a hydro project, should be allowed to be capitalised. Pending receipt of further opinion / communication from the EAC, the accounting treatment as per existing accounting practices / policies has been continued.
16. In pursuance of the J&K Water Resources (Regulation & Management) Act, 2010, Govt of J&K has levied cess on use of water by power stations in the state of J&K with effect from 10.11.2010, which has since been challenged in J&K High Court. A petition has also been filed with CERC for allowing reimbursement of the said cess being a new levy. However, as an abundant precaution, a provision of ₹138.87 Crore has been made in the books of accounts.
17. Pending final implementation of pay revision of Employees w.e.f 01.01.2007, a further provision of ₹212.26 Crore has been made in the books for the year ended 31.03.2011 on reasonable estimate basis. In addition to this, an amount of ₹99.04 Crore towards Performance Related Pay Scheme in terms of DPE guidelines, pending approval of the scheme by Board, has also been made.



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

(₹ in Crore)

		For the Year 2010-11	For the Year 2009-10
(i)	Amount charged to Profit and Loss Account excluding depreciation (as FERV)	1.51	(1.67)
(ii)	Amount charged to Profit and Loss Account excluding depreciation (as Borrowing Cost)	240.68	22.90
(ii)	Amount charged to Expenditure During Construction (as FERV)	5.92	(12.35)
(iii)	Amount charged to Capital work-in-progress (as FERV)	(1.18)	(1.12)
(iv)	Amount adjusted by addition to carrying amount of fixed assets	31.49	(177.75)

- b) The amount of borrowing cost capitalised by transfer to 'Expenditure during Construction (EDC)' during the Year is ₹668.48 Crore (Previous Year ₹492.39 Crore).

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

Policy No.	Description	Impact on Profit for the year
5.5	Policy has been reworded to have a better disclosure	No impact since practice has been translated into policy.
5.10	Introduction of new policy for capitalisation of expenditure incurred on renovation / modernisation of asset.	No impact since practice has been translated into policy.
7.2	Policy for making provision for unserviceable and obsolete store has been modified.	Profit before tax has been reduced by ₹18.15 Crore.
9.2	Policy for making provision for employee benefit has been reworded due to change in component of employee benefits	Profit before tax has increased by ₹12.08 Crore.
10.1(d)	Accounting Policy on Advance against Depreciation has been modified subsequent to the adoption of rates of depreciation and methodology as notified by CERC (refer Para 11 above).	Profit before tax has been reduced by ₹2.43Crore.
Earlier Policy No. 11	Sequel to obtaining of Industrial All Risk (IAR) Insurance Policy, earlier Significant Accounting Policy No. 11 on creation of Self Insurance Reserve through Profit & Loss Appropriation Account has been deleted.	Profit before tax has been reduced by ₹16.03 Crore
In case of NHDC-Policy no. 14	Rewording of accounting policy no 14:-Deferred tax assets are recognised & carried forward to the extent there is reasonable certainty instead of virtual certainty.	No impact

20. The status of Self Insurance Fund Investment in respect of NHPC as at 31.03.2011 is as under:-

Schedule of Balance Sheet	Description of Investment / Deposit	Amount (₹ in Crore)
Schedule 8 – Investment	(i) Central Government Securities	197.65
	(ii) Public Sector Bonds	358.33
	(iii) Deposit Account–Long term	30.95
Schedule 9 - Current Assets, Loan & Advances	(i) Deposit with Public Sector Bank	63.41
	(ii) Interest Accrued (net of taxes)	17.05
	(iii) Current Account incl TDS	0.93
Schedule 10 - Current Liabilities & Provisions	(i) Provision for income tax	(9.89)
Total		658.42

The total income of Self Insurance Fund for the year ended 31.03.2011 is ₹39.31Crore (net of taxes), which has been credited to Self Insurance Fund through Profit & Loss Appropriation Account.

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

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

A. Provident Fund

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

B. Gratuity

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

C. Retired Employee Health Scheme

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

D. Allowance on Retirement / Death

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

E. Leave

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

F. Social Security Scheme

NHPC has a Social Security Scheme in lieu of compensate appointment subject to the condition that the scheme will be withdrawn on introduction of pension scheme. Corporation makes a matching contribution per month per employee and such contribution is to be made for 8 years to build up corpus. The scheme is in operation since 01.06.2007. The scheme has been created to take care of and helping bereaved families in event of death of its employee or permanent total disability.

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

Summary of various defined benefits as on 31.03.2011 is as under:-

NHPC

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

Particular	31.03.2011	31.03.2010
Mortality Table	LIC(1994-96) duly modified	LIC(1994-96) duly modified
Discount rate	8.0%	7.5%
Future Salary Increase	5.5%	5%

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

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at Beginning of year	407.32	220.67	169.49	4.15	26.48
Interest cost	32.59	17.65	13.55	-	-
Current service cost	20.92	14.27	6.65	0.31	10.28
Benefit paid	(27.87)	(28.22)	(8.26)	(0.04)	(1.70)
Actuarial (Gain)/loss	79.80	78.84	74.73	0.03	1.32
PVO at end of year	512.76	303.21	256.16	4.45	36.38

Table 3:- Amount recognised in Balance Sheet

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
PVO at end of year	512.76	303.21	256.16	4.45	36.38
Fair Value of Plan Assets at the end of year	-	-	-	-	-
Funded Status	(512.76)	(303.21)	(256.16)	(4.45)	(36.38)
Unrecognized actuarial gain/loss	-	-	-	-	-
Net Liability recognized in Balance Sheet	512.76	303.21	256.16	4.45	36.38

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

(₹ in Crore)

Particular	Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance on Retirement	Company's Contribution to PF on Leave Encashment
Current Service Cost	20.92	14.27	6.65	0.30	9.90
Interest Cost	32.59	17.65	13.55	-	-
Expected return on Plan Assets					
Net Actuarial (gain) / loss recognized for the year	79.80	78.84	74.73	0.03	1.32
Expense recognized in Profit & Loss/EDC for the year	133.31	110.76	94.93	0.33	11.22

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

Particular	As at 31.03.2011	As at 31.03.2010
Mortality Table	Indian Assured Lives Mortality (1994-96) (modified) ultimate table.	Standard table LIC (1994-96) ultimate table.
Discount rate	8.20%	8.10% (market yield on government bond as at same date)
Rate of increase in compensation level	7.5%	5%

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

(₹ in Crore)

Particular	Gratuity	Leave encashment	REHS
PVO at beginning of year	2.32	3.31	1.07
Interest Cost	0.19	0.26	0.09
Past Service Cost	NIL	NIL	NIL
Current Service Cost	0.70	1.18	0.20
Benefit paid	(0.16)	(0.46)	NIL
Actuarial gain/ loss	1.56	1.40	0.24
PVO at end of year	4.61	5.69	1.60

Table 3:- Amount recognised in Balance Sheet

(₹ in Crore)

Particular	Gratuity	Leave encashment	REHS
PVO at the end of year	4.61	5.69	1.60
Fair value of plan assets at the end of year	NIL	NIL	NIL
Funded status	(4.61)	(5.69)	(1.60)
Unrecognized Actuarial gain/loss	NIL	NIL	NIL
Net liability recognized in balance sheet	4.61	5.69	1.60

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

(₹ in Crore)

Particular	Gratuity	Leave encashment	REHS
Current Service cost	0.70	1.18	0.20
Past service cost	NIL	NIL	NIL
Interest Cost	0.19	0.26	0.09
Expected return on plan assets	NIL	NIL	NIL
Net Actuarial gain/loss recognized for the year	1.56	1.40	0.24
Expenses recognized in P&L A/c for the year	2.45	2.84	0.53

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

a) Related Parties

(i) Joint Venture Companies

National Power Exchange Ltd.

(ii) Key Management Personnel

Shri S. K. Garg	CMD (retired on attaining the age of superannuation w.e.f. 31.12.2010)
Shri A. B. L.Srivastava	Director (Finance) with additional Charge of CMD w.e.f. 01.01.2011.
Shri D. P. Bhargava	Director (Technical)
Shri J. K. Sharma	Director (Projects)
Shri R. S. Mina	Director (Personnel)
Shri K.M.Singh	Chief Executive Director in NHDC
Shri R. K. Taneja	Director in NHDC
Shri V. K. Karn	Chief Executive Officer in LDHCL
Shri P. C. Vaish	Director in LDHCL

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

Particular	During the Year ended 31.03.2011	During the Year ended 31.03.2010
Investment	-	-

Remuneration to key management personnel is ₹3.01 Crore (previous year ₹1.34 Crore) and amount of dues outstanding to the Company as on 31.03.2011 is ₹0.07Crore (previous year ₹0.31 Crore)



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 on mutually agreeable terms. The Schedule of Employees remuneration and benefits includes ₹28.18 Crore (Previous year ₹15.15 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.

25. Earning Per Share:-

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

	For the year 2010-11	For the year 2009-10
Net Profit after Tax used as numerator (₹ in Crore)	2316.16	2175.56
Weighted Average number of equity shares used as denominator – Basic	12300742773	11850379339
– Diluted	12300742773	11850379339
Earning Per Share (₹) – Basic	1.88	1.84
– Diluted	1.88	1.84
Face value per share (₹)	10	10

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

(₹ in Crore)

	01.04.2010	31.03.2011
Deferred Tax Liability		
i) Depreciation	3367.69	3405.47
Less: Deferred Tax Assets		
ii) Accumulated unabsorbed depreciation	12.80	-
iii) Advance against Depreciation to be considered as income in tax computation	-	-
iv) Provision for doubtful debts, self Insurance and other provisions	74.17	121.81
v) Provision for employee benefit schemes	119.72	171.10
Deferred Tax Liability (Net)	3161.00	3112.56

27. Interest in Joint Venture:

Name of Companies	Proportion of Ownership interest as at	
	31.03.2011	31.03.2010
National High Power Test Laboratory (P) Ltd.	25%	25%
National Power Exchange Ltd.	16.67%	16.67%

The above joint venture entities are incorporated in India. The Company's share of the assets and liabilities as on 31st March 2011 and income and expenses for the financial year ended 31.03.2011 in respect of joint venture entities is based on audited accounts are given below:

(₹ in Crore)

	As at 31.03.2011	As at 31.03.2010
A Assets	3.84	1.47
B Liabilities (including equity)	3.84	1.47
C Contingent Liabilities	0.01	-
D Capital Commitments	-	-
	For the Year 2010-11	For the year 2009-10
E Income	0.08	0.06
F Expenditure	0.34	0.89

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28. 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 2011.

29. a) Remuneration paid/payable to Directors:

(₹ in Crore)

	For the year 2010-11	For the year 2009-10
(i) Salaries & Allowances	1.96	0.77
(ii) Contribution to Provident Fund	0.19	0.07
(iii) Rent for Residential Accommodation	0.24	0.14
(iv) Other benefits	0.37	0.12
(v) Sitting Fees to Independent Directors	0.25	0.23

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	₹ 325 per month	₹ 520 per month
Above 16 HP	₹ 490 per month	₹ 780 per month

30. Remuneration to Statutory Auditors

(₹ in Crore)

	For the year 2010-11	For the year 2009-10
Statutory Audit Fees	0.36	0.26
Tax Audit Fees	0.11	0.08
Audit Expenses	0.35	0.32
Other matters	0.24	0.43
Cost Auditors		
- Audit Fees	0.07	0.07
- Audit Expenses	0.02	0.01

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

	For the year 2010-11	For the year 2009-10
(i) Licensed Capacity (M.W.)	Not applicable	Not Applicable
(ii) Installed Capacity (M.W.)*	5269.20	5139.20
(iii) Actual Generation (Million Units)**	21696.95	19928.32
(iv) Actual Sales (Million Units) ***	19482.02	17893.10

*derated capacity of Loktak Power Station.

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

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



(₹ in Crore)

		For Year 2010-11	For Year 2009-10
32.			
a)*	Value of imports calculated on CIF basis:		
	i) Capital Goods	99.39	155.17
	ii) Spare parts	1.90	3.91
b)*	Expenditure in Foreign Currency		
	i) Know - How	11.18	11.23
	ii) Interest	59.53	73.37
	iii) Other Misc. Matters	119.79	104.44
c)*	Value of spare parts and Components consumed in operating units.		
	i) Imported ii) Indigenous	1.05 (16.15%) 5.45 (83.85%)	0.89 (13.04%) 5.94 (86.96%)
d)**	Earnings in foreign currency		
	i) Interest	-	-
	ii) Others	-	-

* Accrual basis.

** Cash basis.

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

(₹ in Crore)

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

34. (a) Cash & Cash equivalents include an amount of ₹57.39 Crore (Previous year ₹14.34 Crore) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2011.
- (b) Cash & cash equivalents include ₹486.44 Crore, held for Rural Road and Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation. Similarly "Loans & Advances" under Schedule 9 include ₹49.40 Crore given as Advance to Contractors & Suppliers in respect of these works.
35. Previous year's figures/opening balances have been regrouped/re-arranged/re-cast wherever necessary, including that of interest in Joint Venture Companies.
36. Subsequent to the approval of accounts for the year ended 31st March 2011 by the Board of directors on 27th May, 2011, the members of the Board of NHPC has recommended dividend @ ₹0.60/- per share (subject to rounding off to nearest Rupee in terms of Rule 23 of Companies (Central Government's) General Rules & Forms, 1956) on the paid up equity capital of the Company (as per Balance Sheet as at 31st March 2011) for the year ended as at 31st March 2011 in the meeting held on 30.06.2011. Accordingly the Company has reopened and revised its earlier finalized audited accounts for the year ended 31st March 2011 and a provision for dividend amounting to ₹738.04 Crore (subject to rounding off) @6% on the paid up equity capital amounting to ₹12300.74 Crore (divided into 1230,07,42,773 equity shares of ₹10/- each fully paid up) and dividend distribution tax thereon, has been made.

VIJAY GUPTA
Company Secretary

D. P. BHARGAVA
Director (Technical)
DIN 01277269

A. B. L. SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi
Dated : 30.06.2011

CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in crore)

	31st March, 2011	31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	3257.23	2754.17
ADD :		
Depreciation including Prior Period	1068.46	1280.43
Advance Against Depreciation including Prior Period	(32.25)	115.30
Interest Paid excluding Rebate	623.87	690.52
Loss / (Profit) on Sale/Transfer of Assets	27.38	(4.06)
Other Provisions/Adjustments	34.88	92.02
Dividend Income	(1.57)	(1.60)
Interest Income	(651.90)	1068.87
Cash flow from operating activities before working capital adjustments	4326.10	4506.89
Working Capital Changes		
(Increase)/Decrease in Inventories	3.30	(9.44)
(Increase)/Decrease in Contract Work in Progress	6.90	(8.29)
(Increase)/Decrease in Receivables	(970.89)	(766.25)
Increase/(Decrease) in Trade & Other Payables	1051.76	311.26
	91.07	(472.72)
Cash flow from operating activities before taxes	4417.17	4034.17
Less : Taxes on Income	605.99	421.23
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3811.18	3612.94
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(3465.81)	(3048.79)
Loss / (Profit) on Sale/Transfer of Assets	(27.36)	0.24
Decrease/(Increase) in Investment	(973.88)	(1599.58)
Interest Income	552.87	419.89
Dividend Income	101.11	1.86
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(3813.07)	(4226.38)

**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011 (CONTD.)**

(₹ in crore)

	31st March, 2011	31st March, 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	–	1178.25
Share Premium	–	2868.74
Share Application Money	10.00	–
Dividend & Dividend Tax Paid	(802.82)	(260.31)
Proceeds from Borrowings	1639.75	5446.95
Repayment of Borrowings	(1491.74)	(3865.64)
Funds received from GOMP towards SSP & Irrigation component	29.23	16.72
Interest & Finance Charges excluding Rebate	(1306.75)	(1188.60)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(1922.33)	4196.11
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(1924.22)	3582.67
Cash & Cash Equivalents at the beginning of the period	6189.53	2606.86
Cash & Cash Equivalents at the close of the period	4265.31	6189.53

EXPLANATORY NOTES TO CASH FLOW STATEMENT

1. Cash and Cash equivalents consist of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits of varying periods except Deposits in the nature of Investment. Further, Cash & Cash equivalents include an amount of ₹57.38 Crore (Previous year ₹14.34 Crore) towards margin money kept with banks for opening Letter of Credit or similar facility, which is not available for use as on 31.03.2011.
2. Investment in Fixed Assets & Construction Work-in-Progress excludes interest & finance charges Capitalised to the tune of ₹671.18 Crore.
3. Amount of undrawn loan as on 31.03.2011 : ₹3,071.65 Crore.
4. Cash & cash equivalents include ₹486.44 Crore, held for Rural Electrification works being executed by Corporation on behalf of other agencies and are not freely available for the business of the Corporation.
5. Figures for the previous year have been re-grouped/re-arranged/re-cast wherever necessary.

As per our attached report of even date

For and on behalf of the BOARD OF DIRECTORS

For **SBG & CO.**
Chartered Accountants
FR No.- 001818N

SURESH KUMAR
Partner
M.No. 72921

VIJAY GUPTA
Company Secretary

D.P. BHARGAVA
Director (Technical)
DIN 01277269

A.B.L. SRIVASTAVA
Chairman & Managing Director
DIN 01601682

Place : New Delhi
Dated : 30.06.2011

NHPC Limited

Regd Office: NHPC Office Complex, Sector-33, Faridabad-121003(Haryana)

ATTENDANCE SLIP

35TH Annual General Meeting to be held on Monday, September 19, 2011 at 3.30 P.M.

NAME OF THE ATTENDING MEMBERS _____
(IN BLOCK LETTERS)

Folio No* _____

DP ID No. _____

No. of shares held _____

NAME OF PROXY
(IN BLOCK LETTERS TO BE FILLED
IN IF THE PROXY ATTENDS INSTEAD
OF THE MEMBERS) _____

I, hereby record my presence at the 35th Annual General Meeting of the Company at Magpie Tourist Resort, Sector-16A, Mathura Road, Faridabad on Monday, September 19, 2011

Signature of member/Proxy

*Applicable in case of shares held in physical form

----- ✂ ----- ✂ ----- ✂ -----

NHPC Limited

Regd Office: NHPC Office Complex, Sector-33, Faridabad-121003 (Haryana)

FORM OF PROXY

DP ID :
Client ID :
No. of Shares.

I/we _____ of
_____ in the District of _____
_____ being a member/members of the above
named Company/herby appoint _____ of
_____ in the District of _____ or failing him/
her _____ of _____ in the District of _____ as
my/our proxy to vote for me/us on my/our behalf at the 35th Annual General Meeting of the company at Magpie Tourist Resort, Sector-16A, Mathura Road, Faridabad on Monday, September 19, 2011 and at any adjournments thereof.

Signed this _____ day of _____ 2011.

Affix
One rupee
Revenue
Stamp

This form is to be used in favour of resolution(s) No. _____ and against resolution(s)
no. _____ unless otherwise instructed, the proxy will act as he thinks fit

Notes:

- The form should be signed across the stamp as per specimen signature registered with the company
- The form should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the Meeting.



510 MW Teesta-V Power Station (Sikkim) - Upstream view of Dam



520 MW Parbati-III Project (Himachal Pradesh) - Lining works at Surge Gallery

एन एच पी सी लिमिटेड
(भारत सरकार का उद्यम)



NHPC Limited
(A Government of India Enterprise)

एनएचपीसी कार्यालय परिसर, सैक्टर - 33, फरीदाबाद - 121003, हरियाणा (भारत) वेबसाइट : www.nhpcindia.com
NHPC Office Complex, Sector - 33, Faridabad - 121003, Haryana (India) Website : www.nhpcindia.com