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Notice

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Tehri Hydro Development Corporation Ltd. will be held on 29.09.2009 at 7.00 PM at THDC Office, A-10, Sector-1 (KRIBHCO BHAWAN 4th floor), NOIDA to transact the following Business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Annual Accounts together with Auditors' Report and Directors' Report of the Corporation for the year ended March 31, 2009
2. To fix the remuneration of the Statutory Auditors for the year ended March 31, 2009.
3. To confirm interim Dividend and declare final Dividend for the year 2008-09.

SPECIAL BUSINESS

4. To approve the Change of Name of the Company.
5. To approve the Amendment in the Memorandum of Association.
6. To Approve the Amendment in the Articles of Association.

By order of the Board of Directors of
TEHRI HYDRO DEVELOPMENT CORPORATION LTD.



(S. Q. Ahmad)
Company Secretary

To :
- All the Members of THDC
- All Directors of THDC
- Statutory Auditors - M/s HDSG & Associates,
Chartered Accountants, K-61, Basement,
Jangpura Extension, New Delhi-110 014.

PLACE : RISHIKESH

DATE : September 17, 2009



टिहरी हाइड्रो डेवलपमेंट कॉर्पोरेशन लिमिटेड
Tehri Hydro Development Corporation Limited

Registered Office

Bhagirath Bhawan (Top Terrace), Bhagirathipuram,
Tehri (Garhwal)- 249001, (Uttarakhand)

Other Offices

RISHIKESH

Pragatipuram, Bye-Pass Road, Rishikesh -249201, (Uttarakhand)

NOIDA

A-10, Sector -1, (Kribhco Bhawan, 4th floor) Noida- 201301 (U.P.)

DEHRADUN

26,EC Road, Dehradun-248001 (Uttarakhand)

LUCKNOW

101, Raj Apartment, 7 Jopling Road, Lucknow-226001 (U.P.)

MUMBAI

Transit Camp - Flat No. 101-102, Guru Mahima Heights,
Plot No. 12, Sector-14, Sanpada, Navi Mumbai-400705

CHANDIGARH

1st Floor, SCO 27, Sec-11, Panchkula- 134112 (Haryana)

BHUTAN

H-2/33, Block No. 5, Tshimalakha Colony, Po- Tsimasham, Chhukha, Bhutan

Company Secretary

Shri S.Q. Ahmad

Statutory Auditors

M/s HDSG & Associates
Chartered Accountant
D-36, Jungpura Extn., New Delhi-110014

Bankers

Punjab National Bank
Union Bank of India
State Bank of India
State Bank of Hyderabad

This report was adopted at
21st Annual General Meeting of the Corporation held on 29.09.2009

BOARD OF DIRECTORS
AS ON 29.09.2009



Shri R. S. T. Sai
Chairman & Managing Director



Shri Gurdial Singh
Member (Hydro), CEA,
Govt. Nominee Director



Shri Jayant Kawale
JS(H), MOP
Govt. Nominee Director



Shri A.K. Bajaj
Chairman, CWC
Govt. Nominee Director



Shri A. S. Bisht
Director (Personnel)



Shri S.K. Shukla
Director (Technical)



Shri C.P. Singh
Director (Finance)



Dr. Sudhir S. Bloeria
Former Chief Secretary, J&K.
Non-Official Part-time Director



Prof. (Dr.) S.C. Saxena
Director, IIT, Roorkee
Non-Official Part-time Director



Dr. K. Aprameyan
Former CMD, BEML
Non-Official Part-time Director



Our Vision

A major global player in power sector, providing quality, affordable and sustainable power with commitment to environment, ecology and social values.

Create work ethos of growth through professionalism and achievement of excellence.

Our Mission

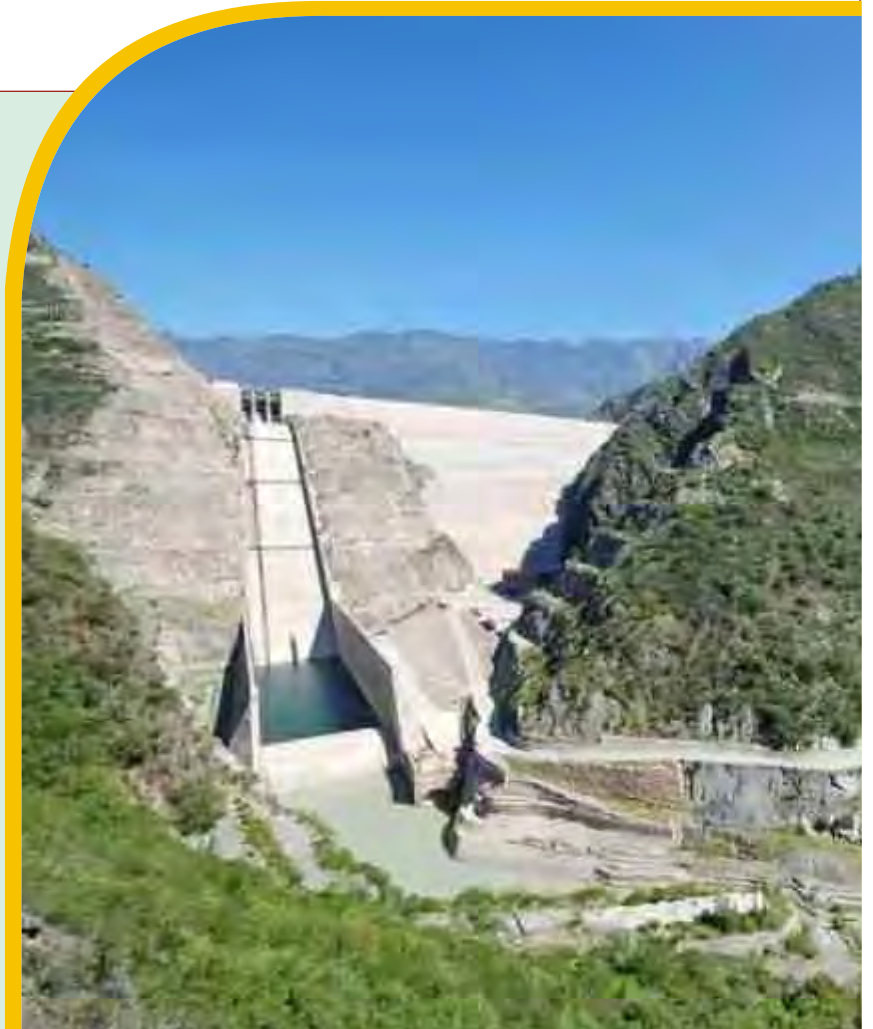
To plan, promote, develop hydro as well as other energy resource from concept to commissioning and operate power stations to meet the growing energy demand, ensuring environment and ecological balance, contributing to national prosperity.

To accept corporate social responsibility (CSR), including Rehabilitation and Resettlement of Project affected Persons (PAP) with human face.

To meet the challenges of dynamically transforming business environment and setting global benchmarks.

To build sustainable and value based relationship with stakeholders for mutual benefit and growth.

To achieve performance excellence by inspiring a dedicated workforce in an environment of organizational learning and mutual trust.





Chairman's Address

Shri R.S.T. SAI
Chairman & Managing Director

Ladies & Gentlemen,

It is my proud privilege and pleasure to welcome you all to the 21st Annual General Meeting of your Company.

The annual Audited Accounts along with the Report of the Auditors and Directors for the year 2008-09 are already with you and I would take them as read.

The year gone by has indeed been one of the most challenging for the World Economy. The unprecedented financial crisis has brutally shaken the foundations of some of the strongest economies in the World. India has not been immune to the shock as several sectors including Power Sector have been impacted. The distress has been further compounded by deficit in the rainfall in current year. Despite the very difficult external economic environment, your Company delivered another year of steady performance. During the year 2008-09, your Company has earned a profit of Rs.3672.53 million (previous year Rs.3684.56 million). An interim dividend of Rs.700 million was paid and a final dividend of Rs.280 Million is proposed aggregating to 30% of net profit for financial year 2008-09.

The Tehri Power Station has generated 3164 MU during 2008-09 as against the target of 2649 MU. Revenue realization during the year has continued to

be at near 100% for the 3rd consecutive year. With the delayed and deficient monsoon, the discharges into the Tehri reservoir during 2009-10 are much below the normal level. We are striving to store precious water to fulfill our commitment to cater to drinking water and irrigation requirements as well as peak energy demand during non monsoon period.

BUSINESS ENVIRONMENT

The power shortage in the country, growing demand of electricity and thrust of the Govt. of India on capacity building offer opportunities for your Company to grow. The development of Hydro Projects is challenging due to inherent risks of geology, rehabilitation, land acquisition process and involves long gestation period. For systematic management of risks, your Company has prepared Geotechnical Base Line Report and Risk Register last year, and has taken a further step by evolving a Risk Management Manual for the Company. This Manual will help to implement a uniform system of Risk Management in the Company.

BUSINESS GROWTH

Your company continues to develop hydropower potential in Uttarakhand, by way of ongoing construction activities at Koteshwar HEP (400 MW), Tehri PSP (1000 MW) and VPHEP



(444 MW). As you are aware the VPHEP (444 MW) is posed for World Bank funding (400 m US\$). You will be pleased to know that your Company has an ambitious capacity addition plan to achieve an installed capacity of 3000 MW plus by 2017 based on the projects in hand. Your Company is also initiating steps to diversify to Wind Energy and I hope in my next address I shall be having more details to share with you on progress made in this direction.

In recognition of the experience and expertise of your Company, the work of updation of DPR of 4060 MW Sankosh Multi-purpose Project and 180 MW Bunakha HEP in Bhutan was entrusted by the Govt.



Work-in-Progress at Koteswar HEP (400 MW)

to your Company. You will be glad to know that the updation of DPR of Sankosh Project has been completed within the scheduled time in April'2009 and subsequently some additional studies were advised to be carried out. The Bunakha DPR updation is scheduled to be completed by June 2010.

SUSTAINABLE DEVELOPMENT

As you aware, sustainability is a new paradigm of competitiveness and development. I am glad to inform that your Company perceives sustainability as

environmental, social and economical well being. With continued drive for protection of environment, social commitment, energy efficiency, Human Resources Development and Customized Services, your company is progressively positioning itself to meet the challenges of tomorrow. Your company is doing utmost to ensure the acceptability of its projects by fulfilling its social commitments. In 2008-09, as in earlier years, THDC demonstrated its commitment to sustainability. Its environmental initiatives, its relations with host communities and the role it plays in development of the local economy are clear evidence of this.

To achieve energy efficiency, energy audit was conducted. It is estimated that with an investment of Rs.22.6 million, 723.256 mwh energy consumption will be reduced having cumulative cost reduction of Rs109.12 million.

In order to increase awareness among the stakeholders a Sustainability Report matching with the Global Reporting Initiatives (GRI) is also being prepared for the first time.

Your company recognises the need for continuous involvement in HRD for building Professional Competence and sustaining its business. By embedding larger sustainability goals in its business strategies, your Company has consciously invested in the future. It equips your Company to sustain the competitive business of tomorrow and thereby enhance long term stakeholder value.

CORPORATE SOCIAL RESPONSIBILITY

A Company Sponsored Non Govt. Organization

21st Annual Report



A view of 21st Annual General Meeting - September 29, 2009

(CONGO) named SEWA (Society for Empowerment & Welfare Activities) has been registered under Societies Registration Act, 1860 with objective to promote sustained livelihood, overall development and well being of target communities - mainly the Project Affected Families.

The Employees of your company have also played their part in Social Responsibility by contributing a donation of Rs. 17,93,426 to Prime Minister's Flood Relief Fund during the year 2008-09

ACKNOWLEDGEMENTS

The highly motivated and committed employees of your Company are its real assets and we are working harder than ever to offer them a stimulating, healthy, safe workplace. Employees' satisfaction demonstrates a growing sense of belonging. Our employees play an essential role in the company's accomplishments. I thank them for their dedication and determination.

I would like to take this opportunity to express my gratitude for the assistance and co-operation received from all the Members of the Board, the CEA, CWC, The Ministry of Power and other Ministries of Govt. of India; the Govt. of UP, the Government of Utrakhand, the Government of Maharashtra and all other Governmental and Non-governmental agencies and the financial institutions, contractors and suppliers.

Thank you very much.

(R.S.T. Sai)

Chairman & Managing Director

Date : 29.09.2009

Place : New Delhi



DIRECTORS' REPORT-2009

Dear Members,

Your Directors are pleased to present the 21st Annual Report of the Company along with the Audited Annual Accounts and Report of the Statutory Auditor and comments of Comptroller & Auditor General of India for the year ended March 31, 2009.

FINANCIAL RESULTS

The financial results of the operations during the year ending 31st March, 2009 are summarized as under :

(Rs. in Millions)

| YEAR | 2008-09 | 2007-08 |
|--|-----------------|-----------------|
| Income | | |
| Sale of Energy | 10649.99 | 10947.07 |
| Other Income (Including energy internally consumed) | 44.29 | 42.51 |
| Gross Income (a) | 10694.28 | 10989.58 |
| Expenditure | | |
| Employee Remuneration & Benefits | 903.47 | 768.47 |
| Generation, Administration & other expenses | 658.66 | 946.65 |
| Interest & Finance charges | 3818.96 | 3930.22 |
| Depreciation | 1614.63 | 1608.46 |
| Provisions | 0.67 | 0.81 |
| Prior period adjustment | 25.36 | 50.41 |
| Total Expenditure (b) | 7021.75 | 7305.02 |

| | | |
|--|----------------|----------------|
| Profit before Tax (a-b) | 3672.53 | 3684.56 |
| Tax | 420.47 | 448.80 |
| Profit after Tax | 3252.06 | 3235.76 |
| Add: Surplus balance of previous year b/f | 3269.87 | 1174.81 |
| BALANCE AVAILABLE FOR APPROPRIATION APPROPRIATIONS: | 6521.93 | 4410.57 |
| Dividend | | |
| Interim | 700.00 | 935.00 |
| Proposed Final | 280.00 | 40.00 |
| Tax on Dividend | | |
| Interim | 118.96 | 158.90 |
| Proposed Final | 47.59 | 6.80 |
| BALANCE CARRIED TO BALANCE SHEET | 5375.38 | 3269.87 |

FINANCIAL PERFORMANCE

The total income of your company during the financial year 2008-09 was Rs.10694.28 million (Previous Year Rs.10989.58 million). A Net Profit of Rs.3252.06 million was reported during the year 2008-09 (Previous Year Rs.3235.76 million). The earning per Equity Share of the current year 2008-09 is Rs.98.98(Previous Year Rs. 102.22).

The Company has paid Interim Dividend of Rs.21.21 per Equity Share in February 2009. In addition, your Directors have recommended Final Dividend of



Under-ground Power House (1000 MW)

Rs.8.49 per Equity Share for the year 2008-09. The total Dividend for the year thus aggregate to Rs.29.72 per Equity Share. The Dividend pay out for the year is Rs.980 million which represents 2.97 % of paid up Share Capital and 30.13 % of Profit after tax (PAT). The Final Dividend shall be paid after approval of Shareholders at the Annual General Meeting (AGM).

OPERATIONAL PERFORMANCE

During the year 2008-09 all the four units of the Tehri Power Station (4x250MW) were in operation and generated 3164.23 Million Units of Energy against target of 2649 Million Units (Previous year 2664 Million Units). The Plant achieved the Capacity Index of 100%. (Previous year 100%.)

The revenue realisation for 2008-09 has been almost 100%. During the year 2008-09 revenue of Rs.1208.65 Cr. has been realised from the beneficiaries against the billing of Rs.1209.79 Cr. towards sale of energy, based on the Provisional Tariff notified by CERC. In addition, the Company has also earned revenue of Rs.23.62 Cr. on account of Unscheduled Interchange(UI) Charges under the prevailing real time settlement/availability Based Tariff(ABT) mechanism.

For the financial year 2009-10, the Company has introduced an attractive rebate scheme titled "Rebate Scheme 2009-10" for the beneficiaries to incentivise prompt payments against the monthly energy bills. The Scheme is yielding the desired result.



Work-in-Progress at Koteswar HEP (400 MW)

PROGRESS OF PROJECT CONSTRUCTION

Koteswar Hydro Electric Project (400 MW)

Your Directors are pleased to inform that a significant progress on Civil works front has been achieved during the year. After overcoming geological uncertainties of vulnerable Right bank above Power House Pit & El. 590.0m rock ledge in U/S of Power House, excavation of Power House Pit was completed in Jun-08.

Pending erection of EOT crane, erection of Electro-Mechanical equipment was taken up in Nov'08 with Mobile Tower Crane. After completing erection of DT Elbow liner & Cone, erection of stay ring and spiral casing of Unit-1 has also been successfully completed with mobile tower crane. Main Access Tunnel to Power House has been made operational. EOT crane has been commissioned and service bay has been made ready to take up major assemblies. Progress at other work fronts is also going on as per schedule. In order to achieve the Mechanical Rolling of the turbine of 1st Unit, the H.M. Contractor was requested to crash erection schedule by resorting to parallel erection of radial gates and complete the H.M. activities by 15th May, 2010. The project is expected to be commissioned during 2010-11. The revised cost estimate for Rs.2466.96 crore has been submitted for approval of GOI.

Tehri PSP (1000 MW)

Tehri Pumped Storage Plant (1000 MW) is first central sector Pumped Storage Scheme. Major works of the Project are planned to be executed through a single EPC contract. During the year global bids were invited for EPC contract. One of the bidders filed writ petition before Hon'ble High Court of Nainital in Feb-09. Against the judgement of the single judge L-1 bidder filed revision petition before Division Bench of Hon'ble High Court in July'09. The L-2 bidder filed a SLP before Hon'ble Supreme Court. Your company filed SLP before Hon'ble Supreme Court and the petitions pending before Hon'ble High Court have since been transferred to Hon'ble Supreme Court. The



matter is subjudice. Major works are expected to start on the Project after award of EPC contract in early 2010. As an advance action, excavation of approach adits to major structures has been completed. The investment approval of the Revised Cost Estimate of Rs. 3124.76 crore for the Project is awaited from Govt. of India. The Project is expected to be commissioned during 2014-15.

Vishnugad Pipalkoti HEP (444 MW)

The Project is located on river Alaknanda in district Chamoli, Uttarakhand. Your Directors are pleased to inform that Investment Approval from Govt. of India was obtained in August, 2008 for execution of the Project. The infrastructure works viz. Construction of Roads, Bridges, and Residential buildings etc. are under progress. The Project is under consideration for World Bank funding and the appraisal by the World Bank is likely in February' 2010.

Pre-qualification of Bidders for Package I (Civil & Hydro-mechanical works) have been done and finalization of tender documents is under process. Pre-qualification of Bidders for package II (Electro-mechanical works) is under process. The Project is scheduled for commissioning during 2014-15.

Significant progress has been achieved in R&R of Village Hat, in the vicinity of which, the under ground



Shri R. S. T. Sai welcomed the Hon'ble Prime Minister of Nepal, Shri Pushpa Kamal Dahal 'Prachanda', at the Tehri Dam Project.

Power House Cavern, upstream surge shaft and TBM launching would take place. An agreement has been reached with the villagers on their demands.

PROJECTS UNDER INVESTIGATION

In the State of Uttarakhand

Your Company has taken up the work of Survey & Investigation for five Projects, after signing Implementation Agreement with GoUK.

CEA has conveyed the Commercial viability of Jelum Tamak HEP (126 MW) and Malari Jhelum HEP (114 MW). GOI has accorded approval for undertaking stage-II activities for Jelum Tamak HEP. Stage-II approval for Malari Jelum HEP is awaited. Meanwhile, DPR preparation work of these two projects has been taken up.

Bokang Bailing (330 MW), Karmoli (140 MW), and Jadganga (50MW), HEP's come under protected wild life areas. An Interlocutory Application has been filed before Hon'ble Supreme Court of India for de-reservation of the forest land.

In the State of Maharashtra

Your Company has taken a lead in the development of Pumped Storage Schemes (PSSs) in the Country, which has potential of 94000 MW. The Corporation had signed MOU with NPCIL in February, 2007 to jointly develop Pumped Storage Schemes and other Hydroelectric Projects in India.



Visit of Hon'ble Minister of Economic Affairs & Power, Bhutan, Shri K. Wangchuk & his team at Tehri Project

The Govt of Maharashtra had allotted two PSS viz. Malshej Ghat PSS- 600 MW & Humbarli PSS - 400 MW to the joint venture of THDC and NPCIL in April' 08 for updation of DPR's. The Projects, if found viable, shall be taken up by the JV for implementation. The work of updation of DPR of Malshej Ghat PSS has been taken up, while process for updation of DPR of Humbarli PSS has also been initiated pending



Shri R. S. T. Sai, CMD, exchanging duly signed MoU documents with Shri V. S. Sampath, Secy. (Power), GOI, in the presence of Directors of THDC & Senior Officers of MOP.

MOEF clearance.

Development of Projects in Bhutan

Under India-Bhutan Co-operation in Hydro Sector Development, the Government of India allotted two Projects to your company namely Sankosh Multipurpose Project (4060 MW) and Bunakha HEP (180 MW) in Bhutan for updation of DPR. Updated DPR of Sankosh MPP has been submitted to MOP in April'09. On the suggestion of CWC study on the feasibility of constructing Concrete Dam at Sankosh is being taken up subject to sanction of funds for the same by Ministry of External Affairs, Govt. of India. The revision of DPR of Bunakha HEP is in progress. Your company has made necessary arrangements for opening site office at Bunakha.

Dhukwan Hydro Electric Project

Your Company has been entrusted 24 MW Dhukwan Small Hydro Project on the river Betwa in the district Jhansi, Uttar Pradesh. An implementation agreement has been signed between GOUP and THDC on 2nd September, 2009.

The Project shall be implemented on Build, Own, Operate and Transfer (BOOT) Model, subject to sale of entire energy generated to GoUP. The funding of the project shall be made through internal resource. The project is expected to complete 2013.

RESEARCH AND DEVELOPMENT

Research and development in Hydro Power Sector is an essential necessity and continuous innovation goes on at design and construction stages of projects. Your Company has always been following and practicing this principle. Four years of successful operation of Tehri HEP Stage-1, the expeditious construction of Koteshwar HEP and effective evolution of project scheme for Vishnugad-Pipalkoti HEP, have consolidated the organization's expertise and competence in hydro power sector.

Various innovations were introduced by your company in the contract documents of Vishnugad Pipalkoti Hydro Electric Project. First time in India, 'Geo-technical Baseline Report (GBR)' has been formed by THDC and made a part of the tender document of civil works. The document clearly specifies the baseline values for all major conditions that are likely to occur during the construction of various components of VPHEP. A 'Risk Register' has also been prepared which clearly brings out the possible risks of all types and assigns them to the party who is in best position to mitigate that risk. It provides clarity on risk allocation and had been acclaimed as a model contract document and had earned wide appreciation.

Your Company has also successfully completed the work of stabilization of the Varunavat Parvat in Distt. Uttarkashi (Uttarakhand). The disaster affected the crowded area of Uttarkashi town. A scheme for hill slope treatment was designed by your company. The supervision of construction activities at site was also undertaken. All the works were carried out using construction methodologies without disturbing the inhabitants of the town.

Several studies were undertaken with the help of consultants of VPHEP viz: In-situ stress measurement



by hydro-fracture test, Seismic analysis for Dam Foundation system, Physical modeling and optimization of Sediment Handling, Stress - Strain Analysis of major Underground Caverns, Glacial Lake Outburst & Flood Study, Feasibility Study for Tunnel Excavation by TBM.

MANAGEMENT SYSTEMS CERTIFICATION (ISO 9001: 2008 & ISO 14001: 2004)

The Quality Management System at Corporate Office, Rishikesh for "Providing Designs, Contracting & Related Techno-Commercial Support to Hydro Power Projects / Hydro Power Plants" has been certified as ISO 9001: 2000 on 28.03.2009 by QMS Certification Services, which is accredited by JAS-ANZ, Australia. During its implementation, all the departments, after reviewing the existing work instructions / system, have prepared their own QMS procedures (Procedure Manuals). Further, Quality Manual incorporating Quality Policy, Quality Objectives, details of departments and interaction of their processes from Corporate point of view, has also been prepared and put in use. The efforts to upgrade to ISO 9001: 2008 are underway and the same is expected to be accomplished by March, 2010. Implementation activities for ISO 9001: 2008 (Quality Management System) certification have also been taken up for projects namely Tehri HPP, PSP & VPHEP. These certifications are expected to be



Shri Harishankar Brahma, Secretary (Power), inspecting the ongoing construction works at Koteswar HE Project.

achieved by July, 2011."

PROJECT FINANCING

The planned capacity addition in the various upcoming projects is proposed to be financed on Debt Equity Ratio of 70:30. Considering the financial projections of your Company, it would be possible to fund major part of the Equity requirement of the New Projects through internal accruals. The internal accruals shall contribute 50% of Equity in the execution of 444 MW Vishnugad Pipalkoti HEP.

Human Resource Management:

Your Company has 712 Executives, 228 Supervisors and 1350 Workmen. The total manpower strength is 2290.

The Company recognizes the vital role of human resources in preserving and nourishing the human capital of the organization. Training Need Analysis was made by carrying out Competency Mapping of about 230 Executives comprising AGMs, DGMs, Sr. Managers & Managers. Various HR interventions such as enhancement of skills through the process of training have been undertaken. MOU has been signed with the University of Petroleum and Energy Studies for starting a 4 year degree programme leading to B.Tech. in Hydro Power Engineering for Diploma Engineers. Similarly, a scheme for enabling personnel



Shri Navneet Sehgal Secretary (Energy), GOUP exchanging MoU documents with Shri S. K. Shukla, Director (Technical), THDC in the presence of Shri Ramveer Upadhyaya, Hon'ble Energy Minister, GOUP for implementation of Dhukwan HE Project (24 MW).

to obtain MBA degree from Institute of Management Technology, Ghaziabad has also been facilitated. For meeting the requirement of trained manpower for O&M, various categories of employees have been identified for upgradation of skills.

During the year 2575 Man - days were dedicated for Management Development Programmes and other learning interventions designed for Executives. 2406 Man-days were dedicated for providing Training & Learning Opportunities to non-executives. All inclusive about 1325 employees were provided Training & Learning Opportunities during the period. Industrial Engineering Group has been set up for effective utilization of manpower. Organograms have been designed for various Projects. Role clarity and responsibilities of various functional areas has been mapped.

In line with the directions of the Government, a robust and transparent Performance Management System(PMS) has been evolved with 'Bell Curve Approach' for relative positioning. The concept of 'Balance Score Card' based on performance against Key Result Areas has been introduced for Executives which will serve as a useful tool for performance measurement.

Initiatives for SC/ST and Physically Challenged Persons

Your company has initiated Special Recruitment Drive for filling up of backlog vacancies from SC/ST/OBC and Physically Challenged Persons. Four candidates have already joined in Group-A Services. Exclusive workshop for SC/ST and OBC category employees was organized to make them aware of the constitutional stipulations and Govt. Directives on the subject. Initiatives are been taken for construction of SC/ST Hostel at New Tehri Town as part of Corporate Social Responsibility. The Govt of Uttarakhand have been requested to provide suitable land for the same. Special Computer Training Programmes and other Vocational Training Programmes have been organized for SC/ST and Physically Challenged Persons during the year at

project sites to enhance their professional skills and equip them to compete in employment market.

Smt. Satya Bahin, Hon'ble Member National Commission for Scheduled Casts along with the delegation of the Commission visited Rishikesh on 19.01.2009 and took a series of meetings with Top Management, officials and liaison officers for SC/ST. She also held meeting with employees belonging to SC/ST categories. The purpose of the visit was to have an assessment of the implementation of Govt. directives and various programmes for SC/ST category employees. The suggestions made by the Hon'ble member are being implemented.

Employee Relations

Employee Relations during the period remained cordial and harmonious. Structured communication



A visit by Smt. Satya Bahin, Hon'ble Member, National Commission for Scheduled Cast at Rishikesh in January, 2009.

meetings were held with representatives of various Unions. Organising sports and extra curricular activities are encouraged for promoting a culture of participation, team spirit amongst the employees and their family members.

Revision of Pay Scales w.e.f. 01.01.2007 is expected to be implemented based on the Presidential Directive. Necessary Provisions for arrears have been made in the Accounts.

Right to Information Act, 2005

Right to Information Act, 2005 has been implemented in the right spirit in your Company. In compliance of



the Provisions of the Act, necessary details have been uploaded on the website of the Company. Training Programmes have been organized for the CPIO's in order to enable them to implement the provisions of the Company in right perspective.

IMPLEMENTATION OF OFFICIAL LANGUAGE

Corporation continued to lay great emphasis on the implementation of Official Language Policy of Government of India. The employees of the Corporation are encouraged to work in Hindi to the best possible extent. Several steps have been taken to enhance the use of Rajbhasha in official work in the Corporation.

Town Official Language Implementation Committee, Haridwar awarded "TOLIC Official Language Shield-2009" to THDC for speed up propagation, effective implementation of Official Language and active participation in TOLIC activities on 29.07.2009.

Hindi workshops have been conducted in corporate Office, Rishikesh and other offices in Bhagirathi Puram, Tehri, Koteshwar, New Tehri Town and NOIDA Liaison Office to train and encourage the employees to work in Hindi. Hindi Fortnight has been celebrated at Corporate Office and all subordinate offices. For motivation of various Hindi competitions like Hindi Quiz, Essay competition etc. has been conducted from time to time. Quotations of



Shri R. S. T. Sai, CMD, planting a sapling on the occasion of 'World Environment Day'

Authors / Prestigious persons on Hindi have been displayed in office premises to promote use of Hindi in official work.

The implementation of Official Language has been monitored through regular inspection and review of Hindi Work. Quarterly, meetings have been held regularly for reviewing the progress of the use of Official Language. Executives have attended Hindi meetings and seminars organized by Ministry , Rajbhasha Deptt. etc.

CORPORATE SOCIAL RESPONSIBILITY

Your company is committed to fulfill its social obligation under its "Scheme for Corporate Social Responsibility-Community Development (CSR-CD)".

The scheme addresses the issue of "Community Development" in the neighborhood area of operating stations where construction has been completed. For implementation of CSR activities a budget of 1% of Net Profit is being provided.

REHABILITATION & RESETTLEMENT

Your Company has set a benchmark in the Rehabilitation and Resettlement of the Project affected families of Tehri HEP. The R&R package has been aimed at the social and economic uplift of the displaced people. Additional improvement measures such as



HRD initiatives - workshop on 'Growth & Excellence' for Sr. Managers in December 2008



A Panoramic view of Tehri Dam Reservoir.

road connectivity, relocation of public facilities, arrangement of Cable Car and Ferry Boat for cut-off area etc. have been implemented. A grievance redress mechanism for project affected families is in place as per orders of Hon'ble Supreme Court and has been very effective in independent and transparent settlement of claims.

Your company has conducted a study through Administrative Staff College of India (ASCI), Hyderabad, which compares the status of the households, both social and economic conditions after rehabilitation. ASCI concluded in its report that the completion of multipurpose Tehri Dam Project was a landmark achievement in the history of river valley project in India.

Your Company has formulated a Resettlement and Rehabilitation Policy for upcoming projects taking into account the provisions of NRRP-2007 and in consultation with concerned stakeholders. The policy addresses issues of loss of land, houses, other resources and means of livelihood etc. of the PAF's. Major emphasis has been laid upon economic uplift of the PAF's and provision of sustained livelihood.

ENVIRONMENT MANAGEMENT

Your company is highly sensitive to the cause of environment. The Tehri HPP is a successful example of mitigation of almost all possible environmental concerns based on studies carried out by expert

institutions like BSI, ZSI, NEERI etc.

Your company has undertaken implementation of other Hydro Power Projects in Alaknanda, Bhagirathi and Sharda Valleys. Extensive studies are being done to assess the possible impact on the Environment and commensurate mitigation measures shall be taken.

The company is committed to set highest technological standards for its hydro projects in the field of environment. Apart from fulfilling mandatory requirement of preparing EIA/EMP report, additional studies as per state of the art developments are being taken up. For Vishnugad Pipalkoti HEP, following studies are being carried out:

- Fish study and assessment of downstream river flow
- Terrestrial biodiversity study.
- Holistic environmental assessment & management reports
- Social Assessment Study.

In addition to above, in view of considerable adverse experience of turbine erosion in Himalayan hydropower projects, detailed study to determine optimal measures for dealing with sediment is being carried out.

Your company has formulated a scheme to set up a Mini Power House at toe of VPHEP through which mandatory minimum discharge will be passed . To maintain level of water in the river stretch down



stream of Dam, a set of weirs are being constructed.

Your company is also exploring possibilities for harnessing Clean Development Mechanism (CDM) benefits for its Hydro Projects.

Your company has initiated steps to obtain ISO 14001-2004 Certification (Environment Management System) for Tehri HPP, Tehri PSP and VPHEP.

VIGILANCE

The Vigilance Department has made all out efforts to increase the level of transparency through systems improvement by laying the stress on preparation and subsequently following the manuals in different disciplines.

Preventive vigilance was given the utmost priority by implementing and following E-tendering system. E-Procurement system was also introduced in the corporation in 2008. The guidelines issued by the



A view of cultural programme on the occasion of Independence Day.

Government of India and Central Vigilance Commission have generally been adhered to.

The activities of Vigilance Department were reviewed regularly by CVO, and from time to time by CMD. The time limit for enquiries and investigations as prescribed by the Central Vigilance Commission were by and large adhered to. To further strengthen the vigilance work. Technical examination/regular and surprise inspections were carried out by the Vigilance Department.

The Vigilance Awareness Week - 2008 was celebrated from 3rd Nov. to 7th Nov. 2008. To mark the occasion the Vigilance Department re-printed a Booklet on Preventive Vigilance in Public Procurement - "Study based on Power Sector", for the benefit of all concerns. Due to the efforts of the Vigilance Department, corporation was able to make a saving of Rs.2.64 crore on various counts on various works during the financial year 2008-09.

CORPORATE COMMUNICATION

Your company fully realizes the need of stakeholders to know more and more about the company's policies and programmes.

A Corporate Communication Policy has been formulated and issued in May, 2009 to rationally guide company's strategies and to also secure public understanding or appreciation for the Organization.

Your company's visibility score has improved and the quality of visibility received in media earned positive image. Your company has participated in 'India Electricity Exhibition 2008' and in 'IITF-2008' in the Ministry of Power Pavilion at Pragati Maidan, New Delhi and successfully showcased its activities to a large audience.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

The Company's Governance Philosophy

Your Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices. Corporate Governance involves a set of relationships between company's management, its Board, its shareholders and other stakeholders. Your Company believes that Corporate Governance must empower the executive management for maximizing benefits to stakeholders. At the same time, Governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the Executives are used with care and responsibility to meet shareholders' aspirations and social expectations.

A transparent document on Delegation of Powers has

been issued with a view to empower executives at various levels of hierarchy and to enable them quickly take decisions in the decentralised multi project context. Also, policy for procurement of Works and Supplies has been reframed incorporating latest developments, Govt. Guidelines etc. to have transparency, fairness, competition, economy, and accountability in the procurement process. In line with the same, procedural guidelines for effective management of Works Contract shall be finalized.



Shri R. S. T. Sai, CMD, appraising Shri Rahul Gandhi, Hon'ble Member of Parliament, about the Tehri Dam Project

THDC is not a listed company and Clause 49 of the listing agreement is not applicable.

The Company has however endeavored to adopt practices of Good Corporate Governance as required under Companies Act/DPE Guidelines.

The Corporate Governance Philosophy of your company has been further strengthened with the appointment of three Non-official Part-time Directors and adoption of Business Code of Conduct & Ethics for Board Members and Senior Management.

A Detailed report on the Corporate Governance including functioning and scope of Audit Committee and other Board level committees is annexed herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that :

- i) In the preparation of the Annual Accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2009 and Profit and Loss Account of the Company for the year ended on that date;
- iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) These accounts have been prepared on a going concern basis.

Board of Directors

Shri Harminder Raj Singh, Principal Secretary (Irrigation), GOUP Joined the THDC Board as GOUP Nominee Part-time Director in place of Shri Manjit Singh.

During the year, Shri Manjit Singh, Principal Secretary(Irrigation), GOUP; Shri Harminder Raj Singh, Principal Secretary(Irrigation), GOUP and Shri Rajesh Verma, JS&FA, MOP, ceased to be the Govt. Nominee Part-time Director of the Company. The Directors place on record their appreciation of the valuable advice and guidance received from them during their tenure.

Statutory Auditors

Your company being a Government Company, the appointment of Statutory Auditors is made by Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956. M/s HDSG & Associates, Chartered Accountants, K-61, Basement, Jangpura Extension, New Delhi-110 014 were appointed accordingly as Statutory Auditors of the Company.

As required under Section 224(8) (aa) of the said Act, a proposal for fixation of the remuneration payable to



HRD initiatives - a workshop on "living life holistically for effective decision making"

the Statutory Auditor is being placed at the ensuing Annual General Meeting for consideration.

The report of the Statutory Auditor is enclosed.

[Management Comments on the Statutory Auditor's Report](#)

The Statutory Auditors of the Company have given an un-qualified report on the Accounts of the Company for the financial year 2008-09.

[Review of Accounts by Comptroller & Auditor General of India. Comments of the C & AG](#)

The comments of Comptroller & Auditor General of India as supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company for the year ended March 31, 2009 are enclosed.

[Particulars of Employees under Section 217\(2A\) of Companies Act, 1956](#)

Since no employee is drawing emoluments, more than the specified remuneration, particulars of employees under Section 217 (2A) the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975, for the year ended 31st March 2009 as amended upto date, the information is 'Nil'.

ACKNOWLEDGEMENT

The Board of Directors acknowledge with deep appreciation the co-operation received from the various Ministries / Departments of the Govt. of India particularly the Ministry of Power; Minister of Water Resources; Planning Commission; Ministry of

Finance; Ministry of Environment & Forests; Department of Public Enterprises; Central Water Commission; Central Electricity Authority; Department of Corporate Affairs. The Board of Directors also acknowledge the support and co-operation received from Government of UP and Government of Uttarakhand and their various Departments, notably the Director, Rehabilitation of the Tehri Project.

The Directors take this opportunity to thank the Statutory Auditors, Comptroller & Auditor General of India, the Chairman, the Principal Director of Commercial Audit and Ex-Officio Member, Audit Board-II for their

valued co-operation during the year. Your Directors further wish to place on record their sincere thanks to the various National/International Financial Institutions/Banks for the continued trust and confidence reposed by them by rendering timely assistance and patronage for successful implementation of various projects by the company.

The Directors place on record, their appreciation of the untiring efforts and contribution made by the employees at all levels in achieving growth and excellence by the Company.

For and on behalf of Board of Directors.

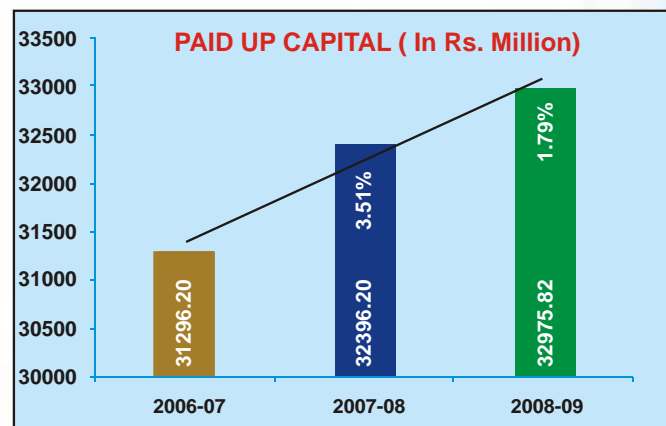
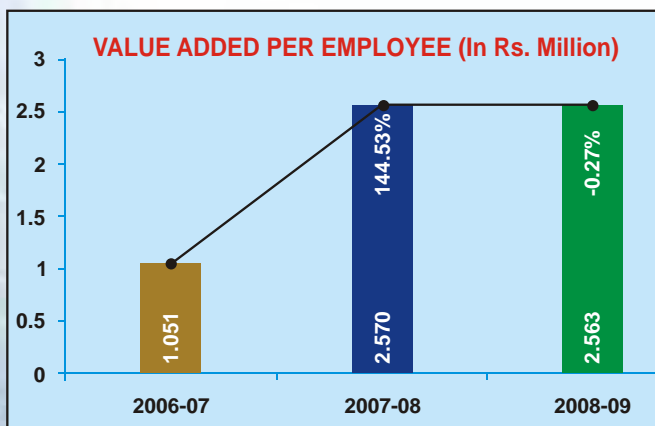
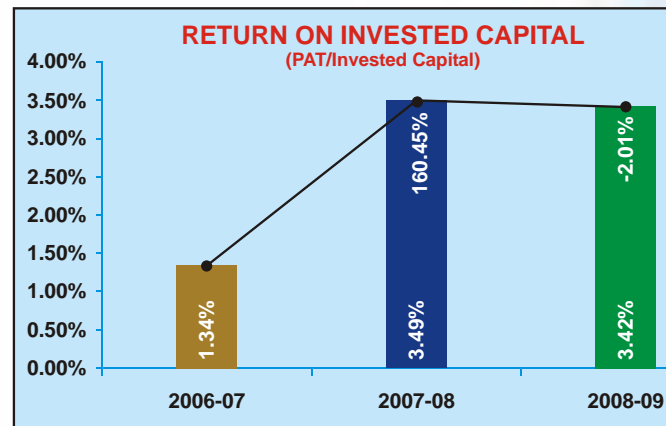
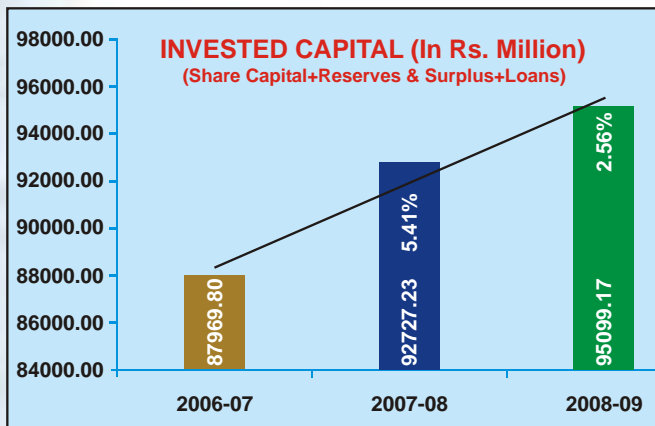
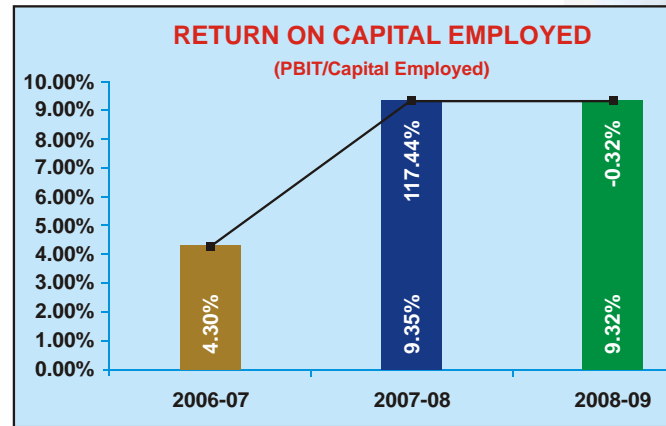
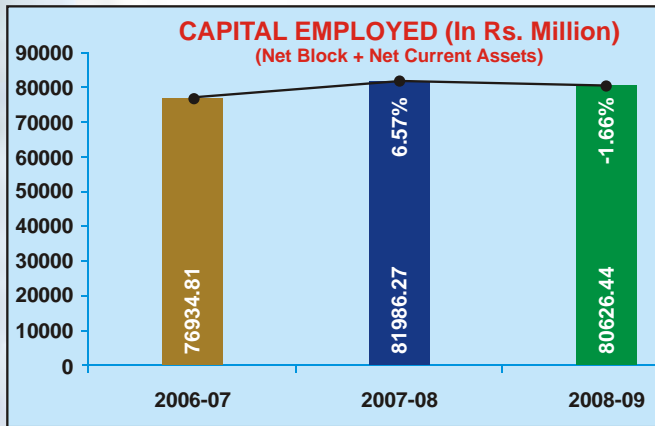
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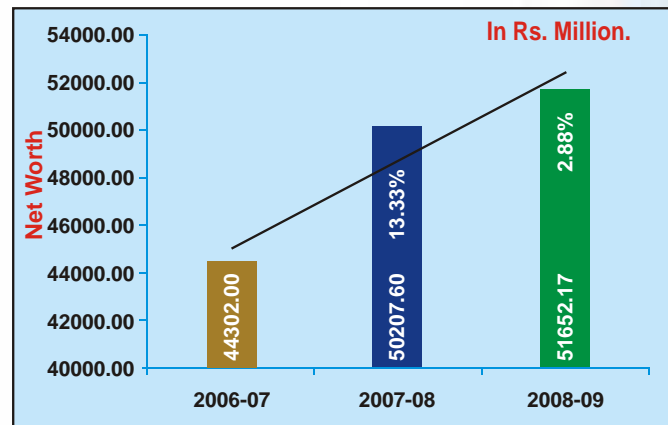
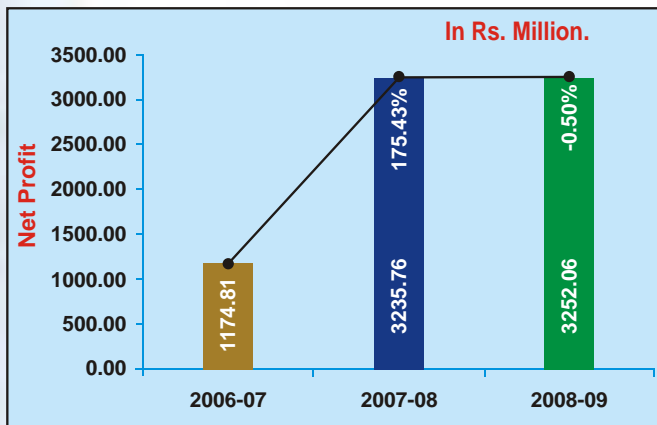
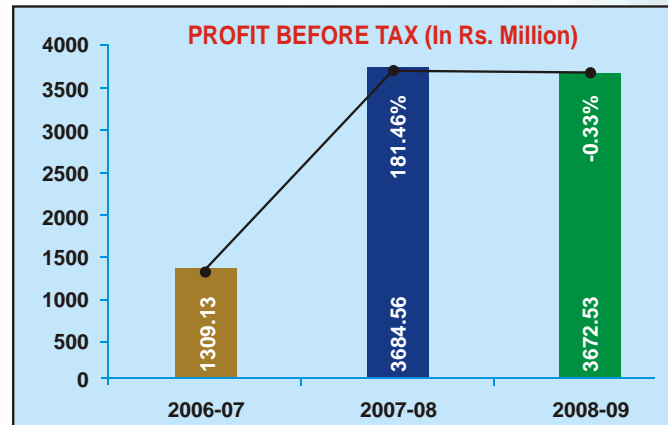
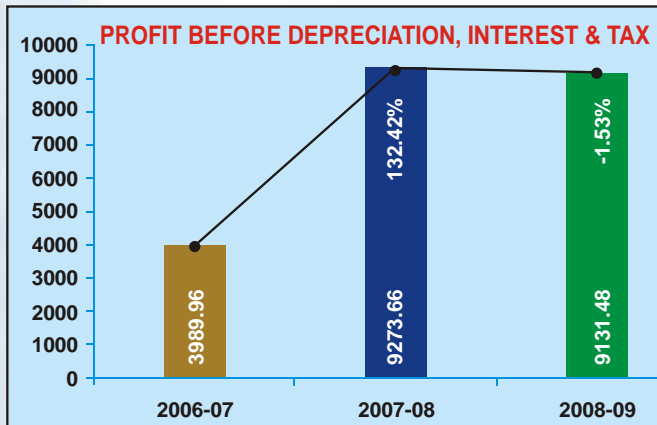
Chairman & Managing Director

Date : 29.09.2009

Place : RISHIKESH

FINANCIAL HIGHLIGHTS





THDC Environs and CSR initiatives For a Greener Tomorrow

THDC has a Vision to develop sustainable power
with commitment to environment, ecology and social values.

As a responsible Corporate citizen, THDC strives to control the environmental impact of its activities. Reduction of atmospheric emissions (especially greenhouse gases), soil and water conservation, biodiversity protection, integration of facilities with their surroundings, reduction at source, reuse, recycling: the effort extends to all aspects of its environmental footprint. Social and Environmental Impact Studies are conducted as per the international practices, much beyond the provisions of the MOEF guidelines for construction projects that are likely to affect the biophysical and human environments. Mitigation, compensation and follow-up measures are also developed. To ensure that its actions are effective, THDC counts on ISO environmental management systems and action has been initiated for ISO 14001 certification for the projects.

THDC's strategy on environmental sustainability is to optimize its use of energy and water, and to reduce its carbon footprint.

THDC takes pride in what has been accomplished and extends this practice for all Projects of the company. It believes that its business should be known not just for the financial results it generates, but for the imprint it leaves on society as a whole. THDC embraces purpose in everything it does –by operating in a way that minimizes its impact on the environment.

THDC is committed to carry out plantations in its Project area & townships. On 5th June, the World Environment Day, plantation of saplings is taken up extensively. Saplings of fruit bearing trees and medicinal plants are planted in the

townships of the THDC and in the vicinity of the projects. The Catchment Area Treatment (CAT) Plan for the Tehri Hydro Power Complex covered the entire degraded catchment in areas of 'high' and 'very high' erosion class. The total degraded area treated at project cost is 52,204 ha which includes forest area of 44157 ha and agricultural area of 8047 ha. Further, compensatory afforestation has been completed on 4586 ha area of non-forest land (Lalitpur - 3960 ha & Jhansi - 626 ha). The plantation done on the non-forest land is being converted into protected forest by the State Forest Department.

The compensatory afforestation against the area of forest



Mrs. R. S. T. Sai & other members of THDC Ladies' Club planted saplings on the occasion of 'World Environment Day'

land in 1358.20 ha at Virbhadra, Dehradun and Pathri in Haridwar, diverted for rehabilitation of Tehri Dam PAFs is also being done on an area of 2716.40 ha of degraded forest land in Khanpur Forest Range in District Haridwar at project cost.

A Company Sponsored Non Govt. Organization (CONGO), "Society for Empowerment & Welfare Activities" (SEWA) has been formed under Societies Registration Act, 1860, for implementing the CSR activities.



The Corporation is committed for fulfillment of its social obligation under Corporate Social Responsibility. The CSR concept has acquired significance at National Level as a strategic tool for sustainable development. Your Corporation has recently formulated a policy with the following objectives:

- To undertake community development in the neighborhood area of operating stations with particular focus on women, children, disabled persons and senior citizens.
- To create appropriate partnership with concerned stakeholders for the effective delivery of community development programs through consultation and participation.
- To explore and work in various domains of community development such as Health, Education, Drinking Water, peripheral development etc. on individual basis or partnership basis with the help of Govt, NGOs, Private firms etc as per requirement to promote sustained livelihood, overall development and well being of the target communities.

For implementation of CSR activities a budget of upto 1% of Net Profit is being provided.



Distribution of school bags to BPL children by Shri A. L. Shah, CGM, Tehri.

Programs covered under unit level CSR-CD

Since THDC's operating stations are located under varying socio-economic conditions, the community development programs are identified and formulated based on the specific needs and requirement of the particular location. The suggestive list of the programs which could be considered by the operating stations while formulating the annual plans is:

Education

- To organize Skill Development/Vocational Training and other training programs to improve the skills and employability of the people. It will include sponsoring people for vocational training, ITI training, computer training etc. The endeavor will be to promote local entrepreneurship and sustained livelihood.
- Scholarships for the selected local children for studying in near by schools or in THDC township. Preference may be given to girl child/poor child. Supply of Study material like bags, books, stationery etc.



Rain water harvesting infrastructure set up by SEWA - THDC for the villagers in and around Tehri

Health

- To conduct health surveys, identification of health concern, awareness campaigns, publicity printed material/films etc.
- To organize regular immunization programme for children and medical checkup in schools.
- To organize regular health camps like family planning, medical checkup for eye and heart etc. with particular focus on women, children, disabled persons and old age persons.
- Supporting health facility by way of providing health staff including Ambulance facility.
- Free medical treatment in THDC dispensary.



Blood donation camp organised by SEWA - THDC in association with THDC Shramik Sangh.

Peripheral Development

- To complement the efforts of local administration for augmenting basic infrastructure facilities like area electrification, community centre, panchayat ghar, water drains, roads/bridge etc. as per the advice of local administration and communities interaction and need assessment survey by THDC.
- To facilitate the creation/up-gradation of community

health/Potable water/Sanitation/ educational facilities in partnership with the concerned Government agencies and the local community. Priority may be given to those schools/primary health centre which are operating but do not have facilities like building, equipments etc.

- The programs for providing community infrastructure will be on the basis of bearing one time capital cost for creating such infrastructure and on the basis of written assurance that the operational and maintenance cost of such infrastructure will be borne by the concerned stakeholder like the Government Department/ Agency or the Panchayat / local authority or the community based Organizations/ non Governmental organizations etc.



Computers donated by SEWA - THDC through the Ladies' Club, Rishikesh to a girls' school.

Care for Livestock

- Organization of veterinary camp for the livestock.
- Organization of artificial inseminations (AIs) to enhance the progenies.
- Preventive health programme for milk animals.
- Need based construction of sheds is done for stray animals in the villages near project sites.



- Veterinary camps for the cattle stock/ animals creation of cattle shed for staying animal are also organised.
- Promotion of community plantation and forestry programs.

Infrastructure / Community Development

The programs for providing community infrastructure are on the basis of bearing one time capital cost.

- THDC complement the efforts of local administration for augmenting basic infrastructure facilities like area electrification, community centre, panchayat ghar, water drains, roads/ bridge etc. as per the advice of local administration and communities interaction feed back.
- It facilitates the creation/up-gradation of community health/Potable water/ Sanitation/ educational facilities in partnership with the concerned government agencies and the local community. Priority is given to those schools/ primary health centre which are operating but do not have facilities like proper building, equipments etc.
- Increase in agricultural production due to Irrigation benefits from Tehri Dam to the Command Area in Uttar Pradesh in terms of financial terms work out to approximately Rs. 1600 Cr annually.
- With the stabilization of the irrigation in the Command Area in U.P. from the regulated flow of river water there is substantial reduction in the use of



Free Dental Camp organised by SEWA - THDC at Tehri

pumping water for irrigation. This has helped in reduction in consumption of diesel & electricity contributing to reduced carbon emissions.

- Increase in agricultural production due to Irrigation benefits to Command Area in Uttar Pradesh in terms of THDC has already started transformation of its planning into reality on ground. In this series various schemes have already launched for the sustainable social development of Uttarakhand and in particular for the project affected areas.

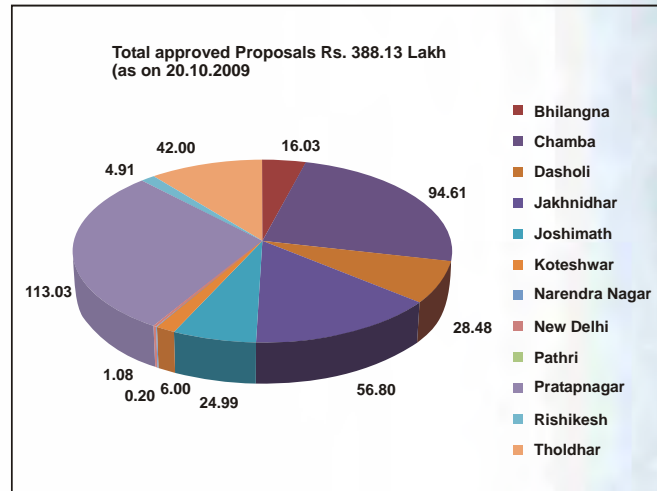
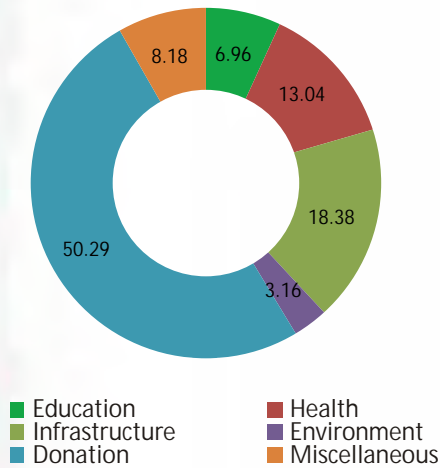
The company works with Aboriginal and other communities under agreements and partnerships that maximize the local spinoffs of its projects to ensure that they are socially acceptable.

EXPENDITURE

Total expenditure incurred under CSR activity is Rs. 6.27 million during FY 2008-09

The Employees of the company have played their part in Social Responsibility by contributing Rs.17,93,426/- to Prime Minister's Flood Relief Fund during the year 2008-09.

Breakdown of CSR expenditure(%) during 2008-09



THDC's mission covers accepting Corporate Social Responsibility (CSR) including Rehabilitation and Resettlement of Project Affected Persons (PAFs) with a human face.

The needs and expectations of the target Communities are assessed and in the areas of education, health, infrastructure requirements and self employment, suitable arrangements are made with prime focus on the needs of children, women, aged persons, physically disabled persons. Priority is given to the works which are in favour of the community at large.

The Company's sustainability initiatives draw strength from its deep conviction that business can, and must, contribute to a larger social purpose by fashioning Corporate strategies that simultaneously build economic, environmental and social capital for the nation.

THDC is a committed corporate citizen, inspired by the opportunity to make a meaningful difference through the enlargement of its contribution to the national economy. It is sensitive to the needs and concerns of the communities and pays special attention to issues like education, employability, health infrastructure & safety. The company maintains close ties with the PAFs and other communities.

Apart from Corporate Social & Environment Dept. headed by a General Manager, THDC has set up community relations teams in the Projects. These teams interact with the local leaders, gram pradhans and public about the projects and understand their needs and expectations for appropriate actions.

Sustainability Updates

For the Vishnugad Pipalkoti HEP (444 MW) Project for instance, Sri Bhubneshwari Mahila Ashram (SBMA), a local NGO was engaged to act as interface between THDC and the communities. An agreement was signed with SBMA to understand the socio economic needs and expectations of the local people.

THDC's social development initiatives have contributed, consistently over many years, to transforming rural lives and landscapes, creating new hopes for many who live in the vicinity of the projects of THDC.

Sustainable Livelihood

- THDC organizes Skill Development/ Vocational Training and other training programs to improve the skills and employability of the people. It includes sponsoring people for vocational training, ITI training, computer training etc. The endeavor is to promote local entrepreneurship and sustained livelihood.
- THDC facilitates self employment through co-operatives / self-help groups for the unemployed people in and around the operating stations.
- Small contracts for development works are awarded to local contractors subject to fulfilling the qualification requirements.

THDC believes in taking care of the community in the best possible manner and it is a continuous process which will ensure the well being of the project affected families and other communities in the vicinity of our projects.



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance. THDC has been one of the frontrunners in India to have put in place a formalized system of Corporate Governance. THDC is not a listed company and Clause 49 of the listing agreement is not applicable. It has the status of Private Company in terms of Section of 3(i)(iii) of Company's Act, 1956. A Comprehensive amendment in the Memorandum & Articles of Association has been initiated to enlarge the scope of the Company and to make the company Public. Company has however endeavored to adopt practices of Good Corporate Governances required under Companies Act/DPE Guidelines

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

THDC's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical, and transparent Governance practices. Corporate Governance involves a set of relationships between Company's Management, its Board, its Shareholders and other Stakeholders.

Thus THDC's Corporate Governance structure, system and processes are based on the following core principles :

- (i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- (ii) This freedom of management should be exercised within a framework of effective accountability.

THDC believes that any meaningful policy on Corporate Governance must empower the executive management of the Company. At the same time, Governance must create a mechanism of checks and balances to ensure that the decision - making powers vested in the executive management are used with care and responsibility, to meet the demands of the business. From this definition and core principles of Corporate Governance emerge the cornerstone of governance philosophy, namely: trusteeship, transparency, empowerment and accountability, control and ethical corporate citizenship. THDC believes that the practice of each of these create the right corporate culture that fulfils the true purpose of Corporate Governance.

Trusteeship recognizes that large corporations, which represent a coalition of interests, namely those of the

shareholders, other capital providers, business associates and employees, have both an economic and a social purpose.

It thereby casts the responsibility on the Board of Directors to protect and enhance shareholder value, as well as fulfill obligation to other stakeholders of the corporation. Inherent in the concept of trusteeship is the responsibility to safeguard the equity shareholders.

Transparency means explaining the policies and actions to stakeholders. Externally, this means maximum appropriate disclosures without jeopardizing the Company's strategic interests and internally, this means openness in the Company's relationship with its employees and in the conduct of its business. THDC believes transparency in relationship and enhances accountability.

Empowerment is a process of unleashing creativity and innovation throughout the organization by truly vesting decision - making powers at the most appropriate levels THDC believes that empowerment combined with accountability provides a platform to perform and improves effectiveness, thereby enhancing shareholder value.

A transparent document on Delegation of Powers is in vogue with a view to empower executives at various levels of hierarchy to enable quick decisions in a decentralized manner while ensuring accountability in multi project context.

Control ensures that freedom of management is exercised within a frame work of checks and balances and it is designed to prevent misuse of powers, facilitate timely management of change and ensure effective management of risk.

Ethical Corporate Citizenship means setting exemplary standards of ethical behavior, both internally within the organization, as well as in external relationship. Your company believes that unethical behavior corrupts organizational culture. Governance processes in THDC continuously reinforce and help realize the company's belief in ethical corporate citizenship.

2. THE GOVERNANCE STRUCTURE

Your Company is a Government Company within the meaning of Section 617 of Companies Act., 1956 with Equity Share Holding of 75% by President of India and 25% by Governor of Uttar Pradesh. The business of the company is superintended by the Board of Directors.

As per the Articles of Association of THDC the President of India shall from time to time determine the number of Directors of the Company, which shall not be less than seven and not more than fifteen. Out of this not less than two shall be nominated by Governor of UP being the 25% Equity Holder. These Directors may be either Whole-time Functional

Directors or Part-time Directors

At present the Board comprises of Chairman & Managing Director, three full time Functional Directors, five Part-time Directors(Ex-officio Nominees of Government) and three Independent Non-official Directors.

The details of incumbents are as under :

| Category/Names | No. of Directors | % of Total no's of Directors |
|--|------------------|------------------------------|
| CMD | 01 | 10.00 |
| Shri R.S.T. Sai | | |
| Whole time Directors : | 03 | 30.00 |
| 1. Shri A. S. Bisht, Director (Personal) 2. Shri S.K. Shukla, Director (Technical) 3. Shri. C. P. Singh, Director (Finance) | | |
| Govt. Nominee Part-time Directors (Ex-officio nominee of Government) : | 3 | 30.00 |
| 1. Shri A. K. Bajaj, Chairman, Central Water Commission, Govt. of India, New Delhi. 2. Sri Gurdial Singh, Member(D&R), Central Electricity Authority, Govt of India, New Delhi. 3. Shri Jayant Kawale, Joint Secretary(Hydro), Ministry of Power, Govt of India. | | |
| Independent Directors | 3 | 30.00 |
| 1. Dr. Sudhir S Bloeria, former Chief Secretary, J&K 2. Dr. K. Aprameyan, Former CMD, Bharat Earth Movers, Bangalore. 3. Prof(Dr.) S.C. Saxena, Director, IIT Roorkee. | | |
| Total Strength | 10 | 100.00 |

2.1 Age limit and tenure of Directors

The age limit of Chairman & Managing Director and Whole Time Directors is 60 years. The Chairman & Managing Directors and other Whole Time Directors are appointed for a period of five years from the date of taking over the charge or till further instructions from the Government of India which ever event occurs earlier.

Part-time Govt. Nominee Directors are serving in Ex-officio capacity as representative of the Ministry/Administrative Department of Govt. of India/Govt. of Uttar Pradesh and retire on his ceasing to be an official of that Ministry/Administrative Department. Independent Directors are appointed by Government of India usually for a tenure of three years.

2.2 REMUNERATION OF DIRECTORS :

Our Company, being a Government Company under administrative control of Ministry of Power, Govt of India, the appointment tenure and remuneration of Directors are decided by the President of India. Hence, the Board does not decide remuneration of Whole-time Directors. Part-time Directors nominated by Government in Ex-officio capacity are not paid any kind of remuneration. Independent Part-time Non-official Directors are paid sitting fees of Rs.10000/- per meeting of Board as well as Committee meetings as decided by the Board within the ceiling fixed under the Companies Act, 1956.



2.3 Meeting and attendance

As per the Companies Act, 1956, the Board requires to meet at least once in every three months and four times in a year. The intervening period between two board meetings was well within the maximum gap of three months during the year.

2.4 Details of Board meeting during financial year 2008-09

During the financial year ended 31st March 2009, five meetings of the board were held. The details are as following :

| S. No | Name of Director | Meeting held during his tenure of Director | No of Board meeting Attended |
|-------|--|--|------------------------------|
| 1. | Shri R.S. T. Sai, CMD | 5 | 5 |
| 2. | Shri Gurdial Singh, Govt Nominee Director | 5 | 3 |
| 3. | Shri A.K. Bajaj, Govt. Nominee Director | 3 | 1 |
| 4. | Shri Manjeet Singh, Govt. Nominee Director | 2 | nil |
| 5. | Shri Harminder Raj Singh, Govt. Nominee Director | 1 | nil |
| 6. | Shri Jayant Kawale, Govt. Nominee Director | 5 | 3 |
| 7. | Shri Rajesh Verma, Govt. Nominee Director | 5 | 4 |
| 8. | Shri A.S.Bisht, Director (Personnel) | 5 | 5 |
| 9. | Shri S.K. Shukla, Director(Technical) | 5 | 5 |
| 10. | Shri C.P. Singh, Director(Finance) | 5 | 5 |
| 11. | Dr. Sudhir S. Bloeria, Independent Director | 5 | 4 |
| 12. | Prof. (Dr.) S.C. Saxena, Independent Director | 5 | 4 |
| 13. | Dr. K. Aprameyan, Independent Director | 5 | 3 |

2.5 Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background. Agenda papers are circulated generally seven working days prior to the board meeting.

Information placed before the Board during 2008-2009

The Board has complete access to any information within the Company. Regular items are placed before Board for its consideration as required under the statutes and Governance Policy and includes the following :

- Annual Accounts, Directors Reports etc.
- Annual Operating Plans and Revenue Budgets and any updates.
- Capital Budget and any updates and Revised Cost Estimate of project.
- Review of Status of all construction works and Performance of operating stations.
- Award of Major Contracts and post award approvals.
- Joint Ventures and Collaboration Agreements.
- All Policy related issues.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Implementation of new projects.
- Minutes of Audit Committee meetings and other Board level Committee meetings.
- Fixation of remuneration of Statutory Auditors.
- Pay Scale, employee benefits and other Personnel Policies.
- Payment of Interim Dividend and

- Declaration of final Dividend.
- Important issues related to Human Resources/Industrial Relations like signing of wage agreements etc.,
- Raising of Long Term/Short Term Loans, Allotment of Equity Shares.
- Legal and Tax Compliance report.
- Important Legal Issues and settlement of Arbitration Awards.
- Other Material Issues.

3. COMMITTEES OF THE BOARD OF DIRECTORS :

There are two nos of Sub- Committee of the Board of Directors :

- i) Remuneration Committee.
- ii) Audit Committee.

The Company Secretary serves as the Secretary to Sub- Committees of the Board

3. i) Remuneration Committee.

As per DPE' Guidelines a Remuneration Committee headed by an Independent Director has been constituted. All the Pay, Allowances and Performance Related Pay (PRP) related matters of the Employees are put up to the Remuneration Committee for its consideration.

Composition

The members of the Remuneration Committee are as follows :

- i) Dr. Sudhir S. Boleria, Independent Director: Chairman
- ii) Shri Rajesh Verma* Govt. Nominee Director :Member
- iii) Shri A.S. Bisht, Director (Personnel), THDC Ltd:Member

* Shri Rajesh Verma, Govt. Nominee retired during the year and no appointment has been made in his place during the year.

3.2 ii) Audit committee

As per Government Guidelines on Corporate Governance an independent Audit Committee headed by an Independent Director has been constituted. All the three Independent Directors are members of the Audit Committee. The Business Rules of the Audit Committee have also been re-framed in line with Government Guidelines on Corporate Governance.

The scope of the Audit Committee inter alia include :

- Consideration and review of Annual Accounts before submission to the Board for approval, with particular reference to :
 - a. Matters to be included in the Board's Report under section 217(2AA) of Companies Act, 1956.
 - b. Changes, if any, in accounting policies practices and reasons for the same.
 - c. Significant adjustment made in the financial statement arising out of audit findings.
 - d. Disclosure of any related party transactions.
 - e. Qualification in the Draft Audit Report.
- To Consider and review the following with the Independent Auditor and the management :
 - a. The adequacy of Internal Control System.
 - b. Related findings and recommendations of the independent auditor and internal auditor together with the management responses.
- To see that financial statements are correct, sufficient and credible.
- To sort out long pending issues related to Accounting and Finance.
- To review Draft audit Paras of Internal Audit, Statutory Audit & C&AG Audit and qualification in the above audit reports.
- To review the follow up action taken on the recommendations of the Committee on Public Undertaking (COPU) of the Parliament.
- To review the appointment, management and performance of Internal Auditors, Statutory Auditors etc. and adequacy of Internal Audit Functions.
- Discussions with Internal Auditors and issue directions on long pending issues.
- To review the findings of any internal investigations by internal auditors and make necessary directions; if necessary report to Board any fraud, irregularity or failure of Internal Control System of a material nature.
- Discussions with Statutory Auditors before the Audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any areas of concern.
- Investigation into any matter as referred by the Board.
- Any other matters as decided by Audit Committee.



Composition

The Audit Committee members are as follows :

1. Dr. Sudhir S. Boleria, Independent Director : Chairman
2. Dr. K. Aprameyan, Independent Director : Member
3. Prof. (Dr.) S. C. Saxsana, Independent Director : Member
4. Shri. Rajesh Verma* Govt. Nominee Part-time Director : Member

* Shri Rajesh Verma, Govt. Nominee retired during the year and no appointment has been made in his place during the year.

Meetings and Attendance

Five meetings of the Audit Committee were held during the financial year 2008-09 i.e. on 26th June, 2008, 19th August, 2008, 26th September, 2008, 29th December, 2008 & 27th February, 2009.

The Details of the audit committee meetings attended by the members are as under :

| S. No | Member of Audit Committee | Meeting held during his tenure | Meeting attended |
|-------|---|--------------------------------|------------------|
| 1. | Dr. Sudhir S. Boleria, Independent Director - Chairman | 4 | 3 |
| 2. | Dr. K. Aprameyan, Independent Director - Member | 4 | 3 |
| 3. | Prof.(Dr.) S. C. Saxena, Independent Director - Member | 4 | 4 |
| 4. | Shri Rajesh Verma, Govt. Nominee - Member | 5 | 5 |

4. THDC CODE OF BUSINESS CONDUCT & ETHICS :

Adoption of Code of Business Conduct & Ethich for Directors & Senior Executives :

In terms of Government Guidelines 'THDC code of Business conduct & Ethics' for Board Members and Senior Management' has been framed and adopted by the Board of Directors. The said code is applicable to all the Directors and Senior Management of the company.

The code is derived from three interlinked fundamental principles, viz good corporate governance, good corporate citizenship and exemplary personal conduct. The code enshrines THDC's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly work place, transparency, accountability to audit, legal compliance, and the philosophy of leading by personal example. All the Directors and members of Senior Management have signed the declaration of code of conduct and the report has been submitted to Board.

5. E-Procurement:

The Government of India has approved E-procurement to be a key component under National E-Governance Plan(NEGP). E-procurement means transacting entire procurement process electronically.

It increases transparency and promotes fair competition, simplifies and speeds up tendering process, eliminates human error, helps in seamless sharing of information, propvides ease of operation and leads to quicker decision.

The Company has started the process of E-tendering system for purchases of goods and works & services w.e.f. 28.03.2008.

6. Integrity Pact

All eligible bidders who propose to participate in tender with estimated value over threshold limit, as decided by the Board, are required to sign an Integrity Pact in Standard Performa. Integrity Pact constitutes part of the contract agreement. The limits applicable at present are as under :

- i) All major Supply & Services Contracts having estimate value more than Rs.50 Crore.

- ii) All major Works Contracts having estimate value more than Rs.100 Crore (except World Bank aided contracts).
7. SEVOTTAM (Excellence in Service Delivery):
In an effort to further strengthen the Corporate Governance, THDC has formulated 'SEVOTTAM' (Excellence in Service Delivery) documents, which has three components, namely Citizens' Charter, Complaints handling system and Excellence in Service delivery. This document has been formulated involving persons from various groups.

Objectives of 'SEVOTTAM'

- Improved service delivery.
- Greater responsiveness of officials towards stake holders.

- Greater public satisfaction with services.
The idea of preparing sevottam is making the citizens better informed, having an effective 'Grievance Redress System' operating in a manner that leaves the citizen/stakeholders more satisfied.
At the same time it focuses on how the organization makes efforts to have excellent performance in service delivery, such as; quality of strategic planning, human resources, information management, better resource utilization and employee motivation.

8. ANNUAL GENERAL MEETING

Date, Time and location where the last three Annual General Meetings were held are as under :

| | | | |
|--------------------|--|--|---|
| Time & Date | 20 th AGM held on 26.09.2008 at 12.00 Noon | 19 th AGM held on 27.09.2007 at 7.30 PM | 18 th AGM held on 30.09.2006 at 3.00 PM |
| Place | Delhi | Delhi | Rishikesh |
| Special Resolution | Nil | To approve reduction of Equity Share Capital by Rs. 2,77,87,000.00 | Nil |



Significant Accounting Policies 2008-2009

1. General

The accompanying financial statements have been prepared on the historical cost basis in conformity with the statutory provisions of the Companies Act, 1956 and the Statements, Standards and Guidance Notes issued by the Institute of Chartered Accountants of India.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. Grants-In-Aid

Grants-in-Aid received from the Central/State Government or other authorities towards capital expenditure as well as Contribution received from the Consumer i.e Government of Uttar Pradesh towards irrigation component of the project cost of Tehri H.E.P stage-I is treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of such contribution/grants-in-aid.

4. Fixed Assets

- i. Fixed Assets including intangible assets are stated at their cost of acquisition / construction. Assets and systems common to more than one generating Unit are capitalized on the basis of engineering estimates/assessments. However, Fixed assets acquired/constructed especially for construction purposes which would get merged with the main fixed assets or cease to be of use after construction period, are carried as part of Capital Work-in-Progress of the main item of Fixed Asset to be capitalized therewith.
- ii. Fixed assets created on land not belonging to the Corporation are included in Fixed Assets.
- iii. In respect of land acquired through Special Land Acquisition Officer (SLAO)/ on lease, those portions of land are capitalized which are utilized / intended to be utilized for construction of buildings and infrastructural facilities of the Corporation. Cost of land

acquired through SLAO is capitalized on the basis of compensation paid through SLAO or directly by the Corporation. Expenditure on rehabilitation of the oustees of such land is not considered in arriving at the cost. Leasehold land is capitalized on the basis of lease amount paid

- iv. In case where the final settlement of bills with contractors is yet to be effected, but the asset is complete and ready for use, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- v. Capital expenditure on assets not 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.

5. Capital Work-in-Progress

- i. Cost incurred towards lease amount and rent on lease hold land and compensation for land and properties etc. used for submergence and other purposes (such as re-settlement of oustees, construction of new Township, afforestation, expenses on maintenance and other facilities in the re-settlement colonies until takeover of the same by the local authorities etc) and where construction of such alternative facilities is a specific pre-condition for the acquisition of the land for the purpose of the project, is carried forward in the Capital Work in Progress of Rehabilitation. On the commercial operation of the project the same shall be capitalized as Land-unclassified and to be amortised over the useful life of the project, which is taken as 35 years from the date of commercial operation.
- ii. Deposit works are accounted for on the basis of statements of account received from the Deposit Works Agencies.
- iii. In respect of supply-cum-erection contracts, the value of supplies received at site is treated as Capital-Work-in-Progress.
- iv. Claims for price variation in case of contracts are accounted for on acceptance.
- v. Administration and General overhead expenses of Corporate office / Service centers attributable to Construction of Fixed assets are identified and allocated on a systematic basis to Construction projects.
Expenditure during Construction (net)

including attributable administration and General overhead expenses of Corporate Office / Service centers for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto and included in the cost of related assets till they are ready for their intended use.

- vi. Expenditure during Construction relating to rehabilitation Works of Projects is carried forward and is to be dealt in line with Policy No.5(i)

6. Borrowing Costs

- i. Borrowing costs directly relatable to acquisition and construction of specific qualifying assets are capitalized as a part of the cost of such asset upto the date when such asset is ready for its intended use.
- ii. Borrowing costs in respect of funds borrowed generally and used for the purpose of obtaining a qualified asset but not directly relatable to specific Fixed Assets during their construction are capitalized. Such borrowing costs are apportioned on the average balance of capital work in progress for the year. Other borrowing costs are recognized as expenses in the period in which they are incurred.

7. Foreign Currency Transactions

- i. Transactions dealt with in foreign currency are recorded at the rates at which transacted.
- ii. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- iii. Exchange differences in respect of loans / deposits / liabilities relating to fixed assets/ capital work-in-progress arising out of transaction entered into prior to 01/04/2004 is adjusted to the carrying cost of respective fixed asset/capital work-in-progress. However, Exchange differences arising out of transaction contracted on or after 01/04/2004 shall be accounted for in accordance with AS-11 (Revised 2003) 'The Effects of Changes in Foreign Exchange Rates'.
- iv. Other exchange differences are recognized as income & expenses in the period in which they arise.

8. Depreciation

- i. Depreciation is charged on straight-line method following the rates notified by the Central Electricity Regulatory Commission

(CERC) for the purpose of fixation of tariff. In respect of assets, where rate has not been notified by CERC, depreciation is provided on straight line method as per rates prescribed under the Companies Act, 1956.

In case of additions to cost of asset towards increased liability on account of exchange fluctuations, award of Courts, etc, revised unamortized depreciable amount is provided prospectively over the residual useful life of the asset.

- ii. In respect of Assets costing up to Rs 5000/- 100% depreciation is provided in the year of purchase.
- iii. Depreciation is charged from the date the asset becomes 'ready for use'.
- iv. Cost of Leasehold Land is amortized over the lease period.
- v. Capital expenditure on assets not owned by the company is amortised over a period of five years after commencement of commercial operation and there after from the year in which the relevant asset has been completed and becomes available for use.
- vi. In case of diversion tunnel of Koteshwar Hydro Electric Project, the depreciation has been charged on Straight line method over the expected useful life of the Tunnel.
- vii. Cost of computer Software is recognized as intangible asset and amortised on straight line method over a period of legal right to use or 5 years, whichever is earlier.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of the related plant and machinery

9. Stores & Spares

- i. Stores and spares are carried at cost determined on weighted average basis.
- ii. Diminution in value of obsolete and unserviceable stores and spares is ascertained on review and provided for.

10. Income & Expenditure

Income Recognition.

- i. Sale of energy is accounted for as per final tariff notified by Central Electricity Regulatory Commission (CERC). In case of Power Station where final tariff is not notified, recognition of revenue is based on the parameters and method provided in the applicable Regulations framed by the appropriate authority i.e CERC. The



- recognition of Revenue would be independent of the Provisional Rate adopted for the purpose of collection pending notification of 'Annual Fixed Charges' by CERC. 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.
- ii. Incentive / disincentives are accounted for based on the applicable norms notified / approved by the Central Electricity Regulatory Commission or agreements with the beneficiaries. In case of Power Station where the same have not been notified/ approved/agreed with beneficiaries, incentives/ disincentives are accounted for on provisional basis.
 - iii. Advance against Depreciation allowed as a component of tariff in the initial years to facilitate repayment of loans is reduced from Sales and considered as deferred income to be included in Sales in subsequent years.
 - iv. Surcharge recoverable from sundry debtors for sale of energy is not treated as accrued due to uncertainty of its realization, and is therefore accounted for on receipt/certainty of receipt basis.
 - v. Interest earned on advances to contractors as per the terms of contract, are reduced from the cost incurred on construction of the respective asset by credit to related Capital Work-in-Progress Account.
 - vi. Value of scrap is accounted at the time of sale.
 - vii. Claims recoverable from insurance companies on account of damages, shortages are recognised on lodgments of claims by giving corresponding credit to respective works / claim suspense Account. Final adjustment is made on settlement of the claims.

Expenditure

- viii. Cost of stores and spares used on repairs and maintenance are charged to the Repairs and Maintenance Account.
- ix. Prepaid expenses and prior period expenses / income of items of Rs.10,000/- or below in each case, are charged off to the natural heads of accounts.
- x. Net income / expenditure prior to Commercial operation is adjusted directly in the cost of related assets and systems.
- xi. Preliminary expenses on account of new

projects incurred prior to approval of feasibility report are charged to revenue.

11. Employees' Benefits

- i. Liability for retirement benefits to employees in respect of gratuity, leave encashment and post retirement medical benefits, leave travel concession, baggage allowance, memento to retiring employees, financial package for dependent of deceased employees and funeral expenses etc is accounted for on accrual basis based on actuarial valuation determined as at the year end.
- ii. The company has established a separate Trust for administration of Provident Fund and the company's contribution to the Fund is charged to expenditure every year. The liability of the company in respect of shortfall (if any) in interest on investments is ascertained and provided annually on actuarial valuation at the year end

12. Miscellaneous Expenditure

Deferred revenue expenditure upto 31.3.04 is written off over a period of 10 years from the year of expenditure. However, thereafter the same is being fully charged in the year of expenditure.

13. Taxes on income

Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961. Income tax is a Pass-through to beneficiaries to the extent relatable to Core activity i. e. Generation of electricity.

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

14. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'.

*Statement
of Accounts
2008-2009*



BALANCE SHEET As at 31/03/2009

Amount In Thousands

| PARTICULARS | Schedule No. | As at 31/03/2009 | | As at 31/03/2008 | |
|--|--------------|------------------|--------------------|------------------|--------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| SOURCES OF FUNDS | | | | | |
| SHARE HOLDERS FUNDS | 1 | | | | |
| a) Share Capital | | 3,29,75,817 | | 3,23,96,204 | |
| b) Share Capital Contribution Pending Allotment | | 0 | 3,29,75,817 | 6,07,400 | 3,30,03,604 |
| RESERVE & SURPLUS | 2 | | 1,86,80,982 | | 1,59,69,038 |
| DEFERRED REVENUE -ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION | 3 | | 24,41,592 | | 12,41,066 |
| LOAN FUNDS | 4 | | | | |
| Secured Loans | | 4,23,00,072 | | 4,26,56,236 | |
| Unsecured Loans | | 11,42,298 | 4,34,42,370 | 10,98,353 | 4,37,54,589 |
| DEFERRED TAX LIABILITY(NET) | | | | 42,802 | |
| LESS:- RECOVERABLE | | | | 42,802 | 0 |
| TOTAL | | | 9,75,40,761 | | 9,39,68,297 |
| APPLICATION OF FUNDS | | | | | |
| FIXED CAPITAL EXPENDITURE FIXED ASSETS | 5 | | | | |
| Gross Block | | 8,44,58,659 | | 8,14,78,633 | |
| Less: Depreciation | | 54,97,339 | | 34,45,905 | |
| Net Block | | | 7,89,61,320 | | 7,80,32,728 |
| CAPITAL WORK IN PROGRESS | 6 | | 1,47,00,960 | | 1,04,05,849 |
| CONSTRUCTION STORES & CAPITAL ADVANCES | 7 | | 22,08,537 | | 14,57,360 |
| INVESTMENTS | | | 0 | | 0 |
| DEFERRED TAX ASSET(NET) | | 6,31,296 | | | |
| LESS:- REFUNDABLE | | 6,31,296 | 0 | | |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | 8 | 1,51,765 | | 1,15,056 | |
| Sundry Debtors | 9 | 37,44,181 | | 46,52,777 | |
| Cash and Bank Balances | 10 | 5,88,117 | | 10,52,476 | |
| Other Current Assets | 11 | 19,178 | | 23,465 | |
| Loans and Advances | 12 | 12,54,304 | | 18,50,331 | |
| (A) | | 57,57,545 | | 76,94,105 | |
| LESS :CURRENT LIABILITIES & PROVISIONS | | | | | |
| Current Liabilities | 13 | 16,55,689 | | 23,51,562 | |
| Provisions | 14 | 24,36,738 | | 12,76,328 | |
| (B) | | 40,92,427 | | 36,27,890 | |
| NET CURRENT ASSETS (A-B) | | | 16,65,118 | | 40,66,215 |

21st Annual Report

| PARTICULARS | Schedule No. | As at 31/03/2009 | | As at 31/03/2008 | |
|--|--------------|------------------|-------------|------------------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | | | | |
| Deferred Revenue Expenditure | | 4,634 | | 5,854 | |
| Shortage Pending Investigation | | 192 | 4,826 | 291 | 6,145 |
| NOTES ON THE ACCOUNTS | 24 | | | | |
| TOTAL | | | 9,75,40,761 | | 9,39,68,297 |

Schedules 1 to 24 and Statement of Significant Accounting Policies form an integral part of the accounts.

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

(R. S. T. Sai)
Chairman & Managing Director

As Per Our Report of Even Date Attached
For H.D.S.G. & ASSOCIATES
Chartered Accountants

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi



Profit & Loss Account For The Year 2008-2009

Amount In Thousands

| PARTICULARS | Schedule No. | For The Year 2008-2009 | | For The Year 2007-2008 | |
|--|--------------|------------------------|-------------|------------------------|-------------|
| | | Rs. | Rs. | Rs. | Rs. |
| INCOME | | | | | |
| Energy Sales | 15 | | 1,06,49,993 | | 1,09,47,074 |
| Other Income | 16 | | 44,293 | | 42,506 |
| Total Income | A | | 1,06,94,286 | | 1,09,89,580 |
| EXPENDITURE | | | | | |
| Employee's Remuneration & Benefits | 17 | | 9,03,477 | | 7,68,474 |
| Generation, Administration & Other Expenses | 18 | | 6,58,658 | | 9,46,648 |
| Interest And Financing Charges | 19 | | 38,18,961 | | 39,30,222 |
| Depreciation | | | 16,14,626 | | 16,08,458 |
| Provisions | 20 | | 674 | | 803 |
| Total Expenditure | B | | 69,96,396 | | 72,54,605 |
| Profit Before Tax And Prior Period | | | 36,97,890 | | 37,34,975 |
| Adjustment | A-B | | | | |
| less : Prior Period Income/ Expenditure- (net) | 21 | | 25,359 | | 50,413 |
| Net Profit Before Taxation | | | 36,72,531 | | 36,84,562 |
| Provision For Taxation | 22 | | | | |
| Income Tax | | 4,15,812 | | 4,31,596 | |
| Fringe Benefit Tax | | 3,266 | | 16,543 | |
| Wealth Tax | | 1,391 | 4,20,469 | 662 | 4,48,801 |
| Deferred Tax | | 6,74,098 | | 2,54,714 | |
| Less : Recoverable / Refundable | | 6,74,098 | 0 | 2,54,714 | 0 |
| Profit After Current Year's Tax | | | 32,52,062 | | 32,35,761 |
| Surplus Balance In Profit & Loss Account B/f | | | 32,69,869 | | 11,74,809 |
| Balance Available For Appropriation | | | 65,21,931 | | 44,10,570 |
| Dividend | | | | | |
| Interim Dividend | | 7,00,000 | | 9,35,000 | |
| Proposed Dividend | | 2,80,000 | 9,80,000 | 40,000 | 9,75,000 |
| Tax on Dividend | | | | | |
| Dividend Distribution Tax-Interim | | 1,18,965 | | 1,65,701 | |
| Dividend Distribution Tax-Proposed | | 47,586 | 1,66,551 | 0 | 1,65,701 |
| Balance Carried To Balance Sheet | | | 53,75,380 | | 32,69,869 |
| Expenditure During Construction | 23 | | | | |
| Earning per share (Equity share of Rs.1000 each) | | | | | |
| Basic (Rs.) | | | 98.98 | | 102.22 |
| Diluted (Rs.) | | | 98.98 | | 102.21 |

Schedules 1 to 24 and Statement of Significant Accounting Policies form an integral part of the accounts.

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

(R. S. T. Sai)
Chairman & Managing Director

As Per Our Report of Even Date Attached
For H.D.S.G. & ASSOCIATES
Chartered Accountants

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi

Schedules - Annexed to the Accounts

SCHEDULE '1'

SHARE CAPITAL

Amount In Thousands

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|--|------------------|-------------|------------------|-------------|
| | Rs. | Rs. | Rs. | Rs. |
| Authorised Capital 40000000 Equity Shares of Rs 1000/= each | | 4,000,00,00 | | 4,000,00,00 |
| Issued, Subscribed & Paidup Capital 32975817 (Previous year 32396204) Fully Paid Up Equity Shares of Rs 1000/= Each. Out of the above shares 7078600 shares (Previous year 7078600) are allotted as fully paid for consideration other than cash. | | 3,29,75,817 | | 3,23,96,204 |
| TOTAL | | 3,29,75,817 | | 3,23,96,204 |

SCHEDULE '2'

RESERVE & SURPLUS

| | | | | |
|--|-------------|-------------|-------------|-------------|
| CAPITAL RESERVE | | | | |
| Contribution due from Government of Uttar Pradesh towards Irrigation Sector | 1,44,13,380 | | 1,42,48,520 | |
| LESS: Contribution in Arrear | 4,54,942 | | 11,77,281 | |
| Contribution Received | 1,39,58,438 | | 1,30,71,239 | |
| LESS : Adjustment towards Depreciation | 6,95,836 | 1,32,62,602 | 3,94,670 | 1,26,76,569 |
| Other Capital Reserve +PHRD Grant | | 43,000 | | 22,600 |
| Surplus Balance in Profit & Loss Account | | 53,75,380 | | 32,69,869 |
| TOTAL | | 1,86,80,982 | | 1,59,69,038 |

SCHEDULE '3'

DEFERRED REVENUE-ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION

| | | | | |
|---|-----------|-----------|-----------|-----------|
| As per last Balance Sheet | 12,41,066 | | 1,40,126 | |
| Revenue Deferred during the year | 12,00,526 | | 11,00,940 | |
| Less : Revenue Recognised during the year | 0 | 24,41,592 | 0 | 12,41,066 |
| TOTAL | | 24,41,592 | | 12,41,066 |



Schedules - Annexed to the Accounts

SCHEDULE '4'

LOAN FUNDS

Amount In Thousands

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|---|------------------|--------------------|------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Secured Loans * | | | | |
| Long term Loans | | | | |
| (i) Loans From Financial Institutions | | 4,23,00,072 | | 4,20,63,436 |
| (ii) Loan from bank (For R&R works on behalf of Govt. of Uttarakhand) | | | | |
| Principal | 0 | | 5,20,000 | |
| Interest accrued | 0 | 0 | 72,800 | 5,92,800 |
| Sub Total | | 4,23,00,072 | | 4,26,56,236 |
| Unsecured Loans | | | | |
| Foreign Currency Loans : (Guaranteed by Govt. of India) | | | | |
| Term Loans from Financial Institution- KFW,Germany @ | | 11,42,298 | | 10,98,353 |
| Sub Total | | 11,42,298 | | 10,98,353 |
| Grand Total | | 4,34,42,370 | | 4,37,54,589 |
| Loan due for repayment within next one Year | | 36,04,667 | | 36,45,613 |

* Secured Loan includes the following :

- i) Rs. 3536.12 Crore Secured by first Charge on Pari Passu basis on Assets of Tehri Stage-I i.e. Dam, Power House civil construction, Power house Electrical & Mechanical equipments not covered under other borrowings and project Township of Tehri Dam and HPP together with all rights on loan and interest appertaining there on.
- ii) Rs.693.89 Crore for Koteshwar Project is secured by first charge on assets of Koteshwar HEP.

@ Unsecured loan :-

With negative lien on the equipments financed under the respective loan ranking pari-passu.

Schedules - Annexed to the Accounts

SCHEDULE '5'

Schedule of Fixed Assets

Amount in Thousand Rupees
(Figures in parenthesis represent deductions)

| PARTICULARS | GROSS BLOCK | | | | CUMULATIVE DEPRECIATION | | | | NET BLOCK | |
|---|--------------------|------------------|---------------------|--------------------|-------------------------|------------------|---------------|------------------|--------------------|--------------------|
| | As at 31/03/2008 | Additions | Sales / Adjustments | As at 31/03/2009 | As at 31/03/2008 | For the year | Adjustments | As at 31/03/2009 | As at 31/03/2009 | As at 31/03/2008 |
| 1. Land Free Hold | 1,77,012 | 7,904 | - | 1,84,916 | - | - | - | 1,84,916 | 1,84,916 | 1,77,012 |
| 2. Land Lease Hold | 16,629 | 5,171 | - | 21,800 | 1,255 | 658 | - | 19,887 | 19,887 | 15,374 |
| 3. Land Unclassified | 1,22,13,477 | 5,72,061 | - | 1,27,85,538 | 4,93,820 | 3,53,712 | - | 8,47,532 | 1,19,38,006 | 1,17,19,657 |
| 4. Buildings | 8,07,672 | 39,199 | - | 8,46,871 | 77,291 | 16,744 | 1,808 | 95,843 | 7,51,028 | 7,30,381 |
| 5. Building Temp. Structures | 6,880 | 3,501 | - | 10,381 | 3,229 | 1,225 | (1,625) | 2,829 | 7,552 | 3,651 |
| 6. Road, Bridge & Culverts | 2,13,197 | 64,957 | - | 2,78,154 | 19,204 | 4,862 | - | 24,066 | 2,54,088 | 1,93,993 |
| 7. Drainage, Sewerage & Water Supply | 1,37,412 | 704 | (2,452) | 1,35,664 | 20,148 | 4,446 | (375) | 24,219 | 1,11,445 | 1,17,264 |
| 8. Construction Plant & Machinery | 1,47,497 | 3,484 | (235) | 1,50,746 | 1,04,706 | 16,483 | (221) | 1,20,968 | 29,778 | 42,791 |
| 9. Generation Plant & Machinery | 1,54,72,206 | 5,31,065 | - | 1,60,03,271 | 5,39,698 | 4,35,360 | 12,445 | 9,87,503 | 1,50,15,768 | 1,49,32,508 |
| 10. EDP Machines | 79,218 | 3,399 | (234) | 82,383 | 32,658 | 9,998 | (186) | 42,470 | 39,913 | 46,560 |
| 11. Electrical Installations | 47,543 | 4,807 | - | 52,350 | 10,739 | 1,977 | 237 | 12,953 | 39,397 | 36,804 |
| 12. Transmission Lines | 89,339 | 13,541 | - | 1,02,880 | 14,248 | 4,491 | 124 | 18,863 | 84,017 | 75,091 |
| 13. Office & Other Equipment | 1,90,729 | 17,537 | (3,128) | 2,05,138 | 46,153 | 13,745 | (2,291) | 57,607 | 1,47,531 | 1,44,576 |
| 14. Furniture & Fixtures | 57,158 | 15,019 | (168) | 72,009 | 20,419 | 4,489 | (121) | 24,787 | 47,222 | 36,739 |
| 15. Vehicles | 77,921 | 120 | (2,052) | 75,989 | 47,005 | 7,758 | (1,928) | 52,835 | 23,154 | 30,916 |
| 16. Railway Sidings | 3,017 | 12,189 | (3,017) | 12,189 | 2,425 | 394 | (2,425) | 394 | 11,795 | 592 |
| 17. Intangible Assets-Software | 12,936 | 6,036 | - | 18,972 | 4,592 | 2,703 | - | 7,295 | 11,677 | 8,344 |
| 18. Hydraulic Works- Dam & Spillways | 3,95,62,312 | 5,23,249 | - | 4,00,85,561 | 10,69,484 | 7,15,137 | 3,500 | 17,88,121 | 3,82,97,440 | 3,84,92,828 |
| 19. Hydraulic Works- Tunnel, Penstock, Canals etc | 1,19,31,423 | 11,69,995 | - | 1,31,01,418 | 8,67,915 | 3,84,189 | 20,201 | 12,72,305 | 1,18,29,113 | 1,10,63,508 |
| 20. Unservisable/ Obsolete Assets at net book value or net realisable value whichever is lower. | 3,136 | - | (2,626) | 510 | 1,581 | - | (1,581) | - | 510 | 1,555 |
| 21. Capital Expenditure on Assets not owned by the company. | 2,31,919 | - | - | 2,31,919 | 69,335 | 45,501 | - | 1,14,836 | 1,17,083 | 1,62,584 |
| Total | 8,14,78,633 | 29,93,938 | (13,912) | 8,44,58,659 | 34,45,905 | 20,23,872 | 27,562 | 54,97,339 | 7,89,61,320 | 7,80,32,728 |
| Figures For Previous Year | 7,67,23,447 | 47,68,109 | (12,923) | 8,14,78,633 | 14,58,974 | 19,88,072 | (1,141) | 34,45,905 | 7,80,32,728 | 7,52,64,473 |
| Detail Of Depreciation | Current Year | Previous Year | | | | | | | | |
| Depreciation transferred to EDC | 1,08,080 | 94,535 | | | | | | | | |
| Depreciation transferred to P&L account | 16,14,626 | 16,08,458 | | | | | | | | |
| Depreciation adjusted in Capital Reserve - Irrigation Contribution from GOUP | 3,01,166 | 2,85,079 | | | | | | | | |
| | <u>20,23,872</u> | <u>19,88,072</u> | | | | | | | | |



Schedules - Annexed to the Accounts

SCHEDULE '6'

CAPITAL WORK IN PROGRESS

Amount In Thousands

| PARTICULARS | | As at 31/03/2009 | | As at 31/03/2008 | |
|---|----|------------------|--------------------|------------------|--------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| Construction Work In Progress | | | | | |
| - Building & other civil works | | 2,30,112 | | 91,725 | |
| - Roads, Bridges & culverts | | 1,56,991 | | 47,701 | |
| - Generation Plant and Machinery | | 32,58,375 | | 22,15,597 | |
| - Hydraulic Works, Dam, Spillway, Water Channels, Weirs, Service Gate & other Hydraulic Works | | 1,00,86,943 | | 71,29,973 | |
| - Afforestation catchment area | | 80,025 | | 79,927 | |
| - Electrical Installation & Sub-Station Equipments | | 28,889 | | 12,847 | |
| - Intangible Assets-Software | | 405 | | 2,495 | |
| - Capital expenditure on assets not owned by Company | | 27,691 | 1,38,69,431 | 27,661 | 96,07,926 |
| Generation Plant and Machinery in transit | | | 1,16,938 | | 2,04,707 |
| Expenditure Pending Allocation | | | | | |
| - Survey & Development Expenses | | 4,25,264 | | 3,40,344 | |
| - Expenditure During Construction | 23 | 17,790 | 4,43,054 | 2,223 | 3,42,567 |
| Rehabilitation | | | | | |
| - Rehabilitation Expenses(net of recoveries towards token cost and rent) | | | 2,71,537 | | 2,50,649 |
| Total | | | 1,47,00,960 | | 1,04,05,849 |

Schedules - Annexed to the Accounts

SCHEDULE '7'

CONSTRUCTION STORES & CAPITAL ADVANCES

Amount In Thousands

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|---|------------------|------------------|------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Construction Stores (At Cost, as certified by Management) | | | | |
| Cement | 0 | | 640 | |
| Other civil and building material | 9,758 | | 8,312 | |
| Others | 37,129 | | 39,436 | |
| Material Under inspection (Valued at cost) | 1,779 | | 4,177 | |
| | 48,666 | | 52,565 | |
| Less : Provision for Stores & Spares | 25,246 | 23,420 | 25,515 | 27,050 |
| Capital Advances For Capital Expenditure (Unsecured) | | | | |
| i) Against Bank Guarantee | 2,22,678 | | 8,38,568 | |
| ii) Rehabilitation & Resettlement (Govt. of Uttarakhand / SLAO) | 7,02,125 | | 3,73,110 | |
| iii) Others | 11,01,047 | | 1,35,530 | |
| iv) Accrued interest on Advances | 1,59,267 | | 83,102 | |
| | 21,85,117 | | 14,30,310 | |
| Less : Provision for Bad & Doubtful Advances | 0 | | 0 | |
| | | 21,85,117 | | 14,30,310 |
| TOTAL | | 22,08,537 | | 14,57,360 |
| Capital Advances Considered Good (Unsecured) | | 21,85,116 | | 14,30,311 |
| Considered doubtful and provided for | | 0 | | 0 |
| Total Capital Advances | | 21,85,116 | | 14,30,311 |

SCHEDULE '8'

INVENTORIES

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|--|------------------|-----------------|------------------|-----------------|
| | Rs. | Rs. | Rs. | Rs. |
| (At Cost, As Certified By Management) | | | | |
| Cement | 0 | | 0 | |
| Other Civil And Building Material | 18,807 | | 13,319 | |
| Others | 1,28,658 | | 93,474 | |
| Material in Transit (Valued At Cost) | 0 | | 8,263 | |
| Material Under Inspection (Valued At Cost) | 4,300 | | 0 | |
| | | 1,51,765 | | 1,15,056 |
| TOTAL | | 1,51,765 | | 1,15,056 |



Schedules - Annexed to the Accounts

SCHEDULE '9' SUNDRY DEBTORS

Amount In Thousands

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|---|------------------|------------------|------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Debts outstanding over six months Unsecured, Considered Good | 22,23,566 | | 32,32,492 | |
| Considered Doubtful | 0 | 22,23,566 | 0 | 32,32,492 |
| Other Debts Unsecured, Considered Good | 15,20,615 | | 14,20,285 | |
| Considered Doubtful | 0 | 15,20,615 | 0 | 14,20,285 |
| less : Provision for Bad and Doubtful debts | | 0 | | 0 |
| TOTAL | | 37,44,181 | | 46,52,777 |

SCHEDULE '10' CASH AND BANK BALANCES

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|---|------------------|-----------------|------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Cash and Bank Balances Cash, Cheques, Demand Drafts & Stamps in hand | | 398 | | 1,019 |
| Balances with Scheduled Banks : Current account (Including Auto Sweep, Flexi deposits with Scheduled Banks) | 5,87,719 | | 10,51,457 | |
| | | 5,87,719 | | 10,51,457 |
| TOTAL | | 5,88,117 | | 10,52,476 |

SCHEDULE '11' OTHER CURRENT ASSETS

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|--|------------------|---------------|------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. |
| Other Current Assets Interest Accrued | | 2,582 | | 812 |
| Prepaid Expenses | | 16,596 | | 22,653 |
| TOTAL | | 19,178 | | 23,465 |

Schedules - Annexed to the Accounts

SCHEDULE '12'

LOANS AND ADVANCES

Amount In Thousands

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|---|------------------|------------------|------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Loans | | | | |
| To employees | | | | |
| Secured | 2,67,320 | | 2,40,769 | |
| Unsecured | 28,629 | 2,95,949 | 54,655 | 2,95,424 |
| Interest accrued on Loans to employees | | | | |
| Secured | 1,22,423 | | 1,21,399 | |
| Unsecured | 30,726 | 1,53,149 | 16,314 | 1,37,713 |
| Others | | 61 | | 151 |
| | | 4,49,159 | | 4,33,288 |
| Advances (Advances recoverable in cash or in kind or for value to be received) | | | | |
| To Employees | | | | |
| Unsecured | 18,067 | | 15,552 | |
| For Purchases | 35,412 | | 17,106 | |
| To Others | 6,80,342 | | 11,13,070 | |
| | | 7,33,821 | | 11,45,728 |
| Deposits | | | | |
| Security Deposits | 12,318 | | 13,703 | |
| Tax Deposited | 16,431 | | 11,089 | |
| Deposits With Govt./ Court | 47,794 | | 2,51,694 | |
| Other Deposits | 1,282 | | 1,228 | |
| | | 77,825 | | 2,77,714 |
| SUB-TOTAL | | 12,60,805 | | 18,56,730 |
| Less : Provision for Bad & Doubtful Advances | | 6,501 | | 6,399 |
| TOTAL | | 12,54,304 | | 18,50,331 |
| Note : Due from Directors (maximum amount due during the year Rs 76992.00 (Previous year Rs 179563.00) | | | | |
| Principal | | 37 | | 35 |
| Interest | | 0 | | 79 |
| TOTAL | | 37 | | 114 |
| Note : Due from Officers [maximum amount due during the year Rs 3020477.26 (Previous year Rs 3711098.32)] | | | | |
| Principal | | 667 | | 1,149 |
| Interest | | 1,357 | | 1,696 |
| TOTAL | | 2,024 | | 2,845 |
| Particulars of Loans & Advances | | | | |
| Considered Good | | | | |
| Loans & Advances (Secured) | 3,89,743 | | 3,62,168 | |
| Loans & Advances (Unsecured) | 8,64,561 | | 14,88,163 | |
| | | 12,54,304 | | 18,50,331 |
| Considered bad & doubtful and provided for | | 6,501 | | 6,399 |
| TOTAL | | 12,60,805 | | 18,56,730 |



Schedules - Annexed to the Accounts

SCHEDULE '13'

CURRENT LIABILITIES

Amount In Thousands

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|---|------------------|------------------|------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Sundry Creditors | | | | |
| For Capital Expenditure | 4,69,041 | | 7,05,192 | |
| For Micro and Small Enterprises. | 0 | | 155 | |
| For Others | 1,26,450 | | 8,20,289 | |
| | | 5,95,491 | | 15,25,636 |
| Deposits, Retention money from Contractors etc. | | 1,57,032 | | 1,77,233 |
| Interest Accrued but not due | | | | |
| - Financial Institutions | 7,17,511 | | 5,76,420 | |
| | | 7,17,511 | | 5,76,420 |
| Other Liabilities | | 1,85,655 | | 72,273 |
| TOTAL | | 16,55,689 | | 23,51,562 |

SCHEDULE '14'

PROVISIONS

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| I. Works | | | | |
| Opening Balance | 1,36,337 | | 2,18,257 | |
| Addition during the year | 7,12,416 | | 2,51,488 | |
| Used / Adjusted during the year | (4,49,721) | 3,99,032 | (3,33,408) | 1,36,337 |
| II. Employee Related | | | | |
| Opening Balance | 9,17,507 | | 5,95,223 | |
| Addition during the year | 8,32,880 | | 8,57,633 | |
| Used / Adjusted during the year | (82,013) | 16,68,374 | (5,35,349) | 9,17,507 |
| III. Proposed Dividend | | | | |
| Opening Balance | 40,000 | | 0 | |
| Addition during the year | 2,80,000 | | 40,000 | |
| Used / Adjusted during the year | (40,000) | 2,80,000 | 0 | 40,000 |
| IV. Tax On Interim Dividend | | | | |
| Opening Balance | 1,58,903 | | 0 | |
| Addition during the year | 0 | | 1,58,903 | |
| Used / Adjusted during the year | (1,58,903) | 0 | 0 | 1,58,903 |
| V. Tax On Proposed Dividend | | | | |
| Opening Balance | 6,798 | | 0 | |
| Addition during the year | 47,586 | | 6,798 | |
| Used / Adjusted during the year | (6,798) | 47,586 | 0 | 6,798 |
| VI. Tax & Others | | | | |
| Opening Balance | 16,783 | | 1,35,776 | |
| Addition during the year | 46,103 | | 11,925 | |
| Used / Adjusted during the year | (21,140) | 41,746 | (1,30,918) | 16,783 |
| TOTAL | | 24,36,738 | | 12,76,328 |

Schedules - Annexed to the Accounts

SCHEDULE '15'

ENERGY SALES

Amount In Thousands

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|--|------------------|--------------------|------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Energy Sales | 1,11,34,939 | | 1,13,09,364 | |
| Less : | | | | |
| Advance Against Depreciation- Deferred | 12,00,526 | 99,34,413 | 11,00,940 | 1,02,08,424 |
| Income Tax Recovery From Beneficiaries | | 4,17,894 | | 4,48,139 |
| FERV Recovery From Beneficiaries | | 61,453 | | 0 |
| U.I. / Congestion Charges | | 2,36,233 | | 2,90,511 |
| TOTAL | | 1,06,49,993 | | 1,09,47,074 |

SCHEDULE '16'

OTHER INCOME

| PARTICULARS | As at 31/03/2009 | | As at 31/03/2008 | |
|--|------------------|---------------|------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. |
| Interest | | | | |
| On Bank Deposits (Include, TDS Rs. 528455.00 Previous year Rs. 19919.00) | 33,174 | | 14,204 | |
| From Employees | 24,323 | | 23,556 | |
| Others | 1,272 | | 265 | |
| | | 58,769 | | 38,025 |
| Machine hire charges | | 176 | | 1,298 |
| Rent Receipts | | 2,032 | | 2,627 |
| Sundry Receipts | | 12,393 | | 6,418 |
| Excess provision written back | | 630 | | 11,611 |
| Profit on sale of Assets | | 4,533 | | 1,192 |
| Late Payment Surcharge | | 7,368 | | 4,452 |
| TOTAL | | 85,901 | | 65,623 |
| LESS : | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 41,608 | | 23,117 |
| TOTAL | | 44,293 | | 42,506 |

SCHEDULE '17'

EMPLOYEE'S REMUNERATION & BENEFITS

| PARTICULARS | For The Year 2008-2009 | | For The Year 2007-2008 | |
|---|------------------------|------------------|------------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Salaries, Wages, Allowances & Benefits | | 16,24,555 | | 11,93,481 |
| Contribution to Provident & other Funds | | 1,19,629 | | 85,329 |
| Gratuity | | 2,24,583 | | 1,35,496 |
| Welfare | | 51,425 | | 83,741 |
| TOTAL | | 20,20,192 | | 14,98,047 |
| LESS : | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 11,16,715 | | 7,29,573 |
| TOTAL | | 9,03,477 | | 7,68,474 |



Schedules - Annexed to the Accounts

SCHEDULE '18'

GENERATION, ADMINISTRATION & OTHER EXPENSES

Amount In Thousands

| PARTICULARS | For The Year 2008-2009 | | For The Year 2007-2008 | |
|--|------------------------|------------------|------------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Rent, Rates & Taxes | | | | |
| Rent for office | 12,274 | | 8,847 | |
| Rent for employee residence | 20,277 | | 17,504 | |
| Rates & Taxes | 19,130 | | 3,408 | |
| | | 51,681 | | 29,759 |
| Power & Fuel | | 1,69,902 | | 1,27,134 |
| Insurance | | 45,476 | | 75,172 |
| Communication | | 15,287 | | 20,856 |
| Repair & Maintenance | | | | |
| Plant & Machinery | 1,02,658 | | 1,65,873 | |
| Buildings | 55,918 | | 36,084 | |
| Others | 1,34,403 | | 1,25,971 | |
| | | 2,92,979 | | 3,27,928 |
| Travelling & Conveyance | | 85,327 | | 83,751 |
| Vehicle hire & running | | 29,220 | | 34,523 |
| Security | | 1,19,453 | | 1,50,025 |
| Publicity & Public relation | | 25,915 | | 43,444 |
| Other General Expenses | | 1,97,759 | | 1,82,382 |
| Loss on Assets | | 813 | | 394 |
| Survey and Investigation expenses | | 49,179 | | 63,223 |
| Deferred revenue expenditure written off | | 1,220 | | 1,219 |
| TOTAL | | 10,84,211 | | 11,39,810 |
| LESS : | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 4,25,553 | | 1,93,162 |
| TOTAL | | 6,58,658 | | 9,46,648 |

SCHEDULE '19'

INTEREST AND FINANCING CHARGES

| PARTICULARS | For The Year 2008-2009 | | For The Year 2007-2008 | |
|---|------------------------|------------------|------------------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Interest on Loans | | 41,98,813 | | 41,16,280 |
| Rebate to customer | | 1,35,680 | | 91,388 |
| TOTAL | | 43,34,493 | | 42,07,668 |
| LESS : | | | | |
| TRANSFERRED AND CAPITALISED WITH CWIP ACCOUNT | | 5,15,532 | | 2,77,446 |
| TOTAL | | 38,18,961 | | 39,30,222 |

SCHEDULE '20'

PROVISIONS

| PARTICULARS | For The Year 2008-2009 | | For The Year 2007-2008 | |
|---|------------------------|------------|------------------------|--------------|
| | Rs. | Rs. | Rs. | Rs. |
| Provisions for Doubtful debts, loans & Advances | | 631 | | 0 |
| Provisions for Stores & Spares | | 56 | | 1,102 |
| TOTAL | | 687 | | 1,102 |
| LESS : | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 13 | | 299 |
| TOTAL | | 674 | | 803 |

Schedules - Annexed to the Accounts

SCHEDULE '21'

PRIOR PERIOD INCOME/ EXPENDITURE- (NET)

Amount In Thousands

| PARTICULARS | For The Year 2008-2009 | | For The Year 2007-2008 | |
|-----------------------------------|------------------------|---------------|------------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. |
| INCOME | | | | |
| Sales | 10,225 | | 0 | |
| Misc. Receipt | 71 | 10,296 | 0 | 0 |
| EXPENDITURE | | | | |
| Personnel Exp | 45 | | 449 | |
| Power & Fuel | (1,660) | | 1,062 | |
| Repair and maintenance | 1,264 | | (259) | |
| Survey and Investigation Expenses | 0 | | 46,463 | |
| Other General Expenses | 118 | | 748 | |
| Depreciation | 36,220 | | 6,260 | |
| Security | 0 | | (268) | |
| Advertisement & Publicity | 0 | 35,987 | 19 | 54,474 |
| TOTAL | | 25,691 | | 54,474 |
| LESS : | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 332 | | 4,061 |
| TOTAL | | 25,359 | | 50,413 |

SCHEDULE '22'

PROVISION FOR TAXATION

| PARTICULARS | For The Year 2008-2009 | | For The Year 2007-2008 | |
|-----------------------------|------------------------|-----------------|------------------------|-----------------|
| | Rs. | Rs. | Rs. | Rs. |
| INCOME TAX | | | | |
| Current Year | | 4,15,812 | | 4,31,596 |
| TOTAL | | 4,15,812 | | 4,31,596 |
| LESS: | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 0 | | 0 |
| TOTAL | | 4,15,812 | | 4,31,596 |
| FRINGE BENEFIT TAX | | | | |
| Current year | | 18,476 | | 22,743 |
| TOTAL | | 18,476 | | 22,743 |
| LESS : | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 15,210 | | 6,200 |
| TOTAL | | 3,266 | | 16,543 |
| WEALTH TAX | | | | |
| Current year | | 3,042 | | 1,015 |
| TOTAL | | 3,042 | | 1,015 |
| LESS : | | | | |
| TRANSFERRED TO EDC SCHEDULE | | 1,651 | | 353 |
| TOTAL | | 1,391 | | 662 |



Schedules - Annexed to the Accounts

SCHEDULE '23'

EXPENDITURE DURING CONSTRUCTION

Amount In Thousands

| PARTICULARS | Schedule No. | As at 31/03/2009 | | As at 31/03/2008 | |
|--|--------------|------------------|------------------|------------------|------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| EXPENDITURE | | | | | |
| EMPLOYEE'S REMUNERATION & BENEFITS | 17 | | | | |
| Salaries, Wages, Allowances & Benefits | | 9,02,547 | | 5,79,938 | |
| Contribution to Provident & other Funds | | 68,475 | | 54,432 | |
| Gratuity | | 1,20,410 | | 68,983 | |
| Welfare | | 25,283 | 11,16,715 | 26,220 | 7,29,573 |
| ADMINISTRATION & OTHER EXPENSES | 18 | | | | |
| Rent, Rates & Taxes | | | | | |
| Rent for office | | 11,098 | | 5,175 | |
| Rent for employee residence | | 15,939 | | 6,973 | |
| Rates & Taxes | | 1,813 | 28,850 | 1,709 | 13,857 |
| Power & Fuel | | | 54,085 | | 4,827 |
| Insurance | | | 1,140 | | 937 |
| Communication | | | 10,973 | | 6,009 |
| Repair & Maintenance | | | | | |
| Plant & Machinery | | 798 | | 3,128 | |
| Building | | 31,445 | | 12,176 | |
| Others | | 49,957 | 82,200 | 26,885 | 42,189 |
| Travelling & Conveyance | | | 55,276 | | 40,510 |
| Vehicle hire & running | | | 11,338 | | 11,560 |
| Security | | | 45,894 | | 20,456 |
| Publicity & Public relation | | | 16,292 | | 18,076 |
| Other General Expenses | | | 1,18,565 | | 34,447 |
| Loss on Sale of Assets | | | 670 | | 117 |
| Deffered revenue expenditure written off | | | 270 | | 177 |
| PROVISIONS | 20 | | | | |
| Provisions for Stores & Spares | | 13 | 13 | 299 | 299 |
| DEPRECIATION | | | 1,08,080 | | 94,535 |
| TOTAL EXPENDITURE (A) | | | 16,50,361 | | 10,17,569 |

Schedules - Annexed to the Accounts

Amount In Thousands

| PARTICULARS | | As at 31/03/2009 | | As at 31/03/2008 | |
|---|----|------------------|------------------|------------------|------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| RECEIPTS | | | | | |
| OTHER INCOME | 16 | | | | |
| Interest | | 21,500 | | 4,286 | |
| From Employees | | 12,551 | | 9,976 | |
| Others | | 738 | 34,789 | 71 | 14,333 |
| Machine hire charges | | | 45 | | 1,168 |
| Rent Receipts | | | 1,247 | | 1,534 |
| Sundry Receipts | | | 2,677 | | 2,389 |
| Excess provision written back | | | 602 | | 3,246 |
| Profit on sale of Assets | | | 2,248 | | 447 |
| TOTAL RECEIPTS (B) | | | 41,608 | | 23,117 |
| PRIOR PERIOD ADJUSTMENTS | 21 | | 332 | | 4,061 |
| NET EXPENDITURE BEFORE TAXATION | | | 16,09,085 | | 9,98,513 |
| PROVISION FOR TAXATION | 22 | | | | |
| FRINGE BENEFIT TAX | | 15,210 | | 6,200 | |
| WEALTH TAX | | 1,651 | 16,861 | 353 | 6,553 |
| NET EXPENDITURE INCLUDING TAXATION | | | 16,25,946 | | 10,05,066 |
| Balance brought forward from last year | | | 2,223 | | 1,23,342 |
| TOTAL EDC | | | 16,28,169 | | 11,28,408 |
| Less : | | | | | |
| EDC Allocated to CWIP / Asset | | | 15,72,429 | | 10,49,464 |
| EDC of Projects under approval charged to Profit & Loss Account | | | 37,950 | | 76,721 |
| BALANCE CARRIED FORWARD TO CWIP | | | 17,790 | | 2,223 |



SCHEDULE '24'

NOTES ON ACCOUNTS

1) Estimated amount of contracts remaining to be executed to the capital accounts and not provided for (net of advances) is Rs. 44482.90 lac (Previous year Rs. 42110.31 lac)

2) CONTINGENT LIABILITIES

| | 2008-09 | (Rs. Lac) 2007-08 |
|---|-----------|----------------------|
| (i) Claims against the Corporation, not Acknowledged as debts: | | |
| Arbitration/Court cases (Includes Rs 258.47 lac (Previous year Rs. 2243.98 lac) decreed against the Corporation in different arbitration/ Labour court cases and deposited by the Corporation but disputed in appeals.) | 129974.14 | 120536.32 |
| (ii) Disputed Income Tax, Trade Tax, Commercial Tax, Entry tax includes Rs. 191.88 lac (Previous year Rs. 129.79 lac) Deposited by Corporation but disputed in appeal. | 1042.74 | 809.54 |
| (iii) Others (Contractors claims etc.) | 49332.14 | 60593.17 |

(iv) Amount of liability, if any, in respect of claims/court cases filed by the employees / oustees and others is not ascertainable

3. Corporation has also accepted EMD/Security Deposit in the shape of FDR/CDR amounting to Rs 580.82 lac (previous year Rs. 863.46 lac) besides the "Deposits, Retention money from Contractors" amounting to Rs. 1570.32 lac (Previous year Rs. 1772.33 lac) as disclosed in Schedule - 13.

4. The Corporation is holding confirmed letters of credit (LCs) from various beneficiaries of power as backup security for payment amounting to Rs.5929.75 lac (previous year Rs. 3939.50 Lac).

5. An amount of Rs. 7800.00 lac was spent for providing extra space to Govt./Semi Govt. Deptt. in New Tehri Town and the same was recoverable from Government of Utrakhand (GOUK). As per the approval of Government of India (GOI), the term loan of Rs. 7800.00 lac was raised from Punjab National Bank in the year 2005-06 on behalf of GOUK. The amount along with interest is to be recovered from GOUK from their share of 12% free power from Tehri HEP Stage-I. During the year Corporation has made pre payment of loan and interest amounting to Rs.3900.00 lac & Rs.546.00 lac respectively.

In the meeting held on 27.03.2009 under chairmanship of secretary (power), MOP it was mutually settled that GOUK shall reimburse the expenditure of Rs.7800.00 lac due on account of extra space provided by THDC for residential / non-residential buildings after adjusting the amount due from THDC towards royalty on clay/shell material used in construction of Dam. Further it was agreed that being a mutual settlement neither GOUK nor THDC shall charge interest on the amounts due to each other. Accordingly, interest of Rs.1857.42 lac recoverable from GOUK has been adjusted. It was further decided that the amount of royalty charges shall be worked out on the basis of actual quantities as provided by THDC. Royalty has been calculated which comes to Rs.3820.00 lac. The balance amount of Rs.1920.00 lac after deducting deposited amount of Rs.1900.00 lac with D.M. has been adjusted against Rs.7800.00 lac and balance amount of Rs.5880.00 lac has been shown as recoverable from GOUK in Schedule-12.

The Corporation had filed a writ petition in High Court, Nainital to stay the recovery of royalty & interest amounting to Rs. 6448.58 lac. However subsequent to the joint meeting held on 27.03.2009 as referred above, the matter for withdrawal of writ petition in the Nainital High Court has been taken up with District Magistrate (D.M.) Tehri.

6. (i) The total interest on Borrowed funds for the year is Rs.42155.41 lac (previous year Rs. 40940.26 lac). The

amount of borrowing cost capitalized during the year is Rs. 5155.31 lac (previous year Rs. 2774.45 lac) after adjustment of an amount of Rs 11.79 lac (previous year Rs. 34.50 lac) towards interest earned on short term deposit of surplus borrowed funds during the year.

- (ii) The amount of foreign exchange fluctuation during the year Rs.932.79 lac (Previous Year Rs. 834.71 lac) is adjusted to the Capital Work In Progress/Assets.
7. Diversion Tunnel in Koteshwar Project was capitalized on 28th December 2003. The amortization of Diversion Tunnel has been charged on straight line method over the expected useful life of the Tunnel since its use shall cease after the commercial operation of 1st Unit of the Project. The anticipated scheduled date of commercial operation of 1st Unit is 30th June-2010. However, scheduled date of commercial operation of the station is 31st December 2010. Accordingly the rate of amortization has been worked out as 11.05%.
8. Pay revision of the employees of Corporation is due w.e.f. 01.01.2007. Pending implementation of pay revision, provision amounting to Rs. 3126.29 lac has been made towards wage revision on estimated basis having regard to the guidelines issued from time to time by Department of Public Enterprises (DPE), GOI.
9. Pending completion of legal formalities, title deeds of freehold land measuring 107.05 acres amounting to Rs 63.49 lac (Previous year 785.738 acres amounting to Rs. 1277.76 lac) are yet to be registered in the name of the Corporation.
10. (i) Rehabilitation Expenses under Capital-Work-in-Progress include Rs 437.71 lac (Previous year Rs. 425.35 lac) towards cost of 600.086 acres (Previous year 600.086 acres) of land acquired for rehabilitation of oustees / execution of project works. Further, Rehabilitation CWIP and EDC thereon relating to Tehri HPP stage-I amounting to Rs.5720.60lac (Previous Year Rs 8678.40 lac) have been capitalized during the year 2008-09 which include Rs 74.46lac (Previous year Rs 1782.54 lac) towards cost of 29.12 acres(Previous year Nil acres) of land acquired for rehabilitation.
- (ii) Land measuring 14.01 acres (Previous Year 14.01 acres) at Jolly Grant, Dehradun acquired for rehabilitees has been encroached upon by the Airport Authority of India. Out of 14.01 acres of land, cost of 2 acre of land is to be deposited by Airport Authority of India in the treasury at market rates as per DM, Dehradun order dated 21.11.92 for payment to the Corporation, which will be accounted for on receipt basis. The matter stands referred to the Coordination Committee.
- (iii) Registration of property allotted to the oustees at the new locations for resettlement is in process and is being looked after by Govt. of Uttrakhand who has been assigned the responsibility of rehabilitation & resettlement of Dam Ousteas.
- (iv) Pursuant to the Government of India, MOE&F, New Delhi's order no.FNo.8-3/89-FC dated 17/23rd Oct., 2002- the Government of Uttrakhand vide its office order no. GI-186/7-1-2002-300(459)/88 dated 30 Oct., 2002 has issued order for diversion of 338.932 hectare Civil Soyam and Forest land on lease for a period of 30 years in favour of the Corporation, for the purpose of construction of Koteshwar Dam Project (4x100 MW). The lease deed for 337.057 hectare land has been executed w.e.f. 01.01.2003 with Govt. of Uttrakhand. The lease deed for 1.875 hectare Forest land, for which payment has been made, is pending for completion of legal formalities and has been shown as lease hold Land. Out of 338.932 hectare, 218.307 hectare is below submergence area and is shown under rehabilitation to be capitalized on completion of Dam. The amount of Rs. 67.84 lac against 120.625 hectare land above submergence area is being amortized in 30 years.
- (v) The Land measuring 14.37 acres transferred free of cost by Govt. of Uttrakhand for construction of Koteshwar Dam Project (4x100 MW) to the Corporation has been accounted for at notional value of Re 1/- .
- (vi) Government of India, MOE&F vide order no. 08B/UCP/06/306/2006/FC/ 2013, 967,968 and 08B/UCP/06/312/2006/FC/144 dated 07.03.07, 27.09.07 and 29.04.08 respectively has sanctioned 15.063 hectare of forest land on lease for a period of 30 years in favour of the Corporation for construction of roads at Vishnugad Pipalkoti project for which lease premium has been paid. The same has been shown as leasehold land. However, legal formalities are yet to be completed
11. i) Discrepancies found during physical verification of fixed assets, which are not significant in nature are being examined and reconciled. Necessary adjustment shall be made on final reconciliation.



- (ii) In the absence of actual cost, certain assets, found in excess during physical verification, have been recorded at a notional value of Re1/- each.
12. Balances shown under advances, debtors, creditors and materials in transit / lying with contractors are subject to confirmation / reconciliation and consequent adjustments, if any.
13. Balance with banks includes Rs.136.78 lac (Previous year Rs. 1034.97 lac) on which lien has been exercised by the concerned Authorities for recovery on account of Royalty, Spillway Escalation. Subsequent to the decision taken by corporate level dispute settlement committee in the meeting held on 04.02.2009 between UPCL and THDC the lien amounting to Rs.1121.28 lac on account of Electricity charges have been released during FY 2008-2009.
14. Losses / Shortages pending investigation Rs 1.92 lac (Previous year Rs. 2.91 lac) represents shortages and insurance claims declined/passed in short by the insurance Companies. Pending the approval of the competent authority, adjustment of the claims is yet to be made.
15. Tehri HPP-1, Generating Station of the corporation has been declared into the commercial operation during the year 2007-08. The management is of the opinion that in respect of Cash Generating Unit (CGU) represented by Tehri HPP-1 there has been no impairment in the value of assets during the year in terms of Accounting Standard (AS) 28 "Impairment of Assets".
16. The Corporation has received the confirmation of the Ministry of Corporate Affairs, Government of India vide no. 40/2/2008-CL-III dated 17.12.2008 for reduction of share capital by Rs. 277.87 lac by cancellation of 27787 equity shares of Rs. 1000/- each allotted to the Govt. of India. Necessary entry for the same has been passed. The reduction represents the part purchase consideration towards the transfer of Transmission Lines and associated sub stations to Power Grid Corporation Of India Limited. Thus total reduction in share capital on this account comes to Rs.1118.87 lac including earlier reduction of Rs.841.00 lac done in 1998-99.
17. (i) 75 flats (Previous Year 20 flats) on the land acquired by the Corporation are in the un-authorized occupation of various persons. The Government of India has appointed Estate Officers for necessary action in the matter. Further, the possibilities of legal action are being explored.
- (ii) Transit camp constructed in THDC complex at 26, E.C. Road, Dehradun having value of Rs 20.10 lac is being used by THDC and various departments of Govt. of Utrakhnad who are responsible for Rehabilitation works of Tehri Dam Project. However, after completion of rehabilitation activities such assets will remain in the possession of the Corporation.
18. (i) As per funding pattern, the Irrigation Component of the 1000 MW Tehri HPP Project which is 20% of the total cost has to be met by Government of Uttar Pradesh and work has to be carried out by the Corporation on Deposit Basis. Total cost incurred on the project upto 31.03.2009 works out to Rs. 839245.05lac (Previous year Rs. 829855.98 lac) out of which, as per the formula laid down in the Articles of Association Cost of Irrigation sector works out to Rs. 144133.80 lac (Previous year Rs. 142485.20 lac). The Government of Uttar Pradesh has contributed Rs.139584.38 lac as on 31.03.2009 (Previous year Rs. 130712.38 lac).
- (ii) International Bank for Reconstruction & Development (World Bank) has sanctioned PHRD grant of US\$ 1000000 for the preparation of Vishnugad Pipalkoti Hydro Electric Project (VPHEP) vide their letter dated 9th April 2007. Against this grant upto 31st March 2009 Corporation has received a sum of Rs 430.00 lac (Previous year Rs.226.00 lac). The grant has been shown separately as PHRD grant in Schedule-2 "Reserve & surplus" under the head "Capital Reserve".
19. As per clause no 62(a) of the Articles of Association, maintenance charges payable by GOUP towards the maintenance of irrigation sector are to be mutually agreed by the Corporation and Govt. of U.P. Pending mutual agreement the same has not been shown as recoverable from Govt. of U.P.
20. (i) Electricity generation is the business activity of the Corporation. Therefore, there is no other reportable segment as per the Accounting Standard -17 on Segment Reporting issued by the Institute of Chartered Accountants of India.
- (ii) The Corporation has power stations located within the country and therefore, geographical segments are not applicable.

21. In compliance to the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, The net increase in the deferred tax assets of Rs 6740.98 Lac (previous year decrease in Deferred tax liability Rs. 2547.14 Lac) has been charged to Profit and Loss Account. However, the same is refundable to customers. The item-wise detail of cumulative Deferred Tax Liability/Assets is as under:

(Rupees in Lac)

| Sl. no | | 31.03.2009 | 31.03.2008 |
|--------|--|------------|------------|
| | Deferred Tax Liability (A) | | |
| i) | Difference of Book Depreciation and Tax Depreciation | 4109.32 | 5838.90 |
| | Deferred Tax Assets (B) | | |
| ii) | Advance against Depreciation to be considered as income in tax computation | 8294.35 | 4213.76 |
| iii) | Provision for doubtful debts | 5.99 | 3.70 |
| iv) | Provision for employee benefit schemes | 2121.94 | 1193.42 |
| | Net Deferred Tax Liability/ (Assets) (A-B) | (6312.96) | 428.02 |

22. As per the provisions contained in Section 80 IA of the Income Tax Act, 1961 the benefits of tax exemption to infrastructure companies can be availed in any of the 10 years out of 15 years commencing from the year in which commercial production has commenced. The Corporation had started commercial production in the year 2006-07 and has decided to avail the benefit of section 80 IA w.e.f financial year 2007-08. However as per Income Tax Act 1961 Corporation has paid corporate tax under section 115JB .
23. In the opinion of the Management, the value of Fixed Assets, construction stores Loans & Advances on realisation will not be less than the value at which these are stated in the Balance-Sheet.
24. Information in respect of Micro, small and Medium enterprises as at 31st March, 2009.

| Sl. Particulars | Amount in lac |
|---|---------------|
| a) Amount remaining unpaid to any supplier: | Nil |
| i) Principal amount | Nil |
| ii) Interest due thereon | Nil |
| b) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises. Development Act, 2006 along-with the amount paid to the suppliers beyond the appointed day. | Nil |
| c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | Nil |
| d) Amount of interest accrued and remaining unpaid | Nil |
| e) 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 enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006. | Nil |

25. Repairs and Maintenance expenses include spare parts & components amounting to Rs.47.70 lac (Previous year Rs. 60.36 lac) (Indigenous only).
26. The Govt. of Maharashtra vide letter no. MIS-1207/(126/2007)/HP dated 21.04.2008 has entrusted two Pumped Storage Schemes (PSS) for Survey & Investigation of Malshej Ghat (600 MW) on river Kalu (Distt. Pune) and Humbarli (400 MW) on upstream of Koyna Project (Distt. Satara) in Maharashtra State to the Joint Venture of



THDC and NPCIL which is to be incorporated. An agreement has been signed between THDC & NPCIL in August, 2008 and the works of Survey and Investigation have been taken up and an amount of Rs. 294.25 lac has been spent by THDC upto 31st March 2009 which is shown as recoverable from JV.

Further, Govt. of India vide D.O. no.11/01/2008-BBMB dated 22.07.2008 has entrusted to update the DPRs of the Sankosh Project (4060 MW), Sankosh and Bunakha HEP (180 MW), Wangchu, Bhutan to THDC. Accordingly work of updation of DPR has been taken up. However cost upto Rs.10 crore towards updation of DPR of Sankosh Project will be made available by Ministry of External Affairs. During the year Corporation has spent an amount of Rs. 28.79 lac on Sankosh & Bunaka Projects and shown the same as recoverable.

27. The Corporation is assisting the Govt. of Uttarakhand in the work of stabilization of Varunavat Parvat as per instructions of Govt. of India as a social responsibility. The expenditure incurred is to be reimbursed by the Govt. of Uttarakhand. Against an expenditure of Rs.566.36 lac (previous year Rs. 372.92 lac) a sum of Rs. 239.77 Lac had already been reimbursed to the Corporation.
28. As decided by the Govt. of India in Dec. 1998, the State Govt. of U.P./Uttarakhand (GOUP/ GOUK) have been entrusted with the responsibilities of rehabilitation activities of the Project, to be handled directly by them out of the funds to be made available by the Corporation. The expenditure incurred has been accounted for in the books of accounts of the Corporation as per consolidated expenditure details provided by GOUK which is compiled based on the monthly account rendered by the respective divisions of the GOUK to the AG, Uttarakhand. Establishment expenses of the Personnel of the GOUK engaged in the rehabilitation work have been booked to the extent reflected in the account statements received. Reimbursement of charges met directly by GOUK to be accounted for on receipt of claim for the same.
29. Liquidated damages are accounted for on settlement of final bills/delivery schedule.
30. i) Recoveries from M/s KCT & Bros C.S Ltd (KCT) towards rebate against quantity variation as per Contract provision of Power House has been contested by the Corporation in the Nainital High Court. As per court order these cases were referred to Arbitration. The matter is still pending before Arbitral Tribunal. The value of assets created under these contracts will vary depending upon finalization of case.

ii) Advance to contractors includes Rs.7621.00 lac (Principal Rs. 6674.35 lac and interest @ 16% Rs. 946.65 lac) (Previous years Rs.2123.63 lac(Principal Rs.1836.49 lac & interest @ 16% Rs.287.14 lac) towards the works executed by the empowered committee at the risk and cost of the KHEP contractor (M/s PCL). The value of security (performance guarantee/cash) available with THDC upto 31.03.2009 is amounting to Rs.4095.98 lac only.
31. The Central Electricity Regulatory Commission (CERC) has notified by regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1st April 2004 for a period of five years. Corporation filed the petition with CERC for fixation of provisional tariff following the principles enunciated by the CERC in Regulations, 2004. CERC had issued provisional tariff order dated 28th December 2006 stating that the tariff approved is an interim measure, and is in derogation of Annual Fixed Charges claimed in the petition and accordingly, there shall not be any computation of secondary energy & capacity index for the period upto 31.03.2007. However, against the impugned order Corporation filed appeal before the Hon'ble Appellate Tribunal for Electricity which in its order stated that Commission while determining the final tariff will consider all the relevant contentions of the parties involved.

During the year 2007-08 last Unit i.e Unit-1 of Tehri Stage-1 Generating Station had been declared into commercial operation on 08.07.2007 and the petition was updated based on audited and certified expenditure upto 07.07.2007. Later on CERC vide its order dated 14.03.2008 communicated that the date of commercial operation of the last Unit i.e Unit-1 of the generating station shall be reckoned w.e.f 0.00 hour of 09.07.2007 and accordingly corporation shall be entitled for IDC and associated costs upto 08.07.2007.

Pending Government approval of Revised Cost Estimate and accordingly certification of expenditure upto 08.07.2007, the audited and certified AFC based on expenditure upto 07.07.2007 has been considered in the Accounts. Accordingly, Corporation has billed sales for Rs.111349.39 lac including secondary energy charges of Rs 523.93 lac. (Previous year Rs 113093.64 lac including secondary energy charges of Rs. Nil). However, the revenue for the year has been provisionally recognised pending determination of tariff by CERC.

32. During the year the company has provided depreciation at the rates notified for the purpose of recovery of tariff, by Central Electricity Regulatory Commission (A body constituted under erstwhile Electricity Regulatory Commission Act, 1998 and recognized under the Electricity Act, 2003) which are different from the rates specified under

Companies Act, 1956. The MOP GOI has notified Tariff policy which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariffs as well as accounting. Pending formalization of norms by CERC in accordance with the Tariff Policy, the rates notified under present tariff norms are considered appropriate for charging depreciation for the year.

33. The Company has taken on lease/rent premises for employees / offices / Guest Houses/Transit camps & vehicles. These lease arrangements are usually renewable on mutually agreed terms but are not cancelable. Rent rate and taxes include Rs.335.26lac (Previous year Rs. 261.01 lac) towards lease payment (net off recoveries).
34. The Company has made provision as below :

(Rs. in lac)

| Sl.No. | Particulars | Opening Balance | Additions | Used/ Adjusted | Closing Balance |
|--------|--------------------------|-----------------|-----------------|----------------|-----------------|
| 1 | Works | 1363.37 | 7124.16 | 4497.21 | 3990.32 |
| 2 | Employees Related | 9175.07 | 8328.80 | 820.13 | 16683.74 |
| 3 | Proposed Dividend | 400.00 | 2800.00 | 400.00 | 2800.00 |
| 4 | Tax on Interim Dividend | 1589.03 | | 1589.03 | 0.00 |
| 5 | Tax on proposed Dividend | 67.98 | 475.86 | 67.98 | 475.86 |
| 6 | Tax & Others | 167.83 | 461.03 | 211.40 | 417.46 |
| | Total | 12763.28 | 19189.85 | 7585.75 | 24367.38 |

The above table shows that provisions have been made for works, employees, proposed dividend, tax on interim dividend, tax on proposed dividend and tax & others. Works include mainly for un-measured works as on 31.3.2009. Employee's provision includes leave encashment, gratuity, post retirement medical benefits, funeral, baggage allowance in line with the Accounting Policy No. 11 (i) and pay arrear etc. Tax & Others includes provision for Income tax, Fringe Benefit Tax, Wealth tax and others.

35. Company pays fixed contribution to provident fund at pre-determined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to profit & loss account. The trust is required to pay a minimum rate of interest on contributions to the members as specified by Ministry of Labor, GOI. However, the obligation of the company is limited to such fixed contribution and shortfall in meeting the interest obligation by the trust. Accordingly, as per Actuarial valuation the liability due to statutory interest rates guarantee for provident fund as on 31.03.2009 as per AS-15(Revised) comes to Rs.211.22 lac (Previous year Rs.165.69 Lac) but the same has not been provided since the revenue surplus available with the trust as on the balance sheet date is more than the shortfall under the defined contribution plan.
36. The Central Government has not notified the rate of cess payable under section 441A of Companies Act 1956. Therefore Corporation has not provided for any cess on turnover
37. Change in Accounting Policy:-
- Consequent upon the withdrawal of guidance note on treatment of expenditure during construction period by the Institute of Chartered Accountants of India during 2008-09 Corporation has changed the Accounting policy. Corporation has systematized the allocation of expenses in a manner that all administrative & General expenditure/overhead directly attributed to Construction Projects are accounted for as CWIP. The expenses of Corporate Office & Service Centre directly relating to generating stations are accounted for in Profit & Loss Account. Expenses of Corporate Office, Service Centre and Tehri HPP Stage-1 common to generation and construction projects are allocated on a systematic basis to Profit & Loss Account and CWIP in proportion of operation & maintenance / operating expenditure and accretion to CWIP. Due to this change in policy operation and maintenance / operating expenditure for the year has got reduced by Rs.6309.12 lac and accretion to capital work in progress is increased by Rs.6309.12 lac.
 - Accounting Policy No. 2, 10(xi),13 and 14 relating to use of estimates, Preliminary Expenses on Account of New Projects and regarding taxes on income and cash flow statements respectively has been introduced. These policies have no financial impact as similar Accounting treatment was accorded in previous year also. The changes have been made for elaboration and better clarity.



38) Payment to Directors :

(Rs. lac)

| PARTICULARS | 2008-09 | 2007-08 |
|--|---------|---------|
| (i) Remuneration to Whole-time Directors: | | |
| Salaries and allowances including Provisions | 65.78 | 22.39 |
| Contribution to Provident Fund | 7.55 | 3.02 |
| Other Benefits | 35.83 | 15.15 |
| (ii) Directors Travelling Expenses | 23.72 | 10.74 |

In addition to the above remuneration, the whole-time Directors have been allowed the use of staff car including for private journey on payment of Rs.780/- p.m.(as applicable in accordance with the provisions of the Ministry of Industry, Deptt. of Public Enterprises Circular No.2(53)/90-DPE (WC)-GIV dt.26th March 1999).

39) Payment to Auditors :

(Rs. lac)

| PARTICULARS | 2008-09 | 2007-08 |
|--|---------|---------|
| Audit Fee (including service tax) | 3.03* | 3.09 |
| In other capacity | 2.08 | 3.65 |
| Out of pocket expenses | 2.72 | 2.62 |
| *Subject to approval in Annual General Meeting | | |

40) Expenditure incurred in foreign
Currency (on cash basis) :

(Rs. lac)

| PARTICULARS | 2008-2009 | 2007-2008 |
|------------------------------------|-----------|-----------|
| Travelling | 38.11 | 49.30 |
| Consultancy & Professional charges | 1291.24 | 1072.10 |
| Management/Commitment fee | 0.15 | 5.29 |
| Repayment of loan & Interest | 3180.85 | 3009.20 |
| Import of goods | 179.33 | 1.14 |
| Others (Handling Charges) | 47.33 | 0 |
| TOTAL | 4737.01 | 4137.03 |

41) Value of Imports Calculated on CIF basis :

(Rs. lac)

| | 2008-09 | 2007-08 |
|---------------|---------|---------|
| Capital Goods | 207.31 | 171.80 |

42) Licenced and Installed Capacities :

| Sl. No | Particulars | 2008-09 | 2007-08 |
|--------|--|----------------|------------------|
| (i) | Licenced Capacity (M.W) | Not Applicable | Not Applicable |
| (ii) | Installed Capacity (M.W) | 1000 MW | 1000 MW |
| (iii) | Approved Capacity(M.W)- Based on investment approval by CCEA) | 2400 MW | 2400 MW |
| (iv) | Quantitative information in respect of Generation and sale of Electricity (In Million Units) | | |
| (a) | Pre - Commercial period | | |
| | Generation | NIL | 13.497293 MU** |
| | Sales | NIL | 11.735086 MU* |
| (b) | Commercial period | | |
| | Generation | 3164.234384 MU | 2650.078673 MU** |
| | Sales (net of free power to home state & auxillary consumption) | 2751.111857 MU | 2304.061027 MU |

** These figures are revised due to change in date of commercial operation of Tehri Stage I Generating Station from 08.07.2007 to 09.07.2007 as per CERC order based on which revised final REA for July'2007 was issued in 2008-09 by NRPC.

43) Previous year figures have been regrouped/ reclassified wherever necessary to make the figures comparable with the figures of the current year.

44) Schedule `1' to `24' form an integral part of the accounts.

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

(R. S. T. Sai)
Chairman & Managing Director

As Per Our Report of Even Date Attached
For H.D.S.G. & ASSOCIATES
Chartered Accountants

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi



Additional Information as required under Part IV of Schedule VI of the Companies Act. 1956

Balance Sheet Abstract and Company's General Business Profile

(Amount in Rs. Thousands)

i) Registration Details

Registration No.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 9 | 8 | 2 | 2 |
|---|---|---|---|---|---|---|---|

State Code

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
|---|---|---|---|---|---|---|---|

Balance Sheet Date

31 / 03 / 2009

ii) Capital raised during the year

(Amount in Rs. Thousands)

Public issue

NIL

Right issue

NIL

Private Placement:-

(i) Shares issued to Government of India (Nos.) [Net]

| | | | | | |
|---|---|---|---|---|---|
| 5 | 7 | 9 | 6 | 1 | 3 |
|---|---|---|---|---|---|

(ii) Shares issued to Government of Uttar Pradesh (Nos)

NIL

Share Capital Contribution Pending Allotment to

Government of India

NIL

Government of Uttar Pradesh

NIL

Bonus issue

NIL

iii) Position of mobilisation and deployment of funds

Total Liabilities

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 0 | 1 | 6 | 3 | 3 | 1 | 8 | 8 |
|---|---|---|---|---|---|---|---|---|

Total Assets

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 0 | 1 | 6 | 3 | 3 | 1 | 8 | 8 |
|---|---|---|---|---|---|---|---|---|

Source of funds

Paid up capital

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | 2 | 9 | 7 | 5 | 8 | 1 | 7 |
|---|---|---|---|---|---|---|---|

Capital Pending Allotment

NIL

Reserves and surplus including contribution from GOUP

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | 8 | 6 | 8 | 0 | 9 | 8 | 2 |
|---|---|---|---|---|---|---|---|

Secured Loans

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4 | 2 | 3 | 0 | 0 | 0 | 7 | 2 |
|---|---|---|---|---|---|---|---|

Unsecured Loans

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 1 | 4 | 2 | 2 | 9 | 8 |
|---|---|---|---|---|---|---|

Deferred Tax Liability [Net]

NIL

21st Annual Report

(Amount in Rs. Thousands)

Application of Funds

| | | | | | | | | |
|--|---------|---|---|---|---|---|---|---|
| Net Fixed Assets | 7 | 8 | 9 | 6 | 1 | 3 | 2 | 0 |
| Capital Work-in-progress including Construction stores and advances and EDC Pending Allocation | 1 | 6 | 9 | 0 | 9 | 4 | 9 | 7 |
| Investment | NIL | | | | | | | |
| Deferred Tax Asset [Net] | NIL | | | | | | | |
| Net Current Assets | 1 | 6 | 6 | 5 | 1 | 1 | 8 | |
| Miscellaneous Expenditure | 4 8 2 6 | | | | | | | |

iv) Performance of Company

| | | | | | | | | |
|------------------------------------|-------------|---|---|---|---|---|---|---|
| Turnover (Including Other Income) | 1 | 0 | 6 | 9 | 4 | 2 | 8 | 6 |
| Total Expenditure | 7 | 0 | 2 | 1 | 7 | 5 | 5 | |
| Profit / loss before Tax | 3 | 6 | 7 | 2 | 5 | 3 | 1 | |
| Profit / loss after tax | 3 | 2 | 5 | 2 | 0 | 6 | 2 | |
| Earning per share (Rs.) | 9 8 . 9 8 | | | | | | | |
| Dividend Rate (%) | 3 . 0 3 0 0 | | | | | | | |

v) Generic names of Principal product / Service of company

| | |
|---------------------|---------------------------|
| Item Code No | NOT APPLICABLE |
| Product Description | Generation of Electricity |

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

(R. S. T. Sai)
Chairman & Managing Director

Date : 21.08.2009
Place : New Delhi



Cash Flow Statement For The Year 2008-2009

Amount In Thousands
(Figures In Parenthesis Represent Deduction)

| PARTICULARS | For The Year 2008 - 2009 | | For The Year 2007 - 2008 | |
|--|--------------------------|-------------|--------------------------|-------------|
| | Rs. | Rs. | Rs. | Rs. |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax and Prior Period adjustments | | 36,97,890 | | 37,34,975 |
| Adjustment for :- | | | | |
| Depreciation | 16,50,592 | | 16,08,459 | |
| Provisions | 674 | | 803 | |
| Advance Against Depreciation- Deferred | 12,00,526 | | 11,00,940 | |
| Interest on loans | 36,83,281 | | 38,38,834 | |
| Rebate to Customers | 1,35,680 | | 91,388 | |
| Prior Period Adjustments | (25,359) | 66,45,394 | (50,413) | 65,90,011 |
| Operating profit Before Working Capital Changes | | 1,03,43,284 | | 1,03,24,986 |
| Adjustments for Change in Working Capital | | | | |
| Inventories | (36,709) | | 5,528 | |
| Sundry Debtors | 9,08,596 | | (21,60,160) | |
| Other Current Assets | 4,287 | | 43,487 | |
| Loans and Advances | 5,95,396 | | (90,560) | |
| Current Liabilities | (6,95,873) | | 2,63,535 | |
| Provisions | 11,60,410 | 19,36,107 | 3,27,072 | (16,11,098) |
| Cash Generated From Operations | | 1,22,79,391 | | 87,13,888 |
| Direct Tax Paid | | (4,20,469) | | (4,48,801) |
| Net Cash From Operations (A) | | 1,18,58,922 | | 82,65,087 |
| B. CASH FLOW FROM INVESTING ACTIVITIES CHANGE IN :- | | | | |
| Fixed Assets and CWIP | (71,75,448) | | (56,75,741) | |
| Construction Stores | 3,574 | | (1,623) | |
| Capital Advances | (7,54,807) | | 1,98,454 | |
| Misc. Exp . (To the extent not adjusted) | 1,319 | | 1,490 | |
| Net Cash Flow From Investing Activities (B) | | (79,25,362) | | (54,77,420) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Share Capital | (27,787) | | 17,07,400 | |
| Irrigation contribution | 8,87,199 | | 12,63,200 | |
| Other Capital Reserve | 20,400 | | 22,600 | |
| Loans | (3,12,219) | | (45,749) | |
| Interest on loans | (36,83,281) | | (38,38,834) | |
| Rebate to Customers | (1,35,680) | | (91,388) | |
| Dividend & Tax on Dividend | (11,46,551) | | (11,40,701) | |
| Net Cash Flow from Financing Activities (C) | | (43,97,919) | | (21,23,472) |

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| PARTICULARS | For The Year 31/03/2009 | | For The Year 31/03/2008 | |
|---------------------------------------|-------------------------|------------|-------------------------|------------|
| | Rs. | Rs. | Rs. | Rs. |
| NET CASH FLOW DURING THE YEAR (A+B+C) | | (4,64,359) | | (6,64,195) |
| Opening Cash & Cash Equivalents | | 10,52,476 | | 3,88,281 |
| Closing Cash & Cash Equivalents (D+E) | | 5,88,117 | | 10,52,476 |

1. Cash and Cash Equivalents includes Balance with Banks of Rs. 136.78 lacs(Previous year Rs. 1034.97 lacs) which is not available for use by the Corporation.
2. Previous year's figure have been Regrouped / Rearranged / Recast wherever necessary.

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

(R. S. T. Sai)
Chairman & Managing Director

As Per Our Report of Even Date Attached
For H.D.S.G. & ASSOCIATES
Chartered Accountants

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi



AUDITOR'S REPORT

To,
The Members,
Tehri Hydro Development Corporation Limited,

1. We have audited the attached Balance Sheet of Tehri Hydro Development Corporation Limited as at March 31, 2009, and the Profit and Loss Account and also the Cash Flow Statement 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. 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 from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, read with Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
4. Attention is invited to the following :-
 - a) Note no 5 of schedule 24 - Regarding balance amount due from Govt. of Uttarakhand amounting to Rs.5880.00 Lac on account of extra space as remaining due on 31.03.2009, after adjustment of dues towards Royalty, are yet to be recovered.
 - b) Note No.10 (i) of Schedule 24 - Rehabilitation expenditure of Rs. 5720.60 Lac capitalized in accounts under the head 'Unclassified Land' has been booked in accounts on the basis of account statements received from Uttarakhand Government/ Govt. Authorities and thus not subject to verification by us.
 - c) Note No. 12 of Schedule 24 - The balances for Sundry Debtors, Sundry Creditors, Security Deposits/ Earnest Money Deposits, Loans & Advances are subject to confirmation and reconciliation.
 - d) Note No.17 (i) of Schedule 24 - Relating to unauthorized occupation of 75 flats (previous year 20 flats) by various persons on the land acquired by the Corporation.
 - e) Note No.31 of Schedule 24 - Accounting of sales is being done on provisional basis pending final fixation of tariff by CERC.
5. Further to our comments in the annexure referred to in paragraph 3 and read with other items on which attention is drawn vide paragraph 4 above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) 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.
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) 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.
- e) In pursuance to the notification No. GSR 829(E) dated 17.7.2003, issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon attached thereto give in the prescribed manner, the information required by 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:
- a) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2009,
- b) in the case of Profit and Loss Account, of the profit for the year ended on that date, and
- c) in the case of the Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For HDSG & Associates
Chartered Accountants

(Harbir Singh Gulati)
Partner, FCA
Membership No. : 84072

Place : New Delhi
Date : 21.08.2009



ANNEXURE TO THE AUDITORS' REPORT

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

1. In respect of its Fixed Assets :
 - a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets. However, putting of Identification numbers on the Fixed Assets is under process. The records for movement of the assets have been properly maintained, except in a few cases.
 - b) The assets have been physically verified by Independent Firm of Chartered Accountants during the year and discrepancies, though not material, noticed on such verification, have been dealt properly in the books of account. In our opinion, frequency of verification is reasonable having regard to the size.
 - c) During the year the company has not disposed off substantial part of its Fixed Assets.
2. In respect of its Inventories :
 - a) Physical verification of inventory has been conducted by Independent Firm of Chartered Accountants appointed for the purpose during the year. In our opinion frequency of verification is reasonable. Further, the system of identifying damaged & obsolete items of inventory/ stores and writing off the same needs strengthening in respect of Koteshwar unit.
 - b) The procedures of physical verification of inventory, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventory.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clause (iii) of paragraph 4 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of company and nature of its business, with regard to purchase of inventory and fixed assets. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems.
5. Based on the audit process applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need be entered in the register required to be maintained under that Section. The question of reasonableness of transactions Rs. 500000/- or more during the year does not arise.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58-A, 58-AA and other relevant provisions of Companies Act, 1956, and rules framed there under, does not arise.
7. The Company has an Internal Audit system wherein external Chartered Accountant Firms are appointed to carry out periodic audits of different units of the Corporation. In our opinion, the scope and coverage of internal Audit can further be enhanced in respect of checking of routine financial transaction to assessment of internal control procedures, systematic deficiencies, in order to make it commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956. The company is maintaining the required Cost Records. However, the Cost Audit for the year 2008-09 has not been conducted.
9. a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, custom duty, excise duty and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31.3.2009 for a period of more than six months from the date they became payable. As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.
b) According to information and explanation given to us, following disputed income tax / trade tax / entry tax dues have not been deposited.

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| Assessment Year | Amount (Rs.in Lacs) | Nature of Dues | Present Status |
|---------------------------------------|---------------------|----------------|---|
| 1986-87 | 45.30 | Trade Tax | Against the amount of the interest imposed by Assessing Authority, the case had been remanded back by Dy. Commissioner (Appeal), Dehradun and re-assessed by Assessing Authority with the same amount. THDC filed an appeal with JC (Appeals) against the order of A.O and JC (Appeals) has granted the stay order. |
| 1990-91 | 3.18 | Trade Tax | THDC has filed an appeal before trade tax Tribunal against interest demand order of Rs. 3,17,859/- after depositing Rs.1,05,953/-. |
| 1991-92 Intt. w.e.f. 01.05.92 | 16.71 67.83 | Trade Tax | The assessing authority has imposed a tax of Rs.16,70,603/- + interest thereon u/s 21 (2). The order has been cancelled by DC (Appeal), Dehradun against which Sales Tax Deptt has gone into second appeal (Tribunal). |
| 1991-92 | 32.68 | Trade Tax | Against the above interest amount imposed by Assessing Authority, the demand has been cancelled by Dy. Commissioner (Appeal), Dehradun against which the sales Tax Deptt. has gone into second appeal (Tribunal). |
| 1993-94 | 0.33 | Trade Tax | The Trade/Commercial Tax deptt has filed an appeal before High Court Nainital against decision of Tribunal for the interest amount imposed by Assessing Authority. |
| 1994-95 | 0.88 | Trade Tax | The Trade/ Commercial Tax deptt has filed an appeal before High Court Nainital against decision of Tribunal for the interest amount imposed by Assessing Authority. |
| 1997-98 | 1.91 | Trade Tax | THDC has filed an appeal before DC (Appeal) against interest demand order of Rs. 1,90,626/-. Against the above demand Corporation has got stay order for Rs. 1,71,563/- after depositing Rs. 19,063/-. |
| 1998-99 | 1.02 | Trade Tax | Trade/Commercial Tax deptt has filed an appeal before Tribunal against decision of the Jt. Commissioner (Appeal) in case of interest demand order. |
| 2000-01 Interest for 101 months | 136.35 275.43 | Entry Tax | The Entry Tax case is pending before Adnl. Commissioner (Appeal), Dehradun. |
| 2002-03 | 6.08 | Entry Tax | The reassessment order dt. 30.06.04 had been received and THDC has gone into appeal against above demand before DC (Appeal). |
| 2003-04 | 0.70 | Entry Tax | The reassessment order dt. 30.06.04 had been received and THDC has gone in to appeal against above demand before DC (Appeal). |



| | | | |
|---------|--------|------------|---|
| 2005-06 | 120.17 | Income Tax | Corporation has filed an appeal with CIT against the decision of ACIT after depositing the disputed tax of Rs. 120,17,174/-. |
| 2006-07 | 125.93 | Income Tax | Corporation has filed stay petition before ACIT against which 50% stay was granted and subsequently filed appeal before CIT appeal and deposited Rs.6297000/-. |
| 2007-08 | 208.25 | Income Tax | Corporation has filed stay petition before ACIT against which 50% stay was granted and subsequently filed waiver petition before CIT (Appeal) for waiver of Interest charged u/s 234B & 234C. |

10. (a) The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.
- (b) In the case of ongoing projects of the company which are under construction stage, this clause of accumulated losses is not applicable.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any Financial Institution or bank.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi/mutual benefit fund/society. Accordingly, Clause xiii of paragraph 4 of the Order is not applicable.
14. In our opinion and as per the information and explanations given to us, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause xiv of paragraph 4 of the Order is not applicable.
15. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, and according to the information and explanations given to us, the company has applied the term loans for the purpose, they were raised during the year.
17. In our opinion, on an overall basis, and according to the information and explanation given to us, the company has not used the funds raised on short term basis for long term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act during the year.
19. The Company has not issued any debentures during the year and therefore the question of creating security or charge in respect, therefore does not arise.
20. The Company has not made any public issue of any securities during the year and therefore the question of disclosing the end use of money raised by any public issues does not rise.
21. During the course of our examination of books and records of the company for the year, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the company, nor have we been informed of such cases by the Management.

For HDSG & Associates
Chartered Accountants

(Harbir Singh Gulati)
Partner, FCA
Membership No. : 84072

Place : New Delhi
Date : 21.08.2009

21st Annual Report

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INDIAN AUDIT & ACCOUNTS DEPARTMENT

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL

AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-II

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3RD FLOOR 'A' WING, INDRAPRASTHA BHAWAN, I.P. Estate, NEW DELHI-110002

TEL : 23378431, 23379473

e-mail : mab2@nda.vsnl.net, mabnewdelhi2@cag.gov.in



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

The preparation of financial statements of Tehri Hydro Development Corporation Limited for the year ended on 31st March 2009 in accordance with the financial reporting framework prescribed under the Companies Act 1956 is the responsibility of the management of the company. The statutory Auditor 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 21st August 2009.

I, on behalf of 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 Tehri Hydro Development Corporation Limited for the year ended 31st March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Comments on Profitability

1. Fixed Assets (Schedule : 5)

General Plant & Machinery - Gross Block - Rs. 1547.22 crore

This includes an amount of Rs. 13 crore towards Gross block of the Static Excitation system, which has been rendered obsolete and unusable, hence replaced by the system supplied by another supplier. Since this is in the nature of dismantled capital stores, a provision of Rs. 9.13 crore should have been made as per Accounting Standard - 10 prescribed under section 211 (3)(C) of the Companies Act, 1956.

This has resulted in understatement of 'Expenditure' and over overstatement of profit by Rs. 9.13 crore.

2. Current Liabilities (Schedule 13)

Other Liabilities - Rs. -18.56 crore

This does not include Rs. 1.84 crore relating to the salary and allowances payable to the personnel of Central Industrial Security force (CISF) placed at Tehri and Koteshwar on account of arrears of salary as a result of pay proposals, of 6th pay commission.

This has resulted in understatement of 'Other Liabilities' and overstatement of 'Profit' by Rs. 1.84 crore.

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

(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II, New Delhi

Place : New Delhi

Date : 29-09-2009



MANAGEMENT'S REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TEHRI HYDRO DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2009.

COMMENTS ON PROFITABILITY

1. Fixed Assets (Schedule : 5)

General Plant & Machinery - Gross Block - Rs. 1547.22 crore

MANAGEMENT'S REPLY

Static Excitation system of the type supplied by M/s. Power Machine had become obsolete and has been phased out by most utilities world over. In order to ensure effective, reliable and better functioning of the Generator, the Corporation has replaced it with Static Excitation system purchased from BHEL.

The Static Excitation System is a part of Generating Plant and Machinery and is not an independent item of Fixed Asset. The new excitation system, which is for effective, efficient and proper functioning of plant beyond its previously assessed standard of performance, is considered as improvement of asset and capitalized in line with As-10.

As per para 3.1 of AS-6 related to Depreciation Accounting "Depreciation is a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effluxion of time or obsolescence through technology and market changes. Depreciation is allocated so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset. Depreciation includes amortization of assets whose useful life is predetermined". Further as per Para 3.3 of AS-6 useful life is the period over which a depreciable asset is expected to be used by the enterprise.

During useful life, the wear and tear, obsolescence etc. occurs as a dynamic process. In an integrated asset at what point of time the failure or obsolescence of a particular part, component or module would occur can not be predicted. Such occurrences are viewed as a stochastic event. As such, depreciation is applied to systematically account for such stochastic process over the useful life of an integrated asset. Accordingly the cost of Static Excitation system is deemed to have been charged through depreciation to Profit & Loss Accounts and no further provision is warranted. The value of scrap material shall be Accounted for at the time of sale as per company's Accounting Policy.

2. Current Liabilities (Schedule 13) :

Other Liabilities - Rs. -18.56 crore

MANAGEMENT'S REPLY

The liability on account of arrears of salary and allowances arising as a consequence upon implementation of the recommendation of 6th Pay Commission could not be ascertained for want of intimation from the concerned department, it being a case of reimbursement.



A Panoramic view of new Tehri Town

