

# Annual Report 2009-10



**NHPC Limited**  
(A Government of India Enterprise)

## CORPORATE VISION

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

## CORPORATE MISSION

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



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## CORPORATE PROFILE

FINANCIAL		2009-10	2008-09	2007-08	2006-07
Sales	**	4218.90	2671.85	2243.73	1754.12
Miscellaneous income	@	673.19	589.64	911.77	433.38
Profit before interest ,depreciation & tax	\$	3892.41	2201.76	2201.93	1610.04
Profit after interest & depreciation		2402.08	1178.34	1146.65	1087.74
Profit after interest ,depreciation & tax		2090.50	1075.22	1004.09	924.80
Dividend		676.54	325.00	300.00	278.00
Reserves & surplus (cumulative)		10972.45	6798.13	6093.34	5367.05
<b>WHAT CORPORATION OWNS</b>					
Gross Fixed Assets		21302.37	21460.08	20639.51	12943.64
Depreciation		4907.44	3816.27	3262.66	2850.92
<b>Net Fixed Assets</b>		<b>16394.93</b>	<b>17643.81</b>	<b>17376.85</b>	<b>10092.72</b>
Capital Work in progress		12802.50	9401.77	6318.64	11399.92
Construction Stores and Advances		1222.52	1096.85	1077.34	856.43
Investments		4394.05	2793.60	3049.22	3322.75
Net Current Assets		3903.95	605.76	713.03	-345.60
Miscellaneous Expenditure not w/o.		-	2.33	0.34	25.80
		<b>38717.95</b>	<b>31544.12</b>	<b>28535.42</b>	<b>25352.02</b>
<b>WHAT CORPORATION OWES</b>					
Net Worth					
-Share Capital		12300.74	11182.49	11182.49	11207.04
-Reserves		10972.45	6798.13	6093.34	5367.05
Income Received in advance		1437.44	1329.47	1303.26	1245.98
on account of Advance Against Depreciation					
Borrowings		13868.22	12234.03	9956.33	7531.95
Deferred Tax Liability (Net)		139.10	-	-	-
		<b>38717.95</b>	<b>31544.12</b>	<b>28535.42</b>	<b>25352.02</b>
<b>OPERATING PERFORMANCE</b>					
		<b>2009-10</b>	<b>2008-2009</b>	<b>2007-2008</b>	<b>2006-2007</b>
Generation (M.U.)		16960	16689	14813	13049
Machine availability (%)		84.10	93.61	96.13	94.11
Sales (Rs.in crore)		4218.90	2671.85	2243.73	1754.12
Man power (Nos.)		11712	12028	12341	12768

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

@ Includes receipts against contracts

\$ After prior period adjustments



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(₹ in crore)

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1614.11	1449.98	1276.09	1172.23	1221.00	1179.90
359.55	393.80	551.69	302.96	330.40	575.70
1454.71	1438.86	1477.37	1153.39	1183.50	1209.70
812.16	777.53	643.48	555.00	513.10	484.20
742.75	684.58	621.38	510.50	470.90	443.40
223.00	140.00	120.00	75.00	50.00	30.00
4709.89	4168.49	3594.27	3065.70	2598.50	2139.10
12755.52	10876.28	10342.71	8280.95	8113.50	7892.70
2527.83	2148.20	1882.95	1672.19	1526.70	1280.10
<b>10227.69</b>	<b>8728.08</b>	<b>8459.76</b>	<b>6608.76</b>	<b>6586.80</b>	<b>6612.60</b>
8844.19	8787.19	6975.83	7078.00	5218.30	3710.80
778.95	770.14	805.55	621.74	525.50	613.00
3832.81	3769.43	3660.87	2415.66	1965.00	679.90
-225.34	138.69	107.76	1889.77	1512.20	1864.20
24.55	1.18	0.71	1.20	2.00	9.80
<b>23482.85</b>	<b>22194.71</b>	<b>20010.48</b>	<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>
10576.09	9933.27	8629.03	7240.61	6345.70	5188.20
4709.89	4168.49	3594.27	3065.70	2598.50	2139.10
1030.18	1071.15	939.40	801.06	648.40	519.90
7166.69	7021.80	6847.78	7507.76	6217.20	5643.10
-	-	-	-	-	-
<b>23482.85</b>	<b>22194.71</b>	<b>20010.48</b>	<b>18615.13</b>	<b>15809.80</b>	<b>13490.30</b>
<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
12567	11286	11046	9863	8912	8774
98.16	95.30	96.82	96.62	96.86	92.09
1614.11	1449.98	1276.09	1172.23	1221.00	1179.90
13118	13470	13648	13017	13054	11850



## DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL		2009-10	2008-09	2007-08	2006-07
A	SALE OF ENERGY \$	4326.87	2698.06	2301.00	1969.93
B	ADVANCE AGAINST DEPRECIATION	107.97	26.21	57.27	215.81
C	OTHER INCOME ( INCLUDES CONST. & CONSULTANCY RECEIPT) #	673.19	589.64	911.77	433.38
D	<b>TOTAL INCOME (A)-(B)+(C)</b>	<b>4892.09</b>	<b>3261.49</b>	<b>3155.50</b>	<b>2187.50</b>
E	GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY EXP)	999.68	1059.73	953.57	577.46
F	<b>GROSS MARGIN (D) - (E)</b>	<b>3892.41</b>	<b>2201.76</b>	<b>2201.93</b>	<b>1610.04</b>
G	DEPRECIATION	1033.25	518.24	443.74	290.55
H	<b>GROSS PROFIT (F) - (G)</b>	<b>2859.16</b>	<b>1683.52</b>	<b>1758.19</b>	<b>1319.49</b>
I	INTEREST AND FINANCE CHARGES	457.08	505.18	611.54	231.75
J	<b>NET PROFIT (H) - (I)</b>	<b>2402.08</b>	<b>1178.34</b>	<b>1146.65</b>	<b>1087.74</b>
K	TAX	311.58	103.12	142.56	162.94
L	<b>NET PROFIT AFTER TAX (J) - (K)</b>	<b>2090.50</b>	<b>1075.22</b>	<b>1004.09</b>	<b>924.80</b>
M	<b>INTERNAL RESOURCE GENERATED (G)+(L)+(B)</b>	<b>3231.72</b>	<b>1619.67</b>	<b>1505.10</b>	<b>1431.16</b>
N	AUTHORISED CAPITAL	15000.00	15000.00	15000.00	15000.00
O	EQUITY PAID UP CAPITAL **	12300.74	11182.49	11182.49	11207.04
P	RESERVE AND SURPLUS	10972.45	6798.13	6093.34	5367.05
Q	LOAN FUND	13868.22	12234.03	9956.33	7531.95
R	INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)	1437.44	1329.47	1303.26	1245.98
S	GROSS FIXED ASSETS	21302.37	21460.08	20639.51	12943.64
T	DEPRECIATION	4907.44	3816.27	3262.66	2850.92
U	<b>NET FIXED ASSETS (S) - (T)</b>	<b>16394.93</b>	<b>17643.81</b>	<b>17376.85</b>	<b>10092.72</b>
V	CAPITAL WORK-IN-PROGRESS	12802.50	9401.77	6318.64	11399.92
W	CONSTRUCTION STORES AND ADVANCES	1222.52	1096.85	1077.34	856.43
X	INVESTMENTS	4394.05	2793.60	3049.22	3322.75
Y	WORKING CAPITAL	3903.95	605.76	713.03	-345.60
Z	MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	0.00	2.33	0.34	25.80
AA	<b>GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)</b>	<b>38717.95</b>	<b>31541.79</b>	<b>28535.08</b>	<b>25326.22</b>
AB	<b>NET WORTH (O)+(P)-(Z)</b>	<b>23273.19</b>	<b>17978.29</b>	<b>17275.49</b>	<b>16548.29</b>
AC	INVENTORY CONSUMPTION IN POWER STATION	4.28	8.92	6.15	6.56
AD	<b>VALUE ADDED (A)-(B)-(AC)</b>	<b>4214.62</b>	<b>2662.93</b>	<b>2237.58</b>	<b>1747.56</b>
\$ INCLUDING TARIFF ADJUSTMENT, WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS					
** INCLUDING SHARE DEPOSIT & GOI FUND ADJUSTABLE TO EQUITY					
# INCLUDES RECEIPTS AGAINST CONTRACTS					
RATIOS		2009-10	2008-09	2007-08	2006-07
1	RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)	7.38%	5.34%	6.16%	5.21%
2	RETURN ON NET WORTH (L) / (AB)	8.98%	5.98%	5.81%	5.59%
3	NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)	10.90%	8.47%	7.86%	6.93%
4	VALUE ADDED TO NET SALES (AD) / ((A)-(B))	99.90%	99.67%	99.73%	99.63%
5	DEBT TO EQUITY RATIO (Q) / ((O)+(P))	0.60	0.68	0.58	0.45
6	NET PROFIT TO NET SALES (L) / ((A)-(B))	49.55%	40.24%	44.75%	52.72%



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(₹ in crore)

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1661.99	1581.73	1414.43	1324.86	1349.60	1313.70
47.88	131.75	138.34	152.63	128.60	133.80
359.55	393.80	551.69	302.96	330.40	575.70
<b>1973.66</b>	<b>1843.78</b>	<b>1827.78</b>	<b>1475.19</b>	<b>1551.40</b>	<b>1755.60</b>
518.95	404.92	350.41	321.80	367.90	545.90
<b>1454.71</b>	<b>1438.86</b>	<b>1477.37</b>	<b>1153.39</b>	<b>1183.50</b>	<b>1209.70</b>
269.57	248.97	208.14	140.36	231.60	238.70
<b>1185.14</b>	<b>1189.89</b>	<b>1269.23</b>	<b>1013.03</b>	<b>951.90</b>	<b>971.00</b>
372.98	412.36	625.75	458.03	438.80	486.80
<b>812.16</b>	<b>777.53</b>	<b>643.48</b>	<b>555.00</b>	<b>513.10</b>	<b>484.20</b>
69.41	92.95	22.10	44.50	42.20	40.80
<b>742.75</b>	<b>684.58</b>	<b>621.38</b>	<b>510.50</b>	<b>470.90</b>	<b>443.40</b>
<b>1060.20</b>	<b>1065.30</b>	<b>967.86</b>	<b>803.49</b>	<b>831.10</b>	<b>815.90</b>
15000.00	15000.00	15000.00	10000.00	7000.00	7000.00
10576.09	9933.27	8629.03	7240.61	6345.70	5188.20
4709.89	4168.49	3594.27	3065.70	2598.50	2139.10
7166.69	7021.80	6847.78	7507.76	6217.20	5643.10
1030.18	1071.15	939.40	801.06	648.40	519.90
12755.52	10876.28	10342.71	8280.95	8113.50	7892.70
2527.83	2148.20	1882.95	1672.19	1526.70	1280.10
<b>10227.69</b>	<b>8728.08</b>	<b>8459.76</b>	<b>6608.76</b>	<b>6586.80</b>	<b>6612.60</b>
8844.19	8787.19	6975.83	7078.00	5218.30	3710.80
778.95	770.14	805.55	621.74	525.50	613.00
3832.81	3769.43	3660.87	2415.66	1965.00	679.90
-225.34	138.69	107.76	1889.77	1512.20	1864.20
24.55	1.18	0.71	1.20	2.00	9.80
<b>23458.30</b>	<b>22193.53</b>	<b>20009.77</b>	<b>18613.93</b>	<b>15807.80</b>	<b>13480.50</b>
<b>15261.43</b>	<b>14100.58</b>	<b>12222.59</b>	<b>10305.11</b>	<b>8942.20</b>	<b>7317.50</b>
12.02	7.73	2.67	2.65	6.90	7.10
<b>1602.09</b>	<b>1442.25</b>	<b>1273.42</b>	<b>1169.58</b>	<b>1214.10</b>	<b>1172.80</b>

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
5.05%	5.36%	6.34%	5.44%	6.02%	7.20%
4.87%	4.85%	5.08%	4.95%	5.27%	6.06%
6.88%	6.53%	6.38%	6.30%	7.72%	8.75%
99.26%	99.47%	99.79%	99.77%	99.43%	99.40%
0.47	0.50	0.56	0.73	0.70	0.77
46.02%	47.21%	48.69%	43.55%	38.57%	37.58%



## REFERENCE INFORMATION

### Registered Office

NHPC Office Complex,  
Sector-33, Faridabad - 121 003

### Corporate Office

NHPC Office Complex,  
Sector-33, Faridabad - 121 003

### Registrar & Share Transfer Agent

Karvy Computershare Private Limited  
Plot No.: 17 to 24, Vittalrao Nagar,  
Madhapur, Hyderabad – 500 081  
Ph.: 040-23420815 to 824  
Fax : 040-23420814  
Email: einward.ris@karvy.com  
Website: www.karvycomputershare.com

M/s. RCMC Share Registry (P) Ltd., (for Bond)  
B-106, Sector-21,  
NOIDA-201301 (Uttar Pradesh)  
Ph.: 0120-4015880  
Email: info@rcmcdelhi.com.

### Shares Listed at:

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

### Depositories

National Securities Depository Limited  
Central Depository Services (India) Limited

### Company Secretary

Mr. Vijay Gupta

### Statutory Auditors

**M/S GSA & ASSOCIATES,**  
Chartered Accountants,  
16, Ground Floor, DDA Flats  
Shivalik-Panchashil Mor,  
Near Malviya Nagar,  
New Delhi-110 017

**M/s Baweja & Kaul,**  
Chartered Accountants  
15B/B Gandhi Nagar Extn.  
Jammu Tawi (J&K) – 180 004

**M/s K K Ghei & Co**  
Chartered Accountants  
806, Hemkunt House,  
6, Rajendra Place,  
New Delhi-110 008

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

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

### Bankers

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



## LETTER TO SHAREHOLDERS



Dear Shareholders,

It gives me immense pleasure to present before you the Annual Report of your Company for the financial year 2009-10. You would be happy to note that your Company is scaling new heights with scintillating all round performance. On financial front, your Company has earned a net profit of ₹ 2,091 Cr during the year against ₹ 1,075 Cr earned during 2008-09. The sales of your Company have increased to ₹ 4,327 Cr during the FY 2009-10 against ₹ 2,698 Cr registered for FY 2008-09. The generation from various power stations of your Company has also increased from 16690 million units during 2008-09 to 16960 million units in 2009-10 despite a weak monsoon during the year. On execution front, your Company has successfully commissioned the 120 MW Sewa-II Hydroelectric Project, situated in Jammu & Kashmir thereby taking the total installed capacity of your Company to 5295 MW including capacity of 1520 MW through its subsidiary Company NHDC Ltd.

I also take this opportunity to thank all of you for the confidence and faith reposed in your Company in making its IPO a great success. The IPO of your Company was oversubscribed by almost 24 times and after its successful conclusion, your Company has become a listed Company on both NSE & BSE w.e.f. 1<sup>st</sup> September 2009. Of the IPO proceeds of ₹ 6,000 Cr, about ₹ 4,000 Cr are available against the proceeds of 10% fresh equity and balance accruing to Government against disinvestment of its equity. The Capex plan of NHPC for the year 2009-10 stands at about ₹ 3,700 Cr and that for 2010-11 is about ₹ 4,900 Cr. The overall Capex for XI plan period stands at ₹ 21,600 Cr which would be met through internal resources, subordinate debt from Government of India, proceeds from IPO and market borrowings.

Your Company is marching ahead with grit and determination bravely facing all the challenges with an aim of becoming a 9500 MW plus Company by the year 2013. Your Company is poised to leverage its resources and strengths for exploiting the growth opportunities to maintain a leading position in hydro sector.



Your Company is set to increase its global footprint through successful consultancy assignments, including project execution. Your Company has entered into two agreements for taking up additional investigations and preparation of updated Detailed Project Reports for the 1,200 MW Tamanthi and 642 MW Shwezaye Projects in Myanmar as consultancy assignments. We have also been entrusted with the preparation of Detailed Project Reports for Chamkharchhu-I (670 MW) and Kuri Gongri (1800 MW) Hydroelectric Projects in Bhutan. Apart from this, your Company will provide engineering consultancy services for the Mangdechhu Hydroelectric Project (720 MW) in Bhutan.

Our success demonstrates that our vision is focused beyond horizons. This achievement is an outcome of our performance in all aspects, be it planning, consultancy or human resources. We are in the process of enhancing our IT capabilities and network. Our continuous process of growth in performance has enabled us to enhance our business leadership. Even as we meet our targets for better performance, we never lose sight of our commitment to ethics and betterment of society.

We are confident about the year ahead and beyond. Even as we work towards meeting higher targets, the way to achieve these is through a systematic and focused approach built around our core competencies.

The Government of India is according topmost priority to rural electrification to realise the objectives of "Power to all Villages" and "Power for All" through its flagship programme Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY). Your Company has taken the initiative and has electrified 2,700 villages and provided 6 lakh electricity connections to the below poverty line (BPL) families. Further, your Company has also been assigned to execute the rural road works under the Pradhan Mantri Gram Sadak Yojana (PMGSY) of Govt. of India.

With a focus on people, emphasis on transparency and a demonstrated concern for social and economic improvement of communities in the vicinity of our units and also in other parts of the country, your Company has generated an invaluable goodwill. Your Company is sensitive towards socio-economic & environmental issues and takes initiatives for betterment of the project affected families and local community in and around its Projects & Power Stations through its CSR-CD plans. Your Company has its own R&R policy to give optimum facilities to displaced families.

We would like to thank all of you for your tremendous support and we hope that you would continue to stand by us in the coming years. We share a bond of trust and a commitment for development and growth with all our stakeholders. We assure our valued shareholders to live up to their confidence and continue to strive hard to achieve the desired goals of the Company.

Yours sincerely,



**(S.K.Garg)**

Chairman and Managing Director