एनएचपीसी
NHPC

35TH ANNUAL REPORT

2010-2011

Corporate Vision

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

Corporate Mission

- To achieve international standards of excellence in all aspects of hydro power and diversified business.
- To execute and operate projects in a cost effective, environment friendly and socio-economically responsive manner.
- To foster competent, trained and multi-disciplinary human capital.
- To continually develop state-of-the-art technologies through innovative R&D and adopt best practices.
- To adopt the best practices of corporate gevernance 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.

Contents

CORPORATE PROFILE

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

OPERATING PERFORMANCE	2010-2011	2009-2010	2008-2009
Generation (M.U.)	18604	16960	16689
Machine availability (%)	85.20	84.10	93.61
Sales (₹ in crore)	4046.59	4218.90	2671.85
Man power (Nos.)	11420	11712	12028

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

@ Includes receipts against contracts

$ After prior period adjustments

(₹ in crore)

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

2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
14813	13049	12567	11286	11046	9863	8912
96.13	94.11	98.16	95.30	96.82	96.62	96.86
2243.73	1754.12	1614.11	1449.98	1276.09	1172.23	1221.00
12341	12768	13118	13470	13648	13017	13054

DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

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

$ INCLUDING TARIFF ADJUSTMENT , WHEELING CHARGES AND PROVISION FOR DOUBTFUL DEBTS

** INCLUDING SHARE DEPOSIT & GOI FUND ADJUSTABLE TO EQUITY

INCLUDES RECEIPTS AGAINST CONTRACTS

	RATIOS	2010-11	2009-10	2008-09
1	RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)	8.08%	7.38%	5.34%
2	RETURN ON NET WORTH (L) / (AB)	8.81%	8.98%	5.98%
3	NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)	9.94%	10.90%	8.47%
4	VALUE ADDED TO NET SALES (AD) / ((A)-(B))	99.90%	99.90%	99.67%
5	DEBT TO EQUITY RATIO (Q) / ((O)+(P))	0.59	0.60	0.68
6	NET PROFIT TO NET SALES (L) / ((A)-(B))	53.54%	49.55%	40.24%

(₹ in crore)

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
2301.00	1969.93	1661.99	1581.73	1414.43	1324.86	1349.60
57.27	215.81	47.88	131.75	138.34	152.63	128.60
911.77	433.38	359.55	393.80	551.69	302.96	330.40
3155.50	**2187.50**	**1973.66**	**1843.78**	**1827.78**	**1475.19**	**1551.40**
953.57	577.46	518.95	404.92	350.41	321.80	367.90
2201.93	**1610.04**	**1454.71**	**1438.86**	**1477.37**	**1153.39**	**1183.50**
443.74	290.55	269.57	248.97	208.14	140.36	231.60
1758.19	**1319.49**	**1185.14**	**1189.89**	**1269.23**	**1013.03**	**951.90**
611.54	231.75	372.98	412.36	625.75	458.03	438.80
1146.65	**1087.74**	**812.16**	**777.53**	**643.48**	**555.00**	**513.10**
142.56	162.94	69.41	92.95	22.10	44.50	42.20
1004.09	**924.80**	**742.75**	**684.58**	**621.38**	**510.50**	**470.90**
1505.10	**1431.16**	**1060.20**	**1065.30**	**967.86**	**803.49**	**831.10**
15000.00	15000.00	15000.00	15000.00	15000.00	10000.00	7000.00
11182.49	11207.04	10576.09	9933.27	8629.03	7240.61	6345.70
6093.34	5367.05	4709.89	4168.49	3594.27	3065.70	2598.50
9956.33	7531.95	7166.69	7021.80	6847.78	7507.76	6217.20
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713.03	-345.60	-225.34	138.69	107.76	1889.77	1512.20
0.34	25.80	24.55	1.18	0.71	1.20	2.00
28535.08	**25326.22**	**23458.30**	**22193.53**	**20009.77**	**18613.93**	**15807.80**
17275.49	**16548.29**	**15261.43**	**14100.58**	**12222.59**	**10305.11**	**8942.20**
6.15	6.56	12.02	7.73	2.67	2.65	6.90
2237.58	**1747.56**	**1602.09**	**1442.25**	**1273.42**	**1169.58**	**1214.10**

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

REFERENCE INFORMATION

Registered Office

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

Corporate Office

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

Company Secretary

Mr. Vijay Gupta

Registrar & Share Transfer Agent

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

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

Shares Listed at:

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Statutory Auditors

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

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

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

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

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

Bankers

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

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

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

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

NHPC is also keen to harness the hydropower potential in the states through joint ventures. The Company has been actively pursuing business development and has entered into various agreements for expanding its business portfolio. Eight projects, totaling 4,006 MW of power, are to be implemented as joint ventures. A joint venture company, the Loktak Downstream Hydroelectric Corporation Limited, has been incorporated for executing the 66 MW Loktak Downstream Project in Manipur with a 74 per cent shareholding by NHPC and 26 per cent by the Government of Manipur. Another joint venture company, Chenab Valley Power Projects (Pvt.) Limited, has been formed in which NHPC, JKSPDC and PTC are partners on a 49:49:2 basis for taking up three projects, totaling 2,120 MW in the Chenab river basin in Jammu and Kashmir. Another joint venture company with SJVN Limited and the Government of Manipur to implement the 1,500 MW Tipaimukh Hydroelectric (multipurpose) Project in Manipur is in an advanced stage of formation with shareholding of NHPC, SJVNL and the Government of Manipur being 69, 26 and 5 per cent respectively. NHPC has signed one more MoU for a joint venture company with OHPC and the Government of Orissa to implement three hydroelectric projects —SINDOL–I,II and III, with a total capacity of 320 MW on the Mahnandi river, downstream of Hirakund in Orissa. The shareholding of the JVC will be 51:49 between NHPC and OHPC.

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

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

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

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

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

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