36TH
ANNUAL REPORT
2011-2012

Annual General Meeting on Monday, 17th September, 2012 at 11 a.m, MCF Auditorium, Faridabad, Haryana.

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.

Contents

NHPC

CONSOLIDATED

CORPORATE PROFILE

FINANCIAL		2011-12	2010-11	2009-10
Sales	**	5509.65	4046.59	4218.90
Miscellaneous income	@	1274.62	885.52	673.19
Profit before interest ,depreciation & tax	$	4752.02	4160.75	3892.41
Profit after interest & depreciation		3517.04	2877.41	2402.08
Profit after interest ,depreciation & tax		2771.77	2166.67	2090.50
Dividend		861.05	738.04	676.54
Reserves & surplus (cumulative)		14052.79	12279.94	10972.45
WHAT CORPORATION OWNS				
Gross Fixed Assets		23060.93	22874.93	21302.37
Depreciation & Amortisation		6692.61	5774.04	4907.44
Net Fixed Assets		**16368.32**	**17100.89**	**16394.93**
Capital Work in progress		19190.05	15797.04	12802.50
Construction Stores and Advances		1133.25	1325.42	1222.52
Investments (Current & Non-Current)		2749.88	2913.55	4394.05
Other Long Term Loans & Advances and Other Non-Current Asset (Excluding Capital Advances)#		1636.99	1332.24	
Net Current Assets		6259.47	3832.58	3903.95
Miscellaneous Expenditure not w/o.		-	-	-
		47337.96	**42301.72**	**38717.95**
WHAT CORPORATION OWES				
Net Worth				
- Share Capital		12300.74	12300.74	12300.74
- Reserves		14052.79	12279.94	10972.45
Income Received in advance (Current & Non-Current) (on account of Advance Against Depreciation)		1359.39	1406.55	1437.44
Other Long Term Liability & Long Term Provisions#		1779.86	1583.90	
Borrowings (Including current maturities of long-term borrowings)		17641.14	14569.26	13868.22
Deferred Tax Liability (Net)		204.04	161.33	139.10
		47337.96	**42301.72**	**38717.95**

OPERATING PERFORMANCE	2011-12	2010-11	2009-10
Generation (M.U.)	18683	18604	16960
Machine availability (%)	83.30	85.20	84.10
Sales (₹in crore)	5509.65	4046.59	4218.90
Man power (Nos.)	11036	11420	11712

** Sales are net after tariff adjustment and Advance Against Depreciation
@ Includes receipts against contracts & exceptional item
$ After prior period adjustments
# Figures under these line item was included in Net Current Assets upto 2009-10.

(₹ in crore)

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
2671.85	2243.73	1754.12	1614.11	1449.98	1276.09	1172.23
589.64	911.77	433.38	359.55	393.80	551.69	302.96
2201.76	2201.93	1610.04	1454.71	1438.86	1477.37	1153.39
1178.34	1146.65	1087.74	812.16	777.53	643.48	555.00
1075.22	1004.09	924.80	742.75	684.58	621.38	510.50
325.00	300.00	278.00	223.00	140.00	120.00	75.00
6798.13	6093.34	5367.05	4709.89	4168.49	3594.27	3065.70
21460.08	20639.51	12943.64	12755.52	10876.28	10342.71	8280.95
3816.27	3262.66	2850.92	2527.83	2148.20	1882.95	1672.19
17643.81	**17376.85**	**10092.72**	**10227.69**	**8728.08**	**8459.76**	**6608.76**
9401.77	6318.64	11399.92	8844.19	8787.19	6975.83	7078.00
1096.85	1077.34	856.43	778.95	770.14	805.55	621.74
2793.60	3049.22	3322.75	3832.81	3769.43	3660.87	2415.66
605.76	713.03	-345.60	-225.34	138.69	107.76	1889.77
2.33	0.34	25.80	24.55	1.18	0.71	1.20
31544.12	**28535.42**	**25352.02**	**23482.85**	**22194.71**	**20010.48**	**18615.13**
11182.49	11182.49	11207.04	10576.09	9933.27	8629.03	7240.61
6798.13	6093.34	5367.05	4709.89	4168.49	3594.27	3065.70
1329.47	1303.26	1245.98	1030.18	1071.15	939.40	801.06
12234.03	9956.33	7531.95	7166.69	7021.80	6847.78	7507.76
-	-	-	-	-	-	-
31544.12	**28535.42**	**25352.02**	**23482.85**	**22194.71**	**20010.48**	**18615.13**
2008-2009	**2007-2008**	**2006-2007**	**2005-2006**	**2004-2005**	**2003-2004**	**2002-2003**
16689	14813	13049	12567	11286	11046	9863
93.61	96.13	94.11	98.16	95.30	96.82	96.62
2671.85	2243.73	1754.12	1614.11	1449.98	1276.09	1172.23
12028	12341	12768	13118	13470	13648	13017

NHPC Limited
(A Government of India Enterprise)

DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL			2011-12	2010-11
A	SALE OF ENERGY	$	5462.49	3999.63
B	ADVANCE AGAINST DEPRECIATION		(47.16)	(46.96)
C	OTHER INCOME (INCLUDES CONST. & CONSULTANCY RECEIPT and EXCEPTIONAL ITEM)		1274.62	885.52
D	**TOTAL INCOME (A)-(B)+(C)**		**6784.27**	**4932.11**
E	GENERATION & OTHER EXPENSES (INCLUDES CONTRACT & CONSULTANCY EXP.)		2032.25	771.36
F	**GROSS MARGIN (D) - (E)**		**4752.02**	**4160.75**
G	DEPRECIATION		892.74	916.74
H	**GROSS PROFIT (F) - (G)**		**3859.28**	**3244.01**
I	INTEREST AND FINANCE CHARGES		342.24	366.60
J	**NET PROFIT (H) - (I)**		**3517.04**	**2877.41**
K	TAX		745.27	710.74
L	**NET PROFIT AFTER TAX (J) - (K)**		**2771.77**	**2166.67**
M	**INTERNAL RESOURCE GENERATED (G)+(L)+(B)**		**3617.35**	**3036.45**
N	AUTHORISED CAPITAL		15000.00	15000.00
O	EQUITY PAID UP CAPITAL	**	12300.74	12300.74
P	RESERVE AND SURPLUS		14052.79	12279.94
Q	LOAN FUND		17641.14	14569.26
R- 1	INCOME RECEIVED IN ADVANCE AGAINST DEP (AAD)		1359.39	1406.55
R- 2	OTHER LONG TERM LIABILITY & LONG TERM PROVISONS		1779.86	1583.90
S	GROSS FIXED ASSETS		23060.93	22874.93
T	DEPRECIATION		6692.61	5774.04
U	**NET FIXED ASSETS (S) - (T)**		**16368.32**	**17100.89**
V	CAPITAL WORK-IN-PROGRESS		19190.05	15797.04
W	CONSTRUCTION STORES AND CAPITAL ADVANCES		1133.25	1325.42
X	INVESTMENTS		2749.88	2913.55
Y	OTHER LONG TERM LOANS & ADVANCES AND OTHER NON-CURRENT ASSET (EXCLUDING CAPITAL ADVANCES)		1636.99	1332.24
Z	WORKING CAPITAL		6259.47	3832.58
Z-1	MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		-	-
AA	**GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)+(Z)-(R-2)**		**45558.10**	**40717.82**
AB	**NET WORTH (O)+(P)-(Z)**		**26353.53**	**24580.68**
AC	INVENTORY CONSUMPTION IN POWER STATION		10.14	3.94
AD	**VALUE ADDED (A)-(B)-(AC)**		**5499.51**	**4042.65**

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

** INCLUDING SHARE DEPOSIT & GOI FUND ADJUSTABLE TO EQUITY

	RATIOS	2011-12	2010-11
1	RETURN ON GROSS CAPITAL EMPLOYED (H) / (AA)	8.47%	7.97%
2	RETURN ON NET WORTH (L) / (AB)	10.52%	8.81%
3	NET SALES TO GROSS CAPITAL EMPLOYED ((A)-(B)) / (AA)	12.09%	9.94%
4	VALUE ADDED TO NET SALES (AD) / ((A)-(B))	99.82%	99.90%
5	DEBT TO EQUITY RATIO (Q) / ((O)+(P))	0.67	0.59
6	NET PROFIT TO NET SALES (L) / ((A)-(B))	50.31%	53.54%

(₹ in crore)

2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
4326.87	2698.06	2301.00	1969.93	1661.99	1581.73	1414.43	1324.86
107.97	26.21	57.27	215.81	47.88	131.75	138.34	152.63
673.19	589.64	911.77	433.38	359.55	393.80	551.69	302.96
4892.09	**3261.49**	**3155.50**	**2187.50**	**1973.66**	**1843.78**	**1827.78**	**1475.19**
999.68	1059.73	953.57	577.46	518.95	404.92	350.41	321.80
3892.41	**2201.76**	**2201.93**	**1610.04**	**1454.71**	**1438.86**	**1477.37**	**1153.39**
1033.25	518.24	443.74	290.55	269.57	248.97	208.14	140.36
2859.16	**1683.52**	**1758.19**	**1319.49**	**1185.14**	**1189.89**	**1269.23**	**1013.03**
457.08	505.18	611.54	231.75	372.98	412.36	625.75	458.03
2402.08	**1178.34**	**1146.65**	**1087.74**	**812.16**	**777.53**	**643.48**	**555.00**
311.58	103.12	142.56	162.94	69.41	92.95	22.10	44.50
2090.50	**1075.22**	**1004.09**	**924.80**	**742.75**	**684.58**	**621.38**	**510.50**
3231.72	**1619.67**	**1505.10**	**1431.16**	**1060.20**	**1065.30**	**967.86**	**803.49**
15000.00	15000.00	15000.00	15000.00	15000.00	15000.00	15000.00	10000.00
12300.74	11182.49	11182.49	11207.04	10576.09	9933.27	8629.03	7240.61
10972.45	6798.13	6093.34	5367.05	4709.89	4168.49	3594.27	3065.70
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-	2.33	0.34	25.80	24.55	1.18	0.71	1.20
38717.95	**31541.79**	**28535.08**	**25326.22**	**23458.30**	**22193.53**	**20009.77**	**18613.93**
23273.19	**17978.29**	**17275.49**	**16548.29**	**15261.43**	**14100.58**	**12222.59**	**10305.11**
4.28	8.92	6.15	6.56	12.02	7.73	2.67	2.65
4214.62	**2662.93**	**2237.58**	**1747.56**	**1602.09**	**1442.25**	**1273.42**	**1169.58**

2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
7.38%	5.34%	6.16%	5.21%	5.05%	5.36%	6.34%	5.44%
8.98%	5.98%	5.81%	5.59%	4.87%	4.85%	5.08%	4.95%
10.90%	8.47%	7.86%	6.93%	6.88%	6.53%	6.38%	6.30%
99.90%	99.67%	99.73%	99.63%	99.26%	99.47%	99.79%	99.77%
0.60	0.68	0.58	0.45	0.47	0.50	0.56	0.73
49.55%	40.24%	44.75%	52.72%	46.02%	47.21%	48.69%	43.55%

REFERENCE INFORMATION

Registered Office

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

Corporate Office

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

Company Secretary

Mr. Vijay Gupta

Registrar & Share Transfer Agent

Equity Shares
M/s Karvy Computershare Private Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad-500081
Ph:040-23420815 to 824
Email: einward.ris@karvy.com
Website:www.karvycomputershare.com

Bonds
M/s RCMC Share Registry (P) Ltd.,
B-106, Sector-2,
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

Statutory Auditors

M/s S.N.Nanda & Co.
Chartered Accountants,
C- 43, Pamposh Enclave,
Greater Kailash-1,
New Delhi-110048

M/s Baweja & Kaul,
Chartered Accountants,
House No.32, Sector-8,
Trikuta Nagar, Jammu,
Jammu & Kashmir-180012

M/s Singhi & Co.
Chartered Accountants,
1-B, Old Post Office Street,
Kolkata-700001,
West Bengal

M/s Tiwari & Associates
Chartered Accountants,
T-8, Green Park Extension,
New Delhi-110016

Bankers

State Bank of India
Indian Overseas Bank
ICICI Bank Limited
Jammu & Kashmir Bank Ltd
Bank of India
Deutche Bank
Axis Bank
State Bank of Patiala
State Bank of Bikaner & Jaipur
HDFC Bank Ltd.
United Bank of India
Bank of Bhutan

LETTER TO SHAREHOLDERS

Dear Shareholders,

It gives me immense pleasure to present your Company's Annual Report for the financial year 2011-12. You will be happy to know that your Company continued to move on the path of excellence that it has set out for itself. During the year, Company's 12 operating power stations located in different parts of the country generated 18,683 MUs which was the highest ever generation since its inception. It is a pleasure in conveying you that this power generation exceeded the annual MoU target of 18,500 MUs for an 'Excellent' rating by 183 MUs and higher by 0.42 per cent as compared to the previous year.

Considering the progress made by your Company during the year, the Directors have recommended a dividend of Re. 0.70 per share (excluding dividend tax) for the year 2011-12. The total dividend payout for the year will be Rs 861.05 crore which is 31.06 per cent of the profit after tax. The dividend will be paid after your approval at the Annual General Meeting.

I am also happy to inform you that your Company has commissioned two units of Chamera-III H.E. Project (3x77MW) in June 2012 and third unit on 4th July, 2012 . At present construction of 9 hydroelectric projects with an installed capacity of 4,271 MW is under progress. Out of these, five projects viz.- Teesta Low Dam-III, Nimoo Bazgo, Chutak, Uri-II and Parbati-III are in advanced stages of completion.

I would like to mention here that work at Subansiri Lower H.E. Project (2000MW) is suffering since December, 2011 due to local agitation. The matter has been taken up at various levels. On the advise of PMO, Planning Commission has constituted a two member Technical Expert Committee (TEC) to look into the issues related to the demand raised by the local people. The report of TEC has been submitted to Planning Commission. Meanwhile, the contractors have started mobilizing their resources at site under escort at slow pace.

Your Company's commercial performance during the year 2011-12 has been highly satisfactory. Industrial relation was cordial even though a section of the workforce took part in one-day nationwide token strike. However, the strike had no impact on the Company's power generation.

Your Company along with all your efforts and initiatives has always moved ahead. I am pleased to share with you that as part of the future expansion programme, five projects with a capacity of 5,115 MW are under various stages of approval. In addition to these five projects, we are working on capacity addition of 3686 MW and these will be executed through Joint Venture with State Government /PSUs. These joint ventures include the Loktak Downstream Project in Manipur, Pakal Dul and others in Jammu & Kashmir and Tipaimukh Hydroelectric project in Manipur.

It was an extremely satisfying moment for us when promoter's agreement for setting up a joint venture involving NHPC Limited, SJVN Limited and the Government of Manipur for implementing the Tipaimukh Hydroelectric Project in Manipur was signed in October 2011 .

Your Company is also participating in implementing rural electrification projects under the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) in 27 districts spread over five states of West Bengal, Bihar, Jammu & Kashmir, Chhattisgarh and Odisha at an estimated cost of Rs 2,900 crore approximately. The work includes electrification of Unelectrified/De-electrified (UE/DE) villages, Partially Electrified (PE) villages and service connections to Below Poverty Line (BPL) households.

As on 31st March 2012, the cumulative achievements for UE/DE villages, PE villages and BPL connection were 9,092, 16,439 and 18.2 lakh respectively.

As you all know, your Company is spreading its wings beyond Indian shores. Accordingly, the 'Action Plan' on India-Bhutan cooperation in hydropower development your Company submitted the draft DPR for Chamkharchhu–I H.E. Project (770 MW) to the Royal Government of Bhutan (RGoB)/Government of India (GoI) in March 2012. The draft PFR for the Kuri Gongri Basin Projects was also submitted to RGoB/GoI in May 2012.

Your Company has also signed an agreement with the Mangdechhu Hydroelectric Project Authority for providing engineering and design consultancy services for the construction of the Mangdechhu H.E. Project (720 MW) in Bhutan.

Further, your Company's major consultancy assignments include those from central and state government agencies in India and others in neighbouring countries like Bhutan, Myanmar and Tajikistan. So far your Company has completed 84 consultancy assignments while another 18 are under progress.

In keeping with your Company's policy of providing consultancy services in different areas of hydropower including river basin studies, survey work, design and engineering, geological studies, geotechnical studies, hydraulic transient studies, hydrological studies, contract management, construction management, equipment planning, underground construction, testing and commissioning, and operation & maintenance to leading organizations, we have completed the investigations and preparation of updated DPRs for the 1,200 MW Tamanthi and 642 MW Shwezaye Hydropower & Multipurpose Projects in Myanmar as a consultancy assignment from the Ministry of External Affairs (MEA), Government of India. The final report for the Tamanthi Hydropower & Multipurpose Project was submitted to the Ministry of External Affairs, Government of India and to the Government of Myanmar.

During financial year 2011-12, your Company also carried out a technical due diligence study of the Shiroro Hydroelectric Power Station in Nigeria for M/s Dangote Industries Limited.

Staying abreast of technological advancements is a key to the success of your Company. Hence, after implementing all modules of ERP in the last four years, the key functions of the organization are now totally IT enabled and seamlessly integrated with major focus on the management of projects under construction and also the operation and maintenance of power stations.

The IT and communication infrastructure has been upgraded at over 50 locations to support increased dependence on information technology. All the locations are connected to the corporate office through multi-mode, fail-safe communication links using MPLS-VPN (OFC) and the VSAT based satellite network. Applications such as Intranet, Internet, e-mail and ERP are being run to leverage this network.

At NHPC we believe that our success is due to our strong workforce. Therefore, we make all attempts and are committed in offering to all its employees professional opportunity for their growth and development and it is the main motive behind setting up of training centres at various power stations. We have progressively developed learning ventures with leading educational institutions in the country for skill and knowledge enrichment of all sections of our employees. The training programmes are designed and conducted on existing and upcoming technologies in the power sector. Strategic alliances with IIMs/XLRI/IITs for advance management and leadership development programmes for employees have also been made.

Your Company also believes in looking after the welfare of people in and around its project sites. Accordingly, it formulated Rehabilitation and Resettlement (R&R) Policy–2007 in line with the National Rehabilitation and Resettlement Policy (NRRP), 2007 in consultation with various stakeholders. The policy provides that up to 0.75 per cent of the hard cost of a project is earmarked towards Community and Social Development Plan (CSDP) for implementation in the resettlement zone and affected areas. An operational manual for effective implementation of various R&R activities has also been formulated to implement your Company's R&R policy in its true spirit.