



## 37<sup>th</sup> Annual Report 2012-13

Annual General Meeting on Monday 16<sup>th</sup> September, 2013 at 12 Noon, MCF Auditorium, Faridabad, Haryana



## CORPORATE VISION

A world class, diversified & transnational organization for sustainable development of power through conventional and non-conventional sources.

## CORPORATE MISSION

- To achieve international standards of excellence in development of power through conventional and non-conventional sources 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**

Corporate Profile .....	2
Digest of Important Financial Data (Ten Years) .....	4
Letter to Shareholders .....	7
Notice.....	10
NHPC's Performance .....	16
Directors' Profile.....	17
Directors' Report .....	21
Corporate Governance Report .....	30
Compliance Certificate on Corporate Governance .....	60
Management Discussion and Analysis Report.....	61
Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.....	74
Particulars of Employees .....	77
Business Responsibility Report .....	79
Sustainable Development at NHPC .....	88
Auditors' Report and Management Comments.....	91
Financial Statements .....	96
Comments of Comptroller and Auditor General of India .....	139

### **CONSOLIDATED**

Auditors' Report.....	140
Financial Statements .....	142
Attendance Slip.....	183

**NHPC Limited**

(A Government of India Enterprise)

## CORPORATE PROFILE

FINANCIAL	2012-13	2011-12
Sales**	5049.13	5509.65
Other Operating Revenue & Other Incomes	1490.30	1274.62
Profit before Interest, Depreciation & Tax <sup>\$</sup>	4556.80	4752.02
Profit After Interest & Depreciation	3202.13	3517.04
Profit After Interest, Depreciation & Tax	2348.22	2771.77
DIVIDEND PROPOSED/PAID	<b>738.04</b>	<b>861.05</b>
<b>WHAT COMPANY OWENS</b>		
Net Fixed Assets including CWIP	37749.00	35718.06
Investments (Non Current)	2400.61	2499.14
Other Long Term Loans & Advances and Other Non-Current Asset	2183.11	2610.55
Net Current Assets	5813.60	5141.87
	<b>48146.32</b>	<b>45969.62</b>
<b>WHAT COMPANY OWNS</b>		
Net Worth	27840.50	26353.53
Long Term Borrowings	17417.52	16272.8
Other Long Term Liability & Long Term Provisions	2427.61	3139.25
Deferred Tax Liability	460.69	204.04
	<b>48146.32</b>	<b>45969.62</b>
<b>OPERATING PERFORMANCE</b>		
GENERATION (M.U.)	18923	18683
PLAT AVAILABILITY FACTOR (%)	85.30	83.30
TURNOVER (₹ in crore)	5306.64	5919.48
MAN POWER (Nos.)	10410	11036

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

\$ After prior period adjustments

# Annual Report 2012-13

(₹ in crore)

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
4046.59	4218.9	2671.85	2243.73	1754.12	1614.11	1449.98	1276.09
885.52	673.19	589.64	911.77	433.38	359.55	395.96	551.69
4160.75	3892.41	2201.76	2201.93	1610.04	1454.71	1438.77	1477.37
2877.41	2402.08	1178.34	1146.65	1087.74	812.16	777.53	643.48
2166.67	2090.50	1075.22	1004.09	924.80	742.75	684.58	621.38
<b>738.04</b>	<b>676.54</b>	<b>325.00</b>	<b>300.00</b>	<b>278.00</b>	<b>223.00</b>	<b>140.00</b>	<b>120.00</b>
33063.66	29316.05	27165.66	23884.66	21636.29	19183.08	17608.84	15612.70
2659.96	4394.05	2793.60	3049.22	3322.75	3832.81	3769.43	3660.87
2491.93	1103.90	976.77	888.17	712.78	667.75	676.57	628.44
3219.44	3903.95	605.76	713.03	-345.60	-225.34	138.69	107.76
<b>41434.99</b>	<b>38717.95</b>	<b>31541.79</b>	<b>28535.08</b>	<b>25326.22</b>	<b>23458.30</b>	<b>22193.53</b>	<b>20009.77</b>
24580.68	23273.19	17978.29	17275.49	16548.29	15261.43	14100.58	12222.59
13702.53	13868.22	12234.03	9956.33	7531.95	7166.69	7021.8	6847.78
2990.45	1437.44	1329.47	1303.26	1245.98	1030.18	1071.15	939.4
161.33	139.1	0	0	0	0	0	0
<b>41434.99</b>	<b>38717.95</b>	<b>31541.79</b>	<b>28535.08</b>	<b>25326.22</b>	<b>23458.30</b>	<b>22193.53</b>	<b>20009.77</b>
18604	16960	16689	14813	13049	12567	11286	11046
85.20	84.10	93.61	96.13	94.11	98.16	95.30	96.82
4225.25	4331.98	2720.82	2570.36	1882.93	1662.92	1475.56	1314.38
11420	11712	12028	12341	12768	13118	13470	13648



## DIGEST OF IMPORTANT FINANCIAL DATA (TEN YEARS)

FINANCIAL	2012-13	2011-12
A SALE OF ENERGY	5049.13	5509.65
B OTHER OPERATING INCOME & REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS	257.51	409.83
C OTHER INCOME ( INCLUDES EXCEPTIONAL ITEM)	1232.79	864.79
<b>D TOTAL INCOME (A)+(B)+(C )</b>	<b>6539.43</b>	<b>6784.27</b>
E GENERATION & OTHER EXPENSES	1982.63	2032.25
<b>F GROSS MARGIN (D) - (E)</b>	<b>4556.80</b>	<b>4752.02</b>
G DEPRECIATION & AMORTIZATION EXPENSES	969.29	892.74
<b>H GROSS PROFIT (F) - (G)</b>	<b>3587.51</b>	<b>3859.28</b>
I FINANCE COST	385.38	342.24
<b>J NET PROFIT BEFORE TAX(H) - (I)</b>	<b>3202.13</b>	<b>3517.04</b>
K TAX	853.91	745.27
<b>L NET PROFIT AFTER TAX (J) - (K)</b>	<b>2348.22</b>	<b>2771.77</b>
M AUTHORISED CAPITAL	15000.00	15000.00
N EQUITY PAID UP CAPITAL	12300.74	12300.74
O RESERVE AND SURPLUS	15539.76	14052.79
P LONG TERM BORROWINGS	17417.52	16272.8
Q OTHER LONG TERM LIABILITY & LONG TERM PROVISIONS	2427.61	3139.25
R GROSS TANGIBLE & INTANGIBLE ASSETS	25720.04	23060.93
S DEPRECIATION	7680.08	6692.61
<b>T NET TANGIBLE &amp; INTANGIBLE ASSETS (R) - (S)</b>	<b>18039.96</b>	<b>16368.32</b>
U CAPITAL WORK-IN-PROGRESS	19709.04	19349.74
V INVESTMENTS (NON CURRENT)	2400.61	2499.14
W OTHER LONG TERM LOANS & ADVANCES AND OTHER NON-CURRENT ASSET	2183.11	2610.55
X WORKING CAPITAL	5813.60	5141.87
Y MISC. EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	-	-
<b>Z GROSS CAPITAL EMPLOYED (T)+(U)+(V)+(W)+(X)</b>	<b>48146.32</b>	<b>45969.62</b>
<b>AA NET WORTH (N)+(O)-(Y)</b>	<b>27840.50</b>	<b>26353.53</b>
AB INVENTORY CONSUMPTION IN POWER STATION	27.01	10.14
<b>AC VALUE ADDED (A)-(AB)</b>	<b>5022.12</b>	<b>5499.51</b>
RATIOS	2012-13	2011-12
GROSS RETURN ON CAPITAL EMPLOYED (H) / (Z)	7.45%	8.40%
RETURN ON NET WORTH (L) / (AA)	8.43%	10.52%
SALES TO GROSS CAPITAL EMPLOYED (A) / (Z)	10.49%	11.99%
VALUE ADDED TO SALES (AC) / (A)	99.47%	99.82%
NET PROFIT TO NET SALES (L) / (A)	46.51%	50.31%
BOOK VALUE PER SHARE	22.63	21.42
EARNING PER SHARE	1.91	2.25
DIVIDEND PER SHARE	0.60	0.70
DEBT TO EQUITY RATIO (P) / ((N)+(O))	0.63	0.62
CURRENT RATIO	1.91	1.76

# Annual Report 2012-13

(₹ in crore)

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
4046.59	4218.90	2671.85	2243.73	1754.12	1614.11	1449.98	1276.09
178.66	113.08	48.97	326.63	128.81	48.81	25.58	38.29
706.86	560.11	540.67	585.14	304.57	310.74	370.38	513.40
<b>4932.11</b>	<b>4892.09</b>	<b>3261.49</b>	<b>3155.50</b>	<b>2187.50</b>	<b>1973.66</b>	<b>1845.94</b>	<b>1827.78</b>
771.36	999.68	1059.73	953.57	577.46	518.95	407.17	350.41
<b>4160.75</b>	<b>3892.41</b>	<b>2201.76</b>	<b>2201.93</b>	<b>1610.04</b>	<b>1454.71</b>	<b>1438.77</b>	<b>1477.37</b>
916.74	1033.25	518.24	443.74	290.55	269.57	248.97	208.14
<b>3244.01</b>	<b>2859.16</b>	<b>1683.52</b>	<b>1758.19</b>	<b>1319.49</b>	<b>1185.14</b>	<b>1189.80</b>	<b>1269.23</b>
366.60	457.08	505.18	611.54	231.75	372.98	412.27	625.75
<b>2877.41</b>	<b>2402.08</b>	<b>1178.34</b>	<b>1146.65</b>	<b>1087.74</b>	<b>812.16</b>	<b>777.53</b>	<b>643.48</b>
710.74	311.58	103.12	142.56	162.94	69.41	92.95	22.10
<b>2166.67</b>	<b>2090.50</b>	<b>1075.22</b>	<b>1004.09</b>	<b>924.80</b>	<b>742.75</b>	<b>684.58</b>	<b>621.38</b>
15000.00	15000.00	15000.00	15000.00	15000.00	15000.00	15000.00	15000.00
12300.74	12300.74	11182.49	11182.49	11207.04	10576.09	9933.27	8629.03
12279.94	10972.45	6798.13	6093.34	5367.05	4709.89	4168.49	3594.27
13702.53	13868.22	12234.03	9956.33	7531.95	7166.69	7021.80	6847.78
2990.45	1437.44	1329.47	1303.26	1245.98	1030.18	1071.15	939.40
22874.93	21302.37	21460.08	20639.51	12943.64	12755.52	10876.28	10342.71
5774.04	4907.44	3816.27	3262.66	2850.92	2527.83	2148.20	1882.95
<b>17100.89</b>	<b>16394.93</b>	<b>17643.81</b>	<b>17376.85</b>	<b>10092.72</b>	<b>10227.69</b>	<b>8728.08</b>	<b>8459.76</b>
15962.77	12921.12	9521.85	6507.81	11543.57	8955.39	8880.76	7152.94
2659.96	4394.05	2793.60	3049.22	3322.75	3832.81	3769.43	3660.87
2491.93	1103.90	976.77	888.17	712.78	667.75	676.57	628.44
3219.44	3903.95	605.76	713.03	-345.60	-225.34	138.69	107.76
-	-	2.33	0.34	25.80	24.55	1.18	0.71
<b>41434.99</b>	<b>38717.95</b>	<b>31541.79</b>	<b>28535.08</b>	<b>25326.22</b>	<b>23458.30</b>	<b>22193.53</b>	<b>20009.77</b>
<b>24580.68</b>	<b>23273.19</b>	<b>17978.29</b>	<b>17275.49</b>	<b>16548.29</b>	<b>15261.43</b>	<b>14100.58</b>	<b>12222.59</b>
3.94	4.28	8.92	6.15	6.56	12.02	7.73	2.67
4042.65	4214.62	2662.93	2237.58	1747.56	1602.09	1442.25	1273.42

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
7.83%	7.38%	5.34%	6.16%	5.21%	5.05%	5.36%	6.34%
8.81%	8.98%	5.98%	5.81%	5.59%	4.87%	4.85%	5.08%
9.77%	10.90%	8.47%	7.86%	6.93%	6.88%	6.53%	6.38%
99.90%	99.90%	99.67%	99.73%	99.63%	99.26%	99.47%	99.79%
53.54%	49.55%	40.24%	44.75%	52.72%	46.02%	47.21%	48.69%
19.98	18.92	16.08	15.45	14.78	14.94	14.96	15.72
1.76	1.76	0.96	0.90	0.83	0.73	0.73	0.80
0.60	0.55	0.29	0.27	0.25	0.22	0.15	0.15
0.56	0.60	0.68	0.58	0.45	0.47	0.50	0.56
1.52	1.88	1.16	1.21	0.86	1.02	1.04	1.08



# NHPC Limited

(A Government of India Enterprise)

## REFERENCE INFORMATION

---

### Registered Office

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

---

### Corporate Office

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

---

### Company Secretary

Shri Vijay Gupta

---

### Registrar & Share Transfer Agent

#### For Equity Shares:

M/s Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad-500081  
Ph: +91 40 4465 5000  
Email: einward.ris@karvy.com  
Website: www.karvycomputershare.com

#### For Bonds:

M/s RCMC Share Registry Private Limited  
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

---

### Public Spokesperson

Shri Jayant Kumar

ED(Finance)

---

### Statutory Auditors

#### M/s S.N. Nanda & Co.

Chartered Accountants,  
C-43, Pamposh Enclave,  
Greater Kailash-1,  
New Delhi-110048

#### M/s Singhi & Co.

Chartered Accountants,  
Emerald House, 4th Floor,  
1-B, Old Post Office Street,  
Kolkata-700001  
West Bengal

#### M/s Baweja & Kaul

Chartered Accountants,  
House No.32, Sector-8,  
Trikuta Nagar, Jammu,  
Jammu & Kashmir-180012

#### 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 Limited  
Bank of India  
Deutsche Bank  
Axis Bank  
State Bank of Patiala  
State Bank of Bikaner & Jaipur  
HDFC Bank  
Bank of Bhutan  
IndusInd Bank



## **LETTER TO SHAREHOLDERS**



Dear Shareholders,

I am pleased to present 37<sup>th</sup> Annual Report of your Company for the financial year 2012-13. Your Company is successfully moving on the path of excellence that it has carved out for itself. During the financial year 2012-13, sales realization of NHPC has increased to ₹ 5,369 crore from ₹ 4,415 crore as compared to the previous year. Likewise your Company had raised bills amounting to ₹ 5,184 crore and generated a profit of ₹ 2,348.22 crore during the financial year 2012-13.

Considering the progress made by your Company, Directors have recommended a dividend of Re. 0.60 per share (excluding dividend tax) for the year 2012-13. The total dividend payout will be ₹ 738.04 crore which is 31.43 per cent of the profit after tax. It will be paid after the approval of shareholders at the ensuing Annual General Meeting.

You will be glad to know that during 2012-13 your Company has commissioned Chamera-III H.E. Project (231 MW) in Himachal Pradesh in July, 2012, Chutak (44 MW) in Jammu & Kashmir in January, 2013 and Teesta Low Dam III HEP (132 MW) in West Bengal in May, 2013. Further, all the three units (45 MW) of Nimmo Bazgo Project are commissioned at partial load.

Thus, at present the total installed capacity of your Company is 5,747 MW consisting of 16 operating Power Stations of NHPC Limited with an installed capacity of 4,227 MW and 2 Power Stations of its subsidiary i.e. NHDC Limited with an installed capacity of 1,520 MW.

Presently, construction activities in respect of 6 hydroelectric projects with an installed capacity of 4,050 MW are in progress out of which two projects of 760 MW viz. - Uri-II and Parbati-III are in advanced stages of completion.

Construction activities at Subansiri Lower H.E. Project (2000 MW) in Arunachal Pradesh have suffered a setback due to local agitations since 16<sup>th</sup> December, 2011 and currently the works of the project are standstill. The matter is under consideration of Government to resolve the issue at the earliest. In respect of Parbati II H.E Project, the contract for excavation of headrace tunnel was terminated and fresh tender has already been floated to engage a new contractor.

It gives me great pleasure to share with you that as a part of its future expansion programme, five projects with an installed capacity of 5,115 MW are under various stages of approval. In addition to above, three projects with an installed capacity of 3,686 MW are to be executed through Joint Venture Companies (JVCs) with State/ Government PSUs. The joint ventures include the projects at Loktak Downstream Project (66 MW), Tipaimukh (1500 MW) in Manipur and Pakal Dul, Kiru & Kwar (2120 MW) in Jammu & Kashmir.

A Memorandum of Understanding (MoU) and a promoter's agreement among NHPC Limited, SJVN Limited and the Government of Manipur was signed for forming Joint Venture Company to execute Tipaimukh Hydroelectric Project in Manipur. However, presently the Government of India has approved to induct NEEPCO in place of SJVN in the proposed Joint Venture, as a joint venture partner. Accordingly, formation of Joint Venture Company amongst NHPC, NEEPCO and Government of Manipur is under process.



# NHPC Limited

(A Government of India Enterprise)

Out of the total 16 operating power stations located in different parts of the country, 12 power stations have generated 18,162 MUs of power during the year 2012-13 which was the highest ever generation of power since its incorporation and had exceeded the annual MoU Target. New power stations commissioned during the year 2012-13 have generated 761 MUs during the said period.

I also wish to inform that our long pending dues have reduced considerably during the year. The outstanding dues pending for more than 60 days as on 31<sup>st</sup> March, 2013 have been brought down to ₹ 830 crore from ₹ 1,176 crore in previous year. Your Company deserves a special mention for having succeeded in receiving an approval from Ministry of Power, Government of India for clearance of outstanding receivables of ₹ 120.81 crore pertaining to M/s Delhi Transco Limited (erstwhile DESU) along with an interest of ₹ 240.01 crore.

Your Company has been playing an active role 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 ₹ 2,837 crore approximately. To give effect to the scheme, NHPC undertook electrification of Un-electrified/De-electrified (UE/DE) villages, Partially Electrified (PE) villages and service connections to Below Poverty Line (BPL) households. The achievements for UE/DE villages were 9,119, PE villages 18,076 and BPL connection 18.33 Lakh till 31st March, 2013.

NHPC's varied expertise and experience acquired over the years has been recognized at national and international levels. The Company has received consultancy assignments from central and state government agencies in India and others in neighboring countries like Bhutan, Myanmar and Tajikistan. So far NHPC has successfully completed 84 consultancy assignments while another 17 are under progress.

Your Company has also expanded its operations globally by providing consultancy services in various fields related to hydropower.

Major Foreign assignments during the year 2012-13 include:

- Pre-feasibility Report (PFR) for Kuri Gongri Basin Project was submitted to Royal Government of Bhutan (RGoB)/Government of India (GoI) in July 2012.
- Design and Engineering consultancy is being offered by NHPC Limited for implementation of Mangdechhu HE Project (720 MW) in Bhutan to Mangdechhu Hydroelectric Project Authority (MHPA).
- The work related to Renovation, Modernisation and uprating (RMU) of the Varzob-I HE Project in Tajikistan have been completed within scheduled time frame. The project was executed under a Tripartite Agreement signed amongst MEA, BHEL and NHPC.
- Technical Due Diligence Study of Shiroro Hydroelectric Power Station in Nigeria for M/s Dangote Industries Limited was carried out by NHPC Limited.
- In association with PGCIL and BSES Rajdhani an agreement has been signed for providing management consultancy to Ethiopia Electric Power Company (EEPCO).

A policy framework has been created to manage the Information Technology (IT) systems to ensure optimum and secure utilization of the assets owned by NHPC and to integrate with major focus on the management of projects under construction and also the operation and maintenance of power stations. An Online Project Monitoring Centre has been established for tracking the progress of various projects located at different locations.

Around 50 locations have been upgraded with IT and communication infrastructure and all the sites are connected to the corporate office through multi-mode, fail-safe communication links using MPLS-VPN (OFC)/VSAT-KuBand/Broadband technologies. Applications such as Intranet, Internet, e-mail and ERP are being run to leverage this network.

In view of dynamic economic and competitive market environment, there is absolute need for staying abreast with innovative technological advancements. In order to maintain high productivity standards and employee morals, your Company provides training to its employees through various agencies like IIMs/XLRIs/IITs etc. in addition to in-house training programmes. Special training programmes were organized for creating awareness about the features of the reservation policy and other essential provisions for employees in the SC/ST/OBC categories.