



Tehri Hydro Development Corporation Limited

20th Annual Report



20th Annual Report 2007-2008



टिहरी हाइड्रो डेवलपमेन्ट कॉर्पोरेशन लि.
TEHRI HYDRO DEVELOPMENT CORPORATION LTD.



Tehri Hydro Development Corporation Limited

20th Annual Report

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NOTICE

NOTICE is hereby given that the **20th Annual General Meeting** of the Members of Tehri Hydro Development Corporation Ltd. will be held on **26.09.2008 at 12.00 NOON at THDC Office, at 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, 2008
2. To fix the remuneration of the Statutory Auditors for the year ended March 31, 2008.
3. To confirm interim Dividend and declare final Dividend for the year 2007-08.

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

(S. Q. Ahmad)

Company Secretary

PLACE : RISHIKESH
DATE : September 04, 2008

NOTE : A Member of the Company entitled to attend & vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.
A proxy form is enclosed.

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.



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Registered Office

Bhagirathi 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.)

CHANDIGARH

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

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
20th Annual General Meeting of Corporation held on 26.09.2008



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



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



Shri A.K. Bajaj
Member(D&R), CWC
Govt. Nominee Director



Shri Manjit Singh
Principal Secretary (Irr.), GOUP
Govt. Nominee Director



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



Shri Rajesh Verma
JS & FA, MOP,
Govt. Nominee Director



Shri A.S. Bisht
Director(Personnel)



Shri S.K. Shukla
Director(Technical)



Shri C.P. Singh
Director(Finance)

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

Prof. (Dr.) S.C. Sharma
Director, IIT, Roorkee
Non-Official Part-Time Director

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





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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 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.



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Chairman's Address

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

Gentlemen,

On behalf of the Board of Directors of your Company it is my proud privilege and pleasure to extend warm greetings at the 20th Annual General Meeting.

The Annual Report for the financial year ending 31st March'2008, comprising of Director's Report, Audited Annual Accounts and Auditors Report are with you and with your permission, I take them, as read.

Fiscal year 2007-08 has been another landmark year for the growth of your Company. Tehri Power Station successfully completed the first full year of Commercial Operation. With this, your Company has established its presence in the Power Sector as an entity committed to provide quality, peaking power to Grid.

During the year 2007-08, your Company has earned a Net Profit of Rs. 3684.56 Million(Previous year Rs.1309.13 Million).

Your Company has paid a maiden Interim Dividend of Rs.935 Million and proposes a final Dividend of Rs.40 Million aggregating to 30.13% of Profit after Tax(PAT) for the financial year 2007-08.

On the Operation front, Tehri Power Station generated 2664 MU during 2007-08 as against generation Target of 2649 MU, set in the MOU signed with the Ministry of Power. The Plant achieved a Capacity index of 100% during the year as against 86% during the previous year. The revenue realization during the year has continued to be at near 100% for the second consecutive year.

With a bountiful monsoon generation from the Tehri Power Station has so far been excellent during 2008-09. In fact we are way ahead of the scheduled target.

On the construction front, he informed that the Company is implementing Projects totalling to Installed Capacity of 1844 MW (400 MW Koteshwar HEP and 1000 MW Tehri PSP, 444 MW Vishnugad Pipalkoti). He told that the Government has recently accorded investment approval to the 444 MW Vishnugad Pipalkoti Hydro Electric Project located on the Alaknanda River in district Chamoli, Uttarakhand. The Capacity addition in the 11th Plan would be 400 MW and balance would go operational in the 12th Plan.

About the Joint Venture of THDC & NPCIL he informed that the JV has taken up the updation of DPR of two PSS in the State of Maharashtra which shall be implemented subject to commercial viability.

About the financing of new projects he informed that it would be possible to fund major part of the Equity requirement of New Projects from internal resources. Whereas, half the requirement of Equity for 444 MW Vishnugad Pipalkoti HEP would be met from internal accruals.



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Sh. Jairam Ramesh, Hon'ble Minister of State, Ministry of Power, inspecting the progress of Koteshwar HE Project. Also seen in the picture Sh. R.S.T.Sai, CMD & Sh. S.K.Shukla, Director (Tech.)

He also touched upon the Power Scenario of the Country. He told that though, India is sixth largest Country in terms of the Power Generation Power Capita consumption is one of the lowest in the globe. Power shortages are a matter of concern. At present, the peaking power shortages on All India Basis is around 15%. The National Electricity Policy envisages "Power for all by 2012" and per capita availability of power to be increased to over 1,000 units by 2011-12. To achieve this, a total capacity addition of about 78,577 MW is required during 11th Plan period.

Out of total electricity production, 64% comes from thermal power plants, 24.8% from hydro electricity & only 2.8% from nuclear power. Non-conventional, Renewable Energy Sources like solar, wind energy constitute nearly 8.4%.

Hydro Power is a renewable, economic, non polluting and environmentally benign source of energy. Hydro power generation involves non-consumptive use of water. Hydro Stations are the best choice for meeting the peak demand. In addition, storage type hydro projects provide benefits of Irrigation, Drinking Water, Flood mitigation etc. Water being nature's endowment, variable cost of Hydro Power Generation is insignificant. Once the Debt is repaid, the fixed cost for rest of the life of project would drastically fall and very cheap power would be made available to consumer. The estimated hydro potential in the country is 1,50,000 MW and till date about 24% has been realized.

Pumped Storage Schemes (PSPs) will play an important role in providing peaking power (Quality Power) and maintaining system stability in Power Systems. There is an identified potential of pumped storage schemes in the Country (94,000 MW), which calls for priority development for alleviating peak power shortages in the Country. The potential developed so far is only about 3%.

Your Company is developing 1000 MW Tehri PSP in the Northern Region. As a step further, the Company had signed MOU with Nuclear Power Corporation of India Ltd (NPCIL) for the development of Pumped Storage Schemes (PSS). Govt. of Maharashtra has already allotted two PSPs totalling 1000 MW for development to the JV of THDC & NPCIL. Govt. of Karnataka has also been approached for allotment of Pumped Storage Schemes for development.

Geological risks & engineering difficulties, inaccessible terrain, Rehabilitation & Resettlement, Environmental issues, Inter-State issues etc. are the major reasons, which have led to slow development of hydroelectric projects in the country. For expeditious development of Hydro Power Potential, Government has also taken various initiatives. Projects located in wildlife sanctuaries involves clearance from Judiciary. Suitable legislative enactment could be considered to streamline the decision making



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within executive wing of the Government rather than leaving decision making in the hands of Courts. The authority to grant Forest clearance/Environmental clearance could be delegated to Nodal Ministry of the Government subject to adherence to guidelines laid down. For Power Projects the Ministry of Power could be Nodal Ministry. This will go a long way in expediting Hydro Projects.



**A view of
20th
Annual
General
Meeting –
September
2008**

To tackle the Geological Risks, Your Company has made a project specific document "Geotechnical Baseline Report", which has been done for the first time in the country. Company has also produced another document "Risk Assessment and Risk Register" which provides clarity on risk allocation and would be useful as a model contract document.

Other Opportunities

The geographical location of India provides long days of sunny weather for the majority of the year. The Solar Energy Potential is over 4500 trillion KWH each year, which is more than the annual power consumption of Country. The use of solar energy would help in providing a clean, cheap source of electricity. The installation of solar energy systems still remains a high cost, but as time goes by, technology would become more cost effective, and the grid parity in Off Peak Mode is expected to be reached in near future.

There is an estimated potential of about 45,000 MW of Wind Power and about 18% of the potential has been developed so far. The capital cost of wind power projects at present is about Rs.5.0 Cr. per MW.

A package of incentives which include fiscal concessions such as 80% accelerated depreciation, custom duty concessions for specific critical components, sales tax exemption, income tax exemption on profits for power generation, etc. are available for Wind Power Projects.

The development of alternative environment friendly energy sources may free the country from its high dependence on pollution causing fossil fuels and expensive imports. With emerging technological developments in Solar Power, Wind Power and increased opportunities for Nuclear Power in the Country, Pumped Storage Projects, as a concept to balance Supply-Demand matching is bound to catch up in time to come.

Human Resource



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The work force having rich experience in Hydro Project is an asset of your Company. To keep pace with the growth of the Company, initiatives have been taken by continuous recruitment of Engineers/Executive trainees to strengthen the organization set up. Extensive Training programmes have been designed to integrate new recruits into the main stream. The Company is working with leading institutions to organize skill improvement programmes for all categories of employees.



Sh. S.K.Shukla,
Director(Tech.),
THDC and Shri
S.A.Bhardwaj,
Director(Tech.),
NPCIL
exchanging MoU
with NPCIL
documents in
the presence of
Sh. S.K.Jain,
CMD, NPCIL and
Sh. R.S.T.Sai,
CMD, THDC.

Corporate Social Responsibility

Your Corporation has endeavored to play its humble role in discharging Corporate Social Responsibility (CSR) along with pursuit of commercial goals. Your company has formulated a policy on CSR and set aside budget of 1% of Net Profit for its implementation.

Your Company has identified and implemented schemes in the areas in neighborhood of its projects with a view to improving the educational, social and economic status of the people in the long run.

Corporate Governance

Your Company believes in fair, ethical and transparent Governance Practices. Three non-official part time Directors have been appointed on the Board of THDC during the year. Your Company is not a listed company. The Company has implemented the DPE Guidelines on Corporate Governance. The Company is making continuous efforts to maintain transparency, disclosures and fairness in dealing with stakeholders.

Your Company has re-constituted the Audit Committee comprising of all the three Non-official Part Time Directors and one Govt. Nominee Director in line with DPE Guidelines to make it independent.

The business rules of the Audit committee has also been re-framed. Your company has created a mechanism of Checks and balances to ensure decision making with care and responsibility. Integrity Pact with bidders has been made mandatory in all major tenders for ensuring transparency.



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Acknowledgement

I take this opportunity to express my sincere thanks for your support and continued confidence in the company. On behalf of the Board of Directors of the company, I convey my sincere thanks to the Govt. of India, Government of Uttar Pradesh and the Government of Uttarakhand for their whole-hearted support.

I would also like to convey our gratitude to the various Ministries/ Departments of the Government of India, Particularly, the Ministry Power, Planning Commission, Ministry of Environment & Forests, Department of Public Enterprises, Central Electricity Authority and Central Water Commission, and the various beneficiary States/ stakeholders for their continuous encouragement and support.

My special thanks and appreciation for the valuable contribution and suggestions of the members of the Board and the Senior Management team, in improving the performance of the Company. I would like to specially acknowledge the efforts and dedication of the entire THDC team for making the company a reckoning force in the Power Sector.

Thanking you,

(R.S.T. SAI)

Chairman & Managing Director

New Delhi

September, 26, 2008



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DIRECTORS' REPORT-2008

Dear Members,

Your Directors are pleased to present the 20th Annual Report of the Company along with the Audited Statement of Accounts and Report of the Statutory Auditor for the year ended March, 2008.

FINANCIAL RESULTS

The financial results of the operations during the year ending 31st March 2008 are summarized as under:

	Rs. Million	
	2007-08	2006-07
Income		
Sale of Energy	10947.07	4441.59
Other Income (Including energy internally consumed)	42.51	17.15
Gross Income (a)	10989.58	4458.74
Expenditure		
Employee Remuneration & Benefits	768.47	285.99
Generation, Administration & other expenses	946.65	182.50
Interest & Finance charges	3930.22	1995.31
Depreciation	1608.46	685.52
Provisions	0.81	0.29
Prior period adjustment	50.41	
Total Expenditure (b)	7305.20	3149.61
Profit before Tax (a-b)	3684.56	1309.13
	448.80	134.32
Profit after Tax	3235.76	1174.81
Add: Surplus balance of previous year b/f	1174.81	-
BALANCE AVAILABLE FOR APPROPRIATION	4410.57	-
APPROPRIATIONS:		
Dividend		-
Interim	935.00	
Proposed Final	40.00	
Tax on Dividend		-
Interim	158.90	
Proposed Final	6.80	
BALANCE CARRIED TO BALANCE SHEET	3269.87	1174.81



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Sh. R.S.T.Sai, CMD, THDC along with Functional Directors presenting a cheque of maiden Interim Dividend of Rs. 66.83 crore to Sh. Sishilkumar Shinde, Hon'ble Minister of Power, GOI, in the presence of Sh. Anil Razdan, Secretary(Power) and other senior officers.

FINANCIAL PERFORMANCE

Revenue

The total income during the financial year 2007-08 has increased to Rs. 10989.58 million as compared to Rs.4458.74 million during the previous year, 2006-07.

Profit

It is a pleasure to inform that your company has earned a Net Profit of Rs. 3684.56 million during the year 2007-08 as compared to Rs. 1309.13 million in the previous year. The earning per Equity Share of the current year 2007-08 is Rs.102.22 as compared to Rs.38.05 in the previous year.

Dividend

The Company has paid maiden Interim Dividend of Rs. 28.86 per Equity Share in March, 2008. In addition, your Directors have recommended final Dividend of Rs.1.21 per Equity Share for the year 2007-08. The total Dividend for the year thus aggregate to Rs.30.07 per Equity Share. The Dividend pay out for the year is Rs.975 million which represents 2.95% of paid up capital and 30.13% of Profit after tax (PAT). The Final Dividend shall be paid after approval at the Annual General Meeting (AGM).

Capital Structure

The Authorised Share Capital of the Company is Rs.4000.00 Cr. The Paid-up Share Capital of the Company is Rs.3300.36 Cr.



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Visit of Sh. Jairam Ramesh, Hon'ble Minister of State, Ministry of Power, at Power House. Also seen the picture Sh. R. S. T. Sai, CMD, THDC, Functional Directors and other senior officers.

OPERATIONAL PERFORMANCE

During the year 2007-08 all the four units of the Tehri Power Station (4x250MW) were in operation and generated 2664 Million Units of Energy against target of 2649 Million Units (Previous year 891 Million Units). The Plant achieved the Capacity Index of 100%. (Previous year 86%.)

COMMERCIAL PERFORMANCE

For the second consecutive year of commercial operation, the revenue realisation has been almost 100%. During the year 2007-08, Revenue of Rs.990 Cr. has been realized from the beneficiaries against the billing of Rs. 993.44 Cr., towards sale of energy, based on the Provisional Tariff provided by CERC. In addition, the Company has also earned Revenue of Rs. 29.08 Cr. on account of Unscheduled Intercharge (UI) under the prevailing real time settlement/Availability Based Tariff (ABT) mechanism.

For Financial Year 2008-09, the company has introduced an attractive rebate scheme titled "Rebate Scheme 2008-09" for the beneficiaries to incentivise prompt payments against the monthly energy bills. The scheme is yielding the desired results.

PROGRESS OF ON GOING PROJECTS

Projects totaling to installed Capacity of 1844 MW are under various stages of Construction. These projects involve an outlay of Rs.6300 Cr. approximately.

Koteshwar Hydro Electric Project (400 MW)

Your Directors are pleased to inform that significant progress has been achieved on civil works front after proactive action taken by your Company in March'07 to execute the civil works on Risk & Cost of the contractor. The Company is poised to start the erection of Electro-Mechanical equipment in the end of Oct'08.

The Project is expected to be commissioned in December, 2010.



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Work-in- progress at Koteswar HE Project.

Tehri PSP (1000 MW)

Tehri Pumped Storage Plant (1000 MW) is first central sector Pumped Storage Scheme. Bidding process for EPC contract of the Project was started during the year with the invitation of global bids. Major works are expected to start on the Project after award of EPC contract in early 2009. The essential works including approach adits to Machine Hall & Surge Shafts of Tehri PSP have already been completed. As an advance action till EPC contractor is in place, excavation of approach adits to major structures was taken up.

The Project is scheduled for commissioning in 2013.

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 the in August, 2008 for execution of the Project. The infrastructure works viz. Construction of Roads, Bridges, and Residential Colonies etc. are in progress. The Project is under consideration for World Bank funding and the appraisal by the World Bank is in progress. Bids for execution of the Project under ICB procedure of World Bank have already been invited. The Project work is expected to be commenced by mid of 2009. The Project is scheduled for commissioning in 2013.

PROJECTS UNDER FR/DPR PREPARATION

In the State of Uttarakhand

Your Company has taken up the work of Survey & Investigation for preparation of Feasibility Report (FR) and Detailed Project Report (DPR) of six Projects, after signing Implementation Agreement with GoUK.

Feasibility Report of Jelam Tamak HEP for an installed capacity of 126 MW has been prepared and clearance of CEA has been obtained. Feasibility Report for Malari Jelam HEP for an installed capacity of 114 MW is under consideration by CEA for clearance. Bokang Bailing (330 MW), Karmoli (140 MW), and Jadganga (50MW), come under protected wild life sanctuary and necessary Interlocutory Application has been filed in Hon'ble Supreme Court of India for de-reservation of the same.

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. Major potential of PSS is in the western region. The Corporation had signed MOU with NPCIL in February, 2007 to jointly develop PSS and other Hydroelectric Projects in India. 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 shall be taken up by the JV for implementation, if found viable. The work of updation of DPR has been taken up.



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A view of Hindi Workshop for Senior Executives

FORTHCOMING PROJECTS

Kishau Multi Purpose Project (600 MW)

GOUK had allotted Kishau Project on the river Tons to your company for implementation in Nov.'02. For signing of MOU for implementation of the Project, consent of GOHP is required being the border State. MOP has recently convened a meeting of officials of GoUK, GoHP, MoWR, CWC and CEA to discuss the issues related to the Project. It was agreed that your company may go ahead for updation of DPR pending settlement of issues regarding Cost Apportionment and Sharing of Power.

Dhukwan Hydro Electric Project

Your Company has requested Govt. of Uttar Pradesh for entrusting 30 MW Dhukwan Project on the river Betwa in the district Jhansi. The Project shall be implemented on Build, Own, Operate and Transfer (BOOT) Model, subject to sale of entire energy generated to GoUP.

CONSULTANCY WORK

Government of Uttarakhand (GOUK) had entrusted the work of engineering consultancy for stabilization of Varunavat Parvat to your Company after major disaster that took place 4 years back in Uttarkashi town. Your Company is providing the complete engineering solution to the major hill stabilization problem and also supervising the execution of works at site, as Social Responsibility.

QUALITY MANAGEMENT SYSTEM (ISO 9001:2000) CERTIFICATION

The preparation activities for getting ISO 9001:2000 Certification for Corporate office, Rishikesh were in full swing. Existing work instructions / systems have been reviewed and QMS procedures (Procedure Manuals) in respect of all departments have been prepared. Quality Manual from corporate point of view, containing therein the Quality Policy and Quality Objectives, has also been prepared. The ISO 9001:2000 Certification for Corporate Office, Rishikesh is expected by March'09.

Development of Projects in Bhutan

Under India-Bhutan Co-operation in Hydro Sector Development, the Government of India have allotted two Projects to your company namely Sankosh Multipurpose Project (4060 MW) and Bunakha HEP (180 MW) in Bhutan for updation of DPR. The work of updation of DPRs has already been taken up.



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A view of Workshop on Performance Management System

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 considers Human Resource as an important asset of the organization. Building Competencies and promotion of Excellence is the route for success of the organization. The challenge before the organization is to attract, retain and manage a quality work force, who have Vision, Self-confidence, Leadership and right mind set to put best effort for the success of the organization.

Management is continuing with the policy of infusing fresh talent and in the process has recruited Engineer Trainees (ETs), through Campus recruitment from accredited Engineering Institutes besides NITs/IITs. For grooming the newly inducted Trainees, well-defined curriculums have been designed. An arrangement has been made with Power Management Institute, NTPC NOIDA to impart training.

Yours company has 624 Executives, 258 Supervisors and 1377 Workmen. The total manpower strength of the Company is 2259.

An Industrial Engineering Group has been formed. The Group is responsible for Manpower Planning and effective utilization of available manpower. Competency mapping exercise has been undertaken so as to select the right talent for manning key positions. Your Company is considering to go for comprehensive 'Training Need Analysis' of the organization, to meet the present and future requirement of Talent Management.

TRAINING & DEVELOPMENT

Your Company gives highest importance to Training and Learning of employees at all levels. During the year, company has spent Rs.2.41 Cr. for training of 1273 employees for 4830 Man-days. Workshop on 'Growth and Excellence' was organized for all Senior Executives of the Company.

Your company attaches special attention to other special groups like SC,ST, OBC, Women & Physically Challenged persons all were adequately considered for nominations to various programs. Special program for women employees was organized empowering them to compete & collaborate with others.



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HR policies have been formulated to encourage employees for skill development by conducting in house training programs and by providing opportunity to pursue Management Courses through Distance learning mode from IMT Ghaziabad, a premier business school. In technical area qualification improvement programs are being organized in association with BITS, Pilani and University of Petroleum and Energy Studies, Dehradun. To develop IT culture, data pertaining to personnel, information, Recruitment, training etc. have been computerised.

MOU commitments made for the period on account of HRD were achieved exceeding the benchmark fixed for 'Excellent' rating.



A Panoramic view of Tehri Reservoir

EMPLOYEE RELATIONS

Harmonious relations between Employee–Employer are essential for smooth conduct of business. Avenues for structured communication have been made operational with mandatory frequency for meetings with various Unions/Associations to obtain feed-back and bring about desired changes in policies/system.

Various events such as sports, extra-curricular activities have been organized for promoting the well being of employees and their family members.

The procedures for Promotion and career progression have been streamlined and executed. Generation and Performance Incentive scheme has been devised to motivate employees to perform, achieve the defined targets and share the benefits.

IMPLEMENTATION OF OFFICIAL LANGUAGE

The Second Sub-Committee of Parliament on Official Language inspected the Noida Office. The inspection was satisfactory. The Committee's suggestions for improvement have been implemented.

Corporate Office, Rishikesh has been awarded a Shield for doing excellent work in Hindi by Town Official Language Implementation Committee, BHEL, Haridwar.

Workshops have been conducted to train employees in use of Hindi in official work. Officers of your company have attended meetings of Hindi terminology preparation committee and Hindi Advisory Committee organized by the Ministry of Power. Hindi Pakhwara was held in the Corporate office as well as in site offices and various competitions were conducted. Prizes were conferred to winners. Quarterly meetings of the committee on Implementation of Official Language were held to review the work done in Hindi and measures taken for improvement.



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Hon'ble Minister of Power, Sh. Sushil Kumar Shinde handed over a cheque of Rs. 33.5 Crore to Hon'ble Prime Minister. Dr. Manmohan Singh for PM's National Relief Fund in the presence of CMD's of Power PSU's.

RIGHT TO INFORMATION ACT' 2005

Right to Information Act, 2005 has been implemented effectively in your Company. In compliance of the provisions of Right to Information Act, necessary details have been uploaded on the Web site of the company.

CORPORATE SOCIAL RESPONSIBILITY

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 neighbourhood 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 1% of Net Profit is being provided.

Major steps taken for the sustainable development of the Society are as under :

- Providing Medical facilities and Organizing Medical Camps
- Construction of Drinking water schemes



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- Development of Educational Facilities : An engineering college (Hydro Power Institute) near Tehri HPP is being set up.
- Adoption of Industrial Training Institutes (ITI)
- Distribution of School bags, dress and stationery in the project affected primary schools.
- Improving road connectivity in the vicinity of Project area

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 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 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. The improvements over NRRP-2007 are as under:

- Higher rehabilitation grant, Enhanced Cattle grant, 0.5% of the project cost for local area development.
- Each affected family will be paid 100 days of Minimum Agriculture Wages (MAW) per year for a period of 5 years. The amount will be paid as a grant towards the loss of fuel and fodder etc.
- 100 units free electricity provided to each affected house hold per month for a period of 10 years from the date of commissioning.

Under negotiated settlement, if any Project Affected Person has a landholding of less than one nali or is landless, he/she will be entitled for an R&R package of at least one and half (1.5) nali.

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. Various environment friendly measures such as establishment of Mahasheer fish Hatchery for seeding fish in the Reservoir would promote pisciculture. The Reservoir has started attracting migratory birds. Tourism, water sports etc are expected to get a boost.

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.

Your 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



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



Sh. R.S.T Sai, CMD, THDC exchanging MoU document with Sh. Anil Razdan, Secretary Power, GOI in the presence of senior officers.

VIGILANCE

During the year the thrust of the Vigilance Department was on increasing transparency, improving systems, increasing awareness of procedures and guidelines issued by the Govt. of India & Central Vigilance Commission, among the employees of the Corporation.

To Achieve these objectives preventive vigilance was accorded high priority. The process of E-tendering system for procurement commenced in your company on 28.03.2008.

The activities of Vigilance Department were reviewed regularly and steps are taken to make it more effective.

The time lines for enquiries and investigations as prescribed by the Central Vigilance Commission were by and large adhered to. With a view to further strengthen the vigilance work, regular and surprise inspections were made to enforce adherence to systems and procedures.



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The Vigilance Awareness Week-2007 was celebrated from 12.11.2007 to 16.11.2007. On this occasion, a booklet on "General observations based on CTE's Intensive Examinations" was also issued by the Vigilance Department.

Your company has also introduced implementation of integrity pact in all major tenders, for ensuring transparency, equity and competitiveness in public procurement as a vigilance tool. This pact essentially envisages an agreement between the prospective bidders and the buyer committing the persons/officials of both the parties not to exercise any corrupt influence on any part of the contract. Only those bidders who have entered into such an integrity pact with the buyer would be eligible to participate in the bidding.

CORPORATE COMMUNICATION

The Company has accorded due importance to dissemination of information in a targeted way and thus the visibility of the Company has gone up in a positive way. Your Company participated in India Electricity Exhibition 2007 and in **IITF-2007** in the Ministry of Power pavillion, at Pragati Maidan, New Delhi. Continuous efforts are being made to improve the web site of the company to make it more informative for various stakeholders.

Your company has compiled a document on the history of Tehri Project and the challenges faced during execution. The document would serve as a useful reference for planning and execution of future projects. The document would be made public in due course.

RESEARCH AND DEVELOPMENT

Research and development is more than often a crucial factor in the survival of a Company. R&D generally reflects the organization's willingness to improve future performance and its ability to stay competitive. With the commissioning of Tehri HEP Stage1, many organizations have started approaching THDC to share the rich experience.

Your Company has also gained valuable technical insights from the work of stabilisation of the Varunavat Parwat in Distt. Uttarkashi (Uttarakhand). Various Design studies related to Vishnugad Pipalkoti Hydro Electric Project have been carried out in house viz: Transient Studies to optimize the size of Water Conductor System, Geo-technical Baseline Report (GBR) for VPHEP.

Other studies undertaken with the help of consultant are: Seismic analysis for Dam Foundation system, Sedimentation Handling optimization, Hydraulic Model Studies, Geo-mechanical testing of material for strength parameters, Stress-Strain Analysis of major Underground Caverns, Assessment of Quantity and Quality of Construction material in various quarries of VPHEP & Feasibility Study for Tunnel Excavation by TBM.

Your Company has also produced another interesting document called "Risk Assessment and Risk Register" which provides the clarity of risk allocation and would be useful as a model contract document. The work done by the Company on the specific documents like "Geotechnical Baseline Report" and "Risk Assessment and Risk Register" for Vishnugad Pipalkoti Hydro-electric Project, has been widely appreciated.



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CORPORATE GOVERNANCE

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 during the year with a view to empower executives at various levels of hierarchy and to enable them quickly take decisions in the decentralised multi project context.

Your Company 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, adoption of Code of Conduct for Directors and Senior Executives and Re-constitution of Audit Committee. The Business Rules of the Audit Committee have also been re-framed in line with DPE's Guidelines on Corporate Governance.



Mrs. R.S.T. Sai distributing prizes to winners on the occasion of Independence Day

SEVOTTAM (Excellence in Public Service Delivery)

In an effort to further strengthen the Corporate Governance, your Company has formulated 'SEVOTTAM' (Excellence in Public 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.



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The **objectives of 'SEVOTTAM'** are:

- Improved service delivery.
- Greater responsiveness of officials towards stakeholders, and
- 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 and enhance its delivery capability by strengthening the inputs that go into better delivery, such as; quality of strategic planning, human resources, information management, better resource utilization and employee motivation.

Constitution of Board of Directors

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. It has the status of Private Company in terms of Section of 3(i)(iii) of Company's Act, 1956.

As per the Articles of Association 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. As on date the Board of your company consists of twelve Directors. Four of them, Whole Time Directors (including Chairman & Managing Director) , four Directors nominated by Govt. of India and one by Govt. of Uttar Pradesh.

In addition, three Non-Official Directors have been appointed by Government of India, in line with DPE's Guidelines on Corporate Governance making the total number of Directors to twelve.

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.

Nominee Directors serving in Ex-officio capacity as representative of the Govt. of India/Govt. of Uttar Pradesh retire from the Board on vacation of office. The Non-official Part-time Directors have been appointed for a period of three years.

Board Meetings

As against the Statutory Requirement of four Board meetings in a year and one meeting in each quarter, a total of 8 nos of Board meeting have been held during financial year 2007-08. The agenda with all details were circulated in advance so as to facilitate the decision making in an informed and efficient manner. On an average 14 items were considered by the Board per meeting.



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Major items placed before the Board.

The Board has complete access to any information within the Company. Major items considered by the Board include:

- Annual Accounts, Directors Reports etc.
- Fixation of remuneration of Statutory Auditors.
- Capital Budget and Revised Cost Estimate of project.
- Pay Scale, employee benefits and other Personnel Policies.
- Payment of Interim Dividend and Declaration of final Dividend.
- Minutes of meetings of Audit Committee.
- Review of Status of all Works, Award of Major Contracts.
- Time extensions and variations of Major Contracts.
- 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.
- Important Legal Issues and settlement of Arbitration Awards.
- Other Material Issues.



Work-in-progress at Koteswar HE Project

Scope of Audit Committee

The scope of the Audit Committee inter alia include:

- Consideration of Annual Accounts.
- Review of adequacy and compliance of Internal Control Systems.
- To see that financial statement is 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 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.

Audit Committee

The Audit Committee considered the Annual Accounts for the year 2007-08 and recommended for the consideration of the Board. Four Audit Committee meetings have been held during financial year 2007-08. On an average, 5 items in each meeting were considered by the Audit Committee.



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- 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 have post audit discussions to ascertain any area of concern.
- Investigation into any matter as referred by the Board.

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, 2008 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.



Approach edit of main PSP Cavern

Changes in Board of Directors

During the year, Dr. Sudhir S. Bloeria, Former Chief Secretary, J&K.Prof.(Dr.) S. C. Saxena, Director, IIT Roorkee., K. Aprameyan, Former CMD, BEML were appointed as Non-official Part-time Directors on the Board of the Company.

Shri A.K.Bajaj,Member(Design & Research), Central Water Commission, New Delhi was appointed as Part-time Director. Shri C.P.Singh has taken over the charge as Director(Finance) on October 18, 2007.



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During the year, Shri G.B. Pattanaik, Principal Secretary(Energy), GOUP ceased to be on the Board of THDC. The Directors place on record their appreciation of the valuable advice and guidance received from them during their tenure.

Auditors

For the Audit of the Accounts of THDC for the year 2007-08, M/s HDSG & Associates, Chartered Accountants, K-61, Basement, Jangpura Extension, New Delhi-110 014 were appointed as Statutory Auditor of the Company by C&AG vide their letter no. CA. V/COY/CENTRAL GOVT. TEHRI-H (1)/95 dated 31.07.2007 under Section 619(2) of the Companies Act, 1956.

As required under Section 224(8) (aa) of the said Act, a proposal for fixation of the remuneration payable to the Statutory Auditor is being placed at the ensuing Annual General Meeting for consideration.

The report of the Statutory Auditor is enclosed.

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, 2008 are enclosed.

Particulars of Employees under Section 217(2A) of Company's Act, 1956

Since there is no employee drawing emolument 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 2008 as amended upto date, the information is 'NIL'.



Ms. Damyanti of THDC, receiving National Handicapped Award-2007 from Hon'ble President of India, Mrs. Pratibha Devi Singh Patil.



Tehri Hydro Development Corporation Limited

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ACKNOWLEDGEMENT

The Board of Directors acknowledge with deep sense of 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.*

Sd/-

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

Date : **26.09.2008**
Place : **RISHIKESH**



Significant Accounting Policies

2007-2008

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. 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.

3. 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 utilised for construction of buildings and infrastructural facilities of the Corporation. Cost of land acquired through SLAO is capitalised 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.



Tehri Hydro Development Corporation Limited

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4. 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. (a). Incidental Expenditure during Construction (net) including Corporate Office and service units expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto.

(b). The policy for allocation of IEDC at 4 v(a) is generally in line with the ICAI guidance note on treatment of expenditure during construction period.
- vi. Incidental Expenditure during Construction relating to rehabilitation Works of Project is carried forward and is to be dealt in line with Policy No.4(i)

5. Borrowing Costs

- i. Borrowing costs directly relatable to acquisition and construction of specific qualifying assets are capitalised 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 capitalised. Such borrowing costs are apportioned on the average balance of capital work in progress for the year. Other borrowing costs are recognised as expenses in the period in which they are incurred.



Tehri Hydro Development Corporation Limited

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6. 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 recognised as income & expenses in the period in which they arise.

7. 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 unamortised 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 Koteswhar 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 recognised as intangible asset and amortised on straight line method over a period of legal right to use or 5 years, whichever is earlier.



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

8. 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.

9. 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 lodgement of claims by giving corresponding credit to respective works / claim suspense Account. Final adjustment is made on settlement of the claims.



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Expenditure

- viii. Expenses common to operation and construction activities are allocated to Profit and Loss Account and Incidental Expenditure during Construction in proportion of sales to annual capital expenditure in the case of Corporate Office & service centers and sales to accretion to Capital Work-in-Progress in the case of projects.
- ix. Cost of stores and spares used on repairs and maintenance are charged to the Repairs and Maintenance Account.
- x. 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.
- xi. Net income/expenditure prior to Commercial operation is adjusted directly in the cost of related assets and systems.

10. 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.

11. 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.



Statement of Accounts 2007-08



Tehri Hydro Development Corporation Limited

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BALANCE SHEET AS at 31/03/2008

Balance Sheet As at 31/03/2008		Amount In Thousands			
PARTICULARS	Schedule	As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
a) Share Capital	1	32396204		31296204	
b) Share Capital Contribution Pending allotment		607400		0	
			33003604		31296204
RESERVE & SURPLUS	2		15969038		12873257
DEFERRED REVENUE-ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION	3		1241066		140126
LOAN FUNDS	4				
Secured Loans		42656236		42573702	
Unsecured loans		1098353		1226636	
			43754589		43800338
DEFERRED TAX LIABILITY(NET)		42802		297516	
LESS:- RECOVERABLE		42802	0	297516	0
TOTAL			93968297		88109925
APPLICATION OF FUNDS					
FIXED CAPITAL EXPENDITURE					
FIXED ASSETS					
Gross Block	5	81478633		76723447	
Less: Depreciation		3445905		1458974	
Net Block			78032728		75264473
CAPITAL WORK IN PROGRESS	6		10405849		9391602
CONSTRUCTION STORES & CAPITAL ADVANCES	7		1570034		1775877
INVESTMENTS			0		0
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	0.00	0		0	
Sundry Debtors	8	4652777		2492617	
Cash and Bank Balances	9	1052476		388281	
Other Current Assets	10	23465		66952	
Loans and Advances	11	1852713		1759771	
	(A)	7581431		4707621	
LESS :CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	12	2351562		2088027	
Provisions	13	1276328		949256	
	(B)	3627890		3037283	
NET CURRENT ASSETS (A-B)			3953541		1670338
MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)					
Deferred Revenue Expenditure		5854		7073	
Shortage Pending Investigation		291		562	
			6145		7635
NOTES ON THE ACCOUNTS	23				
TOTAL			93968297		88109925

Schedules 1 to 23 and Statement of Significant Accounting Policies form an integral part of the accounts.

sd/-
(S.Q.Ahmad)
Company Secretary

sd/-
(C.P.Singh)
Director (Finance)

sd/-
(R.S.T. Sai)
Chairman & Managing Director

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

Date : 20.08.2008

sd/-
Harbir S. Gulati
(Partner)
M.No.: 084072

Place : NEW DELHI



Tehri Hydro Development Corporation Limited

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Profit & Loss Account For The Year 2007-2008

PARTICULARS	Schedule	For The Year 2007-2008		For The Year 2006-2007	
		Rs.	Rs.	Rs.	Rs.
INCOME					
ENERGY SALES	14		10947074		4441588
OTHER INCOME	15		42506		17152
TOTAL INCOME- A			10989580		4458740
EXPENDITURE					
EMPLOYEE'S REMUNERATION & BENEFITS GENERATION, ADMINISTRATION & OTHER EXPENSES	16		768474		285989
INTEREST AND FINANCING CHARGES	17		946648		182501
DEPRECIATION	18		3930222		1995314
PROVISIONS	19		1608458		685518
			803		288
TOTAL EXPENDITURE - B			7254605		3149610
PROFIT BEFORE TAX AND PRIOR PERIOD ADJUSTMENT A-B			3734975		1309130
less:- PRIOR PERIOD INCOME/ EXPENDITURE- (NET)	20		50413		0
NET PROFIT BEFORE TAXATION			3684562		1309130
PROVISION FOR TAXATION	21				
INCOME TAX		431596		131884	
FRINGE BENEFIT TAX		16543		2345	
WEALTH TAX		662	448801	92	134321
DEFERRED TAX		254714		297516	
Less :- RECOVERABLE / REFUNDABLE		254714	0	297516	0
PROFIT AFTER CURRENT YEAR'S TAX			3235761		1174809
SURPLUS BALANCE IN PROFIT & LOSS ACCOUNT B/F			1174809		0
BALANCE AVAILABLE FOR APPROPRIATION			4410570		1174809
DIVIDEND					
INTERIM		935000		0	
PROPOSED		40000	975000	0	0
TAX ON DIVIDEND					
INTERIM		158903		0	
PROPOSED		6798	165701	0	0
BALANCE CARRIED TO BALANCE SHEET			3269869		1174809

-Incidental Expenditure During Construction

22

Earning per share (Equity share of Rs.1000 each

-Basic (Rs.)
-Diluted (Rs.)

102.22
102.21

38.05
38.05

Schedules 1 to 23 and Statement of Significant Accounting Policies form an integral part of the accounts.

sd/-
(S.Q.Ahmad)
Company Secretary

sd/-
(C.P.Singh)
Director (Finance)

sd/-
(R.S.T. Sai)
Chairman & Managing Director

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

Date : 20.08.2008

sd/-
Harbir S. Gulati
(Partner)
Membership No.: 084072

Place : NEW DELHI



Tehri Hydro Development Corporation Limited

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Schedules - Annexed to the Accounts

SCHEDULE- 1 SHARE CAPITAL

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Authorised Capital				
40000000 Equity Shares of Rs 1000/= each		40000000		40000000
Issued, Subscribed & Paidup Capital				
32396204 (Previous year 31296204) 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.		32396204		31296204
TOTAL		32396204		31296204

SCHEDULE- 2 RESERVE & SURPLUS

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
CAPITAL RESERVE				
Contribution due from Government of Uttar Pradesh towards Irrigation Sector	14248520		13746181	
LESS:-				
Contribution in Arrear	1177281		1938142	
Contribution Received	13071239		11808039	
LESS:-				
Adjustment towards Depreciation	394670	12676569	109591	11698448
Other Capital Reserve		22600		0
Surplus Balance in Profit & Loss Account		3269869		1174809
TOTAL		15969038		12873257

SCHEDULE- 3 DEFERRED REVENUE-ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
As per last Balance Sheet	140126		0	
Revenue Deferred during the year	1100940		140126	
less:- Revenue Recognised during the year	0	1241066	0	140126
TOTAL		1241066		140126

SCHEDULE- 4 LOAN FUNDS

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Secured Loans *				
Long term Loans				
(i)Loans From Financial Institutions		42063436		41793702
(ii) Loan from bank (For R&R works on behalf of Govt. of Uttarakhand)				
Principal		520000		780000
Interest accrued		72800		0
Short term Loans				
(i)Loans From Banks		0		0
Sub Total		42656236		42573702
Unsecured Loans				
(i) Loan From Govt. Of India				
a) Loan from GOI	0		0	
b) Interest recoverable from G O I	0	0	0	0
Foreign Currency Loans: (Guaranteed by Govt. Of India)				
Term Loans from Financial Institution- KFW,Germany @		1098353		1226636
Sub Total		1098353		1226636
Grand Total		43754589		43800338

Loan due for repayment within next one Year

3645613.00

2919170.00

* Secured Loan includes the following:-

- i) Rs. 3887.98 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
- ii) Rs.377.64 Crore for Koteswar Project is secured by first charge on assets of Koteswar HEP.

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



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Schedule-5
SCHEDULE OF FIXED ASSETS (Figures in parenthesis represent deductions)

PARTICULARS	Gross Block				Depreciation				NET BLOCK	
	As at 01/04/2007	Additions	Sales / Adjustments	As at 31/03/2008	As at 01/04/2007	For the year	Adjustments	Total	As at 31/03/2008	As at 31/03/2007
1. Land Free Hold	177012	0	0	177012	0	0	0	0	177012	177012
2. Land Lease Hold	6784	9845	0	16629	961	294	0	1255	15374	5823
3. Land Unclassified	0	867840	11345637	12213477	0	390239	103573	493812	11719665	0
4. Buildings	768459	38779	434	807672	61326	16157	(184)	77299	730373	707133
5. Building Temp. Structures	2728	5778	(1626)	6880	2627	602	0	3229	3651	101
6. Road, Bridge & Culverts	209985	3212	0	213197	14680	4486	38	19204	193993	195305
7. Drainage, Sewerage & Water Supply	131305	6107	0	137412	15877	4403	(132)	20148	117264	115428
8. Construction Plant & Machinery	149719	0	(2222)	147497	89023	16802	(1119)	104706	42791	60696
9. Generation Plant & Machinery	12475965	2996241	0	15472206	134479	405219	0	539698	14932508	12341486
10. EDP Machines	58538	27806	(7126)	79218	27705	9470	(4517)	32658	46560	30833
11. Electrical Installations	48472	229	(1158)	47543	9094	1844	(199)	10739	36804	39378
12. Transmission Lines	82358	6981	0	89339	10704	3702	(158)	14248	75091	71654
13. Office & Other Equipment	161336	28749	644	190729	31835	12904	1415	46154	144575	129501
14. Furniture & Fixtures	33286	24124	(252)	57158	16894	3109	415	20418	36740	16392
15. Vehicles	76837	4314	(3230)	77921	35446	9875	1684	47005	30916	41391
16. Railway Sidings	3017	0	0	3017	2461	9	(45)	2425	592	556
17. Intangible Assets- Software	6211	6725	0	12936	2905	1694	(7)	4592	8344	3306
18. Hydraulic Works- Dam & Spillways	50249911	658038	(11345637)	39562312	466370	706687	(103573)	1069484	38492828	49783541
19. Hydraulic Works- Tunnel, Penstock, Canals etc	11848193	83230	0	11931423	512841	355074	0	867915	11063508	11335352
20. Unservisable/ Obsolete Assets at net book value or net realisable value whichever is lower.	1566	(43)	1613	3136	0	0	1581	1581	1555	1566
21. Capital Expenditure on Assets not owned by the company.	231765	154	0	231919	23746	45502	87	69335	162584	208019
TOTAL	76723447	4768109	(12923)	81478633	1458974	1988072	(1141)	3445905	78032728	75264473
<i>Figs. For previous year</i>	2884983	74542060	(703596)	76723447	1016101	911768	(468895)	1458974	75264473	1868882

Depreciation transferred to IEDC	94535	116659
Depreciation transferred to P&L account	1608458	685518
Depreciation adjusted in Capital Reserve -Irrigation Contribution from GOUP	285079	109591
	1988072	911768



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SCHEDULE- 6

CAPITAL WORK IN PROGRESS

Amount In Thousands

PARTICULARS		As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
Construction Work In Progress					
-Building & other civil works		91725		46214	
-Roads, Bridges & culverts		47701		1817	
-Water Supply, Sewerage & Drainage		0		891	
-Generation Plant and Machinery		2215597		4199307	
-Hydraulic Works, Dam, Spillway, Water Channels, Weirs, Service Gate & other Hydraulic Works		7129973		4042395	
-Afforestation catchment area		79927		66963	
-Electrical Installation & Sub-Station Equipments		12847		7384	
-Intangible Assets-Software		2495		1677	
-Capital expenditure on assets not owned by Company		27661	9607926	27387	8394035
-Generation Plant and Machinery in transit			204707		442780
Expenditure Pending Allocation					
-Survey & Development Expenses		340344		243677	
-Exchange Variation		0		-49937	
-Interest Pending Allocation		0		0	
-Incidental Expenditure During Construction	22	2223	342567	123342	317082
Rehabilitation					
-Rehabilitation Expenses(net of recoveries towards token cost and rent)			250649		237705
Total			10405849		9391602

SCHEDULE- 7

CONSTRUCTION STORES & CAPITAL ADVANCES

Amount In Thousands

PARTICULARS		As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
Construction Stores(At Cost, as certified by Management)					
Cement		640		713	
Other civil and building material		21346		27628	
Others		133195		127215	
Material in Transit (Valued at cost)		8263		2062	
Material Under inspection (Valued at cost)		4177		13908	
		167621		171526	
Less:-Provision for Stores & Spares		25515	142106	24413	147113
Capital Advances					
For Capital Expenditure (<i>Unsecured</i>)					
ii) Against Bank Guarantee		838568		420645	
iii) Rehabilitation & Resettlement (Govt. of Uttarakhand / SLAO)		373110		662386	
iv) others		133148		464978	
v) Accrued interest on Advances		83102		80755	
		1427928		1628764	
Less :-Provision for Bad & Doubtful Advances		0	1427928	0	1628764
TOTAL			1570034		1775877

Capital Advances

Considered Good (Unsecured)			1427928		1628764
Considered doubtful and provided for			0		0
Total Capital Advances			1427928		1628764

SCHEDULE- 8

Sundry Debtors

Amount In Thousands

PARTICULARS		As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
Debts outstanding over six months					
Unsecured, Considered Good		3232492		0	
Considered Doubtful		0	3232492	0	0
Other Debts					
Unsecured, Considered Good		1420285		2492617	
Considered Doubtful		0	1420285	0	2492617
less:- Provision for Bad and Doubtful debts			0		0
TOTAL			4652777		2492617



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SCHEDULE- 9

Amount In Thousands

Cash and Bank Balances

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances				
Cash, Cheques, Demand Drafts & Stamps in hand		1019		634
Balances with Scheduled Banks :-				
Current account (Including Auto Sweep, Flexi deposits with Scheduled Banks)		1051457		387647
TOTAL		1052476		388281

SCHEDULE- 10

Amount In Thousands

Other Current Assets

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Other Current Assets				
Interest Accrued		812		296
Prepaid Expenses		22653		66656
TOTAL		23465		66952

SCHEDULE- 11

Amount In Thousands

Loans and Advances

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Loans				
To employees				
Secured	240769		212590	
Unsecured	54655	295424	61660	274250
Intrest accrued on Loans to employees				
Secured	121399		84755	
Unsecured	16314	137713	34245	119000
Others		2533		284
		435670		393534
Advances				
<i>(Advances recoverable in cash or in kind or for value to be received)</i>				
To Employees				
Unsecured	15552		13967	
For Purchases	17106		34626	
To Others	1113070		1071121	
		1145728		1119714
Deposits				
Security Deposits	13703		13153	
Tax Deposited	11089		0	
Deposits With Govt./ Court	251694		238541	
Other Deposits	1228		1228	
		277714		252922
SUB-TOTAL		1859112		1766170
Less :-Provision for Bad & Doubtful Advances		6399		6399
TOTAL		1852713		1759771
Note :- Due from Directors (maximum amount due during the year Rs 180 (Previous year Rs 78))				
Principal		35		0
Interest		79		0
TOTAL		114		0
Note :- Due from Officers (maximum amount due during the year Rs 3711(Previous year Rs5720)				
Principal		1149		1873
Interest		1696		1826
TOTAL		2845		3699
Particulars of Loans & Advances				
Considered Good				
Loans & Advances (Secured)	362168		297345	
Loans & Advances (Unsecured)	1490545		1462426	
		1852713		1759771
Considered doubtful and provided for		6399		6399
TOTAL		1859112		1766170



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SCHEDULE- 12 Current Liabilities

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Sundry Creditors				
For Capital Expenditure	705192		808619	
For Small Scale Industrial Units	155		1245	
For Others	820289		357142	
Cash credit with Bank		1525636		1167006
Deposits, Retention money from Contractors etc.		0		80000
Interest Accrued but not due		177233		194918
- Financial Institutions	576420		610950	
- Others (Bank)	0		43	
Other Liabilities		576420		610993
		72273		35110
TOTAL		2351562		2088027

SCHEDULE- 13 Provisions

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
I Works				
Opening Balance:-	218257		380292	
Addition during the year:-	248415		223296	
Used / Adjusted during the year	(330335)	136337	(385331)	218257
II Employee Related				
i) Retirement Benefits				
Opening Balance:-	574927		460347	
Addition during the year:-	672937		139711	
Used / Adjusted during the year	(397284)	850580	(25131)	574927
ii) Other Benefits				
Opening Balance:-	20296		224654	
Addition during the year:-	184696		8682	
Used / Adjusted during the year	(138065)	66927	(213040)	20296
III Proposed Dividend				
Opening Balance:-	0		0	
Addition during the year:-	40000		0	
Used / Adjusted during the year	0	40000	0	0
IV Tax On Interim Dividend				
Opening Balance:-	0		0	
Addition during the year:-	158903		0	
Used / Adjusted during the year	0	158903	0	0
V Tax On Proposed Dividend				
Opening Balance:-	0		0	
Addition during the year:-	6798		0	
Used / Adjusted during the year	0	6798	0	0
VI Tax & Others				
Opening Balance:-	135776		7756	
Addition during the year:-	11925		132852	
Used / Adjusted during the year	(130918)	16783	(4832)	135776
TOTAL		1276328		949256



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SCHEDULE- 14 ENERGY SALES

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Energy Sales	11309364		4392790	
less:- Advance Against Depreciation- Deferred	1100940	10208424	140126	4252664
Income Tax Recovery From Customer		448139		133981
U.I. / Congestion Charge		290511		54943
TOTAL		10947074		4441588

SCHEDULE- 15 OTHER INCOME

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Interest				
On Bank Deposits (Gross, TDS 19.919 , Previous year 58.946)	14466		5386	
From Employees	23556		22494	
Others	3		101	
Machine hire charges		38025		27981
Rent Receipts		1298		1708
Sundry Receipts		2627		2268
Excess provision written back		6418		29251
Profit on sale of Assets		11611		1419
Late Payment Surcharge		1192		5292
		4452		0
TOTAL		65623		67919
LESS:- TRANSFERRED TO IEDC SCHEDULE		23117		50767
TOTAL		42506		17152

SCHEDULE- 16 EMPLOYEE'S REMUNERATION & BENEFITS

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages, Allowances & Benefits		1193481		775576
Contribution to Provident & other Funds		85329		83367
Gratuity		135496		63930
Welfare		83741		35255
TOTAL		1498047		958128
LESS:- TRANSFERRED TO IEDC SCHEDULE		729573		672139
TOTAL		768474		285989



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SCHEDULE- 17

Amount In Thousands

GENERATION, ADMINISTRATION & OTHER EXPENSES

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Rent, Rates & Taxes				
<i>Rent for office</i>	8847		6514	
<i>Rent for employee residence</i>	17504		16240	
<i>Rates & Taxes</i>	3408		2501	
Power & Fuel		29759		25255
Insurance		127134		75763
Communication		75172		13701
Repair & Maintenance		20856		10736
<i>Plant & Machinery</i>	165873		65952	
<i>Building</i>	36084		21004	
<i>Others</i>	125971		72379	
Travelling & Conveyance		327928		159335
Vehicle hire & running		83751		74867
Security		34523		31683
Publicity & Public relation		150025		56732
Other General Expenses		43444		16808
Loss on Assets		182382		89545
Survey and Investigation expenses		394		91
Deferred revenue expenditure written off		63223		0
		1219		1220
TOTAL		1139810		555736
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		193162		373235
TOTAL		946648		182501

SCHEDULE- 18

Amount In Thousands

INTEREST AND FINANCING CHARGES

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Interest on Loans		4116280		3631321
Rebate to customer		91388		38306
TOTAL		4207668		3669627
LESS:-				
TRANSFERRED AND CAPITALISED WITH CWIP ACCOUNT		277446		1674313
TOTAL		3930222		1995314

SCHEDULE- 19

Amount In Thousands

PROVISIONS

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Provisions for Doubtful debts, loans & Advances		0		16243
Provisions for Stores & Spares		1102		14740
TOTAL		1102		30983
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		299		30695
TOTAL		803		288



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SCHEDULE- 20
PRIOR PERIOD INCOME/ EXPENDITURE- (NET)

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
EXPENDITURE				
Personnel Exp	449		113	
Power & Fuel	1062		0	
Repair and maintenance	-259		0	
Survey and Investigation Expenses	46463		0	
Other General Expenses	748		1954	
Depreciation	6260		-907	
Misc. Receipt	0		-8	
Interest on Security Deposit	-268		0	
Advertisement & Publicity	19	54474	0	1152
TOTAL		54474		1152
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		4061		1152
TOTAL		50413		0

SCHEDULE- 21
PROVISION FOR TAXATION

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
INCOME TAX				
Current Year		431596		132995
TOTAL		431596		132995
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		0		1111
TOTAL		431596		131884
FRINGE BENEFIT TAX				
Current year		22743		9715
TOTAL		22743		9715
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		6200		7370
TOTAL		16543		2345
WEALTH TAX				
Current year		1015		634
TOTAL		1015		634
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		353		542
TOTAL		662		92



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SCHEDULE- 22
Incidental Expenditure During Construction

PARTICULARS		Amount In Thousands			
		For The Year 2007-2008		For The Year 2006-2007	
		Rs.	Rs.	Rs.	Rs.
EXPENDITURE					
EMPLOYEE'S REMUNERATION & BENEFITS	16				
Salaries, Wages, Allowances & Benefits		579938		545014	
Contribution to Provident & other Funds		54432		57842	
Gratuity		68983		45383	
Welfare		26220	729573	23900	672139
ADMINISTRATION & OTHER EXPENSES	17				
Rent, Rates & Taxes					
<i>Rent for office</i>		5175		5143	
<i>Rent for employee residence</i>		6973		12522	
<i>Rates & Taxes</i>		1709	13857	2354	20019
Power & Fuel			4827		66121
Insurance			937		5363
Communication			6009		8103
Repair & Maintenance					
<i>Plant & Machinery</i>		3128		7848	
<i>Building</i>		12176		15476	
<i>Others</i>		26885	42189	48394	71718
Travelling & Conveyance			40510		52129
Vehicle hire & running			11560		25195
Security			20456		44643
Publicity & Public relation			18076		13310
Other General Expenses			34447		66024
Loss on Assets			117		59
Deffered revenue expenditure written off			177		551
PROVISIONS	19				
Provisions for Doubtful debts, loans & Advances		0		15955	
Provisions for Stores & Spares		299	299	14740	30695
Depreciation			94535		116659
TOTAL EXPENDITURE (A)			1017569		1192728
RECEIPTS					
OTHER INCOME	15				
Interest		4354		3287	
From Employees		9976		17472	
Others		3	14333	101	20860
Machine hire charges			1168		1292
Rent Receipts			1534		1563
Sundry Receipts			2389		21753
Excess provision written back			3246		1423
Profit on sale of Assets			447		3876
Extra Ordinary Receipts			0		0
TOTAL RECEIPTS (B)			23117		50767
PRIOR PERIOD ADJUSTMENT	20		4061		1152
NET EXPENDITURE BEFORE TAXATION			998513		1143113
PROVISION FOR TAXATION	21				
INCOME TAX		0		1111	
FRINGE BENEFIT TAX		6200		7370	
WEALTH TAX		353	6553	542	9023
NET EXPENDITURE INCLUDING TAXATION			1005066		1152136
Balance brought forward from last year			123342		552410
TOTAL IEDC			1128408		1704546
Less:					
IEDC Allocated to CWIP / Asset			1049464		1581204
IEDC of Projects under approval charged to Profit & Loss Account			76721		0
BALANCE CARRIED TO CWIP			2223		123342



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Schedule- 23

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. 41588.48 lac (Previous year Rs. 57671.47 lac)

2) **CONTINGENT LIABILITIES**

		(Rs. Lac)	
		2007-08	2006-07
(i)	Claims against the Corporation, not Acknowledged as debts:		
	Arbitration /Court cases (Includes Rs 2243.98 lac (Previous year Rs. 2244.12 lac) decreed against the Corporation in different arbitration/ Labour court cases and deposited by the Corporation but disputed in appeals.)	120536.32	37642.97
(ii)	Disputed Income Tax, Trade Tax, Commercial Tax, Entry tax	809.54	892.00
(iii)	Others (Contractors claims etc.)	60593.17	42719.90

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

- 3) (i) Income Tax provision amounting to Rs.121.68 lac (previous year Rs. 116.79 lac) in respect of certain income viz, hire charges on construction equipments, rent recoveries from employees, other receipts etc. has not been made as the same is contested in appeal in view of Hon'ble Supreme Court decision holding the same to be capital receipt. The Corporation has deposited the disputed tax. However as an abundant caution the same has been included in contingent liabilities.

The Income Tax Department had filed an appeal before Hon'ble High Court, Nainital against decision of Income Tax Appellate Tribunal in respect of the Assessment years (A.Y) 1991-92, 2000-01 & 2001-02 holding certain income viz, hire charges on construction equipments, rent recoveries from employees, other receipts etc to be capital receipt. These cases are yet to come up for hearing and the same are expected to be decided in the favour of the Corporation since Hon'ble Supreme Court against the Special leave Petition



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(S.L.P) filed by the Corporation in respect of A.Y. 1994-95, 1996-97 & 2000-01 and A.Y 1998-99 in the judgment dated 24.03.2008 & 28.04.2008 on the similar issue decided the cases in favour of the corporation. However, as an abundant caution an amount of Rs.136.20 lacs towards Income Tax and interest Under Section 234 B & 234 C of Income Tax Act, 1961 has been included in the contingent liabilities.

- (ii) The Trade Tax Authority has made assessment / re assessment for the A.Y. 2000-01, 2002-03 & 2003-04 against Entry Tax and demand of Rs. 379.06 lac, Rs.6.08 lac & Rs.0.70 lac respectively (including interest) has been raised. The demand for the Assessment Year 2002-03 & 2003-04 has been deposited by the Corporation which is shown as deposit. Corporation has gone into appeal against all these orders before the Appellate Authority. The reassessment for the assessment Year 2001-02 has been made with nil demand.

Considering the above, no provision of Entry Tax has been made in accounts and an amount of Rs. 385.84 lac (including interest) has been included in the contingent liabilities.

- (iii) The Corporation has contested in Appeal the demand of Rs. 3.18 lac on account of interest for the year 1990-91 raised by Trade / Commercial Tax Deptt. against which an amount of Rs. 1.06 lac has been deposited by Corporation and shown as deposit. In view of this, no provision of above Trade / Commercial Tax has been made in accounts. However, as an abundant caution the same has been included in contingent liabilities.

The Trade Tax / Commercial Tax Department has filed an appeal before High Court, Nainital during July '07 against decision of Trade Tax/ Commercial Tax Tribunal for the year 1993-94 & 1994-95 setting aside the levy of interest of Rs. 0.33 lac & Rs. 0.88 lac imposed by Trade Tax / Commercial Tax Department. However, as an abundant caution the same has been included in Contingent liabilities.

- (iv) Claim of District Magistrate towards royalty on clay/ shell material used in Dam amounting to Rs.6448.54 lac has been included in Contingent Liabilities. However an amount of Rs.1900 lac paid under protest against the above claims has been shown as a Deposit to avoid seizure of THDC property. Further, appeal of THDC has been allowed by Hon'ble Supreme Court setting aside the impugned order of Nainital High Court and the matter has been remanded back to Nainital High court for the consideration of writ petition on merit.
- 4) Corporation has also accepted EMD/Security Deposit in the shape of FDR/CDR amounting to Rs 863.46 lac (previous year Rs. 613.66 lac) besides the "Deposits, Retention money from Contractors" amounting to Rs. 1772.33 lac (Previous year Rs. 1949.18 lac) as disclosed in Schedule - 12..



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- 5) (i) The Corporation is holding confirmed letters of credit (LCs) from various beneficiaries of power as backup security for payment amounting to Rs. 3939.50 lac (previous year Rs. 3466.50 Lac).
- (ii) The construction work of dam, spillways & power house in the Koteshwar Hydro Electric Project (KHEP) was awarded to M/s PCL Intertech Lenhydro Consortium J.V (M/s PCL) vide agreement no THDC/ RKSH/CD-197/AG dated 14.11.2002. In order to speedup the work, one of the partner of M/s Rihtwik Swathi J.V (a sub-contractor of M/s PCL intertech Lenhydro consortium J.V) has entered into MOU with M/s Rotec Industries, USA for the placement of concrete. Corporation on the request of the contractor i.e M/s PCL, opened a transferable back to back LC no: 01/2006 dated 29.05.2006 with PNB for an amount of Rs. 23 Crore for a period of 24 months valid upto 10th Feb 2009 and all bank charges had been recovered from the contractor.
- 6) An amount of Rs. 7800 lac was spent for providing extra space to Govt./Semi Govt. Deptt. in New Tehri Town. The amount is recoverable from Govt. of Uttrakhand (GOUK). Govt. of India has accorded approval vide letter no. 12/19/95-H.I. (Vol V) dt. 6th April 2005 to raise term loan of Rs. 7800 lac on behalf of Govt. of Uttrakhand from PFC / Bank / FIs. The loan amount along-with interest is to be recovered from Govt. of Uttrakhand from their share of 12% free power from Tehri HEP Stage-I. Accordingly, the Corporation has raised a term loan of Rs. 7800 lac from Punjab National Bank on behalf of Govt. of Uttrakhand with a moratorium period of two years. The outstanding loan and interest amounting to Rs. 5928 lac is shown under secured loan in Schedule-4. However, no amount against interest/installments due has been received till date and accordingly, outstanding amount of Rs. 9462.42 lac including interest on loan is shown as recoverable from Govt. of Uttrakhand in Schedule-11. The matter is being regularly taken up with GOUK and Management is of the opinion that amount shall be recovered in due course.
- 7) (i) The total interest on Borrowed funds for the year is Rs. 40940.26 lac (previous year Rs. 36371.27 lac). The amount of borrowing cost capitalized during the year is Rs. 2774.45 lac (previous year Rs. 16743.13 lac) after adjustment of an amount of Rs 34.50 lac (previous year Rs. 58.06 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. 834.71 lac (Previous Year Rs. 740.13 lac) is adjusted to the Capital Work In Progress/Assets.
- 8) 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%.



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- 9) During the year Board has revised scales of pay in line with NHPC in respect of below Board level Executives effective from 1.1.1997 on provisional basis pending final decision of the Government of India. Accordingly, the payment is being made to the executives.
- 10) Pending completion of legal formalities, title deeds of freehold land measuring 785.738 acres amounting to Rs 1277.76 lac (Previous year 785.738 acres amounting to Rs. 1277.76 lac) are yet to be registered in the name of the Corporation.
- 11) (i) Rehabilitation Expenses under Capital-Work-in-Progress include Rs 425.35 lac (Previous year Rs. 421.92 lac) towards cost of 600.086 acres (Previous year 597.253 acres) of land acquired for rehabilitation of oustees / execution of project works.

Further, Rehabilitation CWIP and IEDC thereon relating to Tehri HPP stage-I amounting to Rs. 8678.40 lac (Previous Year Rs 111013.23 lac) have been capitalized during the year 2007-08 which include Rs 1782.54 lac (Previous year Rs 16273.19 lac) towards cost of Nil acres (Previous year 12450.703 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 also 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 Ousteers.
- (iv) Pursuant to the Government of India, MOE&F, new Delhi's order no.F.No.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.



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- (v) The Land measuring 14.37 acres transferred free of cost by Govt. of Uttarakhand 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 and 968 dated 07.03.07 and dated 27.09.07, has sanctioned 9.313 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.
- 12) (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.
- 13) Balances shown under advances, debtors, creditors and materials in transit / lying with contractors are subject to confirmation / reconciliation and consequent adjustments, if any.
- 14) Balance with banks includes Rs. 1034.97 lac (Previous year Rs. 776.17 lac) on which lien has been exercised by the concerned Authorities for recovery on account of Royalty, Spillway Escalation and Electricity charges.
- 15) Losses / Shortages pending investigation Rs 2.91 lac (Previous year Rs. 5.62 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.
- 16) The 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".
- 17) Consequent upon transfer of transmission line to Power Grid Corporation Ltd., Govt. of India accorded approval for the reduction in share capital of Rs.841 lac in the year 1998-99 which was subsequently confirmed by Deptt. of Company Affairs. The current liabilities of transmission system transferred to Power Grid Corporation of Rs.278 lac should have been adjusted against the advance outstanding from M/s. TPE. On further consideration of the matter, Govt. of India vide OM No. 12/9/2004-PG dt.9th June, 2006 approved that the net purchase consideration of transmission system would be increased by Rs.278 lac and consequently there shall be corresponding reduction of the share capital



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of the Corporation. Accordingly, Petition under section 101 of the Companies Act, 1956 for confirmation of reduction of paid up share capital of Rs.278 lac was filed with the Ministry of Corporate Affairs on 9th January 2008. Pending confirmation for reduction of capital, an amount of Rs.278 lac has been included in capital advances.

- 18) (i) 20 flats (Previous Year 43 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 Uttarakhand 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.
- 19) (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 31.03.2008 works out to Rs. 829855.98 lac (Previous year Rs. 804648.76 lac) out of which, as per the formula laid down in the Articles of Association Cost of Irrigation sector works out to Rs. 142485.20 lac (Previous year Rs. 137461.81 lac). The Government of Uttar Pradesh has contributed Rs130712.38 lac as on 31.03.2008 (Previous year Rs. 118080.38 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 during the year corporation has received a sum of Rs. 226 lac (US\$ 566185) vide Ministry of Power, Govt of India letter no 10/2/2002-HI (Pt) dated 27.03.2008. The grant has been shown in Schedule-2 "Reserve & surplus" under the head "Capital Reserve".
- 20) 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.
- 21) (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.



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- 22) In compliance to the Accounting Standard 22 on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, The net decrease in the deferred tax liability of Rs 2547.14 Lac (previous year increase Rs. 2975.16 Lac) has been charged to Profit and Loss Account. However, the same is refundable/recoverable to/from customers. The item-wise detail of cumulative Deferred Tax Liability is as under:

(Rupees in Lac)

Sl. no		31.03.2008	31.03.2007
Deferred Tax Liability			
i)	Difference of Book Depreciation and Tax Depreciation	5838.90	3571.27
	Less: Deferred Tax Assets		
ii)	Advance against Depreciation to be considered as income in tax computation	4213.76	471.66
iii)	Provision for doubtful debts	3.70	0.97
iv)	Provision for employee benefit schemes	1193.42	123.48
	Deferred Tax Liability (Net)	428.02	2975.16

- 23) 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.
- 24) 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.
- 25) List of Small Scale Industrial undertaking, to whom Payment is outstanding for more than 30 days as on 31st March'08 is as under:-
1. M/s United Elevators.
- 26) Repairs and Maintenance expenses include spare parts & components amounting to Rs. 60.36 lac (Previous year Rs. 44.79 lac) (Indigenous only).



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- 27) During the year last Unit (Unit-I) of Tehri stage-I has been declared into commercial operation on 9th July 2007. The Common expenditure of Corporate Office, service centers and Tehri stage –I project have been worked out to the number of days last machine has been in commercial operation during the year. The same have been allocated between O&M and construction projects in line with Corporation's relevant accounting policy.
- 28) 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.372.92 lac (previous year Rs. 239.77 lac) a sum of Rs. 38.35 Lac had already been reimbursed upto 2006-07 and an amount of Rs. 201.42 lac has been reimbursed in the month of April 2008.
- 29) 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.
- 30) Liquidated damages are accounted for on settlement of final bills/delivery schedule.
- 31) (i) Recoveries from contractors (M/s KCT & Bros C.S Ltd (KCT) and M/s Jaiprakash Associates Ltd. (JAL)) towards rebate against quantity variation as per Contract provisions of Power House & Spillways respectively have been contested by the Corporation in the Nainital High Court. As per court order these cases were referred to Arbitration. The case relating to KCT (power house contract) is pending before the Arbitral Tribunal. However, in case of JAL (spillway contract) Arbitral award with majority decision has been received instead of Tribunal award and thus the award is yet to be effected.

In view of above facts the value of assets created under these agreements will vary depending upon the finalization of cases.

- (ii) Advance to contractors includes Rs. 2123.63 lac (Principal Rs. 1836.49 lac and 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) upto the value of security (performance guarantee/cash) available with THDC upto 31.03.2008.



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- 32) 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 orders 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 receipt of final REA from NRPC and 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. 113093.64 lac (Previous year Rs 43927.90 lac). The sales during the year includes Rs. 1994.15 lac relating to the revenue for the year 2006-07 which resulted due to the revision of AFC based on expenditure upto 07.07.2007. However, the revenues for the year have been provisionally recognised pending final determination of the tariff by CERC.

- 33) 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.
- 34) The Company has taken on lease/rent premises for employees / offices / Guest Houses/Transit camps. These lease arrangements are usually renewable on mutually agreed terms but are not cancelable. Rent rate and taxes include Rs. 261.01 lac (Previous year Rs. 219.82 lac) towards lease payment (net off recoveries).



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35) The Company has made provision as below:-

Sl.No.	Particulars	Rs. lac			
		Opening Balance	Additions	Used/ Adjusted	Closing Balance
1.	Works	2182.57	603.79	1422.99	1363.37
2.	<u>Employees</u>				
(i)	<u>related</u>	5749.27	3705.62	949.09	8505.80
(ii)	Retirement Benefits				
	Other Benefits	202.96	1727.93	1261.62	669.27
3.	Proposed Dividend	-	400.00	-	400.00
4.	Tax on Interim Dividend	-	1589.03	-	1589.03
5.	Tax on proposed Dividend	-	67.98	-	67.98
6.	Tax & Others	1357.75	119.25	1309.17	167.83
	Total	9492.55	8213.60	4942.87	12763.28

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 31.3.2008. For employees, the provision has been made for benefits such as leave encashment, Gratuity, Post Retirement Medical Benefits, Funeral, Baggage allowance etc in line with the Accounting Policy No. 10(i). Tax & Others includes provision for Income tax, Fringe Benefit Tax, Wealth tax and others..

36) 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 Labour, 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 31.03.2008 as per AS-15(Revised) comes to 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.



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37) Change in Accounting Policy:-

Sl. No.	Policy	Impact
1.	Modification in Accounting Policy no. 2 relating to Grants-In-Aid. The words "Grants-in-Aid received from the central/state Government or other authorities towards capital expenditure as well as" have been added.	No impact as the change has been made due to receipt of Grant other than from central/ state Government. Thus change has been made for elaboration and better clarity
2.	Modification in Accounting Policy no. 4(i) relating to treatment of Capital Work-in-Progress of rehabilitation Works of Project.	Increase in depreciation by Rs1830.71 lac and corresponding decrease in asset-Land Unclassified by Rs. 1830.71 lac.
3.	Deletion of Accounting Policy no. 9 (xii) relating to Expenditure on Leave Travel Concession to Employees.	Deletion was necessitated since now as per AS-15(Revised) valuation for LTC is being done on actuarial basis.
4.	Modification in Accounting Policy no. 10(i) & (ii) relating to Employee Benefits keeping in view the requirement of AS-15 (Revised)	Increase in Employees' remuneration, benefits, administration & other expenses by Rs. 651.27 lac and corresponding increase in related provisions by Rs. 651.27 lac.

38) Payment to Directors:

	(Rs. lac)	
	2007-08	2006-07
(i) Remuneration to Whole-time Directors:		
Salaries and allowances including Provisions	22.39	19.46
Contribution to Provident Fund	3.02	2.54
Other Benefits	15.15	7.05
(ii) Directors Traveling Expenses	10.74	36.73

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).



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39) Payment to Auditors

	2007-08	2006-07
		(Rs. lac)
Audit Fee (including service tax)	2.53 *	2.53
In other capacity	3.65	1.57
Out of pocket expenses	2.62	1.33
*Subject to approval in Annual General Meeting		

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

	(Rs. lac)	
PARTICULARS	2007-2008	2006-2007
Travelling	49.30	33.58
Consultancy & Professional charges	1072.10	1103.46
Management/Commitment fee	5.29	5.97
Repayment of loan & Interest	3009.20	2751.61
Refund of EMD	0	0
Import of goods	1.14	326.67
Others (Handling Charges)	0	0
TOTAL	4137.03	4221.29

41) Value of Imports Calculated on CIF basis

	2007-08	2006-07
		(Rs. lac)
Capital Goods	171.80	729.71



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42) Licenced and Installed Capacities:-

Sl. No	Particulars	2007-08	2006-07
(i)	Licenced Capacity (M.W)	Not Applicable	Not Applicable
(ii)	Installed Capacity (M.W)	1000MW	750MW
(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	11.419880 MU	110.5520
	Sales	9.928901 MU	97.2858
(b)	Commercial period		
	Generation	2652.156086 MU	780.4680
	Sales	2305.867213 MU	666.6437

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 `23' form an integral part of the accounts.

Sd/-

(S.Q. Ahmad)
Company Secretary

sd/-

(C.P. Singh)
Director (Finance)

sd/-

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

**As Per Our Report Of Even Date Attached
For H.D.S.G & Associates
Chartered Accountants**

Date : 20.08.2008
Place : NEW DELHI

Sd/-
(Harbir S. Gulati)
Partner
M.No. : 084072



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

Balance Sheet Abstract and Company's General Business Profile

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 / 2008

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.)	0 0 1 0 0 0 0 0
(Nos)	0 1 0 0 0 0 0 0

Share Capital Contribution Pending Allotment to

Government of India	0 0 6 0 7 4 0 0
Government of Uttar Pradesh	NIL
Bonus issue	NIL

iii) Position of mobilisation and deployment of funds

Total Liabilities	9 7 5 9 6 1 8 7
Total Assets	9 7 5 9 6 1 8 7

Source of funds

Paid up capital	3 2 3 9 6 2 0 4
Capital Pending Allotment	0 0 6 0 7 4 0 0
Reserves and surplus including contribution from GOUP	1 5 9 6 9 0 3 8
Secured Loans	4 2 6 5 6 2 3 6
Unsecured Loans	0 1 0 9 8 3 5 3
Deferred Tax Liability	NIL



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(Amount in Rs. Thousands)

Application of Funds

Net Fixed Assets	7	8	0	3	2	7	2	8
Capital Work-in-progress including Construction stores and advances and IEDC (Pending Allocation)	1	1	9	7	5	8	8	3
Investment	NIL							
Net Current Assets	0	3	9	5	3	5	4	1
Miscellaneous Expenditure	0	0	0	0	6	1	4	5

iv) Performance of Company

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

v) Generic names of Principal product / Service of company

Item Code No	NOT APPLICABLE
Product Description	Generation of Electricity Power

sd/-
(S.Q.Ahmad)
Company Secretary

sd/-
(C.P.Singh)
Director (Finance)

sd/-
(R.S.T. Sai)
Chairman & Managing Director

Date : 20.08.2008

Place : NEW DELHI



Tehri Hydro Development Corporation Limited

20th Annual Report

Cash Flow Statement For The Year 2007-2008

Amount Rs. In Thousands.

	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Prior Period adjustments		3734975		1309130
Adjustment for:-				
Depreciation	1608459		685518	
Provisions	803		288	
Advance Against Depreciation- Deferred	1100940		140126	
Interest on loans	3838834		1957008	
Rebate to Customers	91388		38306	
Prior Period Adj	(50413)	6590011	0	2821246
Operating profit Before Working Capital Changes		10324986		4130376
Sundry Debtors	(2160160)		(2492617)	
Other Current Assets	43487		(54346)	
Loans and Advances	(92942)		(281743)	
Current Liabilities	263535		315303	
Provisions	327072	(1619008)	(123793)	(2637196)
Cash Generated From Operations		8705978		1493180
Direct Tax Paid	(448801)		(134321)	
Net Cash From Operations (A)		(448801)		(134321)
		8257177		1358859
B. Cash Flow From Investing Activities				
Change In:-				
Fixed Assets and CWIP	(5675741)		(7736210)	
Construction Stores	3905		(9744)	
Capital Advances	200836		817579	
Misc. Exp . (To the extent not adjusted)	1490		1280	
Net Cash Flow From Investing Activities (B)		(5469510)		(6927095)
C. Cash Flow from Financing Activities				
Share Capital	1707400		725000	
Irrigation contribution	1263200		105001	
Other Capital Reserve	22600		0	
Loans	(45749)		6552047	
Interest on loans	(3838834)		(1957008)	
Rebate to Customers	(91388)		(38306)	
Dividend & Tax on Dividend	(1140701)		0	
Net Cash Flow from Financing Activities (C)		(2123472)		5386734
NET CASH FLOW DURING THE YEAR (D= A+B+C)		664195		(181502)
Opening Cash & Cash Equivalents (E)		388281		569783
Closing Cash & Cash Equivalents (F=D+E)		1052476		388281

Note:-

1. Cash and Cash Equivalents includes Balance with Banks of Rs.1034.97 lacs(Previous year Rs.776.17 lacs)which is not available for use by the Corporation.
2. Previous year's figure have been Regrouped / Rearranged / Recast wherever necessary.

sd/-
(S.Q.Ahmad)
Company Secretary

sd/-
(C.P.Singh)
Director (Finance)

sd/-
(R.S.T. Sai)
Chairman & Managing Director

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

sd/-
Harbir S. Gulati
(Partner)
M.No.: 084072

Date : 20.08.2008
Place : NEW DELHI



Tehri Hydro Development Corporation Limited

20th Annual Report

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, 2008, 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. We draw attention to :-
 - a) Note no 6 of schedule 23 regarding modalities of recovery of Installments and Interest due on loan amounting to Rs. 7800 Lac taken on behalf of Govt. of Uttarakhand for providing extra space to the Govt. in New Tehri Town. Although the repayment of loan to PNB by the Corporation has started, the dues from Govt. of Uttarakhand are yet to be recovered.
 - b) Note No.11 (i) of Schedule 23 - Rehabilitation expenditure of Rs. 8678.40 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. 13 of Schedule 23 - The balances for Sundry Debtors, Sundry Creditors, Security Deposits/ Earnest Money Deposits, Loans & Advances are all subject to confirmation and reconciliations from parties.



Tehri Hydro Development Corporation Limited

20th Annual Report

- d) Note No.18 (i) of Schedule 23 relating to unauthorized occupation of flats by various persons on the land acquired by the Corporation.
- e) Note No. 32 of Schedule 23 – 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 & also subject to 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 view of 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 give 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, 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 2008.
- b) In the case of Profit and Loss Account , of the profit for the year ended on that date
- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date

For HDSG & Associates
Chartered Accountants

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

Date : 20-08-2008
Place : New Delhi



Tehri Hydro Development Corporation Limited

20th Annual Report

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 need strengthening.
 - 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. Discrepancies noticed on physical verification of the inventory have not been adjusted in the books of accounts pending approval for write off of the same by the Competent Authority.
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 the Company and the 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.



Tehri Hydro Development Corporation Limited

20th Annual Report

5. Based on the audit process applied by us, to the best of our knowledge and belief and according to the information and explanations give 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 needs to be enhanced 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 cost records and the cost auditor have been appointed to undertake the cost audit for the year.
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 31.3.2008 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.

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.105953/-.
1991-92	16.71	Trade Tax	The assessing authority has imposed a tax of



Tehri Hydro Development Corporation Limited

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Intt. w.e.f. 01.05.92	63.82		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/-.
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	136.35	Entry Tax	The Entry Tax case is pending before Adnl. Commissioner (Appeal), Dehradun.
Interest @ 2% for 89 months	242.71		
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).
1991-92 (With Interest U/S 234 B & C))	9.68	Income Tax	The Income Tax Dept. has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal
1999- 2000	1.51	Income Tax	Corporation has filed an appeal with Tribunal after depositing the disputed tax of Rs.150612/-. ITAT has partly allowed the appeal and referred back the matter to assessing officer for deciding the issue.
2000-01 (With Interest	60.81	Income Tax	The Income Tax Dept. has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal.



Tehri Hydro Development Corporation Limited

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U/S 234 B & C)			
2001-02 (With Interest U/S 234 B & C)	65.71	Income Tax	The Income Tax Dept. has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal
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.12017174/-.
1998-99	22.62	Royalty	Also DM has exercised lien on Rs. 22.62 lac in THDC's Bank Account.
2000-01	6448.55	Royalty	Appeal of THDC has been allowed by Hon'ble Supreme Court setting aside the impugned order of Nainital High Court and the matter has been remanded back to Nainital High court for the consideration of writ petition. An amount of Rs. 1900 Lac has been deposited under protest.
2001-02	21.26	Royalty	Matter referred to DM

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. However, an amount of Rs.224.74 Lacs of Term Loan taken was unutilized as on 31.03.2008



Tehri Hydro Development Corporation Limited

20th Annual Report

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

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

Date : 20-08-2008
Place : New Delhi



Tehri Hydro Development Corporation Limited

20th Annual Report

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 2008

The preparation of financial statements of Tehri Hydro Development Corporation Limited for the year ended on 31st March, 2008 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 is 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 20th August 2008.

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 2008. This supplementary audit has been carried out independently without access to the working papers (in case of non-review of 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

Sd/-
(Saroj Punhani)
16.09.2008



Tehri Hydro Development Corporation Limited

20th Annual Report



20th Annual Report 2007-2008



टिहरी हाइड्रो डेवलपमेन्ट कॉर्पोरेशन लि.
TEHRI HYDRO DEVELOPMENT CORPORATION LTD.



Statement of Accounts 2007-08



Tehri Hydro Development Corporation Limited

20th Annual Report

BALANCE SHEET AS at 31/03/2008

Balance Sheet As at 31/03/2008		Amount In Thousands			
PARTICULARS	Schedule	As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
a) Share Capital	1	32396204		31296204	
b) Share Capital Contribution Pending allotment		607400		0	
			33003604		31296204
RESERVE & SURPLUS	2		15969038		12873257
DEFERRED REVENUE-ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION	3		1241066		140126
LOAN FUNDS					
Secured Loans	4	42656236		42573702	
Unsecured loans		1098353		1226636	
			43754589		43800338
DEFERRED TAX LIABILITY(NET)		42802		297516	
LESS:- RECOVERABLE		42802	0	297516	0
TOTAL			93968297		88109925
APPLICATION OF FUNDS					
FIXED CAPITAL EXPENDITURE					
FIXED ASSETS					
Gross Block	5	81478633		76723447	
Less: Depreciation		3445905		1458974	
Net Block			78032728		75264473
CAPITAL WORK IN PROGRESS	6		10405849		9391602
CONSTRUCTION STORES & CAPITAL ADVANCES	7		1570034		1775877
INVESTMENTS			0		0
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	0.00	0		0	
Sundry Debtors	8	4652777		2492617	
Cash and Bank Balances	9	1052476		388281	
Other Current Assets	10	23465		66952	
Loans and Advances	11	1852713		1759771	
	(A)	7581431		4707621	
LESS :CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	12	2351562		2088027	
Provisions	13	1276328		949256	
	(B)	3627890		3037283	
NET CURRENT ASSETS (A-B)			3953541		1670338
MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)					
Deferred Revenue Expenditure		5854		7073	
Shortage Pending Investigation		291		562	
			6145		7635
NOTES ON THE ACCOUNTS	23				
TOTAL			93968297		88109925

Schedules 1 to 23 and Statement of Significant Accounting Policies form an integral part of the accounts.

sd/
(S.Q.Ahmad)
Company Secretary

sd/
(C.P.Singh)
Director (Finance)

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

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

Date : 20.08.2008

sd/
Harbir S. Gulati
(Partner)
M.No.: 084072

Place : NEW DELHI



Tehri Hydro Development Corporation Limited

20th Annual Report

Profit & Loss Account For The Year 2007-2008

PARTICULARS	Schedule	For The Year 2007-2008		For The Year 2006-2007	
		Rs.	Rs.	Rs.	Rs.
INCOME					
ENERGY SALES	14		10947074		4441588
OTHER INCOME	15		42506		17152
TOTAL INCOME- A			10989580		4458740
EXPENDITURE					
EMPLOYEE'S REMUNERATION & BENEFITS GENERATION, ADMINISTRATION & OTHER EXPENSES	16		768474		285989
INTEREST AND FINANCING CHARGES	17		946648		182501
DEPRECIATION	18		3930222		1995314
PROVISIONS	19		1608458		685518
			803		288
TOTAL EXPENDITURE - B			7254605		3149610
PROFIT BEFORE TAX AND PRIOR PERIOD ADJUSTMENT A-B			3734975		1309130
less:- PRIOR PERIOD INCOME/ EXPENDITURE- (NET)	20		50413		0
NET PROFIT BEFORE TAXATION			3684562		1309130
PROVISION FOR TAXATION	21				
INCOME TAX		431596		131884	
FRINGE BENEFIT TAX		16543		2345	
WEALTH TAX		662	448801	92	134321
DEFERRED TAX		254714		297516	
Less :- RECOVERABLE / REFUNDABLE		254714	0	297516	0
PROFIT AFTER CURRENT YEAR'S TAX			3235761		1174809
SURPLUS BALANCE IN PROFIT & LOSS ACCOUNT B/F			1174809		0
BALANCE AVAILABLE FOR APPROPRIATION			4410570		1174809
DIVIDEND					
INTERIM		935000		0	
PROPOSED		40000	975000	0	0
TAX ON DIVIDEND					
INTERIM		158903		0	
PROPOSED		6798	165701	0	0
BALANCE CARRIED TO BALANCE SHEET			3269869		1174809

-Incidental Expenditure During Construction

22

Earning per share (Equity share of Rs.1000 each

-Basic (Rs.)
-Diluted (Rs.)

102.22
102.21

38.05
38.05

Schedules 1 to 23 and Statement of Significant Accounting Policies form an integral part of the accounts.

sd/-
(S.Q.Ahmad)
Company Secretary

sd/-
(C.P.Singh)
Director (Finance)

sd/-
(R.S.T. Sai)
Chairman & Managing Director

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

Date : 20.08.2008

sd/-
Harbir S. Gulati
(Partner)
Membership No.: 084072

Place : NEW DELHI



Tehri Hydro Development Corporation Limited

20th Annual Report

Schedules - Annexed to the Accounts

SCHEDULE- 1

Amount In Thousands

SHARE CAPITAL

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Authorised Capital				
40000000 Equity Shares of Rs 1000/= each		40000000		40000000
Issued, Subscribed & Paidup Capital				
32396204 (Previous year 31296204) 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.		32396204		31296204
TOTAL		32396204		31296204

SCHEDULE- 2

Amount In Thousands

RESERVE & SURPLUS

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
CAPITAL RESERVE				
Contribution due from Government of Uttar Pradesh towards Irrigation Sector	14248520		13746181	
LESS:-				
Contribution in Arrear	1177281		1938142	
Contribution Received	13071239		11808039	
LESS:-				
Adjustment towards Depreciation	394670	12676569	109591	11698448
Other Capital Reserve		22600		0
Surplus Balance in Profit & Loss Account		3269869		1174809
TOTAL		15969038		12873257

SCHEDULE- 3

Amount In Thousands

DEFERRED REVENUE-ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
As per last Balance Sheet	140126		0	
Revenue Deferred during the year	1100940		140126	
less:- Revenue Recognised during the year	0	1241066	0	140126
TOTAL		1241066		140126

SCHEDULE- 4

Amount In Thousands

LOAN FUNDS

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Secured Loans *				
Long term Loans				
(i)Loans From Financial Institutions		42063436		41793702
(ii) Loan from bank (For R&R works on behalf of Govt. of Uttarakhand)				
Principal		520000		780000
Interest accrued		72800		0
Short term Loans				
(i)Loans From Banks		0		0
Sub Total		42656236		42573702
Unsecured Loans				
(i) Loan From Govt. Of India				
a) Loan from GOI	0		0	
b) Interest recoverable from G O I	0	0	0	0
Foreign Currency Loans: (Guaranteed by Govt. Of India)				
Term Loans from Financial Institution- KFW,Germany @		1098353		1226636
Sub Total		1098353		1226636
Grand Total		43754589		43800338

Loan due for repayment within next one Year

3645613.00

2919170.00

* Secured Loan includes the following:-

- i) Rs. 3887.98 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
- ii) Rs.377.64 Crore for Koteswar Project is secured by first charge on assets of Koteswar HEP.

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



Tehri Hydro Development Corporation Limited

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Schedule-5
SCHEDULE OF FIXED ASSETS (Figures in parenthesis represent deductions)

PARTICULARS	Gross Block				Depreciation				NET BLOCK	
	As at 01/04/2007	Additions	Sales / Adjustments	As at 31/03/2008	As at 01/04/2007	For the year	Adjustments	Total	As at 31/03/2008	As at 31/03/2007
1. Land Free Hold	177012	0	0	177012	0	0	0	0	177012	177012
2. Land Lease Hold	6784	9845	0	16629	961	294	0	1255	15374	5823
3. Land Unclassified	0	867840	11345637	12213477	0	390239	103573	493812	11719665	0
4. Buildings	768459	38779	434	807672	61326	16157	(184)	77299	730373	707133
5. Building Temp. Structures	2728	5778	(1626)	6880	2627	602	0	3229	3651	101
6. Road, Bridge & Culverts	209985	3212	0	213197	14680	4486	38	19204	193993	195305
7. Drainage, Sewerage & Water Supply	131305	6107	0	137412	15877	4403	(132)	20148	117264	115428
8. Construction Plant & Machinery	149719	0	(2222)	147497	89023	16802	(1119)	104706	42791	60696
9. Generation Plant & Machinery	12475965	2996241	0	15472206	134479	405219	0	539698	14932508	12341486
10. EDP Machines	58538	27806	(7126)	79218	27705	9470	(4517)	32658	46560	30833
11. Electrical Installations	48472	229	(1158)	47543	9094	1844	(199)	10739	36804	39378
12. Transmission Lines	82358	6981	0	89339	10704	3702	(158)	14248	75091	71654
13. Office & Other Equipment	161336	28749	644	190729	31835	12904	1415	46154	144575	129501
14. Furniture & Fixtures	33286	24124	(252)	57158	16894	3109	415	20418	36740	16392
15. Vehicles	76837	4314	(3230)	77921	35446	9875	1684	47005	30916	41391
16. Railway Sidings	3017	0	0	3017	2461	9	(45)	2425	592	556
17. Intangible Assets- Software	6211	6725	0	12936	2905	1694	(7)	4592	8344	3306
18. Hydraulic Works- Dam & Spillways	50249911	658038	(11345637)	39562312	466370	706687	(103573)	1069484	38492828	49783541
19. Hydraulic Works- Tunnel, Penstock, Canals etc	11848193	83230	0	11931423	512841	355074	0	867915	11063508	11335352
20. Unservisable/ Obsolete Assets at net book value or net realisable value whichever is lower.	1566	(43)	1613	3136	0	0	1581	1581	1555	1566
21. Capital Expenditure on Assets not owned by the company.	231765	154	0	231919	23746	45502	87	69335	162584	208019
TOTAL	76723447	4768109	(12923)	81478633	1458974	1988072	(1141)	3445905	78032728	75264473
<i>Figs. For previous year</i>	2884983	74542060	(703596)	76723447	1016101	911768	(468895)	1458974	75264473	1868882

Depreciation transferred to IEDC	94535	116659
Depreciation transferred to P&L account	1608458	685518
Depreciation adjusted in Capital Reserve -Irrigation Contribution from GOUP	285079	109591
	1988072	911768



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SCHEDULE- 6

CAPITAL WORK IN PROGRESS

Amount In Thousands

PARTICULARS		As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
Construction Work In Progress					
-Building & other civil works		91725		46214	
-Roads, Bridges & culverts		47701		1817	
-Water Supply, Sewerage & Drainage		0		891	
-Generation Plant and Machinery		2215597		4199307	
-Hydraulic Works, Dam, Spillway, Water Channels, Weirs, Service Gate & other Hydraulic Works		7129973		4042395	
-Afforestation catchment area		79927		66963	
-Electrical Installation & Sub-Station Equipments		12847		7384	
-Intangible Assets-Software		2495		1677	
-Capital expenditure on assets not owned by Company		27661	9607926	27387	8394035
-Generation Plant and Machinery in transit			204707		442780
Expenditure Pending Allocation					
-Survey & Development Expenses		340344		243677	
-Exchange Variation		0		-49937	
-Interest Pending Allocation		0		0	
-Incidental Expenditure During Construction	22	2223	342567	123342	317082
Rehabilitation					
-Rehabilitation Expenses(net of recoveries towards token cost and rent)			250649		237705
Total			10405849		9391602

SCHEDULE- 7

CONSTRUCTION STORES & CAPITAL ADVANCES

Amount In Thousands

PARTICULARS		As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
Construction Stores(At Cost, as certified by Management)					
Cement		640		713	
Other civil and building material		21346		27628	
Others		133195		127215	
Material in Transit (Valued at cost)		8263		2062	
Material Under inspection (Valued at cost)		4177		13908	
		167621		171526	
Less:-Provision for Stores & Spares		25515	142106	24413	147113
Capital Advances					
For Capital Expenditure (<i>Unsecured</i>)					
ii) Against Bank Guarantee		838568		420645	
iii) Rehabilitation & Resettlement (Govt. of Uttarakhand / SLAO)		373110		662386	
iv) others		133148		464978	
v) Accrued interest on Advances		83102		80755	
		1427928		1628764	
Less :-Provision for Bad & Doubtful Advances		0	1427928	0	1628764
TOTAL			1570034		1775877

Capital Advances

Considered Good (Unsecured)			1427928		1628764
Considered doubtful and provided for			0		0
Total Capital Advances			1427928		1628764

SCHEDULE- 8

Sundry Debtors

Amount In Thousands

PARTICULARS		As at 31/03/2008		As at 31/03/2007	
		Rs.	Rs.	Rs.	Rs.
Debts outstanding over six months					
Unsecured, Considered Good		3232492		0	
Considered Doubtful		0	3232492	0	0
Other Debts					
Unsecured, Considered Good		1420285		2492617	
Considered Doubtful		0	1420285	0	2492617
less:- Provision for Bad and Doubtful debts			0		0
TOTAL			4652777		2492617



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SCHEDULE- 9

Amount In Thousands

Cash and Bank Balances

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances				
Cash, Cheques, Demand Drafts & Stamps in hand		1019		634
Balances with Scheduled Banks :-				
Current account (Including Auto Sweep, Flexi deposits with Scheduled Banks)		1051457		387647
TOTAL		1052476		388281

SCHEDULE- 10

Amount In Thousands

Other Current Assets

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Other Current Assets				
Interest Accrued		812		296
Prepaid Expenses		22653		66656
TOTAL		23465		66952

SCHEDULE- 11

Amount In Thousands

Loans and Advances

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Loans				
To employees				
Secured	240769		212590	
Unsecured	54655	295424	61660	274250
Intrest accrued on Loans to employees				
Secured	121399		84755	
Unsecured	16314	137713	34245	119000
Others		2533		284
		435670		393534
Advances				
<i>(Advances recoverable in cash or in kind or for value to be received)</i>				
To Employees				
Unsecured	15552		13967	
For Purchases	17106		34626	
To Others	1113070		1071121	
		1145728		1119714
Deposits				
Security Deposits	13703		13153	
Tax Deposited	11089		0	
Deposits With Govt./ Court	251694		238541	
Other Deposits	1228		1228	
		277714		252922
SUB-TOTAL		1859112		1766170
Less :-Provision for Bad & Doubtful Advances		6399		6399
TOTAL		1852713		1759771
Note :- Due from Directors (maximum amount due during the year Rs 180 (Previous year Rs 78))				
Principal		35		0
Interest		79		0
TOTAL		114		0
Note :- Due from Officers (maximum amount due during the year Rs 3711(Previous year Rs5720)				
Principal		1149		1873
Interest		1696		1826
TOTAL		2845		3699
Particulars of Loans & Advances				
Considered Good				
Loans & Advances (Secured)	362168		297345	
Loans & Advances (Unsecured)	1490545		1462426	
		1852713		1759771
Considered doubtful and provided for		6399		6399
TOTAL		1859112		1766170



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SCHEDULE- 12 Current Liabilities

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
Sundry Creditors				
For Capital Expenditure	705192		808619	
For Small Scale Industrial Units	155		1245	
For Others	820289		357142	
Cash credit with Bank		1525636		1167006
Deposits, Retention money from Contractors etc.		0		80000
		177233		194918
Interest Accrued but not due				
- Financial Institutions	576420		610950	
- Others (Bank)	0		43	
Other Liabilities		576420		610993
		72273		35110
TOTAL		2351562		2088027

SCHEDULE- 13 Provisions

Amount In Thousands

PARTICULARS	As at 31/03/2008		As at 31/03/2007	
	Rs.	Rs.	Rs.	Rs.
I Works				
Opening Balance:-	218257		380292	
Addition during the year:-	248415		223296	
Used / Adjusted during the year	(330335)	136337	(385331)	218257
II Employee Related				
i) Retirement Benefits				
Opening Balance:-	574927		460347	
Addition during the year:-	672937		139711	
Used / Adjusted during the year	(397284)	850580	(25131)	574927
ii) Other Benefits				
Opening Balance:-	20296		224654	
Addition during the year:-	184696		8682	
Used / Adjusted during the year	(138065)	66927	(213040)	20296
III Proposed Dividend				
Opening Balance:-	0		0	
Addition during the year:-	40000		0	
Used / Adjusted during the year	0	40000	0	0
IV Tax On Interim Dividend				
Opening Balance:-	0		0	
Addition during the year:-	158903		0	
Used / Adjusted during the year	0	158903	0	0
V Tax On Proposed Dividend				
Opening Balance:-	0		0	
Addition during the year:-	6798		0	
Used / Adjusted during the year	0	6798	0	0
VI Tax & Others				
Opening Balance:-	135776		7756	
Addition during the year:-	11925		132852	
Used / Adjusted during the year	(130918)	16783	(4832)	135776
TOTAL		1276328		949256



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SCHEDULE- 14 ENERGY SALES

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Energy Sales	11309364		4392790	
less:-				
Advance Against Depreciation- Deferred	1100940	10208424	140126	4252664
Income Tax Recovery From Customer		448139		133981
U.I. / Congestion Charge		290511		54943
TOTAL		10947074		4441588

SCHEDULE- 15 OTHER INCOME

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Interest				
On Bank Deposits (Gross, TDS 19.919 , Previous year 58.946)	14466		5386	
From Employees	23556		22494	
Others	3		101	
Machine hire charges		38025		27981
Rent Receipts		1298		1708
Sundry Receipts		2627		2268
Excess provision written back		6418		29251
Profit on sale of Assets		11611		1419
Late Payment Surcharge		1192		5292
		4452		0
TOTAL		65623		67919
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		23117		50767
TOTAL		42506		17152

SCHEDULE- 16

Amount In Thousands

EMPLOYEE'S REMUNERATION & BENEFITS

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages, Allowances & Benefits		1193481		775576
Contribution to Provident & other Funds		85329		83367
Gratuity		135496		63930
Welfare		83741		35255
TOTAL		1498047		958128
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		729573		672139
TOTAL		768474		285989



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SCHEDULE- 17

Amount In Thousands

GENERATION, ADMINISTRATION & OTHER EXPENSES

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Rent, Rates & Taxes				
<i>Rent for office</i>	8847		6514	
<i>Rent for employee residence</i>	17504		16240	
<i>Rates & Taxes</i>	3408		2501	
Power & Fuel		29759		25255
Insurance		127134		75763
Communication		75172		13701
Repair & Maintenance		20856		10736
<i>Plant & Machinery</i>	165873		65952	
<i>Building</i>	36084		21004	
<i>Others</i>	125971		72379	
Travelling & Conveyance		327928		159335
Vehicle hire & running		83751		74867
Security		34523		31683
Publicity & Public relation		150025		56732
Other General Expenses		43444		16808
Loss on Assets		182382		89545
Survey and Investigation expenses		394		91
Deferred revenue expenditure written off		63223		0
		1219		1220
TOTAL		1139810		555736
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		193162		373235
TOTAL		946648		182501

SCHEDULE- 18

Amount In Thousands

INTEREST AND FINANCING CHARGES

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Interest on Loans		4116280		3631321
Rebate to customer		91388		38306
TOTAL		4207668		3669627
LESS:-				
TRANSFERRED AND CAPITALISED WITH CWIP ACCOUNT		277446		1674313
TOTAL		3930222		1995314

SCHEDULE- 19

Amount In Thousands

PROVISIONS

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
Provisions for Doubtful debts, loans & Advances		0		16243
Provisions for Stores & Spares		1102		14740
TOTAL		1102		30983
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		299		30695
TOTAL		803		288



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SCHEDULE- 20
PRIOR PERIOD INCOME/ EXPENDITURE- (NET)

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
EXPENDITURE				
Personnel Exp	449		113	
Power & Fuel	1062		0	
Repair and maintenance	-259		0	
Survey and Investigation Expenses	46463		0	
Other General Expenses	748		1954	
Depreciation	6260		-907	
Misc. Receipt	0		-8	
Interest on Security Deposit	-268		0	
Advertisement & Publicity	19	54474	0	1152
TOTAL		54474		1152
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		4061		1152
TOTAL		50413		0

SCHEDULE- 21
PROVISION FOR TAXATION

Amount In Thousands

PARTICULARS	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
INCOME TAX				
Current Year		431596		132995
TOTAL		431596		132995
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		0		1111
TOTAL		431596		131884
FRINGE BENEFIT TAX				
Current year		22743		9715
TOTAL		22743		9715
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		6200		7370
TOTAL		16543		2345
WEALTH TAX				
Current year		1015		634
TOTAL		1015		634
LESS:-				
TRANSFERRED TO IEDC SCHEDULE		353		542
TOTAL		662		92



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SCHEDULE- 22
Incidental Expenditure During Construction

PARTICULARS		Amount In Thousands			
		For The Year 2007-2008		For The Year 2006-2007	
		Rs.	Rs.	Rs.	Rs.
EXPENDITURE					
EMPLOYEE'S REMUNERATION & BENEFITS	16				
Salaries, Wages, Allowances & Benefits		579938		545014	
Contribution to Provident & other Funds		54432		57842	
Gratuity		68983		45383	
Welfare		26220	729573	23900	672139
ADMINISTRATION & OTHER EXPENSES	17				
Rent, Rates & Taxes					
<i>Rent for office</i>		5175		5143	
<i>Rent for employee residence</i>		6973		12522	
<i>Rates & Taxes</i>		1709	13857	2354	20019
Power & Fuel			4827		66121
Insurance			937		5363
Communication			6009		8103
Repair & Maintenance					
<i>Plant & Machinery</i>		3128		7848	
<i>Building</i>		12176		15476	
<i>Others</i>		26885	42189	48394	71718
Travelling & Conveyance			40510		52129
Vehicle hire & running			11560		25195
Security			20456		44643
Publicity & Public relation			18076		13310
Other General Expenses			34447		66024
Loss on Assets			117		59
Deffered revenue expenditure written off			177		551
PROVISIONS	19				
Provisions for Doubtful debts, loans & Advances		0		15955	
Provisions for Stores & Spares		299	299	14740	30695
Depreciation			94535		116659
TOTAL EXPENDITURE (A)			1017569		1192728
RECEIPTS					
OTHER INCOME	15				
Interest		4354		3287	
From Employees		9976		17472	
Others		3	14333	101	20860
Machine hire charges			1168		1292
Rent Receipts			1534		1563
Sundry Receipts			2389		21753
Excess provision written back			3246		1423
Profit on sale of Assets			447		3876
Extra Ordinary Receipts			0		0
TOTAL RECEIPTS (B)			23117		50767
PRIOR PERIOD ADJUSTMENT	20		4061		1152
NET EXPENDITURE BEFORE TAXATION			998513		1143113
PROVISION FOR TAXATION	21				
INCOME TAX		0		1111	
FRINGE BENEFIT TAX		6200		7370	
WEALTH TAX		353	6553	542	9023
NET EXPENDITURE INCLUDING TAXATION			1005066		1152136
Balance brought forward from last year			123342		552410
TOTAL IEDC			1128408		1704546
Less:					
IEDC Allocated to CWIP / Asset			1049464		1581204
IEDC of Projects under approval charged to Profit & Loss Account			76721		0
BALANCE CARRIED TO CWIP			2223		123342



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Schedule- 23

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. 41588.48 lac (Previous year Rs. 57671.47 lac)

2) **CONTINGENT LIABILITIES**

		(Rs. Lac)	
		2007-08	2006-07
(i)	Claims against the Corporation, not Acknowledged as debts:		
	Arbitration /Court cases (Includes Rs 2243.98 lac (Previous year Rs. 2244.12 lac) decreed against the Corporation in different arbitration/ Labour court cases and deposited by the Corporation but disputed in appeals.)	120536.32	37642.97
(ii)	Disputed Income Tax, Trade Tax, Commercial Tax, Entry tax	809.54	892.00
(iii)	Others (Contractors claims etc.)	60593.17	42719.90

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

- 3) (i) Income Tax provision amounting to Rs.121.68 lac (previous year Rs. 116.79 lac) in respect of certain income viz, hire charges on construction equipments, rent recoveries from employees, other receipts etc. has not been made as the same is contested in appeal in view of Hon'ble Supreme Court decision holding the same to be capital receipt. The Corporation has deposited the disputed tax. However as an abundant caution the same has been included in contingent liabilities.

The Income Tax Department had filed an appeal before Hon'ble High Court, Nainital against decision of Income Tax Appellate Tribunal in respect of the Assessment years (A.Y) 1991-92, 2000-01 & 2001-02 holding certain income viz, hire charges on construction equipments, rent recoveries from employees, other receipts etc to be capital receipt. These cases are yet to come up for hearing and the same are expected to be decided in the favour of the Corporation since Hon'ble Supreme Court against the Special leave Petition



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(S.L.P) filed by the Corporation in respect of A.Y. 1994-95, 1996-97 & 2000-01 and A.Y 1998-99 in the judgment dated 24.03.2008 & 28.04.2008 on the similar issue decided the cases in favour of the corporation. However, as an abundant caution an amount of Rs.136.20 lacs towards Income Tax and interest Under Section 234 B & 234 C of Income Tax Act, 1961 has been included in the contingent liabilities.

- (ii) The Trade Tax Authority has made assessment / re assessment for the A.Y. 2000-01, 2002-03 & 2003-04 against Entry Tax and demand of Rs. 379.06 lac, Rs.6.08 lac & Rs.0.70 lac respectively (including interest) has been raised. The demand for the Assessment Year 2002-03 & 2003-04 has been deposited by the Corporation which is shown as deposit. Corporation has gone into appeal against all these orders before the Appellate Authority. The reassessment for the assessment Year 2001-02 has been made with nil demand.

Considering the above, no provision of Entry Tax has been made in accounts and an amount of Rs. 385.84 lac (including interest) has been included in the contingent liabilities.

- (iii) The Corporation has contested in Appeal the demand of Rs. 3.18 lac on account of interest for the year 1990-91 raised by Trade / Commercial Tax Deptt. against which an amount of Rs. 1.06 lac has been deposited by Corporation and shown as deposit. In view of this, no provision of above Trade / Commercial Tax has been made in accounts. However, as an abundant caution the same has been included in contingent liabilities.

The Trade Tax / Commercial Tax Department has filed an appeal before High Court, Nainital during July '07 against decision of Trade Tax/ Commercial Tax Tribunal for the year 1993-94 & 1994-95 setting aside the levy of interest of Rs. 0.33 lac & Rs. 0.88 lac imposed by Trade Tax / Commercial Tax Department. However, as an abundant caution the same has been included in Contingent liabilities.

- (iv) Claim of District Magistrate towards royalty on clay/ shell material used in Dam amounting to Rs.6448.54 lac has been included in Contingent Liabilities. However an amount of Rs.1900 lac paid under protest against the above claims has been shown as a Deposit to avoid seizure of THDC property. Further, appeal of THDC has been allowed by Hon'ble Supreme Court setting aside the impugned order of Nainital High Court and the matter has been remanded back to Nainital High court for the consideration of writ petition on merit.
- 4) Corporation has also accepted EMD/Security Deposit in the shape of FDR/CDR amounting to Rs 863.46 lac (previous year Rs. 613.66 lac) besides the "Deposits, Retention money from Contractors" amounting to Rs. 1772.33 lac (Previous year Rs. 1949.18 lac) as disclosed in Schedule - 12..



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- 5) (i) The Corporation is holding confirmed letters of credit (LCs) from various beneficiaries of power as backup security for payment amounting to Rs. 3939.50 lac (previous year Rs. 3466.50 Lac).
- (ii) The construction work of dam, spillways & power house in the Koteshwar Hydro Electric Project (KHEP) was awarded to M/s PCL Intertech Lenhydro Consortium J.V (M/s PCL) vide agreement no THDC/ RKSH/CD-197/AG dated 14.11.2002. In order to speedup the work, one of the partner of M/s Rihtwik Swathi J.V (a sub-contractor of M/s PCL intertech Lenhydro consortium J.V) has entered into MOU with M/s Rotec Industries, USA for the placement of concrete. Corporation on the request of the contractor i.e M/s PCL, opened a transferable back to back LC no: 01/2006 dated 29.05.2006 with PNB for an amount of Rs. 23 Crore for a period of 24 months valid upto 10th Feb 2009 and all bank charges had been recovered from the contractor.
- 6) An amount of Rs. 7800 lac was spent for providing extra space to Govt./Semi Govt. Deptt. in New Tehri Town. The amount is recoverable from Govt. of Uttrakhand (GOUK). Govt. of India has accorded approval vide letter no. 12/19/95-H.I. (Vol V) dt. 6th April 2005 to raise term loan of Rs. 7800 lac on behalf of Govt. of Uttrakhand from PFC / Bank / FIs. The loan amount along-with interest is to be recovered from Govt. of Uttrakhand from their share of 12% free power from Tehri HEP Stage-I. Accordingly, the Corporation has raised a term loan of Rs. 7800 lac from Punjab National Bank on behalf of Govt. of Uttrakhand with a moratorium period of two years. The outstanding loan and interest amounting to Rs. 5928 lac is shown under secured loan in Schedule-4. However, no amount against interest/installments due has been received till date and accordingly, outstanding amount of Rs. 9462.42 lac including interest on loan is shown as recoverable from Govt. of Uttrakhand in Schedule-11. The matter is being regularly taken up with GOUK and Management is of the opinion that amount shall be recovered in due course.
- 7) (i) The total interest on Borrowed funds for the year is Rs. 40940.26 lac (previous year Rs. 36371.27 lac). The amount of borrowing cost capitalized during the year is Rs. 2774.45 lac (previous year Rs. 16743.13 lac) after adjustment of an amount of Rs 34.50 lac (previous year Rs. 58.06 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. 834.71 lac (Previous Year Rs. 740.13 lac) is adjusted to the Capital Work In Progress/Assets.
- 8) 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%.



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- 9) During the year Board has revised scales of pay in line with NHPC in respect of below Board level Executives effective from 1.1.1997 on provisional basis pending final decision of the Government of India. Accordingly, the payment is being made to the executives.
- 10) Pending completion of legal formalities, title deeds of freehold land measuring 785.738 acres amounting to Rs 1277.76 lac (Previous year 785.738 acres amounting to Rs. 1277.76 lac) are yet to be registered in the name of the Corporation.
- 11) (i) Rehabilitation Expenses under Capital-Work-in-Progress include Rs 425.35 lac (Previous year Rs. 421.92 lac) towards cost of 600.086 acres (Previous year 597.253 acres) of land acquired for rehabilitation of oustees / execution of project works.

Further, Rehabilitation CWIP and IEDC thereon relating to Tehri HPP stage-I amounting to Rs. 8678.40 lac (Previous Year Rs 111013.23 lac) have been capitalized during the year 2007-08 which include Rs 1782.54 lac (Previous year Rs 16273.19 lac) towards cost of Nil acres (Previous year 12450.703 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 also 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 Ousteers.
- (iv) Pursuant to the Government of India, MOE&F, new Delhi's order no.F.No.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.



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- (v) The Land measuring 14.37 acres transferred free of cost by Govt. of Uttarakhand 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 and 968 dated 07.03.07 and dated 27.09.07, has sanctioned 9.313 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.
- 12) (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.
- 13) Balances shown under advances, debtors, creditors and materials in transit / lying with contractors are subject to confirmation / reconciliation and consequent adjustments, if any.
- 14) Balance with banks includes Rs. 1034.97 lac (Previous year Rs. 776.17 lac) on which lien has been exercised by the concerned Authorities for recovery on account of Royalty, Spillway Escalation and Electricity charges.
- 15) Losses / Shortages pending investigation Rs 2.91 lac (Previous year Rs. 5.62 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.
- 16) The 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".
- 17) Consequent upon transfer of transmission line to Power Grid Corporation Ltd., Govt. of India accorded approval for the reduction in share capital of Rs.841 lac in the year 1998-99 which was subsequently confirmed by Deptt. of Company Affairs. The current liabilities of transmission system transferred to Power Grid Corporation of Rs.278 lac should have been adjusted against the advance outstanding from M/s. TPE. On further consideration of the matter, Govt. of India vide OM No. 12/9/2004-PG dt.9th June, 2006 approved that the net purchase consideration of transmission system would be increased by Rs.278 lac and consequently there shall be corresponding reduction of the share capital



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of the Corporation. Accordingly, Petition under section 101 of the Companies Act, 1956 for confirmation of reduction of paid up share capital of Rs.278 lac was filed with the Ministry of Corporate Affairs on 9th January 2008. Pending confirmation for reduction of capital, an amount of Rs.278 lac has been included in capital advances.

- 18) (i) 20 flats (Previous Year 43 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 Uttarakhand 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.
- 19) (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 31.03.2008 works out to Rs. 829855.98 lac (Previous year Rs. 804648.76 lac) out of which, as per the formula laid down in the Articles of Association Cost of Irrigation sector works out to Rs. 142485.20 lac (Previous year Rs. 137461.81 lac). The Government of Uttar Pradesh has contributed Rs130712.38 lac as on 31.03.2008 (Previous year Rs. 118080.38 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 during the year corporation has received a sum of Rs. 226 lac (US\$ 566185) vide Ministry of Power, Govt of India letter no 10/2/2002-HI (Pt) dated 27.03.2008. The grant has been shown in Schedule-2 "Reserve & surplus" under the head "Capital Reserve".
- 20) 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.
- 21) (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.



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- 22) In compliance to the Accounting Standard 22 on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, The net decrease in the deferred tax liability of Rs 2547.14 Lac (previous year increase Rs. 2975.16 Lac) has been charged to Profit and Loss Account. However, the same is refundable/recoverable to/from customers. The item-wise detail of cumulative Deferred Tax Liability is as under:

(Rupees in Lac)

Sl. no		31.03.2008	31.03.2007
Deferred Tax Liability			
i)	Difference of Book Depreciation and Tax Depreciation	5838.90	3571.27
	Less: Deferred Tax Assets		
ii)	Advance against Depreciation to be considered as income in tax computation	4213.76	471.66
iii)	Provision for doubtful debts	3.70	0.97
iv)	Provision for employee benefit schemes	1193.42	123.48
	Deferred Tax Liability (Net)	428.02	2975.16

- 23) 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.
- 24) 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.
- 25) List of Small Scale Industrial undertaking, to whom Payment is outstanding for more than 30 days as on 31st March'08 is as under:-
1. M/s United Elevators.
- 26) Repairs and Maintenance expenses include spare parts & components amounting to Rs. 60.36 lac (Previous year Rs. 44.79 lac) (Indigenous only).



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- 27) During the year last Unit (Unit-I) of Tehri stage-I has been declared into commercial operation on 9th July 2007. The Common expenditure of Corporate Office, service centers and Tehri stage –I project have been worked out to the number of days last machine has been in commercial operation during the year. The same have been allocated between O&M and construction projects in line with Corporation's relevant accounting policy.
- 28) 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.372.92 lac (previous year Rs. 239.77 lac) a sum of Rs. 38.35 Lac had already been reimbursed upto 2006-07 and an amount of Rs. 201.42 lac has been reimbursed in the month of April 2008.
- 29) 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.
- 30) Liquidated damages are accounted for on settlement of final bills/delivery schedule.
- 31) (i) Recoveries from contractors (M/s KCT & Bros C.S Ltd (KCT) and M/s Jaiprakash Associates Ltd. (JAL)) towards rebate against quantity variation as per Contract provisions of Power House & Spillways respectively have been contested by the Corporation in the Nainital High Court. As per court order these cases were referred to Arbitration. The case relating to KCT (power house contract) is pending before the Arbitral Tribunal. However, in case of JAL (spillway contract) Arbitral award with majority decision has been received instead of Tribunal award and thus the award is yet to be effected.

In view of above facts the value of assets created under these agreements will vary depending upon the finalization of cases.

- (ii) Advance to contractors includes Rs. 2123.63 lac (Principal Rs. 1836.49 lac and 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) upto the value of security (performance guarantee/cash) available with THDC upto 31.03.2008.



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- 32) 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 orders 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 receipt of final REA from NRPC and 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. 113093.64 lac (Previous year Rs 43927.90 lac). The sales during the year includes Rs. 1994.15 lac relating to the revenue for the year 2006-07 which resulted due to the revision of AFC based on expenditure upto 07.07.2007. However, the revenues for the year have been provisionally recognised pending final determination of the tariff by CERC.

- 33) 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.
- 34) The Company has taken on lease/rent premises for employees / offices / Guest Houses/Transit camps. These lease arrangements are usually renewable on mutually agreed terms but are not cancelable. Rent rate and taxes include Rs. 261.01 lac (Previous year Rs. 219.82 lac) towards lease payment (net off recoveries).



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35) The Company has made provision as below:-

Sl.No.	Particulars	Rs. lac			
		Opening Balance	Additions	Used/ Adjusted	Closing Balance
1.	Works	2182.57	603.79	1422.99	1363.37
2.	<u>Employees</u>				
(i)	<u>related</u>	5749.27	3705.62	949.09	8505.80
(ii)	Retirement Benefits				
	Other Benefits	202.96	1727.93	1261.62	669.27
3.	Proposed Dividend	-	400.00	-	400.00
4.	Tax on Interim Dividend	-	1589.03	-	1589.03
5.	Tax on proposed Dividend	-	67.98	-	67.98
6.	Tax & Others	1357.75	119.25	1309.17	167.83
	Total	9492.55	8213.60	4942.87	12763.28

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 31.3.2008. For employees, the provision has been made for benefits such as leave encashment, Gratuity, Post Retirement Medical Benefits, Funeral, Baggage allowance etc in line with the Accounting Policy No. 10(i). Tax & Others includes provision for Income tax, Fringe Benefit Tax, Wealth tax and others..

36) 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 Labour, 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 31.03.2008 as per AS-15(Revised) comes to 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.



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37) Change in Accounting Policy:-

Sl. No.	Policy	Impact
1.	Modification in Accounting Policy no. 2 relating to Grants-In-Aid. The words "Grants-in-Aid received from the central/state Government or other authorities towards capital expenditure as well as" have been added.	No impact as the change has been made due to receipt of Grant other than from central/ state Government. Thus change has been made for elaboration and better clarity
2.	Modification in Accounting Policy no. 4(i) relating to treatment of Capital Work-in-Progress of rehabilitation Works of Project.	Increase in depreciation by Rs1830.71 lac and corresponding decrease in asset-Land Unclassified by Rs. 1830.71 lac.
3.	Deletion of Accounting Policy no. 9 (xii) relating to Expenditure on Leave Travel Concession to Employees.	Deletion was necessitated since now as per AS-15(Revised) valuation for LTC is being done on actuarial basis.
4.	Modification in Accounting Policy no. 10(i) & (ii) relating to Employee Benefits keeping in view the requirement of AS-15 (Revised)	Increase in Employees' remuneration, benefits, administration & other expenses by Rs. 651.27 lac and corresponding increase in related provisions by Rs. 651.27 lac.

38) Payment to Directors:

	(Rs. lac)	
	2007-08	2006-07
(i) Remuneration to Whole-time Directors:		
Salaries and allowances including Provisions	22.39	19.46
Contribution to Provident Fund	3.02	2.54
Other Benefits	15.15	7.05
(ii) Directors Traveling Expenses	10.74	36.73

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).



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39) Payment to Auditors

	(Rs. lac)	
	2007-08	2006-07
Audit Fee (including service tax)	2.53 *	2.53
In other capacity	3.65	1.57
Out of pocket expenses	2.62	1.33
*Subject to approval in Annual General Meeting		

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

	(Rs. lac)	
PARTICULARS	2007-2008	2006-2007
Travelling	49.30	33.58
Consultancy & Professional charges	1072.10	1103.46
Management/Commitment fee	5.29	5.97
Repayment of loan & Interest	3009.20	2751.61
Refund of EMD	0	0
Import of goods	1.14	326.67
Others (Handling Charges)	0	0
TOTAL	4137.03	4221.29

41) Value of Imports Calculated on CIF basis

	(Rs. lac)	
	2007-08	2006-07
Capital Goods	171.80	729.71



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42) Licenced and Installed Capacities:-

Sl. No	Particulars	2007-08	2006-07
(i)	Licenced Capacity (M.W)	Not Applicable	Not Applicable
(ii)	Installed Capacity (M.W)	1000MW	750MW
(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	11.419880 MU	110.5520
	Sales	9.928901 MU	97.2858
(b)	Commercial period		
	Generation	2652.156086 MU	780.4680
	Sales	2305.867213 MU	666.6437

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 `23' form an integral part of the accounts.

Sd/-

(S.Q. Ahmad)
Company Secretary

sd/-

(C.P. Singh)
Director (Finance)

sd/-

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

**As Per Our Report Of Even Date Attached
For H.D.S.G & Associates
Chartered Accountants**

Date : 20.08.2008
Place : NEW DELHI

Sd/-
(Harbir S. Gulati)
Partner
M.No. : 084072



Tehri Hydro Development Corporation Limited

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

Balance Sheet Abstract and Company's General Business Profile

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 / 2008

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.)	0 0 1 0 0 0 0 0
(Nos)	0 1 0 0 0 0 0 0

Share Capital Contribution Pending Allotment to

Government of India	0 0 6 0 7 4 0 0
Government of Uttar Pradesh	NIL
Bonus issue	NIL

iii) Position of mobilisation and deployment of funds

Total Liabilities	9 7 5 9 6 1 8 7
Total Assets	9 7 5 9 6 1 8 7

Source of funds

Paid up capital	3 2 3 9 6 2 0 4
Capital Pending Allotment	0 0 6 0 7 4 0 0
Reserves and surplus including contribution from GOUP	1 5 9 6 9 0 3 8
Secured Loans	4 2 6 5 6 2 3 6
Unsecured Loans	0 1 0 9 8 3 5 3
Deferred Tax Liability	NIL



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(Amount in Rs. Thousands)

Application of Funds

Net Fixed Assets	7	8	0	3	2	7	2	8
Capital Work-in-progress including Construction stores and advances and IEDC (Pending Allocation)	1	1	9	7	5	8	8	3
Investment	NIL							
Net Current Assets	0	3	9	5	3	5	4	1
Miscellaneous Expenditure	0	0	0	0	6	1	4	5

iv) Performance of Company

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

v) Generic names of Principal product / Service of company

Item Code No	NOT APPLICABLE
Product Description	Generation of Electricity Power

sd/-
(S.Q.Ahmad)
Company Secretary

sd/-
(C.P.Singh)
Director (Finance)

sd/-
(R.S.T. Sai)
Chairman & Managing Director

Date : 20.08.2008

Place : NEW DELHI



Tehri Hydro Development Corporation Limited

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Cash Flow Statement For The Year 2007-2008

Amount Rs. In Thousands.

	For The Year 2007-2008		For The Year 2006-2007	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Prior Period adjustments		3734975		1309130
Adjustment for:-				
Depreciation	1608459		685518	
Provisions	803		288	
Advance Against Depreciation- Deferred	1100940		140126	
Interest on loans	3838834		1957008	
Rebate to Customers	91388		38306	
Prior Period Adj	(50413)	6590011	0	2821246
Operating profit Before Working Capital Changes		10324986		4130376
Sundry Debtors	(2160160)		(2492617)	
Other Current Assets	43487		(54346)	
Loans and Advances	(92942)		(281743)	
Current Liabilities	263535		315303	
Provisions	327072	(1619008)	(123793)	(2637196)
Cash Generated From Operations		8705978		1493180
Direct Tax Paid	(448801)		(134321)	
Net Cash From Operations (A)		(448801)		(134321)
		8257177		1358859
B. Cash Flow From Investing Activities				
Change In:-				
Fixed Assets and CWIP	(5675741)		(7736210)	
Construction Stores	3905		(9744)	
Capital Advances	200836		817579	
Misc. Exp . (To the extent not adjusted)	1490		1280	
Net Cash Flow From Investing Activities (B)		(5469510)		(6927095)
C. Cash Flow from Financing Activities				
Share Capital	1707400		725000	
Irrigation contribution	1263200		105001	
Other Capital Reserve	22600		0	
Loans	(45749)		6552047	
Interest on loans	(3838834)		(1957008)	
Rebate to Customers	(91388)		(38306)	
Dividend & Tax on Dividend	(1140701)		0	
Net Cash Flow from Financing Activities (C)		(2123472)		5386734
NET CASH FLOW DURING THE YEAR (D= A+B+C)		664195		(181502)
Opening Cash & Cash Equivalents (E)		388281		569783
Closing Cash & Cash Equivalents (F=D+E)		1052476		388281

Note:-

1. Cash and Cash Equivalents includes Balance with Banks of Rs.1034.97 lacs(Previous year Rs.776.17 lacs)which is not available for use by the Corporation.
2. Previous year's figure have been Regrouped / Rearranged / Recast wherever necessary.

sd/-
(S.Q.Ahmad)
Company Secretary

sd/-
(C.P.Singh)
Director (Finance)

sd/-
(R.S.T. Sai)
Chairman & Managing Director

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

sd/-
Harbir S. Gulati
(Partner)
M.No.: 084072

Date : 20.08.2008
Place : NEW DELHI



Tehri Hydro Development Corporation Limited

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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, 2008, 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. We draw attention to :-
 - a) Note no 6 of schedule 23 regarding modalities of recovery of Installments and Interest due on loan amounting to Rs. 7800 Lac taken on behalf of Govt. of Uttarakhand for providing extra space to the Govt. in New Tehri Town. Although the repayment of loan to PNB by the Corporation has started, the dues from Govt. of Uttarakhand are yet to be recovered.
 - b) Note No.11 (i) of Schedule 23 - Rehabilitation expenditure of Rs. 8678.40 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. 13 of Schedule 23 - The balances for Sundry Debtors, Sundry Creditors, Security Deposits/ Earnest Money Deposits, Loans & Advances are all subject to confirmation and reconciliations from parties.



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- d) Note No.18 (i) of Schedule 23 relating to unauthorized occupation of flats by various persons on the land acquired by the Corporation.
- e) Note No. 32 of Schedule 23 – 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 & also subject to 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 view of 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 give 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, 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 2008.
- b) In the case of Profit and Loss Account , of the profit for the year ended on that date
- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date

For HDSG & Associates
Chartered Accountants

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

Date : 20-08-2008
Place : New Delhi



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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 need strengthening.
 - 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. Discrepancies noticed on physical verification of the inventory have not been adjusted in the books of accounts pending approval for write off of the same by the Competent Authority.
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 the Company and the 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.



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5. Based on the audit process applied by us, to the best of our knowledge and belief and according to the information and explanations give 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 needs to be enhanced 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 cost records and the cost auditor have been appointed to undertake the cost audit for the year.
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 31.3.2008 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.

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.105953/-.
1991-92	16.71	Trade Tax	The assessing authority has imposed a tax of



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Intt. w.e.f. 01.05.92	63.82		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 Nanital 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 Nanital 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/-.
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	136.35	Entry Tax	The Entry Tax case is pending before Adnl. Commissioner (Appeal), Dehradun.
	242.71		
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).
1991-92 (With Interest U/S 234 B & C))	9.68	Income Tax	The Income Tax Dept. has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal
1999- 2000	1.51	Income Tax	Corporation has filed an appeal with Tribunal after depositing the disputed tax of Rs.150612/-. ITAT has partly allowed the appeal and referred back the matter to assessing officer for deciding the issue.
2000-01 (With Interest	60.81	Income Tax	The Income Tax Dept. has filed an appeal before High Court, Nanital, against decision of Income Tax Appellate Tribunal.



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U/S 234 B & C)			
2001-02 (With Interest U/S 234 B & C)	65.71	Income Tax	The Income Tax Dept. has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal
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.12017174/-.
1998-99	22.62	Royalty	Also DM has exercised lien on Rs. 22.62 lac in THDC's Bank Account.
2000-01	6448.55	Royalty	Appeal of THDC has been allowed by Hon'ble Supreme Court setting aside the impugned order of Nainital High Court and the matter has been remanded back to Nainital High court for the consideration of writ petition. An amount of Rs. 1900 Lac has been deposited under protest.
2001-02	21.26	Royalty	Matter referred to DM

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. However, an amount of Rs.224.74 Lacs of Term Loan taken was unutilized as on 31.03.2008



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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

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

Date : 20-08-2008
Place : New Delhi



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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 2008

The preparation of financial statements of Tehri Hydro Development Corporation Limited for the year ended on 31st March, 2008 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 is 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 20th August 2008.

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 2008. This supplementary audit has been carried out independently without access to the working papers (in case of non-review of 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

Sd/-
(Saroj Punhani)
16.09.2008



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A view of Tehri Spillway



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टिहरी हाइड्रो डेवलपमेंट कॉर्पोरेशन लि.

(भारत सरकार व उत्तर प्रदेश सरकार का संयुक्त उपक्रम)

गंगा भवन, प्रगतिपुरम, बाईपास रोड, ऋषिकेश-249201-(उत्तराखंड)

TEHRI HYDRO DEVELOPMENT CORPORATION LTD.

(A Joint Venture of Govt. of India & Govt. of U.P.)

Ganga Bhawan, Pragtipuram, By Pass Road, Rishikesh-249201-(Uttarakhand)

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