



Significant Accounting Policies 2008-2009

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. Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. 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.

4. 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 utilized for construction of buildings and infrastructural facilities of the Corporation. Cost of land

acquired through SLAO is capitalized 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.

5. 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. Administration and General overhead expenses of Corporate office / Service centers attributable to Construction of Fixed assets are identified and allocated on a systematic basis to Construction projects.
Expenditure during Construction (net)

including attributable administration and General overhead expenses of Corporate Office / Service centers for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto and included in the cost of related assets till they are ready for their intended use.

- vi. Expenditure during Construction relating to rehabilitation Works of Projects is carried forward and is to be dealt in line with Policy No.5(i)

6. Borrowing Costs

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

7. 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 recognized as income & expenses in the period in which they arise.

8. 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 unamortized 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 Koteshwar 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 recognized as intangible asset and amortised on straight line method over a period of legal right to use or 5 years, whichever is earlier.

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

9. 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.

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

Expenditure

- viii. Cost of stores and spares used on repairs and maintenance are charged to the Repairs and Maintenance Account.
- ix. 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.
- x. Net income / expenditure prior to Commercial operation is adjusted directly in the cost of related assets and systems.
- xi. Preliminary expenses on account of new

projects incurred prior to approval of feasibility report are charged to revenue.

11. 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

12. 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.

13. Taxes on income

Taxes on income for the current period is determined on the basis of taxable income under the Income Tax Act, 1961. Income tax is a Pass-through to beneficiaries to the extent relatable to Core activity i. e. Generation of electricity.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Recovery Adjustment Account is credited/debited to the extent tax expense is chargeable from the Beneficiaries in future years on actual payment basis.

14. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'.

*Statement
of Accounts
2008-2009*



BALANCE SHEET As at 31/03/2009

Amount In Thousands

PARTICULARS	Schedule No.	As at 31/03/2009		As at 31/03/2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHARE HOLDERS FUNDS	1				
a) Share Capital		3,29,75,817		3,23,96,204	
b) Share Capital Contribution Pending Allotment		0	3,29,75,817	6,07,400	3,30,03,604
RESERVE & SURPLUS	2		1,86,80,982		1,59,69,038
DEFERRED REVENUE -ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION	3		24,41,592		12,41,066
LOAN FUNDS	4				
Secured Loans		4,23,00,072		4,26,56,236	
Unsecured Loans		11,42,298	4,34,42,370	10,98,353	4,37,54,589
DEFERRED TAX LIABILITY(NET)				42,802	
LESS:- RECOVERABLE				42,802	0
TOTAL			9,75,40,761		9,39,68,297
APPLICATION OF FUNDS					
FIXED CAPITAL EXPENDITURE FIXED ASSETS	5				
Gross Block		8,44,58,659		8,14,78,633	
Less: Depreciation		54,97,339		34,45,905	
Net Block			7,89,61,320		7,80,32,728
CAPITAL WORK IN PROGRESS	6		1,47,00,960		1,04,05,849
CONSTRUCTION STORES & CAPITAL ADVANCES	7		22,08,537		14,57,360
INVESTMENTS			0		0
DEFERRED TAX ASSET(NET)		6,31,296			
LESS:- REFUNDABLE		6,31,296	0		
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	8	1,51,765		1,15,056	
Sundry Debtors	9	37,44,181		46,52,777	
Cash and Bank Balances	10	5,88,117		10,52,476	
Other Current Assets	11	19,178		23,465	
Loans and Advances	12	12,54,304		18,50,331	
	(A)		57,57,545		76,94,105
LESS :CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	13	16,55,689		23,51,562	
Provisions	14	24,36,738		12,76,328	
	(B)		40,92,427		36,27,890
NET CURRENT ASSETS (A-B)			16,65,118		40,66,215

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PARTICULARS	Schedule No.	As at 31/03/2009		As at 31/03/2008	
		Rs.	Rs.	Rs.	Rs.
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
Deferred Revenue Expenditure		4,634		5,854	
Shortage Pending Investigation		192	4,826	291	6,145
NOTES ON THE ACCOUNTS	24				
TOTAL			9,75,40,761		9,39,68,297

Schedules 1 to 24 and Statement of Significant Accounting Policies form an integral part of the accounts.

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

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

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

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi



Profit & Loss Account For The Year 2008-2009

Amount In Thousands

PARTICULARS	Schedule No.	For The Year 2008-2009		For The Year 2007-2008	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Energy Sales	15		1,06,49,993		1,09,47,074
Other Income	16		44,293		42,506
Total Income	A		1,06,94,286		1,09,89,580
EXPENDITURE					
Employee's Remuneration & Benefits	17		9,03,477		7,68,474
Generation, Administration & Other Expenses	18		6,58,658		9,46,648
Interest And Financing Charges	19		38,18,961		39,30,222
Depreciation			16,14,626		16,08,458
Provisions	20		674		803
Total Expenditure	B		69,96,396		72,54,605
Profit Before Tax And Prior Period			36,97,890		37,34,975
Adjustment	A-B				
less : Prior Period Income/ Expenditure- (net)	21		25,359		50,413
Net Profit Before Taxation			36,72,531		36,84,562
Provision For Taxation	22				
Income Tax		4,15,812		4,31,596	
Fringe Benefit Tax		3,266		16,543	
Wealth Tax		1,391	4,20,469	662	4,48,801
Deferred Tax		6,74,098		2,54,714	
Less : Recoverable / Refundable		6,74,098	0	2,54,714	0
Profit After Current Year's Tax			32,52,062		32,35,761
Surplus Balance In Profit & Loss Account B/f			32,69,869		11,74,809
Balance Available For Appropriation			65,21,931		44,10,570
Dividend					
Interim Dividend		7,00,000		9,35,000	
Proposed Dividend		2,80,000	9,80,000	40,000	9,75,000
Tax on Dividend					
Dividend Distribution Tax-Interim		1,18,965		1,65,701	
Dividend Distribution Tax-Proposed		47,586	1,66,551	0	1,65,701
Balance Carried To Balance Sheet			53,75,380		32,69,869
Expenditure During Construction	23				
Earning per share (Equity share of Rs.1000 each)					
Basic (Rs.)			98.98		102.22
Diluted (Rs.)			98.98		102.21

Schedules 1 to 24 and Statement of Significant Accounting Policies form an integral part of the accounts.

(S. Q. Ahmad)
Company Secretary

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

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi

Schedules - Annexed to the Accounts

SCHEDULE '1'

SHARE CAPITAL

Amount In Thousands

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Authorised Capital 40000000 Equity Shares of Rs 1000/= each		4,000,00,00		4,000,00,00
Issued, Subscribed & Paidup Capital 32975817 (Previous year 32396204) 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.		3,29,75,817		3,23,96,204
TOTAL		3,29,75,817		3,23,96,204

SCHEDULE '2'

RESERVE & SURPLUS

CAPITAL RESERVE				
Contribution due from Government of Uttar Pradesh towards Irrigation Sector	1,44,13,380		1,42,48,520	
LESS: Contribution in Arrear	4,54,942		11,77,281	
Contribution Received	1,39,58,438		1,30,71,239	
LESS : Adjustment towards Depreciation	6,95,836	1,32,62,602	3,94,670	1,26,76,569
Other Capital Reserve +PHRD Grant		43,000		22,600
Surplus Balance in Profit & Loss Account		53,75,380		32,69,869
TOTAL		1,86,80,982		1,59,69,038

SCHEDULE '3'

DEFERRED REVENUE-ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION

As per last Balance Sheet	12,41,066		1,40,126	
Revenue Deferred during the year	12,00,526		11,00,940	
Less : Revenue Recognised during the year	0	24,41,592	0	12,41,066
TOTAL		24,41,592		12,41,066



Schedules - Annexed to the Accounts

SCHEDULE '4'

LOAN FUNDS

Amount In Thousands

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Secured Loans *				
Long term Loans				
(i) Loans From Financial Institutions		4,23,00,072		4,20,63,436
(ii) Loan from bank (For R&R works on behalf of Govt. of Uttarakhand)				
Principal	0		5,20,000	
Interest accrued	0	0	72,800	5,92,800
Sub Total		4,23,00,072		4,26,56,236
Unsecured Loans				
Foreign Currency Loans : (Guaranteed by Govt. of India)				
Term Loans from Financial Institution- KFW,Germany @		11,42,298		10,98,353
Sub Total		11,42,298		10,98,353
Grand Total		4,34,42,370		4,37,54,589
Loan due for repayment within next one Year		36,04,667		36,45,613

* Secured Loan includes the following :

- Rs. 3536.12 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 not covered under other borrowings and project Township of Tehri Dam and HPP together with all rights on loan and interest appertaining there on.
- Rs.693.89 Crore for Koteshwar Project is secured by first charge on assets of Koteshwar HEP.

@ Unsecured loan :-

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

Schedules - Annexed to the Accounts

SCHEDULE '5'

Schedule of Fixed Assets

Amount in Thousand Rupees
(Figures in parenthesis represent deductions)

PARTICULARS	GROSS BLOCK				CUMULATIVE DEPRECIATION				NET BLOCK	
	As at 31/03/2008	Additions	Sales / Adjustments	As at 31/03/2009	As at 31/03/2008	For the year	Adjustments	As at 31/03/2009	As at 31/03/2009	As at 31/03/2008
1. Land Free Hold	1,77,012	7,904	-	1,84,916	-	-	-	1,84,916	1,84,916	1,77,012
2. Land Lease Hold	16,629	5,171	-	21,800	1,255	658	-	19,887	19,887	15,374
3. Land Unclassified	1,22,13,477	5,72,061	-	1,27,85,538	4,93,820	3,53,712	-	8,47,532	1,19,38,006	1,17,19,657
4. Buildings	8,07,672	39,199	-	8,46,871	77,291	16,744	1,808	95,843	7,51,028	7,30,381
5. Building Temp. Structures	6,880	3,501	-	10,381	3,229	1,225	(1,625)	2,829	7,552	3,651
6. Road, Bridge & Culverts	2,13,197	64,957	-	2,78,154	19,204	4,862	-	24,066	2,54,088	1,93,993
7. Drainage, Sewerage & Water Supply	1,37,412	704	(2,452)	1,35,664	20,148	4,446	(375)	24,219	1,11,445	1,17,264
8. Construction Plant & Machinery	1,47,497	3,484	(235)	1,50,746	1,04,706	16,483	(221)	1,20,968	29,778	42,791
9. Generation Plant & Machinery	1,54,72,206	5,31,065	-	1,60,03,271	5,39,698	4,35,360	12,445	9,87,503	1,50,15,768	1,49,32,508
10. EDP Machines	79,218	3,399	(234)	82,383	32,658	9,998	(186)	42,470	39,913	46,560
11. Electrical Installations	47,543	4,807	-	52,350	10,739	1,977	237	12,953	39,397	36,804
12. Transmission Lines	89,339	13,541	-	1,02,880	14,248	4,491	124	18,863	84,017	75,091
13. Office & Other Equipment	1,90,729	17,537	(3,128)	2,05,138	46,153	13,745	(2,291)	57,607	1,47,531	1,44,576
14. Furniture & Fixtures	57,158	15,019	(168)	72,009	20,419	4,489	(121)	24,787	47,222	36,739
15. Vehicles	77,921	120	(2,052)	75,989	47,005	7,758	(1,928)	52,835	23,154	30,916
16. Railway Sidings	3,017	12,189	(3,017)	12,189	2,425	394	(2,425)	394	11,795	592
17. Intangible Assets-Software	12,936	6,036	-	18,972	4,592	2,703	-	7,295	11,677	8,344
18. Hydraulic Works- Dam & Spillways	3,95,62,312	5,23,249	-	4,00,85,561	10,69,484	7,15,137	3,500	17,88,121	3,82,97,440	3,84,92,828
19. Hydraulic Works- Tunnel, Penstock, Canals etc	1,19,31,423	11,69,995	-	1,31,01,418	8,67,915	3,84,189	20,201	12,72,305	1,18,29,113	1,10,63,508
20. Unservisable/ Obsolete Assets at net book value or net realisable value whichever is lower.	3,136	-	(2,626)	510	1,581	-	(1,581)	-	510	1,555
21. Capital Expenditure on Assets not owned by the company.	2,31,919	-	-	2,31,919	69,335	45,501	-	1,14,836	1,17,083	1,62,584
Total	8,14,78,633	29,93,938	(13,912)	8,44,58,659	34,45,905	20,23,872	27,562	54,97,339	7,89,61,320	7,80,32,728
Figures For Previous Year	7,67,23,447	47,68,109	(12,923)	8,14,78,633	14,58,974	19,88,072	(1,141)	34,45,905	7,80,32,728	7,52,64,473
Detail Of Depreciation	Current Year	Previous Year								
Depreciation transferred to EDC	1,08,080	94,535								
Depreciation transferred to P&L account	16,14,626	16,08,458								
Depreciation adjusted in Capital Reserve - Irrigation Contribution from GOUP	3,01,166	2,85,079								
	<u>20,23,872</u>	<u>19,88,072</u>								



Schedules - Annexed to the Accounts

SCHEDULE '6'

CAPITAL WORK IN PROGRESS

Amount In Thousands

PARTICULARS		As at 31/03/2009		As at 31/03/2008	
		Rs.	Rs.	Rs.	Rs.
Construction Work In Progress					
- Building & other civil works		2,30,112		91,725	
- Roads, Bridges & culverts		1,56,991		47,701	
- Generation Plant and Machinery		32,58,375		22,15,597	
- Hydraulic Works, Dam, Spillway, Water Channels, Weirs, Service Gate & other Hydraulic Works		1,00,86,943		71,29,973	
- Afforestation catchment area		80,025		79,927	
- Electrical Installation & Sub-Station Equipments		28,889		12,847	
- Intangible Assets-Software		405		2,495	
- Capital expenditure on assets not owned by Company		27,691	1,38,69,431	27,661	96,07,926
Generation Plant and Machinery in transit			1,16,938		2,04,707
Expenditure Pending Allocation					
- Survey & Development Expenses		4,25,264		3,40,344	
- Expenditure During Construction	23	17,790	4,43,054	2,223	3,42,567
Rehabilitation					
- Rehabilitation Expenses(net of recoveries towards token cost and rent)			2,71,537		2,50,649
Total			1,47,00,960		1,04,05,849

Schedules - Annexed to the Accounts

SCHEDULE '7'

CONSTRUCTION STORES & CAPITAL ADVANCES

Amount In Thousands

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Construction Stores (At Cost, as certified by Management)				
Cement	0		640	
Other civil and building material	9,758		8,312	
Others	37,129		39,436	
Material Under inspection (Valued at cost)	1,779		4,177	
	48,666		52,565	
Less : Provision for Stores & Spares	25,246	23,420	25,515	27,050
Capital Advances For Capital Expenditure (Unsecured)				
i) Against Bank Guarantee	2,22,678		8,38,568	
ii) Rehabilitation & Resettlement (Govt. of Uttarakhand / SLAO)	7,02,125		3,73,110	
iii) Others	11,01,047		1,35,530	
iv) Accrued interest on Advances	1,59,267		83,102	
	21,85,117		14,30,310	
Less : Provision for Bad & Doubtful Advances	0		0	
		21,85,117		14,30,310
TOTAL		22,08,537		14,57,360
Capital Advances Considered Good (Unsecured)		21,85,116		14,30,311
Considered doubtful and provided for		0		0
Total Capital Advances		21,85,116		14,30,311

SCHEDULE '8'

INVENTORIES

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
(At Cost, As Certified By Management)				
Cement	0		0	
Other Civil And Building Material	18,807		13,319	
Others	1,28,658		93,474	
Material in Transit (Valued At Cost)	0		8,263	
Material Under Inspection (Valued At Cost)	4,300		0	
		1,51,765		1,15,056
TOTAL		1,51,765		1,15,056



Schedules - Annexed to the Accounts

SCHEDULE '9' SUNDRY DEBTORS

Amount In Thousands

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Debts outstanding over six months Unsecured, Considered Good	22,23,566		32,32,492	
Considered Doubtful	0	22,23,566	0	32,32,492
Other Debts Unsecured, Considered Good	15,20,615		14,20,285	
Considered Doubtful	0	15,20,615	0	14,20,285
less : Provision for Bad and Doubtful debts		0		0
TOTAL		37,44,181		46,52,777

SCHEDULE '10' CASH AND BANK BALANCES

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances Cash, Cheques, Demand Drafts & Stamps in hand		398		1,019
Balances with Scheduled Banks : Current account (Including Auto Sweep, Flexi deposits with Scheduled Banks)	5,87,719		10,51,457	
		5,87,719		10,51,457
TOTAL		5,88,117		10,52,476

SCHEDULE '11' OTHER CURRENT ASSETS

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Other Current Assets Interest Accrued		2,582		812
Prepaid Expenses		16,596		22,653
TOTAL		19,178		23,465

Schedules - Annexed to the Accounts

SCHEDULE '12'

LOANS AND ADVANCES

Amount In Thousands

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Loans				
To employees				
Secured	2,67,320		2,40,769	
Unsecured	28,629	2,95,949	54,655	2,95,424
Interest accrued on Loans to employees				
Secured	1,22,423		1,21,399	
Unsecured	30,726	1,53,149	16,314	1,37,713
Others		61		151
		4,49,159		4,33,288
Advances (Advances recoverable in cash or in kind or for value to be received)				
To Employees				
Unsecured	18,067		15,552	
For Purchases	35,412		17,106	
To Others	6,80,342		11,13,070	
		7,33,821		11,45,728
Deposits				
Security Deposits	12,318		13,703	
Tax Deposited	16,431		11,089	
Deposits With Govt./ Court	47,794		2,51,694	
Other Deposits	1,282		1,228	
		77,825		2,77,714
SUB-TOTAL		12,60,805		18,56,730
Less : Provision for Bad & Doubtful Advances		6,501		6,399
TOTAL		12,54,304		18,50,331
Note : Due from Directors (maximum amount due during the year Rs 76992.00 (Previous year Rs 179563.00)				
Principal		37		35
Interest		0		79
TOTAL		37		114
Note : Due from Officers [maximum amount due during the year Rs 3020477.26 (Previous year Rs 3711098.32)]				
Principal		667		1,149
Interest		1,357		1,696
TOTAL		2,024		2,845
Particulars of Loans & Advances				
Considered Good				
Loans & Advances (Secured)	3,89,743		3,62,168	
Loans & Advances (Unsecured)	8,64,561		14,88,163	
		12,54,304		18,50,331
Considered bad & doubtful and provided for		6,501		6,399
TOTAL		12,60,805		18,56,730



Schedules - Annexed to the Accounts

SCHEDULE '13'

CURRENT LIABILITIES

Amount In Thousands

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Sundry Creditors				
For Capital Expenditure	4,69,041		7,05,192	
For Micro and Small Enterprises.	0		155	
For Others	1,26,450		8,20,289	
		5,95,491		15,25,636
Deposits, Retention money from Contractors etc.		1,57,032		1,77,233
Interest Accrued but not due				
- Financial Institutions	7,17,511		5,76,420	
		7,17,511		5,76,420
Other Liabilities		1,85,655		72,273
TOTAL		16,55,689		23,51,562

SCHEDULE '14'

PROVISIONS

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
I. Works				
Opening Balance	1,36,337		2,18,257	
Addition during the year	7,12,416		2,51,488	
Used / Adjusted during the year	(4,49,721)	3,99,032	(3,33,408)	1,36,337
II. Employee Related				
Opening Balance	9,17,507		5,95,223	
Addition during the year	8,32,880		8,57,633	
Used / Adjusted during the year	(82,013)	16,68,374	(5,35,349)	9,17,507
III. Proposed Dividend				
Opening Balance	40,000		0	
Addition during the year	2,80,000		40,000	
Used / Adjusted during the year	(40,000)	2,80,000	0	40,000
IV. Tax On Interim Dividend				
Opening Balance	1,58,903		0	
Addition during the year	0		1,58,903	
Used / Adjusted during the year	(1,58,903)	0	0	1,58,903
V. Tax On Proposed Dividend				
Opening Balance	6,798		0	
Addition during the year	47,586		6,798	
Used / Adjusted during the year	(6,798)	47,586	0	6,798
VI. Tax & Others				
Opening Balance	16,783		1,35,776	
Addition during the year	46,103		11,925	
Used / Adjusted during the year	(21,140)	41,746	(1,30,918)	16,783
TOTAL		24,36,738		12,76,328

Schedules - Annexed to the Accounts

SCHEDULE '15'

ENERGY SALES

Amount In Thousands

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Energy Sales	1,11,34,939		1,13,09,364	
Less :				
Advance Against Depreciation- Deferred	12,00,526	99,34,413	11,00,940	1,02,08,424
Income Tax Recovery From Beneficiaries		4,17,894		4,48,139
FERV Recovery From Beneficiaries		61,453		0
U.I. / Congestion Charges		2,36,233		2,90,511
TOTAL		1,06,49,993		1,09,47,074

SCHEDULE '16'

OTHER INCOME

PARTICULARS	As at 31/03/2009		As at 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
Interest				
On Bank Deposits (Include, TDS Rs. 528455.00 Previous year Rs. 19919.00)	33,174		14,204	
From Employees	24,323		23,556	
Others	1,272		265	
		58,769		38,025
Machine hire charges		176		1,298
Rent Receipts		2,032		2,627
Sundry Receipts		12,393		6,418
Excess provision written back		630		11,611
Profit on sale of Assets		4,533		1,192
Late Payment Surcharge		7,368		4,452
TOTAL		85,901		65,623
LESS :				
TRANSFERRED TO EDC SCHEDULE		41,608		23,117
TOTAL		44,293		42,506

SCHEDULE '17'

EMPLOYEE'S REMUNERATION & BENEFITS

PARTICULARS	For The Year 2008-2009		For The Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages, Allowances & Benefits		16,24,555		11,93,481
Contribution to Provident & other Funds		1,19,629		85,329
Gratuity		2,24,583		1,35,496
Welfare		51,425		83,741
TOTAL		20,20,192		14,98,047
LESS :				
TRANSFERRED TO EDC SCHEDULE		11,16,715		7,29,573
TOTAL		9,03,477		7,68,474



Schedules - Annexed to the Accounts

SCHEDULE '18'

GENERATION, ADMINISTRATION & OTHER EXPENSES

Amount In Thousands

PARTICULARS	For The Year 2008-2009		For The Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
Rent, Rates & Taxes				
Rent for office	12,274		8,847	
Rent for employee residence	20,277		17,504	
Rates & Taxes	19,130		3,408	
		51,681		29,759
Power & Fuel		1,69,902		1,27,134
Insurance		45,476		75,172
Communication		15,287		20,856
Repair & Maintenance				
Plant & Machinery	1,02,658		1,65,873	
Buildings	55,918		36,084	
Others	1,34,403		1,25,971	
		2,92,979		3,27,928
Travelling & Conveyance		85,327		83,751
Vehicle hire & running		29,220		34,523
Security		1,19,453		1,50,025
Publicity & Public relation		25,915		43,444
Other General Expenses		1,97,759		1,82,382
Loss on Assets		813		394
Survey and Investigation expenses		49,179		63,223
Deferred revenue expenditure written off		1,220		1,219
TOTAL		10,84,211		11,39,810
LESS :				
TRANSFERRED TO EDC SCHEDULE		4,25,553		1,93,162
TOTAL		6,58,658		9,46,648

SCHEDULE '19'

INTEREST AND FINANCING CHARGES

PARTICULARS	For The Year 2008-2009		For The Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
Interest on Loans		41,98,813		41,16,280
Rebate to customer		1,35,680		91,388
TOTAL		43,34,493		42,07,668
LESS :				
TRANSFERRED AND CAPITALISED WITH CWIP ACCOUNT		5,15,532		2,77,446
TOTAL		38,18,961		39,30,222

SCHEDULE '20'

PROVISIONS

PARTICULARS	For The Year 2008-2009		For The Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
Provisions for Doubtful debts, loans & Advances		631		0
Provisions for Stores & Spares		56		1,102
TOTAL		687		1,102
LESS :				
TRANSFERRED TO EDC SCHEDULE		13		299
TOTAL		674		803

Schedules - Annexed to the Accounts

SCHEDULE '21'

PRIOR PERIOD INCOME/ EXPENDITURE- (NET)

Amount In Thousands

PARTICULARS	For The Year 2008-2009		For The Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
INCOME				
Sales	10,225		0	
Misc. Receipt	71	10,296	0	0
EXPENDITURE				
Personnel Exp	45		449	
Power & Fuel	(1,660)		1,062	
Repair and maintenance	1,264		(259)	
Survey and Investigation Expenses	0		46,463	
Other General Expenses	118		748	
Depreciation	36,220		6,260	
Security	0		(268)	
Advertisement & Publicity	0	35,987	19	54,474
TOTAL		25,691		54,474
LESS :				
TRANSFERRED TO EDC SCHEDULE		332		4,061
TOTAL		25,359		50,413

SCHEDULE '22'

PROVISION FOR TAXATION

PARTICULARS	For The Year 2008-2009		For The Year 2007-2008	
	Rs.	Rs.	Rs.	Rs.
INCOME TAX				
Current Year		4,15,812		4,31,596
TOTAL		4,15,812		4,31,596
LESS:				
TRANSFERRED TO EDC SCHEDULE		0		0
TOTAL		4,15,812		4,31,596
FRINGE BENEFIT TAX				
Current year		18,476		22,743
TOTAL		18,476		22,743
LESS :				
TRANSFERRED TO EDC SCHEDULE		15,210		6,200
TOTAL		3,266		16,543
WEALTH TAX				
Current year		3,042		1,015
TOTAL		3,042		1,015
LESS :				
TRANSFERRED TO EDC SCHEDULE		1,651		353
TOTAL		1,391		662



Schedules - Annexed to the Accounts

SCHEDULE '23'

EXPENDITURE DURING CONSTRUCTION

Amount In Thousands

PARTICULARS	Schedule No.	As at 31/03/2009		As at 31/03/2008	
		Rs.	Rs.	Rs.	Rs.
EXPENDITURE					
EMPLOYEE'S REMUNERATION & BENEFITS	17				
Salaries, Wages, Allowances & Benefits		9,02,547		5,79,938	
Contribution to Provident & other Funds		68,475		54,432	
Gratuity		1,20,410		68,983	
Welfare		25,283	11,16,715	26,220	7,29,573
ADMINISTRATION & OTHER EXPENSES	18				
Rent, Rates & Taxes					
Rent for office		11,098		5,175	
Rent for employee residence		15,939		6,973	
Rates & Taxes		1,813	28,850	1,709	13,857
Power & Fuel			54,085		4,827
Insurance			1,140		937
Communication			10,973		6,009
Repair & Maintenance					
Plant & Machinery		798		3,128	
Building		31,445		12,176	
Others		49,957	82,200	26,885	42,189
Travelling & Conveyance			55,276		40,510
Vehicle hire & running			11,338		11,560
Security			45,894		20,456
Publicity & Public relation			16,292		18,076
Other General Expenses			1,18,565		34,447
Loss on Sale of Assets			670		117
Deffered revenue expenditure written off			270		177
PROVISIONS	20				
Provisions for Stores & Spares		13	13	299	299
DEPRECIATION			1,08,080		94,535
TOTAL EXPENDITURE (A)			16,50,361		10,17,569

Schedules - Annexed to the Accounts

Amount In Thousands

PARTICULARS		As at 31/03/2009		As at 31/03/2008	
		Rs.	Rs.	Rs.	Rs.
RECEIPTS					
OTHER INCOME	16				
Interest		21,500		4,286	
From Employees		12,551		9,976	
Others		738	34,789	71	14,333
Machine hire charges			45		1,168
Rent Receipts			1,247		1,534
Sundry Receipts			2,677		2,389
Excess provision written back			602		3,246
Profit on sale of Assets			2,248		447
TOTAL RECEIPTS (B)			41,608		23,117
PRIOR PERIOD ADJUSTMENTS	21		332		4,061
NET EXPENDITURE BEFORE TAXATION			16,09,085		9,98,513
PROVISION FOR TAXATION	22				
FRINGE BENEFIT TAX		15,210		6,200	
WEALTH TAX		1,651	16,861	353	6,553
NET EXPENDITURE INCLUDING TAXATION			16,25,946		10,05,066
Balance brought forward from last year			2,223		1,23,342
TOTAL EDC			16,28,169		11,28,408
Less :					
EDC Allocated to CWIP / Asset			15,72,429		10,49,464
EDC of Projects under approval charged to Profit & Loss Account			37,950		76,721
BALANCE CARRIED FORWARD TO CWIP			17,790		2,223



SCHEDULE '24'

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. 44482.90 lac (Previous year Rs. 42110.31 lac)

2) CONTINGENT LIABILITIES

	2008-09	(Rs. Lac) 2007-08
(i) Claims against the Corporation, not Acknowledged as debts:		
Arbitration/Court cases (Includes Rs 258.47 lac (Previous year Rs. 2243.98 lac) decreed against the Corporation in different arbitration/ Labour court cases and deposited by the Corporation but disputed in appeals.)	129974.14	120536.32
(ii) Disputed Income Tax, Trade Tax, Commercial Tax, Entry tax includes Rs. 191.88 lac (Previous year Rs. 129.79 lac) Deposited by Corporation but disputed in appeal.	1042.74	809.54
(iii) Others (Contractors claims etc.)	49332.14	60593.17
(iv) Amount of liability, if any, in respect of claims/court cases filed by the employees / oustees and others is not ascertainable		
3. Corporation has also accepted EMD/Security Deposit in the shape of FDR/CDR amounting to Rs 580.82 lac (previous year Rs. 863.46 lac) besides the "Deposits, Retention money from Contractors" amounting to Rs. 1570.32 lac (Previous year Rs. 1772.33 lac) as disclosed in Schedule - 13.		
4. The Corporation is holding confirmed letters of credit (LCs) from various beneficiaries of power as backup security for payment amounting to Rs.5929.75 lac (previous year Rs. 3939.50 Lac).		
5. An amount of Rs. 7800.00 lac was spent for providing extra space to Govt./Semi Govt. Deptt. in New Tehri Town and the same was recoverable from Government of Utrakhand (GOUK). As per the approval of Government of India (GOI), the term loan of Rs. 7800.00 lac was raised from Punjab National Bank in the year 2005-06 on behalf of GOUK. The amount along with interest is to be recovered from GOUK from their share of 12% free power from Tehri HEP Stage-I. During the year Corporation has made pre payment of loan and interest amounting to Rs.3900.00 lac & Rs.546.00 lac respectively.		

In the meeting held on 27.03.2009 under chairmanship of secretary (power), MOP it was mutually settled that GOUK shall reimburse the expenditure of Rs.7800.00 lac due on account of extra space provided by THDC for residential / non-residential buildings after adjusting the amount due from THDC towards royalty on clay/shell material used in construction of Dam. Further it was agreed that being a mutual settlement neither GOUK nor THDC shall charge interest on the amounts due to each other. Accordingly, interest of Rs.1857.42 lac recoverable from GOUK has been adjusted. It was further decided that the amount of royalty charges shall be worked out on the basis of actual quantities as provided by THDC. Royalty has been calculated which comes to Rs.3820.00 lac. The balance amount of Rs.1920.00 lac after deducting deposited amount of Rs.1900.00 lac with D.M. has been adjusted against Rs.7800.00 lac and balance amount of Rs.5880.00 lac has been shown as recoverable from GOUK in Schedule-12.

The Corporation had filed a writ petition in High Court, Nainital to stay the recovery of royalty & interest amounting to Rs. 6448.58 lac. However subsequent to the joint meeting held on 27.03.2009 as referred above, the matter for withdrawal of writ petition in the Nainital High Court has been taken up with District Magistrate (D.M.) Tehri.

6. (i) The total interest on Borrowed funds for the year is Rs.42155.41 lac (previous year Rs. 40940.26 lac). The

amount of borrowing cost capitalized during the year is Rs. 5155.31 lac (previous year Rs. 2774.45 lac) after adjustment of an amount of Rs 11.79 lac (previous year Rs. 34.50 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.932.79 lac (Previous Year Rs. 834.71 lac) is adjusted to the Capital Work In Progress/Assets.
7. 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%.
8. Pay revision of the employees of Corporation is due w.e.f. 01.01.2007. Pending implementation of pay revision, provision amounting to Rs. 3126.29 lac has been made towards wage revision on estimated basis having regard to the guidelines issued from time to time by Department of Public Enterprises (DPE), GOI.
9. Pending completion of legal formalities, title deeds of freehold land measuring 107.05 acres amounting to Rs 63.49 lac (Previous year 785.738 acres amounting to Rs. 1277.76 lac) are yet to be registered in the name of the Corporation.
10. (i) Rehabilitation Expenses under Capital-Work-in-Progress include Rs 437.71 lac (Previous year Rs. 425.35 lac) towards cost of 600.086 acres (Previous year 600.086 acres) of land acquired for rehabilitation of oustees / execution of project works. Further, Rehabilitation CWIP and EDC thereon relating to Tehri HPP stage-I amounting to Rs.5720.60lac (Previous Year Rs 8678.40 lac) have been capitalized during the year 2008-09 which include Rs 74.46lac (Previous year Rs 1782.54 lac) towards cost of 29.12 acres(Previous year Nil 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 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 Ousteas.
- (iv) Pursuant to the Government of India, MOE&F, New Delhi's order no.FNo.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.
- (v) The Land measuring 14.37 acres transferred free of cost by Govt. of Uttrakhand 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, 967,968 and 08B/UCP/06/312/2006/FC/144 dated 07.03.07, 27.09.07 and 29.04.08 respectively has sanctioned 15.063 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
11. 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.
12. Balances shown under advances, debtors, creditors and materials in transit / lying with contractors are subject to confirmation / reconciliation and consequent adjustments, if any.
13. Balance with banks includes Rs.136.78 lac (Previous year Rs. 1034.97 lac) on which lien has been exercised by the concerned Authorities for recovery on account of Royalty, Spillway Escalation. Subsequent to the decision taken by corporate level dispute settlement committee in the meeting held on 04.02.2009 between UPCL and THDC the lien amounting to Rs.1121.28 lac on account of Electricity charges have been released during FY 2008-2009.
14. Losses / Shortages pending investigation Rs 1.92 lac (Previous year Rs. 2.91 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.
15. 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".
16. The Corporation has received the confirmation of the Ministry of Corporate Affairs, Government of India vide no. 40/2/2008-CL-III dated 17.12.2008 for reduction of share capital by Rs. 277.87 lac by cancellation of 27787 equity shares of Rs. 1000/- each allotted to the Govt. of India. Necessary entry for the same has been passed. The reduction represents the part purchase consideration towards the transfer of Transmission Lines and associated sub stations to Power Grid Corporation Of India Limited. Thus total reduction in share capital on this account comes to Rs.1118.87 lac including earlier reduction of Rs.841.00 lac done in 1998-99.
17. (i) 75 flats (Previous Year 20 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.
18. (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 31.03.2009 works out to Rs. 839245.05lac (Previous year Rs. 829855.98 lac) out of which, as per the formula laid down in the Articles of Association Cost of Irrigation sector works out to Rs. 144133.80 lac (Previous year Rs. 142485.20 lac). The Government of Uttar Pradesh has contributed Rs.139584.38 lac as on 31.03.2009 (Previous year Rs. 130712.38 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 upto 31st March 2009 Corporation has received a sum of Rs 430.00 lac (Previous year Rs.226.00 lac). The grant has been shown separately as PHRD grant in Schedule-2 "Reserve & surplus" under the head "Capital Reserve".
19. 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.
20. (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.

21. In compliance to the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, The net increase in the deferred tax assets of Rs 6740.98 Lac (previous year decrease in Deferred tax liability Rs. 2547.14 Lac) has been charged to Profit and Loss Account. However, the same is refundable to customers. The item-wise detail of cumulative Deferred Tax Liability/Assets is as under:

(Rupees in Lac)

Sl. no		31.03.2009	31.03.2008
	Deferred Tax Liability (A)		
i)	Difference of Book Depreciation and Tax Depreciation	4109.32	5838.90
	Deferred Tax Assets (B)		
ii)	Advance against Depreciation to be considered as income in tax computation	8294.35	4213.76
iii)	Provision for doubtful debts	5.99	3.70
iv)	Provision for employee benefit schemes	2121.94	1193.42
	Net Deferred Tax Liability/ (Assets) (A-B)	(6312.96)	428.02

22. 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. However as per Income Tax Act 1961 Corporation has paid corporate tax under section 115JB .
23. 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.
24. Information in respect of Micro, small and Medium enterprises as at 31st March, 2009.

Sl. Particulars	Amount in lac
a) Amount remaining unpaid to any supplier:	Nil
i) Principal amount	Nil
ii) Interest due thereon	Nil
b) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises. Development Act, 2006 along-with the amount paid to the suppliers beyond the appointed day.	Nil
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil
d) Amount of interest accrued and remaining unpaid	Nil
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	Nil

25. Repairs and Maintenance expenses include spare parts & components amounting to Rs.47.70 lac (Previous year Rs. 60.36 lac) (Indigenous only).
26. The Govt. of Maharashtra vide letter no. MIS-1207/(126/2007)/HP dated 21.04.2008 has entrusted two Pumped Storage Schemes (PSS) for Survey & Investigation of Malshej Ghat (600 MW) on river Kalu (Distt. Pune) and Humbarli (400 MW) on upstream of Koyna Project (Distt. Satara) in Maharashtra State to the Joint Venture of



THDC and NPCIL which is to be incorporated. An agreement has been signed between THDC & NPCIL in August, 2008 and the works of Survey and Investigation have been taken up and an amount of Rs. 294.25 lac has been spent by THDC upto 31st March 2009 which is shown as recoverable from JV.

Further, Govt. of India vide D.O. no.11/01/2008-BBMB dated 22.07.2008 has entrusted to update the DPRs of the Sankosh Project (4060 MW), Sankosh and Bunakha HEP (180 MW), Wangchu, Bhutan to THDC. Accordingly work of updation of DPR has been taken up. However cost upto Rs.10 crore towards updation of DPR of Sankosh Project will be made available by Ministry of External Affairs. During the year Corporation has spent an amount of Rs. 28.79 lac on Sankosh & Bunaka Projects and shown the same as recoverable.

27. 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.566.36 lac (previous year Rs. 372.92 lac) a sum of Rs. 239.77 Lac had already been reimbursed to the Corporation.
28. 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.
29. Liquidated damages are accounted for on settlement of final bills/delivery schedule.
30. i) Recoveries from M/s KCT & Bros C.S Ltd (KCT) towards rebate against quantity variation as per Contract provision of Power House has been contested by the Corporation in the Nainital High Court. As per court order these cases were referred to Arbitration. The matter is still pending before Arbitral Tribunal. The value of assets created under these contracts will vary depending upon finalization of case.

ii) Advance to contractors includes Rs.7621.00 lac (Principal Rs. 6674.35 lac and interest @ 16% Rs. 946.65 lac) (Previous years Rs.2123.63 lac(Principal Rs.1836.49 lac & 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). The value of security (performance guarantee/cash) available with THDC upto 31.03.2009 is amounting to Rs.4095.98 lac only.
31. 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 order 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 Government approval of Revised Cost Estimate and accordingly 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.111349.39 lac including secondary energy charges of Rs 523.93 lac. (Previous year Rs 113093.64 lac including secondary energy charges of Rs. Nil). However, the revenue for the year has been provisionally recognised pending determination of tariff by CERC.

32. 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.

33. The Company has taken on lease/rent premises for employees / offices / Guest Houses/Transit camps & vehicles. These lease arrangements are usually renewable on mutually agreed terms but are not cancelable. Rent rate and taxes include Rs.335.26lac (Previous year Rs. 261.01 lac) towards lease payment (net off recoveries).
34. The Company has made provision as below :

(Rs. in lac)

Sl.No.	Particulars	Opening Balance	Additions	Used/ Adjusted	Closing Balance
1	Works	1363.37	7124.16	4497.21	3990.32
2	Employees Related	9175.07	8328.80	820.13	16683.74
3	Proposed Dividend	400.00	2800.00	400.00	2800.00
4	Tax on Interim Dividend	1589.03		1589.03	0.00
5	Tax on proposed Dividend	67.98	475.86	67.98	475.86
6	Tax & Others	167.83	461.03	211.40	417.46
	Total	12763.28	19189.85	7585.75	24367.38

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 31.3.2009. Employee's provision includes leave encashment, gratuity, post retirement medical benefits, funeral, baggage allowance in line with the Accounting Policy No. 11 (i) and pay arrear etc. Tax & Others includes provision for Income tax, Fringe Benefit Tax, Wealth tax and others.

35. 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 Labor, 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 31.03.2009 as per AS-15(Revised) comes to Rs.211.22 lac (Previous year 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.
36. The Central Government has not notified the rate of cess payable under section 441A of Companies Act 1956. Therefore Corporation has not provided for any cess on turnover
37. Change in Accounting Policy:-
- Consequent upon the withdrawal of guidance note on treatment of expenditure during construction period by the Institute of Chartered Accountants of India during 2008-09 Corporation has changed the Accounting policy. Corporation has systematized the allocation of expenses in a manner that all administrative & General expenditure/overhead directly attributed to Construction Projects are accounted for as CWIP. The expenses of Corporate Office & Service Centre directly relating to generating stations are accounted for in Profit & Loss Account. Expenses of Corporate Office, Service Centre and Tehri HPP Stage-1 common to generation and construction projects are allocated on a systematic basis to Profit & Loss Account and CWIP in proportion of operation & maintenance / operating expenditure and accretion to CWIP. Due to this change in policy operation and maintenance / operating expenditure for the year has got reduced by Rs.6309.12 lac and accretion to capital work in progress is increased by Rs.6309.12 lac.
 - Accounting Policy No. 2, 10(xi),13 and 14 relating to use of estimates, Preliminary Expenses on Account of New Projects and regarding taxes on income and cash flow statements respectively has been introduced . These policies have no financial impact as similar Accounting treatment was accorded in previous year also. The changes have been made for elaboration and better clarity.



38) Payment to Directors :

(Rs. lac)

PARTICULARS	2008-09	2007-08
(i) Remuneration to Whole-time Directors:		
Salaries and allowances including Provisions	65.78	22.39
Contribution to Provident Fund	7.55	3.02
Other Benefits	35.83	15.15
(ii) Directors Travelling Expenses	23.72	10.74

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).

39) Payment to Auditors :

(Rs. lac)

PARTICULARS	2008-09	2007-08
Audit Fee (including service tax)	3.03*	3.09
In other capacity	2.08	3.65
Out of pocket expenses	2.72	2.62
*Subject to approval in Annual General Meeting		

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

(Rs. lac)

PARTICULARS	2008-2009	2007-2008
Travelling	38.11	49.30
Consultancy & Professional charges	1291.24	1072.10
Management/Commitment fee	0.15	5.29
Repayment of loan & Interest	3180.85	3009.20
Import of goods	179.33	1.14
Others (Handling Charges)	47.33	0
TOTAL	4737.01	4137.03

41) Value of Imports Calculated on CIF basis :

(Rs. lac)

	2008-09	2007-08
Capital Goods	207.31	171.80

42) Licenced and Installed Capacities :

Sl. No	Particulars	2008-09	2007-08
(i)	Licenced Capacity (M.W)	Not Applicable	Not Applicable
(ii)	Installed Capacity (M.W)	1000 MW	1000 MW
(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	NIL	13.497293 MU**
	Sales	NIL	11.735086 MU*
(b)	Commercial period		
	Generation	3164.234384 MU	2650.078673 MU**
	Sales (net of free power to home state & auxillary consumption)	2751.111857 MU	2304.061027 MU

** These figures are revised due to change in date of commercial operation of Tehri Stage I Generating Station from 08.07.2007 to 09.07.2007 as per CERC order based on which revised final REA for July'2007 was issued in 2008-09 by NRPC.

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 `24' form an integral part of the accounts.

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

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

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

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi



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

Balance Sheet Abstract and Company's General Business Profile

(Amount in Rs. Thousands)

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 / 2009

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.) [Net]

5	7	9	6	1	3
---	---	---	---	---	---

(ii) Shares issued to Government of Uttar Pradesh (Nos)

NIL

Share Capital Contribution Pending Allotment to

Government of India

NIL

Government of Uttar Pradesh

NIL

Bonus issue

NIL

iii) Position of mobilisation and deployment of funds

Total Liabilities

1	0	1	6	3	3	1	8	8
---	---	---	---	---	---	---	---	---

Total Assets

1	0	1	6	3	3	1	8	8
---	---	---	---	---	---	---	---	---

Source of funds

Paid up capital

3	2	9	7	5	8	1	7
---	---	---	---	---	---	---	---

Capital Pending Allotment

NIL

Reserves and surplus including contribution from GOUP

1	8	6	8	0	9	8	2
---	---	---	---	---	---	---	---

Secured Loans

4	2	3	0	0	0	7	2
---	---	---	---	---	---	---	---

Unsecured Loans

1	1	4	2	2	9	8
---	---	---	---	---	---	---

Deferred Tax Liability [Net]

NIL

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(Amount in Rs. Thousands)

Application of Funds

Net Fixed Assets	7	8	9	6	1	3	2	0
Capital Work-in-progress including Construction stores and advances and EDC Pending Allocation	1	6	9	0	9	4	9	7
Investment	NIL							
Deferred Tax Asset [Net]	NIL							
Net Current Assets	1	6	6	5	1	1	8	
Miscellaneous Expenditure	4 8 2 6							

iv) Performance of Company

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

v) Generic names of Principal product / Service of company

Item Code No	NOT APPLICABLE
Product Description	Generation of Electricity

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

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

Date : 21.08.2009
Place : New Delhi



Cash Flow Statement For The Year 2008-2009

Amount In Thousands
(Figures In Parenthesis Represent Deduction)

PARTICULARS	For The Year 2008 - 2009		For The Year 2007 - 2008	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Prior Period adjustments		36,97,890		37,34,975
Adjustment for :-				
Depreciation	16,50,592		16,08,459	
Provisions	674		803	
Advance Against Depreciation- Deferred	12,00,526		11,00,940	
Interest on loans	36,83,281		38,38,834	
Rebate to Customers	1,35,680		91,388	
Prior Period Adjustments	(25,359)	66,45,394	(50,413)	65,90,011
Operating profit Before Working Capital Changes		1,03,43,284		1,03,24,986
Adjustments for Change in Working Capital				
Inventories	(36,709)		5,528	
Sundry Debtors	9,08,596		(21,60,160)	
Other Current Assets	4,287		43,487	
Loans and Advances	5,95,396		(90,560)	
Current Liabilities	(6,95,873)		2,63,535	
Provisions	11,60,410	19,36,107	3,27,072	(16,11,098)
Cash Generated From Operations		1,22,79,391		87,13,888
Direct Tax Paid		(4,20,469)		(4,48,801)
Net Cash From Operations (A)		1,18,58,922		82,65,087
B. CASH FLOW FROM INVESTING ACTIVITIES CHANGE IN :-				
Fixed Assets and CWIP	(71,75,448)		(56,75,741)	
Construction Stores	3,574		(1,623)	
Capital Advances	(7,54,807)		1,98,454	
Misc. Exp . (To the extent not adjusted)	1,319		1,490	
Net Cash Flow From Investing Activities (B)		(79,25,362)		(54,77,420)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Share Capital	(27,787)		17,07,400	
Irrigation contribution	8,87,199		12,63,200	
Other Capital Reserve	20,400		22,600	
Loans	(3,12,219)		(45,749)	
Interest on loans	(36,83,281)		(38,38,834)	
Rebate to Customers	(1,35,680)		(91,388)	
Dividend & Tax on Dividend	(11,46,551)		(11,40,701)	
Net Cash Flow from Financing Activities (C)		(43,97,919)		(21,23,472)

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PARTICULARS	For The Year 31/03/2009		For The Year 31/03/2008	
	Rs.	Rs.	Rs.	Rs.
NET CASH FLOW DURING THE YEAR (A+B+C)		(4,64,359)		(6,64,195)
Opening Cash & Cash Equivalents		10,52,476		3,88,281
Closing Cash & Cash Equivalents (D+E)		5,88,117		10,52,476

1. Cash and Cash Equivalents includes Balance with Banks of Rs. 136.78 lacs(Previous year Rs. 1034.97 lacs) which is not available for use by the Corporation.
2. Previous year's figure have been Regrouped / Rearranged / Recast wherever necessary.

(S. Q. Ahmad)
Company Secretary

(C. P. Singh)
Director (Finance)

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

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

(Harbir Singh Gulati)
Partner
Membership No. : 84072

Date : 21.08.2009
Place : New Delhi



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, 2009, 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. Attention is invited to the following :-
 - a) Note no 5 of schedule 24 - Regarding balance amount due from Govt. of Uttarakhand amounting to Rs.5880.00 Lac on account of extra space as remaining due on 31.03.2009, after adjustment of dues towards Royalty, are yet to be recovered.
 - b) Note No.10 (i) of Schedule 24 - Rehabilitation expenditure of Rs. 5720.60 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. 12 of Schedule 24 - The balances for Sundry Debtors, Sundry Creditors, Security Deposits/ Earnest Money Deposits, Loans & Advances are subject to confirmation and reconciliation.
 - d) Note No.17 (i) of Schedule 24 - Relating to unauthorized occupation of 75 flats (previous year 20 flats) by various persons on the land acquired by the Corporation.
 - e) Note No.31 of Schedule 24 - 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 and read with other items on which attention is drawn vide 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 pursuance to 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 given 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, in the manner so required, 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 2009,
- b) in the case of Profit and Loss Account, of the profit for the year ended on that date, and
- c) in the case of the Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For HDSG & Associates
Chartered Accountants

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

Place : New Delhi
Date : 21.08.2009



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 needs strengthening in respect of Koteshwar unit.
 - 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.
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 company and 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.
5. Based on the audit process applied by us, to the best of our knowledge and belief and according to the information and explanations given 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 can further be enhanced in respect of checking of routine financial transaction to assessment of internal control procedures, systematic deficiencies, 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 the required Cost Records. However, the Cost Audit for the year 2008-09 has not been conducted.
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 31.3.2009 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.

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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.1,05,953/-.
1991-92 Intt. w.e.f. 01.05.92	16.71 67.83	Trade Tax	The assessing authority has imposed a tax of 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/-. Against the above demand Corporation has got stay order for Rs. 1,71,563/- after depositing Rs. 19,063/-.
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 Interest for 101 months	136.35 275.43	Entry Tax	The Entry Tax case is pending before Adnl. Commissioner (Appeal), Dehradun.
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).



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. 120,17,174/-.
2006-07	125.93	Income Tax	Corporation has filed stay petition before ACIT against which 50% stay was granted and subsequently filed appeal before CIT appeal and deposited Rs.6297000/-.
2007-08	208.25	Income Tax	Corporation has filed stay petition before ACIT against which 50% stay was granted and subsequently filed waiver petition before CIT (Appeal) for waiver of Interest charged u/s 234B & 234C.

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.
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

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

Place : New Delhi
Date : 21.08.2009

21st Annual Report

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INDIAN AUDIT & ACCOUNTS DEPARTMENT

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL

AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-II

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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 2009.

The preparation of financial statements of Tehri Hydro Development Corporation Limited for the year ended on 31st March 2009 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 are 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 21st August 2009.

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 2009. This supplementary audit has been carried out independently without access to the 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Comments on Profitability

1. Fixed Assets (Schedule : 5)

General Plant & Machinery - Gross Block - Rs. 1547.22 crore

This includes an amount of Rs. 13 crore towards Gross block of the Static Excitation system, which has been rendered obsolete and unusable, hence replaced by the system supplied by another supplier. Since this is in the nature of dismantled capital stores, a provision of Rs. 9.13 crore should have been made as per Accounting Standard - 10 prescribed under section 211 (3)(C) of the Companies Act, 1956.

This has resulted in understatement of 'Expenditure' and over overstatement of profit by Rs. 9.13 crore.

2. Current Liabilities (Schedule 13)

Other Liabilities - Rs. -18.56 crore

This does not include Rs. 1.84 crore relating to the salary and allowances payable to the personnel of Central Industrial Security force (CISF) placed at Tehri and Koteshwar on account of arrears of salary as a result of pay proposals, of 6th pay commission.

This has resulted in understatement of 'Other Liabilities' and overstatement of 'Profit' by Rs. 1.84 crore.

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

(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II, New Delhi

Place : New Delhi

Date : 29-09-2009



MANAGEMENT'S REPLIES TO THE 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 2009.

COMMENTS ON PROFITABILITY

1. Fixed Assets (Schedule : 5)

General Plant & Machinery - Gross Block - Rs. 1547.22 crore

MANAGEMENT'S REPLY

Static Excitation system of the type supplied by M/s. Power Machine had become obsolete and has been phased out by most utilities world over. In order to ensure effective, reliable and better functioning of the Generator, the Corporation has replaced it with Static Excitation system purchased from BHEL.

The Static Excitation System is a part of Generating Plant and Machinery and is not an independent item of Fixed Asset. The new excitation system, which is for effective, efficient and proper functioning of plant beyond its previously assessed standard of performance, is considered as improvement of asset and capitalized in line with As-10.

As per para 3.1 of AS-6 related to Depreciation Accounting "Depreciation is a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effluxion of time or obsolescence through technology and market changes. Depreciation is allocated so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset. Depreciation includes amortization of assets whose useful life is predetermined". Further as per Para 3.3 of AS-6 useful life is the period over which a depreciable asset is expected to be used by the enterprise.

During useful life, the wear and tear, obsolescence etc. occurs as a dynamic process. In an integrated asset at what point of time the failure or obsolescence of a particular part, component or module would occur can not be predicted. Such occurrences are viewed as a stochastic event. As such, depreciation is applied to systematically account for such stochastic process over the useful life of an integrated asset. Accordingly the cost of Static Excitation system is deemed to have been charged through depreciation to Profit & Loss Accounts and no further provision is warranted. The value of scrap material shall be Accounted for at the time of sale as per company's Accounting Policy.

2. Current Liabilities (Schedule 13) :

Other Liabilities - Rs. -18.56 crore

MANAGEMENT'S REPLY

The liability on account of arrears of salary and allowances arising as a consequence upon implementation of the recommendation of 6th Pay Commission could not be ascertained for want of intimation from the concerned department, it being a case of reimbursement.



A Panoramic view of new Tehri Town

