



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

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.
- xii. Expenditure on Leave Travel Concession to Employees is recognised in the year of availment due to uncertainties in accrual.

10. Retirement Benefits

- i. Liability for retirement benefits to employees in respect of gratuity, leave encashment and post retirement medical benefits 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.

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 2006-2007



BALANCE SHEET AS AT 31st MARCH, 2007

Amounts in Thousands

PARTICULARS	Schedule	As at 31/03/2007		As at 31/03/2006	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
a) Share Capital	1	31296204		30503204	
b) Share Capital Contribution Pending allotment		0		68000	
			31296204		30571204
RESERVE & SURPLUS	2		12873257		11703038
DEFERRED REVENUE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION	3		140126		0
LOAN FUNDS	4				
Secured Loans		42573702		32754069	
Unsecured loans		1226636		4494222	
			43800338		37248291
DEFERRED TAX LIABILITY (NET) LESS: RECOVERABLE		297516		0	
		297516	0	0	0
TOTAL			88109925		79522533
APPLICATION OF FUNDS					
FIXED CAPITAL EXPENDITURE					
FIXED ASSETS					
Gross Block	5	76723447		2884983	
Less: Depreciation		1458974		1016101	
Net Block			75264473		1868882
CAPITAL WORK IN PROGRESS	6		9391602		75815397
CONSTRUCTION STORES & CAPITAL ADVANCES	7		1775877		2598452
INVESTMENTS			0		0
CURRENT ASSETS, LOANS & ADVANCES					
Sundry Debtors	8	2492617		0	
Cash and Bank Balances	9	388281		569783	
Other Current Assets	10	66952		12606	
Loans and Advances	11	1759771		1494271	
		4707621		2076660	
LESS : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	12	2088027		1772724	
Provisions	13	949256		1073049	
		3037283		2845773	
NET CURRENT ASSETS	(A-B)		1670338		(769113)

PARTICULARS	Schedule	As at 31/03/2007		As at 31/03/2006	
		Rs.	Rs.	Rs.	Rs.
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
Deferred Revenue Expenditure		7073		8293	
Shortage Pending Investigation		562		622	
			7635		8915
NOTES ON THE ACCOUNTS	23				
TOTAL			88109925		79522533

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

(S.Q.Ahmad)
Company Secretary

(A.S.Bisht)
Director (Personnel)

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

As Per Our Report of Even Date Attached
For Sri Ravivarma & Co
Chartered Accountants

(R.Ravinder)
Partner
M.No.10421

Date : AUGUST 31, 2007
Place : NEW DELHI



Profit & Loss Account For The Year Ended 31st March, 2007

Amount in Thousands

PARTICULARS	Schedule	For the Year 2006-07		For the Year 2005-06	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Energy Sales	14		441588		0
Other Income	15		17152		
Total Income - A			4458740		0
EXPENDITURE					
Employee's Remuneration & Benefits	16		285989		0
Generation, Administration & Other Expenses	17		182501		0
Interest And Financing Charges	18		1995314		0
Depreciation			685518		0
Provisions	19		288		0
Total Expenditure - B			3149610		0
Profit Before Tax And Prior Period Adjustment (A-B)			1309130		0
Add					
Prior Period Income / (Expenditure) - (Net)	20		0		0
Net Profit Before Taxation			1309130		0
Provision For Taxation	21				
Income Tax		131976		0	
Fringe Benefit Tax		2345	134321	0	0
Profit After Current Year's Tax			1174809		0
Provision For Deferred Tax		297516		0	
Deferred Tax Recoverable		(297516)	0	0	0
Balance Carried To Balance Sheet			1174809		0

The Current Year's figures are not comparable with the Previous year's figures since commercial activities started during 06-07.

-Incidental Expenditure During Construction 22

Earning per share (Equity share of Rs.1000 each)-Basic & Diluted (Rs.) 38.05 0.00

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

(S.Q.Ahmad)
Company Secretary

(A.S.Bisht)
Director (Personnel)

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

As Per Our Report of Even Date Attached
For Sri Ravivarma & Co
Chartered Accountants

(R.Ravinder)
Partner
M.No.10421

Date : AUGUST 31, 2007
Place : NEW DELHI

SCHEDULES Annexed to the Accounts

SCHEDULE '1'

SHARE CAPITAL

PARTICULARS	As at 31/03/2007		As at 31/03/2006	
	Rs.	Rs.	Rs.	Rs.
Authorised Capital				
40000000 Equity Shares of Rs. 1000/- each		40000000		40000000
Issued, Subscribed & Paid up Capital				
31296204 (Previous year 30503204)				
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.		31296204		30503204
TOTAL		31296204		30503204

SCHEDULE '2'

RESERVE & SURPLUS

Capital Reserve				
Contribution due from Government of				
Uttar Pradesh towards Irrigation Sector	13746181		12886479	
Less : Contribution in Arrear	1938142		1183441	
	11808039		11703038	
Less : Adjustment towards Depreciation	109591	11698448	0	11703038
Other Capital Reserve		0		0
Surplus Balance in Profit & Loss Account		1174809		0
TOTAL		12873257		11703038

SCHEDULE '3'

DEFERRED REVENUE-ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION

Revenue Deferred during the year		140126		0
TOTAL		140126		0



SCHEDULES Annexed to the Accounts

SCHEDULE '6'

CAPITAL WORK IN PROGRESS

PARTICULARS	Schedule	Amount in Thousands			
		As at 31/03/2007		As at 31/03/2006	
		Rs.	Rs.	Rs.	Rs.
Construction Work in Progress					
Building & other civil works		46214		76562	
Roads, Bridges & culverts		1817		0	
Water Supply, Sewerage & Drainage		891		22270	
Generation Plant and Machinery		4199307		16438144	
Hydraulic Works, Dam, Spillway, Water-Channels, Weirs, Service Gate & other Hydraulic Works		4042395		47663269	
Afforestation catchment area		66963		1023409	
Electrical Installation & Sub-Station Equipments		7384		16959	
Intangible Assets-Software		1677		1675	
Capital expenditure on assets not owned by Company		27387	8394035	34177	65276465
Generation Plant and Machinery in transit			442780		405199
Expenditure Pending Allocation					
Survey & Development Expenses		243677		216473	
Exchange Variation		(49937)		32188	
Interest Pending Allocation		0		12399	
Incidental Expenditure During Construction	22	123342	317082	552410	813470
Rehabilitation					
Rehabilitation Expenses (net of recoveries towards token cost and rent)			237705	9320263	9320263
Total			9391602		75815397

SCHEDULES Annexed to the Accounts

SCHEDULE '7'

CONSTRUCTION STORES & CAPITAL ADVANCES

PARTICULARS	Amount in Thousands			
	As at 31/03/2007		As at 31/03/2006	
	Rs.	Rs.	Rs.	Rs.
Construction Stores (At Cost, as certified by Management)				
Cement	713		463	
Other civil and building material	27628		31621	
Others	127215		124423	
Material in Transit (Valued at cost)	2062		2759	
Material Under Inspection (Valued at cost)	13908		2517	
	171526		161783	
Less : Provision for Stores & Spares	24413	147113	9674	152109
Capital Advances				
For Capital Expenditure (Unsecured)				
Against Bank Guarantee	420645		548265	
Rehabilitation & Resettlement (Govt. of Uttarakhand / SLAO)	662386		1451631	
Others	464978		372469	
Accrued interest on Advances	80755		73978	
	1628764		2446343	
Less : Provision for Bad & Doubtful Advances	0	1628764	0	2446343
TOTAL		1775877		2598452
Capital Advances				
Considered Good (Unsecured)		1628764		2446343
Considered doubtful and provided for		0		0
Total Capital Advances		1628764		2446343

SCHEDULE '8'

SUNDRY DEBTORS

Debts outstanding over six months				
Unsecured, Considered Good	0		0	
Considered Doubtful	0		0	
Other Debts				
Unsecured, Considered Good	2492617		0	
Considered Doubtful	0	2492617	0	0
Less : Provision for Bad and Doubtful debts		0		0
TOTAL		2492617		0



SCHEDULES Annexed to the Accounts

SCHEDULE '9'

CASH AND BANK BALANCES

PARTICULARS	As at 31/03/2007		As at 31/03/2006	
	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances				
Cash, Cheques, Demand Drafts & Stamps in hand		634		85179
Balances with Scheduled Banks				
Current account (Including Auto Sweep, Flexi deposits with Scheduled Banks)		387647		484604
Term Deposits		0		0
Short Term Deposits other than Schedule banks				
		0		0
TOTAL		388281		569783

SCHEDULE '10'

OTHER CURRENT ASSETS

Interest Accrued		296	150
Prepaid Expenses		66656	12456
TOTAL		66952	12606

SCHEDULE '11'

LOANS AND ADVANCES

Loans				
To Employees				
Secured	212590		219445	
Unsecured	61660	274250	47899	267344
Interest accrued on Loans to employees				
Secured	84755		75190	
Unsecured	34245	119000	25074	100264
Others		284		345
Advances		393534		367953
(Advances recoverable in cash or in kind or for value to be received)				
To Employees				
Unsecured	13967		6203	
For Purchases	34626		24230	
To Others	1071121		850260	
		1119714		880693
Deposits				
Security Deposits	13153		12496	
Deposits With Govt. / Court	238541		237310	

SCHEDULES Annexed to the Accounts

Amount in Thousands

PARTICULARS	As at 31/03/2007		As at 31/03/2006	
	Rs.	Rs.	Rs.	Rs.
Other Deposits	1228		1210	
		252922		251016
SUB-TOTAL		1766170		1499662
Less : Provision for Bad & Doubtful Advances		6399		5391
TOTAL		1759771		1494271
Note : Due from Directors (maximum amount due during the year Rs. 78 (Previous year Rs. 163))				
Principal		0		0
Interest		0		78
TOTAL		0		78
Note : Due from Officers (maximum amount due during the year Rs. 5720 (Previous year Rs. 4850))				
Principal		1873		2030
Interest		1826		1771
TOTAL		3699		3801
Particulars of Loans & Advances				
Considered Good				
Loans & Advances (Secured)	297345		294635	
Loans & Advances (Unsecured)	1462426		1199636	
		1759771		1494271
Considered doubtful and provided for		6399		5391
TOTAL		1766170		1499662

SCHEDULE- '12'

CURRENT LIABILITIES

Sundry Creditors			
For Capital Expenditure	808619		624451
For Small Scale Industrial Units	1245		3032
For Others	357142		246934
		1167006	875217
Cash credit with Bank		80000	0
Deposits, Retention money from Contractors etc.		194918	186817
Interest Accrued but not due			
Government of India	0		175293
Financial Institutions	610950		486443
Others (Bank)	43		0
		610993	661736
Other Liabilities		35110	48954
TOTAL		2088027	1772724



SCHEDULES Annexed to the Accounts

SCHEDULE '13'

PROVISIONS

PARTICULARS	Amount in Thousands			
	As at 31/03/2007		As at 31/03/2006	
	Rs.	Rs.	Rs.	Rs.
Works				
Opening Balance	380292		91130	
Addition during the year	223296		380684	
Used / Adjusted during the year	(385331)	218257	(91522)	380292
Employee Related				
Retirement Benefits				
Opening Balance	460347		412754	
Addition during the year	139711		53796	
Used / Adjusted during the year	(25131)	574927	(6203)	460347
Pay Arrear etc.				
Opening Balance	224654		175224	
Addition during the year	8682		71230	
Used / Adjusted during the year	(213040)	20296	(21800)	224654
Others				
Opening Balance	7756		56997	
Addition during the year	132852		4180	
Used / Adjusted during the year	(4832)	135776	(53421)	7756
TOTAL		949256		1073049

SCHEDULE '14'

ENERGY SALES

PARTICULARS	Amount in Thousands			
	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
Energy Sales	4392790		0	
Less:				
Advance Against Depreciation - Deferred	140126	4252664	0	0
Income Tax Recovery From Customer		133981		0
U.I.Charges		54943		0
TOTAL		4441588		0

SCHEDULES Annexed to the Accounts

SCHEDULE '15'

OTHER INCOME

PARTICULARS	Amount in Thousands			
	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
Interest				
On Bank Deposits (Gross, TDS Rs. 58,946 . Previous year - 8,721)	5386		4552	
From Employees	22494		22430	
Others	101		6137	
		27981		33119
Machine Hire charges		1708		964
Rent Receipts		2268		3041
Sundry Receipts		29251		2533
Excess provision written back		1419		21037
Profit on sale of Assets		5292		9917
TOTAL		67919		70611
Less:				
TRANSFERRED TO IEDC SCHEDULE		50767		70611
TOTAL		17152		0

SCHEDULE '16'

EMPLOYEE'S REMUNERATION & BENEFITS

	2006-07	2005-06
Salaries, Wages, Allowances & Benefits	775576	605039
Contribution to Provident & other Funds	83367	53990
Gratuity	63930	26917
Welfare	35255	37057
TOTAL	958128	723003
Less:		
TRANSFERRED TO IEDC SCHEDULE	672139	723003
TOTAL	285989	0

SCHEDULE '17'

GENERATION, ADMINISTRATION & OTHER EXPENSES

	2006-07	2005-06
Rent, Rates & Taxes		
Rent for office	6514	5380
Rent for employee residence	16240	14585
Rates & Taxes	2501	1813
	25255	21778
Power & Fuel	75763	81938
Insurance	13701	5582
Communication	10736	7147



SCHEDULES Annexed to the Accounts

Amount in Thousands

PARTICULARS	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
Repair & Maintenance				
Plant & Machinery	65952		5971	
Building	21004		16410	
Others	72379		56914	
		159335		79295
Travelling & Conveyance		74867		60098
Vehicle hire & running		31683		40031
Security		56732		50488
Publicity & Public relation		16808		15201
Other General Expenses		89545		47218
Loss on Assets		91		683
Deferred revenue expenditure written off		1220		1222
TOTAL		555736		410881
Less :				
TRANSFERRED TO IEDC SCHEDULE		373235		410881
TOTAL		182501		0

SCHEDULE '18'

INTEREST AND FINANCING CHARGES

Interest on Loans		3631321		3134532
Rebate to customer		38306		0
TOTAL		3669627		3134532
Less :				
TRANSFERRED AND CAPITALISED WITH CWIP ACCOUNT		1674313		3134532
TOTAL		1995314		0

SCHEDULE '19'

PROVISIONS

Provisions for Doubtful debts, loans & Advances		16243		4972
Provisions for Stores & Spares		14740		9674
TOTAL		30983		14646
Less :				
TRANSFERRED TO IEDC SCHEDULE		30695		14646
TOTAL		288		0

SCHEDULES Annexed to the Accounts

SCHEDULE '20'

PRIOR PERIOD INCOME/ (EXPENDITURE)- (NET)

Amount in Thousands

PARTICULARS	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
EXPENDITURE				
Personnel Exp	113		2964	
Power & Fuel	0		(4737)	
Repair and maintenance	0		121	
Other General Expenses	1954		(14324)	
Depreciation	(907)		2696	
Misc. Receipt	(8)		0	
Preliminary Expenses	0		4003	
Deferred revenue Expenses	0		13459	
Security	0		34	
Advertisement & Publicity	0	1152	50	4266
TOTAL		1152		4266
Less :				
TRANSFERRED TO IEDC SCHEDULE		1152		4266
TOTAL		0		0

SCHEDULE '21'

PROVISION FOR TAXATION

INCOME TAX				
Current Year		133629		4758
TOTAL		133629		4758
Less :				
TRANSFERRED TO IEDC SCHEDULE		1653		4758
TOTAL		131976		0
Fringe Benefit Tax				
Current year		9715		8914
TOTAL		9715		8914
Less :				
TRANSFERRED TO IEDC SCHEDULE		7370		8914
TOTAL		2345		0



SCHEDULES Annexed to the Accounts

SCHEDULE '22'

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

Amount in Thousands

PARTICULARS		2006-07		2005-06	
		Rs.	Rs.	Rs.	Rs.
EXPENDITURE					
EMPLOYEE'S REMUNERATION & BENEFITS	16				
Salaries, Wages, Allowances & Benefits		545014		605039	
Contribution to Provident & other Funds		57842		53990	
Gratuity		45383		26917	
Welfare		23900	672139	37057	723003
ADMINISTRATION & OTHER EXPENSES	17				
Rent, Rates & Taxes					
Rent for office		5143		5380	
Rent for employee residence		12522		14585	
Rates & Taxes		2354	20019	1813	21778
Power & Fuel			66121		81938
Insurance			5363		5582
Communication			8103		7147
Repair & Maintenance					
Plant & Machinery		7848		5971	
Building		15476		16410	
Others		48394	71718	56914	79295
Travelling & Conveyance			52129		60098
Vehicle hire & running			25195		40031
Security			44643		50488
Publicity & Public relation			13310		15201
Other General Expenses			66024		47218
Loss on Assets			59		883
Deferred revenue expenditure written off			551		1222
PROVISIONS	19				
Provisions for Doubtful debts, loans & Advances		15955		4972	
Provisions for Stores & Spares		14740	30695	9674	14646
Depreciation			116659		214610
TOTAL EXPENDITURE (A)			1192728		1363140

SCHEDULES Annexed to the Accounts

Amount in Thousands

PARTICULARS		2006-07		2005-06	
		Rs.	Rs.	Rs.	Rs.
RECEIPTS					
OTHER INCOME	15				
Interest		3287		4552	
From Employees		17472		22430	
Others		101	20860	6137	33119
Machine hire charges			1292		964
Rent Receipts			1563		3041
Sundry Receipts			21753		2533
Excess provision written back			1423		21037
Profit on sale of Assets			3876		9917
TOTAL RECEIPTS (B)			50767		70611
PRIOR PERIOD ADJUSTMENT	20		1152		4266
NET EXPENDITURE BEFORE TAXATION			1143113		1296795
PROVISION FOR TAXATION	21				
Income Tax		1653		4758	
Fringe Benefit Tax		7370	9023	8914	13672
NET EXPENDITURE INCLUDING TAXATION			1152136		1310467
Balance brought forward from last year			552410		487894
TOTAL IEDC			1704546		1798361
Less :					
IEDC Allocated to CWIP			1581204		1245951
BALANCE CARRIED TO CWIP			123342		552410



SCHEDULE '23'

NOTES ON ACCOUNTS

- The Corporation has prepared Profit & Loss Account besides 'Statement of Incidental Expenditure During Construction Account' and Balance Sheet as Corporation has commenced commercial generation of Power at Tehri HPP stage - I from the year 2006-07.
- Estimated amount of contracts remaining to be executed to the capital accounts and not provided for (net of advances) is Rs. 57671.47 lac (Previous year Rs. 60399.78 lac)
- CONTINGENT LIABILITIES**

	2006-07	(Rs. Lac) 2005-06
(i) Claims against the Corporation, not Acknowledged as debts : Arbitration/Court cases (Includes Rs 2244.12 lac (Previous year Rs. 2181.09 lac) decreed against the Corporation in different arbitration/ Labour court cases and deposited by the Corporation but disputed in appeals.)	37642.97	31048.35
(ii) Disputed Income Tax, Trade Tax, Commercial Tax, Entry tax	892.00	643.61
(iii) Establishment expenditure and interest 'on Capital Expenditure during construction period claimed by Uttar Pradesh Irrigation Department, GOUP.	5517.48	5517.48
(iv) Others (Contractors claims and demand of royalty on clay etc.)	42719.90	36007.70
(v) Amount of liability, if any, in respect of claims/court cases filed by the employees / oustees and others is not ascertainable.		

- (i) Income Tax provision amounting to Rs. 116.79 lac (previous year Rs. 165.28 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 has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal for the Assessment years (A.Y) 1991-92, 1994-95, 1996-97, 1998-99 & 2000-01. High Court has awarded the decision in favour of Income tax department in the cases for A.Y 1994-95, 1996-97, 1998-99 & 2000-01. In these cases review petition has not been accepted by the High Court. No demand for tax has been received from Income Tax Department. Corporation has decided to file Special leave Petition (S.L.P) before Hon'ble Supreme Court against the decision of Hon'ble High Court. However, as an abundant caution an amount of Rs. 260.29 lac including interest Under Section 234 B & 234 C

of Income Tax Act, 1961 has been included in 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. 346.33 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. 353.11 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 which is 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 pending final decision. However an amount of Rs. 1900 lac paid under protest against the above claims to avoid seizure of THDC property has been shown as a Deposit.

- Corporation has also accepted EMD/Security Deposit in the shape of FDR/CDR amounting to Rs 613.66 lac (previous year Rs. 598.39 lac) besides the "Deposits, Retention money from Contractors" amounting to Rs. 1949.18 lac (Previous year Rs. 1868.17 lac) as disclosed in Schedule - 12.

- The Corporation is holding confirmed letters of credit (LCs) from various beneficiaries of power as backup security for payment amounting to Rs. 3466.50 lac.

- (i) Govt. of India has sanctioned loan of Rs. 97176 lac from 1998 onwards. However, Govt. of India vide its sanctioned orders dt. 17.03.2005 and 31.03.2005 has conveyed the approval for conversion of loan of Rs. 56319 lac into equity with effect from the dates of drawl of the loan. Due to conversion of loan into equity the excess of interest paid over interest due upto 31.03.2006 was Rs. 9184.86 lac. During the year GOI loan of Rs. 40857.00 lac less interest recoverable from GOI of Rs. 9184.86 lac, net amount of Rs. 31672.14 lac has been prepaid to GOI on 17th April, 2006.

- (ii) 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 Uttarakhand. 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 Uttarakhand from PFC / Bank / Fis. The loan amount alongwith interest is to be recovered from Govt. of Uttarakhand 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 Uttarakhand with a moratorium period of two years which is shown as secured loan in Schedule-4, correspondingly the outstanding amount including interest on loan amounting to Rs. 8808.96 lac is shown as



recoverable from Govt. of Uttarakhand in Schedule-11.

8. (i) The total interest on Borrowed funds for the year is Rs. 36371.27 lac (previous year Rs. 31494.42 lac). The amount of borrowing cost capitalized during the year is Rs. 16743.13 lac (previous year Rs. 31467.61 lac) after adjustment of an amount of Rs 58.06 lac (previous year Rs. 26.81 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. 740.13 lac (Previous Year Rs. 986.34 lac) is adjusted to the Capital Work In Progress/Assets.
9. Diversion Tunnel in Koteshwar Project was capitalized on 28th December 2003. During the previous years the amortization on Diversion Tunnel had been charged on straight line method over the expected useful life of the Tunnel since its use shall cease after the construction of the Project. The anticipated rescheduled date of completion of the Project is 30th June-2010 instead of 31st March 2008. The un-amortized amount of asset shall be amortized over prospective useful life of the asset. Accordingly during the year the rate of amortization to be adjusted has been worked out as 11.05%.
10. The Corporation has recommended NHPC scales of pay in respect of below Board level Executives effective from 1.1.1997. Pending approval of the same by the Government, the payment is being made based on provisional scales of pay as approved by the Board
11. Pending completion of legal formalities, title deeds of freehold land measuring 785.738 acres amounting to Rs 1277.76 lac (Previous year 814.596 acres amounting to Rs. 1227.94 lac) are yet to be registered in the name of the Corporation.
12. (i) Rehabilitation Expenses under Capital Work-in-Progress include Rs. 421.92 lac (Previous year Rs. 831.15 lac) towards cost of 597.253 acres (Previous year 669.718 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. 111013.23 lac have been capitalized during the year 2006-07 which include Rs. 16273.19 lac (Previous year Rs. 14131.59 lac) towards cost of 12450.703 acres (Previous year 12452.703 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 Uttarakhand who has been assigned the responsibility of rehabilitation & resettlement of Dam Ousteas.
- (iv) Pursuant to the Government of India, MOE&E, New Delhi's order no.F.No.8-3/89-FC dated 17/23rd Oct., 2002- the Government of Uttarakhand vide its office order no. GI-18777-1-2002-300/88 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 Uttarakhand. The lease deed for 1.875 hectre 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

hectre, 218.307 hectre 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 are being amortized in 30 years.

- (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/-.
13. (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 Re 1/- each.
14. Balances shown under advances, debtors, creditors and materials in transit / lying with contractors are subject to confirmation / reconciliation and consequent adjustments, if any.
15. The Company is generally deducting Income Tax at source at the time of determination of liability liable for Income Tax Deduction at Source except in cases of liability created at the year end, where deduction is made on payment.
16. Balance with banks includes Rs. 776.17 lac (Previous year Rs. 460.12 lac) on which lien has been exercised by the concerned Authorities for recovery on account of Royalty, Spillway Escalation and Electricity charges.
17. Losses / Shortages pending investigation Rs. 5.62 lac (Previous year Rs. 6.22 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.
18. The net realizable value of BER / substantially damaged assets has been got ascertained. These assets have been shown in fixed assets at net book value or net realizable value, whichever is less. Accordingly, impairment loss amounting to Rs. Nil (Previous Year Rs. 8.39 lac) on these assets has been recognized in the Books.
19. 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 of the Corporation. Pending approval for reduction of capital from Company Law Board, an amount of Rs. 278 lac has been included in capital advances.
20. (i) 43 flats (Previous Year 30 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.
- (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
21. Pursuant to the memorandum of Government of Uttar Pradesh No. 585/TNP/23C-4/T-1B dated



29th May 1989, the Corporation took over the assets and liabilities of the Tehri Hydro Project in the year 1989-90 from the Uttar Pradesh Irrigation Department. Net consideration of Rs.20966 lac. (consists of Rs.12550 lac. on account of Irrigation contribution and Rs.8416 lac. for Power Component) was determined as payable to the Government of Uttar Pradesh as certified by a firm of Chartered Accountants appointed for the said purpose and necessary accounting entries were passed subject to obtaining balance confirmation certificate and reconciliation of account with the Accountant General of Uttar Pradesh.

In addition to the net consideration determined as above, further liabilities aggregating to Rs.470.64 lac have been provided in respect of certain additional costs and overheads incurred by the various divisions of Tehri Dam of the Uttar Pradesh Irrigation Department and Rs.450.82 lac has been provided in respect of difference in cost of assets taken over from UPSEB.

The Uttar Pradesh Irrigation Department has raised additional demands for Rs.1398 lac towards establishment and overhead charges and Rs.4119.48 lac on account of interest on Capital Expenditure during construction period which in the opinion of the Management is untenable. However, the same has been included in Contingent liabilities as a matter of abundant caution.

22. 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 31.03.2007 works out to Rs.804648.76 lac (Previous year Rs.764432.34 lac) out of which, as per the formula laid down in the Articles of Association Cost of Irrigation sector works out to Rs.137461.81 lac (Previous year Rs.128864.79 lac). The Government of Uttar Pradesh has contributed Rs.118080.38 lac as on 31.03.2007 (Previous year Rs.117030.38 lac).
23. a) 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.
- b) The Corporation has power stations located within the country and therefore, geographical segments are not applicable.
24. 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 liability of Rs.2975.16 Lakhs (previous year Rs. Nil) has been debited to Profit and Loss Account. However, the same is recoverable from customers. The item-wise details of cumulative Deferred Tax Liability are as under:

		(Rupees in Lakhs)	
Sl.no		31.03.2007	31.03.2006
	Deferred Tax Liability		
i)	Difference of Book Depreciation and Tax Depreciation	3571.27	0
	Less : Deferred Tax Assets		
ii)	Advance against Depreciation to be considered as income in tax computation	471.66	0
iii)	Provision for doubtful debts	0.97	0
iv)	Provision for employee benefit schemes	123.48	0
	Deferred Tax Liability (Net)	2975.16	0

25. 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.
26. List of Small Scale Industrial undertaking, to whom Payment is outstanding for more than 30 days as on 31st March '07 is as under:-
1. M/s. Jaiswal Battery Service.
2. M/s United Elevators.
27. Repairs and Maintenance expenses include spare parts & components amounting to Rs.44.79 lac (Previous year Rs.64.00 lac) (Indigenous only)
28. Common expenditure of Corporate Office, service centers and Tehri stage-I project on different dates of commercial operation of respective Units of Tehri stage-I have been worked out pro-rata to the number of days each machine has been in commercial operation during the year. The same have been allocated between O&M and a construction project in line with Corporation's relevant accounting policy.
29. 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.239.76 lac incurred as on 31.03.2007 a sum of Rs.38.25 Lac has already been reimbursed. The Govt. of Uttarakhand has assured that the balance amount will be reimbursed.
30. As decided by the Govt. of India in Dec. 1998, the State Govt. of U.P./Uttarakhand (GOUP/ Govt. of Uttarakhand) 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 Govt. of Uttarakhand which is compiled based on the monthly account rendered by the respective divisions of the Govt. of Uttarakhand to the AG, Uttarakhand. Establishment expenses of the Personnel of the Govt. of Uttarakhand engaged in the rehabilitation work have been booked to the extent reflected in the account statements received. Reimbursement of charges met directly by Govt. of Uttarakhand to be accounted for on receipt of claim for the same.
31. Liquidated damages are accounted for on settlement of final bills/delivery schedule.
32. (i) H.T. Electrification (Underground Cable) work of Baurari under Rehabilitation & Resettlement amounting to Rs.217.75 lac has been abandoned. Rs.150.90 lac towards loss on the said works has been written off during the current year after retrieving material worth Rs.66.85 Lac.
- (ii) Recovery from contractors towards rebate against variation as per Contract provisions of Power House & Spillways have been contested by the contractors in the Court of Law and interim stay has been taken against recovery by THDC. The value of assets created under these agreements will vary depending upon the outcome of the Court judgement.
33. 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. During the year 2006-07 the Corporation has declared commercially operative Unit IV, III & II each having a rated capacity of 250 MW and filed the petition with CERC for fixation of provisional tariff following the principles enunciated by the CERC in Regulations, 2004 and based on audited accounts for the year 2005-06. CERC 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. Accordingly, Corporation has billed sales for Rs. 43927.90 lac (Previous year Rs Nil) as per annual fixed charges for provisional tariff based on Audited accounts of the year 2005-06 considering the actual dates of commercial operation of various units respectively. The revenues for the year have been provisionally recognised pending final determination of the tariff by CERC.

In view of above, book profit for the year 2006-07 was not anticipated by the Corporation, therefore advance tax for tax payable under section 115JB of Income Tax Act 1961 i.e. Minimum Alternative Tax (MAT) was not deposited. Hence, the Corporation has made provision for MAT without interest applicable under section 234C of the Income Tax Act, 1961 since the reason for non deposit of tax is considered valid.

34. 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. However, by charging depreciation at aforesaid rates the depreciation charge for the year is lower by Rs. 9747.427 Lac (Previous Year NIL) as compared to the depreciation as per rates provided in the Schedule XIV of Companies Act, 1956.
35. 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. 219.82 lac (Previous year Rs. 179.37 lac) towards lease payment (net off recoveries).
36. The Company has made provision as below:

(Rs. lac)

Sl. No.	Particulars	Opening Balance	Additions	Used/ Adjusted	Closing Balance
1.	Works	3802.92	2232.96	3853.31	2182.57
2.	Employees related				
	(i) Retirement Benefits	4603.47	1397.09	251.29	5749.27
	(ii) Pay arrear	2246.54	86.82	2130.40	202.96
3.	Others	77.56	1328.52	48.32	1357.76
	Total	10730.49	5045.39	6283.32	9492.56

The above table shows that provisions have been made for works, employees and others. Works include mainly for un-measured works as on 31.3.2007. For employees, the provision has been made for retirement benefits such as leave encashment, Gratuity, Post Retirement Medical Benefits in line with the Accounting Policy No.10(i). The provision for pay arrear on account of

allowances linked with pay relating to employees has been made. The others include the income tax provisions on interest income etc. as per the Income Tax Act, 1961.

37. Change in Accounting Policy:

Sl. No.	Policy	Impact
1.	Modification in Accounting Policy no.2 regarding Contribution towards Irrigation Sector by Government of Uttar Pradesh which 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	Decrease in depreciation by Rs. 1095.91 Lac and corresponding decrease in Irrigation contribution by Rs. 1095.91 lac.
2.	Modification in Accounting Policy no. 3(i) & (iii) regarding Fixed Assets.	No impact as similar accounting treatment was accorded in the previous year also. The changes have been made for elaboration and better clarity.
3.	Modification in Accounting Policy no. 4(i) regarding capital work in progress the words "lease amount and rent on lease hold land and compensation for land and properties etc. used for submergence and other purposes" have been added.	No impact as similar accounting treatment was accorded in the previous year also. The changes have been made for elaboration and better clarity.
4.	Modification in Accounting Policy no. 5(i) & 5(ii) regarding Borrowing Costs with respect to directly relatable to specific qualifying assets and not directly relatable to specific qualifying assets.	No impact as similar accounting treatment was accorded in the previous year also. The changes have been made for elaboration and better clarity.
5.	Accounting Policy no. 6(ii) regarding Foreign Currency Transactions has now been modified as policy no 6 (ii), 6(iii) & 6(iv) keeping in view the requirement of AS-11 (Revised 1994) and AS-11 (Revised 2003) and Companies Act 1956.	No impact as similar accounting treatment was accorded in the previous year also. The changes have been made for elaboration and better clarity.
6.	Accounting Policy no. 7(i) regarding charging of depreciation as per the rates prescribed in CERC Regulations	Decrease in depreciation by Rs. 9747.425 Lac resulted corresponding increase in gross block.
7.	Modification in Accounting Policy no. 7(ii) regarding not charging 100% depreciation on assets having WDV Rs. 5000/- or less.	Decrease in depreciation by Rs. 27.232 Lac resulted corresponding increase in gross block.
8.	Modification in Accounting Policy no. 7(viii) regarding treatment of mandatory Spares.	No impact as the policy requirement is due to start of commercial operations by the corporation during the year 2006-07.
9.	Accounting Policy no. 8(ii) regarding treatment of Obsolete and unserviceable Stores & Spares.	No impact as similar accounting treatment was accorded in the previous year also. The changes have been made for elaboration and better clarity.
10.	Accounting Policy no. 9(i), 9(ii), 9(iii) & 9(iv) regarding income Recognition on account of sale of energy, Incentive/dis-Incentive, Advance against depreciation & Surcharge respectively.	No impact as the policy requirement is due to start of commercial operations by the corporation during the year 2006-07.
11.	Accounting Policy no. 9(viii) & 9(xi) regarding Allocation of common expenses to operations & construction activities and account of pre-commercial operation expenses/income.	No impact as the policy requirement is due to start of commercial operations by the corporation during the year 2006-07.
12.	Modification in Accounting Policy no. 11 regarding Deferred revenue expenditure.	No impact as similar accounting treatment was accorded in the previous year also. The changes have been made for elaboration and better clarity.



38. Payment to Directors:

Particulars	(Rs. lac)	
	2006-07	2005-06
(i) Remuneration to Whole-time Directors:		
Salaries and allowances including Provisions	19.46	20.73
Contribution to Provident Fund	2.54	2.41
Other Benefits	7.05	16.00
(ii) Directors' Traveling Expenses	36.73	17.59

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

Particulars	(Rs. lac)	
	2006-07	2005-06
Audit Fee (including service tax)	2.53 *	2.53
In other capacity	1.57	0.00
Out of pocket expenses	1.33	1.23
*Subject to approval in Annual General Meeting		

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

Particulars	(Rs. lac)	
	2006-2007	2005-2006
Travelling	33.58	26.52
Consultancy & Professional charges	1103.46	1078.35
Management/Commitment fee	5.97	6.16
Repayment of loan & Interest	2751.61	46287.74
Refund of EMD	0	8.89
Import of goods	326.67	633.98
Others (Handling Charges)	0	0
TOTAL	4221.29	48041.64

41. Value of Imports Calculated on CIF basis

	(Rs. lac)	
	2006-07	2005-06
Capital Goods	729.71	63.61

42. Licenced and Installed Capacities :

Sl.No	Particulars	2006-07	2005-06
(i)	Licenced Capacity (M.W)	NotApplicable	NotApplicable
(ii)	Installed Capacity (M.W)**	750MW	Project Under Construction
(iii)	Approved Capacity(M.W)- Based on investment approval by CCEA	2400 MW	1400 MW
(iv)	Quantitative information in respect of Generation and sale of Electricity (In Million Units)		

(a)	Pre-Commercial period		
	Generation	110.5520	
	Sales	97.2858	
(b)	Commercial period		
	Generation	780.4680	
	Sales	666.6437	

** Tehri HPP-I Project commenced commercial generation of power w.e.f 22.09.2006

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.

(S.Q.Ahmad)
Company Secretary

(A.S.Bisht)
Director (Personnel)

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

As Per Our Report of Even Date Attached
For Sri Ravivarma & Co
Chartered Accountants.

(R.Ravinder)
Partner
M.No.10421

Date : AUGUST 31, 2007
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

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 / 2007

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 6 8 0 0 0
(ii) Shares issued to Government of Uttar Pradesh (Nos.)	0 0 6 2 5 0 0 0
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	9 1 1 4 7 2 0 8
Total Assets	9 1 1 4 7 2 0 8
Source of funds	
Paid up capital	3 1 2 9 6 2 0 4
Capital Pending Allotment	NIL
Reserves and surplus including contribution from GOUP	1 2 8 7 3 2 5 7
Secured Loans	4 2 5 7 3 7 0 2
Unsecured Loans	0 1 2 2 6 6 3 6
Deferred Tax Liability	NIL

Application of Funds

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

iv) Performance of Company

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

v) Generic names of Principal product / Service of company

Item Code No	NOT APPLICABLE
Product Description	Generation of Electricity

(S.Q.Ahmad)
Company Secretary

(A.S.Bisht)
Director (Personnel)

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

Date : AUGUST 31, 2007
Place : NEW DELHI



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2007

Amount in thousands

PARTICULARS	For the Year 2006-07		For the Year 2005-06	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Prior Period adjustments		1309130		0
Adjustment for :				
Depreciation	685518		0	
Provisions	288		0	
Advance Against Depreciation - Deferred	140126		0	
Interest on loans	3631321		0	
Robate to Customers	38306		0	
Prior Period Adjustment	0		0	
Operating profit Before Working Capital Changes		4495559		0
Capital Changes:		5804689	0	0
Sundry Debtors	(2492617)		0	
Other Current Assets	(54346)		(1931)	
Loans and Advances	(281743)		(245410)	
Current Liabilities	315303		(547977)	
Provisions	(123793)	(2637196)	336944	(458374)
Cash Generated From Operations		3167493		(458374)
Direct Tax Paid	(134321)		0	
		(134321)		0
Net Cash From Operations (A)		3033172		(458374)
B. CASH FLOW FROM INVESTING ACTIVITIES CHANGE IN				
Fixed Assets and CWIP	(7736210)		(9145737)	
Construction Stores	(9744)		(9923)	
Capital Advances	817579		(1027904)	
Misc. Exp. (To the extent not adjusted)	1280		18724	
Net Cash Flow From Investing Activities (B)		(6927095)		(10164840)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Share Capital	725000		710000	
Irrigation contribution	105001		1251100	
Loans	6552047		8640002	
Interest on loans	(3631321)		0	
Robate to Customers	(38306)		0	
Net Cash Flow from Financing Activities (C)		3712421		10601102

PARTICULARS	For the Year 2006-07		For the Year 2005-06	
	Rs.	Rs.	Rs.	Rs.
NET CASH FLOW DURING THE YEAR (D = A+B+C)		(181502)		(22117)
Opening Cash & Cash Equivalents (E)		569783		591895
Closing Cash & Cash Equivalents (F=D+E)		388281		569783

Note :

1. Cash and Cash Equivalents includes Balance with Banks of Rs.776.17 lacs (Previous year Rs.460.12 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

(A.S.Bisht)
Director (Personnel)

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

As Per Our Report of Even Date Attached
For Sri Ravivarma & Co
Chartered Accountants

(R.Ravinder)
Partner
M.No.10421

Date : AUGUST 31, 2007
Place : NEW DELHI



AUDITOR'S REPORT

To the Members of Tehri Hydro Development Corporation Limited

1. We have audited the attached Balance Sheet of Tehri Hydro Development Corporation Limited as at 31.3.2007, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed hereto. 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 the 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 of material misstatement. 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 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 (Auditors Report) order, 2003 issued by Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable.
4. We draw attention to :-
 - a) Note no. 7(ii) of schedule 23 regarding modalities of recovery of loan amounting to Rs.78 crores and interest thereon taken on behalf of Govt. of Uttarakhand for providing extra space to the Govt. in New Tehri Town.
 - b) Note no. 12(i) of schedule 23 - Rehabilitation expenditure of Rs. 1110.23 crores capitalized in accounts under the head 'Hydraulic Works - Dams and Spillways' 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. 15 regarding non deduction of Income-Tax at source in case of liabilities created at year end

- d) Note no. 20(i) of schedule 23 - regarding unauthorized occupation of flats by various persons on the land acquired by the Corporation.
- e) Note no. 21 of schedule 23 - Balance confirmation certificate and reconciliation of accounts with Accountant General of Uttar Pradesh
- f) Note no. 29 of schedule 23 - reimbursement of expenditure incurred on the stabilisation work at Varunavat Parbat amounting to Rs. 201.51 lakhs are still to be received.
- g) Note no. 33 of schedule 23 - Accounting of sales on provisional basis pending final fixation of tariff by CERC and recovery of income-tax from beneficiaries is subject to certification.
- h) Note no. 34 of schedule 23 - The Corporation has provided depreciation on SLM basis following the rates notified by CERC for purpose of tariff fixation. In respect of assets for which no rate has been prescribed, depreciation has been provided as per schedule XIV of the Companies Act in the context of Electricity Act of 2003 not presenting the rates of depreciation.

Since the tariff policy cannot override the provisions of companies act, 1956, we are of the opinion that the company should have followed schedule XIV of Companies Act particularly in the absence of any deviation contained in Electricity Act 2003 which could be said to have been saved by section 616 of Companies Act, 1956. This has resulted in under depreciation of Rs. 97.47 crores.

- i) Note no. 37(7) of schedule 23 - decrease in depreciation by Rs. 0.27 crores due to change in accounting policy towards writing off 100% depreciation on WDV of less than Rs.5000 in the previous years.
5. In our opinion the Balance Sheet, Profit & Loss account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 and to the best of our information and according to the explanations given to us the said accounts read together with the Accounting

policies and Notes thereon in Schedule 23 forming part of accounts, except for the effect on the financial statements and subject to our observations in items under paras 4(a)-4(i) mentioned above and further to our comments referred in paragraph (5) 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 purpose of our audit.
- b) In our opinion, the company has kept proper books of accounts as required by law so far as appears from our examination of the books.
- c) The Balance Sheet, Profit & Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account.
- d) Provision of section 274(1)(g) of the Companies Act, 1956 is not applicable, in view of the general order no. 8/2002 dated 22.3.2002, issued by Department of Company Affairs.

6. We further report that without considering our observations listed in para 5 above, the accounts give 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, 2007 and
- b) in the case of Profit & Loss account of the profit for the year ended on that date and
- c) in the case of Cash flow Statement of the cash flows for the year ended on that date.

for Sri Raviverma & Co.,
Chartered Accountants

(R. RAVINDER)
Partner
M.No.10421

Place : New Delhi
Dated : 31 August, 2007



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of Report of even date)

1. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation/location, of fixed assets. The records for movement of the asset is properly maintained except in few cases.
- (b) In our opinion, the frequency of verification is reasonable having regard to the size of the Company and its operations. Discrepancies found on verification are being dealt properly in the books of accounts except in some cases. However, as per explanations given and having regard to the size of the company, in our opinion, generally the discrepancies found are not material.
- (c) There was no substantial disposal of fixed assets during the year.
2. (a) Physical verification of construction stores and spares has been conducted by independent firms of Chartered Accountants once during the year.
- (b) Based on the information and explanations given to us, we are of the opinion that the procedures of physical verification of store are reasonable and generally adequate in relation to the size of the Company and nature of its operations. However the procedure for identifying damaged and obsolete items of inventory/stores needs strengthening.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. However, the discrepancies noticed on physical verification has not been adjusted in the books of accounts pending approval for write off by the Competent Authority.
3. The company has not taken/granted any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 clause 4 (iii) b, c & d are not applicable.
4. According to the information given to us, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of stores and fixed assets. During the course of our audit we understand that there are no continuing failure to correct major weaknesses in internal controls.
5. In our opinion and according to the information and explanations given to us, there are no transactions of purchase and sale of goods and materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- or more in respect of each party.
6. The Company has not accepted any deposit from the public and therefore, the provisions of section 58A & 58AA of the Companies Act, 1956 and the rules framed there-under are not applicable.
7. The internal audit system of the company has been assigned to different audit firms. The scope and systems of Internal Audit has to be strengthened in order to make it commensurate with the size and nature of business of the company.
8. Maintenance of cost records has been prescribed by the Central Government under section 209(i)(d) of the Companies Act, 1956. The company is yet to start maintaining cost records. The cost auditor has been appointed to undertake the cost audit for the year.
9. (a) According to the records of the Company, Provident Fund, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise Duty, Service Tax, Cess and any other statutory dues have been deposited in time with the authorities during the year. We are informed that the Employees State Insurance Act is not applicable to the Company. According to the information and explanations given to us by the management, there was no undisputed amount outstanding for a period of more than six months from the due date.
- (b) According to the information and explanations given to us, the following are the particulars of the disputed dues on account of Trade tax, Entry tax, and Income-Tax matters that have not been deposited.

Assessment Year	Amount (Rs.)	Nature of Dues	Present Status
1986-87	45.30	Trade Tax	Against the amount of the interest imposed by Assessing Authority, the case has been remanded back by Dy. Commissioner (Appeal), Dehradun against which the Sales Tax Deptt. has gone into second appeal (Tribunal).
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. 105953.00
1991-92 Intt. w.e.f. 01.05.92	16.71 59.81	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/-
1998-99	1.02	Trade Tax	Trade/ Commercial Tax deptt. has filed an appeal before Tribunal against decision Jt. Commissioner (Appeal) in case of interest demand order.
2000-01 Interest @ 2% for 77 months	136.35 209.98	Entry Tax	The Entry Tax case is pending before Add. Commissioner (Appeal), Dehradun.
2002-03	6.08	Entry Tax	The reassessment order dt. 30.06.04 has been received and THDC has gone in to appeal against above demand before DC (Appeal).
2003-04	0.70	Entry Tax	The reassessment order dt. 30.06.04 has been received and THDC has gone in to appeal against above demand before DC (Appeal).
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	THDC is contesting in High Court and High Court has constituted a senior level committee for sorting the matter. A deposit of 1900 Lac has been deposited under protest.
2001-02	21.26	Royalty	Matter referred to DM
1991-92	9.39 (with interest U/S 234 B & C)	Income Tax	The Income Tax Department has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal.
1994-95	165.35 (with interest U/S 234 B & C)	Income Tax	The Income Tax Department has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal. High Court has awarded the decision in favour of Income tax department. Review petition has not been accepted by the High Court. No demand for tax has been received from Income Tax Department. Corporation has decided to file Special leave Petition (S.L.P) before Hon'ble Supreme Court against the decision of Hon'ble High Court.



1996-97	26.92 (with Interest U/S 234 B& C)	Income Tax	The Income Tax Department has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal. High Court has awarded the decision in favour of Income tax department. Review petition has not been accepted by the High Court. No demand for tax has been received from Income Tax Department. Corporation has decided to file Special leave Petition(S.L.P) before Hon'ble Supreme Court against the decision of Hon'ble High Court.
1998-99	55.96 (with Interest U/S 234 B& C)	Income Tax	The Income Tax Department has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal High Court has awarded the decision in favour of Income tax department. Review petition has not been accepted by the High Court. No demand for tax has been received from Income Tax Department. Corporation has decided to file Special leave Petition(S.L.P) before Hon'ble Supreme Court against the decision of Hon'ble High Court.
2000-01	2.67 (with Interest U/S 234 B& C)	Income Tax	The Income Tax Department has filed an appeal before High Court, Nainital, against decision of Income Tax Appellate Tribunal High Court has awarded the decision in favour of Income tax department. Review petition has not been accepted by the High Court. No demand for tax has been received from Income Tax Department. Corporation has decided to file Special leave Petition(S.L.P) before Hon'ble Supreme Court against the decision of Hon'ble High Court.

10. a) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit as the company has started commercial production during the year.
- b) In the case of ongoing projects of the company which are under construction stage, this clause of accumulated loss's not applicable.
11. The company has not defaulted in repayment of the dues to financial institution or banks.
12. In our opinion and 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. In our opinion and according to the information and explanations given to us, the company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) order, 2003 is not applicable to the Company.
14. In our opinion and as per the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, clause 4(xiv) of the Company (Auditor's Report) order, 2003 is not applicable to the Company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or

financial institutions.

16. In our opinion and as per the information and explanations given to us, the term loan taken by the company has been applied for the purpose for which the loans were obtained. However an amount of Rs 16.58 crores is unutilized as on 31.03.07.
17. No funds have been raised and hence this clause is not applicable.
18. As the company has not made any preferential allotment of shares clause 4(xviii) of the order is not applicable to the company.
19. As no debenture has been issued, clause 4(xix) of the order is not applicable to the company.
20. As the company has not raised any money by public issue, clause 4(xx) of the order is not applicable to the company.
21. According to the information and explanations given by the management no fraud on or by the Company has been noticed or reported during the year.

for Sri Ravivarma & Co.,
Chartered Accountants

(R. RAVINDER)
Partner
M.No.10421

Place : New Delhi
Dated : 31 August, 2007

गोपनीय

संख्या / No: एमएवी-11/सीएडी-11 1-2/2006-07/205

भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय प्रधान निदेशक, वाणिज्यिक लेखापरीक्षा,
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-11
INDIAN AUDIT & ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-11

दिनांक / Dated: 27-09-2007

सेवा में

अध्यक्ष एवं प्रबंध निदेशक
टिहरी हाइड्रो डेवलपमेंट कारपोरेशन लि.
गंगा भवन, बाई पास रोड,
ऋषिकेश

विषय : कंपनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च, 2007 को समाप्त वर्ष के लिए टिहरी हाइड्रो डेवलपमेंट कारपोरेशन लि० के लेखाओं पर भारत के नियंत्रक एवं महा लेखापरीक्षक की टिप्पणियां।

महोदय,

मैं कंपनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च, 2007 को समाप्त हुए वर्ष के लिए टिहरी हाइड्रो डेवलपमेंट कारपोरेशन लि. के लेखों पर भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियां अंग्रेजित करता हूँ। इन टिप्पणियों एवं लेखों की समीक्षा को कंपनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए और कंपनी की महासभा में उसी समय व उसी प्रकार से रखा जाए जिस प्रकार से सांविधिक लेखा परीक्षाओं की लेखा परीक्षा रिपोर्ट रखी जाती है।

कंपनी की महा सभा में रखे गए निदेशक मण्डल के उत्तर इस कार्यालय में भी भेज दें। यदि महासभा के अयोजन में समय का अंतराल हो तो महासभा में रखे जाने वाले उत्तर यह बताते हुए कि इन उत्तरों में कोई परिवर्तन नहीं किया जायगा, इस कार्यालय को भेज दिए जाएं।

भवदीया,

(सरोज पुनहानि)
प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य, लेखा परीक्षा बोर्ड-11
नई दिल्ली

संलग्न : 1 टिप्पणियां।

तृतीय तल, 'ए' स्कंध, इन्द्रप्रस्थ भवन, नई दिल्ली-110002
3rd FLOOR 'A' WING, INDRAPRASTHA BHAWAN, NEW DELHI- 110002.
TEL: 23378431, 23379473 FAX: 011-23379856
e-mail: msab2@nda.vsnl.net.in



Comments of the Comptroller and Auditor General of India u/s 619(4) of Companies Act 1956 on the accounts of Tehri Hydro Development Corporation Limited for the year ended 31 March 2007.

The preparation of financial statements of Tehri Hydro Development Corporation Limited for the year ended 31st March 2007 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 31 August 2007.

I on behalf of the 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 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to the inquiries of the statutory auditor 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 :

A. Comments on Auditors Report

A reference is invited to Auditor's qualification no 4(h) regarding charging of depreciation by the Company as per CERC rates.

The qualification is not required because as per Tariff Policy notified (January 2006) by Ministry of Power, Government of India under section 3(3) of Electricity Act 2003, the rates of depreciation notified by CERC would be applicable for the purpose tariff as well as accounting.

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

(Saroj Punhani)
Principal Director of Commercial Audit
& Ex- Officio Member, Audit Board-II, New Delhi

Place: Delhi
Date: 27.09.2007

**Management Replies to the Statutory Auditor's Report
Dated 31.08.2007 on the Accounts of the Corporation
for the year ending 31 March 2007,**

Audit Para(4h)

Sec. 616 of Companies Act, 1956 states that "The provision of this Act shall apply to Companies engaged in the generation or supply of electricity except in so far as the said provisions are inconsistent with the provisions of Electricity Supply Act." The Electricity Supply Act was replaced by Electricity Act 2003, under which, Govt of India introduced the Tariff Policy vide notification no. 23/2/2005- R&R (Vol.III) dated 06.01.2006. As per clause 5 (c) of the said policy, CERC may notify the rates of depreciation in respect of generation and transmission assets. The rates of depreciation so notified would be applicable for the purpose of tariff as well as accounting. As per section 185 (2) (a) of Electricity Act 2003 "Anything done or any action taken or purported to have been done or taken including any rule, notification, inspection, order or notice made or issued or any appointment, confirmation or declaration made or any license, permission, authorization or exemption granted or any document or instrument executed or any direction given under the repealed law shall so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act."

Accordingly, rates notified under CERC Regulations 2004 are considered appropriate for charging depreciation since the Corporation has started commercial generation of Power during the year 2006-07. The same is consistent with matching principle.

Accordingly, Corporation revised its accounting policy for charging depreciation. However, the fact that by charging depreciation at aforesaid rates the depreciation charge for the year is lower by Rs 9747.427 Lac as compared to the depreciation as per rates provided in the Schedule XIV of Companies Act, 1956 has also been disclosed in note 34 besides disclosing the impact of change in accounting policy in note 37(6).

Further, this accounting policy is in line with the policy followed by other CPSUs in Power sector.

**Management Replies to the Comments of the Comptroller and Auditor General of India
Dated 27.09.2007 on the Accounts of the Corporation
for the year ending 31 March 2007**

Noted: The Company's Accounting Policy in reference is upheld by C&AG