

15TH ANNUAL REPORT

2009-10



ORISSA HYDRO POWER CORPORATION LIMITED

(A Government of Orissa Undertaking)

JANPATH, BHOI NAGAR, BHUBANESWAR - 751 022

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VISION

To be a leading power utility in the energy sector through diversified energy portfolio with due care & concern to the environment.

MISSION

- **To develop water resources in the State and elsewhere in the Country while augmenting hydro power generating capacity by setting up new hydro power projects.**
- **To adopt state of the art technology for up gradation of the existing hydro power stations to achieve the highest level of efficiency.**
- **To establish and operate thermal power plants through joint ventures and also explore the opportunities to develop renewable energy resources viz- small hydro, wind, solar.**
- **To develop & operate coal mines allocated jointly in favour of OHPC and other public sector undertakings by the Ministry of Coal, Govt. of India.**
- **To improve productivity through effective planning and implementation of ERP system with development of robust & concurrent IT infrastructure.**
- **To professionalize the work force in line with the modern management / technical know how.**

15TH ANNUAL REPORT

2009-10

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BOARD OF DIRECTORS

Sh P K Jena, IAS

Chairman-Cum Managing Director

Sh Saurabh Garg, IAS

Prof Devadutta Das

Sh Hemant Sharma, IAS

Sh S C Bhadra

Sh D K Jena

Sh B B Singh Samant

Sh S K Pattanayak, IRAS

Sh M S Samantray

Director (Finance & HRD)

Company Secretary

Sh P K Sahoo

BANKERS

State Bank of India

Indian Overseas Bank

Union Bank of India

Punjab National Bank

Axix Bank

IDBI Bank

STATUTORY AUDITORS

Chand & Co

Chartered Accountants

BRANCH AUDITORS

Gudla & Associates

Chartered Accountants

Mishra, Badhai & Associates

Chartered Accountants

Brahmananda & Co

Chartered Accountants

N Agarwala & Associates

Chartered Accountants

K Panigrahi & Associates

Chartered Accountants

Bhabani Sankar Mohapatro & Co

Chartered Accountants

COST AUDITORS

S S Sonthalia & CO

Cost Accountants

DIRECTORS' REPORT

To
The Members,
Orissa Hydro Power Corporation Ltd.
Bhubaneswar.

The Directors have the pleasure in presenting the 15th Annual Report of the Company together with the audited accounts for the year ended 31st March, 2010.

1. ENERGY SCENARIO OF THE COUNTRY:

The installed power generating capacity in the country as on 31st July, 2010 was 163670 MW excluding the captive generating capacity of 19509 MW connected to the Grid. The share of hydro power however remained at 37033 MW (22.6%). Power generation in the financial year 2009-10 was 764 billion units out of which hydro power constituted 106 billion units(13.8%).

The power allotted to the Eastern Region as on 31.07.2010 of the current year 2010-11 was 21320 MW which included 3882 MW hydro power. The installed capacity of OHPC is 2062 MW, which is roughly 53.1 % of the allocated hydro power of the Eastern Region.

2. PERFORMANCE HIGHLIGHTS OF OHPC:

The hydro power generating stations in the State were transferred to OHPC on 01.04.1996. The financial year 2009-10 is the 14th operating year for OHPC. The physical and financial results in brief for the year 2009-10 and the previous two years, are placed hereunder:

(a) Power Generation:

Units	Installed Capacity (MW)	Design Energy (MU)	Generation (MU)			
			07-08	08-09	09-10	10-11 (upto Aug' 10)
Hirakud HEP	275.5	684	888	818	574	297
Chiplima HEP	72.00	490	93	140	130	100
Balimela HEP	510.0	1183	1832	1076	786	590
Rengali HEP	250.0	525	983	882	549	178
Upper Kolab HEP	320.0	832	1075	586	407	179
Upper Indravati HEP	600.00	1962	2979	2301	1474	766
Sub-total	2027.5	5676	7850	5803	3920	2110
Machkund HEP (Orissa drawal)	34.5*	262.5	175	243	286	123
Total	2062	5938.5	8025	6046	4206	2233

As such, the hydro power generation during 2009-10 was lower as compared to the previous two years primarily due to poor monsoon.

* The present installed capacity of Machkund Joint H E Project is 114.75 MW. In addition to the 30 % share (34.5 MW) on payment of O&M cost, OHPC avails 20% (23 MW) extra power at a mutually agreed tariff.

(b) Sale of power (Million Units)

Units	Design energy for sale	07-08	08-09	09-10	10-11 (upto Aug' 10)
Hirakud HEP	1162	956	936	563	294
Chiplima HEP	-	-	-	128	97
Balimela HEP	1171	1800	1052	767	581
Rengali HEP	520	956	859	530	170
Upper Kolab HEP	824	1074	571	399	175
Upper Indravati HEP	1942	2948	2221	1415	733
Sub-Total	5619	7734	5639	3802	2050
Machkund HEP (Orissa share)	300	175	243	286	123
Total	5919	7909	5882	4088	2173

(c) Availability of the Power Stations (Percentage)

Hydro Electric Projects	Financial Years				
	06-07	07-08	08-09	09-10	10-11 (upto Aug' 10)
Hirakud HEP	68.94	82.26	86.65	90.21	79.72
Chiplima HEP	53.21	46.08	68.52	85.25	85.34
Balimela HEP	88.74	89.51	86.84	86.15	80.10
Rengali HEP	70.65	86.47	75.44	70.20	86.79
Upper Kolab HEP	80.90	92.01	87.58	90.41	73.84
Upper Indravati HEP	89.00	90.24	89.17	95.07	90.33

The percentage of availability of power stations except Rengali during 2009-10 by and large compare well with the standards of availability. The low availability factor of Rengali HEP was due to R&M of Unit - 1.

(d) Financial Results: (Rs. in crore)

Particulars	Financial Years			
	06-07	07-08	08-09	09-10
Sale of power	303.65	386.04	329.16	296.16
Profit before depreciation and tax	178.21	254.43	136.53	161.78
Less: Depreciation	117.23	117.33	118.96	129.04
Net profit / Loss before tax.	60.98	137.10	17.57	32.74

Since 2001-02, the tariff of OHPC has been based on re-imbursement of costs. In spite of tariff restriction, the Corporation has earned profit in all the years except 2005-06. The loss in the year 2005-06 was however due to monsoon failure.

The profit / (loss) before tax of the units during the year 2009-10 compared to the previous three years is as under:

Units	Profit / (Loss) (Rs. in crore)			
	06-07	07-08	08-09	09-10
Hirakud HEP	(14.51)	(6.80)	(20.87)	(5.48)
Chiplima HEP	-	-	-	(6.32)
Balimela HEP	3.29	60.73	1.89	0.55
Rengali HEP	(6.38)	3.51	(4.76)	(9.06)
Upper Kolab HEP	(9.24)	(4.41)	(10.67)	(15.12)
Upper Indravati HEP	87.82	84.07	54.50	68.07
Total before MAT & FBT	60.98	137.10	20.09	32.74

The profit before tax in the year 2007-08 was the highest since inception of OHPC. But, the profit in the year 2009-10 has declined mainly on account of lower generation due to poor monsoon and incurrence of extra establishment cost because of the provision for 30% arrear salary and wages on account of the 6th PC revised pay scales for all the OHPC employees.

3. MACHKUND JOINT PROJECT:

Machkund was a joint Project of Govt. of Orissa and Govt. of Andhra Pradesh. The management of Orissa share in the Project was transferred to OHPC on 01.04.1997. The 30% share in the O&M costs and the cost of power supplied beyond the 30% share are recovered from GRIDCO and remitted to APGENCO. And, therefore the Annual Accounts of OHPC do not reflect the financial results of this joint Project.

4. ACTIVITIES DURING THE YEAR 2010-11.

- (i) The rainfall during the monsoon period July to Sept., 2010 has been far below the normal rainfall. Consequently, the reservoir level in all the dams of the power stations have remained below the Full Reservoir Level (FRL). Reservoir level position as on 20th September of the current year 2010 and the previous two years is as under: -

	Name of the Reservoir	Measuring Unit	FRL	MDDL	Reservoir level as on		
					20.09.08	20.09.09	20.09.10
(i)	Hirakud	Feet	630	590	630.00	624.25	628.19
(ii)	Balimela	Feet	1516	1440	1474.90	1463.40	1501.30
(iii)	Rengali	Metre	123.50	109.72	123.78	120.35	117.33
(iv)	Upper Kolab	Metre	858	844	852.78	849.83	855.22
(v)	Upper Indravati	Metre	642	625	640.25	637.90	638.02
(vi)	Machkund	Feet	2750	2685	2744.00	2733.60	2742.70

FRL : Full Reservoir Level **MDDL** : Minimum Draw Down Level

- (ii) Power generation during the last five months for the period ending August, 2010 compared to the corresponding period of the previous year vis-à-vis the target of the year is shown as under:

Units	Target fixed by CEA (for 2010-11)	Power generation (Million Units)		Sales Value (Rs. in Crores)	
		Current Year (4/10 to 8/10)	Previous Year (4/09 to 08/09)	Current Year (4/10 to 8/10)	Previous Year (4/09 to 08/09)
Hirakud HEP	736.01	297	279	26.34	21.76
Chiplima HEP	213.99	100	48	7.68	5.32
Balimela HEP	1184	590	475	30.45	26.10
Rengali HEP	750	178	282	13.42	13.92
Upper Kolab HEP	831	179	232	7.92	7.75
Upper Indravati HEP	1964	766	765	60.12	59.32
Sub-Total	5679	2110	2081	145.93	134.17
Machkund HEP		123	101		
Total		2233	2182		

It may be seen that the generation for the period April-Aug., in 2010-11 is 102% of that in 2009-10 whereas the revenue earned during the same period is 109% of 2009-10. This is because of better capacity index and slight increase in tariff. This excludes sales from MHEP.

With a poor rainfall and correspondingly low reservoir levels, expected availability of machines and restrictions in drawal of water, power generation during the current financial year 2010-11 may be lower than the design energy level.

5. TARIFF STRUCTURE:

Based on the correctives suggested by the OERC and accepted by the State Govt., the hydropower tariff for the year 2001-02 and onwards is based mostly on reimbursement of costs.

Broadly, the parameters of the tariff structure of OHPC are as under:

- (i) The effect of up-valuation of old hydro power stations (Rs. 766.20 crores) on the tariff has been kept in abeyance.
- (ii) Interest on debt servicing of the State Govt. is kept in abeyance.
- (iii) Return on Equity (RoE) is not allowed in respect of the assets of old power stations transferred to OHPC.
- (iv) Depreciation is calculated at pre-1992 norms of GoI. However, it covers principal repayments due for payment during the year.

OHPC provides the cheapest power and meets the peak load requirement of the State Grid. There has been very nominal increase in the tariff fixed by OERC during last 9 (nine) years. Such a regulated tariff regime has put severe restrictions on OHPC to improve on its financial position, which can show considerable improvement once its tariff is liberated from the above said restrictions.

6. PROJECTS UNDER JOINT VENTURE

(i) Orissa Thermal Power Corporation Ltd

OHPC and Orissa Mining Corporation Ltd. (OMC) have together floated a Joint Venture Company namely Orissa Thermal Power Corporation Limited (OTPCL) with 50:50 share holding for setting up thermal power plant of 2000 MW capacity. The initial works such as identification of site, statutory clearance, water and fuel connection etc. are under progress.

(ii) Development of Baitarni West Coal Block (602MT)

OHPC has been allotted a coal block (Baitarni West of 602MT) to be shared equally among the Kerala State Electricity Board (KSEB) and Gujarat Power Corporation Ltd.(GPCL) through the Govt. Dispensation Route vide the GoI, Ministry of Coal letter dtd. 25th July,2007. A JV Company namely Baitarni West Coal Company Ltd. between the three allocatees was incorporated on 22.04.2008 and Certificate for Commencement of Business was obtained on 05.05.2008.

The Mining Plan approval was received vide Ministry of Coal, Govt. of India letter dtd 07.10.2009. Developmental activities such as preparation of DPR, preparation of land schedule & land acquisition, selection of Mine Developer cum Operator (MDO), Statutory clearances, stake holding in the common rail-road corridor and other follow up activities for achievement of the milestones set out in the allotment letter are under progress.

7. RENOVATION & MODERNISATION:

(i) Renovation & Modernisation of unit-I, RHEP, Rengali has been started since 25th March,2009.

(ii) The renovation process of BHEP, Balimela has been initiated in consultation with CEA.

(iii) DPR for the R&M of unit-5 & 6, HHEP, Burla being prepared in-house is under final stage of completion.

8. (a) Manpower :

The employees position as on 01.09.2010 (executives and non-executives including regular, NMR and Contingent Khalasis but excluding 368 employees on deputation mostly from DOWR posted at UIHEP, (Khatiguda and Mukhiguda) is as under:

Sl No	Units	Installed Capacity (MW)	Number of employees (As on 01.09.2010)	Employees per MW
A.	Corporate Office	-	141	-
B.	Projects under operation:-			
(i)	Rengali HEP	250	515	2.06
(ii)	Upper Kolab	320	363	1.13
(iii)	Hirakud HEP	275.5	362	1.31
(iv)	Chiplima HEP	72	171	2.38
(v)	Balimela HEP	510	331	0.65
(vi)	UIHEP excluding deputationists	600	607	1.01
(vii)	Machkund Joint Scheme (30% share)	34.5	123	3.56
	Total	2062	2613	1.27

Manpower has been rationalized to a substantial level.

(b) Training & Development

The Management provides continuous emphasis on manpower training and development activities. Refresher training to executives and non-executives of the power plants is being imparted at the OHPC training centre, an Institute recognized by the CEA. Employees are also sponsored for training conducted by reputed outside agencies. Seminars and workshops are being organized in-house for all categories of employees to keep them updated in the related areas.

(c) Industrial Relations

Industrial relations remained cordial and harmonious.

9. SHARE CAPITAL:

The authorised share capital of the Company is Rs. 1000 crores comprising of one crore equity shares of Rs. 1000/- each. Present paid up equity share capital is Rs. 320.80 crores.

10. BOARD OF DIRECTORS:

The following changes have occurred in the Board of Directors since the last Directors' Report.

Name of the Directors	Date of appointment	Date of cessation of Directorship.
Prof Devadutta Das	09.07.2010	-
Sh S C Bhadra	09.07.2010	-
Sh Hemant Sharma, IAS	26.07.2010	-
Sh D K Jena	09.08.2010	-
Sh J Padhi	28.02.2007	31.01.2010
Sh A B Rao	15.09.1997	09.07.2010
Sh P Venugopal Rao	16.08.2002	09.07.2010
Sh C J Venugopal, IAS	22.09.2007	26.07.2010
Sh S N Sarangi	01.05.2009	09.08.2010

11. DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES (AMENDMENT) ACT, 2000.
The Directors wish to state that:

- (i) The annual accounts have been prepared in accordance with the applicable accounting standards along with proper explanations relating to material departures.
- (ii) Such accounting policies have been selected and applied which are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

12. AUDITORS:

- (a) M/s Chand & Co, Chartered Accountants, Bhubaneswar was appointed as the Statutory Auditors of the Company and 6 (six) Chartered Accountant firms were appointed as Branch Auditors for the hydro power stations by the C&AG for the year 2009-10.
- (b) M/s S S Sonthalia & Co, Cost Accountants, Bhubaneswar was appointed as the Cost Auditors of the Company for the year 2009-10.

13. AUDITORS' REPORTS:

The Report of the Statutory Auditors and comments of the C&AG on the accounts of the Company for the year 2009-10 and the replies of the Management to the report / comments of the Auditors are enclosed to this report.

14. AUDIT COMMITTEE:

Pursuant to the provisions of Section 292A of the Companies Act, 1956, an Audit Committee has been constituted by the Board in their 37th meeting dtd.24.03.2001. The present composition of the Audit Committee is as follows:

Sh S C Bhadra, Director	-	Chairman.
Sh M S Samantray, Director	-	Member.
Sh B B SinghSamant, Director	-	Member.
Director (Operation)	-	Member.

Eight meetings of the Audit Committee for review of the accounts, auditors reports and internal audit observations were held during the year 2009-10.

15. PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956:

NIL

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars) Rules, 1998 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is Annexed to this report.

17. ACKNOWLEDGEMENT:

The Directors acknowledge with deep appreciation the co-operation and guidance received from the Govt. of India, Govt. of Orissa, CEA, PFC, CERC, OERC, GRIDCO, Banks and other associated organizations.

The Directors express their sincere thanks to all the business Associates, professional Consultants, Counsels for their continued patronage and assistance.

The Directors acknowledge with thanks the co-operation and constructive suggestions received from the C & AG, Statutory & Branch Auditors and the Cost Auditors.

The Directors also wish to record their deep sense of appreciation for the sincere and dedicated services rendered by the employees of the Corporation.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Bhubaneswar
Dt. 25.09.2010

P K JENA, IAS
CHAIRMAN-CUM-MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 FOR THE YEAR ENDED 31ST MARCH, 2010.

A. CONSERVATION OF ENERGY:

(a) **Energy Conservation measures taken and on hand**

With a view to assess and optimize the performance of Generating Stations, it is proposed to take-up energy audit of HHEP, Burla and BHEP, Balimela. Audit Firm has already been selected and forwarded to EIC-cum-PCEI and SDA, Orissa for approval. The energy audit of the above two Power Houses will be done as demonstration project of BEE. Necessary approval has been sought from BEE.

(b) **Additional investments and proposals if any, being implemented for reduction of consumption of energy.**

Investment requirement will be assessed and made after completion of Energy Audit by the Firm.

(c) **Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

Energy efficient devices equipments shall be installed in phased manner replacing the low performance one's after completion of Energy Audit.

B. TECHNOLOGY ABSORPTION:

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO DURING 2009-10:

	(Rs. in lakhs)	
	<u>2009-10</u>	<u>2008-09</u>
(a) Earnings in foreign exchange	Nil	Nil
(b) Foreign Exchange Outgo		
(i) Value of imports directly made for capital expenditure and spare parts.	946.48	61.61
(ii) Expenditure in foreign currency for foreign visits	Nil	4.97
(iii) Expenditure incurred in foreign currency on cash basis being payment made to consultants.	111.65	Nil
	<u>1058.13</u>	<u>66.58</u>

Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of Orissa Hydro Power Corporation Limited for the year ended 31st March, 2010

The preparation of financial statements of Orissa Hydro Power Corporation Limited for the year ended 31st March, 2010 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors 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 14 July, 2010.

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 Orissa Hydro Power Corporation Limited for the year ended 31st March, 2010. 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:

Sl. No.	Comments of the C & AG of India	Replies of the Management
A.	Comments on Profitability Profit and loss Account Income Sale of Power – Rs.296.16 crore.	
1.	The above is overstated by Rs.1.78 crore due to recognition of capacity charges relating to April-August, 2009 & March, 2010 from GRIDCO in excess of the amount due as per OERC norms. This has also resulted in overstatement of profit and understatement of current liability by Rs.1.78 crore.	In case of computation of PAFM for low head power station, like RHEP, OHPC has considered the installed capacity of the generators as reckoned at the generator terminal as per CERC guideline when the head is reduced, the generator output recorded at generator terminal is determined from head VS. generator output curve. Accordingly, the installed capacity is determined on daily basis and PAFM computed. Though the billing has not been accepted but payment has been released provisionally by GRIDCO. The

2. **Expenditure**
Repair and Maintenance expenditure
(Schedule-10) - Rs.22.88 crore
Repair and Maintenance of dam
- Rs.14.14 crore

The above does not include a sum of Rs.3.14 crore payable towards proportionate dam maintenance cost of Balimela and Upper Kolab dam for the year 2009-10 as per the bills raised by Department of Water Resources. Non-provision of actual dam maintenance cost resulted in understatement of repair and maintenance cost as well as 'current liabilities' and overstatement of profit by Rs.3.14 crore.

3. The above is understated by Rs.13.84 crore due to short-provision towards proportionate share of dam maintenance cost up to 2008-09 payable to the Department of Water Resources (DOWR) as per the joint reconciliation statement. This has also resulted in understatement of Current Liabilities and Provision and overstatement of profit by Rs.13.84 crore each.

Employee and other related cost (Schedule-12) - Rs.161.85 crore.

4. The above is understated due to non provision of liability of Rs.16.44 crore payable upto 31st March, 2010 towards balance arrear salary and wages of both the executive and non-executive

matter was discussed in a joint meeting held on 05.04.2010 between GRIDCO & OHPC. As discussed in the meeting, OHPC has filed a petition before OERC with regard to determination of the correct procedure for computation of PAFM & installed capacity of low head power stations. On disposal of the petition by OERC, necessary accounting shall be made in the year 2010-11.

A team consisting of two executives from OHPC and one from EIC, Deptt. of Water Resources, BBSR have visited to all units during April & May'10 and prepared a final statement of Dam maintenance cost of all dams upto the financial year 2008-09 which has been sent to the Secretary, DOWR vide letter dtd. 28.07.2010 for acceptance.

It was observed that, the bills raised by DOWR towards OHPC share of dam maintenance cost do not represent the actual share of OHPC, rather it remains at higher level due to inclusion of costs not related solely for dam maintenance. Therefore, pending reconciliation with DOWR, the provision of Dam maintenance cost for Upper Kolab and Balimela for the year 2009-10 have been provided based on the figures of last year. After acceptance of the dam maintenance cost statement and related principles by DOWR, any shortfall or excess till the financial year 2009-10 shall be accounted for in the year 2010-11.

As per decision taken in 92nd meeting dtd 20.03.2009 of the Board, 40% of arrear salary was provided during F.Y. 2008-09 to be paid in 2009-10, 30% provided in 2009-10 to be paid in 2010-11 and balance 30% shall

staff of the Company arising out of implementation of 6th Pay Commission. This has resulted in understatement of Current Liabilities and Provisions and overstatement of profit by Rs.16.44 crore.

5. The above does not include Rs.87.56 lakh payable towards arrears of Dearness Allowance from 01.01.2010 to March, 2010 to employees of the Company. Non provision for the same has resulted in understatement of Employee and related cost and Current liabilities and provisions and overstatement of profit by Rs.87.56 lakh.

Administration and General Expenses - (Schedule-13): Rs.22.07 Crore.

6. The above is understated by Rs.1.91 crore due to non-provision of loss of stores due to theft and fire, occurred at Civil stores, Khatiguda. This has also resulted in overstatement of profit as well the assets to the extent of Rs.1.91 crore.

B. Comments on Financial Position

7. **Balance Sheet**
Application of Funds
Fixed Assets and Depreciation (Schedule-4)
Gross Block -Rs.3045.84 crore.

The above is overstated by Rs.6.6 crore due to inclusion of the estimated value of work pending for execution in respect of Unit-7 and 8 of Balimela Hydro Electric Project. This has correspondingly resulted in overstatement of current liabilities by Rs.6.60 crore. This should have been shown under Contingent Liability.

8. **Current assets, Loans and Advances (Schedule-7) Inventories - Rs.53.82 crore**

The above includes Rs.9.46 crore representing proprietary item of stores and spares purchased (August 2009) for Unit-3 and 4 of Hirakud Power

be provided in 2010-11 to be paid in 2011-12. As such, there is no over statement of profit & under statement of employees cost to the tune of Rs.16.44 crs.

The release of arrear DA was approved by the CMD in Aug., 2010 by which time the accounts have already been authenticated. As such, the arrear DA has been appropriately accounted for in 2010-11 as per AS - 5.

Detailed analysis and reconciliation of the loss of Rs.1.91 crores is under process. On completion of the exercise and due approval of competent authority, the same shall be accounted for in the year 2010-11.

The commercial operation of unit 7 & 8 of BHEP, Balimela was started on 23.12.2008 and 23.01.2009 respectively. Expenditure incurred on the units plus estimated liabilities including escalation in respect of the works completed as per the contract, differential customs duties, reimbursement of service taxes etc have been capitalized subject to necessary adjustment in the year of final settlement.

The machinery spares procured for unit 3 & 4 of Hirakud HEP shall be capitalized in the year 2010-11 and depreciation shall be charged retrospectively from 2009-10.

Station which should have been capitalized and depreciated as per AS-10. Non capitalization of the same has resulted in understatement of Fixed assets by Rs.9.20 crore, understatement of depreciation by Rs.0.26 crore and overstatement of Current assets (inventory) by Rs.9.46 crore and overstatement of profit for the year by Rs.0.26 crore.

- | | |
|--|---|
| <p>9. The above includes unserviceable / obsolete / damaged / non moving stores and spares valuing Rs.94.11 lakh identified in the physical verification report for the year 2009-10 in respect of Rengali, Burla and Balimela Power House. Though the materials are of no use and awaiting disposal no provision was made for such unserviceable Stores, which correspondingly resulted in overstatement of profits to that extent.</p> | <p>Analysis and reconciliation of the non-moving / unserviceable goods is under process and necessary provision shall be made in the year 2010-11.</p> |
| <p>10. As per the Internal Audit Report of UIHEP for the half year ending September 2008, old items of stores valuing Rs.5.64 crore had been lying for over 20 years. However, the old stores have not yet been disposed. As the stores are very old, necessary provision should have been made in the accounts towards depletion in their value.</p> | <p>A committee at the unit level has been constituted to fix up the upset price. After fixation of the upset price & approval of the competent authority, appropriate disposal action shall be taken.</p> |
| <p>C. Other Comments</p> | |
| <p>11. Sundry creditors for supply of materials include a sum of Rs.8.25 crore lying at Hirakud Hydro Electricity Project, of which Rs.8.22 crore had been lying prior to 1999-2000. The party-wise liability was not available nor there was any reconciliation with the parties.</p> | <p>The Sundry Creditors amounting to Rs.8.22 crores prior to 1999-2000 relate to erstwhile OSEB period. Detail analysis and reconciliation is under process which will be completed in the year 2010-11.</p> |
| <p>12. The Company received (January 2010) a claim of Rs.3607.18 crore from Department of Water Resources, Government of Orissa towards water tax relating to Rengali and Burla Dam Divisions for drawal of water for Power Generation. Though the claim was raised for the period from 1996-97 to 2009-10 (upto January 2010), the Company made no provision for liability anticipating</p> | <p>In accordance with DoE GoO notification No.1068 / 29.1.03 water cess is not payable. As such, the water tax bill raised by the Executive Engineer was not accepted by OHPC and returned back. The same is also not passed on through tariff by OERC. As the claim is not payable by OHPC, no disclosure has been made.</p> |

exemption from the State Government basing on their intimation (January 2003). In the absence of specific exemption from the State Government, the substantial claim of water tax in respect of above two generating units has material impact on their accounts and needs to be suitably disclosed.

D. Comments on Statutory Auditors' Report

13. Taking into account the aggregate impact (Rs.39.19 crore) of above comments on the working results of the Company, the profit for the year (after tax) of Rs.27.15 crore as depicted in the 'Profit and Loss Account' would turn into loss of Rs.12.04 crore. Thus, the opinion of the Statutory Auditors as given under para 4.VI (b) of their Report dated 14 July 2010 regarding 'true and fairness' of the 'profit for the year in case of profit and loss account' is not correct.

In view of the replies outlined above, there may not be any adverse impact on the true and fairness of the profit and loss account of the year 2009-10.

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

For and on behalf of **BOARD OF DIRECTORS**

Sd/-

(S R DHALL)

Sd/-

(P K JENA, IAS)

Place : Bhubaneswar

Date : 09.09.2010

ACCOUNTANT GENERAL

CHAIRMAN-CUM-MANAGING DIRECTOR

Chand & Co
CHARTERED ACCOUNTANTS

N-4/91, IRC Village, Bhubaneswar
Phone : +91-674-2551161
Email : chandandco@yahoo.com

AUDITORS' REPORT

To,
The members of
Orissa Hydro Power Corporation Ltd.
Bhubaneswar

1. We have audited the attached Balance Sheet of ORISSA HYDRO POWER CORPORATION LIMITED as at March 31, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date, in which the accounts are incorporated from the Units audited by the Unit/Branch Auditors. 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 of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in 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)(Amendment) Order, 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose Annexure-I statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to the company.
4. Further to our comments in the Annexure-I referred to above and subject to our separate comments in Annexure-II, we report that:
 - I. 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.
 - II. 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 these books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Reports have been forward to us and have been appropriately dealt with;
 - III. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the audited returns from the branches;

- IV. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in sub section (3C) of Section 211 of the companies Act 1956;
- V. In terms of Government of India, Ministry of Finance, Department of Company Affairs, Notification No. GSR 829 (E) dated 21st October,2003, Government Companies are exempt from the applicability of provisions of Section 274 (1) (g) of the CompaniesAct,1956.
- VI. 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 on accounts thereon give the information required by the companies Act 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Balance Sheet of the state of affairs of the Company as at March 31,2010;
 - b) in the case of Profit & Loss Account, of the profit of the Company for the year ending on that date ; and
 - c) in the case of cash flow statement , of the cash flows for the year ended on that date .

For **Chand & CO**
Chartered Accountants

Place: Bhubaneswar
Date : 14 July, 2010

CA. S Chand
Partner
Membership No. 056076

ANNEXURE - I TO THE AUDITORS' REPORT

(Referred to Paragraph 3 of our report of even date)

- (I) In respect of its fixed assets:
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, except in case of UIHEP Mukhiguda. Materials discrepancies were noticed on such physical verification have been properly dealt with in books of accounts.
 - c. Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- II. In respect of its inventories:
- a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 inventories. As explained to us, the material discrepancies noticed by the stock auditor are dealt within the accounts.
- III. a) In respect of loans, secured or unsecured, the company has neither granted or 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 sub-clauses (b),(c),(d),(e),(f),(g) of the order are not applicable.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of power and services. But the internal control procedure in the receipt and issue and inventory management of stores needs further improvement at HPS, Burla unit, as reported by Branch Auditor.
- V. In respect of transactions covered under Section 301 of the Companies Act, 1956.
- a. In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
- VI. In our opinion, as per information and explanation given to us, the Company has not accepted any deposits from the public during the year within the meaning of sections 58A, 58AA or any other relevant provisions of the companies act, 1956 and the rules framed there under.

- VII. In our opinion ,as per information and explanations given to us and after review of Internal Audit Report, the Internal Audit System of the company need to be strengthened to commensurate with its size and nature of its business.
- VIII. As per information and explanation given to us and according to the Unit Auditors Report maintenance of cost records has been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and such accounts and records have been made and maintained but in case of Upper Kolab, Balimela and Upper Indravati are under preparation.
- IX. (a) As per information and explanation given to us and based on the Unit Auditors Report, the Corporation has been regular in depositing undisputed Statutory dues including Employee's Provident Fund, Investor Education and Protection Fund, Wealth Tax, Service Tax, Income Tax, Custom Duties, Cesses, Sales tax and other statutory dues applicable to it during the year with appropriate authorities.
- (b) As per information and explanation given to us and based on the Unit Auditors Report, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and Cess outstanding at the end of the Financial Year, except in cases of UIHEP Mukhiguda where the following disputed amounts have not been deposited.

Name of Unit	Nature of Dues	Disputed Amount (Rs.)	Forum where Dispute is pending
UIHEP, Mukhiguda	Sales Tax	20,90,646.00	High Court, Orissa
UIHEP, Mukhiguda	EPF	9,84,220.00	High Court, Orissa

- X. The Company does not have accumulated losses as at 31.3.2010. And has not incurred any cash loss during the financial year covered by our audit or in the immediately preceding financial year.
- XI. As per information and explanation given to us and based on the Unit Auditors Report, the company has not defaulted in repayment of dues to financial institutions and banks.
- XII. As explained to us and as per the Unit Auditors' Reports the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.
- XIV. As explained to us and as per the Unit Auditors' Reports the Company is not dealing or trading in shares, securities, debentures and other investments.
- XV. As explained to us the Company has given guarantee Rs.25.00 Crores in favour of Baitarani West Coal Company Limited by pledging fixed deposit in SBI IDCO Tower Branch, Bhubaneswar. The terms and conditions thereof are not prejudicial to the interest of company.
- XVI. As explained to us no term loans have been raised by the company during the year. Therefore, clause 4(xvi) of the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.

- XVII According to the information and explanations given to us the funds raised on short-term basis have not been used for long term investment and vice versa.
- XVIII. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- XIX. As the company has not issued any debentures during the year, clause 4(xix) of the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company
- XX. As the Company has not raised any money by way of public issue during the year, clause 4(xx) of the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company
- XXI. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated

For **Chand & CO**
Chartered Accountants

Place: Bhubaneswar
Date : 14th July, 2010

CA. S Chand
Partner
Membership No. 056076

ANNEXURE –II TO THE AUDITORS’ REPORT

Observations of the Statutory Auditors	Replies of the Management
<p>Corporate Office</p> <p>1. Comments on Outstanding Dues against CSPDC Ltd. :</p> <p>As per minutes of meeting chaired by Chief Secretary, Govt. of Orissa held on 24th December, 2004 in pursuance of Order dtd.16.12.2004 of Hon'ble High Court of MP, payment arrangement shall be through irrevocable Letter of Credit for one months' due. If payment is not made as above mode, MPSEB shall have to make direct payment within 30 days along with interest @ 15% per annum. In case payment is not made in aforesaid period, power supply is stopped and shall not resumed till entire default amount is paid by MPSEB. But OHPC Ltd. had neither obtained any Letter of Credit nor stopped the power supply in cases of delayed payment .Also It had not charged any interest in direct payments made by MPSEB. So it has resulted in under statement of profit and sundry debtor of Rs.15.18 lakhs as per our computation.</p> <p>2. Comments on Rebate for Prompt Payment of Rs.4.38 Crores:</p> <p>As per Power Purchase Agreement with GRIDCO, clause no.11.1.4, rebate of 2% will be allowed if the amount is paid within 7 (seven) days of presentation of bill. If payment is after 7 days but within due date i.e. 30th day after presentation of</p>	<p>The outstandings against CSPDCL as on 31.03.2010 was Rs.145.36 lakhs. During discussion with CSPDCL representative at Corporate Office in April, 2010, it was ascertained that CSPDCL has paid the energy bills for all the years till 2009-10 at the cost of generation for the year 2005-06 and has not released the outstanding bills as by then OHPC has not paid the pension liabilities in full to OHPC Pension Fund. During 2009-10, OHPC released pension liabilities upto 31.03.2009 and consequently, CSPDCL released Rs.85.96 lakhs on 28.04.2010. The balance outstanding is only Rs.59.40 lakhs.</p> <p>OHPC is making arrangements for making full payments of the pension liabilities as on 31.03.2010 to the OHPC Pension Fund. On submission of Statutory Auditor's certificate as proof of full payment, CSEB shall release the balance outstanding dues. CSPDCL has been releasing the monthly payments directly. Thus, requirement of L.C not backed by Escrow arrangement was not insisted upon from CSPDCL, a State PSU.</p> <p>On the matter of interest claims, as decided by the OHPC Board in its 100th meeting dtd. 21.05.2010, OHPC has moved the DoE, GoO for taking up the issue with Energy Deptt, Chhatisgarh for direction to CSPDCL to release the payments regularly in time.</p> <p>As per the terms of Power Purchase Agreement (PPA), the rebate is allowed @2% or 1%, when the current monthly bill are paid by GRIDCO within 7 (seven) days or 30 (thirty) days respectively. As regards settlement of old outstanding dues, action has already</p>

bill rebate of 1% is allowed. As the old outstanding dues are reconciled up to 2008-09, so there is no dispute up to 2008-09. The amount if any received from GRIDCO should be first deducted from old outstanding dues and after adjustment of old dues, the received amount should be treated as prompt payment. But OHPC Ltd does not follow such practice and any amount received from GRIDCO on current bills is treated as prompt payment and allowed rebate without adjustment of old out standings. So there is overstatement of administrative and general expenses, understatement of profit and sundry debtor of Rs.4.38 crore.

3. Non Compliance of AS-22 Accounting for Taxes on Income

The above accounting standard is applicable to the organization but the organization is not make any deferred tax asset or differed tax liabilities .In notes on Accounts no-28 reason of non compliance shows that there is no certainty that the taxable income available in the next few years. Above reason is not compliance with the requirements of AS-22, the result of such non compliance and the effect on financial statement is not quantifiable.

4. Non obtain of Balance confirmation certificate

Balance confirmation certificate for unsecured loans, sundry debtor sundry creditors ,advance to supplier, advance to other, payable to other, claims receivable have not been obtained neither in corporate office nor at units.

5. Purchase of dress materials from Reymond Apparels

During the year 5698 pair of uniform is purchased from above party and total payment made is Rs.85,47,000.00 which is booked as expenditure during the year 2009-10. The expenses should be

been initiated for securitization of the outstanding dues through issue of GRIDCO Bonds. GRIDCO has agreed in principle to send the terms and conditions of the securitisation after their Board's approval. After receipt of terms & conditions from GRIDCO and subsequent approval by OHPC Board and OERC, the securitization of the outstanding dues shall be made.

Therefore, there is no overstatement of expenses and understatement of profit of Rs.4.38 crores.

As per the income tax return filed, the Company has a carry forward-unabsorbed depreciation of Rs.308.00 Crores till the assessment year 2009-10. According to the State Govt. notification dated 29.01.2003, the tariff of OHPC is based on reimbursement of costs and there is no return on equity on the transferred assets in respect of the old power stations. As such, there is no certainty that the taxable income will be available in the next few years. In view of this, no deferred tax liability under AS-22 has been computed and shown in the Profit and Loss account for the year 2009-10.

Sundry Debtor account with GRIDCO have been reconciled till 2008-09 except HHEP, Burla which is under process. Balance confirmation certificate from PFC has been obtained. Some of the sundry creditors, advances to others, claims receivables etc. inherited from pre-OHPC period are under detailed analysis and reconciliation. Necessary steps have been initiated for getting confirmations in respect of current transactions.

The OHPC Board in their 88th meeting dtd.28.07.2008 approved the proposal to provide two pairs of dresses at a cost of Rs.3,000/- to each of the employees of OHPC and authorized the Director

booked on the basis of dress materials issued to employees. As the utilization and balance available statement is not produced to us, we are unable to quantify the actual effect on financial statement. No tender is called for above said purchase. As explained to us the Board has approved the purchase of uniform but no documentary evidence of delegation of power produced before us for verification.

6. Comments on Reversal of PFC Loan against Fixed Asset at Burla:

An amount of Rs.16.60 lakhs is reversed or credited to loan a/c by PFC on account of above amount received from KFW. The Burla Unit has deducted the same amount from fixed asset without knowing the reason for such receipts. Burla unit should be accounted for the above amount as current liabilities and debit the loan amount and after knowing the reason there of appropriate accounting entries should be passed. Therefore understatement of fixed asset and under statement of current liabilities.

7. Comments on Current Assets, Loans and Advances :

An amount of Rs.1.83 Crore outstanding against suppliers / contractors of Hirakud Power System, Burla pertaining to Orissa State Electricity Board Period. As the recovery of the above amount is remote in view of age of transaction and non-availability of supporting documents, a suitable provision should have been made in accounts. So, it has resulted in overstatement of Loans and advances and profit and understatement of provisions by Rs.1.83 crore.

(HRD) to constitute a committee to decide the colour, quality of the dresses and finalise the same.

The committee including representatives of Unions/ Associations after visiting the reputed shops in the city selected Park Avenue brand uniforms manufactured by Raymond Apparel Ltd. and finalized the colour, quality of the brand.

The OHPC Board in their 90th meeting dtd. 01.12.2008 approved the recommendation of the committee alongwith the terms and conditions of the procurement.

As the procurement was made directly from the manufacturer on the approval of the Board, no tendering was done. Out of the total procurement, only 10 (ten) pairs remained surplus to take care of exigencies, which is a very negligible percentage. Hence, the entire amount has been booked to expenditure during the year.

The amount of Rs.16.60 lacs refunded by PFC relate to Harmis fees which had been added to the capital cost at the time of capitalization of RM&U of unit-3&4, HHEP, Burla. Therefore, the said amount has been appropriately deducted from the capitalized value during the year 2009-10.

The outstanding balance due from contractors / suppliers pertain to erstwhile OSEB period. After due analysis and reconciliation which is under process, necessary accounting entries shall be made.

8. Comments on Provisions for Dam Maintenance:

As against the claims of Rs.56.19 Crore by Department of Water Resource of the Government of Orissa for Dam maintenance during 1996-97 to 2008-09, the Company made a provision of Rs.30.88 crore resulting in understatement of provisions for Dam Maintenance and overstatement of accumulated profit by Rs.25.31 crore. During the year 2009-10 a provision of Rs.14.14 crore has been made for dam maintenance. However the claim for the year 2009-10 made by the Department of Water Resources of the Government of Orissa for Dam Maintenance has not been produced before us. So we are not able to quantify short provision for dam maintenance for the year 2009-10.

9. Comments on Non-provisions for Old and unusable Stores and Spares:

Non-provision for old unusable stores and spares valuing Rs.1.01 crore lying from 1950 to 2000, has resulted in overstatement of inventory and understatement of provisions by Rs.1.01 crore.

10. Regarding transfer of right of use of 20% of the power developed on machhkund project :

As per 1946 agreement for consideration of the transfer of 20%, the Govt. of Madras shall pay annually to the Govt. of Orissa for 30 years commencing from the date of operation of the power plant an amount calculated at the rate of Rs.20.00 per KW on 20% of actual maximum demand recorded at power house during each financial year. After expiry of 30 years the terms of payments shall be liable to revision in such manner as may be mutually agreed upon between the two Govt. However no such revision agreement has been made though the payment term has been exceeded for 30 years.

11. Water drawal by Rathi Steels and Power Project Limited.

- i) With reference to letter no IRR-11-WRC-16/05 24105/WR Dt. 02.08.2005 it is observed that an

The bills raised by DOWR towards OHPC share of dam maintenance cost do not represent the actual share of OHPC, rather it remains at higher level due to inclusion of costs not related solely for dam maintenance. Therefore, pending reconciliation with DOWR, the provision of Dam maintenance cost for the year 2009-10 have been provided based on the figures of last year. After acceptance of the dam maintenance cost statement jointly prepared with the DoWR and related principles by DOWR, any shortfall or excess till the financial year 2009-10 shall be accounted for in the year 2010-11.

After due analysis and reconciliation which is under process, necessary accounting shall be made.

Machhkund HEP is a joint project governed by the Agreement entered into by the Govt. of AP & Govt. of Orissa. The process of acquiring 20% share in the project and revision of the Agreement is under process.

agreement is required to be made between the above party and the local authority of WRD authority in accordance with the Orissa Irrigation Rules for supply of water by OHPC Ltd. from Pond-II to Rathi Steels in No cases OHPC shall supply 1000 CUM/HR water to the above party, how ever no such agreement is found and the year of drawal of water is not recorded.

- ii) It was also mentioned in the letter that the company (Rathi Steels) shall indicate OHPC clearly the point of take of from Pond No-II, the cross section of their take off with detail level and obtain clearances from OHPC authorities. However no such documentary evidence have been found regarding clearance given by OHPC authority.
- iii) It was also mentioned in the letter that the company (Rathi Steels) shall compensate OHPC for the loss incurred by the way of use of this water @ Rs.3/- per unit of power for 0.5 MU annually which amounts to Rs.15 lakh/year. There shall be an escalation of 10% on the above rate annually. However the Chiplima unit has only received Rs.15 lakh during the financial year 2009-10. Though the year of agreement and year of drawal of water is not known it is difficult to quantify the amount which has not been received for the drawal of water.
- iv) It was also mentioned that the above arrangement is availed for a period of 5 years from the date of agreement. As the date of agreement is not known it is difficult to know about the validation of agreement at present date.

12. Comments on Potteru Hydro Electric Project :

As per decision of Board in 79th meeting held on 15.12.2006 decided to dispose off the said project. In the light of above decision the proposal of sale is under consideration to State Govt. The company has neither ascertained the market value of these asset nor disclosed the fact in the accounts. Hence provision for loss if any due to reduction in the market value of asset, has not provided for. To that extent asset has been overstated in the Balance Sheet and

HHEP, Burla has received Rs. 15 lakhs in the year 2008-09 and CHEP, Chiplima has received Rs. 15 lakhs in 2009-10 from the party. Bills towards yearly escalation of 10% has been raised by CHEP, Chiplima in June, 2010.

Detailed analysis of the dues receivables, amount paid and balance due from the party are under process and will be accounted for in the year 2010-11.

The expenditure incurred on Potteru Small HEP comprising Rs.23.59 crore by the State Govt. and the balance by OHPC is shown under the head work-in-progress. After receipt of the State Govt. approval and subsequent disposal, appropriate accounting action shall be taken.

profit has been overstated in the Profit & Loss Account.

13. Comments on Sale of Power :

Sale of power includes Rs.0.50 crore towards net export of 15.54422 MU power to GRIDCO through Tie-I and Tie-II feeder between Burla and Chiplima power house during the year 2009-10. As GRIDCO did not agree to pay for the power the realization of revenue remained uncertain and should have been postponed as per accounting standard-9. This has resulted in overstatement of sale of power, sundry debtor, and profit by Rs.0.50 crore.

Upper Indravati Hydro Electric Project, Mukhiguda :

1. The surplus stores of Rs.2.56 Crores was worked out as per the physical verification report dated 20.04.2010 of Niran & Co. Bhubaneswar, Stock Auditor of Khatiguda unit of UIHEP. This amount is adjusted against surplus inventory of Rs.2.64 Crores rolling down from the date of formation of corporation. However the surplus stocks were not identified on physical verification as stated by the Stock Auditors. While giving accounting treatment this amount of Rs.2.56 Crores has been taken to "other reserve (inventory)" account during the year under Audit.
2. Claims receivable, other miscellaneous assets, Advance to suppliers, Advance to Others, Departmental Advances, Deposit with Others, Security Deposit from Contractor, EMD from Contractor / Supplier, Other Security Deposit, Retention Money, Deposit from Water Resource, Outstanding Liabilities, Other Payable are subject to reconciliation and confirmation of the parties. No provision has been created for many old balances included in the above items the effect of which on the accounts is not ascertainable. Further age wise analysis of above account are not available. Since these balances are lying for several years, the reconciliation work may be entrusted to an outside agency for early completion of work.

The quantum of energy of 12 MU towards net export through Tie-I and Tie-II feeder valuing Rs.0.49 Crore has been provisionally included in the sale of energy for the financial year 2008-09. In the meeting dtd. 05.04.2010, both GRIDCO & OHPC have agreed to bear the amount in the ratio of 50:50. Appropriate accounting shall be made in the year 2010-11 after realization of the dues as mutually agreed to.

The amount of Rs.2.56 crore on account of surplus inventory during transfer of UIHEP to OHPC shown under other reserves shall be adjusted against the loss of value of inventory which is under analysis & reconciliation.

Departmental advance, Arrear pay advances, Pay roll deduction-EPF, Pay roll deduction-H.B. Advance, Pay roll deduction-interest on motor car advances, Entry tax payable, Imprest advance account etc have been reconciled and accounted for during 2009-10. Other items will be reconciled and accounted for in the year 2010-11.

3. Current assets include advance to contractors, having credit balance and sales tax deduction account having debit balance need reconciliation and confirmations from parties.

Current Assets like advance to contractor having credit balances and current liabilities like Sales tax deduction having debit balances are mainly due to old balances carried forward since 1997. Sales tax deduction account has already been reconciled. Complete reconciliation of the said accounts is in process to be completed and accounted for in 2010-11.

4. The unit has not raised any bills towards rent, electricity and water charges in respect of unauthorized occupation of 493 Nos. of quarters at Mukhiguda. In the absence of meter reading and relevant records its effect on accounts is not ascertainable.

The management has taken steps for laying aerial bunch cable to check unauthorized use of electricity. Water pipelines have been disconnected to unauthorized quarters.

Hirakud Hydro Electric Project, Burla :

1. Elimination of 132 kv transformer destroyed due to short-circuit from FAR :

In the year 2001-02 one 132 KV. 12.5 MVA transformer was burnt due to short-circuit in the tank & was beyond repairable. No depreciation is being provided on the asset, but it appears in the fixed assets register. It is suggested to write it off at the earliest.

No depreciation has been provided since the date it was burnt. The asset is placed under the scrap list prepared by MECON and will be removed from the fixed assets register after its disposal which is in process.

Store Accounting :

The unit has not maintained stores ledger in stores but bin cards, stores receipt register, store issue vouchers and stores receipt vouchers are maintained. Linkwise in finance, PSL is not maintained but stores issue vouchers and store receipt vouchers register are maintained. Steps are being taken by the unit for maintaining stores ledger and priced stores ledger in computer.

The unit has started maintaining the stores ledger in stores and priced stores ledger in the finance wing in computerized form.

2. Opening outstanding advance :

The old opening balance which are lying since the erstwhile OSEB period as well as during the time of merger of divisions, are not reconciled. As explained to us, some of the advances Viz cycle, motor cycle, CTD, LTC, claim receivable etc. are reconciled and others could not be fully reconciled for want of records. In view of above it is suggested, to make suitable provisions.

Analysis of the claims receivable are under process and shall be completed and accounted for in 2010-11.

3. Short provision for Dam maintenance cost to the extent of Rs.7,09,86,813/-

The unit makes provision of 33.33% of the Dam maintenance cost bill as submitted by executive engineer, Hirakud Main Dam Division, Burla. In place of 33.33% of the bill amount, a sum of Rs.3,70,99,786/- was provided during the year 2009-10 like last year. The bill for 2009-10 is Rs.32,45,84,381/- and 33.33% of this comes to Rs.10,80,86,599/-. As explained to us discussion is on with water resource department, Government of Orissa for finalization of actual Dam maintenance sharing cost.

Balimela Hydro Electric Project :

1. An amount of Rs.6,63,93,181/- has been received on account of liquidated damages from Leningrad sky Zavod, a Russian company and the same is kept under head "Liability to others". However, we fail to express our opinion as we are not provided necessary information.

The bills raised by DOWR towards OHPC share of dam maintenance cost remains at higher level due to inclusion of costs not related solely for dam maintenance. Therefore, pending reconciliation with DOWR, the provision of Dam maintenance cost for the year 2009-10 have been provided based on the figures of previous year. After acceptance of the dam maintenance cost statement and related principles by DOWR, any shortfall or excess till the financial year 2009-10 shall be accounted for in the year 2010-11.

As per clause number 31.1 of contract No. OHPC-LMZ/01/2003 dated 24.10.2003, an amount of Rs.66393181/- was recovered by encashment of Bank Guarantee of LMZ on account of liquidated damages. However, M/s LMZ, Russia through his arbitrator vide letter dtd. 02.04.2010 claimed that the method of calculation of LD is not appropriate. Subsequently, OHPC has nominated its arbitrator and the third arbitrator will be appointed by the arbitrators of both the parties to finalise the matter. As such, the above amount has been kept under the account head 'Liability to Others'. The file and correspondences have been produced before audit for verification.

For **Chand & Co**
Chartered Accountants

For and on behalf of BOARD OF DIRECTORS

Place : Bhubaneswar
Date : 14.07.2010

CA. S CHAND
Partner
M No. - 056076

P K JENA, IAS
CHAIRMAN-CUM-MANAGING DIRECTOR

**ORISSA HYDRO POWER CORPORATION LIMITED
BHUBANESWAR**

BALANCE SHEET AS AT 31ST MARCH, 2010

	Sch. No.	As at 31st March,2010 (Rs.)	As at 31st March,2010 (Rs.)	As at 31st March,2009 (Rs.)	As at 31st March,2009 (Rs.)
I. SOURCES OF FUNDS :					
1. Shareholder's fund					
a. Capital Account	1	3,208,007,000		3,208,007,000	
b. Reserve & surplus	2	<u>5,621,651,587</u>	8,829,658,587	<u>5,324,534,397</u>	8,532,541,397
2. Loan funds :					
Unsecured Loans	3	18,499,883,775	18,499,883,775	<u>18,978,142,999</u>	18,978,142,999
TOTAL :			<u>27,329,542,362</u>		<u>27,510,684,396</u>
II. APPLICATION OF FUNDS :					
1. Fixed Assets :					
a. Gross Block	4	30,458,423,712		30,333,184,275	
b. Less :Depreciation		<u>12,920,691,953</u>		<u>11,634,736,970</u>	
c. Net Block		17,537,731,760	17,537,731,760	18,698,447,306	18,698,447,306
d. Capital Work-in-Progress	5		487,961,975		403,904,143
2. Investments :	6		129,440,000		312,748,135
3. Current assets, loans and advances :					
a. Inventories	7	538,157,835		385,585,110	
b. Sundry debtors		3,583,625,906		3,682,018,385	
c. Cash & bank balances		6,629,114,667		6,787,331,319	
d. Other current assets		302,920,107		339,468,391	
e. Loans and advances		<u>678,093,528</u>		<u>573,349,340</u>	
		<u>11,731,912,045</u>		<u>11,767,752,545</u>	
Less :					
Current liabilities and provisions :					
a. Liabilities	8	1,646,964,704		2,882,911,676	
b. Provisions		<u>910,538,713</u>		<u>792,249,464</u>	
		<u>2,557,503,417</u>		<u>3,675,161,140</u>	
Net current assets			9,174,408,628		8,092,591,405
4. Misc. expenditure to the extent not written off or adjusted					
			0		2,993,407
TOTAL :			<u>27,329,542,362</u>		<u>27,510,684,396</u>
Notes on accounts	16				

(Schedule 1 to 16 form part of Accounts)

As per our report of even date

For Chand & Co

Chartered Accountants

CA. S Chand
Partner
M No.56076

PK Pradhan
DGM(F&A)

P K Sahoo
Company Secretary

S K Pattanayak
Director (Finance)

P K Jena
Chairman-cum-
Managing Director

PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

	Sch. No.	Year ended 31st March,2010 (Rs.)	Year ended 31st March,2009 (Rs.)
INCOME :			
Sale of power		2,961,589,629	3,291,610,965
Other income	9	707,406,721	643,269,286
TOTAL :		<u>3,668,996,350</u>	<u>3,934,880,251</u>
EXPENDITURE :			
Repair & Maintenance expenses	10	228,794,876	269,085,795
Operational expenses	11	31,368,223	22,632,941
Employee & other related cost	12	1,618,529,334	1,944,320,763
Administrative & General expenses	13	220,696,770	139,523,249
Interest & financial charges	14	103,071,186	104,200,377
Depreciation	4	1,290,394,282	1,189,600,127
Loss on sale of assets		70,650	-30,063
Less: Expenditure during construction	15	<u>370,979</u>	<u>-6,715,497</u>
TOTAL :		<u>3,493,296,300</u>	<u>3,662,617,692</u>
Profit for the year		175,700,051	272,262,559
Prior period adjustment		151,706,600	-71,390,606
Profit before tax		327,406,651	200,871,953
Less provision for Taxation(MAT)		55,636,631	22,451,317
Provision for FBT		0	2,684,572
Provision for Wealth Tax		36,067	29,246
Earlier Years Adjustment		259,685	-2,448
Total Tax Provision		55,932,383	25,162,687
Profit afterTax		271,474,268	175,709,266
Add : Balance Profit brought from last year		4,134,534,397	3,958,825,130
Balance transferred to Balance Sheet		<u>4,406,008,665</u>	<u>4,134,534,397</u>
<i>Notes on accounts</i>	16		
(Schedule 1 to 16 form part of Accounts)			

As per our report of even date

For Chand & Co
Chartered Accountants

CA. S Chand
Partner
M No.056076

P K Pradhan
DGM(F&A)

P K Sahoo
Company Secretary

S K Pattanayak
Director (Finance)

P K Jena
Chairman-cum-
Managing Director

SCHEDULE -1 : CAPITAL ACCOUNT

Sl. No.	PARTICULARS	As at 31st March,2010 (Rs.)	As at 31st March,2009 (Rs.)
	Authorised Capital :		
	1,00,00,000 Equity Shares of Rs.1000/- each	10,000,000,000	10,000,000,000
	Issued, Subscribed and paid-up :		
	32,08,007 Equity Shares of Rs.1000/- each fully paid-up.	<u>3,208,007,000</u>	<u>3,208,007,000</u>
	TOTAL :	<u>3,208,007,000</u>	<u>3,208,007,000</u>

SCHEDULE - 2 : RESERVE & SURPLUS

1	Capital Reserve	190,000,000	190,000,000
2	Profit & Loss Account	4,406,008,665	4,134,534,397
3	Dam Sharing Reserve (UIHEP)	1,000,000,000	1,000,000,000
4	Stock Reserve Account(UIHEP,Mukhiguda)	25,642,922	0
	TOTAL :	<u>5,621,651,587</u>	<u>5,324,534,397</u>

SCHEDULE- 3 : UNSECURED LOANS

1	Power Finance Corporation Loan (Guarantee by Govt. of Orissa to P.F.C.)	1,065,843,775	1,544,102,999
2	State Govt. Loan-2(A)-UIHEP No interest accrues from 1.4.2001. Convertible partly into equity & loan after Govt approval.	8,214,690,000	8,214,690,000
3	State Govt. Loan-2(B)-UIHEP Interest free perpetual loan	1,321,400,000	1,321,400,000
4	State Govt. Loan-3-POTTERU No interest accrues from 1.4.2001.	235,950,000	235,950,000
5	Interest Free Convertible Bond-1 .Convertible to equity after Govt. Approval.	3,831,000,000	3,831,000,000
6	Interest Free Convertible Bond-2 Convertible to Debenture after Govt. Approval.	3,831,000,000	3,831,000,000
	TOTAL :	<u>18,499,883,775</u>	<u>18,978,142,999</u>

SCHEDULE -4 : FIXED ASSETS & DEPRECIATION

Sl. No	PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K		
		As at 31.03.2009 (Rs.)	Addition during the year (Rs.)	Discarded /Sold/Adj. during the Year (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)	Add during the Year (Rs.)	Sale / Adjustment (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
1	Land	839,273,352	64,211,044	0	903,484,396	0	0	0	903,484,396	839,273,352
2	Power House Civil Work	5,802,078,784	18,792,299	0	5,820,871,083	188,537,693	0	2,637,153,994	3,183,717,089	3,353,462,483
3	Power House Elect.-Mech. Work	22,312,603,215	43,079,632	-1,660,584	22,354,022,263	1,047,836,600	-53,621	9,721,968,542	12,632,053,722	13,638,417,653
4	Civil Building	1,139,518,349	1,302,981	0	1,140,821,330	43,853,607	0	388,346,667	752,474,663	795,025,289
5	Vehicles	67,555,756	116,034	2,096,924	65,574,866	1,989,813	-2,345,928	54,101,760	11,473,106	13,097,881
6	Furniture & Fixtures	8,309,225	300,642	0	8,609,867	557,235	-172,722	5,692,183	2,917,684	3,001,555
7	Office Equipments	29,697,072	-893,616	0	28,803,456	2,397,231	-1,497,235	21,789,211	7,014,245	8,807,857
8	Misc. Assets	48,896,048	167,928	0	49,063,976	2,391,536	0	20,133,022	28,930,954	31,154,562
9	Electrical Installation	78,639,226	1,920,001	0	80,559,227	2,516,712	-369,793	66,734,892	13,824,335	14,051,253
10	Training Centre Equipment	6,613,248	0	0	6,613,248	313,855	0	4,771,682	1,841,566	2,155,421
	Total :	30,333,184,275	128,996,945	436,340	30,458,423,712	1,290,394,282	-4,439,299	12,920,691,953	17,537,731,760	18,698,447,306
	Previous year balance	28,068,453,703	2,267,462,608	2,732,036	30,333,184,275	1,189,600,127	107,398	11,634,736,970	18,698,447,306	17,623,424,259

SCHEDULE - 5 : CAPITAL WORK - IN- PROGRESS

Sl. No.	P A R T I C U L A R S	As at 31st March,2010 Rs.	As at 31st March,2009 Rs.
1	Land	303,111	303,111
2	Building	56,529,723	58,032,630
3	Road,Bridge,Culvert & Other Civil Works	12,379,028	26,323,018
4	Water Supply Installation	104,510,150	4,622,804
5	Plant & Machinery (Construction)	116,124,005	115,619,005
6	Hydr. Works, Dams, Tunnels & Pen Stock	48,544,703	49,061,341
7	Substation Equipments	6,521,735	6,521,735
8	Transmission Lines	397,226	397,226
9	Vehicles	663,140	663,140
10	Furniture & Fixture	137,685	137,685
11	Office Equipments	443,751	443,751
12	Electrical Installations	200,689	200,689
13	Miscellaneous assets	14,326	14,326
14	Advances for Capital expenses	5,410,604	5,410,604
15	Expenditure during Construction(as per schedule-15)	135,782,099	136,153,078
	T O T A L	<u>487,961,975</u>	<u>403,904,143</u>

SCHEDULE - 6 : INVESTMENTS

1	10 year 8.50% GRIDCO Bonds, 1999 (2000 bonds at face value of Rs.100000 each)	0	200,000,000
2	Investment	129,440,000	112,748,135
	T O T A L	<u>129,440,000</u>	<u>312,748,135</u>

SCHEDULE - 7 : CURRENT ASSETS ,LOANS & ADVANCES

PARTICULARS	As at		As at	
	Rs.	31st March,2010 Rs.	Rs.	31st March,2009 Rs.
a. Inventories :				
1. Operation Project		538,157,835		385,585,110
sub-total :		<u>538,157,835</u>		<u>385,585,110</u>
b. Sundry Debtors :				
1. for Sale of Power (Unsecured)		3,581,308,305		3,680,370,612
(a) Debts exceeding six months :				
Considered good	3,104,786,440		2,007,023,184	
(b) Other debts, cosidered good	476,521,865		1,673,347,428	
2. for others		2,317,601		1,647,773
sub-total :		<u>3,583,625,906</u>		<u>3,682,018,385</u>
c. Cash & Bank Balances				
1. Cash in hand		181,080		144,839
2. Staff imprest		9,702		9,702
3. Postal orders & stamps		22,261		19,264
4. Remitace in Transit		862,157		3,039,000
5. Balance at Banks		6,628,039,467		6,784,118,514
sub-total :		<u>6,629,114,667</u>		<u>6,787,331,319</u>
d. Other Current Assets :				
1. Claims Receivable		30,605,421		11,505,005
2. Prepaid expenses		9,926,155		3,852,906
3. Interest accrued but not due on bank deposits		221,177,960		286,915,970
4. Interst Accrued on Other Loan		473,699		0
5. Interst Accrued on Gridco Bond		0		2,701,370
6. Other Misc. Assets		1,829,597		1,996,667
7. Other Receivable From Staff		65,280		1,280
8. Receivable from GRIDCO on Machhkund a/c.		38,248,642		15,496,626
9. Interest Receivable on bank deposites		593,353		16,998,567
sub-total :		<u>302,920,107</u>		<u>339,468,391</u>
e. Loans & Advances :				
1. Staff		34,080,677		34,081,781
2. Suppliers/Contractors		60,136,061		69,375,199
3. Others		35,338,587		29,057,370
4. Deposit with Others		27,722,826		29,277,552
5. Advance Income Tax(TDS)		210,828,428		112,855,746
6. OHPC Gratuity Fund		14,495,249		13,264,154
7. Adv. Weath Tax		120,875		84,808
8. Adv.Income Tax(FBT)		19,355,545		19,142,935
9. OHPC Rehabilitation Assistance Trust Fund		10,000		110,000
10. Advance Income Tax(MAT)		276,005,280		266,099,794
sub-total :		<u>678,093,528</u>		<u>573,349,340</u>
Grand Total :		<u>11,731,912,044</u>		<u>11,767,752,544</u>

SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS

PARTICULARS	As at 31st March,2010 Rs.	As at 31st March,2009 Rs.
a. Liabilities		
1. Sundry Creditors :		
(i) for supply of material	89,702,779	92,445,163
(ii) for works	74,151,083	88,376,374
(iii) for others	635,270	2,706,692
Sub-Total :	<u>164,489,132</u>	<u>183,528,229</u>
2. Deposits from others :		
(i) security deposit from Contractor/Supplier	38,583,237	38,091,888
(ii) EMD from Contractor/Supplier	8,659,077	7,525,955
(iii) security deposit from employees	601,556	269,927
(iv) other security deposit	3,094,424	3,091,424
(v) Retention Money	82,291,298	54,224,114
(vi) Deposit from Department of Water Resources,GoO	3,013,000	3,013,000
Sub-Total :	<u>136,242,592</u>	<u>106,216,308</u>
3. Employees Liabilities	979,886,411	2,366,466,153
4. Liabilities to others	276,978,899	183,942,389
5. Interest. accrued but not due on PFC Loan	11,426,559	23,412,441
6. Machhakund Joint Project	65,946	65,946
7. OHPC PF Trust	25,351,858	577,983
8. Payble to APGENCO on Machhkund a/c	52,523,307	18,702,228
Sub-Total :	<u>1,346,232,980</u>	<u>2,593,167,140</u>
Total of (a) :	<u>1,646,964,704</u>	<u>2,882,911,676</u>
b. Provisions		
1. Arrear salary	124,479,035	208,128,761
2. Bonus	508,000	875,000
3. Dam maintenance	447,225,929	308,832,389
4. Others	17,442,572	9,462,520
5. Fringe benefit tax	19,142,935	19,142,935
6. Wealth tax	120,875	84,808
7. Income tax(MAT)	301,619,367	245,723,051
Total of (b) :	<u>910,538,713</u>	<u>792,249,464</u>
GRAND TOTAL (a+b) :	<u>2,557,503,417</u>	<u>3,675,161,140</u>

SCHEDULE - 9 : OTHER INCOME**Sl. PARTICULARS**

No.		Year ended	Year ended
		31st March,2010	31st March,2009
		Rs.	Rs.
1	Sale of tender paper	3,173,030	1,978,302
2	House rent recovered	1,145,917	1,115,409
3	Vehicle charges recovered	624,333	548,620
4	Electricity charges recovered - Employees	2,232,935	2,231,358
5	Electricity charges recovered - Contractors	5,222,819	6,386,414
6	Guest house charges	138,805	132,575
7	Sale of scrap	614,462	391,576
8	Other miscellaneous receipts	6,484,889	8,005,323
9	Cash discount from Power Finance Corporation Ltd.	1,679,178	2,652,987
10	Interest on Employees advances	208,528	2,002,261
11	Interest on Others	659,687,577	600,410,159
12	Interest on Advance to Supplier/Contractor	473,699	0
12	Interest on Debenture & Bond(8.50% GRIDCO Bond)	16,021,919	16,999,998
13	Insurance Claim Receipts	9,698,630	414,304
TOTAL		707,406,721	643,269,286

SCHEDULE - 10 : REPAIR & MAINTENANCE EXPENSES

1	R&M to Plant and Machineries	39,427,918	50,689,089
2	R&M to Buildings	12,093,057	18,469,093
3	R&M to Civil Works	23,653,849	66,263,734
4	R&M to Hydraulic Works	7,160,126	21,463,103
5	R&M to Line Cables Networks	1,552,844	2,980,824
6	R&M to Vehicles	1,182,560	1,282,709
7	R&M to Furniture & Fixtures	49,251	21,862
8	R&M to Office Equipments	1,259,745	1,250,773
9	R&M to Electrical Installations	872,095	2,495,652
10	R&M of Dams	141,444,980	104,000,390
11	R&M to Water Supply Installations	98,451	168,566
TOTAL :		228,794,876	269,085,795

SCHEDULE - 11 OPERATION EXPENSES

1.	Power and fuel	9,078,148	7,585,183
2.	Insurance charges(Power House & Dam)	8,191,904	6,169,550
3.	Oil, Lubricant & Consumables	6,771,021	2,303,609
4.	Transportation Charges	17,164	0
5	Hire charges of vehicles/machineries	6,994,356	6,274,673
6	Other Operation expenses	295,868	299,926
7	Refreshment(Operation)	19,762	0
TOTAL :		31,368,223	22,632,941

SCHEDULE - 12 : EMPLOYEE & OTHER RELATED COST

1	Salary & Allowances	361,262,317	311,571,377
2	Wages & Allowances	339,139,580	330,041,444
3	Over time	765,620	4,385,986
4	Bonus	2,810,326	5,156,663
5	Employer's contribution to PF	36,188,496	26,717,722
6	Terminal benefits	800,047,677	1,201,914,934
7	Employees welfare expenses	44,321,584	42,068,320
8	Others	33,993,734	22,464,317
TOTAL :		1,618,529,334	1,944,320,763

SCHEDULE - 13 : ADMINISTRATIVE & GENERAL EXPENSES

Sl. No.	PARTICULARS	Year ended	Year ended
		31st March,2010	31st March,2009
		<u>Rs.</u>	<u>Rs.</u>
1	Rent,rates and taxes	3,087,643	2,714,656
2	Fees & subscriptions	2,369,375	2,102,981
3	Insurance charges	427,961	701,698
4	Communication expenses	2,388,915	2,702,730
5	Traveling & conveyance expenses	17,776,385	14,722,873
6	Printing & stationery	2,230,251	1,921,199
7	Bank charges	246,502	818,848
8	Electricity & water charges	60,187,398	66,606,077
9	Legal expenses	1,651,162	1,426,130
10	Professional & consultancy charges	1,141,691	2,809,077
11	Audit fees & expenses	1,200,262	1,104,107
12	Advertisement & Publicity	4,723,445	3,519,878
13	Training,Seminar & Conference	6,485,006	3,747,692
14	Office upkeep & Maintenance	682,229	1,177,669
15	Watch & ward charges	23,047,806	23,009,079
16	Repair & Maintenance others	79,837	114,824
17	Recruitment expenses	430,349	30,635
18	Meeting expenses	509,175	570,729
19	Transit house expenses	325,366	364,317
20	Electrical Accessories	13,870	23,306
21	Other misc expenses	36,149,606	9,334,744
22	Rebate on sales realisation	43,728,565	0
23	Foreign Exchange Fluctuation Loss	11,813,970	0
TOTAL :		<u>220,696,770</u>	<u>139,523,249</u>

SCHEDULE - 14 : INTEREST & FINANCIAL CHARGES

1	Interest on Bank Loan	0	76,329
2	Interest on PFC Loan	76,259,186	82,311,756
3	Guarantee Commission	26,812,000	21,576,997
4	Interest on others	0	235,295
TOTAL :		<u>103,071,186</u>	<u>104,200,377</u>

SCHEDULE - 15: EXPENDITURE DURING CONSTRUCTION

Sl. No.	PARTICULARS	Year ended	Year ended
		31st March,2010	31st March,2009
		Rs.	Rs.
1	Repair & Maintenance expenses	213,633	155,564
2	Operational Expenses	202,732	201,304
3	Employees & Other related expenses :		
	Salary & Allowances	2,969,456	1,597,898
	Contributions	61,685	16,379
	Bonus	0	4,374
	Terminal Benefit	-6,339,342	2,690,664
	Employees Welfare Expenses	20,256	
	sub-total :	-3,287,945	4,309,315
4	Administrative & General expenses :		
	Rent,rates and taxes	15,400	15,000
	Insurance charges	35,261	42,493
	Communication expenses	10,876	15,487
	Traveling & conveyance expenses	194,407	156,759
	Printing & stationery	3,387	1,982
	Bank charges	4,036	4,886
	Electricity & water charges	317,602	378,922
	Legal expenses	4,750	5,280
	Audit Fees & Expenses	30,000	0
	Professional & consultancy charges	0	32,400
	Advertisement & Publicity	9,200	
	Office upkeep & Maintenance	3,500	4,600
	Watch & ward charges	1,822,941	1,344,225
	Meeting expenses	0	0
	Transit house expenses	0	0
5	Other misc expenses	52,024	51,872
	sub-total :	2,503,384	2,053,906
	Interest & financial charges :		
	Interest on PFC Loan	0	0
6	Guarantee Commission	0	0
	sub-total :	0	0
7	TOTAL	-368,196	6,720,089
8	Receipts & recoveries on capital account	2,783	4,592
9	Net Exp. During Construction	-370,979	6,715,497
10	Add: Opening Balance of Exp.During Consn.	136,153,078	305,635,661
	TOTAL	135,782,099	312,351,158
11	Less Capitalised during the year	0	176,198,080
	GRAND TOTAL : (transferred to Sch.5)	135,782,099	136,153,078

SCHEDULE-16**Accounting policies and Notes on Accounts forming a part of the accounts:****A. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING :**

- 1.1 The financial statements have been prepared under the historical cost convention method in accordance with the generally accepted accounting principles, the provisions of Companies Act, 1956 and the mandatory accounting standards.
- 1.2 The Company follows Mercantile System of Accounting and recognizes significant items of income and expenditure on accrual basis except those with significant uncertainties.
- 1.3 The liabilities, which could not be ascertained at the time of transfer of Assets & Liabilities by Government of Orissa on 01.04.1996 are accounted for as and when settled.

2. FIXED ASSETS AND CAPITAL WORK-IN-PROGRESS :

- 2.1 Fixed assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of freight, duties and taxes wherever applicable. Fixed assets, which were transferred by Government of Orissa on 01.04.1996 under transfer scheme, are stated at transfer price.
- 2.2 Financing cost directly identifiable to a particular asset is added to the cost of such asset. Financing cost other than the above and direct revenue expenditure incurred during construction period on new projects is treated as expenditure during construction and is allocated to relevant fixed assets at the time of capitalization.
- 2.3 The grants-in-aid received against capital expenditure of projects are adjusted at the time of capitalization of assets on completion of respective projects.

3. INVESTMENTS:

Investment are stated at cost and are on "held to maturity basis".

4. INVENTORIES:

Inventories of stores, spares and consumables are valued on the basis of transfer price in respect of inventories transferred from Government and at cost in case of inventories procured thereafter.

5. FOREIGN EXCHANGE TRANSACTIONS:

- 5.1 Transactions involving foreign currency are settled and accounted for at the exchange rates prevailing on the date of the transactions.
- 5.2 Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year.
- 5.3 The Foreign Exchange fluctuation loss / gain in respect of the foreign currency loan relating to Projects after capitalization is debited / credited to Profit & Loss account.

6. RECOGNITION OF REVENUE:

- 6.1 Revenue is recognized on the basis of the bills raised on GRIDCO in accordance with Orissa Electricity Regulatory Commission's tariff order.

- 6.2 Interest on delayed payment of energy bills by GRIDCO is accounted for on the basis of actual realization.
- 6.3 The value of waste and scrap is accounted for on actual realization basis.
- 6.4 Receipts of insurance claims and interest on house building loan to employees are accounted for on cash basis.
- 6.5 The ownership of the dam and appurtenant works of Upper Indravati Hydro Electric Project remains with OHPC. Pending acceptance, share of the Department of Water Resources, Govt. of Orissa towards 50% Operation and Maintenance cost of the dam has not been recognized as revenue as per AS-9.
- 6.6 As consistently followed, since inception of the corporation, cash discounts received from PFC on timely repayment of loan is considered as other income and accounted for on cash basis which is distributed to units as per their sales ratio.
- 6.7 Interest on investments is accounted for on accrual basis.
- 6.8 Electricity Duty reimbursed from GRIDCO is accounted for on accrual basis.

7. DEPRECIATION:

- 7.1 Upto financial Year 2002-03, the Corporation was providing depreciation at the rates prescribed by the Electricity (Supply) Act, 1948. However, consequent upon the enactment of the Electricity Act, 2003 and repeal of the Electricity(Supply) Act, 1948, depreciation is provided on straight line method as per the rates prescribed under schedule XIV of the Companies Act, 1956.
- 7.2 The Companies Act, 1956 does not provide any specific rate of depreciation for Dam & associated civil structures. In respect of civil structures, only two rates of depreciation have been prescribed i.e 1.63% for the non factory buildings and 3.34% for the factory buildings. Considering the nature, propensity of wear and tear, the depreciation rate specified for the factory buildings is considered appropriate for the dam. Accordingly, depreciation @ 3.34% has been taken for the block of assets of the dam of UIHEP.
- 7.3 Depreciation is provided on prorata basis in the year in which the assets become available for use.
- 7.4 Assets costing Rs. 5000/- or less individually are depreciated fully in the year in which they are put to use.
- 7.5 Expenditure on software is recognized as revenue expenditure and charged to P&L account under A&G expenses which has been followed consistently.

8. RETIREMENT BENEFITS:

- 8.1 Liability towards Pension and Leave Encashment as at the end of the year is provided on the basis of actuarial valuation in accordance with AS-15 issued by the Institute of Chartered Accountants of India.
- 8.2 For meeting the service gratuity liability, the Corporation has taken a group gratuity insurance policy with LIC of India. Gratuity provision is made on the basis of actuarial valuation made by LIC of India.
- 8.3. The pension and service gratuity liabilities of ex-Hirakud Dam Project employees are accounted for on cash basis.

9. ALLOCATION OF CORPORATE OFFICE INCOME:

Corporate Office income over expenditure is allocated among the generating units on the basis of sales turn over ratio.

10. BORROWING COST:

Borrowing costs that are attributable to the acquisition, construction / renovation, modernization and uprating of fixed assets upto the date of commercial operation are capitalized as part of cost of such assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.

11. MISCELLANEOUS

- 11.1 Liabilities for Goods in transit / capital works executed but not certified are not provided for, pending inspection & acceptance by the Corporation.
- 11.2 Prior Period Expenses / income of items of Rs.20000/- and below are charged to respective heads of account.

B. NOTES ON ACCOUNTS:

1. Land consists of those transferred from the erstwhile OSEB / State Govt. to the Corporation with effect from 1st April 1996 and procurement of Industrial land from IDCO for construction of training centre. In case of UIHEP, land consists of transfer value of land and reservoir from State Govt. as on 01.04.1996 and subsequent additions at cost after 01.04.1996 to the date of Balance Sheet. In case of Balimela HEP, leasehold lands are still in the name of OSEB. The title deeds of all the lands are yet to be registered in favour of the Company. The Company is in the process of identifying leasehold and freehold land separately.
2. The consolidated financial statement has been prepared in accordance with Accounting Standard-21 and generally accepted accounting principles.
- 3.1 The fixed assets registers are maintained on the basis of transfer price of the assets from State Govt. and at cost in respect of the assets procured after the date of transfer.
- 3.2 The value of fixed assets does not include the value of building and equipment gifted by DFID for the OHPC Training Centre.
- 3.3 On declaration of Chiplima Hydro Electric Project as independent unit vide order No. 4674 dtd. 10.06.2009, the value of the Assets is approved on the basis of physical verification & valuation of Assets made as at 31.03.2008.
- 3.4 Other liabilities like accumulated depreciation, State Govt loan / Bonds are apportioned on the basis of Gross Block Assets as on 01.04.2009.
- 3.5 The apportionment of Sundry Debtors as on 01.04.2009 lying in the books of HHEP, Burla is made on the basis of Gross Generation from 01.04.1996 till 31.03.2009.
- 4.1 The value of fixed assets includes cost of machinery & vehicles declared surplus / obsolete for which necessary verification and fixing of upset price is in progress. Necessary accounting treatment will be made in the subsequent period after final disposal of the same.
- 4.2 One 132/66 KV, 12.5 MVA transformer in Burla, which were burnt during 2001-02 and on which no depreciation has been provided shall be written off after determination of loss and possible recoveries.

- 4.3 Inventory of stores and spares included book value of Rs.2.29 Crores, which are not partly available due to theft in Civil Stores of both Khatiguda & Mukhiguda and fire occurred in the Civil Stores at Khatiguda on 29.03.2002. The effect of loss due to theft & fire are as follows.

	Theft at Khatiguda Stores (Rs.)	Theft at Mukhiguda Stores (Rs.)	Fire at Khatiguda Stores (Rs.)	Total (Rs.)
Cost of damages	1100609.39	303359.00	21520073.31	22924041.70
Recoveries of stores	24704.00	28846.00	3784201.16	3837751.16
Net loss	1075905.39	274513.00		19086290.54

A money suit was filed vide Misc. No.8/2009 in the Court of Civil Judge, Senior Division, Dharmagarh for recovery of the loss by theft at Mukhiguda Stores against the then 'X' - Security Services, Bhubaneswar. The decree was ordered on 16.09.2009 and action has been taken to adjust the security deposit of Rs.28738/- of the said firm and recover the balance amount of loss caused by theft. The management shall take necessary steps to write off the net loss of Rs.1,90,86,290.54 due to theft & fire occurred since long.

- 4.4 During the year, only indigenous spares has been consumed. The percentage of consumption of imported spares to total consumption is nil.
- 5.1 No interest during the year on the Govt. loans pertaining to UIHEP, Potteru Small HEP and on the bonds issued to the State Govt. are provided in the accounts as per decision of Govt. vide DoE notification dated 29.01.2003 and observation of OERC vide para 176 of the generation tariff notification dtd. 20.03.2009.
- 5.2 Premium of Rs.71,95,691/- paid on 28.4.08 for re-structuring of long term PFC loan of Rs.64.00 Crore in respect of UIHEP was treated as deferred revenue expenditure and to be written off over a period of 2 years. Out of the said amount Rs.42,02,284/- has been charged to P & L a/c during the year 2008-09 and the balance amount of Rs.29,93,407/- has been charged to P&L account during year under audit.
6. 50% of the estimated project cost towards Dam and Appurtenant works i.e. Rs.232.14 Cr. was allocated to power and the balance 50% i.e. Rs.232.14 Cr. to DOWR. Out of this, DOWR had contributed Rs.132.14 Cr. as on the date of transfer of UIHEP to OHPC (01.04.1996) which was treated as an interest free loan to OHPC. The balance amount of Rs.100 Cr. was to be paid by DOWR to OHPC. Out of this Rs.100 Crs. an amount of Rs. 25.00 crores was received from DOWR in 1998-99 and balance amount of Rs.75.00 Crores has been adjusted as per letter No. 3520/24.03.03 of Chief Engineer, W.R. Deptt., Orissa during 2007-08 against the provisions towards Dam Maintenance.
7. The Govt. of India, MoF, Deptt. of Expenditure had released a grant of Rs.19 Crores for RM & U of unit 3 & 4 Burla under APDP scheme to GoO. The GoO has released the said amount to OHPC as investment in share capital. As the said amount was to be passed on to OHPC in the same form as sanctioned by GoI, the State Govt. has been moved to treat Rs.19 Crore as grant instead of share capital. Pending receipt of confirmation of the State Govt., the amount has been shown in the Balance Sheet as capital reserve.

8. (a) The sale of energy compared to the design energy for sale during the year is as under :

Power stations	Actual sale of energy(A)	Design energy(B) for sale (IN MU)	Secondary energy(A-B)
UIHEP, Mukhiguda	1414.75	1942.380	-
RHEP, Rengali	529.63	519.75	9.88
BHEP, Balimela	767.15	1171.17	-
UKHEP, Upper Kolab	399.13	23.68	-
HHEP, Burla	563.32	677.16	-
CHEP, Chiplima	128.02	485.10	-
	3802.00	5619.24	9.88

As per the OERC tariff order dt 20.3.09, the tariff for the year 2009-10 for energy sold to GRIDCO is as follows.

Name of Power Station	Rate of Primary & Secondary Energy (P/U)	Capacity charges (Rs.in Crs.)
RHEP	29.11	15.13
UKHEP	12.60	10.375
BHEP	28.33	33.18
HHEP	32.48	37.755
UIHEP	36.68	71.235

However, HHEP, Burla has sold 16.607 MU @ Rs.0.9326 per unit at the actual cost of generation of 2008-09 to CSPDCL during the year as per the decision of the meeting of high level Committee held on 24.12.2004 under the Chairmanship of the Chief Secretary, GoO in pursuance of the order of the Hon'ble High Court of Madhyapradesh and the existing inter- state agreement between the Government of Orissa and MP.

- (b) The energy sold to GRIDCO has been reconciled both for quantity & value till 2008-09 except HHEP, Burla and wherever required, necessary rectification entries have been passed by the respective units. However, energy sold to GRIDCO both for quantity and value during 2009-10 are subject to reconciliation.
- (c) A sum of Rs.4,37,28,565/- is allowed as rebate in 2009-10 to GRIDCO on cash basis on receipt of payments within 7 days of raising the bills 2009-10. This is shown under A&G Expenses under Schedule-13.
- (d) During the year, GRIDCO redeemed the last installment of the Power Bond amounting to Rs.20 Crore.
9. During the year 2009-10, an amount of Rs.1,94,00,275/- and Rs.2,93,66,643/- towards electricity charges for the power consumed at UIHEP(M) and UKHEP respectively have been adjusted against the outstanding dues of GRIDCO.
10. Pending acceptance of the bills by DOWR, 50% of the dam maintenance cost of UIHEP for the year 2009-10 amounting to **Rs.8,01,35,101/-** has not been recognized as revenue in accordance with AS-9.

11. Details of 'Prior Period Adjustments' (Net)

Head of A/C	(Rs.)	
	As at 31.03.2010	As at 31.03.2009
Repair & Maintenance	869477	40750228
Operational expenses	427953	25447378
Employee Cost	3443050	(-) 1757963
Admn. & General expenses	389480	692270
Depreciation	(-)17321	1850134
Sale of Power	(-)154527227	5205401
Interest charge	(-) 2292012	(-) 796842
Total	(-) 151706600	71390606

12. Remuneration to Statutory Auditors.

	2009-10	2008-09
Statutory Audit Fees	200000	1,73,000
Tax Audit Fees	29000	29,000
Audit Expenses	269757	106170
Cost Auditor		
Audit Fees	50000	50,000
Audit Expenses	47562	42050

13. Expenses in respect of employees who are in receipt of remuneration of not less than Rs.24,00,000/- per annum and employed throughout the year or **Rs.2,000,00/-** per month and employed for part of the year - Nil.14. Employee cost includes Salary and Allowances (previous year **Rs.10,90,812/-**) paid to the whole time Directors as detailed below:

(Rs.)

Salaries & Allowances 18,62,249

In addition, sitting fees paid to non-functional directors during the year is **Rs.2,14,844/-** (Rs. 2,57,500/- for previous year.)

15. **Foreign currency transactions:**

Particulars	2009-10	2008-09
	(Rs.)	(Rs.)
Expenditure incurred in foreign currency on cash basis being payment made to consultants.	11164800	NIL
Value of Imports calculated on CIF basis being components, spare parts and construction materials through LC.	94648675	6160802
Traveling expenses	NIL	497095

16. (a) Contingent liabilities:

	(Rs. in crores) As at 31.03.2010	(Rs. in crores) As at 31.03.2009
(a) Estimated amount of contracts to be executed on capital account (net of advances and LCs opened.	NIL	NIL
(b) Claims against the Company not acknowledged as debt:		
(i) Stamp duty on bonds of Rs.766.20 crores issued to GoO on account of up- valuation of assets kept in abeyance till 2005-06.	5.75	5.75
(ii) Claims of Gridco / Southco on UKHEP.	NIL	3.87
(iii) EPF & Sales Tax liability of UIHEP, Khatiguda	0.31	0.31
(iv) Claims of the contractor M/s Trafalgar House Constrction (T) Satyam Sankaranamy Joint Venture	65.57	65.57

(b) OHPC lodged a claim of Rs. 135.87 Crore on the contractor M/s Trafalgar House Construction (T) Satyam Sankaranarayan Joint Venture and simultaneously, the contractor also lodged claim of Rs. 65.57 Crores on OHPC. Since the arbitration is in process, no provision is made for the above disputed amount.

(c) Electricity Duty(E.D) of Rs. 13.61 lacs for the period from 4/96 to 5/01 of BHEP, Balimela will be paid to Govt. of Orissa after ascertaining the status of payment of ED by GRIDCO & SOUTHCO for the said period.

17. OHPC has lodged a insurance claim of 36.05 crores with M/S United India Insurance Co Ltd on account of loss due to flood disaster on 28/29.7.91 at UIHEP, Mukhiguda. Against this claim OHPC has received an interim payment of Rs. 5.00 crores in two spells i.e. Rs. 3.50 crores in May 95 and Rs. 1.50 crores in Feb' 98 and shown as income in the respective years. The insurance company intimated OHPC on 21.9.2005 the final net settlement value of Rs. 95.98 lacs which was not accepted by OHPC. Now OHPC invoked the arbitration clause and refer to the decision of an arbitrator for final settlement. In the process of Arbitration the Honorable Arbitrators in the order dtd.26.07.2009 directed the Insurance Company to pay Rs.95.58 lacs. The said amount received from the Insurance Company during the year has been shown as income in the year under Audit.

18. The Tax Recovery Officer (TRO), Income Tax Department, Sambalpur had raised a demand of Rs.4.48 crs towards TDS in respect of supply and erection of plant & machinery of RM&U of Unit 1&2, Burla which was disputed by OHPC. Pending settlement of the dispute now in appeal before Hon'ble High Court of Orissa, Cuttack the above amount has been deposited with Income Tax Authorities in the year 1996-97 to 2003-04. As per the order of the CIT (A), Sambalpur dtd. 08.11.2005 and 04.04.2006, the ITO, Sambalpur rectified the mistake for Rs.0.33 lakshs and issued refund order of Rs.0.58 lakhs. After adjustment of said amount, the balance amount of Rs.3.57 Crs. has been shown under the head advance income tax (TDS).

19. Liabilities towards Pension, Gratuity and Leave Encashment have been provided in the accounts based on the actuarial valuation and in accordance with AS-15 issued by the Institute of Chartered Accountants of India.

Sl. No.	Particulars	For 2009-10 (Rs.)	As at 31.03.2010 (Rs.)
1	Pension	585917572	3595431924
2	Leave Encashment	109876432	346678590
3.	Gratuity	92139397	NIL

As against the aforesaid liabilities towards Pension, an amount of **Rs.300,78,31,807/-** has been paid to the OHPC Pension Fund till 31.03.2010. Accordingly the balance amount of Rs.58,76,00,117/- has been included in Schedule-8 under the head employee liabilities.

As regards gratuity liability, the corporation has taken a group gratuity Insurance Policy with L.I.C of India w.e.f. 01.01.2005. During the year under audit, OHPC has paid **Rs.9,33,70,492/-** to the Gratuity trust fund.

Pension liability in respect of deputationists for their service in OHPC has not been ascertained. The payments that may be made by OHPC on receipt of claims for the deputationists shall be accounted for on cash basis.

20. Other income includes:-
- Rs.1,60,21,919/-** towards interest on Gridco Power Bonds for the period from 1.4.09 to 10.03.10 which includes **Rs.32,93,373/-** as TDS.
 - Interest of **Rs. 65,96,87,577/-** on short term deposits with the Banks which includes **Rs.9,22,45,896/-** as TDS.
 - Rs.6,14,462/-** (previous year **Rs.3,91,576/-**) towards value of scrap realized .
21. Sundry Debtors of **Rs.358.13** Crs. as on 31.03.2010 for sale of power consists of debts outstanding as under which are considered good.

	(Amt. in Crores.)		
	GRIDCO	CSPDCL	TOTAL
a) For a period of exceeding six months	309.37	1.11	310.48
b) For a period of less than six months	47.31	0.34	47.65
	<u>356.68</u>	<u>1.45</u>	<u>358.13</u>

22. The Corporation has not received any information from suppliers regarding their status under Micro, Small & Medium Enterprises Development Act 2006. Resultantly disclosure if any relating to amount unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.
23. Figures shown under Sundry Creditors and Advances are subject to confirmation.
24. The details of installed capacity, generation and net sale of power during the year are as under:

Sl. No.	Power Stations	Installed Capacity (MW)	Gross Generation (MU)	Sale of Power (MU)	Auxiliary consumption (MU)	Transformation loss & internal consumption
1.	Chiplima HEP	72.00	129.709	128.023	0.409	1.277
2.	Hirakud HEP	275.50	573.548	563.317	2.817	7.414
3.	Rengali HEP	250.00	549.143	529.629	1.466	18.048
4.	Upper Kolab HEP	320.00	407.180	399.134	1.396	6.650
5.	Balimela HEP	510.00	785.759	767.156	5.693	12.910
6.	Upper Indravati HEP	600.00	1474.350	1414.750	2.520	57.080
	Total	<u>2027.50</u>	<u>3919.689</u>	<u>3802.009</u>	<u>14.301</u>	<u>103.379</u>
	Previous year	<u>2027.50</u>	<u>5801.904</u>	<u>5637.963</u>	<u>18.195</u>	<u>145.746</u>

25. Power Station wise financial results before Tax.

Power Stations	Sales	Other Income	Share of H O income over exp.	Total Income	(Rs. in Crores)	
					Total Exp.	Net Profit
Chiplima HEP	12.35	0.30	2.24	14.89	21.11	-6.22
Hirakud HEP	50.48	0.27	8.85	59.60	65.08	-5.48
Rengali HEP	29.17	0.41	5.34	34.92	43.98	-9.06
Upper Kolab HEP	16.09	0.09	2.94	19.12	34.24	-15.12
Balimela HEP	55.31	0.21	10.12	65.64	65.09	0.55
Upper Indravati HEP	132.76	1.61	24.29	158.66	90.59	68.07
Total 2009-10	<u>296.16</u>	<u>2.89</u>	<u>53.78</u>	<u>352.83</u>	<u>320.09</u>	<u>32.74</u>
Total 2008-09	<u>329.16</u>	<u>2.26</u>	<u>38.82</u>	<u>370.24</u>	<u>350.15</u>	<u>20.09</u>

26. The share of Government of Orissa in Machhkund Joint Hydro Electric Project was transferred to OHPC vide Department of Energy, Govt. of Orissa Notification No.6052, dt.29.03.97 with effect from 01.04.1997. The erstwhile OSEB now GRIDCO and APSEB now APGENCO are the beneficiaries of this project. The old disputes between GRIDCO and APGENCO prior to 1.4.1997 have been settled.

APGENCO has raised a provisional bill of Rs.5,29,31,307/- on OHPC for the year 2009-10 which comprises of:

	(Rs.)
30% share of O&M cost	4,35,53,384
Royalty payable to Govt. of Orissa	4,08,000
Cost of Power beyond 30% share	89,69,923
	5,29,31,307

Accordingly, an amount of Rs.5,25,23,307/- and Rs.4,08,000/- have been shown as payable to APGENCO & State Govt respectively in Schedule-8.

As against the above provisional bill of Rs.5,29,31,307/-, OHPC has received Rs.1,46,82,665/- from GRIDCO during 2008-09 & 2009-10. As such, the balance amount of Rs.3,82,48,642/- is shown as receivable from GRIDCO in Schedule-7.

Pending quantification of assets and liabilities transferred to OHPC, the above receipts and payments are not shown in the profit and loss account.

27. The Company is exclusively engaged in the business of generation of hydro power in the state of Orissa, which is considered to constitute one single segment as per 'AS-17'.
28. As per the income tax return filed, the Company has a carry forward-unabsorbed depreciation of Rs.308.00 Crores till the assessment year 2009-10. According to the State Govt. Notification dated 29.01.2003, the tariff of OHPC is based on reimbursement of costs and there is no return on equity on the transferred assets in respect of the old power stations. As such, there is no certainty that the taxable income will be available in the next few years. In view of this, no deferred tax liability under AS-22 has been computed and shown in the Profit and Loss account for the year 2009-10.
29. The assets are carried in the books at historical cost which are lower than the recoverable amount and consequently there is no impairment of assets under AS-28.
30. The State Govt. has provided Govt. Guarantee for availing long term loan from PFC for different projects of OHPC. Guarantee Commission @ 0.5 % on the maximum amount guaranteed are provided in accounts. However, pursuant to the Govt. of Orissa, Finance Deptt. Resolution No.23663 dtd. 04.06.2003, guarantee commission has been paid to the State Govt. at the rate of 0.5% on the outstanding loan amount at the beginning of the year effective from 01.04.2003.
31. (a) According to the terms and conditions of the letter of allotment of Baitarni west Coal Block in favour of OHPC jointly with GPCL, KSEB, OHPC has pledged fixed deposit of Rs.25 Cr. towards its one third share in favour of SBI, IDCO Towers for facilitating the SBI to provide Bank Guarantee of Rs.75 Cr. in favour of Ministry of Coal, Govt. of India in respect of BWCCCL.
- (b) The investment made in the JV Companies OTPCL & BWCCCL are as under :

JV Company	Amount paid as on 31.03.2010	Amount shown as investment to the extent share certificates received	Balance Advance to Others
OTPCL	Rs. 3,14,49,456/-	Rs. 2,94,40,000/-	Rs. 20,09,456/-
BWCCCL	Rs.10,00,73,955/-	Rs. 10,00,00,000/-	Rs.73,955/-

32. Pursuant to the implementation of the revised scale of pay of the 6th Pay Commission approved by Govt. of Orissa, the OHPC Board in its 91st meeting held on 19.02.2009 approved the revised pay structure of the non-executive employees w.e.f. 01.04.2005 and the executives w.e.f. 01.01.2006. As per Govt. of Orissa, Finance Deptt. Resolution dtd. 16th & 26th Dec'2008 and OHPC Board decision in its 92nd Meeting held on 20.03.2009, 30% of the arrear salary and wages to be released in 2010-11 has been accordingly provided in the accounts of 2009-10.
33. Pending calculation of liquidated damage for supply & erection for unit 7 & 8 of BHEP, Balimela and subsequent effect on capitalization of projects, OHPC has encashed the Bank Guarantee of M/s OJSE Power Machines, Russia and realized Rs.6,63,93,181/- from the Bank in April 2009. The party has gone for Arbitration against the encashment of Bank Guarantee. As such the amount so encashed is accounted for under the hand "liability to others" till settlement of the Arbitration.
34. Previous year figures / opening balances have been regrouped or rearranged / re-cast wherever necessary.
35. Figures have been rounded off to the nearest rupee.

As per our report of even date

For Chand & Co

Chartered Accountants

CA. S Chand
Partner
M No.056076

PK Pradhan
DGM(F&A)

P K Sahoo
Company Secretary

S K Pattanayak
Director (Finance)

P K Jena
Chairman-cum-
Managing Director

ANNEXURE-I TO SCHEDULE-16

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

 Registration No.

0	3	9	6	3
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 State Code

1	5
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 (Refer Code List)

 Balance Sheet Date

3	1
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0	3
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1	0
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 Date Month Year

II. Capital raised during the year (Amount in Rs. thousands)

Public Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Right Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Bonus Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Private Placement

			N	I	L			
--	--	--	---	---	---	--	--	--

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities

	2	7	3	2	9	5	4	2
--	---	---	---	---	---	---	---	---

Total Assets

	2	7	3	2	9	5	4	2
--	---	---	---	---	---	---	---	---

Sources of Funds - Paid-up-Capital

		3	2	0	8	0	0	7
--	--	---	---	---	---	---	---	---

Reserve & Surplus

		5	6	2	1	6	5	2
--	--	---	---	---	---	---	---	---

 *

Secured Loans

			N	I	L			
--	--	--	---	---	---	--	--	--

Unsecured Loans

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

* Includes Dam Sharing Reserve of Rs.100,00,00 thousands.

Application of Funds

Net Fixed Asset

	1	8	0	2	5	6	9	4
--	---	---	---	---	---	---	---	---

 #

Investments

			1	2	9	4	4	0
--	--	--	---	---	---	---	---	---

Net Current Assets

		9	1	7	4	4	0	9
--	--	---	---	---	---	---	---	---

Misc. Expenditure

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated Losses

			N	I	L			
--	--	--	---	---	---	--	--	--

includes capital work-in-progress of Rs.487962/- thousands.

IV. Performance of Company (Amount in Rs. thousands)

Turnover

		3	6	6	8	9	9	6
--	--	---	---	---	---	---	---	---

 \$

Total Expenditure

		3	3	4	1	5	9	0
--	--	---	---	---	---	---	---	---

 \$\$

± Profit/Loss before Tax

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

± Profit/Loss after Tax

+					2	7	1	4	7	4
---	--	--	--	--	---	---	---	---	---	---

(Please tick appropriate box, + for profit, - for loss)

Earning per share in Rs.

						8	5
--	--	--	--	--	--	---	---

Divided Rate %

0	0
---	---

\$ Includes other income of Rs.707407/- thousands.

\$\$ Includes Prior Period Adjustment of Rs.151707/- thousands

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

 Item Code No.

			4	0	0	.	0	1
--	--	--	---	---	---	---	---	---

 (ITC Code)
 Product Description

G	E	N	E	R	A	T	I	O	N		O	F		H	Y	D	R	O			
P	O	W	E	R																	

 Item Code No.

--	--	--	--	--	--	--	--	--

 (ITC Code)
 Product Description

C	O	N	S	T	R	U	C	T	I	O	N		O	F		H	Y	D	R	O		
P	O	W	E	R		P	R	O	J	E	C	T	S									

 Item Code No.

			N	I	L			
--	--	--	---	---	---	--	--	--

 (ITC Code)
 Product Description

G	E	N	E	R	A	T	I	O	N		O	F		T	H	E	R	M	A	L	
P	O	W	E	R																	

Note: For ITC Code of products, please refer to the publication India Trade Classification based on harmonized commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistic, Calcutta-700001.

As per our report of even date

**For Chand & Co
Chartered Accountants**

 CA. S Chand
 Partner
 M No.056076

 P K Pradhan
 DGM(F&A)

 P K Sahoo
 Company Secretary

 S K Pattanayak
 Director (Finance)

 P K Jena
 Chairman-cum-
 Managing Director

CASH FLOW STATEMENT
PARTICULARS

		As at 31st March,2010 Rs.	As at 31st March,2009 Rs.
1 Cash flows from operating activities :			
Net profit before taxation and extraordinary item	327,406,651		200,871,953
Adjustment for :			
Depreciation	1,285,954,983		1,189,707,525
Loss on sale of assets	70,650		-30,063
Provision for Income tax	-55,932,383		-25,162,687
Interest income	-678,070,901		-622,065,405
Interest expense	103,071,186		104,200,377
Operating profit before working capital changes	982,500,186		847,521,701
Increase in inventories	-152,572,726		-13,343,431
Decrease in sundry debtors	98,392,479		152,311,214
Increase in other trade receivables	-31,417,397		-1,158,678
Increase in loans & advances	-104,744,188		-218,861,198
Decrease in sundry creditor	-19,039,097		87,795,132
Increase in other payable	-1,086,632,744		1,277,900,801
Cash generated from operations	-313,513,487		2,132,165,541
Cash flow before extraordinary item	-313,513,487		2,132,165,541
Premium for debt restructuring	2,993,407		3,840,611
Net cash from operating activities		-310,520,080	2,136,006,152
2 Cash flows from investing activities :			
Purchase of fixed assets	-209,367,919		-101,983,978
Interest received	746,036,582		475,846,641
Redemption of GRIDCO BOND	200,000,000		0
Investment in J/V	-16,691,865		-101,665,887
Net cash from investing activities		719,976,798	272,196,776
3 Cash flow from financing activities :			
Stock Reserve Account(UIHEP,Mukhiguda)	25,642,922		
Net Loan Repayment To PFC	-478,259,224		-492,071,333
Interest paid	-115,057,068		-113,225,076
Net cash used in financing activities		-567,673,370	-605,296,409
4 Net increase in cash and cash equivalents (1+2+3)		-158,216,652	1,802,906,519
5 Cash and cash equivalent at beginning of period		6,787,331,319	4,984,424,799
6 Cash and cash equivalent at end of period		6,629,114,666	6,787,331,319
As per our report of even date			

For Chand & Co
Chartered Accountants

CA. S Chand
Partner
M No.056076

P K Pradhan
DGM(F&A)

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Director (Finance)

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