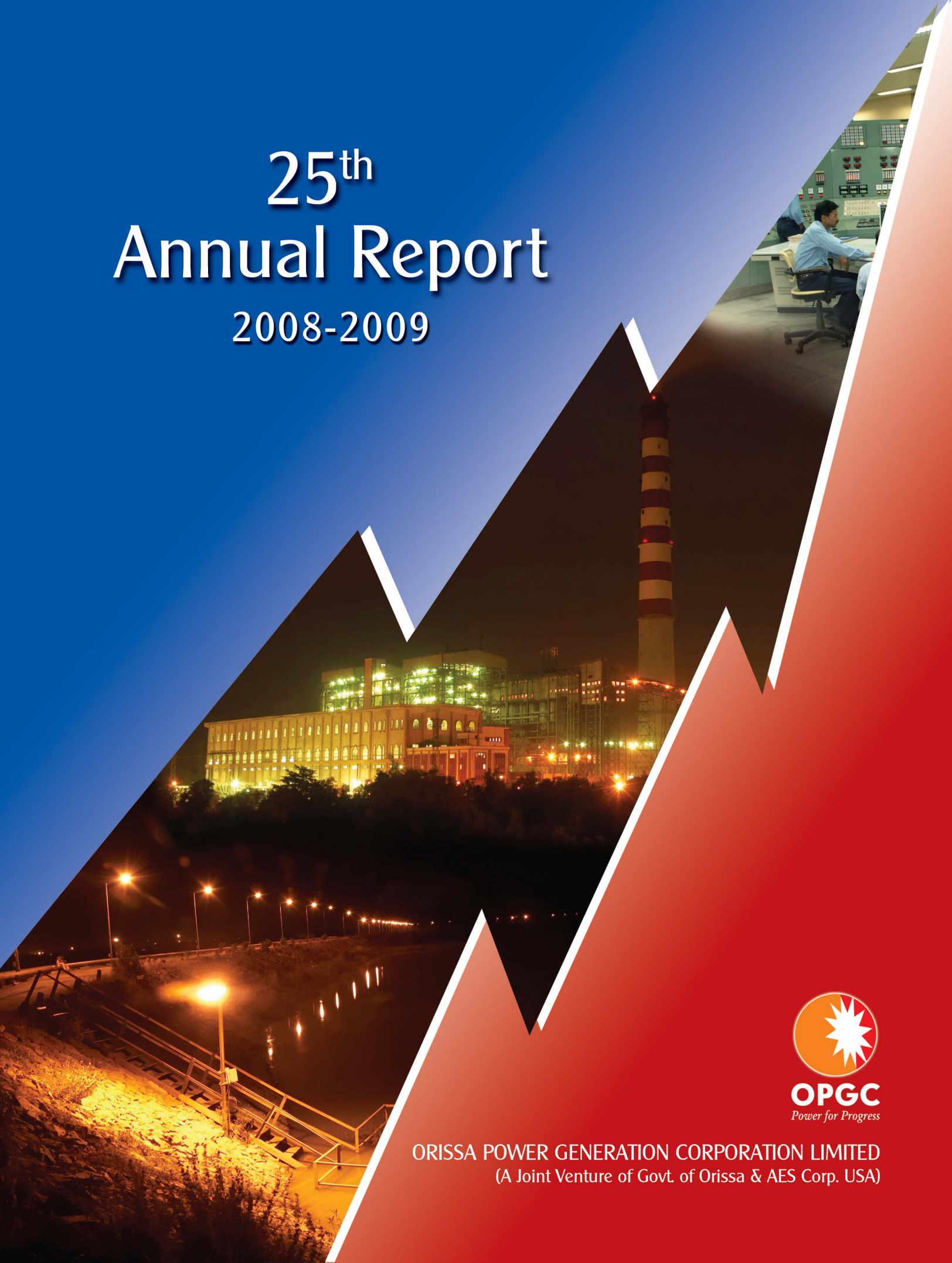


25th Annual Report 2008-2009



OPGC
Power for Progress

ORISSA POWER GENERATION CORPORATION LIMITED
(A Joint Venture of Govt. of Orissa & AES Corp. USA)



25th Annual Report

2008-2009



Orissa Power Generation Corporation Limited
(A Joint Venture of Govt. of Orissa & AES Corp. USA)
Zone-A, 7th Floor, Fortune Towers,
Chandrasekharpur, Bhubaneswar - 751 023



Contents . . .

	Page
Board of Directors	03
Notice for the 25 th Annual General Meeting	04
Notice for the Adjourned 25 th Annual General Meeting	05
Directors' Report	06
Annexure to the Directors' Report.....	11
Replies of the Management on the observations of the Auditors on the Accounts for the year 2008-09	12
Auditors' Report	16
Balance Sheet as at 31 st March, 2009	22
Profit and Loss Account for the year ended 31st March, 2009	23
Significant Accounting Policies and Notes on Accounts	31
Comments of the Comptroller and Auditor General of India	45
General Information on Performance & other Activities	47

Board of Directors



Mr. P. K. Jena
Chairman



Mr. Vivekananda Biswal
Managing Director



Mr. C. J. Venugopal
Director



Mr. S. K. Sekar
Director (Operation)



Mr. S. K. Pattanayak
Director (Finance)



Mr. Venu Gopal Nambiar
Director



Notice for the 25th Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting of Orissa Power Generation Corporation Ltd. will be held on 17.09.2009 at 11.00 A.M. in the Registered Office of the Corporation i.e. at 7th floor, Fortune Towers, Chandrasekharpur, Bhubaneswar to transact the following business.

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2009 and the Profit and Loss Account for the year 2008-09 along with Directors' Report and Auditors Report thereon.
2. To confirm and approve declaration of interim dividend for the year 2008-09 @ 21% of the paid up equity share capital of the company.

By order of the Board

Dated : 11.09.2009
7th floor, Fortune Towers
Chandrasekharpur
Bhubaneswar-751 023

Sd/-
(M. Mishra)
Company Secretary

Encl : 1. Proxy Form
2. Consent Form
3. Copy of the Annual Accounts

Note :

A member entitled to attend and vote may appoint proxy to attend and vote in his/her place and the Proxy need not be a member of the Company.

Notice for the Adjourned 25th Annual General Meeting

Notice is hereby given that the Adjourned 25th Annual General Meeting of Orissa Power Generation Corporation Ltd. will be held on 22.07.2010 at 11.00 A.M. in the registered office of the Corporation i.e. at 7th Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar to transact the following business.

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2009 and the Profit and Loss Account for the year 2008-09 along with Directors' Report and Auditors' Report thereon.

By order of the Board

Date : 14.07.2010
7th Floor, Fortune Towers,
Chandrasekharpur, Bhubaneswar-751 023

Sd/-
(M. Mishra)
Company Secretary

- Encl : 1. Proxy Form
2. Consent Form
3. Copy of the Annual Accounts & Directors' Report

Note :

A member entitled to attend and vote may appoint proxy to attend and vote in his/her place and the proxy need not be a member of the company.



Directors' Report 2008-09

Gentlemen,

Your Directors are pleased to present 25th annual Report on the performance and operating result of the Company for the financial year 2008-09 together with the Audited Statement of Accounts and the Report of the Auditors thereon. The comments of the Comptroller and Auditor General of India U/s 619(4) of the Companies Act, 1956 on the said accounts also form part of the report. We take this opportunity to share the performance of the Company on various fronts and major achievements during the year.

Unit 1 and 2 of IbTPS have registered an average PLF of 86.72% which is the second best yearly performance of the power station and a marked improvement over the last year PLF of 82.60%. Your company is quite sensitive to the power deficit scenario of the state and is as much serious about capacity addition as it is conscious of the performance of the existing units. Accordingly Renovation and Modernisation (R&M) needs of the plant and equipment of the existing units are being assessed on a regular basis. During the year, a number of R&M works were taken up. ESP controller upgradation, installation of mist cooling system, coal feeder upgradation, installation of on-line condition monitoring system are the few of the identified R&M works that were taken up during the year. Development activities for the new units 3 & 4 and mines have gathered

momentum. While we are optimistic about progressing fast on this front, we solicit cooperation of the shareholders, employees and other authorities for obtaining clearance and permits and other developmental activities for the new project.

PERFORMANCE HIGHLIGHTS OF OPGC

Plant Operation :

The year under report has recorded total generation of 3190.63 MUs corresponding to a Plant Load Factor (PLF) of 86.72% against last year figure of 3047.18 MUs at 82.60% PLF. Operation highlights of Unit 1 & 2 are given below.

- 2nd highest yearly station PLF of 86.72% was achieved in the year under report
- Highest ever monthly station PLF of 100.19% achieved in December- 2008 (Previous highest was 100.01% in December-06).
- Lowest ever monthly sp. Oil consumption of 0.01 ml/kwh achieved in December- 2008 (Previous record was 0.037 ml/kwh in May-2005).
- Lowest every yearly DM Make up 0.85% was achieved (Previous record was 0.9 in 2006-07).
- Both the units had run uninterruptedly from 2nd of June- 2008 to 7th of August- 2008 for 66 days.

- ITPS had achieved Highest ever accident free days of 1883 since 3rd of February-2004.

The following R&M works were undertaken to maintain and improve plant reliability.

- Upgradation of ESP controller,
- Installation of mist cooling system,
- Upgradation of coal feeder
- Installation of on-line condition monitoring system

Project Development :

Project development activities are being pursued with increased vigour as more clarity has come with regard to unit size and power sharing. Preparatory steps like obtaining permits and clearances, land acquisition were taken and satisfactory progress was achieved through constant follow- up of the matters with the respective authorities.

Awards & Recognition :

The Company's constant effort and commitment for improved performance and greater consciousness for safety and environment has brought it the following accolades.

- Greentech Safety Gold award 2008.
- Greentech Environment Excellence Gold award 2008.
- OSPCB authorities visited the site and were satisfied with station EHS performance.
- OPGC has been recertified for ISO 14001 up to Dec-2010.

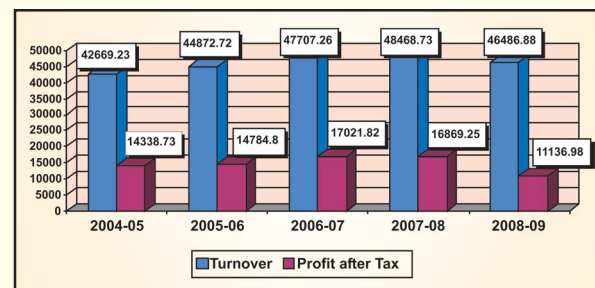
- OPGC has been recertified for OHSAS 18001 latest versions: 2007 up to August- 2011.

In addition to the above, OPGC's Ganga Quality Circle participated in National Convention on Quality circle held at Vadodara and bagged 'Excellent Award'.

FINANCE & ACCOUNTS

The state of affairs of the Company on the closing day of the year under report can be well judged from the Balance Sheet and the operational results for the year under report can be assessed from the Profit and Loss Account and relevant schedules of accounts forming part thereof. The following comparative figures of net profit and turn over are indicators of performance of the Company in monetary terms.

PROFIT & TURNOVER (Rs. in lakhs)



DIVIDEND

The Company has declared dividend of 21% on the paid up capital for the year under consideration. The dividend involves a total pay out of Rs.102.94 crores yielding a return of Rs.52.50 crores to the Govt of Orissa and Rs.50.44 to AES towards their respective shareholdings.



AUDITORS

M/s Dass Maulik Mahendra K. Agrawala & Co, Chartered Accountants, Bhubaneswar were appointed by the C&AG of India as the Statutory Auditors for the year under report. The report of the Statutory Auditors to the shareholders on the accounts for the year 2008-09 and comments of C&AG of India u/s 619(4) of the Companies Act, 1956 are enclosed as part of the report.

MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The comments of the statutory auditors and management's reply on each of the observations placed in Annexure - I form part of the Directors' Report and members' attention is drawn to the contents thereof for critical appreciation of the finance and accounts of the Company.

MANAGEMENT COMMENTS ON C&AG REVIEW

Review of the Accounts for the year ended March 31, 2009 by the Comptroller and Auditor General of India (C&AG) as furnished at Annexure - II also forms part of this report and Management's replies thereto given in the said annexure may also be read as a part of this report.

ENVIRONMENT, HEALTH & SAFETY (EHS)

OPGC's pursuit for excellence in the field of environment, health and safety received due attention in the year under report and a number of activities were undertaken to take it forward. The EHS performance of ITPS was appreciated by Orissa State Pollution Control Board and Director,

Environment (MoEF) during their visit to ITPS. Following are the few of the activities that are worth reporting.

- The annual EHS surveillance audit as per ISO 14001:2004 and OHSAS 18001:2007 standards was successfully carried out by Bureau Veritas Corporation of India Pvt. Ltd.
- The zero liquid effluent discharge projects such as, Turbine area effluent, Neutralizing pit effluent of DM plant and gravity sand filter back water effluent disposal projects were completed in time. With the completion of these projects, the environment consent condition of zero effluent discharge was satisfied.
- Fire detection system was commissioned in the service building
- 23.03% ash utilisation was achieved against the previous year figure of 15.5%.
- External EHS audit conducted by National Safety Council.

OPGC has successfully completed five years of accident-free operation on 3rd February- 2009.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

A number of developmental and welfare activities were undertaken in the peripheral villages of ITPS under the CSR portfolio of the Company. These included supply of drinking water, construction of school infrastructure, revival of ponds, provision of teaching aid to schools. Bulk plantation of 3000 teak saplings in 3 acre of land was done in collaboration with district environment society,

Jharsuguda. Besides, 4000 fruit bearing saplings were distributed to ten no. of periphery villages for plantation and 200 fruit bearing trees were planted at Gujapahar. Further, various welfare activities like conduct of free health camps, promotions of sports and culture were undertaken for all-round improvement of the way of living of the people in the periphery. This has helped maintaining healthy relationship with the people around the plant area.

H.R.D. & MANPOWER PLANNING

Maintenance of a trained and motivated work force has always been the prime concern of the company. During the year under consideration, knowledge updation and skill enhancement through regular training have been given pivotal attention under the existing HR Policy. In order to effectively counter the higher rate of attrition, the company is moving towards introduction of market based salary structure. Introduction of Performance Management System (PMS) based on balanced score card is expected to motivate employees to perform better.

During the year under report, 503 employees were imparted in house training and 189 employees availed the opportunity of attending seminars and training programmes organised by various institutions of repute. 46 executives and 205 non-executives were promoted to higher positions as a part of Company's promotion policy and broader objective of maintaining a motivated workforce. For the convenience of the employees, OPGC HR

Manual containing all applicable Rules and Schemes has been brought out.

INDUSTRIAL RELATIONS

The year under report has not registered any major concern in the industrial relations front as the relationship of the company with its employees continued to be peaceful and cordial. Introduction of a number of employee benefit schemes have further strengthened the industrial relations situation of the company. The following are few of the schemes that were introduced during the year.

- A) Employees reward and recognition policy,
- B) Higher education and fast track promotion policy,
- C) Education loan to the children of the employees for pursuing professional course,
- D) Reimbursement of expenditure on children's education and merit scholarship
- E) Generation incentive scheme for Mini Micro units.

However as a matter of good industrial practice, bi-party discussion with the unions have been relied upon as the main tool of achieving industrial peace and harmony.

PARTICULARS OF EMPLOYEES

As required by the provisions of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975, as amended till date the particulars are declared as nil.



CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The particulars of information on conservation of energy are annexed. The technology of power generation is indigenous and hence disclosure norm is not applicable.

RESPONSIBILITY STATEMENT U/S 217 (2AA)

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 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.

ACKNOWLEDGEMENT

The Directors place on record their appreciation of the assistance, guidance and support received from various departments of the Government of Orissa, GRIDCO, Mahanadi Coalfields Ltd., Union Bank of India and other organisations. Attaining the above PLF has been primarily possible because of the relentless efforts of our employees though the coal quality deteriorated for a significant part of the year. Directors also place on record their appreciation for the support and co-operation extended by all members of the OPGC family.

For and on behalf of the Board of Directors

sd/-
(P. K. Jena)
Chairman

Annexure to the Directors' Report

Form - A (See Rule - 2)

Form for disclosure of particulars with respect to conservation of energy.

A. Power and fuel consumption

1. Electricity	Current Year 2008-09	Previous Year 2007-08
a) Purchased Unit	1.556 MU	1.030 MU
Total amount (Rs. in lacs)	21.68	16.30
Rate/unit	1.39	1.58
b) Internal Consumption	329.76 MU	308.17 MU
(i) Through diesel generator Unit		
Unit per-ltr. of diesel oil cost/unit		
(ii) Through steam turbine/generator Units		
Unit per-ltr. of diesel oil cost/unit (Rs)		
2. Coal		
Quantity (tonnes)	2816846 MT	2667299 MT
Total cost Rs. in lakhs	18346.12	16,064.52
Average rate Rs.	651.30/MT	602.27/MT
3. Furnace oil HSD/LDO		
Quantity (KLtrs.)	2124.893 KL	1887.814 KL
Total amount Rs. in lakhs	886.12	529.85
Average rate Rs.	41701.86/KL	28,066.85/KL
4. Others/internal generation		
QuantityTotal costRate/unit		
B. Consumption per unit of production		
	Current Year 2008-09	Standards, if any
Electricity (in MUs)	0.103 Kwh/Kwh	0.12 Kwh/Kwh
Electricity		
Furnace oil HSD/LDO	0.666 ML/Kwh	3.5 ML/Kwh
Coal F/G Grade	0.883 Kg/Kwh	0.85 Kg/Kwh
Others :		
Raw water	3.51 Kg/Kwh	7.90 Kg/Kwh
D. M. Water	0.027 Kg/Kwh	0.12 Kg/Kwh
Acid	0.012 Kg/Kwh	0.009 Gm./Kwh
Caustic	0.009 Kg/Kwh	0.045 Gm./Kwh
Alum	0.02 Kg/Kwh	0.03 Gm./Kwh
Lime	0 Kg/kwh	0.016 Gm./Kwh



Replies of the Management on the Comments on C & AG of India on the Accounts for the Year 2008-09

Sl. No.	Comments of C & AG	Management Reply
A.	<p>Comments on profitability Profit and Loss Account Expenditure Production Expenses (Schedule 12) Contract Job Outsourcing Expenses - Rs.8.89 Crore.</p> <p>The above includes Rs.1.65 crore being the expenditure incurred for upgradation of controllers with advanced technology and auto tuning facility capable of optimizing the charge ratio for better collection of ash thereby enhancing performance efficiency of Electrostatic Precipitator and charged to Profit and Loss Account (Production expenses). As the expenditure increases the future benefits from the existing asset and guarantees reduction in emission levels as per the statutory requirements, the same should have been capitalized, instead of charging to P & L Account. The wrong-accounting has resulted in overstatement of Production expenses and understatement of Gross Block by Rs.1.65 Crore with consequential understatement of depreciation by Rs.0.01 crore and Profit for the year by Rs.1.64 crore.</p>	<p>Noted for rectification in the accounts for the year 2009-10.</p>
B.	<p>Comments on Financial Position Balance Sheet Application of Funds Current Liabilities & Provisions (Schedule 08) Current Liabilities - Rs.47.39 Crores Sundry Creditors - Rs.11.23 Crores</p> <p>Though the indigenous materials valuing Rs.0.85 crores were supplied and services</p>	<p>Noted for rectification in the accounts for the year 2009-10.</p>

Sl. No.	Comments of C & AG	Management Reply
	<p>towards project engineering and management (Rs.0.12 crore) was rendered by M/s GE Indian Industrial (P) Ltd. before 31 march 2009 for the work of up-gradation of online monitoring system for steam turbines and Balance of Plant High Tension drives of Unit 1 & 2, liability was not provided in the current year accounts. This has resulted in understatement of Current Liabilities and Capital Goods in transit by Rs.0.97 crore.</p>	<p>Noted for rectification in the accounts for the year 2009-10.</p>
<p>C.</p>	<p>Comments on Statutory Auditor's Report (a) Reference is invited to para XV of Annexure-A to Statutory Auditor's Report wherein it was mentioned that guarantees given by the Company for the loans taken by others are not prejudicial to the interests of the Company. The statutory auditors' report is incorrect to the extent that the Company did not give any guarantee on behalf of outside parties.</p>	<p>This is reference to the observations of Statutory Auditors. No action is required.</p>
	<p>(b) Reference is invited to para-1 of Annexure-B to Statutory Auditors' Report wherein it was stated that the impact on the accounts due to non-compliance of ASI-2 read with As-2 and AS-10 regarding machinery spares is not ascertained in the absence of the relevant figures. The impact of the same has been found to be Rs.4.28 crore with corresponding understatement of accumulated depreciation and overstatement of Net block and accumulated profit by the same amount</p>	<p>The matter will be reviewed during the year 2009-10.</p>



Replies of the Management on the Comments of Statutory Auditors on the Accounts for the Year 2008-09

Sl. No.	Comments of the Statutory Auditors	Management Reply
1.	Company's internal audit system is commensurate with its size and nature of its business except the timeliness of report which needs further strengthening.	Noted
2.	<p>Fixed Assets (Rs.235,08,67,448/-)</p> <p>The machinery spares in the nature of insurance/ capital spares exceeding Rs.1 lakh each are being capitalized at the time of purchase and the same being depreciated at the rate of five percent per annum considering the useful life of the spares as twenty years instead of the balance useful life of the principal fixed asset to which they relate as per the requirements of ASI-2 read with AS-2 and AS-10 issued by ICAI. Such machinery spares when issued for actual use in the machine are charged off to the consumption account at the written down value (WDV) appearing in the books. The cost of such spares at the end of the year is Rs.9.11 Crores.</p> <p>The impact in the accounts due to non compliance of the above ASI has not been ascertained in the absence of the relevant figures.</p>	To be reviewed during the year 2009-10.
3.	<p>Current Assets, Loans and advances (Rs.803,11,47,351/-)</p> <p>(a) An amount of Rs.27,90,320.69/- for sale of energy of Mini Hydel Projects during the period prior to 1999 due to no power purchase agreement (PPA) and not yet acknowledged by GRIDCO is doubtful of recovery in our</p>	The outstanding dues from GRIDCO are in the process of settlement

Sl. No.	Comments of the Statutory Auditors	Management Reply
	<p>opinion for which the provision has not been made in the accounts. The provision has not been made in the accounts. The non-provision has overstated the profit for the year and the current assets by Rs.27,90,320.69/-.</p>	
	<p>(b) The expenses on transportation of coal from MCL site to the coal stockyard of the company through MGR being the expenditure incurred to bring the inventories to its present location are not considered in the valuation of closing stock of coal. This is not in accordance with Para-6 of Accounting Standard 2 issued under the Companies (Accounting Standards) Rules, 2006.</p> <p>The impact in the accounts due to non compliance of the above AS-2 has not been ascertained in the absence of relevant figures.</p>	<p>Noted</p>



AUDITORS' REPORT

TO,
THE SHARE HOLDERS,
ORISSA POWER GENERATION CORPORATION LTD.

We have audited the attached Balance Sheet of ORISSA POWER GENERATION CORPORATION LTD., Bhubaneswar as on 31st March, 2009, the Profit & Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto, in terms of the letter of appointment issued by office of Comptroller & Auditor General of India. 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

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter referred to as "the Order") issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure-A, a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

1. 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;
2. 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 those books.
3. The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account

4. Subject to our observations in Annexure-B of this report, in our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. In terms of Government of India, 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 Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes on accounts thereon and subject to our observations enclosed in Annexure-B, 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:

- (i) in case of Balance Sheet, of the state of affairs of the Company as on 31st March, 2009;
- ii) in case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Dass Maulik Mahendra K Agrawala & Co.
Chartered Accountants

Place : Bhubaneswar
Date : 19th November, 2009

sd/-
(Sunil Kumar Jalan)
Partner
(M. No. 062814)



Annexure-A to the Auditors' Report (Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing, full particulars including quantitative details and situation of its fixed assets.
- (b) The management has carried out physical verification of a major portion of fixed assets, during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, there is no substantial disposal of fixed assets during the year.
- (ii) (a) The inventories have been physically verified by the Management during the year and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures for physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.
- (iii) According to information and explanations given to us:
 - (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the sub clauses (b) to (d) of the Order are not applicable.
 - (b) The company has not taken any loans, secured or unsecured, from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the sub clauses (f) and (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 systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major failures in the internal control system.
- (v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 and therefore sub Clauses (a) and (b) are not applicable.
- (vi) The Company has not accepted any public deposits during the year and therefore this clause is not applicable.

- (vii) The Company has outsourced the internal audit to a firm of Chartered Accountants for the year as per the scope of work laid down by the management. In our opinion, the company's internal audit system is commensurate with its size and nature of its business except the timeliness of the report which needs further strengthening.
- (viii) We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained on the basis of provisional accounts. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.
- (IX) According to the information and explanations given to us, in respect of statutory and other dues:
- (a) The company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues, with appropriate authorities.
- (b) According to the information and explanations given to us, there are disputed statutory dues which have not been deposited as given herein below:

Rs. in lakhs

Statute	Nature of Dues	Amount	Amount Deposited	Forum where disputes are Pending
The Orissa Sales Tax Act	Sales Tax	16.59	15.45	Sales Tax Tribunal, Orissa
The Entry Tax Act, 1999	Entry Tax	713.31	80.00	High Court of Orissa
Income Tax Act, 1961	TDS	53.77	-	CIT (Appeals)
	TOTAL	783.67	95.45	

- (x) There are no accumulated losses of the company as at the end of the year. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.



- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a Nidhi / Mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order, are not applicable to the company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the company.
- (xv) According to the information and explanations given to us, the terms and conditions of the guarantees given by the company for loans taken by others from banks or financial institutions are not prima-facie prejudicial to the interest of the company.
- (xvi) To the best of our knowledge and belief, and according to the information and explanations given to us, the Company has not raised any term-loans during the year under audit. Hence, clause 4 (xvi) of the Order is not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment of the company.
- (xviii) According to the information and explanations given to us, 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) According to the information and explanations given to us and records examined by us, the company has not issued any securities. Hence, paragraph (xix) of the Order is not applicable.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year.

For Dass Maulik Mahendra K Agrawala & Co.
Chartered Accountants

Place : Bhubaneswar
Date : 19th November, 2009

sd/-
(Sunil Kumar Jalan)
Partner
(M. No. 062814)

Annexure-B to the Auditors' Report (Referred to in paragraph - 2 of our report)

1. Fixed Assets (Rs.235,08,67,448/-)

The machinery spares in the nature of insurance / capital spares exceeding Rs. 1 lakh each are being capitalized at the time of purchase and the same being depreciated at the rate of five percent per annum considering the useful life of the spares as twenty years instead of the balance useful life of the principal fixed asset to which they relate as per the requirements of ASI - 2 read with AS 2 and As -10 issued by ICAI. Such machinery spares when issued for actual use in the machine are charged off to the consumption account at the written down value (WDV) appearing in the books. The cost of such spares at the end of the year is Rs.9.11 Crores.

The impact in the accounts due to non compliance of the above ASI has not been ascertained in the absence of the relevant figures.

2. Current Assets, Loans and Advances (Rs.803,11,47,351/-):

(a) An amount of Rs.27,90,320.69 for sale of energy of Mini Hydel Projects during the period prior to 1999 due to no power purchase agreement (PPA) and not yet acknowledged by GRIDCO is doubtful of recovery in our opinion for which the provision has not been made in the accounts. The non provision has overstated the profit for the year and the current assets by Rs. 27,90,320.69/-.

(b) The expenses on transportation of coal from MCL site to the coal stockyard of the company through MGR being the expenditure incurred to bring the inventories to its present location are not considered in the valuation of closing stock of coal. This is not in accordance with Para 6 of Accounting Standard 2 issued under the Companies (Accounting Standards) Rules, 2006.

The impact in the accounts due to non compliance of the above AS-2 has not been ascertained in the absence of relevant figures.

Orissa Power Generation Corporation Ltd.

Balance Sheet as at 31st March, 2009

Amount in Rs.

Particulars	Schedules	As at 31.03.2009	As at 31.03.2008
Sources of Funds:			
Shareholders' Funds			
Share Capital	1	4,902,174,000	4,902,174,000
Reserves & Surplus	2	4,590,694,053	4,681,408,015
Loan Funds			
Secured Loans	3	-	-
Unsecured Loans		177,475,255	313,198,697
Deferred Tax Liabilities (Net)			
	4	369,917,513	374,879,192
Total		10,040,260,821	10,271,659,904
Application of Fund:			
Fixed Assets			
Gross Block	5	11,679,395,747	11,556,618,714
Less: Depreciation		9,328,512,255	8,758,692,493
Net Block		2,350,883,492	2,797,926,221
Capital Work-in-progress	6	387,445,297	255,294,897
		2,738,328,789	3,053,221,118
Current Assets, Loans & Advances: 7			
Inventories		475,773,568	354,585,034
Sundry Debtors		1,657,154,015	1,210,165,118
Cash & Bank Balances		5,250,944,356	5,445,379,006
Other Current Assets		262,749,428	358,595,275
Loans & Advances		386,690,930	382,314,461
		8,033,312,297	7,751,038,894
Less: Current Liabilities & Provisions 8			
Current Liabilities		473,887,216	287,995,883
Provisions		257,932,646	245,483,415
		731,819,862	533,479,298
Net Current Assets		7,301,492,435	7,217,559,596
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	9	439,597	879,190
Total		10,040,260,821	10,271,659,904

Significant Accounting Policies. 19

Notes on Accounts . 20

Additional Informations. 21

Schedules 1 to 9 and 19 to 21 annexed hereto, form part of the Balance Sheet.

In terms of our report of even date attached

For & on behalf of Dass Maulik Mahendra K Agrawala & Co.

Chartered Accountants

Sd/-
(Sunil Kumar Jalan)
Partner
M.No. 062814

Sd/-
(M. R. Mishra)
Company Secretary

Sd/-
(P. Tripathy)
Director (Finance)

For & on behalf of Board of Directors

Sd/-
(Vivekananda Biswal)
Managing Director

Place - Bhubaneswar

Date - 19th November 2009

Orissa Power Generation Corporation Ltd.

Profit and Loss Account for the year ended 31st March, 2009

Amount in Rs.

Particulars	Schedule	Year Ended 31.03.2009	Year Ended 31.03.2008
INCOME			
Sale of power		3,979,709,878	4,327,754,802
Other Income	10	668,978,518	519,118,302
Total		4,648,688,396	4,846,873,104
EXPENDITURE:			
Raw Materials Consumption	11	1,923,233,817	1,659,436,647
Production Expenses	12	253,225,535	258,287,943
Power & Electricity Duty	13	80,420,686	77,416,763
Employees' Remuneration & Benefits	14	315,128,584	274,002,175
Administrative Expenses	15	89,628,242	72,284,177
Other Expenses	16	32,928,778	17,455,299
Interest & Financing Charges	17	27,037,396	45,777,973
Depreciation		573,018,724	585,227,829
Total		3,294,621,762	2,989,888,806
Profit before tax & Prior Period Adjustment		1,354,066,634	1,856,984,298
Prior Period Adjustments (Net)	18	(20,960,271)	(544,431)
Profit before tax		1,333,106,363	1,856,439,867
Less: Provision for Taxation			
Current Income Tax		220,780,117	209,975,062
Fringe Benefit Tax		3,589,208	3,173,653
Add: MAT Credit entitlement		-	33,526,751
Reversal of deferred tax liability		4,961,679	10,107,261
Profit after tax		1,113,698,717	1,686,925,164
Add - Balance of profit brought forward from previous year		3,455,046,966	1,842,165,197
Adjustment of MAT Credit entitlement for the previous years		-	(74,043,395)
Amount available for appropriation		4,568,745,683	3,455,046,966
Appropriation			
Transfer to General Reserve		111,369,872	-
Interim Dividend		1,029,456,540	-
Tax on Interim Dividend		174,956,139	-
Balance carried to Balance Sheet		3,252,963,132	3,455,046,966

Significant Accounting Policies. 19
Notes on Accounts . 20
Additional Information. 21

Schedules 10 to 21 annexed hereto, from part of the Profit and Loss Account.

In terms of our report of even date attached

For & on behalf of Dass Maulik Mahendra K Agrawala & Co.

Chartered Accountants

For & on behalf of Board of Directors

Sd/-
(Sunil Kumar Jalan)
Partner
M.No. 062814

Sd/-
(M. R. Mishra)
Company Secretary

Sd/-
(P. Tripathy)
Director (Finance)

Sd/-
(Vivekananda Biswal)
Managing Director

Place - Bhubaneswar
Date - 19th November 2009



Amount in Rs.

Particulars	As at 31.03.2009		As at 31.03.2008
Schedule - 01			
Share Capital			
Authorised			
100,00,000 (Previous Year 100,00,000)	10,000,000,000		10,000,000,000
Equity Shares Rs.1000/- each			
Issued, Subscribed & Paid Up			
49,02,174 (Previous Year 49,02,174)	4,902,174,000	4,902,174,000	4,902,174,000
Equity Share of Rs. 1000/- each fully paid up	4,902,174,000		4,902,174,000
Total	4,902,174,000		4,902,174,000
Schedule - 02			
Reserves and Surplus			
Grant in Aid	20,296,500	20,296,500	20,296,500
Securities Premium	588,842,678	588,842,678	588,842,678
General Reserve			
As per last Balance Sheet	617,221,871	617,221,871	617,221,871
Add: Transfer from Profit & Loss Account	111,369,872	728,591,743	617,221,871
Surplus in Profit and Loss Account	3,252,963,132	3,252,963,132	3,455,046,966
Total	4,590,694,053		4,681,408,015
Schedule - 03			
Loan Funds			
Secured Loans			
	-	-	-
Unsecured Loan			
Loan from PFC	177,475,255	299,865,359	313,198,697
Loan from LIC of India		13,333,338	
Total	177,475,255		313,198,697
Schedule - 04			
Deferred Tax Liability (Net)			
As per Last Balance Sheet	374,879,192	384,986,453	374,879,192
Less: Reversal of deferred tax liability (net) during the year	4,961,679	10,107,261	
Total	369,917,513		374,879,192

Amount in Rs.

Schedule-05 Fixed Assets :

Particulars	Gross Block			Depreciation			Net Block			
	As at 31.03.2008	Addition	Deduction/ Adjustments	As at 31.03.2009	Up to 31.03.2008	For the Year	Deduction/ Adjustment	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
Freehold Land (Including Development Cost)	158,866			158,866					158,866	158,866
Leasehold Land (Including Development Cost)	182,091,641		(5,414,059)	176,677,582	58,712,398	6,186,614	(1,609,631)	63,289,381	113,388,201	123,379,243
Total	182,250,507	-	(5,414,059)	176,836,448	58,712,398	6,186,614	(1,609,631)	63,289,381	113,547,067	123,538,109
Building	599,671,389	2,494,141	(104,743)	602,060,787	361,602,758	16,287,516	-	377,785,531	224,275,256	238,068,633
Road Bridge & Culvert	112,399,050	697,507		113,096,557	69,630,493	1,819,790	-	71,450,283	41,646,275	42,768,557
Water Supply Drainage & Sewerage	42,865,426	1,541,054	-	44,406,480	14,692,723	2,361,893	-	17,054,616	27,351,863	28,172,703
Power Supply Distribution & Lighting	37,949,675	693,247	0	38,642,922	32,328,686	2,015,944	-	34,344,630	4,298,291	5,620,988
Plant & Machinery	10,368,091,546	115,034,655	(5,611,228)	10,477,514,973	8,064,603,663	537,014,904	(852,643)	8,600,765,924	1,876,749,050	2,303,487,883
Communication System	39,489,117	1,455,757	-	40,944,874	33,067,774	440,417	-	33,508,191	7,436,683	6,421,343
Heavy Mobile Equipment	27,239,915	(0)	-	27,239,915	25,877,919	-	-	25,877,919	1,361,996	1,361,996
Furniture & Fixture	19,590,964	1,034,741	-	20,625,705	14,861,253	546,405	-	15,407,658	5,218,047	4,729,711
Vehicle	8,553,940	2,754,431	(265,148)	11,043,223	3,497,711	862,925	(251,891)	4,108,745	6,934,477	5,056,229
Library	1,058,654	47,040	-	1,105,694	756,197	84,518	-	840,715	264,979	302,457
Office & Other Equipment	117,458,531	9,005,673	(586,035)	125,878,169	79,060,918	5,397,797	(380,053)	84,078,662	41,799,506	38,397,614
Total Current Year	11,556,618,714	134,758,246	(11,981,214)	11,679,395,747	8,758,692,493	573,018,724	(3,198,961)	9,328,512,255	2,350,883,493	2,797,926,221
Total Previous Year	11,374,799,818	197,622,446	(15,803,547)	11,556,618,714	8,185,306,301	585,227,829	(11,841,637)	8,758,692,493	2,797,926,221	3,189,493,517

Rs. 4,53,49,249/- included in the Gross Block of Road Bridge & Culvert laid on land not belonging to the company.

Particulars of deduction & adjustments	Gross Block			Depreciation		
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Decapitalisation	(5,518,802)	-	(1,714,374)	-	-	-
Assets Retired from active use pending for disposal	-	(13,317,916)	-	-	-	(11,472,379)
Sale of Assets / de-capitalised & written off	(951,184)	(204,264)	(631,944)	(141,121)	(141,121)	(141,121)
Consumption of Capitalised Spares	(5,511,228)	(2,281,367)	(852,643)	(228,137)	(228,137)	(228,137)
Total	(11,981,214)	(15,803,547)	(3,198,962)	(11,841,637)	(11,841,637)	(11,841,637)



Amount in Rs.

Particulars	As at 31.03.2009		As at 31.03.2008
Schedule - 06			
Capital Works in Progress			
Construction / Erection Work in Progress (at Cost)			
Thermal Power Plant (unit 1 & 2)	64,787,071	33,427,185	
Development of Power Project (unit 3 & 4)	33,899,874	26,835,797	
Development of Coal Mines	80,372,844	44,997,174	
New Project Development Expenses	383,346	23,481	
Mini Micro Hydel Projects	144,262,029	143,959,589	249,243,226
Advance to Contractor & Supplier for Capital Goods (Unsecured, Considered Good)	63,740,133		6,051,671
Total	387,445,297		255,294,897
Schedule -07			
Current Assets Loans & Advances			
Current Assets			
Inventories*			
Coal	133,725,464	77,859,253	
Fuel Oil	20,634,181	12,298,681	
Components, spares & consumables	263,048,244	229,811,661	
Others	56,443,649	32,693,409	
Fixed Assets retired from active use awaiting disposal	1,922,030	1,922,030	354,585,034
	475,773,568		
* As certified by management and valued as per Accounting policy no.91 of Schedule-20. Inventories includes loose tools for Rs.73,09,201/- (previous year Rs.4,23,248/-). Stock in transit & pending for inspection of Rs.2,05,78,744/- (previous year Rs.34,41,775/-).			
Sundry Debtors			
(Unsecured)			
Debts Over Six Months			
Considered Good	873,070,653	543,119,099	
Considered Doubtful	--	--	
Other Debts			
Considered Good	784,083,362	667,046,019	
	1,657,154,015		1,210,165,118
Cash & Bank Balances			
Cash on Hand	195,935	114,294	
Remittance in Transit	2,500,000		
Bank Balance with scheduled Banks			
In Current account	62,310,492	50,459,545	
In Short Term Fixed Deposits*	5,185,937,929	5,394,805,167	
	5,250,944,356		5,445,379,006
* Includes Rs.65,18,24,906/- of Fixed deposits kept as lien marked against bank guarantee issued for Rs.60,00,00,000/- in favour of The President of India acting through Ministry Coal			
Other Current Assets			
Interest Accrued			
Bank deposits	211,827,696	204,879,820	
Loans to Employees	12,659,328	16,239,861	
Other Receivables	35,198,434	134,204,922	
Prepaid Expenses	3,063,970	3,270,672	
	262,749,428		358,595,275

Amount in Rs.

Particulars	As at 31.03.2009		As at 31.03.2008
Loans and Advances			
(Unsecured, Considered Good unless otherwise stated)			
Loans & advance to employees	12,787,176	14,960,064	
Deposit with different authorities	2,324,848	2,313,308	
Advance Income Tax paid (Net of Tax Liabilities)	122,242,105	108,209,982	
Mat Credit entitlement	206,980,647	206,980,648	
Deposit of disputed Income & Sales Tax	1,480,055	26,545,451	
Other advances	40,876,099	23,305,009	
	386,690,930		382,314,461
Total	8,033,312,298		7,751,038,894
Schedule - 08			
Current Liabilities & Provisions			
Current Liabilities			
Sundry Creditors	112,296,919	100,545,296	
Other Liabilities	274,572,424	111,426,747	
Security Deposits	81,253,988	65,586,350	
Interest accrued but not due on Loans :	5,763,885	10,437,490	
	473,887,216		287,995,883
Provisions			
Salary & Allowances	22,600,000	87,746,166	
Leave encashment / availment	102,397,906	70,294,910	
Half pay leave availment	31,515,445	33,176,807	
Gratuity (over & above contribution to fund)	94,613,180	49,965,198	
Management Service Charges	6,806,115	4,300,334	
	257,932,646		245,483,415
Total	731,819,862		533,479,298
<i>* Provision for Income Tax has been adjusted against advance Income Tax and the net balance has been shown under Loans and Advances in Schedule - 7.</i>			
Schedule - 9			
Miscellaneous Expenditure (To the extent not written off)			
Compensation on Voluntary Retirement of Staff	439,597		879,190
Total	439,597		879,190



Amount in Rs.

Particulars	Year Ended 31.03.2009	Year Ended 31.03.2008
Schedule - 10		
Other Income		
Other Sales	8,249,954	4,811,526
Interest Income from Investment / Deposits	625,500,916	485,181,587
Interest Income from Employees & others	4,888,904	16,317,007
Receipt of Rent, Electricity, Water Charges & Others	8,025,619	8,083,165
Sundry Receipt	2,878,934	4,527,874
Excess Provision written Back	19,434,191	1,750
Profit on Sale of Fixed Assets	-	195,393
Total	668,978,518	519,118,302
Tax deducted at source from interest on deposits banks is Rs.13,54,21,448/- (Previous year Rs.9,80,16,134/-)		
Schedule - 11		
Raw Materials Consumption		
Consumption of Coal	1,834,621,905	1,606,452,109
Consumption of - FO / LDO	88,611,912	52,984,538
Total	1,923,233,817	1,659,436,647
Schedule - 12		
Production Expenses		
Consumption of Stores & Spares	119,736,172	103,340,424
Contract Job Outsourcing Expenses	88,850,195	75,052,938
Insurance charges of Plant & Machineries	5,197,705	10,043,289
Repair & Maintenance of Plant *	14,024,863	51,111,034
Other Production Expenses	25,416,600	18,740,258
Total	253,225,535	258,287,943
* It includes Repair & Maintenance of Plant Building for Rs.56,39,603/- (Previous year Rs.49,90,203/-)		
Schedule - 13		
Power & Electricity Duty		
Water Charges & Cess	13,658,663	14,147,796
Power Purchase Cost	3,418,663	4,499,249
Electricity Duty on Auxiliary Consumption	63,343,360	58,769,718
Total	80,420,686	77,416,763
Schedule - 14		
Employees Remuneration & Benefits		
Salary, Wages & Incentive on Generation	228,307,555	220,797,556
Contribution to PF & Other Funds	60,075,171	29,206,992
Employees Compensation & Family Rehabilitation Expenses	820,662	1,535,507
Welfare Expenses-Educational Facility	9,328,334	8,765,259
Welfare Expenses-Medical Facility	8,852,383	7,733,572
Other staff welfare & reimbursements	7,744,479	5,963,289
Total	315,128,584	274,002,175

Amount in Rs.

Particulars	Year Ended 31.03.2009	Year Ended 31.03.2008
Schedule - 15		
Administrative Expenses		
Rent	4,359,156	3,964,684
Rate, Taxes & Cess	2,236,810	1,345,797
Electricity charges	439,011	499,707
Repair & Maintenance of Roads & Buildings	10,055,856	8,145,273
Repair & Maintenance of Other Facilities	5,814,459	6,614,948
Repair & Running Expenses of Vehicles	8,057,964	6,208,266
Entertainment Expenses	2,184,683	2,045,640
Advertisement & Publicity Expenses	4,056,574	5,319,295
Communication Expenses	2,469,647	2,192,300
Travelling Expenses	10,832,571	10,786,875
Printing & Stationery Expenses	1,410,553	1,032,867
Insurance charges - others	15,166	22,531
Legal fee & Expenses	2,449,659	3,130,701
Professional fees & Other Taxes	9,743,565	1,467,018
Training ,seminar & Conference Expenses	7,648,919	5,430,555
EDP Software, Consumables & Stores	2,739,013	1,930,720
Watch & Ward Expenses	10,621,278	9,762,910
Other Miscellaneous Expenses	1,973,177	1,384,203
Mangement Service Charges	2,520,181	999,886
Total	89,628,242	72,284,177
Schedule - 16		
Other Expenses		
Auditor's Remuneration		
Audit Fee	137,875	84,270
Out of Pocket Expenses	73,459	74,703
Tax Audit and other Certification Fee*	72,871	38,090
Cost Audit Fee and Expenses	66,592	64,944
Internal Audit Fee and Expenses	521,200	-
Other Audit Fee and Expenses	397,663	211,237
Community Development & Welfare Expenses	6,083,904	5,155,469
Pollution & Environment Expenses	579,009	486,846
Periphery Development Expenses	8,970,409	10,877,071
Loss on Fixed Assets	106,506	40,799
Write offs:		
Fixed Assets	720,838	-
Advances and Receivables	2,074,887	19,974
Stores & Spares	13,123,565	401,896
Total	32,928,778	17,455,299

* It includes Rs.27,575/- payable to Statutory Auditors towards Tax Audit and certification fee (previous year Rs.28,090/-).



Amount in Rs.

Particulars	Year Ended 31.03.2009	Year Ended 31.03.2008
<u>Schedule - 17</u>		
Interest & Finance Charges		
Interest on Loan from PFC	25,200,981	41,596,217
Interest on Loan from LIC	54,641	1,388,585
Other Finance Charges	1,781,774	2,793,171
Total	27,037,396	45,777,973
<u>Schedule - 18</u>		
Prior Period Adjustments		
Other Income	4,735	(155,202)
Production Expenses	255,228	617,077
Employees Remuneration & Benefits	6,924,805	67,656
Administrative Expenses	2,601,422	14,900
Other Expenses	11,028,349	-
Interest and Finance Charges	145,731	-
Net Prior Period Adjustments	20,960,271	544,431
Notes : Figures in bracket represent credit.		
* Other Expenses include Rs.1,06,66,620/- due to rectification of sales bill for the year 2007-08		

Schedule - 19

Significant Accounting Policies :

1. Basis of Accounting

The financial statements are prepared under historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, the company makes estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses during reporting period and the disclosure of contingent liabilities as at the end of financial year. Actual results could differ from these estimates and such difference is recognized in the period the same is determined.

3. Grants

Grants received from Central/ State Government or any other authorities towards capital works are initially treated as capital reserve and adjusted in the carrying cost of such asset on the commencement of commercial production.

4. Fixed Assets

4.1 All fixed assets are stated at historical cost less depreciation.

4.2 Deposits, payments, liabilities made provisionally towards compensation, rehabilitation and other expenses including expenses on development of land related to acquisition of land are treated as cost of land.

4.3 In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is made on provisional basis and the adjustment, if any, is accounted for in the year of final settlement

4.4 Establishment expenditure related to Capital projects is treated as revenue expenditure if the projects are inordinately delayed for commissioning.

4.5 Expenses of capital nature incurred on assets laid on land not belonging to the company are capitalised under appropriate asset heads. Capital expenditure on assets not owned by the company is reflected as a distinct item in CWIP till the period of completion.

4.6 Machinery spares which can be used only in connection with an item of fixed asset & whose use is expected to be irregular (except small value items valuing less than Rs.1 lakh per unit) are capitalized & allocated over the residual useful life of related plant & machinery.

4.7 Application software packages acquired / developed from / by outside agencies for internal use treated as intangible asset are recorded at their cost of acquisition.

5. Capital Work in Progress

5.1 In respect of supply-cum-erection contracts, the value of supplies received at site is taken as capital work in progress.

5.2 Allocation of incidental expenditure during construction between pre-commissioning and post-commissioning period as per the scope of the contract is made on the basis of technical assessment

5.3 Deposit work/cost plus contracts are accounted for on the basis of statement of accounts received from the contractors.



- 5.4 Claims for price variation in case of contracts are accounted for, on receipt/ acceptance of bills.
- 5.5 Apportionment of expenses not clearly identifiable to specific assets including common expenses of operation & construction between pre commissioning & post commissioning period as per the scope of the contract is made on the basis of best judgment.
6. **Development of Power Projects & Coal Mines**
Expenditure on new power projects & coal mines are capitalized as “Development of Power Projects” and “Development of Coal Mines” under Capital Work in Progress.
7. **Miscellaneous Expenditure**
Miscellaneous expenses include expenses on issue of bonds and expenditure on voluntary retirement of employees.
8. **Provisions, Contingent Liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable there will be an outflow of resources. Contingent liabilities are not recognized but disclosed in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.
9. **Inventories**
 - 9.1 Inventories of construction materials, raw materials, stores, chemicals, spare parts and loose tools are valued at weighted average cost or realizable value whichever is lower. Materials in transit and materials pending for inspection are valued at cost.
 - 9.2 In case of identified unserviceable/ obsolete stores & spares, necessary provision is made and charged to revenue.
10. **Revenue Recognition**
 - 10.1 Revenue (income) including delayed payment surcharge on late payment / overdue payment from debtor on sale is recognized when no significant uncertainty as to the measurability or collectability exists.
 - 10.2 Interest on advances to suppliers including other parties, warranty claims, liquidated damages, subsidies, insurance claims including related to capital items are accounted for on receipt / acceptance.
 - 10.3 Expense on leave travel concession, leave salary and pension contribution of deputation employees are accounted for on cash basis.
 - 10.4 Scrap is recognized in the profit and loss account only on disposal.
11. **Depreciation and Amortization**
 - 11.1 Depreciation on fixed assets is provided on straight line method at the rates and manner prescribed in Schedule XIV of the Companies’ Act 1956 except the following assets in respect of which depreciation is charged at the rates mentioned below.
 - 11.2 Cost of leasehold land including development expenses thereon is amortized over the lease period or 30 years which ever is less. Leasehold land whose lease period is yet to be finalized is amortized over a period of 30 years.
 - 11.3 Assets costing Rs. 5,000/- or less individually are depreciated fully in the year in which they are put to use.
 - 11.4 Cost of computer software recognized as intangible assets is amortized on straight line method over a period of legal right to use or 3 years which ever is less.

- 11.5 Capital expenditure on assets used/usable but not owned by the company is amortized over a period of 5 years from the year in which the relevant asset becomes available for use. However, such expenditure for community or periphery development in case of stations under operation is charged off to revenue.
- 11.6 Ash Ponds have been depreciated over remaining period of useful life, evaluated on the basis of technical estimate made annually.
- 11.7 Depreciation on additions to / deductions from fixed assets during the year is charged on pro rata basis from / up to the month in which the assets is available for use / disposal.

12. Prior Period Income / Expenditure & Prepaid Expenses

Income/ Expenditure relating to prior period & prepaid expenses not exceeding Rs.50,000/- in each case is treated as income/ expenditure of the current year.

13. Employee Benefits

- 13.1 The Company's contribution to the Provident Fund is charged to Profit and Loss Account. The contribution to the provident fund which is administered through a separate trust also includes the contribution of the employees.
- 13.2 Liability on account of service gratuity is partly covered under the group gratuity life assurance scheme of Life Insurance Corporation of India for future payment of retirement gratuities. Contribution to the scheme as determined by LIC of India is charged to Profit and Loss Account. Extra liability arising on actuarial valuation as per Accounting Standard 15 (R) over and above gratuity fund with LIC of India is provided in the accounts.
- 13.3 Liabilities towards other benefits such as leave encashment / availment as the case may be of the employees as at the end of the year are provided for on the basis of actuarial valuation.

14. Consumption of Raw Materials & Inventories

Windage and handling losses of coal including carpeting of coal is charged off to coal consumption. Carpeting of coal during pre commissioning period is treated as inventories and charged off to consumption in the first year of commercial operation.

15. Miscellaneous Expenditure (to the extent not written off)

Expenses on issue of Bonds treated as deferred revenue expenditure is amortised over the bond period.

16. Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability/ Asset resulting from 'timing difference' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset, if any, is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realised in future.

17. Impairment of Assets

The company reviews the carrying amount of its fixed assets, whenever circumstances indicate that the carrying amount of asset may not be recoverable. The company assesses recoverability of carrying value of assets by grouping assets of thermal power plant & mini hydel projects separately. If the estimated discounted future cash flows expected to result from the use of assets are less than its carrying amount, the asset is deemed to be impaired and the difference amount between the recoverable amount and the carrying amount is charged to the Profit & Loss account.



Schedules - 20

Notes Forming Part of Accounts :

A Balance Sheet

1. Land

1.1 Leasehold Land is amortized over a period of 30 years from the year following commissioning of both the units.

1.2 (a) Value of land includes advance payments made for the land which are in possession of the company. Out of the total land AC.452.00 of Hirakud Reservoir land, lease deeds for AC.226.46 Dec. village Forest land & AC.60.80 DC patta land (in the possession of the company) are yet to be executed.

(b) Govt of Orissa has cancelled the land measuring AC.2.202 allotted at Bhubaneswar on 99 years of lease for construction of office building with assurance to give an alternative piece of land. The depreciated cost of land amounting to Rs.30,83,591 has been shown as receivable from Govt of Orissa. The depreciated cost of other related expenditures (such as stamp duty, registration charges etc capitalized) amounting to Rs.7,20,838 has been charged to profit and loss account during the year.

(c) Land includes AC.69.38 Dec. of Govt land & AC.104.47 Dec. of private land valuing Rs.2,22,34,951 which were surrendered in favour of State Govt for eventual transfer to AES IB Valley Corporation for construction of Unit 5 & 6 of IB Thermal Power Station. The company requested Govt of Orissa for restoration of title / right for expansion of unit 3 & 4. Pending restoration as above, the same has been disclosed under land including land development & amortized over balance life as per accounting policy.

2. Capital Work in Progress

Board of Directors have approved for execution of Mini Micro Hydel Projects in a phased manner. Out of seven Mini Micro Hydel Projects, three (Biribati, Kendupatna & Andharabhangi projects) are in operation & generating electricity. Power Purchase Agreement related to above projects is at the final stage. Execution of balance work at Badanala Project is in process. For other three projects (Harbhangi, Banpur and Barboria), appointment of consultant for execution of balance work is under consideration.

3. Inventories

3.1. The value of stock including capital stores have been taken as per books of accounts except where discrepancies have been found in physical verification, the physical balance has been taken to stock.

3.2. Balance shown under advances, debtors, creditors, deposit/ retention money and balance lying in other liabilities, are subject to reconciliation / confirmation & consequential adjustments, if any, in the accounts.

4. Sundry Debtors

4.1. Sundry Debtors includes Rs.27,90,321/- against sale of energy by Mini Hydel projects which is subject to confirmation by GRIDCO.

4.2. Sundry Debtors includes Rs.110,05,57,765/- which is yet to be received/ confirmed, details are given as follows.

Years	Particulars	2008-09 (in Rs.)	2007-08 (in Rs.)
2005-06	Dues against annual incentive	5,90,40,288	5,90,40,288
2006-07	Dues against balance energy bills & annual incentives	37,68,39,994	37,68,39,994
2007-08	Dues against balance energy bills*	22,00,27,361	23,06,93,981
2008-09	Dues against balance energy bills*	44,46,50,122	

* The above amount is arrived at after giving credit for an amount of Rs.25,62,12,600/- (Rs.12,81,06,300/- each for the year 2007-08 and 2008-09) towards annual incentive, pending execution of the amendment to the power purchase agreement and tripartite agreement.

5. Deferred Tax Liability

As per requirements of the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company calculated deferred tax for the current year & net effect of reversal in liability for Rs.49,61,679/- is reflected in profit & loss account as computed below:

(Amount in Rs.)

Particulars	2008-09	2007-08
Diferred Tax Liability -		
Depreciation on Fixed Assets	44,75,93,681	42,67,34,632
Less: Deferred Tax Assets.		
Provision for retirement benefits	7,76,76,168	5,18,55,440
Balance deferred tax (net)	36,99,17,513	37,48,79,192
Less already recognized (net)	37,48,79,192	38,49,86,453
Reversal of deferred tax liability	49,61,679	1,01,07,261

6. Provision for Current Tax

The company is eligible to avail tax holiday under section 80 IA of Income Tax Act 1961 up to financial year 2008-09. During past years the company held the view that other sales and receipts shown under 'Other Income' (including interest on surplus funds) in Schedule-10 of the profit and loss account is the eligible profit for computing taxable income deductible under the said section. The Income Tax department has disputed the matter and treated "Other receipts" as not eligible for deduction under section 80 IA and hence has taxed under normal provisions of IT Act. Against above decision of the department, the company filed several appeals which are pending with different appellate authorities treating it not as 'derived' income from power business. Till financial year 2007-08, the disallowance made / will be made by Income Tax Department had / will have no impact on the tax provision, as the tax computed under section 115JB of the Income Tax Act, 1961 was more than the tax on such disallowed income. Accordingly, the company made a review at the year end of 31st March 2009 taking into account the status of legal disputes pending before different appellate forums and taken a cautious approach while computing taxable income for current income tax for making provision in the accounts. Accordingly, the provision for current income tax of Rs.22,07,80,117/- is computed taking into account other receipts shown in the schedule 10 (except excess provisions written back) as not eligible for deduction under 80 IA of Income Tax Act 1961.

7. Impairment of Asset

In terms of Accounting Standard 28 issued by the Institute of Chartered Accountants of India on 'Impairment of Assets', the company has determined the recoverable amount on the basis of the 'Value in Use' of the



assets of IB thermal power plant (2*210 MW). The "Value in Use" i.e. the discounted present value of future cash flow from continuing use of assets has been worked out on the basis of tariff determinable as per power purchase agreement with GRIDCO & there is no impairment loss for the year.

In respect of assets of mini hydel projects of Kendupatana & Biribati, (1150KW) no calculation is made due to absence of power purchase agreement. The management is of the opinion that taking into account the likely tariff rate in the power purchase agreement under execution, no impairment is anticipated in the fixed assets of the said projects in operation.

8. Related Party Transaction

(a) Related Parties (Key Management Personnel)

Sri Vivekananda Biswal	Managing Director
Smt. Paramita Tripathy	Director (<i>Finance</i>)
Sri S. K. Sekar	Director (<i>Operation</i>)

Remuneration to key management personnel is Rs.38,68,560/- (Previous year Rs.14,64,930/-) which includes an amount of Rs.25,20,181/- (Previous year Rs.9,99,886/-) provisionally provided as salary & allowances for MD & Director(Operation) on the basis of shareholders agreement & treated as management service charges under "Administrative Expenses".

9. Estimated amount of contracts to be executed on capital account (less of advances & LC opened) is Rs. 3219.02 lakhs (previous year Rs.1293.52 lakhs)

10. Contingent liabilities not provided for

(Amount in lakhs)

Particulars	31 st March 2009	31 st March 2008
a. Outstanding letter of credit and guarantees	Rs.6000.00	Rs.3250.00
b. Claims against the Company not acknowledged as debts.		

Nature of Demand	Opening Balance as on 01.04.2008	During the year			Closing Balance as on 31.03.2009
		Additional Provision	Amount charged against provision	Amount Reversed	
Income Tax	-	53.77		-	53.77
Sales Tax	17.24			0.65	16.59
Entry Tax*	713.31	403.79		187.12	929.98
Land acquisition/ Interest on unpaid Land Premium	870.62				870.62
Liabilities of Contractors & others	1947.67	20.56		11.47	1956.76
Total**	3548.84	478.12		199.24	3827.72

*The Company has disputed the demand raised by the Sales Tax department applying 1% entry tax on coal considering the same as fuel instead of the contention of the company for application of 0.5% entry tax considering coal as raw material. The company has filed writs as well as stay of demand petition which was honoured from time to time and the writs are pending for disposal. The above amount as disclosed is on the basis of demand raised for the years 2000-01 to 2003-04 and estimated for the years from 2004-05 to 2008-09. In view of above the amount has not been passed on to GRIDCO in tariff as per Power Purchase Agreement

**Interest on such demands where ever applicable is not ascertained and hence not included in the above.

11. The Company has received intimation only from 18 suppliers out of 140 firms to whom enquiry was made regarding their status under Micro, Small and Medium Enterprises Development Act 2006. Amount outstanding as on 31st March 2009 to such suppliers identified as above is Rs. 94,859/-. There is no interest due to such suppliers.
12. Segment information is not provided as per AS-17 as the company has only one "business segment". Information related to "geographical segment" has not been worked since generation from Mini Hydel Projects has not been recognized in absence of power purchase agreement
13. In terms of Accounting Standard 15 (Revised) issued by the Institute of Chartered Accountants of India on " Employee Benefits", the company has determined the liabilities arising on Employee Benefits on the basis of actuarial valuation . The summarized position of different benefits recognized in profit and loss account and balance sheet as under.

(Amount in Rs.)

Sl No.	Particulars	Earned Leave	Gratuity	Half Pay Leave
(A)	The amounts to be recognized in balance sheet and related analysis			
a)	Present value of obligation as at the end of the period	100,780,706	115,587,078	31,515,445
b)	Fair value of plan assets as at the end of the period		22,352,325	
c)	Funded status / Difference	(100,780,706)	(93,234,753)	(31,515,445)
d)	Excess of actual over estimated return on plan asset		(272,716)	
e)	Unrecognized actuarial (gains)/losses			
f)	Net asset/(liability)recognized in balance sheet	(100,780,706)	(93,234,753)	(31,515,445)
(B)	Expense recognized in the statement of profit and loss			
a)	Current service cost	6,257,074	6,992,102	1,905,944
b)	Past service cost			
c)	Interest cost	5,069,674	5,392,005	2,488,261
d)	Expected return on plan assets		(2,143,724)	
e)	Curtailment cost / (Credit)			
f)	Settlement cost / (credit)			
g)	Net actuarial (gain)/ loss recognized in the period	24,670,287	36,242,882	(6,055,567)
h)	Expenses recognized in the statement of profit & loss*	35,997,035	46,483,265	(1,661,362)
	*In case of gratuity, an amount of Rs.8,60,057/-(net) has been adjusted as not considered in valuation and balance is recognized in Profit and loss account.			



(C) Change in present value of obligation				
a)	Present value of obligation as at the beginning of the period	67,595,652	71,893,397	33,176,807
b)	Acquisition adjustment			
c)	Interest cost	5,069,674	5,392,005	2,488,261
d)	Past service cost (Non vested benefits)			
	Past service cost (Vested benefits)			
e)	Current service cost	6,257,074	6,992,102	1,905,944
f)	Curtailment cost/(Credit)			
g)	Settlement cost/(Credit)			
h)	Benefits paid	(2,811,981)	(4,660,592)	
i)	Actuarial (gain)/loss on obligation	24,670,287	35,970,166	(6,055,567)
j)	Present value of obligation as at the end of period	100,780,706	115,587,078	31,515,445

(D) Movement in the liability recognized in the balance sheet				
a)	Opening net liability	67,595,652	71,893,397	33,176,807
b)	Expenses as above	35,997,035	46,483,265	(1,661,362)
c)	Benefits paid	(2,811,981)	(4,660,592)	
d)	Closing net Liability	100,780,706	115,587,078	31,515,445

(D) Principal Assumptions used for actuarial valuation				
a)	Method used	Projected Unit Credit Method		
b)	Discounting Rate	7.50%	7.50%	7.50%
c)	Future salary Increase	7%	7%	7%
d)	Expected Rate of return on plan assets	Not applicable	9.25	Not applicable
e)	Retirement Age (Years)	58	58	58

Note: 1. Gratuity is a post employment partly funded defined employee benefit plan.
 2. Other benefits are un-funded defined employee benefit plan.
 3. Besides above, the company provided liability towards gratuity and leave encashment in respect of employees those ceased from services and dues are not settled by 31st March 2009 as not considered in actuarial valuation.

14. The summarized position of expenditure incurred on Development of Coal Mine and Development of Power Projects (unit 3 & 4) are given below. *(Amount in Rs.)*

Particulars	As on 31.03.2009		As on 31.03.2008	
	Coal Mine	Power Plant	Coal Mine	Power Plant
Consultancy	30,144,917	11,319,457	2,750,885	10,782,820
Geological report	42,544,483	0	41,634,620	0
Statutory clearances including data collection	250,550	801,489	30,000	163,527
Employee Remuneration and Benefits including Travelling Expenses	4,809,847	18,952,600	0	13,195,165
Administrative Expenses	1,463,047	2,776,328	125,669	2,644,285
Financing Expenses	1,109,000	0	405,000	0
Land Acquisition	51,000	50,000	51,000	50,000
Total	80,372,844	33,899,874	44,997,174	26,835,797

15. Difference of Rs.3,55,17,268/- in MCL account is due to non adjustment at their end of differential entry tax, quantity difference, pumping charges of water supplied & credit allowed in un-graded coal.

B. Profit & Loss Account

1. Income

- 1.1. Sale has been accounted as per tariff calculated on the basis of power purchase agreement with GRIDCO. GRIDCO has sought the consent of OERC on the power purchase agreement. The company has challenged the contention of GRIDCO & presently the case is pending before Hon'ble Supreme Court. The Hon'ble Supreme Court has stayed the proceeding before OERC. But in the mean while, the Company pursued a resolution of issues with GRIDCO, leading to constitution of a Taskforce by Govt. of Orissa. After considering the govt. notification specifying terms of resolution based on Taskforce recommendation, the company has finalized draft amendments to existing power purchase agreement. Pending execution of the same, closure of case pending before Hon'ble Supreme Court & filing of amended PPA with OERC, the sale has been accounted for during the year by taking minimum plant load factor (PLF) at 80% in place of 68.49% mentioned in PPA for billing of incentive amount in terms of agreed amendments to PPA.
- 1.2. Sale does not include internal consumption of 329.76 MU for the year (previous year 308.17 MU), the cost of which has been determined at Rs.34.09 Crores (previous year Rs.30.27 Crores) approximately.
- 1.3. In absence of power purchase agreement, 0.288MU (net) of energy generated from Mini Hydel Projects (Kendupatana & Biribati) has not been accounted.

2. Expenses

- 2.1. Shortage of Coal for 785 MT amounting to Rs.5.10 lakhs (Previous year shortages of 22706 MT amounting to Rs.147.34 lakhs) found during physical verification has been adjusted to consumption of coal.
- 2.2. The company went for a detailed physical verification of the stock of oil in LDO and FO tanks during the year by physically taking out the stock of oil as well as sludge from the tanks. Out of 278.17 KL of Oil Sludge amounting to Rs.1,06,88,146/- found during physical verification, 13.91 KL valuing Rs.5,34,641/- has been treated as normal consumption and charged to oil consumption. Balance sludge of 264.26KL valuing Rs.1,01,53,505/- has been charged in the profit and loss account.
- 2.3. Guarantee fee is calculated and paid on the reduced balance of outstanding guarantee as on 1st April of the year with reference to the resolution no.52214 dt.12th December 2002 and office memorandum no. 23663/F dt.4th April 2003 issued by Finance Department, Govt. of Orissa. Without reducing the guarantee fee on repayment of loan, the Finance Department has raised a demand of Rs.8.76 Crores which has not been accounted for as there is no remote possibility of any such payment required to be made in future.
- 2.4. Amount paid to the employee under voluntary retirement scheme has been amortized over a period of 5 years. An amount of Rs.4.40 lakhs (previous year Rs.14.62 lakhs) has been written off during the year.



- 2.5. In absence of demand raised by the Govt of Orissa, no provision has been made in the accounts for the year in respect of outstanding ground rent and land cess of the land in the possession of the company.
- 2.6. The pay revision was finalized during the year. Excess provision of Rs.1,60,90,473/- kept towards revision of salary has been written back to profit and loss account during the year.
- 2.7. Pending finalization of modality for payment of Variable Pay to the employees of the company under performance management system introduced during the year, a provision of Rs.2,20,00,000/- has been made on an estimated basis.
- 2.8. The details of expenditures allocated from respective head of account and transferred to Development of Project (unit 3 & 4), Development of Coal Mine and new projects are given below

(Amount in Rs.)

Particulars	Current Year	Previous Year
Employee Remuneration and Benefits	8,964,191	4,234,524
Administrative and other Expenses	1,450,191	938,646
Total	10,614,382	5,173,170

- 2.9. Following amount has been provided in accounts under the head "other expenses".

(Figures in Rs.)

Particulars	Current Year	Previous Year
Advances / receivables written off	20,74,887	19,974
Assets written off	720,837	
Stores & spares written off	29,70,060	2,68,241
Oil Sludge written off	1,01,53,505	
Loss on sale / discarded of Fixed Assets	106,506	40,799
Total	1,60,25,795	3,29,014

3. Depreciation

Life of the ash pond 'A' has been evaluated on the basis of technical estimation as per clause no.11.6 of the accounting policy for depreciation and accordingly an amount of Rs.1,22,00,462/- is charged to the Profit and Loss Account

4. The figures relating to the previous year have been re-grouped, re-arranged and re-classified wherever considered necessary to make them comparable with that of the current year and rounded up to the nearest rupee.

Schedule - 21

Additional information forming part of accounts for the year ended March 31, 2009

1. Payments made to whole time Directors including Managing Director of the Company included in the employees remuneration and benefits are

(Amount in Rs.)

Particulars	Current Year	Previous Year
Salary and allowances*	13,36,379	4,55,444
Contribution to P.F. & Gratuity scheme		
Leave Travel Concession		
Medical & other benefits	12,000	9,600
Total	13,48,379	4,65,044

* includes arrear salary due to revision of Rs.6,54,561/- and excludes leave salary and pension contribution of Rs.3,17,052/-. The above amount does not include an amount of Rs.25,20,181/- (previous year Rs.9,99,886/-, which has been provisionally provided as salary & allowances for MD & Director (Operation) on the basis of shareholders agreement & included under Administrative Expenses.

(Amount in Rs.)

Particulars	Current Year	Previous Year
2. Expenditure incurred in foreign currency Travelling Expenses	Rs. 7,49,893	Rs. 23,13,954
3. Earnings in foreign currency	Nil	Nil
4. Value of imports calculated on CIF basis:		
Raw Materials	Nil	Nil
Components & Spare parts	Rs. 87,04,690	Rs. 29,10,380
Capital Goods	Rs. 4,77,42,702	Nil

5. Quantitative details of principal items of raw materials consumed.

(Rs. in lakhs)

Particulars	Current Year				Previous Year			
	Coal		Oil		Coal		Oil	
	Qty./MT	Value (Rs.)	Qty./KL	Value (Rs.)	Qty./MT	Value (Rs.)	Qty./KL	Value (Rs.)
Opening stock	119989	778.59	413.83	123.00	75301	429.77	350	105
Purchases	2903337	18904.88	2529.96	1072.43	2734693	16413.34	1951	548
Consumption	2816846	18341.12	2124.89	880.78	2667299	15917.18	1888	530
Excess/shortage of stock on physical verification*	(785)	(5.10)	(278.17)	(106.88)	(22706)	(147.34)		
Closing stock	205695	1337.25	540.72	207.76	119989	778.59	413	123

* Treated in the accounts as per clause 2.1 and 2.2 of Notes on accounts.

In respect of chemicals, quantitative details could not be prepared because of its varied nature. No raw material has been imported & consumed during the year.



6. Value of stores, spares & components consumed during the year. (in Rs.) *(Amount in Rs.)*

Particulars	Current Year		Previous Year	
	Value	%	Value	%
(a) Imported	44,96,801	3.76	31,89,105	3.09
(b) Indigenous	11,52,39,371	96.24	10,01,51,319	96.91
Total	11,97,36,172	100	10,33,40,424	100

7. Advance to Directors included in Advance to staff is Rs. NIL (previous year Rs. NIL). Maximum outstanding amount at any time during the year is Rs.80,000/- (previous year Rs.36,000/-).

8. Licensed, approved and installed capacities (as certified by the management)

- (a) Licensed capacity - Not applicable
- (b) Approved capacity - Not applicable
- (c) Installed capacity - 420 MW (ITPS)
5075KW (MMHP)

9. Quantitative information in respect of generation and sale of electricity

Particulars	Current Year	Previous Year
Generation (MU)	3187.33	3043.54
Sale (MU)	2857.57	2735.38
Internal consumption (MU)	329.76	308.17
Sale (Net) (Rs. in Crores)	397.97	445.42
Internal consumption (Rs. in Crores)	34.09	30.27

** It does not include 0.2878MU (net) generated by Mini Hydel Projects and exported to GRIDCO.*

10. Balance Sheet and Company's General Business Profile

I. Registration Details

Registration No. 1429/84-85

Status Code : 15

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 9

Year

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

1 0 0 4 0 2 6 1

Total Assets

1 0 0 4 0 2 6 1

IV. Sources of Funds : (Amount in Rs. Thousand)

Paid up Share Capital

4 9 0 2 1 7 4

Reserve & Surplus

4 5 9 0 6 9 4

Secured Loan

N I L

Unsecured Loan

1 7 7 4 7 5

V. Application of Funds : (Amount in Rs. Thousand)

Net Fixed Assets

2 7 3 8 3 2 9

Investments

N I L

Net Current Assets

7 3 0 1 4 9 2

Misc. Expenditure

4 4 0

Accumulated Losses

N I L

VI. Performance of Company : (Amount in Rs. Thousand)

Turnover

3 9 7 9 7 1 0

Total Expenditure

3 3 1 5 5 8 2

Profit/Loss before Tax

1 3 3 3 1 0 6

Profit/Loss after Tax

1 1 1 3 6 9 9

Earning per Share in Rs.

2 2 7 . 2 8

Dividend Rate in %

2 1



Cash Flow Statement for the Year ended 31st March, 2009

Amount in Rs.

Particulars	Year Ended 31.03.2009	Year Ended 31.03.2008
Cash flow from operating activities		
Net profit before tax	1,333,106,363	1,856,439,867
Adjustment for Depreciation	573,018,724	585,227,829
Interest & financing charges	27,183,127	45,777,973
Provisions (Net)	31,883,422	74,204,961
Misc Expenses written off	439,593	1,462,451
Interest Income from Investment & deposits	(625,500,916)	(485,181,587)
Stores & Spares written off	13,123,565	401,896
Loss / (Profit) on Sale of Stock (net)	(9,549)	(133,655)
Loss / (Profit) on Sale / retired of Assets (net)	827,344	(154,594)
Excess Provision Written Back	(19,434,191)	
Debtor Written Back	10,666,620	
Assets & Advance written off	2,074,887	19,974
	14,272,624	221,625,248
Operating profit before working capital changes	1,347,378,986	2,078,065,115
Adjustment for		
Inventories	(134,321,648)	(58,627,903)
Trade & other receivables	(347,671,820)	(256,743,169)
Trade payables	190,564,938	48,881,569
	(291,428,530)	(266,489,502)
Cash generated from operations	1,055,950,456	1,811,575,614
Adjustment for interest & finance charges	(31,856,732)	(51,343,290)
Misc & other deferred expenses	439,593	(1,462,450)
Direct taxes paid (Net)	(238,401,448)	(264,471,519)
	(269,818,587)	(317,277,259)
Net cash from operating activities	786,131,868	1,494,298,355
Cash flow from investing activities		
Purchase of fixed assets (Net)	(258,983,438)	(246,590,180)
Interest received	618,553,040	407,404,438
Net cash used in investing activities	359,569,602	160,814,258
Cash flow from financing activities		
Short term borrowing	-	-
Long term borrowing	(135,723,442)	(200,223,429)
Dividend including dividend tax paid	(1,204,412,679)	-
Net cash used in financing activities	(1,340,136,121)	(200,223,429)
Net changes in cash & cash equivalent	(194,434,650)	1,454,889,182
Cash & cash equivalent - opening balance	5,445,379,006	3,990,489,824
Cash & cash equivalent - Closing balance	5,250,944,356	5,445,379,006

Note - Figures in brackets are cash outflows / incomes.

(i) The above cashflow statement has been prepared under the indirect method set out in Accounting Standard - 3.

(ii) Significant Accounting Policies and Notes on Accounts (Schedule 19 and 20) form an integral part of cashflow statement.

(iii) Previous years figures have been rearranged / regrouped wherever necessary to conform to current year classification.

In terms of our report of even date attached

For & on behalf of Dass Maulik Mahendra K Agrawala & Co.

Chartered Accountants

Sd/-
(Sunil Kumar Jalan)
Partner
M.No - 062814

Sd/-
(M. R. Mishra)
Company Secretary

Sd/-
(P. Tripathy)
Director (Finance)

For & on behalf of Board of Directors

Sd/-
(Vivekananda Biswal)
Managing Director

Place - Bhubaneswar

Date - 19th November 2009

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA POWER GENERATION CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2009

The preparation of financial statements of Orissa Power Generation Corporation Limited for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory 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 19 November 2009.

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 Power Generation Corporation Limited for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report :

A. Comments on profitability

Profit and Loss Account

Expenditure

Production Expenses (Schedule 12)

Contract Job Outsourcing Expenses - Rs.8.89 crore

- 1 The above includes Rs.1.65 crore being the expenditure incurred for upgradation of controllers with advanced technology and auto tuning facility capable of optimizing the charge ratio for better collection of ash thereby enhancing performance efficiency of Electrostatic Precipitator and charged to Profit and Loss Account (Production expenses). As the expenditure increases



the future benefits from the existing asset and guarantees reduction in emission levels as per the statutory requirements, the same should have been capitalized, instead of charging to P&L Account. The wrong-accounting has resulted in overstatement of Production expenses and understatement of Gross Block by Rs.1.65 crore with consequential understatement of depreciation by Rs.0.01 crore and Profit for the year by Rs.1.64 crore.

B. Comments on Financial Position

Balance Sheet

Application of Funds

Current Liabilities and Provisions (Schedule 08)

Current Liabilities - Rs.47.39 crore

Sundry Creditors - Rs.11.23 crore

- 2 Though the indigenous materials valuing Rs.0.85 crore were supplied and services towards project engineering and management (Rs.0.12 crore) was rendered by M/s. GE Indian Industrial (P) Ltd before 31 March 2009 for the work of up-gradation of online monitoring system for Steam turbines and Balance of Plant High Tension drives of Unit 1&2, liability was not provided in the current year accounts. This has resulted in understatement of Current Liabilities and Capital Goods in transit by Rs.0.97 crore.

C. Comments on Statutory Auditor's Report

- 3 (a) Reference is invited to para xv of Annexure A to Statutory Auditor's Report wherein it was mentioned that guarantees given by the Company for the loans taken by others are not prejudicial to the interests of the Company. The statutory auditors' report is incorrect to the extent that the Company did not give any guarantee on behalf of outside parties.

(b) Reference is invited to para 1 of Annexure B to Statutory Auditors' Report wherein it was stated that the impact on the accounts due to non-compliance of ASI-2 read with AS-2 and AS-10 regarding machinery spares is not ascertained in the absence of the relevant figures. The impact of the same has been found to be Rs.4.28 crore with corresponding understatement of accumulated depreciation and overstatement of Net block and accumulated profit by the same amount.

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

Sd/-
(ATREYEE DAS)
Accountant General

Place : Bhubaneswar
Date : 11.01.2010



General Information on Performance & other Activities

PERFORMANCE OF IB THERMAL POWER STATION (2 X 210) MW

YEAR	GENERATION	PLF	SALES	AUXILIARY CONSUMPTION		COAL CONSUMPTION		OIL CONSUMPTION	
				MU	%	TOTAL CONSUMPTION	SPECIFIC CONSUMPTION	TOTAL CONSUMPTION	SPECIFIC CONSUMPTION
	MU	%	MU	MU	%	MT	Kg/k Wh	KL	MI/k Wh
1998-99	2,804	76.21	2,519	285	10.16	2,478,629	0.88	4,876	1.74
1999-00	3,166	85.82	2,843	323	10.25	2,710,360	0.86	3,845	1.21
2000-01	3,001	81.58	2,685	317	10.59	2,543,361	0.85	5,095	1.43
2001-02	2,599	70.64	2,320	278	10.69	2,192,375	0.84	3,946	1.42
2002-03	2,621	71.24	2,329	290	11.06	2,228,453	0.85	4,385	1.45
2003-04	3,006	81.60	2,678	329	10.94	2,627,766	0.87	3,609	1.20
2004-05	3,160	83.28	2,833	327	10.35	2,639,799	0.84	2,064	0.65
2005-06	3,090	84.12	2,773	317	10.23	2,605,433	0.84	1,236	0.39
2006-07	3,311	89.98	2,974	337	10.18	2,745,345	0.83	1,271	0.38
2007-08	3,043	82.60	2,735	308	10.11	2,667,299	0.88	1,888	0.62
2008-09	3,187	86.62	2,858	330	10.35	2,816,846	0.88	2,125	0.67

COMPARATIVE COST OF GENERATION

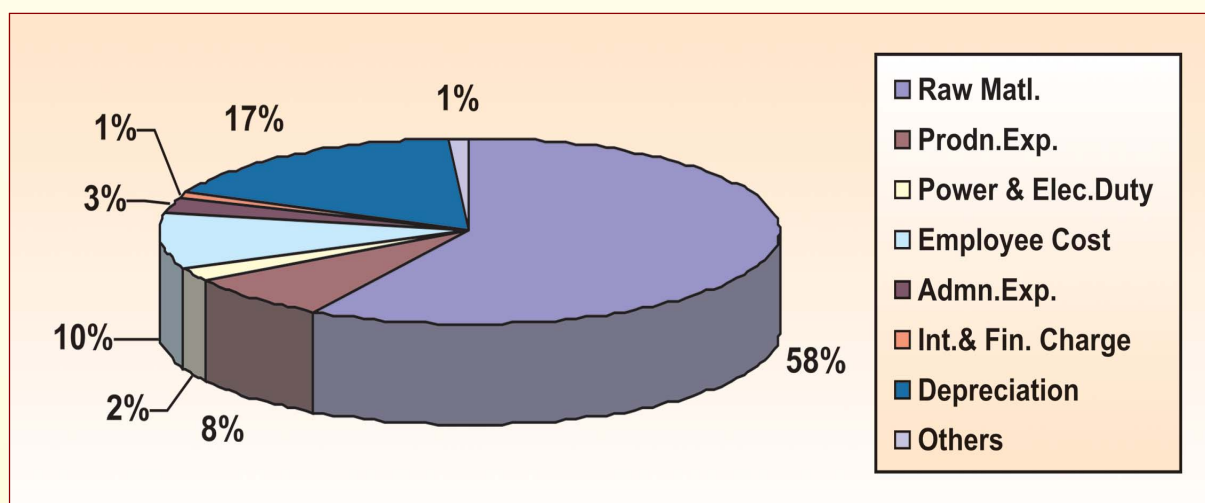
Sl.	Particulars	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
1	Generation (MU)	3187.33	3043.54	3310.53	3089.61	3160.29	3006.46	2618.49	2598.81
	PLF (Ib TPS)	86.62%	82.60%	89.98%	84.12%	83.28%	81.60%	71.24%	70.65%
2	Variable Cost*								
	Coal	183.46	160.65	159.16	153.33	148.15	137.56	112.25	108.27
	Oil	8.86	5.30	4.07	3.25	4.39	6.90	7.02	6.81
	Total	192.32	165.95	163.23	156.58	152.54	144.46	119.27	115.08
3	Semi-Variable Cost*								
	Employee Cost	31.51	27.40	25.72	15.74	14.88	14.22	12.40	11.10
	Power Cost	8.04	7.74	6.74	6.29	6.37	7.23	6.56	5.62
	Production Cost	25.32	25.83	23.98	21.18	20.65	16.72	9.51	14.98
	Administrative Cost	8.96	7.23	7.89	7.35	6.19	12.08	6.11	6.74
	Other Cost	3.30	1.74	2.87	2.29	1.71	7.18	34.61	38.74
4	Fixed Cost*								
	Interest & Finance Charges	2.71	4.58	6.85	10.07	13.07	23.11	36.93	41.19
	Depreciation	57.30	58.52	60.71	59.14	58.09	58.72	83.23	83.69
	Total	60.01	63.10	67.56	69.21	71.16	81.83	120.16	124.88
	Grand Total (2+3+4)	329.46	298.99	297.99	278.64	273.50	276.64	274.04	278.70

N.B. : Generation from MMHP though negligible have been included in the above figures.

Depreciation for Ib TPS, Unit-2 was charged from 1997-98.

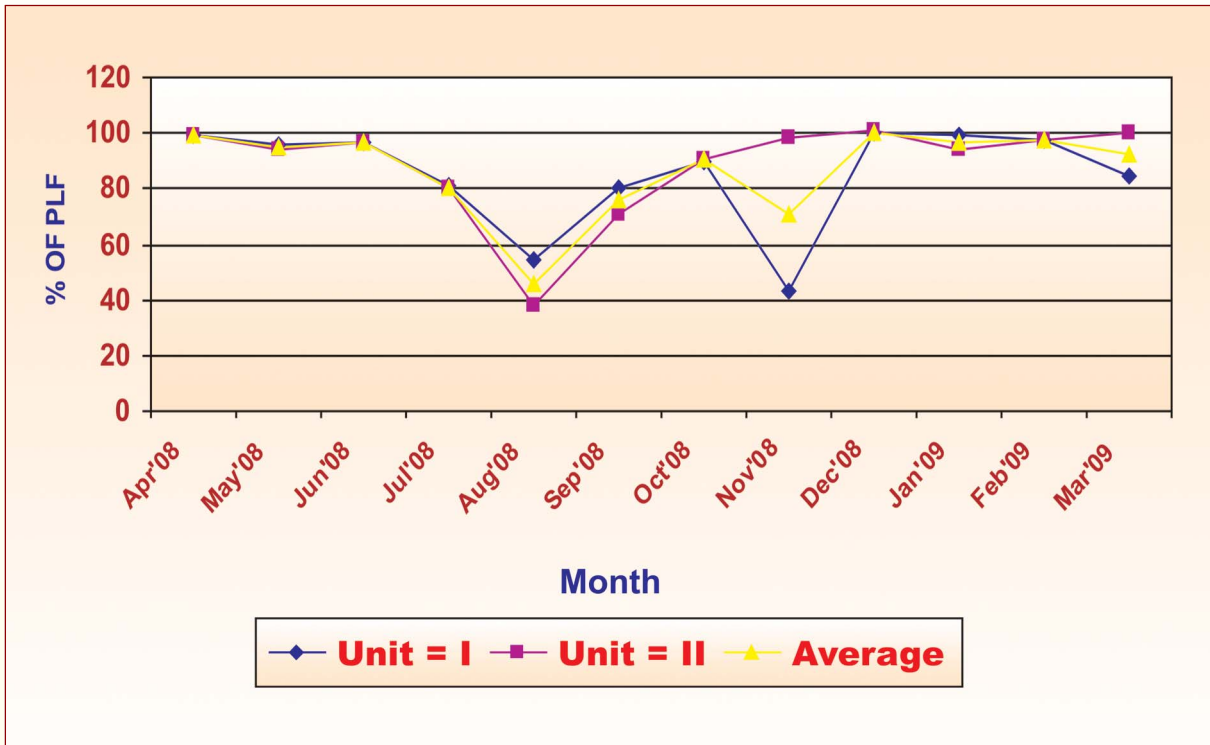
* All costs figures are in crores.

COST OF GENERATION 2008-09

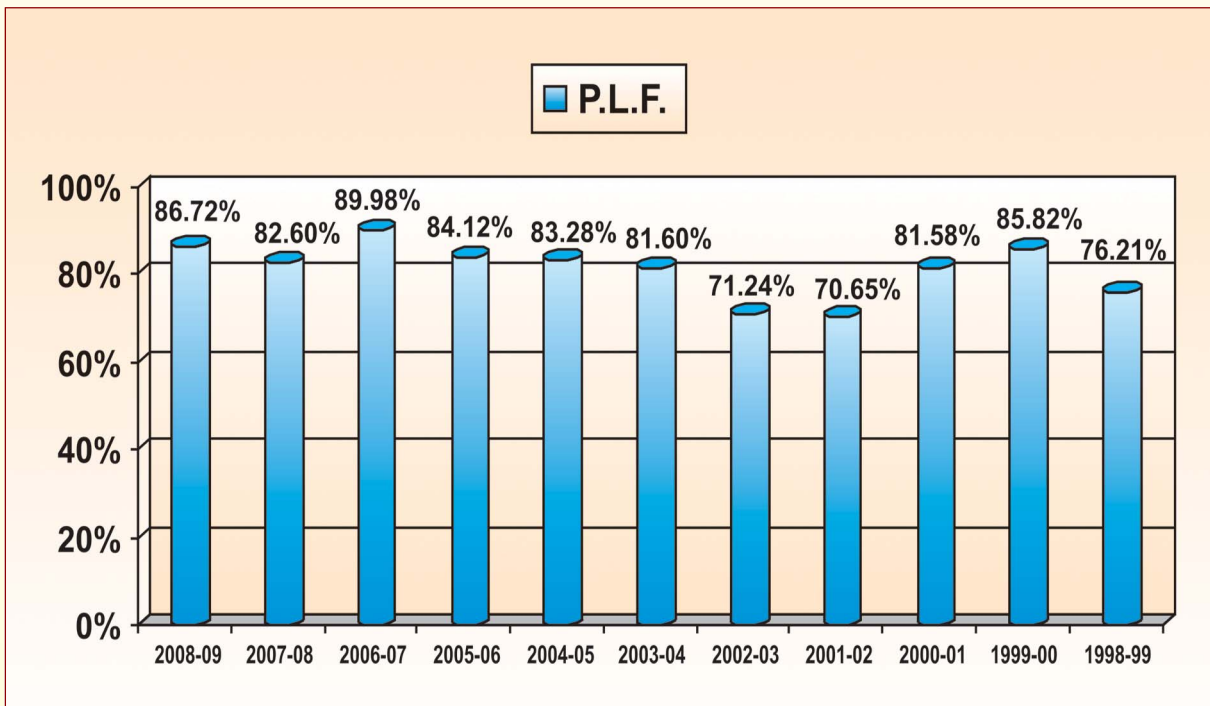




P. L. F. GRAPH FOR THE CURRENT YEAR



P. L. F. GRAPH YEAR WISE



DIVIDEND PAYMENT – YEARWISE DETAIL

(Rs. In Crores)

Year	Dividends	Total	Govt of Orissa	AES
2001-02	35%	171.58	87.50	84.08
2002-03	30%	147.07	75.00	72.07
2003-04	23%	112.75	57.50	55.25
2004-05	24%	117.65	60.00	57.65
2005-06	24%	117.65	60.00	57.65
2006-07	Nil	0.00	0.00	0.00
2007-08	Nil	0.00	0.00	0.00
2008-09	21%	102.94	52.50	50.44

