

27th Annual Report 2010-2011



OPGC
Power for Progress

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



▲ Pioneer QC (Operation team), NQCQ Vizag, 2011, excellent award

27th
Annual Report
2010-2011



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

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Board of Directors



Mr. G. Mathivathanan
Chairman



Mr. Venkatachalam K.
Managing Director



Mr. Hemant Sharma
Director



Mr. Indranil Dutta
Director (Operation)



Mr. C. P. Mohanty
Director (Finance)



Mr. Venu Gopal Nambiar
Director



Notice for the 27th Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of Orissa Power Generation Corporation Ltd. will be held on 23.09.2011 at 3.00 P.M. in the Registered Office of the Corporation i.e. at Zone-A, 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 31.03.2011 and the Profit and Loss Account for the year 2010-11 along with Directors' Report and Auditors' Report thereon.

By order of the Board

Dated : 22.09.2011
Zone-A, 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 27th Annual General Meeting

Notice is hereby given that the 27th Adjourned Annual General Meeting of Orissa Power Generation Corporation Ltd. will be held on 21.01.2012 at 4.00 P.M. in the registered office of the Corporation i.e. at Zone-A, 7th Floor, Fortune Towers, Chandrasekharapur, Bhubaneswar to transact the following business.

ORDINARY BUSINESS:

To receive, consider and adopt the audited Balance Sheet as at 31.03.2011 and the Profit and Loss Account for the year 2010-11 along with Directors' Report and Auditors' Report thereon.

SPECIAL BUSINESS:

To consider and if found fit, approve the proposal of change of name of the company from 'Orissa Power Generation Corporation Ltd.' to 'Odisha Power Generation Corporation Ltd.' and pass the following resolution as a Special Resolution.

"RESOLVED THAT the name of the company be and is hereby changed from 'Orissa Power Generation Corporation Ltd.' to 'Odisha Power Generation Corporation Ltd.'"

"FURTHER RESOLVED THAT all such steps as are necessary and incidental to the change of name be taken to make it effective."

Date : 17.01.2012
Zone-A, 7th Floor, Fortune Towers,
Chandrasekharapur, Bhubaneswar-751 023

By order of the Board
Sd/-
(M. Mishra)
Company Secretary

- Encl : 1. Proxy Form
2. Consent Form
3. Copy of the Annual Accounts
4. Explanatory statement u/s 173(2)

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 2010-11

Dear Members,

The Directors of your company are pleased to present the 27th Annual Report together with an overview of the performance of the company on various fronts. The Audited accounts of the company for the financial year 2010-11 and 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.

PERFORMANCE HIGHLIGHTS OF OPGC

Plant Operation :

The year under report has recorded total generation of 3184.697 MUs corresponding to an average Plant Load Factor of 86.56% (PLF) against last year figure of 2646.112 MUs at 80.48% PLF. The average plant availability in the year was 91.63%. Achieving the above PLF is despite extended plant outage to facilitate detailed inspection as a part of preventive maintenance and fixing up the vibration issue of the unit-I and commissioning of Distributed Control System (DCS).

In continuation of the measures taken for improving plant reliability as reported in the previous year, the following system-upgradation/modernisation works were implemented during the year under report for enhancing reliability / Efficiency etc.

- Up gradation of Plant Control system in Unit # 2.
- Unified control Room (Converted both Units control desk to one location after Control system up gradation).
- Installation of numerical protection relay for Generator (Unit # 1).
- Installation of Generator online Partial Discharge Sensors & Analyzer (Unit #2).
- Installation of atmo seal conservator in Unit Auxiliary Transformer.
- Installation of wireless type smoke detector.
- Installation of fire protection system in fuel oil Pump house.
- Installation of Addressable pull cord System in Coal Handling Plant Conveyor.
- Installation of soft starter in Coal Handling Plant travelling tipper.
- Installation of belt weigher in track-hopper belt at Coal Handling Plant.

Project Development

All round efforts have been made to enhance the pace of development activities for setting up of new units 3&4 to achieve financial closure. Removal of hurdles in obtaining environmental clearances from MoEF had emerged as a major challenge for development of captive mines. However, it is a pleasure informing that with the support of the OPGC coal mine experts, State Govt. and constant dialog with MoEF, the captive mines have been placed in 'GO' category which has paved the way for faster progress in development of mines. In addition, perceptible progress has been made in different fronts as stated below.

- Long term PPA has been executed with GRIDCO for off take of 50% of the installed capacity of proposed Unit 3 & 4.
- RFP for supply of main plant issued through tender has received good response.
- FRA certification for coal mine forest land and MGR forest land have been received.
- Sec. 6(i) notification under Land Acquisition Act for ash pond land and coal mine private land has been achieved.

Various financing options have been evaluated and negotiation of financing terms with the financial institutions like PFC and REC are in progress.

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.

- Shreshtha Suraksha Puraskar from National Safety Council of India on 30.10.2010.
- OPGC Quality Circle 'Gangotri' received Gold Medal from Chapter Convention of Quality Circles at Rourkela.
- Gold Medal on Optimization in running of Fuel Oil Pump at Chapter Convention of Quality circles, Visakhapatnam.
- OPGC Quality Circle 'Pioneer' adjudged Excellent in the National Convention of Quality Circles, Visakhapatnam.

FINANCE & ACCOUNTS

The audited statement of accounts accompanied by the auditors' report and management's views on the audit observations form integral part of this report. The state of affairs of the company on the closing day of the year under report can be well appreciated from the Balance Sheet and operational result from the Profit and Loss accounts.

However, the summarised financial results as compared to the previous year are furnished below.

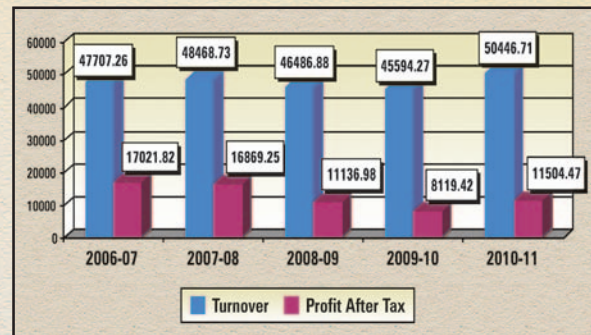
(₹ in lakhs)

	2010-11	2009-10
Income from sale of power	45,303.72	39,988.24
Other income	5,142.99	5,606.03
Total income	50,446.71	45,594.27
Expenses	32,003.20	27,336.87
Gross margin	18,443.51	18,257.40
Less interest and depreciation	1,650.18	5,299.23
Profit Before Tax and prior period adjustment	16,793.34	12,958.17
Prior period adjustment	149.20	333.02
Provision for taxes	6,393.25	6,654.51
Profit After Tax	11,504.47	8,119.42

The following comparative figures of net profit and turn over are indicators of performance of the Company in monetary terms over a period of last five years.

PROFIT & TURNOVER

(Rs. in lakhs)



DIVIDEND

No dividend has been declared by the Company during the financial year 2010-11.

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 2010-11 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, 2011 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)

Your company as a responsible generator and a corporate citizen is committed to take adequate precautions related to environment, health and safety in all its activities directly or in-directly related with plant operational and maintenance. It has been the company's policy to provide a work place free from accident, injuries and exposure to hazardous chemicals conserve natural resources and prevent pollution to protect environment. As a matter of fact, responsibility to the environment and community has occupied an important place in the company's corporate thinking and accordingly the company is committed to comply with applicable environmental, health and safety legislation and statutory, regulatory and other requirements.

In order to reinforce its commitment to safety the company has adopted the use of process safety and management technique like safety audit, analysis, reviews and documentation of safety related information to minimise EHS impact associated with the operation and inculcate EHS responsibility among all the employees, contractors and vendors and seek their compliance. In the pursuit of carrying out its operations in an EHS compliant environment, a number of activities were undertaken to minimise the EHS impact on the employees, facilities and communities in which the company carries on its operation.

A few important activities undertaken in the year under report are as follows.

Environment, Safety & Health

- Conduct of Monthly safety committee and contractor safety meeting.

- Contractor certification programme to all contractors' workmen completed.
- H1N1 flu vaccination to 488 persons and Nasal spray to 290 persons.
- MoEF sponsored seminar conducted on Municipality Solid Waste Management.
- Planted 1000 trees in various places (Gujapahar, Vatarika Mandir, Adhapara Mandir, Plant Premises, School Premises & Colony Premises).
- Construction of Poly House (Green House).
- Safety Management System Validation done by Bureau Veritas & AES experts.
- ISO 14001 recertification audit by Bureau Veritas India Pvt. Ltd.
- Modalities of online real time air emission data transmission discussed with Central Pollution Control Board.
- New safety incentive scheme introduced.
- Task force team identified to focus on (i) Behavioural Safety (Reward and Punishment) (ii) Contractor Safety Management.
- Online ambient air monitoring station installed.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your company embraces responsibility for impact of its operation and actions on all stake holder including society and community at large. It is fully committed and focused on implementation of its CSR policy with an aim to ensure that the company becomes a social responsible corporate entity contributing towards quality of life of the society. The companies contribution to the community are in the areas of health, education, infrastructure development (drinking water, improving village infrastructure, construction school etc.), environment (effluent treatment, plantation, treatment of hazardous and misc. activities like sports and cultural events).

The following developmental and welfare activities were undertaken in the peripheral villages of ITPS and Manoharpur coal block area under the CSR portfolio of the Company.

ITPS Periphery

- Blood donation camp on OPGC Foundation day.
- Construction of school building at PKPM High School, Banharpalli.
- Construction of Puja Griha at Guithenpada
- Boundary wall and kitchen shed at Paschimeswara Siva temple
- Boundary wall of Kantatikra Primary School
- Sisu Mohatsava children festival on Republic Day
- Free health checkup of senior citizen at Dhubadera and Banharpalli
- Free medical camp at village Tilia and Beheramal
- Skill Development and vocational Training Centre in Jharsuguda.

Mines periphery

- Health checkup camp at Manoharpur village
- Pond excavation at Phalsamunda village
- Installation of tube well in project affected villages
- Distribution of mosquito-net in project affected villages
- Financial support to village education committee in project affected villages
- Sishu Mela & Celebration of Independence day in project affected villages
- Distribution of fruit bearing tree in project affected villages

In addition a number of activities for promotion of sports and culture were under taken in the form of organising sports tournament, competition and sponsoring local cultural events. This has helped maintaining healthy relationship with the people around the plant area.

H.R.D. & MANPOWER PLANNING

Your company lays great emphasis on upgrading the skill of its human resources and aims at benchmarking its practices with the best practices being followed in the corporate world. It has been the endeavour of the company to follow best management practices to ensure welfare of its employees through a process of inclusive growth and development. Commitment of workforce is ensured through an effective package of welfare measures, which includes comprehensive insurance, medical facilities and other amenities which in turn leads to a healthy workforce.

In order to overcome the challenge of high attrition in the skilled workforce as reported in the previous year market pay structure with modified service conditions have been introduced to attract specialised skill from the market and offer to the existing workforce a forward looking career opportunity within the company.

The Performance Management System (PMS) introduced in the previous year was implemented in the year under report and Variable Pay (VP) commensurate to the Performance of the employees were released in respect of FY 2008-09 and 2009-10 as a measure of rewarding performers and inspiring employees to use their potential to perform better.

During the year under report more than 300 employees were provided in-house training and 74 employees attended institutional training organised by various institutions of repute. In addition 13 executives attended training programme outside the country. 23 executives and 83 non-executives were promoted to higher positions as a part of company's promotion policy and broader objective of maintaining a motivated workforce.

With a view to provide cross-border exposure on industrial best practices and work culture employees in executive as well as non executive cadre were sent abroad on training and plant visits.

INDUSTRIAL RELATIONS

The relationship of the company with its employees, by and large, continued to remain peaceful and cordial during the year under report and there were no man-days lost during the year due to industrial relation issues. Continuous counselling and bi-party discussions have helped maintaining industrial harmony and contributed towards industrial productivity.

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.

AUDIT COMMITTEE

As a voluntary compliance of Sec.292A of the Companies Act, 1956 and as a measure of good corporate governance, Audit Committee comprising of two non-executive Directors and one Executive Director along with permanent invitee has been constituted to provide assistance to the Board of Directors in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the company and its compliance with the legal and regulatory requirement. The committee met five times during the year under report to review:

- (a) annual budget and variance reports
- (b) internal audit observations and compliance
- (c) adequacy of internal control
- (d) accounting policies adopted for the year 2010-11

It is planned to have more frequent meetings of the Audit Committee in the coming year to improve the effectiveness of the compliance mechanism.

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)

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the information and

records maintained by the Company confirm in respect of the audited annual accounts for the year ended 31st March-2011 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 Board of Directors gratefully acknowledge and place on record their appreciation for the support, guidance and co-operation extended to the company by various departments of the Govt. of Orissa and Ministries of the Govt. of India particularly the Ministry of Coal and Ministry of Environment & Forest.

Your Directors also place on record their appreciation on the continued co-operation and support received from GRIDCO, IIDCO, MCL, Union Bank of India, Auditors, Solicitors, business associates and shareholders during the year and look forward to continuance of the mutually support relationship in future.

Your Directors also wish to place on records 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/-
(G. Mathivathanan)
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	Current Year 2010-11	Previous Year 2009-10
1. Electricity		
a) Purchased Unit	0.487 MU	0.245 MU
Total amount (Rs. in lacs)	7.76	3.70
Rate/unit	1.59	1.51
b) Internal Consumption	334.807 MU	309.11 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)	2735714 MT	2553217 MT
Total cost Rs. in lakhs	21493.32	18466.97
Average rate Rs.	785.65/MT	723.28/MT
3. Furnace oil HSD/LDO		
Quantity (K.Ltrs.)	2232.767 KL	2487.26 KL
Total amount Rs. in lakhs	978.53	970.08
Average rate Rs.	43825.88/KL	39001.95/KL
4. Others/internal generation		
QuantityTotal costRate/unit		
B. Consumption per unit of production	Current Year 2010-11	Standards, if any
Electricity (in MUs)	0.1051kwh/kwh	0.12 Kwh/Kwh
Electricity		
Furnace oil HSD/LDO	0.701 ml/kwh	3.5 ML/Kwh
Coal F/G Grade	0.859 kg/kwh	0.85 Kg/Kwh
Others :		
Raw water	2.7538 Kg/Kwh	7.90 Kg/Kwh
D. M. Water	0.0323 Kg/Kwh	0.12 Kg/Kwh
Acid	0.0090 Gm./Kwh	0.009 Gm./Kwh
Caustic	0.0058Gm./ Kwh	0.045 Gm./Kwh
Allm	0.01675 Gm./ Kwh	0.03 Gm./Kwh
Lime	0	0.016 Gm./Kwh

Replies of the Management on the Comments of C & AG of India on the Accounts for the Year 2010-11

Sl. No.	Comments of C & AG of India	Management Reply
A.	<p>Comments on Profitability Profit & Loss Account Expenditure Depreciation : ₹15.88 crore</p> <p>The above is understated by ₹23.11 crore due to charging of depreciation on plant machinery of IB Thermal Power Station at the rate lower than the rate mentioned in Schedule - XIV of the Companies Act. This has also resulted in overstatement of Fixed Asset (Plant & Machinery) – Net block and profit for the year by ₹23.11 crore each.</p>	<p>Depreciation has been calculated by taking revised use full life of the plant and machineries & in such cases the unamortized amount has been amortised over balance period of useful life as per AS-6. The observation is noted for review and action is being taken.</p>
B.	<p>Comments on Financial Position Balance Sheet Application of Funds Fixed Assets Building (Gross Block) Addition to Building : ₹3.40 crore</p> <p>The above includes ₹0.98 crore being the value of furniture and fixtures wrongly classified as temporary wooden structures on which depreciation has been charged at the rate of 100 per cent. This has resulted in overstatement of Fixed Asset (Building) - Gross Block and understatement of Fixed Asset (Furniture & Fixtures) - Gross Block by ₹0.98 crore. This has also resulted in overstatement of depreciation and understatement of profit for the year by ₹0.92 crore each (after adjustment of depreciation of ₹0.06 crore in the year 2010-11, applicable to furniture and fixture).</p>	<p>The matter will be re-examined with reference to the immovability & independent use during the year 2011-12 & accordingly the rectification required if any will be incorporated.</p>

Replies of the Management on the Comments of Statutory Auditors on the Accounts for the Year 2010-11

Sl. No.	Comments of the Statutory Auditors	Management Reply
1.	Four Mini Micro Hydel projects namely Harbhangi, Banpur, Barboria and Badanela have been under execution since more than fifteen years with almost no progress since last few years due to which the provision to the extent of expenditure incurred lying in CWIP minus salvage value should have been created in the books of accounts. The amount of provision in the absence of any technical/ economic estimate of the salvage value is not presently ascertainable.	The matter shall be resolved during the year 2011-12 for appropriate accounting.
2.	In respect of assets of mini micro hydel projects of Kenduapatna, Biribati and Andharabhangi, in operation, the management has not made any calculation of impairment loss. In view of very negligible generation of power in Kenduapatna & Biribati, no generation in Andharabhangi and power purchase agreement not executed for years together, there are indications of impairment loss in the above units in our opinion as per the requirements of Accounting Standard – 28 "Impairment of Assets" for which the detailed calculations should have been made by the management to ascertain the impairment loss and the same should have been provided in the books of accounts.	Draft Power Purchase Agreements have been submitted to GRIDCO during the year 2011-12 which are under finalization. On the basis of such PPA, calculation as required under AS – 28 will be made during 2011-12.
3.	(a) Certain officials from AES are working in the company for whom the approval of Board of Directors was not taken till the end of the year. The CTC plus 40% of overhead plus 10.3% service tax of such employees has neither been paid nor provided in the books of accounts of the company.	(a) The Board of Directors in their 151 st meeting held on dated 26 th June 2011 have approved deployment of four persons on full time basis from date of induction but the reimbursement to AES in this regards would be with effect from the date of approval from Board that is 26 th June 2011. There is no need to provide the same in the accounts during 2010-11.
	(b) The variable pay w.e.f 2010-11 for non executives based on their performance criteria as applicable to executives already approved by the Board of Directors has not been implemented and thus the amount payable has not been provided in the books of accounts.	(b) Provision for variable pay for non executives has not been provided for by oversight. However it will be duly accounted for during the year 2011-12.

Sl. No.	Comments of the Statutory Auditors	Management Reply
	The amount payable to such employees at para (a) & (b) above has not been determined in the absence of details.	
4.	As per Orissa Gazette notification dt 04.10.2010 amending the Orissa Irrigation Rules, 1961, water charges are to be paid on the allocated quantity or drawal quantity whichever is higher whereas as per the earlier rule, it was on the drawal quantity. The company is paying water charges on the drawal quantity which is substantially less than the allocated quantity of 1.50 cusec. There may be demand in future from the concerned department of Govt of Orissa for the water charges between drawal quantity and the allocated quantity which, in our opinion, is in the nature of contingent liability and the same should have been duly disclosed in the Notes on accounts at Schedule "20". The likely demand from the department minus the amount of ₹2.45 crores accounted for as per the drawal quantity shall be ₹10.54 crores from the date of notification to the end of the year.	As per the new amended Rule, the rate of licence fees shall be assessed, charged & collected on the slab depending on the quantity of water drawn or allocated whichever is higher (Refer Rule No. 23-A (2)(f) & (h)). However the fees shall be charged at the said rate on the actual quantity of water drawn or lifted as per Rule No. 23-A (2)(i) in form V. Accordingly Govt. authority have been raising the demand note in form V and the same is paid by OPGC except for the delayed payment surcharge. Hence there is no contingent liability except the delayed payment surcharge of ₹1.28 lakhs.
5.	Provident fund contribution by the company has been considered as employee benefit under defined contribution plan whereas the same should have been treated as defined benefit plan as per the requirements of Para 26(b) of Accounting Standard 15 "Employee Benefits" notified under the Companies Act, 1956 and the actuarial valuation should have been carried out to ascertain the provision to be created in the books of accounts of the company. The provision for the shortfall of interest to the extent of ₹115.14 lakhs has been made in the books of account based on the latest audited accounts of the PF Trust.	Since Board of Directors resolved to explore the possibility for transfer the fund to RPFC, the company preferred to account for the shortfall of interest in the accounts instead of actuarial valuation which is generally adopted for the longer period.
6.	The company has provided ₹673.51 lakhs towards MAT credit refundable to the GRIDCO. However, the company has shown the same as a "below the line" item even when the income tax is collected by the company through billing. Hence, in our opinion treatment of amount refundable to the GRIDCO should be "above the line" in Profit & Loss Account as Prior Period Item instead of treating the same as "below the line".	This MAT credit provided as refundable to GRIDCO on receipt / confirmation of the same on completion of assessment is not related to the current year. Since the MAT Credit has been accounted during the previous years below the line, now the amount refundable has been shown accordingly.

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 at 31st March, 2011, 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.

Attention is invited to the re-authentication of accounts for the year 2010-11 passed by the Board through circular resolution which were earlier authenticated on 22.06.2011 due to which this Auditor's Report is issued in substitution of the earlier Auditor's Report dated 27th July, 2011.

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.



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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 at 31st March, 2011;
- 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 **MKPS & Associates**
Chartered Accountants
FRN : 302014E

Place : Bhubaneswar
Date : 21st September, 2011

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 inventories 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 *except in case of Coal where an excess quantity of 37962.47 MT was found on physical verification*, 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 *except in certain cases where control over payments made to vendors for the service provided/ goods supplied needs to be strengthened*.
- (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.
- (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:

(₹ in lakhs)

Name of the Statute	Nature of Dues	Amount	Amount Deposited	Forum where disputes are Pending
The Orissa Sales Tax Act	Sales Tax	15.90	15.38	Sales Tax Tribunal, Orissa
The Entry Tax Act, 1999	Entry Tax	713.31	80.00	High Court of Orissa
Income Tax Act, 1961	TDS	6.60	6.60	ITAT
	TOTAL	735.81	101.98	

- (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 company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause-4 (xv) of the Order, are not applicable to 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 **MKPS & Associates**
Chartered Accountants
FRN : 302014E

Place : Bhubaneswar
Date : 21st September, 2011

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

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

1. Four Mini Micro Hydel projects namely Harbhangi, Banpur, Barboria and Badanala have been under execution since more than fifteen years with almost no progress since last few years due to which the provision to the extent of expenditure incurred lying in CWIP minus salvage value should have been created in the books of accounts. The amount of provision in the absence of any technical/ economic estimate of the salvage value is not presently ascertainable.
2. In respect of assets of mini micro hydel projects of Kenduapatna, Biribati and Andharabhangi, in operation, the management has not made any calculation of impairment loss. In view of very negligible generation of power in Kenduapatna & Biribati, no generation in Andharabhangi and power purchase agreement not executed for years together, there are indications of impairment loss in the above units in our opinion as per the requirements of Accounting Standard – 28 “Impairment of Assets” for which the detailed calculations should have been made by the management to ascertain the impairment loss and the same should have been provided in the books of accounts.
3. a) Certain officials from AES are working in the company for whom the approval of Board of Directors was not taken till the end of the year. The CTC plus 40% of overhead plus 10.3% service tax of such employees has neither been paid nor provided in the books of accounts of the company.

b) The variable pay w.e.f 2010-11 for non executives based on their performance criteria as applicable to executives already approved by the Board of Directors has not been implemented and thus the amount payable has not been provided in the books of accounts.

The amount payable to such employees at para (a) & (b) above has not been determined in the absence of details.

4. As per Orissa Gazette notification dt 04.10.2010 amending the Orissa Irrigation Rules, 1961, water charges are to be paid on the allocated quantity or drawal quantity whichever is higher whereas as per the earlier rule, it was on the drawal quantity. The company is paying water charges on the drawal quantity which is substantially less than the allocated quantity of 1.50 cusec. There may be demand in future from the concerned department of Govt of Orissa for the water charges between drawal quantity and the allocated quantity which, in our opinion, is in the nature of contingent

liability and the same should have been duly disclosed in the Notes on accounts at Schedule "20". The likely demand from the department minus the amount of ₹2.45 crores accounted for as per the drawal quantity shall be ₹10.54 crores from the date of notification to the end of the year.

5. Provident fund contribution by the company has been considered as employee benefit under defined contribution plan whereas the same should have been treated as defined benefit plan as per the requirements of Para 26(b) of Accounting Standard 15 "Employee Benefits" notified under the Companies Act, 1956 and the actuarial valuation should have been carried out to ascertain the provision to be created in the books of accounts of the company. The provision for the shortfall of interest to the extent of ₹115.14 lakhs has been made in the books of account based on the latest audited accounts of the PF Trust.
- 6 The company has provided ₹673.51 lakhs towards MAT credit refundable to the GRIDCO. However, the company has shown the same as a "below the line" item even when the income tax is collected by the company through billing. Hence, in our opinion treatment of amount refundable to the GRIDCO should be "above the line" in Profit & Loss Account as Prior Period Item instead of treating the same as "below the line".

The impact of the above observations made at para 1 to 6 other than para 4 & 6 is not presently ascertainable. The observations at para 4 have the effect of understating the contingent liability by ₹10.54 crores.

Orissa Power Generation Corporation Ltd.

Balance Sheet as at 31st March, 2011

(₹ in lakhs)

Particulars	Schedules	As at 31.03.2011		As at 31.03.2010	
Sources of Funds:					
Shareholders' Funds					
Share Capital	1	49,021.74		49,021.74	
Reserves & Surplus	2	64,839.93	113,861.67	54,008.97	103,030.71
Loan Funds					
Secured Loans	3	-		-	
Unsecured Loans		231.95	231.95	900.85	900.85
Deferred Tax Liabilities (Net)	4	1,997.99	1,997.99	2,624.78	2,624.78
	Total		116,091.61		106,556.34
Application of Funds					
Fixed Assets	5				
Gross Block		121,279.06		119,198.43	
Less: Depreciation		99,700.49		98,398.39	
Net Block		21,578.57		20,800.04	
Capital Work-in-progress including Advances	6	4,876.09	26,454.65	4,263.03	25,063.07
Current Assets, Loans & Advances:					
Inventories	7	3,991.33		4,925.29	
Sundry Debtors		13,495.27		14,930.62	
Cash & Bank Balances		75,728.91		61,956.85	
Other Current Assets		1,753.27		1,991.47	
Loans & Advances		1,491.57		2,892.43	
		96,460.35		86,696.66	
Less: Current Liabilities & Provisions	8				
Current Liabilities		3,691.59		3,316.64	
Provisions		3,131.80		1,886.75	
		6,823.39		5,203.38	
Net Current Assets			89,636.96		81,493.27
Miscellaneous Expenditure (To the extent not written off or adjusted)			-		-
	Total		116,091.61		106,556.34

Significant Accounting Policies. 18

Notes on Accounts . 19

Additional Informations. 20

Schedules 1 to 8 and 18 to 20 annexed hereto, form part of the Balance Sheet.

In terms of our report of even date attached

For & on behalf of MKPS & Associates

Chartered Accountants

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

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

Sd/-
(S. K. Pattanayak)
Director (Finance)

Sd/-
(V. Kuppusami)
Managing Director

For & on behalf of Board of Directors

Place - Bhubaneswar

Date - 21st September, 2011

Orissa Power Generation Corporation Ltd.
Profit and Loss Account for the year ended 31st March, 2011

(₹ in lakhs)

Particulars	Schedule	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Sale of power		45,303.72	39,988.24
Other Income	9	5,142.99	5,606.03
Total		50,446.71	45,594.27
EXPENDITURE:			
Raw Materials Consumption	10	22,471.85	19,437.05
Production Expenses	11	2,631.38	2,909.27
Power & Electricity Duty	12	1,007.02	729.27
Employees' Remuneration & Benefits	13	3,452.73	2,588.89
Administrative Expenses	14	891.73	788.76
Other Expenses	15	1,548.48	883.64
Interest & Financing Charges	16	61.70	160.85
Depreciation		1,588.48	5,138.38
Total		33,653.38	32,636.10
Profit before tax & Prior Period Adjustment		16,793.34	12,958.17
Prior Period Adjustments (Net)	17	(149.20)	(333.02)
Profit before tax		16,644.15	12,625.15
Less: Provision for Taxation			
Current Income Tax		5,766.46	5,580.12
Add: Reversal of deferred tax liability		626.79	1,074.39
Profit after tax		11,504.47	8,119.42
Add - Balance of profit brought forward from previous year	40,649.05		
Less: Provision for MAT Credit payable to Customer	673.51	39,975.54	32,529.63
Amount available for appropriation		51,480.01	40,649.05
Appropriation		-	-
Balance carried to Balance Sheet		51,480.01	40,649.05
Earning per Share (in ₹)			
Basic & Diluted Earning per Share		234.68	165.63

Significant Accounting Policies 18
Notes on Accounts 19
Additional Information 20

Schedules 9 to 20 annexed hereto, from part of the Profit and Loss Account.

In terms of our report of even date attached

For & on behalf of MKPS & Associates

Chartered Accountants

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

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

Sd/-
(S. K. Pattanayak)
Director (Finance)

Sd/-
(V. Kuppusami)
Managing Director

For & on behalf of Board of Directors

Place - Bhubaneswar
Date - 21st September, 2011

Schedules forming part of Balance Sheet

(₹ in lakhs)

Particulars	As at		As at	
	31.03.2011		31.03.2010	
Schedule - 01				
Share Capital				
Authorised 100,00,000 (Previous Year 100,00,000) Equity Shares ₹1000/- each		100,000.00		100,000.00
Issued, Subscribed & Paid Up : 49,02,174 (Previous Year 49,02,174) Equity Share of ₹1000/- each fully paid up		49,021.74		49,021.74
Total		49,021.74		49,021.74
Schedule - 02				
Reserves and Surplus				
Grant in Aid	185.58		202.97	
Less: Addusted to carrying cost of assets (MMHP Andharbhangi)	-	185.58	17.39	185.58
Securities Premium		5,888.43		5,888.43
General Reserve				
As per last Balance Sheet	7,285.92		7,285.92	
Add: Transfer from Profit & Loss Account	-	7,285.92	-	7,285.92
Surplus in Profit and Loss Account	51,480.01	51,480.01	40,649.05	40,649.05
Total		64,839.93		54,008.97
Schedule - 03				
Loan Funds :				
Secured Loans		-		-
Unsecured Loan				
Loan from PFC	231.95	231.95	900.85	900.85
Total		231.95		900.85
Schedule - 04				
Deferred Tax Liability (Net)				
As per Last Balance Sheet	2,624.78		3,699.18	
Less: Reversal of deferred tax liability (net) during the year	626.79	1,997.99	1,074.39	2,624.78
Total		1,997.99		2,624.78

**Schedules forming part of Balance Sheet
Schedule-05 Fixed Assets :**

(₹ in lakhs)

Particulars	Gross Block			Depreciation			Net Block				
	As at 01.04.2010	Addition	Deduction/ Adjustments	As at 31.03.2011	Up to 01.04.2010	For the Year	Arrear Depreciation	Deduction/ Written Back	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land (Including Development Cost)	10.83	-	-	10.83	-	-	-	-	-	10.83	10.83
Leasehold Land (Including Development Cost)	1,786.32	135.24	-	1,921.55	697.55	73.04	-	-	770.60	1,150.96	1,088.76
Total	1,797.14	135.24	-	1,932.38	697.55	73.04	-	-	770.60	1,161.79	1,099.59
Building	6,047.80	340.00	-	6,387.80	3,968.32	264.61	-	-	4,232.93	2,154.87	2,079.48
Road Bridge & Culvert*	1,158.06	1.87	-	1,159.93	733.10	18.73	-	-	751.83	408.09	424.96
Water Supply Drainage & Sewerage.	444.06	(0.00)	-	444.06	194.17	19.80	-	-	213.96	230.10	249.90
Power Supply Distribution & Lighting.	390.11	83.54	-	473.65	363.93	2.30	-	-	366.23	107.42	26.18
Plant & Machinery.	106,974.79	2019.40	(697.66)	108,296.53	90,731.01	1,448.43	42.73	(659.63)	91,562.55	16,733.98	16,243.78
Communication System.	412.38	4.25	-	416.63	338.99	4.18	-	-	343.17	73.46	73.39
Heavy Mobile Equipment.	272.40	(0.00)	-	272.40	258.78	-	-	-	258.78	13.62	13.62
Furniture & Fixture.	237.55	29.19	(0.08)	266.66	169.76	11.20	-	(0.07)	180.88	85.77	67.79
Vehicle.	124.97	(0.00)	-	124.97	51.31	11.31	-	-	62.62	62.35	73.66
Library & Books	11.50	0.10	-	11.60	9.21	2.39	-	-	11.60	0.00	2.29
Office & Other Equipment.	1,321.02	96.10	(0.10)	1,417.02	881.66	47.17	-	(0.08)	928.76	488.26	439.35
Intangible Assets	6.63	68.79	-	75.41	0.60	9.09	6.88	-	16.56	58.85	6.03
Total Current Year	119,198.43	2,778.47	(697.84)	121,279.06	98,398.39	1,912.27	49.61	(659.78)	99,700.49	21,578.57	20,800.04
Total Previous Year	116,793.96	3,662.51	(1,258.04)	119,198.43	93,285.12	5,846.34	411.01	(1,144.09)	98,398.39	20,800.04	23,518.07

*Gross Block of Road Bridge & Culvert includes assets laid on land not belonging to the Company of ₹ 453.49 lakhs.

Particulars of deduction & adjustments	Gross Block		Depreciation	
	2010-11	2009-10	2010-11	2009-10
Decapitalisation	(666.76)	(1,215.83)	(633.76)	(1,115.91)
Sale of Assets / deiscarded & written off	(0.18)	(4.12)	(0.15)	(3.39)
Consumption of Capitalised Spares	(30.90)	(38.10)	(25.87)	(24.79)
Total	(697.84)	(1,258.04)	(659.78)	(1,144.09)

Total Depreciation	1,961.88
Less Transferred to Valuation of Coal	323.79
Balance	1,638.09
Arrear Depreciation to Prior Period Adjustment	49.61
Balance Charged to P / L Account	1,588.48

Schedules forming part of Balance Sheet

(₹ in lakhs)

Particulars	As at		As at	
	31.03.2011		31.03.2010	
Schedule - 06				
Capital Works in Progress :				
Construction / Erection Work in Progress (at Cost)	-		-	
Thermal Power Plant (unit 1 & 2)	24.03		536.36	
Development of Power Project (unit 3 & 4)	1,362.41		855.41	
Development of Coal Mines	2,148.95		1,493.17	
New Project Development Expenses	-		13.47	
Mini Micro Hydel Projects	1,313.85		1,313.75	
Advance to Contractor & Supplier for Capital Goods (Unsecured, Considered Good)	26.85		50.87	
Total		4,876.09		4,263.03
Schedule -07				
Current Assets, Loans & Advances:				
Current Assets				
Inventories*	-		-	
Coal	1,052.53		1,457.10	
Fuel Oil	210.73		173.28	
Components, spares & consumables	2,447.94			
Less : Provision for Obsolete Spares	138.66		2,866.60	
Others	403.48		409.08	
Fixed Assets retired from active use awaiting disposal	15.32	3,991.33	19.22	4,925.29
<i>* As certified by management and valued as per Accounting Policy no. 8.1 of Schedule -18. Inventories includes loose tools for ₹ 114.03 lakhs (previous year ₹ 85.53lakhs, Stock in transit and pending for inspection of ₹ 22.55 lakhs (previous year ₹ 47.21lakhs)</i>				
Sundry Debtors				
(Unsecured considered good)				
Debts Over Six Months	7,695.77		11,166.20	
Other Debts	5,810.08		3,764.42	16,571.54
	13,505.84		14,930.62	
Less : Provision for Doubtful Debt	10.57	13,495.27	-	14,930.62
Cash & Bank Balances				
Cash on Hand	0.81		2.12	
Remittance in Transit	126.00		-	
Balance with scheduled Banks				
In Current account	125.36		1,068.90	
In Short Term Fixed Deposits*	75,476.75	75,728.91	60,885.83	61,956.85
<i>*Includes ₹ 6000 lakhs (previous year ₹ 6039.00 lakhs) of Fixed deposits kept as lien marked against bank guarantee issued for ₹ 6000 lakhs in favour of The President of India acting through Ministry of Coal, Govt. of India.</i>				
Other Current Assets				
Interest Accrued				
Bank deposits	1,494.26		1,653.99	
Loans to Employees	68.51		85.06	
Other Receivables	165.47		133.40	
Prepaid Expenses	25.03	1,753.27	119.03	1,991.47
Loans Advances				
(Unsecured, Considered Good unless otherwise stated)				
Loans & advance to employees	161.84		153.96	
Deposit with different authorities.	30.76		22.83	
Advance Income Tax paid (Net of Tax Liabilities)	1,158.43		1,700.92	
MAT Credit Entitlement	-		-	
Deposit of disputed Income & Sales Tax	21.98		29.80	
Other advances	118.56	1,491.57	984.93	2,892.43
Total		96,460.35		86,696.66

Schedules forming part of Balance Sheet

(₹ in lakhs)

Particulars	As at		As at	
	31.03.2011		31.03.2010	
Schedule - 08				
Current Liabilities & Provisions				
Current Liabilities				
Sundry Creditors (due to Mini, Midium and Small Enterprises - Nil & Others ' 942.67 Lakhs)	942.67		478.95	
Other Liabilities	1,598.29		1,815.63	
Security Deposits	1,143.39		993.19	
Interest accrued but not due on Loans :	7.24		28.87	
		3,691.59		3,316.64
Provisions				
Provision for MAT Credit Payable	673.51		-	
Provision for Variable Pay	195.03		286.81	
Leave encashment / availment	1,425.62		1,096.74	
Half pay leave availment	463.98		341.41	
Gratuity (over & above contribution to fund)	357.08		143.91	
Management Service Charges	16.60	3,131.80	17.88	1,886.75
Total		6,823.39		5,203.38
* 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.				

Schedules forming part of Profit and Loss Account

(₹ in lakhs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Schedule - 9		
Other Income		
Other Sales	78.65	68.85
Interest Income from Investment / Deposits*	4,608.66	5,388.32
Interest Income from Employees & others	189.53	13.86
Receipt of Rent, Electricity, Water Charges & Others	85.21	82.63
Sundry Receipt	104.77	42.35
Excess Provision written Back	75.56	10.01
Profit on Sale of Fixed Assets	0.60	0.00
Total	5,142.99	5,606.03
* Tax deducted at source from interest on deposits with banks is ₹ 392.91 lakhs (Previous year ₹ 681.81 lakhs). Sundry receipt includes gain on fluctuation from foreign currency transactions for ₹ 1.65 lakhs.		
Schedule - 10		
Raw Materials Consumption		
Consumption of Coal	21,493.32	18,466.97
Consumption of - FO / LDO	978.53	970.08
Total	22,471.85	19,437.05
Schedule - 11		
Production Expenses		
Consumption of Stores & Spares	1,343.13	1,372.01
Contract Job Outsourcing Expenses	902.95	1,280.23
Insurance charges of Plant & Machineries	96.85	50.44
Repair & Maintenance of Plant *	54.29	43.68
Other Production Expenses	234.15	162.91
Total	2,631.38	2,909.27
* It includes Repair & Maintenance of Plant Building for ₹ 22.00 lakhs (Previous year ₹ 4.95 lakhs)		
Schedule - 12		
Power & Electricity Duty		
Water Charges & Cess	340.89	113.38
Power Purchase Cost	24.89	13.87
Electricity Duty on Auxiliary Consumption	641.24	602.01
Total	1,007.02	729.27
Schedule - 13		
Employees Remuneration & Benefits		
Salary, Wages, Bonus & Incentive on Generation	2,379.94	1,875.93
Contribution to PF & Other Funds	712.09	423.04
Employees Compensation & Family Rehabilitation Expenses	12.91	9.57
Welfare Expenses-Educational Facility	156.92	137.47
Welfare Expenses-Medical Facility	95.94	64.92
Other staff welfare & reimbursements	94.92	77.95
Total	3,452.73	2,588.89

Schedules forming part of Profit and Loss Account

(₹ in lakhs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Schedule - 14		
Administrative Expenses		
Rent	56.82	56.23
Rate, Taxes & Cess	17.46	17.93
Electricity charges	6.40	4.40
Repair & Maintenance of Roads & Buildings	116.17	72.21
Repair & Maintenance of Other Facilities	46.57	46.60
Repair & Running Expenses of Vehicles	75.10	82.11
Entertainment Expenses	36.45	27.68
Advertisement & Publicity Expenses	43.32	46.53
Communication Expenses	34.02	35.53
Travelling Expenses	123.38	114.72
Printing & Stationery Expenses	15.31	12.20
Insurance charges - others	0.26	0.25
Legal fee & Expenses	47.57	16.56
Professional fees & Other Taxes	2.41	5.77
Training ,seminar & Conference Expenses	37.99	24.96
EDP Software, Consumables & Stores	46.56	50.49
Watch & Ward Expenses	141.16	111.47
Other Miscellaneous Expenses	26.15	27.48
Mangement Service Charges	18.60	35.64
Total	891.73	788.76
Schedule - 15		
Other Expenses		
Auditor's Remuneration		
Audit Fee	1.93	1.38
Out of Pocket Expenses	0.62	0.33
Tax Audit and other Certification Fee*	0.73	0.98
Cost Audit Fee and Expenses	0.80	0.64
Internal Audit Fee and Expenses	5.21	5.83
Other Audit Fee and Expenses	-	0.25
Rebate in the nature of cash discount to customer	766.20	617.16
Donation	-	-
Community Development & Welfare Expenses	96.94	70.65
Pollution & Environment Expenses	5.03	5.05
Periphery Development Expenses	74.83	105.18
Loss on fluctuation in foreign currency transactions	-	3.29
Loss on Fixed Assets	33.01	71.64
Provisions		
Obsolete Spares	138.66	
Doubtful Debts	10.57	
	149.23	
Write offs:		
Debtors	411.31	
Fixed Assets	0.01	-
Advances and Receivables	1.08	0.36
Stores & Spares	1.54	0.91
	413.94	
Total	1,548.48	883.64

* It includes ₹ 0.50 lakhs (previous year ₹ 0.50 lakhs) payable to Statutory Auditors towards Tax Audit and certification fee.

Schedules forming part of Profit and Loss Account

(₹ in lakhs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Schedule - 16		
Interest & Finance Charges		
Interest on Loan from PFC	52.94	144.87
Interest on Loan from LIC	2.95	-
Other Finance Charges	5.81	15.98
Total	61.70	160.85
Schedule - 17		
Prior Period Adjustments		
Sales	-	21.48
Other Income	5.05	5.72
Depreciation Written Back	6.76	-
Production Expenses	3.72	(158.18)
Power & Electricity	21.89	-
Employees Remuneration & Benefits	67.73	100.55
Administrative Expenses	13.03	6.65
Other Expenses	5.03	1.39
Interest and Finance Charges	-	-
Depreciation	49.61	409.81
Net Prior Period Adjustments	149.20	333.02

Notes : Figures in bracket represent credit.

Schedule - 18

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 are 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 ₹ 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. 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.
- 8. Inventories**
- 8.1 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.
- 8.2 In case of identified unserviceable/ obsolete stores & spares, necessary provision is made and charged to revenue.
- 9. Revenue Recognition**
- 9.1 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.
- 9.2 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.
- 9.3 Expense on leave travel concession, leave salary and pension contribution of deputation employees are accounted for on cash basis.
- 9.4 Scrap is recognized in the profit and loss account only on disposal.
- 10. Depreciation and Amortization**
- 10.1 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.
- 10.2 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.
- 10.3 Assets costing ₹ 5,000/- or less individually are depreciated fully in the year in which they are put to use.
- 10.4 Cost of computer software recognized as intangible assets is amortized on straight line method over a period of legal right to use subject to maximum ten years.

- 10.5 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.
- 10.6 Ash Ponds have been depreciated over remaining period of useful life, evaluated on the basis of technical estimate made annually which includes the estimates of generation, utilization and increase of capacity in future years.
- 10.7 Where the original estimate of useful life of an asset is revised by a committee constituted for assessment of useful life of the asset based on several factors such as technical & non technical, the unamortized depreciable amount of the asset including the expenditure incurred on renovation and modernization is charged to revenue over such revised remaining useful life.
- 10.8 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 / retirement from active use.

11. Prior Period Income / Expenditure & Prepaid Expenses

Expenditure relating to prior period & prepaid expenses not exceeding ₹ 0.50 lakh in each case is treated as income/ expenditure of the current year.

12. Employee Benefits

- 12.1 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.
- 12.2 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.
- 12.3 Liabilities towards other benefits such as leave encashment / avilment as the case may be of the employees as at the end of the year are provided for on the basis of actuarial valuation.

13. 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 inventory and charged off to consumption in the first year of commercial operation.

14. 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.

15. 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 deemed to be impaired and the difference amount between the recoverable amount and the carrying amount is charged to the Profit & Loss account

16. Borrowing Cost

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as expenses in the period in which these are incurred.

17. Foreign Exchange Transactions

Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year end rates.

The difference in transaction of monetary assets and liabilities and realized gains and losses in foreign exchange transactions other than those long term liabilities relating to fixed assets, are recognized in the profit and loss account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is recognized in the profit and loss account over the period of the contract.

Exchange differences (including arising out of forward exchange contracts) in respect of liabilities relating to fixed assets are adjusted in the carrying amount of such assets.

Schedules - 19

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 village Forest land & AC.60.80 DC patta land (in the possession of the company) are yet to be executed.

(b) Land includes AC.69.38 of Govt. land & AC.104.47 Dec. of private land valuing ₹ 222.35 lakhs 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

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.

4. Sundry Debtors

Sundry Debtors includes ₹ 57.18 lakhs (previous year ₹ 111,96.22 lakhs) which is yet to be reconciled / received/ confirmed.

5. Deferred Tax Liability

As per requirements of the Accounting Standard 22 on "Accounting for Taxes on Income", the company calculated deferred tax for the current year & net effect of reversal in liability for ₹ 624.79 lakhs (Previous year ₹ 1074.39 lakhs) is reflected in profit & loss account as computed below:

(₹ in lakhs)

Particulars	2010-11	2009-10
Deferred Tax Liability :		
Depreciation on Fixed Assets	2732.85	3150.30
Less: Deferred Tax Assets.		
Provision for retirement benefits & others	734.86	525.52
Balance deferred tax liability (net)	1997.99	2624.78
Less: already recognized (net)	2624.78	3699.17
Reversal of deferred tax liability	626.79	1074.39

6. MAT Credit Entitlement

MAT credit of ₹ 2069.81 lakhs has been accounted during the year 2005-06 to 2007-08 under section 115JAA of the Income Tax Act and carried forward for set off against the future income tax liability. The company has claimed MAT Credit of ₹ 633.07 lakhs in the revised return of income for the year 2008-09 and ₹ 1436.74 lakhs in the return of income for the year 2009-10. The exact amount of MAT credit will be confirmed on allowability of the same in the assessment of above years by the income tax department. The proportionate amount of MAT Credit based on the claims made during above years, attributable to the return of equity claimed in the tariff which will be passed on to Customer is provisionally calculated for an amount of ₹ 673.51 lakhs. The said amount has been appropriated from accumulated profits and final amount will be adjusted / paid to the Customer on completion of undisputed assessment of the said years.

7. Impairment of Asset

In terms of Accounting Standard 28 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 and Andhrbhangi in operation, 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 Venkatachalam Kuppusami	Managing Director - from 30.12.2010
Sri Santosh Kumar Pattanayak	Director (Finance) - from 18.04.2010
Sri Vivekananda Biswal	Managing Director - up to 30.12.2010
Smt. Paramita Tripathy	Director (Finance) - up to 18.04.2010
Sri S. K. Sekar	Director (Operation) - up to 20.08.2010
Sri K. Murali	Director (Operation) - from 20.08.2010

Remuneration to key management personnel is ₹ 21.47 lakhs (previous year ₹ 31.69 lakhs) which includes an amount of ₹ 18.60 lakhs (Previous year ₹ 18.02 lakhs) provisionally provided as salary & allowances for MD & Director(Operation) on the basis of shareholders agreement & treated as management service charges under "Administrative Expenses."

- (b) An amount of ₹ 71.82 lakhs (previous year ₹ 92.62 lakhs) has been paid to M/S AES India Pvt. Ltd in respect of deputed employees under reciprocal sharing of resources between OPGC & AES (the strategic partner). Out of above ₹ 49.52 lakhs has been charged to Project development expenses account & ₹ 22.30 lakhs has been charged to profit & loss account as management service charges under "Administrative Expenses."

9. Estimated amount of contracts to be executed on capital account (less of advances & LC opened) is ₹ 7088.13 lakhs (previous year ₹ 1103.04 lakhs).

10. Contingent liabilities not provided for

(₹ in lakhs)

Particulars	31 st March 2011	31 st March 2010
A. Outstanding letter of credit and guarantees	₹ 6000.00	₹ 6000.00

B. Claims against the Company not acknowledged as debts.

Nature of Demand	Opening Balance as on 01.04.2010	During the year			Closing Balance as on 31.03.2011
		Additional Provision	Amount charged against provision	Amount Reversed	
Income Tax	6.60	-	-	-	6.60
Sales Tax	16.58	-	0.68	-	15.90
Entry Tax*	1016.45	99.37	-	17.20	1098.62
Land acquisition/ Interest on unpaid Land Premium	870.62	-	-	-	870.62
Claims of Contractors & others	371.78	71.62	-	20.56	422.84
Total**	2282.03	170.99	0.68	37.76	2414.58

* 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 before Hon'ble High Court of Orissa, which were 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 2010-11. 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 from 156 (previous year 140) suppliers regarding their status under Micro, Small and Medium Enterprises Development Act 2006. Out of above, 72 (previous year 74) suppliers are falling under Micro, Small and Medium Enterprises status. No amount is outstanding as on 31st March 2011 to such suppliers & no interest is due to such suppliers.
12. The company has more than one business segment but not reportable segment since generation from Mini Hydel Projects has not been recognized in absence of power purchase agreement. In view of above fact, segment information required as per AS-17 is not provided.
13. In terms of Accounting Standard 15 (Revised) 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.

(₹ in lakhs)

Sl No.	Particulars	Earned Leave	Gratuity	Half Pay Leave
(A)	The amounts to be recognized in balance sheet			
a)	Present value of obligation as at the end of the period	1399.11	1710.54	463.98
b)	Fair value of plan assets as at the end of the period	-	1366.35	-
c)	Funded status / Difference	(1399.11)	(344.19)	(463.98)
d)	Excess of actual over estimated return on plan asset	-	0.81	-
e)	Unrecognized actuarial (gains)/losses	-	-	-
f)	Net asset/(liability) recognized in balance sheet	(1399.11)	(344.19)	(463.98)
(B)	Expense recognized in the statement of profit and loss			
a)	Current service cost	77.27	92.11	25.01
b)	Past service cost	-	17.31	-
c)	Interest cost	85.26	100.71	27.31
d)	Expected return on plan assets	-	(105.83)	-
e)	Curtailement cost / (Credit)	-	-	-
f)	Settlement cost / (credit)	-	-	-
g)	Net actuarial (gain)/ loss recognized in the period	198.19	303.53	70.24
h)	Expenses recognized in the statement of profit & loss*	360.73	407.82	122.57
	<i>*In case of leave encashment and gratuity, an additional liability of ₹ 7.54 lakhs- and ₹ 26.27lakhs- respectively have been adjusted as not considered in valuation and balance is recognized in Profit and loss account.</i>			

(C) Change in present value of obligation				
a)	Present value of obligation as at the beginning of the period	1065.81	1258.91	341.41
b)	Acquisition adjustment	-	-	-
c)	Interest cost	85.26	100.71	27.31
d)	Past service cost (Non vested benefits)	-	17.31	-
e)	Past service cost (Vested benefits)	-	-	-
f)	Current service cost	77.27	92.11	25.01
g)	Curtailement cost/(Credit)	-	-	-
h)	Settlement cost/(Credit)	-	-	-
i)	Benefits paid	(27.42)	(62.84)	-
j)	Actuarial (gain)/loss on obligation	198.19	304.34	70.24
k)	Present value of obligation as at the end of period	1399.11	1710.54	463.98
(D) Movement in the liability recognized in the balance sheet				
a)	Opening net liability	1065.81	1258.91	341.41
b)	Expenses as above	360.73	407.82	122.57
c)	Benefits paid	(27.42)	(62.84)	-
d)	Actual return on plan assets	-	106.65	-
e)	Closing net Liability	1399.11	1710.54	463.98
(E) Principal Assumptions used for actuarial valuation				
a)	Method used	Projected Unit Credit Method		
b)	Discounting Rate	8.00%	8.00%	8.00%
c)	Future salary Increase	8.50%	8.50%	8.50%
d)	Expected Rate of return on plan assets	Not applicable	9.40	Not applicable
e)	Retirement Age (Years)	58	58	58
(F) Major categories of plan assets (as percentage of total plan assets)				
a)	Funds managed by Insurer	-	100%	-
	Total	-	100%	-

Note: (i) Gratuity is a post employment partly funded defined employee benefit plan.

(ii) Other benefits are un-funded defined employee benefit plan.

(iii) Besides above, the company provided liability towards gratuity and leave encashment in respect of employees those ceased from services and whose dues are not settled by 31st March 2011 are not considered in actuarial valuation.

(iv) The estimate of future salary increases considered in actuarial valuation by taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

14. Earning per share

The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under

	Current Year	Previous Year
Net Profit after Tax used as numerator - ₹ in lakhs	11,504	8,119
Weighted average number of equity shares used as denominator	4,902,174	4,902,174
Earning per share (Basic and Diluted) - in ₹	234.68	165.63
Face value per share - in ₹	1,000	1,000

15. The summarized position of expenditure incurred on Development of Coal Mine and Development of Power Projects (unit 3 & 4) are given below. (₹ in lakhs)

Particulars	As on 31.03.2011		As on 31.03.2010	
	Coal Mine	Power Plant	Coal Mine	Power Plant
Consultancy	748.76	373.85	513.53	271.30
Geological report	425.44	-	425.44	-
Statutory clearances including data collection	7.97	8.01	2.51	8.01
Employee Remuneration and Benefits including Travelling Expenses	417.29	419.51	214.19	290.41
Administrative Expenses	120.22	65.59	57.41	41.64
Financing Expenses	16.99	-	18.19	-
Land Acquisition Expenses	412.27	495.45	261.91	244.05
Grand Total	2148.95	1362.41	1493.17	855.41

16. Difference of ₹ 283.47 lakhs (Previous Year ₹ 419.81 lakhs) 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.
17. 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.

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 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 which is yet to be approved by OERC.
- 1.2. Sale does not include internal consumption of 340.87 MU including transformer loss of 20.25MU for the year (previous year 309.11 MU), the cost of which has been determined at ₹3602.08 lakhs (previous year ₹3413.47 lakhs) approximately.
- 1.3. In absence of power purchase agreement, 0.433 MU net (previous year 0.346 MU net) of energy generated from Mini Hydel Projects (Kendupatana, Biribati and Andharbhangji) has not been accounted.

2. Expenses

- 2.1. Excess of Coal for 37,962.47 MT amounting to ₹358.78 lakhs (Previous year shortages of 1215.75 MT amounting to ₹8.79 lakhs) found during physical verification has been adjusted to consumption of coal.
- 2.2. 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 ₹957.85 lakhs (previous year ₹921.23 lakhs) which has not been accounted for as there is no remote possibility of any such payment required to be made in future.
- 2.3. 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.
- 2.4. Pending finalization of final payment of Variable Pay to the employees of the company under performance management system, a provision of ₹134.36 lakhs (previous year ₹107.70 lakhs) has been made on an estimated basis.
- 2.5. Employees Remuneration & Benefits includes an amount of ₹115.14 lakhs provided as employer's contribution to OPGC Ltd Employees Provident Fund Trust to meet the deficiency in the Fund.
- 2.6. 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

(₹ in lakhs)

Particulars	2010-11	2009-10
Employee Remuneration and Benefits including travelling expenses	332.21	266.97
Administrative and other Expenses	86.76	56.65

- 2.7. In compliance to Accounting Standard – 2, Valuation of Coal has been made during the year taking into account the expenditures comprising of cost of purchase, cost of conversion and other cost incurred in bringing the coal to their present location and condition up to the point of transfer of coal to stockyard and coal mill. This resulted reallocation of expenditures appropriated from following heads of accounts and charged to cost of coal account.

(₹ in lakhs)

Particulars	2010-11	2009-10
Employee Remuneration & Benefits	316.19	238.68
Power & Fuel	2.11	2.25
Production Expenses	572.21	344.52
Depreciation	323.74	707.97
Total	1214.25	1293.42

Due to above allocation of related expenses to cost of coal, there is an increase in value of closing stock of coal as on 31st March 2011 & profit to the extent of ₹46.69 lakhs (previous year ₹13.82 lakhs) for the year.

- 2.8. Following amount has been provided in accounts under the head “other expenses”.

(₹ in lakhs)

Particulars	Current Year	Previous Year
Advances / receivables written off	1.08	0.36
Assets written off	0.01	-
Stores & spares written off	1.54	0.90
Debtor written off	421.88	-
Loss on sale / discarded of Fixed Assets	33.01	71.65
Total	457.52	72.91

- 2.9 Provision for obsolete spares amounting to ₹138.66 lakhs identified on replacement and renovation of C & I System has been provided in the accounts.

3. Depreciation

- 3.1 Life of the ash pond ‘A’ has been evaluated on the basis of technical estimation as per clause no.10.6 of the accounting policy for depreciation and accordingly an amount of ₹334.82 lakhs (previous year ₹120.81 lakhs) is charged to the Profit and Loss Account. Due to reassessment of useful life of Ash Pond, an amount of ₹214.01 lakhs has been over charged in the profit and loss account as depreciation.
- 3.2 Useful life of plant and machineries of IB thermal power station has been reassessed during the year on the basis of technical estimation as per clause 10.7 of the accounting policies for charging depreciation and said life determined as 30 years from 1st April 1996. Accordingly the unamortized depreciable amount of such assets along with additions made during the year is charged to revenue over revised remaining useful life. Due to reassessment of useful life of the Thermal Plant (unit 1 & 2), an amount of ₹2311.09 lakhs has been under charged in the profit and loss account as depreciation.
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 lakhs.

Schedule - 20

Additional information forming part of accounts for the year ended March 31, 2011

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

Particulars	Current Year	Previous Year
Salary and allowances*	0.47	13.39
Leave salary Pension Contribution	2.40	
Medical & Other benefits		0.28
Total	2.87	13.67

*The above amount does not include an amount of ₹18.60 lakhs (previous year ₹18.02lakhs) which has been provisionally provided as salary & allowances for MD & Director (Operation) on the basis of shareholders agreement & included under Administrative Expenses.

(₹ in lakhs)

Particulars	Current Year	Previous Year
2. Expenditure incurred in foreign currency Travelling Expenses & Consultancy Charges	121.24	7.88
3. Earnings in foreign currency	Nil	Nil
4. Value of imports calculated on CIF basis: Raw Materials	Nil	Nil
Components & Spare parts	75.22	9.90
Capital Goods	Nil	592.80

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

(₹ 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	201,552	1,457.10	427,37	173.30	205,695	1,337.25	540.72	207.78
Purchases	2,607,568	21,088.75	2,242,975	1,015.97	2,550,290	18,586.82	2,387.03	935.60
Consumption	2,735,714	21,852.10	2,220,431	973.12	2,553,217	18,458.18	2,487.26	964.76
Excess/shortage of stock on physical verification**	37,962	358.78	12,336	5.41	(1,216)	(8.79)	(13.13)	(5.32)
Closing stock	111,369	1052.53	437,576	210.74	201,552	1,457.10	427.37	173.30

* Valuation made as referred in clause 2.7 of notes on accounts.

*** Treated in the accounts as per clause 3 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 lakhs)

Particulars	Current Year		Previous Year	
	Value	%	Value	%
(a) Imported	65.82	4.40	9.90	0.66
(b) Indigenous	1429.44	95.60	1498.01	99.34
Total	1495.26	100	1507.91	100

7. Advance to Directors included in Advance to staff is ₹ Nil (previous year ₹ Nil). Maximum outstanding amount at any time during the year is Nil (previous year ₹ 0.30 lakhs).

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

- | | | |
|------------------------|---|--------------------------------|
| (a) Licensed capacity | - | Not applicable |
| (b) 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)*	3,184.69	2,955.39
Sale (MU)	2,843.824	2,646.28
Internal consumption (MU)**	340.873	309.11
Sale (Net) (₹ in Lakhs)	45,303.72	39,988.24
Internal consumption (₹ in Lakhs)	3,602.08	3,413.47

* It does not include 0.433MU net (previous year 0.346MU net) generated by Mini Hydel Projects and exported to GRIDCO.

** It includes transformer loss of 20.25 MU.

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
---	---

0	3
---	---

2	0	1	1
---	---	---	---

Date Month Year

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

Total Liabilities

1	1	6	0	9	1	6	1
---	---	---	---	---	---	---	---

Total Assets

1	1	6	0	9	1	6	1
---	---	---	---	---	---	---	---

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

Paid up Share Capital

4	9	0	2	1	7	4	
---	---	---	---	---	---	---	--

Reserve & Surplus

6	4	8	3	9	9	3	
---	---	---	---	---	---	---	--

Secured Loan

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

Unsecured Loan

			2	3	1	9	5
--	--	--	---	---	---	---	---

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

Net Fixed Assets

2	6	4	5	4	6	5	
---	---	---	---	---	---	---	--

Investments

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

Net Current Assets

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

Misc. Expenditure

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

Accumulated Losses

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

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

Turnover

4	5	3	0	3	7	2	
---	---	---	---	---	---	---	--

Total Expenditure

3	3	8	0	2	5	8	
---	---	---	---	---	---	---	--

Profit/Loss before Tax

1	6	6	4	4	1	4	
---	---	---	---	---	---	---	--

Profit/Loss after Tax

1	1	5	0	4	4	7	
---	---	---	---	---	---	---	--

Earning per Share in ₹

	2	3	4	.	6	8	
--	---	---	---	---	---	---	--

Dividend Rate in %

						0	0
--	--	--	--	--	--	---	---

Vii. Generic Names of Three Principal Products of Company (as per monetary terms)

Product Description: Item Code No.

G	E	N	E	R	A	T	I	O	N		O	F		E	L	E	C	T	R	I	C	I	T	Y
---	---	---	---	---	---	---	---	---	---	--	---	---	--	---	---	---	---	---	---	---	---	---	---	---

Names

N	O	T		A	P	P	L	I	C	A	B	L	E
---	---	---	--	---	---	---	---	---	---	---	---	---	---

Cash Flow Statement for the Year ended 31st March, 2011

(₹ in lakhs)

Particulars	Year Ended		Year Ended	
	31.03.2011		31.03.2010	
Cash flow from operating activities				
Net profit before tax		16,644.14		12,625.14
Adjustment for				
Depreciation	1,955.12		6,256.16	
Interest & financing charges	61.70		160.85	
Provisions (Net)	645.22		(702.59)	
Expenses written off	13.58		4.40	
Interest Income from Investment & deposits	(4,608.66)		(5,388.32)	
Stores & Spares written off	1.54		0.91	
Loss / (Profit) on Sale / retired Assets	32.39		71.43	
Excess Provision Written Back	(75.56)		(12.62)	
Debtor Written Back	411.31		-	
Assets & Advance written off	1.08		0.36	
		(1,562.29)		390.58
Operating profit before working capital changes		15,081.85		13,015.72
Adjustment for				
Inventories	932.38		(168.26)	
Trade & other receivables	1,949.23		997.28	
Trade payables	396.57		(1,393.46)	
		3,278.19		(564.45)
Cash generated from operations		18,360.03		12,451.27
Misc & other deferred expenses	13.58		4.40	
Direct taxes paid (Net)	(5,228.18)		(3,988.81)	
		(5,214.60)		(3,984.42)
Net cash from operating activities		13,145.44		8,466.85
Cash flow from investing activities				
Purchase of fixed assets (Net)	(3,389.54)		(3,808.53)	
Interest received	4,768.39		5,852.61	
Net cash used in investing activities		1,378.85		2,044.08
Cash flow from financing activities				
Long term borrowing	(668.90)		(873.90)	
Interest & Finance Charges	(83.32)		(189.62)	
Net cash used in financing activities		(752.23)		(1,063.52)
Net changes in cash & cash equivalent		13,772.06		9,447.41
Cash & cash equivalent - opening balance		61,956.85		52,509.44
Cash & cash equivalent - Closing balance		75,728.91		61,956.85

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 18 and 19) 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 MKPS & Associates

Chartered Accountants

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

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

Sd/-
(S. K. Pattanayak)
Director (Finance)

Sd/-
(V. Kuppusami)
Managing Director

For & on behalf of Board of Directors

Place - Bhubaneswar

Date - 21st September, 2011

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, 2011

The preparation of financial statements of Orissa Power Generation Corporation Limited for the year ended 31 March 2011 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 21 September 2011.

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 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report :

A. Comments on Profitability

Profit & Loss Account

Expenditure

Depreciation : ₹ 15.88 crore

- 1 The above is understated by ₹ 23.11 crore due to charging of depreciation on plant machinery of IB thermal power station at the rate lower than the rate mentioned in Schedule-XIV of the Companies Act. This has also resulted in overstatement of Fixed Asset (Plant & Machinery) - Net block and profit for the year by ₹ 23.11 crore each.

B. Comments on Financial Position

Balance Sheet

Application of Funds

Fixed Assets

Building (Gross Block)

Addition to Building - ₹ 3.40 crore

1. The above includes ₹ 0.98 crore being the value of furniture and fixtures wrongly classified as temporary wooden structures on which depreciation has been charged at the rate of 100 percent. This has resulted in overstatement of Fixed Asset (Building) - Gross Block and understatement of Fixed Asset (Furniture & Fixtures) - Gross Block by ₹ 0.98 crore. This has also resulted in overstatement of depreciation and understatement of profit for the year by ₹ 0.92 crore each (after adjustment of depreciation of ₹ 0.06 crore in the year 2010-11, applicable to furniture and fixtures).

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

Sd/-

(S. R. DHALL)

Accountant General

Place : Bhubaneswar

Date : 23.11.2011

27th
ANNUAL REPORT
2010-11



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
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
2009-10	2,955	80.32	2,646	309	10.46	2,553,217	0.86	2,487	0.84
2010-11	3,184	86.53	2,843	340	10.67	2,735,714	0.86	2,220	0.69

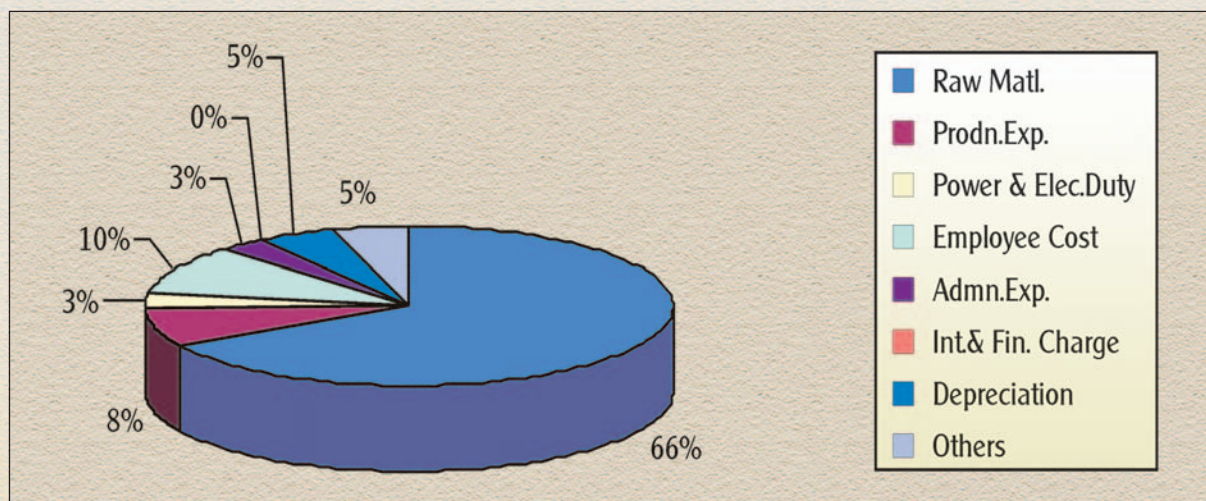
COMPARATIVE COST OF GENERATION

(₹ in crores)

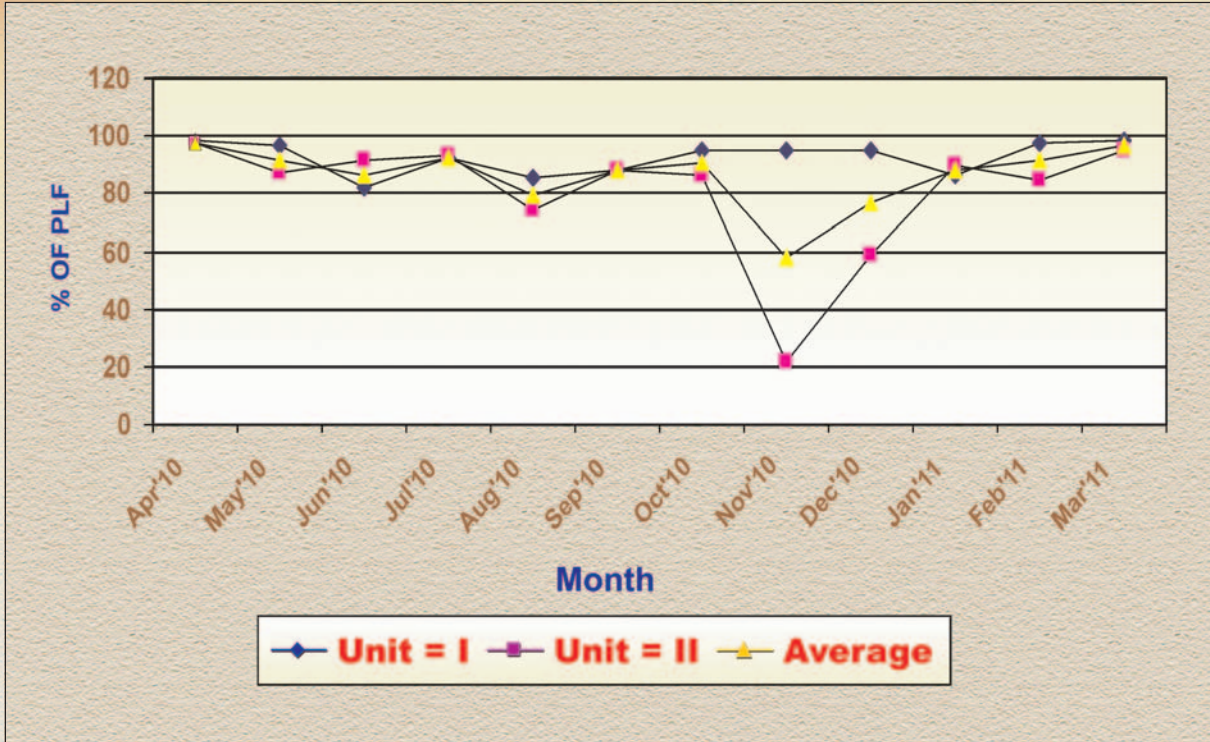
Sl.	Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
1	Generation (MU)	3184	2955.39	3187.33	3043.54	3310.53	3089.61	3160.29	3006.46
	PLF (Ib TPS)	86.53%	80.32%	86.62%	82.60%	89.98%	84.12%	83.28%	81.60%
2	Variable Cost*								
	Coal	214.93	184.67	183.46	160.65	159.16	153.33	148.15	137.56
	Oil	9.78	9.70	8.86	5.30	4.07	3.25	4.39	6.90
	Total	224.71	194.37	192.32	165.95	163.23	156.58	152.54	144.46
3	Semi-Variable Cost*								
	Employee Cost	34.53	25.89	31.51	27.40	25.72	15.74	14.88	14.22
	Power Cost	10.07	7.29	8.04	7.74	6.74	6.29	6.37	7.23
	Production Cost	26.31	29.09	25.32	25.83	23.98	21.18	20.65	16.72
	Administrative Cost	8.92	7.89	8.96	7.23	7.89	7.35	6.19	12.08
	Other Cost	15.48	8.84	3.30	1.74	2.87	2.29	1.71	7.18
4	Fixed Cost*								
	Interest & Finance Charges	0.62	1.61	2.71	4.58	6.85	10.07	13.07	23.11
	Depreciation	15.88	51.38	57.30	58.52	60.71	59.14	58.09	58.72
	Total	16.50	52.99	60.01	63.10	67.56	69.21	71.16	81.83
	Grand Total (2+3+4)	353.02	326.36	329.46	298.99	297.99	278.64	273.50	276.64

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

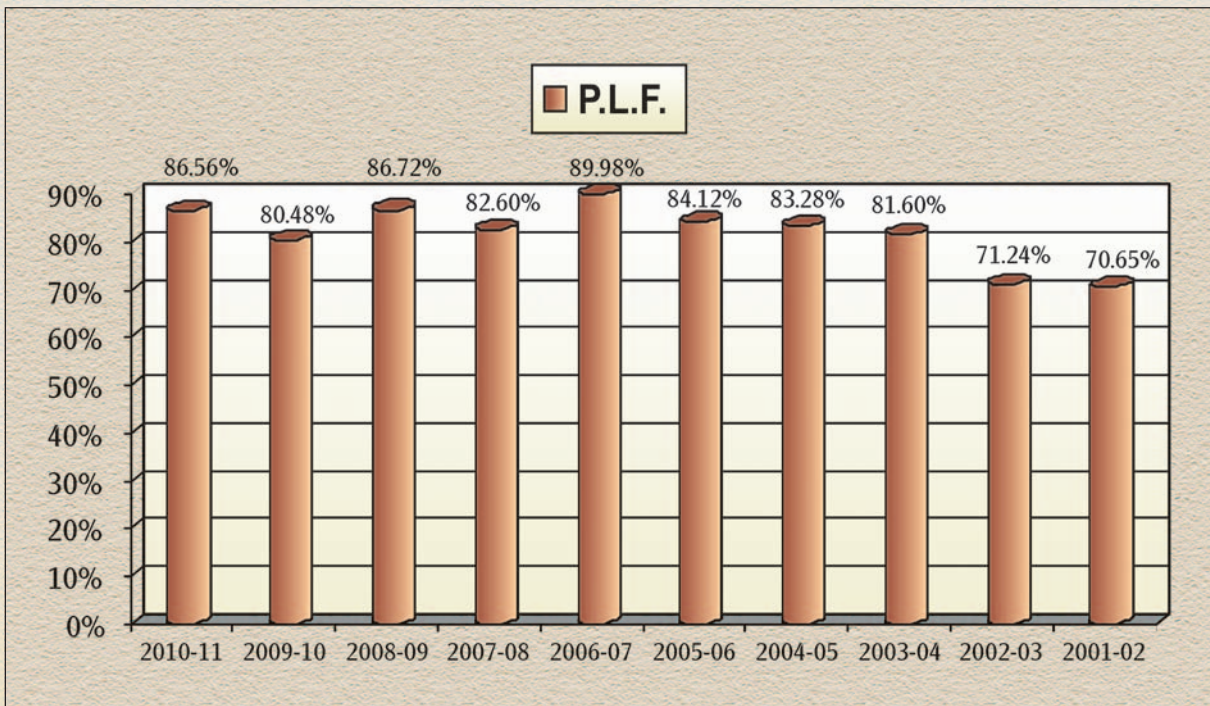
COST OF GENERATION 2010-11



P. L. F. GRAPH FOR THE CURRENT YEAR



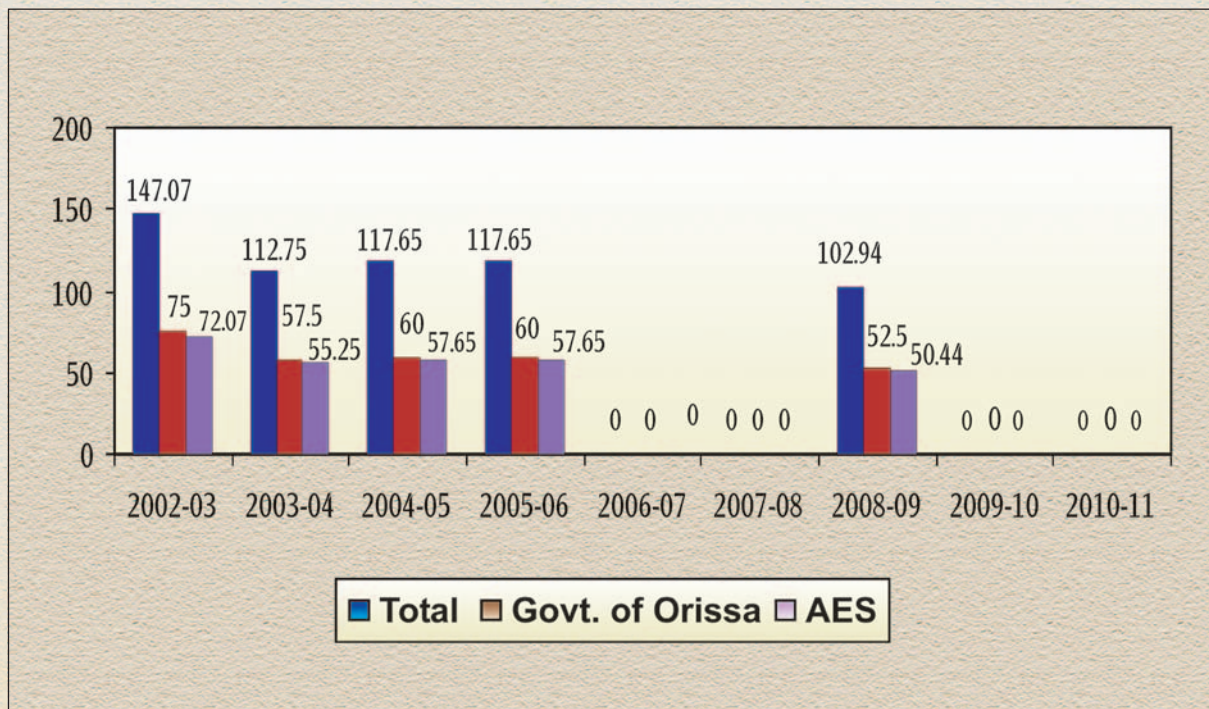
P. L. F. GRAPH YEAR WISE



DIVIDEND PAYMENT – YEARWISE DETAIL

(₹ in Crores)

Year	Dividends	Total	Govt. of Orissa	AES
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
2009-10	Nil	0.00	0.00	0.00
2010-11	Nil	0.00	0.00	0.00







▲ Gangotri W/T Plant Gold Award 2010, OCH Rourkela

