OPGC
Power for Progress

28th Annual Report 2011-2012

Committed to grow with deep rooted values

Vision

A world-class power utility committed to generate clean, safe and reliable power, enhancing value for all stake holders and contributing to national growth.

Core Values:

- Put Safety First
- Honour our commitments
- Act with integrity
- Strive for Excellence
- Have Organisational Pride
- Foster Teamwork

Mission

- To obtain global best practices by adopting, innovating and deploying cutting edge solutions.
- To achieve excellence in reliability, safety and quality of power by creating a culture of empowerment and high performance.
- To be responsible corporate citizen having concern for environment, society, employees and people at large."

28th Annual Report
2011-2012

OPGC
Power for Progress

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

Contents . . .

Board of Directors

Mr. P. K. Jena
Chairman

Mr. Venkatachalam K.
Managing Director

Mr. D. K. Singh
Director

Mr. Indranil Dutta
Director (Operation)

Mr. H. P. Nayak
Director (Finance)

Mr. A. S. Rao
Director

Notice for the 28th Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting of Odisha Power Generation Corporation Ltd. will be held on 29.09.2012 at 6.00 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 31.03.2012 and the Profit and Loss Account for the year 2011-12 along with Directors' Report and Auditors' Report thereon.

By order of the Board

Dated : 24.09.2012
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 28th Adjourned Annual General Meeting

Notice is hereby given that the 28th Adjourned Annual General Meeting of Odisha Power Generation Corporation Ltd. will be held on 25.10.2012 at 11.00 A.M. in the registered office of the Corporation i.e. at Zone-A, 7th Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar to transact the following business.

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2012 and the Profit and Loss Account for the year 2011-12 along with Directors' Report and Auditors' Report thereon.

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

Date : 20.10.2012
Zone-A, 7th Floor, Fortune Towers,
Chandrasekharpur, Bhubaneswar-751 023

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.

Progress with perseverance

Address to Shareholders

Directors' Report 2011-12

Dear Members,

Your Directors have the privilege of presenting the 28th Annual Report on the performance and operating result of the Company for the financial year ending on 31st March - 2012. The Audited statement of accounts accompanied by the Auditors Report and comments of the Comptroller and Auditor General of India U/s 619(4) of the Companies Act, 1956 on the said accounts also form integral part of the report.

Before giving a brief highlight on the physical and financial performance of the company your Directors take pleasure to inform that your company has formally set out the **Vision**, it sets its sights on, the **Mission** it pursues to attain and the **Core-Values** it nurtures for realisation of its vision. The **vision-mission-value** statements are mentioned below for your appreciation.

Vision

- A world-class power utility committed to generate clean, safe and reliable power, enhancing value for all stake holders and contributing to national growth.

Mission

- To obtain global best practices by adopting, innovating and deploying cutting edge solutions.
- To achieve excellence in reliability, safety and quality of power by creating a culture of empowerment and high performance.
- To be responsible corporate citizen having concern for environment, society, employees and people at large."

Value

- Put Safety First
- Honour our commitments
- Act with integrity
- Strive for Excellence
- Have Organisational Pride
- Foster Teamwork

PERFORMANCE HIGHLIGHTS OF OPGC

Plant Operation:

The year under report has recorded total generation of **2950.149** MUs corresponding to an average Plant Load Factor of **79.97** % (PLF) against last year figure of **3184.697** MUs at **86.56** % PLF. The apparent fall in the PLF compared to the last year is attributable to the loss of operation for 30 days on account of annual overhaul of Unit-1 originally scheduled in the year 2010-11 getting shifted to the year under report and loss of around 271 million units on account of bad coal quality. However, with the average plant availability for the year at **87.26** % despite unexpected outages for both avoidable and unavoidable factors, the performance of the year under report can still be termed as satisfactory.

Sincere efforts are on for improved plant availability with added focus on enhancement of plant reliability through system upgradation and striving for better operational efficiency. Repair and replacement of key components in CHP, installation of24volt DC system for DCS, and 6.6KV breakers are few among the various efficiency enhancement measures undertaken in the year under report.

Project Development

The project development activities for the proposed units-3&4 (2x660 MW) gathered momentum during the year under report both in respect of development of mines as well as EPC for main plant procurement and balance of plant (BoP) and erection package. Categorisation of mines into the "GO" category triggered the actions for obtaining stage-I forest clearance which is considered as a major milestone of the overall project development activities.

Similarly, by the year end the technical evaluation of bids of main plant supply package and BoP were completed. In addition, the following progresses were made on various fronts

- Application for LTOA and connectivity was filed with PGCIL.
- Public hearing for regulatory approval of Long term PPA with GRIDCO for off take of 50% of the installed capacity of proposed Unit 3 & 4 was completed in Feb'12.
- Formal communication from PFC on the terms of finance was received.
- Public hearing for environment clearance for mine was completed successfully.
- NIT inviting participation of prospective bidders for coal mine MDO was issued.

FINANCE & ACCOUNTS

The statement of accounts for the year under consideration have been adapted to the requirement of the revised provisions of the schedule VI of the Companies Act 1956 and the said statement of accounts in the revised format 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 following summarised financial results as compared to that of the previous year are furnished below for easy appreciation of the financial health of the company.

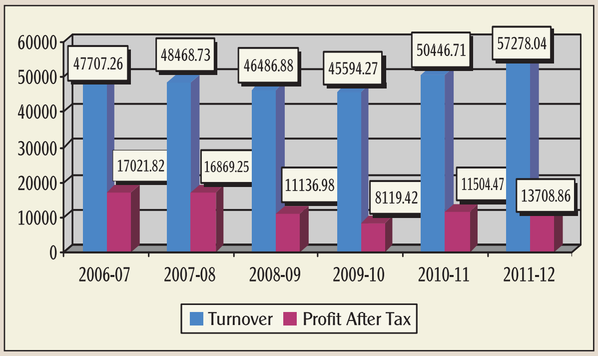
(₹ in lakhs)

	2011-12	2010-11
Income from sale of power	49,045.82	45,303.72
Other income	8,232.22	5,142.99
Total income	57,278.04	50,446.71
Expenses	35,036.86	32,003.20
Gross margin	22,241.18	18,443.51
Less interest and depreciation	1,529.16	1,650.18
Profit Before Tax and prior period adjustment	20,712.02	16,793.34
Prior period adjustment	83.45	149.20
Provision for taxes	6,919.71	6,393.25
Profit After Tax	13,708.86	11,504.47

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

(₹ in lakhs)



DIVIDEND

No dividend has been declared by the Company during the financial year 2011-12.

STATUTORY 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 2011-12 and comments of C&AG of India u/s 619(4) of the Companies Act, 1956 are enclosed as part of the report.

COST AUDITORS

Ministry of Corporate Affairs, Cost Audit Branch vide Order No. 52/26/CAB-2010 dated 2nd May, 2011 had mandated certain specified industries including an Electricity Industry, to get the Cost Accounts audited. Accordingly, the Board of Directors, had appointed M/s Niran & Co., as Cost Auditors for the Financial Year 2011-12 for auditing the Cost Accounting Records of the Company. In terms of the Companies (Cost Audit Report) Rules, 2011 the Cost Auditors would file their Report to the Central Government within prescribed time.

For the Financial Year 2012-13, the Board of Directors of the Company have re-appointed, on the recommendations of the Audit Committee, M/s

Niran & Co., as Cost Auditors of the Company for auditing the Cost Accounting Records.

Certificate under section 224(1B) of the Companies Act, 1956 has been obtained from M/s Niran & Co., Cost Auditors, as pre-requisite for their re-appointment as Cost Auditors for the Financial Year 2012-13.

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, 2012 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)

The leadership in your company is fully committed to the safety of the employees as well as the facilities and all associates like employees of the contractors and suppliers and service providers. In the past years, the company has been constantly striving for improvement in the safety culture and gradually moving towards setting up of world class safety standard and processes. Safety of the environment and the community in which company carries on its operation has also been a matter of prime importance and it has been the company's policy to minimize the EHS impact on these. "Putting Safety First" having been adopted as a core value of the company, the safety does not remain as a mere priority. Through adoption of various standard of safety and their monitoring through safety audit are aimed at approaching towards zero- tolerance in safety. Safety training and safety awareness programmes are being regularly conducted to inculcate safety consciousness in the people to bring out changes in their behavioural pattern compliant with safety standard.

The following are the activity highlights of EHS in the year under report

- Safety day was observed on 25th of May-2011 both at site and corporate office. On the above occasion, the safety poster competition was organized at site.
- The Cardinal Safety Rules have been reviewed and the penalty to the extent of service termination has been finalized in case of violation of these rules.
- An internal training on "First Aid Refresher" was held by Dr. B. L. Biswal.
- Earth hour observed by switching of lights in the township.
- The National Fire service week was observed at site.
- Refresher training on electric arc flash was imparted to plant personnel.
- The World Environment day was observed at site by planting saplings at ITPS township.
- Electrical Safety Training was imparted to 52 employees by external faculty from National Safety Council of India.
- Internal EHS audit as per ISO 14001 & OHSAS 18001 was conducted.
- An in-house training programmed on "Safety in confined space and rescue at height" was organized by engaging an external faculty from IIPM, Kansbahal, Odisha.
- Two personnel attended a four days training programme on "AES Excellence in Environment Management" during the period 30th August- 2nd September-2011 in Manila, Philippines.
- One refresher training on First Aid was imparted to 30 numbers of employees.
- The Chemical Disaster Prevention Day was observed on 4th December-2011.

- Safety Management System (OHSAS) was recertified by BREAU VERITAS for another 03 year.
- Monthly safety meeting was conducted at site wherein the topics namely-(a) Emergency Preparedness (b) Defensive Driving (c) Significant Safety incidents received from AES Corporate and (d) other safety related issues.

IMPLEMENTATION OF INTEGRITY PACT

Your Company is committed to bring total transparency to its business processes and as a step in this direction, has signed a Memorandum of Understanding with Transparency International India in December, 2011. The Integrity Pact is being implemented for all non-OEM capital expenditure procurements and contracts having value of Rs.2.5 crores. First State PSU to adopt the IP.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your company as a constructive partner in the communities in which it operates, has been taking tangible action to realise its social responsibility objectives, thereby building value for its stakeholders. The company respects human rights, values its employees, and intends to invests in innovative solutions for sustainable energy flow and economic growth. In the past years your company has supported innumerable social and community initiatives in places in the vicinity of ITPS touching the lives of people positively by supporting environmental and health-care projects and social, cultural and educational programmes.

It pursue a collaborative social responsibility programme that adopts a multi-disciplinary approach to partner communities in health, family welfare, education, environment protection, providing potable water, sanitation, and empowerment of women and other marginalised groups in the vicinity. More emphasis is however laid on the projects for providing Clean Drinking Water, Health & Medical Care and Education. OPGC at the time of need has extended help to the victims of natural calamities in the state by contributing to the relief measures in cash and kind. During the year, a sum of Rs.50.00 lakhs was donated to the Chief Minister's Relief Fund.

During the year under report the following CSR activities were undertaken in the peripheral villages of ITPS and Manoharpur coal block area.

ITPS Periphery

- Supply of drinking water to 21 periphery villages during summer season.
- Deepening and de-silting of 8 numbers of pond at periphery villages of Plant and MGR system.
- Construction of bathing ghat at Adhapada, Baragad and Bhaludole.
- Public awareness programme on Dengu and chikungunya.
- Construction of earthen cross bund at village Pandri
- Construction of Boundary wall of Schools at Tilia, Kushraloi, cherkanta.
- Construction of boundary wall of Samalei temple at Bhutia.
- Tailoring training at Skill Development and Vocational Training Centre- 72 workmen and adolescent girls are taking training in 1st batch.
- Sisu mela (an educational promotion programme) in 39 schools of ITPS periphery on Republic Day.
- Free health checkup of senior citizen at Remenda

Mines periphery

- Deepening and de-silting of pond at villages Aamdarah, Kenchobahal, Chandinimal and Kalamegha
- Shishu Mela - 18 periphery schools of Manoharpur coal block.
- Financial support for Block Level Science Exhibition at chantiplai School, Lakhanpur.
- Distributed 880 blanket among project displaced affected families of village-

Manoharpur, Sanghumunda, Dulinga, Katphali and Paramanandapur in the month of December- 2011.

- Installed 10 solar light at villages- Manoharpur, Sanghumuda, Dulinga, Katpkali, Parmanpur and Kalamegha.
- Completed internal road repairing work at Manoharpur.
- Completed school building repairing Ghumundasan.
- Organised free medical check-up distribution of free medicine at Manoharpur , Dulinga and Gudhiali.
- Tube well repairing work at project affected villages with the help of RWSS, Hemgiri.
- Provided financial support for two days student camps at Manoharpur.

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

High attrition in the skilled work force in the past years has emerged as a major challenge especially when the project is getting closer to go in to the construction mode. Effective steps are being taken to hire people with required skill set in Operation and Maintenance (O&M) and oversee and monitor project implementation. Though, introduction of the market based salary structure has provided some level of comfort and flexibility in attracting talent from markets, recruitment of personnel at the lower level and grooming them for taking-up O&M of the existing as well as the proposed plant has assumed priority in the long term man-power planning of the company. As a part of pro-active HR initiatives, retention of the existing work force and enhancement of their skill through various training is being given due attention.

During the year under report, more than 200 employees were provided in-house training and 60 employees were allowed to attend training organised by various institutions of repute. 24 non-executive and 11 executives were promoted during the year as part of the company's carrier growth policy.

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 measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted by the Board comprising of three Independent Directors.

The constitution of the Audit Committee though voluntary meets the requirements under Section 292A of the Companies Act, 1956 ("the Act"). The terms of reference and powers of the Audit Committee are mostly in keeping with those contained under Clause 49 of the Listing Agreement and the Act.

Four meetings of the Committee were held during the year i.e. on 22nd June-2011, 21st September-2011, 24th December-2011 and 17th March-2012.

The Audit Committee, inter-alia, reviews:

- Financial Statements before the submission to the Board for approval
- Audit, Statutory Reports and Internal Audit Reports.
- Recommendations for appointment and remuneration of Cost Auditors.

- Appointment and remuneration of Internal Auditors.

The constitution of the Audit Committee and attendance at the meetings are as under:

Name & Position	No. of Meetings held during the tenure of the member	Number of Meetings attended
Mr. G. Mathivathanan, IAS, Chairman	4	4
Mr. Indranil Dutta, Director (Operation), Member	4	4
Mr.Venu Goapl Nambiar, Director, Member	4	4

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 Section217(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) in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;

(ii) the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2012 and the profit of the Company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(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 Odisha 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, IDCO, 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/-
(P. K. Jena)
CHAIRMAN

Annexure to the Directors' Report

Form - A (See Rule - 2)

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

A. Power and fuel consumption	Current Year 2011-12	Previous Year 2010-11
1. Electricity		
a) Purchased Unit	1.282MU	0.487 MU
Total amount (Rs. in lacs)	23.85	7.76
Rate/unit	1.86	1.59
b) Internal Consumption	307.994 MU	334.807 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)	2581254 MT	2735714 MT
Total cost Rs. in lakhs	24506.32	21493.32
Average rate Rs.	949.40	785.65/MT
3. Furnace oil HSD/LDO		
Quantity (K.Ltrs.)	2623.187 KL	2232.767 KL
Total amount Rs. in lakhs	1485.32	978.53
Average rate Rs.	56622.72/KL	43825.88/KL
4. Others/internal generation		
Quantity		
Total cost		
Rate/unit		

B. Consumption per unit of production	Current Year 2011-12	Standards, if any
Electricity (in MUs)	0.1044 Kwh/Kwh	0.12 Kwh/Kwh
Electricity		
Furnace oil HSD/LDO	0.889 ML/Kwh	3.5 ML/Kwh
Coal F/G Grade	0.872 Kg/Kwh	0.85 Kg/Kwh
Others :		
Raw water	2.7099 Kg/Kwh	7.90 Kg/Kwh
D. M. Water	0.0431 Kg/Kwh	0.12 Kg/Kwh
Acid	0.0090 Gm./Kwh	0.009 Gm./Kwh
Caustic	0.0030 Gm./Kwh	0.045 Gm./Kwh
Alum	0.0186 Gm./Kwh	0.03 Gm./Kwh
Lime	0.0020 Gm./Kwh	0.016 Gm./Kwh

Growing with strong financials

Replies of the Management on the comments of C & AG of India On Accounts for the year 2011-12

Sl.No.	Comments of C & AG of India	Management Reply
1.	**Comments on Financial Position** **BALANCE SHEET** **Assets** **Non-Current Assets** **Fixed Assets** **Tangible Assets ₹ 204.69 crores** The above is overstated by ₹ 3.86 crores due to accounting of ₹ 0.41 crores toward cost of installation of two numbers of online Ambient Air Monitoring and ₹ 3.45 crores towards supply, civil works, erection, commissioning etc. of Fly Ash Dry Handling System at IB Thermal Power Station (ITPS) during 2011-12 instead of booking the amount as receivables since, GRIDCO has to pay the entire cost of installation of these system coming within the preview of environmental protection as per the condition laid down in the power purchase agreement. This has been resulted in understatement of "Other Non-current Assets" (Long Term trade receivables) by ₹ 3.86 crores. Consequently the environmental equipment should be shown at a token value only.	The Sale has been accounted as per Note - 1 – Accounting Policies annexed to the Financial Statements which states as follows. **Revenue Recognition** "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". **Para 9 of Accounting Standard-9 explains the effect of Uncertainties on Revenue Recognition. As per said Para 9.2** 'Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, e.g., revenue recognition is postponed to the extent of uncertainty involved. In such cases, it may be appropriate to recognize revenue only when it is reasonably certain that the ultimate collection will be made". Even though we have raised bills on GRIDCO as per PPA, there exists uncertainty as to the collectability of the same as they have informed that payment is subject to OERC approval. Therefore as per Accounting Policy No-10 and Accounting Standard-9 it does not require accounting during the year 2011-12.
2. (A)	**Current Assets** **Short term loans and advances (Note No. 18) – ₹ 19.63crores** **Advance to suppliers and contractors – ₹ 5.62 crores** The above is overstated due to inclusion of ₹ 1.14 crores paid during 2011-12 as advance to suppliers & contractors toward capital	Noted

Sl.No.	Comments of C & AG of India	Management Reply
	expenses which should have been shown under the Long term loans and advances (capital advances) in terms of revised schedule-VI of the companies Act. This has correspondingly resulted in understatement of "Long term loans and advances" (capital advances) by ₹ 1.14 crores.	Noted
(B)	**Comments on disclosure:** A reference is invited to Item No. 34 of notes on accounts forming part of accounts wherein it has been stated that estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and LC) ₹ 1574.58 lakhs which is in fact ₹ 1491.84 lakhs. This disclosure is deficient.	General Instruction for preparation of Balance Sheet annexed to the Balance Sheet as per revised Schedule – VI as notified requires disclosure that Commitments shall be classified as: **"Estimated amount of contracts remaining to be executed on capital account and not provided for".** Disclosure is pertaining to the Reporting date of the Financial Statement that is 31st March 2012. Capital Commitment is estimated by taking into account the work orders in force on the Reporting date of Financial Statement that is 31st March 2012.

Replies of the Management on the Comments of Statutory Auditors On Accounts for the Year 2011-12

Sl.No.	Comments of the Statutory Auditors	Management Reply
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.	The matter will be reviewed during the year 2012-13 in accordance with General Accepted Accounting Principles and Accounting Standards for appropriate accounting.
2.	Attention is invited to preliminary observation memo (POM-1) of Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 for the year 2010-11 on the understatement of current year depreciation with corresponding overstatement of plant & machinery and profit by ₹ 2311.09 lakhs. To the best of our knowledge and interpretation of the various provisions of the Act, Accounting Standards, the depreciation charged by the company in the earlier year was considered to be correct by us. During the current year audit, we have revisited on this subject matter after the issue of POM-1 by the office of C&AG of India in earlier year. We have written to Expert Advisory Committee of ICAI for their esteemed opinion on the said subject matter but they have declined to give any opinion on the ground that the issue does not involve accounting/ auditing issues, rather the issue involves the legal interpretation of the relevant enactments. Based on the guidance note on Accounting of	Clause-11.7 of Note - 1 to Financial Statements - Significant Accounting Policies of the company states that **'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"** When the matter was referred to ICAI by the Statutory Auditors for an opinion, the Expert Advisory Committee of ICAI have declined to give any opinion on the ground that the issue does not involve accounting / auditing issues, rather the issue involves the legal interpretation of the relevant enactments. That means the issue is related to interpretation of provisions of Electricity Act 2003 and Companies Act 1956

Sl.No.	Comments of the Statutory Auditors	Management Reply
	Depreciation issued by ICAI and other interpretation of various provisions/ guidelines, we are of the opinion that the minimum rates of depreciation as provided in schedule XIV of the Companies Act, 1956 should be charged on the plant & machineries. The charging of depreciation at rates lower than the minimum rates of depreciation provided in schedule XIV of the Companies Act has resulted in understatement of current year depreciation by ₹ 1162.28 lakhs understatement of prior period adjustments by ₹ 1412.31 lakhs with overstatement of plant and machineries and profit for the current year by ₹ 1528.59 lakhs.	Electricity Act 2003 does not prescribe the rate of depreciation. As per Circular No.51/23/2011– CL–III dated 31st May 2011 issued by GOI, Ministry of Corporate Affairs, "since the rates of depreciation and methodology notified under Electricity Act 2003 are inconsistent with the rates given in Schedule XIV of the Act and the former being special Act, the former shall prevail over rates notified under Schedule XIV of Companies Act by virtue of section 616(c) of Companies Act." The tariff policy notified by GOI, provides for rate of depreciation as notified by CERC would be applicable for accounting. Following the same principles, depreciation has been calculated by taking revised use full life of the plant and machineries & in such cases the unamortized amount has been amortized over balance period of useful life.

Auditors' Report

TO
THE SHARE HOLDERS,
ODISHA POWER GENERATION CORPORATION LTD.

We have audited the attached Balance Sheet of ODISHA POWER GENERATION CORPORATION LTD., BHUBANESWAR as at 31st March, 2012, the Statement of Profit & Loss and the Cash Flow Statement of the company for the year ended on that date annexed thereto, in terms of the letter of appointment issued by office of Comptroller & Auditor General of India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
3. The Balance Sheet, the Statement of Profit & Loss 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

Statement Profit & Loss 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, 2012;

ii) in case of Statement of Profit and Loss, 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

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

Place : Bhubaneswar
Date : 6th August, 2012

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, 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 continuing failure to correct major weaknesses in the internal control system of the company.

(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) The records required to be 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 are not 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	1221.09	80.00	High Court of Orissa
Income Tax Act, 1961	Income Tax	926.63	855.72	ITAT
	TOTAL	2163.62	951.10	

(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 informaion 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

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

Place : Bhubaneswar
Date : 6th August, 2012

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. Attention is invited to preliminary observation memo (POM-1) of Comptroller and Auditor General of India under section 619(4) of the companies Act, 1956 for the year 2010-11 on the understatement of current year depreciation with corresponding overstatement of plant & machinery and profit by ₹ 2311.09 lakh. To the best of our knowledge and interpretation of the various provisions of the Act, Accounting Standards, the depreciation charged by the company in the earlier year was considered to be correct by us. During the current year audit, we have revisited on this subject matter after the issue of POM-1 by the office of C&AG of India in earlier year. We have written to Expert advisory Committee of ICAI for their esteemed opinion on the said subject matter but they have declined to give any opinion on the ground that the issue does not involve accounting / auditing issues, rather the issue involves the legal interpretation of the relevant enactments. Based on the guidance note on Accounting of Depreciation issued by ICAI and other interpretation of various provisions / guidelines, we are of the opinion that the minimum rates of depreciation as provided in schedule XIV of the Companies Act, 1956 should be charged on the plant & machineries.

   The charging of depreciation at rates lower than the minimum rates lower than the minimum rates of depreciation provided in schedule XIV of the Companies Act has resulted in understatement of current year depreciation by ₹ 116.28 lakhs, understatement of prior period adjustments by ₹ 1412.31 lakhs with overstatement of plant and machineries and profit for the current year by ₹ 1528.59 lakhs.

Odisha Power Generation Corporation Ltd.
Balance Sheet as at 31st March, 2012

(₹ in lakhs)

	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	49,021.74	49,021.74
Reserves and Surplus	3	78,548.80	64,839.93
		127,570.54	113,861.67
Non-Current Liabilities			
Deferred tax liability (Net)	4	2,054.48	1,997.99
Other Long term liabilities	5	93.87	159.91
Long term provisions	6	1,795.13	1,708.53
		3,943.48	3,866.43
Current Liabilities			
Short-term borrowings	7	-	231.95
Trade payables	8	628.38	858.51
Other current liabilities	9	3,228.49	2,673.17
Short-term provisions	10	1,042.87	1,423.27
		4,899.74	5,186.90
TOTAL		**136,413.76**	**122,915.00**
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	11	20,468.09	21,519.72
Intangible assets	11	52.26	58.85
Capital work-in-progress	12	13,117.97	4,849.24
Long term loans and advances	13	197.01	177.44
Other non-current assets	14	139.17	49.52
		33,974.50	26,654.76
Current Assets			
Inventories	15	4,801.92	3,991.33
Trade receivables	16	11,168.98	13,495.27
Cash and Bank Balances	17	83,267.24	75,728.91
Short-term loans and advances	18	1,963.05	1,473.88
Other current assets	19	1,238.07	1,570.85
		102,439.26	96,260.24
TOTAL		**136,413.76**	**122,915.00**

Notes accompanying the financial statements 1 to 36

In terms of our report of even date attached
For & on behalf of MKPS & Associates
Chartered Accountants

For & on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Sunil Kumar Jalan)	**(M. R. Mishra)**	**(C. P. Mohanty)**	**(V. Kuppusami)**
Partner	Company Secretary	Director (Finance)	Managing Director
Membership No. 062814			

Place - Bhubaneswar
Date - 6th August, 2012

Odisha Power Generation Corporation Ltd.

Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in lakhs)

	Note	2011-12	2010-11
INCOME			
Revenue from Operations	20	49,045.82	45,303.72
Other Income	21	8,232.22	5,109.93
Total Revenue		**57,278.04**	**50,413.66**
EXPENDITURE			
Cost of Material Consumed	22	25,991.63	22,471.85
Employee Benefits Expense	23	3,065.05	3,452.73
Finance costs	24	8.01	61.70
Depreciation and amortization expense	25	1,521.15	1,588.48
Generation and Other Expenses	26	5,980.18	6,045.56
Prior Period Expenses (net)	27	83.45	149.20
Total Expenses		**36,649.47**	**33,769.52**
Profit before Exceptional and Extraordinary items and tax		20,628.57	16,644.14
Exceptional Items		-	-
Profit Before Extraordinary items and tax		**20,628.57**	**16,644.14**
Extraordinary Items		-	-
Profit Before Tax		**20,628.57**	**16,644.14**
Current Tax		6,803.43	5,766.46
Earlier years Tax		59.78	-
Deferred Tax		(56.50)	626.79
Profit for the Year		**13,708.86**	**11,504.47**
Earning per equity share of face value of ₹1000/- each Basic & Diluted (in ₹)		**279.65**	**234.68**
Notes accompanying the financial statements	1 to 36		

In terms of our report of even date attached
For & on behalf of MKPS & Associates

For & on behalf of Board of Directors

Chartered Accountants
Sd/-
(Sunil Kumar Jalan)
Partner
Membership No. 062814

Sd/-	Sd/-	Sd/-
(M. R. Mishra)	**(C. P. Mohanty)**	**(V. Kuppusami)**
Company Secretary	Director (Finance)	Managing Director

Place - Bhubaneswar
Date - 6th August, 2012

Odisha Power Generation Corporation Ltd.

Cash Flow Statement for the year ended 31st March, 2012

(₹ in lakhs)

Particulars	2011-12		2010-11	
Cash Flow from Operating Activities				
Net profit before tax		20,628.57		16,644.14
Adjustment for				
Depreciation	1,844.17		1,955.12	
Interest & finance charges	5.19		61.70	
Effect of Exchange rate change	(0.08)		-	
Interest Income from investment & deposits	(7,621.29)		(4,608.66)	
Stores & spares written off	5.87		1.54	
Loss/(Profit) on sale / retired assets	5.81		32.39	
Excess provision written back / off (net)	(309.46)		(61.98)	
Debtor written off	-		411.31	
Assets & advances written off	1.01		1.08	
		(6,068.78)		(2,207.51)
Operating profit before working capital changes		14,559.79		14,436.62
Adjustment for				
Inventories	(778.43)		932.38	
Trade & other receivables	1,664.90		1,949.23	
Trade payables, other liabilities and provisions	282.06		1,041.79	
		1,168.53		3,278.19
Cash Generated from Operations		15,728.32		17,714.81
Misc & Other deferred expennses	-		13.58	
Direct taxes paid (net)	(6,853.50)		(5,228.18)	
		(6,853.50)		(5,214.60)
Net Cash from Operating Activities		8,874.82		12,500.21
Cash Flow from Investing Activities				
Purchase of fixed assets (net)	(9,064.34)		(3,389.54)	
Interest received	7,972.25		4,768.39	
Net Cash Used in Invseting Activities		(1,092.09)		1,378.85
Cash Flow from Financing Activities				
Short term borrowing	(231.95)		-	
Long term borrowing	-		(668.90)	
Interest & Finance charges	(12.43)		(83.32)	
Dividend including dividend tax paid	-		-	
Net Cash Used in Financing Activities		(244.38)		(752.23)
Net changes in Cash & Cash equivalent		7,538.35		13,126.84
Cash & Cash Equivalent - Opening balance		75,728.91		61,956.85
Cash & Cash Equivalent - Closing balance		83,267.24		75,728.91

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) Notes accompanying the financial statements - 1 to 36
(iii) Previous years figures have been rearranged / regrouped whereever necessary to conform to current year's classification.

In terms of our report of even date attached
For & on behalf of MKPS & Associates
Chartered Accountants

For & on behalf of Board of Directors

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

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

Sd/-
(C. P. Mohanty)
Director (Finance)

Sd/-
(V. Kuppusami)
Managing Director

Place - Bhubaneswar
Date - 6th August, 2012

Note 1 - 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 (GAAP) 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. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information , actual results could differ from these estimates and assumptions and such difference is recognized in the period in which 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 carried at historical cost less accumulated depreciation / amortisation.

   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 assets put to use , 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 & fully depreciated 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 Unsettled liability for price variation / exchange rate 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 judgement.

6. **Development of Power Projects & Coal Mines**

Expenditure on exploration and development of new coal mines is capitalized as "Development of Coal Mine" under "Capital Works in Progress" till the Mines Project brought to operation.

Expenditure on development of new power projects is capitalized as "Development of Power Projects" under Capital Work in Progress

7. **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on the management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of management / independent experts. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate. Contingent assets are neither recognized nor disclosed in the financial statements.

8 **Cash Flow Statement**

Cash flow statement is prepared in accordance with the Indirect Method prescribed in Accounting Standard (AS) – 3 on "Cash Flow Statements".

9. **Inventories**

9.1 Inventories of construction materials, raw materials, stores, chemicals, spare parts and loose tools are valued at weighted average cost or net realizable value whichever is lower. Materials in transit and materials pending for inspection are valued at cost.

9.2 In case of identified unserviceable/ obsolete stores & spares, necessary provision is made and charged to revenue.

9.3 The assets retired from active use are disclosed under inventories at book value or net realizable value whichever is lower.

10 Revenue Recognition

10.1 Revenue (income) including delayed payment surcharge on late payment / overdue payment from debtor on sale is recognized when no significant uncertainty as to the measurability or collectability exists.

10.2 Interest recoverable on advances to suppliers including other parties, warranty claims, liquidated damages, subsidies, insurance claims including related to capital items are accounted for on receipt / acceptance.

10.3 Revenue from sale of scrap is recognized in the statement of profit and loss only on disposal.

11 Depreciation and Amortization

11.1 Depreciation on fixed assets is provided on straight line method at the rates and manner prescribed in Schedule XIV of the Companies' Act 1956 except the following assets in respect of which depreciation is charged at the rates mentioned below.

11.2 Cost of leasehold land including development expenses thereon is amortized over the lease period or 30 years which ever is less. Leasehold land whose lease period is yet to be finalized is amortized over a period of 30 years.

11.3 Assets costing `.5,000/- or less individually are depreciated fully in the year in which they are put to use.

11.4 Cost of computer software recognized as intangible assets is amortized on straight line method over a period of legal right to use subject to maximum ten years.

11.5 Capital expenditure on assets used/usable but not owned by the company is amortized over a period of 5 years from the period in which the relevant asset becomes available for use. However, such expenditure for community or periphery development in case of stations under operation is charged off to revenue.

11.6 Ash Ponds have been depreciated over remaining period of useful life, evaluated on the basis of technical estimate made annually which includes the estimates of generation, utilization and increase of capacity in future years.

11.7 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.

11.8 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.

12 Prior Period Income / Expenditure & Prepaid Expenses

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

13. Employee Benefits

13.1 Short term employee benefits are recognized as expenses at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

13.2 The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees through group gratuity assurance scheme of Life Insurance Corporation of India. The company accounted for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

13.3 The Company Contribution to the Provident Fund is charged to Statement of Profit and Loss. Above contribution to the provident fund is administered through a separate Trust. Any payment towards deficiency of the Trust fund is also charged to Statement of Profit and Loss.

13.4 Liabilities towards leave encashment / availment as the case may be of the employees at the end of the year are provided for on the basis of actuarial valuation.

13.5 Expenses on ex-gratia payment under voluntary separation scheme are charged to Statement of Profit and Loss in the year in which it is incurred.

13.6 Expense on leave travel concession, leave salary and pension contribution of deputation employees are accounted for on cash basis.

14. Consumption of Raw Materials & Inventories

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

15. 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 profit and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantially 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.

16. **Impairment of Assets**

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

17 **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.

18 **Foreign Exchange Transactions**

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

The difference in translation 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 statement of profit and loss. 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 statement of profit and loss 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 cost of such assets.

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

2. SHARE CAPITAL

(₹ in lakhs)

	As at 31st March, 2012		As at 31st March, 2011	
Authorised Share Capital:				
100,00,000 (Previous Year 100,00,000) Equity Shares of ₹ 1000/-each.		100,000.00		100,000.00
Issued , Subscribed & fully Paid Up :				
49,02,174 (Previous Year 49,02,174) Equity Shares of ₹ 1000 each fully paid up.	49,021.74		49,021.74	
		49,021.74		49,021.74
TOTAL		**49,021.74**		**49,021.74**

2.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

	As at 31st March, 2012		As at 31st March, 2011	
	Nos.	Amount	Nos.	Amount
Equity Share at the beginning of the year	4,902,174	49,021.74	4,902,174	49,021.74
Add:Equity Shares issued during the year	-	-	-	-
Less: Equity Shares bought back during the year	-	-	-	-
Equity Share at the end of the year	**4,902,174**	**49,021.74**	**4,902,174**	**49,021.74**

2.2 The details of Shareholders holding more than 5% of shares

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
Government of Odisha	2,500,109	51.00%	2,500,109	51.00%
AES India Pvt Ltd	796,178	16.24%	796,178	16.24%
AES OPGC holding (Incorporated in Mauritius)	1,605,887	32.76%	1,605,887	32.76%
Total number of Shares	**4,902,174**	**100.00%**	**4,902,174**	**100.00%**

3. RESERVE AND SURPLUS

	As at 31st March, 2012		As at 31st March, 2011	
3.1 Securities Premium Reserve				
As per Last Balance Sheet	5,888.43		5,888.43	
Add- Addition during the year/period	-		-	
Less- Adjustment During the period	-		-	
		5,888.43		5,888.43
3.2 Grant -in-Aid *				
As per Last Balance sheet	185.58		185.58	
Less: Adjusted to carrying cost of assets	-		-	
		185.58		185.58

*Received from Minstry Non-conventional Energy, Govt. of India for construction of Mini Micro Hydel Projects

	As at 31st March, 2012		As at 31st March, 2011	
3.3 Other Reserves				
(i) General Reserve				
As per Last Balance sheet	7,285.92		7,285.92	
Add: Transferred from Statement of Profit & Loss	-		-	
		7,285.92		7,285.92

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

(ii) Surplus in Statement of Profit and Loss				
As per Last Balance sheet	51,480.01		40,649.05	
Less- Adjustment for provision for MAT Credit payable to Customer	-		673.51	
Balance	51,480.01		39,975.54	
Add- Profit for the year	13,708.86		11,504.47	
	65,188.87		51,480.01	
Less : Appropriations	-		-	
		65,188.87		51,480.01
TOTAL		78,548.80		64,839.93

4. DEFERRED TAX LIABILITY (NET)

	As at 31st March, 2012		As at 31st March, 2011	
Deferred Tax Liability	-		-	
Depreciation and amortisation	2,722.30		2,732.85	
Deferred Tax Assets	-		-	
Employee benefits	(663.93)		(728.93)	
Others	(3.89)		(5.92)	
TOTAL		2,054.48		1,997.99

5. OTHER LONG TERM LIABILITIES

	As at 31st March, 2012		As at 31st March, 2011	
Trade Payables	34.93		34.93	
Security Deposits	34.57		53.17	
EMD and Retention Money	24.37		71.81	
TOTAL		93.87		159.91

6. LONG TERM PROVISIONS

	As at 31st March, 2012		As at 31st March, 2011	
Provision for Employees benefit	1,795.13		1,708.53	
Others	-		-	
TOTAL		1,795.13		1,708.53

Provision for employee benefits consists of gratuity and retirement benefits

7. SHORT TERM BORROWINGS

	As at 31st March, 2012		As at 31st March, 2011	
(i) Secured Loans	-		-	
(ii) Unsecured Loans	-		-	
Loans repayable on demand	-		-	
from banks	-		-	
from other parties	-		231.95	
Loans & advances from related parties	-		-	
Other Loans & Advances	-		-	
TOTAL		-		231.95

8. TRADE PAYABLES

	As at 31st March, 2012		As at 31st March, 2011	
Micro and Small Enterprise	2.82		-	
Others	625.56		858.51	
TOTAL		628.38		858.51

Difference of ₹ 100.75 lakhs (Previous Year ₹ 283.47 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.

Note: Notes on Financial Statements for the Year ended 31st March 2012

(₹ in lakhs)

8.1 The details of amount outstanding to Micro and Small Enterprises based on available information with the Company is as under.

Particulars	As at 31st March, 2012	As at 31st March, 2011
Principal amount due and remaining unpaid	2.82	-
Interest due on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
TOTAL	2.82	-

9. OTHER CURRENT LIABILITIES

	As at 31st March, 2012		As at 31st March, 2011	
Interest accrued but not due on borrowings	-		7.24	
Interest accrued and due on borrowings			-	
Income received in Advance	0.87		2.23	
Unpaid Dividend	-		-	
Creditors for Capital Expenditures	115.40		53.98	
Other payables *	3,112.22		2,609.72	
TOTAL		3,228.49		2,673.17
*Other payables includes:				
Statutory dues	435.57		335.09	
Liability for expenses	1,564.59		1,255.68	
Deposits and retention money from contractors	1,111.74		1,018.63	
Other dues	0.32		0.32	

10. SHORT TERM PROVISIONS

	As at 31st March, 2012		As at 31st March, 2011	
Provision for employee retirement benefits	107.83		538.14	
Others				
Provision for taxation	-		-	
Proposed dividend	-		-	
Tax on dividend	-		-	
Other provisions	935.04		885.13	
TOTAL		1,042.87		1,423.27

(i) Other provisions include

Provision for performance incentive	240.95	193.36
Provision for MAT credit payable to customer	673.51	673.51
Provision for Management Service Charges	20.58	18.27

(ii) 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 is provisionally calculated for an amount of ₹ 673.51 lakhs that will be payable to customer on receipt of credit from income tax department and completion of undisputed assessment of the said years.

11. FIXED ASSETS

(₹ in lakhs)

Descriptions	Gross Block				Depreciation					Net Block	
	As at 01.04.2011	Addition	Deduction / Adjustment	As at 31.3.2012	Up to 01.04.2011	For the Year	Arrear Depreciation	Deduction/ Written Back	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
A. TANGIBLE ASSETS:											
Freehold Land including devolopment cost	1.59	-	-	1.59	-	-	-	-	-	1.59	1.59
Leasehold Land including devolopment cost	1,930.79	-	-	1,930.79	770.60	73.06	-	-	843.65	1,087.14	1,160.20
Total Land	1,932.38	-	-	1,932.38	770.60	73.06	-	-	843.65	1,088.73	1,161.79
Building	6,387.80	31.06	(11.10)	6,407.75	4,232.93	187.00	-	(11.10)	4,408.83	1,998.92	2,154.87
Plant & Equipment	108,296.53	635.47	(151.87)	108,780.14	91,562.55	1,445.32	7.16	(92.53)	92,922.50	15,857.63	16,733.98
Furniture & Fixture	258.77	47.97	-	306.74	174.83	14.68	0.70	-	190.21	116.52	83.94
Vehicle	124.97	-	-	124.97	62.62	11.31	-	-	73.93	51.04	62.35
Office & Other Equipment	1,841.54	80.23	(8.80)	1,912.98	1,277.99	58.90	1.52	(1.16)	1,337.25	575.73	563.56
Others											
Road Bridge & Culvert	1,159.93	52.76	-	1,212.69	751.83	19.28	-	-	771.11	441.58	408.09
Water Supply Drainage & Sewerage	444.06	12.24	-	456.30	213.96	20.42	-	-	234.38	221.92	230.10
Power Supply Distribution & Lighting	473.65	0.00	-	473.65	366.23	5.03	-	-	371.27	102.38	107.42
Heavy Mobile Equipment	272.40	-	-	272.40	258.78	-	-	-	258.78	13.62	13.62
Library and Books	11.60	0.56	-	12.16	11.60	0.56	-	-	12.16	-	0.00
Sub Total	**121,203.65**	**860.29**	**(171.77)**	**121,892.17**	**99,683.93**	**1,835.56**	**9.38**	**(104.79)**	101,424.08	**20,468.09**	**21,519.72**
B. INTANGIBLE ASSETS:											
Software & SAP licence	75.41	3.74	-	79.15	16.56	10.33	-	-	26.90	52.26	58.85
Sub Total	**75.41**	**3.74**	-	**79.15**	**16.56**	**10.33**	-	-	**26.90**	**52.26**	**58.85**
Total	**121,279.06**	**864.03**	**(171.77)**	**121,971.32**	**99,700.49**	**1,845.90**	**9.38**	**(104.79)**	**101,450.98**	**20,520.35**	**21,578.57**
Previous 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**

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

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

(iii) 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 patta land (in the possession of the company) are yet to be executed.

(iv) Land includes AC.69.38 of Govt. land & AC.104.47 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 Odisha 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

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

12. CAPITAL WORK IN PROGRESS

	As at 31st March, 2012		As at 31st March, 2011	
Tangible Assets				
Capital work in progress			24.03	
Capital work in progress Mini Micro Hydel Projects	1,314.20		1,313.85	
Expenditure on development of power plant	2,552.82		1,362.41	
Expenditure on development of coal mines	9,213.88		2,148.95	
		13,116.71		4,849.24
Intangible Assets under Development				
Software	1.26			
		1.26	-	-
TOTAL		13,117.97		4,849.24

(i) Capital work in progress includes project development expenses of ₹.11,766.70 lakhs (previous year ₹.3511.36 lakhs) related to development of power plant and coal mines.Details of Expenditure related to project develpoment of power plant and coal mines are as follows.

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Coal Mine	Power Plant	Coal Mine	Power Plant
Consultancy	871.23	514.20	748.76	373.85
Geological report	425.44	-	425.44	-
Statutory clearances including data collection	12.68	8.90	7.97	8.01
Employee Remuneration and Benefits including Travelling Expenses	611.10	629.26	417.29	419.51
Administrative Expenses	229.41	88.28	120.22	65.59
Financing Expenses	19.99	0.42	16.99	-
For Land Acquisition	7,044.03	1,311.76	412.27	495.45
TOTAL	9,213.88	2,552.82	2,148.95	1,362.41

(ii) The 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 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.

13. LONG TERM LOANS AND ADVANCES

	As at 31st March, 2012		As at 31st March, 2011	
Unsecured considered good				
Loans and advances to related parties	-		-	
Loans and advances to employees	167.50		147.94	
Advance to suppliers and contractors	17.44		17.44	
Advance to others	2.41		2.39	
Tax Refunds receivables	9.66		9.66	
TOTAL		197.01		177.44

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

14. OTHER NON CURRENT ASSETS

	As at 31st March, 2012	As at 31st March, 2011
Long term trade Receivable		
Others Receivables	30.84	30.84
Security Deposits	108.34	18.68
TOTAL	139.17	49.52

15. INVENTORIES*

		As at 31st March, 2012	As at 31st March, 2011
Raw Materials		1,706.60	1,263.26
Components, Chemicals, Stores & spares	2,921.93		2,714.84
Less: Provison for Obsolete Stores & Spares	112.47	2,809.46	(138.66)
Loose Tools & Tackles		115.33	114.03
Stock in Transit and Stock pending Inspection		129.03	22.55
Assets retired from active use and pending for disposal & Scrap		41.50	15.32
TOTAL		4,801.92	3,991.33

*As certified by management and valued as per clause 9 of the Accounting Policy at Note No.1.

(i) Out of the provision for Obsolete Stores and Spares made during last year, an amount of ₹.26.19 Lakhs (net) being found as capital spares has been reversed and transferred to assets retired from active use as related to replacement of C & I System

16. TRADE RECEIVABLES

	As at 31st March, 2012	As at 31st March, 2011
Unsecured and Considered Good		
Over six months from the date they were due for payment	2,952.13	7,695.77
Others	8,216.85	5,810.08
	11,168.98	13,505.84
Less: Provision for Doubtful Debt	-	10.57
TOTAL	11,168.98	13,495.27

Trade receivables includes ₹ 7892.48 lakhs (previous year ₹ 57.18 lakhs) which is yet to be confirmed/received.

17. CASH AND BANK BALANCES

	As at 31st March, 2012	As at 31st March, 2011
(i) Cash and cash equivalents		
(a) Balance with banks	-	-
In current accounts	307.46	125.36
Fixed deposits with banks	68,272.91	65,813.65
(b) Cheque draft on hand / transit	-	126.00
(c) Cash on hand	0.83	0.81
(d) Others (Fixed deposits with maturity period of less than three months)	7,486.04	3,663.10
(ii) Fixed deposits with banks held as security against guarantees of ₹ 6060.00 lakhs	7,200.00	6,000.00
TOTAL	83,267.24	75,728.91

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

18. SHORT TERM LOANS AND ADVANCES

	As at 31st March, 2012		As at 31st March, 2011	
Unsecured considered good				
Loans and advances to related parties	-		-	
Loans and advances to employees	86.54		82.41	
Advance to suppliers and contractors	561.79		101.19	
Advance to Group Gratuity Trust	45.06		-	
Advance to others	13.47		24.39	
Advance tax including refunds receivables (net)	1,256.20		1,265.89	
TOTAL		1,963.05		1,473.88

Advance to supplier and contractor includs advance for capital expenses for ₹ 114.03 lakhs (Previous year ₹ 26.85 lakhs)

19. OTHER CURRENT ASSETS

	As at 31st March, 2012		As at 31st March, 2011	
Interest accrued on fixed deposits	1,143.30		1,494.26	
Security deposits	1.89		2.42	
Other receivables	65.14		49.14	
Prepaid expenses	27.74		25.03	
TOTAL		1,238.07		1,570.85

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

20. REVENUE FROM OPERATION

	2011-12	2010-11
Sale of Power	49,045.82	45,303.72
TOTAL	49,045.82	45,303.72

(i) 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.

(ii) Sale does not include internal consumption of 313.58 MU including transformer loss of 12.43MU for the year (previous year 340.87 MU including transformer loss of 20.25MU), the cost of which has been determined at ₹ 3826.18 lakhs (previous year ₹ 3602.08 lakhs) approximately

(iii) In absence of power purchase agreement, 0.260 MU (previous year 0.433 MU net) of energy generated from Mini Hydel Projects (Kendupatana, Biribati and Andharbhangi) has not been accounted.

20.1 Particulars of Generation, Auxiliary Consumption and Sale of power

Particulars	2011-12	2010-11
Generation (MU)*	2,950.15	3,184.69
Sale (MU)	2,636.57	2,843.82
Internal consumption (MU)**	313.58	340.87
Sale (Net) (₹ in lakhs)	49,045.82	45,303.72
Internal consumption (₹ in lakhs)**	3,826.18	3,602.08

* It does not include 0.260 MU net (previous year 0.433MU net) generated by Mini Hydel Projects and exported to GRIDCO.

** It includes transformer loss of 12.433MU (previous year 20.25 MU).

21. OTHER INCOME

	2011-12	2010-11
21.1 Interest		
From Fixed Deposits	7,621.29	4,608.66
From Others	11.79	189.53
	7,633.08	4,798.19
21.2 Other Non-Operating Income		
Sale of Scrap / residual materials	103.03	78.65
Miscellaneous Income	192.49	188.30
Loss on sale of Fixed Assets (net)	(5.92)	(32.42)
Exchange Gain (net)	0.08	1.65
Excess Provision written back	309.46	75.56
	599.13	**311.74**
TOTAL	**8,232.22**	**5,109.93**

(i) Miscellaneous Income includes ₹ 22.16 lakhs (previous year ₹ 8.92 lakhs) liquidated damage recovered from contractors

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

(ii) Excess Provision written back related to

Provision for Debtor	163.48	-
Obsolete stores / spares	26.19	-
Performance Incentive	89.61	57.55
Other Expenses	30.18	18.02

22. COST OF RAW MATERIALS CONSUMED

	2011-12	2010-11
Imported	-	-
Indigenous	25,991.63	22,471.85
TOTAL	**25,991.63**	**22,471.85**

Shortage of Coal for 8378.19 MT amounting to ₹ 80.93/- lakhs (Previous year excess of 37,962.47 MT amounting to ₹ 358.78 lakhs) found during physical verification has been adjusted to consumption of coal.

22.1 Particulars of raw materials consumed

	2011-12	2010-11
COAL	24,506.32	21,493.32
FO /LDO	1,485.32	978.53
TOTAL	**25,991.63**	**22,471.85**

23. EMPLOYEE BENEFIT EXPENSE

	2011-12	2010-11
Salaries & Wages	2,838.54	2,662.67
Contribution to		
Provident fund	222.41	311.44
Gratuity fund	46.65	415.36
Staff Welfare Expenses	405.25	379.44
	3,512.85	**3,768.92**
Less transferred to Fuel Cost	447.80	316.19
TOTAL	**3,065.05**	**3,452.73**

(i) Company announced a Voluntary Separation Scheme (VSS) for the employees during the year. A sum of ₹ 179.18 lakhs (previous year nil) has been paid during the year and debited to Statement of Profit and Loss under the head "Employee Benefits Expense".

(ii) Pending finalization of final payment of Variable Pay to the employees of the company under performance management system, a provision of ₹ 240.95 lakhs (previous year ₹ 134.36 lakhs) has been made on an estimated basis.

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

(iii) 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 statement of profit and loss and balance sheet as under.

Sl. No.	Particulars	2011-12			2010-11		
		Earned Leave	Gratuity	Half Pay Leave	Earned Leave	Gratuity	Half Pay Leave
(A)	The amounts to be recognized in balance sheet and related analysis						
a)	Present value of obligation as at the end of the period	1,385	1,745	475	1,399	1,711	464
b)	Fair value of plan assets as at the end of the period	-	1,846.67	-	-	1,366.35	-
c)	Funded status / Difference	(1,384.70)	101.54	(475.39)	(1,399.11)	(344.19)	(463.98)
d)	Excess of actual over estimated return on plan asset	-	(0.75)	-	-	0.82	-
e)	Unrecognized actuarial (gains) / losses	-	-	-	-	-	-
f)	Net asset / (liability) recognized in balance sheet	(1,384.70)	101.54	(475.39)	(1,399.11)	(344.19)	(463.98)
(B)	Expense recognized in the statement of profit and loss						
a)	Current service cost	72.30	89.01	24.21	77.27	92.11	25.01
b)	Past service cost	-	-	-	-	17.31	-
c)	Interest cost	118.92	145.40	39.44	85.26	100.71	27.31
d)	Expected return on plan assets	-	(128.44)	-	-	(105.83)	-
e)	Curtailment cost / (Credit)	-	-	-	-	-	-
f)	Settlement cost / (credit)	-	-	-	-	-	-
g)	Net actuarial (gain)/ loss recognized in the period	(168.25)	(108.50)	(52.23)	198.19	303.53	70.24
h)	Company Contribution to the PF Fund	-	-	-	-	-	-
i)	Expenses recognized in the statement of profit & loss*	22.98	(2.52)	11.41	360.73	407.82	122.57

*In case of leave encashment and gratuity, an additional liability of ₹ 72.08 lakhs & ₹ 49.18 lakhs (previous year ₹ 7.54 lakhs and ₹ 26.27 lakhs) respectively have been adjusted as not considered in valuation and balance is recognized in statement of Profit and loss

Sl. No.	Particulars	Earned Leave	Gratuity	Half Pay Leave	Earned Leave	Gratuity	Half Pay Leave
(C)	Change in present value of obligation						
a)	Present value of obligation as at the beginning of the period	1,399.11	1,710.54	463.98	1,065.81	1,258.91	341.41
b)	Acquisition adjustment	-	-	-	-	-	-
c)	Interest cost	118.92	145.40	39.44	85.26	100.71	27.31

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

d)	Past service cost	-	-	-	-	17.31	-
-	Past service cost (Vested benefits)	-	-	-	-	-	-
e)	Current service cost	72.30	89.01	24.21	77.27	92.11	25.01
f)	Curtailment cost/(Credit)	-	-	-	-	-	-
g)	Settlement cost/(Credit)	-	-	-	-	-	-
h)	Benefits paid	(37.39)	(90.57)	-	(27.42)	(62.84)	-
i)	Actuarial (gain)/loss on obligation	(168.25)	(109.25)	(52.23)	198.19	304.34	70.24
j)	Present value of obligation as at the end of period	1,384.70	1,745.12	475.39	1,399.11	1,710.54	463.98
(D)	**Movement in the liability recognized in the balance sheet**						
a)	Opening net liability	1,399.11	1,710.54	463.98	1,065.81	1,258.91	341.41
b)	Expenses as above	22.98	(2.52)	11.41	360.73	407.82	122.57
c)	Benefits paid	(37.39)	(90.57)	-	(27.42)	(62.84)	-
d)	Actual return on plan assets	-	127.68	-	-	106.65	-
e)	Closing net Liability	1,384.70	1,745.12	475.39	1,399.11	1,710.54	463.98
(E)	**Principal Assumptions used for actuarial valuation**						
a)	Method used	Projected Unit Credit Method			Projected Unit Credit Method		
b)	Discounting Rate	8.50%	8.50%	8.50%	8.00%	8.00%	8.00%
c)	Future salary Increase	7.80%	7.80%	7.80%	8.50%	8.50%	8.50%
d)	Expected Rate of return on plan assets	-	9.40%	-	Not applicable	9.40%	Not applicable
e)	Retirement Age (Years)	58	58	58	58	58	58
(F)	**Major categories of plan assets (as percentage of total plan assets)**						
	Funds Managed by Insurer	-	100	-	-	100	0
	Total	-	100	-	-	100	0

(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 2012 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

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

24. FINANCE COST

	2011-2012	2010-2011
Interest Expenses	5.19	55.89
Other borrowing Cost	2.81	5.81
TOTAL	**8.01**	**61.70**

25. DEPRECIATION AND AMORTISATION EXPENSE

	2011-2012	2010-2011
Depreciation	1,681.90	1,961.88
Impairement of Assets *	173.36	-
Total Depreciation and Amortisation	1,855.27	1,961.88
Less transferred to Fuel Cost	324.74	323.79
Less related to prior period	9.38	49.61
TOTAL	**1,521.15**	**1,588.48**

*** Impairement of Assets consists of following cash generating units**

Mini Hydel Project, Andharbhangi	104.77
Mini Hydel Project, Kendupatana	32.12
Mini Hydel Project, Biribati	36.48

(i) In terms of Accounting Standard 28 (Impairment of Assets), the company has determined the recoverable amount on the basis of the 'Value in Use' of the assets of three Mini Hydel Projects. 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 expected tariff and found negative. Accordingly impairment loss amounting to ₹ 173.36 lakhs has been recognised in the statement of profit and loss.

(i) 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 ₹ 298.07 lakhs (previous year ₹ 334.82 lakhs) is charged to the Statement of Profit and Loss. Due to reassessment of useful life of Ash Pond, an amount of ₹ 36.75 lakhs has been under charged in the statement of profit and loss as depreciation incomparision to last year.

26. GENERATION AND OTHER EXPENSES

	2011-2012	2010-2011
26.1 Generation Expenses:		
Consumption of Stores, spares & chemicals	1,333.24	1,495.26
Electric Power, Electricity Duty and Water	1,192.09	1,015.54
Contract Job outsourcing expenses	1,241.46	1,244.76
Insurance	74.92	109.43
Other generation expenses	333.43	299.85
Repairs to buildings	227.16	138.17
Repairs to Machinery	42.34	32.30
	4,444.64	**4,335.31**
26.2 Selling & Distribution Expenses:		
Rebate in the nature of cash discount to customer	902.57	766.20
	902.57	**766.20**
26.3 Administrative Expenses:		
Rent	101.02	56.82
Professional Fees and expenses	6.81	7.62
General expenses	478.18	386.36

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

Rate, Taxes & Cess	17.40	17.46
Other Repairs	60.37	46.57
Travelling expenses	155.88	123.38
Watch and Ward expenses	165.66	141.16
Community development and welfare expenses	69.73	96.94
	1,055.05	**876.33**
26.4 Other Expenses		
Payment to Auditors	4.48	4.08
Peripheral development expenses	80.94	74.83
Donation	50.00	-
Provision for Advances / Debts (net)	-	10.57
Provision for Shortage and Obsolecence of Stores (net)	-	138.66
Bad Debt Written Off / Back (net)	-	411.31
Advances Written Off / Witten Back (net)	1.01	1.08
Stores / assets Written Off / Witten Back (net)	5.76	1.51
	142.19	**642.05**
	6,544.46	6,619.89
Less transferred to Fuel Cost	564.28	574.33
TOTAL	**5,980.18**	**6,045.56**

(i)In absence of demand raised by the Govt. of Odisha, 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.

26.5 Payment to Auditors As:

	2011-12	2010-11
(a) As Auditors		
Statutory Audit Fees	1.97	1.93
Statutory Audit expenses	0.70	0.62
Tax Audit Fees	0.31	0.28
(b) Certification fee	0.22	0.30
(c) As Cost Auditors	-	-
Cost Audit Fees	0.84	0.55
Cost Audit expenses	0.28	0.25
(d) As VAT Auditors	0.15	0.15
TOTAL	**4.48**	**4.08**

27. PRIOR PERIOD EXPENSES (Net)

	2011-12	2010-11
Other non operating income	1.65	5.05
Depreciation written back (net)	1.73	-
Employee benefit expenses	73.34	67.73
Depreciation & amortisation (net)	-	42.86
Generation and other expenses	13.49	43.66
TOTAL	**83.45**	**149.20**

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

28. VALUE OF STORES, SPARES, CHEMICALS CONSUMED

	2011-12		2010-11	
	Value	%	Value	%
Imported	43.70	3.28	65.82	4.40
Indigenous	1,289.54	96.72	1,429.44	95.60
TOTAL	1,333.24	100.00	1,495.26	100.00

29. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

	2011-12	2010-11
Raw Materials	Nil	Nil
Components & spare parts	7.58	75.22
Capital Goods	Nil	Nil

30. (a) EXPENDITURE IN FOREIGN CURRENCY:

	2011-12	2010-11
Traveling Expenses & Consultancy Charges	20.35	121.24
(b) EARNINGS IN FOREIGN CURRENCY:	Nil	Nil

31. EARNINGS PER SHARE (EPS)

	2011-12	2010-11
Net Profit after Tax as per Statement of Profit and Loss attributable to equity shareholders used as numerator - ₹ in Lakhs	13,708.86	11,504.00
Weighted average number of equity shares used as denominator for calculating EPS	4,902,174	4,902,174
Earning per equity share (Basic and Diluted) - in ₹	279.65	234.68
Face value per equity share - in ₹	1,000.00	1,000.00

32. RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below

(a) Related Parties:

AES India Pvt Ltd

AES OPGC holding (Incorporated in Mauritius)

(b) Key Management Personnel

Sri Venkatachalam Kuppusami	Managing Director
Sri Santosh Kumar Pattanayak	Director (Finance) upto 12th September 2011
Sri Chandika Prasad Mohanty	Director (Finance) w.e.f. 1st November 2011
Sri Indranil Dutta	Director(Operation) w.e.f. from 12th April 2011

(c) Transaction with related parties for the year ended 31st March 2012 (₹ in lakhs)

Nature of Transactions	AES India Pvt. Ltd.	AES OPGC holding (Incorporated in Mauritius)	Key Managerial Personnel
Employee Benefits Expense in respect of deputed employees under reciprocal sharing of resources	188.34	Nil	Nil
Towards Management Services Charges	19.05	Nil	Nil

Note: Notes on Financial Statements for the Year ended 31st March 2012 (₹ in lakhs)

33. CONTNGENT LIABILITIES NOT PROVIDED FOR:

Particulars	Opening Balance as on 01.04.2011	During the Year 2011-12		Closing Balance as on 31.03.2012
		Additional Provision	Amount Reversed	
(a) Claims against the company not acknowledged as debt				
Income Tax demands	6.60	920.03	-	926.63
Indirect tax demands	1,114.52	122.47	-	1,236.99
Land Acquisition / Interest on unpaid Land Premium	870.62	-	-	870.62
Claims of Contractors & Others	422.84	80.22	29.49	473.57
(b) Outstanding letter of credit and guarantees	6,000.00	6,060.00	6,000.00	6,060.00
(c) Other money for which the company is contingently liable	-	-	-	-
Total	8,414.58	7,182.72	6,029.49	9,567.81

(i) 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 2011-12. In view of above the amount has not been passed on to GRIDCO in tariff as per Power Purchase Agreement.

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

(iii) 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 Odisha. Without reducing the guarantee on repayment of loan, the Finance Department has raised a demand of ₹ 978.35 lakhs (previous year ₹ 957. 85 lakhs) towards guarantee fee which has not been accounted for as there is remote possibility of any such payment required to be made in future.

34. CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and LC) ₹ 1574.58 lakhs (previous year ₹ 7088.13 lakhs)

35. SEGMENT REPORTING

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 Accounting Standard -17 is not provided.

36. The financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. Previous period figures have been recasted / restated to confirm to the clasification of the current period.

In terms of our report of even date attached
For & on behalf of MKPS & Associates

Chartered Accountants

For & on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Sunil Kumar Jalan)	**(M. R. Mishra)**	**(C. P. Mohanty)**	**(V. Kuppusami)**
Partner	Company Secretary	Director (Finance)	Managing Director
Membership No. 062814			

Place - Bhubaneswar
Date - 6th August, 2012

Comments of the Comptroller and Auditor General of India under section 619 (4) of the Companies Act, 1956 on the accounts of Odisha Power Generation Corporations Limited for the year ended 31 March 2012.

The preparation of financial statements of Odisha power Generation Corporation Limited for the year ended 31 March 2012 in accordance with financial Reporting frame work 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 06 August 2012.

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 Odisha Power Generation Corporation Limited for the year ended 31 March 2012. 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 Financial position
BALANCE SHEET
Assets
Non- Current Assets
Fixed Assets
Tangible Assets ₹ 204.69 crore

(1) The above is overstated by ₹ 3.86 crore due to accounting of ₹ 0.41 crore towards cost of installation of two numbers of on line Ambient Air Monitoring and ₹ 3.45 crore towards supply, civil works, erection, commissioning etc. Of Fly Ash Dry Handling Systems at IB Thermal power Station (ITPS) during 2011-12 instead of booking the amount as receivable since, GRIDCO has to pay the entire cost of installation of these system coming within the purview of environmental protection as per the conditions laid down in the Power purchase Agreement. This has resulted in understatement of "Other Non current Assets" (Long term trade receivables) by ₹ 3.86 crore. Consequently the environmental equipment should be shown at a token value only.

Current Assets
Short term loans and advances (Note No. 18) - ₹ 19.63 Crore.
Advance to suppliers and contractors - ₹ 5.62 Crore.

(2) The above is overstated due to inclusion of ₹ 1.14 Crore paid during 2011-12 as advances to suppliers & contractors towards capital expenses which should have been shown under the Long term loans and advances (Capital advances) in terms of revised Schedule-VI of the Companies Act. This has correspondingly resulted in understatement of "Long term Loans and Advances" (Capital advances) by ₹ 1.14 Crore.

(B) Comments on disclosure:

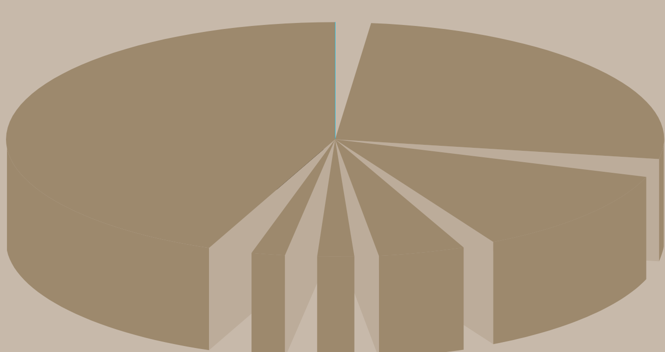
(3) A reference is invited to Item No. 34 of notes on accounts forming part of accounts wherein it has been stated that estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and LC) during the year 2011-12 is ₹ 1574.58 lakh which is in fact ₹ 1491.84 lakh. This disclosure is deficient.

For and on behalf of
Comptroller & Auditor General of India

Sd/-
(S. R. DHALL)
Accountant General

Place: Bhubaneswar
Date: 12.10.2012

Performance at a glance



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

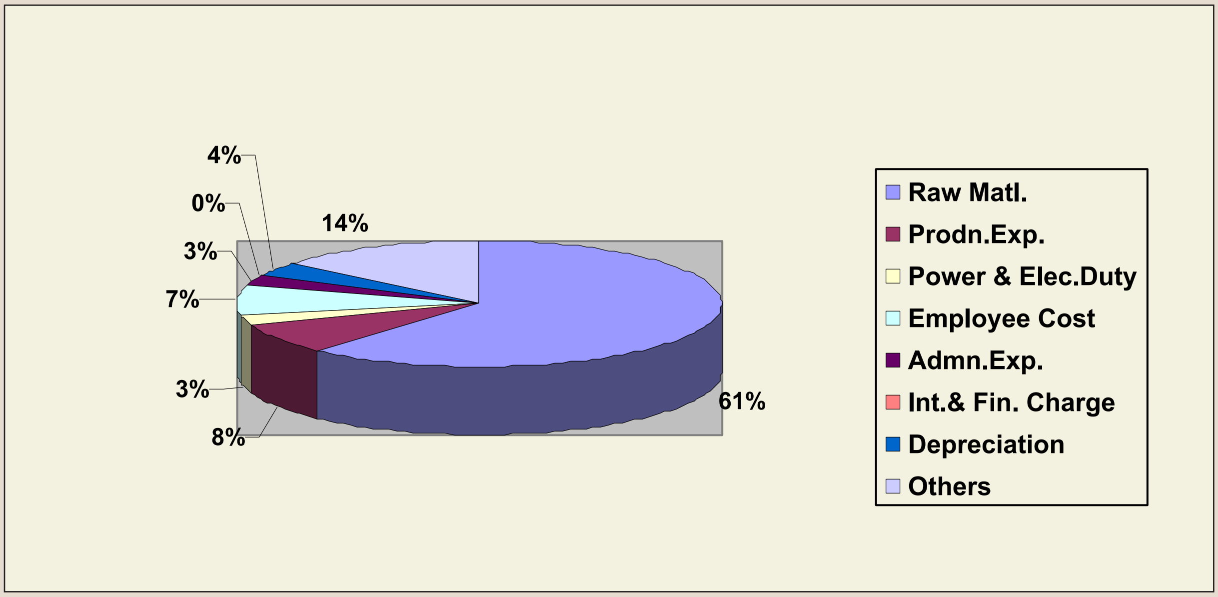
Year	Generation	PLF	Sales	Auxilliary Consumption		Coal Consumption		Oil Consumption	
						Total Consumption	Specific Consumption	Total Consumption	Specific Consumption
	MU	%	MU	MU	%	MT	Kg/k Wh	KL	Ml/k Wh
2001-02	2,599	70.64	2,320	278	10.69	2,192,375	0.84	3,946	1.42
2002-03	2,621	71.24	2,329	290	11.06	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
2011-12	2,950	80.17	2,637	314	10.64	2,581,254	0.88	2,623	0.89

COMPARATIVE COST OF GENERATION

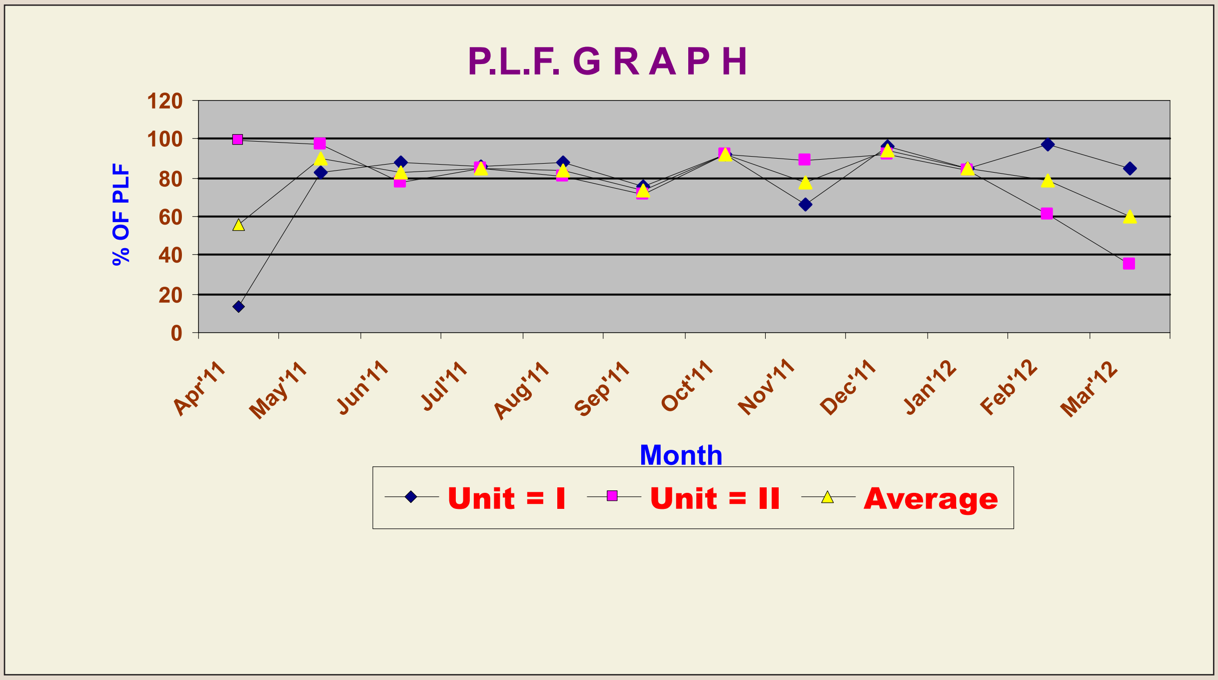
Sl.	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
1	Generation (MU)	2950.15	3184.69	2955.39	3187.33	3043.54	3310.53	3089.61	3160.29
	PLF (Ib TPS)	80.17%	86.53%	80.32%	86.62%	82.60%	89.98%	84.12%	83.28%
2	Variable Cost* a) Coal	245.07	214.93	184.67	183.46	160.65	159.16	153.33	148.15
	b) Oil	14.85	9.79	9.70	8.86	5.30	4.07	3.25	4.39
	Total	**259.92**	**224.72**	**194.37**	**192.32**	**165.95**	**163.23**	**156.58**	**152.54**
3	Semi-Variable Cost* Employee Cost	30.65	34.53	25.89	31.51	27.40	25.72	15.74	14.88
	Generation & Other Expenses	59.80	60.78	53.11	45.62	42.54	41.48	37.11	34.92
4	Fixed Cost* Interest & Finance a) Charges	0.08	0.62	1.61	2.71	4.58	6.85	10.07	13.07
	b) Depreciation	15.21	15.88	51.38	57.30	58.52	60.71	59.14	58.09
	Total	**15.29**	**16.50**	**52.99**	**60.01**	**63.10**	**67.56**	**69.21**	**71.16**
	Grand Total (2+3+4)	**365.66**	**336.53**	**326.36**	**329.46**	**298.99**	**297.99**	**278.64**	**273.50**

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

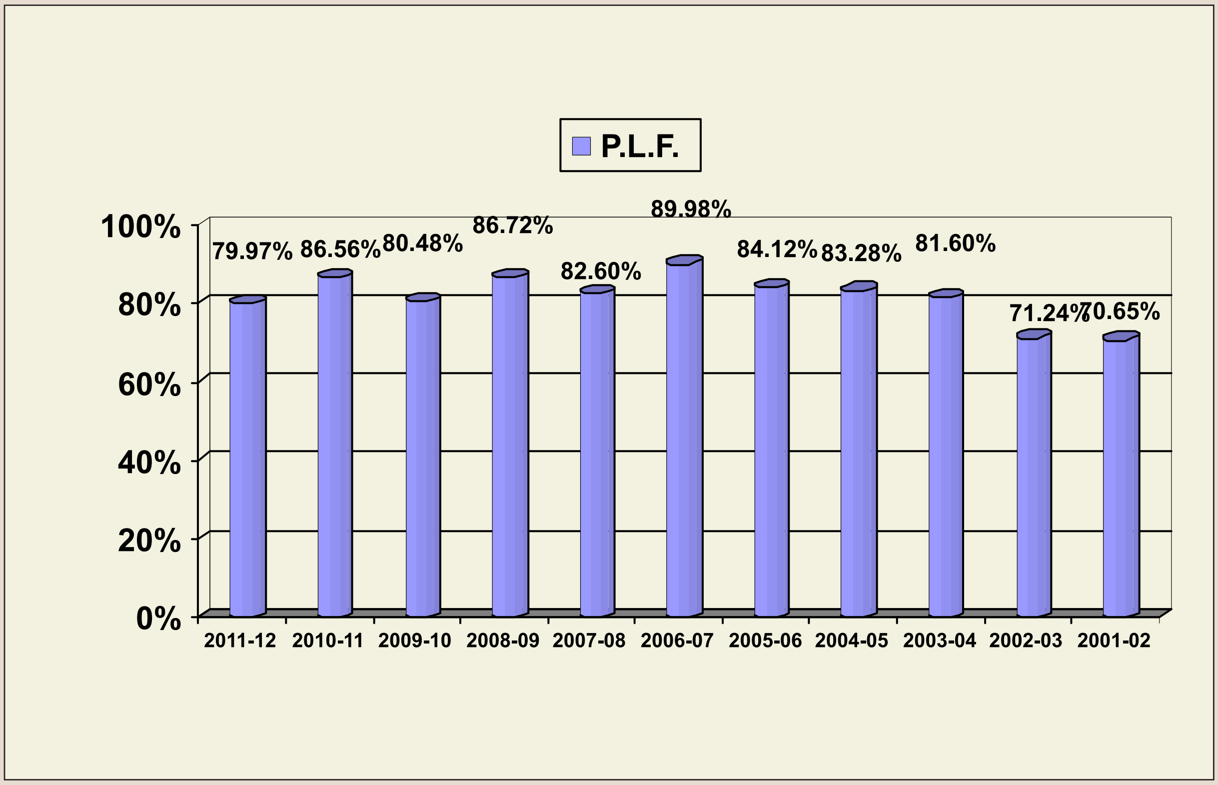
COST OF GENERATION 2011-12



P.L.F. GRAPH FOR THE CURRENT YEAR



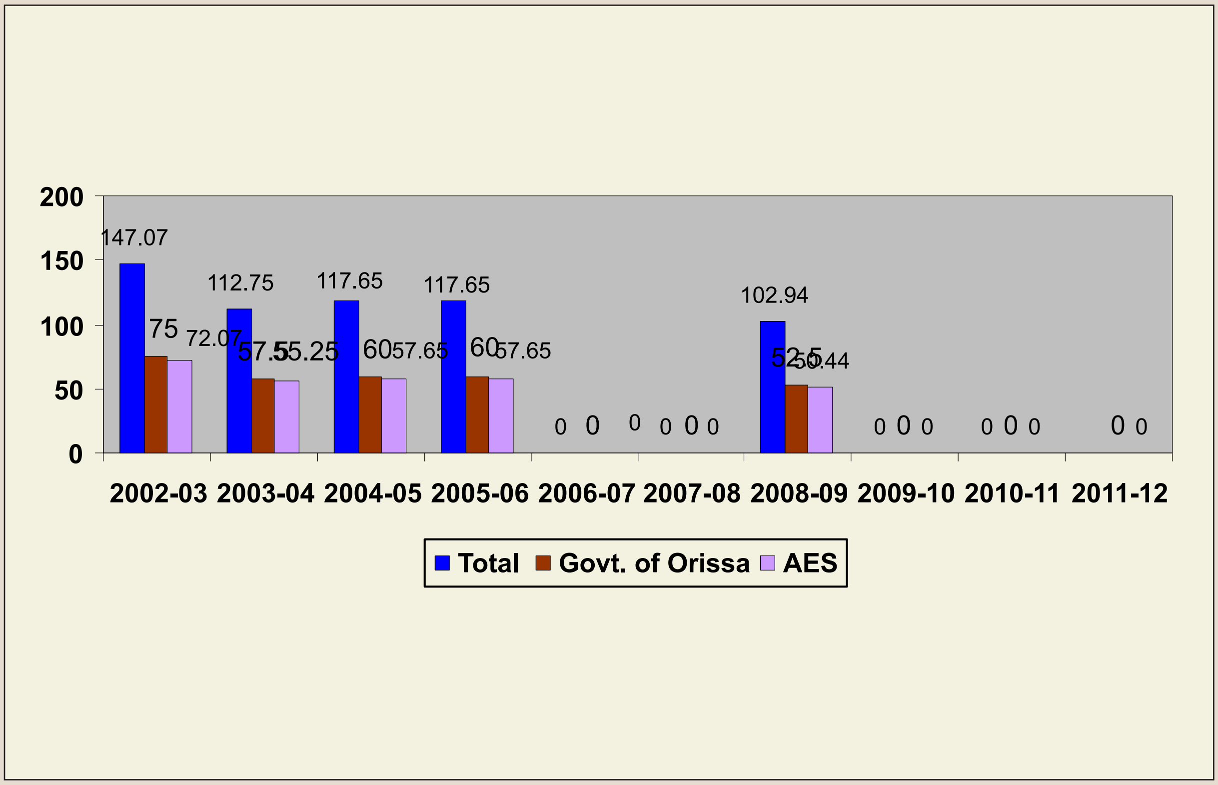
P.L.F. GRAPH YEARWISE



DIVIDEND PAYMENT – YEARWISE DETAIL

(₹ in Crores)

Year	Dividends	Total	Govt. of Orissa	AES
2001-02	35%	147.07	75.00	72.07
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
2011-12	Nil	0.00	0.00	0.00



Signing of Integrity Pact

Contribution to Chief Minister's Relief Fund


TEN COMMANDMENTS ON SAFETY
1 - FOLLOW SAFETY RULES .
2 - OBEY ALL SAFETY INSTRUCTIONS .
3 - CORRECT/REPORT UNSAFE CONDITIONS OR ACT
4 - DON'T LEAVE MATERIALS IN THE WALKWAY .
5 - USE THE RIGHT TOOLS & EQUIPMENT ON THE JOB AND USE THEM SAFELY .
6 - USE SAFETY APPLIANCES AND KEEP THEM IN GOOD CONDITION .
7 - DON'T FOOL AROUND AND DISTRACT OTHERS .
8 - DON'T EXCEED SAFE WORKING LOADS .
9 - DON'T HANDLE EQUIPMENTS UNLESS AUTHORIZED .
10 - REPORT ALL INJURIES/NEAR MISSES AND TAKE FIRST AID PROMPTLY .
26.11.2009 09 23

www.opgc.co.in

OPGC
Power for Progress

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

Printed at: Print Media
Design by: creative eye | 9776715066