26th Annual Report

2009-2010

OPGC
Power for Progress

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

OPGC
Power for Progress

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Board of Directors

Mr. P. K. Jena
Chairman

Mr. Vivekananda Biswal
Managing Director

Mr. Hemant Sharma
Director

Mr. Venkatachalam K.
Director (Operation)

Mr. S. K. Pattanayak
Director (Finance)

Mr. Venu Gopal Nambiar
Director

Notice for the 26th Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of Orissa Power Generation Corporation Ltd. will be held on 30.09.2010 at 4.00 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 31.03.2010 and the Profit and Loss Account for the year 2009-10 along with Directors' Report and Auditors' Report thereon.

By order of the Board

Dated : 30.09.2010
Zone-A, 7th Floor, Fortune Towers,
Chandrasekharpur,
Bhubaneswar-751 023.

Sd/-
(M. Mishra)
Company Secretary

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

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

Notice for the Adjourned 26th Annual General Meeting

Notice is hereby given that the Adjourned 26th Annual General Meeting of Orissa Power Generation Corporation Ltd. will be held on 06.12.2010 at 12.30 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.

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2010 and the Profit and Loss Account for the year 2009-10 along with Directors' Report and Auditors' Report thereon.

By order of the Board

Date : 02.12.2010
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.

Directors' Report 2009-10

Dear Members,

Your Directors have the pleasure and privilege of presenting the 26th Annual Report on the performance and operating result of the Company for the financial year 2009-10 together with the Audited Statement of Accounts and the Report of the Auditors thereon. The comments of the Comptroller and Auditor General of India U/s 619(4) of the Companies Act, 1956 on the said accounts also form part of the report. We take this opportunity to share the performance of the Company on various fronts and major achievements during the year.

PERFORMANCE HIGHLIGHTS OF OPGC

Plant Operation :

The year under report has recorded total generation of 2646.112 MUs corresponding to an average Plant Load Factor of 80.48% (PLF) against last year figure of 2856.402 MUs at 86.72% PLF. The fall in the PLF is partly attributable to loss of generation due to supply of bad quality of coal during September & October - 2009 and partly to extended period of overhauling of unit-1 for up-gradation of DCS system and subsequent low load operation of unit-1 due to turbine vibration. In addition to the normal priorities for preventive maintenance and modernisation work, it has been decided to go for more detail annual outage for both the units in the coming financial year.

For achieving optimum generation from the power station the need for renovation and modernisation work has been given due attention. Accordingly, the following R&M works were undertaken to maintain and improve plant reliability.

- Steam Path Audit in Unit-1 improvement,
- Residual Life Assessment of Turbine/Generator of Unit-1,
- Variable Frequency Drive (VFD),
- Installation of ID Fan BECK actuator in Unit-1,
- Inter connection of HFO Header of Unit-1&2,
- Generator- Back up Numeric relay installation in Unit-1,
- Installation of dry ash collection/handling system – Dry Ash Silo,
- Gravimetric Feeder up-gradation in Unit-1&2,
- Erection & Commission of online Vibration system of BOP drive,
- Erection & Commissioning of online Vibration system of Unit-1&2 turbine,
- Shifting of Switchyard annunciation systems to main control room,

In pursuance of New Coal Distribution Policy introduced by Ministry of Coal, Govt. of India a long term Model Coal Supply Agreement with MCL has been executed on 17.11.2009 which is expected to provide better fuel security to the existing units.

Project Development

Project development activities as reported in the last year has substantially progressed under year report and several miles stone have been achieved displaying the sinserity and seriousness with which the capacity addition programme is being pursued. Several rounds of discussion between the shareholders to settle various management issues have added a positive note to the progress in the project development front. The settlement of power sharing issues and crystalization unit capacity has brought more clarity to the way forward. The following miles stone have further stimulated development activities to lead to a financial closure in the next financial year.

- Environment clearance for power plant has been received.
- Drafting of PPA for sale to GRIDCO is under progress.
- Substantial progress in main plant technical specification in consultation with the Owners Engineer and Review Engineer.
- Applications filed for Interim Coal Linkage, Mega Power Status and Open access are being pursued.
- MGR route alignment has been finalized through RITES

- MCL clearance for alignment over coal bearing area in advanced stage
- Mining plan has been approved
- Land acquisition and forest clearance are in process
- Preliminary socio-economic survey for R&R has been completed
- Mining lease application is under GoO approval
- Terms of Reference has been received from MoEF for Environment clearance
- Mine operation model is under finalization

Awards & Recognition :

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

- CII EHS best practices award 2009(1st).
- Short listed for AES Golden Hard Hat award competition out of 13 AES Power Plants.
- OPGC Waste management and resource conservation practice selected and published in TERI International magazine.
- Recertification with latest ISO 14001 and OHSAS 18001 standard for a period of 03 year.

FINANCE & ACCOUNTS

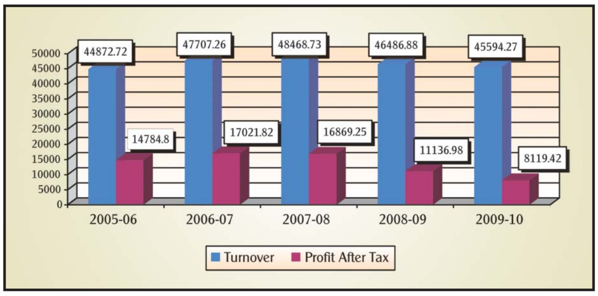
The audited statement of account accompanied by the Auditors' Report to the observations of the auditor form integral part of this report. These statements are self-explanatory and the operational result as well as the state of affairs of the company can be well appreciated there from. However, the summarised financial results as compare the previous year are furnished below.

(Rs. in lakhs)

	2009-10	2008-09
Income from sale of power	39,988.24	39,797.10
Other income	5,606.03	6,689.79
Total income	45,594.27	46,486.88
Expenses	27,336.87	26,945.65
Gross margin	18,257.40	19,541.23
Less interest and depreciation	5,299.23	6,000.56
Profit Before Tax and prior period adjustment	12,958.17	13,540.67
Prior period adjustment	333.02	209.60
Provision for taxes	6,654.51	2,293.31
Profit After Tax	8,119.42	11,136.99
Appropriation:		
(a) General reserve	-	1,113.70
(b) Dividend	-	10,294.57
(c) Dividend tax	-	1,749.56

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

PROFIT & TURNOVER *(Rs. in lakhs)*



It may be appreciated that the fall in net profit from Rs.11136.99 lakhs to Rs.8119.42 lakhs is attributable to the end of tax holidays in the year 2008-09.

DIVIDEND

No dividend has been declared by the Company during the financial year 2009-10.

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 2009-10 and comments of C&AG of India u/s 619(4) of the Companies Act, 1956 are enclosed as part of the report.

MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

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

MANAGEMENT COMMENTS ON C&AG REVIEW

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

ENVIRONMENT, HEALTH & SAFETY (EHS)

The Company's EHS Policy is based on its deep concern for safety and health of its plant people and environment. Under the said policy the company is not only committed to conduct all activities in an environmentally responsible manner but also to strive for an injury free work place through high employee involvement and strong health & safety programme.

In the year under report and a number of activities were undertaken to minimise the EHS impact on the employees, facilities and communities in which the company carries on its operation. A few of the important activities undertaken EHS are as follows.

Environment

- Reuse of all Industrial Liquid Effluent inside plant leading to Zero Liquid Effluent Discharge
- Ammonia Flue Gas conditioning system installed to control particulate matter emission control
- Retrofitting of ESP controllers with advanced EPIC III controller to improve ESP efficiency.
- Installation of dust agglomeration system in CHP for fugitive dust control.
- Construction and commissioning of 30MT/hr dry ash handling system.
- Plantation of around 9000 trees inside and outside plant campus.
- Increase of ash utilization from previous best of 15% to 25%.
- Capping of ash pond B up to 75% with soil to prevent ash blowing.
- Completion of Ash Pond A & B strengthening work to prevent risk of Ash Pond dyke failure.
- Provision of Secondary Containment for Fuel Oil Storage Tanks to prevent accidental spillage of Oil outside.
- Various environmental awareness programme like ash utilization utility in agriculture in Kisan Mela, District level cycle rally, quiz, debate and poster competitions among children of OPGC and community villages.

Safety & Health

- Completed 2205 Lost Time Accident Free Days. One of the best Safety record in Indian Industrial Climate.
- Free medical service to local people in its Hospital. Free health service to local people through 03 Health camps per year.
- Implementation of Zero Tolerance Safety Policy for Contractors and OPGC employees.
- Contractor workmen safety certification. Each contractor employee is trained on Special Safety tool and certified after successful in test.
- Implementation of Behavioural Based Safety (BBS) Management programs, a sustainable approach for achieving higher level EHS goal.
- Dupont Safety perception survey and Safety Climate Survey to evaluate safe behavior of OPGC and Contractor people. The summery of the survey finding is "OPGC has a generally strong positive safety climate. OPGC has a robust safety culture where the need for improvement is mainly of the incremental type rather than more significant change.
- Sharing and discussion on accident and incidents happened in other plant nearby and in other AES plants- helps in learning from other's mistake.

- Career promotion aid to employees with good safety performance. Separate evaluation columns in performance appraisal.
- Completion of Global EHS audit successfully.
- Off site emergency preparedness training to community people (village- Telenpali, Binika, Lakhanpur & Bargarh).
- Job Safety Analysis (JSA) for high and medium risk jobs. 115 JSAs are prepared and job briefing is being taken up before the start of the work.
- 100% health check up for contractors and OPGC employees with available in house medical facility.
- Implementation of AES Global EHS standards.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your company is fully committed to fulfil its obligation of Corporate Social Responsibility through peripheral development for the socio economic development in the local areas surrounding the plant site in specific and in the state in general. With the development of coal mine in Manoharpur area of Sundargarh district the scope of CSR activities has further widened

A number of developmental and welfare activities were undertaken in the peripheral villages of ITPS and Manoharpur coal block area under the CSR portfolio of the Company. These included,

- supply of drinking water to 26 near by villages
- construction of school infrastructure
- revival of ponds
- provision of teaching aid to schools
- repair of peripheral road connecting Binka village
- construction of 30 mtr. long earthern dam at Dulinga and Sanghumuda village of Manoharpur coal block

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

Employee development and growth has always been considered to be one of the focal points for achieving operational excellence and attaining short term as well as long term organisational goals. Company has been proactively engaged in reinforcing the effectiveness of its existing HR Policies through adoption of industry best practices and bringing in further clarity and transparency in their implementation.

During the year under report, this aspect has received due attention in terms of taking forward the policy of skill updation and proficiency enhancement of the employees through imparting in-house and external training in a planned manner. Under its planned skill development process 71 executives and 54 non-executives have participated various training programmes, workshops and symposiums organised by various professional institutes of repute.

Though high attrition level continues to pose a challenge to the company especially in the scenario of increased activity in the project development front requiring additional manpower of specialised skill set, the company has attached adequate stress on employees career development through a uniform promotion policy and rewarding efforts through introduction of performance management system (PMS). Your company is making constant efforts to move towards a market based salary structure in the year under report 14 executives and 81 non executives were promoted to the next higher position under the applicable policies. Company also adopted revised pay structure in line with 6th pay commission applicable retrospectively w.e.f. 01.01.2006.

INDUSTRIAL RELATIONS

Industrial relation scenario of your company, in the year under report, has remained by and large peaceful with no reportable loss of man days on account of industrial relation problem. However, the practice of structured interaction of the management with the unions at various forums on various issues covering discipline work culture and employees' related issues continued during the year. As a matter of motivation, measures have been adopted to recognise the efforts of the employees in various fields.

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

PARTICULARS OF EMPLOYEES

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

AUDIT COMMITTEE

As a voluntary compliance of Sec.292A of the Companies Act.1956 Audit Committee comprising of three Directors along with permanent invitee met twice during the year under report to review:

(a) internal audit observations and compliance
(b) adequacy of internal control
(c) accounting policies adopted for the year 2008-09

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

RESPONSIBILITY STATEMENT U/S 217 (2AA)

The Directors wish to state that:

(i) The annual accounts have been prepared in accordance with the applicable accounting standards along with proper explanations relating to material departures.

(ii) Such accounting policies have been selected and applied which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

(iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Yours Directors gratefully acknowledge the support, guidance and co-operation received from various departments of the Govt. of Orissa and Ministries of the Govt. of India particularly the Ministry of Coal and Ministry of Environment & Forest.

Your Directors also place on record their appreciation on the continued co-operation and support received from GRIDCO, 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

1. Electricity	Current Year 2009-10	Previous Year 2008-09
a) Purchased Unit	0.245 MU	1.556 MU
Total amount (Rs. in lacs)	3.70	21.68
Rate/unit	1.51	1.39
b) Internal Consumption	309.11 MU	329.76 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)	2553217 MT	2816846 MT
Total cost Rs. in lakhs	18458.18	18346.12
Average rate Rs.	722.93/MT	651.30/MT
3. Furnace oil HSD/LDO		
Quantity (K.Ltrs.)	2487.26 KL	2124.893 KL
Total amount Rs. in lakhs	964.76	886.12
Average rate Rs.	38788.06/KL	41701.86/KL
4. Others/internal generation		
QuantityTotal costRate/unit		
B. Consumption per unit of production		
	Current Year 2009-10	Stanards, if any
Electricity (in MUs)	0.106 Kwh/Kwh	0.12 Kwh/Kwh
Electricity		
Furnace oil HSD/LDO	0.84 ML/Kwh	3.5 ML/Kwh
Coal F/G Grade	0.862 Kg/Kwh	0.85 Kg/Kwh
Others :		
Raw water	2.848 Kg/Kwh	7.90 Kg/Kwh
D. M. Water	0.037 Kg/Kwh	0.12 Kg/Kwh
Acid	0.009 Gm./Kwh	0.009 Gm./Kwh
Caustic	0.010 Gm./Kwh	0.045 Gm./Kwh
Allm	0.016 Gm./Kwh	0.03 Gm./Kwh
Lime	0	0.016 Gm./Kwh

Replies of the Management on the Comments of C & AG of India on the Accounts for the Year 2009-10

Sl. No.	Comments of C & AG	Management Reply
A.	**Comments on Financial position** **Balance Sheet** **Application of Funds** **Current Assets, Loans & Advances (Schedule-7)** **Loans & Advances: Rs28.92crore** **Advance Income Tax paid: Rs 17.01 crore** A reference is invited to para A-6 of "Notes Forming part of Accounts"(Schedule-20) where it is stated that the proportionate amount of Minimum Alternative Tax (MAT)credit attributable to the return of equity claimed in the tariff will be passed on to GRIDO Limited on the basis of undisputed assessment of the said years. During the period from 2005-06 to 2007-08 the Company has accounted for MAT credit of Rs.20.7 crore. But liability of Rs.9.48 crore payable to GRIDCO on this account has not been provided for although GRIDCO Ltd. has reimbursed Rs24.91 Crore towards income tax as against Rs 54.41 crore accounted for as MAT by the company during those period. This has resulted in understatement of Current Liabilities and overstatement of Profit for the year by Rs.9.48 crore each.	MAT Credit is the difference between the tax paid on Book Profit and tax on taxable income computed under normal provisions of income tax act. The exact amount of MAT Credit will be known on completion of undisputed assessment and finality of Taxable Book Profit and taxable income. Since the assessment has not been completed for the relevant years and the credit effect has not been given, the fact to that effect has been disclosed in para 6 of the Schedule – 20 "Notes forming part of Accounts". Moreover this is not affecting the profitability of the Company for the year and any MAT Credit will pass on will be appropriated from accumulated profit.
B.	**1. Comments on Disclosure Contingent Liabilities** A reference is invited to Para No.10 of "Notes Forming Part of Accounts (Schedule-20) wherein Contingent Liabilities amounting Rs.10.16 crore payable as entry tax has been mentioned. In fact the liability on account of differential entry tax and penalty payable as on 31.03.2010 would be Rs.12.50 crore in the event of Company losses the case pending	An amount of Rs.10.16 Crores has been included in contingent liability shown in Para 10 of Schedule 20- Notes forming part of Accounts, which excludes the amount already announted towards entry tax. In absence of details for Rs.2.34 crore action is being taken to reconcile the figure.

Sl. No.	Comments of C & AG	Management Reply
	with the Hon'ble High Court of Orissa. Hence, contingent liabilities have been understated by Rs.2.34 crore.	
	2. Significant Accounting Policies A reference is invited to Para No.9.1 of Significant Accounting Policies (Schedule-19) wherein it has been disclosed that inventories are valued at weighted average cost or realizable value whichever is lower. In fact, the inventories of construction materials, coal, oil, stores, chemicals and loose tools are valued at weighted average cost only, which is contrary to the disclosed Accounting Policy on 'Inventories' as well as to the Provisions of Accounting Standare-2.	The closing value of Inventories as on 31st March 2010 has been shown as per accounting policy stated at para 9.1 of Schedule – 19 - "Significant Accounting Policies". Usually the net realizable value will be taken when such value is less than the weighted average cost. There was no such instance of the fall in the realizable value and in absence of such weighted average cost taken. The value has been certified by the Management. No instance has been noticed so far to dispute the certification.
C.	**Comments on Statutory Auditor's Report** A reference is invited to Para-1 of Annexure-B to the Auditors' Report, wherein it is stated that there have been additions of machinery of Rs.34.53 crore which have been depreciated as per the normal useful life of such type of assets even though the remaining useful life of the parent plant in which the same is used may be either NIL or substantially less than normal life. Verification of records revealed that there was an addition Rs.34.53 crore on Plant and Machinery which included additions of Rs. 1.24 crore on Mini Micro Hydro Electric Project (MMHP) and the remaining useful life of the same asset was neither NIL nor substantially less than normal useful life. Hence the statutory auditors' qualification is deficient to that extent.	This is reference to the observations of Statutory Auditors. No action is required.

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Replies of the Management on the Comments of Statutory Auditors on the Accounts for the Year 2009-10

Sl. No.	Comments of the Statutory Auditors	Management Reply
1.	We observe that the Machineries in Unit-1 have been fully depreciated i.e. to the extent of 95% and in Unit-II, to the extent of 84%. There have been additions of Rs.34.53 crore during the year which have been depreciated as per the normal useful life of such type of asset even though the remaining useful life of the parent plant in which the same is used may be either NIL or substantially less than the normal life. As per AS 6 "Depreciation Accounting" any addition or extension to an existing asset which is of capital nature and which becomes an integral part of the existing asset is depreciated over the remaining useful life of that asset. As a measure of compliance to the accounting standard, the management should have reassessed the useful life of both the Unit-1 & 2 of the Plant and accordingly the depreciation on additions should have been charged to the Profit & Loss Account for the year. In the absence of balance useful life of the plants, being a technical estimate, we are not able to ascertain the quantum of undercharging of the depreciation in the accounts and the impact on the profit for the year.	Noted
2.	CWIP includes Rs.68.79 lacs for SAP license fees paid in December 2008 which is not capitalized and hence not amortised due to the absence of any accounting policy for such expenditure. In view of annual maintenance charges being paid for the year 2009 and 2010, such license in the nature of	

Sl. No.	Comments of the Statutory Auditors	Management Reply
	intangible asset is available for use even though not implemented and as per AS 26 "Intangible Asset", amortization should commence from the time the asset is available for use.	The matter will be reviewed during the year 2010-11.
3.	A. The amounts appearing in the account heads such as advances, liabilities for the same party have not been grossed up in certain cases due to which the Loans & Advances and Current Liabilities are overstated by Rs.60.53 lakhs.	The net impact of the observation is Nil. However the matter will be reviewed during the year 2001-11.
	B. The Gross Generation of Electricity for the year 2009-10 s per Generation Report from Efficiency Cell is 2961.114 MU whereas the Gross Generation of Electricity at point No.9 to Schedule-21-"Additional information forming part of accounts" shows 2955.39 MU. There is a difference of 5.72 MU which has not been reconciled. Hence, the financial impact due to above reconciliation, if any, is not known.	Noted for reconciliation

AUDITORS' REPORT

TO
THE SHARE HOLDERS,
ORISSA POWER GENERATION CORPORATION LTD.

We have audited the attached Balance Sheet of ORISSA POWER GENERATION CORPORATION LTD., Bhubaneswar as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto, in terms of the letter of appointment issued by office of Comptroller & Auditor General of India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

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

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

5. In terms of Government of India, Department of Company Affairs Notification No. GSR 829 (E) dated 21st October, 2003, Government companies are exempt from the applicability of provisions of section 274 (1) (g) of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes on accounts thereon and subject to our observaions 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 acounting principles generally accepted in India:

(i) in case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

ii) in case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

(iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Dass Maulik Mahendra K Agrawala & Co.**
Chartered Accountants

sd/-

Place : Bhubaneswar
Date : 23rd August, 2010

(Sunil Kumar Jalan)
Partner
(M. No. 062814)

Annexure-A to the Auditors' Report

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing, full particulars including quantitative details and situation of its fixed assets.

(b) The management has carried out physical verification of a major portion of fixed assets, during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, there is no substantial disposal of fixed assets during the year.

(ii) (a) The inventories have been physically verified by the Management during the year and in our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanation given to us, the procedures for physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.

(iii) According to information and explanations given to us:

(a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the sub clauses (b) to (d) of the Order are not applicable.

(b) The company has not taken any loans, secured or unsecured, from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the sub clauses (f) and (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major failures in the internal control system.

(v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 and therefore sub Clauses (a) and (b) are not applicable.

(vi) The Company has not accepted any public deposits during the year and therefore this clause is not applicable.

(vii) The Company has outsourced the internal audit to a firm of Chartered Accountants for the year as per the scope of work laid down by the management. In our opinion, the company's internal audit system is commensurate with its size and nature of its business.

(viii) We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained on the basis of provisional accounts. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.

(ix) According to the information and explanations given to us, in respect of statutory and other dues:

(a) The company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues, with appropriate authorities.

(b) According to the information and explanations given to us, there are disputed statutory dues which have not been deposited as given herein below:

(Rs. in lakhs)

Statute	Nature of Dues	Amount	Amount Deposited	Forum where disputes are Pending
The Orissa Sales Tax Act	Sales Tax	16.51	15.45	Sales Tax Tribunal, Orissa
The Entry Tax Act, 1999	Entry Tax	713.31	80.00	High Court of Orissa
Income Tax Act, 1961	TDS	6.60	6.60	ITAT
	TOTAL	736.42	102.05	

(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 **Dass Maulik Mahendra K Agrawala & Co.**
Chartered Accountants

sd/-

Place : Bhubaneswar
Date : 23rd August, 2010

(Sunil Kumar Jalan)
Partner
(M. No. 062814)

Annexure-B to the Auditors' Report

(Referred to in paragraph - 2 of our report)

1. We observe that the Machineries in Unit I have been fully depreciated i.e to the extent of 95% and in Unit II, to the extent of 84%. There have been additions of Rs.34.53 crore during the year which have been depreciated as per the normal useful life of such type of asset even though the remaining useful life of the parent plant in which the same is used may be either NIL or substantialy less than the normal life. As per AS 6 "Depreciation Accounting" any addition or extension to an existing asset which is of capital nature and which becomes an integral part of the existing asset is depreciated over the remaining useful life of that asset. As a measure of compliance to the accounting standard, the management should have reassessed the useful life of both the Unit 1 & 2 of the Plant and accordingly the depreciation on additions should have been charged to the Profit & Loss Account for the year. In the absence of balance useful life of the plants, being a technical estimate, we are not able to ascertain the quantum of undercharging of the depreciation in the accounts and the impact on the profit for the year.

2. CWIP includes Rs.68.79 lacs for SAP license fees paid in December 2008 which is not capitalized and hence not amortised due to the absence of any accounting policy for such expenditure. In view of annual maintenance charges being paid for the year 2009 and 2010, such license in the nature of intangible asset is available for use even though not implemented and as per AS 26 "Intangible Asset", amortization should commence from the time the asset is available for use.

3. a. The amounts appearing in the account heads such as advances, liabilities for the same party have not been grossed up in certain cases due to which the Loans & Advances and Current Liabilities are overstated by Rs.60.53 lakhs.

   b. The Gross Generation of Electricity for the year 2009-10 as per Generation Report from Efficiency Cell is 2961.114 MU whereas the Gross Generation of Electricity as point no.9 to Schedule 21 - "Additional information forming part of accounts" shows 2955.39 MU. There is a difference of 5.72 MU which has not been reconciled. Hence, the financial impact due to above reconciliation, if any, is not known.

OPGC
Power for Progress

Orissa Power Generation Corporation Ltd.

Balance Sheet as at 31st March, 2010

(Rs. in lakhs)

Particulars	Schedules		As at 31.03.2010		As at 31.03.2009
Sources of Funds:					
Shareholders' Funds					
Share Capital	1	49,021.74		49,021.74	
Reserves & Surplus	2	54,008.97	103,030.71	45,906.94	94,928.68
Loan Funds	3				
Secured Loans		-		-	
Unsecured Loans		900.85	900.85	1,774.75	1,774.75
Deferred Tax Liabilities (Net)	4	2,624.78	2,624.78	3,699.18	3,699.18
Total			106,556.34		100,402.61
Application of Funds					
Fixed Assets	5				
Gross Block		119,198.43		116,793.96	
Less: Depreciation		98,398.39		93,285.12	
Net Block		20,800.04		23,508.83	
Capital Work-in-progress	6	4,263.03		4,072.65	
			25,063.07		27,581.48
Current Assets, Loans & Advances:	7				
Inventories		4,925.29		4,757.74	
Sundry Debtors		14,930.62		16,571.54	
Cash & Bank Balances		61,956.85		52,509.44	
Other Current Assets		1,991.47		2,627.49	
Loans & Advances		2,892.43		3,668.71	
		86,696.66		80,134.93	
Less:Current Liabilities & Provisions	8				
Current Liabilities		3,316.64		4,738.87	
Provisions		1,886.75		2,579.33	
		5,203.38		7,318.20	
Net Current Assets			81,493.27		72,816.73
Miscellaneous Expenditure	9				
(To the extent not written off or adjusted)			-	4.40	4.40
Total			106,556.34		100,402.61

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

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

In terms of our report of even date attached
For & on behalf of Dass Maulik Mahendra K Agrawala & Co.
Chartered Accountants

For & on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Sunil Kumar Jalan)	(M. R. Mishra)	(S. K. Pattanayak)	(Vivekananda Biswal)
Partner	Company Secretary	Director (Finance)	Managing Director
M.No. 062814			

Place - Bhubaneswar
Date - 23rd August 2010

OPGC
Power for Progress

Orissa Power Generation Corporation Ltd.

Profit and Loss Account for the year ended 31st March, 2010

(Rs. in lakhs)

Particulars	Schedule	Year Ended 31.03.2010	Year Ended 31.03.2009
INCOME			
Sale of power		39,988.24	39,797.10
Other Income	10	5,606.03	6,689.79
Total		**45,594.27**	**46,486.88**
EXPENDITURE:			
Raw Materials Consumption	11	19,437.05	19,232.34
Production Expenses	12	2,909.27	2,532.26
Power & Electricity Duty	13	729.27	804.21
Employees' Remuneration & Benefits	14	2,588.89	3,151.29
Administrative Expenses	15	788.76	896.28
Other Expenses	16	883.64	329.29
Interest & Financing Charges	17	160.85	270.37
Depreciation		5,138.38	5,730.19
Total		**32,636.10**	**32,946.22**
Profit before tax & Prior Period Adjustment		12,958.17	13,540.67
Prior Period Adjustments (Net)	18	(333.02)	(209.60)
Profit before tax		12,625.15	13,331.06
Less:Provision for Taxation			
Current Income Tax		5,580.12	2,207.80
Fringe Benifit Tax		-	35.89
Add: Reversal of deferred tax liability		1,074.39	49.62
Profit after tax		8,119.42	11,136.99
Add - Balance of profit brought forward from previous year		32,529.63	34,550.47
Amount available for appropriation		40,649.05	45,687.46
Appropriation			
Transfer to General Reserve		-	1,113.70
Interim Dividend		-	10,294.57
Tax on Interim Dividend		-	1,749.56
Balance carried to Balance Sheet		40,649.05	32,529.63

Significant Accounting Policies	19
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Schedules 10 to 21 annexed hereto, from part of the Profit and Loss Account.

In terms of our report of even date attached

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

For & on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Sunil Kumar Jalan)	(M. R. Mishra)	(S. K. Pattanayak)	(Vivekananda Biswal)
Partner	Company Secretary	Director (Finance)	Managing Director
M.No. 062814			

Place - Bhubaneswar
Date - 23rd August 2010

OPGC
Power for Progress

(Rs. in lakhs)

Particulars		As at 31.03.2010		As at 31.03.2009
Schedule - 01				
Share Capital				
Authorised				
100,00,000 (Previous Year 100,00,000)		100,000.00		100,000.00
Equity Shares Rs.1000/- each				
Issued, Subscribed & Paid Up :				
49,02,174 (Previous Year 49,02,174)				
Equity Share of Rs. 1000/- each fully paid up		49,021.74		49,021.74
Total		**49,021.74**		**49,021.74**
Schedule - 02				
Reserves and Surplus				
Grant in Aid	202.97		202.97	
Less: Addusted to carrying cost of assets of MMHP	17.39	185.58	-	202.97
Securities Premium		5,888.43		5,888.43
General Reserve				
As per last Balance Sheet	7,285.92		6,172.22	
Add: Transfer from Profit & Loss Account	-	7,285.92	1,113.70	7,285.92
Surplus in Profit and Loss Account		40,649.05		32,529.63
Total		**54,008.97**		**45,906.94**
Schedule - 03				
Loan Funds :				
Secured Loans		–		–
Unsecured Loan				
Loan from PFC		900.85		1,774.75
Total		**900.85**		**1,774.75**
Schedule - 04				
Deferred Tax Liability (Net)				
As per Last Balance Sheet	3,699.18		3,748.79	
Less: Reversal of deferred tax liability (net) during the year	1,074.39	2,624.78	49.62	3,699.18
Total		**2,624.78**		**3,699.18**

Schedule-05 Fixed Assets :

(Rs. in lakhs)

Particulars	Gross Block				Depreciation					Net Block	
	As at 01.04.2009	Addition	Deduction/ Adjustments	As at 31.03.2010	Up to 01.04.2009	For the Year	Arrear Depreciation	Deduction/ Written Back	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land (Including Development Cost)	1.59	9.24	-	10.83	-			-	-	10.83	10.83
Leasehold Land (Including Devolopment Cost).	1,766.78	19.54	-	1,786.32	632.89	64.66	-	-	697.55	1,088.76	1,133.88
Total	1,768.36	28.78	-	1,797.14	632.89	64.66	-	-	697.55	1,099.59	1,144.71
Building	6,020.61	27.19	-	6,047.80	3,777.86	190.47	-	-	3,968.32	2,079.48	2,242.75
Road Bridge & Culvert.*	1,130.97	27.10		1,158.06	714.50	18.60	-	-	733.10	424.96	416.46
Water Supply Drainage & Sewerage.	444.06	(0.00)	-	444.06	170.55	23.62	-	-	194.17	249.90	273.52
Power Supply Distribution & Lighting.	386.43	3.69	-	390.11	343.45	20.48	-	-	363.93	26.18	42.98
Plant & Machinery.	104,775.15	3,453.57	(1,253.93)	106,974.79	86,007.66	5,453.04	411.01	(1,140.70)	90,731.01	16,243.78	18,767.49
Communication System.	409.45	2.93	-	412.38	335.08	3.91	-	-	338.99	73.39	74.37
Heavy Mobile Equipment.	272.40	(0.00)	-	272.40	258.78	-	-	-	258.78	13.62	13.62
Furniture & Fixture.	206.26	31.29	-	237.55	154.08	15.68	-	-	169.76	67.79	52.18
Vehicle.	110.43	14.54	-	124.97	41.09	10.22	-	-	51.31	73.66	69.34
Library.	11.06	0.45	-	11.50	8.41	0.80	-	-	9.21	2.29	2.65
Office & Other Equipment.	1,258.78	72.98	(4.12)	1,327.64	840.79	44.86	-	-	882.26	445.38	418.00
Total Current Year	116,793.96	3,662.51	(1,258.05)	119,198.43	93,285.12	5,846.34	411.01	(1,144.09)	98,398.39	20,800.04	23,518.07
Total Previous Year	115,566.19	1,347.58	(119.81)	116,793.96	87,586.92	5,730.19	-	(31.99)	93,285.12	23,508.83	27,979.26

***Rs. 453.49 lakh included in the Gross Block of Road Bridge & Culvert laid on land not belonging to the company.**

Particulars of deduction & adjustments	Gross Block		Depreciation	
	2009-10	2008-09	2009-10	2008-09
Decapitalisation	(1,215.83)	(55.19)	(1,115.91)	(17.14)
Sale of Assets / deiscarded & written off	(4.12)	(9.51)	(3.39)	(6.32)
Consumption of Capitalised Spares	(38.10)	(55.11)	(24.79)	(8.53)
Total	(1,258.05)	(119.81)	(1,144.09)	(31.99)

(Rs. in lakhs)

Particulars		As at 31.03.2010		As at 31.03.2009
Schedule - 06				
Capital Works in Progress :				
Construction / Erection Work in Progress (at Cost)	-		-	
Thermal Power Plant (unit 1 & 2)	536.36		613.19	
Development of Power Project (unit 3 & 4)	855.41		339.00	
Development of Coal Mines	1,493.17		1,036.61	
New Project Development Exprenses	13.47		3.83	
Mini Micro Hydel Projects	1,313.75		1,442.62	
Advance to Contractor & Supplier for Capital Goods				
(Unsecured, Considered Good)	50.87		637.40	
Total		**4,263.03**		**4,072.65**
Schedule -07				
Current Assets, Loans & Advances:				
Current Assets				
Inventories*	-		-	
Coal	1,457.10		1,337.25	
Fuel Oil	173.28		206.34	
Components, spares & consumables	2,866.60		2,630.48	
Others	409.08		564.44	
Fixed Assets retired from active use awaiting disposal	19.22	4,925.29	19.22	4,757.74
** As certified by management and valued as per Accounting policy no.9.1 of Schedule-19. Inventories includes loose tools for Rs.85,53/- (previous year Rs.73.09lakhs), Stock in transit & pending for inspection of Rs.47.21 lakhs (previous year Rs.205.79 lakhs).*				
Sundry Debtors				
(Unsecured considered good)				
Debts Over Six Months	11,166.20		8,730.71	
Other Debts	3,764.42	14,930.62	7,840.83	16,571.54
Cash & Bank Balances				
Cash on Hand	2.12		1.96	
Remittance in Transit			25.00	
Balance with scheduled Banks				
In Current account	1,068.90		623.10	
In Short Term Fixed Deposits*	60,885.83	61,956.85	51,859.38	52,509.44
** Includes Rs.6039 lakhs (previous year Rs.6518 lakhs) of Fixed deposits kept as lien marked against bank guarantee issued for Rs.6000 lakhs in favour of The President of India acting through Ministry Coal, Govt. of India.*				
Other Current Assets				
Interest Accrued				
Bank deposits	1,653.99		2,118.28	
Loans to Employees	85.06		126.59	
Other Receivables	133.40		351.98	
Prepaid Expenses	119.03	1,991.47	30.64	2,627.49
Loans Advances				
(Unsecured, Considered Good unless otherwise stated)				
Loans & advance to employees	153.96		127.87	
Deposit with different authorities.	22.83		23.25	
Advance Income Tax paid (Net of Tax Liabilities)	1,700.92		1,222.42	
MAT Credit Entitlement	0.00		2,069.81	
Deposit of disputed Income & Sales Tax	29.80		14.80	
Other advances	984.93	2,892.43	210.57	3,668.71
Total		**86,696.66**		**80,134.93**

(Rs. in lakhs)

Particulars		As at 31.03.2010		As at 31.03.2009
<u>Schedule - 08</u>				
Current Liabilities & Provisions				
Current Liabilities				
Sundry Creditors	478.95		1,122.97	
Other Liabilities	1,815.63		2,745.72	
Security Deposits	993.19		812.54	
Interest accrued but not due on Loans :	28.87		57.64	
		3,316.64		4,738.87
Provisions				
For Income Tax (Net of advances payment of tax)*				
Salary & Allowances	286.81		226.00	
Leave encashment / availment	1,096.74		1,023.98	
Half pay leave availment	341.41		315.15	
Gratuity (over & above contribution to fund)	143.91		946.13	
Management Service Charges	17.88	1,886.75	68.06	2,579.33
Total		5,203.38		7,318.20
** Provision for Income Tax has been adjusted against advance Income Tax and the net balance has been shown under Loans and Advances in Schedule - 7.*				
<u>Schedule - 9</u>				
Miscellaneous Expenditure (To the extent not written off)				
Compensation on Voluntary Retirement of Staff				4.40
Total		-		4.40

(Rs. in lakhs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Schedule - 10		
Other Income		
Other Sales	68.85	82.50
Interest Income from Investment / Deposits*	5,388.32	6,255.01
Interest Income from Employees & others	13.86	48.89
Receipt of Rent,Electricity, Water Charges & Others	82.63	80.26
Sundry Receipt	42.35	28.79
Excess Provision written Back	10.01	194.34
Total	5,606.03	6,689.79
*Tax deducted at source from interest on deposits with banks is Rs.681.81 lakhs (Previous year Rs.1354.21 lakhs.)		
Schedule - 11		
Raw Materials Consumption		
Consumption of Coal	18,466.97	18,346.22
Consumption of - FO / LDO	970.08	886.12
Total	19,437.05	19,232.34
Schedule - 12		
Production Expenses		
Consumption of Stores & Spares	1,372.01	1,197.36
Contract Job Outsourcing Expenses	1,280.23	888.50
Insurance charges of Plant & Machineries	50.44	51.98
Repair & Maintenance of Plant *	43.68	140.25
Other Production Expenses	162.91	254.17
Total	2,909.27	2,532.26
* It includes Repair & Maintenance of Plant Building for Rs.4.95 lakhs (Previous year Rs.56.40 lakhs)		
Schedule - 13		
Power & Electricity Duty		
Water Charges & Cess	113.38	136.59
Power Purchase Cost	13.87	34.19
Electricity Duty on Auxiliary Consumption	602.01	633.43
Total	729.27	804.21
Schedule - 14		
Employees Remuneration & Benefits		
Salary, Wages, Bonus & Incentive on Generation	1,875.93	2,283.08
Contribution to PF & Other Funds	423.04	600.75
Employees Compensation & Family Rehabilitation Expenses	9.57	8.21
Welfare Expenses-Educational Facility	137.47	93.28
Welfare Expenses-Medical Facility	64.92	88.52
Other staff welfare & reimbursements	77.95	77.44
Total	2,588.89	3,151.29

(Rs. in lakhs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Schedule - 15		
Administrative Expenses		
Rent	56.23	43.59
Rate, Taxes & Cess	17.93	22.37
Electricity charges	4.40	4.39
Repair & Maitenance of Roads & Buildings	72.21	100.56
Repair & Maitenance of Other Facilities	46.60	58.14
Repair & Running Expenses of Vehicles	82.11	80.58
Entertainment Expenses	27.68	21.85
Advertisement & Publicity Expenses	46.53	40.57
Communication Expenses	35.53	24.70
Travelling Expenses	114.72	108.33
Printing & Stationery Expenses	12.20	14.11
Insurance charges - others	0.25	0.15
Legal fee & Expenses	16.56	24.50
Proffessional fees & Other Taxes	5.77	97.44
Training ,seminar & Conference Expenses	24.96	76.49
EDP Software, Consumables & Stores	50.49	27.39
Watch & Ward Expenses	111.47	106.21
Other Miscellaneous Expenses	27.48	19.73
Mangement Service Charges	35.64	25.20
Total	788.76	896.28
Schedule - 16		
Other Expenses		
Auditor's Remuneration		
Audit Fee	1.38	1.38
Out of Pocket Expenses	0.33	0.73
Tax Audit and other Certification Fee*	0.98	0.73
Cost Audit Fee and Expenses	0.64	0.67
Internal Audit Fee and Expenses	5.83	5.21
Other Audit Fee and Expenses	0.25	3.98
Rebate in the nature of cash discount to customer	617.16	-
Community Development & Welfare Expenses	70.65	60.84
Pollution & Environment Expenses	5.05	5.79
Periphey Development Expenses	105.18	89.70
Loss on Fixed Assets	71.64	1.07
Loss on fluctuation in foreign currency transactions	3.29	-
Write offs:		
Fixed Assets	-	7.21
Advances and Receivables	0.36	20.75
Stores & Spares	0.91	131.24
Total	883.64	329.29

** It includes Rs.0.50 lakhs payable to Statutory Auditors towards Tax Audit and certification fee (previous year Rs.0.28 lakhs).*

(Rs. in lakhs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Schedule - 17		
Interest & Finance Charges		
Interest on Loan from PFC	144.87	252.01
Interest on Loan from LIC	-	0.55
Other Finanance Charges	15.98	17.82
Total	160.85	270.37
Schedule - 18		
Prior Period Adjustments		
Sales	21.48	-
Other Income	5.72	0.05
Production Expenses	(158.18)	2.55
Employees Remuneration & Benefits	100.55	69.25
Administrative Expenses	6.65	26.01
Other Expenses*	1.39	110.28
Interest and Finance Charges	-	1.46
Depreciation	409.81	-
Net Prior Period Adjustments	333.02	209.60

Notes : Figures in bracket represent credit.

** Other Expenses for prebvious year include Rs.106.67 lakhs due to rectification of sales bill for the year 2007-08*

Schedule - 19

Significant Accounting Policies :

1. Basis of Accounting

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

2. Use of Estimates

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

3. Grants

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

4. Fixed Assets

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

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

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

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

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

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

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

5. Capital Work in Progress

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

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

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

   5.4 Claims for price variation in case of contracts are accounted for, on receipt/ acceptance of bills.

5.5 Apportionment of expenses not clearly identifiable to specific assets including common expenses of operation & construction between pre commissioning & post commissioning period as per the scope of the contract is made on the basis of best judgment.

6. Development of Power Projects & Coal Mines

Expenditure on new power projects & coal mines are capitalized as "Development of Power Projects" and "Development of Coal Mines" under Capital Work in Progress.

7. Miscellaneous Expenditure

Miscellaneous expenses include expenses on issue of bonds and expenditure on voluntary retirement of employees.

8. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable there will be an outflow of resources. Contingent liabilities are not recognized but disclosed in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

9. Inventories

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

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

10. Revenue Recognition

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

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

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

10.4 Scrap is recognized in the profit and loss account only on disposal.

11. Depreciation and Amortization

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

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

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

11.4 Cost of computer software recognized as intangible assets is amortized on straight line method over a period of legal right to use or 3 years which ever is less.

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

11.6 Ash Ponds have been depreciated over remaining period of useful life, evaluated on the basis of technical estimate made annually.

11.7 Depreciation on additions to / deductions from fixed assets during the year is charged on pro rata basis from / up to the month in which the assets is available for use / disposal.

12. Prior Period Income / Expenditure & Prepaid Expenses

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

13. Employee Benefits

13.1 The Company's contribution to the Provident Fund is charged to Profit and Loss Account. The contribution to the provident fund which is administered through a separate trust also includes the contribution of the employees.

13.2 Liability on account of service gratuity is partly covered under the group gratuity life assurance scheme of Life Insurance Corporation of India for future payment of retirement gratuities. Contribution to the scheme as determined by LIC of India is charged to Profit and Loss Account. Extra liability arising on actuarial valuation as per Accounting Standard 15 (R) over and above gratuity fund with LIC of India is provided in the accounts.

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

14. Consumption of Raw Materials & Inventories

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

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

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

16. Taxes on Income

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

17. Impairment of Assets

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

18. 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.

19. 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 related to fixed assets, are recognized in the profit and loss account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is recognized in the profit and loss account over the period of the contract.

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

Schedules - 20

Notes Forming Part of Accounts :

A. Balance Sheet

1. Land

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

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

(b) Land includes AC.69.38 Dec. of Govt. land & AC.104.47 Dec. of private land valuing Rs.222.35 lakhs which were surrendered in favour of State Govt. for eventual transfer to AES IB Valley Corporation for construction of Unit 5 & 6 of IB Thermal Power Station. The company requested Govt. of Orissa for restoration of title / right for expansion of unit 3 & 4. Pending restoration as above, the same has been disclosed under land including land development & amortized over balance life as per accounting policy.

2. Capital Work in Progress

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

3. Inventories

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

4. Sundry Debtors

4.1. Sundry Debtors includes Rs.27.90 lakhs against sale of energy by Mini Hydel projects which is subject to confirmation by GRIDCO.

4.2. Sundry Debtors includes Rs.11,196.22 lakhs which is yet to be received/ confirmed, details are given as follows.

(Rs. in lakhs)

Years	Particulars	2009-10	2008-09
2006-07	Dues against balance energy bills & annual incentives	3768.40	3768.40
2007-08	Dues against balance energy bills*	2200.27	2200.27
2008-09	Dues against balance energy bills*	4446.50	4446.50
2009-10	Dues against balance energy bills*	190.64	-

The above amount is arrived at after giving credit for an amount of Rs.2562.13/- lakhs (Rs.1281.06 lakhs each for the year 2007-08 and 2008-09) towards annual incentive, pending execution of the amendment to the power purchase agreement and tripartite agreement.

5. Deferred Tax Liability

As per requirements of the Accounting Standard 22 on " Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company calculated deferred tax for the current year & net effect of reversal in liability for Rs.1074.39 lakhs (Previous year Rs.49.62 lakhs) is reflected in profit & loss account as computed below:

Rs. in lakhs

Particulars	2009-10	2008-09
Diferred Tax Liability :		
Depreciation on Fixed Assets	3150.30	4475.94
Less: Deferred Tax Assets.		
Provision for retirement benefits	525.52	776.76
Balance deferred tax (net)	2624.78	3699.18
Less already recognized (net)	3699.18	3748.79
Reversal of deferred tax liability	1074.39	49.62

6. MAT Credit Entitlement

MAT credit of Rs.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 Rs.633.07 lakhs in the revised return of income for the year 2008-09 and Rs.1436.74 lakhs is to be claimed in the return of income for the year 2009-10. The proportionate amount of MAT Credit attributable to the return of equity claimed in the tariff will be passed on to GRIDCO on the basis of undisputed assessment of the said years.

7. Impairment of Asset

In terms of Accounting Standard 28 issued by the Institute of Chartered Accountants of India on 'Impairment of Assets', the company has determined the recoverable amount on the basis of the 'Value in Use' of the assets of IB thermal power plant (2*210 MW). The "Value in Use" i.e. the discounted present value of future cash flow from continuing use of assets has been worked out on the basis of tariff determinable as per power purchase agreement with GRIDCO & there is no impairment loss for the year.

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

8. Related Party Transaction

(a) Related Parties (Key Management Personnel)

Sri Vivekananda Biswal	Managing Director
Smt. Paramita Tripathy	Ex-Director *(Finance)*
Sri S. K. Sekar	Director *(Operation)*

Remuneration to key management personnel is Rs.31.69 lakhs (previous year Rs.38.69 lakhs) which includes an amount of Rs.18.02 lakhs (Previous year Rs.25.20 lakhs) provisionally provided as salary & allowances for MD & Director(Operation) on the basis of shareholders agreement & treated as management service charges under "Administrative Expenses".

(b) An amount of Rs.92.62 lakhs has been paid to M/S AES India Pvt. Ltd in respect of deputed employees under reciprocal sharing of resources between OPG & AES the strategic partner. Out of above Rs.75.00 lakhs has been charged to Project development expenses account & Rs.17.62 lakhs has been charged to profit & loss account as management service charges under "Administrative Expenses".

9. Estimated amount of contracts to be executed on capital account (less of advances & LC opened) is Rs. 1103.40 lakhs (previous year Rs.3219.02 lakhs)

10. Contingent liabilities not provided for *(Rs. in lakhs)*

Particulars	31st March 2010	31st March 2009
a. Outstanding letter of credit and guarantees	Rs.6000.00	Rs.6000.00

b. Claims against the Company not acknowledged as debts.

Nature of Demand	Opening Balance as on 01.04.2009	During the year			Closing Balance as on 31.03.2010
		Additional Provision	Amount charged against provision	Amount Reversed	
Income Tax	53.77			47.17	6.60
Sales Tax	16.59			0.01	16.58
Entry Tax*	929.98	86.47			1016.45
Land acquisition/ Interest on unpaid Land Premium	870.62				870.62
Liabilities of Contractors & others	1956.76			1584.98	371.78
Total**	3827.72	86.47		1632.16	2282.03

** The Company has disputed the demand raised by the Sales Tax department applying 1% entry tax on coal considering the same as fuel instead of the contention of the company for application of 0.5% entry tax considering coal as raw material. The company has filed writs as well as stay of demand petition which was honoured from time to time and the writs are pending for disposal. The above amount as disclosed is on the basis of demand raised for the years 2000-01 to 2003-04 and estimated for the years from 2004-05 to 2009-10. In view of above the amount has not be passed on to GRIDCO in tariff as per Power Purchase Agreement.*

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

11. The Company has received intimation from 140 suppliers regarding their status under Micro, Small and Medium Enterprises Development Act 2006. Out of above, 70 suppliers are falling under Micro, Small and Medium Enterprises status. No amount is outstanding as on 31st March 2010 to such suppliers & no interest is due to such suppliers.

12. Segment information is not provided as per AS-17 as the company has only one "business segment". Information related to "geographical segment" has not been worked since generation from Mini Hydel Projects has not been recognized in absence of power purchase agreement.

13. In terms of Accounting Standard 15 (Revised) issued by the Institute of Chartered Accountants of India on " Employee Benefits", the company has determined the liabilities arising on Employee Benefits on the basis of actuarial valuation . The summarized position of different benefits recognized in profit and loss account and balance sheet as under.

(Rs. in lakhs

Sl No.	Particulars	Earned Leave	Gratuity	Half Pay Leave
(A)	The amounts to be recognized in balance sheet and related analysis			
a)	Present value of obligation as at the end of the period	1065.81	1258.91	341.41
b)	Fair value of plan assets as at the end of the period		1125.90	
c)	Funded status / Difference	(1065.81)	(133.00)	(341.41)
d)	Excess of actual over estimated return on plan asset		9.55	
e)	Unrecognized actuarial (gains)/losses			
f)	Net asset/(liability)recognized in balance sheet	(1065.81)	(133.00)	(341.41)
(B)	Expense recognized in the statement of profit and loss			
a)	Current service cost	62.19	71.58	19.45
b)	Past service cost			
c)	Interest cost	75.59	86.69	23.64
d)	Expected return on plan assets		(20.68)	
e)	Curtailment cost / (Credit)			
f)	Settlement cost / (credit)			
g)	Net actuarial (gain)/ loss recognized in the period	(52.98)	3.68	(16.83)
h)	Expenses recognized in the statement of profit & loss*	84.79	141.27	26.26
	*In case of gratuity and leave encashment, an amount of Rs.2.58 lakhs net (previous year Rs.8.60 lakhs net) & Rs.32.56 net respectively has been adjusted as not considered in valuation and balance is recognized in Profit and loss account.			

(C)	Change in present value of obligation			
a)	Present value of obligation as at the beginning of the period	1007.81	1155.87	315.15
b)	Acquisition adjustment			
c)	Interest cost	75.59	86.69	23.64
d)	Past service cost (Non vested benefits)			
	Past service cost (Vested benefits)			
e)	Current service cost			19.45
f)	Curtailment cost/(Credit)			
g)	Settlement cost/(Credit)			
h)	Benefits paid	(26.79)	(68.46)	-
i)	Actuarial (gain)/loss on obligation	(52.98)	13.23	(16.83)
j)	Present value of obligation as at the end of period	1065.81	1258.91	341.41

(D)	Movement in the liability recognized in the balance sheet			
a)	Opening net liability	1007.81	1155.87	315.15
b)	Expenses as above	84.79	141.27	26.26
c)	Benefits paid	(26.79)	(68.46)	-
d)	Closing net Liability	-	30.23	-
e)	Closing net Liability	1065.81	1258.91	341.41

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

f)	Major categories of plan assets (as percentage of total plan assets)			
g)	Funds managed by Insurer	-	100%	-
	Total	-	**100%**	-

Note:
1. *Gratuity is a post employment partly funded defined employee benefit plan.*
2. *Other benefits are un-funded defined employee benefit plan.*
3. *Besides above, the company provided liability towards gratuity and leave encashment in respect of employees those ceased from services and where dues are not settled by 31st March 2010 as well as not considered in actuarial valuation.*
4. *The estimate of future salary increases considered in actuarial valuation by taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.*

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

Particulars	As on 31.03.2010		As on 31.03.2009	
	Coal Mine	Power Plant	Coal Mine	Power Plant
Consultancy	513.53	271.30	301.45	113.19
Geological report	425.44	-	425.44	-
Statutory clearances including data collection	2.51	8.01	2.51	8.01
Employee Remuneration and Benefits including Travelling Expenses	214.19	290.41	48.10	189.53
Administrative Expenses	57.41	41.64	14.63	27.76
Financing Expenses	18.19	-	11.09	-
Land Acquisition	261.91	244.05	198.71	35.18
Grand Total	**1493.17**	**855.41**	**1001.92**	**373.68**

15. Difference of Rs.419.81 lakhs (Previous Year Rs.355.17 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.

16. Others

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

B. Profit & Loss Account

1. Income

1.1. Sale has been accounted as per tariff calculated on the basis of power purchase agreement with GRIDCO. GRIDCO has sought the consent of OERC on the power purchase agreement. The company has challenged the contention of GRIDCO & presently the case is pending before Hon'ble Supreme Court. The Hon'ble Supreme Court has stayed the proceeding before OERC. But in the mean while, the Company pursued a resolution of issues with GRIDCO, leading to constitution of a Taskforce by Govt. of Orissa. After considering the govt. notification specifying terms of resolution based on Taskforce recommendation, the company has finalized draft amendments to existing power purchase agreement. Pending execution of the same, closure of case pending before Hon'ble Supreme Court & filing of amended PPA with OERC, the sale has been accounted for during the year by taking minimum plant load factor (PLF) at 80% in place of 68.49% mentioned in PPA for billing of incentive amount in terms of agreed amendments to PPA.

1.2. Sale does not include internal consumption of 309.11 MU for the year (previous year 329.76 MU), the cost of which has been determined at Rs.34.13 Crores (previous year Rs.34.09 Crores) approximately. Internal consumption includes transformation & transmission losses.

1.3. In absence of power purchase agreement, 0.346 MU (previous year 0.288 MU net) of energy generated from Mini Hydel Projects (Kendupatana, Biribati and Andharbhangi) has not been accounted.

2. Expenses

2.1. Shortage of Coal for 1215.75 MT amounting to Rs.8.79 lakhs (Previous year shortages of 785 MT amounting to Rs.5.10 lakhs) found during physical verification has been adjusted to consumption of coal.

2.2. Guarantee fee is calculated and paid on the reduced balance of outstanding guarantee as on 1st April of the year with reference to the resolution no.52214 dt.12th December 2002 and office memorandum no. 23663/F dt.4th April 2003 issued by Finance Department, Govt. of Orissa. Without reducing the guarantee fee on repayment of loan, the Finance Department has raised a demand of Rs.921 lakhs (previous year Rs.876 lakhs) which has not been accounted for as there is no remote possibility of any such payment required to be made in future.

2.3. Amount paid to the employee under voluntary retirement scheme has been amortized over a period of 5 years. An amount of Rs.4.40 lakhs (previous year Rs.4.40 lakhs) has been written off during the year.

2.4. In absence of demand raised by the Govt. of Orissa, no provision has been made in the accounts for the year in respect of outstanding ground rent and land cess of the land in the possession of the company.

2.5. Pending finalization of modality for payment of Variable Pay to the employees of the company under performance management system, a provision of Rs.107.70 lakhs (previous year Rs.220.00) has been made on an estimated basis.

2.6. The details of expenditures allocated from respective head of account and transferred to Development of Project (unit 3 & 4), Development of Coal Mine and new projects are given below

(Rs. in lakhs)

Particulars	2009-10	2008-09
Employee Remuneration and Benefits including travelling expenses	266.97	105.67
Administrative and other Expenses	56.65	14.69

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

(Rs. in lakhs)

Particulars	Amount
Employee Remuneration & Benefits	238.68
Power & Fuel	2.25
Production Expenses	344.52
Depreciation	707.97
Total	**1293.42**

Due to above allocation of related expenses to cost of coal, there is an increase in value of closing stock of coal as on 31st March 2010 & profit to the extent of Rs.13.82 lakhs for the year.

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

(Rs. in lakhs)

Particulars	Current Year	Previous Year
Advances / receivables written off	0.36	20.75
Assets written off		7.21
Stores & spares written off	0.90	29.70
Oil Sludge written off		101.53
Loss on sale / discarded of Fixed Assets	71.64	1.07
Total	**72.91**	**160.26**

3. Depreciation

Life of the ash pond 'A' has been evaluated on the basis of technical estimation as per clause no.11.6 of the accounting policy for depreciation and accordingly an amount of Rs.120.81 lakhs (previous year Rs.122.00 lakhs) is charged to the Profit and Loss Account.

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

Schedule - 21

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

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

(Rs. in lakhs)

Particulars	Current Year	Previous Year
Salary and allowances*	13.39	13.37
Medical & other benefits	0.28	0.12
Total	**13.67**	**13.49**

**includes arrear salary due to revision of Rs.3.93 lakhs (previous year Rs.6.55 lakhs) and excludes leave salary and pension contribution Rs. Nil (Previous year for Rs.Rs.3.17 lakhs). The above amount does not include an amount of Rs.18.02 lakhs (previous year Rs.25.20lakhs)-, which has been provisionally provided as salary & allowances for MD & Director (Operation) on the basis of shareholders agreement & included under Administrative Expenses.*

(Rs. in lakhs)

Particulars	Current Year	Previous Year
2. Expenditure incurred in foreign currency Travelling Expenses & Consultancy Charges	Rs. 7.88 lakhs	Rs. 7.50 lakhs
3. Earnings in foreign currency	Nil	Nil
4. Value of imports calculated on CIF basis:		
Raw Materials	Nil	Nil
Components & Spare parts	Rs. 9.90 lakhs	Rs. 87.05 lakhs
Capital Goods	Rs. 592.80 lakhs	Rs. 477.43 lakhs

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

(Rs. in lakhs)

Particulars	Current Year*				Previous Year			
	Coal		Oil		Coal		Oil	
	Qty/MT	Value (Rs.)	Qty./KL	Value (Rs.)	Qty./MT	Value (Rs.)	Qty./KL	Value (Rs.)
Opening stock	205,695	1,337.25	540.72	207.78	119989	778.59	413.83	123.00
Purchases	2,550,290	18,586.82	2,387.03	935.60	2903337	18904.88	2529.96	1072.43
Consumption	2,553,217	18,458.18	2,487.26	964.76	2816846	18341.12	2124.89	880.78
Excess/shortage of stock on physical verification	(1,216)	(8.79)	(13.13)	(5.32)	(785)	(5.10)	(278.17)	(106.88)
Closing stock**	201,552	1,457.10	427.37	173.30	205695	1337.25	540.72	207.76

** Current year valuation made as referred in clause 2.7 of notes on accounts.*

*** Treated in the accounts as per clause 3 of Notes on accounts.*

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

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

(Rs. in lakhs)

Particulars	Current Year		Previous Year	
	Value	%	Value	%
(a) Imported	9.90	0.66	44.97	3.76
(b) Indigenous	1498.01	99.34	1152.39	96.24
Total	**1507.91**	**100**	**1197.36**	**100**

7. Advance to Directors included in Advance to staff is Rs. Nil (previous year Rs. Nil). Maximum outstanding amount at any time during the year is Rs.0.30 lakhs (previous year Rs.0.80 lakhs).

8. Licensed, approved and installed capacities (as certified by the management)
   (a) Licensed capacity - Not applicable
   (b) Approved capacity - Not applicable
   (c) Installed capacity - 420 MW (ITPS)
   5075KW (MMHP)

9 Quantitative information in respect of generation and sale of electricity

Particulars	Current Year	Previous Year
Generation (MU)*	2955.39	3187.33
Sale (MU)	2646.28	2857.57
Internal consumption (MU)**	309.11	329.76
Sale (Net) (Rs. in Crores)	399.88	397.97
Internal consumption (Rs. in Crores)	34.13	34.09

** It does not include 0.346MU net (previous year 0.2878MU net) generated by Mini Hydel Projects and exported to GRIDCO.*

*** Internal consumption includes transformation & transmission losses.*

10. Balance Sheet and Company's General Business Profile

I. Registration Details

Registration No. 1429/84-85 Status Code : 15

Balance Sheet Date

Date	Month	Year
31	03	2010

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

Public Issue	Right Issue
NIL	NIL

Bonus Issue	Private Placement
NIL	NIL

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

Total Liabilities	Total Assets
10655634	10655634

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

Paid up Share Capital	Reserve & Surplus
4902174	5400897

Secured Loan	Unsecured Loan
NIL	90085

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

Net Fixed Assets	Investments
2506307	NIL

Net Current Assets	Misc. Expenditure
8149327	

Accumulated Losses
NIL

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

Turnover	Total Expenditure
3998824	3296912

Profit/Loss before Tax	Profit/Loss after Tax
1262514	811942

Earning per Share in Rs.	Dividend Rate in %
165.61	00

OPGC
Power for Progress

Cash Flow Statement for the Year ended 31st March, 2010

Rs. in lakhs

Particulars		Year Ended 31.03.2010		Year Ended 31.03.2009
Cash flow from operating activities				
Net profit before tax		12,625.15		13,331.06
Adjustment for Depreciation	6,256.16		5,730.19	
Interest & financing charges	160.85		271.83	
Provisions (Net)	(702.59)		318.83	
Misc Expenses written off	4.40		4.40	
Interest Income from Investment & deposits	(5,388.32)		(6,255.01)	
Stores & Spares written of	0.91		131.24	
Loss / (Profit) on Sale of Stock (net)	(0.20)		(0.10)	
Loss / (Profit) on Sale / retired of Assets (net)	71.63		(8.27)	
Excess Provision Written Back	(12.62)		(194.34)	
Debtor Written Back	-		106.67	
Assets & Advance written off	0.36		20.75	
		390.58		142.73
Operating profit before working capital changes		13,015.27		13,473.79
Adjustment for				
Inventories	(168.26)		(1,343.22)	
Trade & other receivables	997.28		(3,476.72)	
Trade payables	(1,393.46)		1,905.65	
		(564.45)		(2,914.29)
Cash generated from operations		12,451.27		10,559.50
Adjustment for interest & finance charges	(189.62)		(318.57)	
Misc & other deffered expenses	4.40		4.40	
Direct taxes paid (Net)	(3,988.81)		(2,384.01)	
		(4,174.04)		(2,698.19)
Net cash from operating activities		**8,277.23**		**7,861.32**
Cash flow from investing activities				
Purchase of fixed assets (Net)	(3,808.53)		(2,589.83)	
Interest received	5,852.61		6,185.53	
Net cash used in investing activities		**2,044.08**		**3,595.70**
Cash flow from financing activities				
Short term borrowing	-		(1,357.23)	
Long term borrowing	(873.90)		(12,044.13)	
Dividend including dividend tax paid	-		-	
Net cash used in financing activities		**(873.90)**		**(13,401.36)**
Net changes in cash & cash equivalent		**9,447.41**		**(1,944.35)**
Cash & cash equivalent - opening balance		**52,509.44**		**54,453.79**
Cash & cash equivalent - Closing balance		**61,956.85**		**52,509.44**

Note - Figures in brackets are cash outflows / incomes.
(i) The above cashflow statement has been prepared under the indirect method set out in Accounting Standard - 3.
(ii) Significant Accounting Policies and Notes on Accounts (Schedule 19 and 20) form an integral part of cashflow statement.
(iii) Previous years figures have been rearranged / regrouped whereever necessary to conform to current year classification.

In terms of our report of even date attached

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

For & on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Sunil Kumar Jalan)	**(M. R. Mishra)**	**(S. K. Pattanayak)**	**(Vivekananda Biswal)**
Partner	Company Secretary	Director (Finance)	Managing Director
M.No - 062814			

Place - Bhubaneswar
Date - 23rd August 2010

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA POWER GENERATION CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010

The preparation of financial statements of Orissa Power Generation Corporation Limited for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23 August 2010.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Orissa Power Generation Corporation Limited for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit. I would like to highlight the follwowing 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
Application of Funds
Current Assets, Loans & Advances (Schedule-7)
Loans & Advances : ₹ 28.92 crore
Advance Income Tax Paid : ₹ 17.01 crore

1 A reference is invited to para A-6 of "Notes Forming part of Accounts" (Schedule-20) wherein it is stated that the proportionate amount of Minimum Alternative Tax (MAT) credit attributable to the return of equity claimed in the tariff will be passed on to GRIDCO Limited on the basis of undisputed assessment of the said years. During the period from 2005-06 to 2007-08, the Company has accounted for MAT credit of ₹ 20.70 crore. But liability of ₹ 9.48 crore payble to

GRIDCO on this account has not been provided for although GRIDCO Limited has reimbursed ₹ 24.91 crore towards income tax as against ₹ 54.41 crore accounted for as MAT by the company during those periods. This has resulted in understatement of Current Liabilities and overstatement of Profit for the year by ₹ 9.48 crore each.

B. Comments on Disclosure

Contingent Liabilities

1 A reference is invited to Para No.-10 of "Notes Forming Part of Accounts" (Schedule-20) wherein Contingent Liabilities amounting ₹ 10.16 crore payable as entry tax has been mentioned. In fact the liability on account of differential entry tax and penalty payable as on 31.3.2010 would be ₹ 12.50 crore in the event of Company loses the case pending with the Hon'ble High Court of Orissa. Hence, Contingent Liabilities have been understated by ₹ 2.34 crore.

Significant Accounting Policies

2 A reference is invited to Para No.-9.1 of Significant Accounting Policies (Schedule-19) wherein it has been disclosed that inventories are valued at weighted average cost or realizable value whichever is lower. In fact, the inventories of construction materials, coal, oil, stores, chemicals and loose tools are valued at weighted average cost only, which is contrary to the disclosed Accounting Policy on 'Inventories' as well as to the Provisions of Accounting Standard-2.

C. Comments on Statutory Auditors' Report

1 A reference is invited to Para-1 of Annexure-B to the Auditors' Report, wherein it is stated that there have been additions of machinery of ₹ 34.53 crore which have been depreciated as per the normal useful life of such type of assets even though the remaining useful life of the parent plant in which the same is used may be either NIL or substantially less than normal life. Verification of records revealed hat there was an addition ₹ 34.53 crore on Plant and Machinery which included additions of ₹ 1.24 crore on Mini Micro Hydro Electric Project (MMHP) and the remaining useful life of the same asset was neither NIL nor substantially less than normal useful life. Hence the statutory auditors' qualification is deficient to that extent.

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

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

Place : Bhubaneswar
Date : 22.10.2010

OPGC
Power for Progress

General Information on Performance & other Activities

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

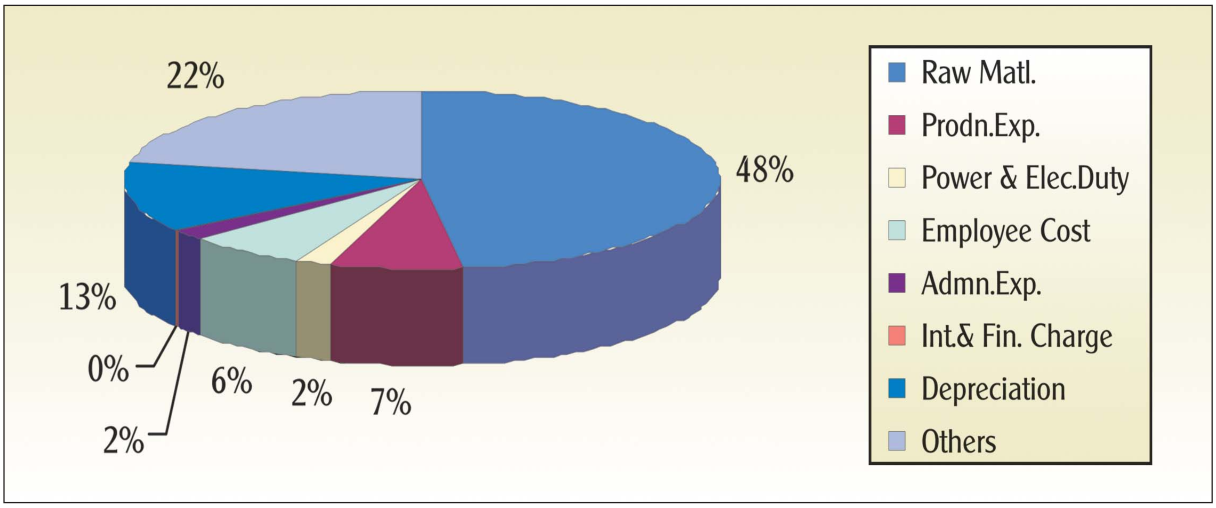
YEAR	GENERATION	PLF	SALES	AUXILLIARY CONSUMPTION		COAL CONSUMPTION		OIL CONSUMPTION	
						TOTAL CONSUMPTION	SPECIFIC CONSUMPTION	TOTAL CONSUMPTION	SPECIFIC CONSUMPTION
	MU	%	MU	MU	%	MT	Kg/k Wh	KL	Ml/k Wh
1999-00	3,166	85.82	2,843	323	10.25	2,710,360	0.86	3,845	1.21
2000-01	3,001	81.58	2,685	317	10.59	2,543,361	0.85	5,095	1.43
2001-02	2,599	70.64	2,320	278	10.69	2,192,375	0.84	3,946	1.42
2002-03	2,621	71.24	2,329	290	11.06	2,228,453	0.85	4,385	1.45
2003-04	3,006	81.60	2,678	329	10.94	2,627,766	0.87	3,609	1.20
2004-05	3,160	83.28	2,833	327	10.35	2,639,799	0.84	2,064	0.65
2005-06	3,090	84.12	2,773	317	10.23	2,605,433	0.84	1,236	0.39
2006-07	3,311	89.98	2,974	337	10.18	2,745,345	0.83	1,271	0.38
2007-08	3,043	82.60	2,735	308	10.11	2,667,299	0.88	1,888	0.62
2008-09	3,187	86.62	2,858	330	10.35	2,816,846	0.88	2,125	0.67
2009-10	2,955	80.32	2,646	309	10.46	2,553,217	0.86	2,487	0.84

COMPARATIVE COST OF GENERATION

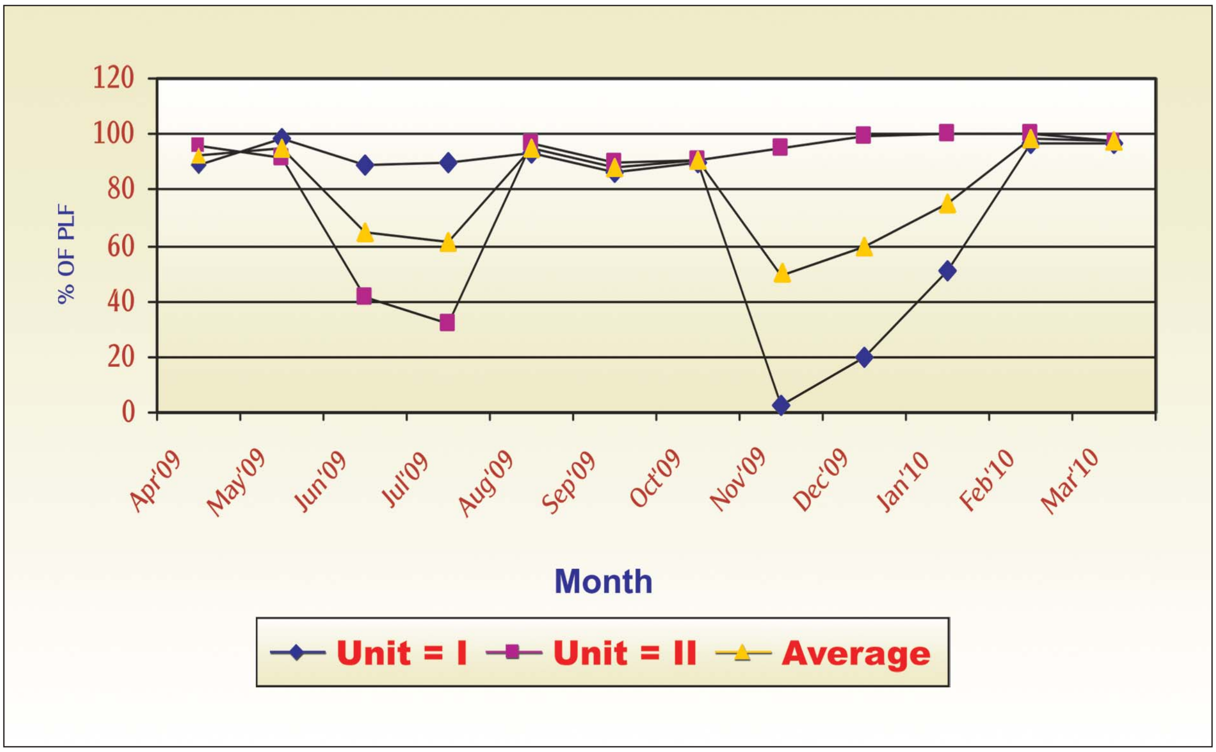
Sl.	Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
1	Generation (MU)	2955.39	3187.33	3043.54	3310.53	3089.61	3160.29	3006.46	2618.49
	PLF (Ib TPS)	80.32%	86.62%	82.60%	89.98%	84.12%	83.28%	81.60%	71.24%
2	Variable Cost*								
	Coal	184.67	183.46	160.65	159.16	153.33	148.15	137.56	112.25
	Oil	9.70	8.86	5.30	4.07	3.25	4.39	6.90	7.02
	Total	**194.37**	**192.32**	**165.95**	**163.23**	**156.58**	**152.54**	**144.46**	**119.27**
3	Semi-Variable Cost*								
	Employee Cost	25.89	31.51	27.40	25.72	15.74	14.88	14.22	12.40
	Power Cost	7.29	8.04	7.74	6.74	6.29	6.37	7.23	6.56
	Production Cost	29.09	25.32	25.83	23.98	21.18	20.65	16.72	9.51
	Administrative Cost	7.89	8.96	7.23	7.89	7.35	6.19	12.08	6.11
	Other Cost	8.84	3.30	1.74	2.87	2.29	1.71	7.18	34.61
4	Fixed Cost* Interest & Finance Charges	1.61	2.71	4.58	6.85	10.07	13.07	23.11	36.93
	Depreciation	51.38	57.30	58.52	60.71	59.14	58.09	58.72	83.23
	Total	**52.99**	**60.01**	**63.10**	**67.56**	**69.21**	**71.16**	**81.83**	**120.16**
	Grand Total (2+3+4)	**326.36**	**329.46**	**298.99**	**297.99**	**278.64**	**273.50**	**276.64**	**274.04**

N.B. : Generation from MMHP though negligible have been included in the above figures.
Depreciation for Ib TPS, Unit-2 was charged from 1997-98.
* All costs figures are in crores.

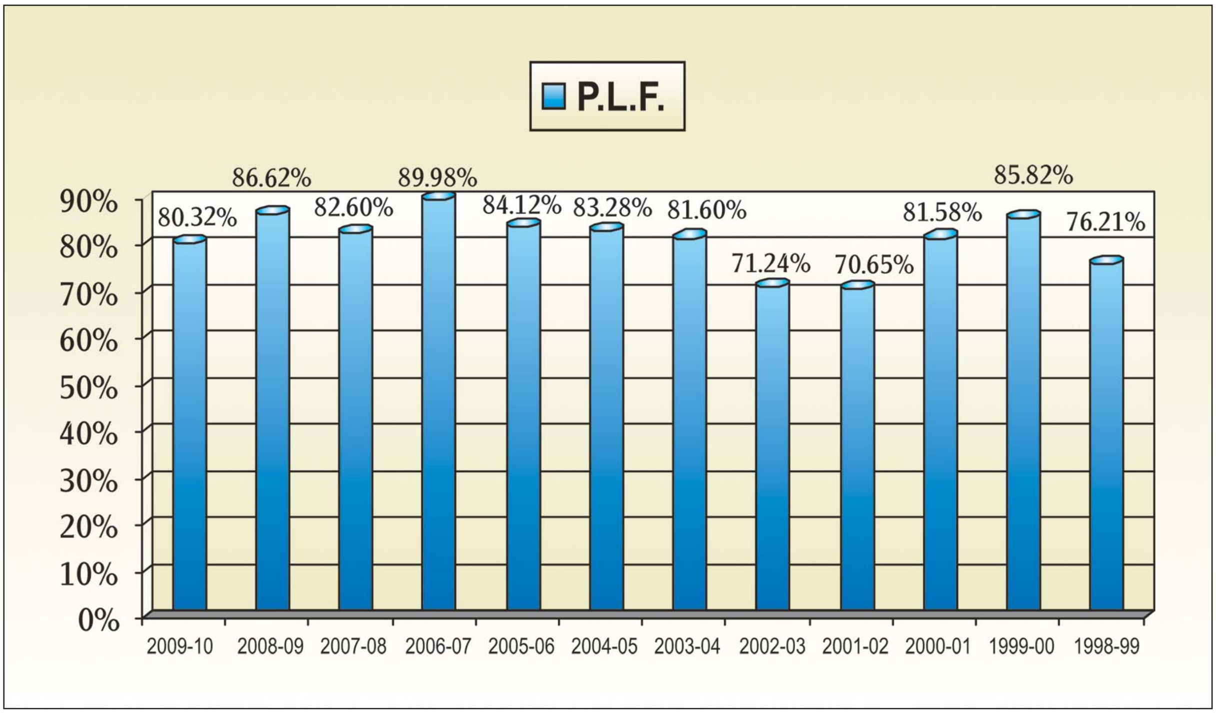
COST OF GENERATION 2009-10



P. L. F. GRAPH FOR THE CURRENT YEAR



P. L. F. GRAPH YEAR WISE



DIVIDEND PAYMENT – YEARWISE DETAIL

(Rs. In Crores)

Year	Dividends	Total	Govt. of Orissa	AES
2001-02	35%	171.58	87.50	84.08
2002-03	30%	147.07	75.00	72.07
2003-04	23%	112.75	57.50	55.25
2004-05	24%	117.65	60.00	57.65
2005-06	24%	117.65	60.00	57.65
2006-07	Nil	0.00	0.00	0.00
2007-08	Nil	0.00	0.00	0.00
2008-09	21%	102.94	52.50	50.44
2009-10	Nil	0.00	0.00	0.00