

CHAIRMAN'S SPEECH

Dear Shareholders,

On behalf of the Board of Directors and employees of NHDC Limited, I have great pleasure in extending welcome to you at the 11th Annual General Meeting of Your Company. The annual report containing accounts for the year ending 31st March, 2011 and Auditors Report thereon is already with you for consideration and adoption. I have pleasure to inform you that the Comptroller and Auditor General has given nil comments on annual accounts. With your permission I take them as read.

The Company's total installed capacity of two completed hydro projects is 1,520 MW. The power projects in operation as on date are 1,000 MW Indira Sagar and 520 MW Omkareshwar H.E Project.

During the F.Y. 2010-11, the top line of the Company (Sales revenue) has increased by approx. 2.57% from ₹ 895.35 crore to ₹ 918.40 crore. The bottom line (net profit after tax) has been at ₹ 304.13 cr. from ₹ 212.30 cr.

Considering the net profit of ₹ 304.13 Cr. for the F.Y.2010-11, Your company has declared dividend @ ₹ 20 per equity share amounting to ₹ 39.25 Cr. as dividend (excl. dividend tax as applicable) for the financial year 2010-11, The Company has registered record cash revenue realization to the tune of ₹ 1014.49 cr. for the F.Y. 2010-11.

As concern to the filling of reservoir, there is no change in the status. As per restriction imposed by the Hon'ble High Court of Madhya Pradesh, the permitted level for filling of Reservoir of ISP is up to EL 260 M against the FRL of EL 262.13M. The units of Omkareshwar Project are also still running on the same reduced head and reduced capacity of 50 MW as against rated capacity of 65 MW due to restriction imposed by Hon'ble High Court of Madhya Pradesh for filling of OSP reservoir up to EL 189 M only as against FRL of EL 196.60 M. However, the Hon'ble Supreme Court has announced its judgment against various SLP filed in case of Omkareshwar Project. The balance works to be completed as per direction of the Court have been taken up and expected to be completed soon. Both the Projects of NHDC viz. ISP and OSP have generated 3197 MU of energy for the F.Y 2010-11.

The economy of our Country is on a roll with GDP growth of 8.5% to 9% and will enable power sector to drive an unprecedented growth. Your Company is poised to play a key role in power development and make a major contribution to the "State economy" in the coming years through generation from thermal and winds.

It is also mentioned that the Company is aware of the challenges of sustaining growth, retaining cost and performance in the context of emerging market competition, and other factors emanating out in the process of the envisaged growth and related diversification. The Company is ready with well-planned strategies and measures to deal with the challenges and issues.

Your Company has signed MoU on 29th June 2009 with GoMP to develop super critical technology based Reva Thermal Power Project(RTPP) -1320 MW (2X660 MW) on

ownership basis in District Khandwa of MP. The preparation of DPR, finalization of studies / activities like Environment Impact Assessment, Social Impact Analysis, land acquisition, railway route studies etc. are held up for want of coal related data. However, the Project has been recommended for coal linkage for 12th plan to Ministry of coal in Aug-2010 and it has been included in the shelf of project under consideration for 12th plan. DPR will be finalized after allocation/ allotment of coal linkage. Regarding wind power development at Madhya Pradesh, your Company had installed three numbers of wind masts in Kukru region for wind assessment studies. As per wind assessment studies, above sites are not found viable. Now M.P. Urja Vikas Nigam has been requested to allot new sites for wind power development in MP. Further, to explore the wind potential sites available with other wind farm developers/ agencies in Madhya Pradesh, Expression of Interest was invited and offers received are under examination.

Under Corporate Social Responsibility (CSR), your company has undertaken various Social Welfare activities like improvement in the field of Education, Healthcare, Environment Conservation, Water Conservation, Access to Drinking Water, Sustainable Livelihood, Employment skill training, Women's Empowerment and Sanitation in and around Projects as well as Corporate Office. NHDC has provided impetus in transforming the socio-economic status of project affected Families (PAFS).

Your company continues to accord priority to principle of good corporate governance and is endeavoring hard to have the same in the company in a letter and spirit.

We firmly believe in delivering maximum returns to the NHDC's key stakeholders - its shareholders, customers, associates and employees. Continuous performance improvement is the driver for moving our company ahead. It is also the best way to cope with short-term economic uncertainty and build our long-term competitive strength. Despite big challenges and uncertainties ahead, I am quite optimistic about our future. I am confident that with our intensified focus, we will provide significant value to our stakeholders in the years ahead.

I wish to thank all my colleagues, various ministries of Govt of India and Govt. of Madhya Pradesh for their continued support and unstinted cooperation. I also wish to express my sincere thanks to financial institutions, banks and all the other stakeholders for the faith and confidence reposed by them in our company.

I, on behalf of all Directors on Board, compliment our employees for their wholehearted dedication, commitment, cooperation and excellent all round performance during the year.

Thank you.

Chairman.

Date: 01.08.2011

Place: Bhopal