

# 36<sup>th</sup> ANNUAL REPORT 2011-12



**North Eastern Electric Power Corporation Limited**  
(A Government of India Enterprise)



A Night view of  
Assam Gas Based Power Plant



Corporate Office, Shillong



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## Chairman and Managing Director & Functional Directors

**Mr. P. C. Pankaj**  
Chairman and Managing Director

**Mr. I.P. Barooah**  
Director (Personnel)

**Mr. A.G. West Kharkongor**  
Director (Finance)

**Mr. U. Moral**  
Director (Technical)

## Official Part time Directors

Mr. G. Sai Prasad

Mr. B.K. Dev Varma

Mr. T.P. Khaund

## Independent Directors

Mr. Ardhendu Sen

Mr. Santosh Saraf

Mr. Shantikam Hazarika

Mr. Arun Datta

## Permanent Invitees

Mr. J. Lhungdim

Mr. S. Das

## Company Secretary

Mr. Chiranjeeb Sharma

## Bankers

State Bank of India

Axis Bank

Canara Bank

Indian Overseas Bank

Punjab National Bank

## Statutory Auditor

**M/s. NUNDI & ASSOCIATES**

Chartered Accountants

Kolkata

## Registered Office:

Brookland Compound,  
Lower New Colony, Laitumkhrah,  
Shillong- 793 003,  
Meghalaya





## MISSION

To harness the vast hydro and thermal power potential in North Eastern Region of the Country to produce pollution free and inexhaustible power through planned development of power generation projects. NEEPCO would play a significant role in the integrated and efficient development of Hydroelectric and Thermal Power Projects in the Central Sector which in turn would effectively promote the development of the North Eastern Region and the Nation as a whole.

## CORPORATE OBJECTIVES

- To responsibly exploit the vast hydro & thermal power potential for sustainable development of N.E. Region.
- To be competitive in liberalization and globalization environment.
- To promote industrial growth in N.E. Region thereby improving quality of life and prosperity.
- To provide infrastructure, medical, schooling and create productive environment opportunities.
- To fulfill the electricity need of N.E. Region and India.
- To improve socio economic condition of neighbourhood.
- To develop human resources to world standard.



## PROFILE OF DIRECTORS



### **SHRI P.C. PANKAJ** (DIN: 03640772) Chairman & Managing Director

Shri P.C.Pankaj (56 years) has joined as the Chairman & Managing Director of the Corporation w.e.f. 03.06.2011. Shri P.C.Pankaj is an engineering graduate from Agra University and a post graduate in Business Management. He started his career in 1981 with NHPC. Later, he joined PGCIL in November, 1991. He has an impeccable track record in the field of Power Sector and was serving as Executive Director-Northern Region-I in PGCIL, before joining as CMD, NEEPCO. He was also Executive Director, North Eastern Region in PGCIL, posted at Shillong.



### **SHRI I.P. BAROOAH** (DIN: 00740146) Director (Personnel)

Shri I.P. Barooah (58 years) joined as Director (Personnel) of the Corporation on 01.08.2006 and is in charge of Human Resource Management, Human Resource Development, Rajbhasha, Legal, Corporate Communication, CSR and Employee Welfare.

Shri Barooah joined NEEPCO on 10.04.1991 as Manager (Personnel) and through his dedication rose to the post of Director (Personnel).

Shri Barooah holds a Master's degree in Social Welfare with specialization in Personnel Management from Indore, Madhya Pradesh.

Shri Barooah possesses vast experience of over 31 years in Personnel Management & Labor Welfare especially Industrial Relations which includes 10 years in the manufacturing sector (paper) and 21 years in the Indian power sector.



### **SHRI A.G.WEST KHARKONGOR** (DIN: 03264625) Director (Finance)

Shri A. G. West Kharkongor was appointed as Director (Finance) of NEEPCO Ltd. on 19.08.2010. He is an alumnus of IIT, Bombay as well as IIM, Calcutta. Shri West Kharkongor is an experienced Finance professional having worked in various areas of the Finance & Accounts Department of the Corporation including Treasury, Internal Audit, Budgeting, Taxation, Compilation, Fund mobilization, etc. During his tenure as General Manager (Finance), he has successfully mobilized funds for several on-going projects including a Structured Syndicated Term Loan of R 800 crores. Before joining the Corporation in 1993 he had worked in Bharat Petroleum Corporation Ltd. He is a member of the Finance Committee of the Tezpur University, Assam. He is keenly involved in community and societal activities.



**SHRI UTPAL MORAL**  
Director (Technical)

**SHRI UTPAL MORAL**  
(DIN: 03434273),  
Director (Technical)

Shri Utpal Moral ( 56 years) has taken over as Director (Technical) on the 08.02 2011.

Shri Utpal Moral joined NEEPCO in the capacity of Assistant Engineer(E) in January, 1981. He served in Oil sector before joining NEEPCO. During his long association with the Corporation spanning over 30 years, he has gathered wide experience in Design & System Engineering, Turnkey Construction, Logistics, material management & HR functions, O & M Project Development & finance of large power Projects and also in EHV transmission lines. Adept in computer utilisation and applications, he has undertaken advanced training in Gas turbine & Internal combustion technology, and Power Systems in Japan & USA. Shri Moral held many challenging positions at various level and has an acknowledged proficiency in clean energy development and climate change.



**SHRI G.SAI.PRASAD**  
Government Nominee

**SHRI G.SAI. PRASAD**  
(DIN: 00325308)  
Government Nominee

Shri G.Sai. Prasad (46 years), Joint Secretary (Hydel), Ministry of Power, Government of India, is a graduate from Andhra University and has post-graduate degrees from The Indian Institute of Technology (Delhi) and Duke University USA. He is an IAS officer (1991 Batch) and worked in several positions including as Sub-Collector (Paderu) , Project Officer (ITDA Paderu), Municipal Commissioner (Guntur), Joint Collector (Kadapa), Collector & District Magistrate (Kurnool and Chittoor) . Prior to his joining the Ministry of Power , Shri Prasad also held the positions of CMD, in Central Power Distribution Company of Andhra Pradesh Limited and Eastern Power Distribution Co Limited . Shri Prasad also held the position of Vice Chairman and Housing commissioner in Andhra Pradesh Housing Board, Hyderabad. He joined our Board on 20.12.11.



**SHRI B.K.DEV VARMA**  
Government Nominee

**SHRI B.K. DEV VARMA**  
(DIN: 00465688)  
Government Nominee

Shri B.K. Dev Varma ( 57 years), Additional Chief Secretary, Government of Meghalaya join the Board on 18.06.2002. Shri Dev Varma an honours graduate in Political Science is an officer in the Indian Administrative Service, (1979 batch) of the Assam Meghalaya cadre. He has held various important assignments in the Government of India and in the Government of Meghalaya. Presently he is looking after Power, Finance, ERTS and is also the Chairman, Board of Revenue.



**SHRI T.P. KHAUND**  
Government Nominee

**SHRI T.P. KHAUND**  
(DIN: 03547418)  
Government Nominee

Shri T.P. Khaund (75 years) is a representative of the Government of Mizoram on the Board of the Corporation. A retired senior IAS Officer, Shri Khaund served the State Government of Arunachal Pradesh and Mizoram and also the Government of India in various capacities. Shri Khaund served North Eastern Council (NEC) in two stints- the last one, after retirement, as Senior Adviser. He is currently serving Government of Mizoram as Principal Adviser. Shri Khaund joined the Board on 26.04.2011.





**SHRI ARDHENDU SEN**  
Independent Director

**SHRI ARDHENDU SEN**  
(DIN: 00297393)  
Independent Director

Shri Ardhendu Sen (61 years) was appointed as an Independent Director w.e.f. 06.07.2012. Shri Sen holds a Masters Degree in Physics from Delhi University and a Diploma in Development Studies from Cambridge University.

He is a specialist in administration and inter-sectoral coordination, sectoral reforms, resource regulation, land policy, industrial policy and centre-state relations. He is Director in Water Resources Division in TERI. In his role as an officer of the Indian Administrative Service (IAS), Mr Sen worked for the Government of India and Government of West Bengal for 34 years across different departments and ministries in various capacities and the last position held prior to his retirement in 2010, was that of Chief Secretary, Government of West Bengal.

He is presently on the Board of Directors of NTPC-BHEL Power Projects Limited, West Bengal Housing and Infrastructure Development Corporation and West Bengal Power Development Corporation.



**SHRI ARUN DATTA**  
Independent Director

**SHRI ARUN DATTA**  
(DIN: 00180069)  
Independent Director

Shri Arun Datta (65 years) was appointed as an Independent Director w.e.f. 06.07.2012. Shri Datta is a Mechanical Engineer with a post graduate diploma in Marketing Management. He is an Independent Business Advisor having extensive experience in Corporate Policy, Project Management and Marketing in sectors like Heavy Engineering, Power, Infrastructure, Water and Transport. Shri Datta is also a Director on the Board of Indian Cement Limited, Trinetra Cement Limited, EMC Ltd, Tide Water Oil Co (I) Limited.



**SHRI SANTOSH SARAF**  
Independent Director

**SHRI SANTOSH SARAF**  
(DIN:00073618)  
Independent Director

Shri Santosh Saraf, (61 years) is a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1977 as a practicing Chartered Accountant and has an extensive experience of more than 35 years in the field of finance and taxation. He was Chairman for the Western Development Council of Assocham and has held position of Managing Committee and Patron member for Assocham. Since 2008, he is Member of Central Board of Trustees (CBT) for Employees Provident Fund Organization (EPFO) of Central Government of India. He is member of Executive, Finance & Investment and Pension Implementation Committees of CBT (EPFO). He is member of Cost and Accounting Standards Board of Institute of Cost and Works Accountants of India (ICWA). He is Director on Board of Power Grid Corporation of India Ltd (PGCIL) and Power System Operation Corporation Ltd – a subsidiary of PGCIL. He was appointed as a Director on our Board on 06.07.2012.



**SHRI SHANTIKAM HAZARIKA**  
Independent Director

**SHRI SHANTIKAM HAZARIKA**  
(DIN: 00523656)  
Independent Director

Shri Shantikam Hazarika, (64 years) is BE (Electrical) and holds PG diploma in Management from IIM, Ahmedabad. He is founder Director, Assam Institute of Management, Chairman, Secondary Education Board of Assam, and is a Director on the Board of NHPC, BSCI and Gauhati Stock Exchange Ltd. He was appointed as a Director on our Board in 06.07.2012.





Agartala Gas Turbine Plant, Agartala

## CHAIRMAN'S SPEECH



Dear Members,

It gives me great pleasure to welcome you all to the **36<sup>th</sup> Annual General Meeting** of your Corporation and present the Annual Report containing the Directors' Report, Account of the financial year 2011-12 (ending Mar'12) along with Auditors Report for consideration and adoption.

NEEPCO is committed to maintain a leading position in the development of Hydro as well as Thermal Power Projects in the NE Region. At present the Corporation is executing three numbers of Hydro Power Project & one Gas Based Power Station totalling to a capacity of **871 MW**. The investment approval of 46 MW AGTP Extension Project (CC) consisting of 2 units of Steam Turbine Generator has been accorded by the Govt. of India on 22<sup>nd</sup> July '2012.

I take this opportunity to briefly mention some of the highlights of the year 2011-12.

### GENERATION:

The Corporation has generated **4825 MU** of electricity against the MoU revised target of 4828 MU for the year 2011-12 from its seven operational plants with 26 Units in the Grid. The ever lowest rainfall in the catchment area of 405 MW Ranganadi H E Project since its Commissioning year of 2002, makes the plant to generate only 980 MU, which is 605 MU less than its design energy though NPAF of the plant was 94% and the machine availability was 96%. Apart from less generation from Ranganadi Plant, inadequate supply of gas to the Thermal Power Stations, particularly Assam Gas Based Power Project, has also contributed significantly for low generation. Despite serious hazard being faced by Kopili H E Plant from the acidic nature of water in its reservoir, 1185 MU of energy could be generated from the Plant during the year against MOU target of 1171 MU.

**PROFIT & DIVIDEND PAID:** Nevertheless, you will be happy to know that your Company has made a total income of **R1269.72 Crores**, out of which R1197.67 Crores from the sale of Power and R72.05 Crores from other income. This is almost at par with the previous year income of R1279.03 Crores, maintaining the consistency. The Corporation earned a **Profit Before Tax (PBT)** of **R264.28 Crores** and Profit After Tax (PAT) stood at R219.12 Crores. The PBT & PAT are less in comparison to the previous year mainly due to increase in the price of gas and O&M expenditure of the Plant and provision of an amount of R42.81 Crores against employees Pension Scheme. However, for last 9 (nine) years, the Corporation continues to maintain its profit figure above R200.00 Crores.

This year the Board has recommended a **dividend of R65.74 Crores** considered at 30% Profit After Tax, including R22.25 Crores of Interim Dividend paid as per policy decision of the Govt. of India.



### ON GOING PROJECTS:

#### 110 MW PARE H.E.PROJECT, ARUNACHAL PRADESH

The works of main civil Package (i.e. Package-I) of 110 MW Pare H E Project are in progress, but behind the MoU target mainly due to continued disruption in transportation of construction materials caused by extremely poor condition of the main approach road to the Project site, because of the ongoing works of the Trans-Arunachal Highway and adverse geological condition encountered in HRT Face-III. As far as Hydro Mechanical Package & Electro Mechanical Package are concerned, progress of work is behind the schedule as the same is related to the progress of main civil Package. Work Order for Transformer & Switchyard Package has also been placed and the work is in progress.

#### 60 MW TUIRIAL H.E.PROJECT, MIZORAM

After revival of 60 MW Tuirial H E Project in Mizoram on Jan '2011, persistent effort are being made with the Govt. of Mizoram to refurbish the deplorable condition of a stretch of about 19 Km of the approach road to the Project site. Poor condition of the Road posed as a severe hindrance for transportation of construction material particularly during monsoon period. However repairing work of this portion of road has been taken up by the Govt. of Mizoram and some improvement is expected shortly.

#### 101 MW TRIPURA GAS BASED PROJECT, TRIPURA

Though work order of EPC contract of 101 MW Tripura Gas Based Project was placed to M/s BHEL only in January, 11, NEEPCO as per the decision of the MOP and the Ministry of Heavy Industries has accepted M/s NBPPL, a JV of M/s BHEL & NTPC, as nominated sub-contractor of M/s BHEL on 26<sup>th</sup> May'2011 for BOP and Erection & Commissioning works. The works are progressing satisfactorily in most of the fronts except a few and it is expected that the Project would be commissioned by March'2013 as per schedule.



#### 600 MW KAMENG H E PROJECT, ARUNACHAL PRADESH

Although, the overall progress of work at 600 MW Kameng H E Project is not satisfactory, however work of Diversion Tunnel has been completed in Nov'2011. Out of 14.47 KM of HRT boring, 10.794 KM (74.56%) have been completed up to 31st March 2012. Another major activity viz. concreting of Bichom Dam shall be taken up shortly. The management is exploring all possibilities to sort out all the contractual issues which are adversely affecting the progress of work in various fronts since long, so as to ensure the commissioning of the project as per the proposed Revised Schedule of June'2016.

### NEW PROJECTS:

Dear members, I am glad to inform you that Govt. of India has accorded Investment Approval on 2<sup>nd</sup> July 2012 for execution of 46 MW **Agartala Gas Turbine Plant- Combine Cycle Extension Plant** by way of installation of 2 Units of 23 MW each steam turbine (AGTP-CC Extn) **Project** at an estimated cost of R 296.87 Crores including IDC of R 25.06 Crores at June, 2011 price level with debt equity ratio of 70:30. Finalization of the contract Packages is on the verge of completion.

Signing of long pending MOA with the Government of Meghalaya for Execution of 85 MW **Mawphu H E Project** took place on 20th April 2012 and at present S&I activities and activities like finalization of tender for preparation of DPR are in progress. However, Survey & investigation activities of 815 MW Lungreng HEP & 635 MW Chhimtuipui HEP in Mizoram could not be taken up as the required clearance from Ministry of External Affairs is awaited.

It's my pleasure to inform you that your company intends to venture for another renewable energy source, i.e. such as solar energy. In view of this, preparation of DPR for setting up of a **5 MW Solar PV Plant** at Monarchak,



Tripura has been completed. As per the DPR, the Solar Power Project using Polycrystalline technology is found to be feasible with an estimated cost of R 49.52 Crores. The process for obtaining 'No Objection' from the Tripura State Pollution Control Board has been initiated.

#### R & D AND CSR ACTIVITIES:

In pursuant to the Guidelines of Govt. of India for CPSEs to earmark a portion of the profit for Research & Development (R & D) and

Sustainable Development (SD), an R&D cell at NEEPCO started functioning w.e.f. April'2011. Further, as per the MoU for the year 2011-12, the 'Water Conservation Policy' for NEEPCO has been formulated and has been approved by the Board for implementation.

During the year 2011-12, the Corporation expensed a total of R **3.08 Crores under CSR CD activities**, particularly in the field of education, health, sports, infrastructure development and other community needs. Further your Corporation has been maintaining its sustained endeavour in terms of quality and maintenance of International Standards.

#### TRAINING AND DEVELOPMENT:

Your Company recognizes that its human resource is its biggest asset and efforts are being made to channelize the talent towards the overall objectives of the Company. During the year 2011-12 a total of 1164 numbers of employees of your Corporation (410 numbers in the Non-executive category and 754 numbers in Executives category) have been deputed for training, workshops, seminars etc. both in India & Abroad. This includes 14 numbers of executives nominated to attend overseas training programmes on Quality Management in Japan. I am proud to inform that your Corporation has 62 CIPM, 12 IPMA Level-D and 15 IPMA Level C **Certified Project Managers** honoured by International Management Associates, Zurich. Overall rating in HRD parameter in the MoU during the year of assessment was **Excellent**.

#### CORPORATE GOVERNANCE

Your Company has been complying with the requirements of the Guidelines on Corporate Governance. During the year, the Enterprise Risk Management Policy and the Fraud Policy were implemented. Necessary certification as regards the compliance of Corporate Governance Guidelines has been enclosed with the Directors' Report.

#### ACKNOWLEDGEMENTS

During the year 2011-12, your Corporation has received support and guidance from the Ministry of Power, Ministry of Finance, Ministry of DoNER, other Ministries of Govt. of India, Central Electricity Authority, Central Water Commission and other Departments of the Govt. of India, State Governments and other Departments of the North East States, Financial Institutions, Bank & Lending Agencies. I, on behalf of all of you take this opportunity to express Corporation's gratitude and appreciation for their invaluable support and contribution. I also like to place on record our sincere thanks to the Statutory Auditors of the Corporation, the Cost Auditors and Comptroller & Auditor General of India for their constructive suggestions.

Lastly I, on your behalf, would like to place on record the Corporation's appreciation for the sincere and devoted services rendered by all employees who made it possible for maintaining its excellent performance.

May I now request you to consider and adopt the Directors' Report, the Audited Accounts, the Reports of Auditors and Comments of the C&AG for the year ending 31<sup>st</sup> March, 2012.

Thanking you all,



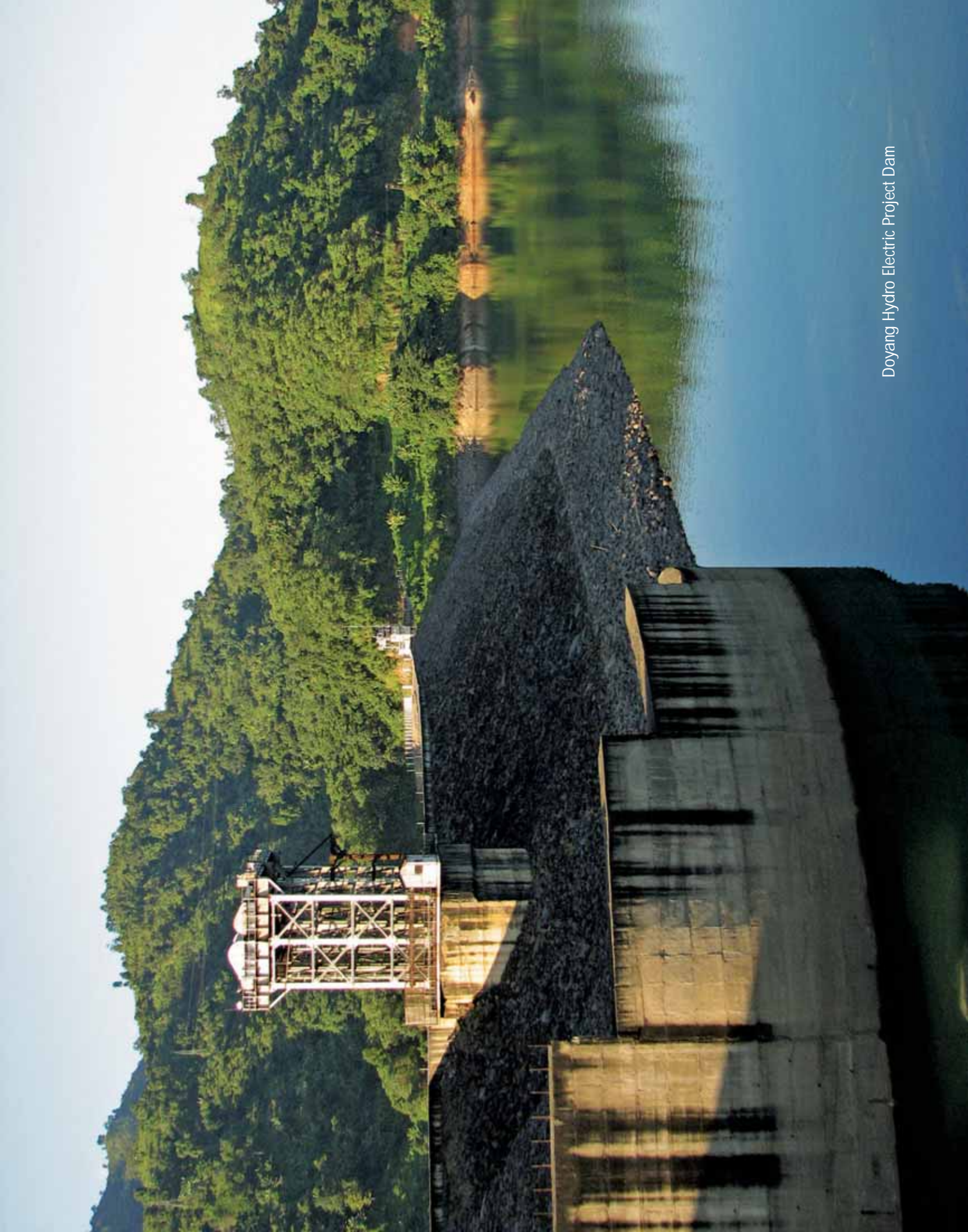
(P.C. Pankaj)

Chairman & Managing Director

Date: 28-08-2012

Place: Shillong





Doyang Hydro Electric Project Dam



## Directors' Report for the year 2011-12



Members of the Board, shareholders and Presidential Nominee at the 36th AGM

Dear Members,

On behalf of the Board of Directors it is my privilege to present the 36<sup>th</sup> Annual Report on the performance of your Corporation during the Financial year ended on 31<sup>st</sup> March 2012 along with the audited Statement of Accounts, Auditors Report and Review of the Accounts by the Comptroller & Auditor General India for the period

### FINANCIAL PERFORMANCE

The overall financial performance of the Corporation for the year under report has been very good. The Corporation has also maintained consistency in the operations during the year despite many constraints. The tariffs petition for all the power stations have been approved by CERC except for Doyang Hydro Electric Project, Nagaland and accordingly sale of energy from

these power stations have been accounted for. The tariff in respect of Doyang Hydro Electric Project, Nagaland has been calculated as per the Ministry of Power (MOP), Govt. of India (GOI) letter No:1/20/93-H.I dt.13.3.2009.

The Corporation achieved Gross Revenue of R1269.72 Crores in the year 2011-12 against previous year's figure of R 1279.03 Crore. The Corporation earned a profit before tax of R 264.28 Crore as against of R317.55 Crore of previous year and the profit after tax amounts to R 219.12 Crores against previous year's figure of R 263.57 Crore. The performance of the Corporation for the financial year ended 31<sup>st</sup> March 2012 is summarized below:



(R in Crore)

Items	2011-12	2010-11
Sale	1197.67	1198.28
Other Income	72.05	80.75
<b>Total Income</b>	<b>1269.72</b>	<b>1279.03</b>
Profit before depreciation, interest and tax	424.20	520.96
Depreciation	151.07	189.45
Profit after depreciation but before interest and tax	273.13	331.51
Interest and finance charges	8.85	13.96
Profit before tax but after depreciation and interest	264.28	317.55
Tax	45.16	53.99
<b>Profit after tax</b>	<b>219.12</b>	<b>263.56</b>
Surplus/deficit of P/L A/C of earlier year	0.85	0.40
Write back from Bond Redemption Reserve	12.55	35.00
Profit available for appropriation	232.52	298.96

Appropriation		
a) Interim Dividend	22.25	26.60
b) Proposed final dividend	43.49	52.47
c) Dividend Tax	10.46	12.90
d) Transfer to Bond Redemption Reserve	5.47	4.14
e) Transfer to General Reserve	150.00	202.00
Balance of Profit carried forward	0.85	0.85

## DIVIDEND

The Corporation has paid an interim dividend of R 22.25 Crore in February' 2012. Your Directors have recommended a final dividend of R 43.49 crores for the year 2011-12. The total dividend payout for the year amounts to R 65.74 Crore i.e. R 0.20 per equity share. The dividend pay-out represents 30% of Profit after Tax (PAT) as per the guidelines of the Ministry of Power, Government of India. The final dividend shall be paid subject to your approval in the Annual General Meeting.



Dividend cheque being handed over to the Hon'ble Minister of Power

## FINANCIAL REVIEW:

### A) CAPITAL STRUCTURE

The Authorised Share Capital of the Corporation as on 31.03.2012 stood at R 5000 Crore and the Paid up Capital including Pending allotment was R 3292.23 Crore (Previous year R 3277.76 Crore). During the financial year 2011-12 the Corporation has issued share certificate of R 60.30 crore to Government of India.

### B) BORROWINGS

The Corporation mobilised a loan of R 491.21 Crore including Subordinate loan of R 163.13 crore from Govt. of India during the year 2011-12.

### C) NET WORTH

The Net Worth of the Corporation excluding committed reserve as on 31<sup>st</sup> March, 2012 was R 4780.01 Crore against R 4619.14 Crore as on 31<sup>st</sup> March, 2011 representing a growth of 3.48 %.

### D) GROSS MARGIN

**The Gross Margin of the Corporation as on 31<sup>st</sup> March, 2012 was R 449.15 Crore against R 564.58 Crore as on 31<sup>st</sup> March, 2011.**



## E) COST AUDIT

The Central Government has approved the appointment of M/s A. C. Dutta & Co. Kolkata, as Cost Auditor of the Corporation for the financial year 2011-12. The Cost Accounting Records are being maintained by all the power stations as prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001. The Cost Audit for the year 2011-12 has since been completed and Report is under finalization.

## GENERATION

During the year, 4825 MU of power was generated, against the MOU Target (RE) of 4828 MU. Generation from thermal and hydro plants being 2431 MU and 2394 MU respectively. The achievement in generation with respect to the MOU target (RE) is 99.94%.

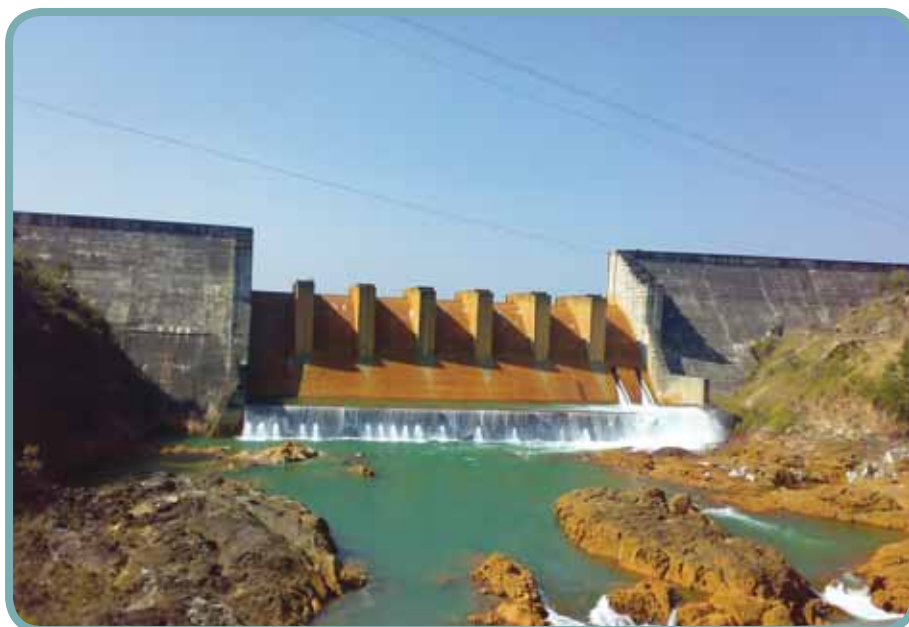
Power Station	Target (MU) w.r.t V-Good MOU rating	Actual Generation (MU)
<b>Hydro</b>		
Kopili H E Plant (275 MW)	1171	1185
Doyang H E Plant (75 MW)	227	229
Ranganadi H E Plant (405 MW)	1027	980
<b>Thermal</b>		
AGBP (291 MW)	1747	1765
AGTP (84 MW)	656	666
TOTAL (1130MW)	4828	4825

## HYDRO ELECTRIC PLANTS:

### A) Kopili Hydro Electric Plant (275 MW), Assam:

The Plant consists of three power stations namely, Kopili Power Station (4X50 MW), Khandong Power Station (2X25 MW) and Kopili Stage-II Power Station (1X25 MW). During the year, total generation from the plant was 1185 MU against a Design Energy of 1550.09 MU. The energy generated from the plant during the year 2011-12 is lower than the Design Energy mainly due to insufficient rainfall in the catchment area. The Plant could achieve 77% Plant Availability Factor against target of 70%.

The Renovation & Modernization (R&M) of the plant has also been taken up by the Corporation at an estimated cost of R 5022.65 Lakhs for execution under Phases I & II. The R&M works is planned for completion by March 2014.



A view of Kopili Hydro Electric Plant



A view of Ronganadi Hydro Electric Plant

### ***B) Doyang Hydro Electric Plant (75 MW), Nagaland:***

Doyang Hydro Electric Plant, with its Design Energy of 227.24 MU, could generate 229 MU during the year which is 100.77% of the Design Energy. The Plant could achieve 74% Plant Availability Factor against target of 73%.

### ***C) Ranganadi Hydro Electric Plant (405 MW), Arunachal Pradesh:***

Ranganadi Hydro Electric Plant, with its Design Energy of 1509.66 MU, could generate 980 MU during the year. The primary reason for lower generation is scanty rainfall in the catchment area. However, the Availability Factor of the Plant was 94% against the target of 85%.

## **THERMAL PLANTS:**

### ***A) Assam Gas Based Power Plant (291 MW), Assam:***

The generation during the year from the Plant was 1765 MU against target of 1747 MU with a Plant Load Factor of 69%. The Plant could able to achieve Plant Availability Factor of 70% against target Plant Availability Factor of 72%.

The Renovation and Modernization of the Plant has been initiated and the same shall be taken up during 12<sup>th</sup> Plan Period.

### ***B) Agartala Gas Turbine Plant (84 MW), Tripura:***

The Plant has achieved generation of 666 MU against the target of 656 MU during the year with PLF of 90%. The achieved Plant Availability Factor is 89% against target of 85%. The Plant could achieve highest ever generation in 2011-12 since inception.



CMD at Assam Gas Based Power Plant



## CONSTRUCTION PROJECTS

### HYDRO:

#### **A) Kameng H.E. Project (600 MW), Arunachal Pradesh:**

Considering the major changes of Design parameters and the technical problems faced in boring of HRT due to extremely poor geology coupled with loss of considerable working hours due to natural hindrances and contractual issues, commissioning of the Project has been reviewed and re-scheduled to June, 2016.

Major Blow outs and severe ingress of water during the Tunnel Boring have been encountered. Out of 14.47 KM tunnel length, 10.794 KM (74.56%) has been completed.

Boring of Surge Shaft including orifice and concrete lining of 61.20 M (87.43%) has been completed.

Progress in excavation works of Bichom & Tenga Dams are 96.59% and 75.06% respectively

Diversion tunnel works have been completed. 90.82% of underground boring of HPT, 81.57% of open excavation of surface Penstock and boring of Vertical Shaft has been completed.

Fabrication (41.60%) and erection of Steel Liner are also in progress. In respect of Power House excavation, 1078565 Cum (88.78%) has been excavated out of the estimated quantity of 1214865 Cum up to March 2012. Concreting works of the Power House is in progress (38.24% completed).

Expenditure incurred during the year is R 375.34 crores against budget provision (RE) of R 363.92 crores. Cumulative expenditures incurred is R 1800.28 crores.

Meanwhile, RCE of the Project at December 2011 Price Level has been submitted to CEA on 16.05.2012.

#### **B) Pare H.E. Project (110 MW), Arunachal Pradesh:**

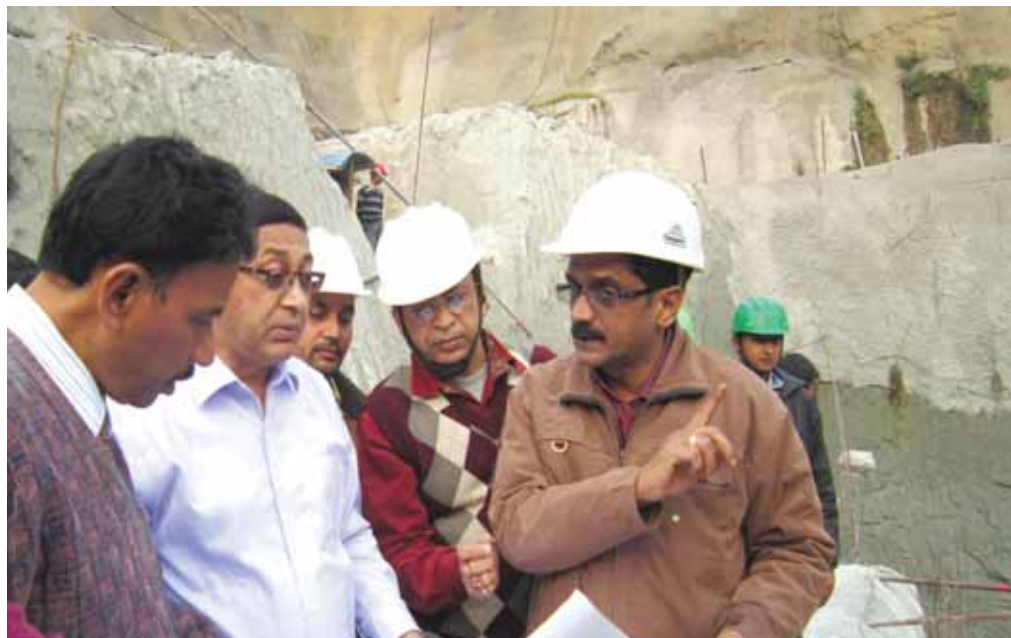
Due to initial delay in award of major packages, the project is now slated to be commissioned in August, 2013.

The boring of Diversion Tunnel has been completed. Presently Kerb concreting and Overt Lining of the Diversion Tunnel including the transition cut and cover portion is in progress.

In case of the Power House, 95.52% of open excavation has been completed and concreting works are in progress. Achievement in Boring of HRT and Pressure Shaft is 49.22 % & 91.65% respectively. Boring of 93.22% has been achieved in the Surge Shaft.

62.80% excavation of Dam has been achieved up to the end of the Financial Year.

Work orders for Hydro Mechanical Works and Electro Mechanical works have been issued. LOI for Transformer & Switchyard has also been placed. Works of the above packages including supply of materials besides installation of 1st Stage embedded parts, laying of



D (T) at Pare H.E. Project

Ground Mat in Service Bay including Unit I/II etc. are in progress.

Expenditure incurred during the year is R 131.74 crores against budget provision (RE) of R 126.98 crores. Cumulative expenditures incurred is R 310.6 crores.

### **C) Tuirial H.E. Project (60 MW), Mizoram:**

On sustained efforts, the project has been revived after a gap of almost 6(Six) years. The CCEA clearance of the project was accorded on 14th January, 2011. The schedule for completion is January, 2014.

Cumulative Progress of boring of Diversion Tunnel is 1381 RM out of total 1633 RM. 16% of Main Dam Excavation and 51% of Power House excavation has been completed. The Saddle Dam has already been completed.

Detailed Work Order for the Hydro-Mechanical Equipment was issued on 22nd September, 2011 and work is progressing well.

Electro-Mechanical works was placed with BHEL and on revival of the project the contract price was revised with amendment of the contract agreement on August, 2011 based on the decision of the Board.

Expenditure incurred during the year is R 61.21 crores against budget provision (RE) of R 63.54 crores. Cumulative expenditure incurred is R 301.15 crores.

## **THERMAL :**

### **A) Tripura Gas Based Power Project (101MW), Monarchak, Tripura.**

The project activities have been progressing satisfactorily taking into consideration of the commissioning schedule of July, 2013. The progress of Plant Civil works viz. piling and foundation has been achieved as per desired target.

Manufacturing of major plant equipments are nearing completion. Gas Turbine Unit has already been dispatched in May'2012. Contract for Transportation of over Dimensional Consignment has been awarded by BHEL, the EPC Contractor of the Project on 12.03.2012.

Letter of Intent for Raw Water System was placed in May, 2012.

Expenditure incurred during the year is R 95.56 crores against budget provision (RE) of R 95.37 crores. Cumulative expenditure incurred is R 158.06 crores.



Construction works in Tripura Gas Based Power Project

### **B) Agartala Gas Turbine Plant-Combined Cycle Extension Project (2 X 23MW), Tripura**

The Project proposal has been recommended by the Expenditure Finance Committee (EFC) in April'2012 and the investment approval from the Government of India has been received in July 2012. The Project is scheduled to be commissioned with 30 months i.e. December 2014.



## PIPELINE PROJECTS

The Tenders for EPC Contracts has since been finalized and works has been awarded.

SL. NO.	PROJECT	STATUS
<b>HYDRO</b>		
1	Mawphu H.E. Project, Stage-II (85 MW), Meghalaya	The MOA with the Government of Meghalaya for execution of the project was signed on 20th April, 2012. S&I for preparation of DPR have been initiated
2	Lungreng HEP (815 MW), Mizoram	The MOA with the State of Mizoram for survey and investigation and subsequent implementation on March, 2010. Clearance from Ministry of External Affairs is awaited to take up the Survey & Investigation Activities in the Trans-border area. Site office have been set-up at Lunglei In respect of Mat HEP, the State Government engaged CWC for updating the DPR of the project under NEC funding. As informed by CWC, the DPR is expected to be completed by March, 2013.
3	Chhimtuipei HEP (635 MW), Mizoram	
4	Mat HEP (76 MW), Mizoram	
5	Killing Hydro Electric project (240 MW), Assam/ Meghalaya.	The Project is located in the Assam- Meghalaya Border, The Karbi Anglong Autonomous Council, Diphu, Assam has issued "No Objection Certificate" for taking up detailed survey and investigation. A favourable decision from the Governments of Assam/ Meghalaya is awaited.
<b>THERMAL:</b>		
1	Garo Hills Thermal Power Project (500MW), Meghalaya:	MOA was signed with the Government of Meghalaya for execution of the 500 MW Garo Hills Thermal Power Project on 17.03.2011. The EOI for empanelment of Firms/Companies for identification, exploration, planning, development, O&M of coal mine blocks (s) at Garo Hills of Meghalaya and supply of coal to the project was invited in December, 2011, which is in the final stages of evaluation. Further, an EOI for empanelment of Land Owners of Coal Bearing Areas of Garo Hills District for leasing of land for coal mining activities for the project was floated in May, 2012.
2	Margherita Coal Based Thermal Power Project (250 MW), Assam.	The process for implementation of a 250MW Coal Based Power Project in Joint Venture Mode between Assam Power Generation Corporation Limited (APGCL) and NEEPCO was initiated during 2008-09, and a draft Joint Venture Agreement (JVA) with equity participation of 51% from NEEPCO and 49% from APGCL was finalized on 15.09.2008. The Government of Assam has been requested to accord clearance on the same for implementation of the project.

## RENEWABLE ENERGY

### Grid Interactive Solar Power Project (5 MW), at Tripura Gas Based Power Project site, Monarchak:

Solar energy is genesis for all forms of energy. Photo-voltaic (PV) route which converts solar energy in to electricity that can be used for a myriad purposes such as lighting, pumping and generation of electricity. With its pollution free nature, virtually inexhaustible supply and global distribution- solar energy is very attractive energy resource.

As part of the efforts to rapidly add solar generation capacity under the Jawaharlal Nehru National Solar Mission, the Corporation is also contemplated to set up solar based plant in vacant lands/Roof top in thermal and hydro plants. As a first venture, it is explored the possibilities of setting up of a solar plant in Tripura Gas Based Power Project site at Monarchak, Tripura. As per Feasibility studies carried out through consultant, a 5 MW Solar Photo-Voltaic (PV) Plant within TGBP site is envisaged and the Detailed Project Report has since been completed through the same consultant. The Project is expected to be completed within 12 months from the Investment Approval. The proposal for investment approval shall be placed shortly.

In addition, endeavour has been made to implement more Solar Power Plants in the existing Plant/project sites as well as other establishments.

## INFORMATION TECHNOLOGY



Information Technology is not only a strategic necessity but a major enabler of strategic competitiveness. With this in view, NEEPCO has constantly strived to introduce, upgrade and procure hardware and software technologies in all its functional areas with ultimate objective of having a totally networked Corporation with all Applications running on an effective online system.

Based on the functional requirement of NEEPCO, an IT road map has been prepared to provide the guidance on the most suitable hardware, network, software solutions, security,

backup and disaster recovery etc. A major application, namely MATFIN has been running across seven locations including the Corporate Office. The NEEPCO Wide Area Network is on VSAT catering to the need of both Data and Voice Connectivity. The internet facility has been extended to all remote locations over the VSAT link. A separate VSAT network has been established specially for the Video Conferencing System for the Construction Project Sites on 8 Mbps bandwidth and the network is expected to be commissioned soon.

A Web Based Project Monitoring solution has been implemented to display progress of construction projects. In the first phase Primavera Project Monitoring Software has been implemented in all the Construction Projects sites. Side by side a dashboard has been also developed to display the vital progress data and statistics of the Construction Projects. Besides the dashboard has the functionality to display real-time generation data of all O&M projects as well as single line diagram by capturing the live generation data through SCADA provided by the NLDC. Users located at various construction project sites remotely login to the Server installed at Shillong to update day to day data.

The order for the e-Procurement System has been placed and the implementation along with customization is going on. An IT Security manual is also in place in line with ISO 27001, besides having other security measures like Firewall, Intrusion Detection and Prevention, Antivirus, Anti-Spyware and Web- filtering.



## RESEARCH DEVELOPMENT AND SUSTAINABLE DEVELOPMENT

Research & Development Plan was prepared for the years 2011-12 and 2012-13. During the year 2011-12, the following R&D activities have been taken up:

- To develop technology to handle acidity problem in reservoirs.
- To develop future R&D plans of NEEPCO.
- To develop technology to reduce specific gas consumption in Thermal Plant.

As part of Sustainable development activity for the year, a Water Conservation Policy for NEEPCO has been implemented. The following activities were taken up during the year :

- Bio Diversity (Adoption and maintenance of Green Parks and Planting of Saplings)
- Energy Audit for 3 Power Stations of Kopili H.E. Plant (Kopili - 1st Stage, Kopili - 2nd Stage, Khandong Power Stations).
- Adoption of Energy Conservation Building Code at Tripura Gas Based Power Plant.
- Waste management (Industrial and Domestic Waste).



## MANPOWER REPORT:

The gender & category wise abstract of regular manpower of the Corporation as on 31.03.2012 is shown below

Regular	Male	Female	Gen	ST	SC	OBC	PH	ESM
2837	2513	324	1500	731	195	411	32	10

## USE OF HINDI:

The Corporation is making all out efforts to implement effectively the Official Language Policy of the Government of India at its Corporate Office as well as Projects and other offices. Efforts were made to issue papers referred to in Section 3 (3) of the Official Language Act in bilingual. A Centre of Hindi Training is functioning at Corporate office, Shillong conducting regular classes of Prabodh, Praveen and Pragma courses. During the year 61 employees were nominated for Hindi Language Training under regular course and 103 employees posted at project sites were nominated for Correspondence course. The contact programme was organized under Hindi Teaching Scheme at project office to provide guidance to the employees attending Hindi Training. Cash Awards were given to the employees for passing Hindi examinations as per eligibility. To facilitate the employees for doing their official work in Hindi, 06 (six) Hindi workshops were organized and 108 officers & employees were trained in the workshops. Training materials were provided to the employees during the Workshop. In the House Journal - 'NEEPCO NEWS' valuable information relating to use of Hindi were provided for the guidance of the employees. NEEPCO website is also available in Hindi.

It is also to be mentioned here that the New Delhi office of the Corporation has been notified under sub-rule (4) of rule 10 of the Official Languages Act, 1976 by the Ministry of Power, Govt. of India, New Delhi. At present 80% employees at Delhi has the working knowledge of Hindi.

Rajbhasha (Hindi) Pakhwara was observed and "Hindi Divas" was celebrated at the corporate office as well as in the projects and other offices of the Corporation during the year to create awareness and to encourage the employees for doing their official works in Hindi. Various competitions were conducted in Hindi and attractive prizes were awarded to the participants.



An exhibition on Hindi Rajbhasha day

Hindi pataka "NEEPCO JYOTI" was published from Corporate HQ, **PANYOR PRAVAH** was published by project office on the occasion. An exhibition was also organized at Corporate office where the achievements made in the use of Official Language Hindi in the Corporation were displayed.

Rajbhasha (Hindi) Pustakalaya has been functioning at Corporate Office, Shillong which was further enriched with valuable books. Dictionaries, Glossaries and other reference books are also available for the use of the employees. Hindi News Papers and periodicals are available in the Pustakalaya. In sub-ordinate offices also reference books in Hindi were made available for the use of the employees.

Since installation of Hindi Software in Corporate office as well as other offices, a remarkable progress has been made in the use of Hindi in official works.

#### CORPORATE SOCIAL RESPONSIBILITY-COMMUNITY DEVELOPMENT:

Corporate Social responsibility (CSR) agenda of a corporation is reflective of its social conscience and commitment to the community and society at large within which it operates. Therefore, the Corporation has always given top priority towards all-round development of the people residing in and around its operational areas. As a responsible corporate citizen, NEEPCO has been undertaking various community development activities particularly in the field of education, health, sports, infrastructure development and other community needs etc.

As part of its Corporate Social Responsibility (CSR) efforts, NEEPCO has undertaken the following community development activities in and around its operational areas for the benefit of the local people:



A skill up-gradation programme of handloom weavers underway at KPC, Kimi.

1. Upgradation/improvement of Schools
2. Books grants to Universities in NER
3. Scholarship to economically backward students in and around project areas
4. Improvement of Primary Health Centers
5. Organizing medical check-up and Health awareness Camp particularly for women, children, disabled and aged persons.



6. Medical Equipments to medical Colleges in NER.
7. Infrastructure Development of nearby villages of Operating Stations Viz- Development of Roads, providing Potable Water, Extending Electricity etc.
5. To up-grade Sports Academy of NER for promotion of Sports Talent.

During the last financial year (2011-12), a total sum of R3.08 Crore only has been spent on the above CSR-CD activities.

#### RULES & POLICIES:

The policy for presenting a memento in the form of a 24 carat, 99.9% pure round gold coin weighing 5 gms to the employees retiring from the services of the Corporation on attaining the age of superannuation was approved by the Board of Directors.



D (P) is presenting gold coin

#### WELFARE ACTIVITIES:



Free medical camp at RHEP

The Corporation has well equipped hospitals/dispensaries at its various project sites manned by qualified medical and para-medical personnel. As a social welfare measure, these hospitals/dispensaries provide free treatment to the people of the neighboring villages. In addition to the Corporations hospitals/dispensaries, several hospitals are approved/empanelled all over the country for the treatment of employees and their dependant family members.

#### EDUCATION:

The Corporation continued to provide schooling facilities at Project sites as a Welfare measure for children and

sites where no schooling facility is available near. In addition to the children and wards of NEEPCO employees, a good number of children of neighbouring localities are also admitted to the schools.

The Vivekananda Kendra Shiksha Vibhag is nodal agency for managing the Corporat schools. These are English medium schools of good academic standard affiliated to Central Board of Secondary Education. In addition, a few kindergarten schools are also functioning in some Project sites.



Children of VKV RHEP Performing

### PUBLIC RELATIONS:

The Public Relations Wing of NEEPCO continued its sustained efforts to work towards improvement of communications with the public so that NEEPCO's mission and vision are known and appreciated. The Wing continued to publish the Corporation's quarterly in-house journal "NEEPCONews" and other publications as required from time to time. It also worked to effectively project the image of the Corporation through print and electronic media.



Cultural dance at the CCMP of the Ministry of Power meet in Shillong.

### HEALTH & WELLNESS:

Health & Wellness Program which translates into fewer injuries, less human error, and, a more harmonious office environment with improved productivity was adopted and in line with the "Fitness Centre" at Corporate Office, similar facilities are being extended to the projects and establishments of the Corporation.

### SPORTS ACTIVITIES:

During the year 2011-2012, a lot of sporting activities were held in the Power Sector under the aegis of Power Sports Control Board.

NEEPCO participated in the 15<sup>th</sup> Inter CPSE Badminton Tournament held at Lucknow w.e.f. 27<sup>th</sup> to 29<sup>th</sup> of April, 2011 organised by PGCI.

NEEPCO also participated in the Inter CPSE Carrom Tournament held at New Delhi w.e.f. 22<sup>nd</sup> to 25<sup>th</sup> of November, 2011 organised by REC.



Inauguration of CPSE Badminton Tournament

Further, NEEPCO participated in the Inter CPSE Cricket Tournament held at Chandigarh w.e.f. 23<sup>rd</sup> to 27<sup>th</sup> February 2012 organised by BBMB.



### INDUSTRIAL RELATIONS:

Industrial relations in NEEPCO had remained harmonious through-out the year. No man-days were lost in NEEPCO on account of any industrial disputes. Regular meetings were convened between the Management and representatives of the Trade Unions and Associations to discuss various issues across the table and resolved amicably for greater interest of the Corporation.

In terms of the DPE OM Dtd. 26.11.2008 concerning revision of pay scales on IDA pay pattern, the Performance

Related Pay (PRP) for the year 2008-09 were released to the Executives vide O/o No. 57 dated 08.12.2011 and to the Supervisor and Workmen vide O/o No. 55 dated 08.12.2011.



D (F) at CPF meeting

### HUMAN RESOURCE DEVELOPMENT:



Workshop for Finance Personnel organised at HRD Centre, Corporate Office

Human Resource Development is considered critical in developing and sustaining workforce competencies which is the life line for sustenance of company's growth and developing a competitive edge in today's corporate world. It has been our endeavor to develop our employees through various HRD interventions.

During the year 2011-12, a total of 1164 employees covering a 14650 man days of training were given to enhance competency levels in their job besides enabling them to sharpen their skills and broaden their knowledge in work life sphere through various in-house programmes organised at HRD Centre & project sites, external programmes organised by various reputed training agencies in the country.

Various in-house training programmes are organized in HRD Centre, Corporate Office, Shillong as well as at Projects Sites. Some of the programmes were on Self Perfection for Work Excellence on various behavioral issues in work and personal life, Refresher programmes on Acts & Rules applicable to the organisation, Team building, Leadership Development, International Financial Reporting Standards, Dam Construction & Safety, Contract Management, Work-Life Balance through Yoga Classes, Training on IT applications like JAVA, Project Monitoring Tool with Primavera Primavera etc. 25 selected employees had undergone 6 months

training course for Mechanical Operator at ITI, Guwahati with a plan to re-master them after completion of the programme. During the year, a total of 14 executives were nominated to attain overseas training programmes on Quality Management in Japan, to witness factory acceptance test of turbines of PareHEP in Austria, for AGTPP at Bahrain & France

Internationally recognized Internet based online Certification course on Project Management are also provided to our executives to master them on Project Management skills on all stages of Project Management. We are proud to say that we have so far 62 CIPM , 14 IPMA Level-D and **15 IPMA Level C certified project managers** honored by International Project Management Associates, Zurich out of a total of only 90 IPMA Level C certified project managers in India. Overall rating in HRD parameter in the MoU with MoP during year is **Excellent**.

As a part of initiative taken up by the Ministry of Power towards building up of trained manpower by adopting ITI under the **“Adopt an ITI Scheme”**, the department contributed to further develop the adopted ITIs at Haflong in N.C.Hills, Assam; Dirang Valley of West Kameng District; Yupia, Papumpare District of Arunachal Pradesh through public Private Partnership (PPP) mode. The HRD Department also imparted in-house industrial trainings to students undergoing courses like MBA, MCA, B-Tech, Diploma Engineers, BBA, BCA, ITI Students etc.

### NEEPCO VIGILANCE ACTIVITIES :-

During the year, NEEPCO Vigilance Department dealt with various facets of Vigilance Mechanism under the directives and guidelines issued from the Central Vigilance Commission (CVC) from time to time. For exclusive and independent functioning of Vigilance department, NEEPCO ensured transparency, objectivity and



A Public Run on Vigilance Awareness week

quality in vigilance functioning. Complaints received from various sources other than anonymous/pseudonymous were taken up for prompt investigation and the same have been disposed off in accordance with the time frame prescribed by the CVC. As on 1<sup>st</sup> April, 2011, 9 (nine) complaints were pending. During that period, 5 (five) new complaints have been added which have also been investigated and out of these, 7 (seven) complaints have already been disposed off. As on 31.03.2012 there were 7 (seven) complaints pending for finalization. Emphasis was given to the aspect of preventive vigilance to streamline the rules and procedures and making all efforts to arrest the loopholes detected during investigation of various cases.

During the year, an amount of R.46,86,672.00 has been recovered from the Contractor during this period against lapses found after detailed verification/inquiry by Vigilance Department.

The observations raised from Chief Technical Examiner's organization of CVC in their intensive examination report carried out against a work of a particular project of this Corporation have already been taken up with the concerned authority and on receipt, the same



is being furnished to CVC on scrutiny in Vigilance Department.

In order to improve system and procedure as regards to processing of tender of works and procurement etc, a number of suggestions have been forwarded to Management. The Board of Directors has modified the clause of 20 (3) in the NEEPCO Conduct Discipline & Appeal Rules as per recommendation of Vigilance Department as regards the Moveable Property Return, thereby every employee shall have to report for every transaction concerning movable property exceeds R 20,000/- in case of board level, below board level executives and non-unionized supervisor staff & R15,000/- in case of Group-D staff. As a part of system improvement against Transfer of Technology (TOT) programme, the NEEPCO Vigilance Department proposed some modifications in NEEPCO Foreign Travel Rules which were appreciated by the Ministry of Power, Govt. of India and requested all the PSUs/attached offices under the administrative control of MoP to consider similar guidelines for formulation. The aforesaid request has also been forwarded to the Management for implementation. During this period 54 (fifty four) nos. of inspections have been conducted at different plants/projects by site vigilance officials as well as by vigilance officials of the HQ including CVO. Regarding improving vigilance administration by leveraging technology, steps have been taken towards implementation of e-procurement, e-payment, registering online vigilance complaints etc. The Vigilance Department has uploaded the Annual Immovable Property Returns (AIPRs) of all Executives in the NEEPCO's Web site.

All the important CVC circulars and OMs issued during this period have also been circulated to all concern with a view to improve overall system in the Corporation.

1347 nos. of Annual Property Returns (APRs) of the employees have been scrutinized during the period from 01.04.2011 to 31.03.2012. Vigilance clearances against officials required for various purposes like DPC, promotion regularization, foreign visit, out-side employment, retirement, resignation, foreign training, deputation to other organization, release of terminal benefit etc. were given as and when sought for.

A non-residential Workshop titled "Preventive Vigilance, Investigation, Departmental Enquiry and Law of Termination" was attended by 3(three) Officers from Vigilance Department from 13.02.2012 to 15.02.2012 in New-Delhi organized by Industrial Management Academy, New-Delhi. 2 (two) Vigilance Officers have also attended a non-residential seminar titled "Vigilance & Ethics in Public Procurement" from 23.02.2012 to 24.02.2012 in New-Delhi organized by Indian Railways Institute of Logistics & Material Management, New-Delhi.

The CVO has attended various meetings during the period under report as convened by the Central Vigilance Commission (CVC) and the Ministry of Power (MoP) on the agenda framed by them and subsequently follow-up action has been taken based on drawn Minutes of the meetings. 2 (two) Vigilance review meetings were also held at Corporate HQ, Shillong on 09.09.2011 and on 30.11.2011 with in-charges of all Projects/Plants Vigilance Department.

The "Vigilance Awareness Week" was observed in the Corporation w.e.f. 31.10.2011 to 05.11.2011. Besides taking "Pledge" a seminar on the topics "Corruption and its Social Impacts with Specific Reference to North East India" was organized on 31.10.2011 where Shri Toki Blah, IAS (Retd.) and Shri A. N. Rai, Vice-Cancellor, North-Eastern Hill University, Shillong were Guests Speakers. A "Vigilance Awareness Run" was also organized on 02.11.2011. Hon'ble Dy. Chief Minister of Meghalaya Shri B. M. Lanong flagged off the Run in presence of CMD and all functional Directors. A large number of participants took part in the said run both from inside and outside of the Corporation.

## CORPORATE GOVERNANCE

The Corporation is an unlisted Company with 100% shares held in the name of the President of India. The Corporation firmly believes in the importance of good Corporate Governance in the conduct of its affairs. It stresses in increasing efficiency along with adequate control systems in its operations. An Audit Committee regularly reviews all financial statements before placing to the Board. The Annual Report along with various other communications is hosted on the website for information of the public at large. A separate statement on Corporate governance is produced as a part of this Report as **Annex I** and the Management Discussion and Analyses Report as **Annexure II** of this Report. Certificate on Corporate Governance from the Statutory Auditors is enclosed at **Annex III**.

## AUDIT COMMITTEE

The Audit Committee regularly reviews all financial statements before placing before the Board of Directors. Meetings with the Statutory Auditors and Internal Auditors are regularly held to ensure adequacy of audit and internal control systems. Details regarding the Audit Committee from part of the Report of Corporate Governance annexed to this Report.

## AUDITORS REPORT

M/s NUNDI AND ASSOCIATES, Chartered Accountants, Kolkata were appointed as Statutory Auditors for the year 2011-12. The report of the Statutory Auditors and comments of the Comptroller & Auditor General of India on the Accounts in terms of Sec.619(4) of the Companies act, 1956 are furnished in **Annex IV & V**. There is neither any qualification made by Statutory Auditors in their Report nor any comments of C&AG on the Accounts of the Corporation.

## DIRECTORS RESPONSIBILITY STATEMENT

The Directors certify the followings:-

- In the preparation of the Annual Accounts, the mandatory accounting standards have been followed.
- The Accounting Policies adopted are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss of the Corporation for the period.
- Adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other have been maintained.
- Annual accounts have been prepared on a going concern basis.

## DIRECTORS

Since the last report, Shri Sudhir Kumar ceased to be part time Director of NEEPCO. The Board of Directors places on record its deep appreciation for the valuable services rendered by the director.

Also, 5 (five) Part-time Directors, including four Independent Directors were appointed to the Board since the last Report:

- Shri G.Sai Prasad, Joint Secretary (Hydro) appointed as a part -time Director w.e.f. 16.12.2011
- Shri Ardhendu Sen, appointed as Independent Director w.e.f. 06.07.2012
- Shri Arun Datta, appointed as Independent Director w.e.f. 06.07.2012



Sudhir Kumar outgoing part time Director, NEEPCO, given a warm farewell by CMD



4. Shri Santosh Saraf, appointed as Independent Director w.e.f. 06.07.2012
5. Shri Shantikam Hazarika, appointed as Independent Director w.e.f. 06.07.2012

## CONSERVATION OF ENERGY



Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Director's) Rules 1988 and forming part of the Director's Report regarding Conservation of Energy/ Technology Absorption and Foreign Exchange earnings and outgo during the Financial year 2011-12 is enclosed in **Annex-VI**.

## ACKNOWLEDGEMENT

The Directors are grateful to the various Ministries and Departments of the Government of India particularly the ministry of Power, Ministry of Home Affairs, Ministry of Finance, Ministry of Environment and Forest, Planning Commission, Ministry of DoNER, Department of Public Enterprises, North Eastern Council, Central Electricity Authority, Central Water Commission, Central Electricity Regulatory Commission, Central Soil and Material Research Station, Geological Survey of India, Survey of India and North Eastern Regional power Committee for their continued cooperation and assistance.

The Directors express their sincere gratitude to the State Government of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura for the cooperation and help extended by them. The Directors further expressed their appreciation to the state Government who had made all payment against their current dues during the period 2011-12.

The Directors are also grateful to the Banks, the Statutory Auditors, the Cost Auditors, the Commercial Audit Wing of the Comptroller and Auditor General of India and the Registrar of Companies.

Last but not the least, the Directors wish to place on record their appreciation of the dedicated efforts made by all section of employees of the Corporation to achieve the goal of the Corporation.

For and on behalf of the Board of Directors



**Date: 28-08-2012**  
**Place: Shillong**

**(P.C. Pankaj)**  
Chairman & Managing Director

## ANNEXURE –I

### REPORT OF CORPORATE GOVERNANCE

Corporate Governance deals with laws, practices and implicit rules that determine a company's ability to take informed managerial decision vis-a-vis its Stakeholders – in particular, its shareholders, creditors, customers, the State and employees. NEEPCO management tries to act in the best interest of all its stakeholders at all times and has adopted good Corporate Governance practices to benefit the greatest number of Stakeholders.

#### PHILOSOPHY ON CODE OF GOVERNANCE

- (i) To have adequate control system in operation and provide information to the Board on a timely basis in a transparent manner so as to enable the Board to monitor the performance and ensure accountability of the Management.
- (ii) To increase the efficiency of Business Enterprise for creation of wealth of the Enterprise and Country as a whole.
- (iii) To ensure that Employees and Board subscribe to the Corporate values and apply them in their conduct.

#### 1. COMPOSITION OF BOARD AND PARTICULARS OF DIRECTORS:

##### (I) Composition of Board:

The Board of Directors of the Company ("the Board") consists of 14 (Fourteen) Directors, including 4 (four) whole-time Directors, 1 (one) Government part-time Director representing the Government of India, 5 (five) Government part-time Directors representing the Governments of the North Eastern States and 4 (four) Independent Directors.

The Composition of the Board and the number of other Directorship and Committee positions held by the Directors as on date of the Report is as under:

#### FUNCTIONAL DIRECTORS

Name	Executive/ Non-executive/ Independent	Other Position	Committee	Other Directorship held
Shri P. C. Pankaj DIN NO: 03640772	Chairman & Managing Director	Chairman	Committee of Directors	Nil
Shri A.G. West Kharkongor DIN NO: 03264625	Director (Finance)	Member	Committee of Directors	Nil
Shri I.P. Barooah DIN NO: 00740146	Director (Personnel)	Member	Remuneration Committee	Nil
Shri U. Moral DIN NO: 03434273	Director (Technical)	Member	Audit Committee of Directors	Nil



**DIRECTORS FROM MOP**

Name	Executive/ Non-executive/ Independent	Other Committee Position in NEEPCO		Other Directorship held
		Chairman	Member	
Shri G. Sai Prasad, DIN NO: 00325308	Part-time Director from MOP	Nil	Nil	NHPC,SJVNL,THDC,NHDC ,BBMB

**DIRECTORS FROM N.E STATES**

Name	Executive/ Non-executive/ Independent	Other Committee Position		Other Directorship held
Shri B.K.Dev Varma, DIN NO: 00465688	Part-time Director Govt. of Meghalaya	Nil	Nil	Nil
Shri T.P.Khaund, DIN NO: 03547418	Part-time Director Govt. of Mizoram	Nil	Nil	Nil
(*) Shri R.B.Thong, DIN NO: 02242211	Part-time Director Govt. of Nagaland	Nil	Nil	Nil
(*) Shri Sumeet Jerath DIN NO: 02979835	Part –time Director, Govt. of Assam	Nil	Nil	Nil
(*) Shri T.Norbu, DIN NO: 01718876	Part-time Director Govt. of Arunachal Pradesh	Nil	Nil	Nil

(\*) The respective State Governments have nominated Officials replacing these Directors. Appointment of new incumbents under process.

**INDEPENDENT DIRECTORS**

Name	Executive/ Non-executive/ Independent	Other Committee Position in NEEPCO		Other Directorship held
		Chairman	Member	
Shri Shantikam Hazarika DIN NO: 00523656	Non-official Part-time Director		Audit Comm. Comm. of Directors	NHPC, Amtron Ltd, GSE, BBCI
Shri Ardhendu Sen DIN NO: 00297393	Non-official Part-time Director	Remuneration Comm.	Audit Comm.	NTPC-BHEL, WBHIDCO, WBPDCCL
Shri Santosh Saraf DIN NO: 00073618	Non-official Part-time Director	Audit Comm.	Remuneration Comm.	PGCIL,PSOCL
Shri Arun Datta DIN NO: 00180069	Non-official Part-time Director		Remuneration Comm.	Indian Cement Ltd,Trinetra Cement Ltd, EMC Ltd, Tide Water Oil Co (I) Ltd.

## (ii) Non-Executive Director's Compensation & Disclosures:

The Company pays sitting fee to Non-Executive Independent Director.

## (iii) Board Meetings, Committee Meetings & Procedures:

- Minimum four Board Meetings are held in each year. Apart from the four scheduled Board Meetings, additional Board Meeting can be convened by giving appropriate notice. In case of business exigencies or urgency of matters, resolution is passed by circulation.
- The Board of Directors is given presentation covering Project Implementation and operations of the Company at each Board Meeting. The information is being placed before the Board in accordance to DPE guidelines.
- 5 (five) meetings of the Board of the Company were held during the year under review. The Company has held at-least one Board Meeting in each quarter. The details of the Board meetings are as under:

Sl. No	Board Meeting No	Date	Board Strength	No. of Directors present
1.	181 <sup>st</sup> Board Meeting	20.05.2011	8	5
2.	182 <sup>nd</sup> Board Meeting	21.06.2011	9	5
3.	183 <sup>rd</sup> Board Meeting	14.09.2011	8	6
4.	184 <sup>th</sup> Board Meeting	29.11.2011	8	5
5.	185 <sup>th</sup> Board Meeting	02.03.2012	7	5

Attendance of Directors in the Board Meeting and Annual General Meeting during the year under review is as under:

Name of the Directors & Category of Director	Attendance of Meetings during 2011 – 12		
	Board Meeting held during tenure	Board Meeting attended	Last AGM
Shri P.C.Pankaj	4	4	Present
Shri I.P. Barooah	5	5	Present
Shri A.G.West Kharkongor	5	5	Present
Shri U.Moral	5	5	Present
Shri Sudhir Kumar	3	1	Present
Shri G.Sai Prasad	2	1	Absent
Shri T. Norbu	5	Nil	Absent
Shri B.K.Dev Varma	5	1	Absent
Shri T.P. Khaund	5	4	Present
Shri R.B.Thong	5	Nil	Absent
Shri Sumeet Jerath	5	2	Present



- d. The Board of Directors reviewed from time to time the Legal Compliance Report presented by the Company Secretary.

## 2. Code of Conduct:

The Company is committed to conducting business in accordance with the highest standard of business ethics and complying with applicable laws, rules and regulations.

## 3. Risk Management Policy:

The Board of Director in its 175<sup>th</sup> Board Meeting approved the Risk Management Policy. Risk Management Policy was implemented in the year 2011-12".

## 4. Training of Board Members:

The Board members are provided necessary documents / brochures, reports and internal policies to enable them to familiarize with company's procedure and practice.

## 5. Audit Committee

The Audit Committee was constituted in the year 2001. Audit Committee was re-constituted with the following three Non executive Directors on 05.04.2011:

- |      |                       |   |
|------|-----------------------|---|
| i)   | Shri B .K. Dev Varma, | Official part-time Director, Chairman . |
| ii)  | Shri Sumeet Jerath    | Official part-time Director, Member.    |
| iii) | Shri Utpal Moral      | Director (Technical), NEPCO, Member     |

The Committee met 4 (four) times during the year. The meetings were also attended by Director (Finance), Head of the Internal Audit and Statutory Auditotrs as Special Invitees. The Company Secretary acts as the Secretary to the Committee.

Sl No	Date	Committee Strength	No. of Members Present
1.	14.06.2011	3	2
2.	26.08.2011	3	2
3.	10.01.2012	3	2
4.	19.01.2012	3	2

With the appointment of 4(four) Independent Directors on 06.07.2012, the Audit Committee was reconstituted on 28.07.2012 with the following as members:

- |    |   |   |          |
|----|---|---|----------|
| 1. | Shri Santosh Saraf, Independent Director      | : | Chairman |
| 2. | Shri Shantikam Hazarika, Independent Director | : | Member   |
| 3. | Shri Ardhendu Sen, Independent Director       | : | Member   |
| 4. | Shri Utpal Moral, Director (Technical)        | : | Member   |

The minutes of the Audit Committee were placed before the Board for information. The terms of reference of the Committee is as under:-

- i). Review of the Corporation's financial reporting process and the disclosures made in its financial reports to ensure that the financial statements are sufficient, correct and credible.
- ii) Review of the half-yearly and annual financial statements before submission to the Board, focusing primarily on the following:
  - Any change in accounting policies and practices
  - Major accounting entries based on exercise of judgment by management.
  - Qualification in draft audit report.
  - Compliance of all legal requirements concerning financial statements.
- iii) Review of the adequacy of internal control systems.
- iv) Review the adequacy of internal audit function, including the structure of the internal audit department, staffing of the department, reporting structure, coverage and frequency of internal audit.
- v) Recommend fixation of audit fee and also approval of payment for any other services of external auditors in accordance with Sec 224(8)(aa), as amended by the Companies (Amendment) Act, 2000.
- v(i) Appointment and fixing of remuneration of Cost Auditors in terms of Section 233B of the Companies Act.
- vi) Discuss with internal auditors on any significant findings and follow up thereon.
- vii) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- viii) Discuss with external auditor before the audit commences regarding nature and scope of audit and have post-audit discussions to ascertain any area of concern.
- ix) Review the company's financial and risk management policies.
- (x) Review contracts awarded on nomination / offer basis in terms of guidelines issued by the CVC / DPE/ other authorities, from time to time.

## 6. DIRECTORS REMUNERATION

Our company being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. Hence, the Board does not decide remuneration of the Directors. Independent Directors are paid only sitting fees at rate fixed by the Board for attending the Board Meetings as well as Committee Meetings.



Details of remuneration of Functional Directors of the Company during the year 2011-12 are given below:

### Director's Remuneration for the FY 2011-12

Amount in R

Directors	Designation	Salary	Benefits	PRP	Total
Shri P.C. Pankaj	Chairman & Managing Director	1849534	226807		2076341
Shri I.P. Barooah	Director (Personnel)	3407631	449490		3857121
Shri A.G. West Kharkongor	Director (Finance)	2236740	437506	169631	2843877
Shri U. Moral	Director (Technical)	2103583	312656	164390	2580629
Shri. V K Abbey	EX CMD	446599	324540	877500	1648639
Shri M R Ghosh	EX- D(F)	477784	18882	562341	1059007
Shri N Bhattacharjee	EX- D(T)	1056333	152428	247769	1456530
<b>Total</b>		<b>11578204</b>	<b>1922309</b>	<b>2021631</b>	<b>15522144</b>

## 7. DISCLOSURES:

There were no transactions of material nature with the promoters or Directors or the Management etc, which have potential conflict with the interest of the Company at large. The details of the Related Party Disclosure are included in notes forming part of the Accounts as per Accounting Standard- 18 issued by the Institute of Chartered Accountants of India. The Company has been particular in adhering to the provisions of the laws and guidelines of regulatory authorities.

## 9. GENERAL BODY MEETING

The date, time and location where the last three Annual General Meeting were held are as under:

Financial Year	Date	Time	Location
2008-09	10.07.2009	5.00 P.M	New Delhi
2009-10	07.09.2010	5.00 P.M	New Delhi
2010-11	14.09.2011	5.00 P.M	Shillong.

## 10. SHAREHOLDERS INFORMATION:

NEEPCO is a Wholly Owned Government of India Enterprise and the President of India and its nominees hold 100% (Hundred Percent) equity shares of the Company. Therefore, no pattern of distribution of shareholdings is given.

For and on behalf of the Board of Directors



(P.C. Pankaj)

Chairman & Managing Director

Date: 28-08-2012

Place: Shillong







**ANNEXURE –II****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry Structure and Developments:**

India is the fourth largest consumer of energy in the world after USA, China and Russia. India's energy-mix comprises both non-renewable (coal, lignite, petroleum and natural gas) and renewable energy sources (wind, solar, small hydro, biomass, cogeneration, biogases etc.). The major portion of this energy is met from electricity produced from various sources such as Hydro, Thermal, Nuclear and other Non-Conventional sources such as Solar/Wind/Waste Incineration etc. Growth in production of electricity has led to its extensive use in all the sectors of the economy. Over the years the installed capacity of Power Plants in India has increased to 1,99,877 MW at the end of 11<sup>th</sup> plan from a meagre 1713 MW in 1950. Similarly, the electricity generation increased from about 5.1 Billion KWH to 789 Billion KWH in 2010-11. The per capita consumption of electricity in the country also increased from 15 KWH in 1950 to about 814 KWH in 2011. Although a target of 78700 MW was set for capacity addition during the 11th FY Plan, the actual achievement was 67,548 MW. By the year 2021-22, electrical energy requirement in India is expected to touch 1872517 GWh with the peak demand touching 271795 MW. The total installed capacity of the North Eastern region is only 2454.94 MW as on 31.03.2012, which is only 1.2% of the all India installed Capacity

NEEPCO on its part, made a modest beginning with the 50 MW Khandong Power Station which was commissioned in 1984 as a part of the 275 MW integrated Kopili H.E Power Station. Today, NEEPCO operates five hydro and two thermal power stations spread over the North Eastern Region of India with a total installed capacity of 1130 MW, out of which 755 MW is in Hydro and 375 MW in Thermal sectors.

NEEPCO presently caters to around 50% of the energy requirements of the Region. Another 917 MW is likely to be added during the 12<sup>th</sup> FY Plan by NEEPCO, thereby raising the total installed capacity to 2101 MW.

**Opportunities and Strength:**

Growth of power sector is the key to the economic development of the country. India's hydroelectric resources are estimated to be 84 GW at a 60% load factor. At an average load factor of about 30%, an installed capacity of 150 GW, excluding 15 GW of mini hydro-electric plants (less than 25 MW), may be feasible. Low carbon growth strategy would ensure use of clean hydropower to its maximum potential for meeting peak loads. However the full development of India's hydro-electric potential, while technically feasible, faces issues of water rights, resettlement of project affected people and environmental concerns –issues that need to be resolved at the earliest. A shelf of hydro projects with aggregate capacity of about 22,000 MW have been identified which are likely to yield benefits during 12th / 13th Plans. Further, another 9204 MW from 31 ongoing projects including the three ongoing Hydro Power Projects of NEEPCO are likely to yield benefit during the 12th FY Plan. With only about 2% utilisation of the hydro power capacity in the NE Region, NEEPCO has a huge role to play in the economic development of the Region. Also, addition of gas-based capacity is considered necessary to reduce CO<sub>2</sub> emissions. Modern combined cycle gas turbines (CCGTs) which have high efficiency of around 55% compared to coal based plants (gross efficiency of supercritical units is 38% to 40%), could be set up near the load centres with a view to minimize the requirement of a transmission system and could be operated in a manner so as to maximize the output during the peak hours and minimize during the off peak hours.

The North Eastern region is blessed with enormous potential; particularly the region has huge Hydro potential, mainly in the State of Arunachal Pradesh. India's 40% Hydro potential lies in the North East and only 2% have been so far explored. The total identified Hydro Power potential in this Region is estimated to be around 58971 MW.

Besides, the Region also has vast quantities of Natural Gas particularly in the States of Assam (estimated quantity of 93.64 BCM) and Tripura (estimated quantity of 33.09 BCM), and

huge reserves of coal particularly in the States of Assam (0.51 Billion Tonnes) and Meghalaya (0.58 Billion Tonnes). Given the abundance of fossil fuel in the Region, there is also ample scope for the development of thermal power in the Region.

The projected energy requirement of the NE Region by the year 2021-22 stands at 22421 MU with the peak demand touching 3905 MW. It is with this potential and opportunity at hand that NEEPCO can emerge as the leading power producer in the Region. It has ambitious growth plans for which it has started preliminary investigation for several projects both in the Hydro and Thermal sectors. With its pool of skilled manpower, mainly drawn from the Region, NEEPCO has a substantial advantage over other players in the field to harness and exploit the vast potential of the Region.

### Weakness and Threats:

Despite the huge potential in the NE Region, the pace of economic development in the Region has so far not been able to keep up with the pace of development in the rest of India. Primarily, the constraints have been due to geographical isolation, difficult terrain, adverse law and order situation, poor surface communication infrastructure, communication bottlenecks, etc. Besides, the young Himalayan Geology also makes development of Hydro Projects a daunting task, especially in the State of Arunachal Pradesh. Also, the working season available in the Region is on the average of 6-7 months in a year. All these factors combined make setting up of projects especially in the Hydro Sector a formidable and challenging task in itself. Despite the adversities, NEEPCO has set up projects in some of the remotest and most difficult areas in the Region.

### Risks and Concerns:

Among the issues that concern the Organisation are:

- Disparity between the Hydro Power Policy adopted by the State Governments and the Hydro Power policy of the Central Government affects the speedy implementation of the projects. In this context, a level playing field for public sector units vis-a-vis the private sector is required in the Hydro Power Policy 2008 adopted by the Government of India, so as to enable the CPSEs to pay Up-front Premium for allotment of new projects as per the stipulation of the State Governments.

- There will be severe impact on the commercial viability of mainly storage based hydro power projects involving large forest land, as the payment of Net Present Value (NPV) is in addition to the Compensatory Afforestation to be grown normally over double the forest land under diversion.

Electricity being a subject in the Concurrent List and because of the risks involved in the emerging scenario, in the long run CPSUs like NEEPCO may lose out to competitors from the private sector, as they have the flexibility to adapt to the norms laid by the respective State Governments, unlike CPSUs which are governed by statutory guidelines.

### Outlook for the future:

With a Mission to harness the vast Hydro and Thermal Power potential of the NE Region of the country, NEEPCO is committed to bring about a significant socio-economic development of the Region in a planned and sustainable manner keeping in mind the rich bio-diversity and fragile eco-system of the Region. NEEPCO has a very ambitious growth plan for capacity addition in the pipeline. Already NEEPCO is poised to add 917 MW in the 12<sup>th</sup> FY Plan, which includes the 46 MW AGTP CC Extension Project at Agartala. These projects are in the various stages of development. Another 2601 MW have been planned for development in the 12<sup>th</sup> Plan and beyond. The projects identified for development both in the 12<sup>th</sup> Plan and beyond are:

- Mawphu H.E. Project, Stage-II (85 MW), Meghalaya.
- Lungreng HEP (815 MW), Mizoram.
- Chhimtuipui HEP (635 MW), Mizoram.
- Mat HEP (76 MW), Mizoram.
- Killing Hydro Electric project (240 MW), Assam/Meghalaya.
- Garo Hills Thermal Power Project (500MW), Meghalaya.
- Margherita Coal Based Thermal Power Station (250 MW), Assam.

In the meantime, NEEPCO also plans to diversify into areas of Consultancy, Joint Ventures in project development and is also planning to spread its wings to other areas of the country outside of the NER. By continuously upgrading technologies and adopting newer methodologies, NEEPCO is constantly expanding its domain of expertise in the industry in order to cope up with the changing environment.



### Environmental Conservation, Renewable Energy Use and R & D:

NEEPCO carries out proper Survey and Investigations prior to executing any projects. These studies are carried out by highly reputed Organizations like the Central Water Commission (CWC)/ WAPCOS/CEA etc. whose reports are also taken into cognizance by NEEPCO while preparing PFRs / DPRs of Projects. The studies also include EIA/EMP, Dam Break Analysis, and Reservoir Induced Seismicity (RIS) etc. which are a part of a comprehensive Environmental study.

It is worth mentioning that NEEPCO has adopted several measures against Sustainable Development in its MOU with the Ministry of Power, Government of India as part of its commitment towards the conservation of the environment during the financial year 2011-12. These also include parameters on Energy Conservation. The parameters are:

1. Creation of Water Conservation Policy.
2. Adoption and maintenance of Green Parks in public places.
3. Planting of saplings.
4. Carrying out Energy Audits in three power stations of the 275 MW Kopili HEP.
5. Adoption of Energy Conservation Building Code at TGBPP.
6. Waste Management.

NEEPCO also plans to set up a 5 MW Solar Photo Voltaic Plant at Monarchak, Tripura as part of its effort to encourage the use of Renewable Energy. The Project proposes to use Polycrystalline technology at an estimated cost of R 49.52 crores for generation of electricity. Land area measuring 30 acres has been identified within the premises of the boundaries of the ongoing 101 MW TGBPP.

To promote R & D activities, an R & D Wing in NEEPCO was created, which started functioning from April 2011. To begin with, a Research & Development Plan was prepared for the years 2011-12 and 2012-13 with a budget of R 155 Lakhs (0.59% of PAT of the previous FY, i.e. 2010-2011) which was duly approved by the Board of Directors in the 184<sup>th</sup> Board Meeting held on 29<sup>th</sup> November 2011 at New Delhi. During the year 2011-12, the following R&D activities have been taken up as per MOU with MOP, GOI:

- iv) To develop technology to handle acidity problem in reservoirs.

- v) To develop R & D plan duly approved by Board.
- vi) To develop technology to reduce specific gas consumption in Thermal Plants.

### Analysis of Operation:

The generation during the year 2011-12 was 4825 MU against an MOU Target (RE) of 4828 MU. The generations from thermal and hydro plants were 2431 MU and 2394 MU respectively. The decrease in generation with respect to the previous year is around 5.3%, which is mainly due to lesser generation from the Hydro Electric plants owing to lesser rainfall in the Ranganadi catchment area and due to forced outages of Kopili units due to wear and tear of underwater parts which have been severely corroded/eroded because of the acidification of the reservoir water.

### OTHER ISSUES

#### STATUS OF TIPAIMUKH HE(M) PROJECT (1500 MW), MANIPUR

The Ministry of Power, Govt. of India, vide its letter dtd. 6<sup>th</sup> July, 09 conveyed its decision of implementing the Tipaimukh Project through joint venture consisting of NHPC, SJVNL and Govt. of Manipur. The letter also conveyed that the cost of preparation of DPR made by NEEPCO will be reimbursed by NHPC. The Joint Secretary (H), MOP in the meeting held on 21.07.2009 desired that reimbursement of expenditure incurred by NEEPCO on the Project may be initially settled and paid by NHPC being the lead player of the proposed JVC. NHPC vide letter dtd. 08.03.2010 requested NEEPCO to continue collection of HM data and other necessary project activities till formation of proposed JV. NEEPCO vide letter dtd. 22.06.2011 requested NHPC to make immediate necessary arrangements for taking over of all assets and collection of HM data and vide letter dtd. 01.02.2012 intimated the Ministry of Power about the up to date status of handing over and the expenditure incurred as on 31.03.2011. NEEPCO is still continuing to incur expenditure in respect of HM activities for maintaining the data which is crucial for the formulation of the Project Report. So far, an expenditure of R2086.80 Lakh has been incurred on this project till 31.03.2012. NEEPCO vide its letter dtd. 21.05.2012 had requested, the Ministry of Power, GOI, to kindly advised NHPC led JVC to reimburse the expenditure made by NEEPCO on the Project and conclude handing over process at the earliest.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

NEEPCO has a well defined internal control system encompassing all its operational areas whereby transactions and decisions are processed as per delegation of power, documented policies, guidelines, manuals and circulars as well as various laws and regulations pertinent to such operations.

The effectiveness of the control system is monitored by a Board-level Audit Committee and an independent Internal Audit Department. A summary of Audit Observations and Action Taken Reports are placed before the Audit Committee at regular intervals and accordingly its recommendations and directions are implemented.

## FINANCIAL DISCUSSION AND ANALYSIS

### A. RESULTS OF OPERATIONS

A detailed financial discussion and analysis is furnished below on the Audited Financial Results of the Corporation for the FY 2011-12 as compared to the FY 2010-11.

#### INCOME

	2011-12	2010-11
<b>Units of electricity sold (in MU)</b>	4481.53	4716.45
<b>Income:</b>		
Sales of Energy (R in Lakhs)	119766.78	119827.47
Other Income (R in Lakhs)	7205.42	8075.09
<b>Total (R in Lakhs)</b>	<b>126972.20</b>	<b>127902.56</b>

NEEPCO's income arises from sale of energy and other income, viz. interest on Power Bonds (securitized dues), surcharge on delayed payments on energy sales, etc. NEEPCO's total income decreased by 0.73% to R126972.20 lakhs in FY 2011-12 from R 127902.56 lakhs in FY 2010-11 due to reduction in the interest received on Power Bonds and also a decrease in the receipts against reimbursement of Minimum Alternate Tax (MAT) from beneficiaries.

#### TARIFF

The tariff for each operational Power Station of the Corporation is determined by the Central Electricity Regulatory Commission (CERC). The determination of tariff for the Power Stations of the generating companies for the period of 2009-14 is governed by the Central Electricity Regulatory Commission (Terms and Conditions of tariff) Regulations, 2009 issued vide notification no. L-7/145(160)/2008-CERC dated 19.01.2009 and subsequent amendments thereto.

NEEPCO had filed petitions for all its 7 (seven) operational Power Stations during the FY 2009 -10. As on 31.03.2012, the CERC had issued tariff orders for all Power Stations of NEEPCO except the Doyang Hydro Electric Power Plant, for which the petition is under process before the Hon'ble Commission and is expected to be determined shortly.

The tariff of a power station is comprised of Capacity Charge and Energy Charge. The recovery of Capacity Charges for both hydro & gas-based power stations is dependent upon the achievement of 'Normative Annual Plant Availability Factor' (NAPAF) as prescribed by the CERC for each Power Station. The recovery of Energy Charges in case of Hydro power stations (i.e. 50% of the Annual Fixed Cost) is based on the Scheduled Energy as a proportion of the Design Energy. The recovery of Energy Charge i.e. fuel cost, in case of thermal power stations is primarily determined by station heat rate attained, gross calorific value of the fuel and auxiliary consumption.

During the year, NEEPCO earned incentive for exceeding the prescribed NAPAF in all its power stations except in the case of the Kopili Hydro Power Station (200 MW) and the Assam Gas Based Power Station (291 MW). Normative vs. Actual Plant Availability Factor achieved during the FY 2011-12 by the power stations of NEEPCO are as follows:

Name of the Power station	Normative PAF (in %)	Actual PAF (in %)
Kopili Hydro Power Station (200 MW)	79	78
Khandong Hydro Power Station (50 MW) and Kopili Stage II (25 MW)	69	75
Ranganadi Hydro Power Station (405 MW)	85	94
Doyang Hydro Power Station (75 MW)	73	74
AGBPP (291 MW)	72	70
AGTPP (84 MW)	85	89

Moreover, during the year, the total Scheduled Energy of Kopili Stage II Power Station exceeded its Design Energy by 5.63 MU, thereby generating additional revenue of R 45.01 lakhs as "Secondary Energy Charges".

#### SALE OF ELECTRICITY:

NEEPCO sells energy to bulk consumers comprising of the seven state-owned electricity utilities in the North Eastern Region (excluding Sikkim) of the country. Such sale of electricity is pursuant to the allocations made by the Ministry of Power for each of the beneficiary States and the long term Power Purchase Agreements (PPA). Revenue from sale of energy during the FY 2011-12 is R 119766.78 lakhs i.e. 94% of the total revenue for the year.

During the period from 09.01.2012 to 31.03.2012, NEEPCO was compelled to regulate power supply to the Meghalaya Energy Corporation Ltd. (MeECL) due to regular default in payment of dues and in accordance with the provisions of the Tripartite Agreement and the CERC (Regulation of Power Supply) Regulations, 2010. The regulated energy was traded through the Power Trading Corporation India Ltd. The gross trading proceeds received during the period was R1005.28 lakhs. The net proceeds credited to NEEPCO's account till 31.03.2012 after deduction of CTU, NLDC, IEX and PTC charges was R 835.23 lakhs out of which, as on 31.03.2012, an amount of R 233.52 lakhs has been adjusted against the outstanding dues of MeECL.

The CERC Regulations provide for provisional billing during 2009-14 on the basis of the approved tariff for 2008-09 until finalization of tariff for the period of 2009-14. Therefore, pending the fixation of tariff for the Doyang Hydro Power Station for the period 2009-14 by the CERC, an amount of R 913.82 lakhs has been recognized during the year on a provisional basis in terms of the Ministry of Power's letter dated 13.03.2009.

Against an installed capacity of NEEPCO is 1130 MW (Design Energy 5698.73 MU), the Corporation achieved a generation of 4824.66 MU during the year as compared to 5092.66 MU in the previous year. The main reason for shortfall in achievement of Design Energy during the year is due to the extremely low rainfall in the catchment areas of the Ranganadi Hydro Power Station resulting in below par generation by the plant. Actual generation by the Ranganadi Hydro Power Station during 2011-12 was 979.985 MU against an approved Design Energy of 1509.69 MU.



## OTHER INCOME

Other Income was R 7205.42 lakhs in FY 2011-12 as compared to R 8075.09 lakhs in FY 2010-11, i.e. a decrease by 10.77%. Interest income from Power Bonds decreased due to redemption of Bonds of R9549.06 lakhs during the year. Other Income from surcharge on payment against sale of energy (i.e. interest received from beneficiaries due to delayed payment of monthly energy bills) was R 2531.77 lakhs during the year as compared to R 520.90 lakhs in the previous year.

## EXPENDITURE

(R in lakhs)

	2011-12	2010-11
Cost of material consumed	43242.80	38685.39
Employee benefit expenses	19334.14	12415.45
Finance costs	885.29	1395.89
Depreciation	15107.38	18944.99
Generation & administration expenses	18315.04	20368.80
Other expenses	3448.62	5253.32
Prior period adjustment	211.14	(916.66)
Total	100544.41	96147.18

## Total Expenditure

The total expenditure in FY 2011-12 increased by 4.57% as compared to the previous year mainly due to an increase in the cost of gas as well as the expenses on employee remuneration and benefits.

## Cost of Material Consumed

Cost of Material Consumed consists of cost of gas and transportation charges thereon. Gas prices are fixed by the Ministry of Petroleum and Natural Gas (MPNG), Government of India. The gas price for the month of April and May, 2010 was at the pre-revised level. The cost of gas was revised upwards w.e.f. 01.06.2010 as per MPNG's letter dated 31<sup>st</sup> May, 2010. During the current year, the expenditure on cost of material consumed was R43242.80 lakhs (consisting of cost of gas - R41441.97 lakhs and transportation charges - R1800.83 lakhs) as against R38685.39 lakhs in the previous year (consisting of cost of gas - R37016.01 lakhs and transportation charges - R1669.38 lakhs). This increase in the cost is mainly attributable to the cost differential for the month of April and May, 2011 with the corresponding months of FY 2010-11. In addition, the drawal of gas during April, May and June, 2011 was higher as compared to the drawal of gas during the corresponding months of 2010.

## Employees' Remuneration and Benefits

Employees' remuneration and benefits include salaries and wages, allowances, incentives, contribution to Provident Fund, other welfare expenses and provision for Pension Scheme, etc. These expenses accounted for approximately 19.23% of NEEPCO's total expenditure during the year as compared to around 12.91% in the previous year.

The major reason for the increase in employee cost is due to the provision of R4280.86 lakhs made during the current year for the Pension Scheme approved by the Board of Directors with effect from 01.01.2007. The Scheme is as per the guidelines issued by the Department of Public Enterprise (DPE) on 26.11.2008 read with DPE's OM dated 02.04.2009. Further, the pay revision of the employees of the non-executive cadres was finalized and implemented during the current year which resulted in an increase of R1489.97 lakhs in the pay and allowances of Supervisory and Workmen cadres. Consequently, the Gratuity provision and employer's contribution to the Provident Fund also increased by R1074.76 lakhs and R434.94 lakhs respectively.

### Generation, Administration and Other Expenses

Generation, administration and other expenses consist primarily of repair and maintenance of plant and machinery, buildings, etc., share of general establishment expenses, NERLDC fees and charges, Corporate Social Responsibility expenses, security and insurance expenses, transport expenses, etc. These expenses represented approximately 18.22% of NEEPCO's total expenditure during the year as compared to 21.19% in FY 2010-11. In absolute terms, these expenses decreased by R 2053.76 lakhs (i.e. 10.08%) from the previous year.

### Depreciation

As per NEEPCO's accounting policy, depreciation is charged on the Straight Line Method to the extent of 90% of the cost of assets as per the rates and methodology notified by the CERC vide its notification dated 19.01.2009, except in case of some items for which depreciation is charged at rates assessed by NEEPCO.

Depreciation decreased by 20.26% to R15107.38 lakhs in FY 2011-12 from R18944.99 lakhs in FY 2010-11. Depreciation during the current year decreased mainly on account of the methodology as notified by the CERC.

### Finance Costs

NEEPCO's finance costs include interest expenses on borrowings as well as other finance charges such as commitment fees, trustee fees, guarantee fees, etc. All borrowings including foreign currency borrowings are denominated in Indian Rupees for accounting purposes.

Finance Cost decreased by 36.58% to R885.29 lakhs from R1395.89 lakhs in the previous year due to repayments of loan.

### Profit before Tax

As a cumulative effect of all the above, NEEPCO's profit before tax decreased by 16.78% to R26427.79 lakhs in FY 2011-12 from R31755.38 lakhs in FY 2010-11.

### Provision for Tax

A direct consequence of the decrease in profit before tax is a reduction in the provision for tax of R4516.22 lakhs in the FY 2011-12 as compared to R5398.83 lakhs in FY 2010-11.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

Funds for working capital requirements as well as capital expenditure for construction of projects are mobilized from both internal and external sources. Funds are sourced externally in the form of long term loans, either in Indian Rupees or in foreign currencies and through privately placed PSU Bonds. As on 31<sup>st</sup> March, 2012, NEEPCO had Cash and Cash equivalents of R35776.03 lakhs as compared to R29463.40 lakhs as on 31<sup>st</sup> March, 2011.

### Cash Flow

(R in lakhs)

	2011-12	2010-11
Net cash inflow from operating activities	40154.60	23522.68
Net cash outflow from investment activities	(69877.02)	(42373.89)
Net cash inflow from financing activities	36035.05	16674.45

### **Net Cash from Operations**

NEEPCO's net cash inflow from operating activities was R40154.60 lakhs in FY 2011-12 after booking a net profit before tax of R26427.79 lakhs. The net cash from operating activities has been arrived at after adjusting the non-cash items viz. depreciation (including prior period) of R15139.09 lakhs, finance cost (excluding borrowing cost) of R883.14 lakhs, provision for write-off of R1111.31 lakhs, rebate of R1182.89 lakhs and interest earned on investments of R3855.43 lakhs. The changes in the current assets and current liabilities impacting the current period cash flow amounted to R846.84 lakhs (i.e. a decrease in the working capital as the net effect of an increase in inventories and decrease in receivables and trade & other payables).

### **Net Cash from Investing Activities**

NEEPCO's net cash outflow from investing activities was R69,877.02 lakhs in FY 2011-12 which includes expenditure on construction projects of R69,282.74 lakhs and purchase of fixed assets of R594.28 lakhs.

### **Net Cash from Financing Activities**

In FY 2011-12, NEEPCO's net cash inflow from financing activities was R36,035.05 lakhs. The Corporation raised funds of R49,763.93 lakhs consisting of domestic term loans, PSU bonds, foreign currency borrowings, subordinate loan from Government of India and also effected loan and interest payments to the tune of R5,743.82 lakhs and R611.73 lakhs respectively. During the year the Corporation paid dividend of R7,472.00 lakhs out of which final dividend for 2010-11 was R5247.00 lakhs and interim dividend for 2011-12 was R2,225.00 lakhs. Income tax payment of R3,756.76 lakhs was also made during the year.

## **DISCUSSION OF BALANCE SHEET ITEMS**

### **FINANCIAL CONDITION**

#### **1. Net Worth**

The net worth of the Corporation excluding committed reserves as on 31<sup>st</sup> March, 2012 was R4,78,000.71 lakhs against R4,61,913.61 lakhs as on 31<sup>st</sup> March, 2011 representing a growth of 3.48%.

#### **2. Non-Current Liability**

**(a) Long Term Borrowings:** Long Term Borrowing consists of PSU bonds raised through private placement, term loans, foreign currency borrowings and subordinate loan from the Government of India. These Loans are to be redeemed beyond 12 months from the date of Balance Sheet. The total liability against PSU Bonds as on 31<sup>st</sup> March, 2012 was R4,000.00 lakhs (against the mortgage of the Corporation's property) raised for financing the Tripura Gas Based Power Project.

The total secured term loan as on 31<sup>st</sup> March, 2012 from different financial institutions was R90,291.50 lakhs. The liability against the unsecured term loan from KfW, Germany (duly guaranteed by the Government of India) for construction of the Pare Hydro Electric Project stood at R11,764.46 lakhs as on 31<sup>st</sup> March, 2012. During the year the Corporation also received an amount of R16,313.00 lakhs as Subordinate Loan from the Government of India for construction of the Tuirial Hydro Electric Project.

#### **(b) Other Long Term Liabilities:**

##### **Deferred foreign currency fluctuation liabilities -**

Foreign Exchange Rate Variation on account of restatement of foreign currency borrowing recoverable from or payable to the beneficiaries as per CERC Regulation and adjusted to carrying cost of fixed assets are accounted as Deferred Foreign Currency



Fluctuation Account with corresponding credit/debit to Deferred Income/Expenditure from Foreign Currency Fluctuation Account.

Deferred income/expenditure from foreign currency fluctuation account is adjusted in the proportion in which depreciation is charged on such Foreign Exchange Rate Variation by corresponding credit/debit to other income/ expenditure in the Profit and Loss account of the relevant year.

Deferred foreign currency fluctuation liability accounted as on 31<sup>st</sup> March, 2012 was R 2,69.07 lakhs.

### **Long Term Provisions:**

Long Term Provisions as of 31<sup>st</sup> March, 2012 mainly includes Provision for Employee Benefits (Gratuity R10899.14 lakhs, Leave Encashment R6028.44 lakhs and Post Retirement Medical Benefits R294.94 lakhs which are expected to be settled beyond 12 months from the date of Balance Sheet). There was an increase in the Provision for Employee Benefits by 27.31% in FY 2011-12 primarily on account of implementation of the Pay Revision for Supervisor and Workmen cadres.

### **3. Current Liabilities**

#### **(a) Trade Payables:**

Trade Payables includes the amount due on account of goods purchased or services received in the normal course of business. The trade payables as on 31<sup>st</sup> March, 2012 were R13777.66 lakhs as compared to R21655.35 lakhs as on 31<sup>st</sup> March, 2011.

#### **(b) Other Current Liabilities:**

These include current maturity of long term debts, term loans from Financial Institutions, interest accrued but not due on the outstanding loans and bonds and other liabilities like creditors for Capital expenditure, pension, wealth tax, etc. which are to be redeemed within 12 months from the date of Balance Sheet. Other Current Liabilities as on 31<sup>st</sup> March 2012 were R32855.25 lakhs as compared to R26540.15 lakhs as on 31<sup>st</sup> March, 2011. The increase in Current Liabilities by 23.79% is primarily on account of the provision made for the Pension Scheme.

#### **(c) Short Term Provisions:**

Short Term Provisions as on 31<sup>st</sup> March, 2012 was R10425.07 lakhs as compared to R12919.07 lakhs in the previous FY. These provisions include Provision for Employee Benefits (Gratuity R328.99 lakhs, Leave Encashment R398.39 lakhs and Post Retirement Medical Benefits R27.57 lakhs), Guarantee fees of R100.00 lakhs, Dividend payable of R4348.47 lakhs, Dividend Tax of R705.43 lakhs and Current Tax of R4516.22 lakhs which are expected to be settled within 12 months from the date of Balance Sheet. Decrease in Short Term Provisions during FY 2011-12 is mainly due decrease in Dividend and Dividend tax

### **ASSETS**

#### **1. Non Current Assets**

##### **(a) Net Fixed Assets:**

NEEPCO's net Fixed Assets as on 31<sup>st</sup> March, 2012 stood at R472821.99 lakhs (comprising Tangible Assets after depreciation of R235856.04 lakhs, Intangible Assets after depreciation of R38.68 lakhs and Capital Work in Progress of R236927.27 lakhs). The Tangible Assets consist of land, dams, tunnels, buildings including power house buildings, plant and machinery, office equipment, computers and Intangible Assets consist of Computer Software.

##### **(b) Non Current Investment:**

#### **Investments in Power Bonds**

Investments are intended for a long term and carried at cost. Power Bonds received pursuant to the one-time settlement/securitization scheme have been accounted for as investments. As on 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011, these investments amounted to

R28647.18 lakhs and R38196.24 lakhs respectively. The decrease in Power Bonds is due to annual redemption of the bonds.

**(c) Long Term Loans and Advances:**

Advance to contractors which is capital in nature (both secured and unsecured, considered good) after adjustment of doubtful debts as on 31<sup>st</sup> March, 2012 was R27489.99 lakhs as compared to the previous year's capital advance of R26845.22 lakhs.

The Advance towards Land as on 31<sup>st</sup> March, 2012 against Tuirial HEP, Pare HEP etc. was R2217.21 lakhs.

**(d) Other Non Current Assets:**

Other non-current assets which are expected to be settled beyond 12 months from the Balance Sheet date as on 31<sup>st</sup> March, 2012 amounted to R1572.29 lakhs as against R2620.46 lakhs during the previous year. These include Advance Tax, advance to staff and unamortized expenses (Deferred Revenue Expenditure).

**2. Current Assets**

**(a) Current Investments:**

The Power Bonds which are due to be redeemed within 12 months from the Balance Sheet date and valued at R9549.06 lakhs have been shown under this head.

**(b) Inventories:**

Inventories are valued at cost, determined on weighted average basis or net realizable value whichever is lower. Physical verification of inventories is done by the management once in a year. Inventories were valued at R12397.81 lakhs and R10333.84 lakhs as on 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011 respectively.

**(c) Trade Receivables:**

Trade Receivables consist primarily of receivables relating to sale of energy. The Trade Receivables as on 31<sup>st</sup> March, 2012 were R70676.93 lakhs as compared to R49022.09 lakhs 31<sup>st</sup> March, 2011. There was a significant increase in Trade Receivables by 44.17% in FY 2011-12 because of non-payment of arrear bills arising from the finalization of tariff orders during the year as well as current energy bills by the beneficiaries.

**(d) Cash and Cash Equivalents:**

NEEPCO's Cash and Cash Equivalent consists of cash surplus as on the Balance Sheet date in Bank, Cash in hand and Short Term Deposits. As on 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011, the Cash and Cash Equivalent of the Corporation was R 35776.03 lakhs and R29463.40 lakhs respectively.

**(e) Short Term Loans and Advances:**

NEEPCO's short term loans and advances as of 31<sup>st</sup> March, 2012 after providing for bad and doubtful debts was R8258.70 lakhs and R24038.98 lakhs as on 31<sup>st</sup> March 2011. Short Term Loans and Advances include interest accrued on Power Bond, Short Term Deposits, Advance to suppliers & contractors and Accounts Receivables.

**(f) Other Current Assets:**

Other Current Assets mainly consist of advance tax, tax deducted at source, prepaid expenses and unamortized expenses, etc.

NEEPCO's other current assets as on 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011 were R5746.21 lakhs and R6935.33 lakhs respectively, i.e. a decrease of 17.14% mainly due to reduction in payment of advance tax in FY 2011-12 as compared to the previous year.

## OFF-BALANCE SHEET ITEMS

### Contingent Liabilities

The components of Contingent Liabilities for the FY 2011-12 and 2010-11 are as follows:

	(R in lakhs)	
	2012-12	2011-11
Claims against the Company not acknowledged as debts in respect of:		
Capital Works	73324.76	73317.57
Income Tax and Service Tax	29.34	175.53
Total	73354.10	73493.10

The decrease in Contingent liabilities was mainly due to the exemption on Service Tax granted by the Central Government on taxable services provided by the Central Industrial Security Force in relation to 'Security Agency's Service' falling under Section 65(105)(w) of the Finance Act, 1994 during the period 16.10.1998 to 31.03.2009 vide ad-hoc Exemption Order No.1/1/2011 dated 01.07.2011 of the Department of Revenue, Ministry of Finance, Government of India.

### Human Resources & HRD :

- As on 31<sup>st</sup> March ,2012 the organization has 2841 employees including 4 members in the board of Directors. Out of these, 961 are Executives, 431 are in Supervisory Cadre and 1445 are Workmen cadre employees.
- Analysis of age profile of employees were carried out and the following is the findings.

Age Group	Percentage of total employee
Less than 30 yrs	01.35 %
30 to 40 yrs.	11.50%
40-50 yrs.	46.60%
50-55 yrs.	23.12%
55-60 yrs	17.43%

The above findings indicates that majority of manpower in the organization is in the upper age brackets and about 1248 employees are attaining superannuation by the year 2020. This indicates that a phase-wise addition of manpower in the



lower age bracket is essential to sustain the human resource of the organization in a vibrant manner.

3. Human Resource Development and Talent Management is considered critical in developing and sustaining workforce competencies which is the life line for sustenance of company's growth and developing a competitive edge in today's corporate world. It has been our endeavor to develop our employees through various HRD interventions. During the year 2011-12, a total of 1164 employees covering a 14650 man days of training were given to enhance competency levels in their job besides enabling them to sharpen their skills and broaden their knowledge in work life sphere through various in-house programmes organised at HRD Centre & project sites, external programmes organised by various reputed training agencies in the country.

25 selected employees have undergone 6 months training course for Mechanical Operator at ITI, Guwahati with a plan to re-muster them after completion of the programme. During the year, a total of 14 executives were nominated to attain overseas training programmes on Quality Management in Japan; to witness factory acceptance test of turbines of PareHEP in Austria, for AGTPP at Bahrain & France.

4. Internationally recognized Internet based online Certification course on Project Management are also provided to our executives to master them on Project Management skills on all stages of Project Management viz. Conceptualization, Planning, Organizing, Implementing, Controlling, Integration, Delivery & Closeout. We are proud to say that we have so far 62 CIPM, 14 IPMA Level-D and **15 IPMA Level C Certified Project Managers** honored by International Project Management Associates, Zurich out of a total of only 90 IPMA Level C certified project managers in India. Overall rating in HRD parameter in the MoU with MoP during year was Excellent, thus maintaining its sustained Excellent performance during the last 6 years.

Throughout the year, industrial relations remains cordial. Meeting and discussions between Unions /Associations and Management were carried out on various issues concerning improvement of work-life of employees, progress on works of the organizations. Suggestions generated out of the discussions were carried out in a practical manner. Wage negotiation between Unions and Management were carried out for arriving at revised IDA scale w.e.f. 01.01.2007 and applicable perks & allowances. There were zero mandays loss, no strike or lockout during the year.

Corporate Social responsibility (CSR) agenda of a corporation is reflective of its social conscience and commitment to the community and society at large within which it operates. Therefore, the Corporation has always given top priority towards all-round development of the people residing in and around its operational areas. As a responsible corporate citizen, NEEPCO has been undertaking various community development activities in the following fields :

- i) **Education** : Scholarship to 165 economically poor students, Book grants to 7 Universities in North Eastern Region(NER), infrastructure supports to schools located nearby our operating area.
- ii) **Medical & Health** : Infrastructure support to Primary Health Centres including providing ambulance at Arunachal Pradesh and support to Cancer Care Institution at Guwahati, Free medical health check-up camps at various locations nearby our operating stations. Providing Medical Equipments to Medical Colleges in NER.
- iii) Infrastructure development and other community needs: Construction of Roads, Pathways, Electrification facilities, Potable Water Supply System.
- iv) Sports: Infrastructure support to Sports Academies in NER. Sponsorship for conducting Tournaments.

During the last financial year (2011-12) a total sum of R **3.08 Crore** only has was spent on various CSR-CD activities.





Kapili Hydro Electric Project Dam







## PART I: Balance Sheet as at 31st March, 2012

(R in lakhs)

Particulars	Note No	As at 31st March, 2012	As at 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
(a) Share Capital	3	329223.04	323193.04
(b) Reserve and Surplus	4	149011.33	134806.74
<b>2) Share application money pending allotment</b>	5	0.50	4583.00
<b>3) Non-Current Liabilities</b>			
a) Long-Term Borrowings	6	122368.96	81312.46
b) Deferred Tax Liabilities		55534.81	59385.65
Less : Deferred Tax Recoverable		55534.81	59385.65
Deferred Tax (Net)		—	—
c) Other Long Term Liabilities	7	269.07	288.92
d) Long Term Provisions	8	17222.52	13527.79
<b>4) Current Liabilities</b>			
a) Short Term Borrowings		—	—
b) Trade Payables	9	13777.66	21655.35
c) Other Current Liabilities	10	32855.25	26540.15
d) Short Term Provisions	11	10425.07	12919.07
<b>TOTAL</b>		<b>675153.40</b>	<b>618826.52</b>
<b>II ASSETS</b>			
<b>1) Non-Currents Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	235856.04	249226.66
(ii) Intangible Assets	13	38.68	50.27
(iii) Capital work -in-progress	14	236927.27	169915.98
(b) Non-Current Investments	15	28647.18	38196.24
(c) Long-Term Loans and Advances	16	29707.20	29474.21
(d) Other Non-Current Assets	17	1572.29	2620.46
<b>2) Current Assets</b>			
(a) Current Investments	18	9549.06	9549.06
(b) Inventories	19	12397.81	10333.84
(c) Trade Receivables	20	70676.93	49022.09
(d) Cash and Cash Equivalents	21	35776.03	29463.40
(e) Short-Term Loans and Advances	22	8258.70	24038.98
(f) Other Current Assets	23	5746.21	6935.33
<b>TOTAL</b>		<b>675153.40</b>	<b>618826.52</b>

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

In terms of our report of even date  
**For NUNDI & ASSOCIATES**  
Chartered Accountants  
F.R.N.-309090E

Date: 22-06-2012  
Place: Camp, New Delhi

**C. Sharma**  
Company Secretary

**A.G. West Kharkongor**  
Director (Finance)

**P.C. Pankaj**  
Chairman &  
Managing Director

**S. Nandi**  
Partner  
Membership No. 059828

## PART II: Statement of Profit and Loss for the year ended 31st March, 2012

(R in lakhs)

Sl.No.	Particulars	Note No.	For the year ended 31st March, 2012	For the Year ended 31st March, 2011
I.	Revenue from operations	24	119766.78	119827.47
II.	Other income	25	7205.42	8075.09
III.	<b>Total Revenue(I+II)</b>		<b>126972.20</b>	127902.56
IV.	Expenses :			
	Cost of materials consumed	26	43242.80	38685.39
	Employee benefits expense	27	19334.14	12415.45
	Finance Costs	28	885.29	1395.89
	Depreciation	29	15107.38	18944.99
	Generation & Administration Expense	30	18315.04	20368.80
	Other expenses	31	3448.62	5253.32
	Prior Period Adjustment	32	211.14	(916.66)
	<b>Total Expenses</b>		<b>100544.41</b>	96147.18
V.	Profit before tax (III-IV)		<b>26427.79</b>	31755.38
VI.	Tax expense:			
	(1) Current Tax		4516.22	5398.83
	(2) Deferred Tax			
	Deferred Tax liability	(3850.84)		(4828.21)
	Less : Deferred Tax Recoverable	(3850.84)	—	(4828.21)
VII.	Profit for the period (V-VI)		<b>21911.57</b>	26356.55
VIII.	Earnings per Share:			
	(1) Basic		0.67	0.82
	(2) Diluted		0.67	0.82

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

In terms of our report of even date  
**For NUNDI & ASSOCIATES**  
Chartered Accountants  
F.R.N.-309090E

Date: 22-06-2012  
Place: Camp, New Delhi

**C. Sharma**  
Company Secretary

**A.G. West Kharkongor**  
Director (Finance)

**P.C. Pankaj**  
Chairman &  
Managing Director

**S. Nandi**  
Partner  
Membership No. 059828

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-2012**

(R in lakhs)

A)	<b>Cash Flow From Operating Activities:</b>	<b>2011-12</b>	<b>2010-11</b>
	Net Profit before Tax	<b>26427.79</b>	31755.38
	<b>ADD:</b>		
	Depreciation	15139.09	18405.81
	Interest	883.14	1393.05
	Provision for Rebate/Incentive	1182.89	1182.67
	Provision for write off	1111.31	–
	DRE Amortized	200.05	200.06
		<b>18516.48</b>	21181.59
	<b>LESS:</b>		
	Non cash receipts, if any		
	Intt. Power Bond	3855.43	4667.10
	Grant-in -Aid	87.40	669.05
		<b>3942.83</b>	5336.15
	<b>Cash Flow From Operating Activities before</b>		
	<b>Working capital adjustments:</b>	<b>41001.44</b>	47600.82
	<b>Working Capital Changes:</b>		
	(Increase)/ Decrease in Inventories	(2063.97)	(649.08)
	(Increase)/ Decrease in receivables	2629.89	(23743.79)
	Increase/( Decrease) in trade & other payables	(1412.76)	314.73
		<b>(846.84)</b>	(24078.14)
	<b>Cash Flow From Operating Activities before</b>		
	<b>taxes:</b>	<b>40154.60</b>	23522.68
	<b>Net Cash Flow From Operating Activities :</b>	<b>40154.60</b>	23522.68
<b>B)</b>	<b>Cash Flow From Investing Activities :</b>		
	Purchase of fixed assets	(594.28)	(392.83)
	Expenditure on construction projects	(69282.74)	(42035.77)
	Misc. Exp.	–	54.71
	<b>Net Cash Flow From Investing Activities :</b>	<b>(69877.02)</b>	(42373.89)
<b>C)</b>	<b>Cash Flow From Financing Activities :</b>		
	Proceeds from issue of share capital (Including pending allotment)	–	4500.00
	Dividend paid	(7472.00)	(8736.00)
	Proceeds from borrowings	49763.93	34324.84
	Repayment of borrowings	(5743.82)	(11055.08)
	Interest paid	(611.73)	(4876.98)
	Interest/Grant received	3855.43	4667.10
	I.T. Paid/Refund Received	(3756.76)	(2149.43)
		<b>36035.05</b>	16674.45
<b>D)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6312.63</b>	(2176.76)
<b>E)</b>	<b>Cash and cash equivalents -Opening</b>	<b>29463.40</b>	Note 1(a) 31640.16
<b>F)</b>	<b>Cash and cash equivalents- Closing</b>	<b>35776.03</b>	Note 1(b) 29463.40



**Notes to the Cash and Cash Equivalents:****1. Cash and Cash Equivalents**

Cash and cash equivalents consists of cash, cheques, drafts and imprest in hand, balances with banks and investments in short term deposit accounts. Cash and Cash equivalents included in the Cash Flow Statement comprise the following Balance Sheets amounts:

	<b>2012</b>	<b>2011</b>
<b>(a) Cash and Cash equivalents as at 31st March: Opening</b>		
Cash, Drafts, Cheques, Stamps & Imprest in hand	11.36	8.70
Balance with Banks	7496.40	7457.46
Short term deposits with Banks	<u>21955.64</u>	<u>24174.00</u>
	<b><u>29463.40</u></b>	<b><u>31640.16</u></b>
<b>(b) Cash and Cash equivalents as at 31st March: Closing</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Cash and Cash equivalents as at 31st March:</b>		
Cash, Drafts, Cheques, Stamps & Imprest in hand	16317.99	11.36
Balance with Banks	4561.63	7496.40
Short term deposits with Banks	<u>14896.41</u>	<u>21955.64</u>
	<b><u>35776.03</u></b>	<b><u>29463.40</u></b>

- 2 The Cash Flow Statement is prepared in accordance with the format included in Accounting Standard 3 prescribed by the Institute of Chartered Accountants of India.
- 3 In Part-A of Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C figures in brackets indicate cash outflows.

**For and on behalf of the Board of Directors****C. Sharma**

Company Secretary

**A.G. West Kharkongor**

Director (Finance)

**P.C. Pankaj**

Chairman &amp; Managing Director

We have audited the above Cash Flow Statement of North Eastern Electric Power Corporation Ltd. for the year ended on 31st March, 2012 prepared by the Company and certify that the Statement has been derived from the Accounts of the Company.

In terms of our report of even date  
**For NUNDI & ASSOCIATES**  
 Chartered Accountants  
 F.R.N.-309090E

**Date:** 22-06-2012  
**Place:** Camp, New Delhi

**S. Nandi**  
 Partner  
 Membership No. 059828

## **Notes to financial statements for the year ended 31st March, 2012**

### **1. Corporate information:**

North Eastern Electric Power Corporation Ltd. (NEEPCO) is a Public Limited Company domiciled in India and incorporated under the Companies Act'1956 to harness the vast hydro and thermal power potential in North Eastern Region of the Country. NEEPCO plays a significant role in the integrated and efficient development of Hydroelectric and Thermal Power Projects in the Central Sector which in turn effectively promote the development of the North Eastern Region and the Nation as a whole.

### **2. Summary of significant accounting policies**

#### **a. ACCOUNTING CONVENTIONS:**

- a1. The Accounts are prepared on Historical Cost Basis.
- a2. Income and Expenses are accounted for on Mercantile Basis.
- a3. Prepaid expenses and prior period expenses/income of items of R 20000/- and below are charged to natural head of accounts.
- a4. Contingent liabilities are generally not provided for in the accounts and are separately shown in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statement in terms of AS-29.

#### **b. FIXED ASSETS:**

- b1. Fixed Assets are stated at cost. Cost includes purchase price and any directly attributable cost of bringing the assets to working condition for the intended use. Assets and systems common to more than one generating unit are capitalized in the ratio of installed capacity.
- b2. In the case of commissioned assets, where the final settlement of bill with the contractors is yet to be effected, capitalization is made on a provisional basis subject to necessary adjustment in the year of final settlement.
- b3. The expenditure incurred on start-up and commissioning of the project, including the expenditure incurred on test runs and experimental production is capitalized as an indirect element of the construction cost. However, after commencement of commercial operation, the expenditure incurred is charged to Revenue expenditure although the contract stipulation provides for final taking over of the plant after satisfactory completion of the guarantee period.
- b4. Net pre- commissioning income/ expenditure is adjusted directly in the cost of related assets and systems.
- b5. Capital expenditure not represented by Assets and Capital expenditure on land not belonging to the Corporation is allocated to other capital assets that are directly or indirectly benefited by such expenditure.
- b6. Leased Assets are accounted in accordance with AS-19.
- b7. Intangible Assets are recognized as assets of the Corporation in terms of AS-26.
- b8. Physical verification of Fixed Assets are undertaken by the management once in a year.

#### **c. CAPITAL WORK IN PROGRESS:**

- c1. Administrative and other General Overhead expenses attributable to Construction of Fixed Assets are identified and allocated on a systematic basis to Construction Projects.
- c2. Common Expenditure of an Operating Project and its extension is being apportioned on the basis of the cost as provided in the approved Project Cost estimate.
- c3. Common expenditure of a project, which is partially in operation and partially under construction, is being apportioned on the basis of the installed capacity.

- c4. Incidental expenditure during construction including depreciation and interest are allocated / apportioned to the project/ works forming part of work-in-progress on the basis of accretion thereto during the year.
- c5. Interest during construction is calculated as per approved pattern of financing by Government of India with reference to approved cost estimate of the Project. Interest during construction is also capitalized in the same approved pattern. Final adjustment is made on the basis of approved completion cost of the Project.

#### **d. DEPRECIATION:**

- d1. (a) Depreciation is charged as per Electricity Act, 2003 on straight line method following the rates notified by Central Electricity Regulatory Commission constituted under the Act. Where prescribed rate has not been laid down under the aforesaid Act, depreciation is being provided at the rates followed by the Electricity Boards/ other PSUs/ Power Utilities on straight line method.

Further, in accordance with the Tariff Regulation 2009-14, the methodology of depreciation is as follows:

- (i) Asset wise rates of depreciation are charged every year as per the existing rate for the period ending on 31st March of the year up to a period of 12 years from the date of commercial operation or from the year the asset becomes available for use .
- (ii) Depreciable value as at 31st March closing after a period of 12 years from the date of commercial operation or from the year the asset becomes available for use shall be spread over the balance useful life of the assets keeping 10% of the Asset as residual value.

For the purpose of calculation of depreciation, the useful life of the various classes of assets shall be taken as 35 years for Hydro generating station & 25 years for Thermal generating station as specified in the Regulations.

(b) IT Equipments are being depreciated @30%, being the rate assessed by the Corporation based on useful life of the Asset.

- d2. Assets procured/installed, whose individual cost is R 5000/- or less but more than R 750/- (hereinafter is called Assets of minor value) and assets (excluding immovable assets) whose written down value is R 5000/- or less at the beginning of the year are fully depreciated during the year leaving a nominal balance of R 1/- only.
- d3. Low value items, which are in the nature of assets (excluding immovable assets ) and valuing up to R750/- are not capitalized and charged off to revenue during the year .
- d4. Intangible Assets' are amortized on straight line method over a period of legal right to use or three years, whichever is earlier.
- d5. The depreciation as a result of the foreign exchange gain/loss adjusted to the assets is charged prospectively as per Accounting Standard 11 issued by the Institute of Chartered Accountants of India.

#### **e. INVENTORY:**

Stores and Spares are valued at cost, determined on weighted average basis or net realizable value whichever is lower.

- e1. Value of scrap is adjusted in the account as and when sold.
- e2. Depreciation on Capitalized Machinery Spare shall be charged prospectively at the same rate at which main asset would be depreciated till completion of 12 years and thereafter depreciable value of such machinery spares would be spread over the balance useful life of the main asset keeping 10% as residual value .
- e3. Physical verification of Inventory are done by the management once in a year.



**f. GRANT- IN-AID:**

- f1. Grant-in-aid received from Central Government through North Eastern Council toward capital expenditure on survey and investigation, for setting up seismological observatories, for training in diamond core drilling, etc. are being shown as Grant-in-aid under Reserves & Surplus and subsequently adjusted to the extent of utilization/expenditure.
- f2. Grant-in-aid received from the Central Govt. for procurement of spares are treated initially as reserve and subsequently adjusted as other income to the extent of utilisation of such spares.

**g. INVESTMENT:**

Investment are intended for long term and carried at cost.

**h. BORROWING COST:**

Borrowing cost attributable to the Fixed Assets during construction/renovation modernization are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**i. RETIREMENT BENEFIT:**

Provision for gratuity, leave encashment and post -retirement medical benefits are made at the end of the period on actuarial basis .

**j. DEFERRED REVENUE EXPENDITURE:**

The premium paid for restructuring the loan availed from Financial Institutions for reduction in interest rate is treated as Deferred Revenue Expenditure (DRE) and the same is written off over the balance tenure of loan. However in case any loan is repaid in full in a year, prepayment charges paid is written off in the year of repayment itself.

**k. REVENUE RECOGNITION:**

- k1. Sale of energy is accounted for based on tariff approved by the Central Electricity Regulatory Commission. In case of power stations where final tariffs are yet to be approved/agreed with the beneficiaries, sale of energy is provided for on the basis of 95% of the Annual Fixed Charges as per the principles enunciated in Central Electricity Regulatory Commission (Terms & Conditions of Tariff) (First Amendment) Regulations, 2011 issued under notification dated 2<sup>nd</sup> May, 2011.
- k2. The incentives/disincentives are recognized based on norms notified/approved by the Central Electricity Regulatory Commission. In case of power station where tariffs have not been notified, incentives/disincentives are accounted for on provisional basis.
- k3. Interest on Debtors (post securitisation) on account of sale of power is accounted for on cash basis.
- k4. Interest on amount involved in consequent securitisation of sundry debtors duly confirmed by all the States is accounted for on accrual basis.
- k5. Reimbursement of Income Tax and CERC filing fee by the beneficiaries in terms of CERC regulations are being accounted for on cash basis.

## **I. FOREIGN EXCHANGE FLUCTUATION:**

11. Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
12. Exchange differences are recognised as income & expenses in the period in which they arise in Profit & Loss Account in case of operational stations and to Incidental Expenditure during Construction in case of projects under construction. However, Exchange Differences in respect of liabilities relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to 01/04/2004 are adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress.
13.
  - a) Foreign Exchange Rate Variation on account of restatement of foreign currency borrowing recoverable from or payable to the beneficiaries as per CERC Regulation and adjusted to carrying cost of fixed assets are accounted as Deferred foreign currency fluctuation account with corresponding credit/debit to Deferred income/ expenditure from foreign currency fluctuation account.
  - b) Deferred income/expenditure from foreign currency fluctuation account is adjusted in the proportion in which depreciation is charged on such Foreign Exchange Rate Variation by corresponding credit/debit to other income/expenditure in the profit and loss account of the relevant year.
  - c) Amount recoverable/payable as per CERC norms are adjusted to the Deferred foreign currency fluctuation account on actual receipt/payment basis.
14. Exchange difference (loss) arising from translation of foreign currency loans relating to fixed assets/Capital work in progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost .

## **m. MISCELLANEOUS:**

- m1. Interest on advances to contractors are accounted for on due basis.
- m2. Claims, liquidated damage, interest on advance to staff, co-operative societies, interest subsidy etc., are accounted for on receipt basis.
- m3. Claims for price variation / Bonus in case of contracts/supply/consultancy etc., are accounted for on acceptance of the bills.
- m4. Arbitration award for and against the Corporation is accounted for in the year of final settlement.

## **n. WRITE OFF:**

Incidental Expenses incurred on abandoned as well as suspended Projects and expenditure incurred on discontinued Survey & Investigation Schemes is written off in the year of abandonment/suspension/discontinuation.

### 3. Share Capital:

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>AUTHORISED CAPITAL</b> 5,00,00,00,000 nos. of equity shares of R10/- each (Previous year 5,00,00,00,000 nos. of equity shares of R10/- each)	500000.00	500000.00
<b>ISSUED, SUBSCRIBED AND PAID -UP CAPITAL</b> 3,29,22,30,400 nos. of equity shares of R10/- each (Previous year 3,23,19,30,400 nos. of equity shares of R10/- each)	329223.04	323193.04

#### a. Reconciliation of Number of Shares & Share Capital outstanding

Particulars	As at 31 <sup>st</sup> March, 2012			As at 31 <sup>st</sup> March 2011		
	No. of Shares	Per value per share (R)	Amount (R)	No. of Shares	Per value per share (R)	Amount (R)
Opening Balance	3231930400	10	32319304000	3231930400	10	32319304000
Add: Shares issued during the year	60300000	10	603000000	Nil		Nil
Less: Reduction in shares / shares Capital	Nil		Nil	Nil		Nil
Closing balance	<b>3292230400</b>	<b>10</b>	<b>32922304000</b>	3231930400	10	32319304000

#### b. Shares in the Company held by each Shareholder holding more than 5% shares specifying the number of Shares held

Particulars	As at 31 <sup>st</sup> March, 2012			As at 31 <sup>st</sup> March 2011		
	No. of Shares	Par value per share (R)	Amount (R)	No. of Shares	Par value per share (R)	Amount (R)
President of India	<b>3292229800</b>	<b>10</b>	<b>32922298000</b>	3231929800	10	32319298000

#### c. Aggregate number of shares allotted without payment being received in cash in pursuant to an agreement is Nil.

### 4. Reserves & Surplus :

(R in lakhs)

	Capital Reserve	Bond Redemption Reserve	Grant-in-Aid	General Reserve	Surplus as per Profit & Loss A/C	Total
Opening as on 01.04.2011	14.08	3857.84	1557.81	129291.68	85.33	134806.74
Addition during the year	0.00	547.16	0.00	15000.00	85.16	15632.32
Adjustment during the year	–	(1255.00)	(87.40)	–	(85.33)	(1427.73)
<b>Closing Balance as on 31.03.2012</b>	<b>14.08</b>	<b>3150.00</b>	<b>1470.41</b>	<b>144291.68</b>	<b>85.16</b>	<b>149011.33</b>



**Appropriation of Profit**

(R in lakhs)

<i>Particulars</i>	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Profit/(Loss) for the period</b>	21911.57	26356.55
Add :		
(i) Balance of Profit from last year	85.33	39.91
(ii) Write back from Bond Redemption Reserve	1255.00	3500.00
<b>Profit for the year available for appropriation</b>	23251.90	29896.46
Less :		
(i) Transferred to Bond Redemption Reserve	547.16	414.35
(ii) Transferred to General Reserve	15000.00	20200.00
(iii) Interim Dividend	2225.00	2660.00
(iv) Proposed Final Dividend	4348.47	5247.00
(v) Dividend Tax: Interim	340.68	418.32
Proposed	<u>705.43</u>	<u>871.46</u>
<b>Balance carried over to Balance Sheet</b>	<b>85.16</b>	85.33

**5. Share application money pending allotment**

(R in lakhs)

<i>Particulars</i>	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Share application money pending allotment</b>	0.50	4583.00

**NON-CURRENT LIABILITIES:****6. Long term borrowings**

(R in lakhs)

<i>Particulars</i>	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>I Secured Loans</b>		
<b>Bonds - Private Placement</b>		
<b>a. ELEVENTH ISSUE</b>		
10.20% (Taxable), Secured, Redeemable Non-Convertible Bonds of R10,00,000.00 each, Redeemable at par on 15th December, 2021 with a put & call option on 15th December, 2018.	4000.00	—
(The asset value of Gas Turbine located in Assam Gas Based Power Project, Assam along with the landed property of the Corporation in the District of Mehsana, Gujarat have been identified for creation of security by way of mortgage through the Trust Deed with the appointed Trustee)		

<p><b>b. *NINTH ISSUE</b></p> <p>9.75% (Taxable) Secured Non-Convertible, Redeemable Bonds of R 10,00,000.00 each, Redeemable at par on 31st March, 2013 with a put &amp; call option on 31st March, 2008.</p>	<p>–</p>	<p>5400.00</p>
<p><b>c. *SEVENTH ISSUE- 2<sup>nd</sup> Tranche</b></p> <p>9.85% (Tax Free), Secured Non-Convertible, Redeemable Bonds of R10,00,000.00 each, Redeemable at par on 30<sup>th</sup> March, 2012 and 1<sup>st</sup> May, 2012 with a put &amp; call option on 30<sup>th</sup> March, 2009 &amp; 1<sup>st</sup> May, 2009.</p> <p><b>* NOTE :</b> Secured by mortgage of the landed property in the state of Gujarat along with fixed assets of Doyang H.E Project Viz. Dam, Water Conductor System and power house &amp; penstock.</p>	<p>–</p>	<p>320.00</p>
<p><b>II Term Loan – Secured</b></p>		
<p><b>a. Loans from Power Finance Corporation Ltd.</b></p> <p>[Secured by first charge on all movable &amp; immovable assets created/to be created in respect of <b>Kameng Hydro Electric Project</b>, Arunachal Pradesh (Save &amp; except book stocks &amp; book debts)]</p> <p>Repayable in 60 equal quarterly installments w.e.f. 15.01.2014.</p>	<p>88876.16</p>	<p>64233.00</p>
<p><b>b. Loans from Life Insurance Corporation of India</b></p> <p>(Secured by the assets of Kopili HEP : Khandong Dam, Umrong Dam, Power House Khandong, Khandong Penstock, Dykes - Khandong, Tunnel-Khandong, Dyke-Umrong, Power House Khandong -Electrical Works (P&amp;M)-Khandong, Tunnel Umrong, Steel Liner and Penstock-KoPH. Also secured by the assets of Doyang HEP:Residential &amp; Non-Residential Buildings(Permanent), Road and Bridges and Diversion Tunnel. (Repayable annually &amp; will be relinquished fully in July, 2015)</p>	<p>1415.34</p>	<p>2229.33</p>
<p><b>Total Secured Loan (A)</b></p>	<p><b>94291.50</b></p>	<p><b>72182.33</b></p>
<p><b>III. Term Loan - Unsecured</b></p>		
<p><b>c. Loan from KfW</b></p> <p>(Guaranteed by the Govt. of India)</p> <p>(Loan taken for construction of Pare Hydro Electric Project at Arunachal Pradesh)</p> <p>Repayable in 30 equal half yearly installments w.e.f. 30.12.2013</p>	<p>11764.46</p>	<p>7599.63</p>

<b>d. Loans from Govt. of India</b>		
i. Subordinate Loans from Govt. of India Repayable in 15 equal annual installments starting from the 16 <sup>th</sup> year after commissioning of Tuirial Hydro Electric Project.	16313.00	–
ii. Other Loans ( for Tuirial Hydro Electric Project)	–	1530.50
<b>Total Unsecured Loans (B)</b>	<b>28077.46</b>	9130.13
<b>Grand Total (A + B)</b>	<b>122368.96</b>	81312.46

## 7. Other Long Term Liabilities

(R in lakhs)

Others	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Deferred foreign currency fluctuation liabilities	269.07	288.92

Foreign Exchange Rate Variation on account of restatement of foreign currency borrowing recoverable from or payable to the beneficiaries as per CERC Regulation and adjusted to carrying cost of fixed assets are accounted as Deferred Foreign Currency Fluctuation Account with corresponding credit/debit to Deferred Income/Expenditure from Foreign Currency Fluctuation Account. Deferred income/expenditure from foreign currency fluctuation account is adjusted in the proportion in which depreciation is charged on such Foreign Exchange Rate Variation by corresponding credit/debit to other income/expenditure in the Profit and Loss account of the relevant year.

Amount recoverable/payable as per CERC norms are adjusted to the Deferred Foreign Currency Fluctuation Account on actual receipt/payment basis.

## 8. Long term provisions

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Provision for Employee benefits:</b>		
Gratuity	10899.14	9131.01
Leave encashment	6028.44	4103.17
Post Retirement Medical Benefit	294.94	293.61
<b>Total</b>	<b>17222.52</b>	<b>13527.79</b>





## CURRENT LIABILITIES :

### 9. Trade payables

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Operation &amp; Maintenance:</b>		
Micro & Small Enterprises	—	—
Others	<b>13777.66</b>	<b>21655.35</b>
<b>TOTAL</b>	<b>13777.66</b>	<b>21655.35</b>

### 10. Other Current Liabilities

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b><u>Current maturity of Long Term Debt</u></b>		
<b>I Bonds - Private Placement</b>		
<b>a. *SEVENTH ISSUE 2<sup>nd</sup> Tranche</b>		
9.85% (Tax Free), Secured Non-Convertible, Redeemable bonds of R 5,00,000 each, Redeemable at par on 30th March, 2012 and 1st May, 2012 with a put & call option on 30th March, 2009 and 1st May, 2009.	320.00	1510.00
<b>b. *NINTH ISSUE</b>		
9.75% (Taxable) Secured Non-Convertible, Redeemable bonds of R 10,00,000 each, Redeemable at par on 31st March, 2013 with a put & call option on 31st March, 2008.	5400.00	—
<b>c. *SEVENTH ISSUE- 1st Tranche</b>		
9.00% (Tax Free), Secured Non-Convertible, Redeemable bonds of R 10,00,000 each, Redeemable at par on 5th March, 2012 with a put & call option on 5th March, 2009.	—	1000.00
<b>* NOTE :</b> Secured by mortgage of the landed property in the state of Gujarat alongwith fixed assets of Doyang H.E. Project Viz. Dam, Water Conductor System and Power House & Penstock.		
<b>II LOANS</b>		
<b>a. Loans from Power Finance Corporation Ltd.</b>		
Secured by charge on all movable assets of the Corporation (other than movable and immovable assets of the Assam Gas Based Power Plant) and excluding current assets of the Corporation.	642.94	2190.16

<b>b. Loans from Life Insurance Corporation of India</b>		
Secured by the assets of Kopili HEP: Khandong Dam, Umrong Dam, Power House Khandong, Khandong Penstock, Dykes - Khandong, Tunnel-Khandong, Dyke-Umrong, Power House Khandong -Electrical Works (P&M)-Khandong, Tunnel Umrong, Steel Liner and Penstock-KoPH. Also secured by the assets of Doyang HEP: Residential & Non-Residential Buildings (Permanent), Road and Bridges and Diversion Tunnel.	814.00	960.67
<b>III Interest accrued but not due on:</b>		
a) Loans from Government of India	402.41	972.07
b) Loans from Life Insurance Corporation of India	44.68	63.10
c) Bonds	343.07	375.65
d) Loans from Power Finance Corporation Ltd.	2290.44	1447.77
e) Loans from KfW	103.84	54.44
<b>IV. Other liabilities:</b>		
Creditors for Capital Expenditure	11469.17	14580.95
CPF, LIP, NESSS etc.	864.80	870.53
Deposit , retention money from contractors & others	3482.51	2490.64
Deferred foreign currency fluctuation liabilities	20.74	21.62
Wealth Tax	3.15	2.55
Pension	6653.50	–
<b>Total</b>	<b>32855.25</b>	<b>26540.15</b>

**11. Short term provisions**

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>(a) Provision for Employee benefits</b>		
Gratuity	328.99	581.95
Leave encashment	398.39	697.24
Post Retirement Medical Benefit	27.57	22.59
<b>(b) Others</b>		
Guarantee fees	100.00	100.00
Dividend payable	4348.47	5247.00
Dividend Tax	705.43	871.46
Current Tax	4516.22	5398.83
<b>Total</b>	<b>10425.07</b>	<b>12919.07</b>

## NON CURRENT ASSETS

### 12. Tangible Asset

Particulars	GROSS BLOCK			
	As at 1st April, 2011	Additions during the year	Sales / Adjustments during the year	As at 31st March, 2012
<b>A) ASSETS</b>				
<b>I. HYDRAULIC POWER PLANT,</b>				
<b>GAS PLANT &amp; TRANSMISSION LINES :</b>				
Building and civil engineering works containing generation plant & equipment, main plant	26738.39	3.97	-	26742.36
Hydraulic works including Dams Dykes, Reservoirs & Tunnels	164966.75	5.62	-	164972.37
Plant & Machinery in Generating Station	55394.54	784.26	-	56178.80
Transformer having a rating of 100 K.V. ampere and above	5032.28	368.15	-	5400.43
Sub-station equipment and other fixed apparatus	508.58	-	-	508.58
Switchgear including cable connections	12009.80	32.92	-	12042.72
Transmission Lines	708.77	-	-	708.77
Gas Turbine	90119.60	-	-	90119.60
Gas Booster Station	17005.93	-	-	17005.93
Gas Pipeline	36.60	-	-	36.60
Gas Steam Turbine	53526.08	-	-	53526.08
Gas Cooling Tower	3296.90	-	-	3296.90
Make-up Water System	3283.33	-	-	3283.33
	432627.55	1194.92	-	<b>433822.47</b>



(R in lakhs)

DEPRECIATION			NET BLOCK	
As at 1st April, 2011	Depreciation for the year including adjustment	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
11833.23	793.88	12627.11	14115.25	14905.16
43886.85	8353.45	52240.30	112732.07	121079.90
17955.30	2630.79	20586.09	35592.71	37439.24
2222.02	232.14	2454.16	2946.27	2810.26
368.58	11.13	379.71	128.87	140.00
5505.54	471.18	5976.72	6066.00	6504.26
528.83	20.12	548.95	159.82	179.94
77251.61	313.54	77565.15	12554.45	12867.99
15511.13	-	15511.13	1494.80	1494.80
32.95	-	32.95	3.65	3.65
30405.62	1366.76	31772.38	21753.70	23120.46
1835.72	87.04	1922.76	1374.14	1461.18
1613.12	103.22	1716.34	1566.99	1670.21
208950.50	14383.25	<b>223333.75</b>	<b>210488.72</b>	223677.05



Particulars	GROSS BLOCK			
	As at 1st April, 2011	Additions during the year	Sales / Adjustments during the year	As at 31st March, 2012
<b>II GENERAL ASSETS (FOR PROJECTS UNDER OPERATION)</b>				
Buildings	7081.92	42.27	(2.24)	7121.95
Furniture & Fixtures	474.23	9.61	2.04	485.88
Roads, Bridges, Culverts & Helipads	3324.23	23.14	-	3347.37
Vehicles	659.25	11.81	-	671.06
Railway Siding	10.65	-	-	10.65
Electrical Installation	840.96	2.09	-	843.05
Temporary Buildings/Erections	2410.53	-	-	2410.53
Hospital Equipment	11.61	1.82	-	13.43
Tools & Plants	3054.62	47.23	(1.01)	3100.84
Office Equipment	202.21	9.97	-	212.18
IT Equipment	416.43	15.68	(0.69)	431.42
Other Equipment	434.33	104.16	0.06	538.55
Water supply, sewerage & drainage	882.05	9.33	-	891.38
Plant & Machinery in Generating				
Station (Diesel Power House)	444.88	-	-	444.88
Communication Equipment	156.16	-	-	156.16
Lightning Arrestor (Pole Type				
Magazine Building)	139.01	-	-	139.01
Telephone Line	103.69	-	-	103.69
Fixed Assets of Minor value	3.44	-	-	3.44
<u>Land &amp; Land Rights :</u>				
Free hold	1116.94	-	-	1116.94
Lease hold	4373.69	-	-	4373.69
	26140.83	277.11	(1.84)	<b>26416.10</b>
<b>TOTAL (A)</b>	<b>458768.38</b>	<b>1472.03</b>	<b>(1.84)</b>	<b>460238.57</b>

(R in lakhs)

DEPRECIATION			NET BLOCK	
As at 1st April, 2011	Depreciation for the year including adjustment	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
2277.74	255.21	2532.95	4589.00	4804.18
329.17	15.98	345.15	140.73	145.06
1091.72	113.59	1205.31	2142.06	2232.51
416.41	(16.43)	399.98	271.08	242.84
7.12	0.19	7.31	3.34	3.53
581.16	21.07	602.23	240.82	259.80
2410.53	-	2410.53	-	-
7.52	0.29	7.81	5.62	4.09
2566.64	32.50	2599.14	501.70	487.98
158.15	5.04	163.19	48.99	44.06
369.26	14.33	383.59	47.83	47.17
293.62	59.39	353.01	185.54	140.71
244.12	40.55	284.67	606.71	637.93
385.26	1.03	386.29	58.59	59.62
113.27	4.38	117.65	38.51	42.89
116.55	1.13	117.68	21.33	22.46
85.85	2.96	88.81	14.88	17.84
3.44	-	3.44	-	-
-	-	-	1116.94	1116.94
792.45	204.04	996.49	3377.20	3581.24
12249.98	755.25	<b>13005.23</b>	<b>13410.87</b>	13890.85
221200.48	15138.50	<b>236338.98</b>	<b>223899.59</b>	237567.90

Particulars	GROSS BLOCK			
	As at 1st April, 2011	Additions during the year	Sales / Adjustments during the year	As at 31st March, 2012
<b>B) ASSETS</b>				
<b>(FOR PROJECTS UNDER CONSTRUCTION &amp; OTHER OFFICES)</b>				
Building	3239.07	283.14	(12.56)	3509.65
Furniture & Fixtures	603.95	23.70	(6.40)	621.25
Roads, Bridges, Culverts & Helipads	679.58	162.17	-	841.75
Vehicles	95.43	40.03	(5.70)	129.76
Electrical Installations	313.05	12.66	(3.08)	322.63
Temporary Buildings/Erections	1847.36	202.77	(262.56)	1787.57
Tools & Plants	1793.08	18.63	1.01	1812.72
Office equipment	520.74	29.01	(13.09)	536.66
IT Equipment	971.48	126.78	(1.08)	1097.18
Water Supply, sewerage & drainage	170.64	100.40	-	271.04
Plant & Machinery in Generating Station (Diesel Power House)	197.79	-	-	197.79
Communication Equipment	138.88	0.35	-	139.23
Plant & Machinery	1.16	-	-	1.16
Weigh Bridge	13.34	-	-	13.34
Land & Land Rights	1413.94	-	-	1413.94
Other Equipment	445.35	45.33	(12.55)	478.13
Hospital Equipment	10.20	-	-	10.20
Substation Equipment	-	9.53	-	9.53
Transformer having a rating of 100 KV & Above	9.47	0.94	4.41	14.82
Transmission Line	5851.80	498.72	-	6350.52
Fixed assets of Minor value	2.80	-	-	2.80
<b>TOTAL (B)</b>	<b>18319.11</b>	<b>1554.16</b>	<b>(311.60)</b>	<b>19561.67</b>
<b>GRAND TOTAL (A + B)</b>	<b>477087.49</b>	<b>3026.19</b>	<b>(313.44)</b>	<b>479800.24</b>

### 13. Intangible Asset

	GROSS BLOCK			
	As at 1st April, 2011	Additions during the year	Sales / Adjustments during the year	As at 31st March, 2012
Intangible Assets (software)	56.47	7.66	-	64.13



(R in lakhs)

DEPRECIATION			NET BLOCK	
As at 1st April, 2011	Depreciation for the year including adjustment	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
592.48	135.58	728.06	2781.59	2646.59
321.57	30.18	351.75	269.50	282.38
26.34	46.59	72.93	768.82	653.24
53.70	2.32	56.02	73.74	41.73
189.13	11.93	201.06	121.57	123.92
1633.15	147.81	1780.96	6.61	214.21
1090.44	43.43	1133.87	678.85	702.64
356.38	6.89	363.27	173.39	164.36
730.63	114.70	845.33	251.85	240.85
27.60	20.20	47.80	223.24	143.04
138.25	3.10	141.35	56.44	59.54
71.59	5.38	76.97	62.26	67.29
1.04	-	1.04	0.12	0.12
6.06	0.70	6.76	6.58	7.28
-	-	-	1413.94	1413.94
217.53	34.68	252.21	225.92	227.82
1.72	0.54	2.26	7.94	8.48
-	0.25	0.25	9.28	-
8.34	3.82	12.16	2.66	1.13
1191.63	336.77	1528.40	4822.12	4660.17
2.77	-	2.77	0.03	0.03
6660.35	944.87	<b>7605.22</b>	<b>11956.45</b>	11658.76
227860.83	16083.37	<b>243944.20</b>	<b>235856.04</b>	249226.66

DEPRECIATION			NET BLOCK	
As at 1st April, 2011	Depreciation for the year including adjustment	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
6.20	19.25	<b>25.45</b>	<b>38.68</b>	50.27

## Non Current Asset

### 14. Capital Work in Progress

(R In lakhs)

Particulars	As at 1st April, 2011	Additions during the year	Adjustments during the year	Capitalized during the year	As at 31st March, 2012
Building	1330.29	1195.15	8.26	(91.82)	2441.88
Temporary Buildings/Erections	370.58	88.88	(84.57)	(176.90)	197.99
Roads, Bridges, Culverts & Helipads	19651.83	1186.51	7.95	(150.54)	20695.75
Electrical Installation	317.90	22.41	0.13	(288.30)	52.14
Water Supply, Sewerage & Drainage	139.00	24.95	3.84	(95.37)	72.42
Hydraulic works including Dams, Dykes etc.	68490.53	22733.86	(46.37)	–	91178.02
Other Civil works	130.78	78.87	89.41	(0.33)	298.73
Power house	6594.04	5350.52	–	–	11944.56
Switch Yard including cable connection	558.73	3627.71	–	–	4186.44
Environment & Ecology	1855.83	402.26	(5.40)	(9.24)	2243.45
Transmission Lines	451.14	64.60	(8.94)	(216.43)	290.37
Transformer having a rating of 100KV ampere and above	138.42	1673.07	(4.41)	–	1807.08
Survey & Investigation	6221.42	82.30	227.47	–	6531.19
Provision for S & I Units	(2280.98)	–	(638.99)	–	(2919.97)
Substation	360.27	29.93	8.94	(9.40)	389.74
Plant, etc. in Generating station	301.35	5204.06	–	(92.13)	5413.28
Incidental Expenditure during Construction	65284.85	28018.28	(1166.79)	(32.14)	92104.20
<b>TOTAL</b>	<b>169915.98</b>	<b>69783.36</b>	<b>(1609.47)</b>	<b>(1162.60)</b>	<b>236927.27</b>

## Non Current investment

### 15. Investment in Power Bond

(R In lakhs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
<b>Investment in Power Bond (Unquoted)</b>				
8.5% tax free State Govt. Bonds of the Government of :				
Arunachal Pradesh	536.40		715.20	
Assam	19148.10		25530.80	
Manipur	3761.82		5015.76	
Meghalaya	390.78		521.04	
Mizoram	1270.08		1693.44	
Nagaland	1742.10		2322.80	
Tripura	<u>1797.90</u>	<b>28647.18</b>	<u>2397.20</u>	38196.24

### 16. Long Term Loans & Advances

(R In lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Capital advances</b>		
i. Secured, considered good	12201.95	13168.22
ii. Unsecured, considered good	15316.04	13705.00
Less: Provision against Bad & Doubtful debts	<u>28.00</u>	<u>28.00</u>
	15288.04	13677.00
Advance towards Land	<u>2217.21</u>	<u>2628.99</u>
<b>Total</b>	<b><u>29707.20</u></b>	<u>29474.21</u>

### 17. Other Non-Current Assets

(R In lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Others</b>		
Advance Tax	1261.94	2021.40
Advance to staff	290.82	94.01
Un-amortized expenses (Deferred Revenue Expenditure)	19.53	505.05
<b>Total</b>	<b><u>1572.29</u></b>	<u>2620.46</u>

## CURRENT ASSETS

### 18. Current Investment

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>Investment in Power Bonds (Unquoted)</b>				
8.5% tax free bonds State Govt. Bonds of the Government of:				
Arunachal Pradesh	178.80		178.80	
Assam	6382.70		6382.70	
Manipur	1253.94		1253.94	
Meghalaya	130.26		130.26	
Mizoram	423.36		423.36	
Nagaland	580.70		580.70	
Tripura	<u>599.30</u>		<u>599.30</u>	
		<b>9549.06</b>		9549.06

### 19. Inventories

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
General Stores	1082.07		1209.49	
Goods in Transit	<u>16.74</u>		–	
	1098.81		1209.49	
Less : Provision for loss of stock	<u>10.02</u>		<u>17.42</u>	
	1088.79		1192.07	
Operational stores				
a) Components, spare-parts and other spares	9439.79		7279.40	
b) Consumable stores	221.49		207.27	
c) Stores & spares against Grant- in- aid	1529.09		1616.49	
d) Goods in Transit	<u>252.52</u>		<u>171.88</u>	
	11442.89		9275.04	
Less: Provision for non- moving stock	<u>133.87</u>		<u>133.27</u>	
	11309.02		9141.77	
<b>Total</b>		<b>12397.81</b>		10333.84



**20. Trade Receivables****(R in lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, considered good:</b>		
Trade receivables outstanding for a period exceeding 6 months from the date they are due for payment	4919.09	2300.77
Other Debts	65757.84	46721.32
<b>Total</b>	<b>70676.93</b>	49022.09

**21. Cash & Cash Equivalent****(R in lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2012 )	As at 31 <sup>st</sup> March, 2011
i) Balance with scheduled banks	19353.87	29343.63
ii) Cheques , drafts on hand	16313.00	3.35
iii) Cash, stamps & imprest on hand	4.99	8.01
iv) Balance with Bank as Margin Money	104.17	108.41
<b>Total</b>	<b>35776.03</b>	<u>29463.40</u>

**22. Short term Loans & Advances****(R in lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured , considered good :</b>		
<b>Advances recoverable in cash or in kind ::</b>		
Interest accrued on STDR, Power Bonds etc.	3400.67	3622.45
Advance to Suppliers & Contractors	1079.08	1324.33
Accounts receivables	<u>3834.82</u>	<u>19154.21</u>
	8314.57	24100.99
Less : Provision for bad & doubtful debts	55.87	62.01
<b>Total</b>	<b>8258.70</b>	24038.98

**23. Other Current Assets****(R in lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Advance to staff	33.51	463.82
Un-amortized expenses (Deferred Revenue Expenditure)	200.05	150.04
Deposits with other authorities	51.99	135.27
Advance tax	2927.97	4024.44
Tax deducted at source	2046.89	1833.03
Deferred Foreign Currency Fluctuation Assets	31.15	41.87
Prepaid expenses	454.65	286.86
<b>Total</b>	<b>5746.21</b>	6935.33

## 24. Revenue from Operation

The Central Electricity Regulatory Commission (CERC) has notified the Terms and Conditions for determination of tariff applicable with effect from 1<sup>st</sup> April, 2009 for a period of five years vide notification dated 19<sup>th</sup> January, 2009. The tariff petition for all the power stations were approved by CERC recently except Doyang Hydro Electric Project, Nagaland and accordingly sale of energy from these power stations have been accounted for.

The Tariff in respect of DHEP has been calculated as per the Ministry of Power (MOP), Govt of India (GOI) letter No:1/20/93-H.I dt.13.3.2009. Accordingly an incremental amount of R913.82 lakhs has been recognized as income in the books of accounts.

Thus the total Sales for the year ended 31.03.2012 amounts to R119766.78 lakhs.

## 25. Other Income

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Misc Receipts	657.67	2057.99
FERV Recoverable/Payable (Net)	20.74	21.62
Interest on Investment(State Govt. Bonds)	3855.43	4667.10
Reimbursement of MAT	52.39	784.23
Profit on Sale of Assets	0.02	–
Interest on delayed Payment on Sale of Power	2531.77	520.90
Other Income (Grant-in-Aid)( Ref Note no-59)	87.40	23.25
<b>Total</b>	<b>7205.42</b>	8075.09

## 26. Cost of Material Consumed

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Purchase of Gas	41441.97	37016.01
Transportation charges of gas	1800.83	1669.38
<b>Total</b>	<b>43242.80</b>	38685.39

## 27. Employees Remuneration & Benefits

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Salary & Wages	11843.79	10596.54
Contribution to Provident Fund	1454.58	1019.64
Provision for Gratuity	1742.50	667.74
Provision for Employees Pension Fund	4280.86	--
Staff welfare expenses	12.41	131.53
<b>Total</b>	<b>19334.14</b>	<b>12415.45</b>

## 28. Finance Costs

(R in lakhs)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A. Interest Expenses</b>		
i) Loans from Life Insurance Corporation of India	239.00	329.68
ii) Bonds	526.50	680.20
iii) Loan from Power Finance Corporation Ltd	117.64	383.17
<b>B. Other Borrowing Costs</b>	2.15	2.84
<b>Total</b>	<b>885.29</b>	<b>1395.89</b>

## 29. Depreciation

In view of the direction from Principal Director of Commercial Audit, New Delhi dt.22.3.2010 all power sector Companies are required to adopt Accounting Policy & methodology of charging depreciation in accordance with the norms notified by CERC in exercise of powers conferred under Sec.178 of the Electricity Act'2003 for the Block Year 2009-14 and incorporated the same in Annual Accounts from the financial year 2009-10.

Accordingly depreciation of R 15107.38 lakhs has been calculated & charged to Profit & Loss Account.

### 30. Generation & Administration Expenses

(R in lakhs)

Particulars	Note No	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>GENERATION EXPENSES</b>			
Repairs & Maintenance :			
a) Roads & buildings		674.27	717.34
b) Power house		4291.86	5998.40
c) Hydraulic works		156.63	170.64
d) Line & sub-stations		32.41	43.10
e) Others		196.67	282.95
f) Stores & spares (against Grant-in-Aid)		87.40	23.25
<b>ADMINISTRATION EXPENSES</b>			
a) Travelling expenses		134.76	223.70
b) Advertisement expenses		44.14	16.20
c) Insurance charges		365.57	250.61
d) Rents		1.71	7.32
e) Rates & taxes		10.45	25.27
f) Entertainment expenses		0.84	2.00
g) General expenses	33	5232.74	4650.74
h) Publicity expenses		6.55	9.52
i) Legal charges		1.81	0.42
j) Filing fees to CERC		23.37	31.30
k) NERLDC Fees & Charges		733.74	862.96
l) Wealth Tax		2.48	2.17
m) Research & Development Expenses		40.76	–
n) Sustainable Development		43.29	–
o) Corporate Social Responsibility		308.38	215.27
p) Share of General establishment	37	5925.21	6835.64
<b>Total</b>		<b>18315.04</b>	<b>20368.80</b>



**31. Other Expenses****(R in lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Purchase of Power	273.67	294.59
Lubricants , oil etc.	167.20	118.69
Electricity Duty	14.22	15.16
U I Charge	499.28	463.35
Write off	1111.31	2978.80
Deferred Revenue Expenditure written off	200.05	200.06
Rebate to customers	1182.89	1182.67
<b>Total</b>	<b>3448.62</b>	<b>5253.32</b>

**32. Prior Period Adjustment (Operation & Maintenance)****(R in lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A) Income :</b>		
Depreciation	8.48	584.25
Transmission Charges	–	30.77
Rates & Taxes	–	17.26
Security Expenses	61.00	101.45
Consultancy Fee	1.53	399.18
Others	9.53	0.21
<b>Total Income</b>	<b>80.54</b>	<b>1133.12</b>
<b>B) Expenditure :</b>		
Depreciation	40.19	45.07
Children Education Allowance	–	1.28
Repair & Maintenance	3.28	0.26
Publicity Expenses	–	1.34
Advertisement Expenses	–	7.34
Medical Expenses	–	1.58
Miscellaneous Expenses	0.25	–
Rates & Taxes	25.00	–
Maintenance of Road & Building	2.97	–
Leasehold Land Rent	10.09	–
Purchase of Gas	209.90	159.59
<b>Total Expenditure</b>	<b>291.68</b>	<b>216.46</b>
<b>Net Expenditure/ (Income)</b>	<b>211.14</b>	<b>(916.66)</b>

### 33. General Expenses

For the year ended 31<sup>st</sup> March :

(R in lakhs)

Particulars	Operation & Maintenance		General Administration		Project ( Under Construction)		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Leave encashment	1775.85	617.8	–	458.21	840.18	313.97	2616.03	1389.98
Transport expenses	436.92	503.52	205.76	244.90	418.91	406.21	1061.59	1154.63
Printing & stationery	27.80	30.44	65.21	73.46	21.73	17.71	114.74	121.61
Postage & telegram	1.58	1.50	3.53	5.87	2.76	0.62	7.87	7.99
Medical expenses	443.39	478.93	207.59	303.77	292.44	186.87	943.42	969.57
License & registration	4.62	3.58	1.27	1.27	27.03	1.93	32.92	6.78
Paper & periodicals	1.08	24.51	2.37	15.82	2.18	12.29	5.63	52.62
Uniforms & liveries	11.32	7.74	26.79	2.96	0.95	3.27	39.06	13.97
Honorarium	0.60	0.19	0.08	0.05	–	–	0.68	0.24
Electric & water charges	182.91	154.63	38.58	67.16	135.80	689.46	357.29	911.25
Bank charges	9.96	29.16	0.50	5.37	2.29	2.22	12.75	36.75
Social welfare	500.37	1066.27	55.92	135.65	54.92	165.44	611.21	1367.36
Consultancy charges	2.84	26.95	8.50	8.04	243.78	471.14	255.12	506.13
Security arrangement	1679.28	1538.41	90.77	113.51	303.95	210.07	2074.00	1861.99
Training expenses	13.57	0.89	20.06	29.27	9.72	0.79	43.35	30.95
Staff recruitment expenses	–	–	–	1.07	–	–	–	1.07
Hospital facilities	4.33	6.49	–	0.03	2.81	3.75	7.14	10.27
Subscription & membership fees	0.15	0.03	14.22	9.11	–	0.02	14.37	9.16
Communication expenses	30.22	24.16	206.42	90.60	33.96	20.03	270.60	134.79
Office furnishing	1.17	1.62	33.04	23.15	3.39	7.26	37.60	32.03
Miscellaneous expenses	33.22	37.42	110.62	245.15	118.02	46.37	261.86	328.94
I.B. expenses	27.88	28.01	14.74	19.52	54.74	50.41	97.36	97.94
Laboratory & meter testing charges	0.53	3.49	0.06	0.65	3.30	8.55	3.89	12.69
Photographic records	0.13	0.16	0.47	0.19	–	0.06	0.60	0.41
Loss of Stock/Advance written off	2.77	0.73	1.17	3.72	1.43	53.12	5.37	57.57
IT Expenses	22.25	29.63	42.72	30.86	24.25	10.15	89.22	70.64
Loss on sale of fixed Assets	–	0.48	0.34	4.05	5.04	4.12	5.38	8.65
Compensation	18.00	34.00	–	–	–	15.00	18.00	49.00
<b>Total</b>	<b>5232.74</b>	4650.74	<b>1150.73</b>	1893.41	<b>2603.58</b>	2700.83	<b>8987.05</b>	9244.98

**34. Prior Period Adjustment in respect of General Administration****(R in lakhs)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>A) Income:</b>		
Depreciation	0.29	–
<b>Total Income</b>	<b>0.29</b>	<b>–</b>
<b>B) Expenditure :</b>		
Rent	14.19	–
Transport Expenses	–	7.26
Communication Expenses	–	20.09
Repairs & Maintenance	22.34	1.15
Printing & Stationery	–	3.36
Medical Expenses	–	1.11
Legal Expenses	–	1.75
Depreciation	–	89.55
Others	0.49	6.99
<b>Total Expenditure</b>	<b>37.02</b>	<b>131.26</b>
<b>Net Expenditure/ (Income)</b>	<b>36.73</b>	<b>131.26</b>

**35. Prior Period adjustment in respect of Projects under construction****(R in lakhs)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Expenditure :</b>		
Depreciation	229.27	142.10
Others	–	2.18
Rent	–	0.97
<b>Total Expenditure</b>	<b>229.27</b>	<b>145.25</b>
<b>Net Expenditure/ (Income)</b>	<b>229.27</b>	<b>145.25</b>

**36. Payment to Auditors****(R in lakhs)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Audit fees	3.93	3.86
Tax audit fees	0.59	0.58
Cost Audit Fees	1.01	0.66
Other expenses	6.91	5.61
<b>Total</b>	<b>12.44</b>	<b>10.71</b>

### 37. Incidental Expenditure of Corporate Office

(R in lakhs)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>General Administration</b>			
Employees remuneration & benefits		5715.64	7213.95
Travelling expenses		182.22	249.99
Rent		45.23	34.45
Rates & taxes		8.34	7.30
General expenses	33	1150.73	1893.41
Repairs & maintenance		92.78	87.83
Audit fees & expenses	36	12.44	10.71
Legal expenses		25.50	29.05
Insurance charges		19.54	23.00
Entertainment expenses		0.26	1.72
Advertisement expenses		31.05	73.20
Publicity expenses		95.91	66.63
Board meeting expenses		2.88	12.79
Depreciation		186.19	326.40
Wealth tax		0.29	0.29
Prior period adjustment (Net)	34	<u>36.73</u>	<u>131.26</u>
		7605.73	10161.98
Less : Non operating receipts :			
i) Interest on Investment STDR		1553.61	1562.67
ii) Others		<u>126.91</u>	<u>82.61</u>
		<u>1680.52</u>	<u>1645.28</u>
Net expenditure		<b><u>5925.21</u></b>	<u>8516.70</u>
Expenditure charged to :			
a) Profit & Loss Account	30	<b>5925.21</b>	6835.64
b) General Administration (Projects under Construction)	38	—	1681.06



**38. Incidental Expenditure During Construction**

(R in lakhs)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>General Administration</b>			
Employees remuneration & benefits		14494.95	6304.88
Traveling expenses		197.59	135.58
Rent		28.53	22.50
Rates & taxes		0.48	0.52
General expenses	33	2603.58	2700.83
Repairs & maintenance		295.92	245.15
Depreciation		637.97	603.29
Legal expenses		0.78	0.37
Insurance charges		14.23	13.02
Environment & Ecology		0.08	–
Prior period adjustment (Net)	35	229.27	145.25
Tender expenses		51.67	47.20
<b>Interest &amp; Finance Charges</b>			
<b>Interest on :</b>			
i) Bonds		384.34	380.19
ii) PFC		8844.02	5421.32
iii) KfW Loan		347.82	119.82
iv) Exchange differences regarded as adjustment to Interest cost		285.77	–
<b>Finance charges :</b>			
i) Guarantee fees		91.85	31.60
ii) Commitment fees		121.49	134.70
iii) Loan expenses		<u>32.02</u>	<u>1.56</u>
		10107.31	6089.19
Exchange Rate Variation		–	386.96
Wealth tax		0.38	0.08
Entertainment expenses		2.46	0.62
Share of General Administration expenses	37	–	<u>1681.06</u>
		28665.20	18376.50
Less : Non- operating receipts			
i. Interest on advances from Suppliers/ Contractors		580.89	522.32
ii. Others		<u>66.03</u>	<u>783.13</u>
		<u>646.92</u>	<u>1305.45</u>
Net Expenditure		<b><u>28018.28</u></b>	<b><u>17071.05</u></b>
<b>Expenditure transferred to Capital Work-in-Progress</b>		<b><u>28018.28</u></b>	<b><u>17071.05</u></b>

**39.** In the opinion of the Management, the value on realisation of current assets, loans and advances in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

#### 40. Confirmation of balances

Balances shown under Advances to Contractors, Creditors and Materials in transit / with contractors issued on loan are subject to confirmation/reconciliation and consequential adjustment, if any.

#### 41. Related party disclosure

The required information with respect to Related Party Disclosure is given as under:

Whole time Directors :

1	Sri P.C.Pankaj	Chairman & Managing Director w.e.f. 3 <sup>rd</sup> June, 2011
2.	Sri I.P. Barooah	Chairman & Managing Director upto 3 <sup>rd</sup> June, 2011
3	Sri A G West Kharkongor	Director (Finance)
4	Sri I.P. Barooah	Director (Personnel)
5	Sri Utpal Moral	Director ( Technical)

#### 42. Related party Transaction

Employees' remuneration and benefits include the following for the Directors including the Chairman & Managing Director.

(R in lakhs)		
Particulars	Current year (2011-12)	Previous year (2010-11)
Salary and allowances	136.00	58.84
Contribution to Provident Fund and other funds	7.67	5.06
Other benefits	11.56	5.86

In addition to the above remuneration, the whole- time Directors have been allowed to use Corporation's car including for private journey on payment of a fixed monthly amount in accordance with the provisions of B.P.E.'s Circular as amended from time to time/ terms of their appointment.

#### 43. Advance towards land

Amount spent in connection with acquisition of land including land compensation and rehabilitation expenses has been booked under "Advance towards land" and has been exhibited under "Long term Loans & Advances (Note No-16)", pending completion of legal formalities. The land is in the possession of the Corporation.

(R in lakhs)		
Particulars	As at 31st March, 2012	As at 31st March, 2011
Advance towards land	2217.21	2628.99

#### 44. Internal Consumption

Sales include the cost of internal consumption of electricity.

(R in lakhs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Cost of internal consumption of electricity.	182.13	152.89

#### 45. Quantitative information

(R in lakhs)

Particulars	Unit	As at 31st March, 2012	As at 31st March, 2011
Installed Capacity	MW	1130.00	1130.00
Design Energy	MU	5698.73	5698.73
Actual Generation	MU	4824.66	5092.66
Sales including internal consumption but excluding supply of Power Auxiliary consumption and transmission losses	MU	4481.53	4716.45

#### 46. Contingent liabilities

(R in lakhs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Claims against the Company not acknowledged as debt	73354.10	73493.10

Pending final decision, interest on delayed payment to Gas Authority of India Limited has been accounted for at SBI PLR plus 1% simple interest and the interest claimed in excess of SBI PLR plus 1% simple interest amounting to R **1405.32 lakhs** (Previous Year R 1173.65 lakhs) included in the contingent liability.

#### 47. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to R **99830.65 lakhs** (previous year R120812.32 lakhs).

#### 48. Value of imports calculated on C.I.F. basis

(R in lakhs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Spares	569.31	1396.23

#### 49. Expenditure in foreign currency

(R in lakhs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Interest	298.42	73.99
Others (TA/ Commitment charges)	129.93	111.66

#### 50. Stores in Transit

(R in lakhs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Stores in transit	269.26	171.88

#### 51. Deferred Tax Liability

In compliance to the Accounting Standard 22 on "Accounting for Taxation on Income" provision for Deferred Tax Liability for the year ended 31.03.2012 has been made as under:-

	(R in lakhs)
(a) Deferred Tax Liability as on 01.04.2011	59385.65
Less: Deferred Tax Recoverable	<u>59385.65</u>
Net Deferred Tax Liability as on 31.03.2012	<u>Nil</u>
Deferred Tax Liability for the year	(3850.84)
Less: Deferred Tax Recoverable	<u>(3850.84)</u>
Net Deferred Tax for the year charged to Profit & Loss A/c	<u>Nil</u>

(b) The item wise details of Deferred Tax Liability (Net) are as under :-

Deferred Tax Liability (Difference of Book depreciation and Tax depreciation) R **55534.81 lakhs** as on 31.03.2012.

#### 52. Segment Reporting

- Electricity generation is the principal activity of the Corporation. Other operation like interest income does not form a reportable segment as per the Accounting Standard 17. Interest income earned by the Corporation in respect of Bonds issued to the Corporation by various State Electricity Board/ Power Department in liquidation of the debts owed by them against energy supplied is attributable to the generation activity only.
- The Corporation has power stations located within the country and therefore geographical segments are inapplicable.

#### 53. Earnings Per Share

In compliance to the Accounting Standard 20 on "Earning per Share" issued by The Institute of Chartered Accountants of India the elements considered for calculation of earning per share are as under



Particulars	As at 31st March, 2012	As at 31st March, 2011
Profit after Tax (R in lakhs)	21911.57	26356.55
Weighted Average number of equity shares (Nos.)	3249491496	3231930400
Earning Per Share (Basic and Diluted) (R)	0.67	0.82
Face value per share (R)	10.00	10.00

#### 54. Cut-off date

The Company has taken all known ascertainable liabilities pertaining to the year upto 31.03.2012 taking into consideration 15<sup>th</sup> April, 2012 as the cut-off date.

#### 55. Information in respect of Micro, Small and Medium Enterprises as at 31<sup>st</sup> March, 2012

Sl. No.	Particulars	R in lakhs
(a)	Amount remaining unpaid to any supplier Principal Amount Interest due thereon	—
(b)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 along with the amount paid to the suppliers beyond the appointed day	—
(c)	Amount of interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Act, 2006 .	—
(d)	Amount of interest accrued and remaining unpaid.	—
(e)	Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Act, 2006 .	—

#### 56. Write off

The Govt. of Arunachal Pradesh, vide letter no. PWRS/W-465/98Vol-II/1-06 dtd. 3<sup>rd</sup> January, 2011 has withdrawn Kameng I Hydro Electric Project (1120 MW) and cancelled the MoA signed on 21.09.2006 in respect of this project. Pending decision for write off a gross expenditure of R **2367.70** lakhs incurred on this project till 31.03.2012 including an amount of R **86.73** lakhs for the year 2011-12 has been provided in the accounts.

Similarly, Govt. of Arunachal Pradesh vide its letter dt. 22.12.2008 has withdrawn Ranganadi II Hydro Electric Project from NEEPCO. Pending decision for write off a gross expenditure of R**1017.96** lakhs incurred on this project till 31.3.2012 has been provided in the accounts.

#### 57. Accounts Receivables

a. The Corporation has decided to hand over all the related documents of **Lower Kopili H.E Project** to Assam State Electricity Board (ASEB) on realization of the amount spent for the project. A gross expenditure of R**164.69** lakhs has been incurred till 31.03.2012.

b. Expenditure of R **1748.91** lakhs was incurred for Tuivai Hydro Electric Project in Mizoram. The Project has since been handed over to the Govt of Mizoram on 02.08.2007 for execution. Necessary modalities are being worked out for settlement of account with the State Government of Mizoram.

Since the above projects are no longer with the Corporation, the respective Power Department/ Electricity Board have been requested for reimbursement of expenditure incurred by the Corporation. In view of the above, the amounts are shown as Account receivables.

## 58. Gratuity & Other Post Retirement Benefits Plan

The company has adopted AS 15 (revised 2005) 'Employee Benefits'. Defined Employee Benefit Schemes are as under:

### a. Expenses recognized in statement of Profit/Loss:

(R in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PRMB
Current service cost	549.80	502.94	136.94	–
Interest Cost	781.35	268.32	97.34	26.88
Actuarial gain/loss recognized in the year	1225.17	1104.83	513.22	2.03
Expense recognized in statement of Profit/ Loss	2556.32	1876.09	747.50	28.91

### b. The amount recognized in Balance Sheet :

(R in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PRMB
Expenses as taken in statement of Profit/loss	2556.32	1876.09	747.50	28.91
Contributions	–	–	–	–
Closing Net Liability	2556.32	1876.09	747.50	28.91
Closing Fund/Provision at end of the year	11228.13	4591.26	1835.57	322.51

### c. Changes in the present valuation of obligations:

(R in lakhs)

	Gratuity	Earned leave	Half pay leave	PRMB
Present Value of obligation on 31.03.11	9712.96	3598.19	1202.22	316.20
Interest Cost	781.35	268.32	97.34	26.88
Current service cost	549.80	502.94	136.94	–
Benefits paid	1041.16	883.02	114.15	22.59
Actuarial gain / loss on obligations	1225.17	1104.83	513.22	2.02
Present value of obligation on 31.03.2012	11228.13	4591.13	1835.57	322.51

### d. During the year, the Company has provided liability towards:

Gratuity	:	R 2556.32 lakhs
Earned Leave Encashment	:	R1876.09 lakhs
Half Pay Leave	:	R 747.50 lakhs
Post Retirement Medical Benefit	:	R 28.91 lakhs

## e. Actuarial Assumptions :

Principal Assumptions used for actuarial valuation are:

(1) Method used	:	Projected Unit Credit Method
(2) Discount Rate	:	8.50
(3) Inflation Rate	:	5.00
(4) Return on Asset	:	0.00

**59. Spares out of Grant in Aid**

For spares purchased out of Grant-in-Aid received from the Central Govt. and utilised during the current year, i.e., FY 2011-12, repairs & maintenance has been debited and Stock of Spares has been credited by an amount of R **87.40** lakhs (previous year R 23.25 lakhs). Again, the amount has been transferred from Grant-in-Aid to Profit & Loss Account.

**60. Provident Fund**

Company pays fixed contribution at predetermined rates to the Provident Fund Trust, which invests the fund in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to Profit & Loss Account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Govt. of India.

In case the net balance in the revenue account of the Trust is not sufficient then the deficiency shall be made good by the employer. During the year 2011-12 an amount of R 5,19,63,270.00 has been made good by the Corporation.

**61. Pension**

In terms of the Guidelines of Department of Public Enterprise (DPE), Govt. of India (GOI) issued vide O.M. no.2(70)/08-DPE (WC) / GL-xiv/08 dt.26.11.2008 and OM. No. 2(70)/08-DPE (WC) / GL-vii/09 dt.02.04.2009, the Company has formulated the NEEPCO EMPLOYEES DEFINED CONTRIBUTION SUPERANNUATION BENEFIT SCHEME and sent to the Ministry of Power for approval. Pending approval of MOP an amount of R**6653.50** lakhs (cumulatively) including an amount of R**1267.33** lakhs for the year has been provided in the accounts of 2011-12.

**62.** Any expenses on maintenance of software system payable annually are charged to revenue.

**63. Discontinued Survey & Investigation Activities**

The Ministry of Power, Govt. of India vide Letter No 7/18/2007-H.I dated 07.05.2008, has conveyed the approval to handover Talong HEP, Dibbin HEP, Kameng-II HEP and Kameng Dam Power House HEP to private developers for implementation. Accordingly, Talong HEP was handed over to the Private developer and necessary adjustment made in the Accounts. The Govt. of Arunachal Pradesh, vide letter no. PWRS/W-465/98Vol-II/2148-50 dtd. 22<sup>nd</sup> December 2008 has allotted Kapak leyak and Badao HEP to Private developer. A gross expenditure of R 536.25 lakhs, R644.00 lakhs, R1057.39 lakhs, R204.01 lakhs and R802.77 lakhs in respect of Dibbin HEP, Kameng-II HEP, Kameng Dam Power House HEP, Kapak leyak HEP and Badao HEP respectively have been spent till 31.03.2012 . Necessary adjustment will be made in the year of actual handing over of these projects.

**64.** Current tax is net of MAT credit of R 3291.81 lakhs.

**65.** Interest and finance charge amounting to R **10107.31** lakhs (previous year R6089.19 lakhs) related to construction projects has been transferred to IEDC.

**66.** The amount of exchange difference debited to carrying amount of CWIP in respect of Pare Hydro Electric Project is R **285.77** lakhs (previous year R**386.96** lakhs).

## 67. Impairment Loss

In compliance with the Accounting Standard 28 issued by the Institute of Chartered Accountants of India, the Company have assessed the earning capacity of all its fixed assets in comparison to their carrying cost and observed no impairment loss. Accordingly no provision has been made.

## 68. Changes in Accounting Policy and its impact on Profit

(R in lakhs)

Policy No.	Description	Impact on Profit for the year
2.c (c1)	Capital Work in Progress	(+) 1521.48
2. I (I4)	Foreign Exchange Fluctuation	Nil

- 69.** NEC has been requested to withdraw the sanction order for the amount of R 83.00 lakhs given as Advance towards Share Capital for Garo Hills Thermal Project. As against R 83.00 lakhs received from the council, a sum of R 78.39 lakhs including R 78.00 lakhs paid as advance to BRDB has been utilised. On receipt of the NEC order, the balance amount of R 4.61 lakhs will be refunded to NEC and the same has been shown as liability.

## 70. Previous year figures

The Company was using pre-revised Schedule VI to the Companies Act'1956 for preparation and presentation of its financial statements till 31.3.2011. During the year ending 31<sup>st</sup> March, 2012, the revised Schedule VI notified under the Companies Act'1956 has become applicable to the Company. In view of this, previous year's figures have been regrouped, recasted and re-arranged wherever possible and considered necessary.

**For and on behalf of the Board of Directors**

In terms of our report of even date

**For NUNDI & ASSOCIATES**

Chartered Accountants

F.R.N.-309090E

**Date:** 22-06-2012

**Place:** Camp, New Delhi

**C. Sharma**

Company Secretary

**A.G. West Kharkongor**

Director (Finance)

**P.C. Pankaj**

Chairman &  
Managing Director

**S. Nandi**

Partner  
Membership No. 059828



Agartala Gas Turbine Power Plant



## ANNEXURE- III TO THE DIRECTOR'S REPORT

### CORPORATE GOVERNANCE CERTIFICATE

To,  
The Members,  
North Eastern Electric Power Corporation Limited.  
Brookland Compound,  
Lower New Colony, Shillong- 793 003

We have examined the compliance of the conditions of Corporate Governance by North Eastern Electric Power Corporation Limited (hereinafter referred as 'the Company') for the year ended 31st March, 2012 as stipulated in 'Guidelines as Corporate' Governance for Central Public Sector Enterprises 2010 vide Notification No.1 No. 18 (18)/ 2005- GM originally issued on 22.06.2007 and revised guidelines vide office memorandum dated 14th May, 2010 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures mentioned there under (hereinafter referred as 'Guidelines').

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions corporate governance as stipulated in above mentioned guidelines. It is neither as audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Guidelines except as regards the following:

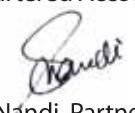
- Clause 3.1 Composition of Board: The composition of the Board of Directors is not in accordance with the Guidelines to the extent that there are no Independent Director on the Board. Further, the number of Government Directors which includes nominees of the State Governments of the North Eastern States exceeds the ceiling of 2 (two) as prescribed by the Guidelines. It has been taken up the matter with the Ministry of Power for restructuring the Board of Directors for complying with the Guidelines.
- Clause 4.1 Qualified and Independent Audit Committee: The composition of the Audit Committee of the Company does not comply with the Guidelines in view of non- appointment of Independent Directors on the Board of Directors. It has been informed that once the Independent Directors are appointed by the Government of India, necessary changes in the composition of the Audit Committee shall be made in compliance with the Guidelines.
- Clause 5.1 Remuneration Committee has not yet been reconstituted in view of non- appointment of Independent Directors on the Board of Directors.

We further state that such compliance is neither as assurance as the future viability of the Company nor the efficiency of the effectiveness with which the Management has conducted the affairs of the Company.

Place: Kolkata  
Date: 28.06.2012



For Nundi & Associate  
Chartered Accountants

  
(S. Nandi, Partner)  
Membership No. 059828

**ANNEXURE- IV  
TO THE DIRECTOR'S REPORT****AUDITORS' REPORT****To,****The Members of North Eastern Electric Power Corporation Ltd.**

1. We report that, we have audited the attached Balance Sheet of North Eastern Electric Power Corporation Ltd., as at 31<sup>st</sup> March 2012 and the related Profit and Loss account for the year ended on that date and cash flow for the year ended on that date annexed thereto. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these statements based on our audit.
2. We conducted our audit in accordance with 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 amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) order, 2003, issued by the Central Government of India in terms of sub – section (4A) of section 227 of the Companies Act, 1956, ('The Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in attached Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. We report that,
  - (a) 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.
  - (b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of those books.
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with

the books of account.

- (d) In our opinion the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub sec. (3C) of sec. 211 of the Companies Act, 1956.
- (e) The provision of sec. 274 (1) (g) of the Companies Act does not apply to a Govt. Company in view of notification no F.No. 8/5/2001-CL.V dated 21st October 2003 of Dept. of Company Affairs, Ministry of Finance. Therefore it is not required to report whether a Director is disqualified as on 31st March 2012 from being appointed as a director under sec 274 (1) (g) of the Companies Act, 1956.

5. In our opinion to the best of our information and according to the explanation given to us the said accounts together with the NOTES thereon and attached thereto, give the information required by Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the Accounting Principles accepted in India subject to our comment stated below:-

- (a) In case of Balance Sheet of the state of affairs of the company as at 31st March, 2012; and
- (b) In case of profit & loss account of the profit of the company for the year ended on that date; and
- (c) In case of Cash Flow Statement of the cash flow for the year ended on that date.

**For NUNDI & ASSOCIATES**

Chartered Accountants

F.R.N.-309090E

**Place:** Camp, New Delhi

**Date:** 22-06-2012

**S. Nandi**

Partner

Membership No. 059828



**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of North Eastern Electric Power Corporation Ltd on the financial statements for the year ended 31<sup>st</sup> March, 2012]

- (I) (a) The Corporation has generally maintained proper records including quantitative details and situation of fixed assets.  
  
(b) The Fixed Assets as explained to us have been physically verified by the management at the year-end and no serious discrepancies were noticed. In our opinion, the frequency of verification is reasonable.  
  
(c) Substantial Part of the fixed assets has not been disposed off during the year.
- (II) (a) The inventory has been physically verified by the management at the year end. In our opinion the frequency of verification is reasonable.  
  
(b) According to information and explanations given to us in our opinion procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Corporation and nature of its business.  
  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory, wherever material, have been properly dealt with in the books of accounts.
- (III) (a) The Corporation has not granted any loans secured or unsecured to companies, firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.  
  
(b) The Corporation has not taken any loans secured or unsecured from companies firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.
- (IV) In our opinion and according to information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Corporation and the nature of its business for purchase of inventories, fixed assets and sale of energy. The Corporation has no service activity. We have not noticed any continuing failure to correct major weaknesses in internal control.
- (V) In our opinion there is no contract or arrangements referred to in sec. 301 of the Act during the year. Therefore clause (V) of the order is not applicable.

- (VI) Corporation has not accepted any deposits from the public covered by sec. 58A and 58AA of the Companies Act, 1956. Therefore clause (VI) of the order is not applicable.
- (VII) Corporation has in house Internal Audit system commensurate with the size of the Corporation & nature of its business.
- (VIII) The Central Govt. has prescribed under clause (d) of sub section (1) of section 209 of the Act for the maintenance of cost records. We have broadly reviewed the records and prima-facie are of the opinion that such records have been made and maintained. However, we have not made detailed examination of those records.
- (IX) The Corporation is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sale tax, wealth tax, custom duty, excise duty, cess, service tax and any other statutory dues with the appropriate authorities. The Corporation has paid dividend to shareholders on regular basis and there is no need to deposit any amount in investor, education and protection fund. There is no disputed amount in respect of custom duty, wealth tax, excise duty and cess. However, there is a disputed amount of income tax for R 3,92,073.00 in respect of Assessment year 2001-02 for which Corporation has preferred a representation before Chief Commissioner of Income Tax.
- (X) The Corporation has no accumulated loss and has not incurred cash loss during the year and in the immediately preceding financial year.
- (XI) In our opinion and according to information and explanation given to us, the Corporation has not defaulted in repayment of dues to financial institutions, banks or bondholders.
- (XII) The Corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII) In our opinion, the provision of any special statute applicable to chit funds are not applicable to the Corporation. Therefore clause (XIII) of the order is not applicable.
- (XIV) The Corporation is not dealing or trading in shares, debentures and other investments. Therefore, Para (XIV) of the order is not applicable to the Corporation.
- (XV) According to the information and explanation given to us, the Corporation has not given any guarantee for loans taken by others from banks or financial institutions. Therefore clause (XV) of the order is not applicable.

- (XVI) According to the information and explanation given to us, in our opinion, term loans were applied for the purpose for which the loans were obtained during the year.
- (XVII) On the basis of overall examination of the Balance Sheet, we have not come across instances where the Corporation has raised funds on short term basis and used for long term investments.
- (XVIII) The Corporation has not made any preferential allotment of shares to parties and Companies covered in register maintained under section 301 of the Companies Act, 1956 during the year.
- (XIX) According to the information & explanations given to us, the company has created security in respect of Bonds issued by the company except in respect of Bonds raised in December 2011 for which security creation is in process.
- (XX) The Corporation did not raise money by public issue during the year. Therefore clause (XX) of the order is not applicable.
- (XXI) According to information and explanations given to us no fraud on or by the Corporation has been noticed or reported to us during the year under audit.

**For NUNDI & ASSOCIATES**

Chartered Accountants

F.R.N.-309090E

**S. Nandi**

Partner

Membership No. 059828

**Place:** Camp, New Delhi

**Date:** 22-06-2012



## ANNEXURE- V TO THE DIRECTOR'S REPORT

### COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED, SHILLONG FOR THE YEAR ENDED MARCH 2012.

The preparation of financial statements of North Eastern Electric Power Corporation Limited, Shillong for the year ended 31 March 2012 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 22.06.2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of North Eastern Electric Power Corporation Limited, Shillong for the year ended 31 March 2012. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 619(4) of the Companies Act, 1956.

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

(Nandana Munshi)  
Principal Director of Commercial Audit  
& Ex. Officio Member Audit Board- 1,  
**Kolkata**

**Place:** Kolkata  
**Date:** 02-07-2012



## ANNEXURE- VI TO THE DIRECTOR'S REPORT

### PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

#### A. CONSERVATION OF ENERGY:

##### 1. Energy conservation measures taken:

- a) Adoption of combined cycle power system for gas power station at Kathalguri incorporating Waste Heat Recovery Boilers. An average of 10% improvement in efficiency is being achieved thereby saving fuel gas in large quantity.
- b) Introduction of high voltage distribution system for supply of construction power in the ongoing projects.
- c) Based on grid demand, operation of both the reservoir under Kopili H. E. Project is being made with a view to achieve optimal utilization of water.
- d) For Doyang Reservoir, action is being taken for raising the FRL upto 333 Meter.

#### B. ADDITIONAL INVESTMENT AND PROPOSAL FOR REDUCTION OF ENERGY CONSUMPTION:

- a) With a view to reduce energy loss in the distribution system, appropriate apparatus/ instrument etc. is put in service.
- b) Action is taken to keep auxiliary consumption within limit by using appropriate module in respect of gas-based power stations. This has resulted in reducing the consumption of gas.

#### C. FOREIGN EXCHANGE EARNING AND OUTGO:

1. Activity relating to exports, initiatives taken to increase exports, development of new export markets for products / services and export plans :- NIL.
2. Total foreign exchange used during the year 2011-12

(R in Lakhs)

a) Consultancy	Nil
b) Capital Equipment	Nil
c) Spares	569.31
d) Interest	298.42
e) Others (TA/ Consultancy)	129.93

For and on behalf of the Board of Directors

**Place:** Shillong  
**Date:** 28-08-2012

  
(P. C. Pankaj)  
Chairman & Managing Director





A view of Majuli, the river island of river Brahmaputra



# Northeast India

## Where warmth spreads over...

Smiling faces and welcoming hands, India's northeast has a wealth of pleasing warmth. Here, the people have a unique way of making you one amongst them leaving ingrained memories in your heart. Warmth and celebration of life go hand in hand. Their festivals, an intrinsic part of the residents' lives are an outburst of colour. Be it Bihu- the festival of love and feasting in Assam, or Ka Shad Suk Mynsiem- that celebrates harvesting and sowing in Meghalaya, Chapchar Kut- that celebrates the arrival of spring and the famous bamboo dance of Mizoram or the gorgeous Lion Dance of Arunachal Pradesh; each one is symbolic of the rich cultural heritage that resides here. As colourful are the people so are their cuisines which are an explosion of taste. Exotic recipes are handed down from one generation to the other thus keeping the indigenous ingredients and taste alive.

Just a glimpse is not enough to savour the richness of the region... you need to be here to believe it!



# 36<sup>th</sup>

## ANNUAL REPORT

# 2011-12



**North Eastern Electric Power Corporation Limited**

(A Government of India Enterprise)

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