

35th Annual Report

2010-2011



ISO 9001 & 14001
OHSAS 18001

North Eastern Electric Power Corporation Limited

(A Government of India Enterprise)

Website : www.neepco.gov.in

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BOARD OF DIRECTORS



Mr. P. C. Pankaj
Chairman & Managing Director



Mr. U. Moral
Director (Technical)



Mr. I.P. Barooah
Director (Personnel)



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



Mr. B.K. Dev Varma
Additional Chief Secretary
Government of Meghalaya



Mr. Sudhir Kumar
Joint Secretary
(Hydro), Ministry of Power



Mr. Sumeet Jerath
Principal Secretary (Power)
Assam



Mr. R.B. Thong
Commissioner (Power)
Government of Nagaland



Mr. T.P. Khaund
Principal Advisor, Govt. of
Mizoram

CONTENTS



Chairman’s Speech.....	6
Director’s Report for the year 2010-11.....	8
Accounts for the year.....	34
Accounting Policies.....	59
Notes on Accounts.....	62
Auditors’ Report.....	73
Comments of the C & AG.....	76
Particulars as required under the companys rules 1988.....	77

Chairman and Managing Director & Functional Directors

Mr. P. C. Pankaj

Chairman and Managing Director

Mr. I.P. Barooah

Director (Personnel)

Mr. U. Moral

Director (Technical)

Mr. A.G. West Kharkongor

Director (Finance)

Part time Directors

Mr. Sudhir Kumar

Mr. B. K. Dev Varma

Mr. Sumeet Jerath

Mr. R. B. Thong

Mr. T.P. Khaund

Permanent Invitees

Mr. P. K. Pattanaik

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 Auditors

M/s. ADD & ASSOCIATES

Chartered Accountants

Kolkata

Registered Office:

Brookland Compound, Lower New Colony,
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.



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CHAIRMAN'S SPEECH



Dear Members,

It is indeed a great pleasure welcoming you all to the 35th Annual General Meeting of your Corporation. The Annual Report containing the Directors' Report and Accounts for the year ending 31st March, 2011, along with the Auditors' Report is already with you for consideration and adoption.

The Corporation continues to play a pivotal role in the overall development of the North Eastern Region of India, harnessing and making available quality and reliable power to the people of the region. I take this opportunity to briefly mention some of the highlights of achievements during the year under review.

The total generation from the existing 7(seven) Plants of the Corporation was 5093 MU against a target of 4886 MU (RE MOU 2010-11). The total generation has improved compared to the previous year. However; the generation was 92% of the total design energy in view of less hydro generation owing to scanty rainfall in the region and forced shutdown of the Kopili and Khandong Power Plants in view of the acidic nature of water of Kopili & Umrong reservoirs resulting severe wear & tear in the underwater parts.

The Corporation made a total income of ₹ 1279.03 crores from sale of power and other income as against ₹ 1114.35 Crores in the previous year, thereby recording an increase of 14.78 % over the previous year. The Corporation earned a Profit Before Tax (PBT) of ₹ 317.55 crores against last year's figure of ₹ 337.41 crores whereas the Profit after Tax (PAT) stood at ₹ 263.56 crores against last year's figure of ₹ 289.38 Crores. The Corporation continues to register a

profit exceeding ₹200.00 Crores during the last 8 (eight) consecutive years.

Your Corporation paid an interim dividend of ₹ 26.60 crs. for the year 2010-11. This year, the Board has recommended a dividend of ₹ 79.07 Crores calculated at 30% PAT, including the interim dividend already paid for the year.

It is a matter of serious concern that the progress in respect of Kameng HE Project (600 MW) in Arunachal Pradesh was far below the desired level in view of various contractual issues. However, best efforts are on to resolve these issues.

The work in respect of Pare HE Project (110 MW) is progressing smoothly with the award of the three contract packages. I am confident that we shall be able to complete the works within schedule.

It gives me pleasure informing you that the Cabinet Committee on Economic Affairs (CCEA) has approved the revised cost estimate of the 60 MW Tuirial HE project in Mizoram in its meeting held on 31st December 2010 amounting to ₹ 913.63 crs. As such, the long awaited hope on revival of the Project has become a reality after its suspension since June 2004. The major civil works of the project have resumed with a revised completion schedule of 3(three) years.

I am also happy to inform you that , the PIB on 12th July 2010 recommended the revised cost estimate of ₹ 623.44 Crores for Tripura Gas Based Power Project (101 MW), at Monarchak and accordingly approval of CCEA was received

on 23rd July 2010. The works in all fronts are in progress and we expected to complete the project within the scheduled period of 32 months i.e. by May 2013.

The foundation stone of 52 MW Combined Cycle Expansion project of AGTP was laid by His Excellency, Governor of Tripura, Shri D.Y.Patil on the 2nd January 2011 in presence of Shri Sushilkumar Shinde, Hon'ble Union Power Minister, Shri Manik Sarkar, Hon'ble Chief Minister, Tripura and host of other dignitaries. I am sure the project will come up in scheduled time i.e. 30 months from the date of investment approval.

The Corporation signed the Memorandum of Agreement (MoA) with the Government of Meghalaya on 17th March 2011, for execution of 500 MW Thermal Power Project in East Garo Hills. The project shall be commissioned within 36 months from the date of investment approval of Government of India.

The long awaited Bailey bridge over Chubi Nallah that links the left and right bank of Pangti Village across the Doyang River was successfully completed in the month of July 2010. The same was inaugurated by the Hon'ble Chief Minister of Nagaland on 23rd August 2010.

Your Corporation gives top priority to its commitments as a responsible corporate entity towards the all round development of the people living in and around its operational areas. During the year, the Corporation incurred a sum of ₹ 3.55 Crs. on CSR activities through its CSR-CD policy. The Corporation has decided to adopt three additional Industrial Training Institute one each in the states of Meghalaya, Tripura and Assam.

The Corporation realizes development of its human resources is paramount for its sustainable growth. With this in mind, 389 employees in the category of Workman/

Supervisors and 559 Executives were nominated for professional training courses and seminar / workshop / symposium on specific subjects, both in India and abroad.

The Corporation has received continued support and guidance from the Ministry of Power, Ministry of Finance, Ministry of DONER and other Ministries of Government of India, Central Electricity Authority, Central Water Commission & other Departments of the Government of India, State Governments of all North East States, Financial Institutions, bank and lending agencies, media etc. I, on behalf of all of you, take this opportunity to express Corporation's sincere 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 and the 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 each individual employee because of whom our Corporation has been able to maintain steady growth and its consistent performance.

May I now request that the Directors' report, the Audited Accounts, the reports of Auditors and comments of the C&AG for the year ended 31st March 2011 be considered and adopted.

Thanking you all,



(P.C.Pankaj)

Chairman & Managing Director

Place: Shillong

Date: 14-09-2011

Directors' Report for the year 2010-11



Members of the Board, shareholders and Presidential Nominee at the 35th AGM

Dear Members,

On behalf of the Board of Directors it is my privilege to present the 35th Annual Report on the performance of your Corporation during the Financial Year ended on 31st March 2011 along with the audited Statement of Accounts, Auditors Report and Review of the Accounts by the Comptroller & Auditor General of 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 maintained consistency in the operations in this

year also despite many constraints. In respect of power stations where final tariff has not yet been approved/agreed by the CERC, sale of energy is provided for on the basis of 95% of the Annual Fixed Charges (AFC) as per the principles enunciated in Central Electricity Regulatory Commission (Terms and Conditions of tariff) Regulation, 2009 dated 19th January 2009 and Central Electricity Regulatory Commission (Terms and Conditions of tariff) (1st Amendment) Regulation, 2011 issued under notification dated 2nd May 2011.

The Corporation achieved Gross Revenue of ₹1279.03 Crores in the year 2010-11 against previous year's figure of ₹1114.35 Crores recording a growth of 14.78 %. The

Corporation earned a profit before tax of ₹317.55 Crores as against of ₹337.41 Crores of previous year and the Profit after Tax amounts to ₹263.56 Crores against previous year's figure of ₹289.38 Crores. The decrease in profit is mainly due to increase in the cost of gas which has gone up to ₹ 370.16 crore as compared to previous year's figure of ₹190.12 crore. The performance of the Corporation for the financial year ended 31st March 2011 is summarized below:

(₹ In Crores)

Particulars	2010-11	2009-10
Gross Revenue	1279.03	1114.35
Sale of Power	1198.27	1022.13
Gross Margin	564.58	609.83
Depreciation	189.45	209.89
Deferred Revenue Expenditure	2.00	2.04
Gross Profit	373.13	397.90
Interest and Finance Charges	25.79	49.87
Write off	29.79	10.62
Provision for Taxes	53.99	48.03
Profit after Tax	263.56	289.38
Add: Balance of Profit from last year	0.40	0.13
Write back from Bond Redemption Reserve	35.00	45.80
Profit available for Appropriation	298.96	335.31

Appropriations:		
Bond Redemption Reserve	4.14	8.35
Proposed Dividend(including interim dividend)	79.07	86.81
Tax on Dividend	12.90	14.75
General Reserve	202.00	225.00
Balance carried over to Balance Sheet	0.85	0.40
Total	298.96	335.31

DIVIDEND

Your Directors recommended dividend of ₹.79.07 Crores for the year 2010-11, including the interim dividend of ₹. 26.60 Crores, paid in January' 2011, subject to your approval in the Annual General Meeting. The total dividend pay-out represents 30% of Profit after Tax (PAT) as per the guidelines of the Ministry of Power, Government of India.



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

REVENUE REALISATION:

During the year the Corporation realized an amount of ₹ 884.79 Crores from the beneficiaries against actual billing of ₹998.06 Crores.

FINANCIAL REVIEW:

A) CAPITAL STRUCTURE

The Authorised Share Capital of the Corporation as on 31.03.2011 stood at ₹ 5000 Crores and the Paid up Capital including pending allotment was ₹ 3277.76 Crores (Previous year ₹ 3232.76 Crores). Government of India has released equity in respect of Pare HEP amounting to ₹ 45.00 Crores during the financial year 2010-11.

B) BORROWINGS

The Corporation has raised a loan of ₹ 343.25 Crores during the year 2010-11.

C) NET WORTH

The Net Worth of the Corporation excluding committed reserve as on 31st March, 2011 was ₹ 4619.14 Crores against ₹4406.68 Crores as on 31st March, 2010 representing a growth of 4.82 %.

D) COST ACCOUNTING RECORD RULES

The Central Government has approved the appointment of M/S A.C.Dutta & Co., Cost Accountants as Cost Auditor of the Corporation for the financial year 2010-11. The Cost Audit for the year 2010-11 has since been completed and Report is under finalization.

PLANTS UNDER OPERATION:**POWER GENERATION**

The generation during the year 2010-11 was 5093 MU against MoU Target (RE) of 4886 MU. Therefore, the achievement in generation with respect to MoU target of generation (RE) is 104.24%. The Plant wise generation vis-à-vis target for the year 2010-11 is as under:

Power Station	Generation Target (MU) 2010-11 for "V-Good" MOU rating (RE)	Actual Generation (MU) 2010-11	Achievement in % age	P.A.F. Target (%) 2010-11 for "V-Good" MOU rating (RE)	Actual Plant Availability Factor for Hydro (%) 2010-11	Actual Plant Availability Factor for Thermal (%) 2010-11
Hydro						
Kopili H E Plant (275 MW)	900	949	105.44	60	65.00	--
Doyang H E Plant (75 MW)	240	257	107.08	73	76.00	--
Ranganadi H E Plant (405 MW)	1403	1408	100.36	89	90.00	--
Thermal						
AGBP (291 MW)	1700	1835	107.94	67	--	74.00
AGTP (84 MW)	643	644	101.16	85	--	87.00
NEEPCO (1130MW)	4886	5093	104.24			

Notes: All targets are as per MOU (RE) and compilation has been carried w.r.t. RE only.

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 2010-11, total generation from the Plant was 949 MU. Generation from the Plant was affected on account of frequent forced outage of the units because of failure of the cooling water pipes and cooler tubes, and severe effect of corrosion / erosion of the under water parts of the generating units due to acidification of the water of both Kopili and Umrong reservoir. The increased wear and tear on the underwater metal parts of the units due to corrosive action of the acidic



A view of Kopili HE Project

water has led to increase in the number of breakdowns as well as increase in the outage period. NEEPCO has been resorting to extensive modifications to the metallurgy, re-engineering of equipment etc. in consultation with Original Equipment Manufacturers and other experts to withstand the acidic water.

The Renovation and Moderation (R&M) of the Plant has also been taken up. The Board of Directors approved the R & M proposal for the Turbine and Generator equipments of Kopili Unit-I & II (Phase-I) at the revised estimate cost of ₹ 3521.30 Lakhs. Letter of Intent was issued to BHEL for Turbine and Generator items on 19.02.2011.

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



Inside view of Doyang HE plant

Doyang Hydro Electric Plant, with its Design Energy of 227.24 MU, generated 257 MU during the year 2010-11 which is 113% of design energy. The construction of the Bailey Bridge over Chubi Nallah, works of which was restarted after a suspension of 8 years was completed and the Hon'ble Chief Minister of Nagaland dedicated the same to the public on 23.08.2010 which fulfilled the long cherished dream of the local people.

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

Ranganadi Hydro Electric Plant, with its Design Energy of 1509.66 MU, could generate 1408 MU during the year 2010-11. The primary reason for low generation from the Plant is scanty rainfall in the catchment area. However, the Plant Availability Factor of the Plant was 90% against Normative Plant Availability Factor of 85 %.

THERMAL PLANTS:

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

The generation from the Plant was 1835 MU during 2010-11 with Plant Load Factor of 72% and Plant Availability Factor of 74 %. The plant could achieve highest ever generation since inception.

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

Agartala Gas Turbine Plant has achieved generation of 644



A view of the park at AGTP

MU during 2010-11 with PLF of 88% and PAF of 87%. The plant has been progressively achieving higher generation with PLF of more than 88% since last few years.

ONGOING PROJECTS:

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

The Kameng HE Project (600MW) is located in the West Kameng District of Arunachal Pradesh and the project is planned as a Run of River Scheme, utilizing the flows of Bichom and Tenga rivers (both tributaries of the Kameng river)

The CCEA clearance of the Project was obtained on 02.12.2004 at an approved cost of Rs. 2496.90 Cr (including IDC of Rs. 249.09 Cr) at March'04 price level with a completion schedule of 5 (five) years from the date of investment clearance.

Considering the major changes of Design parameters as suggested by High Power Committee of CWC / CEA and keeping in view of technical problems faced in boring of HRT due to extremely poor geology apart from loss of considerable working hours due to natural hindrances, commissioning of the Project has been reviewed and during execution of the MoU with the Ministry of Power the same has been re-scheduled to June 2016. Meanwhile,



Work in progress at Kameng HE project

the RCE of the Project amounting to ₹ 4331.73 Crores at December'10 Price Level, has been submitted by NEEPCO to MOP on 29/4/11.

During the year, various actions have been taken to augment the progress of the work which includes mandatory review meetings, both at Project and Corporate levels, micro level analysis of daily progress and evolution of remedial actions thereon. Presently, the project is being monitored using "Primavera" software for better management of progress of the Project as well as the resources. Achievements against major activities till 31st March 2011 are as follows:

- Boring work of diversion tunnel has been completed.
- Bichom Dam Excavation - 522024 Cum (85.36%) out of 611546 Cum completed
- Tenga Dam Excavation - 93930 Cum (63.87%) out of 147075 Cum completed
- Out of 14.47 KM tunnel length, 9.193 KM (63.50%)
- Boring of 70 M surge shaft & orifice including 40.95 of lining completed.
- 72.81% of underground boring of HPT, 46.47% of open excavation of surface penstock completed
- 97.17% of boring of Vertical Shaft has been achieved
- Power House excavation- 1071770 Cum (88.22%) out of 1214865 Cum completed
- Power House Concreting - 28% completed.
- Fabrication and erection of Steel Liner are also in progress.

B) Tuirial H.E. Project (60 MW), Mizoram:

The activities of Tuirial HEP (60 MW) remained suspended w.e.f. 09/06/2004 due to agitation launched by Tuirial

Crop Compensation Claimants Association demanding compensation for crops grown in riverine forest land, after completion of around 30% of the works. Following sustained efforts, the project has been revived after a gap of almost 6(Six) years.

PIB recommended revival of Tuirial H.E. Project (60MW) in Mizoram at RCE of ₹ 913.63 Crores (₹ 877.06 Crores Hard Cost and IDC of ₹ 36.57 Crores) at March, 2010 Price Level for placing before the CCEA for approval. The original approved cost was ₹ 367.58 Crores (at Sept.97 PL). PIB also asked NEEPCO to go ahead by negotiations with the contractor for resumption of project work subject to obtaining letter of commitment from the Govt. of Mizoram on maintaining Law & Order, R&R issue, crop compensation etc. and PPA from State Govt. for purchasing power from the project at tariff fixed by CERC. The CCEA clearance of the project was accorded on 14th January, 2011 at an estimated cost of ₹ 913.63 Crores at March 2010 Price Level. The project is scheduled for completion within a period of 3 (three) years from the date of CCEA on the RCE, i.e. January 2014. The contractor has since started mobilization, and works are in progress.

Progress in major works such as Open Excavation of Diversion Tunnel till 31/3/11 is 374880 Cum out of an estimated quantity of 494880 Cum. In respect of boring of Diversion Tunnel, the achievement up to 31.03.2011 stands at 898 RM out of 1633 RM. In case of Main Dam Excavation, 71600 cum excavation has been completed out of estimated quantity 440000 Cum. Further, in Power House, 74978 Cum of open excavation out of total estimated quantity 260000 cum has been completed. The Saddle Dam has already been completed.



Tuirial HE Project, Mizoram

Fresh NIB for Lot – IV (Hydro-Mechanical works) was floated on 03.11.10. After evaluation of the Techno-commercial bids, the Price bids were opened on 15/06/11. The estimated cost of the work is ₹ 46.12 Crores. The package work is likely to be completed within 24 months from the date of LOI.

For Lot – V (Electro-Mechanical works), order was placed with BHEL on 25/09/2002, but the same was put on hold w.e.f. 09/06/04. Due to hold up in project activities, the contractor has asked for revision of the Contract price. The Board of Directors in the 181st meeting held on 20th May'11, has approved the revised contract price of ₹ 135.00 Crores and amendment of the contract agreement is being issued shortly. The completion period of the package is 36 months from the issue of the order or release of initial advance, whichever is later.

C) Pare H.E. Project (110 MW), Arunachal Pradesh:



D (T) inaugurating the sub-station of Pare HE Project

The Cabinet Committee on Economic Affairs (CCEA) accorded investment approval to Pare HEP vide letter dated 4th December, 2008. The Corporation has signed a Loan agreement with KfW, Germany for loan (ECB) of 80 Million Euros with soft rate of interest under Indo-German Financial Cooperation on 11.12.2008. The approved estimated cost of the project is ₹ 573.99 Crores including IDC and FC of ₹ 68.06 Crores at June'07 Price level. The project is scheduled for commissioning within August 2013.

Work for Package-I (Civil works) which is being executed by M/S HCC are in full swing. During the year 2010-11, open excavation of the Diversion Tunnel outlet and Surge shaft have been completed. Out of 275 RM boring of Diversion

Tunnel, 117 RM (42.55%) has been achieved till March'11. In case of the Power House, 112027 cum (89.62%) out of 125000 cum of open excavation have been completed up to 31.03.11. Further, boring of Adits-I and II for Diversion Tunnel have been completed in the month of August 2010. Achievement in Boring of HRT and Pressure Shaft is 13.99 % & 45.06% respectively up to March'11.

As far as Package II (Hydro Mechanical Works) and Package III (Electro Mechanical works) are concerned, work orders have been issued to M/S Precision Infratech Ltd. and M/S Andritz Hydro Pvt. Ltd. respectively in the month of December 2010. Evaluation of Price bids for Package IV (Transformer & Switchyard) has been completed, and concurrence of KfW has been obtained. The proposal has been forwarded to the competent authority for approval.

D) Tripura Gas Based Power Project (101MW), Monarchak, Tripura

Tripura Gas Based Power Project received the approval of the Cabinet Committee on Economic Affairs (CCEA) on 23.02.2011 toward the Revised Cost Estimate (RCE) of ₹623.44 Crores including IDC of ₹ 51.09 Crores at Nov'2009 price level. The Letter of Intent to BHEL for the Main Plant works (EPC Contract) was issued to BHEL on 23.07.2010 as per the permission granted by the Public Investment Board. Initial payment of ₹ 40.00 Crs. (approx.), being 10% of Contract value was made to BHEL. BHEL has started the Design & Engineering activities of the project as well as the preliminary site activities. Review Consultancy Services for Main Plant design and engineering works was awarded to M/s Desein Private Ltd., New Delhi on 08.10.2010 at the cost of ₹ 2.39 Crores. Tender for Make up



Site levelling works in progress at TGBPP

Water System was invited on 06.08.2010 whereas tenders for the construction of Residential and Non-Residential buildings were invited on 26.10.2010. The Project is scheduled to be completed by Jul'2013.

PROJECTS OF NEEPCO IN PIPELINE/SURVEY AND INVESTIGATION:

HYDRO:

A. Mawphu H.E. Project, Stage-II (85 MW), Meghalaya:

The draft Memorandum of Agreement (MoA) between NEEPCO and the State Government has since been finalised and approval of the Ministry of Power, Government of India has been accorded on 06.08.2010. However, conclusion of the MoA is awaited for want of final clearance from the State Government. Survey and Investigation for preparation of DPR shall be taken up only after signing of MoA.

B. Projects in Mizoram:

NEEPCO signed MoA with the Govt. of Mizoram for carrying out survey and investigation and subsequent implementation of three projects in the State of Mizoram, subject to techno commercial viability of the projects. MoP, Gol vide letter dated 05.10.2010 accorded Ex-Post-Facto "in principle" approval to the MOA signed for the following three projects.

- Lungreng HEP (815 MW).
- Chhimtuipui HEP (635 MW)
- Mat HEP (76 MW)

As per the PFR prepared by WAPCOS, part of catchment and submergence of Lungreng and Chhimtuipui HE Projects lies in Myanmar. NEEPCO requested MoP, GOI vide letter dated 05.07.2010 and 01.12.2010 for permission from the Ministry of External Affairs, Gol, so that further activities of project development can be initiated. Response from the MOP is awaited. Meanwhile, NEEPCO requested Ministry of External Affairs, Gol vide letter dated 24.02.2011 for issue of necessary clearance to take up detailed investigation for DPR preparation of the Project. Survey and Investigation and preparation of DPR shall be taken up after receipt of necessary clearances from the concerned Ministries / Departments of GOI.

In respect of Mat HEP, the State Government engaged CWC for updating the DPR of the project under NEC funding.

NEEPCO requested the Government of Mizoram vide letter dated 05.05.2010 and 26.07.2010 to advise CWC to expedite the field work and handover the DPR for subsequent follow-up action by NEEPCO. The State Government has also advised the Chairman CWC vide letter dated 26.05.2010 to expedite updating the DPR and to handover the same to NEEPCO. In a meeting held on 20.05.2011, the Chief secretary Government of Mizoram decided to request CWC to hand over the balance S&I works to NEEPCO.

THERMAL:

A) AGARTALA COMBINED CYCLE EXTENSION PROJECT (2 X 26MW), TRIPURA:



Foundation stone laying ceremony of 52 MW Agartala Extension Project

The Detailed Project Report (DPR) of the Agartala Gas Turbine Plant – Combined Cycle Extension Project has been completed in Nov'2010. The Project envisages installation of two units of 26 MW each capacity Steam Turbine units with Air Cooled Condensing System without any additional fuel at the estimated cost of ₹ 291.94 Crores at Nov'2010 price level and the project is scheduled to be completed within 30 months from Investment Approval. On conversion to combined cycle plant, the ultimate capacity of Agartala Gas Turbine Plant is envisaged to enhance to 136 MW. The Central Ground Water Board after conducting investigation during Feb'2010 confirmed availability of ground water. The State Government has also accorded permission on 16.09.2010 for drawal of water from River Hoara during the period 15-May to 15-November to the tune of 4 lakhs cum annually. Environment Clearance has been received on 08.09.2010.

The DPR alongwith proposal for the investment approval was submitted to the Ministry of Power, Government of



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India on Dec'2010. The Central Electricity Authority has scrutinized the DPR and clarification as desired by CEA is being furnished.

His Excellency, the Governor of Tripura laid the Foundation Stone of the project on the 2nd January, 2011 in the presence of the Hon'ble Union Power Minister, Hon'ble Chief Minister and other Dignitaries

B) GARO HILLS THERMAL POWER PROJECT (500MW), MEGHALAYA:

The Memorandum of Agreement was signed with the Government of Meghalaya for execution of the 500 MW Garo Hills Thermal Power Project on 17.03.2011. The Project site has been identified near Darugirri, East Garo Hills District of Meghalaya. Preliminary survey works for the Project site have been completed. The Central Electricity Authority has been requested to depute their experts for finalization of the site. In order to establish long terms Coal linkage for the Project from the coalfields of Garo Hills, a series of meetings were held with the State Government. It has also been taken up with M/S Mineral Exploration Corporation Limited, (MECL), Nagpur to explore possibility for formation of a Joint Venture Company for exploration, extraction and supply of Coal to the Project.

The project is proposed to be completed within 36 months from the date of investment approval at an estimated cost of ₹ 2700 Crores. The 1st year tariff works out to ₹ 2.54/unit.

C) WEST KHASI HILLS THERMAL POWER PROJECT (240MW), MEGHALAYA:

Clearance on the draft MoA submitted to the Government of Meghalaya on July 2007 is awaited. Setting up of the Project as a Joint Venture with the State Government was also proposed by NEEPCO on Aug'2008. However, response from the Government of Meghalaya is awaited.

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 the ultimate objective of having a totally networked Corporation with all applications running in an online system.



An IT road map has also been prepared with Shri Goutam Baruah, Director IIT, Guwahati as the consultant. This road map encompasses all the IT requirements of NEEPCO for present and also the requirement in the next five years. The roadmap provides guidance on the most suitable hardware, network, software solution, security, backup and disaster recovery for NEEPCO. A major application, namely MATFIN has been running across seven locations including the Corporate Office. It encompasses Material Management and Financial System. The NEEPCO Wide Area Network is on VSAT catering the need of both Data and Voice connectivity.

Recently a Web Based Project Monitoring solution is also being implemented to monitor progress of construction projects. The Primavera Project Monitoring Software is being implemented phase wise in all of the Construction Projects of NEEPCO. Parallely, a dashboard has been also developed to display all the vital progress data and graphics related to the Construction Projects. Besides, the dashboard has the functionality to display single line diagrams of the generating units and switchyard network by capturing the live generation data provided by the NERLDC through SCADA. Users located at various construction project sites remotely login to the Server installed at Shillong to update progress data on day to day basis. In the second phase, Video Conferencing facility will be implemented at all Construction and Operational Plants of NEEPCO. Further e-procurement solution will be implemented in NEEPCO by August 2011. An IT Security manual is also in place in line with ISO 27001, besides having other security measures like Firewall, Intrusion Detection & Prevention, Antivirus, Anti-Spy ware and Web Filters.

MANPOWER REPORT:

The gender & category wise abstract of regular manpower of the Corporation as on 31.03.2011 is shown below

Regular	Male	Female	Gen	ST	SC	OBC	PH	ESM
2950	2616	334	1549	746	198	412	34	11

HUMAN RESOURCE DEVELOPMENT.:

Human Resource Development is considered critical for 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 2010-11, **948 employees** were given HRD interventions to enhance competency levels in their job besides enabling them to sharpen their skills and broaden their knowledge in work life sphere.

209 employees have attended short training programmes related to Technical, Managerial, Behavioral and IT application issues. Some of the programmes worth mentioning are on Planning & Design of Hydropower Project, Procurements & Contracts, International Financial Reporting Standards, Detecting & Investigating Fraud & Corruption, Embedded System, Enterprise Storage Technologies, Project Hydrology, Power Hydraulics, Industrial Engine Overhauling, Quality Control on hydraulic Structures, GIS/GPS for Power Utilities, , e-Procurement, Water Resource Planning & Management, Financial & Risk

Management in construction/ Infrastructure Projects, Power System Protection, Advance course in Hydro Power Stations Management, Contract Management, Arbitration and Dispute Settlement, Leadership & Organizational Development, Strategic Human Resource Management, O&M of Power Distribution Transformer, Management of Taxation, Service Tax, VAT Excise, Customs & TDS: Performance Management System, HR Research & Survey etc. Some institute of repute where our employees have attended training programme are ASCI, Hyderabad; MDI, Gurgaon; PMIs; IIT,Roorkee; NTPIs; IIPM, Rourkela; NIFM; IIMS etc.

Various in-house training programmes were also organized covering **736 employees** 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, Implementation of Project Monitoring Tool with Primavera, Team building, Leadership Development, International Financial Reporting Standards etc.

Globally recognized Internet based online Certification course on Project Management were also provided to 63 officers to master them on Project Management skills on all stages of Conceptualization, Planning, Organizing, Implementing, Controlling, Integration, Delivery & Closeout. This globally recognized e-learning system is based on 3 competency baselines on Behavioral, Contextual and Technical Elements, Performance against the MoU target jointly set with the Ministry of Power for HRD Parameters is "**Excellent**" during the year 2010-11.

As a part of HRD initiative under the Corporate Social Responsibility Programme of the corporation , 10 (ten) Entrepreneurship Programme covering 320 villagers residing at the vicinity of our plants/ projects its activity were conducted to induce entrepreneurship to those young educated and unemployed youths to foster self employment.



Safety Manual being released during a training programme

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.

CORPORATE SOCIAL RESPONSIBILITY-COMMUNITY DEVELOPMENT:



Free medical health camp

The 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, and, a notable effort in this regard was the construction of the Bailey bridge over the DHEP reservoir measuring 600 feet in length which was inaugurated on 23rd August 2010 by the Hon’ble Chief Minister of Nagaland Mr Neiphiu Rio. The Chubi Bridge will connect Sungro range under Wokha District with the Wokha-Merapani Road and shorten the route to Dimapur via Merapani by 50-to-60 kilometers and will also create accessibility for the other districts such as Mokokchung, Mon, Tuensang and Zunheboto with the commercial cities.

During the last financial year (2010-11) a total sum of ₹ 3.55 Crore only has been spent on various CSR-CD activities.

RULES & POLICIES:

In compliance of DPE DO No.5(1)/2000-GM Dtd.05.04.2010, the revised policy & procedure for writing the Performance Appraisal Reports [PAR] of top management incumbents of the Corporation based on Weightage for Achievement of MoU targets, individual targets flowing from MoU targets, Personal Attributes & Functional Competencies was implemented during the year 2010-2011.

WELFARE ACTIVITIES:

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



An ambulance donated by NEEPCO being received by an NGO

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

The Vivekananda Kendra Shiksha Vibhag is the nodal agency for managing the Corporation schools. These are English medium schools of good academic standard affiliated to Central Board of Secondary Education. In

addition, a few kindergartens schools are also functioning in some Project sites.

PUBLIC RELATIONS:



International Women's day celebration

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 "NEEPCO News" 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.

HEALTH & WELLNESS:



Awareness Talk on Breast Cancer

Health & Wellness Program which translates into fewer injuries, less human error, and, a more harmonious office

environment with improved productivity was adopted and a "Fitness Centre" inaugurated at Corporate Office on 14.05.2010 and similar facilities are proposed to be extended to the projects and establishments of the Corporation.

SPORTS ACTIVITIES:

The 3rd Inter Project Sports Meet'2011 was hosted by Kopili



3rd Inter Project Sports Meet opening ceremony

HEP of the Corporation w.e.f 31st January to 2nd February 2011 which was a resounding success in all spheres and was appreciated by all the participating employees of the Corporation. Such Inter Project Sports Meets are a cherished occasion for interaction amongst the employees serving in the various far flung Projects/Offices & Establishments of the Corporation.

To encourage local youth a football camp of 30 days duration was organized at KHEP in the month of January 2011 under the guidance of NIS coach.

The Corporation successfully hosted the Inter-CPSU Chess & Bridge Competition under the aegis of the "Power Sports Control Board" w.e.f. 26th April to 28th April 2011 at its Corporate Office and CEA, NHPC, PFC, SJVN, REC, BBMB, PGCI, and THDC participated in the competition.

NEEPCO participated in the following tournaments:

- 13th CPSU Table Tennis Tournament hosted by NHPC at Chamera-I Power Station, Khairi, Himachal Pradesh from 30th March 2011 and
- 13th CPSU Carom Tournament hosted by PFC at New Delhi from 13th to 16th April 2011 and

- 15th Inter CPSU Badminton Tournament from 26th to 29th April 2011

INDUSTRIAL RELATIONS:

Industrial relations in NEEPCO had remained convivial and harmonious through-out the year.No man-days were lost in NEEPCO on account of any industrial disputes.Regular meetings are convened between the Management and representatives of the Trade Unions and Associations to discuss various issues across the table and are resolved amicably for better interest of the Corporation. In terms of the DPEOM Dtd.26.11.2008 regarding the revision of pay scales on IDA pay pattern due w.e.f.01.01.2007, the

revised scales of pay, perks & allowances for below Board level employees was implemented provisionally Office Order No.36 Dated.05.01.2011 and wage negotiations for implementation of Pay revision in respect of Workman continued simultaneously.

The revised scales of pay, perks & allowances for Supervisory category employees on IDA pay pattern was implemented vide Office Order No.48 Dated.05.07.2011

Subsequently, the Memorandum of Settlement for revision of scales of pay, perks & allowances due w.e.f.01.01.2007 for Workman category employees on IDA pay pattern was signed with the representatives of the Trade unions on 05.07.2011

USE OF HINDI:



A Seminar on Rajbhasha at Corporate Office

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 Pragya courses. During the year 63 employees were nominated for Hindi Language Training under regular course and 101 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, Hindi workshops were organized and 48 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.

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. Hindi patrika "NEEPCO JYOTI" was published from Corporate HQ, **Arohi** and **Panyor Pravah** were published by project offices on the occasion of Hindi Divas. An exhibition was also organized at Corporate office where the achievements made in the use of Official Language Hindi in the Corporation were displayed.

The Corporation was awarded a Certificate by Town Official Language Implementation Committee (TOLIC), Shillong for commendable works done in the use of Hindi during the year 2010 -11.

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. NEEPCO website is also available in Hindi.

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 **Annexure I** and the Management Discussion and Analyses Report as **Annexure II** of this Report.

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 form part of the Report of Corporate Governance annexed to this Report.

AUDITOR'S REPORT

M/s ADD & ASSOCIATES, Chartered Accountants, Kolkata were appointed as Statutory Auditor's for the year 2010-2011. 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 III & IV**. 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 gathering.
- 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.

NEEPCO/VIGILANCE ACTIVITIES:

During the period from 01-04-2010 to 31-03-2011, NEEPCO Vigilance Department dealt with various facets of Vigilance Mechanism under the directives and guidelines issued from the Central Vigilance Commission from time to time. For exclusive and independent functioning of vigilance department, NEEPCO ensured transparency, objectivity and quality in vigilance functioning. Complaints received from various sources other than anonymous/pseudonymous were taken up for investigation promptly and the same have been disposed off in accordance with the time frame prescribed by the CVC. As on 1st April, 2010, 6(six) complaints were pending. During this period, 8(eight) new complaints have been added which have also been investigated and out of these, 5(five) complaints have already been disposed off. As on 31-03-2011,, there were 9(nine) complaints pending finalisation. Emphasis was also given to the aspect of preventive vigilance to streamline the rules and procedures



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and making all efforts to arrest the loopholes detected during investigation of various cases.

During this period, 1(one) officer was awarded minor penalty of 'censure' by the Disciplinary Authority after conducting necessary departmental inquiry. Also, an amount of ₹1,68,73,328/- has been recovered against lapses found after detailed verification/ inquiry.

The observations raised from Chief Technical Examiner, CVC in their intensive examination reports had been attended to and interacted with the concerned departments pointing out the observations for taking effective and remedial measures by the management. During this period, the related paras against different intensive examination of works carried out by CTE had been replied on further queries received from CTE. A few paras are pending with different authorities of the Corporation against 1(one) intensive examination of works carried out by CTE.

During this period 57(fifty-seven) nos. of inspections have been conducted at different projects by site vigilance officials as well as by vigilance officials of the HQ. Steps have been taken towards implementation of e-procurement, e-payment etc.

A training programme on 'Emergency Preparedness & Business Continuity Planning' was attended by CVO from 30/09/2010 to 01/10/2010 in New Delhi organized by Global knowledge Conference, Mumbai. 3(three) vigilance officers have also attended a non-residential seminar titled 'Vigilance & Ethics in Public Procurement' organized by Indian Railway Institute of Logistics and Materials Management, New Delhi during 24-25th March, 2011. 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.

'Vigilance Awareness Period' was also observed in NEEPCO with tremendous enthusiasm in all projects and other offices including Corporate HQ from 25th October, 2010 to 1st November, 2010 and the period commenced with the 'pledge taking' on 25th October, 2010. During this period, a discussion on 'relativity of corruption in Indian context' was organized on the 1st day of the vigilance awareness period observation. A painting competition amongst school students on the topic 'Temptation-Corruption-Destruction'; a debate competition on the theme 'Corruption is in the system-not individual' amongst students of colleges and university have been organized along with a drama which was staged by our own officers and employees.

DIRECTORS

Since the last report, the following Directors relinquished office. The Board of Directors places on record its deep appreciation for the valuable services rendered by these directors:

1. Shri N. Bhattacharya, relinquished the post of Director (Technical) w.e.f. 31.12.2010.
2. Shri Sujit Chakravorti, ceased to be Independent Director of NEEPCO w.e.f. 19.02.2011.
3. Shri J.P. Rajkhowa, ceased to be Independent Director of NEEPCO w.e.f. 19.02.2011.
4. Shri Shantikam Hazarika, ceased to be Independent Director of NEEPCO w.e.f. 19.02.2011.
5. Shri K.L. Nghinglova, Secretary (Power) & Electricity Govt. of Mizoram ceased to be part time Director of NEEPCO w.e.f. 26.04.2011.

Also, the following Directors were appointed to the Board since the last Report:

1. Shri P.C. Pankaj, assumed charge as Chairman & Managing Director of this Corporation w.e.f. 03.06.2011.
2. Shri U. Moral, assumed charge as Director (Technical) of this Corporation w.e.f. 08.02.2011.
3. Shri T.P. Khaund, Principal Adviser, Govt. of Mizoram was appointed as part time Director of this Corporation w.e.f. 26.04.2011

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 Directors' Report regarding Conservation of Energy / Technology Absorption and Foreign Exchange earnings and outgo during the Financial year 2010-11 is enclosed in **Annex-V**.



D (F) distributing the prizes to the winners of the Painting Competition on Energy Conservation

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 2010-2011.

The Directors are also grateful to the Bankers, 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



(P.C. Pankaj)

Chairman & Managing Director

Dated: 14-09-2011

Place: Shillong



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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 acts 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 Directors representing the Government of India, 6 (six) Government part-time Directors representing the Governments of the North Eastern States and 3 (three) Independent Directors.

The Composition of the Board and the number of other Directorship and Committee positions held by the Directors during the year ended as on 31st March, 2011 is as under:

FUNCTIONAL DIRECTORS

Name	Executive/ Non-executive/ Independent	Other Directorship held	Other Position	Committee
*Shri M.R.Ghosh	Director (Fin.)	Nil Nil	Nil	Nil
Shri A.G.West Kharkongor	Director (Fin.)	Nil	Nil	Nil
Shri I.P.Barooah	Director (Pers.)	Nil	Member	Remuneration Committee
				Committee of Promotion Policy
**Shri N. Bhattacharya	Director (Tech.)	Nil	Member,	Remuneration Committee
Shri U. Moral	Director (Tech.)	Nil	Member	Audit Committee

* Shri M.R. Ghosh, Director (Finance) retired on 30.06.2010 after attaining the age of superannuation.

** Shri N. Bhattacharya, Director (Technical) retired on 31.12.2010 after attaining the age of superannuation

DIRECTORS FROM MOP

Name	Executive/ Non-executive/ Independent	Other Directorship held	Other Committee Position	
			Chairman	Member
Shri Sudhir Kumar,	Part-time Director from MOP	PGCIL,PTC, SJVNL, BBMB, THDC,NHPC		

DIRECTORS FROM N.E STATES

Name	Executive/ Non-executive/ Independent	Other Directorship held	Other Committee Position	
			Chairman	Member
Shri T. Norbu,	Part-time Director Govt. of Arunachal Pradesh	APDC Ltd., Arunachal Pradesh	Nil	Nil
Shri B.K. Dev Varma,	Part-time Director Govt. of Meghalaya	MeCL Meghalaya, Shillong	Nil	Audit Committee NEEPCO
Shri K. Lal Nghinglova,	Part-time Director Govt. of Mizoram		Nil	Nil
Shri R.B. Thong,	Part-time Director Govt. of Nagaland		Nil	Nil
Shri Sumeet Jerath	Part -time Director, Govt.of Assam	APPDCL APGCL AEGCL APDCL		Audit Committee NEEPCO



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INDEPENDENT DIRECTORS

Name	Executive/ Non-executive/ Independent	Other Directorship held	Other Committee Position	
			As Chairman	As Member
*Shri J.P. Rajkhowa	Ind Independent Director Director	NRL	Audit Committee, NRL Audit Committee NEEPCO Remuneration Committee, NRL	
*Shri Shantikam Hazarika	Independent Director	HCL, Calcutta LAEDC Ltd., Guwahati Guwahati Stock Exchange.	Remuneration Committee, NEEPCO	Audit committee HCL
*Shri Sujit Chakravorti	Independent Director	Sarda Plywood Ltd. Kit ply Ltd. WEBFIL Ltd. Deepak Industries Parcon (India) Pvt. Ltd	Audit Comm. SPL Audit Comm. KPL Audit Comm. WEBFIL	Rem. Comm. SPL Audit Comm. NEEPCO Rem. Comm. NEEPCO Rem. Comm. KPL Rem.Comm. DI Audit Comm., DI

*The Independent Directors completed their term in office as Director on 19.02.2011. New appointments are yet to be made.

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

The Company has paid sitting fee to Non-Executive Independent Director.

(iii) Board Meetings, Committee Meetings & Procedures:

- a. 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.
- b. 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.
- c. 6 (Six) 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	Directors present
1.	175 th	28.06.2010	10	7
2.	176 th	07.09.2010	10	6
3.	177 th	27.09.2010	10	5
4.	178 th	24.11.2010	10	6
5.	179 th	22.12.2010	10	5
6.	180 th	15.02.2011	10	8

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 2010 - 11		
	Board Meeting held during tenure	Board Meeting attended	Last AGM
Shri M.R. Ghosh	1	1	Absent
Shri A.G.West Kharkongor	5	5	Present
Shri I.P. Barooah	6	6	Present
Shri N. Bhattacharya	5	5	Present
Shri U.Moral	1	1	Absent
Shri Sudhir Kumar	6	3	Present
Shri J.P.Rajkhowa	6	3	Present
Shri Shantikam Hazarika	6	6	Present
Shri Sujit Chakravorti	6	6	Present
Shri T. Norbu	6	Nil	Absent
Shri K.L. Nghinglova	6	Nil	Absent
Shri B .K. Dev Varma	6	Nil	Absent
Shri R.B.Thong	6	Nil	Absent
Shri Sumeet Jerath	5	1	Absent

d. The Board of Directors reviewed from time to time 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 175th Board Meeting held on 28.06.2010 has 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.



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5. AUDIT COMMITTEE

The Audit Committee was constituted in the year 2001. Audit Committee is constituted of three Non executive Directors as on 31.03.2008 as under:

- i) Shri J.P.Rajkhowa Independent Director, Chairman .
- ii) Shri Sujit Chakravorti Independent Director, Member.
- iii) Shri B .K. Dev Varma, Official part-time Director, 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.

SI No	Date	Committee Strength	No. of Members Present
1.	23.04.2010	3	2
2.	18.06.2010	3	2
3.	30.08.2010	3	2
4.	15.02.2011	3	2

The minutes of the Audit Committee were placed before the Board for information. The terms of reference of the Committee 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.

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. The

sitting fee for attending meetings of the Board and Committees thereof has been enhanced from ₹ 10000/- to ₹ 15000/- w.e.f. 23.03.2010

Details of remuneration of Functional Directors of the Company during the year 2010-11 are given below:

Directors	Designation	Salary (₹)	Benefits (₹)	PLI (₹)	Total (₹)
Shri M.R. Ghosh	Ex. Director (Finance)	550670	269119		819789
Shri A.G. West Kharkongor	Director (Finance)	1987138	185739	82500	2255377
Shri I.P. Barooah	CMD & Director (Personnel)	1554821	402860	177000	2134681
Shri N.Bhattacharya	Ex. Director (Technical)	1041667	137711	177000	1356378
Shri U. Moral	Director (Technical)	313022	96046		409068

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.

8. 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
2007-08	14.08.2008	1.00 P.M.	New Delhi
2008-09	10.07.2009	5.00 P.M	New Delhi
2009-10	07.09.2010	5.00 P.M	New Delhi

9. 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

Dated: 14-09-2011
Shillong



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ANNEXUR-II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

PERFORMANCE OF PLANTS

The total generation during the financial year 2010-11 was 5093 MU with generation from thermal and hydro plants being 2479 MU and 2614 MU respectively. The increase in generation with respect to previous year is around 12%.

YEARLY GENERATION POWER STATION WISE:

Power Station	Generation Target (MU) 2010-11 for "V-Good" MOU rating (BE)	Generation Target (MU) 2010-11 for "V-Good" MOU rating (RE)	Actual Generation (MU) 2010-11	Actual Generation (MU) 2009-10	P.A.F. Target (%) 2010-11 for "V-Good" MOU rating (RE)	Actual Plant Availability Factor (%) 2010-11	Actual Plant Availability Factor (%) 2009-10
Thermal							
AGBP (291MW)	1725	1700	1835	1750	67	74.00	69.94
AGTP(84 MW)	656	643	644	663	85	87.00	89.26
Sub Total	2381	2343	2479	2413	76	80.50	79.60
Hydro							
Kopili H E Plant (275 MW)	1050	900	949	931	60	65.00	63.37
Doyang H E Plant (75 MW)	227	240	257	180	73	76.00	62.39
Ranganadi H E Plant (405 MW)	1510	1403	1408	1025	89	90.00	94.89
Sub Total	2787	2543	2614	2136	74	77.00	73.55
NEEPCO (1130MW)	5168	4886	5093	4549			

STATUS OF ONGOING PROJECTS:

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

Although the project has not achieved the desired progress, a number of steps have been initiated to speed up the works in all fronts. Progress has been achieved in the major works of the projects with respect to the targets set for the year 2010-11 and the construction activities in the Project are on in full swing. Starting from January this year, the activities of the project are being closely monitored using "Primavera"- a software, for the better management of the Project.

In a meeting held on 28.03.11 at Guwahati between NEEPCO and M/S PEL regarding the slow progress of Civil Packages, it was stressed upon by NEEPCO for induction of additional equipment at critical work fronts in order to augment the rate of progress. Keeping in view the technical problems faced in boring of HRT due to extremely poor geology and also because of loss of considerable working hours due to natural hindrances, commissioning of the Project has been reviewed and re-scheduled to June 2016. Meanwhile, the RCE of the Project at March 2010 Price Level has been submitted to the MOP on 29/4/11.

Out of 14.47 KM tunnel length, 9.193 KM (63.50%) has been completed as on 31st March'11. Boring of surge shaft including orifice has been completed and concrete lining is in progress and up to 31/3/11, 40.95 M of concrete lining has been completed out of the total 70 M. Progress in excavation works of Bichom & Tenga dams are, 522024 Cum out of 611546 Cum (85.36%) and 93930 Cum out of 147075 Cum (63.87%) respectively up to March'11. Boring work of diversion tunnel has been completed. 72.81% of underground boring of HPT, 46.47% of open excavation of surface penstock and 97.17% of boring of Vertical Shaft has been achieved up to March'11. Fabrication and erection of Steel Liner are also in progress. In respect of Power House excavation, 1071770 Cum (88.22%) has been excavated out of the estimated quantity of 1214865 Cum up to March'11. Concreting works of the Power House is in progress (28% completed).

B) Tuirial H.E. Project (60 MW), Mizoram:

Following sustained efforts to revive the project after a gap of almost 6 years, works have resumed in the project in 2010-11. The CCEA on the RCE of the project was accorded on 14th January 2014.

Progress in major works such as Open Excavation of Diversion Tunnel till 31/3/11 is 374880 Cum out of an estimated quantity of 494880 Cum. In respect of boring of Diversion Tunnel, the achievement up to 31.03.2011 stands at 898 RM out of 1633 RM. In case of Main Dam Excavation, 71600 cum excavation has been completed out of estimated quantity 440000 Cum. Further, in Power House, 74978 Cum of open excavation out of total estimated quantity 260000 cum has been completed. The Saddle Dam has already been completed.

Fresh NIB for Lot – IV (Hydro-Mechanical works) was floated on 03.11.10. After evaluation of the Techno-commercial bids, the Price bids were opened on 15/06/11. The estimated cost of the work is ` 46.12 Crores. The package work is likely to be completed within 24 months from the date of LOI.

For Lot – V (Electro-Mechanical works), order was placed with BHEL on 25/09/2002, but the same was put on hold w.e.f. 09/06/04. Due to hold up in project activities, the contractor has asked for revision of the Contract price. The Board of Directors in the 181st meeting held on 20th May'11, has approved the revised contract price of ` 135.00 Crores and amendment of the contract agreement is being issued shortly. The completion period of the package is 36 months from the issue of the order or release of initial advance whichever is later.

C) Pare H.E. Project (110 MW), Arunachal Pradesh:

Work for Package-I (Civil works) which is being executed by M/S HCC are in full swing. During the year 2010-11, open excavation of the Diversion Tunnel at outlet and Surge shaft have been completed. Out of 275 RM boring of Diversion Tunnel, 117 RM (42.55%) has been achieved till March'11. In case of the Power House, 112027 cum



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(89.62%) out of 125000 cum of open excavation have been completed up to 31.03.11. Further, boring of Adits-I and II for Diversion Tunnel have been completed in the month of August 2010. Achievement in Boring of HRT and Pressure Shaft is 13.99 % & 45.06% respectively up to March'11.

As far as Package II (Hydro Mechanical Works) and Package III (Electro Mechanical works) are concerned, work orders have been issued to M/S Precision Infratech Ltd. and M/S Andritz Hydro Pvt. Ltd. respectively in the month of December 2010. Evaluation of Price bids for Package IV (Transformer & Switchyard) has been completed, and concurrence of KfW has been obtained. The proposal has been forwarded to the competent authority for approval.

D) Tripura Gas Based Power Project (101 MW), Monarchak, Tripura

Detailed Work Order for Erection, Testing & Commissioning under EPC contract placed with M/s BHEL on 12th January, 2011. A payment amounting to ₹ 40.00 Crs. (approx.) i.e. 10% of the contract value was made to M/s BHEL for supply, services and mandatory spares as an interest free advance. As decided jointly by the Ministry of Power and the Ministry of Heavy Industries, NBPPL has been accepted by NEEPCO as BHEL's nominated sub-contractor for Balance of Plant and Erection & Commissioning works. Work Order for Review Consultancy Services was issued to M/s Desein Private Limited, New Delhi on 08.10.2010. Letter of Intent for Design, Drawing, Manufacture, Supply & Construction / Erection, Testing and Commissioning of Raw Water System has been issued on 29.06.2011. In addition, letter of intents for construction of Residential and Non-Residential buildings were issued on 11.07.2011.

Preliminary activities of the main plant civil works including Geo-technical investigation have been started by BHEL. Soil investigation works is completed and leveling and grading of plant area is in progress. Design & Engineering activities are progressing satisfactorily.

NEW SCHEMES:

HYDRO:

A) Mawphu H.E Project (85 MW), Meghalaya :

The Govt. of Meghalaya allotted Mawphu HEP, Stage-II (85 MW) to NEEPCO in lieu of Mawphu HEP (90 MW). Ministry of Power, Government of India accorded approval to the draft MOA (for 85 MW Mawphu HEP) to be signed with the Govt. of Meghalaya on 06.08.2010. However, the MOA is yet to be executed between the Govt. of Meghalaya and NEEPCO for want of final clearance from the Government of Meghalaya. The matter is under persuasion. Survey & Investigation for preparation of DPR shall be taken up only after signing of MOA.

B) Projects in Mizoram :

For carrying out survey & investigation and subsequent implementation of three projects, NEEPCO signed MOA with the Govt. of Mizoram. The projects identified for development are:

- **Lungreng HEP (815 MW)**
- **Chhimtuipui HEP(635 MW)**
- **Mat HEP (76 MW)**

As per the PFR, Lungreng and Chhimtuipui Projects are proposed across River Tiau and Chhimtuipui respectively, which forms the international boundary between India and Myanmar. MOP has been requested to concur to the MOAs signed with the Govt. of Mizoram. Applications for clearances from the Ministries of External Affairs, Defence and Home, GOI are under process.

In the case of Mat HEP, the State Govt. engaged CWC for updating the DPR of the project under NEC funding. NEEPCO requested the Govt. of Mizoram to advise CWC to expedite the field work and handover the DPR for subsequent follow-up action by NEEPCO. The State Govt.

had advised the Chairman CWC to expedite DPR updating works. In the meeting held on 20.05.2011, the Chief Secretary, Govt. of Mizoram decided to request CWC to hand over the balance S&I works to NEEPCO.

THERMAL:

A) Agartala Gas Turbine Plant- Combined Cycle Extension Project (2x26 MW)

Agartala Gas Turbine Plant (4X21 MW) is operating on Open Cycle. NEEPCO proposes to convert the plant to a Combined Cycle Plant with the addition of two Steam Turbines. The Consultancy Service for Preparation of Detailed Project Report (DPR) awarded to Tata Consulting Engineers (TCE) Ltd. The DPR was completed and submitted for investment decision on 15.12.2010 to the Ministry of Power, Government of India, which-inter forwarded to the Central Electricity Authority for scrutiny. Subsequent comments raised by CEA on the DPR were clarified and as advised by the CEA, the DPR is being updated.

All statutory clearances including environmental clearances are in place. The Government of Tripura has accorded permission for drawal of water from River Hoara, Agartala during the high river inflow period. Power Purchase Agreement (PPA) has been drawn with the beneficiaries of the NER. Draft specification for EPC Contract of main plant and equipment package is under preparation and Tender for main package shall be floated by July'11. Completion period for the project is 30 months from the investment decision.

B) Garo Hills Thermal Power Project (500 MW), Meghalaya

The Government of Meghalaya kept the Memorandum of Agreement (MOA) signed on Dec'2007 non-operational since April'2008. On persuasion for revival of the MoA, the State Government forwarded a modified MoA on 29.10.2008. The modified draft MoA was deliberated with the State Government. Subsequently, the State Govt. has approved for signing of the MOA vide their letter No. POWER-51/10/108 dtd. 14th May 2010. Approval of the Ministry of Power on the draft MoA has been accorded on 06.08.2010 and the MoA was signed on 17.03.2011. Preliminary project activities like identification of Project Site, preliminary survey, empanelment of consultants for preparation of Detailed Project Report completed. For finalization of the site, the Central Electricity Authority has been requested to depute their experts. In order to establish long terms Coal linkage for the Project from the coalfields of Garo Hills, various modalities are under exploration. The matters were discussed with the State Government. Discussion were also held with M/S Mineral Exploration Corporation Limited, (MECL), Nagpur to explore possibility for formation of a Joint Venture Company for exploration, extraction and supply of Coal to the Project.

C) West Khasi Hills Thermal Power Project (240 MW), Meghalaya

Clearance on the draft MoA submitted to the Government of Meghalaya on Jul'2007 is awaited. Setting up of the Project in Joint Venture mode with the State Government was also proposed on Aug'2008, and the response of the State Government is awaited.





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BALANCE SHEET
As at 31st March:

(₹ in Lakhs)

	Schedule No.		2011	2010
SOURCES OF FUNDS				
SHARE HOLDERS' FUNDS				
Capital	1A	323193.04		323193.04
Share capital pending allotment	1B	4583.00		83.00
Reserves and Surplus	2	<u>134806.74</u>		<u>118316.02</u>
			462582.78	<u>441592.06</u>
LOAN FUNDS				
Secured Loans	3	85442.79		62173.03
Unsecured Loans		<u>1530.50</u>		<u>1530.50</u>
			86973.29	<u>63703.53</u>
DEFERRED TAX				
Deferred Tax Liability		59385.65		64213.86
Less: Deferred Tax Recoverable		<u>59385.65</u>		<u>64213.86</u>
TOTAL			549556.07	505295.59
APPLICATION OF FUNDS				
FIXED CAPITAL EXPENDITURE				
FIXED ASSETS				
Gross Block	4	477143.96		473242.49
Less : Depreciation		<u>227867.03</u>		<u>208298.94</u>
Net Block		249276.93		264943.55
Advance towards Land		2628.99		3041.15
Capital Work-in-progress	5	169915.98		136445.24
Construction stores and advances	6	<u>28037.29</u>		<u>21406.46</u>
			449859.19	<u>425836.40</u>
Investment in State Govt. Power Bonds			47745.30	57294.36
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	7	9141.77		8492.69
Sundry Debtors		49022.09		13339.98
Cash and Bank balances		29463.40		31640.16
Loans and advances		<u>32939.68</u>		<u>34362.18</u>
			120566.94	<u>87835.01</u>
LESS : CURRENT LIABILITIES AND PROVISIONS				
Liabilities	8	42821.04		40893.40
Provisions		<u>26449.41</u>		<u>25686.64</u>
			69270.45	<u>66580.04</u>
NET CURRENT ASSETS			51296.49	<u>21254.97</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	9		655.09	909.86
TOTAL			549556.07	505295.59

Schedules 1 to 14, Balance Sheet abstract and Company's General Business Profile, Annexure 1 & 2, cash flow statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.

For and on behalf of the Board of Directors

In terms of our report of even date
For **ADD & ASSOCIATES**
Chartered Accountants
F.R.N. 308064E

Date: 21st June, 2011
Place: Shillong

C. Sharma
Company Secretary

A.G. West Kharkongor
Director (Finance)

P.C. Pankaj
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682

PROFIT & LOSS ACCOUNT
For the year ended 31st March:

(₹ in Lakhs)

	Schedule No.	2011	2010
INCOME :			
SALES : Energy		119827.47	102213.24
Other income	10	8075.09	9221.53
TOTAL INCOME		127902.56	111434.77
EXPENDITURE :			
Purchase of gas		37016.01	19012.01
Purchase of power		294.59	326.81
Lubricants, oil, etc.		118.69	102.73
Transportation charges of gas		1669.38	1597.71
Unschedule interchange charges		463.35	596.27
Electricity duty		15.16	17.06
Employees remuneration & benefits		12415.45	12475.10
Generation & administration expenses	11	20368.80	16444.31
Depreciation		18944.99	20988.53
Interest & Finance charges	11A	2578.56	4987.34
Write off		2978.80	1062.07
Deferred revenue expenditure written off		200.06	203.53
TOTAL EXPENDITURE		97063.84	77813.47
Profit /(Loss) for the year		30838.72	33621.30
Prior period adjustment (Net)	12	(916.66)	(119.76)
Profit before tax		31755.38	33741.06
Provision for taxation:			
Current Tax		5398.83	4803.18
Deferred Tax Liability	(4828.21)		(3807.14)
Less: Deferred Tax Recoverable	(4828.21)		(3807.14)
		5398.83	4803.18
Profit after tax		26356.55	28937.88
Balance of Profit from last year		39.91	13.33
Write back from Bond Redemption Reserve		3500.00	4580.00
Profit for the year available for appropriation		29896.46	33531.21
Transferred to Bond Redemption Reserve		414.35	834.96
Transferred to General Reserve		20200.00	22500.00
Interim Dividend		2660.00	2605.00
Proposed Final Dividend		5247.00	6076.00
Dividend Tax		1289.78	1475.34
Balance carried over to Balance Sheet		85.33	39.91
Earning per share(Basic and Diluted) (in ₹)		0.82	0.90

Schedules 1 to 14, Balance Sheet abstract and Company's General Business Profile, Annexure 1 & 2, cash flow statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.

For and on behalf of the Board of Directors

In terms of our report of even date

For ADD & ASSOCIATES
Chartered Accountants
F.R.N. 308064E

Date: 21st June, 2011
Place: Shillong

C. Sharma
Company Secretary

A.G. West Kharkongor
Director (Finance)

P.C. Pankaj
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682



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INCIDENTAL EXPENDITURE FOR CORPORATE OFFICE
For the year ended 31st March:

		(₹ in Lakhs)		
	Annexure No.	Schedule No.	2011	2010
A. GENERAL ADMINISTRATION				
Employees remuneration & benefits			7213.95	8016.36
Travelling expenses			249.99	251.56
Rent			34.45	30.09
Rates & taxes			7.30	3.94
General expenses	1		1893.41	1709.23
Repairs & maintenance			87.83	63.07
Audit fees & expenses	2		10.71	9.79
Legal expenses			29.05	18.83
Insurance charges			23.00	22.31
Entertainment expenses			1.72	1.21
Advertisement expenses			73.20	10.02
Publicity expenses			66.63	40.97
Board meeting expenses			12.79	14.13
Depreciation			326.40	193.27
Wealth tax			0.29	0.22
Prior period adjustment (Net)		13	131.26	<u>(107.20)</u>
			10161.98	10277.80
Less : Non operating receipts :				
i) Interest on Investment			1562.67	927.84
ii) Others			82.61	64.96
			1645.28	<u>992.80</u>
Net expenditure			8516.70	9285.00
Expenditure charged to				
a) Profit & Loss Account			6835.64	7624.98
b) General Administration (Projects under Construction)			1681.06	1660.02

For and on behalf of the Board of Directors

In terms of our report of even date
For ADD & ASSOCIATES
Chartered Accountants
F.R.N. 308064E

Date: 21st June, 2011
Place: Shillong

C. Sharma
Company Secretary

A.G. West Kharkongor
Director (Finance)

P.C. Pankaj
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682

INCIDENTAL EXPENDITURE DURING CONSTRUCTION
For the year ended 31st March:

(₹ in Lakhs)

	Annexure. No.	Schedule No.	2011	2010
B. GENERAL ADMINISTRATION (PROJECTS UNDER CONSTRUCTION)				
Employees remuneration & benefits			6304.88	6925.20
Travelling expenses			135.58	115.87
Rents			22.50	40.16
Rates & taxes			0.52	0.01
General expenses	1		2700.83	1622.62
Repairs & maintenance			245.15	187.16
Depreciation			603.29	854.12
Legal expenses			0.37	0.85
Insurance charges			13.02	8.77
Prior period adjustment (Net)		14	145.25	584.59
Tender expenses			47.20	25.47
INTEREST & FINANCE CHARGES				
Interest on :				
i) Bonds			380.19	313.51
ii) PFC			5421.32	2560.56
iii) KfW Loan			119.82	9.63
Finance charges :				
a) Guarantee fees			31.60	—
b) Commitment fees			134.70	123.92
c) Loan expenses			1.56	1.37
			<u>6089.19</u>	<u>3008.99</u>
Exchange Rate Variation			386.96	—
Wealth tax			0.08	0.09
Entertainment expenses			0.62	0.14
Share of General Administration expenses			1681.06	1660.02
			<u>18376.50</u>	<u>15034.06</u>
Less : Non-operating receipts :				
i) Interest on advances from Suppliers/ Contractors			522.32	186.77
ii) Others			783.13	235.29
			<u>1305.45</u>	<u>422.06</u>
Net Expenditure			<u>17071.05</u>	<u>14612.00</u>
Expenditure transferred to Capital Work-in-Progress			<u>17071.05</u>	<u>14612.00</u>

For and on behalf of the Board of Directors

In terms of our report of even date
For ADD & ASSOCIATES
Chartered Accountants
F.R.N. 308064E

Date: 21st June, 2011
Place: Shillong

C. Sharma
Company Secretary

A.G. West Kharkongor
Director (Finance)

P.C. Pankaj
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682



SCHEDULE 1A- CAPITAL
As at 31st March:

	(₹ in Lakhs)	
	2011	2010
AUTHORISED CAPITAL		
5,00,00,00,000 (Previous year 5,00,00,00,000) equity shares of ₹10/- each	500000.00	500000.00
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
3,23,19,30,400 (Previous year 3,23,19,30,400) equity shares of ₹10/- each	323193.04	323193.04
TOTAL	323193.04	323193.04

SCHEDULE - 1B CAPITAL
As at 31st March:

	(₹ in Lakhs)	
	2011	2010
Share application money pending allotment	4583.00	83.00
TOTAL	4583.00	83.00

SCHEDULE 2 - RESERVES & SURPLUS
As at 31st March:

	(₹ in Lakhs)			
	2010	Additions	Adjustments	2011
Capital Reserve	14.08	—	—	14.08
Bond Redemption Reserve	6943.49	414.35	(3500.00)	3857.84
Grant-in-Aid	2226.86	—	(669.05)	1557.81
General Reserve	109091.68	20200.00	—	129291.68
Surplus as per Profit & Loss A/C	39.91	85.33	(39.91)	85.33
TOTAL	118316.02	20699.68	(4208.96)	134806.74

SCHEDULE 3 - LOAN FUNDS**As at 31st March:****(₹ in Lakhs)**

	2011	2010
(A) SECURED LOANS		
I. BONDS :		
PRIVATE PLACEMENT:		
*SIXTH ISSUE		
8.50% (Tax Free) Secured Non Convertible, Redeemable Bonds of ₹ 10,00,000 each, Redeemable at par on 11th August 2010 with a put & call option at par on 11th August,2007	—	5000.00
*SEVENTH ISSUE		
1st Tranche		
9.00% (Tax Free)Secured Non-Convertible, Redeemable bonds of ₹ 10,00,000 each, Redeemable at par on 5th March,2012 with a put & call option on 5th March 2009	1000.00	1000.00
2nd Tranche		
9.85% (Tax Free) ,Secured Non-Convertible, Redeemable bonds of ₹ 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.	<u>1830.00</u>	<u>1830.00</u>
	2830.00	<u>2830.00</u>



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SCHEDULE 3 - LOAN FUNDS

As at 31st March:

(₹ in Lakhs)

	2011	2010
*NINTH ISSUE		
9.75% (Taxable) Secured Non-Convertible, Redeemable bonds of ₹10,00,000 each Redeemable at par on 31st March, 2013 with a put & call option on 31st March, 2008.	5400.00	5400.00
*10TH ISSUE		
6.25%(Tax free), Secured Non-Convertible Redeemable bonds of ₹10,00,000 each, Redeemable at par on 16th February, 2011 with a put & call option on 16th February, 2009.	—	2000.00
* NOTE : Secured by mortgage of the landed property in the state of Gujrat alongwith fixed assets of Doyang H.E Project Viz. Dam, Water Conductor System and power house & penstock.		
Carried forward	<u>8230.00</u>	<u>15230.00</u>

SCHEDULE 3 - LOAN FUNDS**As at 31st March:**

	(₹ in Lakhs)	
	2011	2010
Brought forward	8230.00	15230.00
II. Loans from Power Finance Corporation Ltd. [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] [secured by first charge on all movable & immovable assets created/ to be created in respect of Kameng Hydro Electric Project , Arunachal Pradesh (Save & except book stocks & book debts)]	66423.16	40135.16
III. Loans from Life Insurance Corporation of India (Secured by the assets of Kopili HEP : Khandong Dam, Umrong Dam , Power House Khandong, Khandong Penstock, Dykes - Khandong, Tunnel-Khandong, Dyke-Umrong, PowerHouse Khandong- Electrical Works (P&M)-Khandong, Tunnel Umrong, SteelLiner and Penstock-KoPH. Also secured by the assets of Doyang HEP : Residential&Non-Residential Buildings (permanent),Road and Bridges and Diversion Tunnel	3190.00	4150.67
IV. Loan from KfW (Guaranteed by the Govt. of India)	7599.63	2657.20
TOTAL Secured Loans (A)	<u>85442.79</u>	<u>62173.03</u>
(B) UNSECURED LOANS		
Loans from Govt. of India	<u>1530.50</u>	<u>1530.50</u>
TOTAL Unsecured Loans (B)	<u>1530.50</u>	<u>1530.50</u>
GRAND TOTAL (A + B)	<u>86973.29</u>	<u>63703.53</u>



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 4 - FIXED ASSETS

	GROSS		BLOCK	
	As at 1 st April, 2010	Additions during the year	Sales / Adjustments during the year	As at 31 st March, 2011
A) ASSETS				
I. HYDRAULIC POWER PLANT, GAS PLANT & TRANSMISSION LINES :				
Building and civil engineering works containing generation plant & equipment, main plant	26709.26	29.13	—	26738.39
Hydraulic works including Dams Dykes, Reservoirs & Tunnels	164944.43	45.44	(23.12)	164966.75
Plant & Machinery in Generating Station	55159.66	234.88	—	55394.54
Transformer having a rating of 100 K.V. ampere and above	4946.70	85.58	—	5032.28
Sub-station equipment and other fixed apparatus	508.58	—	—	508.58
Switchgear including cable connections	11999.54	10.26	—	12009.80
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
	432245.38	405.29	(23.12)	432627.55

(₹ in Lakhs)

As at 1 st April, 2010	DEPRECIATION		NET BLOCK	
	Depreciation for the year including adjustment	Upto 31 st March, 2011	As at 31 st March, 2011	As at 31 st March, 2010
11096.08	737.15	11833.23	14905.16	15613.18
35807.14	8079.71	43886.85	121079.90	129137.29
15514.24	2441.06	17955.30	37439.24	39645.42
2016.15	205.87	2222.02	2810.26	2930.55
357.22	11.36	368.58	140.00	151.36
4898.71	606.83	5505.54	6504.26	7100.83
506.07	22.76	528.83	179.94	202.70
74974.72	2276.89	77251.61	12867.99	15144.88
15511.13	—	15511.13	1494.80	1494.80
32.95	—	32.95	3.65	3.65
27579.44	2826.18	30405.62	23120.46	25946.64
1661.64	174.08	1835.72	1461.18	1635.26
1439.76	173.36	1613.12	1670.21	1843.57
191395.25	17555.25	208950.50	223677.05	240850.13



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 4 - FIXED ASSETS

	GROSS BLOCK			As at 31 st March, 2011
	As at 1 st April, 2010	Additions during the year	Sales / Adjustments during the year	
II GENERAL ASSETS				
(FOR PROJECTS UNDER OPERATION)				
Buildings	6927.97	153.95	—	7081.92
Furniture & Fixtures	440.40	33.83	—	474.23
Roads, Bridges, Culverts & Helipads	3105.86	218.37	—	3324.23
Vehicles	456.18	203.07	—	659.25
Railway Siding	10.65	—	—	10.65
Electrical Installation	819.22	21.74	—	840.96
Temporary Buildings/Erections	2410.53	—	—	2410.53
Hospital Equipment	11.56	0.05	—	11.61
Tools & Plants	2994.93	67.57	(7.88)	3054.62
Office Equipment	192.08	11.08	(0.95)	202.21
IT Equipment	402.87	13.56	—	416.43
Other Equipment	420.05	7.38	6.90	434.33
Water supply, sewerage & drainage	881.93	0.12	—	882.05
Plant & Machinery in Generating Station (Diesel Power House)	444.88	—	—	444.88
Communication Equipment	152.24	3.92	—	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
Land & Land Rights :				
Free hold	665.42	451.52	—	1116.94
Lease hold	4373.69	—	—	4373.69
	24953.16	1189.60	(1.93)	26140.83
TOTAL (A)	457198.54	1594.89	(25.05)	458768.38

(₹ in Lakhs)

DEPRECIATION			NET BLOCK	
As at 1 st April, 2010	Depreciation for the year including adjustment	Upto 31 st March, 2011	As at 31 st March, 2011	As at 31 st March, 2010
2059.06	218.68	2277.74	4804.18	4868.91
296.26	32.91	329.17	145.06	144.14
988.41	103.31	1091.72	2232.51	2117.45
374.10	42.31	416.41	242.84	82.08
7.10	0.02	7.12	3.53	3.55
545.19	35.97	581.16	259.80	274.03
2393.88	16.65	2410.53	—	16.65
6.96	0.56	7.52	4.09	4.60
2537.64	29.00	2566.64	487.98	457.29
151.08	7.07	158.15	44.06	41.00
224.57	144.69	369.26	47.17	178.30
271.19	22.43	293.62	140.71	148.86
217.79	26.33	244.12	637.93	664.14
384.43	0.83	385.26	59.62	60.45
104.42	8.85	113.27	42.89	47.82
109.28	7.27	116.55	22.46	29.73
82.89	2.96	85.85	17.84	20.80
—	3.44	3.44	—	—
—	—	—	1116.94	665.42
646.37	146.08	792.45	3581.24	3727.32
11400.62	849.36	12249.98	13890.85	13552.54
202795.87	18404.61	221200.48	237567.90	254402.67



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 4 - FIXED ASSETS

	GROSS BLOCK			As at 31 st March, 2011
	As at 1 st April, 2010	Additions during the year	Sales / Adjustments during the year	
B) ASSETS				
(FOR PROJECTS UNDER CONSTRUCTION & OTHER OFFICES)				
Building	2198.59	1043.38	(2.90)	3239.07
Furniture & Fixtures	580.93	24.03	(1.01)	603.95
Roads,Bridges,Culverts & Helipads	121.48	558.10	—	679.58
Vehicles	88.68	6.75	—	95.43
Electrical Installations	269.96	43.09	—	313.05
Temporary Buildings/Erections	1496.97	352.36	(1.97)	1847.36
Tools & Plants	1727.26	65.82	—	1793.08
Office equipment	508.91	16.76	(4.93)	520.74
IT Equipment	928.64	60.77	(17.93)	971.48
Water Supply,sewerage & drainage	113.63	57.01	—	170.64
Plant & Machinery in Generating Station (Diesel Power House)	176.99	20.80	—	197.79
Communication Equipment	114.50	8.64	15.74	138.88
Plant & Machinery	1.16	—	—	1.16
Weigh Bridge	13.34	—	—	13.34
Land & Land Rights	1413.94	—	—	1413.94
Other Equipment	420.98	24.00	0.37	445.35
Hospital Equipment	6.72	3.48	—	10.20
Transformer having a rating of 100 KV & Above	9.47	—	—	9.47
Tranmission Line	5851.80	—	—	5851.80
Fixed Assets of Minor value	—	2.80	—	2.80
Intangible Assets (software)	—	56.47	—	56.47
TOTAL (B)	16043.95	2344.26	(12.63)	18375.58
GRAND TOTAL (A + B)	473242.49	3939.15	(37.68)	477143.96
PREVIOUS YEAR	466250.73	7037.27	(45.51)	473242.49

(₹ in Lakhs)

DEPRECIATION			NET BLOCK	
As at 1 st April, 2010	Depreciation for the year including adjustment	Upto 31 st March, 2011	As at 31 st March, 2011	As at 31 st March, 2010
472.06	120.42	592.48	2646.59	1726.53
243.83	77.74	321.57	282.38	337.10
12.83	13.51	26.34	653.24	108.65
47.21	6.49	53.70	41.73	41.47
177.78	11.35	189.13	123.92	92.18
1492.14	141.01	1633.15	214.21	4.83
1049.72	40.72	1090.44	702.64	677.54
336.99	19.39	356.38	164.36	171.92
385.26	345.37	730.63	240.85	543.38
17.80	9.80	27.60	143.04	95.83
123.29	14.96	138.25	59.54	53.70
57.72	13.87	71.59	67.29	56.78
1.04	—	1.04	0.12	0.12
5.36	0.70	6.06	7.28	7.98
—	—	—	1413.94	1413.94
188.37	29.16	217.53	227.82	232.61
0.87	0.85	1.72	8.48	5.85
8.15	0.19	8.34	1.13	1.32
882.65	308.98	1191.63	4660.17	4969.15
—	2.77	2.77	0.03	—
—	6.20	6.20	50.27	—
5503.07	1163.48	6666.55	11709.03	10540.88
208298.94	19568.09	227867.03	249276.93	264943.55
185692.87	22606.07	208298.94	264943.55	280557.86



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 5 - CAPITAL WORK - IN - PROGRESS

	As at 1 st April, 2010	Additions during the year	Adjustments during the year	Capitalised during the year	(₹ in Lakhs) As at 31 st March, 2011
Building	1482.14	607.57	(54.78)	(704.64)	1330.29
Temporary Buildings/Erections	616.47	101.50	5.21	(352.60)	370.58
Roads, Bridges, Culverts & Helipads	18515.72	1777.34	(0.45)	(640.78)	19651.83
Electrical Installation	91.97	274.17	3.61	(51.85)	317.90
Water Supply, sewerage & drainage	167.69	18.78	(5.87)	(41.60)	139.00
Hydraulic works incldg Dams, Dykes etc.	49435.38	18837.67	217.48	—	68490.53
Other Civil works	406.76	53.03	44.40	(373.41)	130.78
Power house	5407.31	1404.21	(217.48)	—	6594.04
Switch Yard including cable connection	558.73	—	—	—	558.73
Plant & Machinery in generating Station (Diesel Power House)	2.04	—	—	(2.04)	—
Environment & Echology	1911.11	7.87	(0.08)	(63.07)	1855.83
Transmission Lines	351.48	97.99	1.67	—	451.14
Transformer having a rating of 100KV ampere and above	138.42	—	—	—	138.42
Substation	329.92	28.40	1.95	—	360.27
Plant, etc. in Generating station	137.49	163.86	—	—	301.35
Survey & Investigation	5728.71	408.84	83.87	—	6221.42
Provision for S & I Units	—	—	(2280.98)	—	(2280.98)
Deposit Works	645.80	—	(645.80)	—	—
Incidental Expenditure during Construction	50518.10	17071.05	(2187.93)	(116.37)	65284.85
TOTAL	136445.24	40852.28	(5035.18)	(2346.36)	169915.98
Previous year	110875.09	33268.38	(1590.89)	(6107.34)	136445.24

SCHEDULE 6 - CONSTRUCTION STORES & ADVANCES**As at 31st March:****(₹ in Lakhs)**

	2011	2010
A) CONSTRUCTION STORES		
(at cost as certified by the Management)		
i) General Stores	1209.49	1093.64
ii) Stores at sites	—	14.88
	<u>1209.49</u>	<u>1108.52</u>
Less : Provision for loss of stock	<u>17.42</u>	<u>27.44</u>
	1192.07	1081.08
B) ADVANCE FOR CAPITAL EXPENDITURE		
Unsecured considered good		
1. Advance to Suppliers & Contractors		
i) Against Bank Guarantee	13156.58	9064.61
ii) Others	<u>13705.00</u>	<u>11277.13</u>
	26861.58	20341.74
Less : Provision against bad & doubtful advance	<u>28.00</u>	<u>28.00</u>
	26833.58	20313.74
2. Advance against Steel and Cement	11.64	11.64
TOTAL	28037.29	21406.46



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 7 - CURRENT ASSETS , LOANS AND ADVANCES

As at 31st March:

	(₹ in Lakhs)	
	2011	2010
A. CURRENT ASSETS		
(at cost as certified by the Management)		
1. Operational Stores		
a) Components, spare-parts and other spares	7451.28	6794.75
b) Consumable stores	207.27	208.39
c) Stores & spares against grant- in- aid	<u>1616.49</u>	<u>1639.74</u>
	9275.04	8642.88
Less: Provision for non- moving stock	<u>133.27</u>	<u>150.19</u>
	9141.77	8492.69
2. Sundry Debtors (Unsecured considered good)		
(a) Debts outstanding for a period exceeding 6 months considered good	1.02	1.14
(b) Other Debts	<u>49021.07</u>	<u>13338.84</u>
	49022.09	13339.98
3. Cash & Bank balance		
a) Short term deposits with Scheduled Banks	21955.64	24174.00
b) Balance with Scheduled Banks	7496.40	7457.46
c) Cash, drafts, cheques, stamps & imprest in hand	<u>11.36</u>	<u>8.70</u>
	29463.40	31640.16
B. LOANS & ADVANCES (Unsecured considered good unless stated otherwise by the Management)		
a) Advances recoverable in cash or in kind or for value to be received :		
(i) Amount receivable considered good	24038.98	27737.50
(ii) Considered doubtful	<u>62.01</u>	<u>8.12</u>
	24100.99	27745.62
Less : Provision for bad & doubtful debts	<u>62.01</u>	<u>8.12</u>
	24038.98	27737.50
b) Advance to staff	557.83	643.09
c) Prepaid expenses	286.86	183.90
d) Deposits with other authorities	135.27	20.79
e) Advance tax	6045.84	4091.15
f) Tax deducted at source	1833.03	1638.29
g) Deferred Foreign Currency Fluctuation Assets	<u>41.87</u>	<u>47.46</u>
	32939.68	34362.18
TOTAL	120566.94	87835.01

SCHEDULE 8 - CURRENT LIABILITIES & PROVISIONS
As at 31st March:

(₹ in Lakhs)

	2011	2010
A) CURRENT LIABILITIES		
Sundry Creditors		
For Capital Expenditure		
Micro & Small Enterprises	—	—
Others	14580.95	14007.64
Operation and Maintenance		
Micro & Small Enterprises	—	—
Others	21655.35	17115.90
Other Liabilities	870.53	572.28
	37106.83	31695.82
Deposits, retention money from contractors and others	2490.64	2468.46
Deferred Foreign Currency Fluctuation Liabilities	310.54	332.16
Interest accrued but not due on :		
a) Loans from Govt. of India	972.07	4765.79
b) Loans from Life Insurance Corporation of India	63.10	82.10
c) Bonds	375.65	662.02
d) Loans from Power Finance Corporation Ltd.	1447.77	878.45
e) Loans from KfW	54.44	8.60
	2913.03	6396.96
TOTAL (A)	42821.04	40893.40
B) PROVISIONS FOR :		
Gratuity	9712.96	8897.31
Wealth Tax	2.55	0.94
Guarantee Fees	100.00	147.75
Leave Encashment	4800.41	4022.62
Medical Benefits Retired Employees	316.20	304.80
Proposed Dividend	5247.00	6076.00
Dividend Tax	871.46	1032.62
Minimum Alternate Tax.	5398.83	4803.18
Leave Travel Concession	—	401.42
TOTAL (B)	26449.41	25686.64
GRAND TOTAL (A + B)	69270.45	66580.04



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 9 - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

	As at 1 st April, 2010	Additions	Deductions	(₹ in Lakhs) As at 31 st March, 2011
A. Preliminary expenses	290.17	—	54.71	235.46
B. Deferred revenue expenditure	619.69	—	200.06	419.63
TOTAL	909.86	—	254.77	655.09

SCHEDULE 10- OTHER INCOME

For the year ended 31st March:

	2011	(₹ in Lakhs) 2010
Miscellaneous receipts	2057.99	178.02
FERV Recoverable/Payable(Net)	21.62	21.62
Reimbursement of MAT	784.23	2169.72
Interest on investment(State Govt. Bond)	4667.10	5478.77
Interest on delayed payment on Sale of Power	520.90	1336.57
Profit on Sale of Assets	—	3.16
Other income (Grant-in-aid)	23.25	33.67
TOTAL	8075.09	9221.53

SCHEDULE 11 -GENERATION AND ADMINISTRATION EXPENSES

For the year ended 31st March:

		(₹ in Lakhs)	
	Annexure No .	2011	2010
GENERATION EXPENSES			
Repairs & maintenance :			
a) Roads & buildings		717.34	533.45
b) Power house		5998.40	3306.66
c) Hydraulic works		170.64	124.95
d) Line & sub-stations		43.10	60.24
e) Others		282.95	191.94
f) Stores & spares (against Grant-in-Aid)		<u>23.25</u>	<u>33.67</u>
		7235.68	4250.91
ADMINISTRATION EXPENSES			
a) Travelling expenses		223.70	206.13
b) Advertisement expenses		16.20	28.01
c) Insurance charges		250.61	150.57
d) Rents		7.32	7.92
e) Rates & taxes		25.27	34.24
f) Entertainment expenses		2.00	2.27
g) General expenses	1	4866.01	4106.21
h) Publicity expenses		9.52	6.63
i) Wealth tax		2.17	0.62
j) Filing fees to CERC		31.30	25.23
k) Legal Expenses		0.42	0.59
i) NERLDC Fees & charges		862.96	—
m) Share of General establishment (as per statement of incidental expenditure during construction)		<u>6835.64</u>	<u>7624.98</u>
		13133.12	12193.40
TOTAL		20368.80	16444.31



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 11 A - INTEREST AND FINANCE CHARGES

For the year ended 31st March:

		(₹ in Lakhs)
	2011	2010
Interest on :		
i) Loans from Government of India	—	328.28
ii) Loans from Life Insurance Corporation of India	329.68	401.49
iii) Bonds	680.20	1590.35
iv) Loan from Power Finance Corporation Ltd	383.17	643.59
v) Loan from Japan International Co- operation Agency	—	77.51
vi) Interest on structured term loan	<u>—</u>	<u>423.82</u>
	1393.05	3465.04
Finance charges :		
i) Guarantee fees	—	47.75
ii) Rebate to customers	1182.67	1467.23
iii) Others	<u>2.84</u>	<u>7.32</u>
	1185.51	1522.30
TOTAL	2578.56	4987.34

SCHEDULE 12 - PRIOR PERIOD ADJUSTMENT (OPERATION & MAINTENANCE)
For the year ended 31st March:

	(₹ in Lakhs)	
	2011	2010
A) INCOME :		
Maintenance of Building	—	6.12
Depreciation	584.25	0.75
Transmission charges	30.77	578.34
Rates & Taxes	17.26	7.74
Electricity Duty	0.21	—
Security Expenses	101.45	—
Consultancy Fee	399.18	10.50
TOTAL INCOME	1133.12	603.45
B) EXPENDITURE :		
Depreciation	45.07	5.51
Children Education Allowance	1.28	—
Repair & Maintenance	0.26	—
Security Expenses	—	195.74
Rebate against sale of Power	—	93.39
Publicity Expenses	1.34	—
Advertisement	7.34	—
Incentive to employees (PLI)	—	43.62
Filing Fees	—	0.45
Sale of Power	—	33.91
Medical Expenses	1.58	—
Surcharge on AFC	—	58.47
Purchase of Gas	159.59	18.45
Transport expenses	—	2.11
Insurance	—	0.24
Maintenance of Power House	—	26.25
Others	—	5.55
TOTAL EXPENDITURE	216.46	483.69
NET EXPENDITURE/ (INCOME)	(916.66)	(119.76)



ISO 9001 & 14001
OHSAS 18001

SCHEDULE 13 - PRIOR PERIOD ADJUSTMENT (GENERAL ADMINISTRATION)
For the year ended 31st March:

	(₹ in Lakhs)	
	2011	2010
A) INCOME :		
Donation	—	100.00
Commitment Charges	—	15.29
Rent	—	1.25
TOTAL INCOME		116.54
B) EXPENDITURE :		
Transport Expenses	7.26	0.73
Communication Expenses	20.09	—
IT Expenses	0.22	1.47
Repairs & Maintenance	1.15	—
Maintenance of IB	0.39	—
Printing & Stationery	3.36	—
Medical Expenses	1.11	—
Legal Expenses	1.75	—
Advertisement	0.93	—
Electricity charges	0.94	0.30
Depreciation	89.55	0.70
Publicity Expenses	0.50	—
Others	4.01	6.14
TOTAL EXPENDITURE	131.26	9.34
NET EXPENDITURE/ (INCOME)	131.26	(107.20)

SCHEDULE 14 - PRIOR PERIOD ADJUSTMENT (PROJECTS UNDER CONSTRUCTION)
For the year ended 31st March:

	(₹ in Lakhs)	
	2011	2010
A) INCOME :		
IT Expenses	—	14.86
TOTAL INCOME	—	14.86
B) EXPENDITURE :		
Incentive to Employees(PLI)	—	0.24
Depreciation	142.10	595.18
Others	2.18	3.60
Rent	0.97	0.43
TOTAL EXPENDITURE	145.25	599.45
NET EXPENDITURE/ (INCOME)	145.25	584.59

ANNEXURE 1 - GENERAL EXPENSES

For the year ended 31st March:

(₹ in Lakhs)

	Operation & Maintenance		General Administration		Project (Under Construction)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Leave travel concession	—	12.10	—	4.81	—	31.08	—	47.99
Leave encashment	617.80	460.83	458.21	440.28	313.97	310.53	1389.98	1211.64
Transport expenses	503.52	470.52	244.90	214.15	406.21	389.32	1154.63	1073.99
Printing & stationery	30.44	29.00	73.46	63.21	17.71	15.28	121.61	107.49
Postage & telegram	1.50	1.42	5.87	5.06	0.62	0.72	7.99	7.20
Medical expenses	478.93	436.12	303.77	280.49	186.87	180.67	969.57	897.28
Licence & registration	3.58	2.25	1.27	1.27	1.93	0.74	6.78	4.26
Paper & periodicals	24.51	24.19	15.82	17.32	12.29	12.39	52.62	53.90
Uniforms & liveries	7.74	8.86	2.96	2.83	3.27	1.87	13.97	13.56
Honorarium	0.19	—	0.05	0.23	—	—	0.24	0.23
Electric & water charges	154.63	153.66	67.16	67.17	689.46	92.13	911.25	312.96
Bank charges	29.16	16.65	5.37	3.17	2.22	1.95	36.75	21.77
Social welfare	1281.54	672.86	135.65	91.26	165.44	100.32	1582.63	864.44
Consultancy charges	26.95	25.87	8.04	3.71	471.14	218.55	506.13	248.13
Security arrangement	1538.41	1621.77	113.51	136.11	210.07	151.22	1861.99	1909.10
Training expenses	0.89	3.09	29.27	36.55	0.79	3.04	30.95	42.68
Staff recruitment expenses	—	—	1.07	0.39	—	—	1.07	0.39
Hospital facilities	6.49	7.54	0.03	—	3.75	0.63	10.27	8.17
Subscription & membership fees	0.03	—	9.11	17.07	0.02	—	9.16	17.07
Communication expenses	24.16	35.31	90.60	128.92	20.03	21.81	134.79	186.04
Office furnishing	1.62	4.16	23.15	18.03	7.26	7.34	32.03	29.53
Miscellaneous expenses	37.42	38.12	245.15	124.25	46.37	31.11	328.94	193.48
I.B. expenses	28.01	11.94	19.52	21.38	50.41	28.06	97.94	61.38
Laboratory & meter testing charges	3.49	1.03	0.65	0.41	8.55	2.93	12.69	4.37
Photographic records	0.16	0.03	0.19	0.25	0.06	0.16	0.41	0.44
Loss of Stock/Advance written off	0.73	—	3.72	—	53.12	—	57.57	—
IT Expenses	29.63	19.15	30.86	21.57	10.15	14.44	70.64	55.16
Loss on sale of fixed Assets	0.48	1.79	4.05	4.34	4.12	—	8.65	6.13
Compensation	34.00	44.25	—	5.00	15.00	—	49.00	49.25
Provision for Loss/shortage of stores	—	3.70	—	—	—	6.33	—	10.03
TOTAL	4866.01	4106.21	1893.41	1709.23	2700.83	1622.62	9460.25	7438.06



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ANNEXURE 2 -AUDIT FEES & EXPENSES
For the year ended 31st March:

(₹ in Lakhs)

	2011	2010
Audit fees	3.86	2.76
Tax Audit fees	0.58	0.58
Cost Audit Fees	0.66	0.66
Other expenses	5.61	5.79
TOTAL	10.71	9.79

ACCOUNTING POLICIES

1. ACCOUNTING CONVENTIONS

- 1.1 The Accounts are prepared on Historical Cost Basis.
- 1.2 Income and Expenses are accounted for on Mercantile Basis.
- 1.3 Prepaid expenses and prior period expenses/income of items of ₹ 20000/- and below are charged to natural head of accounts.
- 1.4 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.

2. FIXED ASSETS

- 2.1 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.
- 2.2 In the case of commissioned assets, where final settlement of bill with the contractors is yet to be effected, capitalization is made on provisional basis subject to necessary adjustment in the year of final settlement.
- 2.3 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 production, 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.
- 2.4 Net pre-commissioning income/ expenditure is adjusted directly in the cost of related assets and systems.
- 2.5 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.
- 2.6 Leased Assets are accounted in accordance with AS-19.
- 2.7 Intangible Assets are recognized as assets of the Corporation in terms of AS-26.
- 2.8 Physical verification of Fixed Assets are undertaken by the management once in a year.

3. CAPITAL WORK IN PROGRESS

- 3.1 Net expenditure common to Operation and Construction including Corporate Office expenses and Depreciation on General Assets are allocated to Operating Expenses and Incidental Expenditure during Construction in proportion of Sales to Capital outlay during the year. 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.
- 3.2 Common expenditure of a project, which is partially in operation and partially under construction, is being apportioned on the basis of the installed capacity.
- 3.3 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.
- 3.4 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.

4. DEPRECIATION

- 4.1 (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



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from the year the asset becomes available for use shall be spread over the balance useful life of the assets keeping the 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.

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

5. INVENTORY

- 5.1 Stores and Spares are valued at cost, determined on weighted average basis or net realizable value whichever is lower.
- 5.2 Value of scrap is adjusted in the account as and when sold.
- 5.3. 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.
- 5.4 Physical verification of Inventory are done by the management once in a year.

6. GRANT- IN-AID

- 6.1 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.
- 6.2 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.

7. INVESTMENT

Investment are intended for long term and carried at cost.

8. 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.

9. RETIREMENT BENEFIT

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

10. 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.

11. REVENUE RECOGNITION

- 11.1 Sale of energy is accounted for based on tariff approved by the Central Electricity Regulatory Commission. In

case of power stations where final tariff 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 2nd May'2011.

- 11.2 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.
- 11.3 Interest on Debtors (post securitisation) on account of sale of power is accounted for on cash basis.
- 11.4 Interest on amount involved in consequent securitisation of sundry debtors duly confirmed by all the States is accounted for on accrual basis.
- 11.5 Reimbursement of Income Tax and CERC filing fee by the beneficiaries in terms of CERC regulations are being accounted for on cash basis.

12. FOREIGN EXCHANGE FLUCTUATION

- 12.1 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.
- 12.2 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.
- 12.3
- 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.

13. MISCELLANEOUS

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

14. 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.

For and on behalf of the Board of Directors

In terms of our report of even date

For ADD & ASSOCIATES

Chartered Accountants

F.R.N. 308064E

Date: 21st June, 2011

C. Sharma

A.G. West Kharkongor

P.C. Pankaj

D.R. DEY

Place: Shillong

Company Secretary

Director (Finance)

Chairman &

Partner

Managing Director

Membership No.13682



NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ **120812.32 lakhs** (previous year ₹ 93869.90 lakhs).
2. 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.
3. 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.
4. (a). Employees' remuneration and benefits include the following for the Directors including the Chairman & Managing Director.

	Current year (2010-11)	Previous year (2009-10)
Salary and allowances	58.84	45.92
Contribution to Provident Fund and other funds	5.06	3.46
Other benefits	5.86	12.11

(b) In addition to the above remuneration, the whole- time Directors have been allowed the use of 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.

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

a. Expenses recognised in statement of Profit/Loss: (₹ in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PMRB
Current service cost	445.44	385.05	166.30	—
Interest Cost	744.62	241.13	75.09	25.91
Actuarial gain/loss recognized in the year	(100.27)	426.49	88.50	(5.99)
Expense recognized in statement of Profit/Loss	1089.79	1052.67	329.90	19.91

b. The amount recognized in Balance Sheet :

(₹ in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PMRB
Opening Net Liability	—	—	—	—
Expenses as taken in statement of Profit/loss	1089.79	1052.67	329.90	19.91
Contributions	—	—	—	—
Closing Net Liability	1089.79	1052.67	329.90	19.91
Closing Fund/Provision at the end of the year	9712.96	3598.19	1202.22	316.20

c. Changes in the present valuation of obligations:

(₹ in lakhs)

	Gratuity	Earned leave	Half pay leave	PMRB
Present Value of obligation on 31.03.10	8897.31	3128.08	894.54	304.80
Interest Cost	744.62	241.13	75.09	25.91
Current service cost	445.44	385.05	166.30	—
Benefits paid	274.14	582.55	22.22	8.52
Actuarial gain/loss on obligations	(100.27)	426.49	88.50	(5.99)
Present value of obligation on 31.03.2011	9712.96	3598.19	1202.22	316.20

d. During the year, the company has provided liability towards :

Gratuity	: ₹ 1089.79 lakhs
Earned Leave Encashment	: ₹ 1052.67 lakhs
Half Pay Leave	: ₹ 329.90 lakhs
Post Retirement Medical Benefit	: ₹ 19.91 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

6. A provision of ₹ **4461.36 lakhs** for payment of arrears towards pay and allowances on implementation of revision of pay which was due from 01.01.2007 has been made during the year, out of which ₹ **3115.44 lakhs** charged to Profit & Loss Account and the balance amount of ₹ **1345.92 lakhs** charged to IEDC. Pending formulation of policy relating to performance related pay a provision of ₹ **1449.76 lakhs** has been made on this account out of which ₹ **1002.72 lakhs** charged to Profit & Loss Account and ₹ **447.04 lakhs** charged to IEDC during the year 2010-11.



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7. A sum of ₹ **2628.99 lakhs** (Previous year ₹ 3041.15 lakhs) 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 "Fixed Capital Expenditure" under separate sub-head of Fixed Asset, pending completion of legal formalities. The land is in the possession of the Corporation.
8. NEC has been requested to withdraw the sanction order for the amount of ₹ 83.00 lakhs given as Advance towards Share Capital for Garo Hill Thermal Project. As against ₹ 83.00 Lakhs received from the Council, a sum of ₹ 78.39 lakhs including ₹ 78.00 lakhs paid as advance to BRDB has been utilised. On receipt of the NEC order, the balance amount of ₹ 4.61 lakhs will be refunded to NEC and the advance and expenditure will be withdrawn from the books of accounts.
9. Sales include ₹ **152.89 lakhs** (previous year ₹ 150.95 lakhs) being the cost of internal consumption of electricity.
10. The revival of the Tuirial Hydro Electric Project at Mizoram was approved by the Ministry of Power, Govt. of India on 14th January 2011 vide letter no.7/7/2009-H-I at an estimated cost of ₹ **91363.32 lakhs** including IDC of ₹ **3657.10 lakhs**. The financial pattern of the total cost of ₹ **91363.32 lakhs** comprises of (i) Equity ₹ **13704.50 lakhs** (ii) Loan from financial institution ₹ **18462.60 lakhs**, (iii) Subordinate loan from Govt. of India ₹ **29196.22 lakhs** and (iv) Grant from DoNER ₹ **30000.00 lakhs**. A Gross expenditure of ₹ **32868.69 lakhs** was incurred on this project up to 31.03.2011. Out of this expenditure, an amount of ₹ **4808.03 lakhs** on account of IEDC for the period 09.06.2004 to 13.01.2011 including ₹ **297.45 lakhs** for the year 2010-11 has been charged to revenue in line with Accounting Policy. In compliance of AS 16 interest on borrowing & finance charges amounting to ₹ **4071.72 lakhs** since 09.06.2004 to 13.01.2011 has also been charged to the revenue comprising of interest on borrowings amounting to ₹ **3446.62 lakhs** and ₹ **625.10 lakhs** towards finance charges.

11. **Quantitative information in respect of generation & sales: -**

	Current year (2010-2011)	Previous year (2009-2010)
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity	1130.00 MW	1130.00 MW
Design Energy	5698.73 MU	5698.73 MU
Actual Generation	5092.66 MU	4548.62 MU
Sales including internal Consumption but excluding free supply of Power Auxiliary consumption and transmission losses	4716.45 MU	4246.21 MU

12. **Contingent liabilities:**

	(₹ in Lakhs)	
	As on 31.3.2011	As on 31.03.2010
Claims against the Company not acknowledged as debt	73493.10	27535.97

13. (a) Value of imports calculated on C.I.F. basis:

(₹ in Lakhs)

	Current year (2010-11)	<i>Previous year (2009-10)</i>
Spares	1396.23	94.09
(b) Expenditure in foreign currency :-		
i) Interest	73.99	1.02
ii) Others (TA/ Commitment charges)	111.66	8.68

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

(a) Whole time Directors :

1	Sri I.P. Barooah	Chairman & Managing Director
2	Sri M.R. Ghosh	Director (Finance) upto 30.06.2010
3	Sri A.G. West Kharkongor	Director (Finance) w.e.f. 19.08.2010
4	Sri I.P. Barooah	Director (Personnel)
5	Sri N. Bhattacharjee	Director (Technical) upto 31.12.2010
6	Sri Utpal Moral	Director (Technical) w.e.f. 08.02.2011

(b) Related party transaction has already mentioned vide note no. 4(a)

15. In compliance of AS-22 on " Accounting for Taxation on Income " provision for Deferred Tax Liability as on 1st April 2010 and for the year ended 31.03.2011 has been made as under:-

(₹ in Lakhs)

(a) Deferred Tax Liability as on 01.04.2010	64213.86
Less: Deferred Tax Recoverable	<u>64213.86</u>
Net Deferred Tax Liability as on 31.03.2011	<u>Nil</u>
Deferred Tax Liability for the year	(4828.21)
Less: Deferred Tax Recoverable	<u>(4828.21)</u>
Net Deferred Tax for the year	<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) ₹ **59385.65 lakhs** as on 31.03.2011.

16. Stores include stores in transit of ₹ **171.88 lakhs** (previous year ₹10.94 lakhs).

17. (a) 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 Electricity Board in liquidation of the debts owed by them against energy supplied is attributable to the generation activity only.



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(b) The Corporation has power stations located within the country and therefore geographical are segments inapplicable.

18. In compliance of 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:

	<u>31.03.2011</u>	<u>31.03.2010</u>
Profit after Tax (₹ in lakhs)	26356.55	28937.88
Weighted Average number of equity shares	3231930400	3207937004
Earning Per Share (Basic and Diluted) (Rupees)	0.82	0.90
Face value per share (Rupees)	10.00	10.00

19. For spares purchased out of Grant-in-aid received from the Central Govt. and utilised during the current year, i.e., FY 2010-11, repairs & maintenance has been debited and Stock of Spares has been credited by an amount of ₹ **23.25 lakhs**. Again, the amount has been transferred from Grant-in-aid to Profit & Loss Account.

20. The effect of foreign exchange fluctuations during the year is as under:

The amount of exchange difference adjusted by increase of loan liability of M/s KfW Bank, Germany with corresponding increase in the IEDC of ₹ **386.96 lakhs** in respect of Pare Hydro Electric Project.

21. 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.

22. 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 ₹ **1173.65 lakhs** has been shown as contingent liability.

23. Interest and finance charge amounting to ₹ **6089.19 lakhs** (previous year ₹ 3008.99 lakhs) related to construction projects has been capitalized.

24. The Company has taken all known ascertainable liabilities pertaining to the year upto 31.03.2011 taking into consideration 15th April 2011 as the cut-off date.

25. Corporation has revised the Accounting Policy for providing depreciation on fixed assets which is incorporated in the Accounting Policy No.4. The depreciation charged in the Profit & Loss Account for the year is lower by ₹ **1931.13 lakhs** (previous year higher by ₹ 1985.34 lakhs) as compared to the rates prescribed in the Companies Act, 1956.

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

27. (a) Information in respect of Micro, Small and Medium Enterprises as at 31st March' 2011 :

(₹ in Lakhs)

Sl.	Particulars	Amount
(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 .	—

28. 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. 22nd December 2008 has allotted Kapak leyak and Badao HEP to Private developer. A gross expenditure of ₹ 536.25 lakhs, ₹ 644.00 lakhs, ₹1057.39 lakhs, ₹ 204.01 lakhs and ₹ 802.77 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 31.03.2011 . Necessary adjustment will be made in the year of actual handing over of these projects.
29. Expenditure of ₹ **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.
30. The Govt. of Arunachal Pradesh, vide letter no. PWRS/W-465/98Vol-II/1-06 dtd. 3rd 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 ₹ **2280.97 lakhs** incurred on this project till 31.03.2011 has been provided in the accounts during the year.
31. Corporation has decided in its board meeting 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 ₹ **164.69 lakhs** has been incurred till 31.03.2011. Necessary adjustment will be made in year of actual handing over.
32. Deposit works were carried out by the Corporation against Grant in Aid received from North Eastern Council since 1982-83. An amount of ₹ **645.80 lakhs** incurred towards different investigation schemes shown under the head CWIP has been set off against the Grant in Aid during 2010-11.



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33. The Central Electricity Regulatory Commission (CERC) has notified the Terms and Conditions for determination of tariff applicable with effect from 1st April 2009 for a period of five years vide notification dated 19th January 2009. The tariff petition for AGTP & RHEP was approved by CERC recently and accordingly sale of energy from these two power stations have been accounted for. The tariff in respect of DHEP has been calculated as per the MOP letter dt.13.03.2009. In respect of other power stations i.e. AGBPP and KHEP where final tariff has not yet been approved/ agreed by the CERC, sale of energy is provided for on the basis of 95% of the Annual Fixed Charges (AFC) as per the principles enunciated in Central Electricity Regulatory Commission (Terms and Conditions of tariff) Regulation, 2009 dt.19th January 2009 and Central Electricity Regulatory Commission (Terms and Conditions of tariff) (First Amendment) Regulation, 2011 issued under notification dt.2nd May 2011. Sales of ₹119827.47 lakhs for the year ended 31st March 2011 includes ₹ 9321.18 lakhs being the difference between sales worked out at 95% of the AFC applicable for AGBPP & KHEP and the tariff applicable as on 31st March 2009.

34. Following Accounting Policy has been modified/deleted during the year -

Policy No.	Description	Impact on Profit for the year (₹ In Lakhs)
2.7	Modification of Accounting policy on Intangible Assets	(+) 4.98
4.1 to 4.5	Modification of Accounting Policy on Depreciation & Amortisation	(+) 2470.89
5.1	Modification of Accounting Policy on Stores & Spares	Nil
5.3	Modification of Accounting Policy on Machinery Spare	Nil
6.1	Modification of Accounting policy on Grant- in -Aid	Nil
11.1	Modification of Accounting policy on Revenue Recognition	(-)962.79

35. Previous year's figures have been regrouped, recast 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 ADD & ASSOCIATES
Chartered Accountants
F.R.N. 308064E

Date: 21st June, 2011
Place: Shillong

C. Sharma
Company Secretary

A.G. West Kharkongor
Director (Finance)

P.C. Pankaj
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2010-11**(₹ in Lakhs)**

A) Cash Flow From Operating Activities:	2010-11	2009-10
Net Profit before Tax	31755.38	33741.06
ADD:		
Depreciation	18405.81	20994.04
Interest	1393.05	3465.04
Provision for Rebate/Incentive	1182.67	1467.23
DRE Amortized	200.06	203.53
	21181.59	26129.84
LESS:		
Non cash receipts, if any		
Interest on Power Bond	4667.10	5478.77
Grant-in -Aid	669.05	33.67
	5336.15	5512.44
Cash Flow From Operating Activities before Working capital adjustments:	47600.82	54358.46
Working Capital Changes:		
(Increase)/ Decrease in Inventories	(649.08)	(1940.44)
(Increase)/ Decrease in receivables	(23743.79)	(12731.88)
Increase/(Decrease) in trade & other payables	314.73	9254.15
	(24078.14)	(5418.17)
Cash Flow From Operating Activities before taxes	23522.68	48940.29
Net Cash Flow From Operating Activities	23522.68	48940.29
B) Cash Flow From Investing Activities		
Purchase of fixed assets	(392.83)	727.61
Expenditure on construction projects	(42035.77)	(34459.74)
Misc. Exp.	54.71	—
Net Cash Flow From Investing Activities	(42373.89)	(33732.13)
C) Cash Flow From Financing Activities		
Proceeds from issue of share capital (Including pending allotment)	4500.00	3500.00
Dividend paid	(8736.00)	(9215.00)
Proceeds from borrowings (net)	23269.76	(19720.80)
Interest paid	(4876.98)	(3231.20)
Interest/Grant received	4667.10	5478.77
I.T. Paid/Refund Received	(2149.43)	(2125.95)
	16674.45	(25314.18)
D) Net increase/(decrease) in cash and cash equivalents	(2176.76)	(10106.02)
E) Cash and cash equivalents -Opening	31640.16	41746.19
	Note 1(a)	
F) Cash and cash equivalents- Closing	29463.40	31640.16
	Note 1(b)	



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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 Sheet amounts:

(a) Cash and Cash equivalents as at 31st March:Opening	<u>2011</u>	<u>2010</u>
Cash,Drafts,Cheques,Stamps & Imprest in hand	8.70	1130.66
Balance with Banks	7457.46	11561.05
Short term deposits with Banks	24174.00	29054.48
	<u>31640.16</u>	<u>41746.19</u>

(b) Cash and Cash equivalents as at 31st March:Closing	<u>2011</u>	<u>2010</u>
Cash,Drafts,Cheques,Stamps & Imprest in hand	11.36	8.70
Balance with Banks	7496.40	7457.46
Short term deposits with Banks	21955.64	24174.00
	<u>29463.40</u>	<u>31640.16</u>

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 & Managing Director

We have audited the above Cash Flow Statement of North Eastern Electric Power Corporation Ltd. for the year ended on 31st March, 2011 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 ADD & ASSOCIATES
Chartered Accountants
F.R.N. 308064E

Date: 21st June, 2011
Place: Shillong

(D.R. DEY)
Partner
Membership No.13682

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**Balance Sheet Abstract and Company's General Business Profile****I REGISTRATION DETAILS**Registration No.

			1	6	5	8
--	--	--	---	---	---	---

 State Code

1	3
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

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

Date Date Month Year**II CAPITAL RAISED DURING THE YEAR (AMOUNT ₹ IN LAKHS)**

Public Issue

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

Bonus Issue

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

Rights Issue

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

Private Placement

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

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**(AMOUNT ₹ IN LAKHS)**

Total Liabilities

6	1	8	8	2	6	.	5	2
---	---	---	---	---	---	---	---	---

Total Assets

6	1	8	8	2	6	.	5	2
---	---	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

**

3	2	7	7	7	6	.	0	4
---	---	---	---	---	---	---	---	---

Reserves and Surplus

1	3	4	8	0	6	.	7	4
---	---	---	---	---	---	---	---	---

Secured Loans

	8	5	4	4	2	.	7	9
--	---	---	---	---	---	---	---	---

Unsecured Loans

		1	5	3	0	.	5	0
--	--	---	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

4	4	9	8	5	9	.	1	9
---	---	---	---	---	---	---	---	---

Investments

4	7	7	4	5	.	3	0
---	---	---	---	---	---	---	---

Net Current Assets

5	1	2	9	6	.	4	9
---	---	---	---	---	---	---	---

Misc. Expenditure

6	5	5	.	0	9
---	---	---	---	---	---

Accumulated Losses

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

**Includes application money pending allotment for ₹ 4583.00 Lakhs.



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OHSAS 18001

IV PERFORMANCE OF COMPANY (AMOUNT ₹ IN LAKHS)

Turnover (including other income)

1	2	7	9	0	2	.	5	6
---	---	---	---	---	---	---	---	---

Total Expenditure

9	7	0	6	3	.	8	4
---	---	---	---	---	---	---	---

+ - Profit / (Loss) before tax

✓	3	1	7	5	5	.	3	8
---	---	---	---	---	---	---	---	---

+ - Profit/ (Loss) after tax

✓	2	6	3	5	6	.	5	5
---	---	---	---	---	---	---	---	---

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share (₹)

		0	.	8	2
--	--	---	---	---	---

Dividend Rate (%)

2	.	4	5
---	---	---	---

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS) - GENERATION OF ELECTRICITY

Item Code No. (ITC Code)

			N	A			
--	--	--	---	---	--	--	--

Product Description

		N	A				
--	--	---	---	--	--	--	--

Item Code No. (ITC Code)

			N	A			
--	--	--	---	---	--	--	--

Product Description

		N	A				
--	--	---	---	--	--	--	--

Item Code No. (ITC Code)

			N	A			
--	--	--	---	---	--	--	--

Product Description

		N	A				
--	--	---	---	--	--	--	--

For and on behalf of the Board of Directors

In terms of our report of even date

For ADD & ASSOCIATES

Chartered Accountants

F.R.N. 308064E

Date: 21st June, 2011
Place: Shillong

C. Sharma
Company Secretary

A.G. West Kharkongor
Director (Finance)

P.C. Pankaj
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682

**ANNEXURE- III
TO THE DIRECTOR'S REPORT**

AUDITORS' REPORT

To,

The Members of North Eastern Electric Power Corporation Ltd.,

We report that, we have audited the attached Balance Sheet of North Eastern Electric Power Corporation Ltd., as at 31st March 2011 and also the 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.

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.

1. 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 of Dept. of Co. Affairs, Ministry of Finance (vide their notification no. F.No. 8/5/22001-CL.V dated 21st October 2003). Therefore it is not required to report whether a Director is disqualified as on 31st March 2011 from being appointed as a director under sec 274 (1) (g) of the Companies Act, 1956.
2. In our opinion to the best of our information and according to the explanation given to us the said accounts 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, 2011; 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.



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As required by the Companies (Auditors Report) Order, 2003 issued by the Central Govt. of India in terms of sub. Sec. 4A of Sec. 227 of Companies Act, 1956 and on the basis of such checks as we considered appropriate we report on the matters specified in paragraphs 4 & 5 of the said order:

- (I) (a) The Corporation has 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) As explained to us 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 the 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 ₹ 3,92,073.00 in respect of Assessment year 2001-02 for which Corporation has preferred a representation before Chief Commissioner of Income Tax and ₹14,03,475.00 being Interest on Service Tax for the period from 2001-02 to 2004-05 pending before the Appellate Authority.

- (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. However a sum of ₹ 4500.00 lakhs has been released as equity by Govt. of India during the year which is pending for allotment.
- (XIX) The Corporation has not issued any debenture during the year. Therefore clause (XIX) of the order is not applicable.
- (XX) The Corporation did not raise money by public issue during the year. Therefore clause (XX) of the order is not applicable.
- (XXI) No fraud register is being maintained by the Corporation. 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 ADD & ASSOCIATES

Chartered Accountants
F.R.N.308064E

(D.R. Dey)

Partner

Membership No 13682

Place : Shillong
Date : 21st June 2011



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ANNEXURE- IV TO THE DIRECTOR'S REPORT

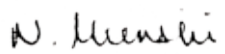
COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED, SHILLONG FOR THE YEAR ENDED MARCH 2011.

The preparation of financial statements of North Eastern Electric Power Corporation Limited, Shillong for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21-06-2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of North Eastern Electric Power Corporation Limited, Shillong for the year ended 31 March 2011. 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.

Place: Kolkata
Date: 01 July 2011


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



ANNEXURE-V 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 2010-11

	(₹ in Lakhs)
a) Consultancy	Nil
b) Capital Equipment	Nil
c) Spares	1396.23
d) Interest	73.99
e) Others (TA/Consultancy)	111.66

For and on behalf of the Board of Directors

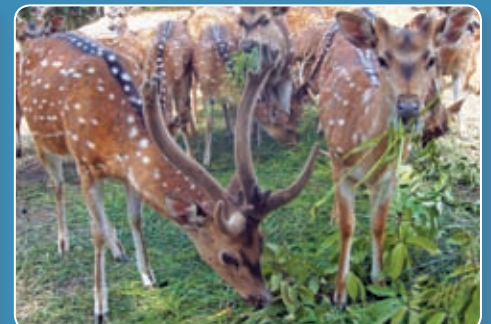
(P. C. Pankaj)

Chairman & Managing Director

Date: 14-09-2011
Shillong



North East India — *naturally nurtured*



North East India is far more than just an exotic region of the country. It flaunts a concoction of cultures, a unique blend of diverse people, flora and fauna and bountiful nature.

Blessed with picturesque landscapes, mighty rivers, fertile soil and rich wildlife, all the states of the Northeast have something exclusive to offer. Be it the One-horned Rhino of Assam or the Hornbill Festival of Nagaland, the Northeastern part of India reflects rarity, rich heritage, love and unity. And the North Eastern Electric Power Corporation Limited (NEEPCO) aims to harness the vast hydro and thermal power potential for the welfare of the people in the region and to support overall development.

35th ANNUAL REPORT 2010-2011

North Eastern Electric Power Corporation Limited

(A Government of India Enterprise)

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

Telephone: 0364- 2222070, 2222094, Fax: 0364- 2226417

Website: www.neepco.gov.in



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