

37th Annual Report 2012-2013



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

A view of
Kopili Hydro
Electric Plant





Corporate Office, Shillong

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Chairman and Managing Director & Functional Directors

Mr. P. C. Pankaj
Chairman and Managing Director

Mr. I. P. Barooah
Director (Personnel)

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

Mr. U. Moral
Director (Technical)

Part time Official Directors

Mr. G. Sai Prasad
Mr. B. K. Dev Varma
Mr. T. P. Khaund

Independent Director

Mr. Ardhendu Sen
Mr. Santosh Saraf
Mr. Shantikam Hazarika
Mr. Arun Datta
Mr. Ashok Sinha

Permanent Invitees

Mr. J. Lhungdim

Company Secretary

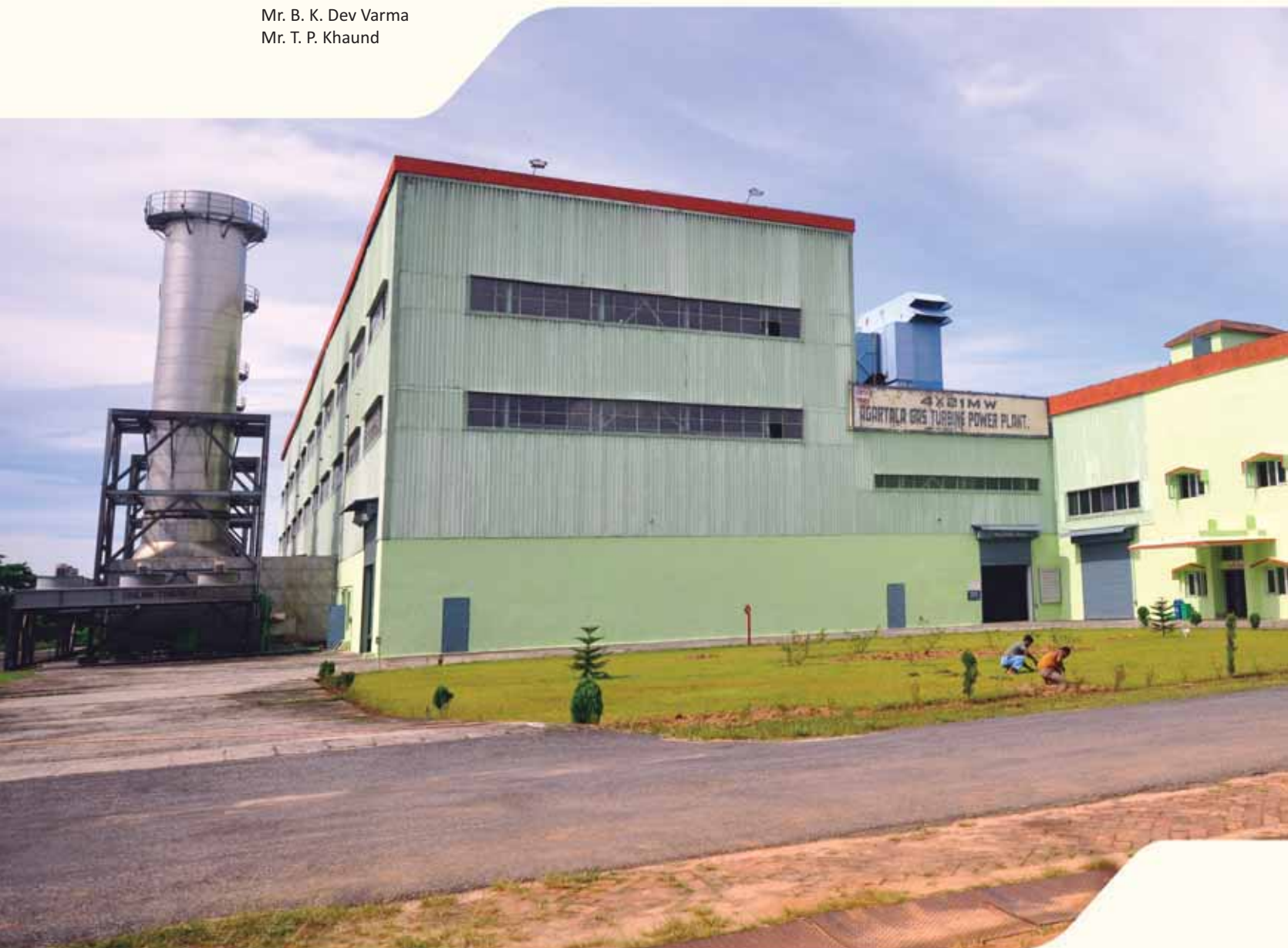
Mr. Chiranjeeb Sharma

Bankers

State Bank of India
Axis Bank
Canara Bank
Indian Overseas Bank
Punjab National Bank

Statutory Auditor

M/s. Nundi & Associates
Chartered Accountants, Kolkata



Registered Office

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



Mission

To harness the vast hydro and thermal power potential 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 covering all aspects such as investigation, planning, design, construction, operation and maintenance of hydro electric and thermal projects in the Central Sector which in turn would effectively promote the development of the Nation as a whole.

Corporate Objectives

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

Profile of Directors



Shri P. C. Pankaj
Chairman & Managing Director
(DIN: 03640772)

Shri P. C. Pankaj (57 years) joined as the Chairman & Managing Director of the Corporation w.e.f. 03-06-2011. Shri P.C. Pankaj is an engineering graduate from Agra University and a post graduate in Business Management. He started his career in 1981 with NHPC. Later, he joined PGCIL in November, 1991. He has an impeccable track record in the field of Power Sector and was serving as Executive Director-Northern Region-I in PGCIL, before joining as CMD, NEEPCO. He was also Executive Director, North Eastern Region in PGCIL, posted at Shillong.



Shri I. P. Barooah
Director (Personnel)
(DIN: 00740146)

Shri I. P. Barooah (59 years) joined as Director (Personnel) of the Corporation on 01-08-2006 and is in charge of Human Resource Management, Human Resource Development, Rajbhasha, Legal Corporate Communication, CSR and Employee Welfare.

Shri Barooah joined NEEPCO on 10-04-1991 as Manager (Personnel) and through his dedication rose to the post of Director (Personnel).

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

Shri Barooah possesses vast experience of over 32 years in Personnel Management & Labour Welfare especially Industrial Relations which includes 10 years in the manufacturing sector (paper) and 22 years in the Indian power sector.



Shri A. G. West Kharkongor
Director (Finance)
(DIN: 03264625)

Shri A. G. West Kharkongor was appointed as Director (Finance) of NEEPCO Ltd. on 19-08-2010. He is an alumnus of IIT, Mumbai as well as IIM, Kolkata. Shri West Kharkongor is an experienced Finance professional having worked in various areas of the Finance & Accounts Department of the Corporation including Treasury, Internal Audit, Budgeting, Taxation, Compilation, Fund mobilization etc. During his tenure as General Manager (Finance), he successfully mobilised funds for several on-going projects including a Structural Syndicated Term Loan of ₹ 800 crs. Before joining the Corporation in 1993 he had worked in Bharat Petroleum Corporation Ltd. He is a member of the Finance Committee of the Tezpur University, Assam. He is also holding additional charge as Member (Finance) of Damodar Valley Corporation. He is keenly involved in community and societal activities.

Profile of Directors



Shri Utpal Moral
Director (Technical)
(DIN: 03434273)

Shri Utpal Moral (57 years) has taken over as Director (Technical) on the 08-02-2011. Shri Utpal Moral joined NEEPCO in the capacity of Assistant Engineer(E) in January, 1981. He served in Oil sector before joining NEEPCO. During his long association with the Corporation spanning over 30 years, he has gathered wide experience in Design & System Engineering, Turnkey Construction, Logistic, material management & HR functions, O & M Project Development & finance of large power Projects and also in EHV transmission lines. Adept in computer utilisation and applications, he has undertaken advanced training in Gas turbine & Internal combustion technology and Power Systems in Japan & USA. Shri Moral held many challenging positions at various level and has an acknowledged proficiency in clean energy development and climate change.



Shri G. Sai. Prasad
Government Nominee
(DIN: 00325308)

Shri G. Sai. Prasad (47 years), Joint Secretary (Hydel), Ministry of Power, Government of India, is a graduate from Andhra University and has post-graduate degrees from The Indian Institute of Technology (Delhi) and Duke University, USA. He is an IAS officer (1991 Batch) and worked in several positions including as Sub-Collector (Paderu), Project Officer (ITDA Paderu), Municipal Commissioner (Guntur), Joint Collector (Kadapa), Collector & District Magistrate (Kurnool and Chittoor). Prior to his joining the Ministry of Power, Shri Prasad also held the positions of CMD, in Central Power Distribution Company of Andhra Pradesh Limited and Eastern Power Distribution Company Limited. Shri Prasad also held the position of Vice Chairman and Housing Commissioner in Andhra Pradesh Housing Board, Hyderabad. He joined our Board on 20-12-2011.



Shri B. K. Dev Varma
Government Nominee
(DIN: 00465688)

Shri B. K. Dev Varma (58 years), Additional Chief Secretary, Government of Meghalaya joined the Board on 18-06-2002. Shri Dev Varma an honours graduate in Political Science is an officer in the Indian Administrative Service, (1979 Batch) of the Assam Meghalaya cadre. He has held various important assignments in the Government of India and in the Government of Meghalaya. Presently he is looking after Power, Finance, ERTS and is also the Chairman, Board of Revenue.

Profile of Directors



Shri T. P. Khaund
Government Nominee
(DIN: 03547418)

Shri T. P. Khaund (76 years) is a representative of the Government of Mizoram on the Board of the Corporation. A retired senior IAS Officer, Shri Khaund served the State Government of Arunachal Pradesh and Mizoram and also the Government of India in various capacities. Shri Khaund served North Eastern Council (NEC) in two stints, the last one, after retirement, as Senior Adviser. He is currently serving Government of Mizoram as Principal Adviser. Shri Khaund joined the Board on 26-04-2011.



Shri Ardhendu Sen
Independent Director
(DIN: 00297393)

Shri Ardhendu Sen (62 years) was appointed as an Independent Director w.e.f. 06-07-2012. Shri Sen holds a Masters Degree in Physics from Delhi University and a Diploma in Development Studies from Cambridge University.

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

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



Shri Arun Datta
Independent Director
(DIN: 00180069)

Shri Arun Datta (66 years) was appointed as an independent Director w.e.f. 06-07-2012. Shri Datta is a Mechanical Engineer with a post graduate diploma in Marketing Management. He is an Independent Business Advisor having extensive experience in Corporate Policy, Project Management and Marketing in sectors like Heavy Engineering, Power, Infrastructure, Water and Transport. Shri Datta is also a Director on the Board of India Cement Limited, Trinetra Cement Limited Tide Water Oil Co. (I) Limited.

Profile of Directors



Shri Santosh Saraf
Independent Director
(DIN: 00073618)

Shri Santosh Saraf, (62 years) is a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1977 as a practicing Chartered Accountant and has an extensive experience of more than 36 years in the field of finance and taxation. He was Chairman for the Western Development Council of Assocham and has held position of Managing Committee and Patron member for Assocham. Since 2008, he was Member of Central Board of Trustees (CBT) for Employees Provident Fund Organization (EPFO) of Central Government of India. He was member of Executive, Finance & Investment and Pension Implementation Committees of CBT (EPFO). He is member of Cost and Accounting Standards Board of Institute of Cost Accountants of India. He is Director on Board of Power Grid Corporation of India Ltd. (PGCIL) and Power System Operation Corporation Ltd. - a subsidiary of PGCIL. He was appointed as a Director on our Board on 06-07-2012.



Shri Shantikam Hazarika
Independent Director
(DIN: 00523656)

Shri Shantikam Hazarika, (65 years) is BE (Electrical) and holds PG Diploma in Management from IIM, Ahmedabad. He is founder Director, Assam Institute of Management, Chairman, Secondary Education Board of Assam and is a Director on the Board of NHPC, BCCI and Gauhati Stock Exchange Ltd. He was appointed as a Director on our Board in 06-07-2012.



Shri Ashok Sinha
Independent Director
(DIN: 00299600)

Shri Ashok Sinha (63 years) is a former member of Indian Administrative Service. He holds a Masters Degree in Physics from Delhi University and MBA in Finance from Jamnalal Bajaj Institute of Management Studies, Mumbai. He was the Managing Director of CIDCO Ltd and MAFCO Ltd, and worked as Secretary to the Govt. of Maharashtra in the Labour and Textile Department. He has extensive experience in the field as well. He retired in 2011 as Secretary to Government of India Ministry of Food Processing Industries, Government of India. Shri Sinha is also a Director on the Board of Indian Commodity Exchange Limited, Prabhat Dairy Private Limited, etc. He was appointed as a Director on our Board in 31-12-2012.



Chairman's Speech



Dear members,

With great pleasure, I welcome you to this **37th Annual General Meeting** of your Company and present the Annual Report of the Company together with the Directors' Report, Audited Accounts for the year 2012-13 and Auditor's Report. These are placed before you for your consideration and adoption.

NEEPCO being one of the largest Power Utility in the region, your Company greatly contributed in making power available to the region as a whole with reliability, quality and economy of operation. The Corporation is presently executing three numbers of Hydro Power Projects, one Gas Based Power Project and Combined Cycle Extension Project totaling to 922 MW.

I take this opportunity to inform you that Government of India has conferred "Mini Ratna" status to your Company in the month of April, 2013 recognizing continual improvement in performance.

The Corporation has generated 4690.54 MU of energy against the MoU (Very Good) target of 5070 MU. Less generation is mainly due to shortfall in generation from Kopili P.S. and Ranganadi P.S. Generation from Kopili Power Station is 924.44 MU against the target of 1230 MU, due to frequent forced outages of the Units because of sever affect of corrosion of the underwater parts due acidification of the reservoir water. On the other hand generation from Ranganadi P.S is 1240MU against the target of 1365 MU due insufficient rainfall in its catchment.

The gross revenue of the Corporation for the year 2012 -13 is ₹ 1392.40 Crs which is increased by 9.66 % in comparison to ₹ 1269.72 Crs in the previous year. With the performance as highlighted above, the Company recorded a net profit before Tax of ₹ **295.44 Crs** for the year 2012-13 against ₹ 264.28 Crs in the previous year. The Corporation continues to maintain its profit figure above ₹ 200.00 Crs for last 10 years.

This year the Board has recommended a dividend of ₹ 72.69 Crs, including ₹ 25.00 Crs of Interim dividend paid as per policy decision of Govt. of India. The dividend pay-out represents 30% of the profit after tax (PAT) as per the guidelines of the Ministry of Power, GOI.

Ongoing Projects

1. 600 MW Kameng H.E. Project, Arunachal Pradesh

Overall progress of work in 600 MW Kameng HE Project has been considerably improved in comparison to the previous years due to resolving of many contractual issues, which had adversely affected the progress of work since long. Completion of boring of power tunnel (HRT) from Tenga dam to Surge shaft and boring of High Pressure Tunnel (HPT) are the major achievement during the year. In addition to above boring of HRT from Bichom Dam to Tenga Dam, lining of HRT from Tenga Dam to Surge shaft, concrete lining of Surge Shaft, excavation and concreting of Tenga Dam and Bichom Dam, fabrication & erection of Penstock are also progressing satisfactorily. In Power House, 47% concreting and erection of draft tube liner for Units I & II has been completed in March, 2013. Concreting of equipments and tower foundations in switchyard are also under progress.

RCE of the Project amounting to ₹ 5139.00 Crs (including IDC) at December, 2011 price level is in the process of finalization in CEA.

2. 110 MW Pare HE Project, Arunachal Pradesh

The progresses of main civil works of the project are behind the schedule mainly due to initial delay in re-tendering, disruption in transportation of construction materials caused by extremely poor condition of main approach road, which is under the State PWD, additional requirement of Cut-Off wall in the dam due to geological reason. The project has been rescheduled with commission in September, 2014.

Commissioning of diversion tunnel and boring of Pressure Shaft has been achieved in February, 2013 and 31st July, 2012 respectively. Besides these, works of Power House, boring of HRT and excavation in dam are progressing satisfactorily. In regard to electro-mechanical works, erection of DT liner in Unit-I & II and tower & equipments of switchyard has been completed.

3. 60 MW Tuirial HE Project, Mizoram

Poor condition of the main approach road from Bhagabazar to Saipum via Natachera & Saipai, which is under the State PWD, has paused as a major hindrance to the transportation



of construction materials, particularly during monsoon period.

Boring of Diversion Tunnel with 60% lining works has been completed up to March, 13. Further, excavation of Power House, Switchyard, Spillway and concreting of Intake Structure, Spillway are also progressing.

The progress of work at Power House has been affected due to occurrence massive slope failure. Remedial action is being taken up as per the opinion of Experts.

4. 101 MW Tripura Gas Based Power Project, Tripura

All the major civil foundations and Gas Turbine Building superstructure has been completed by March, 2013. In addition to this, considerable progress

has been achieved in major structures such as Cooling Tower, Cooling Water Pump House, Air Compressor & Diesel Generator House, Raw Water Reservoir and Pump House. All the major equipments of the project have been successfully transported to site. The project is scheduled to be commissioned in January, 2014 and May, 2014 for Gas Turbine and Steam Turbine respectively.

The project cost estimate has been revised to ₹ 960.79 Crs at December, 2012 price level and submitted to Ministry of Power for approval.

5. 51 MW Agartala Combined Cycle Extension Project, Tripura

Investment approval for implementation of the Project was obtained on 2nd July, 2012 at an estimated cost of ₹ 296.87 Crs including IDC of ₹ 25.06 Crs at June, 2011 price level with 30 months completion schedule. Design & Engineering activities, site development and piling activities have already been commenced.

New Projects

Dear members, your Company has devoted substantial effort over the years in preparing PFRs and DPRs of numbers of Projects in the region. Presently NEEPCO has been entrusted with preparation of DPRs and subsequent implementation of **85 MW Mawphu HE Project, Stage-II**, which is the first Project for NEEPCO in Meghalaya. Here, survey & investigation works for preparation of DPR along with EIA and EMP studies are progressing satisfactorily. With NEEPCO's impeccable performance, Govt. of Assam and Govt. of Meghalaya has also entrusted **240 MW Killing HEP**, an inter-state hydro power project on the border of Assam & Meghalaya, for investigation and subsequent execution. Further MoA has been signed between Govt. of Meghalaya and the corporation for implementation of **500 MW Garo Hills Thermal Power Project**. Presently action is being initiated for establishment of long term coal linkage for the Project.



Shri P. C. Pankaj, CMD on his visit to TGBP

In the field of Renewable Energy Initiatives, the Corporation has proposed to install a **5 MW Grid Interactive Solar Power Project** in the premises of existing 101 MW Tripura Gas Based Power Station at an estimated cost of ₹ 49.52 Crs with 12 months time of completion. Tendering process for award of work is in the final stage. In addition to this, **2 MW Solar Power Plant** is also proposed at Lanka in Assam, for which feasibility report is finalized. Further a venture for investigation of **Wind Energy Project** is also proposed in the Kopili H E Project area. Work order for detail investigation has been placed with Centre for Wind Energy Technology (C-WET), Chennai.

You will be pleased to know that the growth momentum of the Corporation has achieved another milestone as MoA has been signed on 28.05.2013 with Govt. of Arunachal Pradesh for carrying out survey & investigations and subsequent implementation works of the **3750 MW Siang Upper Stage-II HE Project**. I am confident that with the experienced and expert pool of manpower, our Corporation will be able to execute the project successfully and become a leader in the sector of hydro power development.

NEEPCO is making all out efforts to get more hydro projects in India and abroad and is certain that more projects will follow soon. To keep pace with the present scenario, the Corporation has also invited Expression of Interest (EOI) for execution of Hydro Project above 25 MW installed capacity in Joint Venture / PPP mode. For which a good response has been received from various Developers.

Research & Development and Sustainable Development

Your company has taken up several R&D initiatives to address the challenges and opportunity in the increasingly competitive global market for strengthening technological capabilities and growth. Some of the major R&D initiatives are study on corrosion and erosion of metal in the water path



and underwater turbine parts and its remedial measures of Kopili HE Plant, investigation of deformation modulus of soft tertiary rock at Pare HE Project, study of the Catchment of the Ranganadi HEP through remote sensing to assess the status of soil erosion and silt generation etc. During the year 2012-13, the corporation spent a total of ₹ 1.33 Crs under Research & development as against the minimum stipulated amount of ₹ 1.10 Cr.

Your company has developed Specific Sustainable Development Plan in line with the Guidelines issued by Department of Public Enterprises. 14 numbers of projects were considered for Sustainable Development Plan for the year 2012-13 with a budget of ₹ 70.00 lakh. The corporation spent a total of ₹ 64.91 lakhs under sustainable development as against the minimum stipulated amount of ₹ 61.91 lakhs.

Information Technology

Dear members, your Corporation has established a State-of-the-art **Project Monitoring System** at an approximate cost of ₹ 10 Crore. In the first phase, all ongoing Projects and Design & Engineering wing of the Corporation have been connected with the "Project Monitoring Centre" located at Corporate Headquarter, which displays live project activities through surveillance cameras installed in the strategic locations. The top management of the Corporation can monitor the project activities through this system and also interact with the Projects Authority through video conferencing.

Further the Corporation has implemented e-procurement system successfully. A dashboard has also been developed in-house to display the vital progress data and statistics of the Construction Projects in addition to the real-time generation data of all O&M projects.

Training & Development

Your Company continues to believe that success of the company lies with the employees, without whose commitment and dedication; it would not be possible to achieve our objectives. We need to have enough skilled manpower working in a performance driven organizational culture to draw the best out of them on a sustainable basis. As such, your company nurtures & sharpens the knowledge and skill of employees and ensures a high level of morale and motivation. During the year, a total of 1376 employees covering a 16670 man days of training were given to enhance competency levels in their job though various in-house and external programmes organized by various reputed training agencies in the country. 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.

I am proud to say that the Corporation has 91 CIPM, 14 IPMA Level-D and 15 IPMA Level C certified Project Managers honored by International Project Management Associates, Zurich.

Further, recruitment in various disciplines has also been initiated to strengthen the human resource base of the Corporation.

We are committed towards resource conservation, environment protection and enrichment. As a responsible corporate citizen we are committed towards adding value to the society in and around the area of operation by way of providing technical & vocational training, better education, infrastructure and healthcare. It may be pertinent to mention here that the Corporation has arranged training for 50 (fifty) numbers of candidates from the land affected people of Pare HEP in the ITI, Tezpur, Assam for development of their skill. NEEPCO has been undertaking various community development activities in the field of education, health, sports, infrastructure development and other community needs etc. under the **Corporate Social Responsibility (CSR)** agenda. During the last financial year a total sum of ₹ 4.35 Crore only has been spent on various CSR-CD activities.

Corporate Governance

The Corporation firmly believes in the importance of good Corporate Governance in the conduct of its affairs. It emphasizes in increasing competency with sufficient control mechanism in its operations. An Audit Committee regularly reviews all financial statements before placing to the Board. A separate statement on Corporate Governance and the Certificate on Corporate Governance is enclosed in the Director's Report.

Acknowledgement

The growth and proactive change achieved by your Corporation during the financial year 2012-13 is mainly due to the continuous support and guidance, receiving from the different wings of Govt. of India, particularly Ministry of Power, Ministry of Finance, Ministry of DoNER, other Ministries of Govt. of India, Central Electricity Authority, Central Water Commission and other Departments of the Govt. of India, State Governments and other Departments of the North East States, Financial Institutions, Bank & Lending Agencies. I, on behalf of all of you take this opportunity to express Corporation's gratefulness and appreciation for their invaluable support, contribution and encouragement. I also convey my deep gratitude to the Directors for their continued understanding, valuable guidance & support. I also like to place on record our sincere thanks to the Statutory Auditors of the Corporation, the Cost Auditors and Comptroller & Auditor General of India for their constructive suggestions.

Lastly, I thank all the employees of the Corporation for their continued perseverance, loyalty and untiring efforts devoted to the cause of the Corporation.

May I now request that the Director's Report, the Audited Accounts, the Reports of Auditor and Comments of the C & AG for the year ended 31st March, 2013 be considered and adopted.

Thank you,

(P. C. Pankaj)

Chairman and Managing Director

Date: 13-09-2013
Place: Guwahati

Work in progress in
KaHEP
Arunachal Pradesh





Directors' Report for the year 2012-13



Dear Members,

On behalf of the Board of Directors it is my privilege to present the 37th Annual Report on the performance of your Corporation during the Financial year ended on 31st March, 2013 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 Corporation's overall financial performance for the year under report has been very encouraging. The Corporation has also maintained consistency in its operation during the year despite many constraints. The Tariff Petitions of all the power stations have been approved by Central Electricity Regulatory Commission (CERC) and accordingly sale of energy from these power stations have been accounted for.

The performance of the Corporation for the financial year ended 31st March, 2013 is summarized below:

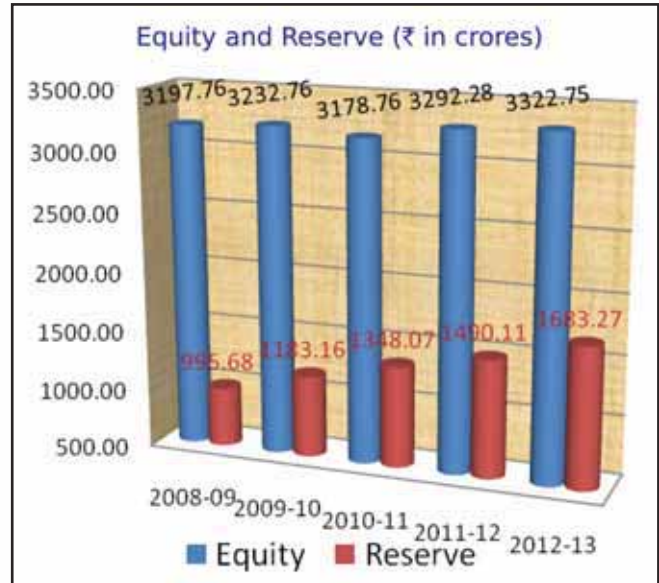
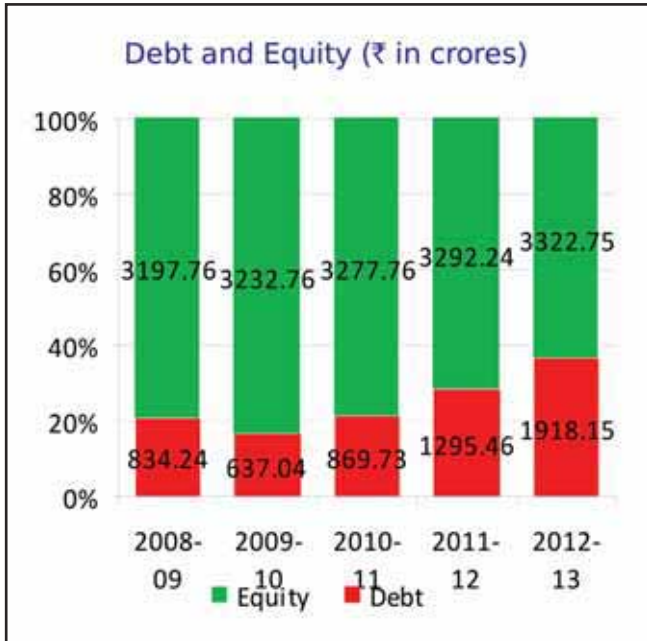


PERFORMANCE AT A GLANCE

(₹ In Crore)

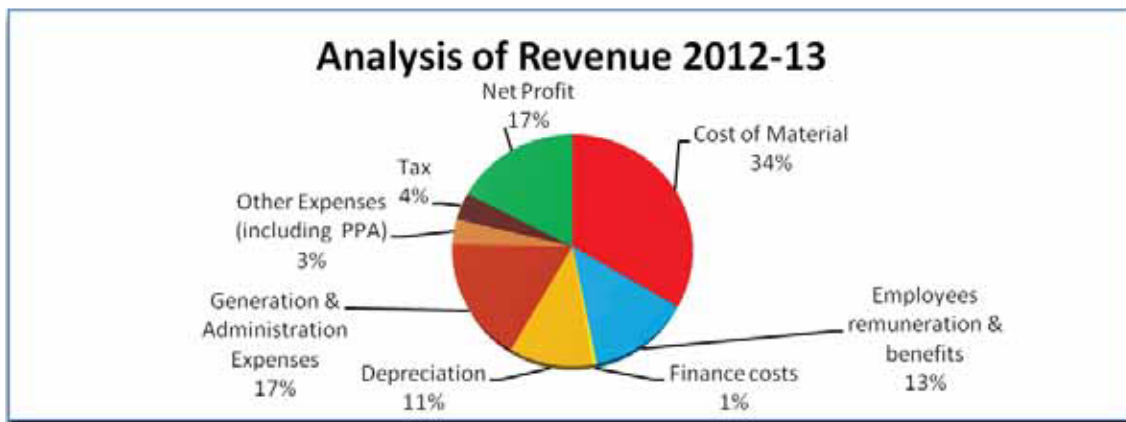
SI No	Items	2012 -13	2011-12
A	Sale	1325.24	1197.67
B	Other Income	67.16	72.05
C	Total Income	1392.40	1269.72
D	Profit before depreciation, interest and tax	454.27	424.20
E	Depreciation	151.89	151.07
F	Profit after depreciation but before interest and tax	302.38	273.13
G	Interest and finance charges	6.94	8.85
H	Profit before tax but after depreciation and interest	295.44	264.28
I	Current Tax	53.14	45.16
J	Profit after tax	242.30	219.12
K	Surplus of earlier year	0.85	0.85
L	Write back from Bond Redemption Reserve	28.60	12.55
M	Profit available for appropriation	271.75	232.52
N	Appropriation		
O	a) Interim Dividend	25.00	22.25
P	b) Proposed final dividend	47.69	43.49
Q	c) Dividend Tax	12.16	10.46
R	d) Transfer to Bond Redemption Reserve	5.31	5.47
S	e) Transfer to General Reserve	181.00	150.00
T	Balance of Profit carried forward	0.59	0.85
U	Share Capital	3322.74	3292.23
V	Reserve & Surplus	1683.27	1490.11
W	Capital Reserve	0.14	0.14
X	Unamortized Expenses	1.17	2.19
Y	Net Worth (U+V-W-X)	5004.70	4780.01
Z	Gross Block	4847.26	4798.64
AA	Gross Margin	502.34	449.15
AB	Gross Profit	349.42	296.08
AC	Capital Employed	3048.91	3212.41
AD	Number of Employees	2690	2837
AE	Financial Ratios		
	Gross Margin / Gross Block (%)	10.36	9.36
	Gross Profit / Capital Employed (%)	11.46	9.45
	Net Profit to Net Worth (%)	4.84	4.58
	PBDIT / Total Employment (₹ in lakhs)	16.89	14.95
	Debt to Equity (ratio)	0.58	0.39
	Liquidity (ratio)	1.50	1.81
	Net profit to Capital Employed (%)	7.95	6.82
	Dividend per Share (₹)	0.22*	0.20*
	Earning per Share (₹)	0.72	0.67

* including final dividend recommended by the Board



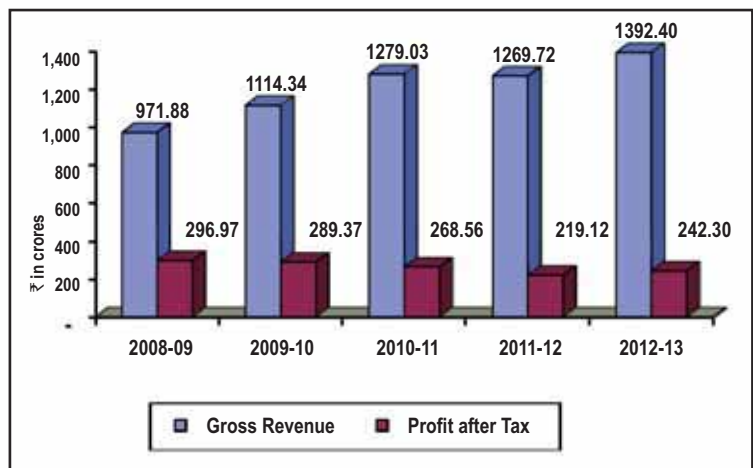
Revenue

The Gross Revenue of the Corporation for the year 2012-13 increased by 9.66% to ₹ 1392.40 Crore from ₹ 1269.72 Crore during the previous year.



Profit Before and After Tax

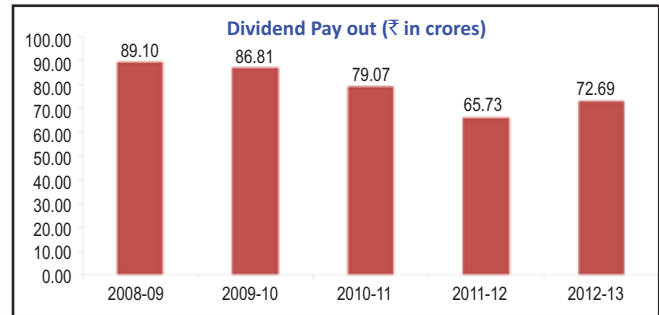
The Corporation earned a profit before tax of ₹ 295.44 Crore as against of ₹ 264.28 Crore of previous year and the profit after tax amounts to ₹ 242.30 Crore against previous year's figure of ₹ 219.12 Crore registering a growth of 10.58% over the last year.



DIVIDEND

The Corporation has paid an interim dividend of ₹ 25.00 Crore in February, 2013. Your Directors have recommended a final dividend of ₹ 47.69 crore for the year 2012-13. The total dividend payout for the year amounts to ₹ 72.69 Crore i.e. ₹ 0.22 per equity share. The dividend pay-out represents 30% of Profit after Tax (PAT) as per the guidelines of the Ministry of Power, Government of India. The final dividend shall be paid subject to your approval in the Annual General Meeting.

The total dividend pay out including dividend tax accounts for 35.02% of Profit after Tax of the Company.



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

FINANCIAL REVIEW

A) Capital Structure

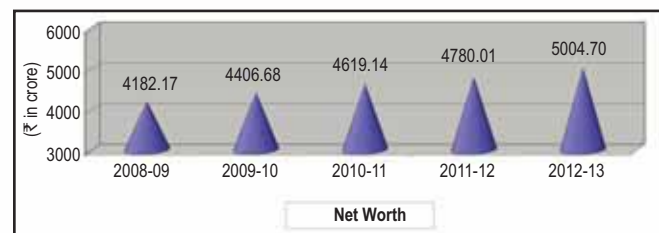
The Authorised Share Capital of the Corporation as on 31.03.2013 stood at ₹ 5000 Crore and the Paid up Capital including Pending allotment was ₹ 3322.75 Crore (Previous year ₹ 3292.24 Crore). During the financial year 2012-13 the Corporation has issued share certificate of ₹ 22.41 crore to the Government of India.

B) Borrowings

The Corporation mobilised a loan of ₹ 694.47 Crore including Subordinate loan of ₹ 79.17 crore from Govt. of India during the year 2012-13.

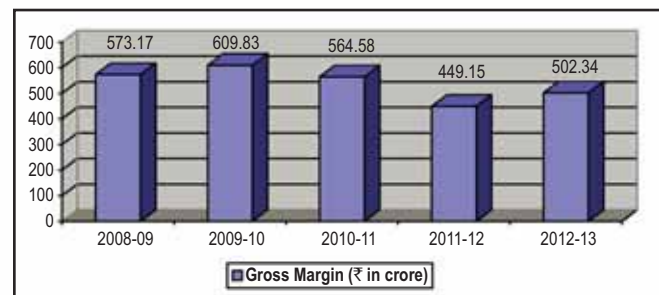
C) Net Worth

The Net Worth of the Corporation excluding capital reserve as on 31st March, 2013 was ₹ 5004.70 Crore against ₹ 4780.01 Crore as on 31st March, 2012 representing a growth of 4.70%.



D) Gross Margin

The Gross Margin of the Corporation as on 31st March, 2013 was ₹ 502.34 Crore against ₹ 449.15 Crore as on 31st March, 2012.





E) Statutory Auditor

Statutory Auditor of the Company is appointed by the Comptroller & Auditor General Of India. M/s Nundi & Associates, Kolkata was appointed as Statutory auditor for the financial year 2012-13.

F) Management Comments on Statutory Auditor's Report

The Statutory Auditor of the company has given an unqualified report on the Financial Statements of the Company for the financial year 2012-13.

G) Cost Auditor

The Central Government u/s 233(B) of the Companies Act, 1956 has approved the appointment of cost audit firm, M/s. Musib & Associates, Kolkata as Cost Auditor of the Corporation for the financial year 2012-13. The Cost Accounting Records are being maintained by all the power stations as prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2011. The Cost Audit for the year 2012-13 has since been completed and the report is under finalization. The due date for filing Cost Audit Reports for the financial year 2012-13 with the Cost Audit Branch, Ministry

of Corporate Affairs, Govt. of India is September 27, 2013 and the same shall be filed with the Cost Audit Branch with in the stipulated time.

PLANTS UNDER OPERATION

Power Generation

Generation during the year 2012-13 was 4690 MU against the MOU (Very Good) Target of 5070 MU with generation from thermal and hydro plants being 2377 MU and 2313 MU respectively. Therefore, the achievement in generation with respect to the MOU target of generation is 92.5%. The decline in generation was mainly due to frequent forced outages of the units of Kopili HEP in view of failure of the cooling water pipes and severe affect of corrosion/erosion of the underwater parts of the generating units due to acidification of the water of both the Kopili and Umrong reservoirs. There has been lesser generation from the Hydro Electric Plants owing to lesser rainfall in the catchment areas of Ranganadi and Doyang HEPs. In AGBPP, the primary reason for lower generation from the Plant is due to less availability of Gas as per requirement. The Plant wise generation vis-à-vis target for the year 2012-13 is as under:

Power Station	Generation Target (MU) 2012-13 for "Very Good" MOU rating	Actual Generation (MU) 2012-13	Achievement in % age	P.A.F. Target (%) 2012-13 for "Very Good" MOU rating	Actual Plant Availability Factor for Power Plants (%) 2012-13
Hydro					
Kopili H E Plant (275 MW)	1171	924	78.91	67	70
Doyang H E Plant (75 MW)	227	213	93.83	73	66
Ranganadi H E Plant (405 MW)	1300	1240	95.38	85	95
Thermal					
AGBP (291 MW)	1747	1680	96.16	72	66
AGTP (84 MW)	625	633	101.28	85	86
NEEPCO (1130MW)	5070	4690	92.50		

HYDRO ELECTRIC PLANTS

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

During the year 2012-13, Kopili Hydro Electric Plant from

its three Power Stations, namely Kopili Power Station (4X50 MW), Khandong Power Station (2X25 MW) and Kopili Stage-



II Power Station (1X25 MW) could able to generate 924 MU against its Design Energy of 1550 MU.

The energy generated is lower than its Design Energy primarily due to frequent forced outages of the units because severe affect of corrosion/erosion of the underwater parts, cooling water pipes of the generating units due to acidification of the reservoir water. The Corporation has taken steps for extensive modification to the metallurgy, re-engineering of equipment etc. in consultation with OEM (Original Equipment Manufacturer) and other experts to withstand the acidic water.

The Renovation & Modernization (R&M) of the plant has also been taken up. Most of the Turbo-Generator equipments as per the order placed with M/s. BHEL (the Original Equipment Manufacturer) have been received at site and the R&M works have been planned during the period of October 2013 to March, 2014.

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

Doyang Hydro Electric Plant, with its Design Energy of 227.24 MU, could generate 213 MU during the year 2012-13. The primary reason for lower generation from the Plant is due to scanty rainfall in the catchment area.

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

Ranganadi Hydro Electric Plant, with its Design Energy of 1509.66 MU, could generate 1240 MU during the year 2012-13. The primary reason for lower generation from the Plant is scanty rainfall in the catchment area. However, the Availability Factor of the Plant was 95% against the Normative Plant Availability Factor of 85%.



Spil_Res (DHEP)

THERMAL PLANTS

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

The generation from the Plant was 1680 MU during 2012-13 with both Plant Availability Factor and Plant Load Factor being 66%. The generation from the Plant is as per availability of Gas. M/s OIL, the supplier of the gas as well as the other appropriate authority have been requested on several occasions for enhancement of gas supply beyond the contracted quantity of 1.4 MMSCUMD.



Chimney at AGBP

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

Agartala Gas Turbine Plant has achieved generation of 633 MU during 2012-13 with both Plant Availability Factor and PLF being 86%. The plant has been continuously achieving higher generation with PLF of around 90% since last few years.



Assam Gas Turbine Plant

ONGOING PROJECTS

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

Due to major design changes keeping in view the technical problems faced in execution of various hydraulic structures, boring of HRT, etc. in extremely poor geology coupled with loss of considerable working hours due to natural hindrances and contractual issues, commissioning of the Project has been reviewed and re-scheduled to March, 2017.



Collarring beam concreting at the vertical shaft 2 under HPT, KPC, Kameng in progress

In regard to boring of Head Race tunnel, out of 14.47 KM tunnel length, 11.933 KM (82.47%) has been achieved as on 31st March, 2013. Boring of HRT in 4(Four) Faces has been completed. Diversion tunnel works is complete. Boring of Surge Shaft including orifice has been completed and 88.57% concrete lining has been achieved up to the end of March, 2013.

Progress in excavation works of Bichom & Tenga Dams are 598115 Cum (87.68%) and 125615 Cum (93.05%) respectively up to March, 2013. On the concreting front, 6.08% in Bichom Dam and 17.51% in Tenga Dam has been achieved up to March, 2013.

In open excavation of Surface Penstock including Valve House, 85.74% of work has been completed till March, 2013. Underground boring of HPT and boring of Vertical Shaft have been completed. Fabrication of 54.67% of Penstock has been achieved up to March, 2013 and erection of Steel Liner is in progress. In respect of Power House excavation, 1083472 Cum (99.2%) has been excavated out of the estimated quantity of 1092184 Cum up to March, 2013. Concreting works of the Power House is in progress (47.15% completed).

In regard to Electro-Mechanical works, laying of Earth Mat

in Service Bay area and Units I/II & III have been completed. Erection of Draft Tube Liner for Units I & II has been completed up to March, 2013. Concreting of Equipment and Tower Foundations are in progress in the Switchyard, and in respect of Transformers, detailed Engineering is in progress.

The cumulative expenditure incurred in the project up to 31st March 2013 was ₹ 2208.33 crores, out of which an amount of ₹ 408.05 crores was spent during 2012-13. RCE of the Project amounting to ₹ 5139.00 Cr (including IDC) at December 2011 Price Level has been submitted to CEA on 16.05.2012, and is under the process of finalization.

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

Due to initial delays in award of major packages through re-tendering resulting to substantial saving of cost of the packages coupled with factors such as poor condition of approach road under the State PWD, additional requirement of cutoff wall in the dam foundation due to non-groutable status of the rock, the project has since been slated to be commissioned in September, 2014.

In regard to Civil works, open excavations of the Diversion Tunnel outlet and Surge Shaft have been completed. The Diversion Tunnel was commissioned on 5th February 2013 and works on the upstream and downstream Cofferdams have completed.

In Power House, 95.52% of open excavation and 42.89% concreting have been completed till March 2013.

Achievement in Boring of HRT is 81.68 % up to March, 2013 while boring of Pressure Shaft is completed. Boring of Surge Shaft has been completed, and up to end of March, 2013, lining of 5.6 M out of 59 M has been achieved.

61.83% excavation of Dam has been achieved up to the end of the F.Y.



Completion of Afrit - I (Pare HEP)



In regard to Hydro Mechanical Works, fabrication of 14 numbers of 4.5 M dia. and 80 numbers of 6.4 M dia Steel Liner Ferrules has been completed till March, 2013. 2nd Stage embedded parts are being progressively installed in Draft Tube Gates.

Laying of Ground Mat in Service Bay, Units I & II and erection of DT Liners have been completed. In regard to Transformer & Switchyard works, construction of periphery wall and equipment foundation have been completed till the end of March, 2013.

The cumulative expenditure incurred in the project up to 31st March, 2013 was ₹ 505.69 crores, out of which an amount of ₹ 195.09 crores was spent during 2012-13. Meanwhile a RCE amounting to ₹ 1128.38 Crores (including IDC) at January 2013 Price Level (PL) has been framed and being submitted to the Ministry for concurrence.

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

Following sustained efforts, the project has been revived after a gap of almost 6 (Six) years. The project is now scheduled for completion in February, 2015.

Open Excavation of Diversion Tunnel till 31.03.13 is 374879 Cum out of an estimated quantity of 494878 Cum.

Boring of Diversion Tunnel and 60% of lining works completed. 59.28% of concreting in Stilling Basin and 62.09% in Intake Structures of Diversion Tunnel have been achieved till 31st March, 2013.

Boring of Gate Chamber in DT-I and Gate Shaft in DT-II are completed and lining of 79.74% and 78.06% respectively have been achieved up to March 2013.

In Dam Excavation, 71600 cum excavation have been



Work in progress at TrHEP

completed out of an estimated quantity 430100 Cum. and 295035 Cum (91.07%) of excavation in the Power House and Switchyard areas has been achieved out of total estimated quantity of 323978 Cum. The Saddle Dam has already been completed. In Spillway, excavation of 92.61% has been completed and concreting is in progress.

In respect of Hydro-Mechanical works, Erection of 2nd Stage Embedded parts of Diversion Stop Log Gate has been completed up to March, 2013. Equipment and materials have started reaching site against Electro-Mechanical works.

The cumulative expenditure incurred in the project up to 31st March, 2013 was ₹ 394.95 crores, out of which an amount of ₹ 93.81 crores was spent during 2012-13.

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

During the year, the project has achieved considerable progress. All Piling activities and major Civil Foundation works have been completed till the end of March 2013. Superstructure of Gas Turbine Generator building was completed on February, 2013. Substantial progress in major structures such as Cooling Water Pump House, Air Compressor & Diesel Generator House, Raw water Reservoir & Pump House and Cooling Tower has been achieved. 80% of Transformer Foundation works, 89% of Switchyard civil works together with 58% of Erection & Commissioning activities in the Switchyard were also achieved till the end of the FY.

Major achievement during the year was the shipment of heavy and over dimensional consignments. 28 nos. such Consignments were shipped from Haldia Port, West Bengal to Badarpur, Assam using river way through Bangladesh. For transportation of these ODCs from Badarpur to Project site



ED (O&M) inspecting work site at TGBP



by road, 18 nos. of bypasses were constructed. Out of 28 nos. ODC, 26 nos. reached site within March, 2013.

As far as erection activities are concerned, 25% of GTG Auxiliaries erection has been completed and 50% erection works was achieved in the HRSG. Two numbers of Gas Booster Compressor have been erected. Erection of all three Boiler Feed Pumps, Deareator, main chimney, bypass stack (4 out of 5) were completed up to March, 2013.

The completion schedule of the project has been rescheduled as January, 2014 and May, 2014 for Gas Turbine and Steam Turbine respectively, which is primarily due to initial delay of around 10 months on sub-letting of works for Balance of Plant items and Erection & commissioning to M/s. NBPPL from BHEL's scope.

The cumulative expenditure incurred in the project up to 31st March 2013 was ₹ 514.21 crore, out of which an amount of ₹ 356.15 crore was spent during 2012-13. The Project cost estimate has also been revised to ₹ 960.79 Crore at December, 2012 price level and submitted to the Ministry of Power, Government of India for approval.

E) Agartala Combined Cycle Extension Project (51 MW), Tripura

The Investment approval has been received on 2nd July, 2012 for implementation of the project at an estimated cost of ₹ 296.87 Crore including Interest During Construction of ₹ 25.06 Crore at June, 2011 PL with a commissioning schedule of 26 and 30 months for Unit # I & II respectively, i.e. August, 2014 and December, 2014. The EPC Contracts for Main Plant Equipment comprising Steam Turbine Generators (STG), Air Cooled Condensers (ACC), Heat Recovery Steam Generators (HRSG) and associated auxiliaries has been awarded on 31.07.2012 and for Transformers & Switchyard has been awarded on 30.07.2012

The design & engineering activities has been started and site activities with starting of site development, civil works like piling etc. has been commenced during the year. Up to 31st March 2013, 152 numbers of Piles were completed in HRSG, Chimney and STG areas.

The cumulative expenditure incurred in the project up to 31st March, 2013 was ₹ 23.60 crores, out of which an amount of ₹ 22.77 crores was spent during 2012-13.

PROJECTS IN PIPELINE

Sl. No.	Project	Status
HYDRO		
1.	Mawphu H.E. Project, Stage-II (85 MW), Meghalaya	The Memorandum of Agreement (MOA) for execution of the project was signed with the Government of Meghalaya on 20 th April, 2012. Work orders for Environmental Studies (EIA & EMP) and preparation of the DPR have been awarded. S & I activities progressing well.
2.	Projects in Mizoram	
	Lungreng HEP (815 MW)	The MOA with the Govt. of Mizoram for carrying out survey and investigation and subsequent implementation of three projects was signed on March, 2010. As the project areas of these Projects is in trans-border area with Myanmar, clearance from Ministry of External Affairs, Government of India has been sought to take up detailed investigation in the trans-border area for DPR preparation of these Projects.
	Chhimituipui HEP (635 MW)	
	Mat HEP (76 MW)	The State Government engaged CWC for updating the DPR of the project under NEC funding. CWC earlier conveyed their decision to complete the DPR by March, 2013. However, it is learnt that some more time shall be required by CWC for completion of the same.
3.	Killing Hydro Electric project (240 MW), Assam/Meghalaya	The Project being located in Assam-Meghalaya Border, the clearances from both Government of Assam & Meghalaya are required to undertake the S & I works, DPR preparation as well as execution of the proposed. The Government of Meghalaya on 26 th September 2012 conveyed their clearance whereas clearance from the Government of Assam was received on 30 th July, 2013.



4.	Projects in Manipur	
	Pabram HEP (190 MW)	The Corporation has submitted its Expression of Interest to the Government of Manipur for these projects in Manipur.
	Nungleiband HEP (105 MW)	
	Khongnem Chakka-II HEP (67 MW)	
Irang HEP (60 MW)		
THERMAL		
5.	Garo Hills Thermal Power Project (500MW), Meghalaya	A Memorandum of Agreement was signed between the Government of Meghalaya and NEEPCO 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. Action for establishment of long term coal linkage has been initiated.
RENEWABLE ENERGY INITIATIVES		
<p>NEEPCO is venturing into the Renewable Energy Sector in the form of Solar and Wind Energy Projects and envisages a capacity addition of 1000 MW in Joint Venture Model by 2018-19 with 700 MW in Wind Energy and 300 MW in Solar. The first JV is expected to be formed within 2013-14. Request of Proposals (RFP) for short listing of agencies for implementation of Renewable Energy Projects (Solar & Wind) of at least 10 MW capacities in joint venture with NEEPCO was called for and the matter is under process. Further, the following Renewable Energy Projects are being investigated and the preparation of Feasibility Report / Detailed Project Report is underway:</p>		
6.	Grid Interactive Solar Power Project (5 MW), Monarchak, Tripura	A 5 MW Solar PV Plant is proposed within the premises of 101 MW Tripura Gas based Power Project at Monarchak, Tripura at an estimated cost of ₹ 49.52 crore with completion period of 12 months from the date of investment decision. Detailed Project Report has since been made through consultant. Letter of comfort from Tripura State Electricity Corporation Ltd. for purchase of entire quantum of power has been received.
7.	Grid Interactive Solar Power Project (2 MW), Lanka, Assam	A 2MW Solar Power Plant is proposed at Lanka. Feasibility report has been finalized.
8.	Grid Interactive Wind Power Project, at Kopili HEP, Assam	A first venture for Wind Energy Project, it is proposed to start investigation for a Wind Energy Project in the Kopili Hydro Electric Plant area. Work order for detailed investigation placed with Centre for Wind Energy Technology (C-WET), Chennai.
JOINT VENTURES		
<p>With a view to enhance generation capacity, NEEPCO is planning to pool resources with other CPSUs and undertake various projects through Joint Ventures. Further the Corporation is planning to form JVs with Private developers for executing projects which are already allotted to these developers. The following projects have been identified in this regard:</p>		
9.	Tipaimukh HEP (1500 MW)	The Ministry of Power (MOP), Government of India had on 06-07-2009 conveyed that the project would be implemented through a JV / SPV among NHPC, SJVNL & Govt. of Manipur. Subsequently, the MOP on 10.12.2012 conveyed its decision to induct NEEPCO as the JV partner with 26% share in lieu of SJVN Ltd. The rest of the share holding pattern would be: NHPC (69%) and Govt. of Manipur (5%). Finalization of the Draft Promoters' Agreement is in process between NEEPCO & NHPC.



10.	Siang Upper Stage-II Hydro Electric Project (3750 MW)	The Corporation has proposed to implement the Siang Upper Stage-II HEP (3750 MW) on Siang River in Arunachal Pradesh. Ministry of Power conveyed its decision on 3 rd April 2013 to implement the Project in JV mode between NEEPCO and NHPC with equal equity share. Ministry of Power accorded approval on 16 th April 2013 to the draft MOU to be signed with the Govt. of Arunachal Pradesh. MOA between the Govt. of Arunachal Pradesh & NEEPCO was signed on 28.05.2013.
11.	Hydro Projects in Joint Venture in India	An Expression of Interest was invited by NEEPCO in September 2012 from interested Private Sector Entity or Joint Venture/ Consortium of Public/Private Sector Entities for implementation of Hydro Power Projects above 25MW Installed Capacity (IC) in Joint Venture (JV) with NEEPCO within India, which were allocated to them by concerned State Governments. Out of nine applications received, eight parties were selected after evaluation. Finalization of terms & conditions and its modalities and Share Holders Agreement for formation of JV is in process in consultation with each applicant.
12.	Projects in Joint Venture outside India	An Expression of Interest was invited by the Corporation from the interested Private Sector Entity or Joint Venture/ Consortium of Public/Private Sector Entities, for implementation of Hydro & Thermal Power Projects above 25MW Installed Capacity (IC) located outside India, allocated to them by the concerned Statutory Authorities, in Joint Venture (JV) with NEEPCO. The matter is under process.

INFORMATION TECHNOLOGY

The Corporation has constantly strived to upgrade Information Technology in all its functional areas with the ultimate objective of having a totally networked Corporation with all Applications running on an effective online system.

A State-of-art Project Monitoring Centre has been established in the Corporate Office at an approximate investment of ₹ 10 Crore. In first phase, all ongoing Projects and Design & Engineering wing, Guwahati of the Corporation have been connected with the Project Monitoring Centre which displays live project activities through surveillance cameras installed in the strategic locations. The top management of the Corporation could able to monitor the project activities through this Project Monitoring Centre and also interact with the Head of Projects through video conferencing. In the second phase, all Plants under operation shall also be connected.

As part of the network, all locations have been connected through VSAT to form a Wide Area Network (WAN) for voice and data. There are 18 nos. of Extended-C band VSATs

installed. Thirteen numbers of VSATs are installed at various places to cater the need of Video Conferencing. An eight (8) mbps bandwidth pipe has been booked from the service provider of the VSAT.

To facilitate high speed Internet connectivity 11 numbers of Ku Band VSATs have been additionally installed in the remote locations to enable smooth communication. With a view to facilitate faster and more reliable Internet connectivity in the Corporate Office two numbers of dedicated Fibre Optics leased link with a total capacity of 30 Mbps bandwidth have been taken from Power Grid and BSNL. Internet facility has been extended to the remote project sites where reliable internet facility is yet to be established. Besides, two numbers of 2 Mbps leased line link have been subscribed from BSNL where one link has been commissioned between Design & Engineering wing Guwahati and Shillong and the other link is commissioned between Tuirial Hydro Electric Project in Mizoram and Shillong.

The e-procurement system has been successfully implemented. A dashboard has been also developed in-



house to display the vital progress data and statistics of the Construction Projects. Besides the dashboard has the functionality to display real-time generation data of all O&M projects as well as single line diagrams by capturing the live generation data through SCADA provided by the NLDC.

An action plan has been initiated to start the process of implementing ERP. Also, process has been initiated to implement a Document Management System along with Digitization of the existing document.

RESEARCH & DEVELOPMENT and SUSTAINABLE DEVELOPMENT

Research & Development

To address the new challenges and opportunities in the increasingly competitive global markets, R&D initiatives are taken by the Corporation to strengthen the country's technological capabilities and ensure growth.

The R & D Activities undertaken during the year 2012-13:

- i) Study of the corrosion and erosion of metal in the water path and underwater turbine parts and selection of erosion resistant corrosion inhibitor system for Kopili HE Plant.
- ii) Study on the prospect of upgrading the existing open circuit cooling system to acidity-free cooling system through neutralization of acidity to contain corrosion and scaling at Kopili HE Plant.
- iii) Investigation of deformation modulus of soft tertiary rock at Pare HE Project by measuring deformation in open excavations.
- iv) Design and development of custom made remotely operable shot blasting system with robotic arms for use in steeply inclined long penstock" for Kopili H.E.P.
- v) Study of the Catchment of the RHEP through remote sensing to assess the status of soil erosion and silt generation with particular reference to up-coming projects in the area and augmentation of reservoir silt data collection.

During the year 2012-13, the corporation spent a total of ₹132.73 lakh under Research & development as against the minimum stipulated amount of ₹ 109.56 lakh as per DPE's guidelines i.e. 0.5% of Profit after Tax (PAT) for the year 2011-12. PAT for the year 2011-12 was ₹ 219.12 crores.

SUSTAINABLE DEVELOPMENT

The Corporation strives to contribute for the sustainable growth of country's economy while simultaneously working on and maintaining social and environmental sustainability. The Corporation is committed towards the objectives of sustainable development, through its activities and services.

Specific Sustainable Development Plan has been developed in line with the Guidelines issued by Department of Public Enterprises. The plan includes projects/activities to be taken up for implementation, procedures and methodologies adopted for monitoring results and modalities of concurrent and final evaluation. The plan also considers the creation of suitable organization structure for guidance, implementation, monitoring and review of the projects/activities and targets for Sustainable Development along with mandatory reporting of Sustainable Development efforts. Sustainable Development plan was prepared for the years 2012-13 for 14 projects with a budget of ₹ 70 lakh which was duly approved.

During the year 2012-13, 5(five) projects/activities were taken up as per MoU with Ministry of Power, Government of India out of which 3 projects have been selected from Schedule A and 2 projects from Schedule B of the Annexure-1 of the DPE Guidelines. The projects / activities taken up during the year 2012-13 are listed below:

- i) Rain water harvesting for consumptive use in colony (1st phase) at AGTP. (Schedule A project under water Management).
- ii) Improvement in the Energy management at the NEEPCO Complex Guwahati leading to reduction in per capita energy consumption. (Schedule A project under Energy Management).

- iii) Afforestation for creation of green belt (approx. 5 acres) adjacent to the reservoir area at Ranganadi HEP. (Schedule A project under Afforestation).
- iv) Survey of the consumptive water use, domestic effluent quality and its disposal at the residential colonies at KHEP & AGBPP. (Schedule B project under SD Reporting).
- v) Training of Project affected people on the aspects of Sustainable Development (Schedule B activity under Training).

In addition to the above, the Corporation also took up additional 9 (nine) projects to achieve the threshold limit of expenditure as stipulated in the DPE's guidelines. During the year 2012-13, the corporation spent a total of ₹ 64.91 lakhs under sustainable development as against the minimum stipulated amount of ₹ 61.91 lakhs which is ₹ 50 lakhs plus 0.1% of PAT exceeding ₹ 100 crores for the year 2011-12 of ₹ 219.12 crores.

MANPOWER REPORT

The gender & category wise abstract of regular manpower of the Corporation as on 31.03.2013 is shown below

Regular	Male	Female	Gen	SC	ST	OBC	PH	ESM
2687	2369	318	1406	184	707	390	32	9

USE OF RAJBHASA

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 53 employees were nominated for Hindi Language Training under regular course and 16 employees posted at project sites were nominated for Correspondence course. The contact programme was organized under Hindi Teaching Scheme at project office to provide guidance to the employees attending Hindi Training. Cash Awards were given to the employees for passing Hindi



examinations as per eligibility. To facilitate the employees for doing their official work in Hindi, 06 (Six) Hindi workshops were organized and 108 officers & employees were trained in the workshops. Training materials were provided to the employees during the Workshop. In the House Journal - 'NEEPCO NEWS' valuable information relating to use of Hindi were provided for the guidance of the employees. NEEPCO website is also available in Hindi. Key words in Hindi with English equivalent were displayed everyday on the black board under the programme "Today's Word" in order to enrich the Hindi vocabulary 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; Panyor Pravah was published by project





office on the occasion. An exhibition was also organized at corporate office where the achievements made in the use of Official Language Hindi in the Corporation were displayed.

Regional Rajbhasha Sammelan was organized by the Corporation at Guwahati (Assam) on 21.12.2012. The Corporation was awarded Appreciation letter by Town Official Language Implementation Committee (TOLIC), Shillong for commendable works done in the Implementation of official Language Policy.

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.

CORPORATE SOCIAL RESPONSIBILITY- COMMUNITY DEVELOPMENT

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



CSR Construction of concrete flooring at Iew Mawlong



Donation of Medical Equipments in Civil Hospital, Shillong



Donation of Ambulance in CSR

During the last financial year (2012-13) a total sum of ₹ 4.35 Crore only has been spent on various CSR-CD activities.

RULES & POLICIES

The Management brought into effect various policies for the benefit of its employees in the year 2012-13, which are enumerated below:

1. Amendments / modifications in NEEPCO Leave Rules & NEEPCO Medical Attendance Rules
2. Guidelines for providing DTH Service to the employees of the Corporation.
3. Enhancement of existing allowances to 89 days basis employees.
4. NEEPCO Defined Contribution Superannuation Benefit Scheme
5. Citizens Charter.
6. Quality Circle.



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 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.

NEEPCO has been sponsoring four VKV Schools in four O&M Plants of NEEPCO. 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. The performance of Students in the academic year 2012-13 is as under: In addition, a few kindergartens schools are also functioning in some Project sites.

School wise performance of students appeared in Class-X Examination

Sl. No.	Name of the school	Total Appeared	Total Students Qualified	Total Students with CGPA 10	Total Students with CGPA 9 & above	Total Students with CGPA 7 & above	Total Students within CGPA 5 to < 7	Total Students within CGPA 4 to < 5
1	VKV Umrangso	45	45	3	7	23	22	0
2	VKV Bokuloni	27	27	6	9	23	4	0
3	VKV Doyang	28	28	1	4	13	15	0
4	VKV Yazali	54	54	3	8	24	30	0
Total		154	154	13	28	83	71	0

School wise performance of students appeared in Class-XII Examination

Sl No	Name of School	Stream	Total Appeared	Total Passed	80% and above	I Div.	II Div.	III Div.	Compartmental	Failed	Pass %
1	VKV Umrangso	Science	23	22	6	20	2	NIL	1	NIL	95.65%
		Arts	20	20	10	18	2	NIL	NIL	NIL	100.00%
2	VKV Yazali	Science	12	11	2	8	3	NIL	1	NIL	91.60%
Total			55	53	18	46	7		2		



CORPORATE COMMUNICATIONS

The Corporate Communications 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.

SPORTS ACTIVITIES

In the year 2012-13, a lot of sports activities were held in the Power sector under the aegis of the Power Sports Control Board where NEEPCO participated and came out with flying colours. The events in which NEEPCO participated are illustrated below. It is also to mention that NEEPCO organised the Inter CPSU Carrom Tournament:

1. The NEEPCO Carrom team participated in the CPSU tournament hosted by NEEPCO at Shillong from 27th to 30th November, 2012. The NEEPCO team emerged runner's up in the men singles, winner and runner's up in men doubles. The players were given prize money by

PSCB. The NEEPCO Women team emerged 2nd runner up in the team event.

2. The NEEPCO Cricket team participated in the Inter CPSU Cricket Tournament organised by PGCIL from 5th to 9th March 2013 at Kanpur. In the tournament the NEEPCO Team played up to the semi-final and emerged 2nd runner up.
3. The NEEPCO Chess team participated in the Inter CPSU Chess Tournament organised by REC at New Delhi from 23rd to 25th January 2013. Among the 9 participating teams, NEEPCO was ranked 4th.
4. The NEEPCO Table Tennis team participated in the 15th Inter CPSU Table Tennis Tournament organised by PFC at New Delhi from 3rd to 6th December, 2012.
5. The NEEPCO Badminton team participated in the 17th Inter CPSU Badminton Tournament organised by NHPC from 12th to 15th March at Chammera Power Station, Khairi, Himachal Pradesh. NEEPCO emerged the 1st runners up in the team event.

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 were convened between the Management and representatives of the Trade Unions and Associations to discuss various issues across the table and resolved amicably for greater interest of the Corporation.

In terms of the DPE OM Dtd. 26.11.2008 concerning revision of pay scales on IDA pay pattern, the Performance Related Pay (PRP) for the year 2009-10 & 2010-11 were released provisionally to the employees vide O/o No. 02 dated 19.12.2012.

HUMAN RESOURCE DEVELOPMENT

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

During the year 2012-13, a total of 1376 employees covering a 16670 man days i.e. 5.87 man-days per employee

of training were given to enhance competency levels in their job besides enabling them to sharpen their skills and broaden their knowledge in work life sphere though various in-house programmes organized at HRD Centre & project sites, external programmes organized by various reputed training agencies in the country.

Various in-house training programmes are organized in HRD Centre, Corporate Office, Shillong as well as at Projects Sites. Some of the programmes were on Programme on Contract Management, Programme on Java, Yoga Programme, Self Perfection for Work Excellence, Team Building & Commitment Motivation, Organizational Belongingness: Paradigm Shift, Programme on Quality Management, Quality Circle Awareness, Finance for non Finance, Mentorship Development, Power System Protection, Programme on Quality Management, Workshop on Life Management of Transformers & Reactors, Working with Computer, Hindi Workshops, Project Management Certification Program, Team building, Leadership Development, 25 selected employees had undergone 6 months training course for Mechanical Operator at ITI, Guwahati with a plan to re-muster them after completion of the programme.





During the year, a total of 21 executives were nominated to attain overseas training programmes, 349 employees to external training programmes to various training institutes of repute within the country and 1006 employees in in-house programmes organized at HRD Centre, Shillong and at various power plants & projects.



Internationally recognized Internet based online Certification course on Project Management are also provided to our executives to master them on Project Management skills on all stages of Project Management. We are proud to say that we have so far 91 CIPM, 14 IPMA Level-D and 15 IPMA Level C certified project managers honored by International Project Management Associates, Zurich out of a total of only 90 IPMA Level C certified project managers in India. Overall rating in HRD and HRM parameters in the MoU with MoP during year is expected to be Excellent.

NEEPCO VIGILANCE ACTIVITIES

During the period from 01/04/2012 to 31/3/2013, NEEPCO Vigilance Department dealt with various aspects of Vigilance Mechanism under the directives and guidelines issued from the Central Vigilance Commission (CVC) from time to time. For exclusive and independent functioning of Vigilance Department, NEEPCO ensured transparency, objectivity and quality in vigilance functioning. Complaints received from various sources other than anonymous/pseudonymous were taken up for prompt investigation and the same have been disposed off in accordance with the time frame prescribed by the CVC. As on 1st April, 2012, 7 (seven) complaints were pending. During that period, 2 (two) new complaints have been added which have also been investigated and out of these, 4 (four) complaints have already been disposed off. As on 31.03.2013, there were 5 (five) complaints pending in various stages for finalization.

As on 01.04.2012, 1(one) disciplinary case was pending and during the period under report 3(three) new disciplinary cases have been added. Out of these 4(four) disciplinary cases, 1(one) case has been disposed-off. As on 31.03.2013, there were 3 (three) disciplinary cases pending for which IOs & POs have been appointed by the DA and now are under enquiry stage. 1 (one) officer has also been charge sheeted by the DA on the advice of this office for his alleged involvement in a corruption case.

Emphasis was given to the aspect of preventive vigilance to streamline the rules and procedures and making all efforts to arrest the loopholes detected during investigation of various cases.



An amount of ₹ 1,61,68,568.00 has been recovered from the Contractor during the period against lapses found during intensive examination of works by CTE/CVC and subsequent persuasion with the concerned authority by the Vigilance Deptt.

The observations raised from Chief Technical Examiner's organization of CVC in their intensive examination report carried out against a work of a particular project of this Corporation have already been taken up with the concerned authorities of NEEPCO and replies are furnished to CTE/CVC from time to time along with CVO's comments.

In order to improve system and procedure in respect of various short comings observed related to processing of tender of works and procurement etc, a number of suggestions have been forwarded to Management. During this period 49 (forty nine) numbers of inspections have been conducted at different plants / projects by site vigilance officials as well as by vigilance officials of the HQ. Regarding improving of vigilance administration by leveraging technology, steps have been taken towards implementation of e-procurement, e-payment, registering online vigilance complaints etc. As a part of leveraging technology, the Vigilance Deptt. has uploaded the Annual Immovable Property Returns (AIPRs) of Executives in the NEEPCO's website.

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

1340 numbers of Annual Property Returns (APRs) of the employees have been scrutinized during the period from 01.04.2012 to 31.03.2013. Vigilance clearances in respect of officials required for various purposes like DPC, NOC for obtaining of Passport, promotion regularization, private foreign visit, out-side employment, retirement, resignation, release of terminal benefit etc. were given as and when sought for by the concerned department of the Corporation.

The CVO attended in an International Seminar titled "Hydro Power & Sustainable Development" during 21st to 22nd February 2013 organized by Odisha Hydro Power Corporation Ltd. at Bhubaneswar.

The CVO has also attended various meetings during the period under report as convened by the Central Vigilance Commission (CVC) and the Ministry of Power (MoP), Govt.

of India on the agenda framed by them and subsequently follow-up action has been taken based on drawn Minutes of the meetings. 2 (two) Vigilance review meetings were also held at Corporate HQ, Shillong on 31.5.2012 & on 17.8.2012 with in-charges of all Projects/Plants Vigilance Deptt.

The "Vigilance Awareness Week" was observed in the Corporation w.e.f. 29.10.2012 to 03.11.2012. Besides taking "Pledge", an Essay Writing Competition on the topic "Vigilance is responsibility of everyone in the Organization" and a Slogan Writing Competition on the theme "Transparency in Public Procurement" were organized amongst the employees of the Corporate HQ.

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 Analysis Report as **Annexure II** of this Report. Certificate on Corporate Governance from the Statutory Auditors is enclosed as **Annexure III**.

AUDIT COMMITTEE

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

AUDITORS REPORT

M/s. Nundi & Associates, Chartered Accountants, Kolkata were appointed as Statutory Auditors for the year 2012-13. The report of the Statutory Auditors and comments of the



Comptroller & Auditor General of India on the Accounts in terms of Sec.619(4) of the Companies Act, 1956 are furnished in **Annex IV & V**. There is neither any qualification made by Statutory Auditors in their Report nor any comments of C&AG on the Accounts of the Corporation.

PARTICULARS OF EMPLOYEES

Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, no employee employed throughout the year was in receipt of remuneration of more than ₹ 60 lakh per annum or ₹ 5 lakh per month if employed for a part of the year.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors certify the followings:-

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

DIRECTORS

Since the last report, one Independent Director was appointed to the Board:

- Shri Ashok Sinha,
Appointed as Independent Director
w.e.f. 31-12-2012

CONSERVATION OF ENERGY

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Director's) Rules

1988 and forming part of the Director's Report regarding Conservation of Energy / Technology Absorption and Foreign Exchange earnings and outgo during the Financial year 2012-2013 is enclosed in **Annex-VI**.

ACKNOWLEDGEMENT

The Directors are grateful to the various Ministries and Departments of the Government of India particularly the Ministry of Power, Ministry of Home Affairs, Ministry of Finance, Ministry of Environment and Forest, Planning Commission, 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 Electricity Board 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 co-operation and help extended by them. The Directors further expressed their appreciation to the State Governments who had made all payment against their current dues during the period 2012-2013.

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 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: 14-08-2013

Place: New Delhi

Renovation & Maintenance
work in progress at

KHEP



Progress made at
KaHEP

UNIT-1

UNIT-2

UNIT-3

UNIT-4





Annexure - I

Report of Corporate Governance

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

Philosophy on Code of Governance

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

- (iii) To ensure that Employees and Board subscribe to the corporate values and apply them in their conduct.

1. Composition of Board and Particulars of Directors

(i) Composition of Board

The Board of Directors of the Company ("the Board") consists of 15 (Fifteen) Directors, including 4 (four) whole-time Directors, 1 (one) Government part-time Director representing the Government of India, 5 (five) Government part-time Directors representing the Governments of the North Eastern States and 5 (five) 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, 2013 is as under:

Functional Directors

Name	Executive/ Non-executive/ Independent	No. of other Directorships held *		No. of other committee membership held **	
		Public	Private	Public	Private
Shri P. C. Pankaj DIN NO: 03640772	Chairman & Managing Director	Nil	Nil	Nil	Nil
Shri I. P. Barooah DIN NO: 00740146	Director (Personnel)	Nil	Nil	Nil	Nil
Shri A. G. West Kharkongor DIN NO: 03264625	Director (Finance)	Nil	Nil	Nil	Nil
Shri U. Moral DIN NO: 03434273	Director (Technical)	Nil	Nil	Nil	Nil

Directors from MoP

Name	Executive/ Non-executive/ Independent	No. of other Directorships held*		No. of other committee membership held**	
		Public	Private	Chairman	Member
Shri G. Sai Prasad, DIN NO: 00325308	Part-time Director from MOP	5	Nil	Nil	1



Directors from N.E. State

Name	Executive/ Non-executive/ Independent	No. of other Directorships held*		No. of other committee membership held**	
		Public	Private	Chairman	Member
Shri T. Norbu, DIN NO: 01718876	Part-time Director Govt. of Arunachal Pradesh	Nil	Nil	Nil	Nil
Shri B. K. Dev Varma, DIN NO: 00465688	Part-time Director Govt. of Meghalaya	4	Nil	Nil	Nil
Shri T. P. Khaund, DIN NO: 03547418	Part-time Director Govt. of Mizoram	Nil	Nil	Nil	Nil
Shri R. B. Thong, DIN NO: 02242211	Part-time Director Govt. of Nagaland	Nil	Nil	Nil	Nil
Shri Sumeet Jerath DIN NO: 02979835	Part-time Director, Govt. of Assam	3	Nil	Nil	Nil

Independent Directors

Shri Shantikam Hazarika DIN NO: 00523656	Non-official Part-time Director	3	Nil	Nil	Nil
Shri Ardhendu Sen DIN NO: 00297393	Non-official Part-time Director	2	Nil	Nil	Nil
Shri Santosh Saraf DIN NO: 00073618	Non-official Part-time Director	2	2	3	Nil
Shri Arun Datta DIN NO: 00180069	Non-official Part-time Director	3	Nil	Nil	2
Shri Ashok Sinha DIN NO: 00299600	Non-official Part-time Director	1	2	Nil	1

* Excludes Directorships in Foreign Companies, Alternate Directorships and Companies under Section 25 of the Companies Act, 1956.

** Other Committee Memberships include membership of Audit Committee and Shareholders'/ Investors' Grievance Committee only.

(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. 9 (nine) meetings of the Board of the Company were held during the year under review. The Company has held at-least one Board Meeting in each quarter. The details of the Board meetings are as under:



Sl. No.	Board Meeting No.	Date	Board Strength	No. of Directors present
1	186 th BM	14.05.2012	10	6
2	187 th BM	22.06.2012	10	6
3	188 th BM	16.07.2012	14	9
4	189 th BM	28.07.2012	14	9
5	190 th BM	28.08.2012	14	11
6	191 st BM	20.11.2012	14	8
7	192 nd BM	10.12.2012	14	10
8	193 rd BM	05.02.2013	15	9
9	194 th BM	27.02.2013	15	7

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

Name of the Directors	Attendance of Meetings during 2012-13		
	Board Meeting held during tenure	Board Meeting attended	Last AGM
Shri P. C. Pankaj	9	9	Yes
Shri I. P. Barooah	9	9	Yes
Shri A. G. West Kharkongor	9	9	Yes
Shri U. Moral	9	9	Yes
Shri G. Sai Prasad	9	8	Yes
Shri T. Norbu	9	Nil	No
Shri B. K. Dev Varma	9	1	Yes
Shri T. P. Khaund	9	6	Yes
Shri R. B. Thong	9	Nil	No
Shri Sumeet Jerath	9	Nil	No
Shri Shantikam Hazarika *	7	6	Yes
Shri Arun Datta *	7	5	Yes
Shri Ardhendu Sen *	7	6	Yes
Shri Santosh Saraf *	7	6	Yes
Shri Ashok Sinha *	2	1	No

* Appointed during the year.

- 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 its business in accordance with the highest standards of business ethics and in compliance with all applicable laws, rules and regulations. It is hereby confirmed that the Code of Business Conduct and Ethics for Directors and Senior Management personnel was circulated among all concerned and complied with during the year under report.

3. Risk Management Policy

The Company has implemented the Risk Management Policy, as approved by the Board of Director of the Company.

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. Various Board Members were nominated to attend workshops/ training programmes on relevant topics.

5. Audit Committee

The Audit Committee was constituted in the year 2001. The Audit Committee was re-constituted with the following members as on 28.07.2012



Sl. No.	Name of the Director & Category	Chairman / Member
1	Shri. Santosh Saraf, Independent Director	Chairman
2	Shri. S. Hazarika, Independent Director	Member
3	Shri Ardhendu Sen, Independent Director	Member
4	Shri Utpal Moral, Director (Technical), NEEPCO	Member

The Committee met 6 (six) times during the year. The meetings were also attended by Director (Finance), Head of the Internal Audit and Statutory Auditors as Special Invitees. The Company Secretary acts as the Secretary to the Committee.

Sl. No	Date	Committee Strength	No. of Members Present
1.	09.05.2012	3	2
2.	12.06.2012	3	2
3.	27.08.2012	4	2
4.	19.10.2012	4	4
5.	10.11.2012	4	2
6.	26.03.2013	4	3

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.
- vi) Appointment and fixing of remuneration of Cost Auditors in terms of Section 233B of the Companies Act.
- vii) Discuss with internal auditors on any significant findings and follow up thereon.
- viii) 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.
- ix) 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.
- x) Review the company's financial and risk management policies.
- xi) Review contracts awarded on nomination / offer basis in terms of guidelines issued by the CVC / DPE/ other authorities, from time to time.

6. Remuneration Committee

The Remuneration Committee was re-constituted with the following members as on 28th July, 2012.



Name	Chairman/ Member	Independent/ Executive
Shri Ardendu Sen	Chairman	Independent
Shri Arun Datta	Member	Independent
Shri Santosh Saraf	Member	Independent
Shri I. P. Barooah	Member	Director(Personnel)
Shri Utpal Moral	Member	Director (Technical)

The Remuneration Committee has been constituted in terms of DPE OM No. 2(70)/08-DPE(WC)-GL-XVI/08 dated 26th November, 2008.

7. Directors Remuneration

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

Details of remuneration of Functional Directors of the Company during the year 2012-13 are given below:

Director's Remuneration for the FY 2012-13

Amount in ₹

Directors	Designation	Salary (₹)	Benefits (₹)	PRP (₹)	Total (₹)
Shri P. C. Pankaj	Chairman & Managing Director	24,40,045	4,05,735	—	28,45,780
Shri I. P. Barooah	Director (Personnel)	26,56,949	3,75,604	12,29,547	42,62,100
Shri A. G. West Kharkongor	Director (Finance)	23,91,099	5,47,374	3,80,048	33,18,521
Shri U. Moral	Director (Technical)	23,20,381	4,49,031	2,95,930	30,65,342
Shri V. K. Abbey	Ex-Chairman & Managing Director	—	—	1,96,377	1,96,377
Shri M. R. Ghosh	Ex- Director (Finance)	—	—	6,31,620	6,31,620
Shri N. Bhattacharjee	Ex- Director (Technical)	—	—	5,80,460	5,80,460
Total		98,08,474	17,77,744	33,13,982	1,49,00,200

8. Disclosures

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



9. General Body Meeting

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

Financial Year	Date	Time	Location
2009-10	07.09.2010	5.00 P.M.	New Delhi
2010-11	14.09.2011	5.00 P.M.	Shillong
2011-12	28.08.2012	11.00 A.M.	Shillong

The details of the Special Resolution passed by the Company at its last three Annual General Meetings are as under:

Date of Annual General Meeting	Special Resolution passed
07.09.2010	Nil
14.09.2011	Nil
28.08.2012	Amendment of Articles of Association

10. Shareholders Information

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

For and on behalf of the Board of Directors

(P. C. Pankaj)

Chairman & Managing Director

Dated: 14-08-2013

Place: New Delhi



Annexure - II

Management Discussion and Analysis Report

Industry Structure and Developments

Over the past 60 years, India has taken rapid strides in the development of the power sector both in terms of enhancing power generation as well as in making power available to widely distributed geographical boundaries. In order to meet the increasing demand for electricity, to fuel the economic growth of the country, large additions to the installed generating capacity and development of associated transmission and distribution network are planned which are within the realms of sustainable development and environmental concerns.

India is the fourth largest consumer of energy in the world after USA, China and Russia. India's energy-mix comprises both non-renewable (coal, lignite, petroleum and natural gas) and renewable energy sources (wind, solar, small hydro, biomass, cogeneration, bagasse etc.). The major portion of this energy is met from electricity produced from various sources such as Hydro, Thermal, Nuclear and other Non-Conventional sources such as Solar/Wind/Waste Incineration etc. Growth in production of electricity has led to its extensive use in all the sectors of economy.

Over the years the installed capacity of Power Plants in India has increased to about 223343 MW (March 2013) from a meagre 1713 MW in 1950. As on 31st March 2013, the total installed capacity in the NE Region of the country stood at 2884.92 MW, with 1390.24 MW in the Thermal sector, 1242 MW in Hydro and the remaining in the Renewable Energy sector. Similarly, the electricity generation increased from about 5.1 Billion KWH to about 909 Billion KWH in 2012-13. The per capita consumption of electricity in the country also increased from 15 KWH in 1950 to about 879.22 KWH in 2011-12. Although a target of 78700 MW was set for capacity addition during the 11th FY Plan, the actual achievement was about 55000 MW. By the year 2021-22, electrical energy requirement in India is expected to touch 1872517 GWH with the peak demand touching 271795 MW.

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

a total installed capacity of 1130 MW, out of which 755 MW in Hydro and 375 MW in Thermal sectors. It caters to around 50% of the region's energy requirements. Another 922 MW is likely to be added during the 12th FY Plan by NEEPCO, thereby raising the total installed capacity to 2052 MW.

Opportunities and Strength

Growth of power sector is the key to the economic development of the country. India's hydroelectric resources are estimated to be 84 GW at a 60% load factor. At an average load factor of about 30%, an installed capacity of 150 GW, excluding 15 GW of mini hydro-electric plants (less than 25 MW), may be feasible. Low carbon growth Strategy would ensure use of clean hydropower to its maximum potential for meeting peak loads. However the full development of India's hydro-electric potential, while technically feasible, faces issues of water rights, resettlement of project affected people and environmental concerns –issues that needs to be resolved at the earliest. A shelf of hydro projects with aggregate capacity of about 22,000 MW have been identified which are likely to yield benefits during 12th / 13th Plan. Further, another 9204 MW from 31 ongoing projects including the three ongoing Hydro Power Projects of NEEPCO are likely to yield benefit during the 12th FY Plan. The Working Group on Power in its Report has estimated a capacity addition of about 76,000 MW during the 12th Plan to meet the demand projections of the country. For this it has been estimated that the total fund requirement during the 12th Plan, considering each aspect of the power sector, is expected to be about ₹ 14 lakh crs including ₹ 1,35,100 Cr required for renewable energy. With only about 2% utilization of the hydro power capacity in the NE Region, NEEPCO has a huge role to play in the economic development of the Region. Also, addition of gas based capacity is considered necessary to reduce CO₂ emissions. Modern combined cycle gas turbines (CCGTs) which have high efficiency of around 55% compared to coal based plants (Gross efficiency of supercritical units is 38 to 40%), could be set up near the load centre with a view to minimize the requirement of transmission system and could be operated in a manner so as to maximize the output during the peak hours and minimize during the off peak hours.

The entire North Eastern Region is bestowed with a huge



Hydro Power Potential, particularly the State of Arunachal Pradesh. The total identified Hydro Power potential in this region is estimated to be around 58971 MW. Besides, the region also has vast quantities of Natural Gas particularly in the states of Assam (Estimated quantity of 93.64 BCM) & Tripura (estimated quantity of 33.09 BCM), and huge reserves of Coal particularly in the states of Assam (0.51 Billion Tonnes) & Meghalaya (0.58 Billion Tonnes). Given the abundance of Fossil Fuel in the region, there is also ample scope for the development of the Thermal Power in the region. The projected energy requirement of the NE Region by the year 2021-22 stands at 22421 MU with the peak demand touching 3905 MW. It is with this potential and opportunity at hand, that, NEEPCO can emerge as the leading power producer in the Region. It has ambitious growth plans for which it has started preliminary investigation for several projects both in the Hydro and Thermal sectors which have been highlighted in the Directors' Report. With its pool of skilled manpower, mainly drawn from the region, NEEPCO has a substantial advantage over other players in the field to harness and exploit the vast potential of the region.

Weakness and Threats

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

Risks and Concerns

Among other issues that concern the organisation are:

- Disparity between the Hydro Power Policy adopted by the State Governments, and the Hydro Power policy of the Central Government, affects the speedy implementation of the projects.

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

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

Outlook for the future

With a Mission to harness the vast Hydro and Thermal Power Potential of the NE Region of the country, NEEPCO is committed to bring about a significant socio economic development of the region in a planned and sustainable manner keeping in mind the rich bio-diversity and fragile eco system of the region. NEEPCO has a very ambitious growth plan for capacity addition in the pipeline. Already NEEPCO is poised to add 922 MW in the 12th FY Plan. These projects are in the various stages of development.

Besides, NEEPCO has drawn out plans for huge capacity addition during the 12th Plan and beyond. The projects identified for development are:

1. Siang Upper Stage-I HEP (6000 MW), Arunachal Pradesh.
2. Siang Upper Stage-II HEP (3750 MW), Arunachal Pradesh.
3. Killing HEP (240 MW), Assam/Meghalaya.
4. Tipaimukh HEP (1500 MW), Manipur.
5. Pabram HEP (190 MW), Manipur.
6. Nungleiband HEP (105 MW), Manipur.
7. Khongnem Chakka-II HEP (67 MW), Manipur.
8. Irang HEP (60 MW), Manipur.
9. Garo Hills Thermal Power Project (500MW), Meghalaya.
10. Mawphu HEP, Stage-II (85 MW), Meghalaya.
11. Lungreng HEP (815 MW), Mizoram.
12. Chhimtuipei HEP (635 MW), Mizoram.
13. Mat HEP (76 MW), Mizoram.



NEEPCO is also exploring the possibility of setting up of both Hydro and Thermal Power Projects of at least 25 MW capacities in Joint Ventures both within India and abroad. The process of setting up of Joint Ventures has already been initiated. In the field of Renewable Energy, NEEPCO is already in the process of setting up of a 5 MW Solar PV (Grid Interactive) plant at Monarchak, Tripura, while two other projects one each of Solar and WEG (Wind Energy Generator) types have been proposed in the State of Assam. Besides, NEEPCO has also proposed setting up of Renewable Energy Projects (Solar & Wind) of at least 10 MW capacities in joint venture for projects within India.

In the meantime, NEEPCO also plans to diversify in areas of Consultancy. By continuously upgrading technologies and adopting newer methodologies, NEEPCO is constantly expanding its domain of expertise in the industry in order to cope up with the changing environment.

Environmental Conservation, Renewable Energy use and R&D Developments

The Power Sector is endeavouring to meet the challenge of providing adequate power needed to fuel the growing economy of the country. However, this growth of the Power Sector has to be within the realms of the principles of sustainable development. A Low carbon growth strategy has been adopted in planning process and highest priority is accorded to development of generation based on renewable energy sources. Thrust is also accorded to maximizing efficiency in the entire electricity chain, which has the dual advantage of conserving scarce resources and minimizing the effect on the environment.

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

Also, it is worth mentioning that NEEPCO has adopted several

measures against Sustainable Development in its MOU with the MOP with the Government of India as part of its commitment towards the conservation of the environment during the financial year 2012-13. These also include parameters on Energy Conservation. The parameters are:

The projects / activities taken up during the year 2012-13 are listed below:

- i) Rain water harvesting for consumptive use in colony (1st phase) at AGTP. (Schedule A project under water Management)
- ii) Improvement in the Energy management at the NEEPCO Complex Guwahati leading to reduction in per capita energy consumption. (Schedule A project under Energy Management)
- iii) Afforestation for creation of green belt (approx. 5 acres) adjacent to the reservoir area at Ranganadi HEP. (Schedule A project under Afforestation)
- iv) Survey of the consumptive water use, domestic effluent quality and its disposal at the residential colonies at KHEP & AGBPP. (Schedule B project under SD Reporting)
- v) Training of Project affected people on the aspects of Sustainable Development. (Schedule B activity under Training)

To address the new challenges and opportunities in the increasingly competitive global markets, R&D initiatives are taken by NEEPCO to strengthen our country's technological capabilities, ensure growth and help in creation of jobs. Research & Development plan was prepared for the years 2011-12 and 2012-13 with a budget of ₹ 155 lakh (0.59 % of the previous FY, i.e.2010-11).

Projects /Activities undertaken during the year 2012-13

- i) Study of the corrosion and erosion of metal in the water path and underwater turbine parts and selection of erosion resistant corrosion inhibitor system for Kopili HE Plant.
- ii) Study on the prospect of upgrading the existing open circuit cooling system to acidity-free cooling system through neutralization of acidity to contain corrosion and scaling at Kopili HE Plant.
- iii) Investigation of deformation modulus of soft tertiary



- rock at Pare HE Project by measuring deformation in open excavations.
- iv) Design and development of custom made remotely operable shot blasting system with robotic arms for use in steeply inclined long penstock” for Kopili H.E.P.
- v) Study of the Catchment of the RHEP through remote sensing to assess the status of soil erosion and silt generation with particular reference to up-coming projects in the area and augmentation of reservoir silt data collection.

Yearly Generation Power Station wise

Power Station	Generation Target (MU) 2012-13 for “V-Good” MOU rating	Actual Generation (MU) 2012-13	Actual Generation (MU) 2011-12	P.A.F. Target (%) 2012-13 for “V-Good” MOU rating	Actual Plant Availability Factor (%) 2012-13	Actual Plant Availability Factor (%) 2011-12
Thermal						
AGBP (291MW)	1747	1680	1765	72	66	70
AGTP(84 MW)	625	633	666	85	86	89
Thermal Total	2372	2313	2431	--	--	--
Hydro						
Kopili H E Plant (4x50+3x25)= (275 MW)	1171	924	1185	67	70	77
Doyang H E Plant(75 MW)	227	213	229	73	66	74
Ranganadi H E Plant (405 MW)	1300	1240	980	85	95	94
Hydro Total	2698	2377	2394	--	--	--
NEEPCO (1130MW)	5070	4690	4825	--	--	--

Analysis of Operation

The generation during the year 2012-13 was 4690 MU against an MOU Target (Very Good) of 5070 MU with generation from thermal and hydro plants being 2377 MU and 2313 MU respectively. The achievement in generation with respect to the MOU target of generation is 92.5%.

The decrease in generation with respect to the previous year is around 2.79%. The decline in generation was mainly due to frequent forced outages of the units in view of failure of the cooling water pipes and severe affect of corrosion/erosion of the underwater parts of the generating units due

to acidification of the water of both the Kopili and Umrang reservoirs. The increased wear and tear on the underwater metal parts of the units due to corrosive action of the acidic water has led to the increase in the number of breakdowns as well as increase in the outage period. Also, there has been lesser generation from the Hydro Electric Plants owing to lesser rainfall in the catchment areas of Ranganadi and Doyang HEPs. In AGBPP, the primary reason for lower generation from the Plant is due to less availability of Gas as per requirement.



Internal Control Systems and Their Adequacy

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

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

FINANCIAL DISCUSSION AND ANALYSIS

A. Results of Operations

A detailed financial discussion and analysis is furnished below on the Audited Financial Results of the Corporation for the FY 2012-13 as compared to the FY 2011-12.

Income

	2012-13	2011-12
Units of electricity sold (in MU)	4341.10	4481.53
Income:		
Sales of Energy (₹ in Lakhs)	132524.48	119766.78
Other Income (₹ in Lakhs)	6715.86	7205.42
Total (₹ in Lakhs)	139240.34	126972.20

NEEPCO's income arises from sale of energy and other income, viz. interest on Power Bonds (securitized dues), surcharge on delayed payments on energy sales, etc. NEEPCO's total income increased by 9.66 % to ₹ **139240.34** lakhs in FY 2012-13 from ₹126972.20 lakhs in FY 2011-12 due to arrear bill for sale of energy from DHEP .

Tariff

The Central Electricity Regulatory Commission (CERC) is empowered to determine the tariff for each operational

Power Station of NEEPCO. Tariffs of the operating power stations of NEEPCO for the period of 2009-14 is governed by the Central Electricity Regulatory Commission (Terms and Conditions of tariff) Regulations, 2009 issued vide the notification no. L-7/145(160)/2008-CERC dated 19.01.2009 and time to time amendments there-to. The CERC have issued 03 (three) amendments to the Principal Tariff Regulations, 2009 upto 2012-13.

The CERC have issued tariff orders for all the operational Power Stations based on which determination of tariff for the period of 2009-14 was made. The last order issued by the CERC on 24.12.2012 relates to the Doyang Hydro Generating stations. NEEPCO has also filed petitions for revision of tariffs for 03 (three) of its power stations, namely, Kopili (200MW), Khandong (50 MW) and AGBPP (291 MW), based on actual additional capital expenditures incurred by the said stations during 2009-10 to 2011-12 and projected additional capital expenditures for the period of 2012-13 & 2013-14. The said revised petitions are under process with the CERC.

Tariff of a Power Station consist of Capacity Charge and Energy Charge. Recovery of Capacity Charge (50% of AFC for hydro and 100% of AFC for gas based power stations) depends on achievement of its "Normative Annual Plant Availability Factor" as prescribed by the CERC for each power station. The recovery of Energy Charges for Hydro Power station (50% of AFC) is based on energy achieved by the Plant as a proportion of its Design Energy. The recovery of Energy Charge for the Gas Based Power Stations, i.e., fuel price recovery are primarily determined based on the landed cost of fuel, normative station heat rates of the plants, gross calorific value of the fuel and normative auxiliary consumption of plants.

During the financial year 2012-13, NEEPCO has received incentive for exceeding the "Normative Annual Plant Availability Factor" by Kopili Stage II and Khandong of Kopili HEP, Ranganadi HEP and Agartala Gas Turbine Power Plant. The Normative vs. Actual Plant Availability achieved during the financial year 2012-13 by the Power stations of NEEPCO are as follows:



Name of the Power station	Normative Plant Availability (in %)	Actual Plant Availability achieved (in %)
Kopili Hydro Power Station (200 MW)	79	63
Khandong Hydro Power Station (50 MW)	69	77
Kopili Stage II (25 MW)	69	77
Ranganadi Hydro Power Station (405 MW)	85	95
Doyang Hydro Power Station (75 MW)	73	66
Assam Gas Based Power Plant (291 MW)	72	66
Agartala Gas Turbine Power Plant (84 MW)	85	86

Moreover, during the financial year 2012-13 the total scheduled energy of Kopili stage II power station has exceeded its approved design energy by 5.84 MU there-by generating additional revenue amounting to ₹ 47.19 lakhs as “Secondary energy charges”.

Sale of Electricity

NEEPCO sells electricity to bulk consumers comprising of the seven State-owned electricity utilities in the North Eastern Region (excluding Sikkim) of the country. Such sale of electricity is in pursuant to the allocation made by the Ministry of Power for each of the beneficiary States and the long term Power Purchase Agreements (PPA). During the financial year 2012-13, an amount of ₹ 7487.41 lakhs has been accounted for as sales, which relates to 2009-10 to 2011-12 after adjustment of provisions made in respective years, on revision of AFC for the Doyang HEP for which order was issued by the CERC on 24.12.2012. Revenue from sale of electricity during the financial year 2012-13 is ₹132524.48 lakhs (incl. supply to colony amounting to ₹ 216.40 lakhs), which constituted about 95% of the total revenue for the year.

During the period of 01.04.2012 to 02.05.2012 and 20.07.2012 to 19.01.2013 of the financial year 2012-13, NEEPCO continued with regulation of power supply to the Meghalaya Energy Corporation Ltd (MeECL) in terms of the provision of Tripartite Agreement and PPA with them as well as the CERC (Regulations of Power Supply) Regulations, 2010 due to regular default in payment of their dues. The regulated quantum of electricity was traded by NEEPCO through M/s PTC India Ltd. The gross trading proceeds during the aforesaid period is ₹ 2780.22 lakhs and the net proceeds credited to NEEPCO’s account till 31.03.2013 after deduction of CTU, NLDC, IEX and PTC charges is ₹ 2615.66 lakhs. Of the aforesaid net proceeds, adjustment made till 31.03.2012 with the outstanding dues of MeECL is ₹ 864.02 lakhs.

The Corporation achieved a generation of 4690.635 MU

during the year as compared to total generation of 4824.66 MU during the previous year as against installed capacity of 1130 MW (Design energy 5698.73 MU).

Other Income

Other Income was ₹ 6715.86 lakhs in FY 2012-13 as compared to ₹ 7205.42 lakhs in FY 2011-12, i.e. a decrease by 6.79 %. Interest income from Power Bonds decreased due to redemption of Bonds of ₹ 9549.06 lakhs during the year. Other Income from interest on investment in State govt. power bond) was ₹ 3043.76 lakhs during the year as compared to ₹ 3855.43 lakhs in the previous year.

Expenditure

(₹ in lakhs)

	2012-13	2011-12
Cost of material consumed	46737.87	43242.80
Employee benefit expenses	18528.96	19334.14
Finance costs	694.41	885.29
Depreciation	15188.87	15107.38
Generation & administration expenses	23709.61	18315.04
Other expenses	5597.71	3448.62
Prior period adjustment	(760.71)	211.14
Total	109696.72	100544.41

Total Expenditure

The total expenditure in FY 2012-13 increased by 9.10 % as compared to the previous year mainly due to an increase in the cost of gas and increase in Generation & administration expenses.

Cost of Material Consumed

Cost of Material Consumed consists of cost of gas and transportation charges thereon. Gas prices are fixed by the Ministry of Petroleum and Natural Gas (MPNG), Government



of India. During the current year, the expenditure on cost of material consumed was ₹ 46737.87 lakhs (consisting of cost of gas - ₹ 45576.33 lakhs and transportation charges - ₹ 1170.54 lakhs) as against ₹ 43242.80 lakhs in the previous year (consisting of cost of gas - ₹ 41441.97 lakhs and transportation charges - ₹ 1800.83 lakhs). The cost of gas has gone up due to depreciation of Indian Rupee since gas price is linked to US\$.

Employees' Remuneration and Benefits

Employees' remuneration and benefits include salaries and wages, allowances, incentives, contribution to Provident Fund, other welfare expenses and provision for Gratuity, Pension Scheme. These expenses accounted for approximately 16.89% of NEEPCO's total expenditure during the year as compared to around 19.23% in the previous year.

Generation, Administration and Other Expenses

Generation, administration and other expenses consists primarily of repair and maintenance of plant and machinery, buildings, etc., share of general establishment expenses, NERLDC fees and charges, Corporate Social Responsibility expenses, security and insurance expenses, transport expenses, etc. These expenses represented approximately 21.62% of NEEPCO's total expenditure during the year as compared to 18.22% in FY 2011-12. In absolute terms, these expenses increased by ₹ 5394.57 lakhs (i.e. 29.45%) from the previous year.

Depreciation

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

Depreciation increased by 0.54% to ₹ 15188.87 lakhs in FY 2012-13 from ₹ 15107.38 lakhs in FY 2011-12. Depreciation during the current year increased mainly on account of addition of new assets.

Finance Costs

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

Finance Cost decreased by 21.56 % to ₹ 694.41 lakhs from ₹ 885.29 lakhs in the previous year due to repayments of loan.

Profit before Tax

As a cumulative effect of all the above, NEEPCO's profit before tax increased by 11.79 % to ₹ 29543.62 lakhs in FY 2012-13 from ₹ 26427.79 lakhs in FY 2011-12.

Provision for Tax

A direct consequence of the increase in profit before tax is increase in the provision for tax of ₹ 5313.51 lakhs in the FY 2012-13 as compared to ₹ 4516.22 lakhs in FY 2011-12.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Funds for working capital requirements as well as capital expenditure for construction of projects are mobilized from both internal and external sources. Funds are sourced externally in the form of long term loans, either in Indian Rupees or in foreign currencies and through privately placed PSU Bonds. As on 31st March, 2013, NEEPCO had Cash and Cash equivalents of ₹ 40105.57 lakhs as compared to ₹ 35776.03 lakhs as on 31st March, 2012.

Cash Flow

(₹ in lakhs)

	2012-13	2011-12
Net cash inflow from operating activities	57728.72	36397.84
Net cash outflow from investment activities	(104196.04)	(69877.02)
Net cash inflow from financing activities	50796.86	39791.81

Net Cash from Operations

NEEPCO's net cash inflow from operating activities was ₹ 57728.72 lakhs in FY 2012-13 after booking a net profit before tax of ₹ 29543.62 lakhs. The net cash from operating activities has been arrived at after adjusting the non-cash items viz. depreciation (including prior period) of ₹ 15188.87 lakhs, interest cost of ₹ 692.50 lakhs, provision for write-off of ₹ 3684.22 lakhs, rebate of ₹ 1020.21 lakhs and interest earned on investments of ₹ 3043.76 lakhs. The changes in the current assets and current liabilities impacting the



current period cash flow amounted to ₹ 16029.40 lakhs (i.e. an increase in the working capital as the net effect of an increase in inventories and decrease in receivables and trade & other payables). Income tax payment of ₹ 5520.46 lakhs was also made during the year.

Net Cash from Investing Activities

NEEPCO's net cash outflow from investing activities was ₹ 104196.04 lakhs in FY 2012-13 which includes expenditure on construction projects of ₹ 102415.33 lakhs and purchase of fixed assets of ₹ 1780.71 lakhs.

Net Cash from Financing Activities

In FY 2012-13, NEEPCO's net cash inflow from financing activities was ₹ 50796.86 lakhs. The Corporation raised funds of ₹ 69446.51 lakhs consisting of domestic term loans, PSU bonds, foreign currency borrowings, subordinate loan from Government of India and also effected loan repayment and interest payments to the tune of ₹ 7176.94 lakhs and ₹ 14316.00 lakhs respectively. During the year the Corporation paid dividend of ₹ 6848.47 lakhs out of which final dividend for 2011-12 was ₹ 4348.47 lakhs and interim dividend for 2012-13 was ₹ 2500.00 lakhs.

DISCUSSION OF BALANCE SHEET ITEMS

Financial Condition

1. Net Worth

The net worth of the Corporation excluding committed reserves as on 31st March, 2013 was ₹ 500470.37 lakhs against ₹ 478000.71 lakhs as on 31st March, 2012 representing a growth of 4.70%.

2. Non-Current Liability

(a) Long Term Borrowings

Long Term Borrowing consists of PSU Bonds raised through private placement, term loans, foreign currency borrowings and subordinate loan from the Government of India. These Loans are to be redeemed beyond 12 months from the date of Balance Sheet. The total liability against PSU Bonds as on 31st March, 2013 was ₹ 23250.00 lakhs (against the mortgage of the Corporation's property) raised for financing the Tripura Gas Based Power Project.

The total secured term loan as on 31st March, 2013 from different financial institutions was ₹ 116870.77 lakhs.

The liability against the unsecured term loan from KfW,

Germany (duly guaranteed by the Government of India) for construction of the Pare Hydro Electric Project stood at ₹ 22023.81 lakhs as on 31st March, 2013.

During the year the Corporation also received an amount of ₹ 7917.42 lakhs as Subordinate Loan from the Government of India for construction of the Tuirial Hydro Electric Project.

(b) Other Long Term Liabilities

Deferred foreign currency fluctuation liabilities -

Foreign Exchange Rate Variation on account of restatement of foreign currency borrowing recoverable from or payable to the beneficiaries as per CERC Regulation and adjusted to carrying cost of fixed assets are accounted as Deferred Foreign Currency Fluctuation Account with corresponding credit/debit to Deferred Income/Expenditure from Foreign Currency Fluctuation Account.

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

Deferred foreign currency fluctuation liability accounted as on 31st March, 2013 was ₹ 248.33 lakhs.

(c) Long Term Provisions

Long Term Provisions as of 31st March, 2013 mainly includes Provision for Employee Benefits (Gratuity ₹ 11757.49 lakhs, Leave Encashment ₹ 7070.02 lakhs and Post Retirement Medical Benefits ₹ 299.90 lakhs) which are expected to be settled beyond 12 months from the date of Balance Sheet. There was an increase in the Provision for Employee Benefits by 11.06 % in FY 2012-13.

3. Current Liabilities

(a) Trade Payables

Trade Payables includes the amount due on account of goods purchased or services received in the normal course of business. The trade payables as on 31st March, 2013 were ₹ 13772.90 lakhs as compared to ₹ 9273.73 lakhs as on 31st March, 2012.

(b) Other Current Liabilities

These include current maturity of long term debts, term loans from Financial Institutions, interest accrued but not due on the outstanding loans and bonds and other liabilities like creditors for Capital expenditure, pension, wealth tax,



etc. which are to be redeemed within 12 months from the date of Balance Sheet. Other Current Liabilities as on 31st March 2013 were ₹ 46172.84 lakhs as compared to ₹ 37359.18 lakhs as on 31st March, 2012. The increase in Current Liabilities by 23.59 % is primarily on account of the increase in the creditors for Capital Expenditure.

(c) Short Term Provisions

Short Term Provisions as on 31st March, 2013 was ₹ 11819.14 lakhs as compared to ₹ 10425.07 lakhs in the previous FY. These provisions include Provision for Employee Benefits (Gratuity ₹ 365.95 lakhs, Leave Encashment ₹ 432.11 lakhs and Post Retirement Medical Benefits ₹ 28.04 lakhs, Guarantee fees of ₹ 100.00 lakhs, Dividend payable of ₹ 4769.03 lakhs, Dividend Tax of ₹ 810.50 lakhs and Current Tax of ₹ 5313.51 lakhs) which are expected to be settled within 12 months from the date of Balance Sheet. Increase in Short Term Provisions during FY 2012-13 is mainly due to increase in Dividend, Dividend tax and Current Tax.

ASSETS

1. Non Current Assets

(a) Net Fixed Assets

NEEPCO's net Fixed Assets as on 31st March, 2013 stood at ₹ 578397.59 lakhs (comprising Tangible Assets after depreciation of ₹ 225319.74 lakhs, Intangible Assets after depreciation of ₹ 19.43 lakhs and Capital Work in Progress of ₹ 353058.42 lakhs). The Tangible Assets consist of land, dams, tunnels, buildings including power house buildings, plant and machinery, office equipment, computers and Intangible Assets consist of Computer Software.

(b) Non Current Investment

Investments in Power Bonds

Investments are intended for a long term and carried at cost. Power Bonds received pursuant to the one-time settlement/securitization scheme have been accounted for as investments. As on 31st March, 2013 and 31st March, 2012, these investments amounted to ₹ 19098.12 lakhs and ₹ 28647.18 lakhs respectively. The decrease in Power Bonds is due to annual redemption of the bonds.

(c) Long Term Loans and Advances

Advance to contractors which is capital in nature (both secured and unsecured, considered good) after adjustment of doubtful debts as on 31st March, 2013 was ₹ 24832.64 lakhs as compared to the previous year's capital advance of

₹ 27489.99 lakhs.

The Advance towards Land as on 31st March, 2013 against Turrial HEP, Pare HEP etc. was ₹ 3731.82 lakhs.

(d) Other Non Current Assets

Other non-current assets which are expected to be settled beyond 12 months from the Balance Sheet date as on 31st March, 2013 amounted to ₹ 740.04 lakhs as against ₹ 1572.29 lakhs during the previous year. These include advance Tax and advance to staff.

2. Current Assets

(a) Current Investments

The Power Bonds which are due to be redeemed within 12 months from the Balance Sheet date and valued at ₹ 9549.06 lakhs have been shown under this head.

(b) Inventories

Inventories are valued at cost, determined on weighted average basis or net realizable value whichever is lower. Physical verification of inventories is done by the management once in a year. Inventories were valued at ₹ 13416.42 lakhs and ₹ 12397.81 lakhs as on 31st March, 2013 and 31st March, 2012 respectively.

(c) Trade Receivables

Trade Receivables consist primarily of receivables relating to sale of energy. The Trade Receivables as on 31st March, 2013 were ₹ 74493.45 lakhs as compared to ₹ 70676.93 lakhs as on 31st March, 2012. There was a significant increase in Trade Receivables by 5.40% in FY 2012-13 because of non-payment of arrear bills arising from the finalization of tariff orders during the year as well as current energy bills by the beneficiaries.

(d) Cash and Cash Equivalent

NEEPCO's Cash and Cash Equivalent consists of cash surplus as on the Balance Sheet date in Bank, Cash in hand and Short Term Deposits. As on 31st March, 2013 and 31st March, 2012, the Cash and Cash Equivalent of the Corporation was ₹ 40105.57 lakhs and ₹ 35776.03 lakhs respectively.

(e) Short Term Loans and Advances

NEEPCO's short term loans and advances as of 31st March, 2013 after providing for bad and doubtful debts was ₹ 2923.12 lakhs and ₹ 4858.03 lakhs as on 31st March 2012.



Short Term Loans and Advances include interest accrued on Power Bond, Short Term Deposits, Advance to suppliers & contractors and Accounts Receivables.

(f) Other Current Assets

Other Current Assets mainly consist of advance tax, tax deducted at source, prepaid expenses and unamortized expenses, etc. NEEPCO's other current assets as on 31st March, 2013 and 31st March, 2012 were ₹ 10829.36 lakhs and ₹ 9146.88 lakhs respectively, i.e. an increase of 18.39 % mainly due to increase in payment of Advance to staff, advance tax in FY 2012-13 as compared to the previous year.

OFF-BALANCE SHEET ITEMS

Contingent Liabilities

The components of Contingent Liabilities for the FY 2012-13 and 2011-12 are as follows:

(₹ in lakhs)

	2012-13	2011-12
Claims against the Company not acknowledged as debts in respect of:		
Capital Works	75290.81	71899.47
Land Compensation cases	2748.62	-
Income Tax and Service Tax	3.92	29.34
Others	965.39	1425.29
Total	79008.74	73354.10

HUMAN RESOURCES & HRD

As on 31st March, 2013 the organization has 2687 employees including 4 members in the board of Directors. Out of these, 901 are Executives, 429 are in Supervisory Cadre and 1357 are Workmen cadre employees.

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

During the year 2012-13, a total of 1376 employees covering a total of 16670 man days i.e. 5.87 man-days per employee

of training were given to enhance competency levels in their job besides enabling them to sharpen their skills and broaden their knowledge in work life sphere through various in-house programmes organised at HRD Centre & project sites, external programmes organised by various reputed training agencies in the country.

During the year, a total of 21 executives were nominated to attain overseas training programmes, 349 employees to external training programmes to various training institutes of repute within the country and 1006 employees in in-house programmes organised at HRD centre, Shillong and at various power plants & projects.

Internationally recognized Internet based online Certification course on Project Management are also provided to our Executives to master them on Project Management skills on all stages of Project Management. We are proud to say that we have so far 91 CIPM, 14 IPMA Level-D and 15 IPMA Level C Certified Project Managers honoured by International Project Management Associates, Zurich out of a total of only 90 IPMA Level C certified project managers in India.

Overall rating in HRD parameter in the MoU with MoP during the year is expected to be Excellent, thus maintaining its sustained excellent performance during the last 7 years.

Throughout the year, industrial relations remain cordial. Meeting and discussions between Unions /Associations and Management were carried out on various issues concerning improvement of work-life of employees, progress on works of the organizations. Suggestions generated out of the discussions were carried out in a practical manner. There were zero man days lost, no strike or lockout during the year. Responsibility:

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

During the last financial year (2012-13) a total sum of ₹ 4.35 Crore only has been spent on various CSR-CD activities.



PART I: Balance Sheet as at 31st March, 2013

(₹ in lakhs)

Particulars	Note No	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share Capital	3	331464.04	329223.04
(b) Reserve and Surplus	4	168327.03	149011.33
2) Share application money pending allotment	5	810.50	0.50
3) Non-Current liabilities			
a) Long Term Borrowings	6	186375.00	122368.96
b) Deferred Tax Liabilities		52716.31	55534.81
Less: Deferred Tax Recoverable		<u>52716.31</u>	<u>55534.81</u>
Deferred Tax (Net)		–	–
c) Other Long term Liabilities	7	248.33	269.07
d) Long Term provisions :	8	19127.41	17222.52
4) Current liabilities			
a) Short Term borrowings		–	–
b) Trade Payables	9	13772.90	9273.73
c) Other Current Liabilities	10	46172.84	37359.18
d) Short term Provisions :	11	11819.14	10425.07
TOTAL		778117.19	675153.40
II. ASSETS			
Non-Current Assets			
1) (a) Fixed Assets			
(i) Tangible Assets	12	225319.74	235856.04
(ii) Intangible Assets	13	19.43	38.68
(iii) Capital work -in-progress	14	353058.42	236927.27
(b) Non-Current Investments	15	19098.12	28647.18
(c) Long Term Loans and Advances	16	28564.46	29707.20
(d) Other Non-Current Assets	17	740.04	1572.29
2) Current assets			
(a) Current Investments	18	9549.06	9549.06
(b) Inventories	19	13416.42	12397.81
(c) Trade Receivables	20	74493.45	70676.93
(d) Cash and Cash Equivalent	21	40105.57	35776.03
(e) Short Term Loans and Advances	22	2923.12	4858.03
(f) Other current assets	23	10829.36	9146.88
TOTAL		778117.19	675153.40
Corporate information	1		
Summary of significant accounting policies	2		

The accompanying notes 1 to 67 form integral part of the financial statements.

For and on behalf of the Board of Directors

In terms of our report of even date
For **M/S Nundi & Associates**
Chartered Accountants
F.R.N.309090E

Date : 11-06-13
Place : Guwahati

C. Sharma
Company Secretary

A. G. West Kharkongor
Director (Finance)

P. C. Pankaj
Chairman &
Managing Director

S. Nandi
Partner
Membership No. 059828



PART II: Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in lakhs)

Particulars		Note No.	For the year ended 31 st March, 2013	For the Year ended 31 st March, 2012
I.	Revenue from operations	24	132524.48	119766.78
II.	Other income	25	6715.86	7205.42
III.	Total Revenue (I+II)		139240.34	126972.20
IV.	Expenses :			
	Cost of materials consumed	26	46737.87	43242.80
	Employee benefits expense	27	18528.96	19334.14
	Finance Costs	28	694.41	885.29
	Depreciation	29	15188.87	15107.38
	Generation & Administration Expense	30	23709.61	18315.04
	Other expenses	31	5597.71	3448.62
	Prior Period Adjustment	32	(760.71)	211.14
	Total Expenses		109696.72	100544.41
V.	Profit before tax (III-IV)		29543.62	26427.79
VI.	Tax expense :			
	(1) Current tax		10886.61	7808.03
	Less: Mat Credit Adjustment		<u>5573.10</u>	<u>3291.81</u>
	Net Current Tax		5313.51	4516.22
	(2) Deferred tax		(2818.50)	(2635.17)
	Less: Deferred Tax Recoverable		<u>(2818.50)</u>	<u>(2635.17)</u>
	Profit for the period (V-VI)		24230.11	21911.57
VII	Earnings per equity Share:			
VIII	(1) Basic (₹)		0.72	0.67
	(2) Diluted (₹)		0.72	0.67

The accompanying notes 1 to 67 form integral part of the financial statements.

For and on behalf of the Board of Directors

In terms of our report of even date
For **M/S Nundi & Associates**
Chartered Accountants
F.R.N.309090E

Date : 11-06-13
Place : Guwahati

C. Sharma
Company Secretary

A. G. West Kharkongor
Director (Finance)

P. C. Pankaj
Chairman &
Managing Director

S. Nandi
Partner
Membership No. 059828



Consolidated Cash Flow Statement for the year 31st March, 2013

(₹ in lakhs)

	2012-13		2011-12	
A) Cash Flow From Operating Activities:				
Net Profit before Tax		29543.62		26427.79
ADD:				
Depreciation	15188.87		15139.09	
Interest	692.50		883.14	
Provision for Rebate/Incentive	1020.21		1182.89	
Interest on Income Tax	57.98		-	
Provision for Write off	3684.22		1111.31	
DRE Amortized	102.46	20746.24	200.05	18516.48
LESS:				
Non cash receipts, if any				
Intt. Power Bond	3043.76		3855.43	
Grant-in -Aid	26.32	3070.08	87.40	3942.83
Cash Flow From Operating Activities before working capital adjustments:		47219.78		41001.44
Working Capital Changes:				
(Increase)/ Decrease in Inventories	(1018.61)		(2063.97)	
(Increase)/ Decrease in receivables	7894.11		2629.89	
Increase/(Decrease) in trade & other payables	9153.90	16029.40	(1412.76)	(846.84)
Cash Flow From Operating Activities before taxes:		63249.19		40154.60
Income Tax Paid		(5520.46)		(3756.76)
Net Cash Flow From Operating Activities :		57728.72		36397.84
B) Cash Flow From Investing Activities :				
Purchase of fixed assets	(1780.71)		(594.28)	
Expenditure on construction projects	(102415.33)		(69282.74)	
Net Cash Flow From Investing Activities :		(104196.04)		(69877.02)
C) Cash Flow From Financing Activities :				
Proceeds from issue of share capital (Including pending allotment and grant in aid)	6648.00		-	
Dividend paid	(6848.47)		(7472.00)	
Proceeds from borrowings	69446.51		49763.93	
Repayment of Borrowings	(7176.94)		(5743.82)	
Interest paid	(14316.00)		(611.73)	
Interest received	3043.76		3855.43	
		50796.86		39791.80
D) Net increase/(decrease) in Cash and Cash Equivalents		4329.54		6312.63
E) Cash and Cash Equivalents - Opening	Note 1 (a)	35776.03		29463.40
F) Cash and Cash Equivalents - Closing	Note 1 (b)	40105.57		35776.03

**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:

	(₹ in lakhs)	
	<u>2013</u>	<u>2012</u>
(a) Cash and Cash Equivalents as at 31st March: Opening		
i) Cash, Stamps & Imprest in hand	4.99	11.36
ii) Cheques, drafts in hand	16313.00	-
iii) Balance with Banks	14770.00	21955.64
With Scheduled Banks (Deposits with maturity less than 3 months)		
Other Bank Balances		
i) Balance with Banks	4583.87	7496.40
With Scheduled Banks (Deposits with maturity more than 3 months but less than 12 months)		
ii) Balance with Bank as Margin Money	<u>104.17</u>	-
Total	<u>35776.03</u>	<u>29463.40</u>
(b) Cash and Cash Equivalents as at 31st March: Closing		
i) Cash, Stamps & Imprest in hand	6.24	4.99
ii) Cheques, drafts in hand	-	16313.00
iii) Balance with Banks	35120.00	14770.00
With Scheduled Banks (Deposits with maturity less than 3 months)		
Other Bank Balances		
i) Balance with Banks	4804.83	4583.87
With Scheduled Banks (Deposits with maturity more than 3 months but less than 12 months)		
ii) Balance with Bank as Margin Money	<u>174.50</u>	<u>104.17</u>
Total	<u>40105.57</u>	<u>35776.03</u>

2. The Cash Flow Statement is prepared in accordance with the format included in Accounting Standard 3.

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

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

S. Nandi
Partner
Membership No.059828

Date : 11-06-2013
Place: Guwahati



Notes to financial statements for the year ended 31st March, 2013

1. Corporate information

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

2. Summary of Significant Accounting Policies

a. ACCOUNTING CONVENTIONS

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

b. FIXED ASSETS

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

c. CAPITAL WORK IN PROGRESS

- c1. Administrative and other General Overhead expenses attributable to Construction of Fixed Assets are identified and allocated on a systematic basis to Construction Projects.



- c2. Common Expenditure of an Operating Project and its extension is being apportioned on the basis of the cost as provided in the approved Project Cost estimate.
- c3. Common expenditure of a project, which is partially in operation and partially under construction, is being apportioned on the basis of the installed capacity.
- c4. Incidental expenditure during construction including depreciation and interest are allocated / apportioned to the project/works forming part of work-in-progress on the basis of accretion thereto during the year.
- c5. Interest during construction is calculated as per approved pattern of financing by Government of India with reference to approved cost estimate of the Project. Interest during construction is also capitalized in the same approved pattern. Final adjustment is made on the basis of approved completion cost of the Project.

d. DEPRECIATION

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

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

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

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

- (b) IT Equipments are being depreciated @30%, being the rate assessed by the Corporation based on useful life of the Asset.
- d2. Assets procured/installed, whose individual cost is ₹ 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.
- d3. 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.
- d4. Intangible Assets' are amortized on straight line method over a period of legal right to use or three years, whichever is earlier.
- d5. The depreciation as a result of the foreign exchange gain/loss adjusted to the assets is charged prospectively as per Accounting Standard 11 issued by the Institute of Chartered Accountants of India.

e. INVENTORY

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

- e1. Value of scrap is adjusted in the account as and when sold.



e2. Depreciation on Capitalized Machinery Spare shall be charged prospectively at the same rate at which main asset would be depreciated till completion of 12 years and thereafter depreciable value of such machinery spares would be spread over to the balance useful life of the main asset keeping 10% as residual value .

e3. Physical verification of Inventory are done by the management once in a year.

f. GRANT- IN-AID

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

f2. Grant-in-aid received from the Central Govt. for procurement of spares are treated initially as reserve and subsequently adjusted as other income to the extent of utilisation of such spares.

g. INVESTMENT

Investment are intended for long term and carried at cost.

h. BORROWING COST

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

i. RETIREMENT BENEFIT

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

j. DEFERRED REVENUE EXPENDITURE

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

k. REVENUE RECOGNITION

k1. Sale of energy is accounted for based on tariff approved by the Central Electricity Regulatory Commission. In case of power stations where final 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.

k2. The incentives/disincentives are recognized based on norms notified/approved by the Central Electricity Regulatory Commission. In case of power station where tariffs have not been notified, incentives/disincentives are accounted for on provisional basis.

k3. Interest on Debt on account of sale of power (post securitization) is accounted for on cash basis.

k4. Interest on amount involved in consequent securitization of sundry debtors duly confirmed by all the States is accounted for on accrual basis.

k5. Reimbursement of Income Tax and CERC filing fee by the beneficiaries in terms of CERC regulations are being accounted for on cash basis.



I. FOREIGN EXCHANGE FLUCTUATION

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

m. MISCELLANEOUS

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

n. WRITE OFF

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



3. Share Capital

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
AUTHORISED CAPITAL		
5,00,00,00,000 nos. of equity shares of ₹ 10/- each (Previous year 5,00,00,00,000 nos. of equity shares of ₹ 10/- each)	500000.00	500000.00
ISSUED, SUBSCRIBED AND PAID -UP CAPITAL		
3,31,46,40,400 nos. of equity shares of ₹ 10/- each (Previous year 3,29,22,30,400 nos. of equity shares of ₹ 10/- each)	331464.04	329223.04

a. Reconciliation of Number of Shares & Share Capital outstanding

Particulars	As at 31 st March, 2013			As at 31 st March, 2012		
	No. of Shares	Per value per share (₹)	Amount (₹)	No. of Shares	Per value per share (₹)	Amount (₹)
Opening Balance	3292230400	10/-	32922304000	3231930400	10/-	32319304000
Add: Shares issued during the year	22410000	10/-	224100000	60300000	10/-	603000000
Less: Reduction in shares / share Capital	Nil		Nil	Nil		Nil
Closing balance	3314640400	10/-	33146404000	3292230400	10/-	32922304000

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

Particulars	As at 31 st March, 2013			As at 31 st March, 2012		
	No. of Shares	Par value per share (₹)	Amount (₹)	No. of Shares	Par value per share (₹)	Amount (₹)
President of India	3314639900	10/-	33146399000	3292229800	10/-	32922298000

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

4. Reserves & Surplus

(₹ in lakhs)

	Capital Reserve	Bond Redemption Reserve	Grant-in-Aid	General Reserve	Surplus as per Profit & Loss A/C	Total
Opening as on 01.04.2012	14.08	3150.00	1470.41	144291.68	85.16	149011.33
Addition during the year	-	531.42	3597.00	18100.00	58.76	22287.18
Adjustment during the year	-	(2860.00)	(26.32)	-	(85.16)	(2971.48)
Closing Balance as on 31.03.2013	14.08	821.42	5041.09	162391.68	58.76	168327.03



Appropriation of Profit

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Profit/(Loss) for the period	24230.11	21911.57
Add :		
(i) Balance of Profit from last year	85.16	85.33
(ii) Write back from Bond Redemption Reserve	2860.00	1255.00
Profit for the year available for appropriation	27175.27	23251.90
Less :		
(i) Transferred to Bond Redemption Reserve	531.42	547.16
(ii) Transferred to General Reserve	18100.00	15000.00
(iii) Interim Dividend	2500.00	2225.00
(iv) Proposed Final Dividend	4769.03	4348.47
(v) Dividend Tax: Interim	405.56	340.68
Proposed	<u>810.50</u>	<u>705.43</u>
	1216.06	1046.11
Balance carried over to Balance Sheet	58.76	85.16

The Company has declared dividend of ₹ 7269.03 lakhs (₹ 0.22 per share) including proposed final dividend of ₹ 4769.03 lakhs (₹ 0.14 per share) for the year 2012-13.

5. Share application money pending allotment

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Share application money pending allotment	810.50	0.50

81,00,000 numbers of fully paid up Equity Shares of ₹ 10/- each amounting to ₹ 810.00 lakhs has been allotted in the name of the President of India in the month of May, 2013.

Non-current liabilities:

6. Long term borrowings

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
I BONDS :		
(A) SECURED		
Bonds - PRIVATE PLACEMENT:		
a. Thirteenth Issue		
9.00% (Taxable), Secured, Redeemable Non-Convertible Bonds of ₹ 10,00,000.00 each, Redeemable at 20% of face value on 15 th March 2019, 15 th March 2020, 15 th March 2021, 15 th March 2022 and 15 th March 2023. (The asset value of Steam Turbine of the Assam Gas Based Power Project, Assam along with the landed property of the Corporation in the District of Mehsana, Gujarat have been identified for creation of security by way of mortgage through the Trust Deed with the appointed Trustee)	7250.00	—



(₹ in lakhs)

b. Twelfth issue		
9.25 % (Taxable), Secured, Redeemable Non-Convertible Bonds of ₹ 10,00,000.00 each, Redeemable 20% of Face value on each date on 27 th June, 2018, 27 th June 2019, 27 th June, 2020, 27 th June 2021 & 27 th June 2022 respectively. (The Assets value of Plant & Machinery in generating station of the Ranganadi Hydro Electric Project located in Arunachal Pradesh along with the landed property of the Corporation in the district of Mehsana, Gujarat have been charged by way of mortgage through a trust deed with the appointed Trustee.)	12000.00	–
c. Eleventh issue		
10.20% (Taxable), Secured, Redeemable Non-Convertible Bonds of ₹ 10,00,000.00 each, Redeemable at par on 15 th December, 2021 with a put & call option on 15 th December, 2018.(The asset value of Gas Turbine located in Assam Gas Based Power Project, Assam along with the landed property of the Corporation in the District of Mehsana, Gujarat have been charged by way of mortgage through a Trust Deed with the appointed Trustee)	4000.00	4000.00
II Term loan-Secured		
a. Loans from Power Finance Corporation Ltd.		
[secured by first charge on all movable & immovable assets created/to be created in respect of Kameng Hydro Electric Project, Arunachal Pradesh [debt Repayable in 60 equal quarterly installment w.e.f. 15.01.2014] (Save & except book stocks & book)	116122.77	88876.16
b. Loans from Life Insurance Corporation of India		
(Secured by the assets of Kopili HEP : Khandong Dam, Umrong Dam, Power House Khangdong, Khandong Penstock, Dykes -Khandong, Tunnel-Khandong, Dyke-Umrong, Power House Khandong -Electical Works (P & M)-Khandong, Tunnel Umrong, Steel Liner and Penstock-KoPH. Also secured by the assets of Doyang HEP: Residential & Non-Residential Buildings (Permanent), Road and Bridges and Diversion Tunnel.) Repayable annually & will be relinquished fully in July, 2015.	748.00	1415.34
Total Secured Loans (A)	140120.77	94291.50
III. Term Loan- Unsecured		
a. Loan from Kfw		
(Guaranteed by the Govt. Of India)	22023.81	11764.46
(Loan taken for construction of Pare Hydro Electric Project at Arunachal Pradesh) Repayable in 30 equal half yearly installments w.e.f. 30.12.2013		
b. Loans from Govt. of India		
i) Subordinate Loans from Govt. of India	24230.42	16313.00
Repayable in 15 equal annual installments starting from the 16 th year after commissioning of Tuiral Hydro Electric Project		
Total Unsecured Loans (B)	46254.23	28077.46
GRAND TOTAL (A + B)	186375.00	122368.96



7. Other Long term liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Deferred foreign currency fluctuation liabilities	248.33	269.07

Foreign Exchange Rate Variation on account of restatement of foreign currency borrowing recoverable from or payable to the beneficiaries as per CERC Regulation and adjusted to carrying cost of fixed assets are accounted as Deferred Foreign Currency Fluctuation Account with corresponding credit/debit to Deferred Income/Expenditure from Foreign Currency Fluctuation Account.

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

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

8. Long term provisions

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Provision for Employee benefits		
Gratuity	11757.49	10899.14
Leave encashment	7070.02	6028.44
Post Retirement Medical Benefit	299.90	294.94
Total	19127.41	17222.52

Current Liabilities

9. Trade payables

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Operation & Maintenance		
Micro & Small Enterprises	Nil	Nil
Others	13772.90	9273.73
Total	13772.90	9273.73



10. Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Current maturity of Long Term Debt		
I Bonds - PRIVATE PLACEMENT		
a. *SEVENTH ISSUE 2nd Tranche		
9.85% (Tax Free), Secured Non-Convertible, Redeemable bonds of ₹ 5,00,000 each, Redeemable at par on 30 th As at 31 st March, 2012 and 1 st May, 2012 with a put & call option on 30 th March, 2009 and 1 st May, 2009.	–	320.00
b. *NINTH ISSUE		
9.75% (Taxable) Secured Non-Convertible, Redeemable bonds of ₹ 10,00,000 each Redeemable at par on 31 st March, 2013 with a put & call option on 31 st March, 2008.	–	5400.00
* NOTE : Secured by mortgage of the landed property in the state of Gujarat along with fixed assets of Doyang H. E. Project Viz. Dam, Water Conductor System and Power House & Penstock.		
II Term loan-Secured		
a. 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.	2899.47	642.94
b. Loans from Life Insurance Corporation of India	667.33	814.00
Secured by the assets of Kopili HEP: Khandong Dam, Umrong Dam, Power House Khandong, Khandong Penstock, Dykes - Khandong, Tunnel-Khandong, Dyke-Umrong, Power House Khandong -Electical Works (P&M)-Khandong, Tunnel Umrong, Steel Liner and Penstock-KoPH.		
Also secured by the assets of Doyang HEP: Residential & Non-Residential Buildings (Permanent), Road and Bridges and Diversion Tunnel.		
III. Term Loan- Unsecured		
a. Loan from Kfw		
(Guaranteed by the Govt. Of India)	1873.66	–
(Loan taken for construction of Pare Hydro Electric Project at Arunachal Pradesh)		
Repayable in 30 equal half yearly installment w.e.f. 30.12.2013		
Sub Total	5440.46	7176.94



(₹ in lakhs)

IV Interest accrued but not due on:		
a) Loans from Government of India	–	402.41
b) Loans from Life Insurance Corporation of India	28.00	44.68
c) Bonds	634.41	343.07
d) Loans from Power Finance Corporation Ltd.	3019.46	2290.44
e) Loans from KfW	192.33	103.84
V. Other liabilities		
Creditors for Capital Expenditure	21461.93	11469.17
Tax deducted at source & other statutory dues	347.66	204.48
CPF, LIP, NESSS, Pension & other dues	8043.55	11858.30
Deposit, retention money from contractors & others	6984.30	3445.11
Deferred foreign currency fluctuation liabilities	20.74	20.74
Total	46172.84	37359.18

11. Short term provisions

(₹ in lakhs)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
(a) Provision for Employee benefits		
Gratuity	365.95	328.99
Leave encashment	432.11	398.39
Post Retirement Medical Benefit	28.04	27.57
(b) Others		
Guarantee fees	100.00	100.00
Proposed Dividend	4769.03	4348.47
Dividend Tax	810.50	705.43
Current Tax	5313.51	4516.22
Total	11819.14	10425.07



Non Current Assets

12. Tangible Assets

₹ In lakhs

Particulars	GROSS BLOCK			As at 31 st March 2013
	As at 1 st April, 2012	Additions during the year	Sales / Adjustments during the year	
A) ASSETS				
I. HYDRAULIC POWER PLANT, GAS PLANT & TRANSMISSION LINES :				
Building and civil engineering works containing generation plant & equipment, main plant	26742.36	0.77	–	26743.13
Hydraulic works including Dams Dykes, Reservoirs & Tunnels	164972.37	–	–	164972.37
Plant & Machinery in Generating Station	56178.80	476.90	(483.41)	56172.29
Transformer having a rating of 100 K.V. ampere and above	5400.43	169.34	(134.81)	5434.96
Sub-station equipment and other fixed apparatus	508.58	–	–	508.58
Switchgear including cable connections	12042.72	39.79	(31.50)	12051.01
Transmission Lines	708.77	–	–	708.77
Gas Turbine	90119.60	1144.10	(493.03)	90770.67
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
Total	433822.47	1830.90	(1142.75)	434510.62



₹ In lakhs

DEPRECIATION			NET BLOCK	
As at 1 st April, 2012	Depreciation for the year including adjustment	Up to 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
12627.11	794.08	13421.19	13321.94	14115.25
52240.30	8353.45	60593.75	104378.62	112732.07
20586.09	2510.77	23096.86	33075.43	35592.71
2454.16	127.13	2581.29	2853.67	2946.27
379.71	10.82	390.53	118.05	128.87
5976.72	447.89	6424.61	5626.40	6066.00
548.95	20.12	569.07	139.70	159.82
77565.15	(18.32)	77546.83	13223.84	12554.45
15511.13	–	15511.13	1494.80	1494.80
32.95	–	32.95	3.65	3.65
31772.38	1366.76	33139.14	20386.94	21753.70
1922.76	87.04	2009.80	1287.10	1374.14
1716.34	103.22	1819.56	1463.77	1566.99
223333.75	13802.96	237136.71	197373.91	210488.72



₹ In lakhs

Particulars	GROSS BLOCK			As at 31 st March, 2013
	As at 1 st April, 2012	Additions during the year	Sales / Adjustments during the year	
II GENERAL ASSETS (FOR PROJECTS UNDER OPERATION)				
Buildings	7121.95	188.74	–	7310.69
Furniture & Fixtures	485.88	11.59	0.03	497.50
Roads, Bridges, Culverts & Helipads	3347.37	–	–	3347.37
Vehicles	671.06	10.71	(11.61)	670.16
Railway Siding	10.65	–	–	10.65
Electrical Installation	843.05	–	(4.56)	838.49
Temporary Buildings/Erections	2410.53	–	(0.82)	2409.71
Hospital Equipment	13.43	–	–	13.43
Tools & Plants	3100.84	83.50	(2.01)	3182.33
Office Equipment	212.18	4.53	(1.50)	215.21
I T Equipment	431.42	54.38	0.20	486.00
Other Equipment	538.55	6.68	–	545.23
Water supply, sewerage & drainage	891.38	–	–	891.38
Plant & Machinery in Generating Station (Diesel Power House)	444.88	–	–	444.88
Communication Equipment	156.16	17.80	(2.71)	171.25
Lightning Arrestor (Pole Type Magazine Building)	139.01	–	–	139.01
Telephone Line	103.69	–	–	103.69
Fixed Assets of Minor value	3.44	10.41	–	13.85
Land & Land Rights				
Free hold	1116.94	–	–	1116.94
Lease hold	4373.69	–	–	4373.69
	26416.10	388.34	(22.98)	26781.46
TOTAL (A)	460238.57	2219.24	(1165.73)	461292.08



₹ In lakhs

DEPRECIATION			NET BLOCK	
As at 1 st April, 2012	Depreciation for the year including adjustment	Up to 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
2532.95	258.80	2791.75	4518.94	4589.00
345.15	25.25	370.40	127.10	140.73
1205.31	115.32	1320.63	2026.74	2142.06
399.98	7.19	407.17	262.99	271.08
7.31	0.20	7.51	3.14	3.34
602.23	16.98	619.21	219.28	240.82
2410.53	(0.82)	2409.71	—	—
7.81	0.60	8.41	5.02	5.62
2599.14	34.28	2633.42	548.91	501.70
163.19	5.70	168.89	46.32	48.99
383.59	18.32	401.91	84.09	47.83
353.01	24.84	377.85	167.38	185.54
284.67	41.19	325.86	565.52	606.71
386.29	1.04	387.33	57.55	58.59
117.65	2.93	120.57	50.68	38.51
117.68	0.61	118.29	20.72	21.33
88.81	2.96	91.77	11.92	14.88
3.44	10.40	13.84	0.01	-
—	—	—	1116.94	1116.94
996.49	164.55	1161.04	3212.65	3377.20
13005.23	730.34	13735.56	13045.90	13410.87
236338.98	14533.30	250872.27	210419.81	223899.59



₹ In lakhs

Particulars	GROSS BLOCK			As at 31 st March, 2013
	As at 1 st April, 2012	Additions during the year	Sales / Ajustments during the year	
B) ASSETS (FOR PROJECTS UNDER CONSTRUCTION & OTHER OFFICES)				
Building	3509.65	2505.23	–	6014.88
Furniture & Fixtures	621.25	46.19	(1.87)	665.57
Roads, Bridges, Culverts & Helipads	841.75	316.20	–	1157.95
Vehicles	129.76	12.59	(22.90)	119.45
Electrical Installations	322.63	25.38	–	348.01
Temporary Buildings/Erections	1787.57	31.67	–	1819.24
Tools & Plants	1812.72	1.18	(11.87)	1802.03
Office equipment	536.66	24.48	(5.90)	555.24
I T Equipment	1097.18	181.76	(14.66)	1264.28
Water Supply, sewerage & drainage	271.04	148.39	–	419.43
Plant & Machinery in Generating Station (Diesel Power House)	197.79	–	(25.55)	172.24
Communication Equipment	139.23	8.08	–	147.31
Plant & Machinery	1.16	–	–	1.16
Weigh Bridge	13.34	–	–	13.34
Land & Land Rights	1413.94	32.01	–	1445.95
Other Equipment	478.13	480.53	(0.21)	958.45
Hospital Equipment	10.20	1.21	–	11.41
Substation Equipment	9.53	16.67	277.82	304.02
Transformer having a rating of 100 KV & Above	14.82	–	–	14.82
Transmission Line	6350.52	32.11	(277.82)	6104.81
Fixed assets of Minor value	2.80	27.02	–	29.82
TOTAL (B)	19561.67	3890.70	(82.96)	23369.41
GRAND TOTAL (A + B)	479800.24	6109.94	(1248.69)	484661.49

NOTE NO. 13

Particulars	GROSS BLOCK			As at 31 st March, 2013
	As at 1 st April, 2012	Additions during the year	Sales / Ajustments during the year	
Intangible Assets (software)	64.13	–	–	64.13



₹ In lakhs

DEPRECIATION			NET BLOCK	
As at 1 st April, 2012	Depreciation for the year including adjustment	Up to 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
728.06	236.08	964.14	5050.74	2781.59
351.75	30.07	381.82	283.75	269.50
72.93	60.04	132.97	1024.98	768.82
56.02	(9.06)	46.96	72.49	73.74
201.06	11.49	212.55	135.46	121.57
1780.96	22.40	1803.36	15.88	6.61
1133.87	30.63	1164.50	637.53	678.85
363.27	11.49	374.76	180.48	173.39
845.33	87.71	933.04	331.24	251.85
47.80	14.09	61.89	357.54	223.24
141.35	(19.89)	121.46	50.78	56.44
76.97	5.42	82.39	64.92	62.26
1.04	–	1.04	0.12	0.12
6.76	0.70	7.46	5.88	6.58
–	–	–	1445.95	1413.94
252.21	15.57	267.78	690.67	225.92
2.26	0.56	2.82	8.59	7.94
0.25	29.01	29.26	274.76	9.28
12.16	0.27	12.43	2.39	2.66
1528.40	310.83	1839.23	4265.58	4822.12
2.77	26.85	29.62	0.20	0.03
7605.22	864.26	8469.48	14899.93	11956.45
243944.20	15397.56	259341.75	225319.74	235856.04

DEPRECIATION			NET BLOCK	
As at 1 st April, 2012	Depreciation for the year including adjustment	Up to 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
25.45	19.25	44.70	19.43	38.68



Non Current Assets

14. Capital Work in Progress

₹ In lakhs

Particulars	As at 1 st April, 2012	Additions during the year	Adjustments during the year	Capitalized during the year	As at 31 st March, 2013
Building	2441.88	989.99	161.57	(2417.45)	1175.99
Temporary Buildings / Erections	197.99	48.61	15.02	(163.81)	97.81
Roads, Bridges, Culverts & Helipads	20695.75	1832.33	62.21	(327.76)	22262.53
Electrical Installation	52.14	6.71	0.02	(0.11)	58.76
Water Supply, Sewerage & Drainage	72.42	124.66	1.26	(1.25)	197.09
Hydraulic works including Dams, Dykes etc.	91178.02	29537.75	(242.11)	–	120473.66
Other Civil works	298.73	240.53	(84.09)	(58.17)	397.00
Power house	11944.56	9303.09	(407.14)	–	20840.51
Switch Yard including cable connection	4186.44	4362.58	(8.59)	–	8540.43
Environment & Ecology	2243.45	2758.81	–	–	5002.26
Transmission Lines	290.37	230.27	10.63	(10.63)	520.64
Transformer having a rating of 100KV ampere and above	1807.08	195.22	–	–	2002.30
Survey & Investigation	6531.19	20.80	–	–	6551.99
Provision for S & I Units	(2919.97)	–	(2754.21)	–	(5674.18)
Substation	389.74	108.19	16.67	(16.67)	497.93
Plant, etc. in Generating station	5413.28	35272.98	501.55	–	41187.81
Plant, etc. in Generating Station (In Transit)	–	4239.19	–	–	4239.19
Incidental Expenditure during Construction	92104.20	33694.44	(1004.63)	(107.31)	124686.70
TOTAL	236927.27	122966.15	(3731.84)	(3103.16)	353058.42



Non Current investment

15. Investment in Power Bond

₹ In lakhs

Particulars	Number of Bonds / securities	Face Value per bond	As at 31 st March, 2013	As at 31 st March, 2012
	Current year (Previous year)	Current year (Previous year)		
Investment in Power Bond (Un-quoted)				
8.5% Tax free State Govt. Bonds of the Government of:				
Arunachal Pradesh	35760 (53640)	1000 (1000)	357.60	536.40
Assam	1276540 (1914810)	1000 (1000)	12765.40	19148.10
Manipur	250788 (376182)	1000 (1000)	2507.88	3761.82
Meghalaya	26052 (39078)	1000 (1000)	260.52	390.78
Mizoram	84672 (127008)	1000 (1000)	846.72	1270.08
Nagaland	116140 (174210)	1000 (1000)	1161.40	1742.10
Tripura	119860 (179790)	1000 (1000)	1198.60	1797.90
Total			19098.12	28647.18

16. Long Term Loans & Advances

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Capital advances		
i. Secured, considered good	–	–
ii. Unsecured, considered good	24832.64	27489.99
iii. Unsecured, considered bad	28.00	28.00
Less: Provision against Bad & Doubtful debts	<u>28.00</u>	<u>28.00</u>
Advance towards Land	3731.82	2217.21
Total	28564.46	29707.20



17. Other non-current assets

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Advance Tax	684.84	1261.94
Advance to staff	55.20	290.82
Un-amortized expenses (Deferred Revenue Expenditure)	–	19.53
Total	740.04	1572.29

Current Assets

18. Current Investment

₹ In lakhs

Particulars	Number of Bonds / securities	Face Value per bond	As at 31 st March, 2013	As at 31 st March, 2012
	Current year (Previous year)	Current year (Previous year)		
Investment in Power Bond (Un-quoted)				
8.5% Tax free State Govt. Bonds of the Government of:				
Arunachal Pradesh	17880 (17880)	1000 (1000)	178.80	178.80
Assam	638270 (638270)	1000 (1000)	6382.70	6382.70
Manipur	125394 (125394)	1000 (1000)	1253.94	1253.94
Meghalaya	13026 (13026)	1000 (1000)	130.26	130.26
Mizoram	42336 (42336)	1000 (1000)	423.36	423.36
Nagaland	58070 (58070)	1000 (1000)	580.70	580.70
Tripura	59930 (59930)	1000 (1000)	599.30	599.30
Total			9549.06	9549.06



19. Inventories

₹ In lakhs

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
General Stores	1157.23		1082.07	
Goods in Transit	<u>2.40</u>		<u>16.74</u>	
	1159.63		1098.81	
Less : Provision for loss of stock	<u>15.23</u>	1144.40	<u>10.02</u>	1088.79
Operational stores				
a) Components, spare-parts and other spares	10304.36		9439.79	
b) Consumable stores	229.60		221.49	
c) Stores & spares against Grant- in- aid	1502.77		1529.09	
d) Goods in Transit	<u>389.71</u>		<u>252.52</u>	
	12426.44		11442.89	
Less: Provision for non-moving stock	154.42	12272.02	133.87	11309.02
Total		13416.42		12397.81

20. Trade Receivables

₹ In lakhs

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
Unsecured, considered good :				
Trade receivables outstanding for a period exceeding 6 months from the date they are due for payment		37435.72		4919.09
Other Debts		37057.73		65757.84
Total		74493.45		70676.93

21. Cash & Bank Balances

₹ In lakhs

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
A. Cash & Cash Equivalents				
i) Cash, Stamps & imprest on hand		6.24		4.99
ii) Cheques, drafts on hand		—		16313.00
iii) Balances with Banks				
- With Scheduled Banks (Deposits with maturity less than 3 months)		35120.00		14770.00
B. Other bank balances				
i) Balances with Banks				
- With Scheduled Banks (Deposits with maturity more than 3 months but less than 12 months)		4804.83		4583.87
ii) Balance with Bank as Margin Money		174.50		104.17
Total		40105.57		35776.03



22. Short term Loans & Advances

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Unsecured , considered good :		
Advances recoverable in cash or in kind ::		
Advance to Suppliers & Contractors	679.76	1079.08
Less : Provision for bad & doubtful debts	<u>58.07</u>	<u>55.87</u>
	621.69	1023.21
Accounts receivables	2301.43	3834.82
Total	2923.12	4858.03

23. Other Current Assets

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Interest accrued on STDR, Power Bonds etc.	3437.20	3400.67
Advance to staff	608.77	33.51
Un-amortized expenses (Deferred Revenue Expenditure)	117.12	200.05
Deposits with other authorities	56.91	51.99
Advance tax	3547.06	2927.97
Tax deducted at source	2285.73	2046.89
Deferred Foreign Currency Fluctuation Assets	27.12	31.15
Prepaid expenses	503.46	454.65
Asset Held for sale	245.99	-
Total	10829.36	9146.88

24. Revenue from Operation

- The Central Electricity Regulatory Commission (CERC) 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 and accordingly the tariff notifications for all the power stations were issued. Consequent to the finalization of tariff vide notification dt. 24th December, 2012 for Doyang Hydro Electric Project an amount of ₹ 7487.42 lakhs has been included in Sales related to the financial years 2009-10 to 2011-12.
- Sales have been adjusted by ₹ 3768.25 lakhs due to filing of revised petition for three power stations namely Kopili Hydro Electric Project, Khandong Hydro Electric Project and Assam Gas Based Power Project. Based on actual capital expenditure incurred on the basis of actual additional capital expenditure incurred during the financial years 2009 -10 to 2011-12 and projected capital expenditure for the financial year 2012-13 and 2013-14.
- Sales includes an amount of ₹ 216.40 lakhs (Previous year ₹182.13 lakhs) as the cost of internal consumption of electricity.
- Thus the total Sales for the year ended 31.03.2013 amounts to ₹ 132524.48 lakhs.



25. Other Income

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Misc receipts	492.16	657.67
FERV Recoverable/Payable (Net)	20.74	20.74
Interest on investment (State Govt. Bonds)	3043.76	3855.43
Reimbursement of MAT	–	52.39
Profit on Sale of Assets	0.12	0.02
Interest on delayed Payment on Sale of Power	3132.76	2531.77
Other income (Grant-in-aid) (Ref Note no-58)	26.32	87.40
Total	6715.86	7205.42

26. Cost of Material Consumed

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Purchase of Gas	45567.33	41441.97
Transportation charges of gas	1170.54	1800.83
Total	46737.87	43242.80

27. Employees Remuneration & Benefits

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Salary, Wages	15635.90	11843.79
Contribution to Provident Fund	1039.28	1454.58
Provision for Gratuity	1045.43	1742.50
Provision for Employees Pension	762.38	4280.86
Staff welfare expenses	45.97	12.41
Total	18528.96	19334.14

28. Finance Costs

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A. Interest Expenses		
i) Loans from Life Insurance Corporation of India	156.44	239.00
ii) Bonds	526.50	526.50
iii) Loan from Power Finance Corporation Ltd	9.56	117.64
B. Other Borrowing Costs	1.91	2.15
Total	694.41	885.29



29. Depreciation

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

Accordingly depreciation of ₹ 15188.87 lakhs has been calculated & charged to Profit & Loss Account. Details of Depreciation is shown below :

₹ in lakhs

Particulars	Operation & Maintenance	Construction and Office	Total
Total (as per notes 12 & 13)	14533.30	883.51	15416.81
Less :			
PPA Note no 32	4.56	–	4.56
PPA Note no 34	–	1.09	1.09
PPA Note no 35	–	48.50	48.50
Depreciation	14528.74	833.92	15362.66
Depreciation from Note No 60	660.13	24.81	684.94
Total (excluding PPA)	15188.87	858.73	16047.60

30. Generation & Administration Expenses

₹ In lakhs

Particulars	NOTE NO	As at 31 st March, 2013	As at 31 st March, 2012
GENERATION EXPENSES			
Repairs & maintenance :			
a) Roads & buildings		585.19	674.27
b) Power house		7763.36	4291.86
c) Hydraulic works		120.92	156.63
d) Line & sub-stations		40.14	32.41
e) Others		219.39	196.67
f) Stores & spares (against Grant-in-Aid)		26.32	87.40
		8755.32	5439.24
ADMINISTRATION EXPENSES			
1. Travelling expenses		119.99	134.76
2. Advertisement expenses		38.86	44.14
3. Insurance charges		626.14	365.57
4. Rents		2.22	1.71
5. Rates & taxes		32.12	10.45
6. Entertainment expenses		0.94	0.84
7. General expenses	33	5141.37	5232.74
8. Publicity expenses		8.21	6.55
9. Legal charges		2.92	1.81
10. Filing fees to CERC		69.65	23.37
11. NERLDC Fees & Charges		822.95	733.74
12. Wealth Tax		2.39	2.48
13. Research & Development Expenses		132.73	40.76
14. Sustainable Development		68.95	43.29
15. Corporate Social Responsibility		435.75	308.38
16. Share of General establishment	37	7449.10	5925.21
Total		23709.61	18315.04



31. Other expenses

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Purchase of Power	348.66	273.67
Lubricants , oil etc.	155.08	167.20
Electricity Duty	19.26	14.22
U I Charge	267.82	499.28
Write off	3684.22	1111.31
Deferred Revenue Expenditure written off	102.46	200.05
Rebate to customers	1020.21	1182.89
Total	5597.71	3448.62

32. Prior Period Adjustment (Operation & Maintenance)

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A) Income :		
Depreciation	—	8.48
Security Expenses	—	61.00
Consultancy Fee	—	1.53
Repair & Maintenance Power House	181.71	—
Plant & Machinery in Generating Station	138.37	—
Interest on arrear bill	354.51	—
Rebate	65.65	—
Repair & Maintenance – others	58.04	—
NERLDC charges	57.01	—
Others	0.97	9.53
Total Income	856.26	80.54
B) Expenditure :		
Depreciation	4.56	40.19
Repair & Maintenance	90.99	3.28
Miscellaneous Expenses	—	0.25
Rates & Taxes	—	25.00
Maintenance of Road & Building	—	2.97
Leasehold Land Rent	—	10.09
Purchase of Gas	—	209.90
Total Expenditure	95.55	291.68
Net Expenditure/ (Income)	(760.71)	211.14



33. General Expenses

For the year ended 31st March :

(₹ in lakhs)

Particulars	Operation & Maintenance		General Administration		Project (Under Construction)		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Leave encashment	966.95	1775.85	490.70	–	574.65	840.18	2032.30	2616.03
Transport expenses	472.04	436.92	189.28	205.76	501.48	418.91	1162.80	1061.59
Printing & stationery	23.84	27.80	58.92	65.21	25.70	21.73	108.46	114.74
Postage & telegram	1.34	1.58	5.50	3.53	3.52	2.76	10.36	7.87
Medical expenses	444.87	443.39	238.27	207.59	329.70	292.44	1012.84	943.42
License & registration	4.95	4.62	1.27	1.27	6.29	27.03	12.51	32.92
Paper & periodicals	0.30	1.08	4.26	2.37	0.21	2.18	4.77	5.63
Uniforms & liveries	3.98	11.32	0.96	26.79	2.96	0.95	7.90	39.06
Honorarium	–	0.60	0.71	0.08	–	–	0.71	0.68
Electric & water charges	216.40	182.91	47.81	38.58	545.63	135.80	809.84	357.29
Bank charges	65.94	9.96	1.08	0.50	2.11	2.29	69.13	12.75
Social welfare	633.20	500.37	100.80	55.92	87.73	54.92	821.73	611.21
Consultancy charges	2.10	2.84	10.12	8.50	74.55	243.78	86.77	255.12
Security arrangement	1817.52	1679.28	92.95	90.77	386.41	303.95	2296.88	2074.00
Training expenses	221.13	13.57	–	20.06	–	9.72	221.13	43.35
Staff recruitment expenses	0.21	–	–	–	0.05	–	0.26	–
Hospital facilities	6.24	4.33	–	–	5.91	2.81	12.15	7.14
Subscription & membership fees	0.02	0.15	57.25	14.22	–	–	57.27	14.37
Communication expenses	19.72	30.22	202.71	206.42	20.80	33.96	243.23	270.60
Office furnishing	0.19	1.17	14.62	33.04	9.55	3.39	24.36	37.60
Miscellaneous expenses	37.16	33.22	106.10	110.62	81.96	118.02	225.22	261.86
I. B. expenses	26.02	27.88	20.45	14.74	65.49	54.74	111.96	97.36
Laboratory & meter testing charges	0.06	0.53	–	0.06	3.44	3.30	3.50	3.89
Photographic records	0.01	0.13	0.66	0.47	0.23	–	0.90	0.60
Loss of Stock/Advance written off	86.35	2.77	–	1.17	7.32	1.43	93.67	5.37
I T Expenses	35.88	22.25	42.24	42.72	41.15	24.25	119.27	89.22
Loss on sale of fixed Assets	4.62	–	2.66	0.34	7.29	5.04	14.57	5.38
Compensation	50.33	18.00	–	–	20.00	–	70.33	18.00
Total	5141.37	5232.74	1689.32	1150.73	2804.13	2603.58	9634.82	8987.05



34. Prior Period Adjustment in respect of General Administration

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A) Income :		
Depreciation	0.23	0.29
Total Income	0.23	0.29
B) Expenditure :		
Rent	0.00	14.19
Repairs & Maintenance	0.00	22.34
Interest on STDR	4.29	0.00
Interest on Income Tax	57.38	–
Others	1.32	0.49
Total Expenditure	62.99	37.02
Net Expenditure/ (Income)	62.76	36.73

35. Prior Period Adjustment in respect of Projects under construction

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Expenditure :		
Depreciation	48.50	229.27
Consultancy	1.14	–
Repair & Maintenance	0.61	–
Total Expenditure	50.25	229.27
Net Expenditure/ (Income)	50.25	229.27

36. Payment to Auditors

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Audit fees	7.87	3.93
Tax audit fees	0.56	0.59
Cost Audit Fees	1.01	1.01
Other expenses	8.09	6.91
Total	17.53	12.44



37. Incidental Expenditure of Corporate Office

₹ In lakhs

Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
General Administration			
Employees remuneration & benefits		7311.62	5715.64
Travelling expenses		207.33	182.22
Rent		49.70	45.23
Rates & taxes		3.18	8.34
General expenses	33	1689.32	1150.73
Repairs & maintenance		99.11	92.78
Audit fees & expenses	36	17.53	12.44
Legal expenses		36.49	25.50
Insurance charges		21.20	19.54
Entertainment expenses		0.20	0.26
Advertisement expenses		59.53	31.05
Publicity expenses		142.32	95.91
Board meeting expenses		28.06	2.88
Depreciation		185.81	186.19
Wealth tax		0.25	0.29
Prior period adjustment (Net)	34	<u>62.76</u>	<u>36.73</u>
		9914.41	7605.73
Less : Non operating receipts :			
i) Interest on Investment STDR		2113.34	1553.61
ii) Others		<u>351.97</u>	<u>126.91</u>
		<u>2465.31</u>	<u>1680.52</u>
Net expenditure		<u>7449.10</u>	<u>5925.21</u>
Expenditure charged to Profit &			
Loss Account	30	7449.10	5925.21



38. Incidental Expenditure during construction

₹ In lakhs

Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
General Administration			
Employees remuneration & benefits		14085.66	14494.95
Travelling expenses		236.27	197.59
Rents		27.42	28.53
Rates & taxes		0.54	0.48
General expenses	33	2804.13	2603.58
Repairs & maintenance		459.45	295.92
Depreciation		712.14	637.97
Legal expenses		0.17	0.78
Insurance charges		10.53	14.23
Environment & Ecology		0.15	0.08
Prior period adjustment (Net)	35	50.25	229.27
Tender expenses		<u>43.62</u>	<u>51.67</u>
		18430.33	18555.05
Interest & Finance Charges			
Interest on :			
i) Bonds		1387.41	384.34
ii) PFC		12707.31	8844.02
iii) KfW Loan		620.94	347.82
iv) Exchange differences regarded as adjustment to Interest cost		742.58	285.77
Finance charges :			
i) Guarantee fees		142.42	91.85
ii) Commitment fees		115.69	121.49
iii) Loan expenses		<u>113.98</u>	<u>32.02</u>
Sub Total (Interest & Finance charges)		15830.33	10107.31
Wealth tax		0.41	0.38
Entertainment expenses		<u>0.91</u>	<u>2.46</u>
Total Expenditure		34261.98	28665.20
Less : Non- operating receipts			
i. Interest on advances from Suppliers/ Contractors		497.78	580.89
ii. Others		<u>69.76</u>	<u>66.03</u>
		567.54	<u>646.92</u>
Net Expenditure		33694.44	28018.28
Expenditure transferred to Capital Work-in-Progress		33694.44	28018.28



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

40. Confirmation of balances

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

41. Related party disclosure

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

Whole time Directors :

1	Shri P. C. Pankaj	Chairman & Managing Director
2	Shri A. G. West Kharkongor	Director (Finance)
3	Shri I. P. Barooah	Director (Personnel)
4	Shri Utpal Moral	Director (Technical)

42. Related party Transaction

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

₹ In lakhs

Particulars	Current year (2012-13)	Previous year (2011-12)
Salary and allowances	131.22	136.00
Contribution to Provident Fund and other funds	7.78	7.67
Other benefits	9.99	11.56

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

43. Advance towards land

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

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Advance towards land	3731.82	2217.21



44. Quantitative information

₹ In lakhs

Particulars	Unit	As at 31 st March, 2013	As at 31 st March, 2012
Installed Capacity	MW	1130.00	1130.00
Design Energy	MU	5698.73	5698.73
Actual Generation	MU	4690.54	4824.66
Sales including internal consumption but excluding supply of Power Auxiliary consumption and transmission losses	MU	4341.10	4481.53

45. Contingent liabilities

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Claims against the Company not acknowledged as debt in respect of :		
- Capital Works	75290.81	71899.47
- Land compensation cases	2748.62	-
- Disputed Income tax demand	3.92	29.34
- Others	<u>965.39</u>	<u>1425.29</u>
	79008.74	73354.10

46. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 142603.38 lakhs (previous year ₹ 99830.65 lakhs).

47. Value of imports calculated on C.I.F. basis

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Spares	1388.50	569.31

48. Expenditure in foreign currency

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Interest	532.44	298.42
Others (TA/ Commitment charges/consultancy)	378.00	129.93

49. Stores in Transit

₹ In lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Stores in transit	392.11	269.26



50. Deferred Tax Liability

In compliance to the Accounting Standard 22 on “Accounting for Taxation on Income” provision for Deferred Tax Liability for the year ended 31.03.2013 has been made as under:-

	(₹ in lakhs)
(a) Deferred Tax Liability as on 01.04.2012	55534.81
Less: Deferred Tax Recoverable	55534.81
Net Deferred Tax Liability as on 31.03.2013	Nil
Deferred Tax Liability for the year	(2818.50)
Less: Deferred Tax Recoverable	(2818.50)
Net Deferred Tax for the year charged to Profit & Loss A/c	Nil

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

Deferred Tax Liability (Difference of Book depreciation and Tax depreciation) ₹ 52716.31 lakhs as on 31.03.2013.

51. Segment reporting

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

52. Earnings per share

In compliance to the Accounting Standard 20 on “Earning per Share” the elements considered for calculation of earnings per share are as under

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Profit after Tax (₹ in lakhs)	24230.11	21911.57
Weighted Average number of equity shares (Nos.)	3383335332	3249491496
Earnings Per Share (Basic and Diluted) (Rupees)	0.72	0.67
Face value per share (Rupees)	10.00	10.00

53. Cut-off date

The Company has taken all known ascertainable liabilities pertaining to the year up to 31.03.2013 taking into consideration 15th April 2013 as the cut-off date.

**54. Information in respect of Micro, Small and Medium Enterprises as at 31st March' 2013**

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

55. Accounts receivables

Accounts receivables include an amount of ₹ 2233.52 lakhs incurred for Tuivai Hydro Electric Project in Mizoram. The Project has since been handed over to the Government of Mizoram on 02.08.2007 for execution. Necessary modalities are being worked out for settlement of account with the State Government of Mizoram. As the above project is no longer with the Corporation, the Power Department/ Electricity Board, Government of Mizoram has been requested for reimbursement of expenditure incurred by the Corporation. In view of the above, the amount is shown as Account receivables.

56. Employee Benefits**a. Provident Fund**

Company pays fixed contribution at predetermined rates to the Provident Fund Trust, which invests the fund in permitted securities as per Government guidelines. The Companies contribution to the fund for the period was ₹ 2327.50 lakhs (previous year ₹ 2962.02 lakhs). The investment has earned sufficient interest to pay the same to the member as per the rate specified by the Government of India.

b. Pension

In terms of the Guidelines of Department of Public Enterprise (DPE), Govt. of India (GOI) issued vide O.M. no.2(70)/08-DPE (WC) / GL-xiv/08 dt.26.11.2008 and OM. No. 2(70)/08-DPE (WC) / GL-vii/ 09 dt.02.04.2009, the Company has formulated the NEEPCO Employees Defined Contribution Superannuation Benefit Scheme. The Companies contribution to the trust for the period was ₹ 1589.96 lakhs (previous year ₹ 1267.33 lakhs).



c. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹ 10.00 lakhs, on superannuation, resignation, termination, disablement or on death. The liability for the same is recognized on the basis of actuarial valuation.

d. Post Retirement Medical Benefit Scheme

The Company has a Retired Employee Health Scheme, under which retired employee and spouse of retiree, spouse and dependent children of deceased employees are provided medical facilities in the empanelled hospitals. They can also avail treatment as outpatient subject to a ceiling fixed by the Company. The liability for the same is recognized on the basis of actuarial valuation.

e. Leave

The Company provides for earned leave benefits (including compensatory absences) and half pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. 50% of the earned leave is en-cashable while in service and a maximum of 300 days on superannuation. Half pay leave is en-cashable only on superannuation up to maximum of 240 days as per the rules of the Company. The liability for the same is recognized on the basis of actuarial valuation.

f. Social Security Scheme

The Company has a Social Security Scheme in lieu of compassionate appointment. The Company makes a matching contribution to the scheme. The objective of the scheme is to provide cash benefits to the dependent beneficiaries in the event of the death of an employee of the Company while in service including permanent total disablement leading to cessation of employment.

g. Gratuity & Other post retirement benefits plan

The company has adopted AS 15 (revised 2005) 'Employee Benefits':- Defined Benefit Schemes are as under [figure in brackets contains previous year's figures].

Table a. Expenses recognized in statement of Profit & Loss / IEDC:

(₹ in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PRMB
Current service cost	633.51 (549.80)	658.87 (502.94)	182.26 (136.94)	13.66 (13.43)
Interest Cost	845.65 (781.35)	331.82 (268.32)	144.04 (97.34)	24.92 (26.88)
Actuarial gain/loss recognized in the year	731.08 (1225.17)	510.72 (1104.83)	204.59 (513.22)	2.44 (2.03)
Expense recognized in statement of Profit & Loss / IEDC	2210.24 (2556.32)	1501.41 (1876.09)	530.89 (747.50)	27.37 (28.91)



Table b. The amount recognized in Balance Sheet

(₹ in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PRMB
Expenses as taken in statement of Profit/loss	2210.24	1501.41	530.89	27.37
	(2556.32)	(1876.09)	(747.50)	(28.91)
Closing Net Liability	2210.24	1501.41	530.89	27.37
	(2556.32)	(1876.09)	(747.50)	(28.91)
Closing Fund/Provision at end of the year	12123.44	5205.73	2296.40	327.94
	(11228.13)	(4591.26)	(1835.57)	(322.51)

Table c. Changes in the present valuation of obligations

(₹ in lakhs)

	Gratuity	Earned leave	Half pay leave	PRMB
Present Value of obligation on 31.03.2012	11228.13	4591.26	1835.57	322.51
	(9712.96)	(3598.19)	(1202.22)	(316.20)
Interest Cost	845.65	331.82	144.04	24.92
	(781.35)	(268.32)	(97.34)	(26.88)
Current service cost	633.51	658.87	182.26	13.66
	(549.80)	(502.94)	(136.94)	(13.43)
Benefits paid	1314.92	886.94	70.07	21.94
	(1041.16)	(883.02)	(114.15)	(22.59)
Actuarial gain / loss on obligations	731.08	510.72	204.59	2.44
	(1225.17)	(1104.83)	(513.22)	(2.03)
Present value of obligation on 31.03.2013	12123.44	5205.73	2296.40	327.94
	(11228.13)	(4591.13)	(1835.57)	(322.51)

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

₹ In lakhs

Sl No.	Particulars	31.03.2013	31.03.2012
1.	Gratuity	2210.24	2556.32
2.	Earned Leave Encashment	1501.41	1876.09
3.	Half Pay Leave	530.89	747.50
4.	Post Retirement Medical Benefit	27.37	28.91



Table e. The effect of one percentage point increase/decrease in the medical cost of PRMB will be as under:

(₹ in lakhs)

Particulars	Increase by	Decrease by
Service cost	13.59	13.27
Interest cost	24.92	24.92
Present value of obligation	331.92	323.95

Table f. Actuarial Assumptions:

Principal Assumptions used for actuarial valuation are:

Sl No.	Particulars	31.03.2013	31.03.2012
1.	Method used	Projected Unit Credit Method	Projected Unit Credit Method
2.	Discount Rate	8.50	8.50
3.	Salary Inflation Rate	5.00	5.00
4.	Return on Asset	0.00	0.00

h. The schemes c, d and e are un-funded.

58. Grant in Aid

a. Spares out of Grant in Aid

During the current year, repairs & maintenance has been debited and Stock of Spares has been credited by an amount of ₹ 26.32 lakhs (previous year ₹ 87.40) lakhs for spares purchased out of Grant-in-aid received from the Central Govt. An equivalent amount has been recognized as income in the statement of Profit & Loss.

b. Grant from Ministry of Development of North Eastern Region

As per the Investment Approval sanctioned vide the Ministry of Power's letter no.7/7/2009-H-I dated 14th January, 2011, an amount of ₹ 300.00 crores has been sanctioned by the Ministry of Development of North Eastern Region (MDONER) as a part of the approved funding pattern for the Tuirial Hydro Electric Project, Mizoram. The first installment of ₹ 35.97 crores has been received during the current financial year 2012-13 and the same has been utilized fully during the year. The above amount of ₹ 35.97 crores is included in Grant in Aid till the commissioning of the project.

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



60. Asset held for sale

(₹ in lakhs)

Particulars	Gross Block as on 01.04.2012	Accumulated Depreciation	Net Block 31.03.2013
Switchgear including cable connection	23.07	19.78	3.29
Transformer Having Rating of 100 KVA & Above	133.16	115.66	17.50
Plant and mach. in Generating station	218.66	128.65	90.01
Tools & Plants	2.43	2.22	0.21
Outdoor Electrification	4.56	4.11	0.45
Interior Communication Equipment	0.66	0.50	0.16
Gas Turbine Components	493.03	365.44	127.59
Transport Equipment	18.81	16.92	1.89
Camp Equipment	2.03	2.03	–
Furniture-Township	1.84	1.65	0.19
Office Equipments	0.27	0.21	0.06
Other E.D.P machines	2.88	2.60	0.28
Type Writer, Calculator & Others	2.06	1.72	0.34
Audio Visual Equipments	0.30	0.16	0.14
Laboratory & Meter Testing Equipment	1.61	0.29	1.32
Diesel Generating Station	25.56	23.00	2.56
Total	930.93	684.94	245.99

The above assets have been held for sale at net book value and no provision has been made in the accounts.

61. Discontinued Survey & Investigation Activities

The Ministry of Power, Govt. of India vide Letter No 7/18/2007-H.I dated 07.05.2008, has conveyed the approval to handover Talong HEP, Dibbin HEP, Kameng-II HEP and Kameng Dam Power House HEP to private developers for implementation. Accordingly, Talong HEP was handed over to the Private developer and necessary adjustment made in the Accounts. The Govt. of Arunachal Pradesh, vide letter no. PWRS/W-465/98Vol-II/2148-50 dtd. 22nd December 2008 has also allotted Kapak leyak and Badao HEP to Private developers. Similarly, the Government of Meghalaya and Government of Assam has also withdrawn Mawphu- I and Lower Kopili project from the Company.

A gross expenditure ₹ 536.25 lakhs, ₹ 644.00 lakhs, ₹1057.39 lakhs, ₹204.01 lakhs, ₹ 802.77 lakhs, ₹ 786 lakhs and ₹ 164.69 lakhs in respect of Dibbin HEP, Kameng –II HEP, Kameng Dam Power House HEP, Kapak leyak HEP , Badao HEP, Mawphu-I and Lower Kopili respectively have been spent till 31.03.2013.

An amount of ₹ 3640.00 lakhs incurred on Kameng -II HEP, Kameng Dam Power House HEP, Kapakleyak and Badao-Arunachal Pradesh, Mawphu-I and Lower Kopili till 31.03.2013 has been provided in the accounts.

In case of Dibbin HEP, necessary adjustment will be made in the year of actual handing over of the project.



- 62.** Interest and finance charge amounting to ₹ **15830.33 lakhs** (previous year ₹ **10107.31 lakhs**) related to construction projects has been transferred to IEDC.
- 63.** The amount of foreign exchange difference debited to carrying amount CWIP in respect of Pare Hydro Electric Project is ₹ **742.58 lakhs** (previous year ₹ **285.77 lakhs**).
- 64.** In terms of the Ministry of Power, Govt. of India letter no.2/5/2006/NHEP/E&F, a provision of ₹ 5209.54 lakhs towards financial implication in respect of below Board Level Executives w.e.f. 01.01.2007 in regards to the proposal for regularization of revised pay scales has been made during the year, out of which ₹ 3108.08 lakhs charged to Profit & Loss Account and the balance amount of ₹ 2101.46 lakhs charged to IEDC. Pending formulation of policy relating to performance related pay a provision of ₹ 1705.82 lakhs has been made on this account out of which ₹ 1107.11 lakhs charged to Profit & Loss Account and ₹ 598.71 lakhs charged to IEDC during the year 2012-13.

65. Impairment Loss

In compliance with the Accounting Standard 28 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.

66. Changes in Accounting Policy and its impact on Profit

During the financial year 2012-13, there are no changes in the accounting policy.

67. Previous year figures

The previous year's figures have been regrouped, recasted and re-arranged wherever possible and considered necessary.

For and on behalf of the Board of Directors

C. Sharma
Company Secretary

A. G. West Kharkongor
Director (Finance)

P. C. Pankaj
Chairman & Managing Director

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

Date : 11-06-2013
Place: Guwahati

S. Nandi
Partner
Membership No.059828

A view of
Ranganadi Dam





Annexure - III
To the Directors' Report

Corporate Governance Certificate

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

We have examined the compliance of the conditions of Corporate Governance by **North Eastern Electric Power Corporation Limited** (hereinafter referred as 'the company') for the year ended 31st March, 2013 as stipulated in 'Guidelines on Corporate Governance' for Central Public Sector Enterprises 2010 vide Notification No. 1 No. 18(18)/2005-GM originally issued on 22-06-2007 and revised guidelines vide office memorandum dated 14th May, 2010 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures mentioned there under (hereinafter referred as 'Guidelines').


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

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

Clause 3.1 Composition of Board: The composition of the Board of Directors is not in accordance with the Guidelines to the extent that, the number of Government Directors which includes nominees of the State Governments of the North Eastern States exceeds the ceiling of 2 (two) as prescribed by the Guidelines. The matter has been taken up with the Ministry of Power for restructuring the Board of Directors for complying with the Guidelines.

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

For Nundi & Associates
Chartered Accountants


(S. Nandi, Partner)

Membership No. 059828

Place : Kolkatta
Date : 10-07-2013



Annexure - IV

To the Directors' Report

Independent Auditors' Report

To,

The Members of North Eastern Electric Power Corporation Limited

Report on the Financial Statement

We have audited the accompanying financial statements of **North Eastern Electric Power Corporation Limited** ('the Company') which comprise the balance sheet as at 31st March, 2013, the statement of profit and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred to sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2013;
- ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Governance of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the book of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. The provision of sec. 274 (1) (g) of the Companies Act, 1956 does not apply to a Government Company in view of notification No. F. No. 8/5/2001-CL.V dated 21st October, 2003 of Dept. of Company Affairs, Ministry of Finance. Therefore it is not required to report whether a Director is disqualified as on 31st March, 2013 from being appointed as a Director under sec. 274 (1) (g) of the Companies Act, 1956.

For Nundi & Associates
Chartered Accountants
FRN - 309090E

(S. Nandi, Partner)
Membership No. 059828

Place : Camp Guwahati
Date : 11-06-2013



Annexure to Auditors' Report

[Referred to the Annexure of the Auditors' Report of even date to the members of North Eastern Electric Power Corporation Ltd. on the financial statements for the year ended 31st March, 2013]

- I.
 - a) The Corporation has generally maintained proper records including quantitative details and situation of fixed assets.
 - b) The Fixed Assets as explained to us have been physically verified by the management during the year and no serious discrepancies were noticed. In our opinion, the frequency of verification is reasonable.
 - c) Substantial Part of the fixed assets has not been disposed off during the year.
- II.
 - a) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
 - b) According to the information and explanations given to us and 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 notices on physical verification of inventory, wherever material, have been properly dealt with in the books of accounts.
- III.
 - a) The Corporation has not granted any loans secured or unsecured to companies, firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.
 - b) The Corporation has not taken any loans secured or unsecured from companies, firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.
- IV. In our opinion and according to the 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 purpose 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. However there are every rooms for further improvement.
- VIII. The Central Govt. has prescribed under clauses (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-facies 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.
- 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 the information and explanations 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.
- XVI. 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 explanations 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 explanations given to us, in our opinion, term loans were applied for the purpose for which the loans were obtained during the year.



- XVII. On the basis of overall examination of the Balance Sheet, we have not come across instances where the Corporation has raised funds on short term basis and used for long term investments.
- XVIII. The Corporation has not made any preferential allotment of shares to parties and Companies covered in register maintained under section 301 of the Companies Act, 1956 during the year.
- XIX. According to the information & explanations given to us, the company has created security in respect of Bonds issued by the company except in respect of thirteen issue of Bonds raised only in March, 2013 for which security creation is in process.
- XX. The Corporation did not raise money by public issue during the year. Therefore clause (XX) of the order is not applicable.
- XXI. According to the information and explanations given to us no fraud on or by the Corporation has been noticed or reported to us during the year under audit.

For Nundi & Associates
Chartered Accountants
FRN - 309090E

(S. Nandi, Partner)

Membership No. 059828

Place : Camp Guwahati

Date : 11-06-2013



Annexure - V
To the Directors' 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 31 March 2013.

The preparation of financial statements of North Eastern Electric Power Corporation Limited, Shillong for the year ended 31 March, 2013 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 11-06-2013.

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, 2013. 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 behalf of the
Comptroller & Auditor General of India

N. Munshi

(Nandana Munshi)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - I
Kolkata

Place : Kolkata
Date : 01-08-2013

**Annexure - VI****To the Directors' 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:

- 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.
- Introduction of high voltage distribution system for supply of construction power in the ongoing projects.
- 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.
- For Doyang Reservoir, action is being taken for raising the FRL up to 333 Meter.

B. ADDITIONAL INVESTMENT AND PROPOSAL FOR REDUCTION OF ENERGY CONSUMPTION

- With a view to reduce energy loss in the distribution system, appropriate apparatus/ instrument etc. is put in service.
- 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

- Activity relating to exports, initiatives taken to increase exports, Development of new export markets for products / services and export plans :- NIL.
- Total foreign exchange used during the year 2012-13

	(₹ in Lakhs)
a) Consultancy	Nil
b) Capital Equipment	Nil
c) Spares	1388.50
d) Interest	532.44
e) Others (TA/Consultancy)	378.00

For and on behalf of the Board of Directors

(P. C. Pankaj)

Chairman & Managing Director

Date : 14-08-2013

Place : New Delhi



A view of
Kopili Hydro Electric Plant





Rivers of North East India

- the life of the land

The eight states of North East India present some of the greenest vistas to an onlooker. The reason comes from its numerous rivers, which feed the earth, making it fertile, enabling it to sustain the lush vegetation. Starting from the mighty Brahmaputra to the smaller rivers in the many valleys of the region, the landscape is criss-crossed with flowing water. This page presents but a glimpse into some of the rich water-treasures that India's North East is proud of.



North Eastern Electric Power Corporation Limited

(A Government of India Enterprise)

Brookland Compound, Lower New Colony

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