

31st

# A N N U A L R E P O R T

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Ranganadi HE Project - Dam, 405 MW, Arunachal Pradesh



ISO 9001, 14001  
OHSAS 18001

## NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

(A Government of India Enterprise)

Website : [www.neepco.gov.in](http://www.neepco.gov.in).

E-mail : [info@neepco.gov.in](mailto:info@neepco.gov.in).

# BOARD OF DIRECTORS



**Shri J. Barkakati**  
Director (Technical)



**Shri M. R. Ghosh**  
Chairman & Managing  
Director and Director  
(Finance)



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



**Shri Gurdial Singh**  
Member (Hydro), CEA



**Shri Sanjay Chadha**  
Director (Hydro), MoP



**Shri Rajeev Verma**  
Director (Finance), MoP



**Shri B. K. Dev Varma**  
Principal Secretary  
(Power) Meghalaya



**Shri T. Norbu**  
Secretary (Power)  
Arunachal Pradesh



**Shri C. L. Thangliana**  
Chief Engineer (P&E)  
Mizoram



**Shri T. Temjen Toy**  
Commissioner &  
Secretary (Power)  
Nagaland



**Shri P. Srivastava**  
Principal Secretary  
(Power) Tripura



*Tipaimukh HE (M) Project site*

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OHSAS 18001

## **Chairman and Managing Director & Functional Directors**

### **Shri M. R. Ghosh**

Chairman & Managing Director  
and Director (Finance)

### **Shri J. Barkakati**

Director (Technical)

### **Shri I. P. Barooah**

Director (Personnel)

## **Part time Directors**

Shri B. K. Dev Varma

Shri C. L. Thangliana

Shri Gurdial Singh

Shri Sanjay Chadha

Shri Rajeev Verma

Shri J. P. Meena

Shri Tumke Bagra (Upto 24.07.2007)

Shri T. Norbu (From 24.07.2007)

Shri D. A. Shishak (Upto 24.07.2007)

Shri T. Temjen Toy (From 24.07.2007)

Shri Pravin Srivastava

## **Dy. Company Secretary**

Shri Chiranjeeb Sharma

## **Bankers**

State Bank of India

Bank of India

United Bank of India

Central Bank of India

Union Bank of India

Syndicate Bank

Axis Bank

Canara Bank

Bank of Baroda

Indian Overseas Bank

Vijaya Bank

Punjab National Bank

ICICI Bank Ltd.

## **Statutory Auditors**

M/s. VPC & Associates

Chartered Accountants

Kolkata

## **Registered Office**

"Brookland Compound", Lower New Colony,  
Laitumkhrah, Shillong - 793003



## CHAIRMAN'S SPEECH

*Dear Members,*

*It gives me immense pleasure in welcoming all of you to the 31st Annual General Meeting of your Company. True to its stature as one of the largest Power utilities in the region, your company has greatly contributed in making Power available to the region as a whole with reliability, quality and economy of operations. A network of seven O&M projects with 26 units in the grid at present, NEEPCO since its establishment in 1976 has been rendering yeoman services to the socio-economic development and strategic growth of the region in particular and the country as a whole.*

*You will be pleased to know that the Corporation has been maintaining its growth both in performance and profitability since last three consecutive years. Strengthened by the commitment and capability of our people, we performed well on the fronts of Project implementation, Operation & Maintenance of the Power Stations & other areas during the year 2006-07.*

*The actual generation from Thermal (Gas Based) Power Stations of the Corporation has been an all-time high of 2460 MU compared to last year's thermal generation of 2363 MU. The actual total generation of the Corporation during the year was however 4566 MU as against 5260 MU during the previous year. The lower*

*hydro generation was due to poor rainfall and forced shut down of Ranganadi HEP due to leakage in the water conductor system, mechanical problem in Kopili Power Station and mishap in Khandong surge shaft resulting in shut down of Khandong Power Station.*

*During the year, the Corporation achieved gross revenue of Rs. 945.26 Crores as against Rs. 933.55 Crores in the previous year, thereby recording an*



*Shri Jairam Ramesh, Union Minister of State for Commerce, presenting the MoU Excellence Certificate to Shri M. R. Ghosh, CMD*

increase of 1.25% over the previous year. The Corporation is continuing to register a profit of Rs. 200.00 Crores plus during the last 4 (four) consecutive years. The profit before tax for this year is Rs. 236.00 Crores against previous year's figure of Rs. 209.00 Crores, thereby maintaining a steady growth. The Board has recommended dividend of Rs. 65.60 Crores, which is the highest so far and the same shall be declared once it receives your seal of approval. Let me take the opportunity to tell you that the provisional MoU rating evaluated for the year 2006-07 is "Excellent". With this, your Corporation achieved "Excellent" rating for three consecutive years.

You will be glad to know that all major civil works of the Kameng HE Project (600 MW) in Arunachal Pradesh, have been awarded and the works in all fronts have been progressing satisfactorily. Although set backs such as formation of cavity and ingress of water, slush etc. were encountered in boring of HRT in view of the fragile

Himalayan geology, necessary remedial measures are being taken and the work is expected to be completed as per the schedule of the revised PERT.

Your Corporation has signed a Memorandum of Agreement (MoA) with the Govt. of Arunachal Pradesh on 21.09.2006 for execution of Pare HE Project (110 MW) and Bhareli-I (Kameng-I) HE Project (1120 MW). TEC for the Pare HE Project is expected shortly. In view of environmental issues involving diversion of a part of Pakke Tiger Reserve, no detail Survey & Investigation could be carried out so far for Bhareli-I HE Project. Action is being initiated for obtaining initial clearance of National Board for Wild Life through the State Forest Department, Arunachal Pradesh.

The foundation stone of 1500 MW Multipurpose Tipaimukh HE Project has been laid by Hon'ble Power Minister Shri Sushil Kumar Shinde on 16th December, 2006. TEC has been accorded and PIB has recommended the Project. Environment and Forest



Members of the Board at the AGM

Clearances are in advanced stage of processing. Updation of field data is nearing completion.

The Corporation is also giving its all efforts for revival of the Tuirial HE Project (60 MW) and Tripura Gas Based Power Project, which were stalled earlier. We are very much hopeful that this project shall be revived in the short run and the remaining works can be resumed.

NEEPCO is considering setting up of three Coal based Thermal Power Project with a total capacity of 1470 MW, two in Meghalaya and one in Assam, based on the huge reserve of coal. Accordingly, application for Coal Linkage has been submitted for the three Thermal Power Projects in December, 2006.

Your Corporation has been maintaining its continued endeavour in terms of quality and maintenance of International standards for environment, health and safety. The EMS certification at Corporate Office, Shillong has been upgraded to ISO 14001:2004 on 25th October 2006. Moreover, the QMS Certificate at Corporate Office, Shillong, has been renewed on 24th October 2006.

The Corporation is also sensitive to the environmental needs in the O&M Projects as well as in the projects under construction. Activities like development of Green House, Horticulture, Botanical Garden, Bio-diversity, Plant Resource Centre & Nursery, plantation of sapling etc. has been initiated in Projects under O&M. Measures have also been adopted to control the emission and for monitoring the environmental quality at regular intervals in the Gas Based Projects.

The quality of services that an Organization like us can provide depends upon the level of commitment, motivation and integration of its work force. As such, your company nurtures & sharpens the knowledge and

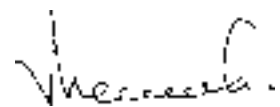
skills of Employees and ensures a high level of morale and motivation.

In all its endeavors, your Corporation has been receiving constant guidance and support from the Ministry of Power, Ministry of Finance, Ministry of DONER, other Ministries of Government of India, Central Electricity Authority, Central Water Commission and other Departments of Government of India, State Government and other Departments of all North East States, Financial Institutions, bank and lending agencies. I, on behalf of all of you, take this opportunity to express Corporation's sincere gratitude and appreciation for their invaluable support and contribution. I also like to place on record, on behalf of all of you, our sincere thanks to the Statutory Auditors of the Corporation, the Cost Auditors and the Comptroller & Auditor General of India for their constructive suggestions.

Lastly, I, on your behalf, would like to place on record the Corporation's appreciation for the sincere and devoted services rendered by each individual employee who are the main architects in maintaining its 'EXCELLENT' growth and performance.

May I now request that the Directors' Report, the Audited Accounts, the reports of Auditors and comments of the C&AG for the year ended 31st March 2007 be considered and adopted.

Thanking you all,



(M.R. Ghosh)

Chairman &  
Managing Director

Place : Shillong

Dated : The 4th Sept, 2007

# Directors' Report for the year 2006-07

Dear Members,

On behalf of the Board of Directors, it is my privilege to present the 31st Annual Report on the performance of your Corporation during the financial year ended on March 31, 2007 along with audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the reporting period.

## FINANCIAL PERFORMANCE

Your Corporation completed another successful year of operation improving its performance from the earlier year. The Corporation achieved Gross Revenue of Rs. 945.26 Crores in the year 2006-07 against previous year's figure of Rs. 933.55 Crores recording a growth of 1.25%. For the year ended on 31st March, 2007, the Corporation earned a profit before tax of Rs. 236.27 Crores against previous year's figure of Rs. 209.34 Crores recording an increase of 12.86% and the profit after tax amounts to Rs. 218.64 Crores which is the highest profit earned by the Corporation since its incorporation. The generation during the year under report was 4566 MU against the generation of 5260 MU during the previous year. The lower generation was due to poor rainfall and forced shut down of Ranganadi HEP due to leakage in the water conductor system, mechanical problem in the Kopili Power Station and mishap in the Khandong Power Station.

The performance of the Corporation for the financial year ended 31st March 2007 is summarized below:

Particulars	(Rs. in Crores)	
	2006-07	2005-06
Gross Revenue	945.26	933.55
Sale of Power	827.75	839.62
Gross Margin	580.10	524.57
Depreciation	150.21	149.75
Deferred Revenue Expenditure	8.78	10.19
Gross Profit	421.11	364.63
Interest and Finance Charges	128.85	155.29
Provision against Tariff revision	55.99	—
Provision for Taxes	17.63	10.79
Profit after Tax	218.64	198.55
Add: Balance of Profit from last year	0.82	1.11
Write back from Bond Redemption Reserve	25.00	23.50
Profit available for Appropriation	<b>244.46</b>	<b>223.16</b>
Appropriations:		
Bond Redemption Reserve	19.34	23.92
Proposed Dividend (including interim dividend)	65.60	60.00
Tax on Dividend	10.55	8.41
General Reserve	148.00	130.00
Balance carried over to Balance Sheet	0.97	0.83
<b>Total</b>	<b>244.46</b>	<b>223.16</b>



NEEPCO paid dividend for the year 2006-07 to the Hon'ble Minister of Power

## DIVIDEND

Your Directors recommended dividend of Rs. 65.60 Crores for the year 2006-07 including the interim dividend of Rs.20.00 Crores, paid in Feb 2007, subject to your approval in the Annual General Meeting. The total dividend pay-out represents 30% of Profit after Tax (PAT) as per the policy decision of Government of India.

## REVENUE REALISATION

During the year the Corporation realized an amount of Rs.869 Crores from the beneficiaries. The percentage of Debt realization to Sales for the year was 105 %.

## FINANCIAL REVIEW

### a) CAPITAL STRUCTURE

The Authorised Share Capital of the Corporation as on 31.03.07 stood at Rs.3500 Crores. The Paid up Capital, including amount received against share capital pending allotment was Rs.2659.32 Crores (Previous year Rs. 2259.45 Crores). During the year the face value of Equity Shares have been converted to Rs.10/- per share from the existing Rs.1000/- per share. Accordingly, number of shares as at 31.03.2007 has increased from 2,19,76,038 shares to 2,45,85,26,300 shares. Government of India has converted GOI Loan amounting to Rs.195.78 crores in to Equity in respect of Doyang H E Project, to conform to the approved pattern of financing of the Project.

### b) BORROWINGS

The borrowings of the Corporation as on 31st March, 2007 was Rs.1612.98 Crores as against Rs. 2220.90 Crores as on 31st March, 2006. Apart from conversion of GOI loan in respect of Doyang HE Project amounting to Rs.195.78 Crores, borrowing to the extent of Rs.412.14 Crores was repaid from internal resources.

### c) NET WORTH

The Net Worth of the Corporation excluding committed reserve as on 31st March,2007 was Rs.3284.63 Crores

against Rs.2740.87 Crores as on 31st March, 2006 representing a growth of 19.84 %.

### d) COST ACCOUNTING RECORD RULES

Cost Accounting Record Rules were introduced for Electricity Industries w.e.f. the year 2001-02. Audit of Cost Accounts under Section 209 (1) (d) of the Companies Act, 1956 was made mandatory w.e.f. 2005-06. The Central Government has approved the appointment of M/S Bandyopadhyaya Bhaumik & Co., Cost Accountants, as Cost Auditor of the Corporation for the financial year 2006-07. The Cost Audit for the year 2006-07 has since been completed.

## PERFORMANCE HIGHLIGHTS

### GENERATION

The generation during the year 2006-07 was 4566 MU. The project wise generation vis-à-vis targets during the year 2006-07 were as follows:

Sl. No.	Projects	Target (MU)(RE)	Generation (MU)	Achievement in %age
1	KHEP (275 MW)	1110	966	87.03%
2	AGBP (291 MW)	1550	1806	116.52%
3	AGTP (84 MW)	596	654	109.73%
4	DHEP (75 MW)	200	182	91.00%
5	RHEP (405 MW)	990	958	96.77%
	<b>Total</b>	<b>4446</b>	<b>4566</b>	<b>102.70%</b>

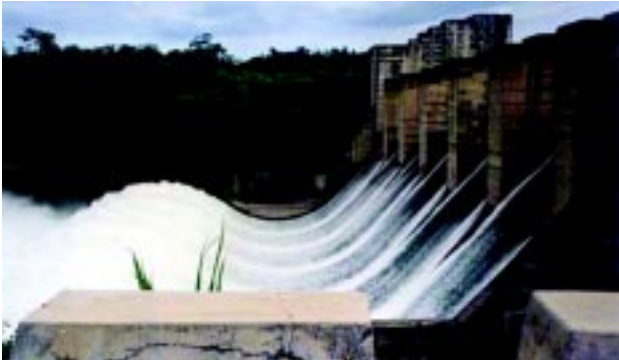
## PROJECTS UNDER OPERATION

### HYDRO PROJECTS :

#### a) KOPILI HYDRO ELECTRIC PROJECT (275 MW), NORTH CACHAR HILLS, ASSAM

There are three power stations under this project, namely, 4X50 MW Kopili Power Station, 2X25 MW Khandong Power Station and 1X25 MW KHEP Stage II Power station.

Kopili HE Project, having cumulative design energy of 1550.09 MU, generated 966 MU against a generation target of 1110 MU during 2006-07. The break up data against each power station is given below :



Khandong Dam : Kopili H. E. P., Assam



A view of the dam and spillway, DHEP, Nagaland

**Kopili Power Station (4X50 MW)**

During the year 2006-07, Kopili Power Station generated 723 MU against design energy of 1186.14 MU with capacity index of 70.55 %. The capacity index for Kopili Power Station was lower than the normative capacity index of 85% on account of major forced shut down of Unit – I for 155 days due to dislodgement of brake track segment and consequent damage of stator bar and Unit-III for 61 days because of high vibration problems respectively.

**Khandong Power Station (2X25 MW)**

During the year 2006-07, Khandong Power Station generated 149 MU against design energy of 277.65 MU with capacity index of 80.95 %. Capacity Index of the Power Station was lower than the normative value of 85% on account of major forced shutdown to Unit-I for 21 days (10 days for Stator Core inspection and rectification and 11 days for failure of Gate Hoisting mechanism at Surge Shaft) and Unit-II for 71 days (60 days for seizure of thrust bearing /rectification and 11 days for failure of Gate Hoisting mechanism at Surge Shaft).

**KHEP Stage II (1X25 MW)**

During the year 2006-07, KHEP Stage II Power Station generated 94 MU as against design energy of 86.30 MU with capacity index of 88.20 %.

**b) DOYANG HE PROJECT (75 MW)**

Doyang HE Project having Design Energy of 227.24 MU generated 182 MU during the year 2006-07 against the target of 200 MU. Capacity index of the project recorded 91.93 % against normative capacity index of 85%.

**c) RANGANADI HE PROJECT (405 MW)**

Ranganadi HE Project generated 958 MU during the year 2006-07 against the target of 990 MU and design energy of 1509.66 MU. The Project has achieved generation of 65.58% of design energy and capacity index of 78.42 % against normative capacity index of 85%. Due to severe leakage in the water conductor system, the Units were under forced shut down for 78 days w.e.f 8th November, 2006 to 25th January,



Dr. Manmohan Singh, Hon'ble Prime Minister of India, presenting the National Award for Meritorious Performance 2004-05 to Shri M. R.Ghosh, CMD and Shri J. Barkakati, D(T) on the 21<sup>st</sup> March 2007 at New Delhi. RHEP won the bronze shield for Hydro Power Station Performance



Assam Gas Based Power Project

2007 for the remedial works undertaken by the Corporation in the Surge Shaft and the adjoining stretch of HRT.

**The Generation from the Hydro Power Plants has been affected due to 30% less inflow on account of poor rainfall in North Eastern Region during monsoon 2006.**

### THERMAL PROJECTS

#### a) ASSAM GAS BASED POWER PROJECT (291 MW)

Energy generated during the year 2006-07 was 1806 MU against the targeted generation of 1550 MU with 71.75 % Availability. PLF achieved during the year was 70.85 %.

The lower availability against normative availability of 80% was due to inadequate supply of Natural Gas. However, attempts have been made to tide over the shortage of gas supply in future.

#### b) AGARTALA GAS TURBINE PROJECT (84 MW)

Energy generated during the year 2006-07 was 654 MU against the targeted generation of 596 MU with a PLF of 88.88 % which is an all time high generation since its commissioning. The Project achieved 92.51 % availability during the year, which was well above the normative availability of 80%.

### SPECIAL ACHIEVEMENTS

The operational achievements during the year worth mentioning are as follow:

- i) **Highest recorded generation in a day from NEEPCO Power Plants** during 2006-07 was 23.074 MU on 22-07-06.
- ii) **Highest recorded contribution from NEEPCO** to the grid was 1043 MW on 03-10-06
- iii) **Highest recorded power export to other Regions** was 522 MW on 12-06-06
- iv) **Highest recorded energy export in a day** to other Regions was 9.11 MU on 11-06-06.



Agartala Gas Turbine Power Station

- v) The provisional MoU rating evaluated for the year 2006-07 is **“Excellent”**. With this, the Corporation has achieved **“Excellent” MoU rating for 3 (three) consecutive years.**

## ONGOING PROJECTS

### a) Kameng H. E. Project (4x150 MW), Arunachal Pradesh

This Project is located in the West Kameng district of Arunachal Pradesh, was taken up as model project by the Govt. of India under their policy of 3 (three) stage development of new hydroelectric projects. This project will generate 3592 MU at 90% dependable year. The CCEA clearance of the project was accorded on 2nd December, 2004. The project is now scheduled for commissioning in March, 2011. Design of the Bichom dam and Tenga dam as per the revised parameters advised by CEA /CWC is in process. Required river diversion works will be taken up from the lean season and the targets for dam concreting shall be met in the subsequent years. The Head Race Tunnel (HRT) which is of 14.53 km length is a critical item for the timely execution of the Project. Although set backs such as formation of cavity and ingress of water, slush etc. were encountered in view of the fragile Himalayan geology, necessary remedial measures are being taken and the work is expected to be completed as per the schedule of the revised PERT.

### b) Tuirial H. E. Project (60 MW), Mizoram

In view of the law & order situation prevailing due to the agitation launched by the Tuirial Crop Compensation Claimants Association (TCCA), all works of the Project was kept suspended w.e.f. 9th June, 2004. The Mandatory Review Committee of the Ministry of Power in its meeting held on 12.08.2004 decided that no further expenditure on the Project may be incurred by NEEPCO apart from safety and normal upkeep of assets already created in view of the law and order situation and anticipated increase in cost of the Project and directed that revised cost estimate for the Project be finalised. This was further confirmed by the Board of Directors of the Corporation in its meeting held on 26.08.2004. In order to revive the Project, financial re-engineering has been carried out including release of part of the fund for the Project as grant.

The cost estimate of the Project has been revised at January, 2007 Price Level with hard cost of Rs. 689.81 Crores and the same has been submitted to Ministry of Power. The Revised Cost Estimate at January, 2007 PL with different options of financial restructuring to contain the tariff within threshold limit of Rs. 2.50 – Rs. 2.75 has been submitted to the Ministry of Power for taking a suitable decision on resumption of the Project works.

### c) Khangten Small Hydel Project (7.50 MW), Arunachal Pradesh

In terms of the MOU drawn between NEEPCO & Govt. of Arunachal Pradesh for execution of the 600 MW Kameng HEP, construction of Khangten SHP is proposed to be constructed over Khangten Nallah and is located at Seru Village at a distance of about 10 Km from Tawang Township in Tawang District of Arunachal Pradesh. The cost estimate of Khangten SHP has been updated at Rs 50.58 Crores including IDC of Rs 4.62 Crores at Nov '05 PL. This amount is inclusive of capital subsidy of Rs. 10.13 Crores from MNES, the proposal for grant of which has been submitted to MNES and is under consideration. Necessary survey works at different structures are in progress. The Techno - Commercial Bid documents for execution of this project on BOOT basis has been opened and evaluation is under process.

## PROJECTS OF NEEPCO IN THE PIPELINE

### a) Tipaimukh H.E. Project (1500 MW), Manipur

The Foundation Stone for the Project was laid by Hon'ble Minister of Power on 16th December, 2006 in presence of Hon'ble Minister of Heavy Industries, Government of India. All statutory clearances for this project have been obtained except Environment & Forest Clearance.

Public hearing meeting have been successfully held in the states of Mizoram on 19.09.2006 & Manipur on 17.11.2006 & 22.11.2006. However, a PIL has been filed in the Imphal Bench of Hon'ble Guwahati High Court against the public hearing held on the project at Tamenglong district of Manipur and the case is presently pending.

In the 2nd meeting of the Expert Appraisal Committee



Shri S. Shinde, Union Minister of Power, unveiling the commemorative plaque of the Tipaimukh H. E. (Multipurpose) Project on the 16th December, 2006

(EAC) for River Valley and Hydroelectric Project of MOE&F held on 22-02-2007, the Committee emphasized the need for revision of EIA/EMP report of the project based on site specific monsoon data and Bio-diversity index, which has been taken up and is likely to be completed within August, 2007.

Revised EIA/EMP report will be submitted within 1st week of September, 07 to the EAC, MOE&F for consideration of the proposal for environmental clearance in their next meeting in September, 2007.

As the forest land requirement for R&R as per the EIA/EMP study has increased with respect to the requirement indicated in the earlier application for forest diversion, application for the revised forest land requirement in the state of Manipur has been submitted in January, 2007. The CCF, Govt. of Mizoram, has informed that in their proposal earlier forwarded to the RCCF, MOE&F, Shillong for diversion of forest land in the state, they had considered only the forest land under reservoir submergence and as such, requested the Corporation to submit fresh forest diversion application including submission of all documents as required as per the rule. Revised application has been submitted.

Power Purchase Agreements for 1345 MW has been signed with various states of NE viz. Assam (600MW), Tripura (250MW), Manipur (200MW), Meghalaya (150MW), Nagaland (75MW) and Mizoram (70MW).

ICB for Engineering, Procurement and Construction (EPC) of the project has been floated on 30.11.2005

and the bids are scheduled for opening on 28th September, 2007. The Project will be completed within 87(eighty seven months) from the date of CCEA clearance, which is still awaited.

#### **b) Tripura Gas Based Power Project (104 MW), Monarchak, Tripura**

The Government of India decided to abandon the earlier proposed 280 MW Project in view of the 750

MW Gas Based Power Project proposed by ONGCL at Palatana, Tripura and accordingly all work was stopped. In the meantime, NEEPCO has been exploring possibility for revival of this project at downsized capacity of 104 MW with allocation of 0.50 MMSCUMD gas by ONGC. ONGC have conveyed their consent to supply 0.50 MMSCUMD gas for the Project on first preference basis against future exploratory efforts in Tripura, at the market determined price, at least equal to the net back price working out for Palatana Project. The DPR for the Project at reduced capacity of 104 MW has been submitted to the Ministry of Power on 06-03-07 and the same is under scrutiny at CEA. The project shall be completed within 32 months from the date of investment decision. The estimated project cost of this project and its associated Transmission Scheme including IDC is Rs. 420.57 Crores and Rs. 36.03 Crores respectively. In the meantime, ONGC has intimated the gas price at Rs. 4500 per 1000 SCM. NEEPCO has requested ONGC for conclusion of Gas Supply Agreement.

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

Memorandum of Agreement for execution of the Pare HEP was entered with the Government of Arunachal Pradesh on 21.09.2006. The project is a run of the river scheme with estimated installed capacity of 110 MW. The Project site is at a distance of about 15 Km from Doimukh and 5 Km down stream of Hoz Power House of Ranganadi HEP (405 MW). NEEPCO has taken up this Project to harness the Hydropower

potential of the River Dikrong which is a tributary of River Brahmaputra and also to utilize the tail race discharge of 160 cumec (variable) of the Ranganadi H.E. Project stage-I (405 MW).

The cost estimate of the project as assessed at December '05 PL is Rs. 624.87 Crores including IDC of Rs. 58.67 Crores. The updated cost estimate is presently under scrutiny at CEA / CWC and techno-economic clearance of the project is expected shortly. The Project is scheduled to be commissioned within 4 years from the date of CCEA clearance.

**d) Mawhu H.E Project (90 MW), Meghalaya**

The Mawhu H.E. Project is a run of the river scheme and located in the East Khasi Hills District of Meghalaya. The project with a proposed installed capacity of 90 MW (2x45 MW) would afford an annual energy generation of 346.82 MU in 90% dependable year on 95% plant availability basis. The cost of the project has been assessed at Rs. 408.23 Crores at March '07 price level including IDC of Rs. 51.04 Crores. The Project is scheduled to be commissioned within 4 ½ years from the date of CCEA clearance.

DPR of the Project was submitted to MOP in March, 2007. Work for EIA / EMP studies is under progress and TOR & Scoping have been approved by MOE &

F, GOI. The Geological Explorations are in progress as advised by GSI, NER, Shillong. The Topographical Survey & Hydrological Studies of the project have been completed.

Draft MoA for execution of the project was submitted to Government of Meghalaya and the same is expected to be executed shortly.

**e) Kynshi H.E Project- 1st Stage (450 MW), Meghalaya**

This project is located in the West Khasi Hills District of Meghalaya at a distance of about 100 Km from the state capital Shillong and envisages to generate 1502 MU energy annually in 90% dependable year at an estimated cost of Rs. 2116 Crores including IDC. This project is scheduled to be completed in 12th FYP within a period of 6 years excluding 12 months for pre-construction activities.

The draft MoA for execution of this project by NEEPCO has been sent to the Government of Meghalaya and is expected to be signed shortly.

**f) Ranganadi H.E Project- stage-II (130 MW), Arunachal Pradesh**

The RHEP Stage-II is a storage scheme located near Yazali in Lower Subansiri District of Arunachal Pradesh and 10 Km upstream of existing Ranganadi Diversion Dam. The project envisages construction of a 123 M high Composite diversion Dam with installed

capacity of 130 MW. This project proposed to be completed during the 12th FYP. Cost of the project assessed at February '06 PL is Rs. 1120.31 Crores including IDC of Rs. 86.20 Crores. The Cost Estimate for the project is presently under review in order to bring down tariff to a more reasonable level.

Draft MoU for execution of the project was sent to Govt. of Arunachal



Signing of MoU between Government of Arunachal Pradesh and NEEPCO for developing Hydroelectric projects in Arunachal Pradesh

Pradesh for approval in view of the fact that this Project has not been allocated to any Private Developer by the Government of Arunachal Pradesh.

### g) Coal Based Thermal Projects

NEEPCO has identified three coal based thermal Projects for execution in the States of Meghalaya and Assam. These Projects are:

- (i) Garo Hills Thermal Power Project (750 MW), Nangalbibra, Meghalaya.
- (ii) West Khasi Hills Thermal Power Project (240MW), Nongstoin, Meghalaya.
- (iii) Margherita Thermal Power Project (480 MW), Margherita, Assam

Draft MoU has been sent to the respective State Governments for execution. In anticipation of approval, advance action for coal linkage has been initiated.

## SURVEY & INVESTIGATION, PREPARATION OF DPR

Under the Hon'ble Prime Minister's 50,000 MW Hydro Initiative, NEEPCO had prepared Pre-Feasibility Report (PFR) of **18** (eighteen) projects out of which **15** (fifteen) projects are located in Kameng Basin of **Arunachal Pradesh** and the other **3** (three) projects are located in **Nagaland**.

The Corporation initiated action for preparation of Detailed Project Report (DPR) in respect of the following Projects in the State of Arunachal Pradesh in terms of the consent accorded by the Government of Arunachal Pradesh:

- i) Talong HE Project (160 MW)
- ii) Badao HE Project (70 MW)
- iii) Kapak Leyak HE Project (160 MW)
- iv) Dibbin HE Project (125 MW)
- v) Kameng-I (Bhareli-I) HE Project (1120 MW)
- vi) Bhareli-II HE Project (600 MW)
- vii) Kameng Dam HE Project (600 MW)

In the meantime, the Government of Arunachal Pradesh withdrew the authorization for preparation of DPR in respect of all the above projects except for Kameng-I HE Project, for which MoA for execution was signed with NEEPCO.

Further, the Government of Arunachal Pradesh decided to hand over Talong HE Project (160 MW), Dibbin HE Project (125 MW), Bhareli-II HE Project (600 MW) and Kameng Dam HE Project (600 MW) to private developers and NEEPCO has been asked to hand over the projects on reimbursement of expenditure incurred.

Since Kapak Leyak HEP and Badao HEP have not been handed over to any private developer, NEEPCO forwarded the draft MOA in respect of these 2 (two) Projects to the Government of Arunachal Pradesh, so that the Corporation can take up execution of these two Projects. The present status of Kameng-I HE Project, Kapak Leyak HE Project and Badao HE Project are as under:

- |   |  |
|---|--|
| <b>1. Kameng-I HE Project,</b><br>(1120 MW)   | Comments on necessary clearance have been received from Chief Wild Life Warden of the state on 11.01.07. The matter is being placed to the MOE & F, GOI for further necessary clearance. MOA for execution of the project has been signed with the Govt. of Arunachal Pradesh on 21.09.2006. |
| <b>2. Badao HE Project,</b><br>(70 MW)        | Updated DPR submitted to MOP on 20-04-07 and the same was forwarded to CEA for scrutiny. NEEPCO is pursuing with the Govt. of Arunachal Pradesh for signing of MOA which is essential for scrutiny of DPR by CEA.  |
| <b>3. Kapak Leyak HE Project,</b><br>(160 MW) | DPR is under preparation. NEEPCO is pursuing with the Govt. of Arunachal Pradesh for signing of MOA.   |

## HANDING OVER OF TUIVAI H. E. PROJECT (210 MW), MIZORAM

The Board of Directors in its 152nd meeting held in June 2006 accorded approval in line with the decision arrived

at in the meeting chaired by the Secretary (Power) held on 12-01-2006 for handing over of the project to the Government of Mizoram and accordingly, the Government of Mizoram has been requested to depute a team for finalizing the modalities and make arrangement for receiving back the project from NEEPCO.

The list of assets & liabilities along with the details of incomplete contracts have been submitted to the Govt. of Mizoram on 2nd August, 2007 and at present the physical verification of the Project is in progress to complete the process of handover.

## ORGANISATION

### STRENGTH OF EMPLOYEE

The total number of employees in the Corporation as on 31-03-2007 was 3239 which includes 3229 regular employees and 10 work-charged employees.

### HUMAN RESOURCE DEVELOPMENT

Human Resource is an important component for every organization to achieve its objectives and goals. NEEPCO gives prime importance to development of its human resource. The HRD Institute of the Corporation organised seminars, workshops and training programmes on various job related topics with faculty assistance drawn from within and outside the organization covering 558 employees at different levels during the year under report.

Apart from the in-house programmes, the Corporation also deputed employees at different levels for external programmes. A total of 173 employees were deputed to attend conferences, seminars, workshops and training programmes conducted by different institutions of repute.

The Corporation also imparted overseas



One of the donors during the blood donation camp at shillong

training to 4 executives under various training schemes in order to help them enhance their professional skills and knowledge. To help the employees keep abreast with of latest developments, the HRDI Library was further equipped with latest books and periodicals etc. during the year.

### WELFARE ACTIVITIES

The Corporation has well equipped hospitals / dispensaries at its various project sites manned by qualified Doctors. These hospitals/ dispensaries provide free treatment to the people of neighbouring villages also as a social welfare measure. In addition to the hospitals/ dispensaries at sites, there are 31 hospitals approved by the Corporation all over the country for treatment of employees and their dependent family members.



DGM (HRD) welcomes participants and faculty members

The NEEPCO Women's Welfare Association organized a blood donation camp at the Corporate office on 22<sup>nd</sup> August, 2006 in collaboration with Directorate of Health Services, Regional Blood Bank and Pasture Institute, Shillong in which eleven donors from amongst NEEPCO employees voluntarily stepped forward and donated their precious blood.

As in previous years, the Association awarded children of NEEPCO employees at a function held on 30<sup>th</sup> October, 2006 for their meritorious performance in class X and XII examination conducted during the year 2006.

Women's Day was also celebrated on the 22<sup>nd</sup> November 2006 at NEEPCO Corporate Office on the theme "Women equality in power sharing and active participation in decision making".

### SPORTS ACTIVITIES

NEEPCO Badminton and Table Tennis Teams participated in the Annual Inter Office Tournament organised by Meghalaya State Government Employees' Federation at Shillong during 24-28 November, 2006. NEEPCO Teams emerged runners up in both Badminton (Team Event) and Tennis (Officer Category).

NEEPCO organised the XI<sup>th</sup> Inter CPSU Cricket Tournament from 25<sup>th</sup> to 30<sup>th</sup> March, 2007 at Guwahati. Besides NEEPCO Team, NTPC, NHPC, Powergrid, BBMB, SJVNL and DVC participated in the Tournament. NEEPCO emerged winner playing in the final with BBMB.

NEEPCO Badminton Team participated in the XII<sup>th</sup> Inter CPSU Badminton Tournament organised by Power Finance Corporation Ltd. at New Delhi during 28<sup>th</sup> to 30<sup>th</sup> May, 2007.

### EDUCATION

The Corporation provides schooling facilities 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, subject to availability of seat. The Vivekananda Kendra Shiksha Vibhag is the nodal agency for managing the Corporation Schools. These are English medium schools of good academic standard affiliated to Central Board of Secondary Education. In addition, a few kindergartens have also been provided in some stations.

### PUBLIC RELATIONS

The Public Relations Wing of NEEPCO continued its sustained efforts to work towards improvement of communications with the public so that NEEPCO's mission and vision are known and appreciated. The wing continued to publish the Corporation's quarterly in-house journal "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. A film on "The Benefits of Hydro



NEEPCO cricket team receiving the champion's trophy

Power" in two local dialects was also produced during the year.

### USE OF RAJBHASHA (HINDI)

The Corporation has been implementing the Official Language Policy of the Government of India at its Corporate Office as well as Projects and other offices in right earnest. Celebration of Rajbhasha Pakhwara, training of employees in Hindi, organizing Hindi workshops and competitions, are some of the regular features which saw large participation and enthusiasm among the employees. On the occasion of Hindi Divas, an exhibition was also organized at Corporate Office where the achievements made in the use of Official Language in the Corporation



Shri M. R. Ghosh, CMD inaugurating the Hindi Divas celebration at the Corporate Office

were highlighted. The House Journal - 'NEEPCO NEWS' provides valuable information relating to use of Hindi for the guidance of the employees. 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. Tender Notices and other information were made available in Hindi in NEEPCO Website.



Shri I. P. Barooah, Director (Personnel) during a Hindi Workshop

A Hindi Magazine titled "NEEPCO Jyoti" was also published on the occasion of Hindi Divas. The Hindi Section of Corporate office also participated in the exhibition held in New Delhi on the occasion of Rajbhasha Sammelan under the aegis of Ministry of Power, Government of India.

Rajbhasha (Hindi) Pustakalaya has been functioning at Corporate office, Shillong. In sub-ordinate offices also reference and other books in Hindi were made available for the use of the employees.

## INDUSTRIAL RELATIONS

Industrial Relations in NEEPCO, by and large, remained cordial and harmonious. No man-days were lost in NEEPCO on account of any industrial disputes. Meetings



Discussion between the management and representatives of Unions during the signing of the Memorandum of Settlement

were held as and when felt necessary to discuss various issues between the representatives of various trade unions and associations and the management.

## AUDIT COMMITTEE

During the year 2006-07 NEEPCO was converted from Private Limited Company to a Public Limited Company and accordingly the Section 292(A) of the Companies Act become applicable. The Audit Committee of the Corporation presently constitutes of the following members:

1. Shri B. K. Dev Varma, Principal Secretary (Power), Govt. of Meghalaya.
2. Shri J. P. Meena, Commissioner & Secretary (Power), Govt. of Assam.
3. Shri Rajeev Verma, Deputy Secretary (Finance), Ministry of Power, Govt. of India.
4. Shri I. P. Barooah, Director (Personnel), NEEPCO.

## AUDITORS' REPORT

M/s. VPC & Associates, Chartered Accountants, Kolkata were appointed as Statutory Auditors for the year 2006-07. The report of the Statutory Auditors along with the reply of the Management thereto, comments of the Comptroller & Auditor General of India on the Accounts in terms of Sec. 619 (4) of the Companies Act, 1956 alongwith the reply of the Management thereto are furnished in **Annex I –III**.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors certify the followings:-

- a) In the preparation of the annual accounts, the mandatory accounting standards have been followed.

- b) 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 that period.
- c) 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.
- d) Annual accounts have been prepared on a going concern basis.

## VIGILANCE ACTIVITIES

As per directives and guidelines received from the Central Vigilance Commission, Action Plan on Anti-Corruption and Vigilance measures has been taken up. Complaints received from various sources are regularly attended to and where prima-facie evidences are found, investigations have been carried out. Emphasis is given to the aspect of preventive vigilance to streamline the rules and procedures and making all efforts to plug the loopholes detected during investigation of various cases.

## DIRECTORS

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

- Shri D. A. Shishak, Chief Engineer (Power), Govt. of Nagaland ceased to be part time Director of NEEPCO w.e.f. 24-07-2007.
- Shri Tumke Bagra, Secretary (Power) Govt. of Arunachal Pradesh ceased to be part time Director of NEEPCO w.e.f. 24-07-2007.

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

- Shri T. Norbu, Secretary (Power), Govt. of Arunachal Pradesh was appointed as part time Director of NEEPCO w.e.f. 24-07-2007.

Dated 4<sup>th</sup> September, 2007  
Shillong

- Shri T. Temjen Toy, Commissioner & Secretary (Power), Govt. of Nagaland was appointed as part time Director of NEEPCO w.e.f 24-07-2007.

## CONSERVATION OF ENERGY

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) 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 2006-2007 is enclosed in **Annex-IV**.

## ACKNOWLEDGEMENT

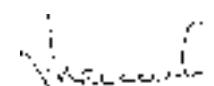
The Directors are grateful to the various Ministries and Departments of the Government of India particularly the Ministry of Power, Ministry of Home Affairs, Ministry of Finance, Ministry of Environment and Forest, Planning Commission, Department of Public Enterprises, North Eastern Council, Central 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 cooperation and help extended by them. The Directors further expressed their appreciation to the State Governments who had made full payment against their current dues during the period 2006-07.

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 high appreciation of the dedicated efforts made by all sections of employees of the Corporation to achieve the goals of the Corporation.

For and on behalf of the Board of Directors



**(M. R. Ghosh)**

Chairman & Managing Director



**BALANCE SHEET AS AT 31ST MARCH, 2007**

		(Rs. in lakhs)	
	Schedule No.	As at 31st March, 2007	As at 31st March, 2006
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Capital	<b>1A</b>	<b>245852.63</b>	219760.38
Share capital pending allotment	<b>1B</b>	<b>20078.90</b>	6185.41
Reserves and Surplus	<b>2</b>	<b>64051.43</b>	49856.12
		<b>329982.96</b>	275801.91
<b>LOAN FUNDS</b>			
Secured Loans	<b>3</b>	<b>122127.89</b>	163341.77
Unsecured Loans		<b>39170.51</b>	58748.25
		<b>161298.40</b>	222090.02
<b>DEFERRED TAX</b>			
Deferred Tax Liability		<b>69321.43</b>	72953.57
Less: Deferred Tax Recoverable		<b>69321.43</b>	72953.57
		—	—
<b>TOTAL</b>		<b>491281.36</b>	497891.93
<b>APPLICATION OF FUNDS</b>			
<b>FIXED CAPITAL EXPENDITURE</b>			
<b>FIXED ASSETS</b>			
Gross Block	<b>4</b>	<b>461603.40</b>	460534.86
Less : Depreciation		<b>154509.30</b>	138597.91
Net Block		<b>307094.10</b>	321936.95
Advance towards Land		<b>885.75</b>	885.75
Capital Work-in-progress	<b>5</b>	<b>72510.78</b>	49618.59
Construction stores and advances	<b>6</b>	<b>14801.04</b>	21692.14
		<b>395291.67</b>	394133.43
<b>Investment in State Govt. Power Bonds</b>		<b>85941.54</b>	95490.60
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	<b>7</b>	<b>6960.34</b>	6837.28
Sundry Debtors		<b>14009.96</b>	10385.89
Cash and Bank balances		<b>18869.10</b>	11287.00
Loans and advances		<b>8304.35</b>	8422.52
		<b>48143.75</b>	36932.69
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	<b>8</b>	<b>20227.84</b>	18713.93
Provisions		<b>19373.79</b>	11652.14
		<b>39601.63</b>	30366.07
<b>NET CURRENT ASSETS</b>		<b>8542.12</b>	6566.62
<b>MISCELLANEOUS EXPENDITURE</b>	<b>9</b>	<b>1506.03</b>	1701.28
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>491281.36</b>	497891.93

**Schedules 1 to 14, Balance Sheet abstract and Company's General Business Profile, Annexure 1, 2 & 3, Cash Flow Statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.**

For and on behalf of the Board of Directors

In terms of our report of even date

For VPC & Associates

Chartered Accountants

**C. Sharma**  
Dy. Company Secretary

**Malcolm D. Roy**  
Executive Director (F)

**J. Barkakati**  
Director (Tech)

**M. R. Ghosh**  
Chairman &  
Managing Director

**V. K. Sarawagi**  
Partner  
Membership No. 52140

Date: 4<sup>th</sup> July, 2007

Place: Kolkata

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007****(Rs. in lakhs)**

	Schedule No.	For the year ended 31st March, 2007	For the year ended 31st March, 2006
<b>INCOME :</b>			
SALES : Energy		<b>82775.22</b>	83962.28
Other income	<b>10</b>	<b>11751.16</b>	9393.02
<b>TOTAL INCOME</b>		<b>94526.38</b>	93355.30
<b>EXPENDITURE :</b>			
Purchase of gas		<b>19485.14</b>	16771.54
Purchase of power		<b>252.12</b>	269.55
Lubricants, oil, etc.		<b>106.30</b>	87.91
Transportation charges of gas		<b>1544.02</b>	1348.88
Transmission charges		<b>161.39</b>	158.00
Unschedule interchange charges		<b>121.64</b>	66.07
Incentive on Power Bond		—	3793.55
Electricity duty		<b>15.29</b>	14.69
Employees remuneration & benefits		<b>6465.83</b>	4464.31
Generation & administration expenses	<b>11</b>	<b>11597.58</b>	9227.24
Depreciation		<b>15020.60</b>	14975.48
Provision against Tariff revision		<b>5599.00</b>	—
<b>Interest &amp; Finance charges</b>	<b>11A</b>	<b>12885.16</b>	15529.19
Write off		<b>651.24</b>	791.82
Deferred revenue expenditure written off		<b>226.85</b>	227.31
<b>TOTAL EXPENDITURE</b>		<b>74132.16</b>	67725.54
<b>Profit /(Loss) for the year</b>		<b>20394.22</b>	25629.76
Prior period adjustment (Net)	<b>12</b>	<b>(3232.32)</b>	4695.90
Profit before tax		<b>23626.54</b>	20933.86
<b>Provision for taxation:</b>			
Current Tax		<b>1762.97</b>	1078.56
Deferred Tax Liability	(3632.14)		4148.01
Less: Deferred Tax Recoverable	(3632.14)	—	4148.01
		<b>1762.97</b>	1078.56
Profit after tax		<b>21863.57</b>	19855.30
Balance of Profit from last year		<b>82.43</b>	110.89
Write back from Bond Redemption Reserve		<b>2500.00</b>	2350.00
Profit for the year available for appropriation		<b>24446.00</b>	22316.19
Transferred to Bond Redemption Reserve		<b>1933.92</b>	2392.26
Transferred to General Reserve		<b>14800.00</b>	13000.00
Interim Dividend		<b>2000.00</b>	1000.00
Proposed Final Dividend		<b>4560.00</b>	5000.00
Dividend Tax		<b>1055.47</b>	841.50
Balance carried over to Balance Sheet		<b>96.61</b>	82.43
Earning per share(Basic and Diluted) (in Rs.)		<b>0.93</b>	91.04

**Schedules 1 to 14, Balance Sheet Abstract and Company's General Business Profile, Annexure 1,2 & 3, Cash Flow Statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.**

For and on behalf of the Board of Directors

In terms of our report of even date

For VPC &amp; Associates

Chartered Accountants

**C. Sharma**  
Dy. Company Secretary

**Malcolm D. Roy**  
Executive Director (F)

**J. Barkakati**  
Director (Tech)

**M. R. Ghosh**  
Chairman &  
Managing Director

**V. K. Sarawagi**  
Partner  
Membership No. 52140

Date: 4<sup>th</sup> July, 2007

Place: Kolkata

**INCIDENTAL EXPENDITURE DURING CONSTRUCTION  
FOR THE YEAR ENDED 31st MARCH, 2007****(Rs. in lakhs)**

	<b>Annexure No.</b>	<b>Schedule No.</b>	<b>For the year ended 31st March, 2007</b>	<b>For the year ended 31st March, 2006</b>
<b>A. GENERAL ADMINISTRATION</b>				
Employees remuneration & benefits			<b>3683.99</b>	2533.57
Travelling expenses			<b>213.50</b>	199.90
Rent			<b>31.40</b>	47.73
Rates & taxes			<b>28.16</b>	36.60
General expenses	<b>1</b>		<b>1335.14</b>	1344.20
Repairs & maintenance			<b>58.87</b>	47.19
Audit fees & expenses	<b>2</b>		<b>9.02</b>	6.84
Legal expenses			<b>36.69</b>	19.55
Insurance charges			<b>10.95</b>	27.85
Entertainment expenses			<b>0.81</b>	1.47
Advertisement expenses			<b>49.73</b>	29.22
Publicity expenses			<b>1.12</b>	89.36
Board meeting expenses			<b>0.93</b>	1.33
Depreciation			<b>110.25</b>	109.83
Wealth tax			<b>0.05</b>	0.13
Interest & Finance charges			<b>145.93</b>	206.62
Prior period adjustment (Net)		<b>13</b>	<b>4.48</b>	115.80
			<b>5721.02</b>	4817.19
Less : Non operating receipts :				
i) Interest on Investment			<b>511.05</b>	1280.46
ii) Others			<b>36.21</b>	31.53
			<b>547.26</b>	1311.99
Net expenditure			<b>5173.76</b>	3505.20
Expenditure charged to				
a) Profit & Loss Account			<b>4527.96</b>	3056.18
b) General Administration (Projects under Construction)			<b>645.80</b>	449.02

For and on behalf of the Board of Directors

In terms of our report of even date

For VPC & Associates  
Chartered Accountants**C. Sharma**  
Dy. Company Secretary**Malcolm D. Roy**  
Executive Director (F)**J. Barkakati**  
Director (Tech)**M. R. Ghosh**  
Chairman &  
Managing Director**V. K. Sarawagi**  
Partner  
Membership No. 52140Date: 4<sup>th</sup> July, 2007  
Place: Kolkata

## INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR ENDED 31st MARCH, 2007

(Rs. in lakhs)

	Annexure. No.	Schedule No.	For the year ended 31st March, 2007	For the year ended 31st March, 2006
<b>B. GENERAL ADMINISTRATION (PROJECTS UNDER CONSTRUCTION)</b>				
Employees remuneration & benefits			<b>3181.16</b>	2850.05
Travelling expenses			<b>107.67</b>	145.69
Rents			<b>15.72</b>	18.17
Rates & taxes			<b>15.78</b>	25.65
General expenses	<b>1</b>		<b>1531.61</b>	1169.75
Repairs & maintenance			<b>69.84</b>	47.52
Depreciation			<b>152.23</b>	188.84
Legal expenses			—	0.03
Insurance charges			<b>4.82</b>	2.57
Prior period adjustment (Net)		<b>14</b>	<b>160.34</b>	0.77
Tender expenses			<b>16.41</b>	11.31
<b>INTEREST &amp; FINANCE CHARGES</b>				
Interest on :				
Bonds			<b>108.20</b>	326.45
<b>Finance charges :</b>				
a) Guarantee fees			<b>128.32</b>	140.15
b) Loan expenses			<b>19.83</b>	23.79
			<b>256.35</b>	490.39
Wealth tax			<b>0.17</b>	0.32
Entertainment expenses			<b>0.82</b>	1.18
Share of General Administration expenses			<b>645.80</b>	449.02
			<b>6158.72</b>	5401.26
Less : Non-operating receipts :				
i) Interest on advances from Suppliers/ Contractors			<b>127.05</b>	208.80
ii) Others			<b>5.55</b>	14.22
			<b>132.60</b>	223.02
Net Expenditure			<b>6026.12</b>	5178.24
Expenditure transferred to Capital Work-in-Progress			<b>6026.12</b>	5178.24

For and on behalf of the Board of Directors

In terms of our report of even date

For VPC & Associates  
Chartered AccountantsC. Sharma  
Dy. Company SecretaryMalcolm D. Roy  
Executive Director (F)J. Barkakati  
Director (Tech)M. R. Ghosh  
Chairman &  
Managing DirectorV. K. Sarawagi  
Partner  
Membership No. 52140Date: 4<sup>th</sup> July, 2007  
Place: Kolkata



**SCHEDULE 1A – CAPITAL**

	<b>As at 31st March, 2007</b>	<b>(Rs. in lakhs)</b> As at 31st March, 2006
<b>AUTHORISED CAPITAL</b>		
3,50,00,00,000 (Previous year 3,50,00,000 equity shares of Rs. 1,000/- each)	<b>350000.00</b>	<u>350000.00</u>
equity shares of Rs. 10/- each		
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
2,45,85,26,300 (Previous year 2,19,76,038 equity shares of Rs. 1,000/- each)	<b>245852.63</b>	219760.38
equity shares of Rs. 10/- each		
<b>TOTAL</b>	<b>245852.63</b>	219760.38

**SCHEDULE - 1B CAPITAL**

	<b>As at 31st March, 2007</b>	<b>(Rs. in lakhs)</b> As at 31st March, 2006
Share application money pending allotment	<b>20078.90</b>	6185.41
<b>TOTAL</b>	<b>20078.90</b>	6185.41

**SCHEDULE 2 - RESERVES & SURPLUS**

	As at 31st March, 2006	<b>Additions</b>	<b>Adjustments</b>	<b>(Rs. in lakhs)</b> As at 31st March, 2007
Capital Reserve	14.08	—	—	<b>14.08</b>
Bond Redemption Reserve	11434.55	<b>1933.92</b>	<b>(2500.00)</b>	<b>10868.47</b>
Grant-in-Aid	2833.38	—	<b>(52.79)</b>	<b>2780.59</b>
General Reserve	35491.68	<b>14800.00</b>	—	<b>50291.68</b>
Surplus as per Profit & Loss A/c	82.43	<b>96.61</b>	<b>(82.43)</b>	<b>96.61</b>
<b>TOTAL</b>	49856.12	<b>16830.53</b>	<b>(2635.22)</b>	<b>64051.43</b>

**SCHEDULE 3 – LOAN FUNDS**

	<b>(Rs. in lakhs)</b>	
	<b>As at 31st March, 2007</b>	As at 31st March, 2006
<b>(A) SECURED LOANS</b>		
<b>I BONDS :</b>		
<b>MARKET BORROWING PROGRAMME (All the four series Guaranteed by the Govt. of India):</b>		
<b>THIRD SERIES</b>		
13.85% (Taxable) (1st Tranche) Non Cumulative, Redeemable at par on 19th August, 2006	—	2332.40
13.75% (Taxable) (2nd Tranche) Non Cumulative, Redeemable at par on 20th January, 2007	—	<u>2667.60</u>
	—	5000.00
<b>FOURTH SERIES</b>		
12.3% (Taxable) Non Cumulative, Redeemable at par on 10th November, 2007	<b>5000.00</b>	5000.00
<b>PRIVATE PLACEMENT:</b>		
<b>*SIXTH ISSUE</b>		
8.50% (Tax Free) Secured Non Convertible, Redeemable Bonds of Rs. 10,00,000 each, Redeemable at par on 11th August 2010 with a put & call option after 11th August, 2007	<b>5000.00</b>	5000.00
<b>*SEVENTH ISSUE</b>		
<b>1st Tranche</b>		
9.00% (Tax Free )Secured Non-Convertible, Redeemable bonds of Rs. 10,00,000 each, redeemable at par on 5th March, 2012 with a put & call option after 5th March 2009	<b>1500.00</b>	1500.00
<b>2nd Tranche</b>		
9.85% (Tax Free), Secured Non-Convertible, Redeemable bonds of Rs. 5,00,000 each, Redeemable at par on 30th March, 2012 and 1st May, 2012 with a put & call option after 30th March, 2009 and 1st May, 2009.	<b>1830.00</b>	<u>1830.00</u>
	<b>3330.00</b>	3330.00
<b>*EIGHTH ISSUE</b>		
7.90% (Tax free) Secured Non-Convertible, Redeemable bonds of Rs. 10,00,000 each, Redeemable at par on 7th January, 2010 with a put & call option after 7th January, 2008.	<b>9500.00</b>	9500.00



### SCHEDULE 3 – LOAN FUNDS

	<b>(Rs. in lakhs)</b>	
	<b>As at 31st March, 2007</b>	As at 31st March, 2006
<b>*NINTH ISSUE</b>		
9.75% (Taxable) Secured Non-Convertible, Redeemable bonds of Rs.10,00,000 each Redeemable at par on 31st March, 2013 with a put & call option after 31st March, 2008.	<b>5400.00</b>	5400.00
<b>*10TH ISSUE</b>		
6.25% (Tax free), Secured Non-Convertible Redeemable bonds of Rs.10,00,000 each, Redeemable at par on 16th February, 2011 with a put & call option after 16th February, 2009.	<b>3000.00</b>	3000.00
<b>* NOTE :</b> Secured by mortgage of the landed property in the state of Gujrat alongwith fixed assets of Doyang H.E Project Viz. Dam, Water Conductor System and power house & penstock.		
Carried forward	<b><u>31230.00</u></b>	<u>36230.00</u>

**SCHEDULE 3 – LOAN FUNDS**

	<b>(Rs. in lakhs)</b>	
	<b>As at 31st March, 2007</b>	As at 31st March, 2006
Brought forward	<b>31230.00</b>	36230.00
II. Loans from Deutsche Bank (Guaranteed by the Govt. of India)	<b>2402.49</b>	3878.93
III. 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]	<b>15210.75</b>	18305.16
IV. Loans from Japan Bank for International Co-operation (Guaranteed by the Govt. of India)	<b>10693.18</b>	11678.81
V. Loans from Life Insurance Corporation of India (Secured by the assets of <b>Kopili HEP</b> : 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 <b>Doyang HEP</b> : Residential & Non-Residential Buildings (permanent), Road and Bridges and Diversion Tunnel	<b>7366.00</b>	8593.33
VI. Medium term loan from Banks Equitable mortgage by way of deposit of tittle deed of land situated at umrongso N.C Hills, Assam and at district Wokha, Nagaland. An exclusive mortgage on the immovable properties situated at Kopili H E P stage I extn. together with Power house Building, Temporary/ Permanent/Non-Residential Buildings, Temporary Residential Building, Indoor Electrification, Arrestors; Kopili HEP Stage II extension together with Power House Building and Other Buildings and Doyang HEP together with Reservoir and spillway. Also hypothecation of movable properties of Kopili HEP stage I & II including movable plant and machinery spares, tools and accessories and other movables both present and future. Interest accrued and due thereon	—	9000.00 54.35
VII. Cash credit (Secured by Hypothecation of book debts/ receivables)	—	7601.19
VIII. Structured Syndicated Term Loan [Equitable mortgage by way of deposit of tittle deed of Land situated at Dibrugarh District, Assam. Secured by exclusive mortgage on immovable properties and hypothecation of movable properties (both present and future) other than current assets of the Assam Gas Based Power Plant]	<b>55225.47</b>	68000.00
<b>TOTAL Secured Loans (A)</b>	<b>122127.89</b>	<u>163341.77</u>
<b>(B) UNSECURED LOANS</b>		
Loans from Govt. of India	<b>39170.51</b>	58748.25
<b>TOTAL Unsecured Loans (B)</b>	<b>39170.51</b>	58748.25
<b>GRAND TOTAL (A + B)</b>	<b>161298.40</b>	222090.02



**SCHEDULE 4 - FIXED ASSETS**

	<b>G R O S S</b>		<b>B L O C K</b>	
	As at 1st April, 2006	<b>Additions during the year</b>	<b>Sales / Ajustments during the year</b>	As at 31st March, 2007
<b>A) ASSETS</b>				
<b>I HYDRAULIC POWER PLANT, GAS PLANT &amp; TRANSMISSION LINES :</b>				
Buildings and civil engineering works containing generation plant & equipment, main plant	26640.38	<b>8.10</b>	<b>(28.12)</b>	<b>26620.36</b>
Hydraulic works including Dams Dykes,Reservoirs & Tunnels	164769.55	<b>4.75</b>	<b>14.41</b>	<b>164788.71</b>
Plant & Machinery in Generating Station	54591.95	<b>37.95</b>	—	<b>54629.90</b>
Transformer having a rating of 100 K.V. ampere and above	4799.74	<b>1.47</b>	—	<b>4801.21</b>
Sub-station equipment and other fixed apparatus	504.21	—	—	<b>504.21</b>
Switchgear including cable connections	11898.25	<b>12.48</b>	<b>(8.90)</b>	<b>11901.83</b>
Transmission Lines	707.42	—	—	<b>707.42</b>
Gas Turbine	89796.77	<b>251.33</b>	<b>25.16</b>	<b>90073.26</b>
Gas Booster Station	17005.93	—	—	<b>17005.93</b>
Gas Pipeline	36.60	—	—	<b>36.60</b>
Gas Steam Turbine	53526.08	—	—	<b>53526.08</b>
Gas Cooling Tower	3293.03	<b>3.87</b>	—	<b>3296.90</b>
Make-up Water System	2742.77	<b>3.23</b>	—	<b>2746.00</b>
	430312.68	<b>323.18</b>	<b>2.55</b>	<b>430638.41</b>



(Rs. in lakhs)

DEPRECIATION			NET BLOCK	
As at 1st April, 2006	Depreciation for the year including adjustment	Upto 31st March, 2007	As at 31st March, 2007	As at 31st March, 2006
7661.91	<b>764.10</b>	<b>8426.01</b>	<b>18194.35</b>	18978.47
17090.40	<b>3761.05</b>	<b>20851.45</b>	<b>143937.26</b>	147679.15
8394.58	<b>1386.04</b>	<b>9780.62</b>	<b>44849.28</b>	46197.37
1321.71	<b>154.41</b>	<b>1476.12</b>	<b>3325.09</b>	3478.03
322.87	<b>7.60</b>	<b>330.47</b>	<b>173.74</b>	181.34
3014.54	<b>420.98</b>	<b>3435.52</b>	<b>8466.31</b>	8883.71
421.25	<b>19.58</b>	<b>440.83</b>	<b>266.59</b>	286.17
56312.21	<b>5455.14</b>	<b>61767.35</b>	<b>28305.91</b>	33484.56
11149.15	<b>1123.77</b>	<b>12272.92</b>	<b>4733.01</b>	5856.78
25.48	<b>2.20</b>	<b>27.68</b>	<b>8.92</b>	11.12
18966.97	<b>1929.42</b>	<b>20896.39</b>	<b>32629.69</b>	34559.11
1130.16	<b>120.02</b>	<b>1250.18</b>	<b>2046.72</b>	2162.87
941.32	<b>99.96</b>	<b>1041.28</b>	<b>1704.72</b>	1801.45
126752.55	<b>15244.27</b>	<b>141996.82</b>	<b>288641.59</b>	303560.13



**SCHEDULE 4 - FIXED ASSETS**

	<b>GROSS BLOCK</b>			
	As at 1st April, 2006	<b>Additions during the year</b>	<b>Sales / Ajustments during the year</b>	<b>As at 31st March, 2007</b>
<b>II GENERAL ASSETS (FOR PROJECTS UNDER OPERATION)</b>				
Buildings	6549.35	<b>26.81</b>	—	<b>6576.16</b>
Furniture & Fixtures	335.01	<b>18.62</b>	<b>1.91</b>	<b>355.54</b>
Roads, Bridges, Culverts & Helipads	3102.98	<b>0.10</b>	—	<b>3103.08</b>
Vehicles	415.95	—	<b>15.51</b>	<b>431.46</b>
Railway Siding	10.65	—	—	<b>10.65</b>
Electrical Installation	799.10	<b>11.05</b>	—	<b>810.15</b>
Temporary Buildings/Erections	2415.18	<b>11.64</b>	<b>(17.46)</b>	<b>2409.36</b>
Hospital Equipment	8.19	<b>0.32</b>	—	<b>8.51</b>
Tools & Plants	2884.34	<b>25.83</b>	<b>0.12</b>	<b>2910.29</b>
Office Equipment	163.81	<b>6.69</b>	<b>(1.19)</b>	<b>169.31</b>
EDP Equipment	281.47	<b>13.73</b>	<b>(0.83)</b>	<b>294.37</b>
Other Equipment	370.12	<b>2.72</b>	<b>0.09</b>	<b>372.93</b>
Water supply, sewerage & drainage	866.42	<b>0.09</b>	—	<b>866.51</b>
Plant & Machinery in Generating Station (Diesel Power House)	429.24	—	—	<b>429.24</b>
Communication Equipment	124.00	<b>15.91</b>	<b>(0.13)</b>	<b>139.78</b>
Lightning Arrestor (Pole Type Magazine Building)	139.01	—	—	<b>139.01</b>
Telephone Line	103.69	—	—	<b>103.69</b>
Land & Land Rights :				
Free hold	666.49	—	—	<b>666.49</b>
Lease hold	3663.69	—	—	<b>3663.69</b>
	23328.69	<b>133.51</b>	<b>(1.98)</b>	<b>23460.22</b>
<b>TOTAL (A)</b>	453641.37	<b>456.69</b>	<b>0.57</b>	<b>454098.63</b>

(Rs. in lakhs)

DEPRECIATION			NET BLOCK	
As at 1st April, 2006	Depreciation for the year including adjustment	Upto 31st March, 2007	As at 31st March, 2007	As at 31st March, 2006
1473.55	<b>118.19</b>	<b>1591.74</b>	<b>4984.42</b>	5075.80
245.11	<b>14.90</b>	<b>260.01</b>	<b>95.53</b>	89.90
717.15	<b>55.87</b>	<b>773.02</b>	<b>2330.06</b>	2385.83
365.00	<b>8.28</b>	<b>373.28</b>	<b>58.18</b>	50.95
6.18	<b>0.19</b>	<b>6.37</b>	<b>4.28</b>	4.47
393.75	<b>37.81</b>	<b>431.56</b>	<b>378.59</b>	405.35
2170.94	<b>(12.21)</b>	<b>2158.73</b>	<b>250.63</b>	244.24
5.65	<b>0.32</b>	<b>5.97</b>	<b>2.54</b>	2.54
2393.04	<b>92.49</b>	<b>2485.53</b>	<b>424.76</b>	491.30
126.08	<b>5.53</b>	<b>131.61</b>	<b>37.70</b>	37.73
113.80	<b>17.61</b>	<b>131.41</b>	<b>162.96</b>	167.67
218.29	<b>13.42</b>	<b>231.71</b>	<b>141.22</b>	151.83
147.62	<b>14.37</b>	<b>161.99</b>	<b>704.52</b>	718.80
376.28	<b>6.00</b>	<b>382.28</b>	<b>46.96</b>	52.96
70.48	<b>8.01</b>	<b>78.49</b>	<b>61.29</b>	53.52
77.18	<b>8.26</b>	<b>85.44</b>	<b>53.57</b>	61.83
70.33	<b>3.84</b>	<b>74.17</b>	<b>29.52</b>	33.36
—	—	—	<b>666.49</b>	666.49
311.07	<b>59.13</b>	<b>370.20</b>	<b>3293.49</b>	3352.62
9281.50	<b>452.01</b>	<b>9733.51</b>	<b>13726.71</b>	14047.19
136034.05	<b>15696.28</b>	<b>151730.33</b>	<b>302368.30</b>	317607.32



**SCHEDULE 4 - FIXED ASSETS**

	<b>GROSS</b>		<b>BLOCK</b>	
	As at 1st April, 2006	Additions during the year	Sales / Adjustments during the year	As at 31st March, 2007
<b>B) ASSETS</b>				
<b>(FOR PROJECTS UNDER CONSTRUCTION &amp; OTHER OFFICES)</b>				
Buildings	1640.65	<b>247.39</b>	—	<b>1888.04</b>
Furniture & Fixtures	362.59	<b>73.77</b>	<b>(7.61)</b>	<b>428.75</b>
Roads, Bridges, Culverts & Helipads	2.77	—	—	<b>2.77</b>
Vehicles	87.42	—	<b>(29.43)</b>	<b>57.99</b>
Electrical Installations	155.20	<b>7.76</b>	—	<b>162.96</b>
Temporary Buildings/Erections	431.81	<b>18.10</b>	<b>(0.19)</b>	<b>449.72</b>
Tools & Plants	1183.33	<b>145.01</b>	<b>(2.53)</b>	<b>1325.81</b>
Office equipment	445.47	<b>28.64</b>	<b>(7.38)</b>	<b>466.73</b>
EDP & WP Equipment	613.85	<b>51.31</b>	<b>(14.45)</b>	<b>650.71</b>
Water Supply, sewerage & drainage	36.41	—	—	<b>36.41</b>
Plant & Machinery in Generating Station (Diesel Power House)	139.10	—	—	<b>139.10</b>
Communication Equipment	95.79	<b>27.46</b>	<b>(12.86)</b>	<b>110.39</b>
Plant & Machinery	1.16	—	—	<b>1.16</b>
Weigh Bridge	13.34	—	—	<b>13.34</b>
Land & Land Rights	1362.76	<b>51.18</b>	—	<b>1413.94</b>
Other Equipment	312.17	<b>42.86</b>	<b>(22.12)</b>	<b>332.91</b>
Hospital Equipment	0.20	<b>2.56</b>	—	<b>2.76</b>
Transformer having a rating of 100 KV & Above	9.47	<b>11.81</b>	—	<b>21.28</b>
<b>TOTAL (B)</b>	6893.49	<b>707.85</b>	<b>(96.57)</b>	<b>7504.77</b>
<b>GRAND TOTAL (A + B)</b>	460534.86	<b>1164.54</b>	<b>(96.00)</b>	<b>461603.40</b>
PREVIOUS YEAR	458206.07	2592.39	(263.30)	460534.86

(Rs. in lakhs)

DEPRECIATION			NET BLOCK	
As at 1st April, 2006	Depreciation for the year including adjustment	Upto 31st March, 2007	As at 31st March, 2007	As at 31st March, 2006
287.29	<b>33.68</b>	<b>320.97</b>	<b>1567.07</b>	1353.36
179.63	<b>18.28</b>	<b>197.91</b>	<b>230.84</b>	182.96
0.30	<b>0.05</b>	<b>0.35</b>	<b>2.42</b>	2.47
35.11	<b>(3.12)</b>	<b>31.99</b>	<b>26.00</b>	52.31
125.86	<b>7.63</b>	<b>133.49</b>	<b>29.47</b>	29.34
257.13	<b>58.35</b>	<b>315.48</b>	<b>134.24</b>	174.68
936.64	<b>27.19</b>	<b>963.83</b>	<b>361.98</b>	246.69
298.51	<b>21.71</b>	<b>320.22</b>	<b>146.51</b>	146.96
158.86	<b>28.44</b>	<b>187.30</b>	<b>463.41</b>	454.99
8.66	<b>0.77</b>	<b>9.43</b>	<b>26.98</b>	27.75
99.11	<b>4.73</b>	<b>103.84</b>	<b>35.26</b>	39.99
41.46	<b>3.91</b>	<b>45.37</b>	<b>65.02</b>	54.33
1.04	—	<b>1.04</b>	<b>0.12</b>	0.12
2.26	<b>0.80</b>	<b>3.06</b>	<b>10.28</b>	11.08
—	—	—	<b>1413.94</b>	1362.76
124.42	<b>12.31</b>	<b>136.73</b>	<b>196.18</b>	187.75
0.01	<b>0.01</b>	<b>0.01</b>	<b>2.75</b>	0.19
7.57	<b>0.38</b>	<b>7.95</b>	<b>13.33</b>	1.90
2563.86	<b>215.12</b>	<b>2778.97</b>	<b>4725.80</b>	4329.63
138597.91	<b>15911.40</b>	<b>154509.30</b>	<b>307094.10</b>	321936.95
122845.74	15752.17	138597.91	321936.95	335360.33

**SCHEDULE 5 —CAPITAL WORK - IN - PROGRESS**

		(Rs. in lakhs)				
	Annexure No.	As at 1st April, 2006	Additions during the year	Adjustments during the year	Capitalised during the year	As at 31st March, 2007
Building		442.87	<b>468.83</b>	<b>15.98</b>	<b>257.41</b>	<b>670.27</b>
Temporary Buildings/ Erections		1026.32	<b>231.37</b>	<b>1.22</b>	<b>29.74</b>	<b>1229.17</b>
Roads, Bridges, Culverts & Helipads		6329.52	<b>6639.10</b>	<b>(4.52)</b>	—	<b>12964.10</b>
Electrical Installation		100.37	<b>35.37</b>	<b>0.52</b>	<b>7.75</b>	<b>128.51</b>
Water Supply, Sewerage & Drainage		661.19	<b>59.62</b>	—	—	<b>720.81</b>
Hydraulic works including Dams, Dykes etc.		10114.84	<b>7095.28</b>	<b>(215.13)</b>	—	<b>16994.99</b>
Other Civil Works		261.91	<b>35.91</b>	—	—	<b>297.82</b>
Power House		1689.41	<b>946.61</b>	<b>(4.08)</b>	—	<b>2631.94</b>
Switch Yard including cable connection		25.70	<b>7.99</b>	—	<b>12.47</b>	<b>21.22</b>
Plant & Machinery in generating Station (Diesel Power House)		2.04	—	—	—	<b>2.04</b>
Environment & Echology		1455.03	<b>12.32</b>	—	—	<b>1467.35</b>
Transmission Lines		2608.44	<b>2050.03</b>	—	—	<b>4658.47</b>
Transformer having a rating of 100KV ampere and above		4.41	—	—	—	<b>4.41</b>
Survey & Investigation		2799.58	<b>613.21</b>	<b>(105.89)</b>	—	<b>3306.90</b>
Substation		0.05	<b>44.98</b>	—	—	<b>45.03</b>
Plant, etc. in Generating Station		137.49	<b>2.19</b>	—	<b>2.19</b>	<b>137.49</b>
Deposit Works	<b>3</b>	645.80	—	—	—	<b>645.80</b>
Incidental Expenditure during Construction		21313.62	<b>6026.12</b>	<b>(755.28)</b>	—	<b>26584.46</b>
<b>TOTAL</b>		49618.59	<b>24268.93</b>	<b>(1067.18)</b>	<b>309.56</b>	<b>72510.78</b>
Previous year		36530.45	15776.79	(1892.99)	795.66	49618.59

**SCHEDULE 6 —CONSTRUCTION STORES & ADVANCES**

	<b>(Rs. in lakhs)</b>	
	<b>As at 31st March, 2007</b>	As at 31st March, 2006
<b>A) CONSTRUCTION STORES</b>		
<b>(at cost as certified by the Management)</b>		
i) General Stores	<b>1068.50</b>	1111.92
ii) Stores at sites	<b>159.50</b>	1.82
	<b>1228.00</b>	1113.74
Less : Provision for loss of stock	<b>7.79</b>	3.12
	<b>1220.21</b>	1110.62
<b>B) ADVANCE FOR CAPITAL EXPENDITURE</b>		
Unsecured considered good		
1. Advance to Suppliers & Contractors		
i) Against Bank Guarantee	<b>8475.82</b>	9352.16
ii) Others	<b>5093.06</b>	11044.13
	<b>13568.88</b>	20396.29
Less : Provision against bad & doubtful advance	<b>28.00</b>	28.00
	<b>13540.88</b>	20368.29
2. Advance against Steel and Cement	<b>42.82</b>	217.68
Less : Provision against bad & doubtful advance	<b>2.87</b>	4.45
	<b>39.95</b>	213.23
<b>TOTAL</b>	<b>14801.04</b>	21692.14



## SCHEDULE 7 — CURRENT ASSETS, LOANS AND ADVANCES

	(Rs. in lakhs)	
	As at 31st March, 2007	As at 31st March, 2006
<b>A. CURRENT ASSETS</b>		
<b>(at cost as certified by the Management )</b>		
1. Operational Stores		
a) Components, spare-parts and other spares	<b>4620.70</b>	4455.26
b) Consumable stores	<b>201.27</b>	187.12
c) Stores & spares against grant- in- aid	<b>2193.48</b>	<u>2246.26</u>
	<b>7015.45</b>	6888.64
Less: Provision for non-moving stock	<u>55.11</u>	<u>51.36</u>
	<b>6960.34</b>	6837.28
2. Sundry Debtors (Unsecured considered good)		
a) Debts outstanding for a period exceeding 6 months considered good	—	1059.58
b) Other Debts	<b>14009.96</b>	<u>9326.31</u>
	<b>14009.96</b>	10385.89
3. Cash & Bank balance		
a) Short term deposits with Scheduled Banks	<b>5970.26</b>	8684.61
b) Balance with Scheduled Banks	<b>10974.77</b>	2037.64
c) Cash, drafts, cheques, stamps & imprest in hand	<b>1924.07</b>	562.79
d) Remittances in transit	—	<u>1.96</u>
	<b>18869.10</b>	11287.00
<b>B. LOANS &amp; ADVANCES (Unsecured considered good unless stated otherwise by the Management)</b>		
a) Advances recoverable in cash or in kind or for value to be received :		
(i) Accounts receivable considered good	<b>5172.57</b>	5499.27
(ii) Considered doubtful	<b>2.02</b>	<u>2.02</u>
	<b>5174.59</b>	5501.29
Less : Provision for bad & doubtful debts	<u>2.02</u>	<u>2.02</u>
	<b>5172.57</b>	5499.27
b) Advance to staff	<b>980.17</b>	970.54
c) Prepaid expenses	<b>350.28</b>	581.41
d) Deposits with other authorities	<b>19.38</b>	30.63
e) Other advances	<b>0.19</b>	2.77
f) Advance tax	<b>1325.24</b>	848.64
g) Tax deducted at source	<b>456.52</b>	<u>489.26</u>
	<b>8304.35</b>	8422.52
<b>TOTAL</b>	<b>48143.75</b>	36932.69

**SCHEDULE 8 — CURRENT LIABILITIES & PROVISIONS**

	<b>(Rs. in lakhs)</b>	
	<b>As at 31st March, 2007</b>	As at 31st March, 2006
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors		
For Capital Expenditure	<b>5466.79</b>	5042.86
Operation and Maintenance	<b>7068.37</b>	6294.69
Other Liabilities	<b>254.83</b>	209.91
	<b>12789.99</b>	11547.46
Deposits, retention money from contractors and others	<b>1538.39</b>	1460.98
Interest accrued but not due on :		
a) Loans from Govt. of India	<b>4400.29</b>	3956.45
b) Loans from Life Insurance Corporation of India	<b>145.71</b>	169.99
c) Bonds	<b>1016.35</b>	1186.45
d) Loans from Japan Bank for International Co-operation	<b>26.95</b>	29.44
e) Loans from Deutsche Bank	<b>32.84</b>	36.35
f) Loans from Power Finance Corporation Ltd.	<b>277.32</b>	326.81
	<b>5899.46</b>	5705.49
<b>TOTAL (A)</b>	<b>20227.84</b>	18713.93
<b>B) PROVISIONS FOR :</b>		
Gratuity	<b>3809.01</b>	2808.62
Wealth Tax	<b>0.69</b>	0.88
Guarantee Fees	<b>101.03</b>	286.69
Leave Encashment	<b>2519.97</b>	1523.36
Medical Benefits for Retired Employees	<b>246.15</b>	252.78
Proposed Dividend	<b>4560.00</b>	5000.00
Dividend Tax	<b>774.97</b>	701.25
Minimum Alternate Tax	<b>1762.97</b>	1078.56
Tariff Revision	<b>5599.00</b>	—
<b>TOTAL (B)</b>	<b>19373.79</b>	11652.14
<b>GRAND TOTAL (A + B)</b>	<b>39601.63</b>	30366.07

**SCHEDULE 9 — MISCELLANEOUS EXPENDITURE****(To the extent not written off or adjusted)**

	As at 1st April, 2006	<b>Additions</b>	<b>Deductions</b>	<b>(Rs. in Lakhs)</b> <b>As at 31st March, 2007</b>
A. Preliminary expenses	235.26	<b>31.60</b>	—	<b>266.86</b>
B. Deferred revenue expenditure	1466.02	—	<b>226.85</b>	<b>1239.17</b>
<b>TOTAL</b>	1701.28	<b>31.60</b>	<b>226.85</b>	<b>1506.03</b>

**SCHEDULE 10 — OTHER INCOME**

	<b>For the year ended 31st March, 2007</b>	<b>(Rs. in Lakhs)</b> For the year ended 31st March, 2006
Miscellaneous receipts	<b>25.18</b>	17.74
Reimbursement of MAT	<b>1202.82</b>	1150.58
Interest on investment(State Govt. Bond)	<b>7913.78</b>	8116.70
Interest on delayed payment on Sale of Power	<b>2556.59</b>	—
Other income (Grant-in-aid)	<b>52.79</b>	108.00
<b>TOTAL</b>	<b>11751.16</b>	9393.02

**SCHEDULE 11 — GENERATION AND ADMINISTRATION EXPENSES**

<b>(Rs. in Lakhs)</b>			
	<b>Annexure No.</b>	<b>For the year ended 31st March, 2007</b>	<b>For the year ended 31st March, 2006</b>
<b>GENERATION EXPENSES</b>			
Repairs & maintenance :			
a) Roads & buildings		<b>321.95</b>	327.95
b) Power house		<b>2025.93</b>	1896.12
c) Hydraulic works		<b>453.90</b>	115.22
d) Line & sub-stations		<b>3.06</b>	1.56
e) Others		<b>164.44</b>	209.21
f) Stores & spares (against Grant-in-Aid)		<b>52.79</b>	108.00
		<b>3022.07</b>	2658.06
<b>ADMINISTRATION EXPENSES</b>			
1. Travelling expenses		<b>193.56</b>	169.49
2. Advertisement expenses		<b>21.35</b>	21.83
3. Insurance charges		<b>707.06</b>	996.14
4. Rents		<b>1.49</b>	1.71
5. Rates & taxes		<b>42.29</b>	39.98
6. Entertainment expenses		<b>0.34</b>	1.18
7. General expenses	<b>1</b>	<b>2987.09</b>	2116.54
8. Publicity expenses		<b>4.53</b>	2.64
9. Wealth tax		<b>0.48</b>	0.44
10. Legal charges		<b>0.18</b>	0.10
11. Filing fees to CERC		<b>30.05</b>	103.82
12. Amortisation of leasehold land		<b>59.13</b>	59.13
13. Share of General establishment (as per statement of incidental expenditure during construction)		<b>4527.96</b>	3056.18
		<b>8575.51</b>	6569.18
<b>TOTAL</b>		<b>11597.58</b>	9227.24



## SCHEDULE 11 A — INTEREST AND FINANCE CHARGES

	<b>(Rs. in Lakhs)</b>	
	<b>For the year ended 31st March, 2007</b>	For the year ended 31st March, 2006
<b>Interest on :</b>		
i) Loans from Government of India	<b>443.85</b>	443.85
ii) Loans from Life Insurance Corporation of India	<b>740.12</b>	856.72
iii) Bonds	<b>3132.23</b>	3678.12
iv) Loans from Deutsche Bank	<b>122.66</b>	130.36
v) Loan from Power Finance Corporation Ltd	<b>1396.48</b>	1634.26
vi) Loan from Japan Bank for International Co-Operation	<b>237.68</b>	222.72
vii) Interest on Structured term loan	<b>5408.09</b>	5881.28
viii) Interest on Medium/Short Term Loan	<b>172.92</b>	1355.36
	<b>11654.03</b>	14202.67
<b>Finance charges :</b>		
i) Guarantee fees	<b>53.83</b>	84.05
ii) Rebate to customers	<b>1170.40</b>	1235.89
iii) Others	<b>6.90</b>	6.58
	<b>1231.13</b>	1326.52
<b>TOTAL</b>	<b>12885.16</b>	15529.19

**SCHEDULE 12 — PRIOR PERIOD ADJUSTMENT (OPERATION & MAINTENANCE)****(Rs. in Lakhs)**

	<b>For the year ended 31st March, 2007</b>	For the year ended 31st March, 2006
<b>A) INCOME :</b>		
Purchase of Gas.	—	335.13
Sale of power	<b>5084.06</b>	—
Incentive against Power Bond	<b>26.05</b>	—
Maintenance of Building	<b>5.43</b>	0.48
Electricity charges	<b>7.64</b>	—
Interest on GOI Loan	—	112.17
Security Expenses	<b>6.67</b>	137.94
Reimbursement of Income Tax (MAT)	—	18.20
Filing Fees	—	21.00
<b>TOTAL INCOME</b>	<b>5129.85</b>	624.92
<b>B) EXPENDITURE :</b>		
Rebate against sale of power	—	7.05
Depreciation	<b>627.36</b>	432.66
Incentive against power bond	—	1776.39
Sale of Power	—	2380.29
Contribution to PF	—	3.07
Purchase of gas	<b>766.10</b>	—
Purchase of power	—	17.33
Security Expenses	—	98.91
Children education expenses	<b>0.22</b>	23.38
Hire Charges	—	1.30
Incentive to employees(PLI)	<b>279.95</b>	5.12
Interest on JBIC Loan	—	205.92
Others	—	9.46
Transmission charges	<b>99.13</b>	—
Interest on Govt.of India Loan	—	359.94
Maintenance of Power House	<b>74.24</b>	—
Filing Fees	<b>21.00</b>	—
Transport expenses	<b>2.47</b>	—
Prepayment charge on GOI loan	<b>27.06</b>	—
<b>TOTAL EXPENDITURE</b>	<b>1897.53</b>	5320.82
<b>NET EXPENDITURE/ (INCOME)</b>	<b>(3232.32)</b>	4695.90

**SCHEDULE 13 — PRIOR PERIOD ADJUSTMENT (GENERAL ADMINISTRATION)**

	<b>(Rs. in Lakhs)</b>	
	<b>For the year ended 31st March, 2007</b>	For the year ended 31st March, 2006
<b>A) INCOME :</b>		
Repairs & Maintenance	—	6.14
Depreciation	<b>9.49</b>	10.61
<b>TOTAL INCOME</b>	<b>9.49</b>	16.75
<b>B) EXPENDITURE :</b>		
Hire Charges	—	1.81
Office furnishing	<b>0.55</b>	—
Incentive to Employees	<b>13.42</b>	2.16
Depreciation	—	2.74
Consultancy charges	—	125.84
<b>TOTAL EXPENDITURE</b>	<b>13.97</b>	132.55
<b>NET EXPENDITURE/ (INCOME)</b>	<b>4.48</b>	115.80

**SCHEDULE 14 - PRIOR PERIOD ADJUSTMENT (PROJECTS UNDER CONSTRUCTION)**

	<b>(Rs. in Lakhs)</b>	
	<b>For the year ended 31st March, 2007</b>	For the year ended 31st March, 2006
<b>A) INCOME :</b>		
Depreciation	<b>11.73</b>	1.62
Travelling Exp.	—	0.26
Contribution to P.F.	<b>0.20</b>	0.43
<b>TOTAL INCOME</b>	<b>11.93</b>	2.31
<b>B) EXPENDITURE :</b>		
Incentive to Employees	<b>24.93</b>	1.37
Rent	—	1.71
Medical Expenses	<b>0.43</b>	—
Repair & maintenance of equipment	<b>1.09</b>	—
Hire charges	<b>1.11</b>	—
Communication Expenses	<b>1.54</b>	—
Transport Expenses	<b>3.57</b>	—
Interest on Advance to contractor	<b>139.60</b>	—
<b>TOTAL EXPENDITURE</b>	<b>172.27</b>	3.08
<b>NET EXPENDITURE/ (INCOME)</b>	<b>160.34</b>	0.77

**ANNEXURE 1 — GENERAL EXPENSES**

(Rs. in Lakhs)

	<b>Operation &amp; Maintenance</b>		<b>General Administration</b>		<b>Project ( Under Construction)</b>		<b>Total</b>	
	<b>For the year ended</b>		<b>For the year ended</b>		<b>For the year ended</b>		<b>For the year ended</b>	
	<b>31st March, 2007</b>	31st March, 2006	<b>31st March, 2007</b>	31st March, 2006	<b>31st March, 2007</b>	31st March, 2006	<b>31st March, 2007</b>	31st March, 2006
Leave travel concession	<b>80.03</b>	57.27	<b>44.99</b>	34.65	<b>37.24</b>	32.37	<b>162.26</b>	124.29
Leave encashment	<b>693.01</b>	121.80	<b>363.61</b>	50.04	<b>267.66</b>	133.24	<b>1324.28</b>	305.08
Transport expenses	<b>502.12</b>	406.17	<b>266.34</b>	297.02	<b>342.39</b>	384.02	<b>1110.85</b>	1087.21
Printing & stationery	<b>33.97</b>	26.42	<b>61.85</b>	61.58	<b>7.26</b>	19.38	<b>103.08</b>	107.38
Postage & telegram	<b>1.41</b>	1.64	<b>3.66</b>	6.48	<b>0.35</b>	0.95	<b>5.42</b>	9.07
Medical expenses	<b>241.64</b>	206.10	<b>159.51</b>	161.20	<b>94.50</b>	121.98	<b>495.65</b>	489.28
Licence & registration	<b>3.15</b>	2.93	<b>0.10</b>	23.26	<b>0.42</b>	0.50	<b>3.67</b>	26.69
Paper & periodicals	<b>23.70</b>	21.41	<b>14.49</b>	15.03	<b>11.39</b>	11.39	<b>49.58</b>	47.83
Uniforms & liveries	<b>5.33</b>	6.57	<b>3.60</b>	3.51	<b>0.84</b>	0.73	<b>9.77</b>	10.81
Honorarium	<b>0.26</b>	0.08	<b>0.17</b>	0.51	—	—	<b>0.43</b>	0.59
Electric & water charges	<b>113.07</b>	118.21	<b>57.43</b>	53.82	<b>108.13</b>	61.78	<b>278.63</b>	233.81
Bank charges	<b>8.01</b>	17.50	<b>42.64</b>	34.63	<b>2.48</b>	1.04	<b>53.13</b>	53.17
Social welfare	<b>253.14</b>	255.95	<b>29.67</b>	185.36	<b>18.82</b>	15.90	<b>301.63</b>	457.21
Consultancy charges	<b>11.40</b>	16.39	<b>5.19</b>	9.17	<b>466.03</b>	197.13	<b>482.62</b>	222.69
Security arrangement	<b>868.66</b>	699.80	<b>69.65</b>	140.88	<b>49.59</b>	69.23	<b>987.90</b>	909.91
Training expenses	<b>0.34</b>	—	<b>8.81</b>	3.48	<b>0.09</b>	0.45	<b>9.24</b>	3.93
Staff recruitment expenses	—	—	<b>0.28</b>	5.14	—	1.09	<b>0.28</b>	6.23
Hospital facilities	<b>16.04</b>	15.93	—	—	—	0.19	<b>16.04</b>	16.12
Subscription & membership fees	<b>0.06</b>	—	<b>8.48</b>	31.91	—	—	<b>8.54</b>	31.91
Communication expenses	<b>34.75</b>	27.41	<b>74.04</b>	80.68	<b>40.86</b>	36.08	<b>149.65</b>	144.17
Office furnishing	<b>0.57</b>	3.69	<b>14.65</b>	15.71	<b>5.12</b>	3.22	<b>20.34</b>	22.62
Miscellaneous expenses	<b>30.32</b>	21.67	<b>58.57</b>	80.34	<b>39.73</b>	37.97	<b>128.62</b>	139.98
I.B. expenses	<b>13.68</b>	7.90	<b>8.90</b>	27.54	<b>22.04</b>	24.11	<b>44.62</b>	59.55
Laboratory & meter testing charges	<b>0.85</b>	0.64	<b>0.29</b>	0.48	<b>2.91</b>	2.93	<b>4.05</b>	4.05
Photographic records	<b>0.23</b>	0.25	<b>0.96</b>	0.28	<b>1.39</b>	0.05	<b>2.58</b>	0.58
Loss of Stock/Advance written off	<b>9.11</b>	4.02	—	—	—	3.82	<b>9.11</b>	7.84
EDP Expenses	<b>5.64</b>	16.67	<b>32.53</b>	20.92	<b>9.75</b>	10.20	<b>47.92</b>	47.79
Loss on sale of fixed Assets	—	0.26	<b>3.23</b>	0.58	<b>2.62</b>	—	<b>5.85</b>	0.84
Compensation	<b>25.07</b>	8.50	<b>1.50</b>	—	—	—	<b>26.57</b>	8.50
Provision for Loss/shortage of stores	<b>11.53</b>	51.36	—	—	—	—	<b>11.53</b>	51.36
<b>TOTAL</b>	<b>2987.09</b>	2116.54	<b>1335.14</b>	1344.20	<b>1531.61</b>	1169.75	<b>5853.84</b>	4630.49

## ANNEXURE 2 -AUDIT FEES & EXPENSES

		(Rs. in Lakhs)	
		For the year ended 31st March, 2007	For the year ended 31st March, 2006
<b>Audit fees</b>	<b>1.68</b>		1.10
<b>Tax Audit fees</b>	<b>0.20</b>		0.14
<b>Cost Audit Fees</b>	<b>0.42</b>		0.71
<b>Other expenses</b>	<b>6.72</b>		4.89
<b>TOTAL</b>	<b>9.02</b>		6.84

## ANNEXURE 3 -DEPOSIT WORKS

						(Rs. in Lakhs)
		As at 1st April, 2006	Additions	Adjustments	Capitalised	As on 31st March, 2007
1. Dikrong Inv. Scheme	204.12	—	—	—	—	<b>204.12</b>
2. Damwee Inv. Scheme	254.61	—	—	—	—	<b>254.61</b>
3. Kameng Inv. Scheme	45.73	—	—	—	—	<b>45.73</b>
4. Papumpam Inv. Scheme	68.93	—	—	—	—	<b>68.93</b>
5. Ranganadi (Stage - II) Inv. Scheme	38.80	—	—	—	—	<b>38.80</b>
6. Tuivai Inv. Scheme	15.01	—	—	—	—	<b>15.01</b>
7. Papu Inv. Scheme	18.60	—	—	—	—	<b>18.60</b>
<b>TOTAL</b>	<b>645.80</b>	—	—	—	—	<b>645.80</b>

## ACCOUNTING POLICIES

### 1. ACCOUNTING CONVENTIONS

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

### 2. FIXED ASSETS

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

### 3. CAPITAL WORK IN PROGRESS

- 3.1 Net expenditure common to Operation and Construction including Corporate Office expenses and Depreciation on General Assets are allocated to Operating Expenses and Incidental Expenditure during Construction in proportion of Sales to Capital outlay during the year. Common Expenditure of an Operating Project and its extension is being apportioned on the basis of the cost as provided in the approved Project Cost estimate.
- 3.2 Common expenditure of a project, which is partially in operation and partially under construction, is being apportioned on the basis of the installed capacity.
- 3.3 Incidental expenditure during construction including depreciation and interest are allocated / apportioned to the project/works forming part of work-in-progress on the basis of accretion thereto during the year.
- 3.4 The approved pattern of financing of Govt. of India was 1:1 for Equity and Debt in respect of the commissioned projects till 31/03/2005, the element of Equity being released first. The pattern of financing of Government of India in respect of projects under construction is as per the approved cost estimates of the projects. Interest during construction is also capitalized in the same approved pattern. The interest on loan for capital works chargeable to P/L account and IEDC is ascertained on the same basis of approved debt equity ratio.

#### **4. DEPRECIATION**

- 4.1 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.
- 4.2 Leasehold lands of the Corporation would be amortized over the period of lease commencing from the date of commercial operation or the effective date of starting the lease whichever is later.
- 4.3 The depreciation as a result of the foreign exchange gain/loss adjusted to the assets is charged prospectively as per Accounting Standard 11 of the Institute of Chartered Accountants of India.

#### **5. INVENTORY**

- 5.1 Stores and spares are valued at or under cost on weighted average method.
- 5.2 Value of scrap is adjusted in the account as and when sold.
- 5.3. Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of that related assets.
- 5.4 Physical verification of Inventory are done by the management once in a year.

#### **6. GRANT- IN-AID**

- 6.1 Grant-in-aid received from Central Government through North Eastern Council towards 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.
- 6.2 Grant-in-aid received from the Central Govt. for procurement of spares are treated initially as reserve and subsequently adjusted as other income to the extent of utilisation of such spares.

#### **7. INVESTMENT**

Investment are intended for long term and carried at cost.

#### **8. BORROWING COST**

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

#### **9. RETIREMENT BENEFIT**

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

#### **10. DEFERRED REVENUE EXPENDITURE**

- 10.1 Expenses on training, recruitment etc. are charged to revenue in the year of incurrence. Expenses on training for Plant Operations prior to the commissioning of a Project are treated as Deferred Revenue Expenditure to be written off within 5 (five) years after commissioning of the Project.
- 10.2 The premium paid for restructuring the loan availed from Financial Institutions for reduction in interest rate is treated as Deferred Revenue Expenditure (DRE) and the same is written off over the balance tenure of loan. However in case any loan is repaid in full in a year, prepayment charges paid is written off in the year of repayment itself.
- 10.3 Expenditure on remedial and strengthening of units, which were under operation, is being treated as Deferred Revenue Expenditure to be written off in five accounting years.

## 11. REVENUE RECOGNITION

- 11.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission. In case of Power Station where the tariff rates are yet to be approved/agreed with the beneficiaries, provisional rates are adopted.
- 11.2 The incentives/disincentives are recognized based on norms notified/approved by the Central Electricity Regulatory Commission. In case of power station where tariffs have not been notified, incentives/disincentives are accounted for on provisional basis.
- 11.3 Interest on Debtors (post securitisation) on account of sale of power is accounted for on cash basis.
- 11.4 Interest on amount involved in consequent securitisation of sundry debtors duly confirmed by all the States is accounted for on accrual basis.
- 11.5 Reimbursement of Income Tax and CERC filing fee by the beneficiaries in terms of CERC regulations are being accounted for on cash basis.

## 12. FOREIGN EXCHANGE FLUCTUATION

- 12.1 Transactions in foreign currency related to assets and corresponding liabilities are accounted for at the prevailing year-end exchange rate. The difference, if any, arising out of Foreign Exchange Rate fluctuation between the actual transaction date and the year-end rate is adjusted to the concerned assets, capital works in progress and liabilities accordingly and in case of Current Assets, is adjusted against Profit & Loss/ I.E.D.C.
- 12.2 The capitalization of assets procured under foreign exchange contracts is effected by applying an average exchange rate to the foreign exchange value of individual assets. The average exchange rate is derived from the actual foreign exchange rates applicable on the dates of transactions together with the year-end rate of exchange applicable for the purpose of providing outstanding liabilities. The difference arising out of the foreign exchange rate fluctuation on the outstanding liabilities is adjusted to the concerned assets together with adjustment towards depreciation and other consequential impact, if any.

## 13. MISCELLANEOUS

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

## 14. WRITE OFF

Incidental Expenses incurred on abandoned Projects and expenditure incurred on discontinued Survey & Investigation Schemes is being written off in five Accounting Years.

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

*In terms of our report of even date*  
**For VPC & Associates**  
 Chartered Accountants

**C. Sharma**  
 Dy. Company Secretary

**Malcolm D. Roy**  
 Executive Director (F)

**J. Barkakati**  
 Director (Tech)

**M. R. Ghosh**  
 Chairman &  
 Managing Director

**V. K. Sarawagi**  
 Partner  
 Membership No. 52140

Date: 4<sup>th</sup> July, 2007  
 Place: Kolkata

## NOTES ON ACCOUNTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs.105267.77 lakhs** (previous year Rs.110017.97 lakhs).
- 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.
- Balances shown under Loans from Government of India, Advances to Contractors, Creditors, Materials in transit / with contractors / issued on loan are subject to confirmation/reconciliation and consequential adjustment, if any.
- (A) Employees' remuneration and benefits include the following for the Directors including the Chairman & Managing Director.

*(Rupees in lakhs)*

	<b>Current year (2006-07)</b>	Previous year (2005-06)
Salary and allowances	<b>35.71</b>	25.51
Contribution to Provident Fund and other funds	<b>3.62</b>	2.40
Other benefits	<b>5.09</b>	4.84

(B) The remuneration of employees and of Directors are exclusive of contribution under Group Insurance Scheme which is not ascertainable separately. In addition to the above remuneration, the whole-time Directors have been allowed the use of Corporation's car including for private journey on payment of a fixed monthly amount in accordance with the provisions of B.P.E.'s Circular as amended from time to time/terms of their appointment.

- A sum of **Rs. 885.75 lakhs** (Previous year Rs.885.75 lakhs) spent in connection with acquisition of land including land compensation and rehabilitation expenses has been booked under "Advance towards land" and has been exhibited under "Fixed Capital Expenditure" under separate sub-head pending completion of legal formalities. The land is in the possession of the Corporation.
- The fiscal and financial progress report of the Garo Hills Thermal Project –improvement of road from Dudnoi to Nangalbibra and Damra to Nangalbibra, received from the BRDB for an amount of Rs. 99.83 lakhs has been returned back to NEC since the expenditure is not related to NEEPCO. NEC has been requested to withdraw the sanction order for the amount of Rs. 83.00 lakhs given as Advance towards Share Capital for this project. As against Rs.83.00 Lakhs received from the Council, a sum of Rs. 78.39 lakhs including 78.00 lakhs paid as advance to BRDB has been utilised. On receipt of the NEC order, the balance amount of Rs. 4.61 lacs will be refunded to NEC and the advance and expenditure will be withdrawn from the books of accounts.
- Sales include **Rs. 76.11 lakhs** (previous year Rs. 79.83 lakhs) being the cost of internal consumption of electricity.
- In anticipation of rescheduling of equity and loan as per approved pattern of financing of 1:1 for equity and debt in respect of RHEP, the equity being released first, interest amounting to Rs. 36319.25 lakhs (including penal interest of Rs. 3140.73 lakhs) has not been provided on provisional Government of India loan which would form part of equity as per approved pattern of financing.
- In terms of Ministry of Finance letter No.37(2)/PF-II/98 dated 13/02/2006, interest amounting to Rs. 8751.52 lakhs (Excluding Penal interest of Rs.240.67 lakhs) has not been provided on rescheduled Government of India loan amounting to Rs. 11170.30 lakhs which was paid on 08/02/2006.
- Expenditure of **Rs. 22926.05 lakhs** was incurred for Tuirial Hydro Electric Project in Mizoram. Due to some adverse external factors and anticipated increase in cost of project, the continuity of the project is being reviewed in totality in the Ministry of Power. All construction activities have been kept suspended from 09.06.2004 till a decision received from the Government. Interest on borrowings for the year 2006-07 amounting to **Rs. 681.53** lacs has been charged to revenue during the year in compliance of AS –16. In view of above impairment has not been ascertained by the Corporation.

11. Expenditure of **Rs.1749.51** lakhs was incurred for Tuivai Hydro Electric Project in Mizoram. In view of Govt. of Mizoram's intention to take back the project for execution in the State sector, all construction activities for the project has been suspended from 16.06.2004. Necessary modalities are being worked to hand over the project to the State Government. In view of above impairment has not been ascertained by the Corporation.
12. (a) Ministry of Power under their letter No.7/31/2000-H.I dt. 24/11/2005 communicated the decision of the Govt. of India to abandon the Tripura Gas Based Power Project. Accordingly, interest on Bonds amounting to **Rs. 394.55** lacs for the year 2006-07 has been charged to revenue during the period in compliance of AS-16.

(b)The disclosure required by the Accounting Standard 24" Discontinuing Operations " in respect of initial disclosure event is given below:

	<b>As on 31.3.2007</b>	<b>(Rupees in lakhs)</b> As on 31.03.2006
Fixed Assets (Net)	<b>630.40</b>	680.46
Capital Work-in-Progress	<b>2330.50</b>	2787.60
<b>Current Assets, Loans &amp; Advances</b>		
Construction Stores & Advances	<b>126.32</b>	143.48
Cash & Bank Balances	<b>10.61</b>	25.56
Loans & Advances	<b>0.30</b>	27.58
	<b>137.23</b>	196.62
Less: Current Liabilities	<b>134.01</b>	380.29
Net Current Assets	<b>3.22</b>	(183.67)
Preliminary Expenditure	<b>54.71</b>	54.71
Bonds through Private Placement	<b>5230.00</b>	5230.00

13. **Quantitative information in respect of generation & sales :**

	<b>Current year (2006-2007)</b>	<b>Previous year (2005-2006)</b>
Licensed Capacity	<b>Not Applicable</b>	Not Applicable
Installed Capacity :		
(a) Commercial Units	<b>1130.00 MW</b>	1130.00 MW
(b) Design Energy	<b>5698.73 MU</b>	5698.73 MU
Actual Generation	<b>4565.00 MU</b>	5260.00 MU
Sales including internal consumption but excluding free supply of Power, Auxiliary consumption and transmission losses.	<b>4246.76 MU</b>	4866.25 MU

14. **Contingent liabilities :**

	<b>As on 31.3.2007</b>	<b>(Rupees in lakhs)</b> As on 31.03.2006
Claims against the Company not acknowledged as debt	<b>25278.76</b>	9849.59

15. (a) Value of imports calculated on C.I.F. basis: **(Rupees in lakhs)**

	<b>Current year (2006-07)</b>	<i>Previous year (2005-06)</i>
Spares	<b>148.84</b>	31.45
(b) Expenditure in foreign currency :		
i) Interest	<b>126.17</b>	143.04
ii) Others (TA / Consultancy)	<b>1.32</b>	Nil

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

(a) Whole time Directors

1.	Shri S. C. Sharma	Chairman & Managing Director, Resigned w.e.f. 15.11.2006
2.	Shri M. R. Ghosh	Director (Finance)
3.	Shri Jayanta Barkakati	Director ( Technical)
4.	Shri Mohan Singh	Director (Personnel), Superannuated on 31.07.2006
5.	Shri I.P. Barooah	Director (Personnel) w.e.f. 01.08.2006

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

17. In compliance of AS-22 on " Accounting for Taxation on Income " provision for Deferred Tax Liability as on 1<sup>st</sup> April 2006 and for the year ended 31-03-2007 has been made as under :

	(Rs. in lacs)
(a) Deferred Tax Liability as on 01-04-2006	72953.57
Less: Deferred Tax Recoverable	72953.57
Net Deferred Tax Liability as on 01-04-2006	Nil
Deferred Tax Liability for the year	(3632.14)
Less: Deferred Tax Recoverable	(3632.14)
Net Deferred Tax for the year	Nil

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

Deferred Tax Liability (Difference of Book depreciation and Tax depreciation) **Rs. 69321.43 lakhs** as on 31-03-2007.

18. Stores include stores in transit of **Rs. 75.30 lakhs** (previous year **Rs. 306.53 lakhs**)

19. (a) Electricity generation is the principal activity of the Corporation. Other operation like interest income do not form a reportable segment as per the Accounting Standard 17. Interest income earned by the corporation in respect of bonds issued to the corporation by various Electricity Board in liquidation of the debts owed by them against energy supplied is attributable to the generation activity only.

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

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

	<b>As on 31.03.2007</b>	As on 31.03.2006
Profit After Tax (Rs. in lakhs)	<b>21863.57</b>	19855.30
Weighted Average number of equity shares	2345649464	21809371
Earning Per Share (Basic and diluted) (Rupees)	<b>0.93</b>	91.04
Face value per share (Rupees)	10.00	1,000.00



ISO 9001, 14001  
OHSAS 18001

21. For spares purchased out of Grant-in-aid received from the Central Govt. and utilised during the current year, i.e., FY 2006-2007, repairs & maintenance has been debited and Stock of Spares has been credited by an amount of **Rs. 52.79 lakhs**. Again, the amount has been transferred from Grant-in-aid to Profit & Loss Account.
22. The effect of foreign exchange fluctuations during the year is as under:
  - a) The amount of exchange difference adjusted by increase of loan liability of M/s Deutsche Bank, Germany with corresponding increase in the carrying amount of Fixed Asset is **Rs. 251.34 lakhs** in respect of Agartala Gas Turbine Project.
  - b) In case of Tuirial Hydro Electric Project the amount of difference adjusted by decrease of loan liability of M/s JBIC, Japan with corresponding decrease in the IEDC of **Rs. 339.33 lakhs**.
23. In compliance with the Accounting Standard 28 issued by the Institute of Chartered Accountants of India, the company have assessed the earning capacity of all its fixed assets in comparison to their carrying cost and observed no impairment loss. Accordingly no provision has been made.
24. Pending final decision, interest on delayed payment to Gas Authority of India Limited has been accounted for @ 13.25% in line with the model of Oil India Ltd. and the interest claimed in excess of 13.25% amounting to Rs. 2054.28 lakhs has been shown as contingent liability.
25. Interest and finance charge amounting to **Rs. 256.35 lakhs** (previous year Rs. 490.39 lacs) related to construction projects has been capitalised.
26. The Company has taken all known ascertainable liabilities pertaining to the year upto 31-03-2007 taking into consideration 30th April 2007 as the cut-of date.
27. In line with Accounting Policy (SI No.14), an amount of Rs. 480.00 lacs, Rs. 29.04 lacs, Rs. 42.77 lacs, Rs. 81.60 lacs and Rs. 17.82 lacs have been written off during the year against TGBP, Hirik, Papumpam, TKTS and Tezu Investigation scheme respectively.
28. Corporation is providing depreciation on fixed assets as per the Accounting Policy No. 4 of the Corporation. Government of India has notified the tariff policy on 6th January 2006 that the rate of depreciation notified by Central Commission would be applicable for the purpose of tariff as well as accounting. The depreciation charge for the year is lower by Rs. 5976.32 lakhs (previous year Rs. 6479.00 lacs) as compared to the rates prescribed in the Companies Act, 1956 so far as Profit & Loss Account is concerned.
29. Pending fixation of tariff for the period 2004-09, bills have been raised based on tariff for the year 2003-04. However a suitable provision of Rs. 5599.00 lacs has been made during the year to take care of reduction in tariff.
30. Any expenses on system software etc. for support and maintenance payable annually are charged to revenue.
31. No dues is outstanding to Micro, Small and Medium enterprises for more than 30 days as on the date of the Balance Sheet as defined under the Micro, Small and Medium Enterprises Development Act, 2006.
32. Previous year's figures have been regrouped, recast and re-arranged wherever possible and considered necessary.

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

*In terms of our report of even date*  
**For VPC & Associates**  
Chartered Accountants

**C. Sharma**  
Dy. Company Secretary

**Malcolm D. Roy**  
Executive Director (F)

**J. Barkakati**  
Director (Tech)

**M. R. Ghosh**  
Chairman &  
Managing Director

**V. K. Sarawagi**  
Partner  
Membership No. 52140

Date: 4<sup>th</sup> July, 2007  
Place: Kolkata



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2006-07**

(Rs. in Lakhs)

	2006-07		2005-06	
<b>A) Cash Flow From Operating Activities:</b>				
Net Profit before Tax		23626.54		20933.86
<b>ADD:</b>				
Depreciation	15707.09		15467.27	
Interest	11654.03		14656.36	
Provision for Rebate/Incentive	1170.40		1242.94	
DRE Amortized	226.85		227.31	
Provision against Tariff Revision	5599.00	34357.37	0.00	31593.88
<b>LESS:</b>				
Non cash receipts, if any				
Interest on Power Bond	7913.78		8116.70	
Grant-in -Aid	52.79	7966.57	108.00	8224.70
<b>Cash Flow From Operating Activities before working capital adjustments:</b>		<b>50017.34</b>		44303.04
<b>Working Capital Changes:</b>				
(Increase)/ Decrease in Inventories	(123.06)		2052.84	
(Increase)/ Decrease in receivables	9172.05		25459.67	
Increase/( Decrease) in trade & other payables	1064.16	10113.15	(4728.00)	22784.51
<b>Cash Flow From Operating Activities before taxes</b>		60130.49		67087.55
<b>Net Cash Flow From Operating Activities</b>		<b>60130.49</b>		67087.55
<b>B) Cash Flow From Investing Activities</b>				
Purchase of fixed assets	(554.68)		(1248.23)	
Expenditure on construction projects	(16202.45)		(14164.44)	
Misc. Exp.	(31.60)		(10.84)	
<b>Net Cash Flow From Investing Activities</b>		<b>(16788.73)</b>		(15423.51)
<b>C) Cash Flow From Financing Activities</b>				
Proceeds from issue of share capital (Including pending allotment)	39985.74		15684.25	
Dividend paid	(7000.00)		(2500.00)	
Proceeds from borrowings (net)	(60791.62)		(68735.86)	
Interest paid	(11568.27)		(14910.46)	
Interest/Grant received	4058.35		4058.35	
I.T. Paid/Refund Received	(443.86)	<b>(35759.66)</b>	(162.36)	(66566.08)
Net increase/(decrease) in cash and cash equivalents		7582.10		(14902.04)
Cash and cash equivalents -Opening		11287.00		26189.04
Cash and cash equivalents- Closing		<b>18869.10</b>		11287.00

For and on behalf of the Board of Directors

In terms of our report of even date

**For VPC & Associates**  
Chartered Accountants

**C. Sharma**  
Dy. Company Secretary

**Malcolm D. Roy**  
Executive Director (F)

**J. Barkakati**  
Director (Tech)

**M. R. Ghosh**  
Chairman &  
Managing Director

**V. K. Sarawagi**  
Partner  
Membership No. 52140

Date: 4<sup>th</sup> July, 2007  
Place: Kolkata

## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

### Balance Sheet Abstract and Company's General Business Profile

#### I REGISTRATION DETAILS

Registration No. 

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

 State Code 

1	3
---	---

Balance Sheet 

3	1
---	---

0	3
---	---

2	0	0	7
---	---	---	---

Date Date Month Year

#### II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN LAKHS)

Public Issue

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

Bonus Issue

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

Rights Issue

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

Private Placement

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

#### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN LAKHS)

Total Liabilities

5	3	0	8	8	2	.	9	9
---	---	---	---	---	---	---	---	---

Total Assets

5	3	0	8	8	2	.	9	9
---	---	---	---	---	---	---	---	---

#### SOURCES OF FUNDS

Paid-up Capital

\*\* 

2	6	5	9	3	1	.	5	3
---	---	---	---	---	---	---	---	---

Reserves and Surplus

6	4	0	5	1	.	4	3
---	---	---	---	---	---	---	---

Secured Loans

1	2	2	1	2	7	.	8	9
---	---	---	---	---	---	---	---	---

Unsecured Loans

3	9	1	7	0	.	5	1
---	---	---	---	---	---	---	---

#### APPLICATION OF FUNDS

Net Fixed Assets

3	9	5	2	9	1	.	6	7
---	---	---	---	---	---	---	---	---

Investments

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

Net Current Assets

	8	5	4	2	.	1	2
--	---	---	---	---	---	---	---

Misc. Expenditure

1	5	0	6	.	0	3
---	---	---	---	---	---	---

Accumulated Losses

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

\*\* Includes application money pending allotment for Rs. 20078.90 lakhs.



**IV PERFORMANCE OF COMPANY (AMOUNT RS. IN LAKHS)**

Turnover (including other income)

9	4	5	2	6	.	3	8
---	---	---	---	---	---	---	---

Total Expenditure

7	0	8	9	9	.	8	4
---	---	---	---	---	---	---	---

+ - Profit / (Loss) before tax

<input checked="" type="checkbox"/>	2	3	6	2	6	.	5	4
-------------------------------------	---	---	---	---	---	---	---	---

+ - Profit / (Loss) after tax

<input checked="" type="checkbox"/>	2	1	8	6	3	.	5	7
-------------------------------------	---	---	---	---	---	---	---	---

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

Earnings Per Share (Rs.)

			.	9	3
--	--	--	---	---	---

Dividend Rate (%)

2	.	6	7
---	---	---	---

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

Item Code No. (ITC Code)

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

Product Description

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

Item Code No. (ITC Code)

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

Product Description

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

Item Code No. (ITC Code)

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

Product Description

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

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

*In terms of our report of even date*

**C. Sharma**  
Dy. Company Secretary

**Malcolm D. Roy**  
Executive Director (F)

**J. Barkakati**  
Director (Tech)

**M. R. Ghosh**  
Chairman &  
Managing Director

**For VPC & Associates**  
Chartered Accountants

**V. K. Sarawagi**  
Partner  
Membership No. 52140

Date: 4<sup>th</sup> July, 2007  
Place: Kolkata

## ANNEXURE - I TO THE DIRECTOR'S REPORT

### AUDITORS' REPORT

To,

**The Members of North Eastern Electric Power Corporation Ltd.**

We report that, we have audited the attached Balance Sheet of North Eastern Electric Power Corporation Ltd., as at 31st March 2007 and also the Profit and Loss account for the year ended on that date and cash flow for the year ended on that date annexed thereto. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these statements based on our audit.

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

1. We report that,
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of those books.
  - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - (d) In our opinion the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub sec. (3C) of sec. 211 of the Companies Act, 1956.
  - (e) The provision of sec. 274 (1) (g) of the Companies Act does not apply to a Govt. Company in view of notification of Dept. of Co. Affairs, Ministry of Finance (vide their notification no. F.No. 8/5/22001-CL.V dated 21st October 2003). Therefore it is not required to report whether a Director is disqualified as on 31st March 2007 from being appointed as a director under sec 274 (1) (g) of the Companies Act, 1956.
2. We further report that
  - (a) Sales have been taken on provisional basis pending determination of tariff rates by Central Electricity Regulatory Commission.
  - (b) Construction activity of Tuirial Hydro Electric Project in Mizoram with a capital cost of Rs. 22926.05 lacs and Tuivai Hydro Electric Project in Mizoram with a capital cost of Rs. 1749.51 lacs had been kept suspended for a long time on account of various factors. In view of suspension of construction activities for a long time we are unable to form any opinion whether the capital cost as disclosed in the Balance Sheet of the above two projects reveal the fair value.
  - (c) In terms of Notes no. 9 of Notes On Accounts (Interest amounting to Rs. 8751.50 lacs and penal interest amounting to Rs. 240.67 lacs) in respect of Doyang H.E. Project has not been provided on rescheduled Government of India Loan. Had the impact of the above been considered, there would be a Profit of

Rs. 130.71 crore for the period as against the reported profit of Rs.218.63 crore, and the Profit & Loss A/c credit balance would have been lower by the same amount.

3. Subject to Para 2 above, in our opinion to the best of our information and according to the explanation given to us the said accounts give the information required by Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the Accounting Principles accepted in India.
- (a) In case of Balance Sheet of the state of affairs of the company as at 31st March, 2007; and
  - (b) In case of Profit & Loss account of the profit of the company for the year ended on that date; and
  - (c) In case of Cash Flow Statement of the cash flow for the year ended on that date.

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

- (I) (a) The Corporation has maintained proper records including quantitative details and situation of fixed assets. However, a few particulars need to be incorporated.
- (b) The Fixed Assets as explained to us have been physically verified by the management at the year-end and no serious discrepancies were noticed. In our opinion, the frequency of verification is reasonable.
- (c) Substantial Part of the fixed assets has not been disposed off during the year.
- (II) (a) As explained to us the inventory has been physically verified by the management at the year end. In our opinion the frequency of verification is reasonable.
- (b) According to information and explanations given to us in our opinion procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Corporation and nature of its business.
- (c) The discrepancies noticed during physical verification of the inventory were not material and under the process of reconciliation between book stock and physical quantity for appropriate adjustment.
- (III) (a) The Corporation has not granted any loans secured or unsecured to companies, firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.
- (b) The Corporation has not taken any loans secured or unsecured from companies firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.
- (IV) In our opinion and according to information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Corporation and the nature of its business for purchase of inventories, fixed assets and sale of energy. The Corporation has no service activity. We have not noticed any continuing failure to correct major weaknesses in internal control.
- (V) In our opinion there is no contract or arrangements referred to in sec. 301 of the Act during the year. Therefore clause (V) of the order is not applicable.
- (VI) Corporation has not accepted any deposits from the public covered by sec. 58A and 58AA of the Companies Act, 1956. Therefore clause (VI) of the order is not applicable.
- (VII) Corporation has in house Internal Audit system commensurate with the size of the Corporation & nature of its business. However, it needs to be further strengthened.
- (VIII) The Central Govt. has prescribed under clause (d) of sub section (1) of section 209 of the Act for the maintenance of cost records. We have broadly reviewed the records and prima-facie are of the opinion

that such records have been made and maintained. However, we have not made detailed examination of those records.

- (IX) The Corporation is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sale tax, wealth tax, custom duty, excise duty, cess, service tax and any other statutory dues with the appropriate authorities. The Corporation has paid dividend to shareholders on regular basis and there is no need to deposit any amount in investor, education and protection fund. There is no disputed amount in respect of sales tax, custom duty, wealth tax, excise duty and cess. However, there is a disputed amount of income tax for Rs. 29,34,012.00 in respect of Assessment year 2001-02 for which Corporation has preferred a representation before Chief Commissioner of Income Tax.
- (X) The Corporation has no accumulated loss and has not incurred cash loss during the year and in the immediately preceding financial year.
- (XI) In our opinion and according to information and explanation given to us, the Corporation has not defaulted in repayment of dues to financial institutions, banks or bondholders.
- (XII) The Corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII) In our opinion, the provision of any special statute applicable to chit funds are not applicable to the Corporation. Therefore clause (XIII) of the order is not applicable.
- (XIV) The Corporation is not dealing or trading in shares, debentures and other investments. Therefore, Para (XIV) of the order is not applicable to the Corporation.
- (XV) According to the information and explanation given to us, the Corporation has not given any guarantee for loans taken by others from banks or financial institutions. Therefore clause (XV) of the order is not applicable.
- (XVI) According to the information and explanation given to us, in our opinion, term loans were applied for the purpose for which the loans were obtained during the year.
- (XVII) On the basis of overall examination of the Balance Sheet, we have not come across instances where the Corporation has raised funds on short term basis and used for long term investments.
- (XVIII) The Corporation has not made any preferential allotment of shares to parties and Companies covered in register maintained under section 301 of the Companies Act, 1956 during the year. However a sum of Rs. 260.92 crores has been released as equity share capital by Govt. of India during the year.
- (XIX) The Corporation has not issued any debenture during the year. Therefore clause (XIX) of the order is not applicable.
- (XX) The Corporation did not raise money by public issue during the year. Therefore clause (XX) of the order is not applicable.
- (XXI) No fraud register is being maintained by the Corporation. According to information and explanations given to us no fraud on or by the Corporation has been noticed or reported to us during the year under audit.

The 4th day of July, 2007  
Kolkata – 700001

For VPC & Associates  
Chartered Accountants

**V.K. SARAWAGI**  
Partner  
Membership No. 52140



## ANNEXURE – II A TO THE DIRECTORS' REPORT

### MANAGEMENT'S REPLY TO THE QUALIFICATIONS MADE BY THE STATUTORY AUDITORS ON THE ANNUAL ACCOUNTS OF THE CORPORATION FOR THE YEAR 2006-07

#### STATUTORY AUDITOR'S QUALIFICATIONS

- a) Sales have been taken on provisional basis pending determination of tariff rates by Central Electricity Regulatory Commission.

(Refer policy no.11.1 of Accounting Policy)

- b) Construction activity of Tuirial Hydro Electric Project in Mizoram with a capital cost of Rs. 22926.05 lacs and Tuivai Hydro Electric Project in Mizoram with a capital cost of Rs. 1749.51 lacs had been kept suspended for a long time on account of various factors. In view of suspension of construction activities for a long time we are unable to form any opinion whether the capital cost as disclosed in the Balance sheet of the above two projects reveal the fair value.

(Refer note no. 10 & 11 of Notes on Accounts)

- c) In terms of Notes no. 9 of Notes On Accounts (Interest amounting to Rs. 8751.50 lacs and penal interest amounting to Rs. 240.67 lacs) in respect of Doyang H.E.Project has not been provided on rescheduled Government of India Loan. Had the impact of the above been considered, there would be a Profit of Rs. 130.71 crores for the period as against the reported profit of Rs. 218.63 crores, and the Profit & Loss A/c credit balance would have been lower by the same amount.

#### MANAGEMENT'S REPLY

This is a statement of fact which has been disclosed by way of Accounting Policy (Refer Sl.no. 11.1)

The fact has been disclosed suitably by way of note. (Refer Sl.no.10&11)

In the light of the Ministry of Finance, Govt. of India Office Memorandum dated 13 February, 2006 to waive off accrued interest on GOI loans up to March, 2006, no provision has been made in the accounts. In this regard the comments of C&AG may also be referred to.

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

**M. R. Ghosh**

Chairman & Managing Director



## ANNEXURE –II B 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 31.03.2007.

#### COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

##### (A) Profit & Loss Account:

Net Profit: Rs. 218.64 crores

##### Balance Sheet

Capital work-in-Progress (Sch. 5) - Rs. 725.11 crores.

Accounting Policy No. 14

The Capital Work-in progress and profit are overstated by Rs.9.30 crores (including Rs. 4.74 crores for prior period) on account of the following :

(i) Non-charging of incidental expenditure of Rs. 5.42 crores (including Rs. 2.15 crores for prior period), on initial survey and expenditure on investigation of projects /schemes which have been abandoned, to the Profit & Loss account and inclusion of the same in Capital Work-in-Progress.

(ii) Non-charging of finance charges (guarantee fees and commitment fees) of Rs. 3.88 crores (including Rs. 2.59 crores for prior period) relating to suspended period of operation of Tuirial Hydro Electric Project to the Profit & Loss account and inclusion of the same in Capital Work-in-Progress.

##### (B) Statutory Auditors' Report [Para 2(C)]

The qualification made by the Statutory Auditor regarding non-provision for interest amounting to Rs. 87.51 crores and penal interest of Rs. 2.41 crores on Govt. of India loans in respect of Doyang Hydro Electric Project may be viewed in the light of the Ministry of Finance, Govt. of India Office Memorandum dated 13 February 2006 wherein it was agreed to waive off accrued interest on GOI loans upto March, 2006.

#### MANAGEMENT'S REPLY

(i) As per Accounting Policy approved by the Board, incidental expenses incurred on abandoned projects and expenditure incurred on discontinued survey and investigation schemes are written off in five accounting years.

Accordingly, incidental expenditure on initial survey and expenditure on investigation of Projects/Schemes which have been abandoned are being written off over a period of five years. The amount of Rs. 5.42 crores to the extent not written off has been correctly shown under Work in Progress.

(ii) Necessary adjustment will be made in the next years (i.e. 2007-08) Accounts.

No Comment.

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

**M. R. Ghosh**

Chairman & Managing Director

## ANNEXURE -III TO THE DIRECTORS REPORT

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2007.

The preparation of financial statements of North Eastern Electric Power Corporation Limited for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is 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 4 July 2007.

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 for the year ended 31 March, 2007. 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. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

### (A) Profit & Loss Account:

Net Profit: Rs. 218.64 Crores

### Balance Sheet

Capital Work-in-Progress (Sch. 5) - Rs. 725.11 Crores.

Accounting Policy No. 14

The Capital Work-in-Progress and profit are overstated by Rs. 9.30 Crores (including Rs. 4.74 Crores for prior period) on account of the following :

- (i) Non-charging of incidental expenditure of Rs. 5.42 Crores (including Rs. 2.15 Crores for prior period), on initial survey and expenditure on investigation of projects /schemes which have been abandoned, to the Profit & Loss account and inclusion of the same in Capital Work-in-Progress.
- (ii) Non-charging of finance charges (guarantee fees and commitment fees) of Rs. 3.88 Crores (including Rs. 2.59 Crores for prior period) relating to suspended period of operation of Tuirial Hydro Electric Project to the Profit & Loss account and inclusion of the same in Capital Work-in-Progress.

### (B) Statutory Auditors' Report [Para 2(C)]

The qualification made by the Statutory Auditor regarding non-provision for interest amounting to Rs. 87.51 Crores and penal interest of Rs. 2.41 Crores on Govt. of India loans in respect of Doyang Hydro Electric Project may be viewed in the light of the Ministry of Finance, Govt. of India Office Memorandum dated 13 February 2006 wherein it was agreed to waive off accrued interest on GOI loans upto March 2006.

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

### A. Roychoudhury

Principal Director of Commercial audit  
& Ex-Officio Member Audit Board - 1  
K O L K A T A

Place : Kolkata  
Date : 10 August 2007

## ANNEXURE - IV 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

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

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

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

#### C. FOREIGN EXCHANGE EARNING AND OUTGO

1. Activity relating to exports, initiatives taken to increase exports, development of new export markets for products / services and export plans : NIL.
2. Total foreign exchange used during the year 2006-07:

	(Rs. in Lakhs)
a) Consultancy	Nil
b) Capital Equipment	Nil
c) Spares	148.84
d) Interest	126.17
e) Others (TA/Consultancy)	1.32

For and on behalf of the Board of Directors

  
**(M.R. Ghosh)**

Chairman & Managing Director



# *The Red River*



*W*hereas Indian rivers all bear female names, the Brahmaputra is all male, often torrentially so. Generally overshadowed by more well known rivers, the massive Brahmaputra is the lifeline of the North East, a source of artistic and musical inspiration, and a purifier of the soul. A river of immense geographical and economic significance, the Brahmaputra virtually narrates the North East's ethnic diversity as it flows westward from the hills of Arunachal Pradesh to the plains bordering Bangladesh. Although it has never been the focus of "river or water management", the Brahmaputra along with its tributaries constitutes the most powerful fluvial system in India besides possessing one-third of the country's hydropower potential.

# Jewels of God's own garden



Their beauty is seductive; mesmerizing; ethereal and mysterious. They hypnotize beholders with their stunning contours, colours and biological complexities. Numerically one of the largest of the flowering plant families, they grow on trees, rocks and on the ground. Out of the 1000 odd species of orchids found in India, the North Eastern region is home to more than half of the most precious endangered species of orchids. The colourful orchids in the virgin forests of the North Eastern States of India present a sight so divine that can be savoured for a lifetime. Each telling its own story, some on the verge of extinction, while others – a little more secure – reveal the delicate condition of these sparkling floral queens and the one common denominator that connects all the varied species – spectacular brilliance.



ISO 9001, 14001  
OHSAS 18001

## **NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED** (A Government of India Enterprise)

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