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NOTES ON ACCOUNTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ **93869.90 lakhs** (previous year ₹ 89470.25 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, KfW-Germany, 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.

	Current year (2009-10)	Previous year (2008-09)
Salary and allowances	45.92	45.51
Contribution to Provident Fund and other funds	3.46	3.05
Other benefits	12.11	6.06

(₹ in lakhs)

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

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

a. Expenses recognised in statement of Profit/Loss:

(₹ in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PMRB	LTC
Current service cost	395.53	307.24	127.54	—	—
Interest Cost	615.30	177.52	68.94	21.34	37.82
Actuarial gain/loss recognized in the year	329.76	695.24	(142.86)	23.50	0.70
Expense recognized in statement of Profit/Loss	1340.60	1180.00	53.62	44.84	38.52

b. The amount recognized in Balance Sheet :

(₹ in lakhs)

	Gratuity	Earned leave	Half Pay Leave	PMRB	LTC
Opening Net Liability	—	—	—	—	—
Expenses as taken in statement of Profit/loss	1340.60	1180.00	53.62	44.84	38.52
Contributions	—	—	—	—	—
Closing Net Liability	1340.60	1180.00	53.62	44.84	38.52
Closing Fund/Provision at the end of the year	8897.31	3128.07	894.54	304.80	401.42

c. Changes in the present valuation of obligations:

(₹ in lakhs)

	Gratuity	Earned leave	Half pay leave	PMRB	LTC
Present Value of obligation on 31.03.09	7825.91	2489.99	882.55	273.52	472.73
Interest Cost	615.30	177.52	68.94	21.34	37.82
Current service cost	395.53	307.24	127.54	—	—
Benefits paid	269.20	541.91	41.63	13.55	109.82
Actuarial gain/loss on obligations	329.76	695.24	(142.86)	23.50	0.70
Present value of obligation on 31.03.2010	8897.31	3128.08	894.54	304.80	401.42

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

Gratuity	: ₹ 1340.60 lakhs
Earned Leave Encashment	: ₹ 1180.00 lakhs
Half Pay Leave	: ₹ 53.62 lakhs
Post Retirement Medical Benefit	: ₹ 44.84 lakhs
LTC	: ₹ 38.52 lakhs

e. Actuarial Assumptions :

Principal Assumptions used for actuarial valuation are :

(1) Method used	: Projected Unit Credit Method
(2) Discount Rate	: 8.00
(3) Inflation Rate	: 5.00
(4) Return on Asset	: 0.00



ISO 9001 & 14001
OHSAS 18001

6. The pay revision of the employees of the company is due w.e.f 1st January 2007. Pending finalization of pay structure a provision of ₹ **1920.02 lakhs** towards pay for the year 2009-10 and ₹ **5828.61** towards allowances w.e.f. December'08 to March '10 has been made on estimated basis out of which ₹ **5276.96 lakhs** charged to Profit & Loss Account and ₹ **2471.67 lakhs** charged to IEDC during the year 2009-10. Pending formulation of policy relating to performance related pay a provision of ₹ **1867.98 lakhs** has been made on this account out of which ₹ 1305.99 lakhs charged to Profit & Loss Account and ₹ 561.99 lakhs charged to IEDC during the year 2009-10 .
7. A sum of ₹ **3041.15 lakhs** (Previous year ₹ 2999.91 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.
8. NEC has been requested to withdraw the sanction order for the amount of ₹ 83.00 lakhs given as Advance towards Share Capital for Garo Hill Thermal Project. As against ₹ 83.00 Lakhs received from the Council, a sum of ₹ 78.39 lakhs including ₹ 78.00 lakhs paid as advance to BRDB has been utilised. On receipt of the NEC order, the balance amount of ₹ 4.61 lakhs will be refunded to NEC and the advance and expenditure will be withdrawn from the books of accounts.
9. Sales include ₹ **150.95 lakhs** (previous year ₹ 71.14 lakhs) being the cost of internal consumption of electricity.
10. Due to some adverse external factors and anticipated increase in cost of Turrial H E P, the continuity of the project is being reviewed in totality by the Ministry of Power, Govt. of India. All construction activities have been kept suspended from 09.06.2004 till a decision is received from the Government of India. Gross expenditure of ₹ **31769.97 lakhs** was incurred on this project up to 31.03.2010. Out of this expenditure, an amount of ₹ **4510.58 lakhs** on account of IEDC for the period 09.06.2004 to 31.03.2010 including ₹ **553.55 lakhs** for the year 2009-10 has been charged to revenue in line with Accounting Policy. In compliance of AS 16 interest on borrowing & finance charges amounting to ₹ **5850.53 lakhs** since 09.06.2004 to 31.03.10 has also been charged to the revenue comprising of interest on borrowings amounting to ₹ **5177.68 lakhs** and ₹ **672.85 lakhs** towards finance charges. Interest & finance charges of ₹ **453.54 lakhs** have been charged to revenue during the year 2009-10.
11. Expenditure of ₹ **1748.91 lakhs** was incurred for Tuivai Hydro Electric Project in Mizoram. The Project has since been handed over to the Govt of Mizoram on 02.08.2007 for execution. Necessary modalities are being worked out for settlement of account with the State Government of Mizoram.
12. Tripura Gas Based Power Project, Monarchak (100 ± 20 MW) was cleared by CCEA on 14th July 2009 for execution at an estimated cost of ₹ **42101.00 lakhs**. EPC contract has been subsequently finalized with BHEL on 16.11.2009 with assistance of Central Electricity Authority. Since the price negotiated with BHEL exceeds the approved cost, the revised estimate is being placed before the PIB for investment approval. In compliance of AS 16 interest on borrowing for the period 1/4/2009 to 13/7/2009 has also been charged to revenue. A sum of ₹ **82.14 lakhs** towards interest on Bonds & Finance charges and ₹ **35.72 lakhs** on account of IEDC has been charged to revenue.

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

	<i>Current year (2009-2010)</i>	<i>Previous year (2008-2009)</i>
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity	1130.00 MW	1130.00 MW
Design Energy	5698.73 MU	5698.73 MU
Actual Generation	4548.62 MU	5404.86 MU
Sales including internal Consumption but excluding free supply of Power Auxiliary consumption and transmission losses	4246.21 MU	5080.75 MU

14. Contingent liabilities:**(₹ in lakhs)**

	<i>As on 31.3.2010</i>	<i>As on 31.03 2009</i>
Claims against the Company not acknowledged as debt	27535.97	27251.46

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

	<i>Current year (2009-10)</i>	<i>Previous year (2008-09)</i>
Spares	94.09	56.47
(b) Expenditure in foreign currency :-		
i) Interest	1.02	19.82
ii) Others (TA/ Consultancy)	8.68	14.25

16. The required information with respect to Related Party Disclosure is given as under:**(a) Whole time Directors :**

1	Sri V.K.Abbey	Chairman & Managing Director upto 31st July 2009
2	Sri I.P.Barooah	Chairman & Managing Director w.e.f 31st July 2009
3	Sri M.R. Ghosh	Director (Finance)
4	Sri I.P.Barooah	Director (Personnel)
5	Sri N. Bhattacharjee	Director (Technical)

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



ISO 9001 & 14001
OHSAS 18001

17. In compliance of AS-22 on "Accounting for Taxation on Income" provision for Deferred Tax Liability as on 1st April 2009 and for the year ended 31.03.2010 has been made as under:-

(₹ in lakhs)

(a) Deferred Tax Liability as on 01.04.2009	68021.00
Less: Deferred Tax Recoverable	68021.00
Net Deferred Tax Liability as on 31.03.2010	<u>Nil</u>
Deferred Tax Liability for the year	(3807.14)
Less: Deferred Tax Recoverable	(3807.14)
Net Deferred Tax for the year	<u>Nil</u>

(b) The item wise details of Deferred Tax Liability (Net) are as under Deferred Tax Liability (Difference of Book depreciation and Tax depreciation) ₹ **64213.86 lakhs** as on 31.03.2010.

18. Stores include stores in transit of ₹ **10.94 lakhs** (previous year ₹ 0.02 lakhs).

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

(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:

	<u>31.03.2010</u>	<u>31.03.2009</u>
Profit after Tax (₹ in lakhs)	28937.88	29697.10
Weighted Average number of equity shares	3207937004	3182336471
Earning Per Share (Basic and Diluted) (₹)	0.90	0.93
Face value per share (₹)	10.00	10.00

21. For spares purchased out of Grant-in-aid received from the Central Govt. and utilised during the current year, i.e., FY 2009-10, repairs & maintenance has been debited and Stock of Spares has been credited by an amount of ₹ **33.67 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) In case of Tuirial Hydro Electric Project the amount of difference adjusted by decrease of loan liability of M/S JICA, Japan with corresponding decrease in the IEDC of ₹ **563.79 lakhs**.

b) The amount of exchange difference adjusted by decrease of loan liability of M/s KfW Bank, Germany with corresponding decrease in the IEDC of ₹ **62.83 lakhs** in respect of Pare Hydro Electric Project.

23. In compliance with the Accounting Standard 28 issued by the Institute of Chartered Accountants 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 at SBI PLR plus 1% simple interest and the interest claimed in excess of SBI PLR plus 1% simple interest amounting to ₹ **978.71 lakhs** has been shown as contingent liability.
25. Interest and finance charge amounting to ₹ **3008.99 lakhs** (previous year ₹ 1196.35 lakhs) related to construction projects has been capitalised.
26. The Company has taken all known ascertainable liabilities pertaining to the year upto 31.03.2010 taking into consideration 30th April 2010 as the cut-of date.
27. Corporation is providing depreciation on fixed assets as per the Accounting Policy No. 4 of the Corporation. The Central Electricity Regulatory Commission (CERC) has notified Central Electricity Regulatory Commission (Terms & Conditions of Tariff) regulations, 2009 issued under notification dt.19th January 2009 for computation of tariff for the tariff period 2009-14. The depreciation rate as per CERC notification No.I-7/145(160)/2008-CERC dt.19th January 2009 would be applicable for the purpose of tariff as well as accounting. The depreciation charge for the year is higher by ₹ **1985.34 lakhs** (previous year lower by ₹ 5631.48 lakhs) as compared to the rates prescribed in the Companies Act, 1956 so far as Profit & Loss Account is concerned.
28. Any expenses on system software etc. for support and maintenance payable annually are charged to revenue.
29. (a) Information in respect of Micro, Small and Medium Enterprises as at 31st March' 2010 :

(₹ In lakhs)

Sl.	Particulars	Amount
(a)	Amount remaining unpaid to any supplier Principal Amount Interest due thereon	— —
(b)	Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Act, 2006 along with the amount paid to the suppliers beyond the appointed day	—
(c)	Amount of interest due and payable for the period of delay in making payment (which has been paid beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Act, 2006 .	—
(d)	Amount of interest accrued and remaining unpaid .	—
(e)	Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprises , for the purpose of disallowance as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Act, 2006 .	—



ISO 9001 & 14001
OHSAS 18001

30. Ministry of Power, Govt. of India vide Letter No 7/18/2007-H.I dated 07.05.2008, has conveyed approval to handover Talong HEP, Dibbin HEP, Kameng-II HEP and Kameng Dam Power House HEP to private developers for implementation. Accordingly, Talong HEP has been handed over to the Private developer and necessary adjustment has been made in the Accounts. Govt. of Arunachal Pradesh , vide letter no. PWRS/W-465/98/ Vol-II/2148-50 dtd. 22nd December 2008 has allotted Kapak leyak and Badao HEP to Private developer . A gross expenditure of ₹ 536.25 lakhs, ₹ 644.00 lakhs, ₹ 1057.39 lakhs , ₹ 202.32 lakhs and ₹ 802.77 lakhs in respect of Dibbin HEP, Kameng-II HEP, Kameng Dam Power House HEP, Kapak leyak HEP and Badao HEP respectively have been spent till 31.03.2010 . Necessary adjustment will be made in the year of actual handing over.
31. Corporation has decided in its board meeting to hand over all the related documents of Lower Kopili H.E project to Assam State Electricity Board (ASEB) on realization of the amount spent for the project. A gross expenditure of ₹ **164.69 Lakhs** has been incurred till 31.03.2010. Necessary adjustment will be made in year of actual handing over.
32. The Central Electricity Regulatory Commission (CERC) has notified by regulation the terms and conditions for determination of tariff applicable with effect from 1st April 2009 for a period of five years vide notification dated 19th January 2009. Pending final determination of station-wise tariff as per said notification, sales have been provisionally recognized at ₹ **102213.24 lakhs** for the year ended 31st March 2010 on the basis of principles enunciated in the said Regulations. Till the decision of the CERC as above, the Company continues to bill the beneficiaries from 1st April 2009 at the tariff approved by the CERC as applicable on 31st March 2009 as provided in aforesaid notification. As such sales for the current year includes ₹ **23079.58 lakhs** being the difference between sales worked out as per new tariff norms applicable for 2009-14 and as per tariff applicable as on 31st March 2009 the billing of which is yet to be done.

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

Policy No.	Description	Impact on Profit for the year (₹ In lakhs)
11.1	Modification of Accounting Policy for Revenue Recognition	(+) 23079.58
4.2	Deletion for Accounting policy for Amortisation of leasehold land .	(-) 75.12

34. Previous year's figures have been regrouped, recast and re-arranged wherever possible and considered necessary.

For and on behalf of the Board of Directors

In terms of our report of even date
For **ADD & ASSOCIATES**
Chartered Accountants

Date: 28th June, 2010
Place: Shillong

C. Sharma
Company Secretary

M.R. Ghosh
Director (Finance)

I.P. Barooah
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2009-10**(₹ in lakhs)**

A)	Cash Flow From Operating Activities:	2009-10	2008-09
	Net Profit before Tax	33741.06	32687.94
	ADD:		
	Depreciation	20994.04	15070.78
	Interest	3465.04	7234.09
	Provision for Rebate/Incentive	1467.23	1489.59
	DRE Amortized	203.53	206.49
		26129.84	24000.95
	LESS:		
	Non cash receipts, if any		
	Interest on Power Bond	5478.77	6290.44
	Grant-in -Aid	33.67	138.04
		5512.44	6428.48
	Cash Flow From Operating Activities before Working capital adjustments:	54358.46	50260.41
	Working Capital Changes:		
	(Increase)/ Decrease in Inventories	(1940.44)	267.03
	(Increase)/ Decrease in receivables	(12731.88)	16977.21
	Increase/(Decrease) in trade & other payables	9254.15	(3809.85)
		(5418.17)	13434.39
	Cash Flow From Operating Activities before taxes	48940.29	63694.80
	Net Cash Flow From Operating Activities	48940.29	63694.80
B)	Cash Flow From Investing Activities		
	Purchase of fixed assets	727.61	(934.03)
	Expenditure on construction projects	(34459.74)	(31397.57)
	Misc. Exp.	—	(4.29)
	Net Cash Flow From Investing Activities	(33732.13)	(32335.89)
C)	Cash Flow From Financing Activities		
	Proceeds from issue of share capital (Including pending allotment)	3500.00	1382.00
	Dividend paid	(9215.00)	(8210.00)
	Proceeds from borrowings (net)	(19720.80)	(12824.33)
	Interest paid	(3231.20)	(7963.86)
	Interest/Grant received	5478.77	6290.44
	I.T. Paid/Refund Received	(2125.95)	(1735.66)
		(25314.18)	(23061.41)
D)	Net increase/(decrease) in cash and cash equivalents	(10106.02)	8297.50
E)	Cash and cash equivalents -Opening	41746.19	33448.69
		Note 1(a)	
F)	Cash and cash equivalents- Closing	31640.17	41746.19
		Note 1(b)	



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Notes to the Cash and Cash Equivalents:

1. Cash and Cash Equivalents

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

(a) Cash and Cash equivalents as at 31st March:Opening	2010	2009
Cash,Drafts,Cheques,Stamps & Imprest in hand	1130.66	1283.26
Balance with Banks	11561.05	10138.43
Short term deposits with Banks	<u>29054.48</u>	<u>22027.00</u>
	<u>41746.19</u>	<u>33448.69</u>
(b) Cash and Cash equivalents as at 31st March:Closing	2010	2009
Cash,Drafts,Cheques,Stamps & Imprest in hand	8.70	1130.66
Balance with Banks	7457.47	11561.05
Short term deposits with Banks	<u>24174.00</u>	<u>29054.48</u>
	<u>31640.17</u>	<u>41746.19</u>

2. The Cash Flow Statement is prepared in accordance with the format included in Accounting Standard 3 prescribed by the Institute of Chartered Accountants of India.

3. In Part- A of Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C figures in brackets indicate cash outflows.

For and on behalf of the Board of Directors

C. Sharma
Company Secretary

M.R.Ghosh
Director (Finance)

I.P. Barooah
Chairman & Managing Director

We have audited the above Cash Flow Statement of North Eastern Electric Power Corporation Ltd. for the year ended on 31st March, 2010 prepared by the Company and certify that the statement has been derived from the Accounts of the Company.

In terms of our report of even date,
For ADD & ASSOCIATES
Chartered Accountants

Date: 28th June, 2010
Place: Shillong

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

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**Balance Sheet Abstract and Company's General Business Profile****I REGISTRATION DETAILS**

Registration No.

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

 State Code

1	3
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

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

Date Date Month Year

II CAPITAL RAISED DURING THE YEAR (AMOUNT ₹ IN LAKHS)

Public Issue

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

Bonus Issue

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

Rights Issue

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

Private Placement

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

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

Total Liabilities

5	7	1	8	7	5	.	6	3
---	---	---	---	---	---	---	---	---

Total Assets

5	7	1	8	7	5	.	6	3
---	---	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

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

Reserves and Surplus

1	1	8	3	1	6	.	0	2
---	---	---	---	---	---	---	---	---

Secured Loans

	6	2	1	7	3	.	0	3
--	---	---	---	---	---	---	---	---

Unsecured Loans

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

APPLICATION OF FUNDS

Net Fixed Assets

4	2	5	8	3	6	.	4	0
---	---	---	---	---	---	---	---	---

Investments

5	7	2	9	4	.	3	6
---	---	---	---	---	---	---	---

Net Current Assets

2	1	2	5	4	.	9	7
---	---	---	---	---	---	---	---

Misc. Expenditure

9	0	9	.	8	6
---	---	---	---	---	---

Accumulated Losses

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

****Includes application money pending allotment for ₹ 83 Lakhs.**



ISO 9001 & 14001
OHSAS 18001

IV PERFORMANCE OF COMPANY (AMOUNT ₹ IN LAKHS)

Turnover (including other income)

1	1	1	4	3	4	.	7	7
---	---	---	---	---	---	---	---	---

Total Expenditure

7	7	6	9	3	.	7	1
---	---	---	---	---	---	---	---

+ - Profit / (Loss) before tax

<input checked="" type="checkbox"/>	3	3	7	4	1	.	0	6
-------------------------------------	---	---	---	---	---	---	---	---

+ - Profit/ (Loss) after tax

<input checked="" type="checkbox"/>	2	8	9	3	7	.	8	8
-------------------------------------	---	---	---	---	---	---	---	---

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

Earnings Per Share (₹)

		0	.	9	0
--	--	---	---	---	---

Dividend Rate (%)

2	.	6	9	
---	---	---	---	--

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

Item Code No. (ITC Code)

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

Product Description

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

Item Code No. (ITC Code)

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

Product Description

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

Item Code No. (ITC Code)

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

Product Description

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

For and on behalf of the Board of Directors

In terms of our report of even date

For ADD & ASSOCIATES
Chartered Accountants

Date: 28th June, 2010

C. Sharma

M.R. Ghosh

Place: Shillong

Company Secretary

Director (Finance)

I.P. Barooah

Chairman &
Managing Director

D.R. DEY

Partner
Membership No.13682