

NOTES ON ACCOUNTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs. 89470.25 lakhs** (previous year Rs. 88350.79 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, Japan International Co-operation Agency, 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 (2008-09)	Previous year (2007-08)
Salary and allowances	45.51	30.13
Contribution to Provident Fund and other funds	3.05	2.88
Other benefits	6.06	7.00

(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.

- 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:

	(Rupees in lakhs)				
	Gratuity	Earned Leave	Half Pay Leave	PMRB	LTC
Current service cost	350.12	484.27	236.50	-	-
Interest Cost	284.84	124.43	55.72	19.71	-
Actuarial gain/loss recognised in the year	3530.84	408.34	(135.04)	0.10	484.16
Expense recognised in statement of Profit/Loss	4165.80	1017.04	157.18	19.81	484.16

b. The amount recognised in Balance Sheet :

(Rupees in lakhs)

	Gratuity	Earned Leave	Half Pay Leave	PMRB	LTC
Opening Net Liability	-	-	-	-	-
Expenses as taken in statement of Profit/loss	4165.80	1017.04	157.18	19.81	484.16
Contributions	-	-	-	-	-
Closing Net Liability	4165.80	1017.04	157.18	19.81	484.16
Closing Fund/Provision at the end of the year	7825.91	2489.99	882.55	273.52	472.73

c. Changes in the present valuation of obligations :

(Rupees in lakhs)

	Gratuity	Earned Leave	Half Pay Leave	PMRB	LTC
Present Value of obligation on 31.03.08	3935.61	1845.28	760.48	262.78	-
Interest Cost	284.84	124.43	55.72	19.71	-
Current service cost	350.12	484.27	236.50	-	-
Benefits paid	275.50	372.33	35.10	9.07	11.43
Actuarial gain/loss on obligations	3530.84	408.34	(135.04)	0.10	484.16
Present value of obligation on 31.03.09	7825.91	2489.99	882.55	273.52	472.73

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

Gratuity	: Rs. 4165.80 lakhs
Earned Leave Encashment	: Rs. 1017.04 lakhs
Half Pay Leave	: Rs. 157.18 lakhs
Post Retirement Medical Benefit	: Rs. 19.81 lakhs
LTC	: Rs. 484.16 lakhs

e. Actuarial Assumptions :

Principal Assumptions used for actuarial valuation are :

(1) Method used	: Projected Unit Credit Method
(2) Discount Rate	: 7.50
(3) Inflation Rate	: 5.00
(4) Return on Asset	: 0.00



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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 **Rs. 3185.30 Lakhs** has been made on estimated basis for the year 2008-09 out of which Rs. 2040.51 Lakhs charged to Profit & Loss Account and Rs. 1144.79 Lakhs charged to IEDC during the year 2008-09. Pending formulation of policy relating to performance related pay a provision of **Rs. 2950.00 lakhs** has been made on this account out of which Rs. 1989.59 Lakhs charged to Profit & Loss Account and Rs.960.41 Lakhs charged to IEDC during the year 2008-09.
7. A sum of **Rs. 2999.91 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.
8. NEC has been requested to withdraw the sanction order for the amount of Rs. 83.00 lakhs given as Advance towards Share Capital for Garo Hill Thermal 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 Lakhs will be refunded to NEC and the advance and expenditure will be withdrawn from the books of accounts.
9. Sales include **Rs. 71.14 Lakhs** (previous year Rs. 71.35 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, Government of India. All construction activities have been kept suspended from 09.06.04 till a decision is received from the Government of India. Gross expenditure of Rs.31674.02 Lakhs was incurred on this project up to 31.03.09. Out of this expenditure, an amount of Rs.3957.03 Lakhs on account of IEDC for the period 09.06.04 to 31.03.09 including Rs.579.40 lakhs has been charged to revenue during the year 2008-09 in line with Accounting Policy. In compliance of AS 16 interest on borrowing & finance charges amounting to Rs.5396.99 Lakhs since 09.06.2004 to 31.03.09 has also been charged to the revenue comprising of interest on borrowings amounting to Rs.4771.89 Lakhs and Rs.625.10 Lakhs towards finance charges. Interest & finance charges of Rs. 1616.68 Lakhs has been charged to revenue during the year 2008-09.
11. Expenditure of **Rs. 1749.51 Lakhs** was incurred for Tuivai Hydro Electric Project in Mizoram. The Project has since been handed over to the Government of Mizoram on 02.08.07 for execution. Necessary modalities are being worked out for settlement of account with the State Government of Mizoram.
12. (a) Gross expenditure of Rs. 5600.48 Lakhs was incurred on Tripura Gas Based Power Project up to 31.03.09. Ministry of Power under their letter No.7/31/2000-H.I dt. 24.11.05 communicated the decision of the Govt. of India to abandon the Tripura Gas Based Power Project. Accordingly out of the gross expenditure of Rs.5600.48 Lakhs a sum of Rs.3003.08 Lakhs on account of IEDC for the period 24.11.05 to 31.03.08 has been charged to the revenue in line with Accounting Policy. In compliance of AS 16 interest on borrowing since 24.11.05 has also been charged to the revenue. A sum of Rs.1352.65 Lakhs towards Interest on Bonds & Finance Charges, including Rs.385.55 Lakhs for the year 2008-09 has been charged to the revenue.



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

	(Rupees in lakhs)	
	31.03.2009	31.03.2008
Fixed Assets (Net)	624.87	628.00
Capital Work-in –Progress	535.25	532.85
<u>Current Assets Loans & Advances</u>		
Construction Stores & Advances	126.11	126.11
Cash & Bank Balances	0.59	0.59
Loans & Advances	0.24	<u>0.24</u>
	126.94	126.94
Less: Current Liabilities	97.02	<u>126.99</u>
Net Current Assets	29.92	(0.05)
Preliminary Expenditure	54.71	54.71
Bonds through Private Placement	5230.00	5230.00

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

	Current year (2008-2009)	<i>Previous year (2007-2008)</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	5404.86 MU	5475.25 MU
Sales including internal Consumption but excluding free supply of Power Auxiliary consumption and transmission losses	5080.75 MU	5045.81 MU

14. Contingent liabilities:

	(Rupees in lakhs)	
	As on 31.3.2009	<i>As on 31.03.2008</i>
Claims against the Company not acknowledged as debt	27251.46	25305.91

	(Rupees in lakhs)	
	Current year(2008-09)	<i>Previous year (2007-08)</i>
15. (A) Value of imports calculated on C.I.F. basis:		
Spares	56.47	489.65
(B) Expenditure in foreign currency :-		
i) Interest	19.82	88.69
ii) Others (TA/ Consultancy)	14.25	14.17



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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 w.e.f 06.06.08
2.	Sri M. R. Ghosh	Director (Finance)
3	Sri I.P.Barooah	Director (Personnel)
4	Sri N. Bhattacharjee	Director (Technical) w.e.f 12.09.08

(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 01.04.08 and for the year ended 31.03.09 has been made as under:-

	(Rupees in lakhs)
(a) Deferred Tax Liability as on 01.04.08	69312.69
Less: Deferred Tax Recoverable	69312.69
Net Deferred Tax Liability as on 31.03.2008	<u>Nil</u>
Deferred Tax Liability for the year	(1291.69)
Less: Deferred Tax Recoverable	(1291.69)
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) **Rs. 68021.00 Lakhs** as on 31.03.2009.

18. Stores include stores in transit of **Rs. 0.02 Lakhs** (previous year Rs. 179.21 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:

	<u>As on 31.03.2009</u>	<u>As on 31.03.2008</u>
Profit after Tax (Rs. in lakhs)	29697.10	25831.05
Weighted Average number of equity shares	3182336471	2719930893
Earning Per Share (Basic and Diluted) (Rupees)	0.93	0.95
Face value per share (Rupees)	10.00	10.00

21. For spares purchased out of Grant-in-aid received from the Central Government and utilised during the current year, i.e., FY 2008-09, repairs & maintenance has been debited and Stock of Spares has been credited by an amount of **Rs 138.04 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:
- 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 23.74 Lakhs** in respect of Agartala Gas Turbine Project.
 - In case of Tuirial Hydro Electric Project the amount of difference adjusted by increase of loan liability of M/S JICA, Japan with corresponding increase in the IEDC of **Rs. 2642.38 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. 744.00 Lakhs** has been shown as contingent liability.
25. Interest and finance charge amounting to **Rs.1196.35 Lakhs** (previous year Rs. 108.73 Lakhs) related to construction projects has been capitalised.
26. The Company has taken all known ascertainable liabilities pertaining to the year up to 31.03.09 taking into consideration 30.04.09 as the cut-of date.
27. 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 Electricity Regulatory Commission would be applicable for the purpose of tariff as well as accounting. The depreciation charge for the year is lower by **Rs. 5631.48 Lakhs** (previous year Rs. 5765.60 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 31.03.09:

(Rs.(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.	—



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30. Ministry of Power, Govt. of India vide Letter No 7/18/2007-H.I dated 07.05.08, 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-465/98Vol-II/2148-50 dtd. 22.12.08 has allotted Kapak leyak and Badao HEP to Private developer. A gross expenditure of Rs.536.25 Lakhs, Rs. 644.00 Lakhs, Rs. 1057.39 Lakhs, Rs. 251.66 Lakhs and Rs. 802.77 Lakhs in respect of Dibbin HEP, Kameng-II HEP, Kameng Dam Power House HEP, Kapakleyak HEP and Badao HEP respectively have been spent till 31.03.2009 . 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 Rs.164.09 lakhs has been incurred till 31. 03. 09. Necessary adjustment will be made in year of actual handing over.
32. Following Accounting Policy has been introduced/modified/deleted during the year -

Policy No.	Description	Impact on Profit for the year
Policy No.3.4	Modification of Policy of Capital Work in Progress	NIL
Policy No. 9	Modification of Policy of Retirement benefit as Employee Benefits in the line with the Accounting Standard 15(2005)	Rs. 328.30 lakhs
Policy No. 10.1	Deletion of Policy of Deferred revenue expenditure in respect of expense on training ,recruitment etc.	NIL
Policy No.10.3	Deletion of Policy of Deferred revenue expenditure in respect of Expenditure on remedial and strengthening of units .	NIL
Policy No. 12.1& 12.2	Modification of Accounting Policy for Foreign Exchange .	NIL
Policy No. 12.3	Introduction of Accounting Policy for Foreign Exchange recovery	Rs. 55.69 lakhs(including Prior Period Adjustment of Rs. 54.62 lakhs)
Policy No. 13.5	Merger of this policy under policy on Employee Benefits (Policy No. 9)	Shown above .

33. 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: 10th June, 2009

Place: Shillong

C. Sharma

Company Secretary

M.R. Ghosh

Director (Finance)

V. K. Abbey

Chairman &
Managing Director

D.R. DEY

Partner
Membership No.13682

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2008-09

	2008-09		2007-08	
A) Cash Flow From Operating Activities:				
Net Profit before Tax		32687.94		28224.18
ADD:				
Depreciation	15070.78		15037.02	
Interest	7234.09		9670.02	
Provision for Rebate/Incentive	1489.59		1430.96	
DRE Amortized	206.49	24000.95	206.49	26344.49
LESS:				
Non cash receipts, if any	-		-	
Interest on Power Bond	6290.44		7102.11	
Grant-in -Aid	138.04	6428.48	382.02	7484.13
Cash Flow From Operating Activities before working capital adjustments:		50260.41		47084.54
Working Capital Changes:				
(Increase)/ Decrease in Inventories	267.03		141.06	
(Increase)/ Decrease in receivables	16977.21		2023.49	
Increase/(Decrease) in trade & other payables	(3809.85)	13434.39	13778.25	15942.80
B) Cash Flow From Operating Activities before taxes		63694.80		63027.34
Net Cash Flow From Operating Activities		63694.80		63027.34
Cash Flow From Investing Activities				
Purchase of fixed assets	(934.03)		138.41	
Expenditure on construction projects	(31397.57)		(15389.87)	
Misc. Exp.	(4.29)		(16.05)	
Net Cash Flow From Investing Activities		(32335.89)		(15267.51)
C) Cash Flow From Financing Activities				
Proceeds from issue of share capital (Including pending allotment)	1382.00		52462.51	
Dividend paid	(8210.00)		(6400.00)	
Proceeds from borrowings (net)	(12824.33)		(65049.74)	
Interest paid	(7963.86)		(17759.47)	
Interest/Grant received	6290.44		3652.52	
I.T. Paid/Refund Received	(1735.66)	(23061.41)	<u>(86.06)</u>	(33180.24)
D) Net increase/(decrease) in cash and cash equivalents		8297.50		14579.59
E) Cash and cash equivalents -Opening Note. 1(a)		33448.69		18869.10
F) Cash and cash equivalents- Closing Note. 1(b)		41746.19		33448.69



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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	2009	2008
Cash,Drafts,Cheques,Stamps & Imprest in hand	1283.26	1924.07
Balance with Banks	10138.43	10974.77
Short term deposits with Banks	<u>22027.00</u>	<u>5970.26</u>
	<u>33448.69</u>	<u>18869.10</u>
(b) Cash and Cash equivalents as at 31st March:Closing	2009	2008
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>

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 (Fin)

V.K. Abbey
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, 2009 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: 10th June, 2009
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
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 State Code

1	3
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Balance Sheet Date

3	1
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0	3
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2	0	0	9
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Date Date Month Year**II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN LAKHS)**

Public Issue

		N	I	L		
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Bonus Issue

		N	I	L		
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Rights Issue

		N	I	L		
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Private Placement

		N	I	L		
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III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**(AMOUNT RS. IN LAKHS)**

Total Liabilities

5	5	4	1	1	6	.	0	5
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Total Assets

5	5	4	1	1	6	.	0	5
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SOURCES OF FUNDS

Paid-up Capital

3	1	9	7	7	6	.	0	4
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Reserves and Surplus

9	9	5	6	8	.	1	5
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Secured Loans

	8	1	5	8	7	.	7	3
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Unsecured Loans

		1	8	3	6	.	6	0
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APPLICATION OF FUNDS

Net Fixed Assets

4	1	3	0	9	8	.	3	1
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Investments

6	6	8	4	3	.	4	2
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Net Current Assets

2	1	7	1	3	.	4	0
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Misc. Expenditure

1	1	1	3	.	3	9
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Accumulated Losses

0	0	0	0	0	0	0
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****Includes application money pending allotment for Rs 501.16 lakhs.**



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IV PERFORMANCE OF COMPANY (AMOUNT RS. IN LAKHS)

Turnover (including other income)

9	7	1	8	8	.	8	8
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Total Expenditure

6	4	5	0	0	.	9	4
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+ - Profit / (Loss) before tax

<input checked="" type="checkbox"/>	3	2	6	8	7	.	9	4
-------------------------------------	---	---	---	---	---	---	---	---

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

+ - Profit/ (Loss) after tax

<input checked="" type="checkbox"/>	2	9	6	9	7	.	1	0
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Earnings Per Share (Rs.)

		0	.	9	3
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Dividend Rate (%)

2	.	7	9
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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			
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Product Description

		N	A			
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Item Code No. (ITC Code)

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

Product Description

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

Item Code No. (ITC Code)

		N	A			
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Product Description

		N	A			
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For and on behalf of the Board of Directors

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

Date: 10th June, 2009
Place: Shillong

C. Sharma
Company Secretary

M.R. Ghosh
Director (Finance)

V. K. Abbey
Chairman &
Managing Director

D.R. DEY
Partner
Membership No.13682