

ANNEXURE -IV TO THE DIRECTORS' REPORT

REVIEW OF ACCOUNTS OF NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED, SHILLONG FOR THE YEAR ENDED 31st MARCH 2005 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

(Review of Accounts has been prepared without taking into account comments under section 619(4) of the Companies Act, 1956 and qualifications contained in the Statutory Auditor's Report.)

1. Financial Position

The table below summarises the financial position of the Company under broad headings for the last three years.

	(Rs. in crore)		
	2002-03	2003-04	2004-05
Liabilities			
a) Paid up share capital (including pending allotment) - Govt. of India	1,932.01	1953.27	2102.61
b) Reserve & Surplus			
i) Free Reserves & Surplus	77.80	208.45	369.36
ii) Capital Reserve	0.14	0.14	0.14
c) Borrowings			
i) From Govt. of India	997.82	699.19	699.19
ii) From Financial Institution	752.75	357.22	697.20
iii) Foreign Currency Loans	135.11	176.75	178.60
iv) Cash Credit	81.03	47.61	162.78
v) Bonds	506.80	512.30	409.30
vi) Others	100.00	1027.00	760.00
vii) Interest accrued and due	361.74	289.48	1.19
d) i) Current Liabilities and Provisions	434.24	229.21	274.09
ii) Provisions for gratuity	15.01	17.04	21.93
Total	5394.45	5517.66	5676.39
Assets			
e) Gross Block	4,355.96	4435.82	4582.06
f) Less : Depreciation	916.84	1062.37	1228.46
g) Net Block (e-f)	3,439.12	3373.45	3353.60
h) i) Other Capital Expenditure	130.52	142.09	219.71
ii) Capital work in progress	247.74	345.12	365.30
i) Investments	-	954.91	954.91
j) Current Assets, Loan & Advances	1,508.33	682.12	763.69
k) Misc. Expenditure not written off	10.34	19.97	19.18
l) Accumulated loss	58.40	-	-
Total	5,394.45	5517.66	5676.39
m) Working Capital {-d(i) - c(vii)}	712.35	163.43	488.41
n) Capital Employed [g+m]	4,151.47	3536.88	3842.01
o) Net worth {a+b(i) - k - l}	1,941.07	2141.75	2452.79
p) Net worth per rupee of paid up capital (in Rupees)	1.00	1.10	1.17

2. Working Results

(Rs. in crore)

	2002-03	2003-04	2004-05
i) Sales	412.29	670.31	798.97
ii) Other income	83.84	97.98	82.84
iii) Profit/(Loss) before tax & prior period adjustment	(438.13)	144.54	275.49
iv) Prior period adjustment	29.98	63.56	(69.52)
v) Profit/(Loss) before tax	(408.15)	208.10	205.97
vi) Provision for taxation	-	10.52	9.79
vii) Profit/(Loss) after tax	(408.15)	197.58	196.18
viii) Dividend including dividend tax	-	5.64	33.92

3. Ratio Analysis

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under :

(In percentage)

	2002-03	2003-04	2004-05
A. Liquidity Ratio			
Current Ratio $\{j/d(i) + c(vii)\}$	189	132	277
B. Debt equity ratio			
Long term debt to equity	126	127	110
C. Profitability Ratio			
(a) Profit before tax to			
i) Capital Employed	-	5.88	5.36
ii) Net Worth	-	9.72	8.40
iii) Sales	-	31.05	25.78
iv) Profit after tax to equity capital	-	10.12	9.33
v) Earning per share (in Rs.)	-	102.54	100.33

4. Sources & Utilisation of Funds

Funds amounting to Rs. 599.40 crore from internal and external sources were generated and utilised during the year as shown below :

Sources of Funds

(Rs. in crore)

(a) Net profit after tax :	196.18	
Add Depreciation	166.09	362.27
(b) Increase in share capital (including pending allotment)		149.34
(c) Increase in borrowed fund		87.00
(d) Misc. expenditure written off		0.79
Total funds inflow during the year		599.40

Utilisation of Funds

	(Rs. in crore)
(a) Dividend paid (including tax on dividend)	20.60
(b) Addition to fixed assets, capital work in progress & other capital expenditure	244.04
(c) Decrease in grants-in-aid	1.35
(d) Increase in working capital	<u>333.41</u>
Total funds inflow during the year	<u>599.40</u>

5. Inventory :

The inventory levels at the close of last three years are given below :

	2002-03	2003-04	2004-05
Stores and spares	57.88	72.18	88.90

6. Sundry Debtors

The Sundry Debtors vis-a-vis sales during the last three years are given below :

Sundry Debtors						(Rs. in crore)
Year ended as on	Considered Good	Considered Doubtful	Total	Sales during the year	Percentage of total Debtors to sales	
31-03-2003	1286.42	-	1286.42	493.46	261	
31-03-2004	306.28	-	306.28	670.31	46	
31-03-2005	328.39	-	328.39	798.97	41	

Dated, Kolkata
The 12 August 2005

A. Roychoudhury
Principal Director of Commercial audit
& Ex-Officio Member Audit Board - 1
KOLKATA