



38th Annual Report

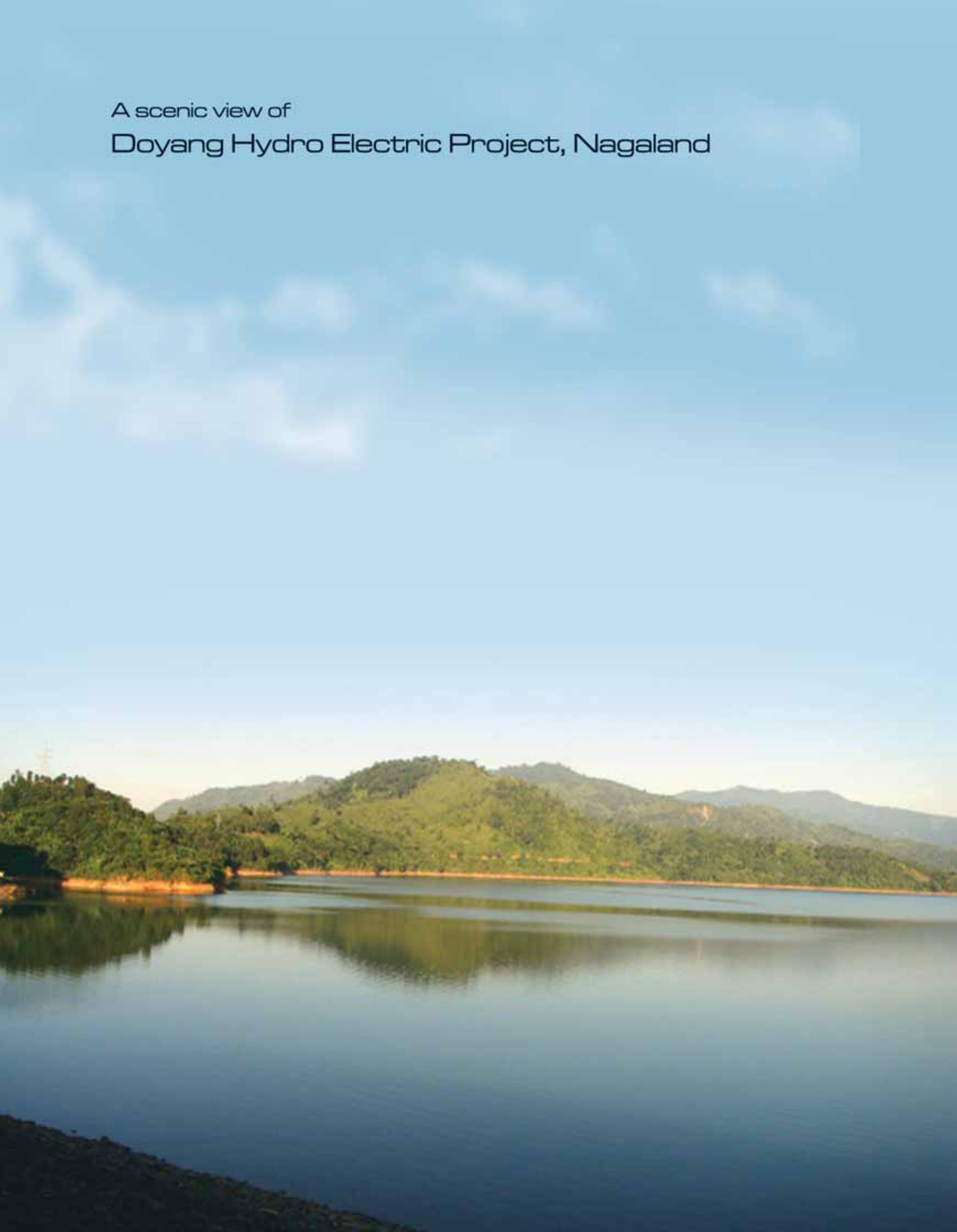
2013 - 14



Miniratna Category - I

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

A scenic view of
Doyang Hydro Electric Project, Nagaland





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Reference Information

Registered Office

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

Statutory Auditor

M/s. Nundi & Associates
Chartered Accountants, Kolkata

Cost Auditor

M/s. Sanjib Das & Associates
Cost Accountants, Guwahati

Company Secretary

Mr. Chiranjeeb Sharma

Bankers

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

CIN:

U40101ML1976GOI001658

Vision

To be a leading integrated Electric Power Company of the country with a strong environment conscience.

Mission

To harness the huge power potential of the country, from conventional and non-conventional sources, with minimal impact on the environment, through a planned development of power generation projects by an integrated approach covering all aspects of investigation, planning, design, construction, operation and maintenance of power projects, which in turn would effectively promote the development of the nation as a whole.

Corporate Objectives

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



Profile of Directors



Shri P. C. Pankaj

Chairman & Managing Director
(DIN: 03640772)

Shri P. C. Pankaj (58 years) has joined as the Chairman & Managing Director of the Corporation w.e.f. 3rd June, 2011. Shri P. C. Pankaj is an engineering graduate from Agra University and a post graduate in Business Management. He started his career in 1981 with NHPC. Later, he joined PGCIL in November, 1991. He has an impeccable track record in the field of Power Sector and was serving as Executive Director-Northern Region-I in PGCIL, before joining as CMD, NEEPCO. He was also Executive Director, North Eastern Region in PGCIL, posted at Shillong.



Shri A. G. West Kharkongor

Director (Finance)
(DIN: 03264625)

Shri A. G. West Kharkongor (55 years) was appointed as Director (Finance) of NEEPCO Ltd. on 19-08-2010. He is an alumnus of IIT, Bombay as well as IIM, Calcutta. Shri West Kharkongor is an experienced Finance professional having worked in various areas of the Finance & Accounts Department of the Corporation including Treasury, Internal Audit, Budgeting, Taxation, Compliation, Fund mobilization etc. During his tenure as General Manager (Finance), he successfully mobilized funds for several on-going projects including a Structured Syndicated Term Loan of ₹ 800 crs. Before joining the Corporation in 1993 he had worked in Bharat Petroleum Corporation Ltd. He is a member of Finance Committee of the Tezpur University, Assam. He is also holding additional charge as Member (Finance) of Damodar Valley Corporation. He is keenly involved in community and societal activities.



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

Shri Utpal Moral (58 years) has taken over as Director (Technical) on the 8th February, 2011. Shri Utpal Moral joined NEEPCO in the capacity of Assistant Engineer (E) in January, 1981. He served in Oil sector before joining NEEPCO. During his long association with the Corporation spanning over 31 years, he gathered wide experience in Design & System Engineering, Turnkey Construction, Logistics, material management & HR functions, O&M Project Development & finance of large power Projects and also in EHV transmission lines. Adept in computer utilisation and applications, he has undertaken advanced training in Gas turbine & Internal combustion technology, and Power Systems in Japan & USA. Shri Moral held many challenging positions at various level and has an acknowledged proficiency in clean energy development and climate change.



Shri Satyabrata Borgohain
Director (Personnel)
(DIN:06801073)

Shri Satyabrata Borgohain (55 years) joined as Director (Personnel) of NEEPCO on 1st January, 2014. He had acquired globally accredited MBA degree (EQUIS, Europe, AACSB, USA) from International Centre for Promotion of Enterprise, Slovenia, an inter-governmental organisation of constituent countries created by the United Nations for promotion and development of enterprises in the world. Shri Borgohain was also a Gold Medalist in his post graduation studies with specialisation in Personnel Management & Labour Welfare and obtained LL.B degree. He is an HR professional with over 30 years of rich experience in Strategic Human Capital Engagement (SHCE) in social responsibility initiatives, talent attraction & development, industrial relations, formulation of personnel policies, improvement of HR systems, nurturing successors and developing committed team. Three decades of his post qualification experience began with a stint of initial service in a leading private sector organisation, and, thereafter, in a state PSE & three CPSEs in the areas of cotton spinning mills, polyester textile, central sector hydro power generation projects and national power Transmission Corporation.



Shri Raj Pal
Government Nominee
(DIN:02491831)

Shri Raj Pal (53 years), Economic Adviser, Ministry of Power belongs to the Indian Economic Service. He has done his Masters & M. Phil in Economics. He has also done Diploma in Development Studies from Institute of Developing Economics, Tokyo, Japan. As a Member of Indian Economic Service, Shri Raj Pal has experience of about 25 years working in different Ministries of Government of India like Ministry of Finance, Planning Commission, Ministry of Industry, Ministry of Labour etc. He has also worked as Adviser, Economic Regulation in Telephone Regulatory Authority of India prior to joining his current posting as Economic Adviser, Ministry of Power. In the Ministry of Power, Shri Raj Pal is Joint Secretary incharge for Policy & Planning, Training & Research & Coordination division. He joined our Board on 01-11-2013.



Shri Ardhendu Sen
Independent Director
(DIN: 00297393)

Shri Ardhendu Sen (63 years) was appointed as an Independent Director w.e.f. 06-07-2012. He has a Masters Degree in Physics from Delhi University and a Diploma in Development Studies from Cambridge University. He is a specialist in administration and inter-sectoral coordination, sectoral reforms, resource regulation, land policy, industrial policy and centre-state relations. In his role as an officer of the Indian Administrative Service (IAS), He worked for the Govt. of India and Govt. of West Bengal for 34 years across different departments and ministries in various capacities and the last position held prior to his retirement in 2010, was that of Chief Secretary, Govt. of West Bengal. In the past, he has served as the Managing Director of West Bengal Small Industries Corporation, Director of Ministry of Petroleum and Natural Gas, Secretary of Oil Industry Development Board (OIDB) and Director of GAIL. He is a Director on the board of West Bengal Power Development Corporation Limited.



Shri Ashok Sinha
Independent Director
(DIN: 00299600)

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



Dr. Ramesh B. Baheti
Independent Director
(DIN:00008202)

Dr. Ramesh B. Baheti (68 years) is prominent industrialist and is the Chairman of STI India Limited and STI Sanoh India Limited. He is a gold medalist in M. Com and a Ph. D holder. Dr. Baheti was the Chairman, on the Board of Governors of Atal Bihari Vajpayee Indian Institute of Information Technology & Management, Gwalior, Member of Board of Governors of IIM Indore for 15 years, IIM Ahmedabad and IIM Lucknow for 5 years and Chairman of Centre for Research and Industrial Staff Performance (CRISP), Bhopal for 3 consecutive years from its inception in the year 1997. In 1977 he was awarded the Udyog Patra Award by the Institute of Trade & Development for outstanding self-made. He led the Indian Engineering Trade Delegation of CII to China in 1979. In 1976, he was a member of Government of India delegation to the world conference of Development at Budapest, Hungary. He was appointed as a Director on our Board on 13th November, 2013.



Shri Santosh Saraf
Independent Director
(DIN: 00073618)

Shri Santosh Saraf, (63 years), is a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1977 as a practicing Chartered Accountant and has an extensive experience of more than 37 years in the field of finance and taxation. During his dedicated career he has served, on professional assignment to many large industrial groups, banks, corporates and esteemed professionals. He is serving on the Board of Power Grid Corporation of India Limited as an Independent Director since December, 2011. He is also serving on the Board of Power System Operation Corporation Limited as a Nominee Director of Power Grid since March, 2012. He is a member of MoU Task Force for Companies under Department of Public Enterprises, Government of India. He was Chairman for the Western Development Council of Assocham, Delhi & has held position of Managing Committee and Patron member for Assocham. He was Member of Central Board of Trustees (CBT) for Employees Provident Fund Organization (EPFO) of Central Government of India for a period of 5 years (May, 2008 to April, 2013). He was also a member of Executive, Finance & Investment and Pension Implementation Committees of CBT (EPFO). He was member of Cost Accounting Standards Board of The Institute of Cost Accountants of India (2011-2014). He was appointed as a Director on our Board in July, 2012.



Shri Shantikam Hazarika
Independent Director
(DIN: 00523656)

Shri Shantikam Hazarika, (66 years) was appointed as a Director on our Board in July 2012. Shri Shantikam Hazarika is BE (Electronics) from BITS Pilani and holds a PG Diploma in Management from IIM Ahmedabad. He has worked in the Petroleum Sector for nearly fifteen years after which he became the founder Director of the Assam Institute of Management, a Government of Assam Society. He has served as Member (Finance) of the Assam State Electricity Board and was also Chairman of the Board of Secondary Education, Assam. He was earlier in the Board of Hindustan Copper Limited and Assam Power Distribution Corporation Limited. He was also a Member of the last State Pay Commission, Assam. He is currently in the Boards of NHPC Limited, Assam Electronics Development Corporation Limited and The Gauhati Stock Exchange Limited.

Chairman's Speech



Dear members,

On behalf of the Board of Directors of your Company it is my proud privilege and pleasure to extend warm greetings at the 38th Annual General Meeting. The Annual Report for the financial year ending 31st March, 2014, comprising of Director's Report, Audited Annual Accounts and Auditors Report are with you and with your permission, I take them, as read.

Growth, expansion and Diversification will be the key words that will define the course of Company's business in coming years. Your Company is devising aggressive business development strategies in this direction. Since inception, your company was purely engaged in the Hydro and Gas Based Thermal Power Projects, which has its inheriting advantages and disadvantages. Diversification to non-conventional energy will help the Company to rapidly expand. Talented people possessing initiative, creativity, decision making and risk taking abilities were handpicked and were granted all the necessary authority, support and motivation for demonstrating their capabilities. The goal was set high, to make NEEPCO a globally recognized and admired company, having presence in all sectors of energy including renewable.

Fiscal year 2013-14 has been another landmark year for the growth of your Company. Your Company has established its presence in the Power Sector as a well-known entity committed to provide reliable, quality & economy power to Grid. The five operational plant of the Corporation generated 4568 MU during the year 2013-14 against MOU (Very Good) Target of 4719 MU with Generation from Thermal and Hydro Plants being 2368 MU and 2200 MU respectively. Thus the achievement in generation with respect to the MOU Target was 96.8%. The decline in Generation was mainly due to less

generation from Ranganadi H. E. Plant for scanty rainfall in the catchment area during the period 2013-14.

The gross revenue of the Corporation for the year 2013 -14 is ₹ 1417.72 Crs which is increased by 1.81 % in comparison to ₹ 1392.40 Crs in the previous year. During the year 2013-14, your Company has earned a Net Profit (before tax) of ₹ 288.00 Crs against previous figure of ₹ 295.44 Crs.

Your Company has paid a maiden Interim Dividend of ₹ 25.00 Crs and proposes a final Dividend of ₹ 69.46 Crs aggregating to 30% of Profit after Tax (PAT) for the financial year 2013-14. The Corporation continues to maintain its profit figure above ₹ 200.00 Crs for last 11 years.

Ongoing Projects

Due to major design change, poor geology and various construction difficulties, commissioning of 600 MW Capacity **Kameng Hydro Electric Project**, at West Kameng District of Arunachal Pradesh, has been reviewed and re-scheduled to **March 2017**. Out of 14.45 Km long Head Race Tunnel, boring of 13.11 Km has been completed till March, 2014 in addition to 2.15 Km overt lining. Progress of work in Bichom and Tenga Dam is satisfactory. About 20% concreting work in Bichom Dam and 50% in Tenga Dam has been completed. Work is also progressing satisfactorily in Power House and steel liner erection at Penstock. In regard to Electro-Mechanical works, erection of Draft Tube Liner for Units I and II has been completed and for Units III & IV are in progress. RCE of the Project, amounting to ₹ 4653.95 Cr (including IDC) at December 2011 Price Level, is in the final stage at Ministry of Power, GoI for approval. Commissioning of 110 MW capacity **Pare Hydro Electric Project**, at Papumpare Dist. of Arunachal Pradesh, has been rescheduled to



Work in progress at Kameng Hydro Electric Project

September 2015, due to the reasons such as initial delays in award of major packages, poor condition of approach road under the State PWD and additional requirement of Cut-off Wall in the dam foundation. Boring of 2.28 Km long HRT has been completed and excavation of Power House pit and Dam pit are on the verge of completion. Substantial progress has also been achieved in fabrication of steel liner. In regard to Electro-mechanical work, erection of DT Liners and switchyard completed. The RCE, amounting to ₹ 1128.38 Cr (including IDC) at January 2013 Price Level (PL) has been submitted to the Ministry of Power, Govt. for approval. 60 MW Capacity **Tuirial Hydro Electric Project** in Mizoram is scheduled for completion in **December 2015**. River diversion and boring of Power Water Way have been completed. About 60% excavation and 15% filling has been achieved in Dam till March 2014. The work in the powerhouse pit is affected

due to slope failure and currently slope stabilization works is under progress. In Spillway, excavation is almost completed and about 20% concreting work also completed till March 2014. Similarly about 40% steel liner fabrication work has been achieved during the year. Equipment and materials have started reaching site against Electro-mechanical works.

I am glad to inform you that work of preparation of DPR and EIA & EMP studies for **3750 MW Siang Upper Stage-II HE Project** has been awarded to M/s RusHydro International (India Pvt. Ltd) and M/s WAPCOS respectively in March, 2014. This is worthwhile to mention here that MoA for survey & investigations and subsequent implementation of this project was signed with Govt. of Arunachal Pradesh in May, 2013. Further Govt. of Arunachal Pradesh has offered **6000 MW Siang Upper Stage-I HE Project** to NHPC, to be implemented in Joint Venture with NEEPCO. As suggested

by the MoP, GoI preparation for formation of a single Joint Venture entity for both the projects and signing of tripartite agreement is presently under progress. I am confident that with the experienced and expert pool of manpower, our Corporation will be able to execute these projects successfully.

The completion schedule of 101 MW Capacity **Tripura Gas Based Power Project** at Monarchok has been rescheduled to **August 2014** and **November 2014** for Gas Turbine and Steam Turbine respectively. Rescheduling was necessitated due to initial delay in sub-letting of BoP items and Erection & commissioning works by BHEL to M/s. NBPPL. The Gas Turbine Unit is ready for commissioning. However, commissioning of the Project is likely to be delayed due to slow progress of gas pipeline and associated works on the part of M/s ONGC. The erection works in the HRSG have been completed and ready for Hydro test. Around 60% erection work of STG and its



A view of Tripura Gas Based Power Project

auxiliaries have also been completed till March 2014. Laying of 2.8 Km Raw Water Pipe Line out of 4.75 Km has also been completed till March 2014. The Project cost estimate has also been revised to ₹ 994.85 Cr at December 2013 price level and has been submitted to Ministry of Power, GoI for approval. The commissioning schedule of **51 MW Agartala Gas Turbine Plant- Combined Cycle Extension Project**, Tripura has been revised to **March 2015** mainly due to the initial delay in piling related problems. About 75% erection works of the four HRSGs and 80% structural erection of the STG (PEB) Building have been completed till March, 2014. Further 35% civil works of Transformer & Switchyard and Water Treatment Plant were also completed.

It may be pertinent to mention here that conversion of Agartala Gas Turbine Plant from existing open cycle mode to combined

cycle mode by way of Heat Recovery Steam Generators and Steam Turbine Generators in order to get higher efficiency is an important action undertaken by the Corporation towards **Energy Conservation**. Further adoption of "Air Cooled Condensing" technology is a remarkable beginning in the field of **Technology Absorption** by the Corporation.

Dear members, in addition to the above, your Company has taken up several others hydro and thermal Projects in ownership basis for preparation of PFR / DPR and subsequent implementation, which are presently at various stages of clearance. Some of the major projects are Mawphu H.E.P. Stage-II (75 MW) in Meghalaya, Killing H.E.P. (50 MW) in Assam & Meghalaya border, Mat H.E.P. (76 MW) in Mizoram and Garo Hills Thermal Power Project (500 MW) in Meghalaya. Further 'Preliminary Implementation Agreement (PIA)' has also been signed with Govt. of Manipur for Pabram HEP (190MW), Khongnem Chakha HEP (67 MW), Irang HEP (60 MW) and Tuivai HEP (51 MW) in Manipur. Projects in pipeline are Kurung HEP (330 MW), Arunachal Pradesh, Selim HEP (170 MW), Meghalaya, Lungreng HEP (815 MW) & Chhimtuipui HEP (635 MW) in Mizoram.

Renewable Energy Initiatives

Dear Members, on the new renewably energy front, wind and solar energy is considered to be highly promising avenues for future, not only nationally but also Globally. As a maiden venture towards development of non-conventional energy, your Company is setting up a **5 MWp Grid Interactive Solar PV Power Project** at Monarchak within the premises of the Tripura Gas Based Power Project at an estimated cost of ₹ 42.89 Cr (including IDC). The EPC contract for execution of



Inverter Room No. 1 under construction at the Solar Power Project, Monarchak



the project has been awarded to M/s Bharat Heavy Electricals Limited (BHEL) on 9th October, 2013 with 12 months time of completion i.e. **October, 2014**. Besides this, work order has been issued for preparation of PFR / DPR for setting up of **Ultra Mega Solar Power Project in Leh & Kargil, Jammu and Kashmir** to M/s PricewaterhouseCoopers Pvt. Ltd. Further, initiatives have been taken up for implementation of 2MWp Grid Interactive Solar Power Project at Lanka, Assam, 5MWp Grid interactive Solar Power Project at Surjyamongar, Tripura and Study of Wind Power Project at Kopili HEP, Assam. The Company will continue to invest its men and resources to explore and expand into the domain of non-conventional energy.

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)

The Corporation has been entrusted for implementation of Rural Electricity Infrastructure & Household Electrification Scheme under 12th Plan RGGVY in two Districts viz. Sepahijala and South Tripura by the Government of Tripura. The financing for the project shall be made by Rural Electrification Corporation (REC) through the Government of Tripura. Presently process of tendering is under progress and the works are scheduled for completion within two years from the date of work order.

Joint Ventures

When I assumed the charge of the Company, I have observed that Company's greatest weakness was dependence on Projects located in the North Eastern Region only and non-diversification. The rich experience and expertise of our brilliant and hard working people are not being utilized to its optimum and given them an opportunity to prove their capability. Accordingly the goal of the company has been set to transform NEEPCO from a Regional to National level Company. Keeping above in mind and to enhance generation

capacity, your Company has entered into Joint Venture Agreement with Private Developers for implementation of 50MWp Solar Power Project in Madhya Pradesh with WAAREE Energies Ltd, 100 MW Wind power project, Gujarat with ECI Engineering & Construction Co. Ltd and 120 MW Dibbin HEP, Arunachal Pradesh with KSK Energy Ventures Ltd. NEEPCO has further taken up conversion of Rokhia and Baramura Gas Based Open Cycle Project in to Combine Cycle Project with a capacity of 35 MW and 25 MW respectively and Refurbishment and life extension of 15 MW Gumti SHP, Tripura in JV mode with Tripura State Electricity Corporation Ltd. (TSECL). Formation of Joint Venture entity with CPSUs viz. NHPC & BHEL is also under process for implementation of **4000 MW UMPP in Odisha** and **1500 MW Tipaimukh HE Project** in Manipur with the initiative of MoP, Gol.

Information Technology

Dear members, with the constant endeavor of your Company for improvement of the IT facilities, the Corporation today is proud to possess a complete VSAT enabled communication network and state of the art Project Monitoring System with Video Conferencing. The corporation has also initiated for implementation of ERP, E-Procurement at sites, online recruitment system for HR Department, Fixed Asset Accounting module in MATFIN and many more.

Research & Development

To address the new challenges and opportunities in the increasingly competitive global markets, R&D initiatives are taken up by the Corporation to strengthen country's technological capabilities and ensure growth. Application of Remote Sensing and GIS in estimation of river inflow/ discharge in to the reservoir of Kameng H.E. Project, Generation Modernization to increase efficiency of Hydro Power Plants and Assessment of turbine efficiency under different reservoir level at Kopili Hydro Electric Plant are the R&D project taken up during the year. The corporation spent a total of ₹ 153.15 Lakh under R & D program during 2013-14 as against the minimum stipulated amount of ₹ 121.00 Lakh, i.e. 0.5% of Profit after Tax (PAT) as per DPE's guidelines.

Corporate Social Responsibility (CSR) & Sustainable Development (SD)

Since inception, the Corporation has always given top priority towards all-round development of the people residing in and around its operational areas, with due consultation and





Health Awareness Camp at Haphlai Razi village conducted by Kopili Hydro Electric Project

participation of stakeholders according to their specific needs. The focus of Company's CSR policy remains committed on the issue of Community Development, peripheral development and human development particularly in the field of education, health, capacity building, increasing their productivity, income and other general well being. An amount of ₹ 5.96 Cr has been spent against various CSR scheme during the year, which was 2.5% of Profit After Tax (PAT).

Dear Members, your Company strives to contribute for the sustainable growth of country's economy while simultaneously working for socioeconomic development and environmental conservation & protection. Keeping this in mind, the Corporation has taken up specific Sustainable Development plan in line with the Guidelines issued by Department of Public Enterprises. Corporation took up the projects such as 'Soil conservation by checking Soil erosion on the downstream of Ranganadi Dam in Arunachal Pradesh', 'Sewage water contamination reduction at Corporate office' and 'Energy conservation at Corporate office Shillong'. During the year 2013-14, the Corporation spent a total of ₹ 75.92 lakh under Sustainable Development program as against approved budget of ₹ 101.50 lakh.

Rules and Policies

The Corporation has reviewed its existing **Contract Manual** in order to align the functioning under rapidly changing environment. Further initiative has been taken

up for review of the existing **Risk Management Policy** as per suggestion of Audit Committee of the Board and accordingly Standing Committee has been constituted. The Corporation also brought into effect some new HR Policies & Guidelines during the year 2013-14. Such as NEEPCO Contributory Scheme for Post-Retirement Medical Facilities, Guidelines for Performance Coaching and Counseling for Non Executives, Guidelines for Culture Building Initiatives, Guidelines for Productivity Enhancement, Strategy for Talent Acquisition, Amendments in the NEEPCO Leave Rule to the extent of maintaining Earned Leave accounts as en-cash-able etc.

Human Resource Development

The quality of services that an organization like NEEPCO can provide depends upon the level of commitment, motivation and integration of each work force. As such, your Company nurtures and sharpens the knowledge and



Participants giving CIPM Certification Test at HRD Center Shillong

skill of employees and ensures a highest level of morale and motivation. To keep pace with the growth of the Company and changing environment, constant endeavor has been made for improvement of skill & knowledge and enhance the competency levels of employees by providing extensive training. During the year 2013-14, training were given to a total of 1378 employees through various in-house and external training programs organized by HRD Department as well as various reputed training agencies within the country & abroad. Out of these 20 executives were nominated to attend different overseas training programs.



I am proud to say that, your Company has recruited 49 numbers of Engineers / Executive trainees and 39 numbers of non-executives during the year. These newly recruited executives were given one month classroom induction training at corporate office and were also sent to project/plant for site visits before integrated to mainstream.

The Corporation is also making all out efforts for effective implementation of **Official Language Policy** of the Government of India at its Corporate Office as well as Projects

and other offices by organizing Hindi Language teaching program for the employees, Hindi workshop, observation of 'Hindi Divas', publication of Hindi Journal viz. "NEEPCO JYOTI" from Corporate HQ, 'Panyor Pravah' by project office etc.

Report of Corporate Governance

Your Corporation recognizes the good Governance is a continuous exercise and maintains highest standards of Corporate Governance by ensuring transparency in all aspect of its operations. The Corporation believes that good Corporate Governance practices ensures ethical and efficient conduct of the affairs of the Company and also help in maximizing value for all stakeholders like customer, employees and society at large. Your Company complies with the Corporate Governance guidelines for Public Sector Enterprises, Govt. of India. In order to ensure effective implementation of Governance practices, well defined policy framework is in place. A report on Corporate Governance has been included in this Annual Report.

Acknowledgement

I take this opportunity to express my sincere thanks and gratitude for your support and continued confidence in the company. On behalf of the Board of Directors of the Company, I convey my sincere thanks to the Govt. of India for their whole-hearted support.

I would also like to convey our gratitude to the various Ministries/ Departments of the Govt. of India, particularly



Workshop on Corporate Governance, CSR & SD at Corporate Office

Ministry of Power, Ministry of Finance, Ministry of DoNER, other Ministries of Govt. of India, Central Electricity Authority, Central Water Commission and other Departments of the Govt. of India, State Governments and other Departments of the North East States, Financial Institutions, Bank & Lending Agencies and the various beneficiary States/ stakeholders for their continuous encouragement and support.

My special thanks and appreciation to the members of the Board and the Senior Management team for the valuable contribution and suggestions in improving the performance of the Company. I also like to place on record our sincere thanks to the Statutory Auditors of the Corporation, the Cost Auditors and Comptroller & Auditor General of India for their constructive suggestions.

Last but not least, I would like to specially acknowledge the efforts and dedication of the entire NEEPCO team for making the company a reckoning force in the Power Sector.

May I now request that the Director's Report, the Audited Accounts, the Reports of Auditor and Comments of the C & AG for the year ended 31st March, 2014 be considered and adopted.

Thanking you,

(P. C. Pankaj)

Chairman & Managing Director
DIN: 03640772

Dated : 17-09-2014
Place : New Delhi





Directors' Report

for the year 2013-14

Dear Members,

On behalf of the Board of Directors it is my privilege to present the 38th Annual Report on the performance of your Corporation during the Financial year ended on 31st March, 2014 along with the audited Statement of Accounts, Auditors Report and Review of the Accounts by the Comptroller & Auditor General of India for the period.

FINANCIAL PERFORMANCE

The performance of the Corporation for the financial year ended 31st March, 2014 is summarized below:



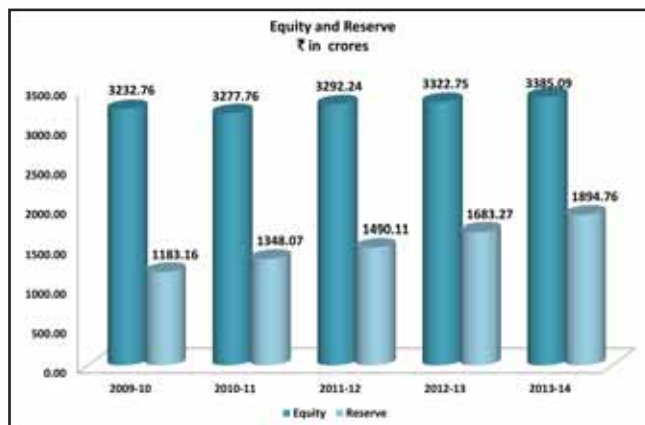
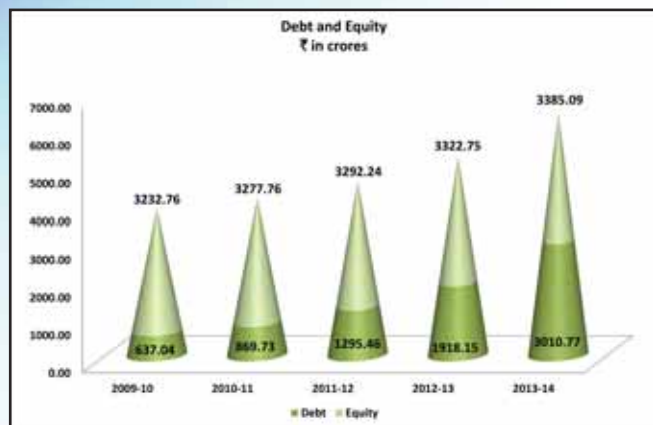
PERFORMANCE AT A GLANCE

(₹ In Crore)

SI No	Items	2013 -14	2012-13
A	Sales	1279.75	1325.24
B	Other Income	137.97	67.16
C	Total Income	1417.72	1392.40
D	Profit before depreciation, interest and tax	422.73	454.27
E	Depreciation	132.02	151.89
F	Profit after depreciation but before interest and tax	290.71	302.38
G	Interest and finance charges	2.71	6.94
H	Profit before tax but after depreciation and interest	288.00	295.44
I	Current Tax	56.48	53.14
J	Profit after tax	231.52	242.30
K	Surplus of earlier year	0.59	0.85
L	Write back from Bond Redemption Reserve	—	28.60
M	Profit available for appropriation	232.11	271.75
N	Appropriation		
O	a) Interim Dividend	25.00	25.00
P	b) Proposed final dividend	44.46	47.69
Q	c) Dividend Tax	11.80	12.16
R	d) Transfer to Bond Redemption Reserve	7.22	5.31
S	e) Transfer to General Reserve	143.00	181.00
T	Balance of Profit carried forward	0.63	0.59
U	Share Capital	3385.09	3322.74
V	Reserve & Surplus	1894.76	1683.27
W	Capital Reserve	0.14	0.14
X	Unamortized Expenses	—	1.17
Y	Net Worth (U+V-W-X)	5279.71	5004.70
Z	Gross Block	4927.44	4847.26
AA	Gross Margin	434.16	502.34
AB	Gross Profit	300.43	349.42
AC	Capital Employed	2809.68	3048.91
AD	Number of Employees	2723	2690
AE	Financial Ratios		
	Gross Margin / Gross Block (%)	8.81	10.36
	Gross Profit / Capital Employed (%)	10.69	11.46
	Net Profit to Net Worth (%)	4.39	4.84
	PBDIT / Total Employment (₹ in lakhs)	15.88	16.89
	Debt to Equity (ratio)	0.89	0.58
	Liquidity (ratio)	1.49	1.50
	Net profit to Capital Employed (%)	8.24	7.95
	Dividend per Share (₹)	0.21*	0.22*
	Earning per Share (₹)	0.70	0.72

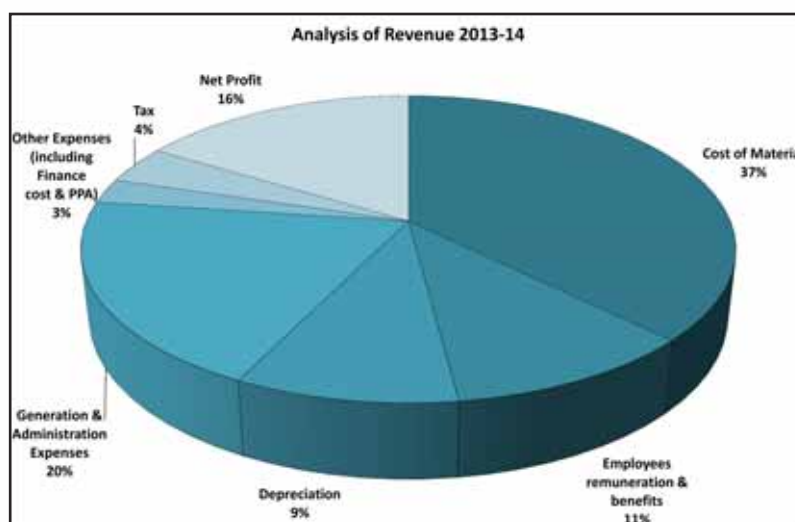
* including final dividend recommended by the Board





Revenue

The Gross Revenue of the Corporation for the year 2013-14 increased by 1.79% to ₹ 1417.72 Crore from ₹ 1392.40 Crore during the previous year.

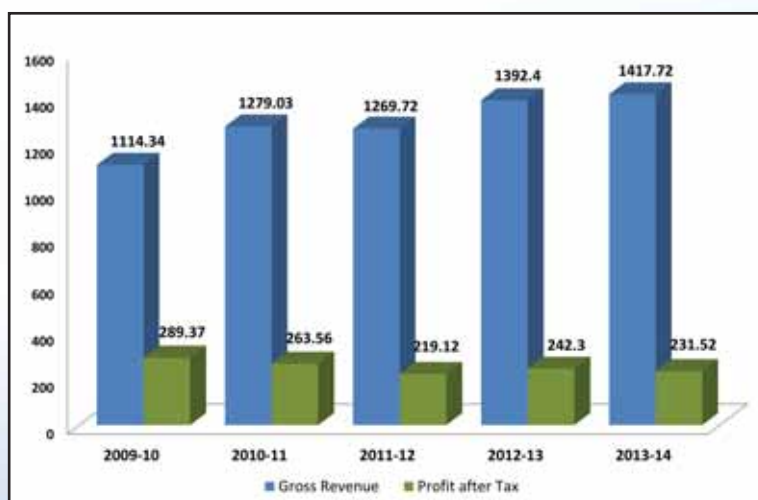


Profit Before and After Tax

The Corporation earned a profit before tax of ₹ 288.00 Crore as against of ₹ 295.44 Crore of previous year and the profit after tax amounts to ₹ 231.52 Crore against previous year's figure of ₹ 242.30 Crore.

Deferred Tax Liability

The deferred Tax Liability to the extent of about ₹ 143.16 crore materialized up to 31st March, 2014 will be billed in 2014-15 in terms of clause 9 of the Central Electricity Regulation 2009.

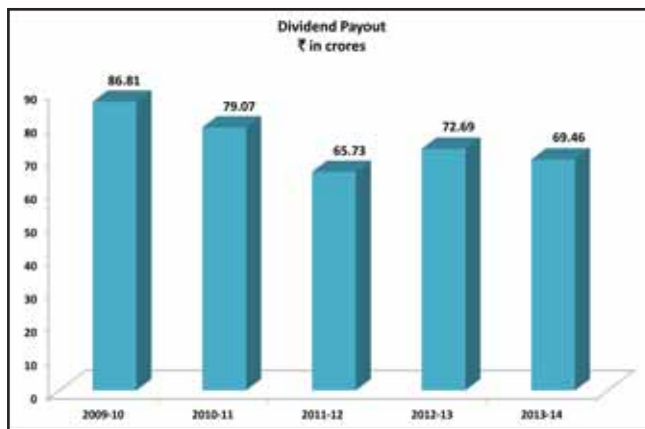




DIVIDEND

The Corporation has paid an interim dividend of ₹ 25.00 Crores in February, 2014. Your Directors have recommended a final dividend of ₹ 44.46 crore for the year 2013-14. The total dividend payout for the year amounts to ₹ 69.46 Crores i.e. ₹ 0.21 per equity share. The dividend pay-out represents 30% of Profit after Tax (PAT) as per the guidelines of the Ministry of Power, Government of India. The final dividend shall be paid subject to your approval in the Annual General Meeting.

The total dividend payout including dividend tax accounts for 35.10% of Profit After Tax of the Company.



FINANCIAL REVIEW

A) Capital Structure

The Authorised Share Capital of the Corporation as on 31-03-2014 stood at ₹ 5000 Crore and the Paid up Capital including Pending allotment was ₹ 3385.09 Crore (Previous year ₹ 3322.74 Crore). During the financial year 2013-14 the Corporation has issued share certificate of ₹ 48.28 crore to the Government of India.

B) Borrowings

The Corporation mobilised a loan of ₹ 1208.47 Crore from various domestic and international lending agencies including a Subordinate loan of ₹ 48.66 crore from Government of India during the year 2013-14.

C) Net Worth

The Net Worth of the Corporation excluding capital reserve as on 31st March, 2014 was ₹ 5279.71 Crore against ₹ 5004.70 Crore as on 31st March, 2013 representing a growth of 5.50%.



D) Gross Margin

The Gross Margin of the Corporation as on 31st March, 2014 was ₹ 434.16 Crore against ₹ 502.34 Crore as on 31st March, 2013.



E) Statutory Auditor

The Statutory Auditor of the Company is appointed by the Comptroller & Auditor General of India. M/s Nundi & Associates, Kolkata was appointed as Statutory auditor for the financial year 2013-14.

F) Management Comments on Statutory Auditor's Report

The Statutory Auditor of the company has submitted the report on the Financial Statements of the Company for the financial year 2013-14. The report of the Statutory Auditor along with the Management reply is given in **Annexure-VII**.

G) Review of Accounts by Comptroller & Auditor General of India

You would be pleased to know that your Corporation has received 'NIL' comments on the Financial Statements of the Company for the year 2013-14 from the Comptroller & Auditor General of India. The copy of the report is enclosed as **Annexure-V**.



H) Cost Auditor

The Central Government u/s 233(B) of the Companies Act, 1956 has approved the appointment of cost audit firm, M/s. Sanjib Das & Associates, Guwahati as Cost Auditor of the Corporation for the financial year 2013-14. The Cost Accounting Records are being maintained by all the power stations as prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2011. The Cost Audit for the year 2013-14 has been completed and submitted the report. The Cost Audit Report for the financial year 2012-13 was filed with the Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India on 27th September, 2013. The due date for filing Cost Audit Reports for the financial year 2013-14 is September 27, 2014 and the same shall be filed with the Cost Audit Branch within the stipulated time.

PLANTS UNDER OPERATION**Power Generation**

Generation during the year 2013-14 was 4568 MU against MOU (Very Good) Target of 4719 MU with Generation from Thermal

and Hydro Plants being 2368 MU and 2200 MU respectively. Thus the achievement in generation with respect to the MOU Target was 96.8%. The decline in Generation was mainly due to less generation from Ranganadi H. E. Plant for scanty rainfall in the catchment area during the period 2013-14.

HYDRO ELECTRIC**A) Doyang Hydro Electric Plant (75 MW), Nagaland**

Doyang Hydro Electric Plant (3X25 MW), with its Design Energy of 227.24 MU, could generate 246 MU during the year 2013-14. The Plant was able to generate more than its design energy.

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

Kopili Hydro Electric Plant from its three power stations namely, Kopili Power Station (4X50 MW), Khandong Power Station (2X25 MW) and Kopili Stage-II Power Station (1X25 MW) could generate 973 MU against Design Energy of 1550.09 MU during the year 2013-14.

Power Station	Generation Target (MU) 2013-14 for "Very Good" MOU rating	Actual Generation (MU) 2013-14	Achievement in % age	P.A.F. Target (%) 2013-14 for "Very Good" MOU rating	Actual Plant Availability Factor for Power Plants (%) 2013-14
Hydro					
Kopili H E Plant (275 MW)	915	973	106.34	64	54.63
Doyang H E Plant (75 MW)	227	246	108.37	73	75.03
Ranganadi H E Plant (405 MW)	1250	981	78.48	85	93.17
Thermal					
AGBP (291 MW)	1725	1726	100.06	72	68.56
AGTP (84 MW)	602	642	106.64	85	86.72
NEEPCO (1130MW)	4719	4568	96.80	—	—



Though the plant was able to achieve the MOU Target, the energy generated was lower than its Design Energy primarily due to frequent forced outage of the units because severe effect of corrosion/ erosion of the underwater parts of the generating units due to acidification of the water of both Kopili and Umrong reservoirs. The increased wear and tear on the underwater metal parts of the units due to corrosive action of the acidic water has led to increase in the number of breakdowns as well as increase in the outage period. The Corporation has taken steps for extensive modifications to the metallurgy, re-engineering of equipment etc. in consultation with the Original Equipment Manufacturer and other experts to withstand the acidic water.

The Renovation & Modernization (R&M) of the plant has also been taken up. R&M of Kopili Unit # I has been completed and R&M of Kopili Unit # II and Khandong Unit # I is under final stages of completion.

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

Ranganadi Hydro Electric Plant (3X105 MW), with its Design Energy of 1509.66 MU, could generate 981 MU during the year 2013-14. The primary reason for lower generation is scanty rainfall in the catchment area. However, the availability factor of the plant during 2013-14 was 93.17% against Normative Plant Availability Factor of 85%.



THERMAL

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

Generation achieved from the Plant (6X33.5 MW+3X30 MW) was 1726 MU during 2013-14 with Plant Load Factor of 67.73% and Plant Availability Factor of 68.56%. The primary

reason for lower Plant Availability Factor was less availability of gas. The contracted quantity of gas is 1.4 MMSCUMD. For supply of additional gas beyond the contracted quantity to increase generation level, the matter has been taken up with M/s OIL as well as with the Ministry of Petroleum & Natural Gas on several occasions. The Plant Availability Factor was further affected due to prolonged shutdown of STG # II for major overhauling.

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

Agartala Gas Turbine Plant (4X21 MW) has achieved generation of 642 MU during 2013-14 with Plant Load Factor of 87.20% and Plant Availability Factor of 86.72%. The plant has been continuously achieving higher generation with PLF of around 90% since last few years.

ONGOING PROJECTS

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

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

In regard to boring of the Head Race Tunnel, out of 14.45 KM tunnel length, 13.11 KM (90.70%) has been achieved as on 31st March, 2014. Boring of HRT in 4 (Four) Faces has been completed. 14.90% of Overt Lining in HRT has been achieved till March 2014. Diversion tunnel works is complete. Boring of Surge Shaft including orifice has been completed and 88.02% concrete lining has been achieved up to the end of March 2014.

Progress in excavation works of Bichom & Tenga Dams are 747966 Cum (95.89%) and 125615 Cum (93.05%) respectively up to March 2014. On the concreting front, 21.04% in Bichom Dam and 48.26% in Tenga Dam has been achieved up to March 2014.

In open excavation of Surface Penstock including Valve House, 89.98% of work has been completed till March 2014. Underground boring of HPT and boring of Vertical Shaft have been completed. Erection of 44.91% of Penstock has been achieved up to March 2014. 100% excavation of Power House Pit excluding Tail Race Channel has been achieved up to March 2014. Concreting works of the Power House is in progress (66.27% completed).



In regard to Electro-Mechanical works, laying of Earth Mat in Service Bay area and Units I / II / III and IV have been completed. Erection of Draft Tube Liner for Units I and II has been completed up to March 2014 and for Units III and IV works are in progress. Concreting of equipment and tower foundations including structural erection works are in progress in the Switchyard and in respect of Transformers, detailed engineering is in progress.

The cumulative expenditure incurred in the project up to 31st March 2014 was ₹ 2836.68 crore out of which an amount of ₹ 620.73 crore was spent during 2013-14. RCE of the Project amounting to ₹ 4653.95 Cr (including IDC) at December 2011 Price Level has been submitted to the Ministry of Power, Government of India for approval.

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

Due to initial delays in award of major packages through re-tendering resulting to substantial saving of cost of the packages coupled with factors such as poor condition of approach road under the State PWD and additional requirement of cut-off wall in the dam foundation, the project has since been slated to be commissioned in September 2015.

In regard to civil works, boring & lining works of Diversion Tunnel and the upstream & downstream Cofferdams completed. The river diversion has been successfully achieved on 05-03-2013.

In Power House, 95.52% of open excavation and 57.70% concreting have been completed till March 2014. Achievement in Boring of HRT is 97.38 % and 26.98% lining (Overt) in HRT completed up to March 2014. Boring of Pressure Shaft and Surge Shaft completed and lining of 57 M

in Surge Shaft out of 59 M completed. 91.36% excavation of Dam has been achieved up to the end of the financial year.

In regard to Hydro Mechanical Works, fabrication of 105 numbers out of 113 numbers of ferrules has been completed till March 2014. Installation of 1st and 2nd Stage embedded parts for Diversion Tunnel Inlet Gate along with installation of DT Inlet Gate has been completed. Fabrication of 53 numbers of Thrash Rack for HRT Intake has been completed, while 3 are in progress. Erection of steel liner in bottom horizontal portion is in progress.

Laying of Ground Mat in Service Bay, Units I and II and erection of DT Liners have been completed. In regard to Switchyard works, erection of Tower completed on 31st May 2013.

The cumulative expenditure incurred in the project up to 31st March 2014 was ₹ 826.03 crore, out of which an amount of ₹ 308.50 crore was spent during 2013-14. Meanwhile an RCE amounting to ₹ 1128.38 Crores (including IDC) at January 2013 Price Level (PL) has been submitted to the Ministry of Power, Government of India.

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

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

Works in Diversion Tunnel I / II including Stilling Basin and diversion of River could be done in November 2013. Boring of Power Water Way including inclined portion completed in August 2013. In Main Dam excavation, 63.65% has been completed out of an estimated quantity 430100 Cum and



Downstream Cofferdam, Tuirial Hydro Electric Project



12.76% filling of Main Dam including Up-stream Cofferdam achieved till March 2014. Excavation in Switchyard completed and Power House excavation is in progress. The work in the powerhouse pit is affected due to slope failure and currently slope stabilization works through piling is in progress. The Saddle Dam has already been completed. In Spillway, excavation of 98.73% has been completed and concreting of 18.85% completed till March 2014.

Boring and lining of Gate Chamber in DT-I and boring of Gate Shaft in DT-II completed. Lining of 86.63% in Gate Shaft of DT-II have been achieved up to March 2014.

In respect of Hydro-Mechanical works, Erection of 2nd Stage Embedded parts of Diversion Stop Log Gate has been completed. Fabrication of Spillway Stop Log Gate completed. Also, fabrication of 563 MT of Steel Liner out of 1472 MT has been achieved till March 2014. Equipment and materials have started reaching site against Electro-Mechanical works.

The cumulative expenditure incurred in the project up to 31st March 2014 was ₹ 579.43 crore, out of which an amount of ₹ 178.08 crore was spent during 2013-14.

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

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



Tripura Gas Based Project Power House under construction

The Gas Turbine Unit is ready for commissioning. However, the same is delayed due to delay in supply of Gas by ONGC. The commissioning of the Project is likely to be further delayed due to slow progress of works by M/s ONGC to establish their gas supply system.

During the year, the project has achieved considerable progress. Several major "Excellent" MOU milestones have been achieved including completion of GTG/ STG Hall Superstructure, construction of Clarified & Fire Water Reservoir, construction of Raw Water Reservoir and Pump House, GBC House & equipment erection, construction of CW Pump House, Air Compressor and Diesel Generator House including erection of pumps and completion of 132 KV Switchyard. In Cooling Tower civil works, 96% works are completed, while 97% civil and 40% erection works in DM Plant has been achieved till March 2014.

The erection of GTG & its Auxiliaries and Centrifugal Gas Compressors including pre-commissioning works are completed till the end of the Financial Year. Turning of GTG has also been carried out. 98% erection works in the HRSG have been achieved and is ready for Hydro test. 57% erection of the ST and 80% ST Generator erection has been completed, while 62% of STG auxiliaries have been erected till March 2014. So far as the Raw Water Intake System is concerned, the Desilting Basin is complete, while, 57% laying of Pipe Line and 37% works in Intake Structure are completed till March 2014.

The cumulative expenditure incurred in the project up to 31st March 2014 was ₹ 762.02 crore, out of which an amount of ₹ 239.27 crore was spent during 2013-14. The Project cost estimate has also been revised to ₹ 994.85 Crore at December 2013 price level and has been submitted to Ministry of Power, Government of India.

E) Agartala Gas Turbine Plant- Combined Cycle Extension Project (51 MW), Tripura

During the year the Project achieved considerable progress. All piling activities were completed in July 2013. Foundations in Chimney and STG Building areas were completed. 80% civil works for columns and deck slab for STG-I and 100% in STG-II was achieved. 35% civil works of Transformer & Switchyard, 30% civil works in Water Treatment Plant and 15% in Auxiliary Cooling System were completed till March 2014.

On the erection front, the progress of works in the four HRSGs was 76%, 89% 57% and 78% respectively. 23% aggregate in fabrication and erection of all four Chimneys was achieved till March 2014. 80% structural erection of the STG (PEB) Building and 10% each of structural erection works in ACC – I and II completed during the financial year. Modification works in Gas Turbine Exhaust System in Unit –I





Agartala Gas Turbine Project - Combined Cycle Extension Project switchyard

and IV for connecting the HRSG were started and achieved 75% progress.

The commissioning schedule of the project has since been revised to March 2015 mainly due to the initial delay that occurred due to piling related problems.

The cumulative expenditure incurred in the project up to 31st March 2014 was ₹ 212.90 crore, out of which an amount of ₹ 190.79 crore was spent during 2013-14.

F) 5 MWp Grid Interactive Solar Power Plant at Tripura Gas Turbine Project Site, Tripura

As a maiden venture, a 5 MWp Grid Interactive Solar PV Power Project is being setup at Monarchak within the premises of the 101 MW Tripura Gas Based Power Project at an estimated cost of ₹ 42.89 Cr. (including IDC), with the



Solar Array area ready for piling at Tripura Gas Based Power Project

levellised tariff being ₹ 9.46/unit.

The EPC contract for execution of the project has been awarded to M/s Bharat Heavy Electricals Limited (BHEL) on 9th October, 2013. The project is scheduled for completion within 12 months from award, i.e., within October, 2014. During the year, design & engineering works and site civil were taken up. The supply of the PV Module has also commenced.

The power generated from the project shall be evacuated through a 33 KV Double – Circuit Line to the Rabindranagar Sub-Station of Tripura State Electricity Corporation Limited (TSECL). The infrastructure for evacuation of power shall be carried out by TSECL on “Deposit Work Basis”. Letter of comfort from TSECL for purchase of entire quantum of power has been received.

The cumulative expenditure incurred in the project up to 31st March 2014 was ₹ 4.37 Crore, out of which an amount of ₹ 4.26 crore was spent during 2013-14.

G) Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY)

The Corporation has been entrusted by the Government of Tripura for implementation of Rural Electricity Infrastructure & Household Electrification Scheme under 12th Plan Grameen Vidyutikaran Yojana in two Districts viz. Sepahijala and South Tripura. The financing for the project shall be made by Rural Electrification Corporation (REC) through the Government of Tripura. While 90% of the project shall be financed by REC,



the remaining 10% shall be contributed by the Government of Tripura from their own resources. The objective of the project is to achieve 100% electrification of villages/ households with special dispensation for all rural below poverty level (BPL) households and also to have suitable back stream infrastructure and connectivity to provide sustainable electricity in the rural areas.

Sepahijala and South Tripura Districts have 117 and 140 numbers respectively of inhabited census/revenue villages

as per 2011 census. Under the scheme, 63 KVA and 25 KVA sub-stations along with 11 KV 3 phase, 415 V three phase and 415 V Single Phase lines would be constructed.

Detailed Project Reports (DPR) for the works were prepared in the month of November, 2013 and the same have been approved by REC in January, 2014. Subsequently, tenders for the works have been invited on 10th February, 2014. The works are scheduled for completion within two years from the date of placement of order.

UPCOMING PROJECTS

PROJECTS UNDER S&I SCHEME: (Ownership Basis)		
Sl. No.	Project	Status
HYDRO		
1.	Mawphu H.E. Project, Stage-II (75 MW), Meghalaya	<ul style="list-style-type: none"> MOA was signed with State Govt. on 20.04.2012. Draft DPR is under scrutiny. Comprehensive environmental studies are under process.
2.	Projects in Mizoram	
	Lungreng HEP (815 MW)	<ul style="list-style-type: none"> MOA was signed with State Govt. on 26.03.2010. Clearance of MEA for taking up the S&I works is awaited since both the projects involve international boundary with Myanmar.
	Chhimtuipui HEP (635 MW)	
	Mat HEP (76 MW)	<ul style="list-style-type: none"> MOA was signed with State Govt. on 26.03.2010. DPR under updation by CWC. Completion schedule was March 2013. CWC is being pursued for early completion and handing over.
3.	Killing Hydro Electric project (50 MW), Assam/ Meghalaya	<ul style="list-style-type: none"> Govt. of Meghalaya conveyed its clearance on 26.09.2012 and Govt. of Assam on 25.07.2013 for undertaking detailed Survey and Investigation for DPR preparation and subsequent implementation. Brahmaputra Board has been requested for handing over the related reports/ information to NEEPCO. Preparation of a new PFR is under process.
THERMAL		
4.	Garo Hills Thermal Power Project (500MW), Meghalaya	<ul style="list-style-type: none"> MOA was signed with State Govt. on 17.03.2011. The Project site has been identified near Darugiri, East Garo Hills District of Meghalaya. Preliminary survey works for the Project site have been completed. CEA is to visit and finalize the site. Notice inviting "Expression of Interest" for establishing coal linkage for the project was floated on 22/12/11. Bids were opened on 09/02/12 and evaluation completed. EOI for empanelment of Land Owners of Coal Bearing Areas of Garo Hills District for lease of land for coal mining activities for the project was floated on 03/05/2012 and the date for submission of bids was extended to 10/08/2012, however no bids were received. Site office has been opened. Possibility of establishment of coal linkage is being explored with the State Govt.

PROJECTS IN PIPELINE: (Ownership Basis)

Sl. No.	Project	Status
1.	Manipur Projects:	
	Pabram HEP (190MW)	Govt. of Manipur is being pursued for allotment of these projects.
	Khongnem Chakha HEP (67 MW)	
	Irang HEP (60 MW),	
	Tuivai HEP (51 MW)	
2.	Kurung HEP (330 MW), Arunachal Pradesh	<ul style="list-style-type: none"> GOAP allotted the project to NEEPCO on 13.11.2013. Draft MOA is under process for approval and subsequent signing.
3.	Selim HEP (170 MW), Meghalaya	<ul style="list-style-type: none"> Based on the discussions held with the Hon'ble Chief Minister, Govt. of Meghalaya, NEEPCO submitted draft MOA to Govt. of Meghalaya on 21.05.2014 for consideration.

RENEWABLE ENERGY INITIATIVES:

The Corporation has ventured into the Renewable Energy Sector in the form of Solar and Wind Energy Projects and envisages a capacity addition of 1000 MW in Joint Venture Model by 2018-19 with 700 MW in Wind Energy and 300 MW in Solar.

Apart from the already ongoing Solar PV project at Monarchak, other projects have been proposed which are as under:

Sl. No.	Project	Status
1.	Grid Interactive Solar Power Project (2 MW), Lanka, Assam.	<ul style="list-style-type: none"> Detail project report prepared through consultant M/s STEAG Energy Services (India) Pvt. Ltd., Noida and obtaining clearance from State Pollution Control Board is under process.
2.	Grid interactive Solar Power Project (5 MW), Surjyamonigar, Tripura	<ul style="list-style-type: none"> NIT for preparation of DPR was floated on 09.10.2013 and opened on 13.11.2013. Evaluation is completed. Draft MOU with the Govt. of Tripura is under finalization. Preparation of DPR for the project shall be carried out on conclusion of the MOU with GOT.
3.	Grid Interactive Wind Power Project, at Kopili HEP, Assam.	<ul style="list-style-type: none"> Detailed investigation for feasibility of setting up wind power project is being carried out through Centre for Wind Energy Technology (C-WET), Chennai which is scheduled to be completed in December' 2014.

JOINT VENTURES:

With a view to enhance generation capacity, NEEPCO is planning to pool resources with other CPSUs and undertake various projects through Joint Ventures. Further the Corporation is planning to form JVs with Private developers for executing projects which are already allotted to these developers. The following projects are being taken up:

Sl. No.	Project	Status
HYDRO		
1.	Dibbin HEP (120 MW), Arunachal Pradesh.	<ul style="list-style-type: none"> The Memorandum of Understanding between KSK Energy Ventures Ltd was concluded on 28.03.2014 for implementation of the Project in JV with NEEPCO's equity share of 30%.



2.	Siang Upper (Stage-II) HE Project (3750 MW), Arunachal Pradesh.	<ul style="list-style-type: none"> MOA was signed with State Govt. on 28.05.2013 for implementation in joint venture between NEEPCO, NHPC and State Govt. Preparation of DPR is under process. Comprehensive environmental studies are under process. As desired by MOEF, GOI, a new PFR is under preparation for approval of TOR. Draft Shareholders' Agreement between NEEPCO and NHPC is under finalization. NEEPCO on 21.05.2014 requested MOP to consider inclusion of both Siang Upper Stg.-I & II HEPs in the category of National Projects for fast tracking their implementation.
3.	Siang Upper Stage-I HEP (6000 MW), Arunachal Pradesh	<ul style="list-style-type: none"> Govt. of Arunachal on 29.01.2014 conveyed its approval to develop the project in JV between NHPC, NEEPCO and the State Govt. Besides, NHPC has also given some observations on the terms and conditions communicated by GOAP, decisions on which are awaited.
4.	Tipaimukh HE Project (1500MW), Manipur.	<ul style="list-style-type: none"> On 10.12.2012 the MOP conveyed its decision to induct NEEPCO as a partner in the aforesaid JV in lieu of SJVNL. Finalization of the Draft Promoters' Agreement is in process between NEEPCO & NHPC. Meanwhile, MOEF recommended exploring the feasibility with smaller dams involving smaller forest area. NHPC explored feasibility of the project with reduction in FRL from 175m to 155m that would result in 26% reduction of forest area. MOP desired NHPC to explore the techno-commercial aspect of the proposal. On 24.01.2014, NEEPCO suggested NHPC to explore feasibility of the project with FRL below 155m keeping reservoir submergence to the minimum corresponding to power generation capacity only.
5.	Gumti SHP (15 MW), Tripura.	<ul style="list-style-type: none"> A JV Company between NEEPCO and TSECL is proposed for renovation of this project. NEEPCO has prepared a draft report on the project. A Draft MOU is being finalized for signing between NEEPCO and TSECL, which is expected shortly.
THERMAL		
6.	UMPP (4000 MW), Odisha in JV between BHEL, NHPC and NEEPCO.	<ul style="list-style-type: none"> A consortium of NHPC (40%), BHEL (34%) and NEEPCO (26%) is to participate in the bidding for the 4000 MW UMPP in Sundargarh, Odisha. Finalization of the MOU to be drawn amongst the consortium members is in progress.
7.	35 MW Rokhia Gas Based CC Project In JV with Tripura State Electricity Corporation	<ul style="list-style-type: none"> Government of Tripura has agreed in principle for formation of JV between NEEPCO and TSECL for conversion of Rokhia (63 MW) & Baramura (42 MW) Gas based Power Plants into Combined Cycle Configuration by adding 35 MW & 26 MW steam turbines respectively. NIB for preparation of DPRs for Rokhia and Baramura was floated on 05.12.2013. Evaluation completed and is in the final stage for award. Draft MOU/ JV agreement for the above projects with the Government of Tripura is under finalization.
8.	26 MW Baramura Gas Based CC Project In JV with Tripura State Electricity Corporation	

RENEWABLE ENERGY PROJECTS		
9.	50MW Solar Power Project of SECI in Madhya Pradesh	<ul style="list-style-type: none"> The Share Holder Agreement between WAAREE Energies Ltd was concluded on 28.03.2014 for implementation of the Project in JV with NEEPCO's equity share of 40%.
10.	100 MW Wind power project, Gujarat	<ul style="list-style-type: none"> The Memorandum of Understanding with ECI Engineering & Construction Co. Ltd. was signed on 28.03.2014 for implementation of 100 MW Wind Power Project, Gujarat in JV with NEEPCO's Equity Participation of 40%.

INFORMATION TECHNOLOGY

The Corporation has always recognized the major role IT has to play in the Corporation's journey towards producing power. There has been a constant strive to maintain state of the art IT infrastructure and totally networked Corporation, which makes the Corporation the proud possessor of a VSAT enable communication network, state of the art Project Monitoring System with Video Conferencing. The corporation has initiated the following salient activities for the year 2013-14:

- 1) The process for implementation of ERP has been started.
- 2) Implementation of E-Procurement at sites has been initiated. Initially training will be conducted for all sites.
- 3) It is also proposed to install Video Conferencing System in Kopili Hydro Electric Project and thereby to connect Kopili and Khandong Power House with Shillong Video Conferencing Centre.
- 4) Online recruitment system for HR Department is being developed by IT Department and is expected to be completed and go live shortly.
- 5) An online backup solution is being formulated to automate the backup process of huge amount of data generated from applications like MATFIN and Primavera and making the backup online so that data loss due to any failure is bare minimum. The solution will also have provision for disaster recovery.
- 6) Surveillance system for Corporate Office, Shillong has been tendered and expected to be installed soon.
- 7) NEEPCO Employees Defined Contribution Superannuation Scheme (NEDCSS) has been developed in-house in IT wing and made online, which enables users to view and generate report for the pension amount accumulated for them.
- 8) Mutual Benefit Fund (MBF) is being developed in IT department for showing and generating reports on MBF for the users and user acceptance testing is being carried out.

- 9) File Tracking System (FTS) is developed in IT department to track the movements of files. In the first phase of implementation training would be provided to the employees of HR department.
- 10) Fixed Asset Accounting module in MATFIN is being developed in IT department and is expected to be completed soon.
- 11) A process has been initiated to implement a "Document Management System" along with digitations.

RESEARCH & DEVELOPMENT AND SUSTAINABLE DEVELOPMENT

Research & Development

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

The R&D Projects undertaken during the year 2013-14:

- i) Application of Remote Sensing and GIS in estimation of river inflow/discharge in to the reservoir of Kameng H.E. Project (Development of Model).
- ii) Generation Modernization to increase efficiency of Hydro Power Plants. (Feasibility study and submission of report).
- iii) Assessment of turbine efficiency under different reservoir level at Kopili Hydro Electric Plant. (Feasibility Study and submission of report)

During the year 2013-14, the corporation spent a total of Rs.153.15 lakh under Research & development as against the minimum stipulated amount of ₹ 121.15 lakh as per DPE's guidelines i.e. 0.5 % of Profit after Tax (PAT) for the year 2012-13. PAT for the year 2012-13 was ₹ 242.30 crores.

Sustainable Development

The Corporation strives to contribute for the sustainable growth of country's economy while simultaneously working on and maintaining social and environmental sustainability.



Participants at the training programme on Sustainable Development at Ranganadi Hydro Electric Project

The Corporation is committed towards the objectives of sustainable development through its activities and services.

Specific Sustainable Development Plan has been developed in line with the Guidelines issued by Department of Public



Painting competition on Energy Conservation 2013 at Corporate Office

Enterprises. The plan includes projects/activities to be taken up for implementation, procedures and methodologies adopted for monitoring results and modalities of concurrent and final evaluation. The plan also considers the creation of suitable organization structure for guidance, implementation, monitoring and review of the projects/activities and targets for Sustainable Development along with mandatory reporting of Sustainable Development efforts.

During the year 2013-14, as per MoU with Ministry of Power, Government of India, the Corporation took up 1(one) project/activity i.e. Soil conservation by checking Soil erosion on the downstream of Ranganadi Dam in Arunachal Pradesh.

In addition to the above mandatory requirement, the Corporation also took up additional 2(two) projects as listed below:

1. Water Management: Sewage water contamination reduction at Corporate office Shillong
2. Energy Management: Energy conservation at Corporate office Shillong

During the year 2013-14, the Corporation spent a total of ₹ 75.92 lakh under sustainable development as against approved budget of ₹ 101.50 lakh

CONSERVATION OF ENERGY

One of the important measures being undertaken during the year for Energy Conservation is the Conversion of AGTP from existing open cycle mode to combined cycle mode by way of Heat Recovery Steam generators and Steam Turbine Generators in order to get higher efficiency.

TECHNOLOGY ABSORPTION

One of the areas where NEEPCO forayed in the field of technology absorption is in the adoption of **"Air Cooled Condensing"** technology while converting the existing Open Cycle 84 MW Agartala Gas Turbine Plant to Combined Cycle by adding Steam Turbines. Here, due to shortage of enough surface water, NEEPCO has, instead of using conventional **"Cooling Towers"** for condenser cooling, adopted Air Cooled Condensers, thereby nullifying the use of huge amount of cooling water otherwise required for the purpose. This has resulted not only in the reduction in the scope of Auxiliaries required for handling cooling

water, but has also resulted in better efficiency in terms of lesser energy consumption by auxiliaries that are now not required and also due to non requirement of huge amount of make-up water that is required in case of conventional cooling towers in order to make up for evaporation losses.

RULES AND POLICIES

Review & modification on Contract Manual

As a part of the MOU Target 2013-14, NEEPCO has reviewed its existing Contract Manual in order to align the functioning under rapidly changing environment. Accordingly, this milestone was achieved on 29.10.2013 with due approval of the Chairman

& Managing Director as authorized by the Board of Directors in its 181st meeting.

Public Procurement Policy for Micro & Small Enterprises (MSMEs)

During the Year 2013-14, NEEPCO has made purchases of goods and services from MSMEs worth Rs. 5.96 Lakhs, comprising 0.11% of the total procurement during the year.

RISK MANAGEMENT POLICY

Following MOU milestone for the year 2011-12, a Risk Management Policy was implemented in NEEPCO on 05.05.2011 with the following objectives:

- To identify business objectives which reflect the interests of all beneficiaries/ stakeholders.
- To identify the threats to the achievement of business objectives
- To control and manage risk by appropriate risk reduction and mitigation actions.
- To regularly review exposure to all forms of risk and reduce it as far as reasonably practicable or achievable.
- To apply risk management processes as part of management system.
- To regularly review the risks face as a result of business activities and of the business and economic climate in which the Company is operating.
- To identify and regularly measure key risk indicators and take appropriate action to reduce the risk exposure.
- To regularly review the key risk controls to ensure that they remain relevant, robust and effective.

As per the policy, risks are to be identified, evaluated and managed by responsible officers and will be assessed with reference to the Company's strategic priorities, taking account the likelihood of the risk occurring, its potential impact and the range of implications. The policy further briefs regarding the risk mitigation, reporting practices and periodicity, communication and training, responsibility & authority and review mechanism etc.

During the process of analysis of risks, the Standing Committee, constituted for this specific purpose, recommended for certain modifications to the Risk Management Policy, which were further deliberated by the Audit Committee of the Board and suggested further changes. The Standing Committee was re-constituted with the Chairman & Managing Director, NEEPCO as its Chairman and the policy is presently under review.

RAJBHASHA

The Corporation is making all out efforts to implement effectively the Official Language Policy of the Government



Hindi Workshop at Ranganadi Hydro Electric Project

of India at its Corporate Office as well as Projects and other offices. Efforts were made to issue papers referred to in Section 3 (3) of the Official Language Act in bilingual. A centre of Hindi Training is functioning at Corporate Office, Shillong conducting regular classes of Prabodh, Praveen and Pragya courses. During the year **46** employees were nominated for Hindi Language Training under regular course and **48** employees posted at project sites were nominated for Correspondence course. The contact programme was organized under Hindi Teaching Scheme at project office to provide guidance to the employees attending Hindi Training. Cash Awards were given to the employees for passing Hindi examinations as per eligibility. To facilitate the employees for doing their official work in Hindi, **13 (Thirteen)** Hindi workshops were organized and **290** officers & employees were trained in the workshops. Training materials were provided to the employees during the Workshop. In the House Journal - '**NEEPCO NEWS**' valuable information relating to use of Hindi were provided for the guidance of the employees. NEEPCO website is also available in Hindi. Key words in Hindi with English equivalent were displayed everyday on the black board under the programme "**Today's Word**" in order to enrich the Hindi vocabulary of the employees.

Rajbhasha (Hindi) Pakhwara was observed and "**Hindi Divas**" was celebrated at the Corporate office as well as in the projects and other offices of the Corporation during the year to create awareness and to encourage the employees for doing their official works in Hindi. Various competitions were conducted in Hindi and attractive prizes were awarded to the participants. Hindi patrika "**NEEPCO JYOTI**" was published from Corporate HQ, **Panyor Pravah** was published by project office on the occasion. An exhibition was also organized at Corporate office where the achievements made in the use of Official Language Hindi in the Corporation were displayed.

NEEPCO **OLIC meetings** are organised under the chairmanship of CMD. In the meeting review was made on the Implementation work of Rajbhasha and variable suggestions were provided for its effective implementation.



The Corporation was awarded **Appreciation letter** by Town Official Language Implementation Committee (TOLIC), Shillong for commendable works done in the Implementation of official Language Policy.

Rajbhasha (Hindi) Pustakalaya is functioning at Corporate Office, Shillong which was further enriched with valuable books. Dictionaries, Glossaries and other reference books are also available for the use of the employees. Hindi News Papers and periodicals are available in the Pustakalaya. In sub-ordinate offices also reference books in Hindi were made available for the use of the employees.

SPORTS ACTIVITIES

Report on Sports activities during 1st April 2013 to 31st March, 2014.

1. NEEPCO Table Tennis Team participated in the Inter CPSU T.T. Tournament organized by THDC from 14th – 17th January, 2014 at Rishikesh, Uttarakhand.
2. NEEPCO Chess Team participated in the Inter CPSU

Chess Tournament organized by PGCIL from 5th – 7th September, 2013 at Allahabad.

3. NEEPCO Carrom Team participated in the Inter CPSU Carrom (Men & Women) organized by NHPC from 20th – 23rd March, 2014 Tournament at Parbati Project Stage-II, Nogwain, Himachal Pradesh. NEEPCO Team emerged Runner up in Men Double and Runner up in Women Team Championship also Women Runner up in Individual event.
4. NEEPCO Bridge Team participated in the Inter CPSU Bridge Tournament being hosted by NEEPCO from 26th – 28th May, 2014 at Shillong. In the pair event NEEPCO Team emerged as winner and in the Full League event NEEPCO emerged 2nd Runner up.

MANPOWER REPORT

MANPOWER REPORT AS ON 31-03-14								
Regular	Male	Female	Gen	SC	ST	OBC	PH	ESM
2723	2349	374	1329	188	811	395	31	6

CORPORATE COMMUNICATION

The Corporate Communication Wing of NEEPCO continued its sustained efforts to work towards improvement of communications with the public and employees 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.



NEEPCO team with the Chief Guest at the closing ceremony of the Inter CPSU Bridge Tournament 2014



Performance of Shillong Chamber Choir during NEEPCO Day celebration at Corporate Office



RULES & POLICIES

The Management brought into effect the following HR Policies & Guidelines during the year 2013-14, as enumerated below:

- Guidelines for Performance Coaching and Counseling for Non Executives.
- Guidelines for Culture Building Initiatives: Culture Study, gap identification, measures for organizational belongingness.
- Guidelines for Celebration of Individual, Team & Organizational Achievement/Success.
- Guidelines for Productivity Enhancement.
- Strategy for Talent Acquisition, Recruitment Plan & Process to reduce Recruitment cost per employee.
- NEEPCO Contributory Scheme for Post -Retirement Medical Facilities.
- Amendments in the NEEPCO Leave Rule to the extent of maintaining Earned Leave accounts as en-cash-able.

INDUSTRIAL RELATIONS

Industrial Relations in NEEPCO had remained congenial and harmonious throughout the entire year. There was no loss of any man-days in NEEPCO on account of any industrial dispute. The Management also takes a pro-active approach to the extent possible in resolving the grievances of the employees. Regular meeting were convened between the Management and the representatives of Trade Unions and Associations to discuss various issues across the table and resolve amicably for greater interest of the Corporation.



Women employees during the celebration of International Women's day 2013 at Corporate Office

WELFARE ACTIVITIES

The Corporation has well equipped hospitals/dispensaries in its plants and also in its construction projects manned by qualified doctors and paramedical staff which provides medical treatment not only to the employees but also as a social service measure provides free consultation to



Bone Densitometry test camp at AGBP

the people of the neighbouring villages. In addition to the Corporation's hospital/dispensaries several reputed hospitals are empanelled all over the country for the treatment of the employees and their dependent family members.

EDUCATION

The Corporation continued to provide schooling facilities at Project sites as a welfare measure for children and wards of employee, where no schooling facilities are available nearby. In addition to the children and wards of the NEEPCO employees, a good number of children of neighbouring villages/localities are also admitted in these schools.



Students during assembly at VKV, AGBP

NEEPCO had been sponsoring four Vivekananda Kendra Vidyalaya (VKV) Schools in four of its O&M plants. The Vivekananda Kendra Siksha Vibhag is the nodal agency for managing the Corporation schools. These are English medium schools of good academic standards affiliated to Central Board of Secondary Education. The average student teacher ratio of all VKV schools in NEEPCO is 23:1.

In order to encourage the wards of NEEPCO employees, under the NEEPCO Meritorious Scholarship Scheme, scholarship amounting to ₹ 21,54,000/- were released on 19-3-2014, for the year 2013-14.



HUMAN RESOURCE DEVELOPMENT

Human Resource Development is the most critical aspect in enhancing the development and sustainability of the manpower competencies which is the asset for sustenance of organization's growth and achieving comparative advantage in today's competitive world. NEEPCO HRD Department in this regard has taken a number of initiatives to develop the employees, through various HRD interventions.



Newly inducted Executives, October 2013

During the year 2013-14, a total of 1378 employees covering 19,305 mandays i.e. 7.18 man-days per employee of training were given to enhance their competency levels in their job apart from enhancing their skills & knowledge through various in-house programmes organized by HRD Centre & project sites; and external training programmes organized by various reputed training agencies within the country & abroad.

NEEPCO HRD Department, Corporate Office, Shillong and HR Wing of different project sites of NEEPCO have organized various in-house training programmes, which totals to 43 programmes during the year 2013-14. In total 1,156 employees were nominated to this in-house programmes. Some of such programmes were on Corporate Governance, Corporate Social Responsibility & Sustainable Development, Women Empowerment & Sensitization for CSR & SD, Yoga & Meditation, Motivational Talk titled "Attitude alters Attitude", Reservation Policy, GRI Guidelines, MS Excel, General Awareness on Taxation, Labour Law Implementation, Industrial Safety, Contract Procedures & Implementation, Hydro Power Station Design & Maintenance, Certification course on Project Risk Management, Mentorship Development, Knowledge management (sharing), CSR & Sustainability for CPSEs, Action Learning programme, Electricity Regulations & Impact on Generating Stations, Hindi Workshops, Fire & Safety Training. Besides this, 22 newly recruited employees comprising of Junior Engineers, Medical Officers & Junior Company Secretary were given 4-day induction training. 35 newly recruited executives comprising of Personnel, Geology, Accounts, IT Officers Electrical/Mechanical & Civil Engineers were given one month

classroom induction training at Corporate office and were also sent to project/plant for site visits (for one month) before their posting at different locations and departments.

During the year 2013-14, 202 employees were nominated for 77 External training programmes conducted by different reputed training agencies in India. Similarly, 20 executives were nominated to attend different overseas training programmes. As per its HRD interventions the overall rating in HRD and HRM parameters of NEEPCO in MoU with MoP is expected to be excellent during the year 2013-14.

NEEPCO VIGILANCE ACTIVITIES

During the period from 01-04-2013 to 31-03-2014, NEEPCO Vigilance Department dealt with various aspects of Vigilance Mechanism under the directives and guidelines issued from the Central Vigilance Commission (CVC) from time to time. For exclusive and independent functioning of Vigilance Department, NEEPCO ensured transparency, objectivity and quality in vigilance functioning. Complaints received from various sources other than anonymous/pseudonymous were taken up for prompt investigation and the same have been disposed off in accordance with the time frame prescribed by the CVC. As on 1st April, 2013, 5 (five) complaints were pending. During that period, 7 (seven) new complaints have been added which have also been investigated and out of these, 6 (six) complaints have already been disposed off. As on 31/3/2014, there were 6 (six) complaints pending in various stages for finalization.

As on 01-04-2013, 3 (three) disciplinary cases were pending and during the period under report 2 (two) new disciplinary cases have been added. Out of these 5 (five) disciplinary cases, 4 (four) cases have been disposed-off. As on 31-03-2014, there was 1 (one) disciplinary case pending which is also under advance stage for finalization. During the period under report, 2 (two) employees have been served "Show-cause" notice by the DA on the advice of this office for their various lapses and an employee has been imposed with



Prize distribution function during observance of Vigilance Awareness Day 2013 at Corporate Office



minor penalty of "Censure" for his involvement in 2 (two) separate corruption cases.

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

An amount of ₹ 79,20,055.00 has been recovered from the Contractor during the period against lapses found during intensive examination of works by CTE/CVC and subsequent persuasion with the concerned authority by the Vigilance Deptt.

On receipt of a complaint and after detailed investigation by the Vigilance office, a minor penalty of "Censure" along with a recovery of ₹ 2,96,994.00 + 10% interest therein has been imposed by the DA on an employee for his undue Medical and LTC claims, during the period under report. Subsequently, the employee concerned has deposited ₹ 3,46,266.00 (₹ 2,96,994.00 + interest ₹ 49,272.00) in NEEPCO's account by cheque.

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

In order to improve system and procedure in respect of various short comings observed related to processing of tender of works and procurement etc, a number of suggestions have been forwarded to Management. During this period 76 (seventy six) numbers of inspections have been conducted at different plants/projects by site vigilance officials as well as by vigilance officials of the HQ. Regarding improving of vigilance administration by leveraging technology, steps have been taken towards implementation of e-procurement, e-payment, registering online vigilance complaints etc. As a part of leveraging technology, the Vigilance Deptt. has uploaded the Annual Immoveable Property Returns (AIPRs) of Executives in the NEEPCO's website.

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

1242 numbers of Annual Property Returns (APRs) of the employees have been scrutinized during the period from 01-04-2013 to 31-03-2014. Vigilance clearances in respect of officials required for various purposes like DPC, NOC for obtaining of Passport, promotion regularization, private foreign visit, out-side employment, retirement, resignation, release of terminal benefit etc. were given as and when sought for by the concerned department of the Corporation.

The CVO has also attended various meetings during the period under report as convened by the Central Vigilance Commission (CVC) and the Ministry of Power (MoP), Govt. of India on the agenda framed by them and subsequently follow-up action has been taken based on drawn Minutes of the meetings. The CVO along with senior officials of HQ vigilance visited Agartala Gas Turbine Power Plant, Tripura Gas Based Power Project, Kopili Hydro Electric Plant and Pare Hydro Electric Project during the period under report. A CTE type inspection was also carried out in one of the projects of NEEPCO. A vigilance review meetings was also held at Corporate HQ, Shillong on 17-05-2013 with in-charges of all Projects/Plants Vigilance Deptt.

The "Vigilance Awareness Week" was observed in the Corporation w.e.f. 28-10-2013 to 02-11-2013. Besides taking "Pledge", an Essay Writing Competition and a Slogan Writing Competition were organized amongst the employees of the Corporate HQ.

CORPORATE GOVERNANCE

The Corporation is an unlisted Company with 100% shares held in the name of the President of India. The Corporation firmly believes in the importance of good Corporate Governance in the conduct of its affairs. It stresses in increasing efficiency along with adequate control systems in its operations. An Audit Committee regularly reviews all financial statements before placing to the Board. The Annual Report along with various other communications is hosted on the website for information of the public at large. A separate statement on Corporate Governance is produced as a part of this Report as **Annexure-I** and the Management Discussion and Analysis Report as **Annexure II** of this Report. Certificate on Corporate Governance from the Statutory Auditors is enclosed as **Annexure III**.

AUDIT COMMITTEE

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

AUDITORS' REPORT

M/s. Nundi & Associates, Chartered Accountants, Kolkata were appointed as Statutory Auditors for the year 2013-14. The report of the Statutory Auditors and comments of the Comptroller & Auditor General of India on the Accounts in terms of Sec. 619(4) of the Companies Act, 1956 are furnished in **Annexure IV & V**. There is neither any qualification made



by Statutory Auditors in their Report nor any comments of C&AG on the Accounts of the Corporation.

PARTICULARS OF EMPLOYEES

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

DIRECTORS RESPONSIBILITY STATEMENT

The Directors certify the followings:-

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

DIRECTORS

Since the last report, one part time Official Director, one Independent Director and one functional Director viz. Director (Personnel) were appointed to the Board:

- Shri Raj Pal**
Economic Advisor, MOP
appointed as a Part-time Director of the Board
w.e.f. 01-11-2013
- Dr. Ramesh B. Baheti**
appointed as Independent Director on the Board
w.e.f. 13-11-2013.
- Shri Satyabrata Borgohain**
appointed as Director (Personnel) on the Board
w.e.f. 01.01.2014

During the year 2013-14 the following Directors ceased to be Director from the Board of NEEPCO:

- Shri T. Norbu, Part time official Director
- Shri B. K. Dev Varma, Part time official Director
- Shri R. B. Thong, Part time official Director
- Shri Sumeet Jerath, Part time official Director

- Shri Arun Datta, Independent Director
- Shri G. Sai Prasad, Part time official Director
- Shri I. P. Barooah, Director (Personnel)

The Board places on record its deep appreciation for the valuable services rendered by these Directors.

CONSERVATION OF ENERGY

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Director's) Rules 1988 and forming part of the Director's Report regarding Conservation of Energy / Technology Absorption and Foreign Exchange earnings and outgo during the Financial year 2013-2014 is enclosed in **Annexure - VI**.

ACKNOWLEDGEMENT

The Directors are grateful to the various Ministries and Departments of the Government of India particularly the Ministry of Power, Ministry of Home Affairs, Ministry of Finance, Ministry of Environment and Forest, Planning Commission, Department of Public Enterprises, North Eastern Council, Central Electricity Authority, Central Water Commission, Central Electricity Regulatory Commission, Central Soil and Material Research Station, Geological Survey of India, Survey of India and North Eastern Regional Electricity Board for their continued cooperation and assistance.

The Directors express their sincere gratitude to the State Government of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura for the co-operation and help extended by them. The Directors further expressed their appreciation to the State Governments who had made all payment against their current dues during the period 2013-2014.

The Directors are also grateful to the Bankers, the Statutory Auditors, the Cost Auditors, the Commercial Audit Wing of the Comptroller and Auditor General of India and the Registrar of Companies.

Last but not least, the Directors wish to place on record their appreciation of the dedicated efforts made by all section of employees of the Corporation to achieve the goal of the Corporation.

For and on behalf of the Board of Directors

(P. C. Pankaj)

Dated: 17-09-2014
Place: New Delhi

Chairman & Managing Director
DIN No: 03640772



Annexure - I**Report of Corporate Governance**

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

Philosophy on Code of Governance

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

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

1. Composition of Board and Particulars of Directors**(i) Composition of Board**

The Board of Directors of the Company ("the Board") consists of 11 Directors, including 4 whole-time Directors, 2 Government part-time Directors (1 representing the Government of India and 1 part-time Director from North Eastern State representing the Government of Mizoram) and 5 Independent Directors.

The Composition of the Board and the number of other Directorship and Committee positions held by the Directors during the year ended as on 31st March, 2014 is as under:

Functional Directors

Name	Executive/ Non-executive/ Independent	No. of other Directorships held *		No. of other committee membership held **	
		Public	Private	Public	Private
Shri P. C. Pankaj DIN NO: 03640772	Chairman & Managing Director	Nil	Nil	Nil	Nil
Shri A. G. West Kharkongor DIN NO: 03264625	Director (Finance)	Nil	Nil	Nil	Nil
Shri Utpal Moral DIN NO: 03434273	Director (Technical)	Nil	Nil	Nil	Nil
Shri Satyabrata Borgohain DIN NO: 06801073	Director (Personnel)	Nil	Nil	Nil	Nil

Directors from MoP

Name	Executive/ Non-executive/ Independent	No. of other Directorships held*		No. of other committee membership held**	
		Public	Private	Chairman	Member
Shri Raj Pal DIN NO: 02491831	Part-time Director from MOP	1	Nil	Nil	Nil



Directors from N. E. States

Name	Executive/ Non-executive/ Independent	No. of other Directorships held*		No. of other committee membership held**	
		Public	Private	Chairman	Member
Shri T. P. Khaund, DIN NO: 03547418	Part-time Director Govt. of Mizoram	Nil	Nil	Nil	Nil

Independent Directors

Shri Shantikam Hazarika DIN NO: 00523656	Non-official Part-time Director	3	Nil	Nil	Nil
Shri Ardhendu Sen DIN NO: 00297393	Non-official Part-time Director	1	Nil	1	Nil
Shri Santosh Saraf DIN NO: 00073618	Non-official Part-time Director	2	2	2	Nil
Dr. Ramesh B. Baheti DIN NO: 00008202	Non-official Part-time Director	1	5	Nil	Nil
Shri Ashok Sinha DIN NO: 00299600	Non-official Part-time Director	1	2	3	1

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

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

(ii) Non-Executive Director's Compensation & Disclosures:

The Company has paid sitting fee to Non-Executive Independent Director.

(iii) Board Meetings, Committee Meetings & Procedures:

a. Minimum four Board Meetings are held in each year.

Apart from the four scheduled Board Meetings, additional Board Meeting can be convened by giving appropriate notice. In case of business exigencies or urgency of matters, resolution is passed by circulation.

- b. The Board of Directors is given presentation covering Project Implementation and operations of the Company at each Board Meeting. The information is being placed before the Board in accordance to DPE guidelines.
- c. 10 (ten) meetings of the Board of the Company were held during the year under review. The Company has held at-least one Board Meeting in each quarter. The details of the Board meetings are as under:

Sl. No.	Board Meeting No.	Date	Board Strength	No. of Directors present
1	195 th BM	01-04-2013	15	9
2	196 th BM	14-05-2013	15	9
3	197 th BM	11-06-2013	15	9
4	198 th BM	14-08-2013	15	10
5	199 th BM	13-09-2013	11	10
6	200 th BM	12-11-2013	10	10
7	201 st BM	05-12-2013	11	9
8	202 nd BM	04-02-2014	11	10
9	203 rd BM	14-02-2014	11	9
10	204 th BM	26-03-2014	11	11



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

Name of the Directors	Attendance of Meetings during 2013-14		
	Board Meeting held during tenure	Board Meeting attended	Last AGM
Shri P. C. Pankaj	10	10	Yes
Shri I. P. Barooah**	7	7	Yes
Shri A. G. West Kharkongor	10	10	Yes
Shri Utpal Moral	10	10	Yes
Shri Satyabrata Borgohain*	3	3	N.A.
Shri G. Sai Prasad**	5	1	No
Shri Raj Pal*	5	2	N.A.
Shri T. Norbu**	4	Nil	N.A.
Shri B. K. Dev Varma**	4	Nil	N.A.
Shri T. P. Khaund	10	9	Yes
Shri R. B. Thong**	4	Nil	N.A.
Shri Sumeet Jerath**	4	Nil	N.A.
Shri Shantikam Hazarika	10	10	Yes
Shri Arun Datta **	5	4	Yes
Shri Ardhendu Sen	10	8	Yes
Shri Santosh Saraf	10	9	Yes
Shri Ashok Sinha	10	9	Yes
Dr. Ramesh B. Baheti*	4	4	N.A.

* Appointed during the year.

** Ceased during the year.

- d. The Board of Directors reviewed from time to time legal compliance report presented by the Company Secretary.

2. Code of Conduct

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

3. Risk Management Policy

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

4. Training of Board Members

The Board members are provided necessary documents / brochures, reports and internal policies to enable them to familiarize with company's procedure and practice. Various Board Members were nominated to attend workshops/ training programmes on relevant topics.

5. Audit Committee

The Audit Committee was constituted in the year 2001. The Audit Committee was re-constituted with the following members as on 12-11-2013.



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

The Committee met 8 (eight) times during the year. The meetings were also attended by Director (Finance), Head of the Internal Audit and Statutory Auditors as Special Invitees. The Company Secretary acts as the Secretary to the Committee.

Sl. No	Date	Committee Strength	No. of Members Present
1	11-05-2013	4	4
2	11-06-2013	4	4
3	05-08-2013	4	4
4	12-09-2013	4	4
5	12-11-2013	4	4
6	05-12-2013	4	3
7	13-02-2014	4	4
8	26-03-2014	4	4

The minutes of the Audit Committee were placed before the Board for information. The terms of reference of the Committee are as under:

- i) Review of the Corporation's financial reporting process and the disclosures made in its financial reports to ensure that the financial statements are sufficient, correct and credible.
- ii) Review of the half-yearly and annual financial statements before submission to the Board, focusing primarily on the following:
 - Any change in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualification in draft audit report.
 - Compliance of all legal requirements concerning financial statements.
- iii) Review of the adequacy of internal control systems.
- iv) Review the adequacy of internal audit function, including the structure of the internal audit department, staffing of the department, reporting structure, coverage and frequency of internal audit.
- v) Recommend fixation of audit fee and also approval of payment for any other services of external auditors in accordance with Sec 224(8)(aa), as amended by the Companies (Amendment) Act, 2000.
- vi) Appointment and fixing of remuneration of Cost Auditors in terms of Section 233B of the Companies Act.
- vii) Discuss with internal auditors on any significant findings and follow up thereon.
- viii) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ix) Discuss with external auditor before the audit commences regarding nature and scope of audit and have post-audit discussions to ascertain any area of concern.
- x) Review the company's financial and risk management policies.
- xi) Review contracts awarded on nomination / offer basis in terms of guidelines issued by the CVC / DPE / other authorities, from time to time.



6. Remuneration Committee

The Remuneration Committee was re-constituted with the following members as on 4th February, 2014.

Name	Chairman/ Member	Independent/ Executive
Shri. Ardhendu Sen	Chairman	Independent
Shri Ashok Sinha	Member	Independent
Shri Santosh Saraf	Member	Independent
Shri. Utpal Moral	Member	Director (Technical)
Shri Satyabrata Borgohain	Member	Director (Personnel)

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

The Committee met 2 (two) times during the year. Attendance of Directors in the Remuneration Committee Meeting during the year under review is as under.

Sl. No.	Date	Committee Strength	No. of Members Present
1	12-06-2013	5	4
2	06-09-2013	5	5

7. Director's Remuneration

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

Details of remuneration of Functional Directors of the Company during the year 2013-14 are given below:

Director's Remuneration for the FY 2013-14

Amount in ₹

Directors	Designation	Salary (₹)	Benefits (₹)	PRP (₹)	Total (₹)
Shri P. C. Pankaj	Chairman & Managing Director	26,98,443	4,94,537	3,91,680	35,84,660
Shri A. G. West Kharkongor	Director (Finance)	25,93,269	18,44,828	3,23,672	47,61,769
Shri Utpal Moral	Director (Technical)	25,54,897	10,95,602	2,41,003	38,91,502
Shri Satyabrata Borgohain *	Director (Personnel)	6,17,100	1,12,998	-	7,30,098
Shri I. P. Barooah **	Director (Personnel)	19,76,520	14,48,829	-	34,25,349
Total		1,04,40,229	49,96,794	9,56,355	1,63,93,378

* Appointed during the year.

** Ceased during the year



8. Disclosures

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

9. General Body Meeting

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

Financial Year	Date	Time	Location
2010-11	14-09-2011	5.00 P.M.	Shillong
2011-12	28-08-2012	11.00 A.M.	Shillong
2012-13	13-09-2013	12.00 P.M.	Guwahati

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

Date of Annual General Meeting	Special Resolution passed
14-09-2011	Nil
28-08-2012	1. Amendment of Articles of Association 2. Creation of Mortgage for Bonds issued for mobilisation of funds for the Tripura Gas Based Power Project at Monarchak, Tripura
13-09-2013	1. Creation of Mortgage for XIII series PSU Bond of ₹ 72.50 Crore For TGBP 2. Creation Security for external control Borrowing of US\$100.00 Million for the TGBPP(101 MW) and the AGTP extension (46 MW)

10. Shareholders' Information

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

For and on behalf of the Board of Directors

(P. C. Pankaj)

Chairman & Managing Director
DIN No: 03640772

Dated: 17-09-2014
Place: New Delhi



Annexure - II**Management Discussion and Analysis Report****Industry Structure and Developments**

Growth of power sector is the key to the economic development of the country. As the Indian power sector embarks on increasing the generation and transmission capacities, key challenges lie ahead. Power sector is poised at a crucial juncture where it is expected to meet the growing challenges of the future while facing some fundamental constraints in its path of evolution.

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

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

Over the years the installed capacity of Power Plants in India has increased to about 243029 MW (March 2014) from a meagre 1713 MW in 1950. As on 31st March 2014, the total installed capacity in the NE Region of the country stood at 2905.89 MW, with 1411.24 MW in the Thermal sector, 1242 MW in Hydro and 252.65 MW in the Renewable Energy sector.

During the year 2013-14, though the total ex-bus energy availability in the country increased by 5.6% over the previous year and the peak met increased by 5.3%, the shortage conditions prevailed in the Country both in terms of energy and peaking availability. While the energy Requirement was 1002.257 Billion Units, the actual availability was 959.829 Billion Units. At the same time when the peak demand was 135918 MW, actual

availability stood at 129815 MW, thereby registering a shortage of 4.2% in energy and 4.5% in terms of MW.

The per capita consumption of electricity in the country also increased from 15 KWH in 1950 to about 917.18 KWH as on March 2014. Although a target of 78700 MW was set for capacity addition during the 11th FY Plan, the actual achievement was about 55000 MW. By the year 2021-22, electrical energy requirement in India is expected to touch 1872517 GWh with the peak demand touching 271795 MW.

NEEPCO made a modest beginning with 50 MW Khandong Power Station which was commissioned in 1984 as a part of the 275 MW integrated Kopili H.E Power Station. Today, NEEPCO operates five hydro and two thermal power stations spread over the North Eastern Region of India with a total installed capacity of 1130 MW, out of which 755 MW in Hydro and 375 MW in Thermal sectors. It caters to around 50% of the region's energy requirements. Another 927 MW is likely to be added during the 12th FY Plan by NEEPCO, thereby raising the total installed capacity to 2057 MW.

Opportunities and Strengths

The Indian power sector is one of the most diversified in the world. Sources for power generation range from commercial sources like coal, lignite, natural gas, oil, hydro and nuclear power to other viable non-conventional sources like wind, solar and agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to grow further in the years to come. In order to meet the increasing requirement of electricity, massive addition to the installed generating capacity in the country is required.

The Working Group on Power in its Report has estimated a capacity addition of about 76,000 MW during the 12th Plan to meet the demand projections of the country. For this it has been estimated that the total fund requirement during the 12th Plan, considering each aspect of the power sector, is expected to be about ₹ 14 lakh crs including ₹ 1,35,100 Cr required for renewable energy. Also, addition of gas based capacity is considered necessary to reduce CO₂ emissions. Modern combined cycle gas turbines (CCGTs) which have high efficiency of around 55% compared to coal based plants (Gross efficiency of super critical units is 38 to 40%), could be set up near the load centre with a view to minimize the



requirement of transmission system and could be operated in a manner so as to maximize the output during the peak hours and minimize during the off peak hours.

India is endowed with an enormous hydro power potential. As on 1st October, 2013 the hydro power potential in terms of Installed Capacity is estimated at 1,48,701 MW out of which 1,45,320 MW of the potential consists of hydro electric schemes having installed capacity above 25 MW. The entire North Eastern Region alone is bestowed with a huge Hydro Power Potential, particularly the State of Arunachal Pradesh. The total identified Hydro Power potential in this region is estimated to be around 58971 MW. With only about 2% utilization of the hydro power capacity in the NE Region, NEEPCO has a huge role to play in the economic development of the Region. Low carbon growth Strategy would ensure use of clean hydropower to its maximum potential for meeting peak loads. However the full development of India's hydro-electric potential, while technically feasible, faces issues of water rights, resettlement of project affected people and environmental concerns – issues that needs to be resolved at the earliest. A shelf of hydro projects with aggregate capacity of about 22,000 MW have been identified which are likely to yield benefits during 12th / 13th Plan, of which, 9204 MW from 31 ongoing projects including the three ongoing Hydro Power Projects of NEEPCO are likely to yield benefit during the 12th FY Plan.

Given the estimated reserve of coal in India at around 293.5 billion tones and natural gas of 1330.26 billion cubic meters (BCM), the growth of Thermal Power Projects is also feasible. As per a report published by the MOSPI in 2013, the NE region alone has vast quantities of Natural Gas particularly in the states of Assam (Estimated quantity of 139.82 BCM) & Tripura (estimated quantity of 36.05 BCM), and huge reserves of Coal particularly in the states of Assam (0.51 Billion Tonnes) & Meghalaya (0.58 Billion Tonnes). Given the abundance of Fossil Fuel in the region, there is also ample scope for the development of the Thermal Power in the region. The projected energy requirement of the NE Region by the year 2021-22 stands at 22421 MU with the peak demand touching 3905 MW.

In the field of renewable energy too, India is endowed with vast solar energy potential. About 5,000 trillion kWh per year energy is incident over India's land area with most parts receiving 4-7 kWh per sq. m per day. Hence, both technology routes for conversion of solar radiation into heat and electricity, namely, solar thermal and solar photovoltaics, can effectively be harnessed providing huge scalability for solar in India. Also, the installable wind power potential assuming 9 MW per square kilometer area in the country at 50 m level is estimated at 49 GW (As per Indian Wind Atlas published

by CWET), while, for 80 m level with the KAMM generated meso scale map the estimated installable potential at 80 m level is found to be around 103 GW.

It is with this potential and opportunity at hand, that, NEEPCO can emerge as the leading power producer in the Region. It has ambitious growth plans for which it has started preliminary investigation for several projects both in the Hydro and Thermal sectors which have been highlighted in the Directors' Report. With its pool of skilled manpower, mainly drawn from the region, NEEPCO has a substantial advantage over other players in the field to harness and exploit the vast potential of the region. However, with a wider vision, NEEPCO is now spreading its wings across the country both on its own and through Joint Ventures and has also made inroads to the Renewable Energy Sector.

Weaknesses and Threats

The development of Power Sector in the NE Region has so far not been able to keep up with the pace of development as in rest of India despite the huge potential. Primarily, the constraints have been due to geographical isolation, difficult terrain, adverse Law and Order situation, poor surface communication infrastructure, communication bottlenecks etc. Besides, the young Himalayan Geology also makes development of Hydro Projects a daunting task, especially in the State of Arunachal Pradesh. Also, the working season actually available in the NE Region is on the average of 6-7 months in a year due to prolonged Monsoons.

Other bottlenecks include Land Acquisition problems, Resettlement & Rehabilitation problems, Environment & Forest clearance issues, longer gestation period, Inter-state aspects, Natural Calamities, Lack of experienced Contractors, Contractual Disputes etc. Shortage of talent and trained technical manpower is another area that is likely to continue to push up project costs and risks so far as NEEPCO is concerned.

All these factors combined, setting up of projects especially in the Hydro Sector is a formidable and challenging task in itself. Despite the adversities, NEEPCO has set up projects in some of the remotest and most difficult areas in the Region.

Risks and Concerns

Some of the major Risks and Concerns faced by NEEPCO are:

- Land acquisition is a persistent issue involved in the implementation of hydro projects. Acquisition of land



for various locations of the project such as Dam, HRT, Power House, Switch yard etc. delay the commencement / progress of works.

- Disparity between the Hydro Power Policy adopted by the State Governments, and the Hydro Power policy of the Central Government, affects the speedy implementation of the projects.
- There is severe impact on the commercial viability of mainly storage based hydro power projects involving large forest land, as the payment of Net Present Value (NPV) is in addition to the Compensatory Afforestation to be grown normally over double the forest land under diversion.

Outlook for the future

With a Mission to harness the vast Hydro and Thermal Power Potential of the NE Region of the country, NEEPCO is committed to bring about a significant socio economic development of the region in a planned and sustainable manner keeping in mind the rich bio-diversity and fragile eco system of the region. NEEPCO has a very ambitious growth plan for capacity addition in the pipeline. Already NEEPCO is poised to add 927 MW in the 12th FY Plan. These projects are in the various stages of development.

Besides, NEEPCO has drawn out plans for huge capacity addition during the 12th Plan and beyond which have been highlighted in the Directors' Report. Apart from capacity addition through projects on ownership basis comprising the sectors of Hydro, Thermal and Renewable Energy, NEEPCO is also looking forward to accelerated development of projects through the Joint Venture route in all of the three sectors. In this regard, already three JVs have been formed, while other proposals are in the pipeline.

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

Environmental Conservation, Renewable Energy use and R&D Developments

The Power Sector is endeavouring to meet the challenge of providing adequate power needed to fuel the growing economy of the country. However, this growth of the Power Sector has to be within the realms of the principles

of sustainable development. A Low carbon growth strategy has been adopted in planning process and highest priority is accorded to development of generation based on renewable energy sources. Thrust is also accorded to maximizing efficiency in the entire electricity chain, which has the dual advantage of conserving scarce resources and minimizing the effect on the environment.

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

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

The R&D Projects undertaken during the year 2013-14:

- i) Application of Remote Sensing and GIS in estimation of river inflow/discharge in to the reservoir of Kameng H.E. Project (Development of Model).
- ii) Generation Modernization to increase efficiency of Hydro Power Plants. (Feasibility study and submission of report).
- iii) Assessment of turbine efficiency under different reservoir level at Kopili Hydro Electric Plant. (Feasibility Study and submission of report).

It is also worth mentioning that NEEPCO has adopted several measures against Sustainable Development in its MOU with the MOP with the Government of India as part of its commitment towards the conservation of the environment during the financial year 2013-14. These also include parameters on Energy Conservation.

During the year 2013-14, as per MoU with Ministry of Power, Government of India, the Corporation took up 1(one) project/activity i.e. Soil conservation by checking Soil erosion on the downstream of Ranganadi Dam in Arunachal Pradesh.



In addition to the above mandatory requirement, the Corporation also took up additional 2(two) projects as listed below:

1. Water Management: Sewage water contamination

reduction at Corporate office Shillong.

2. Energy Management: Energy conservation at Corporate office Shillong.

Yearly Generation Power Station wise

Power Station	Generation Target (MU) 2013-14 for "V-Good" MOU rating	Actual Generation (MU) 2013-14	Actual Generation (MU) 2012-13	P.A.F. Target (%) 2013-14 for "V-Good" MOU rating	Actual Plant Availability Factor (%) 2013-14	Actual Plant Availability Factor (%) 2012-13
Thermal						
AGBP (291MW)	1725	1726	1680	72	68.56	66
AGTP(84 MW)	602	642	633	85	86.72	86
Thermal Total	2327	2368	2313	--	--	--
Hydro						
Kopili H E Plant (4x50+3x25)= (275 MW)	915	973	924	64	54.63	70
Doyang H E Plant (75 MW)	227	246	213	73	75.03	66
Ranganadi H E Plant (405 MW)	1250	981	1240	85	93.17	95
Hydro Total	2392	2200	2377	--	--	--
NEEPCO (1130MW)	4719	4568	4690	--	--	--

Analysis of operation

Generation achieved during the year 2013-14 was 4568 MU against generation of 4690 MU achieved during 2012-13. The decrease in generation with respect to the previous year is around 2.60%. The decline in Generation was mainly due to less generation from Ranganadi H. E. Plant for scanty rainfall in the Catchment area during the period 2013-14.

Internal Control Systems and their Adequacy

NEEPCO has a well defined internal control system encompassing all its operational areas whereby transactions

and decisions are processed as per delegation of power, documented policies, guidelines, manuals and circulars as well as various laws and regulations pertinent to such operations.

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



FINANCIAL DISCUSSION AND ANALYSIS

A. Results of Operations

A detailed financial discussion and analysis is furnished below on the Audited Financial Results of the Corporation for the FY 2013-14 as compared to the FY 2012-13.

Income

	2013-14	2012-13
Units of electricity sold (in MU)	4264.40	4341.10
Income:		
Sales of Energy (₹ in Lakhs)	127974.79	132524.48
Other Income (₹ in Lakhs)	13796.95	6715.86
Total (₹ in Lakhs)	141771.74	139240.34

NEEPCO's income arises from sale of energy and other income, viz. interest on Power Bonds (securitized dues), surcharge on delayed payments on energy sales, etc. NEEPCO's total income increased by 1.82 % to ₹ 141771.74 lakhs in FY 2013-14 from ₹ 139240.34 lakhs in FY 2012-13 due to increase in other income.

Tariff

In exercise of the power conferred under section 178 of the Electricity Act, 2003, the Central Electricity Regulatory Commission (CERC) is empowered to make tariff regulations and determination of Annual Fixed Charges (AFC) for the generating stations. Accordingly, the Central Electricity Regulatory Commission (Terms and Conditions of tariff) Regulations, 2009 issued vide the notification no. L-7/145(160)/2008-CERC dated 19.01.2009 by the CERC for determination of AFC for the period of 2009-14 for the generating stations in operation followed by 03 (three) amendments to the Principal Tariff Regulations, 2009.

Based on the applications submitted by NEEPCO before the CERC for determination of AFC of its 07 (seven) power stations in operation, the Hon'ble Commission have issued tariff orders for all the said Stations approving allowable AFC (tariff) for the period of 2009-14. The last order issued by the CERC on 24.12.2012 relates to the Doyang Hydro Generating stations. NEEPCO have also filed petitions for revision of tariffs for 03 (three) of its power stations, namely, Kopili (200MW), Khandong (50 MW) and AGBPP (291 MW), based on actual additional capital expenditures incurred by the said stations during 2009-10 to 2012-13 and projected additional capital expenditures for the period of 2013-14. The said revised petitions are under process before the CERC.

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

During the financial year 2013-14, NEEPCO received incentive for Ranganadi HEP, Doyang HEP and Agartala GTPP Power stations, since PAFY for these stations have exceeded the NAPAF during the year. The Normative vs. Actual Plant Availability achieved during the financial year 2013-14 by the Power stations of NEEPCO are as follows.

Name of the Power station	Normative Plant Availability (in %)	Actual Plant Availability achieved (in %)
Kopili Hydro Power Station (200 MW)	79	53.03
Khandong Hydro Power Station (50 MW)	69	62.69
Kopili Stage II (25 MW)	69	51.35
Ranganadi Hydro Power Station (405 MW)	85	93.17
Doyang Hydro Power Station (75 MW)	73	75.03
Assam Gas Based Power Station (291 MW)	72	68.56
Agartala Gas Turbine Power Station (84 MW)	85	86.72



Moreover, during the financial year 2013-14 the total scheduled energy of Doyang power station has exceeded its approved design energy by 5.96 MU there-by generating additional revenue amounting to ₹ 41.97 lakhs as "Secondary energy charges".

Sale of Electricity

NEEPCO sells electricity to bulk consumers comprising of the seven State-owned electricity utilities in the North Eastern Region (excluding Sikkim) of the country. Such sale of electricity is in pursuance to the allocation made by the Ministry of Power for each of the beneficiary States and the long term Power Purchase Agreements (PPA). Revenue from sale of electricity during the financial year 2013-14 is ₹ 127974.79 lakhs (incl. supply to colony amounting to ₹ 196.67 lakhs), which constituted about 90% of the total revenue for the year.

During the financial year 2013-14, NEEPCO continued with regulation of power supply to the Meghalaya Energy Corporation Ltd (MeECL) in terms of the provision of Tripartite Agreement and PPA with them as well as the CERC (Regulations of Power Supply) Regulations, 2010 due to their continuous regular default in payment. The regulated quantum of electricity was traded by NEEPCO through M/s PTC India Ltd and through Bi-lateral agreement with Assam Power Distribution Co. Ltd (APDCL). The gross trading proceeds for 2013-14 is ₹ 7367.75 lakhs, the net proceeds credited to NEEPCO's account after deduction of all charges & fees amounts to ₹ 6759.54 lakhs. Of the aforesaid net proceeds, adjustment made with the outstanding dues of MeECL amounts to ₹ 838.39 lakhs.

The Corporation achieved a generation of 4567.89 MU during the year as compared to total generation of 4690.54 MU during the previous year.

Other Income

'Other Income' mainly comprises of income from securitized power bonds issued under one time settlement scheme, late payment surcharge and miscellaneous income, reversal of liability/ provision made in previous years.

Other Income was ₹ 13796.95 lakhs in FY 2013-14 as compared to ₹ 6715.86 lakhs in FY 2012-13, i.e. an increase by 105 %.

The decrease in interest income from securitized of Power

Bonds to the extent of ₹ 811.67 lakhs is due to redemption of these bonds amounting to ₹ 9549.06 lakhs.

During the financial year 2013-14, the Corporation has earned ₹ 3729.86 lakhs on account of late payment surcharge and interest on sale of power as against ₹ 3132.76 lakhs during financial year 2012-13.

During the financial year 2013-14, the Corporation has written back provisions made in the earlier years amounting to ₹ 6376.94 lakhs. Provision written back includes a write back of pay parity provision of ₹ 3108.08 lakhs in view of the directives issued by the Ministry of Power, Govt. of India vide letter no.11/17/2009-NHPC/111 dt.27.12.2013.

Expenditure

(₹ in lakhs)

	2013-14	2012-13
Cost of material consumed	53012.31	46737.87
Employee benefit expenses	14976.72	18528.96
Finance costs	271.06	694.41
Depreciation	13202.14	15188.87
Generation & administration expenses	28111.08	23709.61
Other expenses	2057.37	5597.71
Prior period adjustment	1340.62	(760.71)
Total	112971.30	109696.72

Total Expenditure

The total expenditure in FY 2013-14 increased by 2.99% as compared to the previous year mainly due to an increase in the cost of gas and increase in Generation & administration expenses.

Cost of Material Consumed

Cost of Material Consumed consists of cost of gas and transportation charges thereon. Gas prices are fixed by the Ministry of Petroleum and Natural Gas (MPNG), Government of India. During the current year, the expenditure on cost of material consumed was ₹ 53012.31 lakhs (consisting of cost of gas - ₹ 51849.87 lakhs and transportation charges - ₹ 1162.44 lakhs) as against ₹ 46737.87 lakhs in the previous year (consisting of cost of gas - ₹ 45567.33 lakhs and transportation charges - ₹ 1170.54 lakhs).

Expenditure on Gas constituted 46.92% of the total expenditure as against 42.80% of previous year. The cost of gas has gone up due to depreciation of Indian Rupee since gas price is linked to US\$. In terms of expenses per unit of power produced, it was ₹ 2.24 per unit in financial year 2013-14 as against ₹ 2.02 per unit in financial year 2012-13.



Employees' Remuneration and Benefits

Employees' remuneration and benefits include salaries and wages, allowances, incentives, contribution to Provident Fund, other welfare expenses and provision for Gratuity and Pension fund. These expenses accounted for approximately 13.25% of NEEPCO's total expenditure during the year as compared to around 16.89% in the previous year.

Generation, Administration and other Expenses

Generation, administration and other expenses consists primarily of repair and maintenance of plant and machinery, buildings, etc., share of general establishment expenses, NERLDC fees and charges, Corporate Social Responsibility expenses, security and insurance expenses, transport expenses, etc. These expenses represented approximately 24.88% of NEEPCO's total expenditure during the year as compared to 21.62% in FY 2012-13. In absolute terms, these expenses increased by ₹ 4401.47 lakhs (i.e. 18.56%) from the previous year which is mainly attributable to increase in share of general establishment expenditure.

Depreciation

As per NEEPCO's accounting policy, depreciation is charged on the Straight Line Method to the extent of 90% of the cost of assets as per the rates and methodology notified by the CERC vide its notification dated 19-01-2009, except in case of some items for which depreciation is charged at rates assessed by NEEPCO.

Depreciation cost decreased by 13.08 % to ₹ 13202.14 lakhs in FY 2013-14 from ₹ 15188.87 lakhs in FY 2012-13. Depreciation cost during the current year decreased due to completion of 12 years of Doyang Hydro Electric Project, Nagaland from its date of commissioning.

Finance Costs

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

Finance Cost decreased by 60.97 % to ₹ 271.06 lakhs from ₹ 694.41 lakhs in the previous year due to repayments of loan.

Profit before Tax

As a cumulative effect of all the above, NEEPCO's profit before tax decreased by 2.52 % to ₹ 28800.44 lakhs in FY 2013-14 from ₹ 29543.62 lakhs in FY 2012-13.

Prior Period Adjustments (Net)

Prior Period Adjustment (net) has increased during the current financial year. In absolute terms prior period adjustment increased by ₹ 2101.33 lakhs mainly due to adjustment of delayed payment surcharge, ULDC, RLDC etc. relating to earlier years.

Provision for Tax

The Corporation provides current Tax & deferred tax in accordance with the provision of Income Tax Act' 1961. Net provision for the financial year 2013-14 is ₹ 5648.27 lakhs in comparison to ₹ 5313.51 lakhs in financial year 2012-13, an increase by ₹ 334.76 lakhs.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Funds for working capital requirements as well as capital expenditure for construction of projects are mobilized from both internal and external sources. Funds are sourced externally in the form of long term loans, either in Indian Rupees or in foreign currencies and through privately placed PSU Bonds. As on 31st March, 2014, NEEPCO had Cash and Bank balances of ₹ 29755.80 lakhs as compared to ₹ 40105.57 lakhs as on 31st March, 2013.

Cash Flow

(₹ in lakhs)

	2013-14	2012-13
Net cash inflow from operating activities	30575.10	57728.72
Net cash outflow from investment activities	(147570.63)	(104196.04)
Net cash inflow from financing activities	106645.76	50796.86

Net Cash from Operations

NEEPCO's net cash inflow from operating activities was ₹ 30575.10 lakhs in FY 2013-14 after booking a net profit before tax of ₹ 28800.44 lakhs. The net cash from operating activities has been arrived at after adjusting the non-cash items viz. depreciation (including prior period) of ₹ 13233.34 lakhs, interest cost of ₹ 270.76 lakhs, provision for write-off and DRE of ₹ 171.46 lakhs, provision for rebate of ₹ 971.11 lakhs and interest earned on investments of ₹ 2232.09 lakhs. The changes in the current assets and current liabilities impacting the current period cash flow amounted to ₹ 4340.01 lakhs (i.e. a decrease in the working capital as



the net effect of an increase in inventories and decrease in receivables and trade & other payables). Income tax payment of ₹ 6226.48 lakhs was also made during the year.

Net Cash from Investing Activities

NEEPCO's net cash outflow from investing activities was ₹ 147570.63 lakhs in FY 2013-14 which includes expenditure on construction projects of ₹ 140802.73 lakhs, purchase of fixed assets of ₹ 6167.90 lakhs and Investment in Joint Venture in the form of Share Application Money of ₹ 600.00 lakhs.

Net Cash from Financing Activities

In FY 2013-14, NEEPCO's net cash inflow from financing activities was ₹ 106645.76 lakhs. The Corporation raised funds of ₹ 125713.18 lakhs consisting of domestic term loans, PSU bonds, foreign currency borrowings, subordinate loan from Government of India and also effected loan repayment and interest payments to the tune of ₹ 5451.50 lakhs and ₹ 19774.60 lakhs respectively. During the year the Corporation paid dividend of ₹ 7269.03 lakhs out of which final dividend for 2012-13 was ₹ 4769.03 lakhs and interim dividend for 2013-14 was ₹ 2500.00 lakhs. During the year the Corporation has also paid dividend tax of ₹ 1235.38 lakhs.

DISCUSSION OF BALANCE SHEET ITEMS

Financial Condition

1. Net Worth

The net worth of the Corporation excluding committed reserves as on 31st March, 2014 was ₹ 527971.93 lakhs against ₹ 500470.37 lakhs as on 31st March, 2013 representing a growth of 5.50%.

2. Non-Current Liability

(a) Long Term Borrowings

Long Term Borrowing consists of PSU Bonds raised through private placement, term loans, foreign currency borrowings and subordinate loan from the Government of India. These Loans are to be redeemed beyond 12 months from the date of Balance Sheet. The total liability against PSU Bonds as on 31st March, 2014 was ₹ 23250.00 lakhs (against the mortgage of the Corporation's property) raised for financing the Tripura Gas Based Power Project.

The total secured term loan as on 31st March, 2014 from financial institutions was ₹ 195954.94 lakhs.

The liability against the unsecured term loan from KfW, Germany (duly guaranteed by the Government of India) for construction of the Pare Hydro Electric Project stood at

₹ 41636.77 lakhs as on 31st March, 2014. Also during the year the Corporation has availed ECB loan of ₹ 36139.14 lakhs from State Bank of India, Singapore.

During the year the Corporation also received an amount of ₹ 4866.00 lakhs as Subordinate Loan from the Government of India for construction of the Tuirial Hydro Electric Project, Mizoram.

(b) Other Long Term Liabilities

Deferred foreign currency fluctuation liabilities -

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

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

Deferred foreign currency fluctuation liability accounted as on 31st March, 2014 was ₹ 227.59 lakhs.

(c) Long Term Provisions

Long Term Provisions as of 31st March, 2014 mainly includes Provision for Employee Benefits (Gratuity ₹ 6645.40 lakhs, Leave Encashment ₹ 5907.61 lakhs and Post Retirement Medical Benefits ₹ 2430.14 lakhs) which are expected to be settled beyond 12 months from the date of Balance Sheet. There was a decrease in the Provision for Employee Benefits by 21.67 % in FY 2013-14, mainly due to set aside of ₹ 50.00 crores to the gratuity fund.

3. Current Liabilities

(a) Short Term Borrowing

During the year 2013-14, the Corporation has availed Short Term Loan of ₹ 7500.00 lakhs & working capital demand loan of ₹ 3500.00 lakhs from Bank

(b) Trade Payables

Trade Payables includes the amount due on account of goods purchased or services received in the normal course of business. The trade payables as on 31st March, 2014 were ₹ 9195.24 lakhs as compared to ₹ 10004.65 lakhs as on 31st March, 2013.



(c) Other Current Liabilities

These include current maturity of long term debts, term loans from Financial Institutions, interest accrued but not due on the outstanding loans and bonds and other liabilities like creditors for Capital expenditure, amount payable to employees, other statutory dues etc. which are to be redeemed within 12 months from the date of Balance Sheet. Other Current Liabilities as on 31st March 2014 were ₹ 49030.11 lakhs as compared to ₹ 46172.84 lakhs as on 31st March, 2013. The increase in Current Liabilities by 6.19% is primarily on account of the increase in the amount of creditors for Capital Expenditure, increase in deposit, retention money from contractor & others.

(d) Short Term Provisions

Short Term Provisions as on 31st March, 2014 was ₹ 19702.85 lakhs as compared to ₹ 15587.39 lakhs in the previous FY. These provisions include Provision for Employee Benefits (Gratuity ₹ 422.06 lakhs, Leave Encashment ₹ 437.41 lakhs and Post Retirement Medical Benefits ₹ 120.14 lakhs, Dividend payable of ₹ 4446.00 lakhs, Dividend Tax of ₹ 755.60 lakhs, Current Tax of ₹ 5587.48 lakhs and Provision for Tariff Revision/ Adjustment ₹ 7934.16 lakhs) which are expected to be settled within 12 months from the date of Balance Sheet. Increase in Short Term Provisions during FY 2013-14 is mainly due to increase in Current Tax and increase in Provision for Tariff Revision/ Adjustment.

ASSETS**1. Non Current Assets****(a) Net Fixed Assets**

NEEPCO's net Fixed Assets as on 31st March, 2014 stood at ₹ 742540.04 lakhs (comprising of Tangible Assets after depreciation of ₹ 219947.89 lakhs, Intangible Assets after depreciation of ₹ 12.90 lakhs and Capital Work in Progress of ₹ 522579.25 lakhs). The Tangible Assets consist of land, dams, tunnels, buildings including power house buildings, plant and machinery, office equipment, computers and Intangible Assets consist of Computer Software etc.

(b) Non Current Investment**Investments (Un-Quoted)**

Trade Investment & Investment in Power Bonds are included under this head. During the year 2013-14, the Corporation has entered into a Joint Venture with M/S Waaree Energies Limited for construction of Solar Power Project at Madhya Pradesh and invested an amount of ₹ 600.00 lakhs towards Share Application Money.

Investments are intended for a long term and carried at

cost. Power Bonds received pursuant to the one-time settlement/securitization scheme have been accounted for as investments. As on 31st March, 2014 and 31st March, 2013, these investments amounted to ₹ 9549.06 lakhs and ₹ 19098.12 lakhs respectively. The decrease in Power Bonds is due to annual redemption of the bonds.

(c) Long Term Loans and Advances

Long term loan & advance includes those long term advances which are expected to be realized after a period of 12 months from the Balance Sheet date. It includes advance to contractor for capital expenditure and advance for land.

Advance to contractors which is capital in nature (both secured and unsecured, considered good) after adjustment of doubtful debts as on 31st March, 2014 was ₹ 17819.74 lakhs as compared to the previous year's capital advance of ₹ 24832.64 lakhs.

The Advance towards Land as on 31st March, 2014 against Tripura Gas Based Power Project and Office Complex at Shillong was ₹ 874.39 lakhs.

(d) Other Non Current Assets

Other non-current assets include Advance Tax and Advance to staff. As on 31st March, 2014, other noncurrent assets of the company is ₹ 758.51 lakhs as against ₹ 740.04 lakhs during the previous year.

2. Current Assets**(a) Current Investments**

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

(b) Inventories

Inventories are valued at cost, determined on weighted average basis or net realizable value whichever is lower. Physical verification of inventories is done by the management once in a year. Inventories were valued at ₹ 17817.08 lakhs and ₹ 13416.42 lakhs as on 31st March, 2014 and 31st March, 2013 respectively.

(c) Trade Receivables

Trade Receivables consist primarily of receivables relating to sale of energy. The Trade Receivables as on 31st March, 2014 were ₹ 79190.08 lakhs as compared to ₹ 74493.45 lakhs as on 31st March, 2013. There was a significant increase in Trade Receivables by 6.30 % in FY 2013-14 because of non-payment of arrear bills arising from the finalization of tariff orders during the year as well as current energy bills by the beneficiaries.



(d) Cash and Bank Balances

The Corporation's Cash and Bank Balances consist of cash surplus as of the Balance Sheet date in (i) current accounts maintained with Bank, (ii) Cash and stamps in hand and (iii) Short Term Deposits. As on 31st March, 2014 and 31st March, 2013, the Cash and Bank Balances of the Corporation was ₹ 29755.80 lakhs and ₹ 40105.57 lakhs respectively.

(e) Short Term Loans and Advances

Short Term Loans and Advances include Advance to suppliers & contractors and Accounts Receivables. As of 31st March, 2014, the Corporation's short term loans and advances after providing for bad and doubtful debts was ₹ 3775.52 lakhs as against ₹ 2923.12 lakhs in financial year 2012-13.

(f) Other Current Assets

Other Current Assets mainly consist of advance tax, tax deducted at source, prepaid expenses and interest accrued on STDR, Power Bonds etc. NEEPCO's other current assets as on 31st March, 2014 and 31st March, 2013 were ₹ 9847.41 lakhs and ₹ 10829.36 lakhs respectively, i.e. a decrease of 9.06% in financial year 2013-14 mainly due to decrease in Interest Accrued on STDR, Power Bonds etc. as compared to the previous year.

OFF-BALANCE SHEET ITEMS

Contingent Liabilities

The components of Contingent Liabilities for the FY 2013-14 and 2012-13 are as follows:

(₹ in lakhs)

	2013-14	2012-13
Claims against the Company not acknowledged as debts in respect of:		
Capital Works	79738.34	75290.81
Disputed Land Compensation cases	1099.19	2748.62
Income Tax and Service Tax	48.15	3.92
Others	50.95	965.39
Total	80936.63	79008.74

HUMAN RESOURCES & HRD

As on 31st March, 2014 the organization had 2723 employees including 4 members in the Board of Directors. Out of these, 921 are Executives, 425 are in Supervisory Cadre and 1373 are Workmen Cadre employees.

Human Resources Development and Talent Management plays a critical role in developing and sustaining workforce competencies which is the life line for sustenance of

Company's growth and developing a competitive edge in today's corporate world. It has been our endeavour to develop our employees through various interventions.

During the year 2013-14, a total of 1378 employees covering a total of 19,305 man days i.e. 7.18 man-days per employee of training were given to enhance competency levels in their job besides enabling them to sharpen their skills and broaden their knowledge in work life sphere through various in-house programmes organized at HRD Centre & project sites, external programmes organized by various reputed training agencies in the country.

During the year 2013-14, a total of 20 executives were nominated to attain overseas training programmes, 77 employees to external training programmes to various training institutes of repute within the country and 1,156 employees in in-house programmes organized at HRD centre, Shillong and at various power plants & projects.

During the year, 17 numbers of employees were sent for a "Certificate course on Project Risk Management" against the target of 10 and successfully completed the course. It is expected that these trained personnel on Project Risk Management will immensely benefit the organization in managing risk.

Overall rating in HRD parameter in the MOU with MOP during the year is Excellent, thus maintaining its sustained excellent performance during the last 8 years.

Industrial relations throughout the year remained cordial. Meeting and discussions between Unions/Associations and Management were carried out on various issues concerning improvement of service-life of employees, progress on works of the organizations. Suggestions generated during these discussions were implemented in a practical manner. There were no strike or lockout during the year and as a result zero man days lost.

Responsibility:

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

During the last financial year (2013-14) a total sum of ₹ 5.96 crore only has been spent on various CSR-CD activities.

Details of CSR has been provided in **ANNEXURE VIII**.



PART I: Balance Sheet as at 31st March, 2014

(₹ in lakhs)

Particulars	Note No	As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share Capital	2	336291.54	331464.04
(b) Reserve and Surplus	3	189476.29	168327.03
2) Share application money pending allotment	4	2217.00	810.50
3) Non-Current liabilities			
a) Long Term Borrowings	5	289938.13	186375.00
b) Deferred Tax Liabilities		52731.10	52716.31
Less: Deferred Tax Recoverable		<u>52716.31</u>	<u>52716.31</u>
Deferred Tax (Net)		14.79	—
c) Other Long term Liabilities	6	227.59	248.33
d) Long Term provisions	7	14983.15	19127.41
4) Current liabilities			
a) Short Term borrowings	8	11000.00	—
b) Trade Payables	9	9195.24	10004.65
c) Other Current Liabilities	10	49030.11	46172.84
d) Short term Provisions	11	19702.85	15587.39
TOTAL		922076.69	778117.19
II. ASSETS			
1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	219947.89	225319.74
(ii) Intangible Assets	13	12.90	19.43
(iii) Capital work-in-progress	14	522579.25	353058.42
(b) Non-Current Investments	15	10149.06	19098.12
(c) Long Term Loans and Advances	16	18694.13	28564.46
(d) Other Non-Current Assets	17	758.51	740.04
2) Current assets			
(a) Current Investments	18	9549.06	9549.06
(b) Inventories	19	17817.08	13416.42
(c) Trade Receivables	20	79190.08	74493.45
(d) Cash and Cash Equivalents	21	29755.80	40105.57
(e) Short Term Loans and Advances	22	3775.52	2923.12
(f) Other current assets	23	9847.41	10829.36
TOTAL		922076.69	778117.19
Summary of significant accounting policies	1		

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

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

For and on behalf of the Board of Directors

Date: 16-07-2014
Place: New Delhi

C. Sharma
Company Secretary

A. G. West Kharkongor
Director (Finance)-cum-
Chief Financial Officer
DIN: 03264625

P. C. Pankaj
Chairman & Managing Director
DIN: 03640772

S. Nandi
Partner
Membership No. 059828





PART II: Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in lakhs)

Particulars	Note No.	For the year ended 31 st March, 2014	For the Year ended 31 st March, 2013
I. Revenue from operations	24	127974.79	132524.48
II. Other income	25	13796.95	6715.86
III. Total Revenue (I+II)		141771.74	139240.34
IV. Expenses :			
Cost of materials consumed	26	53012.31	46737.87
Employee benefits expense	27	14976.72	18528.96
Finance Costs	28	271.06	694.41
Depreciation	29	13202.14	15188.87
Generation & Administration Expense	30	28111.08	23709.61
Other expenses	31	2057.37	5597.71
Prior Period Adjustment	32	1340.62	(760.71)
Total Expenses		112971.30	109696.72
V. Profit before tax (III-IV)		28800.44	29543.62
VI. Tax expense :			
(1) Current tax		9565.96	10886.61
Less: Mat Credit Adjustment		<u>3978.48</u>	<u>5573.10</u>
Net Current Tax		5587.48	5313.51
(2) Deferred tax		14.79	(2818.50)
Less: Deferred Tax Recoverable		<u>—</u>	<u>(2818.50)</u>
		14.79	—
(3) Adjustment relating to earlier year		46.00	—
Profit for the period (V-VI)		23152.17	24230.11
VII Earnings per equity Share:			
(1) Basic (₹)		0.70	0.72
(2) Diluted (₹)		0.70	0.72

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

For and on behalf of the Board of Directors

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

Date: 16-07-2014
Place: New Delhi

C. Sharma
Company Secretary

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DIN: 03264625

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Chairman & Managing Director
DIN: 03640772

S. Nandi
Partner
Membership No. 059828



Consolidated Cash Flow Statement for the year 31st March, 2014

(₹ in lakhs)

	2013-14	2012-13
A) Cash Flow From Operating Activities:		
Net Profit before Tax	28800.44	29543.62
ADD:		
Depreciation	13233.34	15188.87
Interest	270.76	692.50
Provision for Rebate/Incentive	971.11	1020.21
Interest on Income Tax	—	57.98
Provision for Write off	54.34	3684.22
DRE Amortized	117.12	102.46
	14646.67	20746.24
LESS:		
Non cash receipts, if any		
Interest on Power Bond	2232.09	3043.76
Grant-in -Aid	73.43	26.32
	2305.52	3070.08
Cash Flow From Operating Activities before working capital adjustments:	41141.59	47219.78
Working Capital Changes:		
(Increase) / Decrease in Inventories	(4400.66)	(1018.61)
(Increase) / Decrease in receivables	4742.25	7894.11
Increase / (Decrease) in trade & other payables	(4681.60)	9153.90
	(4340.01)	16029.40
Cash Flow From Operating Activities before taxes:	36801.58	63249.18
Income Tax Paid	(6226.48)	(5520.46)
Net Cash Flow From Operating Activities :	30575.10	57728.72
B) Cash Flow From Investing Activities :		
Purchase of fixed assets	(6167.90)	(1780.71)
Expenditure on construction projects	(140802.73)	(102415.33)
Investment in Joint venture	(600.00)	—
Net Cash Flow From Investing Activities :	(147570.63)	(104196.04)
C) Cash Flow From Financing Activities :		
Proceeds from issue of share capital (Including pending allotment)	6234.00	6648.00
Grant in aid	6197.00	—
Dividend paid	(7269.03)	(6848.47)
Loan Raised	125713.18	69446.51
Repayment of Loan	(5451.50)	(7176.94)
Interest paid	(19774.60)	(14316.00)
Interest received	2232.09	3043.76
Dividend Tax paid	(1235.38)	106645.76
	106645.76	50796.86
D) Net increase/(decrease) in Cash and Cash Equivalents	(10349.77)	4329.54
E) Cash and Cash Equivalents - Opening	Note 1 (a) 40105.57	35776.03
F) Cash and Cash Equivalents - Closing	Note 1 (b) 29755.80	40105.57

**Notes to the Cash and Cash Equivalents:**

	(₹ in lakhs)	
	<u>2014</u>	<u>2013</u>
1. A. Cash and Cash Equivalents :: Opening		
i) Balance with Banks		
Current Accounts	4794.83	4583.87
Deposits with original maturity up to 3 months	35120.00	14770.00
Cheques, drafts in hand	10.00	16313.00
ii) Cash, Stamps in hand	6.24	4.99
iii) Other Bank Balances		
i) Deposits with maturity more than 3 months but less than 12 months	154.50	—
ii) Others (Balance with Bank as Margin Money)	<u>20.00</u>	<u>104.17</u>
Total	<u>40105.57</u>	<u>35776.03</u>
B. Cash and Cash Equivalents :: Closing	<u>2014</u>	<u>2013</u>
i) Balance with Banks		
Current Accounts	6048.31	4794.83
Deposits with original maturity up to 3 months	23557.09	35120.00
Cheques, drafts in hand	0.00	10.00
ii) Cash, Stamps in hand	7.62	6.24
iii) Other Bank Balances		
i) Deposits with original maturity more than 3 months but less than 12 months	0.00	154.50
ii) Others (Balance with Bank as Margin Money)	<u>142.78</u>	<u>20.00</u>
Total	<u>29755.80</u>	<u>40105.57</u>
2. The Cash Flow Statement is prepared in accordance with the format included in Accounting Standard 3.		
3. In Part-A of Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C figures in brackets indicate cash outflows.		

For and on behalf of the Board of Directors

C. Sharma
Company Secretary

A. G. West Kharkongor
Director (Finance)-cum-
Chief Financial Officer
DIN: 03264625

P. C. Pankaj
Chairman & Managing Director
DIN: 03640772

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

S. Nandi
Partner
Membership No.059828

Date : 16-07-2014
Place: New Delhi



Notes to financial statements for the year ended 31st March, 2014

1. Summary of Significant Accounting Policies

a. ACCOUNTING CONVENTIONS

- a1. The Accounts are prepared on Historical Cost Basis.
- a2. Income and Expenses are accounted for on Mercantile Basis.
- a3. Prepaid expenses and prior period expenses/income of items of ₹ 20,000/- and below are charged to natural head of accounts.
- a4. Contingent liabilities are generally not provided for in the accounts and are separately shown in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statement in terms of AS-29.

b. FIXED ASSETS

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

c. CAPITAL WORK IN PROGRESS

- c1. Administrative and other General Overhead expenses attributable to Construction of Fixed Assets are identified and allocated on a systematic basis to Construction Projects.
- c2. Common Expenditure of an Operating Project and its extension is being apportioned on the basis of the cost as provided in the approved Project Cost estimate.
- c3. Common expenditure of a project, which is partially in operation and partially under construction, is being apportioned on the basis of the installed capacity.
- c4. Incidental expenditure during construction including depreciation and interest are allocated / apportioned to the project / works forming part of work-in-progress on the basis of accretion thereto during the year.
- c5. Interest during construction is calculated as per approved pattern of financing by Government of India with



reference to approved cost estimate of the Project. Interest during construction is also capitalized in the same approved pattern. Final adjustment is made on the basis of approved completion cost of the Project.

- c6.** Expenditure in relation to Survey & Investigation of the projects is carried as Capital Work in Progress. Such expenditure is either capitalized as cost of the project on completion of the project or the same is expensed / charged off in the year that is decided to abandon such project.

d. DEPRECIATION

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

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

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

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

- (b)** IT Equipments are being depreciated @30%, being the rate assessed by the Corporation based on useful life of the Asset.

- d2.** Assets procured / installed, whose individual cost is ₹ 5,000/- or less but more than ₹ 750/- (hereinafter is called Assets of minor value) and assets (excluding immovable assets) whose written down value is ₹ 5,000/- or less at the beginning of the year are fully depreciated during the year leaving a nominal balance of ₹ 1/- only.
- d3.** Low value items, which are in the nature of assets (excluding immovable assets) and valuing up to ₹ 750/- are not capitalized and charged off to revenue during the year.
- d4.** Intangible Assets' are amortized on straight line method over a period of legal right to use or three years, whichever is earlier.
- d5.** The depreciation as a result of the foreign exchange gain / loss adjusted to the assets is charged prospectively as per Accounting Standard 11 issued by the Institute of Chartered Accountants of India.

e. INVENTORY

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

- e1.** Value of scrap is adjusted in the account as and when sold.
- e2.** Depreciation on Capitalized Machinery Spare shall be charged prospectively at the same rate at which main asset would be depreciated till completion of 12 years and thereafter depreciable value of such machinery spares would be spread over to the balance useful life of the main asset keeping 10% as residual value .
- e3.** Physical verification of Inventory are done by the management once in a year.



f. GRANT- IN-AID

- f1.** Grant-in-aid received from Central Government through North Eastern Council toward capital expenditure on survey and investigation, for setting up seismological observatories, for training in diamond core drilling, etc. are being shown as Grant-in-aid under Reserves & Surplus and subsequently adjusted to the extent of utilization /expenditure.
- f2.** Grant-in-aid received from the Central Govt. for procurement of spares are treated initially as reserve and subsequently adjusted as other income to the extent of utilisation of such spares.
- f3.** Grant-in-aid received from the Central Govt. for setting up a project are being shown as Grant-in-aid under Reserve & surplus and subsequently the grant will be deducted from the gross value of assets / projects concerned on completion of Project.

g. INVESTMENT

Investment are intended for long term and carried at cost. Provision for diminution, other than temporary, in the value of such investment is provided.

h. BORROWING COST

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

i. RETIREMENT BENEFIT

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

k. REVENUE RECOGNITION

- k1.** Sale of energy is accounted for based on tariff approved by the Central Electricity Regulatory Commission. In case of power stations where final tariff are yet to be approved / agreed with the beneficiaries, sale of energy is provided for on the basis of 95% of the Annual Fixed Charges as per the principles enunciated in Central Electricity Regulatory Commission (Terms & Conditions of Tariff) (First Amendment) Regulations, 2011 issued under notification dated 2nd May, 2011.
- k2.** The incentives / disincentives are recognized based on norms notified / approved by the Central Electricity Regulatory Commission. In case of power station where tariffs have not been notified, incentives / disincentives are accounted for on provisional basis.
- k3.** Interest on Debt on account of sale of power (post securitization) is accounted for on cash basis.
- k4.** Interest on amount involved in consequent securitization of sundry debtors duly confirmed by all the States is accounted for on accrual basis.
- k5.** Reimbursement of Income Tax and CERC filing fee by the beneficiaries in terms of CERC regulations are being accounted for on cash basis.



I. FOREIGN EXCHANGE TRANSACTION

- 11.** Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
- 12.** Exchange Differences in respect of liabilities relating to fixed assets/capital work-in-progress arising out of transaction entered into prior to 01/04/2004 are adjusted to the carrying cost of respective fixed asset/ Capital Work-in-Progress. Such exchange differences arising from settlement/ translation of long term foreign currency monetary items in respect of transactions entered on or after 1st April, 2004 are adjusted in the carrying cost of related fixed assets/ capital work-in-progress.
- 13.** Other exchange differences are recognised as income & expenses in the period in which they arise in Profit & Loss Account in case of operational stations and to Incidental Expenditure during Construction in case of projects under construction.
- 14. a)** Foreign Exchange Rate Variation on account of restatement of foreign currency borrowing recoverable from or payable to the beneficiaries as per CERC Regulation and adjusted to carrying cost of fixed assets are accounted as Deferred foreign currency fluctuation account with corresponding credit / debit to Deferred income / expenditure from foreign currency fluctuation account.
- b)** Deferred income / expenditure from foreign currency fluctuation account is adjusted in the proportion in which depreciation is charged on such Foreign Exchange Rate Variation by corresponding credit / debit to other income / expenditure in the profit and loss account of the relevant year.
- c)** Amount recoverable / payable as per CERC norms are adjusted to the Deferred foreign currency fluctuation account on actual receipt/payment basis.

m. MISCELLANEOUS

- m1.** Interest on advances to contractors are accounted for on due basis.
- m2.** Claims, liquidated damage, co-operative societies, interest subsidy etc., are accounted for on receipt basis.
- m3.** Claims for price variation / Bonus in case of contracts / supply / consultancy etc., are accounted for on acceptance of the bills.
- m4.** Arbitration award for and against the Corporation is accounted for in the year of final settlement.
- m5.** Prepayment charges on repayment of loan in full will be charged off to the Profit & Loss account in the year of repayment itself.

n. WRITE OFF

Incidental Expenses incurred on abandoned as well as suspended Projects written off in the year of abandonment / suspension / discontinuation.

2. Share Capital

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
AUTHORISED CAPITAL		
5,00,00,00,000 nos. of equity shares of ₹ 10/- each (Previous year 5,00,00,00,000 nos. of equity shares of ₹ 10/- each)	500000.00	500000.00
ISSUED, SUBSCRIBED AND PAID -UP CAPITAL		
3,36,29,15,400 nos. of equity shares of ₹ 10/- each (Previous year 3,31,46,40,400 nos. of equity shares of ₹ 10/- each)	336291.54	331464.04
Total	336291.54	331464.04

a. Reconciliation of Number of Shares & Share Capital outstanding

Particulars	As at 31 st March, 2014			As at 31 st March, 2013		
	No. of Shares	Per value per share (₹)	Amount (₹)	No. of Shares	Per value per share (₹)	Amount (₹)
Opening Balance	3314640400	10/-	33146404000	3292230400	10/-	32922304000
Add: Shares issued during the year	48275000	10/-	482750000	22410000	10/-	224100000
Less: Reduction in shares / share Capital	Nil		Nil	Nil		Nil
Closing balance	3362915400	10/-	33629154000	3314640400	10/-	33146404000

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

Particulars	As at 31 st March, 2014			As at 31 st March, 2013		
	No. of Shares	Par value per share (₹)	Amount (₹)	No. of Shares	Par value per share (₹)	Amount (₹)
President of India	3362914800	10/-	33629148000	3314639900	10/-	33146399000

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

3. Reserves & Surplus

(₹ in lakhs)

	Capital Reserve	Bond Redemption Reserve	Grant-in-Aid	General Reserve	Surplus as per Profit & Loss A/C	Total
Opening as on 01.04.2013	14.08	821.42	5041.09	162391.68	58.76	168327.03
Add Addition during the period	0.00	721.42	6197.00	14300.00	63.03	21281.45
Adjustment during the period	—	—	(73.43)	—	(58.76)	(132.19)
Closing Balance as on 31.03.2014	14.08	1542.84	11164.66	176691.68	63.03	189476.29



Appropriation of Profit

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Profit/(Loss) for the period	23152.17	24230.11
Add :		
(i) Balance of Profit from last year	58.76	85.16
(ii) Write back from Bond Redemption Reserve	—	2860.00
Profit for the year available for appropriation	23210.93	27175.27
Less :		
(i) Transferred to Bond Redemption Reserve	721.42	531.42
(ii) Transferred to General Reserve	14300.00	18100.00
(iii) Interim Dividend	2500.00	2500.00
(iv) Proposed Final Dividend	4446.00	4769.03
(v) Dividend Tax:		
Interim	424.88	405.56
Proposed	<u>755.60</u>	<u>810.50</u>
Carried over to Balance Sheet	63.03	58.76

The Company has declared dividend of ₹ 6946.00 lakhs (₹ 0.21 per share) including proposed final dividend of ₹ 4446.00 lakhs (₹ 0.13 per share) for the year 2013-14.

4. Share application money pending allotment

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Share application money pending allotment	2217.00	810.50

2,21,70,000 numbers of fully paid up Equity Shares of ₹ 10/- each amounting to ₹ 2217.00 lakhs has been allotted in the name of the President of India in the month of May, 2014.

Non-current liabilities:

5. Long term borrowings

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
I BONDS :		
(A) SECURED		
Bonds - PRIVATE PLACEMENT:		
a. Thirteenth Issue	7250.00	7250.00
9.00% (Taxable), Secured, Redeemable Non-Convertible Bonds of ₹ 10,00,000.00 each, Redeemable at 20% of face value on 15 th March 2019, 15 th March 2020, 15 th March 2021, 15 th March 2022 and 15 th March 2023. (The asset value of Steam Turbine of the Assam Gas Based Power Project, Assam along with the landed property of the Corporation in the District of Mehsana, Gujarat have been charged by way of mortgage through the Trust Deed with the appointed Trustee)		

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
b. Twelfth issue 9.25% (Taxable), Secured, Redeemable Non-Convertible Bonds of ₹ 10,00,000.00 each, Redeemable 20% of Face value on each date on 27 th September, 2018, 27 th September, 2019, 27 th September, 2020, 27 th September, 2021 & 27 th September, 2022 respectively. (The Assets value of Plant & Machinery in generating station of the Ranganadi Hydro Electric Project located in Arunachal Pradesh along with the landed property of the Corporation in the district of Mehsana, Gujarat have been charged by way of mortgage through a trust deed with the appointed Trustee.)	12000.00	12000.00
c. Eleventh issue 10.20% (Taxable), Secured, Redeemable Non-Convertible Bonds of ₹ 10,00,000.00 each, Redeemable at par on 15 th December, 2021 with a put & call option on 15 th December, 2018. (The asset value of Gas Turbine located in Assam Gas Based Power Project, Assam along with the landed property of the Corporation in the District of Mehsana, Gujarat have been charged by way of mortgage through a Trust Deed with the appointed Trustee)	4000.00	4000.00
II Term loan-Secured		
Rupee Loan		
a. Loans from Power Finance Corporation Ltd. [Secured by first charge on all movable assets of Kameng Hydro Electric Project, Arunachal Pradesh created / to be created from the proposed loan save & except stocks & book debts [debt Repayable in 60 equal quarterly installment w.e.f. 15.10.2017 at floating rate of interest]	159551.80	116122.77
b. Loans from Life Insurance Corporation of India [Secured by the assets of Kopili HEP : Khandong Dam, Umrong Dam, Power House Khandong, Khandong Penstock, Dykes - Khandong, Tunnel - Khandong, Dyke-Umrong, Power House Khandong - Electrical Works (P & M)-Khandong, Tunnel Umrong, Steel Liner and Penstock-KoPH. Also secured by the assets of Doyang HEP: Residential & Non-Residential Buildings (Permanent), Road and Bridges and Diversion Tunnel.) Repayable annually & will be relinquished fully in July, 2015 at interest rate of 9.5% p.a.]	264.00	748.00
c. Foreign Currency Loan External Commercial Borrowing [secured by Hypothecation of all movable & immovable assets (including plant, machinery) created / to be created in respect of Tripura Gas Based Power Plant, Agartala and Agartala Gas Turbine Projects – Extension, Agartala [debt Repayable in 39 equal quarterly installment w.e.f. 20.06.2014]	36139.14	—
Total Secured Loans (A)	219204.94	140120.77
III. Term Loan- Unsecured		
a. Foreign Currency Loan Loan from Kfw (Guaranteed by the Govt. of India) (Loan taken for construction of Pare Hydro Electric Project at Arunachal Pradesh) Repayable in 30 equal half yearly installment w.e.f. 30.12.2013	41636.77	22023.81
Rupee Loan		
b. Loans from Govt. of India i) Subordinate Loans from Govt. of India Repayable in 15 equal annual installments starting from the 16 th year after commissioning of Tuiral Hydro Electric Project	29096.42	24230.42
Total Unsecured Loans (B)	70733.19	46254.23
GRAND TOTAL (A + B)	289938.13	186375.00



6. Other Long term liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Deferred foreign currency fluctuation liabilities	227.59	248.33

7. Long term provisions

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
<u>Provision for Employee benefits</u>		
Provision for Gratuity	6645.40	11757.49
Provision for Leave encashment	5907.61	7070.02
Medical Benefit for retired employees	2430.14	299.90
Total	14983.15	19127.41

Current Liabilities

8. Short term borrowing

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
From Bank:		
Short Term Loan - (For construction Projects) - Secured against hypothecation of the stocks of stores and spares and book Debt of the Company to the extent of drawal - Repayable in 4 (four) quarterly installments, commencing after 3 (three) months from the date of first drawal i.e. from 11.02.2014.	7500.00	—
Working Capital Demand Loan		
(Secured against hypothecation of the stocks of stores and spares and book Debt of the Company to the extent of drawal - Repayable on demand)	3500.00	—
Total	11000.00	—

9. Trade payables

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
<u>Operation & Maintenance:</u>		
Micro & Small Enterprises	—	—
Others	9195.24	10004.65
Total	9195.24	10004.65

10. Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Current maturity of Long Term Debt		
I Term loan-Secured		
a. External Commercial Borrowing		
Secured by hypothecation of all movable & immovable assets (including plant, machinery) created / to be created in respect of Tripura Gas Based Power Plant, Agartala and Agartala Gas Turbine Projects - Extension, Agartala [debt Repayable in 39 equal quarterly installment w.e.f. 20.06.2014]	6203.86	—
b. Loans from Power Finance Corporation Ltd.		
Secured by charge on all movable assets of the corporation (other than movable and immovable assets of the Assam Gas Based Power Plant) and excluding current assets of the Corporation.	—	2899.47
c. Loans from Life Insurance Corporation of India		
Secured by the assets of Kopili HEP: Khandong Dam, Umrong Dam, Power House Khandong, Khandong Penstock, Dykes-Khandong, Tunnel-Khandong, Dyke-Umrong, Power House Khandong - Electrical Works (P&M)-Khandong, Tunnel Umrong, Steel Liner and Penstock-KoPH. Also secured by the assets of Doyang HEP: Residential & Non-Residential Buildings (Permanent), Road and Bridges and Diversion Tunnel.	484.00	667.33
Sub Total	6687.86	3566.80
II Term loan-Unsecured		
Loan from Kfw		
(Guaranteed by the Govt. of India)		
(Loan taken for construction of Pare Hydro Electric Project at Arunachal Pradesh) - Repayable in 30 equal half yearly installment w.e.f. 30.12.2013	4451.15	1873.66
Sub Total	11139.01	5440.46



(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
III. Interest accrued but not due on:		
Loans from Life Insurance Corporation of India	14.80	28.00
Bonds	531.97	634.41
Loans from Power Finance Corporation Ltd.	3892.16	3019.46
Loans from KfW	385.34	192.33
Working Capital Demand Loan	29.61	—
Short term borrowing	67.02	—
External commercial borrowing	38.63	—
Sub Total	4959.53	3874.20
IV. Other liabilities		
Creditors for Capital Expenditure	13521.88	9894.07
Amount payable to Employee's	4668.60	11567.86
Tax deducted at source & other statutory dues	785.52	347.66
CPF, LIP, NESSS etc.	984.07	8043.55
Deposit, retention money from contractors & others	12950.76	6984.30
Deferred foreign currency fluctuation liabilities	20.74	20.74
Sub Total	32931.57	36858.18
Total	49030.11	46172.84

(₹ in lakhs)

11. Short term provisions

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
(a) Provision for Employee benefits		
Gratuity	422.06	365.95
Leave encashment	437.41	432.11
Post Retirement Medical Benefit	120.14	28.04
(b) Others		
Guarantee fees	—	100.00
Proposed Dividend	4446.00	4769.03
Dividend Tax	755.60	810.50
Current Tax	5587.48	5313.51
Provision for Tariff Revision / Adjustment	7934.16	3768.25
Total	19702.85	15587.39

Non Current Assets

12. Tangible Assets

(₹ in lakhs)

Particulars	GROSS BLOCK			
	As at 1 st April, 2013	Additions during the year	Sales / Adjustments during the year	As at 31 st March 2014
A) ASSETS				
I. HYDRAULIC POWER PLANT, GAS PLANT & TRANSMISSION LINES :				
Building and civil engineering works containing generation plant & equipment, main plant	26743.13	—	—	26743.13
Hydraulic works including Dams Dykes, Reservoirs & Tunnels	164972.37	59.14	(12.59)	165018.92
Plant & Machinery in Generating Station	56172.29	83.82	(0.11)	56256.00
Transformer having a rating of 100 K.V. ampere and above	5434.96	—	—	5434.96
Sub-station equipment and other fixed apparatus	508.58	—	—	508.58
Switchgear including cable connections	12051.01	15.76	(2.16)	12064.61
Transmission Lines	708.77	—	—	708.77
Gas Turbine	90770.67	2372.51	(799.75)	92343.43
Gas Booster Station	17005.93	—	—	17005.93
Gas Pipeline	36.60	—	—	36.60
Gas Steam Turbine	53526.08	38.42	(14.65)	53549.85
Gas Cooling Tower	3296.90	—	—	3296.90
Make-up Water System	3283.33	—	—	3283.33
Total	434510.62	2569.65	(829.26)	436251.01



(₹ in lakhs)

DEPRECIATION			NET BLOCK	
As at 1 st April, 2013	Depreciation for the year including adjustment	Up to 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
13421.19	649.45	14070.64	12672.49	13321.94
60593.75	6779.22	67372.97	97645.95	104378.62
23096.86	2340.14	25437.00	30819.00	33075.43
2581.29	242.01	2823.30	2611.66	2853.67
390.53	3.15	393.68	114.90	118.05
6424.61	456.46	6881.07	5183.54	5626.40
569.07	11.40	580.47	128.30	139.70
77546.83	(253.34)	77293.49	15049.94	13223.84
15511.13	—	15511.13	1494.80	1494.80
32.95	—	32.95	3.65	3.65
33139.14	1359.27	34498.41	19051.44	20386.94
2009.80	87.04	2096.84	1200.06	1287.10
1819.56	103.22	1922.78	1360.55	1463.77
237136.71	11778.02	248914.73	187336.28	197373.91

(₹ in lakhs)

Particulars	GROSS BLOCK			
	As at 1 st April, 2013	Additions during the year	Sales / Adjustments during the year	As at 31 st March, 2014
II GENERAL ASSETS (FOR PROJECTS UNDER OPERATION)				
Buildings	7310.69	374.06	—	7684.75
Furniture & Fixtures	497.50	12.19	—	509.69
Roads, Bridges, Culverts & Helipads	3347.37	42.93	—	3390.30
Vehicles	670.16	6.26	(30.21)	646.21
Railway Siding	10.65	—	—	10.65
Electrical Installation	838.49	0.86	—	839.35
Temporary Buildings/Erections	2409.71	—	—	2409.71
Hospital Equipment	13.43	0.81	—	14.24
Tools & Plants	3182.33	230.07	(77.87)	3334.53
Office Equipment	215.21	0.67	(1.54)	214.34
I T Equipment	486.00	217.16	(0.71)	702.45
Other Equipment	545.23	15.94	8.33	569.50
Water supply, sewerage & drainage	891.38	5.48	—	896.86
Plant & Machinery in Generating Station (Diesel Power House)	444.88	22.44	—	467.32
Communication Equipment	171.25	—	—	171.25
Lightning Arrestor (Pole Type Magazine Building)	139.01	—	—	139.01
Telephone Line	103.69	—	—	103.69
Fixed Assets of Minor value	13.85	5.13	—	18.98
Land & Land Rights				
Free hold	1116.94	—	—	1116.94
Lease hold	4373.69	—	—	4373.69
	26781.46	934.00	(102.00)	27613.46
TOTAL (A)	461292.08	3503.65	(931.26)	463864.47



(₹ in lakhs)

DEPRECIATION			NET BLOCK	
As at 1 st April, 2013	Depreciation for the year including adjustment	Up to 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
2791.75	254.32	3046.07	4638.68	4518.94
370.39	12.42	382.81	126.88	127.11
1320.63	102.58	1423.21	1967.09	2026.74
407.17	(9.26)	397.91	248.30	262.99
7.51	0.19	7.70	2.95	3.14
619.21	11.33	630.54	208.81	219.28
2409.71	—	2409.71	—	—
8.41	0.39	8.80	5.44	5.02
2633.42	(32.52)	2600.90	733.63	548.91
168.89	3.79	172.68	41.66	46.32
401.91	57.73	459.64	242.81	84.09
377.85	13.80	391.65	177.85	167.38
325.86	41.39	367.25	529.61	565.52
387.33	0.83	388.16	79.16	57.55
120.58	3.08	123.66	47.59	50.67
118.29	0.60	118.89	20.12	20.72
91.77	0.07	91.84	11.85	11.92
13.84	5.13	18.97	0.01	0.01
—	—	—	1116.94	1116.94
1161.04	153.34	1314.38	3059.31	3212.65
13735.56	619.21	14354.77	13258.69	13045.90
250872.27	12397.23	263269.50	200594.97	210419.81

(₹ in lakhs)

Particulars	GROSS BLOCK			
	As at 1 st April, 2013	Additions during the year	Sales / Adjustments during the year	As at 31 st March, 2014
B) ASSETS				
(FOR PROJECTS UNDER CONSTRUCTION & OTHER OFFICES)				
Building	6014.88	193.35	2.84	6211.07
Furniture & Fixtures	665.57	98.65	(10.89)	753.33
Roads, Bridges, Culverts & Helipads	1157.95	776.40	–	1934.35
Vehicles	119.45	35.35	(11.45)	143.35
Electrical Installations	348.01	46.73	(9.04)	385.70
Temporary Buildings/Erections	1819.24	101.41	1.94	1922.59
Tools & Plants	1802.03	20.42	(4.04)	1818.41
Office equipment	555.24	26.18	(14.07)	567.35
I T Equipment	1264.28	104.23	(30.48)	1338.03
Water Supply, sewerage & drainage	419.43	61.83	–	481.26
Plant & Machinery in Generating Station (Diesel Power House)	172.24	–	–	172.24
Communication Equipment	147.31	21.37	–	168.68
Plant & Machinery	1.16	–	–	1.16
Weigh Bridge	13.34	–	–	13.34
Land & Land Rights	1445.95	3810.13	–	5256.08
Other Equipment	958.45	55.09	(10.25)	1003.29
Hospital Equipment	11.41	1.39	–	12.80
Substation Equipment	304.02	–	–	304.02
Transformer having a rating of 100 KV & Above	14.82	–	–	14.82
Transmission Line	6104.81	144.93	–	6249.74
Fixed assets of Minor value	29.82	22.39	(0.75)	51.46
TOTAL (B)	23369.41	5519.85	(86.19)	28803.07
GRAND TOTAL (A + B)	484661.49	9023.50	(1017.45)	492667.54

13. Intangible Assets

(₹ in lakhs)

Particulars	GROSS BLOCK			
	As at 1 st April, 2013	Additions during the year	Sales / Adjustments during the year	As at 31 st March, 2014
Intangible Assets (software)	64.13	12.14	–	76.27



(₹ in lakhs)

DEPRECIATION			NET BLOCK	
As at 1 st April, 2013	Depreciation for the year including adjustment	Up to 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
964.14	171.88	1136.02	5075.05	5050.74
381.82	30.69	412.51	340.82	283.75
132.97	34.06	167.03	1767.32	1024.98
46.96	6.78	53.74	89.61	72.49
212.55	21.44	233.99	151.71	135.46
1803.36	119.23	1922.59	—	15.88
1164.50	39.40	1203.90	614.51	637.53
374.76	8.05	382.81	184.54	180.48
933.04	91.05	1024.09	313.94	331.24
61.89	14.94	76.83	404.43	357.54
121.46	3.10	124.56	47.68	50.78
82.39	6.68	89.07	79.61	64.92
1.04	—	1.04	0.12	0.12
7.46	0.34	7.80	5.54	5.88
—	—	—	5256.08	1445.95
267.78	40.61	308.39	694.90	690.67
2.82	0.63	3.45	9.35	8.59
29.26	8.91	38.17	265.85	274.76
12.43	0.28	12.71	2.11	2.39
1839.23	361.50	2200.73	4049.01	4265.58
29.62	21.10	50.72	0.74	0.20
8469.48	980.67	9450.15	19352.92	14899.93
259341.75	13377.90	272719.65	219947.89	225319.74

DEPRECIATION			NET BLOCK	
As at 1 st April, 2013	Depreciation for the year including adjustment	Up to 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
44.70	18.67	63.37	12.90	19.43



Non Current Assets

14. Capital Work in Progress

(₹ in lakhs)

Particulars	As at 1 st April, 2013	Additions during the year	Adjustments during the year	Capitalized during the year	As at 31 st March, 2014
Building	1,175.99	586.30	0.07	(377.67)	1,384.69
Temporary Buildings / Erections	97.81	202.76	(10.97)	(46.10)	243.50
Roads, Bridges, Culverts & Helipads	22,262.53	3,030.25	(2,016.88)	(732.45)	22,543.45
Electrical Installation	58.76	79.43	(16.12)	(5.82)	116.25
Water Supply, Sewerage & Drainage	197.09	100.90	(9.25)	(29.39)	259.35
Hydraulic works including Dams, Dykes etc.	1,20,473.66	50,417.87	(93.27)	(59.14)	1,70,739.12
Other Civil works	397.00	379.67	(0.04)	(43.80)	732.83
Power house	20,840.51	11,432.70	—	—	32,273.21
Switch Yard including cable connection	8,540.43	3,167.40	—	—	11,707.83
Environment & Ecology	5,002.26	8.42	(22.85)	—	4,987.83
Transmission Lines	520.64	348.04	—	(168.24)	700.44
Transformer having a rating of 100KV ampere and above	2,002.30	356.21	—	—	2,358.51
Survey & Investigation	6,551.99	5,304.17	—	—	11,856.16
Provision for S & I Units	(5,674.18)	—	—	—	(5,674.18)
Substation	497.93	114.46	—	—	612.39
Plant, etc. in Generating station	41,187.81	42,030.64	(4.83)	—	83,213.62
Steam Turbine	—	16,567.22	—	—	16,567.22
Plant, etc. in Generating Station (In Transit)	4,239.19	280.02	(4,239.19)	—	280.02
Gas Booster Station	—	683.23	—	—	683.23
Incidental Expenditure during Construction	1,24,686.70	44,632.63	(2,101.09)	(224.46)	1,66,993.78
TOTAL	3,53,058.42	1,79,722.32	(8,514.42)	(1,687.07)	5,22,579.25



Non Current investment

15. Investment (Un-quoted)

(₹ in lakhs)

Particulars	Number of Bonds / securities	Face Value per bond	As at 31 st March, 2014	As at 31 st March, 2013
	Current year (Previous year)	Current year (Previous year)		
Trade Investment				
Joint venture - WAANEER Solar Pvt Ltd. (Share Application Money)			600.00	
B. Investment in Power Bond				
8.5% Tax free State Govt. Bonds of the Government of:				
Arunachal Pradesh	17,880.00 (35,760.00)	1,000.00 (1,000.00)	178.80	357.60
Assam	6,38,270.00 (12,76,540.00)	1,000.00 (1,000.00)	6,382.70	12,765.40
Manipur	1,25,394.00 (2,50,788.00)	1,000.00 (1,000.00)	1,253.94	2,507.88
Meghalaya	13,026.00 (26,052.00)	1,000.00 (1,000.00)	130.26	260.52
Mizoram	42,336.00 (84,672.00)	1,000.00 (1,000.00)	423.36	846.72
Nagaland	58,070.00 (1,16,140.00)	1,000.00 (1,000.00)	580.70	1,161.40
Tripura	59,930.00 (1,19,860.00)	1,000.00 (1,000.00)	599.30	1,198.60
Sub Total			9,549.06	19,098.12
Total			10,149.06	19,098.12

16. Long Term Loans & Advances

(₹ in lakhs)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
Capital advances				
i. Secured, considered good		—		—
ii. Unsecured, considered good				
Against Bank Guarantee		4950.10		9553.44
Others	12869.64		15279.20	
iii. Unsecured, considered bad	28.00		28.00	
Less: Provision against Bad & Doubtful debts	<u>28.00</u>	12869.64	<u>28.00</u>	15279.20
Advance towards Land		874.39		3731.82
Total		18694.13		28564.46



17. Other non-current assets

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Advance Tax	684.84	684.84
Advance to staff	73.67	55.20
Total	758.51	740.04

Current Assets

18. Current Investment

(₹ in lakhs)

Particulars	Number of Bonds / securities	Face Value per bond	As at 31 st March, 2014	As at 31 st March, 2013
	Current year (Previous year)	Current year (Previous year)		
Investment in Power Bond (Un-quoted)				
8.5% Tax free State Govt. Bonds of the Government of:				
Arunachal Pradesh	17,880.00	1,000.00	178.80	178.80
	(17,880.00)	(1,000.00)		
Assam	6,38,270.00	1,000.00	6,382.70	6,382.70
	(6,38,270.00)	(1,000.00)		
Manipur	1,25,394.00	1,000.00	1,253.94	1,253.94
	(1,25,394.00)	(1,000.00)		
Meghalaya	13,026.00	1,000.00	130.26	130.26
	(13,026.00)	(1,000.00)		
Mizoram	42,336.00	1,000.00	423.36	423.36
	(42,336.00)	(1,000.00)		
Nagaland	58,070.00	1,000.00	580.70	580.70
	(58,070.00)	(1,000.00)		
Tripura	59,930.00	1,000.00	599.30	599.30
	(59,930.00)	(1,000.00)		
Total			9,549.06	9,549.06



19. Inventories

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
General Stores	3511.33	1157.23
Goods in Transit	<u>271.67</u>	<u>2.40</u>
	3783.00	1159.63
Less : Provision for loss of stock	<u>18.23</u> 3764.77	<u>15.23</u> 1144.40
Operational stores		
a) Components, spare-parts and other spares	12560.07	10304.36
b) Consumable stores	187.73	229.60
c) Stores & spares against Grant- in- aid	1429.35	1502.77
d) Goods in Transit	<u>10.45</u>	<u>389.71</u>
	14187.60	12426.44
Less: Provision for non-moving stock	135.29 14052.31	154.42 12272.02
Total	17817.08	13416.42

20. Trade Receivables

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Unsecured, considered good :		
Trade receivables outstanding for a period exceeding 6 months from the date they are due for payment	51921.98	37435.72
Other Debts	27268.10	37057.73
Total	79190.08	74493.45

21. Cash & Bank Balances

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
A. Cash & Cash Equivalents		
Balance with Banks		
i) Current Accounts	6048.31	4794.83
ii) Deposit with original maturity up to 3 months	23557.09	35120.00
iii) Cheques, drafts on hand	—	10.00
iv) Cash, Stamps on hand	7.62	6.24
Sub Total	29613.02	39931.07
B. Other bank balances		
i) Deposits with original maturity more than three months but not more than twelve months	—	154.50
ii) Others (Balance with Bank as Margin Money)	142.78	20.00
Sub Total	142.78	174.50
Total	29755.80	40105.57

22. Short term Loans & Advances

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Unsecured, considered good : Advances recoverable in cash or in kind ::		
Advance to Suppliers & Contractors	1537.67	679.76
Less : Provision for bad & doubtful debts	<u>62.67</u>	<u>58.07</u>
Accounts receivables	2300.52	2301.43
Total	3775.52	2923.12

23. Other Current Assets

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Interest accrued on STDR, Power Bonds etc.	1639.63	3437.20
Advance to staff	738.30	608.77
Un-amortized expenses (Deferred Revenue Expenditure)	—	117.12
Deposits with other authorities	79.09	56.91
Advance tax	4291.00	3547.06
Tax deducted at source	2408.95	2285.73
Deferred Foreign Currency Fluctuation Assets	—	27.12
Prepaid expenses	489.59	503.46
Asset Held for sale	200.85	245.99
Total	9847.41	10829.36

24. Revenue from Operation

- The Central Electricity Regulatory Commission (CERC) notified the Terms and Conditions for determination of tariff applicable with effect from 1st April 2009 for a period of five years vide notification dated 19th January 2009 and accordingly the tariff notifications for all the power stations were issued.
- In terms of the regulation 6(1) of the CERC (Terms and Conditions of Tariff) Regulations, 2009, applications have been made before the Central Electricity Regulatory Commission (CERC) for revision of its Annual Fixed Charges (AFC) for 03 (three) Power Stations, namely, Kopili HEP, Khandong HEP and Assam Gas Based Power Plant, for the period of 2009-14. Based on the aforesaid applications and actual capital expenditures incurred by the power stations during the financial years 2009-10 to 2013-14, an amount of ₹ 3044.28 lakhs (previous year ₹ 3768.25 lakhs) has been adjusted to Revenue from operation during the financial year 2013-14.
Due to the aforesaid applications for revision of AFC, an amount of ₹ 1121.63 lakhs has been provided as interest payable to the beneficiaries in terms with the regulation 6(4) of the CERC (Terms and Conditions of Tariff) Regulations, 2009 and amendment thereto.
- Sales includes an amount ₹ 196.67 lakhs (Previous year ₹ 216.40 lakhs) as the cost of internal consumption of electricity.
- Thus the total Sales for the period ended 31st March, 2014 amounts to ₹ 127974.79 lakhs.

**25. Other Income**

(₹ in lakhs)

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
Misc receipts	1361.02	492.16
FERV Recoverable/Payable (Net)	20.74	20.74
Interest on investment (State Govt. Bonds)	2232.09	3043.76
Liability / Provision written back	6376.94	—
Profit on Sale of Assets	2.87	0.12
Delayed Payment surcharge	1843.15	—
Interest on arrear sale	1886.71	3132.76
Other income (Grant-in-aid)	73.43	26.32
Total	13796.95	6715.86

26. Cost of Material Consumed

(₹ in lakhs)

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
Purchase of Gas	51849.87	45567.33
Transportation charges of gas	1162.44	1170.54
Total	53012.31	46737.87

27. Employees Remuneration & Benefits

(₹ in lakhs)

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
Salary, Wages	12504.61	15635.90
Contribution to Provident Fund	1153.68	1039.28
Provision for Gratuity	510.71	1045.43
Contribution of Pension Fund	764.13	762.38
Staff welfare expenses	43.59	45.97
Total	14976.72	18528.96

28. Finance Costs

(₹ in lakhs)

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
A. Interest Expenses		
i) Loans from Life Insurance Corporation of India	89.56	156.44
ii) Bonds	—	526.50
iii) Loan from Power Finance Corporation Ltd.	—	9.56
iv) Cash Credit from State Bank of India	181.20	—
B. Other Borrowing Costs	0.30	1.91
Total	271.06	694.41



29. Depreciation

Depreciation of ₹ 13202.14 lakhs has been calculated & charged to Profit & Loss Account.

(₹ in lakhs)

Particulars	Operation & Maintenance	Construction and Office	Total
Total (as per notes 12 & 13)	12397.23	999.34	13396.57
Add : Depreciation from Note No 59	836.11	56.84	892.95
Less :			
PPA Note no 32	31.20	—	31.20
PPA Note no 34	—	1.38	1.38
PPA Note no 35	—	21.61	21.61
Depreciation written off Note no. 31	—	54.34	54.34
Total (excluding PPA)	13202.14	978.85	14180.99

30. Generation & Administration Expenses

(₹ in lakhs)

Particulars	NOTE NO	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
GENERATION EXPENSES			
Repairs & maintenance :			
a) Roads & buildings		470.41	585.19
b) Power house		6744.30	7763.36
c) Hydraulic works		237.76	120.92
d) Line & sub-stations		52.36	40.14
e) Others		259.73	219.39
f) Stores & spares (against Grant-in-Aid)		<u>73.43</u>	<u>26.32</u>
Sub Total		7837.99	8755.32
ADMINISTRATION EXPENSES			
1. Travelling expenses		151.38	119.99
2. Advertisement expenses		37.49	38.86
3. Insurance charges		651.98	626.14
4. Rents		1.94	2.22
5. Rates & taxes		71.99	32.12
6. Entertainment expenses		2.88	0.94
7. General expenses	33	5744.60	5141.37
8. Publicity expenses		9.94	8.21
9. Legal charges		17.72	2.92
10. Filing fees to CERC		67.44	69.65
11. NERLDC Fees & Charges		1502.10	822.95
12. Wealth Tax		2.26	2.39
13. Research & Development Expenses		153.15	132.73
14. Sustainable Development		75.92	68.95
15. Corporate Social Responsibility		520.18	435.75
16. Interest to beneficiary states		1121.63	—
17. Share of General establishment	37	<u>10140.49</u>	<u>7449.10</u>
Sub Total		20273.09	14954.29
Total		28111.08	23709.61

**31. Other expenses**

(₹ in lakhs)

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
Purchase of Power	318.16	348.66
Lubricants, oil etc.	189.52	155.08
Electricity Duty	14.64	19.26
U I Charge	392.48	267.82
Write off	54.34	3684.22
Deferred Revenue Expenditure written off	117.12	102.46
Rebate to customers	971.11	1020.21
Total	2057.37	5597.71

32. Prior Period Adjustment (Operation & Maintenance)

(₹ in lakhs)

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
A) Income:		
Repair & Maintenance Power House	—	181.71
Plant & Machinery in Generating Station	—	138.37
Interest on arrear bill	—	354.51
Rebate	9.76	65.65
Repair & Maintenance – others	89.54	58.04
Recovery of electrical charges	19.23	—
NERLDC charges	—	57.01
Others	—	0.97
Total Income	118.53	856.26
B) Expenditure:		
Surcharge	715.86	—
NLDC	53.34	—
ULDC	631.12	—
Others	27.63	—
Depreciation	31.20	4.56
Repair & Maintenance	—	90.99
Total Expenditure	1459.15	95.55
Net Expenditure / (Income)	1340.62	(760.71)

33. General Expenses

(₹ in lakhs)

Particulars	Operation & Maintenance		General Administration		Project (Under Construction)		Total	
	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
Leave encashment	707.55	966.95	278.30	490.70	915.65	574.65	1901.50	2032.30
Transport expenses	543.85	472.04	183.84	189.28	567.22	501.48	1294.91	1162.80
Printing & stationery	26.52	23.84	65.22	58.92	34.52	25.70	126.26	108.46
Postage & telegram	1.60	1.34	5.29	5.50	4.38	3.52	11.27	10.36
Medical expenses	526.31	444.87	996.44	238.27	425.86	329.70	1948.61	1012.84
License & registration	5.74	4.95	1.27	1.27	0.10	6.29	7.11	12.51
Paper & periodicals	0.45	0.30	1.64	4.26	0.30	0.21	2.39	4.77
Uniforms & liveries	13.07	3.98	1.53	0.96	1.16	2.96	15.76	7.90
Honorarium	—	—	0.50	0.71	—	—	0.50	0.71
Electric & water charges	514.83	216.40	50.31	47.81	920.00	545.63	1485.14	809.84
Bank charges	39.45	65.94	24.15	1.08	2.93	2.11	66.53	69.13
Social welfare	835.22	633.20	92.49	100.80	60.66	87.73	988.37	821.73
Consultancy charges	5.84	2.10	22.01	10.12	216.86	74.55	244.71	86.77
Security arrangement	2032.78	1817.52	105.52	92.95	500.22	386.41	2638.52	2296.88
Training expenses	160.82	221.13	—	—	—	—	160.82	221.13
Staff recruitment expenses	0.84	0.21	7.32	—	0.03	0.05	8.19	0.26
Hospital facilities	6.35	6.24	—	—	4.48	5.91	10.83	12.15
Subscription & membership fees	0.10	0.02	16.23	57.25	—	—	16.33	57.27
Communication expenses	21.73	19.72	218.90	202.71	66.10	20.80	306.73	243.23
Office furnishing	2.97	0.19	4.50	14.62	9.89	9.55	17.36	24.36
Miscellaneous expenses	50.87	37.16	170.69	106.10	97.65	81.96	319.21	225.22
I. B. expenses	27.64	26.02	42.01	20.45	66.70	65.49	136.35	111.96
Laboratory & meter testing charges	0.20	0.06	—	—	8.99	3.44	9.19	3.50
Photographic records	0.26	0.01	0.52	0.66	0.05	0.23	0.83	0.90
Stock/Advance written off	137.90	86.35	—	—	15.07	7.32	152.97	93.67
I T Expenses	55.05	35.88	101.46	42.24	65.29	41.15	221.80	119.27
Loss on sale of fixed Assets	4.16	4.62	9.61	2.66	3.29	7.29	17.06	14.57
Compensation	22.50	50.33	—	—	26.25	20.00	48.75	70.33
Total	5744.60	5141.37	2399.75	1689.32	4013.65	2804.13	12158.00	9634.82

**34. Prior Period Adjustment in respect of General Administration***(₹ in lakhs)*

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
A) Income:		
Depreciation	—	0.23
Hire charges	0.28	—
Total Income	0.28	0.23
B) Expenditure:		
Insurance	12.52	—
Interest on STDR	—	4.29
Interest on Income Tax	—	57.38
Tax Deducted at Source	1.42	—
Post Retirement Medical Benefit	1499.33	—
Depreciation	1.38	1.32
Total Expenditure	1514.65	62.99
Net Expenditure / (Income)	1514.37	62.76

35. Prior Period Adjustment in respect of Projects under construction*(₹ in lakhs)*

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
A) Income:		
Depreciation	46.04	—
B) Expenditure:		
Depreciation	67.65	48.50
Consultancy charges	—	1.14
Others	3.98	—
Repair & Maintenance	—	0.61
Total Expenditure	71.63	50.25
Net Expenditure / (Income)	25.59	50.25

36. Payment to Auditors*(₹ in lakhs)*

Particulars	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
Audit fees	10.22	7.87
Tax audit fees	0.56	0.56
Cost Audit Fees	1.01	1.01
Other expenses	9.73	8.09
Total	21.52	17.53

37. Incidental Expenditure of Corporate Office

(₹ in lakhs)

Particulars	Note No.	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
A. Employees Remuneration & Benefit			
Salaries and wages		5683.28	5984.01
Contribution to Provident Fund		559.81	501.30
Provision for Gratuity		186.36	452.04
Contribution to Pension fund		390.88	355.98
Staff welfare expenses		<u>21.39</u>	<u>18.29</u>
Sub Total (A)		6841.72	7311.62
B. Administration & Other Expenses			
Travelling expenses		238.05	207.33
Rent		39.43	49.70
Rates & taxes		4.79	3.18
Wealth Tax		0.45	0.25
General expenses	33	2399.75	1689.32
Repairs & maintenance		127.51	99.11
Audit fees & expenses	36	21.52	17.53
Legal expenses		10.86	36.49
Insurance charges		4.50	21.20
Entertainment expenses		0.18	0.20
Advertisement expenses		89.38	59.53
Publicity expenses		232.54	142.32
Board meeting expenses		62.62	28.06
Depreciation		174.15	185.81
Prior period adjustment (Net)	34	<u>1514.37</u>	<u>62.76</u>
Sub Total (B)		4920.10	2602.79
Total (A+ B)		11761.82	9914.41
Less: Non operating receipts:			
i) Interest on Investment		923.22	2113.34
ii) Others		<u>698.11</u>	<u>351.97</u>
		<u>1621.33</u>	<u>2465.31</u>
Net expenditure		<u>10140.49</u>	<u>7449.10</u>
Expenditure charged to Profit & Loss Account	30	10140.49	7449.10



38. Incidental Expenditure during construction

(₹ in lakhs)

Particulars	Note No.	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013
A. Employees Remuneration & Benefits			
Salaries and wages		11390.97	12792.79
Contribution to Provident Fund		862.28	744.11
Provision for Gratuity		463.54	598.71
Contribution to Pension fund		610.17	514.41
Staff welfare expenses		<u>33.00</u>	<u>34.35</u>
Sub Total (A)		13359.96	14684.37
B. Administration & Other Expenses			
Travelling expenses		280.99	236.27
Rents		25.99	27.42
Rates & taxes		0.44	0.54
Wealth tax		0.37	0.41
General expenses	33	4013.65	2804.13
Repairs & maintenance		908.78	459.45
Depreciation		804.70	712.14
Legal expenses		24.51	0.17
Insurance charges		17.20	10.53
Environment & Ecology		—	0.15
Prior period adjustment (Net)	35	25.59	50.25
Entertainment expenses		0.27	0.91
Tender expenses		<u>44.71</u>	<u>43.62</u>
Sub Total (B)		6147.20	4345.99
C. Interest & Finance Charges			
Interest on:			
i) Bonds		2068.07	1387.41
ii) PFC		16813.10	12707.31
iii) KfW Loan		1313.69	620.94
iv) External Commercial Borrowing		260.97	—
v) Short term Borrowing		325.79	—
Exchange rate variation		3971.63	742.58
Finance charges:			
i) Guarantee fees		289.07	142.42
ii) Commitment fees		81.21	115.69
iii) Loan expenses		<u>1665.08</u>	<u>113.98</u>
Sub Total (C)		26788.61	15830.33
Total (A + B + C)		46295.77	34860.69
Less: Non-operating receipts			
i) Interest on advances from Suppliers/ Contractors		418.00	497.78
ii) Others		<u>1245.14</u>	<u>69.76</u>
		1663.14	567.54
Net Expenditure		44632.63	34293.15
Expenditure transferred to Capital Work-in-Progress		44632.63	34293.15

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

40. Confirmation of balances

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

41. Related party disclosure

The required information with respect to Related Party Disclosure as per AS-18 is given as under:

A. Joint Ventures:

WAANEPP Solar Private Limited, 602, Western Edge-I, Western Express Highway, Brivali (E), Mumbai - 400066, India.

B. Whole time Directors :

1	Shri P. C. Pankaj	Chairman & Managing Director
2	Shri A. G. West Kharkongor	Director (Finance)
3	Shri I. P. Barooah	Director (Personnel) up to 31 st December, 2013
4	Shri Utpal Moral	Director (Technical)
5	Shri Satyabrata Borgohain	Director (Personnel) w.e.f. 1 st January, 2014

42. Related party Transaction

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

(₹ in lakhs)

Particulars	Current year (2013-14)	Previous year (2012-13)
Salary and allowances	104.40	131.22
Contribution to Provident Fund and other funds	8.59	7.78
Other benefits	50.94	9.99

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

43. Advance towards land

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

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Advance towards land	874.39	3731.82

**44. Quantitative information**

(₹ in lakhs)

Particulars	Unit	As at 31 st March, 2014	As at 31 st March, 2013
Installed Capacity	MW	1130.00	1130.00
Design Energy	MU	5698.73	5698.73
Actual Generation	MU	4567.89	4690.54
Sales including internal consumption but excluding supply of Power Auxiliary consumption	MU	4264.40	4341.10

45. Contingent liabilities

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Claims against the Company not acknowledged as debt in respect of :		
- Capital Works	79738.34	75290.81
- Land compensation cases	1099.19	2748.62
- Disputed Income tax demand	48.15	3.92
- Others	<u>50.95</u>	<u>965.39</u>
	80936.63	79008.74

46. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ **175890.31** lakhs (previous year ₹ 142603.38 lakhs).

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

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Spares	4055.83	1388.50

48. Expenditure in foreign currency

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Interest	1343.03	532.44
Others (TA / Commitment charges / consultancy)	2926.99	378.00

49. Stores in Transit

(₹ in lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Stores in transit	282.12	392.11

50. Deferred Tax Liability

In compliance to the Accounting Standard 22 on “Accounting for Taxation on Income” provision for Deferred Tax Liability for the year ended 31.03.2014 has been made as under:

	(₹ in lakhs)
(a) Deferred Tax Liability as on 01.04.2013	52731.10
Less: Deferred Tax Recoverable	<u>52716.31</u>
Net Deferred Tax Liability as on 31.03.2014	<u>14.79</u>
Deferred Tax Liability for the year	14.79
Less: Deferred Tax Recoverable	<u>(-)</u>
Net Deferred Tax for the year charged to Profit & Loss A/c	<u>14.79</u>

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

Deferred Tax Liability (Difference of Book depreciation and Tax depreciation) ₹ **52731.10** lakhs as on 31.03.2014.

51. Segment reporting

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

52. Earnings per share

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

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Profit after Tax (₹ in lakhs)	23152.17	24230.11
Weighted Average number of equity shares (Nos.)	3327625058	3383335332
Earnings Per Share (Basic and Diluted) (Rupees)	0.70	0.72
Face value per share (Rupees)	10.00	10.00

53. Cut-off date

The Company has taken all known ascertainable liabilities pertaining to the year up to 31.03.2014 taking into consideration 15th April 2014 as the cut-off date.



54. Information in respect of Micro, Small and Medium Enterprises as at 31st March' 2014

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

55. Accounts receivables

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

56. Employee Benefits

a. Provident Fund

Company pays fixed contribution at predetermined rates to the Provident Fund Trust, which invests the fund in permitted securities as per Government guidelines. The Companies contribution to the fund for the period was ₹ **2575.76 lakhs** (previous year ₹ 2327.50 lakhs). The investment has earned sufficient interest to pay the same to the member as per the rate specified by the Government of India.

b. Pension

In terms of the Guidelines of Department of Public Enterprise (DPE), Govt. of India (GOI) issued vide O.M. no.2(70)/08-DPE (WC) / GL-xiv/08 dt.26.11.2008 and OM. No. 2(70)/08-DPE (WC) / GL-vii/ 09 dt.02.04.2009, the Company has formulated the NEEPCO Employees Defined Contribution Superannuation Benefit Scheme.

The Companies contribution to the trust for the period was ₹ 1765.18 lakhs (previous year ₹ 1589.96 lakhs).



Further, an amount of ₹ 1781.57 lakhs has been paid to the trust from outstanding liability of ₹ 2546.89 lakhs as on 31.03.2013 and balance of ₹ 765.32 lakhs has been written back during the financial year.

c. Gratuity

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

The Board of Directors in their meeting held on 01.04.2013 has approved the creation of Gratuity Fund Trust vide its Resolution No. 195/16 dt. 01.04.2013 in order to meet the requirement of funds for payment of Gratuity to the employees separated from the services of the Corporation. Accordingly NEEPCO Employees Group Gratuity Assurance Fund Trust has been constituted on 25th June, 2013 and a Master Policy, named as North Eastern Electric Power Corporation Ltd Employees Group Gratuity-cum-Life Assurance (cash accumulation) Scheme, has been taken from the Life Insurance Corporation of India on 5th August, 2013. An amount of ₹ 50.00 crores was paid to LIC for the said scheme.

d. Post Retirement Medical Benefit Scheme

The Company has introduced NEEPCO Contributory Scheme for Post-Retirement Medical Facilities in place of existing Medical Attendance Rules for Superannuated Employees. Under the scheme the retired employee and spouse of retiree, spouse and dependent children of deceased employees are provided medical facilities on contributory basis which is as follows:

Reimbursement of medical expenses incurred for indoor treatment restricted to the rates of nearest authorized / approved hospital.

For outpatient / domiciliary treatment taken in empanelled hospitals, reimbursement are allowed for clinical tests, examination, cost of medicines and other OPD expenses at actual subject to a ceiling of maximum of last basic per annum, whichever is less. The liability for the same is recognized on the basis of actuarial valuation.

e. Leave

The Company provides for earned leave benefits (including compensatory absences) and half pay leave to the employees of the Company which accrue annually at 30 days and 20 days respectively. Earned leave account is maintained in one section only i.e. en-cashable. On Superannuation/ separation of the employee from the Corporation, entire leave (Earned leave & Maximum 240 days Half Pay Leave) subject to a ceiling of 300 days will be en-cashable. Half pay leave cannot be commuted. The cash equivalent payable for Half Pay Leave would be equal to leave salary as admissible for half pay plus Dearness Allowance.

f. Social Security Scheme

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

g. Gratuity & Other post retirement benefits plan

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

**Table a. Expenses recognized in statement of Profit & Loss / IEDC:***(₹ in lakhs)*

	Gratuity	Earned leave	PRMB
Current service cost	895.30 (633.51)	809.80 (841.13)	76.96 (13.66)
Interest Cost	1007.57 (845.65)	522.62 (475.86)	27.13 (24.92)
Past Service Cost	– (–)	– (–)	1499.33 (–)
Actuarial gain/loss recognized in the year	(-)742.25 (731.08)	569.08 (715.31)	654.65 (2.44)
Expense recognized in statement of Profit & Loss / IEDC	1160.62 (2210.24)	1901.50 (2032.30)	2258.07 (27.37)

Table b. The amount recognized in Balance Sheet*(₹ in lakhs)*

	Gratuity	Earned leave	PRMB
Closing Fund/Provision at end of the year	12407.54 (12123.44)	6345.01 (7502.13)	2550.27 (327.94)
Fair Value of Plan Assets as at 31.3.2014	5340.08 (–)	– (–)	– (–)
Closing Net Liability	7067.46 (2210.24)	1901.50 (2032.30)	2258.07 (27.37)

Table c. Changes in the present valuation of obligations*(₹ in lakhs)*

	Gratuity	Earned leave	PRMB
Present Value of obligation on 31.03.13	12123.44 (11228.13)	7502.13 (6426.83)	327.94 (322.51)
Interest Cost	1007.57 (845.65)	522.62 (475.86)	27.13 (24.92)
Current service cost	895.30 (633.51)	809.80 (841.13)	76.96 (13.66)
Past Service Cost	– (–)	– (–)	1499.33 (–)
Benefits paid	1216.60 (1314.92)	3058.61 (957.01)	35.74 (21.94)
Actuarial gain / loss on obligations	(-)402.17 (731.08)	569.08 (715.31)	654.65 (2.44)
Present value of obligation on 31.03.2014	12407.54 (12123.44)	6345.01 (7502.13)	2550.27 (327.94)

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

Sl No.	Particulars	31.03.2014 (₹ in lakhs)	31.03.2013 (₹ in lakhs)
1.	Gratuity	1160.62	2210.24
2.	Earned Leave Encashment (EL & HPL)	1901.50	2032.30
3.	Post Retirement Medical Benefit	2258.07	27.37

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

Particulars	Increase by	Decrease by
Service cost	77.32	76.61
Interest cost	27.13	27.13
Present value of obligation	2565.53	2535.02

Table f. Actuarial Assumptions:**Principal Assumptions used for actuarial valuation are:**

Sl No.	Particulars	31.03.2014	31.03.2013
1.	Method used	Projected Unit Credit Method	Projected Unit Credit Method
2.	Discount Rate	8.75	8.50
3.	Salary Inflation Rate	7.00	5.00
4.	Return on Asset	9.00	0.00

h. The schemes d and e are un-funded.**57. Grant in Aid****a. Spares out of Grant in Aid**

During the current year, repairs & maintenance has been debited and Stock of Spares has been credited by an amount of ₹ **73.43 lakhs** (previous year ₹ 26.32) lakhs for spares purchased out of Grant-in-aid received from the Central Govt. An equivalent amount has been recognized as income in the statement of Profit & Loss.



b. Grant from Ministry of Development of North Eastern Region

As per the Investment Approval sanctioned vide the Ministry of Power's letter No.7/7/2009-H-I dated 14th January, 2011, an amount of ₹ **300.00 crores** has been sanctioned by the Ministry of Development of North Eastern Region (MDONER) as a part of the approved funding pattern for the Tuirial Hydro Electric Project, Mizoram. An amount of ₹ **61.97** crores has been received during the current financial year 2013-14 and the same has been utilized fully during the year. The total amount of ₹ **97.94** crores are included in Grant in Aid which will be carried forward till the commissioning of the project.

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

59. Asset held for sale

(₹ in lakhs)

Particulars	Gross Block as on 01.04.2013	Accumulated Depreciation	Net Block as on 31.03.2014
Switchgear including cable connection	2.16	1.94	0.22
Steel liner & Penstock	12.59	8.80	3.79
Plant and mach. in Generating station	65.27	26.61	38.66
Ordinary Tools & Plants	0.42	0.42	—
Special Tools & Plants	4.04	3.34	0.70
EDP Equipment	10.75	9.70	1.05
Gas Turbine Components	1140.88	996.54	144.34
Transport Equipment	10.16	9.08	1.08
Misc Equipment	0.64	0.53	0.11
Furniture-Township	12.22	10.65	1.57
Office Equipments	14.34	8.09	6.25
Other E.D.P machines	5.28	4.75	0.53
Laboratory & Meter Testing Equipment	0.09	0.09	—
Diesel Generating Station	25.55	23.00	2.55
Total	1304.39	1103.54	200.85

The above assets have been held for sale at net book value and no provision has been made in the accounts. The Accumulated depreciation includes ₹ 892.95 lakhs relating to the current financial year. Out of which ₹ 836.11 lakhs has been charged to revenue.

60. Discontinued Survey & Investigation Activities

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

An amount of ₹ **3640.00** lakhs incurred on Kameng -II HEP, Kameng Dam Power House HEP Kapakleyak and Badao,- Arunachal Pradesh, Mawphu I and Lower Kopili till 31.03.2013 has been provided in the accounts of 2012-13.

In case of Dibbin HEP, the Corporation has agreed to jointly develop the Project with KSV Energy Ventures Limited, a public limited company. The expenditure incurred by NEEPCO towards the project shall be mutually agreed upon and shall be reckoned towards NEEPCO's equity contribution to the Company.



- 61.** Interest and finance charge, related to construction projects, amounting to ₹ **26788.61 lakhs** (previous year ₹ 15830.33 lakhs) has been transferred to IEDC (Ref. Note No-38). This also includes foreign exchange difference debited to carrying amount CWIP in respect of Pare Hydro Electric Project amounting to ₹ **5096.63 lakhs** (previous year ₹ **742.58 lakhs**) and foreign exchange difference credited to carrying amount CWIP in respect of Agartala Gas Based Power Plant Extension, Agartala & Tripura Gas Based Power Plant, Monarchak amounting to ₹ **1125.00 lakhs** (previous year nil).
- 62.** The Corporation has spent an amount of ₹ **21206.87 lakhs** (previous year ₹ 20803.98 lakhs) on account of construction of Roads, Bridges and Culvert in respect of project under construction on assets which is not owned by the Corporation. Since these expenditure are essential for setting up the project/asset(s), the same are accounted in line with the existing accounting practice (sl no. b5 of Significant Accounting Policy) which is not in line with the opinion of Expert Advisory Committee of ICAI. The Company is further of the view that capitalization of such expenditure is supported by exposure draft in line with AS 10 & Guidance Note on Rate Regulated Entity issued by ICAI not yet notified. Pending receipt of further opinion from the EAC the accounting treatment as per the existing accounting practice/policy has been continued.

63. Changes in Accounting Policy and its impact on Profit

During the financial year 2013-14, there are some addition / modification /deletion in the accounting policy which is detailed below:

Policy No.	Description	Impact on Profit for the year (₹ In lakhs)
c6	Introduction of Accounting policy on Survey & Investigation Expenditure	Nil
j	Withdrawal of Accounting Policy on Deferred Revenue Expenditure	(-) 117.12
l	Deletion of Accounting Policy on Foreign Exchange Fluctuation (l4)	Nil
m2	Modification of Accounting Policy on Miscellaneous	Nil
n	Modification of Accounting policy on Write off	Nil

- 64. Note No. 20** on Trade Receivable includes pending claim on Assam Power Development Company Limited of ₹ **1746.93 lakhs** & Tripura State Electricity Supply Corporation limited amounting to ₹ **633.91 lakhs** raised during the period 2006-07 based on the order issued by the Learned Appellate Tribunal for Electricity dt. 14.12.2006. The aforesaid bills has not yet settled by the beneficiaries which is under active persuasion and considered as good debt.

65. Financial reporting of Interest in Joint Venture

a) Joint venture entities

Name of the Companies	Proportion of Ownership interest as at	
	31.03.2014	31.03.2013
WAANEPP Solar Private Limited	40%	—



- b) The above Joint Venture Company is incorporated in India. The Company's share of the assets and liabilities as on 31st March' 2014 and Income & Expenditure for the financial year ended 31st March' 2014 in respect of joint venture entity is based on accounts which are given below:

(₹ in lakhs)

SI No.	Particulars	As at 31.03.2014	As at 31.03.2013
A	Assets		
	Long term Assets	360.00	—
	<u>Current Assets</u>	<u>240.52</u>	—
	Total	600.52	—
B	Liabilities		
	Current Liabilities	0.08	—
C	Contingent Liabilities	—	—
D	Capital Commitments	—	—
E	Expenditure in foreign Currency	—	—
SI No.	Particulars	As at 31.03.2014	As at 31.03.2013
F	Income	—	—
G	Expenditure	—	—

66. Impairment Loss

In compliance with the Accounting Standard 28 the company have assessed the earning capacity of all its fixed assets in comparison to their carrying cost and observed no impairment loss. Accordingly no provision has been made.

67. Previous year figures

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

For and on behalf of the Board of Directors

C. Sharma
Company Secretary

A. G. West Kharkongor
Director (Finance)-cum-
Chief Financial Officer
DIN: 03264625

P. C. Pankaj
Chairman & Managing Director
DIN: 03640772

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

S. Nandi
Partner
Membership No.: 059828

Date : 16-07-2014
Place: New Delhi





Annexure - III
To the Directors' Report

Corporate Governance Certificate

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

We have examined the compliance of the conditions of Corporate Governance by **North Eastern Electric Power Corporation Limited** (hereinafter referred as 'the company') for the year ended 31st March, 2014 as stipulated in 'Guidelines on Corporate Governance' for Central Public Sector Enterprises 2010 vide Notification No. 1 No. 18(18)/2005-GM originally issued on 22-06-2007 and revised guidelines vide office memorandum dated 14th May, 2010 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India and annexures mentioned there under (hereinafter referred as 'Guidelines').

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

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

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

For Nundi & Associates
Chartered Accountants

(S. Nandi, Partner)

Membership No. 059828

Place : Kolkata
Date : 12-08-2014



Annexure - IV
To the Directors' Report

Independent Auditors' Report

To,

The Members of North Eastern Electric Power Corporation Limited

Report on the Financial Statement

We have audited the accompanying financial statements of **North Eastern Electric Power Corporation Limited** ('the Company') which comprise the balance sheet as at 31st March, 2014, the statement of Profit & Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred to sub-station (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- a) In terms of regulations No. 39 of tariff regulation issued vide CERC notification No. L-7/145(160)/2008-CERC dated 19-01-2009, the deferred tax liabilities for the period up to 31st March 2009 whenever it materializes is recoverable directly from the beneficiaries. However Corporation has shown an amount of ₹ 52731.10 lacs as deferred tax recoverable as on 31-03-2014. The Corporation has not recognized any income on account of materialization of deferred tax liability though it is permissible as per Clause No. 7 of the CERC Regulation 2004. As the Corporation does not have project wise



data of deferred tax liability and deferred tax recoverable of each project commissioned up to F.Y. 2008-09. In the absence of such information total amount of deferred tax recoverable of ₹ 52731.10 lacs as on 31st March, 2014 could not be assessed by us and consequently its impact on Profit & Loss Account and Reserve and Surplus is unascertainable.

Qualified Opinion

In our opinion and to the best of our information and according to the explanation given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2014.
- ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for the matter described in the Basis for Qualified Opinion paragraph;
 - b. in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except disclosure under Accounting Standard 29; and
 - e. The provision of section 274 (1) (g) of the Companies Act, 1956 does not apply to a Government Company in view of notification No. F. No. 8/5/2001-CL.V dated 21st October, 2003 of Dept. of Company Affairs, Ministry of Finance. Therefore it is not required to report whether a Director is disqualified as on 31st March, 2014 from being appointed as a Director under sec. 274 (1) (g) of the Companies Act, 1956.

For Nundi & Associates
Chartered Accountants
F.R.N. - 309090E



(S. Nandi, Partner)

Membership No. 059828

Place : Camp New Delhi

Date : 16th July, 2014



Annexure to Auditors' Report

[Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of the Auditors' Report on even date to the members of North Eastern Electric Power Corporation Ltd. on the financial statements for the year ended 31st March, 2014.]

- I.
 - a) The Corporation has generally maintained proper records including quantitative details and situation of fixed assets but identification marks, tagging of assets are need to be updated in Fixed Assets. Register and records in respect of Land are also need to be updated.
 - b) The Fixed Assets as explained to us have been physically verified by the management during the year and no serious discrepancies were noticed. In our opinion, the frequency of verification is reasonable. But physical verification reports in few projects are required to be compared with book records.
 - c) Substantial Part of the fixed assets has not been disposed off during the year.
- II.
 - a) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
 - b) According to the information and explanations given to us and in our opinion procedures for physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the Corporation and nature of its business. However corporation needs to strengthen the procedure of recording of physical verification w.r.t. book records and physical counts.
 - c) The Company is maintaining proper records of inventory. The discrepancies notices on physical verification of inventory, wherever material, have been properly dealt with in the books of accounts.
- III.
 - a) The Corporation has not granted any loans secured or unsecured to companies, firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.
 - b) The Corporation has not taken any loans secured or unsecured from companies, firms or other parties listed in the register covered under sec. 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Corporation and the nature of its business for purpose of inventories, fixed assets and sale of energy. The Corporation has no service activity. We have not noticed any continuing failure to correct major weaknesses in internal control.

- V. In our opinion there is no contract or arrangements referred to in sec. 301 of the Act during the year. Therefore clause (V) of the order is not applicable.
- VI. Corporation has not accepted any deposits from the public covered by sec. 58A and 58AA of the Companies Act, 1956. Therefore clause (VI) of the order is not applicable.
- VII. Corporation has in house Internal Audit system commensurate with the size of the Corporation & nature of its business. However there are every rooms for further improvement.
- VIII. The Central Govt. has prescribed under clauses (d) of sub section (1) of section 209 of the Act for the maintenance of cost records. We have broadly reviewed the records and prima-facies are of the opinion that such records have been made and maintained. However, we have not made detailed examination of those records.
- IX. The Corporation is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sale tax, wealth tax, custom duty, excise duty, cess, service tax and any other statutory dues with the appropriate authorities. The Corporation has paid dividend to shareholders on regular basis and there is no need to deposit any amount in investor, education and protection fund. There is no disputed amount in respect of custom duty, wealth tax, excise duty and cess. However, there is a disputed amount of Income Tax and Sales Tax which are mentioned below:

Name of the Statute	Nature of the Dues	Amount (₹ in lacs)	Year to which it pertains	Forum
Income Tax Act, 1961	Income Tax	3.92	2001-02	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	44.23	2011-12	Commissioner of Income Tax (Appeal)
	Total	48.15		
Sales Tax Act of various states	Sales Tax	8.76	1995-96	Guwahati High Court
	Total	8.76		

- X. The Corporation has no accumulated loss and has not incurred cash loss during the year and in the immediately preceding financial year.
- XI. In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in repayment of dues to financial institutions, banks or bondholders.
- XII. The Corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- XIII. In our opinion, the provision of any special statute applicable to chit funds are not applicable to the Corporation. Therefore clause (XIII) of the order is not applicable.
- 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 explanations given to us, the Corporation has not given any guarantee for loans taken by others from banks or financial institutions. Therefore clause (XV) of the order is not applicable.
- XVI. According to the information and explanations given to us, in our opinion, term loans were applied for the purpose for which the loans were obtained during the year.
- XVII. On the basis of overall examination of the Balance Sheet, we have not come across instances where the Corporation has raised funds on short term basis and used for long term investments.
- XVIII. The Corporation has not made any preferential allotment of shares to parties and Companies covered in register maintained under section 301 of the Companies Act, 1956 during the year.
- XIX. According to the information & explanations given to us, the company has created security in respect of Bonds issued by the company.
- XX. The Corporation did not raise money by public issue during the year. Therefore clause (XX) of the order is not applicable.
- XXI. According to the information and explanations given to us no fraud on or by the Corporation has been noticed or reported during the year under audit.

For Nundi & Associates
Chartered Accountants
F.R.N. - 309090E

(S. Nandi, Partner)

Membership No. 059828

Place : Camp New Delhi
Date : 16th July, 2014



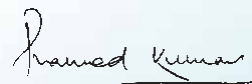
Annexure - V
To the Directors' Report

Comment 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 31st March 2014.

The preparation of financial statements of North Eastern Electric Power Corporation Limited for the year ended 31st March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 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 Standards on Auditing 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 16-07-2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of North Eastern Electric Power Corporation Limited, Shillong for the year ended 31st March, 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

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



(Pramod Kumar)

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

Place : Kolkata
Date : 12-08-2014



Annexure - VI
To the Directors' Report

Particulars as required under the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

1. Energy conservation measures taken:

- Adoption of combined cycle power system for the Open Cycle Gas Based Power Station at AGTP incorporating Heat Recovery Steam Generators.
- Introduction of high voltage distribution system for supply of construction power in the ongoing projects.
- Energy conservation measures at corporate office Shillong.

B. ADDITIONAL INVESTMENT AND PROPOSAL FOR REDUCTION OF ENERGY CONSUMPTION

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

- Activity relating to exports, initiatives taken to increase exports, Development of new export markets for products / services and export plans :- NIL.
- Total foreign exchange used during the year 2013-14

	(₹ in Lakhs)
a) Consultancy	Nil
b) Capital Equipment	Nil
c) Spares	4055.83
d) Interest	1343.03
e) Others (TA/Consultancy)	2926.99

For and on behalf of the Board of Directors

(P. C. Pankaj)

Chairman & Managing Director
DIN No.: 03640772

Date : 17-09-2014

Place : New Delhi



Annexure - VII**Reply to the Statutory Auditors comment raised during the Accounts of 2013-14**

AUDITORS' COMMENT	REPLY OF THE MANAGEMENT
<p>Report on the Financial Statement</p> <p>We have audited the accompanying financial statements of North Eastern Electric Power Corporation Limited ('the Company') which comprise the balance sheet as at 31st March 2014, the statement of profit & Loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.</p>	—
<p>Management's Responsibility for the Financial Statements</p> <p>Management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred to sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of sec 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p>	—
<p>Auditor's Responsibility</p> <p>Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>	—




AUDITORS' COMMENT	REPLY OF THE MANAGEMENT
<p>Basis for Qualified Opinion</p> <p>a. In terms of regulation No.39 of tariff regulation issued vide CERC notification No.L-7/145(160)/2008-CERC dated 19-01-2009, the deferred tax liabilities for the period up to 31st March 2009 whenever it materializes is recoverable directly from the beneficiaries. However Corporation has shown an amount of ₹ 52731.10 lacs as deferred tax recoverable as on 31-03-2014. The Corporation has not recognized any income on account of materialization of deferred tax liability though it is permissible as per clause no 7 of the CERC Regulation 2004. As the Corporation does not have project wise data of deferred tax liability and deferred tax recoverable of each project commissioned up to F.Y. 2008-09. In the absence of such information total amount of deferred tax recoverable of ₹ 52731.10 lakhs as on 31st March 2014 could not be assessed by us and consequently its impact on Profit & loss Account and Reserve and Surplus is unascertainable.</p>	<p>In the FY 2004-05, the Corporation has provided for the first time in its Books the Deferred Tax Liability (DTL) in compliance of the AS-22. The Deferred tax Liability arose because of the difference between the Book Depreciation and the Tax Depreciation.</p> <p>CERC Regulation-2004, allows the power utilities to get the reimbursement of tax from the beneficiaries, the same amount has been shown as Deferred Tax Recoverable (DTR).</p> <p>Further, clause No. 39 of the CERC Regulation 2009 also states that "Provided that the deferred tax liability, excluding Fringe Benefit Tax, for the period up to 31st March, 2009 whenever it materializes, shall be recoverable directly from the beneficiaries and the long-term customers."</p> <p>The Corporation has now prepared the project wise data of deferred tax liability up to F.Y. 2008-09 and accordingly will raise bills on account of materialisation of deferred tax liability during the financial year 2014-15.</p>
<p>Qualified Opinion</p> <p>In our opinion and to the best of our information and according to the explanation given to us, except for the possible effects of the matter described in the basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <p>(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2014,;</p> <p>(ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and</p> <p>(iii) in the case of the cash flow statement, of the cash flows for the ended on that date.</p>	<p>—</p>

AUDITORS' COMMENT	REPLY OF THE MANAGEMENT
Report on Other Legal and Regulatory Requirements	
1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.	—
2 As required by section 227(3) of the Act, we report that: <ul style="list-style-type: none"> 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 except for the matter described in the Basis for Qualified Opinion paragraph; b. in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books; c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account; d. except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except disclosure under Accounting Standard 29; and e. The provision of Sec. 274(1)(g) of the Companies Act 1956 does not apply to a Government Company in view of Notification No F. No. 8/5/2001-CL.V dated 21st October 2003 of Dept. of Company Affairs, Ministry of Finance. Therefore it is not required to report whether a Director is disqualified as on 31st March 2014 from being appointed as a director under section 274 (1) (g) of the Companies Act, 1956. 	—

For and on behalf of the Board of Directors

Date : 17-09-2014
Place : New Delhi


(P. C. Pankaj)
Chairman & Managing Director
DIN No.: 03640772



Particulars of Corporate Social Responsibility – Annexure VIII

CSR Policy

The Corporation operates in entire geographies across the country and CSR initiatives / programmes are implemented at neighborhood of NEEPCO's operating stations, projects under execution and other establishments with due consultation and participation of stakeholders according to their specific needs. The focus of Company's CSR policy remains steadfast on the issue of Community Development, peripheral development and human development particularly in the field of education, health, capacity building, increasing their productivity, income and other general wellbeing. NEEPCO CSR initiatives are committed for improvement in the quality of life of the communities it serves.

CSR Committee

A. Board Level Committee

Shri P. C. Pankaj, Chairman & Managing Director - Chairman
 Shri S. Hazarika, Independent Director - Member
 Shri A. G. West Kharkongor, Director (Finance) - Member
 Shri Utpal Moral, Director (Technical) - Member
 Shri Satyabrata Borgohain, Director (Personnel) - Member

B. Nodal Officer

Shri M.S.Jyrwa, Executive Director (O&M) assisted by Standing Committee on CSR & Sustainability.

Average Net Profit of Last three Financial Years

(₹ In Cr.)

Year	Profit (PBT)
2010-11	317.55
2011-12	264.27
2012-13	295.43
Total	877.25
2% of Average Net Profit	5.84

CSR&S Budget for the FY 2013-14

2.63% of PAT (In terms of DPE Guideline)

CSR&S Expenditure (utilization): ₹ 5.96 Cr. (2.5% of PAT / 2.03% of PBT)

Details of CSR spent during the financial Year:

- Total amount to be spent for the financial year: 6.37 Cr. i.e. 2.63% of PAT (In terms of DPE Guideline)
- Amount unspent if any: ₹ 29.33 Lakhs
- Manner in which the amount spent during the financial year is detailed below:

(Figures in ₹)

Promoting Education	Health Care	Rural Development	Employment/Vocational Training	Art and culture	Conservation of Natural Resources	Flood Relief to Uttarakhand	Consultancy Fee
25,552,964	1,746,087	3,050,918	78,19,448	36,00,000	60,08,011	10,000,000	18,32,956

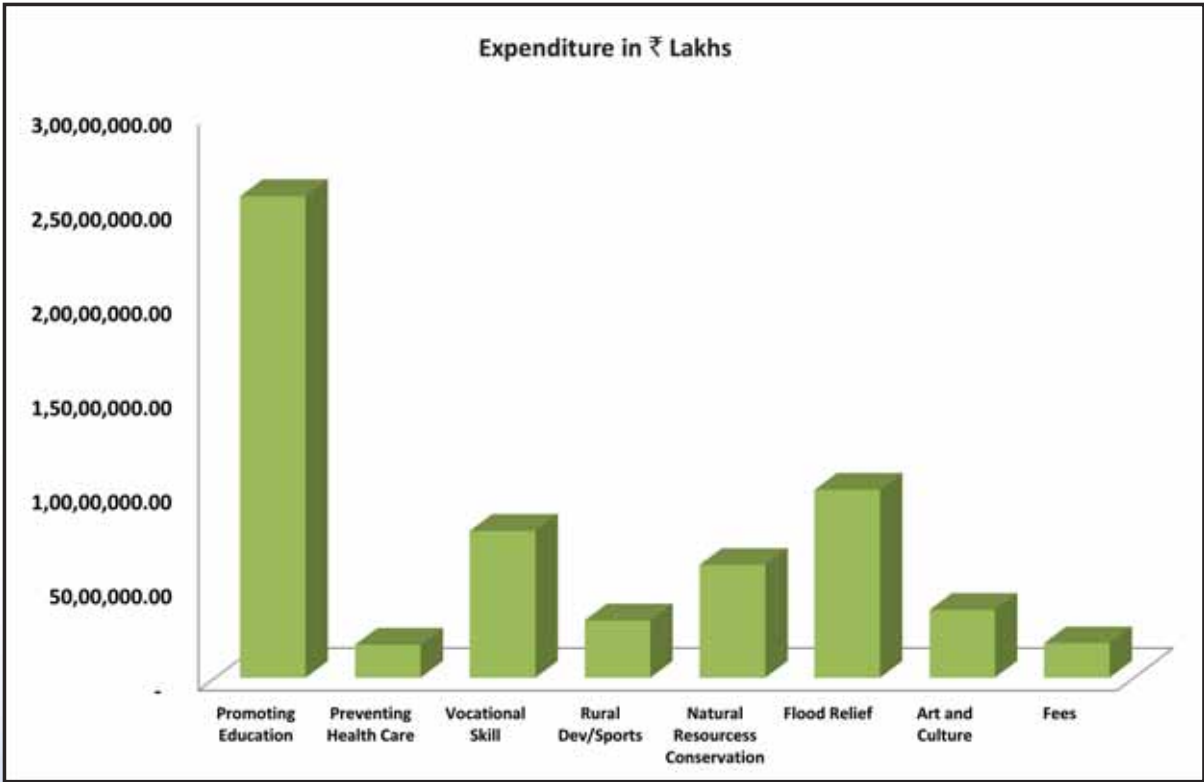
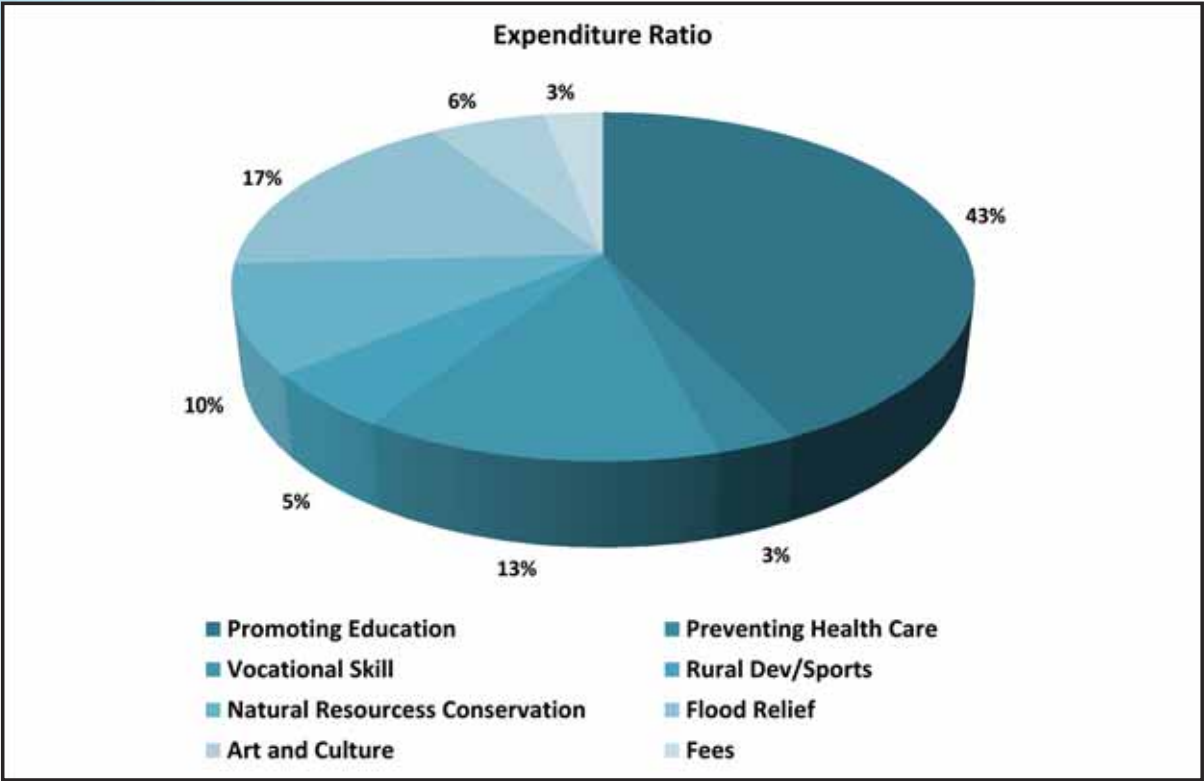
Reasons for not spending the amount:

Budget was earmarked for various provisions under ISO 26000-2010. However, while implementation of the schemes, it was further advised by the experts that the scheme is not feasible for the corporation at present.

Responsibility Statement

It ensured that, implementation and monitoring of CSR&S activity is in compliance with CSR objectives, Policy of the company and other various govt. guidelines.





Tuirial Hydro Electric Project



Main Dam



Power Water Way



Miniratna Category-I

North Eastern Electric Power Corporation Limited

(A Government of India Enterprise)

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

Phone: 0364-2222070, 2222094, Fax: 0364-2226417

e-mail: info@neepco.gov.in, website: www.neepco.gov.in

CIN: U40101ML1976GOI001658



**OFFICE OF THE COMPANY SECRETARY
NORTH EASTERN ELECTRIC POWER CORPORATION LTD
(A Government of India Enterprise)
Lower New Colony, Shillong 793 003**

NO.CS/55(38th AGM)/ 754

Date: 25-08-2014

NOTICE FOR THE 38TH ANNUAL GENERAL MEETING.

To,
All Shareholders

Notice is hereby given that the 38th Annual General Meeting of the Shareholders of North Eastern Electric Power Corporation Ltd. will be held at NHPC Board Room, NHPC Delhi Camp Office, 2, Pragati Bhawan, Jai Singh Road, New Delhi –110 001 on 17th September, 2014 from 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts & Balance Sheet of the Corporation for the year ended 31st March 2014 alongwith reports of the Statutory Auditors & Comments of the Comptroller & Auditor General of India and the Directors' Report for the year 2013-2014.
2. To approve the declaration of Dividend for the year 2013-14.
3. To fix the remuneration of the Statutory Auditors for the year 2014-15.

SPECIAL BUSINESS:

4. To ratify the remuneration of the Cost Auditors for the financial year 2014-15.
5. Mobilization of Rs.2500.00 crore in the form of Redeemable Non-Convertible Taxable Debentures (NEEPCO PSU Bonds XIVth series) for funding the capital expenditure of the Corporation.
6. Creation of Security for borrowings within the borrowing powers of the Board
7. Enhancement of borrowing powers of the Board.

By Order of the Board

**Sd/-
(Chiranjeeb Sharma)
Company Secretary-cum-LA**

NOTE: A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.

ORDINARY BUSINESS

AGENDA NO: 1.

TO RECEIVE, CONSIDER AND ADOPT THE AUDITED ACCOUNTS & BALANCE SHEET OF THE CORPORATION FOR THE YEAR ENDED 31ST MARCH 2014 ALONGWITH REPORTS OF THE STATUTORY AUDITORS & COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA AND THE DIRECTORS' REPORT FOR THE YEAR 2013 – 2014.

BACKGROUND:

The Audited Accounts and the Balance Sheet of the Corporation for the year ended 31.03.2014, reports of the Statutory Auditors and the NIL comments received from the Comptroller and Auditor General of India (C.A.G.) and the Directors' Report for the year 2013-14 are enclosed. Shareholders are requested to adopt the same.

DRAFT RESOLUTION:

“RESOLVED THAT the Audited Accounts and the Balance Sheet of the Corporation for the year ended 31st March 2014 and the Profit & Loss Accounts and Incidental Expenditure during construction for the year ending on that date, Schedules, Annexures, Notes on Accounts, etc. along with the Reports of the Statutory Auditors, NIL comments of the Comptroller & Auditor General of India (C.A.G), and the Reports of the Board of Directors for the year 2013-2014 be and are hereby received, considered and adopted.”

ORDINARY BUSINESS

AGENDA NO: 2

TO APPROVE THE DECLARATION OF DIVIDEND FOR THE YEAR 2013-14.

BACKGROUND :

During the financial year 2013 -14, the Corporation has earned a post tax profit of ₹ 231.52 Crores against the previous year figure of ₹ 242.30 Crores. The Board of Directors have recommended the final dividend of ₹ 69.46 Crores for the year 2013-14 inclusive of interim dividend of ₹ 25 Crore, which works out to 30% of PAT.

The shareholders are requested to approve the dividend of ₹ 69.46 crores for the year 2013–14 inclusive of interim dividend of ₹ 25 crores, as recommended by the Board of Directors.

DRAFT RESOLUTION:

“RESOLVED THAT the approval of the shareholders be and is hereby accorded for declaration of dividend of ₹ 69.46 crores for the year 2013-14, inclusive of interim dividend of ₹ 25 crores, as recommended by the Board of Directors.”

ORDINARY BUSINESS

AGENDA NO: 3

TO FIX THE REMUNERATION OF THE STATUTORY AUDITORS

BACKGROUND :

Comptroller & Auditor General of India in exercise of the power conferred by Section 139 of the Companies Act 2013 has reappointed M/s. NUNDI & ASSOCIATES, Chartered Accountant, 7C, Kiran Shankar Roy Road, Hasting Chamber, 3rd Floor, Kolkata- 700001 as the Statutory Auditors of the Company for the financial year 2013-14

In terms of Section 142 of the Companies Act, 2013, the audit fee and other allowances payable to the Auditors shall be fixed by the Company in a General Meeting. It has been proposed to the Board of Directors to recommend the Audit Fee ₹ 6.00 lacs plus service tax as applicable and out of pocket expenses at actual.

DRAFT RESOLUTION:

“Resolved that the approval of the shareholders be and is hereby accorded for the Audit Fee for the year 2014-2015, fixed at ₹ 6.00 lacs (Rupees six lacs) only, plus service tax as applicable and out of pocket expenses at actual.”

AGENDA NO. 4

EXPLANATORY STATEMENT

TO RATIFY THE REMUNERATION OF THE COST AUDITORS FOR THE FINANCIAL YEAR 2014-15.

BACKGROUND:

In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the cost auditor as recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders.

In view of the above, the shareholders are requested to ratify the remuneration of ₹ 1.00 lacs (Rupees one lakh) only plus service tax as applicable and out of pocket expenses at actual, as payable to M/s. Sanjib Das & Associates, the Cost Auditors of the Company for the financial year 2014-15.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

DRAFT RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), M/s. Sanjib Das & Associates, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2014-15, be paid the remuneration of ₹ 1.00 lacs (Rupees one lakh) only plus service tax as applicable and out of pocket expenses at actual.”

AGENDA NO.:5

EXPLANATORY STATEMENT

MOBILIZATION OF RS.2500.00 CRORE IN THE FORM OF REDEEMABLE NON-CONVERTIBLE TAXABLE DEBENTURES (NEEPCO PSU BONDS XIVTH SERIES) FOR FUNDING THE CAPITAL EXPENDITURE OF THE CORPORATION

BACKGROUND:

PFC has sanctioned a total loan of Rs.2239.68 crore to NEEPCO for the construction of the Kameng HEP. As on 31st July, 2014, a total amount of Rs.1782.79 crore has already been drawn from PFC. The prevailing interest rate of PFC for NEEPCO is 12.50% which is reduced to 12.25% after applying 0.25% rebate for timely interest payments.

As per Clause 2.3 of the Loan Agreement signed with PFC, interest reset will occur at the end of every third year beginning with the date of first disbursement. The first interest reset date was 15th October, 2011 and accordingly the next interest reset date will fall on 15th October, 2014. On the reset date, the interest rate on the entire loan drawn as on that date is reset to the prevailing interest rate notified by PFC. Concurrently, NEEPCO is also allowed to prepay the entire loan outstanding in case it does not accept reset of the interest rate. In view of the high interest rate, it is proposed to swap the PFC loan with low cost borrowings. Although ECB are cheaper, RBI in its circular dated 9th May, 2014 has specifically disallowed refinance/repayment of the rupee loans by an ECB. Thus, the other alternatives left are term loans and bonds. Term loans are priced at a bank's base rate plus a spread and some tenure premium which presently works out to around $\pm 11\%$.

Interest rates in the market for similar Bonds with a rating of AA+, AA or AA- would currently be in the range of the prevailing G-Sec rate plus a margin of around 1.00% to 1.50% (the 10-year G-Sec rate on 2nd September, 2014 was 8.7024%). In comparison, the effective rate of PFC at 12.25% is much higher and for such a large loan as in this case, the interest burden is proving to be too great (more than Rs.200 crore per annum).

NEEPCO had requested PFC to consider reducing its current interest rate or else NEEPCO will have no option but to prepay the loan. PFC has not agreed to NEEPCO's request and has informed that in the event of prepayment NEEPCO will also have to pay a premium @ 2.50 % which works out to Rs.50.08 crore inclusive of Service Tax. It is felt that a coupon rate of 1.00% to 1.50% above 10-year G-Sec rate would still be much cheaper than the present cost of the PFC loan even after paying the prepayment premium. The Corporation will repay a total amount of Rs.1889.74 crore (subject to reconciliation) to PFC on which the total saving on interest cost for the Kameng HEP is estimated at more than Rs.550 crore. In this regard, it is proposed to raise Bonds from the market at lower rate of interest to replace the expensive PFC loan.

Further, the Revised Cost Estimate for the Kameng HEP and Pare HEP are yet to be approved by the Ministry of Power. Pending the approval of the respective RCEs, the MoP is unlikely to release any Budgetary Support for these two projects. The Corporation's internal resources are under extreme strain with the collection of revenue not improving satisfactorily and more than Rs.750 crore already diverted to capital expenditure.

Taking into consideration the circumstances as elaborated above, it is now proposed to raise a total amount of Rs.2500 crore worth of PSU Bonds. This amount will cover the prepayment of the PFC Loan of Rs.1889.74 crore including interest of Rs.56.87 crore and prepayment premium of Rs.50.08 crore up to 14th October, 2014. The balance amount of Rs.610.26 crore will be utilised to fund the Internal & Extra Budgetary Resources (IEBR) of Rs.679.23 crore required as per the budget for 2014-15.

As stated above, in pursuance of the Companies (Prospectus and Allotment of Securities) Rules, 2014 notified on 27th March, 2014, NEEPCO is required to obtain approval of the shareholders passed by a **special resolution** before issuing the Prospectus/Disclosure Document to prospective investors.

In order to obtain the most competitive coupon rate, it is proposed to invite bids through a limited tender issued to the top 20 (twenty) Merchant Banker/Arrangers appearing in the PRIME Database League Table for FY 2013-14 for Private Placements of PSU Bonds.

Further, as per Section 180(1)(a) of the Companies Act, 2013, approval of the shareholders by a **special resolution** is required if the value of the assets to be mortgaged in any financial year exceeds 20% of the Corporation's net worth as per the audited Balance Sheet of the preceding financial year. The net worth as on 31st March, 2014 was Rs.5279.71 crore and 20% of this works out to Rs.1055.94 crore only. Since assets worth not less than Rs.2500 crore are required as security for the proposed Bonds, a special resolution would therefore be required for creation of security for the proposed Bonds.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

DRAFT RESOLUTIONS:

Resolved that mobilisation Rs.2500.00 crore for the various on-going projects of the Corporation in the form of Redeemable Non-Convertible Taxable Debentures - NEEPCO PSU Bonds XIVth Series is hereby approved in terms of Rule No.14 (2)(a) of Chapter 3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Resolved that creation of security by way of mortgage and / or hypothecation of the assets of the Corporation for providing security to the Bondholders of the NEEPCO PSU Bonds XIVth Series Rs.2500.00 crore is hereby approved in terms of Section 180(1)(a) of the Companies Act, 2013.

SPECIAL BUSINESS

AGENDA NO.: 6

EXPLANATORY STATEMENT

CREATION OF SECURITY FOR BORROWINGS WITHIN THE BORROWING POWERS OF THE BOARD

BACKGROUND:

As per section 180 of the Companies Act, 2013, consent of the company by **special resolution** is required for creation of security if the value of assets to be charged is *“twenty per cent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year”*.

The net worth as on 31st March, 2014 was Rs.5279.71 crore and 20% of this works out to Rs.1055.94 crore only. In terms of the proposal to issue Bonds worth Rs.2500 crore during the current FY as well as the proposal to enhance the borrowing powers of the Board, it would be required to obtain approval of the shareholders by **special resolution** for creation of security for all such borrowings within the borrowing powers of the Board.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

DRAFT RESOLUTION:

“Resolved that creation of security by way of mortgage and / or hypothecation of the assets of the Corporation for borrowings within the powers of the Board of Directors is hereby approved in terms of Section 180(1)(a) of the Companies Act, 2013.”

SPECIAL BUSINESS

AGENDA NO.:7

EXPLANATORY STATEMENT

ENHANCEMENT OF BORROWING POWERS OF THE BOARD

BACKGROUND:

As per the newly notified Companies Act, 2013 and subsequent clarification by the Ministry of Company Affairs vide General Circular No.04/2014 dated 25th March, 2014: *"... the resolutions passed under section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) and/or creation of security on assets of the Company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 only for a period of one year from the date of notification of section 180 of the Act."*

Accordingly, the existing resolutions passed under section 293 of the Companies Act, 1956 will serve as sufficient compliance only up to 11th September, 2014. Further, as per section 180 of the Companies Act, 2013, consent of the company by **special resolution** is required *"to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business:"*

The Corporation had gained Miniratna status on 13th April, 2013 whereupon, the Corporation can no longer expect Budgetary Support (Equity or Loan) from the Government of India for the numerous projects it plans to undertake in the coming years. Besides, the Corporation has also entered into a number Joint Ventures which require a significant amount of equity infusion. The following table shows the estimated equity infusion for the next five years:

<i>Rs. in crore</i>						
Sl.	Owned projects	2014-15	2015-16	2016-17	2017-18	2018-19
1	KHEP R & M	10.00				
2	Survey & Investigation	80.87	50.00	50.00	50.00	50.00
3	TGBPP	78.11				
4	Agartala Extn.	55.68				
5	Killing HEP	0.30	5.70	25.50	51.00	76.50
6	Kurung HEP	0.50	7.50	99.00	148.50	148.50
TOTAL		225.46	63.20	174.50	249.50	275.00
987.66						
Sl.	Equity infusion into JV projects	2014-15	2015-16	2016-17	2017-18	2018-19
1	WAANEPP JV	34.00	0.00	0.00	0.00	0.00
2	Rokhia CCE Project (35 MW)	0.00	7.16	14.32	14.32	0.00
3	Baramura CCE Project (25 MW)	0.00	5.03	10.06	10.06	0.00

4	Dibbin HEP (120 MW)	0.00	11.25	7.50	7.50	18.74
5	Odisha UMPP (4000 MW)	0.00	196.56	131.04	131.04	327.60
6	Upper Siang Stage II (3750 MW)	100.00	19.25	533.04	533.04	639.64
TOTAL		134.00	239.25	695.96	695.96	985.98
		2751.16				
GRAND TOTAL EQUITY REQUIREMENT		359.46	302.45	870.46	945.46	1260.98
		3738.82				

Further, the Corporation proposes to prepay the PFC loan presently being drawn for construction of the Kameng H.E.P. PFC has sanctioned a total amount of Rs.2239.68 crore to NEEPCO and the prevailing effective interest rate is 12.25% after a rebate of 0.25% for timely loan payments. The Corporation will repay a total amount of Rs.1889.74 crore (subject to reconciliation) to PFC. The time lag between mobilisation from the proposed Bonds and the date of actual prepayment to PFC will result in a huge amount of borrowings in the books of the Corporation during interim period.

The borrowing powers of the Board as on 31st August, 2014 are computed hereunder:

Particulars as on 31st August, 2014	Amount in Rs. crore
Paid-up Share Capital	3426.12
Free Reserves (provisional up to June, 2014)	1793.24
Borrowing powers as on 31st August, 2014	5219.36
Less: Borrowings outstanding	3382.57
Balance as on 31st August, 2014	1836.79

In view of all the above, it is proposed to obtain a fresh approval by **special resolution** of the shareholders for enhancing the borrowing powers of the Board of Directors to Rs.4000 above the paid-up capital and free reserves of the Corporation.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

DRAFT RESOLUTION:

“Resolved that enhancement of the borrowing powers of the Board of Directors of the Corporation to Rs.4000 crore above the paid-up capital and free reserves of the Corporation is hereby approved in terms of Section 180(1) of the Companies Act, 2013.”