



22nd REPORT AND ACCOUNTS 1997-98

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

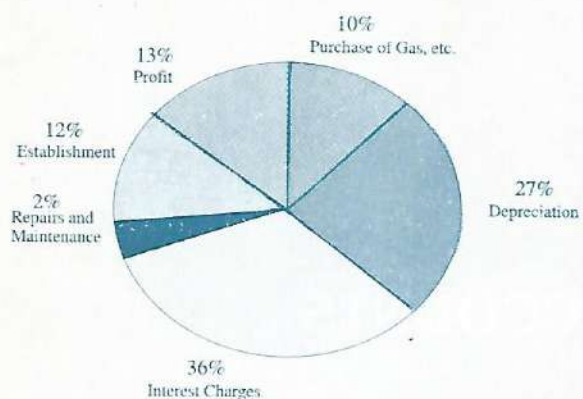
(A Government of India Enterprise)

"Brookland Compound"

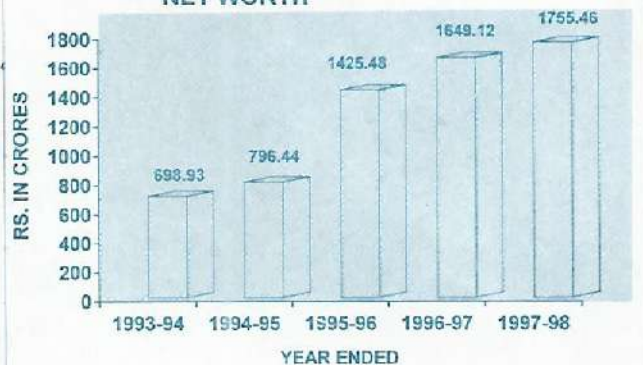
Lower New Colony

Laitumkhrah, Shillong - 793003

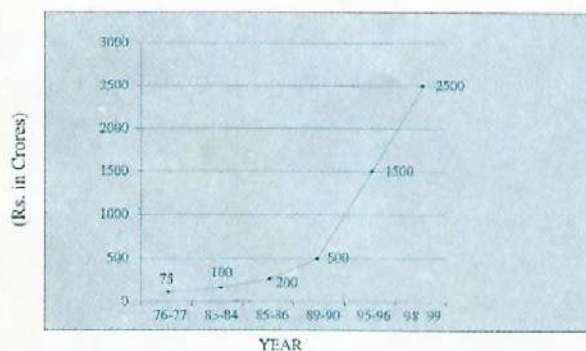
DISTRIBUTION OF REVENUE (1997-98)



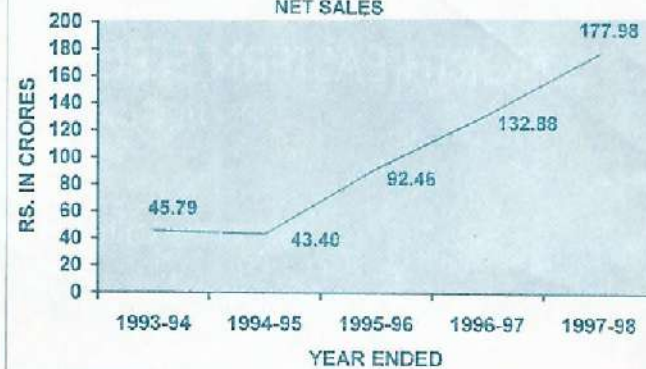
NET WORTH



AUTHORISED SHARE CAPITAL



NET SALES



22 nd
REPORT AND ACCOUNTS
1997-98



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



Chairman & Managing Director

Sri P. K. Kotoky

Directors

Sri P. K. Chatterjee
Sri S. B. Dey
Sri Vijoy Kumar (Upto 26.2.98)
Sri P. S. Agarwal (From 27.2.98)
Sri Pulak Deb (Upto 4.2.98)
Sri Ogam Apum (From 5.2.98)
Sri B. V. P. Rao (Upto 12. 5. 98)
Sri P. K. Choudhury (From 13.5.98)
Sri R. Lodh (From 4.8.97 to 30.6.98)
Sri Shashi Prakash (From 1.7.98)

Sri N. N. Singh
Sri J. Vasudevan
Sri S. R. Shivrain
Smti. L. Toehhong (Upto 27.8.97)
Sri Ajoy Kumar (From 28.8.97 to 4.2.98)
Sri N. D. George (From 5.2.98)
Sri S. K. Srivastava
Pu Liansanga
Sri H. Sema

Company Secretary

Sri D. N. Chakrabarty

Bankers

State Bank of India
Bank of India
United Bank of India
Central Bank of India
Union Bank of India

Canara Bank
Bank of Baroda
Indian Overseas Bank
Punjab National Bank
Vijaya Bank

Statutory Auditors

M/s. S. Ganguli and Associates
Chartered Accountants
Calcutta

Registered Office
"Brookland Compound"
Lower New Colony
Laitumkhrah, Shillong - 793 003

CHAIRMAN'S SPEECH



Gentlemen,

On behalf of the Board of Directors, it gives me immense pleasure in welcoming you all for this 22nd Annual General Meeting of the Company.

Your Company has always believed that there are two factors that act as differentiators between

companies that achieve and those that don't. Vision And People. The Company with better technology and vision gains the edge and the motivated workforce retains that edge. This philosophy has remained the driving force of your Organisation and today within the 22nd year of its existence has earned for itself the distinction of one of the successful Power Sector Utilities in the Public Sector operating in this difficult region of our country.

While power is the sine-qua-non for taking the country to a international economic standard, the experience gained by us had prepared us adequately to meet the challenges of the new beckoning century in the changing environment of economics coupled with the ever increasing demands in the Power Sector and obviously our own internal inbuilt shortcomings.

Through the Looking Glass :

The year that was has truly become a story of achievement of a commendable measure of success in the fulfilment of various assignments and targets set before your Organisation on which my Directors' will read for your consideration and adoption.

This year we had not only made a net profit of Rs. 26.27 Crores (the highest so far, in a year) against that of Rs. 3.38 Crores of the previous year but our net sales has increased to Rs. 177.98 Crores against that of Rs. 132.88 Crores of the previous year. This year also your Company is proposing to pay a dividend of Rs. 2.00 Crores against that of Rs. 1.00 Crore paid last year. There have been further increase in the Authorised Share Capital of your Company by an amount of Rs. 1000 Crores to a total of Rs. 2500 Crores, which is a clear indication of the growth and the confidence of the shareholders on the capabilities of

your Company.

In May and July, 1997, 2 units of 50 MW each of Kopili H.E. Project - 1st Stage Extn. were successfully put to the grid. Subsequently, in April 1998, 3 units and in August 1998, the 4th unit of 21 MW each of Agartala Gas Turbine Project were put to the grid earning commendation from the authorities for these splendid performance in achieving the targets.

Future Mission :

From our perspective, the fundamental trends in shaping the energy environment remain unchanged though there have been revolutionary changes in certain regulations and concepts in this vital industry. We expect that with these changed concepts it will be a success story in the years to come for your Corporation.

In view of our mission of being one of the prime Power Sector Utilities in the North Eastern Region and our underlying efforts to consolidate our activities your Corporation is confident of meeting the emerging challenges implicit in a competitive and challenging environment. To achieve the desired output by the Company, we strongly believe that the people and technology are the primary resources and it will be our constant endeavour to continue with the programme of upgradation of technical skill and expertise, strengthening of the existing system from the identified lacuna along with the innovations in diversifications of the business environment.

I am glad to inform you that your Corporation is entrusted with the execution of quite a number of major hydro electric projects to be taken up during the ninth plan period for which activities for obtaining necessary statutory clearances are in progress.

Before I conclude, on behalf of myself and all of you, I would like to put on record the deep sense of gratitude to all the Government agencies, employees of the Corporation and all other agencies associated with us without whose active support it would not have been possible for the Corporation to maintain its pre-eminence in the field of power generation to the full satisfaction of the esteemed consumers.

Thank you,

Dated, New Delhi
24th September, 1998


P. K. KOTOKY
Chairman & Managing Director



DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting the 22nd Annual Report of the North Eastern Electric Power Corporation Limited, together with the statements of Accounts and Auditors' Report for the year ended 31st March, 1998.

1. FINANCIAL REVIEW :

a) Performance :

NEEPCO earned a net profit including prior-period adjustment, of Rs. 25.90 Crores during 1997-98 against Rs. 9.97 Crores in the previous year, recording an increase of 159.78%.

The sales including other income have increased to Rs. 202.56 Crores during 1997-98 as against Rs. 137.37 Crores in the previous year, recording a growth of 47.46%.

Keeping in view the requirement of building up further strengthen base of Reserve of the Corporation to be able to become more attractive to the Investors in Bonds, the Board has approved a dividend of Rs. 2.00 Crores to the Government for the year 1997-98. The profit of Rs. 25.90 Crores has been appropriated in the accounts as under :-

	(Rs. in Crores)
I. Transfer to General Reserve	17.40
II. Proposed dividend	2.00
III. Dividend tax	0.20
IV. Balance carried over to Balance Sheet	6.30

With the aforesaid transfers the accumulated balance in "Reserves and Surplus" of the Company amounts to Rs. 170.50 Crores which includes Rs. 0.13 Crores of Capital Reserve.

(b) Capital Structure :

The authorised Share Capital of the Company has

since been increased from Rs. 1500 Crores to Rs. 2500 Crores as per approval conveyed by Govt. of India, Ministry of Power vide letter No. 6/4/97 Hydell-II dt. May'22nd. 1998. The increase will be given effect during the financial year 1998-99.

c) Share Capital and Loan :

The total paid-up Capital and Loan was Rs. 1612.13 Crores and Rs. 1402.10 Crores respectively as at 31.3.98. Loan from Govt. of India including capitalisation of interest stood at Rs. 803.27 Crores as at 31.3.98. An amount of Rs. 27.50 Crores was raised as loan from Life Insurance Corporation of India and Rs. 74.50 Crores raised through Bonds during the financial year 1997-98. The debt servicing is regular for L. I. C. loan and bonds. An amount of Rs. 73.79 Crores of Interest and principal on Loan from Govt. of India was liquidated during the year. In 1996-97 the amount was Rs. 36.16 Crores.

d) Capacity addition :

During the year 1997-98, 100MW (50 × 2) of Kopili Hydro Electric-1st. Stage extension and 67 MW (33.5 × 2) of Assam Gas Based Power Project have been put into commercial operation.

e) Generation :

The actual Generation against the target during the financial year 1997-98 are as under :-

Project	Target (MU)	Generation (MU)
I. Kopili Hydro Electric Project & Kopili Hydro Electric-1st. Stage Extension Project.	1112 MU	815.94MU
II. Assam Gas Based Power Project.	600 MU	702.60MU

II. GENERATION :

During the year 1997-98, Kopili and Khandong Power House of Kopili Hydro Electric Project have generated 447.18 MU against the target of 806.00 MU. Generation was less than target mainly for low system demand and also due to shut down of one unit of Kopili P. H. of 50 MW capacity w.e.f. 4.12.96 to 31.12.97, on account of Stator earth fault.

The performance of Kopili H. E. Project - 1st. Stage Extension was however better and against a target of 306.00 MU for the year 1997-98, the actual generation stood at 368.76 MU.

In Assam Gas Based Combined Cycle Power Project, two nos. Gas Turbine generating units with capacity of 33.5 MW each were put into commercial operation during the year 1997-98. The actual generation of the Project was 702.60 MU against a target of 600.00 MU.

The net earnings in terms of sale of power from Kopili H. E. Project was Rs. 458.00 Crores and that of Assam Gas Based Power Project was Rs. 277.00 Crores upto March'1998.

III. PROJECT UNDER OPERATION :**KOPILI HYDRO ELECTRIC PROJECT (150 MW) :**

Both the Power Stations under this project viz. Kopili Power Station and Khandong Power Station have been operational during the year 1997-98. Unit-1 of Kopili Power House which was under shut down w.e.f. 12/96 due to Stator earth fault was rectified and made operational w.e.f. 1.1.98. Actual generation from the project during 1997-98 was 447.18 MU against the target of 806.00 MU.

As reflected in the report of earlier years, realisation of outstanding dues against sale of power to ASEB did not show any sign of improvement. Although an amount of Rs. 68.43 Crores was received during the year 1997-98 including collection of Rs. 55.93 Crores through Central deduction, the outstanding dues (excluding interest) stood at Rs. 147.49 Crores as on 31.3.98. The Corresponding figure for the previous year was Rs. 108.92 Crores. The total outstanding dues upto 31.3.98 to your Corporation against sale of power to the beneficiary states of N. E. Region stood at Rs. 234.94 Crores as against the amount of Rs. 177.38 Crores as on 31.03.1997.

IV. PRESENT POSITION OF ON-GOING PROJECT :**(A) DOYANG HYDRO ELECTRIC PROJECT (3 × 25 MW), NAGALAND :**

All the major works, both civil and electrical / mechanical are going on full swing. Construction of Diversion Tunnel have since been completed and river water diverted through this tunnel in Dec'96. At present construction of gates are in progress and will be completed by August'98, work of Water Conductor System is progressing satisfactorily. As on 31.3.98, 100% Boring of tunnel and fabrication of steel liners and erection to the extent of 86% were completed. Erection of Gates is being expedited to match with the commissioning of U#1 in October'98. Construction of Coffor Dam upto EL 306 M has been geared up and average achievement of Rock-filling in Coffor Dam accelerated to nearly 90000 Cum per month. The Coffor Dam shall form part of the Main Dam. Construction of Power House as well as erection of electrical/mechanical equipments are in advance stage of completion and no bottleneck is anticipated for commissioning of 1st Unit of the project in October'98. Construction of 33 KV/132 KV Switchyard is satisfactory and will be completed as per schedule.

During the year 1997-98, an amount of Rs. 125.66 Crores was received against the project which included Budgetary support of Rs. 64.16 Crores, Bond of Rs.49.50 Crores and LIC loan of Rs. 12.00 Crores. For the year 1998-99, an amount of Rs. 90.00 Crores has been allocated. While the anticipated cost of the project at Feb'97 price level is Rs. 557.87 Crores receipt of fund upto March'98 stands at Rs. 443.85 Crores.

The revised commissioning schedule of the project was as under :-

Unit # I - 10/98

Unit # II - 03/99

Unit # III - 07/99

All the activities required for the commissioning of Unit-I were progressing as per schedule. However, on 17.8.98 due to the incessant rain, there was a heavy landslide blocking the river Doyang. Due to this blockade the Power House was completely flooded inundating the Electrical/ Mechanical Equipment installed and commissioned inside the Control room and Power house building. The water was subsequently pumped out and the equipments dismantled. The manufacturers representatives were called and



assessment of the extent of damage is in process. Most of the sophisticated electrical equipments are required to be replaced. The matter is taken up with the Insurance Company and the respective manufacturers. This incident has delayed the schedule of commissioning which is presently assessed as 12 (twelve) months for all the 3 (three) machines.

**(B) RANGANADI HYDRO ELECTRIC PROJECT
(3 X 135 MW), ARUNACHAL PRADESH :**

The construction of Doimukh-Hoz road required for transportation of heavy consignments has been entrusted to BRTF. All major works of the project have since been awarded and are going on in full swing. The Diversion Tunnel was completed and river water diverted through this Tunnel. Boring of 10.27 Km long Main Tunnel has been completed except a length of 350 Rm in inclined portion. Boring of inclined Tunnel is progressing slow due to encountering of bad geology and excessive seepage of water. Concreting of Main Tunnel completed upto 37%. Fabrication of Steel liner was taken up during the year and 28% job completed. In regard to Diversion Dam, 82% of excavation and 6% of concreting was completed till March'98. Efforts are being taken to expedite the progress of concreting works. Construction of Power House Building was geared up and 65% of concreting laid.

As regards Electrical / Mechanical works, D.T.Liner for all the Units was placed and concreted. Materials for Turbine and Generator received partly in phases. 2 Nos. of EOT Crane was received and erected at service bay. Generator transformers were received at Guwahati which will be transported through Doimukh-Hoz road after completion of the same by BRTF.

During the year 1997-98, an amount of Rs. 111.68 Crores was received which included Budgetary support of Rs. 71.18 Crores, Bond of Rs. 25.00 Crores and LIC Loan of Rs. 15.50 Crores. For the year 1998-99, the allocation is Rs. 150.00 Crores for the project. The revised cost of the project at March'97 price level stands at Rs. 1024.10 Crores. As on March'98, a total of Rs. 699.65 Crores has been received for the projects. Considering the constraints faced in the execution of Main Tunnel, Diversion Dam and transportation of heavy consignments to the project, the likely commissioning schedule of the

project has been revised as follows :-

- U # I - 09/2000
- U # II - 12/2000
- U # III - 03/2001

**(C) ASSAM GAS BASED COMBINE CYCLE
POWER PROJECT (291 MW), ASSAM :**

All the 6 Nos. of Gas Turbine Generating sets, commissioned by July'96, were under operation during the year 1997-98, and actual generation from the project was 703.00 MU with cumulative generation of 1568.44 MU till the end of March'98.

During the year under evaluation activities connected with the operation of Steam Turbine units were geared up. The works on all the Units are in advance stage. Unit-I and II are expected to be put in Commercial Operation on October'1998 and Unit-III in January'1999.

Out of the approved Cost Estimate of Rs. 1347.57 Crores an amount of Rs. 1347.42 Crores has been received till the financial year ending March'98. Since the project is nearing completion, the capital Cost Estimate for Rs. 1468.80 Crores has been submitted.

**(D) KOPILI H. E. PROJECT (1ST STAGE
EXTENSION) (2X50 MW), ASSAM :**

All major works of the project had been completed and the units were synchronised on 5.3.97 and 17.6.97 respectively. Generation from the project was of the order of 367.40 MU till March'98.

During the year 1997-98, an amount of Rs. 35.48 Crores was received. No Budgetary support is proposed for the project during the year 1998-99, as the whole fund has been received against the project till 31.3.98.

**(E) AGARTALA GAS TURBINE PROJECT
(84 MW), AGARTALA :**

All infrastructural and major Civil and Electrical / Mechanical works of the project were almost completed by the end of March'98. Out of 4 Nos. of Gas Turbine Generating sets, the first three units were put to Commercial Operation in April'1998 and the last unit in August'1998.

Out of the approved Cost Estimate of Rs. 294.06 Crores receipt of fund upto March'98 is Rs. 261.98 Crores. For the year 1998-99, allocation is for Rs. 34.52 Crores. For this project the completed cost is under preparation.

(F) TUIRIAL H.E.PROJECT (60 MW), MIZORAM :

This project has been taken up as a Central Sector Scheme under loan assistance from OECF, Japan. The loan agreement to cover 85% of project cost has been signed. PIB clearance of the project was accorded in January'98 at an estimated cost of Rs. 448.19 Crores including IDC. The project work is being geared up after obtaining CCEA clearance. The allocation for the year 1998-99 is Rs. 42.00 Crores.

V. INVESTIGATION SCHEMES :

With a view to have new projects for execution in future, it is proposed to continue/take up the following Survey and Investigations. In 1998-99, a provision of Rs. 2.00 Crores has been kept to continue with the work of following investigation works.

- a) Papumpam H. E. Project (100 MW).
- b) Ranganadi H. E. Project Stage - II (100 MW)
- c) Dikrong H. E. Project (100 MW)
- d) Pakke H. E. Project (25 MW)
- e) Upper Lohit H. E. Project (500 MW)
- f) Dhaleswari H. E. Project (120 MW)

VI. NEW SCHEMES :

The following new schemes are being projected for execution during IXth Plan.

1. Tuivai H. E. Project (210 MW) - Mizoram
2. Kameng H. E. Project (600 MW) - Arunachal Pradesh
4. Kopili H. E. Project - Stage-II (25 MW) - Assam
5. Lower Kopili H. E. Project (150 MW) - Assam.

VII. ORGANISATION :

(A) To have an edge over competitors and to make NEEPCO more efficient Organisation, reorganisation of the Corporation is continued keeping in view of the report on the subject made by the Indian Institute of Management, Lucknow and decision of the Board in its 93rd meeting held on 18.2.97.

The total number of employees as on 31.03.98 was 3060 against 3040 as on 31.03.97. 10 Nos. of SC and 29 Nos. of ST posts have been filled up by recruitment during the year.

(B) TRAINING AND DEVELOPMENT :

Special thrust was given in the area of Human Resources development during the year 1997-98.

Total number of 166 employees have been trained in different fields during the year which includes 103 executives, 13 supervisors and 50 workmen. Out of 103 executives trained during the year, 8 executives attended training programme abroad under various schemes.

NEEPCO has also started Human Resources Development Institute and to begin with, customised training in computer is being imparted to various categories of employees of NEEPCO.

(C) INDUSTRIAL RELATIONS :

The relation between the management and the employees was harmonious throughout the year and no manday was lost on account of Industrial Relations problems. Various issues were discussed with the Unions and Associations across the table and settled amicably.

Promotion Policy & Rules, T.A. Rules, Annual Performance Appraisal Report system have been revised in order to remove restrictive and demotivating practices and to improve contributions and productivity of the employees.

The recommendations of 5th. Pay Commission have since been implemented for the employees who are following CDA pattern of pay scales in terms of Govt. of India, Ministry of Finance, Deptt. of Expenditure notification dated 30.09.97.

(D) WELFARE ACTIVITIES :

Welfare/sports activities have been undertaken/participated by the Corporation during the year under report.

(i) NEEPCO Women Welfare Association members were nominated by the Management to participate in the 8th. National Meet of the WIPS organised by the Forum of Women in Public Sector, SCOPE held at Mumbai from 12th. to 13th February'1998.

(ii) NEEPCO Cultural Team participated in the 1st. PSU Cultural Meet on 29th. March'1998 organised by the Power Finance Corporation at New Delhi.

(iii) SCHOOLS :

(a) Kendriya Vidyalaya, KHEP, NEEPCO Ltd., has been upgraded to plus 2 stage (10+2).

(b) Vivekananda Kendra has taken over from K.V.S., RHEP and has started School upto Class X at RHEP, Yazali.

(c) Vivekananda Kendra has started School upto class II at AGBPP site, Tinsukia for educational session 98-99 which will eventually be upgraded by starting one higher class each year upto Class IV.

(d) Maharishi Vidyamandir has started a KG School at



AGTP site, Agartala for educational session 98-99.

(e) NEEPCO has agreed to participate with IOC, Digboi in Delhi Public School, Digboi where 20% of seats in each in each class will be reserved for children of NEEPCO employees.

(D) SPORTS ACTIVITIES :

(a) NEEPCO Cricket Team participated in the 5th. Power Sector Inter PSU Cricket Tournament hosted by BBMB at Nangal, Punjab from 14th. to 21st. November 1997. The team become runners up in the tournament.

(b) NEEPCO Table Tennis Team participated in the 3rd. Power Sector Inter PSU T.T. Tournament, New Delhi organised by Powergrid from 6th. to 9th. January '98 and bagged runners up in individual event.

(c) NEEPCO Athletic Team participated in the First Power Sector PSU Athletic Meet organised by National Hydro Power Corporation Ltd., at New Delhi during 14th to 15th March '98. Silver Medal was bagged in 400 mtrs. and Bronze Medal in 100 mtrs. and 200 mtrs. race.

(d) NEEPCO participated in the Exhibition Cricket Match organised by Garampani Sports and Cultural Club played between Haflong District-XI and Umrongso-XI from 25th to 26th January '98 at Umrongso and NEEPCO was declared winner.

(F) USE OF RAJBHASHA, HINDI :

The Corporation has been implementing the Official Language Policy of the Govt. of India at its Corporate Office as well as Projects and subordinate offices. Efforts were made to issue the bilingual documents as referred to in Section 3 (3) of the Official Language Act. Annual Report and Project Reports were prepared in Hindi and English. NEEPCO T.A. Rules and NEEPCO Medical Attendance Rules have been translated into Hindi. Incentive Scheme as per the Govt. of India's directives have been implemented. Officers and Employees were sent for Hindi training under the Hindi Teaching Scheme, Shillong. Employees of the Project sites were nominated to undergo Hindi training through correspondence courses.

Rajbhasha Hindi-Fortnight was observed during the year. Hindi Day/Hindi-week was also celebrated in all the Projects as well as subordinate offices and on the occasion various competitions were arranged and prizes were given to the winning participants. Rajbhasha Hindi workshops were also conducted during the year. At Corporate Office, employees are made acquainted with one Hindi word every working day under the programme of "TODAY'S WORD".

During the year, Inspection of Projects/subordinate offices was carried out to see the progress of proper implementation of Official Language Rules and Policy of the Government and required actions were taken to improve use of Hindi as Official Language.

NEEPCO has sponsored 10th. Akhil Bharitya Rajbhasha Sammelan organised by the Rastriya Hindi Academy, Rupambara at Shillong w.e.f. 02.10.97 to 04.10.97. NEEPCO was awarded "RAJBHASHA Shield" for its achievement in the implementation of Rajbhasha, Hindi in the Corporation. NEEPCO was also awarded the Second prize in the 'Rajbhasha Pradarshani' organised during the Sammelan. NEEPCO was also awarded third prize (Rajbhasha cup) organised by the Ministry of Power, Govt. of India during the year for achievement in the implementation of Rajbhasha, Hindi in the Corporation.

VIII. AUDITORS' REPORT :

M/s. S. Ganguly and Associates, Chartered Accountants, Calcutta was appointed as Statutory Auditors for the year 1997-98. The Report of the Statutory Auditors and Comments of the Comptroller and Auditor General of India thereon are enclosed at annexure-I & II.

The review of the Comptroller and Auditor General of India on the Accounts of North Eastern Electric Power Corporation Ltd., under Section 619 (4) of the Companies Act are furnished at Annexure - III.

IX. PARTICULARS OF EMPLOYEES :

Information as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 1994 vide Notification G. S. R. 752 (B) dt. 17.10.1994 is enclosed at Annexure-IV.

X. VIGILANCE ACTIVITIES :

As per directive of the Central Vigilance Commission, action plan on anti-corruption and vigilance measures have been taken. Complaints received are regularly monitored and where prima facie evidence were found, investigations have been carried out. Also, emphasis is given on the aspect of preventive vigilance.

XI. DIRECTORS :

S/Shri B.V.P. Rao, R. Lodh, Ajoy Kumar, Vijoy Kumar, Pulak Deb and Mrs. L. Tochhong have since ceased to be the Directors of the Corporation. The Board of Directors placed on record the deep appreciation for the valuable services rendered by all the Directors.

S/Shri P. S. Agrawal, N. D. George, P. K. Choudhury, Sashi Prakash and Ogam Apum were appointed as Part-time Directors of this Corporation.

XII. CONSERVATION OF ENERGY :

Particulars required under Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report regarding Conservation of Energy / Technology absorption and foreign exchange earnings and outgo during the financial year 1997-98 is enclosed at Annexure - V.

XIII. ACKNOWLEDGEMENT :

The Directors are grateful to the various Ministries of the Govt. of India, particularly the Ministry of Power, Ministry of Home Affairs, Ministry of Environment and Forest, Department of Public Enterprises, Department of Economic Affairs, North Eastern Council, Central Electricity Authority, Central Water Commission, Central Soil and Material Research Station, Geological Survey of India,

Survey of India and the North Eastern Regional Electricity Board for their continued co-operation and assistance.

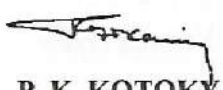
The Directors expressed their sincere gratitude to the Governments of Assam, Meghalaya, Manipur, Mizoram, Nagaland, Tripura, Arunachal Pradesh for the co-operation and help extended by them.

Thanks are also due to the Bankers, the Statutory Auditors, the commercial Audit Wing of the Comptroller and Auditor General of India and the Registrar of Companies.

Last but not the least, the Directors wish to place on record their high appreciation for the dedicated efforts made by all sections of employees of the Corporation to achieve the goals set for the Corporation.

For and on behalf of the Board of Directors

Dated, New Delhi,
24th September, 1998


P. K. KOTOKY
Chairman & Managing Director



BALANCE SHEET AS AT 31ST MARCH, 1998

(Rs. in Thousands)

PARTICULARS	Schedule No.	As at 31st March, 1998	As at 31st March, 1997
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Capital	1	1612,13,20	1528,35,23
Reserves and Surplus	2	<u>170,50,33</u>	<u>130,64,01</u>
		1782,63,53	1658,99,24
LOAN FUNDS			
Secured Loans	3	590,86,10	487,99,04
Unsecured Loans		<u>811,24,24</u>	<u>633,28,55</u>
		1402,10,34	1121,27,59
TOTAL		<u>3184,73,87</u>	<u>2780,26,83</u>
APPLICATION OF FUNDS			
FIXED CAPITAL EXPENDITURE			
FIXED ASSETS			
4			
Gross Block		1244,88,43	922,40,49
Less Depreciation to date		<u>188,61,21</u>	<u>128,80,42</u>
Net Block		1056,27,22	793,60,07
Advance towards Land		9,24,07	8,73,60
Capital Work-in-progress	5	1550,45,79	1479,52,13
Construction stores and advances	6	<u>288,35,00</u>	<u>334,78,92</u>
		2904,32,08	2616,64,72
<i>Carried over</i>		2904,32,08	2616,64,72

BALANCE SHEET AS AT 31ST MARCH, 1998

(Rs. in Thousands)

PARTICULARS	Schedule No.	As at 31st March, 1998	As at 31st March, 1997
<i>Brought forward</i>		2904,32,08	2616,64,72
CURRENT ASSETS, LOANS AND ADVANCES	7		
Inventories	29,13,99		3,63,96
Sundry Debtors	234,93,56		177,38,33
Cash & bank balances	135,08,76		73,26,10
Loans and advances	17,99,32		11,51,43
		417,15,63	265,79,82
Less :			
CURRENT LIABILITIES AND PROVISIONS	8		
Liabilities	137,31,00		104,41,13
Provisions	8,47,59		5,65,15
		145,78,59	110,06,28
NET CURRENT ASSETS		271,37,04	155,73,54
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	9	9,04,75	7,88,57
TOTAL		3184,73,87	2780,26,83

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

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(Finance)

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Chairman &
Managing
Director

For & on behalf of
S. GANGULI & ASSOCIATES
Chartered Accountants
D. P. SAHA
Partner
13th August, 1998



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

(Rs. in Thousands)

PARTICULARS	Schedule No.	For the year ended 31st March, 1998	For the year ended 31st March, 1997
INCOME			
SALES			
Energy		184,48,53	138,69,36
Less Free Supply of Energy		6,50,99	5,81,64
Net Sales		<u>177,97,54</u>	<u>132,87,72</u>
Other Income	10	24,58,28	4,49,43
TOTAL INCOME		<u>202,55,82</u>	<u>137,37,15</u>
EXPENDITURE			
Purchase of Gas		19,45,62	15,97,34
Lubricants, Oil etc		33,70	25,79
Transportation Charges of Gas		89,50	63,90
Electricity Duty		4,33	3,63
Employees Remuneration and benefits		9,19,41	8,45,99
Generation & Administration expenses	11	18,60,69	13,15,06
Depreciation		54,30,28	53,89,49
Interest & Finance charges			
Interest on :			
i) Loans from Government of India		60,91,10	31,54,98
ii) Loans from Life Insurance Corporation of India		2,77,33	3,49,63
iii) Bonds		9,75,44	6,52,52
iv) Finance Charges : On Bonds		<u>1,74</u>	<u>1,13</u>
		73,45,61	41,58,26
<i>Carried over</i>		176,29,14	133,99,46

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

(Rs. in Thousands)

PARTICULARS	Schedule No.	For the year ended 31st March, 1998	For the year ended 31st March, 1997
<i>Brought forward</i>		176,29,14	133,99,46
Deferred revenue expenditure written off		3	4
TOTAL EXPENDITURE		176,29,17	133,99,50
Profit for the year		26,26,65	3,37,65
Prior Period Adjustment (Net)	12	(36,53)	6,59,79
Profit before Tax		25,90,12	9,97,44
Provision for Taxation		-	-
Profit after Tax		25,90,12	9,97,44
Balance of Profit from last year		10,72	8,44
Transferred to General Reserve		17,40,00	8,80,00
Transferred to Capital Reserve		-	5,16
Proposed Dividend		2,00,00	1,00,00
Dividend Tax		20,00	10,00
Balance carried over to Balance Sheet		6,40,84	10,72

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13th August, 1998

9-97
1762.14



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

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No.

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

Balance Sheet Date

3	1
---	---

0	3
---	---

9	8
---	---

Date Month Year

State Code

1	3
---	---

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

	3	3	3	0	5	2	4	6
--	---	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

	1	6	1	2	1	3	2	0
--	---	---	---	---	---	---	---	---

Secured Loans

5	9	0	8	6	1	0
---	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

2	9	0	4	3	2	0	8
---	---	---	---	---	---	---	---

Net Current Assets

2	7	1	3	7	0	4
---	---	---	---	---	---	---

Accumulated Losses

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

Total Assets

	3	3	3	0	5	2	4	6
--	---	---	---	---	---	---	---	---

Reserves and Surplus

1	7	0	5	0	3	3
---	---	---	---	---	---	---

Unsecured Loans

8	1	1	2	4	2	4
---	---	---	---	---	---	---

Investments

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

Misc. Expenditure

9	0	4	7	5
---	---	---	---	---

IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover (including other income)

2	0	2	5	5	8	2
---	---	---	---	---	---	---

+ - Profit / (Loss) Before Tax

✓				2	5	9	0	1	2
---	--	--	--	---	---	---	---	---	---

(Please tick appropriate box + for profit, - for loss)
Earnings Per Share (Rs.)

3	0	.	8	2
---	---	---	---	---

Total Expenditure

1	7	6	2	9	1	7
---	---	---	---	---	---	---

+ - Profit / (Loss) After Tax

✓				2	5	9	0	1	2
---	--	--	--	---	---	---	---	---	---

Dividend Rate (%)

0	.	2	3	8
---	---	---	---	---

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

Item Code No. (ITC Code)

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

Item Code No. (ITC Code)

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

Item Code No. (ITC Code)

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

Product Description

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

Product Description

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

Product Description

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

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13th August, 1998



INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR ENDED 31ST MARCH, 1998

(Rs. in Thousands)

PARTICULARS	Annexure No.	Schedule No.	For the year ended 31st March, 1998	For the year ended 31st March, 1997
A. GENERAL ADMINISTRATION EXPENSES				
Salaries, wages, allowances & benefits			9,85,92	9,69,20
Travelling expenses			99,43	68,04
Rent			32,19	23,86
Rates & taxes			7,65	3,08
General expenses	1		4,99,08	3,59,81
Repairs & maintenance			25,55	21,52
Audit fees & expenses	2		1,41	1,04
Legal expenses			2,55	1,88
Insurance charges			5,06	3,07
Contribution to Provident fund & other welfare expenses			67,75	84,66
Entertainment expenses			1,64	1,31
Advertisement expenses			3,24	12,62
Publicity expenses			14,31	6,47
Board's meeting expenses			1,84	88
Filing fees			3	1
Depreciation			77,58	72,71
Wealth Tax			1	-
Prior Period Adjustment (Net)		13	-	(1,38,29)
			<u>18,25,24</u>	<u>14,91,87</u>
Less: Non operating receipts :				
i) Interest on Investment		6,55,39		2,55,85
ii) Others		<u>1,28</u>		<u>42</u>
			<u>6,56,67</u>	<u>2,56,27</u>
Net expenditure			<u>11,68,57</u>	<u>12,35,60</u>
Less: Expenditure charged to:				
a) Profit & Loss Account			5,08,56	4,05,07
b) Generation expenses (Construction)			6,60,01	8,30,53

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INCIDENTAL EXPENDITURE DURING CONSTRUCTION FOR THE YEAR ENDED 31ST MARCH, 1998

(Rs. in Thousands)

PARTICULARS	Annexure No.	Schedule No.	For the year ended 31st March, 1998	For the year ended 31st March, 1997
B. GENERATION EXPENSES (CONSTRUCTION)				
Salaries, wages, allowances & benefits			11,34,73	14,17,13
Travelling expenses			67,68	43,88
Rents			2,85	4,26
Rates & taxes			37	1,35
General expenses	1		10,40,66	15,67,97
Repairs & Maintenance			3,18,28	2,42,11
Depreciation			4,00,38	4,41,41
Legal expenses			6	1
Insurance charges			1,83,18	2,12,92
Prior Period Adjustment		14	2,63,43	(1,05,69)
Tender expenses			11,21	17,04
Pre-operation income			3,29,89	-
Less : Expenses			<u>2,78,06</u>	-
Net income			(51,83)	-
INTEREST & FINANCE CHARGES :				
a) Interest on :				
i) Loans from Govt. of India			48,69,91	46,25,04
ii) Loans from Govt. of India (O.E.C.F.)			24	1,03
iii) Loans from Life Insurance Corp. of India			14,12,32	11,83,35
iv) Bonds			27,19,07	23,80,39
v) Loans from Deutsche Bank			<u>3,91,11</u>	3,71,78
			93,92,65	85,61,59
OTHER FINANCE CHARGES :				
a) Management Fees			3,57	-
b) Guarantee Fees			1,65,38	1,35,44
c) Commitment Fees			9,02	11,10
d) Loan Expenses			<u>64,70</u>	<u>17,56</u>
			2,42,67	1,64,10
Wealth Tax			27	29
Entertainment expenses			5,91	1,23
Brokerage, commission on SLR Bonds			22,00	27,16
Contribution to Provident Fund etc.			98,72	1,21,62
Share of General Administration Expenses			<u>6,60,01</u>	<u>8,30,53</u>
			137,93,23	135,48,91
Less : Non-operating receipts :				
i) Interest on advances from Suppliers / Contractors			2,43,02	97,76
ii) Others			<u>2,19</u>	<u>3,05</u>
			2,45,21	1,00,81
Net Expenditure			<u>135,48,02</u>	<u>134,48,10</u>
Less Expenditure transferred to Capital Work-in-progress			135,48,02	134,48,10

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**CAPITAL
SCHEDULE - 1**

(Rs. in Thousands)

	As at 31st March, 1998	As at 31st March, 1997
AUTHORISED CAPITAL		
1,50,00,000 (Previous year 1,50,00,000) Equity Shares of Rs. 1,000/- each	<u>1500,00,00</u>	<u>1500,00,00</u>
ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL		
84,03,038 (Previous year 81,67,041)Equity Shares of Rs. 1,000/- each	840,30,38	816,70,41
Amount received towards Share Capital pending allotment including capitalisation of interest	771,82,82	711,64,82
TOTAL	1612,13,20	1528,35,23

**RESERVE & SURPLUS
SCHEDULE - 2**

(Rs. in Thousands)

	As at 31st March, 1997	Additions	Adjustments	As at 31st March, 1998
Capital Reserve	13,22	-	-	13,22
General Reserve	122,11,00	17,40,00	-	139,51,00
Grant-in-Aid	8,25,27	16,20,00	-	24,45,27
Pre-incorporation Adjustment A/C	3,80	-	(3,80)	-
Surplus as per Profit & Loss A/C	10,72	6,30,12	-	6,40,84
TOTAL	130,64,01	39,90,12	(3,80)	170,50,33



LOAN FUNDS

SCHEDULE - 3

(Rs. in Thousands)

	As at 31st March, 1998	As at 31st March, 1997
A. SECURED LOANS		
I. BONDS : MARKET BORROWING PROGRAMME : (Guaranteed by the Govt. of India)		
FIRST SERIES		
12.5% (Taxable) Non cumulative, redeemable at par on 19th December, 2004	50,00,00	50,00,00
SECOND SERIES		
14% (Taxable) Non cumulative redeemable at par on		
- 1st November, 2005	18,25,60	18,25,60
- 17th January, 2006	20,01,10	20,01,10
- 12th March, 2006	<u>11,73,30</u>	<u>11,73,30</u>
	50,00,00	50,00,00
THIRD SERIES		
13.85% (Taxable) (1st Tranche) Non Cumulative, redeemable at par on 19th August, 2006	23,32,40	23,32,40
13.75% (Taxable) (2nd Tranche) Non Cumulative, redeemable at par on 20th January, 2007	<u>26,67,60</u>	<u>26,67,60</u>
	50,00,00	50,00,00
FOURTH SERIES :		
12.3% (Taxable) Non Cumulative, redeemable at par on 10th November, 2007	50,00,00	-
PRIVATE PLACEMENT		
FIRST ISSUE :		
15% (Taxable) Non Cumulative Secured Non-Convertible Bonds of Rs 1000 each redeemable at par on 31st March, 2001 with a put & call option after 31st March, 1997 to the extent of 50% of the bond issued.	23,00,00	23,00,00
10.5% (Tax Free) Non Cumulative Secured Non-Convertible Bonds of Rs 1000 each redeemable at par on 31st March, 2001 with a put & call option after 31st March, 1997 to the extent of 50% of the bond issued.	<u>20,50,00</u>	<u>20,50,00</u>
(Both Bonds are secured by equitable mortgage by deposit of Title Deeds of fixed assets of Kathalguri Gas Based Power Project, Assam ranking pari-passu)	43,50,00	43,50,00
<i>Carried Over</i>	243,50,00	193,50,00

LOAN FUNDS
SCHEDULE - 3

(Rs. in Thousands)

	As at 31st March, 1998	As at 31st March, 1997
<i>Brought forward</i>	243,50,00	193,50,00
SECOND ISSUE :		
13.5% (Taxable) Non cumulative secured Non Convertible Bonds of Rs 1000 each redeemable at par on 31st December, 2001	9,80,00	9,80,00
10.5% (Tax free) Non cumulative secured , Non Convertible Bonds of Rs 1000 each redeemable at par on 31st December, 2001	<u>69,00,00</u>	<u>69,00,00</u>
(Both these Bonds are secured by equitable mortgage by deposit of Title Deeds of fixed assets of Kathalguri Gas Based Power Project, Assam ranking pari-passu)	78,80,00	78,80,00
THIRD ISSUE :		
10.5% (Tax free) Non cumulative secured Non Convertible Bonds of Rs 1000 each redeemable at par on 19th November, 2002 (Secured by negative lien on fixed assets of the Doyang Hydro Electric Project, Nagaland ranking pari-passu)	2,50,00	2,50,00
FOURTH ISSUE :		
9.25% (Tax free) (1st Tranche) Non cumulative secured Non Convertible Bonds of Rs 100000 each redeemable at par on 5th February, 2005 with a put & call option after 5th February, 2001. (To be secured on execution of Trust Deed. Security in the form of negative lien on the fixed assets of Doyang Hydro Electric Power Project, Nagaland ranking pari-passu)	4,00,00	-
10.5% (Tax Free) (2nd Tranche) Non cumulative Secured Non Convertible bonds of Rs. 100000 each redeemable at par on 27th March, 2005 & 30th March, 2005 with a put & call option 27th March, 2001 & 30th March, 2001 (To be secured on execution of Trust Deed. Security in the form of negative lien on the fixed assets of Doyang Hydro Electric Power Project, Nagaland ranking pari-passu)	<u>20,50,00</u>	<u>24,50,00</u>
	<u>349,30,00</u>	<u>274,80,00</u>
II Loan from Deutsche Bank (Guaranteed by Govt. of India)	102,51,10	88,86,37
III Loans from Life Insurance Corporation of India (secured through mortgage against related fixed assets)	139,05,00	124,32,67
TOTAL Secured Loans (A)	<u>590,86,10</u>	<u>487,99,04</u>
B. UNSECURED LOANS		
Loans from Government of India including capitalisation of interest	803,26,67	625,56,47
Interest accrued and due thereon	<u>7,97,57</u>	<u>7,72,08</u>
TOTAL Unsecured Loans (B)	<u>811,24,24</u>	<u>633,28,55</u>
GRAND TOTAL (A+B)	<u>1402,10,34</u>	<u>1121,27,59</u>



FIXED ASSETS
SCHEDULE- 4

	GROSS BLOCK			
	As at 1st April, 1997	Additions during the year	Sales/ Adjustments during the year	As at 31st March, 1998
A) ASSETS :				
I. HYDRAULIC POWER PLANT :				
Building and Civil engineering works containing generation plant & equipment, main plant	52,15,05	29,60,23	-	81,75,28
Hydraulic works including Dams, Dykes, Reservoirs & Tunnels	146,62,84	22,85,44	-	169,48,28
Plant & Machinery in Generating Stations	40,24,60	66,14,61	-	106,39,21
Transformer having a rating of 100 K.V. ampere and above	5,10,07	7,02,49	-	12,12,56
Sub-station equipment and other fixed apparatus	2,85,62	1,48,98	-	4,34,60
Switchgear including cable connections	16,22,28	3,72,39	1,87,66	21,82,33
Transmission Lines	1,60,07	-	-	1,60,07
II. GAS PLANT :				
Gas Turbine	441,58,13	124,73,27	2,14,62	568,46,02
Gas Booster Station	94,36,52	47,24,58	(8,55)	141,52,55
Gas Pipeline	-	-	31,60	31,60
	800,75,18	302,81,99	4,25,33	1107,82,50

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

(Rs. in Thousands)

DEPRECIATION			NET BLOCK	
As at 1st April, 1997	Depreciation for the year including adjustment	Upto 31st March, 1998	As at 31st March, 1998	As at 31st, March, 1997
10,33,74	2,71,91	13,05,65	68,69,63	41,81,31
20,77,17	3,01,69	23,78,86	145,69,42	125,85,67
11,34,63	1,36,84	12,71,47	93,67,74	28,89,97
2,25,33	39,99	2,65,32	9,47,24	2,84,74
1,30,87	22,39	1,53,26	2,81,34	1,54,75
2,31,31	1,56,61	3,87,92	17,94,41	13,90,97
93,61	12,55	1,06,16	53,91	66,46
36,45,44	36,74,00	73,19,44	495,26,58	405,12,69
7,79,30	7,76,16	15,55,46	125,97,09	86,57,22
-	5,20	5,20	26,40	-
93,51,40	53,97,34	147,48,74	960,33,76	707,23,78



FIXED ASSETS **SCHEDULE - 4**

	GROSS BLOCK			
	As at 1st April, 1997	Additions during the year	Sales/ Adjustments during the year	As at 31st March, 1998
GENERAL ASSETS				
Buildings	3,77,71	-	-	3,77,71
Furniture & Fixtures	23,56	-	2,52	26,08
Roads, Bridges, Culverts & Helipad	3,42,00	-	-	3,42,00
Vehicles	99,80	-	4,77	1,04,57
Railway Siding	10,65	-	-	10,65
Electrical Installation	79,07	-	-	79,07
Temporary Buildings/ Erections	1,39,36	-	1,09	1,40,45
Hospital Equipment	2,69	-	-	2,69
Tools & Plants	2,86,74	12,15	1,58	3,00,47
Office Equipment	19,45	3,53	82	23,80
Other Equipment	46,79	34	-	47,13
Water supply, sewerage & drainage	41,32	-	-	41,32
Plant & Machinery in Generating Station (Diesel Power House)	7,65	-	-	7,65
Communication Equipment	1,72	-	-	1,72
Lightning Arrestor (Pole Type Magazine Building)	41	-	-	41
Telephone Line	39,14	13	-	39,27
Plantation	11,69	18	-	11,87
Land & Land Rights	40	-	-	40
	15,30,15	16,33	10,78	15,57,26
TOTAL -A	816,05,33	302,98,32	4,36,11	1123,39,76

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

(Rs in Thousands)

DEPRECIATION			NET BLOCK	
As at 1st April, 1997	Depreciation for the year including adjustment	Upto 31st March, 1998	As at 31st March, 1998	As at 31st, March, 1997
1,35,25	11,41	1,46,66	2,31,05	2,42,46
17,10	1,59	18,69	7,39	6,46
77,10	10,33	87,43	2,54,57	2,64,90
89,82	4,29	94,11	10,46	9,98
3,68	32	4,00	6,65	6,97
60,90	2,70	63,60	15,47	18,17
1,25,42	98	1,26,40	14,05	13,94
2,21	4	2,25	44	48
1,94,34	13,37	2,07,71	92,76	92,40
11,49	1,46	12,95	10,85	7,96
39,16	65	39,81	7,32	7,63
13,27	1,25	14,52	26,80	28,05
6,89	-	6,89	76	76
1,46	9	1,55	17	26
37	-	37	4	4
31,21	2,27	33,48	5,79	7,93
-	-	-	11,87	11,69
-	-	-	40	40
8,09,67	50,75	8,60,42	6,96,84	7,20,48
101,61,07	54,48,09	156,09,16	967,30,60	714,44,26



FIXED ASSETS **SCHEDULE 4**

	GROSS BLOCK			
	As at 1st April, 1997	Additions during the year	Sales/ Adjustments during the year	As at 31st March, 1998
B) ASSETS (CONSTRUCTION & OTHERS)				
Buildings	18,10,44	4,26,20	2,51,37	24,88,01
Furniture & Fixtures	2,37,47	32,75	(1,88)	2,68,34
Roads, Bridges, Culverts & Helipad	4,94,67	-	(79)	4,93,88
Vehicles	2,78,52	3,50	(6,44)	2,75,58
Electrical Installations	1,83,42	10,17	26,43	2,20,02
Temporary Buildings/ Erections	10,65,15	2,03,39	1,33	12,69,87
Hospital Equipment	1,14	39	-	1,53
Tools & Plants	32,03,69	4,44,24	(1,40,11)	35,07,82
Office Equipment	1,85,33	1,28,72	(2,02)	3,12,03
Water supply, sewerage & drainage	55,27	-	-	55,27
Plant & Machinery in Generating Station (Diesel Power House)	2,47,01	-	-	2,47,01
Communication Equipment	45,40	17,27	-	62,67
Plant & Machinery	1,37	-	-	1,37
Transmission Lines	72,79	15,92	-	88,71
Transformer having a rating of 100 K.V. ampere and above	-	2,28	-	2,28
Land & Land Rights	25,98,67	4,00	-	26,02,67
Telephone Line	10,04	25	-	10,29
Other Equipment	1,44,78	96,56	(2)	2,41,32
TOTAL B	106,35,16	13,85,64	1,27,87	121,48,67
GRAND TOTAL (A+B)	922,40,49	316,83,96	5,63,98	1244,88,43
PREVIOUS YEAR	893,80,50	29,88,59	(1,28,60)	922,40,49

Depreciation for the period is allocated as given below :

	Current Year	Previous Year
Profit and Loss Account	54,30,28	53,89,49
Incidental Expenditure during Construction	4,77,96	5,14,12
TOTAL	59,08,24	59,03,61

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

(Rs. in Thousands)

DEPRECIATION			NET BLOCK	
As at 1st April, 1997	Depreciation for the year including adjustment	Upto 31st March, 1998	As at 31st March, 1998	As at 31st March, 1997
1,23,95	75,64	1,99,59	22,88,42	16,86,49
99,71	29,28	1,28,99	1,39,35	1,37,76
61,85	14,91	76,76	4,17,12	4,32,82
2,47,63	(11,38)	2,36,25	39,33	30,89
34,32	25,71	60,03	1,59,99	1,49,10
9,58,37	75,49	10,33,86	2,36,01	1,06,78
38	15	53	1,00	76
8,73,81	2,49,72	11,23,53	23,84,29	23,29,88
61,93	21,73	83,66	2,28,37	1,23,40
4,66	1,56	6,22	49,05	50,61
1,35,97	20,35	1,56,32	90,69	1,11,04
21,97	4,29	26,26	36,41	23,43
86	7	93	44	51
21,42	7,54	28,96	59,75	51,37
-	-	-	2,28	-
-	-	-	26,02,67	25,98,67
4,68	1,28	5,96	4,33	5,36
67,84	16,36	84,20	1,57,12	76,94
27,19,35	5,32,70	32,52,05	88,96,62	79,15,81
128,80,42	59,80,79	188,61,21	1056,27,22	793,60,07
70,04,48	58,75,94	128,80,42	793,60,07	-



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

(Rs. in Thousands)

	As at 1st April, 1997	Additions during the year	Capitalised during the year	As at 31st March, 1998
Buildings	16,89,37	3,08,48	(6,06,30)	13,91,55
Temporary Buildings/Erections	6,78,24	84,25	(1,57,26)	6,05,23
Roads, Bridges, Culverts & Helipads	25,64,93	4,57,91	-	30,22,84
Electrical Installation	2,14,56	1,53,28	(36,89)	3,30,95
Sub-station & other fixed apparatus	2,59,42	85,09	(1,48,98)	1,95,53
Water supply, sewerage & drainage	2,35,51	45,11	(9,14)	2,71,48
Hydraulic Works including Dams, Dykes etc.	196,51,75	106,12,46	(21,31,50)	281,32,71
Other Civil Works	92,04,56	30,88,89	(20,47,05)	102,46,40
Power House	55,64,13	19,82,59	(19,60,17)	55,86,55
Switch Yard including cable connection	2,62,88	6,92,44	(2,10,36)	7,44,96
Plant & Machinery in Generating Station (Diesel Power House)	23,10	92,27	-	1,15,37
Plantation	23,47	15,60	-	39,07
Transmission Lines	2,23,07	56,42	(13,21)	2,66,28
Transformer having a rating of 100KV ampere and above	10,49,30	1,97,53	(7,00,74)	5,46,09
Survey & Investigation	1,90,32	32,91	-	2,23,23
Telephone Line	27,85	4,06	-	31,91
Weigh bridge under installation	12,97	64	-	13,61
Railway siding	1	-	-	1
Communication system	9,55	1,12	-	10,67
Gas Booster Station	44,59,87	-	(44,59,87)	-
Plant etc. in Generating Station.	658,48,90	80,98,55	(172,42,95)	567,04,50
Incidental Expenditure during Construction	357,58,37	138,88,05	(30,79,57)	465,66,85
TOTAL	1479,52,13	398,97,65	(328,03,99)	1550,45,79

CONSTRUCTION STORES & ADVANCES
SCHEDULE - 6

(Rs in Thousands)

	As at 31st March, 1998	As at 31st March, 1997
A) CONSTRUCTION STORES (at cost as certified by the Management)		
i) General Stores	49,27,26	44,18,88
ii) Stores at Sites	<u>2,13,55</u>	<u>1,75,72</u>
	51,40,81	45,94,60
B) ADVANCE FOR CAPITAL EXPENDITURE		
Unsecured considered good		
1. Advance to Suppliers & Contractors		
i) Against bank guarantee	21,76,26	37,34,05
ii) Others	<u>209,32,96</u>	<u>243,02,03</u>
	231,09,22	280,36,08
2. Advance against Steel & Cement	5,84,97	8,48,24
TOTAL	288,35,00	334,78,92



CURRENT ASSETS, LOANS & ADVANCES

SCHEDULE - 7

(Rs. in Thousands)

	As at 31st March, 1998	As at 31st March, 1997
A. CURRENT ASSETS (at cost as certified by the Management)		
1. Inventories		
a) Components, spare-parts, mandatory and other spares	28,60,45	3,54,22
b) Consumable Stores	44,56	-
	29,05,01	3,54,22
c) Work-in-progress	8,98	9,74
	29,13,99	3,63,96
2. Sundry Debtors (Unsecured considered good)		
Debts outstanding for a period exceeding 6 months, considered good	111,58,46	105,10,63
Considered doubtful	86,25	86,25
Other debts	123,35,10	72,27,70
	235,79,81	178,24,58
Less Provision for doubtful debts	86,25	86,25
	234,93,56	177,38,33
3. Cash & Bank Balance		
a) Short term deposits with Scheduled Banks	61,67,81	59,00,00
b) Balance with scheduled Banks	69,37,28	14,11,63
c) Cash, Drafts, Stamps & Imprest	8,77	4,47
d) Remittances in transit	3,94,90	10,00
	135,08,76	73,26,10
B. LOANS & ADVANCES : (Unsecured considered good unless stated otherwise by the Management)		
Advances recoverable in cash or in kind or for value to be received		
a) Accounts receivable considered good	3,20,43	1,63,11
Considered doubtful	2,02	2,02
	3,22,45	1,65,13
Less : provision for bad & doubtful debts	2,02	2,02
	3,20,43	1,63,11
b) Advance to Staff	3,98,50	2,32,33
c) Prepaid Expenses	6,41,02	3,53,85
d) Deposits with other Authorities	3,34,02	3,20,66
e) Other Advances	1,99	46,08
f) Advance tax	15,43	-
g) Tax deducted at source	87,93	35,40
h) Fixed Assets destroyed by fire	13,84	13,84
Less : Provision for loss of assets	(13,84)	(13,84)
	17,99,32	11,51,43
TOTAL	417,15,63	265,79,82

CURRENT LIABILITIES & PROVISIONS
SCHEDULE - 8

(Rs. in Thousands)

As at 31st March, 1998

As at 31st March, 1997

A. CURRENT LIABILITIES

Sundry Creditors

For Capital Expenditure	34,60,68	27,03,53
Operation & Maintenance	22,24,76	9,80,53
Other Liabilities	<u>3,49,49</u>	<u>14,87,02</u>
	60,34,93	51,71,08
Deposits, retention money from Contractors & others	11,00,71	8,76,26

Interest accrued but not due on :

a) Loans from Govt. of India	50,98,61	31,27,43
b) Loans from Life Insurance Corporation of India	3,32,89	3,08,38
c) Bonds	10,33,19	8,59,55
d) Loans from Deutsche Bank	<u>1,30,67</u>	<u>98,43</u>
	65,95,36	43,93,79

TOTAL (A)	137,31,00	104,41,13
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B. PROVISIONS

For Gratuity	4,58,34	2,69,05
For Ex-Gratia	1,13	2,02
For Wealth Tax	35	26
For Guarantee Fees	4,89	4,89
For Leave Encashment	1,62,88	1,42,66
For Employee's Welfare Scheme	-	36,27
For Proposed Dividend	2,00,00	1,00,00
For Income Tax on proposed Dividend	20,00	10,00

TOTAL (B)	8,47,59	5,65,15
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GRAND TOTAL (A+B)	145,78,59	110,06,28
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MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)
SCHEDULE - 9

(Rs. in Thousands)

As at 31st March, 1998

As at 31st March, 1997

A. Preliminary expenses	23,81	17,85
B. Deferred revenue expenditure	2,34,96	1,26,50
C. Investigation Schemes :		
1. Dikrong Inv. Scheme	2,04,31	2,02,55
2. Damwee Inv. Scheme	2,54,60	2,54,60
3. Kameng Inv. Scheme	45,73	45,73
4. Papumpam Inv. Scheme	68,93	68,93
5. RHEP (Stage - II)	38,80	38,80
6. Tuivai Inv. Scheme	15,01	15,01
7. Papu Inv. Scheme	18,60	18,60
TOTAL	9,04,75	7,88,57

OTHER INCOME
SCHEDULE - 10

	(Rs. in Thousands)	
	For the year ended 31st March, 1998	For the year ended 31st March, 1997
Miscellaneous receipts	1,01	2,83
Interest on Sale of Power	24,57,27	4,41,44
Profit on Sale of assets	-	5,16
TOTAL	24,58,28	4,49,43

GENERATION AND ADMINISTRATION EXPENSES
SCHEDULE - 11

	Annexure No.	For the year ended 31st March, 1998	(Rs. in Thousands) For the year ended 31st March, 1997
GENERATION EXPENSES :			
1. Repairs & Maintenance			
a) Roads & Buildings		1,07,42	47,61
b) Power House		2,11,87	1,69,67
c) Hydraulic Works		28,45	4,77
d) Line & Sub-station		11,97	49
e) Others		16,69	38,26
		<u>3,76,40</u>	<u>2,60,80</u>
ADMINISTRATION EXPENSES :			
2. Travelling Expenses		36,34	14,69
3. Advertisement Expenses		3,33	2,79
4. Contribution to Provident Fund		82,76	63,41
5. Insurance Charges		4,42,01	2,84,97
6. Rents		2,21	1,40
7. Rates & Taxes		1,61	3
8. Entertainment Expenses		1,12	44
9. General Expenses	1	4,06,21	2,81,40
10. Publicity Expenses		7	-
11. Wealth Tax		7	6
12. Share of General Establishment		5,08,56	4,05,07
(as per statement of Incidental Expenditure during Construction)		<u>14,84,29</u>	<u>10,54,26</u>
TOTAL		18,60,69	13,15,06



PRIOR PERIOD ADJUSTMENT (OPERATION & MAINTENANCE)

SCHEDULE - 12

(Rs. in Thousands)

	For the year ended 31st March, 1998	For the year ended 31st March, 1997
A. INCOME :		
Free supply of Power	-	7,00,82
Purchase of Power	-	2,55,89
Interest on G.O.I. Loan	4,63	-
Depreciation excess charge written back	6	14,40
Gratuity	-	1,78,42
Ex-gratia (excess provision written back)	2,95	14,04
Maintenance of Power House	-	8,31
Maintenance of Plant and Machinery	21	-
TOTAL INCOME	7,85	11,71,88
B. EXPENDITURE :		
Salaries & allowances	-	49
Leave encashment	-	26,47
Gratuity	-	16,27
Transport Expenses	1,06	33
Travelling expenses	-	7
Printing & Stationery	-	6
Security Arrangement	-	27
Electricity duty	-	62
Purchase of Gas	-	4,45,70
Loan Expenses (Bonds)	-	1,13
Maintenance of Power House	-	15,49
Maintenance of Hydraulic Works	-	92
Maintenance of others	33	15
Maintenance of Roads & Buildings	-	2,19
Sale of Power	-	1,93
Depreciation	41,86	-
Maintenance of Plant and Machinery	48	-
Land Revenue	65	-
TOTAL EXPENDITURE	44,38	5,12,09
PRIOR PERIOD ADJUSTMENT	-	-
NET INCOME	-	6,59,79
NET EXPENDITURE	36,53	-

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

(Rs. in Thousands)

	For the year ended 31st March, 1998	For the year ended 31st March, 1997
A. INCOME :		
Gratuity	-	1,83,46
TOTAL INCOME	-	1,83,46
B. EXPENDITURE :		
Leave Encashment	-	43,20
Conveyance Allowance	-	63
Interest on Investment	-	14
Interest subsidy	-	7
Rent, rates and taxes	-	50
Communication Expenses	-	47
Repair & Maintenance	-	16
TOTAL EXPENDITURE	-	45,17
PRIOR PERIOD ADJUSTMENT	-	-
NET INCOME	-	1,38,29
NET EXPENDITURE	-	-

PRIOR PERIOD ADJUSTMENT (GENERATION & CONSTRUCTION)**SCHEDULE - 14**

(Rs. in Thousands)

	For the year ended 31st March, 1998	For the year ended 31st March, 1997
A. INCOME :		
Gratuity	-	1,96,92
TOTAL INCOME	-	1,96,92
B. EXPENDITURE :		
Salaries & allowances	-	32,94
Ex-gratia	-	(9,71)
Depreciation	33,45	85
Interest on G.O.I. Loan	2,28,73	-
Medical expenses	-	1,13
Leave encashment	-	37,28
Insurances	51	-
Rent	51	-
Travelling expenses	-	9
Transport expenses	-	53
Repairs & maintenance	23	76
Loan expenses	-	4,69
Interest on advances excess provided in earlier years written back	-	22,67
TOTAL EXPENDITURE	2,63,43	91,23
PRIOR PERIOD ADJUSTMENT	-	-
NET INCOME	-	1,05,69
NET EXPENDITURE	2,63,43	-



GENERAL EXPENSES **ANNEXURE : 1**

(Rs. in Thousands)

	Operation and Maintenance		Incidental Expenditure during construction			
	For the year ended		General Administration		Generation (Construction)	
	31st March, 1998	31st March, 1997	For the year ended 31st March, 1998	31st March, 1997	For the year ended 31st March, 1998	31st March, 1997
Leave travel concession	40,20	31,37	47,46	33,92	39,01	37,38
Leave encashment	23,80	17,04	32,99	28,54	30,00	35,31
Transport expenses	81,17	56,39	1,13,61	80,25	1,83,78	1,58,67
Printing & stationery	14,94	8,58	34,15	28,66	29,78	27,30
Postage & telegram	39	20	2,51	2,25	95	56
Medical expenses	21,17	21,63	58,58	44,20	68,77	62,13
Licence & registration	1,40	2,37	-	67	1,07	94
Paper & periodicals	45	44	1,30	1,81	96	1,02
Uniform & liveries	2,42	4,09	16,14	1,48	5,28	4,81
Honorarium	36	14	5,19	1,76	77	30
Electric & water charges	44,22	31,91	27,23	21,96	2,42,00	4,34,52
Bank charges	81	28	10,09	3,81	16,39	13,29
Social welfare	28,23	16,31	1,90	22,00	32,13	85,53
Consultancy charges	2,34	-	53,12	6,95	1,44,05	4,28,15
Security arrangement	70,15	28,04	2,59	2,92	2,08,77	2,31,69
Training expenses	84	1,60	9,45	7,95	41	48
Staff recruitment expenses	5	-	76	2,30	2	-
Hospital facilities	45,40	42,65	-	-	35	31
Subscription & membership fees	-	-	1,01	59	-	-
Communication expenses	17,72	12,15	56,74	48,86	17,18	32,35
Office furnishing	29	61	2,49	3,99	1,82	2,23
Miscellaneous expenses	4,75	2,32	17,31	12,83	10,85	7,56
I.B. expenses	4,35	3,05	1,29	1,48	4,74	2,65
Laboratory & meter testing charges	40	10	1,33	29	1,42	63
Photographic records	36	13	38	34	16	16
Interest on overdraft	-	-	1,24	-	-	-
Loss on sale of assets	-	-	22	-	-	-
TOTAL	4,06,21	2,81,40	4,99,08	3,59,81	10,40,66	15,67,97

AUDIT FEES & EXPENSES **ANNEXURE : 2**

(Rs. in Thousand)

	For the year ended 31st March, 1998	For the year ended 31st March, 1997
Audit Fees	30	30
Tax Audit Fees	7	7
Other Services	5	6
Other Expenses	99	61
TOTAL	1,41	1,04

NOTES ON ACCOUNTS

1. Estimated amount of contract remaining to be executed on capital account and not provided for is Rs 268,35.53 lakhs(previous year Rs. 346,91.78 lakhs).
2. 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.
3. In the absence of taxable income, no provision has been made for taxation.
4. Balance shown under Loans from Life Insurance Corporation of India, Deutsche Bank, Government of India, Advances, Staff Advances, Debtors, Creditors, Materials in transit / with contractors / issued on loan are subject to confirmation / reconciliation and consequential adjustment, if any.
- 5.(A) Break up of expenditure on employees in receipt of remuneration (inclusive of arrears on pay revision w. e. f. 1.1.92) in the aggregate at the rate of not less than Rs. 3,00,000/- (Previous year Rs. 3,00,000/-) per year if employed for full year or not less than Rs. 25,000/- (Previous year Rs. 25,000/-) per month, if employed for part of the year.

(Rupees in lakhs)

	<u>Current year (1997-98)</u>		<u>Previous year (1996-97)</u>	
	Employed throughout the year	Employed for part of the year	Employed throughout the year	Employed for part of the year
Number of Employees	27	1	42	2
Salary and allowances	75.53	2.21	125.63	5.97
Contribution to Provident Fund and other funds	6.50	0.08	9.90	0.47
Other benefits	7.20	0.33	9.55	0.93

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

(Rupees in lakhs)

	<u>Current year (1997-98)</u>	<u>Previous year (1996-97)</u>
Salary and allowances	8.35	7.74
Contribution to Provident Fund and other funds	0.83	0.71
Other benefits	3.92	3.22

- (C) The remuneration of Employees and of Directors are exclusive of contribution under Group Insurance Scheme which is not ascertainable separately. In addition to the above remuneration, the whole time Directors have been allowed the use of staff car including for private journey on payment of Rs. 250/- per month in accordance with the provisions of B.P.E.'s Circular No. 2(18) PC/64 dated 20th November, 1964 as amended from time to time.
6. The accounts of the Corporation regarding Preliminary expenditure with Assam State Electricity Board for Rs 10.50 Lakhs and with Meghalaya State Electricity Boards for Rs. 2.37 Lakhs remain un-adjusted due to non receipt of detailed accounts from the respective Boards. The amount has been shown under "Others" under the broad head of "Advance to Contractors, Suppliers & Others" in Schedule No. 6.



7. A sum of Rs. 9,24.07 lakhs (Previous year Rs. 8,73.60 lakhs) spent in connection with acquisition of land including land compensation and rehabilitation expenses booked in accounts under "Advance towards land" and has been exhibited under "Fixed Assets" under separate sub-head pending completion of legal formalities. The land is in the possession of the Corporation.
8. Loans and Advances Rs. 320.00 lakhs approx (Previous year Rs. 163.00 lakhs approx.) could not be classified into more than six months and other dues but they are considered good, excepting provision for bad and doubtful already made.
9. (a) Consequent upon allocation of share of power of Kopili Hydro Electric Project (with 12% free supply of power to the Home states as per Govt. of India decision) and Kathalguri Project to the various beneficiary states, sales are based on average tariff rate of Rs 1.2955 paise per unit.
- (b) Sales include Rs. 36.55 lakhs (previous year Rs. 30.72 lakhs) being the cost of internal consumption of electricity.
10. A sum of Rs. 24.57 crores approx (Previous year Rs. 4.41 crores approx) was provided under "Other Income" being the interest charged on the overdues on outstanding from different beneficiary states as per the Bulk Power Purchase Agreement with the states.

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

	Current year (1997-98)	Previous year (1996-97)
	Not Applicable	Not Applicable
Licensed Capacity		
Installed Capacity :		
Commercial Units	451.00 MW	284.00 MW
Retable Energy	2420.00 MU	1610.00 MU
Actual Generation	1518.54 MU	1402.02 MU
Sales including internal consumption but excluding free supply of Power, auxiliary consumption and transmission losses	1371.78 MU	1202.04 MU

12. Capital Reserve of Rs. 13.22 lakhs, carried forward from previous years, represent excess of sale price over written down value of assets sold/discarded.

13. Contingent liabilities :

	(Rs. in Lakhs)	
	As on 31. 3. 98	As on 31. 3. 97
a) Claims against the Company not acknowledged as debt	746.10	753.48
b) Disputed Income Tax demand	-	105.96
c) Others (Stamp duty on Bonds)	-	187.20
	<u>746.10</u>	<u>1046.64</u>

14.(a) Value of imports calculated on C.I.F. basis

	(Rupees. in lakhs)	
	Current year (1997-98)	Previous year (1996-97)
Capital equipment	2247.65	821.64
(b) Expenditure in foreign currency		
i) Spares	2034.25	-
ii) Consultancy	131.05	330.48
ii) Interest	358.87	390.76
iii) Others	26.37	110.28

15. The difference between physical stores and stores ledger balances and the same with the financial ledgers are under process of continuous reconciliation and due effect, if any, would be given progressively.
16. Stores include stores in transit Rs. 169.18 lakhs (previous year Rs. 28.68 lakhs).
17. For the employees covered under the C.D.A. pattern of pay scales the recommendation of the 5th Pay Commission has since been implemented in the Corporation in terms of Govt. of India, Ministry of Finance, Deptt. of Expenditure's notification dtd. 30.09.97. Employees whose pay fixation has been completed and drawn, the arrears have been provided for in the current year's accounts. For the related liability of other employees which could not be ascertained and provided for, necessary adjustment would be made in the year of payment.
The disputed cases under the I.D.A. pattern of pay scales which is sub-judice is under due examination by the Management, the effect for which will be made in the year of payment.
18. The Authorised Share Capital of the Corporation has since been increased from Rs.1500.00 crores to Rs.2500.00 crores as per the approval conveyed by the Govt. of India, Ministry of Power vide letter No.6/4/97 Hydel II dtd. May22,1998. The increase will be given effect during the financial year 1998-99.
19. The Company has made a provision for proposed dividend amounting to Rs.2.00 crores for the year 1997-98 (previous year Rs. 1.00 crore).
20. The Power Transmission Systems of the Corporation were vested in the Power Grid Corporation of India Ltd. (PGCIL) (erstwhile National Power Transmission Corporation Ltd.) by virtue of the "The National Thermal Power Corporation Ltd. The National Hydro Power Corporation Ltd and The North Eastern Electric Power Corporation Ltd. (Acquisition and Transfer of Power Systems) Act" dated 02.04.93, the transfer of ownership of Transmission Lines to PGCIL and in part satisfaction of sale consideration thereof, reduction of Paid-up Share Capital of the Company by Rs.30.98 crores has been approved by the Government of India, Ministry of Law, Justice & Company Affairs, Deptt. of Company Affairs vide Order No. 40/02/97-111 dt 20.5.98. The reduction will be given effect in the financial year 1998-99.
21. No Bond Redemption Reserve is created as the Management has adopted a moratorium period for the creation of such Reserve upto the date of full commencement of commercial production of a project in line with the Government guidelines.
22. The effect of foreign exchange fluctuations during the year is as under :-
a) The amount of exchange difference adjusted by addition in the carrying amount of fixed assets is Rs.42.62 lakhs.
b) The amount of exchange difference adjusted by reduction of Loan Liability of M/s Deutsche Bank, Germany with corresponding reduction of Capital Work-in-Progress is Rs.2.60 lakhs.
23. Provision has been made for gratuity and leave encashment on actuarial valuation as on 31.03.98.
24. Previous year's figures have been regrouped, recast and re-arranged wherever possible and considered necessary.

D. N. CHAKRABARTY
Secretary cum
Legal Adviser

A. G. WEST
Sr. Manager
(Finance)

P. K. CHATTERJEE
Director (Finance)

P. K. KOTOKY
Chairman &
Managing
Director

For & on behalf of
S. GANGULI & ASSOCIATES
Chartered Accountants
D. P. SAHA
Partner
13th August, 1998



ACCOUNTING POLICIES

1. The Accounts are prepared on Historical Cost basis.
2. Income and Expenses are accounted for on Mercantile basis.
3. In the case of commissioned assets, where final settlement of bill with contractors is yet to be effected, capitalisation is made on provisional basis subject to necessary adjustment in the year of final settlement.
4. Fixed assets are stated at cost. Cost includes purchase price and any directly attributable costs of bringing the assets to working condition for the intended use. Assets and systems common to more than one generating unit are capitalised in the ratio of installed capacity.
5. The expenditure incurred on start-up and commissioning of the project, including the expenditure incurred on test runs and experimental production, is capitalised as an indirect element of the construction cost. However after commencement of commercial production, the expenditure incurred is charged to Revenue expenditure although the contract stipulation provides for final taking over of the plant after satisfactory completion of the guarantee period.
- 6.(a) Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
(b) Net expenditure common to operation and construction including Corporate office expenses and depreciation on General Assets are allocated to Operating expenses and Incidental expenditure during construction in proportion to sales to capital outlay during the year. Common expenditure of an operating project and its extension is being apportioned on the basis of the cost as provided in the approved Project Cost estimate.
(c) Common expenditure of a project which is partially in operation and partially under construction is being apportioned on the basis of the installed capacity.
(d) 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.
7. Provision for gratuity and leave encashment are made on actuarial basis.
8. Expenses on training, recruitment etc. are charged to revenue in the year of incurrence. Expenses on training for Plant Operations prior to the commissioning of a Project are treated as Deferred revenue expenditure to be written off to Revenue within 5 (five) years after commissioning of the Project.
9. Depreciation is being provided at the rates as per the Electricity (Supply) Act, 1948 as notified from time to time, from the year following that in which the assets became available for use. 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.
10. (a) Interest on advances to contractors and interest from Debtors on account of sale of electricity as per agreement with the beneficiary States are accounted for on due basis.
(b) Claims, liquidated damage, interest on advance to staff, co-operative societies etc., accounted for on receipt basis.
11. Grant-in-Aid received from Central Government through North Eastern Council towards capital expenditure on survey and investigation, for setting up seismological observatories, for training in diamond core drilling, etc. are being shown as Grant-in-Aid under Reserves & Surplus.

12. Expenditure on remedial and strengthening of units which were under operation are being treated as deferred revenue expenditure to be written off in five accounting years.
13. The approved pattern of financing of Government of India is 1:1 for equity and debt, the element of equity being released first. Interest during construction is also capitalised in the same approved pattern. The interest on loan for capital works chargeable to Profit and Loss account is ascertained on the same basis of approved debt equity ratio.
14. Claims for price variation / bonus in case of contracts/supply/consultancy etc. are accounted for on acceptance of the bills.
15. Arbitration award for and against the Corporation is accounted for in the year of final settlement.
16. Capital expenditure not represented by assets and capital expenditure on land not belonging to the Corporation is allocated to other capital assets which are directly or indirectly benefited by such expenditure.
17. Value of scrap is adjusted in the account as and when sold.
18. Stores and spares are valued at or under cost.
19. Contingent liabilities are generally not provided in the accounts and are separately shown in the Notes to the Accounts.
20. (a) Transactions in foreign currency related to assets and corresponding liabilities are accounted for at the prevailing year-end exchange rate. The difference if any arising out of Foreign Exchange Rate fluctuation between the actual transaction date and the year-end rate is adjusted to the concerned assets accordingly.

(b) The capitalisation of assets procured under foreign exchange contracts is effected by applying an average exchange rate to the foreign exchange value of individual assets. The average exchange rate is derived from the actual foreign exchange rates applicable on the dates of transactions together with the year-end rate of exchange applicable for the purpose of providing outstanding liabilities. The difference arising out of the foreign exchange rate fluctuation on the outstanding liabilities is adjusted to the concerned assets together with adjustment towards depreciation and other consequential impact, if any.

(c) The depreciation as a result of the foreign exchange gain/loss adjusted to the assets is charged prospectively as per Accounting Standard 11 of the Institute of Chartered Accountants of India.
21. Prepaid expenses and prior period expenses/income of items of Rs 5000/- and below are charged to natural head of accounts.

D. N. CHAKRABARTY
Secretary cum
Legal Adviser

A. G. WEST
Sr. Manager
(Finance)

P. K. CHATTERJEE
Director (Finance)

P. K. KOTOKY
Chairman &
Managing
Director

For & on behalf of
S. GANGULI & ASSOCIATES
Chartered Accountants
D. P. SAHA
Partner
13th August, 1998



ANNEXURE - I

AUDITORS' REPORT

**to the
Directors' Report**

TO THE MEMBERS OF NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

We have audited the attached Balance Sheet of NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED as at 31st March, 1998 also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report as under :

1. As the Company is governed by the Electricity (Supply) Act, 1948, the provisions of the said Act read with the rules thereunder have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
2. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comment in the Annexure referred in paragraph 2 above :
 - a] We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - b] In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of these books.
 - c] The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - d] (i) Balance shown under certain Institutional Loans, Sundry Creditors, Advances & Debtors are subject to confirmation/reconciliation and consequential adjustment, if any (refer note No. 4 of Notes on Accounts)
 - (ii) Preliminary expenditure with Assam State Electricity Board for Rs.10.50 lakhs and with Meghalaya State Electricity Board for Rs.2.37 lakhs remain unadjusted in absence of detailed accounts (refer note No.6 of Notes on Accounts).
4. Subject to observations referred in para 3(d) above and their consequent effect on the accounts, if any, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes in Notes on Accounts and Accounting Policies give the information required by the Companies Act, 1956 in the manner so required as applicable to Electricity generating companies and give true and fair view :
 - a] In the case of Balance Sheet, of the affairs of the Company as at 31st March, 1998 and
 - b] In the case of Profit and Loss Account of the Profit for the year ended on that date.

For S. Ganguli & Associates
Chartered Accountants
D. P. SAHA
Partner
13th August, 1998

ANNEXURE TO THE AUDITORS' REPORT

1. The company has generally maintained proper records including quantitative details and situation/location, as far as practicable of fixed assets. The fixed assets were, as explained to us, physically verified by the management at the year end and no serious discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. As explained to us, the stocks have been physically verified by the management at the year end.
4. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management are reasonable except in the case of fast moving items where increased checking is desirable.
5. As explained to us, the discrepancies noticed during physical verification of stocks were not material and are under process of continuous reconciliation between the books and physical balances.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and on the same basis as in the preceding year.
7. The company has not taken loans from companies, firms or other parties, listed in the register maintained under Section 301 of the Companies Act, 1956 and companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loan to employees, where repayment terms have been stipulated, the repayment of principal and payment of interest have generally been made as per stipulation.
10. 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 company and the nature of its business for purchase of stores, plant and machinery, equipment and other assets and for the sale of energy.
11. In our opinion and according to the information and explanations given to us there were no transactions of purchase of goods and materials and sale of services made in pursuance to contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50000/- or more in respect of each party.
12. As explained to us, unserviceable or damaged stores and spares are generally determined by the company and provision is made in books when such occasion arises.
13. The company has not accepted any deposit from the public.



14. In our opinion, reasonable records were maintained for sale and disposal of scrap. However, during the year, there was no such occasion of sale and disposal of scrap. The Company has no by-product.
15. The company has an overall internal audit system. In our opinion, this system needs to be further strengthened and enlarged so to make it commensurate with the size and nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
17. The Company has been regular in depositing Provident Fund dues with appropriate authorities. The provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.
18. According to the information and explanations given to us there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of
S. Ganguli and Associates
Chartered Accountants
D. P. SAHA
Partner
13th August, 1998

ANNEXURE - II

to the

Directors' Report

Comments of the Comptroller & Auditor General of India under Section 619 (4), of the Companies Act, 1956 on the accounts of North Eastern Electric Power Corporation Ltd., Shillong for the year ended 31st March, 1998.

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditor's Report, under Section 619 (4) of the Companies Act, 1956 on the accounts of North Eastern Electric Power Corporation Limited for the year ended 31st March, 1998.

Dated : Calcutta
The 9th September, 1998

Smt. A. Pattanayak
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - I
Calcutta.



ANNEXURE - III

to the Directors' Report

Review of Accounts of North Eastern Electric Power Corporation Limited, Shillong for the year ended 31st March, 1998 by the Comptroller and Auditor General of India.

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

1. FINANCIAL POSITION :

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

	(Rs. in crores)		
	1995-96	1996-97	1997-98
LIABILITIES :			
a) Paid up Capital - Government	1,317.30	1,528.35	1,612.13
b) Reserves & Surplus :			
i) Free Reserves & Surplus	113.39	122.22	145.92
ii) Capital Reserves	0.08	0.13	0.13
iii) Other Reserve	8.29	8.29	24.45
c) Borrowings :			
i) From Govt. of India	459.80	625.57	803.27
ii) From Financial Institutions	113.64	124.33	139.05
iii) Foreign Currency Loans	92.77	88.86	102.51
iv) Cash Credit	-	-	-
v) Others (Bonds)	224.80	274.80	349.30
vi) Interest accrued & Due	6.50	7.72	7.98
d) i) Current Liabilities and Provisions	94.46	110.06	145.79
Total:	<u>2,431.03</u>	<u>2,890.33</u>	<u>3330.53</u>
ASSETS :			
e) Gross Block	893.80	922.40	1244.88
f) Less : Depreciation	<u>70.04</u>	<u>128.80</u>	<u>188.61</u>
g) Net Block (e - f)	823.76	793.60	1056.27
h) i) Other Capital Expenditure	434.49	343.52	297.59
ii) Capital work-in-progress	1,004.15	1,479.52	1550.46
i) Investment	-	-	-
j) Current Assets, Loans and Advances	163.42	265.80	417.16
k) Miscellaneous Expenditure not written off	<u>5.21</u>	<u>7.89</u>	<u>9.05</u>
Total :	<u>2,431.03</u>	<u>2,890.33</u>	<u>3330.53</u>

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

	(Rs. in crores)		
	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
l) Working Capital (j – d (i) – c (vi))	62.46	148.02	263.39
m) Capital employed (g + l)	886.22	941.62	1319.66
n) Net Worth [a + b (i) – k]	1,425.48	1,642.68	1749.00
o) Net Worth per Rupee of Paid up Capital (in Rs.)	1.08	1.07	1.08

2. Ratio Analysis

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

	1995-1996	1996-1997	1997-1998
A. Liquidity Ratio :			
Current ratio (Current assets to Current Liabilities and Provisions and interest accrued and due)			
Current Ratio [j/d (i)+c(vi)]	175%	231%	280%
B. Debt Equity Ratio :			
Long term debt to Equity [c (i) + c(ii) + c(iii) + c(v)/n]	0.63:1	0.68:1	0.80:1
C. Profitability Ratios :			
a) Profit before tax to			
i) Capital Employed	2.89%	1.06%	1.96%
ii) Net Worth	1.81%	0.60%	1.48%
iii) Sales	27.97%	7.51%	14.55%
b) Profit after tax to Equity Capital	1.96%	0.65%	1.61%
c) Earning per Share (In Rupees)	19.63%	6.52%	16.07%

3. Sources and Utilisation of Funds :

Funds amounting to Rs. 466.22 crores from Internal and External sources were generated and utilised during the year as shown below :-

Sources of funds :

	(Rs. in crores)
(a) Increase of Share Capital including pending allotment	83.78
(b) Increase in borrowed funds	280.57
(c) Increase in Grants-in-aid	16.16
(d) Funds from operation :	
Profit after tax	25.90
Add : Depreciation	59.81
	<u>85.71</u>
Total	<u>466.22</u>

Utilisation of Funds :

	(Rs. in crores)
(a) Increase in Gross Block	
CWIP and other Capital Expenditure	347.49
(b) Increase in Working Capital	115.37
(c) Increase in Misc. expenditure not written off.	1.16
(d) Dividend (Including Dividend Tax)	2.20
	<u>466.22</u>
Total	<u>466.22</u>



4. Inventory

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

	1995-96	(Rs. in crores) 1996-97	1997-98
Stores and Spares	3.12	3.54	29.05
Work-in-progress	0.09	0.10	0.09
	<u>3.21</u>	<u>3.64</u>	<u>29.14</u>

5. Sundry Debtors : The Sundry Debtors and Sales in the last three years are given below :-

(Rs. in crores)

As at the end of/during	Sundry Debtors			Sales during the year	Percentage of total debtors to sales
	Considered good	Considered doubtful	Total		
1995-96	100.93	0.86	101.79	92.46	109
1996-97	177.38	0.86	178.24	132.88	133
1997-98	234.94	0.86	235.80	177.98	132

Dated : Calcutta
The 9th September, 1998

Smt. A. Pattanayak
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board - I
Calcutta.

ANNEXURE - IV

to the

Directors' Report

INFORMATION AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956,
 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975
 AND COMPANIES (PARTICULARS OF EMPLOYEES) AMENDMENT RULES, 1994.
 PARTICULARS OF EMPLOYEES DRAWING RS. 25,000/- AND ABOVE PER MONTH DURING 1997-98.

Name	Designation and nature of duty	Remuneration Rs.	Quali- fication	Experience (Years)	Date of commen- cement of employ- ment in NEEPCO	Age (years)	Last employ- ment held
1	2	3	4	5	6	7	8
EMPLOYED FOR THE WHOLE OF THE YEAR							
Bhattacharjee P. C.	Sr. Manager (Elect)	3,21,959	BE (Mech)	17	20.05.81	41	
Bhattacharjee P. K.	Deputy General Manager (Civil)	3,80,751	BE (Civil)	20	28.09.76	48	S.D.O.P.W. D.Meghalaya (5 yrs).
Bora J. N.	Deputy Manager (Civil)	3,76,388	Dip. Civil Engineering	31	12.01.77	53	Sub-Engineer P.W.D. Assam
Bargohain B.	General Manager (Security)	3,14,422	B.A.LLB., Diploma in Management (HRD), HRM (Post Graduate)	32	03.02.79	52	Indian Army
Borkotoky J.	Project Manager	4,03,681	B.Sc (Elec. Engg.)	21	04.04.77	50	O. I. Ltd.
Chatterjee P. K.	Director (Finance)	3,20,117	B. Com., F.C.A.	34	01.07.91	57	Managing Director, Neo Pipes & Tubes Co. Ltd., (8 Yrs.)
Chowdhury P. K.	Sr. Manager (Elect.)	4,20,212	BE (Elect.)	21	06.01.77	49	
Dam A. K.	Sr. Manager (Civil)	4,08,757	BE (Civil)	26	13.09.76	49	Military Eng. Service Asstt. Exe. Engineer 1½ Yrs.
Das M. L.	Asstt. Accounts Officer	3,44,340	B.Com	14	24.09.84	36	



Name	Designation and nature of duty	Remuneration Rs.	Qualification	Experience (Years)	Date of commencement of employment in NEEPCO	Age (years)	Last employment held
1	2	3	4	5	6	7	8
Das Gupta D. P.	Sr. Manager (Elect.)	3,54,330	B.E. (Elect.)	31	29.04.81	53	P.W.D. Govt. Of Tripura
Deb S. K.	Asstt. III	3,63,530	H.S.L.C.	7	26.04.91	27	
Debnath U. R.	Sr. Manager (Civil)	3,72,640	BE (Civil)	25	28.10.76	49	P.W.D.
Deka M.	Sr. Manager (Civil)	4,01,471	B.Sc. (Civil) Municipal Engg. Diploma in Hydrology. MBA (Finance)	28	07.03.79	48	SDO, Irrigation Deptt. Assam, (2 Yrs)
Dey S. B.	Director (Technical)	3,05,920	B.Sc (Engg.) DRC (Glasgo) U.K.	36	12.10.76	56	Ex. Eng (C) ME SEB (3 Yrs.)
Dutta A. K.	Dy. Manager (Civil)	3,46,177	BE (Civil)	20	23.09.80	44	
Hazarika I. H.	Sr. Manager (Civil)	5,05,480	BE (Civil)	22	19.08.76	45	O. I. Ltd.
Hazarika S. N.	Sr. Manager (Elect.)	3,63,339	BE (Mech)	29	01.01.79	52	O. I. Ltd. 4½ Yrs Driller
Kotoky P. K.	Chairman & Managing Director	3,59,523	B.Sc. Elect.Eng.	36	15.03.92	58	Chief Eng. Power Deptt. Govt. of Mizoram (7½ Yrs.)
Nath P. C.	Dy. Manager (Civil)	3,02,117	Diploma (Civil Engg.)	28	09.08.76	49	C.P.W.D.
Nath S. R.	G.M. (Civil)	3,47,427	B.Sc. (Engg.) ME (Civil)	33	29.10.76	55	Ex. Eng. Meghalaya PWD (2 Yrs.)
Paul H. S.	Sr. Manager (Civil)	3,97,583	BE (Civil)	28	07.02.77	50	JE, Central P.W.D. (7 Yrs)

NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

Name	Designation and nature of duty	Remuneration Rs.	Qualification	Experience (Years)	Date of commencement of employment in NEEPCO	Age (years)	Last employment held
1	2	3	4	5	6	7	8
Saikia B. K.	D.G.M. (E/M)	4,41,800	BE (Mech)	23	02.12.78	51	SHTO under DHS Assam Govt. Service Engineering
Singh N. N.	Director (Personnel)	3,24,188	B.A(Hons), ECO B.L.M.A (L & S.W.)	32	26.07.91	54	DGM, BHEL (4½ Yrs.)
Sharma M. K.	Manager (Civil)	3,61,604	BE (Civil)	20	25.03.80	40	Brahmaputra Flood Control Commission (2 Yrs.)
Sharma R. S.	Asstt. Manager (Civil)	3,05,212	BE (Civil)	18	26.09.80	43	
Verma S. K.	GM (P & A)	4,03,805	BA (Hons), ECO, MA (L&SW), LLB	34	18.05.82	55	Civilian Officer G.R.E.F. under Boarder Roads Development Boards, Govt. Of India
West A. G.	Sr. Manager (Finance)	3,76,602	B.Tech. MBA	13	12.04.93	38	MEDC Ltd. DGM (4½ Yrs)
EMPLOYED FOR PART OF THE YEAR.							
Dutta A. K.	GM (Civil)	2,62,140	BE (Civil)	35	16.07.76	58	S.D.O. Me. SEB 13 Yrs.

NOTE : Remuneration includes, salary, allowances, payment for subsidised lease accomodation, leave travel concession, reimbursement of medical expenses to employees and employees contribution to Provident fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's hospital/dispensaries of Project sites, since it cannot be quantefied employee wise. In addition, the employees are entitled to Gratuity, Group insurance in accordance with Company's Rules. The full-time Directors have been allowed the use of staff car including for private journey on payment of Rs. 250/- per month in accordance with the provisions of B.P.E.s circular No. 2(18)PO/64 dajed 20th. November, 1964 as amended from time to time.



ANNEXURE - V

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 gas power station at Kathalguri incorporating Waste Heat Recovery Boilers. An average of 10% improvement in efficiency will be achieved thereby saving fuel gas in large quantity.
- Introduction of high voltage distribution system for supply of construction power in the ongoing projects.
- Proper utilisation of the available water at Umrong and Khandong reservoirs are made by regulating the operation of the Power Station to meet the grid-demand.

2. Additional investment and proposal for reduction of consumption energy :

- With a view to reduce energy loss in the distribution system, steps have been taken to improve the distribution by introducing more service transformers.
- Actions are also in progress to reduce auxiliary consumption by regular maintenance of the electrical equipments.

3. Impact of the above measures :

In addition to the overall economy to the Company, the regulated operation of the Power Station at Kopili and Khandong has resulted in achieving high energy generation than the designed generation parameters.

B. TECHNOLOGY ABSORPTION :

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans :- NIL
- Total foreign exchange used during 1997-98 :-

a) Consultancy	Rs. 1.31 Crores
b) Capital equipment	Rs. 22.48 Crores
c) Spares	Rs. 20.34 Crores
d) Interest	Rs. 3.59 Crores
e) Others	Rs. 0.26 Crores

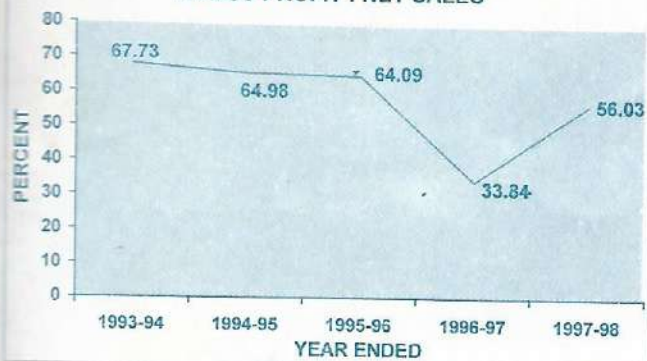
For and on behalf of the Board of Directors

P. K. KOTOKY

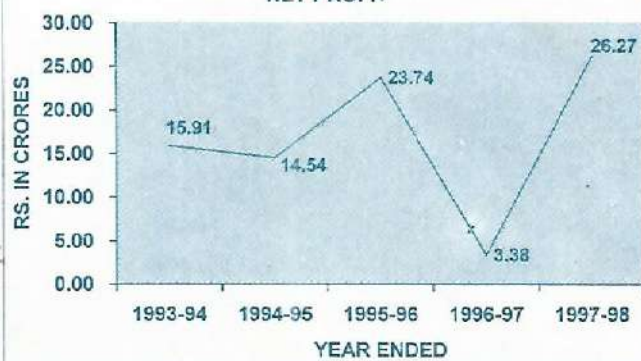
Chairman & Managing Director

Dated, New Delhi
24th September '98

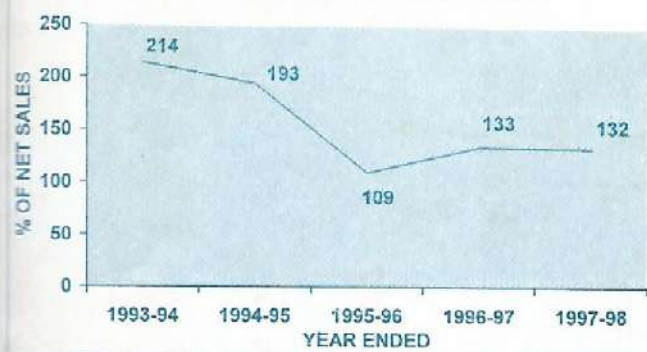
GROSS PROFIT : NET SALES



NET PROFIT



SUNDRY DEBTORS AS % OF NET SALES



SUNDRY DEBTORS

