

ANNEXURE –IV TO THE DIRECTORS' REPORT

REVIEW OF ACCOUNTS OF NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED, SHILLONG FOR THE YEAR ENDED 31st MARCH 2006 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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

1. Financial Position

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

(Rs. in crore)

	2003-04	2004-05	2005-06
Liabilities			
a) Paid up share capital (including pending allotment) – Govt. of India	1953.27	2102.61	2259.46
b) Reserve & Surplus			
i) Free Reserves & Surplus	208.45	369.36	498.42
ii) Capital Reserve	0.14	0.14	0.14
c) Borrowings			
i) From Govt. of India	699.19	699.19	587.48
ii) From Financial Institution	357.22	697.20	358.99
iii) Foreign Currency Loans	176.75	178.60	155.58
iv) Cash Credit	47.61	162.78	76.01
v) Bonds	512.30	409.30	362.30
vi) Others	1027.00	760.00	680.00
vii) Interest accrued and due	289.48	1.19	0.54
d) i) Current Liabilities and Provisions	229.21	274.09	275.57
ii) Provisions for gratuity	17.04	21.93	28.09
Total	5517.66	5676.39	5282.58
Assets			
e) Gross Block	4435.82	4582.06	4605.35
f) Less : Depreciation	<u>1062.37</u>	<u>1228.46</u>	<u>1385.98</u>
g) Net Block (e-f)	3373.45	3353.60	3219.37
h) i) Other Capital Expenditure	142.09	219.71	225.78
ii) Capital work in progress	345.12	365.30	496.18
i) Investments	954.91	954.91	954.91
j) Current Assets, Loan & Advances	682.12	763.69	369.33
k) Misc. Expenditure not written off	19.97	19.18	17.01
Total	5517.66	5676.39	5282.58
l) Working Capital {j-d(i) - c(vii)}	163.43	488.41	93.22
m) Capital Employed [g+l]	3536.88	3842.01	3312.59
n) Net worth {a+b(i) - k }	2141.75	2452.79	2740.87
o) Net worth per rupee of paid up capital (in Rupees)	1.10	1.17	1.21

2. Working Results

(Rs. in crore)

	2003-04	2004-05	2005-06
i) Sales	670.31	798.97	839.62
ii) Other income	97.98	82.84	93.93
iii) Profit/(Loss) before tax & prior period adjustment	144.54	275.49	256.30
iv) Prior period adjustment	63.56	(69.52)	(46.96)
v) Profit/(Loss) before tax	208.10	205.97	209.34
vi) Provision for taxation	10.52	9.79	10.79
vii) Profit/(Loss) after tax	197.58	196.18	198.55
viii) Dividend including dividend tax	5.64	33.92	68.42

3. Ratio Analysis

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

(In percentage)

	2003-04	2004-05	2005-06
A. Liquidity Ratio			
Current Ratio {j/d(i) + c(vii)}	132	277	134
B. Debt equity ratio			
Long term debt to equity	127	110	76
C. Profitability Ratio			
(a) Profit before tax to			
i) Capital Employed	5.88	5.36	6.32
ii) Net Worth	9.72	8.40	7.64
iii) Sales	31.05	25.78	24.93
iv) Profit after tax to equity capital	10.12	9.33	8.79
v) Earning per share (in Rs.)	102.54	100.33	91.04

4. Sources & Utilisation of Funds

Funds amounting to Rs. 876.39 crore from internal and external sources were generated and utilised during the year as shown below :

Sources of Funds

(Rs. in crore)

(a) Net profit after tax :	198.55	
Add Depreciation	<u>157.52</u>	356.07
(b) Increase in share capital (including pending allotment)		156.85
(c) Misc. expenditure written off		2.17
(d) Decrease in Working Capital		<u>361.30</u>
Total funds inflow during the year		<u>876.39</u>

Utilisation of Funds

	(Rs. in crore)
(a) Dividend paid (including tax on dividend)	28.36
(b) Addition to gross fixed assets, capital work in progress & other capital expenditure	160.24
(c) Decrease in grants-in-aid	1.08
(d) Repayment of Loan	<u>686.71</u>
Total funds outflow during the year	<u>876.39</u>

5. Inventory :

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

	(Rs. in crore)		
	2003-04	2004-05	2005-06
Stores and spares	72.18	88.90	68.37

6. Sundry Debtors

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

Sundry Debtors				(Rs. in crore)	
Year ended as on	Considered Good	Considered Doubtful	Total	Sales during the year	Percentage of total Debtors to sales
31-03-2004	306.28	-	306.28	670.31	46
31-03-2005	328.39	-	328.39	798.97	41
31-03-2006	103.86	-	103.86	839.62	12

Dated, Kolkata
The 24th July 2006

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