

Directors' Report for the year 2004-05

To the Members,

Your Directors have pleasure in presenting the 29th Annual Report of the North Eastern Electric Power Corporation Limited, together with the statement of Annual Accounts, Auditors' Report and Review of Accounts by the CAG for the year ended 31st March 2005.

FINANCIAL PERFORMANCE

Your Company surpassed all previous records in terms of generation, turnover and profit during the year 2004-05. The Corporation achieved generation of 5195 MU recording a growth of 25% over the previous year. The Gross Revenue achieved was Rs 881.81 crores in the year 2004-05 against previous year's figure of Rs.768.28 crores recording a growth of 14.78%. The sales income for the year was Rs 798.97 crores in comparison to previous year's Rs. 670.31 crores, recording a growth of 19.19%. For the year ended on 31st March, 2005, the Company earned a Profit before tax of Rs. 205.97 crores against previous year's figure of Rs. 208.10 crore which was inclusive of write back of interest on Govt. of India loan amounting to Rs. 95.62 crores, while the Profit after tax amounts to Rs.196.18 crores for the current year. This could be achieved mainly due to increase of sales income and lowering of interest charges by means of swapping high cost loans.

Details of financial results are stated below:

	(Rs. in Crores)	
	2004-05	2003-04
Gross Revenue	881.81	768.28
Sales Income	798.97	670.31
Gross Margin	525.34	525.34
Depreciation	147.24	141.45
Deferred Revenue Expenditure	8.80	2.30
Gross Profit	369.30	381.59
Interest and Finance Charges	163.33	173.49
Provision for Taxes	9.79	10.52
Net Profit /(Loss)	196.19	197.58

Appropriations:

Transfer to Bond Redemption Reserve	31.54	87.16
Proposed Dividend (including interim dividend)	30.00	5.00
Tax on Dividend	3.92	0.64
Transfer to General Reserve	130.00	46.00

DIVIDEND

Your Directors recommended a all time high lump sum dividend of Rs. 30.00 crores for the year 2004-05 including the interim dividend of Rs. 15.00 crores subject to the approval of the shareholders in the forthcoming General Meeting.

REVENUE REALISATION

During the year 2004-05, the Corporation realised an amount of Rs. 770 crores from the beneficiaries. The percentage of debt realization to sales for the year was 96.39 % as against the previous year's figure of 87.50 %. The Corporation has also realised a sum of Rs. 133.31 crores as interest on bonds during the year.

FINANCIAL REVIEW

a) CAPITAL STRUCTURE

The Authorised Share Capital of the Corporation as on 31.03.2005 stood at Rs. 3500.00 crore. The Paid up Capital, including amount received against share capital pending allotment was Rs. 2102.61 crores (Previous year Rs. 1953.27 crores). To enable the Corporation to fund its construction activities, the authorised capital is proposed to be increased to Rs. 6000 crores which is awaiting the approval of Govt. of India.

b) BORROWINGS

The borrowings of the Corporation as on 31st March 2005, was Rs.2908.26 crores as against Rs.3109.55 crores as on 31st March 2004. The Corporation could reduce the borrowing by Rs. 201 crores from internal resources.

c) DEBT SERVICING

During the year under review, the Corporation was regular in repayment of loan availed from banks and financial institutions. Bonds Redemption worth Rs. 103.00 crores were also made during the year.

d) NET WORTH

The net worth of the Corporation excluding committed reserve as on 31st March 2005 was Rs. 2452.79 crores against Rs. 2141.75 crores as on 31st March 2004 representing a growth of 14.52%.

e) FINANCIAL RESTRUCTURING

During the year 2004-05 Company has restructured the loan amounting to Rs. 100.00 crores availed from Power Finance Corporation to the prevailing lending rates of the lending institution.

f) COST ACCOUNTING RECORD RULES

Cost Accounting Record Rules have been introduced for Electricity Industries w.e.f. the year 2001-02. Accordingly, in line with the Draft Rules notified by the Department of Company Affairs, monthly Cost Sheets are being prepared for all the generating units.

PERFORMANCE HIGHLIGHTS

GENERATION

Generation during the year 2004-05 was 5195 MU against MoU target of 4383 MU. The increase in generation over previous year was 25 % and MoU target as set had also been well achieved. This is observed to be in consonance with the growth of consumption of power in this region. The project wise generation vis-à-vis targets were as follows:

Sl No.	Projects	Target (MU)	Generation (MU)	Achievement in %
1	KHEP (275 MW)	975	1110	113.85
2	AGBP (291 MW)	1688	1617	95.79
3	AGTP (84 MW)	540	572	105.93
4	DHEP (75 MW)	160	255	159.38
5	RHEP (405 MW)	1020	1641	160.88
	Total	4383	5195	118.53

Further, the backing down of generation from all the above power stations was 774 MU, which is not

attributable to NEEPCO. Considering the backing down of generation, total generation from all the power stations of NEEPCO during the year 2004-05 was 5969 MU.

PROJECTS UNDER OPERATION

a) KOPILI HYDRO ELECTRIC PROJECT (275 MW)

Kopili HE Project, having design energy of 1247.48 MU, generated 1110 MU against a generation target of 975 MU.

Under this Project there are three power stations namely 4X50 MW Kopili Power Station, 2X25 MW Khandong Power Station and 1X25 MW KHEP Stage II.

Kopili Power Station (4X50 MW)

During the year 2004-05 Kopili Power Station generated 847 MU against design energy of 969.90 MU with capacity index of 73.20%. The capacity index for Kopili Power Station was lower than the normative capacity index (85%) on account of outage of Kopili Unit II for a period of two months with effect from 24.06.2004 to 30.08.2004 due to damage of labyrinth of runner.

Khandong Power Station (2X25 MW)

During the year 2004-05 Khandong Power Station generated 194 MU against design energy of 277.65 MU with capacity index of 68.10%. The capacity index for Khandong Power Station was lower than the normative capacity index (85%) on account of outage of Khandong Unit I for a period of six months with effect from 01.08.2004 to 26.01.2005 due to entry of foreign materials in the water conductor system.

KHEP Stage II (1X25 MW)

During the year 2004-05 KHEP Stage II generated 69 MU with capacity index of 90.12%.

b) ASSAM GAS BASED POWER PROJECT (291 MW)

Energy generated during the year was 1617 MU against the targeted generation of 1688 MU with a PLF of 63.43%. Machine availability during the year 77.46%. The lower availability against normative availability of 80% was due to inadequate availability of natural gas. However, attempts are being made to have increased allocation of natural gas for the Project so as to rule out recurrence of similar situation in future.

c) AGARTALA GAS TURBINE PROJECT (84 MW)

Energy generated during the year was 572 MU against the targeted generation of 540 MU with a PLF of 77.73%. The Project achieved 89.82% machine availability during the year, which was well above the normative availability of 80%.

d) DOYANG HE PROJECT (75 MW)

Doyang HE Project generated 255 MU against generation target of 160 MU and design energy of 227.24 MU. The Project achieved generation of 112.22% of design energy and capacity index of 92.96% against normative capacity index of 85%. The increased capacity index resulted in earning of incentive of Rs 2.37 cr for the Project.

e) RANGANADI HE PROJECT (405 MW)

Ranganadi HE Project generated 1641 MU against generation target of 1020 MU and design energy of 1509.66 MU. The Project has achieved generation of

special mention are as follows:

- i) Highest recorded generation in a day from NEEPCO Power Plants was 23.531 MU on 09.09.2004.
- ii) Highest recorded contribution from NEEPCO to the grid was 1051 MW on 17.10.2004 at 19:00 hours.
- iii) Highest recorded power export to other Regions was 560 MW on 12.10.2004 at 12:00 hours.
- iv) Highest recorded energy export in a day to other Regions was 12.02 MU on 09.09.2004.
- v) The total export from NER to ER during the year was 1130 MU against the corresponding export of 191 MU during the preceding year.

ONGOING PROJECTS

a) Tuirial H. E. project (60 MW), Mizoram

This project has been taken up as a central sector scheme with 85% of the project cost being financed under loan assistance from Japan Bank for International Co-operation (JBIC) and balance 15% from the

Government India assistance. The cost of project at June'97 price level is Rs 368.72 Crs. (including IDC) and completion cost of the project is Rs 448.19 Crs. at January'97 price level. The CCEA clearance for the project was accorded in July'98 with completion schedule of 8 (Eight) years from date of CCEA clearance and was scheduled to be commissioned in 2006-07. M/s Electrowatt Engineering Ltd., Zurich, Switzerland was appointed as the Review Consultant for the project in December 1998.



Mr. S. C. Sharma, CMD at Ranganadi H.E. Project (405 MW), Arunachal Pradesh

108.7% of design energy and capacity index of 96.38% against normative capacity index of 85%. The increased capacity index resulted in earning of incentive of Rs 14.99 cr for the Project.

SPECIAL ACHIEVEMENTS

The operational achievements during the year worth

The infrastructural works for the project has been completed. Land acquisition for the project area has also been completed and for submergence area were in progress till 09/06/04. Construction of 132 KV S/C Kolashib-Tuirial transmission line for drawal of construction power is in advance stage of completion.

All the major works of the Project were going on smoothly till 09/06/04. However, all works came to a total stop w.e.f. 09/06/04 because of agitation called by the Tuirial Crop Compensation Claimants Association (TCCA) demanding payment against Crop Compensation. On 13/08/2004, the agitation has been called off conditionally. In view of the law and order situation and anticipated increase in cost of the Project, the matter regarding economic viability and continuation of the Project is being reviewed in totality in the Ministry of Power. All construction works have been kept suspended till a decision is received from the MoP.

Present Status:

- **Lot-I: Diversion Tunnel:** 378377 Cum of open excavation have already been completed. **Boring of Diversion Tunnel including Gate Shaft:** 51355 Cum completed. **Steel Structure:** 290 MT completed. **Concreting:** 10022 Cum completed.
- **Lot II : Main Dam:** 71,600 Cum excavation for Main Dam already completed. **Saddle Dam:** 100 % Completed. **Spillway:** 1574801 Cum excavation for Spillway already completed.
- **Lot-III:** 74978 Cum excavation for PH area already completed.
- **Lot-IV:** Work was awarded to M/s Alstom Power Portugal. However, the said firm did not sign the agreement, which led to cancellation of the work order and forfeiture of their Bid security. The firm approached the Hon'ble Guwahati High Court against the action of NEEPCO. The matter is still under subjudice. It is pending for final verdict in Hon'ble Guwahati High Court. The lot will be awarded after receiving Court Verdict.
- **Lot-V :** Model testing of turbine already completed on 29/05/04, report of which already submitted by BHEL. However, reply regarding certain clarifications on this report, as sought by NEEPCO, is awaited from BHEL. Station layout drawing submitted by BHEL, which was approved and finalised. However, BHEL has been asked to put on HOLD for works related to Electro-Mechanical works by NEEPCO during Sept'04.

Actions Taken By NEEPCO: The above problems of

crop compensation were discussed in various Board meetings of NEEPCO & the matter was apprised by NEEPCO to the Govt. of Mizoram & Ministry of Power, GOI from time to time for an early settlement of the problem. Meanwhile, a revised cost estimate of Rs. 808.55 Crs. (Including IDC of Rs. 58.64 Crs.) at Oct'04 Price Level has been submitted to CEA. CEA team visited Tuirial HEP site on 6th & 7th Feb'05 and submitted report to MOR. Now, the proposed commissioning schedule is March'09. The matter was also apprised to the Mandatory Review Committee of Tuirial HE Project. The Mandatory Review Committee in its meeting held on 12th August 2004, recommended to the MOP, GOI, to take early decision on continuance or otherwise of the Project. It was also recommended that no further expenditure on the Project be incurred by NEEPCO, apart from such expenditure that is required for safety, security and normal upkeep of assets already created.

A meeting was taken by the Secretary (Power) on 31.3.2005 with the Chief Secretary, Govt. of Mizoram and his officials and NEEPCO to discuss the issues relating to continuation or otherwise of Tuirial HE Project, Mizoram. After detailed discussions and deliberations on various aspects of restructuring the Project, Secretary (Power) requested the Chief Secretary, Govt. of Mizoram, to consider foregoing its share of 12% free power to the Home State to bring down the first year tariff of Rs. 5.48 per unit (on the Revised Cost Estimate of Rs. 808.55 crore) to an affordable level for the beneficiaries. However, the Chief Secretary, Mizoram, did not agree to the proposal for foregoing 12% free power as conveyed earlier through their letter No. B.18030/1/2000-P&E dated 2.3.2005. After protracted deliberations, Secretary (Power) suggested that if the Govt. of Mizoram alternatively agrees for purchasing the entire power generated by the Project through a Power Purchase Agreement with NEEPCO, the Project could be taken up. The Secretary (Power) requested the Chief Secretary, Mizoram, to consider the options of either restructuring the project by foregoing its share of 12% free power so that the tariff of the power to be generated by this project can be brought down to viable level acceptable to

other NE States or alternatively agree to purchase the entire power from the project. He requested the Chief Secretary, Govt. of Mizoram to inform Ministry of Power of their decision early to which a formal reply from the Govt. of Mizoram is still awaited. A team of CEA officials visited Tuirial HEP site on 6th & 7th Feb'05 and submitted report to MOP.

As per the decision taken in 144th Board Meeting held on 13.4.2005, and following firming up of hard cost of Rs.647.58 Crores a financial model is evolved for fixing the tariff in the order of Rs.2.50/Kwh in the event of Govt. of India approves grant of Rs.140 Crs. and JBIC loan is utilized up to Rs.437.86 Crores against the sanction loan amount of Rs.482.93 Crores. **Draft PIB note** of the Project was submitted to MOP on 18.07.2005 for further processing.

In the meantime, NEEPCO is constantly pursuing the issue with the Govt. of Mizoram at appropriate levels for early reply in connection with the proposal put forward by MOP to agree for purchasing the entire power generated by the project through a Power Purchase Agreement with NEEPCO so that the Project work can be resumed at the earliest.

b) Kameng H. E. Project (4x150 MW), Arunachal Pradesh

Kameng H. E. Project is located in the West Kameng district of Arunachal Pradesh. This project was taken up as model project by the Govt. of India under their policy

of 3 stage development of new hydroelectric projects. Investment approval for preconstruction and infrastructural development under Stage-II activities at a cost of Rs.94.54 crores was accorded in Jan., 02. The project has been cleared in PIB meeting held on 23.4.04 at a cost of Rs.2496.90 crores having IDC component of Rs.240.09 crores with debt : equity ratio of 70:30 and ROE at 14%. The levelised tariff is worked out at Rs.1.23/Kwh and first year tariff at Rs.1.48/Kwh. This project will generate 3592 MU at 90% dependable year. The power generated from this project will be evacuated through 400KV Kameng Balipara D/C Transmission Line. CCEA clearance of the project was accorded on 02/12/04 at Rs. 2496.90 Crs including IDC of Rs. 240.09 Crs at March'04 PL, with completion schedule of 5 years from the date of CCEA clearance.

The project work is divided into the following six major packages out of which five packages were awarded within the second week of investment decision & for Package-VI floating of NIT is under progress.

Package-I : Bichom Dam, River Diversion, Tunnel Intake and part of HRT.

Package-II : Tenga Dam, River Diversion, Tenga Intake and HRT.

Package-III : HRT, Surge shaft, Pressure Tunnels, Power House and TRT.

Package-IV: Hydro-mechanical works and penstock lining.



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



Package-V : Electro-mechanical works.

Package-VI: Switchyard.

Out of these, Package- II and Package-III have been awarded to M/S Patel Engg. Ltd. Mumbai, Package-I to M/S Patel Unity JV, Mumbai and Package-IV to M/S OM Metal & Minerals Ltd. For package- V, LOI was issued on 3.12.04 to M/s BHEL for electro-mechanical works. Agreement has also been drawn on 23.02.2005 with M/s BHEL. Kick-off meeting with M/s BHEL took place in the month of April'05. M/s SMEC International Pvt. Ltd. has been engaged as a consultant for detailed design and engineering services for this project.

Present Status

1st phase of land acquisition has been completed. Additional land will be acquired as and when required. All infrastructural works viz. Semi-permanent buildings, roads, construction power etc. are in advance stage of completion. Recently an architectural firm has been engaged for consultancy services in respect of planning, design & preparation of Detailed Master Plan etc for permanent colonies.

Mobilization of man & machinery of packages -I, II & III are in progress. Open excavation of Adit-III of HRT under Package-II is about to be completed. Open excavation of Adit-II under this package is in progress. Open excavation and erection of portal of Adit-VI under Package-III have already been completed and boring is in progress. In the Power House area 95,564 Cum excavation has already been completed. Design & Engineering of five Packages are in progress. An amount of Rs. 227.73 Crs has been spent till March'05.

c) Tuivai H. E. Project (3x70 MW), Mizoram

The Board of Directors in its 147th meeting on 22nd July'05 approved the handing over of Tuivai HEP, along with infrastructure and other assets and liabilities created for execution of the project so far to Govt. of Mizoram, subject of payment of expenditure incurred and committed liabilities for the project by the Govt. of Mizoram to NEEPCO.

NEW PROJECTS UNDER EXECUTION BY NEEPCO

a) Tripura Gas Based Power project (280 MW), Tripura

The Project is located in Monarchak, West Tripura. The

Project proposal has been Techno Economically cleared by CEA on 25.04.2003. All other Statutory and Non – Statutory clearances including MOE&F Clearance, issuance of Section 18A, etc have already been received. PIB meeting was held on 07/05/04 and PIB has recommended the project for CCEA clearance at a cost of Rs.900.71 crores. CCEA clearance of the project is awaited.

Land & Infrastructural Works

80.74 Ha of land has already been acquired for the project and infrastructural works viz. boundary walls, buildings, internal roads, water supply etc. are in advance stage of completion. Construction Power for the project is available at 11 kv from State Govt. of Tripura

Status of Gas Supply Arrangement

The Ministry of Petroleum & Natural Gas has confirmed availability of 1.00 MMSCUMD of gas for 15yrs. ONGC has proposed for supplying natural gas to the Project at a price range of \$ 3.86 to \$ 4.08 per MMBTU. With the present Calorific value of around 8250 Kcal / Cum and the current exchange rate of 1 US \$ = Rs. 43.50 the corresponding price in Indian Rupees works out about Rs.5540-Rs. 5856 per 1000 SCUM. With this price of Gas the tariff will be unaffordable to the beneficiaries. However, as per the communication of the Ministry of Petroleum & Natural Gas dated 20.06.2005 on allocation and pricing of Natural Gas, it has been observed that the price of gas for NE Region has been fixed at Rs. 1920 /1000 scm. Accordingly, ONGC has been requested to confirm the same so that NEEPCO may finalize the other commercial terms and conditions for the Gas Supply Agreement. In addition, ONGC is also required to intimate the price payable for transportation of gas from ONGC terminal to the Project Site. For want of the above confirmation the agreement for Gas Supply Agreement could not be completed.

Commissioning Schedule

The Zero Date shall be reckoned from the date of CCEA Clearance. The first GTG will be commissioned within 22 months from zero date and subsequent units at interval of one month. The first STG Will be

commissioned within 32 months from zero date and subsequent units at interval of two months

Power Purchase Agreement/Memorandum of Understanding

PPA for 200 MW has been concluded with ASEB on 08/09/2004. The PPA with Deptt. of Power Govt. of Tripura has been signed on 14th July '2004 for drawal of power of 80 MW from TGBP.

Status of EPC Contract of the Project

EPC Package-I : Single tender has been received from BHEL for EPC contract. In view of higher cost quoted by BHEL, Secretary (Power), Govt. of India desired negotiation by CEA/ NEEPCO with BHEL in order to bring down the price to acceptable level. Accordingly negotiations were conducted with BHEL in the office of the Central Electricity Authority on 30.06.05 wherein BHEL offered a price reduction to the extent of Rs. 127.00 Crs. with some minor changes in specifications. BHEL suggested supplying motor driven centrifugal gas compressors in place of gas engine driven reciprocating compressors, as asked for in specifications, for which they offered a discount of Rs. 20.00 Crs. in addition to Rs. 127.00 Crs. as said above. However, in view of technical requirements, the proposal of supplying motor driven centrifugal gas compressors has not been accepted. The proposal was discussed in the meeting of the Board of Directors of NEEPCO on 22.07.05 wherein further negotiation was suggested. Accordingly, a second round of negotiation was conducted with BHEL at Shillong on 01.08.2005 wherein BHEL offered a further discount of Rs. 1.00 Crore. With the said reduction offered by BHEL, the total EPC Cost has been firmed at Rs 1119.38 cr and the Project Cost at Rs 1280.67 cr with resulting cost of saleable energy at Rs 1.51 per KWh.

Make up water System: Price bid already opened and evaluation is under process.

Financing Pattern: As envisaged in the DPR, the Project will be funded in the ratio 70: 30, 70 % loan to be borrowed by Corporation and 30 % being equity by GOI.

Funding Arrangement: MOU for availing financial assistance from PFC to meet the loan component of Tripura Gas Based Power Project has been signed

between NEEPCO and PFC on 9th July'04.

b) Tripura Kopili Transmission System (TKTS)

Background

A 465 KM long 220 kv D/C line from Monarchak to New Kopili has been envisaged for evacuation of power from the project. In addition, a 70 KM 132 kv D/C line upto Agartala line has also been envisaged. Also, LILO of 220 kv D/C Kopili-Misa line at New Kopili, 220/132 kv Sub-Station at Silchar, 220 kv switching station at New Kopili and extension of 132 kv Agartala Sub-Station has been envisaged.

A BPTA agreement was signed between NEEPCO & POWER GRID, based on which POWER GRID submitted DPR for the Associated Transmission System at a total Cost of Rs. 681.95 Crs. at 4th Quarter, 2003 price level.

Present Status

The Secretary, Ministry of Power, Govt. of India convened a meeting with NEEPCO and POWERGRID on 13/10/2004. The first unit of Gas Turbine is slated for commissioning in 22 months. POWERGRID expressed their inability to complete the transmission system to match with the commissioning schedule of the generating units. It was decided in the meeting that the above Transmission System will be executed by NEEPCO as a dedicated line for the Project, in order to ensure matching of commissioning schedule of the Transmission System with that of the Generation Project. The DPR of the Transmission Line Project has been prepared and submitted to CEA. CEA has already cleared the Project Cost Estimate prepared for the Project at Rs. 486.07 Crs(2nd Qtr.2004, Price Level) on 01/12/2004. However, as desired by the Ministry of Power the Cost Estimate has been revised to **Rs. 499.08 Crs. (Jan'05 Price Level)**. An action plan has been worked out for undertaking execution of the Transmission Project. Presently, specifications for tendering the work are under preparation. The draft PIB Note along with a copy of the Detailed Project Report (DPR) submitted to Ministry of Power. Site office for executing the Transmission system have been established at Monarchak and Silchar with posting of key officials. Manpower will be further augmented on receipt of CCEA Clearance. Survey works for TKTS are in progress.

c) Tipaimukh H. E. Project (1500 MW), Manipur

Tipaimukh Hydro Electric Project is situated near Manipur – Mizoram Border in Churachandpur District of Manipur. The Project envisages construction of 162.80m high rockfill Dam on river Barak with an installed capacity of 1500MW (6X250MW) having firm power of 434.44 MW. The Project was transferred to NEEPCO from Brahmaputra Board on 14.07.99. Besides generation of power, the project will help in flood moderation in the downstream plains of Assam.

Status of MoU and NOC from State Governments

MoU with Government of Manipur signed on 9th January 2003. NOC from the Government of Assam obtained in July 2002. NOC from the Government of Mizoram obtained in August 2001.

Status of various clearances

Stage-II site clearance from MoE & F obtained in May 2002. Section 18A of the Electricity (Supply) Act issued in January 2003. Funding of the project: Letter of comfort from PFC obtained. TEC obtained from CEA on 2nd July 2003 for an amount of **Rs. 5163.86 Crs.** Pre-PIB meeting held on 13th August 2003, have suggested to go for Stage development under 3(three) stage procedure of Hydro Project Development. Ministry of Power on 15th June '04 desired that NEEPCO should update the DPR of the Project. Action has been initiated for conducting detailed geological/geotechnical investigations for confirming the project parameters. CEA team visited site on 09/02/05 and submitted their report on 21/02/05. On 1.10.2004 a meeting was taken by the Secretary (Power), MoP on implementation of the Project where Officials of the Governments of Manipur, Mizoram and Assam, Ministries of Development of North Eastern Region, Water resources, Home Affairs, Economic Affairs, Road Transport & Highways, CEA, Planning Commission and NEEPCO were invited. During the meeting it emerged that the Project cannot be taken up for execution until the tariff is made viable, which is possible with the following arrangements;

- I) Offloading of cost towards the External Security from the Project cost.
- II) Offloading of the cost towards flood Moderation from the Project cost.

III) Offloading of the cost towards NH Diversion from the Project cost.

In a meeting taken by Principal Secretary, PMO on 13/01/05 it was decided that NEEPCO should update the project cost on current price level and submit to CEA. Accordingly the cost estimate was updated and submitted to CEA on 25/01/05. The cost of the project Rs. 5805 Crs (Including IDC) was approved by the CEA on 24th March '05. Draft PIB note of the Project submitted to MoP on 18.05.05.

Completion Schedule and fund utilization

As per TEC accorded by CEA in July 2003, the Project is scheduled to be commissioned within 87 months from the date of CCEA clearance, which is still awaited.

Sale of Power

Matter tied-up with Power Trading Corporation (PTC) and letter of comfort obtained.

Status of law & order situation in the project area

The security problems in and around the project area are very serious. Reportedly there are a large number of various insurgent groups active in the area. Since the project is located on the border of Manipur and Mizoram it is felt that only dedicated central security forces like Assam Rifles, BSF or CRPF or a combination thereof equipped to fight insurgency are essential for providing security to the Project people engaged for execution of the project. In terms of the decisions taken by the Ministry of Power, Home Affairs and the Government of Manipur, the security cost had been included in the project cost on the basis of estimates given by CRPF.

Forest Clearance

Separate applications for diversion of Forest land were submitted to the Govt. of Manipur & Mizoram during March '03, as per Forest (Conservation) Act, 1980 and corresponding Rule of 13.2-2003. Consequent upon revision of Forest Conservation Rule in March '2003, fresh proposals have been submitted to concerned state on 3.04.2003. As per the provision of application form, assessment of vegetation and ground stock mapping including enumeration is required to work out the C.B. ratio. Considering the ruggedness of the terrain and hostile situation, it was decided in a meeting in the office

of the P.C.C.F, Manipur on 28.01.03., that the enumeration of trees may be carried out through Remote Sensing Technology and GIS along with 2 % ground verification. This has been also accepted by the MoE&F, NE regional office, Shillong. This job has been awarded to the Forest Dept., of Manipur on 26-08-2003 at a cost of Rs.44, 51,000/-. The work is in progress. The matter is also being pursued both at Project level and corporate level for early completion. The enumerations of trees for Mizoram portion has been completed and is expected to be submitted to the MoE&F by Forest Dept. of Mizoram shortly.

Environmental Clearance

The work of Comprehensive Environmental Studies (EIA, EMP, and R&R Plan) has been taken up by NEEPCO and the work is completed. Application has been submitted to State Pollution Control Board, Govt. of Manipur and Govt. of Mizoram for conducting public hearing along with the copies of EIA & EMP report. On receipt of NOC from State Pollution Control Board, the formal proposal for Environmental Clearance will be submitted to MoE&F for obtaining Environmental Clearance. Public Hearing for the state of Mizoram was held on 02/12/2004 and NOC is still awaited. Public Hearing in the state of Manipur is awaited.

d) Ranganadi H.E Project- stage-II (130 MW), Arunachal Pradesh

This storage project is located near Yazali Dist. Lower Subansiri in A.P. and 10.00 KM upstream of present Ranganadi Diversion Dam. The project envisages construction of 112M high Concrete Gravity Dam with installed capacity of 130MW. The commercial viability of the project has been established based on Feasibility Report submitted by NEEPCO in Oct'2002. The Stage – I & Stage – II site clearance from MOE & F has been received in Feb' 02 & Aug'2003 respectively.

Present Status of work

All works under Stage – I have been completed. Stage-II site clearance accorded by MoE&F. Long term run-off series have been firmed up and approved by CWC. Stage-II clearance for an amount of Rs.8.35 Crs. has been accorded by MoP. Action is being taken for preparation of Detailed Project Report departmentally and submission

to CEA. EIA/EMP studies have been awarded to M/S WAPCOS, Gurgaon.

e) Lower Kopili H.E Project(150MW), Assam

In view of non – signing of MoU by Govt. of Assam against this Project, Survey and Investigation works have been discontinued, with effect from 19.07.2004.

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

This is a run of the river scheme which envisages utilization of discharge of Pare river together with tail water discharge of 160 Cumec (variable) from Hoz Power House of Ranganadi H.E. Project. The project comprises of a Dam on river Pare at 5 KM down stream of Hoz P.H. and about 15 KM from Doimukh. One 3 KM long tunnel with Power House on the right bank of river Pare near Choppo Village at a distance of about 12 Km from Doimukh has been proposed. The catchment area of the Project is 824 Sq. Km and head available will be about 68M.

Present Status of work

Commercial viability of the Project has been established by CEA on 18th April '04. Topographical survey of Dam, Power House have been completed. Automatic Weather Station has been installed and observations are being recorded. EIA/EMP studies have already been completed and public hearing held on 5th March'05 which was inconclusive and public hearing would be held on confirmation of date by the concerned State Authority. Land survey as constituted by the D.C Papumpare is under progress. Proposal for diversion of Forest land has been submitted to the State Govt. Draft MoU between NEEPCO and State Government has been submitted to the Govt. of Arunachal Pradesh in May'04 for their scrutiny. Stage-II Estimate amounting to Rs. 6.84 Crs has been recommended by CEA and approval of the Ministry of Power obtained for the same and fund released. Site Clearance for Stage-II activities has been accorded by the MoE&F. Work of DPR preparation awarded to M/s CES, New Delhi. DPR preparation would be completed within March'06.

PROJECTS FOR PREPARATION OF DPR

The following Projects have been accorded Stage- I site clearance, out of which five nos of Projects (from Sl no 1

to 5) have been entrusted to NEEPCO for execution for which CEA has recommended Rs. 946.46 Lakhs for carrying out Stage –I activities. NEEPCO has therefore requested MoP to release Rs. 946.46 Lakhs for carrying out Stage –I activities and completion of DPR preparation within March'06.

Sl. No.	Name of Schemes	State	Installed Capacity (MW)
1	Bharelli – II HEP	Arunachal Pradesh	600
2	Dibbin HEP	Arunachal Pradesh	100
3	Badao HEP	Arunachal Pradesh	120
4	Bharelli– I HEP	Arunachal Pradesh	1120
5	Kapak Leyak	Arunachal Pradesh	160
6	Kameng Dam HEP	Arunachal Pradesh	600
7	Talong HEP	Arunachal Pradesh	300

SURVEY AND INVESTIGATION SCHEMES

Following projects are taken up under survey and investigation for execution in future:

- Papumpam H. E. Project (60 MW), Arunachal Pradesh
- Hirit H. E. Project (84MW), Arunachal Pradesh
- Tenga H.E Project (600 MW), Arunachal Pradesh
- Papu H.E Project (200 MW), Arunachal Pradesh
- Pakke H.E. Project (110 MW), Arunachal Pradesh
- Sebu H.E. Project (80 MW), Arunachal Pradesh,
- Chanda H.E. Project (130 MW), Arunachal Pradesh
- Papu H.E. Project, (200 MW),Arunachal Pradesh.
- Utung H.E. Project, (100 MW), Arunachal Pradesh.
- Mawhu H.E. Project (120 MW), Meghalaya.
- Damwe H.E. Project (3000 MW), Arunachal Pradesh.

ORGANISATION

a. Strength of employees.

The total number of employees in the Corporation as on 31.03.2005 was 3233, which includes 3223 regular employees and 10 workcharged employees. A total of 79 employees (77 in group "A", nil in group "B" and 2 in group "C") were recruited during the year. Out of the employees so recruited 57 were through direct recruitment, 5 through deputation and 17 departmental

candidates. As regard position in respect of persons with disabilities is concerned, as per directives of the Govt. of India, 3% reserved in identified jobs has been made for persons with disabilities for group "A", " C" and "D". Accordingly, the position in respect of 36 physically handicapped employees in this Corporation is as under as on 31.03.2005:

	VH	HH	OH
i) Group A	–	–	01
ii) Group C	07	03	09
iii) Group D	11	03	02

b. Human Resource Development

An integral part of NEEPCO's employee centered policies is its thrust on their knowledge up-gradation and development. With this end in view, the HRD Institute of the Corporation organized seminars, workshops and training programmes on various work related topics with faculty assistance drawn from within and outside the organization covering 652 employees at different levels during the year under report.

The Corporation while recognizing the benefits and advantages of in-house training programmes also places equal emphasis on external training so that the organization can be strengthened by learning from external sources. In line with this, a total of 128 employees were deputed to attend conferences, seminars, workshops and training programmes conducted by different institutions of repute.

The Corporation also imparted overseas training to 10



Mr. R.V. Shahi, Union Power Secretary and Mr. S.C. Sharma, CMD, NEEPCO exchanging the MoU for 2004-05 at New Delhi



Mr. S.C. Sharma, CMD, NEEPCO and Dr. Prem Vrat, Director, IIT, Roorkee signing the MoU for creation of NEEPCO Professorial Chair at IIT, Roorkee

Executives under various Training Schemes in order to help them enhance their professional skills and knowledge.

To help the employees keep abreast of the latest developments, the HRDI Library was further equipped with latest books and periodicals etc during the year.

The Corporation achieved **excellent** rating for endeavours made in the area of HRD as per performance parameters incorporated in the MoU for the year 2004-05 entered into with the Ministry of Power, Government of India.

c. Industrial Relations

NEEPCO's industrial relations had remained cordial and harmonious throughout the year. It may be mentioned that no man day were lost in NEEPCO on account of any industrial dispute. Meetings were held regularly between the Management and representatives of the Trade Union and Associations, in Corporate office as well as Project sites, to discuss across the table, various issues including points, as per agenda and resolved amicably for overall interest of NEEPCO. The Management of NEEPCO has been pursuing vigorously with the concerned officials, regarding the implementation of the revised pay scales in respect of Executive, Supervisor and Workmen which was due w.e.f.1.1.1997. Adhoc Productivity Linked Incentive, for

the Financial Year 2004-05, @ 10% of Annual Basic Pay has been paid to all employees of the Corporation.

d. Welfare Activities

The Corporation has provided Hospitals/ Dispensaries at Project sites with qualified doctors appointed by the Corporation i.e. KHEP, RHEP, DHEP, AGBPP, AGTPP, TrHEP. A doctor is also posted at KaHEP. In addition to the Corporation hospitals/ dispensaries at sites there are 28 hospitals approved by the Corporation all over the Country for treatment of employees and their dependent family members. There is also one consultant physician for Delhi, one for Guwahati and one for TGBPP, Melaghar on retainership

basis.

NEEPCO Raising Day was celebrated in the Corporation on 2nd April, 2005. At Corporate office, the CMD graced the function. To mark the occasion employees were presented with mementos. The NEEPCO Women Welfare Association organized a mini fete on the occasion. In connection with NEEPCO Day Celebrations as a way of saluting our past CMDs and in an attempt to elicit their valuable suggestions, the first ever NEEPCO CMDs conclave 2005 was hosted on the 1st April 2005 on the subject "Vision NEEPCO 2020".

During the year 2004-05 the NEEPCO Women Welfare Association has given Cash Award, Certificate and



A workshop on "Maternity and Child Health" in progress at Doyang H.E. Project, Nagaland



Mrs. Sadhana Sharma, the first lady of the Corporation, inaugurating the Fete organized on the occasion of 30th NEEPCO Day at Shillong

Mementos to the Children of NEEPCO Employees in recognition of their excellence in Class X and XII State/ Central Board Examination. On the occasion of National Women Day on 19th Nov'04 the Association has organized a function in which a souvenir was released to mark the occasion. The International Women Day (8th March 2005) was celebrated by planting tree saplings in the Corporate Office premises to show concern for the Environment. Poster campaign and cleaning was also organized to keep the office premises and surroundings clean and a donation of Rs. 10,000/- (Ten thousand) only was handed over to the DC of East Khasi Hills District in aid of Tsunami Victims. Training in Embroidery, Knitting



Mr. S.C. Sharma, CMD handing over cash award and certificate to the children of NEEPCO employees in recognition of their excellence in Board Examinations

and Weaving were organized by NEEPCO Women's Welfare Association, KHER, Umrongso by engaging instructress in the concerned disciplines on payment of nominal Honorarium.

e. Sports Activities

- NEEPCO Carrom, Badminton & Table Tennis team participated in the annual Inter office Championship organized by Meghalaya State Govt. Employee's Federation at **Shillong** during July, 2004.

- To promote Sports and other related activities, NEEPCO extended financial assistance to **NRC, AGTPP** for 57,350/- (Rupees fifty seven thousand three hundred fifty) only Rs. 6,000/- (Rupees Six thousand) only towards **Bhalukpong**

Cricket Club of Arunachal Pradesh, Rs. 20,000/- (Rupees Twenty thousand) only towards sponsorship for the IVth Tadarang Memorial State Level Football Tournament 2004 of **Arunachal Pradesh** during November, 2004 and Rs. 20,000/- (Rupees Twenty thousand) only as contribution towards **National Sports Development Fund**, Ministry of Culture, Youth Affairs and Sports, New Delhi.

- NEEPCO Cricket Team participated in the Inter Technical Organization Cricket Tournament organized by Assam Engineering College as part of Golden Jubilee Celebration at **Guwahati** from 6th to 9th January, 2005. NEEPCO Team emerged as Champion in the above Tournament.

- NEEPCO Team participated in Tournaments like Table Tennis and Badminton organized by different Sister Organizations under the Aegis of PSCB and Ministry of Power, Govt. of India respectively during March, 2005 at New Delhi and April, 2005 at Shimla.

- NEEPCO hosted the **10th CPSU Cricket Tournament** at Guwahati from 21st to 26th February, 2005; NEEPCO Team emerged as Champion in the above Tournament playing against BBMB (Last Year Champion). The Tournament was inaugurated by Power Minister, Govt. of Assam, Mr. P. Bordoloi in presence of Chairman and Managing Director NEEPCO and other dignitaries. The



Mr. S.C. Sharma, CMD being introduced to the members of the winning NEEPCO Cricket Team at Guwahati

closing ceremony was attended by His Excellency, the Governor of Assam, Shri Ajay Singh. Altogether 8(eight) teams participated the Tournament viz., NEEPCO, NHPC, DVC, BBMB, PGCI, CEA, MOP and SJVN. A Souvenir was also released on this occasion by the Hon'ble Power Minister, Govt. of Assam.

- The Chairman and Ex-officio Secretary to the Govt. of India, CEA & the CMD of NTPC have sent their heartiest congratulations for successfully organizing the event which has further strengthened PSCB in its efforts.
- NEEPCO Football Team for the first time participated in the 5th PSCB Inter CPSU Football Tournament at Kolkata, organized by the NHPC. In this Tournament, NEEPCO Team bagged Runner-up Trophy.



NEEPCO Football Team which emerged Runners-up in the 5th Inter CPSU Football Tournament at Kolkata

f. School

The Corporation provides schooling facility at Project site as a Welfare measure for children and wards of employees posted at Project sites where no schooling facility is available nearby. In addition to the children and wards of NEEPCO employees, a good number of children of the local public are also admitted to these Schools, subject to availability of seat. The Vivekananda Kendra Shiksha Vibhag is the nodal agency for managing the Corporation Schools. These are English medium Schools of good academic standard affiliated to Central Board of Secondary Education. The following are the Corporation Schools:

1. Vivekananda Kendra Vidyalaya, KHEP, Umrongso upto Class-XII having both Science and Arts Stream.
2. Vivekananda Kendra Vidyalaya, RHEP, Yazali upto Class-XII(Science).
3. Vivekananda Kendra Vidyalaya, DHEP, Doyang upto Class-X.
4. Vivekananda Kendra Vidyalaya, AGBPP, Bokuloni upto Class-IX which may be upgraded to Class-X next year.
5. Tie up with Vivekananda Vidyalaya, Nirjuli (upto Class-X) for the children and wards of NEEPCO employees at Doimukh, RHEP.

In addition, the following K.G. Schools are also provided.

1. K.G. School at Doimukh.
2. K.G. School at Agartala Gas Turbine Power Plant Site, Agartala.

g. Use of Rajbhasha (Hindi)

The Corporation has been implementing the Official Language Policy of the Government of India at its Corporate Office as well as Projects and other offices. Efforts were made to issue papers referred to in Section 3(3) of the Official Language Act in bilingual. During the year Hindi Language Training as well as Hindi Typing training was imparted to the employees posted at Corporate Office, Shillong at Office premises.

Employees posted at Projects were nominated for Hindi Training through Correspondence Course under Central Hindi Training Institute, New Delhi. During the year 33 employees were trained in Hindi Language and 26 were trained in Hindi Typing. To facilitate the employees for doing their official work in Hindi 07 nos. of Hindi Workshops were organized at different offices and altogether 115 employees were in these workshops. Training materials were provided to the employees during the Workshop. Different Offices were also inspected by the Corporate Office to access the progress made in the use of Hindi and necessary guidelines were provided for proper implementation of the Official Language Policy of the Govt. of India. Tender Notices, Advertisements and other information were made available in Hindi in NEEPCO Website. In the House Journal – ‘NEEPCO NEWS’ valuable information relating to use of Hindi were provided for the guidance of the employees. Key words in Hindi with /English equivalent were displayed everyday on the black board under the programme “Today’s Word” in order to enrich the Hindi vocabulary of the employees.

Rajbhasha (Hindi) Pakhwara was observed and “Hindi Divas” was celebrated at the Corporate Office as well as in the projects and other offices of the Corporation during the year to create awareness and to encourage the employees for doing their official works in Hindi. Various competitions were conducted in Hindi and attractive prizes were awarded to the participants. An exhibition was also organized where the achievements made on the use of Official Language Hindi in the Corporation were displayed.

Rajbhasha (Hindi) Pustakalaya has been functioning at Corporate Office, Shillong which was further enriched with valuable books. Dictionaries, Glossaries and other reference books are also available for the use of the employees. Hindi News Papers and periodicals are available in the Pustakalaya. In sub-ordinate offices also reference books in Hindi were made available for the use of the employees. Since installation of Hindi Software in Corporate Office as well as other offices, a remarkable progress has been made in the use of Hindi in official works.

AUDITORS’ REPORT

M/s S. S. Kothari & Associates, Chartered Accountants, Kolkata were appointed as Statutory Auditor’s for the year 2004-2005. The report of the Statutory Auditors alongwith the reply of the Management thereto, comments of the Comptroller & Auditor General of India on the Accounts in terms of Sec.619 (4) of the Companies Act, 1956 alongwith the reply of the Management thereto and the Review of Accounts by the Comptroller and Auditor General of India for the year and furnished in Annexure I – IV.

DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors certify the followings:

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

VIGILANCE ACTIVITIES

As per directives and guidelines received from the Central Vigilance Commission, Action Plan on Anti-Corruption and Vigilance measures have been taken up. Complaints received from various sources are regularly attended and where prima-facie evidences are found, investigations have been carried out. Also emphasis is given to the aspect of preventive vigilance. Loopholes observed for finalization of various CBI cases have been pointed out to take effective and remedial measures.

DIRECTORS

Shri R.P.Sharma retired as Director (Technical) during the period since the last Annual General Meeting. Also Shri S.K.Rakesh, Shri G. K .Pharlia and Shri S. I. Longkumer ceased to be Directors during this period. The Board of Directors places on record its deep

appreciation for the valuable services rendered by these directors.

Shri J. Barkakati and Shri Mohan Singh assumed the Offices of Director (Technical) and Director (Personnel) of this Corporation during the period since the last Annual General Meeting. Also Shri Gurdial Singh, Shri D.A. Shishak were appointed as Directors of the Corporation during this period.

CONSERVATION OF ENERGY

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report regarding Conservation of Energy/Technology Absorption and Foreign Exchange earnings and outgo during the financial year 2004-2005 is enclosed in Annex-V.

NEEPCO is careful in complying with the requirements of the Environment (Protection) Act, 1986 and Forest (Conservation) Act, 1980. All the stipulation given in the specific clearance orders of the Ministry of Environment and Forest, Government of India, for different hydro and thermal projects during construction, as well as, operation & maintenance stage is strictly adhered to. The implementation of Compensatory Aforestation is normally done through the State Government agencies and by NEEPCO. Plantations within the Project area are also taken up. Restoration of the quarry area, borrow area and dumping area is done through suitable plantation after completion of construction. NEEPCO is also opening LPG Depots at Project sites from the IOC for supplying fuel to staff and the officers of the Project. Provision is also kept for providing kerosene oil to the construction labourers at subsidized rates. For Gas Based Power Project both

combined Cycle and Open Cycle steam from demineralized water or D / M water injection is done in the Gas Turbine for NO_x control. Further, height of the chimney is also suitably designed for this purpose. Besides this, a green belt is created around the Project area by suitable plantation.

ACKNOWLEDGEMENT

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

The Directors express their sincere gratitude to the State Government of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura for the cooperation and help extended by them. The Directors further expressed their appreciation to the State Governments who had made full payment against their current dues during the period 2004-05.

The Directors are also grateful 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 least, the Directors wish to place on record their high appreciation of the dedicated efforts made by all sections of employees of the Corporation to achieve the goals of the Corporation.

For and on behalf of the Board of Directors



(S.C. Sharma)

Chairman & Managing Director

Dated 2nd September, 2005
Guwahati