



Chairman's Speech

Dear Members,

It is my great privilege to welcome you, on behalf of the Board of Directors and the employees of North Eastern Electric Power Corporation Ltd. to the 30th Annual General Meeting of your esteemed Corporation. The Director's Report, Audited Accounts for the Year 2005-06, reports of auditors and Comments of the C & AG are placed before you for your consideration and adoption. With your permission I take them as read.

You will be delighted to know that the Corporation has maintained its' growth both in performance and profitability. I take this opportunity to share with you the Corporation's performance during the year under review and some other issues that need to be emphasized for the interest of your Corporation.

The Year 2005-06 has great significance; the Corporation has declared highest dividend of Rs. 60 Crores to the Govt. of India and its generation has surpassed all its' previous record.

Actual generation of the Corporation during the year is 5260 MU, thereby registering a growth of about 1% in actual generation over the previous year. Most importantly, the generation from Thermal (Gas based) Power Stations of the Corporation has increased significantly and it has achieved highest ever generation (2363 MU). The total Generation could have been much better if there had been sufficient

rainfall in the region to get enough water for hydro stations.

Gross sales of the Corporation during the Year is Rs. 840 Crores against previous year's gross sales of Rs. 799 Crores, thereby registering a growth of 5% over the previous year. During the year, the Corporation has realized Rs. 934 Crores from sale of Power as against Rs. 769 Crores in the previous year, thereby recording an increase of 21% over the previous year.

The Corporation is continuing to register profit of Rs. 200 Crores plus during the last 3 (three) consecutive years. The Profit before tax for this year is Rs. 209 Crores against previous year's figure of Rs. 206 Crores, thereby maintaining a steady growth.

You will be happy to note that your Corporation has achieved "Excellent" MoU rating during the year 2004-05. The provisional MoU rating evaluated for the year 2005-06 is also "Excellent".

As you know that all major works of the Kameng HE Project (600 MW) in Arunachal Pradesh have been awarded and the works in all fronts have been progressing in full swing. All efforts are being made to complete the Project within scheduled time.

During the Year 2005-06, the Corporation has submitted DPR for 4 (four) nos. Hydro Projects, namely, Pare HE Project (110 MW), Ranganadi HE Project St-II (130 MW), Talong HE Project (160 MW) and Badao HE Project (60 MW) all in Arunachal



Members of the Board at the AGM

Pradesh. The Corporation is also preparing the DPR for Dibbin HE Project (100 MW) and Kapak Leyak HE Project (160 MW), both in Arunachal Pradesh and Mawhu HE Project (120 MW) in Meghalaya, which are expected to be completed by March, 2007.

During the Year, Tipaimukh HE (Multipurpose) Project (1500 MW) in Manipur has got PIB recommendation in its' meeting dated 31.01.2006 for CCEA clearance in larger socio-economic consideration subject to among others that cost relating to flood moderation, diversion of national highway and external security might be borne by concerned administrative Ministries. While Ministry of Water Resources has agreed to meet the cost of Flood moderation, the formal response from Ministry of Shipping, Road Transport & Highways and Ministry of Home affairs are awaited.

Considering the vast Coal reserves available in North East of India, specially in Assam and Meghalaya, the Corporation feels its' responsibility for setting up of

Coal based Thermal Power Plants. Accordingly, after doing the initial study, Corporation has identified the following projects for the preparation of DPR :

1. Margherita Thermal Power Project (480 MW) at Margherita, Assam
2. West Khasi Hills Thermal Power Project (240 MW) at Nongstoin, Meghalaya
3. Garo Hills Thermal Power Project (720 MW) at Nangalbibra, Meghalaya

You will be happy to note that the Government of Meghalaya has already conveyed approval for execution of the West Khasi Hills Thermal Project. The consent of the State Government for the other projects are awaited.

The Corporation is considering the expansion of Agartala Gas Turbine Plant by installing 2 (two) more Gas Turbines of 21 MW each, subject to availability of the required natural gas. It has been found that the

expansion of the Agartala Gas Turbine Plant is very attractive in view of the existing infrastructure, entailing minimum investment. The Ministry of Power, Govt. of India has also taken up with the Ministry of Petroleum & Natural Gas for the allocation of Gas for this Expansion Project. The Tripura State Electricity Corporation has also agreed to take the entire power from these additional units.

It is needless to mention that in order to achieve the Govt. of India's vision of "POWER FOR ALL BY 2012", your Corporation has to play key role in the development of Power Projects in the North East. The key result areas for your Corporation in the years to come will be on getting more and more Projects and execute in scheduled time without any cost & time overrun. This would require much greater efforts from all corners and the people of your Corporation.

Your Corporation has maintained its' continued endeavour in terms of quality and maintenance of International Standards. Assam Gas Based Power Plant (291 MW) has got the prestigious Certification for ISO 9001:2000 for Quality Management System on 26th April, 2006, ISO 14001:2004 for Environmental Management System on 25th August, 2006 and OHSAS 18001:1999 for Health & Safety management on 25th August, 2006.

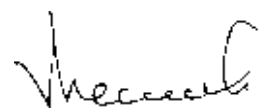
Developing power stations is not only the main focus of your Corporation; it has also many social obligations for the people of these remote areas of the Country where the Projects are located / identified. Socio-Economic development of Project locality & it's people has been and will remain the priority of the Corporation.

Planning and Development of Human Resources of an organization is a continuous process and your Corporation is also no exception to this activity.

In all its endeavours and achievement, your Corporation has been receiving constant guidance and support from the Ministry of Power, Ministry of Finance and other Ministry of Govt. of India, Central Electricity Authority, Central Water Commission & other Department of the Govt. of India, State Govt. & other Departments of all North East States, Financial Institutions and lending agencies. I, on behalf of all of you, take this opportunity to express Corporation's sincere gratitude and appreciation for their invaluable support and contribution. I also like to place on record, on behalf of all of you, our sincere thanks to the Statutory Auditors of the Corporation and the Controller & Auditor General of India for their constructive suggestions.

Lastly, I, on your behalf, like to place on record the Corporation's appreciation for the sincere and devoted services rendered by each individual employee because of whom your Corporation has been able to maintain its' EXCELLENT performance.

Thank you,



(M. R. Ghosh)

Chairman &
Managing Director

Date : 18-09-2006

Place : Shillong