

Directors' Report for the year 2005-06

Dear Members,

On behalf of the Board of Directors, it is my privilege to present the 30th Annual Report on the performance of your Corporation during the financial year ended on March 31, 2006 along with audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the reporting period.

FINANCIAL PERFORMANCE

Your Corporation completed another successful year of operation improving its performance from the earlier year. The Corporation achieved generation of 5260 MU during the year under report which is the highest generation since inception. The Gross Revenue achieved was Rs. 933.55 Crores in the year 2005-06 against previous year's figure of Rs. 881.81 Crores recording a growth of 6%. The sales turnover for the year was Rs. 839.62 Crores in comparison to previous year's Rs. 798.97 Crores, recording a growth of 5%. For the year ended on 31st March, 2006, the Corporation earned a profit before tax of Rs. 209.34 Crores against previous year's figure of Rs. 205.97 Crores, while the Profit after tax amounts to Rs. 198.55 Crores for the current year.

The performance of the Corporation for the financial year ended 31st March, 2006 is summarised below:

	(Rs. in Crores)	
	2005-06	2004-05
Gross Revenue	933.55	881.81
Sale of Power	839.62	798.97
Gross Margin	524.57	525.34
Depreciation	149.75	147.24
Deferred Revenue Expenditure	10.19	8.80
Gross Profit	364.63	369.30
Interest and Finance Charges	155.29	163.33
Provision for Taxes	10.79	9.79
Profit after Tax	198.55	196.19
Add: Balance of Profit from last year	1.11	0.38
Write back from Bond Redemption Reserve	23.50	42.79
Profit available for Appropriation :	<u>223.16</u>	<u>239.36</u>

Appropriations :

Bond Redemption Reserve	23.92	31.54
Proposed Dividend (including interim dividend)	60.00	30.00
Tax on Dividend	8.41	3.92
General Reserve	130.00	172.79
Balance carried over to Balance Sheet	0.83	1.11
	<u>223.16</u>	<u>239.36</u>

DIVIDEND

Your Directors recommended an all time high dividend of Rs. 60.00 Crores for the year 2005-06 including the interim dividend of Rs. 10.00 Crores subject to your approval in the Annual General Meeting. The total dividend pay-out represents 30% of Profit After Tax (PAT) as per the policy decision of Government of India.

REVENUE REALISATION

During the year 2005-06, the Corporation realized an amount of Rs. 934 Crores from the beneficiaries. The percentage of debt realization to sales for the year was 111% as against the previous year's figure of 96.39%. The Corporation has also realized a sum of Rs. 81.17 Crores as interest on bonds during the year.

FINANCIAL REVIEW

a) CAPITAL STRUCTURE

The Authorised Share Capital of the Corporation as on 31.03.2006 stood at Rs. 3500.00 Crores. The Paid up Capital, including amount received against share capital pending allotment was Rs. 2259.45 Crores (Previous Year Rs. 2102.61 Crores).

b) BORROWINGS

The borrowings of the Corporation as on 31st March, 2006, was Rs. 2220.90 Crores as against Rs. 2908.26 Crores as on 31st March, 2005. The Corporation could reduce the borrowing by Rs. 687.36 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.

d) NET WORTH

The net worth of the Corporation excluding committed reserve as on 31st March, 2006 was Rs. 2740.87 Crores against Rs. 2452.79 Crores as on 31st March, 2005 representing a growth of 11.74%.

e) COST ACCOUNTING RECORD RULES

Cost Accounting Record Rules were introduced for Electricity Industries w.e.f. the year 2001-02. Audit of Cost Accounts under Section 209(1)(d) of the Companies Act, 1956 was made mandatory w.e.f. 2005-06. The Central Government has approved the appointment of M/s. A. C. Dutta & Co., Cost Accountants, as Cost Auditor of the Corporation for the financial year 2005-06.

PERFORMANCE HIGHLIGHTS**GENERATION**

The generation of 5260 MU during the year 2005-06 considerably exceeds the MoU target of 4904 MU (RE). The increase in generation over the previous year's achievement was 65 MU. 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 %age
1	KHEP (275 MW)	1208	1303	107.86%
2	AGBP (291 MW)	1550	1725	111.29%
3	AGTP (84 MW)	596	638	107.05%
4	DHEP (75 MW)	172	184	106.98%
5	RHEP (405 MW)	1378	1410	102.32%
	Total	4904	5260	107.26%

PROJECTS UNDER OPERATION**a) KOPILI HYDRO ELECTRIC PROJECT (275 MW), NORTH CACHAR HILLS, ASSAM**

Kopili HE Project, with a design energy of 1550.09 MU generated 1303 MU against a generation target of 1208 MU.

There are three power stations under this Project, 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 2005-06, Kopili Power Station generated 1015 MU against design energy of 1186.14 MU with capacity index of 81.83%. The capacity index for Kopili Power Station was lower than the normative capacity index (85%) on account of outage of Kopili Unit III for a period of five months with effect from 07.11.2005 to 31.03.2006 due to high vibration.

Renovation & Modernization (R&M): R&M proposal for Unit-I & II have been forwarded to CEA which is under process of finalization. R & M work will be taken up in 11th plan.

Khandong Power Station (2X25 MW)

During the year 2005-06, Khandong Power Station generated 198 MU against design energy of 277.65 MU with capacity index of 93.34%.

KHEP Stage II (1X25 MW)

During the year 2005-06, KHEP Stage II generated 90 MU against design energy of 86.30 MU with capacity index of 94.32%.

b) DOYANG HE PROJECT (75 MW)

Doyang HE Project having Design Energy of 227.24 MU generated 184 MU during the year 2005-06 against generation target of 172 MU. Capacity index of the project recorded 87.38% against normative capacity index of 85%.

c) RANGANADI HE PROJECT (405 MW)

Ranganadi HE Project generated 1410 MU during the year 2005-06 against generation target of 1378 MU and design energy of 1509.66 MU. The Project has achieved generation of 93.40% of design energy and capacity index of 97% against normative capacity index of 85%. The increased capacity index resulted in earning of incentive of Rs 15.86 Crores for the Project.

It is worth mentioning that, RHEP has been selected by Ministry of Power, Government of India for

"National Meritorious Performance Award" for its outstanding performance in Hydro Sector during the year 2004-05 under the Comprehensive Award Scheme.

The Generation from the RHEP & DHEP was adversely affected badly due to comparatively lesser rainfall in NE Region.

d) ASSAM GAS BASED POWER PROJECT (291 MW)

Energy generated during the year 2005-06 was 1725 MU against the targeted generation of 1550 MU with 72.36% Availability. PLF achieved during the year was 67.70%. The lower availability against normative availability of 80% was due to inadequate supply of natural gas. However, attempts are being made to tide over the shortage of gas supply in future.



A view of Assam Gas Based Power Plant (291 MW)



Control room, AGBP (291 MW)

e) AGARTALA GAS TURBINE PROJECT (84 MW)

Energy generated during the year 2005-06 was 638 MU against the targeted generation of 596 MU with



A view of the Agartala Gas Turbine Power Plant (84 MW)

a PLF of 86.76%. This is the highest ever generation achieved by the power station since its inception. The Project achieved 95.59% availability during the year, which was well above the normative availability of 80%.

SPECIAL ACHIEVEMENTS

The operational achievements during the year worth special mention are as follows:

- Highest recorded generation in a day from NNEPCO Power Plants** was 24.325 MU on 27.08.2005.
- Highest recorded contribution from NNEPCO** to the grid was 1032 MW on 20.06.2005.

ONGOING PROJECTS

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

Kameng H. E. 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%. This project will generate 3592 MU at 90% dependable year. CCEA clearance of the project was accorded on 02/12/04 at Rs. 2496.90 Crores including IDC of Rs. 240.09 Crores at March, 2004 Price Level, with completion schedule of 5 years from the date of CCEA clearance.

Status upto March, 2006

1st phase of land acquisition has been completed. Additional land will be acquired as and when required. All infrastructural works viz. Semi-permanent buildings,



A view of the temporary colony at KaHEP

roads, construction power etc. are in advance stage of completion. Recently work order has been issued to the contractor for permanent colony buildings.

Civil Works for Bichom Dam, Diversion Tunnel, Intake and the Main Tunnel. (PACKAGE - I)

River Diversion (stage - I) : Completed in December, 2005.

Bichom Dam Excavation : Excavation 156100 Cum completed.

Bichom Dam Concreting : Concreting 3126 Cum completed.

Adit - I Boring : Boring of 84.3 m completed.

Boring of HRT : 32 m boring completed.
(0.00 to 4.40+ 0.5 km)

Civil Works for Tenga Dam, Diversion Tunnel and the Main Tunnel. (PACKAGE - II)

Adit - II Boring : 264 m completed.

Adit - III Boring : 177.35 m completed.

Boring of HRT : 8.9m junction work completed.
(4.40 to 11.60 Km)

Civil works for Main Tunnel, Surge Shaft, Pressure Shaft, Power House and Tail Race System. (PACKAGE - III)

Adit - IV Boring : 277.5 m completed.

Surge Shaft Open : 67700 Cum completed.
Excavation

Power House Pit : 651846 Cum completed
Excavation out of total 835000 Cum. Slope protection works in Power House area are in progress.

Design, Fabrication & Erection of Penstock Steel Liner and all of the Hydro-Mechanical Works/ Equipments. (PACKAGE - IV)

The construction drawings in respect of 1st stage of embedded parts for construction sluice gates for Bichom Dam and details of ferrules of steel liner at Tenga river crossing had been received on 28.01.2006. The 1st stage embedded parts for 1 no. of construction sluice gate has been fabricated and dispatched to Bichom dam site on 05.03.2006. Bending Machine and EOT Crane have been installed and being commissioned. Erection of truss for the Workshop is in progress. Fabrication of balance quantity of 1st stage embedded parts for Construction Sluice at Bichom dam is under progress.

Contract for Electro-Mechanical Equipment. (PACKAGE - V)

Kick-off meeting with M/s. BHEL took place in the month of April, 2005. All associated works are in progress.

Design, Engineering, Manufacture, Supply, Erection, Testing and Commissioning of 400 KV & 132 KV Switchyards with Associated Civil and Structural Works. (PACKAGE - VI)

Techno-Commercial Bid opened on 17.11.2005, evaluation is in progress.

Transformers, Oil Treatment Plant and other auxiliaries. (PACKAGE - VII)

The Tender for this Project has been re-invited on 30.05.2006 with due date of opening on 28.08.2006.

An amount of Rs. 367.83 Crores has been spent till March, 2006. During the current year (2006-07), Rs. 350.00 Crores has been kept as BE against this Project.

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

CCEA clearance of Tuirial Hydro Electric Project was accorded in July, 1998 at estimated cost of Rs. 368.72 Crores (including IDC of Rs. 20.31 Crores) with debt: equity ratio of 85:15, and with completion schedule of 8 (eight) years from the date of CCEA clearance. The project cost is financed substantially under loan assistance of 11695 Million Japanese Yen from Japan Bank of International Co-operation (JBIC) and 15% of the cost from the Govt. of India assistance as equity and balance portion of the project cost as Gol loan. Execution of the Project was taken up accordingly and all major works of the Project, such as Diversion Tunnels, Dam & Spillway, Power House, Electro Mechanical works and Switchyard have been awarded, barring the work of Hydro-Mechanical equipment and Gates. The infrastructural works for the project has since been nearly completed. Land for the project area has also been acquired and that for the submergence area was in progress till 09.06.2004. Civil Works of construction of 132 KV S/C Kolashib-Tuirial transmission line for drawal of construction power is also completed.

All major construction activities of Tuirial Hydro Electric Project were suspended during the agitation launched by Tuirial Crop Compensation Claimants Association (TCCA) with effect from 09.06.2004 on

demand of crop compensation payment. The agitation was called off on 13.08.2004 conditionally. However, in view of law and order situation and anticipated increase in the cost of the Project, it was decided on 12.08.2004 by the Mandatory Review Committee of Ministry of Power on Tuirial HE Project that no further expenditure on the project may be incurred by NEEPCO apart from safety and normal upkeep of Assets already created and revised cost estimate be finalized. This was further confirmed by the NEEPCO's Board of Directors in the meeting held on 26.08.2004. Since then all major activities of the project have been kept in abeyance.

In the meantime, in terms of the decision in the meeting taken by the Secretary (Power), Government of India on 12.01.2006, NEEPCO had submitted application for in principle clearance towards availing Viability Gap Funding on 17.03.2006 based on RCE of the project at October, 2004 Price Level and in pursuance of MoP's letter dated 17.03.2006, the revised proposal for the same was submitted on 10.04.2006. The Ministry of Power has however communicated on 15.09.2006 the decision of the Ministry of Finance that the Project does not qualify for viability gap funding under the PPP scheme. Meanwhile, as per the advice of the Ministry of Power, NEEPCO is exploring the possibility of obtaining funding of Rs. 200 Crores from the Ministry of DoNER so as to make the project viable.

Out of total loan assistance of 11695 Million Japanese Yen from JBIC, disbursement made so far is 3049.297 Million Japanese Yen and Government of India released Rs. 89.94 Crores (Rs. 59.33 Crores as equity and Rs. 30.61 Crores as loan). Total expenditure incurred for the project upto 31.03.2006 is Rs. 227.21 Crores. Physical progress of the project achieved is to the tune of 30%.

PROJECTS OF NEEPCO IN THE PIPELINE

a) Tripura Gas Based Power Project (280 MW)

The proposal for setting up of (280MW) Tripura Gas Based Power Project at Monarchak in West Tripura District was recommended by PIB for CCEA clearance in its meeting held on 07.05.2004 and the proposal was being processed for placing the same before CCEA for necessary clearance.

The tenders for EPC contract was processed with completion of price bid evaluation and CCEA clearance was awaited for awarding the contract. Meanwhile, the Govt. of India communicated the decision for abandonment of the project under MoP's letter no. 7/31/2000-H.I. dated 24th November, 2005 in view of laying of foundation stone of 750 MW Gas Based Project at Palatana by the Hon'ble Prime Minister of India and consequently all works were stopped. The manpower posted in the Project has been withdrawn with effect from 01.06.2006.

b) Tripura Kopili Transmission System (TKTS)

A 465 KM long 220 KV D/C line from Monarchak to New Kopili was envisaged for evacuation of power from the Tripura Gas Based Power Project. In addition, a 70 KM 132 KV D/C line upto Agartala line was also been envisaged.

The DPR of the Transmission Line Project was prepared and submitted to CEA. CEA cleared the Project Cost Estimate prepared for the Project at Rs. 486.07 Crores (2nd Qtr. 2004 Price Level) on 01.12.2004 which was subsequently revised to Rs. 499.08 Crores (January, 2005 Price Level) and the matter was due for consideration of PIB/CCEA.

With the abandonment of Tripura Gas Based Power Project (TGBBP), 280 MW by the MoP, this associated Transmission System also stood abandoned. Accordingly all works have been stopped and manpower posted for the Project withdrawn w.e.f. 01.06.2006.

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 1500 MW (6 x 250 MW) having firm power of 434.44 MW. The Project was transferred to NEEPCO from Brahmaputra Board on 14.07.1999. Besides generation of power, the project will help in flood moderation in the downstream plains of Assam.

The cost of the project was approved by the CEA on 24th March, 2005 for Rs. 6701.97 Crores (Including IDC of Rs. 816.40 Crores) at December, 2004 PL.

First year Tariff considering all cost, is assessed at Rs. 3.55/Unit. The above updated cost was included in the PIB note and was discussed in the PIB meeting held on 25.10.2005. The concluding PIB meeting of the Project was held on 31.01.2006. PIB observed that the Project was not viable per se, but could be considered for support in larger socio-economic consideration. After detailed discussion PIB recommended that the Project be placed before CCEA for consideration subject to among others that cost relating to flood moderation, diversion of National Highways and external security might be borne by concerned Administrative Departments. It was observed that cost should be updated to December, 2005 price.

As desired in the PIB meeting held on 31.01.2006, NEEPCO revised the cost estimate at November, 2005 for an amount of Rs. 6908.88 Crores (Including IDC) and submitted the same to CEA for vetting. Above cost estimate is inclusive of updated cost components of Flood Moderation, National Highway (NH) Diversion, and External Security, as under:

- | | |
|--|--------------------|
| 1. Cost of Flood Moderation Component | :Rs. 445.80 Crores |
| 2. Cost of National Highway Diversion | :Rs. 166.61 Crores |
| 3. Cost of External Security (Outside Project) | :Rs. 246.00 Crores |

CEA has since accorded approval to the revised cost estimate at Rs. 5855.83 Crores excluding cost of flood moderation, diversion of national highway and external security. With this, the 1st year tariff works out to Rs. 3.33 and levelled tariff works out to Rs. 2.75 per unit. 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.

Notice Inviting Bids from prospective bidders (International Competitive Bidders) for EPC contract has been floated on 30.11.2005 with date of opening of bids being fixed on 10th October, 2006.

The Expert Committee on NPV constituted in compliance with the Hon'ble Supreme Court directive dated 26.09.2005, has submitted its report to the

Hon'ble Supreme Court recommending 30% exemption for hydroelectric project from payment of full chargeable NPV along with additional Ground Rent for the forest land under diversion to be paid by the user agency in lieu of Compensatory Afforestation presently in force. The report is now under examination of MOE&F and the Hon'ble Supreme Court. Once accepted, this will reduce the tariff.

Power Purchase Agreement has been signed with the State of Tripura on 07.03.2006 for 250 MW, with Assam State Electricity Board on 16.03.2006 for 600 MW, with the State of Manipur on 19.05.2006 for 200 MW, with the State of Nagaland on 24.05.2006 for 75 MW, with Meghalaya State Electricity Board on 18.08.2006 for 150 MW and State of Mizoram on 21.06.2006 for 70 MW aggregating a total of 1345 MW. Requisition of power from this project have also been received from states across the country like Punjab, Haryana, Orissa, Gujarat, Madhya Pradesh etc.

Environmental & Forest Clearance

In respect of Environment and Forest Clearance, the Governor of Manipur constituted Environment Public Hearing Panel under Memo No. 74.12.2004 - For. & Env't: Imphal, the 17th April, 2006, and No. 74.12.2004 - For. & Env't: Imphal, dated 23rd May, 2006 for holding Public Hearing in Churachandpur and Tamenglong Districts of the state respectively, which are expected shortly. Public Hearing for the state of Mizoram was held on 02.12.2004 which however remained inconclusive. In the said public hearing meeting, public desired formation of a committee consisting of representative of Govt. of Mizoram, NEEPCO and representative from public. The matter has been pursued with the Govt. of Mizoram and necessary orders for formation of the Committee is being issued by the State Government. Constituted committee will decide to take further necessary action in regard to consent of public. On successful completion of the Public Hearings and receipt of NOC from respective State Pollution Control Boards, applications for Environment clearance will be forwarded to the MOE&F by the Corporation. Also, consequent upon revision of Forest Conservation Rule in March, 2003, fresh applications for diversion of

forest lands were submitted to the State Governments of Manipur and Mizoram on 03.04.2003. Government of Mizoram had already forwarded the proposal to the MOE&F, Gol, while the state of Manipur is yet to forward its proposal to the MOE&F, Gol. The Project is scheduled to be commissioned within 87 months from the date of CCEA clearance.

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

This storage project is located near Yazali, Lower Subansiri district in Arunachal Pradesh and 10 KM upstream of present Ranganadi Diversion Dam. The project envisages construction of a 122m high (at deepest bed level) composite Gravity Dam with installed capacity of 130MW. The commercial viability of the project has been established based on Feasibility Report submitted by NEEPCO in October, 2002. The Stage - I & Stage - II site clearance from MOE & F has been received in February, 2002 & August, 2003 respectively. Long term run-off series have been firmed up and approved by CWC. Stage-II clearance for an amount of Rs. 8.35 Crores has been accorded by MoP. After carrying out detailed survey & investigation works, the Detailed Project Report (DPR) has been completed and submitted the same to CEA on 17.03.2006 for according TEC. The cost of the Project is estimated at Rs. 1120.31 Crores at February, 2006 price level, at a tariff of Rs. 3.91 in the first year and Rs. 3.17 as levelled tariff.

e) 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.

After carrying out detailed survey & investigation works, the Detailed Project Report (DPR) has been completed and submitted the same to CEA on

26.12.2005 for according TEC. The cost of the Project is estimated at Rs. 624.87 Crores at December, 2005 price level, at a tariff of Rs. 2.35 in the first year and Rs. 2.08 as levelled tariff.

SURVEY & INVESTIGATION, PREPARATION OF DPR

Under the Hon'ble Prime Minister's 50,000 MW Hydro Initiative, NEEPCO had prepared Pre-Feasibility Report (PFR) of 18 (eighteen) projects out of which 15 (fifteen) projects are located in Kameng Basin of Arunachal Pradesh and the other 3 (three) projects are located in Nagaland.

NEEPCO has taken up the following projects for preparation of DPR under the 50,000 MW Hydro Initiative:

Sl. No.	Project	IC (MW)	Remarks
1	Talong HEP, Arunachal Pradesh	160	completed DPR & submitted to CEA on 31.03.2006.
2	Badao HEP, Arunachal Pradesh	60	DPR completed & submitted to CEA on 31.03.2006. Difficult approach. Drilling equipments etc. had to be air lifted.
3	Kapak Leyak HEP, Arunachal Pradesh	160	DPR under preparation & expected to be completed within 2006-07. Difficult approach. Drilling equipments etc. had to be air lifted.
4	Dibbin HEP, Arunachal Pradesh	100	DPR under preparation & scheduled to be completed within 2006-07.
5	Mawhu HEP, Meghalaya	120	DPR under preparation & scheduled to be completed within 2006-07.
6	Bhareli - I HEP, Arunachal Pradesh	1120	Preparation of DPR kept on hold for want of comments from Chief Wildlife Warden of Arunachal Pradesh as necessary for site

clearance from MOE&F, Gol. Matter taken up for bringing to notice of National Board for Wildlife (NBWL).

7	Bhareli - II HEP, Arunachal Pradesh	600	Preparation of DPR kept on hold for want of comments from Chief Wildlife Warden of Arunachal Pradesh as necessary for site clearance from MOE&F, Gol. Matter taken up for bringing to notice of National Board for Wildlife (NBWL).
8	Kameng Dam HEP, Arunachal Pradesh	250	Preparation of DPR kept on hold for want of comments from Chief Wildlife Warden of Arunachal Pradesh as necessary for site clearance from MOE&F, Gol. Matter taken up for bringing to notice of National Board for Wildlife (NBWL).
9	Demwe HEP, Arunachal Pradesh	3000	DPR under preparation & scheduled to be completed within 2007-08.
TOTAL		5570 MW	

- **Lower Kopili H.E. Project (150 MW), 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.
- **Tuivai H.E. Project (210MW), Mizoram:** The Board of Directors in its 152nd Board meeting held in June, 2006 agreed to the handing over of the project to the Govt. of Mizoram. It was also resolved that the modalities for re-imbursement of the Rs. 17.38 Crores already spent by NEEPCO (upto 31.08.2005) will be decided mutually between NEEPCO and the Govt. of Mizoram as was decided in that meeting taken by Secretary Power on 12.01.2006. Accordingly, the process of handing over the project has been initiated.

- Papumpam HEP (60MW), Arunachal Pradesh:**
 MOE&F has declined to issue site clearance for the project due to involvement of huge submergence and displacement of substantial number of tribal families. In view of above, the Board of Directors in its 150th Meeting on 25.11.2005 has decided to discontinue all activities of the project except for continuing with collection of HM data for 2(two) years through outsourcing.
- Hirik HEP (84MW), Arunachal Pradesh:** After carrying out study based on the topographical survey and available HM data it has been observed that the tariff of the project works out to much on the higher side. It was felt prudent not to incur further expenditure towards detailed survey & investigation without establishing water availability for the project based on site specific HM data for 4 / 5 years. In view of above, the Board of Directors in its 150th Meeting on 25.11.2005 has decided to keep in abeyance all activities of the project except for continuing with collection of HM data for 5 (five) years through outsourcing and thereafter to carry out fresh desk study.

ORGANISATION

a) STRENGTH OF EMPLOYEES

The total number of employees in the Corporation as on 31.03.2006 was 3319 which includes 3309 regular employees and 10 Work charged employees. A total of 169 employees were recruited during the year (113 in Group "A", 10 in Group "B" 38 in Group "C" and 8 in Group "D") Out of the employees so recruited, 121 through direct recruitment, 11 on deputation basis and 37 departmental candidates. Further, within this position 25 posts were filled up by special drive for recruitment of SC/ST as per Government of India directives as below:

		SC	ST
i)	Group 'A'	1	-
ii)	Group 'B'	-	-
iii)	Group 'C'	10	6
iv)	Group 'D'	8	-

b) HUMAN RESOURCE DEVELOPMENT

Human Resource is an important component for every organization to achieve its objectives and targets. NEEPCO gives prime importance for the



Participants during a training programme on AUTOCAD



Participants at the Workshop organised on the occasion of Productivity Week

development of its human resource. The HRD Institute of the Corporation organized seminars, workshops and training programmes on various job related topics with faculty assistance drawn from within and outside the organization covering 674 employees at different levels during the year under report.

Apart from the in-house programmes, the Corporation also deputed employees at different levels for external programmes. A total of 65 employees were deputed to attend conferences, seminars, workshops and training programmes conducted by different institutions of repute.

The Corporation also imparted overseas training to 22 executives under various Training Schemes in order to help them enhance their professional skills and knowledge.

To help the employees keep abreast with 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 2005-06 entered into with the Ministry of Power, Government of India.

c) INDUSTRIAL RELATIONS

Industrial relations in NEEPCO had remained cordial and harmonious through out the year. As in the past years, no mandays were lost in NEEPCO on account of any industrial dispute. Meetings were held regularly to discuss various issues, including agenda points between the Management and representatives of various Trade Unions and Associations, in the Corporate Office as well as various Project sites, and resolved amicably for the overall interest of NEEPCO. The implementation of the revised pay scale in respect of Executive, Supervisor and Workmen which was due w.e.f. 01.01.1997, has been actively pursued by the NEEPCO Management with the concerned authorities.

d) WELFARE ACTIVITIES

The Corporation has well equipped Hospitals / dispensaries at its various Project sites manned by qualified Doctors. There are presently 16 Doctors posted at the various Projects and Head Quarters. These hospitals / dispensaries provide free treatment to the people of neighbouring villages also as a social welfare measure. In addition to the Corporation hospitals / dispensaries of sites there are 29 hospitals approved by the Corporation all over the country for treatment of employees and their dependent family members. There is also one consultant physician at Delhi.



Members of the NEEPCO Women Welfare Association handing over a cheque to the DC, East Khasi Hills in aid of the Tsunami Victims

During the year 2005-06 the NEEPCO Women Welfare Association had given Cash Award, Certificates and mementos to the children of NEEPCO Employees in recognition of their excellence in class X and XII State / Central Board Examinations. The Association had also given a donation of Rs. 10,000/- each to two



Computer training being imparted to school students

NGOs namely, the William E. Lewis Boys Home (orphanage) at Mawphlang, Shillong and NEIMA Children's Home (orphanage) at Sahsniang, Jaintia Hills. To commemorate the International Women's Day (8th March, 2005) the Association organised an exhibition-cum-sale of handicraft items created by less fortunate children at NEEPCO Head quarters Shillong.



Painting competition in progress as H.E., Shri S. Dutta, Governor of Nagaland, looks on

The Corporation organised painting competitions for School students in the states of Meghalaya, Mizoram, Nagaland and Tripura as part of National Campaign on Energy Conservation co-ordinated by Bureau of Energy Efficiency, Ministry of Power.

e) SPORTS ACTIVITIES

- Shri Jason Jarman Lamare, Assistant - III (89 days), EDP Wing, an Assam Ranji Trophy Player, attended the Fitness-cum-Conditioning Camp at Guwahati conducted by the Assam Cricket Association. He also attended the Trial-cum-Selection Camp at Guwahati for the Senior Ranji Exposure Tour to Bangalore and Hyderabad. Shri Lamare represented Assam in the Ranji Trophy Championship 2005-06.
- Shri Iohbor Blah, Jr. Sports Assistant successfully completed the Level - I course for coaching conducted by National Cricket Academy, Bangalore.

f) SCHOOLS

The Corporation provides schooling facilities at Project site as 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 neighbouring localities 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. In addition, a few kindergarten Schools are also provided in some Stations.

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 26 employees were trained in Hindi Language and 09 were imparted Hindi Typing Training under regular courses. Employees posted at Projects were nominated for Hindi training through Correspondence Course under Central Hindi Training Institute, New Delhi. During the year 15 employees were trained in Hindi language and 04 were trained in Hindi Typing under Correspondence Course. To facilitate the employees for doing their official work in Hindi, four numbers of Hindi Workshops were organised at different offices and altogether 67 employees were trained in these workshops. Training materials were provided to the employees during the Workshop. Offices were also inspected to assess 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



Hindi Divas at the Corporate Office

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 organised 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 newspapers and periodicals are available in the Pustakalaya. Considerable number of books were added to the Pustakalaya during the year. 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.

AUDITOR'S REPORT

M/s. VPC & Associates, Chartered Accountants, Kolkata were appointed as Statutory Auditor's for the year 2005-06. 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 :

a) In the preparation of the annual accounts, the

mandatory accounting standards have been followed.

- b) The accounting policies adopted are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss of the Corporation for that period.
- c) Adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other have been maintained.
- d) 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

Since the last report, the following Directors relinquished office. The Board of Directors places on record its deep appreciation for the valuable services rendered by these Directors:

- Shri A.K.Kutty, Joint Secretary (Hydro) Ministry of Power, Government of India, ceased to be part time Director of NEEPCO w.e.f. 30.11.2005.
- Shri Mohan Singh superannuated as Director (Personnel) from the services of the Corporation on 31.07.2006.
- Shri S. K. Rakesh, Commissioner & Secretary (Power) Govt. of Tripura ceased to be part time Director of NEEPCO w.e.f. 06.07.2006.
- Shri A. K. Shyamkeswar, Chief Engineer (Power), Govt. of Manipur ceased to be part time Director of NEEPCO w.e.f. 06.07.2006.
- Shri V. S. Prasad, DoNER ceased to be Part Director of NEEPCO w.e.f. 06.07.2006.

- Shri D.K.Tyagi, Principal Secretary Power, Govt. of Tripura ceased to be part time Director of NEEPCO w. e. f. 26.05.2006.
- Shri Saurabh Kumar, Dy. Secretary (Finance), Ministry of Power, Govt. of India ceased to be part time Director of NEEPCO w.e.f. 30.11.2005.

Also, the following Directors were appointed to the Board since the last Report :

- Shri I. P. Barooah assumed the Office of Director (Personnel) of this Corporation on 01.08.2006.
- Shri Rajeev Verma, Dy. Secretary (Finance), Govt. of India was appointed as part time Director of NEEPCO w.e.f. 30.11.2005.
- Shri Sanjay Chadha, Director (H), Ministry of Power, Govt. of India was appointed as part time Director of this Corporation w.e.f. 30.11.2005.

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 2005-06 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 de-mineralized water or D / M water injection is done in the Gas Turbine for NOX 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

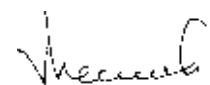
The Directors are grateful to the various Ministries and Departments of the Government of India particularly the Ministry of Power, Ministry of Home Affairs, Ministry of Finance, Ministry of Environment and Forest, Planning Commission, Department of Public Enterprises, North Eastern Council, Central 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 express their appreciation to the State Governments who had made full payment against their current dues during the period 2005-06.

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



(M. R. Ghosh)

Chairman & Managing Director

Dated 18th September, 2006
Shillong