

## DIRECTORS' REPORT

The Board of Directors take immense pleasure in presenting the 40<sup>th</sup> Annual Report on the business and operations of the Corporation with the audited statement of accounts for the year ended March 31, 2010.

### I. Financial Performance

Financial Results	For the year ended March 31, 2010 (Rs. in crores)	For the year ended March 31, 2009 (Rs. in crores)
Gross income from Sale of energy	4397	4148
Other income	410	283
Total Income	4807	4431
Operating expenditure	3179	3088
Operating profit	1628	1343
Finance Charges, Depn., & prior period adjustments	917	951
Profit before tax	711	392
Provision for Tax	125	55
Deferred tax	150	60
Profit after tax	436	277

#### Profit

- Profit before tax during the year was at Rs.711 crores as against Rs.392 crores during the previous year.

#### Turnover

- Turnover during the year was Rs.4397 crores as against Rs.4148 crores during the previous year, increase in energy sales in thermal and DG Plant.

#### Generation

- Generation during the year was 26020 mus as against 25080 mus during the previous year.

#### Dividend

- A dividend of Rs.20 per share as in previous years has been proposed. The total dividend outgo will be Rs.24.87crores

### **Special Reserve**

- An amount of Rs.10.91crores, equivalent to 2.5% of the profit after tax is transferred to a separate reserve to meet the contingencies in operation and maintenance of the plants.

### **Equity infusion**

- GOK has released an amount of Rs.500 crores during the year towards Equity infusion for setting up power generation plants by KPCL.

## **II Financial Management**

### **Financial Initiatives**

With the regulatory environment prevailing in the State, the company has been pursuing with various initiatives to reduce the cost of borrowings. The total savings during the year 2009-10 is Rs.154.89 crores. The details are:

- ❖ On account of availment of Short Term Loan at lower rate of interest, an amount of Rs.133.86 crores is saved in comparison with the rate of interest of Working Capital loan;
- ❖ On account of availment of Short Term Loan at lower rate of interest, an amount of Rs.21.03 crores is saved in comparison with the rate of interest of Rupee Term loan

## **III Realisation of dues from KPTCL/ESCOMs**

As part of the reforms in the power sector, GoK vide GO No. EN 131 PSR 2003 Bangalore dated 10.05.2005 ordered for assignment of PPAs to all the ESCOMs for purchase of power from KPCL w.e.f. 10.06.2005. Accordingly, KPCL has been selling power directly to ESCOMs w.e.f. 10.06.2005. The total realization from KPTCL/ ESCOMs during the year was at Rs.3645.57crores. The outstanding dues from ESCOMs/KPTCL as on 31.03.2010 is Rs.5202.99 crores.

KPCL has requested GOK to liquidate the old outstanding dues by KPTCL/ESCOMs as per the Implementable Action Plan submitted to GOK under “Financial Restructuring Plan for realisation of KPCL dues from KPTCL/ESCOMs”.

In the meeting on power situation held on 03.08.2009, Hon’ble Chief Minister has directed the ESCOMs to open Letter of Credit in favour of KPCL to make payment of current demand of monthly power purchase bills.

## **IV Power Purchase Agreements**

The Power Purchase Agreements for the existing hydel stations, ADPH, RTPS Units 1 to 7 & DG Plant were approved by KERC with parameters that were adverse to the Company.

These parameters were contested by KPCL in the Hon'ble High Court of Karnataka. KPCL were permitted by the Hon'ble High Court of Karnataka to approach the Appellate Tribunal for Electricity, New Delhi. The Appellate Tribunal for Electricity, New Delhi has remanded back the PPAs to KERC with a direction to pass a fresh order on the PPA between the appellant and the respondent no.2 (KPTCL) after affording an opportunity to the appellant to make its submission vis-à-vis objections to the PPA filed by others, for which the fresh orders from KERC were received on 03.08.2009 and the PPAs were to be effective from 01.04.2009. **The ESCOMS have since entered into PPAs as per revised KERC orders and the energy bills are raised as per the PPAs.**

## **V Corporate Governance**

### **a) Best Practices**

- ◆ To meet the challenges of a competitive scenario in the power sector
- ◆ Cost consciousness and transparency in transactions
- ◆ Adaptations to reduce time and cost element in project execution
- ◆ Benchmarking with the best in India and abroad
- ◆ Proper budgetary control system
- ◆ Financial and commercial systems to ensure fair play for stakeholders like vendors, contractors and lenders.
- ◆ Importance for obtaining lawful consent, permits and clearances in the activities. Contractors, suppliers and other business associates are expected to comply with all relevant legal requirements.
- ◆ To reflect faithful compliance to the tenets of public governance.
- ◆ Savings to be obtained through a professional approach in design, execution and operation & maintenance of projects.
- ◆ Enhancement of knowledge and skills of employees through training

### **b) Social contributions**

- ◆ Maintaining aesthetic gardens at the Kidwai Oncology Hospital, project locations, Corporate Office and park with an attractive water fountain in front of Vidhana Soudha
- ◆ Passing on the benefit of cost cutting in construction, finance and operations to the consumers
- ◆ High performance levels to reduce cost and ensure reliable power supply
- ◆ Making available corporation-run schools, hospitals and community centers for the general public in the project area
- ◆ Maintaining interior roads near project locations
- ◆ Strict compliance to environmental laws, regulations and norms

### c) Board of Directors

Sl. No	Name of Director	Post held	Period
1	Shri BS Yeddyurappa	Chairman	from 13.06.08
2	Shri KS Eswarappa	Vice Chairman	upto 15.02.10
3	Kum. Shobha Karandlaje	Vice Chairperson	from 23.09.10
4	Dr. SM Jaamdar, IAS	Managing Director	from 17.03.08
5	Shri DC Sreedhar, IRS	Finance Director	upto 02.03.10
6	Shri Murlidhar Rao	Technical Director	upto 19.05.10
7	Shri K Jairaj, IAS	Director	upto 13.07.10
8	Smt. Shamim Banu, IAS	Director	from 13.07.10
9	Shri VP Baligar, IAS	Director	upto 24.12.09
10	Shri MR Sreenivasamurthy, IAS	Director	upto 24.03.10
11	Shri LV Nagarajan, IAS	Director	from 24.03.10
12	Shri MR Kamble, IAS	Director	from 19.09.07
13	Smt. G Latha Krishna Rao, IAS	Director	from 24.10.08
14	Shri D Venkateshwara Rao, IAS	Director	from 02.04.08
15	Shri ISN Prasad, IAS	Director	from 24.12.09
16	Shri SV Nesargi	Director	from 02.01.09
17	Shri S Shankara Rao	Director	from 02.02.09
18	Shri Lehara Singh Siroya	Director	from 02.03.09
19	Shri PN Venkatesh	Technical Director ( <i>Addl. charge</i> )	from 19.05.10 to 02.09.10
20	Shri R Nagaraja	Finance Director ( <i>Addl. charge</i> )	from 03.03.10

The Board places on record its appreciation of the services rendered by the outgoing/ceased Directors during their tenure.

### d) Constitution of Committees

#### i) Technical Committee

The Technical Committee has been constituted by the Board to assist and advise the MD in respect of all technical and commercial issues referred by the MD. Presently the Technical Committee comprises of Dr. SM Jaamdar, MD, Shri PN Venkatesh, TD (*Addl. charge*), Shri R Nagaraja, FD (*Addl. charge*) and Shri MR Kamble, Director.

#### ii) Audit Committee

Pursuant to Sec. 292 A of the Companies Act, Audit Committee was constituted in the Corporation in the year 2001 with the following terms of reference:

- i) Members of the Audit Committee shall elect a Chairman from amongst themselves.
- ii) (a) The Audit Committee shall have discussions with the auditors periodically about the working of existing internal control systems for improving the

same. The recommendations of such review shall be placed before the management for implementation.

- (b) The Audit Committee shall review half yearly and annual financial statement. Recommendations arising out of such review shall be carried out before placing the same to the Board.
- (c) The review and recommendations of Audit Committee on internal control systems shall be placed before the Board for implementation.
- (d) The Audit Committee shall have powers to investigate into any matter in relation to specified circumstances in the Section 292A of Companies Act or referred to it by the Board and shall have access to information and records. If necessary, engage external professional auditors for the purpose.
- (e) The recommendations of the Audit Committee on any matter relating to financial management shall be binding on the Board of Directors. If Board does not accept the recommendations, it shall record the reasons and it should be communicated to shareholders.
- (f) The Chairman of the Audit Committee shall attend the annual general meeting to provide any clarification on matters relating to audit.
- (g) The Audit Committee shall meet at least thrice in a year.
- (h) One meeting must be held before finalisation of Annual Accounts and one necessarily every six months.

iii) The statutory auditor, the internal auditor and the director in charge of finance shall attend and participate in meetings of the Audit Committee.

Consequent to transfer / retirement of members of the Audit Committee, the Committee has been re-constituted with the following members to review and advise on the Annual Accounts 2009-10:

Smt. Shamim Banu, IAS  
Shri LV Nagarajan, IAS  
Shri PN Venkatesh, TD (*Addl. charge*)

In its meeting on 11.08.2010, the Audit Committee reviewed in detail the annual accounts for the year 2009-10 and recommended the same for consideration by the Board.

**e) Meetings of the Board, sub-committees & management committees pertaining to the financial year**

**i) Board level**

Board	: Five
Technical Committee	: Twenty Three
Audit Committee	: One
Sub Committees – Board	: Three

**ii) Management**

Contract Management	: Thirty-six
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### iii) Annual General Meetings

Meeting No. & Date	Held at	Special Resolutions
37 – 26.09.2007	Regd. Office, No. 82, Shakti Bhavan, Race Course Road, Bangalore-560 001	Nil
38 – 30.09.2008	Regd. Office, No. 82, Shakti Bhavan, Race Course Road, Bangalore-560 001	Nil
EGM–22.04.09	Regd. Office, No. 82, Shakti Bhavan, Race Course Road, Bangalore-560 001	Amendment to the Capital Clause in the Memorandum of Association
39– 26.09.2009	Hotel Lalit Ashok, Kumara Krupa Road, Bangalore	Approval for 26% equity investment in RPCL

### f) Right to Information Act

The Corporation, as a public authority, has taken steps towards the compliance of the Right to Information Act 2005. Public Information Officers and First Appellate Authority have been nominated as contemplated under the Act. Information under various heads is made available on Web Site: [www.karnatakapower.com](http://www.karnatakapower.com). During the year, 227 applications were processed and information furnished to the applicants.

## VI Capital Expenditure

Capital Expenditure incurred by the Corporation amounts to Rs.1001.56 crores.

## VII Operational Performance

Operational performance in terms of plant availability factor, plant load factor, forced outages, specific coal and oil consumption/kwh and auxiliary consumption was maintained at optimum level. The performance parameters of Thermal and major Hydel projects for the years are indicated below:

### A. Generation performance

Generation	2009 - 10	2008-09
Thermal	13262.93	11717.45
Hydro	12249.09	12897.78
DG	491.85	451.18
Wind	13.30	13.89
Solar	3.02	-
<b>Total</b>	<b>26020.19</b>	<b>25080.30</b>

## B. Performance of RTPS

Particulars	2009 – 10	2008-09
Generation in Mus	10402.10	10518.59
Aux. consumption in Mus	913.71	910.94
Aux. Consumption in %	8.78	8.66
Plant load factor	80.78	81.68
Coal consumption (lakh MT)	71.21	67.67
Specific coal consumption (Kg/KWh)	0.685	0.643
Specific oil consumption (ml/KWh)	1.073	0.741
Plant availability factor	89.03	89.38
Units in operation	7	7

RTPS continued to operate at high levels of efficiency with highest monthly PLF of 93.20% during February 2010 & cumulative PLF of 80.78% during the year 2009-10.

## C. Performance of BTPS

Particulars	2009 – 10
Generation in Mus	2861
Aux. consumption in Mus	167
Aux. Consumption in %	5.85
Plant load factor	65.32
Coal consumption (lakh MT)	17.74
Specific coal consumption (Kg/KWh)	0.620
Specific oil consumption (ml/KWh)	2.027
Plant availability factor	77.13
Units in operation	1

**Generation at BTPS touched the highest level as under:**

- **In a Year** - 2860.86 MU during 2009-10 since commissioning. Previous highest generation was 1198.8616 MU during 2008-09
- **In a Month** - 337.5 MU during March 2010 since commissioning. Previous highest generation was 336.95 MU during April 2009
- **On a Day** - 12.29 MU on 19.12.2009 since commissioning. Previous highest generation was 12 MU on 24.04.2009

## D 1) Performance of Major Hydro Stations

Stations	Generation in MU	Plant load factor %	Plant availability factor %	% Auxiliary consumption
Sharavathy	5188.55	57.23	96.99	1.21
Nagajhari	2455.85	32.22	93.57	1.80
Varahi	1200.47	29.79	75.22	2.39

**Sharavathi Generating Station** repeated its highest mark of generation in a month, i.e. 619.5 MU during August 2009 which was same during August 1999.

Generation at **Varahi Under Ground Power House** touched the highest level since commissioning as under:

- **In a Month** - 169.91 MU during July 2009 (*with 4 units*)
- **On a Day** - 8.27 MU on 16.07.2009 (*with 4 units*)

## 2) Performance of Minor Hydel Stations (100 MW & above)

Minor Stations	2009-10			2008-09		
	Generation in MU	PLF in %	Av. factor in %	Generation in MU	PLF in %	Av. factor in %
Supa	388.7460	44.38	90.83	503.23	57.45	92.24
Gerusoppa	553.671	26.28	99.26	536.31	25.51	98.43
Kadra	351.30	26.75	94.47	367.78	27.99	92.74
Kodasalli	318.1149	30.26	96.17	354.21	33.70	93.85
MGHE	341.6215	28.02	88.95	301.20	24.70	90.31
Almatti	531.1366	20.91	77.40	435.55	17.14	85.90

## E. Station wise Generation in Mus

Station	2009-10	2008-09
Raichur Thermal Power Station	10402.1	10518.59
Bellary Thermal Power Station	2860.83	1198.86
Sharavathy Generating Station	5188.55	5216.07
Gerusoppa Dam Power House	553.67	536.31
Linganamakki Dam Power House	280.74	230.34
Nagjhari Power House	2455.85	3185.98
Supa Dam Power House	388.75	503.23
Kadra Dam Power House	351.44	367.78
Kodasalli Dam Power House	318.11	354.21
Varahi Underground Power House	1200.47	1118.31
Mani Dam Power House	26.30	13.75
Almatti Dam Power House	531.14	435.55
Ghataprabha Dam Power House	88.70	96.52
Bhadra Dam Power House	54.01	72.25
Kalmala, Sirwar, Ganekal & Mallapur	0.18	12.24
Shivasamudram	294.71	323.69
Shimshapura Hydro Electric Station	81.76	43.04
Mahatma Gandhi Hydro Electric Station	341.62	301.20
Munirabad Power House	93.10	87.37
DG Plant Yelahanka	491.85	451.18
Kappatagudda Wind Farm	13.30	13.89
Solar PV Stations at Kolar & Belgaum	3.02	-
<b>Total</b>	<b>26020.19</b>	<b>25080.36</b>

**Linganamakki Dam Power House** achieved maximum generation in a month since commissioning i.e., 39.8382 MU during August 2009 as against 39.673 MU during August 1997.

**Bhadra Generating Station** achieved maximum generation in a month since commissioning, i.e., 25.91 MU during August 2009 as against 25.9 MU during August 1999.

**Mani Dam Power House** achieved maximum generation on a day since commissioning i.e., 0.2244 MU on 10.10.2009 as against 0.2243 MU on 28.08.2006.

**Kappatagudda Wind Energy Farm** touched the highest level of Generation in a month since its commissioning i.e., 2.603 MU during July 2009.

**F. Level reached by the hydel reservoirs during the year**

Reservoir	Full level	Min draw down level	Highest level in 2009-10	Date	% Capacity
Linganamakki	1819 ft	1715 ft	1819 ft	04.10.09	100
Supa	564 mts	494 mts	550.75 mts	15.10.09	64.71
Mani	594.36 mts	565.1 mts	590.68 mts	09.10.09	60.74

**VIII Projects completed during the year**

**1. Raichur Thermal Power Station (1 X 250 MW)**

GoK allotted this new unit of 250 MW for implementation by KPCL in its order dated 19.09.2006. This unit is located adjacent to existing 7 Units of capacity 210 MW each. The project has been implemented at a cost of Rs.1046 crores.

The Boiler, Turbine & Generator (BTG) package has been executed by M/s BHEL. The unit was synchronized with oil on 9.4.2010 and with coal on 18.6.2010. The Unit achieved design load of 250 MW on 26.6.2010 with coal. The rectification of the defects noticed during the commissioning of the Unit is being attended. The re-commissioning work of the Unit will commence during the 1<sup>st</sup> week of Aug., 2010 and sustained generation is expected.

The civil works of Station building, Cooling tower, Chimney, CW pump house have been completed in all respects.

The Balance of Plant (BOP) comprising 34 packages viz., coal handling plant, ash handling plant, switchyard works, mill reject handling system, HT/LT switchgear etc., have been completed and commissioned. The problems noticed in the evacuation of fly ash are being attended and will be completed by 1<sup>st</sup> week of Aug., 2010.

The fly ash generated from this Unit has already been allotted to a cement manufacturing agency for a commercial value.

The annual energy generation expected from this unit is 1752 MU at 80% PLF.

## **2. Solar Photo Voltaic Project – Arunodaya Scheme**

### **A: Belgaum Solar PV Project (3 MW)**

3 MW plant installed, commissioned and connected to 11 KV grid on 25.12.2009

### **B: Kolar Solar PV Project (3 MW)**

3 MW plant installed, commissioned and connected to 11 KV grid on 27.12.2009

## **IX Ongoing Projects**

### **1. Bellary Thermal Power Station Unit - 2 (1 x 500 MW)**

KPCL is adding another unit of 500 MW capacity at BTPS by utilizing the infrastructure facilities available in BTPS at a cost of Rs.2261 crores. Contract agreement has been executed with M/s. BHEL for EPC package on 19.09.2007.

#### **A) Civil works in progress:**

- **Power House:** Foundation work is completed.
  - **TG:** Deck concreting completed on 6.10.2009
  - **Mill foundations:** Foundation works are in progress.
  - **Fan foundations:** Foundation works are in progress.
  - **Transformer foundations:** Generator transformer foundation: 2 Nos. of raft completed.
  - **Bunker & powerhouse structures:** Fabrication of structural steel columns and beams are under progress
  - **CW Pump house:**
    - Construction of walls is in progress
    - Staging for pump floor is in progress
    - Laying and encasement of CW pipe is in progress
  - **Clarified water pump house:** Construction of Raft and wall are in progress.
  - **RODM plant:** Raft, Pedestal and plinth beam concreting completed & Lintel beam concreting is in progress.
  - **ESP Control room:** Staging and shuttering for 16.90 mtr. slab completed.
  - **Air washer and DG house:** Foundation works are in progress.
  - **400 KV Switch yard:** Foundations works are in progress.
- ❖ **RC Chimney:**
- **RCC Shell:** Completed on 12.07.2009. Time taken 157 days  
Height + 275 mtrs.

- Brick lining and painting work is in progress
- ❖ **Natural Draft Cooling Tower**
  - **Shell** : 143.5 mtrs. completed on 20.02.2010
  - Pond floor, grillage columns and pre-cast beams in progress
- ❖ **Ash Handling System / Coal Handling System:** Work is in progress

## **B) Mechanical works**

- ❖ **Boiler & ESP supporting structures:** Erection works are in progress.

It is programmed to commission the unit during March 2011

## **2. Renovation, Modernisation & Uprating Works – Nagjhari (2x15 MW)**

Upgradation works of the Nagjhari power house units 5 & 6 from 135 MW to 150 MW has been entrusted to M/s. VA TECH Hydro India Ltd. It is programmed to Re-commission the units in a phased manner by end of 2010

## **3. Grid Connected Solar Photo Voltaic Power Plant (3MW)**

KPCL has taken up implementation of Solar Photo Voltaic Power Plant (3MW) at Yapaldinni in Raichur District. Letter of award has been issued to M/s. BHEL on 22.12.2009 and contract agreement has been executed. The work is in progress and is expected to be completed by Dec. 2010.

## **X New Power Projects**

### **1) Yermarus (2 x 800 MW) & Edlapur (1 x 800 MW) Thermal Power Stations**

For development of Yermarus TPS (2 X 800 MW) & Edlapur TPS (1 x 800 MW) in Joint Venture with M/s. BHEL, an MOU was signed on 12.01.2009 as per GOK order No. EN 90 PPC 2008 dated: 03.01.2009. Clearances for both the projects are received from Fisheries Dept., Airport authority of India, Archaeological Survey of India and Dept. of Health & Family Welfare. Clearance from MoEF is received for Yermarus TPS and the same is awaited for Edlapur TPS. BTG offer has been received for Yermarus TPS (2 x 800 MW) & Edlapur TPS (1x800MW) from M/s BHEL and LoA has been issued for YTPS.

As regards MOEF clearance for ETPS, the minutes of the Expert Appraisal Committee of MOEF Meeting held on 10.11.2009 is received on 25.11.2009. The Committee has expressed that *“In view of the non availability of firm coal linkage and no clarity on the source of fuel and its characteristics the committee decided to defer decision in the matter”*.

Letter has been addressed to MoEF on 30.12.2009 giving full details of long term coal linkage and coal saved in other projects and the same will be utilized for this project and requested for according Environmental clearance.

MoEF, vide letter dated 16.03.2010 has informed KPCL to take the approval from Ministry of Coal for utilizing coal saved in other projects.

### **2) Bellary Thermal Power Station, Unit-3: (1 x 700 MW)**

GoK has accorded approval to take up Bellary Thermal Power Station, Unit-3 during 11<sup>th</sup> Plan. Clearance for the project is received from Fisheries Dept., Airport authority of India, Archaeological Survey of India and Dept. of Health & Family Welfare.

MoEF accorded environmental clearance for 600MW (sub critical) Thermal Power Station on 17.11.2009. Application was submitted to MoEF for concurrence to enhanced capacity of 700 MW (super critical). MoEF clearance for establishment of 700 MW was received on 18.5.2010. GOK order No.EN 60 PPC 2010 dated 3.8.2010 is also received for 700 MW (super critical). Consent for Establishment of 500 MW has been received from KSPCB on 14.5.2010. Application has been submitted to KSPCB on 9.6.2010 for issue of revised consent for enhanced capacity of 700 MW.

International Competitive Bidding (ICB) for a capacity of 700 MW has been invited on EPC basis on the guidelines of CEA.

### **3) Godhna Thermal Plant at Chhattisgarh: (1600 MW)**

Govt. of Karnataka vide G.O No. EN 80 PPC 2008, dated 15.09.2008 has entrusted KPCL to establish pit head Thermal Plant at Godhna Village, Navgadh Taluk, Janjgir –Champa District Chhattisgarh.

KPCL has signed a MoU with the Govt. of Chattisgarh and Chattisgarh Power Holding Co. on 8.9.2008. In terms of the MOU, Implementation Agreement has been signed on 29.6.2010. 1260 acres of land is allotted for the project out of which 1028 acres is private land and 232 acres is Govt. land. 6(1) notification is already issued for acquisition of private land and cost of the land is already deposited. 232 acres of Government land is being handed over shortly.

ETA study is nearing completion. Applications for coal linkage, power evacuation and Rail link have been filed. MoU and Joint Venture partnership agreement with M/s L&T were signed on 24.2.2010 & 31.3.2010 respectively.

Public hearing has been completed at Godhna Village on 29.7.2010 by the Chhattisgarh State Pollution Control Board. The Deputy Commissioner Janjgir & RO –Chhattisgarh PCB chaired the meeting. There were no objections regarding establishment of the plant. Government order for allotment of 52M Cum of water per annum to be drawn from Mahanadi river issued by the Govt of Chhattisgarh on 17.8.2010. Funds are released for construction of a barrage for water supply, which will be adjusted towards water cess to be paid by KPCL later.

#### **4) Tadadi Combined Cycle Power Plant: (2100 MW)**

Govt. of Karnataka vide G.O. No. CI 222 SPI 2009, Bangalore, dated.16.11.2009 has accorded approval to establish Gas based “**Tadadi Combined Cycle Power Plant**” of 2100 MW capacity. The Pre Feasibility Report has been prepared and action is being taken for obtaining statutory clearances from various Depts. NIT was issued for appointment of Consultant for study of off shore / on shore LNG terminal.

#### **5) Gundia Hydel Scheme: (400 MW)**

The proposed Gundia Hydel scheme with an ultimate installed capacity of 400 MW is located in Hassan / Dakshina Kannada District. It would generate 1002 MU of energy per annum. The cost of the project is Rs.1333.00 crores. Techno-Economic clearance is obtained from CEA on 25.04.2008 for I phase (1 x 200 MW). Clearance from MoEF is awaited.

- ❖ GoK allotted the project to KPCL on 06.10.1998
- ❖ CEA, New Delhi has accorded techno-economic clearance on 25.04.2008
- ❖ Clearances from various Departments of GoK have been obtained
- ❖ Mass & Public hearing was held on 06.08.2008 at Hongadahalla, Sakleshpur Taluk, Hassan District and on 25.03.2009 in Dakshina Kannada District and the report of DC is sent to KSPCB
- ❖ FRL Survey work of all the proposed dams and weirs completed
- ❖ Geo-technical investigation work is in progress
- ❖ Acquisition of both Private and Govt. land is under process
- ❖ Topographical survey of weirs for phase – II completed. EIA studies, survey work of ICT under progress
- ❖ Foundation Stone for phase – I project laid on 23.05.2009

#### **6) Shivasamudram Seasonal Scheme: (345 MW)**

The estimated cost of the project is Rs.750.00 crores, which would generate 1290 MUs of energy per annum.

- ❖ PFR prepared and submitted to various Departments to obtain statutory clearances
- ❖ Survey work of different components of the projects is completed
- ❖ Terms of reference for conducting EIA studies received from MoEF
- ❖ EIA studies are in progress. Report will be finalized by August 2010
- ❖ Tenders for Geo-technical investigation is finalized and clearance from Forest Department is awaited for taking up the work
- ❖ Clearance from Fisheries Department obtained
- ❖ Clearance from Archaeological Survey of India obtained
- ❖ Clearance from Health & Family Welfare Department received
- ❖ DPR is under preparation, expected to be completed by August 2010

### **7) Additional Unit at Munirabad Hydro Power Station: (10 MW)**

The estimated cost of this 10 MW capacity project is Rs.40.00 crores, which would generate 11 MUs of energy per annum. NIT is issued on 24.03.2010.

### **8) Ghataprabha: (20 MW)**

The estimated cost of this 20 MW capacity project is Rs.75.00 crores, which would generate 40 MUs of energy per annum. NIT is issued on 17.03.2010.

### **9) Wind energy project: (500 MW)**

GoK vide G.O.No. EN 2 PPC 2009 dated: 05.01.2009 has approved for development of 500 MW capacity “**Wind energy project**” at sites identified by KPCL in Joint venture with M/s. NTPC. MOU with M/s. NTPC was signed on 12.01.2009.

Further, GoK has allotted Guledagudda (100 MW) & Kappatagudda (39.75 MW) Wind Energy Projects vide GO No. EN 570 NCE 2009 dated: 25.11.2009 and EN 569 NCE 2009 dated: 26.11.2009 respectively. Layout plan for both the projects have been prepared and draft DPRs are under finalization. The Principal Chief Conservator for Forests has been requested for allotment of forest land for both the projects. Following steps have been taken for the implementation of wind projects:

- ❖ M/s. C-WET, Chennai have furnished the Final Report on Micro – siting and Energy estimation in respect of Guledagudda and Kappatagudda Wind Farms for acceptance of NTPC/ KPCL.
- ❖ An application seeking allotment of 200 Ha. of Forest Land for the development of Guledagudda Wind Farm of ‘100 MW’ Capacity has been submitted to PCCF/B’lore
- ❖ Air Controller – Belgaum Airport was requested to issue N.O.C. for the Guledagudda Wind Farm from aviation angle. The application has been forwarded to N.O.C. Cell/Mumbai Airport
- ❖ Layout Plans of the project have been prepared and Pooling Station co-ordinates have been furnished to KPTCL in connection with the power evacuation schemes for Guledagudda and Kappatagudda Wind Energy Projects and processing fees of Rs. 55,150/- has also been remitted to KPTCL for each of these projects
- ❖ Statutory clearance has been received from NOC – Cell/Airport Authority of India, Chennai Airport for Kappatagudda Wind Farm
- ❖ Work Order has been issued to M/s. C-WET, Chennai for carrying out Micro – siting and Annual Energy Generation Estimation for Installation of higher capacity Wind Turbine Generators [ WTG] in place of existing WTGs of lower capacity at Kappatagudda Wind Farm
- ❖ Work Order has been issued to C-WET, Chennai for installation of 80 mtr high Wind Mast for Wind Resources Assessment Studies at Kappatagudda [New Area] and Itnal Village of Chikkodi Taluk [Near existing Solar Plant of KPCL]

## **10) Bidadi Combined Cycle Power Plant: (1400 MW)**

Bidadi Combined Cycle Power Plant of 1400 MW has been revived. Board has approved for negotiation with GAIL to obtain gas from Dabhol via Dabhol – Bangalore pipe line to Bidadi plant. M/s. GAIL has furnished Key terms of the agreement. KPCL has requested to furnish the clarification for Key terms of the agreement.

Tender will be invited shortly for appointment of consultant for review of EPC bid documents. International Competitive Bidding (ICB) will be invited shortly for EPC works.

## **XI Other Proposed Projects**

### **1. Pumped Storage Scheme:**

#### **1.1 Sharavathi Pumped Storage Scheme (4x225 MW)**

- ❖ GoK allotted the project on 3.3.2007
- ❖ Clearance from Fisheries Department obtained
- ❖ Clearance from Health and Family Welfare Services & Archaeological Survey of India awaited
- ❖ Topographical survey for weir, HRT, TRT & UGPH completed
- ❖ DPR under preparation
- ❖ REIA study under preparation
- ❖ Application submitted to KSPCB for conducting Public Hearing and Consent for establishment

#### **1.2 Kali Pumped Storage Scheme (4x150 MW)**

- ❖ GoK allotted the project on 3.3.2007
- ❖ Clearance from Fisheries Department obtained
- ❖ Clearance from Health and Family Welfare Services & Archaeological Survey of India awaited
- ❖ Topographical survey for weir, HRT, TRT & UGPH completed
- ❖ Tender floated for geo-technical investigation
- ❖ DPR under preparation
- ❖ REIA study under preparation
- ❖ Application submitted to KSPCB for conducting Public Hearing and Consent for establishment

## **XII Consultancy and Engineering Services Department [CESD]**

- ❖ During the present year KPCL – CESD achieved a turnover of Rs.240.91 lakhs
- ❖ Consultancy works in respect of Upper Bhadra Project of M/s. KNNL were completed and M/s. KNNL have released Rs. 223.80 lakhs on 24.06.2009
- ❖ The Consultancy works in progress are as follows:

- NTPC Hydro Ltd., – Rammam Stage- III HEP in West Bengal State
- Various lift irrigation schemes of KBJNL
- Kalasa and Bandur Nala Diversion Schemes of KNNL
- Stability analysis of Chamaraja Sagar Dam of BWSSB
- Badanavalu Lift Irrigation Scheme of CNNL

### **XIII Management of Coal**

#### **A. Coal for RTPS**

Coal requirement at RTPS is about 23,000 tonnes per day for operation of seven units at full load. Supply of coal is from (i) Singareni Collieries Company Ltd., Andhra Pradesh, (ii) Western Coalfields Ltd., Maharashtra, (iii) Mahanadi Coalfields Ltd., Talcher, Orissa and (iv) Imported coal.

Coal receipt during the year 2009-10 was 68.73 lakh tonnes as against 72.29 lakh tonnes in 2008-09.

**Colliery wise breakup details are as below:**

*Qty. of Coal receipt (Lakh tonnes)*

Sl No.	Colliery/ Source	Coal Receipt		Imported Coal Receipt	Total
		Raw coal	Washed coal		
1	SCCL	21.50	0.35 *	----	21.85
2	WCL	20.17	2.08 *	----	22.25
3	MCL	11.70	----	----	11.70
4	Imported Coal	----	----	8.73	8.73
5	KEMTA	----	4.20	----	4.20
	<b>Total</b>				<b>68.73</b>

\* balance coal received from washeries until end of their contracts in April 2009.

The specific coal consumption is about 0.685 Kg/Kwh with use of Raw Coal, washed coal and imported coal. The average ash content of coal was 31.35%.

Long-term coal linkage has been provided by Ministry of Coal for Unit-8 of 250 MW of RTPS from MCL to an extent of 1.011 mtpa.

#### **B. Coal for BTPS**

**BTPS Unit-I:** Coal requirement at BTPS is about 7000 MT per day for operation of the unit. Govt. of India has allotted dedicated coal mines in Wardha Valley of Maharashtra coal source and a joint venture of KPCL named Karnataka EMTA Coal Mines Ltd., has developed the coal mine. Coal receipt during the year 2009-10 was 16.43 lakh MT.

The specific coal consumption is about 0.62 Kg/Kwh with use of domestic washed coal from captive mines and imported coal.

**BTPS Unit-II:** Long term coal linkage has been provided by Ministry of Coal for Unit-II of BTPS from MCL to an extent of 2.31 mtpa. Commitment guarantee has been given to MCL.

#### **XIV Evacuation of Fly Ash from RTPS and Environment Protection measures**

The Corporation has established 7 units of 210 MW capacity of coal based thermal power plant & 8<sup>th</sup> unit (250 MW capacity) work is under progress at Shakthinagar near Raichur. The coal requirement for all the seven units for full load is around 23,000 MT per day. The annual consumption is about 71 lakh MT. The average ash content of the coal is 31.35%. The total fly ash produced per annum excluding bottom ash is approximately 19.00 lakh MT. Boilers generate two types of ash namely bottom ash (20%) and fly ash (80%). Bottom ash is being collected at the bottom of the boiler hoppers and being evacuated to the ash pond. The fly ash is being collected in the hoppers through electro - static precipitators.

The MOEF gazette notification issued in September 1999 stated that:

- i) The fly ash utilization have to be stepped up to 100 % in the next 10 years.
- ii) Shall make available ash at least 10 years from the date of notification without payment for the purpose of manufacture of ash based projects such as cement, concrete blocks, bricks etc.

KPCL has taken several steps to promote fly ash utilization as per MOEF notification. Fly ash is being issued free of cost to SSI units. Fly ash utilization at RTPS is rapidly increasing and present utilization is about 73% of the fly ash production. Further, the users have proposed to transport ash through rail by having a dedicated railway siding. This work is under progress. After completion of this work, 100% lifting of fly ash could be achieved.

Leading cement manufacturers in the country have tied up with KPCL and are lifting fly ash about 2,800 metric tonnes per day. Besides several small-scale industries, brick manufacturing units & Government construction buildings are lifting about 600 metric tonnes per day. The operation and maintenance of silos and issue of fly ash to users from units 3, 4, 5,& 6 has been entrusted to M/s ARV Cement society. In respect of Units 1, 2 & 7 M/s ACC have installed the necessary equipment for fly ash collection at their cost. Total production of fly ash during 2009-10 was 23.72 Lakh MT out of which reclaimable fly ash was 17.07 Lakh MT. The total fly ash lifted was 12.45 lakh MT which is 73% of the fly ash produced.

KPCL has established a “Centre of Fly Ash Utilization Technology and Environment Conservation” at Raichur Thermal Power Station in consultation with Central Power Research Institute as consultant under Indo

Norwegian Environmental Programme at a cost of Rs.58 million. Presently, the above centre is manufacturing various Fly Ash products and is being utilized by them for housing.

### **Coal for New Projects:**

KPCL has submitted Long Term Coal Linkage applications to Ministry of Coal, Government of India for the following projects:

<b>Sl. No.</b>	<b>Name of the Project</b>	<b>Capacity</b>	<b>Coal Linkage requested in Million tonnes p.a.</b>
1.	Yermarus TPP	2 x 800 MW	11
2.	Edlapur TPP	1 x800 MW	5.5
3.	Chhattisgarh TPP	2 x 800 MW	11
4.	Bellary TPS Unit - III	1 x 700 MW	4.7

Long Term coal Linkage is awaited from Ministry of Coal, Government of India.

Further, Ministry of Coal, Government of India, has been requested for allotment of Captive Coal Blocks for Yermarus, Edlapur and Chhattisgarh Projects.

## **XV Management Initiatives for Improvement**

### **i) Training**

The Corporation emphasizes on the need to update the competencies of its employees on a continuous basis so as to equip them to keep abreast of latest developments in the Industry. It lays stress on developing the skills and competencies of the employees in order to achieve the goals on economic principles in the competitive environment. With this objective, the Corporation draws a systematic training plan every year so as to suit the employees at every level.

During the year 2009-10, 39 in-house training programmes were conducted. In addition to in-house programmes, the Corporation has also nominated employees to 30 external training programmes conducted by various training agencies. Totally employees consisting of 905 Corporate and 72 non-corporate cadre benefited from the training. Overall cost of the training was Rs.52.00 lakhs.

### **Important trainings imparted to the employees are as under:**

#### **a) In-house Trainings**

- 1) ISO 14000 & Environment Management
- 2) Transformer - An overview
- 3) Tax Management
- 4) Project Management using MS Project
- 5) Boiler Tube Failure & case studies
- 6) IIMS Management
- 7) Creative Thinking & Problem solving

- 8) Earthing of Power Station
- 9) Lean Organisation
- 10) Contract Management
- 11) HR Competitiveness
- 12) Activity Based costing
- 13) CDM, Green Building & Green Energy
- 14) Renewable Energy - Wind Power
- 15) Environment Audit in Power Plant
- 16) Cost Reduction through Effective Material Management
- 17) Reactive Power Management & Battery charger Maintenance
- 18) Regulatory Issues and ABT Management
- 19) Working Capital Management
- 20) Empowerment & Motivation
- 21) Strategic Management
- 22) Motivation, Self Discipline - Discipline Industry
- 23) Power Transformers in Generating Station
- 24) Team Building
- 25) Maintenance of Cost Accounting Records, Cost Audit & Inventory Control
- 26) Auto Control/Instrumentation Control & Instrumentation in Power Plants
- 27) Land Acquisition and Rehabilitation
- 28) Be a women of substance
- 29) Workshop on IIMS Package
- 30) e-Governance & B.P.R.
- 31) Refresher Training Programme for Internal Audit Officers
- 32) 7 New Management Tools
- 33) Corporate Law
- 34) Spirit to service
- 35) Information System Audit
- 36) Energy Audit and Conservation
- 37) Effective Leadership & Time Management
- 38) Organisation Improvement through Quality & Process Improvement
- 39) Conflict Management

#### **b) External Trainings**

- 1) Counter Terror Solutions for India
- 2) Clean Development, Management [CDM] & Carbon Trading
- 3) Quality Management Systems for service quality by public service Organizations
- 4) IT Application in Construction, Project Management.
- 5) Welding & Inspection
- 6) Test Facilities at CPRI.
- 7) Thermal Management Technology
- 8) Steam Turbines & its Auxiliaries Operation
- 9) Interactive meet 2009
- 10) Certified Energy Auditors/Energy Managers in the area of Energy Auditing of Thermal Power Stations
- 11) Safety & Health for workers in Building, Road & other construction works
- 12) Preventive vigilance, Investigation, Department of Enquiry & Law on Termination
- 13) General Purpose Machine Tools

- 14) Building & other construction workers [Regulation of Employment & Conditions of service] Act 1996
- 15) International Conference - India Coal 2009
- 16) Safety Audits & Risk Analysis
- 17) Safety in Construction Industry
- 18) Financial Management for non-financial managers of PSEs.
- 19) Turbine Governing system at PSTI.
- 20) Green Power for sustainable Development
- 21) Clean Energy Technology - Action Plan for Climate Mitigation in States
- 22) Conclave on Model Contract Documents for Development of Hydro Power Projects
- 23) Protective Relays.
- 24) Clean City - Green City
- 25) Project Management
- 26) Ash Handling System
- 27) Corporate Accounting, Finance & Business Laws
- 28) All India Tiger Estimation 2009-10 - Tiger Monitoring training
- 29) 20<sup>th</sup> World Congress in Total Quality
- 6<sup>th</sup> Asian Gas Partnership Summit 2010

## ii) Career Growth

On implementation of career growth scheme, employees were upgraded/re-designated as under during the year:

To the level of EEs & Eqv.	-
To the level of AEEs & Eqv.	-
To the level of AEs & Eqv.	-
To the level of AAOs & OMs	-
Workmen levels	187

## iii) Deputation to foreign countries

No officers deputed for Seminar/Training to the foreign countries during the financial year 2009-10.

## iv) Deputation of employees to other organisations

The services of the employees of the Corporation are sought by GoK and other Organisations. During the year, services of 15 Engineers, 6 non-engineering officers and 1 workmen have been spared on deputation basis.

## XVI Employees Strength

Particulars of employees	As on 31.3.2010	As on 31.3.2009
Total strength **	6281	6378
Corporate	2271	2296
Workmen	3781	3782
Deployment on Construction & Erection	525	526
Deployment on O & M	2990	2980

Deployment on auxiliary service	2541	2572
Entry of employees	84	36
Exit of employees *	69	124
Exit of employees under VRS	Nil	Nil
SC employees – in percentage	15.00	14.92
ST employees – in percentage	3.22	3.17
Handicapped employees in percentage	0.49	0.49
Ex-servicemen	0.38	0.37
Man/MW ratio		

\* Employees VR/resignation/expired taken from 01.04.09 to 31.03.10

\*\* Including 229 employees of erstwhile VVNL on 31.03.2010

### ***Break up in Corporate Cadre***

Engineering Professionals - 1481      Other Professionals - 790

### **XVII Public Deposits**

The Corporation dispensed with accepting the deposits from Public. Deposits from past and present employees were accepted/renewed till September 2005. Unclaimed deposits stood at Rs.18.45 lakhs. Unclaimed deposits over 7 years have been transferred to Investors Protection & Education Fund.

### **XVIII Auditors**

The C&AG has appointed M/s Ramraj & Company, Chartered Accountants, as the Statutory Auditors for the year 2009-10. The auditors visited all accounting units, verified the records, obtained explanations and finalised the audit work in a reasonable time.

**Cost Audit compliance:** Government of India has introduced cost audit for Generation Companies from financial year 2005-06. The Company has appointed M/s Rao, Murthy & Associates, Cost Accountants as Cost Auditors for this year.

### **XIX Review by the Comptroller & Auditor General**

Comments on working results of the Corporation by the Comptroller and Auditor General of India, forming part of this will be appended when received.

### **XX Particulars as per Companies (Particulars of Employees) Rules 1975 and as amended**

None of the employees of the Company was in receipt of remuneration amounting to Rs.24,00,000 and above per annum or at the rate of Rs.2,00,000 and above per month during the financial year.

## **XXI Subsidiary Company and allied activities**

The Corporation has one Subsidiary Company i.e. KPC Bidadi Power Corporation (Private) Ltd. which was established to implement the combined cycle project at Bidadi as a joint venture. The statement as required under Section-212 of the Companies Act is appended.

## **XXII IT and Computerization**

The Corporation has taken a number of IT initiatives to meet its business commitments. A few of the initiatives and completed activities are as under:

### **i) IT Infrastructure**

- a) Video Conferencing facility has been established at Bangalore, Jog, Ambikanagar, Shakthinagar (RTPS), Kudithini (BTPS), Hosangadi and Almatti.
- b) Installed Blade Server at Bangalore, Jog, RTPS, Ambikanagar, BTPS, Hosangadi, Gerusoppa, Kadra & Ganeshgudi
- c) Data communication through MPLS/MLLN circuits of BSNL has been established at Bangalore BTPS, RTPS, Jog, Ambikanagar, Alamatti, Hosangadi, Yelahanka, Ganeshgudi, Kadra and Gerusoppa.
- d) Internet and mailing facility enabled to all major projects.
- e) Established OFC link between Nagjhari Power House to Ambikanagar office complex, Sharavathi generating station to Jog office complex, Kargal, Linganamakki and MGHE, Gerusoppa Power House to Gerusoppa office complex, Kadra Power House to Kadra office complex.
- f) Work under progress for establishing OFC link between Kadra Power House and Kodalalli Power House.
- g) Centralized procurement of 375 PC's along with MS Office software and 146 printers for Bangalore and project offices is finalised.

### **ii) Application Software developed in-house**

- a) Fuel Management System
- b) Integrated Inventory Management System
- c) Cash & Compilation Management System
- d) Salary & Pension
- e) Provident Fund
- f) Generation Management System
- g) Bank Guarantee Management System

- h) Human Resource Information System
- i) Disciplinary Proceedings System
- j) In-house Training System
- k) Fixed Asset Management System (outsourced)
- l) Hospital Management System
- m) Projects Generation Monitoring System
- n) Stores Accounting System (RTPS)
- o) Plant Monitoring System (RTPS)

### **iii) Software packages**

- a) AutoCAD 2007 upgraded to AutoCAD 2010, Civil 3d and revit structure at Design Complex, Board Room, RTPS and BTPS.
- b) Purchase order has been placed for upgradation of Bentley STAAD pro 2005 to STAAD pro v8i.
- c) Purchase order has been placed for supply and installation of Oracle 11g Database, Oracle 10g Application server and Oracle 10g Internet Developer Suite.
- d) Purchase order has been placed for supply & installation of Windows Server 2008 operating system software at Bangalore and Project offices.

## **XXIII Corporate Communications**

- Various publications have been brought out
- Maintaining good rapport with print & electronic media, in creating public awareness
- House magazine “Shakthivahini” being published regularly to maintain internal relations, communication and motivating the hidden talents of employees
- Organized various meetings, functions, seminars and brainstorm sessions
- Attractive Corporate films & laser shows on KPCL were produced and screened during the annual day and other occasions
- Annual Report, Corporate Brochure and occasional brochures were also published
- Corporate image building in news paper and magazines released on important occasions
- Development of relevant literature and documents of the company
- Enhancing the image of Corporation through various sponsorship and financial assistance to educational institutions, associations, hospitals, district festivals, sports personnel, and blind associations/orphanages as community service measures
- Constant upgrading the image of the company and maintain cordial relations with opinion makers and pressure groups etc.

## XXIV Important Events

- 15.04.2009 Raichur Power Corporation Limited, a joint venture company of KPCL & BHEL incorporated. Corporate Identity No. U40101 KA2009 PLC 049582
- 22.04.2009 MD, KPCL addressed the Media in connection with KPCL's New Power Projects
- 23.05.2009 Hon'ble Chief Minister laid the foundation stone for 200 MW Gundia Hydro Electric Project first phase
- 26.05.2009 Hon'ble Chief Minister laid the foundation stone for two Super Critical Thermal Plants at Yermarus & Edlapur - Raichur Dist., in joint venture with BHEL
- 26.05.2009 Hon'ble Chief Minister laid the foundation stone for 500 MW- BTPS Unit III at Kuduthini, Bellary Dist.
- 16.06.2009 Public Hearing of Edlapur TPS at Jambaldinni Rangamandira, Raichur
- 16.07.2009 VUGPH achieved maximum day's Generation of 8.267 MU since commissioning.
- 20.07.2009 KPCL 40<sup>th</sup> Foundation Day Celebration held at Chowdaiah Memorial Hall, Bangalore
- 20.07.2009 Financial Closure of the 250 MW Unit of RTPS at Taj West End Hotel, Bangalore
- 08.08.2009 Foundation Stone laid by Dr. SM Jaamdar, MD/KPCL for Administrative Office and Guest House Building at ADPH
- 13.08.2009 Financial Closure of 3x3 MW Grid Connected Solar PV Power Plant
- 26.09.2009 Financial Closure of BTPS 2<sup>nd</sup> Unit at the Hotel Lalith Ashok, Bangalore & release of three volumes of the book - *Sir M V Speaks*
- 26.09.2009 Dividend cheque of Rs.148652440/- for the year 2008-09 presented to Govt. of Karnataka
- 29.09.2009 149<sup>th</sup> Birth anniversary of Sir M Visvesvaraya celebrated at Bharatiya Vidya Bhavan, Bangalore
- 18.11.2009 Asia's first ever Hydro Electric Project - Shivasamudram Hydro Electric Project bagged Heritage Hydro Project-2009 award from Council of Power Utilities, New Delhi
- 15.12.2009 Boiler Light-up of RTPS - 250 MW Unit
- 21.01.2010 Discussions by MD, KPCL and President & MD of Gas Authority of India, New Delhi, about the KPCL's proposed Gas Based Power Plant at Bidadi
- 22.01.2010 Discussions by MD, KPCL & CMD, L&T about the proposed KPCL's Thermal Plant at Chhattisgarh
- 29.01.2010 Varahi Under Ground Power House – Stage II, Unit 4 bagged Gold Medal from GoI for early completion

- 24.02.2010 MoU signed between KPCL and L&T in the presence of Hon'ble Chief Minister of Karnataka, for the proposed Chhattisgarh Thermal Power Plant as joint venture
- 22.3.2010 Highest generation of 97.807 MU during a day from all the KPCL stations
- 31.03.2010 JV Agreement signed between KPCL and L&T for the implementation of GTPS, at Chhattisgarh
- 09.04.2010 LOA issued to BHEL for the main plant equipment for the 2x 800MW Yermarus Thermal Power Station
- 09.04.2010 RTPS 250MW Unit synchronised with oil
- 28.05.2010 Celebration of 119<sup>th</sup> birth anniversary of Dr. BR Ambedkar at Bangalore
- 10.06.2010 Discussions by Chief Secretary, Govt of Chhattisgarh with MD, KPCL regarding implementation of Chhattisgarh Thermal Plant
- 17.06.2010 India's first ever 3 MW capacity Solar Power Plant dedicated to the nation by Shri Farooq Abdulla, Minister for MNRE, Govt of India, at Yelesandra, Bangarpet Tq. Kolar Dist.
- 26.06.2010 RTPS 250 MW Unit Commissioned
- 29.06.2010 Implementation agreement signed between KPCL & Govt. of Chhattisgarh

## **XXV Directors' Responsibility Statement**

Pursuant to Section 217(2)(AA) of the Companies Act 1956, the Directors wish to state that to the best of their knowledge:

- i) in the preparation of the annual accounts for the year ending 31<sup>st</sup> March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) accounting policies have been selected and applied consistently and made judgments and estimates that 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 corporation for the period under review;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) Annual Accounts for the year 2009-10 have been prepared on a 'going concern' basis.

## **XXVI General**

The Board would like to place on record its appreciation of the following:

- Government of India, Government of Karnataka, the Comptroller & Auditor General of India and other agencies such as CEA, CWC, Registrar of Companies, KERC, the Statutory Auditors for their assistance, guidance and cooperation;
- Commercial Banks such as State Bank of India, Canara Bank, Syndicate Bank, State Bank of Mysore, Vijaya Bank, Union Bank of India, ICICI Bank, IDBI Bank, Bank of Baroda, Punjab National Bank, Indian Overseas Bank, Central Bank of India, Federal Bank, Allahabad Bank, Bank of India, ING-Vysya Bank, State Bank of Patiala, State Bank of Travancore, Andhra Bank, Corporation Bank, State Bank of Hyderabad, UCO Bank, United Bank of India, Indian Bank, Dena Bank, State Bank of Bikaner & Jaipur, South Indian Bank, Oriental Bank of Commerce, State Bank of Indore, Karnataka Bank, Jammu & Kashmir Bank, Lakshmi Vilas Bank, Karnataka State Co-operative Apex Bank, The Dhanalakshmi Bank, Kotak Mahindra Bank, Bank of Baroda, Punjab & Sind Bank, Karur Vysya Bank, Development Credit Bank, Bank of Maharashtra, and financing agencies such as LIC, PFC, REC, IDFC, SIDBI, HUDCO, SAIL, ICICI Home Finance, HDFC for their financial support;
- KPTCL, ESCOMS, PCKL, SLDC, RLDC and Electrical Inspectorate for their co-operation;
- General public, for supporting the activities of the company;
- Employees' Unions and Associations, for their collective participation; &
- Media – both electronic & print media for their efforts in spreading the awareness amongst the stake holders.

The Board would also like to place on record its appreciation of the dedicated services rendered by the employees of the Corporation.

for & on behalf of the Board of Directors

sd/-  
**(BS Yeddyurappa)**  
**Chairman**

Bangalore  
Dated: 25.09.2010

**Information pursuant to the Companies**  
*(disclosure of particulars in the report of Board of Directors) Rules, 1988*

FORM – B

**1. Research & Development (R&D):**

**A. Innovative activities:**

- a) Testing of transformer oil for condition monitoring in all the KPCL project sites has been done by utilizing mobile testing facility of CPRI, Bangalore.
- b) Order placed for transformer oil regeneration plant to increase the life of the transformer oil and transformer.
- c) Replacement of numerical relays in Sharavathy & Nagjhari power houses as a part of Renovation & Modernization works.
- d) Remote control of Mani Dam Power House from Varahi Under Ground Power House done.
- e) Commissioned 3 MW capacity each, environment friendly Solar grid connected power plant at Yelesandra Village, Bangarpet taluk, Kolar (Dist.) and at Itnal village, Chikkodi Taluk, Belgaum (Dtist.). Erection of 3MW capacity Solar plant is in progress at Yapaldinni Village of Raichur Taluk & Dist. The projects fall in the backward taluks as per Dr. Nanjundappa's report.
- f) The unit-4 at Nagjhari power house has been uprated to 150 MW from 135 MW under R, M & U adding 15MW to the installed capacity. Further, R, M & U of unit-5 at NPH is under progress and expected to be completed in 2010 adding another 15MW to the installed capacity.
- g) While executing Varahi stage-II works (installation of 2x115MW generating units), renovation of existing units-1 & 2 has also been proposed in respect of excitation system, protection & SCADA with state of art technology.

**B) R, M & U OF HYDEL STATIONS:**

- a) The Corporation has taken up R&D activities i.e. R, M&U of existing generating units through improvements and also to adopt

new technology for higher efficiencies in operation and maintenance of plants.

- b) Renovation and modernisation of existing plants is being completed on a continuous basis.
- c) Condition monitoring of Generator Transformers, healthiness of all stations has been initiated by utilizing the services of CPRI, Bangalore.
- d) New construction techniques are being adopted for speeding up construction of ongoing and new power projects.
- e) KPCL intends to provide power supply to its project colonies directly from respective generating stations as per GOI order, by installation of additional infrastructure, there by cost saving and reliability of power supply will be achieved, since ESCOMs are charging Commercial rate tariff for the Power Consumption of KPCL colonies.
- f) KPCL intends to install additional generating units at Munirabad and Ghataprabha Dam Power Houses by utilising existing infrastructure facilities, thereby adding capacity with lesser capital cost.

### **C) R&M OF THERMAL STATION:**

#### **a) Cladding of boiler tubes at RTPS**

Cladding technology is proposed for boiler tubes. The failure of boiler tubes and consequent generation loss can be avoided with this.

#### **b) Elimination of Halon 1301 System:**

Presently, cable gallery in Units 1, 2 & 3 are having Halon 1301 system of fire protection. As per the guidelines of Montreal Protocol signed by developing countries, Halon Gas being hazardous for environment is banned and the same has to be phased out. In this regard, Medium velocity water spray system has been proposed for cable gallery. Action has been taken for implementation of the above system.

#### **b) Godhna Pithead Thermal Plant, Chhattisgarh:**

KPCL intends to install and operate 2x800 MW capacity pithead Power Plant at Chhattisgarh. Preliminary action such as establishing offices, land acquisitions, land survey etc. has been taken up with the co-operation of Govt. of Chhattisgarh. With this

pithead thermal plant, cost towards transportation of coal, pilferage, wastage of coal etc. can be minimized. Environmental impact of coal and ash on water and air could also be minimized.

#### **D) R&M of Wind Energy Plants:**

- a) KPCL intends to expand existing Kappadagudda Wind Energy Farm with existing infrastructure facilities. Steps have been taken for land acquisition. In addition to this, KPCL has already planned to install six more Wind energy farms at Belgaum Dist., Bailahongal and Guledgudda sites in order to achieve 500 MW installed capacity in the backward taluks as per Dr. Nanjundappa's report.

#### **Benefits derived as a result of above R&D are as follows:**

- i. Capacity addition by way of non conventional sources such as wind, solar etc., without environmental hazards.
- ii. R, M & U of existing generating units will result in capacity addition at lower capital investments and also results in reducing the failure rate of generating units.

### **2 Energy Conservation, Technology absorption, Adaptation and Innovation:**

- a) Reduction in Auxiliary consumption and improvement in heat rate is being constantly given priority.
- b) Energy audit has been taken up at RTPS by CII (Confederation of Indian Industries, Hyderabad). Preliminary reports have been submitted on various issues for energy savings, PLF improvement, auxiliary consumption reduction etc. Implementation based on the above report is under process.
- c) Maximum utilisation of fly ash has been given top priority.

### **3. Foreign Exchange**

a) Foreign exchange earnings	- nil
b) Foreign exchange outgo:	
i) Imported Coal	- Rs. 277.00 crores
ii) Components and spare parts	- Rs. 11.89 crores
<b>Total:</b>	- <b>Rs. 288.89 crores</b>

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## Karnataka Power Corporation Limited

### Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

- 1 Name of the Subsidiary ... KPC Bidadi Power Corpn. Pvt. Ltd.
- 2 Financial year ended ... March 31, 2010
3. Holding company's interest ... 100% equity
4. No. of shares held ... 50,000 equity shares of Rs.10/- each  
fully paid up.
5. The net aggregate of profits or losses for the current financial year of the  
subsidiary so far as it concerns the members of the holding company –
  - a) Dealt with or provided for in the accounts of the holding company ... nil
  - b) Not dealt with or provided for in the accounts of the holding company ...nil
6. The net aggregate of profits or losses for previous financial year of the  
subsidiary so far as it concerns the members of the holding company
  - a) Dealt with or provided for in the accounts of the holding company ... nil
  - b) Not dealt with or provided for in the accounts of the holding company .. nil

### Statement Pursuant to Section 212(5) of the Companies Act, 1956, relating to Subsidiary Company

1. There has been no change in the holding company's interest in the subsidiary  
between the end of the financial year of the subsidiary and that of the holding  
company.
2. There has been no material change which has occurred in respect of the  
following in the case of the subsidiary between the end of the financial year of  
the subsidiary and that of the holding company:
  - a) Fixed assets of the subsidiary
  - b) Investments of the subsidiary
  - c) Moneys lent by the subsidiary
  - d) Moneys borrowed by the subsidiary for any purpose other than that of meeting  
current liabilities.

Sd/-	Sd/-	Sd/-	Sd/-
R Nagaraja	R Balasubramanian	R Nagaraja	SM Jaamdar
GM(Fin. & Accts.)	GM(CA)& Comp. Secretary	Finance Director (Addl. Charge)	Managing Director