

**BEFORE THE CENTRAL ELECTRICITY REGULATORY
COMMISSION, SCOPE COMPLEX, LODHI ROAD, NEW DELHI**

Petition NO. OF 2005

IN THE MATTER OF:

Damodar Valley Corporation

DVC Towers, V I P Road
Kolkatta – 700 054

Petitioner

Versus

1. State of West Bengal
through the Secretary
Department of Energy
Secretariat, Kolkatta
West Bengal
2. State of Jharkhand
through the Secretary
Department of Energy
Secretariat, Ranchi
Jharkhand
3. West Bengal State Electricity Board,
Vidyut Bhawan, Block `DJ`
Sector-11, Salt Lake City,
Calcutta – 700091.
4. Jharkhand State Electricity Board,
Engineering Bhawan, HEC,
Dhurwa, Ranchi – 834004.
5. Union of India
through the Secretary
Ministry of Power
Shram Shakti Bhavan
New Delhi

- Respondents

**PETITION UNDER SECTIONS 61, 62 AND 86 OF THE
ELECTRICITY ACT, 2003 FOR APPROVAL OF THE REVENUE
REQUIREMENTS AND FOR DETERMINING THE MATTERS
CONCERNING THE TARIFF FOR ELECTRICITY ACTIVITIES
UNDERTAKEN BY THE PETITIONER.**

MOST RESPECTFULLY SHOWETH:

1. The petitioner herein, Damodar Valley Corporation (hereinafter referred to as '**DVC**'), is a Corporation established under the Damodar Valley Corporation Act, 1948 (hereinafter referred to as the '**DVC Act**') enacted by the Parliament.
2. The Respondents 1 and 2 namely the States of West Bengal and Jharkhand wherein the Damodar Valley is situated, are the principal beneficiaries of the activities of the DVC. The Respondents 3 and 4 are the State Electricity Boards respectively of the States of West Bengal and Jharkhand. DVC is functioning under the control of Respondent No 5, the Government of India (hereinafter called the Central Government).
3. DVC is a body promoted by the Central Government in consultation with the provincial Governments, namely, Government of West Bengal and the Government of Bihar. After the re-organisation of the State of Bihar, the provincial Governments are the Government of West Bengal and Government of Jharkhand. The representatives of the provincial Governments of Jharkhand and West Bengal are on the Board of DVC.
4. In terms of the provisions of the DVC Act, the following capital has so far been provided by the three participating Governments:

a)	Central Government	-	Rs	56,08,66,266/-
b)	West Bengal Government-		Rs	109,26,65,633/-
c)	Jharkhand Government - (Previously Bihar Government)		Rs	49,36,51,000/-
			
	Total		Rs	214,71,82,899/-
			

5. The above capital was provided by the three participating Governments up to the year 1968-69. Thereafter, DVC has been operating on the basis of revenue generated essentially from generation and sale of electricity. DVC has been ploughing back the surplus revenues earned by it from its operation and has not been distributing surplus revenue to the three participating Governments.

6. With the retained earning (essentially out of interest accounted for the benefit of the three participating Governments), the capital falling to the three participating Government as on 31st March 2005 is as under:

a)	Central Government	-	Rs	5633164623/-
b)	West Bengal Government-		Rs	5590210660/-
c)	Jharkhand Government -		Rs	5404514100/-
	(previously Bihar Government)			
	Total		Rs	16627889383/-

7. Section 12 of the DVC Act provides for the functions of the DVC and it reads as under:

"12. Functions of the Corporation:

The functions of the Corporation shall be –

- (a) *the promotion and operation of schemes for irrigation, water supply and drainage,*
- (b) *the promotion and operation of schemes for the generation, transmission and distribution of electrical energy, both hydroelectric and thermal.*
- (c) *the promotion and operation of schemes for flood control in the Damodar river and its tributaries and the channels, if any, excavated by the Corporation in connection with the scheme and for the improvement of flow conditions in the Hooghly river,*
- (d) *the promotion and control of navigation in the Damodar river and its tributaries and channels, if any,*

- (e) *the promotion of afforestation and control of soil erosion in the Damodar Valley, and*
 - (f) *the promotion of public health and the agricultural, industrial, economic and general well-being in the Damodar Valley and its area of operation”.*
- 8. DVC has multifarious functions in the Damodar Valley. DVC has the obligation to undertake development of Damodar Valley, which falls in the provinces of West Bengal and Jharkhand. The activities of DVC are not restricted to generation and sale/supply of electricity. The functions of the DVC include promotion and operation of schemes for irrigation, water supply and drainage, flood control and improvement of flow conditions in the Hooghly river, navigation in the Damodar river and its tributaries and channels, afforestation and control of soil erosion in the Damodar Valley and promotion of public health and agricultural, industrial, economic and general well being in the Damodar Valley under its areas of operation.
- 9. Thus, DVC is actually engaged in number of activities which are not commercial in nature and where no significant revenue accrues to DVC. DVC cannot generate required revenue from the users of service in regard to schemes such as drainage, flood control, improvement in the flow conditions, navigation, afforestation and control of soil erosion or the promotion of public health and general well being in the Damodar Valley. The main revenue earning activity performed by DVC is generation and sale of power.
- 10. DVC is, therefore, undertaking various activities in a comprehensive manner for the betterment of Damodar Valley and using the revenues earned from various sources including and in particular from generation and sale of electricity for the above varied purposes for which DVC has been established.

11. The very object of establishing DVC for the promotion of Damodar Valley in a self-sustained manner will be greatly affected if DVC is required to segregate its activities and cost of services for each activity separately. The whole purpose and object of the DVC Act will be rendered redundant if the generation and sale of power by DVC is considered in a segregated form and implications of other functions are not taken into account.
12. In the context of various functions specified in Section 12 of the Act, DVC performs services which are undertaken in other parts of the States of West Bengal and Jharkhand by the Governments and Government bodies, Central, State or Municipal. DVC is essentially undertaking these activities for the benefit of the Governments, namely the Governments of West Bengal and Jharkhand. In this regard, in particular, reference may be made to Part IV of the DVC Act dealing with the finance, accounts and audit. The capital required by DVC is provided by the Central Government and the two State Governments (hereinafter collectively called 'Participating Governments') (Reference Section 27). The participating Governments have an obligation to provide the entire capital required by DVC for completion of any project undertaken by DVC. The participating Governments are to provide their share of capital on the dates specified by DVC and if any Government fails to provide such share, DVC can raise loans to make up the deficit at the cost of the Government concerned (Reference Sections 30 and 31).
13. Sections 32, 33 and 34 of the Act provides for the allocation of expenditure chargeable in respect of various projects. Section 35 of the Act specifically provide for the total amount of capital

allocated to power shall be shared equally between the three participating Governments. Section 37 deals with the disposal of profits and deficit. The net profit out of irrigation, power and flood control is to be divided between the three participating Governments in proportion to their respective shares in the total capital cost attributed to the specific object and similarly the net deficit, if any, are to be made good by the participating Governments in the same proportion. Section 38 of the Act deals with the payment of interest on the capital provided by each participating Governments. In case any betterment levy is imposed by the concerned provincial Government in the State, proportionate proceeds thereof in so far they are attributable to the Damodar Valley area are to be credited in favour of DVC (Reference Section 41).

14. In the facts and circumstances mentioned herein above, DVC occupies a special position; it undertakes operations for the benefit of West Bengal and Jharkhand; it is not a commercial organization; the activities of DVC are akin to the activities undertaken by the Governments, Central, State or Municipal; the benefits of the operation of DVC are to the States of West Bengal and Jharkhand including that the financial implications of providing capital sharing, profit or deficit are to the account of the three participating Governments. The role of the Central Government is also to be considered with the objective of the DVC to benefit the Damodar Valley and thereby the West Bengal and Jharkhand.
15. The tariff and terms and conditions for generation and sale of electrical energy by DVC, unlike other electricity utilities, need to be considered in the background of the above salient features

concerning DVC and the functions with which DVC is charged as per Section 12 of the Act.

16. In the context of the above, Section 20 of the DVC Act deals with charges for supply of electrical energy by DVC and it reads as under

"20. Charges for supply of electrical energy:

The Corporation shall fix the schedule of charges for the supply of electrical energy, including the rates for bulk supply and retail distribution, and specify the manner of recovery of such charges.

Provided that the Corporation may in any contract for bulk supply of electrical energy impose such terms and conditions including a retail rate schedule as it may deem necessary or desirable to encourage the use of electrical energy."

Part IV of the DVC Act deals with the Finance, accounts and Audit of the DVC in the two states.

17. DVC had been operating during all these years since its constitution under the DVC Act in as per the provisions contained in the DVC Act read with the applicable provisions of the electricity laws, namely, the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998. The said electricity laws have now been repealed and substituted by the Electricity Act, 2003 (hereinafter the '**Electricity Act**').
18. Section 14 proviso 4 of the Electricity Act read as under:

"Provided also that the Damodar Valley Corporation, established under subsection (1) of section 3 of the Damodar Valley Corporation Act, 1948 (14 of 1948), shall be deemed to be a licensee under this Act but shall not be required to obtain a license under this Act and the provisions of the Damodar Valley Corporation Act, 1948, in so far as they are not inconsistent with the provisions of this Act, shall continue to apply to that Corporation".

19. In terms of the above, DVC is a licensee and is not required to obtain a licence under the Electricity Act for the purposes of carrying on its functions under the DVC Act of generation, transmission and distribution of electrical energy and for the sale of such electrical energy to any consumer in the Damodar Valley including bulk purchasers of electricity as specified in Section 12 read with Sections 18, 19 and 20 of the DVC Act.
20. DVC further submits that the power system as defined in section 2(50) of the Electricity Act owned, maintained and operated by DVC including the generating stations, transmission lines, sub-stations, tie-lines, and load dispatch activities are essentially for distribution and supply of electrical energy in the area of operation of DVC and for making available electrical energy to the participating governments namely the Government of West Bengal and Jharkhand and the Central Government or the two State Electricity Boards.
21. The power system maintained by DVC consist of the following:
 - A. Generating Stations with total derated installed capacity of 2761.5 MW capacity of 2535 MW of Thermal, 144 MW of hydel, 82.5 MW of gas.
 - (i) Durgapur Thermal Power Station;
 - (ii) Mejia Thermal Power Station;
 - (iii) Bokaro Thermal Power Station;
 - (iv) Chandrapura Thermal Power Station;
 - (v) Maithan Gas Turbine Station;
 - (vi) Maithon Hydel Power Station;
 - (vii) Panchet Hydel Power Station;
 - (viii) Tilaiya Hydel Power Station.

An overview of the above generating stations of DVC are contained in **Appendix -A** to the petition.

- B. High pressure cables, lines, substations, tie lines, mains, works mainly consisting of 220 KV, 132 KV and 33 KV.
 - C. Electricity Supply Lines and Service Lines for supply of electricity to consumers.
22. Since 2000-01 DVC has acted in all efficient manner taking into account the constraints faced by DVC. The improvements achieved by DVC during the period 2000-01 to 2004-05 are given in **Appendix-B**.
23. The power system of generating stations and high pressure cables, etc., mentioned under head A and B of para 21 above are common and integrated for both the States of West Bengal and Jharkhand and the Electricity Supply and Service Lines mentioned under head C are partly common and partly be specifically related to the State of West Bengal or State of Jharkhand.
24. In terms of the provisions of the DVC Act, the capital expenditure is allocated amongst the various functions of the DVC are as under:
- (a) **Power:** "The total amount of capital allocated to power shall be shared equally between the three Participating Governments".
 - (b) **Irrigation:** "The total amount of capital allocated to irrigation shall be shared between the Provincial Governments".
 - (c) **Flood Control:** "The total amount of capital up to fourteen crores of rupees allocated to flood control shall be shared equally between the Central Government and the Government of West Bengal and any amount in excess thereof shall be the liability of the Government of West Bengal".

- (d) **Allocation to Other Activities:** "The Corporation shall have power to spend such sums as it thinks fit on objects authorized under this Act other than irrigation, power and flood control and such sums shall be treated as common expenditure payable out of the Fund of the Corporation before allocation under Section 33".
25. In terms of Section 20 of the Act, the Corporation had been fixing the schedule of Tariff for supply of power including the rates for bulk supply and retail distribution. The Tariff structure of DVC was all along on cost plus basis based on budgetary norms which as far as practicable is aimed at incentivising efficiency. The existing Tariff of DVC was fixed in September, 2000 and the same Tariff has been continued without revision except Fuel Surcharge for 5 years till 2004-05. Unlike the Central Utilities and SEB-s, these Tariffs were not factored with any standard norms. Another distinguished feature of DVC in contrast to these Central Power Utilities is that DVC by mandate of the DVC Act, 1948 is required to carry out certain functions which are otherwise the functions of the States of Jharkhand (erstwhile Bihar) and West Bengal, viz. Flood Control, Irrigation, Social Integration Projects, Soil Conservation activities, Multi-purpose Dams, Afforestation etc. Without any dilution in its non-power statutory functions as stated above, DVC's activities in Generation, Transmission and Distribution of Power have registered considerable growth with the growth plan envisioned by the Govt. of India.
26. DVC is poised for a leapfrog growth within a short span of time while fully attending to its non-power statutory functions; the availability of the Internal Resources through adequate Tariff margin has become a crucial factor for its sustenance and growth. This is more so, when out of its total Installed Capacity of 2762 MW (approx.), about 44% are vintage Units but is considered to have prospects for turn around with investment in renovation and modernization. Obviously therefore, the volume

of total recovery of return and depreciation are presently pegged at a lower level resulting in limited availability of annual incremental Cash resources for funding the investment required for the turn around of these Vintage Units to the extent Equity component is required.

27. In terms of Section 30 of the DVC Act the Participating Governments are required to provide the entire Capital required by the Corporation for the completion of any Project undertaken by it. The Act also permits DVC to borrow money from the open market for the purpose of carrying out its functions under this Act. Since 1969-70, the Participating Governments stopped contributing towards Capital of the Corporation and as a result DVC's growth in Thermal Capacity Addition, R&M Projects, and Augmentation of its T&D Network etc. had been at a slower pace. The borrowed funds were also available to a limited extent to DVC in the past years in absence of adequate Internal Resources of the Corporation. The past Projects of DVC, in absence of Capital Contribution from the Participating Governments, were mainly funded by way of issue of Bonds with marginal or no investment of Internal Resources. As against total Capital Expenditure of Rs.5266 cr. till 31.3.2005, the Capital Account of the Participating Governments have a balance of Rs. 1663 cr, thereby reflecting a shortfall in Capital Contribution by the Participating Member Governments to the tune of Rs. 3603 cr.. 45% of the Net Profit is again statutorily distributable to the three Participating Governments.
28. The average Post-Tax Return on Capital employed in the last few years has also been at a lower scale ranging between 7% to 10% p.a. This is mainly because the assets of DVC being age-old and having been acquired since 1948 onwards in phases over a period of about 57 years, are significantly undervalued. Simultaneously, the Pension liabilities of the DVC existing

employees have also not been brought to Books of Accounts and are charged on "Pay as you go" basis to the retirees of DVC. The estimated Pension liabilities of the existing employees as per actuarial valuation of LIC work out to about Rs.800 cr. till September, 2002. Actions have been taken for revaluation of assets of DVC whereafter both Revaluation Reserves as well as Pension liabilities of current employees will be brought to Books. Thereafter only, the rate of return can be fairly assessed after the DVC assets are fully revalued.

29. In absence of any provisions for Equity Share Capital in the DVC Act 1948, DVC's entry in the Equity Market is also prohibited. In such an event, DVC's Plan investment is entirely dependent on Plough Back of Distributable Profit and retention of Statutory Interest on Capital Contribution payable to the Participating Member Governments in terms of Section 37 and 38 of the Act respectively.
30. DVC with approval of Ministry of Power & Planning Commission has already ventured in the following projects involving an outlay of about Rs. 8000 crores in the Xth Plan:-
 - ◆ Thermal capacity addition of 1210 MW.
 - ◆ Renovation & modernisation of 10 Nos. vintage thermal units.
 - ◆ Augmentation and extension of transmission & distribution lines.
 - ◆ Strategic alliances through joint ventures in respect of thermal capacity addition, captive mines and captive power plant viz. Bokaro Steel Plant.
31. The above in addition to 70% borrowings requires investment of internal resources estimated at Rs. 3200 crores during the Xth Plan period. As against this, based on the existing tariff of

DVC which remains unrevised for 5 years since September, 2000, the annual availability of cash reserves from the existing operations including a large number of vintage plants is on average Rs. 575 crores per year, thereby reflecting a gap of about Rs. 325 crores to fund its ongoing projects. This gap will be met from the existing carried forward short term deposit fund and other miscellaneous receipts.

Due to large exposure to Market Borrowings by about 4600 crs. by DVC within a short time span of 5 years during the 10th Plan for execution of on-going Projects, the Debt Service Coverage Ratio (DSCR – i.e. the number of times the principal loan repayment and interest amount will be covered in the cash resources generated from profit before interest and depreciation) will suffer reduction below prudential limits for at least initial two years of the 11th Plan period when full benefit of renovated and modernized Vintage Plants of DVC as well as T&D Network are likely to be achieved in phases. In fact, at CRISIL's Investment Rating of 'AA(-)' for DVC, the prudential norms for DSCR is 2.65, which tends to fall below 2 during the initial two years of the 11th Plan period, as assessed in the Table furnished in the Appendix- III, DVC and its employees are, however, committed to fully meet the Normative Performance Levels from the year 2009-10 and onwards, when DVC will be adequately geared up to handle its business activities under the Normative Tariff scenario.

The following Tables reveal the best assessment of cash resources in DVC upto the year 2008-09 if the Hon'ble Commission kindly allows the existing Tariff to continue till the year 2008-09.

Appendix- I	10 th Plan Project-wise Fund status
Appendix- II	Estimated Internal Resources in balance 10 th Plan period
Appendix- III	Estimated IR during 11 th Plan period up to 2008-09.

31. Any downward revision in the existing tariff due to sudden imposition of normative tariff in DVC may therefore result in crippling its operations bringing the progress of the ongoing projects to a halt which would never be desirable in the greater interest of the nation which is now thriving with an all round power deficit throughout the country.
32. DVC has been in existence since 1948 and had always functioned as an integrated utility with varied functions including generation, sale and supply of electricity. DVC was formed based on the experience of the Tennessy Valley Corporation in USA. DVC, therefore, has an unique position. DVC cannot be compared with other electricity utilities including such as National Thermal Power Corporation Limited (NTPC), National Hydro Power Corporation Limited (NHPC), Powergrid Corporation of India Limited, State Electricity Board Limited, State Electricity Board, other generating companies and transmission and distribution companies. This unique position of DVC requires that the tariff and other regulations framed for the other electricity utilities or the manner of determination of tariff adopted for such other utilities cannot ipso facto be applied to DVC. DVC, therefore, submits that the Hon'ble Commission may give effect to the aspects resulting from the peculiar position of the DVC. It is also respectfully submitted that there is nothing in the provisions of the Electricity Act, 2003 which are inconsistent from giving effect to the special features of DVC in the determination of tariff or any decision of various aspects

concerning the electricity activities undertaken by DVC. In this regard, DVC submits that Section 14 of the Electricity Act, 2003 specifically provides that DVC shall be deemed to be a licensee under this Act; DVC shall not be required to obtain a licence under the Act; the provisions of DVC Act in so far as they are not inconsistent with the provisions of the Electricity Act, 2003 shall apply to DVC.

33. In accordance with the above, DVC submits that the Hon'ble Commission may take into consideration the following:

- A. DVC has been accumulating its capital assets since 1948. DVC had never revalued its capital assets at any time and had continued with the historical valuation at different price levels. As mentioned hither-to-before Section 20 of the DVC Act authorizes DVC to formulate schedule of charges for supply of electrical energy. Such charges have been determined without the intervention of any authority. There was, therefore, no consideration of the re-valuation of the assets as there was no application of any normative pricing and determination of the rate of return etc based on the fair assessment of the networth of DVC.
- B. The entire activities of DVC are for the benefit of the Damodar Valley. The pricing of sale of power of DVC in the Damodar Valley has necessarily resulted to the benefit of the consumers in the Damodar Valley.
- C. DVC's Plants are also of various capacities ranging between 57.5 MW to 210 MW for Thermal Stations and 2 MW to 40 MW in respect of Hydel Stations. Being one of the premier thermal plants of the nation, the first generation

indigenous technologies as inducted by M/s. BHEL had therefore been installed and commissioned in DVC apart from thermal units inducted and installed with foreign technologies viz. GE, Siemens, etc. DVC's first generation technologies can in no way be therefore comparable with the thermal units installed by other electricity utilities with induction of state of the art technologies. Similarly, DVC's plants of various capacities can in no way be comparable with electricity utilities who have installed and commissioned thermal units with a capacity of higher order e.g. 500 MW.

- D. The income derived by DVC is always ploughed back for adding capacity for other functions of DVC. As mentioned above DVC is presently undertaking extensive capacity and addition, in particular, 1000 MW thermal capacity extension projects are presently under construction. The reserves and surplus during the past years including the year 2004-05 have been invested for such extensions.

- E. Many of the plants of DVC being vintage units, operations of the same are still being continued through periodical minor & major capital investments. Moreover, the investments of DVC being wide spread over the large span of time since 1948 till 2005, the asset value as reflected in the Balance Sheet continue to be enormously depressed and does not qualify for consideration for fair assessment of return on normative basis. On this ground a uniform benchmark rate of return i.e. Rupee/KVA/Month is prayed for consideration by the Hon'ble commission for assessment of both interest and return. In other words, economic rate of return as available to the power sector in

general should also be available to DVC. The total volume of recovery of return and interest will however be limited to the actual scale of operations of its plants. Indicative Rupee/KVA/Month as computed as per the Hon'ble Commission norms works out to around Rs. 250/KVA/Month which DVC also should not be deprived of to ensure a level playing ground and also for ensuring adequate cash resources for the turn around of its vintage units and augmentation of its T&D network.

- F. In this connection, relevant provisions of the National Electricity Policy are quoted below :

"The public sector should be able to raise internal resources so as to at least meet the equity requirement of investments even after suitable gross budgetary support from the Government at the Center and in the states in order to complete their on-going projects in a time-bound manner. Expansion of public sector investments would be dependent on the financial viability of the proposed projects. It would, therefore, be imperative that an appropriate surplus is generated through return on investments and, at the same time, depreciation reserve created so as to fully meet the debt service obligation. This will not only enable financial closure but also bankability of the project would be improved for expansion programmes."

- G. The following statutory liabilities of DVC need also be included in the tariff of electricity.

- a) Non-power expenses viz. soil conservation, afforestation, SIP, multipurpose dams etc.
 - b) Pension liabilities of the existing employees and retirees of DVC.
 - c) Statutory interest on loan capital and interest on sinking fund.
34. In the facts and circumstances mentioned above, DVC is filing the present petition for determination of revenue requirement and tariff on certain parameters in deviation to those applied by the Commission in the case of other generating companies. These deviations together with the justification are listed in **Appendix `C' & 'D'** to this petition.
35. In addition to the above, in the peculiar facts and circumstances of the DVC, it is prayed for that the Hon'ble Commission may kindly consider allowing DVC liabilities and expenses which are not covered under the regulations framed by the Hon'ble Commission and made applicable to other utilities. These include, interest on loan capital; interest on sinking fund; depreciation rate; outflow on account of pension liabilities and funding of unfunded part of the pension liability. The details of the same with necessary justification are given in **Appendix - `E'** to the petition.
36. DVC further submits that DVC may be allowed a transition period of 4 to 5 years before the norms are applied to DVC. The existing cost plus formula for tariff fixation based on Semi-Normative Costs of DVC may kindly be allowed to be continued with incentive for performance linked improvement as were initially applied for SEBs & Central Power Utilities till the end of Xth Plan when the ongoing projects are commissioned with turn

around of all its vintage plants duly renovated and modernized as well as its T&D network is fully augmented. This is more in line with the policy and practices followed by the Government of India in the other industrial sectors where BICP, JPC etc. also applied the same cost plus price fixation formula when commercial organizations were for the first time brought within the price regulatory jurisdiction. Allowances of the same principles for DVC who is being first time brought within the regulatory jurisdiction is very much justified to enable itself to restructure and readjust to the normative tariff structure within a time span of 4 to 5 years.

37. It is, therefore, respectfully prayed that the Hon'ble Commission may entertain the petition filed by DVC for determination of the revenue requirements and for tariff taking into account the aspects mentioned herein above. Plant wise details and also details relating to transmission and distribution network of DVC, apportionment of the network cost are given in the details filed herewith.

FILED BY
DAMODAR VALLEY CORPORATION

S/d-

REPRESENTED BY MRIDUL DHAR
CHIEF ENGINEER (COMMERCIAL)

KOLKATA

Dated: 10th June 2005