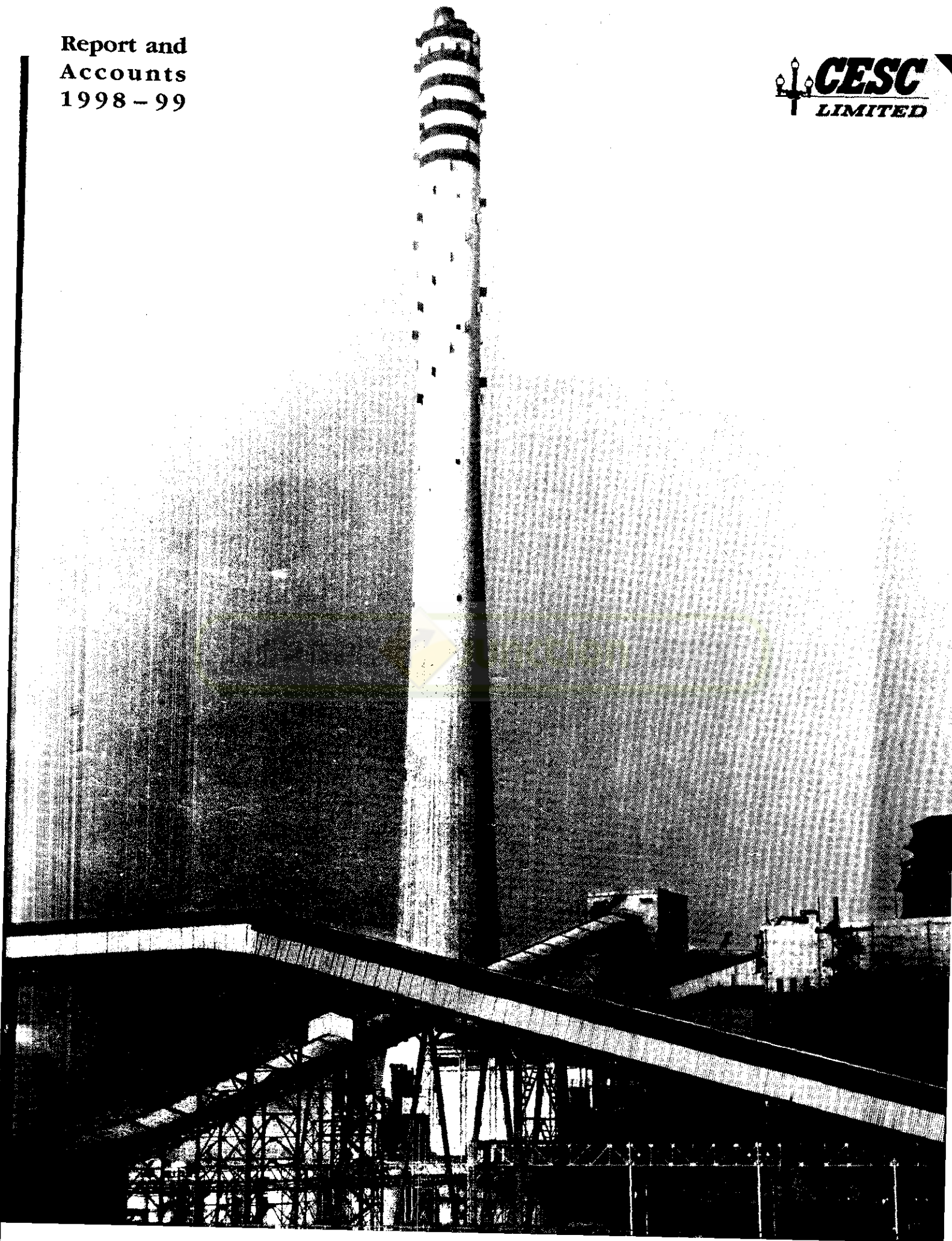


**Report and  
Accounts  
1998 - 99**





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# Board of Directors

Rama Prasad Goenka, *Chairman*

Sanjiv Goenka, *Vice-Chairman*

Priya Brata Ghosh

Dipankar Mukherjee (*Nominee of Govt. of West Bengal*)

Pradip Kumar Khaitan

Brij Mohan Khaitan

Bhagwati Prasad Bajoria

Ananda Mukerji (*Nominee of ICICI*)

Jayant Narayan Godbole (*Nominee of IDBI*)

Padinjaremadom Venkitachalam Subramanian  
(*Nominee of LIC*)

Nirmalendu Biswas (*Nominee of UTI*)

Sumantra Banerjee, *Managing Director*

## Secretary

Subhasis Mitra

## Auditors

Lovelock & Lewes

## Solicitors

Khaitan & Co.

Orr, Dignam & Co.

Sandersons & Morgans

## Registered Office

CESC House

Chowringhee Square

Calcutta 700 001

Telephone : (033) 225 6040

Facsimile : (033) 225 5155

E-Mail : [cesc@rpgnet.com](mailto:cesc@rpgnet.com)

## Bankers

ANZ Grindlays Bank Ltd.

State Bank of India

American Express Bank Ltd.

Union Bank of India

ABN Amro N.V.

UCO Bank

Allahabad Bank

Bank of Baroda

Indian Bank

Corporation Bank

Bank of India

Indian Overseas Bank

The Hongkong & Shanghai Banking  
Corporation Ltd.

ICICI Banking Corporation Limited

HDFC Bank Ltd.

Standard Chartered Bank

Times Bank Ltd.

## Notice to Members

Notice is hereby given that the Twenty-first Annual General Meeting of the Members of CESC Limited will be held at 'Science City' Main Auditorium, JBS Haldane Avenue (Junction of Eastern Metropolitan Bypass and Park Circus Connector), P.O. G.K. Road, Calcutta 700 046 on Thursday, 16th September, 1999 at 10 A.M. for the following purposes :

1. To receive and consider the Profit & Loss Account for the year ended 31st March, 1999, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. R. P. Goenka who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P. K. Khaitan who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration and for the purpose to consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :  
"RESOLVED THAT the retiring Auditors, Messrs. Lovelock & Lewes, be and they are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 11,00,000/- payable in two equal instalments plus reimbursement of out-of-pocket expenses."

### SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Resolutions :

#### 5. AS A SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by incorporating the following Heading and a new Article 14A with the marginal note thereto after Article 14 :

#### 'DEMATERIALIZATION OF SECURITIES

##### 14A (1) For the purpose of this Article :

- Definitions
- (i) 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;
  - (ii) 'Depositories Act' means the Depositories Act, 1996 and includes any statutory modification(s) or re-enactment thereof for the time being in force;
  - (iii) 'Depository' means a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act; and
  - (iv) 'Securities' mean such securities as may be specified by the Securities and Exchange Board of India from time to time;

- Dematerialisation & Rematerialisation (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its securities and to offer securities in dematerialised form pursuant to the Depositories Act;

- Transfer of dematerialised securities (3) Nothing contained in Section 108 of the Act or these Articles shall apply to any transfer of securities effected by a transferor and a transferee both of whom are entered as Beneficial Owners in the records of a Depository and the provisions of the Depositories Act shall apply to such transfers.' "

#### 6. AS AN ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company (hereinafter referred to as "the Board") of all the immovable and movable properties of the Company, wheresoever situate, present and future, with power to take over the management of the business and concern of the Company in certain events to or in favour of :

- (a) ICICI Limited (ICICI) and/or
  - (b) The Industrial Finance Corporation of India Limited (IFCI) (ICICI and IFCI are hereinafter collectively referred to as 'the Lenders')
- to secure

- A. Rupee Term Loans not exceeding Rupees One Hundred Sixty-five crores (Rs. 165,00,00,000) lent and advanced/ agreed to be lent and advanced by ICICI to the Company comprising Rupees One Hundred Twenty crores (Rs. 120,00,00,000) for cost overrun of its Budge Budge Power Station Project and balance Rupees Forty-five crores (Rs. 45,00,00,000) for the purpose of routine capital expenditure of the Company, and
- B. Rupee Term Loan not exceeding Rupees Forty crores (Rs. 40,00,00,000) lent and advanced/agreed to be lent and advanced by IFCI to the Company for cost overrun of its Budge Budge Power Station Project

together with interest at the respective agreed rates, compound/ further/additional interest by way of liquidated damages, premium on prepayment, front-end fees, costs, charges, expenses and all other monies payable by the Company to the Lenders in terms of their Letters of Sanction or Loan Agreements/Hypothecation Agreements/Common Loan-cum-Hypothecation Agreement entered/to be entered by the Company with the Lenders or as may be amended from time to time in respect of the said term loans so that mortgage and/or charge may be created by the Company in favour of the Lenders in



such form and subject to such prior charges or with such *pari passu* ranking of charges as may be decided by the Board or any Director(s) authorised by the Board in consultation with the Lenders.

AND FURTHER THAT the Board be and is hereby authorised to finalise and execute with the Lenders all such deeds and documents for creating the aforesaid mortgage and/or charge

and to do all such acts, deeds and things as may be deemed necessary for giving effect to the above Resolution."

Registered Office :  
 CESC House  
 Chowringhee Square  
 Calcutta 700 001  
 10th August, 1999.

By Order of the Board  
  
 Subhasis Mitra  
 Company Secretary

#### NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the time for holding the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item Nos. 5 and 6 is annexed hereto.
3. In terms of the notice published on 4th August, 1999 in compliance with the provisions of Section 154 of the Companies Act, 1956, the Register of Members of the Company at Calcutta will remain closed from 17th August, 1999 to 31st August, 1999, both days inclusive, in connection with this Annual General Meeting.
4. Members are informed that all Unpaid/Unclaimed Dividends in respect of dividends declared for and up to the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government in accordance with the provisions of Section 205A of the Companies Act, 1956.

Members concerned are requested to prefer their respective claims thereto to the Registrar of Companies, West Bengal, Nizam Palace, 234/4, Acharya Jagadish Chandra Bose Road, Calcutta 700 020.

Consequent to the amendments introduced by the Companies (Amendment) Act, 1999 any Dividend remaining unpaid or unclaimed for a period of seven years shall henceforth be transferred to the Investor Education and Protection Fund. No claim shall lie against the Fund or the Company in respect of any dividend transferred to the said Fund.

5. Individuals holding shares singly or jointly upto two persons may nominate another person to whom the shares shall vest in the event of the shareholder's death. Form 2B has been prescribed for the purpose. Blank forms may be available from the Company's Secretarial Department.
6. Members having their shareholdings registered in more than one folio, may please write to the Company with details of their holdings for merging the same in one folio.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON THURSDAY, 16TH SEPTEMBER, 1999.

##### Item no. 5

With the introduction of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956, companies are allowed to dematerialise their securities which are then to be held by the Depository in electronic form. Such dematerialised securities may be converted back into holdings in physical form at the option of the investor.

Certain changes are proposed to be made to bring the relative provisions of the Articles of Association of the Company ("the Articles") in line with the aforesaid two Acts. A new Article 14A is proposed to be inserted for this purpose by altering the Articles in the manner set out in the Special Resolution under Item No. 5 of the Notice.

The Board of Directors of the Company recommends that the aforesaid Special Resolution be passed. None of the Directors is concerned or interested in the resolution.

A copy of the Articles as in force will be available for inspection at the Registered Office of the Company and also at the office of Computershare Services Plc., P.O. Box 82, Caxton House, Redcliffe Way, Bristol BS99 7NH, U.K., on any working day prior to the date of the meeting between the hours of 10 a.m. and 12 noon and will also be available from 9.30 a.m. at the place and date of the meeting.

##### Item no. 6

In order to finance a part of the additional cost for implementing the Company's 500 MW Budge Budge Thermal Power Station Project, ICICI Limited (ICICI) and The Industrial Finance Corporation of India Limited (IFCI) have sanctioned term loans amounting to Rs. 120 crore and Rs. 40 crore respectively. In addition, a further loan of Rs. 45 crore has been sanctioned by ICICI for routine capital expenditure requirements of the Company.

The aforesaid loans are required to be secured by hypothecation of the movable properties and also by mortgage of immovable properties of the Company in a form acceptable to ICICI and IFCI. Such security will rank *pari passu* with the security created/to be created by the Company in favour of its other first chargeholders who have sanctioned various facilities to the Company from time to time.

The Resolution set out under Item no. 6 of the Notice is for obtaining the approval of the Members in a General Meeting in terms of the provisions of Section 293 (1) (a) of the Companies Act, 1956 to enable the Company to create the aforesaid mortgage and/or charge to secure the Term Loans as detailed hereinabove. The Board of Directors of the Company recommends that the aforesaid resolution be passed in the interest of the Company.

Mr. A. Mukerji who is a Director of the Company as a Nominee of ICICI may be deemed to be interested or concerned in the Resolution to the extent of the term loans sanctioned by ICICI. No other Director is concerned or interested in the Resolution.

Registered Office :  
 CESC House  
 Chowringhee Square  
 Calcutta 700 001  
 10th August, 1999.

By Order of the Board  
  
 Subhasis Mitra  
 Company Secretary

## Directors' Report

The Directors present the Annual Report and Audited Accounts of CESC Limited for the year ended 31 March, 1999.

### Financial Results

	1998-99 Rs. in Lakhs	1997-98 Rs. in Lakhs
Profit/(Loss) before Depreciation	65,20.93	(36,37.52)
Depreciation	193,28.90	78,37.77
Loss before Special Appropriation Adjustment and Contingencies Reserve Appropriation	(128,07.97)	(114,75.29)
Special Appropriation Adjustment	16,65.78	—
Appropriation to Contingencies Reserve	7,15.00	6,96.00
Loss after Special Appropriation Adjustment and Contingencies Reserve Appropriation	(151,88.75)	(121,71.29)
Balance of Profit brought forward from previous year	—	19,53.75
Balance	(151,88.75)	(102,17.54)
Transfers from :		
Debenture Redemption Reserve	12,00.00	—
Investment Allowance Reserve	—	20,00.54
Deferred Taxation Reserve	—	7,61.87
General Reserve	9,56.51	74,55.13
Deficit carried to Balance Sheet	(130,32.24)	Nil

The Company has reported a loss of Rs. 128.08 crore for the year even though generation increased by 733 MU and there was a reduction of almost 500 MU in power purchase. The loss is mainly due to a delayed tariff revision which was effective for a little over five months of the year. The last two quarters of the year had Profits and the full year Profit before Depreciation was Rs. 65.21 crore compared to a loss of Rs. 36.38 crore in the previous year. In view of the adverse working results, the Directors regret their inability to recommend any dividend for the year.

### Sales and Tariff

The sales pattern reflected an increase from 5019 MU to 5071 MU. High Tension industrial sales, the principal remunerative segment, declined by 10.2% reflecting recessionary trend in the industries, particularly, steel works, rolling mills, jute and chemicals. High tension sales to other categories, however, rose by 3.8%. In the domestic sector, low tension consumption went up by 8.5%. The State Government's approval for tariff revision came after a long and patient wait. The rates were revised from 19 October, 1998. The average increase of 19% in the gross revenue thus had an impact on sales only for a part of the year.

The outstanding dues of municipalities and government bodies increased during the year. The Company is in continuous touch with the State Government in this regard and is hopeful of a satisfactory resolution of the issue in the near future.

### Generation

The first unit of Budge Budge Generating Station which is in commercial operation since October, 1997 performed satisfactorily during the year and made substantial contribution to the system. Following commissioning of this unit, import of power from outside agencies came down significantly. The second unit has also commenced generation this year and the total generating capacity of the Company now is 1065 MW.

The other generating stations continued to do well. Titagarh generated 1802 MU, the highest ever achieved at a plant load factor of almost 86%. Titagarh plant availability factor reached a new high of 92% during the year.

The Company attaches great importance in developing quality systems. A fresh look is being given in addressing plant level technical issues to reduce costs and improve quality of performance. During the year, a number of pollution control measures have been adopted in the generating stations.

Southern has already obtained ISO 9002 certification and the process of obtaining it for some other establishments of the Company has been initiated.

### Efficiency Norms

Of the five efficiency norms set by the State Government covering Generation and Distribution, the Company has done well in four of the norms i.e. Heat Rate, Oil Rate, Auxiliary Consumption and Coal Transit Loss but continues to struggle with pilferage and theft which is one major reason for high T&D loss. Shift in mix from HT to LT is the other reason. In 1992-93, HT accounted for 51% of Sales whereas it is now down to only 42%.

In order to better combat pilferage and theft and also to improve service to the consumers, six Regions have been formed under the supervision of Senior Managers and necessary technical action to determine T&D loss by Region is in the last stage of completion. A Vigilance Cell has recently been set up and, as part of a special drive undertaken by the Loss Control Cell, 73000 meters were checked, 1800 consumers disconnected and 65000 unauthorised fittings removed. Although 1087 FIRs were filed, not many prosecutions followed. The Company is seeking more vigorous support from law enforcing authorities. To reduce metering errors, better quality meters are being installed at consumers' premises.

The services of leading consulting firms have been retained to examine critically various aspects of the Company's operation including the billing system.

### Fuel Surcharge

Fuel surcharge has given rise to a lot of debate recently and your Board wishes to deal with it in some detail.

Cost of coal, oil and railway freight constitutes bulk of the fuel cost of a thermal power generation company like CESC. These costs increase from time to time and since at a particular point of time exact cost data for the full year is not known, a provisional fuel surcharge rate is levied which is usually below the estimated actual cost. At the end of the year, detailed calculations are audited and the fuel surcharge figure is determined. CESC, in addition, has to wait for the final fuel

surcharge figure on power purchased from other agencies like WBSEB and DVC.

If there is any shortfall between the provisional fuel surcharge and final fuel surcharge, it is recovered as arrear fuel surcharge. Normally, arrear fuel surcharge should not be a large amount. Unfortunately, since 1993/94, CESC was not allowed to revise its fuel surcharge commensurate with successive steep increases in fuel cost and freight. Cost of coal, which is the primary fuel used in CESC power stations, has gone up by over 80% in the last six years. This has resulted in large accumulation of arrears. Arrear fuel surcharge levied on CESC's consumers is not only on account of its own generation but also includes arrear fuel surcharge levied by WBSEB and DVC on CESC. There is no profit element in fuel surcharge and calculations are scrutinised in detail by the State Government. All charges in CESC's bills are based on written communications/orders received from the Power Department of the State Government. As reported last year, the Company's stand on fuel surcharge computation was vindicated by the committee and the special auditors appointed by the State Government.

Your Board is aware that such large arrear fuel surcharge causes tremendous hardship to the consumers. If provisional fuel surcharge is increased simultaneously with the fuel cost increases, the incidence of any arrear fuel surcharge will be minimum. Therefore, proportionate increases in provisional fuel surcharge when fuel cost goes up is the answer to avoid a large pile up of arrears. The Board expects that if fuel cost keeps increasing like the way it has in the past, the Company shall normally be in a position to adjust it regularly to avoid accumulation of arrears.

### Consumer Service

The Company has succeeded in providing a satisfactory supply situation throughout the year. There was a decline in the number of supply failures. The average time taken for repairing faults came down. About 1 lakh new connections were provided as a result of introducing the fast track system for processing new connections. With a view to coming closer to the consumers and responding to their requirements quickly, a number of steps were taken. Decentralised operations of the regions was a major step forward. Regions working as strategic

business units now have all engineering, commercial and administrative functions under one regional head to achieve greater efficiency.

To attend to system breakdowns more effectively, round-the-clock fault repairing system has been strengthened by extending the scope of mobile emergency service. A number of new cash collection offices were opened and some more are in the offing. The new system of bar coded bills is aimed at eliminating data processing errors and prompt updation of consumer records.

For a company having 1.6 million consumers, CESC believes there is always scope for further improvement in the quality of consumer service. As part of its efforts to attend to consumers' problems more promptly, a system has recently been introduced to depute senior managers twice every week in each of the six regions. They will be personally available to attend to the problems of consumers who will continue to report first to the office of the Senior Commercial Executives/District Engineers. In addition, a Consumer Grievance Cell has been set up at the corporate level which will address unresolved consumer complaints. The Board is confident that this 3-tier structure will result in rendering a more effective consumer service. Several other measures are being contemplated for improving efficiency and bringing down costs wherever such reduction is possible.

### **Budget Expenditure**

As reported last year, WBSEB imposed an arbitrary cost cap of Rs. 1853 crore for the project. This was not acceptable to the Company and in line with the advice of the State Government the matter was referred by the Company to Central Electricity Authority for arbitration. The arbitration proceedings are in progress.

### **Coal Mining**

As reported earlier, Integrated Coal Mining Private Limited, promoted by your Company, has undertaken a coal mining project near Asansol in West Bengal. All major clearances have been received. The project has been appraised by International Finance Corporation, Washington, and financial assistance has been approved by their Board. Land acquisition

activities are going on in full swing, the mining lease has been executed and registered for 1219 acres out of 1655 acres of land.

### **Year 2000 (Y2K) Compliance**

As a part of the Y2K compliance programme, the Company has set up Y2K task forces and a Corporate Y2K team to monitor progress. Additionally, the Company has appointed a reputed consultancy firm to assist the Corporate Y2K team in ensuring functionality and Y2K compliance.

Necessary steps have been taken for making computer hardware, software and microprocessor based equipment Y2K compliant. Considerable progress has already been achieved and the entire process is expected to be completed well before 31 December, 1999. Contingency plans will be developed in time to minimize the risk of disruptions to your Company's operations due to Y2K non-compliance by public utilities and the providers of critical materials and services. An amount of Rs. 2.54 crore is estimated to be incurred for ensuring Y2K compliance.

### **HRD/TQM**

The Company has taken an integrated approach towards Human Resources Development and Total Quality Management which play important roles in shaping strategies for continuous improvement in consumer service by enhancing the competence and commitment of employees at all levels.

Need-based knowledge and skill development programmes have been conducted for employees throughout the year. Consumer Perception Survey and Organisation Climate Survey were conducted to have a direct feedback on the perception of the consumers as well as of employees on the Company's functioning. Various contests were arranged to promote consciousness of Safety, Health and Environment amongst the employees. It is proposed to continue with these measures more vigorously in future.

### **Equity Shares**

On conversion of 'B' Warrants attached to 16% Secured Redeemable Non-Convertible Debentures, 101.89 lakhs



equity shares of Rs. 10 each (Rs. 5 paid up) were allotted for cash during the year at a premium of Rs. 10 per share. An amount of Rs. 10 inclusive of Rs. 5 towards premium per share is yet to be called up on these shares.

To facilitate share trading in the electronic mode, the Company has executed an agreement with National Securities Depository Limited. Necessary resolutions for amendment of the Company's Articles of Association for this purpose have been included in the Notice convening the forthcoming Annual General Meeting.

Equity shares of the Company are listed with Calcutta, Mumbai and National Stock Exchanges in India, as also with London Stock Exchange. Requisite listing fees have been paid to these Exchanges for the year 1999-2000.

#### Directors

Mr C. Das Gupta retired as Deputy Managing Director with effect from 2 April, 1999 and tendered his resignation from the Board of Directors with effect from that date. The Board places on record its appreciation of the valuable services rendered by Mr Das Gupta during his long association with the Company.

Mr R P Goenka and Mr P K Khaitan retire by rotation and, being eligible, offer themselves for reappointment as Directors.

#### Auditors

Messrs. Lovelock & Lewes, Chartered Accountants, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for reappointment.

As regards Auditors' remarks in paragraph 3 of their Report, reference may be made to Notes 5,1(e), 11, 9(b) and 6 of Schedule 15 attached to the Accounts.

#### Subsidiary Company

The statement pursuant to Section 212 of the Companies Act 1956 and the Annual Report and Accounts of CESC Limited, the wholly-owned subsidiary of the Company, together with Auditors' Report for the year ended 31 March 1999 are attached.

#### Deposit Schemes

The balance of deposits as on 31 March, 1999 was Rs. 202.07 crore. 1887 deposits aggregating to Rs.160.84

lakhs remained unclaimed as on 31 March, 1999. Out of these, 556 deposits totalling Rs.57.17 lakhs have since been paid and, for the balance amount, necessary instructions are awaited from the depositors.

#### Energy Conservation, Technology Absorption and Foreign Exchange Earnings/Outgo

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the relevant information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure 'A' forming a part of this Report.

#### Particulars of Employees

The particulars of employees required to be furnished under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure 'B' which forms a part of this Report.

#### Acknowledgements

The year under review has been a difficult one for the Company. There are, however, reasons for optimism. Many important outstanding issues have been resolved and the Board records its appreciation to all those who made substantial contribution in clearing up past problems. The Board is confident that with the continuing support of consumers, employees, lenders, other business associates and the Government, the Company will face the new millennium with confidence and report better working results in the near future.

On behalf of the Board of Directors



**R. P. Goenka**  
 Chairman

Calcutta, 10th August, 1999.

## Annexure 'A' to Directors' Report

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended 31 March, 1999.

### A. Conservation of Energy

1. Reduction of losses in Transmission & Distribution system is targetted by constant reorganisation/ reinforcement of the network, installation of capacitors and gradual upgradation of primary distribution voltage from 6kV to 11kV. Energy audit is conducted at all the Generating Stations at periodical intervals and the recommendations for energy conservation are implemented. In recent times, energy audit has been started at secondary distribution network.

2. Additional Investments/Proposals

*Replacement programme of the electro-mechanical meters by intelligent Electronic meters for large L.T. consumers and replacement of all meters in a phased, selective manner with superior quality meters.*

*Replacement of Pneumatic Instrumentation by Electronic Instrumentation at Titagarh Generating Station.*

3. Impact of the Measures

*Reduction in fuel-output ratio at Titagarh Generating Station.*

### B. Technology Absorption

1. Upgradation and extension of the point to point SCADA system for 12 nos. Distribution Stations with additional features. A number of data services have been commissioned on X.25 wide area network on microwave radio system.
2. Implementation of 'CASHNET' for on-line transfer of data from cash office PC terminals to a central server is in an advanced stage of commissioning. 'BILLNET'

for on-line transfer of data from Regional Offices to EDP Centre is being implemented.

3. Protection through Microprocessor based numerical relays have been extended to cover all 132kV and certain 33kV plant and equipment.

4. State-of-the-art corporate intranet has been implemented.

5. Benefits Derived

*Improved utilisation of manpower and better performance of plant and equipment.*

6. Expenditure on R&D

(a) Capital : Rs. 170.18 lakhs

(b) Recurring : Rs. 42.80 lakhs

Rs. 212.98 lakhs

### C. Foreign Exchange Earnings & Outgo

The Company earned interest amounting to Rs. 1.94 lakhs in Foreign Exchange on short-term deposits with State Bank of India, London.

The Foreign Exchange outgo during the year amounted to Rs. 25492.02 lakhs which included repayment of Foreign Currency loans, finance charges on such loans, import of equipment, fees to U.K. Registrars, London and Luxembourg Stock Exchange fees, technical service fees and travelling expenses.

On behalf of the Board of Directors



**R. P. Goenka**

*Chairman*

Calcutta, 10th August, 1999.