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Report and Accounts 1999-2000



CESC's MISSION

We will meet consumers' expectations continuously by providing safe, reliable and economic electricity through optimisation of available resources.

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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

Padinjaremadom Venkitachalam Subramanian
(*Nominee of LIC*)

Nirmalendu Biswas (*Nominee of UTI*)

Pradip Roy (*Nominee of IDBI*)

Sudhamoy Khasnobis (*Nominee of ICICI*)

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

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 Bank Limited
HDFC Bank Ltd.
Standard Chartered Bank

Notice to Members

Notice is hereby given that the Twenty-second 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 Monday, 25th September, 2000 at 10 A.M. for the following purposes :

1. To receive and consider the Profit & Loss Account for the year ended 31st March, 2000, 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. B. M. Khaitan who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. B. P. Bajoria 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 Ordinary 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 service tax and 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 AN ORDINARY RESOLUTION

"RESOLVED THAT in partial modification of the Ordinary Resolutions passed by the Company in terms of Section 293(1)(a) of the Companies Act, 1956 ("the Act") at the Twentieth and Twenty-first Annual General Meetings held on 9th September, 1998 and 16th September, 1999 respectively, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Act to mortgaging and/or charging by the Board of Directors of the Company ("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 ICICI Limited ("ICICI") to secure Rupee Term Loan not exceeding Rupees Two Hundred Twenty-five crores (Rs. 225,00,00,000) lent and advanced/agreed to be lent and advanced by ICICI to the Company towards margin money for working capital together with interests, charges, expenses and all other monies payable by the Company to ICICI in terms of their Letter of Sanction or Loan Agreements/Hypothecation Agreements entered into/to be entered into by the Company with ICICI or as may be amended from time to time in respect of the said loan so that mortgage and/or charge may be created by the Company in favour of ICICI in such form and subject to such prior charges or with such *pari passu* ranking of charges as may be decided by the Board in consultation with ICICI.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise and execute with ICICI 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."

6. AS AN ORDINARY RESOLUTION

"RESOLVED THAT Mr. I. C. Agarwal from whom a notice pursuant to the provisions of Section 257(1) of the Companies Act, 1956 has been received be and is hereby appointed a Director of the Company."

The Register of Members of the Company at Calcutta will remain closed from 1st September, 2000 to 23rd September, 2000, both days inclusive.

Registered Office :
CESC House
Chowringhee Square
Calcutta 700 001
21 August, 2000.

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. 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 applicable provisions 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.

In terms of the amended provisions of Section 205A(5) of the Companies Act, 1956, any dividend remaining unpaid or unclaimed for a period of seven years shall 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.

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-SECOND ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON MONDAY, 25TH SEPTEMBER, 2000.

Item no. 5

In order to meet a part of the Company's working capital requirement, ICICI Limited ("ICICI") has sanctioned a term loan amounting to Rs. 225 crore by restructuring three loans of Rs. 60 crore, Rs. 45 crore and Rs. 50 crore sanctioned by them earlier for working capital/normal capital expenditure requirement of the Company.

The fresh loan of Rs. 225 crore sanctioned by ICICI is required to be secured by hypothecation of movable properties and also by mortgage of immovable properties of the Company in a form acceptable to ICICI. Such security will rank *pari passu* with the security created/

to be created by the Company in favour of its other first charge-holders who have sanctioned various facilities to the Company from time to time. Consequent to the aforesaid loan restructuring, the charge by way of hypothecation on the Company's movable properties securing the earlier loans referred to above will stand released. The said charge by way of hypothecation was covered by the Ordinary Resolutions under Section 293 (1) (a) of the Companies Act, 1956 passed at the Annual General Meetings of the Company held on 9th September, 1998 and 16th September, 1999.

The Resolution set out under Item no. 5 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) referred to above to enable the Company to create the aforesaid mortgage and/or charge to secure the term loan of Rs. 225 crore by restructuring the said three earlier loans. The Board of Directors of the Company recommends that the Resolution be passed in the interest of the Company.

Mr. S. Khasnobis who is a Director of the Company as ICICI's Nominee may be deemed to be interested or concerned in the Resolution. No other Director is concerned or interested in the Resolution.

Item no. 6

The Company has received from Mr. I. C. Agarwal, a member, a notice under Section 257(1) of the Companies Act, 1956 proposing himself as a candidate for the office of Director of the Company. The Resolution relating to Mr. Agarwal's aforesaid notice has been included under Item no. 6 of the Notice. The Management, however, does not support the Resolution.

Registered Office :
CESC House
Chowringhee Square
Calcutta 700 001
21 August, 2000.

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, 2000.

Financial Results

	1999-2000 Rs. in Lakhs	1998-1999 Rs. in Lakhs
Profit before Depreciation	126,57.04	65,20.93
Depreciation	(198,02.80)	(193,28.90)
Loss before Special Appropriation Adjustment and Contingencies Reserve Appropriation	(71,45.76)	(128,07.97)
Special Appropriation Adjustment	(41,51.81)	(16,65.78)
Appropriation to Contingencies Reserve	(11,25.00)	(7,15.00)
Loss after Special Appropriation Adjustment and Contingencies Reserve Appropriation	(124,22.57)	(151,88.75)
Deficit brought forward from previous year	(130,32.24)	—
Transfers from/ (Appropriations to)		
General Reserve	6,32.67	9,56.51
Debenture Redemption Reserve	(5,07.67)	12,00.00
Capital Redemption Reserve	(1,25.00)	—
Deficit carried to Balance Sheet	(254,54.81)	(130,32.24)

During the year, the Company was able to improve Profit before Depreciation from Rs. 65 crore to Rs. 127 crore and reduce Net Loss by Rs. 57 crore compared to the previous year. This was possible mainly due to 14% increase in generation from the Company's own plants and other improvements achieved as a result of sustained efforts made by the Company. The Directors, however, regret their inability to recommend any dividend for the year in view of the deficit.

Sales

High Tension (HT) industrial sale is the most remunerative segment for your Company. Unfortunately, recessionary trend in a number of major industries served by the Company has affected the volume of HT sale in the recent past. This adverse trend continued and HT industrial sale declined by 5.8% during the year under report. Most other segments of consumers also recorded a drop in their consumption pattern and overall sales volume registered 2.6% decline from 5071 MU in 1998/99 to 4937 MU during the year.

Fortunately, following protracted efforts made by the Company in addressing all aspects of HT sales decline, the first quarter of the current year has recorded a significant 4% growth in HT sales compared to the same period of the last year. Your Board hopes that industrial activity in the region will pick up and the recent encouraging trend in HT sales growth will be sustained in future.

Tariff

West Bengal Electricity Regulatory Commission, constituted last year, has the authority to deal with all tariff revision proposals but is not yet fully functional. The Company had the last revision some

22 months ago and needs an appropriate increase urgently. Your Board therefore expects that, given the urgency of its responsibilities, the Commission will have the required infrastructural support to become fully functional at the earliest.

Generation

The Company has a mix of two very old stations at New Cossipore and Mulajore, two relatively new stations at Titagarh and Southern supported by the recently commissioned 2x250 MW units of Budge Budge Power Station. These stations continue to perform well, meeting all the State Government norms for pulverised fuel stations, like Heat Rate, Oil Rate, Auxiliary Consumption. As a result, the power position in your Company's licensed area continues to be stable.

Generation during the year under report registered 14% increase. The performance of Budge Budge plant deserves a special mention in this context. It has achieved YTD plant load factor of 78% by July this year and plant availability factor improved to 94% this year to date. These improvements were achieved after taking a number of steps to maximise generation at the plant.

As a result of vigorous drive, both technical and operational, there was an improvement in fuel efficiency. Fuel cost incurred during the year was marginally higher, in spite of higher coal consumption due to higher generation as also rise in coal prices.

The Company attaches great importance to pollution control. All three pulverised fuel fired power stations are moving with proactive plans to improve upon the already effective pollution control network. Allowable norms regarding pollution levels are being met and all

endeavours are being made to improve upon the achieved levels. Southern Generating Station has initiated the process of obtaining ISO 14001 in respect of environment management. In solid waste (ash) management, considerable progress has been made by utilising ash in brick making and building road embankments. Negotiations are in an advanced stage for utilising ash in making light weight aggregates and cement also.

Consumer Service

Constant improvement in consumer service has always received top priority of your Company. 1999-2000 was the period when considerable attention was given to consumer service, aimed at no-delay new connections, prompt restoration of interrupted supplies, fault-free bills delivered at the right time, immediate attention to grievances concerning billing, as also no-inconvenience payment of dues at computerised cash offices.

Substantial investment for upgradation of the distribution network continues to be made on an ongoing basis to ensure smooth power supply to the Company's consumers. A three-tier Consumer Grievance redressal structure was introduced last year in an effort to redress consumers' complaints more expeditiously. The results have been quite encouraging and the number of complaints has come down sharply. Fast track Application Processing System for new supplies has been in operation to cover almost the entire CESC area. Mobile Emergency Services for attending to breakdowns have been expanded. Four new modern cash collection offices were opened. Cash register machines along with bar-coded bills have been introduced to eliminate data processing errors and facilitate prompt updating of consumer records.

It is a matter of great satisfaction that Central Regional Office has recently been awarded ISO 9002 certification after stringent audit. It is the first such certification in India in the Power Distribution area to an electrical utility encompassing processing and installation of new supply connections, maintenance of network, billing of consumers, customer care etc.

Transmission & Distribution Loss

Despite the Company's achievements in meeting other technical parameters, T&D loss continues to cause concern. Pilferage accounts for a large part of such loss and the Company's main focus remains on anti-pilferage drive in managing such loss. During the year, 67331 meters were checked, 27432 hookings removed and 1124 FIRs were lodged. The Company looks forward to more vigorous support from the law enforcing agencies and introduction of strict penal provisions in the proposed new electricity law to be able to tackle the power pilferage menace more effectively.

Balagarh Project

The Board is happy to report that after crossing many initial hurdles, the project for setting up 2 x 250 MW thermal power units at Balagarh near Calcutta by Balagarh Power Company Limited, co-promoted by your Company, has been making steady progress. EPC Contracts have been signed with Korea Heavy Industries and Construction Company Limited (Hanjung) and Advance Notice to Proceed has already been issued to them. Major clearances for the project have mostly been obtained and important project contracts finalised. Funding plan has been firmed up and the tie up of funding is in an advanced stage of finalisation. A number of well-known Indian and overseas lenders like International Finance Corporation, Asian Development Bank, Export-Import Bank of Korea are expected to be involved in the project.

Coal Mining Project

Integrated Coal Mining Limited, promoted by your Company, is in the process of developing a coal mine near Asansol, West Bengal. All major clearances have been received and substantial progress made in land acquisition, execution of mining lease and drafting of key contracts. The project has been appraised by International Finance Corporation and financial assistance has been approved by their Board. Preparatory site work has also been initiated.

Budge Budge

As reported earlier, West Bengal State Electricity Board (WBSEB) imposed a cost cap of Rs. 1853 crore for the project. In line with the advice of the State Government, the matter was referred to the Central Electricity Authority (CEA) for arbitration. CEA has awarded Rs. 2296 crore as the Budge Budge project cost, which is Rs. 443 crore higher than the cost cap imposed earlier by WBSEB.

HRD/TQM

The Company continues its sustained efforts towards development of human potentials for enhancing consumer satisfaction through management of both technological and behavioural dynamics. The primary emphasis is on strengthening the interface of Human Resource Development and Total Quality Management. A series of specialised training programmes were organised during the year to strengthen such interface. The Company has been awarded 'Certificate of Accomplishment in HRD' by the Confederation of Indian Industry, Eastern Region, in recognition of these efforts.

In addition to the specialised training programmes, several contests were also organised during the year amongst the employees to promote housekeeping, safety, environmental consciousness, people involvement and energy conservation.

Investments

During the year under report, the Company acquired 70 Equity Shares of Rs. 10 each of Balagarh Power Company Limited (BPCL), and was allotted 15 Equity Shares of Rs. 10 each of Integrated Coal Mining Limited (ICML). The projects undertaken by BPCL and ICML have been referred to earlier in this report.

Shares

Equity Shares of the Company have now been included in SEBI's list of shares in which trading can be done only in dematerialised form. The Company has since signed Agreements with both National Securities Depository Limited and Central Depository Services (India) Limited. The shareholders now have the option to dematerialise their shareholdings through either of these two depositories.

Following SEBI's guidelines, the Company currently offers the facility of transfer-cum-dematerialisation to investors who lodge shares with the Company for transferring in their names. As on date, around 30% of the Company's equity shares have been dematerialised.

Corporate Governance

Recent amendments to the Listing Agreements with the Stock Exchanges require the Company's compliance of the Corporate Governance requirements during the financial year 2001-2002. However, in view of the importance that the Company attaches to the need for having a sound Corporate Governance system in place, a report is attached marked Annexure 'A'.

Directors

Mr. P. Roy and Mr. S. Khasnobis were appointed as Nominee Directors by Industrial Development Bank of India and ICICI Limited with effect from 8 February, 2000 and 28 March, 2000 respectively. They replace Mr. J. N. Godbole and Mr. A. Mukerji respectively who were on the Board earlier. The Board places on record its appreciation of the contributions made by Mr. Godbole and Mr. Mukerji during the period they served as Directors of the Company.

Mr. B. M. Khaitan and Mr. B. P. Bajoria 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 1(e), 5, 6, 9(b) and (c) and 11 of Schedule 15 attached to the Accounts. The other Notes of Schedule 15 referred to in paragraph 6 of the Auditors' Report are self-explanatory.

Subsidiary Companies

The statement pursuant to Section 212 of the Companies Act, 1956 and copies of Annual Reports, Accounts and Auditors' Report relating to the Financial Year 1999-2000 of CESC Limited (CESCON) and BPCL, both wholly-owned subsidiaries of the Company as on 31 March, 2000, are attached. While CESCON continues to be the wholly-owned subsidiary of the Company, around 74% of the paid-up share capital of BPCL is currently held by the Company following a further issue of 25 fully paid-up equity shares by BPCL since the end of the aforesaid Financial Year.

Deposit Schemes

The balance of deposits as on 31 March, 2000 was Rs. 175.02 crore. 3475 deposits aggregating to Rs. 338.09 lakh remained unclaimed as on 31 March, 2000. Out of these, 1700 deposits totalling Rs. 200.54 lakh have since been paid and, for the balance amount, necessary instructions are awaited from the depositors.

Year 2000 (Y2K) Changeover

The Company took elaborate steps for Y2K compliance and has achieved a smooth changeover without any problem.

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 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 'B' 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 'C' which forms a part of this Report.

Acknowledgements

Your Board wishes to take the opportunity to thank all consumers, lenders, Central and State Governments, statutory authorities and other business associates for extending their cooperation to the Company during a difficult year. The Board also places on record its appreciation of the untiring efforts put in by the employees at all levels to support the Company's operation.

On behalf of the Board of Directors



R. P. Goenka
 Chairman

Calcutta, 21 August, 2000.

Annexure 'A' to Directors' Report

Report on Corporate Governance

- The Company has a twelve member Board of Directors which discharges its functions independently from the executive management. Barring the Managing Director, the other eleven members including the Chairman are Non-Executive Directors. The Board has four Nominee Directors representing all-India Financial Institutions. Government of West Bengal also has a Nominee Director on CESC's Board. The other six Non-Executive Directors hold directorships in other companies in accordance with the permissible limit.
- The appointment or reappointment of Directors is approved by the members in general meetings. They retire by rotation periodically in terms of the provisions of law.
- Non-Executive Directors receive only sitting fees for attending Board/Committee Meetings. They do not draw any remuneration from the Company.
- During the year 1999-2000, ICICI Limited and Industrial Development Bank of India appointed two of their senior executives as their new Nominee Directors. Their earlier nominees were withdrawn in accordance with the institutional policy of rotating such nominees from time to time. There was no other appointment in the Board during the year.
- There is a well laid procedure for convening and conducting Board Meetings. Agenda papers with all relevant details of items listed for discussion at each meeting are circulated to the Directors well in advance. In the meetings, Directors freely express their views and offer suggestions on various matters concerning the Company. During the year 1999-2000 five Board Meetings were held, out of which two meetings were attended by eight Directors, two by seven Directors while eleven Directors were present at the other meeting.
- The Board has constituted three Committees. Audit Committee has the responsibility of reviewing the audit reports submitted by the Internal Audit Department and examines the action taken on the audit observations. Finance & Forex Committee oversees financial matters and foreign exchange operations. Share Transfer Committee is responsible for approving transfers of shares/debentures, sub-division/renewals of certificates and allied matters. Relevant information relating to share transfers and dematerialisation appear in a separate section titled "Investor Information" in this Annual Report.
- Unaudited quarterly financial results are taken on record by the Board or a Committee authorised by the Board within one month of close of the respective quarter. The results are announced forthwith to all the stock exchanges where the Company's shares are listed and are simultaneously released to the Press. In addition, half-yearly results will henceforth be approved by the Board in accordance with stock exchange requirements.
- Important matters like book closure, meetings etc. are notified through newspapers from time to time for shareholders' information.
- The Twenty-first Annual General Meeting (AGM) of the Company was held at the 'Science City' Main Auditorium, Calcutta, on 16 September, 1999 and was attended by seven Directors. The earlier two AGMs held on 9 September, 1998 and 18 September, 1997 at 'Science City', Main Auditorium and 'Kala Mandir', Calcutta, were attended by twelve and nine Directors respectively.
- There was no instance of non-compliance by the Company on any matter related to capital markets and, therefore, no penalty was imposed or strictures were passed against the Company by Stock Exchanges, SEBI or any statutory authority.
- During 1999-2000, the Company received 213 investor complaints. 196 of these complaints were attended to/ resolved and 17 were pending. Most of the pending complaints relate to share certificates lost in postal transit where certain formalities have to be complied with by the investors.

On behalf of the Board of Directors



R. P. Goenka
Chairman

Calcutta, 21 August, 2000.

Annexure 'B' 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 Board of Directors) Rules, 1988 for the year ended 31 March, 2000.

● Conservation of Energy

1. Reduction of losses in Transmission & Distribution system is targeted 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 and recommendations for energy conservation are implemented. Energy audit at primary and secondary distribution levels continued on a selective basis.

132kV overhead crossing across the river Hooghly at Titagarh commissioned at 33 kV to facilitate transfer of load from Mulajore to Titagarh Power Station, enabling reduction of costlier generation at the old Power Station at Mulajore.

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 manner with superior quality meters continued.

Pneumatic Instrumentation replaced by Micro-Processor based Instrumentation for Unit No. 2, Hydrobin for wet ash handling system commissioned for Unit Nos. 3&4 and state of the art fly ash handling system installed for Unit No. 2 at Titagarh Generating Station.

At Southern Generating Station LDO flow meters installed for Unit No.2.

3. Impact of the Measures

Improvement in fuel-output ratio at Generating Stations.

● Technology Absorption

1. Upgradation and extension of the point to point SCADA system for 7 Distribution Stations with additional features.
2. Introduction of Dissolved Gas Analysis of transformer oil for diagnostic maintenance of power transformers. The

test is now being routinely performed on the power transformers and several incipient faults have been detected enabling necessary corrective/ preventive action.

3. A number of Electronic Trivector Meters with Remote Communication facilities installed for statistical metering.
4. 'BILLNET' for on-line transfer of data from Regional Offices to EDP House has been implemented. 'CASHNET' for on line transfer of data from cash office PC terminals to a central server has been launched recently.

5. A Wide Area Network has been established for Materials Division linking Budge Budge Generating Station with Central Stores and Purchase Department. 'CESCNET', a computer network involving all the departments, is in an advanced stage of commissioning.

6. Benefits Derived

Improved utilisation of manpower, better performance of plant and equipment and more effective inventory control.

7. Expenditure on R&D

(a) Capital	:	Rs. 552.78 lakhs
(b) Recurring	:	Rs. 33.32 lakhs
		<u>Rs. 586.10 lakhs</u>

● Foreign Exchange Earnings & Outgo

The Company earned interest amounting to Rs. 1.45 lakhs in Foreign Exchange on short-term deposits with State Bank of India, London.

The Foreign Exchange outgo during the year amounted to Rs. 27483.71 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, 21 August, 2000.