

## 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  
Kolkata 700 001  
Telephone : (033) 2225 6040  
Facsimile : (033) 2225 5155  
E-Mail : cesc@rpgnet.com  
Website : www.cescitd.com

### Bankers

Standard Chartered 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



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## Notice to Members for Annual General Meeting

Notice is hereby given that the Twenty-fifth Annual General Meeting of the Members of CESC Limited will be held for the following purposes at Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017, on Friday, 19 September, 2003 at 10.30 A.M. or immediately after the conclusion of the adjourned Twenty-fourth Annual General Meeting of the members convened at 10.15 A.M. on the same date at the same venue, whichever is later :

1. To receive and consider the Profit & Loss Account for the year ended 31st March, 2003, 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. T. K. Ray 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 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.14,00,000/- 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 A SPECIAL RESOLUTION

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and of the Articles of Association of the Company and subject also to the approval(s) of such authorities, bodies or financial institutions as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board' which expression shall be deemed to include any Committee which the Board may constitute to exercise its powers) to issue, offer for subscription and allot not exceeding 33,00,000 new equity shares of Rs. 10/- each of the Company for cash at such premium and on such terms and conditions as may be decided by the Board in accordance with the prevalent guidelines to such companies, persons of the management group, their friends, relatives, associates and associate companies as the Board may in its absolute discretion decide.

RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, the Board be and is hereby authorised to agree to, make and accept all such conditions, modifications and alterations as may be stipulated by the relevant authorities and to take such actions as may be necessary, desirable or expedient

to effect such modifications and alterations and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of new equity shares and to do all acts, deeds, matters and things as it may at its discretion consider necessary or desirable."

#### 6. AS AN ORDINARY RESOLUTION

"RESOLVED THAT subject to the approval of the Central Government, if necessary, the Company hereby accords its approval to the reappointment of and remuneration payable to Mr. S. Banerjee ('Mr. Banerjee') as Managing Director of the Company for a period of five years with effect from 1 August 2003 till 31 July 2008 on the terms and conditions set out in an Agreement to be entered into between the Company and Mr. Banerjee in terms of the draft placed before the meeting and initialled by the Chairman for the purpose of identification and the Board of Directors of the Company be and is hereby authorised to enter into an Agreement on behalf of the Company with Mr. Banerjee in terms of the said draft."

The Register of Members of the Company at Kolkata will remain closed from 12 September, 2003 to 19 September, 2003 both days inclusive.

Registered Office :

CESC House  
Chowringhee Square  
Kolkata 700 001  
19 August, 2003

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 Items 5 and 6 is annexed hereto.
3. Members are informed that in terms of the amended provisions of Section 205A of the Companies Act, 1956 and the rules framed thereunder, any dividend remaining unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund ('the Fund'). Accordingly, all unpaid / unclaimed dividends in respect of dividend declared for the financial year ended 31 March, 1995 have been transferred to the Fund and the said dividends for the years 1995-96 and 1996-97 shall be transferred to the Fund immediately after 15 November 2003 and 5 November 2004 respectively. As no claim shall lie against the Fund or the Company in respect of any dividend transferred to the Fund, members are requested to immediately write to the Company claiming the said dividend, if payment thereof has not been received by any member.

## **PARTICULARS OF DIRECTORS WHO ARE PROPOSED TO BE REAPPOINTED AT THE MEETING ARE GIVEN BELOW :**

**MR. B. M. KHAITAN** is a renowned industrialist having interest in tea, batteries and engineering industries and has been on CESC's Board of Directors since 1994. He has made significant contribution to the tea industry with which he has been associated for over four decades. He has also been associated with various leading Chambers of Commerce and trade associations.

Mr. Khaitan is the Chairman of Williamson Magor & Company Limited and Eveready Industries India Limited which own thirty tea estates in Assam and Dooars. He is a director of Flender Limited, Jayshree Tea & Industries Limited (also the Chairman of the Remuneration Committee of the Board), Phillips Carbon Black Limited, The Moran Tea Company (India) Limited, Babcock Borsig Limited and Williamson Maknam Limited, U.K.

**MR. T. K. RAY** is a Chartered Accountant and holds a senior position in IFCI Limited (IFCI) as its General Manager. Before joining IFCI, Mr. Ray served in various capacities in West Bengal Industrial Development Corporation Ltd. and Allahabad Bank. At present, Mr. Ray is in charge of IFCI's Eastern Regional Office at Kolkata and is also on the Boards of South Asian Petrochem Limited, West Bengal Consultancy Organisation Limited, IDCOL Limited and Titagarh Industries Limited. Mr. Ray is on CESC's Board of Directors as IFCI's nominee since 2002.

**MR. S. BANERJEE** holds B.Tech, MS and MBA degrees and has been CESC's Managing Director since 1 August 1993. He has 30 years of experience in India and abroad in manufacturing, engineering, finance, marketing and general management functions. Mr. Banerjee, President and Chief Executive of RPG Power Group, is on the Boards of Spencer International Hotels Limited, G.F.Kellner & Company Limited, Saregama India Limited (also a member of Audit and Investors Grievance Committees), Alpha Carbon Limited, Noida Power Company Limited, Balagarh Power Company Limited, Ghaziabad Power Company Limited, Hilltop Holdings India Limited, Dakshin Bharat Petrochem Limited and Carniwal Investment Limited.

## **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-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON 19 SEPTEMBER, 2003**

### **Item No. 5**

In conformity with the suggestion of the Company's term lenders and also for raising additional resources in order to facilitate the proposed restructuring of the Company's debt, it is proposed to allot to the management group and its associates new equity shares not exceeding 33 lac shares of the Company at such premium and on such other terms and conditions as may be decided by the Board of Directors of the Company ('the Board') in accordance with the prevalent guideline on the subject issued by the Securities & Exchange Board

of India and other applicable regulations, if any, on preferential issue of equity shares.

The proposed issue and allotment of shares requires approval of the members by a Special Resolution passed in a general meeting pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the listing agreements entered into by the Company with the stock exchanges.

The Special Resolution under Item 5 of the Notice has to be considered in the aforesaid background and the Board of Directors of the Company recommends that the Resolution be passed in the long term interest of the Company. The Directors of the Company may be deemed to be concerned or interested in this item of business to the extent of new equity shares that may be allotted to any company in which the Directors of the Company may also be Directors and/or Members and also to the extent of new equity shares that may be allotted to them in their individual capacities. Save as aforesaid, no Director is interested or concerned in the said Resolution.

### **Item No. 6**

The Board of Directors of the Company ('the Board') has, subject to the approval of the Central Government, if necessary, reappointed Mr. S. Banerjee ('Mr. Banerjee') as Managing Director for a further period of five years from 1st August 2003.

Mr. Banerjee is with the Company since 15 April 1992 and has been its Managing Director for the last ten years. He is a Bachelor of Technology from Indian Institute of Technology, Kharagpur, an M.S. in Polymer Science and an MBA in Marketing and Finance from USA and has 30 years of experience in India and abroad.

The terms and conditions governing the reappointment of Mr. Banerjee are contained in an Agreement proposed to be entered into by the Company with Mr. Banerjee. The principal terms and conditions set out in the drafts of the aforesaid Agreement are as follows :

1. Period of reappointment : Five years from 1st August, 2003.
2. Salary : Mr. Banerjee will continue to be entitled to the same salary as is being drawn by him with the approval of the members since 1 April 1997 i.e. Rs. 1,03,400/- per month.
3. Perquisites : Mr. Banerjee will continue to be entitled to the same perquisites / benefits as referred to below and as approved earlier by the members since 1st April 1997, with no change in the ceiling on such perquisites / benefits, that is Rs 13 lacs per annum.

The perquisites / benefits referred to above are residential accommodation or house rent allowance in lieu thereof, gas, electricity, water and furnishings; medical expenses reimbursement; leave travel concession for self and family; club fees; personal accident insurance and provision of furniture and equipment at the residence in accordance with the rules of the Company.

For the purpose of computation of the aforesaid ceiling (a) the above perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such Rule, the

perquisites shall be evaluated at actual costs, (b) the following perquisites / benefits will not be included - (i) the provision of car for use on the Company's business and telephone at residence, (ii) Company's contribution to Provident Fund and Superannuation Fund and (iii) encashment of leave at the end of the tenure and payment of gratuity at a rate not exceeding half a month's salary for each completed year of service.

In the event of loss or inadequacy of profits of the Company in any financial year, the aforesaid remuneration and perquisites/benefits which are within the applicable ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 ('the Act') will be paid to / enjoyed by Mr. Banerjee.

4. Leave : Mr. Banerjee will be entitled to leave on full pay and allowances as per Rules of the Company, but not exceeding one month's leave for every eleven months of service.

Mr. Banerjee will be reimbursed by the Company of all entertainment and other expenses actually incurred for the business of the Company subject to such limits as may be fixed by the Board from time to time.

The reappointment including the remuneration payable to Mr. Banerjee as approved by the Remuneration Committee of the Board requires the approval of the Company in a general meeting and may be subject to the approval of the Central Government under Section 269 of the Act. The Resolution set out in Item No. 6 has to be

considered accordingly and the Board recommends that the same be passed.

The draft of the Agreement referred to above may be inspected by any member at the Registered Office of the Company 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 for inspection from 9.30 a.m. at the place and date of the Annual General Meeting.

Mr. Banerjee may be deemed to be interested in the Resolution under Item No. 6 and no other Director of the Company has any interest in the aforesaid Resolution.

The above may be considered also as an Abstract of the terms and Memorandum of Interest in terms of Section 302 of the Act relating to the aforesaid contract to be entered into by the Company with Mr. Banerjee.

Registered Office :  
CESC House  
Chowringhee Square  
Kolkata 700 001  
19 August, 2003

By Order of the Board

Subhasis Mitra  
Company Secretary

Report Junction.com

## Directors' Report

The Directors present the Annual Report and Audited Accounts of CESC Limited for the year ended 31 March, 2003.

### Financial Results

	(Rs. Lacs)	
	2002-2003	2001-2002*
Profit before Depreciation (PBD)	3,30,35.00	2,27,48.57
Depreciation	(3,22,72.65)	(3,15,44.74)
Profit/(Loss) before Special Appropriation Adjustments, Taxation, Exceptional Item and Contingencies Reserve Appropriation	7,62.35	(87,96.17)
Special Appropriation Adjustments	—	(15,08.28)
Provision for taxation	(60.05)	—
Exceptional Item on settlement of principal amount of loan	2,71.76	—
Transfer to Capital Reserve	(2,71.76)	—
Appropriation to Contingencies Reserve	(12,25.00)	(12,00.00)
Loss after Special Appropriation Adjustments, Taxation, Exceptional Item and Contingencies Reserve Appropriation	(5,22.70)	(1,15,04.45)
Deficit brought forward from previous year	(4,03,96.64)	(2,88,92.19)
Appropriations to		
— General Reserve	—	—
— Debenture Redemption Reserve	—	—
— Capital Redemption Reserve	—	—
Deficit carried to Balance Sheet	(4,09,19.34)	(4,03,96.64)

\* As per regrouped figures

The Company earned a PBD of Rs. 330 crore against Rs. 227 crore recorded in the previous year. More significantly, for the first time since 1996-97, your Company has been able to earn a net profit. Against a net loss of Rs. 88 crore sustained in 2001-02, net profit for the year amounted to Rs. 8 crore and, after necessary appropriations/adjustments, there was finally a loss of Rs. 5 crore for the year 2002-03 against a loss of Rs. 115 crore incurred during the previous year.

The above improvement in financial results reflects the outcome of sustained efforts made by the Company over the last few years to improve its working in various areas. The members will be pleased to note that the improving trend has continued in June 2003 quarter also in which the Company has reported an estimated Net Profit of Rs. 15 crore. However, in view of the carried forward deficit, the Directors regret their inability to recommend any dividend for the year under review.

### Generation

The Company has five generating stations out of which two at Mulajore and New Cossipore are now quite old. The other three stations namely, Titagarh, Southern and Budge Budge, have performed well during the year under review. With a combined Plant Load Factor of

75.6% (against 73.4% clocked in the previous year), these three stations have supported the stable power position in the Company's licenced area. CESC met a peak demand of 1281 MW during the year on 10 October 2002.

In recent years, cost of generation at the sixty year old Mulajore Station was much higher compared to the average generation cost. The plant has already outlived its useful life and can no longer meet the standard of pollution control to which your Company attaches great importance. It has accordingly been decided to close down the station later this year. In order to save on costlier power purchase bill, the Company has discontinued import of power from Damodar Valley Corporation effective 1 August 2002 after installing an alternative network. These decisions will have no material impact on the power supply position.

The Board is pleased to report that, during the year, Budge Budge, Southern and Titagarh Generating Stations started using coal raised from Sarshatali Coal Mine of Integrated Coal Mining Limited, a company promoted by CESC. It is expected that Sarshatali coal will help your Company in achieving reliability of supply and offer associated benefits. The Company's plants are all thermal and the members will appreciate that developing a captive coal mine is a significant step in operating the plants with a greater degree of economy and efficiency.

### Sales

During the year, the sales volume of 5557 MU recorded an overall growth of 4.2% against the previous year. The encouraging part in the growth of sales was increase in volume of sales to industrial consumers. LT industrial segment registered a 9% growth while HT industrial sales went up by 4.6%. The Company has taken a number of measures to promote sales by addressing segmentwise needs of its consumers with special emphasis on the HT category.

### Tariff

The Company filed its tariff revision petition for the years 2002-03 and 2003-04 in December 2002 before the Hon'ble West Bengal Electricity Regulatory Commission (WBERC). After completion of the process of public hearing of the aforesaid petition, an interim order was passed in April 2003 granting an uniform ad hoc increase of tariff for all categories of consumers for the year 2003-04. Similar interim increases have been granted to three other utilities in the State as well. The earnings from sale of electricity as considered in the audited accounts under review have been computed on the basis of consumer billing done for the year in accordance with the applicable orders.

As regards tariff for the two earlier years i.e. 2000-01 and 2001-02, WBERC has been directed by the Hon'ble Calcutta High Court in August 2003 to refix the segmentwise differential tariff structure. The said direction was issued by the Hon'ble Court while disposing of an appeal filed by the State Government against WBERC's uniform tariff order passed in December last year.

### Transmission & Distribution Loss

As reported earlier, T&D loss has been an area of major concern not only for your Company but for all power utilities operating in the country. CESC has been trying to contain this loss, especially the commercial part of it caused mostly by rampant power pilferage. The