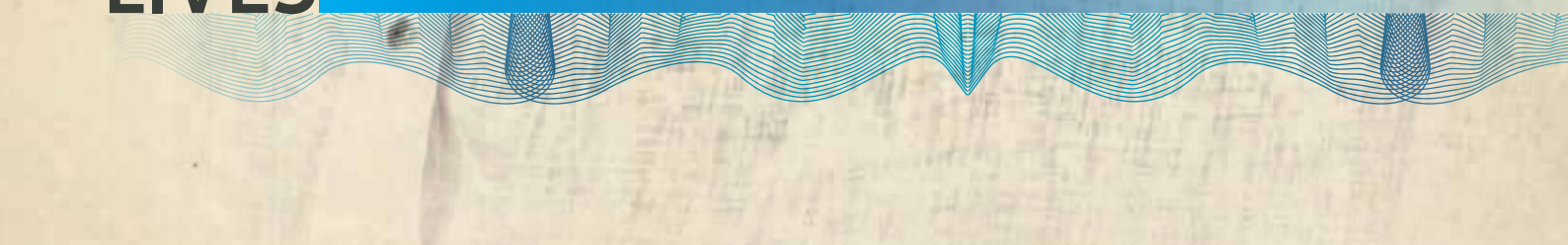


# ENERGISING LIVES

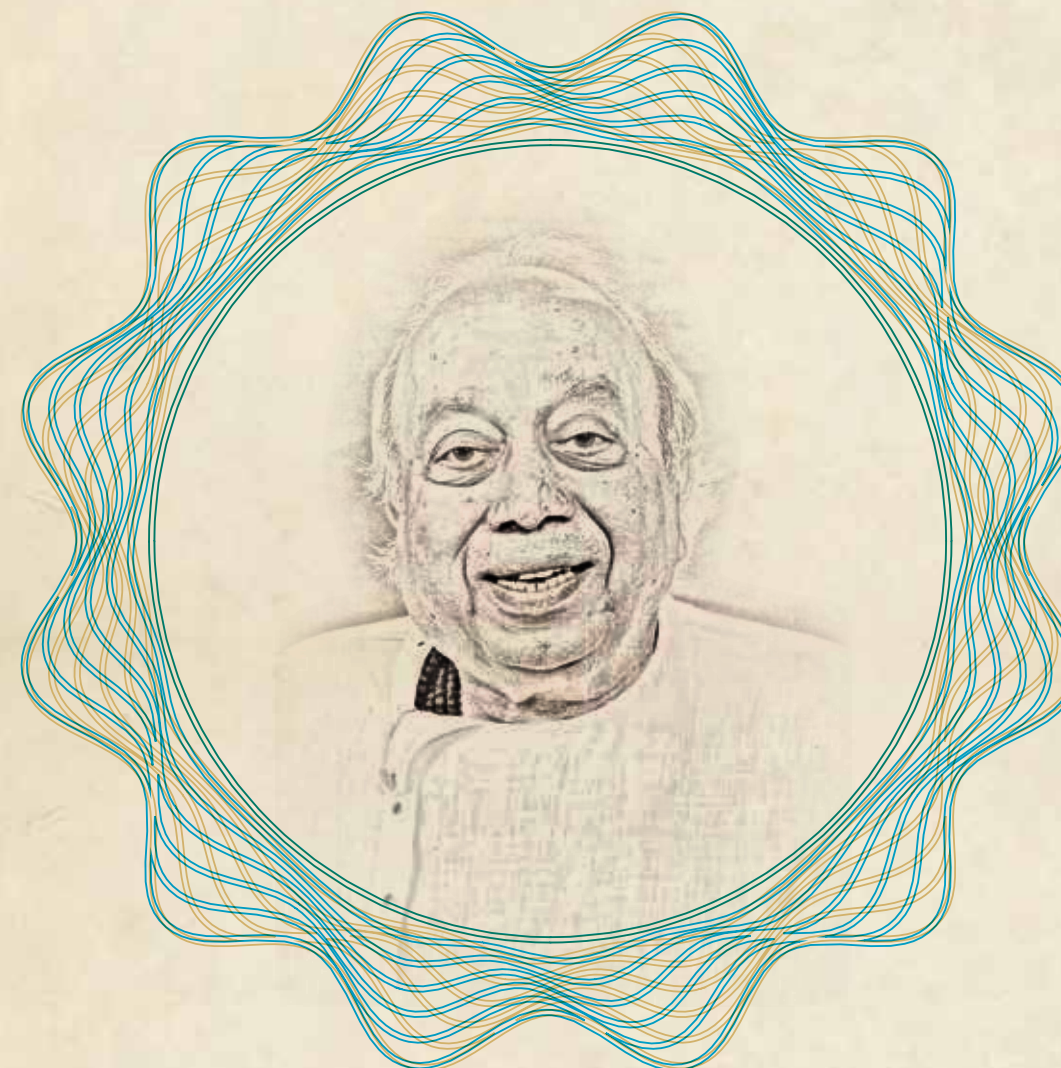
ANNUAL REPORT 2012-2013

R.P. Goenka





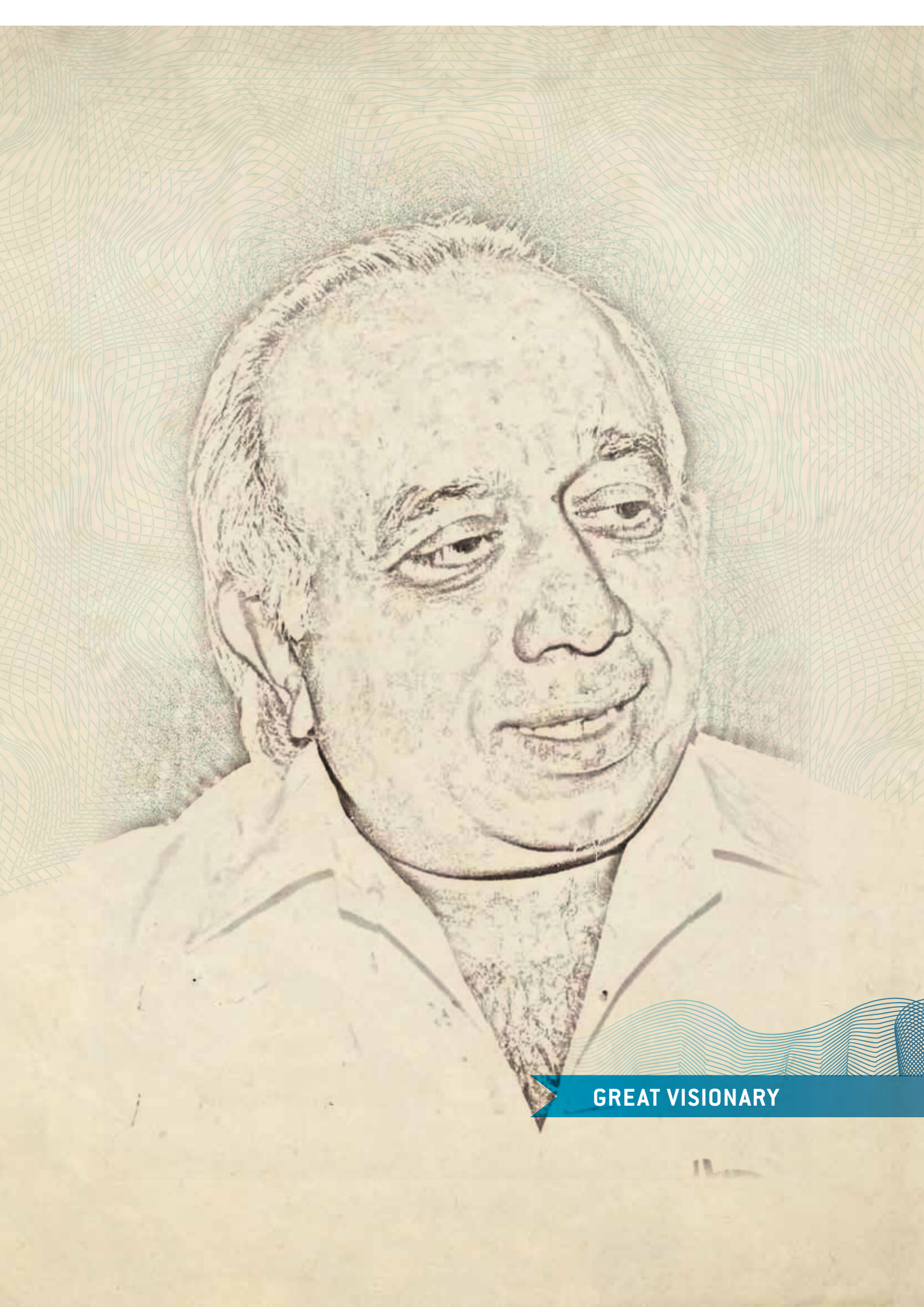
<b>Contents</b>	
Tribute to R.P. Goenka	1
Board of Directors	6
Chairman's Letter	8
Notice to Members	10
Directors' Report	16
Management Discussion & Analysis	20
Report on Corporate Governance	42
Additional Shareholder Information	54
Other Particulars	62
Independent Auditors' Report	65
Balance Sheet	70
Profit & Loss Account	71
Cash Flow Statement	72
Notes forming part of Financial Statements	74
Ten Years at a Glance	95
Independent Auditors' Report	96
Consolidated Balance Sheet	98
Consolidated Profit & Loss Account	99
Consolidated Cash Flow Statement	100
Notes forming part of Consolidated Financial Statements	102
Major Statistics	132



Rama Prasad Goenka  
1930-2013

•  
A Tribute





*R.P. Goenka made a humble opening in 1979 with largely inherited companies — Phillips Carbon Black, Asian Cables, Agarpara Jute Mill and Murphy India. The empire now straddles across diverse sectors and several countries.*

Born on 1 March 1930, Rama Prasad Goenka (RPG or Rama Babu as he was called) had business in his blood.

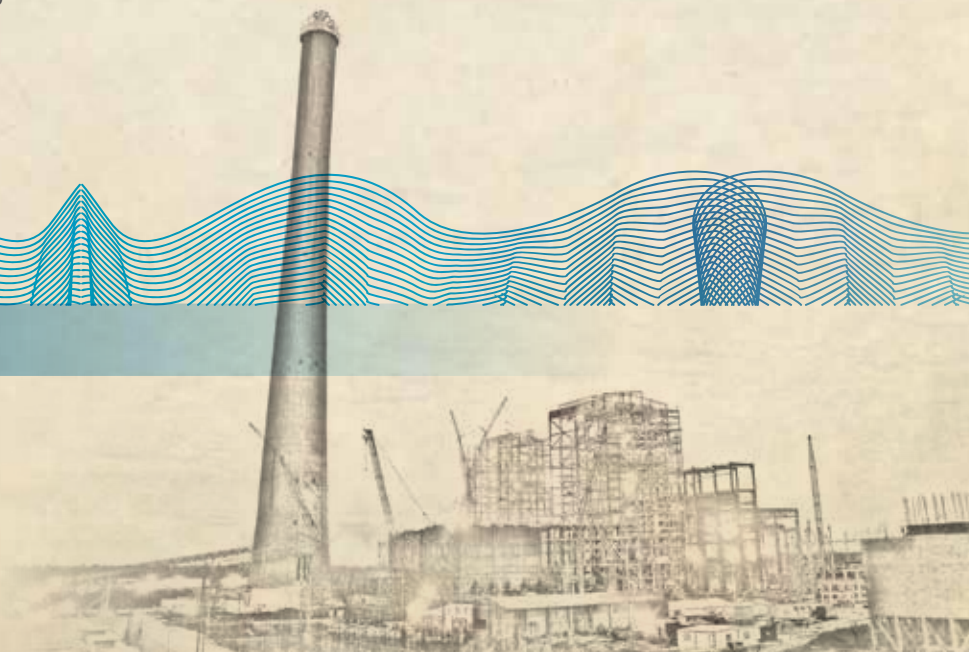
At the time, the place that we now call Kolkata was very much a British dominated metropolis called Calcutta where, despite the growing nationalist influence of Mahatma Gandhi and Netaji Subhas Chandra Bose, commerce was controlled by Scottish managing agencies who ran the jute mills, the tea plantations and the collieries of eastern India.

Even so, RPG's family was deep into the world of big business. His grandfather, Sir Badridas Goenka, was a prominent businessman and one of the city's most influential Marwaris — who had major interests in the jute trade

and sat on the boards of many British run companies as well as the Imperial Bank of India. At the time of independence, RPG's father, Keshav Prasad Goenka, was among the first Indians to take over a large jute mill company, Anglo India, from the British.

Even as a young man, therefore, RPG knew the ins-and-outs of business and how to build a conglomerate. Which he did with great success. We all know of his major acquisitions, especially after establishing RPG Enterprises in 1979 — CESC, CEAT Tyres, the Gramophone Company of India, Dunlop, Spencers, KEC International and many more — which made him known as India's 'takeover king'. These are some of the many enterprises that he bought and then built.

**GREAT VISIONARY**







## ASTUTE PERSONALITY

*Much is said about RPG's innate business instincts and his uncanny ability to almost instantly size up a situation or a person. Those were indeed true.*

But there were many other sides to Rama Babu. The first has to do with what he thought and read. From his student days at the Presidency College, captivated by the history lectures of Sushobhan Sarkar and the bookshops of College Street, RPG became a lifelong bibliophile. You could sit with him in evenings in his book-lined study, sometimes in companionable silence but mostly in deep two-way conversation about several books, often at the same time. There were some from his generation of businessmen who read avidly. But few who could match the depth and voracity of Rama Babu.

His reading played a great role in his thought process. Much is said about RPG's innate business instincts and his uncanny ability to almost instantly size up a situation or a person. Those were indeed true. But it was equally true that the sophisticated manner in which he looked at the world had much

to do with what he gained from his reading, especially political and social history and literature.

Rama Babu also had a great ability to make friends. If he admired or just plain liked you, it was a given that he would always be by your side, through thick and thin. Except in his last year, he kept in touch with a large network of friends — who cut through political lines and belonged to different professions, many from the world of music, letters and performing arts. It didn't matter what you did or where you came from. Except that you had to be interesting. With grace and sincerity. That determined his bonds with you. Forever.

There aren't many like him any more. May Rama Babu be in peace. In a place without pain. With many books. Old friends. And a thinking adda on demand.





*Board of Directors* Sanjiv Goenka *Chairman*  
 Pradip Kumar Khaitan  
 Brij Mohan Khaitan  
 Srikandath Narayan Menon  
 Om Prakash Vaish  
 Chandra Kumar Dhanuka  
 Sanjay Kumar Pai *Nominee of IDBI Bank Limited*  
 Sumantra Banerjee *Managing Director*  
 Aniruddha Basu *Wholtime Director*

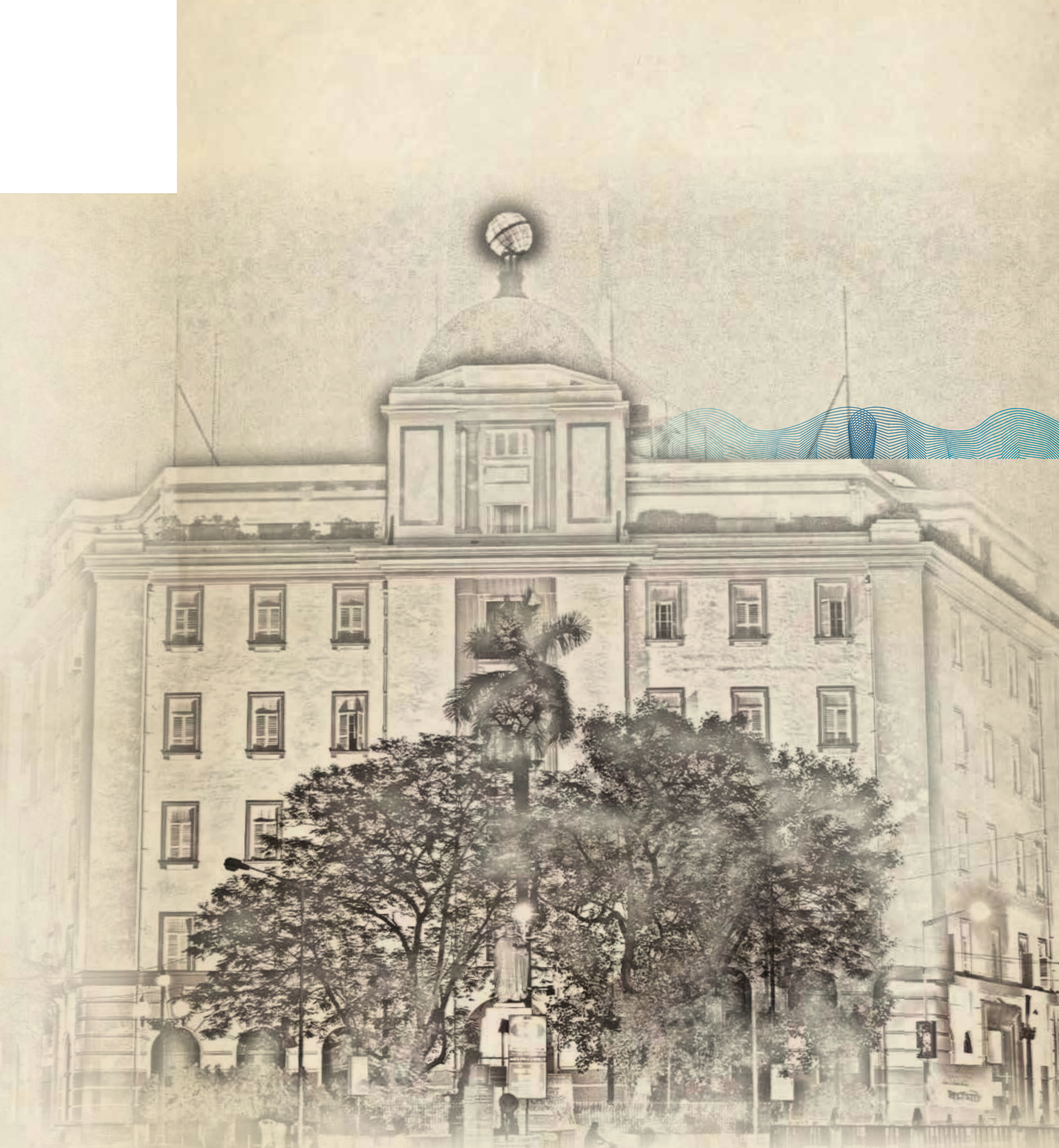
*Company Secretary* Subhasis Mitra

*Auditors* Lovelock & Lewes

*Solicitors* Khaitan & Co  
 Sandersons & Morgans

*Registered Office* CESC House  
 Chowringhee Square  
 Kolkata 700 001  
 Tel: 033-2225 6040 / 2204 0300  
 Fax: 033- 2225 5155  
 Email: [secretarial@rp-sg.in](mailto:secretarial@rp-sg.in)  
[www.cesc.co.in](http://www.cesc.co.in)

*Bankers* Allahabad Bank  
 Andhra Bank  
 Axis Bank Limited  
 Bank of Baroda  
 Bank of India  
 HDFC Bank Limited  
 ICICI Bank Limited  
 IDBI Bank Limited  
 Indian Overseas Bank  
 Punjab National Bank  
 Standard Chartered Bank  
 State Bank of India  
 The Royal Bank of Scotland N.V.  
 UCO Bank  
 Union Bank of India  
 United Bank of India  
 YES Bank Limited



CESC HOUSE, KOLKATA

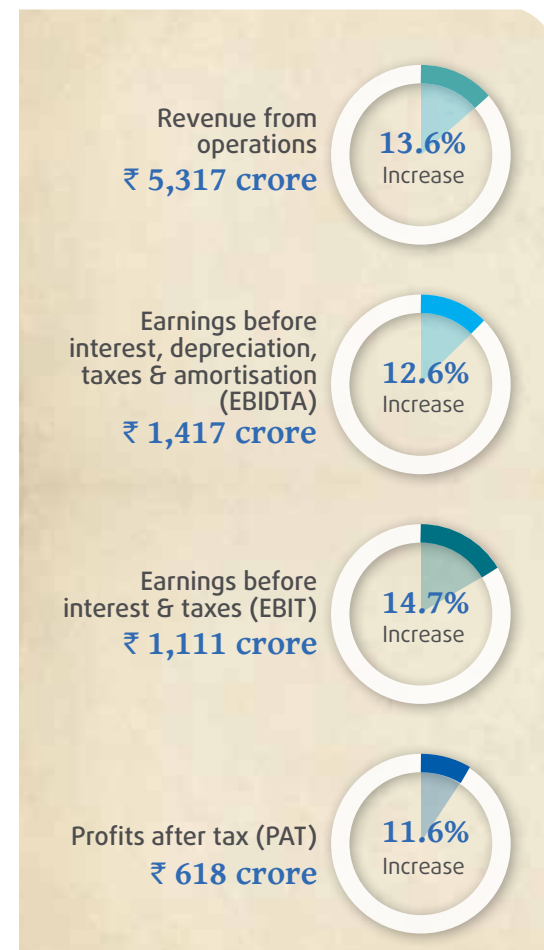


**Dear Shareholder**

Permit me to start with a personal message. In April this year, I lost my father, Shri Rama Prasad Goenka, who was the Chairman of your Company. Losing one's parents is hard — but the more so when the person happened to be my greatest teacher, adviser and friend.

If, in the years of chairing your Company, I can put to work all the things that I learnt from him, then I will have not only done him proud but also have done well for the future of CESC and you, the owners. Therefore, I ask for your blessings so that I can do what he did — to see clearly, act decisively, increase the value of the business, and discharge my obligations as a member of the wider community.

He would have been happy with where CESC is today. The results are better than before. Here is a quick snapshot for 2012-13.



He would have been happier still to see other aspects of your Company's growth. Let me touch upon a few.

In the power business, we are close to completing the new 2 x 300 MW thermal power project in Chandrapur (Maharashtra). Construction is also progressing well at Haldia (West Bengal) for another 2 x 300 MW thermal power project. As an entity, therefore, we seem to be well on track to get to our goal of having a pan-India footprint of thermal power plants, and to move towards the target of adding over 7,000 MW of generation capacity.

CESC operates four generating stations, which cumulatively produce 1,225 MW. Three of these stations use pulverised fuel (PF) as the primary energy source. I am happy to inform you that in FY2013, CESC's composite plant load factor of the three PF plants was over 86%, versus the national average of 70%.

Your Company continues with its success in substantially reducing, if not eliminating, power outages for its 2.7 million customers in Kolkata and Howrah. In the course of 2012-13, HT faults and restoration times reduced further — the former falling by more than half of what existed in 2007-08, and the latter by almost two-thirds.

Apart from these, CESC is carrying out projects to upgrade its distribution network, and enhance the network capacity and supply reliability for efficient handling of demand growth. Some of the major projects are:

- New substations, including a first-of-its-kind underground substation at Park Circus, and an indoor multi-tier gas insulated switchgear (GIS) substation in New Cossipore.
- Greater connectivity, involving major overhead transmission lines and river crossings.
- Automated meter reading, which began last year is now gathering pace.
- Modern Supervisory Control and Data Acquisition (SCADA) systems are being increasingly commissioned using optical fibre. SCADA provides a reliable method to remotely monitor and control substations and help in rapidly restoring power supply.



*I am happy to inform you that in FY2013, CESC's composite plant load factor of the three PF plants was over 86%, versus the national average of 70%*

As a utility company servicing over 2.7 million payers, establishing and maintaining high levels of customer service is an overarching objective of CESC. We have substantially redefined the customer relationship management (CRM) function. These involve providing key information to customers through SMS and e-mails; web enabled services such as billing, tracking of applications, downloading forms, bill payment through ECS and Net Banking, and RTGS / NEFT facility for High Tension commercial customers.

Let me now move on to the two other businesses under the consolidated entity of CESC Limited. These are retail and business process outsourcing (BPO).

**RETAIL** Spencer's Retail Limited (SRL) now has 132 stores across India under the Spencer's label, including 26 hypermarkets. Despite a difficult environment, SRL's efforts at improving profitability and controlling operating expenses resulted in improved performance. During 2012-13, it registered same store sales growth of over 16%, with an average revenue per square feet of ₹ 1,226 per month versus ₹ 1,060 in the previous year. Its operating losses came down from ₹ 140 crore in 2011-12 to ₹ 78 crore in 2012-13. It completed closing down unprofitable stores in smaller formats. Thus, 2013-14 will see SRL rolling out new stores in the hypermarket format, which will allow it to consolidate its presence in existing clusters.

**BPO:** During the year, Spen Liq Private Limited,

a wholly owned subsidiary of CESC, purchased a majority stake in Firstsource Solutions Limited (FSL), India's fifth-largest BPO Company. FSL has a strength of around 31,000 people, spread across 47 delivery centres in India, the US, the UK, Ireland, Sri Lanka and the Philippines. It serves over 100 global clients — including 21 Fortune 500 companies and 9 FTSE 100 companies. This acquisition is in line with your Company's strategy to strengthen its presence in new businesses with major growth potential.

Thus, we reinforced our core operations in electricity generation, transmission and distribution. We increased efficiencies. We improved customer connect. We focused on fixing our retail business. We used IT to consolidate efficiencies and deliver superior services. We improved revenues and profits. And we made acquisitions for suitable diversifications

These would have pleased your erstwhile Chairman to no end.

My thanks to all your Company's employees who rank among the best anywhere. And to you for your good wishes and support.

Yours sincerely,

**Sanjiv Goenka**  
Chairman



Notice is hereby given that the Thirty-fifth Annual General Meeting of the Members of CESC Limited will be held at CITY CENTRE, Royal Bengal Room, DC Block, Sector-1, Salt Lake, Kolkata – 700 064, on Friday, 26 July 2013 at 10.30 A.M. for the following purposes :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31 March 2013, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. B. M. Khaitan who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. P.K. Khaitan who retires by rotation and, being eligible, offers himself for reappointment.
5. 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 (Firm Registration Number 301056E), 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 ₹ 45,00,000/- payable in two equal installments 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:

#### 6. AS AN ORDINARY RESOLUTION

“RESOLVED THAT in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors (“the Board”) to mortgage, charge and/or otherwise encumber all or any of the properties of the Company, whether immovable

or movable and whether present or future and wheresoever the same may be situate, in favour of:

- a) Union Bank of India (UBOI) for two term loans aggregating ₹ 225 crore;
- b) HDFC Bank Limited (HDFC) for two term loans aggregating ₹ 275 crore;
- c) State Bank of India (SBI) for its term loan of ₹ 350 crore; and
- d) YES Bank Limited (YBL) for its incremental share of ₹ 70 crore in the working capital facility extended to the Company by the consortium of Banks;

to secure the said term loans and working capital facility together with interest, charges, expenses, front-end fees and all other monies payable by the Company to UBOI, HDFC and SBI (collectively referred to as “the Term Lenders”) and YBL in terms of their respective letters of sanction, loan agreements, facility agreements, hypothecation agreements, or any other agreement or any amendment thereto entered / to be entered into by the Company with all or any of the Term Lenders and YBL so that the mortgage and / or charge may be created by the Company over and in respect of its properties in their favour, either singly or collectively, in such form and subject to such prior charges or with such pari passu or subservient ranking of charges as may be decided by the Board in consultation with one or more of the said Term Lenders and YBL.

FURTHER RESOLVED THAT the Board be and is hereby authorized to finalise and execute with all or any of the Term Lenders and YBL all such deeds and documents for creating the aforesaid mortgage, charge and / or encumbrance and to do all such acts, deeds and things as may be deemed necessary by the Board for giving effect to the aforesaid Resolution.”

#### 7. AS AN ORDINARY RESOLUTION

“RESOLVED THAT Mr Aniruddha Basu be and is hereby appointed a Director of the Company.”

#### 8. AS A SPECIAL RESOLUTION

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof, the Company hereby accords approval to the appointment of and the remuneration payable to Mr. Aniruddha Basu as Wholtime Director of the Company for the period from 28 May 2013 to 31 July 2013 and as Managing Director of the Company from 1 August 2013 till 27 May 2018 on the terms and conditions contained in a letter to be issued to Mr. Basu in terms of the draft placed before the Meeting and initialled by the Chairman for the purpose of identification.”

#### 9. AS A SPECIAL RESOLUTION

“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to such permissions, sanctions and approvals as may be necessary including the approval of the Central Government, consent of the Company be and is hereby accorded for payment of commission to directors who are neither in the whole time employment of the Company nor its managing director provided that the total commission paid to all of such directors together shall not exceed three per cent of the net profits of the Company computed in the manner stated in Section 198(1) of the Act in respect of each of the five financial years commencing from 2013-14 to be distributed amongst the said Directors in such manner as the Board of Directors of the Company (“the Board”) and /or Remuneration Committee constituted by the Board may from time to time determine AND THAT the said commission be paid in addition to the fee payable to the Directors for attending the meetings of the Board or any Committee thereof.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board and / or Remuneration Committee of the Board be and are hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or

desirable and to settle any question, difficulty or doubt that may arise in this regard.”

#### 10. AS A SPECIAL RESOLUTION

“RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors (“the Board”) for delisting the equity shares of the Company from London Stock Exchange from such date as the Board or any Committee constituted by the Board (“the Committee”) may decide AND THAT the Board or the Committee be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary AND FURTHER THAT, upon the said delisting, the UK Register of Members of the Company be closed and equity shares registered therein be transferred to the Register of Members maintained in India AND FURTHER THAT the Board or the Committee do take such steps and seek such approvals as may be required for all or any of the aforesaid matters in conformity with applicable laws and regulations.”

The Register of Members of the Company at Kolkata will remain closed from 12 July 2013 to 26 July 2013, both days inclusive.

Registered Office: CESC House Chowringhee Square Kolkata – 700 001 28 May 2013	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 6 to 10 of the Notice is annexed hereto.



3. If the dividend as recommended by the Board of Directors is declared at the Meeting, it will be payable to those shareholders whose names appear on the Company's Register of Members, or, who are notified as beneficiaries by the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited at the close of business on 11 July, 2013.
4. Members holding shares in physical form may intimate the Company of necessary particulars for NECS credit of the dividend directly to their bank accounts wherever NECS facility is available, or, for printing of their bank account details on the dividend warrants to prevent possibilities of fraud in encashing the warrants. For this purpose, members are requested to fill in the form appended to the Attendance Slip sent with the Report and Accounts for 2012 -13 and send the filled in Form to the Secretarial Department of the Company latest by 11 July, 2013. In respect of the shareholdings in demat form, any change in the Bank particulars should be intimated to the Depository Participants (DP) immediately so that the changed particulars may be used for dividend payment. Any change in the particulars of shareholders holding shares in electronic form is to be notified to the DP only.
5. CESC is committed to making efforts for preserving the environment and has been working on a number of ways to reduce usage of paper. In line with the circular of the Ministry of Corporate Affairs, Government of India, the Company proposes to send to the Members notices, annual reports and accounts and other communication through electronic mode. Members are, therefore, requested to update their e-mail address with the Depository Participant if the holding is in electronic mode or intimate the Company by sending an e-mail at greeninitiative@rp-sg.in. Copies of all such communication can also be obtained in physical form from the Company free of cost, upon request.

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

MR. B. M. KHAITAN, 85 years of age, is a renowned industrialist having interest in tea, batteries and engineering industries. Mr. Khaitan has made significant contributions to the tea industry with which he has been associated for over five decades.

Mr. Khaitan is the Chairman of Williamson Magor & Company Limited, Eveready Industries India Limited and Mcleod Russel India Limited and is a Director of Babcock Borsig Limited and Jayshree Tea & Industries Limited (also Chairman of Remuneration Committee). He is on the Board of Directors of CESC since 1994, is a member of its Audit Committee and Chairman of the Remuneration Committee.

Mr. Khaitan is an independent Director and does not hold any share in the Company.

MR. P. K. KHAITAN, 72 years of age, is a solicitor and advocate and has extensive experience in the fields of commercial and corporate law, tax law, arbitration, foreign collaborations, mergers and acquisitions, restructuring and de-mergers. He is a senior partner of Khaitan & Co., an eminent firm of corporate and other laws. He is a member of the Bar Council of India, the Bar Council of West Bengal, the Incorporated Law Society of India and the Indian Council of Arbitration and is connected with various educational institutions and social organizations. He is on the Board of Directors of CESC since 1992, is a member of its Finance & Forex Committee and Project Committee.

Mr. Khaitan is the Chairman of Dalmia Bharat Limited, Electrosteel Castings Limited and OCL India Limited.

He is a Director of Dhunseri Petrochem & Tea Limited (also member of its Remuneration Committee), Gillanders Arbuthnot & Co. Limited (also member of Remuneration Committee and Shareholders and Investors' Grievance Committee), Graphite India Limited (also Chairman of Remuneration Committee and member of Committee for Borrowings), Hindustan Motors Limited (also member of Executive Committee, Investors' Grievances Committee and

Remuneration Committee), India Glycols Limited, Pilani Investment & Industries Corporation Limited (also member of Audit Committee), Saregama India Limited, TCPL Packaging Limited, Visa Steel Limited (also member of Remuneration Committee, Finance & Banking Committee and Selection Committee), Warren Tea Limited, Woodlands Multispeciality Hospital Limited (also Chairman of Share Allotment Committee) and Egyptian Indian Polyester Company SAE.

Mr. Khaitan does not hold any share in the Company.

MR. ANIRUDDHA BASU, 53 years of age, is an Electrical Engineer and has been in the employment of the Company for 29 years. He has successfully undertaken a series of important assignments in the Distribution division of the Company like loss control, customer centricity, network development etc. and has vast experience in critical areas of functioning of the Company. Before joining the Board of Directors of the Company, Mr. Basu was its Executive Director in charge of mains and commercial functions.

Mr. Basu does not hold any share in the Company.

#### **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 THIRTY-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON 26 JULY, 2013**

##### **Item No.6**

In order to finance a part of its capital expenditure requirements, the Company has availed of financial assistance from Union Bank of India (UBOI) for an aggregate amount of ₹ 225 crore, HDFC Bank Limited (HDFC) for an aggregate amount of ₹ 275 crore and State Bank of India (SBI) for a sum of ₹ 350 crore (UBOI, HDFC and SBI are hereinafter collectively referred to as 'the Term Lenders').

In addition, YES Bank Limited (YBL) has increased its working capital exposure in the Company by ₹ 70 crore.

The above loans and the working capital facility, as per their respective terms of sanction, are required to be secured by mortgage / charge over the Company's immovable and movable properties in the form and manner required by the Term Lenders and YBL.

The Ordinary Resolution set out under Item No. 6 of the Notice is for obtaining the approval of the Members 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. The Board of Directors of the Company recommends that the Resolution be passed.

None of the Directors of the Company is concerned or interested in the Resolution.

##### **Item No.7**

Mr. Aniruddha Basu was appointed an additional director of the Company with effect from 28 May 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956, ("the Act") read with Article 104 of the Articles of Association of the Company.

Mr. Basu holds office as Additional Director up to the date of forthcoming Annual General Meeting as per the aforesaid provisions. The Company has received a Notice in writing from a Member along with the requisite deposit of money proposing the candidature of Mr. Basu for the office of Director under the provisions of Section 257 of the Act.

The Board recommends the Resolution set out under Item No. 7 of the Notice for approval of the Members.

Mr. Basu may be deemed to be concerned or interested in the said Resolution. None of the other Directors of the Company has any concern or interest in the said Resolution.

##### **Item No. 8**

Mr. Aniruddha Basu was appointed by the Board of Directors ('the Board') as an additional director of the Company with effect from 28 May 2013 with the designation 'Wholetime Director' from the said date till 31 July 2013 and as Managing Director of the Company from 1 August 2013 till 27 May 2018



subject to necessary approval of the shareholders in general meeting.

The proposed appointments and the terms of remuneration are in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956 ('the Act').

Mr. Basu is an Electrical Engineer and has undergone a Management course at Indian Institute of Management, Calcutta. He joined the Company on 1 June 1984. During the long period of 29 years, he has successfully handled a series of important assignments in the areas of electricity distribution system spread across the Company's licensed area, upgradation of consumer service as also loss control and other initiatives. He was an Executive Director of the Company before his induction on the Board.

The terms and conditions governing the appointments referred to above as Wholetime Director for the period 28 May 2013 to 31 July 2013 and as Managing Director from 1 August 2013 till 27 May 2018 are contained in a letter proposed to be issued by the Company to Mr. Basu. The principal terms and conditions set out in the draft of the aforesaid letter are as follows:

1. Salary : ₹ 2,45,000 per month with an annual increment of ₹ 30,000 effective from 1 April.
2. Variable Pay : An annual sum not exceeding ₹ 48 lakhs as may be decided by the Remuneration Committee of the Board.
3. Residential accommodation or house rent allowance in lieu thereof in accordance with the rules of the Company.
4. Perquisites : Mr Basu will be entitled to the usual perquisites / benefits like gas, electricity, water and furnishings, medical expenses reimbursement, leave travel concession for self and family, club memberships, personal accident insurance and provision of furniture and equipment at the residence and other benefits / allowances in accordance with the rules of the Company subject to a limit of ₹ 55 lakhs per annum on such perquisites / benefits.

For the purpose of computation of the aforesaid limit, the following benefits / perquisites shall not be considered: (i) the Company's contribution to Provident Fund and

Superannuation Fund, (ii) encashment of leave at the end of the tenure, and (iii) payment of Gratuity at a rate not exceeding half a month's salary for each completed year of service. The proposed remuneration of Mr. Basu will be subject to a limit of 5% of the annual net profits of the Company. In the event of loss or inadequacy of profits of the Company in any financial year, the aforesaid remuneration and perquisites / benefits will be paid to / enjoyed by Mr. Basu subject to such approval as may be necessary.

5. Leave : 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. Basu 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 Remuneration Committee of the Board from time to time.

Mr. Basu does not have any interest in the capital of the Company, directly or indirectly and does not have any direct or indirect interest and has not been related to any of the directors or promoters of the Company at any time before or on the date of his appointment and has necessary qualification with expert and specialized knowledge in the field of his profession.

The Resolution set out in Item No. 8 of the Notice has to be considered accordingly and the Board recommends that the same be passed.

The draft of the letter 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 on the date of the Annual General Meeting.

Mr. Basu may be deemed to be interested in the Resolution under Item No. 8 and no other Director of the Company has any interest therein.

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 contract

to be entered into by the Company with Mr. Basu governing the appointment stated aforesaid.

#### Item No. 9

In accordance with the approval accorded by the Members at the Thirtieth Annual General Meeting of the Company and as approved by the Central Government, the Directors of the Company, other than the Managing Director, are collectively paid Commission at a rate of one percent per annum of the net profits of the Company computed in the manner laid down in Section 198(1) of the Companies Act, 1956 ('the Act'). The said approval was for a period of five years commencing from the year 2008 – 09.

However, approval of the Central Government is awaited for payment of the said Commission for each of the years 2011-12 and 2012-13 at a rate of three percent per annum of the said net profits of the Company as approved by the Members in the thirty-fourth Annual General Meeting of the Company.

In view of the significantly enhanced role of the Board of Directors ('the Board') in recent times in guiding the operations of the Company in new areas across India, and its far greater involvement in the business of the Company, it is proposed to pay, subject to necessary approvals, Commission to the Directors of the Company other than the Managing Director or any Whole-time Director at a rate of three percent of its net profits for each of the five years commencing from 2013 -14. Such Commission will be distributed amongst the said Directors in such manner as the Board and / or the Remuneration Committee constituted by the Board may from time to time determine. The Resolution set out under Item No. 9 of the Notice may be considered accordingly. The Board recommends that the Resolution be passed.

Save and except Mr. S. Banerjee, Managing Director, and Mr. Aniruddha Basu, Wholetime Director, all other Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of the Commission that each of them may receive in future.

#### Item No. 10

Equity shares of the Company are listed on London Stock Exchange ('LSE') apart from being listed on a number of stock exchanges in India. The Company has also been maintaining two Registers of its Members - one in India as the principal register and the other one in the UK as the branch register. Shares registered on the UK Register are transferable between the UK residents without specific approval of Reserve Bank of India.

Only about 1% of the total issued equity shares of the Company are currently listed on LSE. With the passage of time, the market of the Company's shares in the United Kingdom has practically frozen and the number of dealings in the said shares in recent years has been very few. Out of about 40,000 shareholders the Company has as on date, the number of shareholders registered on the UK Register is only around 200.

In the above background, it is felt that no useful purpose is being served by continuing with the LSE listing and steps should be taken for delisting the said shares. Upon delisting of the aforesaid shares from LSE, the Company will continue to service its UK shareholders in conformity with the prevalent laws and regulations applicable to such shareholdings.

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

Registered Office:  
CESC House  
Chowringhee Square  
Kolkata – 700 001.

By Order of the Board

28 May 2013

Subhasis Mitra  
Company Secretary



The Directors have pleasure in presenting the Annual Report and Audited Accounts of CESC Limited for the year ended 31 March 2013.

FINANCIAL RESULTS		
	₹ in Crore	
Particulars	2012-13	2011-12
Revenue from operations	5317.10	4680.54
Other Income	92.69	101.31
<b>Total Income</b>	<b>5409.79</b>	<b>4781.85</b>
Profit Before Depreciation & Taxation	1079.71	982.79
Depreciation	(306.21)	(289.48)
Taxation	(155.00)	(139.00)
<b>Profit before transfer to Reserves</b>	<b>618.50</b>	<b>554.31</b>
<b>Profit brought forward from previous year</b>	<b>244.02</b>	<b>190.41</b>
Reserve for unforeseen exigencies	(31.88)	(28.10)
General Reserve	(500.00)	(400.00)
Proposed Dividend @ ₹ 7 per Equity Share & tax thereon	(102.32)	(72.60)
<b>Leaving a balance carried forward</b>	<b>228.32</b>	<b>244.02</b>

#### PERFORMANCE OVERVIEW

During the year under review, the Company's revenue from operations increased by 13.6% over last year to reach ₹ 5317.10 crore. Including other income, total income grew by 13.13% from ₹ 4781.85 crore in 2011-12 to ₹ 5409.79 crore in 2012-13. Profit before depreciation and taxation (PBDT) grew by 9.86% to ₹ 1079.71 crore during the year. After providing for depreciation of ₹ 306.21 crore and taxation of ₹ 155 crore, the profit after taxes (PAT) for 2012-13 stands at ₹ 618.50 crore, which reflects a 11.58% increase over

₹ 554.31 crore during 2011-12.

A detailed review of the operations for the year ended 31 March 2013 is given in the Management Discussion & Analysis, which forms a part of this Report.

#### DIVIDEND

The Board is pleased to recommend payment of equity dividend for the year ended 31 March 2013 at the rate of ₹ 7 per share on the paid-up equity share capital as on that date (₹ 5 per share in 2011-12). The dividend is proposed to be paid to those shareholders whose names appear in the Register of Members of the Company, or appear as beneficial owners as per particulars furnished by the Depositories at the close of business on 11 July 2013. No tax on the said dividend will be payable by the shareholders - as required, the Company will pay appropriate tax thereon.

#### SUBSIDIARIES

At the beginning of the year, CESC had twelve subsidiaries: Spencer's Retail Limited, Au Bon Pain Cafe India Limited, Music World Retail Limited, CESC Infrastructure Limited, Haldia Energy Limited, Dhariwal Infrastructure Limited, Surya Vidyut Limited, CESC Properties Limited, Metromark Green Commodities Private Limited, Nalanda Power Company Limited, CESC Projects Limited and Bantal Singapore Pte Limited.

During the year, the Company added seventeen subsidiaries.

- Papu Hydropower Projects Limited and Pachi Hydropower Projects Limited became the subsidiaries of the Company with effect from 16 May 2012.
- Spen Liq Private Limited became a subsidiary of the Company on 9 October 2012.
- Firstsource Solutions Limited along with its twelve subsidiaries: Firstsource Group USA, Inc, Firstsource BPO Ireland Ltd, Firstsource Solutions UK Ltd, Anunta Tech Infrastructure Services Ltd, Firstsource-Dialog Solutions Pvt. Ltd., MedAssist Holding Inc., Firstsource Business Process Services, LLC, Firstsource

Solutions USA, LLC, Firstsource Advantage, LLC, Firstsource Transaction Services, LLC, Twin Lakes Property LLC (Twinlakes-I) and Twin Lakes Property LLC (Twinlakes-II), became subsidiaries of your Company with effect from 5 December 2012.

- Ranchi Power Distribution Company Private Limited became a subsidiary of the Company with effect from 12 November 2012.

As on 31 March 2013, CESC had twenty nine subsidiaries. Broad details of operations of these subsidiaries are given in the section 'New Projects and Initiatives' under 'Power Business' and the section 'Other Businesses' in the Management Discussion & Analysis, which forms a part of this report.

In accordance with the general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, ('the Act') the accounts of the subsidiaries for the year 2012-13 and the related detailed information will be made available to the holding and subsidiary companies' shareholders seeking such information at any point of time and are not attached. Copies of the annual accounts of the subsidiary companies will also be kept open for inspection by any shareholder at the Registered Office of the Company and of the subsidiary companies concerned. The Company shall furnish a hard copy of accounts of subsidiaries to any shareholder on demand. The Company publishes Consolidated Financial Statements of the Company and its subsidiaries duly audited by Messrs. Lovelock & Lewes, Auditors, prepared in compliance with the applicable Accounting Standards and the Listing Agreements with the Stock Exchanges. The Consolidated Financial Statements for the year 2012-13 form a part of the Annual Report and Accounts.

CESC is concerned about the environment and takes various steps for its protection. In line with the decision of the Ministry of Corporate Affairs, Government of India, the Report and Accounts and other communication from the Company are sent to the shareholders by e-mail, wherever such addresses are registered with the Company.