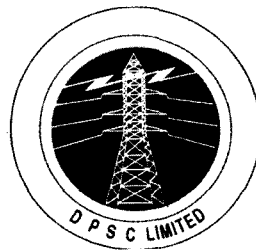
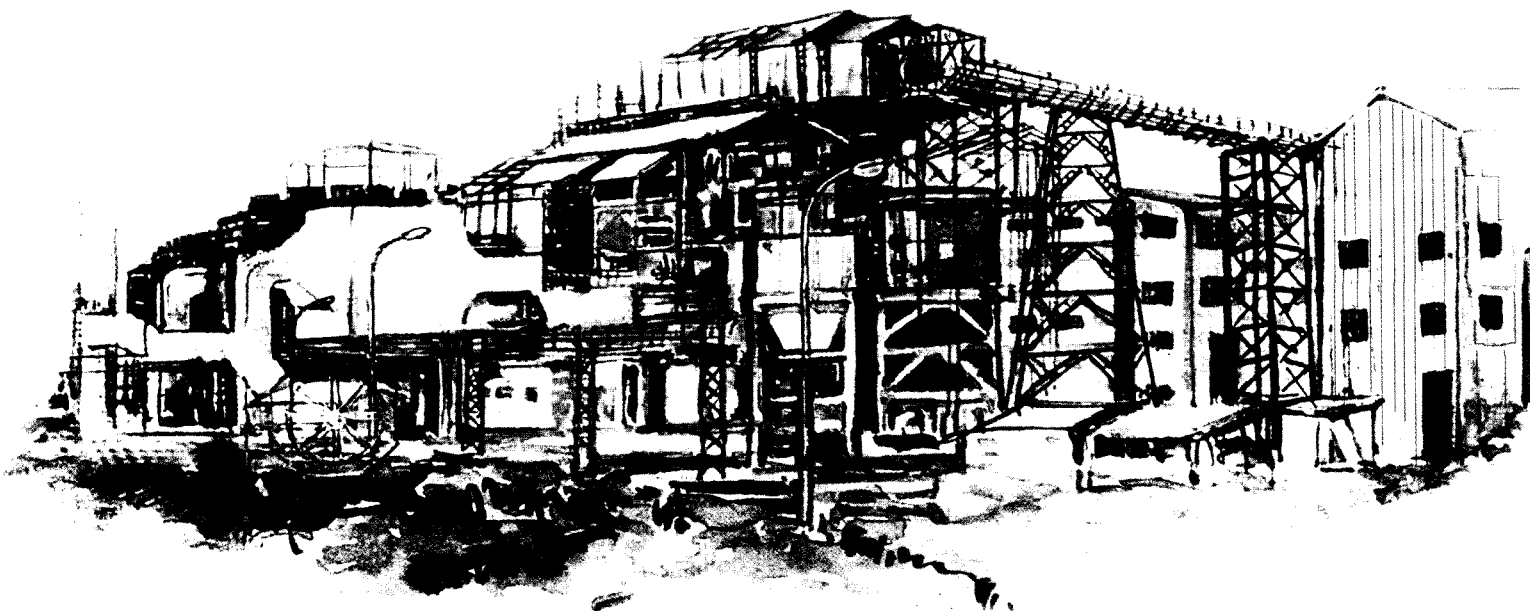


# ANNUAL REPORT & ACCOUNTS 2004 - 2005



DPSC Limited

Report  Junction.com



## VISION

A leading & reliable end to end energy solutions provider to the country.

## MISSION

To light up and empower industries and millions of homes by being the lowest cost, most - reliable and environmentally sound conventional & non - conventional energy provider.

To provide employees a strong sense of ownership, professional respect and pride, resulting in high moral and performance.

To enhance shareholder value by growth and profitability.

## VALUES

- ◆ Performance / Result Oriented
- ◆ Imagination and Initiative
- ◆ Employee Empowerment
- ◆ Fair business practices with all stakeholders
- ◆ Organizational Pride
- ◆ Customer Delight

## FOCUS AREAS

Together, we will achieve our vision by consistently growing through

- ☐ Competitiveness & cost efficiency
- ☐ Constant search for opportunities
- ☐ Complementary strategic alliances
- ☐ Competency enhancement
- ☐ Customer orientation



## DPSC Limited

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### BOARD OF DIRECTORS

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Naresh Chaturvedi

Lalit Kumar Dash

A. R. Manna

Dr. R. K. D. Shah

Sushobhan Sarker

E.I.Thomas

S. Radhakrishnan – **Managing Director**

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### SECRETARY & Sr. MANAGER (LEGAL & ADMN)

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Chiranjib Das

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### AUDITORS

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Price Waterhouse & Co.  
Plot No. Y-14, Block-EP, Sector-V,  
Salt Lake City, Electronic Complex  
Bidhan Nagar,  
Kolkata-700 091

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### REGISTERED OFFICE

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Centre for Excellence  
Plot No. X -1, 2&3 Block EP,  
Sector-V, Salt Lake City,  
Kolkata-700 091.

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Visit us at [www.dpscl.com](http://www.dpscl.com)

[Email.info@dpscl.com](mailto:Email.info@dpscl.com)

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#### **AUDIT COMMITTEE**

---

Dr. R.K.D. Shah – Chairman  
 A. R. Manna  
 E.I.Thomas  
 Sushobhan Sarker  
 L.K.Dash

---

#### **SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

---

Naresh Chaturvedi – Chairman  
 A. R. Manna  
 S. Radhakrishnan

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#### **REMUNERATION COMMITTEE**

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L.K.Dash – Chairman  
 Dr. R. K. D. Shah  
 A. R. Manna

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#### **COMMITTEE OF DIRECTORS**

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Naresh Chaturvedi – Chairman  
 Dr. R. K. D. Shah  
 L. K. Dash  
 S. Radhakrishnan

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#### **BANKERS**

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Oriental Bank of Commerce  
 State Bank of Patiala  
 State Bank of India  
 HSBC Bank

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#### **ANNUAL GENERAL MEETING**

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Saturday, 17th December, 2005 at 11.30 a.m. at the Registered Office, Centre for Excellence, Plot X-1,2&3, Block-EP, Sector-V, Salt Lake City, Kolkata - 700 091.

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#### **REGISTRAR & TRANSFER AGENT**

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CB Management Services (P) Ltd.  
 P-22, Bondel Road,  
 Kolkata-700 019.

Telephone : (033) 2280 6692/93/94  
 Facsimile : (033) 2287 0263  
 Email : cbmsl1@cal2.vsnl.net.in



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## REPORT OF THE DIRECTORS

Your Directors present their Report and Audited Statement of Accounts for the financial year ended 31st March, 2005.

### FINANCIAL RESULTS :

	(Rupees in Lakhs)
	<u>2004-2005</u>
<b>Profit Before Tax</b>	<b>474.93</b>
<b>Less : Provision for Taxation</b>	
Deferred Tax	(-) 61.38
Current Tax	(-) 36.00
<b>Profit after Taxation</b>	<b>377.55</b>
<b>Add : Loss brought from last Accounts</b>	<b>(-) 1196.30</b>
<b>Balance being loss carried forward to balance sheet</b>	<b>(-) 818.75</b>

### REVIEW OF OPERATIONS

Your Directors are happy to state that your Company has recorded a pre tax profit of Rs. 474.93 lakhs in the year ended 31st March, 2005, as against a profit of Rs. 115.68 lakhs in the previous year registering a four fold raise in the profit. This has been possible due to a continuation of the efficiency measures initiated over the last few years coupled with a satisfactory growth in sales during the year.

The trend of increasing sales has continued in the current year as well, both by way of increased demand from existing consumers and the addition of new consumers. The Company's relations with its consumers continued to remain cordial, and there was general satisfaction among them with regard to quality of service and reliability of power supply.

Power generation at the Company's Chinakuri power station was maintained at a high plant load factor of around 80%, while Dishergarh power station, in view of its high operating costs, was maintained primarily as a peaking load station and achieved a plant load factor of around 48%. Overall, your Company has tried to achieve an optimum balance between power purchase and own generation, so as to ensure that the average cost of power is kept at the minimum.

### TARIFF :

The tariff revisions effected by the Hon'ble West Bengal Electricity Regulatory Commission (WBERC) for the years 2004 - 05 and 2005 - 2006 have been timely and satisfactory.

Your Directors had mentioned in their report for the previous year about the pending review petition filed by the Company before WBERC against the tariff orders for 2003-04 and 2004-05. The review petition has been partly allowed by WBERC, but there remain substantive claims of the Company, which have not been accepted by WBERC. The Company has therefore filed an appeal with the Appellate Tribunal for Electricity against the review order of WBERC and the same has been admitted by the Appellate Tribunal. The date of hearing is tentatively fixed in the month of January, 2006. Any changes in the tariff rates that may be effected consequent to the appeal order will be given effect to in the accounts of the subsequent years, once the Appellate Tribunal finalises its order on the appeal.



## **FUTURE PROSPECTS :**

The outlook for the year 2005-06 is positive, with satisfactory growth in sales volumes and revenues. However, the Company's ability to cater to the increasing demand in its licensed area is being constrained by its lack of substantial generation base and its continued dependence on Damodar Valley Corporation (DVC) to meet additional load growth. Since constraints in the DVC transmission system feeding power to your Company is restricting the quantum of energy that may be drawn, the Company plans to set up a 132/33 kV Receiving Station at J.K.Nagar for drawing power from DVC, which will enable increase in power import capability. Necessary clearance has been sought from DVC in this respect and the project has also received regulatory approval. Simultaneously, the Company is also implementing a programme for upgrading its main transmission lines from 11 kV to 33 kV in a phased manner with a view to cut down on transmission losses and increasing carrying capacity of the lines.

Your Directors had mentioned in their report for the last year its intention of submitting a proposal for the setting up of a 30 MW power station for the approval of WBERC. After analysis of the trends in additional generation capacity being added in the country and their likely generation costs, the Directors have come to the conclusion that such small sized power stations are unlikely to be economical and cost effective in the long term, when compared to the generation costs of much larger power stations. Due to the imminent competition that is likely to be ushered in through the introduction of 'Open Access', where consumers will be free to choose their source of electricity and the possibility of more than one power utility competing for the same consumers, your Directors feel that for the long term interests of the Company, it is desirable for it to be substantially self-sufficient in meeting its system demand. This can be achieved only by the setting up a generating station having generating sets of optimal capacity that will ensure that generation therefrom remains competitive in the long run. For this purpose, the Company has engaged Power Finance Corporation to carry out an initial study of the emerging power market in West Bengal, the Company's future growth strategy, the desirability of setting up new generating station and the capacity of such station that would ensure future competitiveness.

In view of uncertainty regarding assured supply of Coal Bed Methane and inability to agree on a price therefore, your Directors have, for the time being, kept the plan for utilizing Coal Bed Methane in abeyance.

## **DIVIDEND :**

In view of the accumulated losses your Directors regret their inability to recommend any Dividend for the financial year ended 31st March, 2005.

## **ACCOUNTING POLICIES :**

The major accounting policies of the Company are annexed to the Accounts.

## **TRAINING :**

The Company is promoting a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals. The Company is committed to develop a vibrant and highly motivated work force operating in a performance-oriented environment.

During the year under review, the Company arranged training programmes for various officers and for majority of staff and workers focusing on its human resource development initiatives.

Various in-house training programmes with the help of internal as well as external faculties were conducted for employees after identifying their specific training needs. The focus of the training was to create high performance culture as well as to achieve customer satisfaction by ensuring reliability and quality power supply.

**PERSONNEL :**

Industrial Relations in the Company continued to be satisfactory throughout the year under review. Your Company has introduced a Voluntary Retirement Scheme to rationalize manpower. Your Company has successfully entered into a fresh wage agreement with the Unions of the employees of the Company which will result into proper motivation and productivity. Your Company has also revised the Scale of Salary of Officers and Assistants with effect from 1st April, 2005.

There was no employee of the Company who received remuneration in excess of the limit prescribed in Section 217(2A) of the Companies Act, 1956

**PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :**

The information pursuant to 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, is given in the Annexure forming part of this report.

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the followings form part of this Report:

- (i) Management Discussion and Analysis;
- (ii) Report on the Corporate Governance;
- (iii) Auditor's Certificate regarding compliance of conditions of Corporate Governance.

**DIRECTOR'S RESPONSIBILITY :**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- (i) annual accounts have been prepared in consonance of the applicable accounting standards with proper explanation relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the annual accounts of the Company as at March 31, 2005 and of the Profit of the Company for the said period;
- (iii) proper and sufficient care have been taken for maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for detecting frauds and irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

**DIRECTORS :**

Shri Sunil Kumar Chaturvedi, Ex-Chairman of the Board of Directors of the Company had tendered his resignation with effect from 31st July, 2004. The members of the Board place on record their deep appreciation of the valuable services and guidance rendered by him during his long association with the Company.





Shri Naresh Chaturvedi was appointed as Chairman of the Board of Directors of the Company with effect from 31st July, 2004.

Shri Hemant Kanoria, Nominee Director (SREI) ceased to be a Director with effect from 4th October, 2005 in terms of the loan agreement. The members of the Board place on record their deep appreciation of the valuable contribution made by him during his association with the Company.

Shri Naresh Chaturvedi retires from the Board by rotation and being eligible, offers himself for reappointment.

#### **SECRETARY :**

The Secretary of the Company being overseas, could not sign the Balance Sheet and Profit and Loss Account of the Company for the financial year 2004 - 2005.

#### **AUDITORS :**

Messrs. Price Waterhouse & Co., Chartered Accountants, will retire as Statutory Auditors at the ensuing Annual General Meeting and are eligible for re-appointment, pursuant to Section 224(1B) of the Companies Act, 1956, as they furnished the certificate regarding their eligibility for re-appointment for the financial year ending 31st March, 2006 as the Auditors of the Company.

#### **AUDITORS REPORT :**

The observations made in the Auditors Report are dealt with in notes 3 and 4 of schedule 17 to the Notes on the Accounts which are self-explanatory and do not require any further clarification.

#### **ACKNOWLEDGEMENT :**

Your Directors take this opportunity to acknowledge with gratitude, the guidance provided by the Hon'ble West Bengal Electricity Regulatory Commission and also would like to thank various Ministries of the Central and State Governments particularly the Power Departments, West Bengal State Electricity Board, Damodar Valley Corporation, Coal India Limited, Eastern Coalfields Limited and Banks for all assistance and co-operation received from them.

Your Directors wish to record their deep appreciation of the hard work, commitment and dedicated services rendered by all the employees of the Company and also thank the shareholders for their unstinted support extended to the Company.

On behalf of the Board,  
Naresh Chaturvedi,

Chairman.

Kolkata,  
18th November, 2005.

**ANNEXURE TO DIRECTOR'S REPORT****INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956****A. Conservation of Energy**

The Company has always been conscious about the need for conservation of energy and has been taking measures to this effect in all possible areas to conserve national resources.

**(a) Measures taken***Distribution*

- i) Feeder level energy accounting has been introduced
- ii) 11 kV feeder level metering has been implemented for accurate energy accounting for taking appropriate remedial measures in loss prone areas.
- iii) Supply side load management is perpetually followed for economic loading of feeders.

*Power Stations*

- i) Re-firing System of the unburnt fuel into the furnace has been set right in the Boilers to reduce carbon loss.
- ii) Operation Checklists have been introduced to achieve maximum efficiency from the boiler combustion system.
- iii) Re-arrangement/reduction of illumination and luminaries has been done including replacement of conventional chokes by new generation electric chokes for energy saving purpose.
- iv) Performance Monitoring Cell has been formed for the power stations to study and identify the possible energy saving areas in respect of the power stations auxiliaries for taking remedial measures.

**(b) Improvements**

There have been general improvements in operating efficiency of the power stations and distribution system.

**(c) Impact of (a) and (b)**

Major impacts of the energy conservation measures are :-

- i) substantial savings in distribution losses;
- ii) reduction in auxiliary consumption in power stations;
- iii) reduction in coal consumption;
- iv) substantial energy savings due to improved and modified illumination system in power houses.