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DPSC Limited



2005 - 2006

ANNUAL REPORT & ACCOUNTS

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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 shareholders' 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

BOARD OF DIRECTORS

Naresh Chaturvedi

Lalit Kumar Dash

A. R. Manna

Dr. R. K. D. Shah

Sushobhan Sarker

E.I.Thomas

S. Radhakrishnan – **Managing Director**

SECRETARY & Sr. MANAGER (LEGAL & ADMN)

Chiranjib Das

AUDITORS

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

REGISTERED OFFICE

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

Visit us at www.dpscl.com

Email.info@dpscl.com

AUDIT COMMITTEE

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

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

REMUNERATION COMMITTEE

Lalit Kumar Dash – Chairman
Dr. R. K. D. Shah
A. R. Manna

COMMITTEE OF DIRECTORS

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

BANKERS

IDBI Bank
State Bank of Patiala
State Bank of India
UTI Bank
HSBC Bank

ANNUAL GENERAL MEETING

Tuesday, 12th September, 2006 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.

REGISTRAR & SHARE TRANSFER AGENT

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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NOTICE TO MEMBERS

NOTICE is hereby given that the Eighty-sixth Annual General Meeting of the members of DPSC Limited will be held at its Registered Office, Centre for Excellence, Plot X-1, 2 & 3 Block EP, Sector – V, Salt Lake City, Kolkata - 700 091 on Tuesday, the 12th September, 2006 at 11.30 a.m. to transact the following business:-

1. To consider and adopt the Profit & Loss Account for the year ended 31st March, 2006, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on the Equity shares for the year ended 31st March, 2006.
3. To appoint a Director in place of Shri E.I.Thomas, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

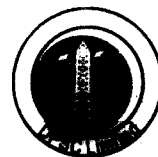
“RESOLVED that Messrs. Price Waterhouse & Co., the retiring Auditors, being eligible and not being disqualified under Section 224(1B) of the Companies Act, 1956, be re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the year ending 31st March, 2007”.

Registered Office :
Centre for Excellence,
Plot X-1, 2&3, Block – EP, Sector – V,
Salt Lake City, Kolkata - 700 091
Dated : 5th August, 2006.

By Order of the Board,

DPSC Limited,
Chiranjib Das,
Secretary.

- NOTES**
1. **A Member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend the Meeting and vote on a poll on his behalf. A proxy need not to be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the commencement of the meeting.**
 2. The Register of Members and Share Transfer Books of the Company will remain closed from 11th September, 2006 to 12th September, 2006 (both days inclusive).
 3. If the dividend on the equity shares as recommended by the Board of Directors be passed at the meeting, payment of such dividend will be made on and after 20th September, 2006 to those members whose names will appear on the Company's Register of Members as on 12th September, 2006.



4. The provisions of Section 224A of the Companies Act, 1956 is applicable to the Company and therefore it is necessary to pass a special resolution for appointment of the Auditors.
5. Members are requested to notify change of address, if any, to the Company on or before 12th September, 2006 and Members holding shares in Demat mode are also requested to notify change of address, bank details, etc., to their respective Depository Participants (DP). Any intimation made to the Company without effecting the necessary correction with the DP cannot be updated.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for ease of identification for attendance at the Meeting.
7. Members of the Company are informed that the amount of dividend for the financial year ended March 1998, which remains unpaid/unclaimed for a period of seven years from the date of transfer had been transferred to the Investor Education and Protection Fund established by the Central Government, pursuant to Section 205C of the Companies Act, 1956.
8. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, the amount of dividend for the financial year ended March, 1999 and thereafter, which remain unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company will have to be transferred to the Investor Education and Protection Fund. Members who have not yet encashed their dividend warrants so far for the financial year ended 31st March, 1999 or any subsequent financial years are requested to make their claim to the Company.
9. Members are informed that pursuant to the Circular issued by Depositories & Custodian Division, of Securities & Exchange Board of India (SEBI) for appointment of common agency for share registry work, the Company has appointed **M/s. C B Management Services (P) Ltd., as Registrar & Share Transfers Agents for both physical and demat modes of securities of the Company.**
10. Members desiring any information as regards the Accounts are requested to write to the Company at least seven days prior to the date of the Meeting so as to enable the Management to keep the information ready at the Meeting.
11. **Kindly bring your copy of the Annual Report at the Meeting.**

Registered Office :
 Centre for Excellence,
 Plot X-1, 2&3, Block – EP, Sector – V,
 Salt Lake City, Kolkata - 700 091.
 Dated : 5th August, 2006.

By Order of the Board,
 DPSC Limited,
 Chiranjib Das,
 Secretary.

**A BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT
IN THE ENSUING ANNUAL GENERAL MEETING.**

(In pursuance of clause 49 of the Listing Agreement)

NAME OF DIRECTOR	DATE OF BIRTH	DATE OF APPOINTMENT	QUALIFICATIONS	EXPERTISE IN SPECIFIC FUNCTIONAL AREAS & EXPERIENCE	Ordinary Shares Convertible Instruments both own or held by / for other persons on beneficial basis in the Company
E. I. Thomas	25th December, 1940	30th January, 2004	M.A (Economics)	<p>Shri E.I.Thomas, Executive Director (Retd.) of Life Insurance Corporation of India has been appointed as an Independent non executive Director on the Board of DPSCL since 30th January, 2004.</p> <p>He is also a part time Director of Cochin Stock Exchange Limited, nominated by SEBI. He is a member of the Audit Committee of the Board of the Company.</p>	NIL



REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the 86th Annual Report and Audited Statement of Accounts for the financial year ended 31st March, 2006.

FINANCIAL RESULTS :

(Rupees in Lakh)

			2005-2006
Profit Before Tax			976.51
Less: Provision for Taxation			
Deferred Tax		(6.19)	
Current Tax		86.50	
Fringe Benefit Tax		<u>27.24</u>	107.55
Profit after Tax			868.96
Less: Loss brought forward from last Accounts			818.75
Profit available for Appropriation			50.21
Less: Appropriations:			
Proposed Dividend		42.34	
Corporate Dividend tax		<u>5.94</u>	48.28
Balance carried forward to balance sheet			1.93

REVIEW OF OPERATIONS

The Company had yet another successful year of operation, recording substantial improvement in its overall performance with a Profit of Rs. 976.51 lakh for the year ended 31st March, 2006 as against a profit of Rs. 474.93 lakh in the previous year. This outcome was facilitated by a satisfactory tariff revision allowed by the Hon'ble West Bengal Electricity Regulatory Commission (WBERC) for the year and improvements in operational efficiencies achieved by your Company.

Your Directors had mentioned in their last report about the appeals filed in the Appellate Tribunal for Electricity (ATE) against the tariff and review orders for 2003-04 and 2004-05 passed by the WBERC and are happy to report that the appeals have been partly allowed by the ATE.

Generation and sales both registered satisfactory increase during the year, with the Chinakuri Power Station achieving a plant load factor of 84.51%, which is the highest ever recorded since commissioning of the power plant in 1991. Sales increased quantitatively by 5.53% on a year on year basis and in the Consumers Meet held recently, the consumers of the Company have indicated their general satisfaction with the quality of service of the Company and its reliability in supply of power.

TARIFF

The tariff revision effected by the Hon'ble West Bengal Electricity Regulatory Commission (WBERC) for the year 2006-07 is satisfactory. Two part tariff has been introduced for most of our High Tension consumers. With a view to enabling the large consumers to cut down on their energy bills, the WBERC has also directed the Company to provide them with the option of paying different tariffs for energy consumed at different periods of the day, so that they may choose to consume more power during the lean night hours and pay substantially lower energy charges as compared to the normal tariff.

There is a likelihood that multi-year Tariffs will be set by WBERC from 2007-08 onwards, so that the requirement of seeking annual approval of the WBERC for revising tariff will be obviated.

PROJECTS :

Your Company's capital expenditure plans are undertaken with five objectives. These are, ensuring better quality & reliability of supply to its consumers, augmenting power delivery infrastructure to cater to increase in demand, reduction of technical losses, improving its operational efficiencies and developing self sufficiency in generation, so as to be able to meet the emerging challenges of increasing competition in the future.

With these aims in view, your Company plans to set up a 132 kV Receiving Station at JK Nagar near Asansol to establish interconnection with the regional grid to meet the increasing demand of quality power supply, reduce T&D loss and obtain benefit of cheaper rates of energy procurement at extra high voltage. Simultaneous with this project, the Company is also augmenting its transmission network and upgrading it from the present 11 kV to 33 kV with a view to increase carrying capacity, reduce line losses and improve the quality of supply. Some new distribution stations are also being set up to cater to increase in demand.

The Company's small generation base and continued dependence on external agencies for meeting the bulk of its system demand is fraught with risk, since the present procurement sources could develop into potential competitors of the future. Your Directors had informed in their last report that Power Finance Corporation had been appointed to advise the Company on its future growth strategy. They have advised that for the purpose of being self-sufficient in the immediate future while ensuring cost competitiveness, the Company should plan to set up generating capacity of around 200MW to 240MW of its own.

Consequent to such recommendation, your Board has appointed a Consultant for the preparation of a Detailed Project Report (DPR), which is expected to be received shortly. The proposal is for setting up 3 units of 80 MW each, using Fluidised Bed Combustion Boilers so that low grade low cost coal can be used. Once the DPR is received and accepted by the Board of Directors, the Company will need to obtain the approval of the WBERC for proceeding with the project. Your Directors expect that this process will be completed by the end of this calendar year and the Company will be able to achieve financial closure for the project by the end of the current year.

In view of the surplus power that will be available in the initial years, once the new thermal power plant is set up, your Company is closely examining the emerging business opportunities of power trading and expanding into electricity distribution in the adjacent areas of the neighbouring State of Jharkhand. Your Company will try to proactively seize such emerging opportunities whenever our resources and capabilities permit.

DIVIDEND :

The Board of Directors of the Company are pleased to recommend payment of dividend @10% (Re.1/- per share) for the year ended 31st March, 2006 subject to the approval of the members of the Company at the Annual General Meeting. The dividend, if approved will absorb a sum of Rs. 42.34 lakh.

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 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.