



DPSC Limited



ANNUAL REPORT & ACCOUNTS 2008-2009

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

E. I. Thomas

Asis Bandyopadhyay

M. K. Choudhuri

Lalit Kumar Dash

V. K. Kukreja

Dr. R. K. D. Shah

S. Radhakrishnan – Managing Director

SECRETARY & GENERAL 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

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

Visit us at www.dpscl.com

AUDIT COMMITTEE

Dr. R.K.D.Shah – Chairman
M.K.Choudhuri
Asis Bandyopadhyay
Lalit Kumar Dash
Vipan Kumar Kukreja

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Vipan Kumar Kukreja – Chairman
Asis Bandyopadhyay
S. Radhakrishnan

REMUNERATION COMMITTEE

E. I. Thomas – Chairman
M. K. Choudhuri
Dr. R.K.D. Shah
Vipan Kumar Kukreja

COMMITTEE OF DIRECTORS

M.K.Choudhuri – Chairman
Asis Bandyopadhyay
Lalit Kumar Dash
S. Radhakrishnan

POWER PROJECT COMMITTEE

E. I. Thomas – Chairman
M. K. Choudhuri
Dr. R.K.D. Shah
Lalit Kumar Dash
S. Radhakrishnan

BANKERS

IDBI Bank
State Bank of Patiala
State Bank of India

ANNUAL GENERAL MEETING

Wednesday, 16th September, 2009 at
11.00 a.m. at the Registered Office,
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) 4011 6700 / 6711 / 6718
Facsimile : (033) 2287 0263
Email : rta@cbmsl.com

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Notice to Members

NOTICE is hereby given that the Eighty-ninth Annual General Meeting of the members of DPSC Limited will be held at its Registered Office, Plot X-1, 2 & 3 Block EP, Sector – V, Salt Lake City, Kolkata –700 091 on Wednesday, the 16th September, 2009 at 11.00 a.m. to transact the following business: -

1. To consider and adopt the Profit & Loss Account for the year ended 31st March, 2009, 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, 2009.
3. To appoint a Director in place of Shri M K Choudhuri who retires by rotation and being eligible offers himself for re-appointment.
4. **To consider and, if thought fit, to pass with or without modifications, 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 the 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, 2010”.

Registered Office:

Plot X-1, 2 & 3, Block – EP, Sector – V,
Salt Lake City, Kolkata – 700 091.

Dated: 29th July, 2009

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 15th September, 2009 to 16th September 2009. (both days inclusive).
3. If the dividend on the equity shares as recommended by the Board of Directors be approved at the meeting, payment of such dividend will be made on and after 16th September, 2009 to those members whose names will appear on the Company's Register of Members as on 15th September, 2009 and/or the Register of beneficial owners maintained by the Depositories as on the close of the aforesaid date.
4. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and Bank details are available. In the absence of ECS facility, the Company is required to print the Bank account details if available on payment instruments for distribution of dividend and /or cash benefits etc. to the shareholders. The Company is complying with SEBI's directive in this regard.

5. 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.
6. Members are requested to notify change of address, if any, to the Company on or before 15th September, 2009 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 necessary correction with the DP cannot be updated.
7. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the Meeting.
8. Members who have not yet encashed their dividend warrants so far for the financial year ended 31st March, 2006 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 Transfer 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:

Plot X-1, 2&3, Block -EP, Sector -V,
Salt Lake City, Kolkata -700 091.
Dated: 29th July, 2009

By Order of the Board

DPSC Limited
Chiranjib Das,
Secretary.

A BRIEF RESUME' OF THE DIRECTOR SEEKING RE-APPOINTMENT IN THE ENSUING ANNUAL GENERAL MEETING

[In pursuance to Clause 49 of the Listing Agreement]

Shri Mrinal Kanti Chowdhuri, B. Com., FCA., inducted on the Board of Company as part time Director of the Company since 31-01-2007 in the casual vacancy of Shri Naresh Chaturvedi. He is a Member of Indian Institute of Personnel Management. He is currently engaged in consultancy assignment of various Tea companies on H R P, labour and Financial matters. He held position as Chief Executive and Secretary General of Indian Tea Association, Calcutta from April 1989 to November 1994. Advisor, Indian Tea Association, Calcutta from April 1986 to March 1989. Secretary & Labour Advisor, Surma Valley Branch, Indian Tea Association, Silchar, Assam and then as Secretary & Labour Advisor, Dooars Branch, Indian Tea Association, Binnaguri, West Bengal from October 1972 to March 1986. Finance & Accounts Officer and then as Administrative and Finance Controller in Tocklai Experimental Station (Tea Research Association) Jorhat, Assam between October 1956 to October 1972.

He is the Chairman of Committee of Directors of the Board of the Company and member of the Audit Committee, Remuneration Committee and Power Project Committee of the Company.

He does not hold any shares in the Company.



REPORT OF THE DIRECTORS

Your directors are pleased to present the 89th Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS :

Rupees Lakh

	2008-09	
Profit before Tax		1037.76
Less: Provision for Taxation:		
Current Tax	121.00	
Deferred Tax	129.82	
Fringe Benefit Tax	30.00	280.82
Profit after Tax		756.94
Add: Profit brought forward from last Accounts		1998.00
Appropriations:		2754.94
Transfers to:		
Reserve for Unforeseen Contingencies	31.31	
Proposed Dividend	42.34	
Corporate Dividend Tax	7.20	80.85
Balance carried forward to Balance Sheet		2674.09

REVIEW OF OPERATIONS :

Your Directors are happy to report higher profits of Rs 1037.76 lakh during the year in comparison to Rs 268.31 lakh made in the previous year. Despite a nominal 2% increase in sales volumes in comparison to the previous year, higher profits were achieved due to generally satisfactory overall performance, and implementation of the revised tariff structure approved by the Hon'ble West Bengal Electricity Regulatory Commission for the year 2008-09.

The Company has been for long supplying electricity in bulk to the West Bengal State Electricity Distribution Co. Ltd. (WBSEDCL) (previously West Bengal State Electricity Board) for meeting the primarily low voltage electricity requirements of the municipalities and townships within the licensed area. Following gradual strengthening of its transmission network, WBSEDCL have indicated that they will gradually be meeting their low voltage demand from their own resources and taper off their power purchases from the Company. The year 2008-09 hence saw a decrease in WBSEDCL purchases by around 6 %, which was offset by a robust growth of around 4.5 % in sales of energy to other consumers, despite the recessionary trends in the economy.

Despite high availability of its power plants, generation during the year continued to be adversely affected due to shortage of coal following changes in the Government policy with regard to supplies of coal to different users. Such policy changes included the requirement of execution of Fuel Supply Agreements between the coal supplier and the users; which could not be entered into due to certain conditions proposed to be included therein which were prejudicial to the interests of the coal users. As a result, the Dishergarh and Chinakuri power stations could be operated at plant load factors of around 29 % and 66 % only, respectively, during the year, as against targeted plant load factors of 48 % and 80 %, respectively. The Company has already taken certain steps to mitigate the shortage of coal and also intends

to shortly sign the Fuel Supply Agreement with Eastern Coalfields Ltd. on mutually agreeable terms. Consequent to the action taken, generation could be maintained at a satisfactory level in the Chinakuri power station during the current year.

TARIFF :

The Hon'ble West Bengal Electricity Regulatory Commission (the Commission) issued its Tariff Order for the years 2008-09 to 2010-11 in end September 2008. Under the Annual Performance Review (APR) to be carried out at the end of each year by the Commission on the basis of the audited accounts, the Annual Revenue Requirement (ARR) approved for the year under review is subject to further revision on the basis of actual performance and the difference between the revised ARR and actual sales revenue is adjusted against the ARR of subsequent year(s). The Commission has, till date, completed the APR for the years 2006-07 and 2007-08 and made consequential adjustments for the APR for 2006-07 against the ARR approved for the year 2008-09. The APR adjustment for the year 2007-08 will be made against the ARR for 2009-10 at the time of approving tariffs for that year, which is still awaited. The Company is of the opinion that the revised ARR's approved by the Commission for the years 2006-07 and 2007-08 are not in accordance with the applicable Tariff Regulations framed by the Commission and has hence filed appeals there against in the Appellate Tribunal for Electricity.

PROJECTS :

The need to replace fossil fuels with renewable sources of energy is steadily assuming importance as the concerns regarding greenhouse gas emissions and its deleterious effects on the environment increase. This has resulted in state authorities gradually setting phased targets for meeting total energy requirements from non-conventional and renewable sources of energy. As a part of its initiative to further this cause, the Company had mentioned in its last report, a proposal for the installation of a 2 MWpe solar power station at Seebpore generating station site for meeting a part of its energy requirements from renewable energy sources. Erection of the power station is almost complete and the Board expects that power from the solar station will shortly be available in the DPSC grid.

The Company commissioned the Gopalpur substation in the course of the year, opening up a new power import source from the West Bengal State Distribution Co. Ltd. (WBSEDCL). This substation has added a much needed second source of supply in the Dishergarh distribution area, besides helping in reducing the average cost of energy purchased from external sources. Augmentation of the transmission network to 33 kV is continuing in phases and the Company is also undertaking capital projects for conversion of existing switching stations to substations and setting up new substations where the existing infrastructure is unable to cater to the increase in demand from consumers.

With regard to its proposal to set up a new 220/33 kV substation at J.K. Nagar to increase bulk purchases of power from WBSEDCL in substitution of power purchases from Damodar Valley Corporation, the Company has sought the in principle approval of the Commission for undertaking Phase I of the project, involving a capital expenditure of about Rs 7650 lakh, covering the upstream and downstream infrastructure necessary for purchase of 100 MVA power from WBSEDCL and its transmission to the load centres. Work on the project will commence, once the preliminary approval of the Commission is received.

The Company has received the in principle approval of the Commission for the preliminary expenditure on the proposed 2 X 250/300 MW thermal power station at Dishergarh. Work on obtaining the necessary statutory approvals and clearances are progressing satisfactorily while negotiations for lease of land owned by the State Government and Eastern Coalfields Ltd. are at an advanced stage.

DISINVESTMENT OF COMPANY'S SHARES BY MAJORITY OF SHAREHOLDERS:

As reported last year, the proposed disinvestment of shares of the Company, by majority of shareholders, could not be completed due to on-going litigation.



DIVIDEND :

The Board of Directors are pleased to recommend a dividend of Re 1.00 per share on the 42,33,868 Equity Shares of Rs.10/- each for the year ended 31st March 2009, subject to the approval of the shareholders in the Annual General Meeting. The dividend, if approved, will result in a payout of Rs 42.34 lakh, exclusive of Corporate Dividend Tax.

ACCOUNTING POLICIES :

Major accounting policies adopted by the Company are detailed in the Notes to Accounts in Schedule 17.

TRAINING :

The Company continued in its endeavor to impart appropriate and relevant training to its employees to equip them to meet the challenges that are ahead and to enhance their performance in the best interest of the Company. The Company has also taken up an exercise on career growth & planning by identifying potential & training needs of employees by engaging professionals in the field.

PERSONNEL :

Industrial Relations in the Company continued to be satisfactory throughout the year under review.

There are no employees in the Company who are in receipt of salary of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- p.m., if employed for part of the year. Hence the Statement of particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended till date is not attached.

SOCIAL RESPONSIBILITY & WELFARE :

The Company besides its responsibilities to its consumers, stakeholders and employees has an obligation towards the society at large. The Company has undertaken several initiatives to ensure sustainable environment management and promotes environmental awareness among its employees. The Company regularly participates in socially relevant issues and works together with various charitable institutions and NGOs working for social emancipation. The Company also supports some educational institutions for augmentation of their infrastructure with a view to providing more congenial atmosphere for education.

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 Exchanges, a Management Discussion and Analysis, Corporate Governance Report, Managing Director's and Auditors' Certificate regarding compliance of conditions of Corporate Governance form a part of this Report.

A Code of Conduct, as applicable to the Board Members and Senior Management personnel has been adopted and practiced is available on the Company's website at www.dpscl.com.

DIRECTOR'S RESPONSIBILITY :

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors, based on the representations received from the Management, confirm that:

- (i) annual accounts have been prepared in consonance with the applicable accounting standards with proper explanations relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and on the basis of judgments 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, 2009 and of the Profit of the Company for the year ended on that date ;
- (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 M K Choudhuri retires from the Board by rotation and being eligible, offers himself for reappointment.

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 per the certificate furnished by them) regarding their eligibility for re-appointment for the financial year ending 31st March 2010 as the Auditors of the Company.

COST AUDITOR :

M/s. A Bhattacharya & Associates, Cost Accountants, pursuant to the direction of the Central Government, Govt. of India, was appointed as Cost Auditor of the Company for conducting cost Audit for generation, transmission and distribution of Electricity business of the Company for the financial year ended 31st March, 2009.

AUDITORS' REPORT :

The observations made in the Auditors' Report are dealt with in Note 2 of Schedule 17 Notes on Accounts which are self-explanatory and hence do not require any further clarification.

ACKNOWLEDGEMENT :

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the Hon'ble West Bengal Electricity Regulatory Commission, various Ministries of the Central and State Governments particularly the Power Departments, West Bengal State Electricity Distribution Co. Ltd., Damodar Valley Corporation, Coal India Limited, Eastern Coalfields Limited and Banks.

The Board also keeps on record the valuable contribution of its esteemed consumers in the sustained growth of the Company and takes this opportunity to pledge the Company's commitment to serve them better and better. The Board also like to express its great appreciation of the understanding and support extended by the employees at all levels and its esteemed Shareholders.

On behalf of the Board,
E. I. Thomas
Chairman

Kolkata,
29th July, 2009