Board of Directors

Rama Prasad Goenka, *Chairman*
Sanjiv Goenka, *Vice-Chairman*
Pradip Kumar Khaitan
Brij Mohan Khaitan
Bhagwati Prasad Bajoria
Srinivasan Kothandaraman Vidyanathan Srinivasan *(Nominee of IDBI)*
Ajay Saraf *(Nominee of ICICI Bank)*
Rathindra Kumar Misra *(Nominee of Govt. of West Bengal)*
Sumantra Banerjee, *Managing Director*

Vice President & Company Secretary
Subhasis Mitra

Auditors
Lovelock & Lewes

Solicitors
Khaitan & Co.
Sandersons & Morgans

Registered Office
CESC House
Chowringhee Square
Kolkata 700 001
Telephone : (033) 2225 6040
Facsimile : (033) 2225 5155
E-mail : cesc@cesc.co.in
Website : www.cesc.co.in

Bankers
ABN Amro Bank N.V.
Allahabad Bank
Andhra Bank
Axis Bank Limited
Bank of Baroda
Bank of India
HDFC Bank Limited
ICICI Bank Limited
Industrial Development Bank of India Limited
Indian Overseas Bank
Punjab National Bank
Standard Chartered Bank
State Bank of India
UCO Bank
Union Bank of India
United Bank of India
YES Bank Limited

Contents

Cover

Vidyasagar Setu at her bedazzling best.
Photo : Krishnendu Sar
Deputy Manager, Southern Generating Station

Notice to Members

Notice is hereby given that the Thirty-second 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, 23 July 2010 at 10.30 A.M. for the following purposes :

1. To receive and consider the Profit & Loss Account for the year ended 31 March 2010, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
2. To declare Dividend.
3. To appoint a Director in place of Mr. B. P. Bajoria 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, be and they are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 26,00,000/- payable in two equal instalments plus service tax and reimbursement of out-of-pocket expenses”.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Resolution :

6. **AS AN ORDINARY RESOLUTION**

   "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and / or charging by the Board of Directors of the Company ("the Board") of all the immovable and movable properties of the Company, wheresoever situate, present and future, in favour of :

   (a) Bank of Baroda (BoB) for its term loan of Rs. 125 crore;

   (b) IDBI Bank Limited (IDBI) for its term loan of Rs. 100 crore;

   (c) Indian Bank (IB) for its term loan of Rs. 50 crore;

   (d) Infrastructure Development Finance Company Limited (IDFC) for its term loan of Rs. 150 crore;

   (e) Punjab and Sind Bank (PSB) for its term loan of Rs. 100 crore;

   (f) Standard Chartered Bank (SCB) for its foreign currency loan of US $ 35 million; and

   (g) BoB, HDFC Bank Limited (HDFC), Indian Overseas Bank (IOB), SCB and YES Bank Limited (YBL) for their respective incremental shares of Rs. 32.60 crore, Rs. 33 crore, Rs. 7.43 crore, Rs. 17 crore and Rs. 10 crore in the working capital facilities extended to the Company by the consortium of Banks

   to secure the said Term Loans and working capital facilities together with interests, charges, expenses, front-end fees and all other monies payable by the Company to BoB, IDBI, IB, IDFC, PSB, SCB (collectively referred to as “the said Lenders”) and BoB, HDFC, IOB, SCB and YBL (collectively referred to as “the said working capital bankers”) in terms of their respective Letters of Sanction, Loan Agreements, Facility Agreements, Hypothecation Agreements, Joint Consortium Agreements or any other Agreement or any amendment thereto entered / to be entered into by the Company with all or any of the said Lenders and the said working capital bankers so that the mortgage and / or charge may be created by the Company 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 Lenders and the said working capital bankers.

   AND FURTHER THAT the Board be and is hereby authorised to finalise and execute with all or any of the said Lenders and the said working capital bankers all such deeds and documents for creating the aforesaid mortgage and / or charge and to do all such acts, deeds and things as may be deemed necessary for giving effect to the aforesaid Resolution.”

   The Register of Members of the Company at Kolkata will remain closed from 10 July 2010 to 23 July 2010, both days inclusive.

Registered Office :	By Order of the Board
CESC House	
Chowringhee Square	
Kolkata - 700 001.	Subhasis Mitra
21 June, 2010	*Vice President & 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 item of Special Business under item 6 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 9 July 2010.
4. Members holding shares in physical form may intimate the Company necessary particulars for ECS / NECS credit of the dividend directly to their bank accounts wherever ECS / 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 and send the filled in Form to the Secretarial Department of the Company latest by 9 July 2010. In respect of the shareholdings in demat form, any change in the Bank particulars should be intimated to the Depository Participants immediately so that the changed particulars may be used for dividend payment.

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

MR B. P. BAJORIA, 80 years of age, is a well known industrialist based at Kolkata. He is on the Board of Directors of CESC since 1995 and is Chairman of its Audit Committee and a member of the Remuneration Committee.

Mr. Bajoria is a non-executive director of various companies including IFGL Refractories Limited, Spencer's Retail Limited, Texmaco Limited (also member of its Audit Committee) and Kesoram Industries Limited (also Chairman of Share Transfer and Finance Committee and Remuneration Committee and member of Shareholders / Investors' Grievances Committee).

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

MR. P. K. KHAITAN, 69 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 organisations. He is on the Board of Directors of CESC since 1992 and is Chairman of its Remuneration Committee and member of Finance & Forex Committee.

Mr. Khaitan is the Chairman of Dalmia Cement (Bharat) Limited, Electrosteel Castings Limited, OCL India Limited and South Asian Petrochem Limited (also member of Remuneration Committee). He is a Director of 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), Hindusthan Motors Limited (also member of Executive Committee, Investors' Grievances Committee and Remuneration Committee) India Glycols Limited, Suzlon Energy Limited (also member of Audit Committee, Remuneration Committee and Investor Relations Committee), TCPL Packaging Limited, Visa Steel Limited (also member of Remuneration Committee, Finance & Banking Committee and Selection Committee), Emaar MGF Land Limited (also member of Shareholders and Investors' Grievance Committee), Pilani Investment & Industries Corporation Limited (also member of Audit Committee), Woodlands Medical Centre Limited and Egyptian Indian Polyester Company SAE, a foreign company.

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM OF SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE THIRTY-SECOND ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON 23 JULY, 2010

Item No. 6

In order to finance a part of its capital expenditure requirements including those relating to the project for evacuation of power for the Company's 250 MW new unit at Budge Budge, the Company has availed of the following financial assistance:

Name of Bank / Institution	Amount of Loan
Bank of Baroda (BoB)	Rs.125 crore
IDBI Bank Limited (IDBI)	Rs. 100 crore
Indian Bank (IB)	Rs. 50 crore
Infrastructure Development Finance Company Limited (IDFC)	Rs. 150 crore
Punjab and Sind Bank (PSB)	Rs. 100 crore
Standard Chartered Bank (SCB)	US $ 35 million

(BoB, IDBI, IB, IDFC, PSB, and SCB are hereinafter collectively referred to as 'the said lenders').

In addition, the following Banks have increased their working capital exposures to the Company by the amounts mentioned against them:

Name of the Bank	Incremental amount
BoB	Rs. 32.60 crore
HDFC Bank Limited (HDFC)	Rs. 33 crore
Indian Overseas Bank (IOB)	Rs. 7.43 crore
SCB	Rs. 17 crore
YES Bank Limited (YBL)	Rs. 10 crore

(BoB, HDFC, IOB, SCB and YBL are hereinafter collectively referred to as 'the said working capital bankers').

The above loans and the working capital facilities, in terms of their respective terms of sanctions, are required to be secured by mortgage / charge over the Company's immovable and movable properties in the form and manner required by the said lenders and the said working capital bankers.

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.

Registered Office :	By Order of the Board
CESC House	
Chowringhee Square	
Kolkata - 700 001.	Subhasis Mitra
21 June, 2010	Vice President & Company Secretary

Chairman's Letter

Dear Shareholder,

In 2008-09, there was a fear that the world would be in for a long recession - one that was to painfully stretch for more than a year. Thankfully, it hasn't happened. Since July-September 2009, the USA has posted three successive quarters of positive GDP growth, and has come out of the trough. Much more spectacular has been China's progress. It not only grew by 8.7% in 2009, but has shown double-digit growth over the last two quarters. Experts believe that it will grow by anywhere between 9.5% and 10.5% in 2010. India, too, has done very well. After growing by 6.7% in 2008-09, it has upped its growth to 7.4% in 2009-10, and is expected to grow by 8.5% or thereabout in 2010-11. Indeed, led by China, India and Indonesia, Asia proved that it had the mettle to shrug off the worst global growth threat since the Great Depression of 1930s.

In a sentence: the country is back on to its higher growth path.

Your Company has also grown, not just in financial numbers and profitability, but also in scope and size. For the year ended 31 March 2010, CESC's net sales were Rs. 3,293 crore - which was 8.6% over the previous year. Earnings before depreciation and taxation (EBDT) grew by 13.7% to reach Rs. 728 crore. Profit after taxes increased by 5.8% to Rs. 433 crore.

These figures reflect the initiatives and efforts that your Company has put in over a period of time to improve its capacities and performance efficiencies. Let me give you an example.

In February 2006, recognising the need for increased power generation, your Company had started a project to install a new 250 MW unit at Budge Budge, near Kolkata. During its execution, the project faced considerable challenges - a densely populated area, extremely strict environmental norms, difficulties in putting through the evacuation and transmission system, to name a few. Despite these challenges, the unit went into commercial operation on 28 February 2010. And, in the first month of operations, it achieved a plant load factor of over 85% - which is usually unheard of under normal circumstances. This project has led to CESC increasing its generation capacity by over 25% from 975 MW to 1,225 MW.

Your Company's operating efficiencies are among the best in the business; so are the measures adopted to surpass stipulated environment norms and safety standards. During 2009-10, your Company has earned recognition from the UNFCCC for its Clean Development Mechanism (CDM) status. This is the first such achievement by any coal based thermal power station in the world. Titagarh won a national award for 'Excellence in Water Management' instituted by the CII Godrej Green Business Centre; and recognising Southern's safety management practices, the Greentech Foundation has awarded it the Silver Award in 2010.

The Kolkata licensed area witnesses sharp peaks and troughs in power demand, depending on seasons and the time of day. Peak power demand is as high as 1,660 MW; while during 'lean demand' times, it drops to as low as 380 MW. To address peak demand needs and augment its own generation capacities, your Company has had to purchase whatever power was available, often at high costs.

With India's GDP predicted to grow by 8.5% in 2010-11, and higher still thereafter, I see a greater need for power across India. Your Company, through its subsidiaries, has undertaken power generation initiatives that would address some of these needs - not just in Kolkata but in West Bengal and other states. When these fructify, they would not only reduce the gap between power demand and supply, but also generate considerable stakeholder value. I am confident that, in the near future, the growth, profitability and service delivery capabilities of your Company will continue to increase.

I would like to take this opportunity to thank all consumers, employees, associates, regulatory authorities, state government and suppliers for their unstinted efforts in making your Company one of the best in the power generation and distribution sphere. And to you for your loyalty and support as a shareholder.

21 June, 2010

Dr. R P Goenka

Directors' Report

The Directors have pleasure in presenting the Annual Report and Audited Accounts of CESC Limited for the year ended 31 March 2010.

Financial Results *(Rs. Crores)*

Particulars	**2009-10**	**2008-09**
Earnings from Sale of Electricity	3292.84	3,031.32
Other Income	156.20	170.02
Total Income	**3,449.04**	**3,201.34**
Profit before Depreciation & Taxation	727.69	639.77
Depreciation	(205.64)	(174.90)
Taxation	(88.75)	(55.18)
Profit before transfer to Reserves	**433.30**	**409.69**
Profit brought forward from previous year	**125.91**	**135.14**
Reserve for unforeseen exigencies	(17.38)	(15.58)
General Reserve	(350.00)	(350.00)
Proposed Dividend @ Rs. 4 per Equity Share & tax thereon	(58.27)	(58.47)
Leaving a balance carried forward	133.56	**125.91**

Performance Overview

During the year under review, the Company's earnings from sale of electricity increased by 8.6% over last year to reach Rs. 3,292.8 crore - the overall increase in total income was 7.7% (from Rs. 3,201.3 crore in 2008-09 to Rs. 3449.04 crore in 2009-10). Profit before depreciation and taxation (PBDT) reflected a year-on-year increase of 13.7%. After providing for depreciation of Rs. 205.6 crore and taxation of Rs. 88.8 crore, the profit after taxes (PAT) for 2009-10 stands at Rs. 433.3 crore, which reflects a 5.8% increase over the PAT figure of the previous year amounting Rs. 409.7 crore.

A detailed review of the operations for the year ended 31 March 2010 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 2010 at the rate of Rs. 4 per share on the paid-up equity share capital as on that date. 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 9 July 2010. No tax on the said dividend will be payable by the shareholders - as required, the Company will pay appropriate tax thereon.

Subsidiaries

As on 31 March 2010, CESC had eight subsidiaries: Spencer's Retail Limited and its two subsidiaries (Au Bon Pain Cafe India Limited and Music World Retail Limited); CESC Properties Limited and its wholly owned subsidiary - Metromark Green Commodities Private Limited, Haldia Energy Limited and its wholly owned subsidiary, Dhariwal Infrastructure Limited, and Nalanda Power Company Limited. The details of operations of these subsidiaries are given in the section 'Subsidiaries' in the Management Discussion & Analysis.

In accordance with the exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, ('the Act') the accounts of the above subsidiaries for the year 2009-10 and the related detailed information will be made available to the holding and subsidiary companies investors 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 investor in 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 2009-10 form part of the Annual Report and Accounts.

Projects

The third unit of 250 MW at Budge Budge Generating Station was commissioned in February 2010, together with an associated power evacuation system comprising 89 Km of 220 kV double circuit transmission lines. Simultaneously, the 220 kV Eastern Metropolitan Substation with three 160 MVA, 220/132/33 kV transformers was also commissioned.

Haldia Energy Limited, a subsidiary of your Company, is in the process of setting up a 2 X 300 MW coal fired thermal power plant at Haldia. Substantial land acquisition has been completed for the first phase of the project; also, the required clearances for the project (including environmental clearances) have been obtained. The Ministry of Coal has awarded the coal linkages for the proposed power plant. Site preparation activities are now in progress.

Another subsidiary of your Company, Nalanda Power Company Limited, has signed a Memorandum of Understanding with the Bihar State Electricity Board to develop a 2,000 MW power project at Pirpainti Anchal, District Bhagalpur, in two phases of 1,000 MW each. Preliminary approvals for this project have been received and the company has filed applications for the requisite approvals and clearances.

Dhariwal Infrastructure Limited, a wholly owned subsidiary of Haldia Energy Limited, a subsidiary of the Company, is in the process of setting up a 2 X 300 MW coal fired thermal power plant near Chandrapur (Maharashtra). Dhariwal Infrastructure has already acquired land for the plant, as well as all statutory clearances, including environmental clearance from the Ministry of Environment and Forests, as well as the Water Availability Certificate from Water Resources Department, Government of Maharashtra. The company also has the necessary coal linkages for the entire project from South Eastern Coalfields Limited (SECL). As on date, the company is involved in various pre-construction activities, viz. acquiring land for the railway corridor, site enabling activities and installation of construction power and water facilities. The company has also issued a Letter of Intent for the engineering, procurement and commissioning (EPC) of the complete 'balance of plant' systems on a key vendor.

A write-up on your Company's ongoing projects can be read in the 'Projects' section and the 'Subsidiaries' section of the accompanying Management Discussion & Analysis.

Awards

During the year, your Company won the following awards :

1. The Company has earned recognition from the United Nations Framework Convention on Climate Change (UNFCCC) for its Clean Development Mechanism (CDM) status.
2. Titagarh Generating Station's water conservation and recycling measures were recognised by external experts: the station was adjudged as 'Water Efficient Unit' in the National Award on Excellence in Water Management, 2009, conducted by CII Godrej GBC.
3. In recognition of its safety record and initiatives, Southern Generating Station was awarded with 'Greentech Silver Award for Safety - 2010' organised by Greentech Foundation.

Directors

In terms of provisions of Section 256, read with Section 255 of the Act and Article 102 of the Articles of Association of the Company, Mr. B. P. Bajoria and Mr. P. K. Khaitan, Directors, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The necessary resolutions for obtaining approval of the Members have been incorporated in the notice of the forthcoming Annual General Meeting. The requisite disclosure regarding the re-appointment of the above Directors has been made in the Report of Corporate Governance which forms part of the Directors' Report.

Mr. R. K. Misra was appointed by the Government of West Bengal as its nominee in place of Mr. B. K. Paul, effective 12 January, 2010. The Board places on record its appreciation of the valuable contribution made by Mr. Paul during his tenure as a Director.

Listing

The equity shares of your Company continue to be listed at the Bombay Stock Exchange (BSE), the National Stock Exchange (NSE), the Calcutta Stock Exchange (CSE) and the London Stock Exchange.

The Company has paid the requisite listing fee to the Stock Exchanges upto the financial year 2010-11.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Act, your Directors hereby state and confirm that :

i) in the preparation of annual accounts for the financial year ended 31 March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the profit for the period from 1 April 2009 to 31 March 2010;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the annual accounts for the financial year ended 31 March 2010 have been prepared on a going concern basis.

Promoter Group

Pursuant to intimation from the Promoters, the names of the Promoters and entities constituting 'group' are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Corporate Governance

A report on Management Discussion and Analysis is also attached herewith (Annexure - 'A'). A separate Report on Corporate Governance (Annexure 'B'), along with Additional Shareholder Information (Annexure 'C'), as prescribed under the Listing Agreement with the Stock Exchanges, are annexed as a part of this Report along with the Auditor's Certificate.

Fixed Deposits

Your Company has not accepted any deposits within the meaning of Section 58A of the Act and, as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet. 699 deposits aggregating Rs. 1.07 crore remained unclaimed as on 31 March 2010.

Auditors

Messrs. Lovelock & Lewes, Chartered Accountants, Statutory Auditors of the Company hold office till the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received a letter from the Statutory Auditors to the effect that their reappointment, if made at the forthcoming Annual General Meeting, would be within the limits prescribed under Section 224 (1B) of the Act.

Cost Audit

Messrs. Shome & Banerjee, Cost Accountants, were reappointed to conduct the audit of the cost accounting records of the Company for the year under review.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The information relating to conservation of energy, research & development, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'D', forming part of this Report.

Particulars of Employees

The information as required in accordance with Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in an annexure to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and the Accounts are being sent to all the Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company. The said information is also available for inspection at the Registered Office during working hours up to the date of the Annual General Meeting.

Industrial Relations

A detailed section on your Company's Human Resource initiatives is attached in the Management Discussion & Analysis. During the year under review, industrial relations in your Company continued to be cordial.

Acknowledgement

The Board wishes to place on record its sincere appreciation for the continued assistance and support extended to your Company by its consumers, banks, vendors, Government authorities and employees.

Your Directors are also grateful for your continued support and encouragement.

On behalf of the Board of Directors

R. P. Goenka

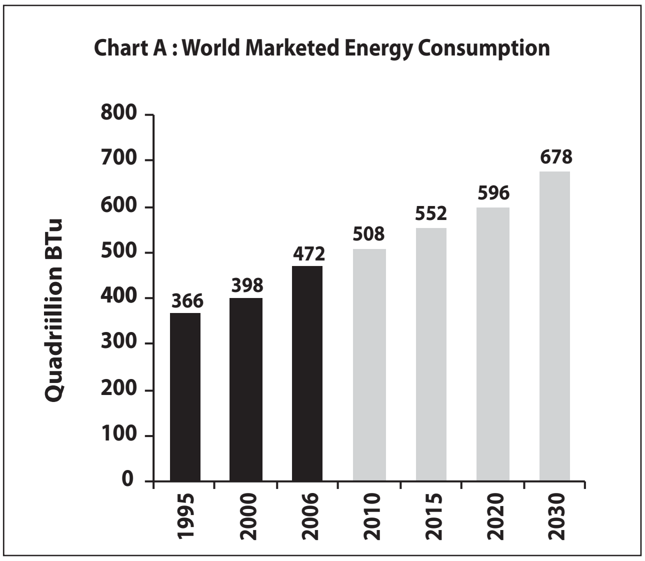
Kolkata, 21 June, 2010

Chairman

ECONOMIC OVERVIEW

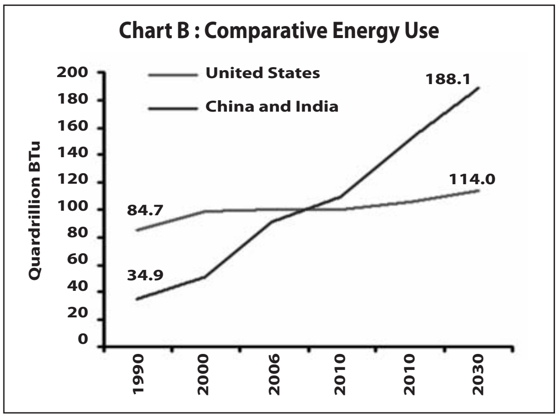
Global Energy Outlook

Year 2009 witnessed a fall in global energy use - for the first time since 1981. This was in no small measure due to the economic crisis that lasted from the second half of 2008 till the third quarter of 2009. But as the world started climbing from the recessionary trough, albeit at differing rates, energy consumption is again growing. Despite a sharp fall in 2009 (preliminary estimates indicate a de-growth of upto 2%), world primary energy demand is projected to grow by 1.5% per annum from 2007 to reach 678 Quadrillion BTu (Chart A).



Source : Energy Information Administration

The U.S. energy market, which is the biggest in the world, continued to reflect the impact of the economic slowdown - falling by 3% in 2009 on the back of a 1% fall in 2008. On the other hand, energy needs for emerging economies, especially China and India, is growing at an accelerated pace as future industrial and economic growth emanates from this region (Chart B). China and India are now the primary drivers of global energy needs, and are expected to account for over half the incremental energy demand between now and 2030.



Source : Energy Information Administration

Fossil fuels remain the dominant source of energy, contributing to more than three-quarters of energy generation. Though natural gas has become the fastest growing fossil fuel energy source, coal is still the fuel of choice, contributing to 41% of global energy needs. Coal is expected to see the biggest increase in demand as heavily coal dependent China and India power ahead in terms of industrial growth and electricity generation. Globally, 4,800 gigawatts (GW) of power generation capacity are expected to be added by 2030 - most of which will be coal fired. As a result, coal's share as a primary energy source is expected to rise to 44%.

This growth in energy demand has consequential effects in terms of carbon dioxide (CO_2) emissions. CO_2 emissions are expected to rise from a level of 20.9 gigatonnes (Gt) in 1990 to 40.2 Gt in 2030 - an average annual rate of growth of 1.5%. To combat this, using cleaner coal technology, improving end-use efficiency, creating better and more efficient generation and distribution infrastructure are primary areas of concern.[1]

India's Power Scenario

India is the world's fifth largest generator of power with an installed capacity of 159 GW[2]. Fossil fuels are the primary source of energy for 64.3% of this generation; among fossil fuels, coal has 82.2% share, i.e. approximately 84.2 GW of power generation in India uses coal as the energy source. Hydro-electricity is India's second largest source for power, contributing 23.1% (36.8 GW) of the total power mix. Though nuclear power has started gaining ground as an alternative fuel source, barely 4,560 MW of nuclear power is generated - contributing 2.9% to India's total power generation (see Table 1).

Table 1 : Power Generation in India: 2009-10: By Fuel Source

Fuel	MW	% share
Coal	84,198.38	52.8%
Gas	17,055.85	10.7%
Diesel	1,199.75	0.8%
Thermal	**102,453.98**	**64.3%**
Nuclear	4,560.00	2.9%
Hydro	36,863.40	23.1%
Others	15,521.11	9.7%
Total	**159,398.49**	**100.00%**

Source : Central Electricity Authority, March 2010

India's per capita annual power consumption, at 704 kWh, however, compares unfavourably with other developed and emerging economies. The US leads per capita consumption at

[1] *Sources : Energy Information Administration, US Department of Energy, Energy Outlook 2009; International Energy Agency, World Energy Outlook, 2009*

[2] *Source : Ministry of Power website : for generation figures*

around 15,000 kWh; China (with a population greater than India) has a consumption of around 1,800 kWh - approximately two and a half times that of India[3] .

During the period April 2009 to March 2010, the all-India peak demand for power was 119,166 MW of power - whereas the actual power met was 104,009 MW - a shortfall of 12.7%. This all-India average, however, hides glaring fluctuations within regions (Table 2).

Table 2 : Power Demand and Deficit : 2009-10

Region	Peak Demand (MW)	Peak Met (MW)	Deficit	Deficit %
Northern	37,159	31,439	(5,720)	(15.4%)
Western	39,609	32,586	(7,023)	(17.7%)
Southern	32,178	29,049	(3,129)	(9.7%)
Eastern	13,220	12,384	(836)	(6.3%)
North-Eastern	1,760	1,445	(315)	(17.9%)
All India	**119,166**	**104,009**	**(15,157)**	**(12.7%)**

Sources : Ministry of Power; Central Electricity Authority

In India, transmission of power is done generally through transmission lines of 132 kV,220 kV, 400 kV, 765kV AC and ± 500 kV HVDC. With a view to augment transmission capacity, the Ministry of Power plans to set up a National Power Grid by 2012, with approximately 200,000 MW of generation capacity and consequent increases in transmission capacity.[3] In 2009-10, the target was to augment the transmission network by a further 17,573 circuit kilometres (ckm); however, a total of 13,721 ckm was achieved (Table 3).

Table 3 : Transmission Lines in Circuit Kilometres : 2009-10

Transmission Lines	Target	Achieved
220 kV	7,113	5,139
400 kV	9,548	7,857
500 kV HVDC	280	280
765 kV	632	445
Total	**17,573**	**13,721**

Source : Ministry of Power

If India is to achieve double digit growth over the next few years, ramping up India's power infrastructure is of utmost importance. According to CRISIL Research estimates, about Rs. 750,000 crore is likely to be invested in the power sector by 2013-14, of which Rs. 480,000 crore is expected to be invested in power generation. This quantum of investment can only take place with large scale private sector participation in this business. It is expected that nearly half of these investments would have to emanate from private power players, thus giving rise to new opportunities for growth[4] .

Operations

CESC Limited ('CESC' or 'the Company) operates across 567 sq. km. of licensed area in Kolkata. To supply power to the licensed area, CESC operates four generating stations: Budge Budge, Southern, Titagarh and New Cossipore, which cumulatively generate 1,225 MW. Three of these stations (Budge Budge, Southern and Titagarh) use pulverised fuel (PF) as the primary energy source.

Demand for power across the licensed area is quite variable and depends upon the time of day or night and the season. Demand during peak periods can be as high as 1,660 MW; during the lean period, it drops to as low as 380 MW. During peak demand, CESC in addition to its own generation, also purchases power from the state and national power grid; conversely, during the lean period, CESC exports surplus production, when possible.

CESC puts best effort for maximisation of own generation to supply the customer uninterrupted, reliable and cost effective power. In spite of the different age, capacity and technologies of the four generating stations, CESC has excelled to achieve the best possible results, some of which are nationally and internationally benchmarked.

Generation

Table 4 gives the details of installed capacity, generation and plant load factor (PLF) for the year 2009-10 for the three pulverised fuel plants.

Table 4 : Details of CESC's generating stations for 2009-10

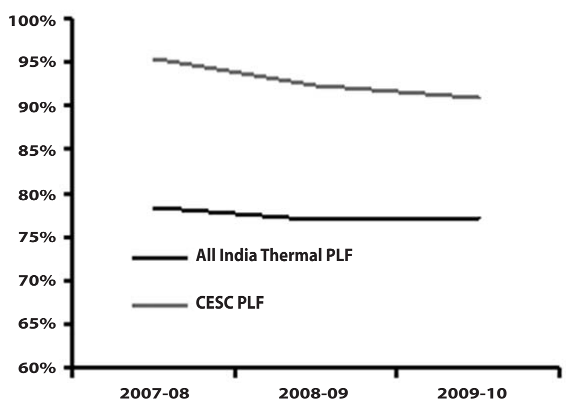
Generating Stations	Installed Capacity (MW)		Generation (MU)		Plant Load Factor (PLF): %	
	FY 2009-10	FY 2008-09	FY 2009-10	FY 2008-09	FY 2009-10	FY 2008-09
Budge Budge	3*250 MW	2*250 MW	4,286	4,403	93.75%	100.53%
Titagarh	4*60 MW	4*60 MW	1,889	1,934	89.84%	91.98%
Southern	2*67.5 MW	2*67.5 MW	1,102	1,119	93.15%	94.62%

Note : Budge Budge's 3rd unit was commissioned on 28 February 2010; hence, its effect is seen only for one month in FY 2009-10

[3] *Source : KPMG : Power Sector in India : White paper on Implementation : Challenges and Opportunities, Jan 2010*
[4] *Source : CRISIL Research : Power Annual Review - Opinion; Aug 2009; quoted in KPMG White Paper*

Output from a power plant is measured by Plant Load Factor (PLF) which is the ratio of actual power produced to the maximum power producing capacity. CESC's composite Plant Load Factor (PLF) of the three PF plants was 92.61% for 2009-10 - well above the national average (see Chart C). To achieve this high PLF the company has taken various steps and measures like full utilisation of designed limit, benchmarking with top in class power plants, integrated operation and maintenance planning and exploring the fullest export opportunity.

Chart C : Plant Load Factor : CESC vs. All India



Budge Budge

Budge Budge is CESC's newest power generation plant; with two units of 250 MW each being a little over a decade old. In order to reduce the Company's dependence on purchased power to meet the licensed area's demand, CESC had gone in for adding a third 250 MW unit at Budge Budge. Work on this unit commenced in the year 2006 and on 28 February 2010, the third unit started commercial generation. During the year, Budge Budge generated 4,286 MU of power, with a PLF of 93.75% and a Plant Availability Factor (PAF) of 94.62%.

Titagarh

CESC's Titagarh station generated 1,888.8 MU of power during the year, with a PLF of 89.84% and a PAF of 96.38%. That the station could generate these efficiencies in spite of its age (twenty seven years) and that it is fast reaching the end of its effective working life, bears ample testimony to the continuous and rigorous maintenance programmes that CESC conducts.

Southern

Southern generated 1,101.58 MU of power during the year under review, with a PLF of 93.15%. Various energy savings initiatives, regular energy audit, in-house refurbishment / renewal of major energy consuming equipment, adopting industry best practices and other similar measures are being undertaken at Southern.

New Cossipore

The Company's generating station at New Cossipore was established way back in 1950. Yet, the sixty-year station generated 390.4 MU of power during the year, thus extending reliable support to the system during peak hours.

Improvement of Availability

From around 90% overall availability a few years ago, CESC has now improved overall availability to around 95%. This has been made possible - thanks to detailed maintenance planning and through adopting best maintenance practices and techniques.

The entire maintenance planning has been structured : (a) to reduce forced outages; and (b) to reduce the capital overhauling time. To reduce forced outages, CESC has adopted a number of measures. This includes detailed failure analysis of each failure, taking appropriate corrective actions or process modification to eliminate such failure, mean time before failure (MTBF) analysis and benchmarking, time bound action plan, periodic inspection schedules for all units and adopting integrated condition monitoring of dynamic equipment with sophisticated hardware and software. To reduce the time in case of boiler tube leakage failure, the Company has undertaken steps like sliding pressure operation and introducing tackles like sky climbers.

To reduce the capital overhauling time, CESC has introduced a 'round the clock maintenance' regime and modular replacement of components. The time saving technique of forced air cooling system to cool down the turbine in a very short time has also yielded satisfactory results.

Energy Conservation

CESC's generating stations have also excelled in the field of energy conservation. CESC has undertaken technical enhancements, following best practices and implementing recommendations of external energy auditors.

Quality

All PF stations of CESC are ISO 9001:2008 certified in respect of Quality Management Systems. Various quality projects are undertaken and successfully implemented on a regular basis.

Environment Conservation

In CESC, incorporating environment conservation measures is a part of the way the Company does business. Efforts are made all through the year to continue production in environment friendly ways. Today, all PF stations of CESC are ISO 14001:2004 certified in respect of Environmental Management Systems. The Company continuously explores ways and means by which pollutants like Suspended Particulate Matter (SPM) emission from the PF stations can be reduced and maintained well below the prescribed limits. In the sixty year old New Cossipore Generating Station, Wet Electrostatic Precipitators (ESPs) have been installed in order to reduce the SPM level - the first of its kind in any power plant in the world.

All three PF stations have sustained 'zero effluent discharge' status with 100% recycling of effluents, thus ensuring that 'not a single drop of effluent flows out from the station' - a first of its kind in India. In Titagarh, a 'root zone treatment system' has been installed for treatment of sewage, which recycles the effluent water back into the system.

CESC's environment friendly status was acknowledged by Greentech Foundation. Titagarh also won a national award for 'Excellence in Water Management' instituted by the CII Godrej Green Business Centre. As a Company, CESC has earned recognition from the UNFCCC for its CDM status. This is the first such achievement by any coal based TPS in the world.

Ash is another area of environmental concern, all the more so given the high ash content of Indian coal. Since 2000, CESC has achieved 100% utilisation of ash in an environmental friendly manner. The ash is utilised for manufacturing Portland Puzzolana (PP) cement, fly ash bricks, blocks and similar products. Also, some of the fly ash is exported to Bangladesh by barge for their cement industries. Budge Budge was awarded the National Award for meritorious performance under 'Environmental Management' Category by the Ministry of Power for outstanding performance during 2008-09. This is the first time this award has been initiated at the national level and Budge Budge is the first thermal power station to win this award.

Safety and Health

CESC maintains the best industrial safe practices across the generating stations. All the PF stations are OHSAS 18001: 2007 certified which pertains to occupational health and safety management systems. Accident rates have reduced substantially over the last five years. In addition to following prescribed safe practices, strict safety vigilance, use of personal protective equipment and use of proper tools and tackles, have been made mandatory at the generating stations. Several programmes have also been taken to promote safety awareness among employees, including classroom training, mock drill and demonstration and publishing safety manuals, magazines and audio-visual aids. In recognition of its safety management practices, Southern has won the Silver Award in 2010 from the Greentech Foundation.

Ensuring occupational health is also a high priority area for CESC's operations. As part of the occupational health initiatives, immunisation has been done for all employees and contracted workmen, routine blood tests are carried out for all employees, as are special tests, such as for vertigo, eyesight and audiometry. Training on occupational health, Cardio Pulmunary Resuscitation and on first-aid are imparted from time to time as well.

Distribution

CESC's customer profile reflects a growing system demand, a need for consistently high quality supply and increase in customer base. Coupled with a need to replace plant and equipment of older vintage, this has necessitated CESC in undertaking a number of new investments during the year to strengthen its distribution network. These investments have been made with the objectives of providing new connections, enhancing the quality and security of supply, reducing downtime and overloads.

The lines for evacuating power from the new third unit of Budge Budge generating station to Eastern Metropolitan substation was commissioned in 2009-10. About 89 Km of 220 kV double circuit lines were laid; 3.5 Kms of the lines are underground and the balance overhead. Executing this project posed significant challenges: mainly in terms of acquiring 'right of way' for setting up the towers for the overhead lines and getting space for laying underground cables (See Box: Budge Budge Third Unit: A Success Story).

Apart from the above, the Company undertook several projects in 2009-10, in order to enhance and upgrade its distribution network. Significant among them were the following :

- The plant capacity at the East Kolkata substation was augmented by an additional 75 MVA 132/33 kV transformer.
- Three new distribution stations were commissioned and the plant capacities at ten others were increased. This has added 170.5 MVA transformer capacity in the 33 kV distribution network. A further 137.3 MVA transformer capacity has been added to the Low Tension (LT) distribution network by commissioning 377 new MVAC sources and capacity increases in the existing sources.
- To meet the load growth in the system, the network of underground cables across the licensed area was increased: by 14.26 ckm at 132 kV, 20.5 ckm at 33 kV and 321 ckm at 11/6 kV. Simultaneously, the MVAC distribution network was extended by 357.5 ckm comprising of underground and overhead lines.
- Some of the 33 kV gas filled cables were replaced by new cross-linked polyethylene (XLPE) cables.
- In the 11/6 kV network, substantial work was done. 965 Gas Insulated Ring Main Units were installed, along with new switchgear. Existing switchboards were also extended along with replacement of old circuit breakers at different voltage levels.
- To relieve loading on the network and to enhance the voltage profile, 75 Mega Volt Ampere Reactive (MVAR) power capacitors at 33 kV level have also been installed.
- SCADA and RMU automation systems have been commissioned and the communication and networking facilities have been enhanced in order to improve consumer experience.
- To enhance efficiency at the point of delivery to the consumer, a total of 174,504 meters were installed, either as new connections or as replacements; 15,355 house service connections were also installed to take care of new supplies and additional loads.

Over a period of time, CESC intends to continue upgrading its distribution network through a number of measures. Some of these measures are as follows :

- ✦ Replacement of obsolete bulk oil switchboards.
- ✦ Bringing in power to northern belt of operating area by laying 220 kV underground cable circuit.
- ✦ Installation of about 100 MVAR HV/ EHV capacitor banks.
- ✦ Setting up a new 132/33 kV Substation at Patuli and increasing transformation capacity at selected substations.
- ✦ Introducing 33 kV Gas Insulated Switchgear (GIS) at strategic distribution stations to enhance network reliability.
- ✦ Continued replacement of old electromechanical meters of Low Tension AC (LTAC)/ MVAC consumers by superior quality electronic meters.

CESC has engaged Singapore Power, one of the world's best power utilities, to help in implementing best-in-class maintenance practices for its distribution assets. The engagement also visualises a ten-year strategic plan for network development that would cope with the growing system demand, improve upon quality benchmarks and blueprint the replacement of old and ageing equipment upto the 132/33 kV substation level.

Energy conservation and reduction of losses in the distribution network is a key area of focus for all power utilities. This is true for CESC as well. During 2009-10, a number of measures were adopted that contributed to the ongoing efforts to reduce ATC losses and increase energy conservation. Some of the more noteworthy ones are as follows :

- ✦ A total of 75 MVAR shunt capacitors were added during the year to maximise reactive power compensation.
- ✦ Underground cables were standardised at a higher rating - 1000 mm^2 at 33 kV and 300 mm^2 at 6/11 kV. At the same time, substation plant capacities are being augmented, and a programme is in place for laying new underground and overhead lines.
- ✦ During the year, medium and low voltage consumers were progressively changed over from DC supply to AC supply: this will be an ongoing process till the programme is completed.
- ✦ Distribution lines and transformers are being progressively upgraded from 6 kV to 11 kV in order to minimise losses. During the year, 84 such transformers, representing approximately 34 MVA, were upgraded.
- ✦ Energy Audit at Testing Department and other premises were carried out by accredited energy auditors to assess and identify the potential areas of energy saving.

The impact of these ongoing measures is apparent. CESC's ATC losses compare favourably with the best in the industry and are significantly lower than the national average. With the Company focusing on these measures, not just for one year but a significant period of time, it is expected that the distribution network will be able to deliver high quality, reliable supply of power, while simultaneously enhancing safety and operational simplicity, thus creating customer delight.

New Projects

During the previous year's Management Discussion & Analysis, mention was made of the third 250 MW unit that the Company was setting up at Budge Budge in order to address the growing power demand from its licensed area. The third unit was commissioned on 28 February 2010, together with an associated power evacuation system comprising 89 Km of 220 kV double circuit lines, of which 3.5 Km are underground and the balance are overhead. At the same time, the state of the art 220 kV Eastern Metropolitan Substation with three 160 MVA, 220/132/33 kV transformers were also commissioned. This substation now is the prime synchronisation point between CESC and WBSEDCL and also is the largest import point.

In addition to this landmark project, CESC is also undertaking a number of other smaller but important projects in order to increase power availability and quality through its licensed area. Among them, the significant ones are the following :

- ✦ Building a new Receiving Station for connecting with WBSETCL Rishra Substation. This is being done to import additional power and thus maintain reliability and security of supply in the western part of the licensed area as well as to augment the power available at Titagarh area.
- ✦ Building new 132/33 kV Substations at B.T. Road and Dum Dum - these would improve the network and supply reliability in these areas.
- ✦ To facilitate additional power flow with greater reliability, network augmentation and reorganisation of connectivity to other load centre substations from the new Eastern Metropolitan substation are ongoing as per plan. During the year, connectivity was also enhanced by the commissioning of the 132 kV 160 MVA underground cable circuit between Eastern Metropolitan substation and East Kolkata substation and Eastern Metropolitan substation and Princep Street Receiving Station.
- ✦ Additionally, another 132 kV 160 MVA underground cable circuit is being laid between Eastern Metropolitan substation and Princep Street Receiving Station via Park Lane substation.

Haldia Energy Limited (HEL) is a subsidiary of CESC. During the year, HEL acquired 100% shareholding of Dhariwal Infrastructure Limited (DIL). DIL is in the process of setting up 2 X 300 MW coal fired thermal power plant at Chandrapur (Maharashtra).Land has already been acquired for the plant and the ash pond site; necessary statutory clearances have been obtained, including environmental clearance from Ministry of Environment and Forest and Water Availability Certificate for the project from Water Resources Department of the Government of Maharashtra. Coal linkages for the entire project have been established with South Eastern Coalfields Limited (SECL). DIL is currently acquiring land for the railway corridor; simultaneously, site preparation activities are also being carried out, such as land grading and levelling, installing construction power and water facilities, etc. The company has also issued a Letter of Intent for the engineering, procurement and commissioning (EPC) of the complete 'balance of plant' systems on a key vendor.

In addition to the Chandrapur project through DIL, HEL is also executing a 2 X 300 MW coal fired thermal power project at Haldia in West Bengal. All requisite clearances, including environmental clearances have been obtained; coal linkages have also been secured, the land needed for Phase I of the project has been largely acquired.

Nalanda Power Company Ltd. (Nalanda), another subsidiary of CESC, has signed an MOU with the Bihar State Electricity Board (BSEB) for development of a 2,000 MW power project in Bhagalpur district of Bihar, in two phases of 1,000 MW each. The pre-feasibility report has been submitted to the Ministry of Environment and Forests and Prior Environmental Clearance has been received. Nalanda is now conducting Environmental Impact Assessment (EIA) studies and the land acquisition process is in progress. Approvals from the State Water Department for water intake have been approved and long-term coal linkages are in the process of being tied up.

BUDGE BUDGE THIRD UNIT : A SUCCESS STORY

With the commissioning of the 250 MW third unit at Budge Budge, CESC has increased its in-house generating capacity by over 25% at one stroke. Started in 2006, the project was completed on time, being commissioned on 28 February 2010.

The Budge Budge project faced and overcame several challenges. Environmental stipulations mandated that the cumulative emission outputs of all three units could not exceed the emission norms that were laid down for the first two units – which not only meant that the new third unit would have to be extremely pollution efficient, but also that the two older units would have to perform better than the laid down standards.

Establishing the Eastern Metropolitan substation and laying the lines from the generating station to the substation posed multifarious challenges. Seventy percent of the substation land was hazardous and of poor soil quality; this meant much more than normal soil treatment. The total length of the lines from the generation station to the substation was earlier estimated at 70 Km. Growth of settlements, environment concerns, government regulations and the need to divert the line away from proposed areas of development meant that the effective final length has become nearly 89 Km. Whereas no underground cable laying was envisaged earlier, 3.5 Km of cables had to be laid underground in order to avoid settlements and water bodies. With the final route for the lines deviating even further east, CESC faced massive problems regarding the poor soil quality in which to embed the overhead towers. With the towers being installed in low lying or marshy areas, getting heavy construction machinery proved to be a hugely difficult task. That the substation was put up in eighteen months and the lines successfully laid is testament to the tenacity, grit and capability of the CESC team.

The team at the generation side can also be very proud of their achievements. CESC had taken a conscious decision to use core Operations people as part of the project team. This meant that the operations team were fully synchronised with the project team during the project phase; the main EPC contractors and the project team worked hand in hand to commission the plant. And the result? Over 85% PLF in the first month of operations.

Truly, a success story!

Technology

Condition monitoring of major plant and equipment of distribution network has been adopted as a non-negotiable imperative to predict potential failure in equipment before actual occurrence. This has helped CESC to mitigate damage, significantly reduce downtime and improve reliability of the system network. Condition monitoring is being carried out with latest technology based instruments for measurement of Partial Discharge (PD), Transient Earth Voltage (TEV), ultra-sonic signal detection, infra-red thermo-graphic scanners, application of Sweep Frequency Response analysis and use of shock detection analyser during transport of large transformers.

To monitor the health and potential of joint failure in EHV and HV cables, the Company uses Oscillatory Wave Transmission System (OWTS) measuring techniques. On the HV distribution network, CESC is progressively switching over to Sulphur Hexafluoride (SF6) filled Ring Main Units, thus enabling safe on-load operations and quicker restoration of supply outages.

Technology is also used to enhance service capability to HT customers, who are covered under Automated Meter Reading (AMR) from remote sites, using GSM and GPRS communication networks.

On the generation side, CESC had adopted two new technologies : (a) the Variable Frequency Drive (VFD) and (b) Turbine Forced Air Cooling System. The first controls efficiencies of induction motors operating at low load by controlling the voltage and frequency. The second helps in cooling down a turbine faster - from a normal cooling time of around 96 to 100 hours to around 32 hours - thus saving significant downtime and consequently increasing plant availability.

Human Resources

CESC recognises that its people resources are key enablers for the realisation of its long-term corporate objectives of growth, continuous performance improvement and creating sustainable customer satisfaction. On one hand, the Company's HR strategies are aligned to business processes and corporate objectives, while on the other they also map and plan for individual career and growth aspirations.

In CESC, recruitment planning is structured to factor current people strengths, anticipated attrition and future needs and is based on the Company's long-term business plans. At the same time, the knowledge and developmental needs and competencies of current employees are identified and addressed through structured analysis and training programmes. Learnings are categorised at three levels : (a) Individual Learning; (b) Team Learning; and (c) Organisational Learning. Appropriate programmes are designed and executed based on learning needs. Thus, training and development is not just focused on acquiring and improving upon technical skills; a more holistic approach is adopted, where knowledge, skills, attitude and social behaviour of employees are all part of the 'training and development package'. The objective is that the employee should no longer be a mere executor of instructions but an empowered enabler of business decisions.

The compensation structure at CESC is geared to reflect the performance of employees. For its non-covenanted employees, the Company has executed a Memorandum of Understanding with the employees' union, which covers all parameters of employee remuneration. Compensation for executives are determined through a structured Performance Management System (PMS). To align the PMS to corporate objectives and goals, a Balanced Scorecard model for middle and senior management has been adopted, which is then periodically audited, evaluated and corrected where needed. This transparent and robust methodology has motivated people at all levels to do better.

The leadership team at CESC is actively involved in building the people strength and people qualities of the Company. This involvement takes place at various levels, e.g. leading cross-functional teams, chairing various review meetings, etc. The senior management team also leads the campus recruitment exercise that CESC conducts annually, thus not only identifying the most appropriate talent for induction, but also building 'Brand CESC' at the campus level. This has reaped rich dividends - CESC is today an 'employer of choice' at a number of state institutions, including the Indian Institutes of Technology (IITs). Senior management team members are also actively involved in developing course content and direction for the in-house training and induction programmes of new recruits.

Not only the senior team, but even other employees are empowered to be team leaders, even where senior executives are team members. Cross-Functional Teams (CFTs) drive change management processes within the organisation. The teams deal with issues like customer centricity, talent management, communication strategy, de-layering, organisational excellence and performance management system, e-learning, knowledge portal, corporate social responsibility and benchmarking.

Employees returning from specialised training programmes share their learnings and knowledge with others in the Company through structured sessions - senior management members are also participants in a number of them. CESC has also set up collaborative programmes with IIT Kharagpur to conduct refresher programmes; moreover, nearly fifty middle-level managers have been trained at Singapore through an exchange programme aimed at inculcating best practices and processes.

CESC's industrial relations environment has remained cordial and congenial and, during the year, there have been no major incidents of service interruption due to IR issues. Trade Union elections were conducted in 42 establishments during the year, without any major disturbance.

As on 31 March 2010, CESC had a workforce of 10,492 people on its rolls.

Information Technology

Knowledge and information are key enablers for any effective business processes; they also need to be aligned with the policy and strategy of the organisation. CESC is no exception to this rule. Although the information transaction process has existed in a digitised environment for a considerable period of time; however, with greater business complexities and increased stakeholder expectations, harmonised and digitised information and knowledge has gained enhanced importance as a tool for analysis and an enabler for future strategic and tactical initiatives. Recognising this business imperative, CESC, over the past few years, have undertaken comprehensive steps to acquire knowledge and information through a structured framework that involves all concerned stakeholders.

During the last couple of years, CESC has been focusing on re-engineering the Company's IT Architecture with a view to achieving higher efficiencies in all business processes that are primarily IT driven. As a consequence to these initiatives, the Company's new IT architecture can be broadly grouped under three major sub-systems :

a. A centralised high availability and high performance computing environment from where all 'mission critical' applications of the Company would be running;
b. CESCNET, a city wide high-speed optical fibre communication infrastructure which serves as the 'digital nervous system' and communications backbone of IT operations within the organisation; and
c. Standardised hardware and Software stack of all End-User systems that are connected to the CESCNET highway.

Keeping this IT landscape in mind, several disparate systems running in different locations across the Company are being migrated to a centralised location. CESC has already started reaping tangible benefits from this endeavour, as witnessed by improved efficiencies, better utilisation of IT infrastructure, reduced operational risks and substantial cost savings.

This process of consolidation, virtualisation and rationalisation has not only led to streamlining of the day-to-day operations and lowering of operational costs but has also laid a solid foundation for implementing the Company’s Disaster Management System. As part of the Business Continuity Plan, a state-of-the-art Data Centre from where a number of ‘mission critical’ applications would be running is being set up. In the event of a disaster at the primary site, all important services would be seamlessly restored from the Disaster Recovery Site.

Subsidiaries

As on 31 March 2010, CESC has eight subsidiaries. Details of their business and operations are given below.

1. ***Haldia Energy Limited (HEL)***, a subsidiary of CESC, is in the process of setting up a 2 X 300 MW coal fired thermal power plant at Haldia. Substantial land acquisition has been completed for the first phase of the project; also, the required clearances for the project (including environmental clearances) have been obtained. The Ministry of Coal has awarded the coal linkages for the proposed power plant. Site preparation activities are now in progress.
2. ***Dhariwal Infrastructure Limited (DIL)*** is a wholly owned subsidiary of HEL. DIL is in the process of setting up 2 X 300 MW coal fired thermal power plant at Chandrapur (Maharashtra). Land has already been acquired and the requisite statutory clearances have been obtained. Coal linkages for the project have also been established. DIL is currently acquiring land for the railway corridor; simultaneously, site preparation activities are also being carried out. The company has also issued a Letter of Intent for the engineering, procurement and commissioning (EPC) of the complete 'balance of plant' systems on a key vendor.
3. ***Nalanda Power Company Ltd.* (Nalanda)** is a subsidiary of CESC, engaged in the business of generating power. Nalanda has signed an MOU with the Bihar State Electricity Board (BSEB) for developing a 2,000 MW power project at Pirpainti Anchal, District Bhagalpur, in two phases of 1,000 MW each.
4. ***Spencer's Retail Limited (SRL)***, a subsidiary of CESC, is in the business of organised retail. SRL has established 206 stores across India under the 'Spencer's' label – including 5 standalone apparel stores and 19 hypermarkets. The stores cater to all family needs – groceries, personal care products and home accessories.
5. ***Music World Retail Limited (MWRL)*** is a wholly owned subsidiary of SRL, catering to the music and movies experience. Eighty eight stores across India under the label 'Music World' and 'Books & Beyond' sell all genres of musical albums, movies and books.
6. ***Au Bon Pain Café India Limited (ABPCIL)*** is a subsidiary of Spencer's Retail Limited, catering to the retail coffee and fast food segment. As the master franchisee of ABP Corporation, USA in India, ABPCIL opened its first two retail café stores in Bangalore during the year.
7. ***CESC Properties Limited*** is currently executing a shopping mall project in Kolkata. The total built up area of the mall is envisaged at approximately 730,000 sq. ft., with shops, retail outlets, an entertainment zone, multiplexes, a food court and fine dining areas. A Letter of Intent has already been issued to the design-built contractor. Actual construction work on the site has started from February 2010.
8. ***Metromark Green Commodities Private Limited*** is a wholly owned subsidiary of CESC Properties Limited engaged in real estate development in the outskirts of Kolkata. The company is currently engaged in constructing a warehouse in Howrah. The warehouse is expected to have a built-up area of 45,000 sq. ft., with ten loading and unloading bays with provision for two goods lifts. The work order for the project has been issued to the lead contractor and work has commenced.

Besides the above subsidiaries, CESC also holds 50% of the paid up Share Capital of Mahuagarhi Coal Company Private Limited, a joint venture company for exploration of coal from Mahuagarhi non-coking coal block in the State of Jharkhand for meeting the requirement of coal. As part of its CSR initiative, CESC is providing support to Alipore Institute of Management & Technology in setting up Trinity – IMI International Business School at Alipore, in the heart of the city of Kolkata, for providing high quality management education.

FINANCIAL PERFORMANCE

Table 5 summarises the financial performance of CESC Limited for the year ended 31 March 2010.

Table 5 : Stand-alone Financial Performance of CESC Limited for the year ended 31 March 2010

Rs. Crore

	2009-10	2008-09	% Change
Earnings from Sale of Electricity	3292.84	3,031.32	8.63
Other Income	156.20	170.02	(8.13)
Net Sales / Income from Operations	**3449.04**	**3,201.34**	**7.74**
Cost of Power Purchased	636.99	412.46	54.44
Fuel Costs	1077.07	944.72	14.01
People Costs	426.02	370.24	15.06
Generation, Distribution, Administration & Other Costs	403.05	693.19	(41.86)
Total Expenses	**2543.13**	**2,420.61**	**5.06**
EBIDTA	**905.91**	**780.73**	**16.03**
Depreciation	205.64	174.90	17.58
EBIT	**700.27**	**605.83**	**15.59**
Interest & Finance Costs	178.22	140.96	26.43
PBT	**522.05**	**464.87**	**12.30**
Less: Provision for Taxes			
Current Tax	88.75	52.68	68.47
Fringe Benefit Tax	-	2.50	-
PAT	**433.30**	**409.69**	**5.76**

During 2009–10, the gross revenue of the Company was Rs. 3449.04 crore, which reflected an improvement of 7.74% over the 2008-09 figure of Rs. 3201.34 crore.

Although overall expenses grew by 5.06% over 2008-09 (Rs. 2543.13 crore in 2009-10 vis-à-vis Rs. 2420.61 crore in 2008-09), earnings before interest, depreciation and taxes (EBIDTA) went up by 16.03% over last year to Rs.905.91 crore.

Interest costs increased by 26.43% over 2008-09 figures (Rs. 140.96 crore) to reach Rs. 178.22 crore, mainly on account of increase of interest on fixed loans; the total loan funds of the Company having increased from Rs. 2421.81 crore to Rs. 2811.71 crore.

Profit before depreciation and taxation (PBDT) reflected a year-on-year increase of 13.74% - from Rs. 639.77 crore in 2008-09 to Rs. 727.69 crore in 2009-10.

Depreciation, at Rs. 205.64 crore, was higher than the previous year's figure of Rs. 174.90 crore; mainly due to increase of plant and machinery (net increase of Rs. 1160.77 crore) and distribution system (increase of Rs. 551.76 crore).

The Company's profit after taxes (PAT) for 2009-10 stands at Rs. 433.30 crore, which reflects a 5.76% increase over the PAT figure of the previous year (Rs. 409.69 crore).

Risks & Concerns

CESC's Risk Management Committee operates based on a comprehensive Risk Management framework that the Company has put in place over time. The Committee is headed by the Managing Director and all senior management team members are part of the Committee. Divisions, on an ongoing basis, identify operational and tactical risks and suggest measures for mitigation and control. The Committee then supervises and monitors the risk identification and mitigation activities of each division.

CESC identifies the following as significant risks and concerns.

Generation and Distribution

In order to cater to the growing demand for power in its licensed area, CESC has commissioned the third 250 MW unit at Budge Budge in February 2010, thus augmenting generation capacity to 1,225 MW. It is, however, becoming more and more difficult to build generating stations inside a congested megalopolis like Kolkata – not the least because of environmental concerns.

As CESC's plants age, it is but natural that their operating efficiencies shall reduce; beyond a point in time, shutting down and replacement of these plants will become imperative. If the Company is not allowed to build replacement plants at the sites where current generating stations exist, the cost of evacuating and distributing power from far flung locations into the licensed area will increase substantially, in turn impacting quality of service delivery and profitability.

Fuel

Notwithstanding an increased use of oil, natural gas, renewable energy sources and nuclear energy, coal remains the primary source of energy for power generation in India. Total demand for coal is expected to increase from 432 million tonnes in 2005-06 to 670 million tonnes in 2011-12; the power sector itself is expected to need 500 million tonnes by 2011-12[5].

Given this exploding demand for coal and expected shortages in coal supply, securing coal linkages of appropriate quality and at competitive prices remains a challenge and a risk for the Company. For its existing and future projects, CESC looks at long-term coal linkages with prime suppliers, thus mitigating availability risks.

There is also another associated risk. High quality coal, is becoming scarcer. Some of CESC's older plants had been designed for high quality coal as input energy source. With the supply of this type of coal drying up, it will become, over a period of time, more difficult to operate these generating stations – and replacing these with plants capable of using currently available qualities of coal will become necessary, with its attendant capital cost commitments.

Ash Management

Fly ash is a standard by-product of a coal based power generation process. It is, however, a pollutant; therefore, efficiently managing and recycling fly ash is an important environmental concern for any power utility using coal as a primary source of energy. A large portion of CESC's dry ash is used by the cement and brick industries; some of it is also exported to Bangladesh on river barges. All the generating stations of the Company have achieved 100% ash utilisation. CESC is now exploring opportunities in 'value added' ash utilisation.

The Merchant Market

The short-term market for traded power, i.e. for contracts of less than one year, has changed a fair deal between 2007 and 2009. The total volume of electricity transacted through trading licenses has increased from 20.18 billion units in 2007 to 30.16 billion units in 2009, i.e. 2.93% of the total electricity generated in 2007 to 4.08% of the total electricity generated in 2009. The price for traded power, however, has shown sharp fluctuations. Although 2009 witnessed the highest ever prices in the short-term trading market; overall the weighted average price of short-term traded electricity in 2009 was lower than 2008[6].

This fluctuation in prices has an impact on the Company's profitability, as well as its ability to supply power to the licensed area. To meet peak demand, CESC has to purchase power, sometimes at high costs. This is especially true during the daytime in summer months and when other compulsions create a supply bottleneck for available power in the grid. On the other hand, during the lean period, demand for power falls across the board; CESC's generated power then fetches relatively low prices when sold to the national or state grid. Managing peak demand and being able to profitably sell power during the lean demand period, therefore, remain challenges for the Company, at least in the short term.

Future Outlook

On an aggregated basis, in 2009-10, India generated 746 billion units of power against a requirement of 830 billion units –a deficit

[5] *Source : Planning Commission, Approach Paper to 11th Five Year Plan.*

[6] *Source : CERC, Annual Report for Short-term Power Market in India, 2009.*

of 83 billion units or 10.1%[7]. As the economy grows, especially the manufacturing sector, demand for power will only increase. During the Twelfth Plan period, assuming a GDP growth rate of 9%, electricity demand is likely to grow @ 7.2% p.a. This will mean that energy generation should increase to a level of 1,470 billion units by 2016-17[8]. Meeting this demand will require substantial investment. Under the circumstances, growing private sector investment in the power sector is an inevitability.

CESC is keen to be an active participant in this push for power generation and distribution. Apart from its third unit at Budge Budge, which has already been commissioned, the Company, through its subsidiaries, has been actively looking at implementing various power projects, both in West Bengal and in other states. These are at various stages of progress and CESC expects that, over the next few years, it will become a significant player in thermal power, not only in its licensed area, but on a pan-India basis.

Internal Controls

The Company maintains established internal control system in order to ensure operational efficiency, optimum utilisation of resources and compliance with applicable laws and regulations and Information Technology audit. The internal control functions are carried out by the Internal Audit Department, based on an annual audit plan; the audit plan gives due weightages to the various risk parameters associated with the business. The findings of the Internal Audit Department and the actions taken thereon are reviewed and monitored by the Audit Committee and placed before the Board of Directors, wherever necessary.

Cautionary Statement

The financial statements appearing above are in conformity with accounting principles generally accepted in India. The statements which may be considered 'forward looking statements' within the meaning of applicable laws and regulations, have been based upon current expectations and projection about future events. The management cannot, however, guarantee that these forward looking statements will actually be realised or achieved.

On behalf of the Board of Directors

R. P. Goenka
Chairman

Kolkata, 21 June 2010

[7] *Source : Central Electricity Authority Report, March 2010*
[8] *Source : The Planning Commission, Working Group Paper on Power for Eleventh Plan, Volume II, Section 1.2.3.*

Company's philosophy on code of corporate governance

CESC Ltd. ('CESC' or 'the Company') recognises that sound corporate governance is not only the foundation for its long-term success; it is non-negotiable for a Company of its size, history and performance. The Company believes that its core values of quality consciousness, consumer satisfaction and fairness in dealings, integrated with adopting transparent accounting policies, superior board practices and consistent consideration towards the wider stakeholder community is not only ethical but makes for sound business sense.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholder Information, reports CESC's compliance with clause 49 of the Stock Exchange listing agreements.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

On 31 March 2010, CESC's Board of Directors consisted of nine Directors, of which five are independent Directors. Both the non-executive Chairman and non-executive Vice Chairman of the Board of Directors are promoter Directors. Three of the non-executive independent Directors are nominees of various banks and the Government of West Bengal. The Managing Director is the only Executive Director of the Company. The composition of the Board satisfies the conditions that the Listing Agreement of the Stock Exchanges have laid down in this regard.

NUMBER OF BOARD MEETINGS

In 2009-10, the Board of the Company met six times: on 30 April 2009, 22 May 2009, 8 June 2009, 24 July 2009, 29 October 2009 and 22 January 2010. The maximum gap between any two Board meetings was less than four months.

Table 1 details the composition and the attendance record of the Board of Directors.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1 : Composition of the Board of Directors as on 31 March 2010

Name of the Directors	Category	No. of other Directorships and Committee memberships / Chairmanships in other Indian public companies			Attendance Particulars		
		Director[1]	Member[2]	Chairman[2]	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at last AGM
Mr. R. P. Goenka, (Chairman)	Non- Executive	2	-	-	6	2	No
Mr. S. Goenka, (Vice Chairman)	Non-Executive	11	1	1	6	5	Yes
Mr. P. K. Khaitan	Non-Independent	13	6	-	6	6	Yes
Mr. B. M. Khaitan	Independent	6	-	-	6	5	No
Mr. B. P. Bajoria	Independent	4	2	-	6	6	Yes
Mr. R. K. Misra[3] (Nominee of Govt. of West Bengal)	Independent	1	-	-	6	-	Not applicable
Mr. B. K. Paul[3] (Nominee of Govt. of West Bengal)	Independent	Not applicable	Not applicable	Not applicable	6	5	Yes
Mr. A. Saraf (Nominee of ICICI Bank Ltd.)	Independent	2	-	-	6	4	Yes
Mr. S. K. V. Srinivasan (Nominee of IDBI Bank Limited)	Independent	-	-	-	6	5	Yes
Mr. S. Banerjee, Managing Director	Executive	8	3	-	6	5	Yes

Notes :

1. The Directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies.

2. In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees of all public limited companies have been considered.
3. Mr. B. K. Paul was a Director of the Company as Nominee of Govt. of West Bengal till 12 January 2010. Mr. R. K. Misra was appointed as Director and Nominee of Govt. of West Bengal w.e.f. 12 January 2010.

   None of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is Chairman of more than five such Committees.

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As mandated by Clause 49, the independent Directors on CESC's Board :

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the :
  - Statutory audit firm or the internal audit firm that is associated with the Company.
  - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India are disclosed in Note 21 of Schedule 13 annexed to the financial statements for the year 2009-10. There has been no transaction of a material nature with any of the related parties which was in conflict with the interests of the Company. There has been no material pecuniary relationship or transaction between the Company and its non-executive Directors during the year.

INFORMATION SUPPLIED TO THE BOARD

The Board of Directors is presented with detailed notes along with the agenda papers well in advance of the meetings. The Board periodically reviews compliance reports prepared by the Company regarding all laws applicable to the Company.

Important operational matters are brought to the notice of the Board at its meetings held from time to time. Operational heads from various divisions of the Company attend the Board Meetings to provide inputs and explain any queries pertaining to their respective areas of operations to enable the Board to take informed decisions.

CODE OF CONDUCT

The Code of Business Conduct and Ethics relating to matters concerning Board members and Senior Management Officers and their duties and responsibilities has been meticulously followed. All Directors and Senior Management Officers have affirmed compliance of the provisions of the Code during the year 2009-10 and a declaration from the Managing Director to that effect is given at the end of this report. The Code is posted on the Company's website, www.cesc.co.in.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

As on 31 March 2010, CESC's Audit Committee consisted of Mr. S. Goenka, Mr. B. M. Khaitan, Mr. A. Saraf and Mr. B. P. Bajoria as the Chairman of the Committee. All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 24 July 2009.

The Committee met six times during the course of the year on 30 April 2009, 22 May 2009, 8 June 2009, 24 July 2009, 29 October 2009 and 22 January 2010. Table 2 gives attendance record.

Table 2 : Attendance record of Audit Committee members for 2009-10

Name of Members	Status	Category	No. of Meetings	
			Held	Attended
Mr. S. Goenka	Member	Non- Executive	6	5
Mr. B. M. Khaitan	Member	Independent	6	5
Mr. A. Saraf	Member	Independent	6	4
Mr. B. P. Bajoria	Chairman	Independent	6	6

The chief of finance and representatives of the statutory auditors, cost auditors and internal auditors are regularly invited by the Audit Committee at its meetings. Mr. S. Mitra, Vice President & Company Secretary, is the secretary to the Committee.

The functions of the Audit Committee of the Company include the following :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Reviewing, with the management :
   a) The annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
   b) Changes, if any, in accounting policies and practices and reasons for the same.
   c) Major accounting entries involving estimates based on the exercise of judgment by management, if any.
   d) Significant adjustments made in the financial statements arising out of audit findings, if any.
   e) Compliance with listing and other legal requirements relating to financial statements.
   f) Disclosure of any related party transactions.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
5. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function and discussion with internal auditors on any significant audit findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors and follow up thereon.
8. Discussion with statutory auditors to ascertain any area of concern.
9. Reviewing the company's risk management policies.
10. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to its terms of reference, to :

a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.
b) Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews :

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports.
- Uses/applications of funds raised through public issues, rights issues, preferential issues by major category and status of reports of monitoring agency.

In addition, the Audit Committee of the Company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies (if any), in view of the requirements under Clause 49.

INVESTORS' GRIEVANCE COMMITTEE

The Committee looks into all matters related with the transfer of securities; it also specifically looks into redressing complaints of shareholders and investors such as transfer of shares, issue of share certificates, non-receipt of Annual Report and non-receipt of declared dividends. The Committee comprising of Mr. S. Goenka, who is the Chairman of the Committee and Mr. S. Banerjee, met six times during the year. For expediting the process of registration of transfers of the Company's securities, the Board has delegated the power of approving share/debenture transfers and for dealing with matters connected therewith, to the Vice President & Company Secretary who is also the Compliance Officer. Table 3 gives the details of attendance.

Table 3 : Attendance record of Investors' Grievance Committee for 2009-10

Name of Members	**Status**	**Category**	**No. of Meetings**	
			Held	**Attended**
Mr. S. Goenka	Member	Non- Executive	6	6
Mr. S. Banerjee	Member	Executive	6	6

REMUNERATION COMMITTEE

CESC's Remuneration Committee is responsible for recommending the fixation and periodic revision of remunerations to the Managing Director. The Committee consists of Mr. P. K. Khaitan (Chairman), Mr. B. P. Bajoria and Mr. A. Saraf. The Committee has not met during the year.

Payment of remuneration to the Managing Director is governed by the agreements executed between him and the Company and are governed by Board and shareholders' resolutions. The remuneration structure comprises of Salary, Commission linked to profits, perquisites and allowances and retiral benefits (superannuation and gratuity). The details of all remuneration paid or payable to the Directors have been disclosed below.

Remuneration paid or payable to non-executive Directors for the year ended 31 March 2010 :

Mr. R. P. Goenka, Chairman, Sitting Fees (SF) - Rs. 40, 000 and Commission (C) - Rs. 250,000, Mr. S. Goenka, Vice Chairman, SF - Rs. 320,000 and C - Rs. 38,250,000, Mr. P. K. Khaitan, SF - Rs. 140,000 and C - Rs. 250,000, Mr. B. M. Khaitan, SF - Rs. 200,000 and C - Rs. 250,000, Mr. B. P. Bajoria, SF - Rs. 240,000 and C - Rs. 250,000, Mr. S. K. V. Srinivasan, Nominee of IDBI Bank Limited, SF - Rs. 100,000 and C - Rs. 250,000, Mr. B. K. Paul, Nominee of Govt. of West Bengal till 12 January 2010, SF - Rs. 100,000 and C - Rs. 250,000, Mr. A. Saraf, Nominee of ICICI Bank Limited, SF - Rs. 160,000 and C - Rs. 250,000 and Mr. R.K. Misra, Nominee of Govt. of West Bengal w.e.f. 12 January 2010, SF - Nil and C - Nil.

None of the Directors are related to each other, except Mr. R. P. Goenka and Mr. S. Goenka. Sitting fees include payment for Board-level committee meetings. Sitting fees of nominee Directors are paid to the financial institution they represent. In terms of the Special Resolution passed by the Members of the Company, commission of Rs. 52,000,000 is payable to the Directors for the year 2009-10.

REMUNERATION OF THE MANAGING DIRECTOR

Mr. S. Banerjee was reappointed as the Managing Director of the Company for a period of 5 years with effect from 1 August 2008. The remuneration of Mr Banerjee for the year in accordance with the Special Resolution passed by the shareholders at the Thirtieth Annual General Meeting held on 30 July 2008 was as follows:

Salary - Rs. 42.00 lakh, contribution to Pension and Provident Funds and Gratuity - Rs. 13.35 lakh, Estimated value of other benefits - Rs. 26.38 lakh, Commission payable for 2009-10 - Rs. 215.00 lakh. Total :- Rs. 296.73 lakh.

His Service Contract is for 5 years from 1 August 2008, Notice Period is of 6 months, Stock Option and Severance Fee - Nil.

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

As on 31 March 2010, Mr. R. P. Goenka, Chairman and non-executive Director held 30,073 equity shares of the Company, Mr. S. Goenka, Vice Chairman and non-executive Director held 132,817 equity shares of the Company. No other Director holds any equity shares in CESC.

As on 31 March 2010, no convertible instruments of the Company are outstanding.

SUBSIDIARY COMPANIES

Clause 49 defines a ‘material non-listed Indian subsidiary’ as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

As on 31 March 2010, CESC had one material non-listed Indian subsidiary, Spencer’s Retail Limited. Mr. B. P. Bajoria, independent Director of CESC has been nominated on the Board of Directors of Spencer’s Retail Limited w.e.f. 5 August 2008.

MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

This annual report has a detailed chapter on Management Discussion and Analysis.

DISCLOSURES BY MANAGEMENT TO THE BOARD

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

DISCLOSURE OF ACCOUNTING CONVENTION IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to comply in all material aspects with the applicable accounting principles in India, including accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the said Act and the regulations under the Electricity Act, 2003, to the extent applicable. The financial statements have also been prepared in accordance with relevent presentational requirements of the Companies Act, 1956 of India.

CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES

In compliance with the SEBI regulation on prevention of insider trading, the Company has in place a comprehensive code of conduct for its Directors and Senior Management Officers. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company. The Code clearly specifies, among other matters, that Directors and specified employees of the Company can trade in the shares of the Company only during ‘Trading Window Open Period’. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

Mr. S. Mitra, Vice President & Company Secretary is the Compliance Officer.

CEO/ CFO CERTIFICATION

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, as required by the Listing Agreement.

SHAREHOLDERS

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Mr. B. P. Bajoria and Mr. P. K. Khaitan retire by rotation at the end of this year's Annual General Meeting, and being eligible, offer themselves for re-appointment. Their details are mentioned below.

Other Directorships	Mr. Bajoria is a non-executive director of various companies including IFGL Refractories Limited, Spencer's Retail Limited, Texmaco Limited (also member of its Audit Committee) and Kesoram Industries Limited (also Chairman of Share Transfer and Finance Committee and Remuneration Committee and member of Shareholders / Investors' Grievance Committee).

Mr. B. P. Bajoria does not hold any share in the Company.

Mr. P. K. Khaitan, 69 years, is a qualified 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 organisations. He is on the Board of Directors of CESC since 1992 and is Chairman of its Remuneration Committee and Member of Finance & Forex Committee.

Other Directorships	Mr. Khaitan is the Chairman of Dalmia Cement (Bharat) Limited, Electrosteel Castings Limited, OCL India Limited and South Asian Petrochem Limited (also member of Remuneration Committee). He is a Director of 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, Suzlon Energy Limited (also member of Audit Committee, Remuneration Committee and Investor Relations Committee), TCPL Packaging Limited, Visa Steel Limited (also member of Remuneration Committee, Finance & Banking Committee and Selection Committee), Emaar MGF Land Limited (also member of Shareholders and Investors' Grievance Committee), Pilani Investment & Industries Corporation Limited (also member of Audit Committee), Woodlands Medical Centre Limited and Egyptian Indian Polyester Company SAE, a foreign company.

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

COMMUNICATION TO SHAREHOLDERS

CESC puts forth key information about the Company and its performance, including quarterly results, official news releases, and presentations to analysts, on its website regularly for the benefit of the public at large.

During the year, the Company's quarterly / yearly results have been published in leading English and Bengali newspapers and also posted on its website. Hence, they are not separately sent to the shareholders. However, the Company furnishes the quarterly results on receipt of a request from any shareholder.

INVESTOR GRIEVANCES & SHAREHOLDER REDRESSAL

The Company has appointed a Registrar and Share Transfer Agent, Link Intime India Private Ltd., which is fully equipped to carry out share transfer related activities and redress investor complaints. Mr. S. Mitra, Vice President & Company Secretary is the Compliance Officer for redressal of all shareholders' grievances.

DETAILS OF NON-COMPLIANCE BY THE COMPANY

CESC has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

GENERAL BODY MEETINGS

The date, time and venue of the last three annual general meetings are given below.

Table 5 : Details of last three Annual General Meetings

Financial year	Date	Time	Venue	Special Resolutions Passed
2006-07	27 July 2007	10.30 A.M.	CITY CENTRE Royal Bengal Room DC Block Sector I Salt Lake, Kolkata 700064	None
2007-08	30 July 2008	10.30 A.M.	CITY CENTRE Royal Bengal Room DC Block Sector I Salt Lake, Kolkata 700064	Two
2008-09	24 July 2009	10.30 A.M.	CITY CENTRE Royal Bengal Room DC Block Sector I Salt Lake, Kolkata 700064	None

No special resolutions passed at the above Annual General Meetings were required to be put through postal ballot. No resolution is proposed to be passed at the forthcoming Annual General Meeting through postal ballot.

COMPLIANCE

MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of Clause 49.

NON- MANDATORY REQUIREMENTS

The details of compliance of the non-mandatory requirements are listed below.

REMUNERATION COMMITTEE

Details of the composition and function of the Remuneration Committee are given in the section ‘Committees of the Board’.

SHAREHOLDER RIGHTS - FURNISHING OF QUARTERLY RESULTS

Details of the shareholders’ rights in this regard are given in the section ‘Communication to Shareholders’.

AUDIT QUALIFICATIONS

During the current financial year, there are no audit qualifications in the standalone financial statements of the Company. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

AUDITOR’S CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49. The certificate is annexed to this report.

Additional Shareholder Information
(Annexure 'C' to Directors' Report)

ANNUAL GENERAL MEETING

Date	:	23 JULY 2010
Time	:	10.30 A.M.
Venue	:	CITY CENTRE Royal Bengal Room DC Block, Sector I Salt Lake, Kolkata 700064

FINANCIAL CALENDAR : 1 April to 31 March.

For the year ended 31 March 2010, results were announced on :

First quarter	24 July 2009
Second quarter	29 October 2009
Third quarter	22 January 2010
Fourth quarter and annual	29 April 2010

For the year ending 31 March 2011, results will be announced by :

First quarter	Last week of July 2010
Second quarter	Last week of October 2010
Third quarter	Last week of January 2011
Fourth quarter and annual	Last week of April 2011

BOOK CLOSURE

The Register of Members will be closed from Saturday, 10 July 2010 to Friday, 23 July 2010 (both days inclusive) as annual closure for the Annual General Meeting and payment of dividend, if declared.

DIVIDEND DATE

Equity Shares: The Board has recommended a dividend of Rs. 4 per equity share for the year ended 31 March 2010; if declared at the AGM, this would be payable on and from 27 July 2010.

UTILISATION OF ISSUE PROCEEDS

The net proceeds of 95,60,000 equity shares allotted in 2007-08 to Qualified Institutional Buyers in accordance with Chapter XIII A of SEBI (DIP) Guidelines 2000, as amended have since been fully utilised for strengthening the Company's distribution network and making equity contribution to Haldia Energy Limited, a wholly owned subsidiary of the Company pursuing setting up a 600 MW generating facility in Haldia.

LISTING

Equity shares of CESC are listed on the Calcutta Stock Exchange Association Limited, Kolkata, Bombay Stock Exchange Limited, Mumbai National Stock Exchange of India Limited, Mumbai and the London Stock Exchange. The Global Depository receipts of the Company are listed in the Luxembourg Stock Exchange.

STOCK CODES

CALCUTTA STOCK EXCHANGE	:	PHYSICAL: 34; DEMAT: 10000034
BOMBAY STOCK EXCHANGE	:	PHYSICAL: 84; DEMAT: 500084
NATIONAL STOCK EXCHANGE	:	CESC
LONDON STOCK EXCHANGE	:	GB REGISTER: 0162869: INDIAN REGISTER: 6161097
ISIN No.	:	INE486A01013

All listing and custodial fees to the Stock Exchanges and depositories have been paid to the respective institutions.

STOCK DATA

Table 6 below gives the monthly high and low prices of CESC's equity shares at the Calcutta Stock Exchange (CSE), Bombay Stock Exchange Limited (BSE) and the National Stock Exchange (NSE) for the year 2009-10.

Table 6 : High and Low Prices at the CSE, BSE and NSE

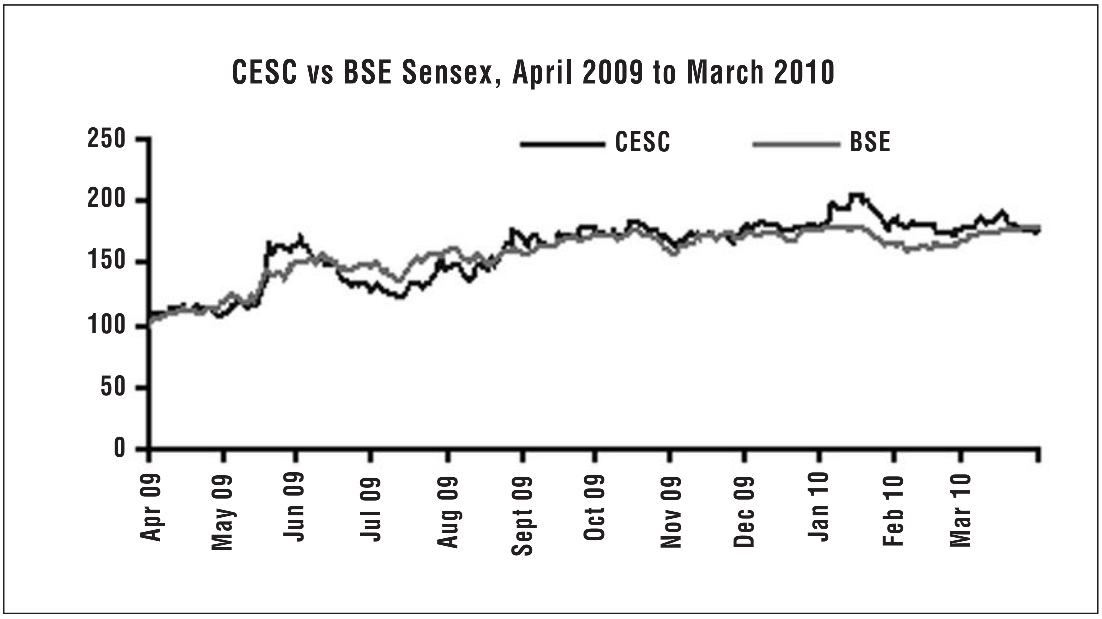
Month	CSE		BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
APR 2009			262.40	207.00	264.70	208.60
MAY 2009	354.00	344.00	372.00	238.20	376.00	239.95
JUN 2009	334.00	333.00	376.00	273.00	375.95	272.90
JUL 2009			337.50	261.00	338.00	260.05
AUG 2009			389.00	291.00	388.70	291.00
SEP 2009			400.90	353.10	400.95	350.10
OCT 2009			410.00	345.00	412.00	360.00
NOV 2009			392.85	348.00	393.50	347.00
DEC 2009			405.30	371.25	435.00	378.75
JAN 2010			452.00	375.10	451.00	375.55
FEB 2010			414.00	368.00	418.00	367.55
MAR 2010			420.00	376.70	418.90	376.50

Note: There has been no trading of the Company's equity shares in the Calcutta Stock Exchange Limited, except during the months of May 2009 and June 2009.

STOCK PERFORMANCE

Chart 'A' plots the movement of CESC's shares adjusted closing prices compared to the BSE Sensex.

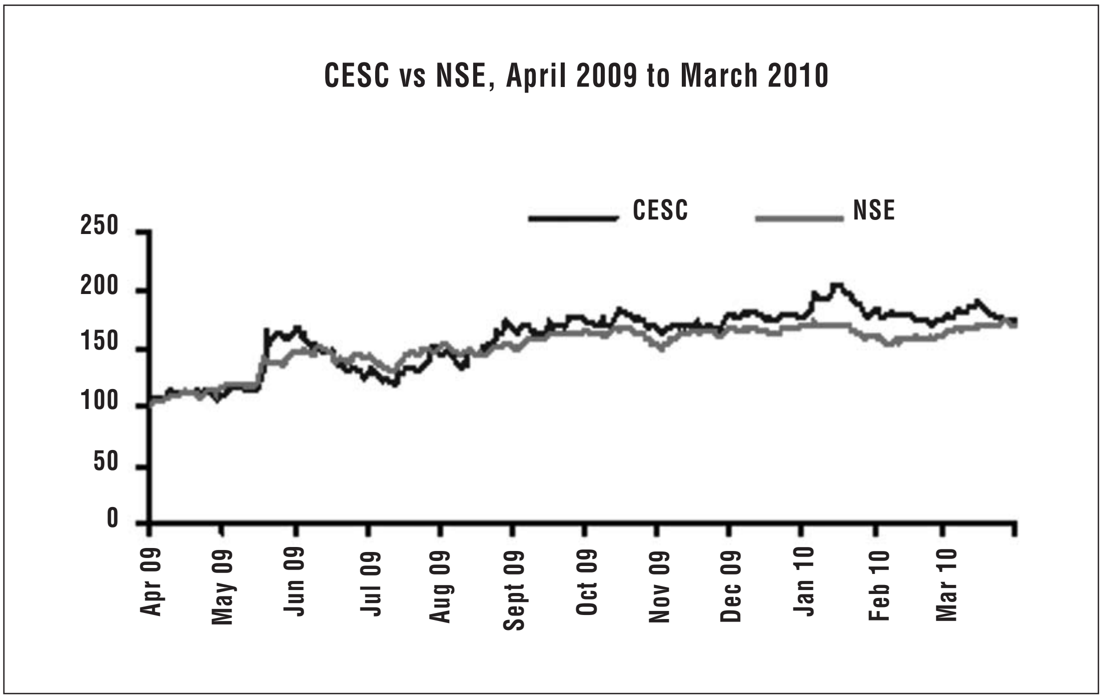
Chart A: Share prices of CESC Limited versus BSE Sensex for the year ended 31 March 2010



Note : CESC share price and BSE Sensex are indexed to 100 as on 1 April 2009

Chart 'B' plots the movement of CESC's shares adjusted closing prices compared to the NIFTY.

Chart B : Share prices of CESC Limited versus NSE NIFTY for the year ended 31 March 2010



Note : CESC share price and NSE NIFTY are indexed to 100 as on 1 April 2009

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

CESC executes share transfers through its share transfer agents, whose details are given below.

LINK INTIME INDIA PRIVATE LIMITED
59C Chowringhee Road, 3rd Floor, Kolkata – 700 020

In compliance with the SEBI circular dated 27 December, 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, CESC has established direct connections with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the two depositories, through its share transfer agent.

Shares received in physical form are processed and the share certificates are returned within 10 to 15 days from the date of receipt, subject to the documents being complete and valid in all respects.

The Company's equity shares are under compulsory dematerialised trading. Shares held in the dematerialised form are electronically traded in the Depository. The Registrar and the Share Transfer Agent of the Company periodically receives data regarding the beneficiary holdings, so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

As on 31 March 2010, dematerialised shares accounted for 65.59% of total equity.

Table 7 gives details about the nature of complaints and their status as on 31 March 2010.

Table 7 : Number and nature of complaints for the year 2009-10

Particulars	Complaints				
	Non-Receipt of Certificates	Change of address	Non-receipt of dividend	Others (Non-Receipt of Annual Reports/ Non-Receipt of Demat credit, etc.)	Total
Received during the year	12	1	18	23	54
Attended during the year	12	1	18	23	54
Pending as on 31 March 2010	NIL	NIL	NIL	NIL	NIL

SHAREHOLDING PATTERN

Tables 8 and 9 give the pattern of shareholding by ownership and share class respectively.

Table 8 : Pattern of shareholding by ownership as on 31 March 2010

Category	As on 31 March 2010	
	Total No. of shares	Percentage
1. **Management Group / Families**	**65,574,152**	**52.49**
2. **Institutional Investors**		
a. Mutual Funds and UTI	19,166,796	15.34
b. Banks, Financial Institutions, Insurance Companies	3,217,492	2.57
c. FIIs	23,233,667	18.60
Total	**45,617,955**	**36.51**
3. **Others**		
a. Private Corporate Bodies	6,625,018	5.30
b. Indian Public	5,471,178	4.38
c. NRIs / OCBs	1,647,622	1.32
d. Directors & Relatives (not in control of the Company)	-	-
Total	**13,743,818**	**11.00**
Grand Total	**124,935,925**	**100.00**

Table 9 : Pattern of shareholding by share class as on 31 March 2010

Shareholding Class	No of shareholders	No of shares held	Shareholding %
Upto 2,500	34,167	4,614,213	3.69
2,501 to 5,000	177	620,291	0.49
5,001 to 10,000	91	659,116	0.53
10,001 to 20,000	63	920,860	0.74
20,001 to 30,000	30	723,213	0.58
30,001 to 40,000	17	597,307	0.48
40,001 to 50,000	8	367,788	0.29
50,001 to 100,000	36	2,681,716	2.15
100,001 and above	106	113,751,421	91.05
Total	**34,695**	**124,935,925**	**100.00**

PLANT LOCATIONS

CESC's generating stations are located in Budge Budge, New Cossipore, Southern and Titagarh in and around the city of Kolkata. The details of other offices of the Company are mentioned elsewhere in the Annual Report.

INVESTOR CORRESPONDENCE ADDRESS

At the Company's Registered Office Address	At the Registrar's Address
Secretarial Department CESC LTD CESC House Chowringhee Square Kolkata – 700 001 Tel No.: 22040754 Fax No.: 22363868 E-mail : secretarial@cesc.co.in	LINK INTIME INDIA PRIVATE LIMITED 59C Chowringhee Road, 3rd Floor Kolkata – 700 020 Tel No. : 22890540 Fax No. : 22890539 E-mail : kolkata@linkintime.co.in Website : www.linkintime.co.in

For the convenience of UK based shareholders, the Company also has UK Registrars: Computershare Investor Services plc., P.O. Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, Telephone : 0870 703 6300, Fax : 0870 703 6114. Website: www.computershare.com

COMPLIANCE OFFICER FOR INVESTOR REDRESSAL

Mr Subhasis Mitra, Vice President & Company Secretary is the Compliance Officer for investor related matters.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The due dates on which unclaimed dividends lying in the unpaid dividend accounts of the Company would be credited to the IEPF are stated in the table below. Investors are requested to claim their unclaimed dividends before these due dates.

Year	Date of payment	Due date for credit to IEPF
2004-05	1 August 2005	30 August 2012
2005-06	24 July 2006	22 August 2013
2006-07	1 August 2007	30 August 2014
2007-08	1 August 2008	30 August 2015
2008-09	27 July 2009	26 August 2016

On behalf of the Board of Directors

R.P. Goenka
Chairman

Kolkata, 21 June, 2010

DECLARATION

As required under the relevant provisions of the Listing Agreement entered into by the Company with the Stock Exchanges, it is confirmed that all the Directors and Senior Management Officers have affirmed compliance of the Code of Business Conduct and Ethics during the year 2009-10.

S. Banerjee
Managing Director

Kolkata, 21 June, 2010

Auditors' Certificate

REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of CESC Limited

We have examined the compliance of conditions of Corporate Governance by CESC Limited, for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreements), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants
Prabal Kr. Sarkar
Partner
Membership No. 52340

Place : Kolkata
Date : 21 June, 2010

List of persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Accurate Commodeal Private Limited
Adapt Investments Ltd
Adorn Investments Ltd
Alipore Towers Pvt Ltd
Allwyn Apartments Pvt Ltd
Amber Apartments Pvt Ltd
B N Elias & Company Pvt Ltd
Best Apartments Pvt Ltd
Blue Niles Holdings Ltd
Brabourne Investments Ltd
Carniwal Investments Ltd
Ceat Ltd
Chattarpati Investments Ltd
Dakshin Bharat Petrochem Ltd
Eastern Aviation & Inds Pvt Ltd
FGP Ltd
Goodhope Sales Private Limited
Goodluck Dealcom Private Limited
Harrisons Malayalam Financial Services Ltd
Harrisons Malayalam Ltd
Highway Apartments Pvt Ltd
Idea Tracom Private Limited
Indent Investments Pvt Ltd
Instant Investments Ltd.
Integrated Coal Mining Ltd
KEC International Ltd
Kestrel Investments Ltd.
Kutub Properties Pvt Ltd
Off-Shore India Ltd
Organised Investments Ltd
Pedriano Investments Limited
Peregrine Investments Ltd
Petrochem International Ltd
Phillips Carbon Black Ltd
Puffin Investments Ltd
Rainbow Investments Ltd
RPG Cellular Inv & Holdings Pvt Ltd
RPG Enterprises Ltd
RPG Farms Ltd
RPG Industries Pvt Ltd
RPG Infrastructure Inv Ltd
RPG Landscapes Ltd
RPG Life Sciences Ltd
RPG Resorts Ltd
Sarala Pharmaceuticals Ltd
Saregama India Ltd
Shaft Investments Pvt Ltd
South Asia Electricity Holdings Ltd
Spencer & Co Ltd
Spencer International Hotels Ltd
Spencer Travel Services Ltd
Spencer's Retail Ltd
Sri Krishna Chaitanya Trading Co Pvt Ltd
Sri Parvathi Suthan Trading Co Pvt Ltd
Stylefile Events Ltd
Summit Securities Ltd
Swallow Investments Ltd
Tirumala Dealtrade Private Limited
Ujala Agency Private Limited
Universal Industrial Fund Ltd
Zensar Technologies Ltd
Sri Rama Prasad Goenka
Smt Sushila Goenka
Sri Harsh Vardhan Goenka
Smt Mala Goenka
Sri Sanjiv Goenka
Smt Preeti Goenka
Sri Anant Vardhan Goenka
Smt Radha Goenka
Sri Shashwat Goenka
Rama Prasad Goenka & Sons (HUF)
Harsh Anant Goenka (HUF)
Sanjiv Goenka & Others (HUF)

Particulars as required under Section 217(1)(e) of the Companies Act, 1956

(Annexure 'D' to Directors' Report)

Particulars relating to Conservation of Energy, Technology Absorption etc. for the year ended 31 March 2010.

A. **Conservation of Energy**

1. Following measures taken over the year has contributed to Energy Conservation & Reduction of Losses in Distribution Network.

   i. Reactive power compensation by way of installing shunts capacitor banks at various voltage levels of T&D Network. During the year 75 MVAR shunt capacitors were added.

   ii. Standardization to higher rated UG cables, 1000 mm^2 at 33 kV & 300 mm^2 at 6/11 kV Distribution Network as an ongoing process.

   iii. Continued augmentation of Substation plant capacity and laying new underground and overhead lines.

   iv. Induction of energy efficient Distribution Transformers with low losses by including Loss Capitalization as a bid evaluation criterion as an ongoing process.

   v. Progressive changeover of DC supplies to AC for medium / low voltage consumers.

   vi. Progressive Voltage upgrade of Distribution Lines and Transformers from 6 kV to 11 kV to lower losses. During the year 84 nos. Distribution Transformers were upgraded to 11 kV from 6 kV, representing 34 MVA approx.

   vii. Energy Audit at Testing Department and other premises were carried out by accredited energy auditors to assess and identify the potential energy saving locations accompanied with installation of energy efficient lamps and luminaries and BEE rated room air-conditioners at various locations.

2. **Additional investment / proposals -**

   Following investments / proposals have been planned that will contribute to reliability, security and safety in T&D Network: -

   i. Replacement of obsolete & hazardous bulk oil switch-boards at Princep Street and Titagarh Receiving Station.

   ii. Bringing in power to northern belt of operating area by laying 220 kV underground cable circuit is planned from Eastern Metropolitan Substation to New Cossipore Generating Station prior to ceasing of generation at the station. Replacement of obsolete & hazardous bulk oil switchboards at New Cossipore Generating Station alongwith consolidation of space area for T&D assets has also been framed as an integral activity.

   iii. Installation of about 100 MVAR HV/ EHV capacitor banks in the ensuing year.

   iv. New 132/33 kV Substation at Patuli and augmentation of transformation capacity at Chakmir S/S, Princep Street Receiving Station etc.

   v. Induction of 33 kV GIS at strategic Distribution stations to enhance network reliability at 33 kV and mitigate the network operational complexity.

   vi. Continued replacement of old electromechanical meters of LTAC/ MVAC consumers by superior quality electronic meters.

   vii. Installation of remote metering AMR at selected MVAC sources for energy audit as an ongoing process.

3. **Impact of the measures -**

   Impact of the measures as outlined under Items above may be set out as follows :

   i. Strengthen the Transmission & Distribution Network to cope with the growing System Demand, demand for quality and reliable supply,

   ii. Reduce component of T&D loss, enhance safety and network operational simplicity, reduce downtime, reduce frequency of breakdown and improve customer service and system efficiency.

B. **Technology Absorption**

   i. Condition monitoring of major Plant & equipment of T&D network has been adopted as a ritual to identify potential failure points in the equipment before actual occurrence of failure. These have helped to mitigate damage, downtime significantly and improve reliability of the system network. Condition monitoring are being carried out with latest technology based instruments for measurement of Partial Discharge (PD), Transient Earth Voltage (TEV), Ultra-sonic signal detection, Infra-red Thermo-graphic Scanners, application of Sweep Frequency Response analysis and use of Shock detection analyzer during transport of large transformers.

   ii. Oscillatory Wave Transmission System (OWTS) measuring technique was employed to monitor the health and potential joint failure in EHV & HV cables.

   iii. All HT consumers are covered under AMR from remote using GSM & GPRS communication network.

   iv. Progressive induction of SF6 filled Ring Main Units continued in HV Distribution Network to enable safe, on-load operations for quicker restoration of supply outages.

   Research & Development

   R&D activities were oriented towards improvements in various operational functions.

C. **Foreign Exchange Earnings and outgo**

   There has been a foreign exchange earning during the year of Rs. 2.91 crore for carbon credit. The foreign exchange outgo during the year amounted to Rs. 213.09 crore which included repayment of principal and finance charges on foreign currency loans, fuel charges, dividend to non-resident shareholders, fees to UK Registrars, London and Luxembourg Stock Exchange fees, technical service fees, travelling expenses etc.

On behalf of the Board of Directors

R. P. Goenka
Chairman

Kolkata, 21 June, 2010

Auditors' Report

TO THE SHAREHOLDERS OF CESC LIMITED

1. We report that we have audited the attached Balance Sheet of CESC Limited as at 31 March 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, all of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India ('The Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of our audit, we give in the attached Annexure, a statement on matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

   i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

   ii. In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.

   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of Section 211 of 'The Act'

   v. On the basis of written representations received from the directors as at 31 March 2010, which have been taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as at 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of 'The Act'.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement together with the notes thereon and attached thereto, give the information required by 'The Act' in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      a. in case of the Balance Sheet, of the state of the affairs of the Company as at 31 March 2010;

      b. in case of the Profit & Loss Account, of the profit for the year ended on that date; and

      c. in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Lovelock & Lewes
Firm Registration Number - 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata, 21 June, 2010.

Annexure to the Auditors' Report

[Referred to in Paragraph 3 of our report of even date to the members of CESC Limited on the financial statements for the year ended 31 March 2010]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets of the Company, except those in the transmission and distribution system for which, we have been informed that, physical verification is not practicable, have been physically verified by the management according to a phased programme designed to cover all items over a period of three years, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Pursuant to the programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies between book records and physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2. (a) The inventories (excluding inventories in transit) have been physically verified by the management during the year. In respect of inventories in transit, these were verified with reference to subsequent receipts. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of 'The Act'.

   (b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of 'The Act'.

4. In our opinion and according to the information and explanations given to us, there is an adequat internal control system commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of energy. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of 'The Act' that need to be entered into the register required to be maintained under that section.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of 'The Act' and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order under the aforesaid Sections has been passed by the Company Law Board on the Company.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of product where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of 'The Act' and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, customs duty, wealth tax and excise duty which have not been deposited on account of any dispute. According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues as at 31 March 2010 which have not been deposited on account of a dispute, are as follows —

Name of the statute	Nature of dues	Amount (Rs.'Crores)	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Sales tax on meter rentals	0.30	Hon'ble High Court at Calcutta
Water (Prevention and Control of Pollution) Cess Act, 1977	Water Cess and interest thereon	2.74	West Bengal Pollution Control Board

10. The Company has no accumulated losses as at 31 March 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The Company has not issued any debentures during the year.

20. The management has disclosed the end use of monies raised by public issue (refer Note 8 in Schedule 13) and the same has been verified by us.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management except in cases of theft of electricity reported by the loss control cell of the Company the amount for which is not ascertainable.

For Lovelock & Lewes
Firm Registration Number - 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata, 21 June, 2010.

Balance Sheet as at 31st March, 2010

CESC LIMITED

Rs. in Crore

	Schedule No.		As at 31st March, 2010	As at 31st March, 2009
I. SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	**125.60**		125.60
Reserves and Surplus	2	**5,071.20**		4,757.29
			5,196.80	4,882.89
Loan Funds				
Secured Loans	3	**2,749.04**		2,236.11
Unsecured Loans	4	**62.67**		185.70
			2,811.71	2,421.81
Consumers' Security Deposits			**896.48**	821.18
Deferred Tax Liability (Note 18, Schedule 13)		**558.31**		416.53
Less : Recoverable		**558.31**		416.53
			–	–
Advance against Depreciation (Note 3, Schedule 13)			**446.71**	337.63
			9,351.70	8,463.51
II. APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		**11,363.84**		9,428.87
Less : Depreciation		**4,131.13**		3,826.09
Net Block		**7,232.71**		5,602.78
Capital Work-in-Progress		**278.26**		1,279.63
			7,510.97	6,882.41
Investments	6		**678.58**	310.43
Current Assets, Loans and Advances	7			
Inventories		**238.28**		211.96
Sundry Debtors		**499.90**		402.71
Cash and Bank Balances		**1,119.79**		1,274.73
Loans and Advances		**1,010.47**		1,032.67
Deferred Payments		**15.49**		42.22
		2,883.93		2,964.29
Less : Current Liabilities and Provisions	8			
Current Liabilities		**1,606.25**		1,578.37
Provisions		**122.67**		123.11
		1,728.92		1,701.48
Net Current Assets			**1,155.01**	1,262.81
Miscellaneous Expenditure to the extent not written off or adjusted	9		**7.14**	7.86
			9,351.70	8,463.51
Notes on Accounts	13			

Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

Profit and Loss Account for the year ended 31st March, 2010

CESC LIMITED

Rs. in Crore

	Schedule No.		2009-10	2008-09
INCOME				
Earnings from sale of Electricity			**3,292.84**	3,031.32
Other Income	10		**156.20**	170.02
			3,449.04	3,201.34
EXPENDITURE				
Cost of Electrical Energy purchased			**636.99**	412.46
Generation, Distribution, Administration and Other Expenses	11		**1,906.14**	2,008.15
Interest	12		**178.22**	140.96
Depreciation			**205.64**	174.90
			2,926.99	2,736.47
Profit before Taxation and Other Appropriation			**522.05**	464.87
Provision for Taxation – Current			**(88.75)**	(52.68)
– Fringe Benefit Tax			**–**	(2.50)
– Deferred Tax (net)		**(141.78)**		(113.54)
Recoverable / (Payable)		**141.78**	**–**	113.54
Profit after Taxation			**433.30**	409.69
Profit brought forward from previous year			**125.91**	135.14
Transfer (to) / from				
Reserve for unforeseen exigencies			**(17.38)**	(15.58)
Debenture Redemption Reserve			**–**	5.13
General Reserve			**(350.00)**	(350.00)
Proposed dividend on Equity Shares			**(49.97)**	(49.97)
Tax on proposed dividend			**(8.30)**	(8.50)
Carried forward to Balance Sheet			**133.56**	125.91
Earnings per Equity Share (in Rupees) (Face value of Rs. 10 per share)				
Basic & Diluted (Note 19, Schedule 13)			**34.68**	32.79
Notes on Accounts	13			

Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit & Loss Account referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

Schedule to the Accounts

Rs. in Crore

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 1 – SHARE CAPITAL		
AUTHORISED CAPITAL		
15,00,00,000 Equity Shares of Rs. 10 each	**150.00**	150.00
	150.00	150.00
ISSUED CAPITAL		
13,12,35,897 Equity Shares of Rs. 10 each	**131.24**	131.24
	131.24	131.24
SUBSCRIBED AND PAID UP CAPITAL		
12,49,35,925 Equity Shares of Rs. 10 each	**124.94**	124.94
Add : Forfeited Shares (amount originally paid-up)	**0.66**	0.66
	125.60	125.60

Notes :

1. 71,94,951 Equity Shares of Rs. 10 each were allotted on 7 April, 1979 as fully paid to the stockholders of The Calcutta Electric Supply Corporation Limited, the erstwhile sterling company, in terms of a Scheme of Arrangement and Amalgamation approved by the Hon'ble High Courts at Calcutta and London pursuant to which the undertaking and the assets, liabilities, reserves and surplus of the said sterling company were transferred to this Company.
2. 3,10,58,414 Equity Shares of Rs. 10 each were allotted as fully paid-up on 12 October, 2007 prusuant to a Scheme of Amalgamation sanctioned by the Hon'ble High Court at Calcutta.

SCHEDULE 2 – RESERVES AND SURPLUS

		As at 31st March, 2010	As at 31st March, 2009
Capital contribution from consumers as at beginning of the year	**469.78**		400.82
Add : Contributions during the year	**55.72**		68.96
		525.50	469.78
Capital Redemption Reserve		**20.13**	20.13
Share Premium Account		**1,254.85**	1,254.85
Revaluation Reserve as at beginning of the year	**1,490.55**		1,614.32
Less : Withdrawal on account of depreciation on amount added on revaluation	**112.11**		122.45
	1,378.44		1,491.87
Less : Withdrawal of the residual amount added on revaluation consequent to sale/disposal of revalued assets	**4.73**		1.32
		1,373.71	1,490.55
Reserve for unforeseen exigencies as at beginning of the year	**40.72**		25.14
Add : Transfer from Profit and Loss Account	**17.38**		15.58
		58.10	40.72
General Reserve as at beginning of the year	**1,355.35**		1,005.35
Add : Transfer from Profit and Loss Account	**350.00**		350.00
		1,705.35	1,355.35
Surplus as per Profit and Loss Account		**133.56**	125.91
		5,071.20	4,757.29

	As at 31st March, 2010	As at 31st March, 2009
		Rs. in Crore
SCHEDULE 3 – SECURED LOANS		
I. Term Loans		
A. **Rupee Loans :**		
(i) Banks	**1,432.09**	1,044.20
(ii) Financial Institutions	**467.73**	583.93
	1,899.82	1,628.13
B. **Foreign Currency Loans :**		
(i) Standard Chartered Bank	**170.32**	61.12
(ii) ICICI Bank Limited	**369.80**	400.28
	540.12	461.40
II. Facilities from Banks :		
Overdraft	**309.10**	146.58
	309.10	146.58
	2,749.04	2,236.11

Notes :

1. The term loans and facilities from banks in I and II above are secured by equitable mortgage / hypothecation of all fixed assets of the Company including its land, buildings and all construction thereon and plant and machinery etc. and hypothecation of the Company's current assets comprising stock of stores, coal and other consumables, book debts, monies receivable and bank balances. However, creation of mortgage security in respect of five Rupee Loan and one Foreign Currency Loan aggregating Rs. 580.18 crore and working capital facilities from Banks aggregating Rs. 97.60 crore in process.
2. The security for the term loans in I above ranks pari passu inter se while the security in respect of facilities from banks in II above ranks pari passu amongst the said banks.
3. The ranking of the above security created by way of equitable mortgage / hypothecation is as follows :

On	Prior Charge	Subservient Charge
Fixed Assets	Term Loans in I above	Facilities from Banks in II
Current Assets	Facilities from Banks in II above	Term Loans in I above

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 4 – UNSECURED LOANS		
(a) Facilities from Banks		
Short term loans	**–**	114.96
(b) Floating Rate Notes	**62.67**	70.74
(US$ 13.75 million repayable in year 2012-13)		
	62.67	185.70

Schedule to the Accounts *(Contd.)*

SCHEDULE 5 – FIXED ASSETS

Rs. in Crore

PARTICULARS	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Additions/ Adjustments	Withdrawals/ Adjustments	**As at 31st March, 2010**	As at 1st April, 2009	Additions/ Adjustments	Withdrawals/ Adjustments	**As at 31st March, 2010**	**As at 31st March, 2010**	As at 31st March, 2009
Land										
Freehold	828.12	11.23	–	**839.35**	–	–	–	**–**	**839.35**	828.12
Leasehold	363.93	0.08	–	**364.01**	20.40	1.75	–	**22.15**	**341.86**	343.53
Buildings and Structures										
Freehold	233.23	165.69	0.04	**398.88**	57.14	5.76	0.03	**62.87**	**336.01**	176.09
Leasehold	251.01	0.07	–	**251.08**	189.01	4.24	–	**193.25**	**57.83**	62.00
Plant and Machinery	4,047.47	1,173.60	12.83	**5,208.24**	2,033.96	164.24	8.13	**2,190.07**	**3,018.17**	2,013.51
Transmission and Distribution System	3,016.72	551.76	–	**3,568.48**	1,268.56	107.91	–	**1,376.47**	**2,192.01**	1,748.16
Meters and Other Apparatus on Consumers' Premises	408.58	30.44	5.79	**433.23**	192.59	16.35	4.02	**204.92**	**228.31**	215.99
River Tunnel	4.88	–	–	**4.88**	1.79	0.26	–	**2.05**	**2.83**	3.09
Furniture, fittings and office equipments	67.37	9.61	0.34	**76.64**	26.48	3.54	0.24	**29.78**	**46.86**	40.89
Vehicles	12.30	2.48	0.45	**14.33**	5.96	1.93	0.29	**7.60**	**6.73**	6.34
Railway Sidings										
Freehold	4.56	–	–	**4.56**	4.45	–	–	**4.45**	**0.11**	0.11
Leasehold	24.80	2.17	–	**26.97**	12.29	0.94	–	**13.23**	**13.74**	12.51
Trademarks	150.00	–	–	**150.00**	–	7.50	–	**7.50**	**142.50**	150.00
Software	15.90	7.29	–	**23.19**	13.46	3.33	–	**16.79**	**6.40**	2.44
	9,428.87	1,954.42	19.45	**11,363.84**	3,826.09	317.75	12.71	**4,131.13**	**7,232.71**	5,602.78
Previous Year	8,743.53	693.63	8.29	**9,428.87**	3,533.92	297.35	5.18	**3,826.09**	**5,602.78**	

	As at 31st March, 2010	Rs. in Crore As at 31st March, 2009
SCHEDULE 6 – INVESTMENTS		
Long Term – Unquoted (fully paid)		
Trade		
13,000 Equity Shares of Integrated Coal Mining Limited of Rs.10 each	**0.01**	0.01
3,00,00,000 1% Cumulative Optionally Convertible Redeemable Preference Shares of Integrated Coal Mining Limited of Rs.10 each	**30.00**	30.00
Other than Trade		
Subsidiary Companies		
2,46,38,103 Equity Shares of Spencer's Retail Limited of Rs. 10 each.	**40.80**	40.80
50,000 Equity Shares of CESC Properties Limited of Rs. 10 each.	**0.05**	0.05
35,02,10,003 (31.03.2009: 2,10,003) Equity Shares of Haldia Energy Limited of Rs. 10 each.	**350.31**	0.31
50,000 (31.03.2009 : Nil) Equity Shares of Nalanda Power Company Limited of Rs. 10 each.	**0.05**	–
Others		
5,000 Equity Shares of Mahuagarhi Coal Company Private Limited of Rs. 10 each.	**0.01**	0.01
60,00,000 (31.03.2009 : 79,00,000) Equity Shares of Crescent Power Limited of Rs. 10 each.	**6.00**	7.90
(During the year 35 lakh equity shares of Rs 10 each fully paid were allotted to the Company by Crescent Power Limited at par and out of the total holding, 54 lakh equity shares were sold by the Company)		
12,685.585 Units of UTI-Floating Rate Fund of Rs.1000 each	**1.35**	1.35
Current – Unquoted (fully paid)		
2,33,44,414.149 units of Rs. 10.7092 each of IDFC Cash Fund Super Inst Plan C-Growth	**–**	25.00
1,72,927.507 units of Rs. 1,445.3980 each of UTI Liquid Cash Plan Institutional-Growth Option	**–**	25.00
1,88,75,902.268 units of Rs. 13.2444 each of Reliance Liquidity Fund, Growth Option	**–**	25.00
1,92,50,315.705 units of Rs. 12.9868 each of ICICI Prudential Institutional Liquid Plan-Super Institutional Growth	**–**	25.00
1,41,55,964.757 units of Rs. 17.6604 each of HDFC Liquid Fund Premium Plus Plan Growth	**–**	25.00
1,12,18,622.9140 units of Rs. 17.8275 each of Kotak Liquid (Institutional Premium)-Growth	**–**	20.00
82,74,104.535 units of Rs. 12.0859 each of Religare Liquid Fund -Super Institutional Growth	**–**	10.00
1,77,76,260.870 units of Rs. 14.0637 each of Birla Sun Life Cash Plus-Instl. Prem. Growth	**–**	25.00
1,27,27,244.9587 units of Rs. 19.6429 each of SBI-Magnum Insta Cash Fund-Cash Option	**–**	25.00
1,53,690.345 units of Rs. 1626.6474 each of Tata Liquid Super High Inv. Fund-Appreciation	**–**	25.00
6,28,548.986 units of Rs. 1511.4176 each of UTI Liquid Cash Plan Institutional-Growth Option	**95.00**	–
33,077.284 units of Rs. 1511.6114 each of UTI Liquid Cash Plan Institutional-Growth Option	**5.00**	–
8,93,59,116.417 units of Rs. 11.1908 each of IDFC Cash Fund Super Inst Plan C-Growth	**100.00**	–
18,37,481.386 units of Rs. 136.0826 each of ICICI Prudential Institutional Liquid Super Institutional Plan-Growth	**25.00**	–
2,50,00,000 units of Rs. 10.0000 each of IDFC FMP HY Series 9 -Plan A -Growth	**25.00**	–
	678.58	310.43

Schedule to the Accounts *(Contd.)*

Note : During the year the following current investments were purchased and sold :

736957991.697 units of IDFC Cash-Fund Super Inst Plan C-Growth at a cost of Rs. 810.00 crore

507356712.401 units of IDFC Money Manager Fund Treasury Plan-Super Inst Plan C-Growth at a cost of Rs. 544.28 crore

19995001.250 units of IDFC Cash-Fund Super Inst Plan C-Daily Dividend at a cost of Rs. 20.00 crore

19999198.230 units of IDFC Money Manager Fund Treasury Plan-Super Inst Plan C-Daily Dividend at a cost of Rs. 20.00 crore

9152255.745 units of UTI Liquid Cash Plan Inst-Growth at a cost of Rs. 1362.64 crore

7750072.506 units of UTI Treasury Advantage Inst Plan-Growth at a cost of Rs. 946.54 crore

1128064.006 units of UTI Liquid Cash Plan Inst-Daily income Option at a cost of Rs. 115.00 crore

1149892.571 units of UTI Treasury Advantage Inst Plan-Daily Dividend Option at a cost of Rs. 115.01 crore

378557529.501 units of HDFC Liquid Fund Premium Plus Plan-Growth at a cost of Rs. 683.00 crore

215738242.801 units of HDFC Cash Management Fund Treasury Advantage Plan-Wholesale-Growth at a cost of Rs. 426.10 crore

351047594.092 units of Reliance Liquidity Fund Growth at a cost of Rs. 477.00 crore

2978994.697 units of Reliance Money Manager Fund Inst Option-Growth at a cost of Rs. 367.17 crore

29990702.882 units of Reliance Liquidity Fund-Daily Dividend Reinvestment Option at a cost of Rs. 30.00 crore

299694.484 units of Reliance Money Manager Fund Inst Option-Daily Dividend Plan at a cost of Rs. 30.00 crore

763860172.068 units of Birla Sunlife Cash Plus-Inst Premium-Growth at a cost of Rs.1106.98 crore

407161097.544 units of Birla Sunlife Savings Fund Inst-Growth at a cost of Rs. 700.20 crore

65296724.710 units of SBI-SHF-Ultra Short Term Fund-Inst Plan-Growth at a cost of Rs. 75.63 crore

49980949.717 units of SBI-SHF-Ultra Short Term Fund-Inst Plan-Daily Dividend at a cost of Rs 50.01 crore

29850211.638 units of SBI-Magnum Insta Cash Fund-Daily Dividend Option at a cost of Rs. 50.00 crore

2400992.731 units of Tata Liquid Super High Investment Fund-Appreciation at a cost of Rs. 401.00 crore

223484362.586 units of Tata Floater Fund-Growth at a cost of Rs. 302.06 crore

390808036.060 units of Kotak Liquid (Inst Premium)-Growth at a cost of Rs. 718.92 crore

313760350.450 units of Kotak Flexi Debt Scheme Inst.-Growth at a cost of Rs. 348.48 crore

24533656.087 units of Kotak Liquid (Inst Premium)-Daily Dividend at a cost of Rs. 30.00 crore

29861631.218 units of Kotak Flexi Debt Scheme Inst.-Daily Dividend at a cost of Rs. 30.00 crore

109090851.161 units of Religare Liquid Fund-Super Inst-Growth at a cost of Rs. 136.00 crore

96775551.338 units of Religare Ultra Short Term Fund-Inst Growth at a cost of Rs. 120.28 crore

146653027.406 units of Principal Cash Management Fund-Liquid Option-Inst.-Premium Plan-Growth at a cost of Rs. 205.84 crore

108802394.223 units of Principal Floating Rate Fund-Inst. Option-Growth Plan at a cost of Rs. 155.72 crore

88142145.308 units of ICICI Prudential Ultra Short Term Plan-Super Premium-Growth at a cost of Rs. 90.79 crore

115590435.280 units of ICICI Prudential Liquid Super Inst. Plan-Growth at a cost of Rs. 355.00 crore

115715993.914 units of ICICI Prudential Flexible Income Plan-Premium Growth at a cost of Rs. 412.46 crore

64330122.15 units of DWS Insta Cash Plus Fund-Super Inst-Plan Growth at a cost of Rs. 75.00 crore

71170315.623 units of DWS Ultra Short Terms Fund-Inst-Growth at a cost of Rs. 75.01 crore

90944478.777 units of Fortis Overnight Fund-Inst. Plus-Growth at a cost of Rs. 102.00 crore

75129026.822 units of Fortis Money Plus Fund-Inst. Growth at a cost of Rs. 102.02 crore

859924.389 units of DSP BlackRock Cash Manager Fund-Inst Plan-Growth at a cost of Rs. 99.00 crore

399638.892 units of DSP BlackRock Money Manager Fund-Inst Plan-Growth at a cost of Rs. 50.01 crore

991609.450 units of DSP BlackRock Floating Rate Fund-Inst Plan - Growth at a cost of Rs. 129.13 crore

229653.524 units of DSP BlackRock Liquidity Fund-Inst Plan-Growth at a cost of Rs. 30.00 crore

130294427.065 units of Sundaram BNP Paribas Money Fund-Super Inst-Growth at a cost of Rs. 249.00 crore

168475235.443 units of Sundaram BNP Paribas Ultra ST Fund-Super Inst-Growth at a cost of Rs. 206.02 crore

42259795.076 units of JM High Liquidity Fund-Super Inst Plan-Growth at a cost of Rs. 60.00 crore

46991145.209 units of JM Money Manager Fund-Super Plus Plan-Growth at a cost of Rs. 60.01 crore

			Rs. in Crore
		As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 7 – CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories			
Stores and Spares		**133.60**	137.62
Fuel		**104.68**	74.34
		238.28	211.96
(b) Sundry Debtors			
1. For electricity supplied			
Debts outstanding for a period exceeding six months			
Secured – considered good	**7.32**		6.68
Unsecured – considered good	**9.32**		5.49
	16.64		12.17
Unsecured – considered doubtful	**4.10**		5.75
		20.74	17.92
Other Debts			
Secured – considered good	**324.55**		181.15
Unsecured – considered good	**140.80**		197.88
		465.35	379.03
		486.09	396.95
Less : Provision for doubtful debts		**4.10**	5.75
		481.99	391.20
Note : Rs. 33,474 (31.3.2009: Rs. 21,775) due by a Director of the Company on account of electricity bills; maximum amount due by a Director of the Company during the year: Rs. 52,846 (previous year Rs. 25,232)			
2. For claims and services rendered – unsecured (considered good)			
Debts outstanding for a period exceeding six months	**7.03**		8.36
Other Debts	**10.88**		3.15
		17.91	11.51
		499.90	402.71
(c) Cash and Bank Balances			
Cash in hand		**5.05**	3.80
Cheques in hand		**6.38**	6.54
With Scheduled Banks on :			
Current accounts etc.	**99.46**		161.28
Dividend accounts	**1.06**		0.83
Deposit accounts	**1,007.84**		1,102.28
		1,108.36	1,264.39
		1,119.79	1,274.73
(d) Loans and Advances			
Unsecured – considered good			
Intercorporate Deposit		**18.50**	18.50
Advance to subsidiaries for share subscription		**820.90**	844.63
Advances recoverable in cash or in kind or for value to be received (Includes Interest accrued on deposits with banks : 31.3.2010 - Rs. 12.83 crore; 31.3.2009 - Rs. 20.95 crore)		**129.77**	115.80
Deposits with Excise, Port Trust etc.		**0.39**	0.88
Other Deposits		**40.91**	52.86
Unsecured - considered doubtful			
Advances recoverable in cash or in kind or for value to be received		**–**	9.00
		1,010.47	1,041.67
Less : Provision for doubtful advances		**–**	9.00
		1,010.47	1,032.67
(e) Deferred Payments		**15.49**	42.22

Schedule to the Accounts *(Contd.)*

		As at 31st March, 2010	As at 31st March, 2009
			Rs. in Crore
SCHEDULE 8 – CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities			
Sundry Creditors		**263.92**	238.79
Other Liabilities		**1,087.11**	1,080.19
Unclaimed dividend		**1.06**	0.83
Unclaimed public deposits		**1.07**	1.31
Interest accrued but not due on loans and debentures		**26.94**	23.72
		1,380.10	1,344.84
Consumers' Benefit account		**0.71**	0.71
Liabilities on capital account		**192.68**	207.58
Advance payment received from consumers for capital jobs		**32.76**	25.24
		1,606.25	1,578.37
(b) Provisions			
Taxation (net of advance payment of tax Rs.273.11 crore; 31.3.2009 Rs. 184.39 crore)		**0.98**	0.95
Retirement / Separation Benefits		**63.42**	63.69
Proposed dividend		**49.97**	49.97
Tax on proposed dividend		**8.30**	8.50
		122.67	123.11

Notes :

(i) Sundry Creditors and Liabilities on Capital Account include outstanding dues of Micro and Small Enterprises Rs. Nil (31.3.2009 - Rs. Nil) (Note 14, Schedule 13).

(ii) Unclaimed dividend and unclaimed Public Deposits do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

SCHEDULE 9 – MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED

		As at 31st March, 2010	As at 31st March, 2009
Share / Debenture / Debt issue expenses	**7.86**		8.58
Less : Written off during the year	**0.72**		0.72
		7.14	7.86
		7.14	7.86

Rs. in Crore

		2009-10	2008-09
SCHEDULE 10 – OTHER INCOME			
Hire of meters		**38.98**	38.77
Income from long term trade investments		**0.30**	0.30
Income from current investments - other than trade		**35.73**	42.35
Interest on deposits (net of allocation to capital account : Rs. 3.09 crore; previous year : Rs. 18.46 crore) (Tax deducted at source Rs. 6.56 crore; previous year – Rs. 15.07 crore)		**44.54**	52.69
Delayed Payment Surcharge		**8.58**	13.79
Profit on sale of assets		**1.45**	1.69
Miscellaneous income (includes provision written back – Rs. 10.65 crore; previous year - Rs. 1.75 crore)		**26.62**	20.43
		156.20	170.02
SCHEDULE 11 – GENERATION, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES			
Cost of Fuel (including freight Rs. 145.16 crore; previous year – Rs. 157.61 crore)		**1,077.07**	944.72
Consumption of stores & spare parts		**227.26**	244.99
Repairs			
– Building	**7.32**		6.50
– Plant and Machinery	**42.27**		38.39
– Distribution System	**57.94**		48.28
– Others	**3.73**		5.17
		111.26	
Salaries, wages and bonus		**355.28**	320.40
Contributions to provident and other funds		**55.07**	34.39
Employees' welfare expenses		**15.67**	15.45
Insurance		**6.17**	6.33
Rent (including lease rent Rs. 13.85 crore; previous year – Rs. 14.39 crore)		**19.00**	19.47
Rates and taxes		**10.02**	7.80
Audit fees		**0.26**	0.26
Interest on consumers' security deposits		**57.40**	51.74
Bad debts/advances (net of recoveries Rs. 4.06 crore; previous year – Rs. 2.72 crore)		**16.53**	14.17
Provision for doubtful debts / advances made		**–**	9.00
Cost Adjustments		**(29.56)**	269.83
Miscellaneous expenditure written off		**0.72**	0.72
Foreign Exchange Rate Variation		**14.37**	24.30
Foreign Exchange Restatement		**(8.99)**	27.78
Miscellaneous expenses		**143.65**	131.36
		2,071.18	2,221.05
Less : Allocated to capital & deferred payment accounts		**165.04**	212.90
		1,906.14	2,008.15
SCHEDULE 12 – INTEREST			
Debentures		**–**	1.35
Fixed loans		**245.13**	164.31
Fixed deposits from public and others		**–**	0.01
Others		**22.62**	22.02
		267.75	187.69
Less : Allocated to capital accounts		**89.53**	46.73
		178.22	140.96

SCHEDULE 13 – NOTES ON ACCOUNTS

1. The operations of the Company are governed by the Electricity Act, 2003 and various Regulations and/or Policies framed thereunder by the appropriate authorities. Accordingly, in preparing the financial statements the relevant provisions of the said Act, Regulations etc. have been duly considered.

2. **Significant Accounting Policies**

(a) **Accounting Convention**
These financial statements have been prepared to comply in all material aspects with the applicable accounting principles in India, including standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956 and the Regulations under the Electricity Act, 2003, to the extent applicable. A summary of important accounting policies which have been applied consistently are set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

(b) **Basis of Accounting**
The financial statements have been prepared under the historical cost convention, modified by revaluation of certain fixed assets as stated in item '2c' and Note 4 below.

(c) **Fixed Assets**
Fixed Assets other than furniture and vehicles acquired upto 31 March 2005, have been adjusted for the effect of valuation made by an approved external valuer at the then current replacement cost after necessary adjustment for depreciation. Subsequent acquisition of these assets and furniture and vehicles are stated at cost of acquisition together with any incidental expenses related to acquisition and appropriate borrowing costs. In case of a project, cost also includes pre-operative expenses and where applicable, expenses during trial run after netting off of revenue earned during trial run and income arising from temporary use of funds pending utilisation. An impairment loss is recognized where applicable, when the carrying value of fixed assets of cash generating unit exceed its market value or value in use, whichever is higher. Capital Works in progress include advances made in respect of capital expenditure. Intangible assets comprising software and trademarks, expected to provide future enduring economic benefits are stated at cost of acquisition / implementation / development less accumulated amortisation.

(d) **Depreciation / Amortisation**
In terms of applicable Regulations under the Electricity Act, 2003, depreciation on fixed assets other than freehold land is provided on straight line method on a prorata basis at the rates specified therein, the basis of which is considered by the West Bengal Electricity Regulatory Commission (Commission) in determining the tariff for the year of the Company. Additional charge of depreciation for the year on increase in value arising from revaluation is recouped from Revaluation Reserve. Leasehold land is amortized over the unexpired period of the lease.

Intangible assets, comprising software related expenditure, are amortised in three years and those relating to Trademarks in twenty years, based on useful life assessed by an independent valuer.

(e) **Leasing**
Lease rentals in respect of assets taken under operating lease are charged to revenue.

(f) **Investments**
Current Investments are stated at lower of cost and fair value and Long Term Investments are stated at cost. Provision is made where there is a decline, other than temporary, in the value of long term investment.

(g) **Inventories**
Inventories of stores and spares and fuel are valued at lower of cost and net realizable value. Cost is calculated on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and condition. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, adjustment is made for such items.

(h) **Foreign Currency Transactions**
Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rate prevailing at the end of the financial year. Exchange gain or loss arising on settlement / translation is recognized in the Profit and Loss Account. The outstanding loans repayable in foreign currency are restated at the year-end exchange rate. Exchange gain or loss arising in respect of such restatement is accounted for as an income or expense with recognition of the said amount as refundable or recoverable, which will be taken into consideration in determining the Company's future tariff in respect of the amount settled. Foreign currency loans, availed of on a fully hedged basis and where as per the terms of the underlying contracts no exchange fluctuation is on the Company's account, are accounted for in the currencies in which such loans have been fully hedged.

(i) **Sales**
Earnings from sale of electricity are net of discount for prompt payment of bills and do not include electricity duty payable to the State Government. They also include, as per established practice, consistently followed by the Company in the past, estimated sums recoverable from / adjustable on consumers' account, calculated on the basis of rates approved / specified by the appropriate authorities which are reflected in the subsequent bills. In terms of the applicable regulations and tariff determination process followed by the Commission, advance against depreciation forms part of tariff. Such advance against depreciation of a year is adjusted against earning from sale of electricity for inclusion of the same in subsequent years, based on due consideration by the authorities in the tariff determination process.

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

(j) **Other Income**
Income from hire of meters is accounted for as per the approved rates. Income from investments and deposits etc. are accounted for on accrual basis inclusive of related tax deducted at source, where applicable. Delayed payment surcharge, as a general practice, is determined and recognised on receipt of overdue payment from consumers.

(k) **Employee Benefits**
Contributions to Provident Fund and contributory Pension Fund are accounted for on accrual basis. Provident Fund contributions are made to a fund administered through duly constituted approved independent trust. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is made good by the Company. The Company, as per its schemes, extend employee benefits current and/or post retirement, which are accounted for on accrual basis and includes actuarial valuation as at the balance sheet date in respect of gratuity, leave encashment and certain medical benefits, to the extent applicable, made by independent actuary. Actuarial gains and losses, where applicable, are recognised in the Profit and Loss Account. Compensation paid during the year in respect of voluntary retirement scheme has been charged off to revenue.

(l) **Miscellaneous expenditure to the extent not written off or adjusted**
The erstwhile governing statute for the Company, viz., the Electricity (Supply) Act, 1948 (ESA), provided for amortisation of preliminary expenses and certain capital issue expenses over the unexpired period of licence. The Company, as per the consistently applied accounting policy continues with such amortisation of expenditure incurred upto the year 2004-05. Thereafter, pursuant to repeal of ESA, such expenditures are charged off to revenue.

(m) **Borrowing Costs**
Borrowing Costs attributable to acquisition and / or construction of qualifying assets are capitalized as a part of cost of such assets upto the date where such assets are ready for their intended use. Other borrowing costs are charged to revenue.

(n) **Taxes on Income**
Current tax represents the amount payable based on computation of tax as per prevailing taxation laws under the Income Tax Act, 1961.

Provision for deferred taxation is made using liability method at the current rates of taxation on all timing differences to the extent it is probable that a liability or asset will crystallize. Deferred tax assets are recognized subject to the consideration of prudence and are periodically reviewed to reassess realization thereof. Carry forward unabsorbed depreciation as per assessment orders / returns filed has been recognised to the extent of deferred tax liability. Deferred Tax liability or asset will give rise to actual tax payable or recoverable at the time of reversal thereof. Since tax on profits forms part of chargeable expenditure under the applicable regulations, deferred tax liability or asset is recoverable or payable through future tariff. Hence, recognition of deferred tax asset or liability is made with corresponding provision of liability or asset, as applicable.

3. Earnings from sale of electricity are determined in accordance with the relevant orders of the Commission, where appropriate, giving due effect of the required adjustments including those relating to recovery of arrears in respect of earlier years which has resulted in a net credit adjustment of Rs. 24.28 crore in the current year. Such earnings are net of discount for prompt payment of bills and advance against depreciation amounting to Rs.62.05 crore (previous year : Rs.56.91 crore) and Rs.109.08 crore (previous year : Rs.139.68 crore) respectively.

4. Fixed assets other than furniture, vehicles and intangible assets as on 31 March 2005 have been revalued which resulted in an increase in the value of such assets by an amount of Rs.1,900.77 crore with corresponding credit to Revaluation Reserve.

5. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 80.73 crore (31 March, 2009: Rs. 279.74 crore).

6. Claims against the Company not acknowledged as debts :

(a) The West Bengal Taxation Tribunal had held meter rentals received by the Company from consumers to be deemed sales under the provisions of the Bengal Finance (Sales Tax) Act, 1941 and that sales tax was payable on such rentals. Based on such findings the Commercial Taxes Directorate assessed Rs.0.69 crore as sales tax on meter rentals received during the year ended 31 March, 1993 and raised a demand of Rs.0.36 crore on account of interest. Against the above demand, the Company had deposited a sum of Rs.0.75 crore with the sales tax authorities and obtained a stay against the balance demand from the Deputy Commissioner of Commercial Taxes. The sales tax authorities also indicated their intention to levy such sales tax on meter rentals for the subsequent years as well, against which, the Company filed a writ petition in the Calcutta High Court and prayed for an interim order, inter alia, restraining the sales tax authorities from proceeding with the assessment for the subsequent years till disposal of the appeal. An interim order has been issued by the High Court permitting the sales tax authorities to carry out assessments but restraining them from serving any assessment order on the Company. The disposal of the case is still pending.

(b) Other matters :

i. Municipal Tax : Rs. 0.89 crore (31 March, 2009: Rs. 1.11 crore) in respect of certain properties, the rates of which are disputed by the Company.

ii. Water Cess : Rs. 2.74 crore (31 March, 2009 : Rs. 8.13 crore) in respect of interest on water cess disputed by the Company.

7. During the year the 250 MW thermal power project at Budge Budge was completed at a project cost of Rs.1,336.93 crore and the commercial operation was declared on 28 February, 2010.

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

8. The net proceeds of 95,60,000 equity shares allotted in 2007-08 to Qualified Institutional Buyers in accordance with Chapter XIII A of SEBI (DIP) Guidelines 2000, as amended have since been fully utilised for strengthening the Company's distribution network and making equity contribution to Haldia Energy Limited, a wholly owned subsidiary of the Company pursuing setting up of a 600 MW generating facility in Haldia.

9. Amount lying in deposit accounts with scheduled banks as at 31 March, 2010 includes Rs.42 crore (31 March 2009 : Rs. 27.19 crore) appropriated upto the previous year towards Reserve for unforeseen exigencies and interest attributable thereto.

10. The Company has accounted for in the current year a net sum of Rs.(29.56) crore (previous year : Rs.269.83 crore) shown as cost adjustments in schedule 11 to the Profit and Loss Account, based on the Company's understanding of the applicable regulatory provisions in respect thereof, towards an estimated adjustable sum on account of cost of electrical energy purchased and fuel and related cost and adjustment relating to revenue account after giving the effect arising from the applicable orders for earlier years (including a carry forward sum of Rs.125.80 crore, pending disposal by the Commission) in this regard. The accurate quantification and disposal of the matter are being given effect to from time to time on receipt of necessary directions from the appropriate authorities.

11. Interest expenses in Schedule 12 and cost of fuel in Schedule 11 include gain of Rs.0.03 crore and Rs.3.04 crore respectively (previous year: loss of Rs.0.02 crore and Rs.9.76 crore respectively) due to exchange fluctuations. Miscellaneous Expenses in Schedule 11 include Borrowing Cost other than interest, amounting to Rs.5.81 crore (31 March 2009 : Rs.3.62 crore), which has been allocated to capital account. Income from Long Term Trade Investment and Income from Current Investment - other than trade shown in Schedule 10 include dividend income of Rs.0.30 crore (previous year : Rs.0.30 crore) and Rs.2.78 crore (previous year : Rs.28.88 crore) respectively.

12. Based on a review of the projected business prospects of the Company's subsidiaries, inspite of present losses therein, the management does not foresee any permanent diminution in the value of the Company's long term investments (including advance against equity) therein.

13. Future rentals payable in respect of non-cancellable leases for assets comprising various equipment and vehicles acquired after 1 April, 2001 under operating leases for the period ranging between 36-60 months work out to Rs.10.21 crore and Rs.19.14 crore during next one year and thereafter till five years respectively. There are no restrictions in respect of such leases.

14. There are no amount due to Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, based on information available with the Company.

15. Out of the outstanding foreign currency loans of Rs.602.79 crore disclosed in Schedule 3 and Schedule 4, loan balance amounting to Rs.532.97 crore have been fully hedged in Indian Rupee and Rs.69.82 crore represents sum restated at year end exchange rate in respect of underlying contractual obligations in United States Dollar. Current Liabilities include Rs.17.87 crore representing amount payable in United States Dollar restated at year end exchange rate which have not been hedged.

16. **Employee Benefits**

Defined Contribution Plan

The Company makes contributions for provident fund and pension (including for superannuation) towards defined contribution retirement benefit plans for eligible employees. Under the said plans, the Company is required to contribute a specified percentage of the employees' salaries to fund the benefits. During the year, based on applicable rates, the Company has recognised Rs. 26.90 crore (previous year: Rs.24.76 crore) on this count in the Profit and Loss Account.

Defined Benefit Plans

The Company makes annual contribution to independent trust, who in turn, invests in the Employees Group Gratuity Scheme of eligible agencies for qualifying employees. Liabilities at the year-end for gratuity, leave encashment and medical benefits have been determined on the basis of actuarial valuation carried out by an independent actuary, based on the method prescribed in Accounting Standard 15 - "Employee Benefits" of the Companies (Accounting Standard) Rules, 2006.

Net Liability / (Asset) recognized in the Balance Sheet :

(Rs. in Crore)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009			For the year ended 31 March, 2008		
	Gratuity	**Leave Encashment**	**Medical**	Gratuity	Leave Encashment	Medical	Gratuity	Leave Encashment	Medical
Present value of funded obligation	**130.53**	**-**	**-**	99.14	-	-	91.51	-	-
Fair Value of Plan Assets	**111.01**	**-**	**-**	106.42	-	-	100.19	-	-
	19.52	**-**	**-**	(7.28)	-	-	(8.68)	-	-
Present value of un-funded obligation	**-**	**48.04**	**15.39**	-	49.61	14.08	-	47.77	11.75
Unrecognised past service cost	**-**	**-**	**-**	-	-	-	-	-	-
Net Liability/(Asset)	**19.52**	**48.04**	**15.39**	(7.28)	49.61	14.08	(8.68)	47.77	11.75

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

Expenditure shown in the Schedule 11 to Profit and Loss Account as follows :

(Rs. in Crore)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009		
	Gratuity	**Leave Encashment**	**Medical**	Gratuity	Leave Encashment	Medical
Current Service Cost	**5.64**	**0.12**	**-**	5.74	0.17	-
Interest Cost	**7.59**	**3.86**	**1.10**	7.17	3.82	0.94
Expected Return on Plan Assets	**(8.21)**	**-**	**-**	(8.13)	-	-
Actuarial Loss/(Gain)	**(4.15)**	**(2.80)**	**0.86**	2.57	0.11	1.85
Past Service Cost	**26.94**	**-**	**-**	-	-	-
Total	**27.81**	**1.18**	**1.96**	7.35	4.10	2.79

Reconciliation of Opening and Closing Balances of the present value of obligations :

(Rs. in Crore)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009		
	Gratuity	**Leave Encashment**	**Medical**	Gratuity	Leave Encashment	Medical
Opening defined benefit obligation	**99.14**	**49.61**	**14.08**	91.51	47.77	11.75
Current Service Cost	**5.64**	**0.12**	**-**	5.74	0.17	-
Interest Cost	**7.59**	**3.86**	**1.10**	7.17	3.82	0.94
Plan Amendments	**26.94**	**-**	**-**	-	-	-
Actuarial Loss/(Gain)	**(0.24)**	**(2.80)**	**0.86**	2.85	0.11	1.85
Benefits Paid	**(8.54)**	**(2.75)**	**(0.65)**	(8.13)	(2.26)	(0.46)
Closing Defined Benefit Obligation	**130.53**	**48.04**	**15.39**	99.14	49.61	14.08

Reconciliation of Opening and Closing Balances of fair value of plan assets :

(Rs. in Crore)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009		
	Gratuity	**Leave Encashment**	**Medical**	Gratuity	Leave Encashment	Medical
Opening fair value of Plan Assets	**106.42**	**-**	**-**	100.19	-	-
Expected Return on Plan Assets	**8.21**	**-**	**-**	8.13	-	-
Actual Company Contributions	**1.01**	**-**	**-**	5.95	-	-
Actuarial Gain/(Loss)	**3.91**	**-**	**-**	0.28	-	-
Benefits Paid	**(8.54)**	**-**	**-**	(8.13)	-	-
Closing Fair Value on Plan Assets	**111.01**	**-**	**-**	106.42	-	-

Actual Return on Plan Assets **Rs. 12.13 crore** Rs. 8.41 crore

Plan Assets consist of funds maintained with LIC, ICICI Prudential and HDFC Standard Life.

Effect of increase/decrease of one percentage point in the assumed medical inflation rates :

(Rs. in Crore)

	For the year ended 31 March, 2010		For the year ended 31 March, 2009	
	Increase	**Decrease**	Increase	Decrease
Effect on aggregate of interest cost and current service cost	**-**	**-**	-	-
Effect on defined benefit obligation	**0.15**	**(0.11)***	0.14	(0.11)*

* in case of hospitalised treatment only

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

Principal Actuarial Assumption Used :

	For the year ended 31 March, 2010	For the year ended 31 March, 2009
Discount Rates	**8.30%**	8. 00%
Expected Return on Plan Assets	**8.00%**	8. 20%
Rate of increase in medical cost trend	**2.50%**	5.00%
Mortality Rates	**"LIC 1994-96 Ultimate"**	"LIC 1994-96 Ultimate"

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated terms of the obligations. The contribution expected to be made by the Company for the year ending 31 March, 2011 is not readily ascertainable and therefore not disclosed.

(Rs. in Crore)

	2009-10	2008-09
17. **Directors' Remuneration :**		
Salary	**0.42**	0.61
Commission (see note below)	**7.35**	6.00
Contributions to Pension, Provident and Gratuity Funds	**0.13**	0.11
Estimated value of other benefits	**0.26**	0.23
Non-Wholetime Directors' Fees	**0.13**	0.13
	8.29	7.08

Computation of Directors' Commission

(Rs. in Crore)

	2009-10	2008-09
Profit before taxation	**522.05**	464.87
Add :		
Directors' Remuneration	**8.29**	7.08
Provision for doubtful debts / advances	**-**	9.00
Compensation under Voluntary Retirement Scheme	**3.79**	3.26
Less :		
Profit on sale of fixed assets	**1.45**	1.69
Provision written back	**10.65**	1.75
Profit for the purpose of Directors' Commission	**522.03**	480.77

Note: Maximum Commission in terms of the respective limits specified in the Special Resolutions passed in the Annual General meeting held on 30 July, 2008.

(Rs. in Crore)

	2009-10	2008-09
Managing Director	**2.61**	2.40
Non-executive Directors	**5.22**	4.81
Provision for Commission		
Managing Director	**2.15**	2.00
Non-executive Directors	**5.20**	4.00

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

18. The major components of Deferred Tax Assets / (Liabilities) based on the timing difference as at 31 March, 2010 are as under :

(Rs. in Crore)

	2009-10	2008-09
Liabilities		
Depreciation difference	**(575.73)**	(436.18)
Assets		
Items covered under section 43B	**14.16**	14.18
Others including items covered under section 35DDA, 35DD	**3.26**	5.47
	(558.31)	(416.53)

19. **Earnings per Share:**

Computation of earnings per share for the year 2009-10

Particulars			2009-10	2008-09
Profit After Tax	(Rs. in Crore)	(A)	**433.30**	409.69
Weighted Average no. of shares for Earnings per Share		(B)	**12,49,35,925**	12,49,35,925
Basic and Diluted Earnings per Share of Rs. 10/- = [(A) / (B)] (Rs.)			**34.68**	32.79

20. The Company is engaged in generation and distribution of electricity and does not operate in any other reportable segment.

21. Related Parties disclosures

(a) Related Parties and their relationship

Names of Related Parties	Nature of Relationship
Spencer's Retail Limited	Subsidiary Company
Au Bon Pain Café India Limited	Subsidiary of Spencer's Retail Limited
Music World Retail Limited	Subsidiary of Spencer's Retail Limited
CESC Properties Limited	Subsidiary Company
Metromark Green Commodities Pvt. Ltd.	Subsidiary of CESC Properties Limited
Haldia Energy Limited	Subsidiary Company
Dhariwal Infrastructure Limited	Subsidiary of Haldia Energy Limited (w.e.f 27 August, 2009)
Nalanda Power Company Limited	Subsidiary Company (w.e.f 24 June, 2009)
Mahuagarhi Coal Company Private Limited (*)	Joint Venture
Mr. Sumantra Banerjee	Key Management Personnel

(*) Mahuagarhi Coal Company Private Limited (MCCPL) was incorporated in India for development of Mahuagarhi coal field and exploration of coal there from as a joint venture company with 50% participation of the Company in MCCPL's share capital, in terms of the requirements of allocation of the coal block by the Ministry of Coal, Government of India, which is yet to commence its commercial operation. The interests of the Company as at 31 March, 2010 in the assets, liabilities and expenses of the joint venture are Rs. 1.00 crore, Rs.0.00 crore and Rs. 0.04 crore respectively.

Schedule to the Accounts *(Contd.)*

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

(b) Details of transaction between the Company and related parties and status of outstanding balance

(Rs. in Crore)

Nature of Transactions	Subsidiaries		Joint Venture		Key Management Personnel		Total	
	31 Mar 10	31Mar 09	31 Mar 10	31Mar 09	31 Mar 10	31Mar 09	31 Mar 10	31Mar 09
Acquisition of investment								
- Haldia Energy Limited	**350.00**	0.31					**350.00**	0.31
- Nalanda Power Company Limited	**0.05**	-					**0.05**	-
- Mahuagarhi Coal Company Pvt. Ltd			**-**	0.01			**-**	0.01
Advance for share subscription								
- Spencer's Retail Limited (*)	**148.80**	370.65					**148.80**	370.65
- CESC Properties Limited	**22.00**	18.00					**22.00**	18.00
- Haldia Energy Limited	**154.76**	206.02					**154.76**	206.02
- Nalanda Power Company Limited	**0.70**	-					**0.70**	-
- Mahuagarhi Coal Company Pvt. Ltd.			**0.50**	0.52			**0.50**	0.52
(*) net of refund of Rs 350 crore (2008-09 : Rs 300.00 crore).								
Purchase of Trademarks - Spencer's Retail Limited	**-**	150.00					**-**	150.00
Expenses recovery								
- Dhariwal Infrastructure Limited	**0.63**	-					**0.63**	-
Income from sale / services								
- Spencer's Retail Limited	**0.88**	1.18					**0.88**	1.18
- CESC Properties Limited	**0.10**	-					**0.10**	-
- Music World Retail Limited	**0.21**	-					**0.21**	-
Expenses incurred	**0.02**	-					**0.02**	-
Security Deposit	**-**	0.05					**-**	0.05
Remuneration					**2.96**	2.95	**2.96**	2.95
Outstanding Balance								
- Debit	**1173.80**	847.54	**1.02**	0.52	**-**	-	**1174.82**	848.06
- Credit	**0.63**	0.63	**-**	-	**2.15**	2.00	**2.78**	2.63

(Rs. in Crore)

		2009-10	2008-09
22.	Miscellaneous Expenses shown in Schedule 11 include Auditors' Remuneration and Expenses :		
(a)	Tax Audit	**0.04**	0.04
(b)	Other Services	**0.29**	0.33
(c)	Reimbursement of expenses (including applicable service tax)	**0.06**	0.07

(Rs. in Crore)

		2009-10	2008-09
23.	**C.I.F. value of imports :**		
	Capital goods	**0.75**	0.35
	Fuel	**158.51**	159.46

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

(Rs. in Crore)

		2009-10	2008-09
24.	**Expenditure in foreign currency :**		
	Travelling	**0.56**	1.00
	Technical services fees (net of tax)	**0.09**	0.79
	Interest (net of tax)	**2.82**	7.25
	Others	**0.37**	0.73
	Total	**3.84**	9.77

25. **Dividend remitted in foreign currency :**

On account of dividends to non-resident shareholders relating to previous year

	2009-10			2008-09		
	No. of Shareholders	**No. of Shares held**	**Net amount remitted (Rs. in Crore)**	No. of Shareholders	No. of Shares held	Net amount remitted (Rs. in Crore)
Equity Dividend 2008/09	**370**	**7,73,284**	**0.31**	378	13,76,284	0.55

26. **Earnings in foreign currency :**

(Rs. in Crore)

	2009-10	2008-09
Income from Carbon Credit	**2.91**	11.42

27. **Values of raw materials and stores and spare parts consumed (excluding on capital account) :**

	2009-10		2008-09	
	Rs.in Crore	**%**	Rs. in Crore	%
Raw Material				
Imported	**159.41**	**14.80**	161.76	17.12
Indigenous	**917.66**	**85.20**	782.96	82.88
	1,077.07	**100.00**	944.72	100.00
Stores and Spare Parts				
Imported	**-**	**-**	-	-
Indigenous	**105.64**	**100.00**	105.58	100.00
	105.64	**100.00**	105.58	100.00

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

(Million kWh)

			2009-10	2008-09
28.	(a)	Total number of units generated during the year	**7835** *	7900
	(b)	Total number of units consumed in Generating Stations	**666** *	659
	(c)	Total number of units sent out	**7169** *	7241
	(d)	Total number of units purchased during the year	**1827**	1477
	(e)	Total number of units through Unscheduled Interchange (Net)	**(5)**	(13)
	(f)	Total number of units delivered	**8991**	8705
	(g)	Total number of units sold as per meter readings	**7595**	7206
	(h)	Total number of units sold to persons other than own consumers and WBSEDCL	**158**	302
	(i)	Total number of units consumed in Company's premises	**21**	20
	(j)	Total number of Units sold to WBSEDCL	**54**	73

* includes units generated, consumed and sent out in (a), (b) and (c) above by Unit 3 of Budge Budge Generating Station during trail run of 168 million KwH, 15 million KwH & 153 million KwH respectively.

29. The derated installed capacity of the Generating Stations of the Company (as per certification of technical expert) as on 31 March, 2010 was 1225000 kW (31 March, 2009 : 975000kW)

30.	**Consumption of fuel :**			**2009-10**	2008-09
	(a)	Consumption of coal			
		Quantity	Tonnes	**4861925**	4961238
		Value	Rs. in Crore	**1054.94**	930.92
	(b)	Consumption of oil			
		Quantity	Kilolitres	**5515.77**	3374.65
		Value	Rs. in Crore	**22.13**	13.80

31. Previous year's figures have been regrouped / rearranged, wherever necessary.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

Cash Flow Statement for the year ended 31st March, 2010

Rs. in Crore

		2009-10	2008-09
A.	**Cash flow from Operating Activities**		
	Profit before Taxation and Other Appropriation	522.05	464.87
	Adjustments for :		
	Depreciation	205.64	174.90
	Profit on Sale/Disposal of Assets	(1.45)	(1.69)
	Income from current Investments -other than Trade	(35.73)	(42.35)
	Income from Long Term Trade Investment	(0.30)	(0.30)
	Miscellaneous expenditure written off	0.72	0.72
	Provision for doubtful debts / Advances	–	9.00
	Provision for doubtful debts / Advances written back	(10.65)	(1.75)
	Bad debts / Advances written off	20.59	16.89
	Interest Expense	178.22	140.96
	Interest Income	(44.54)	(52.69)
	Advance against depreciation	109.08	139.68
	Foreign Exchange Rate Variation	14.37	24.30
	Operating Profit before Working Capital changes	**958.00**	**872.54**
	Adjustments for :		
	Trade & other receivable	(5.01)	3.36
	Inventories	(26.32)	(35.75)
	Trade payables	31.77	402.01
	Cash Generated from Operations	**958.44**	**1242.16**
	Income Tax paid	(88.72)	(56.81)
	Net cash flow from Operating Activities	**869.72**	**1185.35**
B.	**Cash flow from Investing Activities**		
	Addition to Fixed Assets/Capital Work-in-Progress	(912.47)	(1203.25)
	Sale of Fixed Assets	3.45	2.76
	Investment in Subsidiaries and Joint Ventures	(143.72)	(0.32)
	Purchase of long term investments	–	(7.90)
	Sale of Current Investments (net)	15.73	309.83
	Income from Long Term Trade Investment received	0.30	0.30
	Interest received	52.66	42.69
	Advance to subsidiaries, Joint Venture and other for share subscription	(183.10)	(598.70)
	Net cash used in Investing Activities	**(1167.15)**	**(1454.59)**
C.	**Cash flow from Financing Activities**		
	Proceeds from Long Term Loans (including refinance loan)	648.73	1086.15
	Repayment of Long Term Loans	(294.03)	(309.71)
	Repayment of Public Deposits	(0.24)	(1.00)
	Net increase / (decrease) in Cash Credit facilities and other Short Term Loans	47.56	(20.69)
	Capital Contributions and Advance received from Consumers	63.24	47.14
	Interest Paid	(264.53)	(186.15)
	Dividends paid	(49.74)	(49.71)
	Dividend tax paid	(8.50)	(8.50)
	Net Cash flow from Financing Activities	**142.49**	**557.53**
	Net (decrease)/increase in cash and cash equivalents	**(154.94)**	**288.29**
	Cash and Cash equivalents - Opening Balance	**1274.73**	986.44
	Cash and Cash equivalents - Closing Balance	**1119.79**	1274.73

Notes : a) The Cash Flow Statement has been prepared under the indirect method as given in the Accounting Standard on Cash Flow Statement (AS-3) as per Companies Accounting Standard Rules, 2006.

b) Previous year's figures have been regrouped/rearranged wherever necessary.

This is the Cash Flow Statement referred in our Report of even date.
For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

CESC LIMITED

Ten Years at a Glance : 2001 – 2010

Rupees in Crore

Year ended 31st March	2001	2002	2003	2004	2005	2006	2007	2008	2009	**2010**
Gross Revenue from Sale of Electricity and Other Income	2089	2143	2243	2416	2387	2587	2573	2930	3200	3449
Profit before Taxation (after charging Depreciation and Interest)	13	(88)	8	93	163	204	341	403	465	522
Taxation	-	-	1	7	13	20	40	48	55	89
Profit after Taxation	13	(88)	7	86	150	184	301	355	410	433
Net Special Appropriations including Appropriations to Contingencies Reserve/ Reserve for Unforseen exigencies	47	27	12	15	3	7	12	13	16	17
Profit / (Loss) after Tax and Special Appropriations	(34)	(115)	(5)	71	147	177	289	342	394	416
Proposed Dividend including Tax	–	–	–	–	21	23	35	58	58	58
Sources of Funds –										
Share Capital	62	62	62	67	75	83	85	126	126	126
Equity Warrants issued and subscribed	–	–	–	–	–	4	–	–	–	–
Reserves and Surplus (Net)	1847	1737	1747	1309	1464	3606	3730	4519	4757	5071
Loan Funds	2987	3076	2993	2609	2167	1910	1799	1629	2398	2812
Security Deposits	215	250	316	373	441	560	652	742	821	896
Advance against Depreciation	–	–	–	–	–	–	100	198	338	447
	5111	5125	5118	4358	4147	6163	6366	7214	8440	9352
Application of Funds –										
Fixed Assets (less Depreciation)	4942	4688	4457	4035	3843	5566	5556	5829	6883	7511
Investments	13	11	11	30	31	31	241	570	310`	679
Net Current Assets (includes Miscellaneous Expenditure not written off)	156	426	650	293	273	566	569	815	1247	1162
	5111	5125	5118	4358	4147	6163	6366	7214	8440	9352
Additions to Fixed Assets	227	166	108	146	146	161	232	302	694	1954
Depreciation	308	315	323	296	292	254	158	168	175	206
Units sold (millions)	5165	5333	5557	5711	5864	6251	6424	6948	7206	7595
Units exported (millions)	–	–	–	7	160	418	458	441	302	158
System Maximum Demand (megawatts)	1238	1280	1281	1281	1253	1343	1359	1436	1450	1584
No. of Consumers (in Lakhs)	17.89	18.28	18.77	19.49	20.19	20.96	21.83	22.08	22.94	23.84

Major Statistics : 2009 – 2010

Generating Capacity	Budge Budge Generating Station	750	MW
	Southern Generating Station	135	MW
	Titagarh Generating Station	240	MW
	New Cossipore Generating Station	100	MW
220/132/33 KV Substations	Installed Capacity	480	MVA
132/33 KV Substations	Installed Capacity	1932	MVA
Distribution Stations	Number of Stations	94	
	Transformer Capacity	2778.5	MVA
LT Substations	No. of AC Substations	6304	
	Transformer Capacity	2068	MVA
	No. of DC Substations	1	
	DC Substations Capacity	400	KW

Transmission/Distribution Network (Circuit KM.)

Transmission Lines		220 KV UG	6.6 Ckt. Km.
		220 KV OH	172 Ckt. Km.
		132 KV UG	222 Ckt. Km.
		132 KV OH	81 Ckt. Km.
		33 KV UG	1145 Ckt. Km.
		33 KV OH	92 Ckt. Km.
		20 KV UG	50 Ckt. Km.
HT Distribution		11 & 6 KV UG	4624 Ckt. Km.
		11 & 6 KV OH	87 Ckt. Km.
		3.3 KV UG	21 Ckt. Km.
LT Distribution		UG	6174 Ckt Km.
		OH	4539 Ckt. Km.

Additions During the Year

220/132/33 KV Substations	480 MVA	LT UG Mains	255 Ckt. Km.
132/33 KV Substations	NIL	LT OH Mains	102 Ckt. Km.
Distribution Stations	170.5 MVA	220 KV UG	6.6 Ckt. Km.
LTAC Substations	137.3 MVA	220 KV OH	122 Ckt. Km.
No. of LT Services	15355 Nos	132 KV UG	14 Ckt. Km.
No. of HT Services	30 Nos	33 KV UG	21 Ckt. Km.
		6 KV UG	247 Ckt. Km.
		11 KV UG	65 Ckt. Km.

Abbreviations : MW - Megawatt, MVA - Megavoltampere, KV - Kilovolt, UG -Underground, OH - Overhead, Ckt. Km. - Circuit Kilometre.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.		21-31411 (CIN - L31901WB1978PLC031411)	
State Code		21	
Balance Sheet Date		31 March, 2010	

II. Capital raised during the year

(Amount in Rupees Crore)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement (QIP)	Nil

III. Position of mobilisation and deployment of funds
(Amount in Rupees Crore)

Total Liabilities	9351.70	Total Assets	9351.70
Sources of Funds		Application of Funds	
Paid up Capital	125.60	Net Fixed Assets	7510.97
Reserves and Surplus	5071.20	Investments	678.58
Secured Loans	2749.04	Net Current Assets	1155.01
Unsecured Loans	62.67	Miscellaneous Expenditure	7.14
Other Funds	896.48		
Advance against Depreciation	446.71		

IV. Performance of the Company
(Amount in Rupees Crore)

Turnover (including Other Income)	3449.04	Total Expenditure	2926.99
Profit before Tax	522.05	Profit after Tax	433.30
Earnings Per Share (Rs.)			
Basic & Diluted	34.68	Dividend Rate (%)	40%

V. Generic Names of Principal Products / Services of the Company
(As per monetary terms)

Item Code No.	Not specified	Product Description	Electricity

Head Office
CESC House
Chowringhee Square
Kolkata 700 001
Phone : (033) 2225 6040 (10 lines)
Fax : (033) 2225 5155
E-Mail : cesc@cesc.co.in
Website : www.cesc.co.in

Generating Stations
Budge Budge
Vill. & P.O. - Pujali, P.S. Budge Budge
24 Parganas (S), Pin : 700 138
Phone : 2482 1708, 2482 2957

New Cossipore
28 Jheel Road, Kolkata 700 002
Phone : 2556 6695, 2556 6696

Southern
28 Garden Reach Road
Kolkata 700 024
Phone : 2469 6886, 2469 7557

Titagarh
B. T. Road, P.O. Khardah, Titagarh
24 Parganas (N), Pin : 700 119
Phone : 2501 1042, 2553 3392

Investor Service
Secretarial Department
CESC House
Chowringhee Square
Kolkata 700 001
Telephones :
For resident shareholders
2204 0754
For non-resident shareholders
(91) (033) 2204 0663
Fax : 2236 3868
E-mail : secretarial@cesc.co.in

Regional Offices
Central
CESC House
Chowringhee Square
Kolkata 700 001
Phone : 2225 6040 (10 lines)

Howrah
433/1 G. T. Road (N), Howrah 711 101
Phone : 2666 1667, 2666 6014
2666 9199

North
226 A & B APC Road, Kolkata 700 004
Phone : 2555 9815 (4 lines)

North Suburban
32 B. T. Road
(Opp. Sagar Dutta Hospital)
Kolkata 700 058
Phone : 2553 7583, 2583 9391

South
6 Mandeville Gardens
Kolkata 700 019
Phone : 2440 6470

South-West
P-18 Taratolla Road
Kolkata 700 088
Phone : 2401 4541 (5 lines)

In case of supply breakdown, please contact

1912
44031912

Customer Relations
CESC House
Chowringhee Square
Kolkata 700 001
Phone : 2237 3612, 2237 3853

Consumer Grievance Cell
CESC House
Chowringhee Square
Kolkata 700 001
Telefax : 2236 5669

CESC LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

OF

CESC LIMITED AND ITS SUBSIDIARIES

2009-10

Report of the Auditors

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF CESC LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CESC LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of CESC Limited (the "Company") and its subsidiaries and jointly controlled entity hereinafter referred to as the "Group" as at 31 March, 2010, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of seven subsidiaries and a jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs. 1,53,619.81 lakh and net assets of Rs. 1,33,444.22 lakh as at 31 March, 2010, total revenues of Rs. 97,343.31 lakh, net loss of Rs. 28,049.08 lakh and net cash flows amounting to Rs. 397.95 lakh for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. In respect of one of the subsidiaries, the auditors had made the following observation :

   Attention is drawn to note no.16 on Schedule Q regarding recognition of net deferred tax asset (DTA) of Rs. 24,631.31 lakhs (including Rs. 7,185.77 lakhs for the year) in the accounts up to 31 March, 2010 based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such Deferred Tax Asset. This had also caused us to qualify our audit opinion on the financial statements relating to the preceding year.

   Had the impact of above item been considered, there would be a loss of Rs. 33,034.42 lakhs as against the reported loss of Rs. 25,848.65 lakhs for the year and the Profit and Loss Account debit balance would have been Rs. 83,073.50 lakhs as against the reported debit balance of Rs. 58,442.19 lakhs.

5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, subject to our remarks in Paragraph 4 above, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2010;

   (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Lovelock & Lewes
Firm Registration Number - 301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number: 52340

Kolkata, 21 June, 2010.

Consolidated Balance Sheet as at 31st March, 2010

CESC LIMITED

	Schedule No.		Rs. in Lakh As at 31st March, 2010	Rs. in Lakh As at 31st March, 2009
I. SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	**12,559.15**		12,559.15
Share Application Money		**100.00**		49.99
Reserves and Surplus	2	**441,273.49**		437,489.41
			453,932.64	450,098.55
Minority Interest			**88.96**	–
Loan Funds				
Secured Loans	3	**280,621.65**		231,238.80
Unsecured Loans	4	**71,267.25**		48,580.97
			351,888.90	279,819.77
Consumers' Security Deposits			**89,589.09**	82,055.37
Deferred Tax Liability (Note 14, Schedule 13)		**55,831.00**		41,653.00
Less : Recoverable		**(55,831.00)**		(41,653.00)
			–	–
Advance against Depreciation			**44,671.00**	33,763.00
			940,170.59	845,736.69
II. APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		**1,208,573.22**		984,218.89
Less : Depreciation		**424,072.22**		390,533.45
Net Block		**784,501.00**		593,685.44
Capital Work-in-Progress*		**44,216.30**		135,149.06
*(Includes Share of Joint Venture-Rs. 75.03 lakh; 31.3.2009-Rs. 52.03 lakh)			**828,717.30**	728,834.50
Investments	6		**43,737.30**	43,427.30
Deferred Tax Asset (Note 14, Schedule 13)			**24,631.31**	17,445.54
Current Assets, Loans and Advances	7			
Inventories		**37,389.12**		37,762.31
Sundry Debtors		**51,762.53**		42,572.13
Cash and Bank Balances		**116,800.09**		130,738.32
Loans and Advances		**28,161.88**		28,873.88
Deferred Payments		**1,548.75**		4,222.00
		235,662.37		244,168.64
Less : Current Liabilities and Provisions	8			
Current Liabilities		**180,802.14**		176,634.89
Provisions		**12,488.62**		12,487.82
		193,290.76		189,122.71
Net Current Assets			**42,371.61**	55,045.93
Miscellaneous Expenditure to the extent not written off or adjusted	9		**713.07**	983.42
			940,170.59	845,736.69
Notes on Accounts	13			

Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

Consolidated Profit and Loss Account for the year ended 31st March, 2010

	Schedule No.		Rs. in Lakh 2009-10	Rs. in Lakh 2008-09
INCOME				
Sales			**420,415.19**	405,139.60
Other Income	10		**21,726.20**	22,019.58
			442,141.39	427,159.18
EXPENDITURE				
Cost of Electrical Energy purchased for Power Business			**63,698.92**	41,246.02
Cost of Fuel for Power Business			**107,707.16**	94,471.68
Cost of Goods Sold for Retail Business			**79,586.22**	90,782.19
Other Expenditure	11		**123,906.39**	153,411.40
Interest	12		**20,399.99**	15,706.31
Depreciation			**25,135.43**	21,578.34
			420,434.11	417,195.94
Profit before Taxation and Other Appropriation			**21,707.28**	9,963.24
Exceptional Items (Note 18, Schedule 13)			**(4,318.43)**	(7,899.82)
Provision for Taxation – Current		**(8,940.23)**		(5,268.00)
– Fringe Benefit Tax		**–**		(405.49)
– Deferred Tax (net)		**7,185.77**	**(1,754.46)**	11,243.97
Profit after Taxation before Minority Interest			**15,634.39**	7,633.90
Minority Interest			**90.28**	116.22
Profit after Taxation and Minority Interest			**15,724.67**	7,750.12
Transfer from / (to)				
Reserve for unforeseen exigencies			**(1,738.00)**	(1,558.00)
Debenture Redemption Reserve			**–**	513.00
Proposed dividend on Equity Shares			**(4,997.44)**	(4,997.44)
Tax on proposed dividend			**(830.01)**	(849.31)
General Reserve / Surplus as per Balance Sheet			**(8,159.22)**	(858.37)
Earnings per Equity Share (in Rupees) (Face value of Rs. 10 per share)				
Basic & Diluted before Exceptional Items			**16.04**	12.53
Basic & Diluted after Exceptional Items (Note 15, Schedule 13)			**12.59**	6.20
Notes on Accounts	13			

Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

Schedule to the Accounts

		Rs. in Lakh As at 31st March, 2010	Rs. in Lakh As at 31st March, 2009
SCHEDULE 1 – SHARE CAPITAL			
AUTHORISED CAPITAL			
15,00,00,000 Equity Shares of Rs. 10 each		**15,000.00**	15,000.00
		15,000.00	15,000.00
ISSUED CAPITAL			
13,12,35,897 Equity Shares of Rs. 10 each		**13,123.59**	13,123.59
		13,123.59	13,123.59
SUBSCRIBED AND PAID UP CAPITAL			
12,49,35,925 Equity Shares of Rs. 10 each		**12,493.59**	12,493.59
Add : Forfeited Shares (amount originally paid-up)		**65.56**	65.56
		12,559.15	12,559.15

Notes :

1. 71,94,951 Equity Shares of Rs. 10 each were allotted on 7 April, 1979 as fully paid to the stockholders of The Calcutta Electric Supply Corporation Limited, the erstwhile sterling company, in terms of a Scheme of Arrangement and Amalgamation approved by the Hon'ble High Courts at Calcutta and London pursuant to which the undertaking and the assets, liabilities, reserves and surplus of the said sterling company were transferred to the Parent.
2. 3,10,58,414 Equity Shares of Rs. 10 each were allotted as fully paid-up on 12 October, 2007 prusuant to a Scheme of Amalgamation sanctioned by the Hon'ble High Court at Calcutta.

SCHEDULE 2 – RESERVES AND SURPLUS			
Capital contribution from consumers as at beginning of the year	**46,977.79**		40,082.04
Add : Contributions during the year	**5,571.82**		6,895.75
		52,549.61	46,977.79
Capital Reserve on consolidation as at beginning of the year	**3,772.31**		3,771.66
Add : Addition during the year	**–**		0.65
		3,772.31	3,772.31
Capital Redemption Reserve		**2,012.70**	2,012.70
Share Premium Account		**125,484.54**	125,484.54
Revaluation Reserve as at beginning of the year	**149,054.77**		161,432.17
Less : Withdrawal on account of depreciation on amount added on revaluation	**11,211.55**		12,244.74
	137,843.22		149,187.43
Less : Withdrawal of the residual amount added on revaluation consequent to sale/disposal of revalued assets	**473.41**		132.66
		137,369.81	149,054.77
Reserve for unforeseen exigencies as at beginning of the year	**4,072.00**		2,514.00
Add : Transfer from Profit and Loss Account	**1,738.00**		1,558.00
		5,810.00	4,072.00
Debenture Redemption Reserve as at beginning of the year	**–**		513.00
Add : Transfer (to) / from Profit and Loss Account	**–**		(513.00)
		–	–
General Reserve / Surplus as at beginning of the year	**106,115.30**		105,256.93
Add : Additions during the year	**8,159.22**		858.37
		114,274.52	106,115.30
		441,273.49	437,489.41

	Rs. in Lakh As at 31st March, 2010	Rs. in Lakh As at 31st March, 2009
SCHEDULE 3 – SECURED LOANS		
I. Term Loans		
A. **Rupee Loans :**		
(i) Banks	**148,833.72**	111,545.19
(ii) Financial Institutions	**46,865.77**	58,657.60
	195,699.49	170,202.79
B. **Foreign Currency Loans :**		
(i) Standard Chartered Bank	**17,031.88**	6,111.73
(ii) ICICI Bank Limited	**36,980.02**	40,028.05
	54,011.90	46,139.78
II. Facilities from Banks :		
Overdraft	**30,910.26**	14,896.23
	30,910.26	14,896.23
	280,621.65	231,238.80

Notes :

1. The term loans and facilities from banks in respect of the Parent in I and II above are secured by equitable mortgage / hypothecation of all fixed assets of the Parent including its land, building and all construction thereon and plant and machinery etc. and hypothecation of its current assets comprising stock of stores, coal and other consumables, book debts, monies receivable and bank balances. However, creation of mortgage security in respect of five Rupee Loans and one Foreign Currency Loan of the Parent aggregating to Rs. 58,018 lakh and working capital facilities from banks aggregating Rs. 9,760 lakh is in process.

2. The security for the term loans in respect of the Parent in I above ranks pari passu inter se while the security in respect of facilities from banks in respect of the Parent in II above ranks pari passu amongst the said banks.

3. The ranking of the above security in respect of the Parent created by way of equitable mortgage / hypothecation is as follows :

On	Prior Charge	Subservient Charge
Fixed Assets	Term Loans in I above	Facilities from Banks in II above
Current Assets	Facilities from Banks in II above	Term Loans in I above

4. Term loans amounting to Rs. 5,625 lakh in I(A) (ii) above in respect of one of the subsidiaries are secured as follows :

   i. Hypothecation by way of an exclusive residual charge subject to a first charge in favour of IDFC over all the collections (cash and non-cash) in HDFC Bank from the Mumbai and Hyderabad stores of that subsidiary.

   ii. Hypothecation by way of first charge in favour of ICICI Bank Limited over all the current assets and movable assets (tangible & intangible, both present and future) and all the receivables arising out of, pursuant to or under the merchant establishment agreement (including the credit card receivables account) save and except any asset situated in or any such receivables arising from the hyper stores situated at Vishakapatnam, Hyderabad and Malad (Mumbai).

   iii. Secured by corporate guarantee given by the Parent.

5. Term loans amounting to Rs. 93.04 lakh in I(A)(ii) above in respect of one of the subsidiaries are secured as follows :

   i. A first charge by way of hypothecation in favour of the lender of all the movables of the subsidiary for the purposes of part financing of the operations of the hyper market in Hyderabad and the setting up of the hyper markets in Malad and Thane in Mumbai ("the project") including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles, and all other movable assets, book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future subject to prior charges created / to be created in favour of the subsidiary's bankers on the stocks of raw materials, semi finished and finished goods, consumable goods and book debts and operating cash flows for securing the borrowing for working capital requirements in the ordinary course of business.

   ii. A first charge on all the intangible assets including but not limited to the goodwill, trademark, uncalled capital, and undertaking of the subsidiary.

   iii. A first charge by way of assignment or creation of security, interest in a) all the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary in the license agreement with respect to Hyper Markets in Mumbai, subject to consent from counter parties; b) all the rights, title, interest, benefits, claims and demands whatsoever in the license agreement dated June 14th, 2002 with respect to the use of the trademarks and copyrights which requires modification, subject to consent from the counter parties and c) all insurance contracts/insurance proceeds relating to the project.

   iv. A first charge on the trust and retention accounts, other reserves and any other bank accounts of the subsidiary relating to the project wherever maintained.

6. Facilities from banks in II above in respect of one of the subsidiaries are secured by the hypothecation of stock in trade, consumable stores, book debts, other receivables, both present and future of the Music World Retail Limited (erstwhile Music World and Books and Beyond Division of the subsidiary).

		Rs. in Lakh	Rs. in Lakh
		As at 31st March, 2010	As at 31st March, 2009
SCHEDULE 4 – UNSECURED LOANS			
(a)	Facilities from Banks		
	Short term loans	**65,000.00**	41,496.36
(b)	Floating Rate Notes (US$ 13.75 million repayable in year 2012-13)	**6,267.25**	7,074.37
(c)	Short Term Loan - Others	**–**	0.50
	Interest Accured and due	**–**	7.61
		71,267.25	48,578.84
	Add : Share of Joint Venture (Note 1(c), Schedule 13)	**–**	2.13
		71,267.25	48,580.97

SCHEDULE 5 – FIXED ASSETS

Rs. in Lakh

PARTICULARS	GROSS BLOCK AT COST OR VALUATION					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April, 2009	Assets taken over on acquisition	Additions/ Adjustments	Withdrawals/ Adjustments	**As at 31st March, 2010**	As at 1st April, 2009	Assets taken over on acquisition	Additions/ Adjustments	Withdrawals/ Adjustments	**As at 31st March, 2010**	**As at 31st March, 2010**	As at 31st March, 2009
Goodwill on consolidation	122.61	–	31,092.35	–	**31,214.96**	–	–	–	–	–	**31,214.96**	122.61
Land												
Freehold	82,854.23	–	1,123.62	–	**83,977.85**	6.73	–	1.40	–	**8.13**	**83,969.72**	82,847.50
Leasehold	40,511.03	–	3,836.66	–	**44,347.69**	2,083.45	–	246.74	–	**2,330.19**	**42,017.50**	38,427.58
Buildings and Structures												
Freehold	23,379.03	–	16,575.10	4.34	**39,949.79**	5,723.26	–	579.40	3.65	**6,299.01**	**33,650.78**	17,655.77
Leasehold	44,737.76	–	1,241.59	4,146.52	**41,832.83**	21,772.07	–	2,263.39	1,148.52	**22,886.94**	**18,945.89**	22,965.69
Plant and Machinery	421,581.35	–	118,222.08	3,820.89	**535,982.54**	204,922.37	–	17,162.79	1,064.04	**221,021.12**	**314,961.42**	216,658.98
Transmission and Distribution System	301,672.28	–	55,175.56	–	**356,847.84**	126,856.71	–	10,790.35	–	**137,647.06**	**219,200.78**	174,815.57
Meters and Other Apparatus on Consumers' Premises	40,859.04	–	3,043.46	579.25	**43,323.25**	19,258.31	–	1,634.97	401.49	**20,491.79**	**22,831.46**	21,600.73
River Tunnel	487.42	–	–	–	**487.42**	179.49	–	25.66	–	**205.15**	**282.27**	307.93
Furniture	16,292.64	–	2,120.31	1,048.13	**17,364.82**	5,635.14	–	2,649.70	224.49	**8,060.35**	**9,304.47**	10,657.50
Vehicles	1,424.58	–	262.08	68.37	**1,618.29**	677.50	–	225.10	39.72	**862.88**	**755.41**	747.08
Railway Sidings												
Freehold	456.04	–	–	–	**456.04**	444.92	–	0.40	–	**445.32**	**10.72**	11.12
Leasehold	2,480.11	–	216.57	–	**2,696.68**	1,228.55	–	94.54	–	**1,323.09**	**1,373.59**	1,251.56
Software	3,471.44	–	849.41	0.75	**4,320.10**	1,716.08	–	569.77	0.16	**2,285.69**	**2,034.41**	1,755.36
License	689.33	–	281.84	18.05	**953.12**	28.87	–	20.69	4.06	**45.50**	**907.62**	660.46
Trademarks	3,200.00	–	–	–	**3,200.00**	–	–	160.00	–	**160.00**	**3,040.00**	3,200.00
	984,218.89	**–**	**234,040.63**	**9,686.30**	**1,208,573.22**	**390,533.45**	**–**	**36,424.90**	**2,886.13**	**424,072.22**	**784,501.00**	**593,685.44**
Previous Year	910,317.15	33.08	79,796.62	5,927.96	984,218.89	357,793.21	0.80	33,877.83	1,138.39	390,533.45	593,685.44	

Note : In respect of one of the subsidiaries, depreciation for the year includes Rs. 337.16 lakh being accelarated depreciation on certain movable items not in use from closed/dropped stores and Rs. 28.36 lakh for earlier years.

Schedule to the Accounts *(Contd.)*

	Rs. in Lakh As at 31st March, 2010	Rs. in Lakh As at 31st March, 2009
SCHEDULE 6 – INVESTMENTS		
Long Term Unquoted (fully paid)		
Trade		
13,000 Equity Shares of Integrated Coal Mining Limited of Rs.10 each	**1.30**	1.30
3,00,00,000 1% Cumulative Optionally Convertible Redeemable Preference Shares of Integrated Coal Mining Limited of Rs.10 each	**3,000.00**	3,000.00
Other than Trade		
60,00,000 (31.3.2009 : 79,00,000) Equity Shares of Crescent Power Limited of Rs. 10 each.	**600.00**	790.00
12,685.585 Units of UTI-Floating Rate Fund of Rs.1000 each	**135.00**	135.00
10,000 Equity Shares of Rs. 10 each in Retail Association of India	**1.00**	1.00
Current - Unquoted		
(fully paid)		
2,33,44,414.149 units of Rs. 10.7092 each of IDFC Cash Fund - Super Inst Plan C - Growth	**–**	2,500.00
1,72,927.507 units of Rs. 1,445.3980 each of UTI Liquid Cash Plan Institutional - Growth Option	**–**	2,500.00
1,88,75,902.268 units of Rs. 13.2444 each of Reliance Liquidity Fund - Growth Option	**–**	2,500.00
1,92,50,315.705 units of Rs. 12.9868 each of ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	**–**	2,500.00
1,41,55,964.757 units of Rs. 17.6604 each of HDFC Liquid Fund - Premium Plus Plan - Growth	**–**	2,500.00
1,12,18,622.9140 units of Rs. 17.8275 each of Kotak Liquid (Institutional Premium) - Growth	**–**	2,000.00
82,74,104.535 units of Rs. 12.0859 each of Religare Liquid Fund - Super Institutional Growth	**–**	1,000.00
1,77,76,260.870 units of Rs. 14.0637 each of Birla Sun Life Cash Plus - Instl. Prem. Growth	**–**	2,500.00
1,27,27,244.9587 units of Rs. 19.6429 each of SBI - Magnum Insta Cash Fund - Cash Option	**–**	2,500.00
1,53,690.345 units of Rs. 1626.6474 each of Tata Liquid Super High Inv. Fund - Appreciation	**–**	2,500.00
1,42,23,638.264 units of Rs. 14.0611each of Birla Sun Life Cash Fund	**–**	2,000.00
1,13,27,016.634 units of Rs. 17.6569 each of HDFC Liquid Fund	**–**	2,000.00
4,46,79,558.209 (31.03.2009 : 1,86,79,717.563) units of Rs. 11.1908 each of IDFC Cash Fund	**5,000.00**	2,000.00
1,45,59,431.600 units of Rs. 13.7368 each of Principal Mutual Fund	**–**	2,000.00
1,51,03,686.810 units of Rs. 13.2418 each of Reliance Liquidity Fund	**–**	2,000.00
1,01,83,817.9133 units of Rs. 19.6390 each of SBI MICF	**–**	2,000.00
1,22,974.933 units of Rs. 1626.3477 each of Tata Liquid Fund	**–**	2,000.00
1,72,962.741 units of Rs. 1445.3980 each of UTI Liquid Cash Plan	**–**	2,500.00
12,57,097.972 units of Rs. 1511.4176 each of UTI Liquid Cash Plan	**19,000.00**	–
66,154.568 units of Rs. 1511.6114 each of UTI Liquid Cash Plan	**1000.00**	–
8,93,59,116.417 units of Rs. 11.1908 each of IDFC Cash Fund - Super Inst Plan C - Growth	**10,000.00**	–
18,37,481.386 units of Rs. 136.0826 each of ICICI Prudential Institutional Liquid Super Institutional Plan - Growth	**2,500.00**	–
2,50,00,000 units of Rs. 10.0000 each of IDFC FMP HY Series 9 - Plan A - Growth	**2,500.00**	–
	43,737.30	43,427.30

SCHEDULE 7 – CURRENT ASSETS, LOANS AND ADVANCES

		Rs. in Lakh As at 31st March, 2010	Rs. in Lakh As at 31st March, 2009	
(a) Inventories				
Stores and Spares		**13,359.55**		13,762.24
Fuel		**10,468.01**		7,433.71
Packing Materials		**262.07**		386.88
Raw Material		**6.54**		–
Work in Progess		**0.82**		–
Finished Goods		**2.14**		–
Traded goods		**13,289.99**		16,179.48
		37,389.12		37,762.31
(b) Sundry Debtors				
1. For operations				
Debts outstanding for a period exceeding six months				
Secured – considered good	**732.26**		668.23	
Unsecured – considered good	**1,134.79**		767.87	
	1,867.05		1,436.10	
Unsecured – considered doubtful	**635.19**		689.55	
		2,502.24		2,125.65
Other Debts				
Secured – considered good	**32,455.44**		18,114.53	
Unsecured – considered good	**15,648.71**		22,119.51	
Unsecured – considered doubtful	**–**		85.49	
		48,104.15		40,319.53
		50,606.39		42,445.18
Less : Provision for doubtful debts		**635.19**		775.04
		49,971.20		41,670.14
2. For claims and services rendered – unsecured (considered good)				
Debts outstanding for a period exceeding six months	**702.95**		835.06	
Other Debts	**1,088.38**		66.93	
		1,791.33		901.99
		51,762.53		42,572.13
(c) Cash and Bank Balances				
Cash in hand		**741.80**		747.16
Cheques in hand		**680.62**		658.80
With Scheduled Banks on :				
Current accounts	**11,523.53**		18,172.48	
Dividend accounts	**105.79**		82.59	
Deposit accounts	**103,723.69**		111,077.29	
		115,353.01		129,332.36
Add : Share of Joint Venture (Note 1(c), Schedule 13)		**24.66**		–
		116,800.09		130,738.32
(d) Loans and Advances				
Unsecured – considered good				
Intercorporate Deposit		**1,849.55**		1,849.55
Advances recoverable in cash or kind or for value to be received (includes Interest accrued on deposits with banks : 31.3.2010 - Rs. 1,283 lakh; 31.3.2009 - Rs. 2,095 lakh)		**15,835.73**		13,115.36
Deposits with Excise, Port Trust etc.		**60.83**		87.58
Other Deposits		**10,415.77**		13,821.39
Unsecured, considered doubtful				
Deposit		**919.10**		35.00
Advances recoverable in cash or in kind or for value to be received		**85.66**		917.54
		29,166.64		29,826.42
Less : Provisions				
– Doubtful Deposits		**919.10**		35.00
– Doubtful Advances		**85.66**		917.54
		1,004.76		952.54
		28,161.88		28,873.88
(e) Deferred Payments		**1,548.75**		4,222.00

		Rs. in Lakh As at 31st March, 2010	Rs. in Lakh As at 31st March, 2009
SCHEDULE 8 – CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities			
Sundry Creditors		**44,829.71**	39,145.70
Other Liabilities		**109,867.45**	109,546.72
Unclaimed dividend		**105.79**	82.59
Unclaimed public deposits		**107.09**	130.74
Interest accrued but not due on loans and debentures		**2,699.78**	2,519.57
		157,609.82	151,425.32
Consumers' Benefit account		**71.15**	71.15
Liabilities on capital account		**19,845.12**	22,614.61
Advance payment received from consumers for capital jobs		**3,275.70**	2,523.53
		180,801.79	176,634.61
Add : Share of Joint Venture (Note 1(c), Schedule 13)		**0.35**	0.28
		180,802.14	176,634.89
(b) Provisions			
Taxation (net of advance payment of tax Rs. 27,444.60 lakh; 31.03.09 Rs. 18,568.87 lakh)		**117.40**	107.66
Retirement / Separation Benefits		**6,543.77**	6,533.41
Proposed dividend		**4,997.44**	4,997.44
Tax on proposed dividend		**830.01**	849.31
		12,488.62	12,487.82
SCHEDULE 9 – MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OF ADNUSTED			
(a) Preliminary expenses	**0.59**		0.61
Less : Written off during the year	**0.59**		0.02
		-	0.59
(b) Share / Debenture / Debt issue expenses	**786.55**		858.06
Less : Written off during the year	**73.48**		71.51
		713.07	786.55
(c) Other Pre-operative expenses	**636.41**		192.92
Less : Written off during the year	**636.41**		-
		-	192.92
Add : Share of Joint Venture (Note 1(c), Schedule 13)		**-**	3.36
		713.07	983.42

	Rs. in Lakh 2009-10	Rs. in Lakh 2008-09
SCHEDULE 10 – OTHER INCOME		
Hire of meters	**3,898.46**	3,877.10
Profit on sale of investments	**-**	24.78
Income from long term trade investments	**30.00**	30.00
Income from current investments - other than trade	**3,684.13**	4,234.97
Interest on deposits	**5,317.29**	5,321.24
Delayed Payment Surcharge	**857.53**	1,378.57
Profit on sale of assets	**144.92**	169.10
Income from Recoveries and Services	**3,781.45**	4,731.59
Miscellaneous income	**4,012.42**	2,252.23
	21,726.20	22,019.58

		Rs. in Lakh 2009-10	Rs. in Lakh 2008-09
SCHEDULE 11 – OTHER EXPENDITURE			
Power and Fuel		**2,585.13**	3,869.21
Packing Materials Consumed		**795.07**	1,138.58
Consumption of stores & spares parts		**22,725.65**	24,499.07
Repairs –			
– Building	**731.76**		649.86
– Plant and Machinery	**4,240.67**		4,092.55
– Distribution System	**5,794.16**		4,828.08
– Others	**2,282.19**		2,198.80
		13,048.78	
Salaries, wages and bonus		**46,111.07**	45,041.86
Contributions to provident and other funds		**6,294.27**	4,543.92
Employees' welfare expenses		**2,096.16**	2,246.16
Insurance		**674.44**	698.61
Rent		**11,490.98**	13,025.15
Rates and taxes		**1,262.74**	1,006.46
Audit fees		**107.37**	83.36
Interest on consumers' security deposits		**5,737.85**	5,174.39
Bad debts/advances/deposits		**2,376.84**	1,486.20
Cost Adjustments		**(2,956.15)**	26,983.00
Loss on sale / disposal of assets		**2,206.78**	614.99
Provision for Obsolete Stocks		**597.69**	49.02
Provision for Doubtful Debts, Store / Lease Deposits / Advances		**521.19**	911.55
Miscellaneous expenditure written off		**710.48**	71.53
Foreign Exchange Rate Variation		**1,437.06**	2,429.83
Foreign Exchange Restatement		**(899.13)**	2,778.41
Miscellaneous expenses		**27,785.08**	26,281.14
		144,709.35	174,701.73
Add : Share of Joint Venture (Note 1(c), Schedule 13)		**3.65**	–
		144,713.00	174,701.73
Less : Allocated to capital & deferred payment accounts		**20,806.61**	21,290.33
		123,906.39	153,411.40

	Rs. in Lakh 2009-10	Rs. in Lakh 2008-09
SCHEDULE 12 – INTEREST		
Debentures	**–**	135.36
Fixed Loans	**27,090.12**	18,040.80
Fixed deposits from public and others	**–**	1.06
Others	**2,413.43**	2,201.76
	29,503.55	20,378.98
Less : Allocated to capital accounts	**9,103.56**	4,672.67
	20,399.99	15,706.31

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS

1. a) **Basis of Preparation**

The Consolidated Financial Statements comprises of the financial statements of CESC Limited (the Parent), its subsidiaries and proportionate interests in joint venture entity. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" notified under Companies (Accounting Standard) Rules, 2006.

The Consolidated Financial Statements are prepared on the following basis :

- The audited financial statements of the Parent and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances, intra-group transactions and unrealized profits or losses thereon have been fully eliminated.
- The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent.
- Joint venture has been accounted for in the Consolidated Financial Statements using the proportionate consolidation method whereby a venturer's share of each of the assets, liabilities, income and expenses of the jointly controlled entity is accounted for on a pro-rata basis.

b) **The subsidiaries considered in the preparation of the Consolidated Financial Statements are :**

Sl. No.	**Name of the Subsidiaries**	**Country of Incorporation**	**Percentage of ownership interest as at 31 March 2010**	Percentage of ownership interest as at 31 March 2009
1.	Spencer's Retail Limited (SRL)	India	94.72	94.72
2.	Music World Retail Limited (100% subsidiary of SRL)	India	94.72	94.72
3.	Au Bon Pain Café India Limited (100% subsidiary of SRL till 11 June, 2009 and subsequently became 90% subsidiary from 12 June, 2009 till 14 January, 2010 and became 80% subsidiary from 15 January, 2010)	India	75.78	94.72
4.	CESC Properties Limited (CPL)	India	100	100
5.	Metromark Green Commodities Private Limited (100% subsidiary of CPL)	India	100	100
6.	Haldia Energy Limited (HEL)	India	100	100
7.	Dhariwal Infrastructure Limited (50.01% subsidiary of HEL with effect from 27 August, 2009 and subsequently became 100% subsidiary as at 29 March, 2010.)	India	100	-
8.	Nalanda Power Company Limited (100% subsidiary with effect from 24 June, 2009)	India	100	-

The subsidiary companies appearing in Sl. Nos. 4 to 8 are yet to commence their commercial operations.

c) **Interests in joint venture :**

The Group's interests in jointly controlled entity (incorporated joint venture) remains in Mahugarhi Coal Company Private Limited, which was incorporated in India on 4 April, 2008 and percentage of ownership interest as at 31 March, 2010 stands at 50%. The company was incorporated for the development of Mahugarhi coal field and exploration of coal therefrom and is yet to commence commercial operations.

2. The operations of the Parent are governed by the Electricity Act, 2003 and various Regulations and/or policies framed there under by the appropriate authorities. Accordingly, the relevant provisions of the said Act, Regulations etc. have been duly considered.

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

3. **Significant Accounting Policies**

(a) **Accounting Convention**

These consolidated financial statements have been prepared to comply in all material aspects with the applicable accounting principles in India and the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 . A summary of important accounting policies are set out below.

(b) **Basis of Accounting**

The consolidated financial statements have been prepared under the historical cost convention, modified by revaluation of certain fixed assets as stated in item 3 (c) and Note 5 below.

(c) **Fixed Assets**

Fixed Assets are stated at historical cost of acquisition except fixed assets other than furniture and vehicles acquired upto 31 March, 2005 of the Parent. Those assets have been adjusted for the effect of valuation made by an approved external valuer at the then current replacement cost after necessary adjustment for depreciation. Subsequent acquisition of these assets and furniture and vehicles are stated at cost of acquisition together with any incidental expenses related to acquisition and appropriate borrowing costs. In case of a project, cost also includes pre-operative expenses and where applicable, expenses during trial run after netting off of revenue earned during trial run and income arising from temporary use of funds pending utilisation. An impairment loss is recognized, where applicable, when the carrying value of fixed assets of cash generating unit exceed its market value or value in use, whichever is higher. Capital works in progress include advances made in respect of capital expenditure. Intangible assets comprising software, licences, franchisee rights and trademarks expected to provide future enduring economic benefits, are stated at cost of acquisition / implementation / development less accumulated amortisation. With respect to certain subsidiaries, expenditure in respect of improvements, etc. carried out at the rented / leased premises are capitalized and expenditure incurred in setting up the stores are capitalized as a part of the leasehold improvements.

(d) **Depreciation / Amortisation**

With respect to the Parent, in terms of applicable Regulations under the Electricity Act, 2003, depreciation on fixed assets other than freehold land is provided on straight line method on a prorata basis at the rates specified therein, the basis of which is considered by the West Bengal Electricity Regulatory Commission (Commission) in determining the tariff for the year of the Parent. Additional charge of depreciation for the year on increase in value arising from revaluation is recouped from Revaluation Reserve.

Leasehold land is amortized over the unexpired period of the lease.

Intangible assets, comprising software related expenditure, are amortised in three years, except in case of a subsidiary, where such assets amounting to Rs 1,610.71 lakh (Gross Block) as at 31 March, 2010 (previous year : Rs.1,507.98 lakh) are amortised over a period of six years and those relating to trademark, licences and franchisee rights in twenty years, ten years and five years respectively based on assessment of useful life.

For certain subsidiaries, depreciation is charged on straight line method at the rates prescribed in Schedule XIV under the Companies Act, 1956 and in one of the subsidiaries in certain cases a higher rate of depreciation is applied based on the useful life of the relevant assets (Gross Block- Rs. 47,395.92 lakh, previous year : Rs.51,550.05 lakh). In case of other subsidiaries, depreciation on fixed assets (Gross Block- Rs. 8,159.95 lakh, previous year : Rs.4,240.65 lakh) is provided on written down value method at the rates prescribed in Schedule XIV under the Companies Act, 1956.

(e) **Expenditure during construction**

Five of the subsidiaries and the joint venture entity are yet to commence commercial operation.
Indirect expenses related to the project and incidental thereto are included under Capital work in progress and to be capitalized subsequently.

Indirect expenditure which are not directly related to the project are charged off to the Profit and Loss Account.

In addition, with respect to certain subsidiaries and joint venture, indirect expenditure incurred till 31 March, 2009 and disclosed as "Miscellaneous Expenditure (to the extent not written off)" has now been transferred to the current year's Profit and Loss Account.

(f) **Leasing**

Lease rentals in respect of assets taken under operating lease are charged to revenue.

In case of one of the subsidiaries, finance leases, which effectively transfer substantially all the risk and benefits incidental to the ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payment at the inception of the lease and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the leased liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

In case there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(g) **Investments**

Current Investments are stated at lower of cost and fair value and Long Term Investments are stated at cost. Provision is made where there is a decline, other than temporary, in the value of long term investment.

(h) **Inventories**

Inventories are valued at lower of cost and net realizable value. Cost is calculated on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and condition. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and where necessary, adjustment is made for such items.

(i) **Foreign Currency Transactions**

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rate prevailing at the end of the financial year. Exchange gain or loss arising on settlement / translation is recognized in the Profit and Loss Account. With respect to the Parent, exchange gain or loss arising in respect of such restatement of outstanding loan balances is accounted for as an income or expense with recognition of the said amount as refundable or recoverable, which will be taken into consideration in determining the Parent's future tariff in respect of the amount settled. However, foreign currency loan, availed of on a fully hedged basis and where as per the terms of the underlying contracts no exchange fluctuation is on the Parent's account, are accounted for in the currencies in which such loans have been fully hedged.

(j) **Sales**

Earnings from sale of electricity of the Parent are net of discount for prompt payment of bills and do not include electricity duty payable to the State Government. They also include, as per established practice, consistently followed in the past, estimated sums recoverable from / adjustable on consumers' account, calculated on the basis of rates approved / specified by the appropriate authorities which are reflected in the subsequent bills. In terms of the applicable regulations and tariff determination process followed by the Commission, advance against depreciation forms part of tariff. Such advance of a year is adjusted against earning from sale of electricity for inclusion of the same in subsequent years, based on due consideration by the authorities in the tariff determination process.

With respect to the subsidiaries, revenue is recognized when significant risk and rewards of ownership of the goods get passed on to the buyers.

(k) **Other Income**

- With respect to the Parent, income from hire of meters is accounted for as per the approved rates. Delayed payment surcharge, as a general practice, is determined and recognised on receipt of overdue payment from consumers.
- With respect to the subsidiaries, income from recoveries and services mainly represents recoveries made on account of advertisement for use of space and other expenses charged from suppliers and are recognized and recorded based on the arrangements with concerned parties.
- Income from investments and deposits etc. are accounted for on accrual basis inclusive of related tax deducted at source, where applicable.

(l) **Employee Benefits**

Contributions to Provident Fund, contributory Pension and Superannuation Fund, where applicable, are accounted for on accrual basis. Provident Fund contributions are made to funds maintained by the independent Board of Trustees or Regional Provident Fund Commissioner. The interest rate payable to the members of the trust fund shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is made good by the employer. The employer, as per its schemes, extend employee benefits current and/or post retirement, which are accounted for on accrual basis, and includes actuarial valuation as at the balance sheet date in respect of gratuity, leave encashment and certain medical benefits, to the extent applicable, made by independent actuaries. Actuarial gains and losses, where applicable, are recognised in the Profit and Loss Account. Compensation in respect of voluntary retirement scheme are charged off in two equal annual instalments to revenue.

(m) **Borrowing Costs**

Borrowing Costs attributable to acquisition and / or construction of qualifying assets are capitalized as a part of cost of such assets upto the date where such assets are ready for their intended use. Other borrowing costs are charged to revenue. In respect of one of the subsidiaries ancillary costs amounting to Rs. 146.03 lakh (previous year : Rs.146.03 lakh) incurred in connection with the arrangement of borrowings are amortized over the period of borrowings for which these are incurred.

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

(n) **Taxes on Income**

Current tax represents the amount payable based on computation of tax as per prevailing taxation laws under the Income Tax Act, 1961.

Provision for deferred taxation is made using liability method at the current rates of taxation on all timing differences to the extent it is probable that a liability or asset will crystallize. Deferred tax assets are recognized subject to the consideration of prudence and are periodically reviewed to reassess realization thereof. Carry forward unabsorbed depreciation as per assessment orders / returns filed has been recognised to the extent of deferred tax liability. Deferred tax liability or asset will give rise to actual tax payable or recoverable at the time of reversal thereof. With respect to the Parent, since tax on profits forms part of chargeable expenditure under the applicable regulations, deferred tax liability or asset is recoverable or payable through future tariff. Hence, recognition of deferred tax asset or liability is made with corresponding provision of liability or asset, as applicable.

(o) **Miscellaneous expenditure to the extent not written off or adjusted**

With respect to the Parent, the erstwhile governing statute, viz., the Electricity (Supply) Act, 1948 (ESA), provided for amortisation of preliminary expenses and certain capital issue expenses over the unexpired period of licence. The Parent, as per the consistently applied accounting policy continues with such amortisation of expenditure incurred upto the year 2004-05. Thereafter, pursuant to repeal of ESA, such expenditures are charged off to revenue.

4. Earnings from sale of electricity are determined in accordance with the relevant orders of the Commission, where appropriate, giving due effect of the required adjustments including those relating to recovery of arrears in respect of earlier years which has resulted in a net credit adjustment of Rs.2,428.19 lakh in the current year. Such earnings are net of discount for prompt payment of bills and advance against depreciation amounting to Rs. 6,205.18 lakh (previous year : Rs. 5,691.45 lakh) and Rs. 10,908.00 lakh (previous year : Rs. 13,968.00 lakh) respectively.

5. Fixed assets of the Parent other than furniture, vehicles and intangible assets as on 31 March 2005 have been revalued which resulted in an increase in the value of such assets by an amount of Rs. 190,077.25 lakh with corresponding credit to Revaluation Reserve.

6. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.130,563.84 lakh (previous year : Rs.29,144.28 lakh).

7. (I) **Claims against the Parent not acknowledged as debts :**

(a) The West Bengal Taxation Tribunal had held meter rentals received by the Parent from consumers to be deemed sales under the provisions of the Bengal Finance (Sales Tax) Act, 1941 and that sales tax was payable on such rentals. Based on such findings the Commercial Taxes Directorate assessed Rs. 69.22 lakh as sales tax on meter rentals received during the year ended 31 March, 1993 and raised a demand of Rs. 35.61 lakh on account of interest. Against the above demand, the Parent had deposited a sum of Rs. 75.00 lakh with the sales tax authorities and obtained a stay against the balance demand from the Deputy Commissioner of Commercial Taxes. The sales tax authorities also indicated their intention to levy such sales tax on meter rentals for the subsequent years as well, against which, the Parent filed a writ petition in the Calcutta High Court and prayed for an interim order, inter alia, restraining the sales tax authorities from proceeding with the assessment for the subsequent years till disposal of the appeal. An interim order has been issued by the High Court permitting the sales tax authorities to carry out assessments but restraining them from serving any assessment order on the Parent. The disposal of the case is still pending.

(b) Other matters :

i. Municipal Tax : Rs. 89.36 lakh (previous year : Rs. 111.36 lakh) in respect of certain properties, the rates of which are disputed by the Parent.

ii. Water Cess : Rs. 274.00 lakh (previous year: Rs. 812.75 lakh) in respect of water cess disputed by the Parent.

(II) **Claim against a subsidiary not acknowledged as debts :**

Sales Tax demand for Rs.29.69 lakh was made by Commercial Tax Department, Khairtabad Circle, Government of Andhra Pradesh vide ref. No.CTO/KB/1/2009 dated 16 September, 2009 in respect of 2004-05 assessment. The subsidiary had paid Rs.16.15 lakh to the tax authority and had filed a writ petition against the sales tax order before Honbl High Court of Andhra Pradesh. Honbl High Court had directed the sales tax authorities not to take any steps to recover the balance of the disputed tax amount till appellate authority, Deputy Commissioner, Panjagutta Division, State of A.P. Hyderabad disposes of the application filed seeking condonation of delay in instituting the appeal. The Subsidiary was also directed by Honbl High Court to retain in it's account with the banks the amount representing the balance of the tax due under the order of assessment passed by

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

Commercial Tax Officer, Khairatabad, Hyderabad till the disposal of the application for condonation of delay or the application for stay as the case may be. The Subsidiary has made a fixed deposit with its bank ICICI Bank for the balance amount for Rs.13.54 lakh and the same is pledged to the sales tax authorities.

(III) **Contingent liability not provided for with respect to a subsidiary :**

(Rs. In Lakh)

Contingencies:	**2009-10**	2008-09
Contingent liabilities not provided for in respect of :		
- Sales tax demands under appeal	**93.45**	661.13
- Service tax on rent expense / income, applicability whereof has been stayed by certain High Courts	**–**	213.86
- Rent towards unexpired lock-in-period on account of closed stores	**122.98**	432.43
- Guarantees on behalf of a subsidiary company (USD 350 thousands)	**157.61**	182.61

(IV) **Bank Guarantee**

Bank Guarantee issued for certain subsidiaries and Joint Venture entity Rs. 6089.60 lakh (previous year : Rs. 4,100.00 lakh)

8. During the year the 250 MW thermal power project at Budge Budge set up by the Parent was completed at a project cost of Rs.1,33,693.00 lakh and the commercial operation was declared on 28 February, 2010.

9. The net proceeds of 95,60,000 equity shares allotted in 2007-08 to Qualified Institutional Buyers in accordance with Chapter XIII A of SEBI (DIP) Guidelines 2000, as amended have since been fully utilised for strengthening the Parent's distribution network and making equity contribution to one of its subsidiaries to pursue for setting up a 600 MW generating facility in Haldia.

10. The Parent has accounted for in the current year a net sum of Rs. (2,956.00) lakh (previous year : Rs. 26,983.00 lakh) shown as cost adjustments in schedule 11 to the Profit and Loss account, based on the Parent's understanding of the applicable regulatory provisions in respect thereof, towards an estimated adjustable sum on account of cost of electrical energy purchased and fuel and related cost and adjustment relating to revenue account after giving the effect arising from the applicable orders for earlier years (including a carry forward sum of Rs. 12,580.00 lakh, pending disposal by the Commission) in this regard. The accurate quantification and disposal of the matter are being given effect to from time to time on receipt of necessary directions from the appropriate authorities.

11. **Leases :**

(a) ***With respect to Parent Company :***

Future rentals payable in respect of non-cancellable leases for assets comprising various equipment and vehicles acquired after 1 April, 2001 under operating leases for the period ranging between 36-60 months work out to Rs. 1,020.76 lakh and Rs. 1,913.75 lakh during next one year and thereafter till five years respectively. There are no restrictions in respect of such leases.

(b) ***With respect to certain subsidiaries :***

Subsidiaries in retail business has taken retail stores on operating lease generally, and the lease rent is payable as per the agreements entered with the lessors. Agreements are both in the nature of cancellable and non cancellable leases. The lease term is for varied years and renewable for further years as per the agreements at the option of the company. There are no restrictions imposed by these lease arrangements. There are no subleases. One of the subsidiaries has taken leased premises under non cancellable operating lease for a period of 21 years. The details of lease rental are given below :

Operating Leases

	2009-10 (Rs. In Lakh)	2008-09 (Rs. In Lakh)
Lease payments for the year	**8,953.54**	10,299.47
Future minimum lease payments –		
Not later than one year	**6,369.32**	6,840.06
Later than one year but not later than five year	**26,778.85**	29,315.90
Later than five year	**52,255.64**	50,429.54

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

Rent includes Rs. 689.05 lakh (Rs. 783.00 lakh) with respect to one of the subsidiaries being lease rent payable by them in future years, but accounted for during the year as lease equalization in terms of Accounting Standard-19 on 'Leases' as per Companies (Accounting Standard) Rules, 2006 which requires lease rental to be charged on a straight line basis over the lease term.

12. Certain subsidiaries have incurred losses during the year, primarily due to nascent stage of organized retail industry in the country, coupled with severe recession and economic melt down. However, the subsidiaries having created robust infrastructure for organized retail business, are confident of generating positive cash flows and operational surplus in the near future with certain interim support from the holding company and the promoters.

13. During the year Haldia Energy Limited (HEL), one of the subsidiaries acquired 50.01% shares of Dhariwal Infrastructure Limited (DIL) and became holding Company w.e.f 27 August, 2009. Subsequently, HEL acquired further shares of DIL and eventually became 100% holding company on 29 March, 2010.

14. The major components of Deferred Tax Assets / (Liabilities) based on the timing difference as at 31 March 2010 are as under :

	2009-10 (Rs. in Lakh)	2008-09 (Rs. in Lakh)
Liabilities		
Depreciation difference	**(56,526.37)**	(43,716.94)
Assets		
Unabsorbed business depreciation	**6,720.18**	5,166.15
Unabsorbed business losses	**15,278.76**	11,400.51
Other Timing Differences	**3,327.74**	2,942.82
Net Deferred Tax Liability	**(31,199.69)**	(24,207.46)
Less : Recoverable deferred tax element of Parent Company	**55,831.00**	41,653.00
Net Deferred Tax Asset	**24,631.31**	17,445.54

Note :

During the year, one of the subsidiaries has recognized net deferred tax assets of Rs.24,631.31 lakh in the accounts as at 31 March, 2010. There are unabsorbed depreciation and carried forward losses as at the Balance Sheet date. However, based on future profitability projections, the management is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

15. **Earnings per Share :**

Computation of earnings per share

Particulars		**2009-10**	2008-09
Profit after Tax and before exceptional items (Rs.in Lakh)	(A)	**20,043.10**	15,649.94
Weighted Average no. of shares for Earnings per Share	(B)	**124,935,925**	124,935,925
Basic and Diluted Earnings per Share of Rs. 10/- each before Exceptional Items = [(A) / (B)] (Rs.)		**16.04**	12.53
Profit after Tax and after exceptional items (Rs.in Lakh)	(C)	**15,724.67**	7,750.12
Weighted Average no. of shares for Earnings per Share	(D)	**124,935,925**	124,935,925
Basic and Diluted Earnings per Share of Rs. 10/- each after Exceptional Items= [(C) / (D)] (Rs.)		**12.59**	6.20

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

16. Consolidated Segment Reporting
By Business Segment :

(Rs. In Lakh)

	Power		Retail		Property		Total	
	2009-10	2008-09	**2009-10**	2008-09	**2009-10**	2008-09	**2009-10**	2008-09
Sales Revenue from external customers	**329,175.26**	303,017.36	**91,239.93**	102,122.24	**-**	-	**420,415.19**	405,139.60
Other Segment Revenue	**16,406.64**	16,998.84	**5,315.86**	5,020.74	**3.70**	-	**21,726.20**	22,019.58
Total Segment Revenue	**345,581.90**	320,016.20	**96,555.79**	107,142.98	**3.70**	-	**442,141.39**	427,159.18
Segment Result Before Tax	**52,582.96**	46,485.46	**(35,060.60)**	(44,410.72)	**(133.51)**	(11.32)	**17,388.85**	2,063.42
Provision for Taxation	**(8,940.23)**	(5,518.00)	**7,185.77**	11,088.48	**-**	-	**(1,754.46)**	5,570.48
Profit after Taxation before Minority Interests	**43,642.73**	40,967.46	**(27,874.83)**	(33,322.24)	**(133.51)**	(11.32)	**15,634.39**	7,633.90
Segment Assets	**1,009,515.71**	935,199.94	**62,765.38**	78,787.39	**4,620.92**	2,320.50	**1,076,902.01**	1,016,307.83
Unallocated Assets							**55,846.27**	17,568.15
Total Assets							**1,132,748.28**	1,033,875.98
Segment Liability	**173,247.03**	170,082.80	**19,692.82**	18,858.19	**233.51**	74.06	**193,173.36**	189,015.05
Unallocated Liabilities							**117.40**	107.66
Total Liabilities							**193,290.76**	189,122.71
Capital Expenditure	**108,721.80**	123,871.74	**454.24**	18,329.54	**2,005.07**	1,433.29	**111,181.11**	143,634.57
Depreciation (including amortisation of Intangible assets)	**19,975.60**	17,490.23	**5,154.00**	4,078.67	**5.83**	9.44	**25,135.43**	21,578.34
Non Cash Expenditure other than depreciation	**2,677.43**	2,213.11	**2,788.27**	930.94	**91.67**	0.02	**5,557.37**	3,144.07

Notes :

a. Business Segments : The internal business segmentations and the activities encompassed therein are as follows :

- Power : Generation and Distribution of electricity
- Retail : Organised Retailing
- Property : Property Development

b. The Group operates in India only and has no reportable geographical segments.

c. The segment wise revenue, results, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments.

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

17. **Related Party disclosure**

Related Party and their relationship

Names of Related Parties	Nature of Relationship
Mr. S. Banerjee	Key Management Personnel, CESC Limited
Mahuagarhi Coal Company Private Limited	Joint Venture (w.e.f. 4 April, 2008)
RPG Cellucom India Private Limited	Associate of SRL (till 1 December, 2008)

Particulars of transactions : (Rs. In Lakh)

Nature	Key Management Personnel		Associate	
	2009-10	2008-09	**2009-10**	2008-09
Director Remuneration	**296**	295	**-**	-
Sale of Good	**-**	-	**-**	-
Purchase of Goods	**-**	-	**-**	-
Income receivable / received	**-**	-	**-**	38.71
Expenses reimbursement receivable/ received	**-**	-	**-**	8.58
Expenses reimbursement payable	**-**	-	**-**	-
Equity investment	**-**	-	**-**	-
Advance against equity shares	**-**	-	**-**	391.16
Closing Balance :				
Debit	**-**	-	**-**	-
Credit	**215**	200	**-**	-

18. Exceptional items of Rs. 4318.43 lakh pertaining to one of the subsidiaries, represents loss on account of non-usable assets written off with respect to the non-viable and loss making stores closed during the year.

19. With respect to a subsidiary, following expenses pertaining to previous year, are included in the Profit and Loss Account as indicated below :

(Rs.in Lakh)

Nature of expense	2009-10	2008-09
Repairs and Maintenance – Others	**47.96**	10.44
Printing and Stationery	**-**	30.45
Legal and Consultancy charges	**-**	56.55
Advertisement and selling expenses (net of recoveries)	**-**	32.90
Communication Expenses	**10.00**	-
Total	**57.96**	130.34

SCHEDULE 13 – NOTES ON CONSOLIDATED ACCOUNTS *(Contd.)*

20. With respect to the Parent Company, out of the outstanding foreign currency loans of Rs 60,279.00 lakh, loan balance amounting to Rs. 53,297.00 lakh have been fully hedged in Indian Rupee and Rs. 6,982.00 lakh represents sum restated at year end exchange rate in respect of underlying contractual obligations in United States Dollar. Current Liabilities include Rs. 1,787.00 lakh representing amount payable in United States Dollar restated at year end exchange rate which have not been hedged.

    With respect to a subsidiary company, liability on capital account includes Rs.13.42 lakh representing amount payable in United States Dollar restated at year end exchange rate which have not been hedged.

21. **Employee benefits**

    Defined Contribution Plan

    The Group operates defined contribution benefit plans like provident fund and pension (including for superannuation) schemes. For these schemes, contributions are made by the Group, based on current salaries, to funds maintained by the Group and for certain categories are made to State Plans. For certain schemes, contributions are also made by the employees. An amount of Rs. 2750.01 lakh (31 March, 2009: Rs. 2489.72 lakh), has been charged to the Profit and Loss Account.

    Defined Benefit Plans

    The Group also operates defined benefit schemes like retirement gratuity, leave encashment and post retirement medical benefits. The defined benefit schemes offer specified benefits to the eligible employees on retirement separately. Annual actuarial valuations are carried out by independent actuaries. Wherever independent trust funds have been set up, annual contributions are made by the Group and in certain cases, such trust funds in turn, invests in the Employees Group Benefit Scheme of eligible agencies. Employees are not required to make any contribution.

Expenses recognized in Profit and Loss account for the year ended 31 March 2010 :

(Rs. in Lakh)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009		
	Gratuity	**Leave Encashment**	**Medical**	Gratuity	Leave Encashment	Medical
Current Service Cost	**634.84**	**38.70**	**-**	659.04	73.88	-
Interest Cost	**775.23**	**394.83**	**110.00**	726.80	397.09	94.00
Expected Return on Plan Assets	**(826.65)**	**-**	**-**	(819.50)	-	-
Actuarial loss/(gain)	**(458.22)**	**(108.87)**	**86.00**	263.90	(0.10)	185.00
Past Service Cost	**2694.00**	**-**	**-**	-	-	-
Total	**2819.20**	**324.66**	**196.00**	830.24	470.87	279.00

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

Net Liability / (Asset) recognized in the Balance Sheet :

(Rs. in Lakh)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009		
	Gratuity	Leave Encashment	Medical	Gratuity	Leave Encashment	Medical
Present value of funded / yet to be funded obligation	13,275.50	-	-	10,112.07	-	-
Fair Value of Plan Assets	11,170.85	-	-	10,712.70	-	-
	2,104.65	-	-	(600.63)	-	-
Present value of un-funded obligation	-	5,034.37	1,539.00	-	5,153.23	1,408.00
Unrecognised past service cost	-	-	-	-	-	-
Net Liability/(Asset)	2,104.65	5,034.37	1,539.00	(600.63)	5,153.23	1,408.00

Reconciliation of Opening and Closing Balances of the present value of obligations :

(Rs. in Lakh)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009		
	Gratuity	Leave Encashment	Medical	Gratuity	Leave Encashment	Medical
Opening defined benefit obligation	10,112.07	5,153.23	1,408.00	9,293.04	5,017.98	1,175.00
Current Service Cost	634.84	38.70	-	659.04	73.88	-
Interest Cost	775.23	394.83	110.00	726.80	397.09	94.00
Plan Amendments	2,722.68	4.89	-	-	-	-
Actuarial loss/(gain)	(67.52)	(108.87)	86.00	297.51	(0.10)	185.00
Benefits paid	(901.80)	(448.41)	(65.00)	(864.32)	(335.62)	(46.00)
Closing Defined Benefit Obligation	1,3275.50	5,034.37	1,539.00	10,112.07	5,153.23	1,408.00

Reconciliation of Opening and Closing Balances of fair value of plan assets :

(Rs. in Lakh)

	For the year ended 31 March, 2010			For the year ended 31 March, 2009		
	Gratuity	Leave Encashment	Medical	Gratuity	Leave Encashment	Medical
Opening fair value of Plan Assets	10,712.70	-	-	10,100.23	-	-
Expected Return on Plan Assets	826.65	-	-	819.50	-	-
Actual Company Contributions	142.60	-	-	595.00	-	-
Actuarial gain/(loss)	390.70	-	-	33.61	-	-
Benefits paid	(901.80)	-	-	(835.64)	-	-
Closing Fair Value on Plan Assets	11,170.85	-	-	10,712.70	-	-
Actual Return on Plan Assets	1,213.00			841.12		

The major categories of plan assets consist of funds maintained with insurer like LIC, ICICI Prudential, HDFC Standard Life etc

SCHEDULE 13 – NOTES ON ACCOUNTS *(Contd.)*

Effect of increase/decrease of one percentage point in the assumed medical inflation rates: (Rs. in Lakh)

	For the year ended 31 March, 2010		For the year ended 31 March, 2009	
	Increase	**Decrease**	Increase	Decrease
Effect on defined benefit obligation	**15.00**	**(11.00)***	14.00	(11.00)*

* in case of hospitalised treatment only

Principal Actuarial Assumption Used :

	For the year ended 31 March, 2010	For the year ended 31 March, 2009
Discount Rates	**8.00% - 8.30%**	7.50% - 8.00%
Expected Return on Plan Assets	**8.00%**	8.00% - 8.20%
Rate of increase in medical cost trend	**2.50%**	5.00%
Mortality Rates	**"LIC 1994-96 Ultimate"**	"LIC 1994-96 Ultimate"

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated terms of the obligations. The contribution expected to be made by the Group for the year ending 31 March 2011 is not readily ascertainable and therefore not disclosed.

22. Previous year's figures have been regrouped / rearranged, wherever necessary.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

Consolidated Cash Flow Statement for the year ended 31st March, 2010

		Rs. in Lakh 2009-10	Rs. in Lakh 2008-09
A.	**Cash flow from Operating Activities**		
	Profit before Exceptional Item, Taxation and Other Appropriation	**21,707.28**	9,963.24
	Adjustments for :		
	Depreciation	**25,135.43**	21,578.34
	Loss on Sale/Disposal of Assets (net)	**1,805.74**	445.89
	Profit on Sale of Investments	**–**	(24.78)
	Income from current Investments other than Trade	**(3,684.13)**	(4,234.97)
	Income from Long Term Trade Investment	**(30.00)**	(30.00)
	Miscellaneous expenditure written off	**710.48**	71.53
	Provision for doubtful debts, Store / Lease Deposits / Advances	**521.19**	911.55
	Provision for obsolete stocks	**597.69**	49.02
	Bad debts / Advances written off	**2,782.84**	1,758.20
	Fixed Assets written off	**256.12**	–
	Interest Expense	**20,399.99**	15,706.31
	Interest Income	**(5,317.29)**	(5,321.24)
	Advance against depreciation	**10,908.00**	13,968.00
	Foreign Exchange Rate Variation	**1,437.06**	2,429.83
	Provision for Lease equalisation	**689.05**	783.00
	Provision for Employee Stock Opinion	**–**	17.77
	Liability Written back	**(2,314.49)**	(166.00)
	Operating Profit before Working Capital changes	**75,604.96**	57,905.69
	Adjustments for :		
	Trade & other receivable	**1,510.95**	3,091.33
	Inventories	**(224.49)**	(2,607.77)
	Trade payables	**6,888.82**	38,802.68
	Increase in Miscellaneous/Development Expenditure	**–**	(181.60)
	Cash Generated from Operations	**83,780.24**	97,010.33
	Income Tax paid	**(8,875.73)**	(5,844.01)
	Net cash flow from Operating Activities	**74,904.51**	91,166.32
B.	**Cash flow from Investing Activities**		
	Addition to Fixed Assets/Capital Work-in-Progress	**(110,571.36)**	(128,342.30)
	Sale of Fixed Assets	**1,046.98**	536.54
	Acquisition of shares for Subsidiaries	**–**	(135.29)
	Proceeds from sale of Investments in Associate Company	**–**	99.80
	Purchase of long term investments	**(31,576.54)**	(790.00)
	Sale of Current Investments (net)	**3,184.12**	14,508.12
	Income from Long Term Trade Investment received	**30.00**	30.00
	Interest received	**6,132.22**	4,317.55
	Advance for share subscription	**–**	(350.00)
	Net cash used in Investing Activities	**(131,754.58)**	(110,125.58)

Consolidated Cash Flow Statement for the year ended 31st March, 2010

		Rs. in Lakh 2009-10	Rs. in Lakh 2008-09
C.	**Cash flow from Financing Activities**		
	Issue of Share Capital	**200.00**	–
	Advance received against share capital	**–**	50.00
	Refund of Share Application Money	**(18.50)**	–
	Proceeds from Long Term Loans (including refinance loan)	**94,870.85**	108,615.00
	Repayment of Long Term Loans	**(31,074.56)**	(30,971.00)
	Repayment of Mid Term Loans	**–**	(718.80)
	Repayment of Public Deposits	**(23.65)**	(99.56)
	Net increase / (decrease) in Cash Credit facilities and other Short Term Loans	**6,945.24**	(7,675.92)
	Capital Contributions and Advance received from Consumers	**6,323.99**	4,714.03
	Interest Paid	**(29,323.34)**	(20,097.77)
	Dividends paid	**(4,974.24)**	(4,972.01)
	Dividend tax paid	**(849.31)**	(849.31)
	Net Cash flow from Financing Activities	**42,076.48**	47,994.66
	Net (decrease)/increase in cash and cash equivalents	**(14,773.59)**	29,035.40
	Cash and Cash equivalents - Opening Balance	**130,738.32**	101,702.92
	Cash and equivalents on acquistion of Subsidiaries [Note (b) below]	**835.36**	–
	Cash and Cash equivalents - Closing Balance	**116,800.09**	130,738.32

Notes :

a) The Cash Flow Statement has been prepared under the indirect method as given in the Accounting Standard on Cash Flow Statement (AS-3) as per Companies Accounting Standard Rules, 2006.

b) Cash and cash equivalents include Rs. 815.96 lakhs and Rs. 19.40 lakhs of Dhariwal Infrastructure Limited and Nalanda Power Company Limited respectively acquired consequent to it becoming a subsidiary of Haldia Energy limited and CESC Limited respectively during the year and is included in the closing balance of Cash and Cash equivalents.

c) Previous year's figures have been regrouped/rearranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For Lovelock & Lewes
Firm Registration Number-301056E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No. : 52340
Kolkata, the 21 June, 2010

Subhasis Mitra
Vice President & Company Secretary

For and on behalf of the Board of Directors
Chairman R. P. Goenka
Director B. P. Bajoria
Managing Director S. Banerjee

Information Regarding Subsidiary Companies

(Rs. in Lakh)

	Spencer's Retail Limited	Music World Retail Limited	Au Bon Pain Cafe India Ltd.	CESC Properties Ltd.	Metromark Green Commodities Pvt. Ltd.	Haldia Energy Limited	Dhariwal Infrastructure Limited	Nalanda Power Company Limited
Issued and Subscribed Share Capital	2,601.21	500.00	1,000.00	5.00	2.00	35,021.00	10,501.55	5.00
Reserves	(46,857.72)	5,523.32	(450.28)	(131.31)	(15.75)	(38.85)	(147.32)	(12.12)
Total Assets	73,316.05	6,836.35	714.85	4,069.69	81.25	66,061.22	10,629.57	62.88
Total Liabilities	73,316.05	6,836.35	714.85	4,069.69	81.25	66,061.22	10,629.57	62.88
Investments (except in case of investments in the subsidiaries)	1.00	-	-	-	-	15,000.00	-	-
Turnover	90,884.51	5,690.57	68.86	3.70	-	638.64	148.88	-
Profit / (Loss) before taxation	(33,034.42)	(1,995.69)	(450.28)	(131.31)	(2.19)	16.30	(215.24)	(12.12)
Provision for taxation	-	-	-	-	-	(65.23)	-	-
Deferred Tax credit	7,185.77	-	-	-	-	-	-	-
Profit / (Loss) after taxation	(25,848.65)	(1,995.69)	(450.28)	(131.31)	(2.19)	(48.94)	(215.24)	(12.12)
Proposed Dividend	-	-	-	-	-	-	-	-