Board of Directors

Sanjiv Goenka, *Chairman*
Pradip Kumar Khaitan
Brij Mohan Khaitan
Srikandath Narayan Menon
Chandra Kumar Dhanuka
Sanjay Kumar Pai *Nominee of IDBI Bank Limited*
Rekha Sethi
Aniruddha Basu, *Managing Director*

Company Secretary
Subhasis Mitra

Auditors
Lovelock & Lewes

Solicitors
Khaitan & Co.
Sandersons & Morgans

Registered Office
CESC House
Chowringhee Square
Kolkata 700 001
Tel : 033-2225 6040
Fax : 033-2225 5155
Corporate Identity Number : L31901WB1978PLC031411
E-mail : secretarial@rp-sg.in
Website : www.cesc.co.in

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

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Cover

The power generated by Haldia Energy Limited will be evacuated through a 90 km long 400 kV D/C transmission line emanating from the 400 Kv Substation of Haldia power project and terminating at the Subhasgram Substation of Power Grid Corporation. The two river crossing towers, each 236 metres tall weighing 1800 tonnes, are now ready for stringing of conductors.

The tallest power transmission towers in India till date are located at Rihand Lake crossing with a height of 155 metres.

Chairman's Letter

Dear Shareholder,

The year that went by continued to be a difficult one for the nation - growth was hampered and investments kept slowing down. In April-June 2011, India's real GDP growth was 7.5%, which was lower than earlier, but reasonable enough given the aftermath of the global economic and financial crisis. Four quarters later, in April-June 2012, it was down to 4.5%. A year later it was 4.7%. And for January-March 2014, it posted 4.6%.

This falling trend shows up in the annual growth rates. GDP growth was 6.2% in 2011-12, followed by 4.5% in 2012-13 and 4.7% in 2013-14.

Falling growth was accompanied by a steady reduction in the investment ratio. A poor investment climate resulted in gross fixed capital formation (GFCF) falling to 32.5% of GDP in 2013-14, versus 33.9% in the previous year. In Q3 of 2013-14, it had dropped to 31.2% - one of the lowest in a long time. To get 7.5% growth, we need GFCF to be around 37% of GDP. Today, we are far from that.

Despite this depressing milieu of 2013-14, I am pleased to report that the year has been satisfactory for your Company. Here is a brief summary of CESC's standalone financial results.

- During 2013-14, total income (including other income) increased by 3.7% to ₹ 5,610 crore.
- Earnings before interest, depreciation, taxes and amortisation (EBIDTA) went up by 8.2% to ₹ 1,533 crore.
- Cash profits before taxes, or profit before depreciation and taxation (PBDT), increased by 7.9% to ₹ 1,164 crore.
- Profit after taxes (PAT) for 2013-14 grew by 5.5% over the previous year to ₹ 652 crore.
- Earnings per share (EPS) for 2013-14 was ₹ 52.18 compared to ₹ 49.5 in the previous year.

Given that CESC operates in a regulated industry, these are creditable results. With increasing cost competitiveness and significant improvements in productivity and throughput, your Company succeeded in increasing its EBIDTA by 8.2% to ₹ 1,533 crore - and pre-tax cash profits by 7.9% to ₹ 1,164 crore.

CESC's electricity business has done well in all fronts. The plant load factor (PLF) of its three pulverised fuel plants was 89.3% in 2013-14, versus 86.4% in the previous year. These are superior to the national average PLF of 65.6%. There have been several initiatives in power distribution involving smart meters, SMS alerts, automated meter readings, the use of modern Supervisory Control and Data Acquisition (SCADA) systems, new connections, lower supply interruptions, superior billing and rectification systems, and the like. These are explained in detail in the chapter on Management Discussion and Analysis.

Let me now turn to the progress of some of your Company's major power projects.

Regarding thermal power, both units of the 2 x 300 MW coal fired power project at Chandrapur in Maharashtra were commissioned during the year. The transmission lines for power evacuation to the state and the national grid were also completed. The 2 x 300 MW coal fired power project at Haldia in West Bengal is in advanced stages of completion. Both units should be commissioned in 2014-15, and supply power to CESC. Your Company is working on a plan to set up a 2 x 660 MW super-critical thermal plant in Dhenkanal, Odisha. Most of the statutory clearances have been obtained and the project awaits coal linkage from the Ministry of Coal, Government of India.

In wind, your Company's first venture - a 24 MW project at Dangri in Rajasthan - was successfully commissioned last year. The plant is running well. A second wind power project of 26 MW at Surendranagar in Gujarat should be commissioned in 2014-15.

In addition, your Company is exploring a number of hydro-power projects in North East India.

Now for some facts on your Company's non-power businesses. Spencer's Retail Limited, CESC's flagship company in retail, has 128 stores across India under the Spencer's label, including 34 hypermarkets. During 2013-14, it registered a same store sales growth of over 9%, and moved closer to achieving an operating breakeven. Au Bon Pain Café India Limited caters to the retail coffee and fast food. At the end of 2013-14, it had 29 cafés with significant presence in Bengaluru and Kolkata.

You may recall that Spen Liq, a wholly owned subsidiary of your Company, purchased a majority stake in Firstsource Solutions Limited (FSL) in 2012-13 - in line with CESC's strategy to be present in new businesses having significant growth potential.

FSL provides business process management services to Fortune 500 and FTSE 100 companies in industries such as healthcare, telecom and media, banking, financial services and insurance. With 27,666 employees in its rolls, FSL supports clients from 46 service facilities spread across the USA, the UK, Ireland, Philippines, India and Sri Lanka. In 2013-14, FSL grew its revenues by 10.2% to ₹ 3,127 crore. Its PAT was ₹ 193 crore.

There has been one more addition to the non-electricity business. In 2013-14, CESC Properties Limited, a subsidiary of your Company, launched Kolkata's first upscale shopping mall, the Quest. It has a total built-up area of about 700,000 square feet with shops, retail outlets, entertainment zone, multiplex, food court and fine dining spread over seven floors. It has a thirteen-level car park to accommodate some 900 cars. By the end of the year, Quest's occupancy comprised about 85% of the retail area.

Let me end with a note of optimism. The first time after December 1984, the country has awarded a clear Lok Sabha majority to a single party. I have little doubt that the new government will do all it can to set sail for a 7.5% GDP growth. Let us look forward to a better tomorrow for all of us.

Thank you for your support.

With best regards,

Yours sincerely,

Sanjiv Goenka

Sanjiv Goenka
Chairman

30 May, 2014

RP-Sanjiv Goenka Group
Growing Legacies

CESC LIMITED
Energising Lives • Since 1899

CESC Limited

Registered Office :
CESC House, Chowringhee Square, Kolkata - 700 001
Tel : 033-2225 6040, Fax : 033-2225 5155
E-mail : secretarial@rp-sg.in; Website : www.cesc.co.in
Corporate Identity Number : L31901WB1978PLC031411

NOTICE TO THE MEMBERS

Notice is hereby given that the Thirty-sixth 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 Wednesday, 30 July 2014 at 10.30 AM for the following purposes :

1. To receive, consider and adopt the audited financial statements for the year ended 31 March 2014, and the audited consolidated financial statements for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.

2. To declare Dividend.

3. To appoint a Director in place of Mr. Sanjiv Goenka (DIN 00074796) who retires by rotation and, being eligible, offers himself for reappointment.

4. To appoint a Director in place of Mr. Sanjay Kumar Pai (DIN 00307575) 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 pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the retiring Auditors, Messrs. Lovelock & Lewes (Firm Registration Number 301056E), be and they are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Thirty-ninth AGM of the Company at such remuneration as may be decided by the Audit Committee of the Board of Directors of the Company and the said reappointment be placed for ratification by members at the Thirty-seventh and the Thirty-eighth AGM of the Company."

   SPECIAL BUSINESS

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

6. **AS AN ORDINARY RESOLUTION**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr Brij Mohan Khaitan (DIN 00023771) be and is hereby appointed as an Independent Director, not liable to retire by rotation, for a period of five years with effect from 1 April 2014."

7. **AS AN ORDINARY RESOLUTION**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr Srikandath Narayan Menon (DIN 01475746) be and is hereby appointed as an Independent Director, not liable to retire by rotation, for a period of five years with effect from 1 April 2014."

8. **AS AN ORDINARY RESOLUTION**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr Chandra Kumar Dhanuka (DIN 00005684) be and is hereby appointed as an Independent Director, not liable to retire by rotation, for a period of five years with effect from 1 April 2014."

9. **AS AN ORDINARY RESOLUTION**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mr Pradip Kumar Khaitan (DIN 00004821) be and is hereby appointed as an Independent Director, not liable to retire by rotation, for a period of five years with effect from 1 October 2014."

10. **AS AN ORDINARY RESOLUTION**

    "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Ms Rekha Sethi (DIN 06809515) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30 May 2014 and who holds office upto the date of the forthcoming Annual General Meeting be and is hereby appointed a Director of the Company with immediate effect and be also appointed as an Independent Director, not liable to retire by rotation, for a period of five years with effect from 30 May 2014."

11. **AS A SPECIAL RESOLUTION**

    "RESOLVED THAT in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 consent of the Company be and is hereby accorded to the Board of Directors ('the Board') to mortgage, charge and/or otherwise encumber all or any of the properties of the Company, whether immovable or movable and whether present or future and wheresoever the same may be situate, in favour of :-

    (a) HDFC Bank Limited (HDFC) for two term loans aggregating ₹ 275 crores;

    (b) Punjab & Sind Bank (PSB) for three term loans aggregating ₹ 250 crore;

    (c) State Bank of India (SBI) for a term loan of ₹ 350 crore;

    (d) State Bank of Patiala (SBP) for a term loan of ₹ 200 crore;

    (e) Standard Chartered Bank (SCB) for an external commercial borrowing of USD 4.5 crore;

    (f) Union Bank of India (UBoI) for three term loans aggregating ₹ 325 crore;

(g) AXIS Bank Limited (ABL), Bank of Baroda (BoB), HDFC, Punjab National Bank (PNB), SBI, SCB and YES Bank Limited (YBL) for their incremental share of ₹ 15 crore, ₹ 32.6 crore, ₹ 33 crore, ₹ 50 crore, ₹ 49.89 crore, ₹ 27 crore and ₹ 180 crore respectively in the working capital facility extended to the Company by a consortium of working capital bankers;

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

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

12. **AS A SPECIAL RESOLUTION**

"RESOLVED THAT in modification of the Ordinary Resolution passed by the Company in terms of Section 293(1)(d) of the Companies Act, 1956 at the twenty-third Annual General Meeting held on 29 December 2001, consent of the Company pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder be and the same is hereby accorded to the Board of Directors of the Company ('the Board') for borrowing from time to time any sum or sums of moneys on such terms and conditions as the Board may deem requisite or proper for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company may exceed the aggregate of its paid-up share capital and free reserves (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), provided that the total amount borrowed and to be so borrowed by the Board (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining outstanding at any one time shall not exceed the limit of ₹ 4,500 crores and that, for the purpose of implementation of this Resolution, the Board may act through any member thereof or any other person duly authorized by the Board in that behalf."

13. **AS AN ORDINARY RESOLUTION**

"RESOLVED THAT the remuneration of ₹ 5,50,000 of M/s. Shome & Banerjee, Cost Accountants, as Cost Auditors of the Company for the financial year ending 31 March 2015, recommended by the Audit Committee of the Board of Directors ('the Board') and approved by the Board, be and is hereby ratified.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution".

The Register of Members of the Company will remain closed from 20 June 2014 to 30 June 2014, both days inclusive.

By Order of the Board

Kolkata — Subhasis Mitra
30 May 2014 — 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.

   A person can act as Proxy on behalf of not exceeding fifty members and holding in the aggregate not more than ten percent of the total paid-up share capital of the Company. A member holding more than ten percent of the paid-up share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the items of special business under items 6 to 13 of the Notice is annexed hereto.

3. If 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 19 June 2014.

4. Members holding shares in physical form may inform the Company of necessary particulars (including 9 digit MICR code number) for NECS credit of the dividend directly to their bank accounts wherever NECS facility is available, or, for printing of their bank account details on the dividend warrants to prevent possibilities of fraud in encashing the warrants. For this purpose, members are requested to fill in the form appended to the Attendance Slip sent herewith and send the filled in Form to the Secretarial Department of the Company or to the Registrar & Share Transfer Agents, Link Intime India Private Limited, 59C Chowringhee Road, 3rd Floor, Kolkata - 700 020, Email : kolkata@linkintime.co.in latest by 15 July, 2014. In respect of the shareholdings in demat form, any change in the Bank particulars should be intimated to the Depository Participants (DP) immediately so that the changed particulars may be used for dividend payment. Any change in the particulars of

shareholders holding shares in electronic form is to be notified to the DP only.

5. The Company proposes to send to the Members notices, annual report and accounts and other communication through electronic mode. Members are, therefore, requested to update their e-mail address with the Depository Participant if the holding is in electronic mode or intimate to the Company by sending an e-mail at secretarial@rp-sg.in. Copies of all such communication can also be obtained in physical form from the Company free of cost, upon request. All such documents shall also be available at the Company's website www.cesc.co.in

6. Dividend not claimed within 7 years will be transferred to the Investor Education & Protection Fund (IEPF). As members concerned have already been intimated by the Company, all unpaid / unclaimed dividend for the year ended 31 March 2007 will be transferred to IEPF on or before 30 August 2014. Claims for payment of such dividend should, therefore, be lodged with the Company immediately.

7. Voting through Electronic means :

   The Company will provide to its members the facility to exercise their right to vote at the Thirty-sixth Annual General Meeting (AGM) by electronic means and the business will be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

   The instructions for voting are as under :

   A. In case a member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/Depository Participant(s)] :

      i) Open e-mail and open PDF file viz., "CESC e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and password / PIN for e-Voting. Please note that the password is an initial password.

      ii) Launch Internet Browser by typing the following URL:https://www.evoting.nsdl.com

      iii) Click on Shareholder - Login

      iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

      v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

      vi) Home page of e-voting opens. Click on e-Voting Cycles.

      vii) Select "EVEN" of CESC Limited.

      viii) Now you are ready for e-Voting as Cast Vote page opens.

      ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

      x) Upon confirmation, the message "Vote cast successfully" will be displayed.

      xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

      xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned coy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to evotingam@gmail.com with a copy marked to evoting@nsdl.co.in.

   B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participant(s) or those requesting for physical copy] :

      i) Initial password is provided at the bottom of the Attendance Slip for the AGM as stated below :

         EVEN (E-Voting Event Number) USER ID PASSWORD / PIN

      ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to caste vote.

         I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

         II. If you are already registered with NSDL for e-Voting then you can use your existing user ID and password / PIN for casting your vote.

         III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending the future communication(s).

         IV. The e-Voting period commences on 24 July 2014 (9.00 am) and ends on 26 July, 2014 (6.00 pm). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19 June 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

         V. The voting rights of shareholders shall be in proportion to their shares on the paid up equity share capital of the Company as on the cut-off date (record date) of 19 June 2014.

         VI. Mr. Anil Murarka, Practicising Company Secretary (Membership no. FCS 3150) has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.

VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

VIII. The Results shall be declared at the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.cesc.co.in and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the Company are listed.

8. Those members, who do not have access to e-Voting facility, if they so desire, may contact the Secretarial Department, CESC Limited, CESC House, Chowringhee Square, Kolkata-700001 for assistance in casting the votes. Outstation members may call (033) 22040754 or mail to secretarial@rp-sg.in for guidance.

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

MR SANJIV GOENKA, 53 years of age, is a renowned industrialist. He is a commerce graduate and the Chairman of RP-Sanjiv Goenka group having an asset base of more than US$ 4.3 billion, over 50,000 employees and about a hundred thousand shareholders with annual revenues of approximately US$ 2.6 billion. He is on the board of directors of the Company since 1989 and Chairman of Stakeholders Relationship Committee and member of Audit and Finance & Forex Committee.

The group's businesses spanning across six sectors - power & natural resources, carbon black, retail, media & entertainment and IT & education, include companies such as CESC Limited, Firstsource Solutions Limited, Phillips Carbon Black Limited and Saregama India Limited.

Mr Goenka is currently the honorary consul of Canada in Kolkata. He took over as the youngest-ever President of the Confederation of Indian Industry (CII) and is a former President of The All India Management Association (AIMA) as well as a member of the Prime Minister's council on trade & industry. He was appointed Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur (IIT-KGP) and currently serves on the board of the Indian Institute of Management, Calcutta.

Mr Goenka is Vice Chairman of RPG Enterprises Limited, Chairman of Phillips Carbon Black Limited, Saregama India Limited (also Chairman of its Shareholders Grievance Committee), Spencer International Hotels Limited, Spencer and Company Limited, Harrisons Malayalam Limited, Firstsource Solutions Limited and Woodlands Multispeciality Hospital Limited. He is also on the board of STEL Holdings Limited, Noida Power Company Limited, Eveready Industries India Limited (also member of its Remuneration Committee) and Graphite India Limited.

Mr Goenka holds 2,58,498 equity shares in the Company.

MR SANJAY KUMAR PAI, 59 years of age, is a Nominee Director on the Board of Directors of CESC since January 2013. He holds a master's degree in Physics and is currently the Chief General Manager (Human Resource Development) of IDBI Bank Limited.

Mr Pai is member of the Nomination and Remuneration Committee of the board of directors of the Company.

Mr Pai does not hold any share in the Company.

MR. BRIJ MOHAN KHAITAN, 86 years of age, is a renowned industrialist having interest in tea, batteries and engineering industries. He is a commerce graduate. Mr. Khaitan has made significant contributions to the tea industry with which he has been associated for over five decades. He has also been associated with various leading chambers of commerce and trade associations.

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

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

MR SRIKANDATH NARAYAN MENON, 67 years of age, is an IAS officer of the 1969 batch. He completed his graduation and master's degree in arts. He was also awarded the Hubert Humphrey north-south fellowship at the Humphrey Institute of Public Policy at the University of Minneapolis, Minnesota.

Mr Menon worked in various capacities in the Government of West Bengal and the Government of India for 36 years before retiring as Secretary in the department of Commerce, Ministry of Commerce & Industries. He also served as the Principal Secretary to the Chief Minister of West Bengal for seven years. He is on the board of directors of the Company since 2011.

He is the Chairman of Nicco Parks & Resorts Limited, Mcleod Russell India Limited (also member of its Audit Committee) and Metrovalley Business Park Private Limited.

Mr Menon does not hold any share in the Company.

MR. CHANDRA KUMAR DHANUKA, 60 years of age, is a graduate in commerce and has over 33 years of experience in the industry. An industrialist by occupation, he is the ex-chairman of FICCI (Eastern Regional Council) and is also a member of the national committee of FICCI. Mr. C.K Dhanuka is the ex-chairman of the Indian Tea Association and the ex-vice chairman of the Tea Board.

He is on the board of directors of CESC since 2012 and is the Chairman of its Audit Committee and member of Nomination and Remuneration Committee.

Mr Dhanuka is also the ex-president of the All India Organization of Employers.

Mr Dhanuka is Chairman of Naga Dhunseri Group Limited, Mint Investments Limited, Trimplex Investments Limited, Jatayu Estate Private Limited, ABC Tea Workers Welfare, Madhuting Tea Private Limited, Plenty Valley Infra Limited, Dhunseri Investments Limited (also its Managing Director), Dhunseri Tea & Industries Limited and Dhunseri Infrastructure Limited.

Mr Dhanuka is also on the Board of Egyptian Indian Polyester Company SAE, Dhunseri Petrochem & Tea PTE Limited, Makanadi Tea & Coffee Estates Limited and Kawalazi Estate Co. Limited. He is the Executive Chairman and Managing Director of Dhunseri Petrochem & Tea Limited (also Chairman of its Remuneration Committee and member of Audit Committee, Corporate Governance Committee, Shareholders Grievance Committee, Share Transfer Committee and Investment Committee.

He does not hold any share in the Company.

MR. PRADIP KUMAR KHAITAN, 73 years of age, is an attorney-at-law (Bell chambers gold medalist) and is an eminent legal personality. He has extensive experience in the fields of commercial and corporate law, tax law, arbitration, foreign collaborations, intellectual property, mergers and acquisitions, restructuring and de-mergers. He is a senior partner of Khaitan & Co., an eminent firm dealing with corporate and other laws. He is a member of the Bar Council of India, the Bar Council of West Bengal, the Incorporated Law Society of India and the Indian Council of Arbitration and is connected with various educational institutions and social organizations. He is on the board of directors of CESC since 1992 and is a member of its Finance & Forex Committee and Project Committee.

Mr. Khaitan is a Director of Dalmia Bharat Limited, Electrosteel Castings Limited, OCL India Limited, Dhunseri Petrochem & Tea Limited (also member of its Remuneration Committee), Graphite India Limited (also Chairman of its Remuneration Committee, member of Committee for Borrowings and Shareholders and Investors' Grievance Committee), India Glycols Limited and Woodlands Multispeciality Hospital Limited (also Chairman of its Share Allotment Committee).

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

MS REKHA SETHI, 50 years of age is the Director General of All India Management Association (AIMA), one of the leading bodies for management in India. She started her career at the Centre for the Development of Telematics (C- dot) in 1985 and was with the Confederation of Indian Industry (CII) for 17 years before joining AIMA.

Ms. Sethi led the initiative to create high profile international events to promote India's economic interest and has raised AIMA's public profile to attract country's industry leaders and policy makers on its platform.

A graduate in English Literature, Ms. Sethi has a post graduate diploma in Advertising and Marketing.

Ms. Sethi is on the Board of Directors of Sun Pharmaceutical Industries Limited, Executive Council of the National Board of Accreditation, member of the Advisory Board of Switzerland based, St. Gallen Foundation think tank, Leaders of Tomorrow - Knowledge Pool and a member of the Indo-Netherlands Joint Working Group on Corporate Governance and Corporate Social Responsibility set up by the Government of India.

Ms. Sethi does not hold any share in the Company.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEMS OF SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE THIRTY-SIXTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON 30 JULY, 2014

Item Nos. 6 to 9

Mr Pradip Kumar Khaitan and Mr Brij Mohan Khaitan have been Non - Executive Directors on the Board of Directors of the Company ('the Board') since 1992 and 1994 respectively. Mr Srikandath Narayan Menon and Mr Chandra Kumar Dhanuka are on the Board since 2011 and 2012 respectively. Mr Brij Mohan Khaitan, Mr Menon and Mr Dhanuka have also been Independent Directors in accordance with the requirement of the Stock Exchange Listing Agreement.

It is proposed to appoint the abovenamed Directors of the Company as Independent Directors in accordance with the applicable provisions of the Companies Act, 2013 ('the Act') which require every listed company to have the requisite number of independent directors on the Board.

The Company has received from the above Directors requisite consents, intimations and declarations in connection with their proposed appointments as Independent Directors. Mr Pradip Kumar Khaitan has intimated that he will meet the prescribed criteria of independence as provided in Section 149(6) of the Act with effect from 1 October 2014.

The Company has also received four separate Notices in writing from Members along with the requisite deposits of money proposing the aforesaid candidatures for the office of Directors under the provisions of Section 160 of the Act.

In the opinion of the Board, Mr Brij Mohan Khaitan, Mr Srikandath Narayan Menon and Mr Chandra Kumar Dhanuka fulfil and, with effect from 1 October 2014, Mr Pradip Kumar Khaitan shall fulfill the conditions specified in the Act and the Rules made thereunder for being appointed as Independent Directors of the Company and that they are (for Mr P K Khaitan, will be from 1 October 2014) independent of the management of the Company. The Board considers that the continued association of the above directors as Independent Directors would be of immense benefit to the Company.

The Resolutions set out under Items 6 to 9 of the Notice seek the approval of the Members for the appointments of the above directors as Independent Directors of the Company pursuant to Section 149 and other applicable provisions of the Act and the Rules made thereunder.

A copy each of the draft letters of appointment of the above directors as Independent Directors of the Company setting out the terms & conditions are available for inspection by the Members at the Company's Registered Office during the normal business hours on any working day up to the date of the Annual General Meeting and will also be available at the venue of the meeting.

Mr Brij Mohan Khaitan, Mr Srikandath Narayan Menon, Mr Chandra Kumar Dhanuka and Mr Pradip Kumar Khaitan may be deemed to be concerned or interested in the respective Resolutions relating to their respective appointments. None of the other Directors, key managerial personnel or their relatives has any concern or interest in the said Resolution.

The Board recommends the Ordinary Resolutions set out under Item Nos. 6 to 9 of the Notice for approval of the Members.

Item No. 10

Ms Rekha Sethi was appointed by the Board of Directors ('the Board') as an Additional Director of the Company with effect from 30 May 2014 pursuant to the provisions of Section 161 of the Companies Act, 2013 ('the Act'), read with Article 104 of the Articles of Association of the Company.

Ms Sethi will hold office as Additional Director up to the date of forthcoming Annual General Meeting ('AGM') as per the aforesaid provisions. The Company has received a Notice in writing from a Member along with the requisite deposit of money proposing the candidature of Ms Sethi for the office of Director under the provisions of Section 160 of the Act.

The Company has received from Ms Sethi requisite consent, intimation and a declaration In connection with her appointment as an Independent Director.

In the opinion of the Board, Ms Sethi fulfils the conditions specified in the Act and the Rules made thereunder for being appointed as an Independent Director and that she is independent of the management of the Company.

The Resolution set out under item 10 of the Notice seeks the approval of the Members for the appointment of Ms Sethi as an Independent Director of the Company for a period of five years from 30 May 2014 pursuant to Section 149 and other applicable provisions of the Act and the Rules made thereunder.

A copy of the draft letter of appointment of Ms Sethi as an Independent Director of the Company setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office during normal business hours on working days upto the date of the AGM and will also be available at the venue of the meeting.

Ms Sethi may be deemed to be concerned or interested in the said Resolution. None of the other Directors, key managerial personnel or their relatives has any concern or interest in the said Resolution.

The Board recommends the Resolution set out under Item No. 10 of the Notice for approval of the Members.

Item No. 11

In order to finance part of its capital expenditure requirements, the Company has availed of financial assistance from HDFC Bank Limited (HDFC) – two term loans aggregating ₹ 275 crores, Punjab & Sind Bank (PSB) – three term loans aggregating ₹ 250 crore, State Bank of India (SBI) – a term loan of ₹ 350 crore, State Bank of Patiala (SBP) – a term loan of ₹ 200 crore, Standard Chartered Bank (SCB) – an external commercial borrowing of USD 4.5 crore and Union Bank of India (UBoI) – three term loans aggregating ₹ 325 crore (HDFC, PSB, SBI, SBP, SCB and UBoI are hereinafter collectively referred to as 'the said Term Lenders').

In addition, AXIS Bank Limited (ABL), Bank of Baroda (BoB), HDFC, Punjab National Bank (PNB), SBI, SCB and YES Bank Limited (YBL) have sanctioned incremental working capital facility of ₹ 15 crore, ₹ 32.6 crore, ₹ 33 crore, ₹ 50 crore, ₹ 49.89 crore, ₹ 27 crore and ₹ 180 crore respectively to the Company (ABL, BoB, HDFC, PNB, SBI, SCB and YBL are hereinafter collectively referred to as 'the said Working Capital Bankers').

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

The Special Resolution set out under Item No. 11 of the Notice is for obtaining the approval of the Members in terms of the provisions of Section 180(1)(a) of the Companies Act, 2013 to enable the Company to create the aforesaid mortgage and / or charge.

None of the Directors, key managerial personnel or their relatives is concerned or interested in the Resolution.

The Board of Directors of the Company recommends that the Resolution be passed.

Item No. 12

At the Twenty third Annual General Meeting of the members of the Company held on 29 December 2001, the Board of Directors of the Company ('the Board') was authorized, in terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow moneys upto a limit of ₹ 3800 crores notwithstanding that the same might exceed the aggregate of the paid up share capital and free reserves of the Company. Keeping in view the Company's future fund requirement for capital expenditure and expenditure to be incurred in the normal course of its operations and also for meeting other requirements, it is considered necessary to seek the members' approval under Section 180(1)(c) of the Companies Act, 2013 for an increased borrowing limit of ₹ 4500 crores. The Special Resolution set out under Item no 12 is intended for this purpose and the Board recommends that the Special Resolution be passed.

None of the Directors, key managerial personnel or their relatives is concerned or interested in the above Resolution.

Item No. 13

The Board of Directors of the Company, on the recommendation of its Audit Committee, has approved the appointment and remuneration of M/s Shome & Banerjee, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31 March 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out under Item No. 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2015.

None of the Directors, key managerial personnel or their relatives is concerned or interested in the resolution.

The Board recommends that the Resolution be passed.

By Order of the Board

Kolkata
30 May 2014

Subhasis Mitra
Company Secretary

The Directors have pleasure in presenting the Annual Report and Audited Accounts of CESC Limited for the year ended 31 March 2014.

In terms of the General Circular 08/2014 dated 4 April 2014, the financial statements, and the documents required to be attached thereto and the Board's report for the year under review have been prepared in accordance with the relevant provisions, schedules and rules of the Companies Act, 1956.

Financial Results

(₹ crore)

Particulars	2013-14	2012-13
Revenue from operations	5509.88	5303.07
Other Income	99.66	106.72
Total Income	**5609.54**	**5409.79**
Profit Before Depreciation & Taxation	1163.48	1079.71
Depreciation	(338.58)	(306.21)
Taxation	(173.00)	(155.00)
Profit before transfer to Reserves	**651.89**	**618.50**
Profit brought forward from previous year	**(228.32)**	**(244.02)**
Reserve for unforeseen exigencies	(37.63)	(31.88)
General Reserve	(500.00)	(500.00)
Proposed Dividend @ ₹ 8 per		
Equity Share & tax thereon	(116.94)	(102.32)
Leaving a balance carried forward	**225.64**	**228.32**

Performance Overview

During the year under review, the Company's revenue from operations increased by 3.9% over last year to reach ₹ 5509.88 crore. Including other income, total income grew by 3.7% from ₹ 5409.79 crore in 2012-13 to ₹ 5609.54 crore in 2013-14. Profit before depreciation and taxation (PBDT) grew by 7.8% to ₹ 1163.48 crore during the year. After providing for depreciation of ₹ 338.58 crore and taxation of ₹ 173 crore, the profit after taxes (PAT) for 2013-14 stands at ₹ 651.89 crore, which reflects a 5.4% increase over ₹ 618.50 crore during 2012-13.

A detailed review of the operations for the year ended 31 March 2014 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 2014 at the rate of ₹ 8 per share on the paid-up equity share capital as on that date (₹ 7 per share in 2012-13). 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 19 June 2014. 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 2014, CESC had twenty-nine subsidiaries. Broad details of operations of these subsidiaries are given in the section 'New Projects and Initiatives' and the section 'Other Businesses' in the Management Discussion & Analysis, which forms a part of this report.

In accordance with the general exemption granted by the Central Government, the accounts of the subsidiaries for the year 2013-14 and the related detailed information will be made available to the holding and subsidiary companies' shareholders seeking such information at any point of time and are not attached. Copies of the annual accounts of the subsidiary companies will also be kept open for inspection by any shareholder at the Registered Office of the Company and of the subsidiary companies concerned. The Company shall furnish a hard copy of accounts of subsidiaries to any shareholder on demand. The Company publishes Consolidated Financial Statements of the Company and its subsidiaries duly audited by Messrs. Lovelock & Lewes, Auditors, prepared in compliance with the applicable Accounting Standards and the Listing Agreements with the Stock Exchanges. The Consolidated Financial Statements for the year 2013-14 form a part of the Annual Report and Accounts.

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

Projects

Several projects are being pursued by various subsidiaries of the Company - thermal generation projects at Haldia in West Bengal, Chandrapur in Maharashtra and Bhagalpur in Bihar, wind power project at Gujarat and hydro-electric projects at Arunachal Pradesh.

Details on these projects have been provided in the relevant sections of the Management Discussion & Analysis, which forms a part of this report.

Directors

The Board regrets to record the sad demise of Mr. O. P. Vaish on 18 September 2013, a Director of the Company since 7 September 2011. The Board placed on record its deep appreciation for the valuable contribution made by Mr Vaish during his tenure as a Director of the Company.

In terms of the provisions of Section 152 of the Companies Act, 2013 ('the Act') and Article 102 of the Articles of Association of the Company, Mr. S. Goenka and Mr. S. K. Pai, Directors, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. B. M. Khaitan, Mr. S. N. Menon, Mr. C. K. Dhanuka and Mr. P. K. Khaitan are Non-Executive Directors on the Board of Directors ('the Board') of the Company. With the enactment of the Act, it is now incumbent upon every listed company to have the requisite number of Independent Directors on the Board. The above Directors are being appointed as Independent Directors of the Company under the Act. The Company has received four separate Notices in writing from four Members along with requisite deposits of money proposing the aforesaid four directors to the office of Directors under the applicable provisions of the Act. Mr B. M. Khaitan, Mr S. N. Menon and Mr C. K. Dhanuka are appointed as Independent Directors for a period of 5 years from 1 April 2014 and Mr P. K. Khaitan from 1 October 2014.

Ms Rekha Sethi, who was appointed by the Board on 30 May 2014 as an Additional Director shall hold office as such up to the date of the forthcoming Annual General Meeting. The Company has received a Notice in writing from a Member along with the requisite deposit of money proposing the candidature of Ms Sethi to the office of Director under the applicable provisions of the Act. Ms Sethi is appointed as an Independent Director for a period of 5 years from 30 May 2014.

Necessary resolutions for obtaining approval of the Members in respect of the above appointments have been incorporated in the notice of the forthcoming Annual General Meeting.

The requisite disclosure regarding the re-appointment / appointment of the above Directors has been made in the Report of Corporate Governance which forms a part of the Directors' Report.

Listing

The equity shares of the Company continue to be listed at the Bombay Stock Exchange (BSE), the National Stock Exchange (NSE) and the Calcutta Stock Exchange (CSE).The Company has paid the requisite listing fee to the Stock Exchanges up to the financial year 2014 -15. During the year under review, equity shares of the Company have since been delisted from the London Stock Exchange.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the erstwhile Companies Act, 1956, your Directors hereby state and confirm that :

i) in the preparation of annual accounts for the financial year ended 31 March 2014, 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 2014 and of the profit for the period from 1 April 2013 to 31 March 2014;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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 2014 have been prepared on a going concern basis.

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

The Company, during the year, has not accepted any deposits and, as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet. 17 deposits aggregating ₹ 0.03 crore remained unclaimed as on 31 March 2014.

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 141(3)(g) 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 Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'D', forming a part of this Report.

Particulars of Employees

The information as required in accordance with Section 217(2A) of the Companies Act, 1956 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 Companies Act, 1956, 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

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

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 encouragement and support.

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Kolkata, 30 May 2014

CESC Limited ('CESC' or 'the Company'), is the flagship company of the RP-Sanjiv Goenka Group (the 'Group'). Registered in 1899, it is a fully integrated power utility engaged in the generation and distribution of electricity across 567 square kilometres of licensed area in Kolkata and Howrah, West Bengal. It supplies safe, cost-effective and reliable electricity to over 2.8 million customers - both consumers household and commercial establishments.

CESC spearheads the Group's interest in the power sector. Its subsidiaries are active in the organised retail, business process management and infrastructure sectors as a part of the strategy for diversification and long-term growth.

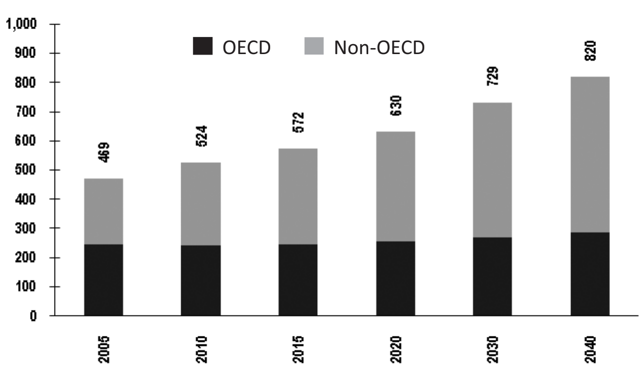
This chapter presents an overview of the energy sector as well as details of operational and financial performance of the Company. It also discusses important initiatives taken by CESC and its subsidiaries during the year to achieve its growth and performance objectives.

ECONOMIC OVERVIEW

Global Energy Outlook

The global energy scenario is undergoing structural changes as new energy supply options reshape the idea of distribution of resources. Major importers of energy such as the United States of America are becoming exporters, whereas major exporters are transforming into important centres of demand growth. As far as demand for energy is concerned, emerging economies continue to drive the global markets. According to the *International Energy Outlook 2013,* world primary energy consumption under the 'Reference Case'[1] will grow by around 296 quadrillion Btu between 2010 and 2040 - at a CAGR of 1.5% (Chart A). As expected, the demand in Non-OECD countries will grow much faster, and will account for 86% of this increase in energy demand.

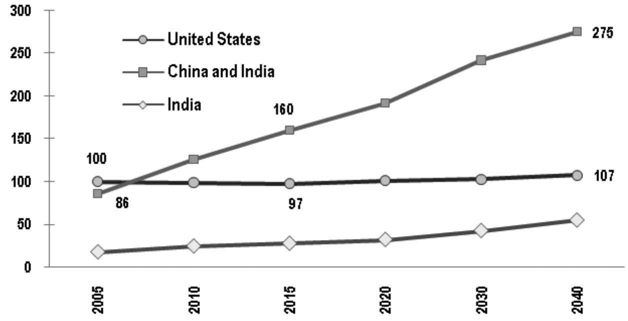
Chart A: World Primary Energy Consumption (Quadrillion Btu)



Source : Reference Case, International Energy Outlook 2013, EIA

More importantly, over 50% of this increase will come from China and India, which along with the US, are the top three consumers of energy in the world. Energy demand from China and India is expected to surge during this period to 275 quadrillion Btu (Chart B). As a result, by 2040, these two countries will account for 34% of global energy demand, up from 24% in 2010.

Chart B: Comparative Energy Consumption (Quadrillion Btu)

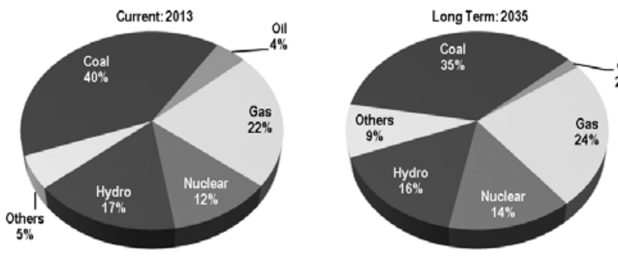


Source : Reference Case, International Energy Outlook 2013, EIA

Fossil fuels - coal, oil and gas - are the dominant source of energy, meeting around 84% of the energy needs. While this dominance is expected to continue, their share is estimated to come down to around 78.5% by 2040. However, recent developments in the US oil and gas exploration, and indeed similar trends in some other countries, pose fresh questions on the pace of this decline.

The situation of the power sector, which accounts for over 50% of the increase in global primary energy demand, is not much different. Coal remains the leading fuel for generating electricity, accounting for 40% of total power generation, followed by gas, hydro and nuclear. More importantly, China and India account for 89% of the projected growth in coal-based generation during the period. As shown in Chart C, this dominance of coal is expected to continue, although its share will come down in the long term with policies favouring the use of other renewable sources such as solar, geothermal and wind.

Chart C : Global Electricity Generation Outlook



Source : Reference Case, International Energy Outlook 2013, EIA

Overall, it is quite clear that even as coal continues to be the primary fuel for the generation of power, renewable sources will be the biggest beneficiary in the medium to longer term. Hydro and other renewable sources will account for around 25% of the total generation as compared to 35% from coal. To that extent, securing supplies of coal and building technology capabilities in the use of renewable

[1] The 'Reference Case' projection is a business-as-usual trend estimates, given known technology and technological and demographic trends.

sources of energy - especially wind and solar - will continue to dominate the global energy agenda in the future.

India's Power Scenario

During 2013-14, Indian power sector added 19.7 GW, which was in line with the targets set for the year. The addition of transmission and distribution infrastructure was also satisfactory. With these capacity additions, generation capacity in India stood at 243 GW at the end of the year. Table 1 gives the details.

Table 1: Power Generation Capacity in India: 2013-14, By Fuel Source

Fuel	MW	% Share	Growth (%)
Coal	145,273	59.7%	11.6%
Gas	21,782	9.0%	8.3%
Diesel	1,200	0.5%	0.0%
Thermal	**168,255**	**69.2%**	**11.0%**
Nuclear	4,780	2.0%	0.0%
Hydro	40,531	16.7%	2.6%
Others	29,463	12.1%	7.0%
Total	243,029	100.0%	8.8%

Source : Central Electricity Authority

Given that coal accounts for 59.7% of the total generation capacity in India, the bigger worry for the power sector in recent times has been availability of coal, not just for the new projects, but also for existing plants. At the end of the year, 21 thermal power plants out of 100 plants for which such data are available had a critical coal stock of less than seven days.[2] Out of these, 13 plants had coal stock of less than four days. The average coal stock for these plants was 14 days compared to the normative stock of 22 days.

Even with recent addition of capacities, the shortfall in generation and transmission capacities is far from over. During 2013-14, the all-India peak demand for power was 136 GW of power, whereas the actual power met was 130 GW - an all-India shortfall of 4.5% (see Table 2). The southern region was the worst affected in terms of power availability, closely followed by the northern and north-eastern region. The shortfall in total supply as compared to total demand of power was not much better at 4.2% during the year.

Table 2 : Power Demand and Deficit : 2013-14

Northern	45,934	42,774	-3,160	-6.9
Western	41,335	40,331	-1,004	-2.4
Southern	39,015	36,048	-2,967	-7.6
Eastern	15,888	15,598	-290	-1.8
North-Eastern	2,164	2,048	-116	-5.4

Sources: Central Electricity Authority

By 2016-17, demand for power is expected to increase to 1,403 billion units[3] - up from 998 billion units in 2012-13. This assumes energy conservation and demand-supply measures, without which demand is expected to be even higher. Accordingly, the Twelfth Five Year Plan (2012-2017) estimates an additional capacity requirement of 88.5 GW, 53% of which is expected to come from the private sector - up from 19% in the Eleventh Five Year Plan. This will need to be complemented with adequate transmission and distribution capacities.

Overall, the power sector in India is facing a difficult environment. Although private sector investments in generation has brought about fresh capacities, the industry is facing considerable risks in terms of availability of fuel. Equally, several major distribution utilities have been making losses, which has resulted in scaling down of their purchases.

There is an urgent need to address the policy challenges - be it availability of coal and gas, or mounting losses of distribution utilities - which have cascading effects on the health and outlook of the entire sector. Also, greater focus needs to be accorded to alternative and renewable sources of fuel such as hydro, solar and wind to have a balanced portfolio of generation capacities in the longer term.

POWER BUSINESS

CESC's existing operations in the power sector comprise generation and distribution of electricity to its 2.8 million customers across its licensed areas in Kolkata and Howrah, West Bengal. For its existing operations in Kolkata, the demand for power is quite variable, with the Company registering a peak period demand higher than 1,900 MW and a lean period demand as low as 500 MW. During peak demand period, in addition to its own generation, CESC also purchases power from the state and national power grid. Conversely, during the lean period, it exports surplus power, when possible.

One of the key achievements of CESC as an integrated power utility has been its ability to provide its customers with reliable and uninterrupted power supply. This has been made possible due to relentless efforts encompassing all aspects of the business - be it generation, demand-supply management or distribution. These are discussed in greater detail in the subsequent sections on 'Generation' and 'Distribution'.

[2] Source : Monthly Review, March 2014, CEA
[3] Source : Twelfth Plan (2012-2017) Document, Planning Commission

During the year, through its subsidiary, the Company commissioned 600 MW project in Chandrapur, Maharashtra. Another 600 MW project in Haldia, West Bengal, is in advanced stages of construction and is expected to be commissioned during 2014-15. These have been discussed in the section on 'New Projects and Initiatives'.

During the last few years, CESC has placed special emphasis on building a customer centric organisation through introduction of customer friendly processes and deployment of technology. Significant efforts have also been made in the area of Human Resources to build an organisation that can deliver on the growth aspirations of the Company. These have been covered in greater detail in subsequent sections on 'Customer Service' and 'Human Resources'.

Generation

CESC operates four generating stations: Budge Budge, Southern, Titagarh and New Cossipore, which cumulatively produce 1,225 MW. Three of these stations (Budge Budge, Southern and Titagarh) use pulverised fuel (PF) as the primary energy source. In spite of the different age, capacity and technologies of the four generating stations, CESC has achieved the best possible results, some of which are nationally and internationally benchmarked.

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. PLF for CESC's power generating stations has been consistently better than the all-India average for thermal plants. CESC's composite PLF of the three PF plants was 89.34% in 2013-14, versus 86.41% in the previous year. These are distinctly superior to the national average PLF of 65.6% during 2013-14.

To achieve this higher PLF, the Company has taken various steps such as full utilisation of designed limit, benchmarking with best-in-class power plants, integrated operation and maintenance planning.

Budge Budge

Budge Budge comprises three units of 250 MW each. During 2013-14, Budge Budge generated 5,989 MU (million units) of power, with a PLF of 91.16%. The plant availability factor (PAF) was 96.17%.

Southern

Southern comprises two units of 67.5 MW each. During the year, it generated 1,040 MU of power, with a PLF of 87.90% and a PAF of 95.56%.

Titagarh

Titagarh comprises four units of 60 MW each. During the year, it generated 1,776 MU of power, with a PLF of 84.48% and a PAF of 96.59%.

New Cossipore

The Company's generating station at New Cossipore was established way back in 1949 and has a capacity of 100 MW. Yet, the 64-year old station generated 125 MU of power with a PAF of 83.79% during the year, thus extending reliable support to the system during peak hours.

Availability

During the year, the combined generation for the PF stations was 8,805 MU. The overall combined availability of these stations was 96.19%. The entire maintenance planning has been structured to reduce: (a) forced outages; and (b) capital overhauling time.

To reduce forced outages, CESC adopts a number of measures. These include (i) detailed analysis of each failure, (ii) taking appropriate corrective actions or process modification to eliminate these in the future, (iii) mean time between failure (MTBF) analysis and benchmarking, (iv) time bound action plans, (v) periodic inspection schedules for all units, and (vi) adopting integrated condition monitoring of dynamic equipment with sophisticated hardware and software.

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

Energy Conservation and Quality

CESC's generating stations have also excelled in energy conservation. To achieve this, the Company regularly undertakes technical enhancements, following best practices and implementing recommendations of external energy auditors.

During the year, installation of variable-voltage, variable-frequency (VVVF) controls for ID fans was completed in all four units at Titagarh and PA fans in one of the units of Budge Budge Generating Station. Apart from this, several on-going energy conservation measures were undertaken across locations. These included :

- Reduction of losses in compressed air systems and use of energy efficient lighting and equipment such as heaters, motors and measuring instruments.
- Refurbishment of boiler feed pump, condensate extraction pumps and cooling towers.
- Thermo-graphic studies of drains/pipelines of boilers and turbines; and checking of boiler feed pump re-circulation.

At CESC, energy conservation initiatives go beyond the core business activities. The Company had taken up the task of converting CESC House - its corporate office - into a LEED certified Green Building under the existing building category. During the year, CESC House has bagged the first runner-up position under the commercial building category, in the CII-NDTV-Grundfos Mission Energy Challenge. This award recognizes the commitment of CESC towards energy conservation.

All PF generating 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. During the year, the Company extended the coverage of Kaizen. In 2013-14, 216 improvement projects were implemented under this initiative, of which seven were adjudged as having high impact. Overall, the programme has been a success and has achieved participation of all levels of employees. Winners are awarded on a monthly basis for encouraging the participants and promoting the Kaizen culture.

Environment Management

At CESC, protection of environment is an integral part of the power generation process. The Company has laid out an 'Environment Policy' which governs its activities. Apart from ensuring compliance with all applicable legal and regulatory requirements, it has set more stringent in-house standards, and devised new and improved processes to achieve these. It has also adopted state-of-the-art technologies and the performance is closely monitored for assessment and rectification.

All PF generating 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) emitted from these PF stations can be reduced and maintained below the prescribed limits. The boilers of the 64-year old New Cossipore generating station have been retrofitted with wet electrostatic precipitators (ESPs) in order to reduce the SPM level - the first of its kind in any power plant in the world. All three PF stations have attained 'zero effluent discharge' status with 100% recycling of effluents. In Titagarh, a 'root zone treatment system' has been installed for treatment of sewage; and the treated water is reused for gardening. A Continuous Ambient Air Quality Monitoring Station has been installed at the Budge Budge Generating Station.

Ash is another area of environmental concern, the more so because of high ash content in Indian coal. Since 2000, CESC has achieved 100% utilisation of ash in an environment friendly manner. At the generating stations, energy conservation projects are regularly implemented to reduce the coal usage and thus minimise carbon dioxide emissions. Few such projects have been registered and approved as CDM projects by CDM Executive Board under the UNFCCC. Budge Budge was the first thermal power plant in the world to achieve such distinction.

CESC's environment friendly status has been acknowledged over the years by the government and leading agencies working in this area. During the year, CESC's generation division received the Zero Waste Award for Environment Leadership (2013) by indiagreatest.com. All three PF generating stations of the Company were recognised at the Annual Greentech Environment Award (2013). Budge Budge and Southern units were recognised under the Gold Category whereas Titagarh unit was recognised under the Silver Category. Budge Budge unit was also the first runner-up at the ICC Environment Excellence Awards (2013).

Safety and Health

CESC maintains high standards of industrial safety practices across its generating stations. The Company has a safety cell with 15 dedicated officers from different functional areas to ensure safe work practices across the organisation. It has a 'Safety Policy' in place and carries out regular safety and occupational health audits through internal safety committees, safety cell and external audit agencies. Recently, the Company has taken an initiative to undergo strategic training programmes for leadership people on safety with international consultants, so as to help bringing a culture for safety within the organisation and to incorporate necessary changes in process.

All PF stations are OHSAS 18001: 2007 certified for occupational health and safety management systems. In addition to following prescribed safety practices, use of personal protective equipment as well as proper tools and tackles have been made mandatory. Safety days are observed in all major establishments of the Company and many other programmes are regularly carried out to promote safety awareness among employees. These include classroom training, mock drill and demonstration as well as publishing safety manuals, magazines and audio-visual aids. An internal magazine named 'Safety Net' is published for distribution among all employees of the generation division.

The Company ensures that all incidents are fully reported. All such cases are thoroughly analysed to find the root causes and corrective and preventive actions are initiated for implementation to avoid recurrences. Systems are also in place to encourage reporting of 'near misses' for proactive identification of potential hazards and enabling preventive actions. At the same time, penalties are imposed if instances of nonconformity with safety standards are reported. As a result of these initiatives, accident rates have reduced substantially over the last few years. During the year, Titagarh unit received the Greentech Safety Award (2013) in recognition of its safety record and practices.

As part of the occupational health initiatives, CESC conducts health check-up for its employees including employees of contractors engaged in generating stations. The Company operates 30 dispensaries across the organisation with doctors and pharmacists manning these dispensaries. Best-in-class medical facilities including diagnostic clinic for pathological tests are also available to the employees alongwith tie-up with major hospitals.

Distribution

CESC's customer profile reflects growing system demand, and the need for consistently high quality supply with the increase of customers in the High Tension (HT) and Medium Voltage Alternating Current (MVAC) segments. Over the years, CESC has been successful in achieving a load shedding free environment for its customers. During 2013-14, the Company made further progress in this regard, with Low Tension (LT) faults and restoration times coming down further. Since 2007-08, when the Company embarked on its journey to strive for a load shedding free environment, LT faults and restoration times have come down by 39% and 45% respectively.

These improvements have been due to concerted efforts aimed at upgrading the distribution infrastructure and processes for enhancing the quality and security of supply, reducing downtime and overloads. These include commissioning of new distribution stations, augmentation of transformation capacities, establishing ring-main connectivity, and substantial addition / replacement of the underground and overhead cable network along with the use of modern equipment. CESC is also in the process of carrying out special projects to upgrade its distribution network, enhance the network capacity and supply reliability for efficient handling of the demand growth. These have been detailed in Annexure 'D' to the Directors' Report.

New initiatives taken during the year include :

- Installation of modified LT pillar boxes which have made supply restorations more efficient
- Thorough renovation of meter boards and installation of circuit breakers in congested areas such as markets and slums to ensure public safety.
- Installation of spaced aerial cable in selected 33kV network

During 2013-14, CESC put together a comprehensive master plan for development of its distribution network and infrastructure taking into account the long-term demand forecast. This includes a three-year short term plan up to 2016-17 as well as a 10-year master plan up to 2023-24. This strategic plan also takes into account the philosophy and recommendations of Singapore Power for achieving the following targets:

- N-1 contingency provision in lines and substation / distribution station transformation capacity.
- Development of 220 kV primary distribution network and bulk power handling corridors.
- Installation of Indoor GIS Substations and conversion of outdoor 132/33kV substations to indoor GIS substations under T&D asset space consolidation programme.
- Operational simplicity and load management at lower level with minimum switching.

During the year, a study on multi-point synchronization has been carried out by PRDC and recommendations of the study have been jointly reviewed with WBSETCL for development of the interface import network. A study on the long-term system improvement plan is being carried out separately by PRDC which will also cover perspective power import plans from WBSETCL / PGCIL. Similarly, studies on assessment of distribution loss are being carried out by TERI for 6/11 kV and downstream system, and PRDC for the entire distribution network based on which further detailed improvement plans will be formulated.

In recognition of its efforts in the area of distribution, CESC received several recognitions and awards during the year :

- 'Top Infrastructure Company - Power Distribution' Award by Dun & Bradstreet.
- 'Innovation in Distribution' Award by Indian Chamber of Commerce
- 'Best Performing Power Utility - 'Urban' Award by Enertia'

Energy Conservation

Energy conservation and reduction of losses in the distribution network is a key area of focus for all power utilities. During 2013-14, a number of measures were adopted that contributed to the on-going efforts to reduce ATC losses and increase energy conservation. Apart from the benefits from continuous upgrading of the distribution infrastructure discussed in the previous section, other initiatives include: reactive power compensation, standardisation to higher rated underground cables, regular energy audits, progressive voltage upgradation of distribution lines, energy efficient distribution transformers and inclusion of the energy efficiency metric in bid evaluation criteria for awarding contracts. These have been detailed in Annexure 'D' to the Directors' Report.

The impact of these 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's continued focus on these measures, it is expected that the distribution network will consistently deliver high quality and reliable supply of power, while simultaneously enhancing operational efficiencies.

Technology

Use of advanced technology-based systems and solutions has become an on-going process at CESC and has helped it to mitigate damage, significantly reduce downtime and improve reliability of the system network. However, a more important development in recent times has been increase in the use of technology in automation of processes, monitoring of distribution infrastructure and applications in customer service. Major initiatives in this regard during the year were :

- **Introduction of Smart Meters :** These enable availability of metering data to the customers where supply is provided at remote locations. 150 such meters were installed during the year for telecom towers. Another application of such meters is proactive supply restoration in the event of a power failure even before customer lodges a complaint. These will soon be deployed at 150 important installations.
- **Development of SMS alert units :** Low cost modular microprocessor based units with GSM/GPRS communication cards and necessary software have been developed to cater to a range of applications. These include alerts for supply phase outages at important LT consumer premises, alerts during operation of circuit breakers in RMUs and a two-way system for indicating operation of fault passage indicators and remote resetting of same.
- **Automated Meter Reading (AMR) :** Coverage of AMR increased significantly during the year: 100% of HT (1,700) and LTCT (6,000) consumers and 60% of distribution transformers (4,300). The coverage is being expanded in a phased manner to other bulk customers such as housing projects with over 20 metering points. The meter data is available in a browser based 'Meter Data Management System' (MDMS) for viewing loading status and breakdowns to help take prompt corrective actions.
- **Modern Supervisory Control & Data Acquisition (SCADA) Systems :** The Company embarked on a major drive to install and commission SCADA systems at unmanned distribution stations. 33 such systems were successfully commissioned during the year. These provide a reliable method to remotely monitor and control such stations and help in rapidly restoring power supply in affected areas.
- **Award of USTDA Grant for Feasibility Study on 'Smart Grids':** The US Trade and Development Agency (USTDA) had awarded a grant to CESC Limited to finance a feasibility study for recommending appropriate Smart Grid technologies and pilot projects across the electricity distribution network. This study was carried out during the year.

Customer Service

As a utility company that services over 2.8 million customers, establishing and maintaining high levels of customer service is the overarching objective of CESC. In our last year's report, we had shared information on wide ranging measures initiated by the Company to redefining the customer relationship management (CRM) function at CESC.

Built on the principle of customer centricity, these measures have enabled significant improvement in customer satisfaction and paved the way for more significant interventions through deployment of technology and process-based improvements in the area of customer service during the year. The key developments during 2013-14 are discussed below :

- **New Connections :** CESC added around 1.4 lakh customers during 2013-14. The average time taken to provide a new connection came down from 15 days to 12 days. This was made possible by a remarkable reduction in inspection-related delays through multi-skilling and computerisation of the entire inspection procedure. The Company also introduced a SMS-based system to inform the inspection and job execution dates to prospective customers beforehand which increased the efficiency of the process. In another customer-centric initiative, the Company has introduced the concept of a 'Welcome Kit' for new customers which contains information on meter reading, billing and payment channels, safe use of electricity as well as other value added services such as AC applications and extension of load.

- **Billing and Payment :** The deployment of Automated Meter Reading (AMR) for all HT and bulk LT consumers, which was discussed earlier, has significantly improved the efficiency and accuracy of the meter reading and billing processes. The Company was already providing web-based access to billing details and online payment facility through credit/debit cards and prepaid vouchers to its customers. During the year, it introduced the online payment facility through net banking and ECS for LT consumers.

- **Customer Contact :** The Company operates a centralised and fully computerised 24x7 call centre as a primary consumer touch point for complaints and queries. During the year, it introduced a state-of-the-art IVR at the front end which is supported by customer care executives at the back-end. This has enabled mapping of consumer's telephone numbers with connection details to avoid the hassle of quoting the 'Consumer Number' as well as auto docketing of calls through SMS and communicate power restoration status to the consumer. This is also followed up by a personalised phone call. For consumers who prefer face to face interaction, the company has introduced help desk kiosk and single window consumer service at the Regional Office to reduce wait time.

- **Supply Interruptions :** As the call-centre is integrated with the Company's distribution system, it allows immediate routing of complaint to the nearest service team - enabling prompt and effective attention. CESC has recently launched the Emergency Restoration Service (ERS) which is a 24x7 LT control room manned by experts to handle LT faults who ensure that supply restoration delay is contained within 3 hours. The Company also operates 162 radio linked and mobile connected service vans at strategic locations to ensure faster restoration. In yet another customer centric measure, generator facility is being extended to consumers in the event that restoration is not possible within the specified time frame owing to the nature of the problem.

- **Customer E-services :** CESC is continuously expanding the coverage of its online and phone based services. During the year, web-services were expanded to include both the application and payment processes in several areas such as new connections and their tracking, AC connections and name change. For consumers who have registered their phone numbers and e-mail IDs, the Company has introduced a whole host of services.

- **SMS based services :** Information on meter reading dates, docket numbers for contact made at call centre, confirmation of restoration of supply and receipt of cheque payments as well as personalised greetings on birthdays and special occasions.

- **E-mail based services :** monthly consumption bill, important information (including booklets and handbooks) related to supply, safety, energy conservation, CESC's new initiatives and greetings on festivals.

- **Special Initiatives for Personal Connect :** CESC regularly carries out activities to reach out to its customers and establish an emotional connect with them. These include consumer meets at its regional offices, participation in events such as International Trade Fair and Kolkata Book Fair. In a continuation of its initiative that was very well received last year, CESC offered single window service to Durga Puja organisers in the city. The Company also distributed the much appreciated True Spirit Puja Awards. With the emergence of social media as an important medium of connecting with the consumers, CESC started its online presence on Facebook and Twitter during the year and has received a very encouraging response.

With these initiatives, CESC has transformed itself into a customer centric organisation. The idea that the customer comes first will continue to guide its activities and initiatives in the future. Going forward, the focus will be to increase the coverage and penetration of customer centric services introduced by the Company, while at the same time, ensuring that the customers have access to the best technology and services infrastructure in the industry.

New Projects and Initiatives

CESC is in the process of undertaking many new power generation projects which are under various phases of conceptualisation, planning and implementation. Over the next decade, the Group's power business expects to add 7,000 MW to its total generation capacity. Several of these projects are proposed to be carried out by the Company's subsidiaries and also include the Company's foray into alternative and renewable fuel sources.

Thermal

Chandrapur, Maharashtra : This is a 2 x 300 MW coal fired thermal power project at Chandrapur in Maharashtra, which is being executed by Dhariwal Infrastructure Limited (DIL), a 100% subsidiary of CESC Infrastructure Limited.

Units 1 was commissioned during the year and went into commercial operation in Q4 2013-14. Unit 2 is expected to start commercial operation in Q1 2014-15. The construction of transmission lines for power evacuation is also complete. Two such transmission lines have been constructed - one connecting to the state grid and the other to the national grid. This will provide the Company flexibility in sale of power to customers from both within and outside the state.

Haldia, West Bengal : This is a 2 x 300 MW coal fired thermal power project at Haldia in West Bengal, which is being executed by Haldia Energy Limited (HEL), a 100% subsidiary of CESC Infrastructure Limited. HEL has executed a long term power purchase agreement with CESC Limited, its ultimate holding company, for selling entire power generated from the project.

The project is in advanced stages of construction and both units will be commissioned sequentially in 2014-15. Construction of the intake water pump house and laying of cross-country pipeline was completed in 2013-14. Work on railway infrastructure as well as 400kV transmission line, which will have 236 metre high towers for crossing nearby two-kilometre stretch of the river Hooghly, is in advanced stage of completion.

Bhagalpur, Bihar : Nalanda Power Company Limited, another 100% subsidiary of CESC, has signed a 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. Further progress will be taken up upon receiving clarity on the land acquisition process which has changed consequent to the new legislation and securing sources of long-term coal supply over the life of the plant.

Dhenkanal, Orissa (Phase I) : This is a 2 x 660 MW thermal plant based on super-critical technology. Most of the statutory clearances have been obtained and the project is waiting for coal linkage to be granted by Ministry of Coal, Government of India.

Hydro

Papu, Arunachal Pradesh : CESC acquired Papu Hydro Electric Power Project Limited in May 2012, which has a 90 MW project in East Kameng district of Arunachal Pradesh. The pre-feasibility report (PFR) of the project has been completed and environmental study is in progress. Other project development activities, including receiving clearances for survey and investigations, are in progress.

Phangchung, Arunachal Pradesh : CESC acquired Pachi Hydro Power Projects Limited in May 2012, which has a 45 MW project in East Kameng district of Arunachal Pradesh. Detailed survey, investigation and preparation of Detailed Feasibility Report (DPR) is complete and the report has been submitted to the state government for techno-economic clearance. Environmental studies, land acquisition and other pre-construction activities are also in progress.

Jarong, Arunachal Pradesh : Jarong Hydro Electric Power Company Limited, a SPV of CESC, was allotted 90 MW Jarong Hydroelectric project in West Siang district of Arunachal Pradesh. The company took up project development activities and completed the Detailed Project report (DPR) in December 2012. After techno-economic appraisal of the project based on DPR, it was found that the project is commercially unviable due to high capacity cost and high tariff. Subsequent to this, the company has written to the state government for an allotment of an alternative project in lieu thereof.

Wind

Dangri, Rajasthan : This is the Company's first venture into the wind power. The 24 MW project was implemented by Surya Vidyut Limited (SVL), which is a wholly owned subsidiary of CESC. The project, which has a power purchase agreement with Rajasthan Urja Vikas Nigam Limited, was commissioned last year. The plant is running successfully and has achieved a net capacity utlilisation factor comparable to other projects operating in the same area.

Surendranagar, Gujarat : This will be second wind power project of Surya Vidyut Limited. The 26 MW project is expected to be commissioned during 2014-15. Power from this project will be sold to Gujarat Urja Vikas Nigam Limited under a long term power purchase agreement.

Distribution Franchisee

Ranchi, Jharkhand : CESC was selected in 2012-13 through a process of competitive bidding to take up distribution franchising in Ranchi Circle of Jharkhand State Electricity Board (JSEB). The distribution area comprises Ranchi and Khunti districts of Jharkhand covering around 7,800 square kilometres and approximately 3.5 lakh consumers. Franchising operation will be undertaken through a wholly owned subsidiary, Ranchi Power Distribution Company Limited (RPDCL), and will include operations and maintenance of the distribution system, capital investments for network augmentation and improvement, metering, billing and collection activities and consumer service.

The Distribution Franchisee Agreement (DFA) to this effect was executed between RPDCL and JSEB in December 2012 and related preparatory work and activities towards obligations to meet the conditions precedent in terms of the DFA are currently in progress.

Port Harcourt, Nigeria : CESC had emerged in 2012-13 as a part of the winning consortium for privatisation of a distribution franchisee in Nigeria. CESC's role would be of providing technical advisory services for design, planning and engineering of the distribution network and will not entail any financial investment.

OTHER BUSINESSES

Retail

CESC's subsidiaries operate in the organised retail sector as follows :

- **Spencer's Retail Limited (SRL),** is the flagship CESC subsidiary in the sector with 128 stores across India under the Spencer's label, including 34 hypermarkets. The stores cater to all family needs - groceries, home and personal care products, apparel and accessories, consumer durables and lifestyle products. In spite of a difficult environment for the retail sector, SRL’s efforts at improving profitability across segments while controlling operating expenses resulted in considerable improvement in performance. During 2013-14, it registered a same store sales growth of over 9%, with an average revenue per square feet of ₹ 1,305 per month as compared to ₹ 1,226 per month in the previous year. Overall, the company moved closer to achieving an operating breakeven, with operating loss for the year coming down from ₹ 84 crore in 2012-13 to ₹ 70 crore in 2013-14. During the year, SRL rolled out eight new hypermarkets in line with its strategy of growing the business through the hypermarket route on account of better business viability. In 2014-15, SRL plans to roll out new stores in hypermarket format which will allow it to further consolidate its presence in the existing clusters. This will also help in fully leveraging both back-end and marketing costs. Apart from this, focus will be on improving the non-food business and in-store experience as well as building team capability to support the company's future growth plans for the business.

- **Au Bon Pain Café India Limited (ABPCIL)** is a subsidiary of SRL, catering to the retail coffee and fast food segment as the Indian master franchisee of ABP Corporation, USA. During 2013-14, ABPCIL opened seven new cafés across four trade channels, high street/shopping malls, business and industry locations, hospital premises and universities along with expanding its operations in the city of Kolkata. With these, the number of cafés that were in operation at the end of the year increased to 29 with presence in the cities of Bengaluru and Kolkata.

Business Process Management (BPM)

Spen Liq, a wholly owned subsidiary of CESC, purchased a majority stake in Firstsource Solutions Limited (FSL) in 2012-13. FSL is in the business of providing Business Process Management (BPM) services in the areas of customer management, transaction processing and collections services to Fortune 500, FTSE 100 companies in the US, UK and India markets in the Healthcare, Telecom & Media (T&M), and Banking, Financial Services and Insurance (BFSI) industries.

FSL has a total employee strength of 27,666 and supports clients from 46 service facilities spread over United States, United Kingdom and Ireland, Philippines, India and Sri Lanka. The company's clients include seven of the Top 10 general-purpose credit card issuers in the US, the largest retail bank and mortgage lender in the UK, one of the top three car insurance companies in the UK, a leading Irish bank, a leading credit card issuer in the UK, a leading private life insurer in India, the largest pay TV operator in the UK, the largest pay TV and leading telecom service provider in Australia, three of the top five mobile service providers in India, a leading European telecom service provider, the largest telecom service provider in the UK, two of the top 10 telecom companies in the US, one of the top five private banks in India, the largest telecom company in Sri Lanka, five of the top 10 Fortune 500 health insurers and managed care companies in the US, and over 700 hospitals in the US.

During 2013-14, FSL reported a growth of 10.2% in its revenues to ₹ 3,127 crore. Net profits after tax stood at ₹ 193 crore. This acquisition is in line with CESC's strategy to diversify its operations and strengthen its presence in newer businesses with significant growth potential.

Real Estate

During the year, CESC Properties Limited, a subsidiary of CESC, launched Kolkata's first upscale shopping mall, the Quest. Quest has a total built-up area of about 700,000 square feet with shops, retail outlets, entertainment zone, multiplex, food court and fine dining in seven floors opened with a thirteen-level car park with facilities for parking about 900 cars. Shop licenses have been selectively awarded based on brand mix and positioning to create the right zoning. At the end of the year, occupancy was about 85% of retail area with multiple anchors. The entire ground floor is dedicated to international luxury brands which include Gucci, Canali and Burberry. The remaining space is almost tied up with 95% occupancy expected within the first quarter of 2014-15.

Quest has won several awards and accolades which highlight the differentiation it has achieved in the market. These include:

- 'IMAGES Most Admired Shopping Centre Launch of the Year: East' at the Indian Shopping Centre Awards, 2014.
- 'Best Shopping Mall of the Year - East' at the Indian Retail and 3rd e-Retail Awards 2014.
- 'Best Retail Project in Kolkata' in the Retail Segment category of CNBC AWAAZ Real Estate Awards 2013.

HUMAN RESOURCES (HR)

CESC strongly believes that HR is central to the Company's growth trajectory and has always strived to achieve best-in-class HR practices. As the Company operates in a dynamic business environment, HR is alert to and takes regular inputs through interactions with all cross-sections of employees, through perception studies and engagement surveys to align its role with the company's changing business needs. In this context, Operational Health Index survey by McKinsey & Company, Great Place To Work survey, 90 days on-board survey, and engagement survey for Gen-Y executives have been instrumental in identifying the drivers for change. It has been acknowledged by the leadership team that the HR practices need to undergo continuous improvement to meet the challenges of the future.

Recruitment is a pivotal function in the HR strategy, which takes into consideration the current executive strength, separation due to retirement and future requirements based on new initiatives. CESC has relied on its well-structured recruitment and selection process to improve and enhance campus relations, constantly endeavouring, with the help of a cross-functional team of experts, to establish CESC as 'Preferred Employer' with premier educational institutes. The paid internship programme named 'Unmesh', an innovation in the process of talent acquisition, plays a major role in this direction.

Training and Development in CESC is a planned intervention for upgrading knowledge, skills, attitude and behaviour of employees for effective performance, together with value addition to self and the organisation. The focus areas of training and development for each year are identified in alignment with the organisational strategy. CESC brings out an annual training plan covering all categories of employees using internal and external training infrastructure. 'Anneswan', the Company's induction process, is an initiative towards learning and development and aids in integrating the newly recruited executives within the organisation.

The Asia Institute of Power Management, the training and consulting wing of CESC has established itself by providing training to power professionals across the country and abroad. Details are provided in Box 1.

Box 1 : Asia Institute of Power Management (AIPM)

- AIPM has maintained a steady growth in training and consultancy services with support of CESC core team. A total of 50 national and international level training programmes were conducted in 2013-14 in the areas of power generation, transmission and distribution. In addition, AIPM organised year-long training programmes for employees of BESCOM at Bangalore, Kolkata and Singapore.
- AIPM collaborated with Gujarat Energy Training & Research Institute (GETRI), the nodal training agency for the power sector in Gujarat, for providing faculty support in their specialised training programmes in distribution and transmission. Seven training sessions were conducted at GETRI, Vadodara with good feedback.
- AIPM has trained participants from Punjab and from WBSEDCL on advanced distribution practices. Engineers from Punjab, Maharashtra, Chhattisgarh, Jharkhand, Assam and Delhi have participated in training programmes conducted by AIPM. Over 1,400 participants were trained in the last financial year covering 4,000 man-days.
- AIPM has developed a strong bond with the Bhutan Power Corporation (BPC) through training services. USEA nominated AIPM to conduct training programme for a leadership team of DABS (Da Afghanistan Breshna Sherkat) of Afghanistan. A national level workshop was organised with Central Electricity Authority (CEA) on Crisis and Disaster Management in Kolkata.
- AIPM is putting sustained efforts to develop strong connectivity with many states in India, Ministry of Power, CEA, PFC and core sector companies for value addition in power sector capacity building, energy management, improvement in power quality and performance optimisation.

During the year, CESC organised curriculum-based training programmes, in collaboration with reputed institutes like XLRI, Jamshedpur, IIT-Kharagpur and IIM, Calcutta, in order to impart a holistic view of various systems and processes for the executives. Specialised technical programmes are being conducted for the supervisors, jointly with JU and BESU-S. Initiatives such as Young Executive Board, Coaching and Mentoring, Manager as Barefoot Coach, and outbound learning programmes are in place over the years for the development of talent at CESC.

Oracle HRMS, which makes transactions faster and streamlines routine processes on a common e- portal, is being implemented and the system is being launched in June 2014. The third edition of Knowledge Carnival was held in March 2014, providing a platform for various departments to express their respective innovative ideas. Four innovation projects, in the fields of Generation and Distribution-Automation, were completed during the year.

CESC is working towards creating a structured two-way communication platform. The top leadership team meets cross-section of employees to communicate with them about business priorities. In order to develop talent management and capability building initiatives, CESC leadership remains actively involved at all levels in leading the cross-functional teams to deal with organisational issues as part of the change management process. Events and updates about the company are regularly released in newsletters and e-platforms. A help desk named CARE has been formed to ensure continued relationship with the retired colleagues.

An 'Online Performance Management System' has been developed in-house with customised features which has made the process of performance appraisal fast, efficient and user-friendly by eliminating paper work and associated problems of record preservation. With all-time availability of KRA/BBSC, midterm review and final appraisal, this online system has proved to be useful for the appraiser as well as the appraisee. The PMS process has been audited, and is being further improved. A reward and recognition scheme, catering to all categories of executives, has been institutionalised which acknowledges outstanding performance in each division/ department.

A significant reduction in executive attrition rate from 3.9% in 2011-12 and 2.43% in 2012-13 to 2.17% in 2013-14 bears testimony to CESC's employee friendly HR practices. CESC was also recognised for its HR practices during the year. It was the Gold winner at the 'HR Best Practices Award -2013' instituted by NIPM. It was also judged as the winner for its practices in Training Need Identification in 'People Management and Development' category in the power sector, organised by IUKAN.

As on 31 March 2014, CESC had a workforce of 9,956 people on its payroll. The Company continued to enjoy industrial harmony in its business operations. No major incident of service interruption due to industrial relations issues was reported during the year.

In a significant development, a Joint Bargaining Council (JBC) was formed with participation of representatives from recognised unions to promote good industrial relations practices and to engage employee representatives in the process of collaborative participation. This is a unique development in the Company as unions have collaborated on major issues including signing of the wage settlement. This enabled the Company to arrive at a final settlement in December 2013 for a six year term. Similar agreements were signed with respective contractors' unions and contractors in almost all major functions. Progressive policies and practices like Family Medical Health Policy have been introduced by the Company. Going forward, reward and recognition schemes for all non-covenanted employee will be implemented to drive employee engagement across the Company.

INFORMATION TECHNOLOGY (IT)

At CESC, IT is not just an enabler of business processes, but forms an integral part of the organisation's strategic and performance objectives. It has been identified as a key element to achieve greater operational efficiency and ensure success in a competitive environment. Over the years, the Company has developed a strong IT backbone for carrying out its business.

CESC's IT infrastructure includes CESCNET, its captive optical fibre data network, which connects the Company's service establishments across the license area and a state-of-the-art data centre for its IT applications. The ERP solution used by the Company was upgraded to the latest version of Oracle Apps during the year.

During 2013-14, one of the most important focus areas for the IT function was to create and implement customer centric systems and processes. These e-services which involve both providing information and facilitating transactions as well as payments have been already covered in detail in the section on Customer Service. The Company's website and related services work as fully functional offices of CESC that is available to the customers 24x7 from the comfort of their homes. CESC also rolled out an intelligent IVRS solution for the call centre which has facilities such as customer recognition and automatic docket generation.

Other key developments in the area of IT during the year were :

- Implementation of advanced enterprise security applications for the Company's IT infrastructure including the network and website.
- Development and deployment of mobility applications for field force to enable more efficient and accurate capturing of data from the Company's distribution assets.
- Increase in coverage and use of e-procurement services which is now integrated with the Company's ERP.

Going forward, even as CESC continues to focus on innovative e-services that directly benefit the consumers, it has also identified other areas that are expected to augment the efficiencies of the business processes. Some of these include: data driven business decisions, wider deployment of mobility applications and enterprise application integration.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CESC is aware of its duties towards the society and environment in which it operates and recognises its role in managing the social, economic and environmental challenges; and is committed to creating sustainable social and environmental impact through its CSR programmes. The Company's approach to CSR emanates from its intent to undertake initiatives that aim at comprehensive and long-term development of the communities among which it works and, thereby, contribute to the larger development goals.

The CSR ethos and approach of the Company is drawn from the core values of the RP-Sanjiv Goenka Group: customer satisfaction, credibility, humaneness, execution excellence, speed and risk-taking. The focus areas of CESC's CSR initiatives are environment, education, health and community development. These activities are being planned to be undertaken on a much larger scale from the current year.

Environment Initiatives

During the year, CESC extended its 'UrjaChetana' programme from 16 schools to 20 schools. Carried out in partnership with Centre for Environment Education (CEE), the programme seeks to generate awareness and action on energy conservation amongst students, who would carry the learning to the larger society through community outreach activities. More than 1,000 students and 55 teachers have been directly involved with the programme and over 3,500 persons have been reached out through in-school and community outreach activities.

During 2013-14, CESC planned to launch the Nabadiganta project in the ash pond area of Budge Budge Generating Station, in partnership with CEE. The project has been conceptualised with the following objectives : to develop a green belt (with community participation); to demonstrate, on an experimental basis, reclamation of fly ash deposited land for agricultural/greening purpose; and to conduct alternative livelihood training programmes for the community with special focus on women and youth.

Other initiatives of the Company during the year include development of a children's park called 'Bishalakshmi Sishu Udyan' in the Titagarh municipality, close to the Titagarh Generating Station. The Budge Budge generating station participated in the Maheshtala Science Fair organised by Maheshtala Nature Study Society, where various innovative models related to generation of electric power, rain water harvesting and pollution control were displayed. In another important initiative, CESC partnered with the Kolkata Municipal Corporation for maintaining the green verges from the Park Street flyover to the Hazra crossing in Kolkata.

Education Initiatives

During the year, the 'CESC Learning Labs' programme was extended from four schools to six schools. This programme, carried out in partnership with NIIT Limited, is a learning solution which integrates science and math labs with classrooms. It allows students to enhance their learning capabilities by helping them correlate classroom learning with computer aided simulations. Learning labs in mathematics and science for Classes VI-X emphasises on 'learning by doing' to foster applied reasoning. More than 60 teachers have been trained under the programme and over 13,000 students have benefited from it.

Access to good libraries plays an important role in improving quality of education. In view of this, CESC has launched a library programme in government and government aided schools around its generating stations that have limited facilities. In 2013-14, the libraries of Kalipur Girls High School in Budge Budge and Bengali Bazaar High School in Garden Reach were upgraded. A community library was also established in Titagarh Municipality. This programme has benefited more than 4,000 students.

During 2013-14, CESC adopted two Anganwadis in Metiaburz area of Kolkata, in partnership with CII Foundation and UNICEF under the Integrated Child Development Services (ICDS) programme of Government of India to combat child hunger and malnutrition. Apart from providing direct support for infrastructure and capacity building of the Anganwadi centres, the objectives of the programme include provisioning of nutritional growth and development of beneficiaries as well as imparting early childhood education and making them school-ready.

Water, Sanitation and Hygiene (WASH) in Schools was another programme taken up by CESC in 2013-14. It was piloted in two schools during the year in partnership with GOAL India and City Level Programme of Action for Street and Working Children (CLPOA). The programme follows a two-pronged approach: (a) provisioning of adequate water, sanitation and hygiene infrastructure in schools and (b) sensitising the teachers, students and their mothers for wider impact in their families and the surrounding communities. Around 400 students have benefited from this initiative.

Health Initiatives

CESC is committed to improving the health of the communities with which it works. Towards this, the Company has been active in improving the public health infrastructure around its generating stations. During 2013-14, CESC supported the setting up of a Neo-natal Intensive Care Unit (NICU) at the Titagarh Municipal Hospital.

CESC had undertaken a Health and Hygiene Awareness Project around its Generating Stations, in partnership with CLPOA in 2013-14. The project sought to ascertain deficits in the levels of existing health services and the prevalent knowledge, behaviour and practice on health and hygiene related issues among communities living in the respective areas, and, thereafter, to disseminate appropriate information through street plays and film shows to address the prevalent issues.

Community Development Initiatives

During the year, CESC launched an artisans' cluster development project called 'Ek Kadam' in partnership with Kolkata Police and Kalighat Society for Development Facilitation (KSDF) in Garden Reach. The project works on skill upgradation of the zari workers and providing them with financial and market linkages. A group of 50 master trainers were trained during the year. The zari workers will receive Artisan Cards from the Ministry of Textiles, Government of India, so that they are recognised as artisans and are able to participate in various fairs and exhibitions across the country. 'Ek Kadam' also seeks to link these artisans to various government schemes and programmes to get maximum leverage. The project also has an adult education component in which 25 women from the community have been enrolled.

Last year, CESC had initiated an entrepreneurship development programme called 'Alor Disha' in Antaranga School for mentally challenged girls in Budge Budge, in partnership with Kalighat Society for Development Facilitation (KSDF). The project aims at skill building of the mentally challenged students of the school for their sustainable rehabilitation. Students along with their parents/guardians have been trained in various crafts such as kantha embroidery, bead jewellery, jute products and hand-made paper products. Market linkages have been established with various agencies for sale of products. The girls as well as their parents who have been trained under the project will receive Artisan Cards from Ministry of Textiles, Government of India.

As a pilot project, CESC has launched a community sanitation project adjacent to Titagarh generating station, in partnership with GOAL India and the Barasat Unnayan Prostuti (BUP). The objective was to improve availability, usage, quality and sustainability of water and sanitation facilities by involving community members as change agents. A number of toilets and bathing cubicles have been repaired, renovated and constructed. User groups and committee were formed to ensure maintenance of the toilets and to liaise with the Municipal authorities. Over 2,000 community members, including women and children, have benefited from this initiative.

In another project initiated during the year, CESC has partnered with Dr. Reddy's Foundation to implement a skill building programme in Howrah district called LABS (Livelihood Advancement Business School). LABS is a confidence and skill building journey that the aspirants undertake in carving out their own place. Well thought out inputs ranging from life skills, discipline building, team work and domain related technical skills help them acquire marketable skills. The programme is intended to benefit 230 people in the first year.

FINANCIAL PERFORMANCE

Table 3 summarises the financial performance of CESC Limited for the year ended 31 March 2014 as a standalone entity.

Table 3 : Standalone Financial Performance of CESC Limited for the Year Ended 31 March 2014

₹ Crore

	2013-14	2012-13	% Change
Revenue from operations	5,510	5,303	3.90%
Other Income	100	97	3.09%
Total Income	**5,610**	**5,410**	**3.70%**
Cost of Power Purchased	891	945	-5.71%
Fuel Costs	1,861	1,797	3.56%
People Costs	694	559	24.15%
Generation, Distribution, Administration & Other Costs	631	692	-8.82%
Total Expenses	**4077**	**3,993**	**2.10%**
EBIDTA	**1,533**	**1,417**	**8.19%**
Depreciation	339	306	10.78%
EBIT	**1,194**	**1,111**	**7.47%**
Finance Costs	369	338	9.17%
PBT	**825**	**773**	**6.73%**
Less : Provision for Taxes			
Current Tax	173	155	11.61%
PAT	**652**	**618**	**5.50%**

Total income (including other income) of CESC as a standalone entity increased by 3.7%, from ₹ 5,410 crore in 2012-13 to ₹ 5,610 crore in 2013-14.

Overall operating expenses grew by 2.1% to ₹ 4,077 crore in 2013-

14 primarily driven by increase in people cost. In spite of this, earnings before interest, depreciation and taxes (EBIDTA) went up by 8.2% over last year to ₹ 1,533 crore in 2013-14. Profit before depreciation and taxation (PBDT) reflected a year-on-year increase of 7.9% to ₹ 1,164 crore in 2013-14.

The Company's profit after taxes (PAT) for 2013-14 stood at ₹ 652 crore, which reflects a 5.5% increase over the previous year. The earning per share (EPS) during the year stood at ₹ 52.18 compared to ₹ 49.5 in 2012-13.

INTERNAL CONTROLS

A strong internal controls framework is an essential pre-requisite of growing business. In this context, the Company's internal control systems are commensurate with its size and the nature of its operations. It has well documented policies, procedures and authorisation guidelines to ensure that all assets of the Company are safeguarded against unauthorised use or losses, all the transactions are properly authorised, recorded and reported, and all applicable laws and regulations are complied with.

The effectiveness of internal control mechanism is tested and certified by the Internal Audit Department, covering all divisions and key areas of operation, based on an annual audit plan giving due weightage to the various risk parameters associated with the business. Major audit observations and follow up actions thereon are reviewed and monitored by the Audit Committee of the Board of Directors. The Internal Audit Department also assesses the effectiveness of risk management and governance process.

RISKS AND CONCERNS

CESC's Risk Management Committee operates on a comprehensive risk management framework that the Company has put in place over time. Different divisions identify operational and tactical risks and suggest measures for mitigation and control. The Committee supervises and monitors the risk identification and mitigation activities of each division.

CESC has identified the following key areas of risks and concerns.

Macroeconomic and Market Risks

The Indian power sector is witnessing significant capacity expansions to meet the increase in demand from a rapidly growing economy, most of which will be coal-based. Even as this is an opportunity, it has created shortages in coal supply and firming-up of prices. Increase in the relevance of India in the global market for coal and high global demand in general further accentuates this trend. In this environment, securing coal linkages of appropriate quality and at competitive prices remains a challenge and a risk for the Company.

To mitigate the risk of availability and cost of coal, CESC has adopted a strategy of ensuring long-term coal linkages for its existing and future projects. Apart from this, the Company is actively looking at securing resources abroad to effectively address its energy requirements. This is reflected in the investment and long-term coal purchase agreement with Resource Generation Limited.

Operational Risks

It is becoming increasingly 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 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.

There is also another associated risk. High quality coal, i.e. coal with low ash content and high heat value, is becoming scarcer. Some of CESC's older plants had been designed for such coal as input. With the supply of this type of coal drying up, it will become more difficult to operate these generating stations - and replacing these with new plants capable of using currently available qualities of coal will become necessary, with its attendant capital cost commitments.

To mitigate the operational risks associated with availability and quality of power, the Company invests significant resources in the maintenance of its generation and distribution assets. At the same time, the new generation project at Haldia has been planned with an objective of ensuring continuity of availability of power in the medium to longer term.

Regulatory Risks

Power is a regulated sector. This exposes the Company to risks with respect to changes in policies and regulations. Besides, given the nature of the industry, there is a risk of more stringent policies and norms aimed at addressing environmental concerns. This can make it more difficult to execute new projects and can increase the cost of operations.

Efficient managing and recycling of fly ash is one such area. To address the risks associated with fly ash, the Company ensures that 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. As explained earlier, CESC, through its subsidiaries and other associate companies, is also exploring opportunities in power generation using alternative and renewable fuel sources to mitigate this class of environmental risks.

FUTURE OUTLOOK

In spite of some signs of revival in advanced economies, especially the US, the global economic scenario continues to be uncertain. The global energy sector, too, is witnessing structural changes that may have long-term implications for demand-supply balance as well as preferred choice of fuel.

The economic environment in India also continues to be worrisome. The GDP growth rate for 2013-14 has been 4.7%. Interest rates and inflation continue to be high, affecting the investment-growth cycle. But the biggest worry, especially for capital-intensive infrastructure sectors such as power, has been the unresponsive policy environment. Not only has this posed serious questions on fresh investments in the sector, operational performance has also suffered due to shortages of coal - which accounts for most of the generation capacity in the country.

However, the longer term demand outlook for power in India continues to be strong. There is also an expectation that the policy environment is likely to witness some positive change. These should benefit the Company, which, through its subsidiaries and associate Group entities, has been active in planning and implementing various power projects. The project in Chandrapur was commissioned during the year and the other project in Haldia will be commissioned in 2014-15. It has also undertaken investments in other sectors such as retail and BPO to mitigate potential long-term risks associated with power.

Cautionary Statement

The financial statements appearing above are in conformity with accounting principles generally accepted in India. The statements in the report 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.

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan

Kolkata, 30 May 2014

Managing Director Aniruddha Basu

Report on Corporate Governance (Annexure 'B' to Directors' Report)

Company's Philosophy on Corporate Governance

CESC Limited ('CESC' or 'the Company') recognizes that sound governance is the foundation for long term success. It is based on the principles of being fast, progressive and focussed while remaining committed to core values for laying the foundation of long term success. Built on the principles of customer centricity, the Company follows the aforesaid governance policies.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through the existing Clause 49 of the Listing Agreement with the Stock Exchanges. This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholder Information, reports CESC's compliance with Clause 49 for the year ended 31 March 2014.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

On 31 March 2014, CESC's Board of Directors ('the Board') consisted of seven Directors, of which four were Independent Directors. One of the non-executive Independent Directors was nominee of a bank. The Managing Director is the only executive director of the Company. The composition of the Board satisfies the requirements of Clause 49 of the Listing Agreement.

NUMBER OF BOARD MEETINGS

In 2013-14, the Board of the Company met four times: on 28 May 2013, 26 July 2013, 12 November 2013, and 7 February 2014. The maximum gap between any two Board meetings was less than four months.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1 details the composition and the attendance record of the Board of Directors. None of the Directors is a member of more than ten Board-level Committees of public companies in which they are Directors, nor is Chairman of more than five such Committees.

Table 1 : Composition of the Board of Directors as on 31 March 2014

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. S. Goenka (Chairman)	Promoter, Non-Executive	12		1	4	4	Yes
Mr. P. K. Khaitan	Non-Independent	14	4	-	4	3	Yes
Mr. B. M. Khaitan	Independent	5	-	-	4	2	No
Mr. O. P. Vaish[3]	Independent	5	3	1	2	2	Yes
Mr. S. N. Menon	Independent	2	1	-	4	-	No
Mr. C. K. Dhanuka	Independent	9	3	1	4	4	Yes
Mr. S. K. Pai[4]	Independent	-	-	-	4	2	No
Mr. S. Banerjee[5]	Executive	5	2	-	2	2	Yes
Mr. A. Basu[5]	Executive	-	-	-	4	4	Yes.

Notes :

1. The Directorships held by Directors as mentioned in Table 1 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. O.P.Vaish expired on 18 September 2013.
4. Mr. S. K. Pai is the nominee of IDBI Bank Limited.
5. Mr. S. Banerjee was the Managing Director till 31 July 2013. Mr. A. Basu was appointed as a Wholetime Director with effect from 28 May 2013 and Managing Director from 1 August 2013.

DIRECTORS WITH MATERIAL PECUNIARY BUSINESS RELATIONSHIP WITH THE COMPANY

As mandated by the existing 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 38(a) to the financial statements for the year 2013-14. 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 meeting. The Board periodically reviews compliance reports prepared by the Company regarding all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances, if any.

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 2013-14 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 2014, Audit Committee of CESC's Board of Directors consisted of Mr. S. Goenka, Mr. B. M. Khaitan, and Mr. C. K. Dhanuka. Mr. Dhanuka, Independent Director, is 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 held on 26 July 2013.

The Committee met four times during the course of the year: on 28 May 2013, 26 July 2013, 12 November 2013 and 7 February 2014. Table 2 gives attendance record.

Table 2 : Attendance record of Audit Committee members for 2013-14

Name of Members	Status	Category	No. of Meetings	
			Held	Attended
Mr. S. Goenka	Member	Non- Executive	4	4
Mr. B. M. Khaitan	Member	Independent	4	4
Mr. C. K. Dhanuka	Chairman	Independent	4	4

The chief of finance and representatives of the statutory auditors, cost auditors and internal auditors are invited by the Audit Committee to its meetings. The Company Secretary is the secretary to the Committee.

The functions of the Audit Committee 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. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
   a) 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 judgement by management.
   d) Significant adjustments made in the financial statements arising out of audit findings.
   e) Compliance with listing and other legal requirements relating to financial statements.
   f) Disclosure of any related party transactions.
   g) Qualifications in the draft audit report, if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Reviewing the Company's risk management policies.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. 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 (as defined by the Audit Committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditor.

- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.

In addition, the Audit Committee of the Board 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. No person has been denied access to the Committee.

INVESTORS' GRIEVANCE COMMITTEE

The Committee 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 comprises Mr. S. Goenka, who is the Chairman of the Committee and Mr A. Basu who replaced Mr. S. Banerjee on 1 August 2013. The Committee met five times during the year. Table 3 gives the details of attendance.

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 Company Secretary who is also the Compliance Officer.

Table 3 : Attendance record of Investors' Grievance Committee for 2013-14

Name of Members	Status	Category	No. of Meetings	
			Held	Attended
Mr. S. Goenka	Chairman	Non- Executive	5	5
Mr. S. Banerjee	Member	Executive	2	2
Mr A. Basu	Member	Executive	3	3

REMUNERATION COMMITTEE

CESC's Remuneration Committee is responsible for recommending the fixation and periodic revision of remuneration of the Managing Director. The committee also decides on payment of commission to non-executive Directors and other senior managerial personnel.

The Committee comprised Mr. B. M. Khaitan (Chairman), Mr. C. K. Dhanuka and Mr. S. K. Pai, Independent Directors. Mr. P. K. Khaitan was appointed a member of the Committee on 7 February 2014. Since the close of the year, Mr. S. K. Pai ceased to be an Independent Director with effect from 1 April 2014.

During the year, the committee met once on 28 May 2013. All the members attended the meeting.

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 salary, variable pay, perquisites and allowances and retirement benefits (superannuation and gratuity). The details of all remuneration paid or payable to the Directors have been given below.

Remuneration paid or payable to non-executive Directors for the year ended 31 March 2014 :

Sitting fees paid during the year 2013-14

Mr. S. Goenka, Chairman, - ₹ 2,60,000, Mr. P. K. Khaitan - ₹ 60,000, Mr. B. M. Khaitan - ₹ 1,40,000, Mr. S. K Pai, Nominee of IDBI Bank Limited - ₹ 60,000, Mr. O. P. Vaish - ₹ 40,000, Mr. S. N. Menon - Nil , and Mr. C. K. Dhanuka - ₹ 1,80,000.

After taking into account the non executive Directors' contribution to the Company in formulating its policy matters, their qualifications, experience, time spent by them on strategic matters, the Company, with the due approval of the shareholders proposes to make an application to the Central Government in order to remunerate the non executive directors by way of payment of commission not exceeding in aggregate 3% of net profits, for the financial year 2013-14, calculated under the applicable provisions of the Companies Act, 1956. Amount of the proposed commission for the non executive directors for the year 2013-2014 is ₹ 2500 lakh. Commission at the rate of 1% of net profits of an amount of ₹ 798 lakh has been paid to the Non-Executive Directors of the Company for the year 2012-13.

Sitting fees include payment for Board-level committee meetings. Sitting fees of nominee Director are paid to the bank he represents.

Remuneration of the Managing Director :

Mr. A. Basu was appointed as Wholetime Director with effect from 28 May 2013 and as Managing Director of the Company with effect from 1 August 2013 till 27 May 2018. The remuneration of Mr. Basu for the year in accordance with the Special Resolution passed by the shareholders at the Thirty-fifth Annual General Meeting held on 26 July 2013 was: Salary - ₹ 24.82 lakh, contribution to Pension and Provident Fund and Gratuity - ₹ 7.89 lakh, Estimated value of other benefits - ₹ 37.88 lakh, Variable pay payable for 2013-14 - ₹ 48 lakh. Total : ₹ 118.59 lakh. Mr. Basu was the only executive on the Company's Board as on 31 March 2014.

Mr. S. Banerjee was reappointed as the Managing Director of the Company for a period of 5 years with effect from 1 August 2008. His term of office as the Managing Director expired on 31 July 2013. The remuneration of Mr. Banerjee for the period 1 April 2013 to 31 July 2013, in accordance with the Special Resolution passed by the shareholders at the Thirtieth Annual General Meeting held on 30 July 2008 was : Salary - ₹ 22 lakh, contribution to Pension and Provident Fund and Gratuity - ₹ 6.99 lakh, Estimated value of other benefits - ₹ 13.31 lakh, Total : ₹ 42.30 lakh.

Shares and convertible instruments held by non-executive Directors :

As on 31 March 2014, Mr. S. Goenka, Chairman and non-executive Director held 2,58,498 equity shares of the Company. No other Director holds any equity shares in CESC. As on 31 March 2014, no convertible instruments of the Company are outstanding.

SUBSIDIARY COMPANIES

As on 31 March 2014, CESC had twenty-nine subsidiaries, none of which was a materially unlisted subsidiary.

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

In terms of the General Circular 08/2014 dated 4 April 2014, the financial statements , and the documents required to be attached thereto and the Board's report for the year under review have been prepared in accordance with the relevant provisions, schedules and rules of the Companies Act, 1956.

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 relevant 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, 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. S. Goenka and Mr. S. K. Pai retire at the end of this year's Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr. B. M. Khaitan, Mr. S. N. Menon, Mr. C. K. Dhanuka and Mr. P. K. Khaitan are Non-Executive Directors on the Board of Directors (the Board) of the Company. With the enactment of the Companies Act, 2013 (the Act) it is now incumbent upon every listed company to have the requisite number of Independent Directors on the Board. The above Directors are being appointed as Independent Directors of the Company under the Act. The Company has received four separate Notices in writing from four Members along with requisite deposits of money proposing the aforesaid four directors to the office of Directors under the applicable provisions of the Act. Mr. B. M. Khaitan, Mr. S.N. Menon and Mr. C. K. Dhanuka are appointed as Independent Directors for a period of five years from 1 April 2014 and Mr. P. K. Khaitan from 1 October 2014.

Ms. Rekha Sethi, who was appointed by the Board on 30 May 2014 as an Additional Director shall hold office as such up to the date of the forthcoming Annual General Meeting. The Company has received a Notice in writing from a Member along with the requisite deposit of money proposing the candidature of Ms Sethi for the office of Director under the applicable provisions of the Act. Ms. Sethi is appointed as an Independent Director for a period of five years from 30 May 2014.

Their details are mentioned below.

MR. SANJIV GOENKA, 53 years of age is a renowned industrialist. He is a commerce graduate and Chairman of RP-Sanjiv Goenka group having an asset base of over US$ 4.3 billion, over 50,000 employees and over a hundred thousand shareholders with annual revenues of approximately US$ 2.6 billion. The group,having businesses spanning across six sectors - power & natural resources, carbon black, retail, media & entertainment and IT & education has well known companies that include include flagship companies such as CESC Limited, Firstsource Solutions Ltd, Phillips Carbon Black Limited and Saregama India Limited. Mr. Goenka is on the Board of CESC since 1989. He is the Chairman of Stakeholders Relationship Committee and member of Audit Committee.

Other Directorships	Mr. Goenka is Vice Chairman of RPG Enterprises Limited, Chairman of Phillips Carbon Black Limited, Saregama India Limited (also Chairman of Shareholders Grievance Committee), Spencer International Hotels Limited, Spencer and Company Limited, Harrisons Malayalam Limited, Firstsource Solutions Limited and Woodlands Multispeciality Hospital Limited. He is also on the Board of STEL Holdings Limited, Noida Power Company Limited, Eveready Industries India Limited (also member of Remuneration Committee) and Graphite India Limited.
Number of shares held in the Company	2,58,498

MR. SANJAY KUMAR PAI, 59 years of age is a Nominee Director on the Board of Directors of CESC since January 2013. He holds a master's degree in Physics and is currently the Chief General Manager (Human Resource Development) of IDBI Bank Limited. He is a member of the Remuneration Committee of the Board of Directors of the Company.

Mr. Pai is not a Director of any other Company nor does he hold any share in the Company.

MR. BRIJ MOHAN KHAITAN, 86 years of age is a renowned industrialist having interest in tea, batteries and engineering industries. He is a commerce graduate. Mr. Khaitan has made significant contributions to the tea industry with which he has been associated for over five decades. He has also been associated with various leading chambers of commerce and trade associations. He is on the Board of Directors of the Company since 1994, is a member of its Audit Committee and Chairman of the Remuneration Committee.

Other Directorships	Mr. Khaitan is the Chairman of Williamson Magor & Company Limited, Eveready Industries India Limited and Mcleod Russel India Limited and is a Director of Babcock Borsig Limited and Jayshree Tea & Industries Limited (also Chairman of Remuneration Committee).
Number of shares held in the Company	Nil

MR. SRIKANDATH NARAYAN MENON, 67 years of age is an IAS officer of the 1969 batch. He completed his graduation and master's degree in arts. He was also awarded the Hubert Humphrey north-south fellowship at the Humphrey Institute of Public Policy at the University of Minneapolis, Minnesota. Mr. Menon worked in various capacities in the Government of West Bengal and the Government of India for 36 years before retiring as Secretary in the Department of Commerce, Ministry of Commerce & Industries. He also served as the Principal Secretary to the Chief Minister of West Bengal for seven years. He is on the Board of the Company since 2011.

Other Directorships	Mr. Menon is the Chairman of Nicco Parks & Resorts Limited, Mcleod Russell India Limited (also member of Audit Committee) and Metrovalley Business Park Private Limited.
Number of shares held in the Company	Nil

MR. CHANDRA KUMAR DHANUKA, 60 years of age is a graduate in commerce and has over 33 years of experience in the industry. An industrialist by occupation, he is the ex-chairman of FICCI (Eastern Regional Council) and is also a member of the national committee of FICCI. Mr. C.K. Dhanuka was the ex-chairman of the Indian Tea Association and the ex-vice chairman of the Tea Board. He is on the Board of CESC since 2012 and is Chairman of its Audit Committee and member of Remuneration Committee.

Other Directorships	Mr Dhanuka is Chairman of Naga Dhunseri Group Limited, Mint Investments Limited, Trimplex Investments Limited, Jatayu Estate Private Limited, ABC Tea Workers Welfare, Madhuting Tea Private Limited, Plenty Valley Infra Limited, Dhunseri Investments limited (also its Managing Director),Warren Tea Limited (also member of Audit Committee, Chairman of Remuneration Committee and Shareholders Relations & Grievance Committees), Dhunseri Tea & Industries Limited and Dhunseri Infrastructure Limited. He is also on the Board of Egyptian Indian Polyester Company SAE, Dhunseri Petrochem & Tea PTE Limited, Makanadi Tea & Coffee Estates Limited and Kawalazi Estate Co. Limited. He is the Executive Chairman and Managing Director of Dhunseri Petrochem & Tea Limited (also Chairman of Remuneration Committee and member of Audit Committee, Corporate Governance Committee, Shareholders Grievance Committee, Share Transfer Committee and Investment Committee).
Number of shares held in the Company	Nil

MR. PRADIP KUMAR KHAITAN, 73 years of age is an attorney - at - law (Bell chambers gold medalist) and is an eminent legal personality. He has extensive experience in the fields of commercial and corporate law, tax law, arbitration, foreign collaborations, intellectual property, mergers and acquisitions, restructuring and de-mergers. He is a senior partner of Khaitan & Co., an eminent firm dealing with corporate and other laws. He is a member of the Bar Council of India, the Bar Council of West Bengal, the Incorporated Law Society of India and the Indian Council of Arbitration and is connected with various educational institutions and social organizations. He is on the Board of Directors of CESC since 1992.

Other Directorships	Mr. Khaitan is a Director of Dalmia Bharat Limited, Electrosteel Castings Limited, OCL India Limited, Dhunseri Petrochem & Tea Limited (also member of Remuneration Committee), Gillanders Arbuthnot & Co. Limited (also member of Remuneration Committee and Shareholders and Investors' Grievance Committee), Graphite India Limited (also Chairman of Remuneration Committee, member of Committee for Borrowings and Shareholders and Investors' Grievance Committee), Hindustan Motors Limited (also member of Executive Committee, Investors' Grievance Committee and Remuneration Committee) India Glycols Limited, Pilani Investment & Industries Corporation Limited (also member of Audit Committee), TCPL Packaging Limited, Visa Steel Limited (also member of Remuneration Committee, Finance & Banking Committee and Selection Committee), Woodlands Multispeciality Hospital Limited (also Chairman of Share Allotment Committee), Emami Limited, Saregama India Limited and Egyptian Indian Polyester Company SAE.
Number of shares held in the Company	Nil

MS. REKHA SETHI, 50 years of age is currently the Director General of All India Management Association (AIMA), one of the leading bodies for management in India. She started her career at the Centre for the Development of Telematics (C- dot) in 1985 and was with the Confederation of Indian Industry (CII) for 17 years before joining AIMA. Ms. Sethi led the initiative to create high profile international events to promote India's economic interest and has raised AIMA's public profile to attract the country's industry leaders and policy makers on its platform. A graduate in English Literature, Ms. Sethi has a post graduate diploma in Advertising and Marketing.

Other Directorships	Ms. Sethi is on the Board of Directors for Sun Pharmaceutical Industries Limited
Number of shares held in the Company	Nil

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 www.cesc.co.in regularly for the benefit of its shareholders and the public at large.

During the year, the Company's quarterly/half-yearly/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, Company Secretary, is the Compliance Officer overseeing the process of redressal of all shareholders' grievances.

DETAILS OF NON-COMPLIANCE BY THE COMPANY

CESC has complied with all requirements of the 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.

Financial year	Date	Time	Venue	Special Resolutions Passed
2010-11	29 July 2011	10:30 A.M.	CITY CENTRE Royal Bengal Room DC Block, Sector I Salt Lake, Kolkata 700064	None
2011-12	27 July 2012	10:30 A.M.	CITY CENTRE Royal Bengal Room DC Block, Sector I Salt Lake, Kolkata 700064	Two
2012-13	26 July 2013	10:30 A.M.	CITY CENTRE Royal Bengal Room DC Block, Sector I Salt Lake, Kolkata 700064	Three

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. The Company complies with many of the guidelines of the Corporate Governance Voluntary Guidelines 2009.

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 qualification in the 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.

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan

Kolkata, 30 May 2014 Managing Director Aniruddha Basu

ANNUAL GENERAL MEETING

Date :	30 July 2014
Time :	10.30 A.M.
Venue :	CITY CENTRE Royal Bengal Room DC Block, Sector I Salt Lake, Kolkata 700064

FINANCIAL CALENDAR

FINANCIAL CALENDAR	:	1 April to 31 March.

For the year ended 31 March 2014, results were announced on :

First quarter	:	26 July 2013
Second quarter	:	12 November 2013
Third quarter	:	7 February 2014
Fourth quarter and annual	:	30 May 2014

For the year ended 31 March 2015, results will be announced by :

First quarter	Within 14 August 2014
Second quarter	Within 14 November 2014
Third quarter	Within 14 February 2015
Fourth quarter and annual	Within 30 May 2015

BOOK CLOSURE AND DIVIDEND DATE

The Register of Members will be closed from 20 June 2014 to 30 June 2014 (both days inclusive) as annual book closure for the Annual General Meeting and payment of dividend, if declared.

The Board has recommended a dividend of ₹ 8 per equity share for the year ended 31 March 2014. If declared at the AGM, this dividend would be payable on and from 1 August 2014.

LISTING

Equity shares of CESC Limited are listed on the Calcutta Stock Exchange Ltd., Kolkata; BSE Ltd., Mumbai, and National Stock Exchange of India Ltd., Mumbai. The Global Depository Receipts of the Company are listed in the Luxembourg Stock Exchange. The shares of the Company have been delisted from the London Stock Exchange during the year.

STOCK CODES

CALCUTTA STOCK EXCHANGE	:	PHYSICAL: 34; DEMAT : 10000034
BOMBAY STOCK EXCHANGE	:	PHYSICAL: 84; DEMAT : 500084
NATIONAL STOCK EXCHANGE	:	CESC
ISIN No.	:	INE486A01013

All listing and custodial fees to the stock exchanges and depositories have been paid to the respective institutions.

STOCK DATA AND PERFORMANCE

Table 1 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 2013-14.

Table 1 : High and Low Prices at the CSE*, BSE and NSE (₹)

Month	Bombay Stock Exchange Limited (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2013	308.60	266.00	308.85	265.05
May, 2013	340.60	286.60	340.90	286.25
June, 2013	354.00	311.50	354.45	311.10
July, 2013	367.95	313.95	366.80	313.85
August, 2013	336.40	271.20	337.00	271.50
September, 2013	344.40	295.40	345.00	295.40
October, 2013	378.75	326.20	355.50	325.90
November, 2013	407.85	365.60	406.80	365.20
December, 2013	468.50	381.75	468.80	381.50
January, 2014	470.90	399.00	470.45	404.55
February, 2014	485.00	417.50	486.90	416.60
March, 2014	525.00	452.00	519.90	453.50

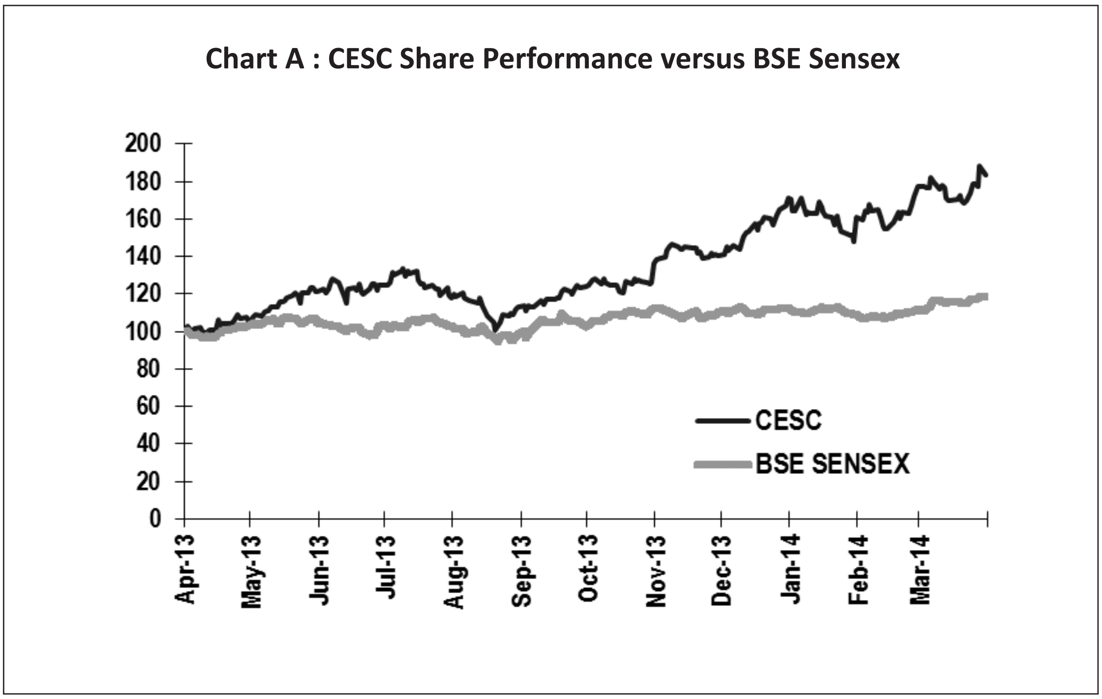
* There was no trading in the shares of the Company at CSE during the year.

Table 2 provides the closing price of CESC's equity shares on NSE with leading market and sector indices at the last trading day for each month during 2013-14.

Table 2 : Performance in comparison to NSE Nifty, BSE Sensex, BSE 500 and BSE Power Index

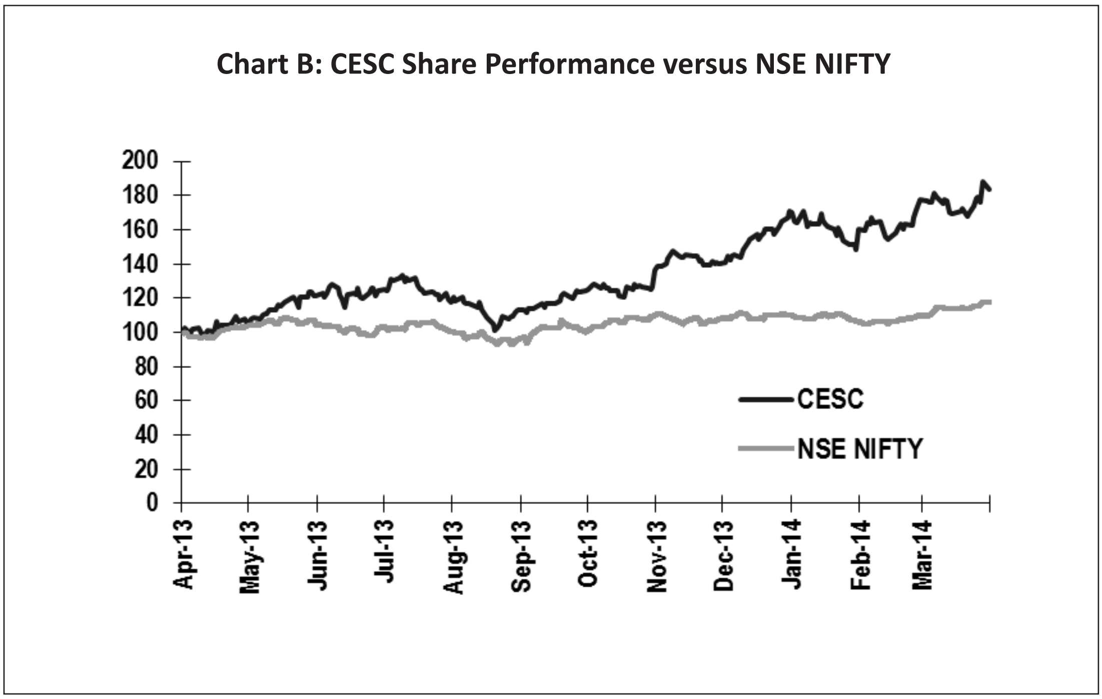
As on close of last trading day for each month	CESC's Closing Price on NSE (Rs.)	NSE Nifty	BSE Sensex	BSE 500 Index	BSE Power Index
APR. 2013	285.80	5930.20	19504.18	7385.25	1761.92
MAY. 2013	330.45	5985.95	19760.30	7441.89	1755.12
JUN. 2013	338.65	5842.20	19395.81	7164.06	1622.55
JUL. 2013	321.10	5742.00	19345.70	6985.56	1495.56
AUG. 2013	307.95	5471.80	18619.72	6673.96	1386.60
SEP. 2013	338.90	5735.30	19379.77	7019.96	1522.78
OCT. 2013	372.40	6299.15	21164.52	7656.62	1604.33
NOV.2013	381.25	6176.10	20791.93	7598.21	1631.74
DEC. 2013	465.85	6304.00	21170.68	7828.34	1700.75
JAN. 2014	437.80	6089.50	20513.85	7499.02	1525.34
FEB. 2014	484.55	6276.95	21120.12	7709.75	1528.54
MAR. 2014	501.25	6704.20	22386.27	8295.26	1724.50

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



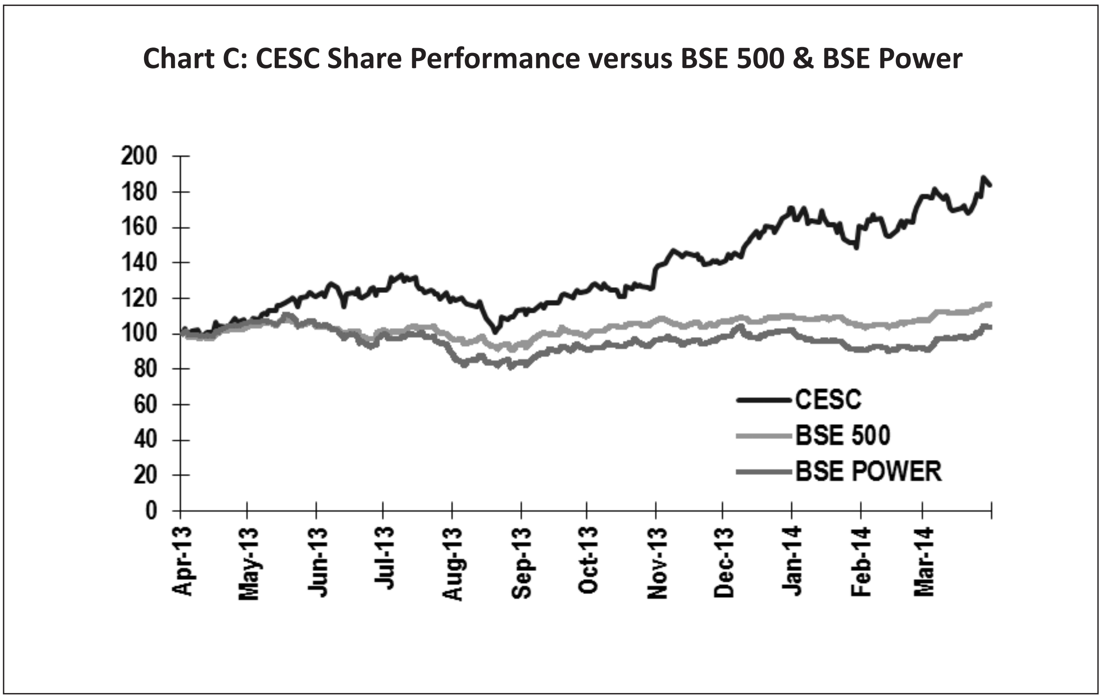
Note: Share price of CESC and BSE Sensex have been indexed to 100 on 1 April 2013

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



Note: Share price of CESC and NSE NIFTY have been indexed to 100 on 1 April 2013

Chart C plots the movement of CESC's equity shares adjusted closing prices compared to the BSE 500 and BSE Power.



Note: Share price of CESC, BSE 500 and BSE Power have been indexed to 100 on 1 April 2013

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

CESC processes 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 Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the two depositories, through its share transfer agent.

Share transfers 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 Stock Exchanges. 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 2014, dematerialised shares accounted for 96.26% of total equity. There is no subsisting court order in legal proceedings against CESC in any share transfer matter.

Table 3 gives details about the nature of complaints and their status as on 31 March 2014.

Table 3 : Number and nature of complaints for 2013-14

Particulars	Nature of 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	14	1	7	6	28
Attended during the year	14	1	7	6	28
Pending as on 31 March 2014	NIL	NIL	NIL	NIL	NIL

SHAREHOLDING PATTERN

Table 4 : Pattern of shareholding by ownership as on 31 March 2014

Category	Total No. of shares	Percentage
1. Management Group / Families	**65,572,309**	**52.49**
2. Institutional Investors		
a. Mutual Funds and UTI	18,338,706	14.68
b. Banks, Financial Institutions, Insurance Companies	1,333,772	1.07
c. FIIs	28,653,649	22.93
Total	**48,326,127**	**38.68**
3. Others		
a. Private Corporate Bodies	4,911,694	3.93
b. Indian Public	4,574,392	3.66
c. NRIs/OCBs	1,551,403	1.24
d. Directors & Relatives (not in control of the Company)	-	-
Total	**11,037,489**	**8.83**
Grand Total	**124,935,925**	**100.00**

Table 5 : Pattern of shareholding by share class as on 31 March 2014

Shareholding Class	No of shareholders	No of shares held	Shareholding %
Upto 2,500	34,260	4,184,075	3.35
2,501 to 5,000	158	566,034	0.45
5,001 to 10,000	83	614,119	0.49
10,001 to 20,000	44	621,834	0.50
20,001 to 30,000	27	662,938	0.53
30,001 to 40,000	10	346,228	0.28
40,001 to 50,000	9	409,206	0.33
50,001 to 100,000	29	2,089,629	1.67
100,001 and above	78	115,441,862	92.40
Total	**34,698**	**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 Limited CESC House Chowringhee Square Kolkata – 700 001 Tel No. : 2204 0754 Fax No. : 2236 3868 E-mail : secretarial@rp-sg.in	LINK INTIME INDIA PRIVATE LIMITED 59C Chowringhee Road, 3rd Floor Kolkata – 700 020 Tel No. : 2289 0540 Fax No. : 2289 0539 E-mail : kolkata@linkintime.co.in Website : www.linkintime.co.in

COMPLIANCE OFFICER FOR INVESTOR REDRESSAL

Mr Subhasis Mitra, 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	Amount lying unpaid/unclaimed as on 31 March 2014 (₹)
2006-07	1 August 2007	30 August 2014	16,79,305.82
2007-08	1 August 2008	30 August 2015	22,83,938.00
2008-09	27 July 2009	26 August 2016	25,91,155.00
2009-10	1 August 2010	30 August 2017	21,24,472.00
2010-11	1 August 2011	30 August 2018	19,00,516.00
2011-12	1 August 2012	30 August 2019	33,53,126.00
2012-13	29 July 2013	28 August 2020	36,69,832.00

During the year, an amount of ₹ 13,75,600.00/- was transferred to IEPF on 20 August, 2013.

In terms of the shares issued by the Company in physical form, the certificates of which are lying unclaimed, the Company has issued three reminders to their holders. These shares will be transferred into one folio in the name of "Unclaimed Suspense Account" in due course.

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Kolkata, 30 May 2014

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 Directors and Senior Management Officers have affirmed compliance of the Code of Business Conduct and Ethics during the year 2013-14.

Aniruddha Basu
Managing Director

Kolkata,30 May 2014

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 March 31,2014, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) 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 Agreement), 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

Place: Kolkata
Date: 30 May, 2014

Sougata Mukherjee
Partner
Membership No : 057084

Particulars relating to Conservation of Energy, Technology Absorption etc. for the year ended 31 March 2014

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 Distribution Network. During the year, 60 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 Voltage upgrade of Distribution Lines and Transformers from 6 kV to 11 kV to lower losses including introduction of Dual ratio transformers. During the year, 75 nos. Dual ratio Distribution Transformers have been commissioned.

   vi. Energy Audit at Company's different establishments/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 in 2014-15 that will contribute to reliability, security and safety in Distribution Network :

   i. Implementation of Distribution Space consolidation plan at 132/33 kV at B.Garden and East Calcutta Substations by conversion of the existing 132/33kV outdoor installations at these stations to Integrated Indoor GIS Substations and thereby enhancing the Transformation Capacities at those stations as well as generating space for 220kV installation in future .

   ii. Establishing a 220 kV ring main connectivity between Eastern Metropolitan Substation, New Cossipore Substation and Princep Street Receiving Station by laying a 220kV underground cable circuit from Eastern Metropolitan Substation to Princep Street Receiving Station.

   iii. Construction of new building for Mulajore Substation and replacement of the age-old 33kV bulk oil switchboards with 33kV new generation GIS switchboards.

   iv. Installation of about 50 MVAR HV/EHV capacitor banks in the ensuing year.

   v. Laying of a second 132 kV Cable circuit between WBSETCL Rishra Substation and West Bank Receiving Station.

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

   vii. Continued up-gradation of 6 kV Network to 11 kV at strategic areas including installation of 33/11-6 kV winding Power Transformers and installation of 11 kv switchboards at selected Distribution Stations.

   viii. Continued replacement of 6 kV Bulk oil and old outlived hazardous switchboards at selected Distribution Stations.

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

   x. 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 Distribution Network to cope with the growing System Demand as well as provide quality and reliable supply to the consumers.

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

B. TECHNOLOGY ABSORPTION

i. Smart Meter rollout has commenced in the CESC Licensed Network with intelligent features such as remote connect/disconnect and last-gasp signals. Further, low cost modular devices have been indigenously developed for use with RMUs and Circuit Breakers to send alerts in case of faults.

ii. Installation of Newly Designed Modern Pillar Box with HRC Fuses - for reduction of spurious fuse calls. Over 4500 have been installed resulting in significant reduction of fuse calls.

iii. Detailed specifications for Hand Held Instruments to be used for capturing accurate Meter Readings were drawn up and instruments have been accordingly ordered.

iv. 25 Distribution Stations were additionally covered under purview of state-of-the-art SCADA system. Further, commissioning of 18 Automated RMUs controllable from SCADA over OFC network and covering 6 Government Hospitals were done.

v. The USTDA funded Smart Grid feasibility study has progressed very well over the year with eminent Consultants reviewing the system and putting forward their recommendations.

Research & Development

R&D activities were oriented towards improvements in various operational functions and to achieve cost reduction.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There has been foreign exchange earnings during the year of ₹ 3.00 crore (previous year - ₹ 1.62 crore) on account of income from consultancy. The foreign exchange outgo during the year amounted to ₹ 168.65 crore (previous year - ₹ 197.40 crore) which included fuel charges, dividend to non-resident shareholders, fees to UK Registrars, London and Luxembourg Stock Exchange fees, travelling expenses etc.

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan

Kolkata, 30 May 2014

Managing Director Aniruddha Basu

Independent Auditors' Report

To the Members of CESC Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of CESC Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements 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 the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

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

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

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, we report that :

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

   (b) 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;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Sougata Mukherjee
Partner
Membership Number 057084

Kolkata
May 30, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of CESC Limited on the financial statements as of and for the year ended 31 March, 2014

i. (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 the 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.

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

(b) In our opinion 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.

iii. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b), (c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the 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, no major weaknesses have been noticed or reported.

v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, the question of commenting on transactions made in pursuance of such contracts and arrangements does not arise.

vi 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 or any other relevant provisions 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 has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

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

viii. We have broadly reviewed the books of account maintained by the Company in respect of products 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.

ix. (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, excise 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 income- tax, wealth-tax, service-tax which have not been deposited on account of any dispute. The particulars of dues of sales tax as at 31 March 2014 which have not been deposited on account of a dispute are as follows :

Name of the statute	Nature of dues	Amount (₹ crores)	Period to which the amount relates	Forum where the dispute is pending
West Bengal Sales Tax Act, 1994	Sales Tax Meter Rentals	0.30	1992-93	Hon'ble High Court at Calcutta

x. The Company has no accumulated losses as at 31 March, 2014 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

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

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

xv. 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. Accordingly, the provisions of Clause 4 (xv) of the Order are not applicable to the Company.

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

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii. 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

xxi. 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, except for certain instances of theft of electricity by third parties as noticed and reported by the loss control cell of the Company, the amount which is not ascertainable and for which appropriate action including recoveries, has been undertaken by the Management, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Sougata Mukherjee
Partner
Membership Number 057084

Kolkata
May 30, 2014

Balance Sheet as at 31st March, 2014

₹ in Crore

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**125.60**	125.60
Reserves and surplus	4	**6,913.00**	6,369.35
		7,038.60	6,494.95
Non-current liabilities			
Long-term borrowings	5	**2,803.52**	2,721.15
Advance against Depreciation		**776.90**	714.23
Consumers' Security Deposits		**1,279.96**	1,139.06
Other long term liabilities	6	**1,641.14**	1,504.90
Long-term provisions	7	**140.52**	107.27
		6,642.04	6,186.61
Current liabilities			
Short-term borrowings	8	**575.58**	492.19
Trade Payables	9	**207.97**	301.26
Other current liabilities	10	**1,684.70**	1,304.37
Short-term provisions	11	**180.54**	119.99
		2,648.79	2,217.81
TOTAL		**16,329.43**	14,899.37
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	**8,505.59**	8,049.89
Intangible assets	13	**113.33**	121.08
Capital work-in-progress		**410.46**	397.09
		9,029.38	8,568.06
Non-current investments	14	**3,191.09**	2,092.94
Long-term loans and advances	15	**1,251.93**	1,267.46
Other non-current assets	16	**122.33**	257.11
		13,594.73	12,185.57
Current assets			
Current Investments	17	**–**	85.00
Inventories	18	**345.55**	325.41
Trade receivables	19	**1,184.82**	1,209.38
Cash and bank balances	20	**781.39**	771.39
Short-term loans and advances	21	**200.55**	148.50
Other Current Assets	22	**222.39**	174.12
		2,734.70	2,713.80
TOTAL		**16,329.43**	14,899.37
Notes forming part of Financial Statements	1 - 45		

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

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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Statement of Profit and Loss for the year ended 31st March, 2014

₹ in Crore

Particulars	Note No.	2013-14	2012-13
Revenue from operations	24	**5,509.88**	5,303.07
Other income	25	**99.66**	106.72
Total Revenue		**5,609.54**	5,409.79
Expenses			
Cost of electrical energy purchased		**891.04**	945.16
Cost of fuel	26	**1,861.49**	1,796.75
Employee benefit expenses	27	**694.18**	558.52
Finance costs	28	**368.66**	337.52
Depreciation and amortisation expenses	29	**338.59**	306.21
Other expenses	30	**630.69**	692.13
Total expenses		**4,784.65**	4,636.29
Profit before tax		**824.89**	773.50
Tax expenses :			
Current		**(173.00)**	(155.00)
Deferred(net)		**(172.72)**	(177.53)
Recoverable/(Payable)		**172.72**	177.53
Profit for the year - transferred to Surplus		**651.89**	618.50
Earnings per share (Face Value of ₹ 10 per share) :			
Basic and Diluted	36	**52.18**	49.50
Notes forming part of Financial Statements	1 - 45		

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

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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

For and on behalf of the Board of Directors

Director — Pradip Kumar Khaitan
Managing Director — Aniruddha Basu

Cash Flow Statement for the year ended 31st March, 2014

₹ in Crore

	Particulars	2013-14	2012-13
A.	**Cash flow from Operating Activities**		
	Profit before Taxation	**824.89**	773.50
	Adjustments for :		
	Depreciation and amortisation expenses	**338.59**	306.21
	Profit on sale / disposal of assets (net)	**(0.25)**	(4.28)
	Gain on sale of current investments (net)	**(15.62)**	(16.11)
	Dividend income	**(0.60)**	(0.30)
	Amortisation of Miscellaneous expenditure	**0.72**	0.72
	Bad debts / Advances made	**26.51**	26.74
	Finance costs	**368.66**	337.52
	Interest Income	**(49.70)**	(50.81)
	Advance against depreciation	**62.67**	148.20
	Operating Profit before Working Capital changes	**1,555.87**	1,521.39
	Adjustments for :		
	Trade & other receivables	**246.47**	(106.50)
	Inventories	**(20.14)**	(30.71)
	Trade and other payables	**374.21**	376.62
	Cash Generated from Operations	**2,156.41**	1,760.80
	Income Tax paid	**(170.14)**	(153.74)
	Net cash flow from Operating Activities	**1,986.27**	1,607.06
B.	**Cash flow from Investing Activities**		
	Purchase of Fixed Assets / Capital Work-in-Progress	**(920.63)**	(870.55)
	Sale of Fixed Assets	**7.86**	8.21
	Investment in Subsidiaries and Joint Ventures	**(1,094.50)**	(1,044.76)
	Sale of Current Investments	**100.62**	16.11
	Redemption of Long Term Investments	**30.00**	–
	Dividend received	**0.60**	0.30
	Interest received	**57.54**	64.35
	Advance to bodies Corporate for share subscription	**–**	(7.88)
	Advance to subsidiaries, Joint Venture for share subscription	**(20.19)**	(100.84)
	Net cash used in Investing Activities	**(1,838.70)**	(1,935.06)

Cash Flow Statement for the year ended 31st March, 2014

₹ in Crore

Particulars	2013-14	2012-13
C. Cash flow from Financing Activities		
Proceeds from Long Term Borrowings	**770.00**	1,005.00
Repayment of Long Term Borrowings	**(601.23)**	(521.47)
Repayment of Public Deposits	**(0.44)**	(0.04)
Net increase / (decrease) in Cash Credit facilities and other Short Term Borrowings	**83.39**	59.43
Capital Contributions and Advance received from Consumers	**106.54**	108.51
Finance Costs paid	**(393.75)**	(339.30)
Dividend paid	**(87.22)**	(62.45)
Dividend tax paid	**(14.86)**	(10.13)
Net Cash flow from Financing Activities	**(137.57)**	239.55
Net Increase / (decrease) in cash and cash equivalents	**10.00**	(88.45)
Cash and Cash equivalents - Opening Balance [Refer Note (c) below]	**771.39**	859.84
Cash and Cash equivalents - Closing Balance [Refer Note (c) below]	**781.39**	771.39

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 Standards) Rules, 2006.

b) Closing Balance of Cash and Cash equivalents represent “Cash and Bank balances” and includes ₹ 1.76 crore (31.3.2013 - ₹ 1.52 crore) lying in designated accounts with banks on account of unclaimed dividends which are not available for use by the Company and ₹ 150.75 crore (31.3.2013 - ₹ 117.00 crore) appropriated upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto.

c)

Cash and Cash Equivalents comprise :-	2013-14	2012-13
Balances with Banks :		
In Current Account	**120.62**	85.28
Bank deposits with original maturity upto 3 months	**255.00**	466.09
Cheques, drafts on hand	**102.15**	12.92
Cash on hand	**5.02**	5.58
Other Bank Balances :		
Dividend Accounts	**1.76**	1.52
Bank deposits with original maturity more than 3 months	**296.84**	200.00
	781.39	771.39

d) 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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

For and on behalf of the Board of Directors

Director — Pradip Kumar Khaitan
Managing Director — Aniruddha Basu

NOTE - 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.

NOTE - 2 SIGNIFICANT ACCOUNTING POLICIES

(a) **Accounting Convention**

Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) Companies (Accounting Standards) Rules, 2006, as amended and the other 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.

(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 'c' below.

(c) **Tangible Assets**

Tangible Assets other than furniture and vehicles acquired upto 31st 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 / amortisation. Subsequent acquisition of these assets, 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 tangible assets of cash generating unit exceed its market value or value in use, whichever is higher.

(d) **Intangible Assets**

Intangible assets comprising computer software and brands/trademarks, expected to provide future enduring economic benefits are stated at cost of acquisition / implementation / development less accumulated amortisation. An impairment loss is recognized where applicable, when the carrying value of intangible assets of cash generating unit exceed its market value or value in use, whichever is higher.

(e) **Depreciation and Amortisation**

In terms of applicable Regulations under the Electricity Act, 2003, depreciation on tangible 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.

Cost of intangible assets, comprising computer software related expenditure, are amortised in three years and those relating to brands/trademarks in twenty years, based on useful life assessed by an independent valuer.

(f) **Leasing**

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

(g) **Investments**

Current Investments are stated at lower of cost and fair value and Non Current Investments are stated at cost.Provision is made where there is a decline, other than temporary, in the value of Non Current Investment.

(h) **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 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 Statement of Profit and Loss . 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 duly considering as appropriate, the impact of the contracts entered into for managing risks thereunder.

(j) **Revenue from Operations**

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.

Income from meter rent is accounted for as per the approved rates.

(k) **Other Income**

Income from investments and deposits etc. is accounted for on accrual basis inclusive of related tax deducted at source, where applicable.

(l) **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 deficiency, if any, is made good by the Company, impact of which is ascertained by way of actuarial valuation as at the year end. 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 other retiral benefits, to the extent applicable, made by independent actuary. Actuarial gains and losses, where applicable, are recognised in the Statement of Profit and Loss. Compensation in respect of voluntary retirement scheme is charged off to revenue.

(m) **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.

(n) **Finance Costs**

Finance Costs comprise interest expenses, applicable gain / loss on foreign currency borrowings in appropriate cases and other borrowing costs. Such Finance 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. The balance Finance Costs is charged off to revenue. Finance Costs in case of foreign currency borrowings is accounted for as appropriate, duly considering the impact of the contracts entered into for managing risks therefor.

(o) **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. 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.

₹ in Crore

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 3	**SHARE CAPITAL**		
(a)	Authorised Share Capital 15,00,00,000 Equity Shares of ₹ 10 each	**150.00**	150.00
(b)	Issued Capital 13,12,35,897 Equity Shares of ₹ 10 each	**131.24**	131.24
(c)	Subscribed and paid up capital 12,49,35,925 Equity Shares of ₹ 10 each	**124.94**	124.94
(d)	Forfeited Shares (amount originally paid up)	**0.66**	0.66
		125.60	125.60

(e) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares	**Amount (₹ In Crore)**	No. of shares	Amount (₹ In Crore)
Opening and Closing Balances	**124,935,925**	**124.94**	124,935,925	124.94

(f) Terms /rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 10 per share fully paid up. Holders of Equity Shares are entitled to one vote per share. During the year ended 31st March, 2014 the amount of dividend per share recommended by the Board of Directors as distributions to equity shareholders is ₹ 8 (31.03.2013 - ₹ 7) subject to declaration at the ensuing Annual General Meeting by the members. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive sale proceeds from remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(g) Details of shareholders holding more than 5% shares in the Company

	As at 31st March, 2014		As at 31st March, 2013	
Name of shareholder	**No. of shares**	**% of holding**	No. of shares	% of holding
Rainbow Investments Limited	**31,058,414**	**25**	31,058,414	25
Universal Industrial Fund Limited	**17,791,421**	**14**	17,791,421	14
HDFC Trustee Company Limited	**11,205,021**	**9**	10,940,021	9

		As at 31st March, 2014	As at 31st March, 2013
			₹ in Crore
NOTE - 4	**RESERVES AND SURPLUS**		
(a)	Capital contribution from consumer as at beginning of the year	**710.24**	646.38
	Add : Contribution during the year	**106.38**	63.86
		816.62	710.24
(b)	Capital Redemption Reserve	**20.13**	20.13
(c)	Securities Premium Account	**1,254.85**	1,254.85
(d)	Revaluation Reserve as at the beginning of the year	**1,058.91**	1,155.77
	Less : Withdrawal on account of depreciation / amortisation on amount added on revaluation	**96.10**	96.34
		962.81	1,059.43
	Less : Withdrawal of the residual amount added on revaluation consequent to sale/disposal of revalued assets	**1.58**	0.52
		961.23	1,058.91
(e)	Fund for unforeseen exigencies at the beginning of the year	**141.55**	109.67
	Add : Transfer during the year from Surplus (Refer Note (h) below)	**37.63**	31.88
		179.18	141.55
(f)	General Reserve	**2,955.35**	2,455.35
	Add : Transfer during the year from Surplus	**500.00**	500.00
		3,455.35	2,955.35
(g)	Surplus at the beginning of the year	**228.32**	244.02
	Add : Profit for the year	**651.89**	618.50
	Less : Appropriations		
	Transfer to fund for unforeseen exigencies	**37.63**	31.88
	Transfer to General Reserve	**500.00**	500.00
	Proposed Dividend	**99.95**	87.46
	Tax on Proposed Dividend	**16.99**	14.86
		225.64	228.32
		6,913.00	6,369.35

(h) Amount transferred during the year to fund for unforeseen exigencies to be invested as per the statute.

	As at 31st March, 2014	As at 31st March, 2013
		₹ in Crore
NOTE - 5 LONG-TERM BORROWINGS		
(A) **Secured**		
Term Loans		
(1) Rupee Loans :		
(i) Banks	**2,630.56**	2,326.11
(ii) Financial Institutions	**218.38**	266.38
	2,848.94	2,592.49
(2) Foreign Currency Loans from banks	**605.10**	654.86
	3,454.04	3,247.35
Less : Current maturities of long term borrowings transferred to Other Current Liabilities (Refer Note 10)	**650.52**	526.20
	2,803.52	2,721.15

(B) **Nature of Security :**

Out of the Term Loans in (A) above, loans amounting to :

(a) ₹ 3071.48 crore are secured, ranking pari passu inter se, by equitable mortgage/hypothecation of the fixed assets of the Company including its land, buildings and any other constructions thereon, plant and machinery, etc. as a first charge and, as a second charge, by 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 the said mortgage security in respect of ten Rupee Loans and one Foreign Currency Loan (Previous year seven Rupee Loans and one Foreign Currency Loan) aggregating ₹ 1470.59 crore (31.03.2013 - ₹ 1015.40 crore) is in process. User rights in respect of a freehold land having a book value of ₹ 62.55 crore (31.03.2013 - ₹ 62.55 crore) have been offered as security for financial assistance availed of by a subsidiary company to its lenders; and

(b) ₹ 382.56 crore are secured, ranking pari passu inter se, by hypothecation of the movable fixed assets and current assets of the Company by way of a charge subservient to the charge of the first and second charge holders on the said assets.

(C) **Major terms of repayment of Long Term Borrowings :** ₹ in Crore

Maturity Profile of Long Term Borrowings outstanding as at 31st March 2014	Rupee Term Loan from Banks	Rupee Term Loan from Financial Institutions	Foreign Currency Loans	Total	Current Maturities
Loans with residual maturity between 1 and 3 years	382.56	–	40.53	423.09	206.74
Loans with residual maturity between 3 and 5 years	75.00	47.13	337.74	459.87	105.03
Loans with residual maturity between 5 and 10 years	2,173.00	171.25	226.83	2,571.08	338.75
Total	**2,630.56**	**218.38**	**605.10**	**3,454.04**	**650.52**

Interest rates on Rupee Term Loans from Banks and Financial Institutions are based on spread over respective Lenders' benchmark rate and that of on Foreign Currency Loans are based on spread over LIBOR.

All of the above are repayable in periodic instalments over the maturity period of the respective loans.

		₹ in Crore
	As at 31st March, 2014	As at 31st March, 2013
NOTE - 6 OTHER LONG TERM LIABILITIES		
(a) Trade Payable	**182.97**	42.42
(b) Others *	**1,458.17**	1,462.48
	1,641.14	1,504.90

* Others include those arising from adjustments detailed in Note 24 and the unadjusted balance of sums received from consumers for Capital jobs, pending completion thereof.

		₹ in Crore
	As at 31st March, 2014	As at 31st March, 2013
NOTE - 7 LONG TERM PROVISIONS		
Provision for employee benefits	**140.52**	107.27
	140.52	107.27
NOTE - 8 SHORT-TERM BORROWINGS		
A. **Secured**		
Loans repayable on demand		
Overdraft from banks	**575.58**	492.19
	575.58	492.19

B. **Nature of Security**

Overdraft facilities from banks in (A) above are secured, ranking pari passu inter se, by hypothecation of the Company's current assets comprising stock of stores, coal and other consumables, book debts, monies receivable and bank balances as a first charge and as a second charge by equitable mortgage / hypothecation of fixed assets of the Company including its land, buildings and other construction thereon where exists, plant and machinery etc. However, creation of the said mortgage security in respect of overdraft facilities from banks aggregating ₹ 190 crore (31.03.2013 – ₹ 165 crore) is in process.

NOTE - 9 TRADE PAYABLES

Trade payables include ₹ 3.10 crore (31.3.2013 - ₹ 3.37 crore) due to Micro and Small Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, based on information available with the Company.

₹ Nil (31.3.2013 - ₹ 0.00 crore), ₹ 0.17 crore (31.3.2013 - ₹ 0.14 crore) and ₹ 0.57 crore (31.03.2013 - ₹ 0.40 crore) representing interest due on amount outstanding as at the year end, interest accrued and due for the period of delay in making payment during the year and interest accrued and remaining unpaid at the year end respectively.

		As at 31st March, 2014	As at 31st March, 2013
		₹ in Crore	₹ in Crore
NOTE - 10	**OTHER CURRENT LIABILITIES**		
(a)	Current maturities of long-term debt (Refer Note 5)	**650.52**	526.20
(b)	Interest accrued but not due on borrowings	**31.71**	31.58
(c)	Unclaimed dividend	**1.76**	1.52
(d)	Unclaimed public deposit	**0.03**	0.47
(e)	Liabilities on capital account	**107.84**	106.82
(f)	Other payables	**892.84**	637.78
		1,684.70	1,304.37

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

(h) Other payables include accrued interest on consumer security deposit, employee related liability, creditors towards contractual obligations etc.

		As at 31st March, 2014	As at 31st March, 2013
		₹ in Crore	₹ in Crore
NOTE - 11	**SHORT TERM PROVISIONS**		
(a)	Provision for employee benefits	**58.64**	15.56
(b)	Provision for taxation (net of advance tax)	**4.96**	2.11
(c)	Proposed Dividend	**99.95**	87.46
(d)	Tax on Proposed Dividend	**16.99**	14.86
		180.54	119.99

Notes forming Part of Financial Statements *(Contd.)*

₹ in Crore

NOTE 12 - TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April, 2013	Additions/ Adjustments	Withdrawals/ Adjustments	**As at 31st March, 2014**	As at 1st April, 2013	Additions/ Adjustments	Withdrawals/ Adjustments	**As at 31st March, 2014**	**As at 31st March, 2014**	As at 31st March, 2013
Land										
Freehold	837.28	3.35	–	**840.63**	–	–	–	**–**	**840.63**	837.28
Leasehold	368.89	2.80	–	**371.69**	27.45	1.82	–	**29.27**	**342.42**	341.44
Buildings and Structures	708.18	25.35	–	**733.53**	302.17	15.66	–	**317.83**	**415.70**	406.01
Plant and Equipment	5,912.40	251.53	5.03	**6,158.90**	2,770.61	220.52	3.65	**2,987.48**	**3,171.42**	3,141.79
Distribution System	4,695.32	569.55	19.20	**5,245.67**	1,728.48	155.94	17.49	**1,866.93**	**3,378.74**	2,966.84
Meters and Other Apparatus on										
Consumers' Premises	511.18	27.00	9.66	**528.52**	249.43	22.37	4.14	**267.66**	**260.86**	261.75
River Tunnel	4.88	–	–	**4.88**	2.77	0.26	–	**3.03**	**1.85**	2.11
Furniture and Fixtures	17.41	1.38	0.12	**18.67**	7.06	0.88	0.05	**7.89**	**10.78**	10.35
Office Equipment	93.39	7.68	0.07	**101.00**	35.93	5.32	0.03	**41.22**	**59.78**	57.46
Vehicles	17.82	1.16	1.30	**17.68**	11.75	1.54	0.83	**12.46**	**5.22**	6.07
Railway Sidings	39.43	0.30	–	**39.73**	20.64	0.90	–	**21.54**	**18.19**	18.79
	13,206.18	**890.10**	**35.38**	**14,060.90**	**5,156.29**	**425.21**	**26.19**	**5,555.31**	**8,505.59**	**8,049.89**
Previous Year	12,397.27	867.67	58.76	13,206.18	4,812.13	392.06	47.90	5,156.29	8,049.89	

NOTE 13 - INTANGIBLE ASSETS

Brands / trademarks	150.00	–	–	**150.00**	30.00	7.50	–	**37.50**	**112.50**	120.00
Computer Software	29.42	1.73	–	**31.15**	28.34	1.98	–	**30.32**	**0.83**	1.08
	179.42	**1.73**	–	**181.15**	**58.34**	**9.48**	–	**67.82**	**113.33**	**121.08**
Previous Year	177.76	1.66	–	179.42	47.85	10.49	–	58.34	121.08	

	As at 31st March, 2014	As at 31st March, 2013
		₹ in Crore
NOTE - 14 NON CURRENT INVESTMENTS		
A. Trade Investments -Unquoted		
(a) Investments in Equity Instruments		
13,000 Equity Shares of Integrated Coal Mining Limited of ₹ 10 each	**0.01**	0.01
(b) Investments in Preference shares		
Nil (31.03.2013 : 3,00,00,000) 1% Cumulative Optionally Convertible Redeemable Preference Shares of Integrated Coal Mining Limited of ₹ 10 each	**–**	30.00
B. Other Investments - Unquoted		
Investments in Equity Instruments		
Subsidiary Companies		
17,34,27,420 (31.03.2013 : 10,40,56,452) Equity Shares of Spencer's Retail Limited of ₹ 10 each	**256.43**	152.37
20,70,10,000 (31.03.2013 : 13,00,10,000) Equity Shares of CESC Properties Limited of ₹ 10 each	**207.01**	130.01
13,50,000 (31.03.2013 : 9,00,000) Equity Shares of Nalanda Power Company Limited of ₹ 10 each	**1.35**	0.90
2,11,50,50,000 (31.03.2013 : 118,80,50,000) Equity Shares of CESC Infrastructure Limited of ₹ 10 each	**2,115.05**	1,188.05
80,00,000 (31.03.2013 : 10,00,000) Equity Shares of Ranchi Power Distribution Company Limited of ₹ 10 each	**8.00**	1.00
47,10,28,050 (31.03.2013 : 47,00,28,050) Equity Shares of Spen Liq Private Limited of ₹ 10 each	**471.00**	470.00
18,20,615 (31.03.2013 : 50,000) Equity Shares of Papu Hydropower Projects Limited of ₹ 10 each	**11.95**	10.18
34,17,983 (31.03.2013 : 50,000) Equity Shares of Pachi Hydropower Projects Limited of ₹ 10 each	**8.38**	5.01
4,72,35,800 Equity Shares of Surya Vidyut Limited of ₹ 10 each	**47.24**	47.24
70,00,000 (31.03.2013 : 5,00,000) Equity Shares of CESC Projects Limited of ₹ 10 each	**7.00**	0.50
1,10,00,000 Equity Shares of Bantal Singapore Pte Limited of USD 1 each	**49.24**	49.24
Joint Venture		
24,29,800 Equity shares of Mahuagarhi Coal Company Private Limited of ₹ 10 each	**2.43**	2.43
Others		
60,00,000 Equity shares of Crescent Power Limited of ₹ 10 each	**6.00**	6.00
	3,191.09	2,092.94

C. All non-current investments are long term in nature.

Notes forming Part of Financial Statements *(Contd.)*

		As at 31st March, 2014	As at 31st March, 2013
			₹ in Crore
NOTE - 15	**LONG-TERM LOANS AND ADVANCES**		
	Unsecured, considered good		
(a)	Capital advances	**65.14**	46.49
(b)	Security Deposits	**22.35**	24.34
(c)	Advance to related parties		
	Share application money to subsidiaries	**1,133.75**	1,168.42
	Share application money to joint venture company	**0.80**	0.80
(d)	Share application money to bodies corporate	**22.00**	20.00
(e)	Other Loans and advances (Includes advance for employee related loans etc)	**7.89**	7.41
		1,251.93	1,267.46
NOTE - 16	**OTHER NON-CURRENT ASSETS**		
(a)	Long Term Trade Receivables Unsecured, considered good	**118.75**	252.82
(b)	Unamortised costs towards miscellaneous expenditure to the extent not written off or adjusted	**3.58**	4.29
		122.33	257.11
NOTE - 17	**CURRENT INVESTMENTS**		
	Unquoted - Investments in Mutual Funds		
	NIL (31.03.2013 : 1,56,106.740 units of ₹ 1,921.7620 each) of UTI Liquid Cash Plan - Institutional - Direct Plan - Growth	–	30.00
	NIL (31.03.2013 : 2,19,395.530 units of ₹ 1,139.4945 each) of Principal Cash Management Fund - Direct Plan - Growth	–	25.00
	NIL (31.03.2013 : 17,31,102.135 units of ₹ 173.3000 each) of ICICI Prudential Liquid - Direct Plan - Growth	–	30.00
		–	85.00
NOTE - 18	**INVENTORIES**		
(a)	Fuel (includes goods in transit ₹ 23.57 Crore; 31.3.2013 : ₹ 22.79 Crore)	**169.67**	172.04
(b)	Stores and Spares (includes goods in transit ₹ 1.74 Crore; 31.03.2013 : ₹ 2.45 Crore)	**175.88**	153.37
		345.55	325.41

₹ in Crore

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 19	**TRADE RECEIVABLES**		
(a)	Outstanding for a period exceeding six months from due date of payment		
	Secured, considered good	**32.35**	26.83
	Unsecured, considered good	**231.24**	195.88
	Doubtful	**4.10**	4.10
		267.69	226.81
	Less : Allowances for doubtful debt	**4.10**	4.10
		263.59	222.71
(b)	Other receivables		
	Secured, considered good	**634.18**	437.73
	Unsecured, considered good	**287.05**	548.94
		921.23	986.67
		1,184.82	1,209.38
NOTE - 20	**CASH AND BANK BALANCES**		
(a)	Cash and cash equivalents		
	Balances with banks		
	In Current Account	**120.62**	85.28
	Bank deposits with original maturity upto 3 months [Refer Note (c) below]	**255.00**	466.09
	Cheques, drafts on hand	**102.15**	12.92
	Cash on hand	**5.02**	5.58
		482.79	569.87
(b)	Other bank balances		
	Dividend Accounts	**1.76**	1.52
	Bank deposits with original maturity more than 3 months [Refer Note (d) and (e) below]	**296.84**	200.00
		781.39	771.39

(c) Amount lying in deposit accounts with banks as at 31st March, 2014 includes ₹ Nil (31.03.2013 : ₹ 26.00 crore) appropriated upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto.

(d) Amount lying in deposit accounts with banks as at 31st March, 2014 includes ₹ 150.75 crore (31.03.2013 : ₹ 91.00 crore) appropriated for upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto.

(e) Bank deposits with original maturity more than 3 months under Other bank balances include ₹ Nil (31.03.2013: ₹ 18.75 crore) having original maturity more than 12 months as on the reporting date.

		As at 31st March, 2014	As at 31st March, 2013
			₹ in Crore
NOTE - 21	**SHORT-TERM LOANS AND ADVANCES**		
(a)	Advances to related parties		
	Unsecured, considered good		
	Miscellaneous advance to subsidiaries	**34.02**	12.81
	Miscellaneous advance to joint venture company	**0.08**	0.08
		34.10	12.89
(b)	Other Advances		
	Unsecured , considered good		
	Advance for goods and services	**44.33**	36.57
	Others *	**122.12**	99.04
		166.45	135.61
		200.55	148.50

* Above include expenditure incurred by the Company for setting up power projects to be transferred to the specific project developing entities, in due course.

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 22	**OTHER CURRENT ASSETS**		
(a)	Deferred Payment	**154.38**	116.46
(b)	Receivable towards claims and services rendered		
	- considered good	**43.21**	25.02
(c)	Interest accrued on Bank Deposits	**24.08**	31.92
(d)	Unamortised costs towards miscellaneous expenditure to the extent not written off or adjusted	**0.72**	0.72
		222.39	174.12

NOTE - 23 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Claims against the Company not acknowledged as debts :

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 ₹ 0.69 crore as sales tax on meter rentals received during the year ended 31st March, 1993 and raised a demand of ₹ 0.36 crore on account of interest. Against the above demand, the Company had deposited a sum of ₹ 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 money for which the company is contingently liable :

Municipal Tax : ₹ 1.12 crore (31.03.2013 : ₹ 1.06 crore) in respect of certain properties, the rates of which are disputed by the Company.

(c) Commitment of the Company on account of estimated amount of contracts remaining to be executed on capital account and the same towards borrowing obligation of a subsidiary and a body corporate from a bank, not provided for amount to ₹ 161.89 crore (31.03.2013 : ₹ 127.06 crore), ₹ 150 crore (31.03.2013 : ₹ 154.58 crore), and ₹ 132.08 crore (31.03.2013 : ₹ 161.25 crore) respectively.

(d) The Company has ongoing commitment to extend support and provide equity to the subsidiaries, in respect of various projects and otherwise (where, in certain cases there are restriction on transfer of investments).

The future cash outflow in respect of above cannot be ascertained at this stage.

(e) For commitment relating to leasing arrangement, refer note no. 35

₹ in Crore

		2013-14	2012-13
NOTE - 24	**REVENUE FROM OPERATIONS**		
(a)	Earnings from sale of electricity	**5,445.16**	5,241.79
(b)	Other Operating Revenue		
	Meter Rent	**44.01**	42.34
	Others	**20.71**	18.94
		5,509.88	5,303.07

(c) Earnings from sale of electricity are determined in accordance with the relevant orders of the Commission, where appropriate, giving due effect to the required adjustments which include a sum of ₹ (0.95) crore (previous year : ₹ 42.53 crore) in respect of the cost of electrical energy purchased, fuel and related costs and also those relating to revenue account, based on the Company's understanding of the applicable regulatory provisions on this count, after giving effect of the impact arising from applicable orders in this regard for earlier years and the net impact of the said adjustments has been included in Other long term liabilities, to the extent applicable. The accurate quantification and disposal of the matters are being given effect to, from time to time, on receipt of necessary direction from the appropriate authorities. The said earnings are also net of discount for prompt payment of bills allowed to consumers on a net basis from month to month and advance against depreciation amounting to ₹ 62.41 crore (previous year : ₹ 81.91 crore) and ₹ 62.67 crore (previous year : ₹ 148.20 crore) respectively.

		2013-14	2012-13
			₹ in Crore
NOTE - 25	**OTHER INCOME**		
(a)	Interest Income	**49.70**	50.81
(b)	Dividend Income	**0.60**	0.30
(c)	Gain on sale of current investments (net)	**15.62**	16.11
(d)	Delayed Payment Surcharge	**13.46**	14.03
(e)	Profit on sale of assets (net)	**0.25**	4.28
(f)	Other Non-operating Income	**20.03**	21.19
		99.66	106.72

NOTE - 26 COST OF FUEL

(a) Cost of Fuel includes freight ₹ 281.59 crore (previous year: ₹ 286.69 crore)

(b) Cost of Fuel includes loss of ₹ 7.37 crore (previous year: loss of ₹ 3.06 crore) due to exchange fluctuations.

(c) Consumption of fuel :

		2013-14	2012-13
(a) Consumption of coal			
Quantity	Tonnes	**5,622,741**	5,560,619
Value	₹ in Crore	**1,834.85**	1,770.00
(b) Consumption of oil			
Quantity	Kilolitres	**3,810.55**	4,005.73
Value	₹ in Crore	**26.64**	26.75

		2013-14	2012-13
			₹ in Crore
NOTE - 27	**EMPLOYEE BENEFIT EXPENSES**		
(A)	1. Salaries, wages and bonus	**660.97**	548.29
	2. Contribution to provident and other funds	**102.39**	56.28
	3. Employees' welfare expenses	**29.19**	26.69
		792.55	631.26
	Less : Allocated / transfer to capital account etc.	**98.37**	72.74
		694.18	558.52

(B) **Employee Benefits**

The Company makes contributions for provident fund and pension (including for superannuation) towards 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 ₹ 38.78 Crores (previous year : ₹ 30.58 crore) on this count in the Statement of Profit and Loss. The Company also 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 other retiral benefits including medical 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.

NOTE - 27 EMPLOYEE BENEFIT EXPENSES *(Contd.)*

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

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	**Leave Encashment**	**Medical**	**Pension**	Gratuity	Leave Encashment	Medical	Pension
Present value of funded obligation	**244.59**	**-**	**-**	**-**	192.57	-	-	-
Fair Value of Plan Assets	**194.21**	**-**	**-**	**-**	183.43	-	-	-
	50.38	**-**	**-**	**-**	9.14	-	-	-
Present value of un-funded obligation	**-**	**87.94**	**32.84**	**25.78**	-	69.11	23.70	20.86
Unrecognised past service cost	**-**	**-**	**-**	**-**	-	-	-	-
Net Liability/(Asset)	**50.38**	**87.94**	**32.84**	**25.78**	9.14	69.11	23.70	20.86

	For the year ended 31st March, 2012				For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	Gratuity	Leave Encashment	Medical	Pension	Gratuity	Leave Encashment	Medical	Gratuity	Leave Encashment	Medical
Present value of funded obligation	169.55	-	-	-	153.29	-	-	130.53	-	-
Fair Value of Plan Assets	160.74	-	-	-	151.86	-	-	111.01	-	-
	8.81	-	-	-	1.43	-	-	19.52	-	-
Present value of un-funded obligation	-	59.46	18.59	16.71	-	55.57	17.33	-	48.04	15.39
Unrecognised past service cost	-	-	-	-	-	-	-	-	-	-
Net Liability/(Asset)	8.81	59.46	18.59	16.71	1.43	55.57	17.33	19.52	48.04	15.39

Experience Adjustment ₹ in Crore

	2013-2014				2012-2013			
	Gratuity	**Leave Encashment**	**Medical**	**Pension**	Gratuity	Leave Encashment	Medical	Pension
Experience (Gain) / Loss adjustment on plan liabilities	**62.86**	**22.62**	**2.24**	**6.62**	7.80	3.96	3.51	7.20
Experience (Gain) / Loss adjustment on plan assets	**1.95**	**-**	**-**	**-**	(1.53)	-	-	-
Experience (Gain) / Loss adjustment on plan liabilities due to change in assumption	**(13.64)**	**(5.40)**	**(3.74)**	**(0.09)**	7.30	3.01	0.95	(0.22)
	51.17	**17.22**	**(1.50)**	**6.53**	13.57	6.97	4.46	6.98

	2011-2012			2010-2011		
	Gratuity	Leave Encashment	Medical	Gratuity	Leave	Medical Encashment
Experience (Gain) / Loss adjustment on plan liabilities	15.02	3.36	1.66	12.81	5.10	(0.44)
Experience (Gain) / Loss adjustment on plan assets	(0.20)	-	-	(0.33)	-	-
Experience (Gain) / Loss adjustment on plan liabilities due to change in assumption	(4.92)	(1.92)	(1.04)	7.29	2.33	1.91
	9.90	1.44	0.62	19.77	7.43	1.47

Expenditure shown in the Note 27 to Statement of Profit and Loss as follows : ₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	**Leave Encashment**	**Medical**	**Pension**	Gratuity	Leave Encashment	Medical	Pension
Current Service Cost	**8.78**	**1.89**	**-**	**-**	7.92	1.72	-	-
Interest Cost	**14.93**	**5.43**	**1.90**	**1.58**	14.21	5.02	1.59	-
Expected Return on Plan Assets	**(14.80)**	**-**	**-**	**-**	(14.36)	-	-	-
Actuarial loss/(gain)	**47.27**	**17.22**	**(1.50)**	**6.53**	13.57	6.97	4.46	6.98
Past Service Cost	**-**	**-**	**10.05**	**-**	-	-	-	-
Total	**56.18**	**24.54**	**10.45**	**8.11**	21.34	13.71	6.05	6.98

Notes forming Part of Financial Statements *(Contd.)*

Reconciliation of Opening and Closing Balances of the present value of obligations : ₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	**Leave Encashment**	**Medical**	**Pension**	Gratuity	Leave Encashment	Medical	Pension
Opening defined benefit obligation	**192.57**	**69.11**	**23.70**	**20.86**	169.55	59.46	18.59	16.71
Current Service Cost	**8.78**	**1.89**	**-**	**-**	7.92	1.72	-	-
Past Service Cost	**-**	**-**	**10.05**	**-**	-	-	-	-
Interest Cost	**14.93**	**5.43**	**1.90**	**1.58**	14.21	5.02	1.59	-
Plan Amendments	**-**	**-**	**-**	**-**	-	-	-	-
Actuarial loss/(gain)	**49.21**	**17.22**	**(1.50)**	**6.53**	15.10	6.97	4.46	6.98
Benefits paid	**(20.90)**	**(5.72)**	**(1.31)**	**(3.19)**	(14.21)	(4.06)	(0.94)	(2.83)
Closing Defined Benefit Obligation	**244.59**	**87.93**	**32.84**	**25.78**	192.57	69.11	23.70	20.86

Reconciliation of Opening and Closing Balances of fair value of plan assets : ₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	**Leave Encashment**	**Medical**	**Pension**	Gratuity	Leave Encashment	Medical	Pension
Opening fair value of Plan Assets	**183.43**	**-**	**-**	**-**	160.74	-	-	-
Expected Return on Plan Assets	**14.80**	**-**	**-**	**-**	14.36	-	-	-
Actual Company Contributions	**14.93**	**-**	**-**	**-**	21.01	-	-	-
Actuarial gain/(loss)	**1.95**	**-**	**-**	**-**	1.53	-	-	-
Benefits paid	**(20.90)**	**-**	**-**	**-**	(14.21)	-	-	-
Closing Fair Value on Plan Assets	**194.21**	**-**	**-**	**-**	183.43	-	-	-

Actual Return on Plan Assets ₹ 16.75 crore ₹ 15.89 crore

Plan Assets consist of funds maintained with LICI, ICICI Prudential, Birla Sun Life and HDFC Standard Life.

Present value of un-funded obligation towards PF interest amounts to ₹ 2.22 crore (31.03.2013 : ₹ Nil).

Above disclosures as required by AS-15 - "Employee Benefits" are given to the extent available from the actuarial report.

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

	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	Increase	**Decrease**	Increase	Decrease
Effect on aggregate of interest cost and current service cost	**-**	**-**	-	-
Effect on defined benefit obligation	**33.17**	**(24.32)***	0.24	(0.17)*

* in case of hospitalised treatment only

Principal Actuarial Assumptions Used :

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Discount Rates	**9.20%**	8.20%
Expected Return on Plan Assets	**8.20%**	8.75%
Rate of increase in medical cost trend	**2.50%**	2.50%
Mortality Rates	**"LIC 2006-08 Ultimate"**	"LIC 2006-08 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 31st March, 2015 is not readily ascertainable and therefore not disclosed.

Notes forming Part of Financial Statements *(Contd.)*

₹ in Crore

			2013-14	2012-13
NOTE - 28	**FINANCE COSTS**			
	(a)	Interest expense	**385.62**	334.86
	(b)	Other Borrowing Costs	**8.26**	6.55
	(c)	Applicable net loss on foreign currency transactions and translation	–	24.81
			393.88	366.22
		Less : Allocated to capital account	**25.22**	28.70
			368.66	337.52
NOTE - 29	**DEPRECIATION AND AMORTISATION EXPENSES**			
		Depreciation/ amortisation on tangible assets	**425.21**	392.06
		Amortisation on intangible assets	**9.48**	10.49
			434.69	402.55
		Less : Recoupment from revaluation reserve	**96.10**	96.34
			338.59	306.21
NOTE - 30	**OTHER EXPENSES**			
	(a)	Consumption of stores and spares	**341.69**	299.67
	(b)	Repairs		
		Building	**14.60**	12.66
		Plant and Machinery	**97.36**	88.46
		Distribution System	**79.90**	97.51
		Others	**5.14**	3.98
			197.00	202.61
	(c)	Insurance	**7.77**	7.50
	(d)	Rent (including lease rent ₹ 11.13 crore; previous year ₹ 11.11 crore)	**19.60**	18.06
	(e)	Rates and taxes	**8.53**	8.62
	(f)	Bad debts / Advances made	**26.51**	26.74
	(g)	Amortisation of miscellaneous expenditure	**0.72**	0.72
	(h)	Interest on Consumers' Security Deposits	**78.89**	70.81
	(i)	Foreign Exchange Restatement	**37.93**	116.46
	(j)	Miscellaneous expenses	**174.69**	243.92
			893.33	995.11
		Less : Allocated / transfer to capital, deferred payment etc.	**262.64**	302.98
			630.69	692.13

(k) Miscellaneous expenses in (j) above include research and development expense of ₹ 1.14 crore (previous year : ₹ 1.32 crore)and adjustment of ₹ 29.91 crore (previous year - Nil) on account of withdrawal of provision relating to non-executive directors' commission, not being payable.

(l) Miscellaneous expenses shown in (j) above include Auditors' Remuneration and expenses : ₹ in Crore

	2013-14	2012-13
1. Audit fees	**0.45**	0.45
2. Tax Audit	**0.05**	0.05
3. Other Services	**0.76**	0.89
4. Reimbursement of expenses (including applicable service tax)	**0.03**	0.04

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

	2013-14		2012-13	
	₹ In Crore	**%**	₹ In Crore	%
Raw Material				
Imported	**201.30**	**10.81**	249.38	13.88
Indigenous	**1,660.19**	**89.19**	1,547.37	86.12
	1,861.49	**100.00**	1,796.75	100.00
Stores and Spare Parts				
Imported	**–**	**–**	–	–
Indigenous	**118.02**	**100.00**	118.33	100.00
	118.02	**100.00**	118.33	100.00

NOTE - 31 The major components of Deferred Tax Assets / (Liabilities) based on the timing difference as at 31st March, 2014 are as under :

₹ in Crore

	2013-14	2012-13
Liabilities		
Excess of tax depreciation over book depreciation	**(1058.63)**	(886.46)
Assets		
Items covered under section 43B	**14.92**	15.30
Others including items covered under section 35DDA and 35DD	**0.42**	0.59
	(1,043.29)	(870.57)
Less : Recoverable	**1,043.29**	870.57
Deferred Tax Liabilities (Net)	**–**	–

NOTE - 32 The Members of the Company at the Thirty-fifth Annual General Meeting held on 26 July, 2013 have approved payment of commission to the non executive directors at a rate not exceeding 3% per annum of the net profits of the Company for each of five financial years commencing from 2013-14. Approval of the Central Government for payment of such commission in excess of 1% of the net profit of the Company for the financial year 2013-14 is being sought and accordingly the Commission proposed for non executive directors in excess of said 1% i.e ₹ 16.67 crore, is subject to approval of the Central Government.

NOTE - 33 Outstanding foreign currency loans as on 31st March, 2014 as disclosed in Note 5, stands fully hedged in Indian Rupee. Trade Payables include ₹ Nil crore (31.03.2013 : ₹ 41.74 crore) representing amount payable in United States Dollar which have not been hedged.

NOTE - 34 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 diminution, other than temporary, in the value of the Company's investments and share application money placed therein.

NOTE - 35 Future rentals payable in respect of non-cancellable leases for assets comprising various equipment and vehicles acquired under operating leases for the period ranging between 36-60 months work out to ₹ 7.42 crore (previous year : ₹ 2.76 crore) and ₹ 5.91 crore (previous year : ₹ 0.77 crore) during next one year and thereafter till five years respectively. There are no restrictions in respect of such leases.

NOTE - 36 Earnings per share :

Computation of Earnings per share

Particulars		**2013-14**	2012-13
Profit After Tax (₹ in Crore)	(A)	**651.89**	618.50
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 ₹ 10/- = [(A) / (B)] (₹)		**52.18**	49.50

NOTE - 37 The Company is engaged in generation and distribution of electricity and does not operate in any other reportable segment.

NOTE - 38 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
CESC Infrastructure Limited	Subsidiary Company
Haldia Energy Limited	Subsidiary of CESC Infrastructure Limited
Dhariwal Infrastructure Limited	Subsidiary of CESC Infrastructure Limited
Surya Vidyut Limited	Subsidiary Company
Nalanda Power Company Limited	Subsidiary Company
CESC Projects Limited	Subsidiary Company
Bantal Singapore Pte. Limited	Subsidiary Company
Ranchi Power Distribution Company Limited	Subsidiary Company
Pachi Hydropower Projects Limited	Subsidiary Company
Papu Hydropower Projects Limited	Subsidiary Company
Spen Liq Private Limited	Subsidiary Company
Firstsource Solutions Limited	Subsidiary of Spen Liq Private Limited
Firstsource Group USA, Inc.	Subsidiary of Firstsource Solutions Limited
Firstsource BPO Ireland Ltd.	Subsidiary of Firstsource Solutions Limited
Firstsource Solutions UK Ltd.	Subsidiary of Firstsource Solutions Limited
Anunta Tech Infrastructure Services Ltd.	Subsidiary of Firstsource Solutions Limited
Firstsource-Dialog Solutions Pvt. Ltd.	Subsidiary of Firstsource Solutions Limited
MedAssist Holding, Inc.	Subsidiary of Firstsource Group USA, Inc.
Firstsource Business Process Services, LLC	Subsidiary of Firstsource Group USA, Inc.
Firstsource Solutions USA, LLC	Subsidiary of MedAssist Holding, Inc.
Firstsource Advantage, LLC	Subsidiary of Firstsource Business Process Services, LLC
Firstsource Transaction Services, LLC	Subsidiary of Firstsource Solutions USA, LLC
Twin Lakes Property LLC (Twinlakes-I)#	Subsidiary of Firstsource Advantage, LLC
Twin Lakes Property LLC (Twinlakes-II)#	Subsidiary of Firstsource Advantage, LLC

Names of Related Parties	Nature of Relationship
Firstsource Solutions S.A (Argentina)	Subsidiary of Firstsource Solutions UK Ltd. w.e.f 31st December, 2013
Mahuagarhi Coal Company Private Limited (*)	Joint Venture
Mr. Sumantra Banerjee (till 31 July 2013)	Key Management Personnel
Mr. Aniruddha Basu (from 28 May 2013)	Key Management Personnel

\# Dissolved during the year

(*) 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 31st March, 2014 in the assets, liabilities and expenses of the joint venture are ₹ 3.19 crore (previous year : ₹ 3.20 crore), ₹ 0.05 crore (previous year : ₹ 0.05 crore) and ₹ 0.01 crore (previous year : ₹ 0.01 crore) respectively.

(b) Details of transaction between the Company and related parties and status of outstanding balance : ₹ In Crore

Nature of Transactions	Subsidiaries		Joint Venture		Key Management Personnel		Total	
	31-Mar-14	31-Mar-13	**31-Mar-14**	31-Mar-13	**31-Mar-14**	31-Mar-13	**31-Mar-14**	31-Mar-13
Acquisition of investment								
- Spencer's Retail Limited	**104.06**	111.57					**104.06**	111.57
- CESC Infrastructure Limited	**927.00**	362.00					**927.00**	362.00
- CESC Properties Limited	**77.00**	45.00					**77.00**	45.00
- Nalanda Power Company Limited	**0.45**	–					**0.45**	–
- Surya Vidyut Limited	**–**	40.00					**–**	40.00
- CESC Projects Limited	**6.50**	–					**6.50**	–
- Papu Hydropower Projects Limited	**1.77**	10.18					**1.77**	10.18
- Pachi Hydropower Projects Limited	**3.37**	5.01					**3.37**	5.01
- Spen Liq Private limited	**1.00**	470.00					**1.00**	470.00
- Ranchi Power Distribution Company Limited	**7.00**	1.00					**7.00**	1.00
Advance for Share Subscription								
- Spencer's Retail Limited (net of refund of ₹ Nil; previous year - ₹ 600 crore)	**96.00**	167.00					**96.00**	167.00
- CESC Properties Limited	**60.00**	62.00					**60.00**	62.00
- CESC Infrastructure Limited	**927.00**	362.00					**927.00**	362.00
- Surya Vidyut Limited (net of refund of ₹ Nil; previous year - ₹ 1 crore)	**–**	40.00					**–**	40.00
- Nalanda Power Company Limited	**–**	0.45					**–**	0.45
- CESC Projects Limited	**3.50**	3.00					**3.50**	3.00
- Papu Hydropower Projects Limited	**–**	1.77					–	1.77
- Pachi Hydropower Projects Limited	**1.00**	2.37					**1.00**	2.37
- Spen Liq Private limited (net of refund of ₹ 1.02 crore ; previous year - ₹ 177 crore)	**(1.02)**	472.02					**(1.02)**	472.02
- Ranchi Power Distribution Company Limited	**7.00**	1.00					**7.00**	1.00
- Mahuagarhi Coal Company Private Limited			**–**	0.80			**–**	0.80

₹ in Crore

Nature of Transactions	Subsidiaries		Joint Venture		Key Management Personnel		Total	
	31-Mar-14	31-Mar-13	**31-Mar-14**	31-Mar-13	**31-Mar-14**	31-Mar-13	**31-Mar-14**	31-Mar-13
Expense Recoverable/(Payable)								
- Dhariwal Infrastructure Limited	**1.61**	1.35					**1.61**	1.35
- CESC Infrastructure Limited	**(0.05)**	–					**(0.05)**	–
- Surya Vidyut Limited (net of recovery of ₹ 0.27 crore; previous year ₹ Nil)	**0.15**	–					**0.15**	–
- CESC Properties Limited (net of recovery of ₹ 0.24 crore; previous year ₹ Nil)	**1.17**	0.98					**1.17**	0.98
- CESC Projects Limited (net of recovery of ₹ Nil ; previous year ₹ 0.02crore)	**–**	0.02					**–**	0.02
- Ranchi Power Distribution Company Limited	**2.12**	1.20					**2.12**	1.20
- Mahuagarhi Coal Company Private Limited			**–**	0.08			**–**	0.08
- Haldia Energy Limited (net of recovery of ₹ 0.05 crore; previous year - ₹ 0.03 crore)	**16.20**	5.16					**16.20**	5.16
Income from sale / services								
- Spencer's Retail Limited	**8.55**	7.86					**8.55**	7.86
- Music World Retail Limited	**0.06**	0.20					**0.06**	0.20
- Au Bon Pain Café India Limited	**0.08**	–					**0.08**	–
- CESC Properties Limited	**15.24**	11.00					**15.24**	11.00
Expenses incurred								
- Spencers' Retail Ltd.	**0.18**	0.07					**0.18**	0.07
- First Source Solutions Limited	**0.60**	–					0.60	–
Advance received from Consumers for Capital jobs								
- CESC Properties Limited	–	0.75					**–**	0.75
Security Deposit								
- CESC Properties Limited	**0.12**	0.04					**0.12**	0.04
- Au Bon Pain Café India Limited	**0.03**	–					**0.03**	–
- Music World Retail Limited	**(0.02)**	–					**(0.02)**	–
- Spencer's Retail Limited	**0.01**	0.02					**0.01**	0.02
Remuneration					**1.61**	4.78	**1.61**	4.78
Outstanding Balance								
- Debit	1,210.14	1,205.61	–	–	–	–	1,210.14	1,205.61
- Credit	–	–	**–**	–	0.48	3.50	0.48	3.50
Also refer Note 23(c) and 23(d) above.								

NOTE - 39 C.I.F. value of imports :

₹ In Crore

	2013-14	2012-13
Fuel	**164.09**	190.58
Capital goods	–	1.94
Total	**164.09**	192.52

NOTE - 40 Expenditure in foreign currency :

₹ In Crore

	2013-14	2012-13
Travelling	**0.83**	0.76
Interest	**–**	1.24
Others	**3.21**	2.50
Total	**4.04**	4.50

NOTE - 41 Dividend remitted in foreign currency :

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

	2013-14			2012-13		
	No. of Shareholders	**No. of Shares held**	**Net amount remitted (₹ in Crore)**	No. of Shareholders	No. of Shares held	Net amount remitted (₹ in Crore)
Equity Dividend	**366**	**741,029**	**0.52**	368	764,374	0.38

NOTE - 42 Earnings in foreign exchange :

₹ In Crore

	2013-14	2012-13
Income from Carbon Credit	**–**	0.29
Income from Consultancy	**3.00**	1.33
Total	**3.00**	1.62

NOTE - 43 Quantitative information : (Million kWh)

		2013-14	2012-13
(a)	Total number of units generated during the year	**8930**	8715
(b)	Total number of units consumed in Generating Stations	**754**	740
(c)	Total number of units sent out	**8176**	7975
(d)	Total number of units purchased during the year	**1721**	1845
(e)	Total number of units through Unscheduled Interchange (Net)	**15**	16
(f)	Total number of units delivered	**9912**	9836
(g)	Total number of units sold as per meter readings	**8591**	8577
(h)	Total number of units sold to persons other than own consumers and WBSEDCL	**100**	26
(i)	Total number of units consumed in Company's premises	**20**	20
(j)	Total number of Units sold to WBSEDCL	**42**	48

NOTE - 44 The derated installed capacity of the Generating Stations of the Company (as per certification of technical expert) as on 31st March, 2014 was 1225000 kW (31st March, 2013 : 1225000 kW).

NOTE - 45 The Company has reclassified previous year's figures to conform to this year's classification alongwith other regrouping / rearrangement wherever necessary.

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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of CESC Limited ("the Company") and its subsidiaries, its jointly controlled entity; hereinafter referred to as the "Group" (refer Note [1 (b & c)] to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

6. Attention is drawn to note no 34 to the consolidated financial statements regarding continuation of net deferred tax asset (DTA) of ₹ 310.53 crores in the accounts of certain subsidiaries based on the future profitability projections made by the management. However, in the absence of virtual certainty as stated in Accounting Standard 22 on Deferred taxes, we are unable to express any opinion on the projections and their consequent impact if any, on such Deferred tax Asset.

   Had the above asset been reversed the profit of the group would be ₹ 181.11 Crores as against the reported profit of ₹ 491.64 Crores and the shareholders fund would have reduced by ₹ 310.53 Crores.

Opinion

7. 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 the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013

8. Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and on the other financial information of the component(s) of the Group as referred to in paragraph 10 below, and to the best of our information and according to the explanations given to us, in our opinion, subject to our remarks in paragraph 6 above, the accompanying 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 March 31, 2014
   (b) in the case of the consolidated Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

9. Without qualifying our opinion, we draw attention to Note 40 to the consolidated financial statements that describes the early adoption by the Group of Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurements, read with AS 31, Financial Instruments - Presentation along with prescribed limited revisions to other accounting standards issued by the Institute of Chartered Accountants of India, as in management's opinion, it more appropriately reflects the nature/ substance of the related transactions. AS 30, along with prescribed limited revisions to other accounting standards, has not yet been notified under the Companies (Accounting Standards) Rules, 2006. Consequent to early adoption of AS 30 and the related limited revisions, the profit after taxation for the period and reserves and surplus as at the balance sheet date is higher by ₹ 16.90 Crores and by ₹ 0.30 Crores respectively.

Other Matter(s)

10. We did not audit the financial statements of 28 subsidiaries and 1 jointly controlled entity included in the consolidated financial statements, which constitute total assets of ₹ 12312.93 Crores and net assets of ₹ 3419.64 Crores as at 31st March 2014, total revenue of ₹ 4683.39 Crores, net loss of ₹ 128.45 Crores and net cash flows amounting to ₹ (116.88) Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have 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.

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

Sougata Mukherjee
Partner
Membership No. : 057084

Kolkata, 30th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

₹ in Crore

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	**125.60**	125.60
Reserves and surplus	5	**5,509.41**	5,017.97
		5,635.01	5,143.57
Minority Interest		**907.93**	742.50
Non-current liabilities			
Long-term borrowings	6	**9,132.34**	7,811.28
Deferred tax liabilities(net)	34	**33.17**	28.50
Advance against Depreciation		**776.90**	714.23
Consumers' Security Deposit		**1,279.53**	1,138.78
Other long term liabilities	7	**1,776.83**	1,869.76
Long-term provisions	8	**167.34**	135.98
		13,166.11	11,698.53
Current liabilities			
Short-term borrowings	9	**1,053.08**	1,052.63
Trade Payables		**531.75**	577.48
Other current liabilities	10	**3,469.91**	1,956.97
Short-term provisions	11	**212.55**	141.94
		5,267.29	3,729.02
TOTAL		**24,976.34**	21,313.62
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	**11,982.83**	8,620.49
Intangible assets	13	**2,528.27**	2,292.17
Capital work-in-progress		**5,311.74**	5,109.67
(Includes share of Joint Venture - ₹ 3.17 crore; 31st March, 2013 ₹ 3.12 crore)		**19,822.84**	16,022.33
Non-current investments	14	**73.66**	97.56
Deferred tax assets (net)	34	**310.53**	310.53
Long-term loans and advances	15	**539.85**	561.39
Other non-current assets	16	**237.72**	339.00
		20,984.60	17,330.81
Current assets			
Current Investments	17	**32.33**	114.74
Inventories	18	**538.30**	434.23
Trade receivables	19	**1,530.15**	1,620.10
Cash and bank balances	20	**1,209.88**	1,316.61
Short-term loans and advances	21	**241.68**	200.54
Other Current Assets	22	**439.40**	296.59
		3,991.74	3,982.81
TOTAL		**24,976.34**	21,313.62
Notes forming part of Consolidated Financial Statements	1 - 47		

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

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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

₹ in Crore

Particulars	Note No.	2013-14	2012-13
Revenue from operations	24	**10,110.85**	7,556.65
Other income	25	**173.35**	143.73
Total Revenue		**10,284.20**	7,700.38
Expenses			
Cost of electrical energy purchased for Power Business		**891.04**	945.16
Cost of materials consumed for Retail Business	26	**9.78**	6.24
Purchases of stock-in -trade for Retail Business		**1,198.96**	1,083.53
Changes in inventories of finished goods, stock-in-trade and work- in -progress for Retail Business	27	**(32.01)**	12.49
Cost of fuel for Power Business	28	**1,924.60**	1,796.75
Employee benefit expenses	29	**2,960.08**	1,307.36
Finance costs	30	**566.02**	430.41
Depreciation and amortisation expenses	31	**471.41**	364.53
Other expenses	32	**1,535.84**	1,139.02
Total expenses		**9,525.72**	7,085.49
Profit before Taxation, Exceptional Items and Minority Interest		**758.48**	614.89
Exceptional Items		**-**	41.77
Profit before Taxation and Minority Interest		**758.48**	656.66
Tax expenses :			
Current tax		**(214.72)**	(169.45)
MAT Credit		**26.90**	7.67
Current tax (net)		**(187.82)**	(161.78)
Deferred tax (net)		**(170.49)**	(192.00)
Recoverable/(Payable)		**172.72**	178.00
Profit after Taxation and Exceptional Items before Minority Interest		**572.89**	480.88
Minority Interest		**(81.25)**	(21.50)
Profit for the year - transferred to Surplus		**491.64**	459.38
Earnings per share (Face Value of ₹ 10 per share) :			
Basic and Diluted before Exceptional Items	35	**39.35**	33.43
Basic and Diluted after Exceptional Items		**39.35**	36.77
Notes forming part of Consolidated Financial Statements	1 - 47		

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

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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Consolidated Cash Flow Statement for the year ended 31st March, 2014

₹ in Crore

	Particulars	2013-14	2012-13
A.	**Cash flow from Operating Activities**		
	Profit before Exceptional Items and Taxation	**758.48**	614.89
	Adjustments for :		
	Depreciation and amortisation expenses	**471.41**	364.53
	Loss / (Profit) on sale / disposal of assets (net)	**4.51**	9.88
	Gain on sale of current investments (net)	**(26.03)**	(50.40)
	Dividend Income	**(0.60)**	(0.31)
	Amortisation of Miscellaneous expenditure	**0.72**	0.72
	Provision for obsolete stock	**(0.74)**	(7.12)
	Allowances for doubtful debts, Store / Lease Deposits / Advances made / Security deposit	**-**	0.65
	Bad debts / Advances made	**26.62**	27.34
	Finance Cost	**566.02**	430.41
	Interest Income	**(62.23)**	(67.40)
	Advance against depreciation	**62.67**	148.20
	Loss/Gain on foreign currency transaction (net) Exchange	**(64.17)**	-
	Provision for Lease equalisation	**-**	(2.97)
	Liability / Provision Written Back	**(3.64)**	(4.70)
	Capital work-in-progress written off	**-**	4.14
	Effect of Foreign Currency Transactions / Translation (net)	**0.14**	(31.22)
	Rent expense on account of adoption of AS 30	**1.86**	1.75
	Rental deposits written off	**0.01**	-
	Operating Profit before Working Capital changes	**1,735.03**	1,438.39
	Adjustments for :		
	Trade and other receivables	**348.92**	22.55
	Inventories	**(52.41)**	(19.37)
	Trade and other payables	**433.60**	520.43
	Cash Generated from Operations	**2,465.14**	1,962.00
	Income Tax Paid	**(214.08)**	(147.89)
	Net cash flow from Operating Activities	**2,251.06**	1,814.11
B.	**Cash flow from Investing Activities**		
	Purchase of Fixed Assets / Capital Work-in-Progress	**(3,420.89)**	(3,612.44)
	Sale of Fixed Assets	**34.61**	15.28
	Sale of Current Investments (net)	**108.44**	84.39
	Redemption of Long Term Investments	**30.00**	-
	Dividend received	**0.60**	0.31
	Interest received	**66.97**	84.42
	Advance to bodies Corporate for share subscription	**-**	(7.88)
	Investment on acquisitions	**-**	(504.81)
	Net cash used in Investing Activities	**(3,180.27)**	(3,940.73)

Consolidated Cash Flow Statement for the year ended 31st March, 2014

₹ in Crore

	Particulars	2013-14	2012-13
C.	**Cash flow from Financing Activities**		
	Issue of Share Capital	**3.66**	1.00
	Proceeds from Long Term Borrowings	**2,698.83**	3,106.36
	Repayment of Long Term Borrowings	**(876.03)**	(562.62)
	Repayment of Public Deposits	**(0.44)**	(0.04)
	Net increase/(decrease) in Cash Credit facilities and other Short Term Borrowings	**105.42**	(94.31)
	Capital Contributions and Advance received from Consumers	**106.54**	108.51
	Finance Costs paid	**(1,113.42)**	(562.73)
	Dividends paid	**(87.22)**	(62.45)
	Dividend tax paid	**(14.86)**	(10.13)
	Net Cash flow from Financing Activities	**822.48**	**1,923.59**
	Net Increase / (Decrease) in cash and cash equivalents	**(106.73)**	**(203.03)**
	Cash and Cash equivalents - Opening Balance [Refer Note (c) below]	**1316.61**	**1,343.25**
	Cash and cash equivalents on acquisition of subsidiaries	**-**	**176.39**
	Cash and Cash equivalents - Closing Balance [Refer Note (c) below]	**1,209.88**	1,316.61

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) Closing Balance of Cash and Cash equivalents represent "Cash and Bank balances" and includes ₹ 1.76 crore (31st March, 2013 - Rs 1.52 crore) lying in designated accounts with banks on account of unclaimed dividends which are not available for use by the Company, ₹ 150.75 crore (31st March, 2013 - ₹ 117.00 crore) appropriated upto 31st March, 2014 towards Fund for unforeseen exigencies and interest attributable thereto.

c) **Cash and Cash Equivalents comprise :**

	2013-14	2012-13
Balances with Banks :		
In Current Account	**519.12**	572.30
Bank deposits with original maturity upto 3 months	**295.96**	468.05
Cheques, drafts on hand	**102.15**	12.92
Cash on hand	**9.50**	9.93
Other Bank Balances :		
Dividend Accounts	**1.76**	1.52
Bank deposits with original maturity more than 3 months	**323.00**	270.56
Deposit Accounts	**-**	0.05
Escrow Account	**4.49**	21.87
Less: Current Account balance held in trust for customers in respect of certain subsidiaries	**46.11**	40.67
Add: Share of Joint Venture	**0.01**	0.08
	1,209.88	1,316.61

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

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

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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

For and on behalf of the Board of Directors

Director — Pradip Kumar Khaitan
Managing Director — Aniruddha Basu

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

NOTE - 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 Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

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 unrealised 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 31st March, 2014	Percentage of ownership interest as at 31st March, 2013
1	Spencer's Retail Limited (SRL)	India	**100**	100
2	Music World Retail Limited(100% subsidiary of SRL)	India	**100**	100
3	Au Bon Pain Café India Limited(80% subsidiary of SRL)	India	**80**	80
4	CESC Properties Limited (CPL)	India	**100**	100
5	Metromark Green Commodities Private Limited(100% subsidiary of CPL)	India	**100**	100
6	CESC Infrastructure Limited (CIL)	India	**100**	100
7	Haldia Energy Limited (HEL)	India	**100**	100
8	Dhariwal Infrastructure Limited (DIL)	India	**100**	100
9	Surya Vidyut Limited (SVL)	India	**100**	100
10	Nalanda Power Company Limited	India	**100**	100
11	CESC Projects Limited	India	**100**	100
12	Bantal Singapore Pte Ltd	Singapore	**100**	100
13	Pachi Hydropower Projects Limited	India	**100**	100
14	Papu Hydropower Projects Limited	India	**100**	100
15	Ranchi Power Distribution Company Limited	India	**100**	100
16	Spen Liq Private Limited (SLPL)	India	**100**	100
17	Firstsource Solutions Limited (FSL)	India	**56.69**	56.86
18	Firstsource Group USA, Inc. (FG USA)(100% subsidiary of FSL)	USA	**56.69**	56.86
19	Firstsource BPO Ireland Ltd.(100% subsidiary of FSL)	Ireland	**56.69**	56.86
20	Firstsource Solutions UK Ltd. (FS UK)(100% subsidiary of FSL)	UK	**56.69**	56.86
21	Anunta Tech Infrastructure Services Ltd.(100% subsidiary of FSL)	India	**56.69**	56.86
22	Firstsource-Dialog Solutions Pvt. Ltd.(74% subsidiary of FSL)	Srilanka	**41.95**	42.08
23	MedAssist Holding, Inc. (MH Inc.)(100% subsidiary of FG USA)	USA	**56.69**	56.86
24	Firstsource Business Process Services, LLC (FBPS)(100% subsidiary of FG USA)	USA	**56.69**	56.86
25	Firstsource Solutions USA, LLC (FS USA)(100% subsidiary of MH Inc.)	USA	**56.69**	56.86
26	Firstsource Advantage, LLC (FA)(100% subsidiary of FBPS)	USA	**56.69**	56.86
27	Firstsource Transaction Services, LLC (100% subsidiary of FS USA)	USA	**56.69**	56.86
28	Firstsource Solutions S.A. (Argentina) (99.98% subsidiary of FS UK) *	Argentina	**56.68**	–
29	Twin Lakes Property LLC (Twinlakes-I)(100% subsidiary of FA) #	USA	**56.69**	56.86
30	Twin Lakes Property LLC (Twinlakes-II)(100% subsidiary of FA) #	USA	**56.69**	56.86

* w.e.f. 31st December 2013

Dissolved during the year

The subsidiary companies appearing in Sl. Nos. 5 to 16 except Sl. No. 8 & 9 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 Mahuagarhi Coal Company Private Limited, which was incorporated in India on 4th April, 2008 and percentage of ownership interest as at 31st March, 2013 stands at 50%. The company was incorporated for the development of Mahuagarhi coal field and exploration of coal therefrom and is yet to commence commercial operations.

NOTE - 2 The operations of the Parent 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.

NOTE - 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, including Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the Companies Act, 2013 to the extent applicable. 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). Certain subsidiaries of the group early adopted Accounting Standard 30, 'Financial Instruments: Recognition and Measurement' (AS 30) read with Accounting Standard 31 - ' Financial Instruments: Presentation' (AS 31) issued by the Institute of Chartered Accountants of India effective 1 April 2008.

(c) **Tangible Assets**

Tangible Assets are stated at historical cost of acquisition except tangible assets other than furniture and vehicles acquired upto 31st 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, 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. 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) **Intangible Assets**

Intangible assets comprising software, brands / trademarks, knowhow and licences, expected to provide future enduring economic benefits, are stated at cost of acquisition / implementation / development less accumulated amortisation. In respect of certain subsidiaries, software product development costs are expensed as incurred during the research phase until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalized and amortised over the estimated useful life of the products as determined by the management. This capitalization is done only if there is an intention to and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available and such expenses can be accurately measured. Such software development costs comprise expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to the development of the product.

(e) **Impairment of assets**

An impairment loss is recognized, where applicable when the carrying value of assets of cash generating unit exceeds its market value or value in use, whichever is higher.

In respect of certain subsidiaries, impairment loss is recognized as follows:

a. **Financial assets**

Certain subsidiaries assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the group estimates the amount of impairment loss. The amount of loss for short-term receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognised in the consolidated statement of profit and loss. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, the recognised impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

b. **Non-financial assets**

Certain subsidiaries assesses at each balance sheet date whether there is any indication that a non-financial asset including goodwill may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(f) **Depreciation / Amortization**

With respect to the Parent, in terms of applicable Regulations under the Electricity Act, 2003, depreciation on tangible 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.

Cost of intangible assets, comprising computer software related expenditure, are amortised in three years, except in case of a subsidiary, where such assets amounting to ₹ 14.40 crore (Gross Block) as at 31st March, 2014 (31st March 2013 : ₹ 11.72 crore) are amortised over a period of four-six years. In respect of another subsidiary, such intangible assets amounting to ₹ 129.74 crore (Gross Block) as at 31 March 2014 (31st March 2013: ₹ 106.03 crores) are amortised over a period of 2 to 4 years. In respect of another subsidiary, intangible assets like know-how and licences amounting to ₹ 9.58 crore (Gross Block) as at 31st March, 2014 (31st March 2013: ₹ 3.18 crore) are amortised over a period of 2 to 10 years. In respect of certain subsidiaries, licence amounting to ₹ 0.67 crore (Gross Block) as at 31st March, 2014 (31st March 2013: ₹ 0.67 crore) is amortised over a period of 3 years. In respect of the Parent, brands/trademarks are amortised over a period of twenty years based on useful life assessed by an independent valuer.

In respect of certain subsidiaries higher rate of depreciation is applied based on useful life of relevant assets (which are shorter than those prescribed under the Companies Act, 1956), the Gross Block of such assets amounts to ₹ 635.98 crore (31st March 2013 : ₹ 617.73 crores).
Goodwill on acquired assets, amounting to ₹ 101.08 crores (31st March 2013; ₹ 88.71 crores) are amortised over a period of 5 years or estimated useful life, whichever is shorter.

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 – ₹ 3371.76 crore, 31st March 2013 : ₹ 756.69 crore). In case of certain other subsidiaries, depreciation on fixed assets (Gross Block – ₹ 0.37 crore, 31st March 2013 : ₹ 19.68 crore) is provided on written down value method at the rates prescribed in Schedule XIV under the Companies Act, 1956.

During the year, in respect of some of the subsidiaries, the method of providing depreciation was changed from Written Down Value Method to Straight Line Method. Consequent to adoption of straight line basis for depreciation, charge on account of depreciation for the year ended 31st March 2014 is lower by an amount of ₹ 39.78 crores. In respect of one of the subsidiaries, the method of providing depreciation was changed from Written Down Value Method to Straight Line Method, as per the rates prescribed in West Bengal Electricity Commission (Terms and Conditions of Tariff) Regulations, 2011. Consequent to this change in policy, charge on account of depreciation for the year ended 31st March 2014 is lower by an amount of ₹ 0.32 crores.

(g) **Expenditure during construction**

Ten 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 are to be capitalized subsequently.

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

(h) **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 payments 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.

Assets given on finance lease,in respect of certain subsidiaries, are shown as amounts recoverable from the lessee. The rentals received on such leases are apportioned between the finance charge / (income) and principal amount using the implicit rate of return. The finance charge / (income) is recognised as income, and principal received is reduced from the amount receivable. All initial direct costs incurred are included in the cost of the asset.

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.

(i) **Investments**

Current Investments are stated at lower of cost and fair value and Non Current Investments are stated at cost. Provision is made where there is a decline, other than temporary, in the value of Non Current Investment.

(j) **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.

(k) **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 Consolidated Statement of Profit and Loss. The outstanding loans repayable in foreign currency are restated at the year-end exchange rate. With respect to the Parent, 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 Parent's future tariff in respect of the amount settled duly considering as appropriate, the impact of the contracts entered into for managing risks thereunder.

In respect of certain subsidiaries, the outstanding loans repayable in foreign currency are restated at year-end exchange rates or such other applicable rates considering the concerned coverages made by the subsidiaries. Exchange gain or loss arising in respect of such restatement and the impact of the contracts for managing risks thereunder is accounted as an income or expense.

Certain subsidiaries measure the financial liabilities, except for derivative financial liabilities, at amortised cost using the effective interest method. It measures the short-term payables with no stated rate of interest at original invoice amount, if the effect of discounting is immaterial.

The consolidated financial statements are reported in Indian rupees. The translation of the local currency of each integral foreign subsidiary within the Group into Indian rupees is performed in respect of assets and liabilities other than fixed assets, using the exchange rate in effect at the balance sheet date and for revenue and expense items other than the depreciation costs, using average exchange rate during the reporting period. Fixed assets of integral foreign operations are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at exchange rates used for translation of the underlying fixed assets.

In respect of certain subsidiaries assets and liabilities including fixed assets are translated at exchange rates prevailing at the date of the balance sheet. The items in the statement of profit & loss are translated at the average exchange rate during the period. Goodwill arising on the acquisition of non-integral operation is translated at exchange rates prevailing at the date of the balance sheet. The difference arising out of the translations are transferred to exchange difference on consolidation of non-integral subsidiaries under Reserves & Surplus.

With respect to one of the subsidiaries, exchange differences arising on monetary items that qualify as hedging instruments in a cash flow hedge or hedge of a net investment, is initially recognized in Hedging Reserve Account or Foreign Currency Translation Reserve Account respectively. Such exchange differences are subsequently recognized in the consolidated statement of profit & loss on occurrence of the underlying hedged transaction or on disposal of the investment as the case may be.

Derivative instruments and hedge accounting with respect to certain subsidiaries :

Certain subsidiaries are exposed to foreign currency fluctuations on net investments in foreign operations and forecasted cash flows denominated in foreign currencies. The subsidiary limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments, where the counterparty is a bank.

The use of foreign currency forward contracts is governed by one of the subsidiary company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk managment strategy. The Group does not use derivative financial instruments for speculative purposes. Certain subsidiaries use foreign currency forwards contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain forcasted transactions. The Company designates these as cash flow hedges.

Foreign currency derivative instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholder's funds and the ineffective portion is recognised immediately in the consolidated statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the consolidated statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the consolidated statement of profit and loss for the period.

Non-derivative financial instruments and hedge accounting with respect to certain subsidiaries.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and bank balances, accounts receivables, unbilled revenues, finance lease receivables, employee travel and other advances, other loans and advances and derivative financial instruments with a positive fair value. Financial liabilities of the Company mainly comprise secured and unsecured loans, trade payables, accrued expenses and derivative financial instruments with a negative fair value. Financial assets / liabilities are recognised on the consolidated balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when all of risks and rewards of the ownership have been transferred. The transfer of risks and rewards is evaluated by comparing the exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred assets.

Short-term receivables with no stated interest rates are measured at original invoice amount, if the effect of discounting is immaterial. Non-interest-bearing deposits are discounted to their present value.

It also designates financial instruments as hedges of net investments in non-integral foreign operations. The portion of changes in fair value of financial instrument that is determined to be an effective hedge is recognised in Foreign Currency Translation Reserve and would be recognised in consolidated statement of profit and loss upon sale / disposal of the related non-integral foreign operations. Changes in fair value relating to the ineffective portion of hedges are recognised in the consolidated statement of profit and loss as they arise.

(l) **Revenue from Operations**

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 by the Parent 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.

With respect to the Parent, income from meter rent is accounted for as per the approved rates.

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

In respect of one of its subsidiaries, revenue from mall operations are based on contractual rights.

In respect of one of its subsidiaries, generation based incentive is recognised on accrual basis.

In respect of certain subsidiaries, revenue from contact centre and transaction processing services comprises from both time/unit priced and fixed fee based service contracts. Revenue from time/unit price based contracts is recognized as services are rendered and is billed in accordance with the contractual terms specified in the customer contracts.Revenue from fixed fee based service contracts is recognized on achievement of performance milestones specified in the customer contracts. Revenue from debt collection services is recognized when debts are realized. Income from contingency based contracts, in which the client is invoiced for a percentage of the reimbursement, is recognised on completion of services.Unbilled receivables represent costs incurred and revenues recognized on contracts to be billed in subsequent periods as per the terms of the contract.

(m) **Other Income**

Income from investments and deposits etc. is accounted for on accrual basis inclusive of related tax deducted at source, where applicable.

With respect to certain subsidiaries, income from recoveries and services mainly represents recoveries made on account of advertisement for use of space by the customer and other expenses charged from suppliers and are recognized and recorded based on the arrangements with concerned parties.

Government Grants

In respect of certain subsidiaries, revenue grants are recognized when reasonable certainty exists that the conditions precedent will be/ are met and the grants will be realised, on a systematic basis in the consolidated statement of profit & loss over the period necessary to match them with the related cost which they are intended to compensate.

(n) **Employee Benefits**

Contributions to Provident Fund and contributory Pension Fund are accounted for on accrual basis. Provident Fund contributions are made to funds administered through duly constituted approved independent Trusts 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 deficiency, if any, is made good by the Companies. The companies, 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 other retiral benefits, to the extent applicable, made by independent actuaries. Actuarial gains and losses, where applicable, are recognized in the Statement of Profit and Loss. Compensation in respect of voluntary retirement scheme is charged off to revenue.

In respect of one of the subsidiaries short term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the related service is rendered.

The subsidiaries in the United States of America have a savings and investment plan under Section 401 (k) of the Internal Revenue Code of the United States of America. This is a defined contribution plan. Contributions made under the plan are charged to the consolidated statement of profit & loss in the period in which they accrue. Other retirement benefits are accrued based on the amounts payable as per local regulations.

(o) **Finance Costs**

Finance cost comprise interest expenses, applicable gain/loss on foreign currency borrowings in appropriate cases and borrowing costs. Such Finance 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 off to Statement of Profit & Loss. Finance costs in case of foreign currency borrowings is accounted for as appropriate, duly considering the impact of the contracts entered into for managing risks therefor. In respect of one of the subsidiaries ancillary costs incurred in connection with the arrangement of borrowings are amortized over the period of borrowings for which these are incurred.

(p) **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.

Certain subsidiaries have operations in Special Economic Zones (SEZ). Income from SEZ are eligible for 100% deduction for the first five years, 50% deduction for next five years and 50% deduction for another five years, subject to fulfilling certain conditions. In this regard, the Group recognises deferred taxes in respect of those originating timing differences which reverse after the tax holiday period resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and, therefore, no deferred taxes are recognised in respect of the same.

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. 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.

(q) **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.

(r) **Employee Stock Compensation Cost**

With respect to one of the subsidiaries, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The compensation cost relating to employee stock options is measured using the fair value method. Compensation expenses are amortized over the vesting period of the option on a straight line method.

One of the subsidiaries applies the intrinsic value based method of accounting for determining compensation cost for its stock-based compensation plan. The compensation cost is amortized over the vesting period of the option.

		₹ in Crore
	As at 31st March, 2014	As at 31st March, 2013
NOTE - 4 SHARE CAPITAL		
(a) Authorised Share Capital		
15,00,00,000 Equity Shares of ₹ 10 each	**150.00**	150.00
(b) Issued Capital		
13,12,35,897 Equity Shares of ₹ 10 each	**131.24**	131.24
(c) Subscribed and paid up capital		
12,49,35,925 Equity Shares of ₹ 10 each	**124.94**	124.94
(d) Forfeited Shares (amount originally paid up)	**0.66**	0.66
	125.60	125.60

(e) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares	**Amount (₹ In Crore)**	No. of shares	Amount (₹ In Crore)
Opening and Closing Balances	**124,935,925**	**124.94**	124,935,925	124.94

(f) Terms /rights attached to equity shares :

The Parent has only one class of equity shares having a par value of ₹ 10 per share fully paid up. Holders of Equity Shares are entitled to one vote per share. During the year ended 31st March, 2014 the amount of dividend per share recommended by the Board of Directors of the Parent as distributions to equity shareholders is ₹ 8 (previous year: ₹ 7) subject to declaration at the ensuing Annual General Meeting by the members. In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive sale proceeds from remaining assets of the Parent after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(g) Details of shareholders holding more than 5% shares in the parent.

	As at 31st March, 2014		As at 31st March, 2013	
Name of shareholder	**No. of shares**	**% of holding**	No. of shares	% of holding
Rainbow Investments Limited	**31,058,414**	**25**	31,058,414	25
Universal Industrial Fund Limited	**17,791,421**	**14**	17,791,421	14
HDFC Trustee Company Limited	**11,205,021**	**9**	10,940,021	9

₹ in Crore

			As at 31st March, 2014	As at 31st March, 2013
NOTE - 5	**RESERVES AND SURPLUS**			
(a)	Capital contribution from consumer as at beginning of the year		**710.24**	646.38
	Add : Contribution during the year		**106.38**	63.86
			816.62	710.24
(b)	Capital Reserve on consolidation	**502.29**		502.29
	Less : Adjusted with Goodwill on consolidation	**(502.29)**		(502.29)
			–	–
(c)	Capital Redemption Reserve		**20.13**	20.13
(d)	Securities Premium Account		**1,254.85**	1,254.85
(e)	Revaluation Reserve as at the beginning of the year		**1,058.91**	1,155.77
	Less : Withdrawal on account of depreciation / amortisation on amount added on revaluation		**96.10**	96.34
			962.81	1,059.43
	Less : Withdrawal of the residual amount added on revaluation consequent to sale/disposal of revalued assets		**1.58**	0.52
			961.23	1,058.91
(f)	Fund for unforeseen exigencies at the beginning of the year		**141.55**	109.67
	Add : Transfer during the year from Surplus (Refer Note (i) below)		**37.63**	31.88
			179.18	141.55
(g)	Hedge Reserve as at the beginning of the year	**15.61**		
	Less: Movement during the year	**(3.12)**		
	Less: Consequent to change in group interest	**(0.00)**		
			12.49	15.61
(h)	Foreign Currency Translation Reserve as at the beginning of the year	**6.76**		
	Add: Movement during the year	**112.67**		
	Less: Consequent to change in group interest	**(0.25)**		
			119.18	6.76
(i)	General Reserve / Surplus as at the beginning of the year		**1,809.92**	1,484.74
	Add : Profit for the year		**491.64**	459.38
	Less: Consequent to change in group interest		**1.26**	–
	Less : Transfer to fund for unforseen exigencies		**37.63**	31.88
	Less : Proposed Dividend		**99.95**	87.46
	Less : Tax on Proposed Dividend		**16.99**	14.86
			2,145.73	1,809.92
			5,509.41	5,017.97

(j) Amount transferred during the year to fund for unforeseen exigencies in respect of the Parent to be invested as per the statute.

₹ in Crore

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 6	**LONG-TERM BORROWINGS**		
(A)	**Secured**		
	Term Loans		
	(1) Rupee Loans :		
	(i) Banks	**6,302.07**	5,801.49
	(ii) Financial Institutions	**218.38**	266.38
		6,520.45	6,067.87
	(2) Foreign Currency Loans from banks	**3,813.07**	2,053.17
	(3) Finance Lease obligations	**10.76**	11.26
		10,344.28	8,132.30
(B)	**Unsecured**		
	(i) Banks	**515.00**	470.00
	(ii) Rupee Loan from Financial Institutions	**4.03**	5.82
		519.03	475.82
		10,863.31	8,608.12
Less :	Current maturities of long term borrowing transferred to Other Current Liabilities (Refer Note 10)	**1,730.97**	796.84
		9,132.34	7,811.28

(C) Nature of Security :

1 (i) Out of the Term Loans in (A) above in respect of the Parent, ₹ 3,071.48 crore are secured, ranking pari passu inter se, by equitable mortgage/hypothecation of the fixed assets of the Parent including its land, buildings and any other constructions thereon, plant and machinery, etc as a first charge and as a second charge, by hypothecation of the Parent's current assets comprising stock of stores, coal and other consumables, book debts, monies receivable and bank balances. However, creation of the said mortgage security in respect of ten Rupee Loans and one Foreign Currency Loan (Previous year seven Rupee Loans and one Foreign Currency Loan) aggregating ₹ 1,470.59 crore is in process. User rights in respect of a freehold land having a book value of ₹ 62.55 crore have been offered as security for financial assistance availed of by a subsidiary company to its lenders; and

(ii) Out of the Term Loans in (A) above ₹ 382.56 crore, in respect of the Parent, are secured, ranking pari passu inter se, by hypothecation of movable fixed assets and current assets of the Parent by way of a charge subservient to the charge of the first and second charge holders on the said assets.

2 Out of the Term Loan in (A) above, ₹ 210 crore in respect of one of the subsidiaries, is secured by way of hypothecation with an exclusive charge on all movable fixed assets, current assets and scheduled receivables of the subsidiary with respect to their Mall project , both present and future, and also with equitable assignment of all rights under Development Agreement executed with the Parent.

3 Out of the Term Loan in (A) above, ₹ 2616.12 crore in respect of another subsidiary are secured, ranking pari passu inter se with first charge by way of equitable mortgage /hypothecation of fixed assets of the subsidiary including its land, buildings and the construction thereon, plant and machinery etc and hypothecation of the Subsidiary's current assets.

4 (i) Out of the Term Loan in (A) above, ₹ 1,601.51 crore in respect of another subsidiary are secured, ranking pari passu inter se, with first charge by way of mortgage/hypothecation of fixed assets of the subsidiary including its land, buildings and the construction thereon, plant and machinery etc and hypothecation of the subsidiary's current assets.

(ii) Out of the Foreign Currency Loan in (A) above, loans amounting to ₹ 996.32 crore in respect of the above subsidiary are secured with first charge by way of mortgage/hypothecation of fixed assets of the subsidiary including its land, buildings and the construction thereon where exists and plant and machinery etc and hypothecation of subsidiary's current assets.

(iii) Out of the Foreign Currency Loan in (A) above, loan of ₹ 181.47 crore in respect of the above subsidiary is secured with second charge by way of hypothecation of movable fixed assets and current assets of the subsidiary.

5 In respect of one of the subsidiaries, the Foreign Currency Loan of ₹ 120.98 crore in (A) above is secured with an exclusive charge by way of mortgage/hypothecation on the fixed assets of the subsidiary including its land, building, construction thereon where exist, plant and machinery etc and by way of hypothecation of the current assets of the subsidiary in respect of 24MW wind power project at Jaisalmer, Rajasthan.

6 (i) In respect of certain subsidiaries, out of Foreign Currency Loan in (A) above, loans amounting to ₹ 119.23 crore is secured against pari passu charge on all current assets, non-current assets and fixed assets of such subsidiaries except assets of Anunta and FDS.

(ii) Term Loan of ₹ 808.85 crore in (A) above in respect of certain subsidiaries is secured against pari passu charge on all current assets, non-current assets and fixed assets of such subsidiaries except assets of Anunta and FDS.

(iii) Finance lease obligation amounting to ₹ 10.76 crore in (A) above in respect of certain subsidiaries is secured by way of hypothecation of underlying fixed assets taken on lease.

7 (i) Term loan of ₹ 75 crore in (A) above, in respect of one of the subsidiaries, is secured by hypothecation by way of first charge on all the current and movable assets (tangible & intangible, both, present and future) and all the receivables of the company 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 Vishakhapatnam, Hyderabad and Malad (Mumbai).

(ii) Secured loan of ₹ 150 crore in (A) above, in respect of the above subsidiary is covered/secured by Parent's letter of comfort and hypothecation by way of first charge on all the current and movable assets (tangible & intangible, both, present and future) and all the receivables of the company arising out of, pursuant to or under the merchant establishment agreement (including the credit card receivables account).

(D) **Major terms of repayment of long term borrowings disclosed in (A) and (B) above :** ₹ in Crore

Maturity Profile of Long Term Borrowings outstanding as at 31st March 2014	Rupee Term Loan from Banks	Rupee Term Loan from Financial Institutions	Finance Lease Obligations	Foreign Currency Loans	Total	Current Maturities
Loans with residual maturity of upto one year	-	-	-	750.18	750.18	750.18
Loans with residual maturity between 1 and 3 years	506.59	-	10.76	589.38	1,106.73	248.64
Loans with residual maturity between 3 and 5 years	638.33	47.13	-	1,328.06	2,013.52	374.65
Loans with residual maturity between 5 and 10 years	2,439.67	171.25	-	648.52	3,259.44	357.50
Loans with residual maturity beyond 10 years	3,236.51	-	-	496.93	3,733.44	-
Total	**6,821.10**	**218.38**	**10.76**	**3,813.07**	**10,863.31**	**1,730.97**

Interest rates on Rupee Term Loans from Banks and Financial Institutions are based on spread over respective Lender's benchmark rate and that of on Foreign Currency Loans are based on spread over LIBOR.

All of the above are repayable in periodic instalments over the maturity period of the respective loans.

₹ in Crore

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 7	**OTHER LONG TERM LIABILITIES**		
(a)	Trade Payables	**182.97**	42.42
(b)	Others*	**1,593.86**	1,827.34
		1,776.83	1,869.76

*Others represent those arising from adjustments detailed in Note 24, the unadjusted balance of sums received from consumers for capital jobs, pending completion thereof in respect of the Parent and retention liabilities in respect of certain subsidiaries etc.

NOTE - 8	**LONG TERM PROVISIONS**		
	Provision for employee benefits	**167.34**	135.98
		167.34	135.98

		As at 31st March, 2014	As at 31st March, 2013
			₹ in Crore
NOTE - 9	**SHORT-TERM BORROWINGS**		
A.	**Secured**		
	(i) Loans repayable on demand		
	Overdraft from banks	**602.19**	664.41
	Export Finance from Bank	**66.13**	-
	Working Capital demand loan	**179.76**	-
	(ii) Foreign Currency Loans		
	Buyers Credit	**-**	188.18
B.	**Unsecured**		
	Short term Loan from banks	**205.00**	200.04
		1,053.08	1,052.63

C. **Nature of Security**

1. The overdraft facilities from banks in respect of the Parent amounting to ₹ 575.58 crore in (A) (i) above are secured, ranking pari passu inter se, by hypothecation of Parent's current assets comprising stock of stores, coal and other consumables, book debts, monies receivable and bank balances as a first charge and as second charge by equitable mortgage/ hypothecation of the fixed assets of the Parent including its land, buildings and other constructions thereon where exists, plant and machinery etc. However, creation of the said mortgage security in respect of overdraft facilities from banks aggregating ₹ 190 crore is in process.
2 The working capital demand loan of ₹ 179.76 crore in A (i) above, in respect of one of the subsidiaries is secured against charge on all current assets, non-current assets and fixed assets of that subsidiary.

   The export finance from banks of ₹ 66.13 crore in A (i) above, in respect of the above subsidiary,including post-shipment and pre-shipment, is repayable on demand/receipt from customers.
3 The overdraft facilities from banks in respect of one of the subsidiaries, amounting to ₹ 26.61 crore in A (i) above, is secured against margin money deposits.

		As at 31st March, 2014	As at 31st March, 2013
			₹ in Crore
NOTE - 10	**OTHER CURRENT LABILITIES**		
(a)	Current maturities of long-term borrowings (Refer Note 6)	**1,725.47**	792.69
(b)	Current maturities of finance lease obligations (Refer Note 6)	**5.50**	4.15
(c)	Interest accrued but not due on borrowings	**77.19**	64.30
(d)	Interest accrued and due on borrowings	**0.05**	0.89
(e)	Book overdraft from Banks	**27.39**	24.61
(f)	Unclaimed dividend	**1.76**	1.52
(g)	Unclaimed public deposit	**0.03**	0.47
(h)	Liabilities on capital account	**566.82**	292.95
(i)	Other payables	**1,065.65**	775.34
(j)	Add : Share of Joint Venture (Refer Note 1c)	**0.05**	0.05
		3,469.91	1,956.97

(k) Unclaimed dividend and unclaimed Public Deposits in respect of the Parent do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

(l) Other payables includes outstanding interest on consumer security deposit, employee related liability, creditors towards contractual obligations etc.

		As at 31st March, 2014	As at 31st March, 2013
			₹ in Crore
NOTE - 11	**SHORT TERM PROVISIONS**		
(a)	Provision for employee benefits	**66.64**	23.73
(b)	Provision for taxation (net of advance tax)	**16.81**	3.88
(c)	Proposed Dividend	**99.95**	87.46
(d)	Tax on Proposed Dividend	**16.99**	14.86
(e)	Provision for Claims on Lease Property	**12.16**	12.01
		212.55	141.94

₹ in Crore

NOTE 12 - TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK AT COST OR VALUATION					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April, 2013	Additions / Adjustments on Acquisition	Additions/ Adjustments *	Withdrawals/ Adjustments	**As at 31st March, 2014**	As at 1st April, 2013	Additions / Adjustments on Acquisition	Additions/ Adjustments	Withdrawals/ Adjustments *	**As at 31st March, 2014**	**As at 31st March, 2014**	As at 31st March, 2013
Land												
Freehold	860.64	-	7.60	4.93	**863.31**	0.10	-	-	-	**0.10**	**863.21**	860.54
Leasehold	490.52	-	9.40	-	**499.92**	31.96	-	3.16	-	**35.12**	**464.80**	458.56
Buildings and Structures	1,057.45	-	767.98	55.63	**1,769.80**	507.16	-	52.94	18.61	**541.49**	**1,228.31**	550.29
Plant and Equipment	6,219.40	-	2,456.07	30.93	**8,644.54**	2,897.63	-	256.55	14.00	**3,140.18**	**5,504.36**	3,321.77
Transmission and Distribution System	4,695.32	-	569.55	19.20	**5,245.67**	1,728.48	-	155.94	17.49	**1,866.93**	**3,378.74**	2,966.84
Meters and Other Apparatus on Consumers' Premises	511.18	-	27.00	9.66	**528.52**	249.43	-	22.37	4.14	**267.66**	**260.86**	261.75
River Tunnel	4.88	-	-	-	**4.88**	2.77	-	0.26	-	**3.03**	**1.85**	2.11
Furniture and Fixtures	178.15	-	28.31	18.05	**188.41**	107.36	-	11.41	10.43	**108.34**	**80.07**	70.79
Office Equipments	396.68	-	65.12	17.05	**444.75**	295.27	-	26.49	(10.63)	**332.39**	**112.36**	101.41
Vehicles	20.80	-	1.94	2.32	**20.42**	13.16	-	1.84	1.63	**13.37**	**7.05**	7.64
Railway Sidings	39.43	-	63.73	-	**103.16**	20.64	-	1.30	-	**21.94**	**81.22**	18.79
	14,474.45	**-**	**3,996.70**	**157.77**	**18,313.38**	**5,853.96**	**-**	**532.26**	**55.67**	**6,330.55**	**11,982.83**	**8,620.49**
Previous Year	12,902.11	608.03	1,071.08	106.77	14,474.45	4,987.59	492.79	448.65	75.07	5,853.96	8,620.49	

Note: In respect of one of the subsidiaries, depreciation for the year includes Rs. 5.23 crore (previous year Rs. 1.68 crore) being accelerated depreciation on certain moveable items not in use from closed / disposed stores.
* Includes adjustments relating to foreign exchange on account of translation of foreign subsidiaries / entities.

NOTE 13 - INTANGIBLE ASSETS

₹ in Crore

PARTICULARS	GROSS BLOCK AT COST OR VALUATION					AMORTISATION					NET BLOCK	
	As at 1st April, 2013	Additions / Adjustments on Acquisition	Additions/ Adjustments *	Withdrawals/ Adjustments	**As at 31st March, 2014**	As at 1st April, 2013	Additions / Adjustments on Acquisition	Additions/ Adjustments	Withdrawals/ Adjustments *	**As at 31st March, 2014**	**As at 31st March, 2014**	As at 31st March, 2013
Goodwill on consolidation	2,205.08	-	237.07	4.02	**2,438.13**	-	-	-	-	**-**	**2,438.13**	2,205.08
Goodwill (Acquired)	88.71	-	26.80	14.43	**101.08**	56.47	-	20.34	6.31	**70.50**	**30.58**	32.24
Trademarks	32.00	-	-	-	**32.00**	6.40	-	1.60	-	**8.00**	**24.00**	25.60
Licence	14.44	-	0.06	0.42	**14.08**	4.25	-	1.18	0.26	**5.17**	**8.91**	10.19
Computer Software	148.13	-	36.04	8.63	**175.54**	129.07	-	13.74	(6.08)	**148.89**	**26.65**	19.06
	2,488.36	**-**	**299.97**	**27.50**	**2,760.83**	196.19	**-**	**36.86**	**0.49**	**232.56**	**2,528.27**	**2,292.17**
Previous Year	393.76	197.00	2,399.97	502.37	2,488.36	38.66	143.60	14.01	0.08	196.19	2,292.17	

* Includes adjustments relating to foreign exchange on account of translation of foreign subsidiaries / entities.

		₹ in Crore	
		As at 31st March, 2014	As at 31st March, 2013
NOTE - 14	**NON CURRENT INVESTMENTS**		
A.	**Trade Investments -Unquoted**		
	(a) Investments in Equity Instruments		
	13,000 Equity Shares of Integrated Coal Mining Limited of ₹ 10 each	**0.01**	0.01
	(b) Investments in Preference shares		
	3,00,00,000 1% Cumulative Optionally Convertible Redeemable Preference Shares of Integrated Coal Mining Limited of ₹ 10 each	**-**	30.00
B	**Other Investments - Unquoted**		
	(a) Investments in Equity Instruments		
	60,00,000 Equity Shares of Crescent Power Limited of ₹ 10 each	**6.00**	6.00
	(b) Investment in Mutual Fund		
	Philippines Treasury Bills*	**2.68**	2.68
	(c) Others		
	10,000 Equity Shares of Retailer's Association of India of ₹ 10 each	**0.01**	0.01
C	**Other Investments - Quoted**	**-**	
	Investments in Equity Instruments		
	1,21,95,122 (31st March, 2013 : 1,21,95,122) Equity Shares of Resource Generation Limited (Market value - ₹ 12.30 crore)	**64.96**	58.86
		73.66	97.56
D	**All non- current investments are long term in nature.**		

*These securities have been earmarked in favour of SEC, Philippines in compliance with corporation code of Philippines.

NOTE - 15	**LONG-TERM LOANS AND ADVANCES**		
	Unsecured, considered good		
	(a) Capital advances	**281.60**	294.81
	(b) Security Deposits	**79.18**	113.52
	(c) Deposits (Refer note 40)	**33.70**	37.48
	(d) Advance tax (net of provision for tax)	**61.30**	70.22
	(e) Share Application money to bodies corporate	**22.00**	20.00
	(f) Other Loans and advances (Includes advance for property acquisition, employee related loans etc)	**62.07**	25.36
	Unsecured, considered doubtful		
	Security Deposits	**0.91**	2.40
	Less : Allowances for doubtful advances	**0.91**	2.40
		–	–
		539.85	561.39

₹ in Crore

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 16	**OTHER NON-CURRENT ASSETS**		
	(a) Long Term Trade Receivables	**118.75**	252.82
	(b) Unamortised Cost (Refer Note 40)	**3.31**	5.19
	(c) Minimum Alternate Tax credit carried forward	**86.53**	59.63
	(d) Unamortised costs towards miscellaneous expenditure to the extent not written off or adjusted	**3.58**	4.29
	(e) Bank deposits with maturity more than 12 months (Refer note (h) below)	**0.05**	0.95
	(f) Margin money deposits (Refer note (i) below)	**25.29**	16.05
	(g) Interest receivable on deposits	**0.21**	0.07
		237.72	339.00

(h) Includes in respect of certain subsidiaries, ₹ 0.05 crore (31st March, 2013 : ₹ 0.25 crore) under lien for bank guarantees with customs authorities

(i) Represents deposits pledged with banks against Bank Guarantee and Overdraft facilities with respect to certain subsidiaries.

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 17	**CURRENT INVESTMENTS**		
	Unquoted		
(a)	**Investments in Equity Instruments**		
	29,728,500 Equity Shares of Noida Power Company Limited of ₹ 10 each	**29.73**	29.73
(b)	**Investments in Mutual Funds**		
	137,087 (31st March, 2013 : Nil) units of ICICI Prudential Liquid - Direct Plan Growth	**2.60**	-
	Nil (31st March, 2013: 2845.027) units of ₹ 24.57 each of HDFC Cash Management Fund Treasury Advantage Plan	**-**	0.01
	Nil (31st March, 2013 : 1,56,106.740) units of ₹ 1,921.762 each of UTI Liquid Cash Plan - Institutional - Direct Plan - Growth	**-**	30.00
	Nil (31st March, 2013 : 2,19,395.53) units of ₹ 1,139.494 each of Principal Cash Management Fund -Direct Plan-Growth	**-**	25.00
	Nil (31st March, 2013 : 17,31,102.135) units of ₹ 173.3 each of ICICI Prudential Liquid - Direct Plan- Growth	**-**	30.00
		32.33	114.74

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 18	**INVENTORIES**		
(a)	Raw Materials	**1.51**	0.83
(b)	Work in Progress	**0.01**	0.06
(c)	Finished Goods	**0.33**	0.09
(d)	Traded Goods	**142.24**	110.42
(e)	Fuel (includes goods in transit ₹ 23.57 crore; 31st March, 2013 ₹ 22.79 crore)	**217.39**	172.04
(f)	Stores and Spares (includes goods in transit ₹ 1.74 crore; 31st March, 2013 ₹ 2.45 crore)	**179.09**	153.37
(g)	Packing Materials	**2.28**	2.71
		542.85	439.52
	Less : Provision for obsolete stock of Traded Goods and Packing Materials	**4.55**	5.29
		538.30	434.23

₹ in Crore

		As at 31st March, 2014	As at 31st March, 2013
NOTE - 19	**TRADE RECEIVABLES**		
(a)	Outstanding for a period exceeding six months from due date of payment		
	Secured, considered good	**32.35**	26.83
	Unsecured, considered good	**231.51**	196.09
	Doubtful	**6.46**	9.05
		270.32	231.97
	Less : Allowances for doubtful debts	**6.46**	9.05
		263.86	222.92
(b)	Other receivables		
	Secured, considered good	**653.42**	437.73
	Unsecured, considered good	**612.87**	959.45
	Unsecured, considered doubtful	**2.47**	-
		1,268.76	1,397.18
	Less : Allowances for doubtful debts	**2.47**	-
		1,266.29	1,397.18
		1,530.15	1,620.10
NOTE - 20	**CASH AND BANK BALANCES**		
(a)	Cash and cash equivalents		
	Balances with banks		
	In Current Account	**519.12**	572.30
	Bank deposits with original maturity upto 3 months (Refer note (e) below)	**295.96**	468.05
	Cheques , draft on hand	**102.15**	12.92
	Cash on hand	**9.50**	9.93
		926.73	1,063.20
(b)	Other bank balances		
	Dividend Accounts	**1.76**	1.52
	Bank deposits with original maturity more than 3 months (Refer note (f) and (g) below)	**323.00**	270.56
	Deposit Accounts	**-**	0.05
	Escrow Account	**4.49**	21.87
		329.25	294.00
(c)	Less: Current account balance held in trust for customers in respect of certain subsidiaries	**46.11**	40.67
		1,209.87	1,316.53
(d)	Add : Share of Joint Venture [Refer note 1(c)]	**0.01**	0.08
		1,209.88	1,316.61

(e) In respect of the Parent, amount lying in deposit accounts with banks as at 31st March, 2014 includes ₹ Nil (31st March, 2013 : ₹26.00 crore) appropriated upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto.

(f) In respect of the Parent, amount lying in deposit accounts with banks with original maturity more than three months as at 31st March, 2014 includes ₹ 150.75 crore (31st March, 2013 : ₹ 91.00 crore) appropriated upto the previous year towards Fund for unforeseen exigencies and interest attributable thereto.

(g) Includes in respect of certain subsidiaries amount of ₹ 1.50 crore (31st March, 2013: ₹ 1.36 crore) towards line of credit.

₹ in Crore

	As at 31st March, 2014	As at 31st March, 2013
NOTE - 21 SHORT-TERM LOANS AND ADVANCES		
Other Advances		
(Unsecured, considered good)		
Advance for goods and services	**44.47**	39.49
Security deposit / advances	**-**	0.22
Advance tax (net)	**4.36**	12.71
Others *	**192.85**	148.12
	241.68	200.54
(Unsecured, considered doubtful)		
Security deposit / advances	**0.01**	-
Less : Allowances for doubtful advances	**(0.01)**	-
	-	-
	241.68	200.54

* Above include expenditure incurred for setting up power projects to be transferred to the specific project developing entities, in due course.

	As at 31st March, 2014	As at 31st March, 2013
NOTE - 22 OTHER CURRENT ASSETS		
(a) Deferred Payment	**196.71**	116.46
(b) Unbilled Revenue	**211.05**	136.44
(c) Receivable towards claims and services rendered - (considered good)	**0.54**	1.91
(d) Others		
Others	**3.33**	5.88
Interest accrued on Deposits	**25.18**	35.18
Unamortised cost (Refer note 40)	**1.87**	-
(e) Unamortised costs towards miscellaneous expenditure to the extent not written off or adjusted	**0.72**	0.72
	439.40	296.59

NOTE - 23 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(a) Claims against the Parent not acknowledged as debts:

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 ₹ 0.69 crore as sales tax on meter rentals received during the year ended 31st March, 1993 and raised a demand of ₹ 0.36 crore on account of interest. Against the above demand, the Parent had deposited a sum of ₹ 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 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 money for which the Parent is contingently liable :

Municipal Tax : ₹ 1.12 crore (31st March, 2013 : ₹ 1.06 crore) in respect of certain properties, the rates of which are disputed by the Parent.

(c) For commitment relating to leasing arrangment, refer Note 33.

(d) Commitment of the Parent on account of estimated amount of contracts remaining to be executed on capital account and the same towards borrowing obligation of a body corporate from a bank, not provided for amount to ₹ 161.89 crore (31st March, 2013 : ₹ 127.06 crore), and ₹ 132.08 crore (31st March, 2013 : ₹ 161.25 crore) respectively and commitment in respect of other subsidiaries ₹ 546.64 crore (31st March, 2013 : ₹ 2071.99 crore).

(e) Claim against a Subsidiary not acknowledged as debts :

(i) Retailer's Association of India (RAI) of which one of the subsidiaries is a member, has filed Special Leave Petition before the Hon'ble Supreme Court of India, about the applicability of service tax on commercial rent on immovable property. Pending disposal of the case, the Supreme Court has passed an interim ruling in Oct 2011 directing the members of RAI to pay 50% of total service tax liability upto Sept 2011 to the department and to furnish a surety for balance 50%. The Supreme Court has also clarified that the successful party in the appeal shall be entitled to interest on the amount stayed by the Court, at such rate as may be directed at the time of the final disposal of appeal. Accordingly the subsidiary has deposited ₹ 4.60 crore and furnished a surety for ₹ 4.60 crore towards the balance service tax liability, while interest, whose quantum and applicability is presently not ascertainable, will be provided on the disposal of the petition.

Further the subsidiary has been making provision for service tax on rent subsequent to such interim ruling, the balance whereof as on 31st March, 2014 is ₹ 12.16 crore (31st March, 2013 : ₹ 12.01 crore).

(ii) Other claims against certain subsidiaries not acknowledged as debt ₹ 4.43 crore (31st March,2013 : ₹ 2.59 crore)

(iii) The Joint Venture Company of the Group has provided a bank guarantee amounting to ₹ 41 crore in favour of The President of India, acting through the Ministry of Coal, Government of India towards future liability of the joint venture in the Royalty for one year in respect of allocation of Mahuagarhi Coal Block in the State of Jharkhand. The exposure of the Group in the Joint Venture Company is limited to 50%.

(f) Contingent Liability not provided for with respect to certain subsidiaries :

₹ in Crore

Particulars	**31st March, 2014**	31st March, 2013
- Sales tax demands under appeal	**1.30**	1.69
- Service tax demands under appeal	**18.09**	19.64
- Income tax demands (amount deposited ₹ 7.29 crore)	**124.03**	44.24
- Gurantees given	**0.34**	0.09
- Guarantee to ABP Corporation to discharge obligation, if any, in event of default	**Not Quantified**	Not Quantified

₹ in Crore

		2013-14	2012-13
NOTE - 24	**REVENUE FROM OPERATIONS**		
(a)	Earnings from sale of electricity	**5,509.73**	5,242.67
(b)	Earnings from sale of retail products (net of Excise Duty)	**1,416.24**	1,331.54
(c)	Earnings from sale of services	**3,126.42**	922.61
(d)	Earnings from Mall operations	**12.27**	–
(e)	Other Operating Revenue		
	Meter Rent	**44.01**	42.34
	Others	**2.18**	17.49
		10,110.85	7,556.65

(f) Earnings from sale of electricity in respect of the Parent are determined in accordance with the relevant orders of the Commission, where appropriate, giving due effect to the required adjustments. Such adjustments include a sum of ₹ (0.95) crore (previous year: ₹ 42.53 crore) in respect of the cost of electrical energy purchased, fuel and related costs and also those relating to revenue account, based on the Parent's understanding of the applicable regulatory provisions on this count, after giving effect of the impact arising from applicable orders in this regard for earlier years and the net impact of the said adjustments has been included in Other long term liabilities. The accurate quantification and disposal of the matters are being given effect to, from time to time, on receipt of necessary direction from the appropriate authorities. The said earnings are also net of discount for prompt payment of bills allowed to consumers on a net basis from month to month and advance against depreciation amounting to ₹ 62.41 crore (previous year : ₹ 81.91 crore) and ₹ 62.67 crore (previous year : ₹ 148.20 crore) respectively.

₹ in Crore

		2013-14	2012-13
NOTE - 25	**OTHER INCOME**		
(a)	Interest Income	**62.23**	67.40
(b)	Dividend Income	**0.60**	0.31
(c)	Income from Recoveries and Services	**50.34**	41.20
(d)	Gain on sale of current investments (net)	**26.03**	50.40
(e)	Delayed Payment Surcharge	**13.46**	14.03
(f)	Profit on sale of assets	**4.25**	4.28
(g)	Other Non -operating Income	**28.58**	4.56
		185.49	182.18
	Less : Allocated to capital account	**12.14**	38.45
		173.35	143.73

		2013-14	2012-13
NOTE - 26	**COST OF MATERIALS CONSUMED**		
	Opening Stock of Raw Material	**0.83**	0.19
	Add : Purchases	**10.46**	6.88
	Less : Closing stock of Raw Material	**1.51**	0.83
		9.78	6.24

₹ in Crore

		2013-14	2012-13
NOTE - 27	**CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK- IN -PROGRESS**		
	(Increase)/decrease in stocks		
	Stock at the beginning of the year :		
	Finished Goods	**0.09**	0.03
	Stock -in-trade	**110.42**	123.00
	Work-in-progress	**0.06**	0.03
	Total (A)	**110.57**	123.06
	Less : Stock at the end of the year :		
	Finished Goods	**0.33**	0.09
	Stock -in-trade	**142.24**	110.42
	Work-in-progress	**0.01**	0.06
	Total (B)	**142.58**	110.57
	(Increase) / Decrease in stocks (A-B)	**(32.01)**	12.49

NOTE - 28 COST OF FUEL FOR POWER BUSINESS

(a) Cost of Fuel includes freight ₹ 281.59 crore (previous year: ₹ 286.69 crore).

(b) Cost of Fuel includes loss of ₹ 7.37 crore (previous year: loss of ₹ 3.06 crore) due to exchange fluctuations.

NOTE 29 EMPLOYEE BENEFITS EXPENSE

		2013-14	2012-13
(A)	1. Salaries, wages and bonus	**2,768.84**	1,255.41
	2. Contribution to provident and other funds	**200.89**	92.82
	3. Employees' welfare expenses	**115.27**	53.63
		3,085.00	1,401.86
	Less : Allocated to capital account etc.	**124.92**	94.50
		2,960.08	1,307.36

(B) **Employee Benefits**

The Group makes contributions for provident fund and pension (including for superannuation) schemes. For these schemes, such contributions are made based on current salaries, to funds maintained by the Group and for certain categories, to State Plans. For certain schemes, contributions are also made by the employees. An amount of ₹ 67.20 crore (previous year : ₹ 43.65 crore), has been charged to the Statement of Profit and Loss . The Group also operates schemes like gratuity, leave encashment and other retiral benefits including medical which offers specified benefits to the eligible employees. 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.

NOTE - 29 EMPLOYEE BENEFIT EXPENSES *(Contd.)*

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

₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	Leave Encashment	Medical	Pension	Gratuity	Leave Encashment	Medical	Pension
Present value of funded obligation/ yet to be funded obligation	257.39	-	-	-	207.88	-	-	-
Fair Value of Plan Assets	199.62	-	-	-	189.09	-	-	-
	57.77	-	-	-	18.79	-	-	-
Present value of un-funded obligation	0.47	91.68	32.84	25.78	0.29	72.56	23.70	20.86
Unrecognised past service cost	-	-	-	-	-	-	-	-
Net Liability/(Asset)	**58.24**	**91.68**	**32.84**	**25.78**	**19.08**	72.56	23.70	20.86

₹ in Crore

	For the year ended 31st March, 2012				For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	Gratuity	Leave Encashment	Medical	Pension	Gratuity	Leave Encashment	Medical	Gratuity	Leave Encashment	Medical
Present value of funded obligation/ yet to be funded obligation	172.71	-	-	-	155.35	-	-	132.76	-	-
Fair Value of Plan Assets	161.43	-	-	-	152.63	-	-	117.13	-	-
	11.28	-	-	-	2.72	-	-	15.63	-	-
Present value of un-funded obligation	-	62.47	18.69	16.71	-	57.67	17.33	-	50.34	15.39
Unrecognised past service cost	-	-	-	-	-	-	-	-	-	-
Net Liability/(Asset)	11.28	62.47	18.69	16.71	2.72	57.67	17.33	15.63	50.34	15.39

Experience Adjustment

₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	Leave Encashment	Medical	Pension	Gratuity	Leave Encashment	Medical	Pension
Experience (Gain) / Loss adjustment on plan liabilities	60.12	22.74	2.24	6.62	6.74	4.83	3.51	7.20
Experience (Gain) / Loss adjustment on plan assets	0.96	-	-	-	(1.59)	-	-	-
Experience (Gain) / Loss adjustment on plan liabilities due to change in assumption	(13.65)	(5.42)	(3.74)	(0.09)	7.30	3.00	0.96	(0.22)

₹ in Crore

	For the year ended 31st March, 2012			For the year ended 31st March, 2011		
	Gratuity	Leave Encashment	Medical	Gratuity	Leave Encashment	Medical
Experience (Gain) / Loss adjustment on plan liabilities	14.80	4.42	1.66	12.67	5.81	(0.44)
Experience (Gain) / Loss adjustment on plan assets	(0.17)	-	-	0.36	-	-
Experience (Gain) / Loss adjustment on plan liabilities due to change in assumption	(4.92)	(1.92)	(1.04)	(14.61)	2.32	1.91

Expenditure shown in the Note 29 to Statement of Profit and Loss as follows :

₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	Leave Encashment	Medical	Pension	Gratuity	Leave Encashment	Medical	Pension
Current Service Cost	12.04	2.40	-	-	9.14	2.30	-	-
Interest Cost	16.04	5.67	1.90	1.58	16.12	5.20	1.59	-
Expected Return on Plan Assets	(15.17)	-	-	-	(14.66)	-	-	-
Actuarial loss/(gain)	43.97	18.06	(1.50)	6.53	12.78	8.13	4.46	6.98
Past Service Cost	-	-	10.05	-	-	-	-	-
Total	**56.88**	**26.13**	**10.45**	**8.11**	23.38	15.63	6.05	6.98

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

₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	**Leave Encashment**	**Medical**	**Pension**	Gratuity	Leave Encashment	Medical	Pension
Opening defined benefit obligation	**208.17**	**72.55**	**23.70**	**20.86**	172.71	62.47	18.59	16.71
Adjustment on acquisition	**-**	**-**	**-**	**-**	12.33	-	-	-
Current Service Cost	**12.04**	**2.40**	**-**	**-**	9.14	2.30	-	-
Past Service Cost	**-**	**-**	**10.05**	**-**	-	-	-	-
Interest Cost	**16.04**	**5.67**	**1.90**	**1.58**	16.12	5.20	1.59	-
Plan Amendments	-	**-**	**-**	**-**	-	-	-	-
Actuarial loss/(gain)	**45.96**	**18.06**	**(1.50)**	**6.53**	14.32	8.13	4.46	6.98
Benefits paid	**(24.35)**	**(7.00)**	**(1.31)**	**(3.19)**	(16.44)	(5.56)	(0.94)	(2.83)
Closing Defined Benefit Obligation	**257.86**	**91.68**	**32.84**	**25.78**	208.18	72.54	23.70	20.86

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

₹ in Crore

	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	Gratuity	**Leave Encashment**	**Medical**	**Pension**	Gratuity	Leave Encashment	Medical	Pension
Opening fair value of Plan Assets	**189.09**	**-**	**-**	**-**	161.43	-	-	-
Adjustment on acquisition	**-**	**-**	**-**	**-**	5.81	-	-	-
Expected Return on Plan Assets	**15.17**	**-**	**-**	**-**	14.64	-	-	-
Actual Company Contributions	**17.72**	**-**	**-**	**-**	21.61	-	-	-
Actuarial gain/(loss)	**1.99**	**-**	**-**	**-**	1.55	-	-	-
Benefits paid	**(24.35)**	**-**	**-**	**-**	(15.96)	-	-	-
Closing Fair Value on Plan Assets	**199.62**	**-**	**-**	**-**	189.08	-	-	-
Actual Return on Plan Assets	**17.16**	**-**	**-**	**-**	16.19	-	-	-

The major categories of plan assets consist of funds maintained with insurer like LICI, ICICI Prudential, Birla Sun Life and HDFC Standard Life

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

	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	Increase	**Decrease**	Increase	Decrease
Effect on defined benefit obligation	**33.17**	**(24.32)***	0.24	(0.17)*

* in case of hospitalised treatment only

Principal Actuarial Assumptions Used:

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Discount Rates	**9.00% to 9.20%**	8.00% to 8.20%
Expected Return on Plan Assets	**8.75% to 9.20%**	8.20% to 8.75%
Rate of increase in medical cost trend	**2.50%**	2.50%
Mortality Rates	**"LIC 2006-08 Ultimate"**	"LIC 2006-08 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 31st March, 2015 is not readily ascertainable and therefore, not disclosed. However, certain subsidiaries expect to contribute ₹ 0.50 crore to the Gratuity fund for the year ending 31st March, 2015.

In respect of the Patent, present value of un-funded obligation towards PF interest amounts to ₹ 2.22 crore (31st March, 2013 : ₹ Nil)

Above disclosures as required by AS -15 - Employee Benefits are given to the extent available from the actuarial report.

₹ in Crore

		2013-14	2012-13
NOTE - 30	**FINANCE COSTS**		
(a)	Interest expense	**1,089.95**	767.54
(b)	Other Borrowing Costs	**62.00**	43.17
(c)	Applicable net loss on foreign currency transactions and translation	**146.25**	91.56
		1,298.20	902.27
	Less : Allocated to capital and deferred payment account	**732.18**	471.86
		566.02	430.41
NOTE - 31	**DEPRECIATION AND AMORTISATION EXPENSES**		
	Depreciation/ amortisation on tangible assets	**532.26**	448.65
	Amortisation on intangible assets	**36.86**	14.01
		569.12	462.66
	Less : Recoupment from revaluation reserve	**96.10**	96.34
	Less : Allocated to capital account	**1.61**	1.79
		471.41	364.53
NOTE - 32	**OTHER EXPENSES**		
(a)	Power and Fuel	**79.64**	53.25
(b)	Packing Materials Consumed	**5.58**	4.79
(c)	Consumption of stores and spares	**343.55**	299.67
(d)	Repairs		
	Building	**17.79**	17.10
	Plant and Machinery	**103.03**	88.54
	Distribution System	**80.45**	97.51
	Others	**27.33**	25.80
		228.60	228.95
(e)	Insurance	**32.66**	15.90
(f)	Rent	**231.93**	140.62
(g)	Rates and taxes	**26.17**	14.12
(h)	Bad debts / Advances made	**26.62**	27.34
(i)	Allowances for doubtful debts , Store/Lease Deposits/ advances made /Security Deposit	**–**	0.65
(j)	Amortisation of miscellaneous expenditure	**0.72**	0.72
(k)	Loss on sale / disposal of assets (net) [Refer Note q]	**8.76**	14.16
(l)	Interest on Consumers' Security Deposit	**78.89**	70.81
(m)	Foreign Exchange Restatement	**43.54**	116.46
(n)	Travelling and conveyance	**135.24**	65.93
(o)	Information, communication and connectivity charges	**128.94**	51.03
(p)	Miscellaneous expenses	**453.23**	362.27
		1,824.07	1,466.67
	Add : Share of Joint Venture [Refer Note 1(c)]	**0.01**	0.01
		1,824.08	1,466.68
	Less : Allocated to capital account	**288.24**	327.66
		1,535.84	1,139.02

(q) Includes write off of goodwill on consolidation pertaining to a subsidiary amounting to ₹ 0.88 crores.

NOTE - 33 Leases :

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

Future rentals payable in respect of non-cancellable leases for assets comprising various equipment and vehicles acquired under operating leases for the period ranging between 36-60 months work out to ₹ 7.42 crore (previous year : ₹ 2.76 crore) and ₹ 5.91 crore (previous year : ₹ 0.77 crore) 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 :**

(i) Certain Subsidiaries have taken retail stores, office facilities, residential facilities, office equipment & vehicles on operating lease and the lease rent is payable as per the agreements entered into 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 subsidiary. There are no restrictions imposed by these lease arrangements. There are no subleases. The details of lease rental payable are given below :

Operating Leases ₹ in Crore

	2013-14	2012-13
Lease payments for the year	**154.17**	126.71
Future minimum lease payments–		
Not later than one year	**115.62**	127.95
Later than one year but not later than five years	**278.89**	329.79
Later than five years	**359.97**	383.77

(ii) Subsidiaries in Process Outsourcing business have acquired certain capital assets under finance lease. Future minimum lease payments under finance lease as at 31st March, 2014 are as follows: ₹ in Crore

As at 31st March, 2014	**Minimum lease payments**	**Finance charges**	**Present value of minimum lease payments**
Amount payable within one yearfrom the balance sheet date	6.17	0.67	5.50
Amount payable in the period between one year and five years	5.54	0.28	5.26
	11.71	**0.95**	**10.76**

(iii) Subsidiaries in Process Outsourcing business have given vehicles on finance lease to its employees as per policy. As at 31st March, 2014, the future minimum lease rentals receivables are as follows: ₹ in Crore

As at 31st March, 2014	**Minimum lease payments**	**Finance charges**	**Present value of minimum lease payments**
Amount receivable within one year from the balance sheet date	2.47	0.47	2.00
Amount receivable in the period between one year and five years	3.60	0.41	3.19
	6.07	**0.88**	**5.19**

(c) With respect to subsidiaries in Process Outsoucing business, assets taken on finance lease included in the Fixed Assets Note no. 12 is as follows: ₹ in Crore

As at 31st March, 2014	**Tangible Assets**				**Intangible Assets**
	Leasehold Buildings and Structures	**Office Equipments**	**Plant and Equipments**	**Furniture and Fixtures**	**Software**
Gross Block (at cost)	12.36	6.37	10.32	3.24	3.89
Accumulated Depreciation/ Amortisation	4.85	6.37	10.32	1.47	1.55
Net Block	7.51	–	–	1.77	2.34

NOTE - 34 The major components of net Deferred Tax Assets / (Liabilities) based on the timing difference as at 31st March, 2014 are as under:

Deffered Tax Liabilities (net) ₹ in Crore

	2013-14	2012-13
Liabilities		
Excess of tax depreciation over book depreciation	**(222.28)**	(159.83)
Assets		
Unabsorbed business losses	**132.23**	83.03
Other Timing Differences	**56.88**	48.30
Net Deferred Tax Liability	**(33.17)**	(28.50)

Deffered Tax Assets (net) ₹ in Crore

	2013-14	2012-13
Liabilities		
Excess of tax depreciation over book depreciation	**(1,058.63)**	(887.92)
Assets		
Unabsorbed business depreciation	**80.63**	82.08
Unabsorbed business losses	**199.42**	199.42
Other Timing Differences	**45.82**	46.38
Net Deferred Tax Liability	**(732.76)**	(560.04)
Less : Recoverable deferred tax element of Parent	**1,043.29**	870.57
Net Deferred Tax Asset	**310.53**	310.53

Note : In respect of one of the subsidiaries , there are unabsorbed depreciation and carried forward losses as at the Balance Sheet date. However, based on future profitability projections, the subsidiary is virtually certain that there would be sufficient taxable income in future and hence, continues to carry Deferred Tax Assets (DTA) of ₹ 310.53 crore (31st March, 2013 : ₹ 310.53 crore)

NOTE - 35 **Earnings per share:**

Computation of Earnings per share ₹ in Crore

Particulars		**2013-14**	2012-13
Profit after Tax and before exceptional items (₹ in crore)	(A)	**491.64**	417.61
Weighted Average no. of shares for Earnings per share	(B)	**124,935,925**	124,935,925
Basic and Diluted Earnings per share of ₹ 10/- each before Exceptional Items = [(A) / (B)] (₹)		**39.35**	33.43
Profit after Tax and after exceptional items (₹ in crore)	(C)	**491.64**	459.38
Weighted Average no. of shares for Earnings per share	(D)	**124,935,925**	124,935,925
Basic and Diluted Earnings per share of ₹ 10/- each after Exceptional Items= [(C) / (D)] (₹)		**39.35**	36.77

NOTE - 36 Certain subsidiaries have incurred losses during the year, primarily due to nascent stage of organized retail industry in the country and have accumulated losses against shareholders' funds as on the Balance Sheet date. However, the subsidiaries having created a 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 Parent and the promoters.

NOTE - 37 In respect of the Parent, the Members of the Company at the Thirty-fifth Annual General Meeting held on 26 July, 2013 have approved payment of commission to the non executive directors at a rate not exceeding 3% per annum of the net profits of the Parent for each of five financial years commencing from 2013-14. Approval of the Central Government for payment of such commission in excess of 1% of the net profit of the Parent for the financial year 2013-14 is being sought and accordingly the Commission proposed for non executive directors in excess of said 1% i.e ₹ 16.67 crore, is subject to approval of the Central Government.

NOTE - 38 In line with the changed business scenario with respect to the retailing of music through physical format and also in continuation of its steps taken by the Group in the previous year, the Group has fully discontinued its operations in one of the subsidiaries during the year. Promoters will continue to provide its funding for discharging its balance liabilities. Accordingly, the financial statements have been prepared stating balance unpaid liabilities and realisable assets of one of the subsidiaries.

NOTE - 39 Employee Stock Option Plans

Certain subsidiaries have following stock option plans :

(i) Stock option scheme 2002 ('Scheme 2002') – As per the Scheme, Compensation cum Board Governance Committee ('the Committee') shall issue stock options to the employees at an exercise price equal to the fair value on the date of grant, as determined by an independent valuer. The Scheme 2002 provides that these options would vest in tranches over a period of 12 to 48 months from the date of grant. Further, the participants shall exercise the options within a period of nine years commencing on or after the expiry of twelve months from the date of the grant of the options.

(ii) Employee stock option scheme 2003 ('Scheme 2003') - The terms and conditions under this Scheme are similar to those under 'Scheme 2002' except for the following, which were included in line with the amended "SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999":

- The Scheme 2003 would be administered and supervised by the members of the Compensation committee.
- Exercise price to be determined based on a fair valuation carried out at the beginning of every six months for options granted during those respective periods. The Exercise Price shall be determined by the Committee on the date the Option is granted in accordance with, and subject to, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (as amended from time to time);

The Scheme provides that these options would vest in tranches over a period of 24 to 36 months from the date of grant. Further, the exercise period of Scheme 2003 has been approved as 10 years from the date of the grant of Options.

Certain portions of Scheme 2003 include "Executive Options". 50% of the vesting for 'Executive Options' is time linked and the balance 50% is performance linked. The vesting period for time linked "Executive Options" has been set as 24 to 60 month from the date of grant. 50% of 'Executive Options' which are performance linked shall vest in proportion to the achievement of 5 year performance targets to be decided by the Committee, with the first vesting being at the end of the second year from the date of grant of 'Executive Options'. The number of 'Executive Options' vesting at the end of each year would be in proportion to the percentage achievement against the targets and if the targets were not met, the vesting period would be extended beyond 5 years. If performance was better than targets, the Options would vest in less than 5 years.

Options under these plans have been granted to employees at an exercise price ranging from ₹ Nil to ₹ 90 per option.

Outstanding options as at 31st March, 2013	48,008,532
Granted during the year	11,075,000
Exercised during the year	(2,153,625)
Forfeited and lapsed during the year	(9,324,271)
Outstanding options as at 31st March, 2014	47,605,636

Outstanding options as at 31st March, 2014 out of 'Scheme 2002' is Nil and 'Scheme 2003' is 47,605,636. The weighted average remaining contractual term for Scheme 2003 is 37.49 to 91.96 months respectively.

These subsidiaries apply the intrinsic value based method of accounting for determining compensation cost for its stock- based compensation plan. Had the compensation cost been determined using the fair value approach, the subsidiary's net income and basic and diluted earnings per share as reported would have reduced to the proforma amounts as indicated:

(₹ In crore)

Particulars	2013-14	2012-13
Net income as reported	**491.64**	459.38
Less : Stock-based employee compensation expense (fair value method)	**12.11**	4.47
Proforma net income	**479.53**	454.91
Basic and diluted income as reported earnings per share as reported (₹)	**39.35**	36.77
Proforma basic and diluted earnings per share (₹)	**38.38**	36.39

The key assumptions used to estimate the fair value of options are :

Dividend yield	0%
Expected Life	5.5-7 years
Risk free interest rate	6.50% to 9.06%
Volatility	0% to 75%

NOTE - 40 Adoption of AS 30

In December 2007, the ICAI issued AS 30, Financials Instruments: Recognition and Measurement, recommendatory in respect of accounting periods commencing on or after 1st April, 2009 and mandatory in respect of accounting periods commencing on or after 1st April, 2011 for the Company.

In March 2008, ICAI announced that earlier adoption of AS 30 is encouraged. However, AS 30, along with limited revision to other accounting standards, has currently not been notified under the Companies (Accounting Standard) Rules, 2006.

On 1st October, 2008, certain subsidiaries, early adopted AS 30 in its entirety, read with AS 31, effective 1st April, 2008 and the limited revisions to other Accounting Standards.

AS 30 states that particular sections of other Accounting Standards; AS 4, Contingencies and Events Occurring after Balance sheet date, to the extent it deals with contingencies, AS 11 (revised 2003), The Effects of Changes in Foreign Exchange Rates, to the extent it deals with the 'forward exchange contracts' and AS 13, Accounting for Investments, except to the extent it relates to accounting for investment properties, would stand withdrawn only from the date AS 30 becomes mandatory (1st April, 2011). In view of that, in case of certain subsidiaries, on an early adoption of AS 30, accounting treatment made on the basis of the relevant sections of Accounting Standards referred above viz. AS 4, AS 11 and AS 13 stands withdrawn as it believes that principles of AS 30 more appropriately reflect the nature of these transactions.

Pursuant to the early adoption of AS 30, certain subsidiaries have discounted non-interest-bearing deposits to their present value and the difference between original amount of deposit and the discounted present value has been disclosed as "Unamortised cost" under other current and non-current assets. This unamortised cost is charged to the statement of profit and loss over the period of related lease. Correspondingly, interest income is accrued on these interest-free deposits using the implicit rate of return over the period of lease and is recognised under "Interest income".

In accordance with the transition provisions of AS 30, impact on first time adoption was accounted in General Reserve.

The said subsidiaries have also designated forward contracts to hedge highly probable forecasted transactions on the principles as set out in AS-30 (also refer Note 41).

Consequent to the early adoption of AS 30 as stated above, the profit after taxation for the period and Reserves and Surplus as at the Balance sheet date with respect to certain subsidiaries is higher by ₹ 16.90 crores (31st March, 2013 : lower by ₹ 28.10 crores) and by ₹ 0.3 Crores (31st March, 2013: ₹ 2 crores) respectively. The increase in reserve and surplus includes translation gain on the investment in non-integral foreign operation used as hedging against translation loss on ECB, which is currently credited to reserve and surplus, would be transferred to consolidated statement of profit and loss upon disposal of non-integral foreign operation.

NOTE - 41 Derivatives

As at 31st March, 2014, certain subsidiaries have derivative financial instruments to sell USD 30,597,632 (31st March, 2013: USD 20,673,912) having fair value gain of ₹ 4.58 Crores (31st March, 2013: loss of ₹ 0.96 Crores), GBP 51,429,893 (31st March, 2013: GBP 22,827,009) having fair value loss of ₹ 12.55 Crores (31st March, 2013 : gain of ₹ 5.72 Crores) and AUD 2,902,890 (31st March, 2013: AUD 7,950,000) having fair value gain of ₹ 1.02 Crores (31st March 2013 : loss of ₹ 2.39 Crores) relating to highly probable forecasted transactions.

NOTE - 42 Consolidated Segment Reporting

(a) **Primary Segment Information - Business Segments** (₹ In Crore)

Particulars	Power		Retail		Property		Process Outsourcing		Total	
	2013-14	2012-13	**2013-14**	2012-13	**2013-14**	2012-13	**2013-14**	2012-13	**2013-14**	2012-13
Sales Revenue from external customers	**5,577.07**	5,303.94	**1,416.24**	1,337.47	**12.27**	0.00	**3,105.27**	915.24	**10,110.85**	7,556.65
Other Segment Revenue	**102.01**	89.92	**57.36**	45.80	**3.15**	0.51	**10.83**	7.50	**173.35**	143.73
Total Segment Revenue	**5,679.08**	5,393.86	**1,473.60**	1,383.27	**15.42**	0.51	**3,116.10**	922.74	**10,284.20**	7,700.38
Segment Results Before Interest, Tax and Exceptional Items	**1,147.74**	1,087.50	**(111.07)**	(121.94)	**(0.01)**	(1.87)	**287.84**	81.61	**1,324.50**	1,045.30
Unallocated Finance Costs									**(566.02)**	(430.41)
Exceptional Items				41.77					**-**	41.77
Profit before Taxation and Minority Interests									**758.48**	656.66
Provision for Taxation									**(185.59)**	(175.78)
Profit after Taxation before Minority Interests									**572.89**	480.88
Segment Assets	**19,710.36**	17,013.24	**470.29**	427.11	**442.84**	325.43	**1,538.68**	949.34	**22,162.17**	18,715.12
Unallocated Assets									**2,814.17**	2,598.50
Total Assets									**24,976.34**	21,313.62
Segment Liability	**5,718.05**	4,969.97	**227.82**	190.56	**39.84**	17.77	**364.37**	365.73	**6,350.08**	5,544.03
Unallocated Liabilities									**12,083.32**	9,883.55
Total Liabilities									**18,433.40**	15,427.55
Capital Expenditure	**3,933.85**	3,602.81	**57.93**	10.96	**109.08**	102.71	**160.81**	16.94	**4,261.67**	3,733.42
Depreciation (including amortisation of Intangible assets)	**357.10**	301.35	**35.24**	35.10	**3.37**	0.07	**75.70**	28.01	**471.41**	364.53
Non Cash Expenditure other than depreciation	**89.90**	31.60	**0.86**	10.69	**-**	-	**-**	0.65	**90.76**	42.94

Notes :

Business Segments :

The internal business segmentations and the activities encompassed therein are as follows :

Power : Generation / Distribution of electricity

Retail : Organised Retailing

Property : Property Development

Process Outsourcing : Business Process Outsourcing

(b) **Secondary Segment Information - Geographical Segments** (₹ In Crore)

Particulars	Segment Revenue excluding other segment revenue		Segment Assets		Capital Expenditure	
	2013-14	2012-13	**2013-14**	2012-13	**2013-14**	2012-13
Within India	**7,262.25**	6,751.93	**21,295.22**	17,954.30	**4,245.43**	3,716.48
UK	**1,113.51**	314.07	**147.60**	191.20	**2.05**	-
USA and Canada	**1,458.37**	421.62	**2,720.80**	2,514.58	**13.75**	-
Rest of the World	**276.72**	83.07	**154.49**	123.00	**0.44**	-
Unallocated	**-**	-	**658.23**	530.54	**-**	16.94
Total	**10,110.85**	7,570.68	**24,976.34**	21,313.62	**4,261.67**	3,733.42

In respect of subsidiaries in Process Outsourcing business having operations outside India, as the fixed assets and services are used interchangeably between the segments by the businesses, the Group believes that it is currently not practicable to provide geographical segment disclosures relating to these assets and capital expenditure which has been considered as unallocated expenditure.

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

NOTE - 43 Related Party disclosure

Related Party and their relationship

Names of Related Parties	**Nature of Relationship**
Mr. S. Banerjee (till 31st July, 2013)	Key Management Personnel, CESC Limited
Mr. Aniruddha Basu (from 28th May, 2013)	Key Management Personnel, CESC Limited
Mahuagarhi Coal Company Private Limited	Joint Venture

Particulars of transactions : (₹ In Crore)

Nature	**Key Management Personnel**	
	2013-14	2012-13
Director's Remuneration	**0.99**	4.78
Closing Balance:		
Debit	**-**	-
Credit	**3.50**	3.50

NOTE - 44 In respect of the Parent, the outstanding foreign currency loans of ₹ 605.10 crore (31st March, 2013 : ₹ 654.86 crore) disclosed in Note 6, have been fully hedged in Indian Rupee. Trade Payables include ₹ NIL crore (31st March, 2013 : ₹ 41.74 crore) representing amount payable in United States Dollar restated at year end exchange rate which have not been hedged.

NOTE - 45 Miscellaneous Expenses in Note 32 include research and development expense of ₹ 1.14 crore (31st March, 2013 : ₹ 1.32 crore) in respect of the Parent.

NOTE - 46 In respect of certain subsidairies, out of the outstanding Long Term Borrowings disclosed in Note 6, loan balance amounting to ₹ 2254.81 crore (31st March, 2013 : ₹ 1405.89 crore) have been contractually covered in Indian Rupee and ₹ 25.07 crore (31st March, 2013 : ₹ 72.03 crore) represents sum restated at year end exchange rate in respect of underlying contractual obligations in United States Dollars.

NOTE - 47 The Group has reclassified previous year's figures to conform to this year's classification alongwith other regrouping / rearrangement whereever necessary.

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

Sougata Mukherjee
Partner
Membership No. : 057084
Kolkata, 30th May, 2014

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

Information regarding Subsidiary Companies

(₹In crore)

Sl. No.	Particulars	CESC Infrastructure Limited	Dhariwal Infrastructure Limited	Haldia Energy Limited	CESC Projects Limited	CESC Properties Limited	Metromark Green Coommodities Private Limited	Spen Liq Private Limited	Surya Viduyt Limited	Papu Hydropower Projects Limited	Pachi Hydropower Projects Limited	Nalanda Power Company Limited	Spencers Retail Limited	Music World Retail Limited	Au Bon Pain Café Limited	Rachi Power Distribution Company Limited	Bantal Singapore Pte Limited
1	Issued and Subscribed Share Capital	2115.05	1035.77	730.44	7.00	207.01	0.02	471.03	47.24	1.82	3.42	1.35	173.42	5.00	40.00	8.00	56.68
2	Reserves	(4.34)	(84.32)	(60.55)	(5.81)	(24.11)	(0.56)	1.14	1.11	(1.62)	(2.47)	(0.85)	(1,240.70)	(26.48)	(37.24)	(7.93)	9.62
3	Total Assets	2111.17	3922.49	4079.63	1.88	464.29	2.06	472.21	264.74	0.20	0.95	0.51	808.94	0.24	21.90	4.76	66.36
4	Total Liabilities	2111.17	3922.49	4079.63	1.88	464.29	2.06	472.21	264.74	0.20	0.95	0.51	808.94	0.24	21.90	4.76	66.36
5	Investments (except Investments made in subsidiaries)	29.73	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	1.07
6	Turnover	-	69.27	0.01	-	13.63	-	-	25.54	-	-	-	1458.01	2.74	13.22	0.07	-
7	Profit / (Loss) before taxation	(1.24)	(56.91)	(18.36)	(4.27)	(19.89)	(0.03)	-	3.74	(0.01)	(0.26)	(0.06)	(165.80)	(3.45)	(12.78)	(6.36)	(0.10)
8	Provision for taxation	-	-	-	-	-	-	-	2.49	-	-	-	-	-	-	-	-
9	Profit / (Loss) after taxation	(1.24)	(56.91)	(18.36)	(4.27)	(19.89)	(0.03)	(0.01)	1.25	(0.01)	(0.26)	(0.06)	(165.80)	(3.45)	(12.78)	(6.36)	(0.10)
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Information regarding Subsidiary Companies *(Contd.)*

(₹In crore)

Sl. No.	Particulars	Firstsource Solutions Limited	Anunta Tech Infrastructure Services Limited	Firstsource Group USA, Inc.	Firstsource Business Process Services, LLC $	Firstsource Advantage LLC $	Twin Lake Property LLC I $	Twin Lake Property LLC II $	Firstsource Solutions UK Limited £	MedAssist Holding, Inc. $	Firstsource Solutions USA LLC $	Firstsource Transaction Services, LLC $	Firstsource BPO Ireland Ltd EUR	Eur Firstsource-dialog Solutions (Private) Limited LKR	Firstsource Solution S.A# ARS
1	Issued and Subscribed Share Capital	659.74	1.05	1.31	-	0.06	-	-	28.28	-	-	-	*	4.89	-
2	Reserves	720.46	2.01	1,233.25	132.83	109.27	-	-	123.40	422.22	326.24	69.03	18.97	0.68	-
3	Total Assets	1,769.14	3.06	2,330.25	238.04	135.99	-	-	479.40	588.49	350.29	85.97	79.01	9.31	-
4	Total Liabilities	1,769.14	3.06	2,330.25	238.04	135.99	-	-	479.40	588.49	350.29	85.97	79.01	9.31	-
5	Investments (except Investments made in subsidiaries)	2.64	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	932.54	0.47	194.84	-	309.97	6.66	0.33	1,029.18	-	581.54	357.66	212.37	23.25	-
7	Profit / (Loss) before taxation	134.47	(0.04)	(32.99)	(0.01)	13.40	6.19	0.18	50.92	-	(3.83)	20.73	6.56	0.88	-
8	Provision for taxation	-	-	(2.33)	-	-	-	-	12.07	-	0.07	-	0.82	0.01	-
9	Profit / (Loss) after taxation	134.47	(0.04)	(30.66)	(0.01)	13.40	6.19	0.18	38.85	-	(3.90)	20.73	5.74	0.87	-
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes :

$ Converted to Indian Rupees at the Exchange Rate, 1 USD = INR 59.9150

Converted to Indian Rupees at the Exchange Rate, 1 ARS = INR 7.5444

£ Converted to Indian Rupees at the Exchange Rate, 1 GBP = INR 99.765

€ Converted to Indian Rupees at the Exchange Rate, 1 EUR = INR 82.685

Rs Converted to Indian Rupees at the Exchange Rate, 1 LKR = INR 0.4583

* Firstsource BPO Ireland Ltd has issued 1 equity share of 1 Eur to Firstsource Solutions Limited

For and on behalf of the Board of Directors

Director Pradip Kumar Khaitan
Managing Director Aniruddha Basu

Kolkata, 30th May, 2014

Subhasis Mitra
Company Secretary

Rajarshi Banerjee
Executive Director & CFO

Ten Years at a Glance : 2005 – 2014

₹ in Crore

Year ended 31st March	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue from operations and Other Income	2,387	2,589	2,577	2,930	3,200	3,449	4,247	4,782	5,410	**5,609**
Profit before Taxation	163	204	341	403	465	522	614	693	773	**825**
Taxation	13	20	40	48	55	89	126	139	155	**173**
Profit after Taxation	150	184	301	355	410	433	488	554	618	**652**
Proposed Dividend including tax thereon	21	23	35	58	58	58	58	73	102	**117**
EQUITY AND LIABILITIES										
Share Capital	75	83	85	126	126	126	126	126	126	**126**
Equity Warrant issued and subscribed		4								
Reserves and Surplus	1,464	3,606	3,730	4,461	4,757	5,071	5,444	5,886	6,369	**6,913**
Borrowings	2,167	1,910	1,798	1,629	2,398	2,812	2,643	2,600	3,213	**3,379**
Security Deposits	441	560	652	742	821	896	935	1,051	1,139	**1,280**
Advance against Depreciation			100	198	338	447	514	566	714	**777**
Non-Current liabilities							809	889	1,612	**1,781**
Current liabilities (excluding Short Term Borrowings)	755	751	983	1,214	1,687	1,729	1,261	1,609	1,726	**2,073**
	4,902	6,914	7,348	8,370	10,127	11,081	11,732	12,727	14,899	**16,329**
ASSETS										
Fixed Assets (less Depreciation)	3,843	5,566	5,556	5,829	6,882	7,511	7,735	8,091	8,568	**9,029**
Investments	31	31	241	570	310	679	1,084	1,133	2,178	**3,191**
Non-Current Assets							96	75	257	**122**
Current Assets (Excluding Current Investments)	1,028	1,317	1,551	1,971	2,935	2,891	2,817	3,428	3,896	**3,987**
	4,902	6,914	7,348	8,370	10,127	11,081	11,732	12,727	14,899	**16,329**
Additions to Fixed Assets	146	161	232	302	694	1,954	625	638	870	**892**
Depreciation	292	254	158	168	175	206	267	289	306	**339**
Units sold (millions)	5,864	6,251	6,424	6,948	7,206	7,595	8,135	8,271	8,577	**8,591**
Units exported (millions)	160	418	458	441	302	158	146	173	74	**142**
System Maximum Demand (megawatts)	1,253	1,343	1,359	1,436	1,450	1,584	1,657	1,727	1,904	**1,865**
No.of Consumers (in Lakh)	20.19	20.96	21.83	22.08	22.94	23.84	24.89	25.86	27.02	**28.10**

Note :

The Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statement for previous year's figures till the year ended 31st March 2011. From the year ended 31st March 2012, the revised Schedule VI notified under Companies Act,1956 has become applicable to the Company. The Company has reclassified previous year's figures to conform to this year's classification alongwith other regrouping / rearrangement wherever necessary.

Major Statistics : 2013 – 2014

CESC LIMITED
Energising Lives • Since 1899

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	800	MVA
132/33 KV Substations	Installed Capacity	2532	MVA
Distribution Stations	Number of Stations	105	
	Transformer Capacity	3338	MVA
LT Substations	No. of AC Substations	7692	
	Transformer Capacity	2568	MVA
	No. of DC Substations		
	DC Substations Capacity		

Distribution Network (Circuit KM.)			
	220 KV UG	26.0	Ckt. Km.
	220 KV OH	219.0	Ckt. Km.
	132 KV UG	268.0	Ckt. Km.
	132 KV OH	81.0	Ckt. Km.
	33 KV UG	1320.0	Ckt. Km.
	33 KV OH	92.0	Ckt. Km.
	20 KV UG	50.0	Ckt. Km.
HT Distribution	11 & 6 KV UG	6047.0	Ckt. Km.
	11 & 6 KV OH	87.0	Ckt. Km.
	3.3 KV UG	21.0	Ckt. Km.
LT Distribution	UG	7250	Ckt. Km.
	OH	5019	Ckt. Km.
HT Capacitor	132 & 33 KV	597	MVAR
	6 &11 KV	263	MVAR

Additions During the Year

220/132/33 KV Substations			LT UG Mains	294.00	Ckt. Km.
132/33 KV Substations	225.0	MVA	LT OH Mains	162.00	Ckt. Km.
Distribution Stations	204.0	MVA	220 KV UG	13.28	Ckt. Km.
LTAC Substations	128.0	MVA	220 KV OH	47.08	Ckt. Km.
No. of LT Services	17400	Nos	132 KV UG	5.33	Ckt. Km.
No. of HT Services	40	Nos	33 KV UG	69.00	Ckt. Km.
			11 & 6 KV UG	352.00	Ckt. Km.

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

List of CESC Establishments

GENERATING STATIONS

Budge Budge
Vill. & P.O. - Pujali, P.S. Budge Budge
24 Parganas (S), Pin : 700 138
Phone : 2482 1113, 2482 1709, 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 7558, 2469 6886, 2469 3608

Titagarh
B. T. Road, P.O. Khardah, Titagarh
24 Parganas (N), Pin : 700 119
Phone : 2501 1042, 2501 0180, 2553 3392

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

REGIONAL OFFICES

Central
CESC House
Chowringhee Square
Kolkata 700 001
Phone : 2225 6040 (10 lines)
2204 0300, 6634 0300

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, 2485 6100
2440 6116 (5 Lines)

South-West
P-18 Taratolla Road, Kolkata 700 088
Phone : 2401 5000, 2401 4541 (5 lines)

In case of supply breakdown, please contact

1912

44031912

1860 500 1912

CUSTOMER RELATIONS
CESC House
Chowringhee Square
Kolkata 700 001
Phone : 2237 3612
Fax : 2236 5669

Back Cover : CESC's Budge Budge Generating Station (Capacity 750 MW)