

THE PATNA ELECTRIC SUPPLY COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your company are pleased to present their Annual Report and Audited accounts for the year ended 31st March, 2014 :

FINANCIAL RESULTS :

The financial position of the company for the year ended 31st March, 2014 is summarized below :

	<u>2013 14</u>	<u>2012 13</u>
	(in lac)	
Profit before Tax	(1.26)	10.95
Less Current Tax		
Deffered Tax		
Add : Income Tax adjustment for earlier years	<u>(0.21)</u>	<u>-</u>
	(1.47)	10.95
 Less Appropriations		
Transferred to the St reserve	-	-
Transferred to the General reserve	-	-
Contingent provision against standard assets	-	-
Proposed dividend	-	-
Tax on dividend	<u>-</u>	<u>-</u>
	<u>1.47</u>	<u>10.95</u>

DIVIDENDS :

As there is no profit earned by your company during the year hence your Director has not recommended any dividend during the year

DIRECTORATE:

In order to give effect to the requirement of section 203 of the Companies Act, 2013 and the Rules made there under Mrs. Hemant Kanoria, who retire at the ensuing Annual General Meeting and being eligible seeks reappointment and propose to be appointed as the Managing Director of the company. The Terms and conditions of the appointment is annexed to the notice of the company for the ensuing Annual General Meeting.

In accordance with Section 152 of the Companies Act, 2013 and the Articles of Association of the Company Harsh Vardhan Bhardwaj and V.N Purohit, Directors, liable to retire by rotation at the ensuing Annual General Meeting of the Company and in order to give effect to the requirement of Section 149 of the Companies Act, 2013 and the Rules made there under which came into effect from April 1, 2014 approval of the Members will be sought at the ensuing Annual General meeting of the Company for the appointment of Harsh Vardhan Bhardwaj and V.N Purohit as an independent Directors of the Company for 5 (five) consecutive years for a term up to March 31, 2019, as a director not liable to retire by rotation.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

There has been no foreign exchange earnings and outgo. The other provisions of Section 217(i)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and also section 134 of the Companies Act, 2013 are not applicable to the Company.

DEMATERIALIZATION OF SHARES :

Your Company has connectivity with Central Depository Services (India) Ltd. (CDSL) for dematerialization of Company's Shares in accordance with the provisions of Depositories Act 1996, which is now fully operational and the **ISIN No. is INE 901 E 01013**. The shareholders are requested to dematerialize their shares either with CDSL. The shareholders who are holding shares in physical form are requested to provide their PAN & bank details with documentary evidences to the Company and / or RTA immediately to update their records and dates as mandate by SEBI.

PARTICULARS OF EMPLOYEES :

None of the employees of your Company is in receipt of remuneration exceeding the threshold limit in congruence with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended from time to time).

AUDITORS :

The Auditors, M/s. S MONDAL & CO, Chartered Accountants (Firm Registration No. 314188E), who hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013

CORPORATE GOVERNANCE:

Pursuant to implementation criterion of Clause 49 of the Listing Agreement with the Stock Exchange, which explicitly deal with the corporate governance of the company, shall not be applicable to our company, though your Directors are having pleasure to announce that your company has maintained good corporate governance.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's responsibility statement, it is hereby confirmed that:

- I. In preparation of Annual Accounts for the year ended 31st March, 2014 the applicable accounting standard has been followed.
- II. They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of financial year i.e. 31st March, 2014 and of the profit of the Company for that period.
- III. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- IV. They had prepared the accounts for the year ended 31st March, 2014 as going concern basis.

BOARD OF DIRECTORS

The Board of Directors of the company consists of Executive Directors, Non-Executive Director and Independent Directors. The composition of the board meets the requirement of the Section 149 and 152 of the Companies Act, 2013. The composition of the Board of Directors of the company is shown below.

1	V N Purohit	Non Executive Independent Director
2	Hemant Kanoria	Executive Managing Director
3	S.C Bhattacharyya	Non Executive Director
4	Harsh Vardhan Bhardwaj	Non Executive Independent Director

AUDIT COMMITTEE

In order to give effect to requirement of section 177 of the Companies Act, 2013 and the Rules made there under your company has constituted audit committee which shall comprise of Non-Executive Director and Independent Directors, majority being Independent Director. The composition of the audit committee of the company is,

1	V N Purohit	Non Executive Independent Director, Chairman.
2	Harsh Vardhan Bhardwaj	Non Executive Independent Director
3	S.C Bhattacharyya	Non Executive Director.

All the member of the committee has vast knowledge and experience of finance accounts and the Law with the Chairman being an eminent Chartered Accountant, who has finance, accounting and financial related expertise. The Statutory auditor, Internal Auditor and / or Senior Management of the company may attend the meeting on invitation basis.

NOMINATION AND REMUNERATION COMMITTEE

In order to give effect to requirement of section 178 of the Companies Act, 2013 and the Rules made there under your company has constituted Nomination and remuneration committee which shall comprise of Non-Executive Director and Independent Directors, majority being Independent Director. The composition of the audit committee of the company is,

1	V N Purohit	Non Executive Independent Director, Chairman.
2	Harsh Vardhan Bhardwaj	Non Executive Independent Director
3	S.C Bhattacharyya	Non Executive Director.

INTERNAL AUDITOR

In order to give effect to the requirement of Section 138 of the Companies Act, 2013 and the Rules made thereunder, the Board of Directors of your Company has appointed Mr. A. Hamirbasia (Membership no 306144), Chartered Accountant, as an Internal auditor of the company on such terms and conditions as fix by the Board in consultation with the Internal Auditor.

SECRETARIAL AUDITOR :

As a measure of good corporate governance practice and to give effect to the requirement of the Companies Act, 2013, the Board of Directors of your company has appointed Mr. H. M Choraria, practicing Company Secretary, as a Secretarial Auditor of the company for the Financial Year 2014-15 on such terms and conditions as may be fix by the Board in consultation with the Secretarial Auditor.

ACKNOWLEDGEMENT:

The Directors of your company would like to place on record their gratitude for the valuable guidance and support received from the Reserve Bank of India, Securities and Exchange Board of India, Registrar of Companies and other government and regulatory agencies and to convey their appreciation to registrar, bankers, and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation of the commitment, commendable efforts, team work and professionalism of all the employees of the Company.

For and on behalf of the board of directors

Hemant Kanoria

Mr. Hemant Kanoria
DIN NO. 00254520