

## DIRECTORS' REPORT

To The Members,

The Directors are pleased to present their Tenth Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit and Loss Accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS

Particulars	2010-11 Rs. Crores	2009-10 Rs. Crores
Income from Sale of Energy	2,959.19	2,721.74
<i>Less: Energy Tax</i>	127.51	117.56
	2,831.68	2,604.17
<i>Add: Other Operating Income</i>	127.92	160.58
<i>Add: Other Income</i>	6.90	5.84
	2,966.50	2,770.59
<i>Add: Income arising from truing up by DERC of earlier years revenue requirement</i>	-	20.54
<b>Total Income</b>	<b>2,966.50</b>	<b>2,791.13</b>
<b>Expenditure (Excl. Depreciation, Interest &amp; Tax)</b>	<b>3,499.16</b>	<b>2,997.90</b>
Interest	172.84	94.74
Depreciation	130.91	111.02
<b>Total Expenditure</b>	<b>3,802.91</b>	<b>3,203.66</b>
<b>Profit/(loss) for the year before income recoverable from future tariff</b>	<b>(836.41)</b>	<b>(412.53)</b>
<b>Income Recoverable from Future Tariffs</b>	<b>1156.43</b>	<b>672.68</b>
<b>Profit Before Tax</b>	<b>320.02</b>	<b>260.15</b>
<i>Less: Provision for Taxes</i>		
Current Income Tax	61.84	48.57
Deferred income tax	-	(139.15)
<b>Net Profit after Tax</b>	<b>258.18</b>	<b>350.73</b>
<i>Less: Statutory Appropriations</i>	-	-
<b>Balance Profits available for appropriation</b>	<b>258.18</b>	<b>350.73</b>
<i>Add: Balance brought forward from the previous year</i>	<b>674.78</b>	<b>324.05</b>
<b>Total Profit available in P&amp;L Account, which the Directors have appropriated as under to:</b>	<b>932.96</b>	<b>674.78</b>
i) Dividend and distribution tax thereon	-	-
ii) General Reserve	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>Leaving a balance of To be carried forward</b>	<b>932.96</b>	<b>674.78</b>

\* Previous year figures have been reclassified so as to make them comparable with current year figures

## FINANCIAL HIGHLIGHTS

NDPL earned revenues of Rs. 2,959 Crores during Financial Year 2010-11 (FY11), a growth of about 8.7% over the previous year revenues of Rs. 2,722 Crores. The Company however incurred a loss of Rs. 836 Crores in FY 11 as compared to a loss of Rs. 413 Crores in FY 10 prior to accounting Revenues amounting to Rs. 1,156 Crores in FY 11 (Rs. 673 Crores in FY 10) to be recovered through future tariffs. This amount reflects the shortfall (termed as 'Revenue Gap' in Regulatory parlance) in the Company's revenues billed at current tariffs and those chargeable by it to its consumers based on costs incurred during the year. The same have been recognised as Income of the Current Year on basis of accrual system of accounting which requires revenues to be recognised in the year to which they pertain, even though realisable in future, so long as the same are quantifiable and there is certainty of ultimate recovery. Consequently, on recognising the Revenue Gap of Rs. 1,156 Crores (Rs. 673 Crores in FY 10) as Income Recoverable from future tariffs, resultant profit before tax (PBT) was Rs. 320 Crores in FY11 as compared to Rs. 260 Crores in FY 10 reflecting a growth of 23% over previous year. The Profit after tax (PAT) for FY 11 was Rs. 258 Crores as compared to Rs. 351 Crores in FY 10 which included one-time exceptional credit (reversal of Deferred Tax) of Rs. 139 Crores.

After adjusting this exceptional credit in FY 2009-10, the normalised PAT for FY 10 is Rs. 212 Crores, thereby reflecting a 21.7% increase in PAT of FY 11 over normalised PAT of FY 10.

At the prevailing tariff, a Revenue Gap of Rs. 1,156 Crores has resulted during

FY 2010-11 largely on account of following:

- a. The actual average power purchase cost for FY 11 was Rs. 4.25 per unit against Rs. 2.63 per unit that was factored in Tariffs by DERC, thereby resulting in under-recovery of Rs. 1.62 per unit for 7,316 Mus aggregating to Rs. 1,189 Crores
- b. Overestimation of Revenues by DERC (at target AT&C loss level) considering higher average billing rates, amounting to Rs. 169 Crores.
- c. Under Estimation of Other Expenses aggregating to Rs. 94 Crores, that are recoverable through tariffs, significant part of which is on account of implementation of VI Pay Commission Recommendations, etc.
- d. The above under recovery was partly off-set by Rs. 62 Crores on account of actual Other Income being higher than estimated by DERC.

The delay in recovery of this Revenue Gap (having arisen due to factors outside the control of NDPL) through appropriate adjustment in tariffs, has had an adverse effect on the liquidity and the credit ratings of the Company; any further delay in at-least stemming further accretion of Revenue Gap is likely to adversely impact the Company's Capital and Operating Expenditure programs, thereby directly effecting consumer convenience in terms of network reliability, availability and quality of power.

The Company has represented to DERC for (a) determination of FY 2011-12 tariffs at cost reflective level (b) determination of total outstanding

Revenue Gap together with its recovery trajectory, and (c) introduction of a power purchase cost adjustment mechanism so as to ensure that any variance in actually incurred power purchase cost and the cost that is factored in tariff, gets periodically adjusted during the year itself, rather than accumulating for a lump-sum adjustment in subsequent tariff revision which could result in an undesirable tariff shock for consumers.

## **OPERATIONS**

### **AT&C Loss Reduction**

One of the most significant measure of operational efficiency is Aggregate Technical (AT&C) Loss Reduction. AT&C Losses refer to the difference between energy input and energy for which revenue is realised.

NDPL has consistently over-achieved its Regulatory AT&C Loss Reduction Targets, thereby generating additional revenues which have considerably helped in mitigating retail tariff increases despite steep increase in input costs, as well as earning incentives for the Company.

From an opening loss level of 53% in July 2002, NDPL has reduced AT&C Losses by 75% to 13.2% at end of FY 2011, a record for the fastest loss reduction in the country, and probably elsewhere.

### **Power Procurement**

As in the past years, NDPL procured sufficient quantity of power during the period under review for meeting 100% peak demand of its Consumers despite considerable financial stress on account of delay in revision of tariffs. The Company procured 7,316 Million units (MUs) of energy in FY 2010-11 against 6,911 Mus in FY 2009-10, reflecting an increase of 6% over the previous year.

### **Capital Expenditure**

Over and above the opening asset value of Rs. 920 Crores at the time of taking over in 2002, NDPL has executed Distribution related Capital works aggregating to Rs. 2,743 Crores in the past 9 Years and this amount has been judiciously utilized for enhancement of Reliability through Network improvements, Reduction of AT&C Losses and improvement in consumer services.

Rs. 390 Crores of distribution related expenditure was capitalized during FY 2010-11 (Previous Year Rs. 376 Crores). Further, Rs. 189 Crores of Generation related expenditure (Rs. 167 Crores for Rithala and Rs. 22 Crores for various Solar projects) was also capitalized during the year.

Capex aggregating to Rs. 2,634 Crores has been incrementally capitalised till FY 2011 since takeover.

Due to infusion of capex for strengthening and augmenting network and advancements in maintenance practices, Reliability of NDPLs network continued to improve with the Average System Availability Index (ASAI) increasing from 98.71% in FY 10 to 99.45% in FY 11.

### **Generation Initiatives**

NDPL successfully commissioned 60 MW generation capacity out of total 108 MW capacity of Rithala Generation Plant in Feb 2011; the balance generation capacity is expected to be commissioned shortly. The Project is aimed at augmenting power supply to our consumers to partially meet their demand and to enable supply to critical/ emergency services during any grid collapse by ensuring islanding.

NDPL also commissioned 1 MWp Rooftop Solar Power Plant in its Licensed Area, in Nov 2010; the Plant

is the first operational 1 MWp Solar plant of this capacity in the Capital. NDPL has also established other smaller solar projects (approx. 200 kWp) on its Grid Rooftops. Out of the total installed renewable capacity of 2.05 MW in Delhi as at March 31, 20011, 1.2 MW has been added by NDPL. NDPL is committed to the cause of Greener and cleaner Delhi, and this is a small but significant beginning in this direction.

### **SCADA EMS & DMS**

NDPL implemented **SCADA EMS** (Energy Management System) with **GSAS** (Grid S/Stn Automation System) to control and monitor the 66/33 KV network with main objective of improving operational efficiency. This has resulted in significant improvement in reliability of power supply as the entire network is now operated from a central location with all load management decisions being based on real time power flow information from the system. As of now, 58 out of 60 grids have been automated and 56 are unmanned. The balance grids shall be un-manned in a phased manner during financial year 2011-12.

**SCADA DMS** (Distribution Management System) with **DA** (Distribution Automation) was successfully implemented during FY 2010-11 to monitor and control 11 KV network. Its implementation has helped in curtailing downtime of the 11 KV network by online identification of faults and centralized restoration of power supply from the control center through automated switching.

While DMS has been rolled out across the Organization, DA has been implemented in 7 out of 12 districts. The balance districts are being covered in a phased manner with its completion being targeted during FY 2011-12.

### **Outage Management System (OMS):**

As part of NDPL's continued efforts to enhance reliability of network and to further reduce fault restoration time, NDPL is now implementing an Outage Management System (OMS) for faster and more accurate location and restoration of faults in the LT Network, thereby significantly reducing downtime. NDPL is the first Utility in the country to be implementing the OMS.

The System is now operational in one of the five Circles in the Organisation as well as for entire street lighting infrastructure across NDPL. The OMS is expected to be deployed across the Company within FY 2011-12.

### **Smart Grid:**

Smart Grid is an integration of automation systems encompassing generation, transmission, distribution and consumer end by utilization of IT for seamless integration of two way communication system. It ensures optimum utilization of power flow at peak and off peak hours, allowing integrating of infirm renewable power such as solar and wind, with the Grid. As relating to the Distribution segment, beside the above features, Smart Grids address issues of Reliability of Supply, Consumer Satisfaction, Demand Side Management, Environment and Safety. They facilitate consumers in monitoring their power consumption in real time, thereby empowering them to take informed decisions with respect to timing and quantity of consumption.

In order to assess and validate the benefits of Smart Grid, NDPL has submitted a proposal to DERC for implementing of a pilot smart feeder/grid project including two-way smart metering on a feeder with large consumers, integrating the same with a Demand Response (DR) solution.

## HUMAN RESOURCES DEVELOPMENT

During the period under review, the Company launched various initiatives towards improving performance, culture building and employee engagement. Other initiatives like Tata Business Excellence Model (TBEM) workshops & assessment through internal resources, People's Capability Maturity Model (PCMM) level II certification and Six Sigma were also implemented.

Great Place to Work Institute, India, has ranked NDPL in band of top 50-100 among 471 Indian Companies surveyed in 2011. NDPL was also ranked by the Institute in band of top 50-100 in 2010, however out of 395 Indian companies.

### Employee Engagement

The overall Employee Engagement and Satisfaction Score increased to 72% in 2011 as compared 70% in 2009.

Employee participation in the Employee Engagement and Satisfaction Survey improved to 61% in 2011 as compared to 28% in the last survey conducted in 2009.

### Talent Management

To further enhance performance orientation and learning environment in the organization, several initiatives were undertaken like Midyear review & Feedback, Personal Development Programme (PDP) and its system integration with SAP to increase transparency. Further, to address development needs of under-performing employees, a **Performance Improvement Programme** has been started to counsel & guide them so as to ensure improved performance in future.

## Welfare

An Employee Voluntary Benevolent Contribution Scheme has been instituted to provide monetary relief to the families of deceased member employees. Under the Scheme, in the event of death of a member, immediate monetary relief is provided to the deceased's family which is contributed by all members of the Scheme together with a matching contribution by the Company. As at March 31, 2011, 85% of the Company's employee strength of 3981 is member of this Voluntary Scheme.

Mass Health Awareness Programmes and Health check up camps were conducted for the entire workforce during 2010-11.

Long Service Award was instituted during FY 2010-11 to honour employees for their long association with the organisation. The award is given for continuous 5 yrs service from 2002 onwards. 2,835 employees were given this long service award in FY 2010-11.

## Safety

In order to enhance focus on Safety across the Company, reporting of Near Misses/ Safety Incidents/ Accidents was made a mandatory KRA for all employees.

Additionally, so as to encourage and recognize safe practices, a Zero Accident Incentive Scheme was launched for the workforce.

## Ethics

To inculcate ethical culture and implement ethics management across the organization, the Company has adopted the NDPL Code of Conduct, and also has a Whistle Blower policy in place. As per the Whistle Blower policy, any stakeholder can raise

ethical concern(s) upto the level of the Chairman, Audit Committee. The Company has instituted a three tier Ethics Management Structure headed by the Chief Ethics Officer i.e. Managing Director, which in turn reports to the Board of Directors which maintains a continuous oversight on ethical issues being raised and their resolution.

Further, steps like celebration of ethics week, online quizzes, publication of Ethics Patrika & Ethics Violation Updates, Ethical Compass, etc. have been undertaken to promote culture of ethics. Also, strict disciplinary action(s) are taken in case of ethics violations.

### **Industrial Relations**

In a significant judgment, Hon'ble High Court of Delhi has ordered Union Elections in all Power Companies in Delhi on a Company wide basis rather than the earlier practice of a common union through a common election. Elections are due some-time in August 2011.

### **CORPORATE SOCIAL RESPONSIBILITY**

NDPL believes that improving quality of life of people is an essential aspect of its business concurrent with its activity of supply of electricity to its consumers. NDPL's VISION, MISSION and Corporate Sustainability Policy set the overall direction for community initiatives. NDPL aims at generating responsible profits by assessing social and environmental impacts of our operations proactively and by catering for development as an essential part of the business. Employees are aware of their obligations towards serving the community at large in line with Tata traditions.

NDPL considers Community initiatives as vital elements which contribute towards sustainability by way of a

three pronged strategy i.e. Compensatory in nature, Business Oriented and Philanthropic activities. Recognizing the special needs of weaker section of society, a separate group (Special Consumer Group) was constituted to address the needs and requirements of such consumers who reside mainly in Slum clusters. The SCG works closely with the CSR Group in developing initiatives to empower these communities through vocational training, entrepreneurship programs, drug de-addiction, etc.

Additionally, various other initiatives including blood donation camps, free health checkups, adult literacy centers, vocational training cum tutorial centers, , NDPL-TERI Earth Day Celebrations, Clean Delhi-NCR Drive were undertaken during the period under review. In order to increase the reach and frequency of medical health check-up assistance, a facility of NDPL Mobile dispensary was also launched during the year.

### **AFFIRMATIVE ACTION**

NDPL's journey in the realm of Affirmative Action began with the signing of the Code for Affirmative Action on 3rd February 2007. The "Policy on Affirmative Action for Scheduled Caste & Scheduled Tribe Communities" was approved by the Board of Directors on 18th July 2007.

In order to supplement efforts of the government to improve condition of socially and economically underprivileged SC/STs and to create a level playing field, concrete steps for giving better opportunities in the private sector were initiated. Tata Group expressed their commitment towards this initiative, in order to ensure upliftment of the socially backward and underprivileged in the society.

NDPL's AA initiatives are classified under 4Es, viz. Education, Employability, Employment and Entrepreneurship. Initiatives are implemented based on the needs identified after discussions with local NGOs, School and College Principals and Affirmative Action Committee and are reviewed by the MD, NDPL. They also address the government's expectations on Affirmative Action (AA) and CII agenda in the areas such as providing Scholarship to School students, Scholarship to ITI, Polytechnics and Engineering College students, ITI Upgradation, Partnership with NIIT to support students of JJ clusters through Community Development Centre programmes.

Based on the evaluation of AA initiatives undertaken by NDPL, Tata Quality Management Services (TQMS) bestowed NDPL with the "Jury Award" for Affirmative Action and also an award for "Serious Adoption for Affirmative action".

#### **UN Global Compact:**

NDPL is signatory to United Nations Global Compact and is now a part of an elite group of 5300 organizations worldwide. NDPL is committed to upholding the 10 principles in the areas of Human Rights, Labour, Environment & Anti-corruption. Communication on progress of the activities carried out under it is annually uploaded on UNGC website.

#### **SA-8000 Certification:**

NDPL is the only Indian Utility to be certified for SA-8000, an international standard for social accountability. After initial certification in 2009, the certification was renewed during the year based on surveillance audit by DNV, an internationally certified auditor for amongst others, SA-8000 certification.

In order to address Social & Environmental challenges, NDPL continues to strive to identify areas where it can make a difference.

#### **ALTERATION OF OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION**

While the object clause of the existing Memorandum of Association of NDPL includes and permits "Generation", there is however no reference to any specific source of energy or fuel to be utilized for generation.

Recently, in connection with an application filed with Renewable Energy Corporation Limited (RECL), Rajasthan, the RECL required that the Objects Clause of NDPL should specifically mention the term "Solar Generation" to enable them to consider NDPL's application for allocation of land for any future Solar generation.

Consequently, the Board of Directors, vide Board Circular Resolution No. 29 dated 19<sup>th</sup> August, 2010, has approved alteration of the Main Objects Clause of the Memorandum of Association by inclusion of a new Main Objects Clause permitting all activities / investments into generation of power through renewable, non renewable, conventional and non conventional sources of energy including but not limited to thermal, solar, wind, hydro, gas, nuclear or any other source, and providing consultancy services in these areas.

The Alteration was approved by the Shareholders in EGM held on August 25, 2010.

#### **NAME CHANGE**

Since The Tata Power Company Limited holds 51% Equity Share Capital and Management Control of the Company, (thereby making NDPL a subsidiary of The Tata Power Company

Limited), it is felt that incorporation of "TATA" in the Company's name would reflect the correct status of the Company and be beneficial to it.

The Board approved change of name of the Company from "North Delhi Power Limited" to "Tata Power Delhi Distribution Limited" in its Meeting dated May 11, 2011, subject to approval of Shareholders and the Central Government.

#### **FORMATION OF WHOLLY OWNED SUBSIDIARY**

NDPL, in the past few years, has forayed into the area of consultancy to power distribution utilities, both nationally and internationally, and has also been exploring other non-regulated (other than its Licensed Distribution business) avenues for increasing revenues and profitability.

In order to ensure that there is transparent segregation and accounting of resources, revenues and expenses between NDPL's Power Distribution and Retail Supply Business in its Licensed Area, and any other activities/ businesses that it may undertake, it has been decided to undertake all such ventures which are not directly related to NDPL's Licensed business and where assets of the licensed business are not utilized, through a separate legal entity which would be a 100% owned subsidiary of NDPL.

This would also ensure that focus on the core distribution business in NDPL's Licensed Area is not diluted in any manner, apart from accounting of income and expenditure from these ventures being kept separate from that of licensed business.

The process for incorporation of the subsidiary is underway.

### AWARDS AND RECOGNITIONS

Various awards and recognitions have been bestowed on the Company and Company executives during the period under review. Some of the awards and recognitions received by the Company are as under:

S. No.	Award	Bestowed by	Remarks
1.	Utility of the year	Asian Power, Singapore	Awarded for significant contribution to Power distribution Sector through transformation of ailing utility into consumer centric, value driven organization while achieving unprecedented AT& C loss reduction.
2.	Excellence Award	Institute of Economic Studies, Delhi	The award has been presented to recognize NDPL's contribution in the development of power sector.
3.	Best Performing Utility (Urban)- Enertia Award	Falcon Media Group	The award has been conferred as recognition of NDPL's commendable performance in turning around an ailing utility while parallely being the most Reliable Urban Utility in the National capital Region (NCR).
4.	EDGE ( Enterprises Driving Growth and Excellence through IT) Award	Information Week	Awarded for using "SAMBANDH" IT based CRM tool for maximizing impact.
5.	Research and Technology	India Power Awards,	Awarded for implementation of CAP ON TAP.
6.	Safety Innovation Award 2010	Institute Of Engineers (India)	Mitigating actions and processes put in place to bring about safe working environment (for consumers, employees and B.A's) and universal adherence to safety procedures.
7.	<b>Awards bestowed on Company Executives:</b>		
a.	'Udyog Rattan' Award to MD	Institute of Economic Studies, Delhi	Presented to Mr. Sunil Wadhwa in recognition of his exemplary vision and leadership which has led NDPL to achieve newer heights in the field of power distribution and consumer service.
b.	CFO 100 Roll of Honour to CFO	CFO India Magazine	Awarded to Mr. Ajay Kapoor for implementation of best practices and noteworthy performances in the area of finance.
c.	HR Leadership Award to Head (HR & Admn.)	World HRD Congress	Awarded to Mr. Anil K. Choudhary for his leadership and contribution in the field of HR.

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

#### **NDPL Energy Club Movement:- Energy Conservation Program**

The NDPL Energy Club Movement encourages school children to learn the message of Energy conservation and disseminate the learnings to their friends/ neighbors/ parents during vacations.

NDPL Energy Club was started as a pilot project in 2004 with 5 schools which has now swelled to 140 schools (90 Govt. + 50 Private). Since then Nine Lakh children and adults in North and North West of Delhi have been sensitized on the need and ways and means of energy conservation. In 2010, issues of Climate Change & Safety have also been included as part of NDPL Energy Club sensitization program.

Children and youth as ambassadors of positive social change have been involved in two basic projects i.e. PROJECT CONSERVE (for conserving electricity) and PROJECT NEST (Neighbourhood Energy Sensitization Task), in their designated schools as part of the NDPL Energy Club. .

### CORPORATE GOVERNANCE

The Company is committed to follow the principles and practices of good corporate governance. A separate voluntary statement on Corporate Governance is annexed to and forms part of the Directors' Report.

### AUDITORS' REPORT

We are pleased to append herewith the Auditors' Report. Comments of the Auditors in their Report and the notes forming part of the Accounts are self explanatory.

### FOREIGN EXCHANGE EARNINGS & OUTGO

During the financial year under review, the Company has earned Rs. 9.07 lacs (previous year Rs. 20.08 lacs) in foreign exchange from consultancy services. The foreign exchange outflow during the financial year was Rs 126.52 Lacs (previous year Rs. 310.10 Lacs) on account of import of Capital goods, Rs. 14.13 lacs (previous year Rs. 69.53 lacs) on account of foreign consultancy expenses, Rs 30.04 lacs (previous year Rs. 23.10 lacs) on account of traveling.

### DEPOSITS

The Company did not accept any deposits during the year.

### PARTICULARS OF EMPLOYEES

None of employees of the Company were in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

### DIRECTORS

Mr. Sujit Gupta and Mr. Rajendra Kumar did not seek re-appointment and consequently ceased to be Directors of the Company w.e.f. 23rd July, 2010. Mr. Rakesh Mehta, former Chief Secretary, GoNCTD was appointed as a Nominee Director of Delhi Power Company Limited (DPCL) w.e.f. 23rd July, 2010. Mr. Sunil Wadhwa was promoted as Managing Director of the Company w.e.f. 1st August, 2010. Mr. Prasad R. Menon, Nominee Director of The Tata Power Company Limited stepped down as Director w.e.f. 3rd February, 2011 because of superannuation. Mr. Anil Kumar Sardana was appointed as an Additional Director of the Company w.e.f. 8th March, 2011.

Delhi Power Company Limited vide its letter No.F 17/DPCL/CS/2011-12/07 dated 16<sup>th</sup> May, 2011 has nominated (i) Mr. D.M. Spolia, Principal Secretary (Finance), GoNCTD (ii) Mr. M.M. Kutty, Principal Secretary to Hon'ble Chief Minister GoNCTD (iii) Mr. Arvind Ray, Principal Secretary (Home), GoNCTD and (iv) Mr. R. K. Srivastava, Secretary (Urban Development), GoNCTD as nominee(s) of DPCL on the Board of the Company. They have been appointed on the Board as Additional Director(s) w.e.f. 1<sup>st</sup> June, 2011.

DPCL vide its letter No. F 17/DPCL/CS/2011-12/10 dated 30<sup>th</sup> May, 2011, has also withdrawn its existing nominee Directors i.e. (i) Mr. Rakesh Mehta (ii) Mr. J.P. Singh (iii) Mr. G.S. Patnaik and (iv) Mr. B.V. Selvaraj from the Board of the Company.

The Board places on record its appreciation of the valuable contribution made by the outgoing Directors as members of the Board.

The Company has received notices as per Section 257 of the Companies Act, 1956 from shareholders proposing the names of Mr. Anil Kumar Sardana, Mr. D.M. Spolia, Principal Secretary (Finance), GoNCTD, Mr. M.M. Kutty, Principal Secretary to Hon'ble Chief Minister GoNCTD, Mr. Arvind Ray, Principal Secretary (Home), GoNCTD and Mr. R. K. Srivastava, Secretary (Urban Development), GoNCTD for their appointment for the office of Director at the forthcoming Annual General Meeting.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Dr. H.S. Vachha, Mr. S. Ramakrishnan and Mr. Adi J. Engineer retire by rotation and are eligible for reappointment.

None of the Company's Directors are disqualified from being appointed as

Directors as specified in Section 274 of the Companies Act, 1956.

#### AUDITORS

Messrs Deloitte Haskins & Sells, the Company's Statutory Auditors, (Firm Registration No. 015125N) will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They have, pursuant to Section 224 (1B) of the Companies Act, 1956, furnished a certificate regarding their eligibility for re-appointment as the Auditors of the Company. Their appointment, if made, will have to be by way of a Special Resolution of the Members as required under Section 224A of the Companies Act, 1956.

#### COST AUDIT

As per the requirements of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of the Cost Accounts relating to Electricity every year since 2006. Subject to the approval of the Central Government and based on the recommendation of the Audit Committee, the Board of Directors of the Company have appointed M/s Ramanath Iyer & Company, Cost Accountants, (Firm Registration No. 00019) to audit the cost accounts relating to electricity for FY 2011-12. They have, pursuant to Section 224 (1B) of the Companies Act, 1956, furnished a certificate regarding their eligibility for re-appointment as the Cost Auditors of the Company.

As per the Cost Audit Report Rules, 2001, the Cost Auditor is required to forward their report to the Central Government within 180 days from the close of the financial year to which the report relates. Cost Audit Report for the Financial Year ended 31<sup>st</sup> March, 2010 was to be filed with the Central Government by 30<sup>th</sup> September, 2010 and it was filed with Central Govt.,

Ministry of Corporate Affairs on 3<sup>rd</sup> September, 2010.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability 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; and
- iv. they have prepared the accounts for the year ended 31<sup>st</sup> March, 2011 on a 'going concern' basis.

**ACKNOWLEDGEMENT**

The Board of Directors wish to thank the Government of India (including Ministry of Power), Government of National Capital Territory of Delhi, Delhi Electricity Regulatory Commission, Delhi Power Company Limited, Delhi Transco Limited, Power Suppliers, USTDA & their associates, financial institutions, bankers, customers, shareholders, employees of the Company and all individuals and agencies that have contributed in one or the other way, for their co-operation and support extended to the Company.

On behalf of the Board of Directors

Delhi,  
1<sup>st</sup> June, 2011

Sd/-  
Adi J. Engineer  
Chairman

## ANNEXURE 1 TO THE DIRECTORS' REPORT

Disclosure under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

- (A) Conservation of Energy: N.A.  
 (B) Technology Absorption: As below  
 (C) Foreign Exchange Earnings and Outgo:

(i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans: N.A.

(ii) Total Foreign Exchange used & earned:

During the financial year under review, the Company has earned Rs. 9.07 lacs (previous year Rs. 20.08 lacs) in foreign exchange from consultancy services. The foreign exchange outflow during the financial year was Rs 126.52 Lacs (previous year Rs. 310.10 Lacs) on account of import of Capital goods, Rs. 14.13 lacs (previous year Rs. 69.53 lacs) on account of foreign consultancy expenses, Rs 30.04 lacs (previous year Rs. 23.10 lacs) on account of traveling.

### FORM 'B' RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D was carried out by the Company.

- (a) Intelligent Modems Installed at Distribution Transformers at 198 locations. DT (Distribution Transformer) health is being monitored.

Further improvisation can help in obtaining the data regarding sub-station status.

- (b) Installation of wedge connectors at 11 KV O/H lines jumper for reduction in trippings and technical losses.  
 (c) Installation of HVDS insulating kits.  
 (d) Signature analysis of U/G cables.  
 (e) RF ID (Radio Frequency Identification) Markers for cable joints of Power Cables.

2. Benefits derived as a result of the above R&D:

- (a) Modem installation has resulted in -Reduction in DT Meter downtime (for EAG-Energy Audit Group), improved system reliability.  
 (b) Reduction in high hot spots on jumper points, Jumper parting, technical losses on 11 KV O/H feeders.  
 (c) Reduction in 11 KV tripping due to the Birdage/ Animal electrocution. Strengthened equipment safety.  
 (d) Accurate identification of sick cable length has reduced replacement cost and also ensured reliability of underground network.  
 (e) NDPL has been able to locate the route & joints in the cable without digging.

3. Expenditure on R&D:

- (a) Capital Expenditure: Rs. 2,73,97,041/-  
 (b) Recurring Expenditure: Rs. 28,457/-  
 (c) Total Expenditure: Rs. 2,74,25,498/-  
 (d) Total R & D expenditure as a percentage of total turnover : .068%

## **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

- I. Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation:
  - (a) Implementation of Secondary Data Center.
  - (b) Implementation of SAP-ISU (Industry Solution for Utilities).
  - (c) Revamping of Dynamic Pages of NDPL's Website SUGAM to enhance the look & feel, navigation and structure to make it attractive and user friendly. Other new features added on Web site are - workflow based system for Vendor Complaint section and Carbon Foot print calculator.
  - (d) Implementation of Ethics Portal.
  - (e) Implementation of SEWA Portal (for CSR Activities).
  - (f) Implementation of POWAN System.
  - (g) Implementation of NDPL Innoverse.
  - (h) Upgradation of - Microsoft Exchange, Blackberry, ISA Proxy/Firewall, Websense to exploit the features available in the latest versions.
  - (i) Implementation of New cisco 6509 Switch.
  - (j) Generation of auto meter removal request (MRO) and auto reconnection process to ensure recovery of dues for 'disconnected from pole' cases.
  - (k) Provision to recover dues transferred amount at NoC desk in CMG.
  - (l) Auto requests generation in Revenue Discipline Module for meter replacement, resealing, assessment, MRO, etc.
  - (m) Implementation of CAP on TAP.
  - (n) Implementation of NIDS on Power transformers.
  - (o) Concept of GREEN Grid.
  - (p) Usage of PDA handsets.
  
- II. Benefits derived as a result of the above efforts:
  - (a) Implementation of Secondary Data Center: This will help in improving business continuity and to mitigate the technical threats like Failure of components of Data Center like Storage (SAN), Servers, WAN Gateway and human threats like fire, war, terrorist attacks, theft, sabotage, etc.
  - (b) Implementation of SAP-ISU (Industry Solution for Utilities):
    - Total integration with exiting PS/MM/FI/PM modules in SAP R3.
    - Sunset of Fifteen commercial software applications including DEBS, SAMBANDH, BBS & SHAKSHAT.
    - No Consumer Data duplication.
    - Auto Reconciliation and entries in Books of accounts
    - Availability of age wise arrears.
    - Consumers can view status of all types of requests/complaints through NDPL web site.
  - (c) Revamping of Dynamic Pages of NDPL's Website SUGAM:
    - Number of hits increased by 61% over last year.
    - Helps in carbon footprint reduction.
  - (d) Implementation of Ethics Portal.
    - Easy tracking and monitoring of ethical concerns raised
    - Convenient mode to report ethical concerns by workforce, Vendors & public at large
  - (e) Implementation of SEWA Portal (for CSR Activities).
    - Maintaining volunteers list with their area of interest
    - Easy notifications, allocation of volunteers &

- co-ordination with CSR activities.
- (f) Implementation of POWAN System - The system continuously monitors the Delhi Power Summary published in a Website of Delhi State Load Dispatch Center (DSLDC). Whenever power with drawl reaches the critical conditions (frequency goes below the defined limit or there is over drawl of load), the system automatically sends an SMS alert to concerned persons at NDPL so that he can take corrective actions. Through this initiative the approx cost saved was Rs. 82.83 Lacs for FY 2010-11 on power bill.
- (g) Implementation of NDPL Innoverse - This is NDPL's innovation portal. Through this portal challenge owners post the challenge, employees gives idea(s), can view others idea(s) vote on those idea(s), the challenger owner review the idea(s), may forward to some other person & can decide on implementation.
- (h) Up-gradation of Microsoft Exchange, Blackberry, ISA Proxy/Firewall, Web-sense:
- Increased the overall performance of the e-mail system
  - Increased the user satisfaction index to a great extent
- (i) Implementation of new cisco 6509 switches: Earlier there was one core switch installed at PDC. This was the single point of failure in case off switch goes down. For overcoming the problem, HSRP (Hot standby router protocol) was implemented. Using this technology, redundancy switch at PDC was implemented.
- (j) Generation of auto meter removal request (MRO) and auto reconnection process to ensure recovery of dues for 'disconnected from pole' cases:
- Easy tracking and monitoring of meter removal and reconnection requests
  - Played a vital role in recovery of dues of disconnected cases
  - Reduces the time factor by half.
- (k) Provision to recover dues transferred amount at NoC desk in CMG
- This had enabled reduction in time spent in verifying the dues, at CMG desk
- (l) Auto requests generation in Revenue Discipline Module for meter replacement, resealing, assessment, MRO, etc.
- Auto generation of requests enabled timely compliance of requests, thereby achieving enhanced customer satisfaction through optimum utilization of resources.
- (m) Implementation of CAP on TAP - To manage voltage levels and reactive power compensation through optimum utilization of installed capacitor banks and OLTC of the transformers, NDPL executives came up with an idea to integrate switching of capacitor banks with AVR-OLTC to minimize no. of tap change operations due to voltage variation and automatic switching of capacitor bank. This resulted into average power factor of 0.998, 124% reduction in reactive power billing and VVDT (voltage violation duration time) of 10 minutes. This helped in improving the power quality to the customers.
- (n) Implementation of NIDS on Power transformers - Power transformers are considered as the most critical equipment inside Grid Substations because of the large quantity of oil in

contact with high voltage elements. Fire protection systems are being installed in all transformers.

- (o) Concept of GREEN Grid - In view of fast changing global climate and increased global warming, it has become necessary to take measures for protection of environment and reducing green-house gases emission. There is an urgent need to adopt new techniques for reducing and meeting energy requirements. Efforts are on to reduce energy consumption by installing energy efficient equipment. NDPL being a responsible organization has taken up this challenge and steps were taken to use renewable energy (solar power) for meeting part of its energy requirements buying environment friendly equipment and by adopting environment friendly processes.

- (p) Usage of PDA handsets - NDPL, being one of the major discoms in the Capital city, supplies power to nearly 15 lakhs customers. Hence it is mandatory for us to have complete repository of all customers including their meter information. Usage of PDA handsets has made updation of customers and their key details in the central repository, tracking of the meter installation vans, etc. more efficient.

III. Following is the information of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):

(a)	(b)	(c)	(d)
Technology imported	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action
Distribution Reliability Assessment tools "DRAKE" "CYMEDIST" "PSAF"	2008 2005 2005	Fully absorbed	N.A.
SCADA/DMS- Supervisory Control and Data Acquisitions/ Distribution Management System (Siemen's)	2006	Fully absorbed	N.A.
Geographic Information System (GE-Small world)	2006	Fully absorbed	N.A.

(a)	(b)	(c)	(d)
Technology imported	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action
SAP- Enterprise Resource Planning (PS,MM,FICO,HR,AM,BW,SEM)	2005	Fully absorbed	N.A.
OMS - Outage Management System (GE Power)	2009	Under implementation	This new technology will be fully absorbed from May'11 onwards

On behalf of the Board of Directors  
 Sd/-  
**Adi J. Engineer**  
**Chairman**

Delhi, 1<sup>st</sup> June, 2011

## AUDITORS' REPORT

### **TO THE MEMBERS OF NORTH DELHI POWER LIMITED**

1. We have audited the attached Balance Sheet of **North Delhi Power Limited** ('the Company'), as at 31 March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;

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- e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;
  - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors, as at 31 March, 2011, taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2011, from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)



**ALKA CHADHA**  
Partner  
Membership No. 93474

**NEW DELHI, 11 May, 2011**

**Deloitte  
Haskins & Sells**

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

- i. Having regard to the nature of the Company's business/activities/result, clause 4(xiii) of the Order is not applicable.
- ii. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a programme of physically verifying all its fixed assets in a phased manner designed to cover all assets 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 business. In accordance with this programme, the Management had carried out a physical verification of fixed assets at some locations during the year and according to the explanations given to us no material discrepancies were noticed on such verification.
  - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of its inventories:
  - a. As explained to us, inventory in the Company's possession has been physically verified by the Management at reasonable intervals.
  - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- v. 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 with regard to the purchase of inventory and fixed assets and for sale of services. The Company's operations did not give rise to sale of goods during the current year. During the course of our audit, we have not observed any major weakness in such internal control system.

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- vi. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956.
- vii. The Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- viii. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
- ix. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of distribution and retail supply of electricity and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- x. According to the information and explanations given to us in respect of statutory dues:
  - a. the Company has been generally regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

The operations of the Company during the year did not give rise to Investor Education and Protection Fund and Excise Duty.

- b. there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31 March, 2011 for a period of more than six months from the date they became payable.

The operations of the Company during the year did not give rise to Investor Education and Protection Fund and Excise Duty.

- c. details of dues of Income Tax which have not been deposited as on 31 March, 2011 on account of disputes which are given below:



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Name of the statute	Nature of the dispute	Amount (Rs. /lacs)	Financial year	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of Provision for bad and doubtful Debts u/s 115JB and disallowance of expenses.	199.28	2002-03	Income Tax Appellate Tribunal
Income Tax Act, 1961	Derecognition of revenue and disallowance of expenses.	307.10	2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Derecognition of revenue and disallowance of expenses.	2,048.25	2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand of interest on short deduction of TDS on open excess charges	166.33	2007-08	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Derecognition of revenue and disallowance of expenses.	99.35	2007-08	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand of interest on short deduction of TDS on open excess charges	114.74	2008-09	Commissioner of Income Tax (Appeals)

According to the information and explanations given to us, there were no dues in respect of Sales Tax, Wealth Tax, Service Tax, Customs Duty and Cess which had not been deposited as on 31 March, 2011 on account of any disputes.

The Company's operations do not give rise to any Excise duty.

- xi. The Company does not have any accumulated losses nor has incurred any cash losses during the current and the immediately preceding financial year.
- xii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.

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- xiii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in shares, securities and 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 guarantees for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the term loans raised by the Company have been applied for the purpose for which these were obtained.
- xvii. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our audit report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)



**ALKA CHADHA**  
Partner  
Membership No. 93474

**NEW DELHI**, 11 May, 2011

**NORTH DELHI POWER LIMITED**  
**BALANCE SHEET AS AT 31 MARCH, 2011**

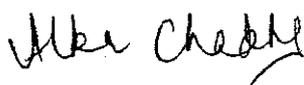
	Schedule Ref.	As at 31.03.2011 Rs./Lacs	As at 31.03.2010 Rs./Lacs
<b>SOURCES OF FUNDS</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) Share capital	1	55,200.00	55,200.00
(b) Reserves & surplus	2	<u>100,649.88</u>	<u>74,831.84</u>
		<u>155,849.88</u>	<u>130,031.84</u>
<b>2 CAPITAL GRANTS</b>	3	829.52	750.80
<b>3 CONSUMER CONTRIBUTION FOR CAPITAL WORKS</b>	4	31,791.95	27,493.76
<b>4 LOAN FUNDS</b>			
Secured loans	5	150,589.58	125,092.06
Unsecured loans	6	92,000.00	18,000.00
<b>5 CONSUMERS' SECURITY DEPOSIT (See Note 3 (j))</b>		28,054.12	23,972.61
<b>6 DEFERRED TAX LIABILITY (See note 17)</b>		22,653.09	18,377.74
Less: ADJUSTABLE IN FUTURE TARIFF		<u>22,653.09</u>	<u>18,377.74</u>
		<u>-</u>	<u>-</u>
		<u><b>459,115.05</b></u>	<u><b>325,341.07</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>7 FIXED ASSETS</b>			
(a) Gross block	7	350,135.26	296,241.41
(b) Less: Accumulated depreciation		<u>113,007.81</u>	<u>102,042.24</u>
(c) Net block		237,127.45	194,199.17
(d) Capital work-in-progress (CWIP)		<u>43,124.18</u>	<u>42,169.97</u>
		<u>280,251.63</u>	<u>236,369.14</u>
<b>8 INVESTMENTS</b>	8	1,925.54	1,944.19
<b>9 CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Interest accrued but not due		104.06	123.62
(b) Inventories	9	1,521.56	1,093.26
(c) Sundry debtors	10	243,914.20	124,298.35
(d) Cash and bank balances	11	8,204.16	8,271.26
(e) Loans and advances	12	<u>11,474.99</u>	<u>18,371.73</u>
		<u>265,218.97</u>	<u>152,158.22</u>
<b>10 LESS: CURRENT LIABILITIES AND PROVISIONS</b>	13		
(a) Current liabilities		86,998.72	64,204.43
(b) Provisions		<u>1,282.37</u>	<u>926.05</u>
		<u>88,281.09</u>	<u>65,130.48</u>
<b>11 NET CURRENT ASSETS</b>		<u>176,937.88</u>	<u>87,027.74</u>
		<u><b>459,115.05</b></u>	<u><b>325,341.07</b></u>

Notes forming part of the Financial Statements 19

The schedules referred to above form an integral part of the Balance sheet

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants



**ALKA CHADHA**  
Partner

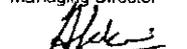
For and on behalf of  
**NORTH DELHI POWER LIMITED**



**SUNIL WADHWA**  
Managing Director



**S. RAMAKRISHNAN**  
Director

  
**AJAY KALSIE**  
Company Secretary

New Delhi  
Date:

11 MAY 2011

New Delhi  
Date:

11 MAY 2011

**NORTH DELHI POWER LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2011**

	Schedule Ref.	Year ended 31.03.2011 Rs./Lacs	Year Ended 31.03.2010 Rs./Lacs
<b>INCOME</b>			
1 Sale of power		295,919.12	272,173.06
Less: energy tax		<u>12,750.83</u>	<u>11,755.77</u>
		283,168.29	260,417.29
2 Other operating income	14	12,792.14	16,057.71
3 Other income	15	<u>689.65</u>	<u>584.45</u>
		296,650.08	277,059.45
4 Income arising from truing up by Delhi Electricity Regulatory Commission of earlier years revenue requirement		-	2,054.00
5 Total income excluding Income recoverable from future tariff		<u>296,650.08</u>	<u>279,113.45</u>
<b>EXPENDITURE</b>			
6 Fuel cost	16	1,797.97	-
7 Cost of power purchased (net) (excludes own generation) (See note 4 & 5)		308,970.80	255,882.63
8 Operating, maintenance and administrative expense	17	39,044.50	39,469.70
9 Bad debts written off		102.32	4,438.07
10 Depreciation		13,091.59	11,102.49
11 Interest and finance charges	18	17,284.32	9,473.51
12 Total		<u>380,291.50</u>	<u>320,366.40</u>
<b>LOSS BEFORE INCOME RECOVERABLE FROM FUTURE TARIFF</b>		(83,641.42)	(41,252.95)
13 Income recoverable from future tariff (See note 1.1)		115,643.00	67,268.00
<b>PROFIT BEFORE TAX</b>		32,001.58	26,015.05
14 Provision for taxes			
- Current income tax (including adjustment for earlier years) (See note 12)		6,183.54	4,856.75
- Deferred tax (See note 17)			
Provision for the current period		4,275.35	4,463.00
Less: Adjustable in future tariff		(4,275.35)	(18,377.74)
<b>PROFIT AFTER TAX CARRIED TO BALANCE SHEET</b>		<u>25,818.04</u>	<u>35,073.04</u>
Basic and Diluted Earnings per share (Rs.) (See note 20)		4.68	6.35

Notes forming part of the Financial Statements 19

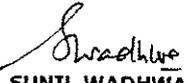
The schedules referred to above form an integral part of the Profit and Loss Account.

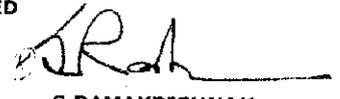
In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

  
**ALKA CHADHA**  
Partner

For and on behalf of  
**NORTH DELHI POWER LIMITED**

  
**SUNIL WADHWA**  
Managing Director

  
**S. RAMAKRISHNAN**  
Director

  
**AJAY KALSIE**  
Company Secretary

New Delhi  
Date: 11 MAY 2011

New Delhi  
Date: 11 MAY 2011

**NORTH DELHI POWER LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011**

	Year ended 31.03.2011 Rs./Lacs	Year Ended 31.03.2010 Rs./Lacs
<b>A. Cash flow from Operating Activities</b>		
Net profit before tax	32,001.58	26,015.05
Adjustments for :		
Depreciation	13,091.59	11,102.49
Interest expense	17,284.32	9,473.51
Interest income	(277.85)	(223.35)
Profit on sale of short term investments (non-trade)	(2.39)	(21.40)
Loss / (Profit) on retirement / sale of assets	861.00	509.90
Transfer of Capital grant / Consumer contribution to income	(1,238.91)	(789.78)
Obselete inventory written off / Provision for obselete inventory	14.61	78.92
Bad Debts written off	102.32	4,438.07
Provision for doubtful debts / Advances written back	1,618.01	(5,416.17)
Operating profit before working capital changes	63,454.28	44,167.24
Adjustments for :		
Trade and other receivables	(112,788.77)	(58,536.05)
Inventories	(442.91)	(176.45)
Trade payables and other liabilities	20,709.72	15,960.99
Cash generated from operations	(29,067.68)	1,415.73
Taxes paid/deducted at source	(5,374.39)	(4,960.03)
<b>Net cash used in Operating Activities</b>	<b>(A) (34,442.07)</b>	<b>(3,544.30)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(58,881.56)	(46,669.75)
Sale/disposal of fixed assets	1,046.48	566.33
Interest received	316.06	257.08
Profit on sale of short term investments (non-trade)	2.39	21.40
<b>Net cash used in Investing Activities</b>	<b>(B) (57,516.63)</b>	<b>(45,824.94)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest paid on long term borrowings	(10,319.28)	(6,672.37)
Interest paid on short term borrowings	(5,144.57)	(1,335.09)
Interest paid on consumer security deposits	(1,839.40)	(964.00)
Proceeds from short term loans	118,500.00	47,700.00
Repayment of short term loans	(44,500.00)	(29,700.00)
(Repayment)/Proceeds from cash credit accounts	(638.54)	2254.32
Proceeds of term loans	40,000.00	44,400.00
Repayment of term loans	(13,863.94)	(11,018.00)
Proceeds from capital grants/consumer contribution for capital works	5,615.82	12,884.51
Consumer security deposits	4,081.51	4,240.32
Dividend paid (including dividend tax)	-	(9,041.37)
<b>Net cash from Financing Activities</b>	<b>(C) 91,891.60</b>	<b>52,748.32</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(A+B+C) (67.10)</b>	<b>3,379.08</b>
Cash and cash equivalents at the beginning of the year	8,271.26	4,892.18
<b>Cash and cash equivalents at the end of the period</b>	<b>8,204.16</b>	<b>8,271.26</b>

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants



**ALKA CHADHA**  
Partner

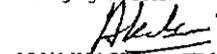
For and on behalf of  
**NORTH DELHI POWER LIMITED**



**SUNIL WADHWA**  
Managing Director



**S. RAMAKRISHNAN**  
Director

  
**AJAY KALSIE**  
Company Secretary

New Delhi  
Date:

**11 MAY 2011**

New Delhi  
Date:

**11 MAY 2011**

**NORTH DELHI POWER LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at <u>31.03.2011</u> Rs./Lacs	As at <u>31.03.2010</u> Rs./Lacs
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
750,000,000 [Previous year 750,000,000] equity shares of Rs. 10 each	<u>75,000.00</u>	<u>75,000.00</u>
<b>Issued, Subscribed and Paid up</b>		
552,000,000 [Previous year 552,000,000] equity shares of Rs.10 each fully paid up.	<u>55,200.00</u>	<u>55,200.00</u>
Of the above:		
1. 281,520,000 [Previous year 281,520,000] equity shares of Rs.10 each are held by Tata Power Company Limited, the holding company		
2. 367,950,000 [Previous year 367,950,000] equity shares of Rs. 10 each are allotted at par as fully paid pursuant to contract without payment being received in cash.		
3. 184,000,000 [Previous year 184,000,000] equity shares of Rs. 10 each are allotted as fully paid up bonus shares by capitalisation of Reserve & Surplus		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
(a) <b>General Reserve</b>	5,300.00	5,300.00
(b) <b>Contingency Reserve</b> (See note 9)	2,053.74	2,053.74
(c) <b>Profit and Loss account</b>		
(i) Opening balance	67,478.10	32,405.06
(ii) Add: Additions during the year	<u>25,818.04</u>	<u>35,073.04</u>
(iii) Closing balance	<u>93,296.14</u>	<u>67,478.10</u>
	<u>100,649.88</u>	<u>74,831.84</u>

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**NORTH DELHI POWER LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at <u>31.03.2011</u> Rs./Lacs	As at <u>31.03.2010</u> Rs./Lacs
<b>SCHEDULE 3</b>		
<b>CAPITAL GRANTS</b> (See note 2 (c))		
(i) Opening balance		
(ii) Add: Received during the year	750.80	735.62
(iii) Less: Transfer to Profit and Loss Account	116.85	52.02
(iv) Closing balance	<u>38.13</u>	<u>36.84</u>
	<u>829.52</u>	<u>750.80</u>
<b>SCHEDULE 4</b>		
<b>CONSUMER CONTRIBUTION FOR CAPITAL WORKS</b> (See note 2(i))		
(i) Opening balance		
(ii) Add: Additions during the year	27,493.76	15,414.21
(iii) Less: Transfer to Profit and Loss account	5,498.97	12,832.49
(iv) Closing balance	<u>1,200.78</u>	<u>752.94</u>
	<u>31,791.95</u>	<u>27,493.76</u>
<b>SCHEDULE 5</b>		
<b>SECURED LOANS</b> (See note 10(a))		
(a) From banks		
(i) Cash credit		
(ii) Term loans	10,277.02	10,915.56
(a) Industrial Development Bank of India		
(b) State Bank of Mysore	11,616.00	13,024.00
(c) State Bank of Saurashtra	3,300.00	3,700.00
(d) United Bank of India	3,300.00	3,700.00
(e) Punjab and Sindh Bank	7,500.00	8,500.00
(f) Dhanlaxmi Bank	13,421.04	15,000.00
(g) Union Bank of India	10,710.00	11,900.00
(h) Allahabad Bank	24,210.52	-
	15,000.00	-
(b) From Others		
(i) Infrastructure Development Finance Company Limited	37,792.50	43,552.50
(ii) Power Finance Corporation Limited	1,900.00	2,300.00
(iii) Axis Bank CLSS 7 Trust 2010	<u>11,562.50</u>	<u>12,500.00</u>
	<u>150,589.58</u>	<u>125,092.06</u>
<b>SCHEDULE 6</b>		
<b>UNSECURED LOANS</b> (See note 10(b))		
(a) Short term loans - from banks		
(i) Punjab National Bank	10,000.00	8,000.00
(ii) Union Bank of India	10,000.00	-
(iii) Punjab and Sindh Bank	15,000.00	-
(iv) Karnataka Bank Limited	5,000.00	-
(v) Dena Bank	6,000.00	-
(vi) South Indian Bank	10,000.00	-
(b) Other loans - from others		
(i) Axis Bank CLSS 8 Trust 2010	8,500.00	10,000.00
(ii) Axis Bank CLSS 2 Trust 2011	12,500.00	-
(iii) Axis Bank CLSS 15 Trust 2011	10,000.00	-
(iv) Tata Capital Limited	<u>5,000.00</u>	<u>-</u>
	<u>92,000.00</u>	<u>18,000.00</u>

*Akshay*

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**NORTH DELHI POWER LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

SCHEDULE Z	Particulars	GROSS BLOCK				DEPRECIATION				All amounts in Rs./ Lacs	
		As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the Year	Deletions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
<b>1</b>	<b>FIXED ASSETS</b> (See note 2 (b)) (At Cost)										
	<b>A) Power Distribution</b>										
	(a) Buildings	19,340.84	1,284.18	-	20,625.02	6,722.09	596.07	-	7,318.16	13,306.86	12,618.75
	(b) Plant and Machinery	139,180.26	19,741.42	3,422.51	155,498.17	41,983.31	7,160.95	1,912.37	47,231.89	108,267.28	97,196.95
	(c) Transmission Lines and Cable Network	132,897.31	17,185.60	-	150,082.91	51,888.31	4,574.08	-	56,462.39	93,620.52	81,009.00
	(d) Furniture & Fittings and Office Equipment	2,985.55	294.79	54.91	3,225.43	1,029.81	188.61	42.48	1,175.94	2,049.49	1,955.74
	(e) Vehicles	1,837.45	496.09	556.08	1,777.46	418.72	159.39	171.17	406.94	1,370.52	1,418.73
	<b>B) Power Generation</b>										
	(a) Building	-	1,512.62	-	1,512.62	-	13.90	-	13.90	1,498.72	-
	(b) Plant and Machinery	-	17,412.65	-	17,412.65	-	398.59	-	398.59	17,014.06	-
	<b>TOTAL</b>	<b>296,241.41</b>	<b>57,827.35</b>	<b>4,033.50</b>	<b>350,135.26</b>	<b>102,042.24</b>	<b>13,091.59</b>	<b>2,126.02</b>	<b>113,007.81</b>	<b>237,127.45</b>	<b>194,199.17</b>
	As at 31.03.2010	282,152.65	37,579.82	3,491.06	296,241.41	93,354.58	11,102.49	2,414.83	102,042.24	194,199.17	168,798.07
	<b>2</b>	<b>CAPITAL WORK - IN - PROGRESS (CWIP)</b> (See note 1, iii & iv below)									
	(a) Power Distribution	22,304.93	45,086.54	37,536.46	29,855.01	-	-	-	-	29,855.01	22,304.93
	(b) Power Generation	19,865.04	12,329.40	18,925.27	13,269.17	-	-	-	-	13,269.17	19,865.04
	<b>TOTAL</b>	<b>42,169.97</b>	<b>57,415.94</b>	<b>56,461.73</b>	<b>43,124.18</b>	-	-	-	-	<b>43,124.18</b>	<b>42,169.97</b>
	As at 31.03.2010	33,080.04	44,788.38	35,698.45	42,169.97	-	-	-	-	42,169.97	33,080.04

**Notes:**

- (i) Deduction in CWIP is amount capitalised during the year
- (ii) CWIP includes closing capital inventory of Rs. 8,599.77 lacs (Previous year Rs. 7,122.28 lacs)
- (iii) CWIP/Fixed Assets includes interest capitalised aggregating to Rs. 1,765.13 lacs during the period (Previous year Rs. 1,893.91 lacs)
- (iv) CWIP includes advances against capital expenditure aggregating to Rs. 3,362.50 lacs (Previous year Rs. 2,992.50 lacs)

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**NORTH DELHI POWER LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2011 Rs./Lacs	As at 31.03.2010 Rs./Lacs
<b>SCHEDULE 8</b>		
<b>INVESTMENTS</b> (See note 2(f))		
<b>Long term, Non Trade Investments (quoted)*</b>		
(a) 11,55,500 (Previous year 11,55,500) units of Rs 100 each in 7.40% GOI securities (2012) **	1,175.34	1,192.69
(b) 7,40,000 (Previous year 7,40,000) units of Rs 100 each in 7.49% GOI securities (2017)***	750.20	751.50
	<u>1,925.54</u>	<u>1,944.19</u>
* earmarked against Contingency Reserve		
** Market Value	1,154.92	1,182.89
*** Market Value	723.42	742.37
<b>SCHEDULE 9</b>		
<b>INVENTORIES</b> (See note 2(e))		
(a) Components and spares	1,501.85	1,054.47
(b) Loose tools	19.71	38.79
	<u>1,521.56</u>	<u>1,093.26</u>
<b>SCHEDULE 10</b>		
<b>SUNDRY DEBTORS</b>		
(a) Debtors for Billed Revenue		
(i) Debts outstanding for more than six months	9,604.57	8,189.21
(ii) Other Debts	<u>12,715.31</u>	<u>9,949.03</u>
(b) Debtors for billed revenue	22,319.88	18,138.24
Less: Provision for doubtful debts	<u>10,757.03</u>	<u>11,604.10</u>
(c) Debtors for unbilled revenue	11,562.85	6,534.14
	<u>14,844.58</u>	<u>15,900.01</u>
	26,407.43	22,434.15
(d) Debtors for sale of power other than NDPL license area	59.13	9.10
(e) Other debtors	241.64	292.10
(f) Tariff recoverable account (See note 11(b))	<u>217,206.00</u>	<u>101,563.00</u>
	<u>243,914.20</u>	<u>124,298.35</u>
Of the above amounts,		
Considered good	243,914.20	124,298.35
Considered doubtful	<u>10,757.03</u>	<u>11,604.10</u>
<b>SCHEDULE 11</b>		
<b>CASH AND BANK BALANCES</b>		
(a) Cash and cheques in hand		
- Cash in hand	64.12	55.84
- Cheques in hand	<u>1,008.71</u>	<u>1,403.02</u>
	1,072.83	1,458.86
(b) Balance with scheduled banks in:		
- Current accounts	6,125.33	5,748.40
- Deposit accounts	<u>1,006.00</u>	<u>1,064.00</u>
	<u>8,204.16</u>	<u>8,271.26</u>

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**NORTH DELHI POWER LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<u>As at</u> <u>31.03.2011</u> Rs./Lacs	<u>As at</u> <u>31.03.2010</u> Rs./Lacs
<b>SCHEDULE 12</b>		
<b>LOANS AND ADVANCES</b> (Unsecured)		
(a) Advances recoverable in cash or in kind or for value to be received	6,548.29	11,395.87
(b) Income tax paid and tax deducted at source [Net of provision for income tax Rs. 20,954.91 lacs (Previous year Rs. 14,771.37 lacs) and FBT Rs. 322.90 lacs (Previous year Rs. 322.90 lacs)]	978.18	1,787.33
(c) Recoverable from SVRS Trust (See note 3h)	<u>3,948.52</u>	<u>5,188.53</u>
	<u>11,474.99</u>	<u>18,371.73</u>
<b>SCHEDULE 13</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
(a) Sundry creditors (See note 23)		
Payable to Micro, Small and Medium enterprise	19.12	0.14
Payable for power purchase	35,987.12	26,930.50
Others	18,285.91	14,049.55
(b) Retention money	3,674.31	3,572.83
(c) Book overdraft	367.84	14.00
(d) Consumers' deposits for works	20,116.15	10,870.08
(e) Other liabilities	7,909.01	8,307.32
(f) Interest accrued but not due on loans	639.26	460.01
	<u>86,998.72</u>	<u>64,204.43</u>
<b>PROVISIONS</b>		
(a) Provision for employees benefits	1,268.48	912.57
(b) Provision for wealth tax	13.89	13.48
	<u>1,282.37</u>	<u>926.05</u>
	<u>88,281.09</u>	<u>65,130.48</u>

*Akshay*

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**NORTH DELHI POWER LIMITED**  
**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

	<u>Year ended</u> <u>31.03.2011</u> Rs./Lacs	<u>Year Ended</u> <u>31.03.2010</u> Rs./Lacs
<b>SCHEDULE 14</b>		
<b>OTHER OPERATING INCOME</b>		
(a) Late payment surcharge collected (See note 2(d))	1,743.87	1,609.01
(b) Service line charges (See note 2(d))	3,555.56	3,243.49
(c) Commission on		
- DVB arrears collection	3.11	13.10
- Energy tax collection	379.52	353.69
(d) Maintenance charges	1,557.85	1,289.37
(e) Rebate on power purchase	2,345.23	1,935.25
(f) Interest on Investment in Government Securities	122.28	123.14
(g) Transfer from capital grants	38.13	36.84
(h) Transfer from consumer contribution for capital works	1,200.78	752.94
(i) Provision for doubtful debts/advances no longer required written back	1,618.01	6,416.17
(j) Miscellaneous income operating	227.80	284.71
	<u>12,792.14</u>	<u>16,057.71</u>
<b>SCHEDULE 15</b>		
<b>OTHER INCOME</b>		
(a) Interest (Tax deducted at source Rs. 12.57 lacs (Previous Year Rs. 16.23 lacs)	155.57	100.21
(b) Short term capital gain (non-trade investments) (See note 22)	2.39	21.40
(c) Income other than energy business	200.13	240.38
(d) Miscellaneous Income	331.56	222.46
	<u>689.65</u>	<u>584.45</u>
<b>SCHEDULE 16</b>		
<b>FUEL COST</b>		
(a) Fuel cost (gross)	5,907.51	-
(b) Less: Capitalised/during trial - run	4,109.54	-
(c) Fuel cost (net)	<u>1,797.97</u>	<u>-</u>

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**NORTH DELHI POWER LIMITED**  
**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

	Year ended 31.03.2011 Rs./Lacs	Year Ended 31.03.2010 Rs./Lacs
<b>SCHEDULE 17</b>		
<b>OPERATING MAINTENANCE AND ADMINISTRATIVE EXPENSES</b>		
<b>PERSONNEL AND OUTSOURCING COSTS</b>		
(a) Salaries, allowances and incentives	21,742.91	18,518.07
(b) Contribution to provident and other funds	2,263.15	1,393.35
(c) Staff welfare expenses	1,360.45	905.49
(d) Other Personnel and Outsourcing Cost	1,467.95	1,555.72
	<u>26,834.46</u>	<u>22,372.63</u>
Less: Transferred to Capital-work-in-progress/capitalised (See note 7)	2,991.42	2,779.16
	<u>23,843.04</u>	<u>19,593.47</u>
(e) Sixth pay commission revision for previous years paid/provided	-	5,856.00
(f) Pension and other payment to VSS retirees (See note 3(h))	809.60	1,418.02
	<u>24,652.64</u>	<u>26,867.49</u>
<b>OPERATING AND MAINTENANCE EXPENSES</b>		
(a) Stores and spares consumed (Net of recoveries)	1,707.24	1,551.19
(b) Repairs and maintenance:		
(i) Building	287.12	263.62
(ii) Plant and machinery	4,552.67	3,846.08
(iii) Others	2,260.37	1,982.06
(c) Loss on sale / retirement of assets	861.00	509.90
	<u>9,668.40</u>	<u>8,152.85</u>
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
(a) Communication expenses	308.32	254.60
(b) Printing and stationery	276.73	325.53
(c) Legal and professional charges	816.57	540.42
(d) Travelling and conveyance	267.40	246.41
(e) Insurance	189.40	133.41
(f) Advertisement, publicity and business promotion	265.12	290.29
(g) Rent and hire charges	74.58	69.35
(h) Rates and taxes	168.39	160.62
(i) Electricity charges	-	0.15
(j) Freight, handling and packing expenses	77.51	63.15
(k) Bill collection and distribution expenses	663.26	709.03
(l) Postage and courier charges	30.47	80.41
(m) EDP expenses	476.00	579.83
(n) Housekeeping expenses	336.35	250.14
(o) Foreign exchange fluctuation loss (net)	(0.94)	5.31
(p) Other expenses (See note 21)	774.30	740.71
	<u>4,723.46</u>	<u>4,449.36</u>
	<u>39,044.50</u>	<u>39,469.70</u>
<b>SCHEDULE 18</b>		
<b>INTEREST AND FINANCING EXPENSE</b>		
(a) Interest on term loan (gross)	12,141.51	8,587.37
Less: Capitalised (See note 8)	1,765.13	1,893.91
Interest on term loans (net)	<u>10,376.38</u>	<u>6,693.46</u>
(b) Interest on cash credit accounts/short term loans	5,241.44	1,335.09
(c) Interest on consumer security deposit (See note 6)	1,640.99	1,407.65
(d) Financing charges	25.51	37.31
	<u>17,284.32</u>	<u>9,473.51</u>

*[Handwritten Signature]*

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## NORTH DELHI POWER LIMITED

### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENT

#### SCHEDULE 19

#### NOTES FORMING PART OF THE ACCOUNTS

##### 1. Background

North Delhi Power Limited (NDPL) 'The Company' engaged in the business of distribution of electricity in North and North-West Delhi was set up in terms of Delhi Electricity Reforms (Transfer Scheme) Rules 2001. The undertaking of erstwhile Delhi Vidyut Board (DVB) engaged in distribution and retail supply of electricity in the North & North-West districts in the National Capital Territory of Delhi together with the personnel employed therein were transferred to the Company with effect from 1 July, 2002 which also marked the commencement of commercial operations for the Company.

The Company has been granted a License under section 20 of the Delhi Electricity Reform Act, 2000 (Act No. 2 of 2001) by the Delhi Electricity Regulatory Commission (DERC) on 11 March, 2004. The License is valid for a period of twenty five years. During the period 1 July, 2002 to the date of grant of License, NDPL was a deemed Licensee.

##### 2. Significant Accounting Policies

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company. As the Company is governed by Electricity Act, 2003 and the saved provisions of Electricity (Supply) Act, 1948, the provisions of the said Acts prevail wherever they are inconsistent with the provisions of the Companies Act, 1956. The significant accounting policies are as follows:

###### a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, foreseeable estimated contract losses and useful life of fixed and intangible assets. Contingencies are recorded when it is probable that a liability may be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates.

###### b. Fixed assets and depreciation

- i. All fixed assets are stated at cost. Cost includes its purchase price and any attributable cost of bringing the assets to their working condition for their intended use.
- ii. Assets transferred from erstwhile DVB are stated at the transaction value as notified by the Government of National Territory of Delhi (GNCTD) under the Transfer Scheme. Values assigned to different heads of individual fixed assets as on the date of the transfer i.e. 1 July, 2002 as per an independent technical valuer's estimation.
- iii. Fixed Assets are eliminated from financial statements, either on disposal or when retired from active use or on becoming redundant. Generally, such retired assets are disposed off soon thereafter.

- iv. Depreciation for the year in respect of electricity distribution business fixed assets has been provided on straight line method. In terms of the order issued by Ministry of Company Affairs (MCA) dated 27 November, 2008 the Company may provide depreciation on assets for which no specific rate of depreciation is mentioned in Schedule XIV of Companies Act, 1956 on the basis of useful life as notified by Central Electricity Regulatory Commission (CERC) vide notification number L-7/25(5)/2003-CERC dated 26 March, 2004 and calculated in a manner which has the effect of writing off by way of depreciation, ninety five percent (95%) of the original cost of each such depreciable asset on the expiry of the specified useful life. The Company had further engaged an independent valuer to validate the life of assets as specified in the CERC notification. Based on the report of the independent valuer the Company has provided depreciation at the rates calculated by taking the life of assets as mentioned in CERC notification or as per independent value whichever is lower.

Based on the above, the depreciation rates computed and used for various classes of assets are:

Description of Assets	Rate of Depreciation
Plant & Machinery (other than computers, Batteries & meters)	3.80% to 6.33%
Transmission Lines, Cable Network	2.71% to 6.33%
Meters	9.50%
Batteries	19.00%
Office Equipment	6.33%

- v. Depreciation for the year in respect of fixed assets used for electricity generation has been provided on straight line method. The depreciation has been calculated in a manner which has the effect of writing off by way of depreciation, ninety five percent (95%) of the original cost of each such depreciable asset on the expiry of the specified useful life.

Based on the above, the depreciation rates computed and used for various classes of assets are:

Description of Assets	Rate of Depreciation
Building	3.34%
Plant & Machinery (other than computers)	3.80% to 15.83%
Computer	16.21%

- vi. Assets costing less than Rs. 5,000 on which depreciation rate is applicable as per Schedule XIV of Companies Act 1956, are depreciated fully in the year of first use for both distribution and generation business
- vii. Depreciation in respect of other fixed assets of distribution and generation business in respect of which specific rate of depreciation is mentioned in Schedule XIV of Companies Act, 1956 have been recognised in the Profit and Loss Account at the rate mentioned therein.

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**c. Accounting for Grants**

- i. Grants relating to depreciable fixed assets are treated as deferred income to be recognised in the profit & loss statement over the useful life of the asset in the proportion in which depreciation on the related assets is charged.
- ii. Grant relating to the revenue are recognised in the profit and loss account and are deducted in reporting the related expense.

**d. Revenue Recognition**

- i. Revenue from power supply is accounted for on the basis of billings to consumers and includes unbilled revenues accrued up to the end of the accounting year.
- ii. 'Late Payment Surcharge' on electricity billed and bills raised for dishonest abstraction of power are recognised, on grounds of prudence, as and when recovered from the consumers.
- iii. The amount received from consumers on account of Service Line charges are treated as Income on installation of connection.

**e. Inventories**

Inventories of stores and spares parts and loose tools are valued at lower of cost net of provision for diminution in value or net realisable value. Cost is determined on the 'Weighted average' basis.

Components and spares inventory include items which could be issued for projects to be capitalised.

**f. Foreign currency transactions**

Foreign exchange transactions are recorded at the rates of exchange prevailing on the date of the transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the profit and loss account. Foreign currency assets and liabilities denominated in foreign currencies, at the year end are translated into rupees at the year end rates and resultant gains/losses on foreign exchange translations are recognised in the profit and loss account.

In respect of forward exchange contracts, the difference between the forward rate and the rate at the inception of a forward contract is recognised as income or expense over the life of the contract. Any income or expense on account of exchange differences either on settlement of the contract or on translation of the unmatured foreign currency contract at the rate prevailing on the date of the Balance Sheet date is recognised in the profit and loss account.

**g. Employee benefits**

**A. Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include salaries, wages, bonus, performance incentives and leave travel allowance.

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.



**B. Post-employment benefits**

**i. Defined Contribution Plans**

**Erstwhile DVB Employees**

The Company's contributions into the DVB Employees Terminal benefit Fund 2002 ('the Trust') for the erstwhile DVB Employees as per the Transfer Scheme are defined contribution plans. Provisions for contributions towards all terminal / retirement benefits including gratuity, pension and leave encashment on separation of erstwhile DVB employees are made on the basis of the Fundamental Rules and Service Rules (FRSR Rules) as determined by the trustees of the Trust. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**Employees other than from Erstwhile DVB**

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited by the Company under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is recognised by the Income Tax authorities. The provident fund plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

**ii. Defined Benefit Plans**

**Employees other than from Erstwhile DVB**

The Company's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the profit and loss account

The Company has taken the group policy with Life Insurance Corporation of India (LIC) to meet its obligation towards gratuity. Liability with respect to the gratuity plan is determined based on an actuarial valuation done by an independent actuary at the year end and any differential between the fund amount as per LIC and the actuarial valuation is charged immediately to profit and loss account.

**C. Other Long Term Employee Benefits**

**Employees other than from Erstwhile DVB**

Benefits comprising compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the profit and loss account.



**h. Taxation**

Income tax comprises current income tax and deferred tax. Current income tax is measured at the amounts expected to be paid to the tax authorities in accordance with the Income Tax Act 1961.

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted at the balance sheet date.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

**i. Consumer contribution to capital works**

Consumer's contribution towards cost of capital assets is treated as capital receipt and credited in current liabilities until transferred to a separate account on commissioning of the assets. An amount equivalent to the depreciation charge for the year on such assets is appropriated from this account as income to the profit and loss account over the useful life of the assets.

**j. Earnings per share (EPS)**

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings Per Share. Basic earnings per equity share has been computed by dividing net profit after tax and transfer to statutory contingency reserve, if any by the weighted average number of equity shares outstanding for the year. The Company does not have any potential dilutive equity shares.

**k. Borrowing Cost**

The borrowing cost of the long term loans taken for capital expenditures are capitalised till commissioning of these assets. Thereafter, such borrowing costs are recognised as an expense in the period in which they are incurred.

**l. Investment**

Long term investments are stated at cost, less provision for diminution in value other than temporary, if any. Current investments are stated at lower of cost or fair value at the balance sheet date.

**m. Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Impaired Assets are eliminated from financial statements, either on disposal or when retired from active use or on becoming redundant. Generally, such retired assets are disposed off soon thereafter.

The image shows handwritten initials 'R' on the left and a signature 'Aksh' on the right, both in black ink.

Impairment loss and reversal of the same is recognised immediately in the profit and loss account.

**n. Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

**3. Contingent Liabilities**

Particulars	As at 31.03.11 Rs./lacs	As at 31.03.10 Rs./lacs
<b>a.</b> Claims against the Company not acknowledged as debts:		
i. Legal cases filed by consumers, employees and others under litigation	681.22	765.71
ii. Property tax demands raised by municipal authorities	632.00	572.00
iii. Water charges demand raised by Delhi Jal Board (DJB)	38.99	40.23
<b>b.</b> Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	39,167.41	35,399.78
<b>c.</b> Unexpired letters of credit	26,763.00	22,193.20
<b>d.</b> Guarantee issued by the bankers against Company's counter guarantee	1,163.95	1,192.47
<b>e.</b> 'C' Forms pending issue from Sales Tax Department for the financial year 2002-03, 2003-04, 2008-09, 2009-10 and 2010-11	59.44	45.21
<b>f.</b> Interest on income tax under various provision of Income Tax Act, 1961	1,171.03	889.97
<b>g.</b> As per the provisions of the Transfer Scheme pursuant to Delhi Electricity Reforms Act, 2002, the liabilities arising out of litigation, suits, claims etc. pending on the date of transfer (i.e. 1 July, 2002) and/or arising due to events prior to that date shall be borne by the Company subject to limit in the aggregate of Rs. 100 lacs (Previous Year Rs. 100 lacs) per annum.		
<b>h.</b> The Company had introduced a Voluntary Separation Scheme (VSS) for its employees in December 2003, in response to which 1,798 employees were separated. As per the Scheme, the retiring employees were paid Ex-gratia separation amount by the Company. They were further entitled to Retiral Benefits (i.e. gratuity, leave encashment, pension commutation, pension, medical and leave travel concession), the payment obligation of which became a matter of dispute between the Company and the DVB Employees Terminal Benefit Fund 2002 ('the Trust'). The Trust is, however, of the view that its liability to pay retiral benefits arises only on the employee attaining the age of superannuation or on death whichever is earlier. On 1 November, 2004, the Company entered into a Memorandum of Understanding with the Government of National Capital territory of		




Delhi (GNCTD) and a special Trust namely Special Voluntary Retirement Scheme Retirees Terminal Benefit Fund, 2004 Trust (SVRS RTBF, 2004 Trust) was created.

For resolution of the issue through the process of law, the Company had filed a Writ, before the Hon'ble Delhi High Court. The Hon'ble Court has pronounced its judgement on this issue on 2 July, 2007 whereby it has provided two options to the Discoms for paying terminal benefits / residual pension to the Trust:

- i. Terminal benefits due to the VSS optees and to be paid by Discoms which shall be reimbursed to Discoms by the Trust without interest on normal retirement / death (whichever is earlier) of such VSS optees. In addition, the Discoms shall pay the Retiral Pension to VSS optees till their respective dates of normal retirement, after which the Trust shall commence payment to such optees.
- ii. The Trust to pay the terminal benefits and all dues of the VSS optees on reimbursement by Discoms of 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal of Actuaries.

The Company considers the second option as more appropriate and also estimates that the liability under this option shall be lower than under the first option which is presently being followed. Pending computation of the liability by the Arbitral Tribunal of Actuaries due to delay in appointment of the same, no adjustment has been made in these financial statements. Subsequent to the year end the Hon'ble Delhi High Court has pronounced that Actuaries are to be appointed within a stipulated period.

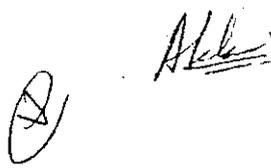
While the writ petition was pending, the Company had already advanced Rs. 7,774.35 lacs (Previous Year Rs. 7,774.35 lacs) to the SVRS Trust for payment of retiral dues to separated employees. Against this, the Company had recovered Rs. 2,971.04 lacs (Previous Year Rs. 2,971.04 lacs) and adjusted an amount of Rs. 1,655.90 lacs (Previous Year Rs. 450.00 lacs) from pension, leave salary and other contribution totaling to Rs. 4,626.94 lacs (Previous Year Rs. 3,421.04 lacs), against a claim of Rs. 5,674.44 lacs (Previous Year Rs. 4,717.84 lacs) from the SVRS Trust in respect of retirees, who have expired or attained the age of superannuation till 31 March, 2011.

In addition to the payment of terminal benefits / residual pension to the Trust, the Hon'ble Delhi High Court in its above Order has held that the Discoms are liable to pay interest @ 8% per annum on the amount of terminal benefits for the period from the date of voluntary retirement to the date of disbursement. Consequently, the Company has paid Rs. 801.27 lacs in FY 2008-09 as interest to VSS optees.

The Company is of the opinion that the total liability for payment of terminal benefits to the trust based on actuarial valuation including payment of interest to VSS optees, would be less than the amount of retiral pensions already paid to the VSS optees and charged to profit and loss account. Consequently, pending valuation of 'Additional Contribution' to be computed by an Arbitral Tribunal of Actuaries, the Company has shown interest of Rs. 801.27 lacs (Previous Year Rs. 801.27 lacs) paid to VSS optees, in addition to retiral dues of Rs. 3,147.41 lacs (Previous Year Rs. 4,353.31 lacs) as recoverable and are reflected in Rs. 3,948.52 lacs (Previous Year Rs. 5,188.53 lacs) as shown in Schedule-12 of the financial statements.

Apart from this, the Company has also been paying the retiral pension to the VSS optees till their respective dates of normal retirement or death (whichever is earlier). DERC has approved the aforesaid retiral pension amount in its Aggregate Revenue Requirement (ARR) and the same has been charged to the profit and loss account.

- i. The Company had bought goods from local suppliers, which were used in the business of distribution of electricity. These goods received were subject to the issuance of Exemption certificate in terms of Rule 11 (clause XII) of the Delhi Sales Tax Rules, 1975. In case of some of the suppliers, the sales tax authorities have denied exemption to them. Some suppliers, being the aggrieved parties, have preferred appeal against the assessment order.



The Company has also proactively filed a writ petition in the Hon'ble Delhi High Court, as the Sales Tax authorities have rejected the Company's application to intervene or represent on behalf of the dealers on the ground that Company does not have locus-standi directly to approach the appellate authorities against the denial of exemption to its suppliers. The Hon'ble High Court has heard the writ petition on 21 March, 2006 and has issued an order that the pendency of this writ petition shall not prevent the Appellate Authority and the Tribunal from hearing and disposing of the appeal on merits in accordance with the law which is pending before them against the order of suppliers of the Company impugned in this petition. The Court has also made clear that the Company (the petitioner) may suitably amend this petition so as to challenge the orders issued by the lower appellate authorities, if the same goes against the dealers. In a recent judgment dated 10 September, 2009 the assessing authority has decided the case against the Company's suppliers and they have preferred an appeal against the said order on 24 December 2009 before the Additional Commissioner of Department of Trade & Taxes, Government of National Capital Territory of Delhi (GNCTD). If the decision of the appellate authorities goes against the Company's suppliers, the Company would have a right to appeal before the Hon'ble High Court. In case even the Hon'ble High Courts' decision is unfavorable to the Company, a liability of Rs. 1,005.00 lacs plus interest, if any (Previous Year Rs. 1,005.00 lacs) would arise on account of local sales tax.

- j. The liability stated in the opening Balance Sheet of the Company as per the Transfer Scheme as on 1 July, 2002 in respect of consumers' security deposit was Rs. 1,000 lacs (Previous Year Rs. 1,000 lacs). The Company had engaged an independent agency to validate the sample data in digitized form of consumer security deposit received by the erstwhile DVB from its consumers. As per the validation report submitted by this agency the amount of security deposit received from consumers aggregated to Rs. 6,670.51 lacs. The Company has been advised that as per the Transfer Scheme, the liability in excess of Rs. 1,000 lacs (Previous Year Rs. 1,000 lacs) towards refund of the opening consumer deposits and interest thereon is not to the account of the Company. Since the GNCTD was of the view that the aforesaid liability is that of the Company, the matter was referred to Delhi Electricity Regulatory Commission (DERC). During the year 2007-08, DERC vide its letter dated 23 April, 2007 has conveyed its decision to the GNCTD upholding the Company's view. As GNCTD has refused to accept the DERC decision as binding on it, the Company has filed a writ petition in the Hon'ble Delhi High Court and the matter has been listed for hearing on 19 October, 2011. No stay has been granted by the Hon'ble High Court in the matter for refund of consumer security deposits and payment of interest thereon.
- k. The Company has received an Income tax assessment order dated 23 December, 2008 for Assessment Year (AY) 2006-07 under Section 143(3) of the Income Tax Act, 1961 raising a demand of Rs. 3,538.76 lacs (Previous Year Rs. 3,538.76 lacs) primarily on the ground of add back of Rs. 9,113 lacs pertaining to revenue available for future tariff determination and other minor disallowances. The penalty proceedings u/s 271(1)(c), have also been initiated. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) and simultaneously filed an application for stay of demand. Against the said demand the Company has deposited Rs. 400 lacs in FY 2008-09 and the Additional Commissioner of Income Tax has further adjusted refund due of Rs. 402.63 lacs, Rs. 554.11 lacs and Rs. 584.95 lacs for Assessment Year (AY) 2003-04, 2005-06 and 2008-09 respectively. The appeal which was filed before CIT-A, has been decided partly against the Company resulting in reducing demand to Rs. 2,248.79 lacs for which the Company has filed an appeal before the Appellate Tribunal on 4 November, 2010 which is pending for disposal. The Income Tax Department also filed appeal before ITAT against the order of CIT-A which is also pending for disposal

The Company has also received the assessment order for AY 2007-08 under Section 143(3) dated 29 December, 2009 raising a demand of Rs. 3,148.25 lacs (including interest) primarily on the grounds of add back of Rs. 11,439 lacs of revenue available for future tariff determination, add back of Rs. 1,017.87 lacs of Energy Tax disallowed u/s 43B, and other minor disallowances. The penalty proceedings u/s 271(1)(c), have also been initiated. The Company has filed an appeal before Commissioner of Income Tax (Appeals) and simultaneously filed an application for stay of demand and reply to





the penalty show cause notice. Further the Company has deposited Rs. 700 lacs in FY 2010-11 and Rs. 400 lacs in FY 2009-10 against the said demand.

The Company has also received the assessment order for AY 2003-04 under Section 143(3)/147 dated 23 December, 2009 raising a demand of Rs. 634.19 lacs primarily on account of provision for bad and doubtful debts. The penalty proceedings u/s 271(1)(c), have also been initiated. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) and simultaneously filed an application for stay of demand and reply to the penalty show cause notice. Further the Company has deposited Rs. 350 lacs for the said demand on 26 February, 2010. The Appeal filed before CIT(A) has been partly allowed resulting in reducing demand to Rs. 549.28 lacs. Against the order of CIT (A), Company has filed Appeal before ITAT on 16 March 2011 which is pending for disposal. The department has also filed an appeal before ITAT against this order which is also pending for disposal.

The Company has also received assessment order for AY 2008-09 under Section 143(3) dated 31 December, 2010 raising a demand of Rs. 99.35 lacs (including interest) primarily on account of addition of Rs. 699.56 lacs pertaining to Provision for Doubtful Debts and other minor disallowances in Book profit calculated under Section 115JB. The Company has filed an appeal before Commissioner of Income Tax (Appeals) against the order of assessing officer on 31 January 2011 which is pending for disposal.

- l.** Power Grid Corporation of India Limited (PGCIL) has filed a petition on 20 March, 2009 with Central Electricity Regulatory Commission (CERC) under regulation 12 and 13 of the CERC (Terms & Conditions of Tariff) Regulations, 2004 for permission to bill and recover service tax on transmission and other charges recoverable by the Government of India in terms of Section 64 of the Finance Act 1994, for the period 2004-2009. PGCIL has transmitted electricity to NDPL commencing 1 April 2007 and the Company's view was that service tax is not applicable on transmission charges for transmission of electricity. Pending decision of levy of service tax on transmission charges by the Central Excise / Service Tax Authorities and CERC, the Govt vide its notification nos. no 11/2010 dated 27 February, 2010 and no 45/2010 dated 20 July, 2010 has notified that Service Tax is not payable on taxable services relating to transmission and distribution of electricity. CERC vide its order dated 23 September, 2010 has dismissed the petition of PGCIL to bill and recover service tax.
- m.** In view of para 6.8 of the Multi Year Tariff Order (MYT Order) dated 20 December, 2007 Delhi Transco Limited (DTL) has filed a petition on 29 February, 2008 for determination of the reactive energy charges payable by beneficiaries including NDPL. In the petition DTL has asked the Delhi Electricity Regulatory Commission (the Commission) to allow / approve reactive energy charges at 10 paisa per KVARh to discourage utilisation of reactive power by beneficiaries. In the said petition the Commission has vide its order dated 3 September, 2008 directed DTL to carry out a comprehensive study and submit a report to the Commission and in the meanwhile the Commission has asked to maintain status quo in respect of reactive energy charges. On 16 July, 2010 the Commission has decided the above issue by revising the rate of Reactive Energy Charges @ 10 paisa per KVARh in line with the Central Electricity Regulatory Commission (CERC) and accordingly SLDC is raising bills on the revised rates.





#### 4. Bilateral Power Purchase Agreement

The Company has made bilateral arrangements with other power utilities to bank power or vice versa and take back or return the same over agreed period. Power banking transactions both ways are recorded at the rate of Rs. 4.00 per unit being the applicable rate as per directive of DERC/ contract rate. Details of power banked during the year ended 31 March, 2011 are as follows:

Opening balance as at 1 April, 2010	Power banked (Outflow)	Power due against banked	Actual receipt	Power due against receipt	Balance receivable/ (payable)
(Mu's)	(Mu's)	(Mu's)	(Mu's)	(Mu's)	(Mu's)
A	B	C	D	E	F=A+C-E
195.70	158.28	157.86	383.17	389.27	(35.71)
<i>413.75</i>	<i>236.88</i>	<i>237.18</i>	<i>455.23</i>	<i>455.23</i>	<i>195.70</i>

Note: Figures in italics pertains to previous year.

#### 5. Power Purchase Cost

The Company has entered into power purchase agreements based on projected demand of power to be supplied to the consumers. During certain time slots the power arranged may be in excess of the actual demand and in some time slots the demand may exceed prior arrangements. In the event power procured exceeds demand, since the same cannot be stored, is either sold through bilateral arrangements or allowed to be drawn by other utilities from the Grid at a charge. During the current year, the Company has sold/under-drawn 1,051.34 (Previous Year 723.62) million units of power to / in favour of other utilities. The power purchase cost Rs. 308,970.80 lacs (Previous Year Rs. 255,882.63 lacs) net of sale of power/ UI receivables Rs. 31,397.25 lacs (Previous Year Rs. 29,946.81 lacs) and excludes in- house power generation cost.

#### 6. Interest on Consumer Security Deposit

As per the provisions of section 47(4) of the Electricity Supply Act, 2003 interest on consumer security deposits is payable at the bank rate as per the notification by DERC. During the year 2007, DERC had issued Delhi Electric Supply Code and Performance Standards Regulations, which came into force from 18 April, 2007 through notification in the Official Gazette. As per clause 16 (vi) of the Regulations, interest at the rate of 6% per annum is payable on consumer security deposits received from all consumers. In view of the fact that the matter of liability on account of opening consumer security deposits in excess of Rs. 1,000 lacs (Previous Year Rs. 1,000 lacs) transferred to the Company as per the Transfer Scheme is sub-judice and no stay has been granted on payment of interest on and/ or refund of opening consumer security deposits in excess of Rs. 1,000 lacs (Previous Year Rs. 1,000 lacs), the Company has provided interest expense aggregating to Rs. 1,640.99 lacs (Previous Year Rs. 1,407.65 lacs) during the year on the outstanding consumer security deposits received by the Company since takeover of business in July 2002 and also on the estimated total consumer security deposits received by the erstwhile DVB as per the Company's records. Out of the above interest expenditure, an amount of Rs. 192.07 lacs (Previous Year Rs. 193.31 lacs) would be recoverable from DPCL if the Company's contention is upheld by the Hon'ble High Court that the Company's liability for interest payment/ refund on account of opening consumer security deposits is only to the extent of Rs. 1,000 lacs liability transferred to it as per the statutory transfer scheme. (Also see note 3j).

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**7. Capitalisation of Personnel Cost**

The Company has transferred 10% of the personnel costs aggregating to Rs. 2,645.18 lacs (Previous Year Rs. 2,565.04 lacs) to Capital Work In Progress (CWIP) during the year as per the directives of the DERC vide its tariff order dated 26 June, 2003. Apart from the above the Company has also capitalised/ transferred to CWIP Rs. 346.24 lacs (Previous Year Rs. 214.12 lacs) in respect of personnel cost attributable to the generation plant.

**8. Capitalisation of Borrowing Cost**

During the year the Company has transferred an amount of Rs. 1,765.13 lacs (Previous Year 1,893.91 lacs) to CWIP/Fixed Assets being the amount of borrowing cost incurred during the year on Capital Work in Progress/Fixed Assets.

**9. Contingency Reserves**

Contingency reserves represent the transfer of such reserves in terms of para IV of the sixth schedule to the Electricity (Supply) Act, 1948. Since Electricity (Supply) Act, 1948 has been repealed and replaced by Electricity Act, 2003 which does not have any such stipulation with regards to contingency reserve; no appropriation was made from financial year 2005-06 onwards.

DERC, vide the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 issued on 30 May, 2007, has stipulated that the profits arising from achieving loss levels better (i.e. lower) than specified by the DERC shall be partly retained by the Licensee in addition to the assured returns and balance transferred to the Contingency Reserve. Since there is a large Revenue Gap yet to be recovered through future tariff, the Company has given representation to DERC that the consumers' share of over achievement of incentive should be transferred to Contingency Reserve only when revenue surplus is determined. Pending outcome of such representation no amount has been transferred to Contingency Reserve during the current year.

**10. Loan Funds**

**a. Secured Loan**

i. The Company has availed cash credit limits from consortium of four banks led by State Bank of India. These cash credits are secured by a third charge on receivables and first charge on stores and spares (not relating to plant and machinery) and first pari passu charge on fixed assets.

ii. Industrial Development Bank of India

Term loan from Industrial Development Bank of India Limited (IDBI) is secured by first pari-passu charge on all the present and future immovable and movable assets (except book debts), a third pari-passu charge on the receivables and a first charge on a Debt Service Reserve Account (Exclusive to this loan). Repayment of 40% of the loan had commenced from 15 January, 2007 and will be repaid in 20 quarterly installments. The balance 60% of the loan is repayable in 20 equal quarterly installments, whose repayment shall commence from 15 January, 2012.

iii. State Bank of Mysore

Term loan from State Bank of Mysore is secured by first pari-passu charge on all the present and future immovable and movable assets (except book debts), a third pari-passu charge on the receivables and a first charge on a Debt Service Reserve Account (Exclusive to this loan). Repayment of 40% of the loan had commenced from 15 January, 2007 and will be repaid in 20 equal quarterly installments. The balance 60% of the loan is repayable in 20 equal quarterly installments, whose repayment shall commence from 15 January, 2012.

iv. State Bank of Saurashtra (now merge with State Bank of India)

Term loan from State Bank of Saurashtra is secured by first pari-passu charge on all the present and future immovable and movable assets (except book debts), a third pari-passu charge on the receivables and a first charge on a Debt Service Reserve Account (Exclusive to this loan). Repayment of 40% of the loan had commenced from 15 January, 2007 and will be repaid in 20 equal quarterly installments. The balance 60% of the loan is repayable in 20 equal quarterly installments whose repayment shall commence from 15 January 2012.

v. United Bank of India

Term loan from United Bank of India is secured by first pari passu charge on all the present and future immovable and movable assets (except book debts), intangibles, rights etc. in the project documents, clearances, claims and demands of the Company in any letter of credit/ guarantee, etc., all insurance contracts/ proceeds, and a third pari passu charge over the receivables. The repayment of loan has commenced from 15 October, 2008 and will be repaid in 40 quarterly installments.

vi. Punjab and Sind Bank

Term loan from Punjab and Sind Bank is secured by first pari-passu charge on all the present and future fixed assets (movable and immovable), stores and spares and a third pari-passu charge on the receivables. The repayment of loans has commenced from 15 April 2010 and 15 May 2010 and will be repaid in 38 quarterly installments.

vii. Dhanlaxmi Bank

Term loan from Dhanlakshmi Bank is secured by first pari-passu charge on all the present and future fixed assets (movable and immovable), stores and spares and a third pari-passu charge on the receivables. Repayment of 50% of the loan had commenced from 15 April, 2010 and will be repaid in 20 quarterly installments. The balance 50% of the loan is repayable in 8 equal quarterly installments, whose repayment shall commence from 15 April, 2015.

viii. Union Bank of India

The Company has entered into a term loan agreement with Union Bank of India on 5 May, 2010 for Rs. 15,000 lacs at an interest rate of BPLR of Union Bank minus 2.75% spread and on 24 March, 2011 for another Rs. 10,000 at an interest rate of 1.75% plus Union Bank base rate with reset at every three years on anniversary date at 1.75% plus Union Bank base rate at the date of reset. Both the loans are to finance capital expenditure projects/working capital requirements of the Company. The loan of Rs. 15,000 is repayable in 38 quarterly installments starting from 15 October, 2010 and loan of Rs. 10,000 is repayable in 36 quarterly installments starting from 15 October, 2011. Both the loans are secured by first pari-passu charge on all the present and future movable and immovable fixed assets, stores and spares and a third pari-passu charge on the receivables.

ix. Allahabad Bank

The Company has entered into term loan agreements with Allahabad Bank:

- a. On 24 December, 2010 for Rs. 10,000 lacs at an interest rate of 9.50% with reset at every three years, repayable in 36 quarterly installments starting from 15 January, 2012. The Company has drawn the entire amount upto 31 March, 2011.



- b. On 23 March, 2011 for Rs. 15,000 lacs at an interest rate of 10.50% with reset at every three years, repayable in 36 quarterly installments starting from 15 March, 2012. The Company has drawn Rs. 5,000 lacs upto 31 March, 2011.

The aforesaid loans are to finance the capital expenditure requirements of the Company and are secured by first pari-passu charge on entire fixed assets, stores and spares and a third pari-passu charge on the receivables.

x. Industrial Development Finance Company Limited (IDFC)

Loan	Year end balance (Rs./lacs)	Repayment Terms
I	15,180.00	Repayment of Rs. 27,600 lacs had commenced from 15 October, 2006 and will be repaid in 40 quarterly installments.
II	4,300.00	Repayment of Rs. 7,000 lacs had commenced from 15 April, 2005 and will be repaid in 40 quarterly installments. Repayment of Rs. 3,000 lacs had commenced from 15 April, 2006 and will be repaid in 40 quarterly installments.
III	13,562.50	Repayment of Rs. 17,500 lacs had commenced from 15 January, 2009 and will be repaid in 40 quarterly installments thereafter.
IV	4,750.00	Repayment of Rs. 5,000 lacs had commenced from 15 October 2010 and will be repaid in 40 quarterly installments.

All the above IDFC Loans are secured by first pari-passu charge on all the present and future movable and immovable assets (except book debts), intangibles, rights etc. in the project documents, clearances, claims and demands of the Company in any letter of credit/ guarantee etc., all insurance contracts/proceeds, a third pari-passu charge on the receivables and a first charge on a Debt Service Reserve Account (exclusive to this loan).

xi. Power Finance Corporation Limited

Term loan from Power Finance Corporation Limited is secured by first pari-passu charge on all the present and future movable and immovable assets (except book debts), stores and spares, intangibles, a third pari-passu charge on the receivables and a first charge on a Debt Service Reserve Account (exclusive to this loan). The repayment of the loan had commenced from 15 January, 2006 and will be repaid in 40 quarterly installments thereafter.

xii. Axis Bank CLSS 7 Trust 2010

Term loan from Axis Bank CLSS 7 Trust 2010 is secured by first pari-passu charge on all the present and future fixed assets (movable and immovable), stores and spares, intangibles and a third pari-passu charge on the receivables. The loan is repayable in 40 equal quarterly installments commencing from 15 July 2010.





**b. Unsecured Loans**

i. Punjab National Bank

The Company has availed a short term loan of Rs. 10,000 lacs for working capital requirements from Punjab National Bank in October, 2010 (Drawn Rs 5,000 lacs on October 29, 2010 and Rs 5,000 lacs on October 30, 2010) at floating interest rate of 0.75 % plus PNB base rate payable monthly. The loan is repayable after twelve months from the date of first disbursement.

ii. Union Bank of India

The Company has availed a short term loan of Rs. 10,000 lacs for working capital requirements from Union Bank of India on in August, 2010 (Drawn Rs 4,500 lacs on 30 August, 2010 and Rs 5,500 lacs on 31 August, 2010) at interest rate of 9.50% payable monthly. The loan is repayable in two quarterly installments starting from 1 June, 2012.

iii. Punjab & Sind Bank

The Company has availed a short term loan of Rs. 5,000 lacs on February 04, 2011 at interest rate of 11.25% payable monthly and another short term loan of Rs. 10,000 lacs on March 28, 2011 at interest rate of 11.00% for working capital requirements from Punjab & Sind Bank. Both the loans are repayable after 12 months from the date of respective disbursement.

iv. Karnataka Bank Limited

The Company has availed a short term loan of Rs. 5,000 lacs for working capital requirements from Karnataka Bank in October, 2010 (Drawn Rs 1,500 lacs on October 12, 2010 and Rs 3,500 lacs on October 13, 2010) at interest rate of 9.00% payable monthly. The loan is repayable after twelve months from the date of first disbursement.

v. Dena Bank

The Company has availed a short term loan of Rs. 6,000 lacs for working capital requirements from Dena Bank in October, 2010 (Drawn Rs 2,500 lacs on October 30, 2010 and Rs 3,500 lacs on November 30, 2010) at interest rate of 9.25% payable monthly. The loan is repayable after twelve months from the date of first disbursement.

vi. South Indian Bank

The Company has availed a short term loan of Rs. 10,000 lacs for working capital requirements from South Indian Bank in February 2011 (Drawn Rs. 5,000 lacs on 10 February, 2011 and Rs. 5,000 lacs on 28 February, 2011) at interest rate of 11.00% payable monthly. The loan is repayable after twelve months from the date of first disbursement.

vii. Axis Bank CLSS 8 Trust 2010

The repayment of loan availed from Axis Bank CLSS 8 Trust 2010 in FY 2009-10 has commenced from 15 July, 2010 and repayable in 20 quarterly installments thereafter.

viii. Axis Bank CLSS 2 Trust 2011

The Company has availed term loan of Rs. 12,500 lacs for capital expenditure and general corporate purposes from Kotak Mahindra Prime Limited in April, 2010 (Drawn Rs 5,000 lacs on April 29, 2010 and Rs 7,500 lacs on April 30, 2010) at interest rate of 9.00% payable monthly. The loan has further been assigned in favor of Axis Bank CLSS 2 Trust 2011 and is repayable in 4 equal quarterly installments commencing from 13 July, 2012.



ix. Axis Bank CLSS 15 Trust 2011

The Company has availed loan of Rs. 10,000 lacs for general corporate purpose from Kotak Mahindra Prime Limited on 14 July, 2010 at interest rate of 9.50% payable monthly. The loan has further been assigned in favor of Axis Bank CLSS 15 Trust 2011 and is repayable in 4 equal quarterly installments commencing from 15 October, 2012.

x. Tata Capital Limited

The Company has availed term loan of Rs. 5,000 lacs for general corporate purpose from Tata Capital Limited on 30 July, 2010 at interest rate of 9.45% payable monthly. The loan is repayable in 3 monthly installments commencing from 1 December, 2011.

**11. Income recoverable from future tariffs**

- a. From 1 April, 2007 till 31 March, 2011, determination of Retail Supply Tariff (RST) chargeable by the Company to its consumers is governed by DERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 dated 30 May, 2007 (MYT Regulations), whereby DERC shall determine the RST in a manner that the Company recovers its power purchase costs as well as other distribution expenses and earns an assured return of 14% p.a. plus a supply margin up to 2% p.a. on DERC approved equity subject to achievement of Aggregate Transmission and Commercial (AT&C) loss reduction targets. In the event of over-achievement of AT&C loss reduction targets, the Company is entitled to retain a portion of such additional revenue realised which is in addition to the assured return of 16% p.a. on DERC approved equity. The balance additional profits from overachievement, after adjustments for any amounts recoverable by the Company through future tariffs are required to be transferred to the contingency reserve account or as directed by DERC for utilization in future tariff determinations.
- b. The Company has over-achieved its rolling AT&C Loss reduction target for the year ended 31 March, 2011 and is entitled for an estimated amount of Rs. 9,504.95 lacs (Previous Year Rs. 6,953.85 lacs) as over-achievement incentive. As per MYT regulations, for the FY 2010-11, the Company was entitled to recover from its consumers, the power purchase cost, controllable expenses, return on equity and its share of overachievement incentive aggregating to Rs. 405,874.00 lacs (previous year Rs. 339,157.00 lacs) as against amount collected during the year Rs. 290,231.00 (Previous year Rs. 271,889.00) the shortfall in collection during the year Rs. 115,643.00 lacs (previous year Rs. 67,268.00 lacs) has been shown as revenue recoverable from future tariff in the profit and loss account. Tariff recoverable account as at 31 March, 2011 aggregates to Rs. 217,206.00 lacs (previous year Rs. 101,563.00 lacs) as disclosed in Schedule-10 of the financial statements.
- c. i. The Company had filed a true up petition for FY 2008-09 and for ARR for FY 2010-11 on 1 December, 2009. The Company had given a representation to GoNCTD and DERC that a Cost Reflective Tariff should be finalised, keeping in mind the precarious liquidity position of the Company due to large revenue gap that had arisen in FY 2009-10. The Company had incurred a revenue gap of Rs. 67,268.00 lacs in 2009-10 largely due to the high power purchase costs and sixth pay commission payouts. Pursuant to the representation given to GoNCTD, the GoNCTD had issued a Policy Direction to DERC to keep the tariff order in abeyance until the Statutory Advice sought by GoNCTD is issued. The DERC on dated 15 December 2010 has submitted Statutory Advice to GoNCTD confirming that a large Revenue Gap exists due to increase in power purchase costs.

A public interest litigation (PIL) had been also been filed by Mr. N K Garg with Hon'ble Delhi High Court seeking amongst others that, the GoNCTD withdraw its policy direction and issue the tariff order. The proceedings in respect of the above PIL are in progress in the Hon'ble Delhi High Court and the matter is currently sub-judice

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- ii. Further a petition for truing up of 2009-10 and approval of the ARR for 2011-12 and for review for the financial year 2010-2011 has been filed with DERC on 21 March 2011 and DERC has admitted this petition on 25 April 2011

## 12. Current Tax

The Company had made provision for bad debts out of its receivables from the customers for the FY 2002-03 to FY 2006-07. The Company did not add back the provision for doubtful debts while computing book profits u/s 115JB of the Income Tax Act, 1961 as the Company was of the view that provision for doubtful debts is not a provision for unascertained liability but a provision for diminution in value of an asset. Further there were judicial precedents saying that provision in doubtful debts is a diminution in value of asset and therefore is not to be added back to book profits.

The Finance Act 2009 has made a retrospective amendment in Section 115JB for adding back the provision for diminution in value of an asset while computing book profits under this section. Since the provisions of Section 115JB has been amended retrospectively w.e.f. assessment year 1 April 2001, the Company has made a provision for tax on provision for doubtful debts for FY 2002-03 to FY 2006-07 amounting to Rs. 1,416.13 and paid Rs. 350 lacs in FY 2009-10 further interest from the date of amendment of Act till 31 March, 2011 aggregates to Rs. 127.94 lacs (Previous Year Rs. 109.79 lacs) included in current tax.

## 13. Disclosure pursuant to Accounting Standard 15 (revised 2005) on 'Employee benefits'

### a. Defined contribution plan

#### i. Provident Fund Plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited by the Company under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is recognised by the Income Tax authorities. The provident fund plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

#### ii. Pension and Leave Salary Contribution

The Company makes contribution towards pension and leave salary to a defined contribution retirement plan for erstwhile DVB employees. The Company's contribution is deposited into the DVB Employees Terminal benefit Fund 2002 ('the Trust') as per the transfer scheme on the basis of the Fundamental Rules and Service Rules (FRSR Rules).

On account of Defined Contribution Plans, a sum of Rs. 1,527.67 lacs (Previous Year 2,805.96 lacs) has been charged to Profit and Loss Account during the year.

### b. Defined Benefit plan (Gratuity Plan)

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of two years service.

### c. Policy for recognising actuarial gains and losses

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss account as income or expense.

- d. The following tables set out the funded status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2011:

**i. Change in benefit obligations:**

Particulars	Gratuity (Funded)	
	31.03.11	31.03.10
	(Rs./lacs)	(Rs. /lacs)
Present value of obligations as on 1 April	A 446.24	306.33
Current Service Cost	B 119.52	93.76
Interest Cost	C 40.03	26.47
Past Service Cost	D -	18.26
Actuarial (gain)/loss on obligation	E 67.21	10.98
Benefits Paid	F 51.39	9.56
<b>Present Value of obligation as on 31 March (A+B+C+D+E-F)</b>	<b>621.61</b>	<b>446.24</b>

**ii. Change in Plan Assets**

Fair Value of Plan Assets as on 1 April	A 428.15	146.71
Expected Return on plan assets	B 38.20	30.98
Employer's Contribution	C 157.17	255.07
Actuarial Gain / (loss)	D (0.35)	4.95
Benefits Paid	E 51.39	9.56
<b>Fair Value of plan asset as on 31 March (A+B+C+D-E)</b>	<b>571.78</b>	<b>428.15</b>

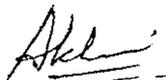
**iii. Net Liability / (Asset) recognised in Balance Sheet**

<b>Net Liability/(Asset) (i-ii)</b>	<b>49.83</b>	<b>18.09</b>
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**iv. Expense recognised in the Profit & Loss Account**

Particulars	Gratuity (Funded)	
	2010-11	2009-10
	(Rs./lacs)	(Rs. /lacs)
Current Service cost	A 119.52	93.76
Interest cost	B 40.03	26.47
Expected return on plan assets	C 38.20	30.98
Actuarial (gain) / loss recognised during the year	D 67.56	6.03
Past service cost	E -	18.26
Other adjustment	F 5.25	1.00
<b>Net charge/(credit) (A+B-C+D+E+F)</b>	<b>194.16</b>	<b>114.54</b>





v. Principal actuarial assumptions:

S. No.	Particulars	Refer Notes	Year ended 31.03.11	Year ended 31.03.10
i.	Discount Rate (p.a.)	1	8.00%	7.80%
ii.	Expected rate of return on plan assets (p. a.)	2	9.25%	9.25%
iii.	Salary escalation rate (p.a.)	3	8.00%	8.00%

Notes:

- 1 The Discount Rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- 2 The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
- 3 The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic assumptions:

- 1 Retirement age 60 years
- 2 Mortality rate Published rates under LIC (1994-96) mortality rates
- 3 Withdrawal rate 15%

vi. The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31.03.11	31.03.10
Government of India Securities	76.85%	76.85%
Debt instruments	18.14%	18.14%
Equity and preference shares	4.77%	4.77%
Other deposits	0.24%	0.24%
	<b>100.00%</b>	<b>100.00%</b>

The planned assets of the Company are managed by Life Insurance Corporation of India in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Corporation of India with respect to its investment pattern for group gratuity fund for investments managed in total for several other companies.

vii. Particulars	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
	Rs. /lacs	Rs. /lacs	Rs. /lacs	Rs. /lacs
Present Value of Benefit Obligation	621.61	446.24	306.33	279.06
Fair Value of Plan Assets	571.78	428.15	146.71	165.27
Net liability	49.83	18.09	159.62	113.79

viii. The contribution expected to be made by the Company during the financial year 2011-12 has not been ascertained.



**14. Segmental Reporting**

The Company is engaged in the business of distribution and generation of power in North and North West of Delhi. As the Company operates in a single business and geographical segment, the reporting requirement for primary and secondary segment disclosure prescribed by paragraphs 39 to 51 of Accounting Standard 17 - Segment reporting have not been provided in these financial statements.

**15. Managerial Remuneration:**

Particulars	Year ended	Year ended
	31.03.11	31.03.10
	Rs./lacs	Rs./lacs
a. Managerial Remuneration for Key Managerial Personnel (excluding provision for en-cashable leave and gratuity as separate figures are not available)	74.85	55.87
b. Estimated expenditure on perquisites	4.83	3.61
c. Performance Bonus	87.00	46.80
d. Contribution to Provident and Superannuation Fund	8.46	6.32
	<b>175.14</b>	<b>112.60</b>

**16. Related Party Disclosures**

**a. List of related parties**

- i. Companies exercising control by holding more than one half in voting power of the Company
  - Tata Power Company Limited (TPCL)
- ii. Companies holding substantial interest in voting power of the Company
  - Delhi Power Company Limited (DPCL)
- iii. Fellow Subsidiaries
  - Tata Power Trading Company Limited (TPTCL)
- iv. Key Management Personnel
  - Mr. Sunil Wadhwa, Managing Director (w.e.f 1 August, 2010)  
CEO and Executive Director (upto 31 July, 2010)



b. Transaction/ balances outstanding with Related Parties:

(All amounts in Rs. /lacs)

Transaction / Outstanding Balances	Holding Company	Companies Holding Substantial Interest	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of goods/services	- (-)	- (-)	26,796.49 (19,781.31)	- (-)	26,796.49 (19,781.31)
Sale of goods/ services	44.12 (31.90)	- (-)	- (747.29)	- (-)	44.12 (779.19)
Commission earned	- (-)	3.11 (13.10)	- (-)	- (-)	3.11 (13.10)
Managerial remuneration	- (-)	- (-)	- (-)	175.14 (112.60)	175.14 (112.60)
Other expenses	455.70 (274.14)	- (-)	- (-)	- (-)	455.70 (274.14)
Rebate on power purchase	- (-)	- (-)	22.96 (7.22)	- (-)	22.96 (7.22)
Rebate on sale of power	- (-)	- (-)	- (15.42)	- (-)	- (15.42)
Dividend paid	- (3,941.28)	- (3,786.72)	- (-)	- (-)	- (7,728.00)
Loans availed & repaid	- (9,000.00)	- (-)	- (-)	- (-)	- (9,000.00)
Interest paid on loans	- (19.75)	- (-)	- (-)	- (-)	- (19.75)
Payables	- (2.10)	1,123.22 (1,117.62)	- (959.01)	- (-)	1,123.22 (2,078.73)
Receivable	9.60 (-)	- (-)	- (-)	- (-)	9.60 (-)

\* Figures in brackets represent the previous year

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**17. Deferred Tax (Assets) / Liabilities**

- a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- b. Deferred tax liabilities as on 31 March, 2011, as detailed below reflect the quantum of tax liabilities accrued up to 31 March, 2011 but payable after the expiry of tax holiday period.

Particulars	Opening	(All amounts in Rs./lacs) Charged/ (Credited) to P&L	Closing
<b>Deferred Tax Liabilities</b>			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	18,377.74	4,275.35	22,653.09
	<b>18,377.74</b>	<b>4,275.35</b>	<b>22,653.09</b>

- c. In accordance with MYT regulations for determination of tariff, deferred tax liability shall be considered in tariff determination as and when and to the extent of income tax actually paid. Hence, during the previous year Company had decided to write back the provision for deferred tax liability created in earlier years and that henceforth would make provision only for the amount of tax that is actually payable. This is in line with the objective of AS-22 to match tax expense with net revenues on which such tax is levied, therefore, deferred tax liability as at 31 March, 2011 of Rs. 22,653.09 lacs (Previous Year Rs. 18,377.74 lacs) has been shown as recoverable from future tariff.

**18. Setting of Generation Power Plant at Rithala**

In order to meet the peak load of its consumers, the Company is setting a 108 MW Gas Based Combined Cycle Power Project in its area of supply at Rithala. The project consists of 3 units for generation of power out of which 2 units commenced commercial operation in February, 2011.

		Year ended 31.03.11 Rs./lacs	Year ended 31.03.10 Rs./lacs
<b>19.</b>	<b>a. Expenditure in Foreign Currency</b>		
	Consultancy and other expenditure	14.13	69.53
	Traveling	30.04	23.10
		<b>44.17</b>	<b>92.63</b>
	<b>b. CIF Value of Imports</b>		
	Capital goods	126.52	310.10
	<b>c. Earnings in Foreign Currency</b>		
	Receipts from consultancy	9.07	20.08

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## 20. Earnings Per Share

The earnings considered in ascertaining the Company's EPS comprises the profit available for shareholders (i.e. profit after tax and statutory/regulatory appropriations). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

Particulars	Units	Year ended	Year ended
		31.03.11	31.03.10
Profit after tax	Rs./lacs	25,818.04	35,073.04
Weighted average number of equity shares	Nos./lacs	5,520.00	5,520.00
Basic and diluted earnings per share of Rs. 10 each	Rs.	4.68	6.35
Nominal Value of equity shares	Rs.	10.00	10.00

The Company did not have any potential dilutive equity shares

## 21. Detail of Auditors Remuneration\*

Other expenses include Auditor's remuneration as follows:

Particulars	Year ended	Year ended
	31.03.11	31.03.10
	Rs./lacs	Rs./lacs
Audit fee (including quarterly audits)	54.00	49.50
Tax audit	7.00	7.00
Other services	40.00	18.50
Reimbursement of out-of-pocket expenses	0.46	0.60
<b>Total</b>	<b>101.46</b>	<b>75.60</b>

\* Exclusive of service tax

## 22. Short term investments

During the year the Company has purchased and sold the following units of investments:

Mutual Fund	Purchase Value (Rs. / lacs)	No. of Units Purchased	No. of Units Sold
Birla Mutual Fund	1,600	10,618,777	10,618,777
Franklin Templeton	1,000	70,463	70,463
HDFC Mutual Fund	1,550	7,951,312	7,951,312
SBI Mutual Fund	1,300	8,607,049	8,607,049
Tata Mutual Fund	300	17,530	17,530
<b>Total</b>	<b>5,750</b>	<b>27,265,131</b>	<b>27,265,131</b>

**23. Disclosures as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)**

The Company has completed the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006). Based on the information available with the Company, the balance due to Micro and Small Enterprise as defined under the MSMED Act, 2006 is Rs. 19.12 lacs. (Previous year Rs. 0.14 lacs) and no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

**24. Previous year Comparatives**

Previous period's figures have been presented for the purpose of comparison and have been regrouped where necessary.

For and on behalf of the Board

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**SUNIL WADHWA**  
Managing Director

(S)



**S. RAMAKRISHNAN**  
Director



**AJAY KALSIE**  
Company Secretary

Place: **New DELHI**

Date:

**11 MAY 2011**

