TATA POWER-DDL

DIRECTORS' REPORT

To The Members,

The Directors are pleased to present their thirteenth 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 31st March, 2014.

FINANCIAL RESULTS

Particulars	2013-14	2012-13
	Rs. Crores	Rs. Crores
Income from Sale of Energy	5,644.01	4,935.99
Less: Energy Tax	239.15	208.70
	5,404.86	4,727.29
Add: Other Operating Income	139.19	138.19
Add: Other Income	30.27	11.74
Total Income	5,574.32	4,877.22
Expenditure (Excl. Depreciation, Interest & Tax)	4,955.91	4,612.87
Interest	437.16	475.43
Depreciation	191.77	177.50
Total Expenditure	5,584.84	5,265.80
Profit/(loss) for the year before income recoverable from future tariff	(10.52)	(388.58)
Income Recoverable from Future Tariffs	434.46	778.78
Profit Before Tax	423.94	390.20
Less: Provision for Taxes Current Income Tax Deferred income tax	90.08	80.51
Net Profit after Tax	333.86	309.69
Less: Statutory Appropriations		
Balance Profits available for appropriation	333.86	309.69
Add: Balance brought forward from the previous year	1,581.30	1,271.61
Total Profit available in P&L Account, which the Directors have appropriated as under to: i) Proposed Dividend and distribution tax thereon ii) General Reserve TOTAL	1,915.16 150.00 8.50	1,581.30 - - -
Leaving a balance of To be carried forward	1756.66	1,581.30

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

FINANCIAL HIGHLIGHTS

TPDDL earned revenues from operations aggregating to Rs. 5,574.32 Crores during Financial Year 2013-14 (FY14), a growth of about 14% over the previous year revenues of Rs. 4,877.22 Crores. The Company however incurred a loss of Rs. 11 Crores in FY 14 as compared to a loss of Rs. 389 Crores in FY 13 prior to accounting Revenues amounting to Rs. 434 Crores in FY 14 (Rs. 779 Crores in FY 13) 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 recognized as Income of the Current Year on basis of accrual system of accounting which requires revenues to be recognized 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 recognizing the Revenue Gap of Rs. 434 Crores (Rs.779 Crores in FY 13) as Income Recoverable from future tariffs, resultant profit before tax (PBT) is Rs. 424 Crores in FY14 as compared to Rs. 390 Crores in FY 13 reflecting an increase of 9% over previous year. The Profit after tax (PAT) for FY 14 was Rs. 334 Crores as compared to Rs. 310 Crores in FY 13 thereby reflecting 8% increase over the previous year.

Operational Performance

During the year company has over-achieved AT&C loss reduction at 10.50% which is much ahead of regulatory target of 12.50%.

The company sustained system reliability at 99.5% and touched the peak load at 1508 MW during the year. Further street light functionality increased from 99.5% last year to 99.7% in current year, collection avenues increased to 5377, customer satisfaction index remained at 88%, billing efficiency and collection efficiency achieved at 89.45% and 100.06% respectively.

In the current year the company has completed Smart Grid road map with Quanta and also introduced mobile distribution transformer to ensure uninterrupted supply of power.

In the current year company has become the first Indian utility to implement Integrated Automatic Demand Response(ADR) and Automated Metering Infrastructure (AMI) Project resulting into reduction in peak demand at the time of critical grid stress conditions like peak demand, peak pricing and grid collapse etc. through shedding of the identified non critical load at the consumer premise.

Further company has implemented SAP BCM to provide enhanced telephony features to the call centre agents with the benefits of integration with the standard SAP ISU and CRM system.

During the year company has been awarded with prestigious awards like National Award for Meritorious Performance conferred by Central Electricity Authority (GOI), Marico Innovation Awards, India Power Awards- Utility of the year and Social and Community Award conferred by Council Of Power Utilities, Best Run Award in Implementation of SAP conferred by SAP, Asian Power Technology of the year award conferred by Charlton Media Group, AIMA's Breakthrough Innovation Award, Best Performing Private Discom Award conferred by Power Line, Safety Innovation Award conferred by EEI, 12th Annual Greentech Safety Award 2013, Gold Category conferred by

Green Tech Foundation and Best Performing Utility conferred by IPPAI.

Tariff Related Matters

The Tariffs chargeable to consumers by Power Distribution Utilities are determined by their respective State Electricity Regulatory Commissions, which in case of TPDDL, is the Delhi Electricity Regulatory Commission (DERC).Subject to achievement of targets as laid down by the DERC, the retail tariffs are expected to ensure recovery of the Company's reasonable costs, including eligible return on investment.

Power Purchase Costs constitute around 75% -80% of total costs, Operation & Maintenance expenses (inclusive of Establishment Cost, Administrative & General Expenses and Repair & Maintenance Expenses) constitute around 7%with Depreciation being around 2%, Interest on Loans approximately 2%-3%,Return on Equity (RoE) deployed in the business constituting only around 2-3% of the total cost and balance towards carrying cost. The total cost need to be recovered through tariffs determined by DERC and chargeable to Consumers. As may be seen from above, around 75%-80% of total costs comprise solely of costs incurred for procuring power for its consumers, which is totally outside the control of the Discoms.

The Tariffs notified by the DERC over the years have been inadequate to recover the prudent costs of the Utilities including that of TPDDL, thereby resulting in large arrears or Revenue Gaps to be recovered through future tariff increases. In fact, as shall be observed from the table below, against a power purchase cost increase of around 100% in past six years, the effective tariff increase seen in these years is only around 65%, and that too in last three years. This also reflects the efficiency with which TPDDL is performing.

Despite a 22% increase in tariffs from September 2011, 21% tariff increase together with levy of 8% past deficits recovery surcharge from July 2012 and 5% tariff increase with continuation of the 8% deficit recovery surcharge from August 2013, Tariffs have not been able to ensure full recovery of costs and returns, consequently resulting in significant Build-up of Revenue Gaps/ Regulatory Assets over the years.

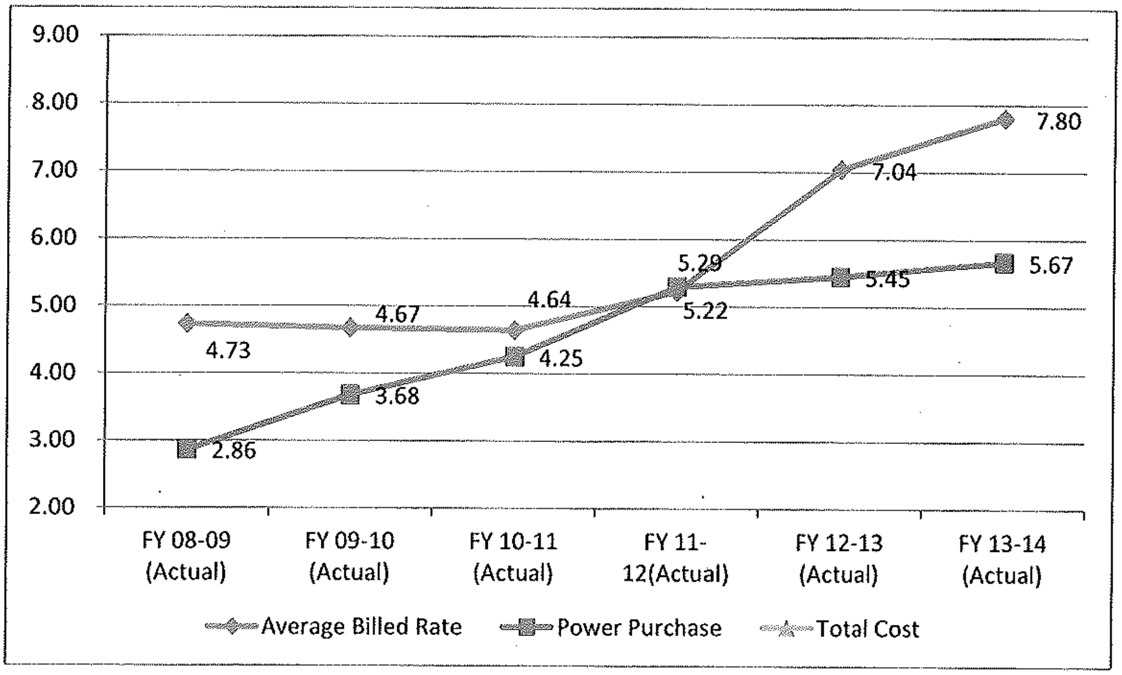
Sl. No.	Description	UoM	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Increase over 2008-09
A	Average Billing Rate (ABR) (net of E. Tax) at DERC notified Tariffs	Rs./ Unit	4.52	4.46	4.43	5	6.72	7.45	65%
B	Power Purchase Cost	Rs./ Unit	2.84	3.7	4.25	5.29	5.45	5.67	100%
C	Power Purchase Cost (PPC) grossed up for Losses recoverable through tariffs	Rs./ Unit	3.44	4.34	4.93	5.96	6.11	6.33	84%
D=C/A	PPC / ABR	%	76%	97%	111%	120%	91%	85%	
E	Revenue Gap Addition	Rs. Cr.	4.05	693.22	1156.43	1781.63	758.25	434.46	
F	Cumulative Revenue Gap	Rs. Cr.	322.41	1015.63	2172.06	3953.69	4711.94	5146.39	
G	Date of issuance of Tariff Order					26.08.2011	13.07.2012	31.07.2013	

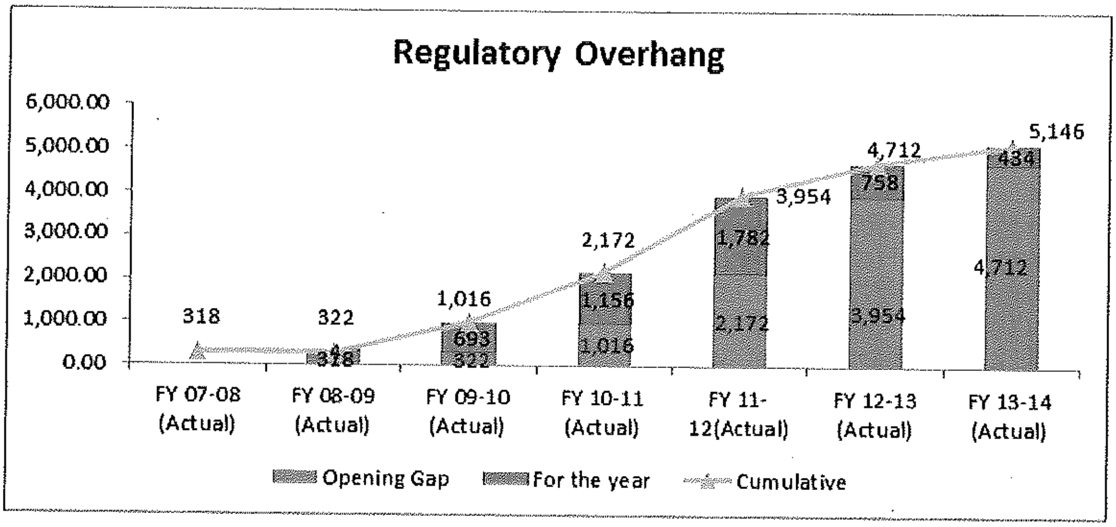
Sl. No.	Description	UoM	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Increase over 2008-09
H	Tariff Hike - other than DRS	%				22%	21%	5%	
I	Deficit Recovery Surcharge (DRS)						8%*		

In addition to aforesaid tariff increase, DERC has substituted the levy of Fuel Price Adjustment Surcharge with Power Purchase Cost Adjustment Charges (PPAC) from July 2012, to take care of any variance between the approved cost vis-à-vis actual costs for those generating stations having long term PPA's with Discom on quarterly basis, which would be charged only after it is approved by the DERC.

Despite of having over achieved the performance on all the performance regulation by the company and aforesaid measures taken by DERC to increase the tariff, there has been further built up of revenue gap mainly due to increase in carrying cost which ultimately is recoverable from consumers. Apart from that there has also been considerable gap between the O&M cost being incurred for providing the services to consumers and O&M cost allowed by the DERC. The company has been actively doing the policy advocacy with DERC and submitting its plea at other judicial forums for early liquidation of revenue gap and also to allow O&M expenses linked with performance level and nos. of consumers served. The company has been successful in its policy advocacy measures to an extent by getting from DERC a road map for partial liquidation of revenue gap and acceptance to relook the O&M expenses. In this matter APTEL in its various orders also has recognized the fact and directed DERC to consider O&M expenses linked with nos. of consumers served and other performance parameters.

Average Billed Rate Vs Average Power Purchase Cost





Dividends

Since FY 2002-03, the company has been able to reduce AT&C losses from 47.78% to 10.50% in FY 13-14 and consequently Govt of Delhi has gained savings in the budget year on year but due to liquidation crunch promoters have received very minimal returns on an average of around 5.60% only which is even less than the rate of deposit being offered by the lenders. Therefore, it is important that after having achieved such performance level, the interest of promoters should also be safeguarded.

Therefore based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of Rs. 12 per share on the 12% cumulative redeemable preference shares of Rs. 500 Crores for financial year 2013-14 i.e. a total of Rs. 60 Crores & arrears of dividend for 12 days for the period 20th March, 2013 to 31st March, 2013 i.e. a total of Rs. 1.97 Crores.

Further the Board has also proposed dividend of 12 % on equity shares for financial year 2013-14 i.e. a total of Rs. 66.24 Crores, Rs. 33.78 Crores to The Tata Power Company Limited and Rs. 32.46 Crores to Delhi Power Company Limited in the proportion of their shareholding. Equity dividend had not been paid to the shareholders for the last four years (last dividend distribution was for the year 2008-09 declared in AGM held on 20th May, 2009).

The proposals are subject to the approval of shareholders at the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2014 amounts to Rs. 150 Crores including corporate dividend tax of Rs. 21.78 Crores.

Amount to be transferred to general reserves

Rs. 850 lacs has been transferred to general reserves during FY 2013-14 (FY 2012-13-Nil).

CAG AUDIT

TPDDL had received a communication dated 28.12.2013 issued by GNCTD, wherein it was indicated that the Dept. Of Power, GNCTD proposed to conduct an audit of the Delhi Power Distribution Companies since their inception by the Comptroller and Auditor General of India under section 20 of the CAG Act, 1971.

TPDDL submitted a preliminary response vide letter dated 30.12.2013, submitting amongst other grounds:

- The Accounts of TPDDL were already audited in accordance with the provisions of the Companies Act and amenable to a verification and prudency check by the DERC.
- DERC as part of the tariff setting process conducts due diligence which consists of verification of Company's revenue and Collections, Capital expenditure, Procurement process etc. Plus, DERC also conducts audits on various issues through third parties. Further TPDDL procures 90% of its electricity from PSU's / Generators which are audited by CAG.
- The CAG vide its letter dated 22.08.2002 had itself issued an advice to TPDDL that since TPDDL was not a Govt Company, hence CAG office could not appoint its auditors.

➢ The GNCTD vide its letter dated 17th January 2014 informed TPDDL that CAG audit would start from 20.01.2014.

TPDDL filed a writ petition in the Hon'ble High Court of Delhi in the said matter challenging the order dated 7th January, 2014 and orders dated 17th January, 2014 passed by the GNCTD and CAG directing audit of accounts of DISCOMs since their inception by the CAG. The matter was listed before the Hon'ble High Court of Delhi on 24th January, 2014.

During the course of arguments, TPDDL submitted that the impugned orders were ultra vires under the Constitution of India as well as The CAG Act and The Electricity Act, 2003. TPDDL submitted that the impugned actions had been taken to achieve a predetermined objective of reduction in tariff. The exercise of tariff was exclusively controlled by the Electricity Act, 2003.

It was submitted that TPDDL was neither a body nor an authority whose accounts could be audited under Section 20 of CAG Act, and only the Hon'ble Lt. Governor of Delhi could have recommended audit of any body or authority under Section 20 of the CAG Act. It was also contended that the impugned orders were in violation of principles of natural justice and had been passed with a prejudice and predetermined mind set. It was contended that the impugned orders were vitiated by malice in law and the hearing that was afforded to the petitioners was an empty formality.

The matter is currently subjudice in the Hon'ble High Court of Delhi.

Through letter dated 22/01/2014, GNCTD had conveyed the scope of audit, the documents and records that were required to facilitate the audit.

The Board at various point of time expressed its desire that there was a need for an enhanced dialogue between the joint venture partners on the issue related to CAG Audit. The Board had also requested the nominees of DPCL to cooperate and address the concerns of the lenders and bankers regarding liquidation and amortisation of regulatory assets in a time bound manner. DPCL's nominees on the Board had from time to time acknowledged that they were happy with TPDDL's performance since dues of Transcos, Gencos, NTPC etc. were being promptly fully paid off by TPDDL and appreciated that the services were being provided by the Company to the consumers in a professional and efficient manner.

TPDDL has been extending full cooperation to the CAG Audit Team and all the requisite information are being provided transparently. As on 15th May, 2014, a total of 77 requisitions had been received, of which 63 had been answered (40 fully and 23 partially) and the rest 14 were under compilation. Similarly 336 queries had been received, of which 235 had been answered (205 fully and 30 partially) and the rest 101 were under compilation. Further, 94 documents had been submitted such as financials, power purchase contracts, Board Minutes, billing & collection dump, ARR, Tariff orders, JE's, invoices, taxation documents, Contracts etc. Further, 44 Special meetings had been arranged pertaining to Power Management, Accounts & Regulatory, Commercial, IT, Capitalization, civil, regulatory etc. On an average 9 working days were being taken to submit the requisite data.

It was felt that the CAG Audit should not be a roving audit and should focus on key areas in an objective manner, having a larger impact on tariff like Power Procurement, Contract Management & CAPEX, Accounts, Assets Utilization, Metering & Billing, financing including debt and should cover recent 2-3 years data and only in exceptional cases should they refer to years prior to that. This would help in completing the audit in an objective and time bound manner.

TPDDL was extending full cooperation to the CAG Audit team. All information sought by them was being furnished so that audit could be completed in a time bound manner. However CAG seemed to have certain reservations and in spite of all efforts, did not seem to be happy with the quantity and the pace at which documents were being provided.

CREDIT RATING OF THE COMPANY

Company's borrowing facilities (both fund and non fund based) are rated by ICRA, the credit rating agency. In spite of consistently huge build up of revenue gap in recent past years due to non availability of cost reflective tariff, the company has been able to sustain the same credit rating for long term and short term borrowings. As on 31stMarch, 2014, the company had long term credit rating as AA- with stable outlook and short term rating as A+.

COMMERCIAL

Key Achievements

AT&C Loss Reduction: One of the most significant measures of operational efficiency in Power Distribution Sector is Aggregate Technical & Commercial (AT&C) Loss Reduction. AT&C Losses refer to the difference between energy input and energy for which revenue is realised. TPDDL has consistently over-achieved its Regulatory AT&C Loss Reduction Targets including the one in FY 2013-14, thereby mitigating increases in retail tariffs through operational efficiency despite steep increase in input costs, and also maintained its edge over competition and demonstrated excellence. However, having reached higher levels of efficiency, further reduction of AT&C Losses, in particular Technical losses, is becoming increasingly more difficult without significant capital investment, which is a challenge in view of large accumulated Revenue Gaps, associated financing and impact on tariff.

The twelve month rolling AT&C loss level at the end of FY 2013-14 was 10.50% against 11.03 % at end of FY 2012-13.

Power Procurement

As in the past years, TPDDL procured sufficient quantity of power during the period under review for meeting 100% peak demand of its Consumers. However, this procurement has its challenges as variance in demand due to seasonal weather fluctuations are unpredictable and surplus power during off peak hours has to be disposed off at the prices prevailing at that point in time. This issue is dealt in greater detail in the Management Discussion and Analysis Report.

The Company procured 8038 Million units in FY 2013-14 from external and own generation sources against 7764 Million units procured in FY 2012-13, reflecting an increase of around 4% over the previous year.

Capital Expenditure

TPDDL has executed Distribution related Capital works aggregating to Rs. 3,731 Crores in the past 12 Years till 31.03.2014 including Rs 325 Crores of capital works in the current year. This amount has been judiciously utilized for enhancement of reliability through Network improvements, Reduction of AT&C Losses and improvement in consumer services. In addition to the above, the Company has also incurred Rs. 324 Crores of Generation related capital expenditure on Rithala and Solar Projects till 31.03.2014. During the year 2013-14, Rs. 343 Crores of Distribution related expenditure was capitalized. (Previous Year Rs. 349 Crores).

Due to infusion of Capex for strengthening, augmenting network and advancements in maintenance practices, reliability of TPDDL's network continued to improve.

Generation Initiatives

Rithala CCPP

The Company has filed a petition with the DERC for approval of Terms of Agreement for supply of power from Rithala Generation Plant to the Company at tariffs to be determined by the DERC. Another petition has been filed for determination of Final Tariffs based on audited accounts. Both the petitions are under consideration by the DERC.

While the Rithala Plant has been allocated 0.4 million metric standard cubic meters per day (MMSCMD) from the Krishna Godavari (KG) Basin, the supply of KG D6 Basin gas has been completely curtailed to the plant since 1st Mar 2013 owing to continuous decline in production of Gas and in line with the Gas Utilization policy of Ministry of Petroleum and Natural Gas (MoPNG) which provides a higher priority to Fertilizer and LPG sectors on usage of KG D6 gas. While the Company has made adequate arrangements for Spot RLNG, the Plant is not being dispatched by the State Load Despatch Center (SLDC) owing to higher costs associated with RLNG. With the revision in Gas prices, the future viability of the plant even if gas becomes available shall be a question.

Solar Projects

TPDDL has been generating Solar Energy through 15 Solar Plants in its area with aggregate capacity of 1.65 MW including one Megawatt class project. In line with previous seven "Tail end Grid Connected Solar Projects", five more Solar Plants are being considered with aggregate capacity of 130 KWp for Presidential Grant of approx. Rs. 0.67 Cr from the Ministry of New and Renewable Energy of Govt of India. Approval from DERC is awaited for this project.

TPDDL has also installed 12 Off-Grid Solar Plants at RWA Porta Cabins in NDMC area under the aegis of "My Delhi I Care" scheme of Govt of Delhi, which were inaugurated by the then Hon'ble Chief Minister of Delhi.

In FY 2013-14, a total of 1.96 MUs were generated by these Solar Projects.

Standards of Performance

The DERC has specified stringent Performance Assurance standards with respect to consumer service delivery. As in the past, the Company's compliance to Assurance time lines in FY14 continued to be in the range of 100% with certain key services such as providing new connections (in average 3 to 5 days against DERC allowed 30 days), fault restoration (in average less than 2 hours, even in rural areas against 3 to 8 hours allowed by DERC), replacement of defective meters (2 to 3 days against 15 days allowed by DERC), being provided in significantly less (faster) time than stipulated by DERC.

As per a survey conducted by the Ascent Group, an international management consulting firm that specializes in customer service operations and competitive benchmarking, TPDDL's Call Centre services are a global benchmark for average handling time per call (from receiving the call to its completion) at 178 seconds against average 313 seconds taken by global utilities.

SCADA EMS, DMS & OMS

TPDDL has 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, all 65 grids have been automated and are unmanned.

DMS (Distribution Management System) along with first phase of **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. The second phase of DA shall be implemented in a phased wise manner during FY14-16. Further, advanced distribution Automation shall be implemented over the next three years.

As part of TPDDL's continued efforts towards ensuring customer delight by enhancing reliability of network and further reducing the fault restoration time, TPDDL has implemented **Outage Management System (OMS)** for faster and more accurate location and restoration of faults in the LT Network, thereby significantly reducing downtime. TPDDL is the first Utility in the country to implement OMS.

Smart Grid

TPDDL endeavours to shift its Orbit to the next level by developing its 'Smart Grid' Technology Roadmap. Smart Grid is an integration of automation systems of the entire electricity value chain from generation to the consumer end by utilization and integration of Information and operational Technologies. Smart Grids address issues of Reliability of Supply, Demand Side Management and integration of infirm renewable power (Solar/Wind) with the Grid. 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. It will also contribute in effective power and peak load management.

ADR & AMI Project

The company is also in the final stages of implementation of India's first ever integrated **Automated Demand Response** (ADR) &**Advanced Metering Infrastructure** (AMI) project. This will result into reduction in peak demand at the time of critical grid stress conditions like peak demand, peak pricing and grid collapse etc. through shedding of the identified non critical load at the consumer premise. The project shall be covering 250 Commercial & Industrial Consumers having sanctioned load above 100 KW and achieve a cumulative shed potential of 20 MW. The integrated project will not only lead to improvement in reliability of supply but will also empower the participating consumers to analyze their consumption patterns closely to optimize their energy consumption.

Roadmap for Rooftop Solar

TPDDL is also in final stages for securing another grant by USTDA to study the potential of Distributed Energy Resources (DER) in the TPDDL geography. M/s E3 (Energy + Environmental Economics), a US based consultancy firm shall be the consultants for the study and they shall be helping TPDDL to prepare a roadmap for rooftop solar installations.

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) & assessment through internal resources were also conducted.

Management's relation with employees continued to be cordial and cooperative. Joint Interaction Forum and HR Nodal Officers have continuously improved direct interface with all employees.

TPDDL recruited people from various colleges at Trainee level. The employee strength at the end of the year was 3527.

Great Places to Work Institute, India

TPDDL continued to rank amongst India's Best Companies To Work For 2013 - Top 50. Also for the first time TPDDL has appeared in the category of "Among Industry Best".

TPDDL ranked 46th in the Best Companies to Work for in 2013 and was recognized as 2nd in the Energy, Oil and Gas Sector "Among Industry Best".

Employee Engagement

The overall Employee Engagement and Satisfaction Survey has been conducted covering 84% employees as compared to 62% in 2011.

Action planning workshops conducted and Action Plans prepared across the organization which are being monitored and reviewed.

Safety

Ensuring Engagement of employees in Safety drive and initiatives has been made a mandatory KRA for each employee.

Introduction of Consequence Management Policy for TPDDL employees in order to establish a process of corrective counselling as well as punitive actions against violation of safety norms in alignment with the Rules and Regulations applicable at TPDDL. The Consequence Management policy also outlines the procedure, guidelines and entitlements with respect to the support that would be provided by the Company to an employee, meeting with an accident while on duty resulting in disability or death.

Contractor Management System for BA employees revised to include entitlements with respect to the support that would be provided by the Contractor to an employee, meeting with an accident while on duty resulting in disability or death.

Ethics Management

TPDDL has a 3-tier Ethics management structure to govern and implement ethics Management across the organization. An Ethics Management Apex Team (EMAT), led by the CEO & ED in the capacity of Principal Ethics Officer and represented by other Sr. leadership members, is the final review and escalation body. At 2nd tier, there is a council of Locational Ethics Counsellors (LECs), led by the Chief Ethics Counsellor who are mostly members of the senior management team. The young workforce represents the 3rd tier comprising of Ethics Champions (ECs). Based on the concerns raised and found to be valid, necessary corrective actions are taken.

Every alternate year, an Independent Management of Business Ethics (MBE) Assurance Survey is carried out with the help of Tata Quality Management Services. The MBE score in the last survey has shown a marked improvement from 70 in 2007 to 82 in 2009 and 87 in 2013.

The Company 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 also formulated Gift Policy and Sexual Harassment of Women at workplace policy. The Company also has a Sexual Harassment Committee to look into any sexual harassment related complaints.

Further, steps like celebration of ethics week, online quizzes, publication of Ethics Patrika & Ethics Violation Updates, etc. have been undertaken to promote culture of ethics and to reach out to all levels of our stakeholders.

Industrial Relations

The Industrial Relations situation in Company continued to be generally peaceful during the year under review.

CORPORATE SOCIAL RESPONSISBILITY

The TATA Group has always been a value driven organization. One of the core values underpinning the way the business is carried, clearly demonstrate that "we must continue to be responsible and sensitive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over". Community welfare is central to the core values of TPDDL and serves as one of the major purposes of our existence. The concern for bringing about a positive change in people's lives drives us as a company.

Further, the Tata philosophy **"to give back to the community manifold"** and TPDDL's Mission Statement **"Reach Out to communities we operate in"** provide the necessary direction and the rationale to create an environment supporting these communities.

Further, a Corporate Social Responsibility Committee comprising of Board of Directors was constituted on 1st February, 2013 pursuant to

Section 135 of Companies Act, 2013 and Rules made there under.

TPDDL has developed a unique socio-economic business case for addressing needs and aspirations of key communities (weaker sections of society) which also are its consumers, thereby building a symbiotic relationship for the benefit of both, viz. members of such economically weaker sections as well as the Company. The Company proactively and responsibly conducts social activities and devises strategies to help build a self- sustainable developmental structure within the community, especially for those residing in JJ clusters and resettlement colonies.

TPDDL as part of its CSR activities has been running Adult Literacy Center, Vocational Training Centers, Mobile dispensary for JJ clusters, Drug de-addiction camps. Every year more than 10500 women are benefitted and empowered by the initiative of imparting education and vocational training & skills to them.

AFFIRMATIVE ACTION

TPDDL'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. TPDDL's Affirmative Action's aiming towards upliftment of Schedule castes and Schedule tribe communities are classified under 4Es, viz. Education, Employability, Employment and Entrepreneurship. TPDDL's innovative processes of integrating Corporate Social responsibility with its Loss Reduction Strategy have also won Break through Innovation award at the All India Management Association.

TPDDL's practice on supporting Education for SC/ ST communities has also been recognized as a **"Best Practice in Education"** amongst Tata Group companies.

UN Global Compact

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

SA-8000 Certification: TPDDL is 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 the SA-8000 certification. In order to address Social & Environmental challenges, TPDDL continues to strive to identify areas where it can make a difference.

TATA POWER-DDL

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 and its officers are as under:

S. No	Award	Bestowed by	Venue	Remarks
1	TPDDL Ranked 46th amongst 100 Best Companies to Work for in India; also declared 2nd Best in Energy, Oil and Gas Industry	GPTW	Mumbai	
2	AIMA's Breakthrough Innovation Award	AIMA	Delhi	Project Last Mile AT&C Loss Reduction in Jhuggi Cluster
3	Best Performing Private Discom Award	Power Line	Delhi	It is based on key developments, analysis of major trends, opinions of industry experts, tracks financial health, tech development and key performance trends
4	IPPAI , Best Performing Utility	IPPAI	Goa	
5	Safety Innovation Award	EEI	Delhi	
6	12th Annual Greentech Safety Award 2013, Gold Category	Green tech Foundation	Goa	
7	Technology of the year	Asian Power		
8	Top 100 CISO Awards 2013			
9	3rd Asia's Best CSR Practice Award - Best corporate social responsibility practice	CMO Asia	Singapore	
10	Best Run Award in Implementation of SAP	SAP ACE AWARD 2013	Mumbai	Business Communications Management (BCM) in the Large Enterprise category
11	CEO Of the year	India Power Awards		

12	Utility of the year	India Power Awards		
13	Social and community impact	India Power Awards		
14	National Award for Meritorious Performance for FY FY13	Central Electricity Authority	Delhi	Awarded based on evaluation of performance indices such as AT &C losses; financial turnaround; metering and reliability in its distribution network.
15	Innovation for India Awards - 2014	Marico Innovation	Mumbai	Developing Tamper Evident & Defraud Electricity Meter

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

TPDDL Energy Club Movement:- Energy Conservation Program

The TPDDL Energy Club Movement encourages school children to learn the message of Energy conservation and disseminate the learning to their friends/ neighbours/ parents during vacations.

TPDDL Energy Club was started as a pilot project in 2004 with 5 schools which has now been enhanced to 190 schools (140 Govt. + 50 Private). Since then Ten Lakh children and adults in North and North West of Delhi have been sensitized on the need and ways and means of energy conservation. Issues of Climate Change, Safety and Water conservation have also been included as part of TPDDL Energy Club sensitization program.

CORPORATE GOVERNANCE

The Company is committed to following 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, the Company earned 12.85 lacs (previous year- nil) in foreign exchange from consultancy services. The foreign exchange outflow during the financial year is nil (previous year Rs. 15.97 Lacs) on account of import of Capital goods and Components & spare parts, Rs. 10.39 lacs (previous year Rs. 75.14 lacs) on account of foreign consultancy expenses and Rs.9.11 lacs (previous year Rs. 32.31 lacs) on account of foreign travel.

DEPOSITS

The Company did not accept any deposits during the year.

PARTICULARS OF EMPLOYEES

Statement under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011 is annexed hereto and forms part of the report.

WHOLLY OWNED SUBSIDIARY

NDPL Infra Limited: Wholly owned subsidiary of TPDDL namely NDPL Infra Limited was incorporated on 23rd August, 2011 with an Authorised Share Capital of Rs. 1,00,00,000/- (Rupees One Crore only) and the initial paid up share capital of Rs. 5,00,000/- (Rupees Five Lakhs only) with an objective of carrying on businesses other than the licensed businesses of TPDDL.

The Company received its Certificate of Commencement of Business on 16th September, 2011. The particulars of NDPL Infra Limited pursuant to Section 212 of the Companies Act, 1956 are annexed and form part of this Annual Report.

Financial Highlights: NDPL Infra Limited earned revenues of Rs. 363.37 Lacs /- during Financial Year 2013-14, a growth of about 6 times over the previous year revenues of Rs. 60 Lacs /- from FY 2012-13. Profit before tax (PBT) of Rs. 68.95 Lacs/- for the year ended on 31st March 2014 as against Loss before Tax was Rs. 4 Lacs/- for the year ended 31st March 2013. Profit after tax (PAT) of Rs.23 Lacs/- for the year ended on 31st March 2014 as against The Loss after tax adjustment was Rs. 4.65 Lacs/- for the year ended 31st March 2013.

DIRECTORS

The Company had received a communication from Department of Power, GNCTD vide letter no F.11(129)/2002/Power/Vol.II/1964 dated 15th October, 2013 and Delhi Power Company Limited vide letter No. F.17/DPCL/CS/2013-14/62 dated 15th October, 2013, conveying nomination of Mr. R. K. Verma, Principal Secretary (Power), GNCTD and nomination of Mr. Shakti Sinha was withdrawn vide the same letters.

The Tata Power Company Limited had nominated Mr. Sanjay Dube as a nominee of Tata Power, as an Additional Director on Board of TPDDL, w.e.f. 21st October, 2013.

Mr. S. Ramakrishnan had stepped down as Director from the Board of Tata Power Delhi Distribution Limited with effect from 21st October, 2013.

The Company had received a communication from Department of Power, GNCTD vide letter no F.11(129)/2002/Power/Vol.II/64 dated 21st January, 2014 and Delhi Power Company Limited vide letter No. F.17/DPCL/CS/2013-14/83 dated 21st January, 2014, conveying nomination of Mr. Puneet Kumar Goel, Secretary (Power), GNCTD, Mr. S.S. Yadav, Secretary (Urban Development), GNCTD , Mr. S.K. Srivastava, Chief Secretary, GNCTD and Mr. Ankur Garg, Addl. Secretary (Power), GNCTD on the Board of Directors of the Company. Nominations of Mr. D.M. Spolia, Mr. R.K. Verma, Mr. Rajendra Kumar and Mr. R. K. Srivastava were withdrawn vide the same letters

The Company had received a communication from Department of Power, GNCTD vide letter no F.11(129)/2002/Power/Vol.II/825 dated 14th March, 2014 and Delhi Power Company Limited vide letter No. F.17/DPCL/CS/2013-14/172 dated 19th March, 2014, conveying nomination of Mr. Arun Goyal, Principal Secretary (Power), GNCTD and Mr. Rajendra Kumar, Secretary (Urban Development), GNCTD on the Board of Directors of the Company. Nominations of Mr. S. S. Yadav and Mr. Puneet Kumar Goel were withdrawn vide the same letters.

The Company has received notices as per Section 160 of the Companies Act, 2013 from shareholders proposing the name of Mr. S. K. Srivastava, Mr. Ankur Garg, Mr. Arun Goyal, and Mr. Rajendra Kumar for their appointment for the office of Director at the forthcoming Annual General Meeting.

In accordance with the requirements of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ashok Kumar Basu, Mr. Anil Kumar Sardana and Mr. Nawshir Mirza retire by rotation and are eligible for reappointment.

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

None of the Company's Directors are disqualified from being appointed as Directors as specified in Section 274 of Companies Act, 1956 and Section 164 of the Companies Act, 2013.

AUDITORS

Messrs Sankar Aiyar & Co. Chartered Accountants (ICAI Firm Registration No. 109208W) will retire at the conclusion of the forthcoming Annual General Meeting.

DERC vide letters no F.6(10)/AF/DERC/2012-13/6101 dated 22nd February,2013 and F.6(10) /AF/DERC/ 2012-13/3781/6518 had directed the Company that Services of same Statutory Auditor may be availed for a maximum period of three years i.e. rotation of Statutory Auditors every three years.

Based on the above directions of DERC, it was proposed to consider and appoint M/s V.Sankar Aiyar & Co. C&AG empanelled Chartered Accountants, to hold office for the financial year 2014-15 subject to ratification by members at every Annual General Meeting.

M/s V.Sankar Aiyar & Co., pursuant to Section 139 and 141 of the Companies Act, 2013, have furnished a certificate regarding their eligibility for appointment as the Auditors of the Company. Their appointment, if made, will have to be by way of a resolution of the Members as required under Section 139 of the Companies Act, 2013 and rules thereof.

Internal Audit: Based upon the recommendations of the Audit Committee, the Board at its meeting dated 15th May, 2014 approved the appointment of M/s PWC Chartered Accountants as the Internal Auditors of the Company for the Financial Year 2014-15. Further, Mr. Brajmohan Panigrahi was also appointed as Head of Internal Audit.

Key Managerial Person: Based upon the recommendations of the Nomination and Remuneration Committee, the Board at its meeting dated 15th May, 2014 approved the formalization of appointment of Mr. Ajay Kapoor as Chief Financial Officer of the Company. Further, terms and conditions of appointment and remuneration of Mr. Ajay Kalsie, Company Secretary of the Company were also formalized by the Board.

COST AUDIT

As per the requirements of the Central Government and pursuant to Section 148 of the Companies Act, 2013 and rules made there under, the Company carries out an audit of the Cost Accounts relating to Electricity every year since 2006. Subject to the ratification of remuneration by the members of the Company 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 2014-15. They have, pursuant to Section 148 of the Companies Act, 2013, furnished a certificate regarding their eligibility for re-appointment as the Cost Auditors of the Company. They have also certified their independence and arms length relationship with the Company.

Cost Audit Report for the Financial Year ended 31st March, 2013 was filed with the Central Government, Ministry of Corporate Affairs on 26th September, 2013.

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 31st March, 2014 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

Sd/-

Delhi,
15th May, 2014

Anil Kumar Sardana
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, the Company earned 12.85 lacs (previous year- nil) in foreign exchange from consultancy services. The foreign exchange outflow during the financial year is nil (previous year Rs. 15.97 Lacs) on account of import of Capital goods and Components & spare parts, Rs. 10.39 lacs (previous year Rs. 75.14 lacs) on account of foreign consultancy expenses and Rs.9.11 lacs (previous year Rs. 32.31 lacs) on account of foreign travel.

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

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

   (a) SAP Version Upgrade from EHP 4 to EHP 6

   (b) SAP Data Compression

   (c) Re- implementation of Performance Management System (PMS)

   (d) All Time Collection Module (ATCM)

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

(a) SAP Version Upgrade from EHP 4 to EHP 6:

Upgraded SAP landscape (including all modules of ERP, ISU, CRM, PI, Enterprise portal & UCES etc.) from EHP4 to EHP6 for improved performance and to avail new standard functionality for utilities such as Demand Side Management, bulk services, MDUS- integration etc.
SAP EHP6 version has provided the platform for initiatives like Smart Metering that requires AMI integration which is compatible with upgraded version, the user friendly interface which is the driver for revamping of PPDS and implementing Hindi fonts in consumer bills etc.

(b) SAP Data Compression:

SAP Data has grown exponentially specially after SAP ISU implementation - Database size was 5.3 TB in July 13 and growing @ 250 GB per month leading to deterioration in Database response time day by day - hampering critical Business processes like Reading, Billing, Collection, Call Center operations etc., increase in Data Backup window from two hours to seven hours, Higher bandwidth requirement for data replication between DC1 and DC2 and increase in Storage requirement (15.9 TB) for maintaining three copies of SAP data at DC-1, DC-2 and Test Server
TPDDL undertook the exercise of SAP Database compression which resulted into following benefits:

- Saving in one time Storage Cost- Rs. 0.6 Crs.
- Saving in storage cost by optimized growth in Database size (/ Year) - Rs. 0.108 Crs.
- Improved response time
- Reduced Backup Window
- Reduced RPO and RTO

(c) Re-implementation of Performance Management System (PMS):

PMS system has been re-implemented in SAP ECC 6.06 using Web Dynpro ABAP with the objective of overcoming the difficulties as prevalent in the existing system and to incorporate new functionalities to enrich user experience. Following New Features have been introduced:

- Ease in Navigation - No Horizontal Scrolling (Left to Right Scrolling)
- Option for intermediate Save & Quit - through Save Button or CTRL+S. All validation checks at time of "Submit" to next level.
- Tab based navigation instead of a single page form
- Auto evaluation (Leadership Competency) during Mid-Year Review (Configurable)
- Option to review KBA and change scoring wherever required by Reviewer
- Auto calculation of overall weighted score (KRA + KBA)
- View of bell curve at Appraiser, Reviewer and Functional Head level
- Moderation through system
- population of Mandatory KRAs by HR
- KBA

(d) All Time Collection Module (ATCM):

The application is used for all cash collection counters in TPDDL and has capability to works in both on-line (connected to Payment Gateway Server) as well as off-line mode (when server is not available). Apart from many enhanced features, technical limitation like 2GB database size, frequent failure of data synching, etc. in its earlier avatar (OCCM) are removed with adoption of newer technologies SQL Server Express R2 & VB.net. Several security features, validations and enablers in the application has made it very robust and user friendly.

- Saving of Around 50 SAP licenses
- Elimination of inconvenience & Time lost on account of system unavailability for cashiers and consumers
- Estimated market potential Rs. 100 Cr. in replicating this application in other utilities in India.

(e) Auto Demand Response (ADR) with Advance Metering Infrastructure (AMI):

The ADR project with AMI is the first project in India to be scaled up to include such large number of consumers. This is the first in the world wherein AMI is integrated with ADR.

3. Expenditure on R&D:
   (a) SAP Version Upgrade - Nil
   (b) Data Compression: Rs. 0.06 Crores
   (c) Re-implementation of PMS - Rs. 0.22 Crores
   (d) ATCM - Nil
   (e) ADR with AMI- Rs. 5 Crores

RESEARCH AND DEVELOPMENT (R&D)-Operations

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

(a) Trenchless laying of cable without HDPE pipe using Sodium Bentonite slurry (Project won 2nd position in Shikhar Award by TPC).

- New Trenchless installation methodology need to be incorporated in CEA guidelines related to trenchless cable installation.

- Follow-up with CEA and BIS is in progress.
- Copyright for new trenchless installation process under Patent act is filed for protection of intellectual rights.

(b) 11KV Auto Changeover in RMU (Ring main unit) for Key/Express consumers like water-works, amusement park and hospitals through in-house development. -Total auto changeover installed-10 nos.

- Existing Auto changeover installation is operating fine and meeting 100% customer & functional requirement.
- Purchase Order for additional 30 No's has been released with RO for 100 no's to extend auto changeover facility to high value customers.

Auto Change over Locations

Sl No.	Zone	Location	Functional	No of operations as per feedback from zone
1	530	Big Jos NSP	Yes	4
2	561	Amusement park	Yes	6
3	561	STP Rithala	Yes	4
4	1301	ESI Hospital	No	1
5	418	WWW S/S no.- 3	Yes	5
6	418	Multi Story	Yes	3
7	418	DRDO	Yes	1
8	411	Hotel Oberoi Maiden	Yes	2
9	411	Chandrawal Water Works	No	2
10	501	Britannia Biscuit factory	Yes	4

Capital Expenditure: Rs. 1.5 Lacs
Proposed Expenditure: Rs. 20 Lacs for 100 no's.

(c) Harmonic analysis study has been carried out at 33KV, 11KV and LT level for quality power supply to its consumers. -Total 87 no's consumers identified breaching harmonic limits as per IEEE 519 standard.

- Analysis study shared with regulator (DERC) and CEA to grant permit & resource to increase ambit of harmonic study to wider TPDDL network & customer base.
- Follow-up with DERC for fund approval to procure harmonic filters for compliances to IEEE 519 standards.

Cost of Measuring Instrument: Rs.12 Lacs for Fluke make Instrument.(Procured in 2009)

(d) Remote relay parameterization done to analyze SCADA-compatible relay data of grid switchgear from a centralized location. -Total 60% IEDs (Intelligent electronic device) at grid station can now be accessed from centralized location.

- Specifications revised to include remote relay parameterization feature from centralized location.
- RRP is functional for all Siemens, GE and Areva panels.
- We propose some Opex for procurement of EGX Cards to integrate Schneider relays on RRP.

Proposed Expenditure: 200 no's EGX Cards for Schneider Relays: Rs. 16 Lacs.

(e) In-house development of logics in IED's (Intelligent electronic device) has been done for extending Auto - reclose facility to overhead 11KV feeders in TPDDL.-Total 108 nos. of feeders enabled with this feature.

- Autoreclosers provision enabled for 108 no of 11 KV trunk feeders.
- Tripping reduction observed in feeders post A/R features enablement.
- 423 no's BD Operations prevented& 0.67 Mus saved due to AR Facility in Grid station for Year 2013-14.

Proposed Expenditure: 20 no's Autoreclosers Units for Siemens Relays: Rs. 2 Lacs.

(f) Enhancement of cable jointing technology through inclusion of mechanical connector and roll spring in 11 KV transition Joints.

- Specification revised to include mechanical connector in 11 KV transition joint kits.
- 8% Reduction in Transition Joint failures due to adoption of above new Design effective from March-2013

(g) Development in LT-XLPE cable by introduction of all black cores to avoid cracking phenomenon due to UV (ultraviolet) effects.

- Specification revised with all black pigmented cores for low tension cables of all sizes.
- Project won Tata Innovista-2014 under Promising innovation category.
- Patent filed for protection of intellectual property rights.

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

(a) Cost reduction in laying/repairing of cable. Avoiding de-rating and easy fault location identification.
(b) Improvement in Consumer satisfaction. Reduction in un-served energy & greenhouse gas emissions by preventing the generator startup at consumer end.
(c) Improvement in power quality thereby reducing technical losses and improvement in life of the asset.
(d) Improvement in network reliability and reduction in carbon Emissions with less vehicle movement.
(e) Improvement in network reliability and reduction in un-served energy.
(f) Improvement in reliability and customer satisfaction.
(g) Saving of cost by avoiding cracking of cables and improvement in customer satisfaction and reliability of network.

- Most of initiatives are no-investment category.
- Expenditure of Rs.2 Lacs against Auto changeover Units and Rs.12 Lacs for Harmonic Measurement Instrument done
- We propose to spend Rs.20 Lacs for Auto changeover Units and Rs.2 Lacs for Auto recloser units in Grid stations.
- We propose to spend Rs.16 Lacs for EGX Cards for Schneider relays in Grid stations.
- Newly Proposed Transition Joints are 15% costlier with respect to conventional design. Expected additional Cost in Opex will be Rs. 7.5 Lacs /Annum.

TECHNOLOGY ABSORPTION,ADAPTATION AND INNOVATION:

I. Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation:
   (a) SAP BCM (Business Communication Manager) implementation
   (b) Traffic Segregation of IT and OT Network through Checkpoint Firewall
   (c) SAP Infrastructure Upgrade
   (d) Assets movement & tracking system (SAMPATTI)
   (e) Re-Engineering of New Connection & Attribute Change Process

(f) Automation of creation of Print files for bill printing agency
(g) IT Asset Management for Desktop and Laptop requests through SAP
(h) Vendor Evaluation Process for both Supply and Service Orders
(i) Tracking of Schemes submitted to DERC for approval through SAP
(j) Automated the process of Thermal Inspection of distribution transformers
(k) Introduced New revised common Bill Format for all segment of consumers which include Colored Bill for Duplicate/As on date/ Add on bill along with all attachments, Colored E-bill along with all attachments through mail.

Benefits derived as a result of the above efforts:

a. SAP BCM (Business Communication Manager) implementation
   TPDDL is the first utility in India to implement SAP-BCM. This implementation is a major milestone due to its uniqueness, complexity and its integration with state of art Operational Technologies like GIS, OMS, SAP-CRM and SAP-CS. This has helped in
   - Providing single call Centre number for all types of complains/requests (No Supply, streetlight, commercial, Safety theft & Harassment)
   - Implementation of BCM-IVRS feature & its integration with SAP-CRM & OMS (Outage Management System) has provided auto responses to consumers which has resulted in auto answering of approx. 39% of consumer calls.
   - Seamless integration of BCM with CRM coupled with CLI/CTI feature (Caller line Identification/ Computer Telephony Integration), results into auto populating consumer details on call center's executive's screen.

b. Implemented Communication Network Traffic Segregation of IT and OT Network at both data centers DC1 and DC2 through Checkpoint Firewall for removing the bottleneck related to inadequacy of protection in operational technology network due to emerging threats and obsolete technology. Security capability was enhanced by strongly coupling IT & OT networks and enabled monitoring by segregation of Enterprise (IT) and Operational Technology (OT) network traffic.
   - Drastic reduction in Information Security Risks at TPDDL.
   - Identifying and reducing vulnerabilities or potential threats coming from IT to OT network and vice versa.
   - Traffic flow which is authenticated, monitored, logged and reported.

c. SAP Infrastructure Upgrade
   In year 2011, SAP ISU was implemented on the existing old DEBS server. By May 2013, database size had grown to 3.2TB as compared to 200GB in DEBS. The load on SAP database server usually touched 100% and CPU utilization on Application servers stretched to 100% most of the time. As per SAP standards, it should not go beyond 70% max. Hence we were operating on high risk. SAP was asked to perform the health check-up and server sizing by their specialists considering expected business growth for next five years and associated computing resources requirements. As per the hardware sizing done by SAP experts, SAP servers with the recommended configuration were upgraded at both the data centers.

This has given the following benefits:

- System upgrade to latest technology
- System is ready for future growth
- Increase in Employee satisfaction due to avoidance of night shift working, as the new server will be capable of handling multiple task simultaneously
- Improved response time

d. Assets movement & tracking system (SAMPATTI)
A role based workflow application to track movement and location of admin assets by allocating a system generated SAMPATTI code. System generated e-mail alerts and pendency reports (receiving awaited/ pending) helps user to track and monitor admin assets within and outside organization.

e. Re-Engineering of New Connection & Attribute Change Process - As per the revised process, the applicant shall be informed regarding any irregularity in his application within 3 days from receipt of the application in case of new connection and immediately on receipt of application at TPDDL District Offices, thereby help in reducing cost by curtailing site visits for incomplete applications and also in better management of performance assurance standards.

f. Automation of creation of Print files for bill printing agency - Discontinuation of Manual preparation of consolidated re-conciliation summary for printing agencies by RBG users thereby saving 2-3 hrs on daily basis.

g. IT Asset Management for Desktop and Laptop requests through SAP to bring transparency in asset allocated to an employee, acceptance of request, its processing and acceptance by employee through system and for faster processing of no dues at the time of transfer/separation.

h. Vendor Evaluation Process for both Supply and Service Orders- The Vendors will be evaluated on Timeliness and Quantity. The classification of Vendors will be in four Categories - Score > 90%, between 60 to 90, between 30 to 60 and < 30%. Based on the categorization, approved vendors list will be updated. Vendors falling in Last category will be removed from the list whereas vendors in third category will be given a warning letter (max three opportunities will be given).

i. Tracking of Schemes submitted to DERC for approval through SAP

j. Automated the process of Thermal Inspection of distribution transformers in SAP including the issue of schedule and capturing of inspection results.

k. Introduced New revised common Bill Format for all segment of consumers which include Colored Bill for Duplicate/As on date/ Add on bill along with all attachments like Consumer Information Sheet, Disconnection Notice, Earth Leakage letter, etc., Colored E-bill along with all attachments through mail. This will improve customer satisfaction and will reduce S/W maintenance efforts whenever a change in bill format is desired.

TATA POWER-DDL

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

(a) Technology imported	(b) Year of Import	(c) Has technology been fully absorbed	(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action
Distribution Reliability Assessment tools "DRAKE"	2008	Fully absorbed	N.A.
OMS - Outage Management System (GE Power)	2009	Fully absorbed	N.A.
SAP - Industry Solution for Utilities (SAP-ISU)	2011	Fully absorbed	N.A.
SAP Infrastructure upgrade	2013	Fully absorbed	N.A.

On behalf of the Board of Directors

Sd/-
Anil Kumar Sardana
Chairman

Delhi,

15th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Generation, Transmission, Distribution and Trading of Power are the four distinct components of the Electricity Sector, which is governed by the provisions of Electricity Act 2003 and various regulations issued by the CERC (Central Electricity Regulatory Commission) & SERCs (State Electricity Regulatory Commissions).

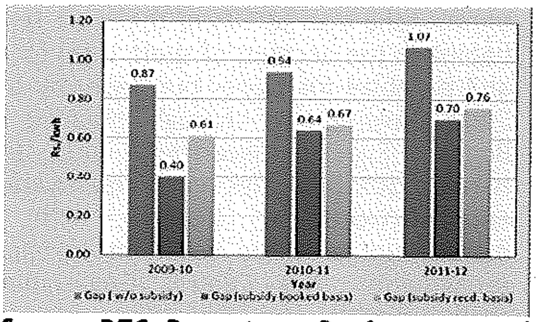
The Company operates in the Retail end of the Electricity chain, a Power Distribution Company. The Company also owns a 94.8 MW Combined Cycle Gas Based Power Plant which has been established in Rithala, North Delhi, for part meeting its consumers load as well as ensuring uninterrupted supply to certain key installations during emergency situations of grid distress, etc.

A brief outlook on the Power Sector is provided below:

Power Distribution

The Distribution Sector, by the virtue of being the revenue generation end of the entire electricity value chain, is the cornerstone for the financial viability of the entire Sector. The Sector, despite its opening up to private sector participation in the year 1999 with privatization of Orissa Distribution Utilities, continues to be largely Government owned, having negligible private sector participation with Delhi and some urban centers being notable exceptions. While the national average Aggregate Technical & Commercial (AT&C) Losses stand at around 25%-26%, losses in various States are over 50%. Additionally, absence of Cost Reflective Tariffs, inadequate subsidy reimbursements by the State Governments and increasing power procurement costs is adding to the financial woes of the Sector. The aggregate losses on subsidy received basis increased from Rs. 17,465 Crs. in the year 2007-08 to Rs. 62,221 Crs in 2011-12, an increase of 256% from 2007-08.

The average cost of supply increased from Rs.3.55/kwh in the year 2009-10 to Rs. 4.39/kwh in 2011-12. The average revenue (without considering subsidy booked) increased from Rs.2.68/kwh in the year 2009-10 to Rs.3.31/kwh in 2011-12 , which clearly demonstrates the lag between the tariffs being charged vis-à-vis the cost of supply. The increasing gap between Average Cost of Supply and Average Revenue realized is depicted below:



Source:PFC Report on Performance of State Power Utilities

The High Level Panel appointed by the Hon'ble Prime Minister under the chairmanship of Sri V.K. Shunglu, former Comptroller & Auditor General of India, to assess the financial position of distribution utilities and to recommend a plan of action to achieve financial viability in distribution of power by 2017, has stated that, at existing tariff levels, the SEB losses are projected to increase to Rs. 2,90,000 Cr. by 2017, which given the current level of losses, appear to be under estimated.

Considering the rapidly deteriorating situation, and the refusal of banks to further finance loss making State owned

Discoms, the Government of India had notified a Scheme for Financial Restructuring of State Owned Distribution Companies with the objective of turning around the sick State owned Discoms and ensuring their long term viability. The Schemes provide for restructuring of Debt Obligations of the State Discoms and Transition Support from the Central Government to facilitate financial turnaround, subject to the State Discoms and the State Governments taking certain measures in a time bound manner; some significant mandatory requirements are elimination of difference between Average Cost of Supply (ACS) and Average Tariff Realization Rate (ARR) through appropriate tariff revisions and reduction of losses, ensuring 100% metering, liquidation of Regulatory Assets including Carrying Cost, etc. in line with APTEL Order of Nov. 11, 2011, etc. The Scheme entails take-over of 50% of the short term liabilities (on account of short term loans and payables for power purchase) by the State Governments through issuance of Bonds/ Special Securities with the balance 50% liabilities being rescheduled and serviced by Discoms with a moratorium of three years on principal repayments. The Central Government shall provide a Transition Finance Mechanism (TFM) (subject to fulfilment of certain conditions elucidated above) whereby 25% of the principal repayment obligation taken over by the States shall be reimbursed to it by the Central Government by way of Grant. Additionally, the States shall also be entitled to Grant equal to value of additional energy saved by way of accelerated AT&C Loss reduction beyond the loss reduction trajectory specified under Restructured Accelerated Power Development & Reforms Program (RAPDRP).

While the Financial Restructuring Plan of the Government of India is a welcome step, it needs to be ensured that the funds are not frittered away and the sector does not regress back again as is the case presently; a similar financial restructuring plan had been put in place in 2001 when a one-time settlement of SEB dues was carved out whereby old arrears of SEBs amounting to Rs. 34000 Cr. were securitized by issue of bonds and 60% of interest/ surcharge payable by SEBs (Rs. 8600 Cr.) was waived off. Further, since the eventual beneficiary of such schemes are the consumers by way of lower tariffs (since 50% of the outstanding liabilities are to be taken over by the State Governments with part of it being reimbursed by the Central Government) and better service delivery, it is imperative that Private Discoms, who are also facing identical challenges of acute liquidity distress due to inadequate tariffs and mounting Regulatory Revenue Gaps, are also covered by the Scheme. As many as 10 states have come on board to avail of Centre's ambitious financial restructuring scheme for discoms. The states which have conveyed their in-principle willingness to participate in the scheme are Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Jharkhand, Kerala, Meghalaya, Rajasthan, Tamil Nadu and Uttar Pradesh

As special relaxation, in Nov 2013, the state electricity boards of Jharkhand, Bihar and Andhra Pradesh have been allowed to convert their outstanding loans till March 2013 as against March 2012 as applicable to other discoms.

In view of the Power Distribution being in dire straits, most states had undertaken tariff revisions in 2012-13 and 13-14 which were averaging around 20% increase over previous tariffs in line with the APTEL order of November 11, 2011 directing all SERCs to (i) suo moto undertake annual tariff revisions (ii) avoid creation of Regulatory Assets unnecessarily deferring tariff hikes, and (iii) implement mechanism for automatic Fuel and Power Purchase Cost Adjustment, so as to ensure recovery of power purchase cost variations through suitable surcharge mechanism without requiring year end tariff revisions.

However, with change in Delhi political regime in Dec 2013 and announcement of 50% subsidy in electricity tariffs by the political party in force, states like Haryana and Maharashtra have joined the fray for reduction in electricity tariffs/ enhancement of subsidies which is likely to delay the movement towards Cost Reflective Tariffs.

In order to improve efficiency of the sector and accountability of individual segments of the value chain viz. Generation, Transmission and Distribution, most of the SEBs have been unbundled into functional entities & corporatized. The full benefit of unbundling & corporatization is, however not being realized presently. In order to bring about autonomy in their functioning and for introduction of best practices, it is imperative that at least the Distribution part of the value chain, which has maximum inefficiencies & impacts consumers directly, should be privatised. After privatization of Distribution in Orissa in 1999 & Delhi in 2002, no further progress has been made on the same. State Governments are largely pursuing the Franchisee Model, whereby long term O & M contract(s) for particular areas are tendered to private parties. The Franchisee Contracts are generally being offered for 10 to 15 years based on "Input based Franchisee Model" wherein a fixed period franchise of a designated area is offered based on the per unit power purchase rate committed to be paid by the successful franchisee to licensee i.e. State Utility giving out the Franchise, for the period of Franchise. Franchisees for some cities / towns in Maharashtra, Uttar Pradesh and Madhya Pradesh and Jharkhand have been awarded with some other States such as Karnataka, Bihar, Chhattisgarh, Haryana, etc. under various stages of planning/tendering.

The Planning Commission in an effort to develop alternate Reforms Model, for adoption by States based on individual suitability, has also proposed a Concession based PPP Licensee Model for Distribution. This model is in initial stages of evaluation by various States with Uttar Pradesh, Bihar and Assam showing willingness to pursue Distribution Reforms through this model. While the Delhi Model of Distribution Reforms has been successful, it is regrettable that other State Governments have not replicated it in their States.

Introduction of Competition in the sector had been a key intent of the Electricity Act 2003 and while regulations have been framed by various SERCs for promotion of Open Access (OA) in distribution, competition has not taken off significantly. While the OA provisions in the Electricity Act 2003 have been clarified that consumers with a load of 1 MW and above are deemed to be Open Access consumers who should source their power requirements independently (and consequently pay for such power at mutually negotiated rates), the same has not been implemented by any State due to apprehensions of losing subsidizing consumers. Issues such as computation of cross subsidy charge and its phased reduction, possibility of cartelization by power suppliers vis-à-vis these OA consumers, Performance Assurance Mechanism, etc. need to be addressed to make Open Access a reality.

In order to boost competition in the Distribution Sector through multiple retail licensees, an amendment to the Electricity Act has also been proposed for Separation of Carriage and Content. A draft proposal for the same has been prepared by the Ministry of Power which envisages a 6-7 year roadmap for providing consumers electricity from their Supplier of Choice.

Timeline	Activity
0-3 yrs	• Separation of accounts of incumbent licensee • Separation of licenses • Reduction of Cross Subsidies • Creation of Power Markets
3-6 yrs	• Separation of ownership • De regulation of 1 MW and above consumers
Beyond 6 yrs	• Deregulation of all consumers in two phases o Upto 100 kW o For all consumers

As AT&C losses still remain a key area of concern, the Govt. of India has restructured its Accelerated Power Development & Reform Programme (APDRP) which was launched in 2001 for strengthening of Sub-Transmission and Distribution network and reduction in AT&C losses, as "R-APDRP" in August 2008 with an outlay of Rs. 50,000 Cr. The Programme is being implemented in 1400 towns and cities with a population of more than 30,000. The original objective of the R-APDRP was to reduce Loss Levels in these towns to at-least 12% by end of the XIth Plan (FY 12). A total disbursement of approx. Rs. 2466 Cr has been made under Part A of the R-APDRP scheme which aims at creating an IT & Automation backbone in the discoms and Rs. 4268 Crs have been disbursed on Part B of the scheme for revamping of the distribution network. For implementation of SCADA, an amount of Rs. 415 Crs has been disbursed so far among 72 towns. The Cabinet Committee of Economic Affairs has approved the proposal for continuing R-APDRP in the XII Plan as well. The total fund requirement is estimated to Rs 3,06,235 Crs for distribution sector in the 12th Plan.

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) is another flagship program of the Ministry of Power which was launched in April-05 by merging all ongoing schemes. The RGGVY aims at electrifying all villages and habitations, providing access to electricity to all rural households and providing electricity connection to Below Poverty Line (BPL) families free of charge. Under the programme 90% grant is provided by Govt. of India and 10% as loan to the State Governments. While the progress across different states varies, around 90% of the villages across the country have been electrified. However, per capita consumption in villages continues to be extremely low, thereby reflecting large unmet demand. RGGVY shall continue in XIIth and XIIIth Plan and a total requirement of capital subsidy of Rs. 35,447 Crs has been estimated.

In-order to promote capital investment in the distribution sector, the Government of India has instituted the 'National Electricity Fund (Interest Subsidy) Scheme' pursuant to which Distribution Sector Infrastructure capital projects are eligible under the NEF (Interest Subsidy) Scheme. Loans taken by Discoms from bi-lateral / multilateral FIs for eligible projects shall be eligible for interest subsidy ranging between 3% to 7% depending upon the State in which the Utility operates and compliance with certain milestones and achieving specific targets such as loss reduction, reduction of Revenue Gap between ACS and ARR, etc. in time bound manner. The Scheme aims to provide interest subsidy aggregating to approximately Rs. 8,500 Cr. over a period of 14 years for loans availed by Discoms for capital schemes sanctioned during FY 12-13 and FY 13-14. NEF Steering Committee has approved proposals worth Rs. 10865.17 cr. of Project loan from 8 states (11 discoms) for FY 2012-13 and Rs. 15664.80 from 18 states (32 discoms) for FY 2013-14 for coverage under NEF.

In order to address challenge of Climate Change, the Government of India (GOI) has released a National Action Plan on Climate Change (NAPCC) which envisages a Renewable Energy share of 12% by 2020 in the country. Further, the National Solar Mission targets deployment of 20000 MW of solar power by 2022 (with a 3% Solar RPO imposition on Discoms by 2022 starting from 0.25% in 2012-13). Subsequently, State Regulators have issued RPO mandates for the discoms which are generally not being enforced by Regulators except for 2-3 states due to increased pressure on tariffs. However, any impetus to Renewable Generation is only possible with mandatory enforcement of these obligations. In order to bring down tariffs for such sources, it is critical that cheaper financing and fiscal benefits are provided for such generation.

With a view to more efficient management of consumers' electricity consumption behaviour along with more efficient use of grid to identify and correct demand-supply imbalances, integrating renewable sources of power and detecting faults rapidly in a self-healing process, implementation of Smart Grids is being evaluated across the Sector. The Smart Grid Task force (which is an inter-ministerial group) has allocated Rs. 500 Crs for 14 pilot projects sanctioned around AMI (Advanced Metering Infrastructure -Residential Consumers), AMI (Industrial consumers), OM (Outage Management), PLM (Peak Load Management), PQM (Power Quality Management), MG (Micro Grid), DG (Distributed Generation) which shall help evaluate the latest technologies and also establish a business case for Smart Grids.

Generation

The total installed capacity of the country at the end of FY 2013 stands at 237742 MW. Thermal Power continues to be dominant in the current installed capacity with a share of 69% followed by Hydro at approx17%:

Total Capacity	MW	% Share
Thermal	163304.99	68.69%
Hydro	40195.40	16.91%
Nuclear	4780.00	2.01%
Renewable Energy Sources	29462.55	12.39%
Total	237742.94	100.00%

Source: CEA Power Sector Highlights (28-02-2014)

The Draft 12th Plan (2012-17) of the Planning Commission has projected an additional capacity addition of 1,18,500 MW (including 30000 MW from Renewable Sources) The estimated fund requirement during 12th Plan for generation, including renewable, is approx. Rs 6,38,600 crs including Rs 2,72,582 crs for advance action for 13th Plan projects. However, the same is subject to concerns on fuel availability, hurdles of environment and forest clearances, availability of adequate Balance of Plant production capacity and adequate supporting infrastructure such as ports, railways, roads etc. being addressed in a timely manner.

The country is facing severe fuel constraints as the development of fuel sources within the country is not keeping pace with capacity addition plans, thereby making the sector more dependent on imported sources which expose the generators to fuel price & forex volatility. Further, with drastic reduction in the production of gas from KG D6 basin, supply to power sector has been stopped as per the fuel prioritization policy of MoPNG whereby Fertilizer Plants are accorded the highest priority followed by LPG and Power Plants thereafter. On account of unavailability of fuel, approx. 25000 MW of coal based capacity and 20000 MW of Gas based capacity is being sub optimally utilized/stranded. In addition, there is 17500 MW gas based capacity under various stages of construction.

As per Planning Commission Estimates, there exists a huge gap in the availability and requirement of fuel for the sector making India heavily dependent on imported fuel and vagaries of price fluctuations.

Fuel Requirement during 2016-17		
Fuel	Requirement	Availability
Coal	730 Million Tonnes	550 Million Tonnes
Lignite	46 Million Tonnes	46 Million Tonnes
Gas/LNG	207 MMSCMD*	102 MMSCMD*

*Draft Twelfth Five Year Plan
In addition, 84 MMSCMD is required for 17,500 MW of Gas projects under construction

Under such a continuing scenario of fuel deficit which is resulting in large demand supply gap, interim measures such as Bulk procurement of imported coal need to be developed. Further, price pooling (domestic and imported coal) may be adopted to ensure uniformity of coal prices across the country irrespective of source of coal. There is also requirement of rationalization of linkages so as to optimize transportation/ freight costs which can be as high as 40% of the coal cost itself.

Further, with the approval of recommendations made by Rangarajan Committee for increasing the price of natural gas to almost double its present value of USD 4.2/MMBTU, the variable costs from gas based generating stations is expected to increase by 60-66% making them economically unviable to source for debt laden discoms without provision of additional subsidy by the Govt.

Simultaneously an aggressive plan for ramping up domestic coal/gas production needs to be developed to meet the fuel requirements of generation plants at economic prices. It is to be noted that despite having the fourth largest reserves of coal in the world, the Indian power sector is being subjected to the vagaries of volatile international fuel prices due to grossly inadequate development of domestic coal blocks. In order to ensure stability in generation and consequently consumer tariffs, it is imperative that domestic coal mines be allocated to discoms for establishment of captive power stations (through Case 2 bidding) for meeting their demand requirements.

There is also immediate need to develop avenues for enhancing production of natural gas from existing gas fields such as KG D 6 and establishing an appropriate regulatory framework for exploration of shale gas whose reserves are estimated to be 60 Trillion Cubic Feet (TCF) against current annual gas consumption of approx. 2 TCF in India.

Transmission

Development of a strong National Grid was a necessity to ensure optimal supply of power to all. At present, National Grid with inter-regional power transfer capacity of about 31,850 MW has been established which is planned to be enhanced to about 66,000 MW by end of XII Plan. The Southern Grid was synchronized with the northern, north-eastern, western and eastern regions in January 2014 leading to the completion of one National Grid. The move will facilitate easier transmit of power from surplus states in other regions to several power-deficient southern states. Earlier, several power-deficient states in the south faced a problem in buying power from surplus states elsewhere as they were on a different transmission setup. They found it difficult to sell power too, in situations of excess production.
Transmission line additions of about 1,00,000 ckt. Kms, HVDC terminal capacity of 13,000 MW and AC

transformation capacity of 2,70,000 MVA has been planned for the 12th Plan.

The total funding requirement during 12th Plan for development of transmission system is estimated to be of the order of Rs. 1,80,000 crore (Rs 1,00,000 Cr in Central Sector, Rs. 55,000 Cr in State Sector and Rs. 25,000 Cr. in Private Sector). Major challenges being faced in the transmission sector relate to Right Of Way (ROW) resulting in delays in construction / augmentation of Transmission Lines resulting in corridor congestions leading to evacuation constraints;
Another challenge is of maintaining Grid Discipline, lack of which, together with technical deficiencies in the network, resulted in two major grid disturbances in July 2012 affecting large parts of the country. Subsequently, a series of preventive measures and action plans have been developed to ensure secure operations of the grid.

The country needs to initiate steps to evolve Smart Transmission Grid with a view to improve the reliability & efficiency of the power sector as a whole as well as absorption of Renewable power, especially in view of 30000 MW Renewable Capacity addition projected during X11th Plan. A recent study conducted by the Power Grid Corporation Ltd. has estimated that for capacity addition plans for the Twelfth Five Year Plan period, an investment of around 30,000 crore would be required for creating renewable power transmission infrastructure.

Power Trading

India has two power exchanges - India Energy Exchange (IEX) and Power Exchange India Limited (PXIL). The Day-ahead market operates on the principle of voluntary participation, double sided closed auctions, uniform price discovery and zonal market splitting in case of transmission constraint. The increasing volume and declining Price is indicative of improved liquidity of supply. The number of participants in the two exchanges has been growing rapidly due to the entry of bulk Open Access consumers particularly from the states of Punjab and Tamil Nadu.

The volume of electricity transacted through the exchanges for the FY 2013-14 was approximately 3% of total generation which in times to come is expected to increase as newer capacities are added which shall be transacted through the exchanges.

Regulations

The Power Sector is governed by the Electricity Act, 2003. The Act is presently under comprehensive review in light of the changing scenario, APTEL/ CERC Orders, Grid security issue and the direction in which the power sector, specifically competition, is desired to move. Issues of segregation of Carrier (Distribution Network) and Content (Retail Supply of Power), with separate licenses for both (which are presently a composite function of Distribution Licensee), facilitation of Open Access, stringent penal provisions for grid indiscipline, incorporation of APTEL's Order of November 2011 directing suo-moto annual tariff determination by SERCs, etc. are expected to be addressed in the Amendment.

CERC has recently released the (Deviation Settlement Mechanism and related matters) Regulations, 2014 with the intent to further tighten Grid Security and Grid discipline. The frequency band has been limited to 49.70 to 50.05 Hz. In addition, CERC is also focusing on Introduction of Ancillary services in Indian Electricity Market which are required for improving and enhancing the reliability and security of the electrical power system. There are basically three main types of Ancillary Services, viz. real power support services or Frequency Support Ancillary Services (FSAS)/ Load following, Voltage or reactive power support services and Black start support services.

FSAS, at present in the Indian context, aims to stabilize the grid frequency by maximizing unutilized generation and minimizing load shedding, under certain conditions, for ensuring grid safety and security. Gradually as this market grows and imbalances are better handled with improved system security and reliability, this market could phase out the UI Mechanism which currently acts as balancing mechanism.

FUTURE OUTLOOK AND OPPORTUNITIES & THREATS

The company is governed by Rules and Regulations specified by the DERC. The current tariffs have been fixed as per the provision of MYT Regulations for the period FY12-13 to FY14-15.

The AT&C Loss reduction targets for the new Control have been set at 12.5% for FY12-13 with a reduction of 0.5% each year during the Control Period.

While the Company has consistently overachieved its Regulatory Targets for AT&C loss reduction (as is the case in the year under review) thereby bringing significant benefits to the Sector and the stakeholders of the Company, further incremental reduction would be at a slower pace due to already low loss levels.

In addition to the above, speedy recovery of past revenue gaps as well as ensuring cost reflective tariffs going forward, is the single largest challenge which is threatening financial viability of all Discoms, including TPDDL. Due to considerable delay and inadequate tariff increases in the past, the Company is saddled with recoverable Revenue Gaps (i.e. Regulatory Asset) which have increased significantly over the year from Rs. 322 Crs in FY 08-09 to Rs. 5146 Crs in FY 13-14. This is primarily on account of increase in Power Purchase Cost in this period which increased from Rs.2.86/unit in FY 08-09 to Rs.5.67/unit in FY 13-14 (98% increase) whereas the Average Billing Rate (net of Electricity Tax) increased from Rs. 4.52/unit in FY08-09 to Rs. 7.45 in FY13-14 (65% increase)over the same period. Additionally, no significant tariff increase had taken place from FY07 to Aug 2011 (except for a marginal 1% increase in FY 08) with bulk of the tariff increase taking place in the last three years with an average 22% increase in September 2011 with introduction of FPA (which was subsequently changed to PPAC), another 21% increase thereon from July 2012 and 5% increase from Aug 2013. In order to ensure amortization of the accumulated Revenue Gaps, the DERC has also allowed a 8% Deficit Recovery Surcharge to be levied on revised tariffs.

While the increase of tariffs, levy of 8% deficit recovery surcharge as well as introduction of PPAC mechanism has brought significant relief in terms of cash-flows, they continue to be under considerable stress as the increased tariffs and recovery thereon still do not fully recover the total costs (including carrying costs) for even the year under review i.e. 2013-14, leaving the accumulated gap upto 2011-12 unrecovered. While the accumulated Revenue Gap till FY 14 is higher than the gap at the end of FY 13, the rate of increase in gap has been significantly arrested.

In a recent directive, the DERC has proposed liquidation of Rs. 8000 Crs of Regulatory Assets over the next 8 year period out of the provisionally approved Revenue Gap of 11,431 Crs approved till 2011-12 for all 3 Discoms. The liquidation schedule shall be applicable w.e.f the new tariff order for FY 2014-15 and is subject to outcome of pending ATE Appeals and CAG Audit.

In India, the government is supporting technological advancements in state utilities for improving their performances and lowering losses through different programmes like Re- Structured Accelerated Power Development and Reforms Programme (R-APDRP), smart grid pilot projects etc., wherein grant is given to state owned utilities. However private utilities like TPDDL are kept out of such a grant even though they are doing and extending services to same kind of consumers, under the Universal Service Obligation (USO). The performance of TPDDL outperform almost all utilities in India in all aspects of organisational performance matrix. There is an opportunity to further enhance the quality and value of the service to its consumer, if government extends such type of grants to private players like TPDDL.

Additionally, sustaining profitability and ensuring its growth in a continuously evolving and increasingly stringent regulatory framework which would entail higher expenditure to meet rising expectations while simultaneously ensuring its recovery through tariffs, poses significant challenges and in some cases (like open access) offers opportunities, which the Company is geared to both counter and exploit as below:

1. Power Sourcing

The Company has made adequate power tie ups to ensure 24X7 supply for its consumers; as per demand-supply projections, the Company expects to have adequate surpluses, even to meet any contingencies, till 2016-17. While adequate power has been arranged, the Company is facing challenge of rapid and significant Increase in Power Purchase Costs primarily attributable to:

(a) Severe Domestic Coal & Gas shortage resulting in increased dependence on imported fuels which are prone to price volatility linked to, amongst others, demand supply situations in international markets together with any political uncertainties. Additionally, with the Rupee experiencing significant depreciation, the problem of escalating prices is being further compounded.

(b) Increase in fixed charges of interstate Generation and Transmission companies effected by CERC in FY 2011-12 retrospectively w.e.f. 01-04-09 based on revised tariff regulations for the Control Period FY 09-14

(c) Low sale price of surplus power available during off peak. In the absence of any significant peaking generation, bulk of the long term contracted power is available only on round the clock basis thereby resulting in significant surpluses during off peak hours which are disposed off bilaterally/ through power exchanges/ UI pool.

Due to cash strapped State discoms resorting to load shedding rather than purchasing power to meet their energy demand, rates of Short term power have fallen progressively creating an anomalous situation where long term power is presently more expensive than short term power.
The factors explained above have significantly impacted the overall Power Purchase Cost of the Company which has increased by around 98% over the past 5years, whereas in the same period, the tariff has gone up by only 60%, thereby putting extreme financial stress on the Company.

An analysis of Increase in Power Purchase costs over the past six years is given below:

Details*	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	Incr/Decr over FY08-09
Power Purchase from Central Generating Stations	2.45	2.69	3.02	3.83	3.77	4	63%
Power Purchase from Delhi Genco	2.84	3.05	3.67	4.67	5.19	6.19	118%
Bilateral Purchases	4.35	5.25	5.56	3.93	3.57	3.59	-17%
Surplus Sale	5	4.11	2.96	2.94	3	3.08	-38%
Transmission Costs	0.24	0.26	0.34	0.83	0.69	0.63	163%
Power Purchase Cost	2.86	3.68	4.25	5.29	5.45	5.66	98%

*Rs. /unit

In order to obviate the effect of spiralling Generation tariffs which is leading to an increased burden on the retail consumer tariffs (power purchase costs being pass through), the Company has initiated several measures such as a) termination of PPA with plants having higher tariffs (including gas based plants considering the gas price increase from April 2014) b) Reallocation of expensive costly power in the interim c) Backing down of plants with higher variable costs in line with TPDDL requirements. In addition, the Company is also advocating for allocation of cheaper unallocated power out of Central Govt.'s quota and diversion of domestic coal from inefficient plants to efficient ones.

With regard to disposal of surplus power at reasonable prices, the Company believes that this artificial depression of demand through load shedding, which has resulted in short/medium term power selling at prices lower than marginal cost of power cannot continue for long and prices shall sooner rather than later, reflect the real cost of power. In the short run, the Company is exploring various options for sale of surplus power at optimal prices through bilateral mechanisms and also working towards development of Power Portfolio Management Solution which shall help in optimizing the Power Purchase Costs.

2. Own Generation

The Company has also established a 94.8 MW Gas Based Combined Cycle Power Plant at Rithala in North Delhi to enhance availability and reliability of supply to its consumers. Rithala is the only backward integration project by any Discom in the country which has been privatized or unbundled pursuant to a Distribution Reforms process. The Rithala Plant is also a part of the islanding scheme being developed for Delhi. The Company has filed a petition with the DERC for approval of Terms of Agreement for supply of power from Rithala Generation Plant to the Company at tariffs to be determined by the DERC. Another petition has been filed for determination of Final Tariffs based on audited accounts. Both the petitions are under consideration by the DERC.

The Rithala Plant has been allocated gas from KG D6 basin whose supply has completely stopped from Mar 2013 due to severe drop in production from the basin. Against the projected supply of 60-80 MMSCMD from KG D 6 basin, its production has fallen to 15-16 MMSCMD which is insufficient to meet the requirements of even Fertilizer Plants which, along with LPG plants have a priority on the usage of KG D6 gas. While the Company has made adequate arrangements for Spot RLNG, the plant is not being dispatched currently on RLNG by the State SLDC owing to the significantly higher costs associated with RLNG.
Further, with increase in gas prices, the despatch ability of the plant in future has also become a question.

3. **Introduction of Competition through Open Access**

Open Access (OA) in Distribution has been progressively allowed by the DERC since July 1, 2007, with Consumers with a load of 1 MW and above being presently allowed the option to receive supply of electricity from a person other than distribution licensee of its area of supply.

While it was anticipated earlier that opportunity of consumer acquisition through Open Access is expected to increase after issuance of legal opinion by the Ministry of Law / Ministry of Power on the issue of 1 MW and above consumers being deregulated, however, the same is yet to be implemented by the Regulatory Commissions across the country. The Company is currently pursuing opportunities to dispose its surplus power under the Open Access route to consumers in the NCR and Northern Region.
On Dec 24, 2013, the DERC has issued an order on "Determination of Transmission and Wheeling Charges, Cross Subsidy Surcharge, additional surcharge and other applicable charges under Open Access"

The Company does not foresee any major threat in retaining its existing consumer base due to a higher satisfaction level amongst its consumers. However, some turmoil may be expected in the short term on account of cheaper electricity prices in the exchanges. A couple of consumers have so far shown interest in availing Open Access post the 2013 notification by DERC.

4. **Sustained Long Term Growth**

Ensuring long term sustainable growth within the Licensed Area is a challenge considering the physical boundaries of the Licensed Area and eventually limited growth potential within the area.

In the short to medium term, the demand in Delhi is expected to grow at 4% to 5% p.a. additionally, the Company's industrial areas of Bawana and Narela are also expected to experience significant load growth as industries increasingly are shifted from non-conforming areas to these designated industrial areas.

In an endeavour to establish Company's brand image outside its existing licensed area, to leverage its domain expertise and be strategically positioned to identify and exploit emerging business opportunities, the Company constituted a Business Development Group in 2008 which is pursuing national/ international consultancy assignments relating to the Distribution Sector, viz. Loss management, Customer Relationship Management, Performance Management, Business Process Reengineering and Restructuring, Capacity building, IT/SCADA, etc. The Company has been successful in expanding its business horizons in both national and international markets in the year under review. The company has bagged two Technical and Management Consultancy projects in Nigeria at Benin and Eko and a Distribution Franchisee project in Jamshedpur along with Tata Power. In addition, the company has also won consultancy assignments in UP and Haryana under R-APDRP and NEF schemes. The company has already been pursuing several projects under the R-APDRP scheme and has now extended its footprints across 14 states in India and is also pursuing consultancy assignments in International geographies. In addition, the Company has also entered into strategic alliances with various leading Information Technology companies such as IBM, Mahindra Satyam etc to leverage on its domain technical expertise in distribution sector for providing technological solutions to other utilities nationally/ internationally.

5. **Cost Optimization**

Cost Optimization is an ongoing challenge, especially in view of the stringent Performance Assurance Standards which provide for penalties for non-compliance.

The Company has undertaken several initiatives to optimize its costs which include reverse auctioning during procurement of goods and services, reduction of inventory levels, reduction of outsourced manpower, restructuring of organization structure and redeployment of employees etc. In addition, the Company has also taken several initiatives towards optimizing its Power Procurement costs as stated earlier. An empowered cross functional Task Force is continuously working on identifying avenues for further Cost Optimization and effecting Cost control across the Organization.

6. **Climate Change**

While the Distribution Business per-se is a relatively 'clean' business, the Company has identified certain areas where it can contribute effectively in meeting the challenge of Climate Change. The Company has formulated its Climate Change Policy in line with the Tata Group Policy and has mapped its Carbon Footprint as well as identified Abatement Levers to reduce Carbon emissions progressively. In the year under review, DERC has mandated Renewable Purchase Obligations on the Delhi discoms from 4.80% (including 0.20% solar) of total consumption of energy in FY 13-14 to 9% (including 0.35% solar) in FY 16-17. The RPO has been mandated from FY 12-13 to FY 16-17 with the obligation increasing year on year. The Company already has an installed Solar Generation capacity of 1.65 MWp which shall partially help in meeting the Solar RPO. The Company has initiated the process of competitive bidding for procurement of additional Renewable Power required to meet is RPO mandate at optimal cost.

In addition, the Company is also pursuing several initiatives on Demand Side Management including distribution of CFLs under the Bachat Lamp Yojana (BLY), promotion of Efficient Energy Appliances amongst its consumers, load research of residential and SME clusters to identify energy efficiency measures. In addition, the Company has also initiated a Smart Grid Pilot Project along with Automated Demand Response which has received approval of DERC.

RISK MANAGEMENT PROCEDURE AND STRUCTURE

A disciplined approach is followed in evaluating risks and developing appropriate strategies to mitigate and manage risk.

An Enterprise wide Risk Register has been prepared and reviewed at periodic frequency so as to ensure that existing/new/potential Risks are appropriately addressed. Each risk on the register is assigned an impact and probability rating and the product of the two determines the inherent (gross) risk exposure quantitatively.

Detailed risk mitigation plans are developed for each risk which determines the control strength thus identifying the residual (net) risk exposure quantitatively.

A Corporate Level Risk Management Committee (CLRMC), chaired by CFO who is also the Chief Risk Officer of the Company, periodically reviews existing, potential & future risks and their mitigation plans. CLRMC also reviews the Top Risks of company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate system of internal controls towards achieving efficiency in operations, optimum utilization of resources, and effective monitoring thereof and for compliance with all applicable laws. The internal control mechanism comprises a well-defined organization structure, pre-determined authority levels, risk assessment, segregation of duties and documented policy with a comprehensive delegation of authority.

'Governance Risk Compliance (GRC) Access Control' module has been implemented to address the Risk(s) arising on account of Segregation of duties in SAP environment.

The Company has an In House Internal Audit department. A portion of internal audit work is also handled by an External firm of Chartered Accountants, which conducts the Internal Audit on the basis of Audit Plan approved by the Audit Committee. The scope and authority of Internal Audit department is derived from the Internal Audit Charter approved by the Audit Committee. The internal audit process seeks to include review and evaluation of effectiveness of the existing processes and controls. It also ensures adherence to policies and systems and mitigation of the operational risks perceived from each area under audit.

Observations and recommendations for improvement of business processes are reported during the year to the Audit Committee of the Board which reviews the Internal Audit Reports and status of implementation of the agreed action plan.

The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the adequacy of internal control systems in the company & their observations on financial reports. The Audit Committee's observations and suggestions are acted upon by the Management which again are reviewed by the Audit Committee.

HUMAN RESOURCES DEVELOPMENT

Management's relation with employees continued to be cordial and cooperative. Joint Interaction Forum and HR Nodal Officers have continuously improved direct interface with all employees.
During the period under review, TPDDL recruited people from various colleges at Trainee level. The employee strength at the end of the year was 3527.

CAUTIONARY STATEMENT

Some of the statements in the Management Discussion and Analysis, describing Tata Power Delhi Distribution Limited's objectives, projections and estimates, are forward-looking statements and progressive, within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic condition, Government policies and other incidental/ related factors.

On behalf of the Board of Directors

Sd/-

Anil Kumar Sardana
Chairman

Delhi,
15th May, 2014

TATA POWER-DDL

Report on Corporate Governance

Corporate Governance is about commitment to values and ethical business conduct and how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the Company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract and enhance trust and confidence of stakeholders. We are deeply committed to this philosophy.

We always seek to ensure that we attain our performance levels with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions. It has always been TPDDL's endeavor to inculcate Corporate Governance practices in its organizational and business systems.

At the core of our corporate governance practice is the Board, which oversees how the Management serves and protects the long-term interests of all stakeholders of the Company.

Board of Directors

- Board Composition:

The Board of Directors presently comprises of eleven members with one member being Chief Executive Officer & Executive Director and ten being Non-Executive Directors who bring in wide range of skills and experience to the Board. TPDDL being a Joint Venture of The Tata Power Company Limited (51% Equity Shares)and the Government of Delhi (49% Equity Shares), has on its Board six members as nominees of The Tata Power Company Limited and five members as nominees of the Delhi Power Company Limited (DPCL is a wholly owned Company of Government of NCT of Delhi).

Details of the Board of Directors in terms of their directorships of other public companies (excluding TPDDL) are as under:

S. No.	Name of the Director	Business Relationship	No. of other Director-ships#
1.	Mr. Anil Kumar Sardana	Chairman Non Executive Director (Nominee of Tata Power)	5
2.	Mr. S. Padmanabhan	Non Executive Director (Nominee of Tata Power)	10
3.	Mr. Sanjay Dube	Non Executive Director (Nominee of Tata Power)	12

4.	Mr. Arun Goyal	Non Executive Director (Nominee of DPCL)	7
5.	Dr. M.M. Kutty	Non Executive Director (Nominee of DPCL)	13
6.	Mr. Sanjay Kumar Srivastava	Non Executive Director (Nominee of DPCL)	6
7.	Mr. Praveer Sinha	Chief Executive Officer & Executive Director (Nominee of Tata Power)	2
8.	Mr. Ankur Garg	Non Executive Director (Nominee of DPCL)	6
9.	Mr. Nawshir Mirza	Non Executive Director (Nominee of Tata Power)	3
10.	Mr. Ashok Kumar Basu	Non Executive Director (Nominee of Tata Power)	8
11.	Mr. Rajendra Kumar	Non Executive Director (Nominee of DPCL)	6

 # Excludes Alternate Directorships and Directorships in private companies, foreign companies.

- **Tenure**

All ten non-executive directors of the Company are liable to retire by rotation. Of the retiring directors, at least one-third retire every year and if eligible, qualify for re-appointment.

- **Responsibilities**

The Board of Directors represents the interests of the Company's stakeholders in optimizing long-term value by providing management with guidance and strategic direction. The Board's mandate is to provide and oversee Company's strategic direction, review corporate performance, authorize and monitor strategic investments, ensure statutory & regulatory compliance and safeguard interests of all stakeholders.

Committees of the Board also exercise oversight on other critical aspects like Business Ethics and Succession Planning etc.

- **Code of Conduct**

All the Nominee Directors of The Tata Power Company Limited on the Board of TPDDL and the Senior Management personnel have confirmed compliance with the TPDDL Code of Conduct, as applicable to them, for the Financial Year ended 31st March 2014.

- **Board Meetings**

Meetings are scheduled well in advance and the notice of each Board meeting is given in writing to each director. The Board meets at least once a quarter to review quarterly performance and financial results.

The Company Secretary in consultation with the Chairman and the Chief Executive Officer and Executive Director (CEO & ED) prepares a detailed agenda for the meetings. The Board papers comprising the agenda and other explanatory notes are circulated to the Directors in advance. The members of the Board have complete access to all information of the Company. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Senior Management is invited to attend the Board meetings so as to provide additional inputs to the items being discussed by the Board as well as get Board's first hand perspective on critical issues. The directions of the Board are further communicated down the line by the Senior Management through various town hall meetings and dialogue sessions.

There were four meetings of the Board of Directors held during the year 2013-14 i.e. on 22nd May, 2nd August, 21st October all in the year 2013 and on 31st January, in the year 2014.

The attendance of each Director at the last Annual General Meeting and Board Meetings held during the year is enlisted below:

S. No.	Name of the Director	Business Relationship	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the 12th AGM
1.	Mr. Anil Kumar Sardana	Chairman Non Executive Director (Nominee of Tata Power)	4	4	No
2.	Mr. S. Ramakrishnan Ceased w.e.f. 21st October, 2013	Non Executive Director (Nominee of Tata Power)	4	2	No
3.	Mr. Shakti Sinha Ceased w.e.f. 21st October, 2013	Non Executive Director (Nominee of DPCL)	4	2	Yes
4.	Mr. S. Padmanabhan	Non Executive Director (Nominee of Tata Power)	4	3	No
5.	Mr. D.M. Spolia Ceased w.e.f. 31st January, 2014	Non Executive Director (Nominee of DPCL)	4	1	Yes
6.	Mr. S. K. Srivastava appointed w.e.f. 31st January, 2014	Non Executive Director (Nominee of DPCL)	4	Nil	-
7.	Mr. Ankur Garg appointed w.e.f. 31st January, 2014	Non Executive Director (Nominee of DPCL)	4	Nil	-
8.	Mr. R.K. Verma Appointed w.e.f. 21st October, 2013 Ceased w.e.f. 31st January, 2014	Non Executive Director (Nominee of DPCL)	4	Nil	-
9.	Mr. Rajendra Kumar appointed w.e.f. 15th May, 2014	Non Executive Director (Nominee of DPCL)	4	-	-
10.	Mr. Arun Goyal appointed w.e.f. 15th May, 2014	Non Executive Director (Nominee of DPCL)	4	-	-
11.	Dr. M.M. Kutty	Non Executive Director (Nominee of DPCL)	4	2	Yes

12.	Mr. R. K. Srivastava Ceased w.e.f. 31st January, 2014	Non Executive Director (Nominee of DPCL)	4	3	No
13.	Mr. S. S. Yadav Ceased w.e.f. 15th May, 2014	Non Executive Director (Nominee of DPCL)	4	-	-
14.	Mr. Puneet Kumar Goel Ceased w.e.f. 15th May, 2014	Non Executive Director (Nominee of DPCL)	4	1	-
15.	Mr. Sanjay Dube Appointed w.e.f. 21st October, 2013	Non Executive Director (Nominee of Tata Power)	4	2	-
16.	Mr. Nawshir Mirza	Non Executive Director (Nominee of Tata Power)	4	3	No
17.	Mr. Ashok Kumar Basu	Non Executive Director (Nominee of Tata Power)	4	4	Yes
18.	Mr. Praveer Sinha	Chief Executive Officer & Executive Director (Nominee of Tata Power)	4	4	Yes

Changes in Composition of Board of Directors:

The Company had received a communication from Department of Power, GNCTD vide letter no F.11(129)/2002/Power/Vol.II/1964 dated 15th October, 2013 and Delhi Power Company Limited vide letter No. F.17/DPCL/CS/2013-14/62 dated 15th October, 2013, conveying nomination of Mr. R. K. Verma, Principal Secretary (Power), GNCTD and nomination of Mr. Shakti Sinha was withdrawn vide the same letters

The Tata Power Company Limited had nominated Mr. Sanjay Dube as a nominee of Tata Power, as an Additional Director on Board of TPDDL, w.e.f. 21st October, 2013.

Mr. S. Ramakrishnan had stepped down as Director from the Board of Tata Power Delhi Distribution Limited with effect from 21st October, 2013.

The Company had received a communication from Department of Power, GNCTD vide letter no F.11(129)/2002/Power/Vol.II/64 dated 21st January, 2014 and Delhi Power Company Limited vide letter No. F.17/DPCL/CS/2013-14/83 dated 21st January, 2014, conveying nomination of Mr. Puneet Kumar Goel, Secretary (Power), GNCTD, Mr. S.S. Yadav, Secretary (Urban Development), GNCTD , Mr. S.K. Srivastava, Chief Secretary, GNCTD and Mr. Ankur Garg, Addl. Secretary (Power), GNCTD on the Board of Directors of the Company. Nominations of Mr. D.M. Spolia, Mr. R.K. Verma, Mr. Rajendra Kumar and Mr. R. K. Srivastava were withdrawn vide the same letters

The Company had received a communication from Department of Power, GNCTD vide letter no F.11(129)/2002/Power/Vol.II/825 dated 14th March, 2014 and Delhi Power Company Limited vide letter No. F.17/DPCL/CS/2013-14/172 dated 19th March, 2014, conveying nomination of Mr. Arun Goyal, Principal Secretary (Power), GNCTD and Mr. Rajendra Kumar, Secretary (Urban Development), GNCTD on the Board of Directors of the Company. Nominations of Mr. S. S. Yadav and Mr. Puneet Kumar Goel were withdrawn vide the same letters.

The Company has received notices as per Section 160 of the Companies Act, 2013 from shareholders proposing the name of Mr. S. K. Srivastava, Mr. Ankur Garg, Mr. Arun Goyal, and Mr. Rajendra Kumar for their appointment for the office of Director at the forthcoming Annual General Meeting.

In accordance with the requirements of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ashok Kumar Basu, Mr. Anil Kumar Sardana and Mr. Nawshir Mirza retire by rotation and are eligible for reappointment.

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

Committees of Board of Directors

1. Audit Committee

The Audit Committee comprises of the following Directors:

Name of the Director	Designation
Mr. Ashok Kumar Basu	Chairman
Dr. M.M. Kutty	Member*
Mr. Rajendra Kumar	Member**
Mr. Sanjay Dube	Member***
Mr. S. Padmanabhan	Member
Mr. S. Ramakrishnan	Member****
Mr. Shakti Sinha	Member*****

*Dr. M.M. Kutty was appointed as a Member of Audit Committee w.e.f. 31st January, 2014
**Mr. Rajendra Kumar ceased to be a Member of Audit Committee w.e.f. 31st January, 2014.
***Mr. Sanjay Dube was appointed as a Member of Audit Committee w.e.f. 21st October, 2013.
****Mr. S. Ramakrishnan ceased to be a Member of Audit Committee w.e.f. 21st October, 2013.
*****Mr. Shakti Sinha ceased to be a Member of Audit Committee w.e.f. 21st October, 2013.

The Company Secretary of the Company, Mr. Ajay Kalsie, acts as Secretary to the Committee.

The Committee held 4 meetings during the financial year 2013-14 i.e. on 31st May, 23rd July and 21st October, all in the year 2013 and 30th January, 2014 in the year 2014.

The number of Audit Committee Meetings attended by the Members is as under:

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. Ashok Kumar Basu	Chairman	4	4
Mr. Sanjay Dube*	Member	4	1
Dr. M.M. Kutty**	Member	4	-

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. S. Padmanabhan	Member	4	3

*Mr. Sanjay Dube was appointed as a Member of Audit Committee w.e.f. 21st October, 2013.

**Dr. M.M. Kutty was appointed as a Member of Audit Committee w.e.f. 31st January, 2014.

In addition to Mr. Praveer Sinha, Chief Executive Officer & Executive Director, Mr. Arup Ghosh, Chief Technical Officer, and Mr. B.M.Panigrahi, HOD (Internal Audit & Risk Analysis) attended Audit Committee meetings held during the year. The Audit Committee invites such of the other executives as it considers appropriate to be present at its meetings. The Statutory, Internal and Cost Auditors are also invited to the meetings.

2. Capital Expenditure Review Committee

The Capital Expenditure Review Committee was re-constituted on 21st October, 2013 after stepping down of Mr. S. Ramakrishnan from the Board of TPDDL. It approves the capital expenditure schemes as per the Delegation of Power Schedule approved by the Board.
It comprises of the following Directors:

Name of the Director	Designation
Mr. Anil Kumar Sardana	Chairman
Mr. S. Padmanabhan	Member
Mr. S. Ramakrishnan	Member*

*Mr. S. Ramakrishnan ceased to be a Member of Committee w.e.f. 21st October, 2013.

The circulars approved by the Capital Expenditure Review Committee are placed before the Board.

3. Operations Review Committee

The Operations Review Committee was constituted on 17th July, 2008 to regularly review progress on all important issues pertaining to operational aspects of the Company and such other matters as may be delegated to it by the Board of Directors from time to time.

It comprises of the following Directors:

Name of the Director	Designation
Mr. Anil Kumar Sardana	Chairman
Mr. S. Padmanabhan	Member
Mr. Praveer Sinha	Member

4. Long Term Loans and Borrowings Committee

The Capital Expenditure Review Committee was re-constituted on 21st October, 2013 after stepping down of Mr. S. Ramakrishnan from the Board of TPDDL. It reviews and approves terms and conditions pertaining to all long term loans and borrowings and such other matters as may be delegated to it by the Board of Directors from time to time.

It comprises of the following Directors:

Name of the Director	Designation
Mr. Nawshir Mirza	Chairman*
Mr. S. Ramakrishnan	Member**
Mr. Praveer Sinha	Member
Mr. Sanjay Dube	Member***

* Mr. Nawshir Mirza was appointed as Chairman of the Committee w.e.f. 21st October, 2013.
**Mr. S. Ramakrishnan ceased to be a Member of Committee w.e.f. 21st October, 2013.
*** Mr. Sanjay Dube was appointed as a Member of the Committee w.e.f. 21st October, 2013.

5. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on 1st February, 2013 in terms of Section 135 and Schedule VII of the Companies Act, 2013 and rules made there under to formulate and recommend Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company and to also recommend the amount of expenditure thereof and such other matters as may be delegated to it by the Board of Directors from time to time.

It comprises of the following Directors:

Name of the Director	Designation
Mr. Ashok Kumar Basu	Chairman*
Mr. Puneet Kumar Goel	Member**
Mr. R. K. Verma	Member***
Mr. S. Padmanabhan	Member
Mr. Praveer Sinha	Member
Mr. Rajendra Kumar	Member****

*Mr. Ashok Kumar Basu was appointed as Chairman of Committee w.e.f. 21st October, 2013.
**Mr. Puneet Kumar Goel was appointed as a Member of Committee w.e.f. 31st January, 2014 and subsequently his nomination was withdrawn by Delhi Power Company Ltd.
***Mr. R. K. Verma ceased to be a Member of Committee w.e.f. 31st January, 2014.
****Mr. Rajendra Kumar was appointed as a Member of Committee w.e.f. 15th May, 2014.

The Committee held 2 meetings during the financial year 2013-14 i.e. on 21st October, 2013 and 30th January, 2014 and both the members and Chairman attended the meeting. The minutes of the meetings of the Corporate Social Responsibility Committee are placed before the Board.

6. Nomination and Remuneration Committee:

Pursuant to Section 178 of the new Companies Act, 2013, the existing Remuneration Committee was rechristened as "Nomination and Remuneration Committee" by the Board of Directors at their meeting held on 31st January, 2014.

The Nomination and Remuneration Committee comprises of the following Directors:

Name of the Director	Designation
Mr. Nawshir Mirza	Chairman*
Mr. Anil Kumar Sardana	Member**
Mr. Ankur Garg	Member***
Mr. S. Ramakrishnan	Member****
Dr. M.M. Kutty	Member*****

*Mr. Nawshir Mirza was appointed as Chairman of Committee w.e.f. 21st October, 2013.
**Mr. Anil Kumar Sardana was appointed as a Member of Committee w.e.f. 21st October, 2013.
***Mr. Ankur Garg was appointed as a Member of Committee w.e.f. 31st January, 2014 and subsequently ceased to be a Member of Committee w.e.f. 15th May, 2014.
****Mr. S. Ramakrishnan ceased to be a Member of Committee w.e.f. 21st October, 2013.
*****Dr. M.M. Kutty was appointed as a Member of Committee w.e.f. 15th May, 2014.

The Committee held its first meeting on 31st January, 2014 for approval of draft charter of the Nomination and Remuneration Committee. The proposed roadmap for FY 2014-15 of the Nomination and Remuneration Committee was also discussed and approved. The Board approved its charter in its meeting held on 15th May, 2014.

Remuneration of Directors:

The Non Executive Directors (NEDs) (except Mr. Anil Kumar Sardana, Mr. S. Ramakrishnan , Mr. Sanjay Dube, and Mr. S. Padmanabhan) are paid remuneration by way of Sitting Fees of Rs.15000/- (Rupees Fifteen Thousand only) per meeting of the Board or its Committee. During the period under review 4 Board Meetings, 4 Audit Committee Meetings, 2 Corporate Social Responsibility Committee meetings and 1 Nomination and Remuneration Committee meeting were held.

Ethics Management:

TPDDL has a 3-tier Ethics management structure to govern and implement ethics Management across the organization. An Ethics Management Apex Team (EMAT), led by the CEO & ED in the capacity of Principal Ethics Officer and represented by other Sr. leadership members, is the final review and escalation body. At 2nd tier, there is a council of Locational Ethics Counsellors (LECs), led by the Chief Ethics Counsellor who are mostly members of the senior management team. The young workforce represents the 3rd tier comprising of Ethics Champions (ECs). Based on the concerns raised and found to be valid, necessary corrective actions are taken.

Every alternate year, an Independent Management of Business Ethics (MBE) Assurance Survey is carried out with the help of Tata Quality Management Services. The MBE score in the last survey has shown a marked improvement from 70 in 2007 to 82 in 2009 and 87 in 2013.

The Company 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.

General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year Ended	Day & Date	Time	Venue
31st March, 2013	Thursday, 11th July, 2013	11:30 a.m.	Conference Room, Office of Chief Secretary, GNCTD, 5th Level, Delhi Sachivalaya, I.P. Estate, New Delhi-110002.
31st March, 2012	Thursday, 26th July, 2012	11:30 a.m.	The Chambers (Parliament), The Taj Mahal Hotel, No 1. Mansingh Road, New Delhi- 110011
31st March, 2011	Friday, 5th August, 2011	2:45 p.m.	The Chambers (Parliament), The Taj Mahal Hotel, No 1. Mansingh Road, New Delhi- 110011

Details of Special Resolutions passed in the previous three AGMs:

Date of AGM	Particulars of Special Resolutions passed thereat
11th July, 2013	- Appointment of Auditors under section 224A of the Companies Act, 1956
26th July, 2012	- Appointment of Auditors under section 224A of the Companies Act, 1956 - Alteration in Articles of Association of the Company for insertion of New Article 6A after Article 6 - Issue of 12% Cumulative Redeemable Preference Shares of Rs. 500 Crore
5th August, 2011	- Appointment of Auditors under section 224A of the Companies Act, 1956 - Change of name of the Company from "North Delhi Power Limited" to "Tata Power Delhi Distribution Limited"

All special resolutions moved at the AGMs were passed unanimously on a show of hands by the shareholders present at the meeting.

Extra Ordinary General Meeting

During the period under review the no Extra Ordinary General Meeting was held by the Company.

TATA POWER-DDL

General Shareholder Information

1. The Thirteenth Annual General Meeting is scheduled to be held on Friday, the 1st August, 2014 at 10.30 a.m. at The Aftab-Mahtab, The Taj Mahal Hotel, No.1 Mansingh Road, New Delhi - 110011.

2. Financial year : 1st April 2013 to 31st March 2014

3. Dividend Payment Date : On and from 1st August 2014

4. Listing on Stock Exchanges : None

5. **Shareholding pattern of the Equity Shareholders of the Company:**

S. No.	Name of Shareholder	Equity Shares	
		No. of Shares	Percentage
1.	The Tata Power Company Limited	28,15,19,994	51%
2.	Delhi Power Company Limited	27,04,79,996	49%
3.	Chief Secretary, GNCTD	1	-
4.	Principal Secretary (Finance), GNCTD	1	-
5.	Secretary (Power), GNCTD	1	-
6.	Principal Secretary (Home), GNCTD	1	-
7.	The Tata Power Company Limited & Mr. Arun Srivastava	1	-
8.	The Tata Power Company Limited & Mr. Sanjeev Mehra	1	-
9.	The Tata Power Co. Ltd. & Mr. S. Ramakrishnan	1	-
10.	The Tata Power Co. Ltd. & Mr. Anil Kr. Sardana	1	-
11.	The Tata Power Co. Ltd. & Mr. Praveer Sinha	1	-
12.	The Tata Power Co. Ltd. & Mr. Ajay Kapoor	1	-
	Total	55,20,00,000	100%

Shareholding Pattern of Preference Shareholders (ISIN INE493F04012-12% Cumulative Redeemable Preference Shares) of the Company as on March 31, 2014

S. No.	Name of the shareholder	No. of shares held (@ Rs. 100/- each)	Value of Shareholding (in Rs.)	%age of Share Holding
1	The Tata Power Company Limited	255,00,000	255,00,00,000	51
2	Delhi Power Company Limited	245,00,000	245,00,00,000	49
	Total	500,00,000	500,00,00,000	100

6. Address for Correspondence : Tata Power Delhi Distribution Limited
NDPL House, Hudson Lines,
Kingsway Camp, Delhi 110009.
Tel: 66112222
Fax: 01166112435

Accounting Standards

The Company confirms that it has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India [ICAI] from time to time.

Related Party Transactions & Disclosures

Details of related party transactions are included in the Notes to the Accounts and all transactions are at arm's length basis. There were no materially significant related party transactions with the Directors, Key Managerial Personnel or Relatives of the Directors and Key Managerial Personnel that have a potential conflict with the interests of the Company at large.

The Board has received confirmations from key managerial personnel that there were no material, financial and commercial transactions where they and/or their relatives have personal interest.

None of the Directors or Key Managerial Personnel is related to any other Director or Key Managerial Personnel.

None of the Directors or Key Managerial Personnel has any business relationship with the Company.

None of the Directors or Key Managerial Personnel received any loans & advances from the Company during the Year.

TATA POWER-DDL

Going Concern

The Directors are satisfied that the Company has adequate resources and is making appropriate arrangements to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing financial statements.

On behalf of the Board of Directors

Sd/-
Anil Kumar Sardana
Chairman

Delhi,
15th May, 2014

TATA POWER-DDL

CEO & ED and CFO CERTIFICATION

We, Praveer Sinha, Chief Executive Officer and Executive Director and Ajay Kapoor, Chief Financial Officer, of Tata Power Delhi Distribution Limited, to the best of our knowledge and belief, certify that:

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) Significant changes in internal control over financial reporting during the year;

(ii) Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Tata Power Delhi Distribution Limited

Sd/-	Sd/-
Praveer Sinha	Ajay Kapoor
Chief Executive Officer & Executive Director	Chief Financial Officer

TATA POWER-DDL

DECLARATION

I affirm that all the Nominee Directors of The Tata Power Company Limited on the Board of TPDDL and the Senior Management personnel have confirmed compliance with the TPDDL Code of Conduct, as applicable to them, for the Financial Year ended 31st March 2014.

For Tata Power Delhi Distribution Limited

Sd/-
Praveer Sinha
Chief Executive Officer & Executive Director

Delhi,
15th May, 2014

CERTIFICATE

To the Members of Tata Power Delhi Distribution Limited,

We have examined the compliance of conditions of Corporate Governance by Tata Power Delhi Distribution Limited, for the year ended 31st March, 2014.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance.

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

For Siddiqui & Associates
Company Secretaries

Sd/-
K.O. Siddiqui

FCS 2229; CP 1284

Delhi,
15th May, 2014

V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi-110008
Flat Nos. 202 - Tel (91-11) 25702074, 25702691, 25704639 Fax : 25705010
301 - Tel (91-11) 25705233 Telefax : 25705232
E-mail : newdelhi@vsa.co.in & vsand@del3vsnl.net.in

INDEPENDENT AUDITORS' REPORT

To the Members of

Tata Power Delhi Distribution Limited

(Formerly North Delhi Power Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of **Tata Power Delhi Distribution Limited (Formerly North Delhi Power Limited)** ("the Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in of section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

V. SANKAR AIYAR & CO.
NEW DELHI
FRN 109208W
CHARTERD ACCOUNTANTS

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;

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

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

Emphasis of Matter

We draw attention to Note no. 31(d) of 'Notes forming part of the financial statements' regarding uncertainties relating to the outcome of the appeal filed before the Appellate Tribunal for Electricity with respect to disallowance of expenses by Delhi Electricity Regulation Commission (DERC). As stated in the Note, no adjustment have been made for such disallowances to the Income recoverable from future tariff estimated at Rs. 18,503 lacs as at 31st March 2014, which includes carrying cost of Rs. 1,838 lacs for the period 1st April 2013 to 31st March 2014. The impact of the above on the financial statements as at 31st March 2014 cannot presently be determined, pending outcome of the matter. Since the Company is of the view, supported by legal opinion that the disallowance of expenses by DERC can be successfully contested, no adjustment has been considered necessary. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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 Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

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

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

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

(d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013; and

(e) On the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Ajay Gupta

Ajay Gupta.
Partner
Membership No. 90104

Place : New Delhi
Dated: 15th May 2014

V. SANKAR AIYAR & CO.
NEW DELHI
FRN 109208W
CHARTERED ACCOUNTANTS

Annexure referred to Para 1 in the Auditors' report to the members of Tata Power Delhi Distribution Limited on the accounts for the year ended 31st March, 2014.

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

b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management, during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

c) Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.

ii a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

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

c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties required to be covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable.

e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties required to be covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable.

iv In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and sale of services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company. The Company's operation did not give rise to sale of goods during the year and hence clause (iv) of the Order are not applicable with respect to sale of goods.

v In our opinion and according to the information and explanations provided to us, there are no contracts or arrangements that need to be entered into a register maintained under section 301 of the Companies Act, 1956.

vi The Company has not accepted deposits from the public within the provisions of sections 58A and 58AA or any other relevant provisions and the Rules framed there under.

vii An outside agency has carried out internal audit during the year. In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.

viii We have broadly reviewed the books of accounts 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 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records for the year with a view to determine whether they are accurate and complete.

ix a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability to the company on account of Investor Education and Protection Fund and Excise Duty. There were no arrears of undisputed statutory dues as at 31st March, 2014, which were outstanding for a period of more than six months from the date they became payable.

V. SANKAR AIYAR & CO.
NEW DELHI
FRN 109208W
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b) There are no disputed dues which have remained unpaid as on 31st March, 2014 in respect of Sale tax, Income tax, Custom duty, Wealth tax, Service tax, and Cess except as follows.

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which amount relates	Amount Involved (Rs. In lacs)
Income Tax Act, 1961	Demand of Interest on short deduction of TDS and tax on interest income. Penalty imposed u/s 271(1)(c) & 271(1)(b)	Commissioner of Income Tax (Appeals)	FY 2007-08	171.84
Income Tax Act, 1961	Demand of Interest on short deduction of TDS and late deposit of TDS	Commissioner of Income Tax (Appeals)	FY 2008-09	114.74
Income Tax Act, 1961	Demand on short allowance of TDS and interest thereon	Commissioner of Income Tax (Appeals)	FY 2010-11	4.54
Income Tax Act, 1961	Demand of short deduction of TDS and interest thereon	Commissioner of Income Tax (Appeals)	FY 2013-14	429.79

x The Company has no accumulated losses at the end of the year and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

xi On the basis of the verification of records and information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. There are no debentures outstanding in the books of accounts at any time during the year.

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

xiii The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.

xiv The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable

xv According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi According to the records of the Company, term loans taken during the year have been applied for the purpose for which they were obtained.

xvii According to the information and explanations given to us, the cash flow statements examined by us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used for long term investment.

xviii During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

xix During the year, the Company has not issued any debentures. Therefore, the question of creating security / charge does not arise.

xx Since there were no public issue of securities during the year, verification of the end use of money does not arise.

xxi Based on the audit procedure performed and the representation obtained from the management, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year under audit.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Ajay Gupta

Ajay Gupta.
Partner
Membership No. 90104

Place : New Delhi
Dated : 15th May 2014

V. SANKAR AIYAR & CO. NEW DELHI FRN 109208W CHARTERED ACCOUNTANTS

TATA POWER DELHI DISTRIBUTION LIMITED
(Formerly NORTH DELHI POWER LIMITED)
BALANCE SHEET AS AT 31 MARCH, 2014

	Note No.	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	105,200.00	105,200.00
(b) Reserves and surplus	4	181,816.20	163,430.17
		287,016.20	268,630.17
(2) Capital grants	5	881.74	890.71
(3) Consumer contribution for capital works (CCCW)	6	44,038.57	36,834.43
(4) Non-current liabilities			
(a) Long-term borrowings	7	329,738.88	281,382.52
(b) Deferred tax liabilities (Net)	8	45,289.23	36,036.76
Less: Adjustable in future tariff		45,289.23	36,036.76
		-	-
(c) Other long term liabilities	9	73,306.37	71,632.23
(d) Long-term provisions	10	1,691.03	1,531.51
		404,736.28	354,546.26
(5) Current liabilities			
(a) Short-term borrowings	11	18,590.64	7,956.67
(b) Trade payables	12	79,988.87	83,306.67
(c) Other current liabilities	13	71,442.27	107,697.49
(d) Short-term provisions	14	17,338.97	3,800.11
		187,360.75	202,760.94
TOTAL		**924,033.54**	**863,662.51**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	15		
Tangible assets		295,428.60	281,682.18
Intangible assets		3,074.18	3,286.03
Capital work-in-progress		21,686.74	23,508.64
		320,189.52	308,476.85
(b) Non-current investments	16	5.00	5.00
(c) Long-term loans and advances	17	5,005.77	11,649.70
(d) Other non-current assets	18	466,319.26	426,075.26
		791,519.55	746,206.81
(2) Current assets			
(a) Inventories	19	1,266.09	1,031.90
(b) Trade receivables	20	12,079.05	16,895.29
(c) Cash and cash equivalents	21	14,460.00	17,018.59
(d) Short-term loans and advances	22	27,623.48	13,019.50
(e) Other current assets	23	77,085.37	69,490.42
		132,513.99	117,455.70
TOTAL		**924,033.54**	**863,662.51**

See accompanying notes forming part of the financial statements 1 to 42

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants

Ajay Gupta

Ajay Gupta
Partner

V. SANKAR AIYAR & CO. NEW DELHI FRN 109208W CHARTERED ACCOUNTANTS

New Delhi
15 May, 2014

For and on behalf of the Board of Directors

Anil Sardana
Chairman

Praveer Sinha
CEO & Executive Director

Ajay Kalsie
Company Secretary

Ajay Kapoor
Chief Finance Officer

New Delhi
15 May, 2014

TATA POWER DELHI DISTRIBUTION LIMITED
(Formerly NORTH DELHI POWER LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

		Note No.	Year ended 31.03.2014 Rs./Lacs	Year ended 31.03.2013 Rs./Lacs
INCOME				
1	Sale of power		564,401.26	493,598.60
	Less: energy tax		23,914.77	20,870.02
			540,486.49	472,728.58
2	Other operating income	25	13,918.54	13,819.41
3	Revenue from operations		554,405.03	486,547.99
4	Other income	26	3,027.36	1,173.84
5	Total income excluding income recoverable from future tariff		557,432.39	487,721.83
EXPENSES				
6	Fuel cost		31.90	7,539.04
7	Cost of power purchased (net) (excludes own generation)	27	445,872.14	406,864.32
8	Employee benefits expense	28	30,288.40	27,939.68
9	Finance costs	29	43,715.80	47,542.92
10	Depreciation and amortisation expense	15	19,177.21	17,750.32
11	Other expenses	30	19,398.70	18,943.40
12	Total		558,484.15	526,579.68
PROFIT/(LOSS) BEFORE INCOME ADJUSTABLE FROM FUTURE TARIFF			(1,051.76)	(38,857.85)
13	Income adjustable from future tariff	31	43,446.00	77,878.00
PROFIT BEFORE TAX			42,394.24	39,020.15
14	Tax expense			
	- Current tax		9,007.98	8,051.05
	- Deferred tax	8		
	Provision for the current year		9,252.47	8,102.34
	Less: Adjustable in future tariff		(9,252.47)	(8,102.34)
PROFIT AFTER TAX			33,386.26	30,969.10
Basic and Diluted Earnings per share (Rs.)		34	4.78	5.57

See accompanying notes forming part of the financial statements 1 to 42

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants

Ajay Gupta

Ajay Gupta
Partner

V. SANKAR AIYAR & CO.
NEW DELHI
FRN 109208W
CHARTERED ACCOUNTANTS

New Delhi
15 May, 2014

For and on behalf of the Board of Directors

Anil Sardana
Chairman

Praveer Sinha
CEO & Executive Director

Ajay Kalsie
Company Secretary

Ajay Kapoor
Chief Finance Officer

New Delhi
15 May, 2014

TATA POWER DELHI DISTRIBUTION LIMITED
(Formerly NORTH DELHI POWER LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

		Year ended 31.03.2014 Rs./Lacs	Year ended 31.03.2013 Rs./Lacs
A. Cash flow from Operating Activities			
Net profit before tax		42,394.24	39,020.15
Adjustments for :			
Depreciation and amortisation		19,177.21	17,750.32
Finance costs		43,715.80	47,542.92
Interest income		(1,912.15)	(179.91)
Net gain on sale of current investments (non-trade)		(51.47)	(50.40)
Loss on sale / retirement of assets		813.58	375.78
Transfer of capital grants / CCCW		(1,804.76)	(1,606.70)
Obsolete inventory written off / provision for obsolete inventory		160.70	146.47
Bad debts written off		170.99	31.84
Provision for doubtful debts / advances		225.39	976.96
Operating profit before working capital changes		102,889.53	104,007.43
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(394.89)	73.91
Trade receivables		4,001.75	(7,279.64)
Short term loans and advances		(14,603.98)	1,550.01
Long term loans and advances		5,285.80	125.78
Other non current assets		(40,244.00)	(32,760.00)
Other current assets		(7,592.88)	(48,002.19)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(3,317.80)	21,958.52
Other current liabilities		5,356.30	3,219.15
Other long term liabilities		(2,467.72)	(772.83)
Short term provisions		66.66	193.06
Long term provisions		159.52	249.70
Cash generated from operations		49,138.29	42,562.90
Taxes paid (including tax deducted at source)		(10,536.01)	(6,616.34)
Net Cash from/(used in) Operating Activities	(A)	**38,602.28**	**35,946.56**
B. Cash Flow from Investing Activities			
Purchase of fixed assets		(31,146.20)	(28,523.01)
Proceeds from sale of fixed assets		771.99	1,196.23
Interest received		1,910.08	240.24
Sale of long term investments		-	1,875.84
Purchase of current investments		(79,150.00)	(97,245.00)
Sale of current investments		79,201.47	97,323.39
Net Cash from/(used in) Investing Activities	(B)	**(28,412.66)**	**(25,132.31)**
C. Cash Flow from Financing Activities			
Proceeds from issue of preference share capital		-	50,000.00
Interest paid on long term loans		(39,537.73)	(42,225.07)
Interest paid on short term loans		(1,194.04)	(2,643.06)
Interest paid on consumer deposits		(2,839.86)	(2,650.50)
Other interest/borrowing cost paid		(330.29)	(230.56)
Proceeds of short term loans		124,500.00	127,500.00
Repayment of short term loans		(114,500.00)	(162,500.00)
(Repayment)/proceeds from cash credit accounts		633.97	1,740.54
Proceeds of long term loans		106,500.00	103,500.00
Repayment of long term loans		(99,299.31)	(85,934.30)
Proceeds from capital grants/CCCW		8,999.93	4,661.89
Consumers' security deposits		4,319.12	4,609.86
Net Cash from/(used in) Financing Activities	(C)	**(12,748.21)**	**(4,171.20)**
Net increase in Cash and Cash Equivalents	(A+B+C)	**(2,558.59)**	**6,643.05**
Cash and cash equivalents at the beginning of the year		17,018.59	10,375.54
Cash and cash equivalents at the end of the year (See note 21)		**14,460.00**	**17,018.59**

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants

Ajay Gupta

Ajay Gupta
Partner

V. SANKAR AIYAR & CO.
NEW DELHI
FRN 109208W
CHARTERED ACCOUNTANTS

New Delhi
15 May, 2014

For and on behalf of the Board of Directors

Anil Sardana
Chairman

Praveer Sinha
CEO & Executive Director

Ajay Kalsie
Company Secretary

Ajay Kapoor
Chief Finance Officer

New Delhi
15 May, 2014

NOTE 1

Background

Tata Power Delhi Distribution Limited (TPDDL) (Formerly North Delhi Power Limited) 'The Company' primarily 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 the 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. During financial year 2011-12, the Company applied for change in its name from North Delhi Power Limited to Tata Power Delhi Distribution Limited. Subsequently, a fresh certificate of incorporation consequent to the change in name to Tata Power Delhi Distribution Limited ('the Company') was issued by the Registrar of Companies, N.C.T of Delhi & Haryana on 29 November, 2011 under section 23(1) of the Companies Act, 1956.

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, TPDDL was a deemed Licensee.

NOTE 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, the provisions of the Companies Act, 2013 (to the extent notified) & the Companies Act, 1956 (to the extent applicable). 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 (or the Companies Act, 2013). The significant accounting policies are as follows:

a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires the Management to make estimates and assumptions that affect the reporting balances of assets and liabilities including 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 Capital Territory of Delhi (GNCTD) under the Transfer Scheme. Values were 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 the 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 valuer whichever is lower.

V. SANKAR AIYAR & CO
NEW DELHI
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CHARTERED ACCOUNTANTS

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

Description of Assets	Rate of Depreciation
Plant and machinery (other than computers, batteries and meters)	3.80% to 6.33%
Transmission lines and 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 as per rates prescribed in Generation Tariff Regulation of DERC. In case of second hand assets, where DERC is yet to determine the life of such assets, depreciation has been provided based on the life as determined by an independent valuer. The depreciation has been calculated in a manner which has the effect of depreciating ninety percent (90%) of the original cost of each such depreciable asset on the expiry of the specified useful life. (Also see note 31(c))

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

Description of Assets	Rate of Depreciation
Building	3.80% to 9.50%
Plant and machinery (other than computers)	3.80% to 19%
Transmission lines and cable network	3.80% to 19%

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/amortisation in respect of Computer hardware/software has been recognised in the statement of Profit and Loss at the rate of 16.21%.

viii. 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 has been recognised in the statement of Profit and Loss at the rate mentioned therein.

ix. Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c. Accounting for Grants

i. Grants relating to depreciable fixed assets are treated as deferred income to be recognised in the statement of profit and loss over the useful life of the asset in the proportion in which depreciation on the related assets is charged.

ii. Grants relating to revenue are recognised in the statement of profit and loss 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. The Company as per the prevalent Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) regulations (referred as 'Tariff Regulations') for distribution business is required to recover its Annual Revenue Requirement (ARR) comprising of expenditure on account of power purchase costs, Operations & Maintenance expenses, financing cost, as per the said regulations and an assured return on DERC approved equity subject to achievement of Aggregate Technical and Commercial (AT&C) loss reduction targets. As per the said Tariff Regulations, the Company determines the ARR and any excess/shortfall in recovery of ARR during the year is accounted for as 'Income adjustable from future tariff'.

In respect of power generation, the Company is required to recover fuel cost, Operations & Maintenance expenses and other cost along with return on equity as stated in Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Generation Tariff) regulations subject to the availability factor.

iii. '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.

iv. 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 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.

V. SANKAR AIYAR & CO
NEW DELHI
FRN 109208W
CHARTERED ACCOUNTANTS

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 statement of profit and loss. Monetary 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 statement of profit and loss.

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 statement of profit and loss.

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 statement of profit and loss 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.

The Company makes contribution towards employee state insurance scheme (ESIS), a defined contribution benefit plan for qualifying employees. The Company's contribution to the ESIS is deposited by the Company under the Employees State Insurance Act, 1948.

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 prevailing market yields on government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

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 the statement of profit and loss.

C. Other Long Term Employee Benefits

Employees other than from Erstwhile DVB

Benefits comprising compensated absences as per company policy 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 statement of profit and loss.

V. SANKAR AIYAR & CO
NEW DELHI
FRN 109208W
CHARTERED ACCOUNTANTS

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 with 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 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 statement of profit and loss 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 the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

k. Borrowing Cost

Borrowing cost incurred for qualifying assets is capitalised upto the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

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.

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

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. Contingent assets are not recognised in the financial statements.

o. Operating Cycle

The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
NOTE 3		
SHARE CAPITAL		
Authorised		
7,500 lacs [Previous year 7,500 lacs] equity shares of Rs. 10 each with voting rights.	75,000.00	75,000.00
500 lacs [Previous year 500 lacs] 12% Cumulative Redeemable Preference Shares of Rs. 100 each without voting rights.	50,000.00	50,000.00
	125,000.00	125,000.00
Issued, Subscribed and Paid up		
5,520 lacs [Previous year 5,520 lacs] equity shares of Rs. 10 each fully paid up with voting rights.	55,200.00	55,200.00
500 lacs [Previous year 500 lacs] 12% Cumulative Redeemable Preference Shares of Rs. 100 each without voting rights.	50,000.00	50,000.00
	105,200.00	105,200.00

Of the above:

1. 2,815.20 lacs [Previous year 2,815.20 lacs] i.e. 51% (Previous year 51%) equity shares of Rs. 10 each with voting rights are held by The Tata Power Company Limited, the holding company
2. 2,704.80 lacs [Previous year 2,704.80 lacs] i.e. 49% (Previous year 49%) equity shares of Rs. 10 each with voting rights are held by Delhi Power Company Limited
3. Out of above, 1,840 lacs [Previous year 1,840 lacs] equity shares of Rs. 10 each with voting rights are allotted as fully paid up bonus shares
4. The equity shares of the Company have a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held.
5. The maximum term of the aforesaid preference shares is 20 years (i.e. upto 19th March, 2033). However the Board of Directors of the company shall have the option to redeem the preference shares at any time after the allotment thereof keeping in view the availability of the profitability/Surplus funds.
6. The Board of Directors in their meeting held on 15 May, 2014 proposed dividend of Rs. 12 per share on the 12% cumulative redeemable preference shares for financial year 2013-14 & arrear dividend for 12 days for the period 20th March, 2013 to 31st March 2013. Further the Board also proposed dividend of Rs. 1.20/- per equity share for financial year 2013-14. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2014 amounted to Rs. 15,000.23 lacs including corporate dividend tax of Rs. 2,178.97 lacs.
7. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	Opening balance	Fresh Issue	Closing balance
Equity Shares			
Year ended 31 March, 2014			
- Number of shares (in Lacs)	5,520.00	-	5,520.00
- Amount (Rs./Lacs)	55,200.00	-	55,200.00
Year ended 31 March, 2013			
- Number of shares (in Lacs)	5,520.00	-	5,520.00
- Amount (Rs./Lacs)	55,200.00	-	55,200.00
12% Cumulative Redeemable Preference Shares			
Year ended 31 March, 2014			
- Number of shares (in Lacs)	500.00	-	500.00
- Amount (Rs./Lacs)	50,000.00	-	50,000.00
Year ended 31 March, 2013			
- Number of shares (in Lacs)	-	500.00	500.00
- Amount (Rs./Lacs)	-	50,000.00	50,000.00

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NOTE 4	As at 31.03.2014	As at 31.03.2013
RESERVES AND SURPLUS	**Rs./Lacs**	**Rs./Lacs**
(a) General Reserve		
(i) Opening balance	5,300.00	5,300.00
(ii) Add: Transferred from surplus in statement of Profit & loss	850.00	-
(iii) Closing balance	6,150.00	5,300.00
(b) Surplus in Statement of Profit and Loss		
(i) Opening balance	158,130.17	127,161.07
(ii) Add: Additions during the year	33,386.26	30,969.10
(iii) Less: Proposed Dividend	12,821.26	-
(iv) Less: Tax on proposed dividend	2,178.97	-
(v) Less: Transferred to general reserve	850.00	-
(v) Closing balance	175,666.20	158,130.17
	181,816.20	163,430.17

NOTE 5

CAPITAL GRANTS

(a) Opening balance	890.71	939.69
(b) Add: Additions during the year	49.22	-
(c) Less: Transfer to statement of profit and loss	58.19	48.98
(d) Closing balance	881.74	890.71

NOTE 6

CONSUMER CONTRIBUTION FOR CAPITAL WORKS

(a) Opening balance	36,834.43	33,730.26
(b) Add: Additions during the year	8,950.71	4,661.89
(c) Less: Transfer to statement of profit and loss	1,746.57	1,557.72
(d) Closing balance	44,038.57	36,834.43

NOTE 7

LONG-TERM BORROWINGS

TERM LOANS

(A) From banks		
(i) Secured		
(a) State Bank of India	1,050.00	1,650.00
(b) United Bank of India	3,500.00	4,500.00
(c) Punjab & Sind Bank	63,355.20	63,684.16
(d) Dhanlaxmi Bank	-	7,140.00
(e) Union Bank of India	14,005.79	16,695.86
(f) Canara Bank	34,479.17	15,000.00
(g) Dena Bank	4,500.00	7,500.00
(h) Karnataka Bank	8,500.00	10,000.00
(i) Allahabad Bank	40,972.22	18,750.00
(j) Syndicate Bank	50,000.00	-
	220,362.38	144,920.02
(ii) Unsecured		
(a) Dena Bank	21,000.00	21,000.00
(b) Canara bank	33,750.00	52,500.00
	54,750.00	73,500.00
Total long term borrowings from banks	275,112.38	218,420.02
(B) From other parties		
(i) Secured		
(a) Infrastructure Development Finance Company Limited	43,452.50	49,762.50
(b) Power Finance Corporation Limited	300.00	700.00
(c) Aditya Birla Finance Limited	7,274.00	7,500.00
(d) L&T Fincorp Limited	1,350.00	-
(e) L&T Infrastructure Finance Company Limited	2,250.00	2,500.00
	54,626.50	60,462.50
(ii) Unsecured		
Axis Bank CLSS 8 Trust 2010	-	2,500.00
	-	2,500.00
Total long term borrowings from other parties	54,626.50	62,962.50
Total long term borrowings	329,738.88	281,382.52

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NOTES:

TERM LOANS - From banks

(i) Secured

(a) State Bank of India

Term loan from State Bank of India presently at an interest rate of 9.53% per annum (p.a.) 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 has already been done and the balance 60% of the loan is repayable in 20 equal quarterly installments of Rs. 150 lacs each whose repayment has commenced from 15 January, 2012.

(b) United Bank of India

Term loan from United Bank of India presently at an interest rate of 12% p.a. is secured by first pari passu charge on all the present and future immovable and movable assets (except book debts) 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 of Rs. 250 lacs each.

(c) Punjab & Sind Bank

The Company has entered into term loan agreements with Punjab & Sind Bank:

i. For Rs. 10,000 lacs presently at an interest rate of 10.75% with reset at every two years. The repayment of loan has commenced from 15 April, 2010 and will be repaid in 38 quarterly installments of Rs. 263.16 lacs each.

ii. For Rs. 5,000 lacs presently at an interest rate of 10.75% with reset at every two years. The repayment of loan has commenced from 15 May, 2010 and will be repaid in 38 quarterly installments of Rs. 131.58 lacs each.

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.

iii. For Rs. 30,000 lacs presently at an interest rate of 10.75% per annum with reset every year. The loan is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 24 quarterly installments of Rs. 1,250 lacs each starting from July, 2014.

iv. For Rs. 30,000 lacs presently at an interest rate of 10.75% per annum with reset every year. The loan is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 32 quarterly installments of Rs. 937.50 lacs each starting from 15 April, 2015.

(d) Dhanlaxmi Bank

Term loan from Dhanlakshmi Bank at an interest rate of 12.75% p.a. is secured by first pari-passu charge on all the present and future movable and immovable assets, 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 was to be repaid in 20 quarterly installments of Rs. 297.50 lacs. The balance 50% of the loan was repayable in 8 equal quarterly installments of Rs. 743.75 lacs each, whose repayment to commence from 15 April, 2015. However the Company has prepaid balance outstanding of Rs. 7,437.50 lacs on interest reset date 30 Novemeber, 2013.

(e) Union Bank of India

The Company has entered into term loan agreements with Union Bank of India:

i. For Rs. 15,000 lacs presently at an interest rate of 10.75% p.a. with reset at every three years, repayable in 38 quarterly installments of Rs. 394.74 lacs each starting from 15 October, 2010.

ii. For Rs. 10,000 lacs presently at an interest rate of 11.25% p.a. with reset at every three years, repayable in 36 quarterly installments of Rs. 277.78 lacs each starting from 15 October, 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.

(f) Canara Bank

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

i. For Rs. 15,000 lacs presently at an interest rate of 10.85% p.a. with reset every year, repayable in 16 quarterly installments of Rs. 937.50 lacs each starting from March, 2014.

ii. During the current period for Rs. 10,000 lacs presently at an interest rate of 10.55% per annum with reset every year, repayable in 36 equal quarterly installments starting from July, 2014.

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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.

iii. During the current period for Rs. 15,000 lacs presently at an interest rate of 10.70% per annum with reset every year. The loan is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 16 quarterly installments of Rs. 937.50 lacs each starting from July, 2015.

(g) Dena Bank

Term loan from Dena Bank presently at an interest rate of 11.00% p.a. is 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 and is repayable in 20 quarterly installments of Rs. 750 lacs each starting from 15 October, 2011.

(h) Karnataka Bank

Term loan from Karnataka Bank presently at an interest rate of 10.75% p.a. is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 20 quarterly installments of Rs. 500 lacs each commencing from August 2014.

(i) Allahabad Bank

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

i. For Rs. 10,000 lacs presently at an interest rate of 10.25% p.a. with reset at every three years, repayable in 36 quarterly installments of Rs. 277.78 lacs each starting from 15 January, 2012.

ii. For Rs. 15,000 lacs presently at an interest rate of 10.50% p.a. with reset at every three years, repayable in 36 quarterly installments of Rs. 416.67 lacs each starting from 15 March, 2012.

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.

iii. During the current period for Rs. 25,000 lacs presently at an interest rate of 10.75% per annum with reset every year. The loan is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 32 equal quarterly installments of Rs. 781.25 lacs each starting from 15 January, 2016.

(j) Syndicate Bank

The Company has entered into a term loan agreement with Syndicate Bank in current period for Rs. 50,000 lacs at an interest rate 10.75% p.a. payable monthly (Base Rate 10.25% plus margin 0.50%) to be reset annually. The loan is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 20 quarterly installments of Rs. 2,500 lacs each after initial two years moratorium period.

(k) For secured loans outstanding from banks amounting Rs. 6,150.00 lacs (Previous Year Rs. 7,750.00 lacs) and from other parties amounting Rs. 57,362.50 lacs (Previous Year Rs. 64,372.50 lacs) the Tata Power Company Limited (the holding company) has given undertaking to retain management control and majority representation on the Board of Directors of the Company.

(ii) Unsecured

(a) Dena Bank

The Company has entered into term loan agreements with the bank:

i. For Rs. 15,000 lacs presently at an interest rate of 11.10% p.a. with reset at every three years, repayable in 2 yearly installments of Rs. 7,500 lacs each starting from August 2015.

ii. For Rs. 6,000 lacs presently at an interest rate of 10.80% p.a. with reset at every two years, repayable in 2 yearly installments of Rs. 3,000 lacs each starting from April 2016.

(b) Canara Bank

Term loan of Rs. 60,000 lacs from Canara Bank presently at an interest rate of 11% p.a. is repayable in 16 quarterly installments of Rs. 3,750 lacs each starting from October 2013.

(c) Syndicate Bank

Unsecured Term loan of Rs. 50,000 lacs taken in FY 11-12 from Syndicate Bank for 2 years with reset every year got matured on 24, June 2013 and the same has been repaid.

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TERM LOANS - From other parties

(i) Secured

(a) Industrial Development Finance Company Limited (IDFC)

	Repayment Terms	**As at 31.03.2014 Rs./Lacs**	**As at 31.03.2013 Rs./Lacs**
I	The Company had entered into a term loan agreement during the previous years for Rs. 27,600 lacs presently at an interest rate of 10.80% p.a. Repayment of the loan had commenced from 15 October, 2006 and will be repaid in 40 quarterly installments of Rs. 690 lacs each. The loan is secured by first pari-passu charge on all the present and future movable and immovable assets, 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).	6,900.00	9,660.00
II	The Company had entered into a term loan agreement during the previous years for Rs. 10,000 lacs presently at an interest rate of 11.70% p.a. Repayment of loan of Rs. 7,000 lacs had commenced from 15 April, 2005 and will be repaid in 40 quarterly installments of Rs. 175 lacs each. Also repayment of loan of Rs. 3,000 lacs had commenced from 15 April, 2006 and was to be repaid in 40 quarterly installments of Rs. 75 lacs each, however company has repaid entire outstanding amount of Rs. 825 lacs on 15 May, 2013 at the time of reset of interest . The loan is secured by first pari-passu charge on all the present and future movable and immovable assets, 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).	700.00	2,300.00
III	The Compay had entered into a term loan agreement during the previous years for Rs. 17,500 lacs presently at an interest rate of 11.70% p.a. Repayment of the loan had commenced from 15 January, 2009 and will be repaid in 40 quarterly installments of Rs. 437.50 lacs thereafter. The loan is secured by first pari-passu charge on all the present and future movable and immovable assets, 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).	8,312.50	10,062.50
IV	The Company had entered into a term loan agreement during the previous years for Rs. 5,000 lacs presently at an interest rate of 11.07% p.a. Repayment of the loan had commenced from 15 October 2010 and will be repaid in 40 quarterly installments of Rs. 125 lacs each. The loan is secured by first pari-passu charge on all the present and future movable and immovable assets, 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).	3,250.00	3,750.00
V	The Company had entered into a term loan agreement during the previous year for Rs. 30,000 lacs presently at an interest rate of 11.55% p.a. The loan is secured by fourth pari-passu charge on all the present and future receivables and a first charge on a Debt Service Reserve Account (exclusive to this loan). The loan is repayable in 24 quarterly installments of Rs.1250 lacs each starting from February, 2016.	30,000.00	30,000.00

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(b) Power Finance Corporation Limited

Term loan from Power Finance Corporation Limited taken presently at an interest rate of 9.00% p.a. is secured by first pari-passu charge on all the present and future movable and immovable assets, 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 of Rs. 100 lacs each thereafter.

(c) Aditya Birla Finance Limited

Term loan from Aditya Birla Finance Limited presently at an interest rate of 10.50% p.a. The loan is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 20 structured quarterly installments starting at the end of 9th quarter after the first disbursement from September, 2014.

(d) L&T Infrastructure Finance Company Limited and L&T Fincorp Limited

During the previous year the Company had entered into a term loan agreement with L&T Infrastructure Finance Company Limited and L&T Fincorp Limited combined for Rs. 19,500 lacs presently at an interest rate of 11.28% per annum payable monthly (PLR 15.50% minus 4.22% spread fixed) to be reset after two years. Each draw down of the ranche is linked with prevailing PLR which shall not be together with fixed spread higher than 11.28% rate of interest. Out of total sanction, the Company has drawn Rs. 4,000 lacs till 31 March, 2014 and the balance amount is short closed by lender. The loan is secured by fourth pari-passu charge on all the present and future receivables and is repayable in 24 structured quarterly installments starting from 15 April, 2014.

(ii) Unsecured

(a) Axis Bank CLSS 8 Trust 2010

Term loan from Axis Bank CLSS 8 Trust 2010 presently at an interest rate of 9.50% p.a. is repayable in 20 quarterly installments of Rs. 500 lacs each starting from 15 July, 2010.

(b) Axis Bank CLSS 2 Trust 2011

Term loan from Axis Bank CLSS 2 Trust 2011 at an interest rate of 9.00% p.a. The loan was repayable in 4 equal quarterly installments of Rs. 3,125 lacs each commencing from 13 July, 2012 and is fully repaid on 30 April, 2013.

(c) Axis Bank CLSS 15 Trust 2011

Term loan from Axis Bank CLSS 15 Trust 2011 at an interest rate of 9.50% payable monthly. The loan is repayable in 4 equal quarterly installments of Rs. 2,500 lacs each commencing from 15 October, 2012 and is fully repaid on 15 July, 2013.

For the current maturities of long-term borrowings, refer item (a) in Note 13 Other current liabilities.

NOTE 8

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, 2014, as detailed below reflect the quantum of tax liabilities accrued up to 31 March, 2014.

(All amounts in Rs./lacs)

Particulars	**Opening**	**Charged to Statement of Profit and Loss**	**Closing**
Deferred Tax Liabilities			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	36,036.76	9,252.47	45,289.23
	36,036.76	**9,252.47**	**45,289.23**

(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. Accordingly the Company has made provision only for the amount of tax that is actually payable and the deferred tax liability as at 31 March, 2014 of Rs. 45,289.23 lacs (Previous Year Rs. 36,036.76 lacs) including deferred tax charge of Rs. 9,252.47 lacs (Previous year Rs. 8,102.34 lacs) for the year ended 31 March, 2014 has been shown as adjustable from future tariff.

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	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
NOTE 9		
OTHER LONG TERM LIABILITIES		
Trade deposits and security deposits		
(i) Consumers' security deposit	44,334.40	40,192.54
(ii) Consumers' deposits for works	28,720.11	31,228.19
(iii) Other security deposits	251.86	211.50
	73,306.37	71,632.23
NOTE 10		
LONG TERM PROVISIONS		
Provision for employees benefits	1,691.03	1,531.51
NOTE 11		
SHORT-TERM BORROWINGS		
(a) LOANS REPAYABLE ON DEMAND		
From banks - Secured		
Cash credit	8,590.64	7,956.67
(b) TERM LOANS		
From other parties - Unsecured		
Commercial Paper	10,000.00	-
	10,000.00	-
	18,590.64	7,956.67

NOTES:

LOANS REPAYABLE ON DEMAND - From Banks

Secured - Cash credit

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

TERM LOANS - From other parties

Unsecured

Commercial paper

During the current period the company has issued & repaid/repayable commercial paper as follows:

Date of issue	Amount (lacs)	Face Value(lacs)	Discount Rate (%) p.a.	Repayment Date
10.05.2013	7346.03	7500.00	8.50	08.08.2013
10.05.2013	9897.71	10000.00	8.20	25.06.2013
07.06.2013	12443.55	12500.00	8.28	27.06.2013
24.06.2013	17379.18	17500.00	8.75	23.07.2013
08.08.2013	8956.75	9000.00	11.75	23.08.2013
06.09.2013	8951.63	9000.00	11.60	23.09.2013
07.03.2014	4991.05	5000.00	9.35	14.03.2014
07.03.2014	9964.27	10000.00	9.35	21.03.2014
20.03.2014	9761.32	10000.00	10.50	13.06.2014

NOTE 12

TRADE PAYABLES

Other than acceptances (See note below)	79,988.87	83,306.67

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. 80.93 lacs. (Previous year Rs. 19.15 lacs) and no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006. This has been relied upon by the auditors.

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	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
NOTE 13		
OTHER CURRENT LIABILITIES		
(a) Current maturities of long term loans (See note 7)		
(A) From banks		
(i) Secured		
(a) State Bank of India	600.00	600.00
(b) United Bank of India	1,000.00	1,000.00
(c) Punjab & Sind Bank	5,328.96	1,578.96
(d) Dhanlaxmi Bank	-	1,190.00
(e) Union Bank of India	2,690.07	2,690.07
(f) Canara Bank	4,583.33	-
(g) Dena Bank	3,000.00	3,000.00
(h) Karnataka Bank	1,500.00	-
(i) Allahabad Bank	2,777.78	2,777.78
	21,480.14	12,836.81
(ii) Unsecured		
(a) Syndicate Bank	-	50,000.00
(b) Canara bank	15,000.00	7,500.00
	15,000.00	57,500.00
(B) From other parties		
(i) Secured		
(a) Infrastructure Development Finance Company Limited	5,710.00	6,010.00
(b) Power Finance Corporation Limited	400.00	400.00
(c) Aditya Birla Finance Limited	226.00	-
(d) L&T Fincorp Limited	150.00	-
(e) L&T Infrastructure Finance Company Limited	250.00	-
	6,736.00	6,410.00
(ii) Unsecured		
(a) Axis Bank CLSS 8 Trust 2010	2,500.00	2,000.00
(b) Axis Bank CLSS 2 Trust 2011	-	3,125.00
(c) Axis Bank CLSS 15 Trust 2011	-	5,000.00
	2,500.00	10,125.00
Total current maturities of long term loans	45,716.14	86,871.81
(b) Interest accrued but not due on borrowings	376.69	530.99
(c) Income received in advance	125.43	106.18
(d) Book overdraft	9.12	55.98
(e) Trade deposits and security deposits		
(i) Consumers' security deposit	3,102.29	2,925.03
(ii) Consumers' deposits for works	217.18	199.73
(iii) Other security deposits	5,391.87	6,023.71
(f) Other payables	16,503.55	10,984.06
	71,442.27	107,697.49
Other payables includes:		
(a) Statutory dues	6,008.22	6,341.55
(b) Payables on purchase of fixed assets	392.62	421.50
(c) Advance from consumers	3,484.53	2,833.14
(d) Interest accrued on security deposits	226.15	257.97
(e) Advance government subsidy (to be adjusted upon billing)	2,333.93	-
(f) Power Banking payable	2,398.10	501.76
(g) Others	1,660.00	628.14

NOTE 14

SHORT TERM PROVISIONS

(a) Provision for employees benefits	706.37	641.31
(b) Proposed Dividend	12,821.26	-
(c) Provision for tax on proposed dividend	2,178.97	-
(d) Provision for taxation [Net of payment of income tax Rs. 45,323.04 lacs (Previous year Rs. 34,787.03 lacs)]	1,618.68	3,146.71
(e) Provision for wealth tax	13.69	12.09
	17,338.97	3,800.11

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TATA POWER DELHI DISTRIBUTION LIMITED
(Formerly NORTH DELHI POWER LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 15

1 FIXED ASSETS
(At Cost)

(Rs./Lacs)

Particulars	GROSS BLOCK					DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 01.04.2013	Additions	Borrowing costs	Deletions	As at 31.03.2014	As at 01.04.2013	For the year	Deletions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
A) TANGIBLE											
(a) Buildings - Plant	24,714.31	1,910.16	15.83	-	26,640.30	7,604.95	984.71	-	8,589.66	18,050.64	17,109.36
(b) Building - Others	3,373.52	25.50	0.70	-	3,399.72	1,566.58	70.74	-	1,637.32	1,762.40	1,806.94
(c) Plant and machinery	209,549.92	18,623.93	125.66	1,716.68	226,582.83	62,199.99	11,016.66	1,121.97	72,094.68	154,488.15	147,349.93
(d) Transmission lines and cable network	178,145.48	12,001.14	191.59	2,561.15	187,777.06	67,083.73	5,977.44	1,864.31	71,196.86	116,580.20	111,061.75
(e) Furniture and fixtures	1,052.56	52.25	-	-	1,104.81	616.70	73.62	-	690.32	414.49	435.86
(f) Vehicles	2,644.42	771.98	-	427.23	2,989.17	559.21	259.93	151.45	667.69	2,321.48	2,085.21
(g) Office equipment	2,730.50	165.66	-	33.37	2,862.79	897.37	169.31	15.13	1,051.55	1,811.24	1,833.13
Total	**422,210.71**	**33,550.62**	**333.78**	**4,738.43**	**451,356.68**	**140,528.53**	**18,552.41**	**3,152.86**	**155,928.08**	**295,428.60**	**281,682.13**
	(392,317.65)	(33,562.00)	(297.92)	(3,966.86)	(422,210.71)	(125,762.30)	(17,216.41)	(2,450.18)	(140,528.53)	(281,682.18)	
B) INTANGIBLE											
Computer software	5,396.08	412.62	0.33	-	5,809.03	2,110.05	624.80	-	2,734.85	3,074.18	3,286.03
Total	**5,396.08**	**412.62**	**0.33**	**-**	**5,809.03**	**2,110.05**	**624.80**	**-**	**2,734.85**	**3,074.18**	**3,286.03**
	(4,601.31)	(1,087.60)	(32.71)	(325.54)	(5,396.08)	(1,846.35)	(533.91)	(270.21)	(2,110.05)	(3,286.03)	
GRAND TOTAL	**427,606.79**	**33,963.24**	**334.11**	**4,738.43**	**457,165.71**	**142,638.58**	**19,177.21**	**3,152.86**	**158,662.93**	**298,502.78**	**284,968.21**
	(396,918.96)	(34,649.60)	(330.63)	(4,292.40)	(427,606.79)	(127,608.65)	(17,750.32)	(2,720.39)	(142,638.58)	(284,968.21)	
2 CAPITAL WORK - IN - PROGRESS (CWIP) (See note below)	**23,508.64**	**30,018.75**	**470.85**	**32,311.50**	**21,686.74**	-	-	-	-	**21,686.74**	**23,508.64**
	(29,190.75)	(26,505.72)	(585.59)	(32,773.42)	(23,508.64)	-	-	-	-	(23,508.64)	

Note:
CWIP includes closing capital inventory of Rs. 4,157.37 lacs (Previous year Rs. 4,504.69 lacs)
Figures in brackets represent the previous year figures

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	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
NOTE 16		
NON - CURRENT INVESTMENTS		
(See note 2(l))		
Long term, Trade Investments (unquoted)		
Investments in equity instruments of wholly owned subsidiary company		
(a) NDPL Infra Limited 0.50 lacs (Previous year 0.50 lacs) Equity Shares of Rs. 10 each	5.00	5.00
	5.00	5.00

NOTE 17

LONG TERM LOANS AND ADVANCES
Unsecured and considered good

	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
(a) Capital advances	1,600.79	2,958.92
(b) Security deposits	110.85	112.44
(c) Recoverable from SVRS Trust (See note 24g)	433.20	714.30
(d) Income tax paid under protest against demand	2,811.57	5,414.79
(e) Other loans and advances (see note below)	49.36	2,449.25
	5,005.77	11,649.70
Note:		
Other loans and advances include:		
Recoverable on account of short supply of gas	-	2,384.14
Others	49.36	65.11

NOTE 18

OTHER NON CURRENT ASSETS
Unsecured and considered good

	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
Tariff recoverable account	466,319.26	426,075.26

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	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs

NOTE 19

INVENTORIES

(a) Stores and spares	1,206.05	964.48
(b) Loose tools	60.04	67.42
	1,266.09	1,031.90

Inventories of stores and spare parts and loose tools are valued at lower of cost net of provision for diminution in value or net realisable value.

NOTE 20

TRADE RECEIVABLES

(a) Debtors for billed revenue*#		
(i) Debts outstanding for a period exceeding six months from the date they were due for payment	12,648.22	11,756.76
Less: Provision for doubtful debts	12,648.22	11,756.76
	-	-
(ii) Other debts	11,499.55	14,816.53
Less: Provision for doubtful debts	1,264.61	1,521.56
	10,234.94	13,294.97
(b) Debtors for sale of power other than TPDDL license area		
Other debts - unsecured	1,254.43	2,784.15
(c) Other debtors - unsecured	589.68	816.17
	12,079.05	16,895.29
Of the above amounts,		
Considered good	12,079.05	16,895.29
Considered doubtful	13,912.83	13,278.32
Out of (b) & (c) above:		
(i) Debts outstanding for a period exceeding six months from the date they were due for payment	418.78	144.53
(ii) Other debts	1,425.33	3,455.79
* Secured	5,879.65	5,469.08
Unsecured	18,268.12	21,104.21
# including Government subsidy	-	1,217.10

NOTE 21

CASH AND CASH EQUIVALENTS

(i) Balance with banks		
- In current accounts	10,504.92	11,107.70
- In deposit accounts	284.29	251.51
(ii) Cheques, drafts on hand	3,479.07	5,534.95
(iii) Cash on hand	191.72	124.43
	14,460.00	17,018.59
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	14,460.00	17,018.59

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	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs

NOTE 22

SHORT TERM LOANS AND ADVANCES
Unsecured and considered good

	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
(a) Security deposits	93.54	35.98
(b) Income tax paid under protest against demand	2,603.22	-
(c) Recoverable from SVRS Trust (See note 24g)	195.12	828.44
(d) Other loans and advances	24,910.97	12,334.45
Less: Provision for doubtful advances	179.37	179.37
	24,731.60	12,155.08
	27,623.48	13,019.50
Other loans and advances includes:		
(a) Recoverable on account of short supply of gas	3,207.37	94.28
(b) Prepaid insurance	688.39	821.22
(c) Prepaid expenses	1,229.61	847.45
(d) Unamortised discount on commercial paper	204.98	-
(e) Power banking / Unscheduled Interchange (net)	15,740.80	8,386.79
(f) Others	3,839.82	2,184.71

NOTE 23

OTHER CURRENT ASSETS
Unsecured and considered good

	As at 31.03.2014 Rs./Lacs	As at 31.03.2013 Rs./Lacs
(a) Interest accrued but not due	14.56	12.49
(b) Unbilled revenue	28,750.81	24,359.93
(c) Tariff recoverable account	48,320.00	45,118.00
	77,085.37	69,490.42

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NOTE 24

CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

	Particulars	As at 31.03.14 Rs./lacs	As at 31.03.13 Rs./lacs
a.	Claims against the Company not acknowledged as debts:		
	i. Legal cases filed by consumers, employees and others under litigation	1,823.37	788.93
	ii. Property tax demands raised by municipal authorities	812.00	752.00
	iii. Water charges demand raised by Delhi Jal Board (DJB)	56.69	52.08
	iv. Sales tax authorities	1,005.00	1,005.00
b.	Liabilities arising out of litigation etc due to provisions of Transfer Scheme pursuant to Delhi Electricity Reforms Act, 2002	100.00	100.00
c.	Taxation matters for which liability, relating to issues of deductibility and taxability, is disputed by the Company and provision is not made (computed on the basis of assessments which have been re-opened and assessments remaining to be completed):		
	(i) Matters on which decisions with the CIT(A) and various appellate authorities are pending	1,694.73	5,773.38
	(ii) Interest demanded (as per demand order and appeal effect order)	1,379.07	2,164.63
	(iii) TOTAL DEMAND* (i) + (ii)	3,073.80	7,938.01
	(iv) Out of the above demand, amount paid under protest / adjusted by Income tax authorities	2,156.00	5,414.79
	*No provision is considered necessary since the Company expects favorable decisions.		
d.	C' Forms pending issuance from sales tax department for the financial years 2002-03, 2003-04 and 2008-09 to 2011-2012	65.87	65.87
e.	Claims of power suppliers, not acknowledged as expense and credits	75,014.83	40,838.22
f.	Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	30,610.26	29,954.80

g. The Company had introduced a Voluntary Separation Scheme (VSS) for its employees in December 2003, in response to which initially 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 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 and Discoms to pay to the trust an 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal of Actuaries to be appointed within a stipulated period.

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.

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. In addition to the payment of terminal benefits / residual pension to the Trust, the Hon'ble Delhi High Court in its above Order dated 02.07.2007 in WP C 4827/2005 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. As mentioned above that due to pending computation of the liability by the Arbitral Tribunal of Actuaries, the Company has paid Rs. 801.27 lacs in FY 2008-09 as interest to VSS optees which is also shown as recoverable from SVRS Trust in case of option 'ii". As the company was entitled to get reimbursement against advanced terminal benefit amount on superannuation age, the Company had recovered Rs. 2,971.04 lacs (Previous Year Rs. 2,971.04 lacs) and adjusted an amount of Rs. 4,976.26 lacs (Previous Year Rs. 4,036.23 lacs) from pension, leave salary and other contribution totaling to Rs. 7,947.30 lacs (Previous Year Rs. 7,007.27 lacs), against a claim of Rs. 8,033.53 lacs (Previous Year Rs. 7,618.77 lacs) from the SVRS Trust in respect of retirees, who have expired or attained the age of superannuation till 31 March, 2014.

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 statement of profit and loss. Consequently, pending valuation of 'Additional Contribution' to be computed by an Arbitral Tribunal of Actuaries, the Company has shown Rs. 628.32 lacs (Previous Year Rs. 1,542.74 lacs), as recoverable as on 31 March, 2014 and includes current portion of Rs. 195.12 lacs (previous year Rs. 828.44 lacs).

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 statement of profit and loss.

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NOTE 25

OTHER OPERATING INCOME

		Year ended 31.03.2014 Rs./Lacs	Year ended 31.03.2013 Rs./Lacs
(a)	Late payment surcharge collected	1,752.80	2,565.71
(b)	Service line charges	2,916.94	3,266.76
(c)	Commission on		
	- DVB arrears collection	2.76	5.41
	- Energy tax collection	578.07	610.35
(d)	Maintenance charges	1,942.56	1,573.71
(e)	Rebate on power purchase	4,678.16	3,641.08
(f)	Transfer from capital grants	58.19	48.98
(g)	Transfer from consumer contribution for capital works	1,746.57	1,557.72
(h)	Foreign exchange fluctuation gain (net) (see note 33)	(0.25)	53.60
(i)	Miscellaneous operating income	242.74	496.09
		13,918.54	13,819.41

NOTE 26

OTHER INCOME

(a)	Interest - Government Securities	-	157.37
	- others	1,912.15	22.54
(b)	Net gain/(loss) on sale of investments (non trade)	51.47	50.40
(c)	Income other than energy business	830.67	764.75
(d)	Other non operating income	233.07	178.78
		3,027.36	1,173.84

NOTE 27

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 an Unscheduled Interchange (UI) charge. During the current year, the Company has sold/under-drawn 2718.94 million units (Previous year 2810.33 million units) of power to / in favour of other utilities. The power purchase cost of Rs. 445,872.14 lacs (Previous year Rs. 406,864.32 lacs) is net of sale of power/ UI receivables Rs. 84,275.11 lacs (Previous year Rs. 80,614.25 lacs) and excludes in- house power generation cost.

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 the 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, 2014 are as follows:

	Year ended 31.03.2014 Receivable Mus	Year ended 31.03.2013 Receivable Mus
Opening balance as at 1 April of the year (A)	70.63	0.00
Power banked (Outflow) (B)	569.71	67.89
Power due against banked (C)	586.59	70.63
Power receipt against opening (D)	70.63	0.00
Power receipt against current period transactions (E)	182.43	0.00
Balance receivable (A+C-D-E)	404.16	70.63

	Year ended 31.03.2014 Payable Mus	Year ended 31.03.2013 Payable Mus
Opening balance as at 1 April of the year (A)	13.17	0.00
Actual receipt (B)	226.39	24.00
Power due against receipt (C)	238.94	25.20
Power outflow against opening (D)	13.17	0.00
Power outflow against current period transactions (E)	175.99	12.03
Balance payable (A+C-D-E)	62.95	13.17

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		Year ended 31.03.2014 Rs./Lacs	Year ended 31.03.2013 Rs./Lacs

NOTE 28

EMPLOYEE BENEFITS EXPENSE

(a)	Salaries, allowances and incentives	28,495.36	25,469.19
(b)	Contribution to provident and other funds	2,340.17	2,655.81
(c)	Staff welfare expenses	2,063.17	1,880.40
(d)	Other personnel cost	352.82	439.79
		33,251.52	30,445.19
	Less: Transferred to Capital-work-in-progress	3,315.75	3,024.80
		29,935.77	27,420.39
(e)	Pension and other payment to VSS retirees	352.63	519.29
		30,288.40	27,939.68

NOTE 29

FINANCE COSTS

(a)	Interest on term loan (gross)	40,188.39	43,191.48
	Less: Capitalised	804.96	916.22
	Interest on term loans (net)	39,383.43	42,275.26
(b)	Interest on cash credit accounts/short term loans	1,194.04	2,437.76
(c)	Interest on consumer security deposits	2,808.04	2,576.23
(d)	Other borrowing costs	162.42	205.30
(e)	Other interest	167.87	48.37
		43,715.80	47,542.92

Note:
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. 2,808.04 lacs (Previous Year Rs. 2,576.23 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. 201.85 lacs (Previous Year Rs. 175.68 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.

NOTE 30

OTHER EXPENSES

OPERATING AND MAINTENANCE EXPENSES

(a)	Stores and spares consumed (Net of recoveries)	2,017.28	2,008.09
(b)	Repairs and maintenance:		
	(i) Building	264.75	448.31
	(ii) Plant and machinery	5,494.42	5,598.04
	(iii) Others	3,593.56	3,680.74
(c)	Loss on sale / retirement of assets	813.58	375.78
		12,183.59	12,110.96

ADMINISTRATIVE AND GENERAL EXPENSES

(a)	Communication expenses	222.96	248.78
(b)	Printing and stationery	295.71	332.06
(c)	Legal and professional charges (see note 40)	1,180.56	960.77
(d)	Travelling and conveyance	259.97	282.18
(e)	Insurance	948.76	632.86
(f)	Advertisement, publicity and business promotion	304.83	209.84
(g)	Rent and hire charges	20.86	30.87
(h)	Rates and taxes	272.31	214.84
(i)	Freight, handling and packing expenses	89.46	92.97
(j)	Bill collection and distribution expenses	881.51	857.36
(k)	Postage and courier charges	30.87	43.97
(l)	EDP expenses	611.80	599.55
(m)	Housekeeping expenses	412.55	500.06
(n)	Bad debts written off	170.99	31.84
(o)	Provision for doubtful debts/advances	225.39	976.96
(p)	Miscellaneous expenses	1,286.58	817.53
		7,215.11	6,832.44
		19,398.70	18,943.40

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NOTE 31

INCOME ADJUSTABLE FROM FUTURE TARIFF

a. For the control period beginning from 1 April 2012 to 31 March 2015, DERC had issued MYT Regulations 2011 (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) on 2 December, 2011 for determination of Retail Supply Tariff (RST). According to these regulations, DERC shall determine the RST in a manner that the Company recovers its power purchase costs as well as other prudently incurred distribution expenses and earns an assured return of 16% p.a. on DERC approved equity subject to achievement of Aggregate Technical and Commercial (AT&C) loss reduction targets. In the event of over-achievement of AT&C loss reduction targets, the Company is entitled for incentive by the way of higher rate of Return on Equity in addition to the assured return of 16% p.a. on equity approved by DERC or vice versa.

   Further, as required by these Regulations, the Company on 10 December, 2012 filed petitions for true up of FY 2011-12 & ARR for FY 2013-14. After following the due process of tariff determination the DERC has issued tariff order on 31 July, 2013 which states that it has revised the tariffs upwards by 5% on energy charges and has continued to allow 8% surcharge for liquidation of past revenue gaps and carrying cost on the same and continued the implementation of quarterly power purchase adjustment formula wherein the difference in the actual cost incurred in respect of long term power purchase agreements and the cost determined by DERC in the Tariff Computation shall be recoverable from the consumers.

   Against the tariff order for FY 11-12, the company had filed the appeal no 14/2012 before Hon'ble APTEL on 10 Oct, 2011 on certain issues which has been disposed of on 28 Nov, 2013.

   In the tariff order dated 31 July, 2013 the DERC has trued up Revenue Gap up to FY 2012 at Rs. 3,37,056 lacs (including the impact of point "d" below) as against filing of Rs. 3,86,974 lacs. DERC has adopted concept of provisional true up for some items in the latest tariff order. Issues which are in nature of errors/omissions have been challenged in Review petition filed on 30th Aug, 2013 before DERC and issues/ findings which are contrary to the Tariff Regulations of DERC, or are deviations from past practice, subject to outcome other tariff appeals have been challenged in Hon'ble ATE on 13th Sept, 2013. During the period, the Company has adjusted a sum of Rs 4,463 lacs on the issues which have attained finality and are in accordance with MYT Order/Regulations and latest order of Hon'ble APTEL supported with legal opinion. The revenue gap as on 31 March, 2012 was Rs. 3,95,369 lacs in financial books of accounts. The difference between the revenue gap as per financial books versus petition filing have been contested in appeals pending decision of Appellate Tribunal. Further the Company has also filed petition before Hon'ble Commission on 16 Dec, 2013 for final true up of first MYT period i.e. FY 07-08 to FY 11-12, true up of FY 12-13 and determination of tariff order for FY 14-15 for which DERC is in the process of carrying out the tariff exercise. Delhi Electricity Regulatory commission vide its order dt. 11 March, 2014 has also directed for refund of unspent amount of consumer contribution for capital works including interest which has been challenged by the Company before ATE on 15 April, 2014. Though the Company has challenged the order but in case interest is payable then the carrying cost will be recoverable on revised ROE.

b. The deficit with respect to power purchase costs and other uncontrollable parameters which are adjustable from future tariffs in accordance with the provisions of the MYT Regulations aggregates to Rs. 43,446 lacs (Previous year Rs. 77,878 lacs) comprising of power purchase cost Rs. 455,574 lacs (Previous year Rs. 423,048 lacs) & all other prudent O&M cost including ROCE, carrying cost etc. Rs. 137,014 lacs (Previous year Rs. 133,123 lacs) over collection available for Aggregate Revenue Requirement Rs. 549,142 lacs (Previous year Rs. 478,293 lacs) for the year ended 31 March, 2014.

c. The Company has filed a petition on 23 November, 2012 with DERC for determination of the final generation tariff for the Rithala Generation Plant under section 62 read with Part VII of the Electricity Act, 2003 and the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2007 (from commercial operation date i.e. 5 February, 2011 to 31 March, 2012) and the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2011 (for MYT period FY 2013 to 2015). Pending determination of the final generation tariff, the Company has recognised revenue of Rs. 9,352 lacs (Previous year Rs. 15,781 lacs) for the year ended 31 March, 2014.

   During the process of determination of Generation Tariff, DERC may also determine the useful life of the Rithala Generation Plant.

d. Delhi Electricity Regulatory Commission (DERC) issued the 'Order on True up for FY 2010-11, Aggregate Revenue Requirement for FY 2012-13 to FY 2014-15 and Distribution Tariff (Wheeling & Retail Supply) for FY 2012-13 ('the Order') on 13 July, 2012. While approving the power purchase cost for the FY 2010-11, DERC had allowed the power purchase cost for generation of Rithala plant at the rate equivalent to the UI rates for units generated during the time when the Company was under-drawing from the grid instead of the actual cost of generation resulting in disallowance of Rs. 762 lacs for the FY 2010-11. Following the same approach, DERC in its true up order for FY 2011-12 issued on 31st July, 2013, has disallowed Rs. 9,019 lacs. The Company has, however, not made any adjustments for disallowances based on the above mentioned principle stated in the Order. The Company has, based on management estimates, accounted for revenue of Rs. 762 lacs, Rs. 8,842 lacs and Rs. 4,968 lacs for FY 2010-11, FY 2011-12 and for the period 1 April, 2012 to 30 September, 2012 respectively aggregating to Rs. 14,572 lacs besides Rs. 3,931 lacs as entitlement towards carrying cost (which includes Rs. 1,838 lacs for the year ended 31 March, 2014) thus amounting to Rs 18,503 lacs, which amount is included in income adjustable from future tariff. With effect from 1 October, 2012, the scheduling of power generation at Rithala plant is being done as per the instructions, directions of State Load Dispatch Center. The Company has filed an appeal on 22 August, 2012 & 30th September, 2013 before the Appellate Tribunal for Electricity and is of the view, supported by legal opinion that DERC's order on power scheduled from Rithala plant can be successfully contested and has accordingly not made any adjustments in the financial statements as at 31 March, 2014. The adjustments, if any will be recorded by the Company on the final outcome of the matter.

e. The Company has filed the Appeal 171/2012 against tariff order dated 31st July 2012 pleadings have been completed and final hearing is yet to commence. Appeal no 271/2013 against the tariff order of FY 13-14 (July-2013), was filed and the same has been admitted. The Company has also filed writ petition on certain issues of MYT Regulations 2011 in the Hon'ble Delhi High Court in April 2012. The pleadings of the same are over and final hearing is expected to be over in next financial year.

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NOTE 32

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 lacs (Previous year Rs. 1,416.13 lacs)

Provision of Current year Tax has been made in accordance with Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax i.e. MAT). The Company is entitled to take credit in respect of MAT paid, aggregating to Rs. 41,769.73 lacs as at 31 March, 2014 (Previous year Rs 33,745.67 lacs) within a period as provided in the provisions of the Act. The MAT credit till 31 March, 2013 has been computed on the basis of actual filing & for current year it is as per provision for tax taken in financial statement for the year ended 31 March, 2014. The credit entitlement has not been recognised as a matter of prudence.

NOTE 33

Foreign Exchange Conversion Impact

In compliance with AS -11 foreign exchange gain of Rs. 760.20 lacs has been recognized on the amount recoverable towards deficiency (shortfall but recoverable) in gas purchased for Rithala plant in previous years. Pending finalization of Rithala tariff petition, it might be that foreign exchange gain will be adjusted in fuel cost at the time of determination of Rithala tariff, hence the same has been provided as liability in financial statements.

NOTE 34

EARNINGS PER SHARE

The earnings considered in ascertaining the Company's EPS comprises the profit available for equity shareholders (i.e. profit after tax and statutory / regulatory appropriations).

Particulars	Units	Year ended 31.03.14	Year ended 31.03.13
Profit for the year	Rs./lacs	33,386.26	30,969.10
Less: Dividend on cumulative redeemable preference shares including dividend distribution tax	Rs./lacs	7,019.70	230.78
Profit for the year attributable to equity shareholders	Rs./lacs	26,366.56	30,738.32
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.	4.78	5.57
Nominal value of equity shares	Rs.	10	10

The Company did not have any potential dilutive equity shares

NOTE 35

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

a. Defined contribution plan

i. Provident Fund Plan and Employees State Insurance Scheme
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.

The Company makes contribution towards employee state insurance scheme (ESIS) to a defined contribution benefit plan for qualifying employees. The Company's contribution to the ESIS is deposited by the Company under the Employees State Insurance Act, 1948.

ii. Pension and Leave Salary Contribution
The Company makes contributions 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. 1,579.74 lacs (Previous Year 1,659.75 lacs) has been charged to statement of profit and loss during the year.

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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 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, 2014:

i. Change in benefit obligations:

Particulars		Gratuity (Funded) 31.03.14 (Rs./lacs)	31.03.13 (Rs. /lacs)
Present value of obligations as on 1 April	A	1,177.61	880.73
Current Service Cost	B	181.29	175.68
Interest Cost	C	105.92	83.17
Past Service Cost	D	-	-
Actuarial (gain)/loss on obligation	E	(31.97)	111.47
Benefits Paid	F	61.63	73.44
Present Value of obligation as on 31 March (A+B+C+D+E-F)		**1,371.22**	**1,177.61**

ii. Change in Plan Assets

Fair Value of Plan Assets as on 1 April	A	1,060.10	849.85
Expected Return on plan assets	B	97.60	76.75
Employer's Contribution	C	207.05	208.55
Actuarial Gain / (loss)	D	(6.29)	(1.61)
Benefits Paid	E	61.63	73.44
Fair Value of plan asset as on 31 March (A+B+C+D-E)		**1,296.83**	**1,060.10**

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

Net Liability/(Asset) (i-ii)		**74.39**	**117.51**

iv. Expense recognised in the statement of profit & loss

Particulars		Gratuity (Funded) 2013-14 (Rs./lacs)	2012-13 (Rs. /lacs)
Current Service cost	A	181.29	175.68
Interest cost	B	105.92	83.17
Expected return on plan assets	C	97.60	76.75
Actuarial (gain) / loss recognised during the year	D	(25.68)	113.08
Past service cost	E	-	-
Other adjustment	F	-	(0.28)
Net charge/(credit) (A+B-C+D+E+F)		**163.93**	**294.90**

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v. **Principal actuarial assumptions:**

Particulars	Refer Notes	Year ended 31.03.14	Year ended 31.03.13
Discount Rate (p.a.)	1	9.10%	8.00%
Expected rate of return on plan assets (p. a.)	2	8.85%	9.30%
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.

	Year ended 31.03.14	Year ended 31.03.13
Demographic assumptions:		
Retirement age	60 years	60 years
Mortality rate	Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table.	Published rates under Indian Assured Lives Mortality (1994-1996) (modified) ultimate table.
Withdrawal rate	15%	15%

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

Particulars	31.03.14	31.03.13
Government of India Securities	48.54%	56.00%
Debt instruments	31.90%	36.00%
Equity and preference shares	5.08%	6.00%
Other deposits	14.48%	2.00%
	100.00%	**100.00%**

The Company's liability on account of gratuity is ascertained by actuarial valuer and 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 difference between the liability ascertained on account of gratuity by Life Insurance corporation of India and actuarial valuer is provided for in the financial statements of the Company. The categories of plan assets as a percentage of total plan assets is based on information provided by Life Insurance 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 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010
	Rs. /lacs	Rs. /lacs	Rs. /lacs	Rs. /lacs	Rs. /lacs
Present Value of Benefit Obligation	1371.22	1177.61	880.73	621.61	446.24
Fair Value of Plan Assets	1296.83	1060.10	849.85	571.78	428.15
Net liability	74.39	117.51	30.88	49.83	18.09
Experience adjustments on plan liabilities-(Loss)/Gain	49.65	40.33	11.14	(5.20)	5.94
Experience adjustments on plan assets - (Loss)/Gain	(3.21)	37.91	25.85	19.45	17.63

viii. The contribution expected to be made by the Company during the financial year 2014-15 is Rs. 157.53 lacs

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e. Principal actuarial assumptions for long term compensated absences

Particulars	Refer Notes	Year ended 31.03.14	Year ended 31.03.13
Discount Rate (p.a.)	1	9.10%	8.00%
Salary escalation rate (p.a.)	2	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 estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

	Year ended 31.03.14	Year ended 31.03.13
Demographic assumptions:		
Retirement age	60 years	60 years
Mortality rate	Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table.	Published rates under Indian Assured Lives Mortality (1994-1996) (modified) ultimate table.
Withdrawal rate	15%	15%

NOTE 36

POWER GENERATION PLANT AT RITHALA

Gas supply to the Rithala Plant has been progressively reducing from FY 11-12 with approx. 60% in April, 2012, which further reduced to 30% by Sept, 2012 and was completely curtailed by March 2013 as per the directions under Gas Utilization Policy of Ministry of Petroleum and Natural Gas, Govt. of India and EGOM on gas set up by Govt. of India, which provides for a higher priority to LPG and Fertilizers. While adequate alternate Spot Gas Arrangements have been executed by TPDDL to ensure the Plant Availability, the same is not being dispatched by the State Load Dispatch Center under Merit Order owing to high cost of Spot Gas. Under such situation, only fixed cost for the unit is being billed based on its availability.

NOTE 37

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.

NOTE 38

RELATED PARTY DISCLOSURES

a. List of related parties

i. Company exercising control by holding more than one half in voting power of the Company
   - The Tata Power Company Limited (TPCL)

ii. Company holding substantial interest in voting power of the Company
   - Delhi Power Company Limited (DPCL)

iii. Wholly owned Subsidiary Company
   - NDPL Infra Limited (NDPLIL)

iv. Fellow Subsidiaries (with whom company has transactions)
   - Tata Power Trading Company Limited (TPTCL)
   - Maithon Power Limited (MPL)
   - Tata Power Solar Systems Limited (TPSSL)
   - Tata Power Jamshedpur Distribution Limited (TPJDL)

v. Key Management Personnel
   - Mr. Praveer Sinha, CEO and Executive Director

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b. Transaction/ balances outstanding with Related Parties: **(Rs./Lacs)**

Transaction / Outstanding Balances	Holding Company	Company Holding Substantial Interest	Fellow Subsidiaries	Wholly owned Subsidiary company	Key Management Personnel
A. Transactions during the period					
Purchase of goods/services	- (-)	- (-)	**90,637.67 (77,012.40)**	- (-)	- (-)
- TPTCL	- (-)	- (-)	90,637.67 (77,012.40)	- (-)	- (-)
Sale of goods/ services	**32.45 (84.48)**	- (-)	**9,296.52 (7,919.79)**	**170.93 (31.71)**	- (-)
- TPTCL	- (-)	- (-)	9,228.14 (7,879.71)	- (-)	- (-)
- TPJDL	- (-)	- (-)	68.38 (40.08)	- (-)	- (-)
Commission earned	- (-)	**2.76 (5.41)**	- (-)	- (-)	- (-)
Managerial remuneration - Mr. Praveer Sinha	- (-)	- (-)	- (-)	- (-)	**216.89 (174.07)**
Other expenses	**899.45 (1,130.17)**	- (-)	- (-)	- (-)	- (-)
Recovery of Expenses - TPJDL	- (-)	- (-)	**20.42 (13.10)**	**51.28 (10.00)**	- (-)
Loans availed	**34,000.00 (62,500.00)**	- (-)	- (-)	- (-)	- (-)
Loans repaid	**34,000.00 (62,500.00)**	- (-)	- (-)	- (-)	- (-)
Interest paid on loans	**40.24 (647.03)**	- (-)	- (-)	- (-)	- (-)
Rebate on power purchase	- (-)	- (-)	**889.16 (613.03)**	- (-)	- (-)
- TPTCL	- (-)	- (-)	889.16 (546.87)	- (-)	- (-)
- MPL	- (-)	- (-)	- (66.16)	- (-)	- (-)
Rebate on sale of power - TPTCL	- (-)	- (-)	**196.01 (126.08)**	- (-)	- (-)
B. Balance outstanding					
Investment in equity shares of subsidiary company	- (-)	- (-)	- (-)	**5.00 (5.00)**	- (-)
Other Liabilities (Power Banking) - TPTCL	- (-)	- (-)	**2398.10 (501.76)**	- (-)	
Payables	**66.04 (-)**	**1,096.86 (1,114.73)**	**13,550.74 (12,752.94)**	- (-)	- (-)
- TPTCL	- (-)	- (-)	13,456.16 (12,681.47)	- (-)	- (-)
- TPSSL	- (-)	- (-)	94.58 (71.47)	- (-)	- (-)
Receivables	- (24.23)	- (-)	**22.84 (63.77)**	**19.08 (33.43)**	- (-)
- TPJDL	- (-)	- (-)	22.84 (63.77)	- (-)	- (-)

* Figures in brackets represent the previous year figures

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NOTE 39

	Year ended 31.03.14	Year ended 31.03.13
	Rs./lacs	Rs./lacs
a. Expenditure in foreign currency		
Consultancy and other expenditure	10.39	75.14
Travelling	9.11	32.31
	19.50	107.45
b. CIF Value of Imports		
Capital goods	-	11.83
Components & spare parts	-	4.14
c. Earnings in Foreign Currency		
Consultancy/Training income	12.85	-

NOTE 40

Detail of Auditors Remuneration*

Legal & professional charges include Auditor's remuneration as follows:

Particulars	Year ended 31.03.14	Year ended 31.03.13
	Rs./lacs	Rs./lacs
Audit fee (including quarterly audits)	45.00	59.00
Tax audit	-	8.00
Other services	5.00	43.30
Reimbursement of out-of-pocket expenses	0.80	3.05
Total	**50.80**	**113.35**

* Exclusive of service tax

NOTE 41

As per the Transfer Pricing Rules of the Income Tax Act, 1961 every Company is required to get a transfer pricing study conducted to determine whether the transactions with related parties were undertaken at an arm's length basis for each financial year end. Transfer pricing study for the transactions during the year ended 31 March, 2014 is currently in progress and hence adjustments if any which may arise there from will be effective in the financial statements for the year ended 31 March, 2015. However in the opinion of the Company's management, adjustments, if any, are not expected to be material.

NOTE 42

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

For V Sankar Aiyar & Co.
Chartered Accountants

Ajay Gupta

V. SANKAR AIYAR & CO.
NEW DELHI
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Ajay Gupta
Partner

New Delhi
15 May, 2014

For and on behalf of the Board of Directors

Anil Sardana
Chairman

Praveer Sinha
CEO & Executive Director

Ajay Kalsie
Company Secretary

Ajay Kapoor
Chief Finance Officer

New Delhi
15 May, 2014