

# TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED

## DIRECTORS' REPORT

To The Members  
Tata Power Jamshedpur Distribution Limited

The Directors present their Second Annual Report on the business of the Company and the Statement of Accounts for the period ended 31<sup>st</sup> March 2014.

### 1. OPERATIONS

The Jharkhand Infrastructure Development Corporation Ltd. (JINFRA), on behalf of the Jharkhand State Electricity Board (JSEB), had invited bids for appointment of Input Based Distribution Franchisee's (DF) for Jamshedpur, Ranchi and Dhanbad Circles and the Request For Proposal (RFP) were issued.

The Tata Power Company Limited (Tata Power) emerged as selected bidder for Jamshedpur and CESC for Ranchi, whereas no bids were received for Dhanbad. Your Company, a wholly owned subsidiary of Tata Power executed a Distribution Franchise Agreement (DFA) with JSEB on 5<sup>th</sup> December 2012, for a period of 15 years, for the Jamshedpur Circle of power distribution in Jharkhand.

The area to be served is 3600 sq. kms, having a consumer base of 3 lakh and current annual revenue of about ₹ 500 crore (1600 MUs).

The following preliminary activities have been initiated before formal takeover of operations from JSEB and the status is as under:

- Due Diligence has been completed.
- Independent Audit of the information given in RFP and DFA is in progress.
- The activities in terms of organisation set up, infrastructural planning etc. were carried out for taking over the operations in FY 14.
- However, due to change of state government and indecisiveness of the new government, there was indefinite delay in handing over process. Accordingly, the infrastructure and organisational set up was dismantled to avoid recurring costs.
- It is expected that state government will decide on reviving the project only after the state elections, scheduled to be held in Q3. Once, Company receives the green signal from the State Government, it will initiate action to rebuild the organisational set up, which will take around 4 months.

### 2. FINANCIAL RESULTS

Particulars	For the period ended 31 <sup>st</sup> March 2014 (₹ in lakh)	For the period ended 31 <sup>st</sup> March 2013 (₹ in lakh)
Total Revenue	19.11	NIL
Total Expenses	(522.64)	(192.01)

# TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED

Loss for the Period	(503.53)	(192.01)
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The Company being a distribution company, all the expenses incurred upto March 2014 have been charged to the Statement of Profit and Loss.

## 3. DIRECTORS

Mr. Sanjay Dube, Mr. Ashish Khanna, Mr. Arup Ghosh and Mr. Puneet Munjal have been appointed as Additional Directors during the year and hold office only upto the date of the forthcoming Annual General Meeting (AGM) of the Company.

Notices under Section 160(1) of the Companies Act, 1956 (the Act) have been received from Members signifying their intention to propose Mr. Dube's, Mr. Khanna's, Mr. Ghosh's and Mr. Munjal's appointment as Directors.

Mr. S. Padmanabhan resigned with effect from 30<sup>th</sup> June 2014. The Board has placed on record its appreciation of the valuable contribution made to the Company by Mr. Padmanabhan.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Praveer Sinha is liable to retire by rotation and is eligible for re-appointment. Attention of the Members is invited to the relevant item in the Notice of the Annual General Meeting and the Explanatory Statement thereto.

## 4. AUDITORS

Messrs. Deloitte Haskins & Sells LLP (DHS LLP), who are the statutory auditors of your Company, hold office until the conclusion of the forthcoming Annual General Meeting. It is proposed to appoint Govind Agarwala & Associates, Chartered Accountants (Firm Reg. No.: 001694C) as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM. DHS LLP has communicated that they are not seeking re-appointment at the ensuing Annual General Meeting. Govind Agarwala & Associates has, under Section 141 of the Act, furnished a certificate of its eligibility for appointment.

## 5. AUDITORS' REPORT

The Notes to the Accounts referred to in the Auditors' Report of the Company are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Act.

## 6. PARTICULARS OF EMPLOYEES

The Company had no employees of the category specified under Section 217(2A) of the Companies Act, 1956.

## 7. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy : The Disclosures required in Form A of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors)

# TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED

Rules, 1988 pertaining to conservation of energy are not applicable to the Company.

Technology Absorption : Nil

Foreign Exchange earnings and outgo :Nil

## 8. DIRECTORS RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures therefrom;
- 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 of the Company for that period;
- iii) they have taken proper and sufficient care, to the best of 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;
- iv) they have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

Sd/-  
Sanjay Dube  
Director

Sd/-  
Ashish Khanna  
Director

Place : Mumbai

Date : 30<sup>th</sup> July 2014

# Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
Tower 3, 27th - 32nd Floor  
Senapati Bapat Marg  
Elphinstone Road (West)  
Mumbai - 400 013  
Maharashtra, India

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED

Tel: +91 (022) 6185 4000  
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### Report on the Financial Statements

We have audited the accompanying financial statements of **TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.

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### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 loss of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### **Emphasis of Matter**

We draw attention to Note 19.7 to the financial statements which indicate that the Company has yet to commence commercial operations and the accumulated losses of the Company as at 31<sup>st</sup> March, 2014 has fully eroded its net worth. Notwithstanding this, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in Note 19.7.

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 in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).

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

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

*R. K. Banga*

(R.A. BANGA)  
(Partner)  
(Membership No. 037915)

MUMBAI, 22<sup>nd</sup> April, 2014

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/activities/results during the year, clauses (ii), (iv), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items once in a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some of the 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) During the year no fixed assets were disposed off by the Company.
- (ii) The Company has neither granted nor taken any loans secured or unsecured, to or from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) The Company has not entered into any contracts or arrangement with parties, which needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to us, in respect of Statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of income-tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
  - (c) There are no amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess as at 31<sup>st</sup> March, 2014 which have not been deposited on account of any dispute.

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**Deloitte  
Haskins & Sells LLP**

- (v) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, as at 31<sup>st</sup> March, 2014, we report that funds raised on short term basis aggregating to Rs. 8,03,88,861 has been used during the year for financing long-term investments in acquisition of fixed assets for new project by the Company and utilized towards the losses.
- (vi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

*R. K. Banga*

R. A. BANGA  
Partner  
(Membership No. 037915)

MUMBAI, 22<sup>nd</sup> April, 2014

**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2014**

	Notes	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	(69,554,195)	(19,200,844)
		(69,054,195)	(18,700,844)
<b>2 Non current liabilities</b>			
(a) Long-term provisions	5	1,658,171	-
		1,658,171	-
<b>3 Current liabilities</b>			
(a) Short term borrowings	6	69,000,000	30,000,000
(b) Trade payables	7	14,119,007	17,110,863
(c) Other current liabilities	8	4,568,162	1,942,360
(d) Short-term provisions	9	1,769,965	-
		89,457,134	49,053,223
<b>Total</b>		22,061,110	30,352,379
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
Tangible assets	10	2,086,477	61,916
Capital work-in- progress		10,395,601	-
(b) Long-term loans and advances	11	510,759	-
		12,992,837	61,916
<b>2 Current assets</b>			
(a) Cash and bank balances	12	7,838,327	30,218,463
(b) Short-term loans and advances	13	290,000	72,000
(c) Other current assets	14	939,946	-
		9,068,273	30,290,463
<b>Total</b>		22,061,110	30,352,379

See accompanying notes forming part of the financial statements

In terms of our report attached  
FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

*R. K. Banga*

R. A. Banga  
Partner

For and on behalf of the Board

*S. Padmanabhan*

S Padmanabhan  
Director

*Sanjay Dube*  
Sanjay Dube  
Director

MUMBAI, 22nd April, 2014

MUMBAI, 22nd April, 2014

**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Notes	For the year ended March 31, 2014  Rupees	For the period from November 6, 2012 to March 31, 2013  Rupees
I. Other Income	15	1,911,200	-
<b>Total Revenue</b>		<b>1,911,200</b>	-
II. Expenses			
(a) Employee benefits expense	16	18,242,226	-
(b) Finance costs	17	3,984,047	29,589
(c) Depreciation	10	108,372	328
(d) Other expenses	18	29,929,906	19,170,927
<b>Total Expenses</b>		<b>52,264,551</b>	<b>19,200,844</b>
III. Loss before tax		(50,353,351)	(19,200,844)
IV. Loss for the year		(50,353,351)	(19,200,844)
V. Earnings per equity share Basic and Diluted (face value of Rs. 10 each)	19.6	(1,007.07)	(384.02)

See accompanying notes forming part of the financial statements

In terms of our report attached  
FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

*R. K. Banga*

R. A. Banga  
Partner

For and on behalf of the Board

*S. Padmanabhan*

S Padmanabhan  
Director

*Sanjay Dube*  


Sanjay Dube  
Director

MUMBAI, 22nd April, 2014

MUMBAI, 22nd April, 2014

**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	For the year ended March 31, 2014		For the period from November 6, 2012 to March 31, 2013	
	Rupees		Rupees	
<b>A. Cash Flow from Operating Activities</b>				
Loss before Tax		(50,353,351)		(19,200,844)
Adjustment for :				
Depreciation	108,372		328	
Interest Income	(272,936)			
Finance cost	3,984,047		29,589	
		3,819,483		29,917
Adjustments for change in working capital :				
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(2,991,856)		17,110,863	
Other current liabilities	(933,204)		1,912,771	
Long-term provisions	1,658,171		-	
Short-term provisions	1,769,965		-	
Adjustments for (increase) / decrease in operating assets:				
Long-term loans and advances	(401,652)		-	
Other Short Term Assets	(921,466)		-	
Short-term loans and advances	(218,000)		(72,000)	
		(2,038,042)		18,951,635
Cash generated from operations		(48,571,910)		(219,293)
Taxes paid (Net)		(109,107)		-
<b>Net Cash used in Operating Activities</b>		<b>(48,681,017)</b>		<b>(219,293)</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets		(12,528,534)		(62,244)
Interest Income		254,456		-
<b>Net Cash used in Investing Activities</b>		<b>(12,274,078)</b>		<b>(62,244)</b>
<b>C. Cash Flow from Financing Activities</b>				
Interest paid		(425,041)		-
Proceeds from Issue of Equity shares		-		500,000
Inter corporate deposit received		39,000,000		30,000,000
<b>Net Cash generated from Financing Activities</b>		<b>38,574,959</b>		<b>30,500,000</b>
<b>Net (decrease)/Increase in Cash and Cash Equivalents</b>		<b>(22,380,136)</b>		<b>30,218,463</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		<b>30,218,463</b>		<b>-</b>
<b>Cash and Cash Equivalents at the end of the year</b>		<b>7,838,327</b>		<b>30,218,463</b>
<b>Cash and Cash Equivalents Include :</b>				
Cash on hand		970		15,414
Balance with banks				
(i) in current accounts		2,790,570		30,203,049
(ii) in deposit accounts		5,046,787		
<b>Total Cash and Cash Equivalents</b>		<b>7,838,327</b>		<b>30,218,463</b>
See accompanying notes forming part of the financial statements				

In terms of our report attached  
FOR DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

*R. K. Banga*

R. A. Banga  
Partner

For and on behalf of the Board

*X S. Padmanabhan*

S Padmanabhan  
Director

*[Signature]*  
Sanjay D. Jha  
Director

MUMBAI, 22nd April, 2014

MUMBAI, 22nd April, 2014

*Me*

**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1 CORPORATE DISCLOSURES**

Tata Power Jamshedpur Distribution Limited was originally incorporated on 6th November, 2012 under the Companies Act, 1956 as TP Power Distribution Limited. Subsequently the name of the company has been changed as Tata Power Jamshedpur Distribution Limited on 25th March, 2013.

The principal business of the Company is to carry on the business of distribution and retail supply of electricity in Jamshedpur Circle.

The Company has entered in to distribution franchisee agreement with Jharkhand State Electricity Board on December, 5 2012. The operations have yet to commence.

Its registered office is at Corporate Centre, A Block, 34, Sant Tukaram Road, Carnac Bunder, Mumbai-400009.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis for accounting and preparation of financial statements:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**(b) Use of estimates:**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

**(c) Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(d) Fixed Assets:**

All fixed assets are stated at cost less depreciation. Cost comprises the purchase price and any other applicable costs and also includes borrowing costs as estimated to be attributable to the acquisition and construction of fixed assets upto the date the asset is ready for use.

**(e) Depreciation:**

Depreciation on all tangible fixed assets is provided on straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

**(f) Other income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

**(g) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of such assets till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

**(h) Employee benefits**

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

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#### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

#### (i) Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

#### (j) Taxes on Income

##### **Current Taxes**

Provision for Current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

##### **Deferred Taxes**

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

#### (k) Provision and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. A contingent asset is neither recognized nor disclosed in the financial statements.

**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**3 SHARE CAPITAL**

	As at March 31, 2014		As at March 31, 2013	
	Numbers	Rupees	Numbers	Rupees
<b>Authorized</b>				
Equity shares of Rs. 10/- each	1,000,000	10,000,000	1,000,000	10,000,000
	1,000,000	10,000,000	1,000,000	10,000,000
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of Rs. 10/- each	50,000	500,000	50,000	500,000
<b>Total issued, subscribed and fully paid-up</b>	<b>50,000</b>	<b>500,000</b>	<b>50,000</b>	<b>500,000</b>

**a. Terms/Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders approval. Dividends are paid in Indian Rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b. The Company is a wholly owned subsidiary of The Tata Power Company Limited, the Holding Company,**

**c. 50,000 equity shares (March 31, 2013 - 50,000 equity shares) being the entire share capital is held by The Tata Power Company Limited, the Holding Company.**

**4 RESERVES AND SURPLUS**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
<b>(Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(19,200,844)	-
Loss for the year	(50,353,351)	(19,200,844)
<b>(Deficit) at the end of the year</b>	<b>(69,554,195)</b>	<b>(19,200,844)</b>

**5 LONG TERM PROVISIONS**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Provision for employee benefits		
(i) Compensated absences	563,873	-
(ii) Gratuity	1,094,298	-
	<b>1,658,171</b>	<b>-</b>

**6 SHORT TERM BORROWINGS**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
<b>Unsecured</b>		
Inter corporate deposit from Related party The Tata Power Company Limited -Holding Company	69,000,000	30,000,000
	<b>69,000,000</b>	<b>30,000,000</b>

**Note :**

Inter corporate deposit received from The Tata Power Company Limited is repayable on call.

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**7 TRADE PAYABLES**

- (i) Creditors for Supply and Services
- (ii) Creditors for Accrued Wages and Salaries

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
(i) Creditors for Supply and Services	14,035,148	17,110,863
(ii) Creditors for Accrued Wages and Salaries	83,859	-
	<b>14,119,007</b>	<b>17,110,863</b>

**8 OTHER CURRENT LIABILITIES**

- (i) Interest accrued but not due on borrowings
- (ii) Other payables
  - Statutory liabilities

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
(i) Interest accrued but not due on borrowings	3,585,635	26,629
(ii) Other payables <ul style="list-style-type: none"><li>Statutory liabilities</li></ul>	982,527	1,915,731
	<b>4,568,162</b>	<b>1,942,360</b>

**9 SHORT TERM PROVISIONS**

- Provision for employee benefits
  - (i) Compensated absences
  - (ii) Gratuity

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Provision for employee benefits <ul style="list-style-type: none"><li>(i) Compensated absences</li></ul>	1,743,530	-
(ii) Gratuity	26,435	-
	<b>1,769,965</b>	<b>-</b>

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TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10 FIXED ASSETS

(Amount in Rupees)

Description	GROSS BLOCK (at cost)				DEPRECIATION			NET BLOCK
	As at April 1, 2013	Additions during the year	Deductions during the year	As at March 31, 2014	As at April 1, 2013	Additions during the year	Deductions during the year	As at March 31, 2014
Tangible assets- Own use								
Plant and equipment	-	1,742,347	-	1,742,347	-	91,969	-	1,650,378
Furniture & fixtures	62,244	243,975 (62,244)	-	306,219 (62,244)	328	12,014 (328)	-	293,877 (61,916)
Office equipment	-	146,611	-	146,611	-	4,389	-	142,222
<b>Total</b>	<b>62,244</b>	<b>2,132,933</b>	<b>-</b>	<b>2,195,177</b>	<b>328</b>	<b>108,372</b>	<b>-</b>	<b>2,086,477</b>
<b>Previous Year</b>	<b>-</b>	<b>62,244</b>	<b>-</b>	<b>62,244</b>	<b>-</b>	<b>328</b>	<b>-</b>	<b>61,916</b>

Note: Previous year's/period figures are in brackets.

**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**11 LONG TERM LOANS AND ADVANCES**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
<b>Unsecured, considered good</b>		
Security deposits	401,652	-
Advance income tax (net of provisions Nil (As at 31 March, 2013 Nil))	109,107	-
	<b>510,759</b>	<b>-</b>

**12 CASH AND BANK BALANCES**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
(a) Cash on hand	970	15,414
(b) Balance with banks		
(i) in current accounts	2,790,570	30,203,049
(ii) in deposit accounts - original maturity of 3 months or less	5,046,787	-
	<b>7,838,327</b>	<b>30,218,463</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement	<b>7,838,327</b>	<b>30,218,463</b>

**13 SHORT TERM LOANS AND ADVANCES**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
<b>Unsecured, considered good</b>		
Security deposits	290,000	72,000
	<b>290,000</b>	<b>72,000</b>

**14 OTHER CURRENT ASSETS**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Interest accrued but not due on Fixed Deposit with Bank	18,480	-
Contractually reimbursable expenses from Tata Power Company - Holding Company	921,466	-
	<b>939,946</b>	<b>-</b>

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**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**15 OTHER INCOME**

	For the year ended March 31, 2014	For the period from November 6, 2012 to March 31, 2013
	Rupees	Rupees
<b>Interest Income</b>		
Interest on bank deposit	272,936	-
Miscellaneous income	1,638,264	-
	<b>1,911,200</b>	<b>-</b>

**16 EMPLOYEE BENEFITS EXPENSE**

	For the year ended March 31, 2014	For the period from November 6, 2012 to March 31, 2013
	Rupees	Rupees
(a) Salary and wages	13,742,364	-
(b) Contribution to provident fund and super annuation fund	841,267	-
(c) Gratuity	725,664	-
(d) Compensated absences	2,040,711	-
(e) Staff welfare expenses	892,220	-
	<b>18,242,226</b>	<b>-</b>

**17 FINANCE COSTS**

	For the year ended March 31, 2014	For the period from November 6, 2012 to March 31, 2013
	Rupees	Rupees
<b>Interest expenses</b>		
On inter corporate deposit	3,984,047	29,589
	<b>3,984,047</b>	<b>29,589</b>

**18 OTHER EXPENSES**

	For the year ended March 31, 2014	For the period from November 6, 2012 to March 31, 2013
	Rupees	Rupees
(a) Rent	1,004,114	-
(b) Cost of services	23,135,379	10,606,071
(c) Other Fees	-	6,001,906
(d) Consultancy fees	807,226	1,580,937
(e) Preliminary expenses	-	180,986
(f) Guest house expenses	620,657	127,235
(g) Travelling expenses	2,423,895	537,908
(h) Telephone Charges	150,883	-
(i) Printing & Stationery	125,490	-
(j) Other operation expenses	306,484	-
(k) Administration Expenses	298,756	-
(l) Legal fees	248,430	-
(m) Inspection Charges	59,241	-
(n) Payments to auditors (including service tax)		
(i) As auditors - statutory audit	280,900	50,000
(ii) For other services	19,663	-
(o) Miscellaneous expenses	448,788	85,884
	<b>29,929,906</b>	<b>19,170,927</b>

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**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 19 Additional Information**

**19.1 Contingent liabilities and commitments (to the extent not provided for)**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
(a) Contingent liabilities Claims against the company not acknowledged as debts	Nil	Nil
(b) Commitments Other commitments	Nil	Nil

**19.2 MICRO, SMALL AND MEDIUM ENTERPRISES DISCLOSURES**

During the period there were no transactions with 'suppliers' as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

**19.3 EMPLOYEE BENEFIT PLANS**

**19.3.1 Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.841,267 (Year ended 31 March, 2013 Rs. Nil) for Provident Fund contributions and Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**19.3.2 Defined benefit plans**

The Company offers the Gratuity benefit schemes to its employees:

**(a) Net employee benefit expense (recognised in employee cost) for the year ended 31st March, 2014**

<u>Year Ended 31 March 2014</u>	<u>Gratuity Benefits</u>
Current Service Cost	1,120,733
Interest on Defined Benefit Obligation	-
Expected Return on Plan Assets	-
Net Actuarial Losses / (Gains) Recognised in Year	(395,069)
Past Service Cost	-
<b>Total, Included in "Employee Benefit Expense"</b>	<b>725,664</b>

**(b) Change in Defined Benefit Obligation, Closing Defined benefit obligation recognised in Balance Sheet**

<u>Year Ended 31 March 2014</u>	<u>Gratuity Benefits</u>
Change in Defined Benefit Obligation	-
Opening Defined Benefit Obligation	-
Current Service Cost	1,120,733
Interest Cost	-
Actuarial Losses / (Gain)	-
Past Service Cost	-
Benefits Paid (Net)	-
<b>Closing Defined Benefit Obligation</b>	<b>1,120,733</b>

**(c) Assumptions used in accounting for Gratuity**

<u>Year Ended 31 March 2014</u>	<u>Gratuity Benefits</u>
Discount Rate	9.31%
Salary Growth Rate	7.5% p.a
Turnover Rate	2% p.a

Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

The estimates of future salary increases, considered in actuarial valuation, take account of the inflation, seniority, promotion and other relevant factors.

**(d) The contribution expected to be made by the Company during the financial year 2014-15 has not been ascertained.**

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**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note 19 (contd)

**19.4 SEGMENT DISCLOSURES**

As the Company has not commenced commercial operations, Accounting Standard 17 on "Segment Reporting" is not applicable for the current year.

**19.5 RELATED PARTY DISCLOSURE**

Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" are as follows:

**(a) Names of the related parties and description of relationship:**

**(i) Name of the Holding Company:**

Name of the related party	Nature of relationship	Country of origin
The Tata Power Company Limited	Holding Company	India

**(ii) Other related party (where transactions exist) :**

Name of the related party	Nature of relationship	Country of origin
Tata Power Delhi Distribution Ltd.	Fellow Subsidiary	India

**(b) Details of Transactions:**

	The Tata Power Company Limited Rupees	Tata Power Delhi Distribution Ltd. Rupees
Receiving of services	13,639,426 (12,585,351)	10,248,979 (6,376,712)
Receiving of Capital goods	-	33,827
Rendering of services	1,840,753	-
Inter corporate deposit received	39,000,000 (30,000,000)	-
Equity contribution received	(500,000)	-
Interest expenses on Inter corporate deposit	3,984,047 (29,589)	-
Payable relating to Inter corporate deposit at the period/year end including interest	72,585,635 (30,026,629)	-
Other payables at the period/year end	11,456,192 (11,326,822)	2,283,944 (5,739,042)
Other receivables at the year end	921,466	-

Note: Previous year's/period figures are in brackets.

**TATA POWER JAMSHEDPUR DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note 19 (contd.)

**19.6 EARNINGS PER SHARE (EPS)**

	For the year ended March 31, 2014	For the period from November 6, 2012 to March 31, 2013
Loss attributable to equity shareholders (Rupees)- (A)	(50,353,351)	(19,200,844)
The weighted average number of equity shares for the year (Nos.)- (B)	50,000	50,000
The nominal value per equity shares (Rupees)	10	10
Basic earnings per share= (A)/(B)	(1,007.07)	(384.02)

19.7 The company was incorporated on 6th November, 2012. It has yet to commence commercial operations. The accumulated losses of the company as at 31st March, 2014 has fully eroded its net worth. In view of the planned future operations/ business activities and the support of the holding company, the financial statements of the company have been prepared on a going concern basis.

19.8 Previous period/year's figures have been regrouped/reclassified wherever necessary to correspond with the current period/year's classification/disclosure. Previous year's figures are for the period from November 6, 2012 (being the date of incorporation) to 31st March, 2013 being the first financial year and hence not comparable.

X S. Padmanathan