

Walker Chandlok & Co LLP

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Independent Auditor's Report

To the Members of Tata Power Delhi Distribution Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Tata Power Delhi Distribution Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Walker Chandlok & Co LLP is registered with limited liability with identification number AAC 2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

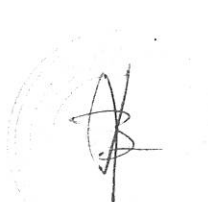
Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
- a) we have sought and 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 it appears from our examination of those books;
 - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 April 2020 as per Annexure B expressed unmodified opinion;



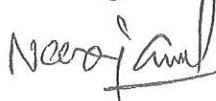
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- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in note 31 and 33.2 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
 - ii. Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

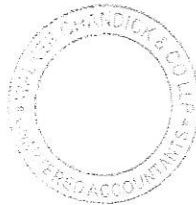
Firm's Registration No.: 001076N/N500013



Neeraj Goel

Partner

Membership No.: 99514



UDIN - 20099514AAAACB3118

Place: Gurugram

Date: 29 April 2020



Annexure A to the Independent Auditor's Report of even date to the Members of Tata Power Delhi Distribution Limited, on the standalone financial statements for the year ended 31 March 2020

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified 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 the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not hold any land in its name. As regard the buildings, the Company retains the operational right over the buildings used for the purpose of carrying out distribution business under a license granted by Delhi Electricity Regulatory Commission ('DERC'). Thus, verification of title deeds is not applicable on buildings.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investment. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employee state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

Annexure A to the Independent Auditor's Report of even date to the members of Tata Power Delhi Distribution Limited, on the standalone financial statements for the year ended 31 March 2020 (Continued)

- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follow:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Amount paid under Protest (₹ in lacs)	Period to which the amount relates (FY)	Forum where dispute is pending
Income Tax Act, 1961	Demand on account of disallowance of certain expenses	1,951.56	1,951.56	2005-06	Assessing Officer
Income Tax Act, 1961	Demand on account of disallowance of certain expenses	0.12	-	2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand on account of disallowance of certain expenses and short allowance of TDS and interest thereon	78.39	39.20	2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand on account of disallowance of certain expenses	46.15	23.08	2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand on short allowance of TDS and excess interest charged	19.59	-	2012-13	Income Tax Appellate Tribunal

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company did not make any preferential allotment or private placement of shares or fully or partly convertible debentures.

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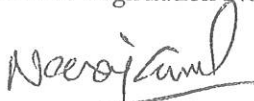
Annexure A to the Independent Auditor's Report of even date to the members of Tata Power Delhi Distribution Limited, on the standalone financial statements for the year ended 31 March 2020 (Continued)

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Neeraj Goel

Partner

Membership No.: 99514

UDIN - 20099514AAAACB3118



Place: Gurugram

Date: 29 April 2020



Annexure B to the Independent Auditor's Report of even date to the Members of Tata Power Delhi Distribution Limited, on the standalone financial statements for the year ended 31 March 2020

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Tata Power Delhi Distribution Limited ("the Company") as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility for the Audit of the Internal Financial Controls

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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Annexure B to the Independent Auditor's Report of even date to the Members of Tata Power Delhi Distribution Limited, on the standalone financial statements for the year ended 31 March 2020

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Walker Chandiok & Co LLP

Chartered Accountants

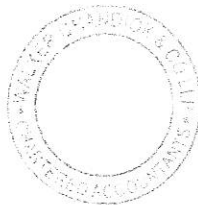
Firm's Registration No.: 001076N/N500013

Neeraj Goel

Neeraj Goel

Partner

Membership No.: 99514



UDIN - 20099514AAAACB3118

Place: Gurugram

Date: 29 April 2020



TATA POWER DELHI DISTRIBUTION LIMITED
STANDALONE BALANCE SHEET AS AT 31 MARCH, 2020

	Notes	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	3,91,374.42	3,68,643.34
(b) Capital work-in-progress	4	27,339.37	34,720.12
(c) Right-of-use assets	5	9,850.99	-
(d) Intangible assets	4	6,084.89	7,405.96
(e) Financial assets			
(i) Investments	6	5.00	5.00
(ii) Loans	7	134.78	196.20
(iii) Other financial assets	8	54.86	89.68
(f) Income tax assets (net)	9	2,735.55	2,263.48
(g) Other non-current assets	10	3,229.13	2,875.98
Total non-current assets		4,40,808.99	4,16,199.76
(2) Current assets			
(a) Inventories	11	1,316.95	1,306.99
(b) Financial assets			
(i) Investments	12	8,500.19	-
(ii) Trade receivables	13	31,604.97	25,447.20
(iii) Cash and cash equivalents	14	3,853.24	2,425.12
(iv) Bank balances other than (iii) above	14	10,134.29	3,580.97
(v) Loans	15	311.31	239.05
(vi) Other financial assets	16	32,618.10	34,654.39
(c) Other current assets	17	20,717.03	26,934.18
Total current assets		1,09,056.08	94,587.90
Assets classified as held for sale	37.6.1	2,004.00	2,004.00
Total assets before regulatory deferral account balance		5,51,869.07	5,12,791.66
(3) Regulatory deferral account debit balances	37	5,22,185.11	4,75,913.86
Total assets		10,74,054.18	9,88,705.52
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	18	55,200.00	55,200.00
(b) Other equity	19	2,92,112.45	2,63,063.84
Total equity		3,47,312.45	3,18,263.84
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Long-term borrowings	20	2,63,382.77	2,22,188.07
(ii) Lease liabilities	5	7,878.44	-
(iii) Other financial liabilities	21	68,168.83	62,856.47
(b) Provisions	22	5,661.04	4,569.98
(c) Deferred tax liabilities (net)	42	30,259.85	18,044.60
(d) Capital grants	23	506.66	581.49
(e) Contributions for capital works and service line charges	24	84,578.30	86,464.61
(f) Other non-current liabilities	25	34,229.56	22,580.72
Total non-current liabilities		4,94,665.45	4,17,285.94
(2) Current liabilities			
(a) Financial liabilities			
(i) Short-term borrowings	26	34,326.29	35,090.67
(ii) Trade payables	27		
- total outstanding dues of micro enterprises and small enterprises		1,208.26	134.79
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,09,909.68	1,24,021.80
(iii) Other financial liabilities	28	58,618.57	67,660.11
(b) Provisions	29	1,646.61	1,070.50
(c) Other current liabilities	30	26,366.87	25,177.87
Total current liabilities		2,32,076.28	2,53,155.74
Total equity and liabilities		10,74,054.18	9,88,705.52

See accompanying notes forming part of standalone financial statements (1-47)

In terms of our report attached of even date

For Walker Chandlok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No.: 99514

For and on behalf of the Board of Directors

Sanjay Kumar Banga
Director
DIN: 07785948

Satya Gupta
Director
DIN: 08172427

Ganesh Srinivasan
Chief Executive Officer

Ajay Kalsle
Company Secretary

Hemant Goyal
Chief Financial Officer

TATA POWER DELHI DISTRIBUTION LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

	Notes	Year ended 31.03.2020 ₹/Lakhs	Year ended 31.03.2019 ₹/Lakhs
I Revenue from operations	32	7,88,795.48	7,60,006.70
II Other Income	32	10,531.57	10,802.04
III Total Income		<u>7,99,327.05</u>	<u>7,70,808.74</u>
IV Expenses			
Cost of power purchased (net) (excludes own generation)	33	6,29,963.08	5,89,686.12
Employee benefits expense (net)	34	50,489.90	46,969.84
Finance costs	35	34,490.06	34,887.85
Depreciation and amortisation expense	4,5	33,316.06	30,964.17
Other expenses	36	32,732.59	31,893.83
Total expenses		<u>7,80,991.69</u>	<u>7,34,401.81</u>
V Profit/(Loss) before movement in regulatory deferral account balance, exceptional items and tax		<u>18,335.36</u>	<u>36,406.93</u>
Movement in regulatory deferral account balance (net)	37	46,271.25	24,976.74
VI Profit/(Loss) before exceptional items and tax		<u>64,606.61</u>	<u>61,383.67</u>
Add/(Less): Exceptional Items			
Impairment of property, plant and equipment	4,37.6	-	(1,807.88)
Impairment loss on assets classified as held for sale	37.6	-	(8,832.34)
VII Profit/(Loss) before tax		<u>64,606.61</u>	<u>50,743.45</u>
VIII Tax expense			
(i) Current tax	42	10,872.82	10,056.28
(ii) Deferred tax	42	12,319.32	7,100.95
IX Profit/(Loss) for the year		<u>41,414.47</u>	<u>33,586.22</u>
X Other comprehensive Income/(expense)			
(i) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plans	22.6	(595.62)	(61.26)
(ii) Income tax credit/(charge) relating to items that will not be reclassified to profit or loss			
(a) Current tax	42	104.07	13.20
(b) Deferred tax	42	104.07	8.21
Other comprehensive Income/(expense) for the year		<u>(387.48)</u>	<u>(39.85)</u>
XI Total comprehensive income for the year		<u>41,026.99</u>	<u>33,546.37</u>
Earnings per equity share (face value ₹ 10/- each)	39		
(i) Basic and Diluted earnings per equity share before net movement in regulatory deferral account balance (₹)		2.05	3.14
(ii) Basic and Diluted earnings per equity share after net movement in regulatory deferral account balance (₹)		7.50	6.08

See accompanying notes forming part of standalone financial statements (1-47)

In terms of our report attached of even date

For Walker Chandlok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No.: 99514

For and on behalf of the Board of Directors

Sanjay Kumar Banga
Director
DIN: 07785948

Satya Gupta
Director
DIN: 08172427

Ganesh Srinivasan
Chief Executive Officer

Ajay Kalsie
Company Secretary

Hemant Goyal
Chief Financial Officer

Gurugram
29 April, 2020

New Delhi
29 April, 2020

TATA POWER DELHI DISTRIBUTION LIMITED
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

A. Equity share capital

Particulars	Amount (₹/Lakhs)
(I) Balance as at 1 April, 2018	55,200.00
(II) Changes in equity share capital during the year	-
(III) Balance as at 31 March, 2019	55,200.00
(I) Balance as at 1 April, 2019	55,200.00
(II) Changes in equity share capital during the year	-
(III) Balance as at 31 March, 2020	55,200.00

B. Other equity

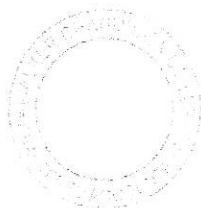
Particulars	Reserves and Surplus			Total
	Capital Redemption Reserve	General Reserve	Retained Earnings	
(I) Balance as at 1 April, 2018	-	9,150.00	2,31,014.92	2,40,164.92
(II) Profit for the year	-	-	33,586.22	33,586.22
(III) Other comprehensive income/(expense) for the year (net of tax)	-	-	(39.85)	(39.85)
(iv) Total comprehensive Income {(II)+(III)}	-	-	33,546.37	33,546.37
(v) Dividend paid (Including tax on dividend)	-	-	(10,647.45)	(10,647.45)
(vi) Transfer to capital redemption reserve on redemption of non-convertible cumulative redeemable preference share capital	50,000.00	-	(50,000.00)	-
(vii) Balance as at 31 March, 2019 {(I)+(iv)+(v)+(vi)}	50,000.00	9,150.00	2,03,913.84	2,63,063.84
(I) Balance as at 1 April, 2019	50,000.00	9,150.00	2,03,913.84	2,63,063.84
(II) Profit for the year	-	-	41,414.47	41,414.47
(III) Other comprehensive income/(expense) for the year (net of tax)	-	-	(387.48)	(387.48)
(iv) Total comprehensive Income {(II)+(III)}	-	-	41,026.99	41,026.99
(v) Dividend paid (Including tax on dividend)	-	-	(11,978.38)	(11,978.38)
(vi) Balance as at 31 March, 2020 {(I)+(iv)+(v)}	50,000.00	9,150.00	2,32,962.45	2,92,112.45

See accompanying notes forming part of standalone financial statements (1-47)

In terms of our report attached of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel
Partner
Membership No.: 99514



For and on behalf of the Board of Directors

Sanjay Kumar Banga
Director
DIN: 07785948

Satya Gupta
Director
DIN: 08172427

Ganesh Srinivasan
Chief Executive Officer

Ajay Kalsie
Company Secretary

Hemant Goyal
Chief Financial Officer

Gurugram
29 April, 2020

New Delhi
29 April, 2020

TATA POWER DELHI DISTRIBUTION LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

	Year ended 31.03.2020 ₹/Lakhs	Year ended 31.03.2019 ₹/Lakhs
A. Cash flow from operating activities		
Profit for the year	41,414.47	33,586.22
Adjustments to reconcile profit for the year to net cash flows:		
Income tax recognised as expense in Statement of Profit and Loss	23,192.14	17,157.23
Depreciation and amortisation expense	33,316.06	30,964.17
Impairment of property, plant and equipment	-	1,807.88
Impairment loss on assets classified as held for sale	-	8,832.34
Finance costs (net of capitalisation)	34,490.06	34,887.85
Interest income	(274.11)	(627.54)
Gain on sale/fair value of mutual fund investment measured at FVTPL	(21.02)	(647.11)
Loss on disposal of property, plant and equipment	1,909.09	2,790.41
Amortisation of capital grants	(74.83)	(74.25)
Amortisation of contribution for capital works and service line charges	(8,023.57)	(7,510.83)
Obsolete inventory written off/allowance for obsolete inventory	2.97	(34.10)
Bad debts written off/(written back)	400.01	195.18
Allowance for doubtful debts	1,218.44	40.02
Operating profit before working capital changes	1,27,549.71	1,21,367.47
Working capital adjustments:		
Adjustments for (Increase)/decrease in operating assets:		
Inventories	(12.93)	(72.99)
Trade receivables	(8,569.89)	(3,896.24)
Loans - current	(72.26)	(44.41)
Loans - non current	61.42	(59.79)
Other financial assets - current	2,067.59	(2,524.25)
Other financial assets - non current	34.82	31.82
Other non-current assets	(13.09)	615.12
Other current assets	4,893.23	22,153.68
Regulatory deferral account debit balances	(46,271.25)	(24,976.74)
Adjustments for Increase/(decrease) in operating liabilities:		
Trade payables	(13,038.65)	1,654.76
Other financial liabilities - current	(2,495.84)	(1,587.47)
Other financial liabilities - non current	397.28	69.68
Other current liabilities	1,189.00	3,852.05
Other non-current liabilities	11,648.84	(1,289.89)
Provision for employee benefits - current	(19.51)	(97.40)
Provision for employee benefits - non current	1,091.06	309.17
Cash generated from operations	78,439.53	1,15,504.57
Taxes paid (including tax deducted at source)	(11,240.82)	(9,999.54)
Net cash from/(used in) operating activities	(A) 67,198.71	1,05,505.03
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital advances)	(48,647.27)	(61,832.24)
Proceeds from sale of property, plant and equipment	928.30	942.06
Proceeds from bank deposits (net)	(6,553.32)	6.91
Interest received	242.81	514.84
Purchase of current investments	(74,500.00)	(3,81,201.00)
Proceeds from sale of current investments	66,020.83	3,81,848.11
Net cash from/(used in) investing activities	(B) (62,508.65)	(59,721.32)
C. Cash flow from financing activities		
Redemption of non-convertible cumulative redeemable preference share capital	-	(50,000.00)
Finance cost paid	(35,126.99)	(28,905.48)
Payment of lease liabilities	(955.92)	-
Proceeds from short-term borrowings and working capital demand loans	5,21,042.35	72,900.00
Repayment of short-term borrowings and working capital demand loans	(4,96,372.35)	(65,700.00)
Net (repayment)/proceeds from cash credit and other credit facilities	(25,434.38)	(3,191.65)
Proceeds from long-term borrowings	1,12,791.65	86,000.00
Repayment of long-term borrowings	(78,247.03)	(55,793.09)
Proceeds from contribution for capital works	3,243.29	5,024.52
Proceeds from service line charges	2,893.97	3,048.43
Net (repayment)/proceeds from consumers' security deposits	4,881.05	7,521.75
Dividend paid to preference shareholders (including dividend distribution tax)	-	(13,812.67)
Dividend paid to equity shareholders (including dividend distribution tax)	(11,978.38)	(10,647.45)
Net cash from/(used in) financing activities	(C) (3,261.94)	(53,555.64)
Net Increase/(decrease) in cash and cash equivalents	(A+B+C) 1,428.12	(7,771.93)
Cash and cash equivalents at the beginning of the year	2,425.12	10,197.05
Cash and cash equivalents at the end of the year (refer note 14)	3,853.24	2,425.12

See accompanying notes forming part of standalone financial statements (1-47)

In terms of our report attached of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No. 001076N/N500013

Neeraj Goel

Neeraj Goel
Partner
Membership No.: 99514

For and on behalf of the Board of Directors

Sanjay Kumar Banga *Satya Gupta* *Ganesh Srinivasan*
Director Director Chief Executive Officer
DIN: 07785948 DIN: 08172427

Ajay Kalsie
Company Secretary
New Delhi
29 April, 2020

Hemant Goyal
Chief Financial Officer

Note 1

General Information

Tata Power Delhi Distribution Limited (Tata Power-DDL) or (the Company) is a public limited company incorporated and domiciled in India and is primarily engaged in the business of distribution of electricity in North and North-West Delhi. The Company 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 along with the personnel employed therein were transferred to the Company with effect from 1 July, 2002 which also marked the commencement of commercial operations for the Company.

The address of its registered office and principal place of business is NDPL House, Hudson Lines, Kingsway Camp, Delhi- 110009. 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 from 1 July, 2002 to the date of grant of license, Tata Power-DDL was a deemed licensee.

The Company is subsidiary of Tata Power Company Limited (TPCL) which holds 51% equity shares and controlling stake and 49% equity shares is held by Delhi Power Company Limited.

Note 2

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act. 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 these are inconsistent with the provisions of the Companies Act, 2013.

2.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis and on historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such basis, except for leasing transactions that are within the scope of Ind AS 116/Ind AS 17 (as applicable), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Note 3

Other significant accounting policies

Accounting policies are set out along with respective explanatory notes where it specifically relates to such transactions or balances. Other significant accounting policies are set out below:

3.1 Foreign currencies

These financial statements are presented in Indian rupees, which is the functional currency of the Company. The functional currency represents the currency of the primary economic environment in which the Company operates.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.2 Current versus non-current classification

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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Except for trade receivables, financial assets and financial liabilities are initially measured at fair value. Trade receivables are measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

3.4 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.4.1 Amortised cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- (i) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.4.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in the Statement of Profit and Loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

3.4.3 Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments.

A financial asset is held for trading if:

- (i) It has been acquired principally for the purpose of selling it in the near term; or
- (ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in the Statement of Profit and Loss when the Company's right to receive the dividends is established. It is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in the Statement of Profit and Loss are included in the 'Other Income' line item.

3.4.4 Impairment of financial asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 "Revenue from Contracts with Customers", the Company always measures the loss allowance at an amount equal to lifetime expected credit losses using the simplified approach permitted under Ind AS 109 "Financial Instruments".

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

3.4.5 Derecognition of financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.5 Financial liabilities and equity instruments

3.5.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.5.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

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3.5.3 Financial liability

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3.5.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent reporting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.5.3.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

3.6 Dividend

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3.7 Changes in accounting policies and disclosures

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

3.7.1 New and amended standards and Interpretations

The Company applied for the first time certain new standards/amendments to the standards, which are effective for annual periods beginning on or after 1 April, 2019. The nature and the impact of each amendment is described below:

3.7.1.1 Ind AS 116 - Leases

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1 April, 2019. The Company has applied Ind AS 116 "Leases" (Ind AS 116) with a date of initial application of 1 April, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognised as at 1 April, 2019.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. As a lessee, the Company previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Company. Under Ind AS 116, the Company recognises the right-of-use assets and lease liabilities as stated in the note 5.

On adoption of Ind AS 116, the Company has recognised 'right-of-use' assets amounting to ₹ 10,945.54 lakhs (adjusted by the prepaid lease payments amounting to ₹ 1,323.92 lakhs) and 'lease liabilities' amounting to ₹ 9,621.62 lakhs as at 1 April, 2019. There is no impact on retained earnings as at 1 April, 2019.

When measuring lease liabilities, the Company discounted lease payments using the incremental rate of borrowing as at 1 April, 2019. Further, the comparative information has not been restated and continues to be reported under Ind AS 17 "Leases".

Transition to Ind AS 116

The Company has applied Ind AS 116 only to the contracts that were previously identified as leases. As a practical expedient, contracts previously identified as lease under Ind AS 17 has not reassessed as to whether a contract is, or contains, a lease under Ind AS 116.

The Company has used the following practical expedients when applying Ind AS 116 to leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the exemption not to recognise right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.
- Excluded initial direct costs from measuring the right-of-use asset at the date of application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 April, 2019 can be reconciled to the operating lease commitments as of 31 March, 2019 as follows:

Particulars	Amount (₹/Lakhs)
(a) Operating lease commitments relating to leasehold land as at 31 March, 2019 (undiscounted minimum expected payments)	14,298.34
(b) Weighted average incremental borrowing rate as at 1 April, 2019	8.60%
(c) Discounting Impact of minimum expected payments referred in (a) above	4,676.72
Lease liabilities as at 1 April, 2019 (a-c)	9,621.62

The Company is not required to make any adjustments on transition to Ind AS 116 for leases where it acts as a lessor.

Accounting Policy for Leases till 31 March, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in that reporting period in which such benefits accrue.

3.7.1.2 Deferred tax recoverable/payable

In the regulated operations of the Company where tariff recovered from consumers is determined on cost plus return on equity, the Income tax cost is pass through cost and accordingly the Company recognises Deferred tax recoverable/payable against any Deferred tax expense/ income. Until previous year, the same was presented under 'Tax Expenses' in the Standalone Ind AS Financial Statements. During the current year, pursuant to an opinion by the Expert Advisory Committee of The Institute of Chartered Accountants of India, the same has now been included in 'Movement in regulatory deferral account balance (net)'. There is no impact in the Other Equity and Profit/(Loss) on account of such change in presentation. Impact of this restatement in the comparative period is disclosed in note 38 "Restatement of financial statement".

3.8 Critical accounting estimates and judgements

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

1. Estimates used for impairment of property, plant and equipment of certain cash generating units (CGU) - Note 4
2. Estimated fair value of unquoted securities and impairment of investments - Note 6 and Note 12
3. Estimation of defined benefit obligation - Note 22, 29 and 34
4. Estimation of current tax and deferred tax expense (including Minimum Alternate Tax credit) - Note 42
5. Estimation of regulatory deferral account balances - Note 37
6. Estimation of provision and contingent liability - Note 22, 29 and 31
7. Estimation of impairment of financial assets - Note 13
8. Estimation of unbilled revenue - Note 16(b) and 17(a)

Estimates and judgement are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3.9 Impact of COVID-19

Consequent to spread of Coronavirus disease (COVID 2019), the Government of India has announced nation wide lock down from 25 March, 2020. The Company is engaged in provision of essential services and therefore continues to operate, there has not been a significant impact in this pandemic situation. The Company has seen reduction in demand of electricity in its distribution area and delays in collection from consumers and accordingly immediately represented the situation to CERC/DERC/Delhi Government and power suppliers. To help and address the situation post lockdown, the CERC and DERC have extended immediate relief in the form of extended credit period from power suppliers and rebate scheme to retail consumers. Apart from relief provided by CERC/DERC, to manage the expected liquidity risk, the Company has availed debt moratorium for some term loans under the relief package issued by the Reserve Bank of India (RBI) and would re-prioritize discretionary capital expenditure in immediate future and has increased the review frequency of cash planning. The Company has considered internal and external information up to the date of approval of these standalone financial statements including directives/communique issued by DERC and other government agencies, in determining the impact of global pandemic on carrying values of assets and liabilities as of 31 March, 2020. While the impact has not been of any significance as of now, the Company is closely monitoring developments, its operations, liquidity and capital resources and is actively working to minimize the impact of this unprecedented situation.

Note 4

Property, plant and equipment and intangible assets

Accounting policy

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable in bringing the assets to their working condition for their intended use.

Asset transferred from erstwhile DVB are stated at the transaction value notified by the Government of National Capital Territory of Delhi (GNCTD) under the Transfer Scheme. Values are assigned to different heads of individual property, plant and equipment as on the date of the transfer i.e. 1 July, 2002 as per an independent technical valuer's estimation.

With effect from 1 April, 2014, Schedule II of the Companies Act, 2013 has been notified and in accordance with Part B of Schedule II, the rate or useful life and residual value given in DERC regulations are applied for computing depreciation on assets. However, in case of assets where no useful life is prescribed in DERC regulations, the useful life and residual value as given in Part C of Schedule II of the Companies Act, 2013 is followed. Further, in case of any class of asset where useful life as estimated by management and/or certified by independent valuer is lower than DERC or Part C of Schedule II of the Companies Act, 2013 then such lower useful life is followed for computing depreciation on such asset.

As per the new regulations notified on 31 January, 2017 for 3rd Multi Year Control period (MYT) applicable from financial year (FY) 2017-18 onwards, DERC has changed rate of depreciation @ 5.83% up to 12 years of useful life on plant and equipment (comprising of transformers including fixed apparatus, switch gears, lighting arresters, overhead/underground cables) and balance WDV up to 90% over remaining period of useful life of assets instead of equal rate of depreciation applicable in previous regulations. The new regulations have also changed useful life of other class of property, plant and equipment. Accordingly w.e.f. 1 April, 2017 the Company has started charging the depreciation @ 5.83% p.a. on plant and equipment whose useful life has not yet been over up to 12 years, changed useful life of other class of property plant and equipment as per new regulations.

Depreciation for the reporting period in respect of property, plant and equipment has been provided on the straight line method so as to write off the cost of the assets over the useful lives as per DERC regulations/Schedule II of the Companies Act 2013, as applicable.

Residual value is taken at the rate of 10% for assets where rate or useful life is prescribed in DERC regulations and 5% where useful life as per Part C of Schedule II of the Companies Act, 2013 is considered.

Assets (other than project assets) costing less than ₹ 5,000 where useful life is considered as per Part C of schedule II to the Companies Act, 2013 are depreciated fully in the year of first use.

Depreciation for the reporting period in respect of property, plant and equipment used for electricity generation has been provided on straight line method as per rates/ useful life prescribed in new regulations notified by DERC on 31 January, 2017. 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 determined by an independent valuer which is average 15 years. The depreciation has been calculated in a manner which has the effect of depreciating 90% of the capitalized cost of each such depreciable asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Similarly, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied.

All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation on subsequent expenditure on property, plant and equipment arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

Depreciation on refurbished/revamped assets which are capitalized separately is provided for over the reassessed useful life, which is not more than the life specified in DERC regulations/Schedule II to the Companies Act, 2013, as applicable.

Based on the above, the useful life used for various class of assets are:

Description/Class of Assets	Useful life (years)
Office buildings, housing colonies	50
Temporary structures	0
Meters	10
General plant & machinery, SCADA (excluding IT software/hardware), street lightening	15
SCADA IT software/hardware	6
Office furniture & related equipments (excluding communication equipment)	10
Communication Equipment	15
Batteries	5
IT equipment including software	6
Overhead lines, solar PV	25
Electrical plant & machinery (not covered in above classes)	25
Underground cables	35
Motor vehicles	10

Projects under which tangible property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct costs, other directly attributable costs of construction and attributable interest.

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An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

4.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

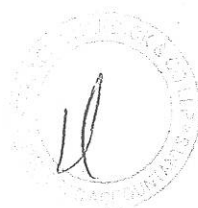
4.3 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.



TATA POWER DELHI DISTRIBUTION LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Note 4.4

Particulars	As at 01.04.2019	Additions	Cost Borrowing costs capitalised	Disposals	As at 31.03.2020	Accumulated depreciation, Amortisation and Impairment As at 01.04.2019	Depreciation/ amortisation expense	Impairment Charge	Eliminated on disposals	As at 31.03.2020	Carrying amount As at 31.03.2020	2/Lakhs As at 31.03.2019
4.4.1 Property, plant and equipment												
(a) Buildings - Plant	30,325.96	97.37	1.58	-	30,424.91	9,614.54	450.55	-	-	10,065.09	20,359.82	20,711.42
(b) Building - Others	4,190.91	234.00	5.57	-	4,430.48	2,651.63	284.16	-	-	2,935.79	1,494.69	1,539.28
(c) Plant and equipment	2,80,728.07	29,899.32	108.69	5,059.26	3,05,676.82	1,16,112.20	16,836.62	-	2,945.37	1,30,003.45	1,75,673.37	1,64,515.87
(d) Transmission lines and cable network	2,82,538.80	24,221.01	226.40	128.18	3,06,858.03	1,05,896.63	12,711.54	-	57.86	1,18,550.31	1,88,307.72	1,76,642.17
(e) Furniture and fixtures	1,036.69	114.95	1.01	-	1,152.65	610.12	66.70	-	-	676.82	475.83	426.57
(f) Vehicles	3,436.84	1,085.38	-	1,006.81	3,515.41	821.87	304.28	-	377.25	748.90	2,766.51	2,614.97
(g) Office equipment	4,039.49	524.49	3.83	57.30	4,510.51	1,946.43	301.28	-	33.68	2,214.03	2,296.48	2,093.06
Total	6,06,296.76	56,176.52	347.08	6,251.55	6,56,568.81	2,37,653.42	30,955.13	-	3,414.16	2,65,194.39	3,91,374.42	3,68,643.34
As at 31.03.2019	(5,91,607.19)	(51,549.54)	(265.99)	(6,889.27)	(6,36,533.45)	(2,29,049.00)	(29,882.04)	(1,807.88)	(3,685.15)	(2,57,053.77)	(3,79,479.68)	
Assets classified as held for sale (Carrying amount)					(30,236.69)					(19,400.35)	(10,836.34)	
4.4.2 Intangible assets												
Computer software	13,384.52	239.90	-	-	13,624.42	5,978.56	1,560.97	-	-	7,539.53	6,084.89	7,405.96
Total	13,384.52	239.90	-	-	13,624.42	5,978.56	1,560.97	-	-	7,539.53	6,084.89	7,405.96
As at 31.03.2019	(9,256.81)	(5,136.43)	(0.95)	(1,009.67)	(13,384.52)	(5,377.75)	(1,082.13)	(-)	(481.32)	(5,978.56)	(7,405.96)	
Grand total	6,19,681.28	56,416.42	347.08	6,251.55	6,70,193.23	2,43,631.98	32,516.10	-	3,414.16	2,72,733.92	3,97,459.31	3,76,049.30
As at 31.03.2019	(6,00,864.00)	(56,685.97)	(266.94)	(7,898.94)	(6,49,917.97)	(2,34,426.75)	(30,964.17)	(1,807.88)	(4,166.47)	(2,63,032.33)	(3,86,885.64)	
Assets classified as held for sale (Carrying amount)					(30,236.69)					(19,400.35)	(10,836.34)	
4.4.3 Capital work-in-progress (CWIP)	34,720.12	47,544.77	647.93	55,573.45	27,339.37	-	-	-	-	-	27,339.37	34,720.12
As at 31.03.2019	(27,922.17)	(61,586.74)	(658.78)	(55,447.57)	(34,720.12)	(-)	(-)	(-)	(-)	(-)	(-)	
4.4.4 Property plant & equipment and Intangible assets (movable and immovable) are hypothecated against secured borrowings of ₹ 1,65,125.00 lakhs (as at 31 March, 2019 ₹ 1,26,868.20 lakhs) {refer note 20.1(i), 26.1, 28(b)(i)}.												
4.4.5 CWIP includes closing capital inventory of ₹ 7,311.42 lakhs (as at 31 March, 2019 ₹ 8,286.09 lakhs).												
4.4.6 Carrying amount of capital inventory hypothecated as security for borrowings is ₹ 7,278.11 lakhs (as at 31 March, 2019 ₹ 8,252.78 lakhs) {refer note 20.1(i), 26.1, 28(b)(i)}.												
4.4.7 During the year ended 31 March, 2020 the borrowing cost of ₹ 647.93 lakhs relating to capital work-in-progress includes ₹ 227.32 lakhs (for the year ended 31 March, 2019 ₹ Nil) on account of capitalisation of interest expense on lease liability.												
4.4.8 Depreciation and amortisation charge to Statement of Profit and Loss :												

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Depreciation on tangible Assets	30,955.13	29,882.04
Add: Amortisation of Right of Use Assets (refer note 5)	799.96	-
Add: Amortisation on Intangible Assets	1,560.97	1,082.13
Total	33,316.06	30,964.17

4.4.9 During the previous year ended 31 March, 2019 the property, plant and equipment relating to Rithala Power Generation Plant has been classified as assets held for sale (refer note 37.6.1).

4.4.10 The Company does not own any land in its name. The Company retain operational rights over the land and buildings used for the purpose of carrying out distribution business under a license granted by Delhi Electricity Regulatory Commission (DERC).

4.4.11 Figures in bracket represents previous year figures.

Note 5
Leases

Accounting Policy from 1 April, 2019

At inception of contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assessed whether:

- the contract involves the use of identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative stand alone price.

As a lessee

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description/Class of Assets	Lease term (years)
Land	10 (Period of license)

The Company has disclosed right-to-use assets that do not meet the definition of investment property separately in the Balance Sheet.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company has disclosed lease liabilities separately under the head 'Financial liabilities' in the Balance Sheet.

(iii) Short term leases and leases of low value of assets

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(iv) Disclosures under Ind AS 116

The Company has lease contracts for land used in its operations. Leases of land has been considered for a lease term of 10 years as at 1 April, 2019 however the Company's future lease payments in respect of land leases are dependent upon extension of its distribution licence. The Company may assign and sub-lease the leased assets.

Particulars	Amount (₹/Lakhs)
Nature of asset : Land (lease term: 10 years)	
(a) Right-of-use assets	
Cost	
Balance as on 1 April, 2019 due to adoption of Ind AS 116 (Refer note 3.7.1.1)	10,945.54
Add: Additions during the year	-
Balance as at 31 March, 2020	10,945.54
Accumulated depreciation and impairment	
Balance as on 1 April, 2019 due to adoption of Ind AS 116	-
Depreciation for the year (refer note (I) below)	1,094.55
Balance as at 31 March, 2020	1,094.55
Net carrying amount	
As at 31 March, 2020	9,850.99
(b) Lease liabilities (refer note (III) below)	
Balance as on 1 April, 2019 due to adoption of Ind AS 116	9,621.62
Add: Interest expense accrued on lease liabilities (refer note (II) below and note 35)	844.61
Less: Lease liabilities paid	1,800.53
Closing balance as at 31 March, 2020 (Including current maturities of ₹ 787.26 lakhs)	8,665.70
(c) Amount recognised in Statement of Profit or Loss	
(I) Depreciation of Right-of-use assets (classified under Depreciation and amortisation expense)	799.96
(II) Interest on lease liabilities (classified under Finance costs)	617.29
(III) Expenses related to short term leases (classified under Other expenses)	156.30
(d) Amount recognised in Statement of Cash Flows	
Total cash outflow of leases	1,944.12

(I) The total amortisation expense on right-of-use asset for the year ended 31 March, 2020 is ₹ 1,094.55 lakhs. Of the total charge, ₹ 294.59 lakhs has been transferred to capital work-in-progress.

(II) The incremental rate of borrowing as at 1 April, 2019 has been considered at 8.60% p.a.

(III) Refer note 43.3.3 for maturity analysis of lease liabilities.

As a lessor

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Company has entered into operating sub-lease arrangement for its certain land. These typically have lease terms of between 1 to 3 years. The Company has recognised an amount of ₹ 65.67 lakhs as rental income for operating lease during the year ended March 31, 2020.

Future minimum rentals receivable under operating leases as at March 31, 2020 are as follows:

Particulars	₹/Lakhs
	As at
(I) Upto 1 year	31.03.2020
(II) 1 to 2 years	70.09
	6.28

TATA POWER DELHI DISTRIBUTION LIMITED
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Note 6

Investments - non current

Accounting policy

6.1 Investments in subsidiary

A subsidiary is an entity that is controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company records the investments in subsidiary at cost less impairment, if any.

After initial recognition, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment in a subsidiary and that event (or events) has an impact on the estimated future cash flows from the investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in a subsidiary.

When necessary, the cost of the investment is tested for impairment in accordance with Ind AS 36, Impairment of Assets, as a single asset by comparing its recoverable amount (higher of value in use or fair value less costs of disposal) with its carrying amount, any impairment loss recognised is adjusted from the cost of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of investment in a subsidiary, a gain or loss is recognised in the Statement of Profit and Loss and is calculated as the difference between (a) the aggregate of the fair value of consideration received and (b) the previous carrying amount of the investment in subsidiary.

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
6.2 Investments in equity instruments		
6.2.1 Investment in subsidiaries - at cost less accumulated impairment, if any		
(a) Unquoted		
Investments in fully paid-up equity shares of wholly owned subsidiary company NDPL Infra Limited (0.50 lakhs (as at 31 March, 2019 0.50 lakhs) equity shares of ₹ 10 each, fully paid up)	5.00	5.00
6.3 Aggregate carrying value of unquoted investments	5.00	5.00
6.4 Aggregate amount of impairment in value of investments	-	-

Note 7

Loans - non current

(At amortised cost)

Security deposits

(a) Considered good - unsecured

134.78	196.20
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Note 8

Other financial assets - non current

(Unsecured and considered good, at amortised cost)

Recoverable from SVRS Trust (refer note 31.12)

54.86	89.68
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Note 9

Income tax assets (net)

Income tax

(net of provision for income tax of ₹ 1,01,103.44 lakhs (as at 31 March, 2019 net of provision of income tax ₹ 90,334.69 lakhs))

2,735.55	2,263.48
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Note 10

Other non-current assets

(Unsecured and considered good)

- (a) Capital advances
- (b) Income tax paid under protest against demand
- (c) Prepaid expenses
- (d) Others

788.45	448.39
2,321.84	2,321.84
39.38	56.81
79.46	48.94
3,229.13	2,875.98

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TATA POWER DELHI DISTRIBUTION LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Note 11
Inventories

Accounting policy

11.1 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. Costs of inventories are determined on 'Weighted Average' basis.

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

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
(a) Stores and spares	1,542.68	1,523.33
(b) Loose tools	32.93	38.19
	1,575.61	1,561.52
(c) Less: Allowance for non-moving inventories	258.66	254.53
	<u>1,316.95</u>	<u>1,306.99</u>

11.2 Inventories are hypothecated as security for borrowings {refer note 20.1(i), 26.1, 28(b)(i)}.

Note 12

Investments - current

(At fair value through profit or loss)

Investments in mutual funds (unquoted)		
(a) HDFC Overnight Fund - Direct Plan - Growth Option (1.68 lakhs units (as at 31 March, 2019 Nil units) at face value of ₹ 1,000 each)	5,000.12	-
(b) ICICI Prudential Overnight Fund Direct Plan Growth (32.48 lakhs units (as at 31 March, 2019 Nil units) at face value of ₹ 100 each)	3,500.07	-
	<u>8,500.19</u>	<u>-</u>
12.1 Aggregate purchase price of unquoted investments	8,500.00	-
12.2 Aggregate carrying value of unquoted investments	8,500.19	-

Note 13

Trade receivables

(At amortised cost)

(a) Debtors for sale of power in licensed area (refer note 13.1 below)		
(i) Considered good - secured	11,009.37	7,435.40
(ii) Considered good - unsecured	11,402.24	7,023.36
(iii) Credit Impaired	13,667.59	12,603.79
	36,079.20	27,062.55
Less: Allowance for doubtful trade receivables	13,667.59	12,603.79
	<u>22,411.61</u>	<u>14,458.76</u>
(b) Debtors for sale of power other than Tata Power-DDL licensed area		
(i) Considered good - unsecured	2,394.12	2,328.23
(c) Other debtors		
(i) Considered good - unsecured	6,799.24	8,660.21
(ii) Credit Impaired	977.18	45.22
	7,776.42	8,705.43
Less: Allowance for doubtful trade receivables	977.18	45.22
	<u>6,799.24</u>	<u>8,660.21</u>
	<u>31,604.97</u>	<u>25,447.20</u>
13.1 Government subsidy included in note 13(a)	10.45	0.22

13.2 The Company considers non-payment of trade receivables within credit period as increase in credit risk. Further, some part of these receivables is secured by security deposits made by the customers. The status of ageing of trade receivable is given in note 13.4.1.

13.3 The average credit period for the trade receivable in note 13(a) for distribution of power in license area is 15 clear days. However, DERC vide its Order dated 7 April, 2020 has extended the credit period for payment of electricity bills raised during the period from 24 March, 2020 till 30 June, 2020 by further two weeks.

Late payment surcharge (LPSC) is charged at 1.5% per month on principal component for number of days of delay in receiving payment as per DERC regulations. However, DERC vide its Order dated 7 April, 2020 has restricted the LPSC charged from consumers at lower of working capital loan or 12% per annum for the bills raised during the period from 24 March, 2020 till 30 June, 2020.

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TATA POWER DELHI DISTRIBUTION LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- 13.4 The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables (excluding government receivables) are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

13.4.1 Ageing of receivables

Expected credit loss provision matrix

(I) Debtors for sale of power in licensed area

Particulars	Expected Credit loss (%)	
	As at 31.03.2020	As at 31.03.2019
(a) Within the credit period	0.57%	0.56%
(b) 1-90 days past due	1.40%	1.66%
(c) 91-182 days past due	5.11%	5.26%
(d) 183 days-1 year past due	12.33%	11.07%
(e) 1-2 year past due	23.68%	21.59%
(f) 2-3 year past due	34.82%	32.73%
(g) >3 years past due	100.00%	100.00%

(II) Other debtors

Particulars	Expected Credit loss (%)	
	As at 31.03.2020	As at 31.03.2019
(a) Within the credit period	0.00%	0.00%
(b) 1-90 days past due	0.00%	1.57%
(c) 91-182 days past due	0.00%	15.85%
(d) 183 days-1 year past due	0.00%	20.57%
(e) 1-2 year past due	23.12%	23.12%
(f) 2-3 year past due	18.72%	29.72%
(g) >3 years past due	100.00%	100.00%

Age of receivables

Particulars	₹/Lakhs	
	As at 31.03.2020	As at 31.03.2019
(a) Within the credit period	4,007.58	8,926.62
(b) 1-90 days past due	17,194.81	7,947.32
(c) 91-182 days past due	2,650.49	2,279.14
(d) 183 days-1 year past due	4,069.76	4,476.15
(e) 1-2 year past due	5,054.53	2,851.29
(f) 2-3 year past due	2,581.48	2,022.37
(g) >3 years past due	10,691.09	9,593.32

13.4.2 Movement in the allowance for doubtful trade receivables based on expected credit loss:

Particulars	₹/Lakhs	
	As at 31.03.2020	As at 31.03.2019
Balance at beginning of the year	12,649.01	11,812.63
Additions/(reversal) in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses for the year	576.53	(124.04)
Specific allowance on trade receivables for the year	1,419.23	960.42
Balance at end of the year (refer note 13.4.3)	14,644.77	12,649.01

- 13.4.3 As at 31 March, 2020, ₹ 8,678.46 lakhs (as at 31 March, 2019 ₹ 7,259.24 lakhs) is due from customers whose dues are under dispute pending for resolution and/or are under litigation. This amount has been fully provided for.

- 13.5 The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. There is no consumer who represents more than 5% of the total balance of trade receivables other than mentioned below:

Particulars	₹/Lakhs	
	As at 31.03.2020	As at 31.03.2019
Delhi Metro Rail Corporation (DMRC)	5,498.60	4,764.29
North Delhi Municipal Corporation (NDMC)	2,715.75	2,222.86

TATA POWER DELHI DISTRIBUTION LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Note 14

Cash and bank balances

Accounting policy

- 14.1 Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents include balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
14.2 Cash and cash equivalents		
(a) Balances with banks - in current accounts	3,460.45	1,284.16
(b) Cheques, drafts on hand	392.79	1,044.30
(c) Cash on hand	-	96.66
	<u>3,853.24</u>	<u>2,425.12</u>

14.2.1 Reconciliation of liabilities from financing activities:

Particulars	Opening Balance	Cash flows		Non-cash transactions	₹/Lakhs Closing Balance as at 31.03.2020
		Proceeds	Repayment	Amortisation	
(a) Long-term borrowings (including current maturities)	2,76,193.45	1,12,791.65	(78,247.03)	-	3,10,738.07
(b) Lease liabilities (including current maturities)	9,621.62	-	(955.92)	-	8,665.70
(c) Short-term borrowings and working capital demand loans	7,200.00	5,21,042.35	(4,96,372.35)	-	31,870.00
(d) Cash credit and other credit facilities (net)	27,890.67	-	(25,434.38)	-	2,456.29
(e) Consumer contribution for:					
- capital works	67,573.68	3,243.29	-	(4,743.47)	66,073.50
- service line	18,890.93	2,893.97	-	(3,280.10)	18,504.80
(f) Consumer security deposits (net)	66,923.06	4,881.85	-	-	71,804.91
Total	4,74,293.41	6,44,853.11	(6,01,009.68)	(8,023.57)	5,10,113.27

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
14.3 Other balances with banks		
(a) Deposits with banks with original maturity more than 3 months upto 12 months	70.68	66.54
(b) Restricted bank deposits (Earmarked pursuant to court order or contractual obligations)	10,063.61	3,514.43
	<u>10,134.29</u>	<u>3,580.97</u>

Note 15

Loans - current

(At amortised cost)

Security deposits

- (a) Considered good - unsecured

311.31	239.05
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Note 16

Other financial assets - current

(Unsecured and considered good, unless otherwise stated, at amortised cost)

(a) Accruals		
Interest accrued on fixed deposits	157.89	126.59
(b) Unbilled revenue	32,245.22	34,492.39
(c) Others		
(i) Recoverable from SVRS Trust (refer note 31.12)	33.09	13.37
(ii) Other receivables (including recoverable against street light)	361.27	201.41
Less: Allowance for doubtful assets against street light	179.37	179.37
	<u>181.90</u>	<u>22.04</u>
	<u>32,618.10</u>	<u>34,654.39</u>

Note 17

Other current assets

Unsecured and considered good

(a) Unbilled revenue (contract asset)	2,320.07	1,115.17
(b) Prepaid Insurance	2,951.61	390.03
(c) Prepaid expenses	1,038.49	1,985.40
(d) Power banking	3,665.60	17,093.61
(e) Advance to vendors	7,102.42	4,503.35
(f) Others	3,638.84	1,846.62
	<u>20,717.03</u>	<u>26,934.18</u>

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	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
Note 18		
Share capital		
Authorised		
7,500 lakhs (as at 31 March, 2019 7,500 lakhs) equity shares of ₹ 10/- each with voting rights.	75,000.00	75,000.00
500 lakhs (as at 31 March, 2019 500 lakhs) 12% cumulative redeemable preference shares of ₹ 100/- each without voting rights.	50,000.00	50,000.00
	<u>1,25,000.00</u>	<u>1,25,000.00</u>
Issued, subscribed and paid up		
5,520 lakhs (as at 31 March, 2019 5,520 lakhs) equity shares of ₹ 10/- each fully paid up with voting rights.	<u>55,200.00</u>	<u>55,200.00</u>

Of the above:

- 18.1 2,815.20 lakhs (as at 31 March, 2019 2,815.20 lakhs) i.e. 51% (as at 31 March, 2019 51%) equity shares of ₹ 10/- each with voting rights, are held by Tata Power Company Limited, the holding company.
- 18.2 2,704.80 lakhs (as at 31 March, 2019 2,704.80 lakhs) i.e. 49% (as at 31 March, 2019 49%) equity shares of ₹ 10/- each with voting rights, are held by Delhi Power Company Limited.
- 18.3 The equity shares of the Company have a par value of ₹ 10/- each. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.
- 18.4 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2020		As at 31.03.2019	
	No. of Shares Lakhs	Amount ₹/Lakhs	No. of Shares Lakhs	Amount ₹/Lakhs
At the beginning of the year	5,520.00	55,200.00	5,520.00	55,200.00
Fresh Issue during the year	-	-	-	-
Outstanding at the end of the year	5,520.00	55,200.00	5,520.00	55,200.00

- 18.5 During the current year, the Company has paid final dividend of ₹ 1.80 per share on fully paid equity shares for the financial year 2018-19 aggregating to ₹ 11,978.38 lakhs (including dividend distribution tax thereon amounting to ₹ 2,042.38 lakhs) upon approval of shareholders in Annual General Meeting dated 17 May, 2019.
- During the previous year ended 31 March, 2019, the Company had paid final dividend of ₹ 1.60 per share on fully paid equity shares for the financial year 2017-18 aggregating to ₹ 10,647.45 lakhs (including dividend distribution tax thereon amounting to ₹ 1,815.45 lakhs).
- 18.6 In respect of the year ended 31 March, 2020, the Board of Directors at its meeting held on 29 April, 2020 have proposed a final dividend of ₹ 2.40 per share to be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been disclosed as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ 13,248.00 lakhs.

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
Note 19		
Other equity		
19.1 Capital redemption reserve		
(a) Opening balance	50,000.00	-
(b) Add : Amount transferred from retained earnings (net)	-	50,000.00
(c) Closing balance	<u>50,000.00</u>	<u>50,000.00</u>
19.2 General reserve		
(a) Opening balance	9,150.00	9,150.00
(b) Add : Amount transferred from retained earnings (net)	-	-
(c) Closing balance	<u>9,150.00</u>	<u>9,150.00</u>
19.3 Retained earnings		
(a) Opening balance	2,03,913.84	2,31,014.92
(b) Add : Additions during the year	41,026.99	33,546.37
(c) Less : Transfer to capital redemption reserve	-	50,000.00
(d) Less : Payment of dividend on equity share capital (refer note 18.5)	9,936.00	8,832.00
(e) Less : Dividend distribution tax on dividend paid on equity shares (refer note 18.5)	2,042.38	1,815.45
(f) Closing balance	<u>2,32,962.45</u>	<u>2,03,913.84</u>
	<u>2,92,112.45</u>	<u>2,63,063.84</u>

Nature and purpose of reserves:

Capital redemption reserve

Capital redemption reserve represents amounts set aside on redemption of preference shares.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

Retained earnings

Retained earnings are the profits of the Company earned till date net of appropriations.

TATA POWER DELHI DISTRIBUTION LIMITED
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Note 20
Long-term borrowings

20.1 Secured - at amortised cost

(i) Term loans from banks

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
(a) Allahabad Bank	33,125.00	13,802.08
(b) Axis Bank	17,230.00	16,811.00
(c) Bank of Baroda*	8,750.00	10,000.00
(d) Canara Bank	33,819.44	43,402.77
(e) HDFC Bank	78,062.50	34,283.33
(f) IDFC First Bank	-	17,500.00
(g) Indian Bank	14,895.83	17,083.33
(h) Punjab National Bank	19,375.00	20,000.00
(i) Punjab & Sind Bank	29,375.00	38,125.00
(j) State Bank of India	28,750.00	10,625.00
(k) Union Bank of India	-	555.56
Total long-term borrowings	2,63,382.77	2,22,188.07

* Dena Bank amalgamated with Bank of Baroda w.e.f. 1 April, 2019.

20.2 Current maturities of long-term borrowings

For the current maturities of long-term borrowings, refer note 28(b), Other financial liabilities-current. Current maturities of long term borrowings includes repayment to be made before due date of 12 months, due date being a holiday.

The Company has availed moratorium under the COVID-19 relief package issued by the Reserve Bank of India (RBI notification no. RBI/2019-20/186 dated March 27, 2020) on the debt facilities of ₹ 3,10,738.07 lakhs outstanding as at 31 March, 2020. In line with the terms of the relief package, the Company have availed moratorium on principal and interest payments on the aforesaid facilities falling due between 2 April, 2020 to 31 May, 2020.

20.3 Terms of repayment

20.3.1 Secured - at amortised cost

S. No.	Name of Bank	Refer note for security	As at 31.03.2020	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	₹/Lakhs FY 2025-26 to FY 2029-30
- Term loans from banks									
(a)	I Allahabad Bank	20.6	17,083.33	2,083.33	-	1,875.00	1,875.00	1,875.00	9,375.00
	II Allahabad Bank	20.7	21,718.75	3,593.75	4,791.67	4,791.67	4,791.67	1,666.66	2,083.33
(b)	I Axis Bank	20.7	16,811.00	4,581.00	6,108.00	6,122.00	-	-	-
	II Axis Bank	20.7	8,750.00	3,750.00	5,000.00	-	-	-	-
(c)	I Bank of Baroda	20.7	10,000.00	1,250.00	1,666.67	1,666.67	1,666.67	1,666.66	2,083.33
(d)	I Canara Bank	20.6	21,736.11	4,583.33	4,861.11	4,861.11	4,305.56	1,250.00	1,875.00
	II Canara Bank	20.7	21,666.66	5,000.00	5,000.00	3,333.33	3,333.33	3,333.33	1,666.67
(e)	I HDFC Bank	20.6	44,375.00	1,770.83	4,583.33	5,833.33	5,833.33	5,833.34	20,520.84
	II HDFC Bank	20.7	42,208.33	6,750.00	9,555.56	9,555.56	9,555.55	5,333.33	1,458.33
(f)	I Indian Bank	20.6	8,750.00	937.50	1,250.00	1,250.00	1,250.00	1,250.00	2,812.50
	II Indian Bank	20.7	8,333.33	1,250.00	1,666.67	1,666.67	1,666.67	1,666.66	416.66
(g)	I Punjab National Bank	20.6	20,000.00	625.00	2,500.00	2,500.00	2,500.00	2,500.00	9,375.00
(h)	I Punjab & Sind Bank	20.6	7,500.00	937.50	1,250.00	1,250.00	1,250.00	1,250.00	1,562.50
	II Punjab & Sind Bank	20.7	30,625.00	7,812.50	8,750.00	8,750.00	4,687.50	625.00	-
(i)	I State Bank of India	20.6	30,625.00	1,875.00	3,750.00	5,000.00	5,000.00	3,750.00	11,250.00
(j)	I Union Bank of India	20.6	555.56	555.56	-	-	-	-	-
	Total		3,10,738.07	47,355.30	60,733.01	58,455.34	47,715.28	31,999.98	64,479.16

20.4 Installments for all the term loans are on quarterly basis.

20.5 The rate of interest for term loans from banks ranges from 8.15% to 8.80%. The rate of interest for term loans from banks are subject to reset annually except the term loan from Axis Bank referred in b(ii) of Note 20.3.1 for which the reset occurs half-yearly.

20.6 Secured against first pari-passu charge on all present and future property, plant and equipment and intangible assets (movable and immovable) including stores & spares and third pari-passu charge on all present and future receivables.

20.7 Secured against fourth pari-passu charge on all present and future receivables including regulatory deferral account balances.

20.8 For secured loans outstanding from banks amounting to ₹ Nil (as at 31 March, 2019 ₹ 13,750.00 lakhs), 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.

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	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
Note 21		
Other financial liabilities - non current		
(At amortised cost)		
(a) Security deposits		
(i) Consumers' security deposit	67,452.65	62,537.57
(ii) Others	415.35	318.90
(b) Retention money payable	300.83	-
	<u>68,168.83</u>	<u>62,856.47</u>

Note 22
Provisions - non current

Accounting policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
Provision for employee benefits		
(a) Compensated absences	5,504.08	4,367.72
(b) Other employee benefits	156.96	202.26
	<u>5,661.04</u>	<u>4,569.98</u>

22.1 Other employee benefits include pension liability to VSS employees.

22.2 Defined contribution plan

(i) Provident fund plan and employees state insurance scheme

The Company makes contribution towards Provident Fund which is 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 has no obligation, other than the contribution payable to the respective fund. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company makes contribution towards Employee State Insurance Scheme (ESIS) which is 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 ₹ 3,467.91 lakhs (for the year ended 31 March, 2019 ₹ 3,376.98 lakhs) has been charged to the Statement of Profit and Loss during the year.

22.3 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.

22.4 Policy for recognising actuarial gains and losses

Actuarial gains and losses of defined benefit plan arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in other comprehensive income.

TATA POWER DELHI DISTRIBUTION LIMITED
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22.5 Risks associated with the plan provisions are actuarial risks. These risks are investment risk, interest rate risk, demographic risk and salary escalation risk.

(a) **Investment risk:**

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

(b) **Interest rate risk:**

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

(c) **Demographic risk:**

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

(d) **Salary escalation risk:**

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

22.6 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, 2020. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 "Employee Benefits" to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

Particulars	₹/Lakhs	
	Gratuity (Funded)	
	As at 31.03.2020	As at 31.03.2019
(i) Net liability arising from defined benefit obligation	564.47	9.40
(ii) Change in benefit obligations:		
(a) Present value of obligations as at 1 April	3,455.11	3,048.03
(b) Current service cost	391.26	310.67
(c) Interest expense or cost	268.65	247.50
(d) Remeasurement (gains)/losses: Actuarial (gains)/losses	586.06	54.07
(e) Benefits Paid	343.85	205.16
Present value of defined benefit obligation as at 31 March (a+b+c+d-e)	4,357.23	3,455.11
(iii) Change in plan assets		
(a) Fair Value of Plan Assets as at 1 April	3,445.71	2,804.07
(b) Investment Income	250.46	219.07
(c) Employer's Contribution	450.00	634.91
(d) Remeasurement (gains)/losses:		
- Return on plan assets (excluding amounts included in net interest expense)	(9.56)	(7.19)
(e) Benefits Paid	343.85	205.15
Fair value of plan asset as at 31 March (a+b+c+d-e)	3,792.76	3,445.71

(iv) Expenses recognised in the Statement of Profit and Loss

Particulars	₹/Lakhs	
	Gratuity (Funded)	
	Year ended 31.03.2020	Year ended 31.03.2019
(a) Current service cost	391.26	310.67
(b) Net Interest expense/(Income)	18.18	28.42
(c) Other adjustments	(14.94)	(43.16)
Defined benefit cost recognised in the Statement of Profit and Loss (a+b+c)	394.50	295.93

(v) Amount recognised in other comprehensive income (remeasurements)

Particulars	₹/Lakhs	
	Gratuity (Funded)	
	Year ended 31.03.2020	Year ended 31.03.2019
(a) Actuarial (gains)/losses arising from:		
- changes in demographic assumptions	5.27	-
- changes in financial assumptions	466.98	2.42
- experience adjustments	113.81	51.65
(b) Return on plan assets (excluding amounts included in net interest expense)	9.56	7.19
Components of defined benefit costs recognised in other comprehensive income (a+b)	595.62	61.26

(vi) Principal actuarial assumptions:

Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
Financial assumptions:			
(a) Discount Rate (per annum)	1.	6.25%	7.60%
(b) Salary growth rate (per annum)	2.	8.00%	8.00%

Notes:

1. **Discount Rate:** The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields/rates available on government bonds as on the current valuation date.
2. **Salary growth rate:** The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

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Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Demographic assumptions:		
(a) Normal retirement age	60 years	60 years
(b) Mortality rate	100% of Indian Assured Lives Mortality (2012-2014)	Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table
(c) Withdrawal rate	8% per annum	8% per annum

(vii) Major categories of plan assets as a percentage of total plan assets:

Particulars	As at 31.03.2020	As at 31.03.2019
Government of India Securities	74.84%	66.76%
Debt Instruments	19.01%	25.89%
Equity and preference shares	5.95%	6.94%
Other deposits	0.20%	0.41%
	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.

(viii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

1. Changes in defined benefit obligation due to 1% increase/decrease in discount rate, if all other assumptions remain constant:

Particulars	₹/Lakhs	
	As at 31.03.2020	As at 31.03.2019
(a) Decrease in defined benefit obligation due to 1% increase in discount rate	362.01	252.11
(b) Increase in defined benefit obligation due to 1% decrease in discount rate	419.01	289.22

2. Changes in defined benefit obligation due to 1% increase/decrease in expected salary growth rate, if all other assumptions remain constant:

Particulars	₹/Lakhs	
	As at 31.03.2020	As at 31.03.2019
(a) Decrease in defined benefit obligation due to 1% decrease in expected salary growth rate	359.65	253.43
(b) Increase in defined benefit obligation due to 1% increase in expected salary growth rate	407.64	285.24

Changes in defined benefit obligation due to 1% increase/decrease in mortality rate, if all other assumptions remain constant is insignificant.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of the valuation for the prior period. For change in assumptions please refer to table in (vi) above, where assumptions for prior period, if applicable, are given.

(ix) Effect of plan on Company's future cash flows

(a) Funding arrangements and funding Policy

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(b) Maturity profile of defined benefit obligation

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Weighted average duration of the defined benefit obligation	9 years	13 years
(ii) Duration of defined benefit obligation	Amount (₹/Lakhs)	Amount (₹/Lakhs)
1 year	378.52	335.12
2 year	339.37	285.82
3 year	284.84	277.38
4 year	290.87	220.65
5 year	300.78	232.44
More than 5 years	2,762.85	2,103.70
Total	4,357.23	3,455.11
(iii) Duration of defined benefit payments	Amount (₹/Lakhs)	Amount (₹/Lakhs)
1 year	378.52	347.62
2 year	383.12	319.02
3 year	341.66	333.12
4 year	370.69	285.14
5 year	407.28	323.20
More than 5 years	6,654.76	5,737.62
Total	8,536.03	7,345.72

(c) The contribution expected to be made by the Company during the financial year 2020-21 is ₹ 949.84 lakhs.

(d) The actual return on plan assets is ₹ 240.90 lakhs (for the year ended 31 March, 2019 ₹ 211.88 lakhs).

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22.7 Principal actuarial assumptions for long-term compensated absences

(i) Financial assumptions:

Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
(a) Discount rate (per annum)	1.	6.25%	7.60%
(b) Salary growth rate (per annum)	2.	8.00%	8.00%

Notes:

- Discount rate:** The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.
- Salary growth rate:** The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

(ii) Demographic assumptions:

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a) Normal retirement age	60 years	60 years
(b) Mortality rate	100% of Indian Assured Lives Mortality (2012-2014)	Published rates under Indian Assured Lives Mortality (2006-2008) ultimate table.
(c) Withdrawal rate (per annum)	8%	8%
(d) Rate of leave availment (per annum)	4%	5%
(e) Rate of leave encashment during employment (per annum)	4%	5%

Note 23

Capital grants

Accounting policy

Government grants are recognised if there is reasonable assurance that the assistance will be received and the conditions attached to assistance will be complied. Where the grant relates to a specified asset, it is recognised as deferred income, and amortised over the expected useful life of the asset. Other grants relating to revenue are recognised in the Statement of Profit and Loss.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair value and released to the Statement of Profit and Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset.

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
(i) Opening balance	581.49	655.74
(ii) Add : Additions during the year	-	-
(iii) Less: Amortisation during the year	74.83	74.25
(iv) Closing balance	506.66	581.49

Note 24

Contributions for capital works and service line charges

Accounting policy

Refer note 32.2 for accounting policy on contributions for capital works and service line charges.

Deferred revenue

(a) Capital works

(i) Opening balance	67,573.68	67,118.11
(ii) Add : Additions during the year	3,243.29	5,024.52
(iii) Less: Amortisation during the year	4,743.47	4,568.95
(iv) Closing balance	66,073.50	67,573.68

(b) Service line charges

(i) Opening balance	18,890.93	18,784.38
(ii) Add : Additions during the year	2,893.97	3,048.43
(iii) Less: Amortisation during the year	3,280.10	2,941.88
(iv) Closing balance	18,504.80	18,890.93

Total contribution for capital works and service line charges

84,578.30	86,464.61
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TATA POWER DELHI DISTRIBUTION LIMITED
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	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
Note 25		
Other non current liabilities		
Consumers' deposits for works and service line charges	34,229.56	22,580.72
Note 26		
Short-term borrowings		
26.1 Secured - at amortised cost		
From Banks		
(a) Cash credit	148.85	3,490.00
(b) Working capital demand loan		
(i) HDFC Bank	870.00	-
(ii) State Bank of India	-	7,200.00
	870.00	7,200.00
	1,018.85	10,690.00
26.2 Unsecured - at amortised cost		
From Banks		
(a) Unsecured credit facilities		
(i) Axis Bank	2,295.99	17,300.11
(ii) Canara Bank	11.45	7,100.56
	2,307.44	24,400.67
(b) Short term loan		
(i) Axis Bank	10,000.00	-
(c) Working capital demand loan		
(i) Axis Bank	12,000.00	-
(ii) Canara Bank	9,000.00	-
	21,000.00	-
	33,307.44	24,400.67
Total short-term borrowings	34,326.29	35,090.67

26.3 Secured credit facilities

The Company has availed secured cash credit limits of ₹ 14,500 lakhs from four banks i.e. State Bank of India, Punjab National Bank, Yes Bank and HDFC Bank, presently at an interest rate ranging from 7.85% to 9.85% per annum. 60% of the sanctioned cash credit limit of banks (except Punjab National Bank) has to be first utilised as working capital demand loan in order to avail cash credit facility. These facilities are secured against first pari-passu charge on all present and future property, plant and equipment and intangible assets (movable and immovable) including stores and spares and third pari-passu charge on all present and future receivables.

26.4 Unsecured credit facilities

The Company has unsecured fund based credit facilities of ₹ 20,000 lakhs from Axis Bank and ₹ 15,000 lakhs from Canara Bank, presently at an interest rate of 8.20% and 8.35% per annum respectively. 60% of the sanctioned limit of banks has to be first utilised as working capital demand loan in order to avail such facility.

26.5 Unsecured - Term loans - from other parties

(a) Commercial paper

During the current year, the Company has issued and repaid commercial paper as follows:

Particulars	Units	FY 2019-20					
		1.	2.	3.	4.	5.	6.
(i) Date of Issue		05.04.2019	10.05.2019	13.05.2019	15.07.2019	08.08.2019	06.09.2019
(ii) Repayment date		26.06.2019	08.08.2019	26.07.2019	29.08.2019	06.09.2019	04.10.2019
(iii) Discount rate	% p.a	7.27	8.05	8.05	7.90	7.38	7.00
(iv) Amount	₹/Lakhs	24,598.25	9,805.37	9,839.42	7,427.66	14,912.57	9,946.58
(v) Face value	₹/Lakhs	25,000.00	10,000.00	10,000.00	7,500.00	15,000.00	10,000.00

(b) Short term loan

During the current year, the Company has availed and/or repaid short term loan as follows:

Particulars	Units	FY 2019-20				
		1.	2.	3.	4.	5.
(i) Name of the bank		Axis Bank	State Bank of India	Axis Bank*	HDFC Bank	Axis Bank
(ii) Disbursement taken on		02.05.2019	04.05.2019	26.06.2019	26.06.2019	11.03.2020
(iii) Repayment date		20.05.2019	03.06.2019	22.10.2019	24.09.2019	10.06.2020
(iv) Interest Rate	% p.a	8.75	8.30	8.45	8.50	8.05
(v) Amount	₹/Lakhs	5,000.00	4,000.00	10,000.00	3,000.00	10,000.00

* Interest rate of 8.60% per annum for the period 26 June, 2019 to 22 August, 2019.

Note 27

Trade payables (at amortised cost)

1,11,117.94 1,24,156.59

27.1 The average credit period on purchases from long-term power purchase arrangement ranges from 30 days to 60 days. Thereafter, interest is charged which generally ranges from 1.25% p.m. to 1.5% p.m. on the unpaid amount. Rebate is generally available @ 1.5% if payment is made within 5 days from the presentation of bill as per CERC Regulation and @ 2% if payment is made within 2 days from the presentation of bill as per DERC Regulation or @ 1% if payment is made within 30 days from date of presentation. In some cases day-wise rebate is also available. In case of short-term power purchase arrangement, credit period ranges from 1 day to 30 days.

However as per CERC Order dated 3 April, 2020 and DERC Order dated 7 April, 2020 if any delayed payment by the distribution companies to the generating companies and transmission licensees beyond 45 days in case of Central Sector Generating Station (CSGS) and (Inter State Transmission Utility (ISTS) and 60 days in case of State Generating Station (SGS) and State Transmission Utility (STU) from the date of the presentation of the bills falls between 24 April, 2020 and 30 June, 2020, late payment surcharge has been reduced to 12% per annum which translates into 1% per month.

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27.2 Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	₹/Lakhs	
	As at 31.03.2020	As at 31.03.2019
(a) Principal amount remaining unpaid as at 31 March	1,208.26	134.79
(b) Interest due thereon as at 31 March	-	-
(c) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(e) The amount of interest accrued and remaining unpaid as at 31 March	-	-
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

Note 28

Other financial liabilities - current
(At amortised cost)

	As at 31.03.2020 ₹/Lakhs	As at 31.03.2019 ₹/Lakhs
(a) Security deposits		
(i) Consumers' security deposit	4,352.26	4,385.49
(ii) Others	755.02	1,032.00
	5,107.28	5,417.49
(b) Current maturities of long-term borrowings (refer note 20)		
Secured - at amortised cost		
(i) Term loans from banks		
(a) Allahabad Bank	5,677.08	5,902.78
(b) Axis Bank	8,331.00	6,108.00
(c) Bank of Baroda	1,250.00	-
(d) Canara Bank	9,583.33	9,131.95
(e) HDFC Bank	8,520.83	2,716.67
(f) IDFC First Bank	-	6,250.00
(g) Indian Bank	2,187.50	2,916.67
(h) Punjab National Bank	625.00	-
(i) Punjab & Sindh Bank	8,750.00	15,789.36
(j) State Bank of India	1,875.00	2,500.00
(k) Union Bank of India	555.56	2,689.95
Total current maturities of long-term borrowings	47,355.30	54,005.38
(c) Interest accrued but not due on borrowings	934.87	576.79
(d) Current maturities of lease liabilities (refer note 5)	787.26	-
(e) Retention money payable	3,628.08	6,259.47
(f) Payables on purchase of property, plant and equipment	148.46	362.52
(g) Earnest money deposits	100.07	325.10
(h) Others	557.25	713.36
	58,618.57	67,660.11

Note 29

Provisions - current

Provision for employee benefits

(a) Compensated absences (refer note 22)	1,052.43	1,005.53
(b) Defined benefit plans (Gratuity) (refer note 22)	564.47	9.40
(c) Other employee benefits (refer note 29.1)	29.71	55.57
	1,646.61	1,070.50

29.1 Other employee benefits include pension liability to VSS employees.

29.2 Refer note 22 for accounting policy on provisions.

Note 30

Other current liabilities

(a) Income received in advance	1,273.93	534.49
(b) Statutory dues	7,503.94	8,549.17
(c) Advance from consumers	7,893.43	6,243.11
(d) Advance government subsidy (to be adjusted upon billing)	7,914.36	7,948.48
(e) Payable for Pension Trust Surcharge (Including unbilled)	1,627.20	1,510.75
(f) Others	154.01	391.87
	26,366.87	25,177.87

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Note 31

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

Accounting policy

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise are disclosed as contingent liability and not provided for. Such liability is not disclosed if the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

Particulars	₹/Lakhs	
	As at 31.03.2020	As at 31.03.2019
Contingent liabilities*		
31.1 Claims against the Company not acknowledged as debts:		
(I) Legal cases filed by consumers, employees and others under litigation	3,583.26	3,547.49
(II) Water charges demand raised by Delhi Jal Board (DJB)	63.17	63.17
31.2 Liabilities arising out of litigation etc. due to provisions of Transfer Scheme pursuant to Delhi Electricity Reforms Act, 2002	100.00	100.00
31.3 Direct 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	1,397.61	1,397.61
(II) Interest demanded (as per demand order and appeal effect order)	919.18	908.84
(III) Total demand (I+II)	2,316.79	2,306.45
(IV) Out of the above demand, amount paid under protest/adjusted by Income Tax authorities	2,013.84	2,013.84
The above does not include any amount where the Income Tax department has preferred an appeal against issues already decided in favour of the Company.		
31.4 Indirect taxation matters relating to sales tax, service tax, GST where demand is under contest before judicial/apellate authorities	529.84	511.91
31.5 Claims of power suppliers, not acknowledged as expense and credits	16,133.09	19,922.85
31.6 Demand for interest on delayed payment of land license fee raised by Department of Power (Govt. of NCT Delhi) challenged by the Company before the High Court	450.20	-
31.7 Environmental compensation notice issued by Delhi Pollution Control Committee (DPCC)	50.00	-
31.8 Additional provident fund contribution (including interest and damages) payable by the Company pursuant to the Supreme Court order dated 28 February, 2019 in case the amendment is applied retrospectively w.e.f. April, 2014	1,210.71	-
*No provision is considered necessary since the Company expects favourable decisions.		
Commitments		
31.9 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	34,209.33	35,508.51

31.10 As detailed in note 37.6 on Rithala Power Generation Plant, the Company has challenged the DERC Order dated 11 November, 2019 before APTEL for allowance of balance depreciation along with other associated claims i.e. interest on debt, return on equity (RoE) etc. While the APTEL judgement is yet to come, management based on internal analysis supported by legal opinion believe favorable order from APTEL.

31.11 Due to COVID 2019 and lock down imposed from 25 March 2020, there has been decrease in demand and delay in collection towards the end of March, 2020 which has impacted the expected billing and collection efficiency for the year. Consequently, it has impact on incentive/disincentive on overachievement /underachievement of AT&C targets as per tariff regulations. Upon drop in demand and collection, the DERC has clarified to Discoms regarding treatment of this unprecedented calamity as 'force majeure' condition under the provision of DERC (Supply Code and Performance Standards) Regulations, 2017 and has stated that the standard of performance shall remain suspended during lockdown period. The Commission has assured that targets of billing and collection efficiency for FY 2019-20 will be re-considered at the time of true-up of ARR for FY 2019-20 subject to prudence check.

Considering the above referred communication of DERC and keeping the true up of billing and collection efficiency targets in abeyance, actual incentive/disincentive of AT&C targets will be accounted for at the time of true up.

31.12 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. The early retirement of these employees led to a dispute between the Company and the DVB Employees Terminal Benefit Fund, 2002 ('the Trust') with respect to payout of retirement benefits that these employees were eligible for. The Trust is 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.

The Company filed a write petition with the Hon'ble Delhi High Court which pronounced its judgement on 2 July, 2007 on this issue and provided two options to the Discoms for paying retiral benefits to the Trust. The Company chose the option whereby the Discoms were required to pay to the Trust an 'Additional Contribution' 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 matter was further challenged by the Trust before Hon'ble Supreme Court, however, no interim relief has been granted by the Hon'ble Supreme Court. Till date no Arbitral Tribunal of Actuaries has been appointed and therefore, no liability has been recorded based on option chosen by the Company.

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While the above referred writ petition was pending, the Company had already advanced ₹ 7,774.35 lakhs to the Special Voluntary Retirement Scheme Retirees Terminal Benefit Fund, 2004 Trust (SVRS Trust) for payment of retiral dues to separated employees. In addition to the payment of retiral benefits/residual pension to the SVRS Trust, in pursuant to the order of the Hon'ble Delhi High Court dated 2 July, 2007 the Company also paid interest @ 8% per annum, ₹ 801.27 lakhs in the financial year 2008-09 thereby increasing the total contribution to the SVRS Trust to ₹ 8,575.62 lakhs recorded as recoverable from SVRS Trust. As the Company was entitled to get reimbursement against advanced retiral benefit amount on superannuation age, the Company had recovered/adjusted ₹ 8,487.66 lakhs as at 31 March, 2020 (as at 31 March, 2019 ₹ 8,472.56 lakhs), leaving a balance recoverable ₹ 87.95 lakhs as at 31 March, 2020 (as at 31 March, 2019 ₹ 103.05 lakhs) from the SVRS Trust which includes current portion of ₹ 33.09 lakhs (as at 31 March, 2019 ₹ 13.37 lakhs).

- 31.13 The liability stated in the opening Balance Sheet of the Company as per the Transfer Scheme as on 1 July, 2002 in respect of consumers' security deposit was ₹ 1,000 lakhs. The Company had engaged an independent agency to validate the sample data in digitized form of consumer security deposit received by the erstwhile DVB from its consumers. As per the validation report submitted by this agency the amount of security deposit received from consumers aggregated to ₹ 6,670.51 lakhs. The Company has been advised that as per the Transfer Scheme, the liability in excess of ₹ 1,000 lakhs towards refund of the opening consumer deposits and interest thereon is not to the account of the Company. Since the GNCTD was of the view that the aforesaid liability is that of the Company, the matter was referred to Delhi Electricity Regulatory Commission (DERC). During the year 2007-08, DERC vide its letter dated 23 April, 2007 conveyed its decision to the GNCTD upholding the Company's view. As GNCTD has refused to accept the DERC decision as binding on it, the Company has filed a writ petition in the Hon'ble Delhi High Court and the matter was made regular on 24 October, 2011. No stay has been granted by the High Court in the matter for refund of consumer security deposits and payment of interest thereon.

