



**Delhi Transco Ltd.**

**8<sup>th</sup> Annual Report - 2008-09**

**Rajendra K. Goel & Co.**

CHARTERED ACCOUNTANTS

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## AUDITOR'S REPORT

To,  
THE SHAREHOLDERS  
Delhi Transco Limited,  
New Delhi.

1. We have audited the attached Balance Sheet of Delhi Transco Limited as at 31<sup>st</sup> March 2009 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The company is governed by the Electricity Act 2003 w.e.f. 10.06.2003. Though the said Act has repealed the Electricity (Supply) Act 1948 and Electricity Regulatory Commission Act 1998, certain provisions, to the extent they are not inconsistent with the provisions of said Act, continued to be applied by the company while preparing the final statements. Further, the provisions of the said act read with the rules there under, have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956. The company is also governed by the provisions of Delhi Electricity Regulatory Commissions Act, 2000.
4. As required by the Companies (Auditor's Report) order, 2003, read with Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure "A" a statement on the matters specified in paragraphs 4 and 5 of the said order.
5. Further to our comments in Annexure "A" referred to in paragraph 4 above we report that
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit:
  - b. In our opinion proper books of accounts as required by law under section 209 (3) of the Companies Act, 1956 have been kept by the company, so far as appears from our examinations of the books.
  - c. The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the Books of Account.

- d. In our opinion and to the best of our information and according to explanations given to us, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are prepared in compliance with the applicable Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act 1956 except as mentioned hereafter in our report.
- e. The Government of National Capital Territory of Delhi are appointing nominee Directors who are exempt from provisions of section 274(1)(g) of the Companies Act 1956 in view of circular issued No 8/2002 dated 22.03.2002 by the Department of Company Affairs
6. We further report that:
- i. The amount of energy transmitted/wheeling charges is recorded on the basis of tariff determined by CERC and DERC. Moreover, the decisions/ orders/ pronouncements/Tariff revisions/Awards given by the regulatory bodies (CERC, DERC, etc.) is a continuous process and the consequential impact thereof cannot be ascertained and any change in this regard will be given effect as and when the same is received.
- ii. The Company has not accounted for Deferred Tax Assets in view of uncertainties of its availment. (Refer to Note 31 of Schedule 22).
- iii. In respect of the employees employed before unbundling of DVB, the shortfall, if any, in the recognition of expenditure on retirement benefits of the said employees by the company for the FY 2008-09 could not be ascertained pending the actuarial valuation of the present value of the obligations of the Pension Trust towards retirement benefits. However, in respect of the employees employed after the unbundling of DVB, the company has got the actuarial valuation done regarding present value of retirement obligations as on 31.03.2009 & has made the disclosure and has recognized the expenditure in terms of AS 15. (Refer note 21 of schedule 22)
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Notes on Accounts and Significant Accounting Policies and subject to our qualifications elsewhere in the report, give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:
- a. In the case of the Balance Sheet, of the State of Affairs as at 31<sup>st</sup> March 2009.
- b. In case of Profit & Loss Account, of the profit for the year ended on that date.
- c. In case of cash flow statement, of the cash flows for the year ended on that date.

For Rajendra K. Goel & Co.  
(Chartered Accountants)

Sd/-  
(V. K. Issar)  
Partner  
M. No. 9519

Place: New Delhi  
Date: 04.08.2009



**Annexure – A to The Auditors Report**  
(Referred to in Paragraph 4 of our report of Even Date)

**i) Fixed Assets**

a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. **The work of marking distinctive marks / specification numbers has been completed in respect of main plant & equipments and is under process for other assets.**

b) The physical verification of the Furniture, Fixtures, SCADA and Office Equipments was carried during the year by an independent firm of Chartered Accountant. As per physical verification report, the provision for dismantled equipments amounting to Rs. 3.10 Crore has been made in the books during the year.

The company has made a policy during FY 2006-07 to physically verify the fixed assets in phased manner as follows

- First year - i.e. 2006-07 Sub-stations & Transmission Assets
- Second Year - i.e. 2007-08 Buildings & Vehicles
- Third Year - i.e. 2008-09 Computers & Other Assets

In our opinion the frequency of physical verification is reasonable.

c) No substantial part of fixed assets has been disposed off during the year.

**ii) Inventories**

a) Inventory has been physically verified during the year at Mehrauli being the main store of the company. During the year unserviceable items of Rs. 1.80 Crore were identified and the same were properly dealt with in the accounts.

b) Procedures followed by the management of physical verification of inventory are reasonable & adequate in relation to the size of the company and the nature of its business.

c) Company is maintaining proper records of inventory.

**iii) Loans & Advances**

a) It has been explained to us that the company has not granted any loan, either secured or unsecured, to any companies, firms or other parties covered under Section 301 of the Companies Act, 1956 and therefore the clause 4(iii)(a), 4(iii)(b), 4(iii)(c) and 4(iii)(d) are not applicable.

b) The company has taken secured loan for Rs.153.00 crore from its holding company and rate of interest and terms and condition as to repayment of loan are not prima-facie prejudicial to the interest of the company. The payment of principle and interest are regular.

**iv) Internal Control**

There is adequate internal control commensurate with the size of the company and the nature of its business for the transfer of energy, stores, spares, plant and machinery and other assets. The Company has during the FY 2006-07 made a policy to determine non serviceable / slow moving / obsolete / damaged stores and spares twice a year.

V) We have been informed that no transaction was required to be entered in the register under section 301 of the Act.

**vi) Fixed Deposit**

As per the information and explanations given to us, the company has not accepted any deposit from the public to which provisions of section 58-A of the Companies Act, 1956, the companies (Acceptance of Deposits) Rules 1975 and Reserves Bank of India guidelines apply.

**vii) Internal Audit**

The company has engaged the services of a practicing firm of Chartered Accountants for internal audit for the financial year 2008-2009 on periodical basis.

**viii) Cost Records**

The Central Government has prescribed maintenance of cost record under section 209(1) (d) of the Companies Act, 1956 with effect from 01.04.2002. We have broadly reviewed the cost records prepared by the company and are of the opinion that, prima facie, the prescribed records have been made.

**ix) Statutory Dues**

- a) The company is generally regular in depositing statutory dues to the appropriate authorities.
- b) We were informed that there were no undisputed amount payable in respect of Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, VAT, Custom Duty and Excise duty, cess and any other statutory dues which were outstanding as at 31<sup>st</sup> March 2009 for a period of more than six months from the date they became payable.
- c) We were informed that there was no disputed amount payable in respect of Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, VAT, Custom Duty and Excise duty, service tax, cess and any other statutory dues which were outstanding as at 31<sup>st</sup> March 2009.
- x) The company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has not incurred cash losses in the current and immediately preceding financial period.
- xi) As informed to us, the company has not defaulted in repayment of dues to any financial institution, bank, debenture holders, etc.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit fund or a nidhi / mutual fund / society. Therefore this point is not applicable to this company.
- xiv) The company is not dealing in or trading in shares, securities, debenture and other investments. Therefore this point is not applicable to this company.
- xv) As informed to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) As informed to us, term loans have not been applied for purposes other than for which they were granted. As regards the investment in flexi deposits (CLTD) and FD, it has been explained to us that the company has been investing funds temporarily in CLTD and Fixed Deposit, aggregating to Rs 101.83 crore as on 31.03.2009, as a part of proper cash management.
- xvii) As informed to us, the funds raised on short-term basis have not been used for long-term investment and vice-versa.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Companies Act, 1956.
- xix) *The Company did not have any outstanding debenture during the year.*
- xx) *The company has not raised any money through IPO.*
- xxi) **Fraud**  
As informed to us, no fraud/ misappropriation of fund/ embezzlement has been noticed by or reported to the management during the year under review.

**For Rajendra K. Goel & Co.**  
**(Chartered Accountants)**

Sd/-  
**(V. K. ISSAR)**  
Partner,  
M. No. 9519

Date: 04.08.2009  
Place: New Delhi