Truing Up Application
For the
Financial Year 2022-23

30th November 2023

TP NORTHERN ODISHA DISTRIBUTION LIMITED

(A Tata Power & Odisha Government Joint Venture)

Corporate Office : Januganj, Balasore, Odisha-756019

Contents

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
PLOT NO.4, CHUNUKOLI, SAILASHREE VIHAR,
CHANDRASEKHARPUR, BHUBANESWAR

IN THE MATTER OF : **Truing –up application of TPNODL for FY 2022-23 under Section 62 and 86(1) and all other applicable provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 and other related Rules and Regulations.**

IN THE MATTER OF : **TP Northern Odisha Distribution Limited**
Corporate Office – Januganj, Balasore, Odisha-756019

---------------Applicant

And

GRIDCO Ltd & All Stake Holders

------------Respondents

Affidavit verifying the submission of TPNODL

I, Bhaskar Sarkar, aged about 58 years, son of Late Arup Kumar Sarkar, residing at Balasore, do hereby solemnly affirm and state as follows:-

I am the Chief Executive Officer of TP Northern Odisha Distribution Limited-the applicant in the above matter and duly authorised to swear this affidavit on its behalf.

The statements made in the application along with the annexures annexed to this application are true to the best of my knowledge and the statements made are based on information and records and I believe them to be true.

Date: 30.11.2023 **DEPONENT**

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
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<u>TPNODL , the above named Licensee, most respectfully showeth :</u>

The present truing –up application is being filed by TP Northern Odisha Distribution Limited (TPNODL) for the FY 2022-23 before Hon'ble Commission under Section 62 and 86(1) and all other applicable provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 and OERC (Conduct of Business) Regulation, 2004.

The submissions of TPNODL are enclosed herewith for kind approval of Hon'ble Commission.

BHASKAR SARKAR
CHIEF EXECUTIVE OFFICER
TP Northern Odisha Distribution Ltd

1. BACKGROUND

TP Northern Odisha Distribution Limited (TPNODL) has been incorporated as a joint venture between the Tata Power Company (51%) and Odisha Government (49%) on the Public-Private Partnership (PPP) model. TPNODL took over the license to distribute electricity in the five districts Balasore, Mayurbhanj, Bhadrak, Keonjhar and Jajpur districts of northern Odisha with effect from 1.4.2021 in compliance to vesting order of Hon'ble Commission dated 25.3.2021 in Case no-9/2021.

The business of TPNODL is governed by the license conditions issued by Hon'ble Odisha Electricity Regulatory Commission (OERC) vide Order No-OERC/Engg/06/2021/718 dated 29.06.2021 for distribution and retail supply of electricity in Northern Odisha.

That, in line with the relevant provisions of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 and other applicable rules and regulations, TPNODL hereby submits the application for truing up for the FY 2022-23 before Hon'ble Commission for kind approval.

That, in compliance to the direction of Hon'ble Commission, TPNODL had filed the application for determination of Annual Revenue Requirement and Tariff application for the FY 2022-23 on 30.11.2021. Hon'ble Commission after hearing all stakeholders, passed the order on dated 24.3.2022. The revenue requirement proposed by the licensee and the approval of the Hon'ble Commission vide above order are reproduced hereunder:

Table-1: Approval of Hon'ble Commission against the Proposal of TPNODL

(Rs. In Cr.)

Particulars	**Proposed**	**Approved**
	FY 2022-23	**FY 2022-23**
Cost of Power Purchase	1913.63	1932.42
Transmission Cost	167.44	168.56
SLDC Cost	1.02	1.08

Total Power Purchase, Transmission & SLDC Cost (A)	**2,082.09**	**2,102.06**
Employee costs	408.93	393.86
Repair & Maintenance exp.	240.01	141.43
Administrative and General Expenses	155.18	84.23
Provision for Bad & Doubtful Debts	26.57	16.02
Depreciation	70.78	44.66
Interest on loan including Interest on S.D	84.16	31.98
Total Operation & Maintenance Cost	**985.63**	**712.18**
Return on equity	65.85	40
Tax on ROE	22.15	
Carrying Cost on Regulatory Asset/Liability	20.51	
Total Distribution Cost	**1094.14**	**752.18**
Less: Miscellaneous Receipt/ Non-tariff Income	154.15	154.15
Net Distribution Cost(B)	**939.99**	**598.02**
Total Revenue Requirement (A+B+C)	**3,022.08**	**2,700.08**
Expected Revenue (Full year)	2657.21	2,701.03
GAP at existing (+/-)	**-364.87**	**0.95**

2. POWER PURCHASE COST

That, Hon'ble Commission had approved total input of 6020 MU for the FY 2022-23 with sales MU of 4915.30 MU. In the FY 2022-23, the actual input has been 6475.75 MU. The total sales in FY 23 has been 5415.12MU. This is mainly due to addition of 67MW new HT/EHT load, revival of 125MW load of M/s. Nilanchal Ispat Nigam Limited (NINL), M/s. Balasore Alloys, M/s. Tata Steel Ferro Alloys and M/s. Jabamayee Ferro Alloys Ltd and 80 MVA additional HT/EHT sales on special tariff taking the actual sales for FY 22-23 of 5415.12MU and with normative T&D loss of 18.35%, the normative Input for FY 22-23 is 6632.12MU. The power purchase cost (normative) for 6632.12MU is Rs.2312.31Crs. The details have been furnished in Annexure-TU-2. The approval of Hon'ble Commission vis-a –vis the actual and normative power purchase are detailed in the following table.

Table-2: Power Purchase Cost **(Rs. In Cr.)**

Expenditure	Approval by OERC for FY 22-23	Actual (Audited Accounts)	True up Considering Normative T&D loss 18.35%
INPUT(MU)	6020.00	6476.00	6632.12
Cost of power purchase	1932.42	2079.75	2129.94
Transmission Cost	168.56	181.29	181.29
SLDC Cost	1.08	1.08	1.08
Less: Rebate		-21.90	(21.90)
Total Power purchase Cost(A)	**2,102.06**	**2,240.22**	**2,290.41**

Therefore, for truing up, Hon'ble Commission is requested to consider the normative power purchase cost of Rs. 2290.41Crs for the FY 2022-23.

3. EMPLOYEE COST

Hon'ble Commission has allowed Employee cost of Rs. 393.86Crs for the Financial year 22-23. The actual expenses incurred towards employee cost in FY 22-23 is Rs. 440.316Crs. The details of the same are presented in the following table-

Table-3: Employee Expenses FY 22-23 **(Rs. In Cr.)**

Particulars	Expenses
Salaries, wages and bonus	240.30
Outsourced manpower cost	49.86
Contribution to provident and other funds	139.92
Staff welfare expenses	11.88
Terminal benefit expenses	11.20
Total	**453.16**
Less -Employee cost capitalized	(12.85)
Net Employee Cost	**440.316**

The actual employee cost vis –a –vis approval of Hon'ble Commission for the FY 22-23 is given in the following table.

Table-4: Employee Cost Approved Vs Actual

(Rs. In Cr.)

Particulars	Approved by OERC in Tariff order	Actual	Difference (Approval – Actual)
Employee Cost	417.8	453.16*	(35.36)
Less -Employee cost capitalized	23.94	12.85	11.09
Net Employee Cost	**393.86**	**440.32**	**(46.46)**

- Employee cost includes the outsource manpower cost

Hon'ble Commission in the Tariff Order for FY 23 dated 24.3.22, while allowing Employee expenses has directed under para 116 that, any expenses beyond approval needs to be justified in the True up Petition. Para 116 is reproduced hereunder:

"116. It is directed that employee cost needs to be incurred in the ARR order. ABP Order and any other directions by the Commission in this regard. Any expenses beyond the approval needs to be justified in the true up petition."

In line with the direction of Hon'ble Commission, the licensee is furnishing hereunder detailed justification for the actual employee cost incurred in FY 22-23.

TPNODL inherited 2158 nos. of regular employees and 13 nos. of contractual employees from erstwhile NESCO utility as on 31.3.2021. Subsequently, it has added resources on transfer from Tata Power leading to 2194 nos. of employees as on 1.4.2021.

The shortage of manpower posed real challenge for seamless operation. Further, as per manpower analysis, need was felt for creating missing bandwidths in Project Monitoring, Civil Engineering, Network Engineering & Planning, Sub-Transmission System, N/W Protection, Preventive Maintenance, Consumer Care, Enforcement, Meter Management. Accordingly plans for induction of manpower were prepared. Further, the commercial organization had to be redefined upto the section level to bring in more focus on commercial activities. The Section Level which is the foundation for all Commercial and Technical activities, needed to be strengthened. IT & OT – Competencies had to be enhanced to take care of advent of new technologies like SCADA, GIS, ADMS, Data Center, IT applications, ERP, Infrastructure Management & control.

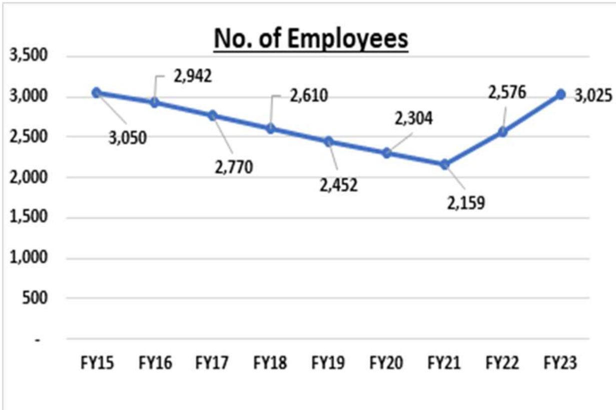
TPNODL carried out detailed study of the existing manpower gaps across various departments and geographies of TPNODL and worked out requirement of new expert manpower to fill up various resource gap areas like Network Planning & Engineering, Sub Transmission System management, Enforcement, Energy Audit, Safety, Projects, Civil, IT & OT and formulated a comprehensive recruitment plan.

Hon'ble Commission has permitted recruitments for FY 22-23 up to employee / consumer ratio of 1.4/ 1000 Consumers, vide its letter no OERC/RA/TPWODL-38/2021/18 dt. 17.01.2022. The relevant extract of the Order is reproduced below:

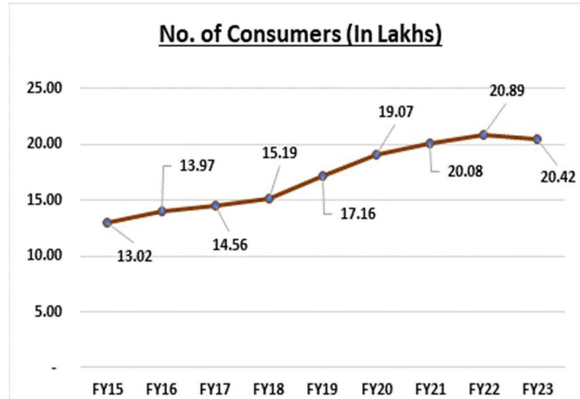
> *"The Commission has now allowed filling up of retirement in view of a low percentage of employees per one thousand consumers. **The Commission further observes that the recruitment for the ensuing year (FY 22-23) maybe undertaken to the extent so that the number of employees per one thousand consumers including replenishment of retiring vacancies of TPWODL, TPNODL and TPSODL**……… The Commission observes that the number of employees per thousand employees of TPCODL is already high relative to other Discoms and it shall be rationalized over the years to bring it to the level mentioned above. **The Commission further directs the DISCOMS to file their separate manpower requirement and Action Plan for FY 22-23 keeping in view the number of employees per thousand consumers as indicated by the Commission above. It shall be kept within 1.40.**"*

In view of the above, the licensee has formulated its recruitment plan for FY 22-23 and submitted before the Hon'ble Commission vide letter no. TPNODL/Regulatory/2022/2762 dated 20.6.2022

Year wise Employee Status



Year Wise Consumer Status



It is pertinent to mention here that, on 1.4.1999, the no. of employees was 4557 and the total consumer base was 2.5 lacs. In FY 2022, the consumer base has increased 8 times to 20 Lacs, and the number of employees gone down to a reduction of 52%. Only after recruitments FY 22 onwards, the employee strength has started improving.

In line with the direction of Hon’ble Commission to keep the number of employees per thousand consumers within the ratio of 1.40, the licensee had proposed 551 nos. of recruitments for FY 2022-23 with the projected consumer base as of 21,75,590 on 31st March 2023. However, 1,26,702 nos. of non-existing consumers have been removed from the active directory of billing system in FY 23, and the number of consumers as on 31st March 2023 became 20,41,588 . Hon’ble Commission has been kind enough to consider the grounds placed by the licensee and allow 551nos. of new recruitments for FY 23.

The actual recruitment done in FY 22-23 was 518 nos. This was done to ensure restructured commercial set up upto the section level and to fill up various critical resource gaps planned.

3.1 Steps taken for optimization of Employee Cost:

1. To optimize the employee cost, the licensee has inducted mostly trainees. A comparative analysis of the number of recruitments done in the first two years of operation and the percentage of trainees inducted year wise depicted in the following table

Table-5: Recruitment Details **(In Nos.)**

FY	Total no. of recruitment done/planned	No. of Trainees out of (b)	Percentage of trainee to total no. of recruitments
(a)	(b)	(c)	(d)
2021-22	474	162	34%
2022-23	518	377	73%

2. The average salary of new joinees in executive cadre is around sixty-eight thousand (Rs. 68,000). The average salary of trainees is around thirty-eight thousand. The licensee has tried to optimize the no. of employees vis-à-vis employee cost by inducting more number of Trainees.

An estimation of cost optimization is depicted in the following table.

Table No-6: Employee Cost Optimization **(Rs. In Lakhs)**

Particulars	Avg. Salary In (CTC) - per month	Nos. Inducted up to 2022-23	Total Cost (Per Month)
New Joinee	0.68	477	324.36
Trainees	0.38	623	236.74
Total Cost in ₹ Lakhs			562.10
Total cost with all executive	0.68	1100	748.00
Cost optimization in ₹ Lakhs			185.90
Cost optimization (%)			33%

3. In addition to the above, the licensee has planned recruitment in a staggered manner for every financial year to optimize the employee cost.

Considering the steps taken by the licensee to optimize the employee cost, Hon'ble Commission is requested to consider the actual employees cost of Rs. 440.32 Cr as per the audited accounts for truing up for the FY 2022-23.

4. REPAIR & MAINTENANCE EXPENSES

Hon'ble Commission had approved Rs. 141.43Crs for R&M expenses for the FY 2022-23 in the RST order for the FY 2022-23. In the ARR application for FY 22-23, outlining the requirement of a comprehensive repair and maintenance plan, TPNODL proposed total R&M cost of Rs. 240.01Crs under the broad categories of sub-transmission system, distribution and others keeping in view the requirement to maintain the network in optimal manner not only to address the issues of safety and maintenance but also to reduce technical losses in order to improve its performance on AT&C loss trajectory.

Hon'ble Commission had approved total cost of Rs.141.43Crs for FY 22-23, out of which Rs. 109.43Crs. was approved by Hon'ble Commission at the rate of 5.4% of the GFA as on 1.04.2022 in line with the OERC Tariff Determination Regulation 2014 and Rs. 32Crs fo r maintenance of assets under RGGVY, DDUGVY & Biju Gram Jyoti Scheme, which continue to be with the Govt. of Odisha.

After obtaining approval of Hon'ble Commission towards the R&M expenses for the FY 23 in the Tariff Order for FY 23, the licensee had represented before Hon'ble Commission for reconsideration of the same vide letter no –TPNODL/Regulatory/2022/2762 dated 20.6.22. The approval was accorded slashing the requirement by over 41%. Such significant reduction in R&M was totally untenable and likely to severely impact amongst others, the various reliability, preventive maintenance, safety related initiatives which were planned to be carried out during the year. In view of the above, Hon'ble Commission was requested to kindly allow additional R&M cost during true up based on actual expenditure for FY 23 subject to prudence check in the above letter.

Considering the submission made by the licensee, Hon'ble Commission has been kind enough to allow the licensee for placing the matter in the 'next Tariff Hearing' vide letter no-OERC/RA/TPWODL-38/2021(Vol-I)/1141 dated 15.10.2022.

The actual expenses towards repair and maintenance have been Rs.237.53Crs. in the FY 2022-23. The details of R&M expenses incurred in FY 2022-23 are given in the following table

Table No-7: Repair & Maintenance (R&M) Expenses (Rs. In Cr.)

Sl. No	Description	Actual Expenses as per Audited Accounts FY 2022-23
1	AMC - Primary Substations & Feeders	45.93
2	Material required for Maintenance of 33 KV Network	2.21
3	Testing/Overhauling/Reconditioning of Transformers	12.41
4	Materials for Repairing/Service of Circuity Breakers/CT&PT	0.17
5	Distribution AMC Contract	153.60
6	Distribution Materials (O/H)	8.10
7	Distribution Materials (U/G)	3.16
8	Material & Services for Distribution Transformer Repairing	11.28
9	Others	0.67
10	**Total**	**237.53**

The approval vis-a –vis actual expenses as per the audited balance sheet are detailed in the following table.

Table-8: R&M Expenses Approved Vs Actual (Rs. In Cr.)

Expenditure	Approved by OERC	Actual (Audited)	Difference (Approval –Actual)
Repair & Maintenance Cost	141.43	237.53	(96.10)

4.1 Justification for higher R&M Cost:

Proper repair and maintenance of system network is the key to supply reliable and quality power supply to the consumers. It is pertinent to mention that, the entire network right from 33KV feeders to LT consumers were previously owned and maintained only by the Junior Manager (O&M) along with his team comprising of limited number of Lineman A/B/C, Helper, and Jr. Technician posted in respective sections. E&MR section was extending support to section staff for maintenance of 33/11KV primary substations. As sufficient manpower was not available, only limited corrective maintenance and restoration of power supply was in place.

To address the above issues and for proper maintenance of network, separate AMC has been introduced post takeover of TPNODL for 33KV and 11KV maintenance to create a culture of preventive maintenance.

Annual maintenance contracts for 33 kV network, 11KV & LT network had been established with expert market agencies for all 5 circles. The network is being inspected regularly through manual patrolling as well as drone inspection in forest and inaccessible areas. Thermoscanning is done for the entire network using high power thermo scanning cameras and to identify the defects, hotspots and attend breakdowns in quick time and perform preventive maintenance activities to enhance system reliability by rectifying the probable faults even before they occur.

The Performance Based Maintenance Contract also includes 24X7 Breakdowns Crews for restoration of 33KV & 11KV feeders and substation equipment. Besides, preventive maintenance activities are being performed as per the maintenance plan and schedule prepared by TPNODL using the SAP PM system.

The Annual Maintenance Contracts for maintenance of LT, 11 KV and 33 KV infrastructure, covers both the infrastructure in the GFA /Books of TPNODL as well as the Govt. Funded Infrastructure; the Hon'ble Commission shall appreciate that both, the Company owned Assets as well as those financed by the Government and transferred to the DISCOM to use and maintain, form part of the same Distribution Network and consequently require similar maintenance.

Further, during the performance review for the FY 22-23 by Hon'ble Commission and discussion in the 34th SAC meeting held on 24.7.23, the DISCOMs have been advised to ensure manning of all the rural sections in two shift operation and urban section in three shift. This is to bring out that, TPNODL has been manning rural fuse call centres for no current complaints, deploying maintenance gang for preventive maintenance of DT and 11KV network, breakdown gang for attending 11KV and LT breakdown in two shifts in rural areas right from the beginning.

The licensee has meticulously planned manpower deployment, so that restoration of power supply could be done within the shortest possible time and proper service could be provided to the customers.

The following table shows the man power positioning done by the licensee to ensure seamless operation and zero inconvenience to the consumer.

Table-9: For 11KV, LT maintenance and FCC Manning:

Section Type	Supervisor	Fuse Call Centre (FCC) Manning - for LT No Current Complaints	Maintenance Gang - For Preventive Maintenance of DT & 11kV Network	Breakdown Gang - For attending 11kV & LT Breakdown	Customer Service Executive
Urban (Norms)	1/ Section	1 SkLM + 1 Helper/Shift/FCC in 3 Shift	3 SkLM + 3 Helpers/ Section	1 SkLM + 1 Helper/Shift/Section in 3 Shifts	1/ Shift/ Section in 3 Shifts

Urban (Numbers)	44	412 SkLM + 412 Helper	132 SkLM +132 Helpers	132 SkLM+ 132 Helpers	132
Rural (Norm)	1/ Section	1 SkLM + 1 Helper/Shift/FCC in 2 Shift	3 SkLM + 3 Helpers/ Section	1 SkLM + 1 Helper/Shift/Section in 2 Shifts	1/ Shift/ Section in 2 Shifts
Rural (Numbers)	115	1116 SkLM+1116 Helpers	345 SkLM+345 Helpers	230 SkLM+230 Helpers	230
Total (Numbers)	159	1528 SkLM+1528 Helpers	477 SkLM+477 Helpers	362 SkLM + 362 Helpers	362
Total BA Supervisor =159, 2367 Skilled Lineman, 2367 Helpers and 362 Customer Service					

As such the expenditure incurred during the year 2022-23 towards R&M was Rs. 237.53Crs whereas the R&M expenditure approved by Hon'ble OERC was Rs 141.43Crs. Further, only to ensure two shift operation in rural area the extra cost incurred by the licensee is around Rs.43.46 Crs out of the additional Rs.96Crs R&M expenses incurred over and above the approval of Rs.141Crs by Hon'ble Commission . The balance is due to improved maintenance practices detailed in the following sections:

4.1 Project PTR Care

The licensee is having 245 nos. of PSS, 550 nos. of PTR and 3024ckt Km of 33KV line. Under Project PTR Care, in last Financial Year, Silica gel replaced in 514 nos., oil filtration/top-up carried out in 128 PTRs, PTR overhauling done in 47 PTRs, Repaired PTR installation -21nos and capacity of 27 nos PTRs augmented. Below is a brief of the activities carried out.

Table-10: Status of PTR Maintenance

PTR Care	
Description	**Nos**
Silica Gel Replacement	514
Oil Top up/Filtration	128
Breather Replacement	142
PTR Overhauling	51
Repaired PTR Installation	41
New PTR Augmentation	27

Major maintenance activity done in last financial (FY 2022-23) year as below.

Table-11: Major Maintenance Activity done in last Financial (FY 2022-23)

Sl. No.	List of Activity	Scheme	Total
1	Operation "BHOOMI"/Neutral Earthing Maintenance	PTR BACHAO	148
2	PTR Routine Test	PTR BACHAO	125
3	Leakage Arrest of Oil from PTR	PTR BACHAO	78
4	PTR Oil DGA test	PARIKSHAN	311
5	PTR Preventive Maintenance	PM	515
6	CB LIMB/POLE REPLACEMENT 33KV	CB	54
7	CB LIMB/POLE REPLACEMENT 11KV	CB	79
8	CB MECHANISM /LUBRICATION/ Maintenance	CB	121
9	CB Repair- (In House)	CB	72
10	AB SWITCH/ISOLATOR MAINTENANCE/Repair	SWITCHYARD	176
11	LA INSTALLATION/Maintenance	SWITCHYARD	1050
12	PSS Preventive Maintenance	PM	235
13	PSS/Line Thermal Scanning (No's of Hot Spot Found/Rectified)	PM	198

14	Repair/Maintenance of BATTERY CHARGER	PM	12
15	Repair/Maintenance of BATTERY BANK	PM	8
16	CT Replacement	PM	161
17	PT Replacement	PM	81
18	Switchyard/Control Room Cleaning	SWACH	235

4.2 SAP Based Plant Maintenance:

We had introduced SAP Based Preventive Maintenance & testing of PSS equipment's in SAP.

Table-12: Status of SAP Based Plant Maintenance

Date	Circle	No of Notification Raised	Type of Notification Raised			No of Notification Closed	Type of Notification Closed			No of Notification Pending
			M1	M2	PM03		M1	M2	PM03	
YTD Since Apr-22	**Balasore**	386	189	30	167	264	155	24	85	122
	Baripada	424	81	36	307	396	73	31	292	28
	Bhadrak	605	427	39	139	598	422	37	139	7
	Jajpur	746	428	102	216	675	411	95	169	71
	Keonjhar	428	242	32	154	208	56	20	132	220
	TOTAL	**2589**	**1367**	**239**	**983**	**2141**	**1117**	**207**	**817**	**448**

To ensure proper protection system of the PSS, New Relay installation, new battery bank and charger, New CR Panel installation and LA installation and upkeep carried out. A report on the same is provided below.

Table-13(a): Maintenance Status of PSS

Sr. No.	Description	FY-2022 Achieved	FY-2023 Achieved
1	Relay Installation Capex	NA	201
2	PTR Augmentation Capex	NA	27
3	NEW CB Installation-CB 11KV	12	107
4	NEW CB Installation-CB 33KV	8	71
5	Battery Bank	44	75
6	Battery Charger	33	55
7	PTR Earthing Capex	NA	98
8	RTU Installation	NA	26
9	CR Panel Installation	NA	82

Table-13(b): Maintenance Status of PTR

Sr. No.	Description	FY-22 Achieved	FY-23 Achieved
1	Project "NAVIKARAN" PTR Overhauling	24	47
2	Relay Setting Coordination	16	40
3	11KV/33 KV Metering Work	NA	776 222
4	PTR Maintenance in SAP	NA	515
5	PTR Health Index	NA	285
6	PTR Augmentation_Opex	NA	16

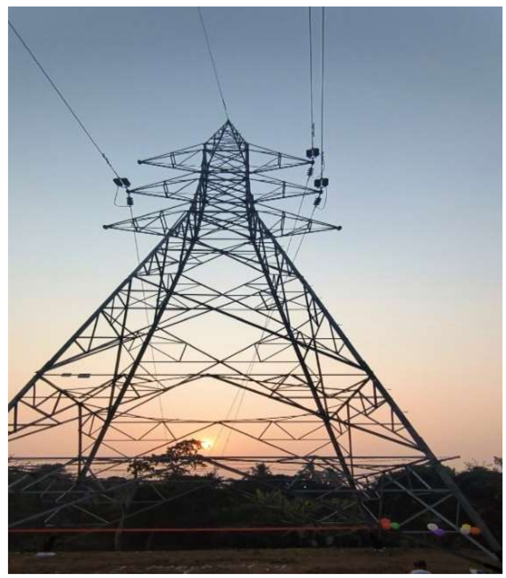
4.3 33KV Line Upkeep

Towards the 33KV line upkeep, 1877 nos. of Tilted poles straightened, 2867 conductor rejumpering carried out, 11837nos. of PIN insulators replaced, 1867 nos. of Tilted-Cross arm straightened.

Crossing of the huge 384Mtr span of Subarnarekha River with two interposing PC+6 towers at both sides of the river. This project has helped in providing a reliable power supply to more than 15,000/- Consumers of 33/11kV Rajghat PSS & Gao Amarda PSS.

Table-14: Maintenance Status of 33 kV Line

33KV Line-upkeep	
Description	**Nos.**
Tilted Poles Straightened	1887
Conductor Re-Jumpering	2857
Replacement of Pin Insulators	11737
Tilted V-Cross arm Straightened	2158
Tree Trimming (spans)	16551
Intermediate Pole Erection. (Critical)	153
New Link Lines 33 kV (CKM)	60

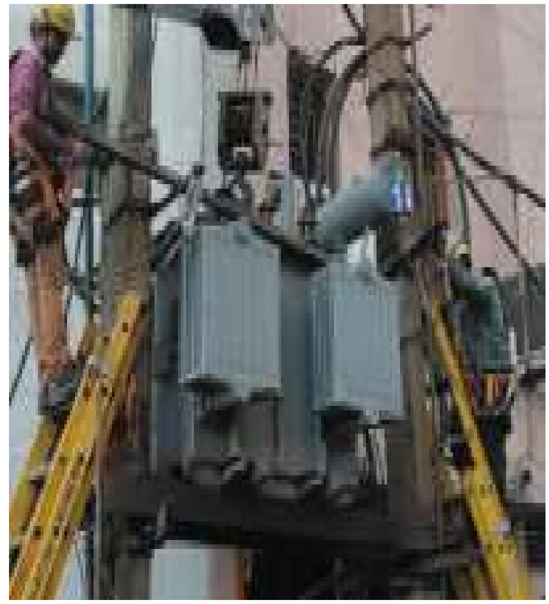


4.4 Project Raksha

Further, our 11KV system network comprises of 74726 DTRs and 40,188Ckt Km of 11KV line. Steps taken for the upkeep of 11KV system network outlined hereunder. Under project Raksha, oil filtration/top up, HT/LT Bushing replacement, Oil leakage checking, Breather/Silica Gel replacement, repairing /new DTR Body earthing, replacement of burnt socket, augmentation of DTs have been carried out. Brief of the activities upto H1 furnished in the following table.

Table-15: Maintenance Status of DTR

Description	Nos
Oil Top up/ Filtration	5026
HT/LT Bushing Replacement	2802
Oil Leakage / Breather/Silica Gel repl.	1396
DTR Body Earthing Repaired/Installed	2171
Burnt Socket Replaced	15007
Augmentation of Dist. Trf	41
Conversion of LT Bare to AB Cable (cKM)	2404.229



4.5 11KV Network Upkeep

Steps taken for DSS maintenance, 11KV line maintenance and to maintain the network hygiene are briefed in the following table

Table-16: 11KV Network Upkeep

DSS Maintenance		Network Hygiene		11KV Line Maintenance	
Tree Trimming / Vegetation Removal(Span)	**39,895**	**Pin Insulator Replaced**	**17833**	**Tree Trimming / Vegetation Removal (Span)**	**178682**
Earthing Resistances Checked	410	HG/DD Fuse Unit	1229	Conductor Restringing (KMtrs.)	1037.65
DTR Oil BDV Test Done	724	Load Balancing Done	2023	Replacement of Sick Conductor (KMtrs.)	63.522

Repair / Installation of New AB Switches	5135	LTDB & MCCB Installed	820	Insulated Jumpers Instl. /Replaced	45289
Refurbishment of Dist . Sub station	11096	LA Earthing Repaired	993	Straightening/replacement of Cross Arms	3627
Installation of LT Protection on Dist Trf:	5196	New DTR AB Switches Installed	413	Installation of Interposing Poles	3162
LA Installation	1076	New Link Lines 11 kV (CKM)	18.21	Stay Set Installed	1392
		Refurbishment Lines 11kV (CKM)	21.159	Line A/B Switch repaired	1671

4.6 LV Side Protection of DTRs

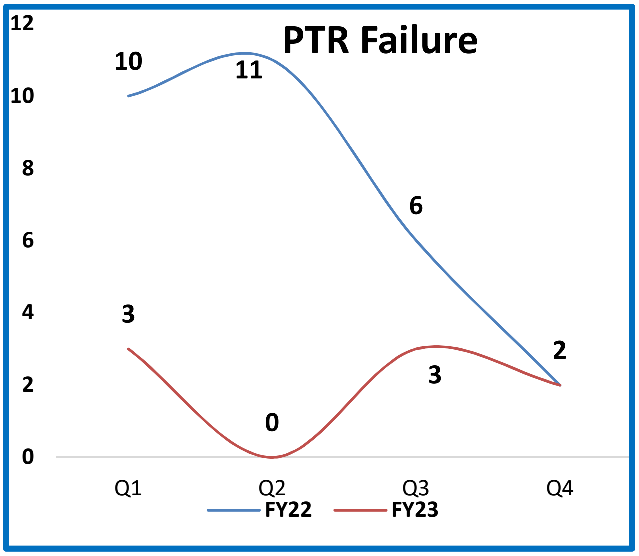
Beside the above, 2546 nos. of distribution substations have been refurbished and power cable replaced in 234 nos of DSS.

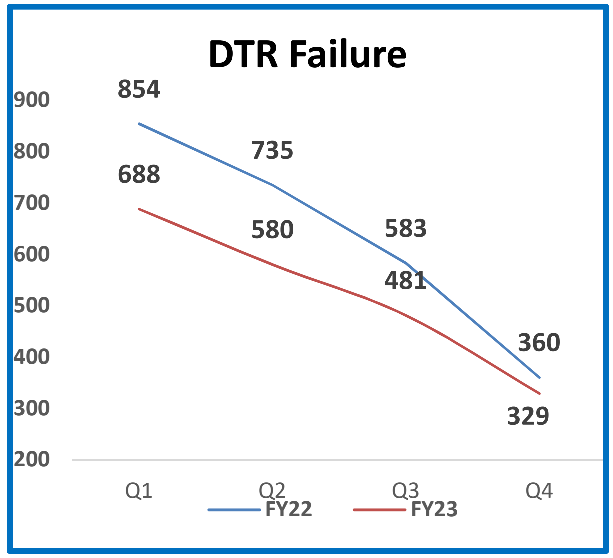
For the LT side protection of DTR, the steps taken are briefed in the following table:

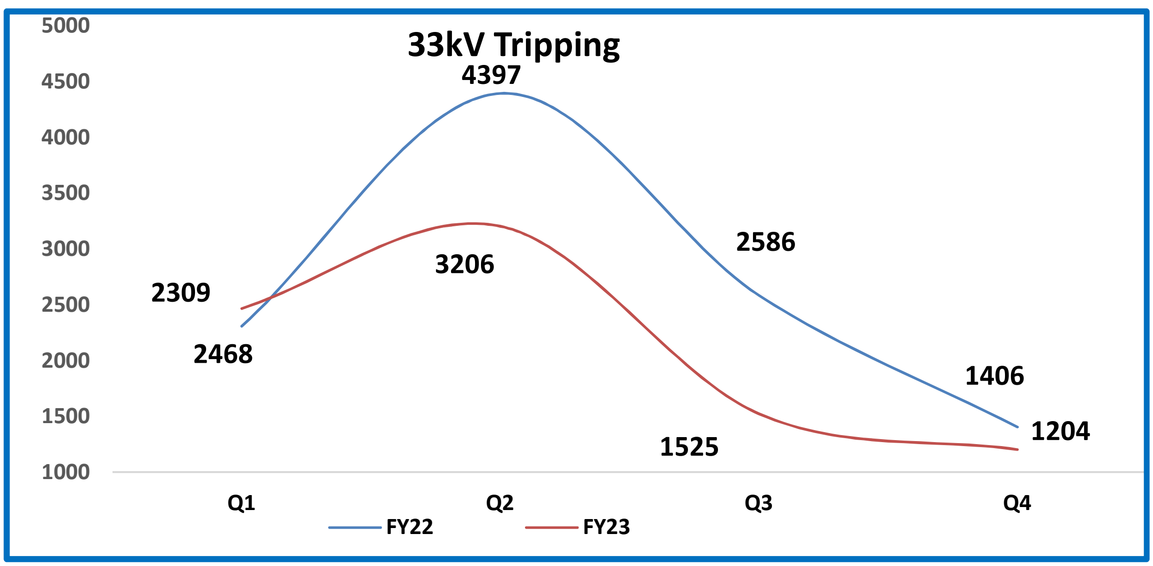
Table-17: Maintenance Status of LT Side of DTR

Circle	LT Air Circuit Breaker (400KVA Trx.)	MCCB 400A (>160KVA Transformer)	MCCB 160A (Upto 160 KVA Transf.)	Kit-kat Fuse
Balasore	70	48	98	1303
Bhadrak	30	34	98	518
Baripada	66	31	89	483
Jajpur	46	56	115	634
Keonjhar	22	29	46	274

The achievements in 33KV & 11kV trippings, DT and PT failure reduction are shown in the following graphs







4.7 Loss Reduction

Further, the technical loss reduction achieved in FY 23 vis-à-vis FY 22 are furnished in the following tables.

Table-18(a): TPNODL 33 KV Technical Loss Assessment FY22							
Circle	**Peak load (MW)**	**Line Loss (MW)**	**Trf. (No Load Loss) (MW)**	**Trf. (Load Loss) (MW)**	**Distributed loss @ 7.68% (MW)**	**Total Loss (MW)**	**Annual Tech loss in %**
Balasore	234.76	12.53	0.39	0.72	1.05	14.69	3.59
Baripada	136.52	5.56	0.75	0.98	0.56	7.85	4.31
Bhadrak	113.69	6.96	0.29	0.48	0.59	8.32	4.24
Jajpur	148.76	8.11	0.45	0.58	0.70	9.84	4.0
Keonjhar	109.5	4.37	0.30	0.21	0.37	5.25	3.18
TPNODL	**743.23**	**37.53**	**2.18**	**2.97**	**3.28**	**45.96**	**3.86**

Table-18(b): TPNODL 33 KV Technical Loss Assessment FY23							
Circle	**Peak load (MW)**	**Line Loss (MW)**	**Trf. (No Load Loss) (MW)**	**Trf. (Load Loss) (MW)**	**Distributed loss @ 7.68% (MW)**	**Total Loss (MW)**	**Annual Tech loss in %**
Balasore	287.16	12.01	0.52	0.94	1.03	14.5	3.26
Baripada	133.76	4.87	0.65	0.86	0.49	6.87	3.95
Bhadrak	111.05	5.83	0.32	0.31	0.50	6.96	3.7
Jajpur	164.79	7.67	0.31	0.39	0.64	9.01	3.8
Keonjhar	110.3	3.09	0.34	0.19	0.28	3.90	2.62
TPNODL	**807.06**	**33.47**	**2.14**	**2.69**	**2.94**	**41.24**	**3.47**

Table-19(a): TPNODL 11 KV Technical Loss Assessment FY22							
Circle	**Peak load (MW)**	**Line Loss (MW)**	**Trf. (No Load Loss) (MW)**	**Trf. (Load Loss) (MW)**	**Distributed loss @ 7.68% (MW)**	**Total Loss (MW)**	**Annual Tech loss in %**
Balasore	180.07	13.73	1.29	2.05	1.31	18.37	6.26
Baripada	156.77	6.99	0.94	1.23	0.70	9.86	5.16
Bhadrak	132.57	6.19	0.79	0.74	0.59	8.31	4.66
Jajpur	160.01	6.22	1.05	1.35	0.66	9.28	3.95
Keonjhar	109.65	4.13	0.61	0.63	0.41	5.79	4.11
TPNODL	**739.07**	**37.26**	**4.68**	**6.00**	**3.68**	**51.62**	**4.83**

Table-19(b): TPNODL 11 KV Technical Loss Assessment FY23							
Circle	**Peak load (MW)**	**Line Loss (MW)**	**Trf. (No Load Loss) (MW)**	**Trf. (Load Loss) (MW)**	**Distributed loss @ 7.68% (MW)**	**Total Loss (MW)**	**Annual Tech loss in %**
Balasore	234.07	10.56	0.99	1.57	1.01	14.14	4.41
Baripada	136.52	6.54	0.88	1.15	0.66	9.23	4.29
Bhadrak	132.54	6.16	0.54	0.92	0.59	8.21	4.32
Jajpur	159.12	4.87	1.34	1.06	0.56	7.83	3.35
Keonjhar	109.68	4.08	0.61	0.63	0.41	5.73	4.07
TPNODL	**771.93**	**32.21**	**4.36**	**5.34**	**3.22**	**45.13**	**4.09**

Hon’ble Commission is requested to consider the critical activities carried out by the licensee for loss reduction and improving the quality and reliability of power supply for the consumers and allow the actual R&M expenditure (Net off Govt. Grant amortisation) amounting to Rs. 237.53Crs for truing up, as per the audited accounts for FY 22-23.

5. ADMINISTRATIVE & GENERAL EXPENSES

TPNODL was vested on 01.04.2021 vide Commission's order in Case No. 9 of 2021 dated 25.03.2021. The commission in the vesting order had allowed TPNODL to file a separate Annual Business Plan (ABP) for FY 2021-22 with respect to the O&M expenses. The Commission while disposing such order in Case No.40 of 2021 dated 03.11.2021, allowed additional A&G expenses of Rs.29.52 crore for FY 2021-22 over the earlier approved Rs. 49.20Crs. Therefore, the total approval for FY 2021-22 was Rs.78.72Crs. Hon'ble Commission in the RST Order for FY 22-23 has approved total A&G expenses of Rs. 84.23Crs escalating the previous years approval by 7%.

However, the approval accorded by Hon'ble Commission in the ABP order was with reference to the A&G expenses incurred by the erstwhile licensee. Considering the ABP filed by TPNODL, Hon'ble Commission has allowed additional Rs.29.52Crs. with the following observation under para 122 of ABP order

" 122. On the above submissions the Commission observes that the expenditure in the A&G is a controllable expense and as per the OERC Tariff Determination Regulation additional

expenses are allowed in this head for specific measures towards reduction of AT&C losses and improving collection efficiency. We find that the proposals mainly relates to the improving metering management and services and customer services which are vital elements in reducing AT&C losses. The TPNODL is a new operating company and we believe that they have planned out their activities diligently for improving the overall distribution business. At this stage we allow the additional A&G expenses of about sixty percent of the approved amount in the ARR of Rs.49.20 crore for FY 2021-22 which is Rs. 29.52 crore. ***However, the petitioner is directed to produce the required justifications for such additional expenses under the head A&G expenses incurred in the truing up petition for FY 2021-22. The expenses under this head will accordingly be allowed after prudence check.****"*

The actual A&G expenses have been Rs. 105.24Crs. in the 1st year of operation that is FY 2021-22. In the second year of operation that is FY 22-23 the actual A&G expenses is Rs.112.55Crs. that is within the 7% escalation range of the expenses incurred in the 1st year of operation. The details are furnished in the following table

Table-20: A&G Expenses for FY 2022-23 (Rs. In Cr.)

SI No	Description	Actual Expenses as per Audited Accounts FY 2022-23
1	Rent, Rates & Taxes	5.52
2	Communication	2.41
3	Legal, Consultancy & Professional Charges	10.38
4	Conveyance & Travelling	14.62
5	Licence & Related Expenses	2.48
6	Advertisement Expenses (Public Relation)	4.95
7	Metering, billing and collection expenses	53.04
8	Printing & Stationary	1.52
9	Enforcement Activities	1.23
10	Safety & Ethics	1.05
11	Training	0.83
12	Insurance	2.88
13	House Keeping	0.44
14	Covid/Employee Welfare Expenses	3.33
15	Facility Management Services	0.20
16	Other Expenses/ Customer Care Call Center	7.67
Total		**112.55**

After receiving the A&G approval in the Tariff order for FY 23, the licensee had submitted before Hon'ble Commission for reconsideration of the same vide letter no-TPNODL/Regulatory/2022/2762 dated 20.6.22. It was submitted that, Hon'ble Commission has not considered elementwise cost details for FY 23 that was submitted by the licensee, rather allowed A&G expenses based on normative 7% escalation on the previous year cost allowance which is contrary to the provisions of vesting order. Section 57(c) of the Vesting

order categorically requires DISCOM to provide component wise expenditure with Hon'ble Commission undertaking a prudence check of the submission before allowing them.
The relevant extract of Vesting order reproduced hereunder:

> *"57 (c) For the subsequent years, TPNODL shall include the estimated expense for each component of O&M expense in the Aggregate Revenue Requirement petition submitted to the Commission as per the Tariff Regulations. The Commission shall undertake a prudence check of the submission made by TPNODL before allowing the same in Aggregate Revenue Requirement. Provided that the actual expenses allowed shall be subject to true-up as per the Tariff Regulations."*

The licensee had requested Hon'ble Commission to allow the additional expenditure over and above the current approved amount for FY 23 subject to actual expenditure and prudence check.

Considering the request of the licensee, Hon'ble Commission has been kind enough to allow the licensee to place the matter in the next Tariff Hearing vide letter no-OERC/RA/TPWODL-38/2021(Vol-I)/1141 dated 15.10.22

Further, while allowing the A&G expenses in the Tariff order for the FY 23 also, Hon'ble Commission has directed for extensive verification of such expenses while allowing them in true up.

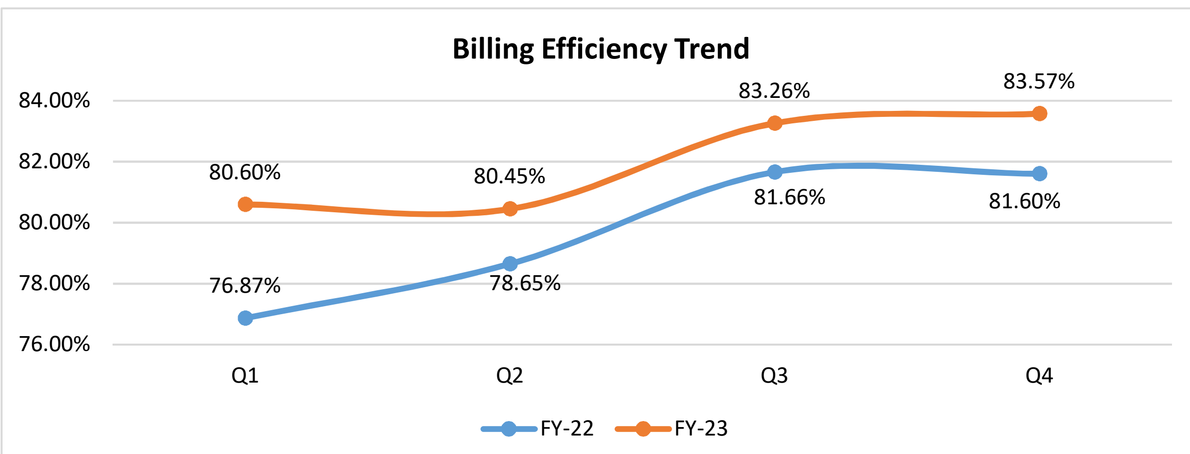
The relevant extract from Tariff Order FY 23 reproduced hereunder:

> ***"124. The Commission further observes that the DISCOMs shall make the expenditure in A&G Expenses head in a prudent manner and achieve the objectives for which these expenses are being made. The Commission will extensively check such expenses made by the DISCOMs while allowing them in Truing up. The higher expenses in A&G shall also reflect in the reduction of AT&C losses and general improvement in customer services. The Commission will also take into account such parameters while scrutinizing A&G expenses."***

TPNODL has engaged various new agencies from September, 2021 for undertaking meter reading, spot billing and collection activities in every pocket of distribution area. Various collection mechanisms have also been introduced to collect the monthly revenue. To cater the above activities, the licensee is incurring incidental expenses in form of charges and incentives to boost the revenue collection activities. The cost to that effect is included in the A&G Expenses. The detailed justification for the A&G incurred is furnished in the following paragraphs:

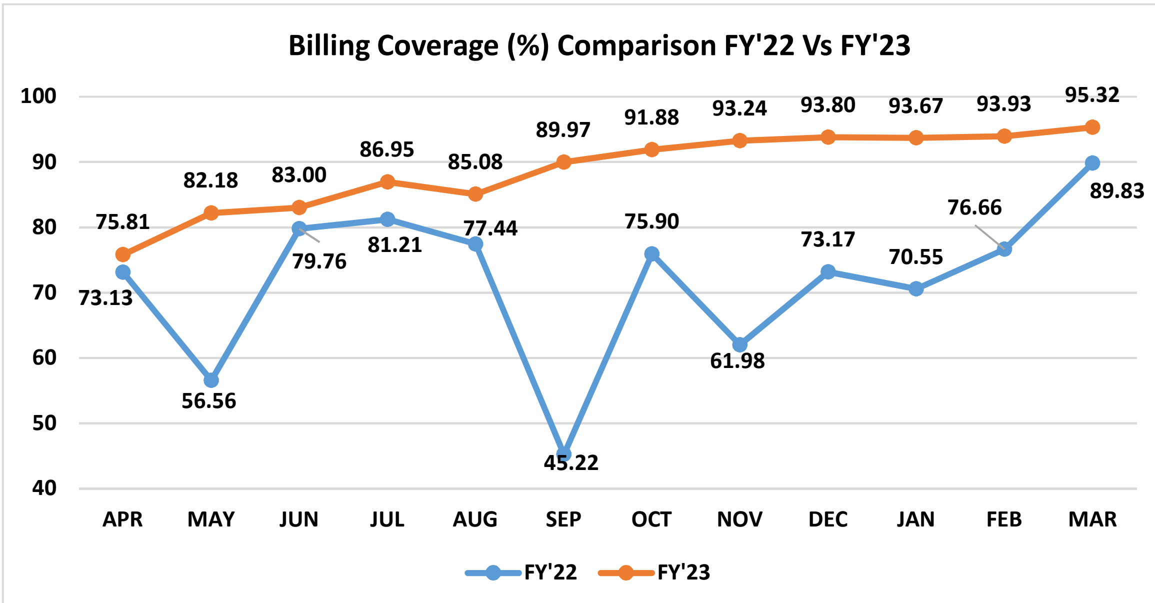
Keeping in view the critical need to drastically reduce the AT&C Losses, special emphasis was required to improve the billing and collection efficiencies. The licensee has put in place new MBC contract, through reengineering of contract and modality of separated meter reading-billing and collection contracts to increase the consumer coverage. It is pertinent to mention here that, by revising the MBC contracts, there has been an increase of around Rs. 304Crs in LT collection in FY 23 in comparison to that in the FY 22. Similarly, consumer coverage has increased from 55% in FY22 to 95% in FY23 Percentage of provisional bills have been brought down from 31% to 5%. Improvement in various parameters are detailed in the following sections

5.1 Billing Efficiency Improvement: Billing Efficiency reached to 83.57% at the end of the Q4 FY'23 from 76.87% at the end of Q1 FY'22.



After successfully MBC Contract separation in FY23, dedicated billing team working at the field for Single Phase for better billing coverage. Billing coverage reached up-to 95.32% at the end of FY23.

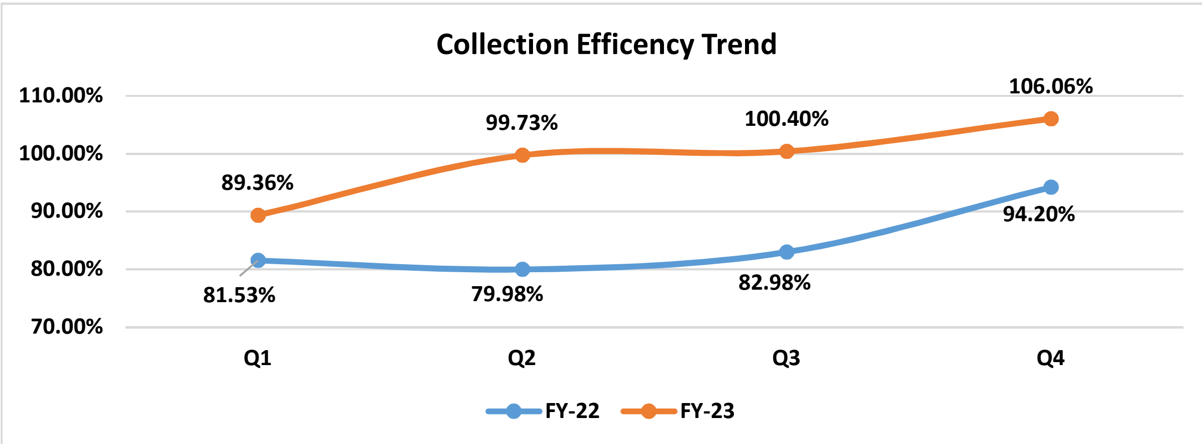
100% MRU wise billing introduced for slab adherence & better customer service. Each of the binder area split in small blocks with pre-defined reading date range to maintain efficiency & regularity.



OCR Based Meter Reading has been introduced for error free meter reading. Integrated Mobile application will enable auto reading fetching through scanning of meter display leaving little scope of any wrong reading. Analyse the consumption data of each low Consumption cases to identify anomalies in consumption pattern. This helps in identification of faulty meters & theft probability. Under Project Khoj, site of 4.4 Lacs consumers not paying since 1 to 3 years verified, 1.26 lacs non-existing consumers have been removed from the active directory of billing system in FY 23.

5.2 Collection Efficiency Improvement:

Collection efficiency achieved more than 89 % in every quarter basis during the FY 23 & reached to 106 % at the end of Q4 FY-23 from 81 % at the Q1 of FY 22.

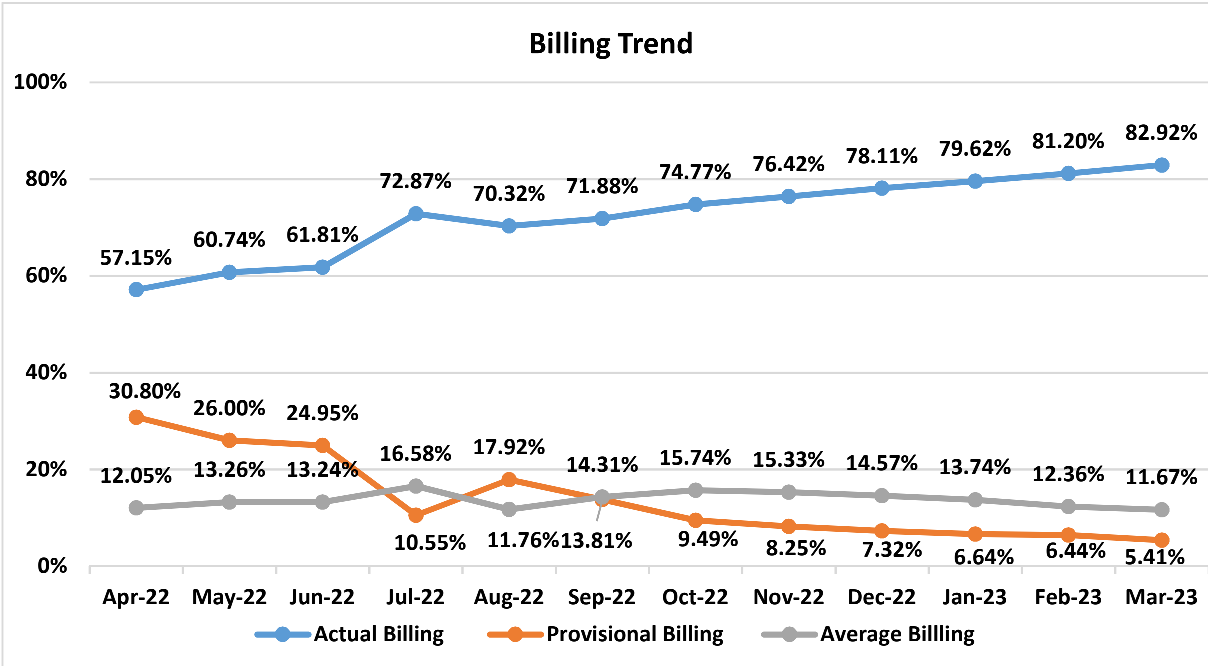


Disconnection drives using DO app has been strengthened for timely disconnection of defaulter consumer. Specific drives Like "Project Swachh" for arrear collection and Bill revision has been conducted to address the consumer needs. 173 MW unauthorized load has been booked & more than Rs. 55 crs. theft assessment recovered with special drives. Village Camps conducted under Project Nishtha to resolve commercial issues/disputes

Mass LT collection drive named project "LT Udaan" & "LT Vijaypath" for rapid revenue collection from LT consumers carried out. Unique consumer coverage increased to 92.5% in current financial year FY from 55% in last financial year.

5.3 Improvement in Actual Reading Base Billing:

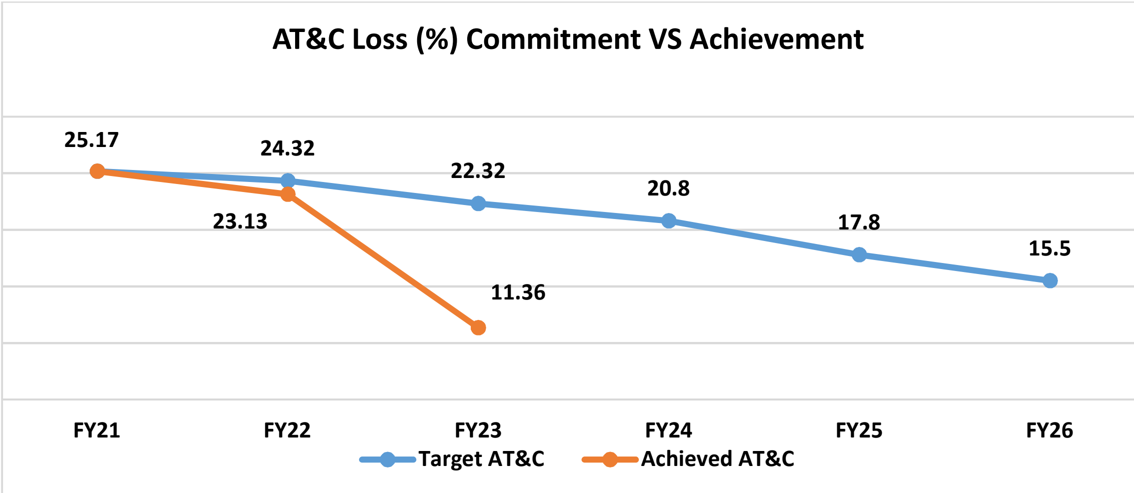
Provisional billing has been reduced to 5.41% at the end of FY'23 from 30.80 % at the starting of FY'23 by continuous improvement in billing coverage. Actual billing coverage increased to 82.92% at the end of FY23 from 57.15% at the starting of FY23.



5.4 Improvement in AT&C Loss Reduction:

TPNODL has adopted multi-pronged approach for reduction of AT&C loss. For recovery of arrears and for surveillance of defaulter consumers. Division wise Revenue Recovery Team has been deployed with proper system-based execution & monitoring Application. On the other hand, respective field teams at Circle, Division, Sub-Division and Sections are empowered to resolve billing issues of consumers. To supplement the above two specific revenue collection initiatives are conducted along with public communications with consumers. TPNODL has also promoted various digital avenues along with attractive Rebate offer for consumers for paying Digitally. In the billing front, TPNODL deployed more than 90% OCR based billing for Single Phase consumers which lead our actual billing to reach 92%. This multi fold approaches has been fruitful in bringing down the AT&C loss.

All the above initiatives have contributed towards reduction in AT&C loss from 25.17% at the beginning of FY 22 to 11.36% at the end of FY 23.



Further, advanced Technology adoption and analytics have been the prime focus of the licensee to provide quality customer services, manage revenue cycle processes for reduction of AT&C losses and efficiently manage to deliver reliable and quality supply in safe manner to its consumer by meeting various standards of operation.

The approval vis-a –vis actual (audited) expenses are detailed in the following table.

Table-21: A&G Expenses Approved Vs Actual

(Rs. In Cr.)

Expenditure	Approved by OERC	Actual (Audited)	Difference (Approval – Actual)
Administrative & General Expenses	84.23	112.55	(28.32)

Therefore, Hon'ble Commission is requested to consider the actual A&G expenses incurred in FY 22-23 amounting to Rs. 112.55 Crs for truing up.

6. PROVISION FOR BAD & DOUBTFUL DEBT

Hon'ble Commission had allowed Rs. 16.02 Crs towards provision for bad and doubtful debts. As per audited accounts, provision for bad and doubtful debt is Rs.64.98 Crs.

Taking benchmark of collection efficiency 99%, 1% of total sales in the FY 2022-23, Rs.31.64 Crs has been considered towards provision of Bad and Doubtful debt. For true up, **Hon'ble Commission is requested to allow Rs.31.64Crs towards provision of bad and doubtful debt for the FY 22-23.**

7. DEPRECIATION

For FY 2022-23, Hon'ble Commission has approved Rs.44.66Crs towards depreciation in the Tariff order notified on 24.3.2021. The method of calculation of depreciation after vesting of the Utility in TPNODL has been specified under clause 39(g) and (h) of the Vesting Order dated 25.3.2021 in case no -9/2021.

The relevant extracts are reproduced hereunder:

" 39 (g) The capital investments made by TPNODL shall be allowed recovery of depreciation in line with the rates prescribed in Annexure – 3 till the time applicable regulation is notified by the Commission. The depreciation rates specified in regulations shall prevail over the rates specified in Annexure – 3as and when applicable regulation is notified by the Commission.

(h)Depreciation on all existing assets transferred to TPNODL shall be determined based on the existing methodology being followed by the Commission."

Accordingly, for the FY 2022-23, Rs. 27.39Crs has been considered towards depreciation (Net off Govt. grant- consumer contribution amortization) for truing up, which may kindly be approved by Hon'ble Commission.

8. INTEREST COST

Hon'ble Commission has allowed interest cost including the interest on SD to the tune of Rs. 31.98 Crs for the FY 2022-23 in the Tariff Order dated 24.3.2022

As per the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2022, Interest on working capital shall be allowed as follows.

" 3.10.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Wheeling and Retail supply business for the Financial Year. The working capital for the purpose of ARR calculation shall be computed as follows:

a. Operation and maintenance expenses for one month; plus

b. Maintenance spares @ twenty (20) % of average R&M expense for one month;plus

c. Power Purchase Cost for one (1) month

Working Capital requirement of the Distribution Licensees may be met through depreciation allowed by the Commission on the assets of erstwhile DISCOMs ina manner mentioned in the Vesting Orders and as approved by the Commission. Shortfall in meeting the working capital requirement as mentioned above shall beallowed. The interest on the working capital shall be at a rate equal to the SBI Base Rate or any replacement thereof by SBI from time to time (being in effect applicable for 1 year period) as applicable as on 1st April of the Financial Year (for which Truing Up shall be done) plus 300 basis points or actual weighted average rate of interest towards loan for meeting working capital requirement availed by the Distribution Licensee(s), whichever is lower:"

Accordingly, TPNODL has derived the working capital requirement and interest there on as detailed in the following table

Table-22: Interest on working Capital and security deposits (Normative) FY 2022-23

Sl. No.	Particulars	Normative
1	Operation & maintenance expenses	
	Employee cost	440.32
	Other Expenses	350.08
	Total O&M	790.40
	Operation & maintenance expenses Per annum	790.40
	Operation & maintenance expenses Per month	65.87
2	Power purchase cost for one month	188.51
3	Maintenance of spare@20% of R&M Expenses	47.51
4	Depreciation on Legacy asset	(10.12)
	TOTAL	**291.76**
	Interest rate on working capital	5.85%
5	**Gross Interest on Working Capital**	**17.07**
6	**Interest on security deposits**	**41.96**
7	**Other Finance Cost**	**3.91**
8	**Total interest including interest on SD**	**62.94**

Interest on security Deposit of Rs.41.96Crs has been considered as per actuals in the annual audited accounts and interest on working capital Rs. 17.07Crs (normative) and other finance cost of Rs.3.91Crs as detailed in the above table.

Hon'ble Commission is requested to allow Rs. 62.94 Crs towards interest on working capital and interest on SD. The details have been furnished in the in Format-TU-9.

9. INTEREST ON LONG TERM LOAN ON NORMATIVE BASIS

As per clause no. 3.5.1 of Tariff Regulation, 2022, in case of fixed asset capitalized on account of capital expenditure incurred prior to April 1, 2023, debt equity ratio as allowed by the Commission for determination of tariff for the period ending March 31,2023 shall be considered.

The details are furnished in the following table

Table-23: Interest on Long Term Loan FY 2022-23

Sl. No.	Particulars	FY 2021-22	FY 2022-23
1	Opening Balance	-	43.64
2	Loan Taken during the year	46.48	285.96
3	Repayments during the Year (Equal to Depreciation)	2.84	16.30
4	Closing Balance	43.64	313.30
5	Average Balance	21.82	178.47
6	Rate of Interest	7.05%	7.05%
7	**Interest**	**1.54**	**12.58**

Therefore, Hon'ble Commission is requested to consider normative interest on Term Loan of Rs 12.58 Crs for true –up for the FY 2022-23. The details have been furnished in the in Format-TU-8.

10. RETURN ON EQUITY

Return on Equity has been claimed as per clause 54 of vesting order. Relevant extracts of the Vesting order reproduced hereunder

54. Return on equity:

(a) ***As per the terms of the RFP, the Commission shall allow return on equity, as per the Tariff Regulations, to TPNODL on the equity capital of Rs. 250 crores (Indian Rupee Two hundred and fifty crores) only which was the reserve price of the utility of NESCO.***

(b) ***Return on equity shall be allowed on the reserve price of the utility as per para 54(a) above and also on the capital investments made by the TPNODL, as per the Tariff Regulations.***

ROE has been calculated @16% as per the approved norms. The details are furnished in the following table

Table No-24: Return on Equity (ROE) In Rs. Cr.

Sl. No	Particulars	FY 2021-22	FY 2022-23
1	Opening Equity	250.00	294.94
2	Addition during the FY	44.94	122.55
3	Total (1 + 2)	294.94	417.49
	RoE (Opening)	40.00	47.19
	RoE (Addition))	3.60	9.80
4	**Total RoE**	**43.60**	**56.99**

Hon'ble Commission is requested to allow ROE of Rs. 56.99 Crs and tax on RoE Rs. 34.99 Crs for FY 2022-23. The details have been furnished in the in Format-TU-6 & Format-TU-1.

11. MISCELLANEOUS RECEIPT

The netted off miscellaneous receipt for FY 2022-23 is Rs. 157.43Crs. The detail breakup is produced in the following table.

Table-25: Miscellaneous Receipt **(In Rs. Crs.)**

Sl. No.	Particulars	Truing Up FY 2022-23
1	Recovery of Meter Rent	20.40
2	Overdrawal penalty recovered	9.06
3	Open Access Cross Subsidy Income	34.21
4	Supervision Charges	9.92
5	Miscellaneous operating Income	9.58
6	Interest Income	48.46
7	Delayed payment surcharge	17.21
8	Other Income	8.59
	Total	**157.43**

Details have been furnished in Format- TU-7.

Hon'ble Commission is requested to consider Rs.157.43Crs towards miscellaneous income for truing –up for the FY 2022-23.

12. PRE –TAKE OVER PERIOD PAYMENT -ASL

In compliance to provisions under clause 52 of the vesting order of Hon'ble Commission, to ensure continuity of operation of the utility as a going concern, TPNODL is meeting liabilities pertaining to employees, consumers, suppliers and statutory payments, etc. which has been transferred to TPNODL. Further, as per clause 52(e) (iii) of the Vesting order of Hon'ble Commission dated 25.03.2021, from 1.4.2021 TPNODL is responsible to receive /pay amounts pertaining to assets and liabilities transferred to TPNODL as additional serviceable liabilities. Hon'ble Commission's order on segregation dated 25.11.2021 under clause 10 also provides that, If any liability arises subsequently, TPNODL shall be responsible to settle the said liability and the same shall be allowed in the year in which it is discharged subject to prudence check by the Commission.

It is to submit that, to sustain the continuity of the normal business operation and to avoid discontentment amongst the consumers, employees as well as suppliers and for timely restoration of power supply to the consumers, TPNODL had to make payments against the bills for the services or supplies received by the utility on or before 31.03.2021. In the FY 2022-23 , payment amounting to Rs.27lacs have been made. In this regard, the licensee has taken approval of Hon'ble Commission for payment of such unpaid bills. The details of payments made by the licensee are submitted under TU-10-ASL.

Hon'ble Commission is most humbly requested to consider the above payments made amounting to Rs.27lacs under ASL in the financial year FY 22-23.

13. NON –CONSIDERATION IN TRUING –UP ORDER FY 21-22

13.1 Disallowance in A&G expenses for the FY 2021-22

Hon'ble Commission has allowed Rs.49.20Crores for the FY 21-22 while approving the Tariff order basing the application filed by NESCO Utility. After taking over, TPNODL filed the Annual Business Plan for FY 21-22 before Hon'ble Commission proposing A&G expenditure of Rs.139.83Crores. Considering the submission made by the licensee in the ABP application for FY 21-22, Hon'ble Commission had allowed additional 60% of the previous approval of Rs.49.20 Crores, making the total approval under A&G expenses for the FY 21-22 Rs.78.72 Crores.

Hon'ble Commission had directed the licensee to produce sufficient justification for such additional expenses in the truing-up petition for the FY 22 and to consider allowing such expenses subject to prudence check. The relevant extract from the ABP order in Case no 40 of 2021 dated 3.11.21 under para 122 is reproduced hereunder:

> *" 122. On the above submissions the Commission observes that the expenditure in the A&G is a controllable expense and as per the OERC Tariff Determination Regulation additional expenses are allowed in this head for specific measures towards reduction of AT&C losses and improving collection efficiency. We find that the proposals mainly relates to the improving metering management and services and customer services which are vital elements in reducing AT&C losses. The TPNODL is a new operating company and we believe that they have planned out their activities diligently for improving the overall distribution business. At this stage we allow the additional A&G expenses of about sixty percent of the approved amount in the ARR of Rs.49.20 crore for FY 2021-22 which is Rs. 29.52 crore. However, the petitioner is directed to produce the required justifications for such additional expenses under the head A&G expenses incurred in the truing up petition for FY 2021-22. The expenses under this head will accordingly be allowed after prudence check."*

The actual expenses incurred under A&G as per audited accounts is Rs.105.24Crs for the FY 22. Detailed justification for the A&G expenses have been submitted under section 5.

However, Hon'ble Commission has allowed Rs. 78.72Crores towards A&G expenses in truing –up for FY 21-22 as per the ABP order, which was mainly based on the expenses incurred by the erstwhile utility. This is to place here that, TPNODL has been issued the distribution licence with certain performance targets and specific timeline for achievement. The licensee had placed the matter before Hon'ble Commission vide letter no-TPNODL/Regulatory/1001 dated 6.4.2023 , after receiving the Truing –up order for FY 21-22 .

Therefore, it is most humbly requested before Hon'ble Commission to allow the differential Rs. 26.52 Crores towards the A&G expenditure for the FY 21-22.

13.2 Non-consideration of normative Term Loan

The licensee had placed before Hon'ble Commission for approval normative interest on Term Loan amounting to Rs.3.56Crs, in the truing up application for the FY 2021-22.However the same has not been considered in the truing up approval for the FY 21-22 which was pronounced in the combined RST Order for the FY 23-24, as no actual loan was taken for funding the capital expenditure and the same has been funded entirely through internal resources.

Table-26: Interest Cost for FY 2021-22 (Rs. Crs)

Sl. No.	Particulars	FY 2021-22
1	Opening Balance	-
2	Loan Taken during the year	46.48
3	Repayments during the Year (Equal to Depreciation)	2.84
4	Closing Balance	43.64
5	Average Balance	21.82
6	Rate of Interest	7.05%
7	**Interest**	**1.54**

70% of such internal funds which is in excess of 30% equity, needs to be treated as normative loan under the provisions of Tariff Regulation 2014. In a similar matter, aggrieved by the disallowance of normative IDC, M/s. Powerlinks Transmission Limited had filed Appeal No. 231 of 2017 before the APTEL with the prayer to allow the Normative IDC on the Normative Loan considered for funding the additional capitalization for the 2014-19 period. The APTEL vide judgment dated 3.10.2019 held that there is always a cost of funding and, hence, additional capitalization through normative loan is entitled to be compensated in terms of normative IDC. The relevant extract of the judgment dated 3.10.2019 is as follows:

> *"8 (ix) The Central Commission should have taken into consideration the aspect that whatever be the types of funds, it is never free of cost. There is always a cost of funding. The argument that no actual loan for additional capital expenditure was taken and therefore it is not admissible for any normative IDC is wrong. It is the commercial decision of the Appellant whether to borrow the money from the market for the purpose of additional capitalisation or use its internal accruals. In either case, the capitalisation deserves to be given the Interest During Construction. For the simple reasons that if the internal accruals were not to be used as additional capital than it would have been invested in the market in any interest earning instrument. Additional capitalisation is therefore entitled to be compensated in terms of normative IDC. The Central Commission should have considered this aspect that no funds are free funds."*

In view of the above, the licensee most humbly submits before Hon'ble Commission to kindly allow normative interest on Term Loan amounting to Rs.1.54 Crs. which was disallowed for the FY 21-22.

The licensee has represented before Hon'ble Commission for consideration of the disallowances made in the Truing –up order after notification of the combined Retail Supply Tariff order for the FY 23-24, vide letter no-TPNODL/Regulatory/1001 dated 6.4.23 and subsequent letter no-TPNODL/Regulatory/3525 dated 28.6.23. Hon'ble Commission has been kind enough to consider the submission made by the licensee and directed that, the TPSODL,TPCODL and TPNODL may make their submissions with regard to any reconsideration of the approved expenses , allowed in the ARR FY 23-24 , alongwith the submissions for ARR of FY 24-25. The relevant extract from Hon'ble Commission's letter no. Secy/11-Corr-TPSODL/2023/963 dated 12.07.2023 are reproduced hereunder for ready reference-

> ***" The Commission therefore opines that TPSODL,TPCODL and TPNODL may make their submissions with regard to any reconsideration of the approved expenses , allowed in the ARR FY 23-24 , alongwith the submissions for ARR of FY 24-25. The Commission may accordingly take a suitable view for any reconsideration of the approved amounts, under these heads for FY 2023-24, while pronouncing the order for FY 2024-25."***

In view of the above direction of Hon'ble Commission, the licensee most humbly prays before Hon'ble Commission to consider the above disallowance in the RST order for the FY 23-24.

14. TRUING UP FOR THE FY 2022-23

(Rs. In Cr.)

Expenditure	Approval by OERC for FY 22-23	Actual (Audited Accounts)	Reference from Audited Annual Accounts	True up Considering Normative T&D loss 18.35%
INPUT(MU)	6020.00	6476.00		6632.12
Cost of power purchase	1932.42	2079.75		2129.94
Transmission Cost	168.56	181.29		181.29
SLDC Cost	1.08	1.08		1.08
Less : Rebate		-21.90		-21.90
Total Power purchase Cost(A)	**2,102.06**	**2,240.22**	Note-28	**2,290.41**
Employee Cost	393.86	390.46	Note-29	440.32
Repair &Maintenance Cost (Net off Govt. Grant Amortisation)	141.43	237.53	Note-31	237.53
Administrative & General Expenses	84.23	162.42	Note-31	112.55
Provision for bad & doubtful debts	16.02	64.98	Note-31	31.65
Depreciation (Net off Govt. Grant - Cons. Contbn Amortisation)	44.66	30.62	Note-4&6	27.39
Interest on loan including interest on SD	31.98	60.39	Note-30	62.94

Interest on Term Loan (normative)		7.86	Note-30	12.58
Total Operation &Maintenance and Other Cost	**712.18**	**954.26**		**924.95**
Return on equity	40.00	-		56.99
Income Tax		34.99	Note-32	34.99
Total Distribution Cost	**752.18**	**989.25**		**1,016.94**
Less Miscellaneous Receipts	154.15	202.84	Note-26.4.2 &27	157.43
Net Distribution Cost(B)	**598.03**	**786.41**		**859.50**
Repayment of ASL				0.27
Total Revenue Requirement	2,700.09	3,026.63		3,150.19
Actual Revenue	2,701.03	3,164.53	Note-26.4.1	3,164.53
SURPLUS/(GAP)	**0.95**	**137.90**		**14.34**
Expenses disallowed in last truing -up order FY 21-22				
Disallowed A&G Cost				**(26.52)**
Disallowed Interest on Term Loan				**(1.54)**
SURPLUS/(GAP)				**(13.72)**

The licensee has incurred additional O&M expenses as presented in the above paragraphs for implementing the cutting-edge technologies, for undertaking various special measures to reduce AT&C loss and improve collection efficiency and to carry out various meticulously designed critical activities for proper upkeep and maintenance of system the network.

Hon'ble Commission has directed under para 189 of the Tariff order FY 23-24 that, the higher O&M cost to be verified through relevant information/data, field visit and third-party audit. Para 189 of Tariff order FY 24 reproduced hereunder:

189. The Commission hereby finalises the truing up of expenses of the new DISCOMs (TPCODL, TPSODL, TPWODL & TPNODL) for the FY 2020-21 and FY 2021-22. The Commission finds that the actual expenses booked in the audited accounts are higher than the approved costs for most of components, particularly for O&M. However, DISCOMs have booked higher Revenues also against the approved Revenues in the ARR. The DISCOMs have proposed to allow the higher costs owing to the operational requirement during these initial two years of the operations i.e. FY 2020-21 and 2021-22. The Commission observes these proposed

higher costs can only be verified through relevant information/data, field visits and third-party audit.

In view of the above, the licensee most humbly prays before Hon'ble Commission to kindly consider the submissions made by the licensee and allow the additional actual expenses incurred.

15. FORMATS

The following Formats are submitted attached herewith for kind consideration of Hon'ble Commission along with the Audited Annual Financial statement for the FY 22-23.

Format No.	Particulars
TU-1	Truing up for FY 2021-22
TU-2	Power Purchase Cost & Transmission Cost
TU-3	Employee Cost
TU-4	Repair &Maintenance Expenses
TU-5	A&G Expenses
TU-6	Return on Equity
TU-7	Miscellaneous Receipt
TU-8	Normative TL Interest
TU-9	Interest on Working Capital
TU-10	Pre-Takeover Payment (ASL) FY 2022-23

16. PRAYER

The licensee most respectfully prays before the Hon'ble Commission

1. To take the truing up application on record
2. To kindly, approve the truing up application of the licensee for the FY 2022-23.
3. Grant any other relief as deem fit & proper in the facts and circumstances of the matter.

The licensee craves leave of Hon'ble Commission for making additional submission in this regard.

Date: 30.11.2023 **Chief Executive Officer**

Format-TU-1

Truing -Up for the FY 2022-23 (Rs. Crs)

Expenditure	**Approval by OERC for FY 22-23**	**Actual (Audited Accounts)**	**Reference from Audited Annual Accounts**	**True up Considering Normative T&D loss 18.35%**
INPUT(MU)	6020.00	6476.00		6632.12
Cost of power purchase	1932.42	2079.75		2129.94
Transmission Cost	168.56	181.29		181.29
SLDC Cost	1.08	1.08		1.08
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Interest on loan including interest on SD	31.98	60.39	Note-30	62.94
Interest on Term Loan (normative)		7.86	Note-30	12.58
Total Operation &Maintenance and Other Cost	**712.18**	**954.26**		**924.95**
Return on equity	40.00	-		56.99
Income Tax		34.99	Note-32	34.99
Total Distribution Cost	**752.18**	**989.25**		**1,016.94**
Less Miscellaneous Receipts	154.15	202.84	Note-26.4.2 & 27	157.43
Net Distribution Cost(B)	**598.03**	**786.41**		**859.50**
Repayment of ASL				0.27
Total Revenue Requirement	2,700.09	3,026.63		3,150.19
Actual Revenue	2,701.03	3,164.53	Note-26.4.1	3,164.53
SURPLUS/(GAP)	**0.95**	**137.90**		**14.34**
Expenses disallowed in last truing -up order FY 21-22				
Disallowed A&G Cost				**(26.52)**
Disallowed Interest on Term Loan				**(1.54)**
SURPLUS/(GAP)				**(13.72)**

Format- TU-2

Normative Power Purchase and Transmission Cost Computation -FY 2022-23

Months	Units Sold (In MU)	Collection Efficiency	T&D Losses	Input Units (Normative) (In MU)	BSP Cost (In Rs. Crs)	Transmission Charges (Rs. Crs)	TPCODL Inter DISCOM power (Rs. Crs)	SLDC Charges (Rs. Crs)	Total Power Purchase Cost (Rs. Crs)
Apr	431.64	99%	18.35%	528.65	169.70	15.46	0.08	0.09	185.32
May	408.14	99%	18.35%	499.87	160.46	15.32	0.09	0.09	175.96
June	505.45	99%	18.35%	619.05	198.71	15.85	0.02	0.09	214.68
July	414.22	99%	18.35%	507.31	162.85	15.31	0.19	0.09	178.43
Aug	491.77	99%	18.35%	602.29	193.34	15.73	0.10	0.09	209.25
Sep	431.22	99%	18.35%	528.14	169.53	15.92	0.09	0.09	185.64
Oct	476.22	99%	18.35%	583.24	187.22	15.54	-0.00	0.09	202.86
Nov	435.44	99%	18.35%	533.31	171.19	13.60	0.17	0.09	185.05
Dec	430.74	99%	18.35%	527.54	169.34	13.78	0.07	0.09	183.28
Jan	440.06	99%	18.35%	538.96	173.01	14.42	0.06	0.09	187.57
Feb	416.15	99%	18.35%	509.68	163.61	14.03	0.01	0.09	177.74
Mar	534.06	99%	18.35%	654.08	209.96	16.32	0.15	0.09	226.52
Total	**5,415.12**			**6632.12**	**2128.91**	**181.29**	**1.03**	**1.08**	**2,312.31**

Format-TU-3

Employee Expenses FY 2022-23

Particulars	Erstwhile Utility (Rs. Crs)	TP-CTC (Rs. Crs)	Total Expenses (Rs. Crs)
Salaries , wages and bonus	176.61	63.68	240.30
Outsourced Manpower Cost			49.86
Contribution to Provident Fund and other fur	136.66	3.26	139.92
Staff welfare expenses	3.98	7.90	11.88
Terminal benefit expenses	11.20	0.00	11.20
Total	**328.46**	**74.85**	**453.16**
Less: Employee cost capitalization			-12.85
Total			**440.32**

Format -TU-4

Repair & Maintenance Expenses FY 2022-23

Sl No	Category	Description	Actual Expenses (Rs. Cr) as per Audited Accounts FY 2022-23
1	STS	AMC - Primary Substations & Feeders	45.93
2		Material required for Maintenance of 33 KV Network	2.21
3		Testing/Overhauling/Reconditioning of Transformers	12.41
4		Materials for Repairing/Service of Circuity Braeakers/CT&PT	0.17
5	Distribution	Distribution AMC Contract	153.60
6		Distribution Materials (O/H)	8.10
7		Distribution Materials (U/G)	3.16
8		Material & Services for Distribution Transformer Repairing	11.28
9	Others	PSC	0.24
10		Admin. AMC	0.04
11		Civil	0.39
Total -A			**237.53**
12	GOVT.FUND	R&M-P&M-Amphan	1.34
13	GOVT.FUND	R&M-P&M-Fani	0.97
14	GOVT.FUND	R&M-P&M-YAAS	7.65
15	GOVT.FUND	R&M-P&M-Others	0.84
Total - B			**10.80**
GRAND Total (A+B)			**248.33**
16		Less amortisation of Govt Grant shown in Misc Income in audited Accounts.	10.80
17		**Net Repair and maintenance Charges shown as per Audited Accounts for truing up**	**237.53**

Format-TU-5

Administrative & General (A&G) Expenses

Sl No	Description	Actual Expenses (Rs. Cr) as per Audited Accounts FY 2022-23	A&G for Truing Up FY 2022-23
1	Rent, Rates & Taxes	5.52	5.52
2	Watch & ward Expenses	49.86	-
3	Communication	2.41	2.41
4	Legal, Consultancy & Professional Charges	10.38	10.38
5	Conveyance & Travelling	14.62	14.62
6	Licence & Related Expenses	2.48	2.48
7	Advertisement Expenses (Public Relation)	4.95	4.95
8	Metering,billing and collection expenses	53.04	53.04
9	Printing & Stationary	1.52	1.52
10	Enforcement Activities	1.23	1.23
11	Safety & Ethics	1.05	1.05
12	Training	0.83	0.83
13	Insurance	2.88	2.88
14	House Keeping	0.44	0.44
15	Covid/Employee Welfare Expenses	3.33	3.33
16	Facility Management Services	0.2	0.20
17	Other Expenses/ Customer Care Call Center	7.67	7.67
Total - A		**162.41**	**112.55**
18	Bad Debts W/o-Con Dues	64.98	64.98
Total - B		**64.98**	**64.98**
Grand Total (A+B)		**227.39**	177.53
19	Less provision for bad & doubtful debts shown separately	64.98	64.98
19	**Net Administrative & General Expenses as per Audited Accounts for truing up**	**162.41**	**112.55**

Format -TU-6

Return on Equity (ROE) In Rs. Cr.

Sl. No	Particulars	FY 2021-22	FY 2022-23
1	Opening Equity	250.00	294.94
2	Addition during the FY	44.94	122.55
3	Total (1 + 2)	294.94	417.49
	RoE (Opening)	40.00	47.19
	RoE (Addition))	3.60	9.80
4	**Total RoE**	**43.60**	**56.99**

Format-TU-7

Misc Income as per Audited Accounts

Sl. No.	Particulars	As per Audited Accounts (In Rs. Crs.) FY 2022-23	Truing Up (In Rs. Crs.) FY 2022-23	Remarks
1	Amortisation of consumer contribution	63.95		Netted off against Depreciation
2	Amortisation of Govt Grants in capital nature	10.52		Netted off against Depreciation
3	Amortisation of Govt Grants in Revenue nature	10.81		Netted off against Repair & maintenance
4	Recovery of Meter Rent	27.60	20.40	
5	Overdrawal penalty recovered	9.06	9.06	
6	Incentives on arrear Collection	38.21	-	Vesting Order
7	Open Access Cross Subsidy Income	34.21	34.21	
8	Supervision Charges	9.92	9.92	
9	Miscellaneous operating Income	9.58	9.58	
10	Interest Income	48.46	48.46	
11	Delayed payament surcharge	17.21	17.21	
12	Other Income	8.59	8.59	
	Total	**288.12**	**157.43**	
	Less			
13	Amortisation of consumer contribution	63.95		Netted off against Depreciation
14	Amortisation of Govt Grants in capital nature	10.52		Netted off against Depreciation
15	Amortisation of Govt Grants in Revenue nature	10.81		Netted off against Repair & maintenance
16	Total	85.28		Netted off against amortisation of Govt Grants
Net balance as per audited accounts for Truing up		**202.84**	**157.43**	

Format-TU-8

Normative Interest on Term Loan (In Rs. Cr.)

Sl. No.	Particulars	FY 2021-22	FY 2022-23
1	Opening Balance	-	43.64
2	Loan Taken during the year	46.48	285.96
3	Repayments during the Year(Equal to Depreciation)	2.84	16.30
4	Closing Balance	43.64	313.30
5	Average Balance	21.82	178.47
6	Rate of Interest	7.05%	7.05%
7	**Interest**	**1.54**	**12.58**
8	Capitalisation	66.40	408.51
9	Total Capex	66.40	408.51
10	Funded by :	-	
11	Debt (70%)	46.48	285.96
12	Equity (30%)	19.92	122.55

Format- TU-9

Calculation of Interest on Working Capital and Security Deposits (Normative) FY 2022-23 Rs. Crs.

Sl. No.	Particulars	Normative	Approval by OERC for FY 22-23	Actual (Audited) Parameters
1	**Operation & maintenance expenses**			
	Employee cost	440.32	417.80	440.32
	Other Expenses	350.08	225.66	350.08
	Total O&M	790.40	643.46	790.40
	Operation & maintenance expenses Per annum	790.40		790.40
	Operation & maintenance expenses Per month	65.87		65.87
2	Power purchase cost for one month	188.51		188.51
3	Maintenance of spare@20% of R&M Expenses	47.51		47.51
4	Depreciation on Legacy asset	-10.12		-10.12
	TOTAL	**291.76**		**291.76**
	Interest rate on working capital	5.85%		
5	**Gross Interest on Working Capital**	**17.07**		**14.52**
6	**Interest on security deposits**	**41.96**		**41.96**
7	**Other Finance Cost**	**3.91**		**3.91**
8	**Total interest including interest on SD**	**62.94**		**60.39**

Format-TU-10

Pre-Takeover Period Payment (ASL) FY 2022-23

Vendor No.	Vendor Name	Year	Amount in Cr
100008	Santosh Kumar Lenka	2022-23	0.006
100268	KESHRI & ASSOCIATES	2022-23	0.002
100992	Odisha Computer Application Centre	2022-23	0.000
101075	Saroj Panda & Co Comp. Secretaries	2022-23	0.000
101082	P K M Associates	2022-23	0.003
101106	FAMOUS SECURITY SERVICE,	2022-23	0.062
101266	Procyntech Consulting Pvt Ltd	2022-23	0.054
101278	SRB & Associates	2022-23	0.015
101321	SAI TECH	2022-23	0.020
101365	Zemusi Infra Private Ltd,	2022-23	0.005
101746	B S ENGINEERS AND CONSTRUCTION	2022-23	0.005
101753	ANU ENGINEERING CONSULTANCY & SEI	2022-23	0.008
101754	AGARWALLA LIGHTHOUSE	2022-23	0.010
102604	Debaranjan Ray	2022-23	0.001
102641	Bijan Ray	2022-23	0.007
103949	PAYTM PAYMENTS BANK LIMITED	2022-23	0.007
104137	SANTOSH K AGRAWALLA & ASSOCIATES	2022-23	0.002
104212	Bikas Mohan Das	2022-23	0.001
104488	The Indian Express Pvt. Limited	2022-23	0.031
300025	DHARITRI & ORISSA POST DAILY	2022-23	0.001
300062	SUMMA REAL MEDIA PVT LTD	2022-23	0.003
300080	Jalan & Associates	2022-23	0.001
300141	Impelco Electric Company	2022-23	0.000
300443	Rabindra Kumar Sahoo	2022-23	0.008
400000	GRIDCO Limited	2022-23	0.021
Grand Total			**0.274**

Audited Annual Accounts FY 2022-23

S R B C & CO LLP
Chartered Accountants
2nd & 3rd Floor
Golf View Corporate Tower – B
Sector – 42, Sector Road
Gurugram- 122 002, Haryana, India

SRB & Associates
Chartered Accountants
5th Floor, IDCO Tower, Janpath
Bhubaneswar – 751 022

INDEPENDENT AUDITOR'S REPORT

To the Members of TP Northern Odisha Distribution Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TP Northern Odisha Distribution Limited ("the Company"), which comprise the Balance Sheet as at March 31 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as 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 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 audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	**How our audit addressed the key audit matter**
(a) Expected credit loss on trade receivables *(as described in Note 12 to the financial statements)*	
The Company has outstanding gross trade receivables of ₹ 350.40 crores as at March 31, 2023, including overdue / aged receivables. The Company supplies electricity to various types of customers including individual customers with wide ranging characteristics in the Northern Odisha. There exists inherent exposure to credit risk for these customers. Since the Company has acquired this business recently, limited past experiences are available to estimate credit loss allowance. The Company has recognised Expected Credit Loss (ECL) allowance on trade receivables using its best estimate considering various factors such as segregation between government and non-government	Our audit procedures included the following: • Obtained an understanding of the Company's process and tested internal controls associated with the management's assessment of determining ECL allowance for trade receivables. • Obtained an understanding of the management plan and steps being taken to collect all receivables including overdue / aged receivables. • Evaluated management's assessment of recoverability of the outstanding receivables including recoverability of overdue/ aged receivables through inquiry with management, and analysis of recent collection trends in respect of receivables particularly aged and pre-acquisition receivables. • Evaluated management's assumption and judgement relating to collection considering business environment in which the Company operates and rights available with the Company

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>consumers, security deposit available, outcome of the Company's effort to reach consumers, their most recent payment behaviour as well as the fact that electricity is an essential commodity and regulations require consumers to clear old dues to get continuous electricity etc.

Based on the above mechanism and using its best estimate, the Company has accounted ECL provision of ₹90.54 crores as on the balance sheet date.

The appropriateness of the provision for expected credit loss is subjective due to the high degree of judgment applied by management. Due to the significance of trade receivables and the related estimation uncertainty this is considered to be a key audit matter.</td><td>to recover amount due from customers for estimating the amount of ECL allowance.
• Evaluated management's continuous assessment of the assumptions used in the credit loss provision computation. These considerations include whether there are regular receipts from the customers and the Company's past collection history.
• Verified mathematical accuracy of provision computation based on credit loss estimation model used and other factors considered by the management.
• Assessed the disclosures in the financial statements.
• Obtained necessary management representation.</td></tr>
<tr><td colspan="2">(b) <u>Accrual of regulatory liability for items which are subject matter of true up in tariff orders</u> <u>(as described in Note 25 to the financial statements)</u></td></tr>
<tr><td>Being regulated distribution business, tariff of the Company is determined by the regulator on cost plus return on equity basis wherein the cost is subject to prudential norms. The Company invoices its customers on the basis of pre-approved tariff which is subject to true up.

The Company recognizes revenue at the amount invoiced to customers based on pre-approved tariff rates. As</td><td>Our audit procedures included the following:
• Obtained an understanding of the Company's process and tested internal controls associated with the estimation and recoverability of such regulatory deferral balances.
• Read the tariff regulations and tariff orders and evaluated relevant clauses to understand management's assessment on allowability of various income and expenses and consequent recognition/ measurement of regulatory deferral account balances.</td></tr>
</table>

Key audit matter	**How our audit addressed the key audit matter**
the Company is entitled to a fixed return on equity and applicable incentives, the difference between the revenue recognized and entitlement as per the regulation is recognized as regulatory liabilities. The Company has recognized regulatory (liabilities) / assets of (₹8.36 crores) as at March 31, 2023 (March 31,2022 ₹22.58 crores) Accruals are determined based on tariff regulations and past tariff orders and are subject to verification and approval by the regulators. Further the costs incurred are subject to prudential checks and prescribed norms. Significant judgements are made in determining the accruals including interpretation of tariff regulations. Further, in the true-up order, the regulator has observed that certain expenses booked in the audited accounts are higher than the approved costs and disallowed certain expenses. The regulator has also stated that these higher costs can only be verified through relevant information/data, field visits and third-party audits. The Company is taking steps considered appropriate by the management to claim allowance for disallowed expenses and has treated these expenses as recoverable/ pass-through to the customer through subsequent regulatory orders.	• Discussed with the management to understand their assessment on each qualitative and quantitative factor and reviewed consistency of the management's explanation with the underlying documentation, rules, and regulations. • Assessed management's evaluation of the likely outcome in respect of material disallowances made by the regulators. • Assessed impact, if any, recognized by the Company in respect of tariff orders received. • Re-calculated workings obtained from the management to check arithmetical accuracy of the calculations. • Assessed disclosures made by the Company in accordance with the requirements of Ind AS 114 "Regulatory Deferral Accounts." • Obtained necessary management representation.

Key audit matter	How our audit addressed the key audit matter
Considering judgements involved in estimating various elements of true up order and resulting regulatory deferral account balance, we have determined this to be a key audit matter.	

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report but 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 such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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.

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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 SAs 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.

As part of an audit in accordance with SAs, 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 expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purposes of our audit;
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(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 March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented that, to the best of its knowledge and belief and as disclosed in note 44, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief and as disclosed in note 44, no funds have been received by the Company from any persons or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

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per Vishal Bansal
Partner
Membership Number: 097546
UDIN: 23097546BGYCOV1230
Gurugram
April 25, 2023

For **SRB & Associates**
Chartered Accountants
ICAI Firm Registration Number: 310009E

RAJIB SEKHAR SAHOO
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per R S Sahoo
Partner
Membership Number: 053960
UDIN: 23053960BGQFJY5636
Bhubaneswar
April 25, 2023

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5th Floor, IDCO Tower, Janpath
Bhubaneswar – 751 022

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: TP Northern Odisha Distribution Limited ("the Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification of all the property, plant and equipment 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 the programme, a portion of the property, plant and equipment was verified during the year. No material discrepancies were noticed on such verification.

(c) The Company does not hold any land in its name. As regard the buildings, thereon, the Company retains operational rights over the buildings used for the purpose of carrying out distribution business under a license granted by the Odisha Electricity Regulatory Commission. Thus, verification of title deeds is not applicable for such buildings.

(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory during the year. In our opinion, the frequency of verification is reasonable and the coverage and the procedure of such verification by the management is appropriate.

Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) As disclosed in note 21 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company. The Company does not have sanctioned working capital limits in excess of Rs. five crores in aggregate from financial institutions during the year on the basis of security of current assets of the Company.

(iii) (a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) As per terms of vesting order for acquisition of business, a loan to another Company was transferred where the schedule for repayment of principal and payment of interest has not been stipulated. The loan has been repaid in full before the period end. Post-acquisition, the Company has not granted loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties during the period. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) As per terms of vesting order for acquisition of business, a loan to another Company was transferred where the schedule for repayment of principal and payment of interest has not been stipulated. The loan has been repaid in full before the year end. Post-acquisition, the Company has not granted loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties during the period. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) As per terms of vesting order for acquisition of business, a loan to another Company was transferred where the schedule for repayment of principal and payment of interest has not been stipulated. The loan has been repaid in full before the year end. Post-acquisition, the Company has not granted loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties during the period. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) As per terms of vesting order for acquisition of business, a loan to another Company was transferred where the schedule for repayment of principal and payment of interest has not been stipulated. The loan has been repaid in full before the period end. Post acquisition, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security given by the Company post-acquisition of business in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(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 section 148(1) of the Companies Act, 2013, related to the service of distribution of electricity, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues applicable to it though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. During the year, the Company did not have any undisputed dues towards sales-tax, service tax, duty of excise, duty of customs and value added tax.

(viii)

(b) The dues of services tax and income tax have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in crores)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
The Finance Act, 1994	Service tax	25.34	FY 2014-15 to FY 2017-18	CESTAT, Kolkata
Income Tax Act, 1961	Income Tax	44.73	FY 2016-17 and FY 2017-18	Commissioner (Appeals) - Income Tax

There are no dues of goods and services tax, employees' state insurance, income tax, sales-tax, customs duty, excise duty, value added tax, cess and other statutory dues which have not been deposited on account of any dispute.

(ix) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(x) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

(xi) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xii) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xiii) (a) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(b) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.

(c) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.

(xiv) Transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 (as amended) where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xvi) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvii) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group has five Core Investment Companies (CICs) which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India.

(xviii) The Company has not incurred cash losses in the current year as well as in the immediately preceding financial year respectively.

(xix) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xx) On the basis of the financial ratios disclosed in note 39 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xxi) (a) The Company has not transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Companies Act, 2013 (the Act), till the date of the report. However, the period for such transfer i.e. six months of the expiry of the financial year as permitted under second proviso to sub-section (5) of section 135 of the Act, has not elapsed till the date of our report. This matter has been disclosed in note-31 to the financial statements.

(b) The Company has not transferred the amount remaining unspent in respect of ongoing projects, to a Special Account, till the date of the report. However, the period for such transfer i.e., thirty days from the end of the financial year as permitted under sub section (6) of section 135 of the Companies Act, has not elapsed till the date of our report.

(xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

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per Vishal Bansal
Partner
Membership Number: 097546
UDIN: 23097546BGYCOV1230
Gurugram
April 25, 2023

For **SRB & Associates**
Chartered Accountants
ICAI Firm Registration Number: 310009E

RAJIB SEKHAR SAHOO
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per R S Sahoo
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Bhubaneswar
April 25, 2023

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ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TP NORTHERN ODISHA DISTRIBUTION LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of TP Northern Odisha Distribution Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 ("ICAI"). 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 its business, including adherence to the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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.

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 internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

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DN: cn=VISHAL BANSAL, c=IN, o=Personal, email=vishal.b@srb.in
Date: 2023.04.25 21:38:27 +05'30'

per Vishal Bansal
Partner
Membership Number: 097546
UDIN: 23097546BGYCOV1230
Gurugram
April 25, 2023

For **SRB & Associates**
Chartered Accountants
ICAI Firm Registration Number: 310009E

RAJIB SEKHAR SAHOO
Digitally signed by RAJIB SEKHAR SAHOO
Date: 2023.04.25 21:07:47 +05'30'

per R S Sahoo
Partner
Membership Number: 053960
UDIN: 23053960BGQFJY5636
Bhubaneswar
April 25, 2023

TP NORTHERN ODISHA DISTRIBUTION LIMITED
CIN:U401090R2021PLC035951
Januganj Balasore Odisha,India,756019
Website: www.tpnodl.com; Email: contactus@tpnodl.com

BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
A. ASSETS		**₹ in Crore**	**₹ in Crore**
(1) Non-current assets			
(a) Property, plant and equipment	4	2,058.65	1,546.42
(b) Capital work in progress	5	415.66	164.67
(c) Intangible assets	6	50.60	18.26
(d) Financial assets	7	381.16	422.92
(e) Non-current tax assets	9	23.53	29.78
(f) Other non-current assets	10	49.42	78.25
Total non-current assets		**2,979.02**	**2,260.30**
(2) Current assets			
(a) Inventories	11	53.97	14.15
(b) Financial assets			
(i) Trade receivables	12	259.86	274.13
(ii) Unbilled receivables		295.72	227.52
(iii) Cash and cash equivalents	13	315.40	154.71
(iv) Bank balances other than (iii) above	13	881.12	711.92
(v) Other financial assets	14	25.10	10.86
(c) Other current assets	15	23.75	20.03
Total current assets		**1,854.92**	**1,413.32**
(3) Regulatory deferral account - asset	25	**-**	**22.58**
Total assets (1+2+3)		**4,833.94**	**3,696.20**
B. EQUITY AND LIABILITIES			
(1) EQUITY			
(a) Equity share capital	16	398.15	294.94
(b) Other equity	17	189.59	73.92
Total equity		**587.74**	**368.86**
LIABILITIES			
(2) Non-current liabilities			
(a) Financial liabilities			
Borrowings	21	237.47	-
(b) Provisions	18	158.14	133.21
(c) Contribution towards capital assets	19	1,079.76	953.96
(d) Deferred tax liabilities (net)	8	20.29	10.92
(e) Other non-current liabilities	20	719.56	497.28
Total non-current liabilities		**2,215.22**	**1,595.37**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	187.70	226.72
(ii) Trade payables			
total outstanding dues of micro and small enterprises	22	15.14	18.92
total outstanding dues of creditors other than micro and small enterprises	22	587.64	517.79
(iii) Other financial liabilities	23	1,097.30	850.56
(b) Provisions	18	15.80	14.59
(c) Other current liabilities	24	119.04	103.39
Total current liabilities		**2,022.62**	**1,731.97**
(4) Regulatory deferral account-liability	25	**8.36**	**-**
Total equity and liabilities (1+2+3+4)		**4,833.94**	**3,696.20**

See accompanying notes forming part of financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI FRN: 324982E/ E300003
VISHAL BANSAL Digitally signed by VISHAL BANSAL DN: cn=VISHAL BANSAL, c=IN, o =Personal, email=vishal.b@srb.in Date: 2023.04.25 21:39:34 +05'30'
per Vishal Bansal
Partner
Membership Number:097546
Place: Gurugram
Date: April 25, 2023

For SRB & Associates
Chartered Accountants
ICAI FRN: E310009E
RAJIB SEKHAR SAHOO Digitally signed by RAJIB SEKHAR SAHOO Date: 2023.04.25 21:09:59 +05'30'
per R S Sahoo
Partner
Membership Number: 053960
Place: Bhubaneswar
Date: April 25, 2023

For and on behalf of the Board of
TP NORTHERN ODISHA DISTRIBUTION LIMITED

PRAVEER SINHA Digitally signed by PRAVEER SINHA Date: 2023.04.25 20:33:54 +05'30'
Praveer Sinha
Director
DIN:01785164
Place: Mumbai

SANJAY KUMAR BANGA Digitally signed by SANJAY KUMAR BANGA Date: 2023.04.25 20:45:03 +05'30'
Sanjay Kumar Banga
Director
DIN:07785948
Place: Mumbai

BHASKAR SARKAR Digitally signed by BHASKAR SARKAR Date: 2023.04.25 19:54:15 +05'30'
Bhaskar Sarkar
Chief Executive Officer (CEO)
Place: Balasore
Date: April 25, 2023

SILADITYA SENGUPTA Digitally signed by SILADITYA SENGUPTA Date: 2023.04.25 19:45:35 +05'30'
Siladitya Sengupta
Chief Financial Officer (CFO)
Place: Balasore

DEVENDRA PRASAD Digitally signed by DEVENDRA PRASAD Date: 2023.04.25 20:05:56 +05'30'
Devendra Prasad
Company Secretary
Membership Number:A39789
Place:Balasore

TP NORTHERN ODISHA DISTRIBUTION LIMITED
CIN:U401090R2021PLC035951
Januganj Balasore Odisha,India,756019
Website: www.tpnodl.com; Email: contactus@tpnodl.com

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

	Particulars	Notes	Year Ended March 31 ,2023	Year Ended March 31 ,2022
			₹ in Crore	₹ in Crore
I.	Revenue from operations	26	3,378.39	2,749.65
II.	Other income	27	74.26	45.60
III.	**Total income (I+II)**		**3,452.65**	**2,795.25**
IV.	**Expenses**			
	Cost of power purchased and transmission charges	28	2,240.22	1,836.76
	Employee benefits expense	29	390.45	436.79
	Finance costs	30	68.25	45.23
	Depreciation and amortisation expense	4 & 6	105.09	89.34
	Other expenses	31	475.74	261.16
	Total expenses (IV)		**3,279.75**	**2,669.28**
V.	**Profit before movement in regulatory deferral balance and tax (III-IV)**		**172.90**	**125.97**
	Less: Net movement in regulatory deferral balances	25	(22.24)	(27.19)
VI.	**Profit before tax**		**150.66**	**98.78**
VII.	**Tax expense**			
	(1) Current tax for the year	32	29.03	13.94
	(2) Adjustment of tax relating to earlier period	32	(3.41)	-
	(3) Deferred tax	32	9.37	10.92
VIII.	**Profit for the year (VI-VII)**		**115.67**	**73.92**
IX.	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss (Net)	33	-	-
X.	**Total Comprehensive Income for the year (VIII+IX)**		**115.67**	**73.92**
XI.	**Earnings per equity share (face value of ₹ 10/- each)**			
	Earnings Per Equity Share (Excluding Regulatory expense (net))			
	Basic and Diluted (in ₹)	36	4.48	3.75
	Earnings Per Equity Share (Including Regulatory expense(net))			
	Basic and Diluted (in ₹)	36	3.91	2.94
	See accompanying notes forming part of financial statements			

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI FRN: 324982E/ E300003
VISHAL BANSAL Digitally signed by VISHAL BANSAL DN: cn=VISHAL BANSAL, c=IN, o=Personal, email=vishal.b@srb.in Date: 2023.04.25 21:40:31 +05'30'
per Vishal Bansal
Partner
Membership Number:097546
Place: Gurugram
Date: April 25, 2023

For SRB & Associates
Chartered Accountants
ICAI FRN: E310009E
RAJIB SEKHAR SAHOO Digitally signed by RAJIB SEKHAR SAHOO Date: 2023.04.25 21:11:34 +05'30'
per R S Sahoo
Partner
Membership Number: 053960
Place: Bhubaneswar
Date: April 25, 2023

For and on behalf of the Board of
TP NORTHERN ODISHA DISTRIBUTION LIMITED

PRAVEER SINHA Digitally signed by PRAVEER SINHA Date: 2023.04.25 20:34:55 +05'30'
Praveer Sinha
Director
DIN:01785164
Place: Mumbai

SANJAY KUMAR BANGA Digitally signed by SANJAY KUMAR BANGA Date: 2023.04.25 20:43:40 +05'30'
Sanjay Kumar Banga
Director
DIN:07785948
Place: Mumbai

BHASKAR SARKAR Digitally signed by BHASKAR SARKAR Date: 2023.04.25 19:55:00 +05'30'
Bhaskar Sarkar
Chief Executive Officer (CEO)
Place: Balasore

SILADITYA SENGUPTA Digitally signed by SILADITYA SENGUPTA Date: 2023.04.25 19:46:14 +05'30'
Siladitya Sengupta
Chief Financial Officer (CFO)
Place: Balasore

DEVENDRA PRASAD Digitally signed by DEVENDRA PRASAD Date: 2023.04.25 20:06:41 +05'30'
Devendra Prasad
Company Secretary
Membership Number:A39789
Place:Balasore

Date: April 25, 2023

TP NORTHERN ODISHA DISTRIBUTION LIMITED
CIN:U401090R2021PLC035951
Januganj Balasore Odisha,India,756019
Website: www.tpnodl.com; Email: contactus@tpnodl.com

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

Accounting Policy

Cash flows from operating activities are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated and presented separately. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

Particulars		Year Ended March 31, 2023 ₹ in crore	Year Ended March 31, 2022 ₹ in crore
A. Cash flow from operating activities			
Profit before tax		150.66	98.78
Adjustments for :			
Loss on disposal of property, plant and equipment		0.12	-
Depreciation and amortisation expense		105.09	89.34
Interest on consumer security deposits		41.96	26.25
Finance cost		22.38	18.98
Interest income		(48.46)	(34.46)
Amortisation of consumer contribution		(63.95)	(65.52)
Amortisation of government grants in capital nature		(10.52)	(0.20)
Amortisation of government grants in revenue nature		(10.81)	(12.71)
Allowance for doubtful debts		64.98	25.56
Operating profit before working capital changes		**251.45**	**146.02**
Adjustments for (increase)/decrease in operating assets:			
Inventories		(39.83)	2.93
Trade receivables		(50.72)	(299.69)
Unbilled revenue		(68.19)	(227.52)
Other financial assets - current		(12.48)	(3.60)
Other financial assets - non current		0.07	5.19
Other current assets		(3.73)	11.93
Regulatory deferral account		30.94	(22.58)
Adjustments for increase/(decrease) in operating liabilities:			
Trade payables		66.06	486.25
Other financial liabilities - current		24.38	73.72
Other current liabilities		15.65	39.86
Other non-current liabilities		23.80	(19.19)
Provisions - non current		24.93	133.21
Provisions - current		1.21	14.59
Cash generated from operations		263.54	341.12
Income taxes paid (Net of refund received)		(19.37)	(16.08)
Net Cash Flows from Operating Activities*	(A)	**244.17**	**325.04**
B. Cash flow from investing activities			
Capital expenditure on property, plant and equipment (including capital work in progress and capital advances but net of capital creditors)		(767.34)	(290.58)
Capital expenditure on intangible asset		(37.48)	(19.42)
Interest received on bank deposits		46.70	34.46
Deposits made with banks not considered as cash and cash equivalents		(127.51)	(364.64)
Net Cash Flow used in Investing Activities	(B)	**(885.63)**	**(640.18)**

TP NORTHERN ODISHA DISTRIBUTION LIMITED
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Januganj Balasore Odisha,India,756019
Website: www.tpnodl.com; Email: contactus@tpnodl.com

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

	Particulars		**Year Ended March 31, 2023 ₹ in Crore**	**Year Ended March 31, 2022 ₹ in Crore**
C.	**Cash flow from financing activities**			
	Proceeds from issuance of equity shares		52.63	22.92
	Finance cost paid		(46.51)	(20.52)
	Proceeds/refund of security deposit from electricity consumers (net)		188.01	11.39
	Proceeds from consumer contribution		183.06	101.66
	Proceeds from government grant towards capital assets		17.21	9.76
	Proceeds from deposit works		40.30	0.18
	Proceeds of subsidies towards cost of capital assets		169.00	181.16
	Proceeds from long-term borrowings		237.47	-
	Proceed from working capital loans		3,169.26	1,803.26
	Repayment of working capital loans		(3,208.28)	(1,946.59)
	Net cash from financing activities	(C)	**802.15**	**163.22**
D.	**Net increase/(decrease) in cash and cash equivalents**	(A+B+C)	**160.69**	**(151.92)**
E.	Cash and cash equivalents at the beginning of the year		154.71	-
F.	Cash and cash equivalents acquired on business combination		-	306.63
G.	**Cash and cash equivalents at year end (Refer Note 13)**		**315.40**	**154.71**
H.	**Non-cash financing and investing activities:**			
	Issuance of equity shares for Considerations other than Cash (Refer Note 16)		50.57	22.02

***Net cash flow from operating activities includes an amount of ₹ 1.57 crores (March 31, 2022 - Nil) towards corporate social responsibility. (Refer note : 31.2)**

See accompanying notes forming part of financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI FRN: 324982E/ E300003

VISHAL BANSAL Digitally signed by VISHAL BANSAL DN: cn=VISHAL BANSAL, c=IN, o=Personal, email=vishal.b@srb.in Date: 2023.04.25 21:41:39 +05'30'

per Vishal Bansal
Partner
Membership Number:097546
Place: Gurugram
Date: April 25, 2023

For SRB & Associates
Chartered Accountants
ICAI FRN: E310009E

RAJIB SEKHAR SAHOO Digitally signed by RAJIB SEKHAR SAHOO Date: 2023.04.25 21:13:06 +05'30'

per R S Sahoo
Partner
Membership Number: 053960
Place: Bhubaneswar
Date: April 25, 2023

For and on behalf of the Board of
TP NORTHERN ODISHA DISTRIBUTION LIMITED

PRAVEER SINHA Digitally signed by PRAVEER SINHA Date: 2023.04.25 20:35:47 +05'30'

Praveer Sinha
Director
DIN:01785164
Place: Mumbai

SANJAY KUMAR BANGA Digitally signed by SANJAY KUMAR BANGA Date: 2023.04.25 20:42:16 +05'30'

Sanjay Kumar Banga
Director
DIN:07785948
Place: Mumbai

BHASKAR SARKAR Digitally signed by BHASKAR SARKAR Date: 2023.04.25 19:56:00 +05'30'

Bhaskar Sarkar
Chief Executive Officer (CEO)
Place: Balasore

SILADITYA SENGUPTA Digitally signed by SILADITYA SENGUPTA Date: 2023.04.25 19:46:35 +05'30'

Siladitya Sengupta
Chief Financial Officer (CFO)
Place: Balasore

DEVENDRA PRASAD Digitally signed by DEVENDRA PRASAD Date: 2023.04.25 20:07:13 +05'30'

Devendra Prasad
Company Secretary
Membership Number:A39789
Place: Balasore

Date: April 25, 2023

TP NORTHERN ODISHA DISTRIBUTION LIMITED
CIN:U401090R2021PLC035951
Januganj Balasore Odisha,India,756019
Website: www.tpnodl.com; Email: contactus@tpnodl.com

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. Equity Share Capital

Particulars	No of Shares	Amount ₹ in Crores
Balance as at April 1, 2021	25,00,00,000	250.00
Issued during the year	4,49,43,600	44.94
Balance as at March 31, 2022	**29,49,43,600**	**294.94**

Particulars	No of Shares	Amount ₹ in Crores
Balance as at April 1, 2022	29,49,43,600	294.94
Issued during the year	10,32,04,700	103.20
Balance as at March 31, 2023	**39,81,48,300**	**398.14**

B. Other Equity

Particulars	Retained Earnings	Total
	₹ in Crores	₹ in Crores
Balance as at April 1, 2021	-	-
Profit for the year	73.92	73.92
Other Comprehensive Income/(Expense) for the year	-	-
Total comprehensive income	**73.92**	**73.92**
Balance as at March 31, 2022	**73.92**	**73.92**

Particulars	Retained Earnings	Total
	₹ in Crores	₹ in Crores
Balance as at April 1, 2022	73.92	73.92
Profit for the year	115.67	115.67
Other Comprehensive Income/(Expense) for the year	-	-
Total comprehensive income	**115.67**	**115.67**
Balance as at March 31, 2023	**189.59**	**189.59**

See accompanying notes forming part of financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI FRN: 324982E/ E300003
VISHAL BANSAL Digitally signed by VISHAL BANSAL DN: cn=VISHAL BANSAL, c=IN, o=Personal, email=vishal.b@srb.in Date: 2023.04.25 21:42:22 +05'30'
per Vishal Bansal
Partner
Membership Number:097546
Place: Gurugram
Date: April 25, 2023

For SRB & Associates
Chartered Accountants
ICAI FRN: E310009E
RAJIB SEKHAR SAHOO Digitally signed by RAJIB SEKHAR SAHOO Date: 2023.04.25 21:14:43 +05'30'
per R S Sahoo
Partner
Membership Number: 053960
Place: Bhubaneswar
Date: April 25, 2023

For and on behalf of the Board of
TP NORTHERN ODISHA DISTRIBUTION LIMITED

PRAVEER SINHA Digitally signed by PRAVEER SINHA Date: 2023.04.25 20:36:44 +05'30'
Praveer Sinha
Director
DIN:01785164
Place: Mumbai

SANJAY KUMAR BANGA Digitally signed by SANJAY KUMAR BANGA Date: 2023.04.25 20:41:02 +05'30'
Sanjay Kumar Banga
Director
DIN:07785948
Place: Mumbai

BHASKAR SARKAR Digitally signed by BHASKAR SARKAR Date: 2023.04.25 19:56:34 +05'30'
Bhaskar Sarkar
Chief Executive Officer (CEO)
Place: Balasore

SILADITYA SENGUPTA Digitally signed by SILADITYA SENGUPTA Date: 2023.04.25 19:46:53 +05'30'
Siladitya Sengupta
Chief Financial Officer (CFO)
Place: Balasore

DEVENDRA PRASAD Digitally signed by DEVENDRA PRASAD Date: 2023.04.25 20:07:40 +05'30'
Devendra Prasad
Company Secretary
Membership Number:A39789
Place: Balasore

Date: April 25, 2023

Note 1
Corporate Information

TP NORTHERN ODISHA DISTRIBUTION LIMITED ("TPNODL" or the "Company") is a public limited company, domiciled and incorporated in India and is engaged in the business of distribution of electricity in Northern Odisha. The Company has been incorporated on March 20, 2021 under the Companies Act, 2013 (as amended). Pursuant to vesting order issued by the Odisha Electricity Regulatory Commission ('OERC') dated March 25, 2021, the Company acquired the business of distributing power in Northern Odisha ('business') from the NESCO (Northern Electricity Supply Company of Odisha Limited & NESCO utility) with effect from April 1, 2021 (vesting date). Accordingly, the Company is a licensee to carry out the function of distribution and retail supply of electricity covering the distribution circles of Balasore, Bhadrak, Baripada, Jajpur and Keonjhar in the state of Odisha for a period of 25 years effective from April 1, 2021, which also marked the commencement of commercial operations for the Company.

The registered office of the company is located at The Corporate Office Of NESCO, Januganj Balasore , Odisha 756019.

The Company is subsidiary of The Tata Power Company Limited (TPCL) which holds 51% equity shares and balance 49% equity shares are held by GRIDCO Ltd.

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 (as amended from time to time). The Company also applies requirement of Division II to Schedule III of the Companies Act 2013, while presenting financial statements. During the year, certain amendments to Ind AS have become applicable and been adopted by the Company. However, their applications did not have any material impact on financial position and financial performance of the Company.

2.2 Basis of preparation and presentation

The Ind AS Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value

- certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments)
- defined benefit plan related assets and liabilities (Refer accounting policy for defined benefit plans)

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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.

The financial statements are presented in INR and all values are rounded to the nearest crores (INR 00,00,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

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 Rupee (₹), which is the functional currency of the Company. The functional currency represents the currency of the primary economic environment in which the Company operates.

Transactions 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.

3.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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 determined in accordance with Ind AS 115. 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

3.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 Financial assets at 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.

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 and/ or fair value through other comprehensive income (FVTOCI) 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 will 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.

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. The company does not have any financial assets measured at fair value through profit & loss.

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

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.

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 management's best estimate at the reporting date.

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 also transfers 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 classified as equity are recognized as a deduction from equity, net of any tax effects.

3.5.3 Financial liabilities

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 each reporting period. 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 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and other assets/ liabilities acquired as part of business combination.

3.7 Lease Accounting

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. 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 standalone price.

As a Lessee

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.

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.

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.

3.8 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.

3.9 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to a specified asset, it is recognized as deferred income, and amortized over the expected useful life of the asset. Other grants relating to revenue expenditure are recognized as income in the Statement of Profit and Loss on a systematic basis to match with the related expense.

3.10 Business combinations and goodwill

Business combinations, except those under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill as well as other assets, if any, is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.11 Standards issued but not yet effective

The key new and amended standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards, if applicable, when they become effective.

Definition of Accounting Estimates - Amendments to Ind AS 8

The amendment introduces a definition of 'accounting estimates.' The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendment provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are applicable for annual periods beginning on or after 1 April 2023 with earlier application permitted. The Company is revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The Ministry of Corporate Affairs (MCA) has notified amendments to Ind AS 12, which narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is currently assessing impact of the amendments.

3.12 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 related to accrual of regulatory deferrals and revenue recognition.
2. Estimation of expected credit loss.
3. Estimation of defined benefit obligation.
4. Estimations of tax expense and balances.
5. Estimation of provision required toward litigation and other claims against the Company.

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.

NOTE 4 Property, plant and equipment :

4.01 Accounting Policy :

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price (net of trade discount and rebates) and any directly attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Ind AS 23. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, 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 repair and maintenance costs are recognised in the statement of profit and loss as incurred. 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 any component accounted for as a separate assets are derecognised when replaced.

Depreciation

Depreciation commences when an asset is ready for its intended use.

Depreciation on Property, plant and equipment in respect of electricity business of the Company covered under Part B of Schedule II of the Companies Act, 2013, has been provided on the straight-line method at the rates specified in vesting order and tariff regulation notified by regulatory commission.

Estimated useful lives of the Regulated assets are as follows:

Type of asset	**Useful lives (Assets transferred on acquisition)**	**Useful lives (New assets acquired post acquisition)**
Buildings	50 years	27 years
Plant & Machinery including transmission lines & cable network (excluding IT equipments & battery)	25 years	18 years
Plant and equipment (IT Equipments)	-	6 years
Plant and equipment (Batteries)	-	5 years
Furniture and fixtures	20 years	15 years
Office equipment	10 years	15 years
Motor cars	7 years	15 years

Based on the vesting order/ tariff regulations, the residual value of the assets is considered at 10% of the Original Cost. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

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 equipments 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.

Impairment of tangible and intangible assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crores

NOTE 4.02 Property, plant and equipment :

Particulars		Gross Block				Accumulated Depreciation				Net Block
		As at April 01, 2022	Additions	Deletions	As at March 31, 2023	As at April 01, 2022	For the year	Elimination on deletions	As at March 31, 2023	As at March 31, 2023
(a)	Buildings	7.49	60.44	-	67.93	0.13	1.12	-	1.25	66.68
(b)	Plant and Machinery, Transmission lines and cable network	1,608.95	512.40	(0.06)	2,121.29	86.38	93.11	(0.01)	179.48	1,941.81
(c)	Vehicles	0.47	1.18	(0.00)	1.65	0.06	0.09	(0.00)	0.14	1.51
(d)	Furniture and fixtures	1.11	5.22	(0.13)	6.20	0.35	1.18	(0.11)	1.43	4.77
(e)	Office equipment	16.58	33.07	(0.07)	49.58	1.26	4.45	(0.01)	5.70	43.88
	Total	**1,634.60**	**612.30**	**(0.26)**	**2,246.65**	**88.18**	**99.95**	**(0.13)**	**188.00**	**2,058.65**

Particulars		Gross Block				Accumulated Depreciation				Net Block
		As at April 01, 2021	Additions	Deletions	As at March 31, 2022	As at April 01, 2021	For the year	Elimination on deletions	As at March 31, 2022	As at March 31, 2022
(a)	Buildings	3.47	4.02	-	7.49	-	0.13	-	0.13	7.36
(b)	Plant and Machinery, Transmission lines and cable network	1,468.10	140.85	-	1,608.95	-	86.38	-	86.38	1,522.57
(c)	Vehicles	0.15	0.32	-	0.47	-	0.06	-	0.06	0.41
(d)	Furniture and fixtures	0.28	0.82	-	1.11	-	0.35	-	0.35	0.76
(e)	Office equipment	1.41	15.17	-	16.58	-	1.26	-	1.26	15.32
	Total	**1,473.42**	**161.18**	**-**	**1,634.60**	**-**	**88.18**	**-**	**88.18**	**1,546.42**

NOTE 4.03

Additional information regarding assets acquired from NESCO

Particulars	As at April 01, 2021		
	Gross Block	Accumulated Depreciation	Net carrying amount/Fair value at acquisition date
Land	-		-
Buildings	5.59	2.12	3.47
Plant & Machinery and transmission lines & cable network	2,184.68	716.58	1,468.10
Motor Vehicles	0.55	0.39	0.15
Furniture & Fixtures	2.26	1.97	0.28
Office Equipment	6.33	4.92	1.41
Total	**2,199.41**	**725.98**	**1,473.42**

 # 0.00 represents amount below the rounding off norm adopted by the Company

NOTE 4.04 The Company does not own any land in its name. As per terms of vesting order, land has been given on lease to the Company for a nominal consideration of Re.1 per year, till the expiry of power distribution license. The Company has retained operational rights over these lands used for the purpose of carrying out distribution business under the license granted by OERC. The impact of applying lease accounting as per Ind AS 116 - 'Leases' to these leases is not material.
Beneficial ownership of immovable properties constructed over the above lands viz; buildings have been transferred to the Company with effect from acquisition date. As per terms of vesting order, title for the said immovable properties continues to be in the name of erstwhile administration and Companies.

NOTE 4.05 Assets created out of Government grants, etc., where the concerned liability has not been transferred

The items of the property, plant and equipment include assets created out of Government Grant. As per the terms of the Vesting Order and the Carve Out Order, these assets have been transferred to the Company; however, the corresponding deferred Grant liability has not been transferred. The Vesting Order and the Carve Out Order also provides that depreciation charged on these assets will not be allowed for determination of tariff.

In the financial statements, the Company has charged depreciation as per the accounting policy as stated above. As per the vesting order and the Carve Out order, the Company is required to utilise any amount realised through depreciation toward meeting additional serviceable liabilities. If there are any shortages in realisation to meet these additional serviceable liabilities, then the OERC will allow such shortfall through Aggregate Revenue Requirement (‘ARR’) adjustment.

Considering the above, the management has determined that lower depreciation allowed in ARR pursuant to the above requirements will not have any adverse impact on financial position and financial performance of the Company as at and for the year ended March 31, 2023.

NOTE 4.06 Physical verification of PPE and CWIP

In accordance with physical verification policy adopted by the Company, an independent party has carried out physical verification in respect of a portion of PPE belonging to the Company. Based on reports issued by the independent party and after considering necessary reconciliations prepared by the third party/ management, Plant and Machinery having net written down value of ₹ 0.05 Crores (Gross Carrying Amount: ₹ 0.06 Crores) and Furniture & Fixture, Office Vehicle and Office Equipments having net written down value of ₹ 0.09 Crore (Gross Carrying Amount: ₹ 0.19 Crores) are not in existence and accordingly, have been decapitalised during the year. The corresponding adjustment has been to Regulatory Deferral Balance account and there is no impact on net worth and/or profit or loss of the Company.

NOTE 4.07 Property Plant and Equipment created out of consumer funds

Considering the provisions of the Odisha Electricity Regulatory Commission Distribution (Conditions of Supply) Code, 2019, the management believes that it has legal right and ownership over the property, plant and equipment (PPE) which are directly funded by the consumers and are being used to supply electricity to the consumers. Accordingly, during the year, the company has capitalized PPE amounting to ₹ 183.06 Crores (March 31, 2022: ₹ 101.66 Crores) and recognised the corresponding liability under the head consumer contribution. Depreciation on PPE as well as amortisation of ₹ 63.95 Crores (March 31, 2022: ₹ 65.52 Crores) are being recognised in the Statement of Profit and Loss, having no net impact on profit or loss of the Company.
The management believes that the accounting adopted by the Company reflects substance of the arrangement and is also in compliance with the applicable requirements. Based on physical verification policy adopted by the Company, physical verification of these assets is being carried out along with other assets of the Company.

NOTE 4.08 Property Plant and Equipment received in lieu of shares

The items of the property, plant and equipment include assets received in lieu of shares amounting to ₹ 50.57 Crores (March 31, 2022 : ₹ 22.02 Crores).

NOTE 4.09 Refer note 21 for charge created against borrowings.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 5 Capital work in progress

Accounting Policy

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

₹ crore

Particulars	As at April 01, 2022	Additions	Capitalized /Disposals	As at March 31, 2023
Capital Work in Progress (majorly pertains to Plant & Machinery and transmission lines & cable network)	164.67	681.28	430.29	415.66
Total	**164.67**	**681.28**	**430.29**	**415.66**

₹ crore

Particulars	As At April 01, 2021	Additions	Capitalized /Disposals	As at March 31, 2022
Capital Work in Progress (majorly pertains to Plant & Machinery and transmission lines & cable network)	23.21	280.61	139.15	164.67
Total	**23.21**	**280.61**	**139.15**	**164.67**

Project in progress includes setting up substations, installations of transformer and cable networks at various locations in northern part of Odisha.
CWIP includes closing capital inventory of ₹ 215.33 Crores as at March 31, 2023 (March 31, 2022 : ₹ 118.82 Crore).

NOTE 5.01 Capital work in progress ageing Schedule*

₹ crore

As at March 31, 2023	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	more than 2 years	
Capex-Government Funded	185.69	3.54	-	189.23
Capex-Consumer Funded	17.07	8.49	-	25.56
Capex-Meter	39.63	9.46	-	49.09
Capex-Own	143.13	8.65	-	151.78
Total	**385.52**	**30.14**	**-**	**415.66**

As at March 31, 2022	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	more than 2 years	
Capex-Government Funded	70.28	-	-	70.28
Capex-Consumer Funded	18.54	-	-	18.54
Capex-Own	75.85	-	-	75.85
Total	**164.67**	-	-	**164.67**

* Projects include setting up sub stations, installation of transformers and cable networks at various location in northern part of Odisha.

NOTE 5.02

Post acquisition of business, there are no projects with costs over run or exceeding the planned timeline for completion.

NOTE 6 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.

Type of asset	Useful lives (New assets)
Software	6 years

Derecognition

An item of intangible asset 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 intangible asset 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.

₹ in Crore

Description	Computer software	Total
Gross Block		
Balance as at April 01, 2021	-	-
Additions	19.42	19.42
Disposals	-	-
Balance as at April 01, 2022 (A)	**19.42**	**19.42**
Additions	37.48	37.48
Disposals	-	-
Balance as at March 31, 2023 (B)	**56.90**	**56.90**
Accumulated amortisation and impairment		
Balance as at April 01, 2021	-	-
Amortisation expense	1.16	1.16
Disposals	-	-
Balance as at April 01, 2022 (C)	**1.16**	**1.16**
Amortisation expense	5.14	5.14
Disposals	-	-
Balance as at March 31, 2023 (D)	**6.30**	**6.30**
Net carrying amount		
As at March 31, 2023 (B-D)	**50.60**	**50.60**
As at March 31, 2022 (A-C)	**18.26**	**18.26**

NOTE 7
Financial assets - non current
(Unsecured and considered good, at amortised cost)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
Deposits with banks- earmarked balances*	367.28	408.97
Advances to staffs	6.59	6.59
Security Deposit-to various authorities	7.29	7.36
	381.16	**422.92**

* Earmarked balances against government grants/subsidy towards capital asset

NOTE 8
Deferred tax liabilities (Net) (refer note no 32)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
Deferred tax liabilities (net)	20.29	10.92
	20.29	**10.92**

NOTE 9
Non-current tax assets

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
Advance income tax/ tax deducted at source (net of provision)	23.53	29.78
	23.53	**29.78**

NOTE 10
Other non-current assets
(Unsecured and considered good at amortised cost)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
(a) Receivable From State Government	2.03	2.03
(b) Capital advances	34.54	63.37
(c) Others	12.85	12.85
	49.42	**78.25**

NOTE 11
Inventories (At lower of cost and net realisable value)

Accounting policy

11.1 Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on moving weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost of inventory includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Unserviceable/damaged stores and spares are identified and written down based on technical evaluation.

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
(a) Stores and spares	53.97	14.15
Total inventories	**53.97**	**14.15**

Note: Refer note 21 for charge created against borrowings

NOTE 12
Trade receivables
(At amortised cost)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
(a) (i) Unsecured, Considered good	219.37	140.98
(ii) Significant increase in credit risk	131.03	158.71
	350.40	299.69
Less: Allowance for doubtful trade receivables (expected credit loss)	(90.54)	(25.56)
Total Trade receivables	**259.86**	**274.13**

Note

1 The Company holds security deposits from consumers amounting to ₹ 795.82 Crore (March 31, 2022: ₹ 607.82 Crore)

2 Refer Note 21 for charge created against borrowings.

3 The management has formulated a mechanism for receiving and addressing customer complaints including those related to billing and receivables outstanding. The management has identified disputed receivables basis information available with the Company.

4 Trade receivables include amount of ₹ 131.03 crores (March 31,2022: ₹ 158.71 crores) from consumers who are inactive/ permanently disconnected, temporarily disconnected or non-paying for past one year or more.

The Company has acquired power distribution business of NESCO w.e.f. April 01, 2021. The management believes that collection data related to pre-acquisition period is not relevant to assess expected credit loss (ECL) allowance on receivables in the post-acquisition period. In this scenario, the Company has recognised Expected Credit Loss (ECL) allowance on trade receivables using its best estimate considering among other aspects factors such as segregation between government and non-government consumers, security deposit available, outcome of the Company's effort to reach consumers, their most recent payment behaviour as well as the fact that electricity is an essential commodity and regulations will require consumers to clear old dues to get continuous electricity.

Post-acquisition of power distribution business from the NESCO, the Company's continuous endeavour has been to reduce AT&C losses, reduce provisional billing and improve collection through better reach to consumers as well as other measures. In the process, the Company had initially faced several challenges including more than one Covid waves, Cyclones and delays in appointment/ working of metering, billing and collection (MBC) agencies for reasons beyond control of the Company. The Company successfully dealt with these challenges. It is continuously working toward reducing provisional billing and improving overall collection efficiency by changing payment behaviour of consumers. The management is confident it will be able to collect most of the outstanding receivables as it increases its reach to the consumers and also considering that electricity is an essential commodity for all consumers. Accordingly, the management believes the above ECL allowance reflects best estimate and is appropriate as per Ind AS 109 – Financial Instruments.

5 **Trade Receivables Ageing schedule as at March 31 , 2023** **₹ in crore**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables						
a) Considered good	171.44	43.90	-	-	-	215.34
b) Significant increase in credit risk	-	46.94	76.09	-	-	123.03
(ii) Disputed Trade Receivables						
a) Considered good	-	4.03	-	-	-	4.03
b) Significant increase in credit risk	-	8.00	-	-	-	8.00

6 **Trade Receivables Ageing schedule as at March 31, 2022** **₹ in crore**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables						
a) Considered good	56.59	63.39	-	-	-	119.98
b) Significant increase in credit risk	80.41	78.30	-	-	-	158.71
(ii) Disputed Trade Receivables						
a) Considered good	-	-	-	-	-	-
b) Significant increase in credit risk	15.00	6.00	-	-	-	21.00

* Note: Trade receivable ageing schedule has been prepared from the date of acquisition of business by the Company.

7 **Movement in the allowance for doubtful trade receivables**

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
Balance at the beginning of the year	25.56	-
Add: Expected credit losses for the year (Refer Note 31)	64.98	25.56
Balance at the end of the year	**90.54**	**25.56**

NOTE 13
Cash and bank balances

Accounting policy

13.1 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.

		As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
13.2	**Cash and cash equivalents**		
(a)	Balances with banks - in current accounts	80.19	87.14
(b)	Deposits with banks with original maturity of less than three months	211.81	34.32
(c)	Cash on hand	23.40	33.25
	Total cash and cash equivalents	**315.40**	**154.71**

		As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
13.3	**Other balances with banks (At amortised cost)***		
(i)	Deposits with banks with original maturity more than three months up to twelve months	881.12	711.92
		881.12	**711.92**

*Earmarked balances against consumer security deposits

13.4 **Reconciliation of Liabilities from Financing Activities**

₹ in Crore

Particulars	As at April 1, 2022	Cash Flows		Non-cash Adjustments	As at March 31, 2023
		Proceeds	Payment		
Security deposits from electricity consumers	607.82	188.00	-	-	795.82
Contribution towards Capital Assets	953.96	200.27	-	(74.47)	1,079.76
Consumers' deposits for works	141.52	40.30	-	-	181.82
Subsidies towards cost of capital asset	342.86	169.00	-	(10.81)	501.05
Cash Credit (net payment during the year)	226.72	-	(39.02)	-	187.70
Long term borrowings	-	237.47		-	237.47
Total	**2,272.88**	**835.04**	**(39.02)**	**(85.28)**	**2,983.63**

₹ in Crore

Particulars	As at April 1, 2021	Cash Flows		Non-cash Adjustments	As at March 31, 2022
		Proceeds	Payment		
Security deposits from electricity consumers	596.43	11.39	-	-	607.82
Contribution for capital works	908.26	111.42	-	(65.72)	953.96
Consumers' deposits for works	141.35	0.18	-	-	141.53
Subsidies towards cost of capital asset	174.41	181.16	-	(12.71)	342.86
Cash Credit (net payment during the year)	370.05	-	(143.33)	-	226.72
Total	**2,190.50**	**304.15**	**(143.33)**	**(78.43)**	**2,272.89**

NOTE 14
Other financial assets - current
(Unsecured and considered good, unless otherwise stated, at amortised cost)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
(a) Advance to staff	1.74	7.93
(b) Income accrued but not due on short term deposit with banks	1.76	0.00
(c) Other Receivable (includes receivable from Collection Agencies)	21.60	2.93
	25.10	**10.86**

NOTE 15
Other current assets
(Unsecured and considered good, unless otherwise stated, at amortised cost)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
(a) Advances to others (includes advance to vendors and prepaid expenses)	23.75	20.03
	23.75	**20.03**

NOTE 16
Share capital

	As at March 31, 2023		As at March 31, 2022	
	No.	₹ in crore	No.	₹ in crore
Authorised				
Equity shares of ₹ 10/- each	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
	1,00,00,00,000	**1,000.00**	**1,00,00,00,000**	**1,000.00**
Issued, subscribed and paid up				
Equity shares of ₹ 10/- each (fully paid up)	39,81,48,300	398.15	29,49,43,600	294.94
Total issued, subscribed and paid-up share capital	**39,81,48,300**	**398.15**	**29,49,43,600**	**294.94**

a. Reconciliation of shares outstanding as at the beginning and at the end of the reporting year:

	As at March 31, 2023		As at March 31, 2022	
	No.	₹ crore	No.	₹ crore
Equity shares				
Outstanding at the beginning of the year	29,49,43,600	294.94	-	-
Issued as part of business combination	-	-	25,00,00,000	250.00
Issued during the year	10,32,04,700	103.20	4,49,43,600	44.94
Outstanding at the end of the year	39,81,48,300	398.15	29,49,43,600	294.94

b. Rights, preference and restrictions attached to shares including restrictions on the distribution of dividends and the repayment of capital:

Equity Shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share held. The share holders are entitled to dividend declared on Proportionate basis. On liquidation of the company, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

c. Details of share holders holding more than 5% shares in the company

Equity shares of Rs. 10 each fully paid	As at March 31, 2023		As at March 31, 2022		
Name of the Shareholder	**No of Shares**	**% of Holding**	**No of Shares**	**% of Holding**	**% change**
A. The Tata Power Company Ltd (Holding company)	20,30,55,633	51.00%	15,04,21,236	51.00%	0%
B. GRIDCO Ltd (Company having significant influence)	19,50,92,667	49.00%	14,45,22,364	49.00%	0%
Total	39,81,48,300	100.00%	29,49,43,600	100.00%	

d. Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash.

The Company has allotted equity shares as fully paid for considerations received in form of distribution assets, pursuant to shareholder's agreement and the Government of Odisha notifications. The value of distribution assets have been determined by an independent valuer.

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
	No. of Shares	**No. of Shares**
Equity shares issued in lieu of property plant and equipment	7,25,92,667	2,20,22,364

e. Details of shares held by promoters at the end of the year :
Equity shares of Rs. 10/- each fully paid
Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

Promoters	**No. of Shares as at March 31, 2023**	**Change during the year**	**No. of Shares as at March 31, 2022**	**% of Total Shares**	**% change**
A. The Tata Power Company Ltd	20,30,55,633	5,26,34,397	15,04,21,236	51%	0%
B. GRIDCO Ltd	19,50,92,667	5,05,70,303	14,45,22,364	49%	0%
Total	39,81,48,300	10,32,04,700	29,49,43,600	100%	0%

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

Promoters	**No. of Shares as at March 31, 2022**	**Change during the year**	**No. of Shares as at March 31, 2021**	**% of Total Shares**	**% change**
A. The Tata Power Company Ltd	15,04,21,236	15,04,21,236	-	51%	0%
B. GRIDCO Ltd	14,45,22,364	14,45,22,364	-	49%	0%
Total	29,49,43,600	29,49,43,600	-	100%	0%

NOTE 17
Other equity

		As at March 31, 2023	As at March 31, 2022
		₹ in crore	₹ in crore
17.1	**Retained earnings**		
(a)	Balance at beginning of year	73.92	-
(b)	Profit for the year	115.67	73.92
(c)	Other Comprehensive Income for the year (net)	-	-
	Balance as at the end of the year	189.59	73.92

Nature and purpose of reserves:

Retained earnings

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

NOTE 18
Provisions

18.1 **Accounting Policy**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized 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). The impact of unwinding present value determine is recognised in the statement of profit and loss.

Present obligations arising under onerous contracts are recognized and measured as provisions with charge to the statement of profit and loss. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations will exceed the economic benefits expected to be received from the contract.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the benefit. If the contribution payable to the scheme for service received on or before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received on or before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefits plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Other current and other non-current employee benefits

A liability is recognized for current benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of current employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

The cost of providing other long-term employee benefits, including earned leave, sick leave and other benefits, is determined using the projected unit credit method. The related expenses including remeasurement gains and losses are recognized in the statement of profit and loss.

The Company operates a scheme for Compensated absences wherein the employee is entitled to avail leave benefits as per the policy of the Company. The leave benefits are linked to the salary of the employee and the employee is entitled to either avail paid leave or encash unutilised leave either during employment or on retirement. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the reporting period end. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Remeasurement/ Actuarial gains and losses are recognized immediately in the statement of profit and loss.

Pre acquisition liabilities of employees transferred from erstwhile NESCO :-

The terms of the Vesting Order as modified by the Carve Out Order provide that for entire liabilities toward pension, gratuity and compensated absences of employees retried before the acquisition date and acquisition date liabilities of continuing employees on the acquisition date, the Company's responsibility is limited only to remitting fixed amount requested by the respective Trusts and the same will be allowed to be recovered from consumers for disbursal to the beneficiaries covered under the Trusts. The Company has recognized amount payable to the Trusts for the current year for onward payment of the said liabilities are charged as an expense as they fall due.

Post-acquisition date liabilities of employees who were in service employees on the acquisition date are accounted for either as defined benefit plan or other long term employee benefit basis nature of the benefit.

18.2 **Defined contribution plans**

Erstwhile NESCO Employees

Provident Fund Plan
The Company's contributions toward provident fund of the eligible employees is deposited under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The provident fund 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 does not have any further obligation under the plan.

Other than Erstwhile NESCO utility Employees

Provident Fund Plan
The Company makes contributions toward Provident Fund of qualifying employees which is a defined contribution plan. The Company's contribution to the Employees Provident Fund is deposited under the Employees Provident Fund and Miscellaneous Provisions Act,1952 which is recognized by the Income Tax Authorities and 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 does not have any further obligation under the plan.

Employee State Insurance

The Company makes Employee State Insurance ('ESI') scheme contributions to defined contribution plans for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified are paid to the Employee State Insurance Corporation ('ESIC') set under the ESI Act 1948. The Company is generally liable for annual contributions. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

The Company has recognized a total of Rs 139.92 crores (March 31, 2022: Rs 184.19 crores) as contribution towards all the defined contribution plans in the Statement of Profit or Loss.

18.3 **Defined Benefits plans**

Erstwhile NESCO utility Employees

i) Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Odisha Civil Services (Pension) Rules 1992. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement date. The gratuity plan is partly funded plan. The fund has the form of a trust and is governed by Trustees appointed by the Company. The Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy in accordance with the regulations. The funds are deployed in recognized insurer managed funds in India.

ii) Pension

The Company has a defined benefit pension plan. The pension plan is primarily governed by the Odisha Civil Services (Pension) Rules 1992. Employees who had joined NESCO on or before 31st December 2004 are eligible for pension. The level of benefits provided depends on the member's length of service and salary at the retirement date. The pension plan is partly funded plan. The fund has the form of a trust and is governed by Trustees appointed by the Company. The Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy in accordance with the regulations. The funds are deployed in recognized insurer managed funds in India

Terms of the vesting order as modified by the Carve Out order provide that for entire liabilities toward pension, gratuity and leave encashment of employees retried before the acquisition date and acquisition date liabilities of continuing employees on the acquisition date, the Company's responsibility is limited only to remitting fixed amount requested by the respective Trusts and the same will be allowed to be recovered from consumers for disbursal to the beneficiaries covered under the Trusts. Based on specific clarifications provided in the carve out and the vesting order, the Company has recognized amount payable to the Trusts for the current year for onward payment of the said liabilities in the statement of profit and loss as they fall due.

Post-acquisition date liabilities of employees who were in service employees on the acquisition date are accounted for either as defined benefit plan or other long term employee benefit basis nature of the benefit.

Refer note 18.6 for further details.

Other than Erstwhile NESCO Employees (Unfunded)

i) Gratuity

The Company operates a gratuity plan covering qualifying employee. The benefit payable is calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. In case of death while in service, the gratuity is payable irrespective of vesting.

ii) Pension

The Company has a defined benefit pension plan granting a pre-determined sum as pension after completing vesting period.

iii) Post Employment Medical Benefit

The Company provides certain post-employment health care benefits to superannuated employees at some of its locations. In terms of the plan, the retired employees can avail free medical check-up and medicines at companies' facilities. The benefit is treated as defined benefit plan.

iv) Ex-Gratia Death Benefits

The Company has a defined benefit plan granting ex-gratia payment in case of death during service. The benefit consists of a pre-determined lump sum amount along with a sum determined based on last drawn basic salary per month and the length of service.

v) Retirement Gift

The Company has a defined benefit plan granting a pre-determined sum as retirement gift on superannuation of an employee

		As at March 31, 2023	As at 31st March 2022
(a)	**Provision for Employee Benefits**	**₹ in Crore**	**₹ in Crore**
	Non-Current		
	Gratuity	36.00	33.96
	Pension Fund	71.77	55.92
	Leave Encashment	20.97	18.56
	Rehabilitation	2.00	0.24
	Other Defined Benefit Plans	27.40	24.53
		158.14	**133.21**
	Current		
	Gratuity	0.19	0.20
	Leave Encashment	1.24	0.98
	Other Defined Benefit Plans	3.47	3.14
		4.90	**4.32**
(b)	**Other provisions**		
	Provisions for claims & compensation	10.90	10.27
		10.90	**10.27**
		15.80	**14.59**

18.4 **Pre-acquisition liabilities of employees transferred from erstwhile NESCO**

The Company has acquired the electricity distribution business of NESCO with effect from April 01, 2021. As a part of Business transfer, all the employees of the undertaking were transferred to the Company effective April 01, 2021, on a continuity of service conditions. Previously retired employees as well as continuing employees of NESCO transferred to the Company are entitled to pension and/or gratuity plan which are managed by separate trusts who are responsible for the disbursement of pension and gratuity to the beneficiaries. Liabilities of these trusts determined on an actuarial basis exceed assets available with them. Based on terms of the Vesting Order as modified by the Carve Out Order, these liabilities are treated in two parts.

Liabilities for past employees and acquisition date liabilities of existing employees

The Vesting Order as modified by the Carve Out order states that for entire liabilities toward pension, gratuity and leave encashment of past employees and acquisition date liabilities of existing employees, the Company's responsibility is limited only to remitting fixed amount requested by the respective Trusts and recovered by it from consumers as a part of ARR for disbursal to the beneficiaries covered under the Trusts. Given below are details of Trusts' total accrued liabilities in respect of these of ligations not transferred to the Company at this stage.

March 31, 2023

₹ in Crore

Particulars	Pension	Gratuity	Leave	Total
Total liabilities of past employees	801.70	42.06	82.67	926.43
Acquisition date liabilities of existing employees	247.65	7.77	10.41	265.83
Total	**1,049.35**	**49.83**	**93.08**	**1,192.26**

March 31, 2022

₹ in Crore

Particulars	Pension	Gratuity	Leave	Total
Total liabilities of past employees	898.44	42.06	82.67	1,023.17
Acquisition date liabilities of existing employees	254.63	7.77	10.41	272.81
Total	**1,153.07**	**49.83**	**93.08**	**1,295.98**

As per the Vesting and the Carve Out Order, below amounts paid / payable in respect of the current year have been recognised as expense in the statement of profit and loss

March 31, 2023

₹ in Crore

Particulars	Pension	Gratuity	Leave	Total
Amount paid/payable toward liability of past employees	97.04	-	-	97.04
Amount paid/payable toward acquisition date liabilities of existing employees	-	-	-	-
Total	**97.04**	**-**	**-**	**97.04**

March 31, 2022

₹ in Crore

Particulars	Pension	Gratuity	Leave	Total
Amount paid/payable toward liability of past employees	105.53	-	-	105.53
Amount paid/payable toward acquisition date liabilities of existing employees	-	-	-	-
Total	**105.53**	**-**	**-**	**105.53**

Post-acquisition date liabilities of existing employees:

The Company has assessed that post transfer of business, these plans as defined benefit plans and has accordingly recognized incremental liability in respect of existing employees on the acquisition date in the financial statements. Given below are necessary disclosures in respect of these liabilities, along with other defined benefit plans of the Company.

18.5 Risk associated with the plan provisions are actuarial risk. These risk are interest rate risk, demographic risk and salary escalation risk.

Interest risk
A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Escalation risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

18.6 The following tables set out the funded status of gratuity plan and amount recognized in the Company's financial statements as at 31st March 2023.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 related current service cost.

a. Present Value of obligations

₹ in Crore

	Particulars	As At March 31, 2023			
		Gratuity (Un Funded)	**Other Defined Benefit (Unfunded)**	**Gratuity (Funded)**	**Pension (Funded)**
a.	**Present Value of obligations as at April 01, 2021 as per Actuarial Valuation**				
b.	Interest Cost	-	5.43	4.29	13.16
c.	Current Service Cost	-	1.52	4.99	23.88
d.	Past Service Cost	3.10	27.71	-	-
e.	Acquisition (Credit)/Cost	3.68	0.99	-	-
f.	Actuarial loss / (gain)-Demographic	-		(0.24)	18.88
g.	Actuarial loss / (gain)-Financial	-	(1.61)	(1.20)	-
h.	Actuarial loss / (gain)-Experience	-	12.53	21.57	-
i.	Benefits Paid				-
j.	Immediate recognition of (gains)/Losses-other long term employee benefit plans	-	0.90	-	-
k.	**Present Value of obligations as at March 31, 2022 as per Actuarial Valuation**	**6.78**	**47.47**	**29.41**	**55.92**
l.	Interest Cost	0.47	8.36	5.36	17.13
m.	Current Service Cost	0.84	2.13	3.86	16.61
n.	Past Service Cost	-	0.01	-	-
o.	Acquisition (Credit)/Cost	0.48	0.39	-	-
p.	Actuarial loss / (gain)-Demographic	-	-	-	-
q.	Actuarial loss / (gain)-Financial	(0.13)	(2.97)	(1.96)	(9.60)
r.	Actuarial loss / (gain)-Experience	(0.86)	6.27	5.60	(0.76)
s.	Benefits Paid	(0.35)	(8.29)	(8.83)	(6.88)
t.	Immediate recognition of (gains)/Losses-other long term employee benefit plans	-	0.42	-	-
u.	**Present value of obligation at the end of the year**	**7.23**	**53.79**	**33.44**	**72.42**

b. Fair value of plan assets

₹ in Crore

	Particulars	As At March 31, 2023			
		Gratuity (Un Funded)	**Other Defined Benefit**	**Gratuity (Funded)**	**Pension (Funded)**
a.	**Fair value of plan asset as at April 1, 2021**	-	-	-	-
b.	Acquisition (Credit)/Cost	-	-	-	-
c.	Estimated return on plan asset	-	-	-	-
d.	Employer contribution	-	-	-	-
e.	Benefits Paid	-	-	-	-
f.	Excess of actual over estimated return			2.04	
g.	Others				
h.	**Fair value of plan asset as at April 1, 2022**	**-**	**-**	**2.04**	**-**
i.	Acquisition (Credit)/Cost	-	-	-	-
j.	Estimated return on plan asset	-	-	2.13	
k.	Employer contribution	-	-	-	-
l.	Benefits Paid	-	-	-	-
m.	Excess of actual over estimated return	-	-	0.31	0.65
n.	Others	-	-	-	-
o.	**Fair value of plan asset at the end of the year**	**-**	**-**	**4.48**	**0.65**

c. Amount to be recognized in the balance sheet

₹ in Crore

Particulars	As At March 31, 2023			
	Gratuity (Un Funded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
1. Present Value of obligations as at the end of the year as per Actuarial Valuation	7.23	53.79	33.44	72.42
2. Fair value of Assets at the end of the year	-	-	4.48	0.65
3. Net liability	7.23	53.79	28.96	71.78
4. Liability not transferred to the Company as per vesting order				
5. Net Current Liability recognized in balance sheet	0.19	4.71	-	-
6. Net Liability recognized in balance sheet	7.23	55.08	28.96	71.78
7. Net Non Current Liability recognized in balance sheet	7.03	50.37	28.96	71.78

₹ in Crore

Particulars	As at March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
1. Present Value of obligations as at the end of the year as per Actuarial Valuation	6.78	47.47	29.41	55.92
2. Fair value of Assets at the end of the year	-	-	2.04	-
3. Net liability	6.78	47.47	27.37	55.92
4. Liability not transferred to the Company as per vesting order				
5. Net Current Liability recognized in balance sheet	0.20	4.13	-	-
6. Net Liability recognized in balance sheet	6.79	47.44	27.37	55.92
7. Net Non Current Liability recognized in balance sheet	6.59	43.31	27.37	55.92

d. Expenses Recognised in the Statement of Profit & Loss

₹ in Crore

Particulars	For the Year Ended March 31, 2023			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
1. Current Service Cost	0.84	2.13	3.86	16.61
2. Past Service Cost	-	0.01		
3. Interest Cost	0.47	8.36	3.22	17.13
4. Expected return on Plan Assets	-	-	-	-
5. Immediate Recognition of (Gains)/ Losses - Other Long Term Benefits	-	3.75	-	-
6. Net Actuarial (Gain)/Loss recognized in the year	-	-	-	-
7. Others				-
8. Expenses recognized in statement of Profit & Loss	1.31	14.25	7.08	33.74

₹ in Crore

Particulars	For the Year Ended March 31, 2022			
	Gratuity (Un Funded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
1. Current Service Cost	1.31	0.40	7.85	14.39
2. Past Service Cost	-	6.16		
3. Interest Cost	0.80	0.11	9.21	30.46
4. Expected return on Plan Assets	-	(4.37)	(2.59)	(4.27)
5. Immediate Recognition of (Gains)/ Losses - Other Long Term Benefits	-	-	-	-
6. Net Actuarial (Gain)/Loss recognized in the year	-	-	-	-
7.Others			-	-
8. Expenses recognized in statement of Profit & Loss	2.11	2.30	14.47	40.58

e. Amount recognised in other comprehensive income (remeasurements)

₹ in Crore

Particulars	For the Year Ended March 31, 2023			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
Actuarial (gains)/losses arising from:		-		
- changes in demographic assumptions	-	-	-	-
- changes in financial assumptions	(0.13)	(0.01)	(1.96)	(9.60)
- experience adjustments	(0.86)	(0.02)	5.60	(0.76)
Return on plan assets (greater)/less than discount rate	-		(0.31)	(0.65)
Total	**(0.99)**	**(0.03)**	**3.33**	**(11.01)**

₹ in Crore

Particulars	For the Year Ended March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
Actuarial (gains)/losses arising from:		-		
- changes in demographic assumptions	-	-	(0.24)	-
- changes in financial assumptions		(1.59)	(1.20)	
- experience adjustments	-	12.33	21.57	18.88
Return on plan assets (greater)/less than discount rate	-			
Total	**-**	**10.74**	**20.13**	**18.88**

f. Principal assumptions

Particulars	As at March 31, 2023		As at March 31, 2022	
	Gratuity (Unfunded)	Gratuity (funded)	Gratuity (Unfunded)	Gratuity (funded)
1. Discount rate	7.30%	7.30%	7.10%	7.10%
2. Salary escalation	7.00%	6.00%	7.00%	7.00%
3. Mortality rate	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

g. Sensitivity analysis

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

₹ in Crore

Increase/ (decrease) in defined benefit liability	For the Year Ended March 31, 2023			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
Effect on defined benefit obligation due to 0.5% increase in salary escalation rate	0.34	7.58	3.50	11.25
Effect on defined benefit obligation due to 0.5% decrease in salary escalation rate	(0.32)	(7.03)	(3.42)	(10.53)
Effect on defined benefit obligation due to 0.5% increase in discount rate	(0.32)	(7.00)	(4.61)	(59.70)
Effect on defined benefit obligation due to 0.5% decrease in discount rate	0.34	7.61	5.02	65.01

₹ in Crore

Increase/ (decrease) in defined benefit liability	For the Year Ended March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
Effect on defined benefit obligation due to 0.5% increase in salary escalation rate	0.29	7.38	35.57	11.35
Effect on defined benefit obligation due to 0.5% decrease in salary escalation rate	(0.27)	(6.83)	34.11	(10.60)
Effect on defined benefit obligation due to 0.5% increase in discount rate	(0.27)	(5.14)	(43.95)	(61.48)
Effect on defined benefit obligation due to 0.5% decrease in discount rate	0.29	7.43	48.06	67.11

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.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.
There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous years.

h. Effect of Plan on Company's future cash flows

₹ in Crore

Expected Future cashflows	For the Year Ended March 31, 2023			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)*	Pension (Funded)*
March 31, 2024	0.20	9.22	6.88	114.32
March 31, 2025	0.23	8.57	5.57	112.60
March 31, 2026	0.62	7.81	4.22	109.97
March 31, 2027	1.09	8.24	4.29	110.12
March 31, 2028	1.50	7.66	3.75	107.53
March 31,2029 to March 31, 2033	6.63	43.39	25.22	519.65

₹ in Crore

Expected Future cashflows	For the Year Ended March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)*	Pension (Funded)*
March 31, 2023	0.20	8.50	65.93	108.87
March 31, 2024	0.45	10.07	86.58	111.26
March 31, 2025	0.25	7.87	54.50	106.92
March 31, 2026	0.58	7.02	40.70	104.30
March 31, 2027	1.07	7.36	40.37	104.30
March 31,2028 to March 31, 2032	6.18	37.78	225.16	500.08

*including payment for liabilities not transferred to the Company (refer note 18.4)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

		As at March 31, 2023	As at March 31, 2022
		₹ in Crore	₹ in Crore
NOTE 19			
Capital Grant and Contribution towards Capital Assets			
Non Current (At cost less amortisation)			
	Consumer Contribution towards cost of capital assets	1,063.51	944.40
	Deferred Government Grant towards cost of capital assets	16.25	9.56
	Total Capital Grant and Contribution towards Capital Assets	**1,079.76**	**953.96**
19.01	**Movement in consumer contribution towards cost of capital assets**		
	Opening	944.40	908.26
	Add: Additions during the year	183.06	101.66
	Less: Transfer to statement of profit & loss (Refer note 26)	(63.95)	(65.52)
	Closing Balance	**1,063.51**	**944.40**
19.02	**Movement in Deferred Government Grant towards cost of capital assets**		
	Opening	9.56	-
	Add: Additions during the year	17.21	9.76
	Less: Transfer to statement of profit & loss (Refer note 26)	(10.52)	(0.20)
	Closing Balance	**16.25**	**9.56**

		As at March 31, 2023	As at March 31, 2022
NOTE 20			
Other non current liabilities		₹ in Crore	₹ in Crore
	Government subsidies towards capital asset	501.05	342.86
	Consumers' deposits for works	181.82	141.52
	Deposit from suppliers/vendors	36.69	12.90
		719.56	**497.28**
20.1	**Movement in subsidies towards capital asset**		
	Opening	342.86	174.41
	Add: Additions during the year	169.00	181.16
	Less: Transfer to statement of profit & loss (Refer note 26)	(10.81)	(12.71)
	Closing Balance	**501.05**	**342.86**

NOTE 21

		As at March 31, 2023	As at 31st March 2022
A. Non Current Financial Liabilities			
	Long Term Borrowings	₹ in Crore	₹ in Crore
	Secured - at amortised cost		
	Term Loan- Union Bank of India	237.47	-
	Total Long Term Borrowings	**237.47**	**-**

- **i** The Company has not defaulted on any loans payable. The Company has utilized the loan for the sanctioned purpose.
- **ii** Instalments for the term loan from UBI are payable on quarterly basis and repayment will start from May 2023
- **iii** The rate of interest for term loan is at UBI 6 months MCLR per annum (i.e. presently at 7.05%).
- **iv** Term Loans from Union Bank of India is repayable over 56 equal quarterly instalments respectively.
- **v** Term loans from UBI are secured against first pari passu charge on all the entire movable and immovable fixed assets of the Company, both present and future; excluding assets transferred to the Company from NESCO as per terms of the vesting order.
- **vi** Term Loans from UBI contain certain debt covenants relating to limitation on indebtedness, Total Debt to EBIDTA, interest coverage ratio, FACR and debt service coverage ratio. The Company has satisfied all the debt covenants prescribed in the terms of bank loan.

B. Current financial liabilities

		As at March 31, 2023	As at March 31, 2022
(At amortized cost)			
(a)	**Short term borrowings**	₹ in Crore	₹ in Crore
	Secured - overdraft		
	(i) State Bank of India	18.64	18.57
	(ii) Federal Bank of India	74.52	76.19
	(iii) Union Bank of India	94.54	131.96
	Total short-term borrowings	**187.70**	**226.72**

(b) Secured credit facilities

i. The secured-overdraft outstanding ₹ 187.70 crores (March 31, 2022 : ₹ 226.72 crores) is secured against fixed deposits.

ii.The Company has availed cash credit limit of ₹ 250 crores from State Bank of India, CAG Branch, Mumbai and ₹ 150 crores from Axis bank, Bhubaneswar branch secured against hypothecation of stock and debtors. The interest rates vary between 8.75% to 8.80%. Outstanding as at March 31,2023 : Nil (March 31, 2022 : Nil)

(c) Current borrowings secured against current assets

Wherever required, the Company has filed necessary returns/statements with banks and the said returns/statements are in agreement with the books of accounts of the Company and there are no material discrepancies.

The Company has not used any of the borrowings from banks apart for the purpose for which it was taken.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 22 **Trade payables (at amortised cost)**	**As at March 31, 2023** **₹ in Crore**	**As at March 31, 2022** **₹ in Crore**
Dues to Micro Small and Medium Enterprises (MSME)	15.14	18.92
Dues Other-than MSME Creditors	587.64	517.79
	602.78	**536.71**

22.1 Post acquisition, the Company has initiated the process of identifying the micro and small enterprises. 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	**As at March 31, 2023** **₹ in Crore**	**As at March 31, 2022** **₹ in Crore**
(a)	Principal amount remaining unpaid as at March 31, 2023	15.14	18.92
(b)	Interest due thereon as at March 31, 2023	-	-
(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 March 31, 2023	-	-
(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	-	-
		15.14	18.92

Note:1. Trade Payables Ageing schedule as at March 31, 2023

Particulars	**Outstanding for following periods from due date of payment #**		**Total ₹ crore**
	Less than 1 year	**1-2 Year**	
(i) Undisputed Trade Payables			
a) MSME	14.18	0.96	15.14
b) Others	574.60	13.04	587.64
(ii) Disputed Trade Payables			
a) MSME	-	-	-
b) Others	-	-	-

Note:2. Trade Payables Ageing schedule as at March 31, 2022

Particulars	**Outstanding for following periods from due date of payment #**		**Total ₹ crore**
	Less than 1 Year	**1-2 Year**	
(i) Undisputed Trade Payables			
a) MSME	18.92	-	18.92
b) Others	517.78	-	517.78
(ii) Disputed Trade Payables			
a) MSME	-	-	-
b) Others	-	-	-

Where due date of payment is not available date of transaction has been considered

	NOTE 23 **Other financial liabilities - current** (At amortised cost)	**As at March 31, 2023** **₹ in Crore**	**As at March 31, 2022** **₹ in Crore**
(a)	Payable to employees	35.82	32.72
(b)	Security deposit from consumers	795.82	607.82
(c)	Outstanding for supply of capital material	144.15	127.61
(d)	Interest payable on consumer security deposits	42.54	24.71
(e)	Payable to residuary company	78.97	57.66
(f)	Share application money to be refunded	-	0.03
		1,097.30	**850.56**

Note: The security deposits from electricity consumers carry interest at 6.75% p.a. and is adjusted against power bill of the respective customers as per tariff regulations. The amount is refundable on surrender of electricity connection by the consumer.

	NOTE 24 **Other current liabilities**	**As at March 31, 2023** **₹ in Crore**	**As at March 31, 2022** **₹ in Crore**
(a)	Statutory dues	75.54	62.96
(b)	Advance from consumers	43.50	40.43
		119.04	**103.39**

NOTE 25

Regulatory Deferral Account

Accounting Policy

The Company determines revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) in respect of its regulated operations in accordance with the provisions of Ind AS 114 - 'Regulatory Deferral Accounts' read with the Guidance Note on Rate Regulated Activities issued by The Institute of Chartered Accountants of India (ICAI) and based on the principles laid down under the relevant Tariff Regulations/Tariff Orders notified by the Electricity Regulator and the actual or expected actions of the regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the regulatory deferral account of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination.

These adjustments/accruals representing revenue gaps are carried forward as Regulatory deferral accounts debit/credit balances (Regulatory Assets/Regulatory Liabilities) as the case may be in the financial statements, which would be recovered/refunded through future billing based on future tariff determination by the regulator in accordance with the electricity regulations.

The Company presents separate line items in the balance sheet for:
i. the total of all regulatory deferral account debit balances and related deferred tax balances; and
ii. the total of all regulatory deferral account credit balances and related deferred tax balances.

A separate line item is presented in the Statement of Profit and Loss for the net movement in regulatory deferral account.

	As at March 31, 2023 ₹ in crore	As at March 31, 2022 ₹ in crore
Regulatory Deferral Account - Assets/(Liabilities)		
Regulatory Assets	(8.36)	22.58
Regulatory (liabilities)/assets (net)	**(8.36)**	**22.58**

Rate Regulated Activities

(i) As per the Ind AS-114 'Regulatory Deferral Accounts', the business of electricity distribution is a Rate Regulated activity wherein OERC, the regulator determines Tariff to be charged from consumers based on prevailing regulations in place.

The Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations,2014, is applicable. These regulations, together with the vesting order, require OERC to determine tariff in a manner wherein the Company can recover its fixed and variable costs including assured rate of return on approved equity base, from its consumers. The Company determines the Revenue, Regulatory Assets and Liabilities as per the terms and conditions specified in these Regulations and Vesting Order.

As per the vesting order, the AT&C loss trajectory which can be passed on to customers is fixed for the first ten years. Any gain/ loss arising due to lower/ higher AT&C losses vis-a-vis fixed trajectory belongs to the Company and is not passed on to the customer. The Company determines the amount of such gain/ loss based on basis power purchase cost only and treats all other expenses including operation and maintenance expenses, employee cost, finance cost and tax expense as pass through to the consumers as per prevailing regulations and tariff orders while determining 'Regulatory Deferral Account Balance.

(ii) Movement of Regulatory Assets/Liabilities of distribution business as per Rate Regulated Activities is as follows:

	Year Ended March 31, 2023 ₹ in crore	Year Ended March 31, 2022 ₹ in crore
Regulatory Income/(Expenses) during the year		
(i) Power Purchase Cost	2,312.31	1872.64
(ii) Other expenses as per the terms of Tariff Regulations including ROE	864.24	677.24
(iii) Collected during the year as per approved Tariff	(3,198.79)	(2,577.07)
Net movement in regulatory deferral balances (i+ii+iii) (A)	**(22.24)**	**(27.19)**
Regulatory (expenses)/income recognised in OCI (B)	(8.69)	49.77
Opening regulatory assets (C)	22.58	-
Closing regulatory (liabilities)/assets (A+B+C)	**(8.36)**	**22.58**

True-up order

During the current year, the Company has filed true up petitions for FY 2021-22 along with ARR petition for FY 2023-24 as per the regulations.After going through due process of tariff finalization, the OERC has issued true up order for FY 2021-22 and ARR for FY 2023-24. In the true up order, the OERC has found that the licensees have incurred actual expenses in variance to initially approved amount by the OERC.

The OERC has trued up revenue gap/surplus for year ended March 31, 2022, resulting in a lower revenue entitlement of ₹ 19.56 crore amount vis-a-vis the amount arrived at using actual expenses incurred by the Company.

The Commission has stated in the order that the actual expenses booked in the audited accounts are higher than the approved costs for most of components, particularly for O&M. However, DISCOMs have booked higher Revenues also against the approved Revenues in the ARR. The DISCOMs have proposed to allow the higher costs owing to the operational requirement during the initial year of the operations i.e. FY 2021-22. The Commission observes these proposed higher costs can only be verified through relevant information/data, field visits and third party audit.

In view of the above, the management believes that the Company will be able to justify additional expense to the OERC and claim through ARR. Accordingly, the Company continuous to treat the expenses as pass through the consumer. The management believes that there will not be any adverse financial implications and the Company is in process of taking up these issues with the OERC as per applicable law.

NOTE 26

Revenue recognition

Accounting policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

26.1 **Sale of power**

Revenue from the supply of power is recognised net of any trade discounts, cash rebates, etc. when the power is supplied and units of electricity are delivered as it best depicts the value to the customer and satisfaction of performance obligation. Revenue from such contracts is recognized over time for each unit of electricity delivered at the pre-determined rate.

Revenue from power supply is accounted for on the basis of billings to consumers and includes unbilled revenues accrued up to the end of the reporting period. Revenue from power supply is recognised net of the applicable taxes which the Company collects from the customer on behalf of the government/state authorities.

The Company, as per the prevalent Regulations (referred as "Tariff Regulations") for distribution business, is required to recover its Annual Revenue Requirement (ARR) comprising of expenditure on account of power purchase costs, operations and maintenance expenses, financing cost, as per the said Tariff Regulations and an assured return on equity . As per the said Tariff Regulations, the Company determines the ARR and any excess/shortfall in recovery of ARR during the year is accounted for in "Regulatory Deferral Account Balance".

Revenue in respect of invoice raised for dishonest abstraction of power is recognized when the certainty of its collection is probable generally as and when recovered.

26.2 **Contribution for capital works**

Consumer's contribution towards cost of capital assets is treated as capital receipt and credited in liabilities until transferred to a separate account on commissioning of the assets and installation of connection respectively. An amount equivalent to the depreciation charge for the year on such assets is appropriated from this account as income to the Statement of Profit and Loss.

26.3 **Incentive on past arrears collection**

As per terms of OERC vesting order, the Company is eligible for incentive on past arrears collections pertaining to period prior to March 31, 2021. Income in respect of incentive is recognized as percentage of actual realization of past arrears.

		Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
26.4	**Revenue from operations**		
26.4.1	**Revenue from sale of power**		
(a)	Sale of power	3,198.79	2,577.07
	Less: rebate to consumers	34.26	21.35
	Revenue from contract with customers	**3,164.53**	**2,555.72**
26.4.2	**Other operating revenue**		
(a)	Amortisation of consumer contribution	63.95	65.52
(b)	Amortisation of government grants in capital nature	10.52	0.20
(c)	Amortisation of government grants in revenue nature	10.81	12.71
(d)	Recovery of meter rent	27.60	25.35
(e)	Over drawal payment recovered	9.06	6.52
(f)	Incentives on arrears collection	38.21	16.15
(g)	Open access cross subsidy income	34.21	57.98
(h)	Supervision charges	9.92	5.73
(i)	Miscellaneous operating income	9.58	3.77
	Total other operating revenue	**213.86**	**193.93**
	Revenue from operations	**3,378.39**	**2,749.65**

Disaggregation of revenue

The Company deals in a single type of product i.e. power which is sold directly to consumers, consideration in respect of which is based on energy supplied . Thus further disclosure in respect of disaggregation of revenue is not required.

26.5 **Contract Balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

Particulars	Year ended March 31, 2023 ₹ in Crore	Year ended March 31, 2022 ₹ in Crore
Contract liabilities		
Advance from consumers	43.50	40.43
Total contract liabilities	43.50	40.43
Receivables		
Trade receivables	350.40	299.69
Unbilled revenue depending only on passage of time	295.72	227.52
Less : Allowances for doubtful debts	(90.54)	(25.56)
Net receivables	555.58	501.65

Contract assets

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are transferred to receivables when the rights become unconditional.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract including advance received from customer i.e., normally within twelve months from reporting date.

26.6 **Transaction Price - Remaining Performance Obligation**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date. Advance from consumers will be recognized as revenue within 12 months from reporting date.

NOTE 27 Other income

Accounting Policy

- Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- Delayed Payment Charges (DPC)

DPC is charged at the rate prescribed by the Tariff Regulations on the outstanding balance. Revenue in respect of DPC and interest on DPC leviable as per the Tariff Regulations are recognized on actual realisation basis.

Other income		Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
	Interest income on		
(a)	Bank Deposits	48.46	34.46
	Other non - operating income		
(b)	Delayed payment surcharge	17.21	5.67
(c)	Other income	8.59	5.47
		74.26	**45.60**

NOTE 28

Cost of power purchased and transmission charges		Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
(a)	Power purchase cost	2,079.75	1705.43
(b)	Transmission charges	181.29	149.05
(c)	SLDC charges	1.08	1.02
	Gross power purchase and transmission charges	**2,262.12**	**1,855.49**
	Less: Rebate on power purchased and transmission charges	(21.90)	(18.74)
	Net power purchase and transmission charges	**2,240.22**	**1,836.76**

NOTE 29

Employee benefits expense		Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
(a)	Salaries, wages and bonus	240.30	236.49
(b)	Contribution to provident and other funds (Refer Note 18.2)	139.92	184.19
(c)	Staff welfare expenses	11.88	1.36
(d)	Terminal benefit expenses	11.20	14.75
	Gross employee benefit expenses	**403.30**	**436.79**
	Less: Employee cost capitalization	(12.85)	-
	Net employee benefit expenses	**390.45**	**436.79**

NOTE 30
Finance costs

		Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
(a)	Interest on consumer security deposits	41.96	26.25
(b)	Interest on cash credit carried at amortised cost - banks	14.52	18.98
(c)	Interest on long term borrowing at amortised cost - banks	7.86	-
(d)	Other borrowing cost	3.91	-
		68.25	**45.23**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

NOTE 31
Other expenses

		Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
(a)	Repairs and maintenance:		
	(i) Building	4.13	0.24
	(ii) Plant and equipment	243.54	129.87
	(iii) Vehicles and Office equipment	0.47	0.25
	(iv) Furniture and Fixtures	0.20	0.00
(b)	Rent	5.48	2.15
(c)	Consultancy fees	8.88	6.15
(d)	Legal charges	0.70	1.78
(e)	Advertisement and marketing expenses	4.13	2.69
(f)	Electricity consumption expenses	3.53	2.65
(g)	Telephone expenses	1.52	0.87
(h)	Insurance premium	2.88	4.17
(i)	Travelling expenses	14.56	11.19
(j)	Office expenses	0.55	0.88
(k)	Allowance for doubtful debts	64.98	25.56
(l)	Outsourced employee expenses	13.92	14.35
(m)	Watch and ward expenses	5.27	5.20
(n)	Franchisee expenses for revenue collection	32.95	18.32
(o)	Billing and collection expenses	57.29	18.33
(p)	Provisions for claims and compensation	1.59	10.88
(q)	Directors sitting fees	0.45	0.86
(r)	Corporate social responsibility (refer note: 31.2)	1.89	-
(s)	Miscellaneous expenses	6.83	4.77
	Total other expenses	**475.74**	**261.16**

31.1 **Auditors remuneration**
Consultancy fees include auditor’s remuneration as follows:

Particulars	Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
Audit fee (including Goods and Services Tax)	0.72	0.66
Tax Audit Fee	0.02	-
In other capacity		
Other matters	0.02	-
Reimbursement of expenses	0.04	-
	0.80	**0.66**

31.2 **Corporate social responsibility**

	Particulars	Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
(a)	Gross amount required to be spent by the Company during the year	2.40	-
(b)	Amount approved by the Board to be spent during the year	2.40	-

(c)

Amount spent during the year ending on March 31, 2023:	**In Cash**	**Yet to be paid in cash**	**Total**
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.57	0.32	**1.89**

(d) **Details related to spent/unspent obligations:**

Particulars	Year Ended March 31, 2023 ₹ in Crore	Year Ended March 31, 2022 ₹ in Crore
a. Employability and Employment(Skilling for livelihoods)	0.73	-
b. Education	0.42	-
c. Essential Services (Health & Environment)	0.55	-
d. Entrepreneurship	0.19	-
Unspent amount in relation to		
- On-going project*	0.51	-
- Other than on-going project	-	-
Total	**2.40**	-

*The unspent amount will be transferred to a seprate bank account within 30 days from the end of financial year 2022-23

NOTE 32 Tax expenses

Accounting policy

Income tax expense represents the sum of the tax currently payable and deferred tax.

32.1 **Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax related to items recognised outside Statement of Profit and Loss are recognised either in other comprehensive income or in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

32.2 **Deferred Tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financials statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit on the date of initial recognition.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

32.3

Tax expense	**Year Ended March 31, 2023**	**Year Ended March 31, 2022**
Current tax	**₹ in Crore**	**₹ in Crore**
In respect of the current year	29.03	13.94
Adjustment of tax relating to earlier year	(3.41)	
Deferred tax		
In respect of the current year	9.37	10.92
Total income tax expense recognised in the current year	**34.99**	**24.86**

32.4 **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate :**

Profit from continuing operations before income tax expense	**150.66**	**98.78**
Tax expenses at the Indian tax rate of 25.17%	**37.92**	**24.86**
Computed expected tax expenses		
CSR expenses	0.47	-
Income tax expense	**38.40**	**24.86**

The Company has made provision for income tax at the rate of 25.17% (Tax rate 22% Plus Surcharge 10% Plus cess 4% on tax & surcharge) in accordance with provisions of the Income Tax Act, 1961 for the year ended March 31, 2023 and March 31, 2022.

32.5

Deferred tax asset/ (liability) **Deferred tax asset/(liability) on account of :**	**As at March 31, 2023**	**As at March 31, 2022**
	₹ in Crore	**₹ in Crore**
Property plant and equipment	(43.08)	(17.35)
Provision for doubtful debts	22.79	6.43
Total	**(20.29)**	**(10.92)**

NOTE 33

Other comprehensive income/(expenses)	**Year Ended March 31, 2023**	**Year Ended March 31, 2022**
	₹ in Crore	**₹ in Crore**
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	8.69	(49.77)
Net Movement in regulatory deferral balances	(8.69)	49.77
	-	-

Post-acquisition of business, the Company has decided to treat pension and gratuity benefits payable to erstwhile NESCO employees as defined benefit plan under Ind AS 19 "Employee Benefits". Consequently, the cost and liability of providing such benefits is determined using the projected unit credit method (PUCM). Among other matters, the application of PUCM results in recognition of remeasurement gain/ loss, comprising items such as actuarial gains and losses and effect of the asset ceiling, in the Other Comprehensive Income (OCI). The amount of remeasurement gain/ loss fluctuates period on period based on changes in actuarial assumptions including discount rate and mortality rate.

To ensure offsetting impact in the OCI and the Balance Sheet, the Company recognises equivalent amount as Regulatory Deferral Account –Income/ expense in the OCI. The amount of Regulatory Deferral Account – Income/ expense recognised in the OCI in this manner fluctuates in line with and in contrary to the Remeasurement gain/ loss. Based on the Vesting Order, the Company will be allowed to include and recover this amount as revenue from customers only when the amount is paid to the trust for onward payment to employees.

Note 34
Commitments:

	As At March 31, 2023 ₹ in crore	As At March 31, 2022 ₹ in crore
Estimated amount of Contracts remaining to be executed on capital account and not provided for.	366.53	193.66
Total	**366.53**	**193.66**

As per terms of vesting order, cumulative capital expenditure of ₹ 1,270 crores (FY 2022-26) has been committed. Further, commitment in respect of AT&C losses and past arrears collection have also been stated in the vesting order.

Note 35
Contingent liabilities

In the normal course of business, contingent liabilities arise from litigations and claims. It is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses the same.
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	As at March 31, 2023 ₹ in crore	As at March 31, 2022 ₹ in crore
35.1	Claims against the Company not acknowledged as debts:		
	(i) Legal cases filed by consumers, employees and others under litigation	4.42	4.42
35.2	Direct tax matters related to FY 2016-17 and FY 2017-18 pending with CIT Appeals	44.73	44.73
35.3	Indirect tax matters		
	(i) Assessment order for FY 2014-15 to 2016-17 (up to 30th June 2017) was made by Principal Commissioner GST and Central Excise, Bhubaneswar imposing Service Tax penalty of ₹ 25.34 crores on NESCO Utility U/s 78(I) of Finance Act 1994 after dropping the demand of ₹ 1.26 crores out of total demand ₹ 26.60 crores. Company contested the same by filing an appeal to CESTAT Kolkata.	25.34	25.34

No provision is considered necessary since the Company expects favourable decisions.

35.4 Before acquisition, NESCO Utility was not identifying and tracking dues payable to MSME vendors separately. Consequently, it was not tracking whether timely payments are being made to such vendors and/ or interest/ penalty, if any, payable for delay in making payment. Post acquisition, the Company has initiated a process and identified MSME vendors based on confirmations received. In the absence of adequate data, the Company is unable to determine whether any interest of penalty is payable for past default. The management will be able to identify and recognise such obligation, if any, based on claims received.

35.5 As per terms of vesting order all litigations pertaining to NESCO have been transferred to the Company. In case of any unfavourable outcome the Company will be able to recover the liability through Aggregate Revenue Requirement.

Note 36
Earnings per equity share (EPS)

36.1 **EPS - Continuing operations (excluding regulatory income/expense)**

	Particulars	Units	Year Ended March 31, 2023	Year Ended March 31, 2022
a)	Profit for the year	₹ Crore	115.67	73.92
b)	Net movement in regulatory deferral account balance	₹ Crore	22.24	27.19
c)	Income-tax attributable to regulatory deferral account balance	₹ Crore	5.60	6.84
d)	Net movement in regulatory deferral account balance (net of tax) (b-c)	₹ Crore	16.65	20.35
e)	Profit for the period from continuing operations attributable to equity shareholders before net movement in regulatory deferral account balance .	₹ Crore	132.32	94.26
f)	Weighted average number of equity shares	No. in Crore	29.55	25.12
g)	Basic and diluted earnings per equity share of Rs.10 each	₹	4.48	3.75
h)	Face value of equity shares	₹	10.00	10.00

36.2 **EPS - Continuing operations (including regulatory income/expense)**

	Particulars	Units	Year Ended March 31, 2023	Year Ended March 31, 2022
a)	Profit for the year from continuing operations after net movement in regulatory deferral account balance attributable to equity shareholders.	₹ Crore	115.67	73.92
b)	Weighted average number of equity shares	No. in Crore	29.55	25.12
c)	Basic and diluted earnings per equity share of ₹ 10 each	₹	3.91	2.94
d)	Face value of equity shares	₹	10.00	10.00

Note 37

Financial Instruments : Accounting classifications, Fair value measurements, Financial Risk management and offsetting of financial assets and liabilities

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in the financial statements.

(i) Accounting classifications

The fair values of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amounts of trade receivables, cash and cash equivalents, short term deposits, trade payables, payables for acquisition of property, plant and equipment, short term loans from banks, financial institutions and others are considered to be the same as their fair values, due to their short-term nature. Most financial assets and liabilities of the Company as at the balance sheet date are short term having fair value equal to amortised cost.

(ii) Fair Value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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.

The carrying value of financial instruments by categories as of March 31, 2023 is as follows: **₹ in Crores**

Particulars	Fair Value through Profit and Loss	Fair Value through OCI	Amortised Cost	Total Carrying Value	Fair Value
Financial assets					
Trade receivables	-	-	259.86	259.86	259.86
Unbilled Revenue	-	-	295.72	295.72	295.72
Other financial assets	-	-	406.26	406.26	406.26
Cash and cash equivalents	-	-	315.40	315.40	315.40
Bank balances other than (iii) above	-	-	881.12	881.12	881.12
	-	**-**	**2,158.36**	**2,158.36**	**2,158.36**
Financial Liabilities					
Borrowings (Current and Non Current)	-		425.16	425.16	425.16
Trade payables	-	-	602.78	602.78	602.78
Other financial liabilities	-	-	1,097.30	1,097.30	1,097.30
	-	-	**2,125.24**	**2,125.24**	**2,125.24**

The carrying value of financial instruments by categories as of March 31, 2022 is as follows: **₹ in Crores**

Particulars	Fair Value through Profit and Loss	Fair Value through OCI	Amortised Cost	Total Carrying Value	Fair Value
Financial assets					-
Trade receivables	-	-	274.13	274.13	274.13
Unbilled Revenue	-	-	227.52	227.52	227.52
Other financial assets	-	-	433.78	433.78	433.78
Cash and cash equivalents	-	-	154.71	154.71	154.71
Bank balances other than (iii) above	-	-	711.92	711.92	711.92
	-	**-**	**1,802.06**	**1,802.06**	**1,802.06**

₹ in Crores

Financial Liabilities	Fair Value through Profit and Loss	Fair Value through OCI	Amortised Cost	Total Carrying Value	Fair Value
Borrowings	-		226.72	226.72	226.72
Trade payables	-	-	536.71	536.71	536.71
Other financial liabilities	-	-	850.56	850.56	850.56
	-	-	**1,613.99**	**1,613.99**	**1,613.99**

(iii) Fair Value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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.

The following table summarises fair value hierarchy for financial assets and financial liabilities that are either measured at fair value on a recurring basis or are not measured at fair value (but fair value disclosures are required):

₹ in Crores

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Other Financial assets	-	-	381.16	381.16
	-	**-**	**381.16**	**381.16**

₹ in Crores

As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Other Financial assets	-	-	422.92	422.92
	-	**-**	**422.92**	**422.92**

The following table summarises fair value hierarchy for financial assets and financial liabilities that are either measured at fair value on a recurring basis or are not measured at fair value (but fair value disclosures are required):

₹ in Crores

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings	-	-	425.17	425.17
	-	**-**	**425.17**	**425.17**

₹ in Crores

As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings	-	-	226.72	226.72
	-	**-**	**226.72**	**226.72**

The carrying amounts of trade receivables, unbilled revenue, cash and cash equivalents, bank balances, other financial assets, trade payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

Long term borrowings are evaluated by the Company based on parameters such as interest rates, credit risk and the risk characteristics of the financed project. The fair value is determined using the discounted cash flow method. The future cash flows are based on the terms of the borrowings. These cash flows are discounted at a rate that reflects current market rate and the current credit risk.

The fair value of other financial assets has been determined using Discounted Cash Flow method and the current interest rate.

(iv) Capital Management & Gearing Ratio

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Company. In particular, the Company seeks to maintain an adequate capitalisation that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

The Company's capital structure consists of net debt and total equity. The Company includes within net debt, interest bearing borrowings, less cash and bank balances as detailed below. The position on reporting date is summarised in the following table:

Particulars	As at March 31, 2023 ₹ in crore	As at March 31, 2022 ₹ in crore
Short-term borrowings	187.70	226.72
Long-term borrowings	237.47	-
Total Debt (a)	**425.17**	**226.72**
Less: Cash and bank balances (b)	315.40	154.71
Net debt {(c)=(a-b)}	109.77	72.01
Total equity (d)	587.74	368.87
Total equity and net debt {(e)=(c+d)}	697.51	440.88
Net debt to total equity plus net debt ratio (%) {(f)=(c)/(e)}	**16%**	**16%**

1. Debt is defined as Non-current borrowings (including current maturities) and Current borrowings (excluding derivative, financial guarantee contracts and contingent considerations) and interest accrued on Non-current and Current borrowings.

2. Equity is defined as Equity share capital, Unsecured perpetual securities and other equity.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no significant breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

(v) Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, consumers' security deposit, lease liabilities, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents, other balances with banks , unbilled revenue and other financial assets that are derived directly from its operations.

The senior management of the Company oversees these risks and are managed in accordance with the Companies policies and risk objectives.

(vi) Market Risk

Market risk is the risk that changes in market prices will affect the Company's income or value of it's holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. As at the reporting date, the Company does not have material financial assets of financial liabilities exposing it to significant market risk comprising foreign currency risk, interest rate risk and price risk.

(vii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables and unbilled revenue) and other financial instruments.

Particulars	As at March 31, 2023 ₹ in crore	As at March 31, 2022 ₹ in crore
(a) Trade receivables	259.86	274.13
(b) Unbilled revenue	295.72	227.52
(c) Other financial assets	406.26	10.86
(d) Cash and cash equivalents	315.40	154.71
(e) Bank balances other than above	881.12	711.92
Total	**2,158.36**	**1,379.14**

In case of trade receivables and unbilled revenue, senior management of the Company monitors overdue amount on regular basis and take appropriate action, including forfeiture of security deposit and/ or disconnection of electricity, to get timely dues. Most of the cash and bank balances of the Company are with scheduled commercial banks where risk of default is low. Refer note 12 for further details of credit risk/ loss allowance on trade receivables.

(viii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company has access to a sufficient variety of sources of funding.

The following table details the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods, ignoring the call and refinancing options available with the Company. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The amounts included below for variable interest rate instruments for non-derivative liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

₹ in crore

Particulars	Up to 1 year	1 to 5 years	5+ years	Total
As at March 31, 2023				
(a) Trade payables	602.78	-	-	602.78
(b) Short term borrowings	187.70	-	-	187.70
(c) Long term borrowings	15.17	84.81	137.49	237.47
(d) Other financial liabilities	1,097.30	-	-	1,097.30
	1,902.96	**84.81**	**137.49**	**2,125.26**

₹ in crore

Particulars	Up to 1 year	1 to 5 years	5+ years	Total
As at March 31, 2022				
(a) Trade payables	536.72	-	-	536.72
(b) Short term borrowings	226.72	-	-	226.72
(c) Other financial liabilities	890.98	-	-	890.98
	1,654.42	**-**	**-**	**1,654.42**

As at the balance sheet date, the Company has cash and bank balances of Rs 1,563.80 crores which can be used to meet its obligation. In case of requirement, the management is confident of raising further finance as required to meet its obligations. The Company has access to financing facilities as described in note below. The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

₹ in crore

Financing facilities (short term)	As at March 31,2023 Fund based	Non-fund based	Total
Secured credit facilities, reviewed annually and payable at call			
Amount used and outstanding	187.70	350.52	538.22
Amount unused	571.46	49.48	620.94
Total	**759.16**	**400.00**	**1,159.16**

₹ in crore

Financing facilities (Long term)	As at March 31,2023 Fund based	Non-fund based	Total
Secured credit facilities, reviewed annually and payable at call			
Amount used and outstanding	237.47	-	237.47
Amount unused	242.85	-	242.85
Total	**480.32**	**-**	**480.32**

₹ in crore

Financing facilities (short term)	As at March 31,2022 Fund based	Non-fund based	Total
Secured credit facilities, reviewed annually and payable at call			
Amount used and outstanding	226.72	341.61	568.33
Amount unused	532.44	58.39	590.83
Total	**759.16**	**400.00**	**1,159.16**

(ix) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The Company’s policy is to keep between 40% and 60% of its borrowings at fixed rates of interest. To manage this, the Company enters into fixed rate borrowings, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity:

The sensitivity analysis below have been determined based on exposure to interest rates for term loans and debentures that have floating rate at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If the interest rates had been 50 basis points higher or lower and all the other variables were held constant, the effect on Interest expense for the respective financial years and consequent effect on Company's profit in that financial year would have been as below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Interest expense on loan	1.38	1.38	1.29	1.29
Effect on profit before tax	(1.38)	1.38	(1.29)	1.29

Note 38

Related party disclosures

Names of related parties and related party relationship-where control exists

A. Holding company
The Tata Power Company Limited (TPCL)

B. Promoters holding together with its subsidiary more than 20% in holding company
Tata Sons Private Limited (Tata Sons)

C. Company exercising significant influence
GRIDCO Limited

D. Fellow Subsidiaries (with whom the company has transactions)

TP Southern Odisha Distribution Ltd (TPSODL)
TP Central Odisha Distribution Ltd (TPCODL)
TP Western Odisha Distribution Ltd (TPWODL)
Tata Power Delhi Distribution Ltd (TPDDL)
Maithan power Ltd (MPL)
TP Ajmer Distribution Limited (TPADL)
Tata Power Trading Company Ltd(TPTCL)
Tata AIG General Insurance (Tata AIG)
Tata Capital Financial Services Ltd (Tata Capital)
Neelachal Ispat Nigam Limited (NINL)
Tata Sponge Iron Limited (TSIL)
Tata Steel Mining Limited
Tata Steel Utilities & Infrastructure Services Ltd

E. Associates of Holding Company
Tata Projects Limited

F. Post retirement employee benefit trust
NESCO Employees Pension trust
NESCO Employees Gratuity trust
NESCO Employees Provident Fund trust
NESCO Employees rehabilitation trust

G. Key management personnel
Chief Executive Officer
Bhaskar Sarkar

Chief Financial Officer
Siladitya Sengupta

Company Secretary
Devendra Prasad

H. Non-executive directors
Mr. Suresh Chandra Mahapatra (Date of cessation : February 28, 2023)
Mr. Nikunja B. Dhal (Date of cessation : March 28, 2023)
Dr. Praveer Sinha
Mr. Sanjay Banga
Mr. Nipun Aggarwal (Date of cessation : April 18, 2022)
Mr. Kesava Menon Chandrasekhar (Date of cessation : February 19, 2023)
Mr. Arup Ghosh
Mr. Trilochan Panda
Mr. Gagan Bihari Swain
Mr. Sanjeev Gupta (Appointed w.e.f April 28, 2022)

I. Independent Directors
Mr. K. N. Shrivastava, IAS (Retd.)
Ms. Satya Gupta
Dr. Arun Kumar Panda, IAS (Retd.)
Mr. Ashok Kumar Tripathy

Related party transactions
The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Particulars of transactions with the related parties **₹ in crore**

S No.	Name of Related Party	Nature of transactions	Year Ended March 31, 2023	Year Ended March 31, 2022
1	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of expense	-	0.09
		Reimbursement of capex expenses & transfer of assets	0.05	0.44
		Deputation of employees, IT & Contract Expenses	2.00	1.71
		Staff related Liability/ Expenses (Gratuity & EL/UL)	1.62	2.47
2	TP Central Odisha Distribution Ltd (TPCODL)	Power purchase expenses (net of rebate)	1.03	0.97
		Supply of materials	0.80	-
		Staff related Liability/ Expenses (Gratuity & EL/UL)	0.10	-
3	TP Western Odisha Distribution Ltd (TPWODL)	Reimbursement of Expenses, supply of Materials	0.31	0.25
4	TP Southern Odisha Distribution Ltd (TPSODL)	Staff related Liability/ Expenses (Gratuity & EL/UL)	0.23	0.32
		Interest on Loan receivable from TPSODL	-	0.43
		Recovery of Loan given	-	16.59
5	GRIDCO	Power purchase expenses (Gross)	2,078.72	1720.25
		Issue of equity shares	50.57	144.52
6	Maithon Power Ltd (MPL)	Staff related Liability/ Expenses	-	0.08
7	TATA AIG	Procurement of services	5.05	0.19
8	TATA Capital Financial Services	Procurement of services	0.27	0.07

TP NORTHERN ODISHA DISTRIBUTION LIMITED
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Januganj Balasore Odisha,India,756019
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

S No.	Name of Related Party	Nature of transactions	Year Ended March 31, 2023	Year Ended March 31, 2022 (₹ in crore)
9	TP Ajmer Distribution Limited (TPADL)	Procurement of goods/services	0.01	0.01
		Staff related Liability/ Expenses (Gratuity & EL/UL)	0.91	-
10	The Tata Power Company Limited (TPCL)	Deputation of employees		0.24
		Reimbursement of expenses	0.06	0.05
		Staff related Liability/ Expenses (Gratuity & EL/UL)	2.14	2.12
		Procurement of goods/services	1.14	
		Issue of equity shares	52.63	150.42
11	NESCO Employees Pension trust	Contribution of Pension	2.58	4.73
12	NESCO Employees Gratuity trust	Contribution of Gratuity	8.69	13.40
13	NESCO Employees Provident Fund trust	Contribution of Provident Fund	10.59	3.66
14	NESCO Employees Rehabilitation Fund trust	Contribution of Rehabilitation Fund	-	0.40
15	Managerial remuneration including directors sitting fees	Managerial remuneration and sitting fees	3.08	2.34
16	Tata Consultancy Services	Procurement of services	6.49	-
17	Tata Projects Limited	Sale of power	0.20	0.21
18	Tata Steel Utilities & infrastructure Services Ltd	Staff related Liability/ Expenses (Gratuity & EL/UL)	0.02	-
19	Tata Steel Limited	Sale of power	225.32	139.00
20	Neelachal Ispat Nigam Limited	Sale of power	45.65	-
21	Tata Sponge Iron Limited	Sale of power	1.15	1.09
22	Tata Steel Mining Limited	Sale of power	102.89	167.27
	Total		**2,604.29**	**2,373.31**

b. Particulars of Outstanding Payable/ Receivable with the related parties: **₹ in crore**

Sr No	Name of the Entity	Nature of transactions	As at March 31, 2023	As at March 31, 2022
1	**Share Capital**			
	The Tata Power Company Limited (TPCL)	Share capital	203.06	150.42
	GRIDCO Limited	Share capital	195.09	144.52
2	**Trade Payable**			
	GRIDCO Limited	Power Purchase Cost	348.09	282.90
	TP Central Odisha Distribution Ltd (TPCODL)	Power Purchase Cost	0.85	0.05
	Tata Consultancy Services	Procurement of services	1.99	-
	Tata AIG	Procurement of services	0.11	-
	The Tata Power Company Limited (TPCL)	Gratuity & Annual Leave/Procurement	1.36	1.84
3	**Trade Receivable**			
	Tata Steel Mining Limited	Sale of power including security deposit	27.71	-
	Tata Sponge Iron Limited	Sale of power including security deposit	0.07	-
	Tata Capital Financial Services	Procurement of services	0.00	-
	Tata Projects Ltd	Sale of power including security deposit	0.11	-
	Neelachal Ispat Nigam Limited	Sale of power including security deposit	30.72	-
	Tata Steel Ltd	Sale of power including security deposit	99.61	-
4	**Other Receivable**			
	TP Central Odisha Distribution Ltd (TPCODL)	Procurement of goods/services	1.00	
	TP Ajmer Distribution Limited (TPADL)	Procurement of goods/services	-	0.01
	Tata Power Delhi Distribution Ltd (TPDDL)	Procurement of goods/services	-	0.18
	TP Western Odisha Distribution Ltd (TPWODL)	Procurement of goods/services	-	0.24
5	**Others**			
	NESCO Employees Gratuity trust	Contribution of Gratuity	-	-

0.00 represents amount below the rounding off norm adopted by the Company

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 39 Financial Ratios

Sl No	Ratios	Numerator	Denominator	Note	Year ended March 31, 2023	Year ended March 31, 2022	% of Variance	Reason for Variance (in excess of 25%)
a)	Current Ratio (In times)	Current assets	Current liabilities	A	0.91	0.82	11.92%	NA
b)	Debt-equity ratio	Total debt	Total equity	B	0.72	0.61	17.69%	NA
c)	Debt service coverage ratio (in times)	Profit before tax + interest expenses + depreciation & amortisation - current tax expense	Interest expense + scheduled principal repayment of long term debt and lease liabilities during the year	C	7.41	10.91	-32.13%	Company has availed term loan in the current year.
d)	Return on equity ratio	Net Profit after taxes	Average Shareholder's Equity	D	24.18%	23.89%	0.00%	NA
e)	Trade receivables turnover ratio (in number of days)	Average receivable (including regulatory balances wherever applicable) x number of days	Gross Sales		27.50	30.42	-9.60%	NA
f)	Trade payable turnover ratio (in number of days)	Average trade payable x number of days	Net credit purchases	E	92.83	106.66	-12.96%	NA
g)	Net capital turnover ratio	Revenue from operation including net movement in Regulatory deferral balances	Working capital = Current assets – Current liabilities	F	(19.64)	(8.38)	134.26%	The ratio has incresed due to (1) increase in revenue; (2) increase in current assets due to better cash management.
h)	Return on capital employed	Profit before tax + interest expense excluding interest on consumer security deposit	Average Capital employed (Shareholder's equity + Total Debt + Deferred tax liability)	G	0.17	0.20	-15.30%	NA
i)	Net profit ratio (%)	Net Profit After Tax	Revenue (including net movement in regulatory deferral balances)		3.54	2.80	26.50%	The ratio has improved mainly due to three factors- (1) Higher billing efficiency, (2) Increase in past arrear collection and (3) Higher capitalisation
j)	Return on investment	Income on investments	Average investments		3.71%	3.26%	13.62%	NA

1. Inventory turnover ratio is not applicable to the Company.
2. As explained in note related to financial instruments, the Company has access to sufficient liquidity resources to continue its operations for at least 12 months from the date of approval of financial statements.

Notes :

A. Current Assets and Current Liabilities as per balance sheet
B. Total Debt: Long term borrowings (including current maturities of long term borrowings), short term borrowings and interest accrued on these debts
Total Equity : Issued share capital and other equity
C For the purpose of computation, scheduled principal repayment of long term borrowings does not include prepayments
Interest expenses is net of interest consumer security deposits
D Average Shareholders Equity: Issued share capital and other equity
E Net credit purchases comprise of (a) cost of power purchased; (b) transmission charges and (c) Other expenses excluding (i) Bad debts (including provision); (ii) Net loss on foreign exchange; (iii) CSR expenses and (iv) Transfer to contingency reserves
F Working capital :
i) Current Assets: as per balance sheet
ii) Current Liabilities as per balance sheet (excluding current maturities of long term debt)
G Average shareholders equity: Issued share capital and other equity
H Interest income : Interest on bank deposits and Interest on loans given

Note 40 Disclosure regarding details of assets created with Government Fund and used by NESCO/TPNODL

As per details provided by the Odisha Power Transmission Company Limited (OPTCL) vide email dated April 18, 2023, certain assets were created for NESCO through different schemes formed by the government and executed by OPTCL. Based on details shared by OPTCL, the carrying amount of such assets as of March 31, 2023 is ₹ 1,554.83 crores for completed assets and ₹ 232.93 crores for work in progress(WIP). These are subject to detailed verification and reconciliation by various authorities.

As per the Vesting Order, the ownership of these assets has not been transferred to the Company; however, it can continue to use these assets for supply of power to the consumer. Since the Company is not able to charge any depreciation for these assets in the ARR, the provisional fair value of these assets for the Company at the vesting date is nil. Details are given below:

As at March 31, 2023 ₹ in crore

Name of Scheme	Completed	WIP	Total
Biju Grama Jyoti Yojana(BGJY OPTCL DTR)	34.89	-	34.89
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	446.49	-	446.49
Integrated Power Development Scheme (IPDS)	293.66	-	293.66
Integrated Power Development Scheme (IPDS-IT Phase II)	54.20	-	54.20
Odisha Distribution System Strengthening Project (ODSSP)	584.71	132.80	717.51
Odisha Distribution System Strengthening Project (ODSSP) (Phase-IV)	-	59.26	59.26
Odisha Dedicated Agricultural Fishery Feeder Project(ODAFFP)	13.10	40.87	53.97
Soubhagya	124.27	-	124.27
Rajiv Gandhi Grameen Vidyutikaran Yojana	3.51	-	3.51
Total	**1,554.83**	**232.93**	**1,787.76**

As at March 31,2022 ₹ in crore

Name of Scheme	Completed	WIP	Total
Biju Grama Jyoti Yojana(BGJY OPTCL DTR)	34.89	-	34.89
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	361.94	6.42	368.36
Integrated Power Development Scheme (IPDS)	212.82	67.89	280.71
Integrated Power Development Scheme (IPDS-IT Phase II)	-	29.03	29.03
Odisha Distribution System Strengthening Project (ODSSP)	440.68	233.30	673.98
Odisha Dedicated Agricultural Fishery Feeder	13.10	39.30	52.40
Pradhan Mantri Sahaj Bijli Har Ghar Yojana – Saubhagya	-	-	-
Soubhagya	124.27	-	124.27
Rajiv Gandhi Grameen Vidyutikaran Yojana	3.51	-	3.51
Total	**1,191.21**	**375.94**	**1,567.15**

Note 41

Business Combinations

The Company has been incorporated on March 20,2021 under the Companies Act, 2013 (as amended). Pursuant to vesting order issued by the OERC dated March 25, 2021 ('Vesting Order'), the Company acquired the business of distributing power in Northern Orissa ('Business') from the NESCO with effect from April 1, 2021 ('Vesting Date'). Accordingly, the Company is a licensee to carry out the function of distribution and retail supply of electricity covering the distribution circles Balasore, Bhadrak, Baripada, Jajpur and Keonjhar in the state of Odisha for a period of 25 years effective from April 1, 2021.

The OERC has issued the Carve Out order dated November 25, 2021 to specify assets and liabilities transferred to the Company. The Carve Out order so issued by the OERC acknowledges that underlying details are not available for certain assets and liabilities. In accordance with the Carve Out Order, these amounts have been transferred to the Company and will continue to be its liabilities, and they cannot be paid without verification. These liabilities need to be verified through an external agency. Once verified, the Company is obliged to discharge the same upon the OERC approval. These liabilities cannot be written off without the Board and the OERC approval. Pending legal release, the Company continues to recognise these liabilities at the stated amount reflecting acquisition date fair values. In accordance with the vesting order, any change in the value of assets and liabilities transferred on account of the reconciliation / resolution of the above matters and / or any other matter identified in future will be allowed to be recovered by the Company in the manner specified in the vesting order, viz., by way of future tariff adjustment or adjustment to the grant liability. Hence, the Company believes that the reconciliation / resolution of the above matters will not have any impact on the financial position and financial performance of the Company as reflected in the financial statements.

(a) Carrying amount of security deposits (classified under note 23 in the Balance Sheet) as per the general ledger is higher by Rs. 19.63 crores as compared to balance as per customer ledger.

(b) Vendor/customer details not available for the following items:

- (i) Loans and advances given - ₹ 0.48 crores (Classified under Note 14 in the Balance Sheet)
- (ii) Loans and advances given - ₹ 1.49 crores (Classified under Note 10 in the Balance Sheet)
- (iii) Grants receivable - ₹ 1.82 crores (Classified under Note 10 in the Balance Sheet)
- (iv) Payable to Vendors – ₹46.08 Crores (Classified under Note 22 in the Balance Sheet)
- (v) Retention money, Earnest money and Security deposit from others – ₹ 4.41 crores (Classified under Note 20 in the Balance Sheet)
- (vi) Consumers Contribution for work – ₹ 105.72 Crores (Classified under Note 19 in the Balance Sheet)

The Company, with the NESCO management and the help of the OERC, is in the process of reconciliation/resolving the above matters and adjustments, if any, will be recognised post reconciliation and resolution of the matters. As stated above, the vesting order provides that any change in the value of assets and liabilities transferred on account of reconciliation/resolution of the above matters and/or any other matter identified in future will be allowed to be recovered by the company in the manner specified in the vesting order. Hence, the company believes that the reconciliation/resolution of the above matters will not have any impact on the financial position and financial performance of the Company as reflected in the financial statements.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note 42

Segment Reporting

The Company is engaged in the business of distribution of power in Northern part of Odisha. Chief Operating Decision Maker (CODM) reviews the financial information of the Company as a whole for decision making and accordingly the Company has a single reportable segment.
There is no consumer from whom the Company has earned more than 10% of revenue.

Note 43

Relationship with Struck off Companies

The Company has balance with the below-mentioned companies struck off under section 248 of Companies Act, 2013

₹ in Crore

Sr No	Name of Struck off Company	Nature of transactions with struck off company	Transaction during the Year ended March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2022	Relationship with the Struck off Company
1	Sushila Industries Pvt Ltd	Procurement of services	0.04	-	0.01	Trade Payable

Note 44

Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company have not traded or invested in Crypto currency or Virtual Currency during the current and previous year.

(iv) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(vi) The Company has not given any loans or advances in the nature of loans are granted to promoters, directors, KMPs and/ or related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are repayable on demand, or without specifying any terms or period of repayment.

(vii) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(viii) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017 (as amended).

(ix) Quarterly returns or statements of current assets filed by the Company with the banks in connection with the working capital limit sanctioned are in agreement with the books of accounts.

(x) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

Note 45 Social Security Code

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

Note 46 Previous year figures are regrouped or rearranged where ever required.

Note 47

Significant events after the reporting period

There were no significant adjusting events after end of the reporting period which require any adjustment or disclosure in the financial statements subsequent to the reporting period other than the events disclosed in the relevant notes.

Note 48

Approval of financial statements

The financial statements were approved for issue by the board of directors on April 25, 2023.

For S R B C & CO LLP
Chartered Accountants
ICAI FRN: 324982E/ E300003

VISHAL BANSAL
Digitally signed by VISHAL BANSAL
DN: cn=VISHAL BANSAL, c=IN, o=Personal, email=vishal.b@srb.in
Date: 2023.04.25 21:45:33 +05'30'

per Vishal Bansal
Partner
Membership Number:097546
Place: Gurugram
Date: April 25, 2023

For SRB & Associates
Chartered Accountants
ICAI FRN: E310009E

RAJIB SEKHAR SAHOO
Digitally signed by RAJIB SEKHAR SAHOO
Date: 2023.04.25 21:16:34 +05'30'

per R S Sahoo
Partner
Membership Number: 053960
Place: Bhubaneswar
Date: April 25, 2023

For and on behalf of the Board of
TP NORTHERN ODISHA DISTRIBUTION LIMITED

PRAVEER SINHA
Digitally signed by PRAVEER SINHA
Date: 2023.04.25 20:38:06 +05'30'

Praveer Sinha
Director
DIN:01785164
Place: Mumbai

SANJAY KUMAR BANGA
Digitally signed by SANJAY KUMAR BANGA
Date: 2023.04.25 20:39:20 +05'30'

Sanjay Kumar Banga
Director
DIN:07785948
Place: Mumbai

BHASKAR SARKAR
Digitally signed by BHASKAR SARKAR
Date: 2023.04.25 19:57:24 +05'30'

Bhaskar Sarkar
Chief Executive Officer (CEO)
Place: Balasore

SILADITYA SENGUPTA
Digitally signed by SILADITYA SENGUPTA
Date: 2023.04.25 19:47:13 +05'30'

Siladitya Sengupta
Chief Financial Officer (CFO)
Place: Balasore

DEVENDRA PRASAD
Digitally signed by DEVENDRA PRASAD
Date: 2023.04.25 20:08:34 +05'30'

Devendra Prasad
Company Secretary
Membership Number:A39789
Place: Balasore

Date: April 25, 2023