

Before the Odisha Electricity Regulatory Commission
Pot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

In the Matter of An Application for approval of the Business Plan for the Control Period under the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022

In the Matter of And TP Central Odisha Distribution Ltd. ,Corporate Office, Power House, Unit 8, Bhubaneswar- 751 012 represented by its Chief – Regulatory & Government Affairs.

...Petitioner

And

In the Matter of GRIDCO, OPTCL, DoE-GoO and All Concerned Stake Holders
...Respondents

Affidavit

30 JAN 23

I, Puneet Munjal, aged about 59 son of late Shri Jagdish Lal Munjal residing at Bhubaneswar do hereby solemnly affirm and say as follows:

1. I am the Chief-Regulatory & Government Affairs of TP Central Odisha Distribution Ltd., the Petitioner in the above matter and I am duly authorized to swear this affidavit on its behalf.
2. The statements made in this submission herein shown to me are based on information provided to me and I believe them to be true.

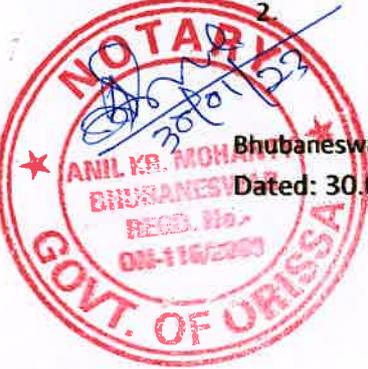
Bhubaneswar.

Dated: 30.01.2023

The Deponent above named being Chief-Regulatory & Government Affairs identified by Sri. P. R. Mohanty Advocate at appears before me on 30/01/23 at about 3:00 P.M. and states on oath that the contents of this affidavit are true to the best of his/her knowledge

Identified by
P. R. Mohanty
Advocate

ANIL KUMAR MOHANTY
NOTARY, BBSR
REGD. No.-ON-116/2009



Before the Odisha Electricity Regulatory Commission
Pot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: _____ of 2023

File No TPCODL/Regulatory /2023/22/648

In the Matter of Application for approval of the Business plan for the Control Period under the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022

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The Hon'ble Commission vide the gazette notification dated 20th Dec 2022 has issued the Tariff Regulations called 'Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 for the control period FY 2023-24 to FY 2027-28, hereinafter referred to as 'Tariff Regulations, 2022'.

Pursuant to the issuance of the Tariff Regulations, 2022, TPCODL has filed a petition for approval of Aggregate Revenue Requirement (ARR) and determination of Wheeling Tariff and Retail Supply Tariff for the Financial year FY 2023-24 vide submission TPCODL / Regulatory/ 2023/ 5/ 163 dated 07.01.2023. TPCODL has also filed its Capital Investment Plan for FY 2023-24 vide submission TPCODL/Regulatory/2022/204/9260 dated 22.12.2022.

As per the Tariff Regulations, 2022, the Business Plan for the Control Period for FY 23-24 to FY 27-28 is to be submitted by 31st January'2023 or such other date as may be directed by the Hon'ble Commission.

It is submitted that TPCODL has already filed its ARR Petition for FY 2023-24 which is also the first year of the Business Plan Control Period. It is submitted that the same may be kindly considered towards the Business Plan requirement for FY 2023-24. We are providing in the Appendix , the details of various Business Plan parameters for FY 2023-24 as filed in our ARR FY 2023-24 petition filed vide submission dated 07.01.2023 .

With regard to submission of Business Plan for the balance 4 years of the Control Period, viz. FY 25 to FY 28, it is submitted that the Tariff Regulations, 2022 were notified recently vide a gazette notification dated 20th Dec 2022. Filing of a Long Term Business Plan for the entire Control Period, viz. FY 2023-24 to FY 2027-28 requires considerable amount of estimation / forecasting of business parameters especially capital expenditure, distribution costs, consumer category wise demand which is all the more challenging to forecast due to factors such as Captive and Open Access consumption especially in view of changing Regulatory scenario; Additionally, the Government of Odisha initiatives such as 'Make in Odisha' coupled with fiscal incentive, increasing industrialization, urbanization and potential disruptors such as EV and decentralized generation etc. are making the forecast more challenging and time consuming which requires significant data collection, assimilation and analysis of the long term projection and hence requires some more time.

In view of the above, it is requested the Hon'ble Commission may kindly approve the Business Plan for FY 2023-24 which is as per the ARR filing for FY 2023-24. Further, time extension may be allowed till 2nd Week of April 2023 for submission of the Business Plan for the balance four year of the Control period viz. FY 2024-25 to FY 2027-28 .

Prayers

TPCODL prays that the Hon'ble Commission may kindly be pleased to;

1. Approve the Business Plan for FY 2023-24 considering TPCODL's ARR filing for FY 2023-24 filed vide our submission no. TPCODL / Regulatory/ 2023/ 5/ 163 dated 07.01.2023, the parameters for which are enumerated in the Appendix of this petition.
2. Permit filing of Business Plan for the remaining four years of the Control Period, viz. for FY 24-25 to FY 27-28 by 2nd week of April'23 in view of the challenges in estimation and forecast , collation and analysis of significant amount of data on various operating areas such as Capex, Opex, estimating consumer category wise demand , loss reduction etc. for which additional time is requested.
3. Permit making additional submission required in this matter.
4. Condone any delay in submission.
5. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

Appendix

Index

Chapter 1. Parameters for Business Plan FY 2023-24	3
1.1 Sales /Demand Forecast.....	3
1.1.1 Basis of Estimation	3
1.2 The Distribution Loss estimate for FY 2023-24	3
1.3 Estimation of Quantum of Power Purchase at estimated Loss.....	4
1.4 Capital Investment Plan for FY 2023-24	5
1.5 Capital Structure and Interest on Capital Loan:	6
1.6 Return on Equity:.....	7
1.7 Tax on Income/ RoE:.....	7
1.8 Operation and Maintenance Cost	8
1.8.1 Employee Cost.....	8
1.8.2 R & M Cost.....	14
1.8.3 A&G Cost estimate	16
1.9 Depreciation	18
1.10 Recovery of ASL Payments	18
1.11 Interest on Working Capital	19
1.12 Interest on Consumer Security Deposit	19
1.13 Non-Tariff Income /Misc. Receipt including Open Access Charges.....	20
1.14 Estimated Tariff at existing Revenue.....	20
1.15 Provision for Bad and Doubtful Debts.....	21
1.16 Estimated Cost and Revenue for FY 2023-24	21
1.17 Data for the Cost and Revenue for Previous Years	22
Chapter 2. Annexures	24

List of Tables

Table 1-1 Sales Projections (MUs)- FY 2023-24.....	3
Table 1-2: T&D loss based on committed AT&C Loss of 21.98 % for FY 2023-24.....	4
Table 1-3: Normative Billing Loss or Distribution Loss.....	4
Table 1-4: Quantum of Power Purchase	4
Table 1-5 : Status of Actual Capex and Capitalization as on 31.03.2022 and estimated Capex and Capitalization for FY 2022-23 and FY 2023-24	5
Table 1-6: Estimated Capitalization for FY 2023-24 and funding of Capitalization	5
Table 1-7: Quantum of Debt Component (Rs Cr).....	6
Table 1-8: Interest on Capital Loan (Rs Cr).....	6
Table 1-9: Return on Equity Calculations (Rs Cr)	7
Table 1-10: Projections of Tax on Income.....	8
Table 1-11: Projections of Employee Cost of erstwhile CESU employees (Rs Cr).....	9
Table 1-12: New TPCODL Employee expenses for FY 2023-24 along with FY 2022-23	14
Table 1-13: Total Employee expenses for FY 2023-24	14
Table 1-14: R&M on Own Assets for FY 2023-24 as per New Tariff Regulations,2022	15
Table 1-15: R&M on Assets not owned by TPCODL but maintained by TPCODL for FY 2023-24 as per New Tariff Regulations,2022	15



Table 1-16: Total R&M for FY 2023-24.....	16
Table 1-17: Total A & G Expenses estimate for FY 2023-24 based on Zero Based Budgeting..	17
Table 1-18: A&G Expenditure projections on basis of norms.....	17
Table 1-19: Summary of Depreciation for FY 2023-24 (Rs. Cr)	18
Table 1-20: Interest on Working Capital Computations for FY 2023-24 (Rs Cr)	19
Table 1-21: Interest on Security Deposits	19
Table 1-22: Non Tariff Income / Misc Receipts (incl. Open Access Charges) for FY- 24	20
Table 1-23: Estimated Revenues for FY 2023-24	20
Table 1-24: : Estimated Cost and Revenue for FY 2023-24.....	21
Table 1-25: Actual Cost and Revenue for FY 21(10 months) & FY-22 and estimated for FY 23 and FY 24	23
Table 2-1: :Statutory and Compulsory Charges	31
Table 2-2::Administrative Expenditure	32
Table 2-3: Estimation of Component of Non Tariff Income /Misc Receipts from FY-22 Actuals	33

Chapter 1. Parameters for Business Plan FY 2023-24

1.1 Sales /Demand Forecast

The Regulation 2.1.1 (1) of the New Tariff Regulations,2022 require submission of Sales /Demand forecast for each consumer category .

1.1.1 Basis of Estimation

While CAGR is reasonably common method for projection, considering the data of the past few years, the CAGR may not be very reliable for projections as the CAGRs are not very steady. This is particularly so since the last two years i.e FY 2020-21 and certain part of FY 2021-22 had covid months where the demand is not reflective of the same when the period would have been normal.

The estimate for EHT and HT sales for FY 23-24 has been carried out based on previous years demand as well as anticipated new demand based on request in hand as well normal increase. The LT Sales are estimated to grow at 11% over Current Year (FY 22-23) taking into account present growth, etc.

Table 1-1 Sales Projections (MUs)- FY 2023-24

Category	UoM	FY-22 Actuals	FY 2022-23			Growth FY23 -	FY 2023-24	Growth FY24 -
			H1	H2	Total	FY-22		FY-23
EHT	Mus	1149	770	819	1589	38.3%	1858	17%
HT	Mus	1462	960	824	1784	22.0%	1908	7%
LT	Mus	4117	2469	1946	4415	7.2%	4902	11%
Total	MUs	6728	4199	3589	7788	15.8%	8668	11%

The consumer category wise breakup of the sales and contract demand has been submitted in Form T-1 of our ARR FY-24 petition dated 07.01.2023 which is reproduced as **Annexure - 1** to this Petition.

Further the SMD for FY 2023-24 is estimated at 2192 MVA.

1.2 The Distribution Loss estimate for FY 2023-24

Based on the AT&C loss reduction commitment of 21.98 % for FY 2023-24 as provided in Annexure-III of the Tariff Regulations 2022, and normative collection efficiency of 99% as per the Tariff Regulations 2022 , the estimated Distribution loss for FY 2023-24 works out to 21.19% which is marginally lower than the T&D loss computed from the AT&C loss of 22%

for FY 2023-24 for Tariff determination as provided in Annexure-III of the Tariff Regulation 2022 at normative collection efficiency of 99%.

Table 1-2: T&D loss based on committed AT&C Loss of 21.98 % for FY 2023-24

Sr No	Parameter	UoM	Estimate for FY 2023-24
1	AT&C Loss (As per Annexure -III) of the Tariff Regulations,2022	%	21.98
2	Collection Efficiency	%	99
3	Billing Efficiency	%	78.81%
4	Distribution Loss	%	21.19%

1.3 Estimation of Quantum of Power Purchase at estimated Loss

Power purchase estimate has been made as per Regulations 5.4.1 of the Tariff Regulations 2022 taking into account the sales and grossing up the same by estimated T&D losses.

Based on the estimated sales, grossed up for estimated normative T&D Losses, the quantum of power purchase estimate for FY 2023-24 is worked out is as follows.

Table 1-3: Normative Billing Loss or Distribution Loss

Sr No	Particulars	FY-2023-24
1	AT&C Loss for Tariff determination (as per Vesting Order and New Tariff Regulations 2022)	22.00%
2	Collection Efficiency	99%
3	Billing Efficiency = $100\% - [100\% - (1)] / [2]$	78.79%
4	Distribution Loss for working out Power Purchase Cost = $100\% - (3)$	21.21%

Table 1-4: Quantum of Power Purchase

Power Purchase Cost for ARR - Normative Loss			
Sr No	Particular	Unit	FY-2023-24
A	Total Sales (MU)	MU	8668
B	Normative Billing Loss	%	21.21%
C= A/(1-B)	Normative Input/Power Purchase Units	MU	11002
D	Power Purchase Cost @ BSP Rate of Rs.3.00/kWh	Rs. Cr	3301
E	Transmission Charges @ Rs.0.28 /kWh	Rs. Cr	308
F	SLDC Charges @ (Rs. 14.625 Lakhs per Month)	Rs. Cr	1.8
G=D+E+F	Total Power Purchase Cost	Rs. Cr	3610
H	Rebate Considered at 1%	Rs. Cr	36
I	Net Power Purchase Cost After Rebate	Rs. Cr	3574

1.4 Capital Investment Plan for FY 2023-24

The Capital investment plan for FY 2023-24 has been submitted by TPCODL vide submission TPCODL/Regulatory /2022/204/9260 dated 22.12.2022. Summary of the Capital Investment plan for FY 2023-24 is as provided in **Annexure- 2** of this submission. The capex plan submitted in this petition has been taken into account for the business plan for the 1st Control Period FY 2023-24.

The Status of Actual capex and capitalization as on 31.03.2022 and estimate for FY-23 and FY-24 is as provided below.

Table 1-5 : Status of Actual Capex and Capitalization as on 31.03.2022 and estimated Capex and Capitalization for FY 2022-23 and FY 2023-24

<i>All Amount in Rs. Crores</i>											
Sr No	Major Category	Approved Capex for FY-21	Approved Capex for FY-22	Approved Capex for FY-23	Proposed Capex for FY-24	Actual Capex till FY-22	Actual Capitalization till FY-22	Total Estimated Capex in FY-23	Total Estimated Capitalization in FY-23	Total Estimated Capex in FY-24	Total Estimated Capitalization in FY-24
1	Statutory and Safety	68.17	17.59	17.66	22	71.83	62.79	23.01	24.78	24.65	22.31
2	Loss Reduction	39.63	67.36	52.85	63	31.79	25.85	102.37	86.57	71.10	65.71
3	Reliability	72.48	114.42	131.63	267	122.69	109.29	131.88	91.15	256.65	195.69
4	Load Growth	9.00	30.52	118.26	75	21.69	16.49	78.63	35.19	111.97	128.05
5	Technology & Infrastructure	91.35	68.84	60.16	85	93.77	88.56	97.35	77.82	90.55	78.67
	Total	280.63	298.73	380.56	512	341.77	302.98	433.23	315.51	554.92	490.43

Additionally, GRIDCO's contribution in kind is estimated at Rs. 84.49 Cr (i.e 490.43 x 1.172 X 30% x 49%) in FY 2023-24.

Over and above the Hard cost Capitalization against own capex and GRIDCO 's contribution in kind , IDC of Rs. 10.94 Cr. and Employees cost capitalization of Rs. 26.29 Cr. is estimated in FY 2023-24. The computation of IDC to be capitalized is provided in **Annexure-6** to this submission.

The summary of estimated capitalization for FY 2023-24 and funding of capitalization is as provided below.

Table 1-6: Estimated Capitalization for FY 2023-24 and funding of Capitalization

<i>All Amount in Rs. Cr</i>	
Particular	FY-24 (Est)
TPCODL 's Capex Schemes (Excluding Meters)	490.43
IDC (on TPCODL's Own Capex excluding Meters)	10.94
Employee Cost (on TPCODL's Own Capex excluding Meters)	26.29
Gridco's Contribution in Kind	84.49
Total (including IDC , Employee Cost & GRIDCO Contribution)	612
Funding of Capitalization	
FY-24 (Est)	
Equity	183.65
Debt	428.51
Total	612

1.5 Capital Structure and Interest on Capital Loan:

Financing has been considered in normative debt equity ratio of 70:30. The Hon'ble Commission in Regulations 3.7 of the Tariff Regulations 2022 has laid down the guidelines for computation of interest on capital loan. As per the Tariff Regulations, the interest on capital loan would be calculated on the normative average loan of the year by applying the weighted average rate of interest.

For the purpose of financing the Capital expenditure, TPCODL has tied up Capex loans from State Bank of India and Canara bank with the interest rate that are linked to MCLR. The relevant extract from the sanction letter of both the banks is provided in **Annexure-5** to this submission. Based on requirement, further loan facility will be tied up.

The weighted average interest rate for FY-24 has been estimated at 8.62% based on the rates of existing MCLR linked loans and expected interest rate movement (1 year and 6 month MCLR w.e.f 15.12.2022 is 8.3 % as notified by SBI , the interest rate are on increasing trend as RBI has increased Repo rate 5 times since May 2022 totaling 225 basic points from 4% in May 2022 to 6.25% in Dec 2022).

The computation of interest on capital loan for FY 2023-24 is as provided below.

Table 1-7: Quantum of Debt Component (Rs Cr)

<i>All Amount in Rs. Cr</i>					
Sr No	Equity Addition & RoE	FY-21 (June'20 - Mar'21)	FY-22	FY-23	FY-24
a	Capitalization excluding meters from TPCODL's own capex(including IDC & Emp Cost)	66.13	236.85	341.61	527.66
b	GRIDCO's Contribution in kind in lieu of Equity	0.00	99.94	6.62	84.49
c=a+b	Total Capitalization	66.13	336.79	348.23	612.15
d	Total Debt = 70% of C	46.291	235.8	243.8	428.5

Table 1-8: Interest on Capital Loan (Rs Cr)

Interest on Capital Loan						
Sr No	Particular	Unit	FY-21	FY-22	FY-23	FY-24
1	Opening Balance	Rs Cr	0	43.56	266.01	479.30
2	Addition	Rs Cr	46.291	235.75	243.76	428.51
3	Repayment = Depreciation on Assets Created out of Own Capex (excluding meters)	Rs Cr	2.73	13.31	30.47	51.83
4=1+2-3	Closing Balance	Rs Cr	43.56	266.01	479.30	855.98
5=	Average Balance	Rs Cr			372.65	667.64
Average(1,4)						
6	Period	Years			1.00	1.00
7	Weighted Average Interest Rate (estimated)	%			8.06%	8.62%
8= 5 X 6 X 7	Interest Amount	Rs Cr			30.0	57.6

1.6 Return on Equity:

The Tariff Regulations, 2022 provide for RoE on equity capital invested in the Capitalization. Further the regulations also allow asset transferred by GRIDCO in lieu of equity to be considered in fixed asset base for determination of return on equity. The Regulations 3.6.1 to 3.6.5 may be referred to in this regard.

The computation of RoE for FY 2023-24 is as provided below.

Table 1-9: Return on Equity Calculations (Rs Cr)

All Amount in Rs. Cr					
Sr No	Equity Addition & RoE	FY-21 (June'20 - Mar'21)	FY-22	FY-23	FY-24
a	Capitalization excluding meters from TPCODL's own capex (including IDC & Emp Cost)	66.13	237	341.61	527.66
b	GRIDCO's Contribution in kind in lieu of Equity	0	99.9	6.6	84.5
c=a+b	Total Capitalization	66.13	336.79	348.23	612.15
d	Total Equity = 30% of C	19.84	101.04	104.47	183.65
	RoE		Rs Cr	Rs Cr	Rs Cr
1	Opening Equity	300	319.84	420.88	525.35
2	Addition	19.84	101.04	104.47	183.65
3=1+2	Closing Equity	319.84	420.88	525.35	708.99
4	RoE = Average (1,3) X 16%	41.32	59.26	75.70	98.75

1.7 Tax on Income/ RoE:

Tax at rate of 25.17% has been computed on the income related to applicable RoE only as depicted below.

Table 1-10: Projections of Tax on Income

			<i>Rs. Cr</i>
Sr No	Particulars	UoM	FY-24
1	RoE	Rs. Cr	99
2	*Applicable Tax rate	%	25.17%
3	Tax on RoE	Rs. Cr	33.21

*The Computation of Applicable Tax rate is as provided below.

Applicable Tax Rate	
Basic Tax u/s 115 BAA	22.0%
Surcharge	10.0%
Health & Education Cess	4.0%
Effective Tax Rate	25.17%

1.8 Operation and Maintenance Cost

The O&M Expenditure has been categorized under three major heads viz a) Salaries and Wages b) Repairs and Maintenance (R&M) and c) Administration and General (A & G) . The cost estimate under these heads are as follows.

1.8.1 Employee Cost

Erstwhile CESU Employees:

The Hon'ble Commission in Regulations 3.9.4 to 3.9.8 has laid down guidelines for estimating Employee Cost of erstwhile CESU employees

The cost estimate for erstwhile CESU employees has been estimated based on following factors.

- a. 3% escalation considered on Basic Salary over FY 2022-23 and the impact on account of retirements estimated in FY-24 has been deducted
- b. DA is considered at 47% on the Basic Salary.
- c. Housing Rent allowance considered at 20% of Basic Salary
- d. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
- e. Nominal escalation of 10% considered for Staff Welfare & Other Employee Benefit expenses and Other Allowances.
- f. 10% cost escalation has been considered for outsourced employees also.

- g. The Group health insurance scheme in line with OPTCL has already been implemented . Further additional medical benefits initiatives like Health Check ups, Tele medicines are going to be rolled out.
- h. Liabilities disbursed towards terminal benefits (pension, gratuity, leave encashment and rehabilitation liabilities etc) on cash out go basis as stipulated in Regulations 3.9.8 of the New Tariff Regulation, 2022

Based on the above , the cost estimate for erstwhile CESU employees for FY 2023-24 as projected over FY-23 estimate is as provided below.

Table 1-11: Projections of Employee Cost of erstwhile CESU employees (Rs Cr)

Particulars	Total Estimate for FY-23	Projection for FY-24	Basis of Projection for FY-24
Basic + Grade Pay	208.59	211.09	3% Escalation over FY-23 ,Adjustment of Employees Retiring in FY-24 at midpoint
Dearness Allowance	77.53	99.21	47% of Basic (Apr -Jun'23 : 42%, Jul-Dec'23: 47%, Jan-Mar'24 : 52%)
House Rent Allowance	40.30	42.22	20% of the Basic
Medical Allowance/Reimbursement of Medical Expenses	10.97	10.55	5% of the Basic
Gratuities	249.58	237.44	Projected on Cash Outgo basis
Pension			
Contribution to Provident Fund			
Others under Contribution to Provident & Other Fund (EDLI , etc.)			
Compensated Absences / Leave Encashment			
Staff Welfare and Other Employee Benefit Expenses	10.19	11.21	Nominal Escalation of 10% over FY-23
Other Allowances	5.92	6.51	Nominal Escalation of 10% over FY-23
*Group Health Insurance Scheme, Medical Benefits :- Health Checkup;Tele medicines ;Medical Centers;Tie up with Ambulance,Hospital;First Aid Kits; Group Personal Accident Pollicy, EDLI for Pensioner etc.	9.74	10.71	Estimated
Ex-Gratia	9.40	18.04	Projected
Uniform including Shoes,Rain coat	1.50	2.60	Estimated
Employee Engagement Initiatives	1.20	3.00	Estimated
Training & Development	3.00	3.30	Nominal Escalation of 10% over FY-23
7th Pay Arrear			
A. Sub Total	627.93	655.89	
B.Outsourced Employee Cost	59.00	64.9	Nominal Escalation of 10% over FY-23
C. Total (A+B)	686.93	720.79	

* Note: Only Rs.5.4 Cr was approved towards Group Health Insurance Scheme only in FY-23 Tariff Order , other initiatives are new initiatives/benefits for FY-23 and FY-24

New TPCODL Employees recruited after effective date:

The Hon'ble Commission in Regulations 3.9.10 – 3.9.15 has stipulated the regulations for employee cost for employees recruited after effective date. Further the Hon'ble Commission in Regulations 3.9.10 has provided a formula for estimating employee cost of employees recruited after effective data, the relevant extract from the regulations is as provided below.

3.9.10.The expenses for the employees recruited after Effective Date shall be determined based on the formula shown below:

$$EMP_n = EMP_{n-1} \times (1 + IndexEscn) \text{ where,}$$



EMPn: Employee Cost of Distribution Licensee for the ensuing year;

EMPn-1: Approved Employee Cost of Distribution Licensee for the year preceding ensuing year;

Provided that for first year of the control period EMPn shall mean employee expenses as approved by the Commission for the first year of the Control Period in the Business Plan;

FY 2023-24 being the first year of the control period, we request the Hon'ble Commission to consider the employee cost estimate submitted in this petition (which is same as our ARR FY 24 filing) for FY 2023-24 for approving the employee cost for the first year of the control period (i.e. FY 2023-24).

The Hon'ble Commission has approved recruitment of 798 numbers of manpower (including against retirement) for FY-21 and FY-22. Further, the Hon'ble Commission has approved recruitment of 100 no's of employees in FY 2022-23, against this approval recruitment by TPCODL is in progress and is expected to be complete by 31.03.2023.

Further, TPCODL has proposed addition of 57 executives and 143 nos of Non Executives employees in FY-2023-24, detailed justification of which is as provided below.

Rationale to recruit new manpower (200 no's) in FY23-24:

For smooth business operation, TPCODL has submitted application to Hon'ble OERC for recruitment of 1367 nos. of employees in Executive Cadre. Out of which TPCODL has received approval for recruitment of 848 Nos. of Executives and 50 Nos on Non-Executives i.e. 898 in total till FY 23 and all 898 employees will be on boarded by FY22-23.

It is to be noted that between 1st June 2020 to 31st March 2023, more than 646 employees are superannuating from TPCODL. Further, more than 383 employees are projected to superannuate in FY24, FY25 i.e total 1029 employees are superannuating in first five years of take over. But, TPCODL has not recruited any manpower against this superannuation.

Further, TPCODL has unmanned 100 Primary substation (33/11 KV structure) till FY23 and projected to unman another 50 primary substation in FY 24. In this process of unmanning, TPCODL has reduced 300 manpower in substation and projected to reduce further 150 manpower in FY24. TPCODL has been implementing several Digitalization in Operations, Commercial, Material Management, and Human Resources towards ensuring better process control, superior consumer services in terms reliability & Safety, better employee services etc. TPCODL has formulated structured capability development plan and continuously upgrading the skills of existing employees to take up various new opportunities for career



growth through manpower optimization. TPCODL will continue its digitization journey and creating exciting career opportunities to existing employees and providing value added services to consumers.

As explained above, TPCODL has received approval of 898 manpower for new recruitment till FY23 against original projection of 1367 numbers i.e. 519 less numbers apart from superannuation of 646 employees till FY23 and 1029 till FY25 without any replacement.

Despite optimization and digitization, TPCODL is experiencing challenges in many areas due to shortage of relevant manpower both in Executive and Non-Executive category. This is badly impacting regular operation & maintenance, compromising of Safety standard and consumer services. Hence, TPCODL has reviewed existing manpower and propose to recruit minimum numbers in both Executive & Non-Executive Category.

Executive Category:

TPCODL Propose to add minimum 57 Executives in FY 23-24 to fulfill minimum manning as explained below.

- **JE Commerce in Rural Sections:** Presently, 38 Sections in rural areas do not have JE Commerce. Absence of JE Commerce in large rural section offices are badly impacting commercial activities like better consumer services, metering, billing, collection, new connection and consumer grievances. Hence, it is propose to recruit 38 JE Commerce in rural sections.
- **Commerce Support Staff in Urban Division:** Presently, JE Commerce is not deployed at urban areas and SDO Commerce at Sub-Division offices. It has been examined that SDO Commerce needs additional support to commercial activities successfully. Hence, it is propose to add one Commerce Support staff in each Urban Division i.e. total Five employees.
- **APSCC in each Division:** To ensure better reliability and safety of operational activities, TPCODL has initiated APSCC in each Division and deployed manpower from existing resources. However, there are seven APSCC being operationalized without Engineer. Hence, it is proposed to recruit seven APSCC Engineers for minimum manning.
- **Human Resource Officer at Division Offices:** Human Resource Function at TPCODL was operational with limited resource and activities. Hence, HR team was strengthened mainly at Head Office and Circle Offices. However, it has been felt that Division office also requires dedicated HR Officers to drive various people development issues like Training, Engagement, Coordination with Statutory authority and employees representatives. Each

Division is having more than 200 regular employees and one dedicated HR Officers is required. However, TPCODL has identified Six Division initially to deploy HR Officers initially and can cover all locations in future. Accordingly, Six HR Officers are proposed to be recruited in Six Large Divisions.

- **Legal Officer:** Looking large pending legal cases at different courts and ongoing legal matters, TPCODL is propose to add one Executive in Legal Function.

Details of new manpower in Executive category propose to recruit in FY23-24.

Manpower Requirements (FY23-24)	Number
JE Commerce (to deploy in balance section offices)	38
APSCC (to deploy in balance APSCC for better operational & safety control)	7
Commerce Graduate for City Division.	5
HR Officers at Division for employee services	6
Legal Function	1
	57

Non-Executive Category (Lineman)

In Non-Executive cadre (especially Lineman), TPCODL focus to improve operational efficiency, Quality with highest level of safety for employees, consumers and animals. Hence, it is essential to deploy adequate Lineman for safe working with quality. Since, there are large requirements of lineman and hence in short term, TPCODL has reviewed for bare minimum Lineman required to ensure safety of employees & community, to improve Operation & maintenance as mentioned below:

Activity/Location	Manning Norms	Lineman A & B	Lineman C,	Jr Artesian & Helper
Section (247 Nos.)	General Shift: 1 Lineman A 2 Lineman B 2 Helpers	741	-	494
Urban FCC (121 Nos)	Only 3 Shifts: 1 Lineman C 1 helper (3.5 considering reliever)	0	423.5	423.5
Rural FCC (821 Nos)	Only 2 Shifts: 1 Lineman C 1 helper (2.5 considering reliever)	-	2052.5	2052.5
Sub-Transmission Systems (STS)	12 crews in all five circles. In each shift there will be total 6 Manpower in 3 shifts one SMC per division initially. Each team will have 5 line Man, and 4 helpers in General Shift For P&T, there will be 1 technician in each division. For MPG, there will be 2 TPCODL for each circle For DT work shop there will be 6 technician	162	43	272
Total		903	2492	3242

	Operational Requirement	Presently Deployed	Gap Against the Operational requirement
Lineman(A, B,C)	3395	2100	1295
Helper	3242	794	2448

Looking at large gap in Lineman, TPCODL propose to induct Lineman in phased manner over next few years. However, on immediate basis, TPCODL Propose to induct at least 143 Nos. of lineman. Total manpower requirement for FY -2024 is: 57 Nos. Executive Cadre employees & 143 Nos. Non-Executive cadre Employees (Lineman) i.e. 200 in total.

The estimated employee cost for FY 2023-24 towards new TPCODL Employees is as provided below.

Table 1-12: New TPCODL Employee expenses for FY 2023-24 along with FY 2022-23

Particular	All Amount in Rs. Cr	
	FY 2022-23 (Estimated)	FY 2023-24 (Estimated)
Employee Cost of New TPCODL Employees (CTC Structure)	110.5	125.0
Additional Recruitments during FY-24		7.77
Total	110.5	132.7

The increase in FY 2023-24 over FY 2022-23 is explained as follows:

(i)	Increment's for recruitments upto FY 23	: Rs. 8 Cr
(ii)	Full Year Impact of Recruitments against 100 nos approvals in FY 23	: Rs. 5.5 Cr
(iii)	Training And Development	: Rs. 1 Cr
(iv)	Additional Recruitment in FY 2023-24	: Rs. 7.7 Cr

Summary of Total Employee Expenses

Based on the above, the summary of the total employee expenditure for FY 2023-24 is as follows:

Table 1-13: Total Employee expenses for FY 2023-24

Sr No	Particular	Rs Cr
		FY 2023-24 (Estimated)
1	Salaries of existing CESU Employees (including Outsourced Employees)	720.8
2	Salaries & Wages of TPCODL-Additional Employees	132.7
3	Total Gross Employee Cost	853.5
4	Less: Employee Cost Capitalized	26.3
5= 3-4	Total	827.2

1.8.2 R & M Cost

R&M on Own Asset:

As stipulated in the Regulations 3.9.19 , normative R&M on own assets is allowed at 4.2% on the opening GFA for FY 2023-24.

The Normative R&M on own Asset based on estimated opening GFA for FY 2023-24 is as provided below.

Table 1-14: R&M on Own Assets for FY 2023-24 as per New Tariff Regulations,2022

<i>All Amount in Rs. Cr</i>					
Sr No	Particulars	FY 2020-21 (Actual 10 Months)	FY 2021-22	FY 2022-23	FY 2023-24
R&M on Own Assets					
1	Opening GFA (As per Approved Opening Balance sheet as on 01.06.2020)	3403.73	3637.04	4357.09	5256.99
2	Addition	233.31	733.49	925.32	
3	Retirement /Deletion	0.00	13.44	25.42	
4=1+2-3	Closing	3637.04	4357.09	5256.99	
5	R&M on Own Asset at 4.2 % of the Opening GFA				220.79

Note: Against estimated capitalization of Rs.925.32 Cr in FY 2022-23, Rs.620 Cr has already been capitalized as on Dec 2022.

R&M on Assets not in Books of TPCODL:

Based on the quantum of assets created under various Govt funded Schemes (not in books of TPCODL) as mentioned in Note 38 of the Audited Financial Statement for FY 2021-22 and as stipulated in Regulations 3.9.22 of the New Tariff Regulations 2022 that R&M is allowed at 3% of opening GFA (Assets not owned by TPCODL),the R&M estimate on Asset not in books of TPCODL but maintained by TPCODL is as provided below.

Table 1-15: R&M on Assets not owned by TPCODL but maintained by TPCODL for FY 2023-24 as per New Tariff Regulations,2022

SI No	Name of Scheme	Asset Amount (Rs.Cr)
1	ODSSP (Net of Rs 99.94 Cr of Assets Transferred by GRIDCO in lieu of equity)	533.58
2	SCRIPS	665.27
3	DDUGJY	289.96
4	IPDS	217.73
5	SOUBHAGYA	168.99
6	Nabakalebar	158.83
7	RGGVY	38.93
8	ODAFFP	6.58
9	BGJY (OPTCL DTR)	153.33
A	Total (A)	2,233.20
	Less:	
10	SOUBHAGYA	168.99
11	BGJY	153.33
12=A-10-11	Total Govt Asset	1,910.88
13	Capitalization in FY-23 estimated out of FY-22 CWIP	439.16
14=12+13	Total GFA as on 31.03.2023	2,350.04
15	R&M @ 3%	70.50

Summary of Total R&M for FY 2023-24

Based on the above estimates, the total R&M for FY 2023-24 is as provided below.

Table 1-16: Total R&M for FY 2023-24

All Amount in Rs. Cr

Sr No	Particular	Estimate for FY 2023-24
1	R&M on Own Asset @ 4.2% of Opening GFA	220.79
2	R&M on Assets not in books of TPCODL @ 3% of opening GFA	71
5	Total estimated R&M for FY 2023-24	291.29

1.8.3 A&G Cost estimate

TPCODL has done a zero based budgeting exercise for estimating the A&G cost for FY 2023-24, the details of which are available in the ARR petition and the summary table is produced below. The detailed explanation as provided in our ARR petition is reproduced in **Annexure-3** of this submission.

The same has also been compared with the Normative A&G expenses calculated on the Approved A&G cost for FY-23 together with additional A&G cost of Rs.20 Cr towards

meeting enhanced activities in billing and collections. The Normative A&G cost estimate is also provided below.

Table 1-17: Total A & G Expenses estimate for FY 2023-24 based on Zero Based Budgeting

Particulars	Total Estimate for (FY-2023-24)
Rental of land, buildings, plant and equipment, etc	7.45
Electricity consumption expenses	3.50
Telephone & Communication expenses	2.14
Foods and conveyance	0.49
Bank & other charges	3.75
Office expenses + Facility Management and House Keeping etc	8.13
Travelling expenses	5.78
Insurance premium	4.28
Legal and professional charges	8.56
Software & IT expenses	1.07
Other Finance/Statutory Expenses	8.56
Advertisement & marketing expenses	1.61
Metering and billing expenses Collection, Payment Transaction Charges, Customer Awareness for Digital/Prompt/Regular Payments, Customer Service (Cust. Care, Call Center, Meter Services etc.)	105.33
Printing and stationary	1.80
Miscellaneous expenses including Contingency	1.07
TOTAL	163.5

Table 1-18: A&G Expenditure projections on basis of norms

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost Approved in FY-23 Tariff Order	132.72
2	A&G Cost for FY 2023-24 considering 7% escalation	142
3	Special /Additional Expenditures for meeting Enhanced Activities in the areas of Billing and Collection for FY 2023-24	20
4 =2+3	Total Normative A&G Expenditure	162

1.9 Depreciation

Based on the Capitalization estimated in FY 23-24, and the guidelines laid down by the Hon'ble Commission in Regulation 3.8 of the Tariff Regulations, 2022 Depreciation has been estimated for FY 2023-24. The estimate is as provided below.

Table 1-19: Summary of Depreciation for FY 2023-24 (Rs. Cr)

		<i>In Rs. Cr</i>
Particular		FY-24
Total Depreciation estimated to be booked in the Accounts		206.99
Less:	Depreciation on Meters	30.72
Less:	Amortization on Opening Assets	71.09
Less:	Amortization on Grants	12.02
Less:	Amortization on Consumer Contribution	11.78
A	Total Depreciation for ARR	81.4

Out of the above depreciation claimed for ARR, the depreciation on Assets created out of own capex will be used towards repayment of capital loan and balance amount will be used towards funding of ASL as illustrated below.

A	Total Depreciation for ARR	81.4	Remark/Usage
Less:	Depreciation on Assets Created out of Own Capex (excluding Meters)	51.83	For Repayment of capital Loan Loan
Total Depreciation available for funding of ASL		29.55	For Funding of ASL

It is submitted that, the Hon'ble Commission may allow full depreciation on Opening Assets, which could then be utilized to liquidate the Additional Serviceable Liability (ASL) payments.

1.10 Recovery of ASL Payments

The Hon'ble Commission in the Carve Out Order dated 30th September 2021 has allowed Additional Serviceable Liability (ASL) under Paragraph 37 of the Order. TPCODL has submitted a petition vide letter dated 9th Nov 2021 before the Hon'ble Commission for determination and approval of the ASL as per its computation. Further an independent audit was carried out on various aspects of the above petition. Based on the report submitted by the Auditor M/s SRB & Associates, a reworked ASL (amounting to Rs. 386.64 Cr) was submitted for the approval of the Hon'ble Commission vide letter dated 17th Feb 2022 which is under consideration by the Hon'ble Commission.

The Hon'ble Commission has provided a methodology for recovery of such liabilities (ASL) as per clause 54 (e) of the Vesting Order.

The ASL payment recovery of Rs.237.84 Cr has been considered in our True up filing for FY 2021-22 and is consequently not considered in the Business Plan being filed for FY 2023-24 wherein the estimated ASL payment for FY 2023-24 amounting to Rs. 20.45 Cr as considered in the ARR filing for FY 2023-24 has been considered.

1.11 Interest on Working Capital

The Interest on working Capital has estimated bases on the Regulations 3.10 of the Tariff Regulations ,2022 and is as provided below.

Table 1-20: Interest on Working Capital Computations for FY 2023-24 (Rs Cr)

Interest on Working Capital (Normative)		FY 2023-24
O&M Expenses for One Month	Rs Cr	109.03
Power Purchase Cost for One Month (incl. Transmission & SLDC Charges)	Rs Cr	300.86
Maintenance Spare at 20% of R&M expenses for one Month	Rs Cr	4.85
Total Working Capital	Rs Cr	414.74
*Applicable Interest Rate	%	11.30%
Interest On Working Capital	Rs Cr	46.87

* Norm: SBI One year MCLR with effect from 15.12.2022 + 300 bps (8.3 % +300 basic point)

1.12 Interest on Consumer Security Deposit

The Regulations 4.8 of the Tariff Regulations, 2022 has stipulated the guidelines for computation of interest on Consumer Security Deposit. The Regulations stipulates computation of interest on security deposit at Bank rate prevailing as on 1st April of the financial year. As a best possible assumption of bank rate we have considered the bank rate of 6.5% notified by RBI w.e.f 7th Dec 2022 (RBI Circular DOR.RET.REC.88/12.01.001/2022-23 dated 7th Dec 2022) . The Computation of interest on Security Deposit is as provided below.

Table 1-21: Interest on Security Deposits

All Amounts in Rs. Cr

Category	FY 2022-23	FY 2023-24			
	Qunatum of CSD	Growth Rate over FY-23 (Actual Growth Rate for Apr'22- Sep'22 considered)	Qunatum of CSD	Interest Rate	Interest on Consumer Security Deposit
LT	270	13%	305	6.5% (recent bank rate notified by RBI w.e.f 7th Dec 2022)	20
HT	404	17%	473		31
EHT	227	1%	230		15
Total	901		1009		66

1.13 Non-Tariff Income /Misc. Receipt including Open Access Charges

The Hon'ble Commission in Regulations 5.9.2 have laid down the guidelines for computing the Non Tariff Income.

The Non-Tariff Income is quite difficult to project as the same is not entirely dependent on any operational activity. TPCODL has therefore relied on the quantum of actual Non Tariff Income for FY 2021-22 as submitted in True up petition for FY 2021-22 for projecting the future.

Based on the above, the estimate for FY 2023-24 is as provided below.

Table 1-22: Non Tariff Income / Misc Receipts (incl. Open Access Charges) for FY- 24

All Amount in Rs. Cr

Sr No	Head of Income/ GL Description	Estimate for FY-24	Remark
1	Miscellaneous Revenue	39.63	5% Escalation for each over FY-22 Actuals
2	Other Income	14.72	5% Escalation for each over FY-22 Actuals
3	Interest on Bank Deposits	28.97	5% Escalation for each over FY-22 Actuals
4	Rebate on Power Purchase Cost including Transmission and SLDC Charges	36.10	Estimated ,Refer Table 2.4
5	Delayed Payment Surcharge (DPS)	12.82	5% Escalation for each over FY-22 Actuals
6	Less: Rebate allowed to Consumers	57.43	Estimated ,Refer Table 4.25
A	Total Non Tariff Income	74.82	
B	Income From Open Access	34.74	5% Escalation for each year over FY-22 Actuals
C=A+B	Total Non Tariff Income /Misc Receipts including Income from Open Access Charges	109.56	

The estimation of Miscellaneous Revenue, Other Income, Interest on bank Deposits ,DPS and Income from Open Access as derived from the FY-22 actuals is provided in **Annexure-4**

1.14 Estimated Tariff at existing Revenue

The estimated revenues have been presented in Form T7 of the ARR FY-24 petition . The summary of revenue (billed) is as follows.

Table 1-23: Estimated Revenues for FY 2023-24

Sr No	Particulars		FY 2023-24 (Projected)			
			LT	HT	EHT	Total
1	Sales	Mus	4902.2	1908.0	1858.0	8668.2
2	Revenue from Demand Charge	Rs Cr	1.4	205.3	161.9	368.6
3	Revenue from Monthly Fixed Charges	Rs Cr	133.8	0.0	0.0	133.8
4	Revenue from Customer Service Charges	Rs Cr	0.0	3.6	0.1	3.7
5	Revenue from Energy Charge	Rs Cr	2435.6	1117.4	1084.9	4638.0
6	Total	Rs Cr	2570.8	1326.3	1247.0	5144.0
7	Less : Rebate	Rs Cr	30.3	14.7	12.5	57.4
8 =6-7	Net Revenue	Rs Cr	2540.5	1311.6	1234.5	5086.6

1.15 Provision for Bad and Doubtful Debts

As per the provision of Regulations 5.8 of the Tariff Regulations 2022, the provision of Bad and Doubtful Debt has been calculated at 1% of the estimated revenue (i.e. 1% of Rs.5086.6 Cr = Rs. 50.87 Cr).

1.16 Estimated Cost and Revenue for FY 2023-24

Based on the above parameters the estimated cost and revenue at existing Tariff for FY 2023-24 is as follows. The same is as per above and as per our ARR filing for FY 2023-24.

Table 1-24: Estimated Cost and Revenue for FY 2023-24

All Amount in Rs. Cr

Sr No	Particular	Estimated Cost and Revenue for FY-24
Expenditure		
A	Total Power Purchase ,Transmission & SLDC Cost	3610.31
1	Employee Cost	853.52
2	R&M Expenditure	291.29
3	A&G Expenses	163.51
4	Provision for Bad & Doubtful Debt	50.87
5	Depreciation	81.38
6.a	Interest on Consumer Security Deposit	65.56
6.b	Interest on Long Term Loan	57.55
6.c	Interest on Working Capital Loan	46.87
6.d	Financing Cost	1.00
6.e	<i>Less</i> Interest Capitalized	10.94
6	Total Interest on CSD and Long Term Loan,Working Capital Loan and Financing Cost	160.0
B	Total Operation & Maintenance Cost and Other Cost	1600.61
7	<i>Less:</i> Emp Cost Capitalized	26.29
8	RoE	99
9	Tax on RoE	33.21
C	Total Distribution Cost	1706.28
10	<i>Less:</i> Misc Receipt/Non Tariff Income (including Open Access Charges)	109.56
D	Net Distribution Cost (C-10)	1596.72
E	Recovery of ASL Payments	20.45
11	Total Revenue Requirement (A+D) with out ASL Payment Recovery	5207.03
12	Total Revenue Requirement (A+D+E) with ASL Payment Recoevry	5227.48
13	Estimated Revenue at existing Tariff	5144.05



1.17 Data for the Cost and Revenue for Previous Years

TPCODL commenced its operation on 1st June 2020. Based on the True up petition filed by TPCODL for FY 2020-21 (June 20 to Mar '21) and FY 2021-22 and ARR petition for FY 2023-24 , the cost and revenue of TPCODL since its commencement of operation along with estimate for FY 2022-23 and FY 2023-24 is as provided below.



Table 1-25: Actual Cost and Revenue for FY 21(10 months) & FY-22 and estimated for FY 23 and FY 24

All Amount in Rs.Cr

	Cost & Revenue for 2020-21 (Jun'20 to Mar'21)	Cost and Revenue for FY 2021-22	Estimated Cost and Revenue for FY-23	Estimated Cost and Revenue for FY-24
Expenditure				
A Total Power Purchase ,Transmission & SLDC Cost	1982.73	2688.68	3282.71	3610.31
1 Employee Cost	587.17	776.62	797.45	853.52
2 R&M Expenditure	142.33	203.25	239.87	291.29
3 A&G Expenses	84.72	122.94	132.85	163.51
4 Provision for Bad & Doubtful Debt	28.12	39.78	45.74	50.87
5 Depreciation	15.33	41.25	59.44	81.38
6.a Interest on Consumer Security Deposit	22.19	31.64	38.27	65.56
6.b Interest on Long Term Loan	1.40	11.92	30.04	57.55
6.c Interest on Working Capital Loan	35.16	43.92	51.34	46.87
6.d Financing Cost	1.21	0.99	1.00	1.00
6.e <i>Less</i> Interest Capitalized		2.86	2.21	10.94
6 Total Interest on CSD and Long Term Loan,Working Capital Loan and Financing Cost	60.0	85.6	118.4	160.0
B Total Operation & Maintenance Cost and Other Cost	917.63	1269.45	1393.79	1600.61
7 <i>Less: Emp Cost Capitalized</i>	2.73	22.34	23.90	26.29
8 RoE	41.32	59	76	99
9 Tax on RoE	13.9	19.93	25.46	33.21
C Total Distribution Cost	970.12	1326.30	1471.05	1706.28
10 <i>Less: Misc Receipt/Non Tariff Income (including Open Access Charges)</i>	68.39	107.08	112.44	109.56
D Net Distribution Cost (C-10)	901.73	1219.22	1358.61	1596.72
E Recovery of ASL Payments		237.84	23.26	20.45
11 Total Revenue Requirement without Recovery of ASL Payment(A+D)	2884.46	3907.90	4641.32	5207.03
12 Total Revenue Requirement with Recovery of ASL Payment(A+D+E)	2884.46	4145.74	4664.58	5227.48
13 Estimated Revenue at existing Tariff	2791.58	3932.28	4573.73	5144.05

Note: FY-21 ,FY 2021-22 True up and FY 2022-23 ARR estimate is based on Tariff Regulations,2014 and previous orders of the Hon'ble Commission.

Chapter 2. Annexures

Annexure-1

Consumer Category wise estimate FY 2023-24

SL.No	CATEGORY OF CONSUMERS	VOLTAGE OF SUPPLY	Estimate for FY 2023-24		
			No of cosumers as on 1st April of FY-24	Connected Load/Contract Demand (MW)	Consumption (MU)
LT Category					
1	Domestic	LT			
	Kutir Jyoti (<=30KWH)	LT	49655	27	17.28
	Others	LT	2700661	3867	3750.52
	(Consumption <=50 units/month)	LT	1240004	1360	1199.00
	(Consumption >50, <=200 units/month)	LT	1173577	1636	1599.42
	(Consumption >200, <=400 units/month)	LT	197679	558	622.72
	(Consumption >400 units/month)	LT	89401	314	329.38
	Total Domestic	LT	2750316	3894	3767.80
2	General Purpose <100 KVA)	LT			
	0-100 KWH	LT	106490	144	192.22
	>100<=300	LT	57535	133	241.62
	More than 300 KWH(SLAB)	LT	48638	407	396.79
	Total General Purpose (<100 KW)	LT	212663	684	830.63
3	Irrigation, Pumping & Agriculture	LT	27031	111	36.79
4	Allied Agricultural Activities	LT	5080	17	25.70
5	Allied Agro-industrial Activities		49	1	3.24
6	Public Lighting	LT	2703	17	69.20
7	LT Industrial (S) Supply < 22KVA	LT	8145	78	33.02
8	LT Industrial (M) Supply >= 22KVA	LT	1265	46	42.50
9	Specified Public Purpose	LT	16184	32	36.50
10	Public Water Works <100KW	LT	3037	30	45.42
11	Public Water Works >=100KW	LT	13	2	2.55
12	General Purpose (=> 110 KVA)	LT	36	5	6.10
13	Large Industry	LT	9	1	2.71
	LT Total ---->	LT	3026531	4916	4902.18
HT Category					
14	Bulk Supply - Domestic	HT	900	66	87.27
15	Irrigation	HT	2225	17	3.74
16	Allied Agricultural Activities	HT	519	26	66.08
17	Allied Agro-industrial Activities	HT	98	21	81.95
18	Specified Public Purpose	HT	511	68	140.19
19	General Purpose > 70 KVA <110 KVA)	HT	899	53	63.64
20	General Purpose >= 110 KVA	HT	1028	315	603.34
21	H.T.Industrial (M) Supply	HT	1674	82	72.06
22	Public Water Works	HT	3427	76	141.58
23	Large Industry	HT	585	223	530.95
24	Power Intensive Industry	HT	2	4	73.25
25	Mini Steel Plant	HT	1	11	39.03
26	Railway Traction	HT			
27	Emerg. Supply to CPP	HT			
28	Colony Consumption	HT			4.93
	HT Total---->	HT	11869	962	1908.00
EHT Category					
29	General Purpose	EHT	3	40	158.83
30	Large Industry	EHT	8	234	511.62
31	Railway Traction	EHT	10	149	574.63
32	Heavy Industry	EHT	3	138	425.60
33	Power Intensive Industry	EHT	3	57	145.22
34	Mini Steel Plant	EHT	1	5	4.38
35	Emerg. Supply to CPP	EHT	7	31	13.03
36	Colony Consumption	EHT			24.69
	EHT Total ----->	EHT	35	654	1858.00
GRAND TOTAL			3038435	6532	8668.18
37	POWER PURCHASED FROM GRIDCO IN (MU)				10999.000
38	LOSS UNITS (MU)				2330.82
39	DISTRIBUTION LOSS				21.19%
40	COLLECTION EFFICIENCY (%)				99.00%
41	AT & C LOSS (%)				21.98%

Capital Investment Plan for FY 2023-24

Main Budget head	Activity planned	FY 23 – 24 (in Cr)
Safety & Statutory	Testing Equipment for STS	5.00
	Interposing Pole	4.00
	Fencing / Boundary Wall / DT plinth	8.00
	Unsafe to Safe	5.00
	Safety & Security arrangement at critical locations	0.25
	Safety & Statutory	22.25
Loss reduction	Defective Meter replacement (Including Modern Rectification and Meter replacement for tariff compliance)	9.46
	33KV & 11kv Feeder Metering for Energy Accounting	13.44
	Conversion of LT Bare to LT AB Cable	40.00
	Loss reduction	62.90
Reliability	SCADA Enablement of Conventional Substation – 60 Nos. of 33/11 kV Primary Substations	8.95
	FRTUs and Communication for RMU	1.62
	GSAS Implementation	25.00
	Weather stations installation and central integration with data accumulation and analytics	0.25
	Replacement of Sick Equipment	10.00
	Installation of Micro Grid (5 Nos)	5.00
	LVRT (10 Nos)	3.50
	Capacitor Bank Installation for Reactive Power compensation	1.00
	33KV Network Infrastructure	113.51
	11KV Network Infrastructure	50.00
	AR/FPI/MCCB/RMU	23.00
	33KV Feeder Refurbishment	24.00
	Earthing	1.00
	Reliability	266.83
Load Growth	New Connection Release	20.00
	Power Transformer Augmentation	35.48
	DT Augmentation	20.00
	Load Growth	75.48
Technology & Infrastructure	Call Management System for PSCC	1.00
	APSCC Modernization work for 23 APSCC at all Divisions	1.50
	IT - Software, User Devices, Backup system, Storage devices and Applications	12.11
	Server Room PAC & BMS	29.84
	Civil Works at various stores	23.99
	RMU / DT Workshop	1.63
	GIS Implementation	13.00
	Ready to Use Admin Asset	1.84
Infrastructure	84.91	
Total	512.37	

The above Capex is Hard cost only excluding IDC , Employee Cost and GRIDCO contribution of assets in lieu of equity shares.



Annexure-3: Detailed Justification for A&G Cost estimate for FY 2023-24

It is submitted that based on the “Zero based Budgeting” exercise where the individual activities have been costed, the estimates worked out to Rs. **163.5 Cr.** As can be seen from the explanation provided in the following paragraphs, the nature of expenses is largely towards either customer related activities, or statutory expenditure or towards required for IT systems etc. The details of the expenditure are as follows:

Customer Related Activities

Customer Services

At the time of taken over by TPCODL (Then CESU), there were only 2 Customer Care Centre in Bhubaneswar and Cuttack only with very limited facility. There are 20 divisions and in CESU time and in most of the divisions all the customer queries and complaints were attended by the JE of concerned section. People working in customer care were never got any specific training for effective handling of customer queries and grievances. To overcome the issues mentioned above, TPCODL after its takeover, took many initiatives for enhancing the customer experience and to provide a gamut of customer service offerings such as New Connection Applications, Bill Payments, Addressing to Customers’ Queries and Complaints.

Concept of dedicated master customer care centre at division level and appointment of cashier cum customer care associate at section level introduced for providing a bunch of services and single interaction touch point for all customers of concerned division.

Master Customer Care Centre at Division is fully equipped with following advance services for providing better customer experience:

- Queue Management System: To manage the customer footfall efficiently at the centre.
- Self Help Kiosk: To providing New Connection related information/duplicate bill/Customer Connection Details from the E-kiosk itself.
- Feedback Tab: To capture customer’s feedback on the services rendered at the centre.
- Television: Informing customers about Online Payment Options, Safety & other schemes.
- IT Infrastructure: Laptops/Desktops, Internet, Scanner/Printer were made available to the customer care staff which indicate the Management priority towards



effective customer service delivery along with automated process for effective monitoring of consumer complaints and footfall.

- Standee/Banner/Posters: Indicating the various platforms for complaints/query registration, call centre contact number, online payment offers, website details etc.

On the journey of providing best services to consumers of TPCODL till Nov'22, total 15 Master customer care centre established in 15 divisions along with 1 Mobile Customer Care Centre in Complete Rural Division in Marshaghai. Customer Care Centre are managing by team of officials who are trained to handle a gamut of customer services under the guidance of customer care executive (CRE).

Billing and Collection

Actual Meter reading, billing of live consumers with actual meter reading and 100% collection from all consumers plays a pivotal role in improving the billing and collection efficiency of the TPCODL, so that the AT&C loss target fixed by Hon'ble Commission will be achieved effectively. Hence, it is very critical to accomplish 100% consumer coverage target in both meter reading & collection activities.

Meter reading, Billing & Collection activities are carried out through agencies deployed across Division /Sub Division. These agencies were selected through the established procurement policy of TPCODL where Performance Based Contract has been awarded to the successful agencies for ensuring timely meter reading, Billing & Collection.

In line with the Performance based Contract for SBM Billing process, the meter readers and Bill collectors visit consumer premises based on the reading route sequence allotted to them. TPCODL has taken OCR based Meter Reading across its divisions for ensuring accurate and error free meter reading. In this process, Meter Readers scan the reading through the Android based Mobile application and capture the reading data to generate the bills as well as deliver the spot bill to the consumer during the same visit. In case of Spot Billing process, after punching the reading in spot billing Mobile application, Meter Readers deliver the spot bill to the consumer during the same visit. In some divisions, the Self Help Group as a part of Govt. of Odisha initiative does meter reading in certain rural areas.

In Non-SBM cases , Meter Readers visits the consumer premises to collect meter reading, then the bills are generated through SAP.

There are two type of models adopted by the agencies in field which are executed after detailed discussion with engineer in-charge/executive engineer of division. In the first



model, meter readers & Bill Collectors are different. In this model, after the Meter Reader completes the reading in a particular route, the bill collectors carry out the collection in the same route after a gap of one-two days. In the second model, the Meter Reader & Bill Collector is same i.e. one person carries out both meter reading and collection. After serving the spot bill to a consumer, same agency/SHG person collects energy bill amount and provides the acknowledgement slip to the consumer on the spot.

The Urban customers are encouraged to make payment either through online mechanism or at the counter. TPCODL plans to introduce various schemes/initiatives in FY 2023-24 for motivating customer to make the payment at the counter office and gradually reduce the burden of door to door collection. As per section 56(1) of the Supply Code 2019, if any consumer defaults on his/her current energy bill then DISCOM can issue disconnection notices to the defaulting consumer and give 15 days of time for payment in writing. After expiry of disconnection notice, DISCOM can issue disconnection order to disconnect supply of that consumer. In compliance to this regulation, TPCODL is doing disconnection activity by engaging disconnection squad across its license area.

As a part of various initiatives that TPCODL plans to introduce with a view to enhance consumer experience & billing efficiency, (a) Bills on WhatsApp and (b) Optical Character Read technology (OCR) to read meter reading directly from meter display to plug suppress reading and improve accuracy in reading have been implemented.

Expenditures towards Reward & Recognition Programme in Commercial Activities and for Executing Special Projects to bring 100% consumers into Billing Fold and Revenue Realization From TD & Non-paying Consumers

TPCODL is taking consumer centric approaches to improve the degree of services in diverse areas such as releasing new service connections, replacing old and defective meters, delivering accurate bills on time, facilitating door step collection of monthly electricity bills, attending consumer complaints, resolving bill disputes and others. All these key activities are driven by its resources, for which they go beyond extra miles for enhancing service quality. Therefore, TPCODL has opted for the R&R mechanism to sustain the productivity momentum and motivate its resource base for remaining committed for elevating their performances, where ultimately our consumers can get hassle-free and reliable services at all times. Hence, as the transformation builds progressive trajectory for customer services, TPCODL will remain dedicated to serve its consumers in better way in future.

Hence, amount of Rs. 1.10 Crs. has been earmarked for developing a work culture of excellence in the field of WSHG works and MBC activities through Reward and Recognition Scheme. Further, an amount of Rs. 5.54 has been estimated for



implementing Special Projects to ensure bringing 100% consumers into the billing fold and collection from Temporary Disconnection (TD) and Non-paying active consumers; this will go a long way to develop a customer culture for regular payment of electricity dues

In order to carry out the above activities for a consumer base of 29 Lakhs on monthly basis, expenditure of Rs. 76.06 Cr is estimated (combined – reading cum spot billing & door to door collection activity) and Rs. 9.13 Cr is estimated for Self Help Group. Various special projects are being undertaken to ensure 100% Bill Distribution and Collection for bringing all consumers into the billing fold and collection from Temporary Disconnection and Non Paying Consumers for which an amount of Rs. 5.54 Cr is estimated. . In addition, Other cost include payment transaction charges, Customer Awareness for Digital/Prompt/Regular Payment, Bill printing , thermal paper roll used by SHG, Ex-Service man, TPCODL staff for reading and collection, , Disconnection Notice Printing, Bill on Whatsapp initiative and Optical Character Read(OCR) for reading & Mobile SIM card rental ,vehicles requirement for delivering NSBM bills and monitoring commercial works at filed level ,Bill rectification initiatives etc. Further , smart meter installation for approx. 1 Lakh consumers is estimated for which the AMR Communication and its rectification Cost is estimated to be Rs. 2.1 Cr .In all, the total projected expenditure for FY 2023-24 for customer related activities are projected to be as follows:

Table : Estimated Expenditure towards Customer Related Activities for FY 2023-24

Sl No	Activity	Sub Activity	FY-24	Remark
			A&G	
1	Meter reading and Collection Services	Reading cum Spot Billing	76.06	Spot Billing of Approx. 25 Lakh Customer base. 4% hike considered from last RC value (minimum wages increase 2% + 2% from last contract rate (Normal Nominal Increase).OCR, Provisional Incentive included in this.
		Door to Door Collection		Door to Door Collection from approx. 18 Lakh Customer considered. 4% Increase considered (minimum wages increase 2% + 2% from last contract rate (Normal Nominal Increase).Arrear, % Paid MR & Rebate Incentive included.
WSHG cost for approx. 4.5 Lakh Customer (2 Lakhs both Reading and Collection, 2.5 lakhs only collection)		9.13	Approx. 4.5 Lakh Customer (2 Lakhs both Reading and Collection, 2.5 lakhs collection). 502 nos. of SHG considered with 4% increase from LFY. No SHG addition considered. Rate considered as same of running contract with NGO.	
Additional expenses for ensuring 100% bill distribution and 100% collection through special projects for bringing all the consumers into the billing fold and collection from Temporary Disconnection (TD) and Non-paying active consumers		5.54	Special Projects for ensuring 100% Bill Distribution and Collection for bringing all consumers into the billing and collection from Temporary Disconnection and Non Paying Consumers.	
4		Developing a Work Culture of Excellence in the field of WSHG works and MBC activities through Reward and Recognition Scheme.	1.10	Best WSHG, Division, Circle, TL-MBC, Section, JM Commerce etc.
5	Meter reading and Collection Services: Other Items	Payment Transaction Charges	2.46	New payment Avenues are considered for FY22-23 leading to enhancement in Budget for FY23-24.
6		Customer Awareness for Digital/Prompt/Regular Payments and Customer Engagement Programme	1.95	Gaon Chalo initiative will be continued for FY 2023-24 'Pay Win Schemes for Digital and other avenues will be initiated'
7		Bill Printing / Distribution for Non SBM Bills	0.74	Bill Printing / Distribution for approx. 70 thousand Non SBM Bills as per tender value. Also disconnection red notice, pink slip, RRI slip & SVR book cost consider.
8		Thermal Paper Roll	0.32	Paper Roll required for reading & collection by SHG, Ex-Seviceman, Counter, TPCODL staff as per estimated consumption of 36,500 roll per month @ rate of Rs.8.8 per roll (including GST)
9		SIM rental	0.36	1200 SIM cards are being used at monthly charges per each SIM at Rs. 250 per Month
10		For monitoring of commercial activities at field level and delivering of monthly NSBM bills at Divisions from HO & Deployment of Separate vehicle for commercial team in all divisions & circles	2.82	Vehicle for division & Circle for commercial activities monitoring & expenses for bill delivery of NSBM from HQ to divisions
12		Scan for Meter reading results through OCR Technology	0.89	Scanning of Monthly Meter Reading @0.18 Paise per Meter read @ 26.5 Lakhs
13		Sending Bills through WhatsApp	0.48	Sending Bills on whatsapp to 8 Lac consumers and Maintenance Charges
14		Special Site Verification	0.66	Special Site visit is considered for Disconnected Cases, Customer Complaint cases, Special Meter Reading etc (11000 nos per month@ ₹ 50.00).
15		Out sourced Bill Rectification Team	0.72	Out sourced teams for bill rectification
21		Meter Services	AMR/ Modem trouble shooting /Maintenance of Servers/Other Costs	2.1
Total- Customer Related A&G			105.33	

The major reasons for increase in A&G expenditure towards Customer Related Activities in FY 2023-24 as compared to previous FY 2022-23 are as follows:

- Considering 4% salary hike of field staff
- Increase in count of Bike & disconnection squad as compare to LFY. TPCODL plans to engage bike squad & disconnection squad at section level to enhance revenue collection including past arrear collection.
- **Increasing Number of WSHG Deployment-** As WSHG is playing an important role in billing and collection of rural area as they belong to same locality and they are more acceptable than the other person. TPCODL is planning to increase the number of WSHG deployment in field by 50 extra manpower. It will increase the cost approximately by Rs. 13 Lakhs.

- **WhatsApp Service Introduced-** We have already started sending bills on WhatsApp of consumer who have already given their consent. TPCODL is planning to spread it among more connection which will help to improve collection and the complaints of Bill not Received will get reduced. With this service real time E-Bill delivery is possible and consumer will have enough time to pay their bills before expiring of due date. Total cost involve for this service is approx. Rs. 49 Lakhs estimated for FY23-24 @49 paise/bill and the maintenance charges.
- **OCR Implementation-** To increase the accuracy of meter reading and to deliver correct bills TPCOLD implemented OCR (Optical Character Read). It is helpful to reduce manual intervention and error readings. Total cost involved in this implementation is Rs. 76 Lakhs (excluding GST) for FY23-24 @18 paise/read.
- Special Site verification to identify extra connection, due transfer & suppress reading.
- Introducing New initiative of Bill on WhatsApp to enrich consumer experience

Statutory and Compulsory Finance Related Charges

It is submitted that there are certain kinds of expenditure such as OERC license Fee, Insurance Premium, Bank Charges, Auditors fees etc that are compulsory or mandatory in nature. Such charges are either required to be paid either to meet the requirement under a statute or is required to be incurred to meet the lending or other important stipulation. In addition, TPCODL is also engaging the services of legal firms/lawyers to defend its cases. It is further added that TPCODL is in the business where adverse or favourable impact of any legal case outcome is ultimately borne by the consumer at large. Hence in a way TPCODL is fighting the cases on behalf of the consumers.

In our humble submission therefore there is no scope as such to reduce expenditure under this head as such. The breakup of the expenditure is as follows:

Table 2-1: :Statutory and Compulsory Charges

Particulars	FY-24 Estimate (Rs. Cr)
Bank & other charges	3.75
Insurance premium	4.28
Legal and professional charges	8.56
Other Finance/Statutory Expenses	8.56
Total	25.15

Administrative Expenses

Break up of the expenditure for FY 2023-24 is as follows:

Table 2-2::Administrative Expenditure

Particulars	Estimate for FY-2023-24 (in Rs. Cr)
Rental of land, buildings, plant and equipment, etc	7.45
Electricity consumption expenses	3.5
Telephone & Communication expenses	2.14
Office expenses + Facility Management and House Keeping etc	8.13
Travelling expenses	5.78
Printing and stationary	1.8
Total	28.8

Other A&G expenses

In addition to above, some of the expenditure needs to be incurred for dissemination of information through media and advertisement for propagating messages on safety, inviting tenders, invite objections and comments on ARR and other public filings. An amount of **Rs 1.61 Crores** has been projected for the same.

Further a budget for Food and conveyance to the extent of **Rs 0.5 Crores** and Miscellaneous expenditure of **Rs 1 Crore** has been considered for projections.

Table 2-3: Estimation of Component of Non Tariff Income /Misc Receipts from FY-22 Actuals

Heads	Head of Income/ GL Description	Amount as booked in Accounts for FY 2021-22	FY-23 (5% Escalation over FY-22 Actuals)	Estimate for FY-24 (5% Escalation over FY-23)
Miscellaneous Revenue	Miscellaneous charges – Reconnection Charges	0.14	0.151	0.16
	Miscellaneous charges – Service connection Charges	1.56	1.637	1.72
	Miscellaneous charges – Customer Charges & Others	2.64	2.774	2.91
	Customer Service Charge	3.45	3.625	3.81
	Reconnection Charges	0.10	0.110	0.12
	Processing Fee	0.73	0.768	0.81
	Service Connection Charge	19.92	20.913	21.96
	Meter Testing Fees	0.09	0.096	0.10
	Disconnection Charges	0.02	0.018	0.02
	Meter Shifting	0.12	0.121	0.13
	Miscellaneous Charges	0.04	0.039	0.04
	6% supervision charges	7.14	7.493	7.87
	Amortisation of Revenue Grant	0.00	0.000	0.00
	A. Sub Total (Misc. Revenue)	35.95	37.74	39.63
Other Income	Rental for Staff Quarters	0.029	0.030	0.03
	Rental from contractors	0.000	0.000	0.00
	Sale of Tender forms	0.311	0.326	0.34
	Penalties recovered from suppliers	0.000	0.000	0.00
	Penalties recovered from contractors	0.420	0.440	0.46
	Deposits from Supplier/Contractor/Others - forfei	0.033	0.035	0.04
	Other miscellaneous receipts	4.165	4.373	4.59
	Sale of scrap	7.895	8.290	8.70
	Ground rent collected on scrap	0.000	0.000	0.00
	Memorandum Franchisee Sale	0.000	0.000	0.00
	Commission fees on Solar Energy	0.000	0.000	0.00
	Late payment fees recovered from Customer	0.000	0.001	0.00
	Other excess provisions in prior periods	0.000	0.000	0.00
	Service Connection Shifting Charges	0.008	0.008	0.01
	Meter Dump Charges	0.001	0.001	0.00
	Cheque Bounce Return Charges	0.450	0.473	0.50
	EBE- Advance Recovery	0.036	0.038	0.04
	Short & Excess-ISU	0.000	0.000	0.00
	Other Income relating to prior periods	0.000	0.000	0.00
B.Sub Total -Other Income	13.35	14.02	14.72	
Int on Bank Deposits	Interest on term deposit with Banks	26.280	27.59	28.97
	C.Sub Total -Interest on Bank Deposits	26.280	27.59	28.97
DPS	Delayed Payment Surcharge	11.63	12.21	12.82
Open Access	Income from Open Access	31.51	33.09	34.74

Relevant extract from SBI Sanction letter

Particulars	Proposed Terms
Borrower	TP Central Odisha Distribution Limited
Promoter	The Tata Power Co Ltd (TPCL)
Capex Cost	Rs.353 crores
Term Debt Facility (Amount)	Rs.247 crores
Purpose	For funding of approved capital expenditure.
Promoters contribution	For capex: the promoters' contribution will be 30% of the Capex requirement.
Upfront Fee	1.10% of the Term Loan Facility Amount plus applicable taxes payable upfront at the time of sanction.
Tenor of loan	Door to Door tenor of 15 years with Average Maturity of 7.87 years. Repayment Schedule starting from June 2021 till September 2036 is given below this table Repayments will be made as 4 equal quarterly payments at the end of each quarter.
External Credit Rating	External Credit Rating from any rating agencies approved by RBI to be obtained. Company will be permitted timeline upto 3 months for obtention of External Credit Rating from the date of first disbursement of credit facilities advised letter no. CAG/AMT-4/2020-21/690 dated 07.10.2020 and accepted by the company.
Rate of Interest	Applicable Rate of Interest shall be equivalent to SBI 6 month MCLR (Applicable Benchmark) prevailing at the time of first disbursement under the RTL + Spread. The proposed spreads for different levels of initial credit rating of the Facility are given below: if AA bucket MCLR + 0.75% i.e., 7.70% pa. if A bucket MCLR + 0.90% i.e., 7.85% pa. Applicable Benchmark rate as on date is 6.95% Applicable Benchmark will be reset at end of 6 months from first disbursement under the Facility and thereafter on 6 months intervals. Applicable Spread for SBI shall remain constant throughout the tenor of the Facility. Till the time, ECR is obtained by the company, interest rate as applicable for A+/A/A- would be applicable for the facility. All disbursements till next reset of Applicable Benchmark shall be linked to same Applicable

Relevant extract from Canara Bank Sanction letter

Particulars	Terms
Borrower	TP Central Odisha Distribution Limited (TPCODL)
Promoter	The Tata Power Company Limited (TPCL)
Capex Cost	Rs 357.14 Crore
Term Loan Amount	Rs.250.00 Crore (Rupees Two hundred fifty Crore only)
Project/ Purpose	For funding of approved capital expenditure up to FY 2022-23
Means of Finance/ Promoter Contribution	The Capex shall be funded 70% from debt and 30% from promoter contribution i.e. DER of 2.33:1 to be maintained.
Tenor of Facility	Door to Door tenor of 14 Years
Repayment	In 12 years ie. 48 Quarterly equal Installments post moratorium period of 2 years payable on 15 th of first month of each quarter, from the date of first disbursement. Interest to be paid as and when due.(Due on last day of the month)
Availability Period	Up to 31.03.2023.
Upfront Fees	Nil
Documentation charges	Not applicable
Rate of Interest	One year MCLR i.e. Presently 7.35% p.a.
Reset of ROI	The rate of interest is subject to annual reset from date of first disbursement. Interest to be paid as and when due. Further bank shall reserve the right to review the rate of interest in case of the following: <ul style="list-style-type: none"> - In case of any adverse deviation in the External rating or internal rating of the Borrower. - Changes in interest rate policy, etc. made by the Reserve Bank of India /

Estimation of Interest during Construction

For FY-23 Capex			
Sr No	Particulars	Year	
		FY 2022-23	FY 2023-24
1	Opening CWIP	0.00	156.51
2	Capex	195.64	184.92
3	Capitalisation	39.13	341.43
4	Closing CWIP	156.51	0.00
5	Average CWIP	78.26	78.26
Loan Movement			
6	Opening Balance	0.00	109.56
7= 70% of (2)	Addition	136.95	129.44
8= 70 % of (3)	Capitalisation	27.39	239.00
9	Closing Balance	109.56	0.00
IDC Working movement (on Loan OB and Addition)			
10	Opening Balance	0.00	3.53
11	IDC for the Year= $\text{Rol} \times (\text{OB} + \text{Net Addition} / 2)$	4.42	4.72
12= (10 +11)x(8/(6+7))	IDC Capitalised	0.88	8.25
13	Closing Balance	3.53	0.00

For FY-24 Capex			
			Year
Sr No	Particulars	FY 2023-24	FY 2024-25
1	Opening CWIP	0.00	
2	Capex	370.00	
3	Capitalisation	149.00	
4	Closing CWIP	221.00	
5	Average CWIP	110.50	
Loan Movement			
6	Opening Balance	0.00	154.70
7= 70% of (2)	Addition	259.00	0.00
8= 70 % of (3)	Capitalisation	104.30	0.00
9	Closing Balance	154.70	154.70
IDC Working movement (on Loan OB and Addition)			
10	Opening Balance	0.00	3.98
11	IDC for the Year= RoI x (OB+Net Addition/2)	6.67	13.34
12= (10 +11)x(8/(6+7))	IDC Capitalised	2.69	
13	Closing Balance	3.98	

Summary	
IDC Capitalization	FY-24
FY-21 Approved Capex	
FY-22 Approved Capex	
FY-23 Approved Capex	8.25
FY-24 Proposed Capex	2.69
Total	10.94