



# APPLICATION

for

- (1) TRUING UP (FY24)**
- (2) REV. TRUING UP (FY23)**
- (3) CLAIMS UNDER TRUING UP (FY21-3 months, FY22)**

**NOVERMBER-2024**

**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**

(A Joint Venture of Tata Power and Government of Odisha)

Regd./Corp Office: Kamapalli, Courtpeta, Berhampur, Ganjam, Odisha – 760 004

Website: [www.tpsouthernodisha.com](http://www.tpsouthernodisha.com) Email: [tpsodl@tpsouthernodisha.com](mailto:tpsodl@tpsouthernodisha.com)

Corporate Identification Number (CIN):U40109OR2020PLC035195, GSTN: 21AAICT3239P1Z1



TPSODL/Regulatory /2024/62/7936

29-November-24

**Secretary**

Odisha Electricity Regulatory Commission

Bidyut Niyamak Bhawan

Plot No 4, Chunokoli

Shailashree Vihar

Bhubaneswar 751021

**Subject: Application for a) Truing up of FY 2023-24 and b) Revised Truing up of FY 2022-23 & c) certain issues related to truing up of FY 2020-21 (3 months) & FY 2021-22 under the Electricity Act 2003, OERC (Terms and Conditions for Determinations of Wheeling and Retail Supply Tariff) Regulations 2022, OERC (Conduct of Business Regulations) 2004, OERC (Terms and Condition of Intra-State Open Access) Regulations 2022, Vesting Order dated 28.12.20, Carved out Balance Sheet as on 01.01.2021 and its Order dated 26.11.2021.**

**Dear Sir,**

The present application is being filed by TP Southern Odisha Distribution Limited (TPSODL) before the Hon'ble Commission for approval of a) Truing up of FY 2023-24 and b) Revised Truing up of FY 2022-23 & c) certain issues related to truing up of FY 2020-21 (3 months) & FY 2021-22 under the Electricity Act 2003, OERC (Terms and Conditions for Determinations of Wheeling and Retail Supply Tariff) Regulations 2022.

The submissions of TPSODL are enclosed herewith.

We trust our submissions are in order.

Yours faithfully

(Soumitry Dey)  
**Head-Regulatory**



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**

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Corporate Identification Number (CIN):U40109OR2020PLC035195, GSTN: 21AAICT3239P1Z1

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION,  
BIDYUT NIYAMAK BHAWAN.  
PLOT No-4, CHUNOKOLI, SHAILASHREE VIHAR, BHUBANESWAR-751021

IN THE MATTER OF: Application under the Electricity Act 2003, OERC (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022, OERC (Conduct of Business Regulations) 2004, OERC (Terms and condition of Intra-State Open Access) Regulations 2020, Vesting Order dated 28.12.20, Carved out Balance Sheet as on 01.01.2021 and its Order dated 26.11.2021 and Other Tariff related matters for a) **Truing up of FY 2023-24** and b) **Revised Truing up of FY 2022-23** & c) **certain issues related to truing up of FY 2020-21 (3 months) & FY 2021-22.**



And

IN THE MATTER OF: TP Southern Odisha Distribution Ltd., Corp Office, Kamapalli, Courtpeta, Berhampur, Ganjam, Odisha - 760004.

... *Petitioner*

IN THE MATTER OF: All Stake Holders

... *Respondents*

**AFFIDAVIT**

I Soumitry Dey, aged about 47 years, s/o. Late Banshidhar Dey, working as the Head Regulatory Affairs, do hereby solemnly affirm and state as follows:

- That, I am working as Head Regulatory Affairs of TPSODL, Courtpeta, Berhampur, Dist. - Ganjam-760004. I am the authorized representative in the above matter and duly authorized by the said applicant to make this affidavit on its behalf.
- That, I have gone through the contentions in this submission and understood the contents thereof.
- That, the facts stated in the application are true to the best my knowledge and belief.

Identified by

  
Advocate


  
Deponent

Verified that the contents of above affidavit are true and correct, no part it is false and nothing material has been concealed there-from.

Verified at Berhampur on this 29th day of NOV, 2024

Identified by  
Advocate SR Mahapatra, Esq  
on this 29th NOV at  
stated before me and contents  
mentioned in the affidavit are true to  
the his/her knowledge and belief

  
Deponent

  
Birupakshya Patra, Notary, Berhampur (Gm.)

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION,  
BIDYUT NIYAMAK BHAWAN.

PLOT No-4, CHUNOKOLI, SHAILASHREE VIHAR, BHUBANESWAR-751021

Case No: \_\_\_\_\_ of 2024  
File No TPSODL/Regulatory /2024/62/ 7936

**IN THE MATTER OF:** Application under the Electricity Act 2003, OERC (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022, OERC (Conduct of Business Regulations) 2004, OERC (Terms and condition of Intra-State Open Access) Regulations 2020, Vesting Order dated 28.12.20, Carved out Balance Sheet as on 01.01.2021 and its Order dated 26.11.2021 and Other Tariff related matters for a) **Truing up of FY 2023-24** and b) **Revised Truing up of FY 2022-23** & c) **certain issues related to truing up of FY 2020-21 (3 months) & FY 2021-22.**

*And*

**IN THE MATTER OF:** TP Southern Odisha Distribution Ltd., Corporate Office, Kamapally, Courtpeta, Berhampur, Ganjam District, Odisha 760004

..... *Petitioner*

*And*

**IN THE MATTER OF:** All Stake Holders

..... *Respondents*

**MOST RESPECTFULLY SHOWETH:**

That, by virtue of Vesting order of Hon'ble Commission vide order in Case No-83/2020 dated 28.12.2020 and as per section 21 of the Electricity Act' 2003, the rights, powers, authorities, duties and obligations under SOUTHCO Utility's license stood

True Up FY 2023-24, Rev. True Up FY 2022-23 & Issues of FY 2021-22, FY 2020-21



transferred to TP Southern Odisha Distribution Ltd. (hereinafter referred to as "TPSODL") on the effective date that is 01.01.2021.

That, the Hon'ble Commission vide order No-OERC/Engg./1/2021/408 dated 26.03.2021, has issued the Licence Conditions applicable to TPSODL.

That, In line with Regulation 2.6.6 of the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 (Tariff Regulations or Tariff Regulations 2022), Section 62 of the Electricity Act 2003 and Regulation 53 of OERC (Conduct of business) Regulations, 2004, TP Southern Odisha Distribution Ltd (TPSODL) is filing the present application before the Hon'ble Commission for approval of Truing up of expenses for FY 2023-24, reconsideration of Truing up of expenses for FY 2022-23 and reconsideration of certain claims (apparent error) under Truing up of expenses for FY 2020-21 (3 months) & FY 2021-22; along with the Gaps for these years.

That, TPSODL had filed the petition for consideration of Truing up of FY 2022-23 along with issues related to truing up of FY 2020-21 and FY 2021-22 on 30<sup>th</sup> November 2023. The Hon'ble Commission had passed the order for the same on 13<sup>th</sup> February 2024 ("Tariff Order for FY 2024-25").

That, thereafter, TPSODL vide its letters dated 8th April 2024 and 15th April 2024 has submitted the request for clarification and reconsideration of certain claims in True-up for FY 2022-23 and clarification on certain issues pertaining to Truing up of FY 2020-21 (3 months) and FY 2021-22, respectively in Tariff Order for FY 2024-25 dated 13th February 2024.

That, the Hon'ble Commission had replied to this letter on 30th April 2024 stating that these would take up in the ARR filing for FY 2025-26. The relevant extracts from the letter of the Hon'ble Commission is as follows:

With reference to the above, I am to state that the issues raised now in respect of truing up of accounts for FY 2022-23 could not be taken up due to non-availability of sufficient information and supporting documents which can be submitted during ensuing ARR & tariff hearing for the FY 2025-26 for consideration of the Commission.



With reference to the above, I am to state that the Commission had considered all the submissions of the DISCOM while finalising the truing up of accounts for FY 2020-21 and 2021-22. However, if any relevant information / supporting documents/ written submissions could not be furnished during the proceeding for truing up exercise, the same may be submitted for consideration of the Commission during the next ARR and Tariff hearing for the FY 2023-24.

In view of the same, we are in this application seeking the approval of the Hon'ble Commission for the Trued-up expenses of the TPSODL for FY 2023-24, reconsideration of Trued-up expenses for FY 2022-23 and allow certain claims under Trued-up expenses for FY 2020-21 (3 months) and FY 2021-22. On the basis of the above, TPSODL prays for the following:

### **Prayers**

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

- i. Approve the -
  - a) Certain claims under Truing up for FY 2020-21 (3 months) & FY 2021-22
  - b) Revised Truing up for FY 2022-23 along with carrying cost
  - c) Truing up for FY 2023-24 along with carrying cost
- ii. Grant permission for additional submission, if any required in this matter.
- iii. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.



## Contents

<b>1. Introduction of TPSODL and basis of filing of present Petition .....</b>	<b>8</b>
1.1. Business of TPSODL .....	8
1.2. Formation of TPSODL .....	9
1.3. Operation of TPSODL and its Asset Base .....	10
1.4. Basis for filing of the present petition .....	11
<b>2. Issues related to Truing up of &amp; FY2020-21 (3 months) &amp; FY 2021-22 .....</b>	<b>14</b>
2.1. True up FY 2020 -21: Short Allowance of Power Purchase Cost.....	15
2.2. True up FY 2021-22: Short Allowance of Employee Cost.....	17
2.3. Prayer.....	19
<b>3. Reconsideration of Truing up of FY 2022-23.....</b>	<b>20</b>
3.1. Power Purchase Cost.....	24
3.2. Employee Cost.....	25
<i>Justification for higher Employee Cost .....</i>	<i>27</i>
3.2.1. No of Employees on roll of the licensee (Approved & Actual).....	28
3.2.2. Expense related to Outsource and Contractual employees.....	30
3.3. Repair & Maintenance Expenses.....	33
<i>Justification for higher R&amp;M Cost:.....</i>	<i>34</i>
3.3.1. Approach adopted by TPSODL post takeover .....	36
3.3.2. Snapshots of activities under R&M.....	37
3.3.3. Historical Trend of R&M Expenditure .....	40
3.3.4. R&M for Govt. Assets .....	42
3.4. Administrative & General Expenses .....	44
<i>Justification for higher A&amp;G Cost: .....</i>	<i>47</i>
3.5. Provision for Bad & Doubtful Debts .....	51
3.6. Depreciation.....	52
3.7. Interest Cost on Security Deposit and Working Capital .....	53
3.8. Interest on Long Term Loan on normative basis.....	55
3.9. Return on Equity .....	57
3.10. Miscellaneous Receipt/ Non- Tariff Income .....	60
3.12. Truing up Summary for the FY 2022-23 .....	61
3.13. Prayer.....	63
<b>4. Truing up of FY 2023-24 .....</b>	<b>64</b>
4.1. Power Purchase Cost.....	67
4.2. Employee Cost.....	68



<i>Optimised Employee Cost</i> .....	70
<b>4.2.1. No. of Employees on roll of the licensee (Approved &amp; Actual)</b> .....	70
<b>4.2.2. Expense related to Outsource and Contractual employees</b> .....	72
4.3. Repair & Maintenance Expenses.....	74
<i>Optimised R&amp;M Cost as compared to FY 2022-23 (actual)</i> .....	76
<b>4.3.1. Approach adopted by TPSODL during 3<sup>rd</sup> year of operation</b> .....	76
<b>4.3.2. Snapshots of activities under R&amp;M</b> .....	78
<b>4.3.3. Historical Trend of R&amp;M Expenditure</b> .....	81
<b>4.3.4. R&amp;M of Govt. Assets</b> .....	83
4.4. Administrative & General Expenses .....	85
<i>Optimised A&amp;G Cost as compared to FY 2022-23 (actual)</i> .....	87
4.5. Provision for Bad & Doubtful Debts .....	91
4.6 Capitalization.....	91
4.7 Depreciation.....	96
4.8 Interest Cost on Security Deposit and Working Capital .....	96
4.9 Interest on Long Term Loan on normative basis.....	98
4.10 Return on Equity .....	100
4.11 Miscellaneous Receipt/ Non-Tariff Income.....	102
4.12 Truing up Summary for the FY 2023-24 .....	102
4.13 Prayer.....	103
<b>5. Annexures</b> .....	103



## Figures Reference

Figure 1: Area of Distribution in the State of Odisha.....	8
Figure 2: Extracts of the Audited Accounts for Dec 25, 2020 to March 31, 2021 .....	16
Figure 3: Extracts from letter dated 17th January 2022.....	28
Figure 4: Extracts from the Letter of the Hon'ble Commission dated 15th October 2022 .....	29
Figure 5: Comparison of AT&C Loss levels (FY 2022-23 vs FY 2021-22) .....	49
Figure 6: Comparison of AT&C Loss levels (FY 2023-24 vs FY 2022-23) .....	88
Figure 7: Summary of Capitalization for FY 2023-24 with linkage to Audited Financial Statements of FY 2023-24 .....	95

## Table Reference

Table 1: TPSODL Equipment Statistics (as on 30th September 2024).....	11
Table 2: Various Orders of the Hon'ble Commission for TPSODL .....	12
Table 3: Approved Cost of Power Purchase for FY 2020-21 (January 2021 to March 2021). Ref. Table 84 of Tariff Order FY 2024-25.....	15
Table 4: Approved Adjustment towards Power Purchase Cost for FY 2020-21, Ref. Table 85 of Tariff Order FY 2024-25 .....	15
Table 5: Revised Power Purchase Cost for FY 2020-21 for consideration .....	16
Table 6: Approved Employee Costs for FY 2021-22,.....	18
Table 7: Revised Employee Cost for FY 2021-22 for consideration.....	18
Table 8: Approved TRUE UP of TPSODL for FY 2022-23,.....	23
Table 9: Power Purchase Cost for FY 22-23 (in Rs. Crs.) .....	24
Table 10: Employee Expenses for FY 22-23 (in Rs. Crs.).....	25
Table 11: Employee Cost Approved Vs Actual for FY 22-23 (in Rs. Crs.).....	26
Table 12: Recruitment of New Manpower till FY 2022-23 .....	29
Table 13: Erstwhile Employee Movement till FY 2022-23 .....	30
Table 14: Repair & Maintenance (R&M) Expenses of FY 2022-23 .....	33
Table 15: Approved vs Actual R&M Expenses for FY 2022-23.....	34
Table 16: R&M Expenditure trend over past periods .....	41
Table 17: Government Asset Base maintained by TPSODL as on 1 <sup>st</sup> April 2022 .....	42
Table 18: Administrative & General (A&G) Expenses for FY 2022-23 .....	45
Table 19: Approved vs Actual A&G Expenses for FY 2022-23 .....	50
Table 20: Approved vs Actual Provision for bad & doubtful debt for FY 2022-23.....	51
Table 21: Approved vs Actual Depreciation for FY 2022-23.....	52
Table 22: Interest on WC and security deposits (Norm.) for FY 2022-23 .....	54
Table 23: Approved vs Actual Interest on loan including interest on SD for FY 2022-23 .....	55
Table 24: Interest on Long Term Loan for FY 2022-23 .....	56
Table 25: Approved vs actual Interest on Long Term Loan for FY 2022-23 .....	56
Table 26: Summary of Interest cost approved and interest cost sought.....	57
Table 27: Return on Equity and Income Tax for FY 2022-23 .....	59
Table 28: Approved vs Actual Return on Equity for FY 2022-23 .....	59



Table 29: Miscellaneous Receipt/ Non-Tariff Income for FY 2022-23 .....	60
Table 30: Approved vs Actual Misc. Receipts for FY 2022-23 .....	60
Table 31: Truing up of FY 2022-23 .....	61
Table 32: Approved Annual Revenue Requirement of TPSODL for FY 2023-24,.....	65
Table 33: Power Purchase Cost for FY 23-24 (in Rs. Crs.).....	67
Table 34: Employee Expenses for FY 23-24 (in Rs. Crs.).....	68
Table 35: Employee Cost Approved Vs Actual for FY 23-24 ( in Rs Crs.).....	69
Table 36: Approved Manpower for FY 2023-24, ref. table 29 of Tariff Order dtd. 23.03.2023	70
Table 37: Recruitment status of New Manpower till FY 2023-24 .....	71
Table 38: Erstwhile Employee Movement till FY 2023-24 .....	71
Table 39: Repair & Maintenance (R&M) Expenses of FY 2023-24.....	75
Table 40: Approved vs Actual R&M Expenses for FY 2023-24.....	75
Table 41: R&M Expenditure trend over past periods .....	82
Table 42: Government Asset Base maintained by TPSODL as on 1st April 2023 .....	83
Table 43: Administrative & General (A&G) Expenses for FY 2023-24 .....	85
Table 44: Approved vs Actual A&G Expenses for FY 2023-24 .....	89
Table 45: Accumulated approved Capex as on 31.03.2024.....	92
Table 46: Total Capitalization for FY 2023-24 as per Audited Financials .....	94
Table 47: Summary of Capitalization for FY 2023-24 with linkage to Audited Financial Statements of FY 2023-24 .....	94
Table 48: Total Capitalization for True up of FY 2023-24.....	95
Table 49: Interest on Working Capital and security deposits FY 2023-24.....	97
Table 50: Interest on Long Term Loan FY 2023-24 .....	99
Table 51 Summary of Total Interest cost approved and interest cost sought .....	99
Table 52: Return on Equity and Income Tax for FY 2023-24.....	101
Table 53: Miscellaneous Receipt/ Non-Tariff Income for FY 2023-24.....	102
Table 54: Truing up of FY 2023-24.....	102



# 1. Introduction of TPSODL and basis of filing of present Petition

## 1.1. Business of TPSODL

1. That, The Tata Power South Odisha Distribution Limited (TPSODL) was incorporated as a joint venture of The Tata Power Company (51%) and Odisha Government (49%) on the Public-Private Partnership (PPP) model. TPSODL which was formed after the successful completion of competitive bidding process was given the license to distribute electricity in the southern part of Odisha comprising districts of Ganjam, Gajapati, Boudh, Kandhamal, Rayagarda, Koraput, Nabarangapur and Malkangiri, which was earlier served by erstwhile Southco Utility. The map of Odisha and the area served by TPSODL is depicted in the map below:



Figure 1: Area of Distribution in the State of Odisha



2. That, the core business activities of TPSODL are summarized as follows:

- Operation and maintenance of distribution network
- Expansion of distribution network
- Electricity supply and after sales services
- Connection of new customers to the distribution network
- Meter reading, billing and revenue collection
- Customer complaint resolution
- Restoration of power after interruptions
- General customer care including provision of information on services
- Customer sensitization on energy efficiency, energy losses and safety

### 1.2. Formation of TPSODL

3. That, Prior to commencement of distribution of electricity by TPSODL, the same was carried out by Southern Electricity Supply Company of Odisha Limited (the "Southco") which was in turn incorporated on 19th November 1997 under the Companies Act, 1956. In this regard, it is relevant to submit that pursuant to the Odisha Electricity Reforms Act 1995 and Odisha Electricity Reforms Rules 1998, all the assets of GRIDCO pertaining to the distribution business in the Southern Zone of GRIDCO were transferred to Southco.
4. That, On 1st April 1999, 51% (fifty one percent) shares of GRIDCO in Southco were transferred to BSES Limited selected through competitive bidding process. Thereafter, Southco was managed by BSES Limited and later by its successor R-Infra Limited.
5. That, under Section 19 of the Electricity Act, 2003 (the "Act"), the Hon'ble OERC or Hon'ble Commission revoked the license of Southco with effect from Mar 2015 and appointed CMD, GRIDCO as the administrator under Section 20(d) of Act and vested the management and control of Southco Utility along with their assets, interests and rights with the CMD, GRIDCO Limited. This decision was upheld by the Hon'ble Appellate Tribunal for Electricity (ATE) and Hon'ble Supreme Court.



6. Thereafter i.e. after a gap of about 5 years, in terms of Section 20 of Electricity Act 2003, the Hon'ble Commission initiated on 14.08.2020 a transparent and competitive bidding process for selection of an investor for sale of utility of Southco and had issued the Request for Proposal. In response to the said RFP, two bids were received by the bid due date. After detailed evaluation by independent bid evaluation committee setup by Hon'ble Commission, The Tata Power Company Limited (the "TPCL") was recommended as the successful bidder and the Hon'ble Commission accepted the same under Section 20(1)(a) of the Act. Thereafter, the Hon'ble Commission vide its order dated 28th December 2020 in Case No 83 of 2020 ("Vesting Order") vested the utility of Southco to TPSODL in terms of Section 21 of the Electricity Act 2003.
7. TPSODL commenced its operation on 1st January 2021.
8. That, the business of TPSODL utility is governed by the provisions of license issued by Hon'ble Commission for distribution and retail supply of electricity in Southern Odisha. The Hon'ble Commission under the Electricity Act 2003, regulates the working of the entire power sector of Odisha state, including determination of tariff chargeable to end consumers

### **1.3. Operation of TPSODL and its Asset Base**

9. TPSODL's licensed area is spread over a geographical area of 48,751 sq. Km. and it serves a registered live consumer base of around 21.32 lakhs. TPSODL procures power from GRIDCO through Odisha Power Transmission Corporation Limited (OPTCL)'s 220/132/33 kV grid substations at sub transmission voltage level of 33 kV and then distributes the power at 33 kV/11 kV/440 V/230 V depending on the demands of the consumers.
10. TPSODL operations include several electrical equipment such as Power Sub-Stations (PSS), 33 KV Lines, 11 KV lines, 415 V network and all the associated

apparatus. The summary of the various electrical equipment operated by TPSODL is provided in the table below:

Table 1: TPSODL Equipment Statistics (as on 30th September 2024)

SL NO	ASSET/ CIRCLE	Unit	City	BERHAMPUR	ASKA	BHANJANAGAR	RAYAGADA	JEYPORE	TPSODL TOTAL
1	No of 33/11kV Substations	No.	20	31	22	46	57	76	252
2	33/11 kV Transformers	No.	48	75	59	97	111	169	559
3	Transformation Capacity (33/11 kV)	MVA	286	391	302	442	520	755	2,697
4	Distribution Transformers (DTR)	No.	2,937	5,432	4,658	15,525	13,436	30,304	72,292
5	DTR-Capacity	MVA	360	375	274	557	562	1,107	3,235
6	33kV Line -O/H	Ckt.Km	157	407	252	969	940	1,785	4,510
7	33kV Line - U/G	Ckt. Km	39	-	1	1	3	4	48
8	11kV Line -O/H	Ckt. Km	1,025	3,476	2,932	8,821	8,891	18,316	43,460
9	11kV Line - U/G	Ckt. Km	5	-	-	37	23	2	68
10	LT Line -Bare	Ckt. Km	67	1,091	607	513	1,151	1,275	4,703
11	LT Line -ABC	Ckt. Km	1,551	3,660	1,899	7,693	5,050	15,258	35,111

#### 1.4. Basis for filing of the present petition

11. That, TPSODL has filed several petitions in the past for approval of the Hon'ble Commission. Some of the relevant petitions for the filing of the present application, are as follows:

- a) Capex approval of FY 2021-22 and Annual Business Plan (i.e Opex) for FY 2021-22
- b) ARR for FY 2022-23
- c) True-up of FY 2020-21 (3 Months), True up of FY 2021-22 and ARR for FY 2023-24
- d) Capex approval of FY 2022-23
- e) Capex approval for FY 2023-24
- f) ARR for FY 2023-24
- g) Business Plan for FY 2023-24 followed by Business Plan for the period FY 2024-25 to FY 2027-28
- h) Capex approval for Berhampur City

- i) Capex approval of FY 2024-25 & FY 25-26
- j) ARR for FY 2024-25

12. That, The Hon'ble Commission after following the due regulatory process has approved certain expenditure in these petitions. The Various orders passed by the Hon'ble Commission as applicable to TPSODL are as follows:

Table 2: Various Orders of the Hon'ble Commission for TPSODL

Sr No	Case No	Date of Order	Subject Matter
1	83 of 2020	28 <sup>th</sup> December 2020	Vesting of Southco Utility in TPSODL
2	08 of 2021	18 <sup>th</sup> September 2021	Capex Plan for FY 2021-22
3	39 of 2021	29 <sup>th</sup> October 2021	Annual Business Plan for FY 2021-22
4	108 of 2021	24 <sup>th</sup> March 2022	Tariff Order for FY 2022-23
5	13 of 2022	14 <sup>th</sup> July 2022	Capex Plan for FY 2022-23
6	82 of 2022	24 <sup>th</sup> March 2023	Tariff Order for FY 2023-24
	06 of 2023 12 of 2023		True up of FY 2020-21 and FY 2021-22 Business Plan for FY 2023-24
7	05 of 2023	19 <sup>th</sup> June 2023	Capex Plan for FY 2023-24
8	46 of 2023	14 <sup>th</sup> September 2023	Business Plan for the period FY 2024-25 to FY 2027-28
9	82 of 2023	15 <sup>th</sup> November 2023	Capex Scheme for improvement of reliability in Berhampur City
10	104 of 2023	26 <sup>th</sup> December 2023	Capex Plan for FY 2024-25 & FY 25-26
11	119 & 120 of 2023	13 <sup>th</sup> February 2024	Tariff Order for FY 2024-25
			True up of FY 2023, Issues related to True ups of FY 2020-21 and FY 2021-22

13. That, in addition, TPSODL has sought approval from the Hon'ble Commission for additional requirements particularly with regards to the approval of manpower for FY 2021-22 and FY 2022-23. Further, TPSODL had sought additional O&M expenditure as compared to the amount approved for FY 2023-24. In addition, TPSODL also brought to the notice certain amounts that were not considered by the Hon'ble Commission while truing up FY 2020-21 (3 Months) and FY 2021-22.

14. That, TPSODL had filed the petition for consideration of Truing up of FY 2022-23 along with issues related to truing up of FY 2020-21 and FY 2021-22 on 30th

November 2023. The Hon'ble Commission had passed the order for the same on 13th February 2024 ("Tariff Order for FY 2024-25").

15. That, thereafter, TPSODL vide its letters dated 8th April 2024 and 15th April 2024 has submitted the request for Clarification and reconsideration of certain claims in True-up for FY2022-23 and Clarification on Certain issues pertaining to Truing up of FY 2020-21 and FY 2021-22, respectively in Tariff Order for FY 2024-25 dated 13th February 2024. The Hon'ble Commission had responded to these communications on 30th April 2024 stating that these would take up in the ARR filing for FY 2025-26.

16. That, TPSODL is filing this application based on the above premises.





## 2. Issues related to Truing up of & FY2020-21 (3 months) & FY 2021-22

17. The Hon'ble Commission in the Tariff Order dated 13th February 2024 has approved the Truing up for FY 2020-21 (3 months) and FY 2021-22 and has stipulated following with regards to True up of FY 2020-21 and FY 2021-22.

*201. The Commission now finalises the truing up for FY 2020-21 and 2021-22 in this ARR for FY 2024-25 considering all the factors and submissions. The commission hereby directs that no further submission regarding truing up for FY 2020-21 and 2021-22 will be entertained in future.*

....

*205. The Commission hereby concludes the truing up of expenses of the DISCOMs (TPCODL, TPSODL, TPWODL & TPNODL) for the FY 2020-21 and FY 2021-22.*

18. That, TPSODL vide its letters dated 15th April 2024 has submitted the request for clarification on Certain issues pertaining to Truing up of FY 2020-21 and FY 2021-22 in the Tariff Order for FY 2024-25.

19. That, the Hon'ble Commission vide its letter no. SECY/09-Cor-TPCODL/2023/473 dated 30th April 2024, has clarified that "*... However if any relevant information/supporting documents/written submissions could not be furnished during the proceedings for the truing up exercise, the same may be submitted for consideration of the Commission during the next ARR and Tariff hearing for FY 2025-26.*"

20. That, in line with the directive of the Hon'ble Commission, TPSODL is furnishing adequate information along with justification for few items for reconsideration, which are mainly due to error apparent.

## 2.1. True up FY 2020 -21: Short Allowance of Power Purchase Cost

21. The Hon'ble Commission has approved Rs. 208.14 Cr in True up FY 2020-21 in the Tariff Order dated 13th Feb 2024.

Table 3: Approved Cost of Power Purchase for FY 2020-21 (January 2021 to March 2021). Ref. Table 84 of Tariff Order FY 2024-25

Expenditure	Approved in the ARR 2020-21	TPSODL Jan 21 to March 21 (Pro-rated)	TPSODL Jan 21 to March 21 (Proposed)	Audited (3 months)	(in Rs. Crs.)
					Allowed in true up
Cost of Power Purchase	855.17	213.79	200.29	198.75	208.14

Table 4: Approved Adjustment towards Power Purchase Cost for FY 2020-21, Ref. Table 85 of Tariff Order FY 2024-25

Additional power purchase cost incurred towards deviation from calculated distribution loss	Rs. Cr.	$L=(J \times K / 1000)$	-10.92
Amount eligible for loss or gain to be borne by distribution licensee	Rs. Cr.	L	-10.92

22. While no computation for approved Power Purchase Cost of Rs. 208.14 Crs has been provided in the Tariff Order (True up order), the Power Purchase Cost works out to Rs. 209.67 Cr when computed based on the audited accounts after considering the approved efficiency gains. The Table 5 below depicts the computation and short allowance for which approval is requested.

23. The relevant extract of the OERC (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022 for any over/under achievement of AT&C loss reduction is appended as under:

*3.14.4. The Distribution Licensees shall adhere to the committed AT&C loss reduction trajectory for future years (Annexure III) as per the Vesting Orders. Any gains or loss arising from over-achievement or under achievement of AT&C loss reduction vis-a-vis the regulated AT&C loss provided for Tariff determination in Annexure-III shall be retained by Distribution Licensee.*

24. That, based on the above provision and Audited Accounts, the Power Purchase Cost is recalculated as below.

Table 5: Revised Power Purchase Cost for FY 2020-21 for consideration

Sr No	Particular	Amount (Rs. Cr)
1	Power Purchase Cost (Net) as per Audited Accounts	198.75
2	Add: Efficiency Gains approved by Hon'ble OERC	10.92
3=1+2	Total Revised Amount for Approval	209.67
4	Amount Approved in Tariff Order	208.14
5=3-4	Difference	1.53

25. That, the extract from the Audited Accounts is also provided below for the kind reference of the Hon'ble Commission.

	Period from December 25, 2020 to March 31, 2021 ₹ crore
<b>25 Cost of power purchased and transmission charges</b>	
(a) Power Purchase Cost	177.92
Less: Rebate on power purchase cost	1.17
	<b>176.80</b>
(b) Transmission Charges	22.37
Less: Rebate on transmission charges	0.42
	<b>21.95</b>
<b>Total Cost of power purchased and transmission charges (a+b)</b>	<b>198.75</b>

Figure 2: Extracts of the Audited Accounts for Dec 25, 2020 to March 31, 2021

26. In view of the above, the Hon'ble Commission may kindly approve the short-allowance towards Power Purchase Cost of Rs. 1.53 Crs for FY 2020-21 (3 month) truing up.

2.2. True up FY 2021-22: Short Allowance of Employee Cost

27. The Tariff Regulations, 2022 stipulates approval of Employee Cost after adjusting for the Non-Cash Expenditure towards Terminal Benefit and including the Cost of Outsourced Employees. The Hon'ble Commission at Para 203 of the Tariff Order FY 2024-25 while setting the Principles for True up has also stipulated following with regards to allowance of Employee Cost.

*203. The truing up exercise has been carried based on following principle along with principle of OERC's Wheeling & RST Regulation, 2022.*

*a) The employee expenses have been termed as controllable factor in the regulation. However, the employee expenses approved in the ARR for the first year of operation was based on the filing of the erstwhile utilities. The Commission has therefore taken into account following facts while approving employee expenses:*

...

*(iii) the expenditure booked in the audited accounts.*

*(iv) the projection towards actuarial valuation for contribution to the trusts have been deducted and only actual cash out go for the terminal benefits as per the vesting orders has been considered.*

*(v) the cost of outsourced expenses has been included in the employee expenses in the ARR.*

28. It is pertinent to submit that, the Hon'ble Commission has been allowing 'Out Sourced Employee Cost' under 'Employee Cost' in various Tariff Orders, which was also approved similarly in Tariff Order for ARR FY 2021-22.

29. Further, it is also submitted that while Rs. 404.76 Cr was approved in ARR FY 2021-22, additional Approval towards revised HRA & Medical Allowance for erstwhile Employees were received vide letter Dt. 20.04.2022 and 19.02.2022. The impact of this additional approval was Rs. 17.77 Cr for FY 2021-22. So, the total claim under employee cost incurred was Rs. 413.19 Cr i.e. Rs 395.60 Crs + Rs 17.70 Crs against the total approval of Rs 421.53 Crs in the Tariff Order passed in 23<sup>rd</sup> March 2023.



Table 6: Approved Employee Costs for FY 2021-22,  
Ref. Table 86 of Tariff Order FY 2024-25

Expenditure	Approved in the ARR 2021-22	Total Proposed FY 2021-22	Audited FY 2021-22	Allowed in true up
Employee Costs	404.76	421.53	395.60	395.60

30. It is also worthwhile to submit that TPSODL had recruited 475 manpower till 31.03.2022 against the approval of 483 i.e. within the approved limit.

31. In view of the above, the Hon'ble Commission is requested to approve the actually incurred employee cost of Rs. 413.19 Crs against which only Rs. 395.6 Crs was approved in Tariff Order dated 13th Feb 2024 as depicted in table below.

Table 7: Revised Employee Cost for FY 2021-22 for consideration

(in Rs. Crs.)

Sr No.	Particulars	Requested in True up petition	Approved in True Up FY 2021-22	Additional employee cost to be approved
1	Employee cost as per audited accounts (Net of employee cost capitalised)	395.6		
2	Employees provision expenditure charged to Profit and loss account	184.39		
3	Terminal benefit paid to the Trust as per the vesting order (Cash basis)	136.68		
4 = 3-2	<b>Amount deducted towards difference between Actuarial provision and cash</b>	-47.71		
5 = 1+4	Gross employee cost after above adjustment	347.89		
6	Add: Outsourced employee cost	65.30		
7 = 5+6	Total gross employee cost on cash basis	413.19	395.60	17.60

### 2.3. Prayer

32. In light of the above, it is humbly prayed to the Hon'ble Commission may kindly consider the following.

1. Approve the Short Allowance of Rs. 1.53 Cr towards Power Purchase Cost for FY 2020-21 (3 months).
2. Approve additional employee cost of Rs. 17.60 Crs for FY 2021-22.



### 3. Reconsideration of Truing up of FY 2022-23

34. The Hon'ble Commission in the Tariff Order dated 13th February 2024 has approved the Truing up for FY 2022-23 and has stipulated following with regards to the Truing up process for FY 2022-23.

*202. Basing on the application for all the four DISCOMs, the truing up exercise has been carried out by the Commission for FY 2022-23 as per the OERC's Wheeling & Retail Supply Tariff Regulations, 2022, which has taken into account the provisions of vesting orders and other related developments. The Commission observed that the actual expenses booked in the Audited accounts are higher than the approved cost for most of components, particularly for O&M expenses. Although the OERC Wheeling and RST Regulations, 2022 came into force in December, 2022, the relevant expenses have been allowed on the basis of pragmatic approach. In absence of adequate information / data the Commission could not verify higher audited expenses in respect of O&M.*

35. That, TPSODL vide its letters dated 8<sup>th</sup> April 2024 has submitted the request for Clarification and reconsideration of certain claims in True-up for FY2022-23 in the Tariff Order for FY 2024-25.

36. That, the Hon'ble Commission vide its letter no. SECY/09-Cor-TPCODL/2023/475 dated 30th April 2024, has clarified that *"the issues raised now in respect of truing up of account for FY 2022-23 could not be taken up due to non-availability of sufficient information and supporting documents which can be submitted during ensuing ARR and Tariff hearing for FY 2025-26 for consideration of the Commission."*

37. The Hon'ble Commission is empowered u/s 94(1)(f) and 94(1)(g) of the Electricity Act, 2003 to provide clarification with respect to any directions issued by it. The relevant extracts of sections 94(1)(f) and 94(1)(g) of the Act are reproduced hereinbelow for ease of reference:

*"Section 94 of the Electricity Act, 2003-*

*"Section 94. (Powers of Appropriate Commission): --- (1) The Appropriate Commission shall, for the purposes of any inquiry or proceedings under this Act, have*



*the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 in respect of the following matters, namely:*

- .....
- (f) reviewing its decision, directions and orders;*
- (g) any other matter which may be prescribed.*
- .....”

38. Further, under Regulation 76 (1) of the OERC (Conduct of Business) Regulations, 2004, the Hon’ble Commission has inherent powers to make such orders as may be necessary for meeting the ends of justice. Regulation 76 (1) of the OERC Conduct of Business Regulations, 2004 is reproduced hereinbelow:

***“76. Saving of inherent power of the Commission:***  
*(1) Nothing in these regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for meeting the ends of justice or to prevent the abuse of the process of the Commission.*  
 .....

39. Further, under Regulation 6.1 of the OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022, the Hon’ble Commission has inherent powers to make such orders as may be necessary for meeting the ends of justice. Regulation 6.1 of the OERC Tariff Regulations, 2022 is reproduced hereinbelow:

***“6.1. Saving of Inherent Power of the Commission***  
***6.1.1. Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of the process of the Commission.***  
  
*6.1.2. Nothing in these Regulations shall bar the Commission from adopting in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.*  
  
*6.1.3. Nothing in these Regulations shall, expressly or by implication, bar the Commission to deal with any matter or exercise any power under the Acts for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit. In case of any conflict between the Vesting Orders, these Regulations, Bulk Supply Agreement and Bulk Power Transmission and SLDC Agreement, the decision of the Commission shall be final and binding on all parties.”*





40. Therefore, it is respectfully submitted that the gap determined in True up Order for FY 2022-23 under RST Order for FY 2024-25 (Tariff Order for FY 2024-25) needs to be bridged after due appreciation of the claims made by the Petitioner.
41. That, based on the above-mentioned premises, the Petitioner is furnishing the True up for FY 2022-23 for reconsideration of the Hon'ble Commission.



Table 8: Approved TRUE UP of TPSODL for FY 2022-23,

Ref. Table 88 of Tariff Order FY 2024-25

(in Rs. Crs.)

Expenditure	Total Approved FY 2022-23	Audited FY 2022-23	Total Proposed FY 2022-23	Allowed in true up
Cost of Power Purchase	1120.24	1057.8	1069.26	1062.36
Employee costs	430.79	409.9	362.56	409.9
Repair & Maintenance	90.24	67.46	242.83	112.46
Administrative and General Expenses	77.25	393.02	205.06	77.25
Provision for Bad & Doubtful Debts	12.99	59.25	18.14	17.93
Depreciation	32.03	58.32	40.86	45.95
Interest on Working capital			32.23	9.03
Interest on consumer security deposit	12.26	18.68	18.68	13.05
Interest on long term loan	5.00	38.51	18.06	16.64
Other Borrowing cost		1.43		
<b>Efficiency Gain to be shared:</b>			4.33	
A-1/3rd to be declared as Dividend /Equity				1.29
B-1/3rd to be passed on to consumer as rebate				1.29
C-1/3rd to be kept as tariff balancing reserve				1.29
<b>Sub-Total</b>	<b>1780.80</b>	<b>2104.39</b>	<b>2012.01</b>	<b>1768.34</b>
Less: Employee cost capitalised	28.37	28.37		28.37
<b>(A) Total expenses</b>	<b>1752.43</b>	<b>2076.02</b>	<b>2012.01</b>	<b>1739.97</b>
Income Tax		19.41	16.36	16.36
Deferred Tax		6.09		
Return on equity	32.00		48.65	48.69
Deferred tax credit		-11.43		
<b>(B) Sub total</b>	<b>32.00</b>	<b>14.07</b>	<b>65.01</b>	<b>65.05</b>
<b>TOTAL(A+B)</b>	<b>1784.43</b>	<b>2090.09</b>	<b>2077.02</b>	<b>1805.01</b>
Less Miscellaneous Receipt	35.16	123.79	53.2	66.15
Less Rebate on total Power Purchase Cost			11.44	
Net movement in Regulatory Deferral balances		206.09		0
Provisional Surplus considered	60.00			
<b>Total Revenue Requirement</b>	<b>1689.27</b>	<b>1760.21</b>	<b>2012.38</b>	<b>1738.86</b>
<b>Revenue from Sale of Power</b>	<b>1694.00</b>	<b>1792.96</b>	<b>1814.05</b>	<b>1792.96</b>
<b>GAP(+/-)</b>	<b>4.73</b>	<b>32.75</b>	<b>-198.33</b>	<b>54.10</b>

### 3.1. Power Purchase Cost

42. That, Hon'ble Commission had approved total input of 4390 MU for the FY 2022-23 with sales MU of 3292.70 MU. In the FY 2022-23, the actual input has been 4188.45 MU and total sales has been 3155.64 MU. With the actual sales of 3155.64 MU with normative T&D loss of 25.00%, the normative Input for FY 22-23 is 4207.52 MU. The power purchase cost (normative) for 4207.52 MU is Rs. 1,062.15 Crs. 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 9: Power Purchase Cost for FY 22-23 (in Rs. Crs.)

Expenditure	Approved by OERC FY 2022-23	Actual (Audited Accounts)	True up Considering Normative T&D loss 25.00%
INPUT(MU)	4390.00	4188.45	4207.52
Cost of power purchase	996.53	951.17	955.50
Transmission Cost	122.92	117.30	117.30
SLDC Cost	0.79	0.79	0.79
Less: Rebate		-11.44	-11.44
<b>Total Power purchase Cost(A)</b>	<b>1,120.24</b>	<b>1,057.82</b>	<b>1,062.15</b>

#### Extract of Audited Financials for FY 2023-24

NOTE 27 Cost of power purchased and transmission charges

(a) Power Purchase Cost  
 (b) Transmission Charges  
 Less: Rebate  
**Total cost of power purchased and transmission charges (a+b)**

	As at March 31, 2024 ₹ crore	As at March 31, 2023 ₹ crore
(a) Power Purchase Cost	912.51	951.17
(b) Transmission Charges	104.45	118.09
Less: Rebate	(9.27)	(11.44)
<b>Total cost of power purchased and transmission charges (a+b)</b>	<b>1,007.69</b>	<b>1,057.82</b>

43. While, the approved Total Power Purchase Cost was Rs. 1062.36 Crs as approved in the Tariff Order for FY 2024-25 dated 13<sup>th</sup> February 2024; the same as per the petition is Rs. 1062.15 Crs for the FY 2022-23. We therefore, request the Commission to consider the normative power purchase cost of Rs. 1062.15 Crs for the FY 2022-23.

### 3.2. Employee Cost

44. Hon'ble Commission has allowed Employee cost of Rs. 402.42 Crs for the FY 22-23. The actual expenses incurred towards employee cost in FY 22-23 is Rs. 440.91 Crs. The details of the same are presented in the following table-

Table 10: Employee Expenses for FY 22-23 (in Rs. Crs.)

Particulars	*As per Audited Accounts FY 2022-23	Expenses sought for Truing Up FY 2022-23
Salaries, wages and bonus	222.01	222.01
Outsource and contractual employees expenses		86.24
Contribution to Provident Fund and other funds	11.81	11.81
Staff welfare expenses	27.52	27.52
Terminal benefit expenses-Trust	121.69	121.69
Employees Actuarial Provision	31.53	0.00
<b>Total</b>	<b>414.57</b>	<b>469.28</b>
Less: Employee cost capitalization	-28.37	-28.37
<b>Total</b>	<b>386.22</b>	<b>440.91</b>

*Note: Outsource and contractual man power cost of Rs. 86.24 Crs has been grouped under employees in the True-up Petition as per OERC Regulations whereas same was grouped under A&G expenses (Other expenses) in Audited Financials. Kindly refer Note 28 of Audited Financials FY23-24.*

#### Extract of Audited Financials for FY 2023-24

**NOTE 28 Employee benefits expense (Net)**

Salaries, wages and bonus	
Contribution to gratuity fund (Refer Note 18)	
Contribution to provident and other funds (Refer Note 18)	
Staff welfare expenses	
<b>Gross employee benefit expenses</b>	
Less: Employee cost capitalised / transfer to CWIP	
<b>Net employee benefits expense</b>	

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
	260.90	224.27
	14.17	15.84
	163.33	146.96
	24.11	27.52
	<b>462.51</b>	<b>414.59</b>
	(34.40)	(28.37)
	<b>428.11</b>	<b>386.22</b>

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

Table 11: Employee Cost Approved Vs Actual for FY 22-23 (in Rs. Crs.)

Particulars	Approved by OERC (Tariff Order dtd 24.03.2022)	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Actual (Audited)	Difference sought (Actual - Approved)
	A	B	C	D = C - B
Employee Cost*	430.79	409.90	469.28	59.38
Less -Employee cost capitalized	28.37	28.37	28.37	0
<b>Net Employee Cost</b>	<b>402.42</b>	<b>381.53</b>	<b>440.91</b>	<b>59.38</b>

\* Employee cost includes the outsource manpower cost

46. That, the Hon'ble Commission while clarifying on the approval for manpower against retirement vacancies, has stipulated that the number of employees per thousand consumers to be kept limited within 1.40, 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 maybe undertaken to the extent so that the number of employees per one thousand consumers shall not exceed 1.40 including replenishment of retiring vacancies of TPWODL, TPNODL and TPSODL. "*

....

*The Commission further directs the DISCOMS to file their separate manpower requirement and Plan of Action 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."*

47. The Hon'ble Commission in the Tariff Order for FY 2022-23 dated 24.3.2022, 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 hereinunder:

*“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.”*

48. Further, the Odisha Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 (“Tariff Regulations, 2022”), specifically provides the guidelines for new recruitment by the licensee. Relevant extract is reproduced hereinunder:

*3.9.11. The employee expense for the ensuing year shall be projected considering cadre /designation wise average existing employee cost for past year where the number of new employees to be added and their associated expenses shall be duly approved by the Commission after prudence check. The projection for the recruitment for a year may be restricted to 1.40 employees (including replenishment of retiring vacancies) per 1000 consumers. In case the ratio has exceeded 1.40, the Distribution Licensee shall bring down the ratio to 1.40 within the control period.*

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

*Justification for higher Employee Cost*

50. It is humbly submitted that Odisha Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 (“Tariff Regulations, 2022”), specifically provides for Employee Expense/ Cost.

51. The Employee related expenses broadly fall into three (3) categories. Expense related to (a) erstwhile Employees of the licensee, (b) New Employees recruited by the Licensee post the Effective date of vesting & (c) Outsourced and Contractual manpower.



### 3.2.1. No of Employees on roll of the licensee (Approved & Actual)

52. The Hon'ble Commission had initially in the order in Case No 39 of 2021 dated 29.10.2021, had approved the recruitment of 220 personnel upto the period FY 2021-22 i.e (3 month of FY 2020-21 and 12 months of FY 2021-22). The relevant extracts from the order is as follows.

96. The Commission now allows 8% of the total proposed manpower of 2754 (1999+60+695) to be recruited. This will include post facto approval for the 60 persons already recruited without Commission's approval. This would mean additional recruitment of 160 (.08X2754-60) employees.

53. However, subsequently in the letter of the Hon'ble Commission dated 17.01.2022, it had revised the approval of recruitment form 220 employees to 483 Employees.

The extract of the letter is as follows:

Sl. No.	Description	TPWODL Numbers	TPNODL Numbers	TPSODL Numbers	TPCODL Numbers	Total Numbers
1	Govt. Sanctioned Strength	6702	5859	5625	9773	27959
2	Discom Projection of Total Requirement in ABP / Vesting Order	4209	1266	2800	6654	14929
3	Numbers as per ABP Petition	850	636	695	1367	3548
4	No. of Employees Approved in respective ABP Order (8% of proposed manpower)	336	277	220	532	1365
	For FY 2020-21				532	
	For FY 2021-22	336	277	220		
5	Depletion [Retirees + Death+Resignation] (FY 20-21, FY 21-22, FY 22-23) including Contractual	425	411	341	688	1865
	FY 2020-21	172	162	138	266	738

.. No.	Description	TPWODL Numbers	TPNODL Numbers	TPSODL Numbers	TPCODL Numbers	Total Numbers
	FY 2021-22	143	114	125	208	590
6	FY 2022-23	110	135	78	214	537
7	Now approved manpower for depletion (for TPCODL 2020-21 and for TPSODL, TPWODL & TPNODL for 2020-21 & 2021-22)	172	162	263	266	1328
8	<b>Total manpower allowed after revision of the ABP order.</b>	<b>508</b>	<b>439</b>	<b>483</b>	<b>798</b>	<b>2693</b>
9	Employee Strength as at 31.12.2021	2662	2510	2345	5711	13228
10	Employee Strength as at 31.12.2021 on revision now	2834	2672	2608	5977	14556
11	No. of Consumers on 31.12.2021	2211026	2054045	2374403	2896629	9536103
12	Percentage of Employees per 1000 consumers as on 31.12.2021	1.28	1.30	1.10	2.06	1.53

Figure 3: Extracts from letter dated 17th January 2022

54. In addition, the Hon'ble Commission in its letter dated 15.10.2022 had further approved recruitment of 528 Employees for TPSODL. The extract from this letter is as follows:

The following table depicts the summary of the analysis and approval accorded thereof.

Sl. No.	Description	TPWODL	TPSODL	TPNODL	TPCODL
1	Employee strength as on 31.3.2022 (inherited+ CTC)	2629	2346	2585	5265
2	Less retirees during FY 2022-23	109	78	93	195
3	Employee strength as on 31.3.2023 (without recruitments in FY 23)	2520	2268	2492	5070
4	No. of consumers as on 31.3.2022	22.3	23.86	20.9	28.97
5	Estimated No. of consumers as on 31.3.2023 (Growth @ of 4%)	23.15	24.81	21.75	30.07
6	Allowed employee strength as on 31.3.23 (1.4 employees per '000 consumers)	3241	3473	3043	5070
7	Gap to be filled through new recruitments in FY 2023. (proposed)	700	636	551	100
8	Original Sanctioned strength	6702	5625	5859	9773
9	Now allowed 8% of the sanctioned strength	536	450	469	Not Relevant
10	No. of retiring employees allowed	109	78	93	Not Relevant
11	Total employees allowed for FY 2022-23	645	528	551	100

Figure 4: Extracts from the Letter of the Hon'ble Commission dated 15th October 2022

55. Hence in all the total manpower approved for recruitment by TPSODL till 31st March 2023 is **1011** (483 for FY 2021-22 and 528 for FY 2022-23).

56. It is submitted that TPSODL has recruited/ inducted **908** Employee which are lower than the approved number by the Hon'ble Commission. The net addition of employees since the time of commencement of operation since 1st January 2021 is as follows:

Table 12: Recruitment of New Manpower till FY 2022-23

Sr No	Particulars	FY 2020-21 (3 Months)	FY 22	FY 23
1	Opening Balance	0	128	475
2	Addition (Net of attrition/Retirement)	128	347	433



Sr No	Particulars	FY 2020-21 (3 Months)	FY 22	FY 23
3	Closing Balance	128	475	908

- *Movement of Erstwhile Employee strength over the period*

57. The Employee Strength of Erstwhile Utility over the period is as given in the following table:

Table 13: Erstwhile Employee Movement till FY 2022-23

Sr No	Particulars	FY 2020-21 (3 Months)	FY 22	FY 23
<b>Executives</b>				
1	Opening Balance	389	387	378
2	Retirement/Deletion	2	9	-6
3	Closing Balance	387	378	384
<b>Non-Executives</b>				
4	Opening Balance	1613	1583	1480
5	Retirement/Deletion	30	103	85
6	Closing Balance	1583	1480	1395
<b>Total</b>				
7	Opening Balance	2002	1970	1858
8	Retirement/Deletion	32	112	79
9	Closing Balance	1970	1858	1779

58. That, the effective manpower per 1,000 consumer ratio works out to be 1.10 for FY 2022-23 with a consumer base of 24,24,624. It is evident that the licensee is managing the operations within a vast geographical area with one of the lowest employees to consumers ratio.

### 3.2.2. Expense related to Outsource and Contractual employees

59. As explained above, the licensee is judiciously recruiting new manpower to optimize the manpower cost and further utilize the inherited outsourced and contractual manpower engaged in R&M, MBC and Others Administrative Activities from the erstwhile Discom.

60. Further, it may be submitted that the erstwhile Discom has been managing the vast geographical area, mainly with the help of a large number of outsourced and contractual manpower. This manpower was deployed in almost all activities of

these Discom e.g. in rural electrification, addition of new consumers, in works related to MRT, Energy Audit, maintenance of DTRs, watch & ward and vigilance activities.

61. Post takeover, the licensee re-engaged this experienced manpower in various activities thus being able to keep the effective manpower to consumer ratio under the approved limit.
62. That, the Commission has approved Rs. 70 Crs. under Outsource and Contractual employees Cost FY 2022-23 against Rs. 165.05 Crs as estimated in its petition. The Hon'ble Commission while approving the Outsource and Contractual employees Cost vide the tariff Order dated 24.03.2022; had made the following observation.

***Outsource and Contractual employees Cost***

*105. As regards engagement of manpower, DISCOMs have submitted in the ARR that since no recruitment has been permitted by the Commission there has been drastic reduction in the manpower. In view of the large scale electrification through rural electrification, addition of new consumers, reorganization, and to carry out MRT, Energy Audit, maintenance of DTRs and vigilance activities present manpower is inadequate. Consequently, in order to improve 100% coverage, reduction of distribution loss and to improve collection they have engaged contractual personnel and outsource agencies for maintenance of existing Grid substations, substations under ODSSP, watch and ward activity, vigilance activities etc. DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2021-22. The Commission after scrutiny allows the expenses on Contractual and outsource employees for the ensuing FY 2022-23 on the basis of the submission of DISCOMs and actual cash outgo for the current year 2021-22.*

63. That, TPSODL has made very elaborate effort to optimize the inherited Outsourced and Contractual manpower post takeover, and has redeployed the manpower across various functions and geographies. These efforts have resulted in finding the existing Gaps for effective operation of the licensee; which in turn helped in framing the optimized New Manpower Recruitment policy.

64. That, based on the above, the licensee requests the Hon'ble Commission to consider the actual Outsource and Contractual employees Cost of Rs 86.24 Crs for truing up.
65. As can be seen from the above explanation, the number of new employees recruited is lower than the number already approved by the Hon'ble Commission. Further the payment to erstwhile employees is on the basis of the rules of the Government of Odisha and also after approval by the Hon'ble Commission.
66. We therefore request the Hon'ble Commission to approve the actual Employee Expenditure of Rs 440.91 Crs. for FY 2022-23 truing up.



### 3.3. Repair & Maintenance Expenses

67. This Hon'ble Commission vide the Tariff Order dated 24.02.2022 had allowed the Repair and Maintenance ("R&M") Expenditure of Rs. 90.24 Crs for FY 2022-23.
68. In the ARR application for FY 22-23, outlining the requirement of a comprehensive repair and maintenance plan, TPSODL proposed total R&M cost of Rs. 137.91 Crs under the broad categories of sub-transmission & distribution line maintenance and repair, Transformer maintenance & repair 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.
69. Hon'ble Commission had approved total cost of Rs. 90.24 Crs for FY 22-23, out of which Rs. 60.24 Crs 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. 30 Crs for maintenance of assets under ODSSP, IPDS, RLTAP, RGGVY & DDUGVY schemes, which continue to be with the Govt. of Odisha.
70. The actual expenses towards repair and maintenance have been Rs. 189.07 Crs. in the FY 2022-23. The details of R&M expenses incurred in FY 2022-23 are given in the following table.

Table 14: Repair & Maintenance (R&M) Expenses of FY 2022-23

(in Rs. Crs.)

Sl No	Category	Description	*Actual Expenses as per Audited Accounts
1	STS	AMC - Primary Substations & Feeders	12.51
2		Material required for Maintenance of 33 KV Network	1.82
3		Testing/Overhauling/Reconditioning of Transformers	3.33
4		Materials for Repairing/Service of Circuitry Breakers/CT&PT	
5	Distribution	Distribution AMC Contract	114.42
6		Distribution Materials (O/H)	10.15

SI No	Category	Description	*Actual Expenses as per Audited Accounts
7		Distribution Materials (U/G)	7.72
8		Material & Services for Distribution Transformer Repairing	13.47
9	Others	PSC	0.85
10		Admin. AMC	24.79
11		Civil	0.01
<b>Total - A</b>			<b>189.07</b>
12	GOVT.FUND	R&M-P&M	-
<b>Total - B</b>			<b>-</b>
<b>GRAND Total (A+B)</b>			<b>189.07</b>
13		Less amortisation of Govt Grant shown in Misc. Income in audited Accounts.	-
14		<b>Net Repair and Maintenance Charges shown as per Audited Accounts for true up</b>	<b>189.07</b>

\* Kindly refer previous year figures of Audited financials FY 2023-24

#### Extract of Audited Financials for FY 2023-24

##### NOTE 30 Other expenses

Rental of land, buildings, plant and equipment, etc  
 Repair and maintenance-  
 -Buildings and civil Works  
 -Plant and machinery  
 -Furniture, vehicles, etc

	As at March 31,2024	As at March 31,2023
	₹ crore	₹ crore
	2.86	2.13
	0.12	0.19
	176.21	187.36
	0.53	1.52

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

Table 15: Approved vs Actual R&M Expenses for FY 2022-23

(in Rs. Crs.)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022)	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Actual (Audited)	Difference (Actual - Approved)
	A	B	C	D = C - B
Repair and Maintenance Cost	90.24	112.46	189.07	76.61

#### Justification for higher R&M Cost:

72. The R&M Expenditure is required to Operate and Maintain the Electrical Equipment used for Distribution. This expenditure includes the expenditure

towards consumption of material/consumables required from stores for maintenance and also the expenditure towards Annual Contracts placed by TPSODL for a) Operation of Power Substation (PSS) b) Maintenance of 33 KV/11 KV/415 V Networks, (c) Material and services of Testing/ Overhauling/ Reconditioning of Transformers etc.

73. The Annual Maintenance Contracts for maintenance of the power supply infrastructure, covers both the infrastructure in the GFA /Books of TPSODL 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.

**Status of inherited Assets & previous maintenance practices**

74. In this regard it is essential to state that TPSODL has taken over the assets of erstwhile Southco Utility on "as is where is" basis. Majority of these assets are not in good operating condition and in a large number of cases, the required safety equipment is not in place. The interruption at 11 kV feeder level is too high with respect to present Indian utility standards. Further, due to lack of maintenance, failure rate of Distribution Transformer is also very high at 3.5%. The scarce resources and lack of preventive maintenance have led to delay in response on Safety Hazards reported by Public and employees.

75. 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.

### 3.3.1. Approach adopted by TPSODL post takeover

76. To address the above issues and for proper maintenance of network, separate AMC's have been introduced post takeover of TPSODL for all Six circles for operation and maintenance of 33KV, 11KV & LT assets to create a culture of preventive maintenance. 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 TPSODL using the SAP PM system.

77. The network is being inspected regularly through manual patrolling as well as drone inspection in forest and inaccessible areas. Thermo-scanning 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.

#### **Services included under AMC:**

78. The Annual Maintenance Contract (AMC) under TPSODL is divided into two (2) categories:

- a. 33kV Lines and 33kV/11kV PSS (periodic inspection and breakdown maintenance)
- b. 11kV and LT Network (attending Breakdowns & no current complaints, preventive maintenance)

#### **Manpower Deployment Status under in AMC:**

- i. **FCC wise deployment**
  - 3 shift operation FCC: (3LM+ 3H)
  - 2 shift operation FCC: (2LM+2H)
  - 1 shift operation FCC: (1LM+1H)

**ii. Preventive Maintenance**

**(1) 11kV AMC (Section Level): Separate Team along with vehicle**

- Group 1: Section Area < 600 Sq. Km (1 Team): - 1 Supervisor + 6LM + 4H
- Group 2: Section Area 600 Sq. Km - 1700 Sq. Km (2 Teams): - 1 Supervisor + 6LM + 4H & 1 Supervisor + 2LM + 2H
- Group 3: Section Area > 1700 Sq. Km (3 Teams): - 1 Supervisor + 6LM + 4H, 1 Supervisor + 2LM + 2H & 1 Supervisor + 2LM + 2H

BA Supervisor Engineer has been posted section wise for overall coordination, planning & execution of O&M Jobs.

- BA Safety Engineer: 1 Per Division

**(2) 33kV AMC (Sub-Division & Division Level): Separate Team along with vehicle**

- 3LM + 3H (1 Team) per Sub-division and 1 Supervisor per Division for PSS & 33 kV Feeders Maintenance

**(3) PSS Operation:**

- PSS Operation: 4LM + 3H Per PSS and 1 Supervisor Per Division
- BA Safety Engineer: 1 Per Division

**3.3.2. Snapshots of activities under R&M**

**A. Transformer & DSS-PSS R&M**

Power Transformers Repair, Maintenance and overhauling	DTR Repairing / Replacement / Augmentation / Swapping
<ul style="list-style-type: none"> <li>▪ 553 PTRs in service in TPSODL: Majority of these are very old, having multiple issues like oil leakages, low oil BDVs, OTI / WTI not working, rusted bodies, non-functional OLTCs, insulation failure due to aging etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improvement in the failure rate of transformer: FY22-23 is 2.97%. The failure rate of distribution transformers was 4% in FY20-21 &amp; 3.46% in FY21-22. Major reasons for the DTR failure are lightning, insulation failure, aging of the transformers, Internal short circuit, overloading, unbalancing load of the DTs.</li> <li>▪ 2,717 Nos. of DTR repairing has been done from April'22 to March'23.</li> </ul>



Power Transformers Repair, Maintenance and overhauling	DTR Repairing / Replacement/ Augmentation/ Swapping
<ul style="list-style-type: none"> <li>16 PTRs have been repaired, and 47 PTRs have been overhauled.</li> </ul>	<ul style="list-style-type: none"> <li>15,566 nos. of Lightning arrestor installed so far to protect the transformer from Lightning, DTR Oil leakage attended is 1,025 Nos. and</li> <li>2,079 faulty DTR replaced from April'22 to Mar'23.</li> <li>Load monitoring and balancing of DTRs.</li> <li>400 nos. of Overloaded DTR augmented from April'22 to Mar'23.</li> </ul>

DSS Maintenance	PSS equipment and Protection and testing												
<ul style="list-style-type: none"> <li>58,732 Distribution Substations (DSS) and having mostly -               <ul style="list-style-type: none"> <li>earthing system in very bad condition</li> <li>AB switches are bypassed/non-operational.</li> <li>and HG / DD fuses too are bypassed/broken.</li> </ul> </li> <li>Focused preventive maintenance effort and budgetary provision is essential.</li> </ul> <table border="1"> <thead> <tr> <th>Description</th> <th>New</th> <th>Replaced</th> <th>Repaired</th> </tr> </thead> <tbody> <tr> <td>AB Switch (Nos.)</td> <td>33</td> <td>976</td> <td>6123</td> </tr> <tr> <td>HG Fuse (Nos.)</td> <td>264</td> <td>1668</td> <td>2555</td> </tr> </tbody> </table>	Description	New	Replaced	Repaired	AB Switch (Nos.)	33	976	6123	HG Fuse (Nos.)	264	1668	2555	<ul style="list-style-type: none"> <li>250 Nos. of 33kV/11kV PSS.</li> <li>The availability of maintenance materials in stores is essential to improve the equipment downtime.</li> <li>120 Nos. of Numerical Relays have been installed.</li> <li>Repair activity of Battery Chargers is under progress.</li> </ul>
Description	New	Replaced	Repaired										
AB Switch (Nos.)	33	976	6123										
HG Fuse (Nos.)	264	1668	2555										

### B. R&M of Sub- Transmission and Distribution Lines

33kV Line	11 kV line	LT line
<ul style="list-style-type: none"> <li>4,046 CKM of 33kV line network.</li> <li>At many places passing through difficult terrain and forest areas.</li> <li>Many of these lines are in poor condition -</li> </ul>	<ul style="list-style-type: none"> <li>45,309 CKM 11 kV network.</li> <li>At many places' lines are underrated, uneven sized &amp; worn-out bare conductors with extremely long span lengths.</li> </ul>	<ul style="list-style-type: none"> <li>40,217 CKMs LT circuits.</li> <li>Large number of damaged /bent/tilted poles, compromising safety clearances and having low sagging.</li> <li>For the transformer LT side protection are bypassed or over-rated fuses have been installed, no</li> </ul>



33kV Line	11 kV line	LT line
<p>higher than recommended span length, sagging of conductor, tilted poles, damaged cross-arms, worn out conductors and jumpers, old insulators etc.</p>	<ul style="list-style-type: none"> <li>▪ The interruption at 11 kV feeder level is too high with respect to present Indian utility standards.</li> <li>▪ Faults are majorly due to tree faults, bird fault, Pin insulators, discs, poor conductor.</li> <li>▪ Requirement of intermediate poles to avoid conductor collision and snapping.</li> <li>▪ Also, there are tilted poles/ V cross arms which needs replacement.</li> </ul>	<p>fuse box/MCCB box have been installed at the site. In place of LT Fuse box/MCCB box, open aluminium wire wound fuses are seen at almost every substation at very low height which is highly unsafe.</p> <ul style="list-style-type: none"> <li>▪ Requirement of deteriorated LT ABC and conductors needs to be replaced.</li> <li>▪ Lot of jumbling of service connections have been observed on the poles with poor connectivity with the LT ABC and improper no. of connections terminated on each phase, thus leading to transformer load unbalancing.</li> </ul>

SL. No	Parameters	UOM	FY 22-23
1	33 kV Line - Tree Trimming	CKM	3400
2	33kV Line Maintenance - Insulator replacement	Nos	1200
3	Installation of Intermediate Poles	Nos	165
4	Isolators / AB Switch Repaired	Nos	478
	Parameters	UOM	FY 22-23
5	11kV Line Maintenance (Tree Trimming, insulator replacement, V-Cross arm replacement, etc.)	CKM	12,221
6	11 KV line Refurbishment	CKM	49
7	Replacement of Broken Pole	Nos.	827
8	Erection of Intermediate Pole	Nos.	3439

9	Installation of Line AB Switch	Nos.	453
10	Replacement/Repairing of Line AB Switch	Nos.	2878
	Parameters	UOM	FY 22-23
11	LT Protection- LTDB - Installation	Nos.	785
12	LT Protection- Kit-Kat Fuse - Installation	Nos.	3572
13	Extension of LT feeder ABC	CKM	34
14	Replacement of LT Poor Conductor/ABC	CKM	238
15	Replacement of LT Undersized Conductor/ABC	CKM	64
16	Replacement of Broken Pole	Nos.	1230
17	Erection of Intermediate Pole Erection	Nos.	2860
18	Cleaning of LT Pole	Nos.	4406

#### C. Vacuum Circuit Breakers (VCB) R&M

- 2170 numbers of 33kV and 11kV VCBs (185 VCBs are either defective or in very poor condition).
- TPSODL procures the VCB spares as well as repairs these VCBs through service agencies.

#### D. HT (11kV) and LT Underground cable R&M

#### E. EARTHING

- Many of the old PSS have very bad earthing values and need renovation or new pit construction as a priority. Also, 33kV line poles earthing is also not in good condition.
- In Distribution also, the condition of the earthing is not good.
- 4,925 Nos. of New /reconditioning/ strengthening of earthing has been done in the DSS, 11kV & LT network.

### 3.3.3. Historical Trend of R&M Expenditure

79. Further, as can be seen, the estimated expenditure for FY 2022-23 is higher than the approved expenditure. In this regard we would like to submit the following:

- i. One of the reasons for inadequate reliability as well as the high technical loss is that sufficient quantum is not spent on R&M Expenditure. It is noted that the due to shortage of funds under these heads, the erstwhile discom had resorted to only breakdown maintenance which takes its toll on the reliability of the Network. Unless sufficient amounts are allowed by the State Regulatory Commissions in this head, the Distribution licensee will be forced to limit the scope of preventive maintenance and condition-based maintenance through Annual Maintenance Contracts (AMC).
- ii. It is further submitted that in addition to above AMC, in house expenditure is required to be incurred for Power Transformer repairs, DTS repairs, DSS Maintenance, DTR Replacement, 33 KV Line repairs and Maintenance, HT Line Maintenance, LV Line Maintenance and maintenance of other equipment.
- iii. The Norm of 5.4 % of the GFA was presumably fixed on the basis of the expenditure carried out in the past. In our humble submission, the expenditure on R&M as mentioned earlier was minimal and hence the norm of 5.4 % of the GFA is clearly not adequate for carrying out satisfactory R&M expenditure. The amount spent over in the past by erstwhile Southco Utility and by TPSODL is as follows:

Table 16: R&M Expenditure trend over past periods

(in Rs. Crs.)

FY	Company	Pre-TPSODL/ TPSODL	
		Approved	Audited
99-00	Pre-TPSODL	12.63	13.39
00-01	Pre-TPSODL	12.63	7.31
01-02	Pre-TPSODL	15.57	9.29
02-03	Pre-TPSODL	16.82	6.43
03-04	Pre-TPSODL	16.38	9.93
04-05	Pre-TPSODL	13.25	8.43
05-06	Pre-TPSODL	18.55	6.07
06-07	Pre-TPSODL	17.35	5.54
07-08	Pre-TPSODL	18.38	5.5



Company		Pre-TPSODL/ TPSODL	
08-09	Pre-TPSODL	19.08	7.79
09-10	Pre-TPSODL	20.73	11.59
10-11	Pre-TPSODL	26.11	13.09
11-12	Pre-TPSODL	28.47	8.28
12-13	Pre-TPSODL	28.28	8.97
13-14	Pre-TPSODL	43.53	15.02
14-15	Pre-TPSODL	39.19	12.02
15-16	Pre-TPSODL	31.93	16.82
16-17	Pre-TPSODL	33.18	9.74
17-18	Pre-TPSODL	34.91	6.74
18-19	Pre-TPSODL	39.19	6.78
19-20	Pre-TPSODL	44	4.59
20-21	Pre-TPSODL	45.96	6.2
21-22	TPSODL	88.57	90.68
22-23	TPSODL	90.24	189.07

### 3.3.4. R&M for Govt. Assets

80. The Hon'ble Commission had approved an expenditure of Rs 30 Crs on Government Funded assets. It is submitted that asset base of Government Assets is about Rs 3916 Crs. This is clearly more than 2 times the asset base of TPSODL as on 1st April 2022. Hence the amount of Rs 30 Crs is not adequate to maintain such large asset base. The break-up of the Government Assets being maintained by TPSODL is as follows

Table 17: Government Asset Base maintained by TPSODL as on 1<sup>st</sup> April 2022

Name of the Scheme	(in Rs. Crs.)
Integrated Power Development Scheme -IPDS	241.64
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY	395.08
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 12th Plan (POWER GRID)	582.70
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 11th Plan (POWER GRID)	269.58
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 11th Plan (NTPC)	113.98
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 12th Plan (NTPC)	375.36
RGGVY	11.59
RGGVY 10th & 11th Plan (NTPC, PGCIL, NHPC)	921.77
Pradhan Mantri Sahaj Bijli har Ghar Yojna under SOUBHAGYA	191.41
SETU	14.20
Odisha Distribution System Str3916.09hening Project-ODSSP	698.87

Name of the Scheme	(in Rs. Crs.)
BGJY- OPTCL DTR	45.71
Integrated Power Development Scheme-(IPDS IT Ph-II)	54.20
<b>Total Government Assets</b>	<b>3916.09</b>
<b>R&amp;M on Government Assets @ 3%</b>	<b>117.48</b>

81. It is submitted that the R&M Expenditure includes the expenditure towards the consumption of materials/ consumables which are essential for the maintenance, as well as the expenditure towards Annual Maintenance Contracts (AMCs) performed by TPSODL for various activities.
82. **Therefore, the Hon'ble Commission is requested to consider the various critical activities carried out by the licensee for improving the quality and reliability of power supply and for loss reduction over a vast licence area spread over 48,751 sq. kms., and allow the actual R&M expenditure amounting to Rs. 189.07 Crs for truing up, as per the audited accounts for FY 22-23.**

### 3.4. Administrative & General Expenses

83. TPSODL was vested on 01.01.2021 vide Commission's order in Case No. 83 of 2020 dated 28.12.2020. The commission in the vesting order had allowed TPSODL 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.39 of 2021 dated 29.10.2021, allowed additional A&G expenses of Rs.25.05 Crs for FY 2021-22 over the earlier approved Rs. 45.13 Crs. Therefore, the total approval for FY 2021-22 was Rs.72.20 Crs. Hon'ble Commission in the RST Order for FY 22-23 has approved total A&G expenses of Rs. 77.25 Crs escalating the previous year's approval by 7% against the proposed expense of Rs. 113.82 Crs.

84. 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 TPSODL, Hon'ble Commission has allowed additional Rs.25.05 Crs. with the following observation under para 110 of ABP order:

*"110. On the above submissions the Commission observes that the expenditure on 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 relate to improving metering management and services and customer services which are vital elements in reducing AT&C losses. The TPSODL 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 cost of Rs.45.13 crore in the ARR for FY 2021-22. The Commission now allows the total A&G expenses of Rs.72.20 crore for FY 2021-22.*

*However, the petitioner is directed to produce the required justifications for such additional expenses under the head A&G expenses incurred in the trueing up petition for FY 2021-22. The expenses under this head will accordingly be allowed after prudence check."*



85. The actual A&G expenses have been Rs. 96.77 Crs. in the 1st complete year of operation that is FY 2021-22. In the second complete year of operation that is FY 22-23, the actual A&G expenses is Rs. 180.47 Crs. The details are furnished in the following table.

Table 18: Administrative & General (A&G) Expenses for FY 2022-23

(in Rs. Crs.)

Sl. No.	Description	* Actual Expenses as per Audited Accounts	A&G for Truing Up FY 2022-23
1	Rent, Rates & Taxes	2.13	2.13
2	Watch & ward Expenses	4.28	4.28
3	Communication	2.24	2.24
4	Legal, Consultancy & Professional Charges	8.82	8.82
5	Conveyance & Travelling	19.34	19.34
6	Licence & Related Expenses	2.01	2.01
7	Advertisement Expenses (Public Relation)	1.66	1.66
8	Metering, billing and collection expenses	88.39	88.39
9	Printing & Stationary	2.91	2.91
10	Enforcement Activities	5.31	5.31
11	Training	1.17	1.17
12	Insurance	2.13	2.13
13	House Keeping	8.91	8.91
14	Facility Management Services	1.26	1.26
15	Electricity expenses	4.28	4.28
16	Fooding Expenses	11.93	11.93
17	Other Expenses	13.71	13.71
18	Outsource and contractual employees' expenses *	86.24	
	<b>Total - A</b>	<b>266.72</b>	<b>180.47</b>
19	Provision for Bad & Doubtful Debt	59.25	18.14
	<b>Total - B</b>	<b>59.25</b>	<b>18.14</b>
	<b>Grand Total (A+B)</b>	<b>325.97</b>	<b>198.61</b>
20	Less:- Provision for bad & doubtful debts shown separately	59.25	18.14
21	<b>Administrative &amp; General Expenses</b>	<b>266.72</b>	<b>180.47</b>



## Extract of Audited Financials for FY 2023-24

NOTE 30 Other expenses	As at	As at
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
Rental of land, buildings, plant and equipment, etc	2.86	2.13
Repair and maintenance-		
-Buildings and civil Works	0.12	0.19
-Plant and machinery	176.21	187.36
-Furniture, vehicles, etc	0.53	1.52
Outsource and contractual employees expenses (Refer note 30.01)	89.25	86.24
Travelling	10.95	19.57
Metering, billing and collection	73.14	88.39
Legal and professional charges (Refer note 30.02)	9.69	8.17
Allowance for doubtful receivables	42.89	59.25
Telephone expenses	4.62	2.24
Fooding and Conveyance expenses	7.75	11.93
License fees	2.52	1.92
Insurance	1.32	2.13
Printing and stationery	2.19	3.01
Provision for contingencies	0.24	5.79
CSR expenditure (Refer note 30.03)	1.55	1.26
Rebate on OTS Collection	0.38	1.97
Miscellaneous expenses	31.93	31.97
<b>Total other expenses</b>	<b>458.13</b>	<b>515.04</b>

86. 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, TPSODL shall include the estimated expense foreach 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 TPSODL 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."*

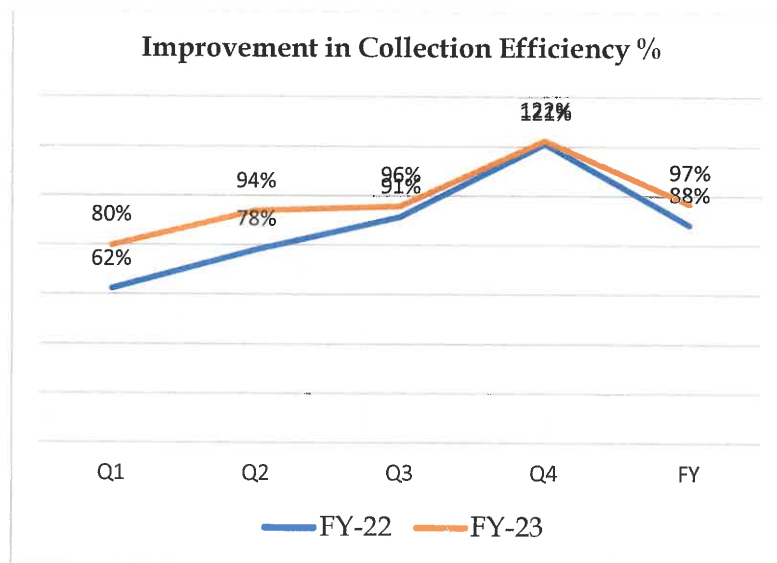
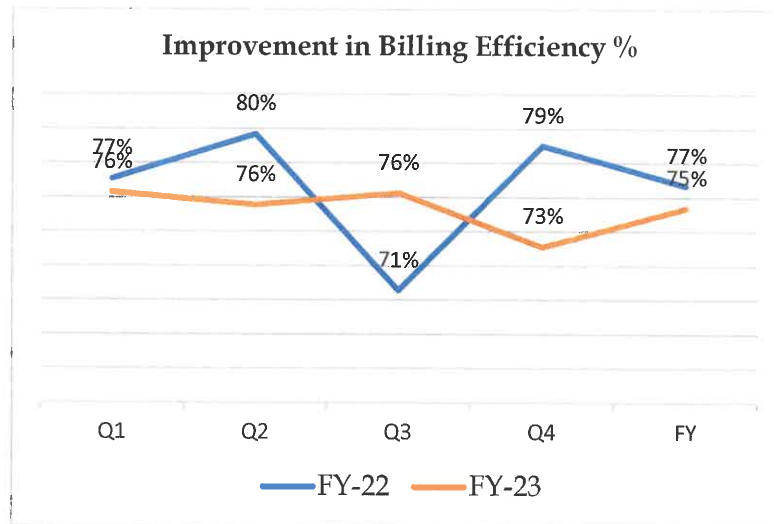
87. Further, the Hon'ble Commission while approving the RST Tariff for FY 2022-23 vide its order dated 24.03.2022, has made the following observations -

*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 the Truing up. The higher expenses in A&G shall also reflect in the reduction of AT&C losses and general improvement in the customer services. The Commission will also take into account such parameters while scrutinizing A&G expenses.*

Justification for higher A&G Cost:

88. The actual expenditure of FY 2022-23 is higher than that approved by the Hon'ble Commission in the Tariff Order due to the following.

- i. The quantum of Rs 77.25 Crs is arrived at based on the amount approved by the Hon'ble Commission for FY 2021-22. In other words, the amount could not be approved on the basis of data of actual expenditure of TPSODL and was in a nature of adhoc amount.
- ii. TPSODL commenced its journey on 1<sup>st</sup> January 2021 and the first year of operation commencing 1<sup>st</sup> April 2021 did not indicate the stabilised activity where the MBC and other contracts were being placed by TPSODL. It is only in FY 2022-23, the operations had stabilised and the expenditure in this year reflects a stable level of expenditure.
- iii. It is also submitted that the above A&G expenditure is required for efficiently running of the operations, increase collection and improve billing processes, improve billing processes and providing improved customer services across vast geographical area with significant LT consumer base.
- iv. The comparison between the expenses of FY 2021-22 and FY 2022-23 would indicate that the increase in A&G Expenditure from FY 2021-22 to FY 2022-23 primarily on account of increase in MBC costs. The increase in MBC Costs have resulted in increase in Collection and eventually in have translated into improvement in AT&C which reduced from 32.51% in FY 2021-22 to 26.95% in FY 2022-23. The graphs showing the performance for two years is given below.



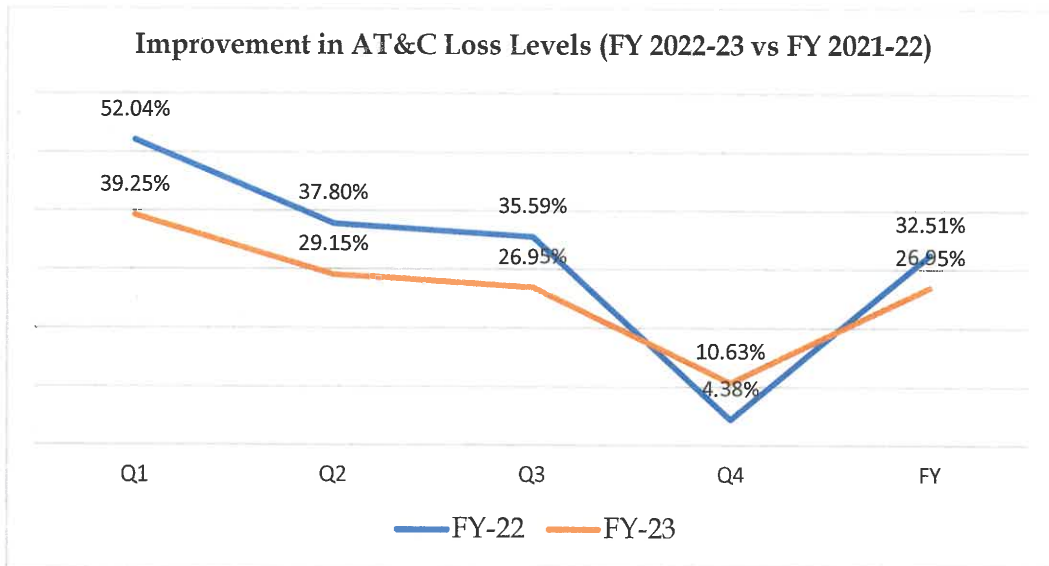


Figure 5: Comparison of AT&C Loss levels (FY 2022-23 vs FY 2021-22)

89. Further, the Licensee would like to inform the Hon’ble Commission that the A&G expenses for FY 2022-23 proposed for truing up also includes Rs. 1.19 Crs. paid as compensation to the victim/legal heir as per the directives of statutory bodies for electrical accident/electrocution incidents prior to the Effective Date of the Vesting Order. Relevant extract of the Vesting Order is extracted hereinunder -

*53. Treatment of past litigations*

*(a) The liabilities or gains arising out of litigation, suits, claims, etc. pending on, and/or arising due to events prior to the Effective Date, shall be allowed by the Commission in the Aggregate Revenue Requirement subject to prudence check.*

*(b) TPSODL shall make all diligent efforts to contest the litigation, suits, claims etc. as if it is a party to such litigation, suits, claims etc. and satisfy the Commission in this regard.*

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



Table 19: Approved vs Actual A&G Expenses for FY 2022-23

(in Rs. Crs.)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022)	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Actual (Audited)*	Difference (Actual - Approved)
	A	B	C	D = C - B
Administrative & General Expenses	77.25	77.25	180.47	103.22

\* Please refer previous year figures of Audited financials FY-2023-24

91. That, in this regard, it is submitted that Regulation 3.9.17 of the Tariff Regulations, 2022 provides for additional expenses in addition to the normal A&G expenses, subject to prudence check by the Hon'ble Commission.

*3.9.17. The Commission, in addition to the normal A&G expenses may allow additional expenses, under this head for special measures to be undertaken by the distribution licensees which are not covered under Capital Investment plan approved by the Commission.*

*Provided the Commission will undertake a prudence check before allowing such expenditure.*

92. Further, it may be submitted that only in FY 2022-23, the operations had stabilised and the expenditure in this year reflects a stable level of expenditure. In this context, the petitioner is requesting the Hon'ble Commission to consider the A&G expenditure proposed for FY 2022-23 as the benchmark, based on which the A&G expenses of future years will be allowed.

93. Therefore, Hon'ble Commission is requested to consider the actual A&G expenses incurred in FY 22-23 amounting to Rs. 180.47 Crs for truing up.



### 3.5. Provision for Bad & Doubtful Debts

94. The Hon'ble Commission had allowed Rs. 12.99 Crs towards provision for bad and doubtful debts. As per audited accounts, provision for bad and doubtful debt is Rs. 59.25 Crs.

95. In this regard, it is submitted that Regulation 5.8.1 of the Tariff Regulations, 2022 provides that the Bad and Doubtful debt during the control period shall be allowed on normative basis of 1% of the total annual revenue billed for sale of electricity.

96. That, in line with the provisions 1% of total Gross sales in the FY 2022-23, Rs. 18.14 Crs has been considered towards provision of Bad and Doubtful debt.

97. **For true up, Hon'ble Commission is requested to allow Rs. 18.14 Crs towards provision of bad and doubtful debt for the FY 22-23.**

Table 20: Approved vs Actual Provision for bad & doubtful debt for FY 2022-23

(in Rs. Crs.)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022)	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Actual	Difference (Actual - Approved)
	A	B	C	D = C- B
Provision of bad and doubtful debt	12.99	17.93	18.14	0.21

### 3.6. Depreciation

98. For FY 2022-23, Hon'ble Commission has approved Rs. 32.03 Crs towards depreciation in the Tariff order notified on 24.3.2022. The method of calculation of depreciation after vesting of the Utility in TPSODL has been specified under clause 43 (g) and (h) of the Vesting Order dated 28.12.2020 in case no - 83/2020. The relevant extracts are reproduced hereunder:

*" 43 (g) The capital investments made by TPSODL 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-3 as and when applicable regulation is notified by the Commission.*

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

99. Accordingly, for the FY 2022-23, Rs. 40.86 Crs has been considered towards depreciation (Net off Govt. grant - consumer contribution amortization) for truing up, which may kindly be approved by Hon'ble Commission.

Table 21: Approved vs Actual Depreciation for FY 2022-23

(Rs. in Cr)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022 )	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Actual	Difference (Actual - Approved)
	A	B	C	D = C - B
Depreciation (Net off Govt. grant - consumer contribution amortization)	32.03	45.95	40.86	(5.09)

3.7. Interest Cost on Security Deposit and Working Capital

100. Hon'ble Commission approved Rs.12.26 Crs towards the interest on SD (Rs.12.26 Crs) and Interest on working capital (Nil) for the FY 2022-23 in the Tariff Order dated 24.3.2022

101. 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 in a manner mentioned in the Vesting Orders and as approved by the Commission. Shortfall in meeting the working capital requirement as mentioned above shall be allowed. 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 1<sup>st</sup> April of the Financial Year (for which True 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."*

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





Table 22: Interest on WC and security deposits (Norm.) for FY 2022-23

(in Rs. Crs.)

Sl. No.	Particulars	Amount
1	Operation & maintenance expenses	
	Employee cost	440.91
	Other Expenses	369.54
	Total O&M	810.45
	Operation & maintenance expenses Per annum	810.45
	Operation & maintenance expenses Per month	67.54
2	Power purchase cost for one month	89.11
3	Maintenance of spare@20% of R&M Expenses	3.15
4	Depreciation on Legacy asset	-21.86
	<b>TOTAL</b>	<b>137.93</b>
	Interest rate on working capital - Actual	6.58%
5	<b>Interest on Working Capital</b>	<b>9.08</b>
6	<b>Interest on security deposits</b>	<b>18.68</b>
7	<b>Other Finance Cost</b>	<b>14.00</b>
8	<b>Total interest including interest on SD</b>	<b>41.75</b>

103. Interest on security Deposit of Rs. 18.68 Crs has been considered as per actuals in the annual audited accounts and interest on working capital Rs. 9.08 Crs (normative) and other finance cost of Rs. 14 Crs as detailed in the above table.

104. That, Hon'ble Commission is requested to allow Rs. 41.75 Crs towards interest on working capital and interest on SD. The details have been furnished in Format-TU-9.

Table 23: Approved vs Actual Interest on loan including interest on SD for FY 2022-23

(in Rs. Crs)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022)	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Normative	Difference (Normative - Approved)
	A	B	C	D = C - B
Interest on loan including interest on SD	12.26	22.08	41.75	19.67

**3.8. Interest on Long Term Loan on normative basis**

105. 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.

106. The Tariff Regulations 2022 allow 70% of the capitalisation to be funded by loan or Debt. However, in case the loan is higher than 70% (i.e. Equity less than 30%), then such higher loan would be considered for the purpose working out the ARR. The extracts of the Tariff Regulations 2022 are as follows:

*3.7.1. The loans arrived at in the manner indicated in these Regulations on the assets put to use, shall be considered as gross normative loan for calculation of interest on loan:*

*Provided that interest and finance charges on capital works in progress shall be excluded:*

*3.7.2. The normative loan outstanding as on 1st April shall be worked out by deducting the cumulative normative repayment as admitted by the Commission up to 31st March of the previous year.*



*Provided that the assets of erstwhile DISCOMs as on effective date in terms of the provisions of Vesting Orders shall not be eligible for calculation of interest on loan.*

*3.7.3. The normative repayment for the year during the Control Period shall be deemed to be equal to the depreciation allowed for that year.*

..

*3.7.5. The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Distribution Licensee:*

107. The applicant has considered a Debt of 70% of Capitalisation for the new Projects. As regards the Weighted Average Interest rate, we have considered the same as 7.34%, based on actual loan portfolio for FY 2022-23 and the applicable interest to such loans.

Table 24: Interest on Long Term Loan for FY 2022-23

(in Rs. Crs.)

Sl. No.	Particulars	FY 2021-22	FY 2022-23
1	Opening Balance - Normative Loan	-	98.50
2	<b>Add:</b> Loan (Normative) during the year	101.58	282.52
3	<b>Less:</b> Repayments during the Year (Equal to depreciation)	3.08	18.99
4	Closing Balance	98.50	362.02
5	Average Balance	49.25	230.26
6	Weighted Average Rate of Interest - Actual	6.90%	7.34%
7	<b>Interest Amount</b>	<b>3.40</b>	<b>16.90</b>
8	Capitalisation	145.11	403.59
9	Capitalisation Funded by:		
10	Debt (70%)	101.58	282.52
11	Equity (30%)	43.53	121.08

108. Therefore, Hon'ble Commission is requested to consider normative interest on Term Loan of Rs 16.90 Crs for true -up for the FY 2022-23. The details have been furnished in Format-TU-8.

Table 25: Approved vs actual Interest on Long Term Loan for FY 2022-23

(in Rs. Crs.)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022 )	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Normative	Difference (Normative - Approved)
	A	B	C	D = C - B
Interest on Long Term Loan	5.00	16.64	16.90	0.26

Table 26: Summary of Interest cost approved and interest cost sought

(in Rs. Crs.)

Sl No.	Particulars	Approved in RST Order March 2022	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Approval sought
1	Interest on working capital	0.00	9.03	23.08
2	Interest on Security Deposit	12.26	13.05	18.68
3	Interest on Term Loan (Less interest capitalized)	5.00	16.64	16.90
	<b>Total</b>	<b>17.26</b>	<b>38.72</b>	<b>58.66</b>

### 3.9. Return on Equity

109. As per the Vesting Order, the Return on Equity would be available as follows:

58. Return on equity:

(a) As per the terms of the RFP, the Commission shall allow return on equity, as per the Tariff Regulations, to TPSODL on the equity capital of Rs. 200 crores (Indian Rupee Two hundred crores) only which was the reserve price of the utility of SOUTHCO.

*(b) Return on equity shall be allowed on the reserve price of the utility as per para 58(a) above and also on the capital investments made by the TPSODL, as per the Tariff Regulations.*

110. The Tariff Regulations specify the following with regards to the Return on Equity for any year in the Control Period.

***Return on Equity as per the New Tariff Regulations***

*3.6.1. Return on equity on approved reserve price (INR 300 Crore for TPCODL, INR 300 Crore for TPWODL, INR 250 Crore for TPNODL and INR 200 Crore for TPSODL) for the utilities (TPCODL, TPWODL, TPNODL & TPSODL) of the erstwhile Distribution utilities as on effective date in terms of the provisions of Vesting Orders:*

*Return on equity shall be allowed on the approved reserve price of the utility from the effective date of operation at the rate of 16% per annum (post tax), in Indian Rupee terms on pro-rata basis as per Vesting Order.*

*3.6.2. Return on equity on the assets put to use after Effective Date up to date of applicability of these Regulations:*

*Return on equity on assets put to use after Effective Date up to date of applicability of these Regulations shall be eligible to get return as per Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and its amendments thereof.*

*3.6.3. Return on equity on the assets put to use under instant Regulations:*

*Return on equity on assets put to use under these Regulations shall be computed on the paid-up equity capital determined in accordance with these Regulations and shall be allowed at the rate of 16% per annum (post tax), in Indian Rupee terms:*

*Provided further that for the purpose of truing up for the Distribution Licensee, return on equity shall be allowed from the date of commercial operation on pro-rata basis based*



on documentary evidence provided for the assets put to use during the year in absence of which the assets shall be considered to be added in the mid of the year.

111. Based on the above, the Return on Equity for FY 2022-23 has been calculated @16%, details are furnished in the following table.

Table 27: Return on Equity and Income Tax for FY 2022-23

(in Rs. Crs.)

Sl. No	Particulars	FY 2021-22	FY 2022-23
1	Opening Equity	200.00	243.53
2	Normative Equity based on Assets Capitalization	43.53	121.08
3	Total (1 + 2)	243.53	364.61
	RoE (on Opening Equity @ 16%)	32.00	38.97
	RoE(Addition)	3.48	9.69
4	<b>Return on Equity (RoE)</b>	<b>35.48</b>	<b>48.65</b>
	Income Tax Rate		25.17%
	Income Tax Grossed up for RoE		16.36
4	<b>Return on Equity including Income Tax</b>		<b>64.97</b>

112. That, Hon'ble Commission is requested to allow ROE of Rs. 48.65 Crs and tax on RoE Rs. 16.36 Crs for FY 2022-23. The details have been furnished in the in Format-TU-6 & Format-TU-1.

Table 28: Approved vs Actual Return on Equity for FY 2022-23

(in Rs. Crs.)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022)	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Actual	Difference (Actual - Approved)
	A	B	C	D = C - B
Return on equity	32.00	48.69	48.65	(0.04)

### 3.10. Miscellaneous Receipt/ Non- Tariff Income

113. The netted off miscellaneous receipt/non-tariff income for FY 2022-23 is Rs. 74.28 Crs. The detail breakup is produced in the following table as well as in Format- TU-7.

Table 29: Miscellaneous Receipt/ Non-Tariff Income for FY 2022-23

(in Rs. Crs.)

Sl. No.	Particulars	Truing Up sought for FY 2022-23
1	Recovery of Meter Rent	9.60
2	Overdrawal penalty recovered	1.03
3	Open Access Cross Subsidy Income	0.00
4	Supervision Charges	11.26
5	Miscellaneous operating Income	26.20
6	Interest Income	19.73
7	Delayed payment surcharge	13.64
8	Other Income	2.42
	<b>Total</b>	<b>83.88</b>

114. That, Hon'ble Commission is requested to consider Rs. 83.88 Crs towards miscellaneous income/ non-tariff income for truing-up for the FY 2022-23.

Table 30: Approved vs Actual Misc. Receipts for FY 2022-23

(in Rs. Crs)

Expenditure	Approved by OERC (Tariff Order dtd.24.03.2022 )	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Actual	Difference (Actual - Approved)
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D = C - B</b>
Misc. income	35.16	66.15	83.88	17.73

## 3.12 Truing up Summary for the FY 2022-23

Table 31: Truing up of FY 2022-23

(in Rs. Crs.)

Expenditure	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Audited Financials FY 22-23	Reference from previous year number of Audited Annual Accounts FY-2023-24	True up Considering Normative T&D loss 25.00%	Additional amount sought	Para / Table reference
	A	B	C	D	E = D-A	
INPUT(MU)	4207.52	4188.45		4207.52		
Cost of power purchase	955.50	951.17		955.50		
Transmission Cost	117.30	117.30		117.30		
SLDC Cost	0.79	0.79		0.79		
Less: Rebate	-11.44	-11.44		-11.44		
<b>Total Power purchase Cost (A)</b>	<b>1,062.36</b>	<b>1,057.82</b>	Note-26	<b>1,062.15</b>		
Employee Cost	381.53	386.22	Note-28	440.91*	59.38	Table - 11
Repair & Maintenance Cost (Net off Govt. Grant Amortisation)	112.46	189.07	Note-30	189.07	76.61	Table - 15
Administrative & General Expenses	77.25	266.72	Note-30	180.47	103.22	Table - 19
Provision for bad & doubtful debts	17.93	59.25	Note-30	18.14	0.21	Table - 20
Depreciation (Net off Govt. Grant - Cons. Contbn Amortisation)	45.95	46.74	Note-4 & 25.03 (b)	40.86	(5.09)	Table - 21
Interest on loan including interest on SD	22.08	57.74	Note-29	41.75	19.67	Table - 23
Interest on Term Loan (normative)	16.64	0.89	Note-29	16.90	0.26	Table - 25





Expenditure	Approved by OERC in True up Order forming part of Tariff Order dtd 13.02.2024	Audited Financials FY 22-23	Reference from previous year number of Audited Annual Accounts FY-2023-24	True up Considering Normative T&D loss 25.00%	Additional amount sought	Para / Table reference
	A	B	C	D	E = D-A	
Efficiency gain to be shared	3.87			3.87		
<b>Total Operation &amp; Maintenance and Other Cost</b>	<b>677.71</b>	<b>1,006.63</b>		<b>931.98</b>		
Return on equity	48.69	-		48.65	(0.04)	Table - 28
Income Tax	16.36	14.07	Note-31	16.36	0.00	
<b>Total Distribution Cost</b>	<b>742.76</b>	<b>1,020.70</b>		<b>996.99</b>		
Less Miscellaneous Receipts/ Non-Tariff Income	66.15	112.20	Note-25.3 (b) & 26.01	83.88	17.73	Table - 30
<b>Net Distribution Cost (B)</b>	<b>676.61</b>	<b>908.49</b>		<b>913.11</b>	<b>236.50</b>	
Repayment of ASL						
Aggregate Revenue Requirement (i)	1,738.97	1,966.31		1,971.39	236.50	
Actual Revenue net of discount (ii)	1,792.96	1,792.96	Note-25.03 (a)	1,792.96	0.00	
<b>GAP (+/-) (ii) - (i)</b>	<b>53.99</b>	<b>(173.35)</b>		<b>(182.51)</b>	<b>(236.50)</b>	
Expenses disallowed in last truing-up order FY 21-22						
Provisional Surplus considered	0.00			0.00	53.99	
<b>GAP (+/-)</b>	<b>54.00</b>	<b>(173.35)</b>		<b>(182.51)</b>	<b>(182.51)</b>	

Note: Outsource and contractual employee expenses of Rs.86.24 Crs grouped under employees cost in true up petition whereas same is grouped under A&G expenses in audited FS.



### 3.13 Prayer

115. 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 gap/ (losses) of Rs. (182.51) Crs as the final true up for FY 2022-23 (i.e. Gap of Rs. (236.50) Crs as shown in the table 30 above, as reduced by surplus of Rs. 53.99 Crs, as per the earlier Tariff order dated 13.02.2024) along with carrying cost.



#### 4. Truing up of FY 2023-24

116. That, as per the OERC (Conduct of Business) Regulations, 2004 and the OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022; TPSODL had filed its Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff (RST) Applications for FY 2023-24 on 10.01.2023, which was registered as Case no. 82 of 2022.

117. That, TPSODL had also filed their applications for approval of Business Plan for FY 2023-24 in compliance to OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022 which were registered as Case no. 12 of 2023, which was taken up for analogous hearing with its ARR & RST applications for FY 2023-24 in compliance to the directions of the Commission in their vesting orders. The Hon'ble Commission has accorded its approval for Business Plan for FY 2023-24 on 23<sup>rd</sup> March 2023, the relevant extract is as below:

*79. The Commission has reviewed the application of Business Plan of licensees and found it appropriate to approve the ARR for FY 2023-24 (i.e. first year of the present control period). Considering the prayers made by the licensees.*

118. That, the Hon'ble Commission has Hon'ble Commission has accorded its approval for the ARR of the Discoms for FY 2023-24 vide the Tariff Order dated 23<sup>rd</sup> March 2023.

119. That, TPSODL has requested approval for additional expenditure for FY 2023-24 under the heads of (a) R&M expenditure, (b) A&G Expenditure vide its letter no. TPSODL/Regulatory/2023/37/3983 dated 4<sup>th</sup> May 2023, citing deployment of adequate manpower at FCCs and PSS as well as re-worked MBC contracts based on the learning from 1<sup>st</sup> complete year of operation.

120. Subsequently, TPSODL has requested approval for additional O&M expenditure for FY 2023-24 vide its letter no. TPSODL/Regulatory/2023/46/4940 dated 2<sup>nd</sup> June 2023; based on the reworked O&M estimate for FY 2023-24 which

was lower than the proposed O&M figure in the ARR application submitted on 10<sup>th</sup> January 2023.

121. That, the Hon'ble Commission vide letter no. Secy/11-Corr--TPSODL/2023/963 dated 12<sup>th</sup> July 2023, has clarified that-

This has reference to the letters cited above. In light of the request of the TPSODL, TPCOCL and TPNODL for reconsideration of O&M expenses approved in the ARR for FY 2023-24, it may be appreciated that the ARR order for FY 2023-24 was pronounced after an elaborate hearing process wherein the views of all the Stakeholders and objectors placed before the Commission were considered. Therefore, the Commission cannot review such order without adopting a review procedure.

The Commission therefore opines that the TPSODL, TPCOCL and TPNODL may make their submissions with regard to any reconsideration of the approved expenses, allowed in the ARR FY 2023-24, along with the submissions for the ARR of FY 2024-25. 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.

122. That, In line with Regulation 2.6.6 of the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 (Tariff Regulations or Tariff Regulations 2022), Section 62 of the Electricity Act 2003 and Regulation 53 of OERC (Conduct of business) Regulations, 2004, TP Southern Odisha Distribution Ltd (TPSODL) is filing the present application before the Hon'ble Commission for approval of Truing up of expenses for FY 2023-24.

Table 32: Approved Annual Revenue Requirement of TPSODL for FY 2023-24,

Ref. Annexure-A of Tariff Order for FY 2023-24

(in. Rs. Crs.)

Expenditure	Proposed for FY 2023-24	Approved by the Commission for FY 2023-24
Cost of Power Purchase	1085.35	1,033.20
Transmission Cost	133.88	118.08
SLDC Cost	0.71	0.76
<b>Total Power Purchase, Transmission &amp; SLDC Cost (A)</b>	<b>1,219.94</b>	<b>1,152.04</b>

Expenditure	Proposed for FY 2023-24	Approved by the Commission for FY 2023-24
Employee costs	639.14	526.00
Repair & Maintenance exp.	155.40	152.57
Administrative and General Expenses	137.47	112.66
Provision for Bad & Doubtful Debts	19.86	19.91
Depreciation	62.09	52.15
Interest on loan and S.D	66.75	63.78
<b>Total Operation &amp; Maintenance and Other Cost</b>	<b>1,080.71</b>	<b>927.06</b>
Less: Employee cost Capitalised	30.24	30.24
Less: Interest Capitalised	-	4.00
Return on equity	54.14	39.67
Tax on ROE	20.80	-
Carrying Cost on Regulatory Asset/Liability	-	-
Repayment on ASL	-	-
<b>Total Distribution Cost</b>	<b>1,125.41</b>	<b>932.49</b>
Less: Miscellaneous Receipt/ Non-tariff income	55.57	55.82
<b>Net Distribution Cost(B)</b>	<b>1,069.84</b>	<b>876.67</b>
True up of Surplus/ (Losses) for FY 2021-22	-	67.86
True up of Surplus/ (Losses) for FY 2020-21	-	32.63
Provisional Surplus allowed in 2022-23 ARR	-	60.00
BSP surcharge	-	-
<b>Total Special Appropriation (C)</b>	<b>-</b>	<b>(40.49)</b>
<b>Total Revenue Requirement (A+B+C)</b>	<b>2289.78</b>	<b>1,988.22</b>
Expected Revenue (Full year)	1985.81	1990.77
<b>GAP at existing (+/-)</b>	<b>(303.97)</b>	<b>2.55</b>

## 4.1. Power Purchase Cost

123. That, Hon'ble Commission had approved total input of 4920 MU for the FY 2023-24 with sales of 3,690.14 MU. In the FY 2023-24, the actual input has been 4345.31 MU and total sales has been 3,194.95 MU. With the actual sales of 3,194.95 MU with normative T&D loss of 25.00%, the normative Input for FY 23-24 comes to 4259.93 MU. The normative power purchase cost for 4259.93 MU comes to Rs. 989.76 Crs. 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 33: Power Purchase Cost for FY 23-24 (in Rs. Crs.)

Expenditure	Approved by OERC FY 2023-24	Actual (Audited Accounts)	True up Considering Normative T&D loss 25.00%
INPUT(MU)	4920.00	4345.31	4259.93
Cost of power purchase	1,033.20	912.51	894.58
Transmission Cost	118.08	103.69	103.69
SLDC Cost	0.76	0.76	0.76
Less: Rebate	0.00	-9.27	-9.27
<b>Total Power purchase Cost(A)</b>	<b>1,152.04</b>	<b>1,007.69</b>	<b>989.76</b>

### Extract of Audited Financials for FY 2023-24

NOTE 27 Cost of power purchased and transmission charges

(a) Power Purchase Cost  
 (b) Transmission Charges  
 Less: Rebate  
**Total cost of power purchased and transmission charges (a+b)**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
	912.51	951.17
	104.45	118.09
	(9.27)	(11.44)
	<b>1,007.69</b>	<b>1,057.82</b>

124. Therefore, for truing up, Hon'ble Commission is requested to consider the normative power purchase cost of Rs. 989.76 Crs for the FY 2023-24.

## 4.2. Employee Cost

125. Hon'ble Commission has approved Employee cost (net) of Rs. 495.76 Crs for the FY 23-24. The actual expenses incurred towards employee cost (net) in FY 23-24 is Rs. 474.97 Crs. The details of the same are presented in the following table-

Table 34: Employee Expenses for FY 23-24 (in Rs. Crs.)

Particulars	As per Audited Accounts FY 2023-24	Expenses Sought for Truing Up FY 2023-24
Salaries, wages and bonus	257.03	257.03
Outsource and contractual employees expenses	0.00	89.25
Contribution to provident and other funds	13.67	13.67
Staff welfare expenses	24.11	24.11
Terminal benefit expenses - Trust	125.30	125.30
Employees Actuarial Provision	42.40	0.00
<b>Total</b>	<b>462.51</b>	<b>509.36</b>
Less - Employee cost capitalized	-34.40	-34.40
<b>Net Employee Cost</b>	<b>428.11</b>	<b>474.97</b>

*Note: Outsource and contractual employees expense of Rs. 89.25 Crs has been grouped under employees cost in the True-up petition whereas same is grouped under A&G expenses in Audited Financials.*

### Extract of Audited Financials for FY 2023-24

**NOTE 28 Employee benefits expense (Net)**

Salaries, wages and bonus  
 Contribution to gratuity fund (Refer Note 18)  
 Contribution to provident and other funds (Refer Note 18)  
 Staff welfare expenses  
**Gross employee benefit expenses**  
 Less: Employee cost capitalised / transfer to CWIP  
**Net employee benefits expense**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
	260.90	224.27
	14.17	15.84
	163.33	146.96
	24.11	27.52
	<b>462.51</b>	<b>414.59</b>
	(34.40)	(28.37)
	<b>428.11</b>	<b>386.22</b>

126. The actual employee cost vis-a-vis approval of the Hon'ble Commission for the FY 23-24 is given in the following table.

Table 35: Employee Cost Approved Vs Actual for FY 23-24 ( in Rs Crs.)

Particulars	Approved by OERC in Tariff order	Actual	Difference (Approved - Actual)
Employee Cost	526.00	509.35	16.65
Less -Employee cost capitalized	30.24	34.40	(4.16)
<b>Net Employee Cost</b>	<b>495.76</b>	<b>474.97</b>	<b>20.81</b>

127. Further, the Odisha Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 ("Tariff Regulations,2022"), specifically provides the guidelines for new recruitment by the licensee. Relevant extract is reproduced hereinunder:

*3.9.11. The employee expense for the ensuing year shall be projected considering cadre /designation wise average existing employee cost for past year where the number of new employees to be added and their associated expenses shall be duly approved by the Commission after prudence check. The projection for the recruitment for a year may be restricted to 1.40 employees (including replenishment of retiring vacancies) per 1000 consumers. In case the ratio has exceeded 1.40, the Distribution Licensee shall bring down the ratio to 1.40 within the control period.*

128. The Hon'ble Commission in the Tariff Order for FY 2023-24 dated 23.03.2023, while allowing Employee expenses has observed under para 119 that,

*The Commission directs that employee cost needs to be restricted as per the ARR order, ABP order and any other directions by the Commission in this regard.*

129. In line with the above directives of the Hon'ble Commission, the licensee is furnishing hereunder detailed justification for the actual employee cost incurred in FY 23-24.



*Optimised Employee Cost*

130. It is humbly submitted that Odisha Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 (“Tariff Regulations, 2022”), specifically provides for the Employee Expense / Cost.

131. The Employee related expenses broadly fall into three (3) categories. Expense related to (a) Erstwhile Employees of the licensee, (b) New Employees recruited by the Licensee post the Effective date of vesting & (c) Outsourced and Contractual manpower.

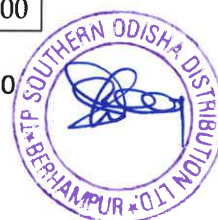
**4.2.1. No. of Employees on roll of the licensee (Approved & Actual)**

132. The Hon’ble Commission, based on the actual manpower status and submission made, has approved the number of employees 3200 by the end of the FY 2023-24, vide its Tariff Order dated 23<sup>rd</sup> March 2023. The extract reproduced below.

*105. The Commission after analysis for the purpose of calculation of Basic pay only considers average no. Of employees during the current FY 2022-23 and also during the ensuing FY 2023-24 for the inherited employees. As regards the CTC employees, similar methodology was followed to the number of employees during the year keeping ratio of employees per 1000 consumers as 1.4. Accordingly, Commission approves following number of employees for the DISCOMs for FY 2023-24 only for the purpose calculation of basic pay.*

Table 36: Approved Manpower for FY 2023-24, ref. table 29 of Tariff Order dtd. 23.03.2023

<b>Employees Approved</b>	<b>Inherited</b>	<b>CTC</b>	<b>Total</b>
No. of employees as on 01.04.2022	1858	475	2333
Add: Addition during 2022-23	0	496	496
Less: Retirement/Expired /Resignation during 2022-23	79	0	79
No. of employees as on 31.03.2023	1779	971	2750
Add: Addition during 2023-24	0	526	526
Less: Retirement/Expired/ Resignation during year 2023-24	76	0	76
<b>Total no. of employees as on 31.03.2024</b>	<b>1703</b>	<b>1497</b>	<b>3200</b>



133. It is submitted that TPSODL has recruited/inducted 1129 Employee till FY 2023-24, which are lower than the approved number by the Hon'ble Commission i.e. 1497. The net addition of employees since the time of commencement of operation since 1st January 2021 is as follows:

Table 37: Recruitment status of New Manpower till FY 2023-24

Sr No	Particulars	FY 2020-21 (3 Months)	FY 22	FY 23	FY24
1	Opening Balance	0	128	475	908
2	Addition (Net of attrition/Retirement)	128	347	433	221
3	Closing Balance	128	475	908	1129

134. The Employee Strength of Erstwhile Utility over the period is as given in the following table:

Table 38: Erstwhile Employee Movement till FY 2023-24

Sr No	Particulars	FY 2020-21 (3 Months)	FY 22	FY 23	FY24
<b>Executives</b>					
1	Opening Balance	389	387	387	390
2	Retirement/Deletion	2	0	-3	7
3	Closing Balance	387	387	390	383
<b>Non-Executives</b>					
4	Opening Balance	1613	1582	1468	1389
5	Retirement/Deletion	31	114	79	95
6	Closing Balance	1582	1468	1389	1294
<b>Total</b>					
7	Opening Balance	2002	1969	1855	1779
8	Retirement/Deletion	33	114	76	102
9	Closing Balance	1969	1855	1779	1677

135. That, the effective manpower per 1,000 consumer ratio works out to be 1.24 for FY 2023-24 with a consumer base of 22,70,915. It is evident that the licensee is managing the operations within a vast geographical area with one of the lowest employees to consumers ratio.

#### 4.2.2. Expense related to Outsource and Contractual employees

136. As explained above, the licensee is judiciously recruiting new manpower to optimize the manpower cost and further utilize the inherited outsourced and contractual manpower from the erstwhile Discom.
137. Further, it may be submitted that the erstwhile Discom has been managing the vast geographical area, mainly with the help of a large number of outsourced and contractual manpower. This manpower was deployed in almost all activities of these Discom e.g. in rural electrification, addition of new consumers, in works related to MRT, Energy Audit, maintenance of DTRs, watch & ward and vigilance activities.
138. Post takeover, the licensee re-engaged this experienced manpower in various activities thus being able to keep the effective manpower to consumer ratio under the approved limit.
139. That, the Commission has approved Rs. 95.00 Crs under Outsource and Contractual employees Cost for FY 2023-24 against the estimate of Rs. 200.80 Crs projected by the licensee. The Hon'ble Commission while approving the Outsource and Contractual employees Cost vide the tariff Order dated 23.03.2023; had made the following observation.

##### ***Outsource and Contractual employees Cost***

*109. As regards engagement of manpower, DISCOMs have submitted that as no recruitment was permitted by the Commission, there has been drastic reduction in the manpower. In view of the large-scale rural electrification, addition of new consumers, reorganization, MRT, Energy Audit, maintenance of DTRs and vigilance activities etc., the present manpower was inadequate. Consequently, in order to improve condition of supply, reduction of distribution loss and to improve collection, DISCOMs have engaged contractual personnel and outsource agencies for maintenance of existing Grid substations, sub stations under ODSSP, watch and ward activity, vigilance activities etc.*

*DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2022-23. The Commission after scrutiny allows the expenses on Contractual and*

*outsource employees for the ensuing FY 2023-24 on the basis of the submission of DISCOMs and actual cash outgo for the current FY 2022-23.*

140. That, TPSODL has made very elaborate effort to optimize the inherited Outsourced and Contractual manpower post takeover, and has redeployed the manpower across various functions and geographies. These efforts have resulted in finding the existing Gaps for effective operation of the licensee; which in turn helped in framing the optimized New Manpower Recruitment policy.
141. That, based on the above, the licensee requests the Hon'ble Commission to consider the actual Outsource and Contractual employees Cost of Rs 89.25 Crs for truing up.
142. That, TPCODL, on behalf of all Discoms, had requested revision of conveyance allowance for the erstwhile employees in the Executive Cadre, vide its letters dated 7<sup>th</sup> August 2023. The Hon'ble Commission vide letter no. Secy/11-Corr-/TPSODL/2023/1202 dated 17<sup>th</sup> August 2023 has clarified that *"the Commission has no objection on the revision of the proposed Conveyance Allowance in the executive cadre of all DISCOMs in order to ensure operation efficiency and compensate for increased fuel cost. This may also be placed by the DISCOMs in their respective Management Boards for approval."*
143. As can be seen from the above explanation, the number of new employees recruited is lower than the number already approved by the Hon'ble Commission. Further the payment to erstwhile employees is on the basis of the rules of the Government of Odisha and also after approval of the scheme by the Hon'ble Commission.
144. Further, we would like to submit that the Actual Employee Cost of Rs. 474.97 Crs, which is lower than the OERC approved Cost of Rs. 495.76 Crs. **We therefore request the Hon'ble Commission to approve the actual Employee Expenditure of Rs 474.97 Crs for FY 2023-24 truing up.**



### 4.3. Repair & Maintenance Expenses

145. This Hon'ble Commission vide the Tariff Order dated 23.03.2023 had allowed the Repair and Maintenance ("R&M") Expenditure of Rs. 152.57 Crs for FY 2023-24.

146. In the ARR application for FY 23-24, outlining the requirement of a comprehensive repair and maintenance plan, TPSODL had proposed total R&M expenditure of Rs. 153.14 Crs, which was based on the level of expenditure for H1 FY 2022-23 and the contracts placed by TPSODL for proper reliability of the network.

147. That, The Hon'ble Commission while has made the following observations while passing the Tariff Order for FY 2023-24 on 23<sup>rd</sup> March 2023.

130.

*.....The expenses in R&M shall also reflect in the achieving a robust and reliable system network, lower network down time, desirable voltage profile and automation of Substations. The Commission will also take into account such parameters while scrutinizing R&M expenses through data verification, field visits and third-party audit. The Commission hereby directs that the DISCOMs must limit its expenditure within the amount approved in the ARR for the FY 2023-24.*

148. Hon'ble Commission had approved total cost of Rs. 152.57 Crs towards the R&M expense for FY 23-24, out of which Rs. 80.38 Crs. was approved by Hon'ble Commission at the rate of 5.4% of the GFA as on 1.04.2023 in line with the OERC Tariff Determination Regulation 2014 and 3% on Govt. Assets amounting to Rs. 72.19 Crs for maintenance of assets under ODSSP, IPDS, RLTA, RGGVY & DDUGVY schemes, which continue to be with the Govt. of Odisha.

149. The actual expenses towards repair and maintenance have been Rs. 176.87 Crs in the FY 2023-24. The details of R&M expenses incurred in FY 2023-24 are given in the following table.



Table 39: Repair & Maintenance (R&M) Expenses of FY 2023-24

(in Rs. Crs.)

Sl No	Category	Description	*Actual Expenses as per Audited Accounts
1	STS	AMC - Primary Substations & Feeders	15.53
2		Material required for Maintenance of 33 KV Network	2.56
3		Testing/Overhauling/Reconditioning of Transformers	2.20
4		Materials for Repairing/Service of Circuitry Breakers/CT&PT	0.02
5	Distribution	Distribution AMC Contract	112.58
6		Distribution Materials (O/H)	8.15
7		Distribution Materials (U/G)	6.29
8		Material & Services for Distribution Transformer Repairing	6.28
9	Others	PSC	2.21
10		Admin. AMC	21.05
11		Civil	0.01
<b>Total -A</b>			<b>176.87</b>
12	GOVT.FUND	R&M-P&M	-
<b>Total - B</b>			<b>-</b>
<b>GRAND Total (A+B)</b>			<b>176.87</b>
13		Less amortisation of Govt Grant shown in Misc. Income in audited Accounts.	-
14		<b>Net Repair and Maintenance Charges shown as per Audited Accounts for trueing up</b>	<b>176.87</b>

**Extract of Audited Financials for FY 2023-24**

**NOTE 30 Other expenses**

Rental of land, buildings, plant and equipment, etc  
 Repair and maintenance:  
 -Buildings and civil Works  
 -Plant and machinery  
 -Furniture, vehicles, etc

	As at March 31,2024	As at March 31,2023
	₹ crore	₹ crore
	2.86	2.13
	0.12	0.19
	176.21	187.36
	0.53	1.52

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

Table 40: Approved vs Actual R&M Expenses for FY 2023-24

(in Rs. Crs.)

Expenditure	Approved by OERC	Actual (Audited)	Difference (Approved - Actual)
Repair and Maintenance Cost	152.57	176.87	(24.30)

Optimised R&M Cost as compared to FY 2022-23 (actual)

151. The R&M Expenditure is required to Operate and Maintain the Electrical Equipment used for Distribution. This expenditure includes the expenditure towards consumption of material/consumables required from stores for maintenance and also the expenditure towards Annual Contracts placed by TPSODL for a) Operation of Power Substation (PSS) b) Maintenance of 33 KV/11 KV/415 V Networks, (c) Material and services of Testing/ Overhauling/ Reconditioning of Transformers etc.

152. The Annual Maintenance Contracts for maintenance of the power supply infrastructure, covers both the infrastructure in the GFA /Books of TPSODL 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.

4.3.1. Approach adopted by TPSODL during 3<sup>rd</sup> year of operation

153. Based on the learning from last 2 years of stabilised operation, TPSODL had further optimised the comprehensive AMCs along with the manpower deployment structure for all Six circles for operation and maintenance of 33KV, 11KV & LT assets to create a culture of preventive maintenance. 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 using the SAP PM system.

154. The network is being inspected regularly through manual patrolling as well as drone inspection in forest and inaccessible areas. Thermo-scanning 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.

**Services included under AMC:**

155. The Annual Maintenance Contract (AMC) under TPSODL is divided into two (2) categories:

- a. 33kV Lines and 33kV/11kV PSS (periodic inspection and breakdown maintenance)
- b. 11kV and LT Network (attending Breakdowns & no current complaints, preventive maintenance)

**Manpower Deployment status under in AMC:**

**i. FCC wise deployment**

- 3 shift operation FCC: (4LM+ 3H)
- 2 shift operation FCC: (2LM+2H)
- 1 shift operation FCC: (1LM+1H)

**ii. Preventive Maintenance**

**(1) 11kV AMC (Section Level): Separate Team along with vehicle**

- Group 1: Section Area<600 Sq. Km (1 Team): - 1Supervisor+5LM+2H.
- Group 2: Section Area 600 Sq. Km -1700 Sq. Km (2 Teams): - 1Supervisor 5LM+2H & 1Supervisor+2LM+2H
- Group 3: Section Area>1700 Sq. Km (3 Teams): - 1Supervisor+5LM+2H, 1Supervisor+2LM+2H & 1Supervisor+2LM+2H

BA Supervisor Engineer has been posted section wise for overall coordination, planning & execution of O&M Jobs.

**(2) 33kV AMC (Sub-Division & Division Level): Separate Team along with vehicle**

- 3LM+3H (1 Team) per Sub-division and 1 Supervisor per Division for PSS & 33 kV Feeders Maintenance

**(3) Night Breakdown teams (Sub-Division Level):**



- For attending 33kV & 11kV Breakdowns: 2LM+2H (1 Team along with 24 hrs. vehicle)

**(4) PSS Operation:**

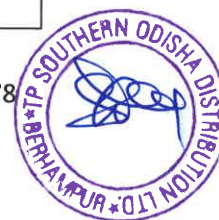
- PSS Operation: 4LM+3H Per PSS and 1 Supervisor Per Division
- BA Safety Engineer: 1 Per Division

**4.3.2. Snapshots of activities under R&M**

**A. Transformer & DSS-PSS R&M**

Power Transformers Repair, Maintenance and overhauling	DTR Repairing /Replacement/ Augmentation/ Swapping
<ul style="list-style-type: none"> <li>▪ 566 PTRs in service in TPSODL: Majority of these are very old, having multiple issues like oil leakages, low oil BDVs, OTI /WTI not working, rusted bodies, non-functional OLTCs, insulation failure due to aging etc.</li> <li>▪ 30 PTRs have been repaired, and 74 PTRs have been overhauled.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improvement in the failure rate of transformer: FY23-24 is 2.79%. The failure rate of distribution transformers was 4% in FY20-21, 3.46% in FY21-22 &amp; 2.97% in FY22-23. Major reasons for the DTR failure are lightning, insulation failure, aging of the transformers, internal short circuit, overloading of the transformers.</li> <li>▪ 2,642 Nos. of DTR repairing has been done from April'23 to March'24.</li> <li>▪ 11,330 nos. of Lighting arrestor installed so far to protect the transformer from Lightning, DTR Oil leakage attended is 1,057 Nos. and</li> <li>▪ 2,026 faulty DTR replaced from April'23 to March'24.</li> <li>▪ Load monitoring and balancing of DTRs.</li> <li>▪ 324 nos. of Overloaded DTR augmented from April'23 to March'24.</li> </ul>

DSS Maintenance	PSS equipment and Protection and testing
<ul style="list-style-type: none"> <li>▪ 63,303 Distribution Substations (DSS) and having mostly -</li> </ul>	<ul style="list-style-type: none"> <li>▪ 251 Nos. of 33kV/11kV PSS.</li> </ul>



<ul style="list-style-type: none"> <li>○ earthing system in very bad condition</li> <li>○ AB switches are bypassed/ non-operational.</li> <li>○ and HG / DD fuses too are bypassed/broken.</li> <li>▪ Focused preventive maintenance effort and budgetary provision is essential.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The availability of maintenance materials in stores is essential to improve the equipment downtime.</li> <li>▪ 82 Nos. of Numerical Relays have been installed.</li> <li>▪ Repair activity of Battery Chargers is under progress.</li> </ul>
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Description	New	Replaced	Repaired
AB Switch (Nos.)	308	318	5055
HG Fuse (Nos.)	401	1100	2528
DD Fuse (Nos.)	86	66	103

### B. R&M of Sub- Transmission and Distribution Lines

33kV Line	11 kV line	LT line
<ul style="list-style-type: none"> <li>▪ 4,241 CKM of 33kV line network.</li> <li>▪ At many places passing through difficult terrain and forest areas.</li> <li>▪ Many of these lines are in poor condition - higher than recommended span length, sagging of conductor, tilted poles, damaged cross-arms, worn out conductors and jumpers, old insulators etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 46,985 CKM 11 kV network.</li> <li>▪ At many places' lines are underrated, uneven sized &amp; worn-out bare conductors with extremely long span lengths.</li> <li>▪ The interruption at 11 kV feeder level is too high with respect to present Indian utility standards.</li> <li>▪ Faults are majorly due to tree faults, bird fault, Pin insulators, discs, poor conductor.</li> <li>▪ Requirement of intermediate poles to avoid conductor</li> </ul>	<ul style="list-style-type: none"> <li>▪ 41,488 CKMs LT circuits.</li> <li>▪ Large number of damaged /bent/tilted poles, compromising safety clearances and having low sagging.</li> <li>▪ For the transformer LT side protection are bypassed or over-rated fuses have been installed, no fuse box/MCCB box have been installed at the site. In place of LT Fuse box/MCCB box, open aluminum wire wound fuses are seen at almost every substation at very low height which is highly unsafe.</li> <li>▪ Requirement of deteriorated LT ABC and conductors needs to be replaced.</li> <li>▪ Lot of jumbling of service connections have been observed</li> </ul>

33kV Line	11 kV line	LT line
	collision and snapping. ▪ Also, there are tilted poles/ V cross arms which needs replacement.	on the poles with poor connectivity with the LT ABC and improper no. of connections terminated on each phase, thus leading to transformer load unbalancing.

SL. No	Parameters	UOM	FY24
<b>33 kV Lines Maintenance</b>			
1	33kV Line Maintenance - (Jumper replacement, insulator replacement etc.)	Nos.	1380
2	33 kV Line - Patrolling & Tree Trimming	CKM	4125
3	33kV Line Intermediate Pole installation	Nos.	85
<b>33/11 KV PSS Maintenance</b>			
4	Overhauling of identified Poor condition PTRs.	Nos.	74
5	Repair of PTRs.	Nos.	30
6	Installation of 33kV VCBS	Nos.	110
7	Installation of 11kV VCBs	Nos.	164
8	Overhauling of 33kV and 11kV VCBs	Nos.	169
9	New AB Switch Installed	Nos.	147
10	New AB Switch Repaired	Nos	1421
11	Maintenance and testing of VCBs and CRPs	Nos	2242
12	Relay coordination	Nos.	389
13	Self-audit of Relay setting coordination in PSS	Nos.	0
14	Cross-audit of Relay setting coordination in PSS	Nos.	0
15	Numerical relay installation	Nos.	82
16	Equipment testing (Thermo vision scanning & Ultrasonic analysis) Activities in PSS	Nos.	251
17	Maintenance and testing of VCBs and CRPs	Nos	2242
<b>11 kV Lines Maintenance</b>			
18	Patrolling & Tree Trimming - 11kV Feeder	CKM	14501
19	11 KV line Refurbishment	CKM	52
20	Replacement of Broken Pole	Nos.	634
21	Erection of Intermediate Pole	Nos.	2233
22	Installation of Line AB Switch	Nos.	339
23	Replacement/Repairing of Line AB Switch	Nos.	2949
<b>DSS / DTR Lines Maintenance</b>			
24	DSS Maintenance	Nos.	9410

25	DTR Load monitoring	Nos.	40946
26	DTR Repairing	Nos.	2642
27	Load Balancing of the DT's	Nos.	4166
28	Augmentation of DT	Nos.	324
29	11kV AB switch (repair/replacement/new installation)	Nos.	5681
30	Installation, Replacement and Repairs of HG/DD Fuse.	Nos.	4284
31	Installation and Replacement of LA.	Nos.	11330
32	Earthing will be added in the DSS	Nos.	1304
33	LT Protection- LTDB - Installation	Nos.	301
34	LT Protection- Kit-Kat Fuse - Installation	Nos.	4818
<b>LT Line Maintenance</b>			
35	Extension of LT feeder ABC	CKM	14
36	Replacement of LT Old/Poor Conductor/ABC	CKM	180
37	Replacement of LT Undersized Conductor/ABC	CKM	27
38	Replacement of Broken Pole	Nos.	854
39	Erection of Intermediate Pole Erection	Nos.	2520
40	Cleaning of LT Pole	Nos.	2756

#### C. Vacuum Circuit Breakers (VCB) R&M

- 2270 numbers of 33kV and 11kV VCBs (154 VCBs are either defective or in very poor condition).
- TPSODL procures the VCB spares as well as repairs these VCBs through service agencies.
- Overhauling of 33kV and 11kV VCBs - 169 Nos. has done from the April'23 to March'24.

#### D. HT (11kV) and LT Underground cable R&M

#### E. EARTHING

- Many of the old PSS have very bad earthing values and need renovation or new pit construction as a priority. Also, 33kV line poles earthing is also not in good condition.
- In Distribution also, the condition of the earthing is not good.
- 1,413 Nos. of New /reconditioning/ strengthening of earthing has been done in the DSS, 11kV & LT network.

#### 4.3.3. Historical Trend of R&M Expenditure

156. Further, as can be seen, the estimated expenditure for FY 2023-24 is higher than the approved expenditure. In this regard we would like to submit the following:

- i. TPSODL has been continuously reviewing and optimising the manpower deployment as monitoring the performance-based contracts under place for the operation and maintenance of the network spread across vast geography. As a result of these activities, the R&M expenditure has decreased as compared to FY 2022-23 in spite of new assets being created and put to use various capex schemes.
- ii. It is further submitted that in addition to above AMC, in house expenditure is required to be incurred for Power Transformer repairs, DTS repairs, DSS Maintenance, DTR Replacement, 33 KV Line repairs and Maintenance, HT Line Maintenance, LV Line Maintenance and maintenance of other equipment.
- iii. The Norm of 5.4 % of the GFA was presumably fixed on the basis of the expenditure carried out in the past. In our humble submission, the expenditure on R&M as mentioned earlier was minimal and hence the norm of 5.4 % of the GFA is clearly not adequate for carrying out satisfactory R&M expenditure. The amount spent over in the past by erstwhile Southco Utility and by TPSODL is as follows:

Table 41: R&M Expenditure trend over past periods

(in Rs. Crs.)

FY	Company	Pre-TPSODL/ TPSODL	
		Approved	Audited
99-00	Pre-TPSODL	12.63	13.39
00-01	Pre-TPSODL	12.63	7.31
01-02	Pre-TPSODL	15.57	9.29
02-03	Pre-TPSODL	16.82	6.43
03-04	Pre-TPSODL	16.38	9.93
04-05	Pre-TPSODL	13.25	8.43
05-06	Pre-TPSODL	18.55	6.07
06-07	Pre-TPSODL	17.35	5.54
07-08	Pre-TPSODL	18.38	5.5
08-09	Pre-TPSODL	19.08	7.79
09-10	Pre-TPSODL	20.73	11.59
10-11	Pre-TPSODL	26.11	13.09
11-12	Pre-TPSODL	28.47	8.28
12-13	Pre-TPSODL	28.28	8.97
13-14	Pre-TPSODL	43.53	15.02
14-15	Pre-TPSODL	39.19	12.02

Company		Pre-TPSODL/ TPSODL	
15-16	Pre-TPSODL	31.93	16.82
16-17	Pre-TPSODL	33.18	9.74
17-18	Pre-TPSODL	34.91	6.74
18-19	Pre-TPSODL	39.19	6.78
19-20	Pre-TPSODL	44	4.59
20-21	Pre-TPSODL	45.96	6.2
21-22	TPSODL	88.57	90.68
22-23	TPSODL	90.24	189.07
23-24	TPSODL	152.57	176.87

#### 4.3.4. R&M of Govt. Assets

157. The Hon'ble Commission had approved an expenditure of Rs 72.19 Crs on Government Funded assets. It is submitted that asset base of Government Assets is about Rs 3916.09 Crs. Hence the amount of Rs 72.19 Crs is not adequate to maintain such large asset base. The break-up of the Government Assets being maintained by TPSODL is as follows

Table 42: Government Asset Base maintained by TPSODL as on 1st April 2023

(in Rs. Crs.)

Name of the Scheme	Amount
Integrated Power Development Scheme -IPDS	241.64
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY	395.08
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 12th Plan (POWER GRID)	582.70
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 11th Plan (POWER GRID)	269.58
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 11th Plan (NTPC)	113.98
Dindayal Upadhyaya Gram Jyoti Yojna -DDUGY 12th Plan (NTPC)	375.36
RGGVY	11.59
RGGVY 10th & 11th Plan (NTPC, PGCIL, NHPC)	921.77
Pradhan Mantri Sahaj Bijli har Ghar Yojna under SOUBHAGYA	191.41
SETU	14.20
Odisha Distribution System Strengthening Project-ODSSP	698.87
BGJY- OPTCL DTR	45.71
Integrated Power Development Scheme (IPDS IT Ph-II)	54.20
<b>Total Government Assets</b>	<b>3916.09</b>
<b>R&amp;M to be provided @ 3% p.a.</b>	<b>117.48</b>

158. It is submitted that the R&M Expenditure includes the expenditure towards the consumption of materials/ consumables which are essential for the maintenance, as well as the expenditure towards Annual Maintenance Contracts (AMCs) performed by TPSODL for various activities.
159. Therefore, the Hon'ble Commission is requested to consider the various critical activities carried out by the licensee for improving the quality and reliability of power supply over a vast licence area spread over 48,751 sq. kms while optimising the maintenance cost as compared to the previous year. **Hence, the Hon'ble Commission is requested to allow the actual R&M expenditure (Net off Govt. Grant amortisation) amounting to Rs. 176.87 Crs for truing up, as per the audited accounts for FY 23-24.**



#### 4.4. Administrative & General Expenses

160. Hon'ble Commission in the Tariff Order for FY 23-24 has approved total A&G expenses of Rs. 112.66 Crs escalating the previous year's approval by 7% along with additional expense of Rs 30 Crs. The licensee had proposed a total expense of Rs. 137.47 Crs for FY 2023-24 under Normal A&G and Additional A&G of Rs. 70.89 Crs and Rs. 66.58 Crs respectively.

161. The actual A&G expenses have been Rs. 149.14 Crs in the 3<sup>rd</sup> complete year of operation that is FY 23-24 Crs. The details are furnished in the following table.

Table 43: Administrative & General (A&G) Expenses for FY 2023-24

(in Rs. Crs.)

Sl. No.	Description	*Actual Expenses as per Audited Accounts	A&G for Truing Up FY 2023-24
1	Rent, Rates & Taxes	2.86	2.86
2	Watch & ward Expenses	4.00	4.00
3	Communication	4.62	4.62
4	Legal, Consultancy & Professional Charges	10.24	10.24
5	Conveyance & Travelling	10.78	10.78
6	Licence & Related Expenses	2.60	2.60
7	Advertisement Expenses (Public Relation)	3.66	3.66
8	Metering, billing and collection expenses	78.13	78.13
9	Printing & Stationary	2.17	2.17
10	Enforcement Activities	8.35	8.35
11	Training	0.68	0.68
12	Insurance	1.32	1.32
13	House Keeping	7.05	7.05
14	Facility Management Services	1.55	1.55
15	Electricity expenses	4.44	4.44
16	Other Expenses	6.69	6.69
17	Outsource and contractual employees' expenses *	89.25	-
<b>Total - A</b>		<b>266.72</b>	<b>149.14</b>
18	Provision for Bad & Doubtful Debt	42.89	17.89
<b>Total - B</b>		<b>42.89</b>	<b>17.89</b>
<b>Grand Total (A+B)</b>		<b>309.61</b>	<b>167.03</b>
19	Less:- Provision for bad & doubtful debts shown separately	42.89	17.89
20	<b>Administrative &amp; General Expenses</b>	<b>266.72</b>	<b>149.14</b>



\* Please note Outsource and contractual employees expenses of Rs.89.25 Crs grouped under employees cost in true up petition whereas same is grouped under A&G expenses in audited FS.

### Extract of Audited Financials for FY 2023-24

**NOTE 30 Other expenses**

	As at March 31,2024	As at March 31,2023
	₹ crore	₹ crore
Rental of land, buildings, plant and equipment, etc	2.86	2.13
Repair and maintenance-		
-Buildings and civil Works	0.12	0.19
-Plant and machinery	176.21	187.36
-Furniture, vehicles, etc	0.53	1.52
Outsource and contractual employees expenses (Refer note 30.01)	89.25	86.24
Travelling	10.95	19.57
Metering, billing and collection	73.14	88.39
Legal and professional charges (Refer note 30.02)	9.69	8.17
Allowance for doubtful receivables	42.89	59.25
Telephone expenses	4.62	2.24
Fooding and Conveyance expenses	7.75	11.93
License fees	2.52	1.92
Insurance	1.32	2.13
Printing and stationery	2.19	3.01
Provision for contingencies	0.24	5.79
CSR expenditure (Refer note 30.03)	1.55	1.26
Rebate on OTS Collection	0.38	1.97
Miscellaneous expenses	31.93	31.97
<b>Total other expenses</b>	<b>458.13</b>	<b>515.04</b>

162. 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, TPSODL shall include the estimated expense foreach 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 TPSODL 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."*

163. Further, the Hon'ble Commission while approving the RST Tariff for FY 2023-24 vide its order dated 23.03.2023, has made the following observations -

123. ....

*The Commission has also taken into cognizance of the expenditure during current FY 2022-23 and found that additional expenses are required to meet the committed obligations. The Commission has therefore allowed additional expenses which must be utilised for the purpose envisaged in the Tariff Regulations, 2022. However, the Commission will check prudently such expenses made by the DISCOMs while allowing them in the Truing up. The higher expenses in A&G shall also reflect in the reduction of AT&C losses and general improvement in the customer services. The Commission will also take into account such parameters while*

*scrutinizing A&G expenses through data verification, field visits by the Commission and third-party audit. The Commission hereby directs that the DISCOMs must limit its expenditure within the amount approved in ARR for the FY 2023-24.*

Optimised A&G Cost as compared to FY 2022-23 (actual)

164. While the actual expenditure of FY 2023-24 is higher than that approved by the Hon'ble Commission in the Tariff Order for FY 2023-24, due to the following.

- i. The quantum of Rs. 82.66 Crs is arrived at based on the amount approved by the Hon'ble Commission for FY 2022-23 under Normal A&G expenses.
- ii. Further, the Commission had only approved Rs. 30 Crs as Additional A&G expense, while the licensee has requested for Rs 66.58 Crs based on existing MBC contracts in place for enabling wider customer service and effective Meter reading, Billing & Collection initiatives. The estimates were more practical in nature as the operation was stabilized after 2 (two) complete year of operation.
- iii. It is also submitted that the above A&G expenditure is required for efficiently running of the operations, increase collection and improve billing processes, improve billing processes and providing improved customer services across vast geographical area with significant LT consumer base.
- iv. The comparison between the expenses of FY 2022-23 and FY 2023-24 would indicate that the A&G Expenditure has decreased from FY 2022-23 to FY 2023-24 primarily on account of optimization of MBC contracts. In addition to this substantial reduction in actual A&G expense, the coordinated efforts have resulted in increase in Collection and eventually in have translated into improvement in **AT&C which reduced from 26.95% in FY 2022-23 to 25.95% in FY 2023-24**. The graphs showing the performance for two years is given below.



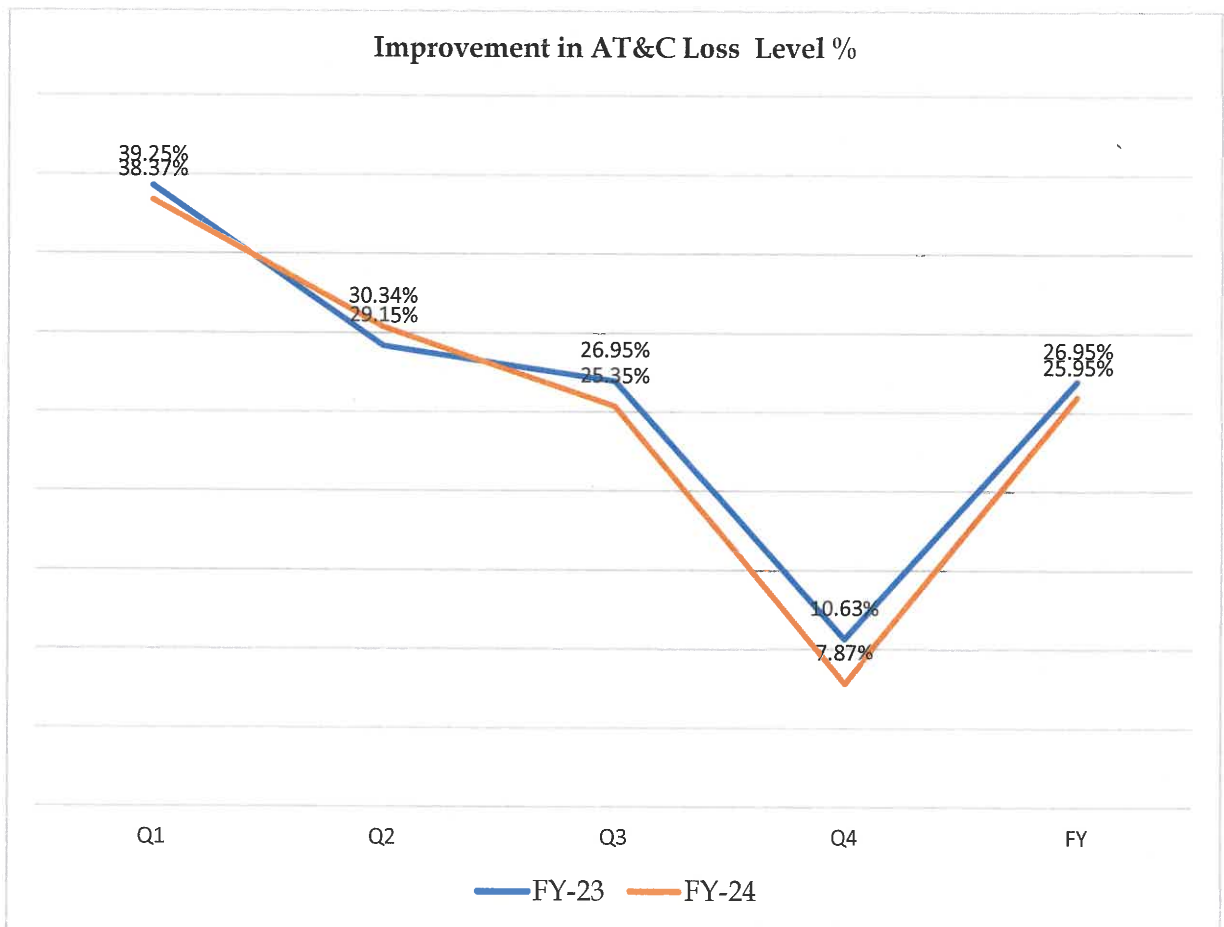
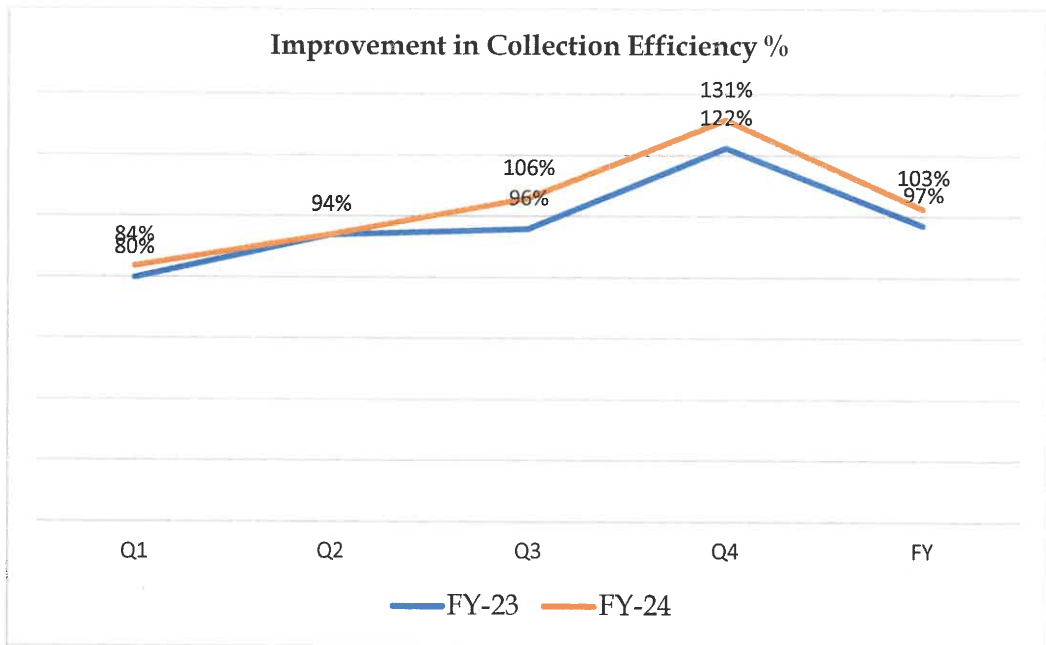


Figure 6: Comparison of AT&C Loss levels (FY 2023-24 vs FY 2022-23)



165. Further, the Licensee would like to inform the Hon'ble Commission that the A&G expenses for FY 2023-24 proposed for trueing up also includes Rs. 1.35 Crs paid as compensation to the victim/legal heir as per the directives of statutory bodies for electrical accident/electrocution incidents prior to the Effective Date of the Vesting Order. Relevant extract of the Vesting Order is extracted hereinunder-

*53. Treatment of past litigations*

*(a) The liabilities or gains arising out of litigation, suits, claims, etc. pending on, and/or arising due to events prior to the Effective Date, shall be allowed by the Commission in the Aggregate Revenue Requirement subject to prudence check.*

*(b) TPSODL shall make all diligent efforts to contest the litigation, suits, claims etc. as if it is a party to such litigation, suits, claims etc. and satisfy the Commission in this regard.*

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

Table 44: Approved vs Actual A&G Expenses for FY 2023-24

(in Rs. Crs.)

Expenditure	Approved by OERC	Actual (Audited)*	Difference (Approved - Actual)
Administrative & General Expenses	112.66	149.14	(36.48)

\*Please refer para 165 and table no. 43 above

167. That, in this regard, it is submitted that Regulation 3.9.17 of the Tariff Regulations, 2022 provides for additional expenses in addition to the normal A&G expenses, subject to prudence check by the Hon'ble Commission.

*3.9.17. The Commission, in addition to the normal A&G expenses may allow additional expenses, under this head for special measures to be undertaken by the distribution licensees which are not covered under Capital Investment plan approved by the Commission.*

*Provided the Commission will undertake a prudence check before allowing such expenditure.*

168. Further, it may be submitted that in FY 2023-24, the operations had already been stabilised and the expenditure in this year reflects a stable level of expenditure. In continuation to our earlier application, we would like to request the Hon'ble Commission to treat the actual A&G expenses for FY 2022-23 as the benchmark, based on which the A&G expenses of future years will be allowed.
169. **Therefore, Hon'ble Commission is requested to consider the actual A&G expenses incurred in FY 23-24 amounting to Rs. 149.14 Crs for truing up.**



#### 4.5. Provision for Bad & Doubtful Debts

170. The Hon'ble Commission had allowed Rs. 19.91 Crs towards provision for bad and doubtful debts. As per audited accounts, provision for bad and doubtful debt is Rs. 42.89 Crs.
171. In this regard, it is submitted that Regulation 5.8.1 of the Tariff Regulations, 2022 provides that the Bad and Doubtful debt during the control period shall be allowed on normative basis of 1% of the total annual revenue billed for sale of electricity.
172. That, in line with the provisions 1% of total revenue billed in the FY 2023-24, Rs. 17.89 Crs has been considered towards provision of Bad and Doubtful debt.
173. **For true up, Hon'ble Commission is requested to allow Rs. 17.89 Crs towards provision of bad and doubtful debt for the FY 23-24.**

#### 4.6 Capitalization

##### **Progress of Capital Expenditure approved by the Hon'ble Commission:**

174. TPSODL had filed its proposal for approval of the Capital Expenditure for FY 2021-22 (registered as Case No- 08/2021). The Hon'ble Commission in its order dated 18.09.2021 in the said matter approved Capex of Rs. 184.65 Crs (excluding Gridco asset - equity in kind, employee cost and interest expenses capitalized) for FY 2021-22.
175. The Hon'ble Commission vide order dated 14.07.2022 in the matter of Case 13/2022 has approved Capex of Rs. 294.82 Crs (excluding Gridco asset - equity in kind, employee cost and interest expenses capitalized) for FY 2022-23.

176. The Hon'ble Commission vide order dated 19.06.2023 in the matter of Case - 05/2023 has approved Capex of Rs. 338.33 Crs (excluding Gridco asset - equity in kind, employee cost and interest expenses capitalized) for FY 2023-24. Further, a supplementary Capex of Rs 69.05 Crs (excluding Gridco asset - equity in kind, employee cost and interest expenses capitalized) was approved by the Hon'ble Commission Vide Order dated 15.11.2023 in the matter of Case 82/2023

177. The Status of Capital Expenditure and Capitalization against the Capex approved for FY 2021-22, FY 2022-23 and FY 2023-24 as on 31.03.2024 is provided below:

*Table 45: Accumulated approved Capex as on 31.03.2024*

(in Rs. Crs.)				
Financial Year	Capex Approved	Cumulative Capex	Capitalization done in respective year inclusive of previous year spill over capex	Cumulative Capitalization
2021-22	184.65	184.65	183.89	183.89
2022-23	294.82	479.45	294.89	478.78
2023-24	338.33	886.93	287.49	766.26
2023-24	69.05			
<b>Total</b>	<b>886.93</b>		<b>766.26</b>	

*Note: The above amount is excluding Staff Cost, IDC and GRIDCO contribution*

#### **Total Capitalization for the period FY 2023-24**

178. TPSODL has executed Capital Expenditure and capitalized under four following heads:

- Capital Expenditure approved by the Hon'ble Commission
- Capital Expenditure under Government Funded Schemes
- Capital Expenditure against Consumer Contribution
- Investment in Meters which has not been considered for the purpose of working out the ARR/ True up

In addition, to the above, Gridco as a part of its subscription towards equity, makes contribution in kind (instead of Cash). The same is explained in the section below:

**Additional Capitalization on account of GRIDCO's Equity Contribution in kind**

179. The capital expenditure incurred by TPSODL capex Schemes is required to be financed in the ratio of 70 % (Debt) and 30% (Equity) other than depreciation on existing assets (as mentioned below). Since TPSODL has the shareholding of Tata Power (51%) and GRIDCO (49%), in order to maintain 49% stake in the company, GRIDCO is required to contribute 49% of such equity. In this matter, relevant extract of the approved Share Holder's Agreement (SHA) is mentioned below.

*2.1 The amount of issued and paid up capital of OPERATING COMPANY may be varied from time to time as may be determined by the Board of Directors or the Shareholders of OPERATING COMPANY, provided that any issue of new shares shall be offered to GRIDCO and TPCL in a manner so as to ensure that GRIDCO and TPCL shall, at all times, hold 49% and 51% respectively of the issued, subscribed and paid up equity share capital of OPERATING COMPANY. The consideration paid by GRIDCO for subscription of equity shall be in cash, kind or any other form, as decided by GRIDCO and should be in compliance with the provisions of the Companies Act, 2013. In case consideration paid by GRIDCO is in any form other than cash, it should be of such nature that it is allowed by the Commission to be included in the fixed asset base for consideration in ARR. Such consideration may include the assets held in the books of the GoO which are being used by Southco utility and which shall continue to be used by the OPERATING COMPANY*

However instead of contributing such equity, GRIDCO has preferred to contribute such equity in kind (distribution asset).

180. Govt. Distribution Assets worth Rs. 23.49 Crs in FY 2021-22, Rs. 59.29 Crs in FY 2022-23 and Rs. 69.58 Crs in FY 2023-24 transferred by Gridco in lieu of its equity contribution. These assets have been capitalized in books of accounts of TPSODL in the year of transfer.



### Total Capitalization for FY 2023-24

181. Total Capitalization for FY 2023-24 as booked in the accounts is as given below.

However, for the purpose of true up we have considered Capitalization that has been funded by TPSODL only for the purpose of claiming Depreciation, RoE and Interest on Loan.

Table 46: Total Capitalization for FY 2023-24 as per Audited Financials

Sr. No	Asset Description	Amount (in Rs. Crs.)
1	Buildings	71.50
2	Furniture & Fixture	1.52
3	Vehicle	1.19
4	IT Equipment's & Software	63.14
5	Other Equipment- Other than computer	26.93
6	Network Assets	270.11
7	Network Assets - Consumer funded and govt schemes	18.90
8	Meters	71.70
	<b>Total</b>	<b>524.98</b>

### Capitalization as per Audited Financial Statement of FY 2023-24

182. Note 4.02 and 4.03 of the Audited Financial Statements for FY 2023-24 may be referred to for the total Capitalization done by TPSODL in FY 2023-24. The linkage to the audited accounts and relevant extract is as provided below.

Table 47: Summary of Capitalization for FY 2023-24 with linkage to Audited Financial Statements of FY 2023-24

Sr. No	Particulars	Amount (in Rs. Crs.)	Reference/ Linkage to Audited Financial Statement FY 2023-24
1	GFA Addition- Property, Plant & Equipment	461.99	Note 4.02 'Property Plant & Equipment'
2	GFA Addition - Intangible Assets	63.14	Note 4.03 'Intangible Assets'
3=1+2	Total GFA Addition/ Capitalization for FY 2023-24	525.13	
4	Less - Decapitalization	0.14	
5 = 4-3	<b>Net Addition</b>	<b>524.98</b>	

Figure 7: Summary of Capitalization for FY 2023-24 with linkage to Audited Financial Statements of FY 2023-24

**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

4.02 Property, plant and equipment (PPE) (Contd.)  
a. Property, plant and equipment

Description	Buildings	Plant and equipment including transmission lines and cable network	Motor vehicles	Furniture and Fixtures	Office Equipments	Meter	₹ crore Total
<b>Cost</b>							
Balance as at April 1, 2023	83.49	997.47	3.33	10.91	70.48	51.90	1217.58
Additions	71.50	289.01	1.24	1.52	27.02	71.70	461.99
Disposals/Adjustment	-	-	(0.05)	-	(0.09)	-	(0.14)
<b>Balance as at March 31, 2024</b>	<b>154.99</b>	<b>1,286.48</b>	<b>4.52</b>	<b>12.43</b>	<b>97.41</b>	<b>123.60</b>	<b>1,679.43</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at April 1, 2023	1.69	80.15	0.29	0.63	9.00	5.88	97.64
Depreciation expense	3.51	51.54	0.37	0.74	11.17	18.14	85.47
Disposals/Adjustment	-	-	(0.01)	-	(0.02)	-	(0.03)
<b>Balance as at March 31, 2024</b>	<b>5.20</b>	<b>131.69</b>	<b>0.65</b>	<b>1.37</b>	<b>20.15</b>	<b>24.02</b>	<b>183.08</b>
Net carrying amount							
Balance as at March 31, 2024	149.79	1,154.79	3.87	11.06	77.26	99.58	1,496.35

**b. Intangible assets**

Description	₹ crore Software
<b>Cost</b>	
As at April 01, 2023	77.98
Additions	63.14
Disposals	-
<b>Balance as at March 31, 2024</b>	<b>141.12</b>

**Total Capitalization Claimed for True up purpose**

183. The Total Capitalization considered for the purpose of True up of FY 2023-24 is Rs 434.37 Crs and the details are as provided below.

Table 48: Total Capitalization for True up of FY 2023-24

(in Rs. Crs.)

Sr. No	Particular	Total Capitalization as booked in Accounts for FY 2023-24	Total Capitalization claimed in True up FY 2023-24 for ROE, Interest on Loan etc. purpose
1	Against TPSODL Own Capex	434.37	434.37
2	Against TPSODL's Capex Schemes (Meters)	71.70	-
3	Assets against Govt Schemes/ Grants	1.86	-
4	Assets against Consumer Contribution	17.04	-
	<b>Total</b>	<b>524.98</b>	<b>434.37</b>

#### 4.7 Depreciation

184. For FY 2023-24, Hon'ble Commission has approved Rs. 52.15 Crs towards depreciation in the Tariff order notified on 23.3.2023. The method of calculation of depreciation after vesting of the Utility in TPSODL has been specified under clause 43 (g) and (h) of the Vesting Order dated 28.12.2020 in case no -83/2020. The relevant extracts are reproduced hereunder:

*" 43 (g) The capital investments made by TPSODL 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-3 as and when applicable regulation is notified by the Commission.*

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

185. Accordingly, for the FY 2023-24, Rs. 82.08 Crs has been considered towards depreciation (Net off Govt. grant - consumer contribution amortization) for truing up, which may kindly be approved by Hon'ble Commission.

#### 4.8 Interest Cost on Security Deposit and Working Capital

186. Hon'ble Commission has allowed interest cost including the interest on SD to the tune of Rs. 59.78 Crs for the FY 2023-24 in the Tariff Order dated 23.03.2023.

187. 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:*

- d. Operation and maintenance expenses for one month; plus*
- e. Maintenance spares @ twenty (20) % of average R&M expense for one month; plus*



*f. 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 in a manner mentioned in the Vesting Orders and as approved by the Commission. Shortfall in meeting the working capital requirement as mentioned above shall be allowed. 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 1<sup>st</sup> April of the Financial Year (for which True 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."*

188. Accordingly, TPSODL has derived the working capital requirement and interest thereon as detailed in the following table.

Table 49: Interest on Working Capital and security deposits FY 2023-24

(in Rs. Crs.)		
Sl. No.	Particulars	Normative
1	Operation & maintenance expenses	
	Employee cost	474.97
	Other Expenses	326.01
	Total O&M	800.98
	Operation & maintenance expenses Per annum	800.98
	Operation & maintenance expenses Per month	66.75
2	Power purchase cost for one month	84.75
3	Maintenance of spare@20% of R&M Expenses	2.95
4	Depreciation on Legacy asset	-22.25
	<b>TOTAL</b>	<b>132.20</b>
	Interest rate on working capital - Actual	7.91%
5	<b>Interest on Working Capital</b>	<b>10.46</b>
6	<b>Interest on security deposits</b>	<b>21.14</b>
7	<b>Other Finance Cost</b>	<b>14.31</b>
8	<b>Total interest including interest on SD</b>	<b>45.91</b>

189. Interest on security Deposit of Rs. 21.14 Crs has been considered as per actuals in the annual audited accounts and interest on working capital Rs. 10.46 Crs (normative) and other finance cost of Rs. 14.31 Crs as detailed in the above table.
190. That, Hon'ble Commission is requested to allow Rs. 45.91 Crs towards interest on working capital and interest on SD. The details have been furnished in the in Format-TU-9.

#### 4.9 Interest on Long Term Loan on normative basis

191. 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.
192. The Tariff Regulations 2022 allow 70% of the capitalisation to be funded by loan or Debt. However, in case the loan is higher than 70% (i.e. Equity less than 30%), then such higher loan would be considered for the purpose working out the ARR. The extracts of the Tariff Regulations 2022 are as follows:

*3.7.1. The loans arrived at in the manner indicated in these Regulations on the assets put to use, shall be considered as gross normative loan for calculation of interest on loan:*

*Provided that interest and finance charges on capital works in progress shall be excluded:*

*3.7.2. The normative loan outstanding as on 1st April shall be worked out by deducting the cumulative normative repayment as admitted by the Commission up to 31st March of the previous year.*

*Provided that the assets of erstwhile DISCOMs as on effective date in terms of the provisions of Vesting Orders shall not be eligible for calculation of interest on loan.*

*3.7.3. The normative repayment for the year during the Control Period shall be deemed to be equal to the depreciation allowed for that year.*

..

3.7.5. The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Distribution Licensee:

193. The applicant has considered a Debt of 70% of Capitalisation for the new Projects. As regards the Weighted Average Interest rate, we have considered the same as 8.44%, based on actual loan portfolio for FY 2023-24 and the applicable interest to such loans.

Table 50: Interest on Long Term Loan FY 2023-24

(in Rs. Crs.)			
Sl. No.	Particulars	FY 2022-23	FY 2023-24
1	Opening Balance	98.50	362.02
2	Add: Loan (Normative) during the year	282.52	304.06
3	Less: Repayments during the Year (Equal to depreciation)	18.99	59.79
4	Closing Balance	362.02	606.30
5	Average Balance	230.26	484.16
6	Weighted Average Rate of Interest - Actual	7.34%	8.44%
7	<b>Interest Amount</b>	<b>16.90</b>	<b>40.88</b>
8	Capitalisation	403.59	434.37
9	Capitalization Funded by:		
10	Debt (70%)	282.52	304.06
11	Equity (30%)	121.08	130.31

194. Therefore, Hon'ble Commission is requested to consider normative interest on Term Loan of Rs 40.88 Crs for true -up for the FY 2023-24. The details have been furnished in the in Format-TU-8.

Table 51 Summary of Total Interest cost approved and interest cost sought

(in Rs. Crs.)

Sl No.	Particulars	Approved in RST Order March 2023	Approval sought
1	Interest on working capital	13.66	24.77
2	Interest on Security Deposit	21.78	21.14
3	Interest on Term Loan (Less interest capitalized)	24.34	40.88
	<b>Total</b>	<b>59.78</b>	<b>86.79</b>

#### 4.10 Return on Equity

195. As per the Vesting Order, the Return on Equity would be available as follows:

58. *Return on equity:*

(a) *As per the terms of the RFP, the Commission shall allow return on equity, as per the Tariff Regulations, to TPSODL on the equity capital of Rs. 200 crores (Indian Rupee Two hundred crores) only which was the reserve price of the utility of SOUTHCO.*

(b) *Return on equity shall be allowed on the reserve price of the utility as per para 58(a) above and also on the capital investments made by the TPSODL, as per the Tariff Regulations.*

196. The Tariff Regulations specify the following with regards to the Return on Equity for any year in the Control Period.

#### ***Return on Equity as per the New Tariff Regulations***

3.6.1. *Return on equity on approved reserve price (INR 300 Crore for TPCODL, INR 300 Crore for TPWODL, INR 250 Crore for TPNODL and INR 200 Crore for TPSODL) for the utilities (TPCODL, TPWODL, TPNODL & TPSODL) of the erstwhile Distribution utilities as on effective date in terms of the provisions of Vesting Orders:*

*Return on equity shall be allowed on the approved reserve price of the utility from the effective date of operation at the rate of 16% per annum (post tax), in Indian Rupee terms on pro-rata basis as per Vesting Order.*

3.6.2. *Return on equity on the assets put to use after Effective Date up to date of applicability of these Regulations:*

*Return on equity on assets put to use after Effective Date up to date of applicability of these Regulations shall be eligible to get return as per Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and its amendments thereof.*



**3.6.3. Return on equity on the assets put to use under instant Regulations:**

*Return on equity on assets put to use under these Regulations shall be computed on the paid-up equity capital determined in accordance with these Regulations and shall be allowed at the rate of 16% per annum (post tax), in Indian Rupee terms:*

*Provided further that for the purpose of truing up for the Distribution Licensee, return on equity shall be allowed from the date of commercial operation on pro-rata basis based on documentary evidence provided for the assets put to use during the year in absence of which the assets shall be considered to be added in the mid of the year.*

197. Based on the above, the Return on Equity for FY 2023-24 has been calculated @16%, details are furnished in the following table.

Table 52: Return on Equity and Income Tax for FY 2023-24

(in Rs. Crs.)			
Sl. No	Particulars	FY 2022-23	FY 2023-24
1	Opening Equity	243.53	364.61
2	Normative Equity based on Assets Capitalization	121.08	130.31
3	Total (1 + 2)	364.61	494.92
	RoE on Opening Equity @ 16%	38.97	58.34
	RoE (Addition)	9.69	10.42
4	<b>Return on Equity (RoE)</b>	<b>48.65</b>	<b>68.76</b>
	Income Tax - Rate	25.17%	25.17%
5	Income Tax Grossed up for RoE	16.36	23.13
6	<b>Return on Equity including Income Tax</b>	<b>65.01</b>	<b>91.89</b>

198. That, Hon'ble Commission is requested to allow RoE of Rs. 68.76 Crs and tax on RoE of Rs. 23.13 Crs for FY 2023-24. The details have been furnished in the in Format-TU-6 & Format-TU-1.



#### 4.11 Miscellaneous Receipt/ Non-Tariff Income

199. The netted off miscellaneous receipt for FY 2023-24 is Rs. 86.34 Crs. The detail breakup is produced in the following table as well as in Format- TU-7.

Table 53: Miscellaneous Receipt/ Non-Tariff Income for FY 2023-24

(in Rs. Crs.)		
Sl. No.	Particulars	Truing Up Sought FY 2023-24
1	Recovery of Meter Rent (IPDS & DDUGY)	8.60
2	Overdrawal penalty recovered	4.00
3	Open Access Cross Subsidy Income	0.00
4	Supervision Charges	14.67
5	Miscellaneous operating Income	17.91
6	Interest Income	29.10
7	Delayed payment surcharge	10.44
8	Other Income	1.62
	<b>Total</b>	<b>86.34</b>

200. That, Hon'ble Commission is requested to consider Rs. 86.34 Crs towards miscellaneous income/ non-tariff income for truing up for the FY 2023-24.

#### 4.12 Truing up Summary for the FY 2023-24

Table 54: Truing up of FY 2023-24

(in Rs. Crs.)					
Expenditure	Approval by OERC for FY 23-24	Actual (Audited Accounts)	Reference from Audited Annual Accounts FY-23-24	True up Sought Considering Normative T&D loss 25.00%	Reference Para/ Table
INPUT(MU)	4920.00	4345.31		4259.93	Table 33
Cost of power purchase	1,033.20	912.51		894.58	
Transmission Cost	118.08	103.69		103.69	
SLDC Cost	0.76	0.76		0.76	
Less: Rebate		-9.27		-9.27	
<b>Total Power purchase Cost (A)</b>	<b>1,152.04</b>	<b>1,007.69</b>	<b>Note-26</b>	<b>989.76</b>	

Expenditure	Approval by OERC for FY 23-24	Actual (Audited Accounts)	Reference from Audited Annual Accounts FY-23-24	True up Sought Considering Normative T&D loss 25.00%	Reference Para/ Table
Employee Cost (Net)	495.76	428.11	Note-28	474.97	Table 34
Repair & Maintenance Cost (Net off Govt. Grant Amortisation)	152.57	176.87	Note-30	176.87	Table 40
Administrative & General Expenses	112.66	238.38	Note-30	149.14	Table 44
Provision for bad & doubtful debts	19.91	42.89	Note-30	17.89	Para 173
Depreciation (Net off Govt. Grant - Cons. Contbn Amortisation)	52.15	96.16	Note-4 & 25.03 (b)	82.08	Para 184
Interest on loan including interest on SD	59.78	69.79	Note-29	45.91	Table 51
Interest on Term Loan (normative)		32.28	Note-29	40.88	
<b>Total Operation &amp; Maintenance and Other Cost</b>	<b>892.83</b>	<b>1,084.48</b>		<b>987.74</b>	
Return on equity	39.67	-		68.76	Table 52
Income Tax		13.86	Note-31	23.13	
<b>Total Distribution Cost</b>	<b>932.50</b>	<b>1,098.34</b>		<b>1,079.63</b>	
Less Miscellaneous Receipts / Non-Tariff Income	55.82	115.93	Note-25.3 (b) & 26.01	86.34	Table 53
<b>Net Distribution Cost (B)</b>	<b>876.68</b>	<b>982.41</b>		<b>993.29</b>	
Repayment of ASL	-	-		-	
Aggregate Revenue Requirement	2,028.72	1,990.10		1,983.05	
Actual Revenue net of discount	1,990.77	1,759.02	Note-25.03 (a)	1,759.02	
<b>GAP (+/-)</b>	<b>(37.95)</b>	<b>(231.08)</b>		<b>(224.02)</b>	
Expenses disallowed in last trueing -up order FY 21-22	100.49				
Provisional Surplus considered	60.00				
<b>GAP (+/-)</b>	<b>2.54</b>	<b>(231.08)</b>		<b>(224.02)</b>	

*Note: Outsource and contractual employees expenses of Rs.89.25 Crs grouped under employees cost in true up petition whereas same is grouped under A&G expenses in audited FS*

**4.13 Prayer**

201. In view of the above, the licensee most humbly prays before Hon'ble Commission to kindly consider the submissions made by the licensee and true up the actual expenses incurred for FY 2023-24 along with carrying cost.



## 5. Annexures

**Annexure-1: Formats (TU1 to TU 9) - FY 22-23 True up**

**Annexure-2: Formats (TU1 to TU 9) - FY 23- 24 True up**

**Annexure-3: Audited Financials of FY 2023-24**

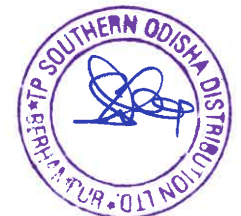


# ANNEXURE 1



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

Expenditure	Approval by OERC for FY 22-23	Actual (Audited Accounts )	Reference from previous year number of Audited Annual Accounts FY-2023-24	True up Considering Normative T&D loss 25.00%	Remarks
INPUT(MU)	4390.00	4188.45		4207.52	
Cost of power purchase	996.53	951.17		955.50	
Transmission Cost	122.92	117.30		117.30	
SLDC Cost	0.79	0.79		0.79	
Less : Rebate		-11.44		-11.44	
<b>Total Power purchase Cost(A)</b>	<b>1,120.24</b>	<b>1,057.82</b>	Note-26	<b>1,062.15</b>	
Employee Cost	402.42	386.22	Note-28	440.91	Outsource and contractual man power cost of Rs.86.24 crores grouped under employees cost in true up petition whereas same is grouped under A&G expenses in audited FS.
Repair & Maintenance Cost ( Net off Govt. Grant Amortisation)	90.24	189.07	Note-30	189.07	
Administrative & General Expenses	77.25	266.72	Note-30	180.47	
Provision for bad & doubtful debts	12.99	59.25	Note-30	18.14	
Depreciation( Net off Govt. Grant - Cons. Contbn Amortisation)	32.03	46.74	Note-4 & 25.03 (b)	40.86	
Interest on loan including interest on SD	17.26	57.74	Note-29	41.75	
Interest on Term Loan (normative)		0.89	Note-29	16.90	
<b>Total Operation &amp; Maintenance and Other Cost</b>	<b>632.19</b>	<b>1,006.63</b>		<b>928.11</b>	
Return on equity	32.00	-		48.65	
Income Tax		14.07	Note-31	16.36	
<b>Total Distribution Cost</b>	<b>664.19</b>	<b>1,020.70</b>		<b>993.13</b>	
Less Miscellaneous Receipts	35.16	112.20	Note-25.3 (b) & 26.01	83.88	
<b>Net Distribution Cost(B)</b>	<b>629.03</b>	<b>908.49</b>		<b>909.25</b>	
Repayment of ASL					
Total Revenue Requirement	1,749.27	1,966.31		1,971.39	
Actual Revenue net of discount	1,694.00	1,792.96	Note-25.03 (a)	1,792.96	
<b>SURPLUS/(GAP)</b>	<b>-55.27</b>	<b>-173.35</b>		<b>-178.43</b>	
Expenses disallowed in last truing -up order FY 21-22					
<b>Provisional Surplus considered</b>	<b>60.00</b>				
Disallowed A&G Cost					
Disallowed Interest on Term Loan					
<b>SURPLUS/(GAP)</b>	<b>4.73</b>	<b>-173.35</b>		<b>(178.43)</b>	



## Normative Power Purchase Computation -FY 2022-23

Months	Units Sold (In MU)	Collection Efficiency	T&D Losses	Input Units (Normative) (In MU)	Actual Input Units	Actual BSP Cost (In Rs. Crs)	Normative BSP Cost (In Rs. Crs)	Actual Transmission Charges (Rs. Crs)	TPCODL Inter DISCOM power (Rs. Crs)	Actual SLDC Charges (Rs. Crs)	Total Power Purchase Cost (Rs. Crs)
Apr		99%	25.00%	-	380.09	86.28	-0.00	10.51	-	0.07	10.58
May		99%	25.00%	-	397.27	90.18	0.00	10.98	-	0.07	11.05
June	891.30	99%	25.00%	1,188.41	391.35	88.66	269.60	10.85	-	0.07	280.51
July	275.41	99%	25.00%	367.21	367.06	83.32	83.36	10.18	-	0.07	93.60
Aug	281.85	99%	25.00%	375.79	372.55	84.43	85.17	10.33	-	0.07	95.56
Sep	271.05	99%	25.00%	361.39	357.53	81.16	82.04	9.90	-	0.07	92.00
Oct	257.10	99%	25.00%	342.80	338.94	76.94	77.82	9.37	-	0.07	87.25
Nov	234.17	99%	25.00%	312.22	317.89	72.16	70.87	8.77	-	0.07	79.71
Dec	254.27	99%	25.00%	339.03	320.88	72.84	76.96	9.12	-	0.07	86.14
Jan	218.67	99%	25.00%	291.56	325.78	73.95	66.18	8.99	-	0.07	75.24
Feb	201.97	99%	25.00%	269.30	264.54	72.45	73.53	8.51	-	0.07	82.10
Mar	269.86	99%	25.00%	359.81	354.57	68.79	69.98	9.79	-	0.07	79.84
<b>Total</b>	<b>3,155.64</b>			<b>4207.52</b>	<b>4188.45</b>	<b>951.17</b>	<b>955.50</b>	<b>117.30</b>	<b>0.00</b>	<b>0.79</b>	<b>1,073.59</b>



## Employee Expenses FY 2022-23

Particulars	Erstwhile Utility (Rs. Crs)	TP-CTC (Rs. Crs)	* As per Audited Accounts FY 2022-23	Expenses for Truing Up FY 2022-23 (Rs in Cr)
Salaries , wages and bonus	152.61	69.40	222.01	222.01
Outsource and contractual employees expenses				86.24
Contribution to Provident Fund and other funds	8.25	3.56	11.81	11.81
Staff welfare expenses	24.50	3.02	27.52	27.52
Terminal benefit expenses-Trust	116.79	4.91	121.69	121.69
Employees Actuarial Provision			31.53	0.00
<b>Total</b>			<b>414.57</b>	<b>469.28</b>
Less: Employee cost capitalization			<b>-28.37</b>	<b>-28.37</b>
<b>Total</b>			<b>386.22</b>	<b>440.91</b>

\* Kindly refer previous year figures of Audited financials FY-2023-24





## Repair &amp; Maintenance Expenses FY 2022-23

Sl No	Category	Description	* Actual Expenses (Rs. Cr) as per Audited Accounts	R&M for Truing Up FY 2022-23
1	STS	AMC - Primary Substations & Feeders	12.51	12.51
2		Material required for Maintenance of 33 KV Network	1.82	1.82
3		Testing/Overhauling/Reconditioning of Transformers	3.33	3.33
4		Materials for Repairing/Service of Circuitry Braekers/CT&PT		
5	Distribution	Distribution AMC Contract	114.42	114.42
6		Distribution Materials (O/H)	10.15	10.15
7		Distribution Materials (U/G)	7.72	7.72
8		Material & Services for Distribution Transformer Repairing	13.47	13.47
9	Others	PSC	0.85	0.85
10		Admin. AMC	24.79	24.79
11		Civil	0.01	0.01
<b>Total -A</b>			<b>189.07</b>	<b>189.07</b>
12	GOVT.FUND	R&M-P&M	-	-
<b>Total - B</b>			<b>-</b>	<b>-</b>
<b>GRAND Total (A+B)</b>			<b>189.07</b>	<b>189.07</b>
13		Less amortisation of Govt Grant shown in Misc Income in audited Accounts.	-	-
14		<b>Net Repair and maintenance Charges shown as per Audited Accounts for truing up</b>	<b>189.07</b>	<b>189.07</b>

\* Kindly refer previous year figures of Audited financials FY-2023-24



## Administrative &amp; General (A&amp;G) Expenses

SI No	Description	* Actual Expenses (Rs. Cr) as per Audited Accounts	A&G for Truing Up FY 2022-23
1	Rent, Rates & Taxes	2.13	2.13
2	Watch & ward Expenses	4.28	4.28
3	Communication	2.24	2.24
4	Legal, Consultancy & Professional Charges	8.82	8.82
5	Conveyance & Travelling	19.34	19.34
6	Licence & Related Expenses	2.01	2.01
7	Advertisement Expenses ( Public Relation)	1.66	1.66
8	Metering,billing and collection expenses	88.39	88.39
9	Printing & Stationary	2.91	2.91
10	Enforcement Activities	5.31	5.31
11	Safety & Ethics	-	-
12	Training	1.17	1.17
13	Insurance	2.13	2.13
14	House Keeping	8.91	8.91
15	Covid/Employee Welfare Expenses	-	-
16	Facility Management Services	1.26	1.26
17	Electricity expenses	4.28	4.28
18	Fooding Expenses	11.93	11.93
19	Other Expenses	13.71	13.71
20	Outsource and contractual employees expenses	86.24	
<b>Total - A</b>		<b>266.72</b>	<b>180.47</b>
21	Provision for Bad & Doubtful Debt	59.25	18.14
<b>Total - B</b>		<b>59.25</b>	<b>18.14</b>
<b>Grand Total (A+B)</b>		<b>325.97</b>	198.61
22	Less:- Provision for bad & doubtful debts shown separately	59.25	18.14
<b>23</b>	<b>Administrative &amp; General Expenses</b>	<b>266.72</b>	<b>180.47</b>

\* Kindly refer previous year figures of Audited financials FY-2023-24



Format -TU-6

Return on Equity (ROE) In Rs. Cr.

Sl. No	Particulars	FY 2020-21 (3 months)	FY 2021-22	FY 2022-23
1	Opening Equity	200.00	200.00	243.53
2	Normative Equity based on Assets Capitalization	-	43.53	121.08
3	Total (1 + 2)	200.00	243.53	364.61
	RoE ( Opening )	8.00	32.00	38.97
	RoE ( Addition )	-	3.48	9.69
4	<b>Total RoE</b>	<b>8.00</b>	<b>35.48</b>	<b>48.65</b>



## Format-TU-7

## Misc Income as per Audited Accounts

Sl. No.	Particulars	* As per Audited Accounts (In Rs. Crs.)	NTI for Truing Up (In Rs. Crs.) FY 2022-23	Remarks
1	Amortisation of consumer contribution	9.87	9.87	Netted off against Depreciation
2	Amortisation of Govt Grants in capital nature	1.70	1.70	Netted off against Depreciation
3	Amortisation of Consumer contribution- Meter	0.00	0.00	
4	Recovery of Meter Rent	21.36	9.60	Consider IPDS & DDUGY meter rent
5	Overdrawal penalty recovered	1.03	1.03	
6	Incentives on arrear Collection	16.63	-	Vesting Order
7	Open Access Cross Subsidy Income	0.00	0.00	
8	Supervision Charges	11.26	11.26	
9	Miscellaneous operating Income	26.20	26.20	
10	Interest Income	19.66	19.73	Soubhagya Interest of Rs.0.07
11	Delayed payment surcharge	13.64	13.64	
12	Other Income	2.42	2.42	
	<b>Total- Other Operating &amp; other income</b>	<b>123.78</b>	<b>95.46</b>	
	<b>Less</b>			
13	Amortisation of consumer contribution	9.87	9.87	Netted off against Depreciation
14	Amortisation of Govt Grants in capital nature	1.70	1.70	Netted off against Depreciation
15	Amortisation of Consumer contribution- Meter	0.00	0.00	
16	Total	11.58	11.58	Netted off against amortisation of Govt Grants
	<b>Net balance as per audited accounts for Truing up</b>	<b>112.20</b>	<b>83.88</b>	

\* Kindly refer previous year figures of Audited financials FY-2023-24



Format-TU-8

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

Sl. No.	Particulars	FY 2020-21 (3 months)	FY 2021-22	FY 2022-23
1	Opening Balance	-	-	98.50
2	Loan (Normative) during the year	-	101.58	282.52
3	Repayments during the Year(Equal to Depreciation)	0	3.08	18.99
4	Closing Balance	-	98.50	362.02
5	Average Balance	-	49.25	230.26
6	Rate of Interest	6.90%	6.90%	7.34%
7	<b>Interest Amount</b>	-	<b>3.40</b>	<b>16.90</b>
8	Capitalisation	-	145.11	403.59
9	Total Capex	-	145.11	403.59
10	Funded by :		-	
11	Debt (70%)	-	101.58	282.52
12	Equity (30%)	-	43.53	121.08



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

Sl. No.	Particulars	Normative	Approval by OERC for FY 22-23	Actual (Audited) Parameters	Remarks
1	<b>Operation &amp; maintenance expenses</b>				
	Employee cost	440.91	402.42	440.91	
	Other Expenses	369.54	167.49	369.54	
	Total O&M	810.45	569.91	810.45	
	Operation & maintenance expenses Per annum	810.45		810.45	
	Operation & maintenance expenses Per month	67.54		67.54	
2	Power purchase cost for one month	89.11		89.11	
3	Maintenance of spare@20% of R&M Expenses	3.15		3.15	
4	Depreciation on Legacy asset	-21.86		-21.86	
	<b>TOTAL</b>	<b>137.93</b>		<b>137.93</b>	
	Interest rate on working capital	6.58%			
5	<b>Gross Interest on Working Capital</b>	<b>9.08</b>		<b>39.06</b>	
6	<b>Interest on security deposits</b>	<b>18.68</b>		<b>18.68</b>	
7	<b>Other Finance Cost</b>	<b>14.00</b>		<b>1.43</b>	Interest on Opening Short term borrowing transferred as per carved out order:158.90@7.91% of Rs. 12 57 crore and other finance charges of Rs. 1.43 crore
8	<b>Total interest including interest on SD</b>	<b>41.75</b>		<b>59.17</b>	



# ANNEXURE 2



## Format-TU-1

## Truing -Up for the FY 2023-24 (Rs. Crs)

Expenditure	Approval by OERC for FY 23-24	Actual (Audited Accounts )	Reference from Audited Annual Accounts FY-23-24	True up Considering Normative T&D loss 25.00%	Remarks
INPUT (MU)	4920.00	4345.31		4259.93	
Cost of power purchase	1,033.20	912.51		894.58	
Transmission Cost	118.08	103.69		103.69	
SLDC Cost	0.76	0.76		0.76	
Less : Rebate		-9.27		-9.27	
<b>Total Power purchase Cost(A)</b>	<b>1,152.04</b>	<b>1,007.69</b>	Note-26	<b>989.76</b>	
Employee Cost	495.76	428.11	Note-28	474.97	Outsource and contractual man power cost of Rs.89.25 crores grouped under employees cost in true up petition whereas same is grouped under A&G expenses in audited FS.
Repair & Maintenance Cost ( Net off Govt. Grant Amortisation)	152.57	176.87	Note-30	176.87	
Administrative & General Expenses	112.66	238.38	Note-30	149.14	
Provision for bad & doubtful debts	19.91	42.89	Note-30	17.89	
Depreciation( Net off Govt. Grant - Cons. Contbn Amortisation)	52.15	96.16	Note-4 & 25.03 (b)	82.08	
Interest on loan including interest on SD	59.78	69.79	Note-29	45.91	
Interest on Term Loan		32.28	Note-29	40.88	
<b>Total Operation &amp; Maintenance and Other Cost</b>	<b>892.83</b>	<b>1,084.48</b>		<b>987.74</b>	
Return on equity	39.67	-		68.76	
Income Tax		13.86	Note-31	23.13	
<b>Total Distribution Cost</b>	<b>932.50</b>	<b>1,098.34</b>		<b>1,079.63</b>	
Less Miscellaneous Receipts	55.82	115.93	Note-25.3 (b) & 26.01	86.35	
<b>Net Distribution Cost(B)</b>	<b>876.68</b>	<b>982.41</b>		<b>993.28</b>	
Repayment of ASL					
Total Revenue Requirement	2,028.72	1,990.10		1,983.04	
Actual Revenue net of discount	1,990.77	1,759.02	Note-25.03 (a)	1,759.02	
<b>SURPLUS/(GAP)</b>	<b>-37.95</b>	<b>-231.08</b>		<b>-224.03</b>	
True up of Surplus/(Losses) for FY 2021-22 and FY-2020-21	100.49				
Provisional Surplus considered	60.00				
Disallowed A&G Cost					
Disallowed Interest on Term Loan					
<b>SURPLUS/(GAP)</b>	<b>2.54</b>	<b>-231.08</b>		<b>(224.03)</b>	





## Normative Power Purchase Computation -FY 2023-24

Months	Units Sold (In MU)	Collection Efficiency	T&D Losses	Input Units (Normative) (In MU)	Actual Input Units	Actual BSP Cost (In Rs. Crs)	Normative BSP Cost (In Rs. Crs)	Actual Transmission Charges (Rs. Crs)	TPCODL Inter DISCOM power (Rs. Crs)	Actual SLDC Charges (Rs. Crs)	Total Power Purchase Cost (Rs. Crs)
Apr	286.04	99%	25.00%	381.39	376.89	79.15	80.09	8.92	-	0.06	89.08
May	304.78	99%	25.00%	406.38	402.00	84.42	85.34	9.51	-	0.06	94.92
June	293.27	99%	25.00%	391.03	391.02	82.11	82.12	9.31	-	0.06	91.49
July	286.44	99%	25.00%	381.92	376.49	79.06	80.20	9.36	-	0.06	89.63
Aug	278.37	99%	25.00%	371.17	390.05	81.91	77.95	9.17	-	0.06	87.18
Sep	281.81	99%	25.00%	375.75	361.62	75.94	78.91	8.61	-	0.06	87.59
Oct	276.93	99%	25.00%	369.23	372.31	78.18	77.54	8.86	-	0.06	86.46
Nov	242.93	99%	25.00%	323.90	328.84	69.06	68.02	7.83	-	0.06	75.91
Dec	197.12	99%	25.00%	262.83	305.71	64.20	55.19	7.29	-	0.06	62.55
Jan	206.31	99%	25.00%	275.07	317.68	66.71	57.77	7.61	-	0.06	65.44
Feb	227.81	99%	25.00%	303.75	331.20	69.54	63.78	7.88	-	0.06	71.72
Mar	313.13	99%	25.00%	417.51	391.50	82.21	87.68	9.32	-	0.06	97.06
<b>Total</b>	<b>3,194.95</b>			<b>4259.93</b>	<b>4345.31</b>	<b>912.51</b>	<b>894.58</b>	<b>103.69</b>	<b>0.00</b>	<b>0.76</b>	<b>999.03</b>



Format-TU-3

Employee Expenses FY 2023-24

Particulars	Erstwhile Utility (Rs. Crs)	TP-CTC (Rs. Crs)	As per Audited Accounts FY 2023-24	Expenses for Truing Up FY 2023-24 (Rs in Cr)
Salaries , wages and bonus	160.08	96.95	257.03	257.03
Outsource and contractual employees expenses				89.25
Contribution to Provident Fund and other funds	8.55	5.12	13.67	13.67
Staff welfare expenses	20.05	4.06	24.11	24.11
Terminal benefit expenses- Trust	117.79	7.51	125.30	125.30
Employees Actuarial Provision			42.40	0.00
<b>Total</b>	<b>306.47</b>	<b>113.64</b>	<b>462.50</b>	<b>509.35</b>
Less: Employee cost capitalization			<b>-34.40</b>	<b>-34.40</b>
<b>Total</b>			<b>428.11</b>	<b>474.97</b>



## Repair &amp; Maintenance Expenses FY 2023-24

SI No	Category	Description	Actual Expenses (Rs. Cr) as per Audited Accounts FY 2023-24	R&M for Truing Up FY 2023-24
1	STS	AMC - Primary Substations & Feeders	15.53	15.53
2		Material required for Maintenance of 33 KV Network	2.56	2.56
3		Testing/Overhauling/Reconditioning of Transformers	2.20	2.20
4		Materials for Repairing/Service of Circuitry Braeakers/CT&PT	0.02	0.02
5	Distribution	Distribution AMC Contract	112.58	112.58
6		Distribution Materials (O/H)	8.15	8.15
7		Distribution Materials (U/G)	6.29	6.29
8		Material & Services for Distribution Transformer Repairing	6.28	6.28
9	Others	PSC	2.21	2.21
10		Admin. AMC	21.05	21.05
11		Civil	0.01	0.01
<b>Total -A</b>			<b>176.87</b>	<b>176.87</b>
12	GOVT.FUND	R&M-P&M	-	
<b>Total - B</b>			<b>-</b>	
<b>GRAND Total (A+B)</b>			<b>176.87</b>	<b>176.87</b>
13		Less amortisation of Govt Grant shown in Misc Income in audited Accounts.	-	-
14		<b>Net Repair and maintenance Charges shown as per Audited Accounts for truing up</b>	<b>176.87</b>	<b>176.87</b>



## Administrative &amp; General (A&amp;G) Expenses

SI No	Description	Actual Expenses (Rs. Cr) as per Audited Accounts FY 2023-24	A&G for Truing Up FY 2023-24
1	Rent, Rates & Taxes	2.86	2.86
2	Watch & ward Expenses	4.00	4.00
3	Communication	4.62	4.62
4	Legal, Consultancy & Professional Charges	10.24	10.24
5	Conveyance & Travelling	10.78	10.78
6	Licence & Related Expenses	2.60	2.60
7	Advertisement Expenses ( Public Relation)	3.66	3.66
8	Metering,billing and collection expenses	78.13	78.13
9	Printing & Stationary	2.17	2.17
10	Enforcement Activities	8.35	8.35
11	Safety & Ethics	-	-
12	Training	0.68	0.68
13	Insurance	1.32	1.32
14	House Keeping	7.05	7.05
15	Covid/Employee Welfare Expenses	-	-
16	Facility Management Services	1.55	1.55
17	Electricity expenses	4.44	4.44
18	Fooding Expenses	-	-
19	Other Expenses	6.69	6.69
20	Outsource and contractual employees expenses	89.25	-
<b>Total - A</b>		<b>238.39</b>	<b>149.14</b>
21	Provision for Bad & Doubtful Debt	42.89	17.89
<b>Total - B</b>		<b>42.89</b>	<b>17.89</b>
<b>Grand Total (A+B)</b>		<b>281.27</b>	<b>167.03</b>
22	Less:- Provision for bad & doubtful debts shown separately	42.89	17.89
23	<b>Administrative &amp; General Expenses</b>	<b>238.39</b>	<b>149.14</b>



Format -TU-6

Return on Equity (ROE) In Rs. Cr.

Sl. No	Particulars	FY 2020-21 (3 months)	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Equity	200.00	200.00	243.53	364.61
2	Normative Equity based on Assets Capitalization	-	43.53	121.08	130.31
3	Total (1 + 2)	200.00	243.53	364.61	494.92
	RoE ( Opening )	8.00	32.00	38.97	58.34
	RoE ( Addition )	-	3.48	9.69	10.42
4	<b>Total RoE</b>	<b>8.00</b>	<b>35.48</b>	<b>48.65</b>	<b>68.76</b>



Format-TU-7

## Misc Income as per Audited Accounts

Sl. No.	Particulars	As per Audited Accounts (In Rs. Crs.) FY 2023-24	NTI for Truing Up (In Rs. Crs.) FY 2023-24	Remarks
1	Amortisation of consumer contribution	10.62	10.62	Netted off against Depreciation
2	Amortisation of Govt Grants in capital nature	1.22	1.22	Netted off against Depreciation
3	Amortisation of Consumer contribution- Meter	4.06	-	
4	Recovery of Meter Rent	31.60	8.60	Consider IPDS & DDUGY meter rent
5	Overdrawal penalty recovered	4.00	4.00	
6	Incentives on arrear Collection	6.58	-	Vesting Order
7	Open Access Cross Subsidy Income	0.00	0.00	
8	Supervision Charges	14.67	14.67	
9	Miscellaneous operating Income	17.91	17.91	
10	Interest Income	29.10	29.10	
11	Delayed payment surcharge	10.44	10.44	
12	Other Income	1.62	1.62	
	<b>Total- Other Operating &amp; other income</b>	<b>131.83</b>	<b>98.19</b>	
	<b>Less</b>			
13	Amortisation of consumer contribution	10.62	10.62	Netted off against Depreciation
14	Amortisation of Govt Grants in capital nature	1.22	1.22	Netted off against Depreciation
15	Amortisation of Consumer contribution- Meter	4.06	0.00	
16	Total	15.90	11.85	Netted off against amortisation of Govt Grants
	<b>Net balance as per audited accounts for Truing up</b>	<b>115.93</b>	<b>86.35</b>	



## Format-TU-8

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

Sl. No.	Particulars	FY 2020-21 (3 months)	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Balance	-	-	98.50	362.02
2	Loan (Normative) during the year	-	101.58	282.52	304.06
3	Repayments during the Year(Equal to Depreciation)	0	3.08	18.99	59.79
4	Closing Balance	-	98.50	362.02	606.30
5	Average Balance	-	49.25	230.26	484.16
6	Rate of Interest	6.90%	6.90%	7.34%	8.44%
7	<b>Interest Amount</b>	-	<b>3.40</b>	<b>16.90</b>	<b>40.88</b>
10	Capitalisation	-	145.11	403.59	434.37
11	Total Capex	-	145.11	403.59	434.37
12	Funded by :				
13	Debt (70%)	-	101.58	282.52	304.06
14	Equity (30%)	-	43.53	121.08	130.31



**Calculation of Interest on Working Capital (Normative) and Security Deposits (Actual) FY 2023-24 (Rs. Crs.)**

Sl. No.	Particulars	Normative	Approval by OERC for FY 23-24	Actual (Audited) Parameters	Remarks
<b>1</b>	<b>Operation &amp; maintenance expenses</b>				
	Employee cost	474.97	495.76	474.97	
	Other Expenses	326.01	265.23	326.01	
	<b>Total O&amp;M</b>	<b>800.98</b>	<b>760.99</b>	<b>800.98</b>	
	Operation & maintenance expenses Per annum	800.98		800.98	
	Operation & maintenance expenses Per month	66.75		66.75	
2	Power purchase cost for one month	84.75		84.75	
3	Maintenance of spare@20% of R&M Expenses	2.95		2.95	
4	Depreciation on Legacy asset	-22.25		-22.25	
	<b>TOTAL</b>	<b>132.20</b>		<b>132.20</b>	
	Interest rate on working capital	7.91%			
<b>5</b>	<b>Gross Interest on Working Capital</b>	<b>10.46</b>		<b>48.65</b>	
<b>6</b>	<b>Interest on security deposits</b>	<b>21.14</b>		<b>21.14</b>	
<b>7</b>	<b>Other Finance Cost</b>	<b>14.31</b>		<b>1.74</b>	Interest on Opening Short term borrowing transferred as per carved out order:158.90@7.91% of Rs. 12.57 crore and other finance charges of Rs. 1.74 crore
<b>8</b>	<b>Total interest including interest on SD</b>	<b>45.91</b>		<b>71.53</b>	





# ANNEXURE 3



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## INDEPENDENT AUDITOR'S REPORT

To the Members of TP Southern Odisha Distribution Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of TP Southern Odisha Distribution Limited ("the Company"), which comprise the Balance Sheet as at March 31 2024, 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 material 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, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

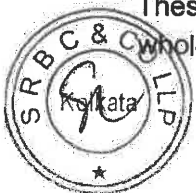
#### Basis for Opinion

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, 2024.

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



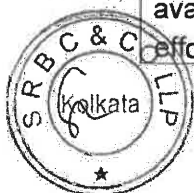
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matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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.

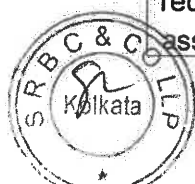
Key audit matter	How our audit addressed the key audit matter
<b>(a) Expected credit loss on trade receivables (as described in Note 10 of the financial statements)</b>	
<p>The Company has outstanding gross trade receivables of Rs 605.53 crore as at March 31, 2024, including overdue / aged receivables.</p> <p>The Company supplies electricity to various types of customers including individual customers with wide ranging characteristics in the Southern Odisha. There exists inherent exposure to credit risk for these customers. The Company has acquired this business w.e.f. January 1, 2021 and limited past experiences are available to estimate credit loss allowance.</p> <p>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 consumers, security deposit available, outcome of the Company's effort to reach consumers, their most</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Obtained an understanding of the management plan and steps being taken to collect all receivables including overdue / aged receivables.</li> <li>• 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 receivables.</li> <li>• Evaluated management's assumption and judgement relating to collection considering business environment in which the Company operates and rights available with the Company to recover amount due from customers for estimating the amount of ECL allowance.</li> <li>• Evaluated management's continuous assessment of the assumptions used in the</li> </ul>



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<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>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.</p> <p>Based on the above mechanism and using its best estimate, the Company has accounted ECL provision of Rs 122.22 crore as on the balance sheet date.</p> <p>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.</p>	<p>credit loss provision computation. These considerations include whether there are regular receipts from the customers and the Company's past collection history.</p> <ul style="list-style-type: none"> <li>• Verified mathematical accuracy of provision computation based on credit loss estimation model used and other factors considered by the management.</li> <li>• Assessed the disclosures in the financial statements.</li> <li>• Obtained necessary management representation.</li> </ul>
<p><b>(b) Accrual of regulatory assets/liabilities for items which are subject matter of true up in tariff orders (as described in Note 33 of the financial statements)</b></p>	
<p>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.</p> <p>The Company recognizes revenue at the amount invoiced to customers based on pre-approved tariff rates. As 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 assets/liabilities. The Company has</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's process and tested internal controls associated with the estimation and recoverability of such regulatory deferral balances.</li> <li>• 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.</li> <li>• 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.</li> </ul>



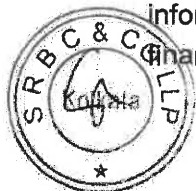
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Key audit matter	How our audit addressed the key audit matter
<p>recognized regulatory assets of Rs 622.42 crore as at March 31, 2024. Accruals are determined based on tariff regulations and past tariff orders and are subject to verification and approval by the regulators. Further the costs incurred are subject to prudential checks and prescribed norms.</p> <p>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 currently expenses have been allowed on the basis of pragmatic approach. 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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Assessed management’s evaluation and true up review petition and correspondences filed with regulators for the likely outcome in respect of material disallowances made by the regulators.</li> <li>• Assessed impact, if any, recognized by the Company in respect of tariff orders received.</li> <li>• Re-calculated workings obtained from the management to check arithmetical accuracy of the calculations.</li> <li>• Assessed disclosures made by the Company in accordance with the requirements of Ind AS 114 “Regulatory Deferral Accounts.”</li> <li>• Obtained necessary management representation.</li> </ul>

**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.



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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**

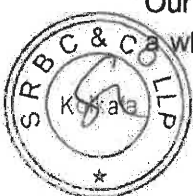
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes 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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



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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.



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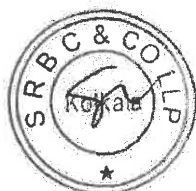
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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### 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, to the extent applicable, 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 except for the matters stated in the paragraph (i) (vi) below on reporting under Rule 11(g);
  - (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 as on March 31, 2024 taken on record by the Board of Directors, none of the directors is



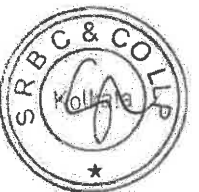


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disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g);
- (g) 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;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 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;
- (i) 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, 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;



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- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, 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. Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares except that, audit trail feature is not enabled for direct changes to data when using certain access rights, as described in note 46 to the financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting softwares.

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

For A. K. Sabat & Co.  
Chartered Accountants  
ICAI Firm registration number: 321012E



**per Shivam Chowdhary**  
Partner  
Membership Number: 067077  
UDIN: 24067077BKFSEW8052  
Place of Signature: Bhubaneswar  
Date: April 19, 2024



**Per B. R. Mohanty**  
Partner  
Membership Number: 057266  
UDIN: 24057266BKGPYZ1334  
Place of Signature: Bhubaneswar  
Date: April 19, 2024



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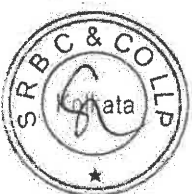
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**Annexure 1 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date**

**Re: TP Southern 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 planned 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, 2024.
- (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.



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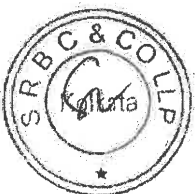
- (b) As disclosed in note 20 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the unaudited 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 provided unsecured loans to its employees as follows:

(Amount in Rs. Crores)

Particulars	Loans
Aggregate amount provided during the year	
- Employees	18.37
Balancing outstanding as at balance sheet date in respect above cases (post-acquisition of business)	
Employees	2.59

During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee and provided security to companies, firms, Limited Liability Partnerships or any party other than as mentioned above.

- (b) During the year, the terms and conditions of the grant of all loans and advances in the nature of loans are not prejudicial to the Company's interest. Further, during the year, the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loan to firms, Limited Liability Partnerships or any other party.
- (c) The Company has granted loans during the year to employees where the schedule of repayment of principal has been stipulated and the repayment of receipts are regular.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, limited liability partnerships or any other parties which was fallen due during the



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year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

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



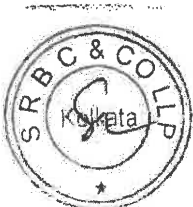
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Name of the statute	Nature of dues	Amount (Rs in crores)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
The Finance Act, 1994	Service tax	16.33	FY 2014-15 to FY 2017-18	CESTAT, Kolkata

There are no dues of goods and services tax, provident fund, 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.

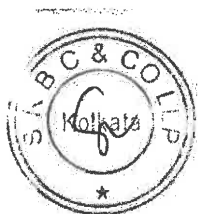
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.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



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- (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.
- (xi) (a) No 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.
- (xii) (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.
- (xiii) Transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (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.



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- (xv) 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.
- (xvi) (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) According to the information and explanation given to us by the management, the Group has five CICs which are registered with the Reserve Bank of India and two CICs which are not required to be registered with the Reserve Bank of India.
- (xvii) The Company has not incurred cash losses in the current year as well as in the immediately preceding financial year respectively.
- (xviii) 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.
- (xix) On the basis of the financial ratios disclosed in note 39 to the financial statements, ageing and expected dates of realisation 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.





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- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 30.3 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 30.3 to the financial statements.
- (xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(xxii) of the Order is not applicable to the Company.

For S R B C & CO LLP

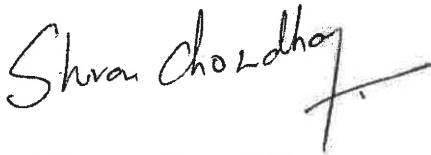
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

For A. K. Sabat & Co.

Chartered Accountants

ICAI Firm registration number: 321012E



per Shivam Chowdhary

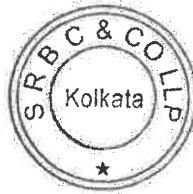
Partner

Membership Number: 067077

UDIN: 24067077BKFSEW8052

Place of Signature: Bhubaneswar

Date: April 19, 2024



Per B. R. Mohanty

Partner

Membership Number: 057266

UDIN: 24057266BKGPYZ1334

Place of Signature: Bhubaneswar

Date: April 19, 2024



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## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF TP SOUTHERN ODISHA DISTRIBUTION LIMITED**

### **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 Southern Odisha Distribution Limited ("the Company") as of March 31, 2024 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



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Chartered Accountants  
Sahid Nagar  
Bhubaneswar – 751 007

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.

### **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



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Tel - +91 33 6134 4000

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Bhubaneswar – 751 007

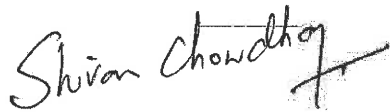
financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP  
Chartered Accountants

For A. K. Sabat & Co.  
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

ICAI Firm registration number: 321012E



per Shivam Chowdhary

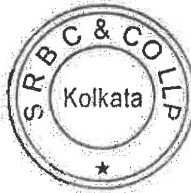
Partner

Membership Number: 067077

UDIN: 24067077BKFSEW8052

Place of Signature: Bhubaneswar

Date: April 19, 2024



Per B. R. Mohanty

Partner

Membership Number: 057266

UDIN: 24057266BKGPYZ1334

Place of Signature: Bhubaneswar

Date: April 19, 2024



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
 CIN : U40109OR2020PLC035195  
 Kamapalli, Courtpetta, Berhampur, Ganjam, Odisha-760004  
 Website: www.tpsouthernodisha.com; Email: tpsodl@tpsouthernodisha.com

**BALANCE SHEET AS AT MARCH 31, 2024**

Particulars	Notes	As at March 31, 2024 ₹ crore	As at March 31, 2023 ₹ crore
<b>ASSETS</b>			
<b>(A) Non-current assets</b>			
(a) Property, plant and equipment	4	1,496.35	1,119.95
(b) Capital work in progress	5	379.97	129.62
(c) Intangible assets	4	106.33	69.78
(d) Financial assets			
(i) Other financial assets	6	32.04	25.97
(e) Deferred tax assets (net)	7	72.95	54.07
(f) Non-current tax assets (net)		3.20	2.99
(g) Other non-current assets	8	20.21	14.77
<b>Total non-current assets (A)</b>		<b>2,111.05</b>	<b>1,417.15</b>
<b>(B) Current assets</b>			
(a) Inventories	9	53.87	45.22
(b) Financial assets			
(i) Trade receivables	10	483.31	509.50
(ii) Unbilled revenue		155.50	130.03
(iii) Cash and cash equivalents	11	140.77	174.00
(iv) Bank balances other than (iii) above	11	1,075.88	849.46
(v) Other financial assets	12	44.11	42.31
(c) Other current assets	13	9.75	11.21
<b>Total current assets (B)</b>		<b>1,963.19</b>	<b>1,761.73</b>
<b>(C) Total assets before regulatory deferral account (A+B)</b>		<b>4,074.24</b>	<b>3,178.88</b>
<b>(D) Regulatory deferral account- Assets</b>	33	622.42	298.04
<b>(E) Total assets (C+D)</b>		<b>4,696.66</b>	<b>3,476.92</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(A) Equity</b>			
(a) Equity share capital	14	510.94	368.94
(b) Other equity	15	160.77	124.20
<b>Total equity (A)</b>		<b>671.71</b>	<b>493.14</b>
<b>Liabilities</b>			
<b>(B) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	492.13	210.60
(ii) Other financial liabilities	17	128.16	75.90
(b) Provisions	18	382.87	262.52
(c) Other non-current liabilities	19	1,212.19	769.34
<b>Total non-current liabilities (B)</b>		<b>2,215.35</b>	<b>1,318.36</b>
<b>(C) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	589.25	647.91
(ii) Trade payables	21		
(a) Total outstanding dues of micro enterprises and small enterprises		45.01	33.26
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		153.41	74.60
(iii) Other financial liabilities	22	851.33	759.22
(b) Other current liabilities	23	137.18	111.94
(c) Provisions	18	33.42	30.56
(d) Current tax liabilities (net)	24	-	7.93
<b>Total current liabilities (C)</b>		<b>1,809.60</b>	<b>1,665.42</b>
<b>(D) Total liabilities (B+C)</b>		<b>4,024.95</b>	<b>2,983.78</b>
<b>(E) Total equity and liabilities (A+D)</b>		<b>4,696.66</b>	<b>3,476.92</b>

The accompanying notes forms an integral part of the financial statements

As per our report of even date

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

*Shivam Chowdhary*  
per **Shivam Chowdhary**  
Partner  
Membership No. 067077  
Place: Bhubaneswar

For **A.K. Sabat & Co.**  
Chartered Accountants  
ICAI FRN: 321012E

*A.K. Mohanty*  
per **A.K. Mohanty**  
Partner  
Membership No. 057266  
Place: Bhubaneswar

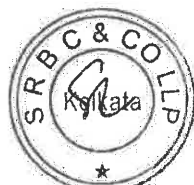
For and on behalf of the Board of  
**TP Southern Odisha Distribution Limited**

*Praveer Sinha*  
per **Praveer Sinha**  
Director  
DIN: 01785164  
Place: Bhubaneswar

*Sanjay Kumar Banga*  
per **Sanjay Kumar Banga**  
Director  
DIN: 07785948  
Place: Bhubaneswar

*Amit Kumar Garg*  
per **Amit Kumar Garg**  
Chief Executive Officer  
Place: Bhubaneswar

*Bijay Kumar Mohanty*  
per **Bijay Kumar Mohanty**  
Chief Financial Officer  
Place: Bhubaneswar



Date: April 19, 2024

*Jeevanjyoti Nayak*  
per **Jeevanjyoti Nayak**  
Company Secretary  
Place: Bhubaneswar

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024**

Particulars	Notes	Year ended	Year ended
		March 31, 2024	March 31, 2023
		₹ crore	₹ crore
<b>I. Revenue from operations</b>	25	1,828.73	1,853.12
<b>II. Other income</b>	26	62.12	63.63
<b>III. Total income (I+II)</b>		<b>1,890.85</b>	<b>1,916.75</b>
<b>IV. Expenses</b>			
Cost of power purchased and transmission charges	27	1,007.69	1,057.82
Employee benefits expense (net)	28	428.11	386.22
Finance costs	29	102.07	58.62
Depreciation and amortisation expenses	4	112.06	58.32
Other expenses	30	458.13	515.04
<b>Total expenses (IV)</b>		<b>2,108.06</b>	<b>2,076.02</b>
<b>v. (Loss) before movement in regulatory deferral balance and tax (III-IV)</b>		<b>(217.21)</b>	<b>(159.27)</b>
Add: Movement in regulatory deferral balances (net)	33	267.44	217.52
Add/(Less): Deferred tax recoverable/(payable)	33	0.20	(11.43)
		<b>267.64</b>	<b>206.09</b>
<b>VI. Profit before tax</b>		<b>50.43</b>	<b>46.82</b>
<b>VII. Tax expense</b>			
(1) Current tax	31	12.36	19.41
(2) Current tax in respect of earlier year	31	1.30	6.09
(3) Deferred tax (credit)/expense	31	0.20	(11.43)
<b>VIII. Profit for the period (VI-VII)</b>		<b>36.57</b>	<b>32.75</b>
<b>IX. Other comprehensive income</b>			
Items that will not be reclassified to profit or loss (net)	32	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>X. Total comprehensive income for the period (VIII+IX)</b>		<b>36.57</b>	<b>32.75</b>
<b>XI. Earnings per equity share (face value of ₹ 10/- each)</b>			
Earnings per equity share (excluding regulatory income (net))			
Basic and Diluted (in ₹)		(4.43)	(4.89)
Earnings per equity share (including regulatory income (net))			
Basic and Diluted (in ₹)		0.99	1.32

The accompanying notes forms an integral part of the financial statements

As per our report of even date

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

For **A.K. Sabat & Co.**  
Chartered Accountants  
ICAI FRN: 321012E

For and on behalf of the Board of  
**TP Southern Odisha Distribution Limited**



per **Shivam Chowdhary**  
Partner  
Membership No. 067077  
Place: Bhubaneswar



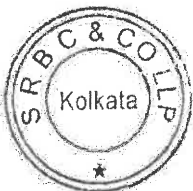
per **B.R. Mohanty**  
Partner  
Membership No. 057266  
Place: Bhubaneswar



**Praveer Sinha**  
Director  
DIN:01785164  
Place: Bhubaneswar



**Sanjay Kumar Banga**  
Director  
DIN:07785948  
Place: Bhubaneswar



  
**Amit Kumar Garg**  
Chief Executive Officer  
Place: Bhubaneswar

  
**Bijay Kumar Mohanty**  
Chief Financial Officer  
Place: Bhubaneswar

  
**Jeevanjyoti Nayak**  
Company Secretary  
Place: Bhubaneswar

Date: April 19, 2024

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**

**A. Equity Share Capital**

Particulars	No. of Shares	Amount (₹ crore)
Balance as at April 1, 2023	36,89,40,000	368.94
Issued during the year	14,20,00,000	142.00
<b>Balance as at March 31, 2024</b>	<b>51,09,40,000</b>	<b>510.94</b>

Particulars	No. of Shares	Amount (₹ crore)
Balance as at April 1, 2022	24,79,40,000	247.94
Issued during the year	12,10,00,000	121.00
<b>Balance as at March 31, 2023</b>	<b>36,89,40,000</b>	<b>368.94</b>

**B. Other Equity**

Particulars	Retained Earnings	Total
	₹ crore	₹ crore
Balance as at April 1, 2023	124.20	124.20
Profit for the year	36.57	36.57
Other comprehensive income for the year	-	-
<b>Total comprehensive income</b>	<b>36.57</b>	<b>36.57</b>
<b>Balance as at March 31, 2024</b>	<b>160.77</b>	<b>160.77</b>

Particulars	Retained Earnings	Total
	₹ crore	₹ crore
Balance as at April 1, 2022	91.45	91.45
Profit for the year	32.75	32.75
Other comprehensive income for the year	-	-
<b>Total Comprehensive Income</b>	<b>32.75</b>	<b>32.75</b>
<b>Balance as at March 31, 2023</b>	<b>124.20</b>	<b>124.20</b>

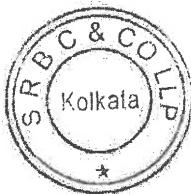
The accompanying notes forms an integral part of the financial statements

As per our report of even date

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



per **Shivam Chowdhary**  
 Partner  
 Membership No. 067077  
 Place: Bhubaneswar



For **A.K. Sabat & Co.**  
 Chartered Accountants  
 ICAI FRN: 321012E



per **B.R. Mohanty**  
 Partner  
 Membership No. 057266  
 Place: Bhubaneswar



For and on behalf of the Board of  
**TP Southern Odisha Distribution Limited**



**Praveer Sinha**  
 Director  
 DIN: 01785164  
 Place: Bhubaneswar



**Amit Kumar Garg**  
 Chief Executive Officer  
 Place: Bhubaneswar



**Sanjay Kumar Banga**  
 Director  
 DIN: 07785948  
 Place: Bhubaneswar



**Bijay Kumar Mohanty**  
 Chief Financial Officer  
 Place: Bhubaneswar



**Jeevanjyoti Nayak**  
 Company Secretary  
 Place: Bhubaneswar

Date: April 19, 2024

**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
 CIN : U40109OR2020PLC035195  
 Kamapalli, Courtpetta, Barhampur, Ganjam, Odisha-760004  
 Website: www.tpsouthernodisha.com; Email: tpsodl@tpsouthernodisha.com

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024**

**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	₹ crore	
	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash flow from operating activities</b>		
Profit before tax	50.43	46.82
<b>Adjustments to reconcile profit and loss to net cash provided by operating activities</b>		
Depreciation and amortisation expenses	112.06	58.32
Provision for contingencies	0.24	5.79
Amortisation of Consumer Contribution & Grant for capital work	(15.90)	(11.58)
Finance costs (net of capitalisation)	102.07	58.62
Interest income on term deposits	(29.10)	(19.65)
Income from delayed payment charges	(10.44)	(13.64)
Loss on disposal / write off of property, plant and equipment #	0.06	0.00
Allowances for doubtful receivables	42.89	59.25
<b>Operating profit before working capital changes</b>	<b>252.31</b>	<b>183.93</b>
<b>Adjustments for (increase)/decrease in operating assets:</b>		
Inventories	(8.66)	(16.91)
Trade receivables	(16.70)	(153.69)
Other financial assets - current	1.35	18.79
Other financial assets - non current	(1.20)	(1.49)
Unbilled revenue	(25.47)	(8.92)
Other current assets	1.46	(1.19)
Regulatory deferral account- Assets	267.64	(206.09)
<b>Movement in operating assets</b>	<b>(316.86)</b>	<b>(269.50)</b>
<b>Adjustments for Increase/(decrease) in operating liabilities:</b>		
Trade payables	90.56	(80.58)
Other financial liabilities - current	(15.60)	0.69
Other financial liabilities - non current	52.26	48.91
Other current liabilities	24.44	99.08
Provisions - current	2.62	5.03
Provisions - non current	44.54	45.83
<b>Movement in operating liabilities</b>	<b>198.82</b>	<b>118.96</b>
<b>Cash flow generated from/(used in) operations</b>	<b>134.27</b>	<b>(86.61)</b>
Income tax paid (Net of refund received)	(21.80)	(22.47)
<b>Net cash flow generated from / (used) in operating activities*</b>	<b>(A)</b>	<b>(89.08)</b>
<b>B. Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	0.04	0.08
Capital expenditure on property, plant and equipment and intangible assets (including capital work in progress, capital advances and net of capital creditors)	(648.58)	(429.95)
Delayed payment charges received	19.44	13.64
Interest income on fixed deposits	25.95	15.12
Deposits made with banks not considered as cash and cash equivalents	(3,313.67)	(1,379.57)
Deposits matured with banks not considered as cash and cash equivalents	3,082.58	968.88
<b>Net cash flow used in investing activities</b>	<b>(B)</b>	<b>(811.80)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issuance of equity shares	72.42	61.71
Finance costs paid	(80.12)	(40.73)
Proceeds from subsidies towards cost of capital assets	496.07	362.35
Refund of Consumer Contribution/Government Grant	(44.78)	(0.85)
Proceeds/Adjustment/Refund of Security deposit from electricity consumers(net)	51.08	6.17
Interest paid on Security Deposit from Consumer	(19.79)	(11.12)
Proceeds from short-term borrowings	2,542.28	1,915.80
Repayments of short-term borrowings (net)	(2,623.94)	(1,585.96)
Proceeds from long-term borrowing	322.28	191.14
Repayment of long-term borrowings	(17.86)	(9.88)
<b>Net cash flow generated from financing activities</b>	<b>(C)</b>	<b>897.83</b>
<b>D. Net (decrease) / Increase in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(3.05)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	174.00	177.05
<b>F. Cash and cash equivalents at the end of the year</b>	140.77	179.00
<b>G. Non-cash financing and investing activities</b>		
Issue of right shares for consideration other than cash	69.58	59.29

1 # 0.00 represents amount below the rounding off norm adopted by the Company  
 2 \*Net cash flow from operating activities includes an amount of ₹1.55 crore (March 31, 2023: ₹ 1.26 crore) towards Corporate social responsibility.

Cash and cash equivalents include:	As at	
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
(a) Balances with banks - in current accounts	44.68	82.17
(b) Cheques on hand	6.09	12.32
(c) Cash on hand	9.45	13.16
(d) Deposit having original maturity of less than 3 months	80.55	66.35
<b>Total cash and cash equivalents</b>	<b>140.77</b>	<b>174.00</b>

The accompanying notes forms an integral part of the financial statements

As per our report of even date

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

*Shivam Chowdhary*  
 per Shivam Chowdhary  
 Partner  
 Membership No. 067077  
 Place: Bhubaneswar



For **A.K. Sabat & Co.**  
 Chartered Accountants  
 ICAI FRN: 371112E

per **R.V. Mohanty**  
 Partner  
 Membership No. 057266  
 Place: Bhubaneswar



For and on behalf of the Board of  
**TP Southern Odisha Distribution Limited**

*Praveer Sinha*  
 per Praveer Sinha  
 Director  
 DIN: 01785164  
 Place: Bhubaneswar

*Amr Kumar Garu*  
 per Amr Kumar Garu  
 Chief Executive Officer  
 Place: Bhubaneswar

*Sanjay Kumar Janga*  
 per Sanjay Kumar Janga  
 Director  
 DIN: 07785948  
 Place: Bhubaneswar

*Bijay Kumar Mohanty*  
 per Bijay Kumar Mohanty  
 Chief Financial Officer  
 Place: Bhubaneswar

*Jeevanjyoti Nayak*  
 per Jeevanjyoti Nayak  
 Company Secretary  
 Place: Bhubaneswar

Date: April 19, 2024



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 1**

**Corporate Information**

TP Southern Odisha Distribution Limited (TPSODL or the Company) is a public limited company, domiciled and incorporated in India and is engaged in the business of distribution of electricity in Southern Odisha. The Company has been incorporated on December 25, 2020 under the Companies Act, 2013 (as amended). Pursuant to Vesting Order Issued by the Odisha Electricity Regulatory Commission ('OERC') dated December 28, 2020, the Company acquired the business of distributing power in Southern Odisha ('business') from SOUTHCO Utility with effect from January 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 Southern state of Odisha for a period of 25 years effective from January 1, 2021, which also marked the commencement of commercial operations for the Company.

The registered office of the Company is located at Kamapalli, Courtpeta, Berhampur -760 004, Ganjam, Odisha.

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**

**Material accounting policies**

**2.01 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.

**2.02 Basis of preparation and presentation**

(a) Carrying amount of security deposits as per the general ledger is lower by ₹0.61 crore as compared to balance as per consumer ledger .

- certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments):
- employee benefit expenses (refer note 18 for accounting policy)

The financial statements are presented in ₹ and all values are rounded to the nearest crore (₹'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 material accounting policies, critical accounting estimates and judgements**

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:

**3.01 Foreign currencies**

The financial statements are presented in Indian Rupee (₹), which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the transaction first qualifies for recognition. 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.

**3.02 Current versus non-current classification**

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

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.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**3.03 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities 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 or financial liabilities measured 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.

**3.04 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 through profit or loss or fair value through other comprehensive income, depending on the classification of the financial assets.

**3.04.1 Financial assets at amortised cost**

A 'financial asset' is measured at the amortised cost if both of the following conditions are met:

(i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

(ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial assets at FVTPL are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

**3.04.3 Financial assets designated at fair value through other comprehensive income (FVTOCI)(debt instruments)**

A financial asset is classified as at the FVTOCI if both the following criteria are met:

(a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) the asset's contractual cash flows represent SPPI

**3.04.4 Impairment of financial asset**

The Company applies the expected credit loss (ECL) 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".

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

**3.04.5 Derecognition of financial asset**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- the rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a)

- the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**3.04.6 Offsetting of financial asset**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**3.05 Financial liabilities and equity instruments**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loan and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, security deposit from electricity consumers, consumer contributions for work under progress, capital creditors etc.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss, or
- Financial liabilities at amortised cost (loans and borrowings)

**3.05.1 Financial Liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

**3.05.2 Financial Liabilities at amortised cost (Loans and borrowings)**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer note 16 & 20.

**3.05.3 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. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**3.05.4 Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**3.06 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.

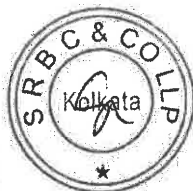
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

For assets and liabilities that are recognised 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**3.07 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 a 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.

**3.07.1 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.

**3.08 Dividend**

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**3.09 Government grants**

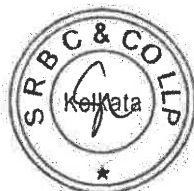
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**3.10 Business combinations and goodwill**

Business combinations 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 and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received, with the exception of the costs of issuing debt or equity securities that are recognised in accordance with Ind AS 32 and Ind AS 109.

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.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

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 Company 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 recognised 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 Critical accounting estimates and judgements**

In the application of the Company's accounting policies, the Management 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 (refer note 33 and 25)
- 2 Estimation of expected credit loss (refer note 10)
- 3 Estimation of defined benefit obligation (refer note 18)
- 4 Estimations used for determination of tax expenses and tax balances (refer note 31)
- 5 Judgement to estimate the amount of provision required or to determine required disclosure related to litigation and claims against the Company - (refer note 35)

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

**3.12 New and amended standards**

**Amendment in Schedule III to Companies Act 2013:**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

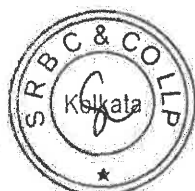
**(i) Definition of Accounting Estimates – Amendments to Ind AS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

**(ii) Disclosure of Accounting Policies – Amendments to Ind AS 1**

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.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 4 Property, plant and equipment (PPE) and Intangible assets:**

**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.

**Depreciation on regulated assets**

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. In tariff regulation, 2022 notified in December, 2022 which shall remain in force for control period FY 2023-24 to FY 2027-28, the regulatory commission has changed useful life of certain assets and has provided that depreciation shall be provided as per rates notified in these regulations for first 15 years and remaining depreciable value after a period of 15 years shall be spread over the balance useful life of the assets.

Rate of depreciation of the property, plant and equipment as prescribed by the Regulator is as follows:

Type of asset	Rate (Assets transferred on acquisition)	Rate (New assets acquired post acquisition)
Buildings	3.80%	3.34%
Plant and equipment including transmission lines and cable network	3.80%	4.67%
Office Equipments	9.00%	5.28% to 15%
Office Equipments (others)	9.50%	6.33%
Furniture and Fixtures	4.55%	6.33%
Motor vehicles	12.86%	9.50%

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.

Based on the Vesting Order/ Tariff Regulations, the residual value of the assets is considered at 10% of the Original Cost.

**Depreciation on Non-regulated assets**

Depreciation is recognised on the cost of assets less their residual values (Nil) over their estimated useful lives, using the straight-line method.

Rate of depreciation of the property, plant and equipment of non-regulated assets is as follows:

Type of asset	Rate (New assets acquired post acquisition)
Smart Meter-Single Phase	12.50%
Others	20.00%

**Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses if any. Amortisation is recognised on a straight-line basis over their estimated useful lives as below. 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.

Estimated useful lives of the Intangible assets is as follows:

Type of Intangible Asset	Rate (New assets acquired post acquisition)
Softwares	30.00%

**Derecognition**

An item of property, plant and equipment or Intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment's or intangible assets 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 Property, plant and equipments and Intangible assets**

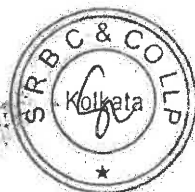
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's 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 post tax cash flows are discounted to their present value using a appropriate 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 losses of property, plant and equipment and intangible assets are recognised in the statement of profit and loss.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**4.02 Property, plant and equipment (PPE) (Contd.)**  
**a. Property, plant and equipment**

Description	₹ crore						Total
	Buildings	Plant and equipment including transmission lines and cable network	Motor vehicles	Furniture and Fixtures	Office Equipments	Meter	
<b>Cost</b>							
Balance as at April 1, 2023	83.49	997.47	3.33	10.91	70.48	51.90	1217.58
Additions	71.50	289.01	1.24	1.52	27.02	71.70	461.99
Disposals/Adjustment	-	-	(0.05)	-	(0.09)	-	(0.14)
<b>Balance as at March 31, 2024</b>	<b>154.99</b>	<b>1,286.48</b>	<b>4.52</b>	<b>12.43</b>	<b>97.41</b>	<b>123.60</b>	<b>1,679.43</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at April 1, 2023	1.69	80.15	0.29	0.63	9.00	5.88	97.64
Depreciation expense	3.51	51.54	0.37	0.74	11.17	18.14	85.47
Disposals/Adjustment	-	-	(0.01)	-	(0.02)	-	(0.03)
<b>Balance as at March 31, 2024</b>	<b>5.20</b>	<b>131.69</b>	<b>0.65</b>	<b>1.37</b>	<b>20.15</b>	<b>24.02</b>	<b>183.08</b>
<b>Net carrying amount</b>							
Balance as at March 31, 2024	149.79	1,154.79	3.87	11.06	77.26	99.58	1,496.35

Description	₹ crore						Total
	Buildings	Plant and equipment including transmission lines and cable network	Motor vehicles	Furniture and Fixtures	Office Equipments	Meter	
<b>Cost</b>							
Balance as at April 01, 2022	26.94	727.76	1.00	5.78	35.51	-	796.99
Additions	56.55	269.71	2.39	5.13	35.02	51.90	420.70
Disposals/Adjustment	-	-	(0.06)	-	(0.05)	-	(0.11)
<b>Balance as at March 31, 2023</b>	<b>83.49</b>	<b>997.47</b>	<b>3.33</b>	<b>10.91</b>	<b>70.48</b>	<b>51.90</b>	<b>1,217.58</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at April 01, 2022	0.31	44.32	0.19	0.13	1.78	-	46.73
Depreciation expense	1.38	35.83	0.10	0.50	7.22	5.88	50.91
Disposals/Adjustment	-	-	(0.00)	-	(0.01)	-	(0.01)
<b>Balance as at March 31, 2023</b>	<b>1.69</b>	<b>80.15</b>	<b>0.29</b>	<b>0.63</b>	<b>9.00</b>	<b>5.88</b>	<b>97.64</b>
<b>Net carrying amount</b>							
Balance as at March 31, 2023	81.80	917.32	3.04	10.28	61.49	46.02	1,119.95

**b. Intangible assets**

Description	₹ crore
	Software
<b>Cost</b>	
As at April 01, 2023	77.98
Additions	63.14
Disposals	-
<b>Balance as at March 31, 2024</b>	<b>141.12</b>
<b>Accumulated amortisation and impairment</b>	
As at April 01, 2023	8.20
Amortisation expense	26.59
Disposals	-
<b>Balance as at March 31, 2024</b>	<b>34.79</b>
<b>Net carrying amount</b>	
Balance as at March 31, 2024	106.33



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

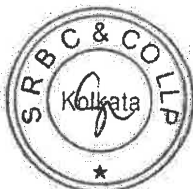
₹ crore	
<b>Description</b>	<b>Software</b>
<b>Cost</b>	
Balance as at April 01, 2022	34.82
Additions	43.16
Disposals	-
<b>Balance as at March 31, 2023</b>	<b>77.98</b>
<b>Accumulated amortisation and impairment</b>	
Balance as at April 01, 2022	0.80
Amortisation expense	7.40
Disposals	-
<b>Balance as at March 31, 2023</b>	<b>8.20</b>
<b>Net carrying amount</b>	
Balance as at March 31, 2023	69.78

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

**4.03 Depreciation and amortisation charged to Statement of Profit & Loss** ₹ crore

Particulars	₹ crore	
	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on Property, plant and equipment	85.47	50.91
Add: Amortisation of intangible assets	26.59	7.40
<b>Total</b>	<b>112.06</b>	<b>58.32</b>

- 4.04** The Company does not own any land in its name. As per terms of the Vesting Order, lands has been given on lease to the Company for a consideration of ₹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. Beneficial ownership of immovable properties constructed over the above lands have been transferred to the Company with effect from acquisition date. As per terms of the Vesting Order, title for the said immovable properties continues to be in the name of erstwhile administration and Companies.
- 4.05** The Property, plant and equipments include assets created out of government grants. As per the terms of the Vesting Order and the Carve Out Order, these assets have been transferred to the Company. However, the corresponding 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. The Company has charged depreciation on these assets as per the accounting policy followed by the Company for other assets not created out of grants. As per the Vesting Order and the Carve Out Order, the Company is required to utilise any amount realised through depreciation toward meeting certain opening liabilities transferred ("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, 2024.
- 4.06** In accordance with the 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 the reconciliation prepared by the management, there are no material shortages which have been identified during the process of physical verification of PPE.
- 4.07** Refer note 16 & 20 for charge created against borrowing
- 4.08** 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 were directly funded by the consumers and are being used to supply electricity to the consumers. Accordingly, during the year, the company has capitalised PPE amounting to ₹ 51.87 crore (March 31, 2023: Nil) and recognised the corresponding liability under the head consumer contribution. Depreciation on PPE as well as amortisation of ₹ 14.69 crore (March 31, 2023: ₹ 9.88 crore) 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.
- 4.09** Refer note 44 for assets created with Government Fund and used by the Company.





**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 5 Capital work in progress (CWIP)**

**5.01 Accounting Policy**

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

**5.02 CWIP Movement**

Description	Amount
<b>Balance as at April 1, 2023</b>	<b>129.62</b>
Additions	705.91
Capitalised	(455.56)
<b>Balance as at March 31, 2024</b>	<b>379.97</b>
<b>Balance as at April 01, 2022</b>	<b>78.93</b>
Additions	455.27
Capitalised	(404.58)
<b>Balance as at March 31, 2023</b>	<b>129.62</b>

\*Project in progress includes setting up substations, installations of transformers and cable networks at various locations in southern part of Odisha. CWIP includes closing capital inventory of ₹ 170.27 crore as at March 31, 2024 (March 31, 2023 : ₹ 92.73 crore).

**5.03 Capital work in progress (CWIP) Ageing Schedule\***

Particulars	Amount in CWIP for a period of *				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
<b>CWIP ageing Schedule as at March 31, 2024</b>					
Projects Stock	143.20	17.72	3.12	5.98	170.02
Capex-Government Funded	172.14	1.08	1.60	-	174.82
Capex-Consumer Funded	7.34	0.32	-	-	7.66
Capex-Meter	6.53	6.26	-	-	12.79
Capex-Own	12.54	1.84	0.30	-	14.68
<b>Total</b>	<b>341.75</b>	<b>27.22</b>	<b>5.02</b>	<b>5.98</b>	<b>379.97</b>
<b>CWIP ageing Schedule as at March 31, 2023</b>					
Projects In progress	81.14	3.88	7.71	-	92.73
Capex-Government Funded	0.64	2.21	-	-	2.85
Capex-Consumer Funded	0.69	-	-	-	0.69
Capex-Meter	15.65	-	-	-	15.65
Capex-Own	16.68	1.02	-	-	17.70
<b>Total</b>	<b>114.80</b>	<b>7.11</b>	<b>7.71</b>	<b>-</b>	<b>129.62</b>

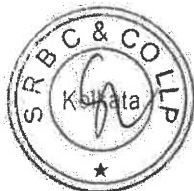
\* CWIP ageing schedule has been prepared from the date of acquisition of business by the Company.

**5.04 Refer note 16 & 20 for charge created against borrowings**

**5.05 CWIP Completion Schedule whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2024 :-**

Capital Work in Progress	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>Projects In progress</b>				
Government funded Projects	7.26	-	-	-
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>7.26</b>	<b>-</b>	<b>-</b>	<b>-</b>

Post acquisition of business, there are no projects with costs overrun or exceeding the planned timelines for completion as on March 31, 2023.









**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

	As at	As at
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
<b>NOTE 16 Non-current borrowings (at amortised cost)</b>		
<b>16.01 Secured</b>		
(A) Term Loans from Banks		
(a) Union Bank of India	340.03	134.18
(b) IDBI Bank Limited	192.86	94.28
	<b>532.89</b>	<b>228.46</b>
Less Current maturities of long-term debt	(40.76)	(17.86)
<b>Total non-current borrowings</b>	<b>492.13</b>	<b>210.60</b>

- 16.02** The Company has not defaulted on any loans payable. The Company has utilized the loan for the sanctioned purpose.
- 16.03** Term Loans (other than meter capex loan) from Union Bank of India and IDBI Bank Limited are repayable over 56 equal quarterly instalments and repayment has started from March 23 and December 23 respectively.
- 16.04** Term Loans (meter capex loan) from Union Bank of India amounting to Rs. 42.5 Cr and Rs. 75 Cr are repayable over 20 and 28 equal quarterly instalments respectively.
- 16.05** The rate of interest for term loans is in the range of 8.33% to 8.56% (March 31, 2023: 8.25%).
- 16.06** All the above term loans from Union Bank of India and IDBI Bank Limited contain certain debt covenants relating to limitation on indebtedness, total debt to EBITDA, interest coverage ratio, FACR and debt service coverage ratio. The Company has satisfied all the debt covenants prescribed in the terms of bank loan.
- 16.07** Term Loan from Union Bank of India (other than meter capex loan) is Secured against first pari passu charge on entire movable and immovable fixed assets of the Company, both present and future; excluding meters and assets transferred from Southco Utility vide vesting order of OERC.  
Term Loan from IDBI is secured against first pari passu charge on entire movable fixed asset of the Company, both present and future, excluding meters and assets transferred to the company from Southco Utility vide vesting order or any other securities offered to the existing term lenders and second pari passu charge on all current assets (other than restricted as per the vesting order which includes consumer security deposit and govt deposits received in the form of grant, subsidy, relief fund etc.) both present and future with other term lenders of the Company.
- 16.08** Meter capex Term Loan from Union Bank of India is Secured against first charge on meters both present and future, excluding meters transferred from Southco Utility vide vesting order of OERC.

	As at	As at
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
<b>NOTE 17 Other financial liabilities - non current (at amortised cost)</b>		
(a) Retention money payable	128.05	75.50
(b) Security deposits/ Earnest money deposit from supplier	0.11	0.40
<b>Total other financial liabilities - non current</b>	<b>128.16</b>	<b>75.90</b>

**NOTE 18 Provisions**

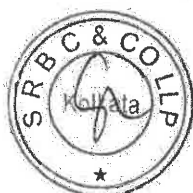
**18.01 Accounting policy**

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

Present obligations arising under onerous contracts are recognised 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 recognised 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.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**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 recognised 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 recognised 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 recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises 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 recognised 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 recognised 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 recognised 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. Remeasurements/ Actuarial gains and losses are recognised immediately in the statement of profit and loss.

**Pre acquisition liabilities of employees transferred from erstwhile SOUTHCO Utility:-**

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 retired 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 disbursement 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.

**18.02 Defined contribution plans**

**Erstwhile SOUTHCO Utility 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 SOUTHCO Utility Employees**

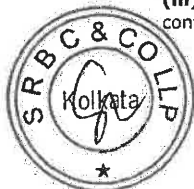
**(i) Provident Fund Plan**

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.

**(ii) 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.

(iii) The Company has recognised a total of ₹ 11.81 crore (March 31, 2023 is ₹ 14.12 crore) as contribution towards the defined contribution plan in the Statement of Profit or Loss.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**18.03 Defined Benefits plans**

**Erstwhile SOUTHCO 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 SOUTHCO Utility 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 retired 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 disbursement 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.

**Other than Erstwhile SOUTHCO Utility Employees**

**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.

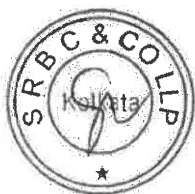
**iv) Ex-Gratia Death Benefits**

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, 2024	As at March 31, 2023
	₹ crore	₹ crore
<b>Provision -Non Current</b>		
<b>Provision for Employee Benefits</b>		
(a) Compensated absences	52.24	39.29
(b) Defined benefit plans	326.07	221.36
(c) Other employee benefits	4.57	1.87
<b>Total non-current provision</b>	<b>382.88</b>	<b>262.52</b>
	As at	As at
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
<b>Provision -Current</b>		
<b>Provision for Employee Benefits:-</b>		
(a) Compensated absences	3.29	3.55
(b) Defined benefit plans	14.83	11.77
(c) Other employee benefits	0.23	0.20
<b>Total current provision for employee benefit-( A)</b>	<b>18.35</b>	<b>15.52</b>



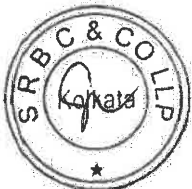
**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

<b>Other Provisions</b>		
Provision for contingencies-(B)*	15.07	15.04
<b>Total current provisions- (A+B)</b>	<b>33.42</b>	<b>30.56</b>

**Provision for contingencies movement:-**

Particular	₹ crore
<b>As at April 01, 2022</b>	<b>9.71</b>
Additions	6.12
Utilized	(0.79)
<b>As at March 31, 2023</b>	<b>15.04</b>
Additions	2.49
Utilized	(2.46)
<b>As at March 31, 2024</b>	<b>15.07</b>

\* It includes provision for claim and compensation





**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**18.04 Pre-acquisition liabilities of employees transferred from erstwhile SOUTHCO Utility:**

The Company has acquired the electricity distribution business of SOUTHCO Utility with effect from January 1, 2021. As a part of Business transfer, all the employees of the undertaking were transferred to the Company effective January 1, 2021, on a continuity of service conditions. Previously retired employees as well as continuing employees of SOUTHCO Utility 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 disbursement to the beneficiaries covered under the Trusts. Given below are details of Trusts' total accrued liabilities in respect of these obligations not transferred to the Company at this stage.

Given below are details of Trusts' total accrued liabilities in respect of these benefits not transferred to the Company:

₹ crore			
Particulars	Pension	Gratuity	Compensated absences
<b>March 31, 2024</b>			
Total liabilities of all employees	1273.89	80.28	94.28
Total liabilities of in respect of obligation not transferred to the company			
Total liability of past employees	840.71	-	-
Acquisition date liabilities of existing employees	156.52	30.23	59.54
<b>Total</b>	<b>997.23</b>	<b>30.23</b>	<b>59.54</b>
<b>March 31, 2023</b>			
Total liabilities of all employees	1186.78	74.69	87.42
Total liabilities of in respect of obligation not transferred to the company			
Total liability of past employees	841.54	-	-
Acquisition date liabilities of existing employees	168.45	33.79	64.72
<b>Total</b>	<b>1,009.98</b>	<b>33.79</b>	<b>64.72</b>

As per the Vesting and Carved out order, total amount paid / payable is given below for the current year towards the liabilities in respect of obligation not transferred to the Company and have been recognised as expense in the statement of profit and loss and towards liabilities in respect of obligation transferred to the Company and have been recognised in liability:

₹ crore			
Particulars	Pension	Gratuity	Compensated absences
<b>March 31, 2024</b>			
Amount paid/ payable toward liabilities in respect of obligation not transferred to the Company	101.38	3.70	5.17
Amount paid/ payable toward liabilities in respect of obligation transferred to the Company	2.09	4.41	-
<b>Total</b>	<b>103.47</b>	<b>8.11</b>	<b>5.17</b>
<b>March 31, 2023</b>			
Amount paid/ payable toward liabilities in respect of obligation not transferred to the Company	88.01	6.26	6.68
Amount paid/ payable toward liabilities in respect of obligation transferred to the Company	10.56	5.07	-
<b>Total</b>	<b>98.57</b>	<b>11.33</b>	<b>6.68</b>

**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 recognised 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 benefits plan of the Company.

**18.05 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.

**18.06 The following tables set out the funded status of gratuity plan and amount recognised in the Company's financial statements as at 31st March 2024. 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.**

Present Value of obligations				
Particulars	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
a. Present Value of obligations as at April 1, 2022 as per Actuarial Valuation (including obligation not transferred to the Company) (Refer note 18.04)	7.02	3.21	79.01	340.29
b. Interest Cost	0.50	0.21	5.27	23.79
c. Current Service Cost	0.83	0.44	3.40	8.62
d. Past Service Cost	-	0.01	-	-
e. Acquisition (Credit)/Cost	-	-	-	-
f. Actuarial loss / (gain)-Demographic	-	-	-	-
g. Actuarial loss / (gain)-Financial	(0.14)	(0.08)	(1.76)	(10.82)
h. Actuarial loss / (gain)-Experience	0.54	0.56	6.62	3.24
i. Adjustments related to prior period	(0.02)	(0.12)	(0.13)	-
Benefits Paid	-	(0.24)	(11.04)	(10.56)
k. Present value of obligation as at March 31, 2023 (including obligation not transferred to the Company) (Refer note 18.04)	8.73	3.49	81.38	354.56
l. Interest Cost	0.59	0.23	5.69	25.35
m. Current Service Cost	1.48	0.74	3.20	8.14
n. Past Service Cost	-	-	-	-
o. Acquisition (Credit)/Cost	-	-	-	-
p. Actuarial loss / (gain)-Demographic	-	0.08	(1.16)	6.03
q. Actuarial loss / (gain)-Financial	0.29	0.16	2.90	18.62
r. Actuarial loss / (gain)-Experience	2.75	0.92	2.76	43.88
s. Adjustments related to prior period	-	0.29	-	-
Benefits Paid	(3.23)	(1.23)	(8.71)	(14.52)
u. Present value of obligation at March 31, 2024 (including obligation not transferred to the Company) (Refer note 18.04)	10.61	4.68	86.05	442.05



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

Fair value of plan assets					₹ crore
Particulars	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)	
a. Fair value of plan asset as at April 1, 2022 (including plan assets not transferred to the Company) (Refer note 18.04)	-	-1.49	5.96	-	8.30
b. Acquisition (Credit)/Cost	-	-	-	-	-
c. Estimated return on plan asset	-	0.14	(0.01)	-	(0.14)
d. Employer contribution	-	0.02	11.33	-	19.56
e. Benefits Paid	-	(0.74)	(11.04)	-	(10.56)
f. Interest Income	-	0.08	0.43	-	0.59
g. Others	-	0.02	-	-	-
h. Fair value of plan asset as at March 31, 2023 (including plan assets not transferred to the Company) (Refer note 18.04)	-	1.01	6.69	-	8.74
i. Acquisition (Credit)/Cost	-	-	-	-	-
j. Estimated return on plan asset	-	0.09	0.25	-	0.01
k. Employer contribution	-	1.13	7.98	-	14.02
l. Benefits Paid	-	(1.23)	(8.71)	-	(14.52)
m. Interest Income	-	0.07	0.46	-	0.62
n. Others	-	-	-	-	-
o. Fair value of plan asset at March 31, 2024 (including plan assets not transferred to the Company) (Refer note 18.04)	-	1.06	6.66	-	8.87

**Amount to be recognised in the balance sheet**

Particulars	₹ crore			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
1. Present Value of obligations as at March 31, 2023 as per Actuarial Valuation (including obligation not transferred to the Company)	8.73	3.49	81.38	354.56
2. Fair value of Assets at the end of the period (including plan assets not transferred to the Company)	-	1.01	6.69	8.74
3. Net liability (before reducing liability not transferred to Company)	8.73	2.49	74.69	345.81
4. Liability not transferred to the Company as per vesting order	-	(0.47)	33.79	(168.45)
5. Net Liability recognised in balance sheet as at March 31, 2023	8.73	2.96	40.90	177.36
1. Present Value of obligations as at March 31, 2024 as per Actuarial Valuation (including obligation not transferred to the Company)	10.61	4.58	86.05	442.05
2. Fair value of Assets at the end of the period (including plan assets not transferred to the Company)	-	1.06	6.66	8.87
3. Net liability (before reducing liability not transferred to Company)	10.61	3.63	79.39	433.18
4. Liability not transferred to the Company as per vesting order	-	(0.32)	30.23	(156.52)
5. Net Liability recognised in balance sheet as at March 31, 2024	10.61	3.95	49.17	276.66

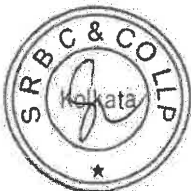
**Expenses Recognised in the Statement of Profit & Loss**

Particulars	₹ crore			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
1. Current Service Cost	1.48	0.74	3.20	8.14
2. Past Service Cost	-	-	-	-
3. Net Interest Cost	0.59	0.16	5.23	24.73
4. Others	-	1.03	-	-
5. Payment directly charged to P/L	-	0.19	3.70	101.38
Expenses recognised in statement of Profit & Loss	2.07	2.11	12.13	134.25

Particulars	₹ crore			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
1. Current Service Cost	1.48	0.44	3.40	8.62
2. Past Service Cost	-	0.01	-	-
3. Interest Cost	0.59	0.13	4.84	23.20
4. Others	-	0.34	-	-
5. Payment directly charged to P/L	-	0.13	7.02	87.44
Expenses recognised in statement of Profit & Loss	2.07	1.05	15.26	119.26

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

Particulars	₹ crore			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
Actuarial (gains)/losses arising from:				
- changes in demographic assumptions	-	-	(1.16)	-
- changes in financial assumptions	0.29	0.16	2.90	24.65
- experience adjustments	2.75	(0.07)	2.76	43.88
- Return on Plan assets (greater)/less than discount rate	-	(0.09)	(0.25)	(0.01)
<b>Total</b>	<b>3.04</b>	<b>0.00</b>	<b>4.25</b>	<b>68.52</b>



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

Particulars	For the year ended March 31, 2023			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
Actuarial (gains)/losses arising from:				
- changes in demographic assumptions	-	-	-	-
- changes in financial assumptions	(0.14)	(0.03)	(1.76)	(10.82)
- experience adjustments	0.54	0.17	6.62	3.24
-Return on Plan assets (greater)/less than		(0.14)		0.14
Discount rate				
<b>Total</b>	<b>0.40</b>	<b>(0.00)</b>	<b>4.86</b>	<b>(7.44)</b>

**Principal assumptions**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
1. Discount rate	7.00%	7.00%	7.30%	7.30%
2. Salary escalation				
- Management	7%	6%	7%	6%
- Non-Management	7%	6%	7%	6%
3. Mortality rate	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2006-08) Ult

**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.

Increase/ (decrease) in defined benefit liability	As at March 31, 2024			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
Impact on discount rate for 0.5% decrease in defined benefit obligation	0.51	0.29	5.16	33.98
Impact on discount rate for 0.5% increase in defined benefit obligation	(0.47)	(0.26)	(4.76)	(30.36)
Impact on salary escalation rate for 0.5% decrease in defined benefit obligation	(0.47)	(0.16)	(3.13)	13.01
Impact on salary escalation rate for 0.5% increase in defined benefit obligation	0.51	0.19	3.09	13.84

Increase/ (decrease) in defined benefit liability	As at March 31, 2023			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
Impact on discount rate for 0.5% decrease in defined benefit obligation	0.37	0.19	4.52	28.00
Impact on discount rate for 0.5% increase in defined benefit obligation	(0.34)	(0.17)	(4.16)	(24.99)
Impact on salary escalation rate for 0.5% decrease in defined benefit obligation	(0.34)	(0.09)	(2.90)	(11.32)
Impact on salary escalation rate for 0.5% increase in defined benefit obligation	0.37	0.10	2.92	12.05

The sensitivity analysis above here been determined based on a method that extrapolates the impact of defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting report. The sensitivity are based on a change in a significant assumption, keeping all other assumption constant.

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

**Category wise plan assets**

Particulars	As at 31.03.2024	
	Pension	Gratuity
Govt. of India Securities (Central and State)	81%	50%
High Quality (Corporate Bonds Including PSU Bonds)	16%	27%
Equity shares of Listed Companies	0%	0%
Cash Including Special Deposits	3%	23%
<b>Total</b>	<b>100%</b>	<b>100%</b>

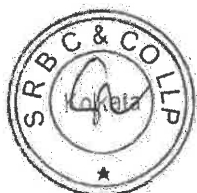
  

Particulars	As at 31.03.2023	
	Pension	Gratuity
Govt. of India Securities (Central and State)	81%	51%
High Quality (Corporate Bonds Including PSU Bonds)	16%	28%
Equity shares of Listed Companies	0%	0%
Cash Including Special Deposits	3%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The following payments are expected contributions to the defined benefit plan in future years :

Expected Future cashflows	As at March 31, 2024			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
Year-1	0.25	0.49	4.68	18.94
Year-2	1.01	0.53	4.55	18.18
Year-3	0.48	0.52	4.57	18.39
Year-4	0.84	0.53	4.67	18.00
Year-5	1.05	0.54	5.48	18.69
Year-6 to 10	11.50	3.30	24.47	89.78

Expected Future cashflows	As at March 31, 2023			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
Year-1	0.25	0.46	6.37	14.04
Year-2	1.21	0.45	6.49	14.17
Year-3	0.81	0.46	5.20	12.02
Year-4	0.44	0.47	5.04	11.86
Year-5	0.95	0.47	5.18	11.64
Year-6 to 10	10.29	2.73	27.52	59.28



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

	As at	
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
<b>NOTE 19 Other non-current liabilities</b>		
(a) Consumer contribution for work under progress	44.36	33.87
(b) Government grants	903.94	509.63
(c) Deferred Government grants towards cost of capital asset (Refer note below)*	20.20	19.34
(d) Consumer contribution towards capital cost (Refer note below)*	243.69	206.51
<b>Total capital grant and consumer contribution towards capital assets</b>	<b>1,212.19</b>	<b>769.34</b>
<b>Movement In Deferred Government grants towards cost of capital asset</b>		
<b>Opening Balance</b>	19.34	-
Add: Addition during the year	2.07	21.04
Less: Released to the statement of Profit and Loss (Refer note 25)	(1.21)	(1.70)
<b>Closing Balance</b>	<b>20.20</b>	<b>19.34</b>
<b>Movement in Consumer contribution towards capital cost</b>		
<b>Opening Balance</b>	206.51	216.39
Add: Addition during the year	51.87	-
Less: Released to the statement of Profit and Loss (Refer note 25)	(14.69)	(9.88)
<b>Closing Balance</b>	<b>243.69</b>	<b>206.51</b>

\* At cost less amortisation

Note: Deferred Government grants towards cost of capital asset/ Consumer contribution towards capital cost is amortised to the statement of profit and loss to match with the depreciation charged on assets created out of such grants/ contribution.

Government grants have been received for the purchase and creation of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

	As at	
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
<b>NOTE 20 Borrowings</b>		
<b>(at amortised cost)</b>		
<b>(i) Secured</b>		
From Banks		
(a) Short term loans		
(i) Kotak Mahindra Bank Limited*	138.00	170.00
(ii) Indusind Bank Limited*	129.47	143.91
(b) Working capital demand loan		
(i) IDBI Bank Limited*	45.00	40.00
(c) Bank overdraft		
(i) Union Bank of India**	23.30	30.42
(i) State Bank of India **	62.62	60.62
<b>(ii) Unsecured</b>		
(a) From Banks		
(i) ICICI Bank	150.00	185.00
(b) From Others		
(i) GOO Loan#	0.10	0.10
<b>(iii) Current maturities of non-current borrowings</b>	<b>40.76</b>	<b>17.86</b>
<b>Total short-term borrowings</b>	<b>589.25</b>	<b>647.91</b>

20.01 \*The above loans has been secured on first pari passu charge on entire current assets of the Company, both present and future excluding regulatory deposits and second pari passu charge over entire movable assets of the Company, both present and future, excluding assets transferred through Vesting Order issued by OERC.

20.02 The rate of interest from banks ranges from 6.49% to 8.14% (March 31, 2023 - 4.03% to 9.70%).

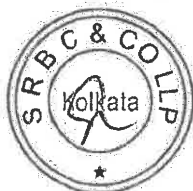
20.03 \*\*The Company has availed short term borrowings by earmarking term deposits.

20.04 The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts and there are no discrepancies

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

20.06 # Except for this loan, others are repayable on demand

	As at	
	March 31, 2024	March 31, 2023
	₹ crore	₹ crore
<b>NOTE 21 Trade payables (at amortised cost)</b>		
(a) Outstanding dues of micro enterprises and small enterprises (refer note 21.01)	45.01	33.26
(b) Outstanding dues other than micro enterprises and small enterprises #	153.41	74.60
<b>Total trade payables</b>	<b>198.42</b>	<b>107.86</b>



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

Trade payables ageing schedule as at March 31, 2024**						₹ crore
Particular	Outstanding for following periods from due date of payment*					Total
	Not Due	Less than 1Year	1-2 Years	2-3 Years	More than 3 Years	
<b>(i) Undisputed Trade Payables</b>						
a) Micro enterprises and small enterprises	23.59	14.94	3.58	-	2.90	45.01
b) Others	8.67	142.87	1.36	0.51	-	153.41
<b>(ii) Disputed Trade Payables</b>						
	-	-	-	-	-	-

Trade payables ageing schedule as at March 31, 2023**						₹ crore
Particular	Outstanding for following periods from due date of payment*					Total
	Not Due	Less than 1Year	1-2 Years	2-3 Years	More than 3 Years	
<b>(i) Undisputed Trade Payables</b>						
a) Micro enterprises and small enterprises	16.59	14.31	0.93	1.43	-	33.26
b) Others	6.07	44.21	24.32	-	-	74.60
<b>(ii) Disputed Trade Payables</b>						
	-	-	-	-	-	-

\* Trade Payable ageing schedule has been prepared from the date of acquisition of business by the Company.

\*\* where due date of payment is not available, date of transaction has been considered.

# Refer note 37 for the related disclosures

**Note 21.01** Post acquisition the company has started process of identifying micro and small enterprises separately. 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	As at
	March 31, 2024	March 31, 2023
(a) Principal amount remaining unpaid*	125.60	140.74
(b) Interest due	0.37	0.46
(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 year 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	0.37	0.46
(e) The amount of interest accrued	0.37	0.46
(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	0.17	0.00

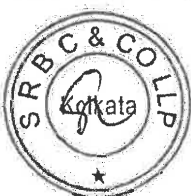
\*It includes amount payable in the nature of retention money payable and capital creditors amounting to ₹ 80.59 crores (as at March 31, 2023: ₹ 107.48 crores) as disclosed under note 17 & 22 .

	As at	As at
	March 31, 2024	March 31, 2023
<b>NOTE 22 Other financial liabilities - current (At amortised cost)</b>	<b>₹ crore</b>	<b>₹ crore</b>
(a) Payable to employees	25.06	24.88
(b) Security deposit from consumer (Refer note below )	366.26	315.19
(c) Deposit - others	2.02	2.40
(d) Interest on security deposits	20.37	19.02
(e) Government grants payable	4.15	35.05
(f) Consumer contribution for work under progress	48.24	50.77
(g) Payable towards purchase of capital goods (Refer note 21.01)	189.42	126.68
(h) Other liabilities (Refer note 41)	145.04	145.04
(i) Interest accrued on Government Grant Fund	25.97	-
(j) Other payables	24.80	40.19
<b>Total other financial liabilities - current</b>	<b>851.33</b>	<b>759.22</b>

Note: The security deposits from electricity consumers carry interest at 6.75% p.a. (March 31, 2023: 6.75% p.a.) and is adjusted against power bill of the respective consumers as per Tariff Regulations. The amount is refundable on surrender of electricity connection by the consumer.

	As at	As at
	March 31, 2024	March 31, 2023
<b>NOTE 23 Other current liabilities</b>	<b>₹ crore</b>	<b>₹ crore</b>
(a) Statutory liabilities	33.10	27.46
(b) Advance from consumers	102.39	82.55
(c) Other liabilities	1.69	1.93
<b>Total other current liabilities</b>	<b>137.18</b>	<b>111.94</b>

	As at	As at
	March 31, 2024	March 31, 2023
<b>NOTE 24 Current tax liabilities (net)</b>	<b>₹ crore</b>	<b>₹ crore</b>
Provision for taxes {net of advance tax paid ₹ 12.83 crore (March 31, 2023 : ₹ 11.48 crore)}	-	7.93
<b>Total current tax liabilities (net)</b>	-	<b>7.93</b>



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 25 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 transaction price to which the Company expects to be entitled in exchange for those goods or services. Description of performance obligations are as follows:

**25.01 Sale of power- Distribution**

Revenue from the supply of power is recognised net of any cash rebates over time for each unit of electricity delivered at the pre-determined rate as per the tariff order.

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 year. 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 and taxation, 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 recognised when the certainty of its collection is probable i.e. generally as and when recovered.

**25.02 Contribution for capital works**

Consumer's contribution towards property, plant and equipment which require an obligation to provide electricity connectivity to the consumers, are recognised as a credit to deferred revenue. Such revenue is recognised over the useful life of the property, plant and equipment. 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.

**25.03 Revenue from operations**

	As at March 31, 2024 ₹ crore	As at March 31, 2023 ₹ crore
(a) <b>Revenue from power supply</b>		
Sale of power as per tariff	1,788.51	1,814.05
Less: Cash discount	(29.49)	(21.09)
<b>Total revenue from contract with customer</b>	<b>1,759.02</b>	<b>1,792.96</b>
(b) <b>Other operating revenue</b>		
Recovery of meter rent	31.60	21.36
Amortisation of Consumer Contribution & Grant for capital work	15.90	11.58
Miscellaneous revenue	22.21	27.22
<b>Total other operating revenue</b>	<b>69.71</b>	<b>60.16</b>
<b>Total revenue from operations - (a+b)</b>	<b>1,828.73</b>	<b>1,853.12</b>

**25.04 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.

**25.05 Contract balances**

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

**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 the reporting date.

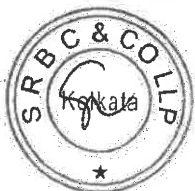
**Particulars**

**Contract liabilities**

	As at March 31, 2024 ₹ crore	As at March 31, 2023 ₹ crore
Advance from consumers	102.39	82.55
<b>Total contract liabilities</b>	<b>102.39</b>	<b>82.55</b>

**Significant change in the contract liabilities balances during the year as follows :**

	As at March 31, 2024 ₹ crore
Opening balance as at April 1, 2023	82.55
Less: Revenue recognised /adjusted during the year	(55.00)
Add: Advance received during the year	74.84
Closing balance as at March 31, 2024	<b>102.39</b>



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**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.

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
<b>Receivables</b>		
Trade receivables	605.53	588.83
Unbilled revenue depending only on passage of time	155.50	130.03
Less : Allowances for doubtful receivables	(122.22)	(79.33)
<b>Net receivables</b>	<b>638.81</b>	<b>639.53</b>

**Significant change in the contract assets balances during the year as follows :**

Particulars	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
<b>Unbilled Revenue</b>		
Opening balance as at April 1, 2023	130.03	121.11
Add: Revenue recognised during the year	155.50	130.03
Less: Transfer from contract assets to receivable	(130.03)	(121.11)
Closing balance as at March 31, 2024	<b>155.50</b>	<b>130.03</b>

**25.06 Transaction Price - Remaining performance obligation**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise 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 recognised corresponds directly with the value to the customer of the entity's performance completed to date.

**NOTE 26 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 recognised on actual realisation or accrued based on an assessment of certainty of realisation supported by an acknowledgement from customers.

**Incentive on past arrears**

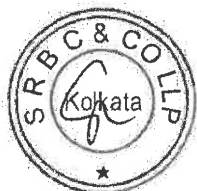
As per terms of OERC vesting order, the Company is eligible for incentive on past area collections pertaining to period prior to March 31, 2020. Income in respect of incentive is recognised as percentage of actual realization of past arrears.

**26.01 Other income**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
<b>Interest income</b>		
Term deposits carried at amortised cost	29.10	19.65
<b>Other non-operating income</b>		
Delayed payment charges	10.44	13.64
Incentive on past arrears collection	6.58	16.63
Other income	16.00	13.71
<b>Total other income</b>	<b>62.12</b>	<b>63.63</b>

**NOTE 27 Cost of power purchased and transmission charges**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
(a) Power Purchase Cost	912.51	951.17
(b) Transmission Charges	104.45	118.09
Less: Rebate	(9.27)	(11.44)
<b>Total cost of power purchased and transmission charges (a+b)</b>	<b>1,007.69</b>	<b>1,057.82</b>



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 28 Employee benefits expense (Net)**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
Salaries, wages and bonus	260.90	224.27
Contribution to gratuity fund (Refer Note 18)	14.17	15.84
Contribution to provident and other funds (Refer Note 18)	163.33	146.96
Staff welfare expenses	24.11	27.52
<b>Gross employee benefit expenses</b>	<b>462.51</b>	<b>414.59</b>
Less: Employee cost capitalised / transfer to CWIP	(34.40)	(28.37)
<b>Net employee benefits expense</b>	<b>428.11</b>	<b>386.22</b>

Note:- Net employee benefits expense are excluding expenses related to outsource and contractual employees expenses which are shown under note no.30 .

**Share Based Payments**

**Accounting policy**

The Tata Power Company Limited ("Holding Company") has granted employee stock options to the eligible employees of the company. As per the scheme, on fulfilling of the vesting condition the Holding Company will issue its equity shares to the eligible employees of the Company.

The cost of equity-settled transactions is determined by the fair value of holding company's share at the date when the grant is made using an appropriate valuation model. That cost is recognised over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the companies best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the companies best estimate of the number of equity instruments that will ultimately vest. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

**Equity-settled share option plan**

**The Tata Power Company Limited – Employee Stock Option Plan 2023**

During the year, the shareholders of the Holding Company approved The Tata Power Company Limited – Employee Stock Option Plan 2023 (ESOP 2023/ Plan). During this year, the Holding Company has granted employee stock options to the eligible employees of the Holding and its subsidiaries, including employees of the Company at an exercise price of Rs. 249.80 (Rupees Two Hundred Forty Nine and Eighty Paise) per option exercisable into equivalent equity shares of ₹ 1 each subject to fulfilment of vesting conditions.

The expense recognised for employee services received during the year is shown in the following table:

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
Expense arising from equity-settled share-based payment transactions*	0.22	-
<b>Total expense arising from share-based payment transactions</b>	<b>0.22</b>	<b>-</b>

**Movements during the year**

Option exercisable at the beginning of the year	-	-
Granted during the year	1,63,750	-
Forfeited/Expired during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Option exercisable at the end of the year	1,63,750	-
Share price for options exercised during the year	N.A	-
Remaining contractual life	2.58 Years	-

The holding company has estimated fair value of options using Black Scholes model. The following assumptions were used for calculation of fair value of options granted.

Assumption factor	As at March 31, 2024	As at March 31, 2023
Dividend Yield (%)	0.70%	-
Risk free interest rate (%)	7.21%	-
Expected life of share option (Years)	3 - 5 Years	-
Expected volatility (%)	39.81%	-
Weighted Average Share price	249.80	-
Weighted Average Fair Value at the measurement date	97.75	-

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

\* Refer note 37 for the related disclosures





**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 29 Finance cost**

**Accounting Policy**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the qualifying asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

	As at March 31,2024	As at March 31,2023
	₹ crore	₹ crore
Interest on loans carried at amortised cost	79.85	39.29
Interest on consumer security deposits carried at amortised cost	21.14	18.68
Other borrowing costs (includes processing charges etc.)	1.74	1.43
<b>Gross finance costs</b>	<b>102.73</b>	<b>59.40</b>
Less: Interest capitalised	(0.66)	(0.78)
<b>Net finance costs</b>	<b>102.07</b>	<b>58.62</b>

**NOTE 30 Other expenses**

	As at March 31,2024	As at March 31,2023
	₹ crore	₹ crore
Rental of land, buildings, plant and equipment, etc	2.86	2.13
Repair and maintenance-		
-Buildings and civil Works	0.12	0.19
-Plant and machinery	176.21	187.36
-Furniture, vehicles, etc	0.53	1.52
Outsource and contractual employees expenses (Refer note 30.01)	89.25	86.24
Travelling	10.95	19.57
Metering, billing and collection	73.14	88.39
Legal and professional charges (Refer note 30.02)	9.69	8.17
Allowance for doubtful receivables	42.89	59.25
Telephone expenses	4.62	2.24
Fooding and Conveyance expenses	7.75	11.93
License fees	2.52	1.92
Insurance	1.32	2.13
Printing and stationery	2.19	3.01
Provision for contingencies	0.24	5.79
CSR expenditure (Refer note 30.03)	1.55	1.26
Rebate on OTS Collection	0.38	1.97
Miscellaneous expenses	31.93	31.97
<b>Total other expenses</b>	<b>458.13</b>	<b>515.04</b>

**30.01** Regulation 3.9.14 of OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations,2022 provided that The Commission shall take into consideration various lawful resources taken by distribution licensees e.g. distribution franchisees, outsourcing and engaging contractual employees to undertake customer care, billing, collection and network maintenance activities, while finalising the employee cost for ARR. However expenses relating to this items are shown as a part of Outsource and contractual employees expenses under the head other expenses in note no. 30. (Refer note 28) in accordance with Disclosure requirements of Schedule III .

**30.02 Auditor's remuneration**

Auditor's remunerations include as follows:

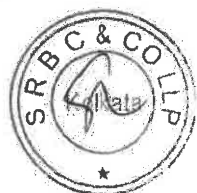
Particulars	As at March 31,2024	As at March 31,2023
	₹ crore	₹ crore
(a) For statutory audit	0.57	0.53
(b) For tax audit	0.02	0.02
(c) For other matters (certification fees etc.)	0.05	0.04
(d) For reimbursement of expenses	0.05	0.04
<b>Total (including goods and service tax)</b>	<b>0.69</b>	<b>0.63</b>

**30.03 Details of CSR expenditures :-**

Particulars	As at March 31,2024	As at March 31,2023
	₹ crore	₹ crore
a) Gross amount required to be spent by the Company during the year	1.55	1.26
b) Amount approved by the board to be spent during the year	1.54	1.25
<b>c) Amount spent during the year in cash:</b>		
(i) Construction/acquisition of asset	-	-
(ii) On purposes other than (i) above	1.55	1.26
<b>d) Details related to spent / unspent obligations :</b>		
i) Employability and Employment (Skilling for Livelihoods)	0.36	0.26
ii) Education (Including Financial and Digital Literacy)	0.30	0.38
iii) Essential Services (Health and Environment)	0.65	0.51
iv) Entrepreneurship	0.18	-
v) Volunteering Programs	0.06	0.11
<b>vi) Unspent Amounts</b>	<b>1.55</b>	<b>1.26</b>

**30.04 Short Term Leases**

The Company has applied short term lease exemption for rental of land, buildings, plant and equipment, etc. in accordance with Ind AS 116 - 'Leases'.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 31 Tax expenses**

**Accounting policy**

Tax expense comprises current tax expense and deferred tax.

**31.01 Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid/payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly 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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

**31.02 Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases 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.

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 utilised. 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 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.

**(a) Income tax expenses recognised in the profit and loss :**

**Current Income tax**

Current income tax charge

In respect of earlier year

**Deferred tax**

Relating to origination and reversal of temporary differences

**Total income tax expense reported in the statement of profit & loss**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
Current income tax charge	12.36	19.41
In respect of earlier year	1.30	6.09
Deferred tax	0.20	(11.43)
<b>Total income tax expense reported in the statement of profit &amp; loss</b>	<b>13.86</b>	<b>14.07</b>

**(b) Income tax expenses recognised in the OCI:**

**Deferred tax**

Relating to origination and reversal of temporary differences

**Total income tax expense/(income) recognised in the current year**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
Deferred tax	19.08	0.53
<b>Total income tax expense/(income) recognised in the current year</b>	<b>19.08</b>	<b>0.53</b>

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2024 and March 31, 2023:**

Profit before income tax expense

Tax at the India's statutory tax rate of 25.17% \*

Adjustments under Income Tax Act

(i) Corporate social responsibilities

(ii) Others

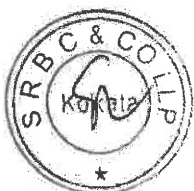
**Net tax expense**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
Profit before income tax expense	50.43	46.82
Tax at the India's statutory tax rate of 25.17% *	12.69	11.78
Adjustments under Income Tax Act		
(i) Corporate social responsibilities	0.39	0.32
(ii) Others	0.78	1.97
<b>Net tax expense</b>	<b>13.86</b>	<b>14.07</b>

\*The rate used for calculation of Deferred Tax is 25.17% being statutory enacted rates as per Section 115BAA of the Income Tax Act, 1961, for the year ended March 31, 2024.

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 normal provisions of Income Tax Act, 1961 for the year ended March 31, 2024 and March 31, 2023.

Deferred Tax Asset / Liabilities on account of :	As at		Recognised in OCI	As at	
	March 31, 2023	Recognised in Profit and Loss		March 31, 2024	March 31, 2024
Accelerated depreciation for tax purposes	(35.87)	(27.05)	-	-	(62.92)
Provision for doubtful receivables	19.97	10.79	-	-	30.76
Payment to MSME	-	0.34	-	-	0.34
Provision for Contingencies	-	3.79	-	-	3.79
Post-employment employee benefits	69.97	11.93	19.08	-	100.98
<b>Total</b>	<b>54.07</b>	<b>(0.20)</b>	<b>19.08</b>	<b>-</b>	<b>72.95</b>





**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 34 Commitments:**

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
Estimated amount of contracts remaining to be executed on capital account and not provided for	127.42	159.35
	<b>127.42</b>	<b>159.35</b>

As per the terms of Vesting Order, minimum cumulative capital expenditure of ₹783 crore has been committed for the first three years of operation to meet out the commitment in respect of AT&C losses and past arrears collection which has been stated in the Vesting Order. Against the above commitment OERC has approved cumulative capital expenditure of ₹ 817.80 crore upto FY-2023-24. In addition to above an amount of 69.05 crore has been approved vide order dtd. 15.11.2023.

**NOTE 35 Contingent liabilities\***

Contingent liability is:

(a) a possible obligation arising from past events and whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or

(b) a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

The Company does not recognize a contingent liability but discloses the same as per the requirements of Ind AS 37.

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. The Company does not recognise the contingent asset in its financial statements since this may result in the recognition of income that may never be realised. Where an inflow of economic benefits are probable, the Company disclose a brief description of the nature of contingent assets at the end of the reporting period. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and the Company recognise such assets. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

	As at March 31, 2024	As at March 31, 2023
	₹ crore	₹ crore
<b>35.01</b> Claims against the Company not acknowledged as debts: Legal cases filed by consumers, employees and others under litigation	28.82	26.27
<b>35.02</b> Indirect taxation matters relating to Service Tax/GST where demand is under contest before judicial/appellate authorities *No provision is considered necessary since the Company expects favourable decisions.	16.33	15.16
<b>35.03</b> Before acquisition, SOUTHCO 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 recognize such obligation, if any, based on claims received.		
<b>35.04</b> As per terms of Vesting Order, all litigations pertaining to SOUTHCO and SOUTHCO Utility have been transferred to the Company. In case of any unfavourable outcome related to those litigation, the Company will be able to recover the amount through Aggregate Revenue Requirement.		
<b>35.05</b> Refer note 33.02(v) for contingent liability on account of truing up order by OERC.		

**NOTE 36 Earnings per equity share (EPS)**

**Accounting policy**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company [after adjusting for dividend, interest and other charges to expense or income (net of any attributable taxes)] by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The Company also presents Basic EPS in accordance with Ind AS 114, "Regulatory Deferral Accounts" which is computed by dividing the profit for the year before and after net movement in regulatory deferral account balance attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit for the year before and after net movement in regulatory deferral account balance attributable to equity holders as [after adjusting for dividend, interest and other charges to expense or income (net of any attributable taxes)] relating to the dilutive potential equity shares by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

**36.01 EPS (excluding regulatory income/expense)**

**Particulars**

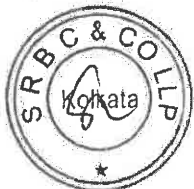
Units	Year ended March 31, 2024	Year ended March 31, 2023
	₹ crore	36.57
(a) Profit for the year	₹ crore	267.64
(b) Net movement in regulatory deferral account balance	₹ crore	(67.36)
(c) Income-tax attributable to regulatory expenses	₹ crore	200.28
(d) Net movement in regulatory deferral account balance (net of tax)	₹ crore	(163.71)
(e) (Loss)/Profit for the year attributable to equity shareholders before net movement in regulatory deferral account balance	Nos. in crore	36.97
(f) Weighted average number of equity shares	₹	(4.43)
(g) Basic and diluted earnings per equity share of ₹10 each - (e/f)	₹	10.00
(h) Face value of equity shares		

**36.02 EPS (Including regulatory income/expense)**

**Particulars**

Units	Year ended March 31, 2024	Year ended March 31, 2023
	₹ crore	36.57
(a) Profit for the year after net movement in regulatory deferral balances attributable to equity shareholders	Nos. in crore	36.97
(b) Weighted average number of equity shares	₹	0.99
(c) Basic and diluted earnings per equity share of ₹10 each -(a/b)	₹	10.00
(d) Face value of equity shares		

There have been no other transactions involving equity shares on potential equity shares between the reporting date and the date of authorisation of these financial statements.



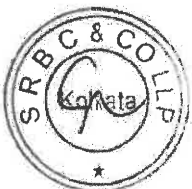
**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 37**

**Related party disclosures**

**Names of related parties where control exists and other related parties where transactions took place :**

- 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 company has transactions)**  
Tata Power Delhi Distribution Ltd (TPDDL)  
Maithon Power Ltd (MPL)  
Tata Power Trading Company Limited (TPTCL)  
TP Central Odisha Distribution Limited (TPCODL)  
TP Northern Odisha Distribution Limited (TPNODL)  
TP Western Odisha Distribution Limited (TPWODL)  
Tata Power Solar Systems Limited (TPSSL)  
Tata Capital Ltd
- E. Subsidiaries and jointly controlled entities of promoters of Holding company-Promoter Group (with whom the Company has transactions)**  
Tata Steel Limited  
Tata Consultancy Services Limited  
Tata Capital Financial Services Ltd  
Tata AIG General Insurance Company Ltd  
Tata Tele Services Limited (TTL)  
Tata Advanced Systems Limited (TASL)  
Tata AIA Life Insurance Company Limited
- F. Joint Venture of Holding Company**  
Industrial Energy Ltd (IEL)
- G. Post retirement employee benefit trust**  
SOUTHCO Employees Pension Trust  
SOUTHCO Employees Gratuity Fund Trust  
SOUTHCO Employees Rehabilitation Assistance Fund Trust
- H. Key management personnel**  
**Chief Executive Officer**  
Mr. Arvind Singh (Date of cessation May 31,2023)  
Mr. Amit Kumar Garg (w.e.f June 01,2023)  
**Chief Financial Officer**  
Mr. Bijay Kumar Mohanty  
**Company Secretary**  
Mrs. Suchitra Dash (Date of cessation May 31,2022)  
Mr. Jeevanjyoti Nayak (w.e.f July 19,2022)  
**Non-executive directors**  
Mr. Suresh Chandra Mahapatra (Date of cessation February 28,2023)  
Mr. Narendra Nath Misra (w.e.f April 11,2023)  
Mr. Nikunja Bihari Dhal (Date of cessation October 30, 2023)  
Dr. Praveer Sinha  
Mr. Trilochan Panda  
Mr. Sanjay Kumar Banga  
Mr. Kesava Menon Chandrasekhar (Date of cessation February 19,2023)  
Mr. Pradeep Kumar Jena (w.e.f April 11,2023)  
Mr. Arup Ghosh (upto October 6,2023)  
Mr. Nipun Aggarwal (Date of cessation April 18, 2022)  
Mr. Sanjeev Satyaprakash Gupta (w.e.f April 28, 2022)  
Mr. Vishal Kumar Dev (w.e.f November 21,2023)  
Mr. Sunil Singh (w.e.f October 20,2023)  
Mr. Umakanta Sahoo  
**Independent directors**  
Mr. Kailash Nath Shrivastava  
Mrs. Aditi Raja  
Mr. Arun Kumar Panda  
Mr. Ashok Kumar Tripathy



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**Related party transactions and balances**

**a. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year**

**₹ crore**

Sl no.	Name of Related Party	Nature of transactions	Year ended March 31,2024	Year ended March 31,2023
<b>1</b>	<b>Receiving of Goods, Services &amp; Reimbursement of Expenses</b>			
	Tata Power Delhi Distribution Ltd (TPDDL)	Deputation of employees	1.05	2.68
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of expenses	0.00	0.01
	TP Central Odisha Distribution Limited (TPCODL)	Reimbursement of mediclaim expenses (payable)	0.00	-
	GRIDCO Limited	Power purchase expenses net of rebate	904.67	940.99
	Tata Consultancy Services Limited (TCS)	Field Survey services	-	3.59
	Tata Consultancy Services Limited (TCS)	AMC for Software	0.13	-
	Tata Sons Private Limited (Tata Sons )	Online Training Fees for Business Excellence	0.02	-
	TP Central Odisha Distribution Limited (TPCODL)	Purchase of goods	-	0.28
	TP Central Odisha Distribution Limited (TPCODL)	Consultancy services	0.37	-
	Tata Tele Services Limited (TTL)	Tender Fees	0.00	-
	Tata Capital Financial Services Ltd	Car Lease charges	0.05	0.06
	Tata Capital Ltd	Car Lease charges	0.02	-
	Tata AIG General Insurance Company Limited	Insurance expenses	5.03	1.59
	Tata AIA Life Insurance Company Limited	Insurance expenses	0.73	-
	TP Northern Odisha Distribution Limited (TPNODL)	Reimbursement of manpower cost	0.06	-
	TP Western Odisha Distribution Limited (TPWODL)	Reimbursement of manpower cost	0.01	-
	TP Western Odisha Distribution Limited (TPWODL)	Reimbursement of energy charges	0.51	-
	The Tata Power Company Limited (TPCL)	Reimbursement of safety module training	-	0.04
	The Tata Power Company Limited (TPCL)	Deputation of Employees	-	0.43
	The Tata Power Company Limited (TPCL)	AMC for Software	0.18	1.18
	The Tata Power Company Limited (TPCL)	Employee Stock Option Plan (Refer note 28)	0.22	-
<b>2</b>	<b>Reimbursement of Expenses for Mediclaim and Manpower costs</b>			
	The Tata Power Company Limited (TPCL)	Reimbursement of mediclaim expenses (receivable)	0.00	-
	TP Northern Odisha Distribution Limited (TPNODL)	Reimbursement of manpower cost	0.01	-
<b>3</b>	<b>Sale of Energy :-</b>			
	Tata Steel Limited	Sale of energy	85.80	80.78
<b>4</b>	<b>Purchase of property, plant and equipments and intangibles</b>			
	Tata Consultancy Services Limited (TCS)	Purchase of Intangibles	8.16	1.25
	The Tata Power Company Limited (TPCL)	Purchase of Property,plant and equipment	0.17	-
	Tata Power Delhi Distribution Ltd (TPDDL)	Purchase of Property,plant and equipment	0.09	0.01
	Tata Power Trading Company Limited (TPTCL)	Purchase of Property,plant and equipment	-	0.04
<b>5</b>	<b>Sale of property, plant and equipments, intangibles and goods</b>			
	Tata Power Delhi Distribution Ltd (TPDDL)	Sale of Property,plant and equipment	-	0.06
	The Tata Power Company Limited (TPCL)	Sale of Property,plant and equipment	0.01	0.01
	TP Central Odisha Distribution Limited (TPCODL)	Sale of Property,plant and equipment	0.02	0.01
<b>6</b>	<b>Gratuity &amp; Compensated Absence-Payable</b>			
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of gratuity for the employees transferred	-	0.19
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of leave salary for the employees transferred	-	0.21
	The Tata Power Company Limited (TPCL)	Reimbursement of gratuity for the employees transferred	0.10	0.23
	The Tata Power Company Limited (TPCL)	Reimbursement of leave salary for the employees transferred	0.07	0.13
	TP Central Odisha Distribution Limited (TPCODL)	Reimbursement of gratuity for the employees transferred	1.64	0.00
	TP Central Odisha Distribution Limited (TPCODL)	Reimbursement of leave salary for the employees transferred	0.08	0.01
	Maithon Power Limited (MPL)	Reimbursement of gratuity for the employees transferred	0.05	-
	Maithon Power Limited (MPL)	Reimbursement of leave salary for the employees transferred	0.02	-
	TP Northern Odisha Distribution Limited (TPNODL)	Reimbursement of gratuity for the employees transferred	0.07	0.15
	TP Northern Odisha Distribution Limited (TPNODL)	Reimbursement of leave salary for the employees transferred	0.07	0.08
<b>7</b>	<b>Gratuity &amp; Compensated Absence-Receiveable</b>			
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of gratuity for the employees transferred	0.77	0.27
	Tata Power Solar Systems Limited (TPSSL)	Reimbursement of gratuity for the employees transferred	-	0.02
	Industrial Energy Ltd (IEL)	Reimbursement of gratuity for the employees transferred	-	0.05
	TP Ajmer Distribution Limited (TPADL)	Reimbursement of gratuity for the employees transferred	-	0.12
	The Tata Power Company Limited (TPCL)	Reimbursement of gratuity for the employees transferred	0.48	2.79
	Tata Power Trading Company Limited (TPTCL)	Reimbursement of gratuity for the employees transferred	-	0.38
	Tata Tele Services Limited (TTL)	Reimbursement of gratuity for the employees transferred	-	0.02
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of leave salary for the employees transferred	0.49	0.14
	TP Ajmer Distribution Limited (TPADL)	Reimbursement of leave salary for the employees transferred	-	0.04



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

SI no.	Name of Related Party	Nature of transactions	Year ended March 31, 2024	Year ended March 31, 2023
	The Tata Power Company Limited (TPCL)	Reimbursement of leave salary for the employees transferred	0.30	1.31
	Tata Power Trading Company Limited (TPTCL)	Reimbursement of leave salary for the employees transferred	-	0.18
	Industrial Energy Ltd (IEL)	Reimbursement of leave salary for the employees transferred	-	0.03
	Tata Power Solar Systems Limited (TPSSL)	Reimbursement of leave salary for the employees transferred	-	0.02
	TP Central Odisha Distribution Limited (TPCODL)	Reimbursement of leave salary for the employees transferred	-	0.05
<b>8</b>	<b>Transaction with Trust</b>			
	SOUTHCO Employees Pension Trust	Contribution towards pension	103.47	98.57
	SOUTHCO Employees Gratuity Fund Trust	Contribution towards gratuity	8.11	11.33
	SOUTHCO Employees Rehabilitation Assistance Fund Trust	Contribution towards Rehabilitation Assistance	1.03	0.15
<b>9</b>	<b>Other Expenses</b>			
	Directors sitting fees	Directors sitting fees	0.41	0.40
<b>10</b>	<b>Employee benefit expenses</b>			
	Managerial remuneration*	Remuneration to KMP's	3.04	2.28
<b>11</b>	<b>Share Capital</b>			
	The Tata Power Company Limited (TPCL)	Issue of right shares	72.42	61.71
	GRIDCO Limited	Issue of right shares for consideration other than cash	69.58	59.29

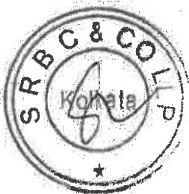
Note: 0.00 represents amount below the rounding off norm adopted by the Company.

\*Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

**b. Particulars of outstanding Payable/Receivable with the related parties :**

SI No.	Particulars	Nature of transactions	As at March 31, 2024	As at March 31, 2023
<b>1</b>	<b>Equity</b>			
	The Tata Power Company Limited (TPCL)	Share Capital	260.58	188.16
	GRIDCO Limited	Share Capital	250.36	180.78
<b>2</b>	<b>Other current liabilities</b>			
	Tata Steel Limited (Refer note 23)	Sale of energy-advance received	4.03	3.99
<b>3</b>	<b>Trade Payable</b>			
	GRIDCO Limited (Refer note 21)	Power purchase cost	98.61	15.26
	The Tata Power Company Limited (TPCL) (Refer note 21)	Gratuity, annual leave and other payables	-	0.62
	The Tata Power Company Limited (TPCL) (Refer note 21)	Employee Stock Option Plan	0.22	-
	The Tata Power Company Limited (TPCL) (Refer note 21)	AMC Software Services	0.09	-
	TATA Capital Ltd. (Refer note 21)	Car Lease Charges	0.00	-
	Tata Consultancy Services Limited (Refer note 21)	Purchase of Intangible assets	5.36	-
	Tata Consultancy Services Limited (Refer note 21)	Field survey services	-	2.28
	TP Central Odisha Distribution Limited (TPCODL) (Refer note 21)	Property plant and equipment, Annual Leave and reimbursement of expenses	-	0.00
	Tata Power Delhi Distribution Ltd (TPDDL) (Refer note 21)	Purchase of property, plant and equipment, manpower and reimbursement	0.07	0.76
<b>4</b>	<b>Other Receivables</b>			
	Tata AIG General Insurance Company Limited (Refer note 13)	Insurance expenses	0.09	0.10
	Tata AIA Life Insurance Company Limited (Refer note 13)	Insurance expenses	0.10	-
	The Tata Power Company Limited (TPCL) (Refer note 12)	Gratuity and annual Leave	0.41	-
<b>5</b>	<b>Loans and advances receivable</b>			
	TP Central Odisha Distribution Limited (TPCODL)	Sale of Material	-	0.00
<b>6</b>	<b>Other financial liabilities - current</b>			
	Tata Steel Limited (Refer note 22)	Security deposits	6.26	6.26

Note: 0.00 represents amount below the rounding off norm adopted by the Company.



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**Note 38 Financial Instruments**

**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 material 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 has been disclosed in Note 2 to the financial statements.

**(i) Accounting classifications**

The fair values of the financial assets and liabilities are included at 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.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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

Level 3: Significant unobservable inputs from assets and liability

**(i) Fair Value**

The following table summarizes the 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) and the carrying value of financial instruments by categories:

The carrying value of financial instruments by categories as of March 31, 2024 is as follows :

Particulars	Classification		Amortised Cost	Total Carrying Value	Fair value		
	Fair Value through Profit and Loss	Fair Value through OCI			Level 1	Level 2	Level 3
<b>Financial assets</b>							
(i) Trade receivables	-	-	483.31	483.31	-	-	-
(ii) Unbilled revenue	-	-	155.50	155.50	-	-	-
(iii) Other financial assets (current and non current)	-	-	44.11	44.11	-	-	32.04
(iv) Cash and cash equivalents	-	-	140.77	140.77	-	-	-
(v) Bank Balances other than (iv) above	-	-	1,075.88	1,075.88	-	-	-
			<b>1,899.57</b>	<b>1,899.57</b>			<b>32.04</b>
<b>Financial Liabilities</b>							
(i) Borrowings (current and non current)	-	-	548.49	548.49	-	532.89	-
(ii) Trade payables	-	-	198.42	198.42	-	-	-
(iii) Other financial liabilities (current and non current)	-	-	979.50	979.50	-	-	-
			<b>1,726.40</b>	<b>1,726.40</b>		<b>532.89</b>	

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

Particulars	Classification		Amortised Cost	Total Carrying Value	Fair value		
	Fair Value through Profit and Loss	Fair Value through OCI			Level 1	Level 2	Level 3
<b>Financial assets</b>							
(i) Trade receivables	-	-	509.50	509.50	-	-	-
(ii) Unbilled revenue	-	-	130.03	130.03	-	-	-
(iii) Other financial assets (current and non current)	-	-	42.31	42.31	-	-	25.97
(iv) Cash and cash equivalents	-	-	174.00	174.00	-	-	-
(v) Bank Balances other than (iv) above	-	-	849.46	849.46	-	-	-
			<b>1,705.30</b>	<b>1,705.30</b>			<b>25.97</b>
<b>Financial Liabilities</b>							
(i) Borrowings (current and non current)	-	-	630.05	630.05	-	228.46	-
(ii) Trade payables	-	-	107.86	107.86	-	-	-
(iii) Other financial liabilities (current and non current)	-	-	835.12	835.12	-	-	-
			<b>1,573.02</b>	<b>1,573.02</b>		<b>228.46</b>	

**(iii) Capital Management**

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 monitors capital using a gearing ratio which is net debt divided by total capital plus net debt.

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, 2024 ₹ crore	March 31, 2023 ₹ crore
Non-current borrowings (Note 16)	492.13	210.60
Current maturities of non-current borrowings (Note 20)	40.76	17.86
Short-term borrowings (Note 20)	548.45	530.05
<b>Total debt (a)</b>	<b>1,081.34</b>	<b>758.51</b>
Less: Cash and bank balances (b) (Note 11)	140.77	174.00
<b>Net debt [(c)=(a-b)]</b>	<b>940.57</b>	<b>584.51</b>
Total equity (d) (Note 14 & 15)	671.71	493.14
<b>Total equity and net debt [(e)=(c+d)]</b>	<b>1,612.28</b>	<b>1,077.65</b>
<b>Gearing ratio (%) [(f)=(c)/(e)]</b>	<b>58.34</b>	<b>54.29</b>

f. Debt is defined as Non-current borrowings, current maturities of non-current borrowings and Short-term borrowings (excluding derivative, financial guarantee contracts and contingent considerations).





**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

ii. Equity is defined as Equity share capital 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.  
No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2024 and March 31, 2023.

**(iv) Financial risk management objectives and policies**

The Company's principal financial liabilities comprise borrowings, consumers' security deposit, 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 Company's policies and risk objectives.

**(v) Market Risk**

Market risk is the risk that changes in market prices will affect the Company's income or value of its 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 or financial liabilities exposing it to market risk comprising foreign currency risk, interest rate risk and price risk.

The variable rate of borrowing will not have any impact on profit & loss of the company as interest cost is pass-through to consumers through ARR.  
Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

**(vi) Interest rate risk**

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 linking interest rate with different benchmarks (e.g. MCLR/ External benchmarks like Repo, T- Bills etc) to distribute the risk wherever possible. Further, senior management of the Company monitors its interest rate risk regularly and may take appropriate action if needed to mitigate risk.  
Any fluctuation in the floating interest rate will be allowed as pass through to the Company as part of the Annual Revenue Requirement (ARR). Hence, the Company is of the view that the interest rate sensitivity on account of interest rate fluctuation will not have any material impact of its financial position or financial performance as reflected in the financial statements.

**(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, 2024 ₹ crore	As at March 31, 2023 ₹ crore
(a) Trade receivables	483.31	509.50
(b) Unbilled revenue	155.50	130.03
(c) Other financial assets	76.15	68.27
(d) Cash and cash equivalents	140.77	174.00
(e) Bank Balances other than above	1,075.88	849.46
<b>Total</b>	<b>1,931.62</b>	<b>1,731.26</b>

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.

**(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.

Particulars	₹ crore			Total
	Upto 1 year	1 to 5 years	5+ years	
<b>As at March 31, 2024</b>				
(a) Long Term Borrowing (including current maturities and interest)	85.90	348.53	371.10	805.52
(b) Trade payables	198.42	-	-	198.42
(c) Short term borrowings	548.48	-	-	548.48
(d) Other financial liabilities	851.33	128.16	-	979.50
<b>Total</b>	<b>1,684.14</b>	<b>476.69</b>	<b>371.10</b>	<b>2,531.92</b>
<b>As at March 31, 2023</b>				
(a) Long Term Borrowing (including current maturities and interest)	36.35	154.07	139.39	329.81
(b) Trade payables	107.86	-	-	107.86
(c) Short term borrowings	630.05	-	-	630.05
(d) Other financial liabilities	759.22	75.90	-	835.12
<b>Total</b>	<b>1,533.48</b>	<b>229.97</b>	<b>139.39</b>	<b>1,902.84</b>

Long term borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project. The borrowings carry a fixed rate of interest, and 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 management has determined that at the reporting date, fair value of borrowing is not materially different from the carrying amount even after considering any fluctuation in prevailing market interest rates.

As at the balance sheet date, the Company has cash and bank balances of ₹ 140.77 crore (as at March 31, 2023 : ₹ 174.00 crore) 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. The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Financing facilities (short term)	₹ crore		
	Fund based	Non Fund based	Total
<b>As at March 31, 2024</b>			
Secured / Unsecured credit facilities, reviewed annually and payable at call			
Amount used and outstanding	548.39	192.05	740.44
Amount unused	255.64	-	255.64
<b>Total</b>	<b>804.03</b>	<b>192.05</b>	<b>996.08</b>
<b>As at March 31, 2023</b>			
Secured / Unsecured credit facilities, reviewed annually and payable at call			
Amount used and outstanding	629.95	186.71	816.66
Amount unused	77.06	-	77.06
<b>Total</b>	<b>707.01</b>	<b>186.71</b>	<b>893.72</b>



**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

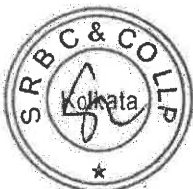
**NOTE 39 Financial Ratios**

Sl No.	Ratios	Numerator	Denominator	Note	As at March 31, 2024	As at March 31, 2023	% of Variance	Reason for Variance
(a)	Current Ratio (in times)	Current assets	Current liabilities	A	1.08	1.05	2.56%	NA
(b)	Debt Equity Ratio (in times)	Total Debt	Total Equity	B	1.61	1.74	7.53%	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 during the year	C	2.61	3.93	33.61%	Decrease is majorly on account of repayment of Long term borrowing during the year and increase in earning for debt service.
(d)	Return on Equity Ratio (ROE) (%)	Net Profit after tax	Average Shareholder's Fund	D	6.28%	7.87%	20.19%	NA
(e)	Trade Receivables Turnover Ratio (in number of days)	Number of days * Average Trade Receivable	Revenue from Operation	E	127.92	115.79	10.48%	NA
(f)	Trade Payables Turnover Ratio (in number of days)	number of days * Average Trade Payable	Purchase during the year+ Other Expense - expenses for non operating activities	F	39.45	35.94	9.77%	NA
(g)	Net Capital Turnover Ratio (in number of days)	Number of days * Working capital + Current assets - Current liabilities	Revenue from operation including net movement in Regulatory deferral balances	G	33.93	20.24	67.67%	Increase is majorly on account of increase in working capital due to increase in deposits with banks and decrease in current borrowings
(h)	Net Profit Ratio (%)	Net Profit after tax	Revenue from operation including net movement in Regulatory deferral balances	H	1.74%	1.59%	9.69%	NA
(i)	Return on Capital Employed (ROCE) (%)	Profit before tax + interest expense excluding interest on consumer security deposit	Average Capital employed (Total equity + Total Debt + Deferred tax liability)	I	9.38%	9.48%	1.11%	NA
(j)	Return on investment (%)	Interest Income + Gain on fair value of current investment at Fair Value through Profit & Loss	Average (Investment + Fixed deposit+ Loans Given)	J	2.77%	2.69%	2.68%	NA

- Inventory turnover ratio is not applicable to the Company.
- 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:**

- Current Assets as per balance sheet
- Current Liabilities as per balance sheet
- 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
- 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
- Average Shareholder's Funds : Average Issued share capital and Other equity
- Average Trade Receivables: Trade Receivables and Unbilled Revenue
- Net credit purchases comprise of: (a) Cost of power purchased and transmission charges as per Statement of Profit and Loss (b) Other expenses excluding (i) Bad debts (including provision); (ii) Net loss on foreign exchange; (iii) CSR expenses and (iv) Transfer to contingency reserves
- Working Capital: (i) Current Assets: as per balance sheet (ii) Current Liabilities as per balance sheet (excluding current maturities of long term debt)  
Revenue from Operation including net movement in Regulatory Deferral Balances: (a) Revenue from Operations as per Statement of profit and Loss; (b) Net movement in Regulatory Deferral Balances (including deferred tax)
- Revenue from Operation including net movement in Regulatory Deferral Balances: (a) Revenue from Operations as per Statement of profit and Loss; (b) Net movement in Regulatory Deferral Balances (including deferred tax)
- Average Capital Employed: (a) Issued share capital; (b) Other equity; (c) Total Debt; less (d) Deferred Tax Assets; (e) Intangible Assets
- Interest Income: Interest on bank deposits and interest on loans given





**TP SOUTHERN ODISHA DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 45 Other Statutory Information**

- (i) 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.
- (ii) 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 Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (iii) There are no charges or satisfaction which is yet to be registered with ROC beyond the statutory period..
- (iv) 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).
- (v) The Company has not been declared as willful defaulter by any bank or financial institution or other lender.
- (vi) The Company have not traded or invested in Crypto currency or Virtual Currency during the current financial year and previous financial year.
- (vii) The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) 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
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (viii) 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.
- (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 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).
- (xi) The Group has five Core Investment Companies (CICs) which are registered with the Reserve Bank of India and two CICs which are not required to be registered with the Reserve Bank of India.

**NOTE 46 Audit Trail**

The Company has used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares, except that audit trail feature is not enabled at the database level in so far as it relates to the SAP S/4 HANA and CIS application and/or the underlying HANA and DB2 database respectively. However stringent control procedures were implemented to effectively restrict direct changes to data throughout the financial year. These procedures included thorough reviews of logs and reconciliation of datasets and during the financial year no direct changes were made that impacted financial records. Further no instance of audit trail feature being tampered with was noted in respect of the accounting softwares.

**NOTE 47 Significant events after the reporting period**

There were no significant adjusting events that occurred subsequent to the reporting period other than the events disclosed in the relevant notes.

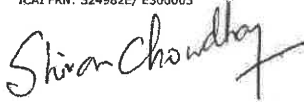
**NOTE 48 Standards notified but not yet effective**

There are no standards that are notified and not yet effective as on the date.

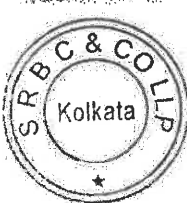
**NOTE 49 Approval of Financial Statements**

The financial statements were approved for issue by the board of directors on April 19, 2024.

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



per Shivam Chowdhary  
 Partner  
 Membership No. 067077  
 Place: Bhubaneswar



For A K Sabat & Co.  
 Chartered Accountants  
 ICAI FRN: 321012E



per B.R. Mohanty  
 Partner  
 Membership No. 057266  
 Place: Bhubaneswar



For and on behalf of the Board of  
 TP Southern Odisha Distribution Limited



Praveer Sinha  
 Director  
 DIN:01785164  
 Place: Bhubaneswar



Amit Kumar Garg  
 Chief Executive Officer  
 Place: Bhubaneswar



Santav Kumar Bhusa  
 Director  
 DIN:07785948  
 Place: Bhubaneswar



Bijay Kumar Mohanty  
 Chief Financial Officer  
 Place: Bhubaneswar



Jeevanjyoti Nayak  
 Company Secretary  
 Place: Bhubaneswar

Date: April 19, 2024