

S R B C & CO LLP
Chartered Accountants
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SRB & Associates
Chartered Accountants
5th Floor, IDCO Tower, Janpath
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INDEPENDENT AUDITOR'S REPORT

To the Members of TP Central Odisha Distribution Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of TP Central Odisha Distribution Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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 period then ended (from date of incorporation, i.e., April 6, 2020 to March 31, 2021), and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Basis for Opinion

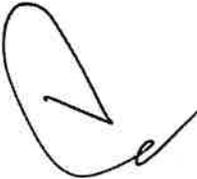
We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' 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 Ind AS financial statements.

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 as per section 134 of the Act, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS 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.

The Board Report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.






Responsibility of Management for the Ind AS 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 Ind AS 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

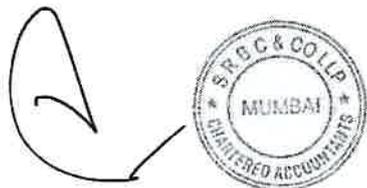
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) Attention is drawn to the matters described in Note 36.05 of Ind AS financial statements, related to non-availability of certain records and documents pertaining to business acquired. In our opinion, except for the possible effects of the aforesaid, proper books of account for the remaining matters as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) Attention is drawn to the matters described in Note 36.05 of Ind AS financial statements, related to non-availability of certain records and documents pertaining to business acquired. In our opinion, 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 except for the possible effects arising from non-availability of records and documents as aforesaid;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;



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- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The matters related to non-availability of certain records and documents pertaining to business acquired are as stated in paragraph (b) and (c) of our report;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS 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, if any, for the period ended March 31, 2021 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:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 32 to the Ind AS financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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


per Vishal Bansal
Partner
Membership Number: 097546
UDIN: 21097546AAAACS5964
Mumbai
May 10, 2021



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


per R S Sahoo
Partner
Membership Number: 53960
UDIN: 21053960AAAAD5160
Bhubaneswar
May 10, 2021



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

- (i) a. In our opinion, except for the matters described in Note 36.05 of Ind AS financial statements related to unavailability of fixed assets records as at the date of acquisition of business by the Company, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained in Note 36.05 of Ind AS financial statements, fixed assets were not physically verified by the transferor company. Post-acquisition, the Company has framed a regular programme for physical verification of fixed assets. However, fixed assets were not been physically verified by the management during the period, hence, we are unable to comment on the discrepancies, if any.
- c. The Company does not hold any land in its name. As regard the buildings thereon, the Company retains the operational right 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.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the period and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company being in its first year of business operations, the requirement for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company is not applicable. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company
- (vii) a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance and duty of custom, are not applicable to the Company.



b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance and duty of custom, are not applicable to the Company.

c. According to the information and explanations given to us, the dues of service tax and provident fund on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	INR in Crores	Period	Forum where the dispute is pending
The Finance Act, 1994	Service Tax	62.34	Financial year 2014-15 to 2017-18	Principal Commissioner, CGST
The Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	551.62	November 1997 to December 2011	High Court, Orissa

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution and bank.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the period.
- (xi) According to the information and explanations given by the management, the managerial remuneration, if any, has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.



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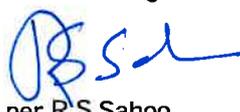
- (xiv) According to the information and explanations given by the management and audit procedures performed by us, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment through private placement of shares during the period. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. Further, according to the information and explanations to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the period.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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


per Vishal Bansal
Partner
Membership Number: 097546
UDIN: 21097546AAAACS5964
Mumbai
May 10, 2021



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


per R S Sahoo
Partner
Membership Number: 53960
UDIN: 21053960AAAAAD5160
Bhubaneswar
May 10, 2021



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Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of TP Central 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 were engaged to audit the internal financial controls over financial reporting of TP Central Odisha Distribution Limited ("the Company") as of March 31, 2021, in conjunction with our audit of Ind AS financial statements of the Company for the period 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting with reference to these financial statements of the Company.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS 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 control over financial reporting with reference to these 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.



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Disclaimer of Opinion

According to the information and explanation given to us and as described in Note 41, the Company has acquired power distribution business in Central Odisha from the Central Electricity Supply Utility of Odisha (CESU) and is in the process of strengthening the existing internal controls over financial reporting, including maintenance of sufficient and appropriate records, over key processes considering the essential components of internal controls over financial reporting stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI (Guidance Note). Consequently, the documentation supporting the design and operating effectiveness of key internal controls over financial reporting considering the essential components of internal control over financial reporting stated in the Guidance Note were not made available to us to enable us to determine if the Company has established adequate internal controls over financial reporting and whether such internal controls over financial reporting were designed and operating effectively as at March 31, 2021. Accordingly, we do not express an opinion on internal controls over financial reporting with reference to these financial statements.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2021, and the related 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 period then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 financial statements of the Company and this report does not affect our report dated May 10, 2021 which expressed an unqualified opinion on those financial statements.

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

per Vishal Bansal
Partner

Membership Number: 097546
UDIN: 21097546AAAACS5964
Mumbai
May 10, 2021



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

per R S Sahoo
Partner

Membership Number: 53960
UDIN: 21053960AAAAD5160
Bhubaneswar
May 10, 2021



TP CENTRAL ODISHA DISTRIBUTION LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Notes	As at March 31, 2021 ₹ crore
I. ASSETS		
(A) Non-current assets		
(a) Property, plant and equipment	4	2,197.86
(b) Capital work-in-progress	5	526.73
(c) Intangible assets	4	13.79
(d) Financial assets	6	0.35
(e) Non-current tax assets (net)	13	3.97
(f) Other non-current assets	8	0.23
Total non-current assets (A)		2,742.93
(B) Current Assets		
(a) Inventories	9	76.54
(b) Financial assets		
(1) Trade receivables	10	79.51
(2) Unbilled revenue		269.96
(3) Cash and cash equivalents	11	135.28
(4) Bank balances other than 3 above	11	1,285.85
(5) Loans	12	5.60
(6) Other financial assets	6	14.42
(c) Other current assets	8	92.87
Total current assets (B)		1,960.02
(C) Total Assets before Regulatory Deferral Account (A+B)		4,702.96
(D) Regulatory Deferral Account -Asset	30	344.76
(E) Total assets (C+D)		5,047.72
II. EQUITY AND LIABILITIES		
(A) Equity		
(a) Equity Share capital	14	300.00
(b) Other Equity	15	6.75
Total equity (A)		306.75
Liabilities		
(B) Non-current liabilities		
(a) Financial liabilities		
(1) Borrowings	16	0.18
(b) Provisions	21	320.26
(c) Consumer contribution towards capital Assets	18	1,508.76
(d) Deferred tax liabilities (Net)	7	2.27
(e) Other non-current liabilities	19	1,051.85
Total Non-current liabilities (B)		2,883.32
(C) Current liabilities		
(a) Financial Liabilities		
(1) Borrowings	16	102.00
(2) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	20	36.25
Total outstanding dues of trade payables other than micro enterprises and small enterprises	20	688.88
(3) Other financial liabilities	17	884.90
(b) Provisions	21	33.18
(c) Other current liabilities	19	112.42
Total current liabilities (C)		1,857.64
(D) Total Liabilities before Regulatory Deferral Account (B+C)		4,740.96
(E) Total equity and liabilities (A+D)		5,047.72

See accompanying notes forming part of financial statements
As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI FRN: 124982E/ E300003



per Vishal Bera
Partner
Place: Mumbai

For and on behalf of the Board of
TP Central Odisha Distribution Limited

Praveer Sinha
Director
DIN:01785164
Place: Mumbai

Manthiram Shenbagam
Chief Executive Officer (CEO)
Place: Bhubaneswar

Date: May 10, 2021

For SRB & Associates
Chartered Accountants
ICAI FRN: E310009E

per R S Sahoo
Partner
Place: Bhubaneswar



Sanjay Banga
Director
DIN:07785948
Place: Mumbai

Puneet Munjal
Chief Financial Officer (CFO)
Place: Bhubaneswar

Darshan Soni
Company Secretary
Place: Bhubaneswar

TP CENTRAL ODISHA DISTRIBUTION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED FROM APRIL 6, 2020 TO MARCH 31, 2021

Particulars	Notes	Period From
		April 6, 2020 to March 31, 2021
		₹ crore
(I) Revenue from operations	22	2,775.86
(II) Other income	23	46.03
(III) Total income (I+II)		2,821.89
(IV) Expenses		
Cost of power purchased & transmission charges	24	2,034.10
Employee benefits expense (Net)	25	474.26
Finance costs	26	33.17
Depreciation and amortization expense	4	75.64
Other expenses	27	305.98
Total expenses (IV)		2,923.14
(V) Profit / (Loss) before movement in regulatory deferral balance and tax		(101.25)
Add/(Less): Net movement in regulatory deferral balances (Net)		110.28
(VI) Profit / (loss) before tax		9.03
(VII) Tax expenses		
a. Current tax	28	2.27
b. Deferred tax	28	2.27
(VIII) Profit/ (loss) after tax for the period (VI-VII)		6.75
(IX) Other comprehensive income/(expenses)		
Items that will not be reclassified to profit or loss	29	-
(X) Total comprehensive income for the period (VIII+IX)		6.75
(XI) Earnings Per Equity Share (Excluding Regulatory Income/(expense) (net))		
Basic/ Diluted (in Rs.) (not annualised)	33	(2.99)
Earnings Per Equity Share (including Regulatory Income/(expense) (net))		
Basic/ Diluted (in Rs.) (not annualised)	33	0.27

See accompanying notes forming part of financial statements
As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI FRN: E24982E/E300003

per **Vishal Bansal**
Partner
Place: Mumbai



For **SRB & Associates**
Chartered Accountants
ICAI FRN: E310009E

per **R S Sahoo**
Partner
Place: Bhubaneswar



For and on behalf of the Board of
TP Central Odisha Distribution Limited

Praveer Sinha
Director
DIN: 01785164
Place: Mumbai

Manthiram Shenbagam
Chief Executive Officer (CEO)
Place: Bhubaneswar

Sanjay Banga
Director
DIN: 07785948
Place: Mumbai

Puneet Munjal
Chief Financial Officer (CFO)
Place: Bhubaneswar

Darshan Soni
Company Secretary
Place: Bhubaneswar

Date : May 10, 2021

TP CENTRAL ODISHA DISTRIBUTION LIMITED
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED FROM APRIL 6, 2020 TO MARCH 31, 2021

Accounting Policy

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a 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. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Particulars	Period from April 6, 2020 to March 31, 2021 ₹ Crore
A. Cash Flow from Operating Activities	9.03
Profit/(Loss) before tax	
Adjustments to reconcile profit and loss to net cash provided by operating activities	
Depreciation and Amortization expense (Net)	75.64
Interest Income	(26.69)
Interest on bank loans	10.98
Interest on consumer security deposit	22.19
Amortization of grant	(2.44)
Amortization of consumer contribution	(60.21)
Allowance for doubtful debts and advances (Net)	28.12
Operating profit before Working Capital changes	47.59
Adjustments for (increase)/decrease in operating assets:	
Inventories	(46.54)
Trade receivables	(107.63)
Unbilled revenue	(269.96)
Loans-financial assets	(1.52)
Other current assets	(26.47)
Other non-current assets	(0.23)
Other financial assets - current	(14.31)
Other financial assets - non-current	1.46
Regulatory deferral account - Assets	(110.28)
Movement in operating asset	(575.47)
Adjustments for increase/(decrease) in operating liabilities:	
Trade payables	511.47
Other financial liabilities-current	(5.61)
Other current liabilities	44.14
Other non-current liabilities	0.17
Non-current provision	320.26
Current provisions	(201.30)
Movement in operating liability	669.13
Cash generated from operations	150.27
Taxes paid	(3.97)
Net Cash Flows from/(used) in Operating Activities (A)	146.31
B. Cash Flow from Investing Activities	(141.45)
Capital expenditure on property, plant and equipment	33.97
Interest received	(50.75)
Bank balance not considered as cash and cash equivalents	(158.23)
Net Cash Flow from/(used in) Investing Activities (B)	(158.23)
C. Cash flow from Financing Activities	0.18
Proceed of non-current borrowings	51.85
Proceeds of security deposits from electricity consumers	44.99
Proceeds from contribution for capital works	64.84
Proceeds from subsidies towards cost of capital assets	(55.54)
Proceeds/(repayment) from current borrowings	(10.98)
Interest paid on bank loan	(28.31)
Interest paid on security deposit	67.04
Net Cash Flow from/(used) in Financing Activities (C)	67.04
D. Net Increase/(decrease) in cash and cash Equivalents (A+B+C)	55.11
E. Cash and cash equivalents acquired on business combination	80.17
F. Cash and cash equivalents at the end of the year (Refer note 11)	135.28

For **S R S C & CO LLP**
 Chartered Accountants
 ICAI FRN: 324982E/ E300093

per **Vishal Bansal**
 Partner
 Place: Mumbai



For and on behalf of the Board of
TP Central Odisha Distribution Limited

Praveer Sinha
 Director
 DIN:01785164
 Place: Mumbai

Manthiram Shenbadary
 Chief Executive Officer (CEO)
 Place: Bhubaneswar

Date : May 10, 2021

For **SRB & Associates**
 Chartered Accountants
 ICAI FRN: E310009E

per **R S Sahoo**
 Partner
 Place: Bhubaneswar



Sanjay Banga
 Director
 DIN:07785948
 Place: Mumbai

Puneet Munjal
 Chief Financial Officer (CFO)
 Place: Bhubaneswar

Darshan Soni
 Company Secretary
 Place: Bhubaneswar

TP CENTRAL ODISHA DISTRIBUTION LIMITED
STATEMENT CHANGES IN EQUITY FOR THE PERIOD ENDED FROM APRIL 6, 2020 TO MARCH 31, 2021

A. Equity Share Capital		
	No. of Shares	Amount
	Nos	₹ crore
Issued during the period	30,00,00,000	300.00
Balance as at March 31, 2021	30,00,00,000	300.00

B. Other Equity		
Description	Retained Earnings	Total
	₹ crore	₹ crore
Profit/(Loss) for the period	6.75	6.75
Other comprehensive Income/(expense) for the period	-	-
Total Comprehensive Income	6.75	6.75
Balance as at March 31, 2021	6.75	6.75

For S R B C & CO LLP
 Chartered Accountants
 ICAI FRN: 324962E/ E300003



[Signature]
 per Vishal Bansal
 Partner
 Place: Mumbai

For SRB & Associates
 Chartered Accountants
 ICAI FRN: E310009E



[Signature]
 per R S Sahoo
 Partner
 Place: Bhubaneswar

For and on behalf of the Board of
TP Central Odisha Distribution Limited

[Signature]

Praveer Sinha
 Director
 DIN:01785164
 Place: Mumbai

[Signature]
Manthiram Shenbagam
 Chief Executive Officer (CEO)
 Place : Bhubaneswar

[Signature]
Sanjay Banga
 Director
 DIN:07785948
 Place: Mumbai

[Signature]
Puneet Munjan
 Chief Financial Officer (CFO)
 Place : Bhubaneswar

[Signature]
Darshan Soni
 Company Secretary
 Place : Bhubaneswar

Date : May 10, 2021

Note 1
General Information

TP Central Odisha Distribution Limited (TPCODL or the Company) is a public limited company, domiciled and incorporated in India and is engaged in the business of distribution of electricity in Central Odisha. The Company has been incorporated on April 6, 2020 under the Companies Act, 2013 (as amended). Pursuant to vesting order issued by the Odisha Electricity Regulatory Commission ('OERC') dated May 26, 2020, the Company acquired the business of distributing power in Central Orissa ('business') from the Central Electricity and Supply Utility ('CESU') with effect from June 1, 2020 (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 Bhubaneswar, Cuttack, Paradeep and Dhenkanal in the state of Odisha for a period of 25 years effective from June 1, 2020, which also marked the commencement of commercial operations for the Company.

The registered office of the company is located at 2nd Floor, IDCO Tower, Janpath, Bhubaneswar, 751022, Odisha
The Company is subsidiary of The Tata Power Company Limited (TPCL) which holds 51% equity shares and balance 49% equity shares is held by GRIDCO Ltd.

Note 2

2.1 Statement of compliance

The Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 (as amended from time to time). Financial statements are prepared for the period from date of incorporation to 31 March 2021. Since the Company has been formed during the year, there is no comparative information.

2.2 Basis of preparation and presentation

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

- certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments):
- employee benefit expenses (refer note 21 for accounting policy)

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Note 3

Other significant accounting policies

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

3.1 Foreign currencies

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

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

3.2 Current versus non-current classification

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

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

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3.3 Financial instruments

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

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

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

Effective Interest method

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



3.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

3.4.1 Financial assets at amortized cost

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

(i) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

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

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

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

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

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

A financial asset is held for trading if:

(i) it has been acquired principally for the purpose of selling it in the near term; or

(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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

3.4.4 Impairment of financial asset

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

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

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

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

3.4.5 Derecognition of financial asset

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

3.5 Financial liabilities and equity instruments

3.5.1 Classification as debt or equity

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

3.5.2 Equity instruments

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

3.5.3 Financial liability

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



3.5.3.1 Financial liabilities subsequently measured at amortized cost

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

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

3.5.3.2 Derecognition of financial liabilities

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

3.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

3.7 Lease Accounting

At inception of contract, the Company assesses whether the Contract is or contains a lease. A contract is or contains a lease if the contract convey 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.

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

Short term leases and leases of low value of assets

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

3.8 Dividend

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

3.9 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to a specified asset, it is recognized as deferred income, and amortized over the expected useful life of the asset. Other grants relating to revenue are recognized in the statement of profit and loss.



3.10 Business combinations and goodwill

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

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group'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 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 Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.11 Changes in Ind AS and related pronouncements effective at a future date

Amendment in Schedule III to Companies Act 2013:

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with the Companies (Indian Accounting Standards) Rules 2015 (as amended) are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

3.12 Critical accounting estimates and judgements

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

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

The areas involving critical estimates or judgements are:

- 1 Estimation of regulatory deferral account balances.
- 2 Estimation of unbilled revenue
- 3 Estimation of defined benefit obligation
- 4 Estimation of current tax and deferred tax expense
- 5 Estimation of provision and contingent liabilities

Estimates and judgement are continually evaluated. They are based on industrial 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.



4 Property, plant and equipment :
4.01 Accounting Policy :

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price (net of trade discount and rebates) and any directly attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Ind AS 23. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for separately are derecognised when replaced.

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

Estimated useful lives of the regulated assets are as follows:

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

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.

Intangible assets

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

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

Derecognition

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

Impairment of tangible and intangible assets

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



TP CENTRAL ODISHA DISTRIBUTION LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Gross Block		Accumulated Depreciation		Net Block As at March 31, 2021
	*As at June 1, 2020 (Refer note 4.04)	As at March 31, 2021	*As at June 1, 2020 (Refer note 4.04)	As at March 31, 2021	
Buildings	13.50	15.18	0.34	0.34	14.84
Plant & Machinery and transmission lines & cable network	2,039.72	2,239.26	73.51	73.51	2,165.75
Motor Vehicles	0.05	0.81	0.03	0.03	0.84
Furniture & Fixtures	0.19	13.48	0.14	0.14	13.53
Office Equipment	0.51	2.46	0.07	0.07	2.91
Total (A)	2,053.97	2,271.95	74.09	74.09	2,197.86

Particulars	Gross Block		Accumulated Amortization		Net Block As at March 31, 2021
	*As at June 1, 2020	As at March 31, 2021	*As at June 1, 2020	As at March 31, 2021	
Software	15.34	15.34	1.55	1.55	13.79
Total (B)	-	15.34	1.55	1.55	13.79
Total (A)+(B)	2,053.97	2,287.29	75.64	75.64	2,211.65

Particulars	As at June 1, 2020		Accumulated Depreciation
	Gross Block	As at March 31, 2021	
Buildings	23.47	9.97	9.97
Plant & Machinery and transmission lines & cable network	3,366.01	1,326.30	0.55
Motor Vehicles	0.60	3.29	3.48
Furniture & Fixtures	3.48	9.65	10.17
Office Equipment	10.17	9.65	1.349.76
Total	3,403.73	1,349.76	

Particulars	Period ended March 31, 2021	
	Depreciation on Tangible Assets	Amortization of Intangible Assets
Depreciation on Tangible Assets	74.09	1.55
Add: Amortization of Intangible Assets	1.55	75.64
Total	75.64	75.64

4.06 The Company does not own any land in its name. The Company retains operational rights over the land used for the purpose of carrying out distribution business under a license granted by OERC. As per terms of vesting order, land has been given on lease to the Company for a nominal consideration of Re.1 per year, till the expiry of power distribution license. The Company has applied low value assets recognition exemption for the said lease in accordance with Ind AS 116 - 'Leases'

4.07 Also refer note no. 36.03 and note no. 37

Particulars	*As at June 1, 2020		Additions	As at March 31, 2021	
	*As at June 1, 2020	As at March 31, 2021		Capitalized /Disposals	As at March 31, 2021
Capital work-in-progress (majority pertains to Plant & Machinery and transmission lines & cable network)	618.59	141.45	233.32	526.73	526.73
Total	618.59	141.45	233.32	526.73	526.73

CWIP includes closing capital inventory of Rs.113.75 Crore as at March 31, 2021 (Rs. 142.73 Crores as at June 1, 2020)
* date of acquisition from CESU. No assets were acquired prior to that date



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6	Financial Assets:	As at March 31, 2021
		₹ crore
	Non Current (At amortised cost)	
	Other receivables	0.35
	Total other financial assets (Non current)	0.35
	Current (At amortised cost)	
	Other Receivables	14.31
	Interest accrued but not due	0.11
	Total other financial assets (Current)	14.42

Note: Refer note 16 for charge created against borrowings

7	Deferred tax assets/ (liabilities) (Net)	As at March 31, 2021
		₹ crore
	Taxable temporary differences	
	Deferred tax asset/(liability) (Refer note no 28)	(2.27)
	Net deferred tax asset/ (liabilities)	(2.27)

8	Other assets	As at March 31, 2021
		₹ crore
	Non Current (At amortised cost)	
	Security deposits to various authorities	0.23
	Total other assets (Non-current)	0.23
	Current (At amortised cost)	
	GST credit receivable	0.04
	Prepaid expenses	2.01
	Advance to vendor	35.03
	Other advance	55.78
	Total Other Assets (current)	92.87

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

	As at March 31, 2021
	₹ crore
Stores and spares	76.54
Total Inventories	76.54

Note: Refer note 16 for charge created against borrowings

10	Trade Receivables- Current	As at March 31, 2021
		₹ crore
	Unsecured, considered good	79.51
	Credit Impaired	28.12
		107.63
	Allowance for doubtful debts (expected credit loss)	(28.12)
	Total trade receivable	79.51

Note: 1. The Company holds security deposits from consumers amounting to Rs. 786.57 Crore.
Note: 2. Refer note 16 for charge created against borrowings

Provision Matrix
The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience of CESU as adjusted for latest experience and forward looking information. The expected credit loss allowance is based on the ageing of the receivables and the expected credit loss rates as given in the provision matrix.

Estimated ageing of receivables as at 31 March 2021

Customer Category	Gross Receivable	Within credit period	1-90 days past due	91-182 days past due	More than 182 days past due
Large Industrial and Government	14.58	-	4.74	5.53	4.30
Commercial and Agriculture	28.58	-	9.43	9.19	9.97
Residential	64.47	-	24.58	17.46	22.43
Total	107.63	-	38.75	32.18	36.71

Provision matrix

Customer Category	Estimated Credit Loss	Within credit period	1-90 days past due	91-182 days past due	More than 182 days past due
Large Industrial and Government	-	0.00%	0.00%	0.00%	0.00%
Commercial and Agriculture	7.35	0.00%	19.96%	25.39%	31.41%
Residential	20.77	0.00%	24.96%	32.93%	39.64%
Total	28.12				



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11 Cash and Bank Balances

11.01 Accounting Policy

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

**As at March 31,
2021**
₹ crore

11.02 Cash and cash equivalents

Balances with banks:	88.61
In current accounts	27.44
Cash on hand	19.23
Cheques on hand	19.23
Total cash and cash equivalents	135.28

11.03 Bank balances other than above*

Balances with banks	944.24
Deposits with original maturity for more than 3 months	341.61
	1,285.85

Total cash and bank balance

* Earmarked balances

1,421.13

11.04 Reconciliation of Liabilities from Financing Activities

Particulars	As at June 1, 2020*	Cash Flows		Non-cash Adjustments	As at March 31, 2021
		Proceeds	Payment		
Non-current borrowings	0.00	0.18	-	-	0.18
Current borrowings	157.54	102.00	157.54	-	102.00
Security deposits from electricity consumers	734.72	51.85	-	-	786.57
Contribution for capital works	1,523.97	44.99	-	(60.21)	1,508.76
Subsidies towards cost of capital assets	689.34	64.84	-	(2.44)	751.74
Total	3,105.57	263.86	157.54	(62.64)	3,149.25

* Date of acquisition from CESU

12 Loans

Current (At amortised cost)

Loans to employees & others

Total Loans

**As at March 31,
2021**
₹ crore
5.60
5.60

13 Non-Current tax assets/current tax liability

Non Current tax assets

Income tax paid

Total non-Current tax assets

**As at March 31,
2021**
₹ crore
3.97
3.97



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14 Share capital

Authorised share capital :
100,00,00,000 Nos equity shares of Rs. 10/- each

Issued and subscribed capital :
30,00,00,000 Nos equity shares of Rs. 10/- each (fully paid up)

Total issued, subscribed and paid-up

As at March 31, 2021
₹ crore
1,000.00
1,000.00
300.00
300.00

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

Equity shares

Issued during the period
Outstanding at the end of the period

As at March 31, 2021
No. of Shares
30,00,00,000
30,00,00,000

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

Equity Shares

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

c. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2021	
	No. of Shares	% Holding
Equity shares of Rs. 10 each fully paid		
Name of the Shareholder		
A. The Tata Power Company Ltd (Holding company)	15,30,00,000	51%
B. GRIDCO Ltd (Company having significant influence)	14,70,00,000	49%
Total	30,00,00,000	100%

15 Other equity

Retained Earning

Balance at beginning of period
Profit for the period
Other comprehensive income for the period
Balance as at the end of the year

As at March 31, 2021
₹ crore
-
6.75
-
6.75
6.75

Total other equity

Nature and purpose of reserves:

Retained Earnings:

Retained Earnings are the profits of the Company earned till date net of appropriations. The amount can be distributed to the shareholders of the Company as per the requirements of the Companies Act, 2013 (as amended).

16 Borrowings

Non Current (At Amortised Cost)

Unsecured

Loans from external parties
Total long term borrowings

As at March 31, 2021
₹ crore
0.18
0.18

Current (At Amortised Cost)

Secured credit facilities

Working capital loan

(i) State Bank Of India Bank

Total short term borrowing

102.00
102.00

Secured credit facilities

The Company has availed secured cash credit limits of Rs.950 Crore from State Bank of India which includes fund based limit of Rs.400 Crore and Non-fund based limit of Rs.550 Crore at an interest rate 6 month MCLR plus 0.75% margin per annum. These facilities are secured against first charge on movable assets created after the date of vesting order, first charge on book debt, operating cash flows, commission assets revenue and other current assets of whatsoever nature, present & future and first charge on all the bank accounts.



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17	Other financial liabilities	As at March 31, 2021
		₹ crore
	Current (At amortised cost)	
	Security deposits from electricity consumers	786.57
	Interest accrued but not due on security deposits from electricity consumers	25.80
	Interest accrued but not due on borrowings	0.54
	Retention money payable	48.40
	Earnest money deposits	8.48
	Security deposits from others	14.08
	Other financial liabilities	1.04
	Total other financial liabilities (Current)	884.90
	<p>Note: The security deposits from electricity consumers carry interest at 4.25% p.a. and is adjusted against power bill of the respective customers as per tariff regulations. The amount is refundable on surrender of electricity connection by the consumer.</p>	
18	Consumer contribution towards cost of capital asset	As at March 31, 2021
		₹ crore
	Non-Current (At cost less amortisation)	
	Consumer contribution towards cost of capital asset	1,508.76
	Total Consumer contribution towards cost of capital asset	1,508.76
	Movement in consumer contribution towards cost of capital asset	
	Opening	1,523.97
	Add: Additions during the period	44.99
	Less: Transfer to statement of profit & loss	60.21
	Closing Balance	1,508.76
19	Other liabilities	As at March 31, 2021
		₹ crore
	Non-Current (At amortised cost)	
	Subsidies towards cost of capital Assets	751.74
	Consumer contribution for work under progress (refer note 18)	300.11
	Total Other liabilities (Non-current)	1,051.85
	Current (At amortised cost)	
	Advance from customers	33.98
	Statutory liabilities	74.05
	Other current liabilities	4.39
	Total other liabilities (Current)	112.42
20	Trade payables	As at March 31, 2021
		₹ crore
	Total outstanding dues of micro enterprises and small enterprises	36.25
	Dues Other-than MSME Creditors Total outstanding dues of trade payables other than micro enterprises and small enterprises	688.88
		725.13
20.01	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:	As at March 31, 2021
	Particulars	₹ crore
	(a) Principal amount remaining unpaid as at 31 March	36.25
	(b) Interest due thereon as at 31 March	-
	(c) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-
	(d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-
	(e) The amount of interest accrued and remaining unpaid as at 31 March	-
	(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-
	Total	36.25



21 Provisions

21.01 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 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 under the contract 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 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 after deducting the contribution already paid. 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, for example, a reduction in future payment or a cash refund.

Defined benefits plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are 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 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 unavailed 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. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

21.02 Defined contribution plans

Erstwhile CESU Employees

i) Provident Fund Plan

The Company makes contributions towards Provident Fund Trust which is a defined contribution plan for eligible erstwhile CESU Employees. The provident fund is operated by trustees nominated by erstwhile CESU management. Under this plan, the company is required to contribute a specified percentage of payroll cost to the Provident Fund trust. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expenses in the year it is incurred. Having regards to the assets of the fund and return on the investments, the Company does not expect any shortfall in the foreseeable future.

Other than Erstwhile CESU Employees

i) Provident Fund Plan

The company makes contributions towards Provident Fund which is a defined contribution plan for qualifying employees. The company's contribution to the Employees Provident Fund is deposited by the company under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is recognized by the Income Tax Authorities. The provident fund is operated by Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

The Company has recognized a total of Rs. 1.18 crores as contribution towards provident fund in the Statement of Profit or Loss



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21.03 Defined Benefits plans
Erstwhile CESU 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 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 recognised 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 CESU 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 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 recognised insurer managed funds in India.

Other than Erstwhile CESU Employees (Unfunded)

i) Gratuity

The Company operates a gratuity plan covering qualifying employees. 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 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.

iv) Ex-Gratia Death Benefits

The company has a defined benefit plan granting ex-gratia in case of death during service. The benefit consists of a pre-determined lumpsum 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, 2021
	₹ crore
Non-Current	
Provision for Employee Benefits	
Gratuity	32.02
Pension Fund	265.34
Leave Encashment	15.04
Post Retirement Medical Benefit (PRMB)	0.59
Other Defined Benefit Plan	7.27
	320.26
Current	
Provision for Employee Benefits	
Gratuity	3.56
Pension Fund	28.28
Leave Encashment	1.14
Post Retirement Medical Benefit (PRMB)	0.00
Other Defined Benefit Plan	0.19
	33.18

21.04 CESU was operating the electricity distribution business (Business) in Central Odisha until May 31, 2020. The Company has acquired the electricity distribution business of CESU with effect from June 1, 2020. As a part of Business transfer, all the employees of the undertaking were transferred to the Company effective June 1, 2020 on a continuity of service conditions. Certain employees of CESU transferred to the Company are entitled to pension and gratuity plan which are managed by separate trusts who are responsible for the disbursement of pension and gratuity to the beneficiaries. As on the date of acquisition, the plan liabilities exceed plan assets. The Vesting Order has clarified that opening liabilities of the trusts are not transferred to the Company and they will continue to be trusts' obligation. The vesting order prescribes the mechanism for funding of such plan liabilities based on request from the respective employee benefit trusts whereby the Company is required to fund the shortfall and is entitled to simultaneously recover the amounts from consumers. The Company has assessed that post transfer of business, these plans as defined benefit plans and has accordingly recognized only incremental liability in the financial statements. As the Company acts as an intermediary on behalf of the trusts to collect the amounts from the consumers, the amount recoverable from consumers for the pre-acquisition period are netted off with revenue from operations. The amount paid during the year which is netted off with revenue from operations is Rs. 158.79 crores details of which are given below.

Particulars	Pension	Gratuity	Leave	Total (₹ crore)
Amount paid during the year	115.44	27.38	15.97	158.79

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.



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21.06 The following tables set out the funded status of defined benefit plans and amount recognized in the company's financial statements as at 31st March 2021. The valuation has been carried out using the "Project Unit Credit Method" as per Ind AS 19 "Employee Benefits" to determine the present value of defined benefit obligations and related current service cost.

a. Present Value of obligations

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
a. Present Value of obligations as at June 1, 2020 as per Actuarial Valuation (including obligation not transferred to the Company) (Refer Note 21.04)	-		155.67	1,867.71
b. Interest Cost			8.37	100.39
c. Current Service Cost		1.73	7.48	12.33
d. Past Service Cost				
e. Acquisition (Credit)/Cost	5.24			
f. Actuarial loss / (gain)-Demographic			1.29	-6.06
g. Actuarial loss / (gain)-Financial			13.91	226.86
h. Actuarial loss / (gain)-Experience	6.95			
i. Effect of Business Combinations				
j. Benefits Paid			-37.31	-163.80
k. Present value of obligation at the end of the period (including obligation not transferred to the Company) (Refer Note 21.04)	12.19	1.73	149.41	2,037.43

b. Fair value of plan assets

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
a. Fair value of plan asset as at June 1, 2020 (including plan assets not transferred to the Company) (Refer Note 21.04)			41.03	277.88
b. Acquisition (Credit)/Cost			2.21	14.94
c. Estimated return on plan asset			33.91	149.22
d. Employer contribution			-37.31	-163.80
e. Benefits Paid			0.61	5.35
f. Excess of actual over estimated return			-0.18	0.18
g. Others			40.27	283.76
h. Fair value of plan asset at the end of the period (including plan assets not transferred to the Company) (Refer Note 21.04)			40.27	283.76

c. Amount to be recognized in the balance sheet

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
1. Present Value of obligations as at the end of the year as per Actuarial Valuation (Including obligation not transferred to the Company)	12.19	1.73	149.41	2,037.43
2. Fair value of Assets at the end of the year (Including plan assets not transferred to the Company)	-	-	40.27	283.76
3. Net Liability	12.19	1.73	109.14	1,753.67
4. Liability not transferred to the Company as per vesting order (Refer Note 21.04 above)			-85.74	-1,460.12
5. Net Liability recognized in balance sheet	12.19	1.73	23.40	293.55

d. Expenses Recognised in the Statement of Profit & Loss

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
1. Current Service Cost			7.48	12.33
2. Past Service Cost		1.73	8.37	100.39
3. Interest Cost			-2.21	-14.94
4. Expected return on Plan Assets			0.15	0.00
5. Others			13.79	97.79
6. Expenses recognized in statement of Profit & Loss		1.73	13.79	97.79



TP CENTRAL ODISHA DISTRIBUTION LIMITED
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e. Amount recognised in other comprehensive income (remeasurements)

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
Actuarial (gains)/losses arising from:				
- changes in demographic assumptions	4.44	-	0.68	-11.41
- changes in financial assumptions	-	-	13.91	226.86
- experience adjustments	-	-	-	-
Total	4.44	-	14.59	215.45

f. Principal assumptions

Particulars	As at March 31, 2021	
	Gratuity (Unfunded)	Gratuity (funded)
1. Discount rate	6.60%	6.71%
2. Salary escalation		
- Management	7%	3%
- Non Management	5%	3%
3. Mortality rate	Indian Assured Lives Mortality (2006-08) Uilt	100 % IALM (2012 -14)

g. Category wise plan assets

Particulars	As at March 31, 2021	
	Gratuity (Funded)	Pension (Funded)
Cash at bank	1.29	8.53
Central government securities	18.71	25.00
State government securities	-	120.70
Private sector bonds	20.45	129.35
Insurer managed funds	-	-
	40.45	283.58

h. 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, 2021			
	Gratuity (Unfunded)	Gratuity (Funded)	Pension (Funded)	Other Defined Benefit (Unfunded)
Impact on discount rate for 0.5% decrease in defined benefit obligation of gratuity	0.58	7.54	139.42	0.13
Impact on discount rate for 0.5% increase in defined benefit obligation of gratuity	-0.53	-6.93	-126.12	-0.11
Impact on salary escalation rate for 0.5% decrease in defined benefit obligation of gratuity	-0.54	-7.00	-128.57	-0.10
Impact on salary escalation rate for 0.5% increase in defined benefit obligation of gratuity	0.57	7.56	141.02	0.12

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The weighted average duration of the gratuity plan is years .

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

Expected Future cashflows	As at March 31, 2021			
	Gratuity (Unfunded)	Gratuity (Funded)	Pension (Funded)	Other Defined Benefit (Unfunded)
Year-1	0.39	15.93	185.10	0.16
Year-2	0.43	11.76	95.97	0.16
Year-3	1.08	10.27	43.23	0.18
Year-4	1.88	9.62	40.39	0.19
Year-5	1.07	8.24	32.43	0.18
Year 6- 10	9.47	93.58	1,825.41	1.10



22 Revenue recognition
Accounting policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. There is no significant judgement involved while evaluating the timing as to when customers obtain control of promised goods and services.

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

22.01 Sale of power

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

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

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 recognized when the certainty of its collection is probable i.e. as and when recovered.

22.02 Contribution for capital works

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

22.03 Incentive on past arrear collection

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. Revenue in respect of incentive is recognized as percentage of actual realization of pass arrears.

22.04 Revenue from operations

	Period From April 6, 2020 to March 31, 2021
	₹ crore
Revenue from operations	
Gross revenue as per tariff	2,837.28
Less: Pre acquisition period employee liabilities collected on behalf of trust (Refer note 21.04)	158.79
	24.91
Less: Cash discount	2,653.57
Revenue from contract with customers	2,653.57
Other Operating Revenue	
Amortization of consumer contributions	60.21
Recovery of meter Rent	31.87
Incentive on past arrear collection	18.46
Miscellaneous Revenue	11.75
	122.29
Revenue from operations	2,775.86

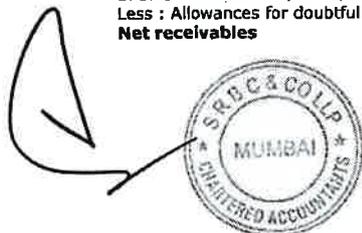
22.05 Disaggregation of revenue

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.

22.06 Contract Balances

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

	As at March 31, 2021
	₹ crore
Contract liabilities	
Advance from consumers	33.98
Total contract liabilities	33.98
Receivables	
Trade receivables	107.63
Unbilled revenue for passage of time	269.96
Less : Allowances for doubtful debts	28.12
Net receivables	349.47



Contract assets

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

Contract Liabilities

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

22.07 Transaction Price - Remaining Performance Obligation

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date. There are no remaining performance obligations outstanding as of March 31, 2021.

23 Other Income Accounting Policy:

Interest Income

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

Delayed Payment Charges (DPC)

DPC is charged at the rate prescribed by the Tariff Regulations on the outstanding balance. Revenue in respect of DPC and interest on DPC leviable as per the Tariff Regulations are recognized on actual realisation or accrued based on an assessment of certainty of realization supported by an acknowledgement from customers.

	Period From April 6, 2020 to March 31, 2021
	₹ crore
Interest Income on	
Bank Deposits	26.69
Other non - operating income	
Delayed payment charges	10.18
Other income	9.16
	46.03

24 Cost of Power Purchased and transmission charges

	Period From April 6, 2020 to March 31, 2021
	₹ crore
Power purchased	1,876.69
Transmission charges	175.56
Less: Rebate	18.14
	2,034.10

25 Employee Benefits Expense (Net)

	Period From April 6, 2020 to March 31, 2021
	₹ crore
Salaries, wages and bonus	328.05
Contribution to provident and other fund	126.38
Compensated absences	19.52
Staff welfare expenses	3.04
Less: Employee Cost Capitalization	2.73
	474.26



26 Finance Costs

Interest on loans carried at amortised cost - banks and financial Institutions
Interest on consumer security deposits carried at amortised cost
Other borrowing costs

Period From April 6, 2020 to March 31, 2021 ₹ crore
9.77
22.19
1.21
33.17

27 Other Expenses

Rental of land, buildings, plant and equipment, etc
Repairs and maintenance to buildings and civil Works
Repairs and maintenance to plant and machinery
Repairs and maintenance to furniture, vehicles, etc
Electricity consumption expenses
Telephone expenses
Foods and conveyance
Cost Of service expenses
Bank & other charges
Office expenses
Travelling expenses
Insurance premium
Legal and professional charges
Allowance for doubtful debts and advances (Net)
Software expenses
Other expenses
Advertisement & marketing expenses
Metering and billing expenses
Printing and stationary
Miscellaneous expenses

Period From April 6, 2020 to March 31, 2021 ₹ crore
3.41
3.55
136.18
2.61
3.44
1.32
2.33
50.81
1.10
5.40
11.97
1.13
5.76
28.12
1.65
3.53
0.92
41.09
1.58
0.09
305.98

27.01 Auditors remuneration

Legal and professional charges include auditor's remuneration as follows:
Particulars

Audit fee (including Goods and Services Tax)

Period From April 6, 2020 to March 31, 2021 ₹ crore
0.63
0.63

27.02 Corporate Social Responsibility (CSR) Expenses

Section 135 (5) of the Act, inter alia, provides that the Company shall spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. As the company has completed its first financial year on 31st March 2021, provisions under Section 135 (5) shall be applicable to the Company effective from FY 2021-22.

27.03 Short term leases

The Company has applied short term lease exemption for above rental of land, buildings, plant and equipment, etc In accordance with Ind AS 116 - 'Leases'



28 Tax expenses

Accounting policy

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

28.01 Current tax

The current tax payable is based on taxable profit for the reporting period. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

28.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 recognized 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

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

Deferred tax assets are recognized 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 recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

28.03 Tax expense/(income)

Period From April 6, 2020 to March 31, 2021 ₹ crore
-
-
2.27
2.27
2.27

Current tax

In respect of the current period

Deferred tax

In respect of the current period

Total income tax expense recognised in the current year

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

Profit from continuing operations before income tax expense	9.03
Tax at the Indian tax rate of 25.17%	2.27

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 period ended March 31, 2021.

28.05 Deferred Tax Asset/ (Liability)

Deferred tax asset/(liability) on account of :	Recognised in the Statement of Profit & Loss	Closing
Property plant and equipment	(18.72)	(18.72)
Provision for doubtful debts	7.08	7.08
Provision for employee benefit	4.92	4.92
Business losses and unabsorbed depreciation	4.45	4.45
Total	(2.27)	(2.27)



TP CENTRAL ODISHA DISTRIBUTION LIMITED
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29 **Other comprehensive Income/(expenses)**

Period From
April 6, 2020 to
March 31, 2021

₹ crore

Items that will not be reclassified to profit or loss
Remeasurements of the defined benefit plans
Net Movement in regulatory deferral balances

(234.48)
234.48
-

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

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

30 **Regulatory Deferral Account**

30.01 **Accounting Policy**

The Company determines revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) in respect of its regulated operations in accordance with the provisions of Ind AS 114 "Regulatory Deferral Accounts" read with the Guidance Note on Rate Regulated Activities issued by ICAI and based on the principles laid down under the relevant Tariff Regulations/Tariff Orders notified by the Electricity Regulator and the actual or expected actions of the regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments/accruals representing revenue gaps are carried forward as Regulatory deferral accounts debit/credit balances (Regulatory Assets/Regulatory Liabilities) as the case may be in the financial statements, which would be recovered/refunded through future billing based on future tariff determination by the regulator in accordance with the electricity regulations.

In the regulated operations of the Company where tariff recovered from consumers is determined on cost plus return on equity, the Income tax cost is pass through cost and accordingly the Company recognises Deferred tax recoverable/payable against any Deferred tax expense/ Income.

The Company presents separate line items in the balance sheet for:

- i. the total of all regulatory deferral account debit balances and related deferred tax balances; and
- ii. the total of all regulatory deferral account credit balances and related deferred tax balances.

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

Particular

As at March 31,
2021
₹ crore

Regulatory Deferral Account

Regulatory Assets
Regulatory Liability

344.76

Net Regulatory Assets/(Liabilities)

344.76

Rate Regulated Activities

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

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

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

- (II) Reconciliation of Regulatory Assets/Liabilities of distribution business as per Rate Regulated Activities is as follows:

As at March 31,
2021
₹ crore

- a. Regulatory Income/(Expenses) during the period
 - (i) Power Purchase Cost
 - (ii) Other expenses, ROE, Carrying Cost etc
 - (iii) Available revenue including non tariff income etc
- b. Regulatory Income/(Expenses) (net) (i + ii - iii)
- c. **Closing Regulatory Assets/(Liability)**

2,000.40
1,130.64
2,786.28
344.76
344.76



TP CENTRAL ODISHA DISTRIBUTION LIMITED
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31	Commitments:	As at March 31, 2021
		₹ crore
	Estimated amount of Contracts remaining to be executed on capital account and not provided for.	73.42
	Total	73.42

32 Contingent liabilities*

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

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

	Particular	As at March 31, 2021
		₹ crore
32.01	Claims against the Company not acknowledged as debts:	
	(i) Legal cases filed by consumers, employees and others under litigation	992.52

(a) CESU had filed an application to Regional Provident Fund Commissioner, Bhubaneswar (RPFC) for exemption from applicability of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 for which adjudication is pending. CESU had formed its own trust and deposited the employer and employee's contribution in the said trust @ 10% of the eligible salary. Although the adjudication for exemption was pending, RPFC vide its assessment order dated October 13, 2014 raised a total demand of Rs. 551.62 Crores (Rs. 279.39 Crores dues for non-remittance of Employer and Employee contribution to RPFC and Rs. 272.23 Crores as interest) on CESU for the period from November, 1997 to December, 2011. The order also contended that CESU is required to make contribution @12% of the eligible salary instead of 10%. The order of RPFC was challenged by CESU before the Hon'ble High Court. The Hon'ble High Court, on November 18, 2014, directed that the Impugned assessment orders shall remain stayed subject to deposit of Rs. 30 Crore by CESU with the RPFC. The order of the Hon'ble High Court was complied with by CESU. The said writ petition is still pending adjudication before the Hon'ble High Court.

Subsequently, after the Company taking over power distribution business from the erstwhile CESU with effect from 01.06.2020, it has continued to deposit Employer and Employee contribution @ 10 % each for the erstwhile employees in the contributory trust as the matter is sub judice. However, on March 3, 2021 RPFC issued a notice for inspection to the Company on the PF issue for the period from January 2012 till May 2020 and for the period from June 1, 2020.

Based on a legal opinion, the Company is of the view that it has a strong case against the demand of Rs. 551.62 Crores (November 1997 till December 2011) plus any further demand, if raised by RPFC (January 2012 - May 2020) and accordingly, no provision has been recognized in respect of the same. Further, for the period of operations from June 1, 2020 pertaining to the Company, it has been decided that employer's and employee's contributions shall be deposited with RPFC and accordingly, the Company expects that there shall be no demand payable from June 1, 2020.

(b) CESU had entered into agreement with distribution franchisees namely Riverside Utilities Private Limited ('RUPL') and Seaside Utilities Private Limited ('SUPL') on January 30, 2013. As per the terms of agreement, franchisees were responsible for carrying out all commercial activities including certain performance parameters such as reduction of AT&C losses, smart metering, minimum capital expenditure, timely collection etc. However, due to poor performance of RUPL/SUPL and non-compliance of the terms of agreement, erstwhile CESU did not extend the franchisee period. Writ petition was filed by the franchisees before the Hon'ble Orissa High Court for renewal of existing franchise agreements along with total claim of Rs. 403.98 Crores (Rs. 301.75 Crores by RUPL and Rs. 102.23 Crores by SUPL). CESU had filed a counter claim of Rs. 598.89 Crores (Rs. 396.87 Crores against RUPL and Rs. 202.02 Crores against SUPL). The Hon'ble Orissa High Court vide its order dated March 27, 2019 ordered termination of franchise agreement and ordered CESU and the franchisees to reconcile the dues. On failure of reconciliation process, the High Court vide its order dated February 19, 2021 ordered the CESU and franchisee to settle the claims by way of arbitration proceedings for which Arbitration Tribunal shall be constituted. The matter is currently pending before Arbitration Tribunal for adjudication. Based on merits of the matter, the Company is of the view that it has a strong case and accordingly, no provision has been recognized in respect of the same.

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



32.02 Indirect taxation matters relating to service tax where demand is under contest before judicial/appellate authorities 62.34

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

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

33 Earnings per equity share (EPS)

Accounting policy

Basic earnings per equity share has been computed by dividing the profit/(loss) for the reporting period attributable to equity shareholders by the weighted average number of equity shares outstanding during the reporting period in accordance with Ind AS 33, "Earnings Per Share". Diluted earnings per share is computed by dividing the profit/(loss) for the reporting period attributable to equity shareholders as adjusted 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 reporting period as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

The Company also presents Basic earnings per equity share in accordance with Ind AS 114, "Regulatory Deferral Accounts" which is computed by dividing the profit/(loss) for the reporting period before and after net movement in regulatory deferral account balance attributable to equity shareholders by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share is computed by dividing the profit/(loss) for the reporting period before and after net movement in regulatory deferral account balance attributable to equity shareholders as adjusted 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 reporting period as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

33.01 EPS - Continuing operations (excluding regulatory income/expense)

Particulars	Units	As at March 31, 2021
a) Profit for the year	₹ crore	6.75
b) Net movement in regulatory deferral account balance	₹ crore	110.28
c) Income-tax attributable to regulatory deferral account balance	₹ crore	(27.75)
d) Net movement in regulatory deferral account balance (net of tax) (b-c)	₹ crore	82.52
e) Profit for the year from continuing operations attributable to equity shareholders before net movement in regulatory deferral account balance (a-d)	₹ crore	(75.77)
f) Weighted average number of equity shares	Nos./crore	25.33
g) Basic and diluted earnings per equity share of Rs.10 each (e/f)	₹	(2.99)
h) Face value of equity shares	₹	10.00

EPS - Continuing operations (including regulatory income/expense)

Particulars	Units	As at March 31, 2021
a) Profit for the year from continuing operations including net movement in regulatory deferral account balance attributable to equity shareholders	₹ crore	6.75
b) Weighted average number of equity shares	Nos./crore	25.33
c) Basic and diluted earnings per equity share of Rs.10 each (a/b)	₹	0.27
d) Face value of equity shares	₹	10.00



34

Related party disclosures

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

A. Holding company

The Tata Power Company Limited (TPCL)

B. Promoters holding together with its subsidiary more than 20% in holding company

Tata Sons Private Limited (Tata Sons)

C. Company exercising significant influence

GRIDCO Limited

D. Fellow Subsidiaries (with whom company has transactions)

Tata Power Delhi Distribution Ltd (TPDDL)
Maithon Power Ltd (MPL)
Tata Power Trading Company Limited (TPTCL)
TP Ajmer Distribution Limited (TPADL)
TP Renewables Microgrid Ltd (TPRML)
Tata Power Trading Company Limited (TPTCL)
Walwhan Renewable Energy Ltd (WREL)
Coastal Gujarat Power Ltd (CGPL)

E. Joint Venture of Holding Company (with whom company has transactions)

Industrial Energy Ltd (IEL)

F. Post retirement employee benefit trust

CESCO Employees Pension trust
CESCO Employees Gratuity trust
CESCO Employees Provident Fund trust

G. Key management personnel

Chief Executive Officer

Mr. Shenbagam Manthiram

Chief Financial Officer

Mr. Puneet Munjal

Company Secretary

Mr. Aresh Mishra
Mr. Darshan Soni

Non-executive directors

Mr. Trilochan Panda
Mr. Nikunja Bihari Dhal
Dr. Praveer Sinha
Dr. Saurabh Garg
Mr. Kesava Menon Chandrasekhar
Mr. Arup Ghosh
Mr. Gagan Bihari Swain
Mr. Sanjay Kumar Banga
Mr. Nipun Aggarwal
Dr. Kamala Kanta Das
Mr. Srinibas Mohapatra
Mr. Umakanta Sahoo

Independent directors

Mr. Kailash Nath Shrivastava
Ms. Satya Gupta
Dr. Rabi Narayan Bohidar
Mr. Rabindra Nath Nayak



TP CENTRAL ODISHA DISTRIBUTION LIMITED
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Related party transactions

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

a. Particulars of transactions with the related parties for the year 2020-21:			₹ crore
S No.	Name of Related Party	Nature of transactions	Year Ended 31.03.2021
1	Purchase of power, receiving of services & reimbursement of expenses Tata Power Delhi Distribution Ltd (TPDDL) Tata Power Delhi Distribution Ltd (TPDDL) GRIDCO Limited	Deputation Of Employees Reimbursement of Expenses Power purchase expenses net of rebate	2.24 0.07 1,858.54
2	Purchase of property, plant and equipment Tata Power Delhi Distribution Ltd (TPDDL) The Tata Power Company Limited (TPCL)	Property, plant and equipment (PPE) Property, plant and equipment	2.06 1.48
3	Gratuity Tata Power Delhi Distribution Ltd (TPDDL) Coastal Gujarat Power Ltd (CGPL) Industrial Energy Ltd (IEL) Maithon Power Ltd (MPL) The Tata Power Company Limited (TPCL) Tata Power Trading Company Limited (TPTCL) TP Ajmer Distribution Limited (TPADL) TP Renewables Microgrid Ltd (TPRML) Waiwhan Renewable Energy Ltd (WREL)	Gratuity liability transferred Gratuity liability transferred	2.51 0.07 0.27 0.04 4.40 0.03 0.30 0.12 0.00
4	Annual Leave Tata Power Delhi Distribution Ltd (TPDDL) Coastal Gujarat Power Ltd (CGPL) Industrial Energy Ltd (IEL) Maithon Power Ltd (MPL) The Tata Power Company Limited (TPCL) Tata Power Trading Company Limited (TPTCL) TP Ajmer Distribution Limited (TPADL) TP Renewables Microgrid Ltd (TPRML) Walwhan Renewable Energy Ltd (WREL)	Leave liability transferred Leave liability transferred	2.10 0.06 0.17 0.02 1.04 0.02 0.15 0.06 0.00
5	Transaction with Trust CESCO Employees Pension trust CESCO Employees Gratuity trust CESCO Employees Provident Fund trust	Contribution of Pension Contribution of Gratuity Contribution of Provident Fund	134.95 33.91 46.14
6	Managerial remuneration including directors' sitting fee	Managerial remuneration and sitting fees	1.99
Total			2,090.78

b. Particulars of Outstanding Payable/ Receivable with the related parties as on 31.03.2021:			Year Ended 31.03.2021
S No.	Name of the Entity	Nature of transactions	Year Ended 31.03.2021
1	Share Capital The Tata Power Company Limited (TPCL) GRIDCO Limited	Share capital Share capital	153.00 147.00
2	Trade Payable Tata Power Delhi Distribution Ltd (TPDDL) GRIDCO Limited	PPE and Reimbursement of expenses Power Purchase Cost	4.56 359.82
3	Receivable for Gratuity and Annual Leave The Tata Power Company Limited (TPCL) Walwhan Renewable Energy Ltd (WREL) Industrial Energy Ltd (IEL) Maithon Power Ltd (MPL) TP Renewables Microgrid Ltd (TPRML) TP Ajmer Distribution Limited (TPADL)	Net of PPE, gratuity & Annual Leave Gratuity & Annual Leave	3.96 0.01 4.45 0.07 0.18 0.45
Total			673.48



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

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

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

(i) Accounting classifications

The fair values of the financial assets and liabilities are 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:

- a) 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.
- b) 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 observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Unobservable inputs from assets and liability

March 31, 2021

Particulars	Carrying Value	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial assets							
Trade receivables	79.51	-	-	79.51	-	-	-
Unbilled revenue	269.96	-	-	269.96	-	-	-
Loan	5.60	-	-	5.60	-	-	-
Other financial assets	14.77	-	-	14.77	-	-	-
Cash and cash equivalents	135.28	-	-	135.28	-	-	-
Bank Balances other than above	1,285.85	-	-	1,285.85	-	-	-
	<u>1,790.97</u>	-	-	<u>1,790.97</u>	-	-	-
Financial Liabilities							
		Carrying Value	FVTPL	Amortised Cost	Level 1	Level 2	Level 3
Borrowings (current and non current)		102.18	-	102.18	-	-	-
Trade payables		725.13	-	725.13	-	-	-
Other financial liabilities		884.90	-	884.90	-	-	-
		<u>1,712.21</u>	-	<u>1,712.21</u>	-	-	-

(iii) Capital Management & Gearing Ratio

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

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

	As at March 31, 2021 ₹ crore
Long-term borrowings	0.18
Interest accrued but not due on borrowings	0.54
Short-term borrowings	102.00
Total debt (a)	102.71
Less: Cash and bank balances (b)	135.28
Net debt {(c)=(a-b)}	-
Total equity (d)	306.75
Total equity and net debt {(e)=(c+d)}	306.75
Net debt to total equity plus net debt ratio (%) {(f)=(c)/(e)}	0%

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

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

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



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(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 Companies 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 of financial liabilities exposing it to market risk comprising foreign currency risk, interest rate risk and price risk.

(vi) 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, 2021 ₹ crore
(a) Trade receivables	79.51
(b) Unbilled revenue	269.96
(c) Loans	5.60
(d) Other financial assets	14.77
(e) Cash and cash equivalents	135.28
(f) Bank balances other than above	1,285.85
Total	1,790.97

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.

(vii) 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	Upto 1 year	1 to 5 years	5+ years	Total
As at 31 March, 2021				
(a) Trade payables	725.13			725.13
(b) Short term borrowings	102.00			102.00
(c) Long term borrowings		0.18		0.18
(d) Interest accrued but not due on borrowings	0.54			0.54
(e) Other financial liabilities	884.37			884.37
	1,712.03	0.18	-	1,712.21

As at the balance sheet date, the Company has cash and bank balances of Rs. 1421.13 crores which can be used to meet its obligation. In case of requirement, the management is confident of raising further finance as required to meet its obligations. The Company has access to financing facilities as described in note below. The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Financing facilities (short term)	As at March 31, 2021		
	Fund based	Non-fund based	Total
Secured credit facilities, reviewed annually and payable at call			
Amount used and outstanding	102.00	464.20	566.20
Amount unused	298.00	85.80	383.80
Total	400.00	550.00	950.00



36 Business Combinations

36.01 Summary of Business Combinations

The Company has been incorporated on April 6, 2020 under the Companies Act, 2013 (as amended). Pursuant to vesting order issued by the OERC dated May 26, 2020 ("Vesting Order"), the Company acquired the business of distributing power in Central Orissa ("Business") from the CESU with effect from June 1, 2020 ("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 Bhubaneswar, Cuttack, Paradeep and Dhenkanal in the state of Odisha for a period of 25 years effective from June 1, 2020.

The OERC in its Vesting Order has specified principles for identification of assets and liabilities of the CESU to be transferred to the Company and carrying values of these assets and liabilities are to be determined based on the carve out balance sheet as at June 1, 2020 to be prepared from the audited financial statements of CESU as at and for the two months period ended May 31, 2020. As per the terms of Vesting Order, the Company is entitled to net assets having carrying amount of Rs.300.00 crores and a fixed return on its investment of Rs.300.00 crores. Further, the Company will be compensated, in an appropriate manner, against any subsequently identified surplus/ deficit in the Vesting Date carrying amount of assets and liabilities transferred to the Company.

36.02 Details of purchase considerations, the net assets acquired are as follows :

The Company has accounted for this acquisition as a business combination in accordance with Ind AS 103 - 'Business Combinations'. The acquisition date of business combination is June 1, 2020. Total purchase consideration for the acquisition of this business from CESU is Rs. 300 crores.

Particulars	₹ crore
Equity Shares issued	300
Fair value of net assets acquired (Refer 36.03 below)	300
Goodwill	0

*The Company has issued 30,00,00,000 equity shares at a price of Rs 10 each as part of the purchase consideration.

36.03 Fair value of the assets and liabilities recognized as a part of business combination is as follows :

CESU management is in the process of completion of audited financial statements as at and for the two months period ended May 31, 2020 and Carve-out balance sheet of Business transferred as at June 1, 2020. Further, the Company is in the process of identifying and determining fair values of the assets acquired and liabilities assumed on acquisition of business from the CESU. Pending audit of financial statements of CESU as at and for the two months period ended May 31, 2020, completion of audited Carve-out balance sheet as at June 1, 2020, completion of fair value exercise and other related aspects, the Company has allocated the purchase consideration on a provisional basis considering the Vesting Order, unaudited financial statements of CESU as at and for the two months period ended May 31, 2020 and audited financial statement of CESU as at and for the year ended March 31, 2020 on which Independent Auditors of the CESU have issued a qualified opinion vide their report dated December 24, 2020.

The following table summarises the recognised provisional amounts of assets acquired and liabilities assumed at the date of acquisition:

Particulars	₹ crore
A. ASSETS	
Non-current Assets	
(a) Property, Plant and Equipment	2,053.97
(b) Capital Work-in-Progress	618.59
(c) Financial Assets	
Other Financial Assets	1.81
Total Non-current Assets	2,674.38
Current Assets	
(a) Inventories	30.00
(b) Financial Assets	
(i) Cash and Cash Equivalents	80.17
(ii) Bank Balances other than (i) above	1,235.10
(iii) Loans	4.08
(iv) Other Financial Assets	7.39
(c) Other Current Assets	66.39
Total Current Assets	1,423.13
TOTAL ASSETS (A)	4,097.51



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Particulars	₹ crore
B. LIABILITIES	
Non-current Liabilities	
(a) Consumer Contribution towards Capital Assets	1,523.97
(b) Other non-current liabilities	989.27
Total Non-current Liabilities	2,513.25
Current Liabilities	
(a) Financial Liabilities	
(i) Borrowings (secured overdraft account)	157.54
(ii) Trade Payables	213.66
(iii) Other Financial Liabilities	844.78
(b) Other current liabilities	68.29
Total Current Liabilities	1,284.27
TOTAL LIABILITIES (B)	3,797.51
C Net Assets Acquired (A-B)	300.00

36.04 Trade receivables

No trade receivables have been transferred to the Company as part of business combination.

36.05 Additional explanations to Assets acquired and Liability Assumed

For the following assets and liabilities acquired from the CESU, acquisition date records are incomplete/unavailable and under reconciliation. Considering this and provisional fair valuation of assets and liabilities, it is possible that the carrying amount of assets and liabilities recognised in the financial statement may undergo changes. Details of concerned assets and liabilities at the acquisition date for which records are incomplete/unavailable are as below:

(a) Carrying amount of security deposits (classified under note 17 in the Balance Sheet) as per the general ledger is higher by Rs. 74.39 crores as compared to balance as per customer ledger.

(b) Records related to location, scheme and items for Capital Work in Progress (CWIP) to the extent of Rs. 111.82 crores are unavailable.

(c) Physical verification of items of property, plant and equipment (PPE) were not carried out by the management of the CESU. Post-acquisition, the Company has framed a regular programme for physical verification of fixed assets. However, fixed assets were not been physically verified by the management during the year. Management has initiated physical verification exercise during the current period and expects to complete physical verification exercise in next one year.

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

- (i) Loans and advances given – Rs. 1.25 Crores (classified under note 12 in the Balance Sheet)
- (ii) Payable to Vendors – Rs. 44.59 Crores (classified under note 20 in the Balance Sheet)
- (iii) Retention money, Earnest money & Security deposit from others – Rs. 7.71 Crores (classified under note 17 in the Balance Sheet)
- (iv) Consumer contribution for work – Rs. 267.66 Crores (classified under note 19 in the Balance Sheet)

(e) Inventories were not entirely physically verified by the management of the CESU. Post-acquisition, the management has physically verified significant portion of inventories. No material discrepancies were noticed on such physical verification.

(f) CESU did not have any process for identification of vendors as micro, small and medium enterprise (MSME) under the MSME Act. Post-acquisition, the Company has initiated the process and rolled out MSME confirmation to all its vendors. Based on the responses received, the Company has identified MSME vendors and in the process of ensuring necessary compliance with the MSME Act.

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

36.06 Acquisition Related Cost

There was no acquisition related cost incurred by the Company and accordingly, the same has not been recognised in the financial statements.



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37 Disclosure regarding details of assets created with Government Fund and used by CESU/TPCODL

As per details provided by the Odisha Power Transmission Company Limited (OPTCL) vide e-mail dated 26 April 2021, certain assets were created for CESU through different schemes formed by the government and executed by OPTCL. Based on details shared by OPTCL, the carrying amount of such assets as of 31st December, 2020 is Rs. 1586.49 crores for completed assets and Rs. 691.96 crores for work in progress (WIP). These are subject to detailed verification and reconciliation by various authorities.

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

Name of Scheme	CESU		Total
	Completed	WIP	
Odisha Distribution System Strengthening Project (ODSSP)	619.58	317.30	936.88
State Capital Region Improvement in Power System (SCRIPS)	268.72	254.63	523.35
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	196.15	88.60	284.75
Integrated Power Development Scheme (IPDS)	166.77	31.43	198.20
Pradhan Mantri Sahaj Bijli Har Ghar Yojana - Saubhagya	137.51		137.51
Nabakalebar	158.83		158.83
Rajiv Gandhi Grameen Viduyutikaran Yojana (RGGVY)	38.93		38.93
Total	1,586.49	691.96	2,278.45

38 Statement of past arrear collection and utilisation of proceeds

As per the Vesting Order, trade receivables for pre-acquisition period are not transferred to the Company. However, the Company as a collection agent needs to collect these receivables and use the same amount for paying obligations not transferred to the Company. The Company performs these activities purely as an agent of CESU. Based on information and records maintained, the Company has made below collections and payments during the period ended March 31, 2021:

Particulars	Prior to March 31, 2020	April - May 2020	Total
Gross Collection from consumers excluding electricity duty	176.93	87.23	264.17
Less : Incentive earned as per vesting order	-18.46	-	-18.46
Net Collection (A)	158.48	87.23	245.71
Payments related to Power Purchase for the month of May 2020			
Bulk Supply Payment to GRIDCO Limited		193.38	193.38
Transmission Charges payment to OPTCL		18.34	18.34
SLDC Charges		0.12	0.12
Payments related to employee terminal liabilities to Trust for the month of May 2020			
Pension trust		14.27	14.27
Gratuity trust		1.52	1.52
Amount paid to GRIDCO Limited		30.00	30.00
Interest on Security Deposit for April and May 2020		2.39	2.39
Total Payments (B)		260.02	260.02
Net Receivable / (Payable) C = (B-A) as disclosed in Note 6	-158.48	172.78	14.31

Refer Note 39 below

39 Amount paid towards liabilities transferred on acquisition as on June 1, 2020

Secured Bank Overdraft	157.54
Interest on Security Deposit for FY 2019-20	32.82
Salary for May 2020	27.95
Distribution Franchisee Payments	63.55
Contractors / suppliers and other net liabilities	83.98
Total Payments	365.84

Notes:

Considering the balances transferred to the Company from CESU are provisional, there is a possibility that some of the payments made during the year may pertain to liabilities transferred from CESU. Adjustment in respect of the same shall be considered after finalisation of acquisition date fair values of assets and liabilities.



40 Segment Reporting

The Company is engaged in the business of distribution of power in Central of Odisha. Chief Operating Decision Maker (CODM) reviews the financial information of the Company as a whole for decision making and accordingly the Company has a single reportable segment.

There is no consumer from whom the Company has not earned more than 10% of revenue

41 Internal Financial Controls Over Financial Reporting

Pursuant to the vesting order issued by OERC, the Company acquired the power distribution business in CESU with effect from June 1, 2020. Before the transfer of the said business, power distribution in Central Odisha was being administered by OERC through CESU. CESU was not a company incorporated under the Companies Act, 2013 and accordingly the provisions of the Companies (Accounts) Rules, 2014 (as amended) and section 143(3)(i) of the Companies Act, 2013 (as amended) related to directors / auditors reporting on existence of internal financial controls system and their operating effectiveness were not applicable to CESU. Thus, in the absence of any specific requirement, CESU was not maintaining appropriate documentation to demonstrate design and operating effectiveness of internal financial controls over financial reporting in accordance with the essential components of internal financial controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (Guidance Note) issued by ICAI. After acquisition from CESU, the Company is in process of strengthening the existing internal financial controls over financial reporting, including maintenance of sufficient and appropriate records, over key processes considering the essential components of internal control stated in the Guidance Note.

42 Impact of COVID 19

India and other global markets experienced significant disruption in operations resulting from uncertainty caused by the worldwide coronavirus pandemic. Considering power supply being an essential service, management believes that there is not much of an impact likely due to this pandemic on the business of the Company. The Company is also closely monitoring developments, its operations, liquidity and capital resources and is actively working to minimize the impact of this unprecedented situation.

43 Social Security Code

The Code on Social Security 2020 has been notified in the Official Gazette on 29th September, 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted in the period in which said Code becomes effective and the rules framed thereunder are notified.

44 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.

45 Approval of financial statements

In accordance with the board of directors' resolution dated April 27, 2021, these financial statements were authorised for issue on May 10, 2021.

For S R S & Co LLP
Chartered Accountants
ICAI FRN: 324982E/B290003

per Vishal Bansal
Partner
Place: Mumbai



For SRB & Associates
Chartered Accountants
ICAI FRN: E310009E

per R S Sahoo
Partner
Place: Bhubaneswar



For and on behalf of the Board of
TP Central Odisha Distribution Limited

Praveer Sinha
Director
DIN:01785164
Place: Mumbai

Manthiram Shenbagam
Chief Executive Officer (CEO)
Place: Bhubaneswar

Sanjay Banga
Director
DIN:07785948
Place: Mumbai

Puneet Munjal
Chief Financial Officer (CFO)
Place: Bhubaneswar

Darshan Soni
Company Secretary
Place: Bhubaneswar

Date : May 10, 2021