

## INDEPENDENT AUDITOR'S REPORT

To the Members of TP Northern Odisha Distribution Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of TP Northern Odisha Distribution Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 March 20, 2021 to March 31, 2022), and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the period ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



Key audit matters	How our audit addressed the key audit matter
<b>Expected Credit Loss on trade receivables (refer note no 12 of the financial statements)</b>	
<p>The Company has outstanding gross trade receivables of INR 299.69 Crores as at March 31, 2022 including overdue/ aged receivables.</p> <p>The Company supplies electricity to various types of customers including individual customers with wide ranging characteristics in the Northern Odisha. There exists inherent exposure to credit risk for these customers. Since, the business was recently acquired by the Company, limited past experiences are available to estimate credit loss allowance.</p> <p>In the absence of availability of adequate and relevant past data related to payment behaviours, the Company has elected to recognise Expected Credit Loss (ECL) allowance on trade receivables as per the tariff regulations, i.e., @ 1% of revenue from power supply.</p> <p>ECL Allowance for trade receivables is a key audit matter considering the significance of the amount, estimations and the significant judgements involved in the assessment.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process and tested the internal controls associated with the management's assessment of determining ECL allowance for trade receivables.</li> <li>• Obtained an understanding of the management plan and steps being taken to collect overdue/ aged receivables</li> <li>• Evaluated management's assessment of recoverability of the outstanding receivables including recoverability of overdue / aged receivables through inquiry with management, and analysis of recent collection trends in respect of receivables particularly aged and pre-acquisition receivables.</li> <li>• Evaluated management's assumption and judgment relating to collection considering business environment in which the Company operates and rights available with the Company to recover amount due from customers for estimating the amount of loss allowance.</li> <li>• Assessed the disclosures in the financial statements</li> </ul>

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### Report on Other Legal and Regulatory Requirements

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



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- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration, if any, for the period ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 36 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and



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

v. No dividend has been declared or paid during the period 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: 22097546AIALJG3278  
Mumbai  
April 28, 2022



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

per R S Sahoo  
Partner

Membership Number: 53960  
UDIN: 22053960AIAIRO8871  
Bhubaneswar  
April 28, 2022



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**Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

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

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

- (i) (a)
- (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) All Property, Plant and Equipment acquired as on April 1, 2021, were physically verified by the management during the period. Management has represented that it has plan to conduct physical verification for remaining items of property, plant and equipments and capital work in progress (CWIP) in the subsequent years. This is in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not hold any land in its name. As regard the buildings, thereon, the Company retains 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.
- (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the period ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory during the period and in our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.
- (b) As disclosed in note 21 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the period on the basis of security of current assets of the Company. The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from financial institutions during any point of time of the year on the basis of security of current assets. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.



(iii)

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

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

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

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

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

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

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



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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the service of distribution of electricity, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)

(a) Undisputed statutory dues including goods and services tax, provident fund, income-tax, employees' state insurance, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions of duty of custom is not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of goods and services tax and other statutory dues which were outstanding, at the period end, for a period of more than six months from the date they became payable, are as follows:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Name of the Statute	Nature of the Dues	Amount in INR	Period to which the amount relates	Due Date	Date of Payment
Goods and Service Tax Act, 2017	Goods and Service Tax	19,14,396	April 2021	May 20, 2021	April 9, 2022
		11,91,402	May 2021	June 20, 2021	
		15,54,374	June 2021	July 20, 2021	
		9,65,588	July 2021	August 20, 2021	
		14,79,013	August 2021	September 20, 2021	
The Building And Other Construction Workers' Welfare Cess Act, 1996	Labour Cess	2,69,588	March 2021	April 30, 2021	April 25, 2022



(b) The dues of services tax and income tax that have not been deposited 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	25.34	FY 2014-15 to FY 2017-18	Principal Commissioner, CGST
Income Tax Act, 1961	Income Tax	44.73	FY 2016-17 and FY 2017-18	Commissioner (Appeals) - Income Tax

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

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

(ix)

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

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

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

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

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

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

(x)

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



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

(xi)

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

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

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

(xii)

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

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

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

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

(xiv)

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

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

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



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(xvi)

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

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

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

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

(xvii) The Company has not incurred cash losses in the current period.

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

(xix) On the basis of the financial ratios disclosed in note 42 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)

(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (as amended), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 31 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act (as amended). This matter has been disclosed in note 31 to the financial statements.



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

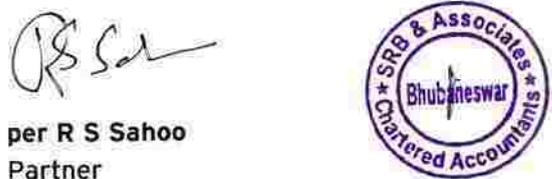
For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Vishal Bansal  
Partner  
Membership Number: 097546  
UDIN: 22097546AIALJG3278  
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April 28, 2022



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

per R S Sahoo  
Partner  
Membership Number: 53960  
UDIN: 22053960AIAIRO8871  
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April 28, 2022



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

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

We have audited the internal financial controls with reference to financial statements of TP Northern Odisha Distribution Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 (as amended).

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.



### Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Vishal Bansal  
Partner  
Membership Number: 097546  
UDIN: 22097546AIALJG3278  
Mumbai  
April 28, 2022



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

per R S Sahoo  
Partner  
Membership Number: 53960  
UDIN: 22053960AIAIRO8871  
Bhubaneswar  
April 28, 2022



TP NORTHERN ODISHA DISTRIBUTION LIMITED  
CIN:U40109OR2021PLC035951  
Janaganj Balasore Odisha, India, 756019  
Website: www.tpnodl.com

BALANCE SHEET AS AT 31st MARCH, 2022

	NOTE NO	As at 31st March, 2022 ₹ in Crore
<b>A. ASSETS</b>		
<b>(1) Non-current assets</b>		
(a) Property, plant and equipment	4	1,546.42
(b) Capital work-in-progress	5	164.67
(c) Intangible assets	6	18.26
(d) Financial assets	7	422.92
(e) Non-current tax assets	9	29.78
(f) Other non-current assets	10	78.25
<b>Total non-current assets</b>		<b>2,260.30</b>
<b>(2) Current assets</b>		
(a) Inventories	11	14.15
(b) Financial assets		
(i) Trade receivables	12	274.13
(ii) Unbilled receivables		227.52
(iii) Cash and cash equivalents	13	154.71
(iv) Bank balances other than (iii) above	13	711.92
(v) Other financial assets	14	10.86
(c) Other current assets	15	20.03
<b>Total current assets</b>		<b>1,413.32</b>
<b>(3) Regulatory deferral account - asset</b>		
	25	22.58
<b>(4) Total assets (1+2+3)</b>		<b>3,696.20</b>
<b>B. EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	16	294.94
(b) Other equity	17	73.93
<b>Total equity</b>		<b>368.87</b>
<b>LIABILITIES</b>		
<b>(1) Non-current liabilities</b>		
(a) Provisions	18	133.21
(b) Contribution towards capital assets	19	953.96
(c) Deferred tax liabilities (net)	8	10.92
(d) Other non-current liabilities	20	497.28
<b>Total non-current liabilities</b>		<b>1,595.37</b>
<b>(2) Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	21	226.72
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises and	22	18.92
Total outstanding dues of creditor other than micro enterprises and small enterprises	22	517.79
(iii) Other financial liabilities	23	890.98
(b) Provisions	18	14.59
(c) Other current liabilities	24	62.95
<b>Total current liabilities</b>		<b>1,731.96</b>
<b>Total equity and liabilities</b>		<b>3,696.20</b>

See accompanying notes forming part of financial statements.

As per our report of even date.

For SRB C & CO LLP  
Chartered Accountants  
ICAI FRN: 324982E/2000003

per Vishal Bansal  
Partner  
Place: Mumbai.



For SRB & Associates  
Chartered Accountants  
ICAI FRN: E310009E

per RS Sahoo  
Partner  
Place: Bhubaneswar



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

Praveer Sinha  
Director  
DIN: 01785164  
Place: Mumbai

Bhaskar Sarkar  
Chief Executive Officer (CEO)  
Place: Balasore

Date: 28th April, 2022

Sanjay Kumar Banga  
Director  
DIN: 07785948  
Place: Mumbai

Siladitya Sengupta  
Chief Financial Officer (CFO)  
Place: Balasore

**TP NORTHERN ODISHA DISTRIBUTION LIMITED**  
**CIN:U40109OR2021PLC035951**  
**Januganj Balasore Odisha, India, 756019**  
**Website: www.tpnodi.com**

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2022**

	NOTE NO	Period ended 31st March 2022 ₹ in Crore
I Revenue from operations	26	2,749.65
II Other income	27	45.60
<b>III Total income (I+II)</b>		<b>2,795.25</b>
<b>IV. Expenses</b>		
Cost of power purchased and transmission charges	28	1,836.76
Employee benefits expense	29	436.79
Finance costs	30	45.23
Depreciation and amortisation expense	4 & 6	89.34
Other expenses	31	261.16
<b>Total expenses (IV)</b>		<b>2,669.28</b>
<b>V. Profit / (Loss) before movement in regulatory deferral balance and tax</b>		<b>125.97</b>
Add/(Less): Net movement in regulatory deferral balances	25	(27.19)
<b>VI Profit/(loss) before tax</b>		<b>98.78</b>
<b>VII Tax Expenses</b>		
(1) Current tax	32	13.94
(2) Deferred tax	32	10.92
<b>VIII Profit/ (loss) for the period (VI-VII)</b>		<b>73.92</b>
<b>IX Other comprehensive income/(Expenses)</b>	33	-
<b>X. Total other comprehensive income/(expense)</b>		-
<b>XI Total comprehensive income for the period (VIII+X)</b>		<b>73.92</b>
<b>XII Earnings per equity share (face value ₹ 10/- each)</b>		
Earnings Per Equity Share (Excluding Regulatory income/(expense) (net))		
Basic and Diluted (in ₹)	36	3.75
Earnings Per Equity Share (including Regulatory income/(expense) (net))		
Basic and Diluted (in ₹)	36	2.94

See accompanying notes forming part of financial statements

As per our report of even date

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI FRN: 724982E/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 NORTHERN ODISHA DISTRIBUTION LIMITED**

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

**Bhaskar Sarkar**  
Chief Executive Officer (CEO)  
Place: Balasore

Date: 28th April, 2022

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

**Siladitya Sengupta**  
Chief Financial Officer (CFO)  
Place: Balasore

**TP NORTHERN ODISHA DISTRIBUTION LIMITED**  
**CIN:U401090R2021PLC035951**  
**Januganj Balasore Odisha, India, 756019**  
**Website: www.tpnodl.com**

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31st MARCH 2022**

**Accounting Policy**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments 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 Ended
	31st March 2022 ₹ in Crore
<b>A. Cash flow from operating activities</b>	
Profit/(Loss) before tax	98.78
<b>Adjustments for :</b>	
Depreciation and amortisation expense	89.34
Interest on Security Deposit	26.25
Interest on Loan	18.98
Interest income	(34.46)
Amortization of consumer contribution	(65.52)
Amortisation of government grants in capital nature	(0.20)
Amortisation of government grants in revenue nature	(12.71)
<b>Operating profit before working capital changes</b>	
<b>Adjustments for (increase)/decrease in operating assets:</b>	
Inventories	2.93
Trade receivables	(274.13)
Unbilled revenue	(227.52)
Other financial assets - current	(3.60)
Other current assets	11.93
Other financial assets - non current	5.19
Other non-current assets	(61.88)
<b>Adjustments for increase/(decrease) in operating liabilities:</b>	
Trade payables	486.25
Other financial liabilities - current	73.72
Other current liabilities	39.86
Other non-current liabilities	(19.01)
Provision - non current	133.21
Provision - current	14.59
Regulatory deferral account- Liability	(22.58)
<b>Cash generated from operations</b>	279.42
Taxes paid	(16.08)
<b>Net Cash Flows from in Operating Activities</b> (A)	<b>263.34</b>
<b>B. Cash flow from investing activities</b>	
Capital expenditure on property, plant and equipment (including capital work in progress and capital advances but net of capital creditors)	(228.69)
Capital expenditure on intangible asset	(19.42)
Interest received	34.46
Deposits with banks not considered as cash and cash equivalents.	(364.64)
<b>Net Cash Flow used in Investing Activities</b> (B)	<b>(578.30)</b>



**TP NORTHERN ODISHA DISTRIBUTION LIMITED**

**CIN:U40109OR2021PLC035951**

**Janaganj Balasore Odisha, India, 756019**

**Website: www.tpnodi.com**

Particulars	Period Ended	
	31st March 2022	
	₹ in Crore	
<b>C. Cash flow from financing activities</b>		
Issuance of share capital for consideration in cash		22.92
Interest paid		(20.52)
Net proceeds from electricity consumer security deposit		11.39
Proceeds from government grants		181.16
Proceeds from consumer contribution		101.66
Proceeds from contribution for capital works		9.76
Net proceeds/ (Repayment) from short-term borrowings		(143.33)
<b>Net cash from financing activities</b>	<b>(C)</b>	<b>163.04</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(151.92)</b>
Cash and cash equivalents acquired on business combination		306.63
<b>Cash and cash equivalents at the end of the period</b>		<b>154.71</b>
<b>Non-cash financing and investing activities:</b>		
Issuance of equity shares for Considerations other than Cash (Refer Note 16)		22.02

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI FRN: 324982E/ E300003



**per Vishal Bansal**

Partner

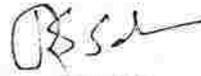
Place: Mumbai



**For SRB & Associates**

Chartered Accountants

ICAI FRN: E310009E



**per R S Sahoo**

Partner

Place: Bhubaneswar



**For and on behalf of the Board of**

**TP NORTHERN ODISHA DISTRIBUTION LIMITED**



**Praveer Sinha**

Director

DIN: 01785164

Place: Mumbai



**Bhaskar Sarkar**

Chief Executive Officer (CEO)

Place: Balasore

Date: 28th April, 2022



**Sanjay Kumar Banga**

Director

DIN: 07785948

Place: Mumbai



**Siladitya Sengupta**

Chief Financial Officer (CFO)

Place: Balasore

**TP NORTHERN ODISHA DISTRIBUTION LIMITED**  
**CIN:U40109OR2021PLC035951**  
 Januganj Balasore Odisha,India,756019  
 Website: www.tpnodi.com

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31st MARCH 2022**

**A. Equity Share Capital**

Particulars	No of Shares in Crores	Amount ₹ in Crores
Issued during the period	29.49	294.94
<b>Balance as at 31st March, 2022</b>	<b>29.49</b>	<b>294.94</b>

**B. Other Equity**

Particulars	Retained Earnings	Total
	₹ in Crores	₹ in Crores
Profit for the period	73.92	73.92
Other Comprehensive Income for the period (Net)	-	-
<b>Total comprehensive income</b>	<b>73.92</b>	<b>73.92</b>
<b>Balance as at 31st March, 2022</b>	<b>73.92</b>	<b>73.92</b>

As per our report of even date

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

per Vishal Bansal  
Partner  
Place: Mumbai



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

per R S Sahoo  
Partner  
Place: Bhubaneswar



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

per Praveer Sinha  
Director  
DIN:01785164  
Place: Mumbai

per Bhaskar Sarkar  
Chief Executive Officer (CEO)  
Place: Balasore

per Sanjay Kumar Banga  
Director  
DIN:07785948  
Place: Mumbai

per Siladitya Sengupta  
Chief Financial Officer (CFO)  
Place: Balasore

Date: 28th April, 2022

**TP NORTHERN ODISHA DISTRIBUTION LIMITED**  
**CIN:U40109OR2021PLC035951**  
**Januganj Balasore Odisha, India, 756019**  
**Website: www.tpnodl.com**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 1**

**General Information**

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

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

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

**NOTE 2**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 (as amended from time to time). The Company also applies requirement of Division II of Schedule III of the Companies Act, 2013 while presenting financial statements. During the year, the company has adopted amendments to the said Schedule III. The application of these requirements do not impact recognition and measurement in financial statements. However, it has resulted in additional disclosure which are given under various notes.

Financial statements are prepared for the period from date of incorporation, viz., March 20, 2021 to March 31, 2022. Since the Company has been formed during the period, 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);
- defined benefit plan related assets and liabilities (Refer accounting policy for defined benefit plans)

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

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

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

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

**NOTE 3**

**Other significant accounting policies**

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

**3.1 Foreign currencies**

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

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

**3.2 Current versus non-current classification**

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

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

All other assets are classified as non-current

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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



**TP NORTHERN ODISHA DISTRIBUTION LIMITED**

**CIN:U40109OR2021PLC035951**

**Janaganj Balasore Odisha, India, 756019**

**Website: www.tpnodi.com**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

**3.4 Financial assets**

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**3.4.1 Financial assets at amortised cost**

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

- (i) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

A financial asset is held for trading if:

- (i) it has been acquired principally for the purpose of selling it in the near term; or
- (ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in the Statement of Profit and Loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in the Statement of Profit and Loss are included in the 'Other income' line item. The company does not have any financial assets measured at fair value through profit & loss.

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

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

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

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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**3.4.4 Impairment of financial asset**

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

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

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

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on management's best estimate at the reporting date.

**3.4.5 Derecognition of financial asset**

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

**3.5 Financial liabilities and equity instruments**

**3.5.1 Classification as debt or equity**

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

**3.5.2 Equity instruments**

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

**3.5.3 Financial liability**

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

**3.5.3.1 Financial liabilities subsequently measured at amortised cost**

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

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

**3.5.3.2 Derecognition of financial liabilities**

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

**3.6 Fair value measurement**

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

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

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



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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 company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

**3.7 Lease Accounting**

At inception of contract, the Company assesses whether the Contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.

**As a Lessee**

**Right-of-use Assets**

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

**Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable.

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

**Short term leases and leases of low value of assets**

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

**3.8 Dividend**

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

**3.9 Government grants**

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

**3.10 Business combinations and goodwill**

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

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

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



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022. The management is in the process of assessing the impact of these amendments.

**3.12 Critical accounting estimates and judgements**

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

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

The areas involving critical estimates or judgements are:

- 1 Estimation of regulatory deferral account balances
- 2 Estimation of expected credit loss allowance
- 3 Estimation of defined benefit obligation
- 4 Estimation of current tax and deferred tax expense
- 5 Estimation of provision and contingent liability

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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 4 Property, plant and equipment :**

**4.01 Accounting Policy :**

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

**Depreciation**

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

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

Estimated useful lives of the Regulated assets are as follows:

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

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

**Derecognition**

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

**Impairment of tangible and intangible assets**

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



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₹ in Crores

NOTE 4.02 Property, plant and equipment :

Particulars	Gross Block		Accumulated Depreciation		Net Block	
	Acquired as part of business combination	Additions	As at 31st March 2022	For the period	As at 31st March 2022	As at 31st March 2022
(a) Buildings	3.47	4.02	7.49	0.13	0.13	7.36
(b) Plant and Machinery, Transmission lines and cable network	1,468.10	140.85	1,608.95	86.38	86.38	1,522.57
(c) Vehicles	0.15	0.32	0.47	0.06	0.06	0.41
(d) Furniture and fixtures	0.28	0.82	1.11	0.35	0.35	0.75
(e) Office equipment	1.41	15.17	16.58	1.26	1.26	15.32
<b>Total</b>	<b>1,473.42</b>	<b>161.17</b>	<b>1,634.60</b>	<b>88.17</b>	<b>88.17</b>	<b>1,546.42</b>

NOTE 4.03

Assets acquired from NESCO

Particulars	As at 01.04.2021		Net carrying amount/Fair value at acquisition date
	Gross Block	Accumulated Depreciation	
Land	-	-	-
Buildings	5.59	2.12	3.47
Plant & Machinery and transmission lines & cable network	2,184.68	716.58	1,468.10
Motor Vehicles	0.55	0.39	0.15
Furniture & Fixtures	2.26	1.97	0.28
Office Equipment	6.33	4.92	1.41
<b>Total</b>	<b>2,199.41</b>	<b>725.98</b>	<b>1,473.42</b>



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**NOTE 4.04**

The Company does not own any land in its name. As per terms of vesting order, land has been given on lease to the Company for a nominal consideration of Re.1 per year, till the expiry of power distribution license. The Company has retained operational rights over these lands used for the purpose of carrying out distribution business under the license granted by OERC. The impact of applying lease accounting as per Ind AS 116 - 'Leases' to these leases is not material.

Beneficial ownership of immovable properties constructed over the above lands viz; buildings have been transferred to the Company with effect from acquisition date. As per terms of vesting order, title for the said immovable properties continues to be in the name of erstwhile administration and Companies.

**NOTE 4.05**

Also refer note no. 39.03 of business combination and note no 40 assets created with Government Fund and used by TPNODL.

**NOTE 4.06 Assets created out of Government grants, etc., where the concerned liability has not been transferred**

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

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

Considering the above, the management has determined that lower depreciation allowed in ARR pursuant to the above requirements will not have any adverse impact on financial position and financial performance of the Company as at and for the year ended 31 March 2022.

**NOTE 4.07 Physical verification of PPE and CWIP**

Physical verification of items of property, plant and equipment (PPE) and Capital Work in Progress (CWIP) was not carried out by the management of NESCO. Post-acquisition, the Company has framed a programme for regular physical verification of these assets.

An independent party has carried out physical verification in respect of PPE transferred to the Company as at the acquisition date. Based on reports issued by the independent party and after considering necessary reconciliations prepared by the third party/ management, no material discrepancies have been identified. For the assets in existence but identified as idle / pending for repair work / damaged / burnt, management believes that assets after necessary repair work will be usable. Adjustments, if any, arising out of completion of technical evaluation will not be material. Based on the physical verification policy adopted by the company, physical verification of CWIP will be carried out in the coming year. The management does not expect material discrepancies to arise on such verification.

Pursuant to the requirements of vesting and carve out order, the Company is in the process of submitting the said reports and reconciliations to the OERC for its approval. In accordance with the vesting order, any change in the value of assets and liabilities transferred on account of the reconciliation / resolution of the above matters and/ or any other matter identified in future will be allowed to be recovered by the Company by way of future tariff adjustment or adjustment to the grant liability or any other appropriate manner determined by the OERC. The Company is confident of receiving approval from the OERC and believes that such approval will not have any material impact on the financial position and financial performance of the Company as reflected in the financial statements.



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**NOTE 4.08 Property Plant and Equipment created out of consumer funds**

Considering the provisions of the Odisha Electricity Regulatory Commission Distribution (Conditions of Supply) Code, 2019, the management believes that it has legal right and ownership over the property, plant and equipment (PPE) which were directly funded by the consumers and are being used to supply electricity to the consumers. Accordingly, during the year, the company has capitalized PPE amounting to Rs 101.66 Crores on an estimated basis and recognised the corresponding liability under the head consumer contribution. Depreciation on these PPE and amortisation of Rs 2.73 crores are being recognised in the Statement of Profit and Loss, having no net impact on profit or loss of the Company. To avoid ambiguity, the Company is seeking further clarification regarding ownership and accounting followed from the OERC. The management believes that the proposed clarification will not have any impact on financial position or financial performance of the Company.

Based on policy adopted by the Company, physical verification of these assets will be carried out in due course. The management is confident that their will be no material discrepancy when it completes physical verification and updates necessary asset details in the system.

**NOTE 5 Capital work in progress**

**Accounting Policy**

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

Particulars	As At	Additions	Capitalized / Disposals	As At
	01.04.2021			31.03.2022
Capital Work in Progress (majority pertains to Plant & Machinery and transmission lines & cable network)	23.21	280.61	139.15	164.67
<b>Total</b>	<b>23.21</b>	<b>280.61</b>	<b>139.15</b>	<b>164.67</b>

**NOTE 5.01 CWIP ageing Schedule as at 31st March 2022**

Capital Work in Progress	Amount in CWIP for a period of		Total
	Less than 1 year	1-2 Years	
<b>Projects in progress*</b>	164.67	-	164.67

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

The Company has determined ageing of CWIP from the date of acquisition of the business.

**NOTE 5.02**

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



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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 6 Intangible assets**

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

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

**Derecognition**

An item of 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's is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

₹ in Crore

Description	Computer softwares	Total
<b>Cost</b>		
<b>Balance as at 1st April, 2021</b>	-	-
Additions	19.42	19.42
Disposals	-	-
<b>Balance as at 31st March, 2022</b>	19.42	19.42
<b>Accumulated amortisation and impairment</b>		
<b>Balance as at 1st April, 2021</b>	-	-
Amortisation expense	1.16	1.16
Disposals	-	-
<b>Balance as at 31st March, 2022</b>	1.16	1.16
<b>Net carrying amount</b>		
<b>As at 31st March, 2022</b>	<b>18.26</b>	<b>18.26</b>



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	<b>As at 31st March 2022</b>
	<b>₹ in Crore</b>
<b>NOTE 7</b>	
<b>Other financial assets - non current</b>	
(Unsecured and considered good, at amortised cost)	
Deposits with banks*	408.97
Advances to Staff	6.59
Security Deposit-to various authorities	7.36
	<b>422.92</b>
* Earmarked balances against government grants/subsidy towards capital asset.	
<b>NOTE 8</b>	
<b>Deferred tax assets/ liabilities (Net) (refer note no 32)</b>	
<b>Taxable temporary differences</b>	
Deferred tax liability	10.92
	<b>10.92</b>
<b>NOTE 9</b>	
<b>Non-current tax assets</b>	
Advance income tax/ tax deducted at source (net of provision)	29.78
	<b>29.78</b>
<b>NOTE 10</b>	
<b>Other non-current assets</b>	
(Unsecured and considered good)	
(a) Receivable From State Governments	2.03
(b) Capital advances	63.37
(c) Others	12.85
	<b>78.25</b>
<b>NOTE 11</b>	
<b>Inventories</b>	
<b>Accounting policy</b>	
11.1 Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on 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.	
(a) Stores and spares (At lower of cost and net realisable value)	14.15
	<b>14.15</b>
<b>NOTE 12</b>	
<b>Trade receivables</b>	
(At amortised cost)	
(a) (i) Considered good - unsecured	140.98
(ii) Significant increase in credit risk	158.71
	299.69
Less: Allowance for doubtful trade debt	25.56
	<b>274.13</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note:1. The Company holds security deposits from consumers amounting to ₹ 607.82 Crore.

Note:2. Trade receivables include amount of Rs 158.71 crores from consumers who are inactive/ permanently disconnected, temporarily disconnected or non-paying for past one year or more.

The Company has acquired power distribution business of NESCO Utility w.e.f. April 01, 2021. The management believes that collection data related to pre-acquisition period is not relevant to assess expected credit loss (ECL) allowance on receivables in the post-acquisition period. In the absence of availability of adequate and relevant past data related to payment behaviours, the Company has elected to recognise Expected Credit Loss (ECL) allowance on trade receivables as per the OERC tariff regulations, i.e., @ 1% of revenue from power supply.

Post-acquisition of power distribution business from the NESCO, the Company's endeavour has been to reduce AT&C losses; reducing provisional billing and improving collection through better reach to consumers. In the process, the Company has faced several challenges including more than Covid-19 waves, Cyclones and delays in appointment/ working of metering, billing and collection (MBC) agencies for reasons beyond control of the Company. The Company has successfully dealt with these challenges. It has reduced provisional billing and also collected significant amount towards pre-acquisition receivables on behalf of the NESCO utility. The management is confident it will be able to collect most of the outstanding receivables as it increases its reach to the consumers and also considering that electricity is an essential commodity for all consumers. Accordingly, the management believes the above ECL allowance reflects best estimate and is appropriate as per Ind AS 109 – Financial Instruments.

Note:3. Since the acquisition of the power distribution business from the NESCO, the Company has carried out various adjustments, in the nature of actualization of provisional bill, bill correction, bill revision, first time billing etc. resulting in net reduction of past billings. These adjustments include adjustments related to the pre-acquisition as well as the post-acquisition period. The management has used its best estimate and judgment to determine adjustments attributable to the pre-acquisition period. Based on such determination, there is no material reduction in revenue that have been considered as attributable to the pre-acquisition period. Management believes that any change arising out of actual adjustments in the pre-acquisition period will not be significant and will have no material impact on financial performance and financial position.

Note:4. Trade Receivables Ageing schedule as at 31st March, 2022

₹ in crore.

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

Post acquisition of business, the management has formulated a mechanism for receiving and addressing consumer complaints including those related to billing and outstandings. The management has identified disputed receivables basis information available with the Company.

**NOTE 13**

**Cash and bank balances**

**Accounting policy**

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

**13.2 Cash and cash equivalents**

- (a) Balances with banks - in current accounts  
(b) Deposits with banks with original maturity of less than three months  
(c) Cash on hand

As at  
**31st March 2022**  
₹ in Crore

87.14  
34.32  
33.25  
**154.71**

As at  
**31st March 2022**  
₹ in Crore

711.92

**711.92**

**13.3 Bank balances other than 13.2 above\***

- (i) Deposits with banks with original maturity more than 3 months upto 12 months

\*Earmarked balances against consumer security deposits and short term borrowings

**13.4 Reconciliation of Liabilities from Financing Activities**

Particulars	As at April 1, 2021*	Cash Flows		Non-cash Adjustments	As at March 31, 2022
		Proceeds	Payment		
Security deposits from electricity consumers	596.43	11.39	-	-	607.82
Contribution for capital works	908.26	111.22	-	(65.52)	953.96
Consumers' deposits for works	141.35	0.18	-	-	141.52
Subsidies towards cost of capital asset	174.41	181.16	-	(12.71)	342.86
Share Capital	-	272.92	-	22.02	294.94
Cash Credit (net payment during the year)	370.05	-	(143.33)	-	226.72
<b>Total</b>	<b>2,190.50</b>	<b>576.87</b>	<b>(143.33)</b>	<b>(56.21)</b>	<b>2,567.83</b>

\* Acquired as a part of business combination from NESCO (Refer Note 39)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**NOTE 14**

**Other financial assets - current**

(Unsecured and considered good, unless otherwise stated, at amortised cost)

- (a) Advance to staff
- (b) Other Receivable

As at 31st March 2022
₹ in Crore
7.93
2.93
<b>10.86</b>

**NOTE 15**

**Other current assets**

(Unsecured and considered good, unless otherwise stated, at amortised cost)

- (a) Advances to others

As at 31st March 2022
₹ in Crore
20.03
<b>20.03</b>



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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at 31st March 2022	
	No. in crore	₹ in crore
<b>NOTE 16</b>		
<b>Share capital</b>		
<b>Authorised</b>		
Equity shares of ₹ 10/- each	100.00	1,000.00
	<b>100.00</b>	<b>1,000.00</b>
<b>Issued, subscribed and paid up</b>		
Equity shares of ₹ 10/- each (fully paid up)	29.49	294.94
<b>Total issued, subscribed and paid-up share capital</b>	<b>29.49</b>	<b>294.94</b>

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

	As at 31st March 2022	
	No. in crore	₹ crore
<b>Equity shares</b>		
Issued as part of business combination	25.00	250.00
Rights issue subsequently	4.49	44.94
<b>Outstanding at the end of the period</b>	<b>29.49</b>	<b>294.94</b>

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

**Equity Shares**

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

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

**Equity shares of Rs. 10 each fully paid**

**Name of the Shareholder**

	As at 31st Mar 2022	
	No of Shares	% of Holding
A. The Tata Power Company Ltd (Holding company)	15,04,21,236	51.00%
B. GRIDCO Ltd (Company having significant influence)	14,45,22,364	49.00%
<b>Total</b>	<b>29,49,43,600</b>	<b>100.00%</b>

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

The Company allotted 22,022,364 equity shares as fully paid for considerations received in form of Distribution Assets, pursuant to the shareholders agreement and the Government of Odisha notifications. Value of distribution assets have been determined by an independent registered valuer.

**e. Details of shares held by promoters at the end of the year :**

**Equity shares of Rs. 10 each fully paid**

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

Promoter	No. of Shares as at 20th March, 2021	Change during the period	No. of Shares as at 31st March 2022	% of Total Shares
A. The Tata Power Company Ltd	-	15,04,21,236	15,04,21,236	51%
B. GRIDCO Ltd	-	14,45,22,364	14,45,22,364	49%
<b>Total</b>	-	<b>29,49,43,600</b>	<b>29,49,43,600</b>	<b>100%</b>

**NOTE 17**  
**Other equity**

**17.1 Retained earnings**

	As at 31st March 2022 ₹ in crore
(a) Balance at beginning of period	-
(b) Profit for the period	73.92
(c) Other Comprehensive Income for the period (Net)	-
Closing balance	<b>73.92</b>

**Nature and purpose of reserves:**

**Retained earnings**

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



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 18  
Provisions

18.1

**Accounting Policy**

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

18.2

**Defined contribution plans**

**Erstwhile NESCO Employees**

**Provident Fund Plan**

The Company makes contributions towards provident fund Trust which is a defined contribution plan for eligible erstwhile NESCO utility employees. The Companies contribution to the other remaining eligible employees provident fund is deposited under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. 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.

**Other than Erstwhile NESCO utility Employees**

**Provident Fund Plan**

The Company makes contributions towards provident fund which is a defined contribution plan for qualifying employees. The Companies 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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**18.3 Defined Benefits plans**

**Erstwhile NESCO utility Employees**

**i) Gratuity**

The Company has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Odisha Civil Services (Pension) Rules 1992. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement date. The gratuity plan is 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 NESCO on or before 31st December 2004 are eligible for pension. The level of benefits provided depends on the member's length of service and salary at the retirement date. The pension plan is 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.

As per terms of the vesting order and the Carve Out order states that for entire liabilities toward pension, gratuity and leave encashment of employees retired before the acquisition date and acquisition date liabilities of continuing employees on the acquisition date, the Company's responsibility is limited only to remitting fixed amount requested by the respective Trusts and the same shall be allowed to be recovered from consumers on behalf of the respective Trusts for disbursement to the beneficiaries covered under the Trusts. The Company has recognised amount payable to the Trusts for the current year for onward payment of the said liabilities are charged as an expense as they fall due.

**Other than Erstwhile NESCO 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.

**(a) Provision for Employee Benefits**

**Non-Current**

	<b>As at 31st March 2022 ₹ in Crore</b>
Gratuity	33.96
Pension Fund	55.92
Leave Encashment	18.56
Post Retirement Medical Benefit (PRMB)	0.24
Other Defined Benefit Plan	24.53
	<b>133.21</b>

**Current**

Gratuity	0.20
Leave Encashment	0.98
Other Defined Benefit Plan	3.14
	<b>4.31</b>

**(b) Other provisions**

**Current**

Provisions for claims & compensation	10.26
	<b>10.26</b>

**TOTAL**

**14.58**



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

- 18.4 NESCO was operating the electricity distribution business (Business) in Northern Odisha until March 31, 2021. The Company has acquired the electricity distribution business of NESCO with effect from April 1, 2021. As a part of Business transfer, all the employees of the undertaking were transferred to the Company effective April 1, 2021 on a continuity of service condition. Certain employees of NESCO 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.

Particulars	Pension	Gratuity	Leave	Rehabilitation	Total (₹ crore)
Amount paid during the year (FY 2021-22)	105.53	17.94	7.23	-	130.70

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

Interest risk

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

Longevity risk

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

Salary Escalation risk

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

- 18.6 The following tables set out the funded status of gratuity plan and amount recognized in the Company's financial statements as at 31st March 2022. 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, 2022			
	Gratuity (Un Funded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
a. Present Value of obligations as at April 1, 2021 as per Actuarial Valuation	-	-	-	-
b. Interest Cost	-	5.43	4.29	13.16
c. Current Service Cost	-	1.52	4.99	23.88
d. Past Service Cost	3.10	27.71	-	-
e. Acquisition (Credit)/Cost	3.68	0.99	-	-
f. Actuarial loss / (gain)-Demographic	-	-	(0.24)	18.88
g. Actuarial loss / (gain)-Financial	-	(1.61)	(1.20)	-
h. Actuarial loss / (gain)-Experience	-	12.53	21.57	-
i. Benefits Paid	-	-	-	-
j. Immediate recognition of (gains)/Losses-other long term employee benefit plans	-	0.90	-	-
k. Present value of obligation at the end of the period	6.78	47.47	29.41	55.92

**b. Fair value of plan assets**

Particulars	As At March 31, 2022			
	Gratuity (Un Funded)	Other Defined Benefit	Gratuity (Funded)	Pension (Funded)
a. Fair value of plan asset as at April 1, 2021	-	-	-	-
b. Acquisition (Credit)/Cost	-	-	-	-
c. Estimated return on plan asset	-	-	-	-
d. Employer contribution	-	-	-	-
e. Benefits Paid	-	-	-	-
f. Excess of actual over estimated return	-	-	2.04	-
g. Others	-	-	-	-
h. Fair value of plan asset at the end of the period	-	-	2.04	-



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**c. Amount to be recognized in the balance sheet**

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

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

Particulars	As At March 31, 2022			
	Gratuity (Un Funded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
1. Current Service Cost	-	1.52	2.95	23.88
2. Past Service Cost	3.10	27.71	-	-
3. Interest Cost	-	5.43	4.29	13.16
4. Expected return on Plan Assets	-	-	-	-
5. Immediate Recognition of (Gains)/ Losses - Other Long Term Benefits	-	12.17	-	-
6. Net Actuarial (Gain)/Loss recognized in the period	-	-	-	-
7. Expenses recognized in statement of Profit & Loss	3.10	46.82	7.24	37.04

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

Particulars	As At March 31, 2022			
	Gratuity (Un Funded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
Actuarial (gains)/losses arising from:				
- changes in demographic assumptions	-	-	(0.24)	-
- changes in financial assumptions	-	(1.59)	(1.20)	-
- experience adjustments	-	12.33	21.57	18.88
Return on plan assets (greater)/less than discount rate	-	-	-	-
<b>Total</b>	-	<b>10.75</b>	<b>20.13</b>	<b>18.88</b>

**f. Principal assumptions**

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



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**g. Sensitivity analysis**

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

Increase/ (decrease) in defined benefit liability	As at Mar 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)	Pension (Funded)
Effect on defined benefit obligation due to 0.5% increase in salary escalation rate	0.29	7.38	35.57	11.35
Effect on defined benefit obligation due to 0.5% decrease in salary escalation rate	(0.27)	(5.83)	34.11	(10.60)
Effect on defined benefit obligation due to 0.5% increase in discount rate	(0.27)	(5.14)	(43.95)	(61.48)
Effect on defined benefit obligation due to 0.5% decrease in discount rate	0.29	7.43	48.06	67.11

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

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

The weighted average duration of the unfunded gratuity plan is 11 years.

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

Expected Future cashflows	As at Mar 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit (Unfunded)	Gratuity (Funded)*	Pension (Funded)*
March 31, 2023	0.20	8.50	65.93	108.87
March 31, 2024	0.45	10.07	86.58	111.26
March 31, 2025	0.25	7.87	54.50	106.92
March 31, 2026	0.58	7.02	40.70	104.30
March 31, 2027	1.07	7.36	40.37	104.30
March 31, 2028 to March 31, 2032	6.18	37.38	225.16	500.08

\*including payment for liabilities not transferred to the Company (refer note 18.04)



**TP NORTHERN ODISHA DISTRIBUTION LIMITED**  
**CIN:U40109OR2021PLC035951**  
**Januganj Balasore Odisha,India,756019**  
**Website: www.tpnodi.com**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at <b>31st March 2022</b> ₹ in Crore
<b>NOTE 19</b>	
<b>Contribution towards Capital Assets-Non Current (At Cost less amortisation)</b>	
Consumer Contribution towards cost of capital assets	944.40
Deferred Government Grant towards cost of capital assets	9.56
	<b>953.96</b>
 <b>Movement in consumer contribution towards cost of capital asset</b>	
Acquired as part of business combination	908.26
Add: Additions during the period	101.66
Less: Transfer to statement of profit & loss	(65.52)
<b>Closing Balance</b>	<b>944.40</b>
 <b>Movement in Deferred Government Grant towards cost of capital asset</b>	
Opening	-
Add: Additions during the period	9.76
Less: Transfer to statement of profit & loss	0.20
	<b>9.56</b>
 <b>NOTE 20</b>	
<b>Other non current liabilities</b>	
Subsidies towards capital asset	342.86
Consumers' deposits for works	141.52
Deposit from supplier/vendor	12.90
	<b>497.28</b>
 <b>20.1 Movement in Deferred government grant</b>	
Opening	174.41
Add: Additions during the period	181.16
Less: Transfer to statement of profit & loss	(12.71)
<b>Closing Balance</b>	<b>342.86</b>
 <b>NOTE 21</b>	
<b>Short-term borrowings</b>	
(At amortized cost)	
<b>(a) Loans Payable on Demand</b>	
<b>Secured - at amortised cost</b>	
From Banks-Cash credit	226.72
<b>Total short-term borrowings</b>	<b>226.72</b>
<b>Note:1. Secured credit facilities</b>	
The Company has availed cash credit limit of Rs.250 crores from State Bank of India, CAG Branch, Mumbai and Rs. 150 crores from Axis bank, Bhubaneswar branch secured against hypothecation of stock and debtors. The interest rates vary between 7.25% to 7.50%.	
<b>Note:2. Current borrowings secured against current assets</b>	
Wherever required, the Company has filed necessary returns/statements with banks and the said returns/statements are in agreement with the books of accounts of the Company. No material discrepancies exists.	
 <b>NOTE 22</b>	
<b>Trade payables (at amortised cost)</b>	
Dues to Micro Small and Medium Enterprises (MSME)	18.92
Dues Other-than MSME Creditors	517.78
	<b>536.71</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

22.1 Post acquisition, the Company has initiated the process of identifying the micro and small enterprises. Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	As at 31st March 2022 ₹ in Crore
(a) Principal amount remaining unpaid as at 31st March 2022	18.92
(b) Interest due thereon as at 31st March 2022	-
(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 31st March 2022	-
(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.	-
	18.92

**Note:1. Trade Payables Ageing schedule as at 31st March, 2022**

Particulars	Outstanding for following periods from due date of payment #		Total ₹ crore
	Less than 6 Months	6 Months - 1 Year	
<b>(i) Undisputed Trade Payables</b>			
a) MSME	18.92	-	18.92
b) Others	408.42	109.36	517.78
<b>(ii) Disputed Trade Payables</b>			
a) MSME	-	-	-
b) Others	-	-	-

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

The management has identified disputed payables basis information available with the company.

**NOTE 23**

**Other financial liabilities - current**

(At amortised cost)

Particulars	As at 31st March 2022 ₹ in Crore
(a) Payable to employees	32.72
(b) Security deposit from consumer	607.82
(c) Outstanding for supply for capital material	127.61
(d) Interest payable on consumer security deposits	24.71
(e) Payable to residuary company (Refer note no 41)	57.66
(f) Share application money to be refunded	0.03
(g) Advance from consumers	40.43
	890.98

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.

**NOTE 24**

**Other current liabilities**

Particulars	As at 31st March 2022 ₹ in Crore
(a) Statutory dues	62.95
	62.95



**TP NORTHERN ODISHA DISTRIBUTION LIMITED**  
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 25**

**Regulatory Deferral Account**

**Accounting Policy**

The Company determines revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) in respect of its regulated operations in accordance with the provisions of Ind AS 114 "Regulatory Deferral Accounts" read with the Guidance Note on Rate Regulated Activities issued by the 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 as Regulatory Asset/Liability 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.

	<b>As at 31st March 2022</b>
	<b>₹ in crore</b>
<b>Regulatory Deferral Account - Assets - Current</b>	
Regulatory Assets	22.58
<b>Net Regulatory Assets/(Liabilities)</b>	<b>22.58</b>

**Rate Regulated Activities**

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

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

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

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

	<b>Period Ended 31st Mar 2022</b>
	<b>₹ in crore</b>
(i) Power Purchase Cost	1,872.64
(ii) Other expenses as per the terms of Tariff Regulations including ROE	677.24
(iii) Collected during the period as per approved Tariff	(2,577.07)
Net movement in regulatory deferral balances (i+ii+iii) (A)	<b>(27.19)</b>
Regulatory Income/(Expenses) recognised in OCI (B)	49.77
Opening regulatory assets(net of liabilities) (C)	-
Closing regulatory asset(net of liabilities) (A+B+C)	<b>22.58</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 26**

**Revenue recognition**

**Accounting policy**

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

**26.1 Sale of power**

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

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

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

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

**26.2 Contribution for capital works**

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

**26.3 Incentive on past arrears collection**

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

**26.4 Revenue from operations**

**26.4.1 Revenue from sale of power**

(a)	Sale of power	2,577.07
	Less: rebate to consumers	21.35
	<b>Revenue from contract with customers</b>	<b>2,555.72</b>

**26.4.2 Other operating revenue**

(a)	Amortisation of consumer contribution	65.52
(b)	Amortisation of government grants in capital nature	0.20
(c)	Amortisation of government grants in revenue nature	12.71
(d)	Recovery of meter Rent	25.35
(e)	Over drawal Payment recovered	6.52
(f)	Incentives on Arrears Collection	16.15
(g)	Open Access Cross Subsidy Income	57.98
(h)	Supervision Charges	5.72
(i)	Miscellaneous operating income	3.77
		<b>193.93</b>

**Revenue from operations**

<b>Period Ended</b>
<b>31st March 2022</b>
<b>₹ in Crore</b>
<b>2,749.65</b>



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**Disaggregation of revenue**

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

26.5

**Contract Balances**

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

Particulars	<u>Period ended</u> <u>31st March 2022</u> <u>₹ in Crore</u>
<b>Contract liabilities</b>	
Advance from consumers	40.43
<b>Total contract liabilities</b>	<u>40.43</u>
<b>Receivables</b>	
Trade receivables	299.69
Unbilled revenue depending only on passage of time	227.52
Less : Allowances for doubtful debts	<u>(25.56)</u>
<b>Net receivables</b>	<u>501.65</u>

**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.

26.6

**Transaction Price - Remaining Performance Obligation**

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

**NOTE 27 Other income**

**Accounting Policy**

**- Interest income**

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

**- Delayed Payment Charges (DPC)**

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

**Other income**

- (a) Interest income
- (b) Delayed payment surcharge
- (c) Other income

Period Ended  
31st March 2022  
₹ in Crore

34.46

5.67

5.47

45.60



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**NOTE 28**

**Cost of power purchased and transmission charges**

- |     |  |
|-----|--|
| (a) | Power purchase cost                                      |
|     | Transmission charges                                     |
|     | SLDC charges   |
|     | Less: Rebate on power purchased and transmission charges |

Period Ended
31st March 2022
₹ in Crore
1,705.43
149.04
1.02
(18.74)
<b>1,836.76</b>

**NOTE 29**

**Employee benefits expense**

- |     |   |
|-----|---|
| (a) | Salaries, wages and bonus                 |
| (b) | Contribution to provident and other funds |
| (c) | Staff welfare expenses                    |
| (d) | Terminal benefit expenses                 |

Period Ended
31st March 2022
₹ in Crore
236.49
184.19
1.36
14.75
<b>436.79</b>



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**NOTE 30**

**Finance costs**

**Period Ended**  
**31st March 2022**  
**₹ in Crore**

(a)	Interest on consumer security deposits	26.25
(b)	Interest on Cash Credit carried at amortised cost - banks	18.98
		<b>45.23</b>

**NOTE 31**

**Other expenses**

**Period Ended**  
**31st March 2022**  
**₹ in Crore**

(a)	Repairs and maintenance:	
	(i) Building	0.24
	(ii) Plant and equipment	129.87
	(iii) Vehicles & Office equipment	0.25
(b)	Rent	2.15
(c)	Consultancy Fees	6.15
(d)	Legal Charges	1.78
(e)	Advertisement & Marketing Expenses	2.69
(f)	Electricity Consumption Expenses	2.65
(g)	Telephone Expenses	0.87
(h)	Insurance Premium	4.17
(i)	Travelling Expenses	11.19
(j)	Office Expenses	0.88
(k)	Allowance for doubtful debts	25.56
(l)	Outsourced Employees Expenses	14.35
(m)	Watch and Ward Expenses	5.20
(n)	Franchisee Expenses for Revenue Collection	18.32
(o)	Billing and Collection Expenses	18.33
(p)	Provisions for claims & compensation	10.88
(q)	Directors sitting fees	0.86
(r)	Miscellaneous expenses	4.77
	<b>Total other expenses</b>	<b>261.16</b>

**31.1**

**Auditors remuneration**

Consultancy fees include auditor's remuneration as follows:

**Particulars**

Audit fee (including Goods and Services Tax)

**Period Ended**  
**31st March 2022**  
**₹ in Crore**  
 0.66  
**0.66**

**31.2**

**Corporate social responsibility**

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 2022, provisions under Section 135 (5) shall be applicable to the Company effective from FY 2022-23.

**31.3**

**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'



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 32 Tax expenses**

**Accounting policy**

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

**32.1 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.

**32.2 Deferred Tax**

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

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 recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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

**32.3 Tax expense/(income)**

**Current tax**

In respect of the current period

**Deferred tax**

In respect of the current period

**Total income tax expense/(income) recognised in the current period**

**Period Ended**  
**31st March 2022**  
**₹ in Crore**

13.94

10.92

**24.86**

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

Profit from continuing operations before income tax expense

98.78

Tax Expenses /(Income) at the Indian tax rate of 25.17%

**24.86**



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**Income tax expense**

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 31 March, 2022.

**32.5 Deferred Tax Asset/ (Liability)**

**Deferred tax asset/(liability) on account of :**

Property plant and equipment

Provision for doubtful debts

**Total**

**Period Ended  
31st March 2022**

**₹ in Crore**

(17.36)

6.43

**(10.92)**

**NOTE 33 Other comprehensive income/(expenses)**

**Period Ended  
31st March 2022**

**₹ in Crore**

Items that will not be reclassified to profit or loss

Remeasurements of the defined benefit plans

Net Movement in regulatory deferral balances

-49.77

49.77

-

Post-acquisition of business, the Company has decided to treat pension and gratuity benefits payable to erstwhile NESCO employees which were continuing employment at the date of acquisition 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.



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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>As At</b>
<b>NOTE 34</b>	<b>31st March 2022</b>
<b>Commitments:</b>	<b>₹ in crore</b>
Estimated amount of Contracts remaining to be executed on capital account and not provided for.	193.66
<b>Total</b>	<b>193.66</b>

As per terms of the vesting order, the cumulative capital expenditure of Rs 1,270 crore (FY 22-26) has been committed. Further commitments in respect of AT&C losses and past arrear collection have also been stated in the order.

**NOTE 35**  
**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.

	<b>Period ended</b>
<b>Particulars</b>	<b>31st March 2022</b>
	<b>₹ in crore</b>
35.1 Claims against the Company not acknowledged as debts:	
(i) Legal cases filed by consumers, employees and others under litigation	4.42
35.2 Direct tax matters related to FY 2016-17 and FY 2017-18 pending with CIT Appeals	44.73
35.3 Indirect tax matters	
(i) Assessment order for FY 2014-15 to 2016-17 (upto 30th June 2017) was made by Principal Commissioner GST and Central Excise, Bhubaneswar imposing Service Tax penalty of Rs. 25.34 crores on NESCO Utility U/s 78(I) of Finance Act 1994 after dropping the demand of Rs. 1.26 crores out of total demand 26,59,85,498.00. Company contested the same by filing an appeal to CESTAT Kolkata.	25.34

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

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

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

**NOTE 36**  
**Earnings per equity share (EPS)**

**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.



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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 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.

36.1 <b>EPS - Continuing operations (excluding regulatory income/expense)</b>	<b>Period ended</b>	
<b>Particulars</b>	<b>Units</b>	<b>31st March 2022</b>
a) Profit for the period	₹ Crore	73.92
b) Net movement in regulatory deferral account balance	₹ Crore	27.19
c) Income-tax attributable to regulatory deferral account balance	₹ Crore	6.84
d) Net movement in regulatory deferral account balance (net of tax) (b-c)	₹ Crore	20.35
e) Profit for the period from continuing operations attributable to equity shareholders before net movement in regulatory deferral account balance	₹ Crore	94.26
f) Weighted average number of equity shares	No. in Crore	25.12
g) Basic and diluted earnings per equity share of Rs.10 each		3.75
h) Face value of equity shares		10.00

36.2 <b>EPS - Continuing operations (including regulatory income/expense)</b>	<b>Period ended</b>	
<b>Particulars</b>	<b>Units</b>	<b>31st March 2022</b>
a) Profit for the period from continuing operations after net movement in regulatory deferral account balance attributable to equity shareholders	₹ Crore	73.92
b) Weighted average number of equity shares	No. in Crore	25.12
c) Basic and diluted earnings per equity share of ₹ 10 each		2.94
d) Face value of equity shares		10.00



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 37

Related party disclosures

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

- A. Holding company**  
The Tata Power Company Limited (TPCL)
- B. Promoters holding together with its subsidiary more than 20% in holding company**  
Tata Sons Private Limited (Tata Sons)
- C. Company exercising significant influence:**  
GRIDCO Limited
- D. Fellow Subsidiaries (with whom the company has transactions)**  
Tata Power Southern Odisha Distribution Ltd (TPSODL)  
Mithon Power Limited (MPL)  
Tata Power Central Odisha Distribution Ltd (TPCODL)  
Tata Power Western Odisha Distribution Ltd (TPWODL)  
TP Ajer Distribution Limited (TPADL)  
Tata Power Delhi Distribution Ltd (TPDDL)  
Tata Power Trading Company Ltd (TPTCL)  
Tata AIG General Insurance (Tata AIG)  
Tata Capital Financial Services Ltd (Tata Capital)
- E. Joint Venture of Holding Company (with whom company has transactions)**
- F. Post retirement employee benefit trust:**  
NESCO Employees Pension trust  
NESCO Employees Gratuity trust  
NESCO Employees Provident Fund trust  
NESCO Employees Rehabilitation trust.
- G. Key management personnel**  
**Chief Executive Officer:**  
Bhaskar Sarkar
- H. Chief Financial Officer**  
Siddhika Sengupta
- I. Non-executive directors**  
Mr. Arup Ghosh  
Mr. Kailash Nath Shrivastava  
Dr. Arun Kumar Panda  
Mr. Ashok Kumar Tripathy  
Ms. Satya Gupta
- J. Independent Directors:**  
Mr. Suresh Chandra Mahapatra  
Mr. Nikunja Bihari Dhal, IAS  
Mr. Trilochan Panda  
Mr. Praveer Sinha  
Mr. Sanjay Banga

Related party transactions

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

a. Particulars of transactions with the related parties

S No.	Name of Related Party	Nature of transactions	₹ in crore	
			Period	Ended
			31st March 2022	
1	Company Name : TPDDL	Reimbursement of Exp- ( Education Loan / Insurance/Travelling)		0.09
		Reimbursement of Capex Expenses & Transfer of Assets		0.44
		Deputation, IT & Contract Expenses		1.71
		Staff related Liability/Expenses ( Gratuity & EL/UL)		2.47
2	Company Name : TPCODL	Power purchase expenses net of rebate		0.97
3	Company Name : TPWODL	Reimbursement of Expenses,supply of Materials		0.25
4	Company Name : TPSODL	Procurement of goods/fixed assets/services		0.32
		Interest on Loan receivable from TPSODL		0.43
		Recovery of Loan given		16.59
5	Company Name : GRIDCO	Power purchase expenses Gross		1,704.47
		Rebate		15.78
		Issue of equity share capital		144.52
6	Company Name : TPCL	Issue of equity share capital		150.42
7	Company Name : MPL	Staff related Liability/Expenses		0.08
8	Company Name : TATA AIG	Procurement of goods/fixed assets/services		0.19
9	Company Name : TATA Capital	Procurement of goods/fixed assets/services		0.07



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S No.	Name of Related Party	Nature of transactions	Period Ended 31.03.2022
10	Company Name : TPADL	Procurement of goods/ fixed assets/ services	0.01
11	Company Name : TPCL	Deputation Reimbursement of expenses Staff related Liability/ Expenses ( Gratuity & EL/UL)	0.24 0.05 2.12
12	NESCO Employees Pension trust	Contribution of Pension	4.73
13	NESCO Employees Gratuity trust	Contribution of Gratuity	13.40
14	NESCO Employees Provident Fund trust	Contribution of Provident Fund	3.66
15	NESCO Employees Rehabilitation Fund trust	Contribution of Rehabilitation Fund	0.40
16	Managerial remuneration including directors sitting fee	Managerial remuneration	2.34
<b>Total</b>			<b>2,049.97</b>

b. Particulars of Outstanding Payable/ Receivable with the related parties:

Sr No	Name of the Entity	Nature of transactions	Period Ended 31st March 2022
1	Share Capital The Tata Power Company Limited (TPCL) GRIDCO Limited	Share capital	150.42
		Share capital	144.52
2	Trade Payable GRIDCO Limited	Power Purchase Cost	282.90
3	Other Receivable The Tata Power Company Limited (TPCL) TP Ajmer Distribution Limited (TPADL) Tata Power Delhi Distribution Ltd (TPDDL) Tata Power Central Odisha Distribution Ltd (TPCODL) Tata Power Western Odisha Distribution Ltd (TPWODL)	Gratuity & Annual Leave	1.84
		Procurement of goods/ fixed assets/ services	0.01
		Procurement of goods/ fixed assets/ services	0.18
		Power Purchase Cost	0.05
		Procurement of goods/ fixed assets/ services	0.24
<b>Total</b>			<b>580.15</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 38

**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 for fair valuation of assets and liability

As at March 31, 2022

Particulars	Carrying Value	FVTPL	Classification		Level 1	Fair Value	
			FVTOCI	Amortised Cost		Level 2	Level 3
<b>Financial assets</b>							
Trade receivables	274.13	-	-	274.13	-	-	-
Unbilled Revenue	227.52	-	-	227.52	-	-	-
Other financial assets	10.86	-	-	10.86	-	-	-
Cash and cash equivalents	154.71	-	-	154.71	-	-	-
Bank balances other than (iii) above	711.92	-	-	711.92	-	-	-
	<b>1,379.13</b>	-	-	<b>1,379.13</b>	-	-	-
<b>Financial Liabilities</b>							
Borrowings	226.72	-	-	226.72	-	-	-
Trade payables	536.72	-	-	536.72	-	-	-
Other financial liabilities	890.98	-	-	890.98	-	-	-
	<b>1,654.42</b>	-	-	<b>1,654.42</b>	-	-	-

**(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:

Particulars	As at 31st March 2022 ₹ crore
Short-term borrowings	226.72
Total Debt (a)	<b>226.72</b>
Less: Cash and bank balances (b)	154.71
Net debt ((c)=(a-b))	72.01
Total equity (d)	368.87
Total equity and net debt ((e)=(c+d))	440.88
<b>Net debt to total equity plus net debt ratio (%) ((f)=(c)/(e))</b>	<b>16%</b>

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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**(iv) Financial risk management objectives and policies**

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

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

**(v) Market Risk**

Market risk is the risk that changes in market prices will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. As at the reporting date, the Company does not have material financial assets or financial liabilities exposing it to significant 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 31st March 2022 ₹ crore
(a) Trade receivables	274.13
(b) Unbilled revenue	227.52
(c) Other financial assets	10.86
(d) Cash and cash equivalents	154.71
(e) Bank balances other than above	711.92
<b>Total</b>	<b>1,379.13</b>

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

**(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
<b>As at 31 March, 2022</b>				
(a) Trade payables	536.72	-	-	536.72
(b) Short term borrowings	226.72	-	-	226.72
(c) Other financial liabilities	890.98	-	-	890.98
	<b>1,654.42</b>	<b>-</b>	<b>-</b>	<b>1,654.42</b>

As at the balance sheet date, the Company has cash and bank balances of Rs 1,275.58 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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 39**

**Business Combinations**

**39.1 Summary of Business Combination**

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

**39.2 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 1 April, 2021. Total purchase consideration for the acquisition of this business from NESCO is ₹ 250 crores.

Particulars	₹ crore
Equity Shares issued	250
Fair value of net assets acquired (Refer 39.03 below)	250
<b>Goodwill</b>	<b>-</b>

The company has issued 25,00,00,000 equity shares at a price of ₹ 10 each on conversion of trade payables toward the purchase consideration.

**39.3 The assets and liabilities recognized as a result of business combination are as follows :**

The following table summarises the fair values of assets and liabilities recognised as a part of business combination upon finalisation of purchase price allocation in accordance with Ind AS 103 is as follows:

Particulars	Carveout order
<b>A. ASSETS</b>	
<b>Non-current Assets</b>	
(a) Property, Plant and Equipment	1,473.42
(b) Capital Work-in-Progress	23.21
(c) Financial Assets	
Other Financial Assets	316.53
(d) Non-current tax assets	27.65
(e) Other non-current assets	16.37
<b>Total Non-current Assets</b>	<b>1,857.18</b>
<b>Current Assets</b>	
(a) Inventories	17.07
(b) Financial Assets	
(i) Cash and Cash Equivalents	306.63
(ii) Bank balances other than (iii) above	458.85
(iii) Other Financial Assets	7.26
(iv) Trade receivables	-
(v) Unbilled receivables	-
(c) Other Current Assets	31.96
<b>Total Current Assets</b>	<b>821.77</b>
<b>TOTAL ASSETS (A)</b>	<b>2,678.95</b>



Particulars	Carveout order
<b>B. LIABILITIES</b>	
<b>Liabilities</b>	
<b>Non-current Liabilities</b>	
(a) Provisions	-
(b) Consumer Contribution towards Capital Assets	908.26
(c) Deferred tax liabilities(net)	
(c) Other non-current liabilities	347.84
<b>Total Non-current Liabilities</b>	<b>1,256.10</b>
<b>Current Liabilities</b>	
(a) Financial Liabilities	
(i) Borrowings	370.05
(ii) Trade Payables	50.47
(iii) Other Financial Liabilities	729.24
(b) Other current liabilities	23.09
<b>Total Current Liabilities</b>	<b>1,172.85</b>
<b>TOTAL LIABILITIES (B)</b>	<b>2,428.95</b>
Regulatory Deferral Account-Liability	-
<b>C. Net Assets Acquired (A-B)</b>	<b>250</b>

#### 39.4 Trade Receivables

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

#### 39.5 Additional explanations to Assets acquired and Liability Assumed

For the following assets and liabilities acquired from the NESCO, 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 23 in the Balance Sheet) as per the general ledger is higher by Rs. 19.36 Crores as compared to balance as per customer ledger.

(b) Physical verification of items of property, plant and equipment (PPE) were not carried out by the management of the NESCO, post-acquisition, the company has framed a regular programme for physical verification of fixed assets. Fixed assets are been physically verified by the management during the year.

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

(i) Loans and advances given - Rs. 0.48 crores (Classified under Note 14 in the Balance Sheet)

(ii) Loans and advances given - Rs. 1.49 crores (Classified under Note 10 in the Balance Sheet)

(iii) Grants receivable - Rs. 1.82 crores (Classified under Note 10 in the Balance Sheet)

(iv) Payable to Vendors - Rs. 46.08 Crores (Classified under Note 22 in the Balance Sheet)

(v) Retention money, Earnest money and Security deposit from others - Rs. 4.41 crores (Classified under Note 20 in the Balance Sheet)

(vi) Consumers Contribution for work - Rs. 105.72 Crores (Classified under Note 19 in the Balance Sheet)

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

(e) NESCO did not have any process for identification of vendors as micro, small and medium enterprise (MSME) under the MSMED 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 MSMED Act.

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



**TP NORTHERN ODISHA DISTRIBUTION LIMITED**  
**CIN:U40109OR2021PLC035951**  
**Januganj Balasore Odisha, India, 756019**  
**Website: www.tpnodl.com**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 40**

**Disclosure regarding details of assets created with Government Fund and used by TPNODL**

As per details provided by the Odisha Power Transmission Company Limited (OPTCL) vide email dated April 25, 2022, Certain assets were created for NESCO through different schemes formed by the government and executed by OPTCL. Based on details shared by OPTCL, the carrying amount of such assets as of 31st March, 2021 is Rs.1,191.21 crores for completed assets and Rs. 375.94 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	Completed	WIP	Total
Biju Grama Jyoti Yojana(BGJY OPTCL DTR)	34.89	-	34.89
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	361.94	6.42	368.36
Integrated Power Development Scheme (IPDS)	212.82	67.89	280.71
Integrated Power Development Scheme (IPDS-IT Phase II)	-	29.03	29.03
Odisha Distribution System Strengthening Project (ODSSP)	440.68	233.30	673.98
Odisha Dedicated Agricultural Fishery Feeder Project(ODAFFP)	13.10	39.30	52.40
SOUBHAGYA	124.27	-	124.27
Rajiv Gandhi Grameen Viduytikaran Yojana	3.51	-	3.51
<b>Total</b>	<b>1,191.21</b>	<b>375.94</b>	<b>1,567.15</b>

**NOTE 41**

**Statement of past arrears 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 NESCO. Based on information and records maintained, the Company has made below collections and payments during the period ended March 31, 2022:

Particulars	April 2021 to March 2022
Pre-vesting collection from consumers	136.59
Past arrear collections from consumers	191.47
Less : Incentive including GST earned as per vesting order	(18.70)
<b>Net Collection (A)</b>	<b>309.37</b>
<b>Payments related to Power Purchase for the month of March 2021</b>	
Bulk Supply Payment to GRIDCO Limited	156.02
Transmission Charges payment to OPTCL	12.05
SLDC Charges	0.08
Amount paid to GRIDCO	75.64
TDS on incentive income	(0.45)
Pre-vesting vendor bills paid	8.38
<b>Total Payments (B)</b>	<b>251.71</b>
<b>Net Receivable / (Payable) C=(B-A) as disclosed in Note 23</b>	<b>(57.66)</b>



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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 42**

**Financial Ratios**

SI No	Ratios	Numerator	Denominator	Period ended 31st March 2022
a)	Current Ratio	Current Assets	Current Liability	0.81
b)	Debt-equity ratio	Total Debt	Shareholder's Equity	0.61
c)	Debt service coverage ratio	Earning Available For debt Service	Debt Service	9.60
d)	Return on equity ratio	Net Profit After Tax	Average Shareholder's Equity	0.24
e)	Trade receivables turnover ratio	Closing Balances of Trade Receivables	Total Sales	30.42
f)	Trade payables turnover ratio	Total Purchases	Closing Balances of Trade Payables	3.42
g)	Net capital turnover ratio	Net Sales	Working Capital	(8.06)
h)	Return on capital employed	Earnings Before Interest and Taxes	Capital Employed	0.24
i)	Net Profit Margin (%) including exceptional item	Net Profit After Tax(including exceptional item)	Revenue (including net movement in regulatory deferral balances)	2.72
j)	Net Profit Margin (%) excluding exceptional item	Net Profit After Tax(excluding exceptional item)	Revenue (including net movement in regulatory deferral balances)	2.72

As explained in note related to financial instruments, the company has access to sufficient liquidity resources to continue its operations for at least 12 months from the date of approval of financial statements



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**NOTE 43**

**Segment Reporting**

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

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

**Note 44**

**Relationship with Struck off Companies**

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 (as amended) or section 560 of Companies Act, 1956.

**NOTE 45**

**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.

**NOTE 46**

**Other Statutory Information**

- (a) The Company has acquired power distribution business from NESCO and accounted for property, plant and equipment (PPE) as well other current and non-current assets/ liabilities acquired at the acquisition date fair value using principles of Ind AS 103 Business Combination. The said fair valuation was done by a registered valuer. In the current year, the Company has received additional equity in the form of PPE from one of the shareholder and recognized such PPE at the acquisition date value using valuation determined by a registered valuer. In both the cases, the acquisition date fair values are treated as cost of acquisition. Hence, the Company has not revalued its PPE or any other assets.
- (b) The Company has not given any loans or advances in the nature of loans are granted to promoters, directors, KMPs and/ or related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are repayable on demand, or without specifying any terms or period of repayment.
- (c) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (d) The Company does not have any charges or satisfaction of charges which are yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.
- (e) The Company has not been declared as willful defaulter by any bank or financial institution or other lender.
- (f) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 (as amended) or section 560 of Companies Act, 1956.
- (g) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017 (as amended).
- (h) The Company has neither traded nor it holds any investment in Crypto currency or Virtual Currency.
- (i) The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (i) Directly or Indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (ii) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (j) The Company does not have any transaction which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (k) Wherever required, the Company has filed necessary returns/statements with banks and the said returns/statements are in agreement with the books of accounts of the Company. No material discrepancies exists.



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**NOTE 47 Company Secretary Appointment**

As per Section 203(1) of the Companies Act 2013 (as amended) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, companies with paid-up share capital of Rs 10 crores or more are required to appoint a whole time Company Secretary. Accordingly, the company is covered under this requirement and required to appoint a whole time Company Secretary from the current period onwards. However the company is in the process of appointing a Company Secretary.

**NOTE 48**

**Significant events after the reporting period**

There were no significant adjusting events that occurred subsequent to the reporting period other than the events disclosed in the relevant notes.

**NOTE 49**

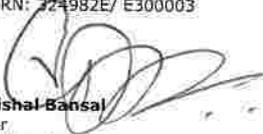
**Approval of financial statements**

The financial statements were approved for issue by the board of directors on 28th April, 2022.

**For S R B C & CO LLP**

Chartered Accountants

ICAI FRN: 724982E/ E300003

  
per Vishal Bansal  
Partner  
Place: Mumbai



**For SRB & Associates**

Chartered Accountants

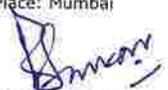
ICAI FRN: E310009E

  
per R S Sahoo  
Partner  
Place: Bhubaneswar

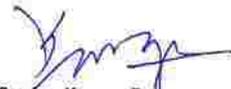


**For and on behalf of the Board of  
TP NORTHERN ODISHA DISTRIBUTION LIMITED**

  
Praveer Sinha  
Director  
DIN:01785164  
Place: Mumbai

  
Bhaskar Sarkar  
Chief Executive Officer (CEO)  
Place: Balasore

Date: 28th April, 2022

  
Sanjay Kumar Barga  
Director  
DIN:07785948  
Place: Mumbai

  
Siladitya Sengupta  
Chief Financial Officer (CFO)  
Place: Balasore