

S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg
Dadar(W), Mumbai 400 028

A. K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar,
Bhubaneswar – 751 007

INDEPENDENT AUDITOR'S REPORT

To the Members of TP Southern Odisha Distribution Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 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 financial year 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 matter described below to be the key audit matter 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 the matter. 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 matter below, provide the basis for our audit opinion on the accompanying financial statements.



Key audit matter	How our audit addressed the key audit matter
Expected credit loss on trade receivables (Refer Note 09 of the financial statements)	
<p>The Company has outstanding gross trade receivables of INR 435.15 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 Southern 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"> • Obtained an understanding of the process and tested the internal controls associated with the management's assessment of determining ECL allowance for trade receivables. • Obtained an understanding of the management plan and steps being taken to collect overdue/ aged receivables. • Evaluated management's assessment of recoverability of the outstanding receivables including recoverability of overdue / aged receivables through inquiry with management, and analysis of recent collection trends in respect of receivables particularly aged and pre-acquisition receivables. • Evaluated management's assumption and 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 ECL allowance. • Assessed the disclosures in the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, 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.



S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg
Dadar(W), Mumbai 400 028

A. K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar,
Bhubaneswar – 751 007

TP Southern Odisha Distribution Limited
Page 3 of 14

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;



- (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 year 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 34 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



S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg
Dadar(W), Mumbai 400 028

A. K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar,
Bhubaneswar – 751 007

TP Southern Odisha Distribution Limited
Page 6 of 14

(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 year by the Company.

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

For A. K. Sabat & Co.
Chartered Accountants
ICAI Firm Registration Number: 321012E

per Vishal Bansal
Partner
Membership Number: 097546
UDIN: 22097546AIAJMB6958
Mumbai
April 28, 2022



per A.K. Sabat
Partner
Membership Number: 030310
UDIN: 22030310AIANTN3532
Bhubaneswar
April 28, 2022



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 Southern Odisha Distribution Limited (the “Company”)

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments.
- (i) (a) (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (i) (b) All property, plant and equipments acquired as on January 1, 2021, were physically verified by the management during the year. 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.
- (i) (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.
- (i) (d) The Company has not revalued its property, plant and equipment or intangible assets during the year ended March 31, 2022.
- (i) (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory during the year 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.
- (ii) (b) As disclosed in note 19 to the financial statements, the Company has been sanctioned working capital limits in excess of INR five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company. The Company has not been sanctioned working capital limits in excess of INR five crores in aggregate from financial institutions during any point of time of the year on the basis of security of current assets.



- (iii) (a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (iii) (b) During the year, the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
- (iv) (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 year. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (iii) (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 year. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (iii) (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.
- (iii) (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 Act 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 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 Act, 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 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 year 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	0.34	January 2021	February 20, 2021	April 25, 2021
		0.27	February 2021	March 20, 2021	
		0.96	March 2021	April 20, 2021	

- (vii) (b) The dues of services 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	14.40	FY 2014-15 to FY 2017-18	CESTAT, Kolkata

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 year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.



- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) (c) Term loans were applied for the purpose for which the loans were obtained.
- (ix) (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.
- (ix) (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.
- (ix) (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (xi) (b) During the year, no report under sub-section (12) of section 143 of the Act 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.
- (xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) (a) The Company is not a Nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (xii) (b) The Company is not a Nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (xii) (c) The Company is not a Nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.



S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg
Dadar(W), Mumbai 400 028

A. K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar,
Bhubaneswar – 751 007

TP Southern Odisha Distribution Limited
Page 11 of 14

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act, 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.

(xiv)(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.

(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.

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

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

(xvi)(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 financial year and in the immediately preceding financial year respectively.

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

(xix) On the basis of the financial ratios disclosed in note 39 to the financial statements, ageing and expected dates of 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.



S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg
Dadar(W), Mumbai 400 028

A. K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar,
Bhubaneswar – 751 007

TP Southern Odisha Distribution Limited
Page 12 of 14

- (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 Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 29.02 to the financial statements.
- (xx) (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 the Act. This matter has been disclosed in note 29.02 to the financial statements.
- (xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(xxii) of the Order is not applicable to the Company.

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

For A. K. Sabat & Co.
Chartered Accountants
ICAI Firm Registration Number: 321012E

per Vishal Bansal
Partner
Membership Number: 097546
UDIN: 22097546AIAJMB6958
Mumbai
April 28, 2022



per A.K. Sabat
Partner
Membership Number: 030310
UDIN: 22030310AIANTN3532
Bhubaneswar
April 28, 2022



S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg
Dadar(W), Mumbai 400 028

A. K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar,
Bhubaneswar – 751 007

TP Southern Odisha Distribution Limited
Page 13 of 14

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

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

We have audited the internal financial controls with reference to financial statements of TP Southern Odisha Distribution Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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.



S R B C & CO LLP
Chartered Accountants
12th Floor, The Ruby
29, Senapati Bapat Marg
Dadar(W), Mumbai 400 028

A. K. Sabat & Co.
Chartered Accountants
A-348, Sahid Nagar,
Bhubaneswar – 751 007

TP Southern Odisha Distribution Limited
Page 14 of 14

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: 22097546AIAJMB6958
Mumbai
April 28, 2022



For A. K. Sabat & Co.
Chartered Accountants
ICAI Firm Registration Number: 321012E

per A.K. Sabat
Partner
Membership Number: 030310
UDIN: 22030310AIANTN3532
Bhubaneswar
April 28, 2022



TP SOUTHERN ODISHA DISTRIBUTION LIMITED
BALANCE SHEET

Particulars	Note No.	As at	As at
		March 31, 2022	March 31, 2021
		₹ crore	₹ crore
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	750.26	638.64
(b) Capital work-in-progress	5	78.93	77.82
(c) Intangible assets	4	34.02	-
(d) Financial assets			
(i) Other financial assets	6	86.19	97.22
(e) Deferred tax assets (net)	7	43.17	9.17
(f) Non-current tax assets (net)		2.22	5.94
Total non-current assets - (1)		994.79	828.79
(2) Current assets			
(a) Inventories	8	28.30	8.25
(b) Financial assets			
(i) Trade receivables	9	415.07	196.15
(ii) Unbilled revenue		121.11	83.03
(iii) Cash and cash equivalents	10	177.05	94.25
(iv) Bank balances other than (iii) above	10	423.05	377.83
(v) Other financial assets	11	10.56	13.38
(c) Other current assets	12	10.03	5.55
Total current assets - (2)		1,185.17	778.44
(3) Total assets before regulatory deferral account - (1+2)		2,179.96	1,607.23
(4) Regulatory deferral account- Assets	32	93.58	48.10
Total assets and regulatory deferral account debit balances - (3+4)		2,273.54	1,655.33
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	13	247.94	200.00
(b) Other equity	14	91.45	22.42
Total equity - (1)		339.39	222.42
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	39.29	-
(ii) Other financial liabilities	16	26.29	10.62
(b) Provisions	17	218.86	90.57
(c) Other non-current liabilities	18	458.42	406.54
Total non-current liabilities - (2)		742.86	507.73
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	300.92	99.86
(ii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		12.39	3.51
- total outstanding dues of creditors other than micro enterprises and small enterprises		230.12	205.72
(iii) Other financial liabilities	21	610.29	597.14
(b) Provisions	17	19.80	10.67
(c) Other current liabilities	22	13.64	8.28
(d) Current tax liabilities (net)	23	4.13	-
Total current liabilities - (3)		1,191.29	925.18
Total equity and liabilities - (1+2+3)		2,273.54	1,655.33

See accompanying notes forming part of the financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI FRN: 327982E/ E300003

per Vishal Bansal
Partner
Membership No. 097546
Date: 28/04/2022
Place: Mumbai

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

per A K Sabat
Partner
Membership No. 030310
Date: 28/04/2022
Place: Bhubaneswar

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

Praveer Sinha
Director
DIN: 01785164
Place: Mumbai

Bijay Kumar Mohanty
Chief Financial Officer
Place: Berhampur

Sanjay Banga
Director
DIN: 07785948
Place: Mumbai

Suchitra Dash
Company Secretary
Place: Berhampur



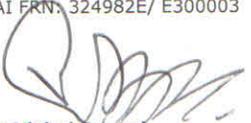
TP SOUTHERN ODISHA DISTRIBUTION LIMITED
STATEMENT OF PROFIT AND LOSS

Particulars	Note No.	For the year ended	From December
		March 31,2022	25,2020 to March 31,2021
		₹ crore	₹ crore
INCOME			
Revenue from operations	24	1,686.14	356.86
Other income	25	49.30	24.17
Total income		1,735.44	381.03
EXPENSES			
Cost of power purchased and transmission charges	26	916.57	198.75
Employee benefits expense	27	395.60	107.26
Finance costs	28	27.03	4.73
Depreciation and amortisation expense	4	40.63	6.90
Other expenses	29	269.33	31.69
Total expenses		1,649.16	349.33
Profit / (Loss) before movement in regulatory deferral balance and tax		86.28	31.70
Add/(Less): Net movement in regulatory deferral balances	32	3.35	(18.45)
Profit / (loss) before tax		89.63	13.25
Tax expense			
(i) Current Tax		18.04	-
(ii) Deferred tax	30	2.56	(9.17)
Profit/ (loss) after tax		69.03	22.42
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss	31	-	-
Other comprehensive income/(expense)			
Total comprehensive income / (expense)		69.03	22.42
(i) Earnings Per Equity Share (excluding Net movement in regulatory deferral balances)			
Basic/ Diluted (in ₹) (not annualised) (face value of ₹ 10 each)		3.32	1.95
(ii) Earnings Per Equity Share (including Net movement in regulatory deferral balances)			
Basic/ Diluted (in ₹) (not annualised) (face value of ₹ 10 each)		3.45	1.21

See accompanying notes forming part of the financial statements

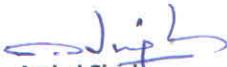
As per our report of even date

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


per Vishal Bansal
Partner
Membership No. 097546
Date: 28/04/2022
Place: Mumbai

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

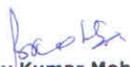

per A K Sabat
Partner
Membership No. 030310
Date: 28/04/2022
Place: Bhubaneswar

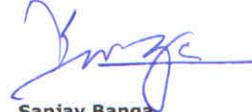

Arvind Singh
Chief Executive Officer
Place: Berhampur

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


Praveer Sinha
Director
DIN:01785164

Place: Mumbai


Bijay Kumar Mohanty
Chief Financial Officer
Place: Berhampur


Sanjay Banga
Director
DIN:07785948

Place: Mumbai


Suchitra Dash
Company Secretary
Place: Berhampur



TP SOUTHERN ODISHA DISTRIBUTION LIMITED
STATEMENT OF CHANGES IN EQUITY

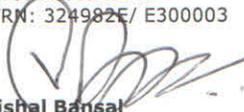
A. Equity Share Capital		₹ crore
Particulars	No. of Shares	Amount
As at December 25, 2020	50,000	0.05
Issued during the Period	19,99,50,000	199.95
As at March 31, 2021	20,00,00,000	200.00
As at April 01, 2021	20,00,00,000	200.00
Issued during the year	4,79,40,000	47.94
As at March 31, 2022	24,79,40,000	247.94

B. Other Equity		₹ crore
Description	Reserves and Surplus	Total
	Retained Earnings	
As at December 25, 2020	-	-
Profit/(Loss) for the period	22.42	22.42
Other Comprehensive Income/(Expenses) for the period (net of tax)	-	-
Total Comprehensive Income	22.42	22.42
As at March 31, 2021	22.42	22.42
As at April 01, 2021	22.42	22.42
Profit/(Loss) for the year	69.03	69.03
Other Comprehensive Income/(Expenses) for the year (net of tax)	-	-
Total Comprehensive Income	69.03	69.03
As at March 31, 2022	91.45	91.45

See accompanying notes forming part of the financial statements

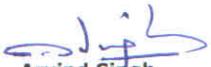
As per our report of even date

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


per Vishal Bansal
Partner
Membership No. 097546
Date: 28/04/2022
Place: Mumbai

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


per A K Sabat
Partner
Membership No. 030310
Date: 28/04/2022
Place: Bhubaneswar


Arvind Singh
Chief Executive Officer
Place: Berhampur

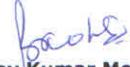
For and on behalf of the Board of
TP Southern Odisha Distribution Limited


Praveer Sinha
Director
DIN: 01785164

Place: Mumbai


Sanjay Banga
Director
DIN: 07785948

Place: Mumbai


Bijay Kumar Mohanty
Chief Financial Officer
Place: Berhampur


Suchitra Dash
Company Secretary
Place: Berhampur



TP SOUTHERN ODISHA DISTRIBUTION LIMITED
STATEMENT OF CASH FLOWS

Accounting Policy

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

Particulars	For the year ended March 31, 2022	From December 25, 2020 to March 31, 2021
	₹ crore	₹ crore
A. Cash flow from operating activities		
Profit/(Loss) before tax for the year	89.63	13.25
Adjustments to reconcile profit and loss to net cash provided by operating activities		
Depreciation and amortization expense	40.63	6.90
Provision for contingencies	9.77	-
Amortisation of Consumer Contribution	(12.34)	-
Finance costs	15.11	1.58
Interest income	(12.94)	(5.75)
Income from Delayed Payment Charges	(8.51)	(4.41)
Loss on disposal / write off of property, plant and equipment	1.42	-
Allowances for doubtful receivables	16.55	3.53
Operating profit before working capital changes	139.32	15.10
Adjustments for (increase)/decrease in operating assets:		
Inventories	(20.05)	(0.47)
Trade receivables	(240.05)	67.22
Other financial assets - current	0.73	(0.86)
Other financial assets - non current	(1.38)	(0.26)
Unbilled Revenue	(38.08)	(83.03)
Non-current tax assets (net)	3.73	(0.46)
Other current assets	(4.48)	1.46
Regulatory deferral account balances	(82.03)	(48.10)
Movement in operating asset	(381.61)	(64.50)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	33.28	40.99
Other financial liabilities - current	46.07	51.14
Other financial liabilities - non current	15.68	(0.78)
Other current liabilities	5.36	3.71
Provision - current	(0.64)	10.67
Provision - non current	128.29	90.57
Movement in operating liability	228.04	196.30
Cash generated from operations	(14.25)	146.90
Taxes paid	(13.91)	-
Net cash from/(used in) operating activities (A)	(28.16)	146.90
B. Cash flow from investing activities		
Capital expenditure on purchase of property, plant and equipment (including intangibles)	(165.32)	(6.23)
Interest received	15.03	3.98
Delayed payment charges received	8.51	4.41
Bank balance not considered as cash and cash equivalents	(32.83)	(115.07)
Net cash from/(used in) investing activities (B)	(174.61)	(112.91)
C. Cash flow from financing activities		
Proceeds from issue of equity share capital	24.45	-
Finance cost paid	(15.11)	(1.58)
Proceeds from Consumer Contribution/Government Grant	69.29	2.30
Repayment from Consumer Contribution/Government Grant	(33.40)	-
Net Proceeds of short-term borrowings	200.34	(73.03)
Proceeds from long-term borrowings	40.00	-
Net cash from/(used in) financing activities (C)	285.57	(72.31)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	82.80	(38.32)
E. Cash and cash equivalents at the beginning / acquired on business combination (Refer Note 40)	94.25	132.57
F. Cash and cash equivalents at the end of the year (See note 10)	177.05	94.25
G. Non-cash financing and investing activities		
Issue of right shares for consideration other than cash	23.49	-
Cash and cash equivalents include:	As at March 31, 2022	As at March 31, 2021
	₹ crore	₹ crore
(a) Cash on hand	21.03	17.26
(b) Fixed Deposit with original maturity of less than 3 months	77.60	-
(c) Balances with banks		
(i) In current accounts	78.42	76.99
Cash and cash equivalents	177.05	94.25

See accompanying notes forming part of the financial statements

As per our report of even date

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

per **Vishal Bansal**
Partner
Membership No. 097546
Date: 28/04/2022
Place: Mumbai

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

per **A K Sabat**
Partner
Membership No. 030310
Date: 28/04/2022
Place: Bhubaneswar

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

Praveer Sinha
Director
DIN: 01785164

Place: Mumbai

Sanjay Banga
Director
DIN: 07785948

Place: Mumbai

Arvind Singh
Chief Executive Officer
Place: Berhampur

Bijay Kumar Mohanty
Chief Financial Officer
Place: Berhampur

Suchitra Dash
Company Secretary
Place: Berhampur



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

NOTE 1

General Information

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

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

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

NOTE 2

2.01 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 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 had adopted amendments to the said Schedule III. The application of this requirement do not impact recognition and measurement in financial statements. However, it has resulted in additional disclosure which are given under various notes.

2.02 Basis of preparation and presentation

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

- certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments):
- employee benefit expenses (refer note 17 for accounting policy)

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

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

NOTE 3

Other significant accounting policies

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

3.01 Foreign currencies

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

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

3.02 Current versus non-current classification

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

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

All other assets are classified as non-current

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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



3.03 Financial instruments

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

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

Except for trade receivables, financial assets and financial liabilities are initially measured at fair value. Trade receivables are measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (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.

3.04 Financial assets

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

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

3.04.1 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.

3.04.2 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 recognized in the Statement of Profit and Loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

A financial asset is held for trading if:

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

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

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

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

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

3.04.4 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.

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

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

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".

3.04.5 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.



3.05 Financial liabilities and equity instruments

3.05.1 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.

3.05.2 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.

3.05.3 Financial liability

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

3.05.4 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.

3.05.5 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.

3.06 Fair value measurement

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

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

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

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

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

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

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.

3.07 Lease Accounting

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

3.07.1 As a Lessee

Right-of-use Assets

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

Lease Liabilities

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

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

Short term leases and leases of low value of assets

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



3.08 Dividend

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.

3.09 Government grants

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

3.10 Business combinations and goodwill

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

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

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12 Income Tax.

- When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill 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 defined benefit obligation
- 2 Estimation of current tax and deferred tax expense
- 3 Estimation of regulatory deferral account balances
- 4 Estimation of provision and contingent liability
- 5 Estimation of unbilled revenue
- 6 Estimation of expected credit loss

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.



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

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

4.01 Accounting Policy :

Property, plant and equipments are 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. When significant parts of property, plant and equipments 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 property, plant and equipments 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 carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for separately is derecognised when replaced.

Depreciation on regulated assets

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

Depreciation on property, plant and equipments 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 the Vesting Order and the Tariff Regulation notified by the Regulatory Commission.

Rate of depreciation of the PPE as prescribed by the Regulator is as follows:

Type of asset	Rate (Assets transferred on acquisition)	Rate (New assets acquired post acquisition)
Buildings	1.80%	3.34%
Plant and Machinery including transmission lines and cable network	3.80%	5.28% to 9.50%
Office Equipments	9.00%	5.28% to 15%
Furniture and Fixtures	4.55%	6.33%
Vehicles	12.86%	9.50%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Intangible assets

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

Estimated useful lives of the Intangible assets is as follows:

Type of Intangible Asset	Useful lives
Softwares	6 Years

Derecognition

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

Impairment of Property, plant and equipments and intangible assets

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



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

4.02 Property, Plant and Equipments (Contd.)

a. Property, Plant and Equipments

₹ crore

Description	Buildings	Plant and Machinery including transmission lines and cable network	Vehicles	Furniture and Fixtures	Office Equipments	Total
Cost						
As at April 01, 2021	3.55	640.30	0.35	0.51	0.84	645.55
Additions	23.39	88.88	0.65	5.27	34.67	152.86
Disposals/Adjustment	-	(1.42)	-	-	-	(1.42)
As at March 31, 2022	26.94	727.76	1.00	5.78	35.51	796.99
Accumulated depreciation and impairment						
As at April 01, 2021	0.02	6.84	-	0.01	0.03	6.90
Depreciation Expense	0.29	37.48	0.19	0.12	1.75	39.83
Disposals/Adjustment	-	-	-	-	-	-
As at March 31, 2022	0.31	44.32	0.19	0.13	1.78	46.73
Net carrying amount						
As at March 31, 2022	26.63	683.44	0.81	5.65	33.73	750.26

₹ crore

Description	Buildings	Plant and Machinery including transmission lines and cable network	Vehicles	Furniture and Fixtures	Office Equipments	Total
Cost						
As at December 25, 2020	3.55	640.28	-	0.37	0.62	644.82
Additions	-	0.02	0.35	0.13	0.22	0.72
Disposals/Adjustment	-	-	-	-	-	-
As at March 31, 2021	3.55	640.30	0.35	0.50	0.84	645.54
Accumulated depreciation and impairment						
As at December 25, 2020	0.02	6.84	-	0.01	0.03	6.90
Depreciation Expense	-	-	-	-	-	-
Disposals/Adjustment	-	-	-	-	-	-
As at March 31, 2021	0.02	6.84	-	0.01	0.03	6.90
Net carrying amount						
As at March 31, 2021	3.53	633.46	0.35	0.49	0.81	638.64

b. Intangible assets

₹ crore

Description	Softwares
Cost	
As at April 01, 2021	-
Additions	34.82
Disposals	-
As at March 31, 2022	34.82
Accumulated amortization and impairment	
As at April 01, 2021	-
Amortisation Expense	0.80
Disposals	-
As at March 31, 2022	0.80
Net carrying amount	
As at March 31, 2022	34.02
As at March 31, 2021	-

4.03 As per terms of the Vesting Order, lands has been given on lease to the Company for a consideration of ₹1 per year, till the expiry of power distribution license. The Company has retained operational rights over these lands used for the purpose of carrying out distribution business under the license granted by OERC. Beneficial ownership of immovable properties constructed over the above lands have been transferred to the Company with effect from acquisition date. As per terms of the Vesting Order, title for the said immovable properties continues to be in the name of erstwhile administration and Companies.

4.04 The Property, plant and equipments include assets created out of government grants. As per the terms of the Vesting Order and the Carve Out Order, these assets have been transferred to the Company. However, the corresponding grant liability has not been transferred. The Vesting Order and the Carve Out Order also provides that depreciation charged on these assets will not be allowed for determination of tariff. The Company has charged depreciation on these assets as per the accounting policy followed by the Company for other assets not created out of grants. As per the Vesting Order and the Carve Out Order, the Company is required to utilise any amount realised through depreciation toward meeting certain opening liabilities transferred ("additional serviceable liabilities"). If there are any shortages in realisation to meet these additional serviceable liabilities, then the OERC will allow such shortfall through Aggregate Revenue Requirement ('ARR') adjustment.

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

4.05 Physical verification of items of Property, Plant and Equipments (PPE) and Capital Work in Progress (CWIP) was not carried out by the management of SOUTHCO Utility. 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. 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 impact on the financial position and financial performance of the Company as reflected in the financial statements.

4.06 Refer Note 15 & 19 for charge created on Property, Plant and Equipments.



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

NOTE 5 Capital Work-in-Progress (CWIP)

5.01 Accounting Policy

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

5.02 CWIP Movement

Description	₹ crore
	CWIP
As at April 01, 2021	77.82
Additions	153.97
Capitalized	(152.86)
As at March 31, 2022	78.93
As at December 25, 2020	72.85
Additions	5.52
Capitalized	(0.55)
As at March 31, 2021	77.82

5.03 CWIP ageing schedule

Particulars	Amount in CWIP for a period of *		Total
	Less than 1 year	1-2 years	
	₹ crore		
CWIP ageing Schedule as at March 31, 2022			
Projects in progress	43.88	35.05	78.93
CWIP ageing Schedule as at March 31, 2021			
Projects in progress	77.82	-	77.82

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

Project in progress includes setting up substations, installations of transformer and cable networks at various locations in southern part of Odisha.

5.04 Refer note 15 & 19 for charge created against borrowings

5.05 No such cases of Capital Work In Progress is found whose completion is overdue or has exceeds its cost compared to its original plan as at March 31, 2022 and March 31, 2021.



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

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
NOTE 6 Other financial assets - non current		
(Unsecured and considered good, At amortised cost)		
(a) Government grant receivable	46.00	46.00
(b) Deposits with banks -Earmarked balances*	29.00	41.39
(c) Other receivables	11.19	9.83
Total other financial assets - non current	86.19	97.22

*Earmarked balances against government grants/consumer contribution for work under progress.

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
NOTE 7 Deferred tax assets		
Deferred tax asset (Refer Note 30.02)	43.17	9.17
Total Deferred tax assets	43.17	9.17

NOTE 8 Inventories (At lower of cost and net realisable value)

8.01 Accounting policy

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

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
Stores and spares	28.30	8.25
Total Inventories	28.30	8.25

8.02 Refer note 15 & 19 for charge created against borrowings

NOTE 9 Trade receivables-Current (At amortised cost)

Unsecured considered good
Significant increase in the credit risk
Less: Allowance for doubtful receivables

Total Trade Receivables

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
	314.67	107.52
	120.48	92.16
	20.08	3.53
Total	415.07	196.15

9.01 The Company holds security deposits from consumers amounting to ₹ 307.02 Crore.

9.02 Refer note 15 & 19 for charge created against borrowings

9.03 Trade receivables include amount of ₹120.48 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 SOUTHCO Utility w.e.f. January 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 SOUTHCO Utility, the Company's endeavour has been to reduce AT&C losses, reducing provisional billing and improving collection through better reach to consumers. In this process, the Company has faced several challenges including more than Covid waves, Cyclones and delays in appointment/ working of metering, billing and collection 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 SOUTHCO 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.

9.04 Since the acquisition of the power distribution business from the SOUTHCO Utility, the Company has carried out various adjustments, in the nature of actualization of provisional bill, bill correction, bill revision, first time billing etc. 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. Increase in revenue amounting to ₹ 9.84 crores have been considered as attributable to post-acquisition period and has been appropriately adjusted in the revenue of the Company for the year ended March 31, 2022.

9.05 Trade Receivables Ageing schedule as at March 31, 2022

Particulars	₹ crore				
	Outstanding for following periods from due date of payment *				
	Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 Years	Total
(i) Undisputed Trade Receivables					
a) Considered good	121.11	74.54	154.27	85.86	435.78
b) Significant increase in credit risk	-	43.70	22.41	54.37	120.48
(ii) Disputed Trade Receivables	-	-	-	-	-



Trade Receivables Ageing schedule as at March 31, 2021

₹ crore

Particulars	Outstanding for following periods from due date of payment *				Total
	Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 Years	
(i) Undisputed Trade Receivables					
a) Considered good	83.03	107.52	-	-	190.55
b) Significant increase in credit risk	-	92.16	-	-	92.16
(ii) Disputed Trade Receivables	-	-	-	-	-

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

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

9.07 Movement in the allowance for doubtful trade receivables

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
Balance at the beginning of the year		3.53
Add: Expected credit loss allowance on trade receivables calculated at lifetime expected credit losses for the year/period	16.55	3.53
Balance at the end of the year	20.08	3.53

9.08 The concentration of credit risk is very limited due to the fact that the large customers are mainly government entities and remaining customer base is large and widely dispersed and secured with security deposit.

NOTE 10 Cash and bank balances

Accounting policy

10.01 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.

10.02 Cash and cash equivalents (At amortised cost)

- (a) Balances with banks - in current accounts
(b) Cash on hand
(c) Deposit having original maturity less than 3 months

Total cash and cash equivalents

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
(a)	78.42	76.99
(b)	21.03	17.26
(c)	77.60	-
Total	177.05	94.25

10.03 Other balances with banks (At amortised cost)

- (a) Deposits with banks - Earmarked balances*
(b) Earmarked balances with banks*

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
(a)	304.68	265.42
(b)	118.37	112.41
Total	423.05	377.83

* Earmarked balances against consumer security deposits, consumer contribution for work under progress and short term borrowings.

10.04 Reconciliation of Liabilities from Financing Activities

Particulars	₹ crore				As at March 31, 2022
	As at April 1, 2021	Cash Inflows	Cash Outflows	Non-cash Adjustments	
Consumer Contribution/Government Grant	257.55	69.29	(33.40)	(4.58)	288.86
Share Capital	200.00	24.45	-	23.49	247.94
Non Current borrowings (including current maturities)	-	40.00	-	-	40.00
Current borrowings	99.86	200.34	-	-	300.20
Total	557.41	334.08	(33.40)	18.91	877.00

Particulars	₹ crore				As at March 31, 2021
	As at January 1, 2021	Cash Inflows	Cash Outflows	Non-cash Adjustments	
Consumer Contribution/Government Grant	255.26	2.30	-	-	257.56
Share Capital	200.00	-	-	-	200.00
Current borrowings	172.89	(73.03)	-	-	99.86
Total	628.15	(70.73)	-	-	557.42

NOTE 11 Other financial assets - current

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

- (a) Interest accrued but not due on deposits
(b) Other receivables

Total other financial assets - current

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
(a)	4.13	6.22
(b)	6.43	7.16
Total	10.56	13.38

NOTE 12 Other current assets

(Unsecured and considered good)

- (a) Prepaid assets
(b) Other assets

Total other current assets

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
(a)	3.64	0.50
(b)	6.39	5.05
Total	10.03	5.55



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

NOTE 13 Share capital

Authorised

Equity Shares of ₹ 10/- each with voting rights

At the beginning of the year
Add: Increase during the year/period

Outstanding at the end of the year

Issued, subscribed and paid up

Equity shares of ₹ 10/- each fully paid up with voting rights

Total issued, subscribed and paid-up share capital

	As at March 31, 2022		As at March 31, 2021	
	Number	₹ crore	Number	₹ crore
At the beginning of the year	1,00,00,00,000	1,000.00	-	-
Add: Increase during the year/period	-	-	1,00,00,00,000	1,000.00
Outstanding at the end of the year	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Equity shares of ₹ 10/- each fully paid up with voting rights	24,79,40,000	247.94	20,00,00,000	200.00
Total issued, subscribed and paid-up share capital	24,79,40,000	247.94	20,00,00,000	200.00

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

Equity shares

At the beginning of the year
Issued during the year/period
Outstanding at the end of the year

	As at March 31, 2022		As at March 31, 2021	
	Number	₹ crore	Number	₹ crore
At the beginning of the year	20,00,00,000	200.00	-	-
Issued during the year/period	4,79,40,000	47.94	20,00,00,000	200.00
Outstanding at the end of the year	24,79,40,000	247.94	20,00,00,000	200.00

b. Terms/ rights attached to equity shares:-

Equity Shares

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

c. Details of shareholders holding more than 5% shares in the Company and the shares held by the Holding Company:

Equity shares of ₹ 10 each fully paid

Name of the Shareholder

The Tata Power Company Ltd (the Holding company)

GRIDCO Limited

Total

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% Holding	No. of Shares	% Holding
The Tata Power Company Ltd (the Holding company)	12,64,49,400	51.00	10,20,00,000	51.00
GRIDCO Limited	12,14,90,600	49.00	9,80,00,000	49.00
Total	24,79,40,000	100.00	20,00,00,000	100.00

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

The Company allotted 2,34,90,600 equity shares as fully paid for considerations received in form of Distribution Assets, pursuant to shareholder's agreement and Government of Odisha notifications. The value of distribution assets have been determined by an independent valuer.

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

Equity shares of ₹ 10 each fully paid

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

Promoter	No of Shares		No of Shares As at March 31, 2022	% of Total Shares	No. in crore	
	As at April 1, 2021	Change During the year			% Change During the year	
A. The Tata Power Company Ltd	10.20	2.44	12.64	51.00%		0.00%
B. GRIDCO Ltd	9.80	2.35	12.15	49.00%		0.00%
Total	20.00	4.79	24.79	100%		-

Disclosure of shareholding of promoters as at March 31, 2021 is as follows:

Promoter	No of Shares		No of Shares As at March 31, 2021	% of Total Shares	No. in crore	
	As at December 25, 2020	Change During the period			% Change During the period	
A. The Tata Power Company Ltd	-	10.20	10.20	51.00%		51.00%
B. GRIDCO Ltd	*	9.80	9.80	49.00%		49.00%
Total	*	20.00	20.00	100%		100%

* represents 50,000 equity shares

NOTE 14 Other equity

14.01 Retained earnings

Balance at beginning of Year
Add : Profit/(loss) for the period/ year
Balance as at the end of the period/ year

Total retained earnings

	As at March 31, 2022	As at March 31, 2021
	₹ crore	₹ crore
Balance at beginning of Year	22.42	-
Add : Profit/(loss) for the period/ year	69.03	22.42
Balance as at the end of the period/ year	91.45	22.42
Total retained earnings	91.45	22.42

14.02 Nature and purpose of reserves:

Retained earnings

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



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

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
15 Non current borrowings		
(At amortised cost)		
15.01 Secured		
Term loans from banks	39.29	-
Total Non Current Borrowings	39.29	-

15.02 Refer Note No.19 for the current maturities of non current borrowings.

15.03 Terms of Repayment: The above loan shall be repaid on a quarterly basis in 56 installments after a moratorium of 12 months from March 31, 2022.

15.04 The above loan carry floating rate of interest which is linked with bank's MCLR plus spread which is currently at 6.90% p.a. Interest rate spread will be reset after every 3 months. The above loan is secured by entire movable and immovable property, both present and future, excluding assets transferred vide the Vesting Order of OERC.

15.05 The Company has utilized the loan for its intended and sanctioned purpose.

	As at March 31, 2022 ₹ crore	As at March 31, 2021 ₹ crore
16 Other financial liabilities - non current		
(At amortised cost)		
(a) Security deposits/ Earnest Money Deposit from Supplier	6.06	4.69
(b) Retention money payable	20.23	5.93
Total Other financial liabilities - non current	26.29	10.62

17 Provisions

17.01 Accounting policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is 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 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.

Pre acquisition liabilities :-

As per terms of the Vesting Order and the Carve Out Order states that for entire liabilities towards pension, gratuity and compensated absences of employees retired before the acquisition date and acquisition date liabilities of continuing employees on the acquisition date, the Company's responsibility is limited only to remitting fixed amount requested by the respective Trusts and the same 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.



17.02 Defined contribution plans

Erstwhile SOUTHCO Utility Employees

Provident Fund Plan

The Company makes contributions towards provident fund Trust which is a defined contribution plan for eligible erstwhile SOUTHCO 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 SOUTHCO Utility Employees

(i) 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.

(ii) Employee State Insurance :-

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

(iii) The Company has recognized a total of ₹8.83 crores (For the period December 25, 2020 to March 31, 2021 is ₹1.57 crore) as contribution towards the defined contribution plan for other than Erstwhile SOUTHCO Utility Employees in the Statement of Profit or Loss.

17.03 Defined Benefits plans

Erstwhile SOUTHCO Utility Employees

i) Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Odisha Civil Services (Pension) Rules, 1992 and the Payment of Gratuity Act, 1972. The level of benefits and eligibility depends on the member's length of service and salary at the retirement date. The gratuity plan is funded plan. The fund is in the form of a trust and is governed by Trustees appointed by the Company and regulations framed in this regard by the SOUTHCO Utility. The Trustees are responsible for the administration of the plan assets and for defining the investment strategy in accordance with the regulations.

ii) Pension

The Company has a defined benefit pension plan. The pension plan is primarily governed by the Odisha Civil Services (Pension) Rules, 1992. The level of benefits, eligibility depends on the date of joining, member's length of service and salary at the retirement date. The pension plan is funded plan. The fund is in the form of a trust and is governed by Trustees appointed by the Company and regulations framed in this regard by the SOUTHCO Utility. The Trustees are responsible for the administration of the plan assets and for defining the investment strategy in accordance with the regulations.

Other than Erstwhile SOUTHCO Utility Employees

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) Post Employment Medical Benefit

The Company provides certain post employment health care benefits to superannuated employees for its eligible employees. In terms of the plan, the retired employees can avail free medical check-up and medicines at Companies' facilities.

iii) 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.

iv) Retirement Gift

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

Provision	As at	As at
	March 31, 2022	March 31, 2021
	₹ crore	₹ crore
Current		
(a) Compensated absences	1.74	0.12
(b) Defined benefit plans	7.56	10.49
(c) Other employee benefits	0.73	0.06
(d) Provision for contingencies	9.77	-
Total current provision	19.80	10.67

Provision for contingencies movement:-

Description	₹ Crores
As at January 01, 2021	-
Additions	-
Utilized	-
As at March 31, 2021	9.77
Additions	-
Utilized	-
As at March 31, 2022	9.77

Provision	As at	As at
	March 31, 2022	March 31, 2021
	₹ crore	₹ crore
Non Current		
(a) Compensated absences	21.60	2.39
(b) Defined benefit plans	196.00	87.60
(c) Other employee benefits	1.26	0.58
Total non current provision	218.86	90.57



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

17.04 As per terms of the Vesting Order dated December 28, 2020 read with the Carve Out Order dated November 26, 2021 issued by the OERC, all existing employees of the SOUTHCO Utility have been transferred to the Company. Payment of terminal benefits including pension, gratuity, compensated absences and other benefit plan to the past and existing employees will be made by the respective trusts (SOUTHCO Pension Trusts, SOUTHCO Gratuity Trusts etc) over the eligibility period. Liabilities of these trusts determined on an actuarial basis exceed assets available with them.

The Carve Out Order states that for entire liabilities towards pension, gratuity, compensated absences and other benefit plan of past employees and acquisition date liabilities of existing employees, the Company's responsibility is limited only to remitting fixed amount requested by the respective Trusts and recovered by it from consumers as a part of ARR on behalf of the respective Trusts for disbursement to the beneficiaries covered under the Trusts as prescribed in clause 50(c) of the Vesting Order. The Carve Out Order also states that the relevant paragraph of the Vesting Order stands modified to this extent.

Considering specific clarification in the Carve Out Order, the Company has revised accounting treatment of terminal employee liabilities to align it with the Carve Out Order. The figures for the comparative period have also been restated accordingly to align with the Carve Out Order. This has resulted in below changes in figures for the year ended March 31, 2021.

Changes in the profit or loss for the period ended March 31, 2021

	₹ crore
Increase in the revenue	28.47
Increase in employee benefit expense	28.47
Net increase/decrease in the statement of profit and loss	-

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

March 31, 2022

	₹ crore			
Particulars	Pension	Gratuity	Other Defined benefits	Compensated absences
Liabilities not transferred	1,109.42	40.08	(0.47)	86.32
Total	1,109.42	40.08	(0.47)	86.32

March 31, 2021

	₹ crore			
Particulars	Pension	Gratuity	Other Defined benefits	Compensated absences
Total liability of past employees	967.89	54.62	(0.99)	150.44
Total	967.89	54.62	(0.99)	150.44

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

March 31, 2022

	₹ crore			
Particulars	Pension	Gratuity	Other Defined benefits	Compensated absences
Amount paid	106.14	14.54	-	5.45
Total	106.14	14.54	-	5.45

March 31, 2021

	₹ crore			
Particulars	Pension	Gratuity	Other Defined benefits	Compensated absences
Amount paid	22.26	3.41	-	2.80
Total	22.26	3.41	-	2.80

Post acquisition date liabilities of existing employees:

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

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

Interest risk

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



17.06 The following tables set out the details of the amount recognized in the Company's financial statements for the defined benefit plans. The valuation has been carried out using the " Project Unit Credit Method " as per Ind AS 19 " Employee Benefits".

a. Present Value of obligations

Particulars	As at March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
a. Present Value of obligations as at April 1, 2022 as per Actuarial Valuation (including obligation not transferred to the Company) (Refer Note 17.04)	6.43	1.88	71.91	1,080.79
b. Interest Cost	0.42	0.73	4.38	71.64
c. Current Service Cost	0.37	0.12	3.63	9.49
d. Past Service Cost	-	-	-	-
e. Acquisition (Credit)/Cost	4.20	-	-	-
f. Actuarial loss / (gain)-Demographic	-	-	-	-
g. Actuarial loss / (gain)-Financial	(0.30)	-	(1.10)	5.94
h. Actuarial loss / (gain)-Experience	(3.87)	-	18.98	253.82
i. Effect of Business Combinations	-	-	-	-
j. Benefits Paid	(0.23)	(0.59)	(18.79)	(114.08)
k. Present value of obligation at the end of the period (including obligation not transferred to the Company) (Refer Note 17.04)	7.02	2.14	79.01	1,307.60

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
a. Present Value of obligations as at January 1, 2021 as per Actuarial Valuation (including obligation not transferred to the Company) (Refer Note 17.04)	-	1.03	67.79	1,024.44
b. Interest Cost	-	0.02	1.12	17.62
c. Current Service Cost	-	-	4.32	7.64
d. Past Service Cost	-	0.94	-	-
e. Acquisition (Credit)/Cost	2.24	-	-	-
f. Actuarial loss / (gain)-Financial	-	(0.02)	(1.86)	(2.99)
g. Actuarial loss / (gain)-Experience	4.19	0.00	7.12	60.15
h. Benefits Paid	-	(0.09)	(6.58)	(26.07)
i. Present value of obligation at the end of the period (including obligation not transferred to the Company) (Refer Note 17.04)	6.43	1.88	71.91	1,080.79

b. Fair value of plan assets

Particulars	As at March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
a. Fair value of plan asset as at April 1, 2021 (including plan assets not transferred to the Company) (Refer Note 17.04)	-	1.43	7.41	32.80
b. Acquisition (Credit)/Cost	-	-	-	-
c. Estimated return on plan asset	-	-	-	-
d. Employer contribution	-	-	0.46	-
e. Benefits Paid	-	(0.43)	16.29	0.19
f. Interest Income	-	0.49	(18.04)	2.29
g. Others	-	-	(0.16)	(0.65)
h. Fair value of plan asset at the end of the period (including plan assets not transferred to the Company) (Refer Note 17.04)	-	1.49	5.96	34.63

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
a. Fair value of plan asset as at January 1, 2021 (including plan assets not transferred to the Company) (Refer Note 17.04)	-	1.26	9.77	34.28
b. Acquisition (Credit)/Cost	-	-	-	-
c. Estimated return on plan asset	-	0.08	0.11	(0.06)
d. Employer contribution	-	0.16	3.93	24.05
e. Benefits Paid	-	(0.09)	(6.58)	(26.07)
f. Interest Income	-	0.02	0.17	0.60
g. Others	-	-	-	-
h. Fair value of plan asset at the end of the period (including plan assets not transferred to the Company) (Refer Note 17.04)	-	1.43	7.40	32.80



c. Amount to be recognized in the balance sheet

₹ crore

Particulars	As at March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
Present value of obligation at the end of the period (including obligation not transferred to the Company) (Refer Note 17.04)	7.02	2.14	79.01	1,307.60
Fair value of plan asset at the end of the period (including plan assets not transferred to the Company) (Refer Note 17.04)	-	(1.49)	(5.96)	(34.63)
Net Liability recognized in balance sheet (including obligation not transferred to the Company) (Refer note 17.04)	7.02	0.65	73.05	1,272.97
Liability not transferred to the Company as per the Vesting Order (Refer Note 17.04 above)	-	(0.47)	40.08	1,109.42
Net Liability recognized in balance sheet	7.02	1.12	32.98	163.56

₹ crore

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
Present value of obligation at the end of the period (including obligation not transferred to the Company) (Refer Note 17.04)	6.43	1.88	71.91	1,080.79
Fair value of plan asset at the end of the period (including plan assets not transferred to the Company) (Refer Note 17.04)	-	(1.43)	(7.40)	(32.80)
Net Liability recognized in balance sheet (including obligation not transferred to the Company) (Refer note 17.04)	6.43	0.45	64.51	1,047.99
Liability not transferred to the Company as per Vesting Order (Refer Note 17.04 above)	-	(0.99)	54.62	967.89
Net Liability recognized in balance sheet	6.43	1.44	9.89	80.10

d. Expenses Recognised in the Statement of Profit & Loss

₹ crore

Particulars	As at March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
1. Current Service Cost	0.37	0.12	3.63	9.49
2. Past Service Cost	-	-	-	-
3. Net Interest Cost	0.42	0.23	18.47	17.08
4. Others	-	-	-	-
5. Expenses recognized in statement of Profit & Loss	0.79	0.35	22.10	26.57

₹ crore

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
1. Current Service Cost	-	-	4.32	7.64
2. Past Service Cost	-	1.20	-	-
3. Net Interest Cost	-	(0.00)	0.95	17.03
4. Others	-	(0.10)	-	-
5. Expenses recognized in statement of Profit & Loss	-	1.10	5.27	24.67

e. Amount recognised in other comprehensive income (remeasurements)

₹ crore

Particulars	As at March 31, 2022			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
Actuarial (gains)/losses arising from:				
- changes in demographic assumptions	-	(0.02)	-	-
- changes in financial assumptions	(0.30)	(0.61)	(1.10)	5.94
- experience adjustments	(1.64)	0.63	18.99	59.01
Return on Plan Assets, excluding Interest Income	-	-	0.16	0.07
Total	(1.94)	-	18.05	65.02

₹ crore

Particulars	As at March 31, 2021			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
Actuarial (gains)/losses arising from:				
- changes in demographic assumptions	-	-	(1.86)	(2.99)
- changes in financial assumptions	4.19	-	7.12	60.15
- experience adjustments	-	-	(0.11)	0.06
Return on Plan Assets, excluding Interest Income	-	-	-	-
Total	4.19	-	5.15	57.22



f. Principal assumptions

Particulars	As at March 31,2022		
	Gratuity (Unfunded)	Gratuity (funded)	Pension (Funded)
1. Discount rate	7.10%	7.10%	7.10%
2. Salary escalation			
-Management	7%	6%	6%
-Non Management	5%	NA	NA
3. Mortality rate	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE

Particulars	As at March 31,2021		
	Gratuity (Unfunded)	Gratuity (funded)	Pension (Funded)
1. Discount rate	6.60%	6.97%	6.97%
2. Salary escalation			
-Management	7%	6%	6%
-Non Management	5%	6%	6%
3. Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2012-2014) Ultimate	Indian Assured Lives Mortality (2006-2008) Ultimate

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.

₹ crore

Increase/(Decrease) in Net benefit liability	As at March 31,2022			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (funded)	Pension
Impact on discount rate for 0.5% decrease in defined benefit obligation	0.30	0.08	4.38	27.57
Impact on discount rate for 0.5% increase in defined benefit obligation	(0.28)	(0.08)	(4.02)	(24.52)
Impact on salary escalation rate for 0.5% decrease in defined benefit obligation	(0.28)	-	(2.99)	(11.43)
Impact on salary escalation rate for 0.5% increase in defined benefit obligation	0.30	-	3.03	12.19

₹ crore

Increase/(Decrease) in Net benefit liability	As at March 31,2021			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (funded)	Pension
Impact on discount rate for 0.5% decrease in defined benefit obligation	0.21	2.03	3.41	40.48
Impact on discount rate for 0.5% increase in defined benefit obligation	(0.19)	(1.79)	(3.12)	(37.70)
Impact on salary escalation rate for 0.5% decrease in defined benefit obligation	(0.19)	(1.79)	(2.49)	(27.59)
Impact on salary escalation rate for 0.5% increase in defined benefit obligation	0.20	2.03	2.53	27.79

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.

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

₹ crore

Expected Future cashflows	As at March 31,2022			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
Year-1	0.21	0.29	6.15	12.03
Year-2	0.23	0.27	7.78	14.60
Year-3	1.18	0.27	6.09	12.05
Year-4	0.31	0.26	5.04	10.12
Year-5	0.34	0.26	4.91	9.92
Year 6- 10	7.75	1.42	26.28	48.41

₹ crore

Expected Future cashflows	As at March 31,2021			
	Gratuity (Unfunded)	Other Defined Benefit	Gratuity (Funded)	Pension
Year-1	1.85	0.00	0.54	117.87
Year-2	0.32	0.00	8.58	105.70
Year-3	0.17	0.00	8.01	104.26
Year-4	1.07	0.00	4.16	102.17
Year-5	0.17	0.00	4.64	99.38
Year 6- 10	3.90	0.04	18.82	452.02



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

NOTE 18 Other non current liabilities

- (a) Consumer contribution for work under progress
(b) Government grants
(c) Consumer contribution towards capital cost (Refer note below)

As at March 31,2022	As at March 31,2021
₹ crore	₹ crore
125.24	84.52
116.79	93.29
216.39	228.73
458.42	406.54

Total other non current liabilities

Note: Consumer Contribution towards capital cost is amortised to the statement of profit and loss to match with depreciation charged on assets created out of such contribution.

NOTE 19 Borrowings

(At amortised cost)

Secured

From Banks

Unsecured

(a) From Banks

(b) From related parties

Current Maturities of Non-current Borrowings

Total short-term borrowings

As at March 31,2022	As at March 31,2021
₹ crore	₹ crore
215.20	85.87
85.00	-
-	13.99
0.72	-
300.92	99.86

- 19.01 The above loans has been secured on first pari passu charge on entire current assets of the Company, both present and future excluding regulatory deposits and second pari passu charge over entire movable assets of the Company, both present and future, excluding assets transferred through the Vesting Order issued by the OERC.
- 19.02 The rate of interest from banks ranges from 5.30% to 5.60% (March 31, 2021 - 6.50% to 8.90%) and loan from others carries interest rate of 7.50% .
- 19.03 The Company has availed short term borrowings by earmarking term deposits.
- 19.04 The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts and there is no discrepancies
- 19.05 The Company has not used any of the borrowings from banks apart for the purpose for which it was taken .

NOTE 20 Trade payables

(At amortised cost)

- (a) Dues of Micro, Small and Medium Enterprises (MSME)
(b) Dues other than MSME

Total Trade payables

As at March 31,2022	As at March 31,2021
₹ crore	₹ crore
12.39	3.51
230.12	205.72
242.51	209.23

Trade Payables Ageing schedule as at March 31, 2022

₹ crore

Particulars	Outstanding for following periods from due date of payment*			Total
	Not Due	Less than 1Year	1-2 Years	
(i) Undisputed Trade Payables				
a) MSME	-	12.10	0.29	12.39
b) Others	-	174.23	55.89	230.12
(ii) Disputed Trade Payables	-	-	-	-

Trade Payables Ageing schedule as at March 31, 2021

₹ crore

Particulars	Outstanding for following periods from due date of payment*			Total
	Not Due	Less than 1Year	1-2 Years	
(i) Undisputed Trade Payables				
a) MSME	-	3.51	-	3.51
b) Others	-	205.72	-	205.72
(ii) Disputed Trade Payables	-	-	-	-

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



NOTE 21 Other financial liabilities - current

(At amortised cost)

- (a) Payable to Employees
- (b) Security Deposit from Consumer (Refer Note below)
- (c) Deposit - others
- (d) Government grants payable
- (e) Payable towards purchase of capital goods
- (f) Other liabilities (Refer Note 40.05)
- (g) Other payables

Total other financial liabilities - current

	As at March 31,2022	As at March 31,2021
	₹ crore	₹ crore
	44.74	29.77
	307.02	272.92
	0.85	0.01
	46.82	79.75
	44.66	1.30
	118.11	139.89
	48.09	73.50
	610.29	597.14

(i) 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 22 Other current liabilities

- (a) Statutory dues
- (b) Others

Total other current liabilities

	As at March 31,2022	As at March 31,2021
	₹ crore	₹ crore
	13.06	6.65
	0.58	1.63
	13.64	8.28

NOTE 23 Current tax liabilities (net)

Provision for taxes (net of advance tax paid ₹13.91 crores)

Total current tax liabilities (net)

	As at March 31,2022	As at March 31,2021
	₹ crore	₹ crore
	4.13	-
	4.13	-



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

NOTE 24 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.

24.01 Sale of power

Revenue from the supply of power is recognised net of any trade discounts, cash rebates, etc. when the power is supplied and units of electricity are delivered as it best depicts the value to the customer and 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 (the "Tariff Regulations") for distribution business and the Vesting Order passed by OERC, is entitled to recover its Annual Revenue Requirement (ARR) comprising of expenditure on account of power purchase costs, operations and maintenance expenses, financing cost and taxation and an assured return on equity subject to certain conditions. Any excess/shortfall in recovery of ARR over actual revenue billed to the customers is recognised as "Net movement in regulatory deferral balances" and accumulated in "Regulatory deferral account".

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.

24.02 Contribution for capital works

Consumer's contribution towards capital assets is recognised as liabilities. On the commissioning of the assets and/or installation of connection, an amount equivalent to the depreciation charge on such assets is reduced from such liabilities and recognised as income.

24.03 Revenue from operations

	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
(a) Revenue from power supply		
Sale of power	1,654.63	355.38
Less: Cash discount	14.71	2.07
Total Revenue from power supply	1,639.92	353.31
(b) Other operating revenue		
Recovery of meter rent	14.66	2.56
Transfer from Consumer Contribution for capital work	12.34	-
Miscellaneous revenue	19.22	0.99
Total Other operating revenue	46.22	3.55
Total Revenue from operations - (a+b)	1,686.14	356.86

24.04 Disaggregation of revenue

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

24.05 Contract balances

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

Particulars	As at March 31,2022	As at March 31,2021
	₹ crore	₹ crore
Receivables		
Trade receivables	435.15	199.68
Unbilled revenue for passage of time	121.11	83.03
Less : Allowances for doubtful receivables	20.08	3.53
Net receivables	536.18	279.18

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.



24.06 Transaction Price - Remaining performance obligation

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date. There are no remaining performance obligations outstanding as of March 31, 2022.

NOTE 25 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 realisation supported by an acknowledgement from customers.

Incentive on past arrears collection

As per terms of the OERC Vesting Order, the Company is entitled for incentive on past arrear collections pertaining to period prior to March 31, 2020. The Company's entitlement is based on the certain percentage of the past arrear collected by the Company. Income in respect of the Company's share of such incentive is recognized on actual realization of past arrears.

25.01 Other income**Interest income on:**

Term deposits carried at amortised cost

Other non-operating income

Delayed payment charges

Incentive on past arrears collection

Other income

Total Other income

	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
Term deposits carried at amortised cost	12.94	5.76
Delayed payment charges	8.51	4.42
Incentive on past arrears collection	17.25	9.08
Other income	10.60	4.91
Total Other income	49.30	24.17

NOTE 26 Cost of power purchased and transmission charges

(a) Power Purchase Cost

Less: Rebate on power purchase cost

(b) Transmission Charges

Less: Rebate on transmission charges

Total Cost of power purchased and transmission charges (a+b)

	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
(a) Power Purchase Cost	816.65	177.92
Less: Rebate on power purchase cost	8.68	1.12
	807.97	176.80
(b) Transmission Charges	109.68	22.37
Less: Rebate on transmission charges	1.08	0.42
	108.60	21.95
Total Cost of power purchased and transmission charges (a+b)	916.57	198.75

NOTE 27 Employee benefits expense

Salaries, wages and bonus

Contribution to provident and other funds (Refer Note 17)

Staff welfare expenses

Total Employee benefits expense

	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
Salaries, wages and bonus	214.14	41.74
Contribution to provident and other funds (Refer Note 17)	174.95	62.20
Staff welfare expenses	6.51	3.32
Total Employee benefits expense	395.60	107.26



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

NOTE 28 Accounting policy

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

28.01 Finance costs

	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
Interest on loans carried at amortised cost	13.84	1.49
Interest on consumer security deposits carried at amortised cost	11.92	3.15
Other borrowing costs	1.27	0.09
Total Finance costs	27.03	4.73

29 Other expenses

	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
Rental of land, buildings, plant and equipment, etc	2.46	0.15
Repair and maintenance-		
-Buildings and civil Works	5.97	0.07
-Plant and machinery	20.44	0.87
-Furniture, vehicles, etc	0.75	0.33
Contractual employees	132.55	13.34
Travelling	14.31	3.25
Metering, billing and collection	31.80	4.39
Legal and professional charges	13.42	1.60
Audit fees (Refer Note 29.01)	0.55	0.26
Allowance for doubtful receivables	16.55	3.53
Telephone expenses	1.44	0.15
Conveyance expenses	1.46	0.77
License fees	1.92	-
Insurance	3.54	0.00
Printing and stationery	0.91	0.09
Provision for contingencies	9.77	-
Corporate social responsibility (Refer Note 29.02)	0.34	-
Miscellaneous expenses	11.15	2.89
Total Other Expenses	269.33	31.69

29.01 Auditors Remuneration

Auditor's remunerations include as follows:

Particulars	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
(a) For statutory audit	0.51	0.24
(b) For tax audit	0.02	0.01
(c) For reimbursement of expenses	0.02	0.01
Total (including Goods and Services Tax)	0.55	0.26

29.02 Corporate social responsibility expenditure

	For the year ended March 31,2022	From December 25,2020 to March 31,2021
	₹ crore	₹ crore
a) Gross amount required to be spent by the Company during the year	0.34	-
b) Amount approved by the board to be spent during the year	0.34	-
c) Amount spent during the year in cash:		
(i) Construction/acquisition of asset	-	-
(ii) On purposes other than (i) above	0.34	-
d) Details related to spent / unspent obligations :		
i) Promoting health care, social welfare and women empowerment	0.34	-
ii) Unspent Amounts	-	-
	0.34	-

29.03 Short Term Leases

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



NOTE 30 Tax expenses**Accounting policy**

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

30.01 Current tax

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

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

30.02 Deferred Tax

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

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

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

Deferred tax relating to items 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 levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

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

(a) Income tax expenses recognised in the profit and loss :**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

For the year ended March 31,2022	From December 25,2020 to March 31,2021
₹ crore	₹ crore
18.04	-
2.56	(9.17)
20.60	(9.17)

(b) Income tax expenses recognised in the OCI:**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

For the year ended March 31,2022	From December 25,2020 to March 31,2021
₹ crore	₹ crore
-	-
(36.56)	-
(36.56)	-

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

Profit before income tax expense

Tax at the Indian tax rate of 25.17% *

Amount deductible under Income Tax Act

Net tax expense/(income)

89.63	13.25
22.56	3.33
1.96	12.51
20.60	(9.17)

*The rate used for calculation of Deferred Tax is 25.17% being statutory enacted rates as per Section 115BAA of the Income Tax Act, 1961 as at Balance Sheet date.

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.

Deferred Tax Asset/ (Liability) on account of :	₹ crore			
	Recognised in OCI	Recognised in Profit and Loss	Closing as at March 31,2022	Closing as at March 31,2021
Property plant and equipment	-	(25.74)	(19.49)	6.25
Provision for doubtful debts	-	4.16	5.05	0.89
Provision for employee liability	36.56	19.02	57.61	2.03
Total	36.56	(2.56)	43.17	9.17



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

NOTE 31 Other comprehensive income/(expenses) - OCI

Items that will not be reclassified to profit or loss

Remeasurements of the defined benefit plans (net of tax)
Net Movement in regulatory deferral balances

Total Other comprehensive income/(expenses)

For the year ended March 31, 2022	From December 25, 2020 to March 31, 2021
₹ crore	₹ crore
(42.13)	(66.56)
42.13	66.56
-	-

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

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

**NOTE 32 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 ICAI and based on the principles laid down under the relevant Tariff Regulations/Tariff Orders notified by the OERC and the actual or expected actions of the Regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments/accruals representing revenue gaps are carried forward as Regulatory deferral accounts debit/credit balances (Regulatory Assets/Regulatory Liabilities) as the case may be in the financial statements, which would be recovered/refunded through future billing based on future tariff determination by the regulator in accordance with the electricity regulations.

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

The Company presents separate line item in the Balance Sheet for regulatory deferral account balances.

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

Regulatory Deferral Account- Non current
Regulatory Assets

Total Regulatory Deferral Account- Non current

As at March 31, 2022	As at March 31, 2021
₹ crore	₹ crore
93.58	48.10
93.58	48.10

Rate Regulated Activities

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

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

As per the Vesting Order, the Aggregate Transmission and Collection loss (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 loss vis-a-vis fixed trajectory belongs to the Company and is not passed on to the consumer. The Company determines the amount of such gain/ loss based on basic power purchase cost and treats all other expenses including operation and maintenance expenses, employee cost, finance cost and tax expense as per prevailing Tariff Regulations and Tariff Orders while determining 'Regulatory Deferral Account Balance.'

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

	As at March 31, 2022	As at March 31, 2021
	₹ crore	₹ crore
(a) Opening Regulatory Assets/ (Liability)	48.10	-
(b) Regulatory Income/(Expenses) during the period		
(i) Power Purchase Cost including Transmission	937.53	203.50
(ii) Other expenses as per the terms of Tariff Regulations including Return on Equity	874.84	180.67
(iii) Available revenue including non tariff income etc	1,732.90	326.90
(iv) Deferred Tax on Regulatory Assets	(34.00)	(9.17)
Total	45.47	48.10
Regulatory Income/(Expenses) recognised in Statement of Profit and Loss	3.35	(18.45)
Regulatory Income/(Expenses) recognised in OCI	42.13	66.55
(c) Closing Regulatory Assets/ (Liability)	93.58	48.10

During the year, the OERC has issued a provisional true up order in respect of regulatory deferral balance of the Company for the period ended March 31, 2021. As stated in the True Up Order, the true up order is based only on the Tariff Regulation without considering the provision of the Vesting Order and subsequent orders/clarifications issued in this regard. The OERC has also stated that impact of the Vesting Order and subsequent orders/ clarifications issued in this regard will be considered in the final true up order to be issued in the subsequent year. Accordingly, regulatory deferral balance as approved in the true up order is at variance with that accounted for in the financial statements. Management is in the process of making necessary submission to the OERC and is of the view that there will not be any significant gap in the regulatory deferral balance approved by the OERC in the final order vis-a-vis the balance accounted in the financial statements.



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

NOTE 33 Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).

As at March 31, 2022	As at March 31, 2021
₹ crore	₹ crore
97.24	1.06
97.24	1.06

As per terms of the Vesting Order, cumulative capital expenditure of ₹227 crores has been committed for the first year of operation. Further, commitment in respect of AT&C losses and past arrear collection have also been stated in the Vesting Order.

NOTE 34 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.

As at March 31, 2022	As at March 31, 2021
₹ crore	₹ crore

34.01 Claims against the Company not acknowledged as debts:

Legal cases filed by consumers, employees and others under litigation

24.20 34.47

34.02 Indirect taxation matters relating to Service Tax/GST where demand is under contest before judicial/apellate authorities

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

14.40 13.21

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

34.04 As per terms of the Vesting Order, all litigations pertaining to SOUTHCO and SOUTHCO Utility have been transferred to the Company. In case of any unfavourable outcome related to those litigation, the Company will be able to recover the amount through Aggregate Revenue Requirement.

NOTE 35 Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	₹ crore	
	As at March 31, 2022	As at March 31, 2021
(a) Principal amount remaining unpaid	26.64	3.51
(b) Interest due thereon	0.06	0.02
(c) The amount of Interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(d) The amount of Interest due and payable for the year	0.06	0.02
(e) The amount of Interest accrued and remaining unpaid	0.06	0.02
(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, for the purpose of disallowance under section 23.	(0.00)	-

NOTE 36 Earnings per equity share (EPS)

Accounting policy

Basic earnings per equity share has been computed by dividing the net profit 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 equity share is computed by dividing the net profit for the reporting period attributable to equity shareholders of the Company as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares by the weighted average number of equity shares outstanding during the reporting period as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

The Company also presents Basic Earnings per equity share in accordance with Ind AS 114, "Regulatory Deferral Accounts" which is computed by dividing the profit 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 net profit 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.

36.01 EPS (excluding regulatory income/expense) (Not Annualized)

Particulars	Units	For the year ended March 31, 2022	From December 25, 2020 to March 31, 2021
		₹ crore	₹ crore
(a) Profit for the year/period	₹ crore	69.03	22.42
(b) Net movement in regulatory deferral account balance	₹ crore	3.35	(18.45)
(c) Income-tax attributable to regulatory expenses	₹ crore	(0.84)	4.64
(d) Net movement in regulatory deferral account balance (net of tax)	₹ crore	2.51	(13.81)
(e) Profit for the year/period attributable to equity shareholders before net movement in regulatory deferral account balance	₹ crore	66.53	36.23
(f) Weighted average number of equity shares	Nos. in Crore	20.01	18.55
(g) Basic and diluted earnings per equity share of ₹10 each - (e/f)	₹	3.32	1.95
(h) Face value of equity shares	₹	10.00	10.00

36.02 EPS (including regulatory income/expense) (Not Annualized)

Particulars	Units	For the year ended March 31, 2022	From December 25, 2020 to March 31, 2021
		₹ crore	₹ crore
(a) Profit for the year/ period after net movement in regulatory deferral balances attributable to equity shareholders	₹ crore	69.03	22.42
(b) Weighted average number of equity shares	Nos. in Crore	20.01	18.55
(c) Basic and diluted earnings per equity share of ₹10 each - (a/b)	₹	3.45	1.21
(d) Face value of equity shares	₹	10.00	10.00



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

NOTE 37 Related party disclosures

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

Holding Company

The Tata Power Company Limited (TPCL)

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

Tata Sons Private Limited (Tata Sons)

C. Company exercising significant influence

GRIDCO Limited

D. Fellow Subsidiaries (with whom Company has transactions)

Tata Power Delhi Distribution Ltd (TPDDL)
Maithon Power Ltd (MPL)
Walwhan Renewable Energy Ltd (WREL)
Coastal Gujarat Power Ltd (CGPL)
TP Central Odisha Distribution Limited (TPCODL)
TP Northern Odisha Distribution Limited (TPNODL)
TP Western Odisha Distribution Limited (TPWODL)
Tata Power Solar Systems Limited

E. Subsidiaries of Promoter Group (where transactions have taken place during the year or previous year / balances outstanding):

Tata Consultancy Services Limited
Tata AIG General Insurance Company Ltd.
Tata Advanced Systems Limited

F. Related parties with whom transactions have taken place during the year

Joint Venture of Holding Company

Industrial Energy Ltd (IEL)

G. Post retirement employee benefit trust

SOUTHCO Employees Pension Trust
SOUTHCO Employees Gratuity Fund Trust
SOUTHCO Employees Rehabilitation Assistance Fund Trust
SOUTHCO Employees Provident Fund Trust

H. Key management personnel

Non-executive directors

Mr. Suresh Chandra Mahapatra
Mr. Nikunja Bihari Dhal
Dr. Praveer Sinha
Mr. Trilochan Panda
Mr. Sanjay Kumar Banga
Mr. Kesava Menon Chandrasekhar
Mr. Arup Ghosh
Mr. Nipun Aggarwal
Mr. Umakanta Sahoo (w.e.f July 06, 2021)

Independent directors

Mr. Kailash Nath Shrivastava
Mrs. Aditi Raja
Mr. Arun Kumar Panda
Mr. Ashok Kumar Tripathy

Related party transactions

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

a. Particulars of transactions with the related parties

₹ crore

S No.	Particulars	Nature of transactions	For the year ended March 31, 2022	From December 25, 2020 to March 31, 2021
1	Receiving of Services & Reimbursement of Expenses			
	Tata Power Delhi Distribution Ltd (TPDDL)	Deputation of Employees	1.75	0.20
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of Expenses	0.04	0.23
	The Tata Power Company Limited (TPCL)	Deputation of Employees	0.87	-
	The Tata Power Company Limited (TPCL)	Reimbursement of Expenses	0.04	-
	GRIDCO Limited	Power purchase expenses net of rebate	807.98	176.80
	TP Central Odisha Distribution Limited (TPCODL)	Consultancy services	1.18	-
	Tata AIG General Insurance Company Limited	Insurance expenses	2.33	-
2	Purchase of property, plant and equipments and intangibles			
	Tata Power Delhi Distribution Ltd (TPDDL)	Purchase of property, plant and equipment	0.09	0.40
	Tata Consultancy Services (TCS)	Purchase of intangibles	4.66	-
3	Loan/Advance repaid during the year			
	TP Northern Odisha Distribution Limited (TPNODL)	Loan/Advance repaid during the year	16.70	-
4	Repayment of advance received during the year			
	TP Western Odisha Distribution Limited (TPWODL)	Repayment of advance received during the year	5.05	-
5	Gratuity			
	Coastal Gujarat Power Ltd (CGPL)	Reimbursement of gratuity for the employees transferred	-	0.09
	Industrial Energy Ltd (IEL)	Reimbursement of gratuity for the employees transferred	-	0.05
	Maithon Power Ltd (MPL)	Reimbursement of gratuity for the employees transferred	-	0.16
	The Tata Power Company Limited (TPCL)	Reimbursement of gratuity for the employees transferred	0.54	1.88
	Walwhan Renewable Energy Ltd (WREL)	Reimbursement of gratuity for the employees transferred	-	0.06
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of gratuity for the employees transferred	1.38	-
	Tata Advanced Systems Limited	Reimbursement of gratuity for the employees transferred	0.02	-
	Tata Power Solar Systems Limited	Reimbursement of gratuity for the employees transferred	0.02	-
6	Compensated Absences			
	Tata Power Delhi Distribution Ltd (TPDDL)	Reimbursement of leave salary for the employees transferred	0.18	0.89
	Coastal Gujarat Power Ltd (CGPL)	Reimbursement of leave salary for the employees transferred	-	0.07
	Industrial Energy Ltd (IEL)	Reimbursement of leave salary for the employees transferred	-	0.03
	Maithon Power Ltd (MPL)	Reimbursement of leave salary for the employees transferred	-	0.10
	The Tata Power Company Limited (TPCL)	Reimbursement of leave salary for the employees transferred	0.16	0.36
	Walwhan Renewable Energy Ltd (WREL)	Reimbursement of leave salary for the employees transferred	-	0.03
	Tata Power Solar Systems Limited	Reimbursement of leave salary for the employees transferred	0.02	-



S No.	Particulars	Nature of transactions	For the year ended March 31,2022	From December 25,2020 to March 31,2021
7	Transaction with Trust SOUTHCO Employees Pension Trust SOUTHCO Employees Gratuity Fund Trust SOUTHCO Employees Rehabilitation Assistance Fund Trust SOUTHCO Employees Provident Fund Trust	Contribution towards Pension Contribution towards Gratuity Contribution towards Rehabilitation Assistance Contribution towards Provident Fund	114.08 17.19 0.62 10.26	24.20 3.93 0.16 3.40
8	Share Capital The Tata Power Company Limited (TPCL) GRIDCO Limited	Issue of equity shares Issue of equity shares	- -	102.00 98.00
9	The Tata Power Company Limited (TPCL) GRIDCO Limited	Issue of right shares Issue of right shares for consideration other than cash	24.45 23.49	- -
	Total		1,033.10	413.04

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

S No.	Particulars	Nature of transactions	As at March 31,2022	As at March 31,2021
1	Share Capital The Tata Power Company Limited (TPCL) GRIDCO Limited	Issue of Equity Shares Issue of Equity Shares	126.45 121.49	102.00 98.00
2	Trade Payable Tata Power Delhi Distribution Ltd (TPDDL) GRIDCO Limited The Tata Power Company Limited (TPCL) TP Central Odisha Distribution Limited (TPCODL)	Property Plant and Equipment, Annual Leave and Reimbursement of expenses Power Purchase Cost Deputation cost and reimbursement of expenses Consultancy services	0.66 82.13 0.89 1.08	0.79 119.37 - -
3	Receivable for Gratuity and Annual Leave The Tata Power Company Limited (TPCL) Waiwhan Renewable Energy Ltd (WREL) Industrial Energy Ltd (IEL) Maithon Power Ltd (MPL) Coastal Gujarat Power Ltd (CGPL)	Gratuity and annual Leave Gratuity and annual Leave Gratuity and annual Leave Gratuity and annual Leave Gratuity and annual Leave	2.94 - 0.08 - -	2.24 0.10 0.08 0.26 0.16
4	Loans and advances payable TP Northern Odisha Distribution Limited (TPNODL)	Loans and advances payable	-	16.59
5	Loans and advances receivable TP Western Odisha Distribution Limited (TPWODL)	Loans and advances receivable	-	5.05
6	Other financial liabilities - current GRIDCO Limited	Payable towards collection of arrears	25.40	104.67
	Total		361.12	449.31



TP SOUTHERN ODISHA DISTRIBUTION LIMITED
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 has been disclosed in Note 3 of the financial statements.

(i) Accounting classifications

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

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

- The carrying amounts of trade receivables, cash and cash equivalents, short term deposits, trade payables, payables for acquisition of property, plant and equipment, short term loans from banks, financial institutions and others are considered to be the same as their fair values, due to their short-term nature. Most financial assets and liabilities of the Company as at the balance sheet date are short term having fair value equal to amortised cost.
- The fair value of other non current financial assets, other current financial liabilities and other non-current financial liabilities is estimated by discounting future cash flow using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) Fair Value measurements

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

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

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

Level 3: Unobservable inputs from assets and liability

As at March 31,2022

Particulars	Carrying Value	FVTPL	Classification		Fair Value		
			FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial assets							
Trade receivables	415.07	-	-	415.07	-	-	-
Unbilled revenue	121.11	-	-	121.11	-	-	-
Other financial assets	96.75	-	-	96.75	-	-	-
Cash and cash equivalents	177.05	-	-	177.05	-	-	-
Bank Balances other than above	423.05	-	-	423.05	-	-	-
	<u>1,233.03</u>			<u>1,233.03</u>			
Financial Liabilities							
	Carrying Value	FVTPL	Classification	Amortised Cost	Level 1	Level 2	Level 3
			FVTOCI				
Borrowings	340.21	-	-	340.21	-	-	-
Trade payables	242.51	-	-	242.51	-	-	-
Other financial liabilities	636.58	-	-	636.58	-	-	-
	<u>1,219.30</u>			<u>1,219.30</u>			

As at March 31,2021

Particulars	Carrying Value	FVTPL	Classification		Fair Value		
			FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
Financial assets							
Trade receivables	196.15	-	-	196.15	-	-	-
Unbilled revenue	83.03	-	-	83.03	-	-	-
Other financial assets	110.60	-	-	110.60	-	-	-
Cash and cash equivalents	94.25	-	-	94.25	-	-	-
Bank Balances other than above	377.83	-	-	377.83	-	-	-
	<u>861.86</u>			<u>861.86</u>			
Financial Liabilities							
	Carrying Value	FVTPL	Classification	Amortised Cost	Level 1	Level 2	Level 3
			FVTOCI				
Borrowings	99.86	-	-	99.86	-	-	-
Trade payables	209.23	-	-	209.23	-	-	-
Other financial liabilities	607.76	-	-	607.76	-	-	-
	<u>916.85</u>			<u>916.85</u>			

(iii) Capital Management & Gearing Ratio

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

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

Particulars	As at	As at
	March 31,2022	March 31,2021
	₹ crore	₹ crore
Long-term borrowings	39.29	-
Current maturities of long-term borrowings	0.72	-
Short-term borrowings	300.20	99.86
Total debt (a)	340.21	99.86
Less: Cash and bank balances (b)	177.05	94.25
Net debt {(c)=(a-b)}	163.17	5.60
Total equity (d)	339.39	222.42
Total equity and net debt {(e)=(c+d)}	502.56	228.02
Net debt to total equity and net debt ratio (%) {(f)=(c)/(e)}	32.47	2.46

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 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.



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

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

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

(v) **Market Risk**

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

(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	As at
	March 31, 2022	March 31, 2021
	₹ crore	₹ crore
(a) Trade receivables	415.07	196.15
(b) Unbilled revenue	121.11	83.03
(c) Other financial assets	96.75	110.60
(d) Cash and cash equivalents	177.05	94.25
(e) Bank Balances other than above	423.05	377.83
Total	1,233.03	861.86

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	₹ crore			
	Upto 1 year	1 to 5 years	5+ years	Total
As at March 31, 2022				
(a) Long Term Borrowing (including current maturities and interest)	3.47	25.46	32.55	61.48
(b) Trade payables	242.51	-	-	242.51
(c) Short term borrowings	300.20	-	-	300.20
(d) Other financial liabilities	610.29	26.29	-	636.58
	1,156.47	51.75	32.55	1,240.77
As at March 31, 2021				
(a) Trade payables	209.23	-	-	209.23
(b) Short term borrowings	99.86	-	-	99.86
(c) Other financial liabilities	597.14	10.62	-	607.76
	906.23	10.62	-	916.85

As at the balance sheet date, the Company has cash and bank balances of ₹ 177.05 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 and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.



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

NOTE 39 Financial Ratios

Sl No	Ratios	Numerator	Denominator	As at March 31,2022	As at March 31,2021	% of Variance	Reason for Variance
1	Current Ratio	Current assets	Current liabilities	99.49%	84.14%	18.24%	The variance is not greater than 25%
2	Debt-equity ratio	Total borrowings (including accrued interest thereon)	Total equity	1.00	0.45	123.27%	The ratio has increased due to availment of short term borrowings to meet the Company's working capital requirement and availment of long term borrowings to fund the capital expenditure.
3	Debt service coverage ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
4	Return on equity	Net Profit after taxes	Average Total Equity	24.58%	42.46%	-42.12%	a) Lower incentive on past arrear collection in the current year as compared to corresponding period of previous year. b) Equity infusion in the current year resulting in lower RoE in current year as compared to previous year.
5	Inventory turnover ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
6	Trade receivables turnover ratio	Revenue	Average Accounts Receivables	5.31	14.30	-62.85%	Lower trade receivable turnover ratio for the current year is account of lower collection efficiency as compared to previous year
7	Trade payables turnover ratio	Power Purchase	Average Accounts Payable towards Power Purchases	6.02	5.96	1.03%	The variance is not greater than 25%
8	Net capital turnover ratio	Revenue	Average Working Capital	(22.06)	(19.46)	13.39%	The variance is not greater than 25%
9	Net profit ratio	Net Profit after taxes	Revenue including net movement in regulatory deferral balances	4.09%	6.62%	-38.32%	Lower incentive on past arrear collection in current year as compared to corresponding period of previous year.
10	Return on capital employed	Earnings before interest and taxes	Average Capital Employed	20.91%	17.06%	22.56%	The variance is not greater than 25%
11	Return on investment	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable



NOTE 40 Business Combinations

40.01 Summary of Business Combinations

The Company has been incorporated on December 25, 2020 under the Companies Act, 2013 (as amended). Pursuant to Vesting Order issued by the Odisha Electricity Regulatory Commission ("OERC") dated December 28, 2020 ("Vesting Order"), the Company acquired the business of distribution of power in Southern Odisha ("Business") from the SOUTHCO Utility with effect from January 1, 2021 ("Vesting Date"). Accordingly, the Company is a licensee to carry out the function of distribution and retail supply of electricity in the Southern Odisha for a period of 25 years effective from January 1, 2021.

While preparing the financial statements for the period ended March 31, 2021, the Company had accounted for business combination using provisional fair values. Since then, the Company has received the Carve Out Order dated November 26, 2021 clarifying identification of assets and liabilities of the SOUTHCO Utility to be transferred to the Company and carrying values of those assets and liabilities. The Company has also completed fair valuation of assets and liabilities acquired. This has resulted in below changes in the assets and liabilities acquired. There is no change in goodwill recognised on the acquisition. As per the terms of the Vesting Order read with the Carve Out Order, the Company is entitled to net assets having carrying amount of ₹200.00 crores and a fixed return on its investment of ₹200.00 crores. Further, the Company will be compensated, in an appropriate manner, against any subsequently identified surplus/ deficit in the Vesting Date carrying amount of assets and liabilities transferred to the Company.

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

The Company has accounted for this acquisition as a business combination in accordance with Ind AS 103 - "Business Combinations". The acquisition date of business combination is January 01, 2021. Total purchase consideration for the acquisition of this business is ₹200 crores.

Particulars	₹ crore
Equity Shares Issued	200.00
Fair value of net assets acquired (Refer note below)	200.00
Goodwill	-

The Company has issued 20,00,00,000 equity shares at a price of ₹10 each as part of the purchase consideration.

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

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

Particulars	Provisional fair values reported in previous year	Fair values based on purchase price allocation	Change in acquisition values
	₹ crore	₹ crore	₹ crore
A. ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	423.99	644.83	220.84
(b) Capital Work-in-Progress	349.92	72.85	(277.07)
(c) Financial Assets			
Other Financial Assets	22.31	55.56	33.25
(d) Other Non-current Assets	2.78	5.49	2.71
Total Non-current Assets	799.00	778.73	(20.27)
Current Assets			
(a) Inventories	6.96	7.23	0.27
(b) Financial Assets			
(i) Trade Receivables	-	266.91	266.91
(ii) Cash and Cash equivalents	134.23	132.57	(1.66)
(iii) Bank Balance other than (ii) above	304.10	304.16	0.06
(iv) Other Financial Assets	10.84	10.75	(0.09)
(c) Other Current Assets	11.27	7.01	(4.25)
Total Current Assets	467.40	728.63	261.24
TOTAL ASSETS (A)	1,266.40	1,507.36	240.97
B. LIABILITIES			
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
Other Financial Liabilities	27.59	11.41	(16.18)
(b) Other Non-Current Liabilities	424.86	404.35	(20.51)
Total Non-current Liabilities	452.45	415.76	(36.69)
Current Liabilities			
(a) Financial Liabilities			
(i) Secured Borrowings	172.98	172.98	-
(ii) Trade Payables	139.54	168.24	28.70
(iii) Other Financial Liabilities	291.40	545.82	254.42
(b) Other Current Liabilities	10.03	4.58	(5.45)
Total Current Liabilities	613.95	891.61	277.66
TOTAL LIABILITIES (B)	1,066.40	1,307.36	240.97
C Net Assets Acquired (A-B)	200.00	200.00	0.00



40.04 Trade Receivables

Trade receivables amounting to ₹266.63 Crores have been transferred to the Company as part of business combination.

40.05 Additional explanations to liability assumed

The Carved Out Order dated November 26, 2021 issued by the OERC acknowledges that underlying details are not available for these assets and liabilities. In accordance with the Carve Out Order, these amounts have been transferred to the Company and will continue to be its liabilities. The Company shall obtain Commissioner's approval for all the liabilities pertaining to the period on or before December 31, 2020 as and when they are settled. For liabilities already settled before the date of the Carved Out Order, the Company shall obtain the post facto approval. These liabilities need to be verified through an external agency. Once verified, the Company is obliged to discharge the same upon the OERC approval. These liabilities cannot be written off without the Board and the OERC approval. Pending legal release, the Company continues to recognise these liabilities at the state amounts reflecting acquisition date fair values. In accordance with the Vesting Order, any change in the value of assets and liabilities transferred on account of the reconciliation / resolution of the above matters and / or any other matter identified in future will be allowed to be recovered by the Company in the manner specified in the Vesting Order, viz., by way of future tariff adjustment or adjustment to the grant liability. Hence, the Company believes that the reconciliation / resolution of the above matters will not have any impact on the financial position and financial performance of the Company as reflected in the financial results.

For the following liabilities, the acquisition date records are incomplete and under reconciliation:

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

(b) Payable details are not available for the following items:

- (i) Sundry Creditors for Expenses amounting to ₹4.74 crores;
- (ii) Advance payment/deposit from suppliers/contractors/consumers for capital works amounting to ₹81.99 crores;
- (iii) Other liabilities amounting to ₹27.92 crores; and
- (iv) Creditors for Capital Account amounting to ₹3.46 crores.

(c) The Company, with the SOUTHCO Utility management and the help/guidance of the OERC, is in the process of reconciling/ resolving the above matters and adjustments, if any, will be recognized post reconciliation and resolution of the matters. As stated above, the Vesting Order provides that any change in the value of assets and liabilities transferred on account of the reconciliation / resolution of the above matters and/ or any other matter identified in future will be allowed to be recovered by the Company in the manner specified in the Vesting Order. Hence, the Company believes that the reconciliation/ resolution of the above matters will not have any impact on the financial position and financial performance of the Company as reflected in the financial statements. During the period up to March 31, 2022, the Company paid to the Vendors to the tune of ₹21.78 crores against the opening transferred liabilities and is in the process of seeking post facto approval from the Commission.



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

NOTE 41 Segment Reporting

The Company is engaged in the business of distribution of power in Southern Odisha. Chief Operating Decision Maker (CODM) reviews the financial information of the Company as a whole for decision making and allocation of resources. Accordingly, the Company has a single reportable segment and no segment information has been provided. There is no consumer from whom the Company has not earned more than 10% of revenue.

NOTE 42 Social Security Code

The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 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 the said Code becomes effective and the rules framed thereunder are notified.

There were many interpretative issues relating to the Supreme Court (SC) judgement dated February 28, 2019 on Provident Fund (PF) as regards definition of PF wages and inclusion of certain allowances for the purpose of PF contribution, as well as effective date of its applicability. The Company will evaluate its position, in case there is any other interpretation issued in future either in form of Social Security Code 2020, or by authorities concerned under the Employees' Provident Funds and Miscellaneous Provisions Act.

NOTE 43 Disclosure regarding details of assets created with Government Fund and used by the Company

As per details provided by the Odisha Power Transmission Company Limited (OPTCL) vide e-mail dated April 25, 2022, certain assets were created for SOUTHCO Utility through different schemes formed by the Government and executed by OPTCL. Based on details shared by OPTCL, the carrying amount (on provisional basis) of such assets as at March 31, 2022 is ₹ 1,496.23 crores for completed assets and ₹ 264.18 crores for work in progress (WIP). These are subject to detailed verification and reconciliation by various authorities.

The ownership of these assets has not been transferred to the Company; however, the Company continues 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 of the assets as provided by OPTCL are given below:

Name of Scheme	Completed	WIP	₹ crore
			Total
Odisha Distribution System Strengthening Project (ODSSP)	*534.46	224.50	758.96
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	395.08	-	395.08
Integrated Power Development Scheme (IPDS)	241.64	-	241.64
Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Soubhagya)	267.75	-	267.75
Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)	11.59	-	11.59
Odisha Dedicated Agriculture and Fishery Feeder Project (ODAFFP)	* -	6.55	6.55
Biju Gram Jyoti Yojana (BGJY-OPTCL DTR)	45.71	-	45.71
Integrated Power Development Scheme-IT (IPDS-IT-Phase-II)	-	33.13	33.13
Total	1,496.23	264.18	1,760.41

During the year, GRIDCO Limited has transferred assets having fair value of ₹ 23.49 crores to the Company against its share in equity contribution.

NOTE 44 Statement of past arrear collection and utilisation of proceeds

As per the Vesting Order, entire 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 SOUTHCO Utility. Based on information and records maintained, the Company has made below collections and payments during the period ended March 31, 2022:

Particulars	₹ crore		Total
	Prior to March 31, 2020 (April-Mar'22)	Prior to March 31, 2020 (Jan-Mar'21)	
Gross Collection from consumers (including electricity duty) - (A)	88.45	49.42	137.87
Less : Incentive earned as per the Vesting Order - (B)	(17.25)	(9.08)	(26.33)
Net Collection - (A+B)	71.20	40.34	111.54
Payments related towards Power Purchase and Incentive			
Bulk Supply Payment to GRIDCO Limited against the opening liabilities transferred	74.15	24.72	98.87
Bulk Supply Payment to GRIDCO Limited for bill of Dec'2021	-	53.32	53.32
Transmission Charges payment to OPTCL	-	6.77	6.77
SLDC Charges	-	0.05	0.05
Payment made to Gridco for past arrear collection (net of incentive, electricity duty, TDS and GST)	86.14	-	86.14
Total Payments	160.29	84.86	245.15

NOTE 45 Other Statutory Information

- (i) During the previous year, the Company has acquired power distribution business from SOUTHCO Utility and accounted for property, plant and equipment (PPE) as well other current and non-current assets/ liabilities acquired at the acquisition date and at 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. Further, the Company has not revalued its PPE or any other assets.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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).
- (vi) The Company has not been declared as willful defaulter by any bank or financial institution or other lender.
- (vii) 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 the Companies Act, 1956.
- (viii) The Company has neither traded nor it holds any investment in Crypto currency or Virtual Currency.



- (ix) The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (x) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries), or
 - (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (xi) 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).

NOTE 46 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 47 Approval of Financial Statements

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

NOTE 48 Previous year figures are regrouped or rearranged wherever required.

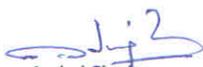
For **S R B C & CO LLP**
Chartered Accountants
ICAI FRN: 324982E/E300003


per **Vishal Bansal**
Partner
Membership No. 097546
Date: 28/04/2022
Place: Mumbai



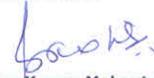
For **A K Sabat & Co.**
Chartered Accountants
ICAI FRN: 321012E


per **A K Sabat**
Partner
Membership No. 030310
Date: 28/04/2022
Place: Bhubaneswar

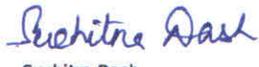

Arvind Singh
Chief Executive Officer
Place: Berhampur

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


Praveer Sinha
Director
DIN: 01785164
Place: Mumbai


Bijay Kumar Mohanty
Chief Financial Officer
Place: Berhampur


Sanjay Banga
Director
DIN: 07785948
Place: Mumbai


Suchitra Dash
Company Secretary
Place: Berhampur

