

The Board of Directors
Tata Power Delhi Distribution Limited
NDPL House, Hudson Lines, Kingsway Camp,
New Delhi-110009

Sub: Independent Auditor's certificate of impact on account of implementation of recommendations of 7th Pay Commission in respect of erstwhile DVB employees

A. Introduction and Background

This certificate of impact, up to 31st March 2021, on account of implementation of recommendations of 7th Pay Commission in respect of the erstwhile DVB (Delhi Vidyut Board) employees i.e. employees of the Company under FRSR (Fundamental Rules & Supplementary Rules), has been issued at the request of Tata Power Delhi Distribution Limited (the Company) for the purpose of submission to Delhi Electricity Regulatory Commission (DERC).

The Company has revised the pay structure and allowances of the erstwhile DVB employees w.e.f. 1st January 2016 (effective date of implementation) on account of implementation of the recommendations of 7th Pay Commission. In order to revise the pay structure, the company has considered the final recommendations of the Wage Revision Committee (WRC) along with the changes therein as approved by Department of Power, Govt. of NCT of Delhi and Office Order No. F.DTL/108/04(xv)/WRC/2020-HR(Policy)/932 dated 24th July 2020 issued by Delhi Transco Limited (DTL). The recommendations contained in these documents have been rationalized by the management, to align the same with the levels, designation, pay structure etc. of the Company. Further, the Company has inserted 03 new pay levels (Level 9A, 9B and 11A) in the pay matrix contained in DTL's order.

The criteria approved by the management of the Company for revision of pay structure, as mentioned above, are contained in the following documents:

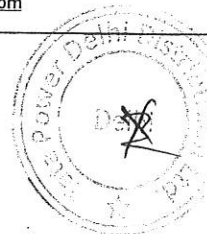
- Office Order No. IC/HR/2020-21/1200 dated 9th October 2020 for revision of pay scales
- Office Order No. IC/HR/2020-21/1232 dated 9th March 2021 for granting Non-Functional Selection Grade (NFSG) to the eligible employees
- Internal emails of the Company dated 28th November 2020 and 28th December 2020 for decision and clarification on few matters for implementation of revised pay structure

The company has incorporated the revised pay structure in monthly payroll processing from January 2021 onwards and computed the arrears for the period from 1st January 2016 to 31st December 2020. However, in respect of following, the Company has not finalized the arrears amount:



T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office/ Regd. Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com



- a. Employees retired/ deceased prior to 31st December 2020
- b. Grant of Non-Functional Selection Grade (NFSG) to the eligible employees in accordance with office order dated 9th March 2021
- c. Employees who have opted for Voluntary Separation Scheme (VSS) prior to 31st December 2020
- d. Suspended/ absconding employees,
- e. Leave Salary Contribution (LSC) and Pension Contribution (PC),

In respect of above, the Company has made payment towards interim relief during the period from 1st January 2016 to 31st December 2020 which has been booked as expense and has also made provision in the books of accounts during March 2021 for balance arrear amount on estimated basis. Final impact in this respect is yet to be determined.

The impact on salary for the period Jan'21-Mar'21 of Rs. 13.59 Crores on account of implementation of recommendations of 7th Pay Commission has been computed by comparing the salary for the months of Jan'21, Feb'21 and Mar'21 with the amount for the month of Dec'20 i.e. salary for Dec'20 before giving the effect of revised pay structure. Further, the impact on LSC and PC Contribution for the period Dec'20-Mar'21 of Rs. 6.25 Crores has been computed by comparing the LSC and PC Contribution for the months of Dec'20, Jan'21, Feb'21 and Mar'21 with the corresponding amounts for the month of Nov'20 i.e. contributions for Nov'20 before giving the effect of revised pay structure.

B. Management's Responsibility

The Company's management is responsible for implementation of the recommendations of 7th Pay Commission in accordance with the orders, letters, circulars and other communications as described in Point A above including preparation and maintenance of all accounting and other relevant supporting records and documents for the same.

The management is also responsible for preparation of the accompanying statement (**Annexure-1**) showing amount of arrears calculated by the Company, the amounts paid by the Company and provisions made in the books of accounts during March 2021.

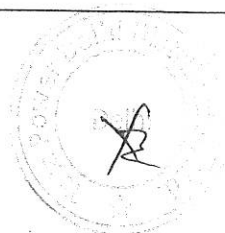
C. Auditors' Responsibility

Our responsibility is to provide reasonable assurance in the form of an opinion as to whether the amounts in the accompanying statement are in agreement with the books of accounts and other related records of the Company based on our examination of books of accounts, documents and information and explanation provided to us by the management of the Company.



T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office/ Regd. Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com



D. Verification Methodology

For the purpose of this certificate, we have planned and performed the following procedures:

- a) Obtained employee wise details of monthly arrears calculated by the company and interim relief paid by the company to the employees.
- b) Verified, on test check basis, the arrears calculated by the management based on the office orders/ clarifications issued by the company as mentioned in Point a, b and c of Para A above and further information and explanations provided to us by the management in this regard.
- c) Obtained the monthly salary sheets of FRSR employees for the period from January 2016 to December 2020 and verified, on test check basis, the amount paid by the company to its employees (including interim relief), during the abovementioned period
- d) Obtained the salary sheets of FRSR employees for the months in which arrear payments have been made to the continuing employees and verified, on test check basis, the amount of arrears paid with the arrears computed by the company
- e) In respect of employees who had opted for Voluntary Separation Scheme (VSS), obtained and verified, on test check basis, the interim relief payments made by the company to the SVRS RTBF-2004.
- f) Verified from the books of accounts of the Company, the provision made during Mar'21 in respect of arrears of employees retired/ deceased prior to 31st December 2020, Leave Salary Contribution (LSC) and Pension Contribution (PC).
- g) Reviewed the calculation made by the Company for the impact on salary for the period Jan'21-Mar'21 and impact on LSC and PC Contribution for the period Dec'20-Mar'21 on account of implementation of recommendations of 7th Pay Commission

We have performed the audit procedures in accordance with the Guidance Note on Audit Reports and Certificates for Special Purpose issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.



T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office/ Regd. Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com



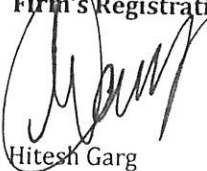
E. Opinion

Based on our examination methodology mentioned in Para D above, and according to the information and explanation given to us, we are of the opinion that the impact on account of implementation of 7th Pay Commission calculated and summarized by the Company, **Annexure-1**, is in agreement with the books of accounts, other related records of the company.

F. Restriction on Distribution or Use

This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to DERC and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent.

For T R Chadha & Co LLP
Chartered Accountants
Firm's Registration No.: 006711N/ N500028


Hitesh Garg

Partner

Membership No.: 502955



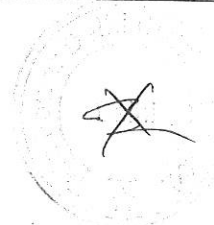
Place: New Delhi

Date: 29th November 2021

UDIN: 21502955AAAAGN2766

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

Corporate Office/ Regd. Office : B-30, Connaught Place, Kuthiala Building, New Delhi - 110001
Phone : 43259900, Fax : 43259930, E-mail : delhi@trchadha.com



Tata Power Delhi Distribution Limited
Annexure 1 to certificate towards impact on account of implementation of recommendations of 7th Pay Commission

Description	Year/ Period	Note Ref	Interim Relief Paid upto Dec'20 (A)	Amount Paid during Jan-Mar'21 (B)	Provision made in books of accounts upto 31st March 2021 (C)	Amount Rs. In Crores	
						Gross Impact on account of Implementation of 7 th Pay Commission (D=A+B+C)	
Employees Active as on 1st Jan 2021	2015-16**	Note-1					4.42
	2016-17	Note-1	33.10	16.36	-		16.12
	2017-18	Note-1					28.92
	2018-19	Note-1	28.00	11.34	-		39.34
	2019-20	Note-1	37.23	11.30	-		48.53
	2020-21	Note-1	29.36	22.80	-		52.16
Impact of NFSG for Employees Active as on 1st Jan 2021	Jan'16-Mar'21	Note-2	-	-	14.83		14.83
Employees separated during Jan 2016- Dec 2020	2015-16**	Note-2					
	2016-17	Note-2	10.12	-			
	2017-18	Note-2					
	2018-19	Note-2	4.98	-	6.86		26.02
	2019-20	Note-2	3.37	-			
	2020-21^	Note-2	0.69	-			
VSS Employees	2015-16**	Note-2					
	2016-17	Note-2					
	2017-18	Note-2	0.20	-			
	2018-19	Note-2	0.10	-			0.45
	2019-20	Note-2	0.10	-			
	2020-21^	Note-2	0.05	-			
Suspended/ Absconding Employees	2017-18	Note-2	0.04	-	-		0.04
Leave Salary Contribution and Pension Contribution	Jan'16-Mar'21	Note-2	-	6.25	84.69		90.94
	Total		147.34	68.05	106.38		321.77

**Jan'16-Mar'16
^Apr'20-Dec'20

Notes:

Note-1: Actual impact for the period Jan'16- Mar'21

Note-2: Impact based on provisional calculation, final impact yet to be determined



Handwritten signature