



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

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

A. Introduction and Background

This certificate 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), showing additional financial impact on the Company, for the period from 1st April 2022 to 31st March 2023, in respect of the erstwhile DVB (Delhi Vidyut Board) employees, who were active during the abovementioned period, on account of implementation of the recommendations of 7th Pay Commission i.e. the differential cost to the company on account of implementation of the recommendations of 7th Pay Commission vis-à-vis the cost that would have been incurred by the Company under the provisions of 6th Pay Commission, had the recommendations of 7th Pay Commission not been implemented by the company.

This certificate also includes the arrear pension payments made by the Company for the period from 1st January 2016 to 31st March 2022 and differential pension cost for FY 2022-23 on account of implementation of recommendations of 7th Pay Commission in respect of employees who had opted for Voluntary Separation Scheme (VSS) earlier.

The Company had 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 and had incorporated the revised pay structure in monthly payroll processing from January 2021 onwards. In order to revise the pay structure, the Company had 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 had been rationalized by the management, to align the same with the levels, designation, pay structure etc. of the Company. Further, the Company had 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:

- a. Office Order No. IC/HR/2020-21/1200 dated 9th October 2020 for revision of pay scales
- b. Office Order No. IC/HR/2020-21/1232 dated 9th March 2021 for granting Non-Functional Selection Grade (NMSG) to the eligible employees
- c. 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





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 computation of additional financial impact for FY 2022-23 on account of implementation of recommendations of 7th Pay Commission and for computation of arrears of pension for the period from 1st January 2016 to 31st March 2022 and differential pension cost for FY 2022-23 in respect of employees who had opted for Voluntary Separation Scheme (VSS), as mentioned in Para A above and for preparation of the accompanying statement (**Annexure-1**).

The management has used the following methodology for the computation of the abovementioned amounts:

1. Impact on salary cost except for Leave Salary Contribution (LSC) & Pension Contribution (PC), Holiday Duty Allowance, Overtime and Leave Encashment:

The differential amount for the period from 1st April 2022 to 31st March 2023 has been computed by comparing the employee wise actual salary cost for the respective months under the provisions of 7th Pay Commission with the salary cost of same employees which would have been paid to them for the respective months under the provisions of 6th Pay Commission after considering the impact of increment, promotion and increase in Dearness Allowance (DA) rate which these employees would have been entitled under the provisions of 6th Pay Commission.

2. Impact on LSC & PC Contribution, Holiday Duty Allowance, Overtime and Leave Encashment:

- (a) The Company has calculated the monthly LSC & PC Contribution, Holiday Pay Allowance, Overtime and Leave Encashment for the period from 1st April 2022 to 31st March 2023 under the provisions of 6th Pay Commission by applying the criteria for calculation of these amounts, to the employee wise salary computed for this period as per the provisions of 6th Pay Commission mentioned in Para 1 above.
- (b) PC contribution is required to be calculated based on the group of the respective employee and the number of years of their service. For the purpose of computation of PC under the provisions of 6th Pay Commission for the period from 1st April 2022 to 31st March 2023, the Company has considered the group of the respective employees used for calculation of PC for the month of Dec'20 after taking impact of their subsequent promotions during FY 2021-22 and FY 2022-23.

The amounts, so computed as per point (a) and (b) above, have been compared with actual amounts for this period under 7th pay commission, to arrive at the differential impact for the period from 1st April 2022 to 31st March 2023.



3. Impact on Pension in respect of employees opted for VSS

In respect of employees who had opted for Voluntary Separation Scheme (VSS) earlier, the Company has considered the pension payments during the period from 1st January 2016 to 31st March 2023 under the provisions of 7th Pay Commission and computed the differential cost for the aforementioned period by comparing the amount as per 7th Pay Commission with the actual pension payments (including interim relief payments) made by the Company to SVRS-RTBF-2004 during the period.

C. Auditors' Responsibility

Our responsibility is to provide reasonable assurance in the form of an opinion, based on the verification methodology mentioned in Para D below, as to whether the amounts in the accompanying statement have been correctly computed by the company.

D. Verification Methodology

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

- a) Obtained employee wise details of additional impact calculated by the company for the period from 1st April 2022 to 31st March 2023, in respect of employees who were active during the abovementioned period.
- b) Obtained employee wise details of additional impact of 7th Pay Commission calculated by the company on pension payments made to SVRS-RTBF-2004 for the period from 1st January 2016 to 31st March 2023, in respect of employees who had opted for Voluntary Separation Scheme (VSS) earlier.
- c) Verified the actual salary cost for the period from 1st April 2022 to 31st March 2023, under 7th Pay Commission, from the monthly pay registers for the period.
- d) Verified the LSC and PC contributions made by the company for the period from 1st April 2022 to 31st March 2023 with the payment evidences.
- e) Verified, on test check basis, the pension payments made by the company to SVRS-RTBF-2004
- f) Verified, on test check basis, the additional impact calculated by the company based on the information and explanations provided to us by the management in this regard and the methodology mentioned in Para B above.

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.





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 accompanying statement, given in **Annexure-1**, showing the amounts of additional financial impact of **Rs. 72.55 Crores** for FY 2022-23 in respect of employees who were active during the abovementioned period and additional impact of **Rs. 1.80 Crores** for the period from 1st January 2016 to 31st March 2023 in respect of employees who had opted for Voluntary Separation Scheme (VSS) earlier, on account of implementation of recommendations of 7th Pay Commission, has been correctly computed in accordance with the management's calculation methodology mentioned in Para B above.

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

Digitally signed by

HITESH GARG

GARG

Date: 2023.10.30

13:47:54 +05'30'

Hitesh Garg

Partner

Membership No.: 502955

Place: Noida

Date: 30th October 2023

UDIN: 23502955BGQQCA9783



Tata Power Delhi Distribution Limited

Annexure-1 to Certificate dated 30th Oct 2023 towards additional impact on account of implementation of recommendations of 7th Pay

Commission in respect of erstwhile DVB employees

Amounts in INR Crores

Description	Amount as per 7th Pay Commission (A)	Amount as per 6th Pay Commission (B)	Differential Impact (C=A-B)	Interim Relief (IR) payment already claimed (D)	Net Impact (E=C-D)
Leave Salary Contribution and Pension Contribution for employees active during FY 2022-23	28.50	9.99	18.51	-	18.51
Sub Total (A)	28.50	9.99	18.51	-	18.51
Salary Cost of employees active during FY 2022-23					
Basic Pay	113.00	32.86	80.13		
Grade Pay/Power Pay	3.34	6.95	(3.60)		
Dearness Allowance (DA)	42.53	84.40	(41.87)		
House Rent Allowance (HRA)	29.39	11.54	17.85		
Transport Allowance	6.98	2.91	4.06		
DA on Transport Allowance	2.64	6.18	(3.54)		
Holiday Duty Allowance	0.87	0.32	0.55		
Others	1.88	1.43	0.45		
Sub Total (B)	200.63	146.59	54.04	-	54.04
Sub Total (A+B)	229.13	156.58	72.55	-	72.55
Pension of employees opted for VSS					
Amount for the period 1st Jan 2016 to 31st Mar 2022	4.96	2.78	2.18	0.48	1.70
Amount for FY 2022-23	0.19	0.09	0.10	-	0.10
Sub Total (C)	5.15	2.87	2.28	0.48	1.80
Grand Total (A+B+C)	234.28	159.45	74.83	0.48	74.35

**HITESH
GARG**

Digitally signed
by HITESH GARG
Date: 2023.10.30
13:48:32 +05'30'

