ANNEXURE - 3A.1

BSES RAJDHANI POWER LTD.
NEW
DELHI

BSES Rajdhani Power Limited
BSES Bhawan, Nehru Place,
New Delhi - 110 019, India.
CIN : U40109DL2001PLC111527
GST : 07AAGCS3187H2Z3
Tel. : +91 11 3009 9999
Fax : +91 11 3999 7888
www.bsesdelhi.com

Ref: RA/2021-22/01/A/ 461

November 22, 2021

To,

The Secretary
Delhi Electricity Regulatory Commission
Viniyamak Bhawan, "C" Block, Shivalik,
Malviya Nagar,
New Delhi-110017

Subject: Submission of Annual Audited Accounts for FY 2020-21

Sir,

Please find enclosed BRPL's Annual Audited Accounts for Financial Year 2020-21 for perusal and record of the Hon'ble Commission.

Kindly acknowledge the same.

Thanking you,

Yours faithfully,

For BSES Rajdhani Power Limited

Rajul Agarwal
Head (Regulatory Affairs)

Encl.: As above

BSES Rajdhani Power Limited

Annual Audited Accounts

2020-21

BSES RAJDHANI POWER LTD. NEW DELHI

INDEPENDENT AUDITOR'S REPORT

To the Members of BSES Rajdhani Power Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of BSES Rajdhani Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2021, its profit(including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis For Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and Rules there under, 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 opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to the following matters in the notes to the Ind AS financial statements:

1. Note 18 to the accompanying Ind AS financial statements with regard to Delhi Electricity Regulatory Commission ("DERC") Tariff Order received by the Company wherein DERC has trued up revenue gap up to March 31, 2019 vide various Tariff Orders from September 29, 2015 to August 28, 2020 with certain disallowances. The Company has preferred an appeal before Honorable Appellate Tribunal for Electricity ("APTEL") against such disallowances. Based on the legal opinion taken by the Company, the disallowances which are subject matter of appeal, has not been accepted by Company and the Company has, in accordance with Ind AS 114 (and it's predecessor AS) treated such amounts as they ought to be treated in terms of the accepted Regulatory Framework in the carrying value of Regulatory Deferral Account Balance as at March 31, 2021.

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2. Note 53 to the accompanying Ind AS financial statements with regard to outstanding balances payable to various electricity generating companies and timely recovery of Accumulated Regulatory Deferral Account Balance, for which matter is pending before Honourable Supreme Court;

3. Note 54 to the accompanying Ind AS financial statements with regard to audit conducted by Comptroller and Auditor General of India (CAG). The said matter is pending before the Honourable Supreme Court; and

4. Note 60 to the accompanying Ind AS financial statements which explains the management's evaluation based on projections and estimations on account of COVID-19 pandemic situation. It concludes that there is no material impact on the Company's financial statements. The impact of COVID-19 remains uncertain and may be different from estimated as of the date of approval of these financial statements since the duration and extent of spread of Covid-19 in future cannot be predicted with certainty.

Our opinion is not modified in respect of these matters.

Other Information

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance(including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

BSES RAJDHANI POWER LTD. NEW DELHI

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

BSES RAJDHANI POWER LTD. NEW DELHI

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

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

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

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(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 Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. The matters described in paragraph (1) and (2) under the Emphasis of Matter section above, in our opinion, may have an adverse effect on the cash flows and consequently on the functioning of the Company;

f. On the basis of the written representations received from the directors as on March 31, 2021,and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act;

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;

BSES RAJDHANI POWER LTD. NEW DELHI

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements - Refer Note 51 on Contingent Liabilities and Note 52 on other matters under litigation to the Ind AS financial statements;

ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise; and

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company,

For Ravi Rajan & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 009073N/N500320

Ravi Rajan & Co. LLP
New Delhi
Chartered Accountants

Prashant Bhatia
Partner
Membership No. 508452
UDIN: 21508452AAAACG9626
Date: 10th May, 2021
Place: New Delhi

BSES RAJDHANI POWER LTD.
NEW DELHI

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of BSES Rajdhani Power Limited on the Ind AS financial statements for the year ended March 31, 2021].

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,

(b) The Company has a program of physical verification of fixed assets, other than underground cables and overhead lines due to technical reasons, to cover all the items in a phased manner over a period of three to five years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, immovable properties comprising buildings recorded in the books of account of the Company were transferred to, and vested in, the Company pursuant to unbundling of Delhi Vidyut Board and in accordance with Delhi Electricity Reform (Transfer Scheme) Rules, 2001 read with the Delhi Electricity-Reform Act, 2000. As represented by the Company, no title deeds in respect of these immovable properties were handed over by the Government of the NCT of Delhi to the Company at the time of such unbundling.

(ii) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on physical verification carried out during the year.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause 3(iii) of the Order is not applicable to the Company.

(iv) The Company has complied with the provisions of sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our Opinion, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act and rules there under. We have broadly reviewed such records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii)

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Goods and Services tax

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(GST), Customs Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.

No undisputed amount payable in respect of provident fund, employees state insurance, income tax, GST, Customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues outstanding with respect to, income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount of Demand Rs. (in Crores)	Amount paid under protest (Rs. In Crores)	Period to which the Amount Relates	Forum where dispute is pending
Income Tax Act, 1961	Interest u/s 201(1A)	1.20	1.20	Assessment Year 2008-09	Commissioner of Income Tax (Appeals)
	Demand u/s 143(3)	4.62	4.41	Assessment Year 2011-12	Commissioner of Income Tax (Appeals)
	Demand u/s 154/143(3)	0.92	-	Assessment Year 2013-14	Income Tax Appellate Tribunal
	Demand u/s 154/143(3)	1.33	-	Assessment Year 2015-16	Commissioner of Income Tax (Appeals)
	Demand u/s 154/143(3)	5.98	-	Assessment Year 2016-17	Commissioner of Income Tax (Appeals)

(viii) During the year, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has no dues in respect of government and debenture holders,

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) Managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, clause 3({xii) of the Order is not applicable to the Company.

(xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

BSES RAJDHANI POWER LTD NEW DELHI

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, clause 3(xiv) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence provisions of section 192 of the Act are not applicable,

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Ravi Rajan & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 009073N/N500320

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Prashant Bhatia
Partner
Membership No. 508452
UDIN: 21508452AAAACG9626
Date: 10th May, 2021
Place: New Delhi

BSES RAJDHANI POWER LTD. NEW DELHI

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of BSES Rajdhani Power Limited on the financial statements for the year ended March 31, 2021]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of BSES Rajdhani Power Limited ("the Company") as of March 31, 2021 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 with reference to financial statements 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 (the "Guidance Note") 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 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 financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the 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 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 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 financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

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financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 controls 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, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Ravi Rajan & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 009073N/N500320

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Prashant Bhatia
Partner
Membership No. 508452
UDIN: 21508452AAAACG9626
Date: 10th May, 2021
Place: New Delhi

BSES RAJDHANI POWER LTD. NEW DELHI

BSES RAJDHANI POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note	As at March 31, 2021 (₹) in Crores	As at March 31, 2020 (₹) in Crores
Assets			
Non - Current Assets			
(a) Property, Plant and Equipment	3	4,579.34	4,334.81
(b) Capital Work in Progress		157.64	320.38
(c) Other Intangible Assets	4	14.93	17.00
(d) Right-of-Use Assets	5	67.18	73.93
(e) Financial Assets			
i) Restricted Bank Deposits	6	137.97	54.70
ii) Loans	7	0.36	0.40
iii) Other Financial Assets	8	0.31	0.48
(f) Other Non Current Assets	9	70.41	18.57
		5,028.14	4,820.27
Current Assets			
(a) Inventories	10	21.09	16.90
(b) Financial Assets			
i) Trade Receivables	11	451.42	412.99
ii) Cash and Cash Equivalents	12	266.67	250.26
iii) Bank Balances other than (ii) above	13	101.70	90.95
iv) Loans	14	116.92	138.20
v) Other Financial Assets	15	407.88	341.08
(c) Current Tax Asset	16	20.79	1.74
(d) Other Current Assets	17	134.96	151.60
		1,521.43	1,403.72
Total Assets Before Regulatory Assets		6,549.57	6,223.99
Regulatory deferral accounts debit balances and related deferred tax balances	18	10,891.68	9,260.71
Total Assets		17,441.25	15,484.70
Equity & Liabilities			
Equity			
(a) Equity Share Capital	19	1,040.00	1,040.00
(b) Other Equity	20	1,811.07	1,039.76
Total Equity		2,851.07	2,079.76
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
i) Borrowings	21	1,562.13	872.76
ii) Other Financial Liabilities	22	832.94	816.17
iii) Lease Liability	23	60.50	64.48
(b) Provisions	24	51.09	74.32
(c) Consumer Contribution for Capital Works	25	687.38	587.50
(d) Service Line Deposits	26	290.99	296.88
(e) Grant-in-Aid	27	7.61	7.99
(f) Other Non Current Liabilities	28	224.99	294.18
		3,717.63	3,016.28
Current Liabilities			
(a) Financial Liabilities			
i) Borrowings	29	126.56	36.00
ii) Trade Payable			
- dues of micro and small enterprises	30	19.15	11.49
- dues of other than micro and small enterprises		9,515.30	9,412.35
iii) Lease Liability	31	13.26	12.98
iv) Other Financial Liabilities	32	564.09	423.73
(b) Other Current Liabilities	33	499.51	294.85
(c) Provisions	34	134.68	195.64
(d) Current Tax Liabilities	35	-	1.62
		10,872.55	10,388.66
Total Equity and Liabilities		17,441.25	15,484.70

The above Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 64.

For and on behalf of the Board of Directors

As per our report of even date

For Ravi Rajan & Co. LLP
ICAI Firm Registration No.
009073N / N500320
Chartered Accountants

Prashant Bhatia
Partner
(M. No. 508452)

Anthony Jesudasan
Director
(DIN 00325390)

Surinder S Kohli
Director
(DIN 00169907)

Naveen ND Gupta
Director
(DIN 00271748)

Virendra S Verma
Director
(DIN 07843461)

Ajit K Ranade
Director
(DIN 00918651)

Jasmine Shah
Director
(DIN 08621290)

Angaral N Sethuraman
Director
(DIN 01098398)

Ryna Z Karani
Director
(DIN 00116930)

Umesh K Tyagi
Director
(DIN 07655990)

Partha P Sarma
Director
(DIN 08245533)

Anjani K Sharma
Director
(DIN 01180722)

Amal Sinha
CEO

Amarjeet Singh
CFO
(FCA - 094254)

Pankaj Tandon
Company Secretary
(FCS- 7248)

Place : New Delhi
Date : May 10, 2021

BSES RAJDHANI POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Notes	YEAR ENDED March 31, 2021 (₹) In Crores	YEAR ENDED March 31, 2020 (₹) In Crores
I. Revenue From Operations	36	8,945.32	10,240.84
II. Other Income	37	62.55	66.13
III. Total Income (I+II)		9,007.87	10,306.97
IV. Expenses			
Cost of Power Purchased	38	7,021.77	8,141.95
Employee Benefits Expense	39	547.84	512.14
Finance Costs	40	1,452.64	1,264.39
Depreciation and Amortization Expense	41	368.43	343.57
Other Expenses	42	501.46	515.88
Total Expenses (IV)		9,892.14	10,777.93
V. Profit/(Loss) before Rate Regulated Activities and Tax (III-IV)		(884.27)	(470.96)
VI. Net movement in Regulatory deferral account balances and related deferred tax	43	1,613.25	820.60
VII. Profit before tax (V+VI)		728.98	349.64
VIII. Tax Expense :			
(1) Tax for the year			
(i) Current Tax	44	-	40.13
(ii) Deferred Tax (Refer Note 47)		-	-
(2) Tax reversed for earlier years (Refer Note 47)		(40.32)	-
		(40.32)	40.13
IX. Profit for the year (VII-VIII)		769.30	309.51
X. Other Comprehensive Income (OCI)			
Items that will not be reclassified to Profit & Loss			
- Re-measurement of defined benefit plan : Gains/(Loss)		(15.71)	(9.22)
- Net movement in Regulatory deferral account balances related to items recognised in OCI	43	17.72	10.38
- Income Tax relating to above items	45	-	(0.20)
Other Comprehensive Income		2.01	0.96
XI. Total Comprehensive Income for the year (IX+X)		771.31	310.47
XII. Earnings Per Equity Share of ₹10 Each	46		
Basic (₹ per share)		7.40	2.98
Diluted (₹ per share)		7.40	2.98
Basic before Net movement in Regulatory Deferral Account balances (₹ per share)		(8.12)	(4.91)
Diluted before Net movement in Regulatory Deferral Account balances (₹ per share)		(8.12)	(4.91)

The above Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 64.

For and on behalf of the Board of Directors

As per our report of even date

For Ravi Rajan & Co. LLP
ICAI Firm Registration No.
009073N / N500320
Chartered Accountants

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Prashant Bhatia
Partner
(M. No. 508452)

Anthony Jesudasan
Director
(DIN 00325390)

Surinder S Kohli
Director
(DIN 00169907)

Naveen ND Gupta
Director
(DIN 00271748)

Virendra S Verma
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(DIN 07843461)

Ajit K Ranade
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Umesh K Tyagi
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(DIN 07655990)

Partha P Sarma
Director
(DIN 08245533)

Anjani K Sharma
Director
(DIN 01180722)

Amal Sinha
CEO

Amarjeet Singh
CFO
(FCA - 094254)

Pankaj Tandon
Company Secretary
(FCS- 7248)

Place : New Delhi
Date : May 10, 2021

BSES RAJDHANI POWER LTD. NEW DELHI

BSES Rajdhani Power Ltd. BSES New Delhi

BSES RAJDHANI POWER LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Amounts (₹) In Crores

		March 31, 2021	March 31, 2020
A.	**Cash Flow From Operating Activities**		
	Profit Before Income Tax	728.98	349.64
	Adjustments For :		
	Depreciation and Amortization Expense	360.03	335.36
	Depreciation on ROU	8.40	8.21
	Interest Income	(24.11)	(25.61)
	Net Loss on Sale of Property, Plant and Equipment	15.24	20.62
	Transfer from Consumer Contribution for Capital Work	(45.02)	(38.99)
	Transfer from Service Line Deposit	(42.98)	(41.21)
	Provision for Doubtful Debts	21.63	28.41
	Excess Provisions Written Back	(0.11)	(4.58)
	Inventory Written Off	0.25	6.12
	Adjustment for Regulatory Deferral Account Balances	(1,613.25)	(820.60)
	Adjustment for Other Comprehensive Income	(15.71)	(9.22)
	Adjustment for Loan Processing Fees	0.83	0.57
	Interest on Lease Liability	7.90	8.30
	Interest and Finance Charges	212.65	153.70
	LPSC on Power Purchase	1,231.26	1,101.82
	Operating Profit Before Working Capital Changes	**846.01**	**1,071.64**
	Adjustments for (Increase)/Decrease in Assets		
	Inventories	(4.83)	2.65
	Trade Receivables	(60.06)	(82.62)
	Other Current and Non Current - Financial Assets	10.15	87.21
	Other Current and Non Current Assets	(38.47)	231.63
	Adjustments for Increase / (Decrease) in Liabilities		
	Other Current and Non Current - Financial Liabilities	58.04	95.97
	Service Line Deposit	37.07	60.72
	Other Current and Non Current Liabilities	204.66	(154.32)
	Trade Payables	(1,120.65)	(712.13)
	Provisions	(84.36)	39.71
	Adjustments for (Increase)/Decrease in Assets and Liabilities	**(998.45)**	**(431.18)**
	Cash Generated From Operations	**(152.44)**	**640.36**
	Income Tax Paid, Net of Refund (Including Tax deducted at source)	35.41	41.12
	Net Cash from / (used in) Operating Activities (I)	**(187.85)**	**599.24**
B.	**Cash Flow From Investing Activities :-**		
	Purchase of Property, Plant and Equipment	(448.07)	(701.32)
	Sale of Property, Plant and Equipment	2.84	2.84
	Consumer Contribution for Capital Works	62.23	94.59
	Term Deposit not considered as Cash and Cash Equivalents	(94.02)	(110.94)
	Interest Received	23.72	24.63
	Net Cash (used in) Investing Activities (II)	**(453.30)**	**(690.20)**
C.	**Cash Flow From Financing Activities :-**		
	Interest Charges	(210.27)	(151.16)
	Net (Repayment)/ Proceeds from Cash credit	90.56	(77.37)
	Proceeds/(Repayment) of Long Term Borrowings*	790.52	426.13
	Payment of Lease Liability	(13.25)	(12.98)
	Net Cash From Financing Activities (III)	**657.56**	**184.62**
	Total (I+II+III)	**16.41**	**93.66**
	Cash and Cash Equivalents as at the commencement of the year	250.26	156.60
	Cash and Cash Equivalents as at the end of the year	266.67	250.26
	Net Increase as disclosed above	**16.41**	**93.66**

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

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BSES RAJDHANI POWER LTD. NEW DELHI

Disclosure of changes in liabilities arising from financing activities

Amounts (₹) in Crores

Particulars	Term Loans including current maturities	Short Term Loans- CC/WCL	Interest
Opening Balance as at April 01, 2020	962.44	36.00	5.92
Add:- Proceeds from borrowings/ Interest accrued during the year*	850.92	90.56	212.65
Less:- Repayment of borrowings / Interest payment during the year*	60.40	-	210.27
Non Cash items :-			
i) Amortization	0.83	-	-
ii) Foreign exchange movements	-	-	
iii) Fair value changes	-	-	
Closing Balance as at March 31, 2021	**1,753.79**	**126.56**	**8.30**

Particulars	Term Loans including current maturities	Short Term Loans- CC	Interest
Opening Balance as at April 01, 2019	535.74	113.37	3.38
Add:- Proceeds from borrowings/ Interest accrued during the year	450.00	-	153.70
Less:- Repayment of borrowings / Interest payment during the year	23.87	77.37	151.16
Non Cash items :-			
i) Amortization	0.57	-	-
ii) Foreign exchange movements	-	-	-
iii) Fair value changes	-	-	-
Closing Balance as at March 31, 2020	**962.44**	**36.00**	**5.92**

The above Cash Flow Statement has been prepared in accordance with the "Indirect Method" as set out in the Ind AS - 7 on "Cash Flow Statements"

The above Cash Flow Statement should be read in conjunction with the accompanying note nos. 1 to 64.

As per our report of even date

For Ravi Rajan & Co. LLP
ICAI Firm Registration No.
009073N / N500320
Chartered Accountants

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Prashant Bhatia
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(M. No. 508452)

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(DIN 01180722)

Amal Sinha
CEO

Amarjeet Singh
CFO
(FCA - 094254)

Pankaj Tandon
Company Secretary
(FCS- 7248)

Place : New Delhi
Date : May 10, 2021

BSES Rajdhani Power Ltd. BSES New Delhi

BSES Rajdhani Power Ltd. New Delhi

BSES RAJDHANI POWER LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

Particulars	Amount ₹ in Crores
Balance as at April 01, 2019	1,040.00
Changes in Equity share capital during the year	-
Balance as at March 31, 2020	1,040.00
Changes in Equity share capital during the year	-
Balance as at March 31, 2021	1,040.00

B. Other equity

(Amount in ₹ Crores)

Particulars	Reserves and Surplus		
	General Reserve	Retained Earnings	Total
Balance as at April 01, 2019	-	**729.29**	**729.29**
Profit as per statement of profit and loss for the year	-	309.51	309.51
Other comprehensive income for the year net of income tax	-	0.96	0.96
Total comprehensive income for the year	-	310.47	310.47
Balance as at March 31, 2020	-	**1,039.76**	**1,039.76**
Profit as per statement of profit and loss for the year	-	769.30	769.30
Other comprehensive income for the year net of income tax	-	2.01	2.01
Total comprehensive income for the year	-	771.31	771.31
Balance as at March 31, 2021	-	**1,811.07**	**1,811.07**

The above Statement of Change in Equity should be read in conjunction with the accompanying note nos. 1 to 64.

For and on behalf of the Board of Directors

As per our report of even date

Anthony Jesudasan
Director
(DIN 00325390)

Surinder S Kohli
Director
(DIN 00169907)

Naveen ND Gupta
Director
(DIN 00271748)

For Ravi Rajan & Co. LLP
ICAI Firm Registration
009073N / N500320
Chartered Accountants

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

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(FCA - 094254)

Pankaj Tandon
Company Secretary
(FCS- 7248)

Place : New Delhi
Date : May 10, 2021

BSES Rajdhani Power Ltd. BSES New Delhi

BSES RAJDHANI POWER LTD. NEW DELHI

Corporate Information

BSES RAJDHANI POWER LIMITED ("BRPL" or " The Company ") is a limited Company incorporated in India having registered office at BSES Bhawan, Nehru Place, New Delhi - 110019.

The Delhi Electricity Distribution Model is a unique model based on Public Private Partnership (between Reliance Infrastructure Limited and Government of National Capital Territory of Delhi) (hereinafter referred to as "GoNCTD") acclaimed by various International bodies like World Bank, ADB, USAID etc. The GoNCTD initiated an enabling and futuristic step of privatizing the erstwhile Delhi Vidyut Board (DVB) with effect from July 1, 2002. Result of the privatization culminated in formation of BRPL, under the provisions of the then Companies Act, 1956, which also is, inter-alia, a distribution licensee within the ambit of the Electricity Act, 2003 (hereinafter referred to as "Electricity Act") which ensured that provisions of the enactments specified in the Delhi Electricity Reforms Act, 2000 (hereinafter referred to as "DERA") (Delhi Act No. 2 of 2001), not inconsistent with the provisions of the Electricity Act remained applicable to Delhi, as it was part of the Schedule referred to in Section 185 of the Electricity Act.-

The Company is primarily engaged in the business of distribution of electricity in South and West district in the National Capital Territory. The Company has been granted a license for distribution and retail supply of electricity by the Hon'ble DERC in March 2004.The License is valid for a period of 25 years.

Since the privatization, BRPL has traversed a long and successful journey to become one of the most Respected utilities in the country. Over a period of time, BRPL had been awarded certifications as per latest International Organization for Standarization i.e ISO 9001:2015 (QMS), ISO 14001:2015 (EMS) & ISO 45001:2018 (OHSMS) while becoming an entity to be reckoned with. BRPL today serves over 27.39 lakh satisfied consumers in South and West Delhi. BRPL is the only Discom in the country to be selected for Golden Peacock Award for Occupational Health & Safety Category in the year 2020.

These Financial Statement of the Company for the year ended March 31, 2021 are authorized for issue by the Board of Directors on May 10, 2021.

Note-1 Significant Accounting Policies

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

(i) Statement of Compliance

The financial statements comply with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) to be read with relevant rules and other accounting principles and other relevant provisions of the Act.

Further, the provisions of the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 (hereinafter referred to as 'Transfer Scheme') and other relevant documents / agreements have also been taken into account while preparing these Financial Statements.

Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by, Schedule III of the Companies Act, 2013, applicable Ind AS, the applicable provisions of the Electricity Act and other applicable pronouncements and regulations.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores in indian rupees as per the requirement of Schedule III, unless otherwise stated.

(ii) Basis of Measurement

The Financial Statements have been prepared under historical cost convention on the accrual basis, except for the following :

- Certain Financial Assets and Liabilities (including derivative instruments) that are measured at fair value; and
- Defined benefit plans - plan assets measured at fair value

(iii) New standards and Interpretations

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification amended Schedule III of the Companies Act, 2013. The above mentioned amendment shall be applicable on Companies for financial year start on or after 01st April 2021. Therefore, all these amendments shall effect the financial statements for the period from 1st April 2021.

These Amendments prescribed a list of numerous additional disclosures required in the financial statements by amending schedule III to the Companies Act, 2013. Majority of the amendments to Schedule III to the Companies Act, 2013 have been undertaken in response to the amendments covered in the newly issued Companies (Auditors and Report Order) 2020 and the Companies (Indian Accounting Standards) Amendment Rules, 2020.

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

(iv) Others

These Financial Statements have been prepared on a going concern basis in accordance with the applicable accounting standards prescribed under the Companies (Indian Accounting Standards) Rules, 2015 read with subsequent amendments issued by the Central Government.

The Company does not have any investment in or control over the other entities. Therefore, the Company does not require any consolidated financial statement. Accordingly, these financial statement are prepared on standalone basis.

b) Current versus Non-Current Classification

The Company presents assets and liabilities except regulatory assets in the Financial Statement based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Expected to be realized 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.
- held primarily for the purpose of trading.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

BSES Rajdhani Power Ltd. New Delhi

- 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.
- held primarily for the purpose of trading.

All other liabilities are classified 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 realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Regulatory Assets are presented as separate line item distinguished from assets and liabilities as per Ind AS 114.

c) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates i.e. 'the functional currency'. The Financial Statements are presented in Indian rupee (₹ INR), which is Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognized in the Statement of Profit and Loss.

d) Revenue Recognition

Ind AS 115 requires apportioning revenue earned from contracts to individual promises, or performance obligations, on a relative standalone selling price basis, using a five-step mode. The Company has adopted Ind AS 115 using the cumulative effect method.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange of those products or services.

Revenue from sale of power

Revenue from sale of power, where the performance obligation is satisfied over time, is recognized by measuring progress using output method. Output method is determined based on the direct measurements of units delivered.

Revenue from sale of power is accounted on the basis of billing to consumers based on billing cycles followed by the Company which is inclusive of Power Purchase Adjustment Charges (PPAC) and unbilled revenue for the year. Consumers are billed on the basis of recording of consumption of electricity by installed meters. Where meters have stopped or are faulty, the billing is done based on the assessment of past consumption, usage of appliances, etc. Unbilled revenue is recognized on supply of energy to various consumers accrued upto the end of reporting period, which is billed to the respective consumers in the future billing cycle. Unbilled revenue is in the nature of unbilled receivable and is therefore classified as financial assets by the Company.

Revenue from Open Access is determined on the basis of billing made to the customers based on units consumed.

Revenue in respect of the following is recognized as and when recovered because its ultimate collection is uncertain-

(a) Delayed Payment Surcharge on electricity billed

(b) Bills raised for dishonest abstraction of Power

(c) Interest on unscheduled Interchange (UI)

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

Consumer Contribution for capital works and Service Line deposit

Consumer's contribution towards cost of capital assets is treated as capital receipt and disclosed in liabilities until transferred to a separate account (in the nature of contract liability) on capitalization of the assets. An amount equivalent to the depreciation on such assets is appropriated from this account as income to the statement of profit and loss over the useful life of the assets.

Service Line Deposits are one time charges received from consumers at the time of new connection applied or at the time of revision of load for transmission of power. The amount received is in the nature of upfront charges and is treated as contract liability and an amount equivalent to the depreciation on such assets is appropriated from this account as income to the statement of profit and loss over the useful life of the assets.

Other Income:

Insurance and other claims are recognized as revenue on certainty of receipt on prudent basis.

Income from advertisements, rentals and others is recognized in accordance with terms of the contracts with customers based on the period for which the facilities have been used.

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Revenue from street light maintenance is recognized on the basis of numbers of points maintained for Municipal Corporations of Delhi.

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BSES Rajdhani Power Ltd. New Delhi

e) **Banking Arrangements of Power**

The Company enters into banking arrangements of powers with other power generators/traders to bank power and vice versa and take back or return the banking power over agreed period. The power banking transactions both way are recorded in conformity with the rates promulgated by DERC directives as applicable. (Refer Note 38)

f) **Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non current liabilities as deferred income and are credited to the statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented in other income.

g) **Income Tax**

Income tax expense for the year comprises of current tax and deferred tax. Income tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other Comprehensive Income' or directly in Equity and Regulatory Assets, in which case the tax is recognized in 'Other Comprehensive Income' or directly in Equity and Regulatory Assets respectively. However, w.e.f. Financial Year (F.Y) 2019-20 the Company has decided to avail the option to switch over to the new tax regime under section 115BAA under which the effective Income Tax rate is charged @ 25.17%. Further, the MAT provisions will no longer be applicable to the Company under the new tax regime.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is measured at the amount expected to be paid to the tax authorities using the tax rates enacted or substantively enacted at the end of the reporting period. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accordance with the Multi Year Tariff (MYT) Regulations issued by DERC from time to time for determination of power tariff, the Income Tax liability shall be considered for tariff determination. The same will be adjusted in future as and when the deferred tax converts to current tax.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules has notified Appendix C of Ind AS 12 w.e.f April 01, 2019. The Company has adopted "Appendix C of Ind AS 12" and assessed for effect of uncertainty of the probability that a taxation authority will accept uncertain tax treatment. The Company has applied amendment prospectively without adjusting comparable.

The Company will update the amount in the financial statement if facts and circumstance change as a result of examination or action by tax authorities.

The Company has also adopted the other amendments in "Ind AS 12 " Income Tax" w.e.f April 01, 2019 , in connection with accounting for dividend distribution taxes.

h) **Leases**

The Company has adopted the new accounting standard Ind AS 116 "Leases" on April 1, 2019 as per Companies (Indian Accounting Standards) amendment Rules, 2019, notified by MCA on March 30, 2019. Ind AS 116 is a single lessee accounting model and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the Right-Of-Use assets(ROU), and finance cost for interest accrued on lease liability.

The land is allotted by the respective land owning agency to Department of Power for establishment of 66/33/11 KV Grid substations . The Department of Power hands over the land to the Company on "right of use basis" on payment of annual license fee. The land so handed over cannot be used by the Company for any other purpose.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

BSES Rajdhani Power Ltd. BSES New Delhi

BSES RAJDHANI POWER LTD. NEW DELHI

As a lessee

At the commencement date of the lease the Company recognizes a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability consist of the payments for the right of use the underlying assets during the lease term that are not paid at the commencement date of the lease.

The payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. GST liability is included in the measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined and if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes a right-of-use asset from a lease contract at the commencement date of the lease, which is the date that the underlying asset is made available for use.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made at or before the commencement date of the lease less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

It also considers possible asset retirement obligations in the cost of the right-of-use asset. Right-of-use assets are subject to impairment testing in future periods.

On transition, the Company has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard and accordingly not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1,2019.

The Company has also applied the following practical expedient provided by the standard when applying Ind AS 116.

(a) By measuring the assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment recognized immediately before the date of initial applications.

(b) Not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with Ind AS 17 will continue to be applied to those leases entered or modified before April 1, 2019.

(c) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. Consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

(d) Excluded the initial direct costs from measurement of the ROU asset

(e) Not to recognize ROU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

i) Impairment of Non-Financial Assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite-life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets is considered as a cash generating unit. 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 synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit on pro rata basis, based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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k) Trade Receivables

Trade receivables are recognized initially at transaction value less provision for impairment.

The Company's trade receivable are generally non interest bearing, if paid within the due dates. However, the Company charges Late Payment Surcharge (LPSC) if paid after due dates.

l) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs are assigned to individual items of inventory on weighted average basis. Cost includes purchase price, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realizable value is made by the Company. Provisions are made for obsolete, non moving and slow moving inventories.

m) Financial Instruments

The Company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair values on initial recognition, except for trade receivables which are initially measured at transaction price.

Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss) and

• those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement in profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in statement of profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. At present no Financial Assets fulfill this condition.

• Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the statement of profit and loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. Dividends from such investments are recognized in the statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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(iii) **Impairment of Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected credit loss allowance to be recognized for initial recognition of the receivable. The Company has also used a practical expedient i.e provision matrix for their determination as per Ind AS 109.

(iv) **Derecognition of Financial Assets**

A financial asset is derecognized only when:

• The Company has transferred the rights to receive cash flows from the financial asset or

• retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

n) **Financial Liabilities**

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Financial liabilities at amortized cost

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss.

I) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit and loss over the period of the borrowings using the EIR. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognized in the statement of profit and loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

If any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

II) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

o) **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.

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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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring and non recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

p) Derivatives

(i) Derivatives that are not designated as hedges

Derivatives including forward contracts are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The Company does not designate their derivatives as hedges and such contracts are accounted for at fair value through profit or loss and are included in statement of profit and loss.

(ii) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

The Company currently does not have any such derivatives which are not closely related.

q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

r) Property, Plant and Equipment

Tangible assets except assets transferred from erstwhile DVB are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, any cost attributable to bringing the assets to its working condition for its intended use and initial estimate of costs of dismantling and removing the item and restoring the site, if any.

Assets transferred from erstwhile DVB are stated at the transaction value as notified by the GoNCTD under the transfer scheme. Values assigned to different heads of individual fixed assets as on the date of the transfer i.e. July 01, 2002 are as per independent valuer's certificate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

All project related expenditure viz. civil works, machinery under erection, construction and erection materials, preoperative expenditure incidental / attributable to the construction of projects, borrowing cost incurred prior to the date of commercial operations and trial run expenditure are shown under Capital Work in Progress.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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s) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use. An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Subsequent costs are included in the asset's carrying amount or recognized 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.

t) Depreciation and amortization methods, estimated useful lives and residual value

In accordance with Part B of Schedule II of the Companies Act 2013, depreciation/amortization on fixed assets has been computed based on rate or useful life given in DERC regulations. However, in case of assets where no useful life is prescribed in DERC regulation, the useful life and residual value as given in Part C of Schedule II of the Companies Act, 2013 is followed. Further, in case of any class of asset where useful life as estimated by management and/ or certified by Independent valuer is lower than DERC or Part C of Schedule II of the Companies Act, 2013, then such lower useful life is followed for computing depreciation on such asset.

Depreciation on refurbished/revamped assets which are capitalized separately is provided for over the reassessed useful life.

Residual value is taken at the rate of 10% of assets based on DERC regulations or 5% in case where life is considered as per Independent Valuers certificate based on its assessment, as applicable.

Depreciation has been computed based on straight line method following the useful life's mentioned as under:

Description of Assets	Useful Life of Asset (In Years)
I. Buildings:	
a) Buildings & Pucca Roads	50
b) Temporary Structures	Nil
II. Plant & Machinery :	
a) Transformers & Switchgears	25
b) Lightening Arrestors	25
c) Batteries	5
d) Energy Meters*	10
e) Distribution Systems :	
- Overhead Lines	25
- Underground Cables	35
III. Furniture & Fixtures	10
IV. Office Equipments	
a) Communication Equipments*	10
b) Office Equipments & Others	10
V. Computers #	
a) Hardware	6
b) Software,Servers & Networking Equipment **	6
VI. Vehicles	10

** Useful life of assets is determined based on independent valuer's certificate*

*** Useful life of assets is considered by the Company as 6 years. Where ever the life of the assets is less than 6 years, the same is considered accordingly.*

Rate of depreciation applicable for initial 12 years for the below mentioned asset class is as follows:

Assets Class	Rate*** (for initial 12 years)
Transformer, Switchgear, Lightening Arrestors and Overhead Lines including cable supports	5.83%
Underground cable including joint boxes and disconnected boxes	5.83%
Computer – Software#	16.67%

*** Rate after 12 years shall be computed based on the balance depreciable value spread over remaining useful life of assets

For Computers Hardware and Computer Software, salvage value has been considered as Nil as per the Regulations.

Depreciation/ amortization methods, estimated useful lives and residual value

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and non technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the assets.

The residual values are not more than 10% of the original cost of the assets.

The Company reviews, at the end of each reporting date, the useful life of Property, Plant and Equipment and residual value thereof and changes, if any, are adjusted prospectively, as appropriate.

u) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

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v) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of reimbursements, if any.

w) Contingent Liabilities and Contingent Assets:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. A contingent asset is not recognized in financial statements, however, the same is disclosed where an inflow of economic benefit is probable.

x) Employee Benefits :

(i) Short-term obligations

Liabilities for salaries and wage, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

Employees other than Erstwhile DVB Employees

The liabilities for earned leave and sick leave which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Erstwhile DVB Employees

The liability for retirement pension payable to the Special Voluntary Retirement Schemes optees till their respective dates of superannuation or death (whichever is earlier) is provided on the basis of an actuarial valuation done by an independent actuary at the year end.

The half pay leave liability, consisting of encashment, availment, lapse and compensated absence, while in service and on exit as per rules of the Company, is calculated in accordance with Ind AS-19 "Employee Benefits". The liability is provided on the basis of actuarial valuation done by an independent actuary at the year end.

They are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

(iii) Post-employment obligations

Employees other than Erstwhile DVB Employees

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, leave encashment; and

(b) defined contribution plans such as provident fund, superannuation fund etc.

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Defined benefit plans

Gratuity obligations

The liability or asset recognized in the financial statement in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement of gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the financial statement. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost. The Company contributes to a Trust set up by the Company which further contributes to plans taken from Insurance Regulatory and Development Authority (IRDA) approved Insurance Companies.

Leave encashment

Long-term leave encashment is provided for on the basis of an actuarial valuation carried out at the end of the year using the projected unit credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

Defined Contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company contributes towards Superannuation to a Trust set up by the Company which further contributes to plans taken from Insurance Companies approved by Insurance Regulatory and Development Authority (IRDA). The Company makes monthly contributions based on a specified percentage of each eligible employee's salary.

Employees of Erstwhile Delhi Vidyut Board (DVB) (presently employees of the Company)

In accordance with the stipulation made by the GoNCTD in its notification dated January 16, 2001 the contributions on account of the general provident fund, pension, gratuity and earned leave as per the Financial Rules and Service Rules applicable in respect of the employees of the erstwhile DVB, is accounted for on due basis and are paid to the Delhi Vidyut Board – Employees Terminal Benefit Fund 2002 (DVB ETBF 2002). Further the retirement benefits are guaranteed by GoNCTD. All such payments made to the DVB ETBF 2002 are charged off to the statement of profit and loss.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules has notified amendment of Ind AS 19 applicable w.e.f April 01,2019. As per amendment the Company required to use updated actuarial assumptions to remeasure net defined benefit liability or assets on amendments, curtailment or settlement of defined benefit plan.

The Company adopted amendment to Ind AS 19 as required by said notification to determine:

- Current Service Costs and net interest for the period after remeasurement using the assumptions used for remeasurement and
- Net Interest for the remaining period based on the remeasured net defined benefit liability or asset.

y) **Contributed equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

z) **Earnings Per Share**

Basic Earnings Per Share (BEPS) is computed by dividing the net profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

For the purpose of calculating Diluted Earnings Per Share (DEPS), the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Both BEPS and DEPS have been calculated with and without considering income from rate regulated activities in the net profit attributable to equity shareholders.

aa) Financial Guarantee contracts recognized as financial assets on the date of transition to Ind AS. The same is measured at estimated fair value based on the saving in interest cost and subsequently amortized over the tenure of the loan.

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Notes to Financial Statements for the Year Ended March 31, 2021

Note-2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. 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 and judgements are:

i. Useful life of Property, Plant and Equipment
The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews, at the end of each reporting date, the useful life of property, plant and equipment and changes, if any, are adjusted prospectively, if appropriate

ii. Recoverable amount of Property, Plant and Equipment
The recoverable amount of property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

iii. Estimation of defined benefit obligation
Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increase and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

iv. Estimation of Deferred tax assets for carry forward losses and current tax expenses
The Company review carrying amount of deferred tax assets and liabilities at the end of each reporting period. The policy for the same has been explained under Note no 1(g).

v. Impairment of Trade Receivables
The Company review carrying amount of trade receivables at the end of each reporting period and provide for expected credit loss. The policy for the same is explained in the Note no.1(m) (iii).

vi. Regulatory Assets
The Company determines revenue gap for the year (i.e. shortfall in actual returns over assured returns) based on the principles laid down under the MYT Regulations and Tariff Orders issued by DERC. At the end of each accounting period, Company also determines regulatory assets/regulatory liabilities in respect of each accounting period on self true up basis on principles specified in accounting policy Note 1(d) wherever regulator is yet to take up formal truing up process.

vii. Late Payment Surcharge on Power Purchase (LPSC)
The Company has long term power purchase agreement ("PPA") with various generators and transmission utilities ("Power utilities"). As per CERC/DERC regulations, these Power utilities are liable to charge LPSC on delayed payments as per the rate defined in the agreement or regulation. The determination of LPSC is dependent upon interpretation of the applicable regulations of CERC/DERC and terms of PPA's with Power utilities. Significant judgement is applied while interpretating the relevant CERC/DERC regulations, terms of PPA etc as regards to charging of LPSC and associated contingent liability in the Financial Statements.

viii. Lease Assets (ROU)
Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, based on assessment on a lease by lease basis, if the use of such option is reasonably certain.

In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the extension of the lease based on license period and the importance of the underlying asset to Company operations taking in to account the location of the underlying asset and the availability of suitable alternatives.

The lease term in future periods is reassessed based on extension of the license period to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

ix. Estimation of Unbilled Revenue (Refer Note 15)
Unbilled revenue is recognized against supply of energy to various consumers accured upto the end of reporting period, which will be billed to the respective consumers in the future billing cycle . It is estimated on the basis of latest consumption trend of the consumers and input variation factor at the end of each reporting period.

x. Estimation uncertainty relating to the global health pandemic due to COVID-19
In assessing the recoverability of trade receivables including unbilled receivables and regulatory assets, the Company has considered internal and external information up to the date of approval of these Financial Statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The actual impact of the global health pandemic may however, be different from that estimated as at the date of approval of these Financial Statements. The Company will continue to closely monitor any material changes to future economic conditions.

Estimates and judgements are continually evaluated. They are based on historical 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.

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Note-3: Property, Plant and Equipment

Amounts in ₹ Crores

Particulars	BUILDINGS	PLANT & EQUIPMENTS						FURNITURE AND FIXTURES	OFFICE EQUIPMENTS		COMPUTERS	VEHICLES	TOTAL	CAPITAL WORK IN PROGRESS
		TRANSFORMERS & SWITCHGEARS	LIGHTENING ARRESTOR	BATTERIES	ENERGY METERS	UNDERGROUND CABLE	OVERHEAD LINES		COMMUNICATION EQUIPMENT	OTHER OFFICE EQUIPMENTS				
Year ended March 31, 2020														
Gross carrying amount														
Opening gross carrying amount	170.81	1,594.86	12.16	7.02	680.02	1,901.79	548.64	22.94	2.47	25.29	37.20	13.31	5,016.51	
Additions during the year	19.67	164.35	0.50	0.81	92.93	168.03	85.24	7.21	1.02	1.22	4.42	2.18	547.58	
Additions on account of interest/overhead	3.44	30.17	0.06	0.12	1.32	31.41	16.57	1.21	0.12	-	0.35	-	84.77	
Disposals	1.67	11.74	0.36	-	38.30	-	-	0.01	0.18	-	0.03	0.07	52.36	
Closing gross carrying amount	192.25	1,777.64	12.36	7.95	735.97	2,101.23	650.45	31.35	3.43	26.51	41.94	15.42	5,596.60	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	16.55	289.57	2.29	3.23	201.29	288.96	94.26	8.54	0.59	5.71	20.44	4.47	935.90	
Depreciation charged during the year	5.17	101.68	0.76	1.03	64.60	111.56	36.01	2.26	0.30	2.41	4.44	1.25	331.47	
Disposals	0.28	4.29	0.08	-	19.12	-	-	0.01	0.05	-	0.02	-	23.85	
Closing accumulated depreciation and impairment	21.44	386.96	2.97	4.26	246.77	400.52	130.27	10.79	0.84	8.12	24.86	5.72	1,243.52	
Net carrying amount as at March 31, 2020	170.81	1,390.68	9.39	3.69	489.20	1,700.71	520.18	20.56	2.59	18.39	17.08	9.70	4,352.98	274.73
Less: Provision for Retirement													18.17	12.09
Net carrying amount after provision as at March 31, 2020													4,334.81	262.64
Add:- Inventory for Capital Works including Goods in Transit (GIT)														60.28
Less:- Provision for Capital Inventories														2.54
Net CWIP including Capital Inventory														320.38
Year ended March 31, 2021														
Gross carrying amount														
Opening gross carrying amount	192.25	1,777.64	12.36	7.95	735.97	2,101.23	650.45	31.35	3.43	26.51	41.94	15.42	5,596.60	
Additions during the year	4.21	190.40	0.52	2.24	58.49	151.91	77.47	0.70	0.25	6.35	4.33	5.48	502.35	
Additions on account of interest/overhead	1.24	47.48	0.13	0.45	1.27	38.71	22.88	0.06	-	1.51	0.77	0.73	115.23	
Disposals	12.13	5.72	0.17	0.01	9.84	0.19	-	-	0.15	0.11	0.01	0.38	28.71	
Closing gross carrying amount	185.57	2,009.80	12.84	10.63	785.89	2,291.66	750.80	32.11	3.53	34.26	47.03	21.25	6,185.37	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	21.44	386.96	2.97	4.26	246.77	400.52	130.27	10.79	0.84	8.12	24.86	5.72	1,243.52	
Depreciation charged during the year	5.29	109.01	0.78	1.09	66.97	120.25	40.64	1.30	0.32	3.20	4.64	1.47	354.96	
Disposals	2.53	1.89	0.04	-	5.40	0.07	-	-	0.05	0.06	0.01	0.30	10.35	
Closing accumulated depreciation and impairment	24.20	494.08	3.71	5.35	308.34	520.70	170.91	12.09	1.11	11.26	29.49	6.89	1,588.13	
Net carrying amount as at March 31, 2021	161.37	1,515.72	9.13	6.28	477.56	1,770.96	579.89	20.02	2.42	23.00	17.54	14.36	4,597.24	123.80
Less: Provision for Retirement													17.90	12.09
Net carrying amount after provision as at March 31, 2021													4,579.34	111.71
Add:- Inventory for Capital Works including Goods in Transit (GIT)														47.60
Less:- Provision for Capital Inventories														1.87
Net CWIP including Capital Inventory														157.64

(i) Property, plant and equipment pledged as security

Tangible assets (including capital work in progress) are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured loan from financial institution and bank in the current and previous year (Refer Note 21 & 29)

(ii) Contractual obligations

Refer Note 50 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipments.

(iii) The amount of borrowing costs capitalized to gross block of fixed assets during the year ended is ₹ 20.69 Crores (March 31, 2020 ₹ 18.22 Crores). The rate used to determine the amount of borrowing costs eligible for capitalization for the year ended March 31, 2021 is 12.73% (March 31, 2020 12.25%) which is weighted average interest rate of borrowing.

(iv) Property, Plant and Equipment contributed by customers

The Entity recognizes any contribution including taking over of self-constructed assets by consumers towards property, plant and equipment made by various Govt. agencies/ others to be utilized in the transmission and distribution process and that meets the definition of an asset. The initial gross amount is estimated at fair value by reference to the market price of these assets on the date in which control is obtained. Refer Note 25 for amount that the Company has recognized as property, plant and equipment and Note 38 for revenue recognized during the year. PPE includes cost of ₹ 27.50 Crores (Gross Value), Accumulated depreciation of ₹ 10.36 Crores up to March 31, 2021, towards consumer contribution of self- constructed assets transferred by customer (M/s Delhi International Airport Pvt. Ltd) through transfer agreement. The same has been recognised as PPE through consumer contribution during the year under review as required under DERC (Supply code and Performance Standard) Regulation, 2017.

(v) CWIP Movement

Capital work in progress as at year ended March 31, 2021 comprises expenditure for the Property, plant and equipment in the course of construction. Borrowing cost amounting to ₹ 3.34 Crores (March 31, 2020 ₹ 10.83 Crores) and personnel cost amounting to ₹ 19.97 Crores (March 31, 2020 ₹ 33.19 Crores) have been added to CWIP.

Amounts in ₹ Crores

Particulars	Year	Opening	Addition	Capitalization	Closing
CWIP Movement	2020-21	274.73	371.98	522.91	123.80
CWIP Movement	2019-20	233.25	571.30	529.82	274.73

(vi) Land

Under the provisions of Delhi Electricity Reforms (Transfer Scheme 2001) Rules, vide Delhi Gazette Notification dated November 20, 2001 the successor utility companies are entitled to use certain Lands as a licensee of the Government of Delhi, on "Right of Use" basis on payment of a consolidated amount of ₹ 1/- per month.

BSES RAJDHANI POWER LIMITED Amounts in ₹ Crores

Notes to Financial Statements for the Year Ended March 31, 2021

Note-4: Other Intangible Assets

Particular	Computer software	Total
Year ended March 31, 2020		
Gross carrying amount		
Opening gross carrying amount	30.12	30.12
Additions during the year	3.25	3.25
Closing gross carrying amount	33.37	33.37
Accumulated amortization and impairment	12.48	12.48
Amortization charge for the year	3.89	3.89
Closing accumulated amortization and impairment	16.37	16.37
Net carrying amount as at March 31, 2020	17.00	17.00
Year ended March 31, 2021		
Gross carrying amount		
Opening gross carrying amount	33.37	33.37
Additions during the year	3.00	3.00
Closing gross carrying amount	36.37	36.37
Accumulated amortization and impairment	16.37	16.37
Amortization charge for the year	5.07	5.07
Closing accumulated amortization and impairment	21.44	21.44
Net carrying amount as at March 31, 2021	14.93	14.93

(i) Internally generated Computer Softwares as at March 31, 2021 ₹ Nil (March 31, 2020 ₹ Nil).

(ii) Intangible assets are subject to first charge to secure the Company's borrowings referred in notes as secured loan from financial institution and bank in the current and previous year. (Refer Note 21 & 29)

Note-5 : Right-of-Use Assets

Particular	Right-of-Use Assets	Total
Year ended March 31, 2020		
Gross carrying amount		
Opening gross carrying amount	-	-
Additions during the year	82.14	82.14
Closing gross carrying amount	82.14	82.14
Accumulated amortization and impairment		-
Amortization charge for the year	8.21	8.21
Closing accumulated amortization and impairment	8.21	8.21
Net carrying amount as at March 31, 2020	73.93	73.93
Year ended March 31, 2021		
Gross carrying amount		
Opening gross carrying amount	82.14	82.14
Additions during the year	1.65	1.65
Closing gross carrying amount	83.79	83.79
Accumulated amortization and impairment	8.21	8.21
Amortization charge for the year	8.40	8.40
Closing accumulated amortization and impairment	16.61	16.61
Net carrying amount as at March 31, 2021	67.18	67.18

(i) During the year Company has paid/incurred ₹ 13.25 Crores towards Lease Assets (ROU) (March 31, 2020 ₹ 12.98 Crores)

(ii) The lease payments are discounted using the implicit interest rate @ 12% p.a for lease accounting.

(iii) The lease period for life of ROU has been considered till the license period i.e. March 31, 2029.

(iv) Refer Note No 1(h) for Lease Assets (ROU).

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Note-6 Restricted Bank Deposits	As at March 31, 2021	As at March 31, 2020
Balance with banks held as securities against borrowings	137.97	54.70
Total	137.97	54.70

Nature

The restrictions are primarily on account of fixed deposits held as security against debt servicing coverage requirement and are to be maintained till the term loan is repaid in full.

Terms & Conditions

These FDRs with bank can be withdrawn by the Company at any point subject to compliance of restrictions.

Note-7 Non Current Loans	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Loans to Staff	0.36	0.40
Total	0.36	0.40

For explanation on the Company credit risk management process Refer Note 49

Note-8 Other Non Current Financial Assets	As at March 31, 2021	As at March 31, 2020
Recoverable from SVRS Trust ((Refer Note 51 B (i))	0.31	0.48
Total	0.31	0.48

For explanation on the Company credit risk management process Refer Note 49

Note-9 Other Non Current Assets	As at March 31, 2021	As at March 31, 2020
Unsecured		
Capital Advances	2.28	5.55
Advance other than Capital Advance :-		
i) Income Tax Recoverable	66.07	11.01
ii) Income Tax deposited under protest (Refer Note 51 B (c & d))	1.70	1.70
iii) Security Deposits	0.36	0.31
Total	70.41	18.57

Note-10 Inventories	As at March 31, 2021	As at March 31, 2020
Stores & Spares	22.17	17.50
(includes Goods in Transit ₹ 0.27 Crore (March 31, 2020 ₹ Nil))		
Less: Provision for Inventories	1.25	0.86
	20.92	16.64
Loose Tools	0.17	0.26
Total	21.09	16.90

1. Inventories are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured loan from financial institution and banks in the current and previous year (Refer Note 21 & 29).

2. Inventories comprises stores & spares and loose tools which are consumable in repair and maintenance of service lines and other equipments (Refer Note 42).

3.There is a write back of ₹ 0.05 Crore for the year ended March 31, 2021 in view of movement in inventory of non moving and slow moving items (March 31, 2020 ₹ 1.27 Crores).

Note-11 Current Trade Receivables		As at March 31, 2021	As at March 31, 2020
(A) Trade Receivables - Sale of Power			
(i) Considered good - Secured		223.21	211.15
(ii) Considered good - Unsecured		220.51	198.56
(iii) Trade Receivable which have significant increase in credit risk		143.48	126.57
		587.20	536.28
Less : Impairment for trade receivables*		143.48	126.57
	(A)	443.72	409.71
(B) Trade Receivables - Others			
(i) Unsecured Considered good		7.70	3.28
(ii) Trade Receivable which have significant increase in credit risk		0.03	-
		7.73	3.28
Less : Impairment for trade receivables*		0.03	-
	(B)	7.70	3.28
Total	(A+B)	451.42	412.99

* The Company has measured Expected Credit Loss of trade receivable based on simplified approach as per Ind AS 109 "Financial Instruments". (Refer note 49)

1. Trade Receivable are subject to second pari passu charge to secure the Company's borrowings referred in notes as secured loan from financial institution and banks in the current and previous year (Refer Note 21 & 29).

2. No Trade or other receivable are due from director or other officer of the Company and firms or private companies in which any director is a partner, a director or a member either jointly or severally with other persons except normal utility bills (Refer Note 48).

3. Trade receivables are non-interest bearing. The credit period for sale of power as mentioned in note 11(A) is 15 clear days. The Company charge LPSC as per the DERC directives after the due date.

4. For terms and condition of trade receivable owing from related parties (Refer Note 48).

5. For explanation on the Company credit risk management process (Refer Note 49).

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Note-12 Cash and Cash Equivalents	As at March 31, 2021	As at March 31, 2020
Balances with Bank - Current Accounts	197.82	225.51
Cheques, draft on hand and payment gateways	68.42	24.65
Cash on hand	0.43	0.10
Total	**266.67**	**250.26**

1. For explanation on the Company credit risk management process (Refer Note 49)

Note-13 Bank Balances other than Cash and Cash Equivalents	As at March 31, 2021	As at March 31, 2020
Balance with banks held as margin money [1]	101.46	76.20
Restricted balance with Bank - For Charging Station [2]	-	14.53
Balance with banks for other commitments [3]	0.24	0.22
Total	**101.70**	**90.95**

1. The restriction are primarily on account of fixed deposit receipts held with banks as margin against the issuance of Letter of Credit (LC).

2. These represents amount received from Transport Department GoNCTD, for establishment of Power Infrastructure for providing new load at Mundhela Kalan cluster bus depot for charging of pure electric buses. This amount is required to be kept in separate bank account as per terms of sanction order no F.020/Cluster/Tpt./2019/736/74496 dated October 22, 2019.

3. These represents fixed deposits to be matured within twelve months and are submitted to courts against various legal cases.

4. Terms & Conditions
These FDRs with bank can be withdrawn by the Company at any point of time subject to compliance of restrictions.

5. For explanation on the Company credit risk management process (Refer Note 49).

Note-14 Current Loans	As at March 31, 2021	As at March 31, 2020
Considered good - Unsecured		
Loans & Advances to Staff	1.35	1.51
Loans to Related Party [1]	115.57	136.69
Total	**116.92**	**138.20**

1. The interest is charged from BSES Yamuna Power Limited for the year ended March 31, 2021 @ 12.34% p.a. (March 31, 2020 @ 13.35% p.a).

2. For Loans given to related party (Refer Note 48).

3. For explanation on the Company credit risk management process (Refer Note 49).

Note-15 Other Current Financial Assets	As at March 31, 2021	As at March 31, 2020
(Unsecured considered good)		
Subsidy Receivable *	136.71	8.29
Recoverable from DVB ETBF 2002 Trust ((Refer Note 51 B (i))	66.40	66.16
Recoverable from SVRS Trust ((Refer Note 51 B (i))	0.15	0.21
Claims Receivable - Insurance	0.02	1.03
Recoverable on account of GST (Refer Note 57)	13.72	14.51
Security Deposit	6.85	4.83
Unbilled Revenue[1]	181.96	244.36
Interest accrued but not due on Fixed Deposits	1.40	1.01
Contract Assets [2]	0.67	0.88
Total	407.88	341.08

1. Unbilled Revenue

a) Unbilled Revenue represents accrued income from sale of power and open access from the last billed cycle upto the Balance Sheet reporting date.

b) Unbilled Revenue receivable includes ₹ 174.59 Crores (March 31, 2020 ₹ 239.93 Crores) towards sale of energy and ₹ 7.37 Crores (March 31, 2020 ₹ 4.43 Crores) towards open access income.

2. It represents job work-in-progress in respect of execution of work under Mukhyamantri Sadak Punarnirman Yojna Scheme (MMSPY) for providing Street lights at dark spots.

3. For explanation on the Company credit risk management process (Refer Note 49).

* Subsidy passed to the consumers as per the scheme announced by GoNCTD.

Subsidy Account Statement	As at March 31, 2021	As at March 31, 2020
Opening Subsidy Receivable/(Received in Advance)	8.29	(32.50)
Subsidy passed to consumers**	1,440.33	1,109.65
Subsidy Received	1,311.91	1,068.86
Closing Subsidy Receivable	**136.71**	**8.29**

** Subsidy passed to the consumer for the year ended March 31, 2021 is net off of subsidy disallowed by DERC amounting to ₹ 0.02 Crore.

Note-16 Current Tax Assets	As at March 31, 2021	As at March 31, 2020
Advance Taxes & TDS	19.05	-
TDS Refund Receivable	1.74	1.74
Total	**20.79**	**1.74**

Note-17 Other Current Assets	As at March 31, 2021	As at March 31, 2020
Advance other than Capital Advance :-		
Pension Trust Surcharge Recoverable (Refer Note 58)	60.93	60.93
Prepaid Expenses	34.86	38.82
Advances to Suppliers and Others	2.06	1.57
Service Tax and Cenvat Credit Recoverable(Refer Note 51 B(I))	3.76	3.76
GST Recoverable (Input Tax Credit)	3.71	3.70
Recoverable for Barter Transaction	29.66	42.82
Total	[illegible]	161.60

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Amounts in ₹ Crores

Note-18 Regulatory deferral account balances		As at March 31, 2021	As at March 31, 2020
Tariff Adjustment Account		10,891.68	9,260.71
Deferred Tax associated with Regulatory deferral account balances		-	-
		10,891.68	9,260.71
Tariff Adjustment Account			
Opening Balance	(A)	9,260.71	8,429.73
Revenue GAP during the year			
Cost			
Power Purchase Cost		6,868.72	7,976.48
Others (Includes other costs & charges in accordance with MYT Regulations, tariff orders from DERC and orders of Appellate Authorities)		2,376.39	1,943.66
Carrying Cost for the year		1,243.61	1,072.28
Less: Carrying cost recovered during the year through tariff		(258.43)	(346.00)
	(B)	10,230.29	10,646.42
Revenue			
Revenue collected		7,833.61	8,913.67
Non Tariff Income		153.37	172.89
	(C)	7,986.98	9,086.56
Income recoverable/(reversible) from future tariff /Revenue gap for the year	D=(B-C)	2,243.31	1,559.86
8% surcharge collected during the year			
- Recovery towards opening balance *	(E)	(612.34)	(728.88)
Net movement during the year	F= (D-E)	1,630.97	830.98
Tariff Adjustment Account	(A+F)	10,891.68	9,260.71
Related Deferred Tax on Regulatory deferral account balances (Refer Note 47)		(1,442.69)	(957.49)
Deferred Tax associated with Regulatory deferral account balances			
Opening :- Deferred Tax Liability		(957.49)	(384.33)
Add:- Deferred Tax (Liabilities) during the year		(485.20)	(573.16)
Less:- Recoverable from future tariff		1,442.69	957.49
	(G)	-	-
Balance as at the end of the year TOTAL	(A+F+G)	10,891.68	9,260.71

The Company is a rate regulated entity. The Retail Supply Tariff (RST) chargeable to consumers by the Company is regulated by Delhi Electricity Regulatory Commission (DERC or Commission). These regulations provides for segregation of costs into controllable and uncontrollable costs. Financial losses arising out of the under-performance with respect to the targets specified by the DERC for the "controllable" parameters is to be borne by the Licensee.

On May 30, 2007, the DERC notified regulations specifying terms and conditions for determination of tariff for the period 2007 to 2011 (MYT Regulations, 2007). Subsequently, DERC vide its order dated May 10, 2011 extended the MYT Regulations 2007, and the Control Period for a further period of one year, i.e. upto March 31, 2012. Subsequent to the culmination of First Control Period, to March 31, 2012, DERC issued further MYT regulations vide notification dated January 19, 2012 and specified the terms and conditions for determination of tariff for regulated entities for Second Control Period (FY 2012-15) (MYT Regulations, 2011). Further, DERC vide its Tariff Order dated July 13, 2012 specified the "controllable" parameters for the F.Y. 2012-13 to 2014-15. Subsequently, DERC vide its Order dated October 22, 2014 extended the MYT Regulations 2011 and the Control Period for a further period of one year up to March 31, 2016. DERC on January 31, 2017 notified the DERC (Terms & Condition for determination of Tariff) Regulations, 2017(MYT Regulations, 2017) wherein it was stated that the performance review and adjustment for FY 2016-17 would be considered in accordance with MYT Regulation 2011. In terms of MYT Regulations 2017, DERC on September 01, 2017 issued the DERC (Business Plan) Regulations, 2017 (Business Plan Regulations'17) which is in force for a period of three years upto FY 2019-20 and provides trajectory for various controllable parameters for the aforesaid period.
Further, DERC on December 27, 2019 issued the DERC (Business Plan) Regulations, 2019 (Business Plan Regulations'19) which is in force for a period of three years upto FY 2022-23 and provides trajectory for various controllable parameters for the aforesaid period.

The revenue gap/surplus is represented by balance of Regulated Deferral Account which is based on principle stated in respective MYT Regulations for that period, tariff orders and other applicable laws (except for certain disallowances**). In respect of such revenue gaps, appropriate adjustments have been made for the respective years in accordance with Ind AS 114 read with the Guidance Note on Regulatory Assets issued by the ICAI. Further for the current year self-truing up has been conducted in line with the principles laid down in the Business Plan Regulations.

** DERC has trued up revenue gap for period upto March 31, 2014 vide its Tariff Order dated September 29, 2015 with certain disallowances. The Company has preferred an appeal before Hon'ble Appellate Tribunal for Electricity (APTEL) against the said order, challenging issues that are contrary to statutory regulations, unjustified and arbitrary, DERC's own findings in previous tariff orders and regarding erroneous and/or non-implementation of previous APTEL Judgements. However, based on the legal opinion taken by the Company, the disallowances which are subject matter of appeal, has not been accepted by Company and the Company has, in accordance with Ind AS 114 (and it's predecessor AS) treated such amounts as they ought to be treated in terms of the accepted Regulatory Framework in the carrying value of Regulatory Deferral Account Balance as at March 31, 2021.

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On same basis and duly supported by the legal opinion, impact of similar disallowances made by DERC while truing up for FY 2014-15, FY 2015-16, FY 2016-17, FY 2017-18 and FY 2018-19 in the subsequent Tariff Orders dated August 31, 2017, March 28, 2018, July 31, 2019 and August 28, 2020 have been treated in terms of the Ind AS 114 (and its predecessor AS) in carrying value of Regulatory Deferral Account Balance as at March 31, 2021. The Company has filed an appeal before Hon'ble APTEL against such disallowances.

* DERC has allowed recovery of 8% surcharge on the applicable tariff since July 13, 2012 towards Accumulated Regulatory Deferral Account Balance and carrying cost. DERC vide its true up order dated July 25, 2014, September 29, 2015, August 31, 2017, March 28, 2018, July 31, 2019 and August 28, 2020 has allowed adjustment of such recovery of surcharge only towards principal amount of Regulatory Assets and has separately allowed carrying cost in the Annual Revenue Requirement of the respective years. Accordingly, the same is being recovered from the consumers.

The percentage of existing surcharge towards recovery of accumulated Regulatory Assets is subject to review by DERC in the future tariff orders.

The Company has also taken up the matter of timely recovery of Accumulated Regulatory assets through a Writ Petition before the Hon'ble Supreme Court (Refer Note 53).

Accordingly, 8% surcharge of ₹ 612.34 Crores recovered during the current year (March 31, 2020 ₹ 728.88 Crores) has been adjusted against opening Regulatory Deferral Account Balance.

Regulatory deferral amount debit balances are subject to first pari-passu charge to secure the Company's borrowings referred in Notes as Secured Term Loan from Financial Institution and banks in the current and previous year (Refer Note 21 & 29).

Regulatory Risk Management

Delhi Electricity Regulatory Commission (DERC) is the Regulator as per Electricity Act.

Market Risk

The Company is in the business of Supply of Electricity, being an essential and life line for consumers, therefore no demand risk is anticipated. There is regular growth in the numbers of consumers and demand of electricity from existing and new consumers.

Regulatory Risk

The Company is operating under regulatory environment governed by DERC. Tariff is subject to Rate Regulated Activities.

Refer note 1 (d) on Company policy relating to determination of regulatory assets/regulatory liabilities.

The Company's risk for Regulatory Assets is reviewed by the Risk Management Committee supported by regulatory team under policies approved by the Board of Directors and in terms of the relevant Accounting Standards. The team identifies, evaluates and makes plans to mitigate associated risks in close coordination with the Company's operating units and the same is quarterly submitted to the board / audit committee for their review.

Regulatory Assets recognized in the financial statements of the Company are subject to true up by DERC as per Regulation and disallowances of past assessments pending in courts /authorities.

DERC issued Tariff Order for FY 2017-18 on August 31, 2017 which was applicable from September 01, 2017 to March 31, 2018, then on March 28, 2018, DERC issued another Tariff Order for FY 2018-19 which was applicable from April 1, 2018 to July 31, 2019 and on July 31, 2019 DERC issued another Tariff Order for FY 2019-20 which was applicable from August 01, 2019 to August 31, 2020. On August 28, 2020, DERC issued Tariff Order for FY 2020-21 which is in-force from September 01, 2020 and will remain in- force till replaced by a subsequent tariff order and/or is amended, reviewed or modified in accordance with the provisions of the Electricity Act, 2003 and the Regulations made there under.

Other Risk

For explanation on the Other risk management process.(Refer Note 49)

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Note-19 Equity Share Capital	As at March 31, 2021		As at March 31, 2020	
Particulars	No. of Shares (In Crores)	Amount	No. of Shares (In Crores)	Amount
Authorized Equity Shares of ₹ 10 each (March 31, 2020 ₹ 10 each)	120.00	1,200.00	120.00	1,200.00
Issued, Subscribed & Fully Paid Up				
Equity Shares of ₹ 10 each (March 31, 2020 ₹ 10 each)	104.00	1,040.00	104.00	1,040.00
Total		1,040.00		1,040.00

(a) Reconciliation of number of shares outstanding at the beginning and at the end of the year

Particulars	No. of Shares (In Crores)	Amount	No. of Shares (In Crores)	Amount
Balance at the beginning of the year	104.00	1,040.00	104.00	1,040.00
Balance at the end of the year	104.00	1,040.00	104.00	1,040.00

(b) Rights, preference and restrictions attached to Equity Shares

Voting

The Company has 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.

Dividend/ Liquidation

The Company has not declared/distributed any dividend in the current year and previous year. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company or ultimate holding company and their subsidiaries or associates.

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares (In Crores)	% of Shareholding	No. of Shares (In Crores)	% of Shareholding
Reliance Infrastructure Limited (Immediate and Ultimate Holding Company)	53.04	51.00%	53.04	51.00%
Total	53.04	51.00%	53.04	51.00%

(d) Details of shares held by shareholders holding more than 5% of the total equity shares of the Company

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares (In Crores)	% of Shareholding	No. of Shares (In Crores)	% of Shareholding
Reliance Infrastructure Limited (Immediate and Ultimate Holding Company)	53.04	51.00%	53.04	51.00%
Delhi Power Company Limited	50.96	49.00%	50.96	49.00%

(e) As per the records of the Company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.

(f) No class of shares have been issued as bonus shares and shares issued for consideration other than cash and bought back by the Company during the period of five years immediately preceding the reporting date.

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Note-20 Other Equity	As at March 31, 2021	As at March 31, 2020
Retained Earnings	1,811.07	1,039.76
Total	1,811.07	1,039.76

Note-21 Non Current Borrowings	As at March 31, 2021	As at March 31, 2020
Secured		
Term Loan from Other		
- Power Finance Corporation Limited (PFC)	1,562.13	872.76
Total	1,562.13	872.76

1. Borrowings is netted off of loan processing charges amounting to ₹ 4.78 Crores for year ended March 31, 2021 (March 31, 2020 ₹ 3.08 Crores).

2.Term Loan (From PFC) is secured as under:-

(a) Primary Security

(i) First pari-passu charge on all movable and immovable properties and assets of the Company.

(ii) First pari-passu charge on the regulatory assets of the Company.

(iii) First pari-passu charge on present and future revenue of whatsoever nature and wherever arising.

(iv) Second pari-passu charge on the receivable of the Company.

(b) Collateral Security

(i) Pledge of 51% of ordinary equity share of the Company.

(ii) Debt Service Reserve Account (DSRA) equivalent to interest and principal dues of ensuing one to two quarter (previous year equivalent to interest and principal dues of ensuing one quarter) in the form of fixed deposit.

(c) The interest rate is 12.00% to 13.00% p.a (March 31, 2020 12.00% to 13.50% p.a).

(d) For the loan amount of ₹ 802.27 Crs disbursed in F.Y 20-21, the Company has completed the process of the creating charge on securities such as hypothecation as per sanction terms and submitted to PFC. Perfection of security creation is subject to confirmation from PFC, which is awaited.

(e) For the Term loan amount of ₹ 111.99 Crs, Company availed relief under the RBI moratorium scheme for the installment of interest & principal repayment due during the period April 2020 to August 2020 on term loan taken from PFC. The Company is in the process of execution of loan documentation for the moratorium availed.

(f) As per the terms of "The BSES Rajdhani Distribution and Retail Supply of Electricity License (License No. 2/DIST of 2004)", the Company is required to obtain permission of the DERC for creating charges for loans and other credit facilities availed by it. As on March 31, 2021, the required permission from DERC is sought and is under process.

Repayment terms of Term Loan from PFC

Name of Financial Institution	Loan Amount (Disbursed)	Year	No. of Installments	Installment amount
Power Finance Corporation Limited *	987.96	1st Year (F.Y. 18-19)	0	Nil
		2nd Year (F.Y. 19-20)	4	5.38
		3rd to 11th Year (F.Y. 20-21 onwards)	32	30.20
Power Finance Corporation Limited (Covid-19 Loan Moratorium **	111.99	1st Year to 7th Year (F.Y. 20-21 to 26-27)	0	Nil
		8th Year (F.Y. 27-28)	1	40.54
			1	9.71
		9th Year (F.Y. 28-29)	1	10.03
			1	41.23
			1	10.48
Power Finance Corporation Limited ***	802.27	1st Year (F.Y. 20-21)	0	Nil
		2nd Year (F.Y. 21-22)	9	8.02
		3rd to 5th Year (F.Y. 22-23 to 24-25)	36	10.03
		6th Year (F.Y. 25-26)	12	12.03
		7th Year (F.Y. 26-27)	12	10.03
		7th Year (F.Y. 27-28)	4	10.03
			8	8.02

* Disbursement of loan amount of ₹ 537.96 Crores was made in FY 2017-18 and of ₹ 450 Crores was made in FY 2019-20.
Quarterly repayment starting date: April 15, 2019 for loan amount of ₹ 537.96 Crores and April 15, 2020 for loan amount of ₹ 450 Crores.

** The Company has availed moratorium of ₹ 111.99 Crores for the installment of interest & principal repayment due during the period April 2020 to August 2020. Monthly Repayment starting date : February 15, 2028.

*** Disbursement of loan amount of ₹ 802.27 Crores was made in FY 2020-21. Monthly Repayment starting date : July 15, 2021.

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Note-22 Non Current Financial Liability	As at March 31, 2021	As at March 31, 2020
Consumer Security Deposit	832.94	818.17
Total	**832.94**	**818.17**

Consumer Security Deposit

i) Security deposit is an amount paid by consumer at the time of applying for new connection with the Company for supply of power or subsequently in case of revision of load. The security deposit shall be returned/credited to the consumer only after the termination/disconnection of the agreement/reduction of load and after adjustment of outstanding dues, if any, within a period as prescribed by DERC from the date of termination.

ii) The amount of Consumer Security Deposit (CSD) transferred to the Company by virtue of Part II of Schedule E of the Transfer Scheme was ₹ 11.00 Crores. The Transfer Scheme as well as erstwhile Delhi Vidyut Board (DVB) did not furnish consumer wise details of amount transferred to it as CSD. The Company, compiled from the consumer records, the amount of security deposit as on June 30, 2002 which works out to ₹ 90.43 Crores. The Company is of the opinion that its liability towards CSD is limited to ₹ 11.00 Crores as per the Transfer Scheme. Therefore, the liability towards refund of consumer deposits in excess of ₹ 11.00 Crores and interest thereon is not to the account of the Company. The Company had also filed a petition during the year 2004-05 with the Delhi Electricity Regulatory Commission (DERC) to deal with the actual amount of CSD as on date of transfer and the DERC had advised the Government of NCT of Delhi (GoNCTD) to transfer the differential amount of ₹ 97.48 Crores as deposits to the Company. The GoNCTD did not abide by the advice and hence the Company has filed a writ petition on March 24, 2008 (W.P.(C) 2396/2008) and the case is pending before Hon'ble High Court of Delhi. In the last hearing held on October 24, 2011 the matter was placed in the category of 'Rule' matters and the case shall get listed in due course. Pending outcome of this case and as per the instructions of DERC, the Company has been refunding the security deposit to DVB consumers.

iii) Interest is provided at MCLR (Marginal Cost of Fund Based Lending Rate) as notified by SBI prevailing on the April 01 of respective year on consumer security deposit received from all consumers as per DERC Supply Code and Performance Standard Regulations, 2017. The MCLR rate as on April 01, 2020 is @ 7.75 % (April 1, 2019 @ 8.55%). Accordingly, the Company has booked interest amounting to ₹ 69.00 Crores (March 31, 2020 ₹ 72.69 Crores). As mentioned in note (ii) above, interest on deposit value in excess of ₹ 11 Crores would be recoverable from GoNCTD if the Company's contention is upheld by the Hon'ble High Court.

Note-23 Non Current Lease Liability	As at March 31, 2021	As at March 31, 2020
Lease Liability	60.50	64.48
Total	**60.50**	**64.48**
Refer Note 1(h) for Lease Liability		

Note-24 Non Current Provisions	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits	51.09	74.32
Total	**51.09**	**74.32**
It represents Company's liability for sick leave, earned leave and SVRS pension.		

Note-25 Consumer Contribution for Capital Works	As at March 31, 2021	As at March 31, 2020
Opening Balance	587.50	569.45
Add: Received during the year	144.52	57.66
Less: Transferred to the Statement of Profit & Loss	44.64	39.61
Closing Balance	**687.38**	**587.50**

Note-26 Service Line Deposits	As at March 31, 2021	As at March 31, 2020
Opening Balance	296.88	277.37
Add: Received during the year	37.07	60.72
Less: Transferred to the Statement of Profit & Loss	42.96	41.21
Closing Balance	**290.99**	**296.88**

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Amounts in ₹ Crores

Note-27 Grant-In-Aid	As at March 31, 2021	As at March 31, 2020
Under Accelerated Power Development & Reforms Programme of Govt. of India (APDRP)		
Opening Balance	7.99	8.37
Less: Transferred to the Statement of Profit & Loss	0.38	0.38
Closing Balance	**7.61**	**7.99**

Note-28 Other Non Current Liabilities	As at March 31, 2021	As at March 31, 2020
Consumer Contribution for Capital Works	224.55	294.18
Contract Liability	0.44	-
Total	224.99	294.18

Note-29 Current Borrowings	As at March 31, 2021	As at March 31, 2020
Secured		
From Bank		
Loan Repayable on Demand*		
-Working Capital Loan	68.40	36.00
-Cash Credit	58.16	-
Total	126.56	36.00

* Working capital has been divided by bank in to working capital loan and cash credit in terms of RBI Guidelines vide notification no. RBI/2018-19/87 dated December 05, 2018.

i) Working Capital Loan and Cash credit are fund based working capital facilities, availed from consortium of bankers, are secured by

(a) First pari-passu charge on stores and spares of the Company.

(b) First pari-passu charge on all movable and immovable properties and assets of the Company.

(c) First pari-passu charge on the regulatory assets of the Company.

(d) First pari-passu charge on present and future revenue of whatsoever nature and wherever arising.

(e) Second pari-passu charge on the receivable of the Company.

ii) The interest rate range for above borrowings is between 10.80% p.a. to 12.10% p.a. (March 31, 2020 between 11.25% p.a. to 14.45% p.a.) and is computed on monthly basis on the actual amount utilized.

Note-30 Current Trade Payable		As at March 31, 2021	As at March 31, 2020
Dues of micro and small enterprises	(A)	19.15	11.49
Dues of other than micro and small enterprises			
- Power Purchase Creditors		9,412.02	9,063.84
- Acceptances		-	242.83
- Others		103.28	105.68
	(B)	9,515.30	9,412.35
Total	(A+B)	9,534.45	9,423.84

(i) Other Creditors are non interest bearing and are normally settled in normal trade cycle.

(ii) For terms and conditions with Related Parties (Refer Note 48).

(iii) For explanation on the Company credit risk management process (Refer Note 49).

(iv) Refer Note 53 with regards to dues to Power Suppliers related parties.

(v) Refer Note 61 with regards to dues to Micro, Small and Medium Enterprises (MSMED).

Note-31 Current Lease Liability	As at March 31, 2021	As at March 31, 2020
Lease Liability	13.26	12.98
Total	13.26	12.98

Refer Note 1(h) for Lease Liability

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Note-32 Other Current Financial Liabilities	As at March 31, 2021	As at March 31, 2020
Current Maturities of Long Term Borrowings (Refer Note 21)	191.66	89.68
Interest Accrued but not due	8.30	5.92
Other Payables		
Payable on purchase of Fixed Assets	59.88	54.05
Other Creditors	27.86	27.85
Works and Earnest Money Deposits	0.60	0.25
Expenses Payable	4.03	3.83
Employee Benefits Payable	42.29	1.71
Consumer Security Deposit	70.42	68.69
Interest Payable for DTC Charging Station	0.57	0.17
Consumer Contribution for Capital Works (Including interest payable of ₹ 1.41 Crores (March 31, 2020 ₹ 1.13 Crores.))	158.48	171.58
Total	564.09	423.73

1. Borrowings are netted off of Loan processing charges for the year ended March 31, 2021 ₹ 1.35 Crores (March 31, 2020 ₹ 0.93 Crore).

Note-33 Other Current Liabilities	As at March 31, 2021	As at March 31, 2020
Advances from Consumers	244.95	187.10
Other advances	5.00	1.58
Statutory dues	176.28	62.17
Other Payables*	64.82	43.97
Contract Liability	8.46	-
Creditors for Barter Transactions	-	0.03
Total	**499.51**	**294.85**

***Other Payables includes Pension Trust Surcharge, the reconciliation of which is as under:**

Particular	As at March 31, 2021	As at March 31, 2020
Opening Balance	22.25	26.35
Collection in respect of Pension Trust Surcharge	333.49	345.72
Total Payable	**355.74**	**372.07**
Amount Paid to Pension Trust	318.77	349.82
Net Payable	**36.97**	**22.25**

Note-34 Current Provisions		As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**(A)**	**132.13**	**193.39**
Other Provisions			
Provision for Legal Claims			
Opening Balance		2.25	2.33
Provision made/(reversed) during the year		0.30	(0.08)
	(B)	**2.55**	**2.25**
Total	**(A+B)**	**134.68**	**195.64**

Note-35 Current Tax Liabilities	As at March 31, 2021	As at March 31, 2020
Provision for Tax	-	1.62
Total	**-**	**1.62**

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Note-36 Revenue from Operations	Year Ended March 31, 2021	Year Ended March 31, 2020
A) Sale of Power		
Gross Revenue from Sale of Power	9,322.11	10,732.96
Less: Tax on Electricity	340.42	388.44
Less: Pension Trust Surcharge Recovery (Refer Note 58)	338.91	347.94
Net Revenue from Sale of Power	8,642.78	9,996.58
(Net revenue from sale of power includes ₹ 613.57 Crores, (March 31, 2020 ₹ 732.44 Crores) billed against 8% surcharge allowed for recovery of opening Revenue Gap)		
B) Bulk Sale of Power	89.24	59.43
C) Open Access Income	70.99	51.53
D) Other Operating Revenues		
i) Service Line Deposits & Development Charges	42.96	41.21
ii) Delayed Payment Charges (LPSC)	35.65	26.67
iii) Electricity Tax Collection Charges	10.15	11.55
iv) Consumer Contribution for Capital Works & APDRP	45.02	39.99
v) Miscellaneous Operating Income	8.53	13.88
Total (D)	142.31	133.30
Total (A+B+C+D)	8,945.32	10,240.84

Revenue for the year is net-off rebate of ₹ 2.03 Crores as per DERC order dated April 07, 2020 for early payment of bills for all consumers for the actual/provisional bills raised during the period of March 24, 2020 till June 30, 2020 and additional rebate of ₹ 20 per bill on furnishing of meter reading(s) by the consumers on its own.

Note-37 Other Income	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest:-		
i) Fixed Deposits	7.77	6.35
ii) Short Term Loans	16.27	19.25
iii) Others	0.07	0.01
Sale of Scrap	5.82	7.01
Street Light Maintenance & Material Charges (Net)[1]	15.04	14.93
Excess Provisions Written Back	0.11	4.56
Profit on Sale of Fixed Assets	0.77	0.02
Other Miscellaneous Income [2]	16.70	13.98
Total	62.55	66.13

1. **Street Light Maintenance & Material Charges**
Income from Street Light Maintenance & Material Charges during the year is net of direct cost of ₹ 5.88 Crores relating to maintenance cost (March 31, 2020 ₹ 4.96 Crores) and ₹ 1.67 Crores relating to Stores and Spares consumed (March 31, 2020 ₹ 1.60 Crores).

2. Other Miscellaneous Income includes Pole Rental Income of ₹ 6.85 Crores (March 31, 2020 ₹ 5.95 Crores) and other income of ₹ 1.92 Crores (March 31, 2020 ₹ 0.02 Crore) under Section 51 of the Electricity Act, 2003.

Note-38 Cost of Power Purchased	Year Ended March 31, 2021	Year Ended March 31, 2020
Purchase of Energy	5,852.00	7,055.22
Transmission Charges	1,169.77	1,086.73
Total	7,021.77	8,141.95

Power Purchase Cost

a. The cost of long term power purchases are subject to revision based on tariff orders notified by Central Electricity Regulatory Commission (CERC) / Delhi Electricity Regulatory Commission (DERC) for respective Power Suppliers. However, such revision is accounted for as and when the revised bills/demands are received from the Power Suppliers.

b. Power Purchase cost for the year is net off rebate ₹ 131.56 Crores (March 31, 2020 ₹ 48.95 Crores) including ₹ 75.56 Crores on account of rebate provided by NTPC, NHPC, SJVNL THDC, PGCIL & Aravali Power in line with MoP advisory dated May 15, 2020 and corrigendum dated May 16, 2020 due to COVID-19 pandemic.

c. **Banking/ Exchange of Power**

(i) The Company takes and returns back power under the banking arrangement and accounts for the same as power purchase (net) in the books of accounts at average power purchase cost of the portfolio, for the FY 2020-21 @ ₹ 5.62 per unit (FY 2019-20 @ ₹ 5.74 per unit) in accordance with the DERC Tariff Regulations, 2017.

As at March 31, 2021 the Company has to receive 55.36 Million Units considering mark-up (net) of energy under banking arrangement. (March 31, 2020, 77.68 Million Units were receivable) which will be received back during subsequent year.

(ii) Power Purchase cost is net of barter sale during the year is ₹ 426.04 Crores. (March 31, 2020 ₹ 467.08 Crores).

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Note-39 Employee Benefits Expense	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries and wages	437.37	436.03
Contribution to provident and other funds	89.71	51.39
Staff welfare expense	20.76	24.72
Total	**547.84**	**512.14**

i) Employee benefits expense are net of ₹ 61.76 Crores (March 31, 2020 ₹ 70.48 Crores) being amount capitalized / charged to the capital expenditure.

ii) Employee benefits expense includes GST of ₹ 16.17 Crores (March 31, 2020 ₹ 15.32 Crores) and year on year incremental impact of Minimum Wages as compared to immediate previous year for ₹ 0.47 Crore (March 31, 2020 ₹ 0.65 Crore)

iii) Staff welfare expenses are inclusive of Training expenses ₹ 0.25 Crore (March 31, 2020 ₹ 3.91 Crores).

iv) The Company has incurred ₹ 2.02 Crores to meet the outbreak of Covid 19 pandemic during the financial year 2020-21.These expenses are incremental and directly attributable to COVID-19. These expenses incudes temporary hazard pay to field staff, additional medical expenses, additional insurance, expenses towards protection against Covid as a part of infection control or prevention etc.

v) For disclosure under Ind AS-19 "Employee Benefits (Refer Note 62)

vi) 7th Pay Commission Recommendations
The Company has implemented the Wage Revision Committee (WRC) Report recommendations w.e.f. **01.01.2016** as accepted by DTL Board vide its office order HR/CC/2020-211208 dated October 15, 2020 for payment of 7th Pay Commission to the eligible employees of the erstwhile DVB during the year. The Company was paying Special Interim Relief to its eligible employees since FY 2017-18 based on recommendation of the WRC vide order no DTL/106/04/2017-HR(Policy)/101 dated July 28, 2017. The impact for FY 2020-21 is ₹ 181.88 Crores and the total impact including amount incurred in earlier years is ₹ 416.82 Crores. The Company has already paid ₹ 266.93 Crores (including ₹ 122.14 Crores paid in FY 2020-21) and balance liability towards arrear of Leave Salary Contribution, Pension Contribution and Employee superannuated prior to January 2021 will be paid in due course.

Note-40 Finance Costs	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest :-		
i) Term Loan	120.24	58.54
ii) Cash Credit account	8.85	7.62
iii) Consumer Security Deposit	69.00	72.69
iv) Lease Liability (ROU)[3]	7.90	8.30
v) Others	0.83	0.54
Other Borrowing Costs :-		
i) Late Payment Surcharge (LPSC) on Power Purchase & Transmission Charge	1,231.26	1,101.82
ii) Others	14.56	14.88
Total	**1,452.64**	**1,264.39**

1) Interest on term loan is net of ₹ 13.20 Crores (March 31, 2020 ₹ 20.22 Crores) being amount capitalized / transferred to capital work in progress.

2) RBI vide its circular No. RBI/2021-22/17. DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 has advised to all lending institutions to put in place a Board approved policy to refund/adjust the "interest on interest" charged to borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the judgement pronounced by Hon'ble Supreme Court in the matter of Small Scale Industrial Manufacturers Association vs. UOI & others and other connected matter on March 23, 2021. The Company has availed moratorium of ₹ 111.99 Crores (Interest ₹ 51.59 Crores & Principal repayment ₹ 60.40 Crores) for the installment of interest & principal repayment due during the period from April 2020 to August 2020 from PFC Ltd. Impact of the relief for "interest on interest" has not been considered in the books of accounts as amount of relief has not been confirmed by PFC Ltd. The Company has taken up the matter with PFC Ltd. The relief will be considered in books of accounts after confirmation from PFC Ltd.

3) The LPSC is recognized by the Company based on the allocation methodology as per Power Purchase Agreements (PPA), applicable regulations of CERC/DERC and / or reconciliation/ agreed terms with Power Generators / Transmission companies. (Refer Note 51 B (m)).

4) Refer Note 1(h) for Interest on Lease Liability.

Note-41 Depreciation and Amortization Expense	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation (Refer Note 3 & 4)	360.03	335.36
Depreciation on ROU (Refer Note 5)	8.40	8.21
Total	368.43	343.57

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Note-42 Other Expenses	Year Ended March 31, 2021	Year Ended March 31, 2020
1) Repair & Maintenance Expenses		
- Machinery	143.76	140.80
- Buildings	14.51	2.70
- Others	16.56	13.98
- Stores and Spares consumed (Net of recoveries) - Refer Note 37	30.34	36.01
	205.17	193.49
2) Administration Expenses		
Vehicle Hire & Running Expenses	35.64	39.43
Travelling, Conveyance, Boarding & Lodging	5.82	7.63
Insurance	6.62	4.11
Rates and Taxes [2]	11.40	8.05
Bill Collection Charges	5.99	7.51
Communication Expenses [3]	7.91	9.09
Printing and Stationery	6.76	5.27
Meter Reading & Bill Distribution Expenses	46.80	48.68
Call Centre Expenses [4]	17.57	16.58
House Keeping Charges	16.28	15.40
Security Expenses	27.13	26.73
Advertisement Expenses [5]	1.49	2.38
Legal Claims	0.53	0.64
Professional Consultancy Charges [6]	16.79	18.83
Legal Expenses [7]	16.77	21.21
Misc Support Service (SLA)	22.46	21.50
Expenditure on Corporate Social Responsibility [11]	5.55	3.95
Remuneration to Auditors [12]	0.43	0.53
Directors' Sitting Fees	0.22	0.17
Bank Charges	0.21	0.45
Miscellaneous Expenses [8]	5.81	9.06
	258.40	267.22
3) Others		
Provisions For :		
- Credit impairment	21.63	28.41
	21.63	28.41
Amount Written Off :		
Bad Debts Written Off	4.51	106.56
Less: Provision made in earlier years	4.51	106.56
	-	-
Inventory Written Off	0.30	7.39
Less: Provision made in earlier years	0.05	1.27
	0.25	6.12
Fixed Assets Retired/ Loss on Sale	16.28	25.70
Less: Provision made in earlier years	0.27	5.06
	16.01	20.64
Total	501.46	515.88

Disclosure under Clause 87 of DERC (Terms & Conditions for Determination of Tariff) Regulations, 2017 of statutory levies and taxes

As per the DERC (Terms & Conditions for Determination of Tariff) Regulations, 2017, Clause no 87 has defined the requirement for the disclosure of water charges, statutory levies and taxes separately. Management considers applicability of the following expenses as covered under Clause 87 as mention in point no. 1 to 10 :-

1. Effect due to increase in Minimum Wages
Other expenses includes expenses related to manpower based contract which has an year on year incremental impact of minimum wages as compared to immediate previous year for ₹ 5.46 Crores (March 31, 2020 ₹ 6.42 Crores).

2. Rates & Taxes includes License fees paid for Plots ₹ 3.24 Crores (March 31, 2020 ₹ Nil) (Also Refer Note 5), Licence Fees paid to DERC ₹ 5.22 Crores (March 31, 2020 ₹ 5.12 Crores) and Property Tax ₹ 2.35 Crores (March 31, 2020 ₹ 2.43 Crores).

3. Communication expenses includes SMS charges ₹ 2.30 Crores (March 31, 2020 ₹ 1.19 Crores).

4. Call Centre expenses includes Toll Free charges (Toll Free No-19123) ₹ 0.70 Crore (March 31, 2020 ₹ 0.21 Crore).

5. Advertisement Expenses includes DSM charges ₹ 1.46 Crores (March 31, 2020 ₹ 2.11 Crores).

6. Professional Consultancy Charges includes Geo-Spatial fees ₹ 0.30 Crore (March 31, 2020 ₹ 0.30 Crore).

7. Legal Expenses includes Ombudsman expenses ₹ 0.33 Crore (March 31, 2020 ₹ 0.39 Crore).

8. Miscellaneous expenses are inclusive of Water charges (pertaining to DJB) ₹ 1.85 Crores (March 31, 2020 ₹ 2.30 Crores) and rebate on account of A.C./ Fan scheme ₹ 0.86 Crore (March 31, 2020 ₹ 1.22 Crores).

9. The Company has incurred ₹ 4.08 Crores to meet the outbreak of Covid 19 pandemic during the financial year 2020-21.These expenses are incremental and directly attributable to COVID-19. These expenses incudes temporary hazard pay to field staff, additional medical expenses, additional insurance, expenses towards protection against Covid as a part of infection control or prevention etc.

10. Other expenses are inclusive of GST amounting ₹ 62.06 Crores (March 31, 2020 ₹ 60.46 Crores) (excluding GST on Stores & Spares Consumed).

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11. Expenditure on Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2021 and March 31, 2020 is ₹ 5.23 Crores and ₹ 4.27 Crores, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on CSR. The Company focuses on sectors and issues mentioned in Schedule VII read with Section 135 of Companies Act, 2013. A CSR committee has been formed by the Company as per the Act. The Company incurred an amount of ₹ 5.55 Crores (including shortfall of ₹ 0.32 Crore for F.Y. 2019-20) and ₹ 3.95 Crores during the year ended March 31, 2021 and March 31, 2020, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Amount Paid		
Construction/acquisition of any asset	-	-
Other purposes	3.90	2.76
Amount yet to be paid		
Construction/acquisition of any asset	-	-
Other purposes	1.65	1.19
Total	**5.55**	**3.95**

12. Remuneration to Auditors (Including GST)	Year Ended March 31, 2021	Year Ended March 31, 2020
Statutory Audit & Limited Review Fees	0.23	0.28
Tax Audit Fees	0.05	0.05
Certification Work	0.13	0.14
Taxation & Other Matters	-	0.04
Out of Pocket Expenses	0.02	0.02
Total	**0.43**	**0.53**

Excess provision made for Auditors Remuneration in F.Y. 2019-20 for ₹ 0.03 Crore has been adjusted in current year's Auditors Remuneration.

Note-43 Net movement in Regulatory Deferral Account Balances and related deferred tax balances	Year Ended March 31, 2021	Year Ended March 31, 2020
Net movement in regulatory deferral account balance (Refer Note 18)	1,630.97	830.98
Net movement in regulatory deferral account balance before OCI	1,613.25	820.60
Net movement in regulatory deferral account balances related to items recognised in OCI	17.72	10.38

Note-44 Current Tax	Year Ended March 31, 2021	Year Ended March 31, 2020
Income Tax for the current year	-	40.12
Income Tax for the earlier years	-	0.01
Total	**-**	**40.13**

Note-45 Income Tax effect on OCI	Year Ended March 31, 2021	Year Ended March 31, 2020
Income tax effect on OCI	-	(0.20)
Total	**-**	**(0.20)**

Note-46 Earnings per equity share	Year Ended March 31, 2021	Year Ended March 31, 2020
I Profit/(Loss) for Earning Per Share		
Profit for the year (After Tax)	769.30	309.51
Profit for the year (After Tax) (Before net movement in Regulatory Deferral Account balances)	(843.95)	(511.09)
II No. of Equity Shares (In Crores)		
Opening	104.00	104.00
Closing	104.00	104.00
Weighted Average No. of Equity Shares	104.00	104.00
Earning Per Share Basic (₹)	7.40	2.98
Earning Per Share Diluted (₹)	7.40	2.98
Earning per share Basic (Before net movement in Regulatory Deferral Account balances)	(8.12)	(4.91)
Earning per share Diluted (Before net movement in Regulatory Deferral Account balance)	(8.12)	(4.91)
Face Value of Equity Shares (₹)	10.00	10.00

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Note-47 Income tax expense			
		As at March 31, 2021	As at March 31, 2020
(a) Income tax expense			
Current tax			
Current tax on profits for the year		-	40.32
Adjustments for current tax of earlier years		(40.32)	0.01
Total current tax expense		(40.32)	40.33
Deferred tax			
(Increase)/Decrease in deferred tax assets		(1,091.69)	235.47
Increase/(Decrease) in deferred tax liabilities		606.49	337.69
Total deferred tax expense/(benefit)		(485.20)	573.16
Less: Liability/Income Payable/Recoverable from future tariff		485.20	(573.16)
Net deferred tax expense/(benefit)		-	-
Income tax expense		(40.32)	40.33
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:			
		As at March 31, 2021	As at March 31, 2020
Profit as per Ind AS from continuing operations before income tax expense	(A)	730.99	350.80
Income tax rate applicable	(B)	25.17%	34.94%
Income tax expense	(A)*(B)	183.98	122.58
Tax effects of the items that are not deductible (taxable) while calculating taxable income :			
Tax effect of permanent timing differences		5.63	1.40
Movement in tax losses (net of recoverable from future tariff)		(189.61)	(123.98)
Current tax on profit for the year		-	40.32
Tax refund/adjustment for the earlier years		(40.32)	0.01
Total tax expense		(40.32)	40.33
The balance comprises temporary differences attributable to:			
		As at March 31, 2021	As at March 31, 2020
Deferred tax liability on account of:			
Depreciation difference		456.23	648.94
Regulatory Assets		2,532.88	2,946.80
Loan processing costs		1.54	1.40
Deferred tax asset on account of:			
Provision for doubtful debts		36.12	44.23
Provision for retirement of assets		7.55	10.57
Provision for non moving inventories		0.79	1.19
Provision for leave encashment		14.35	27.74
Unabsorbed losses (including depreciation)		1,489.15	2,555.92
Net deferred tax liability		1,442.69	957.49
Less: Recoverable from future tariff		(1,442.69)	(957.49)

(c) Movement in deferred tax balances:

	Depreciation difference (a)	Regulatory Assets (b)	Brought forward losses (including unabsorbed depreciation) (c)	Others (d)	Total (a+b-c-d)
As at March 31, 2019	601.44	2,656.42	2,761.97	111.56	384.33
(Charged)/credited:					
- to profit or loss	47.50	290.38	(206.05)	(29.23)	573.16
As at March 31, 2020	648.94	2,946.80	2,555.92	82.33	957.49
(Charged)/credited:					
- to profit or loss	(192.71)	(413.92)	(1,066.77)	(25.06)	485.20
As at March 31, 2021	456.23	2,532.88	1,489.15	57.27	1,442.69

Note: In line with the requirements of Ind AS 114, Regulatory Deferral Accounts, the entity presents the resulting deferred tax asset / (liability) and the related movement in that deferred tax asset / (liability) with the related regulatory deferral account balances and movements in those balances, instead of within that presented above in accordance with Ind AS 12 Income Taxes. Refer note 18 for disclosures as per Ind AS 114.

Switching under new regime u/s 115BAA of the Income Tax Act, 1961:-

A new Section 115BAA has been inserted in the Income Tax Act, 1961 with effect from Financial Year (FY) 2019-20. Section 115BAA allows every domestic company to avail an option to pay Income Tax at the rate of 22 percent (effective tax rate is 25.17 percent including surcharge and cess), subject to certain specified conditions. If the Company exercises the option to switch to pay tax u/s 115BAA, MAT will not be applicable to it. However, once the option is exercised, the Company cannot subsequently opt out from it. The Company has carried out the detailed analysis for switching over to section 115BAA and is of the view that since the Company is presently not availing any deductions under the existing tax regime and due to the availability of substantial brought forward losses and unabsorbed depreciation, it will be beneficial to shift to the new tax regime u/s 115BAA. In view of the above, the Company has decided to avail the option to switch over to the new tax regime u/s 115BAA w.e.f. F.Y. 2019-20.

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Amounts in ₹ Crores

Note-48 : Related party transactions

Related parties with whom transactions have taken place during the year :

i)	Parent Company	Reliance Infrastructure Limited
ii)	Company having substantial interest	Delhi Power Company Limited
iii)	Fellow Subsidiary Companies & Associates	BSES Yamuna Power Limited Globalcom IDC Limited Reliance General Insurance Company Limited
iv)	Companies over which director of our investing Company is having significant influence	Sasan Power Limited
v)	Post Employment Benefit Plan	BSES Rajdhani Power Limited Employees Group Gratuity Assurance Scheme BSES Rajdhani Power Limited Employees Superannuation Scheme

Key Management Personnel

Name	Category	Period
Shri Lalit Jalan - Chairperson (Cessation w.e.f 11.10.2019)	Non - executive Director	2019-20
Shri Rana Ranjit Rai (Cessation w.e.f 10.04.2019)		2019-20
Shri Suresh Madihally Rangachar (w.e.f 10.04.2019 to 15.11.2019)		2019-20
Shri Gopal K Saxena (Cessation w.e.f 10.04.2019)		2019-20
Shri Punit Narendra Garg (w.e.f 10.04.2019 to 09.10.2020)		2020-21 2019-20
Shri Virendra Singh Verma		2020-21 2019-20
Shri Angarai Natarajan Sethuraman (Appointed w.e.f 24.10.2019)		2020-21 2019-20
Shri Partha Pratim Sarma (Appointed w.e.f 16.11.2019)		2020-21 2019-20
Shri Naveen ND Gupta (Appointed w.e.f 27.11.2019)		2020-21 2019-20
Shri Umesh Kumar Tyagi (Appointed w.e.f 27.11.2019)		2020-21 2019-20
Shri Jasmine Shah (Appointed w.e.f 27.11.2019)		2020-21 2019-20
Shri Ajit Keshav Ranade	Independent Director	2020-21 2019-20
Shri Anjani Kumar Sharma		2020-21 2019-20
Ms. Ryna Zaiwalla Karani		2020-21 2019-20
Shri Surinder Singh Kohli		2020-21 2019-20
Shri Anthony Jesudasan (Appointed w.e.f 04.11.2020)	Non-Executive Additional Director	2020-21
Shri Amal Sinha	Chief Executive Officer	2020-21 2019-20

(a) Key Management Personnel Compensation

Particulars	March 31, 2021	March 31, 2020
Short - term employee benefits	1.40	1.47
Post - employment benefits	0.11	0.11
Long - term employee benefits	0.15	0.01
Director sitting fee	0.22	0.17
Total compensation	1.88	1.76

b) Transactions with related parties

The following transactions occurred with related parties:

Particulars	March 31, 2021	March 31, 2020
Statement of profit and loss heads		
Income:		
Sale of Power		
- BSES Yamuna Power Limited *	0.00	0.00
Interest earned		
- BSES Yamuna Power Limited	16.27	19.25
Reimbursement of Expenses Claimed		
- Reliance Infrastructure Limited	0.15	-

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Amounts in ₹ Crores

Expenses:		
Purchase of Power (including open access charges, net of rebate)		
- BSES Yamuna Power Limited	31.89	8.28
- Sasan Power Limited	72.75	80.48
Receiving of services		
- Globalcom IDC Limited	3.45	2.81
- Reliance Infrastructure Limited	0.28	-
- Reliance General Insurance Company Limited	3.80	3.31
Trust Contribution		
- BSES Rajdhani Power Limited Employees Group Gratuity Assurance Scheme	25.24	17.03
- BSES Rajdhani Power Limited Employees Superannuation Scheme	1.05	1.02
For Securities - Pledge of 51% Share of the Company held by Reliance Infrastructure Limited (Refer Note 20)		
* The sign '0.00' indicates amount of ₹ 26,868.00 during the current year (Year ended March 31, 2020 ₹ 29,031.00).		

c) Loans to related parties

Particulars	March 31, 2021	March 31, 2020
Loan repaid		
- BSES Yamuna Power Limited	(21.12)	(11.40)

d) Balance sheet heads (Closing balances):	March 31, 2021	March 31, 2020
Payable:-		
Other Current Liabilities		
- Delhi Power Company Limited	1.28	1.28
Trade Payables		
- BSES Yamuna Power Limited	-	0.06
- Sasan Power Limited	3.39	2.25
Current Provision		
- BSES Rajdhani Power Limited Employees Group Gratuity Assurance Scheme	25.24	17.03
Other Current Financial Liabilities		
- BSES Rajdhani Power Limited Employees Superannuation Scheme	0.10	0.08
Other Current Assets		
- Reliance General Insurance Company Limited	0.05	3.79
- Globalcom IDC Limited	1.14	-
Financial Assets		
- BSES Yamuna Power Limited	115.57	136.69

1 Terms & conditions

i) For terms and condition relating to Loan to BSES Yamuna Power Limited, Refer Note 14

ii) All outstanding balances are unsecured and repayable/ recoverable on demand.

iii) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020 ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

2 The above disclosure does not include transactions with / as public utility service providers, viz. electricity, telecommunication, in the normal course of business.

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Notes to Financial Statements for the Year Ended March 31, 2021

Note-49 Financial Risk Management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:
- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimizing returns; and
- protect the Company's financial investments, while maximizing returns.

The Treasury department provides funding for the Company's operations. In addition to guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of treasury's activity.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortized cost.	Ageing analysis Credit rating	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other liabilities	Rolling cash flow forecasts	Monitoring of committed credit lines and borrowing facilities
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Benchmarking of interest rates

The Company's financial risk management is carried out by the treasury department (Company treasury). It identifies, evaluates financial risks in close cooperation with the Company's operating units, covering interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in financial loss. Credit risk arises from cash and cash equivalents, investments carried at amortized cost or fair value through profit & loss and deposits with banks and financial institutions, as well as credit exposures to trade/non-trade customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed at Company level depending on the framework surrounding credit risk management.

The concentration of credit risk is limited since the customer base is large and widely dispersed and secured with security deposit. For banks and financial institutions, only high rated banks/institution are accepted.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivable. The Company follows simplified approach method wherein it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at the reporting date.

Trade receivable are written off when there is no reasonable expectation of recovery after disconnection and adjustment of security deposit with past due, as per policy of the Company and debtor failing to engage in a repayment plan with the Company. However, the Company continues to engage in enforcement and recovery activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in statement of profit and loss.

For trade receivable - Sale of power and Others (including Open access, Bulk sale and Miscellaneous receivables) (except as mentioned below), the Company uses the provision matrix method under simplified approach. The provision matrix is based on its historically observed default rates over the expected life of these trade receivable and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward looking estimates are analyzed. For some portion of sale of power, in addition to recognizing impairment loss provision under lifetime expected credit loss model, specific provision is made on the basis of assessment by the Company.

For recognition of impairment loss on loans and other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increase significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

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Notes to Financial Statements for the Year Ended March 31, 2021

Provision for expected credit losses (Provision matrix method)

Amounts in ₹ Crores

Expected credit loss for trade receivable- Sale of Power

As at March 31, 2021 :

Aging	Within payment terms	0-90 days past due	91 - 180 days past due	181 - 270 days past due	271 - 360 days past due	361 - 450 days past due	More than 450 days past due	Total
Gross carrying amount	292.27	65.65	34.42	18.95	6.09	9.09	122.34	548.81
Expected loss rate	0.80%	3.69%	18.48%	29.82%	44.02%	53.72%	89.99%	24.49%
Expected credit losses (Loss allowance provision)	2.32	2.42	6.36	5.65	2.68	4.88	110.10	134.41
Carrying amount (net of impairment)	**289.95**	**63.23**	**28.06**	**13.30**	**3.41**	**4.21**	**12.24**	**414.40**

As at March 31, 2020 :

Aging	Within payment terms	0-90 days past due	91 - 180 days past due	181 - 270 days past due	271 - 360 days past due	361 - 450 days past due	More than 450 days past due	Total
Gross carrying amount	164.23	159.21	26.08	21.14	12.26	9.28	108.31	500.53
Expected loss rate	0.27%	3.17%	15.54%	27.45%	37.91%	46.07%	86.08%	23.48%
Expected credit losses (Loss allowance provision)	0.44	5.05	4.05	5.80	4.65	4.28	93.23	117.51
Carrying amount (net of impairment)	**163.79**	**154.16**	**22.03**	**15.34**	**7.61**	**5.00**	**15.08**	**383.02**

Expected credit loss for trade receivable- Others

As at March 31, 2021 :

Aging	Within payment terms	0-90 days past due	91 - 180 days past due	181 - 270 days past due	271 - 360 days past due	361 - 450 days past due	More than 450 days past due	Total
Gross carrying amount	6.34	0.15	0.02	0.00	0.20	0.08	0.94	7.73
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.50%	0.43%
Expected credit losses (Loss allowance provision)	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.03
Carrying amount (net of impairment)	**6.34**	**0.15**	**0.02**	**0.00**	**0.20**	**0.08**	**0.91**	**7.70**

As at March 31, 2020 :

Aging	Within payment terms	0-90 days past due	91 - 180 days past due	181 - 270 days past due	271 - 360 days past due	361 - 450 days past due	More than 450 days past due	Total
Gross carrying amount	1.29	1.05	0.01	0.00	0.00	0.00	0.93	3.28
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit losses (Loss allowance provision)	-	-	-	-	-	-	-	-
Carrying amount (net of impairment)	**1.29**	**1.05**	**0.01**	**0.00**	**0.00**	**0.00**	**0.93**	**3.28**

Amounts in ₹ Crores

Reconciliation of loss allowance provision – Trade receivables

Reconciliation of loss allowance	Provision matrix method	Street light unmetered dues and others	Total
Loss allowance as on April 1, 2019	96.67	108.32	204.99
Bad debts written off	(7.57)	(99.26)	(106.83)
Changes in loss allowance	28.41	-	28.41
Loss allowance as on March 31, 2020	117.51	9.06	126.57
Bad debts written off	(4.68)	-	(4.68)
Changes in loss allowance	21.63	-	21.63
Loss allowance as on March 31, 2021	134.46	9.06	143.52

Significant estimates and judgements

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

The Company do not anticipate any material credit risk for loans and other financial assets.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting year :

	March 31, 2021	March 31, 2020
Floating rate		
Term Loan	197.73	-
Expiring within one year (Cash Credit)	47.44	138.00
Total	245.17	138.00

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR .

(ii) Maturities of financial liabilities

*The tables below analyze the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities

The amounts are grossed and undiscounted.

Contractual maturities of financial liabilities as at March 31, 2021	Carrying Value	within 1 year	*more than 1 year	Total
Non-derivatives				
Non current borrowings (includes current maturities of long term borrowings and contractual interest payments)	1,753.79	392.21	2,201.99	2,594.20
Current borrowings	126.56	126.56	-	126.56
Consumer security deposit	903.36	70.42	832.94	903.36
Trade payables	9,534.45	9,534.45	-	9,534.45
Creditors for capital expenditure	59.88	59.88	-	59.88
Lease Liability	73.76	13.26	60.50	73.76
Other financial liabilities	242.13	242.13	-	242.13
Total non-derivative liabilities	12,693.93	10,438.91	3,095.43	13,534.34

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Amounts in ₹ Crores

Contractual maturities of financial liabilities as at March 31, 2020	Carrying Value	within 1 year	*more than 1 year	Total
Non-derivatives				
Non current borrowings (includes current maturities of long term borrowings and contractual interest payments)	962.44	199.76	1,263.87	1,463.63
Current borrowings	36.00	36.00	-	36.00
Consumer security deposit	886.86	68.69	818.17	886.86
Trade payables	9,423.84	9,423.84	-	9,423.84
Creditors for capital expenditure	54.05	54.05	-	54.05
Lease Liability	77.46	12.98	64.48	77.46
Other financial liabilities	211.31	211.14	-	211.14
Total non-derivative liabilities	**11,651.96**	**10,006.46**	**2,146.52**	**12,152.98**

(C) Market risk

(i) Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The Company operates in a business that have insignificant exposure to foreign exchanges/ foreign currency transactions.

Sensitivity

In view of insignificant exposure to forex, sensitivity analysis on Foreign exchange risk is not required.

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2021, and March 31, 2020, the Company's borrowings at variable rate were primarily dominated in INR. In view of reduction in bank rate, The Company is not exposed to any material interest rate risk due to borrowing at Variable Rate. The Company's borrowings are carried at amortized cost.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting year are as follows:

	March 31, 2021	March 31, 2020
Variable rate borrowings	1,880.35	998.44
Fixed rate borrowings	-	-
Total borrowings	**1,880.35**	**998.44**

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit after tax	
	March 31, 2021	March 31, 2020
Interest rates – increase by 50 basis points (50 bps)*	(5.72)	(2.90)
Interest rates – decrease by 50 basis points (50 bps)*	5.72	2.90

**Holding all other variables constant*

(iii) Price risk

(a) Exposure

The Company does not have any investment in equity. Therefore there is no price risk to the Company on financial instruments. Tariff of the Company is regulated by DERC. Refer Note 18 about the Price risk management on account of tariff determination.

(iv) Capital Risk Management

The Company considers the following components of Balance Sheet to manage Capital :

1 Total equity- retained profit, general reserve and other reserve, share capital
2. Working Capital

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business.

The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the group. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders.

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Notes to Financial Statements for the Year Ended March 31, 2021

Amounts in ₹ Crores

(a) Fair Value measurements

Particulars	Level	March 31, 2021		March 31, 2020	
		FVTPL	Amortized	FVTPL	Amortized
Financial assets					
Restricted bank deposits		-	137.97	-	54.70
Non current loans	3	-	0.36	-	0.40
Other non current financial assets	3	-	0.31	-	0.48
Trade receivables	3	-	451.42	-	412.99
Cash and cash equivalents		-	266.67	-	250.26
Bank balances other than cash and cash equivalents		-	101.70	-	90.95
Current loans	3	-	116.92	-	138.20
Other current financial assets	3	-	407.88	-	341.08
Total		-	**1,483.23**	-	**1,289.06**
Financial liabilities					
Non current borrowings	3		1,562.13		872.76
Consumer Security Deposit	3		903.36		886.86
Current borrowings	3		126.56		36.00
Lease Liability	3		73.76		77.46
Trade payables	3	-	9,534.45	-	9,423.84
Current maturities of long term borrowings	3	-	191.66	-	89.68
Employee related liabilities	3	-	42.29	-	1.71
Payable for expenses	3	-	4.03	-	3.83
Others	3	-	97.21	-	88.24
Consumer contribution for capital works	3	-	158.48		171.58
Total		-	**12,693.93**	-	**11,651.96**

Notes:

Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

Level 1: It includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The fair value of financial assets and liabilities included in Level 3 is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes of similar instruments.

There are no transfers between any levels during the year.

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50. **Commitment**

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 185.29 Crores (March 31, 2020 ₹ 212.17 Crores).

The Company had entered into Long Term Power Purchase Agreements with various Power Generators in accordance with capacity allocated to the Company by the Ministry of Power / GoNCTD for respective plants.

51. **Contingent Liabilities.**

A) Bank Guarantee outstanding as on March 31, 2021 ₹ 2.35 Crores (March 31, 2020 ₹ 0.66 Crore).

B) Claims not acknowledged as debts and other major matters under litigation.

a) **(Amount in ₹ Crores)**

S No	**Particulars**	**As at March 31, 2021**	**As at March 31, 2020**
i	Legal cases related to consumers and others*	38.91	33.32
ii	Legal cases related to employees **	1.44	1.84
iii	Claim by DPCL on account of events relating to erstwhile DVB period ***	92.59	92.59

* **Legal cases related to consumers and others**
Consumers in the ordinary course of business, challenge the conviction orders passed by the special courts seeking setting aside of orders and recovery of payment already made by them. Also in case of billing disputes, the consumers allege excess recovery and seek refund of the same. Apart from the above, the recovery cases are also filed against the Company by the vendors, third parties etc.

** **Legal cases related to employees**
The aggrieved employees have filed cases before the various forums on account of denial of time bound promotion scale, delay in promotion, setting aside of disciplinary proceedings with consequential benefits, etc.

*** **Claim filed by DPCL Vs BRPL (Suit no.1093/2013)**
A recovery suit has been filed by DPCL in 2013 against the Company before the Hon'ble High Court of Delhi for recovery of ₹ 92.59 Crores along with interest @ 18% p.a. This suit has been filed on the ground that the amounts were paid by DPCL directly on account of payments to the contractors, works, supplies, services, past employees and to the third party during the period of 2002-2006 for liabilities arising from events prior to July 01, 2002 (DVB period). It also includes the adjustments made by the Company for discharging such DVB liabilities (prior to July 01, 2002) from the amounts payable to DPCL (for revenue collected from consumers towards power supplied during the DVB period). The matter at present is before the Registrar of Delhi High Court. On May 08, 2019, BRPL has filed affidavit for admission and denial of documents. The admitted documents were placed on record on August 21, 2019. Thereafter, matter was listed on various dates but no effective hearing took

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place. In the last hearing held on March, 24, 2021, the matter was adjourned to July 26, 2021 for admission and denial of documents.

b) The Company had received claim from Delhi Transco Limited of ₹ 2.38 Crores (March 31, 2020 ₹ 2.38 Crores) mainly on account of events relating to erstwhile DVB period. The same is disputed by the Company, and pending dispute/reconciliation, the same has not been provided in the books.

c) The Company had received TDS assessment orders for Financial Year (F.Y.) 2007-08, 2008-09 and 2009-10 wherein a total demand of ₹ 2.95 Crores (Previous Year ₹ 2.95 Crores) was raised primarily on account of interest u/s 201(1A) of the Income Tax Act, 1961 for non/late deduction of TDS on power transmission charges u/s 194J. The Company had contested this demand and had appealed against the said TDS assessment orders before the CIT (A). Appeals for F.Y. 2008-09 & 2009-10 have been decided by the CIT (A) in favour of the Company, whereby it was held that TDS u/s 194J is not applicable on payments for transmission /wheeling/ open access charges etc. Appeal for F.Y. 2007-08 against demand of ₹ 1.20 Crores (Previous Year ₹ 1.20 Crores) is still pending.

During pendency of aforesaid appeals, the Company had deposited the entire demand of ₹ 2.95 Crores (Previous Year ₹ 2.95 Crores) under protest. Further, the Company had taken the decision in November 2009 to deduct and deposit TDS on Power Transmission charges from the F.Y. 2009-10 onwards under protest. The Company is confident that appeal for F.Y. 2007-08 will be decided in line with orders passed for F.Y.'s 2008-09 & 2009-10 and entire demand will be reduced to Nil. Accordingly the Company has not provided for any liability, in this regard in the books of accounts. Further, the Company is following up with the Income Tax Authorities for refund / adjustment of the amount paid against the demand for F.Y.'s 2008-09 & 2009-10.

In the meanwhile, the Income Tax Department appealed against the order of CIT (A), before ITAT for the F.Y.'s 2008-09 and 2009-10, contesting decision of the CIT (A). These appeals of the department have been dismissed by ITAT and decided in favour of the Company.

The issue of applicability of section 194J on power transmission/ wheeling charges has been set at rest by the Hon'ble Supreme Court, whereby a Special Leave Petition (SLP) filed by the Income Tax Department against Delhi High Court decision in case number ITA No. 341/2015, pertaining to Delhi Transco Limited was dismissed. The High Court had held that the provisions of section 194J are not applicable on power transmission/ wheeling charges.

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d) Income Tax assessment for the A.Y. 2011-12 was concluded u/s 143(3) of the Income Tax Act, 1961 whereby a demand of ₹ 4.62 Crores was raised under MAT provisions. The Company had filed an appeal before CIT (A) against the said order. The appeal has been fixed for fresh hearing under the faceless appeals mechanism as the CIT (A) who had heard the appeal earlier was transferred before the order could be passed. Meanwhile, the Company has paid an amount of ₹ 0.50 Crore against the said demand and a further sum of ₹ 4.02 Crores has been adjusted by the Income Tax Department against refunds due to the Company in respect of subsequent years against the demand. The Company has filed an application for stay of the balance demand on the ground that the issues in respect of which the demand has been raised are decided in favour of the Company in the appeals for earlier years. Accordingly, no provision has been made in the books of accounts against such demand.

e) Income Tax assessment for A.Y. 2013-14 was concluded u/s 143(3) of the Income Tax Act, 1961. In the assessment order, various additions were made and a demand of ₹ 119.25 Crores was raised. The Company's appeal before the CIT (A), against the said order, has been partly allowed. The Company has filed an appeal before ITAT against the order of CIT (A) on the issues which were decided against the Company. Meanwhile, the Company received orders of CIT (A) for A.Y. 2012-13, in which a loss of ₹ 1,602.94 Crores was determined. Considering the brought forward loss of A.Y. 2012-13, the taxable income for the A.Y. 2013-14 has been revised to Nil and the related demand under normal provision of the Act has been reduced to Nil. However a demand of ₹ 0.92 Crore has been raised under the MAT provisions. The issue relating to additions made under MAT provisions is covered in favour of the Company by the CIT (A) order's of earlier years. Accordingly, no provision has been made in the books of accounts against such demand.

f) Income Tax assessment for A.Y. 2015-16 was concluded u/s 143(3) of the Income Tax Act, 1961. In the assessment order passed u/s 143(3), various additions were made and a demand of ₹ 41.24 Crores had been raised. The Company has filed an appeal before CIT (A) against the said order. Meanwhile, the Company had received the CIT (A) order for A.Y. 2012-13, in which a loss of ₹ 1,602.94 Crores was determined. Considering the brought forward loss of A.Y. 2012-13, the taxable income for the A.Y. 2015-16 has been revised to Nil and the related demand under normal provision of the Act has been reduced to Nil. However demand of ₹ 1.33 Crores has been raised under the MAT provisions. The issue relating to additions made under MAT provisions is covered in favour of the Company by the CIT (A) order's of earlier years. Accordingly, no provision has been made in the books of accounts against such demand.

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g) The Income Tax assessment of the Company u/s 143(3) of the I.T. Act has been concluded for A.Y. 2016-17. The assessed income for the year under the normal provisions has been computed at ₹ Nil after adjusting brought forward losses of ₹ 281.52 Crores. Meanwhile, a demand of ₹ 5.98 Crores has been raised on the Company under the MAT provisions. However, the demand is not recoverable as the issue relating to additions made under MAT provisions is covered in favour of the Company by the CIT (A) order's of earlier years. Accordingly, no provision has been made in the books of accounts against the demand. Further, the Company has filed an appeal before CIT (A) on the various issues on which additions/disallowances have been made in the assessment order.

h) The Income Tax assessment of the Company u/s 143(3) of the Income Tax Act, 1961 has been concluded for A.Y. 2017-18 vide order passed on April 23, 2021 under the Faceless Assessment Scheme. The assessed income for the year under the normal provisions has been computed at ₹ 276.64 Crores against which a demand of ₹ 507.63 Crores has been raised. The entire demand is erroneous and is on account of obvious calculation and computation errors which need to be rectified. The Company is in the process of filing an application for rectification of these mistakes. The Company is confident that once these mistakes are rectified the demand under the normal provisions will be reduced to Nil. However, a demand of around ₹ 3 Crores may be raised on account of additions made under the MAT provisions. However, the demand will not be recoverable as the issue relating to additions made under MAT provisions is covered in favour of the Company by the CIT(A) order's of earlier years. Accordingly, no provision has been made in the books of accounts against the demand. Further, the Company is in the process of filing an appeal before CIT (A) on the various issues on which additions/disallowances have been made in the assessment order.

i) The Company had in December-2003, announced a Special Voluntary Retirement Scheme (SVRS). The Company had taken the stand that terminal benefit to SVRS optees was the responsibility of DVB Employees Terminal Benefits Fund - 2002 Trust (DVB ETBF – 2002 or the Pension Trust) and the amount was not payable by the Company. The DVB ETBF – 2002 Trust had contended that terminal benefits to the SVRS optees did not fall in its purview as the employees had not attained the age of superannuation.

For resolution of the issue through the process of law, the Company had filed a writ petition before the Hon'ble Delhi High Court. The Hon'ble Court has pronounced its Judgement on this issue on July 02, 2007 whereby it has provided two options to the Discoms for paying terminal benefits and residual pension to the Trust :-

I. Terminal benefits to the SVRS optees to be paid by Discoms which shall be reimbursed to Discoms by the Trust without interest on normal retirement / death (whichever is earlier) of such SVRS optees. In addition, the Discoms shall pay the Retiral Pension to SVRS optees till their respective dates of normal retirement, after which the Trust shall commence payment to such optees, OR;

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II. The Trust to pay the terminal benefits of the SVRS optees on reimbursement by Discoms of 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal. The liability to pay residual pension i.e. monthly pension shall be borne by the Company.

The Arbitral Tribunal shall be comprised of a nominee of the Institute of Actuaries Mumbai, a nominee from Discom and a nominee from GoNCTD & Pension Trust. Institute of Actuaries and Discom have appointed their respective nominees while GoNCTD & Pension Trust have not appointed their nominee and have filed their respective Appeals before the Division Bench of the High Court of Delhi.

The Company has opted for option (II) above, which requires determination of additional contribution to be funded by Discom as determined by the Arbitral Tribunal. However, the Company in order to mitigate the financial hardships being faced by the SVRS optees, pending determination and actuarial valuation and without prejudice to their rights, contentions and claims, opted to pay the terminal benefits to the SVRS optees and the same was taken on record by the High Court in its order dated January 25, 2008. As such, the Company has paid leave encashment, gratuity, and commuted pension amounting to ₹ 85.07 Crores (including interest of ₹ 20.26 Crores) (Previous Year ₹ 85.07 Crores, including interest of ₹ 20.26 Crores) vide Court direction dated January 25, 2008 and shown it as advance recoverable from the Trust. The Company has adjusted ₹ 18.22 Crores from leave salary and pension contribution payable to the Trust, against amount recoverable in respect of the SVRS Optees who have expired or attained the age of superannuation till March 31, 2010.

On August 31, 2015, the Division Bench of Delhi High Court dismissed the Appeals filed by the GoNCTD/Pension Trust and directed constituting the Arbitral Tribunal.

DERC has approved the aforesaid retiral pension amount in its Annual Revenue Requirement (ARR) and the same has been charged to statement of profit and loss.

Both GoNCTD and Pension Trust have challenged the dismissal of their respective appeals by filing Special Leave Petitions no. CC No. 11594/2016 and 18280/2016 before the Hon'ble Supreme Court of India. Both the SLPs came for hearing before the Hon'ble Supreme Court on January 02, 2017 wherein both the SLPs have been admitted. Thereafter matter was listed with Registrar on various dates, last date being December 18, 2019 when the Registrar has directed the matter to be listed before the Court. These SLPs will now come up for hearing on their turn, as and when listed by the Court.

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j) Delhi Electricity Regulatory Commission (DERC) vide its letter dated December 03, 2009 directed all the Discoms to refund the unspent consumer contribution with interest @ 12% per annum from the date of completion of work as per Electrical Inspector's Certificate (EIC). The Licensee, aggrieved by the direction, submitted review Petition before DERC requesting to implement the principle of refunding the unspent consumer contribution prospectively as DERC itself has utilized the unspent consumer contribution as a means of finance in its various Tariff orders.

DERC in its Interim order dated August 23, 2012 directed the Discoms to refund the unutilized consumer contribution scheme wise from F.Y. 2012-13 onwards to the consumers along with interest from the date of issuance of EIC. However, DERC vide its order dated March 11, 2014 observed that consumer contribution was considered as a means of finance by the Commission for the capital expenditure schemes in various Tariff orders yet directed the licensee's to refund the unspent consumer contribution with interest @ 12% per annum from the date of completion of work as per EIC. The Licensee preferred an appeal before Appellate Tribunal for Electricity (ATE). The ATE, vide its judgement dated February 23, 2015 remanded the matter to DERC giving liberty to the Discoms to furnish the accounts showing that the excess amount of consumer's contribution has been duly considered in the ARRs from F.Y. 2002-03 onwards in reducing the retail supply tariffs. DERC in its order dated December 23, 2015 directed the Company to provide within the next two months the details of balance of consumer contribution in each case and from which date it has to be refunded and held that it would pass orders on refunds and recasting of the ARR's in the next tariff exercise. This has not happened so far. The Company had duly submitted such details to the DERC. Despite the previous orders, DERC vide letter dated January 12, 2017 directed Discoms (without allowing impact in ARR) to refund consumer contribution otherwise face penalty u/s-142 of Electricity Act, 2003. The Company challenged the aforesaid letter of DERC before ATE. In the judgement pronounced by APTEL on May 15, 2017 it has made it clear that the DERC should take into account the submissions made by the Discoms contending that since the entire amounts received by the Discoms against consumer contributions for capital works up to F.Y. 2006-07 had been considered as 'Means of Finance' by the DERC and therefore, the Commission cannot ask for the unutilized amounts to be refunded to the consumers without re-computing the ARR for those years. DERC was directed to comply with the earlier judgement dated February 23, 2015. DERC filed a Civil Appeal before the Hon'ble Supreme Court of India against APTEL's judgement dated May 15, 2017 on maintainability. The said Appeal was dismissed in limine.

Despite all the above, DERC vide its order dated December 05, 2019, had again directed the Discoms to refund the balance of unspent/balance consumer contribution in respect of the capitalized assets to the respective consumers and file claim before DERC, which will be considered along with admissible consequential relief in future ARR. The said directions were to be compiled within 2 months. The Company has preferred an Appeal before APTEL against the said directions of DERC in Appeal no. 34 of 2020. The APTEL was pleased to grant a stay against the direction of DERC for refund of such amount.

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Therefore, pending the final order of APTEL, no interest has been provided in the books for unspent consumer contribution against deposits received till March 31, 2012. Since the period under dispute is between FY 2002-03 to FY 2011-12, the Company is refunding unspent consumer deposits pertaining to works executed against the deposits received after March 31, 2012 with interest.

k) North Delhi Municipal Corporation ("NDMC") by a communication dated June 19, 2015 has raised an aggregate demand of ₹ 173 Crores on the Company for the years 2007 to 2015 purportedly on account of the License Fee for installation of transformers in their control area and also towards security equivalent to 3 months license fee at the current rate.

NDMC has also sought to recover way leave charges from all service providers of services like Telecom, Water Supply etc. including the Companies, who are using the Land / Property of NDMC whether underground or overhead to lay their cables including other electrical installation. NDMC has asked for payment of usage charges of ₹ 75,162/- per running meter up to 1 meter width per annum.

The Company had informed NDMC that the imposition of license fees and way leave charges is misconceived and against the mandate of the transfer scheme. The matter was also raised with the Regulator and the GoNCTD.

DERC vide its letter dated November 16, 2015 has requested Secretary (Power), GoNCTD to take up the matter with NDMC to review the policy as imposition of aforesaid charges (license fee and way leave charges) would cost an additional burden on the power utilities which will result in increase in tariff. The Company had also sent letter to Secretary (Power), GoNCTD on November 18, 2015 followed by reminders on January 07, 2016 and January 15, 2016.

NDMC revised the charges to ₹ 684/ - per meter (one time) in August 2016. The matter was brought to the knowledge of DERC and GoNCTD. GoNCTD has taken note of the same and has taken up the matter with NDMC in December 2016 stating that the proposed levy be withdrawn as it shall result in increasing tariff and create unnecessary burden on consumers. In the co-ordination meeting held on February 03, 2017, it was agreed by NDMC to defer the demand / levy of way charges and allow the Discoms to carry out their work till the matter is sorted out. New demand of ₹ 4.10 lakhs was raised by NDMC in September 2019 on account of Way leave charges for a specific work. Reply was sent stating the aforesaid position in December 2019. No revert has been received thereafter. However, a fresh demand of ₹ 1.36 lakhs was raised by NDMC in September 2020.

On December 17, 2020 the Delhi High Court in a Writ Petition filed by BRPL (10515/2020) directed the NDMC to extend the reliefs as granted to Tata Power Delhi Distribution Ltd. i.e. the Road Cutting permissions will not be held up or delayed on account of non-payment of Way Leave Charges and the issue of Way Leave Charges is subject to adjudication of the matter by the Court. The matter was last listed on March 25, 2021 and adjourned to August 23, 2021.

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SDMC also raised demand of ₹ 3.20 lakhs in October 2020. Delhi High Court has granted relief on similar lines as stated above to the Company against SDMC on December 08, 2020 in Writ Petition filed by BRPL (10006/2020). The matter was last listed on March 24, 2021 and adjourned to May 20, 2021.

l) Based on the order dated August 10, 2015 of Hon'ble Supreme Court of India, in the case of Bombay Bar Association vs UOI & ORS, the Company had decided not to pay service tax under reverse charge on Lawyer's Fees w.e.f October 2015. Accordingly, the Company had not deposited service tax on Lawyer's Fees under reverse charge for the period October 01, 2015 to June 30, 2017 amounting to ₹ 3.76 Crores. However, during the Financial Year 2018-19 an audit was conducted by the Service Tax Department during which the auditors had stated that Service Tax was applicable on these expenses under reverse charge and that the Company should deposit tax on the same forthwith. The Company reconsidered it's stand on the matter and after detailed discussion with it's professional consultant decided to deposit the Service Tax (without interest) under protest on Lawyer's Fees for the period October 01, 2015 to June 30, 2017 amounting to ₹ 3.76 Crores. The amount so paid has been shown as Service Tax & Cenvat Credit recoverable under the head 'Current Assets' in the books of account. Further, w.e.f. July 01, 2017 GST has been implemented and Company is paying GST on the above under GST reverse charge mechanism.

m) **Late Payment Surcharge on Power Purchase Overdue**

Due to financial constraints, the company could not service dues of various Power Generators / Transmission companies on time. On account of such delays in payment, these Power Generators / Transmission companies are entitled to levy Late Payment Surcharge (LPSC) on the Company. The LPSC is recognized by the Company based on the allocation methodology as per Power Purchase Agreements (PPA), applicable regulations of CERC/DERC during the period to which overdues pertains and / or reconciliation/ agreed terms with Power Generators / Transmission Companies. There are differences in LPSC recognized in the books of account and LPSC as per some of the generators / transmitters. These differences, amounting to ₹ 1159.81 Crores (March 31, 2020 ₹ 789.51 Crores) are primarily on account of interpretation of applicable regulations of CERC/DERC or terms of PPA's where there are no defined payment allocation methodology.

n) **Claims by/on Maithon Power Limited**

Maithon Power Limited (MPL) had filed a claim against the Company for energy, capacity and other charges for the period April 2011 to March 2012 before CERC on December 30, 2016 for ` 109 Crores (out of which ` 103.23 Crores has not been booked by the Company). The Company has contested this claim on the ground that the power generation plant was not commissioned on its scheduled time i.e. October 2010, it was delayed for the period of 11 months, power was provided by MPL from alternate sources during the period April 2011 to August 2011, and after commissioning of the plant its power generation was not stable, due to which, the Company stopped considering it for power scheduling, hence no such charges are payable. The Company has also filed a counter claim against MPL for ₹ 212 Crores on September 13, 2017 (amendment application on February 14, 2019) invoking the penalty provisions of the PPA for scheduling power below the contracted minimum. In the matter, CERC has allowed counter claim amendment application of Company vide order dated January 06, 2020 & the matter will be listed for hearing on merit in due course.

o) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

Based on the interpretations of the provisions of the relevant statutes involved, the Company is of the view that the demands referred above are likely to be deleted or substantially reduced and penalty waived off by appellate authorities at higher levels and accordingly no further provision is required.

52. Legal Cases by the Company

The Company has a process of enforcement and booking cases of power theft to reduce AT&C losses and improve operational efficiency parameters. In pursuance of same and powers conferred under The Electricity Act, 2003, Company files cases in various legal forums for the recovery of dues from defaulters. The Company is hopeful of favorable outcome of such cases. However, the amount likely to be realized on settlement of such cases is currently not ascertainable. The Company does not expect any adverse impact on the financial position as a consequence of these legal cases. The Company has taken insurance policy for electrocution cases. Any order of the Court directing Company to pay compensation is reimbursable by the Insurance Company.

53. NTPC and Other Generators Dues

The Company has received a notice from NTPC Limited on February 01, 2014 for regulation (suspension) of power supply due to delay in power purchase payments. The Company has filed a petition in the Hon'ble Supreme Court praying for keeping the regulation notice in abeyance, giving suitable direction to DERC to provide cost reflective tariff and to give a roadmap for liquidation of the accumulated Regulatory Assets. In the Interim Order dated March 26, 2014 & May 06, 2014 the Hon'ble Supreme Court had directed the Company to pay its current dues (w.e.f. January 01, 2014) by May 31, 2014 failing which the generating / transmission Companies may regulate supply. On July 03, 2014 the court took note that Company paid 100% payment of its current dues. All contentions and disputes were kept open to be considered later. Further, direction was made to pay the recurring amount as per earlier orders dated March 26, 2014 & May 06, 2014. In the meantime, an application has been filed before Hon'ble Supreme Court seeking modification of aforesaid orders so as to allow the Company to pay 70% of the current dues. All arguments were concluded on February 18 &19, 2015.

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Delhi Power Utilities had filed contempt case in January 2015 against senior officials of the Company alleging non compliance of the Supreme Court order regarding payment of the dues. No notice has been issued so far, however, on an interim application filed by them praying for payment of outstanding dues, notice was issued in December 2015. Thereafter, the matter was listed on few occasions but was simply adjourned. However, on May 12, 2016, the Court directed the Company to pay 70% of the current dues till further orders. New contempt petitions have been filed by Delhi Power Utilities in November 2016 alleging non compliance of order dated May 12, 2016. No notice has been issued so far. Thereafter, the matter was listed on various dates. In the hearing held on May 02, 2018, the Hon'ble Judge did not pronounce the judgement. Since then, both the Judges have retired. The matter shall be re-heard before another Bench. However, on April 11, 2019 new interim application have been filed by Indraprastha Power Generation Company Limited (IPGCL) and Pragati Power Corporation Limited (PPCL) in pending contempt petitions of 2015 alleging non compliance of Supreme Court order regarding payment of current dues.

On November 28, 2019, Counsel for Delhi Power Utilities requested for early hearing of the Contempt Petitions. This matter along with, earlier Writ Petitions were listed for hearing on January 07, 2020 before the Hon'ble Court. The Hon'ble Court on the request of the Company directed that, all connected matters be tagged with the Writ and Contempt Petitions and the matters be listed in the month of March 2020.

However, as the matters did not get listed, an application for early hearing of appeals was filed and listed before Supreme Court on July 17, 2020 along with Writ Petition 104/2014. The Supreme Court directed to list the Appeals along with the connected matters in the month of December 2020. As the matters did not get listed till February 2021, another application has been filed for early hearing in March, 2021. The matter was mentioned before the Hon'ble Supreme Court on April 19, 2021 and the court has directed for listing of application in July, 2021.

54. **CAG Audit**

Pursuant to the letter dated January 07, 2014 from Department of Power (GoNCTD), The Comptroller and Auditor General of India (CAG) commenced audit of all the three Electricity Distribution Companies of Delhi w.e.f. January 27, 2014. The Company has filed a writ petition in the Hon'ble High Court praying for staying the said audit, however, the said prayer has been declined by the Court. The Company has filed an appeal before the Division Bench of High Court against the said Order. Both writ petition and appeal have been tagged together along with PIL (Public Interest Litigation) filed by United Resident Welfare Association (URWA) on the same matter. All arguments were concluded on March 04, 2015.

In August / September, 2015, the Company filed interim applications in aforesaid appeals requesting for directions to CAG to not share the draft audit report with any third party and the same cannot be cited or acted upon in any manner whatsoever. CAG counsel submitted that they will take no action on the basis of the same. Further, consolidated draft report of all discoms was furnished by CAG to BSES discoms pursuant to direction of the Court.

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Another set of applications were filed seeking breakup of alleged loss etc. as stated in draft audit report and stay on Exit Conference. The same were listed on October 01, 2015. The Court did not grant any stay on holding of Exit Conference and stated that the replies be submitted on whatever material is available to BSES discoms and seek additional details in the Exit Conference and apprise the court on the next date of hearing i.e. October 15, 2015.

On October 15, 2015, the Company appraised the court that 1100 pages have been provided for the first time at the Exit Conference held on October 13, 2015 and time is required to respond for the same. CAG counsel stated that this information has been shared in the past during the audit process and therefore it is not a new information. The Court, after hearing the parties, recorded the submission and said that similar matter in the case of Tata Power Delhi Distribution Limited (TPDDL) is coming up on October 30, 2015. These applications along with the matter would be listed along with Writ on October 30, 2015.

The Court has also granted time to the Company till October 30, 2015 to respond to the documents provided at the Exit Conference, if it so desires.

The matter was listed for October 30, 2015 and Hon'ble High Court has pronounced its Judgement wherein Hon'ble High Court has concluded with "directions to set aside all actions taken pursuant to the January 07, 2014 order and all acts undertaken in pursuance thereof are infructuous".

CAG, GoNCTD and URWA have filed appeals in Supreme Court against the Hon'ble High Court judgement and the matter was listed on January 18, 2016 wherein notices were issued. BSES discoms have submitted their replies. Matter was listed on July 25, 2016 and court directed the parties to complete the pleadings. The case was slated to be heard on October 19, 2016 but it did not figure in the cause list, hence, did not get listed on that date. It was heard on December 07, 2016 when parties were given further four weeks to complete the pleadings. Matter was listed on various occasions in February / March 2017, last hearing being on March 09, 2017, when Court had reserved its order on the issue whether it would like to hear the matter after the decision in the Constitution Bench matter or refer it to the constitutional bench where matter between GoNCTD powers vis -a- vis LG powers is pending. On July 03, 2017 the Bench opined that the instant appeals need not be referred to the Constitution Bench and adjudication of the appeals should not await the outcome of the decision of the Constitution Bench. In terms of the signed order, appeals were directed to be listed for hearing on merits. Next date of hearing is not yet fixed.

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55. **Operating Segments**

The Company is engaged in the business of distribution and supply of electricity in the specified area in Delhi. Chief Operating Decision Maker (CODM) reviews the business as one operating segment only. Therefore, segmental disclosure as required by Ind AS 108 "Operating Segments" is not applicable.

There is no individual customer contributing more than 10% of revenue. The company operates in certain areas of Delhi as per license issued by DERC and hold assets at one geographical area i.e. Delhi. The Company does not derive revenue from foreign countries on account of distribution business. The Company does not hold any non current asset in foreign country.

56. **Service Tax / GST on Street Light Maintenance**

The Company raises bills for street light maintenance on the Municipal Corporation of Delhi (MCD) along with the applicable service tax (till June 30, 2017) and GST thereafter (in line with provisions of notification Nos. 24/2017-CT(R) dated September 21, 2017 and 2/2018-CT(R) dated January 25, 2018. MCD has been split into South Delhi Municipal Corporation (SDMC), North Delhi Municipal Corporation (NDMC) & East Delhi Municipal Corporation (EDMC) based on their area of functionality in the different parts of Delhi. However, MCD is not adhering to its statutory obligation to bear the Service Tax/GST and has not been paying the Service Tax/GST component of the bills. Aggrieved by the actions of the MCD, the Company had filed a writ petition before the Delhi High Court on August 24, 2009 seeking directions against MCD for recovery of the service tax dues. The total amount of Service Tax claimed in the writ petition for the period from June 16, 2005 to June 30, 2009 was ₹ 6.53 Crores which is still pending adjudication and the total amount of Service Tax/GST recoverable from MCD in this regard has increased to ₹ 29.33 Crores as on March 31, 2021 (March 31, 2020 ₹ 28.11 Crores). The three Municipal Corporations (MCDs) have been impleaded in the Writ Petition. On April 03, 2018, the three MCDs were directed to file their respective Counter Affidavits. NDMC and SDMC have filed their Counter Affidavits against which the Company has filed its Rejoinders. EDMC has not filed its Counter Affidavit. In January, 2020, the Central Board of Indirect Taxes filed an Affidavit stating that street light maintenance is not exempted from Service Tax. The next date of hearing has been fixed for July 14, 2021.

57. **Applicability of GST on Distribution Utilities Circular No. 34/08/2018**

The Govt. of India, Ministry of Finance, Department of revenue, Tax Research Unit (TRU) has issued a circular bearing no. 34/08/2018 dated March 01, 2018 clarifying therein that some of the activities carried out by Discoms are chargeable to GST which is contrary to the spirit of law as the transmission and distribution of electricity has all along been a non taxable service. Therefore the Company along with other Discoms had filed a writ petition before the Delhi High Court to quash this circular and challenged the levy of GST on such services which are necessary adjunct of Distribution of electricity. Meanwhile, in a major development, the Gujarat High Court in the case of Torrent Power Ltd., has struck down the above mentioned provisions of the Circular 34/08/2018 holding it as ultra virus the provisions of section 8 of the Central Goods and Service Tax Act, 2017 as well as Notification No. 12/2017-CT (R) serial no. 25. The Department has filed an appeal before the Hon'ble Supreme Court against the said judgement of the Gujarat High Court. Since, the issues which will be adjudicated upon by the Hon'ble Supreme Court in Torrent's matter are similar to those which had been raised by the Company before the Hon'ble High Court of Delhi, therefore the Company filed a transfer petition before the Hon'ble Supreme Court seeking transfer of the matter from the Delhi High Court to the Supreme Court of India in terms of Article 139A of the Constitution of India and Order XLI of the Supreme Court Rules, 2013. The Supreme Court has permitted the transfer petition and tagged the same with the Departmental Appeal in the case of Torrent Power Ltd. Further the Company has decided that till the matter is decided by Hon'ble Supreme Court, it will continue to charge GST in respect of these services and deposit the tax so collected with the authorities under protest.

58. **Pension Trust Surcharge**

As per DERC directives in the Tariff order dated August 28, 2020, a surcharge of 5% has been allowed w.e.f September 01, 2020 (earlier rate 3.80% w.e.f April 01, 2018 and 3.70% w.e.f September 01, 2017) towards recovery of Pension Trust surcharge of erstwhile DVB Employees/Pensioners as recommended by GoNCTD. Accordingly, the Company is billing to the consumers and collecting the same from the consumers for onward payment to the Pension Trust on monthly basis. There was an under recovery of ₹ 60.93 Crores from consumers in FY 2017-18 towards Pension Trust Surcharge based on the DERC directives in the Tariff Order dated August 31, 2017 on collection basis. In Tariff Order dated July 31, 2019 DERC while undertaking true-up of FY 2017-18, has allowed Pension trust surcharge deficit on billed basis instead of collection basis and has added the same as a part of Regulatory Assets instead of allowing its adjustment through Pension Trust Surcharge of FY 2019-20. The recovery and payment towards Pension Trust Surcharge are not towards any costs/expenses of the Company and the Company is only a vehicle to collect the amount from consumers and pay them over to the Pension Trust. The Company has filed an Appeal against this treatment, which stands admitted as Appeal No. 376 of 2019, and has accordingly not considered any accounting adjustment in the books of accounts.

59. DERC vide its order dated September 18, 2019 has imposed a penalty under Section 142 of Electricity Act 2003.The total amount of penalty till March 31, 2021 is ₹ 3.72 Crores on account of non-compliance of RPO for F.Y. 2012-13 to F.Y. 2014-15. This penalty will increase at the rate Rs. 5,000/- per day. Therefore, the total amount of non-compliance from F.Y. 2012-13 to F.Y. 2020-21 (upto March 31, 2021) is ₹ 6.28 Crores. However the order dated September 18, 2019 has been challenged in the APTEL in Appeal No. 397 of 2019 and APTEL have directed DERC not to take any coercive steps till matter is pending. The next date of hearing is August 12, 2021.

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60. **Impact of Covid-19**

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 in preparation of these financial statements, including but not limited to its assessment of, its business operations, demand for its products/services, profitability, capital and financial resources, assets, ability to service debt arrangements, liquidity and going concern assumptions.

The recent lockdown announced in Delhi, which is continuing as on the date of reporting, may impact the demand of electricity and also the consumer's ability to pay and hence the receivables and collection part would also get impacted. However, on a long term basis, the Company does not anticipate any major challenge in meeting its financial obligations. Further, being a rate regulated business having assured returns, deficit in revenue, if any, would be allowed by the regulatory authority as recoverable from future tariffs.

The Company has made aforesaid evaluation based on projections and estimations considering the external as well as internal information presently available and has concluded that there is no material impact on the Company's financial statements.

The impact of COVID-19 remains uncertain and may be different from what we have estimated as on the date of approval of these financial statements since the duration and extent of spread of Covid-19 in future cannot be predicted with certainty.

61. **Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) :**

(Amount in ₹ Crores)

S No	Particulars	2020-21	2019-20
A	The principal amount along with the interest due thereon remaining unpaid to any supplier at the end of each accounting year.	19.15	11.49
B	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the suppliers beyond the appointed day during each accounting year.	Nil	Nil
C	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
D	The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
E	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

Amounts in ₹ Crores

Note-62 Disclosure under Ind AS-19 "Employee Benefits"

The Company has classified various employee benefits as under:

a) Defined Contribution Plans

i.) Employees Provident Fund

ii.) Superannuation Fund

iii.) Pension and Leave Salary Contribution

Regular Employees i.e. other than from Erstwhile DVB Employees

The Provident Fund (including Family Pension Contribution) for 'regular' employees is deposited with the Regional Provident Fund Commissioner. The Superannuation Fund contribution for 'regular' employees is deposited with the Trustees of the "BSES Rajdhani Power Ltd Employees Superannuation Scheme" which is recognized by the Income Tax Authorities. Contribution to National Pension System (NPS) is voluntary for 'regular' employees and the same is deposited with HDFC Standard Life Insurance.

Erstwhile DVB Employees

Pension contribution and Leave Salary contributions which are applicable to Erstwhile DVB employees, are paid to the DVB ETBF – 2002 Trust as per FRSR rules.

The Company has recognized the following amounts in the statement of profit and loss for the year. (Refer Note 39)

S No	Particulars	March 31, 2021	March 31, 2020
a	Contribution to Provident Fund	6.39	5.79
b	Contribution to Employee's Superannuation Fund	1.05	1.02
c	Contribution to Pension and Leave Salary	71.45	35.44
	Total	78.89	42.25

b Defined Benefit Plans

i.) Gratuity

ii.) Leave Encashment

Gratuity is payable to eligible employees as per the Company's policy and amount is paid as per provisions of the Payment of Gratuity Act, 1972. The Company makes contribution to Gratuity Fund (BSES Rajdhani Power Limited Employees Group Gratuity Scheme) which is recognized by Income Tax authorities. The Trust has taken a group policy with ICICI Prudential Life Insurance Company Limited, Bajaj Allianz, SBI Life Insurance, India First Life Insurance, HDFC Standard Life Insurance and Reliance Nippon Life Insurance Company Limited to meets its obligation towards gratuity.

Earned leave and sick leave are payable to eligible employees who have accumulated leaves, during the employment and/or on separation as per the Company's policy.

Liability with respect to the gratuity, leave encashment and sick leave is determined based on an actuarial valuation done by an independent actuary at the year end and any differential between the fund amount and the actuarial valuation is charged to the statement of profit and loss.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the statement of profit and loss as income or expense.

Principal Acturarial Assumption as at Balance Sheet date

S No	Particulars	March 31, 2021	March 31, 2020
a	Discount rate (per annum)	6.30% - 6.93%	6.54% - 6.80%
b	Rate of increase in compensation levels	6.00% - 11.00%	6.00% - 10.00%
c	Expected rate of return on plan asset (in case of Gratuity)	6.50%	7.00%
d	Retirement age	58-60 years	
e	Mortality table	100% of IALM (2012-14)	100% of IALM (2012-14)
f	Average withdrawal rate	Withdrawal rate	Withdrawal rate
	a) Upto 30 Years	1%	1%
	b) From 31 to 44 Years	1%	1%
	c) Above 44 Years	1%	1%

The discount rate has been assumed at 6.30 % to 6.93 % p.a. (March 31, 2020 at 6.54% to 6.80% p.a.) which is determined by reference to market yield at the balance sheet date on government securities for remaining life of employees. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market on long term basis.

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Notes to Financial Statements for the Year Ended March 31, 2021

Amounts in ₹ Crores

i) Changes in the Present Value of Obligation

S No	Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Leave Encashment	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)
a	Present value of obligation as at the beginning of the year	79.37	79.89	75.63	60.72
b	Acquisition adjustment	-	-	-	0.50
c	Interest cost	5.33	5.43	5.75	4.65
d	Past service cost	-	-	-	-
e	Current service cost	3.60	8.37	4.98	6.42
f	Contribution by plan participants	-	-	-	-
g	Curtailment cost/(credit)	-	-	-	-
h	Settlement cost/(credit)	-	-	-	-
i	Benefit paid	(3.75)	(0.79)	(8.43)	(2.28)
j	Actuarial (gains)/loss	(27.56)	17.82	1.44	9.88
k	Present value of obligation as at the end of the year	57.00	110.72	79.37	79.89
l	Current liability	5.91	3.62	5.07	2.85
m	Non current liability	51.09	107.10	74.30	77.04

ii) Changes in the Fair value of Plan Assets

S No	Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Leave Encashment	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)
a	Present value of plan asset as at the beginning of the year	-	62.85	-	42.52
b	Acquisition adjustment	-	-	-	0.50
c	Expected return on plan assets	-	4.27	-	3.26
d	Actuarial gain/(loss)	-	2.11	-	0.68
e	Employers contribution	-	17.03	-	18.18
f	Employees contribution	-	-	-	-
g	Benefit paid	-	(0.79)	-	(2.28)
h	Fair value of plan assets as at the end of the year	-	85.46	-	62.84

iii) Percentage of each Category of Plan Assets to total fair value of Plan Assets as at the end of the year

S No	Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Leave Encashment	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)
a	Fund managed by insurance company	-	100%	-	100%

iv) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

S No	Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Leave Encashment	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)
a	Present value of funded obligation as at the end of the year	-	110.72	-	79.89
b	Fair value of plan assets as at the end of the year	-	85.46	-	62.84
c	Funded (asset)/liability recognized in the balance sheet	-	25.24	-	17.03
d	Present value of unfunded obligation as at the end of the year	57.00	-	79.37	-
e	Unfunded net liability recognized in the balance sheet	57.00	-	79.37	-

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v) Expenses recognized in the Statement of Profit and Loss Account

S No	Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Leave Encashment	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)
a	Current service cost	3.60	8.37	4.98	6.42
b	Past service cost	-	-	-	-
c	Acquisition adjustment	-	-	-	-
d	Interest cost	5.33	5.43	5.75	4.65
e	Expected return on plan assets	-	(4.27)	-	(3.26)
f	Curtailment cost/(credit)	-	-	-	-
g	Settlement cost/(credit)	-	-	-	-
h	Benefit paid	-	-	-	-
i	Net actuarial (gains)/loss	(27.56)	-	1.44	-
j	Employers contribution	-	-	-	-
k	Total expenses recognized in the statement of profit and loss	(18.62)	9.52	12.17	7.81

vi) Other Comprehensive Income (OCI)

S No	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
		Gratuity (Funded)	Gratuity (Funded)
a	Net cumulative unrecognized actuarial gain/(loss) opening	(29.97)	(20.76)
b	Actuarial gain / (loss) for the year on Projected benefit obligation	(17.82)	(9.88)
c	Actuarial gain /(loss) for the year on asset	2.11	0.66
d	Unrecognized actuarial gain/(loss) at the end of the year	(45.70)	(29.98)

vii) Experience Adjustment:

S No	Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Leave Encashment	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)
a	On plan liability (gain)/ loss	(19.78)	4.50	1.44	(1.40)
b	On plan assets (gain) / loss	-	(2.11)	-	(0.66)
c	Expected employer contribution for the next year	5.54	9.84	9.61	7.34

viii) Maturity Profile of Defined Benefit Obligation

S No	Years	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Leave Encashment	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)
a	0 to 1 Year	5.47	3.62	4.62	2.85
b	1 to 2 Year	0.59	2.68	4.74	1.50
c	2 to 3 Year	0.54	3.07	5.00	1.97
d	3 to 4 Year	0.40	2.68	5.38	2.36
e	4 to 5 Year	0.52	3.54	5.10	2.05
f	5 to 6 Year	0.48	3.39	4.90	2.76
g	6 Year onwards	23.91	91.72	24.06	66.36

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ix) Sensitivity Analysis of the Defined Benefit Obligation:-

S No	Particulars	Leave Encashment	Gratuity (Funded)
		2020-21	
	Impact of change in discount rate		
1	Present value of obligation at the end of the year	57.00	110.71
	a) Impact due to increase of 0.50%	(2.77)	(6.67)
	b) Impact due to decrease of 0.50%	2.94	6.76
2	Impact of change in salary rate		
	Present value of obligation at the end of the year	57.00	110.71
	a) Impact due to increase of 0.50%	2.92	6.74
	b) Impact due to decrease of 0.50%	(2.78)	(6.67)

Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow-

a) Salary Increases - Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

b) Investment Risk – If plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

c) Discount Rate – Reduction in discount rate in subsequent valuations can increase the plan's liability.

d) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

e) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

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Note-63 :- Category Wise details of Revenue Billed and Revenue Collected during the year 2020-21 and 2019-20 in compliance to Directive 6.10(i) specified in DERC Tariff Order dated August 28, 2020 are given in tables below:

(A) Financial Year 2020-21		REVENUE BILLED														
		Energy Sales	Fixed Charges	Energy Charges	Other Charges	PPAC	RA Surcharge (Fixed)	RA Surcharge (Energy)	PT Surcharge (Fixed)	PT Surcharge (Energy)	Peak Surcharge	Off Peak Rebate	Subsidy	Electricity Duty	Total Revenue Billed	Total Collection
S. No	Particulars	MU	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs
1	Domestic	7,667.10	465.96	3,224.90	(4.49)	355.93	37.27	257.70	20.81	139.26	-	-	1,435.23	189.32	4,686.67	3,258.58
2	Non - Domestic	2,200.47	700.80	1,914.15	(17.76)	266.39	56.88	159.43	31.96	89.00	26.16	(23.09)	1.08	110.15	3,314.08	3,408.47
3	Industrial	420.50	84.39	353.40	(3.79)	45.96	6.92	30.24	3.88	17.12	6.08	(5.21)	-	20.72	559.71	563.34
4	Agriculture & Mushroom Cultivation	22.70	5.38	3.69	0.16	0.95	0.43	0.30	0.24	0.17	-	-	3.94	0.22	11.52	6.03
5	Public Utilities (Public Lighting & DJB)	374.03	50.82	251.61	(3.24)	31.25	4.06	19.71	2.25	11.11	1.55	(2.68)	-	11.08	377.52	374.31
6	DIAL-Delhi International Airport Limited	15.28	3.54	11.88	(0.48)	1.50	0.79	9.56	0.45	5.36	0.31	(0.29)	-	0.67	33.29	33.30
7	Railway Traction (Other than DMRC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	DMRC-Delhi Metro Rail Corporation	187.23	29.33	119.67	(5.40)	16.21	3.48	13.77	1.97	8.28	0.85	(1.16)	-	0.58	187.58	184.07
9	Temporary (Refer Note D)	108.81	27.86	102.78	0.03	13.48	2.23	8.12	1.27	4.56	0.89	(1.06)	0.10	6.02	166.18	-
10	Advertisement & Hoardings	0.57	0.30	0.49	0.01	0.09	0.02	0.04	0.01	0.02	-	-	-	0.03	1.01	1.90
11	Self Consumption	15.74	(0.05)	(0.32)	0.02	(0.05)	-	(0.04)	-	(0.02)	0.16	(0.16)	-	(0.02)	(0.48)	-
12	Net Metering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Charging Points for E- Rickshaw / Vehicle	19.44	-	8.74	(0.01)	0.98	-	0.70	-	0.41	-	-	-	0.51	11.33	17.70
14	Enforcement	45.53	-	25.64	-	1.21	-	1.95	-	0.80	-	-	-	1.14	30.74	30.77
	Sub Total	11,077.40	1,368.31	6,016.63	(34.94)	733.90	112.08	501.48	62.84	276.07	36.00	(33.65)	1,440.35	340.42	9,379.15	7,878.47
	Add (Deemed Collection):															
	SD Interest															69.00
	Subsidy (OTSS , Lawyers & GBI)															207.40
	Subsidy															1,232.95
	SD adjustment															27.90
	SLD adjustment															0.04
	Rebate for Early Bill Payment & Self Reading															2.03
	Amount credited to Net Metering consumers															5.42
	Adjustment of recoverable job deposit															8.28
	Credit Note Adjustment															0.24
	Grand Total														9,379.15	9,431.73

Note:

(A) Net Metering Sales and amount collected are not considered based on treatment of Net Metering sales by DERC in its Tariff Order dated 28.08.2020.

(B) The collection figure of ₹ 9,431.73 Crores include the following:

1. ₹ 35.6 Crores collected towards Late Payment Surcharge (normal consumers) and ₹ 337.1 Crores collected towards Electricity Duty.

2. ₹ 610.4 Crores collected towards RA surcharge for recovery of past accumulated deficit. ₹ 332.7 Crores collected towards Pension Trust surcharge.

3. ₹ 30.8 Crores collected by the Company against the bills raised by "Enforcement Department." The amount of ₹ 30.8 Crores includes Late Payment Surcharge of ₹ 0.03 Crore, Electricity Duty of ₹ 1.14 Crores, RA surcharge of ₹ 1.95 Crores and Pension Trust surcharge of ₹ 0.80 Crore.

4. . As per Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014, any credit units which remain unadjusted at the end of each financial year shall be paid for by the distribution licensee to the consumers on Average Power Purchase Cost. Therefore, an amount of ₹ 5.42 Crores credited to Net Metering consumers is included in collection.

5. The amount of collections through cheques which were in hand or in clearing as on March 31, 2021 and were credited to bank account of the Company subsequent to March 31, 2021.

(C) The collection figures mentioned above exclude the following:

1. Collection made on account of bulk sale of power i.e. trading energy.

2. Collection from consumers on account of non- energy collection.

(D) Collection against temporary connections is included in respective category of consumers.

(E) Total energy billed of 11077.40 MU mentioned above includes 45.53 MU billed against enforcement.

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

BSES Rajdhani Power Ltd. BSES New Delhi

(A) Financial Year 2019-20		REVENUE BILLED														Total Collection
		Energy Sales	Fixed Charges	Energy Charges	Other Charges	PPAC	RA Surcharge (Fixed)	RA Surcharge (Energy)	PT Surcharge (Fixed)	PT Surcharge (Energy)	Peak Surcharge	Off Peak Rebate	Subsidy	Electricity Duty	Total Revenue Billed	
S. No	Particulars	MU	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs	₹ Crs
1	Domestic	7,694.21	674.97	3,305.80	(5.58)	203.71	53.61	264.17	25.66	125.66	-	-	1,101.69	186.66	4,834.58	3,745.74
2	Non - Domestic	3,164.14	765.59	2,709.96	(23.78)	181.64	61.61	222.19	29.27	105.51	55.88	(35.13)	0.92	150.35	4,223.09	4,167.18
3	Industrial	534.65	92.91	437.40	(4.41)	27.64	7.51	38.26	3.56	17.22	10.94	(6.70)	-	24.63	646.96	612.60
4	Agriculture & Mushroom Cultivation	21.14	5.26	3.46	0.16	0.46	0.42	0.28	0.20	0.13	-	-	6.72	0.20	10.67	5.27
5	Public Utilities (Public Lighting & DJB)	378.83	49.81	264.15	(3.24)	16.06	3.98	20.82	1.89	9.93	2.17	(2.89)	-	10.42	373.10	360.77
6	DIAL-Delhi International Airport Limited	146.10	10.31	109.48	(4.32)	8.95	1.11	14.58	0.53	6.93	3.00	(2.69)	-	5.96	150.84	142.36
7	Railway Traction (Other than DMRC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	DMRC-Delhi Metro Rail Corporation	411.81	30.90	254.24	(12.09)	15.16	3.54	27.51	1.68	13.07	13.11	(3.41)	-	1.61	345.32	318.41
9	Temporary (Refer Note D)	108.41	23.48	104.72	0.41	6.61	1.88	8.31	0.89	3.95	1.43	(1.23)	0.32	5.87	158.32	-
10	Advertisement & Hoardings	1.21	0.38	1.04	0.02	0.07	0.04	0.08	0.01	0.04	-	-	-	0.06	1.74	2.90
11	Self Consumption	17.31	(0.16)	(0.12)	0.20	(0.05)	-	(0.09)	-	(0.05)	0.28	(0.20)	-	(0.01)	(0.20)	-
12	Net Metering	13.24	-	6.72	-	-	-	-	-	-	-	-	-	-	6.72	-
13	Charging Points for E- Rickshaw / Vehicle	25.09	-	12.16	-	0.62	-	0.96	-	0.46	-	-	-	0.69	14.89	14.35
14	Enforcement	46.58	-	46.85	-	1.36	-	3.67	-	1.49	-	-	-	2.00	55.37	55.42
	Sub Total	12,562.72	1,653.45	7,255.88	(52.61)	459.23	133.70	598.74	63.69	284.24	86.81	(52.25)	1,109.65	388.44	10,819.30	9,425.00
	Add (Deemed Collection):															
	SD Interest															72.69
	Subsidy (other than Domestic)															7.97
	Subsidy (for Domestic)															1,101.68
	SD adjustment															51.51
	SLD Adjustment															0.96
	Credit Note Adjustment															0.38
	Adjustment of recoverable job deposit															10.56
	Legal claims															0.01
	Amount credited to Net Metering consumers															3.29
	Net Metering sales for units adjusted - Deemed collection.															6.72
	Grand Total														10,819.30	10,680.75

Note:

(A) Net Metering Units grossed up in Sales & Collection:

1. According to Delhi Electricity Regulatory Commission (Net Metering for renewable energy) Regulations 2014, during any billing cycle, the distribution licensee shall raise an invoice for the net electricity consumption , as per applicable Tariff, only after adjusting/ netting off the units injected by net metering consumers during the month and unadjusted energy credits of the previous billing cycle(s). Therefore, units adjusted at the time of billing during the financial year has been grossed up to arrive at the total sales made through distribution system of the Company.

2. Electricity Duty on the sales amount is already included in the respective category being recoverable from the consumer.

(B) The collection figure of ₹ 10,680.8 Crores include the following:

1. ₹ 26.8 Crores collected towards Late Payment Surcharge (normal consumers) and ₹ 383.0 Crores collected towards Electricity Duty.

2. ₹ 725.2 Crores collected towards RA surcharge for recovery of past accumulated deficit. ₹ 344.2 Crores collected towards Pension Trust surcharge.

3. ₹ 55.5 Crores collected by the Company against the bills raised by "Enforcement Department." The amount of ₹ 55.4 Crores includes Late Payment Surcharge of ₹ 0.05 Crore, Electricity Duty of ₹ 2.00 Crores, RA surcharge of ₹ 3.67 Crores and Pension Trust surcharge of ₹ 1.49 Crores.

4. The amount of collections through cheques which were in hand or in clearing as on March 31, 2020 and were credited to bank account of the Company subsequent to March 31, 2020.

(C) The collection figures mentioned above exclude the following:

1. Collection made on account of bulk sale of power i.e. trading energy.

2. Collection from consumers on account of non- energy collection.

(D) Collection against temporary connections is included in respective category of consumers.

(E) Total energy billed of 12562.7 MU mentioned above includes 46.6 MU billed against enforcement.

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BSES Rajdhani Power Ltd. BSES New Delhi

64. Quantitative Information:

(In KWh Million Units)

S No	Particulars	2020-21	2019-20
A	Purchase of Energy (Including UI Trading Units and Barter Exchange of Power)	12826 #	14239 #
B	Sale of Energy		
	Retail Sale		
	-Billed Units	11052 ##	12516 ##
	-Unbilled Units (Net) (Refer Table Below)	(92)	(86)
	Bulk Sale excluding Barter Exchange of Power	423 #	285 #

Provisional data subject to finalization by SLDC including Net Metering.
Billed units include Net Metering and excluding theft units.

S No	Particulars	2020-21	2019-20
A	Closing Unbilled Units	201	293
B	Opening Unbilled Units	293	379
	Unbilled Units (Net) for the Year	(92)	(86)

Notes 1 to 64 form an integral part of the Financial Statements

For and on behalf of the Board of Directors

As per our report of even date

For Ravi Rajan & Co. LLP
ICAI Firm Registration No.
009073N / N500320
Chartered Accountants

Ravi Rajan & Co. LLP New Delhi Chartered Accountants

Prashant Bhatia
Partner
M. No. 508452

Anthony Jesudasan
Director
(DIN 00325390)

Surinder S Kohli
Director
(DIN 00169907)

Naveen ND Gupta
Director
(DIN 00271748)

Virendra S Verma
Director
(DIN 07843461)

Ajit K Ranade
Director
(DIN 00918651)

Jasmine Shah
Director
(DIN 08621290)

Angarai N Sethuraman
Director
(DIN 01098398)

Ryna Z Karani
Director
(DIN 00116930)

Umesh K Tyagi
Director
(DIN 07655990)

Partha P Sarma
Director
(DIN 08245533)

Anjani K Sharma
Director
(DIN 01180722)

Amal Sinha
CEO

Amarjeet Singh
CFO
(FCA - 094254)

Pankaj Tandon
Company Secretary
(FCS- 7248)

Place : New Delhi
Date : May 10, 2021

BSES Rajdhani Power Ltd. New Delhi

BSES Rajdhani Power Ltd. BSES New Delhi

ANNEXURE - 3A.2

BSES RAJDHANI POWER LTD.
NEW DELHI

MCLR Historical Data

MCLR Historical Data

Marginal Cost Lending Rates

Effective Date	Interest Rate (%)						
	ON	1M	3M	6M	1Y	2Y	3Y
15.10.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
15.09.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
15.08.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
15.07.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
15.06.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
15.05.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
15.04.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.04.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.03.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.02.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.01.2021	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.12.2020	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.11.2020	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.10.2020	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.09.2020	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.08.2020	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.07.2020	6.65	6.65	6.65	6.95	7.00	7.20	7.30
10.06.2020	6.70	6.70	6.75	6.95	7.00	7.20	7.30
10.05.2020	6.95	6.95	7.00	7.20	7.25	7.45	7.55
10.04.2020	7.10	[illegible]	[illegible]	7.35	7.40	7.60	7.70
10.03.2020	7.45	[illegible]	[illegible]	7.70	7.75	7.95	8.05
10.02.2020	7.60	7.60	7.65	7.80	7.85	8.05	8.15
10.01.2020	7.65	7.65	7.70	7.85	7.90	8.10	8.20
10.12.2019	7.65	7.65	7.70	7.85	7.90	8.10	8.20
10.11.2019	7.65	7.65	7.70	7.85	8.00	8.10	8.20

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10.10.2019	7.70	7.70	7.75	7.90	8.05	8.15	8.25
10.09.2019	7.80	7.80	7.85	8.00	8.15	8.25	8.35
10.08.2019	7.90	7.90	7.95	8.10	8.25	8.35	8.45
10.07.2019	8.05	8.05	8.10	8.25	8.40	8.50	8.60
10.06.2019	8.10	8.10	8.15	8.30	8.45	8.55	8.65
10.05.2019	8.10	8.10	8.15	8.30	8.45	8.55	8.65
10.04.2019	8.15	8.15	8.20	8.35	8.50	8.60	8.70
10.03.2019	8.20	8.20	8.25	8.40	8.55	8.65	8.75
10.02.2019	8.20	8.20	8.25	8.40	8.55	8.65	8.75
10.01.2019	8.20	8.20	8.25	8.40	8.55	8.65	8.75
10.12.2018	8.20	8.20	8.25	8.40	8.55	8.65	8.75
01.11.2018	8.15	8.15	8.20	8.35	8.50	8.60	8.70
01.10.2018	8.15	8.15	8.20	8.35	8.50	8.60	8.70
01.09.2018	8.10	8.10	8.15	8.30	8.45	8.55	8.65
01.08.2018	7.90	7.90	7.95	8.10	8.25	8.35	8.45
01.07.2018	7.90	7.90	7.95	8.10	8.25	8.35	8.45
01.06.2018	7.90	7.90	7.95	8.10	8.25	8.35	8.45
01.05.2018	7.80	7.80	7.85	8.00	8.15	8.25	8.35
01.04.2018	7.80	7.80	7.85	8.00	8.15	8.25	8.35
01.03.2018	7.80	7.80	7.85	8.00	8.15	8.25	8.35
01.02.2018	7.70	7.80	7.85	7.90	7.95	8.05	8.10
01.01.2018	7.70	7.80	7.85	7.90	7.95	8.05	8.10
01.12.2017	7.70	7.80	7.85	7.90	7.95	8.05	8.10
01.11.2017	7.70	7.80	7.85	7.90	7.95	8.05	8.10
01.10.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15
01.09.2017	7.75	[illegible]	[illegible]	7.95	8.00	8.10	8.15
01.08.2017	7.75	[illegible]	[illegible]	7.95	8.00	8.10	8.15
01.07.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15
01.06.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15
01.05.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15
01.04.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15

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01.03.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15
01.02.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15
01.01.2017	7.75	7.85	7.90	7.95	8.00	8.10	8.15
01.12.2016	8.65	8.75	8.80	8.85	8.90	9.00	9.05
01.11.2016	8.65	8.75	8.80	8.85	8.90	9.00	9.05
01.10.2016	8.80	8.90	8.95	9.00	9.05	9.15	9.20
01.09.2016	8.85	8.95	9.00	9.05	9.10	9.20	9.25
01.08.2016	8.85	8.95	9.00	9.05	9.10	9.20	9.25
01.07.2016	8.90	9.00	9.05	9.10	9.15	9.25	9.30
01.06.2016	8.90	9.00	9.05	9.10	9.15	9.25	9.30
01.05.2016	8.90	9.00	9.05	9.10	9.15	9.25	9.30
01.04.2016	8.95	9.05	9.10	9.15	9.20	9.30	9.35

Last Updated On : Thursday, 18-11-2021

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BSES RAJDHANI PO
NEW DELHI

ANNEXURE - 3B.1

BSES RAJDHANI POWER LTD.
NEW
DELHI

BSES

BSES Rajdhani Power Limited

BSES Bhawan, Nehru Place,
New Delhi - 110 019, India.
CIN : U40109DL2001PLC111527
GST : 07AAGCS3187H2Z3
Tel. : +91 11 3009 9999
Fax : +91 11 3999 7888
www.bsesdelhi.com

RA/2021-22/01/A/514 Date: 14.12.2021

Dealing Assistant, Law Division, DERC
Received on 15/12/2021

To,

The Secretary,

Delhi Electricity Regulatory Commission

Viniyamak Bhawan, "C" Block, Shivalik,

Malviya Nagar, New Delhi – 110017

Sub: Final Order dated 01.12.2021 passed by the Hon'ble Supreme Court in Civil Appeal No.884 of 2010 titled 'DERC v. BSES Rajdhani Power Limited'

Sir,

1. We respectfully write to you further to the Final Order dated 01.12.2021 passed by the Hon'ble Supreme Court in Civil Appeal No. 884 of 2010 filed by this Hon'ble Commission challenging the Hon'ble Appellate Tribunal for Electricity's ***("Hon'ble APTEL")*** Judgment dated 06.10.2009 in Appeal No. 36 of 2008. The relevant extract is set out below:

   "IN C.A. Nos. 884 and 980 of 2010

   Having heard learned counsel for the parties, perused the impugned order and the materials placed on record, we are of the view that these appeals do *not involve any substantial question of law.* ***The civil appeals are accordingly dismissed.***

We are also of the view that the appellant has to comply with the directions issued by the Appellate Authority, namely, Appellate Tribunal for Electricity within a reasonable time. Therefore, we direct the appellant to comply with the directions contained in the impugned order within a period of three months from today, if not already complied with, and file a compliance report before this Court within two weeks thereafter.

Pending applications, if any, also stand disposed of." ***[Emphasis Supplied]***

A copy of the Order dated 01.12.2021 passed by the Hon'ble Supreme Court is enclosed herewith as **Attachment – A**.

2. To assist the Hon'ble Commission in implementing the directions of Hon'ble APTEL in Judgment dated 06.10.2009 which are yet to be fully implemented, we are placing herewith the claims of BRPL allowed by the Hon'ble APTEL set out in **Attachment– B**. For the convenience of your reference, the Judgment dated 06.10.2009 in Appeal No. 36 of 2008 is placed as **Attachment – C**.

3. We humbly submit that BRPL shall provide detailed computation separately.

Thanking you,

Yours sincerely,

For BSES Rajdhani Power Limited

Rajul Agarwal

(Head Regulatory Affairs)

BSES RAJDHANI POWER LTD. NEW DELHI

Enclosed Attachments:

A. Order dated 01.12.2021 passed by the Hon’ble Supreme Court

B. Claims of BRPL allowed by the Hon’ble APTEL

C. Judgment dated 06.10.2009 in Appeal No. 36 of 2008

BSES RAJDHANI POWER LTD. NEW DELHI

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BSES RAJDHANI POWER LTD. NEW DELHI

Attachment-A

Order dated 01.12.2021 passed by the Hon'ble Supreme Court

BSES RAJDHANI POWER LTD.
NEW DELHI

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL No(s). 884 OF 2010

DELHI ELECT. REGULT. COMMISSION Appellant(s)

VERSUS

BSES RAJDHANI POWER LTD.& ORS. Respondent(s)

WITH
CIVIL APPEAL No(s). 980 OF 2010

WITH
CIVIL APPEAL No(s). 9003-9004 OF 2011

WITH
CIVIL APPEAL No(s). 1854-1855 OF 2014

O R D E R

IN C.A. Nos. 884 and 980 of 2010

Having heard learned counsel for the parties, perused the impugned order and the materials placed on record, we are of the view that these appeals do not involve any substantial question of law. The civil appeals are accordingly dismissed.

We are also of the view that the appellant has to comply with the directions issued by the Appellate

BSES RAJDHANI POWER LTD. NEW DELHI

Authority, namely, Appellate Tribunal for Electricity within a reasonable time. Therefore, we direct the appellant to comply with the directions contained in the impugned order within a period of three months from today, if not already complied with, and file a compliance report before this Court within two weeks thereafter.

Pending applications, if any, also stand disposed of.

IN C.A. Nos. 9003-9004 of 2011

Having heard learned counsel for the parties, perused the impugned order and the materials placed on record, we are of the view that these appeals do not involve any substantial question of law. The civil appeals are accordingly dismissed.

We are also of the view that the appellant has to comply with the directions issued by the Appellate Authority, namely, Appellate Tribunal for Electricity within a reasonable time. Therefore, we direct the appellant to comply with the directions contained in the impugned order within a period of three months from today, if not already complied with, and file a compliance report before this Court within two weeks thereafter.

BSES RAJDHANI POWER LTD. NEW DELHI

Pending applications, if any, also stand disposed of.

IN C.A. Nos. 1854-1855 of 2014

Having regard to the disposal of the Civil Appeal Nos. 884 and 980 of 2010 as above, these appeals do not survive for consideration by this Court. The civil appeals are accordingly dismissed. However, the observations made by the Appellate Authority against the Commission(DERC) in the impugned order are expunged.

Pending applications, if any, also stand disposed of.

..........................J.
(S. ABDUL NAZEER)

..........................J.
(KRISHNA MURARI)

NEW DELHI
DECEMBER 01, 2021

BSES RAJDHANI POWER LTD. NEW DELHI

ITEM NO.101 COURT NO.7 SECTION XVII

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Civil Appeal No(s). 884/2010

DELHI ELECT. REGULT. COMMISSION Appellant(s)

VERSUS

BSES RAJDHANI POWER LTD. & Ors. Respondent(s)

(FOR FOR EARLY HEARING APPLICATION ON IA 37216/2021)

WITH C.A. No. 980/2010

C.A. No. 9003-9004/2011
(FOR ON IA 5/2014)

CONMT.PET.(C) No. 141/2014 In W.P.(C) No. 328/1999
(FOR ON IA 1/2014)

C.A. No. 1854-1855/2014
(IA No. 1/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

W.P.(C) No. 104/2014
(IA No. 121684/2021 - APPROPRIATE ORDERS/DIRECTIONS
IA No. 109382/2021 - CLARIFICATION/DIRECTION
IA No. 2/2014 - EXTENSION OF TIME
IA No. 1/2014 - GRANT OF INTERIM RELIEF
IA No. 148652/2021 - INTERVENTION/IMPLEADMENT
IA No. 6/2014 - MODIFICATION)

W.P.(C) No. 105/2014
(IA No.55601/2017-APPROPRIATE ORDERS/DIRECTIONS
IA No. 55601/2017 - APPROPRIATE ORDERS/DIRECTIONS
IA No. 2/2014 - EXTENSION OF TIME
IA No. 1/2014 - GRANT OF INTERIM RELIEF
IA No. 7/2014 - MODIFICATION)

C.A. No. 4012/2014
(IA No. 1/2014 - EX-PARTE STAY
IA No. 2/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

C.A. No. 4011/2014
(IA No. 1/2014 - EX-PARTE STAY
IA No. 2/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

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C.A. No. 4013/2014
(IA No. 1/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

C.A. No. 4010/2014
(IA No. 1/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

C.A. No. 8387-8389/2014
(IA No. 4/2014 - EX-PARTE STAY)

C.A. No. 8464-8466/2014
(IA No. 4/2014 - STAY APPLICATION)

CONMT.PET.(C) No. 83/2015 In W.P.(C) No. 104/2014
(IA No. 62371/2019 - APPROPRIATE ORDERS/DIRECTIONS)

CONMT.PET.(C) No. 59/2015 In W.P.(C) No. 105/2014
(IA No. 62373/2019 - APPROPRIATE ORDERS/DIRECTIONS)

CONMT.PET.(C) No. 60/2015 In W.P.(C) No. 105/2014
(FOR ON IA 1/2015)

CONMT.PET.(C) No. 84/2015 In W.P.(C) No. 104/2014
(FOR ON IA 1/2015)

CONMT.PET.(C) No. 822/2016 In CONMT.PET.(C) No. 83/2015 In W.P.(C) No. 104/2014

CONMT.PET.(C) No. 821/2016 In CONMT.PET.(C) No. 59/2015 In W.P.(C) No. 105/2014

CONMT.PET.(C) No. 826/2016 In CONMT.PET.(C) No. 84/2015 In W.P.(C) No. 104/2014

CONMT.PET.(C) No. 827/2016 In CONMT.PET.(C) No. 60/2015 In W.P.(C) No. 105/2014

W.P.(C) No. 1005/2021
(FOR ADMISSION and IA No.112102/2021-PERMISSION TO FILE LENGTHY LIST OF DATES)

Date : 01-12-2021 These matters were called on for hearing today.

CORAM :
HON'BLE MR. JUSTICE S. ABDUL NAZEER
HON'BLE MR. JUSTICE KRISHNA MURARI

BSES RAJDHANI POWER LTD. NEW DELHI

For Appellant(s)	**Mr. Nikhil Nayyar,Sr.Adv.** **Ms. Pritha Srikumar, AOR** **Ms. Neha Mathen,Adv.** **Mr. Naveen Hegde,Adv.** **Ms. Mansi Bingrajka,Adv.** **Mr. Aditya Rajagopal,Adv.**
	Mr. Arvind Datar,Sr.Adv. **Mr. Amit Kaur,Adv.** **Mr. Anupam Varma,Adv.** **Mr. Pukhrambam Ramesh Kumar, AOR** **Mr. Rahul Kinra,Adv.** **Mr. Aditya Gupta,Adv.** **Mr. Aditya Ajay,Adv.** **Mr. Karun Sharma,Adv.**
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	Mr. Siddhartha Chowdhury, AOR
	Mr. Chirag M. Shroff, AOR
For Respondent(s)	**Mr. Arvind Datar,Sr.Adv.** **Mr. Dhruv Mehta,Sr.Adv.** **Mr. V.P.Singh,Adv.** **Mr. Raghav Chadha,Adv.** **Ms. Urvashi Misra,Adv.** **Ms. Aishwarya Modi,Adv.** **Mr. Harpreet Singh Ajmani, AOR**
	Mr. Arvind Datar,Sr.Adv. **Mr. Amit Kaur,Adv.** **Mr. Anupam Varma,Adv.** **Mr. Pukhrambam Ramesh Kumar, AOR** **Mr. Rahul Kinra,Adv.** **Mr. Aditya Gupta,Adv.** **Mr. Aditya Ajay,Adv.** **Mr. Karun Sharma,Adv.**

BSES RAJDHANI POWER LTD. NEW DELHI

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Mr. Tamim A.Qadri,Adv.
Mr. Saeed Qadri,Adv.

Mr. K. V. Mohan, AOR
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Mr. Siddhartha Chowdhury, AOR

Mr. Pramod Dayal, AOR

Mr. Chirag M. Shroff, AOR

Mr. B. Krishna Prasad, AOR

M/S. Cyril Amarchand Mangaldas Aor, AOR

Mr. Uttam Dutt,Adv.
Mr. T. V. S. Raghavendra Sreyas, AOR

Mr. Manu Seshadri,Adv.
Mr. Abhijit Lal,Adv.
Mr. Satya Mitra, AOR

Mr. Vivek Singh, AOR
Mr. K.K.Singh,Adv.

Mr. Sriharsha Peechara, Adv.
Mr. Arjun Krishnan, AOR

Mr. K. V. Mohan, AOR
Mr. K.V.Balakrishnan,Adv.

Mr. Piyush Beriwal,Adv.
Mr. Gurmeet Singh Makker, AOR
Ms. Shradha Deshmukh,Adv.
Mr. Shyam Gopal,Adv.
Mr. Chinmayee Chandra,Adv.

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UPON hearing the counsel the Court made the following

O R D E R

<u>IN C.A. Nos. 884 and 980 of 2010, 9003-9004 of 2011 & 1854-1855 of 2014</u>

The appeals are dismissed in terms of the signed order.

Pending applications, if any, also stand disposed of.

<u>REST OF THE MATTERS</u>

At the request of Mr. Dhruv Mehta, learned senior counsel, list all the remaining matters after six weeks.

(NEELAM GULATI)	**(KAMLESH RAWAT)**
ASTT. REGISTRAR-cum-PS	**COURT MASTER (NSH)**

(Signed order is placed on the file)

BSES RAJDHANI POWER LTD.
NEW DELHI

Attachment-B

Claims of BRPL allowed by the Hon’ble APTEL

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NEW DELHI

A. Re-determination of AT&C loss Trajectory for FY 2007-08 to 2009-10

1. Issue in brief:

1.1 Hon'ble Commission by Tariff Order dated 23.02.2008 directed as under:

".......the Commission has assumed collection efficiency of 99.00%, 99.25% 99.50% and 99.50% for current dues for FY08, FY09, FY10 and FY11 respectively and derived distribution losses of 25.95%, 22.88%, 19.83% and 16.58% for the FY08, FY09, FY10 and FY11 respectively. The AT&C loss reduction and distribution loss reduction trajectory approved by the Commission are summarised in the table below:

Table 50: Commission Approved AT&C and Distribution Loss Reduction Trajectory

Particulars	***FY 08***	***FY 09***	***FY 10***	***FY 11***
AT&C loss Reduction Target	*26.69%*	*23.46%*	*20.23%*	*17.00%*
AT&C loss Reduction over previous year	*3.23%*	*3.23%*	*3.23%*	*3.23%*
Distribution Loss	*25.95%*	*22.88%*	*19.83%*	*16.58%*
Collection Efficiency	*99.00%*	*99.25%*	*99.50%*	*99.50%*

"

Relevant extracts of the Tariff Order dated 23.02.2008 are annexed as ***Annexure-A1.***

2. Hon'ble APTEL Directions:

2.1 Hon'ble APTEL directed:

(a) re-consideration of the AT&C loss targets to be achieved by BRPL by the Hon'ble Commission;

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(b) BRPL to make appropriate representation to the Hon'ble Commission for amendment of the said targets.

2.2 Relevant extract of APTEL Judgment is extracted herein below:

"32. There is however, no bar on the Commission reconsidering the target that has been set and amend the relevant Regulation, if necessary. The target for MYT period needs to be set on the basis of losses at the beginning of the MYT period and not on the basis of loss level on the date of privatization when the policy target period began. The consequences of failure or success in reaching the loss reduction target have already been borne by the licensee. Hence reference to the initial level of loss at the time of privatization is not necessary. The Commission may itself consider the plea of any amendment in the target set in this regard in case the appellant makes out a case. Therefore, we direct that the appellant may make an appropriate representation to the Commission in this regard within one month hereof and that if a representation is so made the Commission shall dispose it of in two months."

3. Status of Implementation:

Status of implementation of the present issue is as under: -

3.1 This direction has not been implemented either in letter or in spirit since 2009. Orders dated 17.07.2014 and 20.04.2015 issued by the Hon'ble Commission were contrary to the APTEL Judgment. It would therefore be incorrect to assume that the earlier Orders dated 17.07.2014 and

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20.04.2015 were passed for the purpose of implementing the APTEL judgment.

3.2 Even otherwise it is submitted that the Order of the Hon'ble Supreme Court is a fresh direction to this Hon'ble Commission to implement the earlier Judgments of the Hon'ble APTEL. Therefore irrespective of any Orders that this Hon'ble Commission may have passed in the past, in light of the fresh directive of the Hon'ble Supreme Court, this Hon'ble Commission may be pleased to pass fresh Orders implementing the Judgments of the APTEL.

3.3 ***Vide Order dated 17.07.2014***, Hon'ble Commission had relied upon pendency of its Civil Appeal No. 884 of 2010 against APTEL Judgment, and interim Orders passed therein.

Note: Today, the Hon'ble Commission's Civil Appeals have been dismissed, and the interim orders relied upon by the Hon'ble Commission do not subsist.

3.4 ***Vide Order dated 20.04.2015***, Hon'ble Commission had observed that:

(a) BRPL has not challenged the statutory Regulations;

Note: BRPL is not challenging the Regulations. It is merely seeking for the AT&C loss targets to be **re-set WITHIN the limits of the Regulations itself**.

(b) Basic principle of the MYT Order was that there would be equal reduction year-wise in the targets:

Note: This "normal" principle is applicable only when the MYT Order is issued before the MYT Period. It cannot be applicable when the MYT Order is issued on 23.02.2008, setting out targets for FY 2007-

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08, eleven months after the Financial Year had commenced. No target can ever be achieved retrospectively.

(c) The MYT Regulations had fixed the targets for the beginning and the end of the period.

Note: MYT Regulations had only fixed the targets for the end of the year and **NOT** for the beginning of the year. Even otherwise, BRPL is not seeking for any change in Final Target at the end of the Control Period**.**

(d) Targets had been set after considering the submissions of BRPL.

Note: This fact is misplaced because, it was that very target which had been challenged before APTEL and was directed to be reconsidered.

(e) Other two licensees have achieved their targets.

Note: This fact is meaningless since:

(i) each licensees' targets are set on the pre-existing levels, consumer mix etc., specific to each licensee. Hence, the mere fact that one licensee has achieved its target is a meaningless benchmark to test whether another licensee could have met its individual targets as load profile, consumer mix, etc. differ.

(ii) licensee with a higher proportion of industrial and non-domestic consumers may have achieved its target is no reason to assume that the Licensee (BRPL) with a higher mix of domestic consumers should also suffer. Reliance is placed on the table

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below which shows the energy consumed (in MUs) by various category of consumers:

S No.	Particulars	2007-08			2008-09		
		BRPL	**BYPL**	**TPDDL**	**BRPL**	**BYPL**	**TPDDL**
1	Domestic	3167	1714	2027	3515	1917	2106
2	Non-Domestic	2174	1077	933	2417	1293	997
3	Industrial	653	434	1744	636	449	1772
4	Public Lighting	103	76	67	130	85	67
5	Agriculture	25	1	12	24	0	25
6	Railway Traction	22	0	48	23	0	48
7	DMRC	69	50	79	73	65	76
8	Others	195	166	66	196	155	71
9	**TOTAL**	**6408**	**3518**	**4976**	**7014**	**3964**	**5161**

S No.	Particulars	2009-10			2010-11		
		BRPL	**BYPL**	**TPDDL**	**BRPL**	**BYPL**	**TPDDL**
1	Domestic	4183	2205	2447	4594	2493	2752
2	Non-Domestic	2416	1260	1176	2929	1486	1125
3	Industrial	622	453	1884	603	443	1962
4	Public Lighting	138	92	20	152	102	89
5	Agriculture	20	0	55	18	0	17
6	Railway Traction	26	0	54	25	0	52
7	DMRC	70	81	99	140	92	157
8	Others	278	195	65	116	92	246
9	**TOTAL**	**7753**	**4286**	**5800**	**8576**	**4707**	**6400**

(f) There was only a marginal increase over the set targets.

Note: This would be tantamount to penalizing BRPL for achieving what it, in fact did due to its own efforts.

4. BRPL claim:

4.1 Since the Hon'ble APTEL directions have now attained finality and BRPL has already submitted its Representation vide letter dated 20.11.2009, BRPL requests the Hon'ble Commission to implement the APTEL Order

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dated 06.10.2009 by considering the following trajectory for distribution loss and AT&C loss:

S. No	Particulars	Closing of FY 07	FY 08	FY 09	FY 10	FY 11
A	**As per MYT Order dated 23.02.2008**					
1	AT&C loss Reduction Target	29.92%	26.69%	23.46%	20.23%	**17.00%**
2	Distribution Loss	35.63%	25.95%	22.88%	19.83%	16.58%
3	Collection Efficiency		99.00%	99.25%	99.50%	99.50%
4	**Reduction in AT&C Loss over previous year**		**3.23%**	**3.23%**	**3.23%**	**3.23%**
5	**Reduction in Distribution Loss over previous year**		**9.68%**	**3.07%**	**3.05%**	**3.25%**
B	**Revised as per BRPL representation dated 20.11.2009**					
1	AT&C loss Reduction Target	29.92%	29.67%	26.66%	21.74%	**17.00%**
2	Distribution Loss	35.63%	30.87%	26.11%	21.34%	16.58%
3	Collection Efficiency		101.73%	99.25%	99.50%	99.50%
4	**Reduction in AT&C Loss over previous year**		**0.25%**	**3.01%**	**4.92%**	**4.74%**
5	**Reduction in Distribution Loss over previous year**		**4.76%**	**4.76%**	**4.77%**	**4.76%**

4.2 As may be noticed from BRPL's claim, the final AT&C Loss number at the END OF the Control Period remains at **17%,** as per the Regulations.

Copy of BRPL Representation vide letter dated 20.11.2009 is annexed as **Annexure-A2.**

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B. <u>Capital Expenditure - Allowance of purchase from Related Party after benchmarking with NDPL</u>

1. Issue in brief:

1.1 In the Tariff Order dated 23.02.2008, Hon'ble Commission disallowed capital expenditure of Rs. 364 crores on ad-hoc basis, since the goods were purchased by BRPL from Related Party for Rs. 972 Crore during FY 2004-05 &FY 2005-06. The goods purchased have been put to use and capitalised by BRPL and are servicing ~27 lakh consumers. Since FY 2004-05, BRPL has been deprived of the costs of such expenditure.

Relevant extracts of the Tariff Order dated 23.02.2008 are annexed as **Annexure-B1.**

2. Hon'ble APTEL Directions:

2.1 Hon'ble APTEL in Order dated 06.10.2009:

(a) Upheld the disallowance of capitalization worth Rs. 364.16 Crores by holding that the actual price at which these goods were purchased from the open market by REL was the market price anddirectedthe comparison of prices with NDPL.

(b) Directed that in case the price paid to REL is same or lower than the price allowed to NDPL for a similar product, Hon'ble Commission shall allow the price paid to REL. However, Hon'ble Commission shall allow a lesser price if NDPL's price is lower than the price of REL's purchase plus 5% profit margin.

2.2 Relevant extract of APTEL Judgment is extracted herein below:

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"57. We think it is appropriate to allow the appellant an opportunity to prove, item-wise, that the price paid by it to REL was not higher than the price paid by NDPL and allowed to it by the Commission for similar products. The onus would be entirely on the appellant to prove that the products purchased by it and the one purchased by NDPL offered for comparison are of the same technical specifications and quality and also should be similarly priced on account of the other relevant factors influencing the prices namely the time of purchase, the quantity purchased, vender rating etc. In case the price paid to REL is same as or lower than the price allowed to NDPL for a comparable commodity, the Commission shall allow the price paid to REL. The Commission shall, however, allow a lesser price if the NDPL's price is lower than the price of REL's purchase plus 5% profit margin. Till such exercise is completed the appellant will have to accept the decision of the Commission as reflected in the view of the Chairperson.

58. ....Our direction in the above paragraph should not mean that prudence check by the Commission should be sacrificed altogether and in case there be sufficient material with the Commission to hold that the price paid by NDPL was inflated it will be open to the Commission to take an appropriate view in the matter. We recommend that the Commission frames appropriate regulations for future guidance in such matters."

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3. Status of Implementation:

Status of implementation of the present issue is as under: -

3.1 This issue has not been implemented till date since 2009 though the Hon'ble Commission was directed to:

(a) Compare the rates of BRPL's procurement with those of NDPL (now known as TPDDL).

Note: The rates of TPDDL's procurement are available with the Hon'ble Commission and BRPL's procurement is at rates less than those of TPDDL which has been brought to the notice of the Hon'ble Commission in various communications.

(b) Even otherwise, BRPL has independently provided a comparison of 63% of the total assets procured as gleaned from market sources *[**Refer to Letter dated 31.07.2013**]*. This comparison also shows that the rate of REL's procurement was 23% lower than the price paid by TPDDL.

4. BRPL claim:

REL disallowances as considered by the Hon'ble Commission in Tariff Order dated February 23, 2008 is tabulated below:

S. No	Particulars	FY 05	FY 06	FY 07	FY 08	FY 09
1	REL Disallowances (in Rs. Crore)	3	61.46	68.79	121.76	109.15

[Ref: Annexure-V; Para 32; Pg. No. 275 of Tariff Order dated 23.02.2008]

The claim regarding this issue has to be considered along with issue no. C (EIC) since the disallowance pertaining to REL purchases cannot be done

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in isolation as the same have an impact on the total entitlements. Therefore, the claim on this account is provided alongwith Issue No. C below.

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C. Allowance of Capitalisation pending Electrical Inspector Clearance

1. Issue in brief:

1.1 In the Tariff Order dated 23.02.2008, Hon'ble Commission had disallowed capitalisation on account of non-availability of Electrical Inspector Certificate. This is despite the fact that these assets are already in place and have been serving the consumers of Delhi for providing 24x7 uninterruptable power supply and has resulted in substantial reduction in AT&C losses.

Relevant extracts of the Tariff Order dated 23.02.2008 are annexed as **Annexure-C1.**

2. Hon'ble APTEL Directions:

2.1 Hon'ble APTEL allowed capitalization of fresh assets w.e.f.16th day of filing of the application for Electrical Inspector's certificate, provided all formalities connected with such filing are completed.

2.2 Relevant extract of APTEL Judgment is extracted herein below:

> *"68) The DISCOMs are duty bound to make the application for certificate as soon as the asset is installed. They should also wait for a reasonable period for the Electrical Inspector to inspect and grant a certificate of fitness if the implement / asset complies with all the safety rules. It should be duty of the Government to see that all these applications are disposed of within such reasonable period. We feel that 15 days should be the reasonable period in which such certificate should be granted. For the purpose of the ARR we think it appropriate*

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to allow capitalisation of these assets with effect from the 16th day of the filing of the application provided all formalities connected with such filing including payment of fees are completed. The Commission therefore, will have to re-examine this issue in the light of this observation."

3. Status of Implementation:

Hon'ble Commission has not implemented the present issue.

4. BRPL claim:

4.1 In addition to the disallowance of Capex and capitalisation on account of REL purchases, Hon'ble Commission has disallowed the Capitalisation on account of Electrical Inspector clearances (EIC) in respective Financial Years.

4.3 It is pertinent to mention that the disallowance of capex and capitalisation on account of REL purchases was done on an adhoc basis and not against any identified scheme /project. Moreover, there may be an overlap and double deduction on account of REL and EIC disallowances. Hence, actual Capex and capitalisation ought to be considered for computation of the legitimate entitlements as:

(a) The Tariff Order dated 23.02.2008 doesnot confirm that there is no overlapping of amounts under the above two types of disallowances.

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(b) The Tariff Order dated 23.02.2008 doesnot bifurcate the adhoc disallowance on account of excess margin paid to related party (as alleged) against individual scheme/project.

(c) Capitalisation during a financial year cannot be reviewed in isolation as it includes the expenditure incurred during previous period also.

4.5 In view of the above, BRPL requests the Hon'ble Commission to allow actual capex and capitalisation incurred by it.

4.6 The actual Capex and capitalisation incurred by BRPL as per its Audited Accounts and that have been approved by Hon'ble Commission is tabulated as under:

Amount in Rs. Crore

S.No.	Financial Year	As per Audited Accounts (A)	As approved by DERC (B)	Difference (A-B)
1	FY 2004-05	266	93	173
2	FY 2005-06	779	132	647
3	FY 2006-07	316	147	169
4	FY 2007-08	261	205	56
5	FY 2008-09	459	683	-224
6	FY 2009-10	299	306	-7
7	FY 2010-11	357	291	66
8	FY 2011-12	156	213	-57
9	FY 2012-13	313	313	0
10	FY 2013-14	306	300	6
11	FY 2014-15	338	338	0
12	FY 2015-16	383	383	0
13	FY 2016-17	406	405	1
14	FY 2017-18	584	574	10
15	FY 2018-19	633	539	94
16	FY 2019-20	636	633	3
17	**Total**	**6492**	**5556**	**936**

Relevant extracts of the Audited Accounts and Tariff Orders are annexed as **Annexure-C2.**

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D. Salary hike for non-FRSR employees to the extent comparable to the recommendations of the 6th Pay Commission

1. Issue in brief:

1.1 Hon'ble Commission by Tariff Order dated 23.02.2008 directed as under:

> *"4.110 As the effect of any recommendations of the Pay Commission shall be applicable only to the employees transferred from the erstwhile Board, the Commission has directed the Petitioner to submit the break-up of the employee expenses between erstwhile Board employees and other employees. The Petitioner, in its reply to the Commission vide letter no. RCM/07-08/1022 dated 15 January 2008, has submitted the break-up of employee expenses for FY07 between erstwhile DVB employees and Non-DVB employees as Rs 85.92 Cr and Rs 51.68 Cr respectively.*
>
> *4.111 Based on this, the Commission has calculated the revised employee expenses for FY06 and FY07 (by adjusting the likely effect of the recommendations of the 6th Pay Commission) only on the employee expenses of the erstwhile DVB employees and the arrears arising out of it. Since the arrears on account of revision of employee expenses are expected to be paid only in FY09, the Commission has considered the payment of arrears in the employee expenses of FY09."*

2. Hon'ble APTEL Directions:

2.1 Hon'ble APTEL has allowed truing up for the salary hike to the extent comparable to the recommendations of the 6th Pay Commission, to employees other than the erstwhile DVB employees.

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2.2 Relevant extract of APTEL Judgment is extracted hereinbelow:

> *"75. …So far as salary hike is concerned to the extent of hike comparable to the Sixth Pay Commission's recommendations for employees other than the erstwhile DVB employees shall also be allowed in true up process in case expenditure in that account has already been incurred."*

3. Status of Implementation:

3.1 Hon'ble Commission by its Tariff Order dated 28.03.2018 has implemented and allowed this issue, as under:

> *"the commission has re-considered this issue based on the APTEL direction vide its judgment dated 31.10.2017 in clarificatory application filed by the Commission & has allowed the impact of 6th pay commission for non-DVB employees in Employees expenses if the Petitioner from FY 2007-2008 to FY 2011-2012"*

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V. Expenses incurred towards retirement of SVRS Optees pending the decision of Hon'ble APTEL

1. Issue in brief:

1.1 Hon'ble Commission by Tariff Order dated 23.02.2008 directed as under:

> *"The Commission, at this stage, is constrained not to consider the payment made by the Petitioner on account of terminal benefits. It will allow the lump sum amount paid by the Petitioner to the pension trust based on the finalization of the liability and outcome of the proceeding at the actuarial tribunal in the future truing up."*
>
> *[Para 3.113; Page 96]*

2. Hon'ble APTEL Directions:

2.1 Hon'ble APTEL allowed expenses incurred towards retirement of SVRS Optees pending decision of the ActurialTribunal.

2.2 Relevant extract of APTEL Judgment is extracted hereinbelow:

> *"117. …The Commission shall allow the expenses incurred towards retirement of SVRS optees pending decision of the Acturial Arbitration Tribunal and shall true up the employees expenses to the extent of increased cost by increase in consumer base."*

3. Status of Implementation:

3.1 Hon'ble Commission by its Tariff Order dated 28.03.2018 has implemented and allowed this issue, as under:

> *"the Commission has allowed the impact on account of payment of VRS optees as per the observation in tariff order dated 29.09.2015 and direction of Hon'ble APTEL vide its order dated 31.10.2017 in clarification appeal."*

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Annexure-A1

BSES RAJDHANI POWER LTD.
NEW DELHI

Delhi Electricity Regulatory Commission

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17

Petition No. 51/2007

In the matter of:
Petition for approval of Aggregate Revenue Requirement and Multi Year Tariff for Wheeling and Retail Supply of Electricity for BSES Rajdhani Power Limited for the Control Period of F.Y. 2007-08 to F.Y. 2010-2011.
AND

In the matter of:
BSES Rajdhani Power Limited
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi-110019.

BEFORE
DELHI ELECTRICITY REGULATORY COMMISSION

Coram:
Sh. Berjinder Singh, Chairman & Sh. K. Venugopal, Member.

ORDER

DATE OF ORDER: 23RD FEBRUARY, 2008

The Commission having deliberated upon the Multi Year Tariff Petition filed for the Control Period of F.Y. 2008-2011, alongwith the Business Plan for the said Control Period, and also the subsequent filings by the Petitioner during the course of the proceedings, and having considered the responses received from stakeholders, in exercise of the power vested under the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007, read with the provisions of the Electricity Act, 2003, hereby pass this Order signed, dated and issued on 23rd day of February, 2008.

On the issue of disallowance of capital expenditure and assets capitalization in respect of the purchases made by the two BSES Distribution Companies from Reliance Energy Ltd. (REL), a group company of BRPL & BYPL, there is a difference of opinion between the Chairman and the Member. The divergent views of the Chairman and Member are contained in Annexures V and VI respectively. These Annexures and the findings/reasons recorded there, form an integral part of the Order. The Chairman has approved the disallowance mentioned in the Annexure V alongwith its consequential impacts, in exercise of his casting vote as there is a tie on this issue. The casting vote has been exercised in terms of Section 92(3) of the Electricity Act, 2003. It may be mentioned that on the remaining issues, there is no difference of opinion and the order has been passed unanimously.

The Petitioner shall take immediate steps to implement the Order.

This Order may be amended, reviewed or modified in accordance with the provisions of the Electricity Act, 2003 and the Regulations made thereunder.

Sd/-	Sd/-
(K. Venugopal)	(Berjinder Singh)
Member	Chairman

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(c) Third year of the Control Period: The Petitioner shall be eligible for an incentive if the cumulative value of loss reduction in that year and in the previous two years is over 75%. Any under recovery in the revenue realised, if the AT&C loss reduction in the third year of the Control Period is below 20% and that the cumulative value of loss reduction in that year and in the previous two years is below 70%, shall be to the account of the Petitioner. The Petitioner shall not be eligible for any incentive or penalty if the cumulative AT&C loss reduction in the first, second and third year of the Control Period is between 70% and 75%.

(d) Last year of the Control Period: The Petitioner shall be eligible for an incentive if the cumulative value of loss reduction at the end of the Control Period is over 100%. Any under recovery in the revenue realised, if the AT&C loss reduction in the last year of the Control Period is below 20% and that the cumulative value of loss reduction at the end of the Control Period is below 100%, shall be to the account of the Petitioner.. The Petitioner shall not be eligible for any incentive or penalty if the cumulative AT&C loss reduction at the end of the Control Period is 100%.

4.32 Further, the Commission has assumed collection efficiency of 99.00%, 99.25% 99.50% and 99.50% for current dues for FY08, FY09, FY10 and FY11 respectively and derived distribution losses of 25.95%, 22.88%, 19.83% and 16.58% for the FY08, FY09, FY10 and FY11 respectively. The AT&C loss reduction and distribution loss reduction trajectory approved by the Commission are summarised in the table below:

Table 50: Commission Approved AT&C and Distribution Loss Reduction Trajectory

Particular	FY08	FY09	FY10	FY11
AT & C loss target	26.69%	23.46%	20.23%	17.00%
A T & C loss Reduction over previous year	3.23%	3.23%	3.23%	3.23%
Distribution loss target	25.95%	22.88%	19.83%	16.58%
Collection Efficiency	99.00%	99.25%	99.50%	99.50%

Energy Requirement

Petitioner's Submission

4.33 The Petitioner's estimates for energy requirement based on the sales projection and proposed AT&C loss reduction target in MYT petitions are tabulated below:

Table 51: Petitioner's estimate for Energy Requirement

Particular	FY08	FY09	FY10	FY11
Sales (MU)	6558	7201	7909	8618
Distribution losses (%)	31.13%	26.65%	23.76%	21.76%
Energy Input (MU) Requirement	9521	9817	10374	11015

Annexure-A2

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BSES

BSES Rajdhani Power Limited

BSES Bhawan, Nehru Place,
New Delhi - 110 019, India.
Tel.: +91 11 3009 9999
Fax:
www.bsesdelhi.com

Ref: RCM/2009/310/620
November 20, 2009

To

The Secretary,
Delhi Electricity Regulatory Commission,
Viniyamak Bhawan, C-Block, Shivalik,
Malviya Nagar,
New Delhi-110017.

Sub: Petition under Section 86 of the Electricity Act 2003, regarding Enforcement of and Compliance with the Order dated 06.10.2009 by the Hon'ble ATE in Appeal No. 36 of 2008 (BSES Rajdhani Power Limited v. Delhi Electricity Regulatory Commission)

Ref. **Judgment dated 6th October, 2009 of the Hon'ble Appellate Tribunal for Electricity (ATE) in Appeal Nos. 36 of 2008 (ATE Judgment)**

Sir,

We are enclosing herewith our Petition under Section 86 of the Electricity Act 2003, regarding Enforcement of and Compliance with the Order dated 06.10.2009 by the Hon'ble ATE in Appeal No. 36 of 2008 (BSES Rajdhani Power Limited v. Delhi Electricity Regulatory Commission).

We are enclosing herewith a pay order number 000502 dated 20.11.2009 payable at par at IDBI Bank, Nehru Place New Delhi in favour of "The Secretary, Delhi Electricity Regulatory Commission" towards prescribed fees for submission of the Petition.

We therefore submit that the enclosed Petition may kindly be admitted by the Hon'ble Commission for its consideration.

Thanking you,

Yours sincerely,

(Y.M. Saxena)
Vice President.

Encl: as above

OFFICE RECEIVED Date

20/11/09

BSES RAJDHANI POWER LTD. NEW DELHI

Registered Office: BSES Rajdhani Power Limited - BSES B... ew Delhi -110019.

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION

C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

PETITION NO:

IN THE MATTER OF: **MYT Petition FY 2007-08 being Petition No. 51 of 2007 on behalf of BSES Rajdhani Power Ltd.**

AND

IN THE MATTER OF: **Enforcement of and Compliance with the Order dated 06.10.2009 by the Hon'ble ATE in Appeal No. 36 of 2008 (BSES Rajdhani Power Limited v. Delhi Electricity Regulatory Commission).AND**

AND

IN THE MATTER OF:

BSES Rajdhani Power Limited ("BRPL")
BSES Bhawan, Nehru Place
New Delhi-110 019. ... **PETITIONER**

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PETITIONER

NEW DELHI:

DATE: November 20, 2009.

NEW DELHI

BSES RAJDHANI POWER LTD.

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION

C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

PETITION NO:

IN THE MATTER OF:	**MYT Petition FY 2007-08 being Petition No. 51 of 2007 on behalf of BSES Rajdhani Power Ltd.**
AND	
IN THE MATTER OF:	**Enforcement of and Compliance with the Order dated 06.10.2009 by the Hon'ble ATE in Appeal No. 36 of 2008 (BSES Rajdhani Power Limited v. Delhi Electricity Regulatory Commission).AND**

AND

IN THE MATTER OF:

BSES Rajdhani Power Limited ("BRPL")
BSES Bhawan, Nehru Place
New Delhi-110 019. ... **PETITIONER**

The Petition / Application is filed under Section 86 of the Electricity Act 2003, Section 11 and section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable and Conduct of Business Regulation 2001 issued by the Hon'ble Delhi Electricity Regulatory Commission (hereinafter referred to as Hon'ble Commission).

The Petitioner herein approaches the Hon'ble Commission in terms of the Order dated 06.10.2009 (hereinafter, **"ATE Order"**) by the Hon'ble Appellate Tribunal for Electricity (hereinafter, **"ATE"**), New Delhi, wherein the Hon'ble ATE had directed this Hon'ble Commission to true up the entitlement of the Petitioner in terms of the directions set out in para 118 of the ATE Order within 30 days, if the same have not already been trued up. The directions and relevant observations in the ATE Orders have been set out in greater detail hereunder against the appropriate head. The Petitioner herein submits that the requisite information for truing up inter alia of the heads such as A&G, employees expenses (in particular SVRS related) and R&M Expenses is already available with this Hon'ble Commission, as the audited accounts was submitted by the Petitioner with the Hon'ble Commission through its various submissions dated 29th Aug '05, 21st Nov '06 15th May '07, 30th Sep '08, & 11th May '09. However, the Petitioner is re-submitting the requisite information in a consolidated form with this Petition for the sake of convenience of this Hon'ble Commission as ***Annexure "1"***. The Petitioner states and submits that the present

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filing does not preclude it from further amending, modifying or adding to its submissions and carves leave of the Hon'ble Commission to do the same. Further, filing of the present Petition is without prejudice to the rights available to the Petitioner under the Electricity Act, 2003 (hereinafter **"Act"**) in respect of the ATE Order, as well as the contentions raised by the Petitioner in its appeal against the Hon'ble Commission's Order dated 29.05.2009.

Re: Sales Projection

1. The Petitioner states that this Hon'ble Commission in its Order dated 22/2/2008 whilst approving the Sales Projections, calculated the weighted average share of sales for each DISCOM in FY 06 and FY 07 in a particular category and allocated the consolidated sales forecasted for that category to the respective DISCOM in proportion to its weighted average. The Petitioner states that firstly, the ATE (at para 26 of the ATE Order) has disapproved the above methodology adopted by this Hon'ble Commission whilst projecting the sales. Secondly the ATE has directed this Hon'ble Commission to determine the Sales Projections based on the data of a particular utility keeping in mind the distribution network area of the licensee not only for FY 07-08 but also for the subsequent years of the Main Year Tariff (MYT) period. The relevant extract of the ATE Order is produced below for the sake of convenience of this Hon'ble Commission:

> *"26. The projection of sale in the area of the licensee depends on the peculiar situation which obtains in the area of the licensee. We are unable to approve the methodology adopted by the Commission which projects the sale of all the DISCOMs together and divides the projection amongst the areas of the different licensees depending upon the proportion of their business. The actual figures for 2007-08 have been submitted to the Tribunal... We do feel that the Commission should determine the sale projection based on the data of a particular area of each distribution agency rather than taking into account the data of the entire city. While doing so the Commission should pay due regard to the projections made by the licensee who is responsible for supplying electricity to the consumers in its area and also has to face the consequences of failure in discharging his responsibility.*
>
> *27) For the year in question, the Commission has to make up the difference in projection and actual in the truing up exercise."*

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2. In view of the above directive of the Hon'ble ATE, the Petitioner states that this Hon'ble Commission has already trued up the Sales figures of the Petitioner as per the actual figures for the year 2007-08. The said figures were filed by the Petitioner vide its letter dated 30.04.2008, wherein the actual and certified sales for the FY 2007-08 were brought on record before with this Hon'ble Commission. The Petitioner, without prejudice to its contentions in the appeal against the tariff order of the Hon'ble Commission dated 29.5.2009, states that as this Hon'ble Commission has already allowed the sales for FY 2007-08, the Hon'ble Commission may be pleased to allow the actual and certified sales of the Petitioner for FY 2008-09 filed with the DERC vide letter dated 05.05.2009, as well. The Petitioner for the sake of ready reference is refilling a copy of the actual and certified sales for the FY 2008-09 with the present Petition. A copy of the letter dated 05.05.2009 written by the Petitioner to this Hon'ble Commission, submitting the actual sales for the FY 2008-09 is annexed herewith and marked as ***Annexure "2"***.

In addition to the above, the Petitioner states that based on the actual sales, the Hon'ble Commission be pleased to revise the sales projections for the subsequent years of the MYT, as required in terms of the ATE Order. The Petitioner accordingly, prays that this Hon'ble Commission may be pleased to revise the sales projections for the Financial Years FY 2009-10 & FY 2010-11. The revised projections for the said period may be taken from the Petitioner's latest ARR submissions.

3. The Petitioner further submits that this Hon'ble Commission may be pleased to undertake the aforesaid truing up exercise within 30 days of the ATE Order as has been mandated by the ATE Order itself. The relevant extract of the ATE Order is produced below for the sake of convenience of this Hon'ble Commission:

> *"119) The truing up, if not already done, should be done within 30 days of this judgment."*

4. In view of the above, the Petitioner most respectfully submits that this Hon'ble Commission may undertake the truing up exercise and approve the Sales figures for the Petitioner as per the actual figures for FY 2008-09. The Petitioner further submits that the actual sales figures for FY 2008-09, as approved by this Hon'ble Commission is 6824 MUs, whereas the actual and certified sales for the FY 2008-09 for the Petitioner is 7014 MUs which may be allowed. The Petitioner further states and submits that the sales approved for FY 2009-10 and 2010-11 be similarly revised to the levels claimed by the Petitioner in its latest ARR submissions as the submissions are based on the factual realities that subsist in the distribution area of the Petitioner.

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Therefore, the Petitioner submits that this Hon'ble Commission may be pleased to true up the Sales figures as prayed for above.

Re: Power Purchase

1. The Petitioner submits that since the approval of Power Purchase depends primarily on the Sales figures as approved by this Hon'ble Commission, the truing up of the Sales projections would have a direct bearing on the quantum of Power Purchase. The ATE has also recognized the relationship between the two and observed as follows:

   "The projected sales lead to calculation of expected purchase of power. Expected purchase of power will depend upon the expected sales as well as expected loss during distribution which may include the technical loss as well as commercial loss. The estimation affects the appellant in as much as the estimated cost of power purchase will depend upon the estimated sales." (Para 20 of ATE Order)

2. In view of the above, the Petitioner states that since the ATE Order has directed this Hon'ble Commission to true up the figures for Sales Projections, the figures for Power Purchase would also have to be accordingly trued up. As indicated in the previous section, this Hon'ble Commission may be pleased, post revising the approved sales figures, to give consequential effect to the same by allowing the corresponding power purchase estimates for the said years in the MYT period. In fact, the Hon'ble Tribunal at paragraph 118 of the ATE Order, under the head Sales Projections and Power Purchase, has clearly recognized this aspect and directed this Hon'ble Commission to true up the figures of Power Purchase for the year 2007-08 and correct the methodology for further years as per the directions extended in the previous section. The relevant extract of the ATE Order is produced below for the sake of convenience of this Hon'ble Commission:

   "Sales projections and power purchase:

   The Commission shall true up the figures of power purchased for the year 2007-08 and would correct the methodology of projection for the future years as per our direction in paragraph 26 & 27 above."

3. In view of the above directive, the Petitioner submits that this Hon'ble Commission may be pleased to true up the figures of Power Purchase as per the actual figures for FY 2008-09. The Petitioner further submits that the Petitioner, vide its letter dated 27.04.2009 filed a copy of the actual Power Purchase for the FY 2008-09 with this Hon'ble Commission. Therefore, the same are already on record with this Hon'ble

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Commission. However, for the sake of ready reference, the Petitioner is annexing a copy of the actual Power Purchase for the FY 2008-09 with the present Petition (**Annexure "3"** supra).

4. The Petitioner further submits that the Power Purchase figure for FY 2008-09, as approved by this Hon'ble Commission is 8849 MUs, whereas the actual Power Purchase for the FY 2008-09 for the Petitioner is 8965 MUs at E2 level. Therefore, the Petitioner submits that this Hon'ble Commission may be pleased to true up the Power Purchase figures for FY 2008-09 and allow the additional 116 MUs.

In addition to the above, the Petitioner prays that this Hon'ble Commission may also be pleased to revise the approved power purchase for FYs 2009-10 & 2010-11 based on the claims of the Petitioner in its latest available ARR submissions, as per the ATE Order. Accordingly, the approved power purchase for the said years may be based on the Petitioner's projections for the same as submitted in its latest ARR Petition. The revised Power Purchase costs, as submitted by the Petitioner in its latest ARR Petition may be allowed through tariff immediately, as it would reduce the burden on consumers subsequently. In this regard Hon'ble ATE in its Order has viewed that:

> *"Truing up is an exercise that is necessarily to be done as no projection can be so accurate as to equal the real situation. Simply because the truing up exercise will be made on some day in future the Commission cannot take a casual approach in making its projections. We do appreciate that the Commission intends to keep the burden on the consumer as low as possible. At the same time one has to remember that the burden of the consumer is not ultimately reduced by under estimating the cost today and truing it up in future as such method also burdens the consumer with carrying cost."*

Therefore, the Petitioner most respectfully submits that the approach suggested above is a more tariff neutral approach than awaiting for the next tariff order to do so. Further, the time bound compliance with the ATE Order mandates an approach similar to that prayed for in this petition. Finally, such an approach also prevents the burden of today's consumers being borne by tomorrow's consumers.

Re: Distribution Loss Targets and AT&C Loss Targets.

1. It is respectfully submitted that this Hon'ble Commission in its Order dated 23.02.2008 had directed the Petitioner to reduce its AT&C losses to 17% by the end of the MYT period. It is submitted that such loss reduction targets as directed by the Hon'ble Commission requires the Petitioner to reduce its AT&C loss targets from

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29.2% in FY 07 to 17% in FY 11 i.e. a reduction of 12.92% during the MYT control period. Further, this Hon'ble Commission had specified a reduction of 25% of the total AT&C loss reduction target in each year of the Control Period i.e. 3.23% reduction each year.

2. It is submitted that the total AT&C loss reduction target fixed for the Petitioner at the end of the MYT Period i.e. 17%, is the same as the target fixed for the other DISCOM in Delhi i.e. NDPL. However, the said target fixation does not take into account the fact that the AT&C loss levels at the beginning of the control period for the Petitioner was 29.92%, whereas AT&C loss levels for NDPL at the beginning of the control period was 23.73%. Despite a significant difference in the AT&C loss levels at the beginning of the control period, the targets set for both the DISCOMs are the same i.e. 17%. It is most respectfully submitted that the same requires a reconsideration by this Hon'ble Commission and this Hon'ble Commission may exercise its discretion and relax the targets fixed in the MYT order dated 23.02.2008, as set out in Regulation 13.4 of the MYT Regulations. It is submitted that whilst setting the target for the MYT period, this Hon'ble Commission may fix the same only on the basis of loss levels at the time of beginning of the MYT period, irrespective of the loss levels of DISCOMs at the time of the privatization. The Hon'ble ATE has also in the ATE Order made similar observations, which are extracted hereinbelow for the sake of convenience of this Hon'ble Commission:

> *"32) There is however, no bar on the Commission reconsidering the target that has been set and amend the relevant Regulation, if necessary. The target for MYT period needs to be set on the basis of losses at the beginning of the MYT period and not on the basis of loss level on the date of privatization when the policy target period began. The consequence of failure or success in reaching the loss reduction target have already been borne by the licensee. Hence, reference to the initial level of loss at the time of privatization is not necessary. The Commission may itself consider the plea of any amendment in the target set in this regard in case the appellant makes out-a case. Therefore, we direct the Appellant may make an appropriate representations to the Commission in this regard within one month hereof and that if a representation is so made the Commission shall dispose it of in two months."*

3. From the extract of the ATE Order, it is evident that reference to the initial level of loss at the time of privatization is not necessary and that the loss targets for the

BSES RAJDHANI POWER LTD. NEW DELHI

Petitioner needs to be set on the basis of opening loss level at the beginning of the MYT period. Further, AT&C targets may be fixed in accordance with the circumstances prevailing in the distribution area of the Petitioner and may be done in a manner which incentivizes performance. Such an approach is also consistent with the National Tariff Policy, which mandates appropriate returns to a utility for having performed its obligations (Ref: Para 8.2.1.(2) of the NTP).

4. In view of the above, it is most respectfully submitted that this Hon'ble Commission may exercise its power under Regulation 13.4 of the MYT Regulations to relax the Regulations and fix the AT&C loss targets for the Petitioner keeping in mind the loss levels for the Petitioner at the beginning of the MYT period, sectoral realities, and factors like network condition, geographical spread, consumer mix, unauthorized area/usages and approved Capex for the Petitioner.

5. It is most respectfully submitted that the targets fixed by the Hon'ble Commission in its Order dated 22.2.2008 does not in any manner give any incentive to the Petitioner to attain the said targets. This is on account of the fact that the targets fixed by the Hon'ble Commission are abnormally high and does not leave any scope of reward for the Petitioner, even if it manages to attain the said targets. The Petitioner most respectfully submits that the loss targets fixed for the Petitioner may be fixed in a manner so as to give appropriate incentives to the Petitioner for meeting the said targets fixed in the MYT Regulations.

6. Without prejudice to the submissions above, in the event the Hon'ble Commission feels that the AT&C loss targets fixed in the MYT Regulations cannot be relaxed, the Petitioner most respectfully submits that the Hon'ble Commission may instead of fixing the average loss reduction of 3.23% for each year for the Petitioner as was done by this Hon'ble Commission in its Order dated 23.02.2008, be pleased to accept the loss reduction trajectory as proposed by the Petitioner in the following table:

Proposed Reduction of Loss Levels	FY 08	FY 09	FY 10	FY 11
As per MYT Order dated 22.02.2008				
AT&C loss Reduction Target	26.69%	23.46%	20.23%	17.00%
Distribution Loss	25.95%	22.88%	19.83%	16.58%
Collection Efficiency	99.00%	99.25%	99.50%	99.50%
New Proposal				
AT&C loss Reduction Target	29.67%	26.66%	21.74%	17.00%
Distribution Loss	30.87%	26.11%	21.34%	16.58%
Collection Efficiency	101.73%	99.25%	99.50%	99.50%

BSES RAJDHANI POWER LTD. NEW DELHI

In the above table the Petitioner proposes uniform reduction of Distribution losses instead of uniform reduction of AT&C loss as considered by the Hon'ble Commission in its Order dated 23.02.2008 Further the Petitioner has proposed a collection efficiency of 101.73% in FY 08 for the following reasons:

a. The Petitioner has collected Rs. 64.53 cr. towards DVB arrears in FY 08, which forms 2.23% of the collection efficiency for FY 08 (i.e. Rs. 64.53 cr as a percentile of total billing amount of Rs. 2889.99 cr.).

b. The actual collection efficiency for the FY 2008-09 upto Jan'08 was 99.5%.

c. Therefore the Petitioner has assumed a collection efficiency target of 101.73% for FY 08 i.e. sum of 99.5% and 2.23% .

d. For FY 09, FY 10 and FY 11, the Petitioner has retained the collection efficiency levels as proposed by the Hon'ble Commission in its Order dated 23.02.2008.

The AT&C loss targets are the resultant figure after considering the Distribution loss and Collection efficiency targets assumed as per the above methodology.

7. It is respectfully submitted that by following the proposed trajectory the Petitioner would be able to meet the final target set by this Hon'ble Commission i.e. 17% AT&C Losses at the end of the MYT period and at the same time would be equally incentivized to reach the said targets. In view of the above, it is respectfully submitted that the Hon'ble Commission may either relax the target as specified in the MYT regulations for the Petitioner or in the alternative, may revise the loss reduction trajectory set for the Petitioner.

8. In view of the above, it is respectfully submitted that this Hon'ble Commission be pleased to revise the distribution losses as fixed in the MYT Order dated 23.02.2008 to 30.87%, 26.11%, 21.34% and 16.58% for FY08, FY09, FY 10 and FY 11 respectively as specified in para 6 above.

BSES RAJDHANI POWER LTD. NEW DELHI

Re: **Reactive Energy Charges incurred by the Petitioner**

1. It is submitted that Hon'ble ATE in ATE Order has in express terms allowed the Petitioner herein, to recover the Reactive Energy charges incurred by it. The relevant extract of the ATE Order is produced hereinbelow for the reference of this Hon'ble Commission:

   "The appellant has claimed reactive energy charge to the tune of Rs. 66 Crores (sic). It is contended by the appellant that the obligation to pay reactive energy charge is a constituent of the obligation of power procurement charge to be borne by the appellant. This Tribunal vide the judgment in appeal No. 266 & 267 of 2006 allowed inclusion of the payment towards reactive energy charges in the power purchase cost. The Commission itself recognized the admissibility of the reactive energy charge of DTL. The Commission does not seriously dispute the admissibility of such amount as reactive energy charge. It has allowed reactive energy charge of Rs. 85 Crores for FY 2006. The Commission merely says that for the FY 2007 such amount was not given to the appellant as no such amount was claimed by it. It is said by the Commission that neither table 64 nor form A1 of the MYT petition indicated any reactive energy charges. In fact, there was no column in the prescribed form Ao indicated the reactive energy charges. This cannot disentitle the appellant from claiming the same. The Commission will have to allow the appellant to recover the reactive energy charges amounting to Rs. 66 Crores (sic) through tariff"

   The above extract of the ATE Order makes it evident that the reactive energy charges incurred by the Petitioner herein may be allowed.

2. In view of the ATE Order and the past practice followed by this Hon'ble Commission of allowing the reactive energy charges, it is most respectfully prayed that this Hon'ble Commission may be pleased to allow the reactive energy charges incurred by the Petitioner to the tune of Rs. 0.66 crores. It is submitted that such expenditure is a prudent expenditure incurred by the Petitioner and forms a constituent of the obligation of the power procurement charges to borne by the Petitioner.

BSES RAJDHANI POWER LTD. NEW DELHI

Re: Rebate arising out of payment made to DTL

1. It is most respectfully submitted that the Petitioner vide its Petition dated 29.04.2005 before this Hon'ble Commission had requested this Hon'ble Commission to adjudicate upon the dispute between DTL and the Petitioner herein. In the said Petition, the Petitioner had prayed for suitable directions from this Hon'ble Commission, to be given to DTL, to refund the amount of Rs. 6.39 Crores that the Petitioner had paid to DTL. The said amount was paid by the Petitioner to the DTL, when DTL had insisted for an immediate release of payment and had threatened the Petitioner that on non-payment it would proceed to recover the amount by invoking the letter of credit and Escrow account that had been created in favour of DTL.

2. It is pertinent to note that the said Petition is till date pending before this Commission. In the absence of the determination by this Hon'ble Commission, the Petitioner included the amount of 6.39 Crores in its ARR filed before this Hon'ble Commission on 01.10.2007. However, this Hon'ble Commission in its MYT order dated 23.02.2008 disallowed the said amount on the ground that the Petition was pending before this Commission and that the amount of Rs. 6.39 Crores would be allowed depending on the final outcome in the Petition filed by the Petitioner herein before this Hon'ble Commission.

3. At the time of the hearing of Appeal No. 36 of 2008 before the Hon'ble ATE, counsel appearing on behalf of this Hon'ble Commission had stated that the Commission would decide the dispute expeditiously. The Hon'ble ATE, based on the submissions on behalf of this Commission in Appeal No. 36 of 2008, had concluded that this Hon'ble Commission shall make suitable adjustments in the entitlement of the Petitioner herein as soon as the decision in the above mentioned Petition is taken. Further, the ATE directed that the matter be decided expeditiously.

4. The Hon'ble Commission to decide the dispute between the parties has already heard the matter on 19.11.2009. In view of the above, it is respectfully prayed that this Hon'ble Commission may be pleased to make suitable adjustments in the entitlement of the Petitioner herein depending upon the outcome of the matter.

Re: R&M Expenses

1. It is most respectfully submitted that the Petitioner had incurred R&M expenses of Rs. 92.00 Crores, Rs. 75.30 Crores and Rs. 89.49 Crores in FY 04-05, FY 05-06 and

BSES RAJDHANI POWER LTD. NEW DELHI

FY 06-07 respectively. However, this Hon'ble Commission in its MYT Order dated 23.02.2008 had approved the R&M expenses only to the extent of Rs. 68.99 Crores, Rs. 71.75 Crores and Rs. 70.98 Crores for respective years. Thereby denying the Petitioner R&M expenses for FY 2004-05, 05-06 & 06-07 to the tune of Rs. 13.01 Crores, Rs. 3.55 Crores and Rs. 18.51 Crores respectively.

2. The grounds of disallowance as reflected in the MYT Order and in the submissions made by the Hon'ble Commission before the Hon'ble ATE were that FY 04-05, the Petitioner did not claim any amount for truing up in its MYT petition. For FY 05-06 and FY 06-07 this Hon'ble Commission did not approve the R&M expenses to the tune of Rs. 75.30 Crores and Rs. 89. 49 Cr on the ground that the Petitioner did not take prior approval of the DERC before incurring expenditures exceeding the amount initially approved by this Hon'ble Commission.

3. The Hon'ble ATE in ATE Order has in express terms stated that the expenditure incurred by the Petitioner were not found to be imprudent by the Hon'ble Commission and has been merely denied on technical grounds. The relevant extract of the ATE Order is produced hereinbelow for the reference of this Hon'ble Commission:

   "The next question is whether any expense towards R&M expenses can be denied on the ground that approval of the Commission had not been taken before incurring expenses. Now R&M expense is directly related with capital works and gross fixed assets. The Commission does not say that the expense incurred were imprudent or unnecessary. Since the sole purpose of tariff fixation is to recover the cost and reasonable profit it will not be prudent to be technical on such issues. We are of the opinion that R&M expenses properly incurred should be approved and in case there is any gap between the demand made by the appellant and the amount sanctioned by the Commission, the Commission should enter into exercise of a prudent check and grant the approval to such expenses. The appellant would be bound to produce whatever expense or material that may be required for permitting the Commission to carry out a prudent check."

4. The Petitioner most respectfully submits that the expenses incurred and claimed by the Petitioner have been incurred to serve the consumers. Further, it is submitted that the details of the expenditure incurred by the Petitioner have already been filed by the Petitioner before this Hon'ble Commission vide its ARR Petition and various letters. However, for the sake of convenience of this Hon'ble Commission, the Petitioner is refilling the said information alongwith this Petition as ***Annexure "4"***.

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5. It is submitted that for FY 06-07, the Petitioner had submitted the quarter wise details of R&M expenses incurred by the Petitioner vide its letter dated 11.09.2007 (already enclosed in Annexure 4) and 12.02.2008, explaining the Commission the expenditure incurred over and above the expenditure approved by this Commission and the reasons for not taking prior approval of this Hon'ble Commission before incurring the expenditures. A copy of the letter dated 12.02.2008 is annexed herewith and marked as ***Annexure "5"***. Further, it is submitted that the audited accounts of the Petitioner for FY06-07 were duly filed by the Petitioner with this Hon'ble Commission vide its letter dated 15.05.2007.

6. Further, the Petitioner submits that the audited accounts of the Petitioner, clearly reflects an expenditure of Rs. 92 Crores and Rs. 75.30 Crores being incurred by the Petitioner as R&M expenses. A copy of the audited accounts of the Petitioner for FY 04-05 and 05-06 is already been filed by the Petitioner before this Hon'ble Commission vide its letter dated 29.08.2005 and 21.11.2006. A copy of the letter dated 29.08.2005 and 21.11.2006 alongwith the audited accounts of the Petitioner for FY 04-05 and 05-06 is annexed herewith and marked as ***Annexure "1"***. The Petitioner respectfully submits that this Hon'ble Commission may allow the R&M expenses incurred by the Petitioner, in accordance with the order of the ATE dated 24.05.2007 wherein the Hon'ble ATE had held that truing up can only be limited to adjusting provisional accounts and audited accounts.

7. In view of the above, it is most respectfully submitted that the R&M expenses incurred by the Petitioner are prudent expenditures and the Hon'ble Commission may be pleased to approve the same.

Re: Employee Expenses

1. The Petitioner most respectfully submits that this Hon'ble Commission may be pleased to give effect to the ATE Order. Relevant extract of the ATE Order with respect to the issue of employee expenses is produced below for the sake of convenience of this Hon'ble Commission:

   "Employees expenses:

   69) The Commission shall allow the expenses incurred towards retirement of SVRS optees pending decision of the Acturial Arbitration Tribunal and shall true up the employees expenses to the extent of increased cost by increase

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in consumer base. So far as salary hike is concerned to the extent of hike comparable to the Sixth Pay Commission's recommendations for employees other than the erstwhile DVB employees shall also be allowed in true up process in case expenditure in that account has already been incurred.

......

74)Having gone through the impugned order we do find that the Commission has not considered the issue of possible increase in the number of employees consequent on increase in the consumer base. Nor has the Commission ruled on the appellant's proposal to increase the salaries etc. The Commission has nonetheless assured to true up the employees expenses subject to prudence check. The Commission shall also take care of the related carrying cost. This should satisfy the appellant."

2. In view of the above directive, the Petitioner submits as follows:

I. Terminal Benefits to SVRS Employees

a. The Petitioner states that this Hon'ble Commission whilst approving the expenses incurred on account payments made to the SVRS optees, allowed the amount payable towards monthly pension, provisionally and subject to the outcome of the proceedings of the Arbitral Tribunal. However, the Commission disallowed the expenses incurred by the Petitioner on account of payments made by the Petitioner towards terminal benefits; reasoning that the same would be allowed based on the finalization of the liability and the outcome of the proceedings of the Arbitral Tribunal.

b. The Petitioner most respectfully submits that the ATE Order has observed that the liability incurred by the Petitioner towards payments made to SVRS optees should be allowed unless the Commission considers the payments to be unreasonably excessive. The Hon'ble ATE has directed this Hon'ble Commission to allow the said expenditure as a pass through. The relevant extract of the ATE Order is produced below for the sake of convenience of this Hon'ble Commission:

"...The appellant has incurred some expenditure on the basis of its own estimation subject to final computation of liability by the Arbitral Tribunal. There is no reason why the Commission should not allow the expenditure as pass through unless the Commission considers the payment to be much

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above a reasonable estimate. The appellant may take steps for constitution of the Tribunal. However, the Commission will have to allow the expenditure as far incurred by the appellant towards the terminal benefits of the SVRS optees."

c. In view of the above, the Petitioner most respectfully submits that this Hon'ble Commission may be pleased to allow the expenses incurred by the Petitioner towards the payments made to the SVRS optees. The Petitioner further submits, that vide its letter dated 12.02.2008, the Petitioner had apprised this Hon'ble Commission of the payments made towards expenses incurred on account of SVRS optees and hence the said details are already available with this Hon'ble Commission. However, for the sake of convenience of this Hon'ble Commission, the Petitioner is annexing the letter dated 12.02.2008 written by the Petitioner to this Hon'ble Commission. A copy of the letter dated 12.02.2008 is annexed herewith and marked as ***Annexure "6"***.

II. **Expenses incurred on account of increase in consumer base of the Petitioner and the impact of the 6th Pay Commission**

a. The Petitioner most respectfully states that to cater to the increase in demand due to rise in its consumer base during the MYT Period, it will have to deploy additional resources. Consequently, it is submitted that the Hon'ble Commission may be pleased to consider the employee expenses incurred by the Petitioner on account of an increase in the consumer base of the Petitioner. The Petitioner states that this Hon'ble Commission may be pleased to allow the employee expenses based on actual increase in consumer base of the Petitioner during the MYT Period.

b. The Petitioner further states that the with respect to the employee expenses incurred by the Petitioner on account of increase in consumer base, the Hon'ble ATE Order has directed this Hon'ble Commission to true up the expenses incurred by the Petitioner subject to a prudency check. The Petitioner most respectfully submits that this Hon'ble Commission may be pleased to give effect to the ATE Order and consequently true up the expenses incurred by the Petitioner on account of an increase in the consumer base of the Petitioner. The amount projected after factoring in the increase in consumers upto FY 2008-09 vis-à-vis FY 2006-07 is tabulated below:

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Particulars	Formula	UoM	FY 07	FY 08	FY 09
Employee Expenses for FY 2006-07	A	Rs. Cr.	137.60		
Number of Consumers	B		1,090,691	1,171,772	1,394,040
Avg. Employee Expense per consumer	C = A * 10^7 / B		1,261.59		
Inflation index	D			1.0415	1.0415
Projected Employee Expense per Consumer	$E = D * C_{(N-1)}$	Rs.		1,313.94	1,368.47
Gross Employee Expenses	F = E * B/10^7	Rs. Cr.		153.96	190.77

c. Further, it is submitted that with regard to the expenses incurred on account of salary hike due to the 6th Pay Commission for employees other than the employees of the erstwhile DVB, the ATE Order has directed this Hon'ble Commission to allow such expenses in the truing up exercise. The Petitioner most respectfully submits that this Hon'ble Commission may be pleased to allow the expenses incurred by the Petitioner on account of implementing the 6th Pay Commission as and when incurred.

3. Therefore, in view of the above, the Petitioner most respectfully submits states that this Hon'ble Commission may be pleased to allow the expenses incurred by the Petitioner on account of payments made to SVRS employees and true up the expenses incurred by the Petitioner on account of the implementation of the Report of the 6th Pay Commission.

Re: A&G Expenses

1. It is submitted that the Hon'ble Commission in its submissions before the Hon'ble ATE had stated that it is willing to consider addition expenditure or new initiatives taken by the Petitioner during the MYT period and that the same shall be allowed if such expenditure are found to be justified. It was further clarified that the new initiatives also includes initiatives that are intended to cope with increased consumer base. The said submissions of the Hon'ble Commission also finds mention in the Order of the Hon'ble ATE dated 30.10.2009 in Appeal No. 37 of 2008. It is submitted that the Petitioner has duly taken certain initiatives and has incurred prudent expenditure for the same and the same may be allowed by the Hon'ble Commission.

2. The new initiatives undertaken by the Petitioner upto FY 2008-09 and the costs are enumerated below:

   a. Deployment of CISF Personnel: The Petitioner has deployed CISF Personnel to control theft in its licensed area, which aided the Petitioner not only in reduction of its AT&C losses but has also resulted in collection of additional

BSES RAJDHANI POWER LTD. NEW DELHI

revenue as a part of Theft Collection. The details of AT&C loss reduction and amount of Theft collection has already been submitted to the Hon'ble Commission and is not reiterated for the sake of brevity. The amount incurred by the Petitioner on account of deployment of CISF Personnel is Rs. 2.28 cr. and Rs. 3.36 cr. in FY 08 and FY 09 respectively.

b. New Initiatives undertaken during FY 2008-09: The Petitioner has provided its consumers the following additional payment options:

   i. Kiosk machines – has installed kiosk machines at all our division offices and at Nehru Place. The bills are accepted in cash (upto Rs 4000/- only) and thru cheque / DD. The timings of collection acceptance are 08.00 am to 08.00pm. An attendant is provided by M/s Transaction Solutions International (India) Private Ltd with all the kiosks for helping consumers. The Petitioner has incurred Rs.18,23,997 during FY 2008-09 for the new initiative.

   ii. Minc Bill Box (hereinafter referred as BBX) - BBX has installed drop boxes at all the Metro Stations. Valid Cheque / DD are accepted alongwith Stubs. The Petitioner has incurred Rs.5392 during FY 2008-09 for the new initiative.

   iii. Project Jeevan: Project Jeevan is an initiative of IT - department, GoNCTD. Around 520 counters are to be opened by Delhi Govt. at selected easy locations and multi-utility payments (electricity, water, telephone, taxes, ~~property tax etc)~~ are to be accepted at a single window. Around 220 counters are already opened up in Delhi so far.

3. The benefits from all these initiatives have greater economic/social values and far outweigh the costs associated with these activities, besides generating higher revenue from loss reduction, etc. These steps have been viewed positively by many stakeholders and are also in line with best utility practices. All these measures, essential for efficient operations of the licensee and enhanced customer satisfaction, have resulted in additional expenses than the budget stipulated by the Honourable Commission in the MYT Tariff Order dated 23.02.2008.

4. It is further submitted that the Hon'ble Commission whilst approving the expenditure incurred by the Petitioner may also take into consideration that the Petitioner brought certain class of consumers within its billing net who were initially left unbilled. This it

BSES RAJDHANI POWER LTD. NEW DELHI

is submitted would result in a simultaneous increase in cost for the Petitioner as the Petitioner will have to incur additional expenditure on account of bill printing, delivery and postage, vehicle usage etc. The benefits resulting from increase in these expenditures are in form of AT&C loss reduction. It is noteworthy that a portion of the benefit accruing due to AT&C loss reduction is also passed on to the consumers in the Retail Tariff. In view of the above, it is most respectfully submitted that Hon'ble Commission may be pleased to allow the expenditure incurred by the Petitioner to cope with the increased consumer base.

Re: Capital Expenditure and Capitalization disallowance, lower approval of capitalization from fresh investment during the MYT period and impact of lower approval of capital expenditure and capitalization on ROCE and RRB.

1. The Petitioner most respectfully submits that in accordance with Order of the Hon'ble ATE, the Petitioner has been given an opportunity to justify the reasonableness of the rates at which it had procured goods from its related company, REL. The said exercise has to be undertaken by comparing the rates at which the Company had procured goods with rates at which NDPL had procured similar goods. The issue of comparison of rates for the goods procured by the Petitioner with the rates of similar goods procured by NDPL involves collation of substantial amount of data and is a time consuming process. The Petitioner is in the process of collation of data for comparison of rates and approval of applications by electrical inspector. The Petitioner craves leave of this Hon'ble Commission to file a separate petition for the same.

2. It is submitted that approval of capital expenditure and capitalization incurred by the Petitioner, in accordance with the directions given by the ATE would have an impact on certain other issues also. The Petitioner craves leave of this Hon'ble Commission to raise such issues alongwith the abovestated separate Petition.

Prayer

It is most respectfully submitted that the Hon'ble Commission may be pleased to comply with the Order dated 06.10.2009 of the Hon'ble ATE.

PETITIONER

NEW DELHI:
DATED: November 20, 2009.

BSES RAJDHANI POWER LTD. NEW DELHI

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION

C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

PETITION NO:

IN THE MATTER OF: **MYT Petition FY 2007-08 being Petition No. 51 of 2007 on behalf of BSES Rajdhani Power Ltd.**

AND

IN THE MATTER OF: **Enforcement of and Compliance with the Order dated 06.10.2009 by the Hon'ble ATE in Appeal No. 36 of 2008 (BSES Rajdhani Power Limited v. Delhi Electricity Regulatory Commission).AND**

AND

IN THE MATTER OF:

BSES Rajdhani Power Limited ("BRPL")
BSES Bhawan, Nehru Place
New Delhi-110 019. ... **PETITIONER**

AFFIDAVIT VERIFYING THE PETITION

I, Y. M. Saxena, S/o Late Shri R.B.Lal Saxena, aged 55 years, having my office at BSES Bhawan, Nehru Place, New Delhi-110019, do hereby solemnly affirm and state as follows:

1. I am the authorized signatory of BSES Rajdhani Power Limited. That I am conversant with the facts and circumstances of this petition and I am duly authorized to file the petition accompanying documents/information duly paginated (Page No. 1 to 17).

2. That the statements made above in the accompanying application/petition are based on the records of the company and believed by me to be true.

NOTARY Name M. L. Jad Area NCT, Delhi Regd. No. 581 Govt. of India

RESPONDENT
Y.M. SAXENA
Vice President (Business)
Authorized Signatory
BSES Rajdhani Power Limited: Respondent

BSES RAJDHANI POWER LTD. NEW DELHI

VERIFICATION:-

I, Y.M. Saxena, the respondent hereby solemnly affirms that the contents of above affidavit are true to the best of my knowledge, no part of it is false and nothing material has been concealed there from.

Verified by me on this the November 20, 2009 at New Delhi.

RESPONDENT
Y.M. SAXENA
Vice President (Business)
Authorized Signatory
BSES Rajdhani Power Limited: Respondent

WITNESS:

Rajeev Chowdhury
BSES Rajdhani Power Ltd.
BSES Bhawan, Nehru Place,
New Delhi-110019

Signature Attested
Notary Public
Delhi (India)
20 NOV 2009

NOTARY
Name N. L. Jad
Area NCT, Delhi
Regd. No. 681
Govt. of India

BSES RAJDHANI POWER LTD.
NEW DELHI

Annexure-B1

BSES RAJDHANI POWER LTD.
NEW DELHI

Delhi Electricity Regulatory Commission

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17

Petition No. 51/2007

In the matter of:
Petition for approval of Aggregate Revenue Requirement and Multi Year Tariff for Wheeling and Retail Supply of Electricity for BSES Rajdhani Power Limited for the Control Period of F.Y. 2007-08 to F.Y. 2010-2011.
AND

In the matter of:
BSES Rajdhani Power Limited
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi-110019.

BEFORE
DELHI ELECTRICITY REGULATORY COMMISSION

Coram:
Sh. Berjinder Singh, Chairman & Sh. K. Venugopal, Member.

ORDER

DATE OF ORDER: 23RD FEBRUARY, 2008

The Commission having deliberated upon the Multi Year Tariff Petition filed for the Control Period of F.Y. 2008-2011, alongwith the Business Plan for the said Control Period, and also the subsequent filings by the Petitioner during the course of the proceedings, and having considered the responses received from stakeholders, in exercise of the power vested under the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007, read with the provisions of the Electricity Act, 2003, hereby pass this Order signed, dated and issued on 23rd day of February, 2008.

On the issue of disallowance of capital expenditure and assets capitalization in respect of the purchases made by the two BSES Distribution Companies from Reliance Energy Ltd. (REL), a group company of BRPL & BYPL, there is a difference of opinion between the Chairman and the Member. The divergent views of the Chairman and Member are contained in Annexures V and VI respectively. These Annexures and the findings/reasons recorded there, form an integral part of the Order. The Chairman has approved the disallowance mentioned in the Annexure V alongwith its consequential impacts, in exercise of his casting vote as there is a tie on this issue. The casting vote has been exercised in terms of Section 92(3) of the Electricity Act, 2003. It may be mentioned that on the remaining issues, there is no difference of opinion and the order has been passed unanimously.

The Petitioner shall take immediate steps to implement the Order.

This Order may be amended, reviewed or modified in accordance with the provisions of the Electricity Act, 2003 and the Regulations made thereunder.

Sd/-	Sd/-
(K. Venugopal)	(Berjinder Singh)
Member	Chairman

BSES RAJDHANI POWER LTD. NEW DELHI

ANNEXURE – V

DISALLOWANCES
OF
CAPITAL EXPENDITURE
AND
ASSET CAPITALISATION

BSES RAJDHANI POWER LTD.
NEW DELHI

Findings of the Commission regarding purchases made by BSES Rajdhani Power Ltd. (BRPL) and BSES Yamuna Power Ltd.(BYPL) from Group Company - Reliance Energy Ltd.(REL).

1. BSES Rajdhani Power Ltd. (BRPL) and BSES Yamuna Power Ltd. (BYPL) are engaged in Distribution of Electricity at Delhi. These are group companies of Reliance Energy Ltd. (REL) formerly BSES Ltd. During the years 04-05 and 05-06, both BRPL & BYPL made extensive purchases of capital goods from REL at rates considered exorbitant by the Commission, resulting in transfer of substantial funds from these companies to REL by way of profit on sale of the capital goods. The purchases of these materials made by the two companies from REL during 2004-05, as per the trading account of REL, EPC Division (copy already furnished to the two companies), were as under:-

Year	BRPL	BYPL
04-05	868.69	364.87

(In Rupees crores)

The purchases of such goods made from REL in 05-06, as per the details furnished by BRPL & BYPL, were as under:

Year	BRPL	BYPL
05-06	103	92

(In Rupees & crores)

In addition, the two companies paid the following amounts to REL for services rendered for installation, erection and commissioning of the capital equipment purchased from REL in 2004-05 and 2005-06, as per information furnished by these two companies:-

Year	BRPL	BYPL
04-05	-Nil-	-Nil-
05-06	178	76

(In Rupees crores)

2. For the year 04-05, the companies purchased capital goods from REL for Rs.1233.56 crore in respect of which the purchase price of REL was only Rs.731.60 crore (opening stock + purchases – closing stock as per the Trading Account of REL, EPC division) giving a profit of Rs.501.96 crore. In other words, REL sold the capital goods to BRPL & BYPL at a price 68% higher than their purchase price. The purchases from REL by the two companies during 05-06 are less but the position of percentage of profit passed on to REL would be about the same as for 2004-05 as the purchases were made at about the same rates.

3. The profit passed on by the two companies to their group company namely REL being clearly excessive, the Commission vide letter dated 02.06.2006 directed the Distribution Companies at Delhi to take prior approval of the Commission for any financial transaction in respect of capital goods, with their group companies exceeding Rs.1 crore. Also, vide letter dated 30.6.2006, the three distribution companies at Delhi namely BRPL, BYPL & North Delhi Power Ltd. (NDPL) were required as under:-

Annexure-C1

BSES RAJDHANI POWER LTD.
NEW DELHI

Delhi Electricity Regulatory Commission

<u>Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17</u>

Petition No. 51/2007

In the matter of:
Petition for approval of Aggregate Revenue Requirement and Multi Year Tariff for Wheeling and Retail Supply of Electricity for BSES Rajdhani Power Limited for the Control Period of F.Y. 2007-08 to F.Y. 2010-2011.
AND

In the matter of:
BSES Rajdhani Power Limited
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi-110019.

BEFORE
DELHI ELECTRICITY REGULATORY COMMISSION

Coram:
Sh. Berjinder Singh, Chairman & Sh. K. Venugopal, Member.

ORDER

DATE OF ORDER: 23RD FEBRUARY, 2008

The Commission having deliberated upon the Multi Year Tariff Petition filed for the Control Period of F.Y. 2008-2011, alongwith the Business Plan for the said Control Period, and also the subsequent filings by the Petitioner during the course of the proceedings, and having considered the responses received from stakeholders, in exercise of the power vested under the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007, read with the provisions of the Electricity Act, 2003, hereby pass this Order signed, dated and issued on 23rd day of February, 2008.

On the issue of disallowance of capital expenditure and assets capitalization in respect of the purchases made by the two BSES Distribution Companies from Reliance Energy Ltd. (REL), a group company of BRPL & BYPL, there is a difference of opinion between the Chairman and the Member. The divergent views of the Chairman and Member are contained in Annexures V and VI respectively. These Annexures and the findings/reasons recorded there, form an integral part of the Order. The Chairman has approved the disallowance mentioned in the Annexure V alongwith its consequential impacts, in exercise of his casting vote as there is a tie on this issue. The casting vote has been exercised in terms of Section 92(3) of the Electricity Act, 2003. It may be mentioned that on the remaining issues, there is no difference of opinion and the order has been passed unanimously.

The Petitioner shall take immediate steps to implement the Order.

This Order may be amended, reviewed or modified in accordance with the provisions of the Electricity Act, 2003 and the Regulations made thereunder.

Sd/-	Sd/-
(K. Venugopal)	(Berjinder Singh)
Member	Chairman

BSES RAJDHANI POWER LTD. NEW DELHI

3.22 The summary of the capital investment including IDC and establishment expenses, as trued-up by the Commission for each year of the Policy Direction Period is shown in the table below:

Table 7: True-up of Capital Investment (Rs Cr)

Particulars	FY03	FY04	FY05	FY06	FY07
Approved Base Capital Investment	76.38	112.00	525.82	603.85	299.64
IDC & Establishment Expenses	-	2.56	12.93	14.69	6.57
Total Capital Investment	76.38	114.56	538.75	618.54	306.21

Asset Capitalization

3.23 The opening balance of Gross Fixed Asset (GFA), based on the Transfer Scheme notified by the GoNCTD on 20 November 2001 was Rs 1533 Cr, which included accumulated depreciation of Rs 383 Cr. The opening balance of the Capital Work in Progress (CWIP) in the Petitioner's book of accounts was zero.

3.24 The asset capitalisation figures approved by the Commission in the previous Tariff Orders are shown in the table below:

Table 8: Asset Capitalisation approved by the Commission in previous Tariff Orders (Rs Cr)

Year	Tariff Order	Asset Capitalization
FY03	FY04 Tariff Order	18.72
FY04	FY04 Tariff Order	408.57
	1st True Up (FY05 Tariff Order)	106.29
FY05	FY05 Tariff Order	363.01
	1st True Up (FY06 Tariff Order)	265.63
	2nd True Up (FY07 Tariff Order)	78.28
FY06	FY06 Tariff Order	558.18
	1st True Up (FY07 Tariff Order)	408.95
FY07	FY07 Tariff Order	400.00

3.25 The details of net asset capitalization submitted by the Petitioner in a letter to the Commission dated 24 December, 2007 is shown in the table below:

Table 9: Asset Capitalization claimed by the Petitioner (Rs Cr)

Particulars	FY03	FY04	FY05	FY06	FY07
Asset Capitalisation	44.51	106.28	265.25	765.85	311.99

3.26 For FY03, the Petitioner has claimed asset capitalization of Rs 44.52 Cr, which includes Rs 3.99 Cr based on its accounts and Rs 40.50 Cr on account of R&M and A&G expenses transferred to GFA based on the Orders of the Commission. The Commission in its Tariff Order for FY04 had approved asset capitalization of Rs 18.72 Cr for FY03 which included the R&M and A&G expenses capitalised and

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transferred to GFA. The asset capitalization approved for FY03 has been used by the Commission in the subsequent Tariff Orders at the same level and therefore, the Commission has considered the final asset capitalization of Rs 18.72 Cr

3.27 Similarly the Commission has considered asset capitalization of Rs 106.29 Cr for FY04 as approved in the Tariff Order for FY05.

Prior Period Adjustments for Transfer of Stores

3.28 The Petitioner in the petition filed in the ATE claimed that the valuation of stores and spares has increased from Rs 5.00 Cr as provided in the opening balance sheet of the Transfer Scheme to Rs 27.35 Cr which was paid to DPCL in FY05. The Petitioner also claimed that some of these spares had been used in capital schemes in FY03 and FY04 and some were used for R&M activities in FY03, FY04, FY05 and FY06 at zero value.

3.29 The Petitioner had claimed additional capitalization for spares of Rs 14.92 Cr and Rs 0.17 Cr in FY03 and FY04 respectively which were earlier done at zero value. The Petitioner has also claimed additional R&M expenses of Rs 5.55 Cr, Rs 0.08 Cr, Rs 0.52 Cr and Rs 1.11 Cr in FY03, FY04, FY05 and FY06 respectively with respect to consumption of these spares in R&M activities.

3.30 The Petitioner has also claimed that it had made adhoc provision of Rs 10.00 Cr for consumption of these spares in R&M expenses in the book of accounts for FY05, which had not been approved by the Commission in the Tariff Order for FY05. The actual consumption of these spares in FY05 was Rs 0.52 Cr, due to which the Petitioner had written off excess provision of Rs 9.48 Cr as non-tariff income in FY06. The same was included by the Commission in the approved non-tariff income for the year. The Petitioner has claimed that since the Commission had not considered the provision for these spares in R&M expenses for FY05, it should not have included Rs 9.48 Cr in the non-tariff income for FY06.

3.31 The ATE in its Order dated 23 May, 2007 held that the Commission has to concede to the prayer of the Petitioner for prior period adjustments (utilization of spares in capital works and R&M expenses) and excess provision written back.

3.32 In the MYT petition, the Petitioner has claimed for prior period adjustments and excess provision written back. The Petitioner has added spares of Rs 14.92 Cr and Rs 0.17 Cr in FY03 and FY04 respectively in the asset base and claimed depreciation on the same. The Petitioner has also claimed additional R&M expenses of Rs 5.55 Cr, Rs 0.08 Cr, Rs 0.52 Cr and Rs 1.11 Cr in FY03, FY04, FY05 and FY06 on account of adjustment in values of spares as per the Order of ATE. The Petitioner has reduced non-tariff income for FY06 by Rs 9.48 Cr

3.33 The Commission directed the Petitioner to submit details of the capital schemes and R&M expenses where spares had been used with the documentary evidence supporting that these spares had been considered at zero value.

BSES RAJDHANI POWER LTD. NEW DELHI

3.34 The Petitioner submitted letter no: RCM/07-08/1055 dated 12 February, 2008 to the Commission with the list of the schemes where the above mentioned stores and spares had been used. The Petitioner also submitted that these stores and spares were taken at zero value for capital and R&M works, even before the finalisation of valuation.

3.35 The Commission directed the Petitioner to certify its claim from the auditors. The Petitioner, in its letter no RCM/07-08/1073 dated 18 February, 2008 submitted the certificate from its auditor that spares were taken at zero value. Hence, the Commission now approves additional capitalization of assets and R&M expenses. Since the payment was made by the Petitioner in FY05, the Commission has considered the same in asset capitalization of FY05 and increases asset capitalization for FY05 from Rs 78.28 Cr to Rs 93.38 Cr The Commission also approves additional R&M expenses and reduction in non-tariff income for FY06 on account of excess provision written back as claimed by the Petitioner.

3.36 It was clarified in the Tariff Order dated 22 September, 2006 that the consideration of asset capitalization to the extent of Rs 408.95 Cr and Rs 400.00 Cr during FY06 and FY07 respectively, is for the purpose of determining the ARR and does not imply the Commission's approval for assets capitalized during the year. The Commission had expressed that the details of actual assets capitalized for final adjustments would be separately examined at the time of truing up.

3.37 The Commission has analyzed in detail the schemes completed during the respective years. In its Tariff Order dated 22 September, 2006, the Commission had expressed the view that the EHV & HV schemes on completion should be considered for capitalization only on its commercial operation/charging to rated voltage after obtaining all necessary statutory clearances and compliance with the prevalent safety standards. The Commission in April and May, 2005 had prescribed certain formats for information with regard to capitalization of assets which inter-alia covered the execution of respective work as per the prevalent safety rules and laws of land. The Commission, in the said Tariff Order, had directed that from FY06 onwards the relevant information shall be furnished by the Petitioner in the formats so prescribed by the Commission for capitalization of assets. The said formats were to be submitted along with the necessary statutory clearances and certificates within one month from the date of issue of the said Order. The capital expenditure incurred for residual works within the original scope of scheme, shall be admitted on merits.

3.38 The Petitioner however, submitted the formats for capitalization of assets pertaining to FY06 and FY07 on 9 August, 2007 and 31 December, 2007 respectively. The relevant Electrical Inspector's Certificate/ Clearance for the capitalization of EHV and HV schemes were submitted subsequently.

3.39 The case of capitalization of assets for FY06 and FY07 has been considered by the Commission in light of the directives contained in Tariff Order of FY07. The capitalization of EHV and HV schemes has been considered on the availability of the relevant Electrical Inspector's Certificate/Clearance for the respective financial year.

BSES RAJDHANI POWER LTD. NEW DELHI

The carry forward of the balance capitalization of assets from FY05 onwards has been appropriately factored in subsequent years.

3.40 In addition to the costly purchases effected from M/s Reliance Energy Limited (REL), the Commission, based on the documents/supportings furnished by the Petitioner, has observed that:

(a) The Labour, Civil & other charges (erecting, commissioning etc.) are found to be on a significantly higher side in proportion to the material cost. Further these charges are varying widely even in case of execution of similar schemes involving similar kind of work.

(b) In case of schemes involving underground cables, the cost of cable laying and road restoration charges, in totality, are on a higher side. Further in all EHV works, a component of miscellaneous charges has been added to the scheme cost even after accounting for all the cost components.

(c) For HVDS schemes the overall scheme cost has been noted to be significantly on a higher side. Further variations have been noted in case of the equipment/material details given in the relevant formats vis-à-vis the details in Electrical Inspector's Certificates. Such variations have been noticed for schemes being considered for capitalisation in FY07 onwards.

3.41 In view of the above, appropriate deductions have been considered to evaluate the prudent cost which can be allowed for capitalization of assets in the respective years. The Commission accordingly firms up the capitalization of assets upto FY06 and approves the same on a provisional basis for FY07. While firming up the cpitalisaiotn for FY07, the impact of variations in equipment/ material details given in relevant formats submitted by the Petitioner vis-à-vis the details in Electrical Inspectors certificate will also be considered. The Commission shall consider capitalization of such schemes currently pending for capitalization upto 31 March, 2007 (i.e., before commencement of the Control Period) in the financial year in which the relevant Electrical Inspector's Certificate is issued. The schemes proposed by the Petitioner for capitalization during the Control Period as per the Business Plan, shall be trued up at the end of the Control Period as per the MYT Regulations, 2007.

3.42 The Commission has analysed the information submitted by the Petitioner and approves asset capitalisation of Rs 131.54 Cr in FY06 and Rs 147.21 Cr in FY07, based on the methodology elaborated above. The capital investment/capitalization approved by the Commission is after consideration of the disallowance as per the findings of the Commission (as detailed in Annexure V to this Order).

3.43 The summary of opening balance of fixed assets, capital investment, asset capitalisation during the year, capital work in progress and closing balance of fixed assets for FY03, FY04, FY05, FY06 and FY07 is summarised in table given below:

Table 10: GFA, CWIP approved by Commission (Rs Cr)

Particulars	FY03	FY04	FY05	FY06	FY07
A. Opening Gross Fixed Asset	1533.0#	1551.72	1658.01	1751.39	1882.93
B. Opening Capital Work In Progress	0	57.66	65.93	511.30	998.30
C. Investment in the Year	76.38	114.56	538.75	618.54	306.21
D. Asset Capitalized	18.72	106.29	93.38$	131.54	147.21*
E. Closing Capital Work In Progress (B+C-D)	57.66	65.93	511.30	998.30	1157.30
F. Less: Asset Retirement	0.00	0.00	0.00	0.00	0.00
G. Closing Gross Fixed Asset (A+D-F)	1551.72	1658.01	1751.39	1882.93	2030.14

**Provisionally approved*
#As per the Transfer Scheme
$Includes capitalisation of Rs 15.10 Cr on account of additional capitalization due to revaluation of stores

Depreciation

3.44 The Commission in its previous Tariff Orders had maintained that depreciation being non-cash in nature, the amount set aside towards depreciation can be used for loan repayments. It does not affect the Petitioners tariff as all legitimate and prudent expenditure is considered for the purpose of determination of ARR. In view of the above and due to non-availability of fixed assets registers with details of historical costs for various categories of assets and CWIP, the Commission had determined depreciation on the opening Gross Fixed Assets (GFA) using a straight line method and a residual value of assets as 10%.

3.45 The depreciation as approved by the Commission in the previous Tariff Orders are shown in the table below:

Table 11: Depreciation approved by Commission in previous Tariff Orders (Rs Cr)

Year	Tariff Order	Opening GFA	Depreciation
FY03	FY04 Tariff Order	1533.00	43.12*
FY04	FY04 Tariff Order	1551.72	58.19
	1st True Up (FY05 Tariff Order)	1551.72	58.19
FY05	FY05 Tariff Order	1658.01	62.18
	1st True Up (FY06 Tariff Order)	1658.01	62.18
	2nd True Up (FY07 Tariff Order)	1658.01	62.18
FY06	FY06 Tariff Order	1923.64	73.19
	1st True Up (FY07 Tariff Order)	1736.30	69.25
FY07	FY07 Tariff Order	2145.25	83.36

** for 9 months*

3.46 The Petitioner appealed against the depreciation rate allowed by the Commission in the above Tariff Orders before the ATE.

(H.G. GARG)
SECRETARY

BSES RAJDHANI POWER LTD.
NEW DELHI

Annexure-C2

BSES RAJDHANI POWER LTD.
NEW DELHI

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Order

on

TRUE UP

for

FY 2013-14,

Aggregate Revenue Requirement

and

Distribution Tariff (Wheeling & Retail Supply)

for

FY 2015-16

for

BSES Rajdhani Power Limited (BRPL)

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DELHI ELECTRICITY REGULATORY COMMISSION

September, 2015

BSES RAJDHANI POWER LTD. NEW DELHI

The Commission directed the Petitioner to furnish the details of de-capitalisation (replacement/retirement) vide its letter dated 26.11.2014. The Petitioner submitted year wise details of de-capitalisation of assets from FY 2004-05 to FY 2013-14 vide their letter dated 06.02.2015.

3.135 The Commission, in the interest of the consumers and to avoid any undue benefit to the Petitioner, has decided to reduce the book value of de-capitalised assets from Gross Fixed Asset of the Petitioner in the year of such de-capitalisation. The treatment of any profit/loss on account of such de-capitalisation of assets shall be dealt as per the final order in Petition regarding retirement of assets filed by the Petitioner.

3.136 Based on the above discussion, the revised GFA block from FY 2004-05 to FY 2013-14 as submitted by the Petitioner is as follows:

Table 3.34: Revised GFA from FY 2004-05 to FY 2013-14 after de-capitalisation (Rs. Crore)

Sl. No	Financial Year	Gross Block of Fixed asset	Gross Block of de-capitalised asset	Revised GFA
1	2	3	4	5 = (3-4)
A	2004-05	1751.39	0.38	1751.01
B	2005-06	1882.93	13.85	1869.08
C	2006-07	2030.14	17.77	2012.37
D	2007-08	2235.13	26.17	2208.96
E	2008-09	2917.67	36.47	2881.20
F	2009-10	3223.99	42.77	3181.22
G	2010-11	3514.97	51.04	3463.93
H	2011-12	3728.34	145.84	3582.50
I	2012-13	4041.31	157.82	3883.49

Impact of De-capitalisation on Depreciation

3.137 The Commission has revised depreciation from FY 2002-03 to FY 2006-07 on the basis of opening GFA and FY 2007-08 to FY 2012-13 on the basis of average GFA (net of Consumer Contribution) due to change in GFA on account of de-capitalisation and also due to change in rate of depreciation in FY 2007-08. The revised GFA due to consideration of de-capitalisation of assets is as follows:

Table 3.35: Revised GFA on account of de-capitalization from FY 2002-03 to FY 2012-13 (Rs. Crore)

Sl. No.	Particulars	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
A	Opening GFA	1,533	1,552	1,658	1,751	1,869	2,012	2,209	2,881	3,181	3,464	3,583
B	Additions to Asset	19	106	93	132	147	205	683	306	291	213	313

Sl. No.	Particulars	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
	during the year											
C	De-capitalisation during the year	-	-	0	13	4	8	10	6	8	95	12
D	Net Assets Capitalised (B-C)	19	106	93	118	143	197	672	300	283	119	301
E	Closing GFA (A+D)	1,552	1,658	1,751	1,869	2,012	2,209	2,881	3,181	3,464	3,583	3,883
F	Average GFA (A+E)/2	1,542	1,605	1,705	1,810	1,941	2,111	2,545	3,031	3,323	3,523	3,733
G	Less: Average Consumer Contribution	Not considered as per PDP					161	197	243	293	328	369
H	Average GFA net of Consumer Contribution (F-G)	1,542	1,605	1,705	1,810	1,941	1,950	2,348	2,788	3,030	3,196	3,364
I	Average rate of depreciation	6.69%	6.69%	6.69%	6.69%	6.69%	5.11%	3.60%	3.60%	3.60%	3.60%	3.48%
J	Depreciation	76.92	103.81	110.92	117.14	125.04	99.68	84.52	100.37	109.08	115.04	117.08
K	Depreciation allowed in earlier T.O.	76.92	103.81	110.92	117.17	125.97	70.98	85.65	101.80	110.77	118.59	122.37
L	**Difference to be (allowed)/recovered (K-J)**	**0.00**	**(0.00)**	**(0.00)**	**0.03**	**0.93**	**(28.70)**	**1.13**	**1.43**	**1.69**	**3.55**	**5.29**

Impact of De-capitalisation on means of finance and Return on Equity

A. During Policy Direction Period

3.138 GoNCTD had notified Policy Directions vide its notification dated 22.11.2001 to enable restructuring of the Delhi Vidyut Board (DVB) and privatization of the distribution business in exercise of the powers conferred by section 12 and other applicable provisions of Delhi Electricity Reform Act, 2000. The relevant clause related to Return on Equity to be allowed for the distribution licensees is as follows:

"16 (c) Distribution licensees earn, at least, 16% return on the issued and paid up capital and free reserve."

3.139 During the Policy Direction Period, the depreciation was utilized for funding of capital investments. With consideration of the de-capitalization, the requirement of funds has therefore been reduced for the Policy Direction period as well.

3.140 With revision in the depreciation due to de-capitalization, utilization of depreciation and means of finance are accordingly revised for FY 2004-05 to FY 2006-07 as follows:

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DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1389)/DERC/2016-17/

Petition No. 20/2017

In the matter of:	Petition for Truing up of expenses up to FY 2014-15, Review of FY 2015-16 and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17

And

Petition No. 22/2017

In the matter of:	Petition for Truing up of expenses for FY 2015-16.

BSES Rajdhani Power Ltd.
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi – 110019. **...Petitioner/Licensee**

Coram: Sh. B. P. Singh, Member.

ORDER

(Date of Order: 31.08.2017)

M/s. BSES Rajdhani Power Limited filed aforesaid Petition No. 20 of 2017 for Truing up of expenses up to FY 2014-15, Review of FY 2015-16 and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17; and Petition No. 22 of 2017 for Truing up of expenses for FY 2015-16. These Petitions were admitted by the Commission *vide* Order dated 26.05.2017. The Petitions along with Executive summary were uploaded on the website of the Commission seeking response of the stakeholders. This was also widely publicised through advertisement in newspapers. In response to the advertisement the Commission received comments from the Stakeholders, which have been replied to by the Petitioner. The comments and suggestions of the stakeholders, the submissions made during the public hearing held on 19.07.2017 and the arguments advanced by the Petitioner have been taken into consideration.

BSES RAJDHANI POWER LTD. NEW DELHI

Sr. No.	Particulars	2014-15		2015-16	
		Petitioners projections	Now Approved	Petitioners projections	Now Approved
14	Non Tariff Income	134.05	169.34	142	188.18

CAPITAL EXPENDITURE AND CAPITALISATION

PETITIONER'S SUBMISSION

3.638 The Petitioner has submitted Capitalisation during the year as Rs. 245 Cr. and Rs. 262 Cr. for FY 2014-15 and FY 2015-16 respectively. Further, the Petitioner has submitted De-Capitalisation during the year as Rs. 20 Cr. and Rs. 46 Cr. for FY 2014-15 and FY 2015-16 respectively.

COMMISSION'S ANALYSIS

3.639 The Commission has considered closing GFA for FY 2013-14 as approved in the Tariff Order dtd. 29/09/2015 as opening GFA for FY 2014-15.

3.640 As per Audited Financial statements for FY 2014-15 and FY 2015-16, the Capitalisation, De-Capitalisation and Consumer Contribution is as follows:

Table 171: Audited Capitalisation, De-Capitalisation and Consumer Contribution (Rs. Crore)

Particulars	FY 2014-15	FY 2015-16
Capitalisation	337.62	383.06
De-Capitalisation	29.32	37.08
Consumer Contribution	67.40	80.54

3.641 In view of the pending physical verification of the fixed assets of the Petitioner, Capitalization for the purpose of true up has been considered provisionally based on audited financial statements for FY 2014-15 and FY 2015-16 as follows:

Table 172: GFA approved as per audited financial statements for FY 2014-15 & FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission		Trued up		Reference
		FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16	
A	Opening GFA	4,999.00	5,307.00	4,171.04	4479.34	
B	Additions during the year	337.62	383.26	337.62	383.26	
C	Decapitalisation	29.32	37.08	29.32	37.08	
D	Closing GFA	5,307.00	5,654.00	4,479.34	4825.52	(A+B-C)

MEANS OF FINANCE

PETITIONER'S SUBMISSION

DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi - 110017.

F.11(1591)/DERC/2017-18/

Petition No. 68/2017

In the matter of: **Petition for Truing up of Expenses upto FY 2016-17 and Annual Tariff Petition for FY 2018-19.**

BSES Rajdhani Power Ltd.
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi - 110019.

...Petitioner/Licensee

Coram: Sh B. P. Singh, Member.

ORDER

(Date of Order: 28.03.2018)

M/s. BSES Rajdhani Power Limited (BRPL) has filed the instant Petition for Truing up of Expenses upto FY 2016-17 and approval of Annual Revenue Requirement for FY 2018-19. The Petition was admitted by the Commission vide Order dated 26.12.2017. The Petition along with Executive summary was uploaded on the website of the Commission seeking response of the stakeholders; and was also widely publicised through advertisement in newspapers.

The comments and suggestions of the stakeholders, the submissions made during the public hearing held on 23.03.2018 and the arguments advanced by the Petitioner have been duly considered and the Commission in exercise of the power vested in it by the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, hereby pass this Tariff Order signed, dated and issued on 28.03.2018.

The Petitioner shall take immediate steps to implement the said Order, so as to make the revised tariffs applicable from 01.04.2018.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made there under.

(B. P. Singh)
Member

Page 1 of 1

BSES RAJDHANI POWER LTD. NEW DELHI

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	Remarks/ Ref.
A	Opening GFA	3001	3254	3702	3995	4343	4404	4705	4999	5307	5654	
B	Capitalisation during FY	261	459	299	357	156	313	306	338	383	405	
C	De-capitalisation	8	10	6	8	95	12	12	29	37	35	
D	Closing GFA	3254	3702	3995	4343	4404	4705	4999	5307	5654	6024	A+B-C
E	Average GFA	3127	3478	3848	4169	4374	4555	4852	5153	5480	5839	(A+D)/2

COMMISSION'S ANALYSIS

3.157 The Commission has already indicated the status of true up of capitalisation since FY 2004-05 to FY 2015-16. Further, the work for the review of capital expenditure and the capitalization of assets for FY 2016-17 shall be awarded separately. In view of the pending physical verification of the Fixed Assets of the Petitioner, Capitalization for the purpose of true up has been considered provisionally based on audited financial statements for FY 2016-17. The Commission has considered the closing GFA for FY 2015-16 as approved in the Tariff order dated 31st August, 2017 as opening GFA for FY 2016-17.

3.158 The Commission has considered financing of Capitalisation (net of de-capitalisation and consumer contribution) through debt and equity in the ratio of 30:70 as follows:

Table 141: Commission Approved - Financing of Capitalisation for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	Petitioner's Submission	Approved	Remarks/ Ref.
A	Total Capitalisation	405.00	405.44	
B	De-capitalisation	35.00	34.66	
C	Consumer Contribution	67.00	67.08	Note 21 of the Audited Accounts
D	**Balance Capitalisation**	**303.00**	**303.70**	**A-B-C**
E	Debt	213.00	212.59	70% of D
F	Equity	91.00	91.11	30% of D

3.159 The Commission has considered the Closing Balance of Consumer Contribution and Grants from the Tariff Order 2017-18 dated 31/08/2017 as approved for FY 2015-16 as Opening Balance of Consumer Contribution and Grants for FY 2016-17 as follows:

Table 142: Commission Approved - Consumer Contribution and Grants for FY 2016-17(Rs. Crore)

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DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1824)/DERC/2020-21/

Petition No. 01/2021

In the matter of: **Petition for approval of True-up of expenses upto FY 2019-20 and Aggregate Revenue Requirement (ARR) for FY 2021-22.**

BSES Rajdhani Power Ltd.
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi – 110019.

...Petitioner/Licensee

Coram:
Hon'ble Shri Justice Shabihul Hasnain 'Shastri', Chairperson
Hon'ble Dr. A. K. Ambasht, Member

ORDER
(Date of Order: 30/09/2021)

M/s BSES Rajdhani Power Limited (BRPL) has filed the instant Petition for approval of True-up of expenses upto FY 2019-20 and Aggregate Revenue Requirement (ARR) for FY 2021-22. The Petition was admitted by the Commission *vide* Order dated 19/02/2021. The Petition along with Executive summary was uploaded on the website of the Commission and publicised through advertisement in newspapers for seeking response of the stakeholders.

The comments and suggestions of the stakeholders including the submissions made during the virtual public hearing held in April, 2021 and the arguments advanced by the Petitioner have been duly considered by the Commission.

In exercise of the powers vested in the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, the Commission hereby passes this Tariff Order signed, dated and issued on 30/09/2021.

The Petitioner shall take immediate steps to implement this Tariff Order, so as to make the revised Tariff applicable from 01/10/2021.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made thereunder.

(Dr. A.K. Ambasht)
Member

(Justice Shabihul Hasnain 'Shastri')
Chairperson

Commission sought additional information to verify their claims and observed that the claim by the Petitioner was higher than their earlier submission.

3.21 Further, in accordance with Regulation 5.6 of MYT Regulation 2011,

"5.6 Return on Capital Employed (RoCE) shall be used to provide a return to the Distribution Licensee, and shall cover all financing costs, without providing separate allowances for interest on loans and interest on working capital."

3.22 The Commission has already trued-up the interest cost and has allowed RoCE to the Petitioner in accordance with the applicable Regulations. The Petitioner may establish its claim to the Commission giving its reasons for the variance from submission as forming part of the Petition and subsequent submissions before the Commission. Further, the Petitioner may establish that the interest cost as approved by the Commission while projecting the interest rates for the 2nd MYT Control period did not include such fees/charges as being claimed by the Petitioner over and above the RoCE as per Regulation 5.6 of MYT Regulations 2011.

Physical verification of capitalization for FY 2017-18

3.23 The Commission completed the Physical Verification for capitalization of Assets for FY 2017-18 and shared its findings with the Petitioner. Based on submissions of the Petitioner, the Commission has firmed up the capitalization for FY 2017-18 as revised it as under:

Table 3. 10 Commission Approved Physical Verification for Capitalization of Assets for FY 2017-18

Particulars	Amount (Rs. Cr.)
Total Capitalisation as per financial statements	583.94
Disallowances for FY 2017-18	
Assets not found during Physical verification	0.0044
Opex nature of work covered under capex	-
Excess Labour Charges	-
Time over run (Excess IDC)	3.40
Cost Over run	-
Excess Meter Cost capitalized	0.70
Disallowance on account of 7th pay revision provision	5.55
Disallowances for FY 2017-18	9.66
Capitalisation to be considered for FY 2017-18	574.28

3.24 Accordingly, the impact thereof in the ARR of the Petitioner for FY 2017-18 and FY

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DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1745)/DERC/2019-20/

Petition No. 01/2020

In the matter of: **Petition for determination of tariff for FY 2020-21 and Truing up of Aggregate Revenue Requirement (ARR) for FY 2018-19.**

BSES Rajdhani Power Ltd.
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi – 110019. ...**Petitioner/Licensee**

Coram:
Hon'ble Sh. Justice S S Chauhan, Chairperson
Hon'ble Sh. A.K. Singhal, Member
Hon'ble Dr. A. K.Ambasht, Member

ORDER
(Date of Order: 28.08.2020)

M/s. BSES Rajdhani Power Limited (BRPL) has filed the instant Petition for determination of tariff for FY 2020-21 and Truing up of Aggregate Revenue Requirement (ARR) for FY 2018-19. The Petition was admitted by the Commission vide Order dated 20.02.2020. The Petition along with Executive summary was uploaded on the website of the Commission and publicised through advertisement in newspapers for seeking response of the stakeholders.

Considering the submissions made by the Petitioner as well as the comments and suggestions of the stakeholder, the Commission in exercise of power vested in it by the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, hereby passes this Tariff Order signed, dated and issued on 28.08.2020.

The Petitioner shall take immediate steps to implement this Tariff Order, so as to make the revised tariffs applicable from 01.09.2020.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made thereunder.

(A.K. Ambasht)	(A.K. Singhal)	(Justice S S Chauhan)
Member	Member	Chairperson

BSES RAJDHANI POWER LTD. NEW DELHI

3.227 On view of pending finalization of capitalization, the the Commission has provisionally considered 90% of the capitalisation after reducing the above factors as discussed as follows:

Table 3. 56: Provisionally Approved Capitalization for FY 2018-19 (Rs. Cr.)

Particulars	FY 2018-19
Capitalization as per Audited Accounts	633.19
Disallowances	
Capital repairs	24.65
EIC not provided	0.01
Emergency capex in nature if office asset	-
Provisions on account of 7th Pay Commission	2.59
Excess Capitalization done on meters attributable to distribution licensee	7.26
Sub Total	34.51
Net Additions	**598.68**
90% of Net additions	**538.81**

Table 3. 57:Provisionally Approved Capitalization upto FY 2018-19 (Rs. Cr.)

Particulars	Petitioner submission	Approved
Provisional Trued up opening balance of Gross Fixed Assets (net of Retirement)	6,561.96	5,657.54
Add- Capitalization during the year	633.19	538.81
Less- Retirement/ De-capitalization for the year	74.04	74.04
Closing balance of Gross Fixed Assets	7,121.11	6,122.31
Average Gross Fixed Assets (Net of Retirement of Assets)	6,841.54	5,889.93

MEANS OF FINANCE

PETITIONER'S SUBMISSION

3.228 The petitioner has submitted that for calculation of debt-equity for capitalisation, the amount of consumer contribution capitalised has been deducted from the capitalisation and ratio of 70:30 has been applied on the remaining amount to calculate the amount of debt and equity pending implementation of Hon'ble ATE Directions in various Judgments.

BSES RAJDHANI POWER LTD. NEW DELHI

DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1824)/DERC/2020-21/

Petition No. 01/2021

In the matter of: **Petition for approval of True-up of expenses upto FY 2019-20 and Aggregate Revenue Requirement (ARR) for FY 2021-22.**

BSES Rajdhani Power Ltd.
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi – 110019. **...Petitioner/Licensee**

Coram:
Hon'ble Shri Justice Shabihul Hasnain 'Shastri', Chairperson
Hon'ble Dr. A. K. Ambasht, Member

ORDER
(Date of Order: 30/09/2021)

M/s BSES Rajdhani Power Limited (BRPL) has filed the instant Petition for approval of True-up of expenses upto FY 2019-20 and Aggregate Revenue Requirement (ARR) for FY 2021-22. The Petition was admitted by the Commission *vide* Order dated 19/02/2021. The Petition along with Executive summary was uploaded on the website of the Commission and publicised through advertisement in newspapers for seeking response of the stakeholders.

The comments and suggestions of the stakeholders including the submissions made during the virtual public hearing held in April, 2021 and the arguments advanced by the Petitioner have been duly considered by the Commission.

In exercise of the powers vested in the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, the Commission hereby passes this Tariff Order signed, dated and issued on 30/09/2021.

The Petitioner shall take immediate steps to implement this Tariff Order, so as to make the revised Tariff applicable from 01/10/2021.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made thereunder.

(Dr. A.K. Ambasht)
Member

(Justice Shabihul Hasnain 'Shastri')
Chairperson

physical verification of the assets for FY 2019-20 and due to pending finalization of capitalization, the Commission has provisionally considered the capitalisation as submitted by the Petitioner after removing the provisions made and capitalised on account of 7th Pay Commission amounting to Rs. 2.56 Cr. The Commission has accordingly allowed the Capitalisation for FY 2019-20 on a provisional basis as follows:

Table 3. 67: Provisionally Approved Capitalization for FY 2019-20 (Rs. Cr.)

Particulars	FY 2019-20
Capitalization as per Audited Accounts	635.62
Disallowances	
Provisions on account of 7th Pay Commission	2.56
Net Additions	**633.04**

Table 3. 68: Provisionally Approved Capitalization upto FY 2019-20 (Rs. Cr.)

Particulars	Petitioner submission	Approved
Provisional Trued up opening balance of Gross Fixed Assets	7,121	6,188.15
Add- Capitalization during the year	636	633.04
Less- Retirement/ De-capitalization for the year	(92)	(92.29)
Closing balance of Gross Fixed Assets	7,664	6,728.90
Average Gross Fixed Assets	7,393	6,458.53

MEANS OF FINANCE

PETITIONER SUBMISSION

3.228 The petitioner has sought financing of Capitalisation (net of de-capitalisation and Consumer Contribution) through debt and equity in the ratio of 70:30 pending implementation of Hon'ble ATE Directions in various Judgments.

3.229 The financing of investment capitalised for FY 2019-20 by the Petitioner has been submitted as below:

Table 3. 69: Petitioner Submission - Investment capitalised for FY 2019-20 (Rs. Cr.)

Sr. No.	Particulars	FY 2019-20
A	Total Capitalisation	635.62
B	De-capitalisation	92.29
C	Consumer Contribution	57.66
D	**Balance Capitalisation**	**485.67**
E	Debt	339.97
F	Equity	145.70

BSES RAJDHANI POWER LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2005

SCHEDULE-4- FIXED ASSETS

A	FIXED ASSETS	Dep. Rate (%)	GROSS BLOCK (AT COST) As at 01.04.2004 (Rs./Crores)	Additions During the Year (Rs./Crores)	Sale During the Period (Rs./Crores)	As at 31.03.2005 (Rs./Crores)	DEPRECIATION As at 01.04.2004 (Rs./Crores)	On sale of Assets (Rs./Crores)	For the Year (Rs./Crores)	Upto 31.03.2005 (Rs./Crores)	NET BLOCK As at 31.03.2005 (Rs./Crores)	As at 31.3.2004 (Rs./Crores)
1	TRANSFORMERS +100KVA	7.81	184.92	22.26	0.38	206.79	61.71	0.05	15.29	76.95	129.84	123.20
2	TRANSFORMERS -100KVA	7.84	0.44	65.69	-	66.13	0.09	-	2.07	2.15	63.98	0.36
3	SWITCHGEAR	7.84	203.42	27.87	-	231.29	79.46	-	16.71	96.17	135.12	123.96
4	LIGHTNING ARRESTOR	7.84	16.38	0.00	-	16.38	7.35	-	1.28	8.63	7.74	9.03
5	BATTERIES	33.40	12.57	0.60	-	13.17	11.88	-	0.08	11.96	1.21	0.68
6	UNDERGROUND CABLES	5.27	367.96	56.86	-	424.82	97.34	-	21.00	118.34	306.48	270.62
7	OVERHEAD LINES	7.84	495.62	14.33	-	509.96	214.15	-	39.36	253.51	256.44	281.47
8	ENERGY METERS	12.77	105.47	55.57	-	161.04	40.41	-	18.11	58.52	102.52	65.06
9	VEHICLES	33.40	2.20	4.80	-	7.00	0.63	-	1.31	1.94	5.07	1.57
10	FURNITURE & FIXTURES	12.77	2.46	0.50	-	2.96	0.72	-	0.35	1.07	1.89	1.74
11	OFFICE EQUIPMENT	12.77	3.33	1.75	-	5.08	0.49	-	0.51	1.00	4.08	2.85
12	COMPUTERS	12.77	3.61	7.95	-	11.56	0.27	-	1.12	1.39	10.17	3.34
13	MOTORS / PUMPS etc.	7.84	0.00	-	-	0.00	0.00	-	0.00	0.00	0.00	0.00
14	COMMUNICATION EQUIPMENT	12.77	0.02	-	-	0.02	0.01	-	0.00	0.01	0.01	0.01
15	OFFICES & SHOWROOMS	3.02	212.27	0.07	-	212.34	63.07	-	6.41	69.48	142.86	149.20
16	TEMPORARY STRUCTURES	33.40	1.93	0.04	-	1.97	1.17	-	0.65	1.82	0.16	0.76
17	PUCCA ROADS	3.02	0.91	-	-	0.91	0.14	-	0.03	0.17	0.74	0.77
18	FAULT LOCATING EQUIPMENTS	33.40	6.02	0.85	-	6.87	1.00	-	2.07	3.07	3.80	5.02
19	MISC. EQUIPMENTS	7.84	-	6.49	-	6.49	-	-	0.08	0.08	6.40	-
	Total (Current Year)		**1,619.53**	**265.63**	**0.38**	**1,884.78**	**579.89**	**0.05**	**126.43**	**706.26**	**1,178.51**	**1,039.64**
	Previous year		1,536.99	82.54	-	1,619.53	465.08	-	114.81	579.89	1,039.64	1,071.90

B	CAPITAL WORK-IN - PROGRESS	692.72	35.31

(Advances to suppliers against CWIP- Rs. 211.79 Crores Previous period Rs. 2.42 Crores)

BSES RAJDHANI POWER LTD. NEW DELHI

BSES Rajdhani Power Limited
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2006

SCHEDULE-5- FIXED ASSETS

A	Description	Dep. Rate (%)	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
			As at 01.04.2005 (Rs / Crore)	Additions During the Year (Rs./ Crore)	Deletion During the Year (Rs./ Crore)	As at 31.03.2006 (Rs / Crore)	As at 01.04.2005 (Rs./ Crore)	For the Year (Rs./ Crore)	On deletion During the Year (Rs./ Crore)	Upto 31.03.2006 (Rs./ Crore)	As at 31.03.2006 (Rs./ Crore)	As at 31.03.2005 (Rs./ Crore)
1	TRANSFORMERS +100KVA	5.28	206.79	82.26	-	289.05	76.95	14.02	-	90.97	198.08	129.84
2	TRANSFORMERS -100KVA	5.28	66.13	189.81	-	255.95	2.16	6.67	-	8.83	247.12	63.97
3	SWITCHGEAR	5.28	231.29	100.59	-	331.88	96.17	15.76	-	111.93	219.95	135.12
4	LIGHTNING ARRESTOR	5.28	16.38	2.88	-	19.26	8.63	0.92	-	9.55	9.71	7.75
5	BATTERIES	5.28	13.17	0.35	-	13.52	11.96	0.05	-	12.01	1.51	1.21
6	UNDERGROUND CABLES	5.28	424.82	262.87	-	687.69	118.34	31.03	-	149.37	538.32	306.48
7	OVERHEAD LINES	5.28	509.96	37.77	-	547.73	253.51	27.79	-	281.30	266.43	256.44
8	ENERGY METERS	5.28	161.04	68.66	12.67	217.03	58.52	11.47	7.63	62.36	154.67	102.52
9	VEHICLES	9.50	7.00	1.34	0.39	7.95	1.94	0.70	0.32	2.32	5.63	5.07
10	FURNITURE & FIXTURES	6.33	2.96	0.80	0.00	3.76	1.07	1.61	0.00	2.68	1.08	1.89
11	OFFICE EQUIPMENT	4.75	5.08	1.29	0.00	6.37	1.00	1.34	0.00	2.34	4.03	4.08
12	COMPUTERS	16.21	11.56	2.54	0.02	14.08	1.39	2.28	0.00	3.67	10.41	10.17
13	MOTORS / PUMPS etc.	5.28	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
14	COMMUNICATION EQUIPMENT	4.75	0.02	0.12	0.00	0.14	0.01	0.09	0.00	0.10	0.04	0.01
15	OFFICES & SHOWROOMS	1.63	212.34	10.72	-	223.06	69.48	3.61	-	73.09	149.97	142.86
16	TEMPORARY STRUCTURES	100.00	1.97	0.00	-	1.97	1.81	0.16	-	1.97	-	0.16
17	PUCCA ROADS	1.63	0.91	-	-	0.91	0.17	0.01	-	0.18	0.73	0.74
18	FAULT LOCATING EQUIPMENTS	11.31	6.87	3.91	-	10.78	3.07	1.10	-	4.17	6.61	3.80
19	MISC. EQUIPMENTS	5.28	6.49	13.02	-	19.51	0.09	0.84	-	0.93	18.58	6.40
	Total (Current Year)		1,884.78	778.94	13.08	2,650.64	706.27	119.45	7.95	817.77	1,832.87	1,178.51
				Note 1				Note 2				
	Previous Year		1,619.53	265.63	0.38	1,884.78	579.89	126.43	0.05	706.27	1,178.51	1,039.64

B	CAPITAL WORK-IN - PROGRESS	432.65	692.72

(Advances to suppliers against CWIP- Rs. 0.08 Crore Previous year Rs.211.79 Crore)

Note : 1. Includes Rs. 15.09 Crore as prior period additions against capital stores

Note : 2. Includes Rs. 2.42 Crore prior period depreciation against capital stores

T.R. CHADHA & CO. NEW DELHI CHARTERED ACCOUNTANTS

BSES RAJDHANI POWER LTD. NEW DELHI

BSES Rajdhani Power Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2007

SCHEDULE-5- FIXED ASSETS

A	Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2006 (Rs./ Crore)	Additions During the Year (Rs./ Crore)	Deletion During the Yea (Rs./ Crore)	As at 31.03.2007 (Rs./ Crore)	As at 01.04.2006 (Rs./ Crore)	For the Year (Rs./ Crore)	On Deletion During the Year (Rs./ Crore)	Upto 31.03.2007 (Rs./ Crore)	As at 31.03.2007 (Rs./ Crore)	As at 31.03.2006 (Rs./ Crore)
1	TRANSFORMERS +100KVA	289.05	34.64	-	323.69	90.97	15.01	-	105.98	217.71	198.08
2	TRANSFORMERS -100KVA	255.95	39.60	-	295.55	8.83	13.83	-	22.66	272.89	247.12
3	SWITCHGEAR	331.88	60.36	-	392.24	111.93	17.90	-	129.83	262.41	219.95
4	LIGHTNING ARRESTOR	19.26	0.45	-	19.71	9.55	1.04	-	10.59	9.12	9.71
5	BATTERIES	13.52	0.93	-	14.45	12.01	0.08	-	12.09	2.36	1.51
6	UNDERGROUND CABLES	687.69	106.72	-	794.41	149.37	40.29	-	189.66	604.75	538.32
7	OVERHEAD LINES	547.73	12.48	-	560.21	281.30	29.43	-	310.72	249.48	266.43
8	ENERGY METERS	217.03	36.61	3.48	250.16	62.36	12.27	2.35	72.28	177.88	154.67
9	VEHICLES	7.95	0.27	0.44	7.78	2.31	0.48	0.28	2.51	5.27	5.63
10	FURNITURE & FIXTURES	3.76	0.41	-	4.17	2.67	0.44	-	3.11	1.06	1.08
11	OFFICE EQUIPMENT	6.37	0.24	-	6.61	2.34	0.28	-	2.62	3.99	4.03
12	COMPUTERS	14.08	19.38	-	33.46	3.67	2.45	-	6.13	27.33	10.41
13	MOTORS / PUMPS etc.	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
14	COMMUNICATION EQUIPMENT	0.14	0.24	-	0.38	0.10	0.21	-	0.31	0.08	0.04
15	OFFICES & SHOWROOMS	223.06	3.08	-	226.14	73.09	3.64	-	76.73	149.41	149.97
16	TEMPORARY STRUCTURES	1.98	0.04	-	2.02	1.98	0.05	-	2.02	0.00	-
17	PUCCA ROADS	0.91	-	-	0.91	0.18	0.01	-	0.20	0.71	0.73
18	FAULT LOCATING EQUIPMENTS	10.78	0.03	-	10.81	4.18	1.22	-	5.40	5.41	6.61
19	MISC. EQUIPMENTS	19.51	0.43	-	19.94	0.93	1.04	-	1.97	17.97	18.58
	Total (Current Year)	**2,650.64**	**315.92**	**3.92**	**2,962.64**	**817.77**	**139.67**	**2.63**	**954.81**	**2,007.83**	**1,832.87**
	Previous Year	1,884.78	778.94	13.08	2,650.64	706.27	119.45	7.95	817.77	1,832.87	1,178.51

B		As at 31.03.2007	As at 31.03.2006
B	**CAPITAL WORK-IN - PROGRESS** (Advances to suppliers against CWIP- Rs. 0.23 Crore Previous year Rs. 0.08 Crore)	323.32	432.65

T. R. CHADHA & CO. Chartered Accountants NEW DELHI

BSES RAJDHANI POWER LTD. NEW DELHI

BSES Rajdhani Power Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2008

SCHEDULE-5- FIXED ASSETS

A	Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2007 (Audited) (Rs./ Crore)	Additions During the Year (Audited) (Rs./ Crore)	Deletion During the Year (Audited) (Rs./ Crore)	As at 31.03.2008 (Audited) (Rs./ Crore)	As at 01.04.2007 (Audited) (Rs./ Crore)	For the Year (Audited) (Rs./ Crore)	On Deletion During the Year (Audited) (Rs./ Crore)	Upto 31.03.2008 (Audited) (Rs./ Crore)	As at 31.03.2008 (Audited) (Rs./ Crore)	As at 31.03.2007 (Audited) (Rs./ Crore)
1	TRANSFORMERS +100KVA	323.69	27.95	-	351.64	105.98	16.47	-	122.45	229.18	217.71
2	TRANSFORMERS -100KVA	295.55	1.71	-	297.26	22.67	14.07	-	36.74	260.52	272.89
3	SWITCHGEAR	392.24	57.94	-	450.17	129.83	21.06	-	150.89	299.28	262.41
4	LIGHTNING ARRESTOR	19.71	0.03	-	19.75	10.59	1.04	-	11.63	8.11	9.12
5	BATTERIES	14.45	0.03	-	14.48	12.09	0.10	-	12.19	2.29	2.36
6	UNDERGROUND CABLES	794.41	48.86	-	843.28	189.66	44.10	-	233.75	609.52	604.75
7	OVERHEAD LINES	560.21	35.28	-	595.49	310.72	30.50	-	341.22	254.27	249.48
8	ENERGY METERS	250.16	74.39	8.32	316.24	72.28	14.76	6.07	80.96	235.28	177.88
9	VEHICLES	7.78	0.12	0.07	7.83	2.51	0.68	0.05	3.14	4.69	5.27
10	FURNITURE & FIXTURES	4.17	1.43	-	5.60	3.12	0.54	-	3.66	1.94	1.06
11	OFFICE EQUIPMENT	6.61	0.33	-	6.94	2.62	0.38	-	3.00	3.93	3.99
12	COMPUTERS	33.46	0.61	0.01	34.07	6.14	5.63	0.00	11.77	22.30	27.33
13	MOTORS / PUMPS etc.	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
14	COMMUNICATION EQUIPMENT	0.38	0.10	0.00	0.48	0.31	0.09	0.00	0.39	0.09	0.08
15	OFFICES & SHOWROOMS	226.14	11.94	-	238.08	76.73	3.88	-	80.60	157.47	149.41
16	TEMPORARY STRUCTURES	2.02	0.02	-	2.04	2.02	0.02	-	2.04	0.00	0.00
17	PUCCA ROADS	0.91	-	-	0.91	0.20	0.01	-	0.21	0.70	0.71
18	FAULT LOCATING EQUIPMENTS	10.81	0.01	-	10.81	5.40	1.20	-	6.60	4.22	5.41
19	MISC. EQUIPMENTS	19.94	0.05	-	19.99	1.97	1.04	-	3.00	16.98	17.97
	Total (Current Year)	**2,962.64**	**260.81**	**8.40**	**3,215.05**	**954.81**	**155.58**	**6.13**	**1,104.26**	**2,110.79**	**2,007.83**
	Previous Year	2,650.64	315.92	3.92	2,962.64	817.77	139.67	2.63	954.81	2,007.83	1,832.87

B	CAPITAL WORK-IN - PROGRESS	309.46	323.32
	(Advances to suppliers against CWIP- Rs. 0.11 Crore Previous year Rs. 0.23 Crore)		

BSES RAJDHANI POWER LTD. NEW DELHI

T. R. CHADHA & CO. New Delhi Chartered Accountants

BSES RAJDHANI POWER LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

SCHEDULE-5
FIXED ASSETS

A	Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2008 (Audited) (Rs./ Crore)	Additions During the Year (Audited) (Rs./ Crore)	Deletion During the Year (Audited) (Rs./ Crore)	As at 31.03.2009 (Audited) (Rs./ Crore)	As at 01.04.2008 (Audited) (Rs./ Crore)	For the Year (Audited) (Rs./ Crore)	On Deletion/ Adjustments During the Year (Audited) (Rs./ Crore)	Upto 31.03.2009 (Audited) (Rs./ Crore)	As at 31.03.2009 (Audited) (Rs./ Crore)	As at 31.03.2008 (Audited) (Rs./ Crore)
1	TRANSFORMERS +100KVA	351.64	46.91	-	398.55	122.45	18.33	(4.07)	144.85	253.69	229.18
2	TRANSFORMERS -100KVA	297.26	30.77	-	328.03	36.74	15.55	(1.18)	53.47	274.57	260.53
3	SWITCHGEAR	450.17	74.89	-	525.07	150.89	23.52	(0.51)	174.92	350.14	299.28
4	LIGHTNING ARRESTOR	19.75	5.21	-	24.96	11.63	1.32	(0.18)	13.13	11.83	8.11
5	BATTERIES	14.48	0.83	-	15.31	12.19	0.12	-	12.30	3.01	2.29
6	UNDERGROUND CABLES	843.28	74.53	-	917.81	233.75	47.32	(1.00)	282.08	635.73	609.51
7	OVERHEAD LINES	595.49	127.59	-	723.08	341.22	34.82	(0.63)	376.67	346.41	254.27
8	ENERGY METERS	316.24	91.47	10.27	397.43	80.96	18.54	8.04	91.46	305.97	235.28
9	VEHICLES	7.83	0.66	-	8.49	3.14	0.80	-	3.94	4.55	4.69
10	FURNITURE & FIXTURES	5.60	0.44	0.00	6.04	3.66	0.41	0.00	4.06	1.98	1.94
11	OFFICE EQUIPMENT	6.94	0.21	0.00	7.14	3.00	0.30	0.00	3.31	3.84	3.93
12	COMPUTERS	34.07	1.03	-	35.10	11.77	5.59	-	17.36	17.73	22.30
13	MOTORS / PUMPS etc.	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
14	COMMUNICATION EQUIPMENT	0.48	0.14	0.02	0.60	0.39	0.08	0.02	0.45	0.15	0.09
15	OFFICES & SHOWROOMS	238.08	3.66	-	241.74	80.60	3.94	(0.01)	84.55	157.20	157.47
16	TEMPORARY STRUCTURES	2.04	0.08	-	2.12	2.04	0.08	-	2.12	0.00	0.00
17	PUCCA ROADS	0.91	-	-	0.91	0.21	0.01	-	0.23	0.68	0.70
18	FAULT LOCATING EQUIPMENTS	10.81	0.12	-	10.93	6.60	1.04	-	7.64	3.29	4.22
19	MISC. EQUIPMENTS	19.99	0.14	-	20.13	3.00	1.04	-	4.05	16.08	16.98
	Total (Current Year)	3,215.05	458.69	10.30	3,663.43	1,104.26	172.82	0.49	1,276.59	2,386.84	2,110.79
	Previous Year	2,962.64	260.82	8.40	3,215.05	954.81	155.58	6.13	1,104.26	2,110.79	
B	CAPITAL WORK-IN - PROGRESS									227.30	309.46
	(Advances to suppliers against CWIP- Rs. NIL Crore Previous year Rs. 0.11 Crore)										

T.R. CHADHA & CO. CHARTERED ACCOUNTANTS NEW DELHI N.G

BSES RAJDHANI POWER LTD. NEW DELHI

BSES RAJDHANI POWER LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2010

SCHEDULE-5
FIXED ASSETS

A	Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2009 (Rs in Crores.)	Additions During the Year (Rs in Crores.)	Deletion During the Year (Rs in Crores.)	As at 31.03.2010 (Rs in Crores.)	As at 01.04.2009 (Rs in Crores.)	For the Year (Rs in Crores.)	On Deletions During the Year (Rs in Crores.)	Upto 31.03.2010 (Rs in Crores.)	As at 31.03.2010 (Rs in Crores.)	As at 31.03.2009 (Rs in Crores.)
I	BUILDINGS	244.77	2.13	-	246.90	86.89	3.96	-	90.85	156.05	157.88
II	TRANSFORMERS & SWITCHGEARS	1,251.65	86.30	-	1,337.95	373.25	40.25	-	413.49	924.46	878.40
III	LIGHTNING ARRESTOR	24.96	0.18	-	25.14	13.13	0.54	-	13.66	11.48	11.83
IV	BATTERIES	15.32	0.46	-	15.77	12.30	1.14	-	13.44	2.33	3.02
V	ENERGY METERS	397.42	46.45	5.10	438.77	91.46	40.20	4.21	127.45	311.32	305.96
VI	DISTRIBUTION SYSTEMS :										
	- UNDERGROUND CABLES	917.81	121.93	-	1,039.74	282.08	20.90	-	302.98	736.76	635.73
	- OVERHEAD LINES	723.08	38.06	-	761.14	376.67	17.15	-	393.82	367.32	346.41
VII	FURNITURE & FIXTURES	26.16	0.52	0.00	26.67	8.11	1.69	0.00	9.80	16.88	18.05
VIII	OFFICE EQUIPMENT	7.14	0.79	0.00	7.93	3.31	0.37	0.00	3.67	4.26	3.84
IX	COMPUTERS	35.11	1.32	0.01	36.42	17.36	5.57	0.01	22.93	13.49	17.74
X	COMMUNICATION EQUIPMENT	0.59	0.40	0.02	0.97	0.45	0.18	0.02	0.62	0.35	0.14
XI	VEHICLES	19.43	0.39	1.16	18.66	11.58	1.52	0.76	12.33	6.33	7.86
	Total (Current Year)	3,663.43	298.94	6.30	3,956.07	1,276.59	133.45	5.00	1,405.04	2,551.03	2,386.84
	Previous Year	3,215.05	458.69	10.30	3,663.43	1,104.26	172.82	0.49	1,276.59	2,386.84	
B	CAPITAL WORK-IN - PROGRESS									233.17	227.30

BSES RAJDHANI POWER LTD. NEW DELHI

T.R. CHADHA & CO. CHARTERED ACCOUNTANTS NEW DELHI

BSES RAJDHANI POWER LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2011

SCHEDULE-5
FIXED ASSETS

(₹ /Crore)

A	Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2010	Additions During the Year	Deletion During the Year	As at 31.03.2011	As at 01.04.2010	For the Year	On Deletions During the Year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
I	BUILDINGS	246.90	1.14	-	248.04	90.85	4.01	-	94.86	153.18	156.05
II	TRANSFORMERS & SWITCHGEARS	1,337.95	124.27	0.97	1,461.25	413.49	43.89	0.24	457.14	1,004.10	924.46
III	LIGHTNING ARRESTOR	25.14	0.06	-	25.21	13.66	0.55	-	14.21	11.00	11.48
IV	BATTERIES	15.77	1.25	-	17.03	13.44	0.67	-	14.11	2.92	2.33
V	ENERGY METERS	438.77	44.34	6.52	476.58	127.45	44.03	4.38	167.10	309.48	311.32
VI	DISTRIBUTION SYSTEMS :										
	- UNDERGROUND CABLES	1,039.74	149.95	0.40	1,189.29	302.98	24.10	0.09	326.98	862.31	736.76
	- OVERHEAD LINES	761.14	12.81	0.14	773.82	393.82	17.72	0.04	411.51	362.30	367.32
VII	FURNITURE & FIXTURES	26.67	2.30	-	28.98	9.80	1.85	-	11.64	17.33	16.88
VIII	OFFICE EQUIPMENT	7.93	0.94	0.01	8.86	3.67	0.59	0.00	4.27	4.59	4.26
IX	COMPUTERS	36.42	16.58	-	53.00	22.93	4.53	-	27.45	25.55	13.49
X	COMMUNICATION EQUIPMENT	0.97	0.85	0.11	1.71	0.62	0.19	0.10	0.71	1.00	0.35
XI	VEHICLES	18.66	2.44	0.13	20.98	12.33	1.48	0.09	13.73	7.25	6.33
	Total (Current Year)	**3,956.07**	**356.93**	**8.27**	**4,304.73**	**1,405.04**	**143.61**	**4.93**	**1,543.72**	**2,761.01**	**2,551.03**
	Previous Year	**3,663.43**	**298.94**	**6.30**	**3,956.07**	**1,276.59**	**133.45**	**5.00**	**1,405.04**	**2,551.03**	
B	**CAPITAL WORK-IN - PROGRESS**									**178.09**	**233.17**

T.R. CHADHA & CO. Chartered Accountants NEW DELHI

BSES RAJDHANI POWER LTD. NEW DELHI

BSES RAJDHANI POWER LIMITED

NOTE-16

	Description	GROSS BLOCK (AT COST)					DEPRECIATION				NET BLOCK	
		As at 01.04.2011	Additions During the Year	Deletion During the Year	Adjustment During the Year	As at 31.03.2012	As at 01.04.2011	For the Year	On Deletions During the Year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
A.	TANGIBLE FIXED ASSETS											
I	BUILDINGS	248.04	0.18	-	0.01	248.23	94.86	4.03	-	98.89	149.34	153.18
II	TRANSFORMERS & SWITCHGEARS	1,461.25	18.94	78.33	1.33	1,403.19	457.14	47.28	58.74	445.69	957.51	1,004.10
III	LIGHTNING ARRESTOR	25.21	0.06	0.03	0.01	25.25	14.21	0.55	0.01	14.75	10.50	11.00
IV	BATTERIES	17.03	0.17	9.90	-	7.30	14.11	0.64	9.41	5.35	1.95	2.92
V	ENERGY METERS	476.58	60.26	6.39	0.03	530.49	167.10	48.65	4.10	211.65	318.84	309.48
VI	DISTRIBUTION SYSTEMS :											
	- UNDERGROUND CABLES	1,189.29	62.59	-	5.22	1,257.09	326.98	27.72	-	354.70	902.39	862.31
	- OVERHEAD LINES	773.82	4.10	-	0.30	778.21	411.51	18.16	-	429.67	348.54	362.30
VII	FURNITURE & FIXTURES	28.98	0.76	0.04	-	29.70	11.64	1.84	0.02	13.47	16.23	17.33
VIII	OFFICE EQUIPMENT	8.86	0.23	-	-	9.09	4.27	0.53	-	4.79	4.30	4.59
IX	COMPUTERS	52.23	0.85	0.02	-	53.06	27.32	6.32	0.02	33.62	19.44	24.92
X	COMMUNICATION EQUIPMENT	1.71	0.25	0.07	-	1.89	0.71	0.31	0.06	0.96	0.93	1.00
XI	VEHICLES	20.98	0.04	0.03	-	20.99	13.73	1.54	0.02	15.25	5.74	7.25
	Total (Current Year)	**4,303.97**	**148.44**	**94.80**	**6.89**	**4,364.49**	**1,543.58**	**157.58**	**72.38**	**1,628.79**	**2,735.70**	**2,760.38**
	Previous Year	3,955.85	333.73	8.27	22.65	4,303.97	1,404.94	143.58	4.93	1,543.58	2,760.38	2,551.03
B.	INTANGIBLE FIXED ASSETS											
	COMPUTERS Software	0.77	0.40	-	-	1.16	0.14	0.11	-	0.24	0.92	0.63
	Total (Current Year)	**0.77**	**0.40**	-	-	**1.16**	**0.14**	**0.11**	-	**0.24**	**0.92**	**0.63**
	Previous Year	0.22	0.55	-	-	0.77	0.10	0.03	-	0.14	0.63	-
C	CAPITAL WORK-IN - PROGRESS										228.87	178.09

Capitalization of Personnel & borrowing cost

Adjustment to the gross block of fixed assets during the year consists of amounts capitalised in respect of borrowing cost amounting to Rs 2.69 crs. (Previous Year 8.81 crs.) and personnel cost amounting to Rs 4.20 crs (Previous Year 13.84 crs.)-. In addition , borrowing cost amounting to Rs 11.17 crs (Previous Year Rs 5.84 crs.) and personnel cost amounting to Rs 9.33 crs (Previous Year Rs 7.26 crs.) have been capitalised against CWIP as at 31/03/2012.

BSES RAJDHANI POWER LTD. New Delhi

T.R. CHADHA & CO. NEW DELHI CHARTERED ACCOUNTANTS

BSES RAJDHANI POWER LTD. NEW DELHI

BSES RAJDHANI POWER LIMITED
Notes to Financial Statements for the year ended 31st March 2013

NOTE-16 - FIXED ASSETS

Amounts in ₹ Crores

	Description	GROSS BLOCK (AT COST)					DEPRECIATION				NET BLOCK	
		As at 01.04.2012	Additions During the Year	Deletion During the Year	Adjustment During the Year (1)	As at 31.03.2013	As at 01.04.2012	For the Year	On Deletions During the Year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
A.	TANGIBLE FIXED ASSETS											
I	BUILDINGS	248.23	0.02	-	-	248.25	98.89	4.01	-	102.90	145.35	149.34
II	TRANSFORMERS & SWITCHGEARS	1,403.19	57.62	-	4.78	1,465.59	445.69	46.97	-	492.66	972.93	957.51
III	LIGHTNING ARRESTOR	25.25	0.26	-	0.02	25.53	14.75	0.55	-	15.30	10.23	10.50
IV	BATTERIES	7.30	0.91	-	0.05	8.26	5.35	0.58	-	5.93	2.33	1.95
V	ENERGY METERS	530.49	67.78	10.88	0.05	587.44	211.65	53.61	8.32	256.94	330.50	318.84
VI	DISTRIBUTION SYSTEMS :											
	- UNDERGROUND CABLES	1,257.09	141.46	-	14.88	1,413.43	354.70	29.61	-	384.31	1,029.12	902.39
	- OVERHEAD LINES	778.21	8.44	-	0.68	787.33	429.67	18.32	-	447.99	339.34	348.54
VII	FURNITURE & FIXTURES	29.70	0.38	-	-	30.08	13.47	1.90	-	15.37	14.71	16.23
VIII	OFFICE EQUIPMENT	9.09	0.58	-	-	9.67	4.79	0.55	-	5.34	4.33	4.30
IX	COMPUTERS	53.06	1.14	1.01	-	53.19	33.62	5.84	0.33	39.13	14.06	19.44
X	COMMUNICATION EQUIPMENT	1.89	0.21	0.10	-	2.00	0.96	0.23	0.08	1.11	0.89	0.93
XI	VEHICLES	20.99	0.97	-	-	21.96	15.25	1.55	-	16.80	5.16	5.74
	Total	4,364.50	279.77	11.99	20.46	4,652.73	1,628.79	163.72	8.73	1,783.78	2,868.95	2,735.71
	Previous Year	4,303.97	148.44	94.80	6.89	4,364.49	1,543.58	157.58	72.38	1,628.79	2,735.71	
B.	INTANGIBLE FIXED ASSETS											
	COMPUTERS SOFTWARE	1.16	11.10	-	1.63	13.89	0.24	2.06	-	2.30	11.59	0.92
	Total	1.16	11.10	-	1.63	13.89	0.24	2.06	-	2.30	11.59	0.92
	Previous Year	0.77	0.40	-	-	1.16	0.14	0.11	-	0.24	0.92	0.63
C	CAPITAL WORK-IN - PROGRESS (2)										182.97	228.87

Capitalization of Personnel & borrowing cost

(1). Adjustment to the gross block of fixed assets during the year consists of amounts capitalised in respect of borrowing cost amounting to ₹ 12.26 Crores (Previous Year ₹ 2.69 Crores) and personnel cost amounting to ₹ 9.83 Crores (Previous Year ₹ 4.20 Crores)-.

(2). In addition , borrowing cost amounting to ₹ 3.67 Crores (Previous Year ₹ 11.17 Crores) and personnel cost amounting to ₹ 7.67 Crores (Previous Year ₹ 9.33 Crores) have been added to CWIP as at 31/03/2013.

(3) LAND

Under the provisions of Delhi Electricity Reforms (Transfer Schme 2001) Rules, vide Delhi Gazette Notification dated 20 Nov 2001, the successor utility companies are entitled to use Land as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

BSES RAJDHANI POWER LTD. NEW DELHI

BSES RAJDHANI POWER LIMITED
Notes to Financial Statements for the year ended 31st March 2014

NOTE-16 - FIXED ASSETS

Amounts in ₹ Crores

	Description	GROSS BLOCK (AT COST)					DEPRECIATION				NET BLOCK	
		As at 01.04.2013	Additions During the Year	Deletion During the Year	Adjustment During the Year (1)	As at 31.03.2014	As at 01.04.2013	For the Period	On Deletions During the Year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
A.	TANGIBLE FIXED ASSETS											
I	BUILDINGS	248.25	6.11	-	0.55	254.91	102.90	4.11	-	107.02	147.90	145.35
II	TRANSFORMERS & SWITCHGEARS	1,465.59	70.34	0.08	7.04	1,542.89	492.66	49.58	0.02	542.22	1,000.67	972.93
III	LIGHTENING ARRESTOR	25.53	0.30	-	0.03	25.85	15.30	0.56	-	15.86	9.99	10.23
IV	BATTERIES	8.26	0.88	-	0.04	9.18	5.93	0.71	-	6.65	2.53	2.33
V	ENERGY METERS	587.44	66.71	11.19	0.08	643.04	256.94	56.87	6.92	306.88	336.16	330.50
VI	DISTRIBUTION SYSTEMS :											
	- UNDERGROUND CABLES	1,413.43	117.61	-	12.84	1,543.88	384.31	33.85	-	418.16	1,125.72	1,029.12
	- OVERHEAD LINES	787.33	10.03	-	0.91	798.27	447.99	18.68	-	466.67	331.60	339.34
VII	FURNITURE & FIXTURES	30.08	2.57	0.15	0.21	32.72	15.37	2.46	0.08	17.75	14.97	14.71
VIII	OFFICE EQUIPMENT	9.67	2.13	0.04	0.20	11.97	5.34	0.90	0.02	6.22	5.75	4.33
IX	COMPUTERS	53.19	3.50	0.00	0.00	56.70	39.13	3.01	0.00	42.14	14.57	14.06
X	COMMUNICATION EQUIPMENT	2.00	0.26	0.13	-	2.13	1.11	0.30	0.11	1.30	0.83	0.89
XI	VEHICLES	21.96	1.52	0.87	0.02	22.62	16.80	1.15	0.83	17.12	5.50	5.16
	Total	4,652.73	281.96	12.46	21.92	4,944.16	1,783.78	172.18	7.98	1,947.99	2,996.19	2,868.95
	Previous Year	4,364.49	279.78	11.98	20.46	4,652.74	1,628.79	163.73	8.73	1,783.79	2,868.95	
B.	INTANGIBLE FIXED ASSETS											
	COMPUTERS SOFTWARE	13.89	2.55	-	-	16.45	2.30	3.55	-	5.85	10.60	11.59
	Total	13.89	2.55	-	-	16.45	2.30	3.55	-	5.85	10.60	11.59
	Previous Year	1.16	11.10	-	1.63	13.89	0.24	2.06	-	2.30	11.59	
C	CAPITAL WORK-IN - PROGRESS (2)										185.32	182.97

Capitalization of Personnel & borrowing cost

(1). Adjustment to the gross block of fixed assets during the year consists of amounts capitalised in respect of borrowing cost amounting to ₹ 11.96 Crores (Previous Year ₹ 12.26 Crores) and personnel cost amounting to ₹ 9.95 Crores (Previous Year ₹ 9.83 Crores)-.

(2). In addition , borrowing cost amounting to ₹ 6.06 Crores (Previous Year ₹ 3.67 Crores) and personnel cost amounting to ₹ 7.72 Crores (Previous Year ₹ 7.67 Crores) have been added to CWIP as at 31/03/2014.

(3) LAND

Under the provisions of Delhi Electricity Reforms (Transfer Schme 2001) Rules, vide Delhi Gazette Notification dated 20 Nov 2001, the successor utility companies are entitled to use Land as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

BSES RAJDHANI POWER LTD. NEW DELHI

T.R. CHADHA & CO. NEW DELHI CHARTERED ACCOUNTANTS

BSES RAJDHANI POWER LIMITED
Notes to Financial Statements For The Year Ended 31st March 2015

NOTE-16 - FIXED ASSETS

Amounts in ₹ Crores

	Description	GROSS BLOCK (AT COST) As at 01.04.2014	Additions During the Period	Deletion During The Period	Adjustment During The Period (1)	As at 31.03.2015	DEPRECIATION As at 01.04.2014	For The Period	On Deletions During The Period	Upto 31.03.2015	NET BLOCK As at 31.03.2015	As at 31.03.2014
A.	**TANGIBLE FIXED ASSETS**											
I	**BUILDINGS**	254.91	0.97	0.02	0.41	256.27	107.02	3.48	0.00	110.50	145.77	147.90
II	**PLANT & MACHINERY**											
	TRANSFORMERS & SWITCHGEARS	1,542.89	93.92	14.48	21.01	1,643.34	542.22	51.17	9.70	583.69	1,059.65	1,000.67
	LIGHTENING ARRESTOR	25.85	0.28	0.28	0.06	25.91	15.86	0.50	0.21	16.15	9.76	9.99
	BATTERIES	9.18	0.67	0.77	0.19	9.27	6.65	0.66	0.70	6.61	2.66	2.53
	ENERGY METERS	643.04	69.24	12.19	0.26	700.35	306.88	56.21	9.61	353.48	346.87	336.16
	DISTRIBUTION SYSTEMS :											
	- UNDERGROUND CABLES	1,543.88	104.77	-	21.24	1,669.89	418.16	38.80	0.00	456.96	1,212.93	1,125.72
	- OVERHEAD LINES	798.27	11.21	-	2.08	811.56	466.67	18.95	-	485.62	325.94	331.60
III	**FURNITURE & FIXTURES**	32.72	1.78	0.15	0.40	34.75	17.75	1.74	0.15	19.34	15.41	14.97
IV	**OFFICE EQUIPMENTS**											
	COMMUNICATION EQUIPMENT	2.13	0.41	0.18	-	2.36	1.30	0.12	0.14	1.28	1.08	0.83
	OTHER OFFICE EQUIPMENTS	11.97	2.91	0.20	0.47	15.15	6.22	0.61	0.11	6.72	8.43	5.75
V	**COMPUTERS**	56.70	2.77	0.28	0.26	59.45	42.14	4.68	0.05	46.77	12.68	14.57
VI	**VEHICLES**	22.62	0.18	0.08	-	22.72	17.12	2.21	0.07	19.26	3.46	5.50
	Total	**4,944.16**	**289.11**	**28.63**	**46.38**	**5,251.02**	**1,947.99**	**179.13**	**20.74**	**2,106.38**	**3,144.64**	**2,996.19**
	Previous Year	4,652.73	281.96	12.46	21.92	4,944.16	1,783.78	172.18	7.98	1,947.99	2,996.19	
B.	**INTANGIBLE FIXED ASSETS**											
	COMPUTERS SOFTWARE	16.45	2.13	0.69	-	17.89	5.85	1.90	-	7.75	10.14	10.60
	Total	**16.45**	**2.13**	**0.69**	**-**	**17.89**	**5.85**	**1.90**	**-**	**7.75**	**10.14**	**10.60**
	Previous Year	13.89	2.55	-	-	16.45	2.30	3.55	-	5.85	10.60	
C	**CAPITAL WORK-IN - PROGRESS (2)**										**145.55**	**185.32**

Capitalization of Personnel & Borrowing Cost

(1). Adjustment to the gross block of fixed assets during the year consists of amounts capitalised in respect of borrowing cost amounting to ₹ 16.61 Crores (Previous Year ₹ 11.96 Crores) and personnel cost amounting to ₹ 29.78 Crores (Previous Year ₹ 9.96 Crores)-.

(2). In addition , borrowing cost amounting to ₹ 7.51 Crores (Previous Year ₹ 10.08 Crores) and personnel cost amounting to ₹ 15.38 Crores (Previous Year ₹ 7.72 Crores) have been added to CWIP as at 31/03/2015.

(3) During the current Financial Year the Company has charged depreciation on its Fixed Assets considering the residual value and useful life of the assets as per DERC Regulations / life of assets determined by independent valuer. Due to this change, the depreciation for the year is lower by ₹ 0.56 Crores.

(4) LAND

Under the provisions of Delhi Electricity Reforms (Transfer Schme 2001) Rules, vide Delhi Gazette Notification dated 20 Nov 2001, the successor utility companies are entitled to use Land as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

BSES RAJDHANI POWER LTD. NEW DELHI

T.R. CHADHA & CO. NEW DELHI Chartered Accountants

BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended 31st March 2016

NOTE-16 (A)- FIXED ASSETS *

Amounts in ₹ Crores

	Description	GROSS BLOCK (AT COST)					DEPRECIATION				NET BLOCK
		As at 01.04.2015	Additions During the Year	Deletion During the Year	Adjustment During the Year (1)	As at 31.03.2016	As at 01.04.2015	For the Year	On Deletions During the Year	Upto 31.03.2016	As at 31.03.2016
A.	**TANGIBLE FIXED ASSETS**										
I	**BUILDINGS**	256.27	0.72	0.05	0.11	257.05	110.50	3.51	0.01	114.00	143.05
II	**PLANT & MACHINERY**										
	TRANSFORMERS & SWITCHGEARS	1,643.34	88.87	7.60	18.93	1,743.54	583.69	55.20	4.58	634.31	1,109.23
	LIGHTENING ARRESTOR	25.91	0.88	0.27	0.16	26.68	16.15	0.52	0.22	16.45	10.23
	BATTERIES	9.27	1.30	0.18	0.24	10.63	6.61	0.67	0.18	7.10	3.53
	ENERGY METERS	700.35	93.25	28.33	0.28	765.55	353.48	53.14	17.56	389.06	376.49
	DISTRIBUTION SYSTEMS :										
	- UNDERGROUND CABLES	1,669.89	118.37	0.46	29.69	1,817.49	456.96	42.36	0.15	499.17	1,318.32
	- OVERHEAD LINES	811.56	14.57	0.01	3.29	829.41	485.62	19.50	0.00	505.12	324.29
III	**FURNITURE & FIXTURES**	34.75	1.61	0.02	0.30	36.64	19.34	1.83	0.02	21.15	15.49
IV	**OFFICE EQUIPMENTS**										
	COMMUNICATION EQUIPMENT	2.36	0.37	0.16	-	2.57	1.28	0.15	0.12	1.31	1.26
	OTHER OFFICE EQUIPMENTS	15.15	2.72	0.00	0.40	18.27	6.72	0.82	0.00	7.54	10.73
V	**COMPUTERS**	59.45	3.83	0.00	0.32	63.60	46.77	5.19	0.00	51.96	11.64
VI	**VEHICLES**	22.72	1.51	-	0.07	24.30	19.26	0.85	-	20.11	4.19
	Total	**5,251.02**	**328.00**	**37.08**	**53.79**	**5,595.73**	**2,106.38**	**183.74**	**22.84**	**2,267.28**	**3,328.45**

B.	**INTANGIBLE FIXED ASSETS**										
	COMPUTERS SOFTWARE	17.89	1.27	-	0.20	19.36	7.75	1.81	-	9.56	9.80
	Total	**17.89**	**1.27**	**-**	**0.20**	**19.36**	**7.75**	**1.81**	**-**	**9.56**	**9.80**

C	**CAPITAL WORK-IN - PROGRESS (CWIP) - (2 & 4)**	**122.71**

(1) Adjustment to the gross block of fixed assets during the year consists of amounts capitalised in respect of borrowing cost amounting to ₹ 14.60 Crores and personnel cost amounting to ₹ 39.39 Crores .

(2) In addition to above , borrowing cost amounting to ₹ 6.71 Crores and personnel cost amounting to ₹ 15.54 Crores have been added to CWIP as at 31.03.2016.

(3) LAND

Under the provisions of Delhi Electricity Reforms (Transfer Scheme 2001) Rules, vide Delhi Gazette Notification dated 20 November 2001, the successor utility companies are entitled to use Land as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

(4) CWIP Movement

Particulars	Opening	Addition	Capitalisation	Closing
FY 2015-16	145.55	252.38	275.22	122.71

* Tangible assets are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (Refer Note 8 & 12)

HARIBHAKTI & CO. LLP * NEW DELHI * CHARTERED ACCOUNTANTS

BSES RAJDHANI POWER LIMITED

Notes to Financial Statements For The Year Ended 31st March 2016

NOTE-16 (B) - FIXED ASSETS *

Amounts in ₹ Crores

	Description	GROSS BLOCK (AT COST)					DEPRECIATION				NET BLOCK
		As at 01.04.2014	Additions During the Year	Deletion During the Year	Adjustment During the Year (1)	As at 31.03.2015	As at 01.04.2014	For the Year	On Deletions During the Year	Upto 31.03.2015	As at 31.03.2015
A.	**TANGIBLE FIXED ASSETS**										
I	**BUILDINGS**	254.91	0.97	0.02	0.41	256.27	107.02	3.48	0.00	110.50	145.77
II	**PLANT & MACHINERY**										
	TRANSFORMERS & SWITCHGEARS	1,542.89	93.92	14.48	21.01	1,643.34	542.22	51.17	9.70	583.69	1,059.65
	LIGHTENING ARRESTOR	25.85	0.28	0.28	0.06	25.91	15.86	0.50	0.21	16.15	9.76
	BATTERIES	9.18	0.67	0.77	0.19	9.27	6.65	0.66	0.70	6.61	2.66
	ENERGY METERS	643.04	69.24	12.19	0.26	700.35	306.88	56.21	9.61	353.48	346.87
	DISTRIBUTION SYSTEMS :										
	- UNDERGROUND CABLES	1,543.88	104.77	-	21.24	1,669.89	418.16	38.80	0.00	456.96	1,212.93
	- OVERHEAD LINES	798.27	11.21	-	2.08	811.56	466.67	18.95	-	485.62	325.94
III	**FURNITURE & FIXTURES**	32.72	1.78	0.15	0.40	34.75	17.75	1.74	0.15	19.34	15.41
IV	**OFFICE EQUIPMENTS**										
	COMMUNICATION EQUIPMENT	2.13	0.41	0.18	-	2.36	1.30	0.12	0.14	1.28	1.08
	OTHER OFFICE EQUIPMENTS	11.97	2.91	0.20	0.47	15.15	6.22	0.61	0.11	6.72	8.43
V	**COMPUTERS**	56.70	2.77	0.28	0.26	59.45	42.14	4.68	0.05	46.77	12.68
VI	**VEHICLES**	22.62	0.18	0.08	-	22.72	17.12	2.21	0.07	19.26	3.46
	Total	**4,944.16**	**289.11**	**28.63**	**46.38**	**5,251.02**	**1,947.99**	**179.13**	**20.74**	**2,106.38**	**3,144.64**

B.	**INTANGIBLE FIXED ASSETS**										
	COMPUTERS SOFTWARE	16.45	2.13	0.69	-	17.89	5.85	1.90	-	7.75	10.14
	Total	**16.45**	**2.13**	**0.69**	**-**	**17.89**	**5.85**	**1.90**	**-**	**7.75**	**10.14**

C	**CAPITAL WORK-IN - PROGRESS (CWIP) - (2 & 5)**	**145.55**

(1) Adjustment to the gross block of fixed assets during the year consists of amounts capitalised in respect of borrowing cost amounting to ₹ 16.61 Crores and personnel cost amounting to ₹ 29.78 Crores.

(2) In addition , borrowing cost amounting to ₹ 7.51 Crores and personnel cost amounting to ₹ 15.38 Crores have been added to CWIP as at 31.03.2015.

(3) During the Financial Year 2014-15 , Company has charged depreciation on its Fixed Assets considering the residual value and useful life of the assets as per DERC Regulations / life of assets determined by independent valuer. Due to this change, the depreciation for the year is lower by ₹ 0.56 Crores.

(4) LAND

Under the provisions of Delhi Electricity Reforms (Transfer Schme 2001) Rules, vide Delhi Gazette Notification dated 20 Nov 2001, the successor utility companies are entitled to use Land as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ` 1/- per month.

(5) CWIP Movement

Particulars	Opening	Addition	Capitalisation	Closing
FY 2014-15	185.32	218.3	258.07	145.55

*Tangible assets are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (Refer Note 8 & 12)

HARIBHAKTI & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

BSES RAJDHANI POWER LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2017

Note 3: Property, Plant and Equipment

Amounts in ` Crores

	BUILDINGS	PLANT & MACHINERY						FURNITURE AND FIXTURES	OFFICE EQUIPMENTS		COMPUTERS	VEHICLES	TOTAL	CAPITAL WORK IN PROGRESS
		TRANSFORMERS &	LIGHTENING	BATTERIES	ENERGY METERS	UNDERGROUND CABLE	OVERHEAD LINES		COMMUNICATION EQUIPMENT	OTHER OFFICE EQUIPMENTS				
Net carrying amount as on April 01, 2015	145.77	1,059.65	9.75	2.65	346.87	1,212.93	325.95	15.41	1.09	8.44	12.68	3.47	3,144.66	145.58
Year ended March 31, 2016														
Gross carrying amount														
Carrying value as recognised and measured as per previous GAAP as at April 01, 2015	145.77	1,059.65	9.75	2.65	346.87	1,212.93	325.95	15.41	1.09	8.44	12.68	3.47	3,144.66	
Additions during the year	0.72	88.87	0.88	1.30	93.25	118.37	14.67	1.61	0.37	2.71	3.83	1.50	327.98	
Additions on account of interest/Overhead	0.11	18.93	0.16	0.24	0.28	29.69	3.28	0.30	-	0.40	0.32	0.07	53.78	
Disposals	0.05	7.60	0.27	0.18	28.33	0.46	0.01	0.02	0.16	-	-	-	37.08	
Closing gross carrying amount	146.55	1,159.85	10.52	4.01	412.07	1,360.53	343.79	17.30	1.30	11.55	16.83	5.04	3,489.34	
Accumulated depreciation and impairment														
Depreciation charge during the year	3.51	55.20	0.52	0.67	53.14	42.36	19.50	1.83	0.15	0.82	5.19	0.85	183.74	
Disposals	0.01	4.58	0.23	0.19	17.56	0.15	-	0.02	0.11	-	-	-	22.85	
Closing accumulated depreciation and impairment	3.50	50.62	0.29	0.48	35.58	42.21	19.50	1.81	0.04	0.82	5.19	0.85	160.89	-
Net carrying amount	143.05	1,109.23	10.23	3.53	376.49	1,318.32	324.29	15.49	1.26	10.73	11.64	4.19	3,328.45	122.71
Year ended March 31, 2017														
Gross carrying amount														
Opening gross carrying amount	146.55	1,159.85	10.52	4.01	412.07	1,360.53	343.79	17.30	1.30	11.55	16.83	5.04	3,489.34	
Additions during the year	7.23	102.07	0.34	0.69	86.01	109.29	31.43	0.85	0.67	3.14	5.57	4.64	351.93	
Additions on account of interest/Overhead	1.72	21.17	0.05	0.19	0.22	22.69	6.22	0.02	-	0.39	0.83	0.01	53.51	
Disposals	-	8.33	0.14	0.03	25.66	-	-	-	0.19	0.20	0.03	0.08	34.66	
Closing gross carrying amount	155.50	1,274.76	10.77	4.86	472.64	1,492.51	381.44	18.17	1.78	14.88	23.20	9.61	3,860.12	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	3.50	50.62	0.29	0.48	35.58	42.21	19.50	1.81	0.04	0.82	5.19	0.85	160.89	
Depreciation charge during the year	3.55	57.04	0.55	0.80	57.35	46.26	20.39	1.90	0.20	0.99	4.96	1.28	195.27	
Disposals	-	4.53	0.08	0.03	16.18	-	-	-	0.13	0.14	0.03	0.07	21.19	
Closing accumulated depreciation and impairment	7.05	103.13	0.76	1.25	76.75	88.47	39.89	3.71	0.11	1.67	10.12	2.06	334.97	
Net carrying amount	148.45	1,171.63	10.01	3.61	395.89	1,404.04	341.56	14.46	1.67	13.21	13.08	7.55	3,525.15	200.81
Less: Provision for Retirement of Assets													33.41	-
Add:- Inventory for Capital Works (Including GIT)													-	133.63
Less:- Provision for Non Moving Inventory for Capital Works													-	10.54
Net Fixed Assets after Provision for Retirement													3,491.74	
Net CWIP including Capital Inventory														323.90

(i) The Company has elected to measure all of its Property, Plant and Equipments and Intangible Assets at their previous GAAP carrying value as at April 1, 2015 (date of transition to Ind AS). Refer note no. 44.

(ii) Property, plant and equipment pledged as security

Tangible assets (including work in progress) are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (Refer Note 24 & 27)

(iii) Contractual obligations

Refer to note 48 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipments.

(iv) The amount of borrowing costs capitalised to Gross Block of Fixed Assets during the year ended March 31,2017 is ₹ 13.76 Crores (March 31, 2016: ₹14.60 Crores). The rate used to determine the amount of borrowing costs eligible for capitalisation for the year ended March 31,2017 13.56 percent(March 31, 2016 13.85 percent) which is the weighted average interest rate of the borrowing.

BSES RAJDHANI POWER LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2017

(v) Plant and equipment contributed by customers

The Entity recognises as plant and equipment any contribution made by various Govt. agencies/ others to be utilised in the transmission process and that meets the definition of an asset. The initial gross amount is estimated at fair value by reference to the market price of these assets on the date in which control is obtained. Refer Note 21 for amount that the Company has recognised as plant and equipment and Note 33 for revenue recognised during the year.

(vi) CWIP Movement

Capital work in progress as at March 31, 2017 comprises expenditure for the plant in the course of construction. Borrowing cost amounting to ₹ 7.01 Crores (March 31,2016 ₹ 6.71 Crores) and personnel cost amounting to ₹ 28.09 Crores (March 31,2016 ₹ 15.54 Crores) have been added to CWIP.

Amounts in ₹ Crores

Particulars	Year	Opening	Addition	Capitalisation	Closing
CWIP Movement	2016-17	122.71	371.73	293.63	200.81
CWIP Movement	2015-16	145.55	252.58	275.42	122.71

vii) Further, CWIP also includes capital inventory of ₹ 123.09 Crores (March 31, 2016 ₹113.15 Crores) net of provision for non moving for the year ended March 31, 2017 ₹ 10.54 Crores (March 31, 2016 ₹ 9.82 Crores)

(viii) Reconciliation of Deemed Cost as per para 'D 7 AA' of Ind AS 101 and carrying cost as per previous GAAP (IGAAP)

Amounts in ` Crores

Year ended March 31, 2015													
Gross carrying amount													
As at April 1, 2014	254.91	1,542.89	25.85	9.18	643.04	1,543.88	798.27	32.72	2.13	11.97	56.70	22.62	4,944.17
Additions during the year	0.97	93.92	0.28	0.87	69.24	104.77	11.21	1.78	0.41	3.91	2.77	0.18	289.11
Additions on account of interest/Overhead	0.41	21.01	0.06	0.19	0.26	21.24	2.08	0.40	-	0.47	0.26	-	46.39
Disposals	0.02	14.48	0.28	0.77	12.19	-	-	0.15	0.18	0.20	0.28	0.08	28.64
Closing gross carrying amount	256.27	1,643.34	25.91	9.26	700.36	1,669.89	811.56	34.75	2.37	15.16	59.45	22.73	5,251.03
Accumulated depreciation and impairment	107.02	542.22	15.86	6.65	306.88	418.16	466.67	17.75	1.30	6.22	42.14	17.12	1,947.98
Depreciation charge during the year	3.48	51.17	0.50	0.66	56.21	38.80	18.95	1.74	0.12	0.61	4.68	2.21	179.13
Disposals	0.00	9.70	0.21	0.70	9.61	0.00	-	0.15	0.14	0.11	0.05	0.07	20.75
Closing accumulated depreciation and impairment	110.50	583.69	16.16	6.61	353.48	456.96	485.61	19.34	1.28	6.72	46.77	19.26	2,106.37
Net Carrying Cost	145.77	1,059.65	9.75	2.65	346.87	1,212.93	325.95	15.41	1.09	8.44	12.68	3.47	3,144.66

Reconciliation of CWIP :-

Particular	2016-17	2015-16	2014-15
Opening Balance	200.81	122.71	145.55
Add:- Inventory for Capital Works (Including GIT)	133.63	113.15	123.24
Less:- Provision for Non Moving Inventory for Capital Works	(10.54)	(9.82)	(5.74)
Closing Balance of CWIP	323.90	226.04	263.05

HARIBHAKTI & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2017

Note 4: Intangible assets

Amounts in ₹ Crores

	Computer software	Total
Net carrying amount as on April 01, 2015	10.14	10.14
Year ended March 31, 2016		
Gross carrying amount		
Carrying value as recognised and measured as per previous GAAP as at April 01, 2015	10.14	10.14
Additions during the year	1.46	1.46
Closing gross carrying amount	11.60	11.60
Accumulated amortisation and impairment	-	-
Amortisation charge for the year	1.81	1.81
Closing accumulated amortisation and impairment	1.81	1.81
Net carrying amount	9.79	9.79
Year ended March 31, 2017		
Gross carrying amount		
Opening gross carrying amount	11.60	11.60
Additions during the year	0.90	0.90
Closing gross carrying amount	12.50	12.50
Accumulated amortisation and impairment	1.81	1.81
Amortisation charge for the year	2.39	2.39
Closing accumulated amortisation and impairment	4.20	4.20
Net carrying amount	8.30	8.30

(i) Internally generated Computer Softwares as at March 31, 2017 ₹ Nil (March 31, 2016 ₹ NIL, April 01,2015 ₹ Nil)

(ii) Tangible assets are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (Refer Note 25 & 29)

(iii) Land
Under the provisions of Delhi Electricity Reforms (Transfer Scheme 2001) Rules, vide Delhi Gazette Notification dated 20 November 2001, the successor utility companies are entitled to use certain Lands as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

(iv) The Company has elected to measure all of its Intangible Assets at their previous GAAP carrying value as at April 1, 2015 (date of transition to Ind AS) Refer note no. 44

HARISHAKTI & CO. LLP CHARTERED ACCOUNTANTS NEW DELHI

BSES RAJDHANI POWER LTD. NEW DELHI

BSES RAJDHANI POWER LIMITED

Notes to Financial Statements for the Year Ended March 31, 2018

Note 3: Property, Plant and Equipment

Amounts in ₹ Crores

	BUILDINGS	PLANT & EQUIPMENTS						FURNITURE AND FIXTURES	OFFICE EQUIPMENTS		COMPUTERS	VEHICLES	TOTAL	CAPITAL WORK IN PROGRESS
		TRANSFORMERS & SWITCHGEARS	LIGHTENING ARRESTOR	BATTERIES	ENERGY METERS	UNDERGROUND CABLE	OVERHEAD LINES		COMMUNICATION EQUIPMENT	OTHER OFFICE EQUIPMENTS				
Year ended March 31, 2017														
Gross carrying amount		-												
Opening gross carrying amount	146.55	1,159.85	10.52	4.01	412.07	1,360.53	343.79	17.30	1.30	11.55	16.83	5.04	3,489.34	
Additions during the year	7.23	102.07	0.34	0.69	66.01	109.29	31.43	0.65	0.67	3.14	5.57	4.64	351.93	
Additions on account of interest/overhead	1.72	21.17	0.05	0.19	0.22	22.69	6.22	0.02	-	0.39	0.83	0.01	53.51	
Disposals	-	4.25	0.07	-	12.23	-	-	-	0.06	0.08	0.02	0.01	16.72	
Closing gross carrying amount	155.50	1,278.84	10.84	4.89	466.07	1,492.51	381.44	18.17	1.91	15.00	23.21	9.68	3,878.06	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	3.50	50.62	0.29	0.48	35.58	42.21	19.50	1.81	0.04	0.82	5.19	0.85	150.89	
Depreciation charge during the year	3.55	57.04	0.55	0.80	57.35	46.26	20.39	1.90	0.20	0.99	4.96	1.28	195.27	
Disposals	-	0.45	0.01	-	2.75	-	-	-	-	0.02	0.02	-	3.25	
Closing accumulated depreciation and impairment	7.05	107.21	0.83	1.28	90.18	88.47	39.89	3.71	0.24	1.79	10.13	2.13	352.91	
Net carrying amount as at March 31, 2017	148.45	1,171.63	10.01	3.61	395.89	1,404.04	341.55	14.46	1.67	13.21	13.08	7.55	3,525.15	200.81
Year ended March 31, 2018														
Gross carrying amount														
Opening gross carrying amount	155.50	1,278.84	10.84	4.89	486.07	1,492.51	381.44	18.17	1.91	15.00	23.21	9.68	3,878.06	
Additions during the year	3.41	137.86	0.89	1.08	98.45	196.72	33.02	2.11	0.70	4.48	8.33	0.84	487.89	
Additions on account of interest/overhead	0.64	28.90	0.16	0.26	2.83	45.53	7.37	0.15	-	0.57	1.07	0.07	87.55	
Disposals	-	11.91	0.11	0.03	11.40	0.27	-	0.01	0.14	-	0.02	0.00	23.89	
Closing gross carrying amount	159.55	1,433.69	11.78	6.20	575.95	1,734.49	421.83	20.42	2.47	20.06	32.59	10.59	4,429.61	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	7.05	107.21	0.83	1.28	90.18	88.47	39.89	3.71	0.24	1.79	10.13	2.13	352.91	
Depreciation charge during the year	5.08	94.77	0.80	1.00	60.05	97.97	25.95	2.47	0.24	1.96	3.09	1.34	294.72	
Disposals	-	1.68	0.02	-	4.11	0.03	-	0.00	0.03	-	0.01	0.00	5.88	
Closing accumulated depreciation and impairment	12.13	200.30	1.61	2.28	146.12	186.41	65.84	6.18	0.45	3.75	13.21	3.47	641.75	
Net carrying amount as at March 31, 2018	147.42	1,233.39	10.17	3.92	429.83	1,548.08	355.99	14.24	2.02	16.30	19.38	7.12	3,787.86	181.71
Add:- Inventory for Capital Works including Goods in Transit (GIT)														170.00
Less:- Provision for Non Moving Inventories for Capital Works														9.88
Net CWIP including Capital Inventory														342.03

(i) The Company has elected to measure all of its Property, Plant and Equipments at their previous GAAP carrying value as at April 01, 2015 (date of transition to Ind AS).

(ii) Property, plant and equipment pledged as security

Tangible assets (including capital work in progress) are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (Refer Note 20 & 27)

(iii) Contractual obligations

Refer Note 47 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipments.

(iv) The amount of borrowing costs capitalised to gross block of fixed assets during the year ended March 31,2018 is ₹ 20.81 Crores (March 31, 2017 ₹13.76 Crores). The rate used to determine the amount of borrowing costs eligible for capitalisation for the year ended March 31, 2018 13.01% (March 31, 2017 13.56%) which is weighted average interest rate of borrowing.

HARIBHAKTI & CO. LLP ★ NEW DELHI ★ CHARTERED ACCOUNTANTS

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Notes to Financial Statements for the Year Ended March 31, 2018

(v) Property, plant and equipment contributed by customers

The Entity recognises any contribution towards property, plant and equipment made by various Govt. agencies/ others to be utilised in the transmission and distribution process and that meets the definition of an asset. The initial gross amount is estimated at fair value by reference to the market price of these assets on the date in which control is obtained. Refer Note 23 for amount that the Company has recognised as property, plant and equipment and Note 33 for revenue recognised during the year.

(vi) CWIP Movement

Capital work in progress as at March 31, 2018 comprises expenditure for the Property, plant and equipment in the course of construction. Borrowing cost amounting to ₹ 7.39 Crores (March 31,2017 ₹ 7.01 Crores) and personnel cost amounting to ₹ 25.28 Crores (March 31,2017 ₹ 26.09 Crores) have been added to CWIP.

Amounts in ₹ Crores

Particulars	Year	Opening	Addition	Capitalisation	Closing
CWIP Movement	2017-18	200.81	443.71	462.81	181.71
CWIP Movement	2016-17	122.71	371.73	293.63	200.81

vii) Further, CWIP also includes capital inventory of ₹ 170.00 Crores (Previous Year March 31,2017 ₹ 133.63 Crores) and is net of provision for non moving for the year ended March 31,2018 ₹ 9.68 Crores (March 31, 2017 ₹ 10.54 Crores)

Break-up of CWIP :-

Particular	2017-18	2016-17
CWIP-Scheme	181.71	200.81
Add:- Inventory for Capital Works (including GIT)	170.00	133.63
Less:- Provision for Non Moving Inventory for Capital Works	(9.68)	(10.54)
Total CWIP	342.03	323.90

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NEW DELHI
CHARTERED ACCOUNTANTS

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Notes to Financial Statements for the Year Ended March 31, 2018

Note 4: Other Intangible Assets

Amounts in ₹ Crores

	Computer software	Total
Year ended March 31, 2017		
Gross carrying amount		
Opening gross carrying amount	11.60	11.60
Additions during the year	0.90	0.90
Closing gross carrying amount	12.50	12.50
Accumulated amortisation and impairment	1.81	1.81
Amortisation charge for the year	2.39	2.39
Closing accumulated amortisation and impairment	4.20	4.20
Net carrying amount as at March 31, 2017	8.30	8.30
Year ended March 31, 2018		
Gross carrying amount		
Opening gross carrying amount	12.50	12.50
Additions during the year	8.49	8.49
Closing gross carrying amount	20.99	20.99
Accumulated amortisation and impairment	4.20	4.20
Amortisation charge for the year	3.29	3.29
Closing accumulated amortisation and impairment	7.49	7.49
Net carrying amount as at March 31, 2018	13.50	13.50

(i) The Company has elected to measure all of its Intangible Assets at their previous GAAP carrying value as at April 01, 2015 (date of transition to Ind AS).

(ii) Internally generated Computer Softwares as at March 31, 2018 ₹ Nil (March 31, 2017 ₹ Nil)

(iii) Intangible assets are subject to first charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current and previous year. (Refer Note 20 & 27)

(iv) Land
Under the provisions of Delhi Electricity Reforms (Transfer Scheme 2001) Rules, vide Delhi Gazette Notification dated November 20, 2001 the successor utility companies are entitled to use certain Lands as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

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NEW DELHI
CHARTERED ACCOUNTANTS

BSES RAJDHANI POWER LTD.
NEW DELHI

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Notes to Financial Statements for the Year Ended March 31, 2019

Note-3: Property, Plant and Equipment

Amounts in ₹ Crores

Particulars	BUILDINGS	PLANT & EQUIPMENTS						FURNITURE AND FIXTURES	OFFICE EQUIPMENTS		COMPUTERS	VEHICLES	TOTAL	CAPITAL WORK IN PROGRESS
		TRANSFORMERS & SWITCHGEARS	LIGHTENING ARRESTOR	BATTERIES	ENERGY METERS	UNDERGROUND CABLE	OVERHEAD LINES		COMMUNICATION EQUIPMENT	OTHER OFFICE EQUIPMENT				
Year ended March 31, 2018														
Gross carrying amount														
Opening gross carrying amount	165.60	1,276.84	10.84	4.89	486.07	1,492.51	381.44	18.17	1.91	15.00	23.21	9.68	3,878.06	
Additions during the year	3.41	137.86	0.89	1.08	98.45	196.72	33.02	2.11	0.70	4.48	8.33	0.84	487.89	
Additions on account of interest/overhead	0.64	28.90	0.16	0.26	2.83	45.53	7.37	0.16	-	0.57	1.07	0.07	87.56	
Disposals	-	11.91	0.11	0.03	11.40	0.27	-	0.01	0.14	-	0.02	-	23.89	
Closing gross carrying amount	169.65	1,433.69	11.78	6.20	675.95	1,734.49	421.83	20.42	2.47	20.05	32.59	10.59	4,429.61	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	7.05	107.21	0.83	1.28	90.18	88.47	39.89	3.71	0.24	1.79	10.13	2.13	352.91	
Depreciation charge during the year	5.08	94.77	0.80	1.00	60.05	97.97	25.95	2.47	0.24	1.96	3.09	1.34	294.72	
Disposals	-	1.68	0.02	-	4.11	0.03	-	0.00	0.03	-	0.01	-	5.88	
Closing accumulated depreciation and impairment	12.13	200.30	1.61	2.28	146.12	186.41	65.84	6.18	0.45	3.75	13.21	3.47	641.76	
Net carrying amount as at March 31, 2018	147.42	1,233.39	10.17	3.92	429.83	1,548.08	355.99	14.24	2.02	16.30	19.38	7.12	3,787.86	181.71
Less: Provision for Retirement *													23.23	12.09
Net carrying amount after provision as at March 31, 2018													3,764.63	169.62
Add:- Inventory for Capital Works including Goods in Transit (GIT)														170.00
Less:- Provision for Non Moving Inventories for Capital Works														9.88
Net CWIP including Capital Inventory														329.94
Year ended March 31, 2019														
Gross carrying amount														
Opening gross carrying amount	169.55	1,433.69	11.78	6.20	675.95	1,734.49	421.83	20.42	2.47	20.05	32.59	10.59	4,429.61	
Additions during the year	13.55	148.42	0.67	0.73	115.29	139.50	104.71	2.43	0.36	4.73	4.61	2.98	537.96	
Additions on account of interest/overhead	2.64	29.01	0.08	0.10	3.31	27.89	22.14	0.12	-	0.63	0.16	0.02	86.10	
Disposals	4.93	16.26	0.37	0.01	14.53	0.09	0.04	0.03	0.36	0.12	0.16	0.26	37.16	
Closing gross carrying amount	170.81	1,594.86	12.16	7.02	680.02	1,901.79	548.64	22.94	2.47	25.29	37.20	13.31	5,016.51	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	12.13	200.30	1.61	2.28	146.12	186.41	65.84	6.18	0.45	3.75	13.21	3.47	641.75	
Depreciation charge during the year	5.05	92.71	0.74	0.96	60.95	102.57	28.43	2.38	0.27	2.01	7.39	1.02	304.48	
Disposals	0.63	3.44	0.06	0.01	5.78	0.02	0.01	0.02	0.13	0.05	0.16	0.02	10.33	
Closing accumulated depreciation and impairment	16.55	289.57	2.29	3.23	201.29	288.96	94.26	8.54	0.59	5.71	20.44	4.47	935.90	
Net carrying amount as at March 31, 2019	154.26	1,305.29	9.87	3.79	478.73	1,612.83	454.38	14.40	1.88	19.58	16.76	8.84	4,080.61	233.25
Less: Provision for Retirement *													23.23	12.09
Net carrying amount after provision as at March 31, 2019													4,057.38	221.16
Add:- Inventory for Capital Works including Goods in Transit (GIT)														96.13
Less:- Provision for Non Moving Inventories for Capital Works														5.78
Net CWIP including Capital Inventory														311.51

* For the purpose of better presentation provision for retirement of Fixed asset has been netted off from Property, Plant and Equipment.

(i) Property, plant and equipment pledged as security

Tangible assets (including capital work in progress) are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from financial institution and bank overdrafts in the current and previous year. (Refer Note 20 & 27)

(ii) Contractual obligations

Refer Note 47 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipments.

(iii) The amount of borrowing costs capitalised to gross block of fixed assets during the year ended March 31, 2019 is ₹ 20.46 Crores (March 31, 2018 ₹ 20.81 Crores). The rate used to determine the amount of borrowing costs eligible for capitalisation for the year ended March 31, 2019 rate is 13.38% (March 31, 2018 13.01%) which is weighted average interest rate of borrowing.

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BSES Rajdhani Power Ltd. * BSES * New Delhi

(iv) Property, Plant and Equipment contributed by customers

The Entity recognises any contribution towards property, plant and equipment made by various Govt. agencies/ others to be utilised in the transmission and distribution process and that meets the definition of an asset. The initial gross amount is estimated at fair value by reference to the market price of these assets on the date in which control is obtained. Refer Note 23 for amount that the Company has recognised as property, plant and equipment and Note 33 for revenue recognised during the year.

(v) CWIP Movement

Capital work in progress as at year ended March 31, 2019 comprises expenditure for the property, plant and equipment in the course of construction. Borrowing cost amounting to ₹ 8.91 Crores (March 31,2018 ₹ 7.39 Crores) and personnel cost amounting to ₹ 29.65 Crores (March 31,2018 ₹ 25.26 Crores) have been added to CWIP.

Amounts in ₹ Crores

Particulars	Year	Opening	Addition	Capitalisation	Closing
CWIP Movement	2018-19	181.71	551.09	499.55	233.25
CWIP Movement	2017-18	200.81	443.71	462.81	181.71

(vi) Land

Under the provisions of Delhi Electricity Reforms (Transfer Scheme 2001) Rules, vide Delhi Gazette Notification dated November 20, 2001 the successor utility companies are entitled to use certain Lands as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

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Notes to Financial Statements for the Year Ended March 31, 2019

Note-4: Other Intangible Assets

Amounts in ₹ Crores

Particular	Computer software	Total
Year ended March 31, 2018		
Gross carrying amount		
Opening gross carrying amount	12.50	12.50
Additions during the year	8.49	8.49
Closing gross carrying amount	**20.99**	**20.99**
Accumulated amortisation and impairment	4.20	4.20
Amortisation charge for the year	3.29	3.29
Closing accumulated amortisation and impairment	**7.49**	**7.49**
Net carrying amount as at March 31, 2018	**13.50**	**13.50**
Year ended March 31, 2019		
Gross carrying amount		
Opening gross carrying amount	20.99	20.99
Additions during the year	9.13	9.13
Closing gross carrying amount	**30.12**	**30.12**
Accumulated amortisation and impairment	7.49	7.49
Amortisation charge for the year	4.99	4.99
Closing accumulated amortisation and impairment	**12.48**	**12.48**
Net carrying amount as at March 31, 2019	**17.64**	**17.64**

(i) Internally generated Computer Softwares as at March 31, 2019 ₹ Nil (March 31, 2018 ₹ Nil)

(ii) Intangible assets are subject to first charge to secure the Company's borrowings referred in notes as secured term loan from financial institution and bank overdrafts in the current and previous year.(Refer Note 20 & 27)

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BSES Rajdhani Power Ltd. BSES New Delhi

Note-3: Property, Plant and Equipment

Amounts in ₹ Crores

Particulars	BUILDINGS	PLANT & EQUIPMENTS: TRANSFORMERS & SWITCHGEARS	LIGHTENING ARRESTOR	BATTERIES	ENERGY METERS	UNDERGROUND CABLE	OVERHEAD LINES	FURNITURE AND FIXTURES	OFFICE EQUIPMENTS: COMMUNICATION EQUIPMENT	OTHER OFFICE EQUIPMENTS	COMPUTERS	VEHICLES	TOTAL	CAPITAL WORK IN PROGRESS
Year ended March 31, 2019														
Gross carrying amount														
Opening gross carrying amount	159.55	1,433.69	11.78	6.20	575.95	1,734.49	421.83	20.42	2.47	20.05	32.59	10.59	4,429.61	
Additions during the year	13.55	148.42	0.67	0.73	115.29	139.50	104.71	2.43	0.36	4.73	4.61	2.98	537.96	
Additions on account of interest/overhead	2.64	29.01	0.08	0.10	3.31	27.89	22.14	0.12	-	0.63	0.16	0.02	86.10	
Disposals	4.93	16.28	0.37	0.01	14.53	0.09	0.04	0.03	0.36	0.12	0.16	0.28	37.16	
Closing gross carrying amount	170.81	1,594.86	12.16	7.02	680.02	1,901.79	548.64	22.94	2.47	25.29	37.20	13.31	5,016.51	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	12.13	200.30	1.61	2.28	146.12	186.41	65.84	6.18	0.45	3.75	13.21	3.47	641.75	
Depreciation charged during the year	5.05	92.71	0.74	0.96	60.95	102.57	28.43	2.38	0.27	2.01	7.39	1.02	304.48	
Disposals	0.63	3.44	0.06	0.01	5.78	0.02	0.01	0.02	0.13	0.05	0.16	0.02	10.33	
Closing accumulated depreciation and impairment	16.55	289.57	2.29	3.23	201.29	288.96	94.26	8.54	0.59	5.71	20.44	4.47	935.90	
Net carrying amount as at March 31, 2019	154.26	1,305.29	9.87	3.79	478.73	1,612.83	454.38	14.40	1.88	19.58	16.76	8.84	4,080.61	233.25
Less: Provision for Retirement *													23.23	12.09
Net carrying amount after provision as at March 31, 2019													4,057.38	221.16
Add:- Inventory for Capital Works including Goods in Transit (GIT)														96.13
Less:- Provision for Non Moving Inventories for Capital Works														5.78
Net CWIP including Capital Inventory														311.51
Year ended March 31, 2020														
Gross carrying amount														
Opening gross carrying amount	170.81	1,594.86	12.16	7.02	680.02	1,901.79	548.64	22.94	2.47	25.29	37.20	13.31	5,016.51	
Additions during the year	19.67	164.35	0.50	0.81	92.93	168.03	85.24	7.21	1.02	1.22	4.42	2.18	547.58	
Additions on account of interest/overhead	3.44	30.17	0.06	0.12	1.32	31.41	16.57	1.21	0.12	-	0.35	-	84.77	
Disposals	1.67	11.74	0.36	-	38.30	-	-	0.01	0.18	-	0.03	0.07	52.36	
Closing gross carrying amount	192.25	1,777.64	12.36	7.95	735.97	2,101.23	650.45	31.35	3.43	26.51	41.94	15.42	5,596.50	
Accumulated depreciation and impairment														
Opening accumulated depreciation and impairment	16.55	289.57	2.29	3.23	201.29	288.96	94.26	8.54	0.59	5.71	20.44	4.47	935.90	
Depreciation charge during the year	5.17	101.68	0.76	1.03	64.60	111.56	36.01	2.26	0.30	2.41	4.44	1.25	331.47	
Disposals	0.28	4.29	0.08	-	19.12	-	-	0.01	0.05	-	0.02	-	23.85	
Closing accumulated depreciation and impairment	21.44	386.96	2.97	4.26	246.77	400.52	130.27	10.79	0.84	8.12	24.86	5.72	1,243.52	
Net carrying amount as at March 31, 2020	170.81	1,390.68	9.39	3.69	489.20	1,700.71	520.18	20.56	2.59	18.39	17.08	9.70	4,352.98	274.73
Less: Provision for Retirement *													18.17	12.09
Net carrying amount after provision as at March 31, 2020													4,334.81	262.64
Add:- Inventory for Capital Works including Goods in Transit (GIT)														80.28
Less:- Provision for Capital Inventories														2.54
Net CWIP including Capital Inventory														320.38

(i) Property, plant and equipment pledged as security

Tangible assets (including capital work in progress) are subject to first pari passu charge to secure the Company's borrowings referred in notes as secured term loan from financial institution and bank overdrafts in the current and previous year (Refer Note 21 & 29)

(ii) Contractual obligations

Refer Note 51 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipments.

(iii) The amount of borrowing costs capitalised to gross block of fixed assets during the year ended is 18.22 Crores (March 31, 2019 ₹ 20.48 Crores). The rate used to determined the amount of borrowing costs eligible for capitalisation dor the year ended March 31, 2020 rate is 12.25% (March 31, 2019 13.38%) which is weighted average interest rate of borrowing

(iv) Property, Plant and Equipment contributed by customers

The Entity recognises any contribution towards property, plant and equipment made by various Govt. agencies/ others to be utilised in the transmission and distribution process and that meets the definition of an asset. The initial gross amount is estimated at fair value by reference to the market price of these assets on the date in which control is obtained. Refer Note 25 for amount that the Company has recognised as property, plant and equipment and Note 37 for revenue recognised during the year.

(v) CWIP Movement

Capital work in progress as at year ended March 31, 2020 comprises expenditure for the Property, plant and equipment in the course of construction. Borrowing cost amounting to ₹ 10.83 Crores (March 31,2019 ₹ 8.91 Crores) and personnel cost amounting to ₹ 33.19 Crores (March 31, 2019 ₹ 29.65 Crores) have been added to CWIP.

Amounts in ₹ Crores

Particulars	Year	Opening	Addition	Capitalisation	Closing
CWIP Movement	2019-20	233.25	571.30	529.82	274.73
CWIP Movement	2018-19	181.71	551.09	499.55	233.25

(vi) Land

Under the provisions of Delhi Electricity Reforms (Transfer Scheme 2001) Rules, vide Delhi Gazette Notification dated November 20, 2001 the successor utility companies are entitled to use certain Lands as a licensee of the Government of Delhi, on "Right to Use" basis on payment of a consolidated amount of ₹ 1/- per month.

Note-4: Other Intangible Assets

Particular	Computer software	Total
Year ended March 31, 2019		
Gross carrying amount		
Opening gross carrying amount	20.99	20.99
Additions during the year	9.13	9.13
Closing gross carrying amount	**30.12**	**30.12**
Accumulated amortisation and impairment	7.49	7.49
Amortisation charge for the year	4.99	4.99
Closing accumulated amortisation and impairment	12.48	12.48
Net carrying amount as at March 31, 2019	17.64	17.64
Year ended March 31, 2020		
Gross carrying amount		
Opening gross carrying amount	30.12	30.12
Additions during the year	3.25	3.25
Closing gross carrying amount	**33.37**	**33.37**
Accumulated amortisation and impairment	12.48	12.48
Amortisation charge for the year	3.89	3.89
Closing accumulated amortisation and impairment	16.37	16.37
Net carrying amount as at March 31, 2020	17.00	17.00

(i) Internally generated Computer Softwares as at March 31, 2020 ₹ Nil (March 31, 2019 ₹ Nil)

(ii) Intangible assets are subject to first charge to secure the Company's borrowings referred in notes as secured term loan from financial institution and bank overdrafts in the current and previous year. (Refer Note 21 & 29)

Note-5 : Right-of-Use Assets

Particular	Right-of-Use Assets	Total
Year ended March 31, 2020		
Gross carrying amount		
Opening gross carrying amount	-	-
Additions during the year	82.14	82.14
Closing gross carrying amount	**82.14**	**82.14**
Accumulated amortisation and impairment	-	-
Amortisation charge for the year	8.21	8.21
Closing accumulated amortisation and impairment	8.21	8.21
Net carrying amount as at March 31, 2020	73.93	73.93

(i) During the year Company has paid ₹ 12.98 Crores towards Lease Assets (ROU) (March 31, 2019 ₹ 13.49 Crores incurred towards Lease rental was shown under Rates & taxes (refer Note 43).

(ii) Refer Note No 1(h) for Lease Assets (ROU).

HARIBHAKTI & CO. LLP CHARTERED ACCOUNTANTS NEW DELHI

BSES RAJDHANI POWER LTD NEW DELHI

BSES Rajdhani Power Ltd. New Delhi

Attachment-C

APTEL Judgment dated 06.10.2009 in Appeal No. 36 of 2008

BSES RAJDHANI POWER LTD.
NEW DELHI

Before the Appellate Tribunal for Electricity
(Appellate Jurisdiction)

Appeal No. 36 of 2008

Dated : 06th October, 2009

Coram : Hon'ble Mrs. Justice Manju Goel, Judicial Member
Hon'ble Mr. H. L. Bajaj, Technical Member

IN THE MATTER OF:

BSES Rajdhani Power Ltd.
BSES Bhawan,
Nehru Place,
New Delhi – 110 019
(Through its authorised signatory- Mr. R. C. Mehta) … Appellant

Versus

1. **Delhi Electricity Regulatory Commission**
Vinimak Bhawan, C-Block,
Shivalik, Malviya Nagar,
New Delhi – 110 017.
(Through its Secretary)

2. Mr. S. R. Abrol
L-II, 91-B, DDA LIG,
Kalkaji,
New Delhi – 110 019.

3. Col. Dalmir Singh
B-58, Mayapuri Industrial Area,
Phase-I,
New Delhi – 110 064.

4. Mr. Jagdish Kumar Khetarpal
D-2/44, Janak Puri,
New Delhi – 110 058.

5. Mr. Jagdish Lal Munjal
E-59, Greater Kailash – III,
New Delhi.

6. Mr. Anil Sood
A-417-418,
Somdutt Chambers-I,
5, Bhikaji Cama Place,
New Delhi.

7. Mr. Anant Trivedi
8-FF, Ishwar Nagar (East),
Mathura Road,
New Delhi.

8. Mr. N. K. Sethi
House No. 23,
Street No.35,
Punjabi Bagh West,
New Delhi – 110 026.

9. Mr. Shahid Hasan
The Energy and Resources Institute
Darbari Seth Block,
1 H C Complex,
Lodhi Road,
New Delhi – 110 003.

10. Mr. Abhishek Sharma
AM(T)
Delhi Transco Ltd.

RAJDHANI POWER LTD. NEW DELHI

11. Mr. Jaydayal Singh Yadav
General Secretary
Ekta Goela Dairy Welfare Association
E-Block, H. No. 1736,
Goela Dairy,
New Delhi – 110 071.

12. Mr. G. M. Chopra
Chairman
Senior Citizens' Forum
S-144, Greater Kailash – II,
New Delhi – 110 048.

13. Mr. J. N. Ahuja
C-2/213, Janakpuri,
New Delhi – 110 058.

14. Mr. Pushpendra Yadav
Chief Operating Officer
SAK Consumer Retail Service Ltd.,
D-76, Okhla Industrial Area, Phase-I,
New Delhi.

15. Mr. S. R. Narasimhan
Flat No. F-1,
Ridge Castle Apartments,
Dada Bari Road, Ward-8,
Mehrauli,
New Delhi – 110 030.

16. Mr. Rejimon C. K.
Secretary-RWA,
Nav Sansad Vihar RWA (Regd.),
Plot No.4, Sector-22,
Dwarka,
New Delhi – 110 077.

RAJDHANI POWER LTD. NEW DELHI

17. Mr. S. K. Chaudhary
C-2 Block Residents Welfare Association (Regd.)
C-2/138, Janakpuri,
New Delhi – 110 058.

18. Mr. Ved Kumar
H/14 – B, Saket,
New Delhi – 110 017.

19. Mr. J. S. Chadda
Gen. Secretary,
RWA, B-Block,
East of Kailash,
New Delhi – 110 065.

20. Mr. B. S. Ahluwalia
DDA SFS Flat No. 9, Pkt.B,
Sukhdev Vihar,
New Delhi – 110 025.

21. Mr. Amrit Lal Agarwal
C-4A, Flat No. 1A,
Janakpuri,
New Delhi – 110 058.

22. Mr. K. Vijayaraghaven
General Secretary
Mehrauli Federation of RWA's
UGF-1, 29 E/C,
Ward One Lakshya Apartment Mehrauli,
New Delhi – 110 030.

23. Mr. H. C. Singh
1794 B/8, 2nd Floor,
Govind Puri Extn. Kalkaji,
New Delhi – 110 019.

BSES RAJDHANI POWER LTD. NEW DELHI

24. Mr. M. C. Mehta
Chartered Accountant
D-2/2339,
Vasant Kunj,
New Delhi – 110 070.

25. Mr. Priyanka Tomar
J1/62, First Floor,
DDA Flats, Kalkaji,
New Delhi – 110 019.

26. Mr. J. S. P. Singh
Chief Elect. Distribution Engineer
Northern Railway,
Head Qtrs. Office
Baroda House,
New Delhi – 110 001.

27. Mr. C. A. L. D. Takhtani
E-350, Ramesh Nagar,
New Delhi – 110 015.

28. Mr. Naresh Kumar Gupta
Joint Gr. Secretary
Vikar Samiti, Durgapuri Ext. (Regd.),
House No.12, Gali No.1,
Delhi – 110 093.

29. Mr. Ravinder Singh
Member URJA
RWAs
Y-77, Hauz Khas,
New Delhi – 110 016.

30. Mr. Rakesh Bhardwaj
Sheikh Sarai Phase-I,

RAJDHANI POWER LTD NEW DELHI

MIG Flats Owner's Association
18-D, MIG Flats,
Sheikh Sarai, Phase-I,
New Delhi – 110 017.

31. Mr. Satish Kumar
Delhi Metro Rail Corporation Ltd.
3rd Floor, NBCC Place,
Pragati Vihar,
Bhishma Pitamah Marg,
New Delhi.

32. Mr. Raghuvansh Arora
Vice President
Apex Chamber of Commerce & Industry of NCT of Delhi
A-8, Naraina Industrial Area, Phase-II,
New Delhi – 110 028.

33. Mr. S. P. Pradhan
Vice President
Resident Welfare Association Pocket-J (Regd.)
J-342, Sarita Vihar,
New Delhi – 110 076.

34. Mr. C. S. Bakshi
ABC&H Block Welfare Association
Panchseel Vihar,
C-77, Panchsheel Vihar,
New Delhi – 110 017.

35. Mr. A. P. Handa
General Manager (Fin.)
Mahanagar Telephone Nigam Ltd.
Office of the Executive Director,
K. L. Bhawan,
New Delhi – 110 050.

BSES RAJDHANI POWER LTD. NEW DELHI

36. Mr. Rakesh Kacker, IAS
Chief Executive Officer
Indian Wind Energy Association,
PHD House, 3rd Floor,
Opposite Asian Games Village,
Siri Fort Road,
New Delhi – 110 016.

37. Sri Ram Khanna
Sr. Vice Chairman
Voice Society,
441, Jangpura,
Mathura Road,
New Delhi – 110 014.

38. Mr. B. B. Das
J-373, Sarita Vihar,
New Delhi – 110 076.

39. Mr. H. L. Kalsi
E-265-268,
Ramesh Nagar,
New Delhi – 110 015.

40. Mr. Samir Kr. Kundu
Residents Welfare Association Pocket-52 (Regd.)
52/55, C. R. Park,
New Delhi – 110 019.

41. Mr. O. P. Kapoor
Mayapuri Industrial Welfare Association (Regd.)
MIWA Bhawan,
Central Park, Block-B,
Mayapuri Phase-1,
New Delhi – 110 064.

42. Mr. Satya Pal
Gen. Secretary
DVB Engineers Association,
42, DESU Colony, Janakpuri,
New Delhi – 110 058.

43. Er. Sarbajit Roy
B-59, Defence Colony,
New Delhi – 110 024.

44. Mr. N. C. Joshi
General Secretary
Federation of East of Kailash & Kailash Hills Residents' Welfare Association: New Delhi (Regd.)
B-41, East of Kailash,
New Delhi – 110 065.

45. Mr. Vikram Singh Dabas
Secretary
Sunny Valley CGHS Ltd.,
Plot No. 27, Sector-12,
Dwarka,
New Delhi.

46. Mr. H. D. Joshi
Hon. Genl. Secretary,
Federation of Delhi Small Industries Association
A-72, Naraina Industrial Area, Phase-I,
New Delhi – 110 028.

47. Mr. N. K. Jain
Secretary Gen.
The Federation of RWAs of Vasant Kunj (Regd.),
C-2/2331, Vasant Kunj,
New Delhi – 110 070.

BSES RAJDHANI POWER LTD. NEW DELHI

48. Mr. Anil Sharma
Hony. Secretary,
Chetna,
A-417 – 418, Somdutt Chambers-I,
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J U D G M E N T

Justice Manju Goel, Judicial Member

The appellant is a company engaged in the business of distribution and retail supply of electricity in the specified areas of south and south-west of Delhi and is a successor entity of the erstwhile Delhi Vidyut Board (DVB). The appellant has challenged the tariff order dated 23.02.08 whereby the Delhi Electricity Regulatory Commission (the Commission for short) has passed an order on determination of Aggregate Revenue Requirement (ARR) of the appellant for the FY 2008 to 2011 and the distribution tariff for the period of 01.03.08 to 31.03.09 for which the appellant had filed petition No. 51 of 2007. The appellant alleges that the Commission has disallowed the projections made by the appellant and in the process has caused a loss of Rs.886.07 Crores in the FY 2008 and Rs.1458.65 Crores in the FY 2009. The disallowance made by the Commission has been broken up in three parts, namely:

(a) Those relating to truing up by the Commission pursuant to the orders of this Tribunal as well as of the Supreme Court, pertaining to the period covered by policy direction dated 22.11.01 i.e. FY 2003 to 2007 (policy direction control period),

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(b) Incorrect calculations for the base year 2007 (base year calculations) which have a bearing on the expenses allowed for the FY 2008-11 (MYT period)

(c) Disallowance of reasonable projections made by the appellant for the Multi Year Tariff (MYT) period.

02) The claim of the appellant under different heads made in the present appeal can be narrated briefly as under:

Re. Power Purchase:

03) The appellant had purchased 8649 MUs and 9122 MUs of electricity in the FYs 2006 and 2007 respectively. For the subsequent years, covered by the MYT period, the Commission has approved power purchase quantum as 8515, 8849, 9244 and 9622 units during FY 2008, FY 2009, FY 2010 and FY 2011. The appellant contends that the power purchased for the years 2008 to 2011 would be higher than that of the previous years and more so because Delhi is going to host the Commonwealth Games in 2010 and is attempting to become a world class city. So far as sales figures are concerned, the Commission has also approved lower figures than what was projected by the appellant.

Re. Non-inclusion of Reactive energy charges and rebate arising out of timely payment made by the appellant, Delhi Transco Limited (DTL) towards power purchase cost:

04) The Commission has disallowed the reactive energy charges despite the appellant having paid the same. The Commission has also disallowed the payment made by it to the Delhi Transco Limited (DTL for short). The Commission has not decided the interpretation of the bulk supply agreement by the DTL but is continuing to disallow the amount paid by the appellant to the DTL on the excuse that the interpretation of the bulk supply agreement is sub-judice before it. The appellant paid Rs.0.66 Crores towards reactive energy charges in the base year. Non-inclusion of rebate for timely payment to DTL in the base year has caused a loss of Rs.6.39 Crores.

Re. distribution loss targets:

05) The appellant alleges that the target for loss reduction fixed by the Commission is unsustainable. For the FY 2006 and 2007, actual losses were to the tune of 38.68% and 35.63%. The targets for the FY 2008, 2009, 2010 & 2011 are 25.95%, 22.88%, 19.83% and 16.58% respectively. The appellant contends that in the year 2007, the distribution loss could be reduced by 3.05% and accordingly the target of 25.95% requiring the reduction by 9.68% is arbitrary and unreasonable. Similarly for the subsequent years the required loss reduction by 3.05% to 3.25% is said to be

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unreasonable and arbitrary and impossible to achieve. The appellant says that it has been gravely prejudiced by such unreasonable target set by the Commission.

Re. failure to relax AT&C loss level targets:

06) The appellant requested the Commission to reduce the targets set for reduction of AT&C losses. However, the Commission maintained the same targets, namely 17% to be achieved by the end of the MYT period. It is contended that the loss levels for the appellant and NDPL in the base year (FY 2007) were 29.92% and 23.73% respectively and therefore, to bring down the loss level to 17% by the end of the MYT period would mean a much higher effort on the part of the appellant than on the part of NDPL. The NDPL would have to reduce loss by 6.7% whereas the appellant would have to reduce loss by 12.92%. The appellant alleges that level playing field has been denied to it. The appellant prays for a target which can be projected keeping in view the network condition, geographical spread, consumer mix, unauthorized areas/usages, approved Capex and recommendations of the task force (Abraham Committee).

Re. capital expenditure and capitalization of disallowance:

07) The Commission has allowed capital expenditure to the tune of Rs.1654 Crores as against capital expenditure of Rs.1834 Crores

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for the period 2002-03 and 2006-07. In addition to the above disapproval, the Commission in approving the capital expenditure for the years 2007-08 and 2008-09 has also reduced Rs.231 Crores pertaining to material purchased from M/s. REL in addition to similar denial of Rs.180 Crores relating to the period of FY 2004-05. The disallowance on account of purchases made from M/s. REL was not unanimous. Reduction in approved capital expenditure and capitalization influences other factors like depreciation, return on capital etc. The appellant contends that although the capital expenditure made by the appellant has benefited the sector by lowering AT&C loss levels, the Commission has disallowed the capital expenditure as pass through in tariff. Further, some amount of capital expenditure has been disallowed on account of non-approval by the Electrical Inspector. Non-approval, it is alleged, was solely on account of shortage of staff in the office of Electrical Inspector. The non-approval on account of want of certification has caused a denial of capitalization to the tune of Rs.787 Crores which is not on account of any fault on the part of appellant. Apart from the above for other reasons not disclosed in the tariff order certain capital expenditures have been denied to the tune of Rs.47 Crores.

<u>Re. lower approval of capitalization from fresh investment during MYT period:</u>

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08) The appellant contends that most capitalization schemes executed by it are completed within a year but the Commission has approved of a low capitalization schedule. It is further contended that on account of low capitalization schedule the Commission has failed to carry forward the un-capitalized investment out of fresh investment to be made by the appellant to the next financial year thereby denying the appellant the benefit of a higher RoCE and depreciation.

Regarding impact of lower approval of capital expenditure and capitalization on RoCE and RRB:

09) The Closing RRB for the FY 2006-07 of the appellant has been approved as Rs.967.06 Crores whereas the appellant had proposed a figure of Rs.2284 Crores. It is alleged by the appellant that this RRB completely disregards the investment made by the appellant in the sector over five years. It is further alleged that RRB approved is even lower than opening base of equity and loan as per the transfer scheme prepared at the time of privatization in 2002. On account of approval of lower RRB, the appellant claims that it has been denied the return assured at the time of bidding for the distribution business of the appellant.

Regarding Administrative and General Expenses (A&G):

10) The appellant claims to have incurred expenditure of Rs.37.37 Crores towards A&G expenses in the FY 2004-05. The Commission

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has allowed Rs.26.98 Crores. It is alleged that the Commission has done a second truing up of A&G expenses for the FY 2004-05 in its tariff order for the FY 2006-07 which is not permissible.

11) Apart from this the Commission has deducted a sum of Rs.4.26 Crores incurred by the appellant as "one time expense" in the FY 2007 which the appellant claims to be against the provisions of MYT Regulations. According to the appellant this amount was prudently spent and was also approved of by the Commission.

Non-inclusion of any amount towards the additional power purchase obligations:

12) The appellant contends that it has discharged the power purchase obligations from 01.04.07 onwards which involves an additional expenditure under various heads. The appellant's grievance is that the Commission has failed to provide for any amount either to facilitate power purchase obligations or for the new initiatives envisaged in the MYT petition or for the growing consumers that the appellant has to cater to during the MYT period. The disallowance of A&G expenses for the FY 2007 was Rs.9.5 Crores while for the other subsequent years it has been determined as Rs.8.64 Crores, Rs.8.9 Crores, Rs.9.28 Crores and Rs.9.24 Crores respectively.

Disallowance on account of employee expenses:

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13) The appellant has alleged that the Commission has illegally disallowed the claim of the appellant under the head of employee expenses: (i) by refusing the payment made towards the terminal benefits (gratuity etc) by the appellant for the employees who opted for the Voluntary Retirement Scheme (VRS) offered by the appellant despite the payment having been made pursuant to the order of Hon'ble Delhi High Court, (ii) Disallowance of raise in the salaries as per industry practice and (iii) Disallowance of the projections made by the appellant, made for increase in the employees and consequent increase in salaries due to additional power purchase obligations to be discharged by the appellant w.e.f. 01.04.07 and increase in consumer base for the appellant.

Disallowance of R&M expenses:

14) R&M expenses disallowed for the FY 2004-05, 05-06 and 06-07 has been to the tune of Rs.13.01 Crores, Rs.1.85 Crores and Rs.18.51 Crores respectively. The denial of R&M expenses above is also on account of second truing up which the appellant resents. The Commission disallowed R&M expenses for the FY 06-07 on the pretext that the appellant did not take prior approval of DERC. The appellant contends that the demand of the Commission of prior approval is contrary to the understanding of the practical realities of the operations of the appellant although the Commission does not say that the expenditure incurred under this head was un-

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necessary or imprudent. The appellant further contends that disallowance of R&M expenses for the FY 2004-05 to 06-07 has impacted the R&M expenses for the period of 2007-08 to the year 2010-11 as the MYT Regulations 2007 requires the R&M expenses for the control period under the MYT regime to be determined based on the formula of $R\&M_n = k * GFA_{n-1}$, where 'k' is a constant expressed in percentage governing the relationship towards the R&M costs and gross fixed assets for the n^{th} year. The Commission, it is alleged, has considered the value of R&M expenses with the incorrect truing up for the FY 2004-05, 06-07 and has not considered the actual expenses incurred by the appellant as per this audited accounts. It is further alleged by the appellant that the Commission has not included any amount in the MYT period on account of uncontrollable factors like raw material prices. Similarly, employee expenses which went up on account of the Sixth Pay Commission's recommendations were also uncontrollable factor which should also have been taken into consideration.

Depreciation:

15) The appellant contends that it should have been allowed depreciation @ 7.5% whereas the Commission has allowed depreciation only @ 6.69% on an erroneous interpretation of the Hon'ble Supreme Court in a judgment reported at 2007 3 SCC 333. The appellant has offered the Fixed Asset Register (FAR) and claims

that depreciation be calculated on each asset separately on the basis of its expected useful life.

Erroneous calculation on account of Advance Against Depreciation (AAD) for the MYT period:

16) The appellant claims that it has suffered a loss of Rs.128 Crores on account of incorrect calculation of AAD.

Lower approval of interest rates on loans to be raised by the appellant:

17) The Commission has stipulated a uniform interest rate of 9.50% for all loans that the appellant may raise during the MYT period although it has kept a scope of truing up. The appellant contends that it is not likely that all its lenders will charge interest @ 2.75% below PLR (Prime Lending Rate) and that the assumption of the Commission is based on a small percentage of loan which the appellant has been able to secure at such rate. The appellant demands that the interest rate to be applied on the loans to be taken should have been at least equal to prime lending rate.

Inclusion of sundry creditors as source of means of finance:

18) The appellant contends that the methodology for determination of means of finance available to the appellant was laid down by the Commission in its tariff order dated 26.03.03 as well as in the subsequent tariff orders but for the period in question the Commission has altered the method of calculating means of

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finance. According to the appellant the Commission has incorrectly deducted an amount of Rs.20.77 Crores on account of sundry creditors from the figure of net capital expenditure totaling Rs.336.29 Crores for the FY 2006-07 while truing up in the impugned order and for the FY 2007.

19) The Commission has appeared to defend its order. The Commission has also filed written submissions on each of these aspects to justify its order. The view of the Commission and our analysis of the impugned order will appear in our discussion hereinafter. A large number of consumers have been arrayed by respondents in the appeal. Some of them have taken keen interest in the case and have also filed written submissions. We have heard and considered the views expressed by them.

Decision with reasons:

Sales projections and power purchase:

20) The appellant in the MYT petition for the FY 2007-08 to 2010-11 submitted the actual sales figures in the year 2007 which was 5872 MUs. The appellant estimated the growth rate of 11.67% and estimated sales of 6557 MU for the FY 2008. The appellant's projection of 11.76% was based on actual sales for the period of April to November, 2006 and April to November, 2007. For the FY 2009, the appellant estimated 9.8% growth over the sales of FY

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2008. The estimated sale further was 7201 M.unit. The appellant claims that it had undertaken category wise energy study for the energy requirement. The energy required estimated for the individual categories were thereafter added up to reach the figure of 7201 M.units. The appellant claims that it had also kept in mind the sales to increase on account of Commonwealth Games, construction of Delhi Metro Phase-II, construction of new domestic/international airport and other major consumers like Malls, Hotels etc. The projected sales lead to calculation of expected purchase of power. Expected purchase of power will depend upon the expected sales as well as expected loss during distribution which may include the technical loss as well as commercial loss. The estimation affects the appellant in as much as the estimated cost of power purchase will depend upon the estimated sales. The Commission estimated sales for the FY 2008 at 6305.22 MU for 2009 at 6823.89 MU for 2010 at 7411.14 MU and for 2011 at 8025.99 MU.

21) For estimating sales, the multi year tariff Regulation has the following provision:

> *"The Commission based on the licensee's filings shall examine the forecasts for reasonableness and consistency and shall approve the sales forecast for each year. The*

sales shall be treated as un-controllable. The open access transactions shall not form part of sales. Power purchase quantum and the cost for any financial year shall be computed on the basis of AT&C loss targets and estimated sales".

22) The Commission has made the following analysis:

"Commission's Analysis

4.11 While projecting the energy sales of the Petitioner during the Control Period, the Commission has analysed the sales projection made for Delhi in the 17th Electric Power Survey (EPS) by CEA. The energy sales projections submitted by the Petitioner were much lower than the 17th Electric Power Survey (EPS) sales projection. In previous two years i.e. FY06 and FY07, the total sales in Delhi were much lower than the energy sales projected in the 17th EPS. Therefore the Commission has decided to forecast sales figures for the Control Period using past trends and projections made by the Petitioner.

4.12 The Commission has analysed the sales projected by all the distribution licensees for the Control Period. The Commission has observed that the energy sale in *the previous years of all the licensees does not show a uniform trend. Therefore, the Commission has considered the consolidated sales of a specific category (i.e. Domestic, Industrial, Commercial etc.) of all the three DISCOMs namely, BRPL, BYPL and NDPL and has forecasted the same for the Control Period by considering an appropriate growth rate based on the past trends. The Commission has, thereby, calculated the weighted average share of sales of each distribution company in FY06 and FY07 in a particular category and has allocated the consolidated sales forecasted for that category to the respective distribution company in the proportion of its weighted average share.*

4.13 For deciding the appropriate growth rate for forecasting the energy sales for a particular category, the Commission has analysed the year-on-year variations in sales as well as the short term and long term trends in sales. The Commission has computed the CAGR for 2 years to 12 years duration. The Commission has, thereafter, considered the appropriate CAGR depending upon the consumer

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categories, consumption trend in recent period, excluding the abnormal variations."

23) The Commission has also examined the trend of sales for different categories of consumers like domestic consumers, non-domestic consumers, industrial, public lighting, agriculture and mushroom cultivation, railway traction, DMRC and others. The appellant has challenged the projections made by the Commission on the following grounds:

a) The approved sales by the Commission are in complete disregard of the statutory obligations of the DISCOMs under section 43 of the Electricity Act, 2003.

b) The same growth rate was projected by the appellant for 2007-08 in the MYT period which was ignored by DERC. However, without stating any reason DERC has lowered the projected growth rate and,

c) The un-reasonable rejection of anticipated expenditure is in disregard of the ATE's order in appeal No. 266 of 2006 namely that the

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Commission should accept the projection of the appellant unless it has reasons to differ.

24) Section 43 requires a distribution licensee to supply electricity to a new applicant within a month of the receipt of the application requiring such supply. The ATE's order in appeal No. 266 of 2006 advised the Commission to accept the anticipated expenditure as stated by the utility unless the Commission has reasons to differ with the utility. That judgment dealt with the action of the Commission by which the Commission arbitrarily reduced the projected figures of expenditure without giving any reasons for substituting its own estimation against those of the utility.

25) The Commission contends that the formula applied by it in projecting year on year growth and arriving at a final approved figure are reasonable and based on the methodology adopted by it. The DERC has also submitted in reply that it has taken into consideration the expected increase in consumption by DMRC as well as by the Commonwealth Games. The expected consumption of DMRC has been estimated on the basis of data supplied by DMRC. Increase in consumption, on account of games, are reflected in the expected increase in the consumption of commercial and public lighting category etc. The appellant, however, disputes the projections made by the Commission and considers the

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projections to be on the lower side. The appellant also disputes the methodology, namely projection of sales of all DISCOMs together and dividing the total projection amongst the DISCOMs on the basis of the proportion of their business.

26) The projection of sale in the area of the licensee depends on the peculiar situation which obtains in the area of the licensee. We are unable to approve the methodology adopted by the Commission which projects the sale of all the DISCOMs together and divides the projection amongst the areas of the different licensees depending upon the proportion of their business. The actual figures for 2007-08 have been submitted to the Tribunal. The actual figures do not tally with the estimation of either the Commission or that of the appellant. Neither of the two estimations is too far from the actuals. We do feel that the Commission should determine the sale projection based on the data of a particular area of each distribution agency rather than taking into account the data of the entire city. While doing so the Commission should pay due regard to the projections made by the licensee who is responsible for supplying electricity to the consumers in its area and also has to face the consequences of failure in discharging his responsibility.

27) For the year in question, the Commission has to make up the difference in projection and actual in the truing up exercise.

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However, it will do well if it abides by our advice for the remaining MYT period.

Distribution loss and AT&C Losses:

28) The distribution loss target for the FY 2007-08 fixed by the Commission is 25.95%. The trajectory set for the MYT period is 25.95 for the FY 2007-08 and for the next years 22.88%, 19.83% and 16.58%. It is contended that the previous achievements of the appellant have been far less than what is being expected by the trajectory set down and that the target given is not possible to achieve. It is alleged that the trajectory requires the appellant to reduce loss by 3.05% to 3.25% for the remaining period of the MYT period which is not possible for the appellant to achieve. Further it is submitted that the AT&C loss levels required to be achieved as per the MYT Regulations are unrealistic and contrary to ground reality in India. It is contended by the appellant that it had urged DERC to consider fixing of levels for such loss for the MYT period on network conditions, geographical spread, consumer mix, unauthorized area/ usage/approved Capex and recommendations of Abraham Committee report as well as empirical data on loss reduction of various urban utilities but the Commission failed to reconsider the target set for the AT&C loss reductions. The Commission has drawn our attention to the MYT Regulations for

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AT&C loss targets. The Regulation No. 4.7 and 4.8 of the MYT Regulations are extracted below:

> *"4.7 The Commission shall set targets for each year of the Control Period for the items or parameters that are deemed to be "controllable" and which include;*
>
> *(a) AT&C Loss, which shall be measured as the difference between the units input into the distribution system and the units realized (units billed and collected wherein the units realized shall be equal to the product of units billed and collection efficiency;*
>
> *(b) Distribution losses, which shall be measured as the difference between total energy input for sale to all its consumers and sum of the total energy billed in its Licence area in the same year,*
>
> *(c) Collection efficiency, which shall be measured as ratio of total revenue realized*

to the total revenue billed for the same year. The revenue realisation from arrears relating to the DVB period, electricity duty and late payment surcharge shall be included for computation of collection efficiency;

4.8 The target AT&C loss levels to be achieved by the Distribution Licenses at the end of the Control Period shall be as follows:

(ii) BRPL – AT&C Loss level shall be at 17 percent;

Provided that the year wise loss reduction trajectory for the Control Period shall be fixed for the Distribution Licensee in the Multi Year Tariff Order for 2007-08;

Provided that profits arising from achieving loss level better than specified in the loss reduction trajectory shall be equally shared between the Licensee and Contingency Reserve;

Provided that profits arising from achieving loss level better than 15% in any year shall be completely to the account of the Licensee;

Provided that the loss targets and year wise loss reduction trajectory for subsequent Control Periods shall be specified by the Commission before the start of each Control Period

(iii) BYPL – AT&C Loss level shall be at 22 percent:

Provided that the year wise loss reduction trajectory for the Control Period shall be fixed for the Distribution Licensee in the Multi Year Tariff Order for 2007-08

Provided that profits arising from achieving loss level better than specified in the loss reduction trajectory shall be equally shared between the Licensee and Contingency Reserve;

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Provided that profits arising from achieving loss level better than 20% in any year shall be completely to the account of the Licensee:

Provided that the loss targets and year wise loss reduction trajectory for subsequent Control Periods shall be specified by the Commission before the start of each Control Period:

4.9 Any financial loss on account of under performance with respect to AT&C targets shall be to the Licensee's account."

29) So far as transmission and distribution losses are concerned, the Commission contends that such loss (T&D Loss) is a mere derivative figure derived as a relationship between AT&C loss level and collection efficiency. It is contended by the Commission that in the impugned tariff order the Commission has projected AT&C loss reduction targets as per MYT Regulations 2007. Thus the Commission has considered 12.92% reduction in the AT&C losses (29.92% in the FY 2007 to 17% in the FY 2011) during the control period. The Commission has also considered reduction of 25% of total AT&C reduction target in each year of the control period. Further as specified in the MYT Regulation 2007, the appellant has

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to achieve a minimum of 20% of the total AT&C loss reduction target for the control period in any year of the control period. The appellant has contended that the Commission has shown a more favourable disposition towards the other distribution licensees in Delhi namely North Delhi Power Limited (NDPL) for whom the AT&C reduction has been fixed at 6.7% i.e. from 23.7% to 17%. In response the Commission contends that both the NDPL and BRPL started with the same level of losses in 2002 when privatisation was introduced and that NDPL could reduce losses more quickly than the appellant BRPL and therefore at the beginning of the control period whereas BRPL had a loss level of 29.92%, NDPL had loss level of 23.73%. It is contended by the Commission that at the time of privatization, the companies had given bids knowing fully well the ground reality, the loss levels as well as the possibilities of reduction in loss levels and therefore their present plea that the targets set were not achievable cannot be considered.

30) As can be seen from Regulations quoted above, the Commission is doing nothing other than enforcing the Regulations. This Tribunal is not empowered to find flaw with the regulations nor is any such challenge within the scope of the present appeal. The appellant contends that the appellant is not challenging the Regulations. The appellant's grievance in this appeal is that the Commission instead of following the Regulations should have

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exercised its discretion to amend the Regulations. The appellant further contends that the Commission's reasoning that T&D loss trajectory can be derived from AT&C loss levels given in the MYT Regulations is incorrect. The appellant contends that the targets suggested by the appellant of 4.5% should have been accepted by the Commission.

31) Not much discussion is necessary on this issue. The MYT Regulations are binding on the Commission as well as on the appellant. What the Commission has done is within the scope of the MYT Regulations. The appellant can have grievance only if the target set by the Commission were not within the parameters of the MYT Regulations. The appellant does not dispute that the targets set are possible within the MYT Regulations and are as per the MYT Regulations. The order of the Commission is legal and valid when compared with the Regulations.

32) There is however, no bar on the Commission reconsidering the target that has been set and amend the relevant Regulation, if necessary. The target for MYT period needs to be set on the basis of losses at the beginning of the MYT period and not on the basis of loss level on the date of privatization when the policy target period began. The consequences of failure or success in reaching the loss reduction target have already been borne by the licensee. Hence

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reference to the initial level of loss at the time of privatization is not necessary. The Commission may itself consider the plea of any amendment in the target set in this regard in case the appellant makes out a case. Therefore, we direct that the appellant may make an appropriate representation to the Commission in this regard within one month hereof and that if a representation is so made the Commission shall dispose it of in two months.

Capital expenditure and capitalization disallowance, lower approval of capitalization from fresh investment during the MYT period and impact of lower approval of capital expenditure and capitalization on ROCE and RRB:

33) The Commission in the impugned order has allowed capital expenditure to the tune of Rs.1654 Crores as against alleged capital expenditure of Rs.1834 Crores for the period - FY 2002-03 and FY 2006-07 of the total disallowance for this period. Rs. 133 Crore was on account of transactions with REL. Further for the FY 2007-08 and FY 2008-09 the Commission has reduced the figure of capital expenditure by Rs.231 Crores pertaining to material purchased from M/s. REL relating to the period of 2004-05. Disallowance of capital expenditure claimed by the appellant has not been unanimous. The Commission's order in this regard has been passed by using the casting vote of the Chairman under section 92 of the Electricity Act 2003. It is contended by the appellant that the capital expenditure made by the appellant has benefited the sector by ensuring lowering AT&C loss levels and therefore the capital

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expenditure should have been allowed as pass through. The total denial of capitalization on account of delay in certification by Electrical Inspector is to the tune of Rs.787 Crores. Some of the capital expenditure has been disallowed on account of failure of the Electrical Inspector to grant approval which is entirely on account of shortage of staff with the Electrical Inspector. The total denial of asset capitalization on account of transaction with the sister concern namely REL is Rs.364 Crores. Apart from that denial of account on other reasons is Rs.47 Crores. Apart from the above, the Commission has approved lower capitalization schedule for the appellant, which has resulted in denial of higher ROCE and depreciation. By the impugned order the closing RRB for FY 2006-07 has been estimated at Rs.967.06 Crores. This is taken as a base figure for approving return and interest. According to the appellant this is in stark deviation to the submissions of Rs.2284 Crores as RRB, proposed by the appellant. According to the appellant the closing RRB for 2006-07 is fixed lower than the opening base of equity and loan as per the transfer scheme prepared at the time of privatisation in 2002. The appellant alleges that the impugned RRB disregards the investment made by the appellant in the sector over five years.

34) We will first take up the issue of disallowance on account of the purchases made from the related party i.e. REL. As stated

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above, the Chairman and the Member of the Commission viewed the issue differently. The Chairman observed that the REL had purchased the commodities supplied to the appellant and so the appellant can prudently claim the value for which the REL purchased those commodities plus a reasonable margin which he assessed as 5% of the purchase price. The Member of the Commission has not joined the Chairman on this opinion but has himself not come up with some other assessment. Nor does he say that the expenditure claimed by the appellant in this regard deserves to be approved in toto. Be that as it may, the appellant has challenged the impugned order on the ground that the Chairperson of the Commission did not have any right of a casting vote and hence the view of the Chairman could not become the views of the Commission. The appellant submits that the exercise of tariff fixation is in the nature of judicial proceedings which does not allow any room for a casting vote. According to the appellant, the provision of a casting vote DERC (Conduct of Business) in the Regulations is applicable only in administrative matters and cannot be applied in the matter of tariff hearing or tariff fixation.

35) The Commission on the other hand reiterates the validity of the casting vote. The Commission also justifies reduction of the capital expenditures claimed by the appellant. In the first place, the Commission has drawn our attention to section 92 of the

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Electricity Act 2003. Section 92 deals with proceedings of appropriate commissions. The Section 92(3) deals with the manner in which decisions have to be taken by the Commission. The same is as under:

> *"92(3) All questions which come up before any meeting of the Appropriate Commission shall be decided by a majority of votes of the Members present and voting, and in the event of an equality of votes, the Chairperson or in his absence, the person presiding shall have a second or casting vote."*

36) The term proceeding has again been defined in DERC's Conduct of Business) Regulations 2001. 'Proceeding' means and includes proceedings of all nature that the Commission may hold in discharge of its function under this Act. The appellant contends that section 92(3) does not apply to tariff proceedings. The Regulations of 2001 are saved by section 185 of the Electricity Act 2003. The earlier Act, Delhi Electricity Reforms Act 2000 (DERA) had a provision in section 9 where a Chairman was excluded from the right of a casting vote. However, section 185 does not save the provision of section 9 of DERA since that is inconsistent with section 92(3) of the Act. It is contended on behalf of the appellant

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in this regard that a casting vote is available only in administrative matters and not in matters of tariff fixation. Our attention is drawn to the two words "meeting" and "hearing" and it is submitted that tariff fixation is a process of hearing rather than a process of meeting. These two words have been used in the Regulation 9 of the erstwhile DERC (Conduct of Business) Regulations 2001. It is true that when two words are used they should have different meanings. However, in the present case, the more important word is "proceedings" of the appropriate commissions. The section 92 begins with the caption "proceedings of the appropriate commission". The provision of section 92 only uses the word meeting. It is nobody's case that tariff fixation process is not proceedings. The proceeding is a larger word which includes in its compass meeting as well as hearing. In any case section 92, properly read, includes the proceedings of tariff fixation.

37) It is pertinent to note that the appellant does not come forward with any solution in which the Members of a Commission are equally divided on any issue relating to tariff fixation. In our opinion, the only possible view is that in such situations section 92(3) of the Act has to be applied and the Chairman has to be given a casting vote.

View of the Commission regarding purchases made by BSES Rajdhani Power Ltd. and BSES Yamuna Power Ltd. from group company Reliance Energy Ltd. (REL):

38) So far as the disallowance of related party transactions are concerned, the Chairperson and the Member has taken two divergent views:

39) We find that most comprehensive way of giving the view of the Commission which is in fact the view of the Chairperson (dissented by other Member) is to reproduce the relevant part of the Commission's findings.

> *"1. BSES Rajdhani Power Ltd. (BRPL) and BSES Yamuna Power Ltd. (BYPL) are engaged in Distribution of Electricity at Delhi. These are group companies of Reliance Energy Ltd. (REL) formerly BSES Ltd. During the years 04-05 and 05-06, both BRPL & BYPL made extensive purchases of capital goods from REL at rates considered exorbitant by the Commission, resulting in transfer of substantial funds from these companies to REL by way of profit on sale of the capital goods. The purchases of these materials made by the two companies from REL during 2004-05, as per the trading account of REL,*

EPC Division (copy already furnished to the two companies), were as under:

Year	*BRPL*	*BYPL*
04-05	*868.69*	*364.87*

The purchases of such goods made from REL in 05-06, as per the details furnished by BRPL & BYPL, were as under:

Year	*BRPL*	*BYPL*
05-06	*103*	*92*

(In Rupees Crores)

In addition, the two companies paid the following amounts to REL for services rendered for installation, erection and commissioning of the capital equipment purchased from REL in 2004-05 and 2005-06, as per information furnished by these two companies:-

Year	*BRPL*	*BYPL*
04-05	*-Nil-*	*-Nil-*
05-06	*178*	*76*

(In Rupees Crores)

2. *For the year 04-05, the companies purchased capital goods from REL for Rs.1233.56 crore in respect of which the purchase price of REL was only Rs.731.60 crore (opening stock + purchases – closing stock as per the Trading Account of REL, EPC division) giving a profit of Rs.501.96 crore. In other words, REL sold the capital goods to BRPL & BYPL at a price 68%*

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higher than their purchase price. The purchases from REL by the two companies during 05-06 are less but the position of percentage of profit passed on to REL would be about the same as for 2004-05 as the purchases were made at about the same rates.

3. *The profit passed on by the two companies to their group company namely REL being clearly excessive, the Commission vide letter dated 02.06.2006 directed the Distribution Companies at Delhi to take prior approval of the Commission for any financial transaction in respect of capital goods, with their group companies exceeding Rs.1 crore. Also, vide letter dated 30.6.2006, the three distribution companies at Delhi namely BRPL, BYPL & North Delhi Power Ltd. (NDPL) were required as under:*

"During the public hearing which were conducted by the Commission for the ARR petitions for 2006-07, one issue which was raised by several stakeholders was that of business transactions of the Distribution Companies in the NCT of Delhi with their sister concerns/group companies. Specifically, the view which was being projected by the stakeholders was that the Distribution Companies in Delhi are entering into business transactions with their sister concerns/ group companies

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which are enriching such Companies at the cost of consumers in the NCT of Delhi.

2. Recently, the Commission had issued directions to the Distribution Companies vide its letter of 2.6.2006 directing that all transactions with sister concerns/group companies exceeding a sum of Rs. 1 crore may be entered into only after prior approval of the Commission.

3. The Commission has now directed that the total amount of the transactions with sister concerns/group companies, financial year-wise and company-wise, w.e.f. 1.7.2002, be reported to the Commission within the next two weeks. The profit margin of the sister concerns/group companies on the transactions may also be indicated"

4. *Both the BSES companies submitted similar replies through letters dated 27.07.2006 stating inter alia:*

"The Company had taken due care in awarding the contracts on basis of competitive pricing, services, extended warrants etc. therefore, we do not feel that the sister/group companies would have earned anything but a small reasonable margin like any other vendor. However, we are not in a position to provide their profitability figures in this connection as these are not available to us."

5. *It was further mentioned that REL is a reputed company in this field having the requisite experience. It was also contended that "the entire capital expenditure has been subjected to the scrutiny and approval process by the Commission."*

6. *BRPL & BYPL purchasing the capital goods from REL at a price 68% higher than its cost, cannot be said to be "a small reasonable margin like any other vendor" earned by REL. Whether REL is a reputed company is not relevant to the issue under consideration. The Commission (DERC) approves capital investment schemes considering mainly the following:*

   a) *necessity*
   b) *overall suitability*
   c) *Pay back period*
   d) *Whether the scheme fits into Central Electricity Authority's (CEA's) over all system planning study for Delhi*
   e) *Whether infeed to the new substation proposed will be available from Delhi Transco's system*
   f) *Whether it meets at least the near future demand growth projections*

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7. *Approval by the Commission of a capital works scheme initially, before implementation, is only on an estimate basis. For approval of capital expenditure/ capitalization, after implementation of a scheme, actual expenditure is taken after a prudence check. If the actual expenditure is found to be inflated, whether by inflating the cost by making purchases from group companies at high rates or otherwise, then the same is corrected.*

8. *It may be worthwhile to state that hundreds of capital works schemes are submitted to DERC in an annual year. A detailed booklet is filed in respect of each scheme. There is no system or procedure in DERC to check the rate of different items of purchase numbering thousands after making market surveys or otherwise. It is not possible for any regulatory Commission to check the rates. Moreover, the rates quoted by manufacturers for bagging large orders of the kind under consideration, are always appreciably less than market prices. Therefore, it would be almost impossible to independently verify the rates of such large purchases without floating a*

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similarly large tender at about the same time. In fact, the purchases made by REL are the best indication of market prices of the time, in such large tenders. There can be no better proof of the distribution companies making these purchases at rates much higher than market rates. Thus the claim (by implication) that the purchase rates were checked and approved by the Commission is totally incorrect.

9. *The claim of BRPL & BYPL that they cannot provide the profitability figures of group company REL with respect to these transactions, was also not considered satisfactory as REL is a group company. It is unlikely to have been difficult for BRPL & BYPL to obtain this information from a group company, had they wanted. The promoter of REL, BRPL & BYPL is the same.*

10. *The Commission being not satisfied with the reply, the two companies were informed accordingly vide letter dated 14.08.2006. All the evidence available with the Commission (13 pages) regarding the excessive profit earned by REL was sent to the two companies and the companies were required to file a*

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reply. This letter of the Commission was to the following effect:

"The Commission has gone through the contents of the above mentioned correspondence and is not able to appreciate the stand taken by you that the company is not in a position to provide the profit margin of the Group Companies/Sister Companies in respect of their transactions with you. Within the same group, such information should not be difficult to obtain.

Insofar as the profit margin of Reliance Energy Ltd. in respect of supply of capital goods to you is concerned, the Commission has come across evidence to indicate that the goods were sold to you at a price more than 60% higher than their purchase price, which in the opinion of the Commission is excessive. A copy of the documents available with the Commission in this regard, is enclosed. It is not clear as to whether Reliance Energy Ltd. had also purchased some of these goods from/through a group company/sister concern."

11. Both BRPL & BYPL replied vide their similar letters received in the Commission on 29th & 30th of Aug. 2006 respectively. In this reply, they firstly wanted to know from where the Commission had obtained the trading account of REL supplied to them. They *were perhaps hoping the transaction in question would remain secret.*

12. *They have not questioned the authenticity of the documents forwarded to them, which stands confirmed by the VAT Department of Govt. of NCT of Delhi from the VAT return filed by REL (EPC Division). They also reiterated their earlier stand that the capital goods were procured from REL on the basis of competitive pricing and also stated that in 2004-05, only accounting entries were made and that most of the capital goods purchased from REL in 04-05 were used for implementing schemes in 2005-06 and accordingly 2004-05 and 2005-06 should be considered together.*

13. *…*
14. *…*
15. *…*
16. *It is obvious that substantial funds of the two distribution companies have been passed on to REL through purchase of the capital goods at exorbitant prices, giving REL a mark up of about 68% over their purchase price. REL cannot, therefore, be said to*

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have earned 'a small reasonable margin like any other vendor' as claimed by the two BSES Companies in their letters dated 27.7.2006, extract from which has been reproduced at Para 4 above.

17. *The burden of this excessive profit passed on to REL cannot be allowed to be passed on to millions of electricity consumers of Delhi, most of whom are poor. More than 50% of the electricity consumers at Delhi consume less than 200 units per month. BRPL & BYPL are public utilities and have to act more responsibly. .....*
18. *...*
19. *...*
20. *...*
21. *...*
22. *Restrictions are considered necessary on these companies for being instrumental in unjust enrichment of the group company REL at the cost of consumers of Delhi. It may be mentioned that in 2005-06, BRPL & BYPL paid another amount of Rs.254 crore to REL for services rendered for installation, erection and commissioning of some of the capital goods purchased from REL in 2004-05 &*

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2005-06 mentioned above. In view of the nature of this transaction and the manner of accounting of this income by REL, it is difficult to find out the profit passed on to REL through this route. Therefore, this transaction is not considered for making the disallowance mentioned in the subsequent paras."

40) It may be stated here that the response from the public had also attacked the purchases made from the group company and one of the demands raised was to recover the funds which had been 'siphoned' out by the two companies to REL.

41) The above clearly indicates that there were two types of transactions with the REL (EPC Division). One part of the transactions was purchases made from REL which were as under:

Year	*BRPL*	*BYPL*
2004-05	*868.69*	*364.87*
2005-06	*103*	*92*

42) The other transaction was for installation, erection, commissioning which is also generally called EPC or Engineering, Procuring and Construction. For such contracts REL received Rs.178 Crores from BRPL and Rs.76 Crores from BYPL in 2005-06. So far as EPC contracts are concerned the Commission has allowed the same. Therefore, there is no challenge on this aspect. Only

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challenge is in respect of the prices paid for material supplied by REL and purchases by the two appellants, BRPL and BYPL. There is no approved rate schedule ever issued by Commission in respect of the prices of any of the goods in question. Admittedly, none of the two appellant companies issued any tender with the REL before purchasing the goods. The Commission is duty bound to determine the best possible prices for these goods and to see that no extra burden is passed on to the consumers. The Commission says that the Commission has procured evidence of the actual prices of the goods at which the REL has purchased. The difference between the price at which the REL purchased the commodities and the price at which it sold to the two companies is found to be 60% of the purchased price. The Commission finds that this is entirely unreasonable. The Commission says that "in these kinds of transactions a profit margin of 5% is considered to be reasonable as a whole seller's margin is never more than those in larger transactions of these kinds where a middle man has only booked an order". The Commission thus says that out of the profit of Rs.878 Crores passed on to REL, only a profit of Rs.42.5 Crores can be allowed and the remaining Rs. 535 Crores is not allowed either for capital expenditure or asset capitalization. The year wise bifurcation of disallowance has been given as under:

Year	04-05	05-06	06-07	07-08	08-09
BRPL	3	61.46	68.79	121.76	109.15
BYPL	6.37	41.08	65.92	57.47	

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43) We have carefully gone through the dissenting view. The dissenting view, however, does not say that the prices supposed or purportedly paid by the two companies to REL was just and fair. It does not dispute that the two companies have paid to REL for the purchase made much higher than the price at which the goods could have been purchased in the market. The dissenting view, however, is only in respect of the manner in which the transactions have been scrutinised. The dissenting view has recalled powers of the Commission in respect of procuring evidence. It has recalled that certain commissions have engaged efficient staff to examine such transactions. The following part of the dissenting view can be quoted to fully appreciate the same:

> *"13. In the light of the provisions of the two Acts, license conditions and the order of the ATE, it becomes incumbent upon the Commission to examine and approve various schemes. I fully agree with the views of the Learned Chairman that it is an onerous task. Once the task is assigned to the Commission, it is expected that the Commission will equip itself to discharge such responsibilities. With the issues getting more and more complex, the Commissions would have to develop skills to handle such*

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problems. I understand that some of the Commissions have engaged Consultants to do such examination; some other Commissions have created additional posts to handle this task. Keeping all these factors in mind, I am of the considered view that it will be appropriate to provide for a provisional capital expenditure and capitalization for the years to which the related party transactions pertain or during the pre MYT period up to 2006-07 and carry out necessary physical verification of the assts, to verify the quantities of various equipment, material used in the completed schemes, which are proposed for capitalization, while doing this exercise, the Commission is also required to check the reasonableness of the prices to the best of its ability. We may have to depend upon services of other utilities like DTL for joint inspection of the site wherein we may associate even the Commission's officers. I have been advocating this principle for adoption in the Commission. The consumer interest is adequately protected even in this methodology in a lawful manner."

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"19. I have my respects to the intention expressed by Learned Chairman, but my difference is on the approach adopted by the Learned Chairman. The assessment and the inferences drawn generally and particularly in the draft opinion of Hon'ble Chairman does not add confidence to my conscience. The issues which have been relied by the Learned Chairman in his opinion and the conclusion which have been drawn by Learned Chairman are entirely based on different premises which I fail to agree in the present issue. In my view, it will be appropriate to follow the procedure explained in para 13 of this order and proceed further in the matter as per para 20.

20. The jurisdiction for undertaking such proper investigation regarding issues arising out of related party transaction needs to be established first and once the jurisdiction is established, the Commission can take this issue further for arriving at a logical conclusion while functioning as a Civil Court. In case jurisdiction is not clearly established, the matter has to be examined by the forum which has appropriate jurisdiction in such matters."

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44) Therefore the dissenting view is more in respect of the procedure adopted than with respect to the finding.

45) On behalf of the appellant it is contended that the methodology adopted by Chairman is erroneous therefore, the findings need to be set aside. It is contended by the appellant in this context that the audited accounts of the appellant separately discloses the related party transactions and the same was certified by external auditors and that the Board of Directors which unanimously approved the accounts included the nomination of National Capital Territory of Delhi as 49% stake holders. The appellant further contends that before executing the transactions in question the required permission of the DERC has been taken as the appellant was required to take approval of the Commission for all capital expenditure over Rs.2 Crores incurred by way of filing detailed project report with the Commission. The appellant further contends that no procedure has been laid down for entering into contract with related parties and that the requirement of specific approval of related party transactions was introduced only vide letter dated 30.06.06. Accordingly, it is claimed that DERC had no power to disapprove the related party transactions. According to the appellant, the Commission should have physically verified each asset and approved or disapproved purchases of items. The

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appellant further contends that the Commission should have compared the transactions in question with purchases made by the other distributing companies of similar items at a similar time.

46) It has to be understood that a regulator cannot check and verify every transaction of a licensee. It will also be absurd to think that a regulator can make physical inspection of the commodities purchased and should have been running about in the market to verify prices of each commodity running into thousands in number and to keep record of the market prices of those items. In the present case the regulator did serve the appellants with queries and gave opportunity to appellants to explain and disclose the prices at which they were obtained by the seller and the profit margin retained by the seller. The appellant did not dispute that the appellant is only entitled to the market prices. Undoubtedly the price at which REL has purchased is a market price. We must not lose sight of the fact that REL is merely a middle man and not a manufacturer of the product. Obviously a manufacturer or a trader from whom the REL has purchased has also charged the profit margin for himself. The purchase price of REL therefore, is a good indicator of the price at which the commodity can be purchased in the market. It is true that the other licensees in the area of Delhi have also made similar purchases and the price paid by them could also be a standard for comparison. This does not mean that the

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price at which REL has purchased the product cannot provide the standard for comparison.

47) The Commission has considered the prices to be paid to the REL on account of the services provided namely to acquire the goods on its behalf, after making adequate market survey and ascertaining quality of goods. The whole sale supplier, the Commission feels, has a margin of generally 2% to 3%. In the present case, however, the Commission has given a margin of 5%. The appellant does not dispute this proposition although at the time of arguments it was contended by the learned counsel for the appellants that such assumption of the Commission had no basis. We, however, as appellate forum, will not interfere with the views expressed by the Commission unless such a view is totally unrealistic or impossible. We will not interfere with the Commission's view that the goods could be supplied by REL with a margin of 5% and the appellant can be allowed to recover the same through tariff.

48) Undoubtedly, there are representatives of the Government in the Board of Directors of the appellants. It may also be true that auditors have approved of the transactions. This does not mean that the Commission has lost its jurisdiction and responsibility of

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making a prudent check and arrive at an appropriate figure which should go into the cost as pass through.

49) The appellant claims that the transactions had been approved. This, however, is not a correct proposition. There is nothing on record to show that before entering into the related party transaction the appellant submitted any specific proposal for purchasing those items at specific prices and obtained prior approval of the Commission. So far as prior approval is concerned the Commission has explained the procedure as under. The approval of capital expenditure scheme is done by a two stage process. The initial approval before implementation of capital work scheme is an in principle approval keeping in view the following:

a) necessity
b) overall suitability
c) pay back period
d) whether the scheme fits into Central Electricity Authority's over all system planning study for Delhi
e) whether infeed to the new sub-station proposed will be available from the system of Delhi Transco Ltd. and
f) whether it meets at least a near future demand growth projects.

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50) At the time of initial approval the cost proposed by the utility is on an estimate basis and the cost is approved after a broad examination of the estimate. The final approval of the capital outlay consequent to implementation of a scheme is granted at the time of tariff fixation after a diligent and proper prudent check and verification of actual cost, actual quality of material use, proper implementation of the scheme as well as legal clearance like Electrical Inspector's permission. Therefore, if the actual expenditure is found to be inflated, the same has to be corrected by the Commission. The Commission disputes that the purchases were at arms length in as much as REL is a company which has same promoters as of the appellants. Further in view of the public outcry against possible siphoning of funds it has become essential for the commission to examine the related party transactions. The Commission rejects entirely the plea that the purchases made by appellants were "approved" by the Commission. Admittedly, there is no approved rate schedule issued by the Commission as is done by certain public bodies like the Railways or the CPWD. Some in principle approval given by the Commission at an initial stage does not entitle the licensee to enter into transactions which may cost it price higher than the price at which an article is available in the market.

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51) The Commission has a responsibility to make the prudent check. The Commission must also follow the principles of natural justice. The Commission issued a notice to the appellant to respond to the view taken by it namely that REL had been paid 60% higher than the price at which REL had purchased the articles. The Commission wrote:

> *"3. Insofar as the profit margin of Reliance Energy Ltd. in respect of supply of capital goods to you is concerned, the* ***Commission has come across evidence to indicate that the goods were sold to you at a price more than 60% higher than their purchase price, which in the opinion of the Commission is excessive.*** *A copy of the documents available with the Commission in this regard, is enclosed. It is not clear as to whether Reliance Energy Ltd. had also purchased some of these goods from /through a group company/ sister concern."*
>
> *4. BSES Rajdhani Power Ltd. may please give their feedback in the matter within 10 days of receipt of this letter."*

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52) The Commission also enclosed the document relied upon by the Commission. The document enclosed is a trading account of the REL (EPC Division) submitted to the sales tax department. The truing up account is accompanied by a list of goods supplied with price against each item. The certificate under Rule 11 of clause 12 of Delhi Sales Tax Rules is also enclosed therewith. The veracity and authenticity of the document forwarded along with letter dated 14.08.06 has not been questioned by the appellants.

53) An attempt has been made by the learned counsel for the appellant at the time of hearing that all the purchases made were EPC contracts. In our opinion, it is unfair for the learned counsel for the appellant to have projected all the purchases as EPC transactions. The appellants themselves had shown two types of transactions. Partly the transactions were EPC contracts and part of it was sale. Not only the appellant but also the REL in its trading account has shown them as sale and not as service provided under the EPC contract. The appellant did not come out with any such plea when a notice was issued to the appellant to respond to the truing account of the appellant REL. In fact the proceeding before the Commission show that the appellant came out with a response that purchase from REL were made after issuing a public tender. This was however, an incorrect submission. Before us it is not disputed that no public tender was made before making those

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purchases from the appellants. In any case the plea that all these purchases were in the nature of EPC contract has to be stated to be rejected. We are of the considered view that the Commission has done a prudent check on the related party transactions i.e. the purchase made be REL and that it has reasonably allowed the cost of the products as paid by REL along with a margin of 5%.

54) During the course of hearing of the appeal before us the appellant moved an application under section 41 Rule 27 of the Civil Procedure Code seeking to file before us a bunch of documents to show at what price NDPL, the other distribution licensee in Delhi had purchased similar product. The application was rejected, *inter alia*, on the ground that when the Commission itself proposed to compare the prices of the goods paid by NDPL with that paid by the appellant, the appellant itself rejected the same vide its letter dated 04.10.04 on the ground that such comparison should not be done as the rates depend upon various factors like time of purchase, vendor, vendor rating, technical specification etc. We rejected the application under section 41 & 27 on certain grounds but observed that in case those documents were found to be relevant for final determination of the dispute in question, we may issue appropriate direction in this regard.

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55) We have given our serious thoughts to the issue. The present litigation is not a lis of the nature we deal with in Civil Courts and technicalities of pleadings etc. should not hold us. The aim of tariff fixation, we understand, is to prevent profiteering by the distributing companies who enjoy a monopolistic position while allowing them to earn a reasonable return and at the same time keeping the tariff as low as possible. An additional important factor in the present case is that there are several distribution companies in the city State of Delhi and equity between these companies will also have to be maintained.

56) We do feel that it was imprudent on the part of the appellant to resist the comparison to the prices paid to REL with the prices paid for similar products by NDPL. The appellant has realized the folly now. In view of the appellant resisting the comparison, mentioned above, the Commission also gave up all efforts to compare. The fact, however, remains that both the appellant as well as NDPL has incurred capital expenditures of various nature and has purchased goods and commodities in furtherance of the same. The Commission has to treat all the distribution companies at par. It is not disputed that the NDPL has purchased products of the same description although they may be different in their quality and technical specifications. Of the long list of articles which are involved in the dispute in hand some may be comparable to articles

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purchased by the NDPL. If for those articles the Commission has allowed same price there is no reason why the appellant should not have been allowed the same price provided, however, they are lower than the price paid to REL for those products. The Commission has to treat all the distribution licensees on the same scale and no one of them can be either victimized or favoured on account of the stands or pleas taken by them during the tariff hearings. At the same time the Commission is duty bound to make the prudent check on all the claims made by the distribution licensees.

57) The NDPL submitted its records before the Commission simultaneously with the appellant during the tariff hearing of the relevant year. As such the records are expected to be with the Commission. We think it is appropriate to allow the appellant an opportunity to prove, item-wise, that the price paid by it to REL was not higher than the price paid by NDPL and allowed to it by the Commission for similar products. The onus would be entirely on the appellant to prove that the products purchased by it and the one purchased by NDPL offered for comparison are of the same technical specifications and quality and also should be similarly priced on account of the other relevant factors influencing the prices namely the time of purchase, the quantity purchased, vender rating etc. In case the price paid to REL is same as or lower than the price allowed to NDPL for a comparable commodity, the

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Commission shall allow the price paid to REL. The Commission shall, however, allow a lesser price if the NDPL's price is lower than the price of REL's purchase plus 5% profit margin. Till such exercise is completed the appellant will have to accept the decision of the Commission as reflected in the view of the Chairperson.

58) A word of caution has to be added here. Mr. Raghu Nayyar one of the consumers appearing before us at the time of hearing of this appeal and appeal No. 37 of 2008 expressed a concern that if we now allow the appellant to offer a comparison paid by NDPL and allowed by the Commission, the prices paid by NDPL may get sanctified as the bench mark and hereby prejudicially affect the consumers of NDPL's area of distribution business. Our direction in the above paragraph should not mean that prudence check by the Commission should be sacrificed altogether and in case there be sufficient material with the Commission to hold that the price paid by NDPL was inflated it will be open to the Commission to take an appropriate view in the matter. We recommend that the Commission frames appropriate regulations for future guidance in such matters.

59) In addition to the above disallowance of capital expenditure, the Commission has further disallowed other expenditures on account of capitalization on account of non approval by Electrical

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Inspectors. The Electrical Inspector's office is short of staff. Accordingly, many of the capitalization projects are pending for approval. The expenditure on that account has not been allowed by the Commission as pass through. The Commission has disallowed the capitalization of assets on the ground that the capitalization of schemes can be considered only when certificate/clearance of the Electrical Inspector has been obtained. Rules 63 & 65 of The Indian Electricity Rules 1956, deal with approval of Inspectors for electrical supply lines, systems and apparatus for high and extra high voltage. It will be sufficient to extract the provisions of sub-rule 1 and 2 of Rule 63 of The Indian Electricity Rules 1956:

> *"63.* ***Approval by Inspector.*** *– (1) Before making an application to the Inspector for permission to commence or recommence supply after an installation has been disconnected for one year and above at high or extra high voltage to any person, the supplier shall ensure that the high or extra high voltage electric supply lines or apparatus belonging to him are placed in position, properly joined and duly completed and examined. The supply of energy shall not be commenced by the supplier unless and until the Inspector is satisfied that the provisions of rules 65 to 69 both inclusive have been complied with and the*

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approval in writing of the Inspector has been obtained by him:

Provided that the supplier may energise the aforesaid electric supply lines or apparatus for the purpose of tests specified in rule 65."

60) Rule 65 also prescribes several compliances before a new line can be commissioned. The purpose of all these rules is to ensure safety and security of the lines and implements.

61) The impact of shortage of staff with the Electrical Inspector and the issue of disallowance of asset capitalization on account of absence of certification by the Electrical Inspector came up for consideration before this Tribunal in an appeal against the tariff order for the FY 2006-07 in appeal No. 266 of 2006. We had said the following in this regard:

"..it was revealed that the proposal for Capital Expenditure were being delayed for want of personnel in the Commission who are required to visit the sites and examine the feasibility and safety aspects of such capital schemes. We feel that this difficulty can be overcome, if the Commission provisionally approves the capital

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schemes based on certification by qualified engineers on the roll of the DISCOMs so that the Appellant can go ahead with the capital schemes to augment infrastructure for electricity distribution of Delhi, which is a crying need. The Commission may also consider accepting certification of engineers of one DISCOM in respect of the Capital Expenditure of another DISCOM in order to ensure impartiality and fairness in such certification".

62) The Commission explains that the initial approval is given in principle keeping in view necessity, over all suitability, pay back period etc. However, that initial approval is only an estimate and is subject to prudence check of actual expenditure on completion of the scheme. Capitalisation of assets pertains to approval of final cost of schemes which have been actually implied / completed during a respective financial year by the utility / licensee / the appellant. One of things which is required to be considered is the safety rules and the laws of the land. The Commission in the reply has extracted Rule 63 of the Indian Electricity Rules 1956 and has submitted that it is duty bound to advice the utilities to abide by the rules of the land and accordingly has considered capitalisation of assets and has disallowed those assets which are yet to get the approval of the Electrical Inspector. It is submitted by them that self certification by the DISCOMs cannot substitute certification by

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an Electrical Inspector as the certificate of the Electrical Inspector is a statutory requirement. It is contended by the Commission that the appellant never took the plea before the Commission that capitalisation of assets has to be allowed without certification by an Electrical Inspector because the Electrical Inspector is unable to cope with the work in view of shortage of staff. The Electrical Inspector is appointed by the Government. It is submitted by the Commission that a meeting on the issue was taken by the Secretary (Power), Government of NCT of Delhi on 02.04.08. The Commission has also filed a copy of the minutes. The Commission contends that both BRPL and BYPL had furnished completion certificates over a period of 6 to 8 months during the FY 2007-08 for the scheme which they proposed to capitalize for the FY 2005-06 and for the FY 2006-07 in accordance with directions contained in the Commission's tariff order for the FY 2006-07. Comparison of some of the certificates of the Electrical Inspector in a few schemes indicated that there was a quantity deviation in the number of PCC poles, transformers and conductors which would have some price implications to the tune of 20% in the schemes. For the years 2002-03 to 2006-07 the appellant claimed capitalisation of assets amounting to Rs.1493.88 Crores but the Commission accepted capitalisation of assets only to the extent of Rs.497.14 Crores.

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63) Order for the FY 2006-07, as extracted above, did not imply that the requirement of the certification of the Electrical Inspector be given a go by. The purpose of our direction, extracted above, was only to make a provisional arrangement so as to allow the licensee to get the benefit of the cost incurred by it in setting up the capital assets. It was explained that such certification by the Inspectors of the utilities themselves would give assurance that all formalities have been completed and safety rules have been adhered to so that the chance of Electrical Inspector subsequently declining to approve the project is reduced to minimal. Before us both the parties submitted that the shortage of resources with the Electrical Inspector is causing huge delays in the matter of certification while utilities are unable to wait for such certification for the purpose of obtaining the return on them. We accordingly made an effort to find out the facts for ourselves and render some assistance if possible. On 20.11.08, we issued notice to Government of NCT of Delhi to submit a status report in respect of the applications for approval of high tension assets pending with the Electrical Inspector of Delhi. Mr. Avinash Kumar Agarwal, the Electrical Inspector, appeared on 01.12.08 and submitted a sketchy report and asked for time to file full report. We also discovered on that day that the Electrical Inspector was not appointed under the Ministry of Power but under the Ministry of Labour. On 11.12.08, the Electrical Inspector submitted his report indicating that 1399

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applications for inspection of high voltage and extra high voltage installations were pending, that 20 Electrical Inspectors were working in Delhi who could inspect 40 installations each day and therefore 40 applications can be disposed of each day. Accordingly, we observed that at such rate 800 applications could be disposed of in a month. Mr. Agarwal submitted that all applications, filed till 01.03.09, could be disposed of by 15.03.09. All the distributing companies present in the court on that day assured that they would give the names of their nodal officers who could be contacted by the Electrical Inspectors for the purpose of carrying out inspection.

64) The DISCOMs, however, expressed that the report of pendency figure submitted by the Electrical Inspector was grossly incorrect. The appellant itself filed a list of applications submitted by it to the Electrical Inspector for approval. The Dy. Secretary (Power) was asked to use his good offices for reconciling the statistics and to file a reconciliation report by 15.01.09.

65) On 15.01.09, we were informed by Mr. Harish Ahuja, Dy. Secretary (Power), Government of NCT of Delhi that reconciliation of statistics was under way and that in certain instances the distribution companies did not file the application although they had deposited the fee by a challan. We observed that mere payment of the fee would not amount to filing of an application and the date

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of the filing of the application should be the date from which the application can be treated to be pending. We requested the distribution companies to put their officers to work for as many number of days as possible, including on holidays. The Electrical Inspector was asked to continue to file his status report. We observed on 11.02.09 that the report filed by Electrical Inspector showed that sufficient work had been done in the last two months and yet on 09.02.09 as many as 1041 applications were pending for disposal. A report was filed on that date under the signature of Mr.Harish Ahuja, Dy. Secretary (Power). As per his report, on an exercise in reconciliation on data, it was found that a large number of applications for inspection had not been filed and that particulars regarding date of filing, date of depositing of challans and date of deposit in treasury had not been provided by DISCOMs for verifications. The DISCOMs were asked to take steps to provide all relevant data for reconciliation of figures. It was pointed out by the Electrical Inspector that certain transformers (HVDS) inspected had been found to be lacking in compliance with rules. The DISCOMs submitted that they would take necessary steps to comply with the rules. We asked the DISCOMs to file their data stating how many HVDS had been corrected and what steps were being taken to bring the HVDS to comply with the rules. The Electrical Inspector on his part expressed his concern over lack of cooperation from DISCOMs. The DISCOMs were directed to take steps to extend all cooperation to the Electrical Inspector and the Assistant Inspector so that no visit made by them to the spot goes waste. On 04.03.09, we examined the status report filed on 03.03.09 and found that between 06.12.08 and 09.02.09, 1037 + 882 applications for inspection of high voltage and extra high voltage installations had been disposed of leaving approximately 1400 applications pending. Of these a large number of applications were received after 06.12.08. Of the applications received till 05.12.08, only 362 applications remained pending. It was stated on that day by Mr. G. S. Walia, Dy. Electrical Inspector that on an average, after an application is received the same can be disposed of within a period of two weeks. All the DISCOMs, including the appellant, expressed their appreciation at the speed at which the Electrical Inspector and other officers at his disposal had been able to complete the work of inspection. We also expressed our satisfaction and acknowledged the work done by the Electrical Inspector, the Dy. Secretary (Power), Government of NCT of Delhi and other officers who jointly worked with them.

66) In view of the efforts put in by all sides we can say with confidence that there is no arrear so far as work of Electrical Inspector regarding certification is concerned. It has been accepted by all sides that application should be deemed to be pending only when all the formalities including filing of the application and

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deposit of fee are completed. The question that remains to be considered is to what extent the claim for capitalisation of asset without certification of the Electrical Inspector can go into the ARR of the appellant. On behalf of the Commission it is contended that no installation covered by section 63 of the Electricity Act 2003 can be commissioned till a certificate is obtained from the Electrical Inspector and therefore, the appellant cannot be granted the benefit of capitalisation of those assets for whom they had not received the certificate from the Electrical Inspector. Mr. Haksar submitted that if the DISCOMs had commissioned those assets without the certification of the Electrical Inspector they had committed an illegal act and the Commission could not put its stamp of approval by granting capitalisation of those assets. It is not disputed by the Commission that many of those assets have actually been commissioned and the distribution of electricity through those assets have commenced. It is also not disputed that electricity distribution through those assets have been duly billed and the value thereof recovered. It is also not disputed that the revenue earned through such distribution has been taken into consideration by the Commission. Nonetheless, the Commission is of the view that benefit of capitalisation of those assets cannot be given to the appellant.

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67) We have given our thoughts to the subject. While on the one hand the DISCOMs are under pressure to expand their activities and to improve their quality of work they are unable to recover the cost of those assets installed by them on account of the failure of the Electrical Inspector to dispose of the application for certificate for one reason or the other. We have to remember that certificate of the Inspector is required to ensure safety rules and the bar to put those assets to use has been placed only to strengthen the safety requirements. There is however, no regulation that prevents recovery of revenue for electricity delivered through such assets pending approval by the Electrical Inspector in case any such asset has been actually put to use. The importance of Rule 63 cannot be undermined. Nonetheless it will be incorrect to say that the DISCOMs should wait for indefinite period for the certificate of the Electrical Inspector and refrain from putting those assets to use. Depreciation begins from the day of installation. If the assets are not allowed to be used for years neither the DISCOMs nor the consumers are benefited.

68) The DISCOMs are duty bound to make the application for certificate as soon as the asset is installed. They should also wait for a reasonable period for the Electrical Inspector to inspect and grant a certificate of fitness if the implement / asset complies with all the safety rules. It should be duty of the Government to see that

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all these applications are disposed of within such reasonable period. We feel that 15 days should be the reasonable period in which such certificate should be granted. For the purpose of the ARR we think it appropriate to allow capitalisation of these assets with effect from the 16^{th} day of the filing of the application provided all formalities connected with such filing including payment of fees are completed. The Commission therefore, will have to re-examine this issue in the light of this observation.

Employees Expenses:

69) The appellant has challenged disallowance by the Commission all employee expenses on account of retirement benefits as well as rise in the total salaries to be paid. The Commission has adopted the approach of estimating employee expenses based on the Regulations relating to cost escalation caused by inflation. Table 67 in the impugned order gives the escalation factor which is 1.0415. The Commission has determined the inflation factor for the n^{th} year ($Index_n$) using a weighted average of CPI and WSI (Consumer Price Index and Whole Sale Index) as specified in the MYT Regulations. Inflation factor is used to calculate escalation factor for each year i.e. the $index_n/index_{n-1}$ which is used for projections.

70) In addition to such increase in the salary on account of the escalation factor, the Commission has also taken into account the

effect of the Sixth Pay Commission's recommendations. The employees of the erstwhile Delhi Vidyut Board (DVB) will get the benefit of hike in the salary on account of the recommendations of the sixth pay commission. The Commission considers such hike only for those employees on the rolls of the appellant who were employees of the erstwhile DVB.

71) The appellant has also incurred certain expenses on account of the Special Voluntary Retirement Scheme or SVRS offered to the employees. The Commission does not dispute the prudence of the scheme. However the Commission has shown reluctance in allowing the expenses towards pension, medical allowance and leave travel allowance of the SVRS retirees. The High Court in its order dated 02.07.07 in Writ Petition No. (C) 4827 of 2005 and other Writ Petitions gave the following directions:

> *"I(i) The Pension Trust and GNCT are not liable to make payment towards terminal benefits and residual pension arising to those who opted VRS/VSS, formulated by the petitioners DISCOMS namely, BSES Rajdhani Power ltd., BYPL and the NDPL employees of the above (referred to as "DISCOMS'). The employees of the DISCOMS who opted by VRS/VSS or the Scheme by whatever name called*

and were relieved from employment are entitled to payment of terminal dues (which expression would include all accrued benefits such as gratuity, provident fund, leave travel concession, leave encashment, payment towards medical facilities, commutation of pension and residual pension and such other payments as they are entitled to in terms of the protected terms and conditions of service under the Act and Rules) from the date of their respective severance from employment. Such date of severance shall be hereafter referred to be called 'entitlement date'.

(ii) *It is open to the DISCOMS to adopt the IPGCL Model of paying pension, gratuity, leave encashment and other liabilities to the optees, in terms of the letter of the Government of NCT of Delhi dated 11.11.2004. This has been described in Para 87 above.*

(iii) *The DISCOMS shall indicate to the pension trust, in writing within two weeks from the date of this judgment whether they are willing to accept IPGCL Model or not.*

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(iv) *In the event of acceptance of the IPGCL Model, the liabilities of the DISCOMS to make payments from the entitlement date to each VRS/VSS optee till the date of payment shall be discharged within three months from today. In other words, the payments for the period commencing from entitlement date till 1st of July, 2007 shall be made within three months. The payment for the period ending three months from today shall also be after 1.7.2007 and included in this regard while discharging the liability. In the event of this option being exercised and any default in payment, the VRS optees concerned shall be entitled to interest @ 8% per annum for the entire amount till the date of payment.*

(v) *In the event of option being exercised by DISCOMS, they shall also be liable to make payments towards family pension and terminal benefits of all optees who died during the interregnum i.e. from the date of entitlement till today.*

II(i) *In the event of the concerned DISCOMS not accepting the IPGCL Model and opting out of direction No. I(ii) above, they shall be liable to pay additional*

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contributions to the pension trust, in the manner to be determined hereinafter.

(ii) *For the purpose of deciding the additional contributions to be made by DISCOMS to the Trust's Pension Fund, on account of payment of commuted value pension and all terminal benefits and liabilities, due to such optees, the matter shall be referred to two Arbitral Tribunals within four weeks of receipt of communication by the pension trust from the concerned DISCOMS.*

(iii) *The first Arbitral Tribunal shall be comprised a nominee of the Institute of Acturies, 302, Indian Globe Chambers, 142, Fort Street, Off D.N. Road, Fort, Mumbai, incorporated under Section 3 of the Actuaries Act (which was enacted and received assent of the President on 27.8.2006 and was brought into force on 8.11.2006). The nominee of the Institute shall be indicated by the President, Governing Council of the Institute. The second member of the Tribunal shall be a common nominee of the GNCT and the Pension Trust and the third nominee shall be nominated by the NDPL. The*

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provision of composition of the Tribunal shall be completed within six weeks from the date of exercise of option by the NDPL.

(iv) *The second Tribunal shall comprise a nominee of the Institute of Actuaries to be indicated in the manner as directed in Clause II(iii) above the second member shall be; a common nominee of the GNCT Pension Trust and the third member shall be a common nominee of BSES and BYPL.*

(v) *All members of the two Arbitral Tribunals should be actuaries, having knowledge and experience in the field of pension funds;*

(vi) *The proceedings before the Tribunals shall be regulated by the provisions of the Arbitration and Conciliation Act, 1996 and its Award would be an Award within the terms of that Act;*

(vii) *The terms of reference of the Arbitral Tribunal concerned would be the determination of additional contributions payable by the concerned DISCOMS on account of premature pay-outs by the pension trust*

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due to the exercise of option by the VRS optees. The Tribunal shall decide on an application of actuarial principles, the cost of such pay-outs, which shall include loss of interest and also such other incidental matters including but not confined to premature payment of commuted value of pension, provident fund, gratuity and all other terminal benefits to the concerned optees from the date of their entitlement. The Arbitral Tribunal shall complete its proceedings and publish its award within six months from the date of its Constitution. All parties shall cooperate in this regard.

(viii) The arbitration proceedings shall be conducted by the Tribunal in accordance with law.

III(i) The liability to pay residual pension i.e. monthly pension from the date of this judgment in the event the DISCOMS exercise the second option i.e. of going in for actuarial calculations; shall be borne by the concerned DISCOMS for the period till the award is published by the Tribunal and payment made to the trust on the basis of such award, by the concerned DISCOMS.

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(ii) The payments made by DISCOMS to the optees shall also be subject to suitable adjustment/reckoning for the actuarial exercise adjudication by the Tribunal.

(iii) The liability of the Trust to make payments to the VRS/VSS optees shall arise after the DISCOMS deposit the amounts determined as additional contributions with the pension trust.

(iv) The VRS optees are entitled to interest on the terminal benefits, i.e. gratuity, provident fund, commuted value of pension, arrears of pension, etc. @ 8% p.a. from the date of entitlement, to payment. This shall be paid by the DISCOMS."

72) The appellant had two options of making payments due to such retiring employees : (i) pension, gratuity, leave encashment and other liabilities shall be paid directly to those who opted for the VRS till the date of their superannuation. The Pension Trust would assume the liability when the employee achieves superannuation or (ii) contribution shall be made to the Pension Trust directly and the valuation of the amount paid shall be determined by Arbitral Tribunal consisting of a nominee of the Institution of Actuaries, a

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common nominee of the Pension Trust of NCT of Delhi and a joint nominee of the DISCOMs.

73) The appellant opted for the second model. As per the estimation of the appellant, the total liability came to Rs.46.6 Crores. The appellant informed the DERC that it would release Rs.8.29 Crores and would be paying the remaining amount shortly. The appellant also made all payments as per this estimation. The appellant contends that these payments were subject to computation of final liability by the Arbitral Tribunal constituted to decide the liability of the appellant. The Commission allowed the monthly pension provisionally subject to outcome of the award of the Arbitral Tribunal with the condition that refund / relief provided to the appellant will be available for adjustment in the future employee expenses. The Commission, however, disallowed the payment made on account of terminal benefits. The Commission held that this amount would be allowed based on finalization of liability and outcome of the proceedings at the Arbitral Tribunal. It is contended before us by the Commission that it was uncertain as to when the Arbitral Tribunal would be constituted. The Commission recognized that the delay in constituting the Arbitral Tribunal was translating into more monthly payments and was increasing the burden on tariff. The Commission says that the amount of terminal benefits have to be determined by Arbitral

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Tribunal in accordance with the order of the Hon'ble High Court and that in case the payments made are all allowed the appellant would have no incentive to pursue the matter of constitution of Arbitral Tribunal and obtaining an award from it. We discovered during hearing that the Arbitral Tribunal had not been constituted as the Government was yet to nominate its Member. Accordingly on 20.01.09, we asked the Government of NCT of Delhi to submit a status report about the filling up of the vacancies of the Government nominee in the Actuarial Tribunal / Arbitral Tribunal as directed by the High Court in those Writ Petitions, being Nos. 4827 of 2005, 5198-99 of 2005, 23460 of 2005, 13231-04 of 2005. The Government filed a status report. We observed on 02.02.09 that no step for nomination of Government nominee has been taken and that the status report disclosed that the Government did not intend to appoint a nominee for the Arbitral Tribunal. The Government of NCT of Delhi was represented on 05.02.09 by Mrs.Avnish Ahlawat who said that on 15.01.09 a meeting took place in the office of the Secretary (Power) NCT Delhi in which the CEO of three private DISCOMs were present and that it was decided in that meeting that no Acturial Tribunal was required to be formed. This, however, is against the order of the High Court extracted above. The appellant has incurred some expenditure on the basis of its own estimation subject to final computation of liability by the Arbitral Tribunal. There is no reason why the Commission should not allow the expenditure as pass through unless the Commission considers the payment to be much above a reasonable estimate. The appellant may take steps for constitution of the Tribunal. However, the Commission will have to allow the expenditure as far incurred by the appellant towards the terminal benefits of the SVRS optees. The appellant further claims enhancement of projection of the amount towards employees expenses on account of raise in salaries as per industry practice, on account of power purchase obligations to be discharged by the appellant and on account of increase in consumer base of the appellant. The Commission submits that the projection on account of employees' expenses has been done strictly as per the MYT Regulations 2007 which provided how to calculate the escalation factor based on the inflation index. The Commission also took into account the impact of the 6^{th} Pay Commission's recommendations but ruled that the expenses on account of implementation of the 6^{th} Pay Commission will fall only in the year 2009. The grievance of the appellant is that the Commission has not considered the impact of increase in the number of employees consequent on the increase in the consumer base and of the need to enhance salaries & allowances in order to retain and attract quality staff. It may be added here that the appellant has not shown how power purchase obligation is related to increase in employee expenses.

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74) Having gone through the impugned order we do find that the Commission has not considered the issue of possible increase in the number of employees consequent on increase in the consumer base. Nor has the Commission ruled on the appellant's proposal to increase the salaries etc. The Commission has nonetheless assured to true up the employees expenses subject to prudence check. The Commission shall also take care of the related carrying cost. This should satisfy the appellant.

75) It may be stated here that the recommendations of salary hike made by the 6th Pay Commission takes into account the need to retain & attract talent. The appellant has not justified the need for any further hike by any factual data. One may expect better talent to be attracted to the sector in case salaries are further hiked. Yet one cannot lose sight of the fact that the consumers will have to bear the burden of such salary hike. Any hike in salary, not comparable to 6th Pay Commission's recommendation and not sufficiently justified cannot be allowed as pass through in tariff. We thus conclude the issue of employees' expenses by saying that the Commission shall allow the expenses incurred towards the retirement benefit of SVRS optees pending decision of the Acturial Arbitration Tribunal and shall true up the employee expenses to the extent of increase caused by increase in the consumer base. So far as salary hike is concerned to the extent hike comparable to the

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recommendations of 6th Pay Commission to employees other than the erstwhile DVB employees shall also be allowed in the truing up process in case expenditure in that account has actually been incurred.

76) A word of caution. The consumer respondents have submitted that the purpose behind any VRS Scheme is to rationalize employees cost and so the expenditure on account of VRS should not be more than the eventual cost saving by reducing the number of employees. Some consumers have said that the expenditure on VRS should be tariff neutral. There is much strength on the contention of the consumers. The Commission as well as the appellant have to ensure that SVRS eventually lead to cost saving and further that such cost saving is passed on to the consumers.

Advance Against Depreciation (AAD):

77) Advance against depreciation was introduced as a factor available to be recovered through tariff by the MYT Regulations of 2007. The same is as under:

> *"AAD= Loan (raised for capital expenditure) repayment amount based on loan repayment tenure, subject to a ceiling of 1/10th of loan amount minus*

depreciation as calculated on the basis of these Regulations;

Provided that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year."

78) Prior to the introduction of AAD in the Regulations no such amount was recoverable through tariff. The purpose, as it appears to us, of introducing the Regulation was to encourage and facilitate repayment of loan and recover the re-payment of loan over and above depreciation through tariff. The Commission in its tariff order said the following while granting AAD:

"Advance Against Depreciation

Petitioner's Submission

4.190 The Petitioner has requested the Commission to provide for advance against depreciation (AAD) during the Control Period by considering the actual debt repayment and the depreciation recovered during the year. The Petitioner has already included the AAD proposed for each year of the Control Period in the Depreciation

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expenses claimed for the respective years, as mentioned above.

4.191 *The summary of AAD proposed by the Petitioner is detailed in the table below.*

Table 105: AAD submitted by the Petitioner (Rs.Cr)

Particulars	***FY08***	***FY09***	***FY10***	***FY11***
1/10th of the Loan(s)	*141.93*	*160.92*	*189.99*	*221.59*
Repayment of the Loan(s) as considered for working out Interest on Loan	*45.05*	*256.95*	*201.62*	*229.75*
Minimum of the Above	*45.05*	*160.92*	*189.99*	*221.59*
Less: Depreciation on during the year	*119.31*	*139.64*	*158.36*	*174.96*
A	*0.00*	*21.28*	*31.63*	*46.62*
Cumulative Repayment of the Loan(s) as considered for working out Interest on Loan	*89.88*	*346.83*	*548.46*	*778.21*
Less: Cumulative Depreciation	*164.15*	*303.79*	*462.15*	*637.11*
B	*0.00*	*43.04*	*86.31*	*141.10*
AAD=min (A,B)/zero if negative	*0.00*	*21.28*	*31.63*	*46.62*

Commission's Analysis

4.192 *The Commission has calculated the advance against depreciation for each year of the Control Period, using the principles specified in the MYT Regulations, 2007 and considering the details of actual cumulative debt repayment and accumulated depreciation claimed by the Petitioner.*

4.193 *While calculating the AAD for the Control Period the Commission has considered the value of accumulated depreciation as net of the depreciation used for capital investment and working capital in the previous years i.e. Rs.499.30 Cr. as discussed in truing up section (utilisation of depreciation).*

4.194 *The Commission has concluded that no requirement for AAD shall occur during the Control Period, as shown below:*

Table 106: AAD approved by Commission (Rs.Cr)

Particulars	FY08	FY09	FY10	FY11
1/10th of the Loan(s)	139.20	150.95	155.65	180.50
Repayment of the Loan(s) as considered for working out Interest on Loan	50.52	244.99	157.11	206.85
Minimum of the Above	50.52	150.95	155.65	180.50
Less: Depreciation	82.88	103.32	123.85	142.20

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during the year				
A	*(32.36)*	*47.63*	*31.80*	*38.31*
Cumulative Repayment of the Loan(s) as considered for working out Interest on Loan	*86.01*	*331.00*	*488.11*	*694.96*
Cumulative Depreciation	*1000.66*	*1103.98*	*1227.83*	*1370.03*
Depreciation Considered for Capex & WC in Previous years	*499.30*	*499.30*	*499.30*	*499.30*
Less: Cumulative Depreciation Considered for AAD	*501.37*	*604.69*	*728.54*	*870.73*
B	*(415.36)*	*(273.69)*	*(240.43)*	*(175.77)*
AAD=min (A,B0/zero if negative	*0.00*	*0.00*	*0.00*	*0.00*

79) As it appears the appellant's claim is that AAD is available to it. The appellant in the appeal has the following to say on the issue of AAD:

> "8.11.2 *The Appellant draws the attention of this Hon'ble Tribunal to Table 106 of the Impugned Order wherein the DERC has indicated its determination for the AAD. The Appellant states that the DERC has considered 'Cumulative Depreciation' for FY 2008 as Rs. 1000.66 crores. This is in contradiction to the total depreciation approved by the DERC for FY 2002-03 to FY 2006-07 at Rs. 617.67 crores (which is*

also subject matter of challenge contended supra).

8.11.3 *The Appellant verily believes that the DERC has included an amount of approximately Rs. 383 crores while arriving at the figure towards 'Cumulative Depreciation' in the FY 2008. The Appellant draws the attention of this Hon'ble Tribunal to the Opening Balance Sheet drawn for each DISCOM as a part of the Transfer Scheme at the time of privatization and unbundling of DVB, which is represented in the table below:*

Long Term Liability		***Fixed Asset***	
Authorized, issued, subscribed, and paid up 460,000,000 shares of Rs.10 each in favor of holding company	*460*	*Gross fixed assets*	*1533*
Secured Loan payable to Holding company	*690*	*Less Accumulated Depreciation*	*383*
Total	*1150*	*Net Fixed Assets*	*1150*

Relevant extract of the Opening Balance sheet of the Appellant DISCOM is annexed herewith and marked Annexure A/34.

8.11.4 *It is evident from the table above that the Equity infusion by the Appellant DISCOM was balanced with the Net Fixed Assets by adjusting the accumulated depreciation (as had been accumulated till FY 2002-03) against the Gross Fixed Assets. Thus, it is more than evident and it was well within the knowledge of the DERC that accumulated depreciation to the tune of Rs. 383 crores was not available for funding with the Appellants.*

8.11.5 *However, the DERC has failed to give effect to this utilization of Rs. 383 crores while indicating the amounts under the head of 'Depreciation considered for Capex & WC in Previous Years' (at Table 106 of the Impugned Order) and has indicated a figure of Rs.499.30 crores against this item. Interestingly, the DERC at Table 14 of the Impugned Order wherein the DERC has computed the unutilized depreciation at the end of FY 2007 at NIL, which buttresses the submission of the Appellant that Rs. 383 crores (accumulated depreciation till FY 2002-03) has*

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been utilized towards Capital Expenditure and Working Capital Requirements. Despite this treatment being abundantly clear to the DERC (DERC has itself accepted this treatment at Table 14 of the Impugned Order) it has selectively decided to determine the figure under the head of "Depreciation considered for Capex and WC in Previous Years" by not adding the amount of Rs. 383 crores to the figure indicated against this head in Table 106.

8.11.6 As has been stated hereinabove; the incorrect calculation of the AAD by the DERC has severely impacted the Appellant in as much as its ability to repay its loans has been restricted by this incorrect computation. Thus, the Appellant prays that this Hon'ble Tribunal may direct the DERC to recalculate the AAD as per the computation indicated below:

Particulars	***FY 08***	***FY 09***	***FY 10***	***FY 11***	***TOTAL***
1/10 of the Loan (s)	*139.2*	*150.95*	*155.65*	*180.5*	
Repayment of the Loan as considered for working out interest on loan	*50.52*	*244.99*	*157.11*	*206.85*	
Minimum of	*50.52*	*150.95*	*155.65*	*180.5*	

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the above					
Less: Depreciation during the year	*82.88*	*103.32*	*123.85*	*142.2*	
A	*(32.36)*	*47.63*	*31.8*	*38.3*	
Cumulative Repayment of the Loan (s) as considered for working out Interest on Loan	*86.01*	*331*	*488.11*	*694.96*	
Cumulative Depreciation	*1000.66*	*1103.98*	*1227.83*	*1370.03*	
Depreciation Considered for WC in Previous Years	*882.3*	*882.3*	*882.3*	*882.3*	
Less: Cumulative Depreciation Considered for AAD	*118.36*	*221.68*	*345.53*	*487.73*	
B	*(32.35)*	*109.32*	*142.58*	*207.23*	
AAD=min (A,B)/zero if negative	***0***	***47.63***	***31.8***	***38.3***	***117.73***
AAD approved by the DERC	*0*	*0*	*0*	*0*	*0*
Difference	***0***	***47.63***	***31.8***	***38.3***	***117.73***

80) The main issue between the parties is the figure of Rs.383 Crores which is shown as accumulated depreciation in the opening balance sheet of the appellant at the beginning of the formation of the DISCOMs and when the DISCOMs were taken over by the appellants.

PART – II

Opening Balance Sheet of South-West Delhi Electricity Distribution Company (DISCOM2)

Liabilities		***Assets***	
Long Term Liabilities	***460***	***Gross Fixed Assets***	***1533***
Authorised, issued,	*690*	*Less: Accumulated*	*383*

subscribed, and paid up 460,000,000 shares of Rs.10 each in favour of holding company		*Depreciation*	
Total	*1150*	*Net Fixed Assets*	*1150*
Current Liability		***Current Assets***	
Payable to Holding Company	*15*	*Receivables due from consumers*	*122*
Payable to TRANSCO	*122*	*Cash & Bank Balance*	*15*
Consumer Security Deposit	*11*	*Stores and spares*	*5*
Total	*148*	*Loan to personnel*	*6*
		Total Current Assets	*148*
Total Liabilities	***1298***	***Total Assets***	***1298***

81) In the subsequent years, when the utilisation of depreciation is indicated in the tariff orders, the accumulated depreciation, as shown in the above table, of Rs.383 Crores was not shown to have been shown as utilized. The Commission while calculating the AAD has taken this figure into consideration. The sole issue, therefore, is whether this Rs.383 Crores should go into calculating the accumulated depreciation for calculating AAD as per the MYT Regulations. The contention of the appellant is that although this figure of Rs.383 Crores is shown in the opening balance sheet, this amount was never available to the appellant. The appellant contends that the opening balance reflects that the amount of depreciation of Rs.383 Crores was set off from the gross value of assets to arrive at a figure which was to be financed by the appellant by infusing equity and raising debt. The appellant claims

that from 2001-2002 the amount was never available to the appellant. In its written submission the appellant says: "I*t is submitted that if the amount of Rs.383 Crores had been available with the appellant it would have appeared under the head "unutilized depreciation", in the absence of such amount under the head "unutilized depreciation" it is evident that the said amount was not available with the Appellant since 2001-02"*. It is difficult to agree with this contention of the appellant. The appellant has to live with the opening balance sheet as the appellant entered into the business on the basis of this balance sheet. It is too late in the day for the appellant to say that the opening balance sheet was incorrect and that this accumulated depreciation of Rs.383 Crores could be taken into account only if such figure has been shown as unutilized depreciation. In the earlier tariff orders, the Commission was not required to calculate AAD. The Commission vehemently submits that the opening balance sheet forms the basis of privatisation process and transfer of assets and liabilities to various utilities and says further that it will not be justified for the appellant to take a return based on the equity shown in the opening balance sheet, accept liability towards security deposits as per the opening balance sheet and claiming re-financing and interest charges as per the loans in the balance sheet which are in its favour but when it comes to accumulated depreciation the appellant should change its stand to the contrary. It is further pointed out

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that the transfer scheme did not mention that the figure of Rs.383 Crores as accumulated depreciation would not be considered for calculation of accumulated depreciation. The Commission has explained that the figure of Rs.149.17 Crores written against "depreciation considered for Capex (capital expenditure) and WC (working capital) for previous years" is the cumulative figure of depreciation considered by the Commission in its respective tariff orders from 2002-03 to 2006-07 towards funding of capital expenditure and working capital and hence not available with the appellant for loan repayment. The Commission has further stated that Rs.383 Crores was not considered for utilisation in the earlier years as the Commission was not calculating AAD. The Commission has further stated in its written submission that it has considered only yearly depreciation figures approved towards Capex and WC. Table 14 represents annual depreciation approved by the Commission on year to year basis which is utilized for debt repayment, working capital requirement and capital investment respectively. In other words, table 14, only represents approval of depreciation for each year of the policy period and their utilisation in the respective year under different heads. The Commission has proceeded to add that since Rs.383 Crores of depreciation was not being given effect to and considered during the policy period, (i.e. the period prior to MYT period) that amount is deemed to be available with the appellant for utilisation and hence this amount of

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Rs.383 Crores is considered under the head cumulative depreciation, considered for AAD. Thus the Commission has given effect to the utilisation of Rs.383 Crores in the opening AAD considered for the FY 2007-08 since it has not considered depreciation of Rs.383 Crores for utilisation in any of the previous years.

82) It is admitted by the appellant that the appellant has been claiming depreciation in all these years on the basis of the gross fixed assets of 1533 as shown in the opening balance sheet. The appellant has not been claiming depreciation on the basis of net fixed assets i.e. 1150. Hence, it will not be proper for the appellant to say that the cumulative depreciation of Rs.383 Crores was never available and that it could have been available only if this figure was shown as unutilized depreciation.

83) We have seen above that the appellant has now offered a comparison of prices of goods purchased from REL with the prices allowed to NDPL although it had resisted such effort during the tariff fixation. However, in the matter of AAD the appellant has not offered to recalculate the value of fixed assets as Rs.1,150 Crores for the purpose of claiming depreciation and to adjust its ARR in the past years accordingly and carry forward the excess amount claimed in the previous figures and adjust in the MYT period.

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84) We are unable to agree with the contention of the appellant that while calculating AAD the Commission should ignore the figure of Rs.383 Crores of accumulated depreciation.

Disallowance of rebate arising out of payment made to DTL:

85) The appellant entered into an agreement with Delhi Transco Limited (DTL for short) for the purpose of power procurement. A dispute arose between the two which was referred to DERC for setting out methodology of computation of rebate. An order was accordingly passed by DERC on 02.08.04. The appellant raised a demand of Rs.1.03 Crores against the DTL allegedly in conformity with the principles laid down by the DERC. On the other hand DTL claimed a sum of Rs.6.39 Crores from the appellant. The appellant under the pressure of a Letter of Credit has paid a sum of Rs.6.39 Crores and filed a petition before the Commission for directing the DTL to refund the amount. The appellant claims that pending disposal of the petition of the appellant against the DTL, the Commission should have allowed the appellant to recover a sum of Rs.6.39 Crores.

86) The impugned order in this respect is as under :

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"…dispute on rebate calculation methodology adopted by DTL against the petition already submitted to the Commission. As an adjudication on the matter is awaited from the Commission, the Commission approves power purchase cost for the FY 2007 @ Rs.2095.91 Crores provisionally. The Commission will allow additional power purchase cost to the petitioner depending upon the outcome of the case."

87) It is clear from the portion of the impugned order quoted above that the Commission has not disallowed the rebate claimed on account of timely payment to the DTL. However, in this regard there is a dispute between the appellant and the DTL. The Commission has provisionally allowed the power purchase cost for the FY 2007. It was submitted before us by the senior counsel Mr.A. N. Haksar that he has already advised the Commission to decide the dispute as soon as possible. The Commission shall make suitable adjustments in the entitlement of the appellant as soon as the decision in this regard is taken.

Non inclusion of Reactive Energy Charges:

88) The appellant has claimed reactive energy charge to the tune of Rs.66 Crores. It is contended by the appellant that the obligation to pay reactive energy charge is a constituent of the obligation of

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power procurement charges to be borne by the appellant. This Tribunal vide the judgment in appeal No. 266 & 267 of 2006 allowed inclusion of the payment towards reactive energy charges in the power purchase cost. The Commission itself recognised the admissibility of the reactive energy charge for DTL. The Commission does not seriously dispute the admissibility of such amount as reactive energy charge. It has allowed reactive energy charge of Rs. 85 Crores for the FY 2006. The Commission merely says that for the FY 2007 such amount was not given to the appellant as no such amount was claimed by it. It is said by the Commission that neither table 64 nor form A1 of the MYT petition indicated any reactive energy charges. In fact, there was no column in the prescribed form Ao indicated the reactive energy charges. This cannot disentitle the appellant from claiming the same. The Commission will have to allow the appellant to recover the reactive energy charges amounting to Rs. 66 Crores through tariff.

Disallowance of R&M expenses:

89) The appellant has alleged that the Commission has incorrectly denied the R&M expenses for the FY 2004-05, 05-06 & 06-07 to the tune of Rs.13.01 Crores, Rs.1.85 Crores and Rs.18.51 Crores respectively.

90) For the FY 2004-05 and 05-06, the appellant had notified expenses of Rs.92 Crores and Rs.73.60 Crores respectively. For the FY 2004-05, the Commission accepted the actual expense of Rs.92 Crores but allowed only Rs.68.99 Crores while carrying out the second truing up for the FY 2004-05 in its tariff order for the FY 2006-07 dated 22.09.08. The principle of second truing up was challenged before this Tribunal and this Tribunal vide order dated 24.05.07 said that truing up was to be done for adjusting the provisional accounts with the audited accounts and with the second truing up beyond adjustment the provisional account was not correct. For the FY 2005-06, the Commission approved R&M to the tune of Rs.71.75 Crores and denied the raise on the ground that the appellant did not take prior approval of the Commission before incurring such liability. The appellant contends that the appellant cannot predict with precision the work that is required to be undertaken and certain sudden expenditures caused by transformer failures, cable failure, breakdown of vehicles, equipments etc. caused the rise of R&M expenditures which should have been allowed. For the FY 2006-07 instead of Rs.89.49 Crores, the Commission allowed a sum of Rs.70.98 Crores only. The Commission contends that the appellant did not claim for truing up for the FY 2004-05 in its MYT petition. The appellant, however, contends that it had submitted audited accounts of A&G expenses for the FY 2004-05 and 2005-06. The appellant contends that the

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Commission had failed to give effect to the principle enunciated by the Tribunal in the matter of truing up. As per the appellant the audited accounts showed R&M expenses for the FY 2004-05 as Rs.92 Crores and 2005-06 as Rs.73.60 Crores.

91) The next question is whether any expense towards R&M expenses can be denied on the ground that approval of the Commission had not been taken before incurring expenses. Now R&M expense is directly related with capital works and gross fixed assets. The Commission does not say that the expenses incurred were imprudent or unnecessary. Since the sole purpose of tariff fixation is to recover the cost and reasonable profit it will not be prudent to be technical on such issues. We are of the opinion that R&M expenses properly incurred should be approved and in case there is any gap between the demand made by the appellant and the amount sanctioned by the Commission, the Commission should enter into the exercise of a prudent check and grant the approval to such expenses. The appellant would be bound to produce whatever expenses or material that may be required for permitting the Commission to carry out a prudent check.

92) Here it is necessary to mention the formula for fixing R&M expenditure for the MYT period as given in the MYT Regulations. The Regulations provide that R&M expenditures would be linked to

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gross fixed assets. The O&M expenses is a sum total of R&M expenses, employees expenses and A&G expenses. The MYT Regulations notified determination of O&M expenses as under:

> "*5.4 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below. The R&M expenses are linked to the Gross Fixed Assets, while the employee expenses and A&G expenses are linked to an Inflation Index, as shown below:*
>
> *(a)* $O\&Mn = (R\&Mn + EMPn + A\&Gn)^* (1 - Xn)$
>
> *(i)* *Where,* $\boldsymbol{R\&Mn = K^*GFAn\text{-}1;}$
>
> *(ii)* $EMPn + A\&Gn = (EMPn\text{-}1 + A\&Gn\text{-}1)^*(INDXn/ INDXn\text{-}1);$ *and*
>
> *(iii)* $INDXn = 0.55^*CPIn + 0.45^*WPIn$
>
> *Where*
>
> *(b)* ***'K' is a constant (could be expressed in %) governing the relationship between R&M costs and gross fixed assets (GFA) for the nth year.*** *Value of K shall be determined by the Commission in the MYT Tariff order based on Licensee's filing, benchmarking, approved*

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cost by the Commission in past and any other factor the Commission feels appropriate;

(c) *INDXn – Inflation Factor to be used for indexing can be taken as a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding five years;*

(d) *EMPn – Employee Costs of the Licensee for the nth year;*

(e) *A&Gn – Administrative and General Costs of the Licensee for the nth year;*

(f) *R&Mn – Repair and Maintenance Costs of the Licensee for the nth year;*

(g) *Xn is an efficiency factor for nth year. Value of Xn shall be determined by the Commission in the MYT Tariff order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate."*

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93) From small (i) it is clear that R&M expenses had relationship with GFA n-1. Obviously 'k' has to be a constant governing the relationship between R&M and GFA. Therefore as mentioned in small (b) that 'k' is the constant governing relationship between R&M expenses for the gross fixed asset for the n^{th} year is obviously a typing error. The Commission corrected the typing error by issuing a corrigendum on 28.01.09. We do not think it possible to hold that 'k' could be regarded as the constant governing the relationship between O&M expenses and gross fixed asset as there could never be such proportional relationship between A&M and gross fixed asset. Nor does it look mathematically proper to think that 'k' could represent the relationship between O&M and gross fixed asset. The appellant had made a demand that 'k' should be treated to be controlling the relationship between O&M and gross fixed asset is misconceived.

Impact of lower approval of capex and capitalization:

94) The pleading on this aspect is divided in two parts: (i) for the period of the policy direction namely 2002-03 to 2006-07 and (ii) for MYT period 2007-08 – 2010-11. So far as policy direction period is concerned disallowance of capital expenditure and capitalization has allegedly resulted in lower approval of depreciation and interest. We have already dealt with the subject of capital expenditure and capitalization. After the Commission gives effect to this judgment

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on those aspects the consequences on depreciation in interest will naturally follow. We have nothing more to say in this regard.

95) So far as MYT period is concerned, the appellant asked for an analysis of calculation because as per the appellant the return on equity given to it is less than 16%. The appellant instead of claiming a specific amount on this score the appellant only asked for a clarification of calculation. The Commission has replied that it has followed the MYT Regulations in which the Return is Calculated on Capital Employed (RoCE). The total of capital employed is required to be calculated on the basis of Regulated Rate Basis (RRB). The long formula has been provided in Regulation 5.5 to 5.12. We do not want to burden this judgment by reproducing the long formula. The Commission contends that RoCE is multiplication of RRB which is the average rate base for the year and WACC which is Weighted Average Cost Capital after considering the approved equity and debt. Further it is stated that MYT Regulation provided return on net fixed assets and not on the gross fixed assets. The Commission has clarified that the calculation of WACC has been made after considering the approved equity and debt as per the MYT Regulations. The appellant has not said that despite using the Regulations mentioned above the return on capital employed has not been sufficient.

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Lower approval of capitalization from fresh investments during MYT period:

96) The appellant has expressed a grievance that the respondent has approved low capitalization schedule for the fresh investments for the MYT period and has not made any provision for carrying forward unapproved capital expenditure. The appellant submits that as a distribution entity the nature of capital schemes to be executed by it generally do not take more than a year but the respondent No.1 has only approved 50% of the fresh investment towards capitalization. The Commission submits that it has analysed available details to consider provisional capitalization for the controlled period and that the same would be subjected to truing up at the end of the controlled period. The impugned order discloses how capitalization from fresh investments has been considered. The two tables being No. 90 & 91 in the impugned order show the proposal of the appellant and approval by the Commission. In paragraph 4.166 the Commission has said "*the Commission would like to clarify that capitalisation approved below is provisional and is subject to truing up on the basis of actual capital investments made and the schemes commissioned by the petitioner.*" We need not say more on the issue. Suffice it to say that on truing up of capitalization from fresh investments during MYT period the appellant would be granted the appropriate returns.

Administrative and General Expenses (A&G):

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97) The appellant claimed a total A&G expense of Rs.37.37 Crores for the FY 2004-05. Out of the total A&G expenses the Commission has allegedly allowed only Rs.29.04 Crores and has also disallowed bank charges of Rs.1.17 Crores. In reply the Commission submits that the plea is frivolous as the A&G expenses as claimed for the FY 2004-05 in the MYT petition has been approved. It is contended further that the appellant itself mentioned the wrong figure in the MYT petition and sought to replace the figures given in the petition vide a letter dated 12.02.08 on the ground that the new figures were the audited figures. The letter dated 12.02.08 was issued only a week before the impugned order was passed. It appears that the Commission is yet to true up the accounts for the year 2004-05 on the basis of the audited accounts and whenever such truing up is done the appellant's grievance of denial of administrative and general expenses of 2004-05 should disappear.

98) Coming to computation of A&G expenses for the base year the appellant says that the Commission has deducted one time expenses to the tune of Rs.4.26 Crores incurred by the appellant despite it being specifically brought to the notice of the respondent No.1 such one time expenses would be incurred even during the controlled period. The appellant contends that under Regulation 8.3(f) of the MYT Regulation the appellant is required to submit a business plan containing operation and maintenance cost. Under

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Regulation 5.3 O&M expenses for the base year are to be approved by the Commission taking into account the latest available audited accounts, business plan filed by the licensees, estimates of the actual for the base year, prudency check and any other factor that may be considered by the Commission. The Commission found that the A&G expense has steeply increased from Rs.48.47 Crores in the FY 2006 to Rs.66.65 Crores in the FY 2007. On a query from the Commission the appellant vide its letter dated 21.02.08 submitted that the bank charges of Rs.3.45 Crores had been paid to M/s. IDBI towards upfront and processing fee of refinancing of DPCL loan and SVRS loan. The appellant also submitted that it may incur these charges in future on account of bank charges for taking loan for its capital investment program and for providing bank guarantees in various situations. The Commission has considered the refinancing charges as abnormal expenses. The Commission contends that the appellant would be allowed to pass on such expenses to the consumers in addition to the approved A&G expenses in the event the appellant can pass on the benefit of lower interest rate to the consumers.

99) The appellant further informed that it has further incurred Rs.0.80 Crore as consultations charges which was also an expenditure of one time. The Commission thought it proper to exclude these abnormal expenses for calculating A&G expenses for

the base year as the same would distort the actual picture of A&G expenses which would have been contrary to the spirit of MYT Regulations. The Commission claims to have approved A&G expenses as per MYT Regulations. We find merit in the submission of the Commission. The base year calculations should be the normal and expected expenses and not abnormal one time expenses which are not of recurring nature as the base year expenses provide standard for the expenses for the subsequent years. We do not want to interfere with the Commission's decision for not considering Rs.4.25 Crores in determining the A&G expenses for the base year of the controlled period.

100) The appellant further alleges that it has to incur additional responsibilities on account of power purchase obligations, new consumer initiatives and increased consumer base. The Commission explains that these issues were not raised in the MYT petition and therefore not a part of the impugned order. The Commission mentions the grievances of the consumers ventilated during the public hearing before the impugned order was passed. The Commission contends that the appellant would be free to take any new initiative during the MYT period provided the appellant is justified in new initiatives by the cost benefit analysis. We do not have to say anything more on this aspect.

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Inclusion of sundry creditors as source of "means of finance":

101) The Commission undertook recasting of means of finance approved for the appellant pursuant to the decision of the Supreme Court in the matter of DERC Vs. BSES Yamuna Power Ltd. & Ors. 2007 3 SCC 33. The appellant contends that the Commission has incorrectly computed the "means of finance" by including sundry creditors as a source of means of finance to the appellant. The appellant contends that the applicable formula to determine the means of finance as can be discerned from the previous years is as under:

> "***Balance Funds Required: Capital Expenditure Approved – [(Consumer Contribution) + (Unutilized Depreciation considering unutilized depreciation of the previous years) + (APDRP funds available during the year)]***
>
> - *This balance figure arrived at is to be met with through a debt: equity ratio of 70:30 and in case an insufficiency of internal accruals is found, the ratio of Commercial Debt may be raised.*
>
> - *The Respondent No.1 has deviated from the practice adopted by it in the previous orders with respect to computation of 'Means of Finance' in the Impugned Order."*

102) The balance fund required by the above formula has to be met through a debt equity ratio of 70:30 and in case an insufficiency of

the internal accrual is found, the ratio of commercial debt may be raised. It is contended by the appellant that the Commission has deviated from the past practice in respect of computation of means of finance in the impugned order by including sundry creditors amounting to Rs.20.77 Crores. The appellant proposed the following means of finance :

Table 17: Means of Finance claimed by Petitioner (Rs. Cr.)

Particulars	FY03	FY04	FY05	FY06	FY07
Capital Expenditure	71.54	11.57	538.49	711.16	398.88
Funding					
APDRP Loans		18.63	-	-	-
Grants	-	18.63	-	-	-
Depreciation	59.30	20.17	167.48	115.50	182.01
Consumer Contribution	12.24	57.14	59.91	39.42	48.43
Internal Accruals		-	93.33	166.87	50.53
Loan		-	217.77	389.36	117.90
Total	71.54	114.57	538.49	711.16	398.88

103) The Commission approved the means of finance as under:

Table 18: Means of Finance now approved by Commission (Rs. Cr.)

Particulars	FY03	FY04	FY05	FY06	FY07
Capital Expenditure (Including IDC and Establishment Expenses)	76.38	114.56	538.75	618.54	306.21
Closing value of Sundry	-	-	-	20.77	-

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Creditors in Previous Year					
Financing Required	70.85	114.56	538.75	639.31	306.21
Funding					
Consumer Contribution	12.24	57.14	59.91	39.42	48.43
APDRP Grants	-	18.63	-	-	
APDRP Loans	-	18.63	-	-	
Depreciation	56.84	20.16	142.55	87.66	120.24
Internal Accruals	0.53	-	94.65	153.67	41.26
Loan	1.24	-	220.86	358.56	96.28
Closing Value of Sundry Creditors in Year End	-	-	20.77	-	-
Total	70.85	114.56	538.75	639.31	306.21

104) The Commission contends that the appellant vide its letter No. RCM/06-07/387 dated 25.04.06 submitted the actual source of funding corresponding to capital expenditure of Rs.923.06 Crores. The appellant submitted in the letter that the capital expenditure of Rs.545.31 Crores had been funded through sundry creditors in the FY 2004-05. The Commission contends that since the appellant itself submitted the sundry creditors as one of the means of finance, the appellant had approved Rs.146.85 Crores of sundry creditors while approving the means of finance for 2004-05 in the tariff order of FY 2005-06. However, while doing the second true up for the FY 2004-05 in the FY 2006-07 tariff order, the Commission calculated means of finance based on the final audited accounts and approved closing value of sundry creditors in the year end of Rs.20.77 Crores instead of earlier Rs.146.85 Crores. It is necessary to note that the Commission has allowed the financing of sundry creditors considered for previous year's tariff expenditure in the next year's

tariff order. The Commission has considered sundry creditors of Rs.20.77 Crores as means of finance for capital expenditure of FY 2004-05 and it has at the same time approved financing of sundry creditors to the extent of Rs.20.77 Crores while approving the means of finance for the FY 2005-06.

105) We are unable to see how the appellant can be aggrieved of the approach adopted by the Commission. We feel that on this score the appellant's case has no force.

<u>Depreciation:</u>

106) While determining the multi year tariff for the FY 2008 to 2011 the Commission also gave effect to the judgment of this Tribunal and the judgment of the Supreme Court relating to depreciation for the period of FY 2002-03 to FY 2006-07 which was also referred to as the policy direction period. The Commission had determined depreciation on the opening gross fixed asset @ 3.75%. This order was challenged before this Tribunal and this Tribunal upheld that the depreciation for the policy direction period has to be given @ 6.69%. This Tribunal's order was challenged before the Supreme Court and the Supreme Court vide its judgment dated 15.02.07 upheld the decision of this Tribunal. The Supreme Court recorded in its judgment that the Commission had accepted the weighted average depreciation rate proposed for generation companies in

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terms of Ministry of Power's Notification dated 29.03.94 and this rate was approved by the Commission when the Delhi Vidyut Board was in the picture. This Tribunal had held that there was no reason to reduce the depreciation for the DISCOMS on privatization. The Hon'ble Supreme Court held that the Commission was not entitled to derive the rate from the fair life of the asset particularly when the consequence was to reduce the ARP substantially. The Supreme Court said that it went by the cost of replacement instead of historical cost. The Commission accordingly recalculated the depreciation for the policy direction period @ 6.9%. The appellant contends that depreciation should have been allowed to it as per the rates claimed specific to each item of capital asset and calculated as per the MoP Notification. In its own calculation the appellant has applied the rate of 7.5% and has alleged that it should have been granted the total depreciation for the policy direction period at Rs.599.5 Crores whereas the depreciation approved by the Commission was at Rs.534.8 Crores.

107) We have carefully gone through the impugned order, particularly paragraphs 3.56 and 3.58 of it. We do not see how the Commission can be said to have made any mistake by allowing the weighted average rate of depreciation of 6.69%. The appellant has not explained how it has calculated depreciation @ 7.5%. Nor is it known how the appellant claims that despite the order of the

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Supreme Court approving this Tribunal's findings that the appropriate rate of depreciation for the policy period was the weighted average of 6.69%. The Commission was required to calculate the depreciation as is being now claimed by the appellant. On the score of depreciation we cannot but uphold the impugned order.

Lower approval of interest rates for loans to be raised by the appellant.

108) The appellant asked for approval of interest rate on its borrowings at the rate of 11.5% for a repayment tenure of 10 years. The Commission considered different types of loans with varying period of repayment. It also observed that the appellant has managed to procure funds in the range at 1.75% to 4.75% below PLR and based on the above findings concluded that the appellant would be able to raise funds @ 2.75% below SBI PLR. The Commission allowed an interest rate of 9.5% as pass through. The appellant says that lower approval of interest rate restricts the commercial ability of the appellant to raise loans as also a lower cost of capital employed. The following two paragraphs of the impugned order reflect the view of the Commission:

> *"4.221 For outstanding loans as on 1 April 2007, the Commission has considered the repayment schedule and interest rate as discussed in the*

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truing up section above. For DPCL loan (refinanced through IDBI), repayment schedule and interest rate has been considered as per loan agreement submitted by the petitioner. The Commission has also analysed the terms & conditions of the loans taken by the Petitioner in FY07. The Commission has noticed that the Petitioner has managed to procure funds in the range of 1.75% to 4.75% below PLR. Thus, for the Control Period the Commission has considered that the Petitioner would be able to raise funds at 2.75% below SBI PLR (currently 12.25%)."

"4.223 The Commission shall true-up the means of finance for the Control Period as the asset capitalisation is subjected to true-up. The Commission may true-up the interest rates considered for new loans to be taken for capital investment and for working capital requirement, if there is a deviation in the PLR of the scheduled commercial banks by more than 1% on either side."

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109) The commission contends that it has arrived at the finding after a prudent analysis of the issue. In paragraph 221 & paragraph 223 the Commission has examined the different amounts of outstanding loans and interest payable. The appellant denies that the Commission has arrived at the finding after a prudent analysis and that the impugned order does not provide any reasoning for prescribing interest rate at 9.5% i.e. 2.75% below SBI PLR.

110) The Commission contends that the Commission has arrived at the decision after a prudent analysis of the issue. MYT Regulations, the Commission contends require cost of debt to be determined at the beginning of the control period after considering the licensee's proposal, present cost of debt already contracted by the licensee and other relevant factors including risk free returns, risk premium, prime lending rate etc. The Commission gives the following information of the existing loan and interest rates applicable thereon.

S.No.	Year	Loan Amount	Bank	Interest Rate	SBI PLR	Difference between Interest Rate and SBI PLR
1	04-05	100	PNB	6.75%	10.25%	3.5%
2	04-05	35	BOB	6.75%	10.25%	3.5%
3	04-05	72	PNB	7%	10.25%	3.25%
4	05-06	28	PNB	7%	10.25%	3.25%
5	05-06	200	BOB	7%	10.25%	3.25%
6	05-06	200	PNB	8.75%	11.00%	3.25%
7	05-06	100	Federal Bank	8.50%	11.00%	2.50%
8	06-07	250	PNB	10%	12.25%	2.25%

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9	06-07	35	CBP	9.33%	12.25%	2.88%
10	06-07	260	BOB	9.95%	12.25%	2.30%

111) The Commission further says that asset capitalisation is subject to true up and that it shall true up the interest rate considered for new loans to be taken for capital investment and for working capital requirement if there is deviation in the PLR of the scheduled banks by more than 1% on either side.

112) The appellant does not dispute the information in the previous paragraph about the loan facilities available to it. It merely says that the Commission has merely relate a few instances. The appellant could produce the entire profile of the debt incurred by it to show that the Commission's assessment is un-realistic. The period in question is now over. Yet the appellant has not made any effort to dispute the Commission's analysis by hard data.

113) Nor has the appellant shown how the impugned order has actually resulted in any hardship.

114) The Commission has not approved the rate of 9.5% without reference to reality. The rate is neither fanciful nor unrealistic. It is only a projection for the future. In the absence of any given formula, the Commission will have to be allowed some discretion in the matter. It appears to us that the discretion has been used keeping in view the available data. We as an appellate authority

will not interfere with the discretion of the Commission unless the same has been exercised with arbitrariness. The exercise of executing discretion has to be transparent, just, fair and non-arbitrary. The impugned order to the extent of approval of interest cannot be said to suffer from any defect.

115) Further the Commission has at the very outset said that it shall true up the interest rate for the new loans to be taken for capital investment and for working capital requirement if there is a deviation in the PLR of the scheduled commercial banks by more than 1% on either side. Thus there is sufficient safeguard for the appellant and sufficient room to procure loans at the given market rate of interest. We are not inclined to interfere with the Commission's decision on the approval of interest rate.

116) Before parting with the judgment we have to remind the Commission of the observations in our judgment in appeal No. 265 of 2006, 266 of 2006 and 267 of 2006 in the case of North Delhi Power Ltd. Vs. Delhi Electricity Regulatory Commission in which we said the following:

> *"60. Before parting with the judgment we are constrained to remark that the Commission has not properly understood the concept of truing up. While considering the*

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Tariff Petition of the utility the Commission has to reasonably anticipate the Revenue required by a particular utility and such assessment should be based on practical considerations. …… The truing up exercise is meant (sic) to fill the gap between the actual expenses at the end of the year and anticipated expenses in the beginning of the year. When the utility gives its own statement of anticipated expenditure, the Commission has to accept the same except where the Commission has reasons to differ with the statement of the utility and records reasons thereof or where the Commission is able to suggest some method of reducing the anticipated expenditure. This process of restricting the claim of the utility by not allowing the reasonably anticipated expenditure and offering to do the needful in the truing up exercise is not prudence. …"

117) All projections and assessments have to be made as accurately as possible. Truing up is an exercise that is necessarily to be done as no projection can be so accurate as to equal the real situation. Simply because the truing up exercise will be made on some day in future the Commission cannot take a casual approach in making its projections. We do appreciate that the Commission intends to keep the burden on the consumer as low as possible. At the same time one has to remember that the burden of the consumer is not

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ultimately reduced by under estimating the cost today and truing it up in future as such method also burdens the consumer with carrying cost.

118) In view of the above analysis we allow the appeal in part with directions contained in the judgment and more particularly as under:

Sales projections and power purchase:

The Commission shall true up the figures of power purchased for the year 2007-08 and would correct the methodology of projection for the future years as per our direction in paragraph 26 & 27 above.

Distribution loss and AT&C losses:

The Commission shall pay heed to our observations in paragraph 31/32.

Capital expenditure and capitalisation disallowance, lower approval of capitalisation from fresh investment during the MYT period and impact of lower approval of capital expenditure and capitalisation on ROCE and RRB:

The view of the Chairman of the Commission with his power of casting vote is approved. So far as purchase from REL is

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concerned, the Commission's view is accepted subject to our directions in paragraph 57 & 58 of the judgment. For capitalisation of fresh assets the DISCOM shall make appropriate applications to the Electrical Inspector and the capitalisation of such assets will be allowed w.e.f. 16th day of filing of the application and payment of necessary fee.

Employees expenses:

The Commission shall allow the expenses incurred towards retirement of SVRS optees pending decision of the Acturial Arbitration Tribunal and shall true up the employees expenses to the extent of increased cost by increase in consumer base. So far as salary hike is concerned to the extent of hike comparable to the Sixth Pay Commission's recommendations for employees other than the erstwhile DVB employees shall also be allowed in true up process in case expenditure in that account has already been incurred.

Advance Against Depreciation (AAD):

The contention of the appellant that accumulated depreciation of Rs.383 Crores shown in the opening balance sheet be ignored while calculating AAD is rejected.

Disallowance of rebate arising out of payment made to DTL:

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The Commission shall make suitable adjustments in the entitlement of the appellant as soon as the dispute between the DTL and the appellant is settled by the Commission.

Non inclusion of Reactive Energy Charges:

The Commission shall allow the appellant to recover the reactive energy charges amounting to Rs.66 Crores.

Disallowance of R&M expenses:

The R&M expenses appropriately incurred should be approved and in case there is any gap between demand made by the appellant and the amount sanctioned by the Commission, the Commission should enter into the exercise of prudence check and grant approval of such expenses.

Impact of lower approval of capex and capitalisation:

So far as the policy direction period is concerned, after the Commission gives effect to this judgment the necessary consequences on depreciation and interest will follow. So far as MYT period is concerned the appellant's prayer is rejected.

Lower approval of capitalisation from fresh investments during MYT period:

On truing up of capitalisation from fresh investments during the MYT period, the appellant would be granted appropriate returns.

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Administrative and General Expenses (A&G)
The Commission's order is not interfered with.

Inclusion of sundry creditors as source of "means of finance":
The Commission's order is not interfered with.

Depreciation:

We uphold the impugned order of granting depreciation at the rate of 6.69% for the FY 2002-03 to 2006-07.

Lower approval of interest rates for loans to be raised by the appellant:
The Commission's decision is not interfered with.

119) The truing up, if not already done, should be done within 30 days of this judgment

120) Pronounced in open court on this ***06th day of October, 2009***.

(H. L. Bajaj)
Technical Member

(Justice Manju Goel)
Judicial Member

REPORTABLE / NON-REPORTABLE

RAJDHANI POWER LTD. NEW DELHI

BSES

BSES Rajdhani Power Limited

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New Delhi - 110 019, India.
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GST : 07AAGCS3187H2Z3
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RA/2021-22/01/A/515 Date: 14.12.2021

To,

The Secretary,
Delhi Electricity Regulatory Commission
Viniyamak Bhawan, "C" Block, Shivalik,
Malviya Nagar, New Delhi – 110017

Dealing Assistant, Law Division, DERC
Received on
15/12/2021

Sub: Final Order dated 01.12.2021 passed by the Hon'ble Supreme Court in Civil Appeal No. 9003-9004 of 2011 titled 'DERC v. BSES Rajdhani Power Limited'

Sir,

1. We respectfully write to you further to the Final Order dated 01.12.2021 passed by the Hon'ble Supreme Court in Civil Appeal No. 9003-9004 of 2011 filed by this Hon'ble Commission challenging the Hon'ble Appellate Tribunal for Electricity's ***("Hon'ble APTEL")*** Judgment dated 12.07.2011 in Appeal No. 142 & 147 of 2009. The relevant extract is set out below:

*"**IN C.A. Nos. 9003-9004 of 2011***

Having heard learned counsel for the parties, perused the impugned order and the materials placed on record, we are of the view that these appeals do not involve any substantial question of law. ***The civil appeals are accordingly dismissed.***

We are also of the view that the appellant has to comply with the directions issued by the Appellate Authority, namely, Appellate Tribunal for Electricity within a reasonable time. Therefore, we direct the appellant to comply with the directions contained in the impugned order within a period of three months from today, if not already complied with, and file a compliance report before this Court within two weeks thereafter.

*Pending applications, if any, also stand disposed of."**[Emphasis Supplied]***

A copy of the Order dated 01.12.2021 passed by the Hon'ble Supreme Court is enclosed herewith as **Attachment – A**.

2. To assist the Hon'ble Commission in implementing the directions of Hon'ble APTEL in Judgment dated 12.07.2011 which are yet to be fully implemented, we are placing herewith the claims of BRPL allowed by the Hon'ble APTEL set out in **Attachment– B**. For the convenience of your reference, the Judgment dated 12.07.2011 in Appeal No. 142 and 147 of 2009 is placed as **Attachment – C**.

3. We humbly submit that BRPL shall provide detailed computation separately.

Thanking you,

Yours sincerely,

For BSES Rajdhani Power Limited

Rajul Agarwal
(Head Regulatory Affairs)

BSES RAJDHANI POWER LTD. NEW DELHI

Enclosed Attachments:

A. Order dated 01.12.2021 passed by the Hon’ble Supreme Court

B. Claims of BRPL allowed by the Hon’ble APTEL

C. Judgment dated 12.07.2011 in Appeal No. 142 & 147 of 2009

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BSES RAJDHANI POWER LTD. NEW DELHI

Attachment-A

Order dated 01.12.2021 passed by the Hon’ble Supreme Court

BSES RAJDHANI POWER LTD.
NEW DELHI

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL No(s). 884 OF 2010

DELHI ELECT. REGULT. COMMISSION Appellant(s)

VERSUS

BSES RAJDHANI POWER LTD.& ORS. Respondent(s)

WITH

CIVIL APPEAL No(s). 980 OF 2010

WITH

CIVIL APPEAL No(s). 9003-9004 OF 2011

WITH

CIVIL APPEAL No(s). 1854-1855 OF 2014

O R D E R

IN C.A. Nos. 884 and 980 of 2010

Having heard learned counsel for the parties, perused the impugned order and the materials placed on record, we are of the view that these appeals do not involve any substantial question of law. The civil appeals are accordingly dismissed.

We are also of the view that the appellant has to comply with the directions issued by the Appellate

BSES RAJDHANI POWER LTD. NEW DELHI

Authority, namely, Appellate Tribunal for Electricity within a reasonable time. Therefore, we direct the appellant to comply with the directions contained in the impugned order within a period of three months from today, if not already complied with, and file a compliance report before this Court within two weeks thereafter.

Pending applications, if any, also stand disposed of.

IN C.A. Nos. 9003-9004 of 2011

Having heard learned counsel for the parties, perused the impugned order and the materials placed on record, we are of the view that these appeals do not involve any substantial question of law. The civil appeals are accordingly dismissed.

We are also of the view that the appellant has to comply with the directions issued by the Appellate Authority, namely, Appellate Tribunal for Electricity within a reasonable time. Therefore, we direct the appellant to comply with the directions contained in the impugned order within a period of three months from today, if not already complied with, and file a compliance report before this Court within two weeks thereafter.

BSES RAJDHANI POWER LTD. NEW DELHI

Pending applications, if any, also stand disposed of.

<u>IN C.A. Nos. 1854-1855 of 2014</u>

Having regard to the disposal of the Civil Appeal Nos. 884 and 980 of 2010 as above, these appeals do not survive for consideration by this Court. The civil appeals are accordingly dismissed. However, the observations made by the Appellate Authority against the Commission(DERC) in the impugned order are expunged.

Pending applications, if any, also stand disposed of.

..........................J.
(S. ABDUL NAZEER)

..........................J.
(KRISHNA MURARI)

NEW DELHI
DECEMBER 01, 2021

BSES RAJDHANI POWER LTD.
NEW DELHI

ITEM NO.101 COURT NO.7 SECTION XVII

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Civil Appeal No(s). 884/2010

DELHI ELECT. REGULT. COMMISSION Appellant(s)

VERSUS

BSES RAJDHANI POWER LTD. & Ors. Respondent(s)

(FOR FOR EARLY HEARING APPLICATION ON IA 37216/2021)

WITH C.A. No. 980/2010

C.A. No. 9003-9004/2011
(FOR ON IA 5/2014)

CONMT.PET.(C) No. 141/2014 In W.P.(C) No. 328/1999
(FOR ON IA 1/2014)

C.A. No. 1854-1855/2014
(IA No. 1/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

W.P.(C) No. 104/2014
(IA No. 121684/2021 - APPROPRIATE ORDERS/DIRECTIONS
IA No. 109382/2021 - CLARIFICATION/DIRECTION
IA No. 2/2014 - EXTENSION OF TIME
IA No. 1/2014 - GRANT OF INTERIM RELIEF
IA No. 148652/2021 - INTERVENTION/IMPLEADMENT
IA No. 6/2014 - MODIFICATION)

W.P.(C) No. 105/2014
(IA No.55601/2017-APPROPRIATE ORDERS/DIRECTIONS
IA No. 55601/2017 - APPROPRIATE ORDERS/DIRECTIONS
IA No. 2/2014 - EXTENSION OF TIME
IA No. 1/2014 - GRANT OF INTERIM RELIEF
IA No. 7/2014 - MODIFICATION)

C.A. No. 4012/2014
(IA No. 1/2014 - EX-PARTE STAY
IA No. 2/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

C.A. No. 4011/2014
(IA No. 1/2014 - EX-PARTE STAY
IA No. 2/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

BSES RAJDHANI POWER LTD. NEW DELHI

C.A. No. 4013/2014
(IA No. 1/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

C.A. No. 4010/2014
(IA No. 1/2014 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

C.A. No. 8387-8389/2014
(IA No. 4/2014 - EX-PARTE STAY)

C.A. No. 8464-8466/2014
(IA No. 4/2014 - STAY APPLICATION)

CONMT.PET.(C) No. 83/2015 In W.P.(C) No. 104/2014
(IA No. 62371/2019 - APPROPRIATE ORDERS/DIRECTIONS)

CONMT.PET.(C) No. 59/2015 In W.P.(C) No. 105/2014
(IA No. 62373/2019 - APPROPRIATE ORDERS/DIRECTIONS)

CONMT.PET.(C) No. 60/2015 In W.P.(C) No. 105/2014
(FOR ON IA 1/2015)

CONMT.PET.(C) No. 84/2015 In W.P.(C) No. 104/2014
(FOR ON IA 1/2015)

CONMT.PET.(C) No. 822/2016 In CONMT.PET.(C) No. 83/2015 In W.P.(C) No. 104/2014

CONMT.PET.(C) No. 821/2016 In CONMT.PET.(C) No. 59/2015 In W.P.(C) No. 105/2014

CONMT.PET.(C) No. 826/2016 In CONMT.PET.(C) No. 84/2015 In W.P.(C) No. 104/2014

CONMT.PET.(C) No. 827/2016 In CONMT.PET.(C) No. 60/2015 In W.P.(C) No. 105/2014

W.P.(C) No. 1005/2021
(FOR ADMISSION and IA No.112102/2021-PERMISSION TO FILE LENGTHY LIST OF DATES)

Date : 01-12-2021 These matters were called on for hearing today.

CORAM :
HON'BLE MR. JUSTICE S. ABDUL NAZEER
HON'BLE MR. JUSTICE KRISHNA MURARI

BSES RAJDHANI POWER LTD. NEW DELHI

For Appellant(s)	**Mr. Nikhil Nayyar,Sr.Adv.**
	Ms. Pritha Srikumar, AOR
	Ms. Neha Mathen,Adv.
	Mr. Naveen Hegde,Adv.
	Ms. Mansi Bingrajka,Adv.
	Mr. Aditya Rajagopal,Adv.
	Mr. Arvind Datar,Sr.Adv.
	Mr. Amit Kaur,Adv.
	Mr. Anupam Varma,Adv.
	Mr. Pukhrambam Ramesh Kumar, AOR
	Mr. Rahul Kinra,Adv.
	Mr. Aditya Gupta,Adv.
	Mr. Aditya Ajay,Adv.
	Mr. Karun Sharma,Adv.
	Dr. Abhishek Manu Singhvi,Sr.Adv.
	Mr. Shri Venkatesh,Adv.
	Mr. Nitin Saluja, AOR
	Mr. Ashutosh K.Srivastava,Adv.
	Mr. Nihal Bharadwaj,Adv.
	Mr. S.Wasim A.Qadri,Sr.Adv.
	Mr. Lakshmi Raman Singh, AOR
	Mr. Chirag M. Shroff, AOR
	Mr. Tamim A.Qadri,Adv.
	Mr. Saeed Qadri,Adv.
	Mr. Siddhartha Chowdhury, AOR
	Mr. Chirag M. Shroff, AOR
For Respondent(s)	**Mr. Arvind Datar,Sr.Adv.**
	Mr. Dhruv Mehta,Sr.Adv.
	Mr. V.P.Singh,Adv.
	Mr. Raghav Chadha,Adv.
	Ms. Urvashi Misra,Adv.
	Ms. Aishwarya Modi,Adv.
	Mr. Harpreet Singh Ajmani, AOR
	Mr. Arvind Datar,Sr.Adv.
	Mr. Amit Kaur,Adv.
	Mr. Anupam Varma,Adv.
	Mr. Pukhrambam Ramesh Kumar, AOR
	Mr. Rahul Kinra,Adv.
	Mr. Aditya Gupta,Adv.
	Mr. Aditya Ajay,Adv.
	Mr. Karun Sharma,Adv.

BSES RAJDHANI POWER LTD.
NEW DELHI

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Ms. Mansi Bingrajka,Adv.
Mr. Aditya Rajagopal,Adv.

Mr. S.Wasim A.Qadri,Sr.Adv.
Mr. Lakshmi Raman Singh, AOR
Mr. Chirag M. Shroff, AOR
Mr. Tamim A.Qadri,Adv.
Mr. Saeed Qadri,Adv.

Mr. K. V. Mohan, AOR
Mr. K.V.Balakrishnan,Adv.
Ms. Anushree Bardhan, Adv.

Mr. Siddhartha Chowdhury, AOR

Mr. Pramod Dayal, AOR

Mr. Chirag M. Shroff, AOR

Mr. B. Krishna Prasad, AOR

M/S. Cyril Amarchand Mangaldas Aor, AOR

Mr. Uttam Dutt,Adv.
Mr. T. V. S. Raghavendra Sreyas, AOR

Mr. Manu Seshadri,Adv.
Mr. Abhijit Lal,Adv.
Mr. Satya Mitra, AOR

Mr. Vivek Singh, AOR
Mr. K.K.Singh,Adv.

Mr. Sriharsha Peechara, Adv.
Mr. Arjun Krishnan, AOR

Mr. K. V. Mohan, AOR
Mr. K.V.Balakrishnan,Adv.

Mr. Piyush Beriwal,Adv.
Mr. Gurmeet Singh Makker, AOR
Ms. Shradha Deshmukh,Adv.
Mr. Shyam Gopal,Adv.
Mr. Chinmayee Chandra,Adv.

BSES RAJDHANI POWER LTD. NEW DELHI

UPON hearing the counsel the Court made the following

O R D E R

IN C.A. Nos. 884 and 980 of 2010, 9003-9004 of 2011 & 1854-1855 of 2014

The appeals are dismissed in terms of the signed order.

Pending applications, if any, also stand disposed of.

REST OF THE MATTERS

At the request of Mr. Dhruv Mehta, learned senior counsel, list all the remaining matters after six weeks.

(NEELAM GULATI) **(KAMLESH RAWAT)**
ASTT. REGISTRAR-cum-PS **COURT MASTER (NSH)**

(Signed order is placed on the file)

BSES RAJDHANI POWER LTD. NEW DELHI

Attachment-B

Claims of BRPL allowed by the Hon’ble APTEL

BSES RAJDHANI POWER LTD. NEW DELHI

A. Rebate on Power Purchase

1. Issue in brief:

1.1 Hon'ble Commission by Tariff Order dated 28.05.2009 directed as under:

> *"3.51 Further, the Commission has reviewed the issue of rebate in light of the appeal of NDPL before the ATE. As per Appeal no. 52/2008 against the MYT Order of NDPL issued by the Commission, NDPL has pleaded that since the rebate income accrues to them only due to their efficiency in managing their cash flows, it should not be considered as part of non-tariff income for determination of tariff.*
>
> *3.52. The Commission, in its reply has stated that the contention of NDPL for entitlement of rebate because of its efficient use of working capital is against the regulatory practice as established over a period of time wherein any rebate received on account of power purchase is treated as non-tariff income and accounted for accordingly.*
>
> *3.53. The Commission has arrived at the working capital requirements of NDPL by considering the power purchase cost of one month as NDPL has to pay power purchase bills in the next month only after the bills are raised i.e. at the end of the month. NDPL will receive the revenue upfront from 2 months receivable to enable it to pay power purchase bills for 1 month before due date to make them eligible for availing rebate. The Commission feels that the structure of the working capital for DISCOMs have been designed in such a way that they would always be in a position to make the payment for power purchase and avail the rebate. It is also necessary to note that the Regulations*

BSES RAJDHANI POWER LTD. NEW DELHI

provide for interest on working capital on normative basis, whether the working capital is actually borrowed or not.

3.54 As the matter is subjudice before Hon'ble ATE, the Commission continues with its earlier approach of considering rebate in determination of tariff of the Petitioner."

2. Hon'ble APTEL Directions:

2.1 Hon'ble APTEL directed Ld. Commission to consider rebate upto 1% as non-tariff income from the total rebate of 2%.

2.2 Relevant extract of APTEL Judgment is extracted herein below:

"*17.1. This issue also had already been decided by this Tribunal in its Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 titled as North Delhi Power Ltd. vs. DERC. The relevant extracts of the Judgment are reproduced below:*

'The Appellant, through its efficient management, has paid all the bills immediately on raising of the bills by the generating company and, therefore, it has to be allowed a rebate of 2%. Therefore, there is no justifiable reason for the State Commission to reduce the power purchase cost by rebate earned by the Appellant. The normative working capital provides for power purchase cost for one month. Therefore, rebate of 1% available for payment of power purchase bill within one month should be considered as non-tariff income and to that extent benefit of 1% rebate goes to reducing the ARR of the Appellant. The rebate earned on early payment of power purchase cost cannot be

BSES RAJDHANI POWER LTD. NEW DELHI

deducted from the power purchase cost and rebate earned only up to 1% alone can be treated as part of the non-tariffincome. Therefore treating the rebate income for deduction from the power purchase cost is contrary to the MYT Regulations.'

The issue is decided accordingly.

The State Commission is directed to consider rebate only upto 1% as non-tariff income."

3. Status of Implementation:

Status of implementation of the present issue is as under: -

3.1 By Tariff Order dated 31.07.2013, Hon'ble Commission has stated to have implemented the findings on rebate on power purchase in Judgment dated 12.07.2011 passed in Appeal No. 142 and 147 of 2009.

3.2 However, while computing the rebate over 1% from FY 2007-08 to FY 2010-11, Hon'ble Commission had allowed a higher amount of Rs. 95.73 Crores, instead of Rs. 49.79 Crores as claimed by BRPL.

3.3 This error was rectified by the Hon'ble Commission by Tariff Order dated 29.09.2015 wherein extra rebate of Rs. 45.94 Crores (95.73 – 49.79) from BRPL was recovered.

3.4 Hence, the issue has been implemented and allowed.

BSES RAJDHANI POWER LTD. NEW DELHI

B. Funding of Revenue Gap in the debt equity ratio of 70:30 (Interest Rates for Carrying Cost)

1. Issue in brief:

1.1 Hon'ble Commission at paragraph 5.24, Table 61 of the Tariff Order dated 28.05.2009 had allowed carrying cost @ 9% p.a. for the unamortized Revenue Gap upto FY 2007-08 which is much lower than the cost of debt incurred by BRPL.

Relevant extracts of the Tariff Order dated 28.05.2009 are annexed as **Annexure-B1**.

2. Hon'ble APTEL Directions:

2.1 Hon'ble APTEL directed the Commission to recompute the rate of carrying cost in the debt: equity ratio of 70:30 considering debt at the prevalent market rate keeping in view the prevailing Prime Lending Rate.

2.2 Relevant extract of APTEL Judgment is extracted herein below:

"11. The sixth issue is regarding interest rate for carrying cost.

11.1. This issue also had been dealt with in this Tribunal's Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 between North Delhi Power Ltd. vs. DERC. The relevant extracts of the Judgment are reproduced below:

'45. The carrying cost is allowed based on the financial principle that whenever the recovery of cost is to be deferred, the financing of the gap in cash flow arranged by the distribution company from lenders and/or promoters and/or accrual and/or internal accrual has to be paid

BSES RAJDHANI POWER LTD. NEW DELHI

for by way of carrying cost. The carrying cost is a legitimate expectation of the distribution company. The State Commission instead of applying the principle of PLR for the carrying cost has wrongly allowed the rate of 9% which is not the prevalent market lending rate. Admittedly, the prevalent market lending rate was higher than the rate fixed by the State Commission in the tariff order. Therefore, ***the State Commission is directed to reconsider the rate of carrying cost at the prevalent market rate keeping in view the prevailing Prime Lending Rate'***

This issue is decided accordingly in terms of the above Judgment.".

3. Status of Implementation:

This issue has not been implemented in terms of the APTEL directions.

4. BRPL claim:

4.1 As per the Hon'ble APTEL directions Revenue Gap ought to be funded in debt-equity ratio of 70:30 considering ROE as 16% and rate of interest keeping in view the prevailing Prime Lending Rate.

4.2 BRPL has computed the rate of carrying cost considering the SBIPLR during the relevant Financial Year as tabulated below:

BSES RAJDHANI POWER LTD. NEW DELHI

S. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	Remarks
a	Rate of Return on Equity	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	
b	Prevailing SBI PLR during the year	12.69%	12.79%	11.87%	12.26%	14.40%	14.61%	14.58%	14.75%	14.28%	14.05%	Computation provided in **Annexure-B2**
c	Weighted average Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%	14.64%	[a*30%+b*70%]
d	Rate of carrying cost allowed by DERC	10.34%	11.13%	11.49%	11.66%	13.17%	10.67%	10.80%	11.18%	11.23%	11.18%	Relevant extracts annexed as **Annexure-B3**
e	**Difference in Carrying Cost Rate**	**3.34%**	**2.62%**	**1.62%**	**1.72%**	**1.71%**	**4.36%**	**4.21%**	**3.95%**	**3.57%**	**3.45%**	**[c-d]**

4.3 Further, the Hon'ble Commission is requested to review and correct the computation of Working capital requirement and its funding in debt equity ratio of 70:30 considering prevailing Prime Lending Rate during the year.

Annexure-B1

BSES RAJDHANI POWER LTD.
NEW
DELHI

ORDER

on

TRUE UP

for

FY 2007-08

and

AGGREGATE REVENUE REQUIREMENT

FOR THE FY 2009-10

for

BSES RAJDHANI POWER LIMITED

DELHI ELECTRICITY REGULATORY COMMISSION

MAY, 2009

BSES RAJDHANI POWER LTD. NEW DELHI

5.23 The surplus, if any, for any of the distribution companies after considering the reduction of tariff in some of the categories in FY 09-10 would be transferred to the MYT contingency reserve as specified in MYT Regulations along with necessary carrying cost based on the time of collection of the surplus amounts and the time at which these amounts are created to the Contingency Reserve. Funds available in the Contingency Reserve shall be considered while determining the aggregate revenue requirement and the tariff structure of the respective company for FY 10-11.

Revenue (Gap)/Surplus at Approved Tariffs

5.24 The summary of net revenue surplus/ (gap) for BRPL along with adjustment at approved tariffs is shown below:

Table 61: Net Revenue (Gap)/Surplus of BRPL at Approved Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(404.47)	(575.63)	(281.31)
Revenue Requirement for the year	3006.51	2986.85	3160.34
Revenue at approved tariffs	2877.56	3318.07	3670.36
Surplus/ (Gap) for the year	(128.95)	331.22	510.02
Surplus utilised towards amortization of Gap		331.22	281.31
Closing level of (Gap)/Surplus	(533.42)	(244.41)	228.71
Carrying Cost for the year (at 9%)	(42.21)	(36.90)	(12.66)
DTL Claim on Provisional Basis			47.18
Net (Gap)/ Surplus	**(575.63)**	**(281.31)**	**168.88**

5.25 The summary of net revenue surplus/ (gap) for BYPL and NDPL along with adjustment at approved tariffs is shown below:

Table 62: Net Revenue (Gap)/Surplus of BYPL at Approved Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(158.50)	(116.62)	(98.89)
Revenue Requirement for the year	1371.01	1645.86	1895.62
Revenue at approved tariffs	1424.73	1672.87	2046.79
Surplus/ (Gap) for the year	53.72	27.01	151.17
Surplus utilised towards amortization of Gap		27.01	98.89
Closing level of (Gap)/Surplus	(104.78)	(89.61)	52.28
Carrying Cost for the year (at 9%)	(11.85)	(9.28)	(4.45)
DTL Claim on Provisional Basis			28.31
Net (Gap)/ Surplus	**(116.62)**	**(98.89)**	**19.52**

Table 63: Net Revenue (Gap)/Surplus of NDPL at Approved Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(138.94)	(343.43)	(157.27)

Annexure-B2

BSES RAJDHANI POWER LTD.
NEW DELHI

Computation of SBI PLR during the year

Date	Rate	No. of days	Prevailing SBI PLR during the year
20-Feb-07	12.25		
1-Apr-07	12.25%	8	
9-Apr-07	12.75%	313	**12.69%**
16-Feb-08	12.50%	11	
27-Feb-08	12.25%	34	
1-Apr-08	12.25%	87	
27-Jun-08	12.75%	46	
12-Aug-08	13.75%	90	**12.79%**
10-Nov-08	13%	52	
1-Jan-09	12.25%	90	
1-Apr-09	12.25%	89	**11.87%**
29-Jun-09	11.75%	276	
1-Apr-10	11.75%	138	
17-Aug-10	12.25%	65	
21-Oct-10	12.50%	74	**12.26%**
3-Jan-11	12.75%	42	
14-Feb-11	13%	46	
1-Apr-11	13%	24	
25-Apr-11	13.25%	17	
12-May-11	14%	60	**14.40%**
11-Jul-11	14.25%	33	
13-Aug-11	14.75%	232	
1-Apr-12	14.75%	179	
27-Sep-12	14.50%	130	**14.61%**
4-Feb-13	14.45%	56	
1-Apr-13	14.45%	171	
19-Sep-13	14.55%	49	**14.58%**
07-Nov-13	14.75%	145	
1-Apr-14	14.75%	365	**14.75%**
1-Apr-15	14.75%	9	
10-Apr-15	14.60%	59	**14.29%**
8-Jun-15	14.45%	119	
5-Oct-15	14.05%	179	
1-Apr-16	14.05%	275	**14.05%**
1-Jan-17	14.00%	90	
1-Apr-17			

BSES RAJDHANI POWER LTD. NEW DELHI

Annexure-B3

BSES RAJDHANI POWER LTD. NEW DELHI

Order

on

TRUE UP

for

FY 2013-14,

Aggregate Revenue Requirement

and

Distribution Tariff (Wheeling & Retail Supply)

for

FY 2015-16

for

BSES Rajdhani Power Limited (BRPL)

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DELHI ELECTRICITY REGULATORY COMMISSION

September, 2015

BSES RAJDHANI POWER LTD. NEW DELHI

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	Remarks
	ntive) on AT&C							Order
H	Income Tax Provision	-	-	-	15.13	26.30	14.78	Table 3.51
I	DTL Claim as treated in TO - Aug 2011			95.72				As in Tariff Order
J	DVB Arrears	64.50						As in Tariff Order
K	Reactive Energy Charges	(0.66)						Para 3.107
L	Less: Interest & Other Expenses Capitalized	4.27	-	-	-	-		As in Tariff Order
M	Less: Non Tariff Income	82.86	182.49	154.00	139.54	225.94	207.40	Table 3.32
N	**Aggregate Revenue Requirement**	**3,035.90**	**2,974.24**	**4,259.52**	**5,099.82**	**6,216.84**	**6,232.50**	**Sum(A,K)-L-M**
O	Revenue Available towards ARR	2,880.13	3,108.87	3,408.44	3,931.11	4,571.80	6,048.65	Respective Tariff Orders
P	Revenue Surplus/(Gap) for the year	(155.77)	134.63	(851.08)	(1,168.71)	(1,645.05)	(183.85)	O-P

Table 3.53: Revenue Gap and carrying cost for FY 2007-08 to FY 2012-13 (Rs. Crore)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	Remarks
A	Opening balance for FY 07-08	(404.47)	(585.56)	(508.61)	(1,467.02)	(2,846.01)	(4,974.15)	As per T.O. dated July 2013
B	Adjustment in Opening balance of RG on account of PDP adjustments	22.26						Table 3.52
C	Adjustment of Contingency reserve on Revenue Gap				28.91			As per Tariff Order 13.07.12
D	Opening Balance of revenue gap	(382.21)	(585.56)	(508.61)	(1,438.11)	(2,846.01)	(4,974.15)	A+B+C
E	Revenue surplus/(Gap) during the year	(155.77)	134.63	(851.08)	(1,168.71)	(1,645.05)	(183.85)	Table 3.52b
F	Adjustment on account of 8%surcharge						298.50	Tariff Order 23.07.2014
G	Net RG requirement during the year	(155.77)	134.63	(851.08)	(1,168.71)	(1,645.05)	114.65	E+F
H	Closing Revenue gap	(537.98)	(450.93)	(1,359.69)	(2,606.82)	(4,491.06)	(4,859.50)	D+G
I	Average balance of Revenue Gap	(460.10)	(518.24)	(934.15)	(2,022.47)	(3,668.54)	(4,916.82)	(D+H)/2
J	Actual equity Available towards RG	-	-	-	-	279.29	558.00	

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	Remarks
	(above Capitalisation and WC)							
K	Equity as 30% of total funds required	-	-	-	-	279.29	558.00	Min (J, (I*30%))
L	Balancing figure - Debt	460.10	518.24	934.15	2,022.47	3,389.25	4,358.83	-I-K
M	Rate of return on equity (re)	14.00%	14.00%	14.00%	14.00%	14.00%	16.00%	
N	Rate of interest on debt (rd)	10.34%	11.13%	11.49%	11.66%	13.10%	9.99%	
O	Rate of carrying cost	10.34%	11.13%	11.49%	11.66%	13.17%	10.67%	((M*K)+(N*L))/(K+L)
P	Carrying cost	(47.57)	(57.68)	(107.33)	(239.19)	(483.09)	(524.73)	O*I
Q	**Closing balance**	(585.56)	(508.61)	(1,467.02)	(2,846.01)	(4,974.15)	(5,384.22)	**H+P**

Penalty for delay in GIS Mapping

3.186 The Commission had directed to complete the GIS Mapping of assets till 30.09.2014 in T.O. dated 23.07.2014 as follows:

"The Commission is in the process of undertaking a true-up of the capitalization since FY 2006-07. The Commission is of the view that capitalization review for any year cannot be taken up in isolation before completion of the exercise for previous years, as there are overlapping issues like completion of schemes, MAP, IDC etc. The Petitioner has committed to complete its asset mapping by 30th September 2014 in the 27th Coordination Forum meeting dated 26.11.2013. The Commission decided to give a final opportunity to the Petitioner to complete the GIS mapping by September 2014 for facilitating further physical verification of assets, failing which 15% of the provisional capitalization allowed to them since FY 2006-07 shall be withdrawn w.e.f. 01.10.2014 and also no carrying cost w.e.f. 01.10.2014 shall be allowed on this account, till such time the asset mapping is completed. "

3.187 The Petitioner has intimated vide its letter that GIS Mapping could be completed by 31.10.2014.

3.188 In view of the above direction, the Petitioner is liable for penalty as impact of additional capitalisation provisionally allowed from FY 2006-07 to FY 2013-14 for a period of 1 month i.e., 01.10.2014 to 31.10.2014 as follows:

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DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1389)/DERC/2016-17/

Petition No. 20/2017

In the matter of: Petition for Truing up of expenses up to FY 2014-15, Review of FY 2015-16 and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17

And

Petition No. 22/2017

In the matter of: Petition for Truing up of expenses for FY 2015-16.

BSES Rajdhani Power Ltd.
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi – 110019. **...Petitioner/Licensee**

Coram: Sh. B. P. Singh, Member.

ORDER

(Date of Order: 31.08.2017)

M/s. BSES Rajdhani Power Limited filed aforesaid Petition No. 20 of 2017 for Truing up of expenses up to FY 2014-15, Review of FY 2015-16 and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17; and Petition No. 22 of 2017 for Truing up of expenses for FY 2015-16. These Petitions were admitted by the Commission *vide* Order dated 26.05.2017. The Petitions along with Executive summary were uploaded on the website of the Commission seeking response of the stakeholders. This was also widely publicised through advertisement in newspapers. In response to the advertisement the Commission received comments from the Stakeholders, which have been replied to by the Petitioner. The comments and suggestions of the stakeholders, the submissions made during the public hearing held on 19.07.2017 and the arguments advanced by the Petitioner have been taken into consideration.

BSES RAJDHANI POWER LTD. NEW DELHI

A5: TARIFF DESIGN

COMPONENTS OF TARIFF DESIGN

5.1 The Commission has considered the following components for designing tariff of the Distribution Licensees.

a. Consolidated Sector Revenue (Gap)/Surplus.

b. Cost of service

c. Cross-subsidization in tariff structure

CONSOLIDATED REVENUE (GAP)/SURPLUS FOR THE SECTOR

REVENUE (GAP)/SURPLUS TILL FY 2015-16

5.2 The Commission has approved the Revenue (Gap)/Surplus for the Petitioner for FY 2014-15 & FY 2015-16 as discussed in detail in Chapter A3 of this Order. The Revenue (Gap)/Surplus upto FY 2015-16 is summarised in the table as follows:

Table 239: Revenue (Gap)/Surplus of BYPL till FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated Sep 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks
A	Opening level of (Gap) / Surplus	(2,831.92)	(3,051.19)	(3,090.56)	
B	Revenue Requirement for the year	3,999.39	**4,262.58**	**3,674.77**	
C	Revenue realised	3,800.63	4,235.66	4,478.95	
D	(Gap) / Surplus for the year	(198.76)	(26.93)	804.18	c-b
E	8% Surcharge for the year	280.00	306.09	332.68	
F	Net (Gap)/Surplus	81.24	279.16	1,136.86	d+e
G	Rate of Carrying Cost	10.77%	10.94%	10.96%	
H	Amount of carrying cost	(300.53)	(318.54)	(276.32)	((a*g)+(f*g)/2)
	Additional Impact of past period True up	-	-	(431.92)	
I	Closing Balance of (Gap)/Surplus	(3,051.19)	(3,090.56)	(2,661.95)	a+f+h

5.3 The summary of Revenue (Gap)/Surplus approved for BRPL and TPDDL till FY 2015-16 is summarised in the table as follows:

Table 240: Revenue (Gap)/Surplus of BRPL till FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated Sept 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks
a	Opening level of (Gap) / Surplus	(5,384.23)	(5,105.28)	(5,121.56)	
B	Revenue Requirement for the year	6,572.94	7,653.40	7,064.30	
C	Revenue realised	6,877.19	7,598.77	8,147.22	

BSES RAJDHANI POWER LTD. NEW DELHI

Sr. No.	Particulars	Approved in Tariff Order dated Sept 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks
D	(Gap) / Surplus for the year	304.25	(54.63)	1,082.92	c-b
E	8% Surcharge for the year	507.45	579.57	619.16	
F	Net (Gap)/Surplus	811.70	524.94	1,702.08	d+e
G	Rate of Carrying Cost	10.80%	11.18%	11.23%	
H	Amount of carrying cost	(537.54)	(541.21)	(479.50)	((a*g)+(f*g)/2)
I	Additional Impact of past period True up	4.79*	-	(333.70)	
J	Net Closing Balance of (Gap)/Surplus	(5,105.28)	(5,121.56)	(4,232.68)	

*penalty due to GIS mapping

Table 241: Revenue (Gap)/Surplus of TPDDL till FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated September 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks
a	Opening level of (Gap) / Surplus	(3,375.83)	(3,351.48)	(3,194.01)	
b	Revenue Requirement for the year	4,976.41	5,601.83	5,377.54	
c	Revenue realised	4,987.37	5,680.52	6,063.70	
d	(Gap) / Surplus for the year	10.96	78.69	686.16	c-b
e	8% Surcharge for the year	390.70	445.90	472.89	
f	Net (Gap)/Surplus	401.66	524.59	1159.05	d+e
g	Rate of Carrying Cost	11.88%	11.88%	12.08%	
h	Amount of carrying cost	(377.32)	(367.12)	(315.83)	((a*g)+(f*g)/2)
I	Additional Impact of past period True up	-	-	(103.31)	
j	Closing Balance of (Gap)/Surplus	(3,351.48)	(3,194.01)	(2,454.10)	a+f+h+i

5.4 The Revenue Gap upto FY 2015-16 as determined by the Commission is indicated as follows:

Table 242: Revenue (Gap)/Surplus of the three DISCOMS till FY 2015-16 (Rs. Crore)

Particulars	Up to FY 2015-16	Remarks
BYPL	(2,661.95)	Table 239
BRPL	(4,232.68)	Table 240
TPDDL	(2,454.10)	Table 241
Total	**(9,348.73)**	

5.5 It can be seen from the above that the accumulated Revenue Gap till FY 2015-16 for all the three DISCOMs is Rs. 9,348.73 Crore.

DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi - 110017.

F.11(1540)/DERC/2017-18/

Petition No. 68/2017

In the matter of: **Petition for Truing up of Expenses upto FY 2016-17 and Annual Tariff Petition for FY 2018-19.**

BSES Rajdhani Power Ltd.
Through its: **CEO**
BSES Bhawan,
Nehru Place,
New Delhi - 110019.

...Petitioner/Licensee

Coram: Sh B. P. Singh, Member.

ORDER

(Date of Order: 28.03.2018)

M/s. BSES Rajdhani Power Limited (BRPL) has filed the instant Petition for Truing up of Expenses upto FY 2016-17 and approval of Annual Revenue Requirement for FY 2018-19. The Petition was admitted by the Commission vide Order dated 26.12.2017. The Petition along with Executive summary was uploaded on the website of the Commission seeking response of the stakeholders; and was also widely publicised through advertisement in newspapers.

The comments and suggestions of the stakeholders, the submissions made during the public hearing held on 23.03.2018 and the arguments advanced by the Petitioner have been duly considered and the Commission in exercise of the power vested in it by the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, hereby pass this Tariff Order signed, dated and issued on 28.03.2018.

The Petitioner shall take immediate steps to implement the said Order, so as to make the revised tariffs applicable from 01.04.2018.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made there under.

(B. P. Singh)
Member

BSES RAJDHANI POWER LTD. NEW DELHI

A5: TARIFF DESIGN

COMPONENTS OF TARIFF DESIGN

5.1 The Commission has considered the following components for designing tariff of the Distribution Licensees.

a. Consolidated Sector Revenue (Gap)/Surplus.

b. Cost of service

c. Cross-subsidization in tariff structure

CONSOLIDATED REVENUE (GAP)/SURPLUS FOR THE SECTOR

REVENUE (GAP)/SURPLUS TILL FY 2016-17

5.2 The Revenue (Gap)/Surplus upto FY 2016-17 is summarised in the table as follows:

Table 222: Revenue (Gap)/Surplus of BYPL till FY 2016-17 (Rs Crore)

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
A	Opening level of (Gap) / Surplus	(3,090.56)	(2,661.95)	
B	Revenue Requirement for the year	3,674.77	3,924.26	
C	Revenue realised	4,478.95	4,435.69	
D	(Gap) / Surplus for the year	804.18	511.43	C-B
E	8% Surcharge for the year	332.68	352.94	
F	Net (Gap)/Surplus	1,136.86	864.37	D+E
G	Rate of Carrying Cost	10.96%	11.17%	
H	Amount of carrying cost	(276.32)	(306.19)	
I	Additional Impact of past period True up	(431.92)	(859.79)	
J	Closing Balance of (Gap)/Surplus	(2,661.95)	(2,963.56)	A+F+H+I

Table 223: Revenue (Gap)/Surplus of BRPL till FY 2016-17 (Rs Crore)

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
A	Opening level of (Gap) / Surplus	(5,121.56)	(4,232.68)	
B	Revenue Requirement for the year	7,064.30	7,743.33	
C	Revenue realised	8,147.22	8,130.09	
D	(Gap) / Surplus for the year	1,082.92	386.76	C-B
E	8% Surcharge for the year	619.16	649.19	
F	Net (Gap)/Surplus	1,702.08	1,035.95	D+E

BSES RAJDHANI POWER LTD. NEW DELHI

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
G	Rate of Carrying Cost	11.23%	11.18%	
H	Amount of carrying cost	(479.50)	(415.32)	
I	Additional Impact of past period True up	(333.70)	(646.03)	
J	Closing Balance of (Gap)/Surplus	(4,232.68)	(4,258.08)	A+F+H+I

Table 224: Revenue (Gap)/Surplus of TPDDL till FY 2016-17 (Rs Cr)

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
A	Opening level of (Gap) / Surplus	(3,194.01)	(2,454.10)	
B	Revenue Requirement for the year	5,377.54	6,029.72	
C	Revenue realised	6,063.70	6,129.82	
D	(Gap) / Surplus for the year	686.16	100.10	C-B
E	8% Surcharge for the year	472.89	498.53	
F	Net (Gap)/Surplus	1,159.05	598.63	D+E
G	Rate of Carrying Cost	12.08%	12.08%	
H	Amount of carrying cost	(315.83)	(260.30)	
I	Additional Impact of past period True up	(103.31)	(278.84)	
J	Closing Balance of (Gap)/Surplus	(2,454.10)	(2,394.61)	A+F+H+I

5.3 The Revenue Gap upto FY 2016-17 as determined by the Commission is indicated as follows:

Table 225: Revenue (Gap)/Surplus of the three DISCOMS till FY 2016-17 (Rs. Crore)

Particulars	Up to FY 2016-17
BYPL	(2,963.56)
BRPL	(4,258.08)
TPDDL	(2,394.61)
Total	**(9,616.25)**

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Attachment-C

APTEL Judgment dated 12.07.2011 in Appeal No. 142 & 147 of 2009

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NEW DELHI

Before the Appellate Tribunal for Electricity
(Appellate Jurisdiction)

Appeal No. 142 & 147 of 2009

Dated 12th July, 2011

Present: Hon'ble Mr. Justice M. Karpaga Vinayagam, Chairperson
Hon'ble Mr. Rakesh Nath, Technical Member

Appeal No.142 of 2009

In the matter of:

BSES Rajdhani Power Limited
BSES Bhawan, Nehru Place
New Delhi -110 019 .... Appellant

Versus

1. **Delhi Electricity Regulatory Commission**
   Viniyamak Bhawan, C-Bolck, Shivalik
   Malviya Nagar, New Delhi -110 017

2. **Government of National Capital Territory of Delhi**
   (Department of Power)
   Delhi Secretariat, 8th Level, B-Wing
   New Delhi -110 002 .... Respondents

Appeal No.147 of 2009

In the matter of:

BSES Yamuna Power Limited
Shakti Kiran Building
Karkardooma
Delhi-110 092 ... Appellant

Versus

BSES RAJDHANI POWER LTD. NEW DELHI

1. Delhi Electricity Electricity
Viniyamak Bhawan, C- Block Shivalik
Malviya Nagar, New Delhi-110 017

2. Government of National Capital Territory of Delhi
(Department of Power)
Delhi Secretariat, 8th Level, B-Wing
New Delhi-110 002 **... Respondents**

Counsel for Appellant(s)	Mr. J.J. Bhatt, Sr. Adv. Mr. Amit Kapur Mr. Mansoor Ali Shoket Ms. Sugandha Somani Mr. Rajeev Choudhary Mr. Rishi Natrajan, Mr. R.C. Natarajan Ms. Prachi
Counsel for the Respondent(s):	Mr. A.N. Haksar, Sr. Advocate Ms. Purnima Sapra Mr. Udyan Jain & Ms. P. Siwan Mr. Pradyuman Dubey

JUDGMENT

PER HON'BLE MR. RAKESH NATH, TEHNICAL MEMBER

The Appeal nos. 142 and 147 of 2009 have been filed by BSES Rajdhani Power Limited and BSES Yamuna Power Ltd. respectively against the respective orders dated 28.5.2009 passed by the Delhi Electricity Regulatory Commission for True Up of the FY 2007-08

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and Aggregate Revenue Requirement for the FY 2009-10.

2. The Appellants are the distribution licensee in the National Capital Territory of Delhi and successors-in-interest of the erstwhile Delhi Vidyut Board. Respondent nos. 1 and 2 in both the Appeals are the State Commission and the Department of Power of Government of NCT of Delhi respectively.

3. The brief background and facts of the cases are as under:

3.1. On 30.5.2007 the State Commission notified the Multi Year Tariff Regulations (MYT Regulations). On 23.2.2008 the State Commission issued MYT tariff order for the Control Period FY 2008-11.

3.2. The Appellants filed the respective Petitions for their Annual Revenue Requirement for the FY 2009-10, true up of expenses for FY 2007-08 and revised

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estimates for FY 2008-09 and 2009-10. After the public hearing, the State Commission passed the respective orders on 28.5.2009. Aggrieved by the orders of the State Commission, the Appellants have filed these Appeals. As issues involved in both the orders are common except an additional issue raised in Appeal No. 142 of 2009, a common Judgment is being rendered.

4. The Appellants have raised the following issues in these Appeals:

4.1. **Overestimation of power availability from new stations**: The State Commission has over-estimated the availability of power from future power stations to be commissioned from which power was to be made available to the distribution companies of the Appellants resulting in improper computation of

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surplus power available with the Appellants for sale to other utilities. This resulted in accumulation of huge revenue gaps. The true up has not been done, so far.

4.2. **Higher plant load factor assumed for new generating stations:** The State Commission assumed a high PLF at 90% for the new thermal plants against its own Regulations and the Regulations of the Central Commission. This also resulted in improper computation of the surplus power and ARR and consequently resulted in the huge gap in the revenue of the Appellants.

4.3. **Higher PLF assumed for IPGCL (GT) Station**: The State Commission computed the energy availability from IPGCL (GT) station based on the approved PLF of 70% approved by the State Commission in the MYT order for IPGCL, overlooking

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the actual performance of the station. This also contributed to the revenue gap for the Appellants.

4.4. **Lower power purchase cost assumed for the FY 2009-10:** The State Commission included the increase in power purchase cost from NTPC stations taking into account the Central Commission's Regulations 2009 but ignored the revised tariff orders issued by the Central Commission subsequent to the MYT order dated 23.2.2008 and the facts placed by the Appellants before it regarding the power purchase cost from NTPC stations.

4.5. **The amount earned on account of late payment surcharge considered as part of revenue:** The State Commission has considered the amount of Rs. 31.77 crores earned on account of Late Payment Surcharge as part of revenue while truing up the

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Annual Revenue Requirement for FY 2007-08. The MYT Regulations allow working capital on a normative basis to take care of normal time taken in payment of bills by the consumers within due date. The Appellants have to arrange additional funds for default in payment by the consumers in actual practice which is not covered in the working capital. According to the Appellant this issue has been covered by this Tribunal's Judgment 2010 ELR (APTEL) 0891 in the matter of North Delhi Power Limited vs. DERC.

4.6. **Charging the consumers of the Appellant with the claim of Delhi Transco Ltd. an account of revised power purchase expenses liability for the past period:** The Appellant has since conceded the above issue in view of the submissions made by the State Commission, without prejudice to its rights to contest the final order of the State Commission.

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4.7. **Allowance of carrying costs lower than the borrowing cost:** The State Commission has allowed carrying cost @ 9% p.a. for the unamortized revenue gap upto the FY 2007-08 which is much lower than the cost of debt incurred by the Appellant. According to the Appellant this issue is covered under the Judgment of this Tribunal in 2010 ELR (APTEL) 0891 in the matter of North Delhi Power Ltd. Vs. DERC.

4.8. **Failure to true up expenses for the FY 2008-09:** This issue has been raised only in Appeal No. 142 of 2009. The State Commission failed to true up expenses for the FY 2008-09 despite submission of the actual/audited accounts by the Appellant which is contrary to the MYT Regulations.

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4.9. **Failure to True up the expenses for the FY 2007-08 for the period 1.4.2007 till the commencement of the MYT Tariff Order dated 23.2.2008:** The State Commission acted in contravention of the Regulation 12.1 of the MYT Regulations by not truing up the expenditure for the period between 1.4.2007 and commencement of MYT tariff order i.e. 23.2.2008 on the basis of the actual/audited information.

4.10. **Inclusion of the amount earned on unutilized return of past period as Revenue and Tariffs in the current year:** The State Commission has wrongly considered the amount of Rs. 15.68 crores earned by the Appellant as interest on its unutilized return and free reserve of the past period, as a part of revenue while truing up the financials for the FY 2007-08. This issue has already been decided by the Tribunal in

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its Judgment reported in 2010 ELR (APTEL) 0891 in the matter of North Delhi Power Ltd. Vs. DERC.

4.11. **Inflated Average Billing Rate for the FY 2009-10:** The State Commission has assumed a distorted average billing rate while determining the Annual Revenue Requirement of the Appellants by assuming a higher rate than the actual average billing.

4.12. **Failure to true up the impact of increase in CPI/WPI on O&M expenses:** The State Commission has arbitrarily excluded the impact of increase in CPI/WPI while deriving the inflation index for computation of O&M expenses for future years in contravention to Regulation 5.4 of the MYT Regulations.

4.13. **Considering the interest capitalized as a part of the ARR:** The State Commission has wrongly

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considered the interest capitalized as part of the ARR in contravention to its own Regulations. The State Commission in its reply dated 18.1.2010 has conceded the issue and has indicated that it would correct the error in the next true up order.

4.14. **Considering the amount earned on account of power purchase rebate as a part of revenue:** The State Commission has wrongly included the amount earned by the Appellant on account of power purchase rebate available for payment of dues for power purchase as a part of its revenue. This issue has also been covered in the Judgment of the Tribunal dated 30.7.2010, reported in 2010 ELR (APTEL) 0891.

4.15. The issue regarding error in computation of 'K' factor for calculation of R&M expenses raised in the Appeals has been conceded by the Appellants.

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5. On the remaining issues pressed in the Appeals, the learned counsel for the Appellants, Shri Amit Kapoor advanced his detailed arguments assailing the impugned orders. On the other hand, the learned Senior counsel for the State Commission, Mr. A. N. Haksar argued extensively in support of the findings of the State Commission. After carefully considering the contentions of both the parties, we have framed the following questions for consideration:

(i) Whether the State Commission has erred in over-estimating the power availability from the new power stations resulting in improper computation of the ARR?

(ii) Has the State Commission assumed a higher Plant Load Factor for the new generating stations in contravention to the Regulations?

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(iii) Has the State Commission erred in assuming higher Plant Load Factor for IPGCL (GT) Station without considering the ground realities?

(iv) Has the State Commission erred in not considering the realistic power purchase cost from NTPC stations taking into account the impact of the orders of the Central Commission subsequent to the MYT order dated 23.2.2008?

(v) Has the State Commission erred in considering the late payment surcharge as a part of the Revenue of the Appellants?

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(vi) Has the State Commission allowed a lower interest rate for carrying cost without considering the market lending rates?

(vii) Has the State Commission erred in not allowing true up for FY 2008-09 as claimed by the Appellant in Appeal No. 142 of 2009?

(viii) Should the State Commission have trued up the expense for FY 2007-08 for the period between 1.4.2007 and commencement of the MYT Tariff Order dated 23.2.2008 based on the actual/audited information?

(ix) Was the State Commission wrong in considering the amount earned on the unutilized return of the past period as a part of the ARR?

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(x) Has the State Commission assumed an inflated revenue recovery from the consumers in the ARR?

(xi) Was the State Commission correct in not taking into account the impact of increase in CPI/WPI on O&M expenses in the true-up?

(xii) Has the State Commission erred in considering the amount of rebate availed by the Appellants on purchase of power as part of the revenue?

6. The first issue is regarding overestimation of power availability from new power stations.

6.1. According to the learned counsel for the Appellants, the commercial operation date of a number of new generating units of NTPC and DVC during the FY 2009-10 were wrongly shown advanced

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in contravention to the reports of the Central Electricity Authority (CEA), thus over-estimating energy availability by about 447 Million Units (39%).

6.2. According to the learned counsel for the State Commission, while projecting the CODs of the generating units, the State Commission had relied upon the latest report of the CEA as available at the time of passing the Impugned Order and also upon the enquiries made from the concerned officials at the said generating stations. If there has been delay in actual commissioning of the units, the State Commission could not be held responsible. In any case, the actual power availability for these units and power purchase cost would be trued up.

6.3. The State Commission in the Impugned Order has indicated that for computing the energy availability

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from the new generating stations, it has considered the expected commercial operation data based on the information available on the website of CEA. According to Shri Amit Kapur, learned counsel for the Appellant, the wrong CODs assumed in respect of Dadri Units 5 & 6 and Chandrapura Units 7 and 8 caused overestimation of about 447 Million Units of energy.

6.4. We have noticed from the CEA report submitted by the learned counsel for the State Commission that the COD of Dadri Units 5 and 6 are indicated as January 2010 and June 2010 respectively. Thus, availability of energy from unit no. 6 at Dadri should not have been considered in the ARR of the Appellants for the FY 2009-10. Further for unit 5, instead of assuming energy availability from January 2010 as per

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the CEA report, the State Commission has considered energy availability from November 2009.

6.5. The State Commission in its reply and written submissions has now tried to justify the energy availability computed from Dadri Units 5 and 6 by contending that after considering the date of synchronization of units 5 & 6 as Sept., 2009 and December, 2009 respectively as given in CEA report and from the verbal enquiries made with the officials of the generating stations as well, it considered energy availability from these units from November, 2009 and March, 2010 respectively.

6.6. We do not find any force in the contentions of the State Commission in justifying the computation of energy availability from Dadri Units 5 & 6. In this

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connection, we shall first of all reproduce below the relevant portion of the Impugned Order:

"4.86. The Commission has analyzed the petitioner's submission of energy availability from future plants during FY 09-10 and is of the view that the Petitioner has shown a lower estimate of power available from the new stations.

4.87. For computing the energy availability from the new generating stations, the Commission has considered the expected commercial operation date for these generating stations based on the latest information available on the website of CEA regarding broad status of central sector thermal projects.

4.88. The Commission has considered energy availability from the CSGS future generating stations based on 90% PLF for thermal plants, design energy for hydro plants and 70% PLF for nuclear plants. Auxiliary consumption has been

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assumed at 9% for coal based plants, 1% for hydro plants and 9.5% for nuclear plants".

Thus, it is clear from the above order that the State Commission has proposed to consider the energy availability from the new generating stations after considering the expected Commercial Operation Date (COD) as available from the website of the CEA and plant load factor of 90% has been assumed for the Central Sector Generating Stations. However, actually the date of commissioning of units 5 & 6 at Dadri were advanced with respect to CEA report in the Impugned Order.

6.7. A different contention is now being urged by the State Commission that it had considered date of synchronization as given in the CEA report and as obtained verbally directly from the generating station. We feel that the position of the State Commission

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before the Tribunal in the Appeal is not that of a contesting party in an adversarial dispute. On the other hand we expect the State Commission to assist the Tribunal in deriving the correct conclusions and findings. The State Commission is not expected to give arguments in the Appeal which are beyond and contrary to its own recordings in the Impugned Order. Even if it is assumed that the State Commission had taken date of synchronization for Units 5 & 6 instead of COD, the energy availability after synchronization till the COD is infirm and cannot be assumed at 90% PLF as considered in the Impugned Order. From synchronization till the successful trial run operation and declaration of Commercial operation, the generation from a new unit is unpredictable. Therefore, for planning purpose, the generation ought to have been considered from expected COD and not

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from the expected date of synchronization. Further, the contention of the State Commission cannot be supported on the reported verbal enquiries made from the generating stations regarding commissioning of the Unit.

6.8. In this connection, we will now examine the Central Commission's Regulations of 2009 which are applicable to NTPC and DVC. The date of commercial operation for a Thermal Unit has been defined as under:

> *"3 (12)* ***'date of commercial operation' or 'COD'*** *means:*
>
> *(a) in relation to a unit or block of the thermal generating station, the date declared by the generating company after demonstrating the maximum continuous rating (MCR) or the installed capacity (IC) through a successful trial run after notice to the beneficiaries, from 00:00 hour of which scheduling process as per the Indian Electricity Grid Code (IEGC) is fully implemented,*

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and in relation to the generating station as a whole, the date of commercial operation of the last unit or block of the generating station".

The infirm power has been defined as under:

"3 (20) ***'infirm power'*** *means electricity injected into the grid prior to the commercial operation of a unit or block of the generating station".*

The sale of infirm power has been dealt with in Regulation 11 which is reproduced below:

"11. ***Sale of Infirm Power.*** *Supply of infirm power shall be accounted as Unscheduled Interchange (UI) and paid for from the regional or State UI pool account at the applicable frequency-linked UI rate:*

Provided that any revenue earned by the generating company from sale of infirm power after accounting for the fuel expenses shall be applied for reduction in capital cost".

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Thus the energy injected from date of first synchronization to the date of Commercial Operation, is not scheduled and accounted for as Unscheduled Incharge (UI) and therefore, it cannot be considered in power availability of a beneficiary.

6.9. We are not in a position to examine the energy availability from Chandrapur 7 and 8 Units as the CEA report furnished by the State Commission did not contain the status of Chandrapur 7 & 8 Units. However, these units were not commissioned during the FY 2009-10 and therefore, the energy availability from these units is required to be trued up.

6.10. Shri A.N. Haksar, learned Senior Counsel for the State Commission has argued that no prejudice would be caused to the Appellant as the power purchase cost would in any case be trued up. This, in

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our view, is not the right approach. The State Commission is expected to make a realistic assessment of the power purchase quantum. Any large deviation due to incorrect assessment as made in this case is going to leave revenue gap and may result in cash flow problem for the distribution company. Subsequent true up of power purchase cost will result in allowance of carrying cost which in combination with normal rise due to inflation and other factors may result in tariff shock in the subsequent year which may not be in the interest of the consumers of the distribution company.

6.11. In view of above, we direct the State Commission to true up the power purchase cost of the Appellants at the earliest and in future, be realistic in its assessment of power purchase quantum from new generating units, based on authentic information on

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Commercial Operation Date expected and not on the basis of the expected date of synchronization. The State Commission is also directed to refrain from making the assessment on the basis of verbal enquiries. Thus, this issue is decided in favour of the Appellant.

7. The second issue is regarding higher plant load factor assumed for the new generating units.

7.1. According to Shri Amit Kapur, the learned counsel for the Appellant, Plant Load Factor of 90% has been assumed for the new thermal generating units contrary to the provisions of the Regulation 11.4 of the State Commission, MYT order dated 23.2.2008 and the Central Commission's Tariff Regulations.

7.2. On the other hand, Shri A.N. Haksar, learned Senior counsel for the State Commission has

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submitted that the State Commission had changed the Plant Load Factor (PLF) of new thermal power plants from 80% to 90% on the basis that new plants usually attain PLF of 100% as seen in case of Rihand II and Unchahar III plants. In support of his submissions, he furnished the data for Rihand II from September, 2005 to Feb., 2006 and Unchahar III from January 2007 to June 2007 where these plants had operated at PLF from 90% to 100% in five out of six months.

7.3. Let us now examine the MYT Tariff Order and the Regulations in this regard. In the MYT order dated 23.2.2008, the State Commission had assumed a PLF of 80% for thermal plants during the control period from FY 2007-08 to FY 2010-11. However, in the Impugned Order the State Commission has assumed a PLF of 90% without giving any reason. Regulation 11.4 of the State Commission stipulates that State

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Commission may specify any modifications to the forecast of the Distribution Licensee for the remainder of the control period, with detailed reasons for the same. However, we do not find any reason for enhancing the PLF from 80% to 90% in the Impugned Order.

7.4. Shri A.N. Haksar, the learned Senior Counsel for the Commission has now given an explanation with data for two power stations of NTPC for a few months indicating PLF of 90% and above. We are not convinced with the above explanation. If some plants of NTPC have recorded PLF of 90% to 100% during certain months, it could not be the reason for raising PLF for the purpose of ARR for all the power stations to 90%. Moreover, no reason has been given in the findings of the State Commission in the Impugned Order for raising the PLF from 80% to 90%.

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7.5. The Central Commission's Tariff Regulations of 2009 do not stipulate norm for PLF but only provide for Normative Annual Plant Availability Factor of 85% for the new generating units for the purpose of recovery of the fixed charges.

7.6. In our opinion, raising of PLF from 80% to 90% for all the generating units without assigning any reason is not a correct approach. PLF for planning availability of power for the whole year cannot also be based on data of actual performance of one or two selected plants for a few months but it should have been based on consistent performance on annual basis. Moreover, as already held while dealing with the first issue, the power availability should have been reckoned from the expected date of commercial operation and not the expected date of synchronization.

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7.7. In view of above, we decide this issue also in favour of the Appellant and direct the State Commission to true up the power purchase cost of the Appellants at the earliest.

8. The third issue is regarding the Plant Load Factor for IPGCL (GT) Station.

8.1. The State Commission has computed the energy availability from IPGCL based on the approved PLF and auxiliary consumption in the MYT order for the generating station. However, the State Commission has recorded that the actual power availability from the generating station may vary from the projected units and the power purchase quantum being an uncontrollable parameter will be trued up at the end of the year.

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8.2. The learned counsel for the Appellant has argued that the Regulations do not provide for any value of PLF for IPGCL (GT) for availability of energy to the distribution companies and the 70% PLF has been fixed in the MYT order for IPGCL only for recovery of fixed cost which is not relevant for projected energy availability to the distribution company. The projected energy availability from the generation station should be based on the actual historical performance of the plant. The PLF of IPGCL (GT) for FY 2007-08 and FY 2008-09 has never crossed 53%.

8.3. According to learned Senior counsel for the State Commission, the PLF of 70% has been assumed in view of the MYT Regulations for the generating company, as well as the applicable MYT order for the generation station. The State Commission cannot take different PLF for different purpose.

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8.4. We have examined the Tariff Regulations of the State Commission for the generating stations. Regulation 7.1(3) specifies the availability of 70% and Target PLF for incentive as 70% for IPGTPS. The target availability of 70% is for the purpose of recovery of full fixed charges and the target PLF is for the purpose of incentive to the generating company.

8.5. The Regulation A-11 of the Tariff Regulations for the wheeling and retail supply tariff is reproduced below:

"A11: PERIODIC REVIEWS:

11.1. To ensure smooth implementation of the Multi Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Licensees' performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise.

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11.2. The Distribution Licensee shall submit information as part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including latest available audited actual accounts and the tariff worked out in accordance with these Regulations.

11.3. The Licensee shall submit the revised Aggregate Revenue Requirement and corresponding tariff adjustments 120 days before the commencement of the Financial Year.

11.4 The Commission may also specify any modifications to the forecast of the Distribution Licensee for the remainder of the Control Period, with detailed reasons for the same".

In view of above, while considering the energy availability from IPGTPS for the Appellant, the State

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Commission should have also considered the actual performance of the power station. However, if the performance is expected to improve for same reason in the year for which ARR is being considered, then the same may be taken into account after recording the reasons.

8.6. Accordingly, we hold that target availability at the threshold for PLF for incentive for the generating company specified in the Tariff Regulations for generation should not have been replicated mechanically for assessing the availability of energy from the generating station to the distribution company. The availability of energy from the generating station may vary from the target availability due to practical reasons which should have been examined by the State Commission keeping in view the

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past performance and any variation expected in the year in question for reasons recorded in writing.

8.7. In view of above, we decide this issue also in favour of the Appellant and direct the State Commission to true up the power purchase cost at the earliest.

9. The fourth issue is regarding power purchase cost assumed for the FY 2009-10 for NTPC stations.

9.1. According to the learned counsel for the Appellant, the State Commission has ignored the revised Tariff orders issued by the Central Commission subsequent to the MYT order dated 23.2.2008 as well as the facts placed before the State Commission by the Appellant in this regard. The NTPC stations have been raising bills on the Appellant based on the revised orders of the Central Commission.

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9.2. According to the learned counsel for the State Commission, the State Commission has not taken into consideration the revised tariff orders in respect of the seven NTPC stations issued by the Central Commission subsequent to the MYT order dated 23.2.2008, because of the following reasons:

i) The revised tariff orders have been issued by the CERC under the 2004 Regulations which have been replaced by the 2009 Regulations w.e.f. 1.4.2009. No tariff had been determined by the Central Commission under the 2009 Tariff Regulations till the date of passing of the Impugned Order. The revised tariff orders were applicable only upto the FY 2008-09.

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ii) The revised tariff orders relied upon by the Appellant would show that they were applicable upto 31.3.2009.

9.3. In this connection, the relevant Regulation in the 2009 Regulations of the Central Commission is Regulation 5(3) which is reproduced as under:

> *"5 (3) In case of the existing projects, the generating company or the transmission licensee, as the case may be, shall continue to provisionally bill the beneficiaries or the long-term customers with the tariff approved by the Commission and applicable as on 31.3.2009 for the period starting from 1.4.2009 till approval of tariff by the Commission in accordance these regulations".*

Thus, till notification of tariff under the 2009 Regulations, the tariff of the existing stations as applicable on 31.3.2009 was to continue from 1.4.2009. By revised tariff orders passed by the

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Central Commission for the NTPC stations under the 2004 Regulations, the tariff of the NTPC stations had been revised form 1.4.2004 to 31.3.2009. Thus the tariff for 2007-08 which was assumed in the MYT order itself had undergone a change.

9.4. Now let us examine the Commission's analysis in the Impugned Order which is reproduced below:

> *"4.103. The following methodology has been adopted by the Commission for estimation of the power purchase cost for FY 09-10 from existing stations:*
>
> *a) The Commission has reviewed the variation in the fixed cost approved in the MYT Order and the actual fixed cost of the Petitioner for FY 07-08. The overall difference has been negligible; therefore the Commission continues with the earlier projections of fixed cost made in the MYT Order for FY 09-10. However, the Commission has provided an additional 7% increase in fixed cost over and above*

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the FY 09-10 approved fixed cost in view of the recent CERC Tariff Regulations, 2009 for revision of Return on Equity, higher escalation in O&M cost, etc. The Commission has also considered the revised share of the Petitioner in BTPS and Dadri TPS while computing the fixed cost for the Petitioner from these plants".

9.5. While working out the difference in the fixed cost as approved in the MYT order and actual for FY 2007-08, the State Commission has not considered the increase in fixed cost due to the revised orders passed by the Central Commission subsequent to the MYT order. Thus the conclusion that the overall difference has been negligible was based on the incorrect base cost without considering the revised orders.

9.6. In view of above, we feel that the State Commission should have considered the revised orders

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of the CERC issued under the 2004 Regulations, as contended by the Appellants. Accordingly, we direct the State Commission to true up the power purchase cost of the Appellants at the earliest. Thus, this issue also is decided in favour of the Appellant.

10. The fifth issue is regarding the Late Payment Surcharge.

10.1. The above issue had been covered in this Tribunal's Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 titled as NDPL vs. DERC. The relevant extracts of the Judgment are reproduced below:

> *"The normative working capital compensates the distribution company in delay for the 2 months credit period which is given to the consumers. The late payment surcharge is only if the delay is more than the normative credit period. For the period of delay beyond normative period, the distribution*

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company has to be compensated with the cost of such additional financing. It is not the case of the Appellant that the late payment surcharge should not be treated as a non-tariff income. The Appellant is only praying that the financing cost is involved due to late payment and as such the Appellant is entitled to the compensation to incur such additional financing cost. Therefore, the financing cost of outstanding dues, i.e. the entire principal amount, should be allowed and it should not be limited to late payment surcharge amount alone. Further, the interest rate which is fixed as 9% is not the prevalent market Lending Rate due to increase in Prime Lending Rate since 2004-05. Therefore, the State Commission is directed to rectify its computation of the financing cost relating to the late payment surcharge for the FY 2007-08 at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate".

This issue is decided accordingly in terms of the above Judgment.

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11. The sixth issue is regarding interest rate for carrying cost.

11.1. This issue also had been dealt with in this Tribunal's Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 between North Delhi Power Ltd. vs. DERC. The relevant extracts of the Judgment are reproduced below:

> *"45. The carrying cost is allowed based on the financial principle that whenever the recovery of cost is to be deferred, the financing of the gap in cash flow arranged by the distribution company from lenders and/or promoters and/or accrual and/or internal accrual has to be paid for by way of carrying cost. The carrying cost is a legitimate expectation of the distribution company. The State Commission instead of applying the principle of PLR for the carrying cost has wrongly allowed the rate of 9% which is not the prevalent market lending rate. Admittedly, the prevalent market*

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lending rate was higher than the rate fixed by the State Commission in the tariff order. Therefore, the State Commission is directed to reconsider the rate of carrying cost at the prevalent market rate keeping in view the prevailing Prime Lending Rate".

This issue is decided accordingly in terms of the above Judgment.

12. The seventh issue is regarding true up for the FY 2008-09 raised in Appeal No. 142 of 2009.

12.1. According to the Appellant, the State Commission did not true-up expenses for FY 2008-09 despite the fact that the actual/audited accounts were submitted prior to issuance of the Impugned Order which is contrary to the MYT Regulations.

12.2. According to the learned senior counsel for the State Commission, the true up for the FY 2008-09 was

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never a part of the Petition on which the Impugned Order was passed. The Appellant has subsequently filed a proper Petition seeking the true up for FY 2008-09 which is under consideration of the State Commission.

12.3. We notice that the Petition before the State Commission was for true up for FY 2007-08 and ARR for FY 2009-10. Further the actual audited data for FY 2008-09 was made available by the Appellant to the State Commission on 11.5.2009 when according to the State Commission the Impugned Order was under final stage of preparation. The final order was passed on 28.5.2009. Thus, we are in agreement with the contentions made by the learned senior counsel for the State Commission and do not find any substance in the contention of the Appellants and reject the same. Thus, this issue is decided against the Appellant.

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13. The eighth issue is regarding true up of the expenses for the FY 2007-08 for the period between 1.4.2007 and the date of commencement of the MYT Tariff Order.

13.1. According to the learned counsel for the Appellant, the State Commission has failed to true up the finances for the period from 1.4.2007 to 23.2.2008 on the basis of the actual/audited information in contravention of Regulation 12.1 of the MYT Regulations. The control period as defined in the MYT Regulations means a multi year period fixed by the State Commission from the date of issuing MYT tariff order till 31.3.2011.

13.2. According to the learned counsel for the State Commission, as per Regulations 5.41 and 5.42 of MYT

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Regulations, it is not possible to true up controllable expenses for the period 1.4.2007 and 1.3.2008.

13.3. Let us first examine the MYT Regulations. The Control Period has been defined as under:

> *"Control Period" means a multi-year period fixed by the Commission, from the date of issuing Multi Year Tariff order till 31st March, 2011;"*

The first MYT Tariff order was issued on 23.2.2008. Thus the Control Period according to the Regulations is from 1.3.2008 to 31.3.2011.

13.4. The general approach and guiding principles of the MYT Regulations are described in Section A-4. The relevant extracts are reproduced below:

> *"4.1.The Commission shall adopt Multi Year Tariff framework for approval of ARR and expected revenue from tariff and charges. The Control Period shall commence from the date of issue of the*

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Multi Year Tariff Order and shall extend till 31st March, 2011".

4.2. The Multi Year Tariff framework shall be based on the following:

(a)…………….

(b)……….

(c)……….

(d)………..

(e)……….

(f) variation in revenue/cost on account of uncontrollable factors like sales and power purchase shall be trued up".

"Targets for Controllable Parameters

4.7. The Commission shall set targets <u>for each year of Control Period</u> for the items or parameters that are deemed to be "controllable" and which shall include'

(a) AT& C Loss, ………

(b) Distribution losses, ………..

(c) Collection efficiency……….

(d) Operation and Maintenance expenditure which includes employees expenses,

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(e) Return on capital employed

(f) Depreciation

(g) Quantity of supply"

"4.16 (b) For Controllable Parameters,

(i) Any surplus or deficit on account of O&M expenses shall be to the account of Licensee and shall not be trued up in ARR; and

(ii) Depreciation and RoCE shall be trued up at the end of control period".

13.5. The True up Mechanism is described as under:

"Truing up Mechanism

5.41. These Regulations do not provide for any truing up for controllable items.

5.42. Variation on account of uncontrollable items like energy sales and power purchase cost shall be trued up. Truing up shall be carried out for each year based on actual/audited information and prudence check by the Commission".

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Thus the controllable items shall not be trued up and the uncontrollable items like energy sales and power purchase cost shall be trued up every year.

13.6. The Regulations also provide for truing up for the period upto the commencement of MYT order as under:

> *"12.1. Performance review and adjustment of variations of the Distribution Licensees for the year FY-2006-07 and the period between 1st April 2007 and commencement of MYT Tariff order shall be done based on actual/audited information and prudence checks by the Commission and shall be considered during the Control Period".*

Thus the Regulation clearly stipulate true up of financials from 1.4.2007 to the commencement of the MYT order. The date of commencement of the MYT order was 1.3.2008.

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13.7. The State Commission's findings in this regard in paragraph 3.58 of the Impugned Order are that it has specified the targets for the controllable parameters as per clause 4.7 of the Regulations including FY 2007-08 and according to clause 4.16 (b), any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in ARR and, depreciation and RoCE shall be trued up at the end of the Control Period.

13.8. We do not agree with the findings of the State Commission as these are in contravention of the Regulations. According to Regulations, the Control Period commences from the date of the MYT order and all the targets set for the controllable parameters shall be applicable for the control period according to Regulation 4.7. The targets set for the control period cannot be made applicable retrospectively from

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1.4.2007 as the commencement of MYT order was only from 1.3.2008. The Regulations 5.41 and 5.42 referred to by the learned senior counsel for the State Commission pertain to the control period only and not the period prior to that. Further Regulation 12.1 clearly provides for true up of the period between 1.4.2007, date of commencement of the MYT order during the control period. Thus the controllable parameters for the period 1.4.2007 to 28.2.2008 were required to the trued up during the control period as per the Regulations. This issue is, therefore, decided in favour of the Appellant and the State Commission is directed to true up the financials for the period 1.4.2007 to 28.2.2008 at the earliest and allow the costs with carrying cost.

14. The ninth issue is regarding the consideration of the unutilized return of the past period in the ARR.

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14.1. This issue had already been decided by the Tribunal in its Judgment dated 30.7.2010 reported as 2010 ELR (APTEL) 0891 titled as North Delhi Power Ltd. vs. DERC. The relevant extracts of the Judgment are reproduced below:

> *"Only interest income on surplus funds to the extent of delayed payment surcharge and interest on consumer security in excess of the rates specified by the Commission should be considered as non-tariff income for deduction in ARR. Also the interest income on consumer's share of incentive on over-achievement of AT&C losses need to be deducted from ARR. However, the Appellant has argued that he has factored the interest income while computing the carrying cost on the revenue gap. Consequently, the carrying cost is lower to that extent. When the benefit of the same has already been passed on to the consumer, the same cannot be passed on to them by way of interest cost. However, in order to correctly determine the*

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ARR as per the Tariff Regulations, the interest income on delayed payment surcharge and difference in interest rate on consumer security with respect to that specified by the Regulations may be considered as non-tariff income to be deducted from the ARR. Also interest on consumer's share of incentive on over-achievement of AT&C losses has to be deducted from ARR. The Commission will compute the interest income for which credit is to be given to consumer from total interest income. Accordingly, adjustment may be made in carrying cost on the revenue gap claimed by the Appellant to avoid double deduction of the interest income on this account in the ARR. On the remaining surplus fund on Retail Supply Tariff the benefit of interest income is to be retained by the Appellant on account of return on equity earned, overachievement in AT&C losses and efficiency in controllable parameters, working capital, etc. invested in mutual funds/banks. The State Commission cannot erode the benefit to be derived by the distribution company by considering such interest income as a part of the non-tariff income"

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This issue is accordingly decided in favour of the Appellant.

15. The tenth issue is regarding inflated revenue recovery from the consumers in the ARR.

15.1. According to the learned counsel for the Appellant, the State Commission has assumed a higher average billing rate despite the fact that the tariff for some categories of consumers was reduced during FY 2009-10.

15.2. According to the learned senior counsel for the State Commission, average billing rate has not been computed in the Impugned Order. The State Commission has only approved sales and revenue of the Appellant. However, the sales and revenue figures for FY 2009-10 were mere estimates and the same

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might be different for the actuals. Any variation on account of sales and revenue would be trued up by the State Commission.

15.3. The State Commission has estimated the sales for each category of consumers based on the estimated sales for the FY 2008-09 after applying compounded Annual Growth Rate computed for the past period of 3 to 4 years for that category of consumers. The estimated sale for the FY 2009-10 for BSES Rajdhani Power Ltd. is 7797 MUs as against the claim of 7741 MUs. Thus, the estimate of the State Commission is in variance from that of the Appellant by less than 1% which is insignificant. We do not find any fault in the computation of energy sales made by the State Commission.

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15.4. The State Commission has indicated expected revenue at existing tariffs as 3681.65 crores but there is no computation for the same. In the absence of the computation given in the Impugned Order we are not in a position to give any finding on the same. The State Commission has already agreed to true up the sales and revenue figures. Accordingly, we direct the State Commission to true up the sales and revenue figures for FY 2009-10 with the advice that in future the computation for revenue should be clearly indicated in the Tariff Order.

16. The eleventh issue is regarding the impact of increase in CPI/WPI on O&M expenses in the true-up.

16.1. This issue had already been decided in this Tribunal's Judgment dated 31.5.2011 in Appeal No. 52 of 2008 in New Delhi Power Limited vs.

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DERC. The relevant extracts of the Judgment are as under:

"22. While we agree with the contention of the Appellant that for determining the O&M expenses for the FY 2007-08, the indexation factor shall be based on CPI and WPI figures for the period 2002-03 to 2006-07, we are not convinced that the State Commission shall have determined the inflation factor for each year of the control period on rolling basis. At the time of deciding the MYT tariff, the inflation factor for the control years will not be available, therefore, indexation factor worked for the first year of the control period on the basis of preceding five years has to be used for all years during the control period as there is no provision for true up of O&M expenses in the Regulations and for determination of indexation factors on rolling basis. However, the indexation factor based on actual WPI and CPI indices for the control years of the present MYT tariff will be used while deciding the indexation factor for the next MYT tariff and, therefore, no prejudice will be caused either to the

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distribution company or the consumers. We also observe that in the Central Commission's Regulations also the O&M expenses for generating station and transmission system are escalated at a fixed escalation factor during the control period.

23. Accordingly, this issue is only partly decided in favour of the Appellant to the extent that the indexation factor has to be determined on the basis of actual WPI and CPI for the immediately preceding five years period from FY 2002-03 to FY 2006-07 and not FY 2001-02 to FY 2005-06 as worked out by the State Commission. The State Commission is directed to accordingly allow the O&M Expenses for the control period after including CPI/WPI during FY 2006-07 along with the carrying cost".

Accordingly, this issue is decided against the Appellant.

17. The twelfth issue is regarding the amount of rebate claimed by the Appellant on Power Purchase.

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17.1. This issue also had already been decided by this Tribunal in its Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 titled as North Delhi Power Ltd. vs. DERC. The relevant extracts of the Judgment are reproduced below:

> *"The Appellant, through its efficient management, has paid all the bills immediately on raising of the bills by the generating company and, therefore, it has to be allowed a rebate of 2%. Therefore, there is no justifiable reason for the State Commission to reduce the power purchase cost by rebate earned by the Appellant. The normative working capital provides for power purchase cost for one month. Therefore, rebate of 1% available for payment of power purchase bill within one month should be considered as non-tariff income and to that extent benefit of 1% rebate goes to reducing the ARR of the Appellant. The rebate earned on early payment of power purchase cost cannot be deducted from the power purchase cost and rebate earned only up to 1% alone can be treated as part of the non-tariff*

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income. Therefore treating the rebate income for deduction from the power purchase cost is contrary to the MYT Regulations".

The issue is decided accordingly.

The State Commission is directed to consider rebate only upto 1% as non-tariff income.

18. The Appellant as indicated above has already conceded, to the issue of the claim of Delhi Transco on account of revised power purchase expenses liability for the past period without prejudice to its rights to contest the final order of the State Commission. Accordingly, the liberty is granted. On the issue of interest capitalized as a part of ARR, the State Commission has conceded to the issue and has indicated to correct the error in the next true up. Accordingly, the State Commission is directed to correct the error.

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19. SUMMARY OF OUR FINDINGS

19.1.The first issue is regarding overestimation of power availability from new power stations. We have found that the State Commission has advanced the commercial operation date of Dadri units 5 and 6 with respect to the reports of the Central Electricity Authority in making assessment for the energy availability from these units to the distribution companies of the Appellants. The learned counsel for the State Commission has now contended that the State Commission has considered the date of synchronization as given in the CEA report and as per the information obtained verbally from the generating stations in making assessment of energy availability from these generating units. In our opinion, the energy availability from date of synchronization till the

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COD is infirm and cannot be assumed at 90% PLF as considered in the impugned order. For planning purpose the generation ought to have been considered from COD and not from the date of synchronization. According to the 2009 Regulations of the Central Commission, the electricity injected into the grid prior to the commercial operation of a unit is infirm power and is accounted as Unscheduled Interchange (UI) and paid for from the regional UI pool account at the applicable frequency-linked UI rate. The energy injected from date of synchronization to the date of Commercial Operation, is not scheduled and, therefore, cannot be considered in power availability of the distribution companies. Accordingly, this issue is decided in favour of the Appellant. The State Commission is directed to

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make realistic assessment of power purchase quantum from new generating units, based on authentic information on the expected COD and not on the basis of the expected date of synchronization. The State Commission is also directed to true up the power purchase cost at the earliest.

19.2. The second issue is regarding higher plant load factor assumed for the new thermal generating units. In the MYT order dated 23.2.2008, the State Commission had assumed PLF of 80% for thermal plants during the control period from FY 2007-08 to FY 2010-11. However, in the Impugned Order the State Commission has assumed PLF of 90% without giving any reason. Regulation 11.4 of the State Commission stipulates that State Commission may specify any

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modifications to the forecast of the Distribution Licensee for the remainder of the control period, with detailed reasons for the same. However, we do not find any reason for enhancing the PLF from 80% to 90% in the Impugned Order. The learned senior counsel for the State Commission has now submitted data of two power stations of NTPC for a few months indicating PLF of 90% and above. If some plants of NTPC have recorded PLF of 90% and above during certain months, it could not be the reason for raising PLF for the purpose of energy availability in the ARR of the distribution companies. In our opinion, raising of the PLF from 80% to 90% for all the generating units without assigning any reason is not correct. PLF for planning availability of power for the whole year cannot be based on the data of actual performance

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of one or two selected plants for a few months but should be based on consistent performance on annual basis. Therefore, this issue is decided in favour of the Appellant with the direction to the State Commission to true up the power purchase cost of the Appellants at the earliest.

19.3. The third issue is regarding the Plant Load Factor for IPGCL (GT) Station. In our opinion, the threshold for target availability and Plant Load Factor for the generating company specified in the Tariff Regulations for the generation should not have been replicated mechanically for assessing the availability of energy from the generating station to the distribution company. The energy availability from the generating station to the distribution company should have been based on

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the ground realities. Accordingly, this issue is decided in favour of the Appellant with the direction to the State Commission to true up the power purchase cost at the earliest.

19.4. The fourth issue is regarding power purchase cost for NTPC stations for the FY 2009-10. The State Commission had not taken into consideration the revised Tariff orders in respect of NTPC stations issued by the Central Commission subsequent to the MYT order dated 23.2.2008. According to the State Commission the Central Commission had not determined the tariff under the 2009 Regulations till the date of passing of the impugned order and the revised tariff orders issued under the 2004 Regulations for applicable upto the FY 2008-09. According to the Regulation 5(3) of 2009 Regulations of the Central

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Commission till the notification of tariff under the 2009 Regulations, the tariff of the existing stations as applicable on 31.3.2009 was to continue from 1.4.2009. Thus the State Commission should have considered the revised tariff orders passed by the CERC under the 2004 Regulations subsequent to the MYT order. Accordingly, we direct the State Commission to true up the power purchase cost of the Appellants at the earliest.

19.5. The fifth issue is regarding the Late Payment Surcharge. This issue has already been decided by this Tribunal's Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 titled as NDPL vs. DERC. Accordingly, the Appellant is entitled to the compensation for additional financing cost of outstanding dues limited to late payment surcharge amount at the prevalent market lending

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rate during that period keeping in view the prevailing Prime Lending Rate.

19.6. The sixth issue is regarding interest rate for carrying cost. This issue has been decided in this Tribunal's Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 between North Delhi Power Ltd. vs. DERC. Accordingly, the State Commission is directed to reconsider the rate of carrying cost at the prevalent market rate keeping in view the prevailing Prime Lending Rate.

19.7. The seventh issue is regarding true up for the FY 2008-09 raised in Appeal No. 142 of 2009. According to the learned senior counsel for the State Commission the true up for the FY 2008-09 was never a part of the Petition on which the Impugned Order was passed and the Appellant has subsequently filed a proper Petition seeking true

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up for the FY 2008-09 which is under consideration of the State Commission. We are in agreement with the contentions made by the State Commission and do not find any substance in the contention of the Appellants and reject the same.

19.8. The eighth issue is regarding true up of the expenses for FY 2007-08 for the period between 1.4.2007 and the date of commencement of the MYT Tariff Order. The MYT Regulations clearly define the control period from the date of issuing MYT Tariff order till 31st March, 2011. Regulation 12.1 also provides for performance review and adjustment of variations of the Distribution Licensees for the period between 1st April 2007 and commencement of MYT Tariff order based on actual/audited data and prudence checks by the State Commission during the

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Control Period. The finding of the State Commission on this issue is in contravention of the Regulations. Accordingly, the State Commission is directed to true up the financials for the period 1.4.2007 to 28.2.2008 at the earliest and allow the same with carrying cost.

19.9. The ninth issue is regarding the consideration of the unutilized return of the past period in the ARR. This issue has already been decided by the Tribunal in its Judgment dated 30.7.2010 reported as 2010 ELR (APTEL) 0891 titled as North Delhi Power Ltd. vs. DERC on the surplus fund, the benefit of interest income on account of return on equity earned, overachievement in AT&C losses and efficiency in controllable parameters, working capital, etc. in accordance with the above Judgment.

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19.10. The tenth issue is regarding inflated revenue recovery from the consumers in the ARR. We do not find any fault in the computation of energy sales by the State Commission. However, in the absence of the computation for revenue at the existing tariffs, we are not in a position to give any findings on the same. The State Commission has already agreed to true up the sales and revenue figures. Accordingly, we direct the State Commission to true up the sales and revenue figures for the FY 2009-10 with the advice that in future the computation for revenue should be clearly indicated in the Tariff Order.

19.11. The eleventh issue is regarding the impact of increase in CPI/WPI on O&M expenses in the True-up. This issue has been decided in this Tribunal's Judgment dated 31.5.2010 in Appeal No.

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52 of 2008 in New Delhi Power Limited vs. DERC. Accordingly, while inflation factor shall be determined based on the CPI/WPI figures in the past five years, there is no provision in the Regulation for true up of O&M expenses and for determination of indexation factor on rolling basis. Accordingly, this issue is decided against the Appellant as far as true up of O&M expenses and determination of indexation factor on rolling basis during the MYT Control Period is concerned.

19.12. The twelfth issue is regarding the amount of rebate claimed by the Appellant on Power Purchase. This issue has already been decided by this Tribunal in its Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 titled as North Delhi Power Ltd. vs. DERC. Accordingly, the State

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Commission is directed to consider rebate upto 1% as non-tariff income from the total rebate of 2%.

20. In view of our above findings, the Appeals are partly allowed to the extent as indicated above with direction to the State Commission to pass the consequential orders giving effect to our findings rendered in this Judgment. No order as to costs.

21. Pronounced in the open court on this **12th day of July, 2011**.

(Rakesh Nath)
Technical Member

(Justice M. Karpaga Vinayagam)
Chairperson

REPORTABLE / NON-REPORTABLE.

vs

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ANNEXURE - 5.1

BSES RAJDHANI POWER LTD.
NEW DELHI

Annexure A

No.23/04/2021-R&R [257091]
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg
New Delhi, 1st April, 2021

To

1. Secretary CERC/FOR
2. Secretaries SERCs

Subject: Timely determination of tariff and Non-creation of Regulatory Assets

Sir,

Timely issuance of the Tariff Orders and full cost reflectiveness of tariff are important pre-requisites for ensuring sustainability of the power sector and is also in the interest the electricity consumers. The tariff principles have been provided in the Electricity Act 2003 and Tariff Policy 2016 issued by the Central Government.

2. As per provisions of Section 64 of the Electricity Act 2003, determination of tariff shall be done by the Appropriate Commission within one hundred and twenty days from receipt of an application by a generating company or licensee. Section 61 of the Electricity Act 2003 provides for the guiding principles which needs to be followed by Appropriate Commission while specifying the terms and conditions for the determination of tariff. One of the guiding principle is that the tariff progressively reflects the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission. This Section of the Act also mandates that the Appropriate Commission, while determining tariff, shall not only ensure safeguarding of consumer's interests but also the recovery of the cost of electricity in a reasonable manner.

3. As per provisions of Section 3 of the Electricity Act 2003, Tariff Policy 2016 was notified by the Central Government on 28.01.2016. Para 8.1.7 of Tariff Policy 2016 states that Appropriate Commissions should initiate tariff determination and regulatory scrutiny on a suo-moto basis in case the licensee does not initiate filings in time. It further states that requisite tariff changes come into effect from the date of commencement of each financial year and any gap on account of delay in filing should be on account of the licensee.

4. As per the Act, the tariff should reflect and recover the cost of supply besides a reasonable return. There is no provision of creating regulatory assets. Para 8.2.2 of the Tariff Policy 2016 states that the facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be done only as a very rare exception in case of natural calamity or force majeure conditions and subject to the following:

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a. Under business as usual conditions, **no creation of Regulatory Assets shall be allowed;**

b. Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years *(from the date of notification of tariff policy 2016)*, the State Commission may specify the trajectory for the same.

5. By a judgement dated 11.11.2011, a full bench of Appellate Tribunal for Electricity had also laid down clear directives for utilities and ERCs to follow in this respect, as extracted below:

"65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:

(i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.

(ii) It should be the endeavour of every State Commission to ***ensure that the tariff for the financial year is decided before 1st April of the tariff year.*** *For example, the ARR & tariff for the financial year 2011-12 should be decided before 1st April, 2011. The State Commission could consider making the tariff applicable only till the end of the financial year so that the licensees remain vigilant to follow the time schedule for filing of the application for determination of ARR/tariff.*

(iii) In the event of ***delay in filing of the ARR, truing-up and Annual Performance Review,*** *one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1(7) of the Tariff Policy.*

(iv) In ***determination of ARR/tariff,*** *the revenue gaps ought not to be left and* ***Regulatory Asset*** *should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.*

(v) ***Truing up*** *should be carried out regularly and preferably every year. For example, truing up for the financial year 2009-10 should be carried out along with the ARR and tariff determination for the financial year 2011- 12.*

(vi) Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62(4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on

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monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula/mechanism in place must within 6 months of the date of this order must put in place such formula / mechanism."

6. It has been brought to the notice of the Government that despite above explicit legal provisions, there are significant delays in issuance of tariff orders by some the State Commissions. Regulatory Assets are being created by some of the State Electricity Regulatory Commissions as a matter of routine. This is against the letter and spirit of the law and not only negatively impacts financials of the Distribution licensees and their business sustainability but is also prejudicial to the public interest as the DISCOMs do not have enough money to buy power or maintain the Distribution system. As per the PRAAPTI portal, as on 28.02.2021, the overdue outstanding amounts to GENCOs payable by DISCOMs has crossed Rs.1,24,437 crore. The outstanding loans of distribution utilities is in the range of Rs.6,00,000 crore. The average gap of retail tariff vis-à-vis the annual revenue requirement is in the range of 72 paise per unit (2018-19). The regulatory assets is of the order of Rs.77,939 crore.

7. In view of the legal provisions in the Electricity Act 2003, and the Tariff Policy 2016,

i. All Tariff Orders of the licensees and the generating companies are issued before 1st April of the tariff year.

ii. No creation of Regulatory Assets under business as usual conditions. Recovery of outstanding Regulatory Assets along with its carrying cost should be time bound and as per the period defined in the Tariff Policy 2016.

8. The Central Commission and State Commissions are requested to send the status of compliance of above provisions, as applicable, by 31st May every year.

9. This issues with the approval of the MoSP (I/C) Power and NRE.

Yours faithfully,

(Ghanshyam Prasad)
Joint Secretary to Government of India
Ph: 011-2371 0389

Copy to: Power/Energy Secretaries to the State Governments.

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ANNEXURE - 5.2

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रजिस्ट्री सं. डी.एल.- 33004/99 REGD. No. D. L.-33004/99

भारत का राजपत्र
The Gazette of India

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EXTRAORDINARY

भाग I—खण्ड 1
PART I—Section 1

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विद्युत मंत्रालय

अधिसूचना

नई दिल्ली, 17 अगस्त, 2021

फा.सं. 23/35/2019-आरएण्डआर.—विद्युत अधिनियम, 2003 की धारा 177 की उप धारा (2) के खंड (ग) के साथ पठित धारा 55 की उप धारा (1) के अंतर्गत बनाए गए केंद्रीय विद्युत प्राधिकरण (मीटरों का अधिष्ठापन और प्रचालन) (संशोधन) विनियम, 2019 के खंड 4(1)(ख) के प्रावधानों के अनुसरण में, केंद्र सरकार एतदद्वारा मौजूदा मीटरों को पूर्व भुगतान सुविधा वाले स्मार्ट मीटरों से प्रतिस्थापित करने के लिए निम्नलिखित समय-सीमा अधिसूचित करती है:

1. संचार नेटवर्क युक्त क्षेत्रों के सभी उपभोक्ताओं (कृषि उपभोक्ताओं को छोड़कर) को, नीचे विनिर्दिष्ट समय-सीमा के भीतर, पूर्व भुगतान मोड में कार्य कर रहे स्मार्ट मीटरों से विद्युत की आपूर्ति, प्रासंगिक आईएस के अनुरूप, की जाएगी:

   (i) सभी संघ राज्य क्षेत्रों, वित्तीय वर्ष 2019-20 में 15% से अधिक एटी एंड सी हानियों के साथ शहरी क्षेत्रों में 50% अधिक से उपभोक्ता वाले विद्युत मंडलों, वित्तीय वर्ष 2019-20 में 25% से अधिक एटी एंड सी हानियों वाले अन्य विद्युत मंडलों, ब्लॉक स्तर या उससे ऊपर के सभी सरकारी कार्यालयों और सभी औद्योगिक तथा वाणिज्यिक उपभोक्ताओं को दिसंबर, 2023 तक पूर्व भुगतान मोड वाले स्मार्ट मीटरों से मीटरीकृत किया जाएगा:

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परंतु कि राज्य विनियामक आयोग, अधिसूचना के माध्यम से, उस अधिसूचना में यथा विनिर्दिष्टित उपभोक्ताओं के एक वर्ग या वर्गों के लिए या ऐसे क्षेत्रों के लिए कारण बताते हुए, कार्यान्वयन की उक्त अवधि को केवल दो बार, लेकिन एक बार में छह माह से अधिक बढ़ाया नहीं बढ़ा सकेगा।

(ii) अन्य सभी क्षेत्रों को मार्च, 2025 तक पूर्व भुगतान मोड वाले स्मार्ट मीटरों से मीटरीकृत किया जाएगा:

परंतु कि ऐसे क्षेत्रों में जहां संचार नेटवर्क उपलब्ध नहीं हैं, संबंधित राज्य विद्युत विनियामक आयोग द्वारा, प्रासंगिक आईएस के अनुरूप, पूर्व भुगतान मीटरों के अधिष्ठापन की अनुमति दी जा सकेगी:

(iii) सभी उपभोक्ता कनेक्शनों, जिनकी वर्तमान वहन क्षमता प्रासंगिक आई एस में विनिर्दिष्ट क्षमता से अधिक है, को ऐसे मीटर उपलब्ध कराए जाएंगे जो एएमआर सुविधा युक्त स्मार्ट मीटर हैं।

2. सभी फीडरों और वितरण ट्रांस्फार्मरों (डीटीज) को नीचे विनिर्दिष्ट समय-सीमा के अनुसार एएमआर सुविधा युक्त या एएमआई के अंतर्गत शामिल मीटर उपलब्ध कराए जाएंगे:

(i) सभी फीडरों को दिसंबर, 2022 तक मीटरीकृत कर दिया जाएगा।

(ii) वित्तीय वर्ष 2019-20 में 15% से अधिक एटी एंड सी हानियों वाले शहरी क्षेत्रों में 50% से अधिक उपभोक्ता वाले विद्युत मंडलों और वित्तीय वर्ष 2019-20 में 25% से अधिक एटी एंड सी हानियों वाले सभी अन्य विद्युत मंडलों में सभी डीटीज को दिसंबर, 2023 तक मीटरीकृत किया जाएगा।

(iii) उपरोक्त (ii) में उल्लिखित क्षेत्रों के अतिरिक्त अन्य सभी डीटीज को मार्च, 2025 तक मीटरीकृत किया जाएगा।

(iv) 25 केवीए से कम क्षमता वाले डीटीज और एचवीडीएस ट्रांसफार्मरों को उपरोक्त समय-सीमा से बाहर रखा जाएगा।

3. यह अधिसूचना भारत के राजपत्र में प्रकाशित होने की तारीख से प्रभावी होगी।

घनश्याम प्रसाद, संयुक्त सचिव

MINISTRY OF POWER

NOTIFICATION

New Delhi, the 17th August, 2021

F.No. 23/35/2019-R&R.—In pursuance to the provisions made in clause 4(1) (b) of the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2019 framed under sub-section (1) of section 55 read with clause(c) of sub-section (2) of section 177 of the Electricity Act, 2003, the Central Government hereby notifies the following timelines for the replacement of existing meters with smart meters with prepayment feature:

1. All consumers (other than agricultural consumers) in areas with communication network, shall be supplied electricity with Smart Meters working in prepayment mode, conforming to relevant IS, within the timelines specified below:

(i) All Union Territories, electrical divisions having more than 50% consumers in urban areas with AT&C losses more than 15% in financial year 2019-20, other electrical divisions with AT&C losses more than 25% in financial year 2019-20, all Government offices at Block level and above, and all industrial and commercial consumers, shall be metered with smart meters with prepayment mode by December, 2023:

Provided that the State Regulatory Commission may, by notification, extend the said period of implementation, giving reasons to do so, only twice but not more than six months at a time, for a class or classes of consumers or for such areas as may be specified in that notification;

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(ii) All other areas shall be metered with smart meters with prepayment mode by March, 2025:

Provided that in areas which do not have communication network, installation of prepayment meters, conforming to relevant IS, may be allowed by the respective State Electricity Regulatory Commission:

(iii) All consumer connections having current carrying capacity beyond that specified in relevant IS, may be provided with meters with smart meters having AMR facility.

2. All feeders and distribution transformers (DTs) shall be provided with meters having AMR facility or covered under AMI, as per the timelines specified below:

(i) All feeders shall be metered by December, 2022.

(ii) All DTs in electrical divisions having more than 50% consumers in urban areas with AT&C losses more than 15% in financial year 2019-20, and in all other electrical divisions with AT&C losses more than 25% in financial year 2019-20, shall be metered by December, 2023.

(iii) All DTs in areas other than those mentioned in (ii) above, shall be metered by March, 2025.

(iv) DTs and HVDS transformers having capacity less than 25 kVA may be excluded from the above timelines.

3. This notification shall be effective from the date of publishing in the Gazette of India.

GHANSHYAM PRASAD, Jt. Secy.

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ANNEXURE - 5.3

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Most Urgent

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF POWER
DELHI SECRETARIAT, 8th LEVEL, B-WING
NEW DELHI-110002.

No. F.11(15)/2018/Power/Plg/PF-I/23552 Dated: 11 /06/2021

To,

The Chief Executive officer,
BSES-YPL
Shakti Kiran Building,
Karkardooma,
New Delhi. 110 092

The Chief Executive Officer
BSES-Rajdhani Power Limited,
BSES-Bhavan
Nehru Place,
New Delhi.

The Chief Executive Officer,
TPDDL,
Grid Sub Station Building,
Hudson Lines,
Kingsways Camp, Delhi

Sub: Removal of mesh off Cables crisscrossing various parts of Delhi.

Ref: Budget Announcement for the F. Y. 2021-22.

Sir,

This is with reference to the new schemes, programmes and projects announced in the Budget 2021-22. In the said scheme one of the projects announced in the Budget is that the Distribution companies will work to remove mesh off cables crisscrossing various parts of Delhi in the next five years to ensure safety of human lives and properties as well as to beautify the city.

You are requested to submit the detailed, concrete and executable plans with clear timelines for above activity to this Department immediately.

This issue with the approval of the Competent Authority.

Yours faithfully,

11/6/2021

(R.S. Samria)
Dy. Director (Power)

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