

**Reply to queries raised on ARR & Wheeling tariff proposals for 4<sup>th</sup> MYT Control Period from FY 2019-20 to FY 2023-24 (Set 2)**

**1. Reply to Query – III. Capital Investment Plan for 4<sup>th</sup> MYT Control Period from FY 2019-20 to FY 2023-24 (Point No.4)**

The scheme for Renovation & Rectification of HT & LT Network in villages in TSSPDCL at an estimated cost of Rs.270 Crores was submitted to REC as below,

- i. The scheme for Renovation & Rectification of HT & LT Network in villages in TSSPDCL **Phase-I** covering Supply& Fixing of street light meters, Replacement of damaged Strut poles & stays, 34 Sqmm & 55Sq mm AAA conductor, LT XLPE Cable, AB Switches, HG Fuse set and 11KV 185SQ mm XLPE cable, for an amount of **Rs. 142.57Crores** and
- ii. The scheme for Renovation & Rectification of HT & LT Network in villages in TSSPDCL **Phase-II** covering providing of intermediate 8.0M & 9.1M PSCC poles for loose spans, Replacement of Bent/Damaged/Rusted Poles with new 8.0M & 9.1M PSCC poles and Raising of Distribution transformer plinth for an amount of **Rs. 127.87Crores.**

Further, on dt.11.09.2019 TSSPDCL has issued resolution for implementation of renovation and rectification scheme works in villages in TSSPDCL under Govt. of Telangana State “Power Week” programme with Financial Assistance from REC with cost of Rs.270.00 Crs.

The schemes for Renovation & Rectification of HT & LT Network in villages in TSSPDCL under Package-I and Package-II are sanctioned by M/s REC Limited vide Lr.No.REC/RO/HYD/sanction-Letters/2019-20/231, Dt.24.12.2019 and details of the schemes are as follows:

**(Amount in Rs. Lakhs)**

| S.No | Name of the Scheme   | District      | Scheme Code (TL-TD-DIS-468-2019-) | Project Cost    | Loan Amount Sanctioned (*) |
|------|--|---------------|-----------------------------------|-----------------|----------------------------|
| 1.   | Renovation of HT & LT network in all districts of TSSPDCL under Package-I  | All Districts | 15463                             | 14256.71        | 12831.04                   |
| 2.   | Renovation of HT & LT network in all districts of TSSPDCL under Package-II | All Districts | 154610                            | 12787.19        | 11508.47                   |
|      | <b>Total</b>   |               |                                   | <b>27043.90</b> | <b>24339.51</b>            |

(\*) Loan amount is restricted to 90% of scheme cost, as security is provided by way of hypothecation of future assets.

Works are under progress and claims for an amount of Rs.66.30 crs were submitted to REC on dt.30.12.2019.

**2. Reply to Query – IV. MYT for 4<sup>th</sup> MYT Control Period from FY 2019-20 to FY 2023-24 (Point No.8)**

The details of O&M expenses from FY 2014-15 to FY 2018-19 is submitted below

| S.No.    | Particulars                 | FY.2014-15*    | FY.2015-16     | FY.2016-17     | FY.2017-18     | FY.2018-19     |
|----------|-----------------------------|----------------|----------------|----------------|----------------|----------------|
|          |                             | Rs. Crore      |
| <b>A</b> | <b>Gross Expenses</b>       |                |                |                |                |                |
| 1        | Employee Expenses           | 1107.09        | 823.33         | 1490.62        | 1896.94        | 2249.03        |
| 2        | A&G Expenses                | 101.27         | 101.12         | 333.80         | 212.88         | 162.57         |
| 3        | R&M Expenses                | 258.81         | 278.11         | 138.84         | 108.66         | 126.65         |
| 4        | <b>Total Gross expenses</b> | <b>1467.17</b> | <b>1202.56</b> | <b>1963.26</b> | <b>2218.48</b> | <b>2538.25</b> |
| <b>B</b> | <b>Capitisation</b>         |                |                |                |                |                |
| 1        | Employee Expenses           | 78.23          | 103.52         | 103.75         | 93.16          | 114.18         |
| 2        | A&G Expenses                | 13.76          | 18.23          | 18.19          | 16.33          | 20.06          |
| 3        | R&M Expenses                | 0              | 0              | 0              | 0              | 0              |
| 4        | Total Capitalisation        | 91.99          | 121.75         | 121.94         | 109.49         | 134.24         |
| <b>C</b> | <b>Net expenses</b>         |                |                |                |                |                |
| 1        | Employee Expenses           | 1028.86        | 719.81         | 1386.87        | 1803.78        | 2134.85        |
| 2        | A&G Expenses                | 87.51          | 82.89          | 315.61         | 196.55         | 142.51         |
| 3        | R&M Expenses                | 258.81         | 278.11         | 138.84         | 108.66         | 126.65         |
| 4        | Total                       | <b>1375.18</b> | <b>1080.81</b> | <b>1841.32</b> | <b>2108.99</b> | <b>2404.01</b> |

\* The O&M expenses for FY 2014-15 also include Anantapur & Kurnool circle expenses for the month of April & May 2014.

**3. Reply to Query – IV. MYT for 4<sup>th</sup> MYT Control Period from FY 2019-20 to FY 2023-24 (Point No.9)**

The details of actual scheme wise capital investments and means of finance during FY 2014-15 to FY 2018-19 is submitted as **Annexure-A.**

\*The capital investments for FY 2014-15 also include investments made during April & May in Anantapur & Kurnool circles

**4. Reply to Query – IV. MYT for 4<sup>th</sup> MYT Control Period from FY 2019-20 to FY 2023-24 (Point No.10)**

The details of actual long term loan portfolio from FY 2014-15 to FY 2018-19 is submitted below

(Rs. Crores)

| Particular                                     | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18       | FY 2018-19       |
|--|------------|------------|------------|------------------|------------------|
| <b>Rural Electrification Corporation (REC)</b> |            |            |            |                  |                  |
| Opening Loan                                   | 1,794.43   | 2,832.80   | 3,388.67   | 2,258.04         | 2,466.00         |
| Addition during the year                       | 1,156.47   | 781.39     | 816.63     | 382.51           | 1,091.25         |
| Repayment during the year                      | 118.10     | 225.52     | 1,947.26   | 174.55           | 216.13           |
| Closing Loan                                   | 2,832.80   | 3,388.67   | 2,258.04   | 2,466.00         | 3,341.12         |
| Rate of Interest (%)                           | 9% to 14%  | 9% to 14%  | 9% to 14%  | 9% to 14%        | 9% to 11.50%     |
| <b>Interest</b>                                |            |            |            |                  |                  |
| Gross Interest Expenses                        | 240.54     | 345.89     | 404.23     | 250.19           | 289.21           |
| Interest Expenses Capitalized                  | 49.06      | 38.18      | 22.51      | 23.98            | 24.29            |
| Net Interest Expenses                          | 191.48     | 307.71     | 381.72     | 226.21           | 264.92           |
|  |            |            |            |                  |                  |
| <b>Power Finance Corporation (PFC)</b>         |            |            |            |                  |                  |
| Opening Loan                                   | 94.13      | 58.31      | 32.91      | 0.26             | 0.02             |
| Addition during the year                       | -          | -          | 0.02       | -                | 108.02           |
| Repayment during the year                      | 35.82      | 25.40      | 32.67      | 0.24             | -                |
| Closing Loan                                   | 58.31      | 32.91      | 0.26       | 0.02             | 108.04           |
| Rate of Interest (%)                           | 12.50%     | 12.50%     | 12.50%     | 10.25% to 10.75% | 10.25% to 10.75% |
| <b>Interest</b>                                |            |            |            |                  |                  |
| Gross Interest Expenses                        | 7.22       | 5.94       | 3.32       | 0.28             | 1.82             |
| Interest Expenses Capitalized                  | 1.47       | 0.66       | 0.18       | 0.03             | 0.15             |
| Net Interest Expenses                          | 5.75       | 5.28       | 3.14       | 0.25             | 1.67             |

The Interest Expenses Capitalized is arrived at, on proportionate to the Gross interest expenses.

**5. Reply to Query – IV. MYT for 4<sup>th</sup> MYT Control Period from FY 2019-20 to FY 2023-24 (Point No.11)**

Rate of interest on CAPEX loans availed by DISCOM varies from 9% to 14%. Further to submit that rate of interest depends upon the prevailing rates at the time of disbursements, which usually being done in tranches. Copies of loan sanctioned by REC are submitted for reference as **ANNEXURE-B**.

**6. Reply to Query – IV. MYT for 4<sup>th</sup> MYT Control Period from FY 2019-20 to FY 2023-24 (Point No.12)**

The voltage wise assets from FY 2014-15 to FY 2018-19 is submitted below

| Particulars<br>Gross Fixed<br>Assets | FY 2014-15      | FY 2015-16      | FY 2016-17       | FY 2017-18       | FY 2018-19       |
|--------------------------------------|-----------------|-----------------|------------------|------------------|------------------|
|                                      | Rs Crore        | Rs Crore        | Rs Crore         | Rs Crore         | Rs Crore         |
| 33 KV                                | 453.59          | 710.33          | 926.64           | 1071.38          | 1247.48          |
| 11 KV                                | 2372.34         | 2886.27         | 3372.2           | 3782.52          | 4228.34          |
| LT                                   | 4404.55         | 5350.61         | 6056.48          | 6610.24          | 7486.61          |
| Others*                              | 575.92          | 768.89          | 909.49           | 1,060.25         | 1,229.68         |
| <b>TOTAL</b>                         | <b>7,806.40</b> | <b>9,716.10</b> | <b>11,264.81</b> | <b>12,524.39</b> | <b>14,192.11</b> |

\* Others include Land, Buildings, Civil works, vehicles, intangible assets, furniture, Computer & IT equipment.

**ANNEXURE- A**

**Capital Expenditure FY 2014-15**

| Program hierarchy node   |                                    | Actual            |
|--------------------------|------------------------------------|-------------------|
|                          |                                    | INR               |
| 2010/CAPX                | 2010/CAPX                          | 12,118,247,394.91 |
| CP_CAPEX                 | 2010/CAPX/CP_CAPEX                 | 12,118,247,394.91 |
| EXTERNAL FUNDING SCHEMES | 2010/CAPX/EXTERNAL FUNDING SCHEMES | 5,704,582,633.20  |
| EXTERNAL FUNDING SCHEMES | 2010/CAPX/EXTERNAL FUNDING SCHEMES |                   |
| APDRP SCHEME : 2006      | 2010/CAPX/APDRP SCHEME : 2006      |                   |
| BULK_REC SCHEME -2009    | 2010/CAPX/BULK_REC SCHEME -2009    | 47,066.46         |
| HVDS PHASE- I&II-2006    | 2010/CAPX/HVDS PHASE- I&II-2006    | 15,725,446.32     |
| HVDS PHASE-III-2009      | 2010/CAPX/HVDS PHASE-III-2009      | 1,579,854.98      |
| JBIC PHASE II SCHEME- 20 | 2010/CAPX/JBIC PHASE II SCHEME- 20 |                   |
| JBIC- SS -(PHASE I) -200 | 2010/CAPX/JBIC- SS -(PHASE I) -200 |                   |
| LT AB CABLE - 2006       | 2010/CAPX/LT AB CABLE - 2006       |                   |
| PFC (METERING ) -2006    | 2010/CAPX/PFC (METERING ) -2006    | 201,444.67        |
| SI SS (PFC-SS&UG)-2006   | 2010/CAPX/SI SS (PFC-SS&UG)-2006   | 2,008,535.57      |
| PIEU SCHEME -2008        | 2010/CAPX/PIEU SCHEME -2008        | 12,944,904.94     |
| P:SI SS SCHEME- 2006     | 2010/CAPX/P:SI SS SCHEME- 2006     |                   |
| RGGVY SCHEME - 2006      | 2010/CAPX/RGGVY SCHEME - 2006      | 393,624.65        |
| SI LINES SEG.AGLSER-2009 | 2010/CAPX/SI LINES SEG.AGLSER-2009 | 1,350,335.98      |
| SIM SCHEME - 2006        | 2010/CAPX/SIM SCHEME - 2006        | 244,171.90        |
| SPA:PE SCHEMES           | 2010/CAPX/SPA:PE SCHEMES           | 1,937,368,911.87  |
| R-APDRP FOR 2009-10      | 2010/CAPX/R-APDRP FOR 2009-10      | 105,156,335.32    |
| R-APDRP PART-A-SCADA/DMS | 2010/CAPX/R-APDRP PART-A-SCADA/DMS | 16,390,599.99     |
| R-APDRP PART -B 2011-12  | 2010/CAPX/R-APDRP PART -B 2011-12  | 2,993,083,694.10  |
| INDIRA JALA PRABHA -2011 | 2010/CAPX/INDIRA JALA PRABHA -2011 | 5,207,055.60      |
| SCHEDULED CASTE SUB PLAN | 2010/CAPX/SCHEDULED CASTE SUB PLAN | 71,353,003.52     |
| TRIBAL SUB PLAN          | 2010/CAPX/TRIBAL SUB PLAN          |                   |
| JICA (HVDS) SCHEME-2014  | 2010/CAPX/JICA (HVDS) SCHEME-2014  | 535,152,198.16    |
| SMARTGRID PROJECT-2014   | 2010/CAPX/SMARTGRID PROJECT-2014   | 6,375,449.17      |
| INTERNAL FUNDING SCHEMES | 2010/CAPX/INTERNAL FUNDING SCHEMES | 6,413,664,761.71  |
| INTERNAL FUNDING SCHEMES | 2010/CAPX/INTERNAL FUNDING SCHEMES |                   |
| CONTRIBUTED_CAPITAL      | 2010/CAPX/CONTRIBUTED_CAPITAL      | 199,894,299.59    |
| REPL. OF BURNT METERS    | 2010/CAPX/REPL. OF BURNT METERS    | 12,127,759.66     |
| ROSC SCHEME              | 2010/CAPX/ROSC SCHEME              | 2,148,596,423.42  |
| T&D SCHEME               | 2010/CAPX/T&D SCHEME               | 2,546,734,842.55  |
| SAFETY MEASURES SCHEME   | 2010/CAPX/SAFETY MEASURES SCHEME   | 1,254,222.40      |
| CIVIL WORKS-T&D          | 2010/CAPX/CIVIL WORKS-T&D          | 54,799,859.24     |
| GADA_SCHEME              | 2010/CAPX/GADA_SCHEME              | 8,047,401.48      |
| T&D SUB_STATIONS PH-I    | 2010/CAPX/T&D SUB_STATIONS PH-I    | 724,719.56        |
| T&D SUB_STATIONS PH-II   | 2010/CAPX/T&D SUB_STATIONS PH-II   | 1,156,934.71      |
| SUBSTATIONS_BANK-2010    | 2010/CAPX/SUBSTATIONS_BANK-2010    | 716,703,504.64    |
| CYCLONE RELE WORKS       | 2010/CAPX/CYCLONE RELE WORKS       |                   |
| METERING SCHEME          | 2010/CAPX/METERING SCHEME          | 721,814,518.08    |
| SOLAR NET METERING SCHME | 2010/CAPX/SOLAR NET METERING SCHME | 1,810,276.38      |

**Capital Expenditure FY 2015-16**

| Program hierarchy node   |                                    | Actual            |
|--------------------------|------------------------------------|-------------------|
|                          |                                    | INR               |
| 2010/CAPX                | 2010/CAPX                          | 16,709,458,032.65 |
| CP_CAPEX                 | 2010/CAPX/CP_CAPEX                 | 16,709,458,032.65 |
| EXTERNAL FUNDING SCHEMES | 2010/CAPX/EXTERNAL FUNDING SCHEMES | 7,288,430,626.40  |
| EXTERNAL FUNDING SCHEMES | 2010/CAPX/EXTERNAL FUNDING SCHEMES |                   |
| BULK_REC SCHEME -2009    | 2010/CAPX/BULK_REC SCHEME -2009    | -46,261.25        |
| HVDS PHASE- I&II-2006    | 2010/CAPX/HVDS PHASE- I&II-2006    | 5,594,146.00      |
| HVDS PHASE-III-2009      | 2010/CAPX/HVDS PHASE-III-2009      | -11,311,823.26    |
| JBIC PHASE II SCHEME- 20 | 2010/CAPX/JBIC PHASE II SCHEME- 20 |                   |
| LT AB CABLE - 2006       | 2010/CAPX/LT AB CABLE - 2006       |                   |
| PFC (METERING ) -2006    | 2010/CAPX/PFC (METERING ) -2006    | 23,477.63         |
| SI SS (PFC-SS&UG)-2006   | 2010/CAPX/SI SS (PFC-SS&UG)-2006   | 2,145,816.92      |
| PIEU SCHEME -2008        | 2010/CAPX/PIEU SCHEME -2008        | 5,553,726.45      |
| RGGVY SCHEME - 2006      | 2010/CAPX/RGGVY SCHEME - 2006      | -1,185,816.35     |
| SI LINES SEG.AGLSER-2009 | 2010/CAPX/SI LINES SEG.AGLSER-2009 | -155,008.69       |
| SIM SCHEME - 2006        | 2010/CAPX/SIM SCHEME - 2006        | 345,157.91        |
| SPA:PE SCHEMES           | 2010/CAPX/SPA:PE SCHEMES           | 2,158,930,221.98  |
| R-APDRP FOR 2009-10      | 2010/CAPX/R-APDRP FOR 2009-10      | 179,025,150.34    |
| R-APDRP PART-A-SCADA/DMS | 2010/CAPX/R-APDRP PART-A-SCADA/DMS | 20,866,966.03     |
| R-APDRP PART -B 2011-12  | 2010/CAPX/R-APDRP PART -B 2011-12  | 2,691,715,806.94  |
| INDIRA JALA PRABHA -2011 | 2010/CAPX/INDIRA JALA PRABHA -2011 | 1,752,425.52      |
| SCHEDULED CASTE SUB PLAN | 2010/CAPX/SCHEDULED CASTE SUB PLAN | 8,645,213.10      |
| SC SUB PLAN-2015-16      | 2010/CAPX/SC SUB PLAN-2015-16      | 13,634,996.33     |
| JICA (HVDS) SCHEME-2014  | 2010/CAPX/JICA (HVDS) SCHEME-2014  | 2,189,766,282.35  |
| SMARTGRID PROJECT-2014   | 2010/CAPX/SMARTGRID PROJECT-2014   | 23,130,148.45     |
| INTERNAL FUNDING SCHEMES | 2010/CAPX/INTERNAL FUNDING SCHEMES | 9,421,027,406.25  |
| INTERNAL FUNDING SCHEMES | 2010/CAPX/INTERNAL FUNDING SCHEMES |                   |
| CONTRIBUTED_CAPITAL      | 2010/CAPX/CONTRIBUTED_CAPITAL      | 452,643,515.44    |
| REPL. OF BURNT METERS    | 2010/CAPX/REPL. OF BURNT METERS    | 222,171.87        |
| ROSC SCHEME              | 2010/CAPX/ROSC SCHEME              | 2,716,207,909.63  |
| TS_WATER GRID PROJECT    | 2010/CAPX/TS_WATER GRID PROJECT    | 85,887,947.03     |
| T&D SCHEME               | 2010/CAPX/T&D SCHEME               | 3,162,121,845.77  |
| SAFETY MEASURES SCHEME   | 2010/CAPX/SAFETY MEASURES SCHEME   | 5,173,800.53      |
| T&D-9 HOURS AGL SUPPLY   | 2010/CAPX/T&D-9 HOURS AGL SUPPLY   | 1,847,383,988.60  |
| CIVIL WORKS-T&D          | 2010/CAPX/CIVIL WORKS-T&D          | 75,652,679.04     |
| GADA_SCHEME              | 2010/CAPX/GADA_SCHEME              | 75,200,455.55     |
| T&D SUB_STATIONS PH-I    | 2010/CAPX/T&D SUB_STATIONS PH-I    | 934,787.68        |
| T&D SUB_STATIONS PH-II   | 2010/CAPX/T&D SUB_STATIONS PH-II   | -549,498.59       |
| SUBSTATIONS_BANK-2010    | 2010/CAPX/SUBSTATIONS_BANK-2010    | 889,160,807.06    |
| CYCLONE RELE WORKS       | 2010/CAPX/CYCLONE RELE WORKS       | -103,229.36       |
| METERING SCHEME          | 2010/CAPX/METERING SCHEME          | 109,497,204.43    |
| SOLAR NET METERING SCHME | 2010/CAPX/SOLAR NET METERING SCHME | 1,593,021.57      |

### Capital Expenditure FY 2016-17

|                          |                                    | Actual            |
|--------------------------|------------------------------------|-------------------|
| Program hierarchy node   |                                    | INR               |
| 2010/CAPX                | 2010/CAPX                          | 16,244,024,503.47 |
| CP_CAPEX                 | 2010/CAPX/CP_CAPEX                 | 16,244,024,503.47 |
| EXTERNAL FUNDING SCHEMES | 2010/CAPX/EXTERNAL FUNDING SCHEMES | 5,499,036,846.06  |
| BULK_REC SCHEME -2009    | 2010/CAPX/BULK_REC SCHEME -2009    | -96,139.61        |
| HVDS PHASE- I&II-2006    | 2010/CAPX/HVDS PHASE- I&II-2006    | 1,504,998.30      |
| HVDS PHASE-III-2009      | 2010/CAPX/HVDS PHASE-III-2009      |                   |
| JBIC PHASE II SCHEME- 20 | 2010/CAPX/JBIC PHASE II SCHEME- 20 |                   |
| PFC (METERING ) -2006    | 2010/CAPX/PFC (METERING ) -2006    | 1,821.81          |
| SI SS (PFC-SS&UG)-2006   | 2010/CAPX/SI SS (PFC-SS&UG)-2006   | 909,939.05        |
| PIEU SCHEME -2008        | 2010/CAPX/PIEU SCHEME -2008        | 2,579,031.93      |
| RGGVY SCHEME - 2006      | 2010/CAPX/RGGVY SCHEME - 2006      | -1,766,364.17     |
| SI LINES SEG.AGLSER-2009 | 2010/CAPX/SI LINES SEG.AGLSER-2009 | 24,324.82         |
| SIM SCHEME - 2006        | 2010/CAPX/SIM SCHEME - 2006        | -1,301,001.04     |
| SPA:PE SCHEMES           | 2010/CAPX/SPA:PE SCHEMES           | 1,896,395,729.87  |
| R-APDRP FOR 2009-10      | 2010/CAPX/R-APDRP FOR 2009-10      | 23,875,170.39     |
| R-APDRP PART-A-SCADA/DMS | 2010/CAPX/R-APDRP PART-A-SCADA/DMS | 121,518,448.87    |
| R-APDRP PART -B 2011-12  | 2010/CAPX/R-APDRP PART -B 2011-12  | 1,623,020,795.07  |
| INDIRA JALA PRABHA -2011 | 2010/CAPX/INDIRA JALA PRABHA -2011 | -1,609,155.12     |
| SCHEDULED CASTE SUB PLAN | 2010/CAPX/SCHEDULED CASTE SUB PLAN | 4,714,788.01      |
| SC SUB PLAN-2015-16      | 2010/CAPX/SC SUB PLAN-2015-16      | 29,556,772.18     |
| JICA (HVDS) SCHEME-2014  | 2010/CAPX/JICA (HVDS) SCHEME-2014  | 1,783,320,980.09  |
| SMARTGRID PROJECT-2014   | 2010/CAPX/SMARTGRID PROJECT-2014   | 11,588,838.60     |
| IPDS SCHEME              | 2010/CAPX/IPDS SCHEME              | 4,797,867.01      |
| INTERNAL FUNDING SCHEMES | 2010/CAPX/INTERNAL FUNDING SCHEMES | 10,744,987,657.41 |
| INTERNAL FUNDING SCHEMES | 2010/CAPX/INTERNAL FUNDING SCHEMES |                   |
| CONTRIBUTED_CAPITAL      | 2010/CAPX/CONTRIBUTED_CAPITAL      | 440,291,206.64    |
| REPL. OF BURNT METERS    | 2010/CAPX/REPL. OF BURNT METERS    | -14,515.31        |
| ROSC SCHEME              | 2010/CAPX/ROSC SCHEME              | 2,314,429,912.07  |
| TS_WATER GRID PROJECT    | 2010/CAPX/TS_WATER GRID PROJECT    | 111,583,445.68    |
| T&D SCHEME               | 2010/CAPX/T&D SCHEME               | 3,949,175,410.90  |
| SAFETY MEASURES SCHEME   | 2010/CAPX/SAFETY MEASURES SCHEME   | 418,079,587.05    |
| T&D-9 HOURS AGL SUPPLY   | 2010/CAPX/T&D-9 HOURS AGL SUPPLY   | 1,709,620,924.96  |
| CIVIL WORKS-T&D          | 2010/CAPX/CIVIL WORKS-T&D          | 140,248,986.40    |
| GADA_SCHEME              | 2010/CAPX/GADA_SCHEME              | 27,632,560.47     |
| T&D SUB_STATIONS PH-I    | 2010/CAPX/T&D SUB_STATIONS PH-I    | 1,008,555.25      |
| T&D SUB_STATIONS PH-II   | 2010/CAPX/T&D SUB_STATIONS PH-II   |                   |
| SUBSTATIONS_BANK-2010    | 2010/CAPX/SUBSTATIONS_BANK-2010    | 1,510,211,020.30  |
| CYCLONE RELE WORKS       | 2010/CAPX/CYCLONE RELE WORKS       |                   |
| METERING SCHEME          | 2010/CAPX/METERING SCHEME          | 120,414,769.98    |
| SOLAR NET METERING SCHME | 2010/CAPX/SOLAR NET METERING SCHME | 2,305,793.02      |

### Capital Expenditure FY 2017-18

|                          |  | Actual            |
|--------------------------|--|-------------------|
| Program hierarchy node   |  | INR               |
| 2010/CAPX                | 2010/CAPX                                | 15,212,928,822.81 |
| CP_CAPEX                 | SOUTHERN POWER CAPITAL SCHEMES           | 15,212,928,822.81 |
| EXTERNAL FUNDING SCHEMES | SOUTHERN POWER EXTERNAL FUNDING SCHEMES  | 4,499,594,322.04  |
| EXTERNAL FUNDING SCHEMES | SOUTHERN POWER EXTERNAL FUNDING SCHEMES  |                   |
| BULK_REC SCHEME -2009    | CENTRAL POWER BULK SCHEME                |                   |
| HVDS PHASE- I&II-2006    | HVDS PHASE I&II SCHEME                   |                   |
| HVDS PHASE-III-2009      | HVDS PHASE III SCHEME                    |                   |
| JBIC PHASE II SCHEME- 20 | JBIC PHASE II SCHEME                     |                   |
| SI SS (PFC-SS&UG)-2006   | SISS (PFC SS& UG) SCHEME                 |                   |
| PIEU SCHEME -2008        | PIEU SCHEME                              | 266,804.51        |
| RGGVY SCHEME - 2006      | RGGVY SCHEME                             | 20,901.52         |
| SI LINES SEG.AGLSER-2009 | SI LINES SEGR. OF AGL SERVICES FROM MIXE | 5,118.64          |
| SIM SCHEME - 2006        | SIM SCHEME                               | 14,842.57         |
| SPA:PE SCHEMES           | SPA:PE SCHEMES                           | 2,271,390,822.66  |
| R-APDRP FOR 2009-10      | R-APDRP Scheme (PART-A)                  | 81,377,019.05     |
| R-APDRP PART-A-SCADA/DMS | R-APDRP (PART-A, SCADA/DMS)              | 29,370,825.36     |
| R-APDRP PART -B 2011-12  | R-APDRP PART - B 2011-12 SCHEME          | 407,731,083.71    |
| INDIRA JALA PRABHA -2011 | INDIRA JALA PRABHA SCHEME -2011          | -45,960.30        |
| SCHEDULED CASTE SUB PLAN | SCHEDULED CASTE SUB PLAN SCHEME -2013    | 210,690.42        |
| SC SUB PLAN-2015-16      | SC SUB PLAN-2015-16                      | 2,639,057.92      |
| JICA (HVDS) SCHEME-2014  | JICA(HVDS) SCHEME -2014                  | 545,016,588.26    |
| SMARTGRID PROJECT-2014   | SMARTGRID PROJECT -2014                  | 2,850,911.75      |
| IPDS SCHEME              | INTEGRATED POWER DEVELOPMENT SCHEME      | 976,975,505.22    |
| DDUGJY SCHEME            | DEENDAYAL UPADYAYA GRAM JYOTHI YOGANA    | 181,770,110.75    |
| INTERNAL FUNDING SCHEMES | SOUTHERN POWER INTERNAL FUNDING SCHEMES  | 10,713,334,500.77 |
| INTERNAL FUNDING SCHEMES | SOUTHERN POWER INTERNAL FUNDING SCHEMES  |                   |
| CONTRIBUTED_CAPITAL      | CAPITAL RELATED D.C. WORKS               | 536,486,748.30    |
| ROSC SCHEME              | RELEASE OF SERVICES SCHEME-              | 2,415,095,617.49  |
| TS_WATER GRID PROJECT    | TELANGANA _WATER GRID PROJECT 2015       | 475,999,018.05    |
| T&D SCHEME               | T&D SCHEME                               | 4,552,689,445.08  |
| SAFETY MEASURES SCHEME   | SAFETY MEASURES SCHEME                   | 169,059,337.15    |
| T&D-9 HOURS AGL SUPPLY   | T&D-9 HOURS AGL SUPPLY-2015              | 361,753,485.19    |
| T&D-24 HOURS AGL SUPPLY  | T&D-24 HOURS AGL SUPPLY-2017             | 28,384,122.60     |
| CIVIL WORKS-T&D          | CIVIL WORKS- T&D SCHEME                  | 130,740,072.42    |
| GADA_SCHEME              | GAJWAL AREA DEVELOPMENT AUTHORITY SCHEME | 6,261,001.62      |
| T&D SUB_STATIONS PH-I    | T&D SUB-STATIONS-PH-1 2009-10            | -556,017.59       |

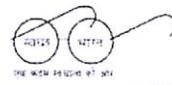
|                          |                                    |                  |
|--------------------------|------------------------------------|------------------|
| T&D SUB_STATIONS PH-II   | T&D SUB-STATIONS-PH-2 2009-10      |                  |
| SUBSTATIONS_BANK-2010    | SUBSTATIONS- BANK/REC FOR 2010-1   | 1,712,892,505.47 |
| CYCLONE RELE WORKS       | CPDCL: Circle Wise Relief works    |                  |
| METERING SCHEME          | METERING SCHEME                    | 321,566,180.58   |
| SOLAR NET METERING SCHME | SOLAR ROOF TOP NET METERING SCHEME | 2,962,984.41     |

### Capital Expenditure FY 2018-19

|                                 |   | Actual             |
|---------------------------------|---|--------------------|
| Program hierarchy node          |   | INR                |
| 2010/CAPX                       | 2010/CAPX                                 | 21736586619        |
| <b>CP_CAPEX</b>                 | <b>2010/CAPX/CP_CAPEX</b>                 | <b>21736586619</b> |
| <b>EXTERNAL FUNDING SCHEMES</b> | <b>2010/CAPX/EXTERNAL FUNDING SCHEMES</b> | <b>10102484436</b> |
| BULK_REC SCHEME -2009           | 2010/CAPX/BULK_REC SCHEME -2009           |                    |
| HVDS PHASE- I&II-2006           | 2010/CAPX/HVDS PHASE- I&II-2006           |                    |
| HVDS PHASE-III-2009             | 2010/CAPX/HVDS PHASE-III-2009             |                    |
| JBIC PHASE II SCHEME- 20        | 2010/CAPX/JBIC PHASE II SCHEME- 20        |                    |
| SI SS (PFC-SS&UG)-2006          | 2010/CAPX/SI SS (PFC-SS&UG)-2006          |                    |
| PIEU SCHEME -2008               | 2010/CAPX/PIEU SCHEME -2008               | 53524              |
| RGGVY SCHEME - 2006             | 2010/CAPX/RGGVY SCHEME - 2006             | 1269376            |
| SI LINES SEG.AGLSER-2009        | 2010/CAPX/SI LINES SEG.AGLSER-2009        | 6292               |
| SIM SCHEME - 2006               | 2010/CAPX/SIM SCHEME - 2006               | 14843              |
| SPA:PE SCHEMES                  | 2010/CAPX/SPA:PE SCHEMES                  | 3026655517         |
| R-APDRP FOR 2009-10             | 2010/CAPX/R-APDRP FOR 2009-10             | 21002079           |
| R-APDRP PART-A-SCADA/DMS        | 2010/CAPX/R-APDRP PART-A-SCADA/DMS        | 43974877           |
| R-APDRP PART -B 2011-12         | 2010/CAPX/R-APDRP PART -B 2011-12         | 51965195           |
| INDIRA JALA PRABHA -2011        | 2010/CAPX/INDIRA JALA PRABHA -2011        | 16903              |
| SCHEDULED CASTE SUB PLAN        | 2010/CAPX/SCHEDULED CASTE SUB PLAN        | 43406              |
| SC SUB PLAN-2015-16             | 2010/CAPX/SC SUB PLAN-2015-16             | 774743             |
| JICA (HVDS) SCHEME-2014         | 2010/CAPX/JICA (HVDS) SCHEME-2014         | 133304332          |
| SMARTGRID PROJECT-2014          | 2010/CAPX/SMARTGRID PROJECT-2014          | 193957007          |
| IPDS SCHEME                     | 2010/CAPX/IPDS SCHEME                     | 4071414994         |
| DDUGJY SCHEME                   | 2010/CAPX/DDUGJY SCHEME                   | 2558031348         |
| <b>INTERNAL FUNDING SCHEMES</b> | <b>2010/CAPX/INTERNAL FUNDING SCHEMES</b> | <b>11634102183</b> |
| INTERNAL FUNDING SCHEMES        | 2010/CAPX/INTERNAL FUNDING SCHEMES        |                    |
| CONTRIBUTED_CAPITAL             | 2010/CAPX/CONTRIBUTED_CAPITAL             | 734204281          |
| ROSC SCHEME                     | 2010/CAPX/ROSC SCHEME                     | 4304023108         |
| TS_WATER GRID PROJECT           | 2010/CAPX/TS_WATER GRID PROJECT           | 17103009           |
| T&D SCHEME                      | 2010/CAPX/T&D SCHEME                      | 4535160094         |
| SAFETY MEASURES SCHEME          | 2010/CAPX/SAFETY MEASURES SCHEME          | 212335916          |
| T&D-9 HOURS AGL SUPPLY          | 2010/CAPX/T&D-9 HOURS AGL SUPPLY          | 61842517           |
| T&D-24 HOURS AGL SUPPLY         | 2010/CAPX/T&D-24 HOURS AGL SUPPLY         | 70028048           |
| CIVIL WORKS-T&D                 | 2010/CAPX/CIVIL WORKS-T&D                 | 134514914          |
| GADA_SCHEME                     | 2010/CAPX/GADA_SCHEME                     | 1623442            |
| T&D SUB_STATIONS PH-I           | 2010/CAPX/T&D SUB_STATIONS PH-I           |                    |
| T&D SUB_STATIONS PH-II          | 2010/CAPX/T&D SUB_STATIONS PH-II          |                    |
| <b>SUBSTATIONS_BANK-2010</b>    | <b>2010/CAPX/SUBSTATIONS_BANK-2010</b>    | <b>1253677978</b>  |
| CYCLONE RELE WORKS              | 2010/CAPX/CYCLONE RELE WORKS              |                    |
| METERING SCHEME                 | 2010/CAPX/METERING SCHEME                 | 305706733          |
| SOLAR NET METERING SCHME        | 2010/CAPX/SOLAR NET METERING SCHME        | 3882141            |

आरईसी  
REC

रूरल इलेक्ट्रिफिकेशन कॉर्पोरेशन लिमिटेड  
Rural Electrification Corporation Limited  
(भारत सरकार का उपक्रम) / A Government of India Enterprise  
A 'NAVARATNA' Company under Ministry of Power  
Regional Office : Hyderabad  
NFA Post, Shivarampally, Hyderabad - 500 052  
Phone : 040-29805034, 29804520/ Fax : 040-29804235  
e-mail : recpehyd@yahoo.com, Web : www.recindia.net.in  
Corporate Identity Number : L40101DL1969601005095



Office of the  
Chief General Manager/Projects  
TSSPDCL.

277

20 APR 2018

SE (Projects) 018 DE/R-APDR  
SE (Construction) DE (SI)  
SE (Civil) DE (RE)  
CGM (Projects) DE (HVDS)

No.REC/RO/HYD/T&amp;D/IE(Dist.)/TSSPDCL/SL/2017-18/763/1

The Chairman and Managing Director,  
Southern Power Distribution Company of Telangana Ltd,  
Mint Compound,  
Hyderabad - 500063.

Sub: Sanction letter for financial assistance of REC under IE (Distribution) Category.

Office of the  
Director/Projects &  
TSSPDCL.

Ref: TSSPDCL Application for Financial Assistance vide Letter No. CGM(P)/SE(P)/DE(RE)/  
TSSPA:PE Scheme/D.No. 2691 dated 20-01-2018 & D.No. 2749 dated 25-01-2018.

Dear Sir,

Please refer to your above cited Loan Applications for financial assistance from Rural Electrification Corporation Ltd (REC), to finance/part finance the proposed scheme(s) for Creation of infrastructure for electricity access to agricultural services in (i) Kodangal & 2 Mandals in Vikarabad district, (ii) Kandukur and Maheshwaram Mandals in Ranga Reddy district, (iii) Kosgi & 2 Mandals in Mahabubnagar district, (iv) Mirdoddy Mandal in Siddipet district, (v) Narayanpet & 2 Mandals in Mahabubnagar district, (vi) Devarkadra & 2 Mandals in Mahabubnagar district and (vii) Shamshabad Mandal in Ranga Reddy district, of TSSPDCL jurisdiction in the state of Telangana.

The proposals have been considered and REC is agreeable to grant TSSPDCL (the "Borrower") Rupee Term Loan Assistance (the "RTL") with details of the scheme are as follows.

(Amount in Rs. Lakhs)

| Sl. No. | Name of scheme  | District     | Code No. (TL-TD-DIS-468-2017-) | Project Cost with Consumer Contribution | Project Cost without Consumer Contribution | Loan Amount Sanctioned (*) |
|---------|---|--------------|--------------------------------|---|--|----------------------------|
| 1.      | Infrastructure for Electricity access to AGL services in Kodangal & 2 Mandals             | Vikarabad    | 13409                          | 747.01                                  | 745.82                                     | 671.24                     |
| 2.      | Infrastructure for Electricity access to AGL services in Kandukur and Maheshwaram mandals | Ranga Reddy  | 13410                          | 677.37                                  | 676.12                                     | 608.51                     |
| 3.      | Infrastructure for Electricity access to AGL services in Kosgi & 2 Mandals                | Mahabubnagar | 13415                          | 920.20                                  | 919.01                                     | 827.10                     |
| 4.      | Infrastructure for Electricity access to AGL services in Mirdoddy Mandal                  | Siddipet     | 13429                          | 467.65                                  | 466.95                                     | 420.25                     |
| 5.      | Infrastructure for Electricity access to AGL services in Narayanpet & 2 Mandals           | Mahabubnagar | 13430                          | 665.45                                  | 664.42                                     | 597.98                     |
| 6.      | Infrastructure for Electricity access to AGL services in Devarkadra & 2 Mandals           | Mahabubnagar | 13481                          | 725.91                                  | 724.85                                     | 652.37                     |
| 7.      | Infrastructure for Electricity access to AGL services in Shamshabad Mandal                | Ranga Reddy  | 13482                          | 843.10                                  | 841.55                                     | 757.39                     |
|         | <b>TOTAL</b>  |              |                                | <b>5046.69</b>                          | <b>5038.72</b>                             | <b>4534.84</b>             |

(\*) Loan amount is restricted to 90% of scheme cost (without consumer contribution), as security is provided by way of hypothecation of future assets.

Registered Office: Lane - 4, SCOPF Complex, 7th Floor, New De...  
Chief General Manager (Projects)  
TSSPDCL, 4th Floor, Corporate Office,  
B-1-50, Mint Compound,  
HYDERABAD-500 063.

1. The aforesaid term loan is subject to the general terms and conditions set out in Annexure-I. Details of project sanctioned are enclosed at Annexure A, B and C1 to C7. The loan would be further subject to the conditions as set out in the Rupee Term Loan Agreement (RTLA) to be executed between the borrower and REC.
2. The sanction letter is sent to you in duplicate and in case the above terms and conditions are acceptable to you, it is requested to return one copy of the same duly signed as token of acceptance of the terms and conditions of sanction with in a period of thirty days from the date of receipt of this letter.
3. Borrower shall communicate to REC within 30 days from the date of receipt of this letter that the terms and conditions set out herein are acceptable to it. Unless the loan agreement and other documents relating to the above assistance are executed by the borrower in such form as may be required by REC within three months from the date of this letter, or within such further time as may be allowed by REC in its absolute discretion, this communication should not be any way be construed as giving rise to any binding obligation on the part of REC.
4. All the Annexures are deemed to be part of this letter.

You are requested to acknowledge the receipt of this letter.

Thanking You,

Yours faithfully,  
*N. Venkatesan*  
(N. Venkatesan)  
Chief Program Manager

Enclosed: As mentioned above.

Copy to:

1. Special Chief Secretary, Department of Energy, Government of Telangana, Telangana State Secretariat, Hyderabad - For kind information please
2. The Director (Projects), TSSPDCL, Hyderabad
3. The Director (Finance), TSSPDCL, Hyderabad
4. The Chief General Manager (Projects), TSSPDCL, Hyderabad
5. The Chief General Manager (Finance), TSSPDCL, Hyderabad
6. General Manager (T&D) REC, New Delhi
7. Office Copy
8. Loan Documentation copy
9. Scheme file

*NM*  
Chief General Manager (Projects)  
TSSPDCL, 4th Floor, Corporate Office,  
6-1-50, Mint Compound,  
HYDERABAD-500 063.

- c) As per the option exercised by the Borrower at the time of signing RTLA:

**Commitment Charges:** The Borrower shall furnish to the Lender at the time of signing of RTLA, a quarter-wise schedule of drawl of this loan, the year being the financial year commencing April 1<sup>st</sup> and ending March 31<sup>st</sup> and the quarters being three months period beginning from 1<sup>st</sup> April, 1<sup>st</sup> July, 1<sup>st</sup> October and 1<sup>st</sup> January of each year. The Borrower will be required to draw the entire amount of committed funds in the respective quarters cumulatively. In case the Borrower is unable to draw the committed funds cumulatively in the scheduled quarter, the Lender will recover commitment charges on the un-drawn amount of previous quarter from the first day of following quarter till the date of actual date of drawl at the rate as per prevailing loan policy circular/REC guidelines. Present rate is 0.25% p.a. The commitment charges will be payable quarterly on 15<sup>th</sup> April, 15<sup>th</sup> July, 15<sup>th</sup> October and 15<sup>th</sup> January every year after execution of loan documents till the date of drawl of loan by the Borrower. **OR**

**Upfront fee** at the rate as per REC's prevailing loan policy circular/guidelines of the loan amount shall be levied. Present rate is 0.1%;

- d) The Borrowers shall be allowed prospective revision of drawl schedule, once for every Financial Year during the Availability period, provided the request is received before 15th March of the previous FY.

#### 9. Interest Rates & Interest Reset Period:

- a) The interest shall be charged on the loan as per the prevailing category of the utility/Borrower, at the rate prevailing on the date of each disbursement, subject to interest reset as per REC's latest loan policy circular. The present rate of interest applicable to "A" category borrowers is as under.

- (i) **With interest reset option after three years - @ 10.75% per annum OR**  
(ii) **With interest reset option after Ten years - @ 10.60% per annum**

The interest rates charged are as per categorization/grading of the utility. The internal categorization mechanism of REC grades the state sector utilities as A+, A, B or C. The published loan policy circular defines the interest rates applicable for various grades at any point of time. The categorization/grading mechanism is done on the basis of the published annual reports, information provided by the utility, information collected by REC on various financial, regulatory and technical aspects.

- b) The Interest shall be payable monthly on the last day of each month by the borrower till the full Loan amount along with all other dues are paid to the Lender. There is no moratorium for payment of interest.
- c) Interest on amounts outstanding (including overdue and penal interest) under the facility shall accrue from day to day and be calculated on the basis of the actual number of days elapsed on a year of 365 (three hundred sixty five) days.
- d) Notwithstanding anything stated hereinbefore, it will be open to the Lender to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall take effect from such date as may be notified by the Lender in this behalf.
- e) REC has the right to reset the interest rate on each tranche of disbursement on the date occurring immediately after the expiry of 3/10 years (as opted by the Borrower) from the date of disbursement of the tranche and on the expiry of every 3/10 years thereafter, till the loan is fully repaid. The Borrower shall intimate its option for reset period prior to execution of RTLA **and the option once exercised shall be final and binding and cannot be modified at a later stage.** In case no option is received, it shall be deemed that the Borrower has opted for three years reset.

#### 10. Loan Repayment/ Moratorium Period

- a) The period of moratorium for repayment of principal shall be 3 years from the date of disbursement of first instalment of loan but the entire loan shall be repaid by the Borrower within a period of 13 years from the date of disbursement of the first instalment of loan. The principal instalment is payable in equal monthly instalments on the last day of each month.



- b) The Borrower shall pay interest as indicated in clause (9) above during the period of moratorium. The repayment of principal thereafter will be effected on the basis of equal monthly instalments and interest shall be calculated at the rates prescribed in clause (9) above on the amount outstanding.
- c) It shall be endeavour of the Borrower to ensure the realization of all payments due from them at the designated bank branch at New Delhi or other places as may be directed by the Lender on the dates on which same falls due or immediately preceding working day if such due date is a bank holiday at the recipient branch.
- d) It shall be endeavour of the Borrower to ensure the realization of all payments due from them at the designated bank branch at New Delhi or other places as may be directed by the Lender by the dates on which the same falls due. In case any due date of payment falls on a business holiday (at REC's Bank at New Delhi), Borrower may pay same on the succeeding business day. However, for the purpose of future interest calculation, credit for principal repayment shall be given only on the date of actual receipt or due date, whichever is later.

**11. Interest and Liquidated damages on default amount**

- a) In case of default in payment of any repayment instalment or payment of interest, fee and other monies on their respective due dates (the defaulted amount), the Borrower shall pay to the lender (for the period of default) interest on the defaulted amounts at the applicable interest rates and liquidated damages on the default amount prescribed under the REC policy **(which is presently 2% p.a)**, both compounded on quarterly basis.
- b) Further in the event of default in payment of interest and/or repayment of principal by the Borrower, subsequent receipts shall be appropriated as per the Accounting Policy of the Lender.
- c) Further in case of such defaults, Lender shall have absolute rights to either enforce the entire or any part of securities created under the RTLA and/or to take possession of charged assets including entire or any part of plant/project and sell, transfer or dispose otherwise as the Lender may deem fit beside of taking necessary legal recourse as may be available to the Lender.
- d) The occurrence of default shall be judged during any stage of subsistence of RTLA by the lender at its sole discretion which shall be final.
- e) The Lender shall have right to call for premature repayment of entire or any part of outstanding Loan amount at any time during the currency of the RTL without assigning any reason, if Lender is satisfied that any of terms and conditions of this RTLA has been deviated/violated materially, or the loan amount has been used for the purpose other than the specified purpose, or no work is taken up in the project within one year after drawal of first instalment (unless otherwise approved for revival), or viability of the Project, financial strength of Promoters or the Security created herein has deteriorated substantially. And in such an event, the entire outstanding loan shall be immediately payable by the Borrower to the Lender along-with outstanding interest and applicable liquidated damages shall also be payable from the original date of disbursement of the loan.
- f) Notwithstanding anything stated above, the Lender reserves the right to cancel the commitments i.e sanction loan amount or stand by facilities and credit lines, either fully or partially, unconditionally without prior notice at any time.

**12. Prepayment:**

The Borrower shall not prepay the outstanding amount of the Rupee Term Loan in full or in part unless the Lender gives its explicit consent for such repayment. Prepayment of the Rupee Term Loan shall be at the sole discretion and on the terms and conditions (including prepayment premium) as may be stated by the Lender on such request. **During the period of consideration of the Borrower's request/application for prepayment, the Borrower shall continue to service the loan/pay interest at the applicable rates.**

  
Chief General Manager (Projects)  
TSSPDCL, 4th Floor, Corporate Office,  
6-1-50, Mint Compound,  
HYDERABAD-500 063.

आर ई सी  
REC

रूरल इलेक्ट्रिफिकेशन कॉर्पोरेशन लिमिटेड  
Rural Electrification Corporation Limited

(भारत सरकार का उपक्रम) / A Government of India Enterprise  
A 'NAVARATNA' Company under Ministry of Power

Regional Office : Hyderabad

NPA Post, Shivarampally, Hyderabad - 500 052  
Phone : 040-29805034, 29804520/ Fax : 040-298042...  
e-mail : recpohyd@yahoo.com, Web : www.recindia.ni...  
Corporate Identity Number : L40101DL1969G0100



Office of the  
Director  
TSSPDCL  
1060  
CGM/Projects  
CGM/IT  
Director

Lr.No.REC/RO/HYD/Sanction-Letters/2018-19/87

The Chairman and Managing Director,  
Southern Power Distribution Company of Telangana Ltd,  
Mint Compound,  
Hyderabad - 500063.

*DIR/Projects*  
*[Signature]*  
2018

Sub: Sanction letter for financial assistance of REC under IE (Distribution) Category.

Ref: TSSPDCL Application for Financial Assistance vide Letter No. DE(RE)/F.SPA:PE Scheme/D.No. 3091 dated 06-03-2018

Dear Sir,

Please refer to your above cited Loan Applications for financial assistance from Rural Electrification Corporation Ltd (REC), to finance/part finance the proposed Creation of infrastructure for electricity access to agricultural services in Amangal & 2 Mandals in Ranga Reddy district of TSSPDCL jurisdiction in the state of Telangana.

The proposal has been considered and REC is agreeable to grant TSSPDCL (the "Borrower") Rupee Term Loan Assistance (the "RTL") with details of the scheme are as follows.

Office of the  
Chief General Manager/Projects  
TSSPDCL.  
1738  
21 AUG 2018  
SE (Projects) / DE (R-APDR)  
SE (Construction) / DE (SI)  
SE (Finance) / DE (RE)  
SE (Line) / DE (HVDS)  
CGM (Projects)

*DAE/SPA:PE*  
*23/8*

(Amount in Rs. Lakhs)

| Sl. No. | Name of scheme  | District    | Code No. (TL-TD-DIS-468-2018-) | Project Cost with Consumer Contribution | Project Cost without Consumer Contribution | Loan Amount Sanctioned (*) |
|---------|---|-------------|--------------------------------|---|--|----------------------------|
| 1.      | Infrastructure for Electricity access to agricultural services in Amangal & 2 Mandals in Ranga Reddy District | Ranga Reddy | 13626                          | 2346.67                                 | 2342.48                                    | 2108.23                    |
| TOTAL   |   |             |                                | 2346.67                                 | 2342.48                                    | 2108.23                    |

(\*) Loan amount is restricted to 90% of scheme cost (without consumer contribution), as security is provided by way of hypothecation of future assets.

- The aforesaid term loan is subject to the general terms and conditions set out in Annexure-I. Details of project sanctioned are enclosed at Annexure A, B and C. The loan would be further subject to the conditions as set out in the Rupee Term Loan Agreement (RTLA) to be executed between the borrower and REC.
- The sanction letter is sent to you in duplicate and in case the above terms and conditions are acceptable to you, it is requested to return one copy of the same duly signed as token of acceptance of the terms and conditions of sanction with in a period of thirty days from the date of receipt of this letter.

3. Borrower shall communicate to REC within 30 days from the date of receipt of this letter that the terms and conditions set out herein are acceptable to it. Unless the loan agreement and other documents relating to the above assistance are executed by the borrower in such form as may be required by REC within three months from the date of this letter, or within such further time as may be allowed by REC in its absolute discretion, this communication should not be any way be construed as giving rise to any binding obligation on the part of REC.
4. All the Annexures are deemed to be part of this letter.

You are requested to acknowledge the receipt of this letter.

Thanking You,

Yours faithfully,  
*N. Venkatesan*  
(N. Venkatesan)  
Chief Program Manager

Enclosed: As mentioned above.

Copy to:

1. Special Chief Secretary, Department of Energy, Government of Telangana, Telangana State Secretariat, Hyderabad – For kind information please
2. The Director (Projects), TSSPDCL, Hyderabad
3. ✓ The Director (Finance), TSSPDCL, Hyderabad
4. The Chief General Manager (Projects), TSSPDCL, Hyderabad
5. The Chief General Manager (Finance), TSSPDCL, Hyderabad
6. General Manager (T&D) REC, New Delhi
7. Office Copy
8. Scheme file copy

- d) The Borrowers shall be allowed prospective revision of drawl schedule, once for every Financial Year during the Availability period, provided the request is received before 15th March of the previous F.Y.

9. Interest Rates & Interest Reset Period:

- a) The interest shall be charged on the loan as per the prevailing category of the utility/Borrower, at the rate prevailing on the date of each disbursement, subject to interest reset as per REC's latest loan policy circular. The present rate of interest applicable to "A" category borrowers is as under.

(i) With interest reset option after three years – @ 11.00% per annum OR

(ii) With interest reset option after Ten years – @ 10.85% per annum

The interest rates charged are as per categorization/grading of the utility. The internal categorization mechanism of REC grades the state sector utilities as A+, A, B or C. The published loan policy circular defines the interest rates applicable for various grades at any point of time. The categorization/grading mechanism is done on the basis of the published annual reports, information provided by the utility, information collected by REC on various financial, regulatory and technical aspects.

- b) The Interest shall be payable monthly on the last day of each month by the borrower till the full Loan amount along with all other dues are paid to the Lender. There is no moratorium for payment of interest.
- c) Interest on amounts outstanding (including overdue and penal interest) under the facility shall accrue from day to day and be calculated on the basis of the actual number of days elapsed on a year of 365 (three hundred sixty five) days.
- d) Notwithstanding anything stated hereinbefore, it will be open to the Lender to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall take effect from such date as may be notified by the Lender in this behalf.
- e) REC has the right to reset the interest rate on each tranche of disbursement on the date occurring immediately after the expiry of 3/10 years (as opted by the Borrower) from the date of disbursement of the tranche and on the expiry of every 3/10 years thereafter, till the loan is fully repaid. The Borrower shall intimate its option for reset period prior to execution of RTLA **and the option once exercised shall be final and binding and cannot be modified at a later stage.** In case no option is received, it shall be deemed that the Borrower has opted for three years reset.

10. Loan Repayment/ Moratorium Period

- a) The period of moratorium for repayment of principal shall be 3 years from the date of disbursement of first instalment of loan but the entire loan shall be repaid by the Borrower within a period of 13 years from the date of disbursement of the first instalment of loan. The principal instalment is payable in equal monthly instalments on the last day of each month.
- b) The Borrower shall pay interest as indicated in clause (9) above during the period of moratorium. The repayment of principal thereafter will be effected on the basis of equal monthly instalments and interest shall be calculated at the rates prescribed in clause (9) above on the amount outstanding.
- c) It shall be endeavour of the Borrower to ensure the realization of all payments due from them at the designated bank branch at New Delhi or other places as may be directed by the Lender on the dates on which same falls due or immediately preceding working day if such due date is a bank holiday at the recipient branch.
- d) It shall be endeavour of the Borrower to ensure the realization of all payments due from them at the designated bank branch at New Delhi or other places as may be directed by the Lender by the dates on which the same falls due. In case any due date of payment falls on a business holiday (at REC's Bank at New Delhi), Borrower may pay same on the succeeding business day. However, for the purpose of future interest calculation, credit for principal repayment shall be given only on the date of actual receipt or due date, whichever is later.

**11. Interest and Liquidated damages on default amount**

- a) In case of default in payment of any repayment instalment or payment of interest, fee and other monies on their respective due dates (the defaulted amount), the Borrower shall pay to the lender (for the period of default) interest on the defaulted amounts at the applicable interest rates and liquidated damages on the default amount prescribed under the RIC policy (**which is presently 2% p.a**), both compounded on quarterly basis.
- b) Further in the event of default in payment of interest and/or repayment of principal by the Borrower, subsequent receipts shall be appropriated as per the Accounting Policy of the Lender.
- c) Further in case of such defaults, Lender shall have absolute rights to either enforce the entire or any part of securities created under the RTLA and/or to take possession of charged assets including entire or any part of plant/project and sell, transfer or dispose otherwise as the Lender may deem fit beside of taking necessary legal recourse as may be available to the Lender.
- d) The occurrence of default shall be judged during any stage of subsistence of RTLA by the lender at its sole discretion which shall be final.
- e) The Lender shall have right to call for premature repayment of entire or any part of outstanding Loan amount at any time during the currency of the RTL without assigning any reason, if Lender is satisfied that any of terms and conditions of this RTLA has been deviated/violated materially, or the loan amount has been used for the purpose other than the specified purpose, or no work is taken up in the project within one year after drawal of first instalment (unless otherwise approved for revival), or viability of the Project, financial strength of Promoters or the Security created herein has deteriorated substantially. And in such an event, the entire outstanding loan shall be immediately payable by the Borrower to the Lender along-with outstanding interest and applicable liquidated damages shall also be payable from the original date of disbursement of the loan.
- f) Notwithstanding anything stated above, the Lender reserves the right to cancel the commitments i.e sanction loan amount or stand by facilities and credit lines, either fully or partially, unconditionally without prior notice at any time.

**12. Prepayment:**

The Borrower shall not prepay the outstanding amount of the Rupee Term Loan in full or in part unless the Lender gives its explicit consent for such repayment. Prepayment of the Rupee Term Loan shall be at the sole discretion and on the terms and conditions (including prepayment premium) as may be stated by the Lender on such request. **During the period of consideration of the Borrower's request/application for prepayment, the Borrower shall continue to service the loan/pay interest at the applicable rates.**

**13. Service Tax, levies & duties and Other Costs & Expenses:**

All rates of interest / fees and other charges mentioned in this agreement are exclusive of service tax and / or any such other levies/ duties. Such service tax/ other levies/ duties, if any applicable, including stamp duties, court fee, professional fees, cost and charges for counsel/ advocate's fees for drafting, vetting of loan documents and rendering opinions, advice, creation of security, investigation of title, protection of the Lender's interests and any other charges or surcharges as levied by the Government or any other statutory authorities on any Rupee Term payment under the loan or any other activity directly applicable to the Term Loan shall be payable by the Borrower to the Lender in addition to and in the manner of the Loan Repayment / Interest Payments.

The Borrower shall keep indemnified the Lender, at all times during the currency of the RTL, of any loss/ costs/ expenses suffered due to the conduct of Borrower or out of execution of intent RTLA or collection, preservation, disposing or otherwise dealing the offered Securities as per provisions herein.

**REC**

**RURAL ELECTRIFICATION CORPORATION LIMITED**

(A Government of India Enterprise)

Registered Office: Core - 4, SCOPE Complex, 7, Lodi Road, New Delhi - 110 003.

Tel.: 24367147 Fax: 24368554 E-Mail: [recitd@nda.vsnl.net.in](mailto:recitd@nda.vsnl.net.in) Gram: RECTRIC

Corporate Identity Number: L40101DL1969GOI005095

Project Office, NPA Post, Sivarampally, Hyderabad-500 052 Tel: 64583563, 64583569,

Fax: 24014235 E-Mail: [recproj@hyderabad.ric.co.in](mailto:recproj@hyderabad.ric.co.in)

No.REC/T&D/SPA:PE/Sanctn Lr/14-15/955

To  
The Chairman and Managing Director  
TSSPDCL,  
Hyderabad

Office of the  
Director/Projects & IT  
TSSPDCL  
Dated: 24/03-2015  
767  
30 MAR 2015  
CGM/Projects  
GM/IT  
SE/Projects  
CGM/M/P  
SE/Constr.  
SE/Civil

Sub: Sanction letter for financial assistance of REC under Distribution  
(TSSPDCL) (sub category: SPA:PE)  
Ref: TSSPDCL Applications for Financial Assistance vide Letter No.CGM(P)/SE(P)/DE(RE)/F.  
SPA:PE Schemes/ D.No.1296/2014 dated 11-12-2014,D.No.99/2014 dt.19-01-2015,D.no.  
138/2015 dt.24-01-2015, D.No.185 dt.30-01-2015 (12 nos. of schemes),

Stamp: MINT COMPOUND  
CORPORATE OFFICE 6-1-50  
30 MAR 2015  
INWARD  
DEAR SIR

Please refer to your above cited Loan Applications for financial assistance from Rural Electrification Corporation Ltd (REC), to finance/ part finance the proposed Pumpset energisation works in Mahabubnagar, Medak, Nalgonda & Rangareddy districts of TSSPDCL Jurisdiction.

The proposal has been considered and REC is agreeable to grant TSSPDCL("the Borrower") Rupee Term Loan Assistance (the "RTL") with details of the scheme(s) are as follows.

| Sl. No | Name of scheme  | District     | Code No. (TL-TD-DIS-468-2014-) | Project Cost (Rs. lakhs) | IDC, if any | Cost Escalation, if any, | Total cost incl. IDC & CE | Consumer contribution (CC) | Project cost without CC (Rs.lakhs) | Promoters contribution (Equity component) (10%) | Loan Sanctd. (Rs.lakhs) (90% of Project cost without CC) | Extent of financing (% of loan to cost) |
|--------|---|--------------|--------------------------------|--------------------------|-------------|--------------------------|---------------------------|----------------------------|------------------------------------|---|--|---|
| 1      | Creation of Distribution Infrastructure for Agricultural Connections in Farooqnagar and 3 Mandals | Mahabubnagar | 9054                           | 477.58                   | --          | --                       | 477.58                    | 1.00                       | 476.58                             | 47.66   | 428.92   | 90%                                     |
| 2      | Creation of Distribution Infrastructure for Agricultural Connections in Jadcharia and 3 Mandals   | Mahabubnagar | 9055                           | 477.58                   | --          | --                       | 477.58                    | 1.00                       | 476.58                             | 47.66   | 428.92   | 90%                                     |

Office of the  
Chief General Manager/Projects  
TSSPDCL.  
979  
31 MAR 2015  
SE (Projects)  
SE (Construction)  
SE (Civil)  
DE/R-APDRP  
DE (SI)  
DE (RE)  
DE (HVDS)  
OGM (Projects)

Superintending Engineer (Projects)  
TSSPDCL, 4th Floor, Corporate Office,  
6-1-50, Mint Compound,  
HYDERABAD-500 063.

DE/RE  
AD EREC  
31/3/15

**REC**

Scheme code nos TL-TD-DIS-468-2014- 9054,9055,9056, 9057,9100,9101,9117, 9121,9122,9124,9125 and 9126

October and 1<sup>st</sup> January of each year. The Borrower will be required to draw the entire amount of committed funds in the respective quarters cumulatively. In case the Borrower is unable to draw the committed funds cumulatively in the scheduled quarter, the Lender will recover commitment charges on the un-drawn amount of previous quarter from the first day of following quarter till the date of actual date of drawl at the rate as per prevailing loan policy circular/REC guidelines. Present rate is **0.25% p.a.** The commitment charges will be payable quarterly on 15<sup>th</sup> April, 15<sup>th</sup> July, 15<sup>th</sup> October and 15<sup>th</sup> January every year after execution of loan documents till the date of drawl of loan by the Borrower.

or

Upfront fee at the rate as per REC's prevailing loan policy circular/guidelines of the loan amount shall be levied. Present rate is **0.1%**;

d) The Borrowers shall be allowed prospective revision of drawl schedule, once for every Financial Year during the Availability period, provided the request is received before 15th March of the previous FY.

9. **Interest Rates & Interest Reset Period:**

a) The interest shall be charged on the loan as per the prevailing category of the utility/Borrower, at the rate prevailing on the date of each disbursement, subject to interest reset as per REC's latest loan policy circular. The present rate of interest applicable to "A" category borrowers is as under :

(i) **With interest reset option after three years – @ 12.25% per annum OR**

(ii) **With interest reset option after Ten years – @ 12.50% per annum**

The interest rates charged are as per categorization/grading of the utility. The internal categorization mechanism of REC grades the state sector utilities as A+, A, B or C. The published loan policy circular defines the interest rates applicable for various grades at any point of time. The categorization/grading mechanism is done on the basis of the published annual reports, information provided by the utility, information collected by REC on various financial, regulatory and technical aspects.

b) The Interest shall be payable monthly on the last day of each month by the borrower till the full Loan amount along with all other dues are paid to the Lender. There is no moratorium for payment of interest.

c) Interest on amounts outstanding (including overdue and penal interest) under the facility shall accrue from day to day and be calculated on the basis of the actual number of days elapsed on a year of 365 (three hundred sixty five) days.

d) Notwithstanding anything stated hereinbefore, it will be open to the Lender to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall take effect from such date as may be notified by the Lender in this behalf.

e) REC has the right to reset the interest rate on each tranche of disbursement on the date occurring immediately after the expiry of 3/10 years (as opted by the Borrower) from the date of disbursement of the tranche and on the expiry of every 3/10 years thereafter, till the loan is fully repaid. The Borrower shall intimate its option for reset period prior to execution of RTLA **and the option once exercised shall be final and binding and cannot be modified at a later stage.** In case no option is received, it shall be deemed that the Borrower has opted for three years reset.

10. **Loan Repayment/ Moratorium Period**

a. The period of moratorium for repayment of principal shall be **3 years** from the date of disbursement of first instalment of loan but the entire loan shall be repaid by the Borrower within a

**RURAL ELECTRIFICATION CORPORATION LIMITED**  
(A Government of India Enterprise)

Registered Office: Core - 4, SCOPE Complex, 7, Lodi Road, New Delhi - 110 003.  
Tel.: 24367147 Fax: 24368554 E-Mail: [recitd@nda.vsnl.net.in](mailto:recitd@nda.vsnl.net.in) Gram: RECTRIC

Corporate Identity Number: L40101DL1969GOI005095

Project Office, NPA Post, Sivarampally, Hyderabad-500 052 Tel: 64583563, 29805034,  
Fax: 29804235 E-Mail: [reclpohyd@yahoo.com](mailto:reclpohyd@yahoo.com)

No.REC/T&D/IE(Distribution)/Sanctn Lr/15-16/757

Dated: 15-02-2016

To  
The Chairman and Managing Director  
TSSPDCL, Hyderabad

**Sub.: Sanction letter for financial assistance of REC under Distribution category  
(sub category: IE(Distribution))**

Ref: TSSPDCL Applications for Financial Assistance vide Letter Nos.CGM(P)/SE(P)/DE(RE)/F.  
SPA:PE Schemes/ D.No.2001 dated 13-10-2015 and D.No 2559 dated 19-12-2015.

Dear Sir

Please refer to your above cited Loan Applications for financial assistance from Rural Electrification Corporation Ltd (REC), to finance/ part finance the proposed Pumpset energisation works in Rangareddy and Nalgonda districts of TSSPDCL Jurisdiction.

The proposal has been considered and REC is agreeable to grant TSSPDCL("the Borrower") Rupee Term Loan Assistance (the "RTL") with details of the scheme(s) are as follows.

| Sl. No         | Name of scheme  | District   | Code No. (TL-TD-DIS-468-2015-) | Project Cost (Rs. lakhs) | IDC, if any | Cost Escalation, if any, | Total cost incl. IDC & CE | Consumer contribution (CC) | Project cost without CC (Rs.lakhs) | Promoter contribution (Equity component) (10%) | Loan Sanctd. (Rs.lakhs) (90% of Project cost without CC) | Fin. cost |
|----------------|---|------------|--------------------------------|--------------------------|-------------|--------------------------|---------------------------|----------------------------|------------------------------------|--|--|-----------|
| 1              | Infrastructure for Electricity access to Agriculture Services in Pargi and 3 other mandals in Rangareddy district | Rangareddy | 9974                           | 1092.64                  | --          | --                       | 1092.64                   | 1.88                       | 1090.76                            | 109.07   | 981.69   | 90        |
| 2              | Infrastructure for Electricity access to Agriculture Services in Thipparthy mandal in Nalgonda district           | Nalgonda   | 9977                           | 766.29                   | --          | --                       | 766.29                    | 1.34                       | 764.95                             | 76.49  | 688.46   | 90        |
| <b>TOTAL::</b> |   |            |                                | <b>1858.93</b>           | <b>--</b>   | <b>--</b>                | <b>1858.93</b>            | <b>3.22</b>                | <b>1855.71</b>                     | <b>185.56</b>                                  | <b>1670.15</b>   |           |

- The aforesaid term loan is subject to the general terms and conditions set out in Annexure-I. Details of projects sanctioned are enclosed at Annexure A, B and C1-C2. The loan would be further subject to the conditions as set out in the Rupee Term Loan Agreement (RTLA) to be executed between the borrower and REC.

DE/RE  
20/2/16

Office of the  
Chief General Manager/Projects  
TSSPDCL.  
3698  
19 FEB 2016

SE (Projects)  
SE (Construction)  
SE (O&M)  
CCM (Projects)

DE/R-APDRP  
DE (SI)  
DE (RE)  
DE (HVDS)  
CCM (Projects)

*K. Ramulu*  
**K. RAMULU**  
Chief General Manager (Projects)  
Corporate Office, TSSPDCL,  
6-1-50, Mint Compound, Hyderabad-63.

c) As per the option exercised by the Borrower at the time of signing RTLA:

**Commitment Charges:** The Borrower shall furnish to the Lender at the time of signing of RTLA, a quarter-wise schedule of drawl of this loan, the year being the financial year commencing April 1<sup>st</sup> and ending March 31<sup>st</sup> and the quarters being three months period beginning from 1<sup>st</sup> April, 1<sup>st</sup> July, 1<sup>st</sup> October and 1<sup>st</sup> January of each year. The Borrower will be required to draw the entire amount of committed funds in the respective quarters cumulatively. In case the Borrower is unable to draw the committed funds cumulatively in the scheduled quarter, the Lender will recover commitment charges on the un-drawn amount of previous quarter from the first day of following quarter till the date of actual date of drawl at the rate as per prevailing loan policy circular/REC guidelines. Present rate is 0.25% p.a. The commitment charges will be payable quarterly on 15<sup>th</sup> April, 15<sup>th</sup> July, 15<sup>th</sup> October and 15<sup>th</sup> January every year after execution of loan documents till the date of drawl of loan by the Borrower.

or

Upfront fee at the rate as per REC's prevailing loan policy circular/guidelines of the loan amount shall be levied. Present rate is 0.1%;

d) The Borrowers shall be allowed prospective revision of drawl schedule, once for every Financial Year during the Availability period, provided the request is received before 15th March of the previous FY.

**9. Interest Rates & Interest Reset Period:**

a) The interest shall be charged on the loan as per the prevailing category of the utility/Borrower, at the rate prevailing on the date of each disbursement, subject to interest reset as per REC's latest loan policy circular. The present rate of interest applicable to "A" category borrowers is as under:

(i) **With interest reset option after three years – @ 11.50% per annum OR**

(ii) **With interest reset option after Ten years – @ 11.35% per annum**

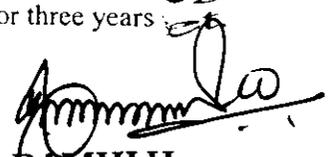
The interest rates charged are as per categorization/grading of the utility. The internal categorisation mechanism of REC grades the state sector utilities as A+, A, B or C. The published loan policy circular defines the interest rates applicable for various grades at any point of time. The categorisation/grading mechanism is done on the basis of the published annual reports, information provided by the utility, information collected by REC on various financial, regulatory and technical aspects.

b) The Interest shall be payable monthly on the last day of each month by the borrower till the full Loan amount along with all other dues are paid to the Lender. There is no moratorium for payment of interest.

c) Interest on amounts outstanding (including overdue and penal interest) under the facility shall accrue from day to day and be calculated on the basis of the actual number of days elapsed on a year of 365 (three hundred sixty five) days.

d) Notwithstanding anything stated hereinbefore, it will be open to the Lender to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall take effect from such date as may be notified by the Lender in this behalf.

e) REC has the right to reset the interest rate on each tranche of disbursement on the date occurring immediately after the expiry of 3/10 years (as opted by the Borrower) from the date of disbursement of the tranche and on the expiry of every 3/10 years thereafter, till the loan is fully repaid. The Borrower shall intimate its option for reset period prior to execution of RTLA and the option once exercised shall be final and binding and cannot be modified at a later date. In case no option is received, it shall be deemed that the Borrower has opted for three years.



**K. RAMULU**

Chief General Manager (Projects)  
Corporate Office, TSSPDCL,  
6-1-50, Mint Compound, Hyderabad-63.

No.REC/T&D/IE(Distribution)/Sanctn Lr/16-17/878

Dated: 23-01-2017

The Chairman and Managing Director,  
 Southern Power Distribution Company of Telangana Ltd  
 Mint Compound,  
 Hyderabad - 500063.

Sub: Sanction letter for financial assistance of REC under IE (Distribution) Category.

Ref: TSSPDCL Applications for Financial Assistance vide Letter Nos  
 CGM(P)/SE(P)/DE(RE)/F.SPA:PE Scheme/D.No. 2123 dated 29-09-2016, 2427 dated  
 04-11-2016, 2358 dated 24-10-2016 and 908 dated 11-08-2016.

Dear Sir,

Please refer to your above cited Loan Applications for financial assistance from Rural Electrification Corporation Ltd (REC), to finance/ part finance the proposed scheme(s) for creation of (i) Infrastructure for Electricity access to Agricultural services in Huzurnagar mandal in Nalgonda district. (ii) Infrastructure for Electricity access to Agricultural services in Mattampally mandal in Nalgonda district, (iii) Infrastructure for Electricity access to Agricultural services in Kodangal and 5 other mandals in Mahabubnagar district, (iv) Infrastructure for Electricity access to Agricultural services in Zaheerabad and Koheer Mandals in Medak district, (v) Infrastructure for Electricity access to Agricultural services in Mirdoddy and Doulthabad Mandals in Medak district, (vi) Infrastructure for Electricity access to Agricultural services in Peddavoora Mandal in Nalgonda district and (vii) Infrastructure for Electricity access to Agricultural services in Nidamanoor Mandal in Nalgonda district of TSSPDCL jurisdiction in the State of Telangana.

The proposals have been considered and REC is agreeable to grant TSSPDCL ("the Borrower") Rupee Term Loan Assistance (the "RTL") with details of the scheme(s) are as follows.

(Amount in Rs. Lakhs)

| Sl. No | Name of scheme   | District      | Code No. (TL-TD-DIS-468-2016-) | Project Cost with Consumer Contribution | Project Cost without Consumer Contribution | Loan Sanctioned (#) | Extent of financing (% of loan to cost) |
|--------|--|---------------|--------------------------------|---|--|---------------------|---|
| 1.     | Infrastructure for Electricity access to Agricultural services in Huzurnagar mandal.           | Nalgonda      | 11114                          | 730.07                                  | 728.35                                     | 655.51              | 90                                      |
| 2.     | Infrastructure for Electricity access to Agricultural services in Mattampally mandal           | Nalgonda      | 11115                          | 755.98                                  | 754.20                                     | 678.78              | 90                                      |
| 3.     | Infrastructure for Electricity access to Agricultural services in Kodangal and 5 other mandals | Mahabub nagar | 11116                          | 910.53                                  | 909.23                                     | 818.31              | 90                                      |

- j) that in case of works involving replacement/augmentation of assets, the replaced assets are not already hypothecated to REC or any other lenders.

7. Pre Disbursement and Disbursement conditions

Appendix to this Annexure enclosed.

8. Draw down schedule, Upfront fee and Commitment charges

- a) As per REC policy, State/Central Sector Borrowers are not required to pay commitment charges or upfront fee for loans sanctioned up to Rs. 500 cr.
- b) For project(s) with loan more than Rs. 500 crore, the state sector Borrowers shall have the option to pay either upfront fee or commitment charges under due intimation to REC before signing of RTLA which shall be final, binding and irrevocable. This may be subject to change and shall be applicable as per REC policy from time to time.
- c) As per the option exercised by the Borrower at the time of signing RTLA:

**Commitment Charges:** The Borrower shall furnish to the Lender at the time of signing of RTLA, a quarter-wise schedule of drawl of this loan, the year being the financial year commencing April 1<sup>st</sup> and ending March 31<sup>st</sup> and the quarters being three months period beginning from 1<sup>st</sup> April, 1<sup>st</sup> July, 1<sup>st</sup> October and 1<sup>st</sup> January of each year. The Borrower will be required to draw the entire amount of committed funds in the respective quarters cumulatively. In case the Borrower is unable to draw the committed funds cumulatively in the scheduled quarter, the Lender will recover commitment charges on the un-drawn amount of previous quarter from the first day of following quarter till the date of actual date of drawl at the rate as per prevailing loan policy circular/REC guidelines. Present rate is 0.25% p.a. The commitment charges will be payable quarterly on 15<sup>th</sup> April, 15<sup>th</sup> July, 15<sup>th</sup> October and 15<sup>th</sup> January every year after execution of loan documents till the date of drawl of loan by the Borrower.

OR

**Upfront fee** at the rate as per REC's prevailing loan policy circular/guidelines of the loan amount shall be levied. Present rate is 0.1%;

- d) The Borrowers shall be allowed prospective revision of drawl schedule, once for every Financial Year during the Availability period, provided the request is received before 15th March of the previous FY.

9. Interest Rates & Interest Reset Period:

- a) The interest shall be charged on the loan as per the prevailing category of the utility/Borrower, at the rate prevailing on the date of each disbursement, subject to interest reset as per REC's latest loan policy circular. The present rate of interest applicable to "A" category borrowers is as under.

(i) With interest reset option after Three years - @ 11.00% per annum OR

(ii) With interest reset option after Ten years - @ 10.85% per annum

The interest rates charged are as per categorization/grading of the utility. The internal categorization mechanism of REC grades the state sector utilities as A+, A, B or C. The published loan policy circular defines the interest rates applicable for various grades at any point of time. The categorization/grading mechanism is done on the basis of the published annual reports, information provided by the utility, information collected by REC on various financial, regulatory and technical aspects.



भारत ई सी  
REC

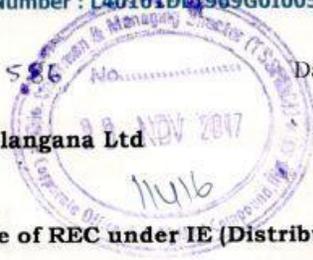
सहयोगी उद्यम, जनता संचालित  
Enterprise of people, people's assistance

# रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड Rural Electrification Corporation Limited

भारत सरकार का उद्यम A Government of India Enterprise  
A 'NAVRATNA' Company under Ministry of Power

Project Office : Hyderabad

NPA Post, Shivarampally, Hyderabad - 500 052  
Phone : 040-29805034, 29804520, Fax : 040-29804235  
e-mail : recphohyd@yahoo.com, Web : www.recindia.nic.in  
Corporate Identity Number : L40101DE969G0I005095



*Dir/Project*  
*29/11*

No.REC/T&D/IE(Distribution)/Sanctn Lr/17-18/586 Dated: 23-11-2017 1619

**The Chairman and Managing Director,  
Southern Power Distribution Company of Telangana Ltd  
Mint Compound,  
Hyderabad - 500063.**

**Sub: Sanction letter for financial assistance of REC under IE (Distribution) Category.**

**Ref: TSSPDCL Applications for Financial Assistance vide Letter No. CGM(P)/SE(P)/DE(RE)/F.SPA:PE Scheme/D.No. 1607 dated 27-09-2017 and 890 dated 06-07-2017.**

Dear Sir,

*Copy*  
*9/12*

Please refer to your above cited Loan Applications for financial assistance from Rural Electrification Corporation Ltd (REC), to finance/ part finance the proposed scheme(s) for Creation of Infrastructure for Electricity access to Agricultural services in (i) Miryalguda & 2 Mandals of Nalgonda district, (ii) Sangareddy and 5 Mandals of Sangareddy district, (iii) Narketpally Mandal of Nalgonda district, (iv) Ghatkesar Mandal of Medchal-Malkajgiri district, (v) Keesara Mandal of Medchal-Malkajgiri district, (vi) Chityala Mandal of Nalgonda district, (vii) Haliya Mandal of Nalgonda district, (viii) Vikarabad and 4 Mandals of Vikarabad district, (ix) Mahabubnagar and 3 Mandals of Mahabubnagar district and (x) Nyalkal and 2 other Mandals of Medak district of TSSPDCL jurisdiction in the State of Telangana.

The proposals have been considered and REC is agreeable to grant TSSPDCL ("the Borrower") Rupee Term Loan Assistance (the "RTL") with details of the scheme(s) are as follows.

(Amount in Rs. Lakhs)

| Sl. No. | Name of scheme  | District           | Code No. (TL-TD-DIS-468-2017-) | Project Cost with Consumer Contribution | Project Cost without Consumer Contribution | Loan Amount Sanctioned (*) |
|---------|---|--------------------|--------------------------------|---|--|----------------------------|
| 1.      | Infrastructure for Electricity access to AGL services in Miryalguda & 2 Mandals   | Nalgonda           | 12971                          | 909.49                                  | 907.46                                     | 816.71                     |
| 2.      | Infrastructure for Electricity access to AGL services in Sangareddy and 5 Mandals | Sangareddy         | 13050                          | 961.56                                  | 959.69                                     | 863.72                     |
| 3.      | Infrastructure for Electricity access to AGL services in Narketpally Mandal       | Nalgonda           | 13072                          | 366.65                                  | 366.02                                     | 329.41                     |
| 4.      | Infrastructure for Electricity access to AGL services in Ghatkesar Mandal         | Medchal-Malkajgiri | 13074                          | 757.08                                  | 755.99                                     | 680.39                     |
| 5.      | Infrastructure for Electricity access to AGL services in Keesara Mandal           | Medchal-Malkajgiri | 13143                          | 241.03                                  | 240.53                                     | 216.48                     |
| 6.      | Infrastructure for Electricity access to AGL services in Chityala Mandal          | Nalgonda           | 13144                          | 348.80                                  | 348.20                                     | 313.38                     |

Office of the  
Chief General Manager/Projects  
TSSPDCL.  
2557  
01 DEC 2017

*DE/RE*  
*CS/12*

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*AD/RE/DP*

*Nalgonda*  
*10/12*

SE (Projects) DE/R-APDRP  
SE (Construction) UE (SI)  
SE (CIVIL) DE (RE)  
DE (HVDS)  
CGM (Projects)



Scheme code nos. TL-TD-DIS-468-2017-12971, 13050, 13072, 13074, 13143, 13144, 13205, 12712, 13051 and 12826 (10 nos.)

**8. Draw down schedule, Upfront fee and Commitment charges**

- a) As per REC policy, State/Central Sector Borrowers are not required to pay commitment charges or upfront fee for loans sanctioned **up to Rs. 500 cr.**
- b) For project(s) with loan more than **Rs. 500 crore**, the state sector Borrowers shall have the option to pay either upfront fee or commitment charges under due intimation to REC before signing of RTLA which shall be final, binding and irrevocable. This may be subject to change and shall be applicable as per REC policy from time to time.
- c) As per the option exercised by the Borrower at the time of signing RTLA:

**Commitment Charges:** The Borrower shall furnish to the Lender at the time of signing of RTLA, a quarter-wise schedule of drawl of this loan, the year being the financial year commencing April 1<sup>st</sup> and ending March 31<sup>st</sup> and the quarters being three months period beginning from 1<sup>st</sup> April, 1<sup>st</sup> July, 1<sup>st</sup> October and 1<sup>st</sup> January of each year. The Borrower will be required to draw the entire amount of committed funds in the respective quarters cumulatively. In case the Borrower is unable to draw the committed funds cumulatively in the scheduled quarter, the Lender will recover commitment charges on the un-drawn amount of previous quarter from the first day of following quarter till the date of actual date of drawl at the rate as per prevailing loan policy circular/REC guidelines. Present rate is **0.25% p.a.** The commitment charges will be payable quarterly on 15<sup>th</sup> April, 15<sup>th</sup> July, 15<sup>th</sup> October and 15<sup>th</sup> January every year after execution of loan documents till the date of drawl of loan by the Borrower.

OR

**Upfront fee** at the rate as per REC's prevailing loan policy circular/guidelines of the loan amount shall be levied. Present rate is **0.1%;**

- d) The Borrowers shall be allowed prospective revision of drawl schedule, once for every Financial Year during the Availability period, provided the request is received before 15th March of the previous FY.

**9. Interest Rates & Interest Reset Period:**

- a) The interest shall be charged on the loan as per the prevailing category of the utility/Borrower, at the rate prevailing on the date of each disbursement, subject to interest reset as per REC's latest loan policy circular. The present rate of interest applicable to "A" category borrowers is as under.
  - (i) **With interest reset option after Three years - @ 10.75% per annum OR**
  - (ii) **With interest reset option after Ten years - @ 10.60% per annum**

The interest rates charged are as per categorization/grading of the utility. The internal categorization mechanism of REC grades the state sector utilities as A+, A, B or C. The published loan policy circular defines the interest rates applicable for various grades at any point of time. The categorization/grading mechanism is done on the basis of the published annual reports, information provided by the utility, information collected by REC on various financial, regulatory and technical aspects.

- b) The Interest shall be payable monthly on the last day of each month by the borrower till the full Loan amount along with all other dues are paid to the Lender. There is no moratorium for payment of interest.
- c) Interest on amounts outstanding (including overdue and penal interest) under the facility shall accrue from day to day and be calculated on the basis of the actual number of days elapsed on a year of 365 (three hundred sixty five) days.
- d) Notwithstanding anything stated hereinbefore, it will be open to the Lender to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall take effect from such date as may be notified by the Lender in this behalf.

## **Reply to Additional Information -2**

### **1. TRUE-UPS FOR 1<sup>ST</sup> & 2<sup>ND</sup> CONTROL PERIODS OF DISTRIBUTION BUSINESS**

The Hon'ble TSERC in O.P. No.78 of 2015 of Distribution tariff order for 3<sup>rd</sup> control period has directed the DISCOM to file the true up proposals of Distribution Business for both control periods (i.e., 1st Control Period and 2nd Control Period) after segregating the assets and liabilities of Anantapur and Kurnool districts from APCPDCL and seven mandals of APNPDCL in line with AP Reorganisation Act, 2014, as per prevailing Regulation.

In compliance the directive, the DISCOM has filed the True-ups for 1st Control Period and 2nd Control Period along with Filings for ARR and FPT for FY 2016-17.

The Honble Commission in the Tariff Order 2016-17 taken cognizance of the DISCOM filings (*Para No. 5.96 of the TO 2016-17*) on true up and a directive was issued to file the true up of Distribution business for the first two control periods and for FY 2014-15 and FY 2015-16 in order to issue necessary directions to improve the performance of DISCOMs.

Subsequently, the licensee in its filings for FY 2017-18 has mentioned that "as Government of Telangana (GoTS) is considering signing UDAY scheme this year the Licensee will file true-up for FY15-16 and FY16-17 along with tariff proposal after considering final MoU signed by GoTS and GoI".

Successively on 04.01.2017, an MoU was entered between licensee, MoP, Govt. of India, and Government of Telangana. The Govt. of Telangana has released funds to the tune of Rs. 4593.84 crores in FY 2016-17 and Rs. 282.98 crores in FY 2017-18 in the form of equity infusion to the DISCOM which is reflected in the 'Share Capital ' schedule of the DISCOM's Balance sheet. As the clarification regarding equity infusion and fund transfer has been received only in FY 2017-18, the licensee couldn't ascertain the impact

of UDAY on the true-ups of 1<sup>st</sup> and 2<sup>nd</sup> Control Period and the same has not filed along with ARR filings 2018-19.

The Honble Commission vide its letter dt. 20.11.2018 in the matter of considering the proposal of DISCOMs to allow filing the retail supply tariff proposals on yearly basis has directed the DISCOM to file the true up proposals for the distribution business for earlier control periods being the 1<sup>st</sup> control period for FY 2006-2009 and the 2<sup>nd</sup> Control period for FY 2009-2014 duly segregating the assets and liabilities relating to the districts of Ananthapur and Kurnool along with seven mandals relating to APNPDCL.

### **Segregation of TSSPDCL from APCPDCL**

The segregation of assets and liabilities of APCPDCL into TSSPDCL and Ananthapur and Kurnool Districts has been carried out as per AP Reorganisation act 2014 in line with the Government orders GO. MS 24 and GO. MS 20.

The government order states the segregation of the APCPDCL into TSSPDCL and Ananthapur & Kurnool with effect from 02.06.2014. Further It states methodology to split the assets and liabilities as on date of 02.06.2014 to TSSPDCL and Ananthapur& Kurnool. The true-up claim of the first two control periods has accrued as Profit/ loss in the balance sheet. The profit/loss has to be split on the energy consumption ratio of the past 5 years (82.55%) in line with Go MS 24 dated 29.05.2014 .Hence the surplus (losses) as on 1.06.2014 has been split between TSSPDCL and Ananthapur & Kurnool based on the energy consumption ratio of the past 5 years (82.55%). The segregated assets and liabilities are audited figures and it is awaiting approval by the expert committee.

The Licensee is submitting the following as part of True-up filings for the First Control Period (2006-07 to 2008-09) and Second Control Period (2009-10 to 2013-14):

- Statement of variance with Tariff Order approved figures pertain to items under Distribution Business for the 1<sup>st</sup> Control period (2006-07 to 2008-09) and 2<sup>nd</sup> Control period (2009-10 to 2013-14). The ARR line items of Tariff Order approved figures are shared between TSSPDCL and Anantapur& Kurnool in proportion to the actuals.
- Corrections for Uncontrollable items under Distribution Business along with reasons for variation.
- Corrections for Controllable items under Distribution Business along with reasons for variation.
- As the true-up claim pertains to historical years (i.e. past 9 years claims), the reasons for variation are analysed at Discom level which is inclusive of Anantapur& Kurnool, as it is more meaningful and sensible. Hence, the reasons in this petition are substantiated by the values considered for entire Discom as a whole and the same can be considered for justification of variations for TSSPDCL (i.e. excluding Anantapur& Kurnool) in its true sense.
- The true-up claim for TSSPDCL is taken as 82.55 % of the erstwhile APCPDCL inline with the AP Reorganisation act 2014 as the surplus( Profit/losses) of the erstwhile APCPDCL were divided between TSSPDCL & Ananthapur, Kurnool in the ratio of 82.55.:17.45 ( Ratio of energy consumption for the past 5 years).

### 1.1.1 First Control Period Distribution True-up

Statement of variance with Tariff Order approved figures pertains to items under Distribution Business for the 1<sup>st</sup> Control period (2006-07 to 2008-09) for erstwhile APCPDCL is 240 Crores and as per the split up of surplus between TSSPDCL and Anantapur & Kurnool , 82.55% is the share of TSSPDCL and hence TSSPDCL share amounts to Rs. 198.11 crores which is placed below.

| APCPDCL True-up |                                    |                 | 2006-07    |            |           | 2007-08    |            |            | 2008-09    |            |            | First Control period Total |             |            |
|-----------------|------------------------------------|-----------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|----------------------------|-------------|------------|
| S. No.          | Name of the Parameter              | Units           | 2006-07    |            |           | 2007-08    |            |            | 2008-09    |            |            | First Control period Total |             |            |
|                 |                                    |                 | App*       | Act        | Dev       | App        | Act        | Dev        | App        | Act        | Dev        | App                        | Act         | Dev        |
| A               | O & M Expenses (Net)               | Rs. Crs.        | 371        | 456        | 85        | 390        | 552        | 162        | 407        | 546        | 139        | 1168                       | 1555        | 387        |
| B               | Return on Capital Employed         | Rs. Crs.        | 133        | 113        | (19)      | 146        | 119        | (27)       | 160        | 146        | (14)       | 439                        | 378         | -61        |
| C               | Depreciation during the year       | Rs. Crs.        | 131        | 139        | 8         | 152        | 146        | (6)        | 172        | 153        | (19)       | 455                        | 438         | -17        |
| D               | Taxes on Income                    | Rs. Crs.        |            | 1          | 1         |            | 1          | 1          | 0          | 1          | 1          | 0                          | 3           | 3          |
| E               | Special Appn. for Safety measures* | Rs. Crs.        | 5          | 0          | (5)       | 5          | 0          | (5)        | 5          | 0          | (5)        | 15                         | 0           | -15        |
| F               | Other Expenditure                  | Rs. Crs.        | 4          | 2          | (3)       |            | 7          | 7          | 0          | 14         | 14         | 4                          | 22          | 18         |
| X               | <b>Gross ARR</b>                   | <b>Rs. Crs.</b> | <b>644</b> | <b>711</b> | <b>66</b> | <b>694</b> | <b>825</b> | <b>132</b> | <b>744</b> | <b>860</b> | <b>116</b> | <b>2081</b>                | <b>2396</b> | <b>314</b> |
| G               | Revenue                            | Rs. Crs.        | 644        | 650        | 6         | 694        | 690        | (3)        | 744        | 737        | (6)        | 2081                       | 2077        | -4         |
| H               | Non Tariff Income                  | Rs. Crs.        |            | 31         | 31        |            | 24         | 24         | 0          | 23         | 23         | 0                          | 79          | 79         |
| Y               | <b>Total Revenue</b>               | <b>Rs. Crs.</b> | <b>644</b> | <b>681</b> | <b>37</b> | <b>694</b> | <b>714</b> | <b>21</b>  | <b>744</b> | <b>761</b> | <b>17</b>  | <b>2081</b>                | <b>2156</b> | <b>74</b>  |
| Z               | <b>Total Gap</b>                   | <b>Rs. Crs.</b> | <b>0</b>   | <b>30</b>  | <b>30</b> | <b>0</b>   | <b>111</b> | <b>111</b> | <b>0</b>   | <b>99</b>  | <b>99</b>  | <b>0</b>                   | <b>240</b>  | <b>240</b> |

\* App-Approved, Act- Actual, Dev-Deviation

## Operation & Maintenance Charges (O&M):-

The O&M cost consists the following items:

- Salaries, wages and other employee costs;
- Administrative and General costs including legal charges, audit fees, rent, rates and taxes;
- Repairs and maintenance costs.

The Hon'ble Commission has directed the Licensee to submit their proposals with regard to determining composite O&M expenses permissible towards revenue requirement for each year of the Control Period by using pre-determined norms or formulae. Further, the Licensee has projected the O&M cost as equal to the cost-plus-approach O&M Cost for the first year of the control period duly designing the normative parameters for the balance period of two years of the control period.

The Commission has disregarded the DISCOM's projection and allowed O&M cost based on a different methodology as follows:

- (a) Employee cost & A&G cost will be increased @ 5% per annum.
- (b) R&M cost would be
  - (i) 2.5% of gross fixed assets as on 31.03.2002 (plus)
  - (ii) 1.25% to 2% on additions of gross fixed assets each year for the respective period of the control period.

The implications of the 2006 wage revision and Final Actuarial Valuation report were not factored by the Hon'ble Commission while formulating O&M Cost methodology. The O&M Cost variation with Tariff Order figures for each year of the control period is placed below.

| Details                        | 2006-07    |            |           | 2007-08    |            |            | 2008-09    |            |            | 1st Control Period |             |            |
|--------------------------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|--------------------|-------------|------------|
|                                | TO         | Actual     | +/-       | TO         | Actual     | +/-        | TO         | Actual     | +/-        | TO                 | Actual      | +/-        |
| Employee Cost (Net)            |            | 308        |           |            | 389        |            |            | 358        |            |                    | 1054        |            |
| Adm.&General Cost (Net)        | 371        | 69         | 85        | 390        | 61         | 162        | 407        | 72         | 139        | 1168               | 202         | 386        |
| R & M Cost                     |            | 80         |           |            | 103        |            |            | 116        |            |                    | 299         |            |
| <b>O&amp;M Charges (Gross)</b> | <b>371</b> | <b>456</b> | <b>85</b> | <b>390</b> | <b>552</b> | <b>162</b> | <b>407</b> | <b>546</b> | <b>139</b> | <b>1168</b>        | <b>1555</b> | <b>386</b> |

From the above table, it is observed that the Operations and Maintenance expenses are higher than the approval of the Honble Commission by Rs. 386 crores for the 1st control period. This has happened due to the following reasons, which were not considered while fixing the O&M Cost target for the Distribution Business of 1st control period Tariff Order.

- a. Wage Revision w.e.f. 01.04.2006
- b. Actuarial Valuation Report
- c. Leave Encashment
- d. DA hike and new recruitment
- e. Increase in Repairs and Maintenance cost
- f. Increase in travelling and vehicle hire expenses

**Wage Revision Impact 01.04.2006:-**

During the year 2006-07, Pay Revision of the employees has taken place w.e.f. 01.04.2006 due to which pay was increased by Rs. 50 crores. This was already mentioned by the Licensee during the process of MYT filing. Due to wage revision impact, the Licensee requests the Hon'ble Commission to provide a true-up to meet the increased O&M cost of discom. Major element wise Employee Cost details a year before Pay Revision and a year consequent to the Pay Revision are placed below to showing the wage revision impact.

| Employee Cost (In Crores) | Base Year     | 1st Control Period |               |               | Growth Rate %<br>2006-07 on<br>2005-06 |
|---------------------------|---------------|--------------------|---------------|---------------|--|
|                           | 2005-06       | 2006-07            | 2007-08       | 2008-09       |  |
| Basic Pay                 | 159.98        | 218.27             | 217.43        | 214.80        | 36.44 %                                |
| D.A                       | 22.05         | 7.30               | 20.46         | 34.72         | -66.90 %                               |
| Other allowances          | 22.58         | 30.49              | 33.13         | 37.29         | 35.02 %                                |
| EL Encashment             | 15.67         | 13.01              | 87.20         | 9.71          | -16.95 %                               |
| Terminal benefits         | 20.94         | 47.04              | 45.53         | 68.47         | 124.63 %                               |
| <b>TOTAL</b>              | <b>241.22</b> | <b>316.11</b>      | <b>403.75</b> | <b>364.99</b> |  |

**Actuarial Valuation report:-**

The Licensee has received the Final Actuarial Valuation report and adopted for the FY 2006-07 , FY 2007-08 and FY 2008-09,duly revising the contribution rate to 24.51%

instead of existing 13%. This has resulted in increase in provision for terminal benefits by Rs. 25 crores. This needs to be considered in the true up for the first control period.

**Leave Encashment:-**

The Licensee has made provision towards leave encashment of Rs. 78 crores and Rs. 20 crores for FY 2007-08 and FY 2008-09 respectively. This needs to be considered in the true up for the first control period.

**DA Hike and New Recruitment:-**

During FY 2008-09 due to DA hike based on the Cost Inflation Index, and new recruitment of Contract Staff, etc which has resulted in increase in employee cost by Rs.30 crores.

**Increase in Repairs & Maintenance Cost:-**

Increase in DTR repairs cost due to unforeseen increase in material and labour cost and maintenance cost of Lines and Cables & metering equipment, during first control period resulted in increase in Repairs and Maintenance expenditure

**Increase in Travelling and Vehicle hire expenses:-**

Increase in Traveling Expenditure and Vehicle Hire Charges due to rigorous inspection of field units and unforeseen increase in fuel cost etc resulted in increase in administration and general expenses.

**Depreciation:-**

Discom has incurred the following expenditure towards depreciation after netting off the depreciation on consumer contribution portion of Gross Fixed Assets in the 1st control period under MYT (3years from 2006-07 to 2008-09).

| Particulars                              | Tariff Order  | Actuals       | Variations with APERC +/- |
|--|---------------|---------------|---------------------------|
| 1st Year of the Control Period (2006-07) | 130.90        | 138.50        | 7.60                      |
| 2nd Year of the Control Period (2007-08) | 152.47        | 146.39        | -6.08                     |
| 3rd Year of the Control Period (2008-09) | 171.85        | 153.32        | -18.53                    |
| <b>1st Control Period</b>                | <b>455.22</b> | <b>438.22</b> | <b>-17.00</b>             |

The main reasons for such variances are

- i) Due to calculating depreciation from the date of capitalization unlike the past practice of calculating depreciation only on Opening Balance of Fixed Assets.
- ii) Due to withdrawal of depreciation on Consumer Contributed Assets

### Return on Capital Employed (RoCE):-

In the RoCE, when the actual values are applied in the methodology mentioned in the Hon'ble Commission's Regulation, the licensee has received RoCE on lower side than the approval of the Tariff Order's by Rs. 60Crores. The variation with Tariff Order's approval figures are placed below.

| Actuals as per RRB Method |                |                |                |                                |
|---------------------------|----------------|----------------|----------------|--------------------------------|
| RoCE                      | 2006-07        | 2007-08        | 2008-09        | 1 <sup>st</sup> Control Period |
| As per Tariff Order       | 132.55         | 146.21         | 159.88         | <b>438.65</b>                  |
| As per Actuals            | 113.18         | 118.97         | 145.67         | <b>377.82</b>                  |
| <b>Variations</b>         | <b>(19.37)</b> | <b>(27.24)</b> | <b>(14.23)</b> | <b>(60.84)</b>                 |

The reasons for the above variation are follows:

- (i) Less Regulated Rate Base than the approval of the Honble Commission.
- (ii) Less capitalization during the first year of the 1<sup>st</sup> control period.
- (iii) Weighted average cost of capital taken as 11.56% as against 10.25% considered in the Tariff order. This is mainly due to increase in cost of debt to 10.75% p.a. as against approved rate of 9% p.a. in the Tariff order.

| RRB                 | 2006-07         | 2007-08         | 2008-09         |
|---------------------|-----------------|-----------------|-----------------|
| As per Tariff Order | 1293.16         | 1426.47         | 1559.85         |
| As per Actuals      | 978.86          | 1028.97         | 1259.83         |
| <b>Variation</b>    | <b>(314.31)</b> | <b>(397.50)</b> | <b>(300.02)</b> |

| Capitalization of Assets | 2006-07         | 2007-08       | 2008-09       | 1st Control Period |
|--------------------------|-----------------|---------------|---------------|--------------------|
| As per Tariff Order      | 419.44          | 368.81        | 318.72        | <b>1106.97</b>     |
| As per Actuals           | 150.84          | 636.76        | 626.17        | <b>1413.77</b>     |
| <b>Variation</b>         | <b>(268.60)</b> | <b>267.95</b> | <b>307.45</b> | <b>306.80</b>      |

### Other Expenditure:-

Other Expenditure of the licensee's is higher than the approved amount by Rs. 17.61crores. The Hon'ble commission has not approved any other expenditure for FY 2007-08 and FY 2008-09.

| Particulars                              | APERC       | Actuals      | Variations with APERC +/- |
|--|-------------|--------------|---------------------------|
| 1st Year of the Control Period (2006-07) | 4.47        | 1.69         | (2.78)                    |
| 2nd Year of the Control Period (2007-08) | 0.00        | 6.61         | 6.61                      |
| 3rd Year of the Control Period (2008-09) | 0.00        | 13.78        | 13.78                     |
| <b>1st Control Period</b>                | <b>4.47</b> | <b>22.08</b> | <b>17.61</b>              |

The reasons for deviation are explained as below

- i) Compensation for Injuries, Death & Damages Rs.0.87 Crores, Rs. 1.16 crores and Rs. 1.85 crores during FY 2006-07 , FY 2007-08 and FY 2008-09 respectively
- ii) Loss on sale of scrap of Rs. 5.31 crores during FY 2007-08
- iii) Price variation Rs.0.82Crores , Rs. 0.14crores and Rs. 1.44crores for FY 2006-07, FY 2007-08 and FY 2008-09 respectively
- iv) Provision for Obsolete stock of Rs. 10.48 crores during FY 2008-09

#### **Special Appropriation:-**

Under this head, the Hon'ble Commission has directed to spend an amount of Rs. 5 Crores for each year of the control period towards safety measures in the distribution system of licensee. Accordingly, the Licensee has spent an amount of Rs. 17.15 Crores towards provision of Safety Equipment like Gloves, Helmets, Leather Shoes, rain coats etc., to Employees which is included under head Repairs and Maintenance expenses.

#### **Loss of Wheeling Revenue:-**

The Hon'ble Commission has approved Rs.18.94 Crores towards wheeling revenue for the first control period, against which Rs. 14.81 crores demand was raised during the period. But the above revenue was not realized by the Licensee due to the pending cases in the Hon'ble Supreme Court.

#### **Non-tariff income:**

The Hon'ble Commission has approved nil towards non-tariff income of Distribution business for the first control period in the Tariff Order. The Licensee has earned the following non-tariff income during the first control period which is detailed below

| Sl.no | Particulars                                    | 2006-07      | 2007-08      | 2008-09      |
|-------|--|--------------|--------------|--------------|
| 1     | Interest on Staff Loans and Advances           | 0.03         | 0.09         | 0.06         |
| 2     | Fines and Penalties from suppliers/contractors | 4.02         | 12.94        | 1.16         |
| 3     | Profit on Sale of scrap                        | 1.12         | 3.94         | 2.29         |
| 4     | Excess found on physical stock verification    | 0.04         | 0.21         | 0.04         |
| 5     | Sale of Tender schedules                       | 0.46         | 0.57         | 0.91         |
| 6     | Rental contractors                             | 0.16         | 0.28         | 0.32         |
| 7     | Supervision charges (Turnkey works 6200930)    | 1.21         | 5.31         | 8.52         |
| 8     | Misc.Income-                                   |              |              |              |
|       | (a) Price variation                            | 0            | 0            | 5.93         |
|       | (b) Misc.receipts                              | 5.69         | 0.38         | 3.15         |
| 9     | Other Income                                   |              |              |              |
|       | a. Meter testing charges                       | 0.49         | 0.04         | 0.17         |
|       | b Transformer testing charges                  | 17.47        | 0.17         | 0.22         |
|       | c. Income from centages                        | 0            | 0            | 0            |
|       | d. Hire charges equipment                      | 0.03         | 0.04         | 0.06         |
|       | e. Lease income                                | 0.01         | 0.07         | 0.08         |
|       | f. Registration fee                            | 0.09         | 0.14         | 0.44         |
|       | g. gain/loss counter excess                    | 0.06         | 0.02         | 0            |
|       | h. Transfer fees                               | 0            | 0.01         | 0.03         |
|       | i. Rent on fixtures                            | 0.04         | 0.02         | 0.01         |
|       | j. Meter rent/service line rent                | 0.04         | 0.01         | 0            |
|       | <b>NTI Total</b>                               | <b>30.96</b> | <b>24.24</b> | <b>23.39</b> |

### 1.1.2 Second Control Period Distribution True-up :

Statement of variance with Tariff Order approved figures pertains to items under Distribution Business for the 2<sup>nd</sup> Control period (2009-10 to 2013-14) for erstwhile APCPDCL is 235 Crores and as per the splitup of surplus between TSSPDCL and Anantapur & Kurnool, 82.55% is the share of TSSPDCL and hence TSSPDCL share amounts to **Rs. 194.26 crores** which is placed below.

| Name of the Parameter              | Units           | 2009-10     |              |              | 2010-11     |             |            | 2011-12     |             |            | 2012-13     |             |            | 2013-14     |             |            | Second Control Period Total |             |            |
|------------------------------------|-----------------|-------------|--------------|--------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|------------|-----------------------------|-------------|------------|
|                                    |                 | App*        | Act          | Dev          | App         | Act         | Dev        | App         | Act         | Dev        | App         | Act         | Dev        | App         | Act         | Dev        | App                         | Act         | Dev        |
| O & M Expenses                     | Rs. Crs.        | 645         | 603          | (42)         | 716         | 850         | 134        | 785         | 1106        | 321        | 869         | 1106        | 237        | 954         | 1222        | 268        | 3969                        | 4887        | 918        |
| Return on Capital Employed         | Rs. Crs.        | 185         | 173          | (12)         | 209         | 201         | (8)        | 228         | 255         | 27         | 244         | 293         | 49         | 257         | 348         | 91         | 1123                        | 1270        | 147        |
| Depreciation during the year       | Rs. Crs.        | 225         | 167          | (58)         | 302         | 182         | (119)      | 381         | 220         | (161)      | 444         | 255         | (189)      | 514         | 284         | (230)      | 1866                        | 1108        | -758       |
| Taxes on Income                    | Rs. Crs.        | 2           | 3            | 2            | 2           | 2           | 1          | 2           | 1           | (0)        | 2           |             | (2)        | 2           | 0           | (2)        | 8                           | 7           | 0          |
| Special Appn. for Safety measures* | Rs. Crs.        | 5           |              | (5)          | 5           |             | (5)        | 5           |             | (5)        | 5           |             | (5)        | 5           | 0           | (5)        | 25                          | 0           | -25        |
| Other Expenditure                  | Rs. Crs.        |             | 0            | 0            |             | 1           | 1          |             | 2           | 2          |             | 16          | 16         |             | 0           | 0          | 0                           | 19          | 19         |
| <b>Gross ARR</b>                   | <b>Rs. Crs.</b> | <b>1061</b> | <b>946</b>   | <b>(115)</b> | <b>1234</b> | <b>1236</b> | <b>2</b>   | <b>1400</b> | <b>1584</b> | <b>184</b> | <b>1564</b> | <b>1671</b> | <b>107</b> | <b>1732</b> | <b>1854</b> | <b>122</b> | <b>6990</b>                 | <b>7290</b> | <b>300</b> |
| Revenue                            | Rs. Crs.        | 1029        | 1022         | (6)          | 1201        | 1201        | 0          | 1368        | 1368        | 0          | 1531        | 1531        | 0          | 1700        | 1700        | 0          | 6829                        | 6823        | -6         |
| NTI                                |                 | 32          | 40           | 8            | 32          | 43          | 11         | 32          | 47          | 15         | 32          | 51          | 19         | 32          | 50          | 18         | 161                         | 232         | 71         |
| <b>Total Revenue</b>               | <b>Rs. Crs.</b> | <b>1061</b> | <b>1063</b>  | <b>2</b>     | <b>1234</b> | <b>1245</b> | <b>11</b>  | <b>1400</b> | <b>1415</b> | <b>15</b>  | <b>1564</b> | <b>1583</b> | <b>19</b>  | <b>1732</b> | <b>1750</b> | <b>18</b>  | <b>6990</b>                 | <b>7055</b> | <b>65</b>  |
| <b>Total Gap</b>                   | <b>Rs. Crs.</b> | <b>0</b>    | <b>(117)</b> | <b>(117)</b> | <b>0</b>    | <b>(9)</b>  | <b>(9)</b> | <b>0</b>    | <b>169</b>  | <b>169</b> | <b>0</b>    | <b>88</b>   | <b>88</b>  | <b>0</b>    | <b>104</b>  | <b>104</b> | <b>0</b>                    | <b>235</b>  | <b>235</b> |

\* App-Approved, Act-Actual, Dev-Deviation

## Operation & Maintenance Charges (O&M):-

The O&M Cost variation with Tariff Order figures for each year of the control period is placed below.

Rs .in crs.

| Details                                       | 2009-10 |     |      | 2010-11 |     |     | 2011-12 |       |     | 2012-13 |       |     | 2013-14 |       |     |
|---|---------|-----|------|---------|-----|-----|---------|-------|-----|---------|-------|-----|---------|-------|-----|
|   | TO      | Act | Dev  | TO      | Act | Dev | TO      | Act   | Dev | TO      | Act   | Dev | TO      | Act   | Dev |
| -Employee Expenses(Net)                       |         | 380 |      |         | 625 |     |         | 831   |     |         | 766   |     |         | 853   |     |
| -A&G Expenses (Net)                           | 645     | 71  | (42) | 716     | 87  | 134 | 785     | 113   | 321 | 869     | 120   | 237 | 954     | 101   | 268 |
| -Repairs & Maintenance                        |         | 151 |      |         | 138 |     |         | 162   |     |         | 220   |     |         | 268   |     |
| O & M Expenses ( net of expenses capitalised) | 645     | 603 | (42) | 716     | 850 | 134 | 785     | 1,106 | 321 | 869     | 1,106 | 237 | 954     | 1,222 | 268 |

From the above table, it is observed that the O&M expenses for the year FY 2009-10 are within limits of approved figures of the Hon'ble Commission. During the years FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14, the O&M charges are higher than the approval of the Hon'ble Commission by Rs. 134 Crs., Rs. 321 Crs. Rs. 237 Crs and Rs. 268 crs.respectively.

Employee expenses and A&G expenses are linked to inflation and thus escalated using (Consumer Price Index) CPI and (Wholesale Price Index) WPI. Therefore, Employee Expenses have increased owing to inflation. Increase in CPI and WPI during the Second MYT Control Period are as depicted in the table below.

| Particulars       | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|-------------------|------------|------------|------------|------------|------------|
| CPI               | 163        | 180        | 195        | 215        | 236        |
| % Increase in CPI | 13%        | 10%        | 8%         | 10%        | 10%        |
| WPI               | 131        | 143        | 156        | 168        | 178        |
| % Increase in WPI | 4%         | 9%         | 9%         | 8%         | 6%         |

Source: Actual CPI - [www.labourbureau.nic.in](http://www.labourbureau.nic.in), Actual WPI - [www.eaindustry.nic.in](http://www.eaindustry.nic.in) (Office of the Economic Advisor website)

Further the following factors also responsible for variation in O&M expenses during 2<sup>nd</sup> control period.

- i. Wage Revision w.e.f. 01.04.2010

- ii. Actuarial Valuation Report
- iii. Leave Encashment
- iv. DA hike and new recruitment
- v. Increase in Repairs and Maintenance cost
- vi. Increase in travelling and vehicle hire expenses

**a. Employee Expenses**

**i. Wage Revision Impact ( w.e.f. 01.04.2010):**

During the FY 2010-11, Pay Revision of the employees took place w.e.f. 01.04.2010, due to which the pay was increased over the years from FY 2010-11 onwards which was already communicated by the Licensee during the process of MYT filing. Hence, the Licensee requests the Hon'ble Commission to provide a true-up to meet the increased O&M cost of Discoms.

Major element wise Employee Cost details are as below detailing the wage revision impact.

| Employee Cost (In Rs.Crs.) | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | Growth Over 5 years (FY 09-10 to FY 13-14) |
|----------------------------|------------|------------|------------|------------|------------|--|
| Basic Pay                  | 213        | 377        | 387        | 399        | 395        | <b>16.70%</b>                              |
| D.A                        | 57         | 26         | 67         | 106        | 155        | <b>28.41%</b>                              |
| Other allowances           | 38         | 81         | 91         | 89         | 86         | <b>22.65%</b>                              |
| EL Encashment              | 10         | 18         | 18         | 22         | 22         | <b>21.79%</b>                              |
| <b>Total</b>               | <b>318</b> | <b>502</b> | <b>563</b> | <b>616</b> | <b>658</b> | <b>19.94%</b>                              |

**ii. Terminal Benefits as per Actuarial Valuation report:**

The Licensee has made the Actuarial Valuation towards Pension and Gratuity Provision and Final EL Encashment Provisions in respect of Employees retired/to be retired. Accordingly, the Pension Contribution rate has been revised from 24.51% to 29.80% for the financial year 2010-11. As a result, the provision for Pension and Gratuity has been increased in the FY 2010-11. During the F Y 2011-12, the Pension & Gratuity contribution rate was revised to 23.35% and the Actuarial Valuation for Final EL Encashment was done for the past years also and accordingly Rs 175 Crs. was provided in the accounts. In the F Y 2012-13, the contribution rate for Pension & Gratuity has been revised to 23.84% and the same has been adopted for the F Y 2013-14 also.

| Terminal Benefits<br>(In Rs.Crs.) | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | Growth<br>Over 5 years<br>(FY 09-10 to<br>FY 13-14) |
|-----------------------------------|------------|------------|------------|------------|------------|---|
| Pension and Gratuity Provision    | 51         | 107        | 110        | 126        | 109        | 20.91%  |
| Final EL Encashment Provision     | 11         | 20         | 175        | 47         | 118        | 80.98%  |

iii. **Leave Encashment:**

The Licensee has made provision towards leave encashment of Rs. 11 Crs. and Rs. 20 Crs. for FY 2009-10 and FY 2010-11 respectively. For FY 2011-12, FY 2012-13 and FY 2013-14 a provision of Rs. 175.33 Crs., Rs. 46.58 Crs. and Rs. 118 crs respectively towards leave encashment has been made as per the actuarial valuation report.

b. **A&G Expenses**

Increase in travelling expenditure and vehicle hire charges due to rigorous inspection of field units, unforeseen hike in fuel cost, etc caused rise in

Administration and General Expenses. The vehicle running expenses during 2009-10 to 2013-14 has been shown below.

*Rs .in crs.*

| Activity                                 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|--|------------|------------|------------|------------|------------|
| Conveyance and Travelling expenses       | 17.1       | 21.47      | 23.26      | 26.14      | 24.56      |
| Vehicle running expenses for jeeps & car | 1.09       | 1.25       | 1.14       | 1.01       | 1.14       |
| Vehicle Hire Charges                     | 12.37      | 16.16      | 20.97      | 25.72      | 25.41      |

**c. Repairs & Maintenance Expenses**

R&M expenses are linked to Gross Fixed Asset (GFA) which depends on capital expenditure. Increase in DTR repairs cost as well as maintenance cost of Lines and Cables & metering equipment due to unforeseen increase in material and labour rates have increased R&M expenses during the Second MYT Control Period. The comparative statement of R&M expenses from FY 2009-10 to FY 2013-14 of few works has been tabulated below

*Rs .in crs.*

| Activity                                 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|--|------------|------------|------------|------------|------------|
| Repairs & Maintenance-Substations        | 18.95      | 31.90      | 38.87      | 63.05      | 70.82      |
| Engaging of labour for maintenance works | 38.33      | 46.36      | 43.94      | 72.60      | 107.98     |
| Repairs &                                | 20.39      | 29.61      | 35.88      | 40.24      | 44.34      |

| Activity   | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|--|------------|------------|------------|------------|------------|
| Maintenance-Transformers                           |            |            |            |            |            |
| Repairs & Maintenance- Lines & Cable network       | 22.60      | 10.05      | 12.13      | 15.69      | 17.06      |
| Repairs & Maintenance- Plant & Machinery           | 40.89      | 9.38       | 15.83      | 16.34      | 13.35      |
| Repairs & Maintenance- Meters & Metering equipment | 4.35       | 3.81       | 6.07       | 5.78       | 5.55       |

### Regulated Rate Base:

Discom's actual RRB at the end of the Second MYT Control period is **Rs 2668 Crs.** whereas the Hon'ble Commission approved is **Rs. 2338 Crs.** resulting in a deviation of Rs 330 Crs. Summary of RRB line items for FY 2009-10 to FY 2013-14 is as below

*Rs .in crs*

| Details                                    | 2009-10     |             |              | 2010-11     |             |              | 2011-12     |             |             | 2012-13     |             |            | 2013-14     |             |            |
|--|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|------------|
|  | Appr        | Act         | Dev          | Appr        | Act         | Dev          | Appr        | Act         | Dev         | Appr        | Act         | Dev        | Appr        | Act         | Dev        |
| <b>Regulated Rate Base</b>                 | <b>1679</b> | <b>1497</b> | <b>(182)</b> | <b>1901</b> | <b>1737</b> | <b>(164)</b> | <b>2070</b> | <b>2037</b> | <b>(33)</b> | <b>2218</b> | <b>2345</b> | <b>128</b> | <b>2338</b> | <b>2668</b> | <b>330</b> |
| <i>Additions to OCFA</i>                   | 803         | 690         | (113)        | 795         | 659         | (136)        | 829         | 922         | 94          | 903         | 937         | 34         | 970         | 1010        | 40         |
| <i>Additions to Consumer Contributions</i> | 329         | 304         | (25)         | 311         | 261         | (50)         | 307         | 362         | 55          | 319         | 401         | 82         | 373         | 385         | 12         |
| <i>Working Capital</i>                     | 60          | 53          | (6)          | 65          | 76          | 10           | 72          | 97          | 25          | 79          | 98          | 19         | 87          | 109         | 22         |

*Appr.- Approved, Act-Actual, Dev-Deviation*

Additions to GFA and Additions to Consumer Contribution impact RRB. Deviation in total RRB is on account of higher Additions to Consumer Contribution than APERC approved total figures for the MYT Period from FY 2009-10 to FY 2013-14. Actual RRB is lower than approved RRB till FY 2011-12 and exceeds approved RRB from FY 2011-

12 onwards. This is because actual Additions to GFA is lower than approved values because of lower actual capital expenditure and slower capitalization of assets during the control period. Out of total capital expenditure of Rs. 4475 crores approved in the Control period, the licensee has incurred Rs 4447 crores during the 5-year period. The licensee almost able to meet the Commission approved targets for the control period.

*Rs .in crs.*

| Details                    | 2009-10    |            |              | 2010-11    |            |             | 2011-12    |            |           | 2012-13    |            |           | 2013-14      |              |           |
|----------------------------|------------|------------|--------------|------------|------------|-------------|------------|------------|-----------|------------|------------|-----------|--------------|--------------|-----------|
|                            | Appr       | Act        | Dev          | Appr       | Act        | Dev         | Appr       | Act        | Dev       | Appr       | Act        | Dev       | Appr         | Act          | Dev       |
| <b>Capital Expenditure</b> | <b>800</b> | <b>661</b> | <b>(139)</b> | <b>789</b> | <b>748</b> | <b>(42)</b> | <b>902</b> | <b>964</b> | <b>61</b> | <b>928</b> | <b>979</b> | <b>51</b> | <b>1,055</b> | <b>1,095</b> | <b>40</b> |

*Appr.- Approved, Act-Actual, Dev-Deviation*

The scheme wise major Capital expenditure incurred during 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 is shown in the following table:

*Rs .in crs.*

| Name of the Scheme | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--------------------|---------|---------|---------|---------|---------|
| APDRP              |         | 0.08    | 0.05    | 0.05    | 0.00    |
| HVDS               | 68.25   | 156.36  | 104.98  | 25.52   | 2.76    |
| Indira Jala Prabha |         |         | 1.32    | 4.28    | 1.81    |
| Indiramma          |         | 0.02    |         |         |         |
| JBIC-Sub Station   | 36.22   | 6.60    | 0.45    | 0.07    | 0.00    |
| LT Cabling         | 0.41    | 0.12    |         |         | 0.00    |
| Metering           |         | 0.16    | 0.01    | 0.02    | 0.04    |
| PIE                | 2.35    | 5.12    | 6.59    | 9.88    | 6.57    |
| R-APDRP            |         | 1.36    | 75.10   | 131.66  | 282.38  |
| RGGVY              | 20.44   | 27.37   | 34.46   | 5.08    | 2.92    |
| ROS                | 167.16  | 79.23   | 241.76  | 237.25  | 217.27  |
| SI: Bulk           | 5.44    | 61.41   | 66.74   | 98.54   | 126.88  |
| SI-Sub Station     | 48.23   | 62.25   | 18.26   | 2.31    | 0.26    |
| SPA:PE             | 17.97   | 70.38   | 151.44  | 198.58  | 233.76  |
| T&D                | 294.71  | 270.37  | 241.55  | 264.19  | 266.57  |

| Name of the Scheme | 2009-10       | 2010-11       | 2011-12       | 2012-13       | 2013-14        |
|--------------------|---------------|---------------|---------------|---------------|----------------|
| <b>Total</b>       | <b>661.18</b> | <b>740.84</b> | <b>942.62</b> | <b>977.41</b> | <b>1141.22</b> |

Though initially the RRB was low as compared to approved values but later the actual RRB was exceeded the approved values due to higher actual additions to Consumer Contribution as well as asset addition as compared to what is approved by the Hon'ble Commission.

### Return on Capital Employed:

Discom's actual ROCE for the Second MYT Control period is **Rs1,270 Crs.** as against the Hon'ble Commission approved RoCE of **Rs. 1,123 Crs.** resulting in a deviation of **Rs147 Crs.** Summary of Return on Capital Employed (ROCE) line items for FY 2009-10 to FY 2013-14 is as below.

| Details              | 2009-10      |              |              | 2010-11      |              |              | 2011-12      |              |             | 2012-13      |              |             | 2013-14      |              |             |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
|                      | Appr         | Act          | Dev          | Appr         | Act          | Dev          | Appr         | Act          | Dev         | Appr         | Act          | Dev         | Appr         | Act          | Dev         |
| <b>WACC (%)</b>      | <b>11.00</b> | <b>11.56</b> | <b>0.56</b>  | <b>11.00</b> | <b>11.56</b> | <b>0.56</b>  | <b>11.00</b> | <b>12.50</b> | <b>1.50</b> | <b>11.00</b> | <b>12.50</b> | <b>1.50</b> | <b>11.00</b> | <b>13.05</b> | <b>2.05</b> |
| Cost of Debt (%)     | 10.00        | 10.75        | 0.75         | 10.00        | 10.75        | 0.75         | 10.00        | 12.00        | 2.00        | 10.00        | 12.00        | 2.00        | 10.00        | 12.74        | 2.74        |
| Return on Equity (%) | 14.00        | 14.00        | -            | 14.00        | 14.00        | -            | 14.00        | 14.00        | -           | 14.00        | 14.00        | -           | 14.00        | 14.00        | -           |
| <b>RRB</b>           | <b>1679</b>  | <b>1497</b>  | <b>(182)</b> | <b>1901</b>  | <b>1737</b>  | <b>(164)</b> | <b>2070</b>  | <b>2037</b>  | <b>(33)</b> | <b>2218</b>  | <b>2345</b>  | <b>128</b>  | <b>2338</b>  | <b>2668</b>  | <b>330</b>  |
| <b>ROCE</b>          | <b>185</b>   | <b>173</b>   | <b>(12)</b>  | <b>209</b>   | <b>201</b>   | <b>(8)</b>   | <b>228</b>   | <b>255</b>   | <b>27</b>   | <b>244</b>   | <b>293</b>   | <b>49</b>   | <b>257</b>   | <b>348</b>   | <b>91</b>   |

*Appr.- Approved, Act-Actual, Dev-Deviation*

The variation in RoCE is mainly due to higher cost of debt during the control period which was varying from 10.75% to 12.74% p.a. when compared to Commission approved fixed target of 10% p.a..

### Depreciation:

The actual depreciation of the assets provided during the control period after netting off the depreciation on Consumer contributed assets is lower by 758 crores than commission approved figures which is shown below

*Rs .in crs*

| Details      | 2009-10 |     |      | 2010-11 |     |       | 2011-12 |     |       | 2012-13 |     |       | 2013-14 |     |       |
|--------------|---------|-----|------|---------|-----|-------|---------|-----|-------|---------|-----|-------|---------|-----|-------|
|              | Appr    | Act | Dev  | Appr    | Act | Dev   | Appr    | Act | Dev   | Appr    | Act | Dev   | Appr    | Act | Dev   |
| Depreciation | 225     | 167 | (58) | 302     | 182 | (119) | 381     | 220 | (161) | 444     | 255 | (189) | 514     | 284 | (230) |

*Appr.- Approved, Act-Actual, Dev-Deviation*

The reasons for variation are:

- i. Change in depreciation methodology of calculating depreciation from the date of Capitalization unlike the past practice of arriving depreciation only on Opening Balance of Fixed Assets.
- ii. The Assets additions during the FY 2009-10 & FY 2010-11 are Rs.690.21 crs.& Rs.659.07crs. respectively, is lower than the corresponding approved figures of Rs.803.44 crs.& Rs.795.20 crs., as a result, the asset base is lower in initial years when compared to Commission approved and resulted in lower accumulation.

#### **Taxes on Income:**

The Hon'ble Commission approved Rs. 7.50 Crs. as taxes on income for the Second MYT Control period, whereas actual taxes on income were Rs. 7.06Crs. Summary of Taxes on Income for FY 2009-10 to FY 2013-14 is provided below.

*Rs .in crs.*

| Details         | 2009-10 |      |      | 2010-11 |      |      | 2011-12 |      |        | 2012-13 |     |        | 2013-14 |     |        |
|-----------------|---------|------|------|---------|------|------|---------|------|--------|---------|-----|--------|---------|-----|--------|
|                 | Appr    | Act  | Dev  | Appr    | Act  | Dev  | Appr    | Act  | Dev    | Appr    | Act | Dev    | Appr    | Act | Dev    |
| Taxes on income | 1.50    | 3.34 | 1.84 | 1.50    | 2.44 | 0.94 | 1.50    | 1.28 | (0.22) | 1.50    | 0   | (1.50) | 1.50    | 0   | (1.50) |

*Appr.- Approved, Act-Actual, Dev-Deviation*

#### **Special appropriation for safety Measures:**

The Hon'ble Commission approved **Rs. 25 Crs.** towards Special Appropriation for Safety Measures for the Second MYT Control Period. The licensee has incurred the following capital works expenses towards safety measures.

- i. Erection of intermediate poles for proper clearance
- ii. Providing of Earthing
- iii. Providing of fencing
- iv. Reconstruction of damaged DTR plinth

- v. Plinth Raisings
- vi. Providing of SMC Distribution boxes
- vii. Providing of foot Cross arms
- viii. Rectification of DTR structures
- ix. Replacement of damaged AB cable
- x. Providing of safety materials viz. Gum boots, Helmets, Safety belt, Earth rods, Gloves etc.

*Rs. in crs.*

| Activity                                   | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 |
|--|------------|------------|------------|------------|------------|
| <b>Expenditure towards safety measures</b> | -          | 23.32      | 22.82      | 30.30      | -          |

As the same has been considered in Asset base under Capital Expenditure it has not been shown under Special appropriations head.

**Other Expenditure:**

The Other expenditure incurred during the 2<sup>nd</sup> MYT control period by the license is Rs. 18.97 crores as against nil approved by the Commission. The breakup of other expenses is given below

*Rs. in crs.*

| Activity                                | FY 2010-11  | FY 2011-12  | FY 2012-13   |
|---|-------------|-------------|--------------|
| Compensation for injuries/death/damages | 2.30        | 2.01        | 1.75         |
| Price Variation                         | (1.59)      | 1.90        | (1.31)       |
| Loss Obsolescence of Fixed Assets       | 0.00        | 0.00        | 17.17        |
| Others                                  | (0.14)      | (1.92)      | (1.20)       |
| <b>Total</b>                            | <b>0.56</b> | <b>1.99</b> | <b>16.41</b> |

**Non-Tariff Income:**

The actual Non-Tariff Income (NTI) for the Second MYT Control Period earned by the DISCOM is Rs. 232.35 Crs., as against approved value of Rs. 161 Crs. as shown below

Rs .in crs.

| Details    | 2009-10   |           |          | 2010-11   |           |           | 2011-12   |           |           | 2012-13   |           |           | 2013-14   |           |           |
|------------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|            | Appr      | Act       | Dev      | Appr      | Act       | Dev       | Appr      | Act       | Dev       | Appr      | Act       | Dev       | Appr      | Act       | Dev       |
| <b>NTI</b> | <b>32</b> | <b>40</b> | <b>8</b> | <b>32</b> | <b>43</b> | <b>11</b> | <b>32</b> | <b>47</b> | <b>15</b> | <b>32</b> | <b>51</b> | <b>19</b> | <b>32</b> | <b>50</b> | <b>18</b> |

Appr.- Approved, Act-Actual, Dev-Deviation

The break-up of actual NTI is detail below

| S.No. | Particulars                                    | Actuals      |              |              |             |              |
|-------|--|--------------|--------------|--------------|-------------|--------------|
|       |  | 2009-10      | 2010-11      | 2011-12      | 2012-13     | 2013-14      |
| 1     | Interest on Staff Loans and Advances           | 0.03         | 0.02         | 0.08         | 0.07        | 0.07         |
| 2     | Fines and Penalties from suppliers/contractors | 7.78         | 16.85        | 12.63        | 10.12       | 3.46         |
| 3     | Profit on Sale of scrap                        | 1.44         | 0.18         | 3.47         | 3.44        | 0.05         |
| 4     | Excess found on physical stock verification    | 0.10         | 0.05         | 0.17         | 0.15        | 0.14         |
| 5     | Sale of Tender schedules                       | 0.74         | 0.59         | 0.69         | 0.92        | 0.77         |
| 6     | Rental contractors                             | 0.27         | 0.25         | 0.34         | 0.26        | 0.4          |
| 7     | Supervision charges (Turnkey works 6200930)    | 16.09        | 21.58        | 28.30        | 32.10       | 33.5         |
| 8     | Interest on instalments due from consumers     | 0.17         | 0.07         | 0.03         | 0.06        | 0.00         |
| 9     | Security deposits forfeited                    | 0.03         | 0.00         | 0.00         | 0.17        | 10.87        |
| 10    | Discounts received from vendors                | 0.28         | 0.36         | 0.08         | 0.01        | 0.02         |
| 11    | Rebate from funding agencies                   | 0.86         | 0.72         | 0.59         | 0.46        | 0.34         |
|       | Price variation                                | 11.71        | 1.57         | 0.59         | 2.69        | 0.04         |
| 17    | <b>Other Income</b>                            |              |              |              |             |              |
|       | a. Meter testing charges                       | 0.17         | 0.44         | 0.10         | 0.43        | 0.2          |
|       | b Transformer testing charges                  | 0.25         | 0.49         | 0.09         | 0.02        | 0.03         |
|       | c. Hire charges equipment                      | 0.09         | 0.02         | 0.02         | 0.00        | 0.01         |
|       | d. Registration fee                            | 0.32         | 0.10         | 0.15         | 0.13        | 0.16         |
|       | e.Rental from Staff quarters                   | 0.01         | 0.05         | 0.06         | 0.06        | 0.07         |
|       | f. Rent on fixtures                            | 0.02         | 0.01         | 0.02         | 0.01        | 0            |
|       | <b>NTI Total</b>                               | <b>40.36</b> | <b>43.35</b> | <b>47.41</b> | <b>51.1</b> | <b>50.13</b> |

The net true-up is as below

| Parameter                 | First Control Period | Second Control Period | Total |
|---------------------------|----------------------|-----------------------|-------|
| Net Gap Erstwhile APCPDCL | 240                  | 235                   | 475   |
| Net Gap of TSSPDCL        | 198                  | 194                   | 392   |

### 1.1.3 Prayer

The Petitioner (Distribution Licensee) prays that the Hon'ble Commission may:

- i. Approve the true-up of expenses and revenue for the Distribution Business for the First MYT Control Period (FY 2006-07 to FY 2008-09)
- ii. Approve the true-up of expenses and revenue for the Distribution Business for the Second MYT Control Period (FY 2009-10 to FY 2013-14).
- iii. Approve Rs. 198.11 crs, which is the total gap from the distribution business during the First MYT Control Period.
- iv. Approve Rs. 194.26 crs, which is the total gap from the distribution business during the second MYT Control Period .
- v. Approve **Rs. 392.37 Crs** as total gap filed before the Hon'ble Commission for truing-up of the Distribution Business for the First and Second MYT Control Periods.

## 2. WORKINGS OF PROPOSED CAPITAL INVESTMENTS FOR 4<sup>TH</sup> MYT CONTROL PERIOD FROM FY 2019-20 TO FY 2023-24 IN MS EXCEL

The soft copy of workings of proposed capital investments for 4<sup>th</sup> MYT Control Period in MS Excel format is submitted through e-mail to [secy@tserc.gov.in](mailto:secy@tserc.gov.in).