



TELANGANA IRON & STEEL MANUFACTURERS ASSOCIATION

Regd. No 58 of 2022

13 Jan 2026

President
Sunil Kumar Saraf

Vice President
Neeraj Goenka

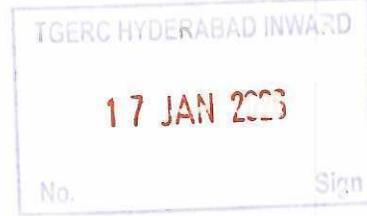
General Secretary
Vinod Kumar Agarwal

Joint Secretary
Sudhanshu Shekar

Treasurer
Vinod Kumar Agarwal

Executive members
Anil Agarwal
Gopal Agarwal
Bharat Kumar Agarwal
Vinay Kumar Agarwal
Shashikant Agarwal

To,
The Secretary
TGERC
Vidyut Niyamtran Bhavan,
Sy.No.145-P, G.T.S. Colony,
Kalyan Nagar, 500018
Hyderabad



Sub: Preliminary Objections on the Petition Filed by TGS LDC for True-Up of FY 2024-25 and ARR for FY 2026-27

Dear Sir,

Referring to the subject, please find enclosed the preliminary objections/comments Preliminary Objections on the Petition Filed by TGS LDC for True-Up of FY 2024-25 and ARR for FY 2026-27

We request the Hon'ble Commission to condone the delay caused due to paucity of time and intervening holidays, consider the preliminary objections/comments submitted herein, and permit us to submit detailed objections/comments at the time of public hearing.

Thanking you.
For: Telangana Iron & Steel Manufacturers Association
Regards


Vinod Kumar Agarwal
+91- 98490 79571
General Secretary

Preliminary Objections on the Petition Filed by TGSLDC for True-Up of FY 2024-25 and ARR for FY 2026-27

True up for FY 2024-25:

1. **Inconsistent RoE Claim:** No tax has actually been paid during the FY 2024-25 (Current tax is NIL) as per accounts, tax on RoE shall be Nil, consistent with MYT Regulations.
2. **Mismatch in NTI:** Net Tariff Income claimed does not reconcile with audited financials and remains unsubstantiated. NTI in the NTI section does not match with the NTI factored in the ARR calculation.
3. **Mismatch in Revenue from SLDC Charges:** Revenue from SLDC Charges does not reconcile with the audited statements.
4. **Unexplained Pension and Gratuity Expenses:** SLDC's contribution towards Pension and Gratuity is not provided.
5. **High Depreciation:** A comparison of the actual depreciation with the depreciation approved by the Commission in the previous Tariff/MYT Order indicates a significantly higher amount, even after excluding Rs. 1.19 crore from the actual depreciation.
6. **Disapproval of ROE rate consideration:** The prayer seeking waiver of reduction in ROE on account of delay in filing the MYT petition should not be accepted.
7. **Justification of High Employee Expenses:** Employee expenses is very high when compared to the standard. Provide further details for this.
8. **Details required for ongoing works:** The write-up on the status of ongoing works as on 31.03.2025 requires additional details, including the expected commissioning schedule of the project and the phasing of works over the remaining period of completion.

ARR/ Tariff for FY 2026-27

9. **Income Tax Cannot Be Provided on Projection Basis:** MYT framework does not allow projected tax; only actual tax paid may be considered. So Effective Income Tax Rate should not be considered in the calculation of ROE for FY 2026-27.
10. **Outstanding and Addition of Debt:** It is mentioned in the Interest and Finance Charges section that the Debt has been taken as 75% of the Net Fixed Assets instead of Gross Fixed Assets.
11. **Error in computation of Receivables in IoWC:** The receivables, which should be equivalent to 45 days of the ARR, work out to Rs. 11.96 crore; however, they have been considered as Rs. 11.07 crore.
12. **Error in Computation of Base Equity:** In the ROE section, it is mentioned that Equity value should be 25% of the Net Fixed Assets instead of Gross Fixed Assets.
13. **Unusual Capitalisation:** The opening GFA for FY 2026-27 is approximately Rs. 52 Crore, while the proposed capital expenditure during the year is around Rs. 43

Crore, constituting nearly 84% of the total assets capitalised since the company became operational. It is difficult to justify the capitalisation of such a substantial proportion of total assets within a single year, i.e., FY 2026–27. Accordingly, detailed justification and supporting information are required. The Total Capitalisation in the period Oct-25 to Mar-27 is approx. Rs. 100 Crores which seems unusually high when compared to zero capitalisation during the period Apr-25 to Sep-25. Allow the capitalisation in line with the past trend or at the time of True up.

14. **Justification on Closing CWIP:** The closing CWIP has been shown as Nil, implying that no works are expected to spill over into the subsequent year. Accordingly, justification is required on how the capital expenditure proposed in FY 2026–27, amounting to Rs. 43.84 crore, are proposed to be completed and capitalised within the same financial year.
15. **Mismatch in Capital Expenditure:** The capital expenditure proposed for FY 2026–27 is assumed to be capitalised within the same year. However, the capital expenditure considered at Rs. 43.84 crore does not align with the Capex indicated in the Investment Plan, which amounts to Rs. 39.6 crore.
16. **Explanation on Wt. Avg. Interest rate in IoL:** Detailed information on borrowings, outstanding loan balances, and the computation of the weighted average interest rate applied for calculating interest on loan is required.

Further, the Objector seeks liberty to advance additional submissions on the instant Petition at the time of Public hearing.