

BSES Rajdhani Power Limited

BSES Bhawan, Nehru Place,
New Delhi - 110 019, India.

CIN : U40109DL2001PLC111527

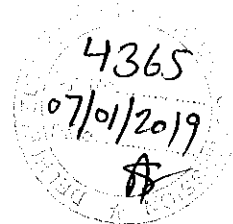
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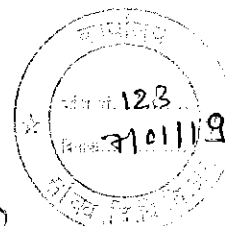
Handwritten signature and date 24/1/19

Ref: RA/2018-19/01/A / 537

The Secretary
Delhi Electricity Regulatory Commission (DERC)
Viniyamak Bhawan, Shivalik
Malviya Nagar
New Delhi-110017

07-Jan-19

Handwritten notes: ED (L) Rg, 7.11, 20.11.19



Sub.: Curing of Defects in the Tariff Petition filed.

Ref.: 1) DERC letter No. F.11(1641)/DERC/2018-19/6338 dated 18.12.2018.

Dear Sir,

We write with reference the above mentioned subject matter.

Handwritten notes: 09.01.2019, copy sent to tariff division on 10-01-19, Preeti 10-01-19

In this regard, we would like to submit the following for the kind consideration of the Hon'ble Commission:

S. No.	Format No.	Deficiencies	Remarks
1	Form - S1	Reason for variation has not been indicated.	Format S1 along with reason for variation enclosed herewith as Annexure-1.
2	Form - S2	Complete Data has not been provided.	Format S2 deals with Cash Flow Statement. The same has been provided for FY 2017-18. However, in absence of a Tariff Order, Cash Flow statement for FY 2019-20 cannot be projected at this stage and shall be submitted only while truing-up for FY 2019-20. Hence, in view of the above we seek for a waiver.
3	Form - S3	Complete Data has not been provided.	Complete Format S3 enclosed herewith as Annexure-2.
4	Form - F2	Form has not been provided.	Form F2 deals with Form 2.1a. The same has been provided for FY 2017-18 & FY 2019-20. F2 (1) - Form 2.1a for FY 2017-18. F2 (2) - Form 2.1a projected for FY 2019-20.
5	Form - F3	Re-conciliation with Audited Accounts has not been provided.	Form F3 deals with Revenue & Capital Subsidies for FY 2017-18. The total subsidy received and disbursed during the year can be matched with Note 30 of Audited Accounts. Moreover, the Hon'ble Commission has directed the Petitioner to separately submit a yearly certificate duly certified by Statutory Auditors. The same has been submitted by the Petitioner vide letter dated 21.06.2018. Head-wise breakup of subsidy can be matched with this certificate. Copy of the said certificate is enclosed herewith as Annexure 3.

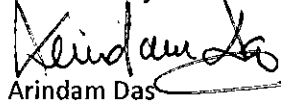
S. No.	Format No.	Deficiencies	Remarks
6	Form – F5	Data has not been provided.	<p>Form F5 deals with R&M Expenses.</p> <p>The Hon'ble Commission in its Business Plan Regulations, 2017 has not provided any methodology for bifurcation of O&M Expenses into R&M, A&G & Employee Expenses. O&M Expenses have been claimed on a normative basis as the Hon'ble Commission has allowed the O&M Expenses as a whole and has not bifurcated the same.</p> <p>Therefore, bifurcation of O&M Expenses is not possible.</p> <p>Hence, in view of the above we seek for a waiver.</p>
7	Form – F6	Data has not been provided.	<p>Form F6 deals with Employee Expenses.</p> <p>The Hon'ble Commission in its Business Plan Regulations, 2017 has not provided any methodology for bifurcation of O&M Expenses into R&M, A&G & Employee Expenses. O&M Expenses have been claimed on a normative basis as the Hon'ble Commission has allowed the O&M Expenses as a whole and has not bifurcated the same.</p> <p>Therefore, bifurcation of O&M Expenses is not possible.</p> <p>Hence, in view of the above we seek for a waiver.</p>
8	Form – F7	Data has not been provided.	<p>Form F7 deals with A&G Expenses.</p> <p>The Hon'ble Commission in its Business Plan Regulations, 2017 has not provided any methodology for bifurcation of O&M Expenses into R&M, A&G & Employee Expenses. O&M Expenses have been claimed on a normative basis as the Hon'ble Commission has allowed the O&M Expenses as a whole and has not bifurcated the same.</p> <p>Therefore, bifurcation of O&M Expenses is not possible.</p> <p>Hence, in view of the above we seek for a waiver.</p>
9	Form – F8	Data has not been provided.	<p>Form F8 deals with Fixed Assets & Provision for Depreciation.</p> <p>Hon'ble Commission may kindly refer to Para 3A.112 on page 174 of BRPL's ARR Petition wherein it has been submitted that since the DERC Tariff Regulations 2017 provides for computation of depreciation based on separate rates depending upon the age of the asset i.e. different rates for assets which have completed 12 years of useful life vis-à-vis assets which are yet to complete 12 years of useful life. In such condition, it is practically not possible to provide asset-class wise details as prescribed in Form F8 which is exactly same as it was in the previous Tariff Regulations. As the Hon'ble Commission may be aware, in the previous Regulations, the computation of depreciation was based on straight line method.</p> <p>It is further submitted that the Petitioner has submitted in Para 3A.112, in case Hon'ble Commission desires the computation in support of depreciation, on assets appearing in Audited Accounts (asset-wise details) the same can be provided.</p> <p>Hence, in view of the above we seek for a waiver.</p>
10	Form – F9	Data has not been provided.	<p>Form F9 deals with Formats for Capitalization.</p> <p>Details w.r.t the same had already been provided to the Hon'ble Commission vide letter No. RA/2018-19/01/A/481</p>

S. No.	Format No.	Deficiencies	Remarks
			dated 26.11.2018. As a result, we request the Hon'ble Commission to consider the said letter dated 26.11.2018 as part of BRPL's ARR Petition.
11	Form – F15	Data has not been provided.	Form F15 deals with Current Assets & Liabilities. The same has been provided for FY 2017-18. However, Current Assets & Liabilities for FY 2019-20 cannot be projected and shall be submitted only while truing-up for FY 2019-20. Hence, in view of the above we seek for a waiver.
12	Form – F16	Data has not been provided.	Form F16 deals with Net Worth of DISCOM. The same has been provided for FY 2017-18. However, Net Worth of DISCOM for FY 2019-20 cannot be projected and shall be submitted only while truing-up for FY 2019-20. Hence, in view of the above we seek for a waiver.
13	Form – F19	Breakup has not been provided.	Form F19 deals with Consumer Security Deposit. Category-wise bifurcation for FY 2017-18 is not available with the DISCOM. Hence, in view of the above we seek for a waiver.
14	Form – F23	Data has not been provided.	Form F23 deals with Revenue from proposed tariff & charges. The Hon'ble Commission is requested to allow suitable tariff hike to make cost reflective during FY 2018-19, apart from a suitable surcharge towards recovery of both principal and interest component, on the past accumulated deficit on account of RA.

Thanking You.

Yours Sincerely,

For BSES Rajdhani Power Limited



Arindam Das

Sr. Manager (Regulatory Affairs)

Encl.: As above + I.C.D.

Annexure-1

BSES RAJDHANI POWER LIMITED

Profit & Loss Account

FORM- S1
In Rs Cr.

Sr. No.	Particulars	FY 2017-18		Variance
		Audited	Actual*	
A	Revenue			
1	Revenue from sale of power	9,174.70	8,550.67	The difference is considering the fact that Rs.9174.70 Cr. reflects the billing while Rs.8550.67 Cr. represents collection during FY 2017-18. A reco between the two is not possible considering the fact that the collection figure includes collection against billing done prior to FY 2017-18. Presently there is no provision to segregate collection realized against such prior period billing.
2	Non-tariff income	209.48	128.11	Refer-Table 3A - 40 , Page- 164 of the Petition
3	Other Revenue/ subsidies /incentives	89.23	137.77	Refer-Table 3A - 58 , Page- 185 of the Petition (Incentives)
4	Income from Open Access	52.12	52.12	
5	Less: Carrying cost		428.00	As per Table-236, Page- 375 of Tariff Order dated 31.08.2017.
	Total Revenue or Income	9,525.53	8,165.13	
B	Expenditure			
1	Purchase of Power from Long term Sources net off rebate	5,752.41	5,752.41	
2	Purchase of Power from Other than Long term Sources			
3	Transmission Charges			
	(a) Inter State			
	(b) Intra State	1,174.25	1,174.25	
4	Other Transmission Charges			
5	Load Despatch Charges			
6	Less: Revenue from sale of surplus power		89.23	This appears in schedule of other revenue of audited accounts
7	Less: Additional UI Charges		1.46	Refer-Table 3A - 20 , Page- 128 of the Petition
8	Operations and Maintenance Expenditure		861.64	As per DERC Business Plan Regulations, 2017
	(a) Repairs and Maintenance	178.23		
	(b) Employee costs (Excluding loans and advances to Staff)	529.07		
	(c) Administration and General expenses	250.89		
	(d) Other borrowing costs			
9	Addnl. O&M Expenses		200.37	As per DERC Business Plan Regulations, 2017
8	Net prior period credit/(charges)			
9	Other Debits, Write-offs			
10	Extraordinary items			
11	Less: Expenses Capitalized (A&G/Employee Expenses)			
C	Profit before depreciation, interest and taxes	7,884.85	7,897.99	
D	Depreciation	298.01	268.21	Refer-Table 3A - 47 , Page- 175 of the Petition
E	Provisions	11.24		Provisions are not considered in ARR by DERC
F	PBIT	8,194.10	8,166.21	
1	Interest & Finance Charges	1,313.36	300.09	Refer-Table 3A - 56 , Page- 184 of the Petition
2	Return on Equity		298.24	Refer-Table 3A - 56 , Page- 184 of the Petition
3	Less: Interest Capitalized			
G	Total Interest and Finance Charges	1,313	598	
H	TOTAL EXPENDITURE	9,507	8,765	
I	Profit/Loss before Tax	176	599	
J	Income Tax	31	81	Refer-Table 3A - 56 , Page- 184 of the Petition
K	Other Comprehensive Income	0		
L	Profit/Loss after Tax (Revenue Gap in case of Actuals)	145	680	

*Claim as per DERC Traiff Regulations, 2017

Annexure-2

BSES RAJDHANI POWER LIMITED			
Annual Revenue Requirement		FORM- S3 in Rs Cr.	
Particulars	FY 2017-18 Actual	FY 2019-20 Projection	
1 Power Purchase (MU)	12979	13,995	
2 Sale of Power (MU)	11688	12666	
3 Loss %	9.94%	9.50%	
3.1 Distribution	1291	1330	
3.2 Intra State			
3.3 Inter State	659	490	
1 Receipts			
a Revenue from tariffs			
i) Fixed Charges			
ii) Energy Charges	9776	10789	
iii) PPAC			
iv) Surcharge for Regulatory Asset (8%)	687	740	
v) Surcharge for Pension Trust (3.8%)	133	348	
vi) Electricity Duty	405	400	
vii) Any Other Receipt			
b Revenue subsidy from Govt.			
c Less: Recovery on account of carrying cost	428		
Less: Incentives/ Dis-incentive as per Regulation 157 of MYT Regulations, 2017	118		
d			
i Overachievement of T&D loss targets	45		
ii Overachievement of CE targets	71		
iii Sale Rate	2		
e Less: Gain on a/c of Regulated Power	20		
f Add: Income from Open Access	52		
Total	8037	9301	
2 Expenditure	6836	7329	
a Purchase of Power from Long Term Sources	5631	6,140	
b Purchase of Power from Other than Long Term Sources	600	414	
c Transmission Charges			
i) Intra State	526		
ii) Inter State	594	1025	
d Other Transmission Charges	55		
e Load Despatch Charges			
f Less: Revenue from sale of surplus power	529	108	
g Less: Additional UI Charges	1		
Less: Rebate	39	143	
h O&M Expenses	862	978	
v) Additional O&M Expenses viz. wage revision, GST, 7th pay commission, legal claims	200	172	
j Depreciation	268	314	
k Interest & Finance Charges	300	337	
l ROE	298	332	
m Less: Interest capitalised			
n Less: Finance charges capitalised			
o Less: O&M capitalised			
p Extraordinary Items			
q Other (Misc.)-net prior period credit/ (charges)			
Total	8765	9462	
3 Return as approved/ allowed by Commission			
4 Income-Tax	81	90	
5 Less: Carrying Cost			
6 Other Income	128	128	
7 Annual Revenue Requirement (2)+(3)+(4)+(5)-(6)	8717	9424	
8 Surplus(+) / Shortfall(-) : (1)-(7) before tariff revision	-680	-123	
9 Tariff Revision Impact	NA	Suitable Tariff Hike to be provided by the Hon'ble Commission	
10 Surplus(+) / Shortfall(-) : (6)-(7) after tariff revision#	NA	0	
# After considering carrying cost approved by Commission in TO dt. 31.08.2017			

Annexure-3

BSES

BSES Rajdhani Power Limited

BSES Bhawan, Nehru Place,

New Delhi - 110 019, India.

CIN : U40109DL2001PLC111527

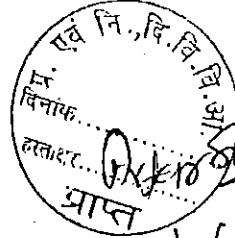
GSI : 07AAGCS31871223

Tel : 011-11 3009 9999

Fax : 011-11 3999 7888

www.bsesdelhi.com

Ref: RA/2018-19/01/A/ 219



21st June 2017

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

Subject: Submission of Annual Audited Certificate of Subsidy in true copy for FY 2017-18.

Sir,

We refer to the captioned subject. In this regard we wish to submit Annual Audited Certificate in true copy certifying the subsidy received from GoNCTD vis-à-vis subsidy disbursed to eligible consumers during FY 2017-18. Original True copy of the aforementioned certificate is enclosed as Annexure - 1.

Hon'ble Commission may kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For BSES Rajdhani Power Limited

Arindam Das
Sr. Manager (Regulatory Affairs)

Encl.: As above

HARIBHAKTI & CO. LLP

Chartered Accountants

BSES Rajdhani Power Limited
BSES Bhawan,
Nehru Place,
Delhi - 110019
INDIA

Independent Auditor's Certificate on the Subsidy Disbursed and Subsidy Received in financial year 2017-18

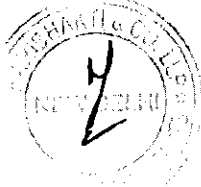
1. We have been requested by BSES Rajdhani Power Limited ('the Company'), having its registered office at the above mentioned address vide mandate letter dated October 9, 2017, to certify the subsidy disbursed to consumers and subsidy sanctioned by Government of National Capital Territory of Delhi ("GoNCTD") in financial year ended March 31, 2018 as referred in Annexure-1 (hereinafter referred to as "Statement") for onward submission to the Delhi Electricity Regulatory Commission ("DERC").

Management's Responsibility

2. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances, for submission to the DERC in compliance of its requirements.
3. The Management of the Company is also responsible for compliance with the requirements of the DERC as applicable.
4. The Management of the Company is also responsible for appropriate disbursement of subsidy to its consumer as per direction of GoNCTD and/or DERC.

Auditor's Responsibility

5. Pursuant to the requirements of the DERC, it is our responsibility to provide a reasonable assurance whether the subsidy disbursed to consumers and subsidy sanctioned by GoNCTD for the Financial Year ended March 31, 2018 are in agreement with the audited books of account.
6. The financial statements for the financial year ended March 31, 2018 have been audited by us on which we issued an unmodified audit opinion vide our report dated April 21, 2018. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



BRP: | Independent Auditors Certificate on the Subsidy Disbursed and Subsidy Received in financial year 2017-18

HARIBHAKTI & CO. LLP

Chartered Accountants

7. The following documents have been furnished by the Company:

- i. Statement of subsidy disbursed and subsidy received from GoNCTD for the Financial Year ended March 31, 2018.
- ii. Copies of sanction orders of the GoNCTD in respect of the subsidy received during the Financial Year ended March 31, 2018.
- iii. Independent Auditor's Certificate on subsidy disbursed to consumers and subsidy sanctioned by GoNCTD for the Financial Year ended March 31, 2017.
- iv. Relevant extracts of the ledgers & reports of the subsidy disbursed to consumers and subsidy received from GoNCTD from the audited books of accounts.

8. We have performed the following procedures:-

- i. Traced the opening balance of subsidy receivable from GoNCTD as at April 1, 2017 with the Independent Auditor's Certificate on subsidy disbursed to consumers and subsidy sanctioned by GoNCTD for the Financial Year ended March 31, 2017.
- ii. Verified the monthly subsidy disbursed to consumers with the relevant ledger extracts & reports for the Financial Year ended March 31, 2018.
- iii. Traced the subsidy received from GoNCTD with the relevant sanction orders received during the Financial Year ended March 31, 2018.

9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this Certificate.

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

Certificate

11. Based on our examination, as above, and the information and explanations given to us, we certify the subsidy disbursed to consumers and subsidy sanctioned by GoNCTD for the Financial Year ended March 31, 2018 as referred in Annexure - 1 (as initialed by us for identification purpose only) is in agreement with the audited books of account, records and documents for the Financial Year ended March 31, 2018.



88P1 | Independent Auditor's Certificate on the Subsidy Disbursed and Subsidy Received in financial year 2017-18

2 of 2


HARIBHAKTI & CO. LLP

Chartered Accountants

Restriction of Use

12. The certificate is issued solely for the purpose of onward submission to DERC. This certificate should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Haribhakti & Co. LLP shall not be liable to the Company, DERC or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048


Raj Kumar Agarwal
Partner
Membership No. 074715



Place: New Delhi
Date: May 30, 2018

Encl: Annexure 1

BWF - Independent Auditor's Certificate on the Subsidy Disbursed and Subsidy Received in financial year 2017-18.

3

BSES Rajdhani Power Limited

Annexure 1 to Independent Auditor's Certificate on the Subsidy Disbursed and Subsidy Received in financial year 2017-18

Amount in Crores

S.No.	Period	Subsidy Disbursed	Subsidy Disbursed (OTSS)	Generation Based Incentive	Subsidy-Lawyer	Subsidy Received	Balance (advance)/receivables
A	Opening Balance (As on 1st Apr, 2017)						(11.56)
1	April-17	59.60	(0.0024)			-	
2	May-17	59.37				-	
3	June-17	56.39				-	
4	July-17	59.88				-	
5	August-17	61.81				-	
6	September-17	64.80				370.50	
7	October-17	66.68				-	
8	November-17	61.82				185.25	
9	December-17	54.70		0.0169		-	
10	January-18	56.71				66.46	
11	February-18	57.14			0.03	-	
12	March-18	64.51			0.04	97.88	
B	YTD March 18 (Bal. as on March 31, 2018)	723.40	(0.0024)	0.02	0.07	720.09	(8.24)

Notes:

- 1) GoNCTD vide its order dated 24.03.2017 & 29.08.2017 extended 50% targeted subsidy @ 50% on existing tariff to Domestic Consumers for electricity consuming upto 400 Units (Kwh) per month i.e. Rs 2.00 per unit for the consumers falling in the slab of 0-200 Units per month and Rs 2.975 per unit for the consumers falling in the slab of 201 to 400 Units per month.
- 2) DERC vide its letter dated 25.04.2017, DISCOM will adjust the amount of Generation Based Incentive (GBI) against electricity bill of the said consumers.
- 3) All figures of subsidy disbursed include amendments made in the electricity bills during the period.

