CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 225/2010

Coram: **Shri S.Jayaraman, Member**
Shri V.S.Verma, Member
Shri M. Deena Dayalan, Member

Date of Hearing:23.12. 2010 **Date of Order: 8.4. 2011**

In the matter of:

Approval under Regulation 86 of Central Electrical Regulatory Commission (Conduct of Business) Regulations, 1999 for determination of Transmission Tariff for combined elements of (i) Tala–Siliguri transmission system and(ii) remaining part of Tala-Siliguri transmission system in Eastern Region from the period from 1.4.2009 to 31.3.2014

And

In the matter of:

Power Grid Corporation of India Ltd., Gurgaon ……**Petitioner**

Vs

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Calcutta
3. Grid Corporation of Orissa Ltd. Bhubaneshwar
4. Damodar Valley Corporation, Calcutta
5. Power Department, Govt. of Sikkim, Gangtok
6. Jharkhand State Electricity Board, Ranchi **..... Respondents**

The following were present:

1. Shri.M M Mondal, PGCIL
2. Shri Rajeev Gupta, PGCIL
3. Shri Rakesh Prasad, PGCIL
4. Shri R B Sharma, Advocate, BSEB

ORDER

This petition has been filed seeking approval of transmission tariff in respect of combined elements of (i) Tala–Siliguri transmission system and (ii) remaining part of Tala-Silliguri transmission system in Eastern Region (hereinafter called “the transmission assets”) for tariff block 2009-14 in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, (hereinafter referred to as “the 2009 regulations”). The petitioner has also sought the following reliefs:

(a) Invoke the provisions of regulation 44 of the 2009 regulations to allow the additional capital expenditure incurred/proposed to be incurred on account of undischarged liabilities after the cut-off date and consider the same for fixation of tariff.

(b) Invoke the provisions of Regulation 44(Power to Relax) of the 2009 regulations, for relaxation of clause (3) of regulation 15 thereof so that grossing up the base rate of Return on Equity (ROE) may be allowed considering the revised rate of MAT, surcharge, any other cess, charges, levies etc. as per the relevant Finance Acts and accordingly allow consequential impact of tariff on account of truing up, to be billed and settled directly with the beneficiaries every year in the tariff block.

(c) In case of assets being combined to calculate the transmission charges, allow the petitioner to recover full depreciation (90% of the gross block) of the transmission assets during its useful life reckoning from its actual DOCO..

(d) Approve the reimbursement, of expenditure, by the beneficiaries towards petition filing fee, and publishing of notices in newspapers in terms of Regulation 42 of the 2009 regulations, and other expenditure (if any) in relation to the filing of petition.

(e) Allow the petitioner to bill and recover licence fee separately from the respondents.

(f) Pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

2. The investment approval for the transmission system was accorded by Board of Directors of the petitioner company vide memorandum dated 17.7.2002 at an estimated cost of ₹ 23153 lakh which included IDC of ₹ 1789 lakh,. Subsequently, revised cost estimate was approved by the Board of Directors of the petitioner company vide memorandum dated 20.10.2006 at an estimated cost of ₹ 28779 lakh which included IDC of ₹ 2377 lakh,

3. The petitioner has submitted that various elements of combined assets of Tala-Siliguri Transmission System were executed with the date of commercial operation as 1.10.2005 (Asset-I) consisting of the following:

(a) 400 kV D/C Tala-Siliguri Line-I (India portion)

(b) Tala Ckt. I & II Main & Tie bays at New Siliguri S/S

(c) 63 MVAR Bus Reactor alongwith associated bays New Purnea S/S

(d) 63 MVAR Bus Reactor-I at Siliguri

(e) 63 MVAR Bus Reactor-II at Siliguri

(f) LILO of 1 Ckt.of 400 kV Bongaigaon-Malda at New Siliguri S/S

The remaining part of Tala-Siliguri Transmission System (Asset-II) consisting of 400 kV D/C Tala-Siliguri Line-II (India portion) and LILO of 400 kV Bongigaon-Malda at New Purnea S/S was executed by the petitioner with the date of commercial operation as 1.5.2006. The notional date of commercial operation of the combined assets is 1.5.2006.

4. Transmission charges of the transmission assets covered under Asset-I for the period upto 31.3.2009 were approved by the Commission in order dated 29.1.2009 in Petition No. 99/2008 based on the admitted capital cost of ₹ 13067.63 lakh. Transmission charges of the transmission assets covered under Asset-II based on the admitted capital cost of ₹ 15297.71 lakh for the period upto 31.3.2009 were approved by the Commission in order dated 26.4.2010 in Petition No. 41/2010.

5. The petitioner has claimed the following transmission charges during 2009-14:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1499.84	1500.17	1500.17	1500.17	1500.17
Interest on Loan	1242.05	1134.67	1025.81	917.01	808.32
Return on equity	1284.39	1284.72	1284.72	1284.72	1284.72
Interest on Working Capital	121.45	121.37	121.38	121.51	121.77
O & M Expenses	750.31	793.29	838.70	886.65	937.24
Total	**4898.04**	**4834.22**	**4770.78**	**4710.06**	**4652.22**

6. The details submitted by the petitioner in support of its claim for interest on working capital are given hereunder:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	112.55	118.99	125.80	133.00	140.59
O & M expenses	62.53	66.11	69.89	73.89	78.10
Receivables	816.34	805.70	795.13	785.01	775.37
Total	**991.42**	**990.80**	**990.82**	**991.90**	**994.06**
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	121.45	121.37	121.38	121.51	121.77

7. No reply has been filed by the general public in response to the public notice issued in connection with the petition under section 64 of the Act. Among the respondents, Bihar State Electricity Board, respondent No. 1 herein has filed its reply to the petition. The respondent, in its reply, has made the following submissions:

(a) The petitioner's claim for additional capital expenditure of ₹ 12.48 lakh during 2009-10 on account of balance and retention payment is not admissible under Regulation 9(2) of 2009 regulations as it has been incurred after the cutoff date. Further, the petitioner's prayer to invoke the powers under Regulation 44 of the 2009 regulations should not be accepted as it disturbs the delicate balance between the utilities and the electricity consumers sought to be achieved through the regulations.

(b) The petitioner is engaged in development of infrastructure facilities in the transmission of power and is accordingly entitled for holiday benefits under section 80 IA of the Income Tax Act, 1961. The benefits of tax holiday should be availed by the petitioner as soon as possible since during the initial period tariff is comparatively higher and this would provide much needed relief to beneficiaries n consumers.

(c) The petitioner's certificate from the Bank of India showing the State bank of India Advance Rate (SBAR) is not admissible under Regulation 18(3) of 2009 regulations which provides for Short Term Prime Lending Rate of the State Bank of India.

(d) The petitioner's prayer for reimbursement of filing fees and publication expenses under Regulation 42 of the 2009 regulations should be rejected for the same reasons which were relied by the Commission in its order dated 11.9.2008 in Petition No.129 of 2005 relating to filing fees during 2004-09.

(e) There is no provision in 2009 regulation to allow reimbursement of licence fees.

(f) As regards the wage revision, it has been stated that the same has been taken into account by rationalizing O & M norms by 50% increase on account of increase in employee cost. Further increase in employee cost should be taken care of by the petitioner's company by improvement in the productivity level.

8. The petitioner in its rejoinder has refuted the objections of the petitioner as under:

(a) Since the additional expenditure is on account of balance and retention payment is within the original scope of work. This expenditure has become necessary for successful and efficient operation of the transmission system. Alternatively, since the expenditure beyond the cutoff date could not be incurred due to reasons like final reconciliation with contractors, compliance with the terms of payments to the contractors etc., the expenditure may be allowed under regulation 44 of 2009 regulations.

(b) In view of the substantial change in the MAT rate and its impact on the cash flow, the petitioner has filed Petition No.38 of 2010 under Regulation 44 of 2009 regulations to allow MAT rate as per the applicable Finance Act. The Commission in its order dated 3.8.2010 has decided to suitably amend the 2009 regulations for that purpose.

(c) SBAR of 12.25% per annum indicated in the petition is the short term prime lending rate of SBI as on 12.25%.

(d) The expenditure towards filing fee, publishing of notices in newspapers and licence fee is not represented in the actual O & M expenses and are extra cost on the petitioner which needs to be reimbursed.

(e) The wages for all levels of employees have been revised and the total impact of wage hike would be more as compared to the compensation provided in the O & M rates. Accordingly, the petitioner proposes to approach the Commission for additional manpower cost on account of wage revision during 2004-09 for claiming the tariff.

9. We have considered the issues raised in para 7 above by the respondent 1 and responses of the petitioner on these issues. The issues have been dealt with in relevant part of this order except the issue of tax holiday which has been discussed in the succeeding paragraphs of this order.

TAX HOLIDAY

10. The respondent BSEB has raised the issue of tax holiday benefits availed by the petitioner under Section 80 IA of the Income Tax Act, 1961 (hereinafter “the IT Act”) in a number of petitions. The respondent has also raised the

issue in Petition No.288 of 2009 filed by the Powerlinks Transmissions Limited. We propose to deal with the issue of tax holiday in this order which will be applicable to all petitions where the issue has been raised by the petitioner.

11. The respondent's contentions with regard to benefits of tax holiday under Section 81 of the IT Act are summarized as under:

(a) The petitioner is engaged in the development of the infrastructure facilities in the transmission of power and is accordingly entitled for a tax holiday period under section 80 IA of IT Act. The petitioner has claimed the minimum alternate tax (MAT) during the entire tariff period 2009-14 from the beneficiaries. The petitioner should furnish entire information to the respondents and the Commission to arrive at post tax return on equity.

(b) The petitioner during the hearing on 9.9.2010 in Petition No. 76 of 2010 submitted that it had filed income tax returns upto financial year 2008-09 but has not been able to exercise the option of tax holiday as per Section 80 IA of IT Act as there was no taxable profit as per IT Act. It emerges from the Annual Report of Powerlinks Transmission Limited filed in Petition No.288 of 2010 that companies which are liable to pay MAT can avail the tax holiday. Therefore, the contention of the petitioner regarding non-applicability of tax holiday on MAT is erroneous.

(c) The alternative contention of the petitioner that the commission allowed the Central Power Utilities to retain the benefits of tax holiday on the basis of selective paragraphs from Statement of Objects and Reasons is without any substance as the Commission has nowhere stated that the benefits of tax holiday under section 80 IA of the IT Act will be passed on to the Central Power Utilities.

(d) The Income Tax is in the category of direct tax which has been changed to the category of indirect tax through a legal fiction created in the 2009 regulations by collecting the same as part of tariff and providing the post tax return on equity by grossing up the tax rate. The non-disclosure of information by the petitioner would not only keep the beneficiaries in dark but the same is fraught with mischief in the form of misappropriation which is generally associated with indirect tax regime.

12. The petitioner in its rejoinder has submitted the following:

(a) The petitioner has filed income tax return upto the financial year 2008-09 but has not been able to exercise the option of tax holiday as per section 80 IA of the IT Act as there was no taxable profit as per the IT Act. In the absence of taxable profit, MAT is being paid as per the provisions of section 115 JB of the IT Act.

(b) In the income tax return for 2009-10, the petitioner has claimed the benefits of tax holiday which has been informed to the respondent vide petitioner's letter dated 15.10.2010 (filed in the Commission on 18.10.2010 in Petition No.103 of 2010).

(c) The 2009 regulations provide a marked shift towards ROE as compared to the provisions of ROE during tariff block 2004-09. The ROE in 2004-09 is on post-tax basis whereas during 2009-14, it is on pre-tax basis. The benefits of tax holiday u/s 80 IA would be eligible to be passed on only when actual reimbursement of income tax under the post-tax system of ROE as was applicable for the tariff block 2004-09 is allowed by the Commission. As per the spirit of 2009 regulations and introduction of pre-tax ROE, the tax management has been left with the utilities and hence the pros and cons of pre-tax ROE shall be at the end of utility. If the beneficiaries feel that post-tax ROE should be introduced, the same may be taken through a proper petition under the law before the Commission.

13. Section 80IA of IT Act provides for deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development. The provisions of the section in so far as it relate to development of power sector is extracted hereunder:

"(1) Where the gross total income of the assessee includes any profits or gains derived by an undertaking or an enterprise from any business referred to in sub-section (4) (such business being hereafter referred to as the eligible business), there shall, in accordance and subject to provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent of profits and gains derived from such business for ten consecutive years.

(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility or starts providing telecommunication service or develops an industrial park or develops a special economic zone referred to in clause (iii) of sub-section (4) or generates power or commences transmission or distribution of power or undertakes substantial renovation and modernisation of the existing transmission or distribution lines

(3)…………………………….

(4) This section applies to—

(i)…………..

(ii)…………….

(iii)…………

(iv) an undertaking which,—

(a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2011;

(b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March,2011 :

***Provided** that the deduction under this section to an undertaking under sub-clause (b) shall be allowed only in relation to the profits derived from laying of such network of new lines for transmission or distribution;*

(c) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines at any time during the period beginning on the 1st day of April, 2004 and ending on the 31st day of March, 2011.

Explanation.—For the purposes of this sub-clause, "substantial renovation and modernisation" means an increase in the plant and machinery in the network of transmission or distribution lines by at least fifty per cent of the book value of such plant and machinery as on the 1st day of April, 2004;

(5) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under that sub-section for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

(6) to (13)……………………………………………..."

14. Thus it is evident from the provisions of section 80 IA of the IT Act that where the gross total income of an assessee includes any profits and gains from an undertaking (a) which is set up for generation or generation and distribution of power and generates power between 1.4.1993 and 31.3.2011, or (b) which starts transmission or distribution by laying new transmission or distribution lines between 1.4.1999 and 31.3.2011 or (c) undertakes substantial renovation and modernization of the existing network of transmission or distribution lines between 1.4.2004 and 31.3.2011, such an

assessee is entitled to claim deduction from its gross total income of an amount equal to hundred per cent of profits and gains derived from such business for any ten consecutive assessment years out of the fifteen years beginning from the year it generates power or commences transmission or distribution of power or undertakes substantial renovation and modernization of transmission or distribution lines. Sub-section (5) of section 80 IA provides for method of calculation of quantum of deduction relevant to the initial assessment year or subsequent assessment years upto and including the assessment year for which the determination is to be made.

15. Section 115 JB of IT Act provides for special provision for payment of tax by certain companies. Section 115 JB reads as under:

> *"115JB. (1) Notwithstanding anything contained in any other provision of this Act, where in the case of an assessee, being a company, the income-tax, payable on the total income as computed under this Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2010, is less than fifteen per cent of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income-tax at the rate of fifteen per cent."*

16. The provisions of section 115JB begins with a non-obstante clause and overrides every other provisions of the Act. It provides that where an assessee is a company and the income tax payable on the total income of the company in respect of any previous year relevant to any assessment year commencing on or after 1.4.2010 is less than fifteen percent of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable on such total income shall be at the rate of fifteen percent. Even though section 80 IA of IT Act provides for deduction of hundred percent of profits and gains derived from the business of infrastructure development,

the assessee company will be required to pay the Minimum Alternate Tax at the rate of fifteen percent of its book profit with effect from 1.4.2010 (ten percent of book profit with effect from assessment year commencing 1.4.2007. Thus a generating company or transmission licensee is required to pay tax at the normal rate or at MAT rate depending on the income tax payable on its total income of the previous year relevant to the assessment year.

17. During the tariff period 2001-04 and 2004-09, the tax on income of the generating companies and transmission licensees was being regulated in terms of the Regulations 3.7 and 4.5 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2001 (hereinafter "2001 regulations") and Regulation 7 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter "2004 regulations") respectively. As per the said provisions, tax on income stream of a generating company or transmission licensee from its core business was treated as an expense to be recovered from the beneficiaries. The regulations provided for a formula for distribution of the tax liability of the generating companies or transmission licensees among the generating stations of the generating company and among the transmission regions of the transmission licensee. The benefits of tax holiday and credits for carry forward of losses and unabsorbed depreciation was also allocated in proportion to the share of the beneficiaries from the core business of the generating station or the transmission system. In other words, the tax portfolio of the generating company or transmission licensee from its core business

was being managed by the beneficiaries and accordingly, the liability and benefits on account of income tax was passed on to the beneficiaries. During the tariff period 2009-14, tax on income from the core business of the generating company or transmission licensee is no more treated as an expense to be recovered from the beneficiaries. The Commission has adopted pre-tax Return on Equity (ROE) in the 2009 regulations. According to the 2009 regulations, ROE is calculated by applying the rate of return on equity on the admitted equity base and a methodology has been specified to arrive at the rate of return on equity. ROE is a component of tariff and is included in the annual fixed cost or annual transmission charges to be recovered from the beneficiaries. The reasons for introduction of pre-tax ROE have been amplified in paras 14.1 to 14.5 of the 2009 regulations which are reproduced as under:

> ***"Pre-tax Return {Regulation 15(4)}***
> *14.1 Earlier in the draft regulation, the Commission proposed to retain the post-tax return on equity and tax on the income streams of the generating company or the transmission licensee, as the case may be, from its core business excluding net UI income and incentives was allowed to be recovered from the beneficiaries, or the long term transmission customer, as the case may be.*
>
> *14.2 The issue of allowing post-tax rate of return or pre-tax rate of return was raised in public hearing as well as written submissions. The generating companies and transmission licensees are in favor of retaining existing regulation. In other words, they are of the view that all the risks pertaining to tax on income from core business including incentive, efficiency gain, income on UI, etc should be passed on to the beneficiaries. On the other hand, beneficiaries want that income tax burden to the extent of normal return on equity should only be passed on to the beneficiaries and any proportion of income tax on account of income other than return on equity, like income accrued due to efficiency gain, incentive, UI, normative expenditure, etc should be borne by the utilities themselves.*
>
> *14.3 Under post-tax rate of return on equity the beneficiaries are paying tax on thenet income of the utilities and the tax burden is calculated by grossing up. Considering the present tax rate of 33.99% applicable to the company's form of business, under grossing up methodology, the tax burden becomes almost 50% of the net income of the utility. The beneficiaries are not against refunding income tax to the utilities on the admitted return on equity. The beneficiaries also do not have any objection if the utilities run their business more efficiently and thereby optimize their annual income provided no further cost on account of income tax on income other than admitted return on equity is passed on to them. From the utilities point of view, in a regulated business, the tax burden is reimbursed from the beneficiaries or*

the consumers on no profit and no loss basis. Consumers pay for the income tax only when it is actually levied on the utilities. In case of any refund of income tax, the same is also passed on to the beneficiaries. Under existing regulation, even the benefit of income tax holiday under section 80IA of the Income Tax Act, 1961 is passed on to the beneficiaries. This benefit of income tax holiday is available to the investors only for development of infra-structure facilities. In case, the passing on the tax burden to the beneficiaries is restricted only to the return on equity component, there is no logic in passing on the benefit of income tax holiday under section 80IA of the Income Tax Act, 1961 to the beneficiaries.

14.4 The Commission, after considering all the views of all stakeholders is of the view that it will be appropriate to move to the system of pre-tax rate of return on equity from the existing post-tax rate of return on equity. Accordingly, the Commission has decided to allow pre-tax rate of return on equity to the utilities. The same shall be calculated by considering the applicable tax rate for the companies for the year 2008-09 as per the relevant Finance Act, as base rate. To give an example:

(i) In case of a generating company or transmission licensee paying Minimum Alternate Tax (MAT) @ 11.33% including surcharges and cess:

Rate of pre-tax return on equity = 15.50/ (1-0.1133) = 17.481%

(ii) In case of a generating company or transmission licensee paying normal existing corporate tax @ 33.99% including surcharge:

Rate of pre-tax return on equity = 15.50/ (1-0.3399) = 23.481%.

14.5 In order to facilitate computation of pre-tax, illustrative examples on the above lines have been given in clause 4 of Regulation 15 of these regulations"

18. Accordingly, Regulation 15 of 2009 regulations provides for the computation of ROE as under:

*"15. **Return on Equity**. (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.*
(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per clause (3) of this regulation:
*Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in **Appendix-II**:*
Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.
(3) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2008-09 applicable to the concerned generating company or the transmission licensee, as the case may be:
Provided that return on equity with respect to the actual tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up separately for each year of the tariff period along with the tariff petition filed for the next tariff period.
(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:
Rate of pre-tax return on equity = Base rate / (1-t)
Where t is the applicable tax rate in accordance with clause (3) of this regulation.
Illustration.-

(i) In case of the generating company or the transmission licensee paying Minimum Alternate Tax (MAT) @ 11.33% including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.1133) = 17.481%
(ii) In case of generating company or the transmission licensee paying normal corporate tax
@ 33.99% including surcharge and cess:
Rate of return on equity = 15.50/ (1-0.3399) = 23.481%"

19. The provisions of Regulation 15 as quoted above clearly provides that the base rate of return will be grossed up with the **normal tax rate applicable to the concerned generating company or transmission licensee during 2008-09 which shall be trued up at the tax rate applicable to the generating company or transmission licensee for each year of the tariff period in line with the relevant Finance Act alongwith the tariff petition for the next tariff period**. Under the 2009 regulations, the beneficiaries are required to pay ROE at a specified rate which is determined by grossing up the base rate of return with the tax rate applicable to the generating company or transmission licensee as per the IT Act. Thus, the applicable tax rate has been used to decide the rate of return for determining the return on equity which a generating company or a transmission licensee is required to pay as a component of tariff. There is no separate tax liability on the part of the beneficiaries unlike during the tariff period 2001-04 and 2004-09 and the generating company/ transmission licensee has the freedom to manage its tax portfolio. Since the income of the generating company or transmission licensee from its core business is no more treated as expenses to be recovered from the beneficiaries as was the case in the earlier tariff periods, the Commission took a conscious decision to allow the generating company or transmission licensee to retain the benefits of tax holiday availed by them,

which is an incentive available under the IT Act to the companies undertaking infrastructure development activities.

20. The objection of BSEB is that the petitioner has claimed the Minimum Alternate Tax (MAT) during the entire tariff period of 2009-14 from the beneficiaries. BSEB has submitted that income tax is in the category of a direct tax which has been changed to the category of indirect tax through a legal fiction created in the 2009 regulations by collecting them as part of tariff and post tax return on equity by grossing up the tax rate. BSEB has sought indulgence of the Commission to direct the petitioner to furnish entire information related to tax holiday period to the respondents and the Commission to arrive at post tax return on equity. In its rejoinder, the petitioner has clarified that in the absence of taxable income upto the year 2008-09, the petitioner has been paying the minimum alternate tax as per section 115 JB of the IT Act. The petitioner has further submitted that in the income tax return for 2009-10, the petitioner has claimed the benefits of tax holiday which has been informed to the respondent vide petitioner's letter dated 15.10.2010. Thus the petitioner has shared the information regarding its claim of tax holiday during 2009-10 with the beneficiaries. As regards the contention of BSEB that the Commission has allowed post tax return on equity by grossing up the tax rate, it is clarified that the Commission made a departure from the earlier regulations to give relief to the beneficiaries from the burden of taxation on the income from the core business of the generating companies or transmission licensees. The Commission has provided for a rate of return on equity by grossing up the base rate with the applicable tax

rate which is used for computing the actual return on equity as a component of tariff. The generating companies and transmission licensees are left to manage their tax portfolio without any extra burden on the beneficiaries on account of income tax. We are not in agreement with BSEB that the Commission has converted the direct tax to indirect tax by creating a legal fiction. It is clarified that liability to pay income tax squarely now lies with the generating company or transmission licensee and it does not impose any tax burden on the beneficiaries. The tax rate adopted for grossing up the ROE is meant for deciding the rate of return to be paid by the beneficiaries only. Moreover, the rate of return on equity will be trued up on the basis of applicable tax rate as per the relevant Finance Act and the petitioner will be required to submit the documentary evidence regarding the applicable tax rate at the time of truing up. We are of the view that concern of BSEB will get addressed at the time of truing up as grossing up of ROE will be allowed on the basis of tax rate applicable to the petitioner as per the relevant Finance Act.

CAPITAL COST

21. As per the last proviso to clause (2) of Regulation 7 of the 2009 regulations, in case of the existing projects, capital cost admitted by the Commission prior to 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14 as may be admitted by the Commission, shall form the basis for determination of tariff.

22. Admitted capital cost of the transmission assets involved in the petition are as under:

(₹ in lakh)

Particulars	Admitted Capital Cost as on 31.3.2009	Order vide which admitted
Asset I: 400 kV D/C Tala-Silliguri transmission line	13067.63	Order dated 29.1.2009 in Petition No. 99/2008
Asset II: Remaining part of Tala – Silliguri transmission system	15297.71	Order dated 26.4.2010 in Petition No. 41/2009
Combined Assets (I and II)	**28365.34**	

23. Capital cost of ₹ 28365.34 lakh as on 1.4.2009 has been considered for tariff determination in this order.

ADDITIONAL CAPITAL EXPENDITURE

24. Regulation 9 of the 2004 regulations provides for capitalization of additional expenditure as under:

*"9. **Additional Capitalisation.** (1) The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

(i) Undischarged liabilities;

(ii) Works deferred for execution;

(iii) Procurement of initial capital spares within the original scope of work, subject to the provisions of regulation 8;
(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and

(v) Change in law:

Provided that the details of works included in the original scope of work along with estimates of expenditure, undischarged liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff.

(2) The capital expenditure incurred on the following counts after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:

(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

(ii) Change in law;

(iii) Deferred works relating to ash pond or ash handling system in the original scope of work;

(iv) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation; and

(v) In case of transmission system any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system:

Provided that in respect sub-clauses (iv) and (v) above, any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2009."

25. The petitioner has claimed projected additional capital expenditure amounting to ₹ 12.48 lakh for the year 2009-10 on account of balance and retention payment due to the contractual exigencies and other reasons beyond the control of the petitioner. The petitioner has claimed the expenditure under Regulation 9(2)(iv) of 2009 regulations i.e. expenditure considered necessary for successful and efficient plant operation. Alternatively, the petitioner has prayed for relaxation of the provisions of Regulation 9(2) of 2009 regulations by the Commission under Regulation 44 of 2009 regulation to allow the expenditure on undischarged liabilities after the cutoff date. In our view, the expenditure is in the nature of undischarged liabilities incurred after the cutoff date. In the light of our decision in order dated 8.2.2011 in Petition No.176 of 2010, we allow capitalization of expenditure of ₹ 12.48 lakh during 2009-10 by relaxing the provisions of Regulation 9(2) of 2009 regulations. Accordingly, the capital cost of the transmission assets after considering the additional capital expenditure works out overleaf.

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Capital Cost(1.4.2009)	28365.34	2837782	28377.82	28377.82	28377.82
Additional capital expenditure	12.48	0.00	0.00	0.00	0.00
Gross Block	**28377.82**	**28377.82**	**28377.82**	**28377.82**	**28377.82**

DEBT- EQUITY RATIO

26. Clause (2) of Regulation 12 of the 2009 regulations *inter alia* provides that,-

> *"(2) In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Comission for determination of tariff for the period ending 31.3.2009 shall be considered."*

27. Details of debt-equity claimed by the petitioner for the combined transmission assets:

Particulars	Approved		As Admitted on 31.3.2009	
Combined Asset	**Amount (₹ in lakh)**	**%**	**Amount (₹ in lakh)**	**%**
Debt	0.00	0.00%	21019.85	74.10%
Equity	0.00	0.00%	7345.49	25.90%
Total	**0.00**	**0.00%**	**28365.34**	**100.00%**

28. Debt-equity ratio in respect of the additional capital expenditure claimed by the petitioner is as given overleaf.

Particulars	Actual		Normative	
Combined Asset	**Amount (₹ in lakh)**	**%**	**Amount (₹ in lakh)**	**%**
Debt	0.00	0.00%	8.74	70.03%
Equity	0.00	0.00%	3.74	29.97%
Total	**0.00**	**0.00%**	**12.48**	**100.00%**

RETURN ON EQUITY

29. Regulation 15 of the 2009 regulations provides for the principle for computation of return on equity. The said regulation has been quoted in para 16 above.

30. The Petitioner had prayed for invoking the provisions of Regulation 44 of the 2009 regulations for relaxation of Regulation 15(3) thereof so that grossing up the base rate of ROE may be allowed considering the tax rates viz., MAT, surcharge, any other cess, charges, levies etc., as per the relevant Finance Acts. The Commission has already decided in orders dated 3.8.2010 in Petition Nos.17/2010 and 38/2010 to carry out an appropriate amendment to allow grossing up of the rate of return with the MAT rate as per the applicable Finance Act. Amendment to 2009 regulations is under process and will address the concern of the petitioner after the amendment regulation is notified.

31. Pending decision on revision of MAT rate, ROE has been computed as per Regulation 15 of the 2009 regulations, and pre-tax ROE of 17.481% has been considered. Return on Equity in respect the transmission assets has been calculated as under:

(₹ in lakh)

	As on 1.4.2009	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity	7345.49	7345.49	7349.23	7349.23	7349.23	7349.23
Addition due to Additional Capital expenditure		3.74	0.00	0.00	0.00	0.00
Closing Equity		7349.23	7349.23	7349.23	7349.23	7349.23
Average Equity		7347.36	7349.23	7349.23	7349.23	7349.23
Return on Equity (Base Rate)		15.50%	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09		11.330%	11.330%	11.330%	11.330%	11.330%
Rate of Return on Equity (Pre Tax)		17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)		1284.39	1284.72	1284.72	1284.72	1284.72

INTEREST ON LOAN

32. Regulation 16 of the 2009 regulations provides the following with regard to calculation of interest on loan:

> *"16. (1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.*

(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

(3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year:

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed,.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan."

33. In these calculations, interest on loan has been worked out as detailed below:

(a) Gross amount of loan, repayment of instalments and rate of interest and weighted average rate of interest on actual loan have been considered as per the petition.

(b) The repayment for the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that period.

(c) Where moratorium period has been availed by the transmission licensee, the repayment of the loan has been considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

(d) Weighted average rate of interest on actual loan worked out as per (i) above is applied on the notional average loan during the year to arrive at the interest on loan.

(e) The Interest on Loan has been calculated on the basis of rate prevailing as on 01.04.2009. Any change in rate of Interest subsequent to 1.4.2009 will be considered at the time of truing up.

34. The weighted average rate of interest has been worked out as per **Annexure** to this order. Interest on Loan of the transmission assets has been calculated as under:

(₹ in lakh)

	As on 1.4.2009	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Gross Normative Loan	21019.85	21019.85	21028.59	21028.59	21028.59	21028.59
Cumulative Repayment upto Previous Year		3293.95	4793.79	6293.97	7794.14	9294.32
Net Loan-Opening		17725.91	16234.80	14734.62	13234.45	11734.27
Addition due to Additional Capital Expenditure		8.74	0.00	0.00	0.00	0.00
Repayment during the year		1499.84	1500.17	1500.17	1500.17	1500.17
Net Loan-Closing		16234.80	14734.62	13234.45	11734.27	10234.10
Average Loan		16980.35	15484.71	13984.53	12484.36	10984.19
Weighted Average Rate of Interest on Loan		7.3146%	7.3277%	7.3353%	7.3453%	7.3589%
Interest		**1242.05**	**1134.67**	**1025.80**	**917.01**	**808.32**

DEPRECIATION

35. Regulation 17 of the 2009 regulations provides for computation of depreciation in the following manner, namely:

> *"17. (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.*
>
> *(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.*
>
> *Provided that………………*
> *Provided further that…………..*
>
> *(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.*
>
> *(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system:*
>
> *Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.*
>
> *(5) In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2009 from the gross depreciable value of the assets.*
>
> *(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."*

36. Depreciation has been worked out on the admitted capital expenditure as on 1.4.2009 and projected additional capitalization thereafter. The transmission assets were notionally put on commercial operation on 1.9.2005. Accordingly the transmission assets will complete 12 years beyond 2013-14 and thus depreciation has been calculated annually based on Straight Line Method and at rates specified in Appendix-III to the 2009 regulations.

37. For the period 1.4.2009 to 31.3.2014 the depreciation worked out are as given overleaf.

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Average Gross Block after considering ACE	28371.58	28377.82	28377.82	28377.82	28377.82
Rate of Depreciation	5.2864%	5.2864%	5.2864%	5.2864%	5.2864%
Depreciable Value (90%)	25534.42	25540.04	25540.04	25540.04	25540.04
Remaining Depreciable Value	22240.47	20746.25	19246.07	17745.90	16245.72
Depreciation	1499.84	1500.17	1500.17	1500.17	1500.17

OPERATION & MAINTENANCE EXPENSES

38. Clause (g) of Regulation 19 the 2009 regulations specifies the norms for operation and maintenance expenses based on the type of sub-station and line. The petitioner has calculated the operation and maintenance expenses in accordance with the above norms and the same are allowed as such. Accordingly, the following O & M expenses have been allowed to the petitioner during 2009-14:

(₹ in lakh)

Elements	2009-10	2010-11	2011-12	2012-13	2013-14
400 kV DC Twin Conductor TL (277.384 km)	173.91	183.89	194.43	205.53	217.17
11 X 400 kV bays	756.40	609.40	644.27	681.12	720.06
Total O & M Expenses	750.31	793.29	838.70	886.65	937.24

39. The petitioner has submitted that the total impact of wage hike of its employees would be more as compared to the compensation provided in the O & M rates and therefore, the petitioner proposes to approach the Commission for additional manpower cost on account of wage revision during 2004-09 for claiming the tariff. This prayer has been opposed by BSEB. It is clarified that if any such application for revision of O & M norms on account of increase of employee cost is filed by the petitioner, the same will be dealt with in accordance with law.

INTEREST ON WORKING CAPITAL

40. As per the 2009 regulations the components of the working capital and the interest thereon are discussed hereunder:

(i) Receivables: As per Regulation 18(1)(c)(i) of the 2009 regulations, receivables will be equivalent to two months' average billing calculated on target availability level. The petitioner has claimed the receivables on the basis of 2 months' transmission charges claimed in the petition. In the tariff being allowed, receivables have been worked out on the basis of 2 months' transmission charges.

(ii) Maintenance spares: Regulation 18(1)(c)(ii) of the 2009 regulations provides for maintenance spares @ 15% per annum of the O & M expenses from 1.4.2009. The value of maintenance spares has accordingly been worked out.

(iii) O & M expenses: Regulation 18(1) (c) (iii) of the 2009 regulations provides for operation and maintenance expenses for one month as a component of working capital. The petitioner has claimed O&M expenses for 1 month of the respective year as claimed in the petition. This has been considered in the working capital.

(iv) Rate of interest on working capital: As per Regulation 18(3) of the 2009 regulations, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the project or part thereof (as the case may be) is declared under commercial operation, whichever is later. The interest on working capital is payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency. The petitioner has claimed interest on working capital @ 12.25% based on SBI PLR as on 1.4.2009, which is in accordance with the 2009 regulations and has been allowed.

41. Based on the above, Interest on Working Capital has been worked out as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	112.55	118.99	125.81	133.00	140.59
O & M expenses	62.53	66.11	69.89	73.89	78.10
Receivables	816.34	805.70	795.13	785.01	775.37
Total	991.41	990.81	990.83	991.89	994.06
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	**121.45**	**121.37**	**121.38**	**121.51**	**121.77**

TRANSMISSION CHARGES

42. The transmission charges being allowed for the transmission assets during 2009-14 are summarized below:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	1499.84	1500.17	1500.17	1500.17	1500.17
Interest on Loan	1242.05	1134.67	1025.80	917.01	808.32
Return on equity	1284.39	1284.72	1284.72	1284.72	1284.72
Interest on Working Capital	121.45	121.37	121.38	121.51	121.77
O & M Expenses	750.31	793.29	838.70	886.65	937.24
Total	**4898.05**	**4834.22**	**4770.77**	**4710.06**	**4652.22**

APPLICATION FEE AND THE PUBLICATION EXPENSES

43. The petitioner has sought approval for the reimbursement of fee paid by it for filing the petition. Respondent No.1 has opposed reimbursement of filing

fees. In accordance with our decision in order dated 11.1.2010 in Petition No. 109/2009, the petitioner shall be entitled to recover the filing fee from the beneficiaries on pro-rata basis.

44. The petitioner shall also be entitled for reimbursement of expenses on account of publication of notices in connection with the present petition directly recovered from the beneficiaries on pro rata basis.

45. The transmission charges allowed in this order shall be recovered on monthly basis in accordance with Regulation 23 and shall be shared by the respondents in accordance with Regulation 33 of the 2009 regulations.

46. The petitioner has also prayed for reimbursement of license fee. A view in this regard is yet to be taken. The same as and when evolved will apply to this petition as well. Similarly, the Commission is separately addressing the issue of applicability of Tax Holiday raised by BSEB and the decision taken will apply to this case also.

47. This order disposes of Petition No. 225/2010.

Sd/-	**Sd/-**	**Sd/-**
(M.Deena Dayalan)	**(V.S.Verma)**	**(S.Jayaraman)**
Member	**Member**	**Member**

Annexure

	Name of the Company:	**PGCIL**				
	Name of the Tr. System:	**Combined assets of Tala-Siliguri Transmission System**				
	Notional DOCO:	**01.05.2006**				
	Petition No.:	**225/2010**				
	Tariff setting Period:	**2009-14**				
	CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN					
						(₹ in Lakhs)
	Details of Loan	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
1	**Bond XVI**					
	Gross loan opening	5506.00	**5506.00**	**5506.00**	**5506.00**	**5506.00**
	Cumulative Repayment upto DOCO/previous year	550.60	**1101.20**	**1651.80**	**2202.40**	**2753.00**
	Net Loan-Opening	4955.40	4404.80	3854.20	3303.60	2753.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	550.60	550.60	550.60	550.60	550.60
	Net Loan-Closing	4404.80	3854.20	3303.60	2753.00	2202.40
	Average Loan	4680.10	4129.50	3578.90	3028.30	2477.70
	Rate of Interest	7.10%	7.10%	7.10%	7.10%	7.10%
	Interest	332.29	293.19	254.10	215.01	175.92
	Rep Schedule	10 Annual installments w.e.f.18-02-2009				
2	**Bond XIII Option-I**					
	Gross loan opening	1749.00	**1749.00**	**1749.00**	**1749.00**	**1749.00**
	Cumulative Repayment upto DOCO/previous year	437.25	**583.00**	**728.75**	**874.50**	**1020.25**
	Net Loan-Opening	1311.75	1166.00	1020.25	874.50	728.75
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	145.75	145.75	145.75	145.75	145.75
	Net Loan-Closing	1166.00	1020.25	874.50	728.75	583.00
	Average Loan	1238.88	1093.13	947.38	801.63	655.88
	Rate of Interest	8.63%	8.63%	8.63%	8.63%	8.63%
	Interest	106.91	94.34	81.76	69.18	56.60
	Rep Schedule	12 Annual installments w.e.f.31-07-2006				
3	**Bond XV**					
	Gross loan opening	9700.00	**9700.00**	**9700.00**	**9700.00**	**9700.00**
	Cumulative Repayment upto DOCO/previous year	1616.67	**2425.01**	**3233.34**	**4041.67**	**4850.01**
	Net Loan-Opening	8083.33	7274.99	6466.66	5658.33	4849.99
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	808.33	808.33	808.33	808.33	808.33
	Net Loan-Closing	7274.99	6466.66	5658.33	4849.99	4041.66
	Average Loan	7679.16	6870.83	6062.49	5254.16	4445.83
	Rate of Interest	6.68%	6.68%	6.68%	6.68%	6.68%
	Interest	512.97	458.97	404.97	350.98	296.98
	Rep Schedule	12 Annual installments w.e.f.23-02-2008				
4	**Bond XXIV-Loan for ADD Cap**					
	Gross loan opening	1100.00	**1100.00**	**1100.00**	**1100.00**	**1100.00**

	Cumulative Repayment upto DOCO/previous year	0.00	**0.00**	**91.67**	**183.33**	**275.00**
	Net Loan-Opening	1100.00	1100.00	1008.33	916.67	825.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	91.67	91.67	91.67	91.67
	Net Loan-Closing	1100.00	1008.33	916.67	825.00	733.33
	Average Loan	1100.00	1054.17	962.50	870.83	779.17
	Rate of Interest	9.95%	9.95%	9.95%	9.95%	9.95%
	Interest	109.45	104.89	95.77	86.65	77.53
	Rep Schedule	12 Annual installments w.e.f.26-03-2011				
5	**BOND XVII**					
	Gross loan opening	960.00	**960.00**	**960.00**	**960.00**	**960.00**
	Cumulative Repayment upto DOCO/previous year	0.00	**96.00**	**192.00**	**288.00**	**384.00**
	Net Loan-Opening	960.00	864.00	768.00	672.00	576.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	96.00	96.00	96.00	96.00	96.00
	Net Loan-Closing	864.00	768.00	672.00	576.00	480.00
	Average Loan	912.00	816.00	720.00	624.00	528.00
	Rate of Interest	7.39%	7.39%	7.39%	7.39%	7.39%
	Interest	67.40	60.30	53.21	46.11	39.02
	Rep Schedule	10 annual installments w.e.f. 22-09-2009				
6	**BOND XVIII**					
	Gross loan opening	1600.00	**1600.00**	**1600.00**	**1600.00**	**1600.00**
	Cumulative Repayment upto DOCO/previous year	0.00	**133.33**	**266.67**	**400.00**	**533.33**
	Net Loan-Opening	1600.00	1466.67	1333.33	1200.00	1066.67
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	133.33	133.33	133.33	133.33	133.33
	Net Loan-Closing	1466.67	1333.33	1200.00	1066.67	933.33
	Average Loan	1533.33	1400.00	1266.67	1133.33	1000.00
	Rate of Interest	8.15%	8.15%	8.15%	8.15%	8.15%
	Interest	124.97	114.10	103.23	92.37	81.50
	Rep Schedule	12 annual installments w.e.f. 09-03-2010				
	Total Loan					
	Gross loan opening	**20615.00**	**20615.00**	**20615.00**	**20615.00**	**20615.00**
	Cumulative Repayment upto DOCO/previous year	**2604.52**	4338.54	6164.22	7989.91	9815.59
	Net Loan-Opening	**18010.48**	16276.46	14450.78	12625.09	10799.41
	Additions during the year	**0.00**	0.00	0.00	0.00	0.00
	Repayment during the year	1734.02	1825.68	1825.68	1825.68	1825.68
	Net Loan-Closing	16276.46	14450.78	12625.09	10799.41	8973.73
	Average Loan	17143.47	15363.62	13537.94	11712.25	9886.57
	Weighted Average Rate of Interest	**7.3146%**	**7.3277%**	**7.3353%**	**7.3453%**	**7.3589%**
	Interest	1253.98	1125.79	993.05	860.30	727.55