

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

1. Shri Ashok Basu, Chairman,
2. Shri G.S. Rajamani, Member
3. Shri K.N.Sinha, Member

Petition No.51/2002

In the matter of

Petition for approval of tariff for 400 kV Jeypore-Gazuwaka Transmission Line along with associated bays 500 MW HVDC back-to-back station at Gazuwaka between Southern Region and Eastern Region for the period 1.4.2001 to 31.3.2004.

And in the matter of

Power Grid Corporation of India Ltd.

.... **Petitioner**

Vs

1. Karnataka Power Transmission Corporation Ltd, Bangalore
 2. Transmission Corporation of Andhra Pradesh, Hyderabad
 3. Kerala State Electricity Board, Thiruvananthapuram
 4. Tamil Nadu Electricity Board, Chennai
 5. Electricity Department, Govt. of Pondicherry, Pondicherry
 6. Bihar State Electricity Board, Patna
 7. West Bengal State Electricity Board, Kolkata
 8. Grid Corporation of Orissa Ltd
 9. Damodar Valley Corporation, Kolkata
 10. Power Department, Government of Sikkim, Gangtok
-**Respondents**

The following were present:

1. Shri J Sridharan, ED (Fin), PGCIL
2. Shri Umesh Chander, ED, PGCIL
3. Shri S.S. Sharma, AGM, PGCIL
4. Shri C. Kannan, Chief Manager, PGCIL
5. Shri J.S. Gulati, CM (Fin),
6. Shri S Mehrotra, PGCIL
7. Shri A.K. Nagpal, PGCIL
8. Shri Maheshi, PGCIL
9. Shri K.J. Alva, KPTCL
10. Shri K. Gopalakrishna, Resident Engineer, KSEB
11. Shri R. Balachandran, KSEB

ORDER
(DATE OF HEARING: 21.2.2003)

In this petition, the petitioner, Power Grid Corporation of India Ltd has sought approval for tariff for 400 kV Jeypore-Gazuwaka Transmission Line along with associated bays 500 MW HVDC back-to-back station at Gazuwaka between Southern Region and Eastern Region for the period from 1.4.2001 to 31.3.2004 based on terms and conditions of tariff contained in the Commission's notification dated 26.3.2001, (hereinafter referred to as "the notification dated 26.3.2001").

2. Ministry of Power accorded its approval for 400 kV Jeypore-Gazuwaka transmission line and 500 MW HVDC back-to-back station at Gazuwaka between Southern and Eastern Region vide its letter dated 21.2.1995 at an estimated cost of Rs.65998.00 lakh, including IDC of Rs.10959.00 lakh. The scope of the work included:

- (a) 1 X 500 MW HVDC back-to-back at Gazuwaka (Vizag),
- (b) 400 kV D/C transmission line between Jeypore (Orissa) and Gazuwaka (Andhra Pradesh), and
- (c) Extension of associated sub-stations/terminal bays.

3. The transmission system was declared under commercial operation with effect from 1.8.1999 at an estimated completion cost of Rs.64266.00 lakh. However, EREB in its 92nd meeting held on 24.8.1999 decided that the commercial operation of the system be considered with effect from 1.9.1999. Accordingly, the petitioner filed Petition No. 9/1999 for approval of tariff for the period from 1.9.1999 to 31.3.2001. The tariff for the period up to 31.3.2001 was decided by the Commission vide its order dated 3.6.2002 at the admitted cost of Rs. 62967.53 lakh.

4. The petitioner in the present petition has sought approval for transmission charges for the period from 1.4.2001 to 31.3.2004 as under:

(Rs. in lakh)			
Transmission Tariff	2001-2002	2002-2003	2003-2004
Interest on Loan	4122.88	3294.12	2960.05
Interest on Working Capital	291.13	253.24	281.26
Depreciation	2051.50	2052.65	2053.04
Advance against Depreciation	2489.59	1057.96	2488.05
Return on Equity	1567.84	1576.08	1579.51
O & M Expenses	647.91	684.84	727.64
Total	11170.85	8918.89	10089.55

5. In addition, the petitioner has prayed for approval of other charges like Foreign Exchange Rate Variation, Income Tax, incentive, Development Surcharge, late payment surcharge, other statutory taxes, levies, cess, filing fee, etc in terms of the notification dated 26.3.2001.

CAPITAL COST

6. As laid down in the notification dated 26.3.2001, the project cost, which includes capitalised initial spares for the first 5 years of operation, as approved by CEA or an appropriate independent agency, other than Board of Directors of the generating company, as the case may be, shall be the basis for computation of tariff. The notification dated 26.3.2001 further provides that the actual capital expenditure incurred on completion of the project shall be the criterion for the fixation of tariff.

Where the actual expenditure exceeds the approved project cost the excesses as approved by the CEA or an appropriate independent agency, as the case may be, shall be deemed to be the actual capital expenditure for the purpose of determining the tariff, provided that excess expenditure is not attributable to the 'Transmission Utility' or its suppliers or contractors and provided further that where a transmission services agreement entered into between the Transmission Utility and the beneficiary provides a ceiling on capital expenditure, the capital expenditure shall not exceed such ceiling.

7. As already noticed, the tariff for Transmission System was notified by the Commission vide its order dated 3.6.2002 by considering cost of Rs. 62967.53 lakh. Therefore, for the purpose of present petition, the capital cost as considered by the Commission in its earlier order, shall be the base for determination of tariff in the present petition.

ADDITIONAL CAPITALISATION

8. The notification dated 26.3.2001 provides that tariff revisions during the tariff period on account of capital expenditure within the approved project cost incurred during the tariff period may be entertained by the Commission only if such expenditure exceeds 20% of the approved cost. In all cases, where such expenditure is less than 20%, tariff revision shall be considered in the next tariff period.

9. The petitioner has claimed the additional capital expenditure for the period after 01.04.2001 in the petition as under

(Rs. In lakh)

Expenditure from 1.4.2001 to 31.3.2002	60.06
Additional anticipated expenditure from 1.4.2002 to 31.3.2004	42.95
Total additional expenditure	103.01
Approved cost	65998.00
%age of additional expenditure to the approved cost	0.16%

10. As the additional expenditure is less than 20%, its capitalisation has not been allowed.

EXTRA RUPEE LIABILITY

11. The notification dated 26.3.2001 provides that

- (a) Extra rupee liability towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of foreign exchange rate variation and is not attributable to Utility or its suppliers or contractors. Every utility shall follow the method as per the Accounting Standard-11 (Eleven) as issued by the Institute of Chartered Accountants of India to calculate the impact of exchange rate variation on loan repayment.
- (b) Any foreign exchange rate variation to the extent of the dividend paid out on the permissible equity contributed in foreign currency, subject to the ceiling of permissible return shall be admissible. This as and when paid, may be spread over the twelve-month period in arrears.

12. The petitioner has claimed FERV with the following method:
- Outstanding loan as on 31.3.2001 (in foreign currency) X (exchange rate as on 31.3.2001 - exchange rate as on the date of commercial operation/1.4.92)
13. The amount of FERV arrived at in the above manner is added to the capital cost as on 1.4.2001 (base capital cost for the tariff period).
14. We have considered the matter. On consideration of the fact that the method up to 31.03.2001 to allow the FERV was on repayment of loan and payment of interest on actual basis, we have decided that FERV to be capitalised for adding in the Gross Block as on 01.04.2001 would be arrived in the following manner:

Foreign Loan outstanding as on 31.03.2001 x (Exchange Rate as on 31.03.2001 - Exchange Rate as on date of commercial operation as given in the petition).

15. FERV amount has been calculated in accordance with the above methodology, as per details given as under:

WMB-II	
Outstanding balance as on 31.03.2001 (in GBP)	245.06
Exchange Rate as on 31.03.2001	66.99
Exchange Rate as on the date of commercial operation	69.72
FERV on the outstanding loan as on 31.03.2001 (Rs. in lakh)	-669.01
ADB-I	
Outstanding balance as on 31.03.2001 (in USD)	247.04
Exchange Rate as on 31.03.2001	46.88
Exchange Rate as on the date of commercial operation	43.78
FERV on the outstanding loan as on 31.03.2001 (Rs in lakh.)	765.82
Net FERV on the outstanding loan as on 31.03.2001 (Rs. in lakh)	96.81

16. FERV of Rs. 96.81 lakh has been added to the capital cost and considered for the purpose of tariff fixation. The capital expenditure considered in the calculations for tariff is under:

(Rs. in lakh)	
Capital Expenditure up to 31.3.2001	62967.53
FERV up to 31.3.2001	96.81
Capital Expenditure up to 31.3.2001	63064.34
Additional Capital Expenditure after 31.3.2001	0.00
Capital Expenditure considered for tariff fixation	63064.34

17. The approval of FERV is subject to the condition that the petitioner shall furnish a certificate within four weeks of this order that there has been no drawl of the foreign loan after date of commercial operation of the transmission elements claimed in the petition. If petitioner fails to submit the certificate within stipulated time, no amount on account of FERV would be allowed as pass through in tariff of concerned line.

SOURCES OF FINANCING. DEBT – EQUITY RATIO

18. As per Para 4.3 of the notification dated 26.3.2001, capital expenditure of the transmission system shall be financed as per approved financial package set out in the techno-economic clearance of CEA or as approved by an appropriate independent agency, as the case may be. The petitioner has claimed tariff by taking debt and equity in the same ratio as was considered by the Commission in its order dated 3.6.2002, that is, in the ratio of 84.77:15.23. FERV amount has, however, been added to the loan and equity as on 01.04.2001 in the ratio of 50:50.

19. In the present case, the assets were commissioned before 01.4.2001 and the Commission while notifying tariff vide order dated 3.6.2002 had considered debt and

equity on actual basis in the ratio of 84.77:15.23. Therefore, the same debt-equity ratio of 84.77:15.23 as considered by the Commission earlier has been considered for determination of tariff in the present petition. The additional capitalisation on account of FERV has also been divided between debt and equity in the ratio of 84.77:15.23.

INTEREST ON LOAN

20. As provided in the notification dated 26.3.2001, interest on loan capital is to be computed on the outstanding loans, duly taking into account the schedule of repayment, as per financial package approved by CEA or any independent agency.

21. The petitioner has claimed interest on the basis of net outstanding loan as was claimed for the previous tariff setting. However, the interest on foreign loan has been worked out by the petitioner in foreign currency and the same has been multiplied with exchange rate as on 31.03.2001. This would amount to working out the interest on foreign loan on revalued foreign loan at the exchange rate as on 31.03.2001, which results in double claim. Interest on notional loan has been claimed on the basis of (i) division of FERV into notional loan & equity in the ratio of 50:50 (ii) depreciation on FERV as repayment during the year (iii) weighted average rate of interest of total outstanding loan as on 01.04.2001

22. In keeping with the provisions of the notification dated 26.3.2001, the following methodology has been adopted for calculation of interest on loan:

- (i) Gross amount of loan, repayment of loan up to 31.03.2001 and net outstanding loan as on 31.03.2001 as considered by the Commission in its

order dated 3.6.2002 for determination of annual transmission charges for the period up to 31.03.2001 has been considered.

- (ii) The repayment for the year 2001-02 to 2003-04 and rate of interest etc. of the above loan has been worked out from the loan details submitted by the petitioner in the affidavits filed before the Commission.
- (iii) Notional loan arising out of FERV has been divided between debt and equity in the ratio 84.77:15.23.
- (iv) The repayment for the year 2001-02 to 2003-04 of the above notional loan has been worked out as per the following formula:

Notional net loan at the beginning of the year x (actual repayment of the respective foreign loan / actual net respective foreign loan at the beginning of the year

- (v) Rate of interest etc. of the notional loan on account of FERV has been taken of the respective foreign loan from the loan details submitted by the petitioner in the affidavits filed before the Commission.
- (vi) As the notional loan has arisen due to revaluation of the outstanding balance as on 31.03.2001 of WMB-II and ADB-I loan, repayment of the notional loan is worked out in proportion to repayment of respective foreign loan and ratio of the notional loan to respective foreign loan and rate of interest of respective foreign loan is applied to the notional loan.
- (vii) It is noted that the amount of repayment of ADB-I loan considered in the petition and as worked out is different as below:

		(USD in lakh)		
		2001-02	2002-03	2003-04
1st June	As per the petition	3.790	4.180	4.610
	As worked out	5.302	5.846	6.445
1st December	As per the petition	3.980	4.390	4.840
	As worked out	5.567	6.138	6.767
Total	As per the petition	7.770	8.570	9.450
	As worked out	10.869	11.984	13.212

(viii) Similarly, amount of repayment of WMB-II loan is taken as GBP 19.46 lakh in the petition, while the same works out to GBP 19.23 lakh. However, in the calculation, repayment amount as worked out has been considered for working out interest on loan after proportionately adjusting for admitted loan.

23. The relevant details in support of calculation of interest on loan are given hereunder:

CALCULATIONS OF INTEREST ON LOAN

(Rs. in lakh)			
Details of Loan	2001-02	2002-03	2003-04
No. of days in the Year	365	365	366
Bonds VI			
Gross Loan -Opening	996.11	996.11	996.11
Cumulative Repayment up to Previous Year	0.00	0.00	99.61
Net Loan-Opening	996.11	996.11	896.50
Repayment during the year	0.00	99.61	99.61
Net Loan-Closing	996.11	896.50	796.89
Rate of Interest	13.13%	13.13%	13.13%
Interest	130.79	126.63	113.53
Repayment Schedule	10 Annual Installments from 06.12.2002		
SBI-I / Bond XI (Option-II) (Refinancing of SBI-I from Bond XI - Option-II on 7.12.2001)			
Gross Loan -Opening	1992.22	1992.22	1992.22
Cumulative Repayment up to Previous Year	0.00	0.00	0.00
Net Loan-Opening	1992.22	1992.22	1992.22
Repayment during the year	0.00	0.00	332.04
Net Loan-Closing	1992.22	1992.22	1660.18
Rate of Interest - SBI-I	12.00%		
Rate of Interest - Bond XI -Option-II	9.20%	9.20%	9.20%
Interest	221.49	183.28	173.60
Repayment Schedule	SBI-I - 7 Annual Installments form 24.03.2003 (refinanced on 07.12.2001) / Bond XI -Option-II (6 Annual Installments from 07.12.2003)		
Bonds-VII			
Gross Loan -Opening	2634.40	2634.40	2634.40
Cumulative Repayment up to Previous Year	0.00	0.00	0.00
Net Loan-Opening	2634.40	2634.40	2634.40
Repayment during the year	0.00	0.00	526.88
Net Loan-Closing	2634.40	2634.40	2107.52
Rate of Interest	13.64%	13.64%	13.64%
Interest	359.33	359.33	312.01

Repayment Schedule	5 Annual Installments from 04.08.2003		
Corporation Bank			
Gross Loan -Opening	1316.71	1316.71	1316.71
Cumulative Repayment up to Previous Year	0.00	0.00	0.00
Net Loan-Opening	1316.71	1316.71	1316.71
Repayment during the year	0.00	0.00	65.84
Net Loan-Closing	1316.71	1316.71	1250.87
Rate of Interest	12.25%	12.25%	12.25%
Interest	161.30	161.30	160.81
Repayment Schedule	20 Half yearly Installments from 10.03.2004		
PNB			
Gross Loan -Opening	2634.40	2634.40	2634.40
Cumulative Repayment up to Previous Year	0.00	0.00	0.00
Net Loan-Opening	2634.40	2634.40	2634.40
Repayment during the year	0.00	0.00	263.44
Net Loan-Closing	2634.40	2634.40	2370.96
Rate of Interest	12.01%	12.01%	12.01%
Interest	316.39	316.39	316.22
Repayment Schedule	10 Annual Installments from 30.03.2004		
SBI-II			
Gross Loan -Opening	2041.24	2041.24	2041.24
Cumulative Repayment up to Previous Year	0.00	0.00	0.00
Net Loan-Opening	2041.24	2041.24	2041.24
Repayment during the year	0.00	0.00	340.21
Net Loan-Closing	2041.24	2041.24	1701.03
Rate of Interest	12.07%	12.07%	12.07%
Interest	246.38	246.38	215.75
Repayment Schedule	6 Annual Installments from 3.7.2003		
WMB-II			
Gross Loan -Opening	21076.17	21076.17	21076.17
Cumulative Repayment up to Previous Year	3991.31	6620.25	9249.19
Net Loan-Opening	17084.86	14455.92	11826.98
Repayment during the year- 22 nd Aug.	1314.47	1314.47	1314.47
	15770.39	13141.45	10512.51
Repayment during the year- 22 nd Feb.	1314.47	1314.47	1314.47
Net Loan-Closing	14455.92	11826.98	9198.05
Rate of Interest	7.55%	7.55%	7.55%
Interest	1219.21	1020.73	821.89
Repayment Schedule	Half Yearly Installments- 22.08.2001,22.02.2002,22.08.2002,22.02.20 03,22.08,2003 & 22.02.2004		

LIC			
Gross Loan -Opening	253.93	253.93	253.93
Cumulative Repayment up to Previous Year	253.93	253.93	253.93
Net Loan-Opening	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	0.00	0.00	0.00
Rate of Interest	18.15%	18.15%	18.15%
Interest	0.00	0.00	0.00
Repayment Schedule	Repaid before 31.03.2001		
ADB-I			
Gross Loan -Opening	11118.00	11118.00	11118.00
Cumulative Repayment up to Previous Year	302.69	1045.64	1864.81
Net Loan-Opening	10815.31	10072.36	9253.19
Repayment during the year- 1 st June	362.42	399.60	440.55
	10452.89	9672.75	8812.64
Repayment during the year- 1 st December	380.53	419.56	462.56
Net Loan-Closing	10072.36	9253.19	8350.08
Rate of Interest	7.73%	7.73%	7.73%
Interest	802.94	742.11	674.97
Repayment Schedule	Half Yearly Installments- 01.06.2001,01.12.2001,01.06.2002,01.12.2002,01.06.2003 & 01.12.2003.		
Bond III (2nd Series)			
Gross Loan -Opening	1897.12	1897.12	1897.12
Cumulative Repayment up to Previous Year	1897.12	1897.12	1897.12
Net Loan-Opening	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	0.00	0.00	0.00
Rate of Interest	16.30%	16.30%	16.30%
Interest	0.00	0.00	0.00
Repayment Schedule	Repaid before 31.03.2001		
Bond IV (2nd Tranche)			
Gross Loan -Opening	2742.25	2742.25	2742.25
Cumulative Repayment up to Previous Year	0.00	2742.25	2742.25
Net Loan-Opening	2742.25	0.00	0.00
Repayment during the year	2742.25	0.00	0.00
Net Loan-Closing	0.00	0.00	0.00
Rate of Interest	17.84%	17.84%	17.84%
Interest	142.07	0.00	0.00
Repayment Schedule-Bullet on	Bullet on 16.07.2001		
Bond IV (2nd Issue)			
Gross Loan -Opening	2025.56	2025.56	2025.56
Cumulative Repayment up to Previous Year	2025.56	2025.56	2025.56
Net Loan-Opening	0.00	0.00	0.00
Repayment during the year	0.00	0.00	0.00
Net Loan-Closing	0.00	0.00	0.00
Rate of Interest	17.57%	17.57%	17.57%
Interest	0.00	0.00	0.00
Repayment Schedule	Repaid before 31.03.2001		

Bond V			
Gross Loan -Opening	2650.09	2650.09	2650.09
Cumulative Repayment up to Previous Year	0.00	2650.09	2650.09
Net Loan-Opening	2650.09	0.00	0.00
Repayment during the year	2650.09	0.00	0.00
Net Loan-Closing	0.00	0.00	0.00
Rate of Interest	15.80%	15.80%	15.80%
Interest	377.42	0.00	0.00
Repayment Schedule	Bullet on 24.02.2002		
Notional Loan-WMB-II			
Gross Loan -Opening	-567.12	-567.12	-567.12
Cumulative Repayment up to Previous Year	0.00	-87.27	-174.53
Net Loan-Opening	-567.12	-479.86	-392.59
Repayment during the year- 1 st June	-43.63	-43.63	-43.63
	-523.49	-436.22	-348.96
Repayment during the year- 1 st December	-43.63	-43.63	-43.63
Net Loan-Closing	-479.86	-392.59	-305.32
Rate of Interest	7.55%	7.55%	7.55%
Interest	-40.47	-33.88	-27.28
Repayment Schedule	Same as of WMB-II loan		
Notional Loan-ADB-I			
Gross Loan -Opening	649.19	649.19	649.19
Cumulative Repayment up to Previous Year	0.00	44.60	93.77
Net Loan-Opening	649.19	604.59	555.42
Repayment during the year- 1 st June	21.75	23.99	26.44
	627.43	580.61	528.98
Repayment during the year- 1 st December	22.84	25.18	27.77
Net Loan-Closing	604.59	555.42	501.21
Rate of Interest	7.73%	7.73%	7.73%
Interest	48.20	44.55	40.52
Repayment Schedule	Same as of ADB-I loan		
Total Loan			
Gross Loan -Opening	53460.27	53460.27	53460.27
Cumulative Repayment up to Previous Year	8470.61	17192.17	20701.79
Net Loan-Opening	44989.66	36268.10	32758.48
Repayment during the year	8721.56	3509.62	5127.00
Net Loan-Closing	36268.10	32758.48	27631.48
Interest	3985.05	3166.82	2802.02

24. SBI – I, Corporation Bank, PNB, SBI – II and ADB –I loans carry floating rate of interest. The interest rate stated to be prevailing on 1.4.2001 has been taken in calculation. Any changes/re-setting of the interest rate during the tariff period may be settled mutually by the parties. In case they are unable to do so, either party may approach the Commission for appropriate decision.

DEPRECIATION

25. Based on the notification dated 26.3.2001, the petitioner is entitled to claim depreciation. The salient provisions for calculation of depreciation as per the notification dated 26.3.2001 are reproduced below:

- (i) The value base for the purpose of depreciation shall be the historical cost of the asset.
- (ii) Depreciation shall be calculated annually as per straight-line method at the rate of depreciation as prescribed in the Schedule attached to the notification dated 26.3.2001

Provided that the total depreciation during the life of the project shall not exceed 90% of the approved Original Cost. The approved original cost shall include additional capitalisation on account of foreign exchange rate variation also.

- (iii) On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.
- (iv) Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on pro-rata basis.
- (v) Depreciation against assets relating to environmental protection shall be allowed on case-to-case basis at the time of fixation of tariff subject to the condition that the environmental standards as prescribed have been complied with during the previous tariff period.

26. The petitioner has claimed the depreciation on the capital expenditure in accordance with above principles.

27. In the calculation, the depreciation has been worked out on the capital expenditure of Rs.63064.34 lakh arrived at as above and the rates as prescribed in the notification dated 26.03.2001. For working out cumulative depreciation, the depreciation as per last tariff setting has been considered. The necessary details in support of calculation of weighted average rate of depreciation are extracted below:

Previous Tariff Reference	CERC Order dated 3.6.2002	FERV on the outstanding foreign loan as on 31.3.2001	Total Cost including FERV	Approved capital cost	Rate of Depreciation as per CERC Notification	Depreciation
Capital Expenditure as on 31.03.2001						
Land	46.25	0.07	46.32		0%	0.00
Building & Other Civil Works	952.95	1.47	954.42		1.80%	17.18
Sub-Station Equipments	38436.86	59.10	38495.96		3.60%	1385.85
Transmission Line	23415.44	36.00	23451.44		2.57%	602.70
PLCC	116.03	0.18	116.21		6.00%	6.97
Total	62967.53	96.81	63064.34	65998.00		2012.70
		96.81	63064.34			
Capitalised Initial spares included above	439.19					
Cumulative Depreciation up to 31.3.2001	6721.42					
Weighted Average Rate of Depreciation						3.19%

28. Based on the above, the depreciation allowed in tariff has been calculated as under:

		2001-02	2002-03	2003-04
Rate of Depreciation	3.19%			
Depreciable Value	56757.91			
Remaining Depreciable Value		50036.49	45581.46	42071.84
Depreciation		2012.70	2012.70	2012.70

ADVANCE AGAINST DEPRECIATION

29. In addition to allowable depreciation, the petitioner becomes entitled to Advance Against Depreciation when originally scheduled loan repayment exceeds the depreciation allowable as per schedule to the notification dated 26.3.2001. Advance Against Depreciation is computed in accordance with the following formula:

AAD = Originally scheduled loan repayment amount subject to a ceiling of $1/12^{\text{th}}$ of original loan amount minus depreciation as per schedule.

30. The petitioner has claimed advance against depreciation on the basis of

(i) $1/12^{\text{th}}$ of gross loan worked out from Gross Loan as claimed in the previous petition and multiplying the outstanding loan as on 31.3.2001 in foreign currency with exchange rate as on 31.3.2001 and division of FERV into notional loan into debt and equity in the ratio of 50:50,

- (ii) repayment of actual loans (excluding notional loan arising out of FERV claimed above) during the year, and in case of foreign currency loan multiplying the repayment with exchange rate as on 31.3.2001, and
- (iii) depreciation as claimed in the petition.

31. For working out Advance Against depreciation, 1/12th of the notional loan has been considered while repayment of loan as worked out above has been taken as repayment of the loan during the year. The petitioner is entitled to Advance Against Depreciation as calculated below:

Advance Against Depreciation	2001-02	2002-03	2003-04
1/12th of Gross Loan(s)	4455.02	4455.02	4455.02
Scheduled Repayment of the Loan(s)	8721.56	3509.62	5127.00*
Minimum of the above	4455.02	3509.62	4455.02
Depreciation during the year	2012.70	2012.70	2012.70
Advance Against Depreciation	2442.32	1496.92	2442.32

*Some of the loans start in 2003-04 itself, hence the increase.

OPERATION & MAINTENANCE EXPENSES

32. The Transmission System comprises of inter-regional assets. The petitioner has claimed O & M expenses as applicable to Southern Region as major part of the assets are located in that region. The entitlement of the petitioner to O & M expenses has accordingly been worked out based on the details furnished by the petitioner for Southern Region.

33. In accordance with the notification dated 26.3.2001, Operation and Maintenance expenses, including expenses on insurance, if any, are to be calculated as under:

- i) Where O&M expenses, excluding abnormal O&M expenses, if any, on sub-station (OMS) and line (OML) are separately available for each region, these shall be normalised by dividing them by number of bays and line length respectively. Where data as aforesaid is not available, O&M expenses in the region are to be apportioned to the sub-station and lines on the basis of 30:70 ratio and these are to be normalised as below:

$\text{O\&M expenses per Unit of the line length in Kms (OMLL)} =$

$\text{Expenses for lines (OML)/Average line length in Kms (LL)}$

$\text{O\&M expenses for sub-stations (OMBN)} = \text{O\&M expenses for substations (OMB)/Average number of bays (BN)}$

- ii) The five years average of the normalised O&M expenses for lines and for bays for the period 1995-96 to 1999-2000 is to be escalated at 10% per annum for two years (1998-99 and 1999-2000) to arrive at normative O&M expenses per unit of line length and per bay for 1999-2000.
- iii) The normative O&M per unit length and normative O&M per bay for the year 1999-2000 for the region derived in the preceding paragraph is to be escalated @ 6% per annum to obtain normative values of O&M expenses per unit per line length and per bay in the relevant year. These normative values are to be multiplied by line length and number

of bays (as the case may be) in a given system in that year to compute permissible O&M expenses for the system.

- iv) The escalation factor of 6% per annum is to be used to revise normative base figure of O&M expenses. Any deviation of the escalation factor computed from the actual inflation data that lies within 20% of the notified escalation factor of 6% shall be absorbed by utilities/beneficiaries.

34. The different elements of Operation & Maintenance expenses have been considered in the succeeding paragraphs in the light of provisions of the notification dated 26.3.2001 based on the data available since 1995-96.

Employee Cost

35. The petitioner has, inter alia, claimed incentive and *ex gratia* as a part of employee cost. The petitioner was asked to specify the amount of minimum statutory bonus paid to its employees under the Payment of Bonus Act. The petitioner vide its affidavit dated 6.2.2003 has stated that the incentive paid to employees does not include minimum statutory bonus. The petitioner has further stated that the *ex gratia* was being paid in lieu of bonus, as is customary and a normal practice followed in private and public sectors. The petitioner has also furnished a write-up on Incentive scheme in support of the claim. It has been clarified on behalf of the petitioner that even the top management of the petitioner company is paid incentive and *ex gratia* included as a part of employee cost in O&M expenses claimed. The payment of incentive other than the statutory minimum bonus is at the discretion of the petitioner company and should be borne out of its profits or incentive earned from the respondents for higher availability of the Transmission System. In view of the

above, the incentive and *ex gratia* payments made by the petitioner to its employees have been kept out of consideration for calculation of employee cost.

36. The petitioner was directed to furnish details of the arrears on account of pay and allowances for the period prior to 1995-96, but paid between 1995-96 to 1999-2000. The petitioner has submitted the details of such arrears, amounting to Rs. 25.11 lakh and Rs. 137.56 lakh paid for Southern Region during 1995-96 and 1996-97. Similarly, the arrears for the previous years included in the employee cost for 1995-96 and 1996-97 for Corporate Office were stated to be Rs. 9.61 lakh and Rs. 35.60 lakh. The petitioner has also submitted that the arrears on account of pay revision from 01.01.97 to 31.03.2000 have been paid during the years 2000-01 and 2001-02 also. The amounts of these arrears as claimed by the petitioner are Rs. 200.55 lakh and Rs.146.41 lakh for Southern Region and Rs. 297.13 lakh and Rs. 109.95 lakh for the Corporate Office for the years 2000-01 and 2001-02 respectively. The petitioner has prayed that the arrears on account of pay and allowances for the period prior to 1995-96 should be deducted while those pertaining to the period from 1995-96 to 1999-2000 but paid subsequent to 1999-2000 should be added to O&M charges. The petitioner has argued that since these pay arrears pertain to the period being considered for fixation of normative O&M, the arrears should be considered while fixing the normative O&M. We find the submission of the petitioner to be logical and have considered the submission in the calculation of employee cost.

Repair & Maintenance Expenses

37. Repair & maintenance expenses as claimed by the petitioner have been considered. It was noted that in case of Southern Region system for the year 1998-99 the increase over the previous year (1997-98) was 86.89%. The petitioner was

asked to explain the individual items of expenditure in which variation over the previous year was more than 20%. The petitioner has explained that the excess of 86.89% in the year 1998-99 under "repair and maintenance" head over the previous year was due to major repair of circuit breaker at Cuddapah sub-station and two towers in the Ramagundam- Chandrapur transmission line undertaken during 1998-99. Major repair is not a regular phenomenon, and hence expenses on this account have to be excluded from the process of normalisation. Therefore, "repair and maintenance" expenses in 1998-99 have been limited to Rs.328.79 lakh (20% over and above the "repair and maintenance" expenses for the year 1997-98). However, if any major repairs are undertaken during the tariff period covered by this order, the petitioner may approach the Commission with proper justification to claim the actual expenses as a part of O&M expenses.

Power Charges

38. In case of Corporate Office, the power charges as claimed by the petitioner have been considered in the calculation of O&M expenses. As regards Southern Regional Transmission System (for short " the SRTS") the petitioner was directed to submit break up of power charges between sub-station facilities and residential colonies. The petitioner expressed its inability to furnish the data as it was not maintained. However, the petitioner has furnished details of power consumption for the residential colony in Western and Eastern Regions, which work out to be in the range of 20% of the total power charges. On the same basis, the power charges for the residential colony have been considered as 20% of total power charges claimed for Southern Region. As power charges for the residential colony need to be recovered from the employees, admissibility of power charges in case of the SRTS has been limited to 80% of the total claim.

Insurance

39. It has been noted that the petitioner has a policy of self-insurance for which it has created the insurance reserve. The insurance charges claimed by the petitioner are credited to the insurance reserve. The petitioner was directed to furnish the management policy on creation of insurance reserve, items of loss secured and the conditions thereto. The petitioner has submitted insurance policy of the petitioner company under affidavit dated 6.2.2003. The key features of the policy submitted by the petitioner are as under:

- (a) Insurance reserve is created @ 0.1% on gross value of fixed assets at the close of the year, to meet the future losses arising from uninsured risks, except machinery breakdown for valve hall of HVDC, and fire risk of HVDC equipment and SVC sub-stations.
- (b) The policy generally covers following:
 - (i) Fire, lightning, explosion/implosion, and bush fire
 - (ii) Natural calamity: flood, earthquake, storm, cyclone, typhoon, tempest, hurricane, tornado, subsidence and landslide
 - (iii) Riot, strike/ malicious and terrorist damage
 - (iv) Theft, burglary, Missile testing equipment, impact damage due to rail/ road or animal, aircraft and articles dropped there from.
- (c) The losses of assets caused by the above causes are adjusted against insurance reserve as per the corporation guidelines.

- (d) The amount so set aside in the insurance reserve has not been separately claimed from the respondents and the expenses have been met from the permitted O&M charges under the tariff.

40. The petitioner has stated that the policy of self-insurance has also been followed by NHPC, where 0.5% per annum of the gross block of O&M projects is transferred to self-insurance reserve account. It has also been informed that the rate of 0.1% as booked under O&M expenses towards self-insurance reserve is lower than the insurance premium (0.22%) being charged by the insurance companies for the risks covered in the self-insurance policy. In support of this claim, the petitioner has placed on record a letter from Reliance General Insurance Company quoting for the insurance rate of the assets covered in the self-insurance policy of the petitioner company.

41. In view of the explanation furnished on behalf of the petitioner, the insurance charges as claimed have been considered in O&M expenses. We, however, make it explicit that the self-insurance provided by the petitioner is for replacement of the damaged assets and the beneficiaries shall not be charged anything in case of damage due to any of the events mentioned in the insurance policy.

42. In case of Training & Recruitment expenses, Communication expenses, Traveling, Rent, and Miscellaneous Expenses as claimed by the petitioner have been considered for calculation, both in the case of the SRTS as well as Corporate Office.

Other Expenses

43. In case of the SRTS, the other expenses as claimed by the petitioner have been considered for the calculation. However, in case of Corporate Office, following expenses have not been admitted for reimbursement:

- (a) Donation of Rs. 0.05 lakh, Rs. 30 lakh, Rs. 34.78 lakh and Rs. 600.03 lakh for the years 1995-96, 1996-97, 1998-99 and 1999-2000, as these donations are not related to transmission business. The expenditure on account of the donations need be borne by the petitioner out of other profits of the corporation.
- (b) Provisions of Rs. 1107.61 lakh, Rs. 385.8 lakh and Rs. 0.27 lakh for the year 1996-97, 1997-98 and 1999-2000. These provisions were made for the loss of stores in Eastern Region and North Eastern Region, for bad and doubtful debt in Northern Region and for shortage of store in North Eastern Region. As all these items are controllable by the petitioner and reflect the managerial efficiency. However, an amount of Rs. 11.14 lakh on account of fire at the corporate office in 1998-99 has been considered as admissible under the head provisions.
- (c) Legal expenses amounting to Rs. 2.65 lakh in the Corporate Office on legal opinion on CERC matters have not been allowed in line with the Commission's policy of allowing only the fees for the petitions filed in the Commission. However, other legal expenses for disputes related to compensation, contracts, service matters and labour cases have been admitted.

Recoveries

44. The details of the recoveries for the SRTS and the Corporate Office were furnished by the petitioner vide affidavit dated 6th February 2003. The petitioner in the aforesaid affidavit also furnished the “complete details” of the recoveries for the SRTS. According to the petitioner, the income from sale of bid documents has already been adjusted for under the sub-head Tender Expenses under the head Other Expenses. Hence, income under this sub-head has not been considered in the recovery for the SRTS as well as Corporate Office. Similarly, electricity charges recovered from employees residential buildings and other residential buildings have not been considered under the head “recovery” as 20% of the power charges for colony consumption have been deducted in case of the SRTS.

Allocation of Corporate Office Expenses to Various Regions

45. The petitioner has submitted the method for allocation of Corporate Office expenses to various Regions. The key steps in the apportionment of Corporate Office expenses among the regions are as under:

- i) Expenses booked under Training & Recruitment, Directors sitting fees, provisions, R&D, Write off of fixed assets/ non-operating expenses and donations are considered exclusively as O&M expenses.
- ii) After deducting these exclusive O&M expenses, the balance Corporate Office expenses are allocated in the ratio of Transmission charges to annual Capital outlay to obtain expenses allocated to O&M and construction activity.

- iii) The allocation to O&M activity obtained in step (ii) is added to exclusive O&M expenses obtained in step (i) to arrive at total O&M expenses in the Corporate Office.
- iv) RLDC expenses are then deducted from the total O&M expenses obtained in step (iii) to arrive at O&M expenses allocated to transmission business.
- v) O&M expenses allocated to transmission business are then allocated to various regions in the ratio of their respective transmission charges.

46. The methodology adopted by the petitioner for allocation of Corporate Office O&M expenses has been approved and followed in the calculation of O&M expenses. The comparative statement of O&M expenses claimed by the petitioner and those allowed and considered for the years 1995-96 to 1999-2000 for the purpose of computation of O&M expenses for the tariff period are given herein below:

DETAILS OF O&M EXPENSES FOR POWERGRID SYSTEM IN SOUTHERN REGION

(Rs. in Lakh)

Items	1995-96		1996-97		1997-98		1998-99		1999-2000	
	As per Petitioner	As allowed for	As per Petitioner	As allowed for	As per Petitioner	As allowed for	As per Petitioner	As allowed for	As per Petitioner	As allowed for
Employee Cost	769.63	649.53	1136.39	921.70	1334.83	1333.85	1574.20	1592.55	2211.72	1928.38
Repair & Maintenance	235.50	235.50	246.70	246.70	273.99	273.99	512.07	328.79	404.38	404.38
Power Charges	305.98	244.78	358.13	286.50	415.20	332.16	418.15	334.52	488.85	391.08
Training & Recruitment	18.54	18.54	16.53	16.53	13.13	13.13	7.13	7.13	12.98	12.98
Communications	63.46	63.46	60.08	60.08	73.54	73.54	67.67	67.67	71.27	71.27
Travelling	205.46	205.46	231.33	231.33	288.09	288.09	290.72	290.72	318.89	318.89
Printing & Stationery	18.47	18.47	18.38	18.38	22.87	22.87	22.70	22.70	24.79	24.79
Rent	12.26	12.26	11.38	11.38	14.23	14.23	17.72	17.72	20.80	20.80
Miscellaneous Expenses	185.42	185.42	200.45	200.45	244.80	244.80	272.85	272.85	322.12	322.12
Insurance	7.22	7.22	11.60	11.60	272.68	272.68	158.87	158.87	219.00	219.00
Others	59.61	59.61	41.61	41.61	48.66	48.66	167.97	167.97	401.65	401.65
Corporate Expenses Allocation	454.10	444.48	532.15	261.90	508.85	438.93	485.91	484.84	745.19	602.61
TOTAL	2335.65	2144.74	2864.73	2308.17	3510.87	3356.93	3995.96	3746.33	5241.64	4717.95
Less : Recoveries		14.91		87.92		26.53		21.97		16.24
Net O&M Expenses	2335.65	2129.83	2864.73	2220.25	3510.87	3330.40	3995.96	3724.36	5241.64	4701.71

Method of Normalizing O&M Expenses

47. The following formulae for calculation of normative O&M expenses as per the notification dated 26.3.2001, as amended vide Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2003 published in the Gazette of India on 2.6.2003 have been followed

$$AVOMLL = \frac{1}{5} \sum_{i=1995-1996}^{1999-2000} \frac{|OML_i|}{|LL_i|}$$

$$AVOMBN = \frac{1}{5} \sum_{i=1995-1996}^{1999-2000} \frac{|OMS_i|}{|BN_i|}$$

Where:

AVOMLL and AVOMBN are average normalized O&M expenses per Ckt. km of line length and per bay respectively.

OML_i and OMS_i are O&M expenses for the lines and for the substations for the i^{th} year respectively.

LL_i and BN_i are the total line length in Ckt. km and total number of bays in the i^{th} year respectively.

48. As per the above method, AVOMLL and AVOMBN are calculated based on the data for the years 1995-96 to 1999-2000. These normalized averages correspond to the year 1997-98. After escalating these averages by 10% per annum for two years, the normative O&M expenses for the base year 1999-2000 have been obtained. Normative O&M expenses for subsequent years are obtained by escalating these normative figures by 6% per annum. Following table gives comparison of the normative O&M expenses as calculated by the petitioner and as per our calculations allowed for the base year i.e. 1999-2000 and afterwards:

NORMALIZED O&M EXPENSES FOR SOUTHERN REGION

(All Figures in Rs. Lakhs)

S. NO.	Items	1995-96	1996-97	1997-98	1998-99	1999-2000	Total for five years 95-96 to 99-00	99-00	2000-01	2001-02	2002-03	2003-04
1	Total O&M expenses(Rs. Lakhs)	2129.83	2220.25	3330.40	3724.36	4701.71						
2	Abnormal O&M expenses	0.00	0.00	0.00	0.00	0.00						
3	Normal O&M expenses (S.No. 1 -S.NO. 2)	2129.83	2220.25	3330.40	3724.36	4701.71						
4	OML (O&M for lines)= 0.7 X S. NO.3	1490.88	1554.17	2331.28	2607.05	3291.20	11274.58					
5	OMS (O&M for substation) = 0.3XS.NO.3	638.95	666.07	999.12	1117.31	1410.51	4831.96					
6	Line length at beginning of the year in Kms.	5578.74	5839.71	5839.71	6034.71	6190.71						
7	Line length added in the year in Kms.	260.97	0.00	195.00	156.00	656.33						
8	Line length at end of the year in Kms.	5839.71	5839.71	6034.71	6190.71	6847.04						
9	LL (Average line length in the Region)	5709.23	5839.71	5937.21	6112.71	6518.88	30117.74					
10	NO. of bays at beginning of the year	66	71	74	76	80						
11	NO. of bays added in the year	5	3	2	4	26						
12	NO. of bays at the end of the year	71	74	76	80	106						
13	BN (Average number of bays in the Region)	68.5	72.5	75.0	78.0	93.0	387.00					
14	AVOMLL(OML/LL)	0.26	0.27	0.39	0.43	0.50	1.851					
15	AVOMBN(OMS/BN)	9.33	9.19	13.32	14.32	15.17	61.328					
16	NOMLL(allowable O&M per unit of line length)			0.3703	0.4073	0.4480		0.4480	0.4749	0.5034	0.5336	0.5656
17	NOMBN(Allowable O&M per bay)			12.2656	13.4921	14.8413		14.8413	15.7318	16.6757	17.6763	18.7368
	NOMLL(as calculated by petitioner)			0.4200				0.5100	0.5400	0.5700	0.6000	0.6400
	NOMBN(as calculated by petitioner)			13.9100				16.8300	17.8400	18.9100	20.0400	21.2400

49. The differences in NOMLL and NOMBAN as calculated by the petitioner and as allowed are mainly on account of certain expenses disallowed by us as explained in preceding paragraphs. Using these normative values, O&M charges have been calculated.

50. In our calculations the escalation factor of 6% per annum has been used. In accordance with the notification dated 26.3.2001, if the escalation factor computed from the observed data lies in the range of 4.8% to 7.2%, this variation shall be absorbed by the petitioner. In case of deviation beyond this limit, adjustment shall be made on by applying actual escalation factor arrived at on the basis of weighted price index of CPI for industrial workers (CPI_IW) and index of selected component of WPI (WPI_TR).

51. The details of O&M expenses allowed are given hereunder:

2001-02			2002-03			2003-04		
Line length in Ckm	No. of bays	O&M expenses (Rs. in lakh)	Line length in Ckm	No. of bays	O&M expenses (Rs. in lakh)	Line length in Ckm	No. of bays	O&M expenses (Rs. in lakh)
440	21	571.6808	440	21	605.9817	440	21	642.3406

RETURN ON EQUITY

52. As per the notification dated 26.3.2001, return on equity shall be computed on the paid up and subscribed capital and shall be 16% of such capital. It further provides that premium raised by the Transmission Utility while issuing share capital & investment of internal resources created out of free reserve of the existing utility, if any, for the funding of the project, shall also be reckoned as paid up capital for the

purpose of computing the return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the Transmission project and forms part of the approved financial package as set out in the techno-economic clearance accorded by the Authority.

53. The petitioner has claimed return on the basis of equity as was claimed in petition No 9/1999, along with notional equity arising out of FERV claimed. The Commission in its order dated 3.6.2002 in petition No 9/1999 had allowed equity of Rs. 9589.33 lakh. The notional equity on account of FERV works out to Rs. 14.74 lakh. Thus the following amount of equity has been considered in the calculation of return of equity:

(Rs. in lakh)

Equity as allowed by the Commission vide order dated 3.6.2002 for previous tariff setting	9589.33
Notional Equity arising on account of FERV	14.74
TOTAL	9604.07

54. On the above basis, the petitioner shall be entitled to return on equity of Rs. 1536.65 lakh each year during the tariff period.

INTEREST ON WORKING CAPITAL

55. As provided in the notification dated 26.3.2001, the interest on working capital shall cover:

- (a) Operation and maintenance expenses (cash) for one month;
- (b) Maintenance spares at a normative rate of 1% of the capital cost less $\frac{1}{5}$ th of the initial capitalised spares. Cost of maintenance spares for each subsequent year shall be revised at the rate applicable for revision of expenditure on O & M of the transmission system; and
- (c) Receivables equivalent to two months' average billing calculated on normative availability level, which is 98%.

56. The petitioner has claimed the maintenance spares on the basis of maintenance spares allowed by the Commission in its order dated 3.6.2002 in petition No 9/1999 with escalation @ 6% p.a. for the years 2001-02 to 2003-04 and deducting the $\frac{1}{5}$ th of the initial capitalized spares therefrom. The petitioner's claim for O & M expenses is based on the petition. The petitioner has further claimed the receivables on the basis 2 months' of annual transmission charges as claimed in the petition.

57. In keeping with the methodology prescribed in the notification dated 26.3.2001, working capital has been worked out. In the calculation, maintenance spares for the year 2001-02 to 2003-04 have been worked out on the basis of capital expenditure up to 31.03.2001 allowed by the Commission earlier, and after deduction of $\frac{1}{5}$ th of the initial capitalised spares therefrom. This has been escalated at the rate of 6% per annum. In the calculation, O&M expenses for working capital has been worked out for 1 month of O&M expenses considered in tariff of the respective year. The receivables

have been worked out on the basis 2 months' of annual transmission charges as worked out above.

58. The petitioner has claimed interest on working capital at the rate of 11.5%, based on annual SBI PLR for the year 2001-2002, which has been allowed separately by the Commission in certain other petitions and, therefore, the same has been allowed here also despite the objection of some of the respondents. The detailed calculations in support of interest on Working Capital are as under:

Interest on Working Capital

(Rs. In lakh)

Escalation for Maintenance Spares	6%			
Period in 2000-01	1.00			
On Capital Expenditures up to 31.03.2000	649.89			
On Capital Expenditures during the year 2000-01	0.63			
Maintenance Spares	650.52			
Less: 1/5 th of Initial Spares	87.84			
Maintenance Spares	562.68	596.42	632.21	670.14
O & M expenses		47.64	50.50	53.53
Receivables		1805.01	1511.91	1617.55
Total		2,449.07	2,194.62	2,341.22
Rate of Interest		11.50%	11.50%	11.50%
Interest		281.64	252.38	269.24

TRANSMISSION CHARGES

59. In the light of above discussion, we approve the transmission charges as given in the Table below:

TABLE

(Rs. in lakh)			
Transmission Tariff	2001-02	2002-03	2003-04
Interest on Loan	3985.05	3166.82	2802.02
Interest on Working Capital	281.64	252.38	269.24
Depreciation	2012.70	2012.70	2012.70
Advance against Depreciation	2442.32	1496.92	2442.32
Return on Equity	1536.65	1536.65	1536.65
O & M Expenses	571.68	605.98	642.34
Total	10830.05	9071.46	9705.28

60. In addition to the transmission charges, the petitioner shall be entitled to other charges like Development Surcharge, income tax, incentive, surcharge and other cess and taxes in accordance with the notification dated 26.3.2001 subject to directions if any, of the superior courts. The petitioner shall also be entitled to recovery of filing fee of Rs 2 lakh, which shall be recovered from the respondents in five monthly installments of Rupees forty thousand each and shall be shared by the respondents in the same ratio as other transmission charges. This is subject to confirmation that the amount is not already included in the O&M charges.

61. The petitioner is already billing the respondents on provisional basis in accordance with the Commission's notification dated 4.4.2001 as extended from time

to time. The provisional billing of tariff shall be adjusted in the light of final tariff now approved by us.

62. The transmission charges approved by us shall be included in the regional transmission tariff for Southern Region and Eastern Region and shall be shared by the respondents in accordance with the notification dated 26.3.2001.

63. This order disposes of Petition No.51/2002.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 18th July 2003