



**RUBBER PARK INDIA PRIVATE LIMITED**  
(A Joint venture of Kinfra & Rubber Board)

## **Electricity Distribution Business**

**Review Petition against the Hon. KSERC  
order dated 15<sup>th</sup> July 2022 on the Petition  
No. OP 42/2022 on Truing Up Accounts of  
Rubber Park India (P) Ltd for the  
financial year 2020-21.**

**BEFORE THE KERALA STATE ELECTRICITY REGULATORY COMMISSION**

**C.V.Raman Pillai Road,Vellayambalam,Thiruvananthapuram-695010**

Filing No.

Case No.

**IN THE MATTER OF:** Review Petition against KSERC order dated 15<sup>th</sup> July 2022 on the petition OP 42/2022 on Truing Up accounts of Rubber Park India (P) Ltd for the financial year 2020-21.

**And**

**IN THE MATTER OF:** Rubber Park India Private Ltd, Ernakulam.

**Applicant**

**Managing Director**

Rubber Park India Private Ltd,  
Ernakulam-683556

**AFFIDAVIT VERIFYING THE APPLICATION ACCOMPANYING FILING OF THE REVIEW PETITION AGAINST KSERC ORDER DATED 15<sup>th</sup> JULY 2022 ON PETITION OP 42/2022 ON TRUING UP OF ACCOUNTS OF RUBBER PARK FOR THE YEAR 2020-21.**

I, **George V James**, S/o Sri. **Shri. V M James** (late) aged 59 years residing at **Vadakkumparambil House, Nandanath Kochacko Road, Thammanam, Ernakulam-682032**, Kerala do solemnly affirm and state as follows:

1. I am the Managing Director of Rubber Park India (P) Ltd, 2 A, Kautileeyam, Valayanchirangara-683556, Ernakulam District, Kerala State and the petitioner in the above matter and I am duly authorized by the company to make this affidavit on its behalf. I solemnly affirm at Perumbavoor on this 19<sup>th</sup> day of July 2022 that
  - ( i ) The contents of the above petition are true to my information, knowledge and belief. I believe that no part of it is false and no material has been concealed there from
  - ( ii ) The statements made in paragraphs of the accompanying application herein now shown to me are true to my knowledge and are derived from the official records made available to me and are based on information and advice received which I believe to be true and correct.

**Deponent**

**Managing Director**  
Rubber Park India Private Ltd  
Perumbavoor  
Ernakulam-683556

**VERIFICATION**

I, the above named deponent solemnly affirm at Perumbavoor on this ,the 19<sup>th</sup> day of July 2022 that the contents of the affidavit are true to my information, knowledge and belief , that no part of it is false and that no material has been concealed there from.

**Deponent**

Solemnly affirmed and signed before me

**Managing Director**  
Rubber Park India Private Ltd,  
Perumbavoor  
Ernakulam-683556

Advocate and Notary

**BEFORE THE KERALA STATE ELECTRICITY REGULATORY COMMISSION**

Filing No. /2022

Case No.

**IN THE MATTER OF:** Review Petition against KSERC order dated 15<sup>th</sup> July 2022 on the petition OP 42/2022 on Truing Up accounts of Rubber Park India (P) Ltd for the financial year 2020-21.

**PETITIONER** : Rubber Park India Private Ltd,  
2 A Kauteeliyam,  
Valayanchirangara,  
Ernakulam -683 556.

THE PETITIONER HUMBLY STATES THAT:

1. Rubber Park India (P) Ltd (**RPIPL**) had submitted the petition for the Truing Up of accounts of RPIPL for the financial year 2020-21 before the Hon. Commission on 20.05.2022. The Hon. Commission had accepted the petition as OP 42/2022 and conducted the public hearing of the petition on 12.07.2022. The Hon. Commission has issued the order on 15<sup>th</sup> July 2022 on the petition and approved a revenue surplus of Rs. 192.74 Lakhs for the year 2020-21 against the claim of revenue deficit of Rs 26.55 Lakhs. A comparison of the various items of Truing Up claimed by RPIPL and approved by the Hon. Commission is extracted below.

**Table 1: Comparison of the Truing Up claimed by Rubber Park and approved by KSERC.**

Rs. in Lakhs

Sl. No.	Particulars	Approved in ARR&ERC	Truing Up Petition	Trued Up
1	Purchase of power	1855.47	1646.11	1646.11
2	Employee Cost	117.55	67.21	42.03
3	R & M Expenses		47.50	47.50
4	A & G Expenses		73.54	32.20
5	Depreciation	43.10	44.41	Provisionally deferred
6	Interest & Fin Charges/ bank Charges	2.19	0.75	0.75
7	<b>Interest on normative loan</b>	<b>1.70</b>	<b>56.85</b>	<b>4.55</b>
8	ROE	42.04	43.67	37.80
9	<b>Tax on ROE</b>	-	<b>16.03</b>	Provisionally deferred
10	<b>Total Expenditure (S. No1-9)</b>	<b>2062.05</b>	<b>1996.07</b>	<b>1810.94</b>
10	Revenue from sale of Power	2132.04	1958.17	1958.17
12	Wheeling Charges	0.21	7.75	7.75
13	Non-Tariff income and Other Income	12.69	3.60	37.76
14	Total Income	<b>2144.94</b>	<b>1969.52</b>	<b>2003.68</b>
15	Revenue surplus (+) / gap (-)	<b>(+)82.89</b>	<b>(-)26.55</b>	<b>(+)192.74</b>

2. As submitted above, Hon'ble Commission has made a total disallowance of Rs. 185.13 Lakhs from the actual amount incurred by RPIPL on various expenses. The hon. Commission had deferred the interest on normative loan, depreciation and tax on return on equity in the order dated 15<sup>th</sup> July 2022. Hence, RPIPL submits this petition before the Hon'ble Commission for the kind review of the order dated 15th July 2022.

## **I. Interest on Normative Loan.**

3. RPIPL had sought return on equity and interest on normative loan in the Truing Up petition for the financial year 2020-21 for the gross capital of 1043.78 lakhs based on the Regulations 26, 28 and 29 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations 2018 (**MYT Regulations 2018**). RPIPL had claimed interest on normative loan for an amount of **Rs. 56.85 lakhs** in the original petition.
4. The Hon. Commission had approved the return on equity for 30% of the paid-up equity capital of Rs. 900 lakhs in the Truing Up order dated 15.07.2022. The Hon. Commission had considered the 100% of the capital addition over and above Rs. 900 lakhs as normative debt from the year 2015-16, however due to the deferral of depreciation for the year 2019-20 and 2020-21, the Hon. Commission had approved the interest on normative loan for the assets above Rs. 900 Lakhs on the normative loan balance as on 01.04.2019.
5. It is humbly submitted that since the Hon. Commission had limited the total paid-up equity capital of Rs. 900 lakhs to the normative equity level of 30% as per the Regulations 26 and 28 of the MYT Regulations 2018 for approving the ROE from the year 2015-16 onwards, the Hon. Commission should have been treated the 70% of the normative debt for approving interest on normative loan as per the regulations 26 and 29 of the MYT Regulation 2014.

6. It is respectfully submitted that the asset which forms part of the asset base of the distribution licensee is necessarily to be funded by way of equity and/or loan and such equity and loan are to be serviced in the tariff. The capital cost of any asset is divided into equity and loan. It cannot be that the capital cost is neither funded by equity nor by loan.
  
7. The Hon. Commission has been adopted the practice of allowing normative interest on 100% of the additions to fixed assets over and above Rs. 900 lakhs from 2015-16. However, the Hon. Commission had deferred the depreciation in the Truing Up orders 2019-20 and 2020-21 till the submission of complete information on the Fixed Assets by RPIPL. As such, the Hon. Commission had arrived the interest on normative loan for the asset additions over and above Rs. 900 lakhs in the Truing up order 2020-21 dated 15.07.2022 without considering the asset additions during the year 2019-20 and 2020-21. In order to rectify the defect, RPIPL is enclosing the complete information on the Fixed Assets indicating therein, the Assets category, procurement date and cost, salvage value, useful life of assets, capitalization date, completed years as on 01-04-2020, remaining life of the assets, depreciation claimed till date etc. with two categories viz. (a) Assets below 12 years of age and (b) Assets with more than 12 years of age as **Annexure-I** for the kind consideration of the Hon. Commission. RPIPL had considered the repayment of interest on normative loan from the year 2015-16. The normative loan opening for the year 2015-16 is taken as 70% of the approved paid-up equity of Rs. 900 Lakhs. RPIPL had taken the 70% of the depreciation for the respective year towards the repayment of loan. As such, RPIPL had calculated the interest on normative loan from the FY 2015-16 to 2020-21- and enclosed as **Annexure-II**. An abstract of the interest on normative loan as per Annexure-II is detailed in the table below.

<b>Sl. No.</b>	<b>Description</b>	<b>Amount (Rs. in lakhs)</b>
1	Prior period interest on Normative loan for the year 2015-16	54.89
2	Prior period interest on Normative loan for the year 2016-17	55.11
3	Prior period interest on Normative loan for the year 2017-18	48.41
4	Prior period interest on Normative loan for the year 2018-19	45.58
5	Prior period interest on Normative loan for the year 2019-20	44.78
6	<b>Sub Total of Prior period interest on normative loan</b>	<b>248.77</b>
7	Normative Loan for the year 2020-21	45.37
8	<b>Total interest on Normative loan due till the year 2020-21 (3+4)</b>	<b>294.14</b>

8. In view of the above submission, RPIPL humbly requests before the Honorable Commission to review the order dated 15.07.2022 and approve the interest on normative loan for the 70% of the approved paid-up equity capital of Rs. 900 lakhs and for 100% of the capital additions above Rs. 900 Lakhs from the FY 2015-16 to 2020-21.

## **II. Depreciation.**

9. The Hon. Commission had provisionally disallowed the Depreciation for the years 2019-20 and 2020-21 and directed to submit the complete information on the Fixed Assets indicating therein, the Assets category, procurement date and cost, salvage value, useful life of assets, capitalization date, completed years as on 01-04-2020, remaining life of the assets, depreciation claimed till date etc. with two categories viz. (a) Assets below 12 years of age and (b) Assets with more than 12 years of age.
10. In order to rectify the defect, RPIPL is humbly submitting the complete information on the Fixed Assets indicating therein, the Assets category, procurement date and cost, salvage value, useful life of assets, capitalization date, completed years as on 01-04-2020, remaining life of the assets, depreciation claimed till date etc. with two



categories viz. (a) Assets below 12 years of age and (b) Assets with more than 12 years of age as **Annexure-I** before the Hon. Commission for allowing the depreciation for the years 2019-20 and 2020-21.

### **III. Tax on Return on Equity.**

11. RPIPL had claimed tax on RoE of Rs. 16.03 lakhs as per the Regulation 31 of the MYT Tariff Regulations 2018. The Hon. Commission had provisionally disallowed the claim of Rs.16.03 lakh towards Tax on Return on Equity in the order and directed that the RPIPL shall produce documentary evidence to prove that income tax on account of the electricity distribution business has actually been paid.
12. Accounting Standard 17 is not applicable in the case of Rubber Park India P Ltd and hence segment reporting is not required. Licensee business is only of the several businesses of the company and is not a standalone entity. Further Rubber Park India P Ltd has got only single PAN and GST.
13. The Hon. Commission had approved Rs. 37.80 lakhs as return on equity for the year 2020-21. RPIPL had paid **Rs.101.23 Lakhs** as tax excluding interest. RPIPL had paid Rs. 9.39 lakhs as interest towards the delay in remittance of advance tax. As such, RPIPL had remitted a total of **Rs. 112.69** lakhs as tax for the year 2020-21 which includes the tax relating to income generated from electricity distribution business. This amount is shown as prepaid taxes in the intimation u/s 143 (1) of the Income Tax department showing Rs.112.70 Lakhs as prepaid taxes and tax liability as NIL. A copy of the intimation u/s 143 (1) of the Income Tax act is enclosed as **Annexure-III**. This has been paid using 25 challans and which can be produced if required. The company made a Profit before tax of Rs.306.99 Lakhs as per its audited Profit and Loss Statement of the company for FY 2020-21. Certain expense which are allowable as per Companies Act are disallowable/ permitted under a lower rate while computing tax liability of the company. Though the company had a Profit before tax of Rs.306.99 Lakhs for income tax

computation purposes, the taxable income computed was Rs.402.22 Lakhs. In this context, the Profit and Loss Statement and Tax computation statement referred above is submitted as **Annexure-IV** for the kind perusal of Hon. Commission. As such, the net profit according to the statement of the profit and loss account of the company prepared for the purpose of statutory audit is Rs. 306.99 lakhs. RPIPL had claimed the tax on RoE based on the RoE of Rs. 43.67 lakhs in the original petition. RPIPL revised the tax on RoE based on the approved RoE of Rs. 37.80 lakhs. The difference between the Net profit and ROE of Rs 269.19 lakhs (Rs. 306.99-Rs. 37.80) attributes to the profits from other businesses of the company. On the basis of the above, the tax on return on equity has been taken in the ratio of ROE to Net profits (37.80: 306.99) as follows.

Tax excluding interest for belated payment	Ratio of ROE to Net profits	Tax on RoE
Rs. 101.23 Lakhs	37.80: 306.99	12.46

14. In view of the above submission, RPIPL humbly requests before the Hon. Commission to kindly approve the tax on RoE of Rs.12.46 lakhs for the year 2020-21.

### ***Prayer***

Considering the reasons, facts and circumstances on the matters as detailed in the paragraphs above, Rubber Park India (P) Ltd (RPIPL) humbly prays before the Hon. Commission to kindly review the order dated 15<sup>th</sup> July 2022 in the petition OP 42/2022 on the Truing Up accounts of RPIPL for the year 2020-21 on the matters as detailed in the petition as above.

**Managing Director**  
**Rubber Park India (P) Ltd**