



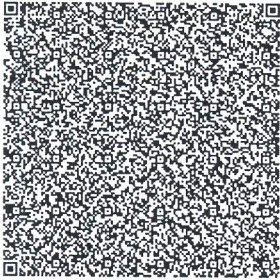
सत्यमेव जयते

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This Stamp Paper forms an integral part of the Tripartite Memorandum of Understanding dated 22nd February, 2016 executed amongst Ministry of Power, Government of India, Government of Bihar and North Bihar Power Distribution Company Limited at New Delhi.

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TRIPARTITE MEMORANDUM OF UNDERSTANDING

AMONGST

Ministry of Power, Government of India

AND

Government of Bihar,

AND

**North Bihar Power Distribution Company Limited,
Distribution Company**

**For achieving turnaround of North Bihar Power Distribution
Company Limited.**

This TRIPARTITE MEMORANDUM OF UNDERSTANDING (hereinafter referred to as the **"Tripartite MOU"**) is made on this **22nd day of February 2016**.

BY AND AMONGST

Ministry of Power, Government of India, having its Office at Rafi Marg, Sansad Marg Area, New Delhi - 110001 which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the **FIRST PART**;

AND

Government of Bihar (hereinafter referred to as **"Government of Bihar** which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns, of the **SECOND PART**

AND

North Bihar Distribution Company (North Bihar Power Distribution Company Limited) (hereinafter referred to as **"North Bihar DISCOM"** which expression shall unless

repugnant to the context or meaning thereof includes its successors and assigns) of the **THIRD PART.**

The Government of India, the **Government of Bihar**, and the **North Bihar DISCOM** is hereinafter also referred to collectively as the "**Parties**" and individually as the "**Party**".

Definitions:

"**Effective Date**" means the date of signing of the MOU.

"**Cut-off Date**" means 30th September 2015.

"**North Bihar DISCOM**" means **North Bihar Power Distribution Company Limited.**

"**Bonds**" mean the bonds issued by the **North Bihar DISCOM** under the Central FRP scheme 2012 and UDAY.

"**Outstanding Debt**" means the debt of the DISCOM including Bonds and loan for capital expenditure (capex) as well as short term loans of Banks/ FIs/ Govt. of Bihar.

Preamble:

- ❖ **North Bihar DISCOM** have been reeling under severe financial stress. The DISCOM had the revenue deficit during FY 2012-13 (1st November, 2012 to 31st March, 2013) amounting to Rs. 55.60 crore, Rs. 74.26 Crore in FY 2013-14 and Rs. 296.79 Crore in 2014-15. The accumulated losses have reached to the level of Rs. 1011.13 Crore as on financial year ending 2014-15 after considering the Resource Gap Funding from the State Government. The outstanding debt level of the North Bihar DISCOM has reached to Rs. 1282.51 Crores at the end of September 2015. However, the ARR is insufficient to meet the ACS, with a cost recovery of only 60.74 %.

The Government of India, Government of Bihar and the **North Bihar DISCOM** has entered into a tripartite MOU in order to improve the operational and financial efficiency of the **North Bihar DISCOM** to enable financial turnaround of the DISCOM.

NOW IT IS HEREBY AGREED BY AND AMONG THE PARTIES HERETO as follows:

1. Obligations/Commitments:

1.1. The Government of India to take following measures:

- (a) Facilitating Government of Bihar to take over 50% of the outstanding debt of the North Bihar DISCOM as on 30th September, 2015 in the year 2015-16 and 25% of the outstanding debt of the North Bihar DISCOM in the year 2016-17.

- (b) Facilitating Banks / FIs not to levy any prepayment charge on the North Bihar DISCOM debt. Banks/ FI's shall waive off any unpaid overdue interest and penal interest on the North Bihar DISCOM debt and refund/adjust of any such overdue/penal interest paid since 1st October 2013. 50% of North Bihar DISCOM debt as on 30th September, 2015, as reduced by any waivers by Banks/FIs shall be converted into loans or bonds with interest rates not more than the Banks' base rate plus 0.1%. Alternately, this debt may be fully or partly issued by the North Bihar DISCOM as State guaranteed North Bihar DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1%;
- (c) Debt taken over by the state would not be counted against the fiscal deficit limit of the state FY 2015-16 and 2016-17.
- (d) Facilitating through Ministry of Coal, increase in supply of domestic coal to Bihar State Power Generation Company Ltd., Kanti Bijli Utpadan Nigam Ltd. and other existing and up-coming Power Generating Companies of the states;
- (e) Ensuring rationalization of coal linkages;
- (f) Liberally allowing coal swaps from inefficient plants to efficient plants and from plant situated away from mines to pithead plants;
- (g) Rationalizing coal prices based on Gross Calorific Value (GCV);
- (h) Ensuring correction of coal grade slippages through re-assessment of each mine;
- (i) Directing Coal India to supply 100% washed coal for G10 grade and above by 1st October 2018;
- (j) Ensuring supply of 100% crushed coal from Coal India by 1st April 2016;
- (k) Faster completion of ISTN lines;
- (l) Allocating linkages to state at notified price based on which the State will go for tariff based bidding. This will help in getting cheaper power and revive stressed assets;

1.2 The Govt. of Bihar to take the following measures:

- (a) Taking over 75% of the debt of the North Bihar DISCOM outstanding as on 30 September 2015;
- (b) 50% of the outstanding debt as on 30 September 2015 shall be taken over in Year 2015-16 while 25% of the same shall be taken over in Year 2016-17;
- (c) The Government of Bihar shall take over the debt according to the following timelines:
 - i. Year 2015-16: Last Quarter of the financial year
 - ii. Year 2016-17: End of Quarter 2 of the financial year
- (d) The Borrowings made by the State during 2015-16 and 2016-17 to takeover North Bihar DISCOM debt shall be utilized by Government of Bihar solely for the purpose of discharging the North Bihar DISCOM debt and transfer to North Bihar DISCOM as grant, as given in the following table:

| Year | Total Debt to be taken-over | Amount of Debt to be taken | Transfer to the North Bihar DISCOM in the form of Grants for discharging debts |
|--------|-----------------------------|----------------------------|--|
| Year 1 | 50% of the total debt | Rs. 641.25 crore | Rs. 641.25 crore |
| Year 2 | 25% of the total debt | Rs. 320.63 crore | Rs. 320.63 crore |

- (e) For the borrowings made by the state to takeover North Bihar DISCOM debt, Government of Bihar shall take prior permission of Department of Expenditure, Ministry of Finance under Article 293 of the Constitution of India before approaching Reserve Bank of India to raise loans.
- (f) The borrowings made by the state to take over North Bihar DISCOM debt during 2015-16 and 2016-17 shall not be reckoned against the normal permissible net borrowings ceiling of the state determined by department of Expenditure, Ministry of Finance under the recommendations of 14th Finance Commission. However any borrowings made by the state after 31/03/2017 to takeover North Bihar DISCOM debt shall be reckoned as part of the Net Borrowings ceiling of the state.
- (g) The Government of Bihar shall issue Non-SLR bonds (including SDL bond) to raise funds for providing grant to the North Bihar DISCOM.
- (h) Bonds to be issued against the loans of FIs, including REC and PFC, would first be offered for subscription by the market including pension and insurance companies. Balance, if any, will be taken over by banks in proportion to their current lending to North Bihar DISCOM.
- (i) The takeover of the debt shall be in the order of debt already due, followed by debt with highest cost.
- (j) The Government of Bihar shall take over the future losses of the North Bihar DISCOM in a graded manner and shall fund the losses as follows:

| Year | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|-------------------------------|
| Previous Year's DISCOM loss to be taken over by State | 0% of the loss of 2014-15 | 0% of the loss of 2015-16 | 5% of the loss of 2016-17 | 10% of the loss of 2017-18 | 25% of the loss of 2018-19 | 50% of the previous year loss |

- (k) Government of Bihar shall provide Operational Funding Requirement (OFR) support to the North Bihar DISCOM till the North Bihar DISCOM achieve turnaround which shall also include the outstanding power purchase liabilities of the North Bihar DISCOM as on 31.03.2015;
- (l) All outstanding dues from the State Government departments to North Bihar DISCOM for supply of electricity shall be paid by 15.03.2016;

- (m) Government of Bihar shall guarantee repayment of principal and interest payment for the balance debt remaining with North Bihar DISCOM/ bonds issued by North Bihar DISCOM.
- (n) Henceforth, Banks / FIs shall not advance short term debt to North Bihar DISCOM for financing losses. Therefore, Government of Bihar shall guarantee the bonds issued by North Bihar DISCOM or issue bonds itself to meet current losses after 1st October, 2015, if any, within the limit of loss trajectory finalized by MoP.
- (o) Replacement of street lights with LEDs in all municipal towns through Nagar Nigam/ Municipal Corporations;
- (p) Improving efficiency of State Generating Units.
- (q) Government of Bihar shall endeavour to ensure that tariff hikes as reflected in Annexure- 'B' are undertaken.
- (r) Government of Bihar will endeavour to ensure that all operational targets as enumerated in Section 1.3 are achieved.
- (s) The current transmission losses as on 31st march, 2015 is 4.70% and the Government of Bihar will endeavour to reduce the same to 4% by 2019.
- (t) Review of North Bihar DISCOM performance shall be done on monthly basis at State Government level in the presence of State finance representative.

1.3 The North Bihar DISCOM to take the following measures:

- a) For the 50% of the debt remaining with it as on 31st March, 2016, North Bihar DISCOM to fully/partially issue state government guaranteed bonds or get them converted by Banks/FIs into loans or bonds with interest not more than the Banks base rate plus 0.1%. North Bihar DISCOM and the Government of Bihar shall ensure timely payment of lender's dues towards principal/interest for the balance debt remaining with North Bihar DISCOM.
- b) The North Bihar DISCOM shall pay interest to the Government of Bihar, in future, if any, on the outstanding loan in a financial year at the rate at which Government of Bihar issued non-SLR Bonds (including SDL bond).
- c) As per the UDAY scheme, all DISCOMs have to reduce AT&C losses to 15% by FY 2018-19. Considering the current level of AT&C losses of 41.76%, North Bihar DISCOM has proposed to reduce it to 15.00% by FY 2019-20 as per the following trajectory:

| Year | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|-------------|------------|------------|------------|------------|------------|
| AT & C loss | 40% | 34% | 28% | 20% | 15% |

However, the State will make efforts to ensure that DISCOMs reduce AT&C losses to 15% by FY 2018-19. If the target in a particular year is not met, then the DISCOM shall strive to achieve the targets in the subsequent years so as to achieve

the desired target of 15.00% AT&C losses positively by FY 2019-20.

d) The North Bihar DISCOM shall increase hours of power supply in areas showing reduction in AT&C losses.

e) The North Bihar DISCOM shall eliminate the gap between ACS and ARR by FY 2019-20 after adjustment of subsidy from State Govt., if any, to any category of consumers.

As per the UDAY scheme, all DISCOMs have to eliminate gap between ACS & ARR by FY 2018-19. Considering the current level of the gap, North Bihar DISCOM has proposed to eliminate it by FY 2019-20. However, the State will make efforts to ensure that DISCOM eliminate the Gap by 2018-19 and if not achieved, positively by FY 2019-20. Detailed computation of year wise ACS-ARR gap, along with financial projections has been attached as Annexure-B.

f) North Bihar DISCOM shall submit the detailed action plan by 15th March 2016 to achieve the projected trajectory for AT&C loss and ACS-ARR gap.

g) The North Bihar DISCOM shall achieve operational milestones as specified in DDUGJY & IPDS ;

h) The North Bihar DISCOM shall take the following measures for Loss Reduction:

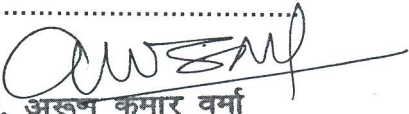

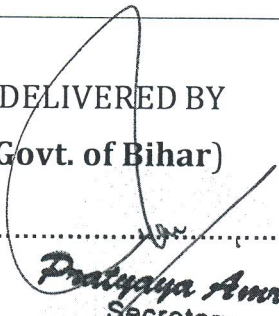

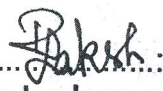

- (i.) Undertaking name and shame campaign to control power theft from time to time;
- (ii.) Preparing loss reduction targets at subdivision/ division/ circle/ Area level and making concerned officers responsible for achieving the loss reduction targets; the loss reduction targets at the Division level have been attached as Annexure- 'A' of MOU.
- (iii.) Implementing performance monitoring and management system MIS for tracking the meter replacement, loss reduction and day to day progress for reporting to top management;
- (iv.) Achieve 100% Distribution Transformer (DT) metering by 30th June 2017;
- (v.) Achieve 100% feeder metering by 30th June 2016;
- (vi.) Undertake energy audit up-to 11KV level in rural areas by 31st March 2018;
- (vii.) Undertake Feeder Improvement Program for network strengthening and optimization, to be completed by Dec, 2017;
- (viii.) Undertake Physical Feeder Segregation by March 2018 based on availability of funds sanctioned for the purpose under relevant schemes;
- (ix.) Install Smart Meters for all consumers other than agricultural consumers consuming above 500 units / month by 31st December 2017 and consumers consuming above 200 units / month by 31st December 2019;
- (x.) Provide electricity access to 101.60 lacs nos. of unconnected households as per trajectory finalized in the 24x7 Power for All document by FY 2019;
- (xi.) Implement ERP systems for better and effective inventory management,

personnel management, accounts management etc to reduce costs and increase efficiencies. 32 towns of R-APDRP under Part-'A' to be completed by June'16 and ERP in all areas of the DISCOM to be completed by March'18.

- i) The North Bihar DISCOM shall undertake the following measures for Demand Side Management and Energy Efficiency:
 - (i) Provide LED for domestic and other category consumers under DELP program through EESL;
 - (ii) Undertake consumer awareness programs for optimum utilization of resources and to foster long term behavioural changes;
 - (iii) Replace at least 10% of existing agriculture pumps with energy efficient pumps by March 2019;
 - (iv) Implement PAT scheme of BEE for improving energy efficiency in Industries.
- j) The North Bihar DISCOM shall undertake the following tariff measures:
 - (i) Revise tariff quarterly particularly to offset fuel price increase;
 - (ii) Timely filing of Tariff Petition before the BERC so that Tariff Order may be issued for the year as early as possible;
 - (iii) Prepare Annual Accounts timely which shall enable timely filing of the Tariff Petition;
- k) The North Bihar DISCOM shall undertake the following measures to increase employee engagement:
 - (i) Initiate capacity building of employees to enhance technical, managerial and professional capabilities at induction level in subsequent refresher trainings;
 - (ii) Devise Key Performance Indicators (KPIs) for each officer in-charge on areas of AT&C loss reduction and improvement in meter/billing/collection efficiency. The performance of officer in-charge shall be linked to KPIs achieved and will attract incentive/ penalty;
- l) The North Bihar DISCOM shall implement the following Customer Service Strategy:
 - (i) Set up Centralized Customer Call Centre for timely resolution of complaints related to no current and other technical complaints, harassment by official, reporting of theft and safety related complaints;
 - (ii) Introduce more avenues to consumers for bill payment, which could be in terms of e-payment through net banking, credit/ debit card, kiosks at banks and post offices, village panchayats, mobile collection vans, etc;

- m) The North Bihar DISCOM shall procure power through the transparent process of competitive bidding.
- n) North Bihar DISCOM shall identify the key personnel for implementing the scheme (UDAY).
- o) North Bihar DISCOM shall devise the mechanism to motivate and encourage the staff.
- p) CMD / MD of North Bihar DISCOM shall monitor the performance of North Bihar DISCOM on monthly basis.
- q) Target for monthly monitoring formats shall be provided by North Bihar DISCOMs by 31st March 2016.
- r) Detailed action plan for implementation of the targeted activities as per Annexure- 'C' of the MOU shall be furnished by 31st March 2016.
- s) Lender-wise detail of debt in order of takeover is enclosed as Annexure-D.
- t) It is hereby agreed that this signed MOU can be put in the public domain by any of the signatory.

IN WITNESS whereof the Parties hereto have executed these presents the day, month and year first herein above written.

| | |
|---|--|
| <p>SIGNED AND DELIVERED BY (on behalf of MOP, Govt. of India)</p> <p>Signature</p> <p></p> <p>डा. अरुण कुमार वर्मा Dr. ARUN KUMAR VERMA सचिव, संचयन / Secretary Joint Secretary (Distribution), Power भारत सरकार / Government of India 16, बिल्डी-110001, New Delhi-110001</p> <p>Name & Designation Dr. A K Verma, Joint Secretary (Distribution), Power</p> <p>Address: Ministry of Power, Shram Shakti Bhawan, New Delhi-110001</p> | <p>in the presence of</p> <p>Signature</p> <p></p> <p>Name & Designation</p> <p>Address</p> |
| <p>SIGNED AND DELIVERED BY (on behalf of Govt. of Bihar)</p> <p>Signature</p> <p></p> <p>Pratyaya Amrit Secretary Energy Department Bihar</p> <p>Name & Designation Pratyaya Amrit, Secretary, Dept. of Energy</p> <p>Address Energy Dept., 8 Daroga Rai Path, Patna - 800 001.</p> | <p>in the presence of</p> <p>Signature</p> <p></p> <p>Name & Designation VIJAY KUMAR Joint Secretary (Revenue) NBPDC</p> <p>Address</p> |
| <p>SIGNED AND DELIVERED BY (on behalf NBPDCL)</p> <p>Signature</p> <p></p> <p>R. Lakshmanan, I.A.S Managing Director North Bihar Power Distribution Co. Ltd. Vidyut Bhawan, Patna</p> <p>Name & Designation R. Lakshmanan, Managing Director</p> <p>Address 3rd Floor, Vidyut Bhawan, Bailey Road, Patna - 800 001.</p> | <p>in the presence of</p> <p>Signature</p> <p></p> <p>Name & Designation S. N. SINHA</p> <p>Address REJ. B.S.P.H.C.L.</p> |

Loss Reduction Targets at the Division Level (in %)

Annexure- 'A'

A. Loss reduction target for North Bihar Power Distribution Company Limited, Patna.

As per the scheme, the AT&C Loss is to be reduced to 15% in 2018-19, accordingly the AT&C Loss trajectory has been prepared which is as follows: -

| Financial Year | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|----------------------|---------|---------|---------|---------|---------|
| AT&C Loss Trajectory | 40% | 34% | 28% | 20% | 15% |

B. Divisionwise loss reduction target (%)

| Sl. No. | Name of Division | 2014-15 | | | 15-16 | 16-17 | 17-18 | 18-19 | 19-20 |
|---------|---------------------|-------------------|-----------------------|-------------|------------|-------------|-------------|-------------|-------------|
| | | Distribution Loss | Collection Efficiency | AT & C Loss | AT& C Loss | AT & C Loss | AT & C Loss | AT & C Loss | AT & C Loss |
| 1 | Muzaffarpur (Rural) | 44.96 | 95.32 | 47.53 | 45 | 37 | 25 | 20 | 15 |
| 2 | Hajipur | 42.05 | 92.61 | 46.34 | 45 | 37 | 25 | 20 | 15 |
| 3 | Sitamarhi | 51.88 | 91.34 | 56.05 | 50 | 42 | 30 | 25 | 15 |
| 4 | Sheohar | 32.04 | 93.22 | 36.65 | 35 | 30 | 22 | 20 | 15 |
| 5 | Chapra West | 9.58 | 71.18 | 35.64 | 35 | 30 | 22 | 20 | 15 |
| 6 | Chapra East | 47.72 | 81.41 | 57.44 | 50 | 42 | 25 | 20 | 15 |
| 7 | Siwan | 32.59 | 72.50 | 51.13 | 50 | 42 | 25 | 20 | 15 |
| 8 | Gopalganj | 12.54 | 79.50 | 30.47 | 30 | 25 | 20 | 18 | 15 |
| 9 | Motihari | 34.11 | 100 | 34.11 | 33 | 30 | 22 | 20 | 15 |
| 10 | Raxaul | 44.63 | 95.89 | 46.90 | 45 | 37 | 25 | 20 | 15 |
| 11 | Bettiah | 44.98 | 87.61 | 51.80 | 45 | 37 | 25 | 20 | 15 |
| 12 | Saharsa | 51.07 | 100 | 51.07 | 45 | 37 | 25 | 20 | 15 |
| 13 | Supaul | 51.23 | 100 | 51.23 | 45 | 37 | 25 | 20 | 15 |
| 14 | Madhepura | 55.88 | 97.99 | 56.76 | 50 | 40 | 28 | 22 | 15 |
| 15 | Khagaria | 47.94 | 97.77 | 49.10 | 45 | 37 | 25 | 20 | 15 |
| 16 | Purnea | 35.93 | 81.89 | 47.54 | 45 | 37 | 25 | 20 | 15 |
| 17 | Katihar | 31.36 | 100 | 31.36 | 30 | 25 | 20 | 18 | 15 |
| 18 | Kishanganj | 38.35 | 100 | 38.35 | 35 | 30 | 22 | 20 | 15 |

| | | | | | | | | | |
|---------------------|---------------------|--------------|--------------|--------------|-----------|-----------|-----------|-----------|-----------|
| 19 | Araria (Farbisganj) | 54.03 | 100 | 32.46 | 30 | 25 | 20 | 20 | 15 |
| 20 | Darbhanga (Urban) | 24.36 | 95.63 | 27.66 | 27 | 22 | 20 | 18 | 15 |
| 21 | Darbhanga (Rural) | 29.78 | 100 | 29.78 | 29 | 25 | 20 | 18 | 15 |
| 22 | Madhubani | 39.79 | 100 | 39.79 | 37 | 32 | 23 | 20 | 15 |
| 23 | Jhanjharpur | 52.06 | 100 | 52.06 | 50 | 40 | 28 | 22 | 15 |
| 24 | Samastipur | 36.40 | 92.62 | 41.09 | 40 | 32 | 23 | 20 | 15 |
| 25 | Dalsingsarai | 24.59 | 97.16 | 26.73 | 25 | 23 | 20 | 18 | 15 |
| 26 | Rosera | 38.71 | 100 | 38.71 | 37 | 30 | 22 | 20 | 15 |
| 27 | Barauni | 31.86 | 65.45 | 55.40 | 50 | 40 | 28 | 22 | 15 |
| 28 | Begusarai | 31.99 | 87.21 | 40.69 | 40 | 32 | 23 | 20 | 15 |
| TOTAL DISCOM | | 38.33 | 94.31 | 41.76 | 40 | 34 | 28 | 20 | 15 |

Note:- Detailed action plan for achieving projected trajectory for AT&C Loss by preparing loss deduction target at Sub-division / Division / Circle / Area level, as mentioned at para 1.3 c and 1.3f, shall be submitted by 15/03/2016.

Annexure- 'B'

**Financial Projections of North Bihar Power Distribution Company
Limited, North Bihar DISCOM**

Scenario Highlights (Debt Take-over with interest liability on DISCOM):

- 75 of Outstanding Debt as on 30.09.2015 to be taken over by the State Govt. and given to the DISCOM in the form of grant.
- Take-over during 2015-16 : 50, 2016-17 : 25
- Take-over assumed at end of second quarter of 2016-17.
- ROI of Government of **Bihar** loan assumed to be 8.00 p.a.
- Bonds to be taken-over in the 1st Year
- ROI of balance 25 loans : Base Rate + 0.1 w.e.f. 01.04.2016
- OFR to be provided by Government of **Bihar**.

Other Key Assumptions:

- Tariff Hike:**

| FY 15* | FY16 | FY17 | FY18 | FY19 | FY20 |
|--------|------|------|------|------|------|
| Nil | 2.4% | 10 % | 15 % | 10 % | 10 % |

*Actual during FY 2014-15

- AT&C Loss Trajectory:**

| FY 16 | FY17 | FY18 | FY19 | FY20 |
|-------|------|------|------|------|
| 40 | 34 | 28 | 20 | 15 |

- Billing Efficiency:**

| FY 16 | FY17 | FY18 | FY19 | FY20 |
|-------|------|------|------|------|
| 68 | 72 | 76 | 80 | 85 |

- Collection Efficiency:**

| FY 16 | FY17 | FY18 | FY19 | FY20 |
|-------|------|------|------|------|
| 88 | 92 | 95 | 100 | 100 |

Income Statement -Summary

| Amount in Rs. Crore (Provisional) | FY 15-16 (Projection) | FY 16-17 (Projection) | FY 17-18 (Projection) | FY 18-19 (Projection) | FY 19-20 (Projection) |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Total Income | 3396 | 4943 | 7314 | 9927 | 11924 |
| Total Costs | 5082 | 6494 | 8620 | 10908 | 11777 |
| Net Income | -1686 | -1551 | -1306 | -981 | 146 |
| State Govt. support towards subsidy to BPL and Rural Consumers. | 617.78 | 928.95 | 1297.72 | 1604.73 | 1642.71 |
| Operational Funding Requirement (OFR) | 1685.57 | 1551.02 | 1305.71 | 980.90 | 0.00 |
| Net Income (after OFR) | 0 | 0 | 0 | 0 | 146 |

Operational Funding Requirement (OFR) - Summary

| Amount in Rs. Crore (Provisional) | FY 15-16 (Projection) | FY 16-17 (Projection) | FY 17-18 (Projection) | FY 18-19 (Projection) | FY 19-20 (Projection) |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| OFR | 1685.57 | 1551.02 | 1305.71 | 980.90 | 0 |

Important DISCOM Parameters

| Description | Units | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---------------------------------------|----------|---------|---------|---------|---------|---------|
| Total energy sold | MU | 5951 | 8349 | 11603 | 15209 | 16967 |
| Energy traded (UI + Nepal) | MU | 1202.14 | 1200.00 | 1200.00 | 1421.61 | 1500.00 |
| energy share of DISCOM | MU | 8752 | 11596 | 15267 | 19011 | 19962 |
| Energy Requirement at State periphery | MU | 9400 | 12390 | 16312 | 20312 | 21327.6 |
| Increase in power availability | % | 24 | 32 | 32 | 25 | 5 |
| AT&C Losses | % | 40 | 34 | 28 | 20 | 15 |
| Collection efficiency | % | 88 | 92 | 95 | 100 | 100 |
| T&D Losses | % | 32 | 28 | 24 | 20 | 15 |
| Energy Purchase | MU | 9400 | 12390 | 16312 | 20312 | 21328 |
| Energy purchase cost | Rs./Unit | 4.15 | 4.2525 | 4.36 | 4.47 | 4.59 |
| Revenue Parameters | | | | | | |
| Tariff increase by BERC | % | 2.4 | 10 | 15 | 10 | 10 |
| Effective Average Billing Rate | Rs./Unit | 4.08 | 4.32 | 4.75 | 5.07 | 5.64 |

Income Statement-Detailed

(In Crore Rs.)

| INCOME & EXPENDITURE | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---------|---------|---------|---------|---------|
| Net sales-Power | 2431 | 3606 | 5513 | 7704 | 9565 |
| State Govt. support towards supply to BPL and Rural Consumers. | 617.78 | 929 | 1298 | 1605 | 1643 |
| Subsidy as Operational Funding Requirement (OFR) by State Govt. | 1685.57 | 1551.02 | 1305.71 | 980.90 | 0.00 |
| Other operating income(Meter rent, Misc Charges, etc.) | 80.85 | 119.93 | 183.37 | 256.24 | 318.12 |
| Other income | 266.61 | 288.12 | 319.60 | 362.10 | 398.31 |
| Electricity duty being paid to Govt. | 74.92 | 111.13 | 169.92 | 237.45 | 294.79 |
| Total Income (excl. electricity duty) | 5082 | 6494 | 8620 | 10908 | 11924 |
| Total Income (excluding Subsidy & duty) | 3396 | 4943 | 7314 | 9927 | 11924 |
| Power Purchase (incl. Transmission cost) | 3901 | 5269 | 7112 | 9086 | 9793 |
| Employee cost | 197.63 | 256.36 | 341.02 | 445.19 | 467.45 |
| R & M Cost | 80.37 | 114.72 | 199.46 | 273.11 | 286.77 |
| Admn. & General expenses | 56.56 | 83.90 | 128.29 | 179.27 | 222.57 |
| Finance Charge (excl. interest on loans) | 123.56 | 102.42 | 131.00 | 161.90 | 178.09 |
| Others (Incl. ROE) | 455.35 | 457.01 | 458.83 | 460.83 | 461.93 |
| Prior period expenses | 0 | 0 | 0 | 0 | 0 |
| Total expenses | 4814 | 6283 | 8371 | 10606 | 11410 |
| Gross Profit | 267 | 210 | 249 | 302 | 514 |
| Interest | 167.14 | 83.57 | 20.89 | 20.89 | 20.89 |
| Depreciation | 100 | 126.85 | 227.83 | 280.93 | 346.41 |
| Total expenses (incl. interest and Dep.) | 5082 | 6494 | 8620 | 10908 | 11777 |
| profit before tax | 0 | 0 | 0 | 0 | 146 |
| Tax | 0 | 0 | 0 | 0.00 | 45.25 |
| Net Profit after taxes | 0 | 0 | 0 | 0 | 101 |

Operational Funding Requirement- Detailed

| Particulars | FY 15-16 (Projection) | FY 16-17 (Projection) | FY 17-18 (Projection) | FY 18-19 (Projection) | FY 19-20 (Projection) |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Revenue (excluding Cash Support & ED Retention) | 3396 | 4943 | 7314 | 9927 | 11924 |
| Expenditure | 5082 | 6494 | 8620 | 10908 | 11777 |
| Book Loss (-)/Profit(+) | -1686 | -1551 | -1306 | -981 | 146 |
| Add: Depreciation | 100.00 | 126.85 | 227.83 | 280.93 | 346.41 |
| Cash Loss (-)/Profit(+) | -1585.57 | -1424.17 | -1077.88 | -699.97 | 492.86 |
| Less: Dec in Current Assets (excluding cash support) | - | - | - | - | - |
| Less: Inc. in Current Liabilities (incl. Misc Exp) | - | - | - | - | - |
| Add: Inc. in Current Assets (excluding cash support) | - | - | - | - | - |
| Add: Dec in Current Liabilities (incl. Misc Exp) | - | - | - | - | - |
| Gross Operational Funding Required (OFR) (Without Government Support) - Cash basis | 1585.57 | 1424.17 | 1077.88 | 699.97 | -492.86 |
| Proportion allowed as per FRP scheme | - | - | - | - | - |
| Allowed Funding (Without Government Support) | - | - | - | - | - |
| Less: Support from State Govt. | 1685.57 | 1551.02 | 1305.71 | 980.90 | - |
| Cash Support from State Govt. | - | - | - | - | - |
| Support on Reimbursement of Losses | - | - | - | - | - |
| ED retention | - | - | - | - | - |
| Interest Subsidy on IBRD Loan | - | - | - | - | - |
| Total Support from State Govt.* | | | | | - |
| Gross Operational Funding Required (OFR) (After Government Support) | 1685.57 | 1551.02 | 1305.71 | 980.90 | - |

* Projection of OFR is based on the estimated tariff increase and tariff rationalization amongst consumer categories. In case the tariff increase is lower than the projected, the requirement of OFR may change.

Income Statement-Detailed

(In Crore Rs.)

| INCOME & EXPENDITURE | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|---------|---------|---------|---------|---------|
| Net sales-Power | 2431 | 3606 | 5513 | 7704 | 9565 |
| State Govt. support towards supply to BPL and Rural Consumers. | 617.78 | 929 | 1298 | 1605 | 1643 |
| Subsidy as Operational Funding Requirement (OFR) by State. Govt. | 1685.57 | 1551.02 | 1305.71 | 980.90 | 0.00 |
| Other operating income(Meter rent, Misc Charges, etc.) | 80.85 | 119.93 | 183.37 | 256.24 | 318.12 |
| Other income | 266.61 | 288.12 | 319.60 | 362.10 | 398.31 |
| Electricity duty being paid to Govt. | 74.92 | 111.13 | 169.92 | 237.45 | 294.79 |
| Total Income (excl. electricity duty) | 5082 | 6494 | 8620 | 10908 | 11924 |
| Total Income (excluding Subsidy & duty) | 3396 | 4943 | 7314 | 9927 | 11924 |
| Power Purchase (incl. Transmission cost) | 3901 | 5269 | 7112 | 9086 | 9793 |
| Employee cost | 197.63 | 256.36 | 341.02 | 445.19 | 467.45 |
| R & M Cost | 80.37 | 114.72 | 199.46 | 273.11 | 286.77 |
| Admn. & General expenses | 56.56 | 83.90 | 128.29 | 179.27 | 222.57 |
| Finance Charge (excl. interest on loans) | 123.56 | 102.42 | 131.00 | 161.90 | 178.09 |
| Others (Incl. ROE) | 455.35 | 457.01 | 458.83 | 460.83 | 461.93 |
| Prior period expenses | 0 | 0 | 0 | 0 | 0 |
| Total expenses | 4814 | 6283 | 8371 | 10606 | 11410 |
| Gross Profit | 267 | 210 | 249 | 302 | 514 |
| Interest | 167.14 | 83.57 | 20.89 | 20.89 | 20.89 |
| Depreciation | 100 | 126.85 | 227.83 | 280.93 | 346.41 |
| Total expenses (incl. interest and Dep.) | 5082 | 6494 | 8620 | 10908 | 11777 |
| profit before tax | 0 | 0 | 0 | 0 | 146 |
| Tax | 0 | 0 | 0 | 0.00 | 45.25 |
| Net Profit after taxes | 0 | 0 | 0 | 0 | 101 |

ACS-ARR Gap

| Cost Components | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--------------------------------|---------|---------|---------|---------|---------|
| Power Purchase Cost (Rs./ Kwh) | 4.15 | 4.25 | 4.36 | 4.47 | 4.59 |
| O&M and Estt. Cost (Rs./Kwh) | 0.36 | 0.37 | 0.41 | 0.44 | 0.46 |
| Depreciation Cost (Rs./Kwh) | 0.11 | 0.10 | 0.14 | 0.14 | 0.16 |
| Interest Cost (Rs./Kwh) | 0.18 | 0.07 | 0.01 | 0.01 | 0.01 |
| Other Debits (Rs./Kwh) | 0.62 | 0.45 | 0.36 | 0.31 | 0.30 |
| ACS (Rs./Kwh) | 5.41 | 5.24 | 5.28 | 5.37 | 5.52 |
| ARR (Rs./Kwh, excluding OFR) | 3.61 | 3.99 | 4.48 | 4.89 | 5.59 |
| Gap/(Surplus) | 1.79 | 1.25 | 0.80 | 0.48 | -0.07 |

Annexure-C : Detailed Action Plan for implementation of targeted activities

| Clause no. | Activity | Unit | Status at end of FY 2014-15 | FY-2015-16 | | FY-2016-17 | | FY-2017-18 | | FY-2018-19 | | FY-2019-20 | | Officer Responsible | Resources in INR Cr. |
|--------------|---|-----------|-----------------------------|------------|-----|---------------|----|---------------|--------------|------------|----|------------|----|---|----------------------|
| | | | | H1 | H2 | H1 | H2 | H1 | H2 | H1 | H2 | H1 | H2 | | |
| 1.3(a) | AT&C loss reduction | % (upto) | 41.76 | 40 | | 34 | | 28 | | 20 | | 15 | | EEE of the Division and ESE of the Circle | |
| 1.3 (h-v) | 11 KV feeder metering functional | % (upto) | 50 | | | 100 (June'16) | | | | | | | | EEE of the Division and ESE of the Circle | 6.8 Cr |
| 1.3 (h-iv) | DT Metering in Urban area(Dist. HQ) | Completed | | | | | | | | | | | | | |
| | DT metering in urban area other municipal and rural areas | % (upto) | 100 (Pending) | Nil | Nil | 50 | 75 | 100 (June'17) | | | | | | EEE of the Division and ESE of the Circle | 160 Cr. |
| 1.3 (h-vi) | 11 kV feeder audit in rural | % (upto) | 100 (Pending) | Nil | 25 | 40 | 60 | 80 | 100 | | | | | EEE of the Division and ESE of the Circle | 20 Cr. |
| 1.3 (h-vii) | Feeder improvement program on feeders | % (upto) | 50 | 60 | 65 | 80 | 85 | 90 | 100 (Dec'17) | | | | | EEE of the Division and ESE of the Circle | 829.93 Cr. |
| 1.3 (h-viii) | Feeder separation (separation of Ag Load) on feeders | % (upto) | 100 (Pending) | nil | nil | Nil | 15 | 40 | 100 | | | | | EEE of concern Division | 2483.68 Cr. |

Detailed Action Plan for implementation of targeted activities :

| Clause no. | Activity | Unit | Status at end of FY 2014-15 | FY-2015-16 | | FY-2016-17 | | FY-2017-18 | | FY-2018-19 | | FY-2019-20 | | Officer Responsible in INR Cr. | Resources |
|---------------|--|------------------------------|--|-----------------------------------|-------|---|-------|------------|-----------------|------------|-----------------|------------|----|--------------------------------|-------------|
| | | | | H1 | H2 | H1 | H2 | H1 | H2 | H1 | H2 | H1 | H2 | | |
| 1.3 (h-ix) | Installation of smart meters/ other than Ag. (above 500 units) | % (upto) | 100 (Pending) | Nil | Nil | Nil | 10 | 50 | 100 (Dec'17) | | | | | EEE of concern Division | 73.71 Cr. |
| | Installation of smart meters/ other than Ag. (Below 500 & Above 200 units) | % (upto) | 100 (Pending) | Nil | Nil | Nil | 10 | 25 | 50 | 75 | 100 (Dec'19) | | | EEE of concern Division | 101.18 Cr. |
| 1.3 (h-x) | Domestic Connections (in lakhs) (under 24x7 PFA) | Nos. in lacs (cumulative) | 101.60 (Pending) | 13.61 | 26.63 | 38.86 | 53.86 | 63.91 | 82.76 | 88.76 | 101.60 | | | EEE of concern Division | 1138.50 Cr. |
| 1.3 (h-xi) | Implementation of ERP System | | Work in progress under R-APDRP in 32 towns | 32 towns of R-APDRP by 30.06.2016 | | Entire ERP systems by 31 st March'18 | | | | | | | | DGM (IT) | 18.50 Cr. |
| 1.3 (i-i) | Providing LED bulbs under DELP | Nos. in lacs | 39.3 (Pending) | 4.5 | 10 | 10 | 14.8 | | | | | | | EEE of concern Division | 26 Cr. |

Annexure- 'D'

Lender-wise details of debt in order of takeover

| Sl. No. | Bank/FI | Nature of Debts | Amounts (Rs. in crore) |
|---------|-------------|----------------------------|---------------------------|
| 1 | REC | RGVY | 426.77 |
| 2 | PFC | R-APDRP | 76.38 |
| 3 | Canara Bank | Term loan outside FRP 2012 | 142.56 |
| 4 | Canara Bank | Term loan under FRP 2012 | 293.73 |
| 5 | Canara Bank | Bond under FRP 2012 | 293.73 |
| 6 | Canara Bank | Overdraft | 49.34 |
| Total | | | 1282.51 |

Monthly monitoring form for State participating in UDAY

Name of the State :

Status as on :

A. Financial Parameters

| | | |
|-----|---|---------|
| 1. | Total outstanding debt of DISCOMs as on 30.09.2015 (Rs. Crore) | 1282.51 |
| 2. | Amount of unpaid overdue interest and penal interest waived off by Banks/FIs (Rs. Crore) | Nil |
| 3. | Eligible outstanding debt of DISCOMs as on 30.09.2015 (Rs. Crore) | 1282.51 |
| 4. | 50 of the outstanding debt to be taken over in 2015-16 (Rs. Crore) | 641.25 |
| 5. | 25 of the outstanding debt to be taken over in 2016-17 (Rs. Crore) | 320.63 |
| 6. | Bonds issued by the State (Rs. Crore) | - |
| 7. | Bonds issue date | - |
| 8. | Rate of Interest on bonds (%) | - |
| 9. | Debt taken over by State transferred to DISCOMs in form of Grant (Rs. Crore) | - |
| 10. | Operational Funding Requirement (OFR) support provided to DISCOMs (Rs. In core) | - |
| 11. | Outstanding electricity dues from the State Government departments to DISCOMS (Rs. Crore) | - |
| 12. | Outstanding (Date) electricity dues from the State Government department paid on | - |
| 13. | Previous Year's DISCOM losses taken over by State (Rs. Crore) | - |

Monthly monitoring format for States participating in UDAY

Name of the State:

Status as on:

B Operational Parameters

- 1 AT&C loss ()
 - Target
 - Actual
- 2 Billing efficiency ()
 - Target
 - Actual
- 3 Collection Efficiency ()
 - Target
 - Actual
- 4 Gap ACS - ARR (Rs per unit)
 - Target Actual
- 5 Distribution loss ()
 - Target
 - Actual
- 6 Total number of un metered Feeders
- 7 Number of Feeders metered in the current month
- 8 Total number of un metered Distribution Transformers (DTs)
- 9 Number of Distribution Transformers (DTs) metered in the current month
- 10 Total Number of Smart Meters to be installed
- 11 Number of Smart Meters installed in the current month
- 12 Total number of LED Lamps to be replaced

