

SMARTCITY (KOCHI) INFRASTRUCTURE PVT LTD POWER LICENSEE -
TRUING UP PETITION FOR 2017-18

SMARTCITY (KOCHI) INFRASTRUCTURE PVT LTD

SmartCity Pavilion

Brahmapuram P.O.

Kochi-682 303

**BEFORE THE KERALA STATE ELECTRICITY REGULATORY
COMMISSION**

In the matter of: Truing up of Revenue and Expenditure of M/s.SmartCity (Kochi) Infrastructure Pvt Ltd for the year 2017-18

Applicant : M/s.SmartCity (Kochi) Infrastructure Pvt Ltd
SmartCity Pavilion,Brahampuram (PO)
Kakkanad,Kochi-682303.

The Applicant humbly submits the following details for the favourable consideration of the Hon.Commission.

I. Introduction:

SmartCity (Kochi)Infrastructure Pvt Ltd (SCK) is an Information Technology Special Economic Zone in Kochi, Kerala, India. A joint venture company named Smart City (Kochi) Infrastructure Pvt. Ltd was formed by Government of Kerala (16% holding) and Dubai Holding (84% holding) to develop infrastructure for knowledge based industries. The project is spread over an area of 246 acres (99.6 ha) and envisions a minimum 8.8 million sq ft of built up space out of which at least 6.21 million sq ft will be specifically for information technology and services. Total 246 acres of land of SCK divided into Land-A-131.41 Acres, land-B-100.66 Acres & Land-C-13.94 Acres. The Phase 1 of the project, consisting of a 6.5 lakh sq ft IT building named SCK-01 and associated infrastructure, was inaugurated on 2016.

Kerala State Electricity Regulatory Commission as per notification no.1756/C.Engg/SCK/2013 granted distribution Licence to SmartCity (Kochi) Infrastructure Pvt Ltd.

SmartCity (Kochi) phase-1 has a power distribution system for supply of power to various consumers in the campus. SmartCity(Kochi) has a Power purchase Agreement with KSEB Ltd for contract demand of 1500 KVA and the recorded power demand is around 1250 KVA.SmartCity(Kochi) receives Electricity through one no 11KV feeder from nearby 220KV Brahmapuram substation of KSEB Ltd. This 11 KV feeder is connected to 2 Nos 2000 KVA transformers and LT distribution system at SmartCity (Kochi) utility substation. This utility substation is operated and maintained by SmartCity (Kochi) distribution Licensee. But this 11KV feeder arrangement is only on temporary basis.



- 1.1. M/s. SmartCity (Kochi) Infrastructure Pvt (SCK) had filed the petition for the approval of ARR & ERC for the control period from 2018-19 to 2021-22 as per the Tariff Regulation 2018 in the Multi Year Tariff Framework on 30-10-2018 before the Hon.Commission. Along with the MYT petition SCK submitted the Audited Revenue and Expenditure for the years 2016-17 & 2017-18.
- 1.2. The actual value of the revenue and expenditure of the licensee for the years 2017-18 as per the audited accounts of the distribution business is tabulated and submitted for Approval of Hon.Commission.

Sl.No.	Particulars	Audited Accounts (Rs in Lakh)
		2017-18
1	Revenue from sale of power	196.75123
2	Other Income	6.35989
	Total Income	203.11112
3	Purchase of power	190.6897
4	O& M Expense	41.05413
5	Depreciation	45.80169
	Total Expenditure	277.54552
6	Revenue (Deficit)/surplus	(74.4344)

II. Sale of Power

Energy sale during the year 2017-18 is tabulated below.

Category	2017-18	
	Number of Consumers	Energy Sales in Lakh Units
LT Consumers	30	9.77775
HT Consumer	1	16.31189
Total Energy Sales	32	26.08964



III. Purchase of Power

The actual purchased units and expense incurred by the licensee during the year 2017-18 is detailed as below.

Particulars	2017-18
Energy Purchase (Units)	2729042
Demand Charges (Rs.in Lakh)	40.500
Energy Charges (Rs.in Lakh)	150.1897
Total (Rs.in Lakhs)	190.6897

IV Operation & Maintenance Expense

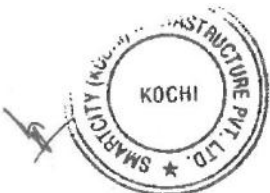
O&M expenses consist of employee costs, repair and maintenance expenses and administration and general expenses. Summary of the same tabulated below.

Particulars	2017-18
Employee Expenses (Lakhs)	18.75008
A&G Expenses (Lakhs)	11.4489
R&M Expenses (Lakhs)	10.8552
Total (Lakhs)	41.05412

In A&G expense major expense is for security arrangement at substation. We have considered 2 security persons deployed for 24 hr duty. We are considered minimum wages for the security person.

V Depreciation

As per audited Balance sheet, Depreciation calculated for years 2017-18 is tabulated below.



Particulars	2017-18
Depreciation on Fixed Assets (Lakhs)	45.80169

VI Revenue from sale of Power

Revenue from sale of power during the years 2017-18 is follows

Category	2017-18	
	Energy sale in Lakh units	Revenue from the sale of Power (Rs in Lakhs)
LT Consumers	9.77775	92.69226
HT Consumers	16.31189	104.05897
Total	26.08964	196.751237

VII Non-Tariff Income

Non-tariff income during the years 2017-18 tabulated below.

Year	Non-Tariff Income(Rs.Lakh)
2017-18	6.36

VIII. Distribution Loss:

Distribution loss for year 2017-18 is 4.40% in the distribution network including 11KV/440V transformer loss. Distribution loss is high due to less loading in transformers due to less occupancy.

IX Revenue Gap/Surplus

The deficit as per the audited accounts of the distribution licensee for the year 2017-18 is 74.43 Lakh



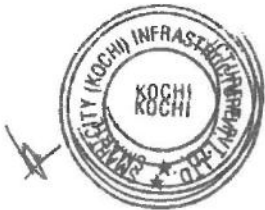
X. **Limit the expenditure:**

Sincere efforts were taken to limit the expenditure to the minimum possible. However the infrastructure being implemented for full occupancy of the building, where as the occupancy is gradually increasing, there is limit for the reduction. Further, being IT building, as many companies are working on 24 hr basis SCK need to engage maintenance staff in 3 shifts. This also is a hurdle for minimising cost of O & M Expenses

Prayer

SmartCity (Kochi) Infrastructure Pvt Ltd request the Hon. Commission that:

1. *Truing up of Income and Expenditure as per the audited accounts for the years 2017-18 with the explanation may kindly be approved.*
2. *SmartCity (Kochi) requests the Hon'ble Commission to condone any inadvertent omissions/errors/rounding off difference/shortcomings and permit SmartCity (Kochi) to add/alter this filing and make further submissions as may be required at a future date.*
3. *Considering the low volume of operation, but being 24 hours of operational IT building, Hon'ble commission may kindly consider the O & M cost, employee cost and A & G expenses based on actuals.*



SmartCity (Kochi) Infrastructure Pvt. Ltd.

Jinu John Jacob
Company Secretary

Form D 1.1

Summary of Aggregate Revenue Requirement

Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd		
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd		
In Lakh				
S.No.	Particulars	Reference form no.	2016-17	2017-18
			Audited	Audited
1	2	3		
1	Cost of own power generation/power purchase	3.1	100.3991	190.6897
2	Transmission Charges	3.2		
3	NLDC/RLDC/SLDC Charges	3.3		
4	Operation & Maintenance Expenses	3.4	55.5881	41.0541
4.1	Employee Expenses	3.4	32.8932	18.7501
4.2	Annual Contribution for Terminal Liabilities based on actuarial valuation		-	-
4.3	Administration & General Expenses	3.4	11.9330	11.4489
4.4	Repair & Maintenance Expenses	3.4	10.7618	10.8552
5	Depreciation	3.5	44.895	45.802
6	Interest and finance charges on long term loans	3.6		
7	Interest on Bonds to meet Terminal Liabilities	3.6		
8	Interest on Working Capital	3.7	-	-
9	Interest on consumer security deposits and deposits from Users of the distribution system			
10	Any other item (to be specified)			
11	Contribution to contingency reserves			
12	Provisioning for Bad debts, if any			
13	Adjustment for profit/loss on account of controllable/uncontrollable factors			
14	Return on Equity / Net Fixed Assets	3.8	-	-
15	Total Revenue Expenditure		256	319
16	Tax on ROE	3.9		
17	Aggregate Revenue Requirement (13+15)			
18	Less: Non Tariff Income	2.4	5.3500	6.3599
19	Less: Income from wheeling charges	2.2		
20	Less: Income from Other Business (to be specified)			
21	Less: Receipt on account of Cross Subsidy Surcharge on wheeling charges			
22	Less: Receipt on account of additional surcharge on charge of wheeling			
23	Aggregate Revenue Requirement from Retail Tariff		251	312



Form D 2.4						
		Non-tariff Income				
Name of Distribution Business/licensee		SmartCity(Kochi) Infrastructure Pvt Ltd			Rs.Lakh	
Licenced Area Of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd				
S. No.	Particulars	Previous Year (n-1)			2016-17	2017-18
		Approved in Tariff Order	Audited	Truing Up requirement	Audited	Audited
1	Interest on staff loans and advances					
2	Income from statutory investments					
3	Income from trading					
4	Income from rent of land or buildings					
5	Income from sale of scrap					
6	Income from staff welfare activities					
7	Rental from staff quarters					
8	Excess found on physical verification					
9	Interest on security deposits				5.34996	6.317178
10	Interest on advances to suppliers/contractors					
11	Income from hire charges from contractors and others					
12	Income due to right of way granted for laying fibre optic cables/co-axial cables on distribution system					
13	Income from advertisements, etc.					
14	Application fee					
15	Commission for collection of electricity duty					
16	Interest on delayed or deferred payment of bills					0.0427096
17	Rebate from Central Generating Stations					
18	Revenue from late payment surcharge					
19	Recovery for theft and pilferage of energy					
20	Meter/metering equipment/service line rentals					
Total					5.34996	6.35989



Form D 3.4(a)				
Employee Expenses				
Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd		
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd		Rs(Lakh)
S. No.	Particulars	2016-17	2017-18	Remarks
		Audited	Audited	
1	2	3	4	5
1	Basic Salary	15.33000	9.99714	
2	Dearness Allowance (DA)			
3	House Rent Allowance	7.66500	5.79802	
4	Conveyance Allowance	4.24350	2.80370	
5	Leave Travel Allowance			
6	Earned Leave Encashment			
7	Other Allowances	9.04650	5.80732	
8	Medical Reimbursement			
9	Overtime Payment			
10	Bonus/Ex-Gratia Payments			
11	Interim Relief / Wage Revision			
12	Staff welfare expenses			
13	VRS Expenses/Retrenchment Compensation			
14	Commission to Directors			
15	Training Expenses			
16	Payment under Workmen's Compensation Act			
17	Net Employee Costs			
18	Terminal Benefits			
18.1	Provident Fund Contribution			
18.2	Provision for PF Fund	2.04809	1.09331	
18.3	Pension Payments			
18.4	Gratuity Payment	0.57049	0.27329	
19	Others (Personal Accident)		0.27671	
20	Gross Employee Expenses	38.90358	26.04949	
21	Less: Expenses Capitalised	6.01036	7.29941	
22	Net Employee Expenses	32.89322	18.75008	



Form D 3.4(b)				
Administrative & General Expenses				
				Rs(Lakh)
Name of Distribution Business/ Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd		
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd		
S. No.	Particulars	2016-17	2017-18	Remarks
		Audited	Audited	
1	2	3	4	5
1	Rent Rates & Taxes			
2	Insurance	0.326907	1.039397	
3	Telephone & Postage, etc.	0.270000	0.270000	
4	Legal charges			
5	Audit Fees			
6	Consultancy charges			
7	Periodical Inspection charges			
8	Conveyance	2.447730	1.005665	
9	Vehicle Running Expenses Truck / Delivery Van			
10	Vehicle Hiring Expenses Truck / Delivery Van			
11	Electricity charges	0.781383	0.742386	
12	Water charges	0.072000	0.072000	
13	Entertainment			
14	Fees & subscription			
15	Printing & Stationery	2.483620	1.139045	
16	Advertisements, exhibition publicity			
17	Contribution/Donations			
18	Training expenses			
19	Miscellaneous Expenses -Taxes			
20	DSM activities			
21	RPO expenses			
22	Sports and related activities			
23	Freight			
24	Purchase Related Advertisement Expenses			
25	Bank Charges			
26	Office Expenses	0.415800	0.522738	
27	License Fee and other related fee	0.011370	0.027870	
28	Cost of services procured			
29	Outsourcing of metering and billing system	1.100000	1.440000	
30	V-sat, Internet and related charges	0.253829	0.292725	
31	Security arrangements	3.770400	4.897040	
32	Books & periodicals			
33	Computer Stationery			
34	Others -PPA, ARR			
35	Gross A&G Expenses	11.933039	11.448865	
36	Ele. Duty u/s 3(I), KED Act			
37	Less: Expenses Capitalised			
38	Net A&G Expenses	11.933039	11.448865	



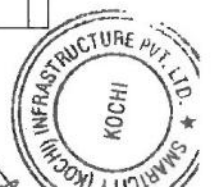
Form D 3.4(c)					
Repair & Maintenance Expenses					
Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd			Rs(Lakh)
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd			
S. No.	Particulars	Reference	2016-17	2017-18	Remarks
			Audited	Audited	
1	2	3	4	5	
1	Plant & Machinery				
2	Buildings				
3	Civil Works				
4	Hydraulic Works				
5	Lines & Cable Networks				
6	Vehicles				
7	Furniture & Fixtures				
8	Annual Maintenance Contract				
9	Operation & Maintenance contract		10.761840	10.85518	
10	Office Equipment				
11	Gross R&M Expenses				
12	Less: Expenses Capitalised				
13	Net R&M Expenses		10.7618	10.8552	



Fixed Asset & Depreciation

Sl.No.	Asset Group/(As per notification in respect of depreciation)	Rate of depreciation (%)	Gross Fixed assets			At the end of the year	Cumulative up to the beginning of the year	Provision for depreciation			Net fixed asset at the beginning of the year	Net fixed Assets at the end of the year
			At the beginning of the year	Addition during the year	Adjustments & Deductions			At the end of the year	Adjustment during the year	Cumulative at the end of year		
1	2	3	4	5	6	7	8	9	10	11	12	13
	Name of Distribution Licensee: SmartCity(Kochi) Infrastructure Pvt Ltd											Figures in Lakh
	Licensed Area Of Supply: SmartCity(Kochi) Infrastructure Pvt Ltd											
	Year 2017-18											
1	Land & land rights ***	1.01%	63.41	-	-	63.41	3.95	0.64	-	4.59	59.46	58.82
2	Other Civil works											
3	HV Distribution system	5.28%	761.27	32.94	-	794.21	46.35	40.63	-	85.98	714.91	707.22
a)	Distribution lines	5.28%	76.09	5.18	-	81.27	4.69	4.27	-	8.96	71.40	72.32
b)	Sub-station equipments											
i)	Transformers											
	Switchgears, Control gear & Protection											
ii)	Batteries											
iii)	Others											
iv)	Others											
4	LT Distribution system											
a)	Distribution lines											
b)	Sub-station equipments											
i)	Transformers											
	Switchgears, Control gear & Protection											
ii)	Batteries											
iii)	Others											
iv)	Others /DG											
5	Communication equipment											
6	Meters											
7	Vehicles											
8	Furniture & fixtures											
9	Office Equipments											
	Assets of Partnership projects											
10	etc.											
	Capital spares of HV & LT transmission											
11	Assets taken over & pending final valuation											
12	IT Equipments	15.00%	1.67	0.19	-	1.86	0.04	0.26	-	0.30	1.63	1.56
14	Any Other items											
15	Gross Asset (Total(1) to (15))		902.45	38.31	-	940.76	55.03	45.80169	-	100.83	847.42	839.93
16	Less:Consumer contribution											
17	Less:Govt.grants											
18	Less:Deposit works											
19	Less:Capital Subsidies											
20	Net Asset Considered for depreciation		902.45	38.31	-	940.76						

Note:
The Company entered into an agreement with the Government of Kerala, whereby the Government has leased the land for a period of 99 years to develop a SmartCity in Kochi in consideration for an amount of Rs. 104 Crores as land lease premium. Out of this 246 acres of land, 1.5 acres of land used for the construction of licensee distribution system.



		Form D 6.2								
		Appropriation of Distribution loss								
Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure Pvt Ltd								
Licensed Area of Supply		SmartCity(Kochi) Infrastructure Pvt Ltd								
Year (n-1)*		2017 - 18.								
		2016-17								
		(Actual/Audited)								
S.No.	Particulars	Energy Input		Energy Sales		Energy sent to lower voltage		Distribution Loss		
		KWh	3	KWh	4	MKWh	5	Percent	KWh	7
1	Voltage-wise Apportionment of Distribution losses									
1	Total Energy Purchase From KSEB (11 kV)		2729042							
2	Energy Sold to LT consumers				977775					
3	Energy Sold to HT consumers				1631189			4.4000		120078
	Overall Distribution Loss							4.4000		120078

* Note : To be furnished separately for each year commencing from (n-1)th year to (n+3)th year.

Note: nth year = FY 2014-15, n+1th year = FY 2015-16, and so on, for the first filing under the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014



Form D P&L					
Profit & Loss Account					
Name of Distribution Business/Licensee		SmartCity(Kochi) Infrastructure pvt Ltd			
Licensed Area of Supply		SmartCity(Kochi) Infrastructure pvt Ltd			Rs
mn					1,00,000
S.No.	Particulars	Ref	2016-17	2017-18	Remarks
1	2	3	Audited	Audited	6
	I. INCOME				
	a. Revenue from Sale of Power		87,02,996	1,96,75,124	
	b. Revenue Subsidies and Grants				
	c. Other Income		5,34,996	6,35,989	
	Total (a+b+c)		92,37,992	2,03,11,112	
	II. EXPENDITURE				
	a. Repairs and Maintenance.		8,31,431	8,40,745	
	b. Employee Cost		32,89,322	18,75,008	
	c. Administration and General Expenses		11,93,304	11,44,887	
	d. Depreciation		44,89,475	45,80,169	
	e. Interest and Finance charges, Interest on Term Loan		2,44,753	2,44,773	
	f. Subtotal (a+b+c+d+e)		1,00,48,285	86,85,582	
	g. Less Capitalised Expenses:				
	- Interest & Finance Charges				
	- Other Expenses				
	h. Other Debits				
	I. Extra Ordinary Items				
	j. Purchase of power		-1,00,39,910	-1,90,68,970	
	k. Generation of Power				
	Total Expenditure (f-g+h+i+j+k)		2,00,88,195	2,77,54,552	
	III. Profit/(Loss) before Tax (I-II)		-1,08,50,203	-74,43,439	
	IV. Provision for Income Tax				
	V. Net Prior period credits (Charges)				
	VI. Surplus (Deficit)		-1,08,50,203	-74,43,439	
	VII. Net Assets at the beginning of the year (Less consumer's Contribution)		9,28,75,932	8,47,41,613	
	VIII. Rate of Return (VI/ VII)		-11.68%	-8.78%	

Note: Reconciliation between audited accounts and amounts for distribution business should be furnished.

