

MADHYA PRADESH ELECTRICITY REFORMS TRANSFER SCHEME RULES. 2006.

4 02-06. 264] q. Y. 108-@rtra-06-08. klfi•ar, 3 13, 1928 3 2006 3474 / :: ?000 23 (1), (2) (3) 56 \$1 (2) 2003 (2003 36) 131 (1); (2), (5), (6) (7) äru an:ÉiEtr qq.fi. (1) 2006 1 527 528.- 2 3 4 2003 200'3 36) 4 2001) , (RI-a) 1948 (1948 54) 5 3Étra • (q) F) Äzrcii Gil 3iiQ (€17) QQ aik (anr) (qEl) 3 2006 7--1211 2.rr. I 3i?TVUi 6271 01.102003 gINT, 3ß@-3 (Eber a:rqx-QT *-rrr I 5 6 1 2 3 4 5 (2) 3 2006 fhusit fid-El I Äzrqst aft aifrH I arm-fizii ârælvnêrq, cirqj I aft 3 2006 .State of Financials of the •rransferee Financial Status of the C.'otupanv on the (late of this (rdr S28 (3) •rtotal Authorized Sha rc Capital Paid up Share Capital () ther Assets Liabilities Rs. Rs. Nil Nil C..\.Slt M F.CIIA!NISIM 2006 Fhe Inuin ollective of the Cash Mechanistn (CFM) is the centralization of the cash tnanauelnenl (Uction across all the six Conpanies. natnely Madhva Pradesh Power Generatinu co. l.«l. (herein after called as •(iF.NC(Y). Madhya Pradesh Power Transtnission co. l.td. CITRAN.SC()). Madhya Pradesh Poot•v K sheu•a Vilat•an Co: l.(d.. Madhya Pradesh Paschijn Ksheu•a Vidvut Vitaran Co. . . and Madhxa Pradesh Madhva Kshetra Vltai•an Co. Ltd. called as •DISCOM or and M.P. Power rradng co. Ltd. (i •R A the Madhya Pradesh State Electricity Board (M PSEB). I •he details of the arranuenments orked out various aspe.cls ot' the CFM are . set out hereunder: Basic Principles of Cash Ftov. • echanisnr. ii. lii. • IIRAI)I shall have •lirsl •charge over entire uenerauon of the (iENC() the lthe Inter-se Aereetnent. and shall stations and listed in schedule-•l ot' purchase entire power the al the tari to be determined/ approved by the shall receive power l'ronm all other suppliers. viz. Central Sector Stations. J Vs. Inter State Proiecls. etc. in accordance with (he existing/ ongoing PPAs PSI :.B. stood Io the A DI All the three shall. buy poxver their requirelnelll the single SQUt•ee. i.e. •t'RAI)l as per the inter se Bulk Supply greetnent and at the lari as deterillined.' approved by the M plus "trading nutruin••. advise •l 'RA to buy sh0i'l pov,et• their inunediatc need. 'l lie eosl o!' such power shall be a pass through Io the respective DISCOM shall transniil (he poxvet• the at the inlerlâcc points. thliiueh). supplied by and ii•01n other sources as 528 (4) VIJI. l.x. X. xii. xiii. xtv. 3 2006 tl Sara ii ahoxe as per the Bulk Pois er Iran.stni.ssion Agreeenent to he) and DISC(entered hetxveen INRA All the six conpanies. nalnel.v FRAIN.SC(). (iiiNC(.). IF./\ST'. i)' CF'.NTR.\I. and shall issue a Power of Attorney or il to ••own. collect and authorisat ion in la vouc o I • Nd inle-r aliu authorisi no distribute' • cash on behalC 01' the coinpanies.s. All •t he cash Collected by RAO* shall he M PS F.B a/c as 11 exist inu arranuenmenl. as also discussed in point .3 cash tre All L..etler or Credilfi. F.sero'vv and working capital sh: 'i continue Io be nvainlained by M PSEB on behalC the conlpnies us M P.SF.13 has first charue over entire revenue or [DISC(sale or pov, er. subject to escroxv - arraneelnent.s enlOrced (lid v supported by the Co•npanies: a pt•ede.ternlined prioril.\ I al locate cash anunu.l coin punies based on pavilient. ot' expenses as per existint' arran atnh(Nd l).Sl'i13 to decide prioril.\ or as per 'l 'he C 'otupanie.s shall M PSEB shall continue to service the debl liabilities. includin«-! -'eneric loans on Paynu-nt.s 'Suude by Io be adjusted the bills raised by the the•nsel ves as pet• lthe inter se conunercial , conu.uuuc•s a. b. e. d. e. (iF.NC(.) to raise invoice on) ()lhet• poxvet• Suppliers to raise Bills on 'l iC() Ctl. and other transtnission licensees tacililatinu povver supply to VI P to raise invoice on 'TRAN.SC() to lthe 'R.A I) ECO transtnis.Élon charue, on 'FRA to raise invoice on po\ver/encruv supplied all connpnies servicinu 01' liabilities i'l PSEB to raise debit note on svhich include generic loans: 11 any shall he received by PSEB and respective credit to Subsidv Cron) (ioMI) be passed on Io lthe to the e.xtenl or their eliuibililY 10 obtain subsidy and inade thereof lthe stale. an account each in IIIC nanu-• Nd PSEB needs to nvaintain (he respective conlpnie.s to record and reconcile such u•ansaclions and adjusunau.s. 3 2006 528 (s) 11. Vil. cash conmtörl openilu.-l or L.C.S shall be provided by MI)SliB to the Cotupanies as and when required against various purchase and xvork•s orders. on 'nerit- ba.sis and on availabilitv 01' litnit. Billinu Procedure: ("ill issue Inonthly bills to on or betöre 7th •.la.v of lthe 111011th lthe units sent oul (lurint.2 precedinu •l at the interlitce• points bet \veen) and on the basis 01' ioiopl Ineter readinus: •l xvill receive periodic hills the poxver purcha.sed Central Stations includinu sources transni issi(nu charues: •rRAiN.SC() "ill prepare separate tmonthly• bills each on the basis or the illler lace Inelet• readings adj usted to input approved tari on or helOre 7th day of and deliver these bills to the •rhe TRAI) ECO ill issue bills Io the Di.s'(" Ms the units consu•ned by lhetn adjusted at VIP urid input level including UI charges by of everv Inonlh. I this purpose. bills issued by the TRANSCO the F.neruv Account Staletnenl issued by the Sl shall be the basis (Or deternlinin:-! consutnption by (he respective I (he bills 01' (i and other suppliers (l

ul) also 1k the bills 01' power DI) duly passed Io {B. MPS EB will arranoc to tnake• xvilhin lbe uiven linne schedule. -rhe respective cotnnanic•s ""ill 'nake debit/credil entries in their books or accounts. Hitl send directl) to the state go vern.uent the claim).•; paynielll ot' subsidy fi•ee and suhsidized supply 01' power under intilnation Io N'II.)SF.I). P.SEB shall issue (he "I)ebit Advise" (o each coinpany all the debt servicine •nade on behalf ot' Cotupanies. L'ivilF' details 01' repa.\lnents and interest payinents Inadc. ""hich shall be accounted by Cotnpanies in their books

3. Cash Transactions 11.Revenue collected l'rotn all I •I'171 .*I' consulners 01' the ,vilt be deposited in the • •Revenue Collection Account" prior to issue or this notification: As per slanding instructions to the •Banks. entire revenue collected in collection account of respective R AOs shall be 11 inunedl(llely in the 528 (6) 3 2006 e.\istinu .\IP.SI . \CCOUtlI •naintained at .lab,l p innmediate basis. routed lbe • •Revenue Colleelion . \ccount respectixe ll.Q.. e.xcept (hose R lhat are escroned in favour or R revenue which shall be directlv M P.SEB's Account 'he rex enue transluc lbe escro',ved al . RAO.s bc lreated as (leetned retnil(ance done the cotnpan.v head quarters and accordinulv accounted in co.npan.\ books: release (he pavement.s/iunds to the various aeencies and (ornpanies observe löllov, ino priorities: .Sl(t11tloru• pal'/ncnl.v including lhuse arisi/F' 0111 0/ • rariau.v (•our,' arders Ill. v. VI'. co.\l li'hich includes salarr. conn•ihlfliion 1011 •e.u•d.s / hene/ils ('IC. . lc•ærninal ('oul)i/ Supp./r parnk'lll.s• q/"(including./i•eiglu lotrards o/ 1)' nrer including I H .rhceli•ng char"" and dehl servicing Io Essential ; e.vpcn.ves q/"lbe (•on,/janie.v (.1 / e.vpcn.ve.v q/"he ('J'npanie.s (•upil(tl' c.vpenses. servicing 1/1,111 . Inr olher Bi each nunlth. the (I'01npanies subtnik requirenu•nt on eek•l.v basis reuardine their essential require•ments • '(Hvards Statutory pa.\'tnents•. Fuel. (Capex. debl charue.s uc. based on approved and ee cost as per actual statirtu head ""ise details. the expenditure accounl the respective (•0111 panies on nor•nal due dales and subject to , runds towards statuary pa.vlnents. ee cost. • liiel charges. ()&M. ('ape.x etc. \White releasinu the t•und.s. Director (Finance) xvill ensure to tnaintain the cotupany-xvis•c percentaues under (he head ()&M & C'apy•x as per conyany's respective approved AR Rs so that equitable treaunenl to all cotnpanies is lneted out. tnak•c paynient.s statutorv requi reinents includine (hose arisine out of various Courl orders. poxver purchase. and ludinu charges and debt servicine. M PSEB ill ensure honouring tilliely throuuh l./Cs and F.scroxvs and also ensure to restrict erdra(l' to the extent possible n•hile releasinu pa.,anents to the C01npanies. -rhe revenue receiyed the DISC('vill he treated as ad-hoc paynu•tll against poxver supply bills issued bv and xvheelinu charues bills.s issued hv •t'he paynu'l)l Inade bv P.SF.B to lbe through 3 2006 auainst the debl I shall be adjusted X. XII. Xlii. NIV. .xv. auainst ad-hoc revenue receipl.s the and net ot' receipts and pasquenls shall be treated as actual paynnents nut(le by DISC()VI.s against the as as charues bills. AccoR.inulv. necessary entries be Inade in the books or account M PSEB -as xvell as respective as illustrated in para 4 (Accountinu). VIP.SEB shall nutintain a separate 11 each cotnpanv record ine and reconciliation or such ad.iustnw.nts account and provide (he conu.janie.s xvill the detailed statetnent or the net adjusunent.s to lbe bills and nel pa.v.nents ellu•ted l).v lbe coinpanie.s on a Inonthly basis. PSEB Hill receive subsidy (he slate aeain.st lbe claimns/ bills raised the an(l lbe atnount shall be trealed as ad-hoe paynu•nt auain.sl eneru.x• bills issued to the concerned DISCO'l.vl.s by 'l 'TRA DECO and necessarv entries xvill be Inade in the books QI' account QI• N'lt'.SfiB as well as respective DISC()Ms. l'he pax bv M P.SEB to lbe (iliNC()) through various heads and against their debt liabilities shall be deetned Io be ad-hoc pavtnents nv,lde to lhelll against their bills to 'TRADI toxvzn•d.s supply ot' power/ ""heeling charges respectively. Accordinulv. entries ill he Inade in the books or account as •rRANS(Gi l) IEC() as ill usu•aled in 4 F.D & Cess collected hv lbe and reniilled transfi•r or entire revenue collected bv lbe ill in tui n be reinitted bv Nd P.SF.l.3 Io lbe slate uovernnu•nt or adjusted auainst subsidy rech ivables based on the or thc slate uovernntnent. l'hehunount received bv M PSEB against any capital uranl./ loan. deposits and reinmbursenu•nl against claitns t'ronl any agency iVilt be reniltcel to the respective arranuenu•nts. ('0111 panics will 10 avoid overdraft charges. "l'he overdraft charges paid by M P.SEB shall be six C •otnpanies. uenerally in lbe ratio ot' booked proportionately 10 respective expenditure on establislunent. and l')aytnenl or einployee cost those etnployees ""110 are not assigned to any of the in conundn• services in NdI).SEB \éill bc chargéd Conlpanies and working lheit• rc.speclivc proportionately to all six Conlpanie.s. genet•alt) in the ratio of' cost as per ARR. M PS IEB shall issue bills periodically toxvards cinplQ_ vee COSI: Expenses on account of conunon service facilities shall be proportionately charged to the beneficiary conmpanies and he treated as dce•ned paynient 528 (8) n. 'V. 3 2006 or the . ee cost as per . \ R R. PSI shall issue bills periodically tow•ards lhese e.xpen.se.s lbe end or the tnon(h. Nd

PSEB and the companies will reconcile their accounts and file a statement or detailed consolidated account with each other. The consolidated account will be maintained by PSEB. PSEB will also maintain separate accounts for each Regional Account Unit (RAU). One such account is "Expenditure Account". Each RAU operates these accounts. They will also maintain a Collection revenue collection and an Expenditure account received from their expenses. All revenue collections will be received and accounted in the revenue collection ledger entries. As currently passed, it will continue in the books or the ledger will keep maintaining standing instruction to the Ranks to remit all collections received on a daily basis to a (separate) central account in the name of the PSEB. Revenue received in the accounts will eventually be transferred to PFC/over dues directly accounts. It will be treated as remittance to MPSEB in the books or the said and in turn discharge of debt liability of RIL as the case may be. On all such remittances made to the MPSEB account, the DISCOs will account (the payment) as an Ad-hoc payment made to MPSEB which will be reconciled at the revenue bill raised and collected (both the and the cash remittances will be as an advance Ad-hoc made to PSEB again monthly basis raise invoices in the next month the electricity purchased by them. These invoices shall be passed, by the year 2006 and accounted for purchase should be credited to (the or specific purchase bills Ad-hoc payments made to after (the confirmed, along with PSEB. On such transfer set off. It shall pass a book entry transferring the account to the creditor account created in the name. It also remain in the expenditure account regular basis for the (o routine or essential expenditure. Such remittances shall be advanced payment MPS 11B (I) IS (in the expenditure account - in DISCO the expenditure bills will be booked in books and liabilities so created will be settled in the remittances as expenditure. Meanwhile the RIL NSC will under advice to the the liabilities in DISCO books will be settled against the payments made to PSEB on the basis of the advice received. Loan liabilities transferred to the through opening balance. In the schedule, continue to be in the DISCO Nil s. a basis depending funds and priority. All such liability repayment. All such liability reduction credit to the normal circumstances. The debits or the DISCOs should represent surplus cash generated operations and ideally should be remitted back to the RIL. In the first half of the credit balance i.e. reflecting an accounts payable situation purchase bills directly paid OUI by PSEB on their behalf; a unit's credit balance may be analyzed and reduced based on the subsidies received the State government. For "GENCO" In the case of GEINC (cash now transferred-111 will be based on the cash paid out against their bulk supplies or power to (their subsidiary i.e. TR 528 (IC) 11. n. til. 3 2006 an accounting perspective. (It will account entries on the basis the bulk supply invoices raised on it. These receivables will be settled based on payments made by MPSEB. RANS(CO) IRANSCO raise invoices for charges on distribution companies (through IRA and account (for the revenues. These will be settled against remittances received from PSEB on behalf of the will have the accounting perspective as a temporary holder (cash on hand of all the sector entities: For (his. PSEB will maintain three separate accounts the three DISCOs as Ad-hoc remittances received DISCOM Central/ west". accounts shall be similar accounts the similar accounts maintained by the VIPIB will have its own separate accounts for purchase and Iradiation functions and on behalf of pending utilization funds. IVIP.SIB shall carry out the revenue. By power sales will be accounted in MPSEB accounts as revenue or income. Anoint settled by PSEB against these bills will be through a book entry from the relevant "Ad-hoc remittances... Account to the relevant DISCO debtor accounts to reflect the settlement or specific bills for power sales: remitted back to meet their respective expenditure and paid against NSC invoices raised on the DISCO will be directly remitted (ances accounts revalued to the same as in (b) shall apply in the case of loan liability payments made by MPSEB on DISCOs. bills received from PRADCO purchase power (ENEC) and other bulk suppliers shall be accounted as expenditure of FRA DECO in the books. Payments made to C.F.NCO and other bulk suppliers shall be settled against such liabilities. VI. 3 2006 (the onwards basis. the and NER SEB shall reconcile their respective Ad-hoc remittances, payments. accounts and ensure that the balances reflect the correct in each other books. And if also reconcile the accounts with the and on monthly basis: c) For the ECO (In the house. Nd P.SF.B shall illustrate a situation of substantial amount received wise. Iradilf-'ot' power (Business by to the DISCO the bill, (include the power to other utilities within or outside the State. in that case the (ash 1210" shall be as

9. Validity of the Cash Flow Mechanism (the cash deficit in the revenue and expenditure requirements is resolved to (a). the satisfaction of all the companies, or the state government, (b) once are in a position to meet all their expenses including power purchase, pool into or the revenue with P.SIEB xvill not be required and the state government, by an order. "Will terminate this Mechanism 3 2006 I Deparunelll va. Vallabh 13 ha van 2006 528 (13) No. 3474 /FR.S/1 7/ X' - In exercise of the powers conferred (1) by sub-sections (1), (2), (5), (6) and (7) Section 1.31 the Electricity Act, (36 of read with sub sections (1), (-) and (3) or Section 2.3 and sub-section (2) (1) Section 56 of the Madhya Pradesh Vidyut the Slate hereby makes the rules for regulating and vesting the (functions, properties, interest rights and obligations) of the Pradesh State Electricity Board relating to Bulk Purchase and Bulk Supply, of electricity alone "With the related agreements and arrangements in the State Government and thereon by the State Government in the Power - Loading Company) and for determining the terms and conditions on which such transfer and vesting shall be made. 'Title, Extent and Commencement: (2) these Rules shall be called the Madhya Pradesh Electricity Rules, 2006. (3) these Rules shall extend to the whole of the State of Madhya Pradesh. (4) these Rules shall come into force (the date of their publication in the Madhya Pradesh Gazette. Applicability of Rules: "[These rules shall apply to the properties, interests, rights and obligations of Pradesh State Electricity Board relating to its functions of bulk purchase and bulk supply of electricity as defined under schedule 1

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liabilities. including 2 generic loans on Paynetus Inade hv l\dp.SF.B atnone lheluscl\ es as per the inter se conunet•cial agreeent.s a. b. C. d. e. to raise invoice on ()ther poxver Suppl icrs to raise Bills on "I •R/\ DEC 'O d other transtnis•sion licensees facilitatine pox Her suppl.'. to MP to raise invoice on N.SC(.) to • Iransnlission chat•ues on DISC()MS routed Ili roti 211 the) Io raise invoice on supplied 'Ill can Ipanies servicine of liabilitic. PSEB to raise dehil note 011 xvhiell include 2eneric loans: 528 (18) xiv. ,xv. 3 2006 Subsidy i-i•onl GoMP. if an.\ shall be received and respective credit to be passed on to the DI.SCOMs to the e.xten! ot' their eliuibilibly to obtain subsidy and payntent Inade thereof by the state govern.nent•. tvlPSF.B needs to Inaintain an account each in the natne of the respective cotnpanies to record and reconcile such Iransactions and adjusttmen(s. Adequate cash cotutört .for openinu of l,Cs shall be provided by M PSFB to the Cotnpanies as and when required against various purchase and orders. on 'Inerit basis and on availability of lituit. Billing Proccdti rc: 'i. iii. VII. GENC'O will 'issue mthly bills to on or belk'i'•• 7111 (lav 01' I •nonth the units sent 0111 durine precedi11!2 at (he interlace points beveen CiENCO and) on lthe basis Ineter readines: DECO. 'vill receive periodic hills the poxver purchased Central Generating• Stations including other • sources and its transni ission/wheeli nu charucs•. 'TRANSC'O 'vviIT prepare separate nmthly bills tur each DISC'OI\I on the basis of the inter thce Inetc• readings adjusted IQ input levet 01' the MP at the approved tari IT on or beture 7th day 01' succeeding n •onth and deliver these bills to the 'TRAJ)ECO: 'The TRADECO will issue Inonthly bills to the respective I')ISCOMs the units consutned by thenl adjusted at i41) input level including charges by 10th . or every 111011th. For (his purpose. bills issued by lthe 'TRAN.SC'O or the IEnergy Account .Slatetnen(issued by the SLDC shall he the basis for deterillininu the eneruv con.stunption by (he respective DISCOMs. I'RADF.CO will tku•ward the bills OF (i I.-.NC() and other •power suppliers duly passed to MP.SF.I.). Sillililarly DISCOMS xvi fl also the bills of supplied by 'I"RA duly passed 10 PS E B. {VI I).SliB "'ill a. to tnak•c 'vilhin the Qi ven linie schedule. 'Fhe respective ccnnpanies xviil Inake debit/ct•edit entries in their books 01' accounts. DISC'OMs xvill send directly to (he stale governnu••nt the li_n• payment of subsidy tmvards free and subsidized supply 01' poxver ur.(et• intital ion 10 MPSEB. MPSEB shall issue the • •Debit Advise" Io cach conlpany lbr all servicinu tuade on behalf ot' C'otnpanies. uivinu details or repayinents and interest puytuenls• Inadc. which shall be accounted tor by the Cotnpanies in their books.

3. Cash 'It•ansactions Revenue collected ti•otn 3 2006 consunwrS or lthe will be

11. Iii. deposited in the respective • •Revenue Collection Account' • as already beine done prior Io i.S'.Slie o r this notilication: instructions to the Banks. entire revenue collected in As per standine collection acc('iunl of respective R AOs shall be transtérred inunedialel.\ in (he e..xi.slinu M P.S[i]lYs Account luaintained by B&CM at Jabalpur I I.Q. on daily and basis. routed throuk'h lthe • 'Revenue Collection Account • 01' lthe respective I-I.Q).. e.wept those R AOs are e.s•croxved in PFC/ R Ilk'. revenue of xvhiich shall be a) c) d' hi i) in lthe existinu P.SF.IV.s Account at Jabalpur H.Q. the enue transIL•r lthe escroxved xvill be treated as deened reniitlance done by the conlpany• head quarters and accordingly áccounted in coinpan.\ hooks: PSI {B xvill release .lthe Io lthe various auencies and the observinu 101 loxvinu priorities: eosl u•hiich includes salar.!. coyurihlllion 1011•ards• PF. lernünal henc/ils etc. (•aal (il Suppl.r 'O including /i•cighl charges. lil & u•heeling charges purchase q/ • including uncl dchl servicil1Q' Io . e.vpenses Q'/l/i' (•ojnpanies• ()d• .11 c.vpenses (Jllh.' ('onu»anies• (•apilal c.vpen.ve.s•. I serricinq Olher than . Inv • I (hh ot' each •nonth. the C01npanies "'ill subtuit to N'1PSE13 the nmthly fitnd their essential requirenu•nls towards requirelllenl on basis regardinu Statutorv pavtnenl.s. Fuel. Capex. debt charges etc. based on the approved A R R and enu)lo.yee cost as per actual slating head wise details. PSEB reinit (he funds into the expenditure account the respective runds towards due dates and subiecl to availability ur Oil statuary paxnnenls. elliployee cost, fuel charges. A&G. (.)&M. Capex etc. the l'unds•. (Finance) veill ensure to tuaintain lthe cotupany- wise percentaue.s under the" head .A&Ci. & Capex as per cotupany s respective approved AR Rs so (hat equitable to all cc,lppanies is •neted 'nake pav•nent.s requirement.s includinu those -2 ot' variou.s Court orders. poxs•er purchase. and including wheelino charee.s and debl servicin••. 528 (20) VIE. Viit. ix. xii. xili. i<ei4ö 3 2006 litnel.\ pay lhrotl!-h IJC's and and M ill ensure also ensure Io reSICIct overdraft to lthe extent possible while reteasi112 payments to the ('Qin panics. Che revenue received ii•onl the wilt be treated as ad-hoc pavnu••nt against power supply bills issued by and wheeling charges bills issued by TRANSCO. •rhe payinent nv.tcle by M PSF.B to the DISCOMs through various heads and against lthe debl liabilities 01 shall be against ad-hoc revenue receipts Croni the DISC(•and net of receipts and pa.\'lnents Shail be treated as actuat paynwnt.s Inade by

DISC. against the energy as well as transmission/wheeling charges bills. Accordingly, necessary entries will be made in the books or account of MPSEB as well as as illustrated in para 4 (Accounting). NIPSI shall maintain a separate account for each company for recording and reconciliation of such adjustments and provide the companies with the detailed statement of the net adjustments to the bills and net payments effected by the companies on a monthly basis. MPSEB will receive subsidy from the state against the claims/bills raised by the DISCs and the amount shall be treated as ad-hoc payment against energy bills issued to the concerned by and necessary entries will be made in the books of account of MPSEB as well as as illustrated in 4 (Accounting ED & Cess collected by the DISCs and remitted to MPSEB alone with MI). SEB (of the State Government) or adjusted subsidy payable based on the directives of the state government. The amount received by MPSEB against any capital grant/loan, deposits and investment against claims of other agencies will be remitted to the respective companies in full and shall not part of the revenue. The purpose of these arrangements will maintain minimum required balance in their expenditure account to avoid overdraft charges. The overdraft charges paid by MI/SEB shall be booked proportionately to all six Companies, generally in the ratio of their respective expenditure on establishment. A & (i) and (ii) M xvi. 3 2006 Pax nu. not or employ. The cost of employees who are not assigned to any of the Companies and - in common services in VIPS EB will be charged proportionately to all six Companies, generally in the ratio of their respective cost per R.R. SEB shall issue bills periodically towards employees of common service facilities shall be, proportionately to the beneficiaries and will be treated as deemed payment till the COSI as per A.R.R. 1). SEB shall issue bills periodically towards these the end of the month. The SEB and the Companies will reconcile their accounts and statement of (trial/outstand in payments towards each other.

4. I undertake to the DECO consolidated statement of account the transactions made towards sale and purchase of electricity. (The company will use and maintain agency Wise. and will also receive the cash) and trading or power. (Cash 1710" Accountant) For the 1st - and collection all consumers and to receive funds to 11. lit. Involvement various expenses. The DISC will maintain bank accounts in their in each Regional unit one "Revenue Collection Account" and other "Expenditure Account". Operate these two bank accounts. All their IQs. DISC also maintain a "Revenue Collection receive revenue collection and an Expenditure Account" received from it to meet out their expenses. All revenue collections will be received and accounted in the revenue collection account. Accounting entries, currently passed he continued in the books or will keep maintaining standing instruction to the Banks to remit all collections received on a daily basis to a designated central account in the name of by B&CM). Thus all cash received shall be transferred to the control of the MPSEB. Revenues received in the debt repayment accounts eventually or (default. 11 R.I.C draws their over dues (directly these R.R.s accounts. will be treated as remittance, to IVI P.SEB in the books of the said and in turn discharge or debt liability. Of PFC/REC as the case may be: On all such remittances made to the PS.F.B account. The DISC account (as an ad-hoc payment will be reconciled at the 11/01/11th. The DISCs revenue will be 528 (22) V. vii. ix. X. 3 2006 accounted 'dins (bills raised and collected the and the cash remittances will be shown as an advance / adhoc payment made to MPSEB against purchase of power TRADFC) shall, on a monthly basis raise invoices in the name of or the DISCs the power purchased by them. These invoices shall be passed the DISCs and accounted as expenditure in their books. Invoices raised by "TRAJECTO" for power purchase should be credited to the "TRADCO creditor" account to reflect settlement of specific power purchase. bills of the liabilities so against the "Ad-hoc payment made to MPSEB" account alter due remittances with M (on such liability settlement). The shall pass a book entry the amount of the Ad-hoc account to the creditor account created in the name of towards all power in the expenditure account IQ. (funds on a regular basis from the DISCs to the A&G. routine or essential and establishment expenditure. Such remittances shall also be set off against the "Ad-hoc or advance payment made to M". The DISCs will account remittances against the above account. Expenditure accounting in the s will continue to happen as usual. The expenditure bills will be booked in the books and liabilities so created will be settled the remittances received MPSEB: The bills received from through

xvill be accounted in the books the DISCOMs as expenditure. the 'TRANSCO' bills under advice to the - the liabilities in books -xvill be settled against the • •Ad-hoc paym. made to MPSEB on the basis of the advice received MPSEB. Loan liabilities transferred to (the through opening balance sheets. as a part or the •ransfer Schenue. will continue to be in the books of the DISCOMs. MPSEB "till settle these liabilities on a case-to-case basis dependin upon availability of funds and priority. On each such liability repayment. will advise the or having •acle paym. on their behalf. will account such liability reduction by crediting the • •Ad-hoc paym. made to MPSEB account; Under normal circumstances. the debit balance in the "Ad-hoc" account in the books should represent surplus cash generated operations and ideally should be returned back to the DISCOMs. In view of the cash shortfall in the sector. this account in the "will have a credit balance i.e. reflecting an accounts payable situation in their books against power purchase bills directly paid out by MPSEB on their behalf. This credit balance may be analyzed and reduced based on the subsidies received from the State Government. b) For the "GENCO" In the case of GENCO. cash now be based on the cash paid off against their bulk supplies or to their single buyer i.e. TRAIFCO: 2006 528 (23) n

11. III. From an accounting perspective. GENCO will account revenues on the basis of the bulk supply invoices raised on TRADEC's. receivables will be settled based on payments made by MPSEB. c) For "TRANSCO" TRANSCO raise invoices for transmission/vv wheeling charges on the Distribution companies through and account the revenues. These receipts will be settled against remittances received from MPSEB on behalf of the DISCOMs. TRAIFCO will have the accounting perspective as a proprietor. try to clear or cash on all the sector entities. For this. MPSEB will maintain three separate accounts the first as • •Ad-hoc remittances received from East/ Central/ West. accounts shall be maintained in the books of the • •Ad-hoc remittances received from the DISCOMs. I have its own separate accounts for power purchase and transmission and on behalf of TIARA depending on utilization of funds. VI shall carry out the power sales on DISCOMs shall be accounted in TRAIFCO accounts as revenue or TRADEC. Amounts settled by PSEB against these bills will be transferred through a book entry from the relevant "Ad-hoc remittances. Account to the relevant debtor accounts to reflect the settlement of specific bills for power sales. Amounts remitted back to • •Ad-hoc remittances. expenditure and amounts paid against invoices raised on the will be directly debited to the • •Ad-hoc remittances. accounts relevant to the specific DISCOMs: the same as in (b) shall apply in the case of loan liabilities payments made by MPSEB on behalf of DISCOMs: b. Copy of bills received from TRAIFCO for power purchase from GENCO and other bulk suppliers shall be accounted as expenditure of TRADEC in the books. Payments made to (GENCO and other bulk suppliers shall be settled against such liabilities. vi. On the monthly basis. the GENCO and MPSEB shall reconcile their respective • •Ad-hoc remittances/ payments accounts and ensure that the balances reflect the correct position in each other's books. MPSEB will also reconcile the accounts with TRAIFCO and basis: 528 (24) 6

11. III.7.3 2006 e) (the basis. MPSEB shall furnish a single entry statement to TRAIFCO the amount received and paid towards transmission power cost) by Utility/ advise. Business by TRADEC: In addition to meeting the demand of the three TRAIFCO will, include the power to other utilities within or outside the State. in that case the Cash arrangement shall be as under: Any surplus or the State power sector can be sold by TRAIFCO to other buyers and proceeds from the sale of power shall be deposited in a separate bank account (Transmission account) maintained by the DEC. However. the COSI of the entire rate • •Ad-hoc remittances (pooled rate) shall be transferred in MPSEB account in which payments to the power suppliers. The transactions any other transmission of power i.e. purchase and sale of power other than the pooled power of the sector. shall be made by the • •Ad-hoc remittances which shall be part of the Cash Mechanism. Dispute Resolution Committee: Disputes relating to financial matters. if any. shall be resolved in the monthly meetings between heads of F&A department in respective companies and F&A head of MPSEB/ take guidance and directives from the Financial Advisor. If MPSEB as and necessary. Disputes relating to commercial matters shall be resolved in the monthly meetings between commercial head of TRADEC and counterparties in respective companies. If required. they will take guidance and directives from the Financial Advisor/ Secretary. (any dispute. either financial or commercial. remains unresolved. the same shall be referred to the Apex Redressal Committee comprising of CMDs/ MDs of the companies on quarterly basis or as and when required. the Apex Committee is unable to reach a consensus. then the matter will be referred to the Arbitration. Decision of the Arbitration shall be final.

•und binditu-! Cash Flow (lurinu Transit Period Process i.s.suitl!-t power purchase bills in the natue of may lake solne (itne. banking arraneelnents Cund transti.2t• een Nd PSEB and co•npanies under the changed scenario. negotiationk with hankers are to he initiated and finalized. For sxvilching o ver into the coinpanies would also • require arrangenu±nt. 3 2006 528 (25) 8. li. 9. approval ot' their BOD. As suchidut•ing.ithe .transition period, settlement of bulk power energy bills by MPSEB shall bé as settled with the TRADECO. The transit period will. however. be not Inore than TWO months. Riuht o ;unend the Cash Flow Mechanism The state governuuent. by issue of separate order(s) t•rotn titne to titne, Inay atnencl the CFM and tnak•e such provisions as 'nay appear 10 be necessary rennoving the difficulties in itnplelnentation or this tnechanisnl. •rhe Financial Advisor of MPSE13 tnay tnake, changes in the CFM from tinie to time, necessary lör sni00th operation or the cash now tnechanisni, to the extent not d.isagreed by any the C'otnpany, under intitnation to the state governnlent. Validity of the Cash Flow Mcchanism 'l'he CFM will be valid till: (a) l'he cash delicit in the revenue earnin2.s and expenditure requirenlents is resolved to the satisfäction of all the cotnpanies. or (b) issue of further directives fi•onl the state ('overnnu:nt. Once l)l.SCOM.s are in a position Io tnect• all their expenses including power purchase, poolinu or the revenue earnings wilh will not be required . and the state ('overnn)ent. by an order. 'Will tet•tninate this •nechanisnu Bx and in (he natne ot' the Governor or Madhya Pradesh (Sanjay Bandopadhyaya) Secretary

