

**MAHARASHTRA ELECTRICITY REGULATORY
COMMISSION**

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DISTRIBUTION LICENCE NO. 1 OF 2011

LICENCE FOR DISTRIBUTION OF ELECTRICITY

Dated: August 11, 2011

Licence granted by the Maharashtra Electricity Regulatory Commission under Section 14 of the Electricity Act, 2003 (36 of 2003) to Reliance Infrastructure Limited (RInfra), having its registered office at H-Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710, to distribute electricity within the area of Distribution as defined in this Licence and with the powers and upon the terms and conditions specified herein.

Part I: General

1. Short title

This Licence may be called the **Distribution Licence for Reliance Infrastructure Limited (Licence No.1 of 2011)**

2. Definitions

All the definitions specified under “Section 3. Definitions” of Maharashtra Electricity Regulatory Commission (General Conditions of Distribution Licence) Regulations, 2006 as in force from time to time, shall be applicable for this Licence. Words or expressions used herein and not defined shall bear the respective meanings assigned to them in the Electricity Act, 2003 (“2003 Act”).

3. Area of Distribution

- 3.1. The Licence authorizes the Distribution Licensee to distribute electricity in the areas in and around the suburbs of Mumbai inclusive of entire area covered under Mira Bhayandar Municipal Corporation. The following is the list of areas:
- (a) The Area of Supply within which the Distribution Licensee is authorised to supply electricity shall be (i) the whole of the area as described in “The Bombay Suburban Electric Licence, 1926”; and including (ii) area under Chene and Varsova falling under the Mira Bhayandar Municipal Corporation.
 - (b) Broadly the licensed area is: Bandra to Dahisar in Western suburban parts of Mumbai Suburban Revenue District, Chunnabhatti to Vikhroli and Mankhurd in Eastern Suburban parts of Mumbai Suburban Revenue District and area of Mira Bhayandar Municipal Corporation.
 - (c) A map representing the licenced area is annexed to this licence.

4. Commencement and term of licence

The Licence shall come into force from August 16, 2011 and, unless revoked earlier by the Commission in accordance with the provisions of the 2003 Act, shall remain in force up to 15th August 2036, i.e. for the period specified under sub-section (8) of Section 15 of the 2003 Act.

5. Duties

- 5.1. The Distribution Licensee shall comply with all the applicable provisions of the 2003 Act, the rules prescribed thereunder and all Regulations, Orders and directions issued by the Commission from time to time.
- 5.2. The Distribution Licensee shall as soon as practicable, report to the Commission, of -
- (a) Any significant change in its circumstances which may affect the Distribution Licensee’s ability to meet its obligations under the 2003 Act, the rules and Regulations thereunder, directions and Orders issued by the Commission, agreements or this Licence;
 - (b) Any material breach, or likelihood thereof, of the provisions of the Act, the rules and the Regulations thereunder, directions and orders issued by the Commission, agreement or this Licence, which was reasonably within its knowledge, along with the reasons therefore, as soon as practicable; and

- (c) Any change in management control and/ or major change in the shareholding pattern of the Distribution Licensee than that submitted to the Commission under the Distribution Licence Application.

Explanation I – for the purpose of this clause, “management control” shall include the right to appoint majority of the directors or to control the management or policy decisions of the Distribution Licensee, including by virtue of shareholding or management rights or shareholders’ agreement or partnership deed or trust deed or voting agreement or in any other manner;

Explanation II – for the purpose of this clause, “major change in shareholding pattern” shall mean the acquisition, by such person as specified in Regulation 7 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, or its modifications and amendments, as in force from time to time, of such per cent of shares or voting rights in the Distribution Licensee as would entail a disclosure under sub-regulation (1) of that Regulation.

- 5.3. The Distribution Licensee shall seek the approval of the Commission before creating any encumbrance on the assets of the Licensed Business, except where such encumbrance is created for the purpose of the Licensed Business.
- 5.4. The Distribution Licensee may engage any of its subsidiaries or holding company or a subsidiary of such holding company to provide any goods or services to the Distribution Licensee in connection with the Licensed Business, subject to the following conditions:
 - (a) that the transaction shall be undertaken on an “arm’s-length basis” and at a value that is fair and reasonable in the circumstances, which for the purposes of this clause, shall mean with respect to any specific transaction, substantially on terms that would be obtained between the Distribution Licensee and a third party unrelated to and not connected with the Distribution Licensee;
 - (b) that the Distribution Licensee shall report to the Commission, for each financial year, the details of all transactions of the nature referred to in this Licence, entered into during the financial year;
 - (c) that the Distribution Licensee shall submit to the Commission, for each financial year, a certificate from a Chartered Accountant in regard to compliance with the requirement of clause (a) above.

Explanation – for the purpose of this clause, the terms “subsidiary” and “holding company” shall have the same meaning as under Section 4 of the Companies Act, 1956.

- 5.5. The Distribution Licensee shall submit clear segment-wise information for Distribution Businesses regulated by the Commission in compliance with the requirements of

Maharashtra Electricity Regulatory Commission (Uniform Recording, Maintenance and Reporting of Information) Regulations, 2009, as amended from time to time.

6. Street works

The Distribution Licensee may, undertake works upon any streets or parts of streets, railways, canals or waterways or parts thereof, either in the domain of Central Government, State Government, Semi Government and Municipal bodies or in private domain, only after obtaining all statutory permissions required for undertaking such work.

7. Accounts

7.1. The financial year of the Distribution Licensee shall run from the first of April to the following thirty-first of March.

7.2. The Distribution Licensee shall, in respect of the Licensed Business and the Other Business:

- (a) keep such Allocation Statement as would be required, so that the revenues, costs, assets, liabilities, reserves and provisions for, or reasonably attributable to the Licensed Business are separately identifiable in the books of the Distribution Licensee;
- (b) adopt a fair and transparent cost allocation mechanism for the reasonable allocation of joint and common costs between the Licensed Business and the Other Business;
- (c) prepare on a consistent basis the Accounting Statements in accordance with the provisions of the Companies Act, 1956 and/or the standards or guidelines issued by the Institute of Chartered Accountants of India.

Explanation – References in this Licence Condition 6.2 to costs or liabilities of, or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such Business and interest thereon.

7.3. The Distribution Licensee shall maintain appropriate accounting records and undertake such studies as the Commission may direct to enable the Commission to determine or estimate, as the case may be, the Distribution Licensee's cost of supply to various tariff categories.

7.4. The Distribution Licensee shall upon request by any person make available a copy of its Audited Accounting Statements to any person who may require it at a reasonable price not to exceed the photocopying charges.

8. Provision of Information to the Commission

The Distribution Licensee shall furnish to the Commission such information, documents and details related to the Licensed Business and/or the Other Business of the Distribution Licensee as the Commission may require.

9. Licence fees

- 9.1. During the period of validity of the licence, the Distribution Licensee shall, by the 10th of April of every year, or such further period as the Commission may allow, pay to the Commission such licence fees as specified in MERC (Fees and Charges) Regulations, 2004 and as amended from time to time.
 - 9.2. The Distribution Licensee shall ensure that it gives supply of electricity to all applicants in its area of supply within the period specified under Regulation 4 of the Maharashtra Electricity Regulatory Commission (Standards of Performance of Distribution Licensees, Period for Giving Supply, and Determination of Compensation) Regulations, 2005, as in force from time to time.
- 10.** The Distribution Licensee shall have firm power procurement plans executed in accordance with existing Rules or Regulations or Policies and amendments thereof to ensure that the increase in retail tariff of consumers is minimized on account of power purchase. The details of such plans shall be submitted to the Commission for approval from time to time in accordance with extant Regulations of the Commission.



(K.N.Khawarey)
Secretary, MERC

Maharashtra Electricity Regulatory Commission, Mumbai

Dated: August 11, 2011

ANNEXURE – MAP OF LICENCED AREA OF RELIANCE INFRASTRUCTURE LIMITED AS GRANTED FOR THE PERIOD FROM 16TH AUGUST 2011 TILL 15TH AUGUST 2036

SKETCH OF RINFRA LICENCE AREA FOR REPRESENTATION PURPOSE- (NOT TO SCALE)

