



Consumer Grievance Redressal Forum, Kalyan Zone
Behind "Tejashree", Jahangir Meherwanji Road, Kalyan (West) 421301
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IN THE MATTER OF GRIEVANCE NO. K/N/084/607 OF 2011-2012 OF
M/S. LADAM FINANCE LTD. VILLAGE – VEHLOLI, TAL : SHAHAPUR
REGISTERED WITH CONSUMER GRIEVANCE REDRESSAL FORUM
KALYAN ZONE, KALYAN ABOUT NEW CONNECTION .

M/s. Ladam Finance Ltd.
Survey No. 202,
Hissa No. 1,2,3,4,8,9 & 11
Village – Vehloli, Tal : Shahapur
Dist : Thane – 421 601

(Here-in-after
referred
as Consumer)

Versus

Maharashtra State Electricity Distribution
Company Limited through its
Assistant Engineer
Shahapur Sub-Division

(Here-in-after
referred
as licensee)

- 1) Consumer Grievance Redressal Forum has been established under "Maharashtra Electricity Regulatory Commission (Consumer Grievance Redressal Forum & Ombudsman) Regulation 2006" to redress the

grievances of consumers. This regulation has been made by the Maharashtra Electricity Regulatory Commission vide powers conferred on it by Section 181 read with sub-section 5 to 7 of section 42 of the Electricity Act, 2003. (36 of 2003).

- 2) The complainant registered grievance with the Forum on 10/06/2011 for New Connection.

The details are as follows :

Name of the complainant :- M/s. Ladam Finance Ltd.

Address : - As given in the title

Consumer No : - N. A.

Reason of dispute : New Connection

- 3) The batch of papers containing above grievance was sent by Forum vide letter No EE/CGRF/Kalyan/366 dated 10/06/2011 to Nodal Officer of licensee. The licensee filed reply vide letter No. SE/KC-II/CGRF/Tech/2787, dated 24/06/2011.
- 4) The hearing was held on 28/06/2011 @ 16.00 hrs. The Members of the Forum heard both the parties in the meeting hall of the Forum's office. Shri B. R. Mantri, and Shri Ramchandran representatives of the consumer, & Shri Purohit Nodal Officer, Shri A. R. Rathod, Assistant Engineer representatives of the licensee attended hearing. Minutes of the hearing including the submissions made by the parties are recorded and the same are kept in the record. Submissions made by each party in respect of each grievance shall be referred while deciding each of the grievances to avoid repetition.
- 5) It is contended that the Director of M/s. Ladam Finance Ltd. Shri Bharat Bhushan Agarwal applied for new connection on 09/09/2009 for 6 KW load

to their company Ladam Finance Ltd. at Village – Vehloli, Tal : Shahapur situated at Survey No. 202, Hissa No. 1,2,3,4,8,9,11 for watch & ward / security / lighting purpose. Alongwith this application they enclosed A-1 form, 7/12 abstract, agreement copy, location plan, NOC from Grampanchayat and copy of electric bill of nearest consumer. It is contended that the Assistant Engineer Shahapur Sub-Division by letter dated 22/09/2009 addressed to the Executive Engineer Kalyan Rural Division under intimation to them apprised that H.T. connection to Ladam Steel Ltd. at Survey No. 201, at Village – Vehloli, bearing No. 015519010655 concerning to Shri Bharat Bhushan Agarwal was permanently disconnected for huge arrears therefore new connection to the company of Shri Bharat Bhushan Agarwal cannot be given. By reminders dated 14/09/2009, 22/09/2009, 02/10/2010, 04/12/2010, 13/12/2010 complainant requested the licensee to release them new connection in as much as Ladam Finance Ltd. and Ladam Steels Ltd. are two sepeate entities, their offices are separate though situated in one building at Wagle Estate Thane, the factory of Ladam Steels Ltd. (formerly Ramkrishna Metal Works) to which connection was given on Survey No. 201/1-A is a sick industrial undertaking under SIC ACT whereas new connection is sought to the property Survey No. 202, however not responded. Complainant approached the I.G.R. Cell but in vain as usual, therefore lodged this grievance with prayer to direct the licensee to release new connection to M/s. Ladam Finance Ltd.

- 6) Licensee filed reply dated 24/06/2011 contending that Shri Bhatat Bhushan Agarwal Director of M/s. Ladam Steels Ltd. applied for new connection to their another company M/s. Ladam Finance Ltd. This Ladam Steels Ltd.

formerly known as M/s. Ramkrishna Metal Works was given connection bearing consumer No. 015519010655, however it was permanently disconnected for arrears of Rs. 29,70,653/-. It is contended that since M/s. Ladam Steels Ltd. of which Shri Bharat Bhushan Agarwal is a Director, is in arrears of electricity bill and the property to which new connection is sought i.e. M/s. Ladam Finance Ltd. is nearby to the property M/s. Ladam Steels Ltd., hence new connection cannot be given without the payment of arrears. It is further contended that the sister concern of M/s. Ladam Steels Ltd. i.e. M/s. Lacon India Ltd. at Vehloli, Village – Shahapur since was in arrears of electricity bill for which the Court of Senior Division Kalyan has passed decree in favour of the licensee against which the consumer therein filed appeal bearing No. 1410 of 2010 in the Hon. High Court. It is therefore contended that the companies concerning to Shri Bharat Bhushan Agarwal namely M/s. Lacon India Ltd., M/s. Ladam Steels Ltd. (formerly M/s. Ramkrishna Metal Works) since in arrears of huge energy bill, unless arrears are paid, new connection cannot be released. For all these reasons it is contended that grievance being devoid of substance be dismissed in limine.

- 7) On perusing the records and hearing the learned representative for both the parties at length point arises for our consideration whether licensee is justified in rejecting the application filed by complainant for new connection and our finding is in the affirmative for the reasons mentioned below :
- 8) Learned representative for the consumer at the outset inviting our attention to the voluminous records submitted that application for new commercial connection is given for M/s. Ladam Finance Ltd., this concern is situated in Survey No. 202 i.e. M/s. Ladam Finance Ltd. is different entity and situated

in different piece of land therefore licensee cannot reject the said application on the ground that sister concern M/s. Ladam Steels Ltd. is in arrears of huge amount. He further submitted that as per Clause 10.5 of Maharashtra Electricity Regulatory Commission (Electricity Supply Code and other Conditions of Supply) Regulation 2006 the charge for electricity due is a charge on the premises of M/s. Ladam Steels Ltd. situated at Survey No. 201 whereas new connection is sought for M/s. Ladam Finance Ltd. therefore new connection cannot be withheld on account of the dues of M/s. Ladam Steels Ltd.

- 9) Complainant Shri Bharat Bhushan Agarwal applied for new commercial single phase 6 KW connection for their factory M/s. Ladam Finance Ltd. at Survey No. 202, in village – Vehloli, Tal : Shahapur. Licensee informed the complainant that on payment of arrears of energy bill Rs. 29,70,653/- new connection can be released. Inviting our attention to the detail accounts note dated 22/11/2010 prepared by Assistant Accountant (HTB) learned representative for the licensee urged with force that complainant who applied for new connection is habitual defaulter of the electricity bill. He further submitted that using electricity for commercial purpose complainant earned profit however intentionally avoided to make payment of electricity and if complainant possesses such sort of tendency hardly new connection can be given to such defaulters, therefore licensee is fully justified in not releasing new connection.
- 10) Clause 10.5 of Maharashtra Electricity Regulatory Commission (Electricity Supply Code and other Conditions of Supply) Regulation 2006 reads as under :

“Any charge for electricity or any sum other than a charge for electricity due to the Distribution Licensee which remains unpaid by a deceased consumer or the erstwhile owner / occupier of any premises, as a case may be, shall be a charge on the premise transmitted to the legal representatives / successors-in-law or transferred to the new owner / occupier of the premises, as the case may be and the same shall be recoverable by the Distribution Licensee as due from such legal representative or successors-in-law or new owner / occupier of the premises, as the case may be ; Provided that, except in the case of transfer of connection to a legal heir, the liabilities transferred under this Regulation 10.5 shall be restricted to a maximum period of six months of the unpaid charges for electricity supplied to such premises.”

- 11) Admittedly complainant Shri Bharat Bhushan Agarwal is the Director of M/s. Ladam Steels Ltd. (formerly M/s. Ramkrishan Metal Works). This H. T. consumer No. 015519010655 was permanently disconnected for the arrears of Rs. 29,70,653/-. It is seen from the detail report of the Accounts Department of the licensee dated 22/11/2010 referred to supra, complainant is having another concern namely M/s. Lacon India Ltd. at village – Vehloli which was also in arrears of the electricity bill for which a suit was filed by the licensee and the same was decreed and appeal against it pending before the Hon. High Court.
- 12) Learned representative for the consumer in support of his case relied on the decision dated 07/11/2006 of case Jagdish Ramchandra Prithyani V/s. MSEDCL in Representation No. 62 of 2007. The Hon. Ombudsman in the case cited above directed to release connection to the appellant therein as appellant had not stepped into the shoes of the company who seeks new

electric connection as a successor occupier. In the case in hand, complainant Director is not only Director of the defaulter company M/s. Ladam Steels Ltd. but also the M/s. Lacon India Ltd. This Director Shri Bharat Bhushan Agarwal is directly concerned to the defaulter companies and the company for which new connection is sought thereby he is legal representative therefore he is liable to pay arrears of electricity before seeking new connection vide Clause 10.5 referred to above. In this view of the matter, decision relied as above is no avail to the complainant herein.

- 13) True it is, Licensee permanently disconnected supply of M/s. Ladam Steels Ltd. (formerly M/s. Ramkrishan Metal Works) on 12/06/1998, however nothing produced on record to show what action taken by the licensee to recover the huge amount of arrears of electricity. Looking to the provisions under Electricity Act 2003 and the Regulation in this context licensee is expected to take appropriate steps long back. It is high time for the licensee to find out the erring officials and to take appropriate action in this context. Complainant herein however cannot take benefit of in-action on the part of officials of licensee. Licensee has liberty to take appropriate action to recover arrears of electricity.
- 14) As stated above, complainant Shri Bharat Bhushan Agarwal who seeks new electric connection to their concern M/s. Ladam Finance Ltd. is the Director of defaulter concern M/s. Ladam Steels Ltd. and M/s. Lacon India Ltd. He is the legal representative of the defaulter company therefore as per Provision 10.5 reproduced above carry charge of electricity unpaid bill and till such unpaid huge bill is cleared, to our view, new connection cannot be released. On the premise submissions made by the learned representative for the complainant that M/s. Ladam Finance is different

entity and it situates in different piece of land therefore new connection can be released, do not appeal to our conscious.

- 15) It is to be noted that licensee is a public sector Electricity Distribution company. It supplies electricity with the investment of public funds. Complainant Director of M/s. Ladam Steels Ltd. used electricity of huge amount for commercial purpose, earned profit but avoided to make payment causing loss to the public sector company is the loss to the public at large. Without payment of arrears if new connection for commercial use is given, a wrong message will go to the public that using electricity of high amount nothing happens. Consumer has to pay bill of used electricity. It is the right of the consumer to receive electric bill and that consumer who consumes electricity has to pay electricity charges within the stipulated time. At this juncture learned representative for the complainant made much capital about M/s. Ladam Steels Ltd. having gone in sick unit of which accounts of the dues are pending for rehabilitation by B.I.F.R. Here point is whether M/s. Ladam Steels Ltd. is in arrears of electricity bill and that licensee is least concern for what reasons it has gone in sick unit best known to the complainant Director and his colleagues. As stated above, complainant Director of M/s. Ladam Steels Ltd. using electricity supplied by licensee earned profit, in any case is bound to pay cost of electricity. In view of this submissions made above by the learned representative for the complainant does not hold water.
- 16) Considering the material aspects and the provisions under Regulation, in the context of the discussion supra, we find force in the submission of the learned representative for the licensee and as such licensee is fully justified in not releasing new connection on the ground of arrears in the interest of

justice and public confidence. Grievance application since sans merits apt to be dismissed. Point is answered accordingly and hence the order :

O-R-D-E-R

- 1) The grievance application stands dismissed.
- 2) On depositing arrears mentioned herein above and completing the formalities by the complainant, licensee to release new connection as per rules.
- 3) Licensee to take appropriate action against the erring officials and to report compliance.
- 4) The Consumer can file representation against this decision with the Hon. Electricity Ombudsman within 60 days from the date of this order at the following address.

“Office of the Electricity Ombudsman, Maharashtra Electricity Regulatory Commission, 606/608, Keshav Bldg, Bandra Kurla Complex, Mumbai 51”.

Date : 19/07/2011

Mrs. S.A. Jamdar)
Member
CGRF Kalyan

(R.V.Shivdas)
Member Secretary
CGRF Kalyan

(S.N. Saundankar)
Chairperson
CGRF Kalyan