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Law		Member/F
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EAS	<input checked="" type="checkbox"/>	Chairman
R.O.		

ELLENBARRIE INDUSTRIAL GASES LTD

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19th October 2011

The Secretary,
Andhra Pradesh Electricity Regulatory Commission,
Singareni Bhavan,
Red Hills, Lakdi-ka-pool,
Hyderabad 500034



Dear Sir,

Our plant is a cryogenic air separation plant located at Visakhapatnam. More than 95% of the variable cost of the plant is power. With our industry being so power intensive and dependent on power, our contracts with customers are linked to the power price.

We have already billed and collected payments from customers for entire years of 2008-09 and 2009-10. With the fuel surcharge adjustment coming at such a late date we are in no position to recover even a single paisa from our customers. The entire amount as a result will be a loss to us and we will be forced to declare our industry as a sick unit.

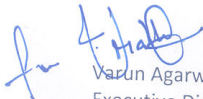
We have already seen power tariffs rise significantly in the previous two financial years and incentives such as the load factor incentive have been removed. Further, billing has been changed to kVAh posing a further burden. In addition, the Government's promised electricity rebate of 75 paise per unit for new industries is also not being paid out. We had set up our plant in Andhra Pradesh with certain power tariff and LF rebate as well as Government incentives in mind. Now the situation has changed completely. We are in no position whatsoever to pay FSA.

It is our humble request to the Hon'ble Commission to disallow this type of extreme case of retrospective pricing. It is impossible to pass on the cost for any industry to their customer in such a case and the blow is impossible to deal with, especially for power intensive industries.

As you are aware – the investment climate in the state is highly poor. Much of the government's promised incentives are not being passed on to industries. Heavy amounts of disruption in day to day activities caused by political agitation is causing further burden on industry. In such a situation, industry is in no position to meet additional demand for fuel surcharge.

Yours faithfully,

For ELLENBARRIE INDUSTRIAL GASES LTD.


Varun Agarwal

Executive Director

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