HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

THURSDAY, THE NINETEENTH DAY OF FEBRUARY
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT APPEAL NO: 88 OF 2026

Writ Appeal under clause 15 of the Letters Patent Against the Order Dated 03/07/2025 in W.P. No. 9397 of 2010 on the file of the High Court.

Between:

1. The Central Power Distribution Company of A.P. Limited, (presently Southern Power Distribution Comvpany of Telangana Limited) Represented by its Chairman and Managing Director, Mint Compound, Hyderabad.
2. The Superintending Engineer, APCPDCL, (presently TGSPDCL), Operation Circle, Medak at Sanga Reddy
3. The Divisional Engineer, Electrical, Operation, APCPDCL (Presently TGSPDCL), Toopran, Medak District.

...APPELLANTS

AND

M/s Rama Spinners Pvt. Limited, Rama Towers, 2nd Floor, 5-4-83, TSK Chambers, M G Road, Secunderabad, Represented by its Managing Director Sri Gopal Agarwa, S/o M L Agarwal

...RESPONDENTS

IA NO: 3 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to receive the following documents viz. Copy of the Counter Affidavit filed in W P No. 9397 of 2010. Copy of relevant General Terms & Conditions of Supply, as Additional Material Papers in the above Writ Appeal, in the interest of justice and pass such other or further orders.

IA NO: 2 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation of the Order dated 3/7/2025 passed in W P No. 9397 of 2010, pending disposal of W.A.No. of 2025.

IA NO: 4 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to receive the copy of the inspection report with regard to inspection conducted on 25.11.2009 on the writ petitioner / respondent's service connection, as addl material paper in the above writ appeal, in the interest of justice.

Counsel for the Appellant : SRI N.SREEDHAR REDDY, (SC FOR TGTRANSCO)

Counsel for the Respondents: SRI M.P.CHANDRAMOULI, Senior Counsel
rep., SRI CH.SATYASADHAN

The Court made the following: JUDGMENT

IN THE HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH
AND
THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

WRIT APPEAL No.88 of 2026

DATE:19.02.2026

Between:

The Central Power Distribution Company of A.P. Limited
(presently Southern Power Distribution Company of Telangana Limited (SPDCTL))
represented by its Vice Chairman and Managing Director,
Mint Compound, Hyderabad and 2 others

....Appellants

And

M/s Rama Spinners Private Limited **....Respondent**

JUDGMENT

Heard Sri N.Sreedhar Reddy, learned Standing Counsel for Transmission Corporation of Telangana Limited (TGTRANSCO) appearing for the appellants and Sri M.P.Chandramouli, learned Senior Counsel representing Sri Ch.Satya Sadhan, learned counsel for the respondent.

2. This writ appeal, preferred under Clause 15 of the Letters Patent, assails the order dated 03.07.2025 passed by the learned Single Judge in W.P.No.9397 of 2010. By the said order, the learned Single Judge allowed the writ petition filed by the respondent herein and set aside the demand proceedings dated 25.03.2010 issued by the 2nd appellant, whereby a sum of Rs.2,85,400/- was demanded from the respondent towards back-billing charges on the allegation of low recording of energy consumption due to a defective Potential Transformer (PT). The appellants have assailed the said order on the grounds that the learned Single Judge misapplied the provisions of the General Terms and Conditions of Supply (GTCS) to the facts of the case, which primarily involved a defective PT and not a defective meter *per se.*

Factual background (in brief)

3. The respondent (writ petitioner) is a High Tension (HT) consumer availing power supply under Service Connection No.MDK-755. The dispute arises out of a demand raised by the appellants towards back-billing charges on the allegation of under-recording of energy consumption.

4. On 21.11.2009, while recording the monthly meter reading, the officials of the appellant-Company noticed that the consumption for November, 2009 was 5,51,700 units, which was substantially lower than the average consumption of the preceding three months (August, September and October 2009). A suspicion was recorded that the low recording might be attributable to absence of 'Y' Phase voltage. Consequently, on a provisional basis, a shortfall of 1,03,450 units was assessed based on the average consumption of three consecutive months and added to the November, 2009 bill. The respondent herein paid the said bill, including the additional units so assessed.

5. Thereafter, on 25.11.2009, a detailed inspection was conducted by the Divisional Engineer (DPE/HT) at the respondent's premises. During the inspection, it was found that the 'Y' Phase PT was defective, and the voltage in the 'Y' phase was recorded as zero both at the Test Terminal Box (TTB) and on the meter display. The defective PT was replaced on the same day. The relevant portion of inspection report is reproduced hereunder:

> *"9. Incriminating Points observed at the time of inspection*
> *1) Y ph voltage is zero at TTB and in meter.*
> *2) MRT data collected.*
> *3) Grilled Gate to be provided."*

6. On analysis of the Common Meter Reading Instrument (CMRI) and data retrieved from the meter, it was concluded that the defect in the 'Y' Phase PT persisted from 03.10.2009 to 25.11.2009. The appellants, invoking Clause 7.5.1 of the GTCS, undertook a back-billing assessment for the said period and issued a notice dated 19.12.2009, initially determining the additional liability at Rs.3,89,317/-.

7. The respondent submitted its objections to the notice, and a personal hearing was afforded on 24.02.2010. Upon consideration of the objections, the 2nd appellant passed final proceedings dated 25.03.2010, reducing the demand by allowing eligible Load Factor Incentive and determining the net payable amount at Rs.2,85,400/-. Aggrieved thereby, the respondent herein instituted the writ petition, which came to be allowed by the learned Single Judge.

Contentions on behalf of the appellants

8. Learned Standing Counsel appearing for the appellants, assailed the order of the learned Single Judge and has raised the contentions as under:

i. That the impugned order proceeds on an erroneous interpretation of Clause 7.5.1 of the GTCS. The procedural requirements contemplated under Clauses 7.5.1.1 to 7.5.1.3; namely, preparation of an inspection report in the prescribed format, testing of the meter in the Meter Relay Testing (MRT) Laboratory in the presence of the consumer, and issuance of notice within the stipulated time, are attracted only in cases where the recording meter itself is found to be defective.

ii. That in the instant case, the defect was not in the meter but in the 'Y' Phase PT, which is only an associated component of the metering circuit. A PT, being a voltage transformer, merely steps down high voltage to a level that the meter can safely record. If the PT is defective, particularly where a phase voltage is absent, the meter would consequently record lower consumption; however, the meter itself cannot be termed "defective" in the sense of being inaccurate. The defect, in such circumstances, lies in the circuitry. Therefore, the provisions applicable for sending the meter to the MRT

Laboratory were neither warranted nor practicable, as the PT alone required replacement, which was done on 25.11.2009.

iii. That the assessment was made on the basis of CMRI data, which is an objective electronic record of the meter's internal diagnostics and has established that the 'Y' Phase voltage was absent from 03.10.2009 to 25.11.2009. Since no laboratory testing of the meter was required, the question of issuing a two-week advance notice to respondent for such testing under Clause 7.5.1.2 did not arise.

iv. That the principles of natural justice were duly complied with. A detailed notice dated 19.12.2009 was issued, the respondent submitted objections, and a personal hearing was afforded on 24.02.2010. The final order dated 25.03.2010 was a reasoned order which was passed after considering the respondent's specific objections, wherein even the benefit of Load Factor Incentive was granted, thereby reducing the demand to Rs.2,85,400/-. The learned Single Judge erred in interfering with a lawful assessment made in accordance with the applicable terms and conditions of supply.

Contentions on behalf of the respondent

9. Learned Senior Counsel appearing for the respondent has supported the order of the learned Single Judge and raised the contentions as under:

i. That the GTCS, having been approved by the Andhra Pradesh Electricity Regulatory Commission (APERC), mandate strict adherence. Clause 7.5.1 governs the entire field of defective metering equipment and cannot be narrowly construed by segregating the meter from the PT.

ii. That the appellants failed to comply with the mandatory safeguards under Clauses 7.5.1.1 to 7.5.1.3, including preparation and service of inspection report in the prescribed format, testing in the presence of the consumer, and issuance of notice within the stipulated period. Such violations are not mere procedural irregularities but substantive violations that vitiated the entire assessment and rendered the consequential demand unsustainable.

iii. That the right of the consumer to witness the testing of the equipment to verify the alleged defect, is a substantive safeguard to ensure transparency and fairness, and denial of such opportunity amounts to violation of principles of natural justice. The plea of absence of prejudice is misconceived, as breach of a statutory procedure is itself prejudicial.

iv. That the respondent had already paid for the additional units provisionally added in the November, 2009 bill; and the subsequent demand for a much larger amount was an attempt to levy double charges, which is impermissible in law.

10. We have taken note of the respective contentions urged and perused the material on record.

Consideration by this Court

11. The main controversy revolves around the interpretation of Clause 7.5.1 of the GTCS and its sub-clauses. The learned Single Judge has proceeded on a strict and literal construction of the said provision. While it is undoubtedly settled that procedures prescribed under statutory regulations must ordinarily be adhered to, it is equally well established that such provisions must receive a contextual and purposive interpretation so as to advance the object of the regulation and avoid impracticable or unintended consequences.

12. It is pertinent to note that Clause 7.5 of the GTCS bears the heading "Replacement of Meters", and Clause 7.5.1 deals specifically with "Defective Meters". A plain reading of Clauses 7.5.1.1 to 7.5.1.3 would indicate that the procedural safeguards contemplated therein; namely, preparation of inspection report, dispatch of the meter to the MRT Laboratory for testing, issuance of a test report, and consequential notice within the stipulated time are structured around a situation where the meter itself is suspected to be defective. In particular, Clause 7.5.1.2 expressly stipulates that the meter found defective shall be sent to the MRT laboratory for testing and the subsequent steps are clearly predicated upon such laboratory examination. Clauses 7.5 to 7.5.1.3 of the GTCS are extracted hereunder:

> ***7.5*** *Replacement of Meters*
>
> ***7.5.1*** *Defective Meters: The following procedure shall be adopted by the Company in respect of defective meters (other than stuck up meters which do not involve any dispute)*
>
> ***7.5.1.1*** *The authorised Inspecting Officer as per Designated Officers' Notification shall record the observations made at the time of Inspection by preparing the Inspection Report as per the format prescribed in Appendix IV (Appendix IV A for LT consumers or Appendix IV B for HT consume(s) and serve a copy of the same to the consumer at the end of the inspection. The authorised inspecting Officer shall send a copy of such Inspection Report by the next working day to the officer authorised for preparation of the assessment notice in case of defective meter.*
>
> ***7.5.1.2*** *The associated circuitry including CT/PT shall be tested at the premises of the consumer. In addition wherever the consumer disputes or otherwise considered necessary, the Inspecting Officer shall also ensure that the mater, which is found to be defective at the time of inspection, is sent to the MRT laboratory for testing after replacement with a correct meter. The testing at MRT shall be conducted by an officer notified by the company as per Designated Officers Notification in the presence of the consumer (or his authorised representative) who should be given atleast two weeks advance notice by the company. He shall send the Meter Test Report to the Officer authorised as per Designated Officers' Notification to Issue assessment notice, within 3 days from date of testing with copy to consumer and all other concerned.*
>
> ***7.5.1.3*** *Such Designated Officer shall issue the Assessment Notice as per the format provided in Appendix VII, to the consumer within two days from the date of receipt of the Meter Testing Report from the MRT laboratory, wherever applicable.*

13. In the present case, the material on record discloses that the inspection conducted on 25.11.2009 revealed that the 'Y' Phase Potential Transformer (PT) was defective with the voltage in that phase registering as zero. The defect was thus not in the recording mechanism of the meter. A PT is an external component forming part of the associated metering circuitry, whose function is to step down high voltage to a measurable level. If the PT fails, particularly by loss of phase voltage, the meter may consequently record lower consumption; however, the meter's internal accuracy or calibration is not thereby rendered defective. The fault, in such circumstances, lies upstream in the circuitry and not in the metering instrument.

14. It is also to be noted that to mechanically apply the procedure meant for a defective meter to a case of defective PT would be misconceived, as the MRT Laboratory is intended for testing the accuracy and functionality of meters; it is neither designed nor required to diagnose or repair high-voltage transformers such as PTs. A defective PT is ordinarily replaced, as was done on 25.11.2009, rather than subjected to Laboratory testing in the manner contemplated for meters. Consequently, the insistence on sending the meter to the MRT Laboratory and issuing prior notice for such testing would be inapposite in the underlying circumstances of the present case. Therefore, a purposive reading of Clause 7.5.1 makes it clear that the prescribed procedure applies where the meter itself is defective, and not where an associated component of the circuitry, such as a PT, has failed and thereby resulted in under-recording of consumption.

15. On perusal of the inspection report, dated 25.11.2009, it clearly discloses that the defect was in the 'Y' Phase PT and not in the recording meter. In such a case, the demand for strict compliance with Clauses 7.5.1.1 to 7.5.1.3, as urged by the respondent, cannot be accepted. The aforesaid provisions apply to cases where the meter itself is found defective and is required to be sent to the MRT Laboratory for testing.

16. Further, the substantive basis for assessment in cases of defective metering equipment is provided under Clause 7.5.1.4 of the GTCS, which deals with the computation of assessed units for the period during which the system remained defective. The object of the provision is to determine, on a rational basis, the quantum of energy that escaped proper recording. In the present case, the appellants relied upon the CMRI data, which constitutes an objective electronic record of the meter's parameters, to ascertain the precise period during which the 'Y' Phase voltage was absent, namely from 03.10.2009 to 25.11.2009. Thereafter, in terms of Clause 7.5.1.4.1, the appellants computed the average consumption on the basis of the preceding months during which the metering system was functioning normally. The methodology adopted is identifying the period of defect through electronic data and applying the prescribed average consumption formula, which cannot be said to be arbitrary or contrary to the GTCS. Clauses 7.5.1.4 and 7.5.1.4.1 of the GTCS are extracted hereunder:

> ***7.5.1.4*** *When a meter is found to be defective during meter reading or on inspection or otherwise, the following guidelines shall be followed for computation of the assessed units*
>
> ***7.5.1.4.1*** *The number of units to be billed during the period in which the meter ceased to function or became defective, shall be determined by taking the average of the electricity supplied during*

the preceding three billing cycles to the billing cycle in which the said meter ceased to function or became defective provided that the condition with regard to use of electricity during the said three billing cycles were not different from those which prevailed during the period in which the Meter ceased to function or became defective.

17. It is also borne out from the record that the appellants did not proceed in a mechanical manner. A detailed notice was issued; the respondent submitted objections; and a personal hearing was afforded on 24.02.2010. The final proceedings dated 25.03.2010 constitute a reasoned order, wherein the objections were considered, the defect was confirmed with reference to the CMRI data, and the benefit of Load Factor Incentive was extended, thereby reducing the initial demand. Thus, the process complies with the prescribed procedure before issuing an assessment notice.

18. The respondent's contention that the subsequent demand amounts to double charging is misconceived. The additional units added in the November, 2009 bill was only provisional, pending detailed verification. Upon inspection and analysis of the CMRI data, a final assessment was made for the entire defective period, in which the earlier provisional addition stood adjusted. Thus, there is no attempt to levy double charges.

19. The learned Single Judge observed that no inspection report in Appendix IV-B format was served upon the respondent (writ petitioner). However, the record discloses a detailed "HT Inspection Report" dated 25.11.2009 prepared by the inspecting officer, which contains all material particulars of the inspection; namely, the following:

i) The readings at the TTB and meter display
ii) The specific observation that the 'Y' Phase voltage was zero, and
iii) The signature of the respondent's representative i.e., M. Narasimha Rao, Stores Incharge.

Further, the substance of the requirement, such as, recording the defect and communicating the same to the respondent also stands duly complied with by the appellants. Thus, mere non-adherence to a particular format or a Form with a particular nomenclature, in the absence of demonstrated prejudice, cannot vitiate the proceedings.

20. At this juncture, it is pertinent to note that the principal reasoning of the learned Single Judge, based on the absence of MRT test in the presence of the respondent, overlooks the clear distinction between a defective meter and a defective PT. Since the meter itself was not found to be defective, there was no requirement to send it to the MRT Laboratory. The assessment was made on the basis of the on-site inspection and the CMRI data, which established the period of under-recording. Therefore, the requirement of issuing notice for MRT testing or passing an assessment within two days of a test report does not arise. The demand, having been finalized after notice and personal hearing, cannot be interfered with on a purely technical interpretation.

Conclusion

21. For the foregoing reasons, this Court is of the considered view that Clauses 7.5.1.1 to 7.5.1.3 of the GTCS, relating to MRT laboratory testing, apply only where the meter itself is defective and not where the defect lies in an associated component such as a Potential Transformer (PT). The impugned order, dated 03.07.2025 in W.P.No.9397 of 2010, having proceeded on an erroneous application of the relevant provisions of the GTCS, cannot be sustained.

22. Accordingly, the Writ Appeal is allowed. The impugned order dated 03.07.2025 passed in W.P.No.9397 of 2010 by the learned Single Judge is set aside, and the writ petition stands dismissed. The demand proceedings dated 25.03.2010 for a sum of Rs.2,85,400/- are upheld. The respondent shall pay the said amount, if not already paid, within a period of eight (8) weeks from the date of receipt of a copy of this judgment, failing which the appellants shall be at liberty to recover the same in accordance with law.

As a sequel, miscellaneous petitions, pending if any, stand closed. No costs.

SD/-M.RAMANA KRISHNA
JOINT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Chairman and Managing Director, Central Power Distribution Company of A.P. Limited, (presently Southern Power Distribution Comvpany of Telangana Limited) Mint Compound, Hyderabad.
2. The Superintending Engineer, APCPDCL, (presently TGSPDCL), Operation Circle, Medak at Sanga Reddy
3. The Divisional Engineer, Electrical, Operation, APCPDCL (Presently TGSPDCL), Toopran, Medak District.
4. The Managing Director, M/s Rama Spinners Pvt. Limited, Rama Towers, 2nd Floor, 5-4-83, TSK Chambers, M G Road, Secunderabad, Sri Gopal Agarwa, S/o M L Agarwal
5. One CC to SRI N.SREEDHAR REDDY, SC FOR TG TRANSCO. [OPUC]
6. One CC to SRI CH.SATYASADHAN, Advocate. [OPUC]
7. Two CD Copies.

HIGH COURT

DATED:19/02/2026

JUDGMENT

WA.No.88 of 2026

HIGH COURT FOR THE STATE OF TELANGANA
25 MAR 2026
DESPATCHED

ALLOWING THE WRIT APPEAL
WITHOUT COSTS

9 MT
25/3/26