

BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

(Appointed by the Maharashtra Electricity Regulatory Commission
under Section 42(6) of the Electricity Act, 2003)

REPRESENTATION NO. 3 OF 2026

In the matter of outstanding dues of a PD Consumer

Maind Flow Control Pvt. Ltd. Appellant

V/s.

Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) Sangli Respondent
(MSEDCL)

Appearances:

Appellant : 1. Pramod Deshpande, Admin
2. Tanaji Pawar, Representative
3. Omkar Wangikar, Representative

Respondent : 1. Amit Bokil, Superintending Engineer, Sangli Circle
2. Dipak K. Jagdale, Dy. Executive Engineer
3. Nisar S. Shikalgar, Jr. Law Officer
4. Eknath R. Sadhye, Assistant Accountant


Coram: Vandana Krishna [IAS (Retd.)]

Date of hearing : 6th March 2026

Date of Order : 20th March 2026

ORDER

This Representation was filed on 21st January 2026 under Regulation 19.1 of the Maharashtra Electricity Regulatory Commission (Consumer Grievance Redressal Forum and Electricity Ombudsman) Regulations, 2020 (CGRF & EO Regulations 2020) against the order dated 12th December 2025 in Case No. 06 of 2025 passed by the Consumer Grievance


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Redressal Forum, Sangli (the Forum). The Forum by its order rejected the grievance application of the Appellant.

2. Aggrieved by the order of the Forum, the Appellant has filed this Representation. A physical cum e-hearing was held on 6th March 2026 where the Appellant remained physically present, whereas the Respondent attended the hearing via video conference. Both the parties were heard at length. *[The Electricity Ombudsman's observations and comments are recorded under 'Notes'.]*


3. **Preamble:**

1st Consumer - M/s Kulkarni Engineering Associates Ltd. (Consumer No.279949000839)

- (i) M/s Kulkarni Engineering Associates Ltd. was an industrial consumer engaged in engineering workshop/foundry activities at Plot No. E-2, MIDC Kupwad, Sangli, and was the owner of the said plot. Due to non-payment of outstanding electricity dues amounting to Rs. 41.07 lakhs, the MSEDCL [the erstwhile Maharashtra State Electricity Board (MSEB)] temporarily disconnected the electricity supply on 11.10.2002 and permanently disconnected the same on 18.03.2003. The holding deposit of Rs. 19.14 lakhs was adjusted towards the outstanding dues. After such adjustment, the remaining outstanding dues amounted to Rs. 21.93 lakhs.
- (ii) Thereafter, the Respondent filed Special Civil Suit No. 46 of 2004 before the Hon'ble Civil Judge Senior Division, Sangli for recovery of arrears on 01.03.2004 which was registered on 08.03.2004.

2nd Consumer - M/s. Tulsi Casting & Machining Ltd. (Consumer No.279249005280)

- (iii) In December 2004, M/s. Tulsi Casting & Machining Ltd. (formerly M/s. Tulsi Foundries Ltd.) purchased the above Plot No. E-2, MIDC Kupwad, Sangli through auction from SICOM Ltd. On its application dated 27.12.2004 for electricity supply, MSEDCL informed him that arrears of the previous owner, M/s. Kulkarni Engg. Associates Ltd., were pending. At that point of time the broad issue of PD arrears recovery was being adjudicated in the Hon'ble Supreme Court, hence


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MSEDCL did not actively pursue the recovery. Instead, the company furnished an undertaking dated 07.01.2005 to pay the said dues. Based on the said undertaking, electricity supply of 3412 kW was released on 22.03.2005. Thereafter, an additional load of 10,600 kW applied by the company was sanctioned and released on 16.02.2010. The said company initially paid a security deposit of ₹19.73/- lakhs and subsequently an additional security deposit of ₹18.64 lakhs on 29.05.2007, totaling ₹38. 37/- lakhs.


(iv) The Hon'ble Court (Civil Judge Senior Division Sangli) passed a decree dated 18/12/2014, which reads as under:

1. *Suit is decreed with costs.*
2. *The defendant shall pay an amount of Rs.27,16,518-83 ps. (Rs. Twenty-seven lakhs sixteen thousand five hundred eighteen and eighty-three paise) to the plaintiff.*
3. *The principal amount of Rs.21,93,116/- (Rs.Twenty-one lakhs ninety-three thousand one hundred sixteen) shall carry future interest @ 6 % (six percent) Per Annum from the date of suit till its full and final realization of the amount.*

[Note: The principal suit amount was Rs. 21.93 lakhs, which, together with interest at the rate of 18% per annum up to the date of decree, increased to Rs. 27.16 lakhs.]

(v) Regulation 10.5 of the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005 provides as under (which was in force from 20.01.2005 to 25.02.2021):

10.5 Any charge for electricity due to the Distribution Licensee which remains unpaid by a deceased consumer or the erstwhile owner / occupier of any premises, shall be a charge on the premises transmitted to the legal representatives / successors-in-law or transferred to the new owner / occupier of the premises, and the same shall be recoverable by the Distribution Licensee as due from such legal representatives or successors-in-law or new owner / occupier of the premises:


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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.

Accordingly, erstwhile MSEB released electric connections by taking into consideration the liabilities whenever they were applicable.


- (vi) M/s. Gargi Huttenes Albertus Pvt. Ltd. filed Company Petition Nos. 122 of 2005 (outstanding amount Rs. 42.96 lakhs), 149 of 2006 (outstanding amount Rs. 1 Crore 16.30 lakhs) and 598 of 2006 (outstanding amount Rs. 5.87 lakhs) before the Hon'ble Bombay High Court seeking winding up of M/s Kulkarni Engineering Associates Ltd. on the ground of its inability to pay debts. By order dated 19.11.2008, the Hon'ble High Court directed winding up of the said company. The important operative part of the order was as below:

5. The official liquidator shall take steps to take over the assets of the Respondent Company and proceed in accordance with law.

- (vii) The subsequent consumer, Tulsi Casting & Machining Ltd. also applied for permanent disconnection of power supply due to financial problems. The said supply was permanently disconnected on 27.10.2015.

Tulsi Casting & Machining Ltd. filed a grievance application in the Kolhapur Forum on 08.09.2016 for refund of security deposit of ₹38.37/- lakhs. The Forum by its order dated 08.11.2016 directed to release the applied new single-phase connection (might be for security reason), however, refused to refund security deposit due to the basic liabilities of the previous consumer, Kulkarni Engineering Associates Ltd. (Consumer No. 279949000839). According to the Respondent, there were three consumer numbers of Kulkarni Engineering having outstanding dues of Rs. 61,32,080/-, 22, 48,662/- Rs.19,99,069/-; however details of the consumer numbers are not known.

- (viii) Aggrieved by the above order of the Forum, the Appellant filed a representation to the Electricity Ombudsman (Mumbai) on 23.11.2016. The Electricity Ombudsman (Mumbai) observed that



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“The Bombay High Court has also quashed and set aside Circular dated 19 December 1998. Against the order of the High Court, the Respondent has filed an appeal in Supreme Court of India Vide Special Leave Petition No 10732 of 2006 and the same is pending. The Supreme Court has not granted any stay to the order of the Bombay High Court. The Appellant has requested to refund the amount of security deposit paid by them while taking new connection as well as taking additional load. The connection has been permanently disconnected on the request of the Appellant. The Respondent as well as the Forum have taken a stand that as long as appeal is pending in the Supreme Court, security deposit paid by the Appellant cannot be refunded and it is only after the Supreme Court rejects the appeal filed by the Respondent, the amount can be refunded.

It is, however, not necessary to go into these aspects. During the hearing on 27th December, 2016, the Appellant was asked whether the Appellant is willing to give an Indemnity Bond, pending the decision of the Supreme Court. The Appellant has agreed to this course of action to give an Indemnity Bond. The Appellant, accordingly, has also given a letter dated 27th December 2016 stating that the Appellant will be bound by the order of the Supreme Court in pending appeal. The Appellant has also stated that the Appellant will also not claim any interest. The letter dated 27th December 2016 of the Appellant is taken on record. The Respondent was asked during the hearing as to whether the Respondent is inclined to accept the proposal of the Appellant. The Respondent, however, took time to respond but has not communicated any views as yet. Considering the facts of the case, the proposal given by the Appellant consumer to furnish the Indemnity Bond is just and fair, and deserves to be accepted.

In the result, the representation of the Appellant is disposed of. The Respondent is directed to refund the amount of security deposit to the Appellant consumer within a period of one-month on the Appellant furnishing the Indemnity Bond as stated in their letter dated 27th December 2016.


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- (ix) The Respondent erstwhile MSEB filed a review application against the above order on 6th February 2017. However, the Electricity Ombudsman (Mumbai) vide its order dated 21.04.2017 rejected the review application.
- (x) M/s. Foesco India Ltd. filed Company Petition Nos. 890 of 2015 before the Hon'ble Bombay High Court seeking winding up of M/s. Tulsi Casting & Machining Ltd. [Note: Thus both the original consumer (M/s. Kulkarni Engineering) and the subsequent consumer (Tulsi Casting) wound up without clearing the dues of MSEDCL, despite the indemnity bond.] By order dated 22.03.2018, the Hon'ble High Court directed winding up of the said company. The important operative part of the order was as below:

8. *Official liquidator to take further steps on receiving authenticated copy of the order from the Advocate for petitioner without waiting for any notification.*

3rd Consumer - Maind Flow Controls Pvt. Ltd. (Consumer No. 279249014990)

- (xi) The Appellant applied for a fresh electricity connection on 22.06.2019, and MSEDCL sanctioned a 150 HP connection on 23.08.2019 (Consumer No. 279240322182). LT Consumer SL: 150 HP from 23.08.2019 to 16.04.2024; thereafter converted to HT Consumer w.e.f. 16.04.2024 (Cons. No. 279249014990; SL: 270 kW, CD: 338 kVA). **The undertaking, if any, obtained towards the previous outstanding dues while sanctioning the fresh electricity connection has not been produced / placed on record.** [Note: This seems to be a crucial lapse by MSEDCL. In fact at this point it should have obtained an undertaking regarding recovery of the outstanding PD dues before granting the new connection to the Appellant.]
- (xii) The Addl. Executive Engineer, Madhavnagar Subdivision, inspected the premises of the Appellant on 28.08.2024 (Cons. No. 279249014990) in accordance with MSEDCL Circular dated 06.07.2013 for verification of PD arrears and to ascertain, through field verification, whether any live electricity connection exists in the same premises or its legal successor. It was found that there were outstanding dues of previous PD consumer (Cons. No. 279949000839: Kulkarni Engg. Associates Pvt.


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Ltd.) in the Appellant's premises. On 16.10.2024, the Additional Executive Engineer, MSEDCL issued a 15 days' notice directing the Appellant to pay arrears of ₹21,57,828/- pertaining to the previous owner, M/s. Kulkarni Engg. Associates Ltd., failing which the said amount would be added to the Appellant's electricity bill.

- (xiii) Thereafter, the Superintending Engineer, Sangli issued a notice dated 23.10.2024 (one week after the previous notice) to the Appellant requesting payment of a much higher amount of Rs.92.02 lakhs under the PD Consumers Special Scheme "Abhay Yojana". If the consumer had applied under the said scheme, his arrears would have reduced to Rs.18,84,708/-.The details are tabulated in Table 1 below:

Table 1:


Details of PD Consumers							Existing Live Consumer	
Name of Original Consumer	Consumer No.	Date of PD	Total Outstanding Dues (Rs.)	Interest (Rs.)	DPC (Rs.)	Amount after PD Amnesty Scheme (Relief of 10 % on Principal Amount & Waiver of Interest & DPC, etc.)	Name of Consumer	Cons. No
Kulkarni Engineering and Associates	279949000839	18.03.2003	92,02,385	72,93,820	23,857	18,84,708	Maind Flow Controls Private Ltd.	279249014990

However, the Appellant did not respond to the said scheme, even though he had been personally convinced of the benefit of the scheme.

- (xiv) The Appellant made a representation before the Respondent on 31.10.2024 that he is not liable for the old arrears of M/s. Kulkarni Engg. Associates Ltd., and requested to withdraw the impugned notices. However, the Respondent issued another notice dated 06.11.2024, this time for payment of arrears of the full amount of Rs. 92,03,385/- within 15 days to the Appellant and if failure to pay, MSEDCL would disconnect the electricity supply.

Another repeat notice dated 11.11.2024 amounting to Rs. 92,03,385/- was issued to the Appellant for payment within 3 days.

- (xv) Due to non-payment, the Supply of the Appellant was temporarily disconnected on 27.11.2024, but was reconnected immediately as per the request of the Appellant


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after assurance of payment of the principal amount of outstanding dues. **The Appellant paid the principal amount of Rs.21,57,829/- on 27.11.2024 under protest.**

- (xvi) The Appellant filed Writ Petition No. 17462 of 2024 before the Bombay High Court on 21.11.2024, which was disposed of by order dated 07.04.2025. The operative portion of the order is reproduced below:


4. We do not intend to delve on any such issues as now the Appellant has paid the entire dues. However, if the Appellant is of the opinion that the said amount ought to be refunded to the Appellant by respondent No.1, as there is an undertaking of respondent No.3, that all such dues shall be paid by respondent No.3. We permit the Appellant to move an appropriate application before respondent No.1 either for refund or for any other appropriate relief which be considered in accordance with law after hearing all the parties.

5. All contentions in that regard are expressly kept open. Although the Appellant was inclined to withdraw this petition on the aforesaid orders, we disposed of this petition in the aforesaid terms. No costs.

- (xvii) The Appellant then filed a grievance application with the Forum on 06.10.2025 for refund of ₹21,57,829/- with bank rate interest from 27.11.2024 onwards.
- (xviii) In response the Respondent raised an additional demand of ₹28,51,176.57 vide letter dated 07.01.2026, **including interest of ₹27,69,150.32 (01.03.2004 to 27.11.2024 @ 6% p.a.)** and court costs of ₹82,026.25, in terms of the decree dated 18.12.2014 passed by the Hon'ble CJSD, Sangli in SCS No. 46 of 2004, after the Forum's order dated 12.12.2025. [Note: It is not clear why MSEDCL did not clearly mention its demand of Rs. 27.69 lakhs (mostly interest of about 20 years) before the Forum, but raised this demand only after the Forum's order.]
- (xix) The Appellant has prayed before the Ombudsman to cancel the above letter dated 07.01.2026 and to grant protection from disconnection, subsequent to the Forum's order dated 12.12.2025.

4. The Appellant's submissions and arguments are stated as below:

- (i) The Appellant (a Private Limited Company), an industrial consumer, applied for a new electricity connection on 22.06.2019. Details of the sanctioned consumer number and the main grievance are given in Table 2 below:



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Name of New Consumer	Consumer No.	Address on Bill	Sanct. Load /Contract Demand (kVA)	Date of Supply	Main Prayer
Maind Flow Controls Private Ltd.	LT Consumer (No. 279240322182) from 23.08.2019 to 16.04.2024; thereafter converted to HT Consumer (No. 279249014990) w.e.f. 16.04.2024	Plot No. E-2, MIDC Kupwad, Sangli, Maharashtra, India - 416436	LT Consumer SL: 150 HP from 23.08.2019 to 16.04.2024; thereafter converted to HT Consumer w.e.f. 16.04.2024 (SL: 270 kW, CD: 338 kVA).	23.08.2019	1. Refund of paid PD dues of ₹21,57,829/-, with interest. 2. Cancellation of interest ₹27,69,150/- and court fee ₹82,026/- (Letter dated 07.01.2026).


The Appellant regularly pays monthly electricity bills and has never defaulted till date.

- (ii) On 16.10.2024, Additional Executive Engineer, MSEDCL issued a notice directing the Appellant to pay arrears of ₹21,57,828/- of the previous owner, M/s. Kulkarni Engg. Associates Ltd. (Cons. No 279949000839), failing which the amount would be added to the Appellant's electricity bill. Due to non-payment of bills, MSEDCL had temporarily disconnected supply of the previous owner on 11.10.2002 and permanently disconnected on 18.03.2003, and thereafter had filed Special Civil Suit No. 46 of 2004 before the Civil Court, Sangli for recovery of arrears.
- (iii) In December 2004, M/s. Tulsi Casting & Machining Ltd. (formerly M/s. Tulsi Foundries Ltd.) purchased the said Plot No. E-2, MIDC Kupwad, Sangli through auction from SICOM Ltd. On applying for electricity supply on 27.12.2004, MSEDCL informed that arrears of the previous owner, M/s. Kulkarni Engg. Associates Ltd., were pending. Accordingly, M/s. Tulsi Casting & Machining Ltd. furnished an undertaking dated 07.01.2005 to pay the dues of the previous consumer, failing which MSEDCL was empowered to take action under Sections 199, 200 and 193(2) of the IPC. Based on this undertaking, MSEDCL released electricity supply of 3412 kW on 22.03.2005. Subsequently, additional load of 10,600 kW applied by the said company was sanctioned and released on 16.02.2010.


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- (iv) M/s. Tulsi Casting & Machining Ltd. initially paid a security deposit of ₹19,72,800/- and subsequently paid an additional security deposit of ₹18,64,300/- on 29.05.2007, totaling ₹38,37,100/-.
- (v) M/s. Gargi Huttenes Albertus Pvt. Ltd. filed Company Petition No. 122 of 2005 before the Hon'ble Bombay High Court seeking winding up of M/s. Kulkarni Engg. Associates Ltd. for inability to pay its debts. By order dated 19.11.2008, the Hon'ble High Court directed winding up of the said company and appointed the Official Liquidator to take charge of its assets and proceed in accordance with law. A copy of the said order is placed on record.
- (vi) In Special Civil Suit No. 46 of 2004, the Civil Court by judgment dated 18.12.2014 decreed the claim of MSEDCL and directed recovery of arrears from the Official Liquidator of M/s. Kulkarni Engg. Associates Ltd.; however, MSEDCL failed to recover the amount or submit its proof of claim before the Official Liquidator as required under the Companies Act. Further, MSEDCL did not make effective efforts to recover the arrears from the Official Liquidator of M/s. Kulkarni Engg. Associates Ltd., though it filed Special Execution Petition No. 44 of 2016 pursuant to the decree dated 18.12.2014 in Special Civil Suit No. 46 of 2004 passed by the Civil Judge (Senior Division), Sangli. A copy of the said judgment is placed on record.
- (vii) Foseco India Ltd. filed Petition No. 890 of 2015 before the Hon'ble Bombay High Court seeking winding up of M/s. Tulsi Casting & Machining Ltd. on the ground of inability to pay its debts.
- (viii) During the insolvency proceedings, M/s. Tulsi Casting & Machining Ltd. requested permanent disconnection (PD) of electricity supply, which was effected on 27.10.2015. The company also sought refund of the security deposit; however, MSEDCL, by letter dated 24.02.2016, rejected the request citing the undertaking given by the company to clear the arrears of M/s. Kulkarni Engg. & Associates Ltd., amounting to ₹61,32,080/- up to 02.03.2014.
- (ix) Aggrieved, M/s. Tulsi Casting & Machining Ltd. filed a complaint before the Internal Grievance Redressal (IGR) Cell of MSEDCL on 18.06.2016, which was


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rejected on 11.08.2016 on the ground of the said undertaking. Thereafter, the company approached the Consumer Grievance Redressal Forum (CGRF), Kolhapur on 08.09.2016. By order dated 08.11.2016, the Forum partly allowed the complaint by directing MSEDCL to release a new single-phase connection within one month, while rejecting the request for refund of the security deposit.


- (x) Being aggrieved by the order of the Forum, M/s. Tulsi Casting & Machining Ltd. filed Representation No. 161 of 2016 before the Electricity Ombudsman, Mumbai on 23.11.2016. During the hearing, reference was made to MSEB Circular No. 518 dated 18.06.1993 regarding power supply to closed and sick industrial units, which permitted auction purchasers either to clear arrears for reconnection or obtain a fresh connection without liability of the previous owner's dues. However, the said circular was subsequently withdrawn by Circular No. 607 dated 19.12.1998, mandating that reconnection or fresh connection would be granted only after clearance of outstanding arrears under Condition 23(b) of the Conditions of Supply.
- (xi) It was further noted that Circular No. 607 was challenged before the Hon'ble Bombay High Court and was quashed and set aside. MSEDCL thereafter filed Special Leave Petition No. 10732 of 2006 before the Hon'ble Supreme Court, which was pending at the relevant time. On 27.12.2016, M/s. Tulsi Casting & Machining Ltd. agreed to furnish an Indemnity Bond undertaking to abide by the final decision of the Hon'ble Supreme Court. **Accordingly, by order dated 06.01.2017, the Electricity Ombudsman disposed of Representation No. 161 of 2016 and directed refund of the security deposit to M/s. Tulsi Casting & Machining Ltd. within one month upon submission of the said Indemnity Bond.** A copy of the order is placed on record.
- (xii) Being aggrieved by the decision of the Electricity Ombudsman in Representation No. 161 of 2016, MSEDCL filed Review Application No. 04 of 2017. The said Review Application was rejected by the Electricity Ombudsman on 21.04.2017, with a direction to MSEDCL to comply with the order dated 06.01.2017 passed


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in Representation No. 161 of 2016 along with costs. The said orders are kept on record.


- (xiii) It is important to note that M/s. Tulsi Casting & Machining Ltd. intentionally, deliberately and willfully did not disclose that liquidation proceedings had already been initiated against it in Company Petition No. 890 of 2015 before the Hon'ble Bombay High Court. The officers of MSEDCL also failed to place this fact before the Forum and the Electricity Ombudsman. Had this fact been brought to the notice of the Electricity Ombudsman, the direction to refund the security deposit would not have been issued.
- (xiv) The Appellant further states that from 2004 to 2016, M/s. Tulsi Casting & Machining Ltd. continuously utilized electricity supply for running its entire plant and unit by giving an undertaking to MSEDCL regarding payment of arrears of M/s. Kulkarni Engg. Associates Ltd. However, the conduct of M/s. Tulsi Casting & Machining Ltd. clearly shows that it never intended to discharge the said arrears.
- (xv) In Company Petition No. 890 of 2015 filed by Foseco India Ltd. seeking winding up of M/s. Tulsi Casting & Machining Ltd., the Hon'ble High Court by order dated 22.03.2018 held that the company was commercially insolvent and unable to discharge its debts, and ordered that it be wound up. The Official Liquidator, High Court, Bombay, was appointed as Liquidator of all assets, properties, affairs and records of the company. The said documents are kept on record.
- (xvi) It is important to note that by letter dated 25.10.2015, M/s. Tulsi Casting & Machining Ltd. requested MSEDCL for Permanent Disconnection of electricity supply bearing Consumer No. 279249005280, stating that the company had stopped production from 01.10.2015 and was unable to continue operations. **The company also requested MSEDCL to disconnect the bulk contract demand of 14,000 kW connected at 33 kV and to deduct all dues from the security deposit and refund the balance amount. This clearly shows that MSEDCL ought to have adjusted all outstanding dues, including arrears of M/s. Kulkarni Engg. Associates Ltd., from the security deposit.** However, the


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officials of MSEDCL failed to discharge their duties and responsibilities. Consequently, MSEDCL now has no legal right to recover such arrears from the Appellant. *[Note: At this stage the issue of recovery of PD dues from subsequent consumers was still pending before the Hon. Supreme Court.]*

- (xvii) Based on the said request, MSEDCL permanently disconnected the 14,000 kW load connected at 33 kV as well as the single-phase electricity connection of M/s. Tulsi Casting & Machining Ltd. on 27.10.2015.
- (xviii) The Appellant further states that the Appellant purchased the said plot i.e. Plot No. E-2, MIDC Kupwad, Sangli through E-Auction conducted by Asset Reconstruction Company (India) Limited (ARCIL) in 2019. As per the E-Auction Notice dated 16.01.2019, the encumbrances disclosed by ARCIL were only Sales Tax dues and Water dues. It is pertinent to note that if other Government departments had duly disclosed their statutory dues to ARCIL, there was no reason for MSEDCL to withhold information regarding electricity arrears. *[Note: MSEDCL contended that it was not aware of the e-auction proceedings before ARCIL.]*
- (xix) The Appellant thereafter applied for a fresh electricity connection vide application dated 22.06.2019, pursuant to which MSEDCL sanctioned a 150 HP connection on 23.08.2019 bearing Consumer No. 279240322182. Subsequently, the connected load was enhanced from 150 HP to 200 HP on 11.11.2021, and later increased to 270 kW, which falls under the HT category. Accordingly, MSEDCL issued a new Consumer No. 279249014990 with effect from 16.04.2024, and billing under the earlier LT consumer number was discontinued. **At no point while granting the LT or HT connection did MSEDCL inform the Appellant that arrears of the earlier consumer i.e. M/s. Kulkarni Engg. Associates Ltd. were pending.** The Appellant has regularly paid all electricity bills and no arrears are outstanding.
- (xx) While granting the connection on 23.08.2019, MSEDCL failed to comply with its own Commercial Circular No. 160 of 2012, which provides as follows:



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“2) An undertaking shall be obtained from the new owner in respect of proportionate total arrears of the old consumer along with interest, DPC, etc. thereon shall be shown separately in the subsequent bills of the new consumer till such time Apex Court decides on our case or the consumer pays entire amount of arrears as per our records.”

MSEDCL failed to obtain such an undertaking from the Appellant, and also failed to reflect any arrears of the previous consumer in subsequent bills.

- (xxi) It is further pertinent that although MSEDCL had obtained a decree in Special Civil Suit No. 46 of 2004, no effective steps were taken to recover the arrears. Even the Special Execution Petition No. 44 of 2016 filed before the Civil Court, Sangli was dismissed on 08.10.2024 for want of steps, the Court observing that MSEDCL had lost interest in prosecuting the matter as indicated by repeated non-appearance of its officers and counsel.
- (xxii) After nearly five years of continuous electricity usage by the Appellant, MSEDCL suddenly issued a notice dated 16.10.2024 directing the Appellant to pay arrears of ₹21,57,828/- of M/s. Kulkarni Engg. Associates Ltd. within 15 days, failing which the amount would be added to the Appellant’s electricity bill.
- (xxiii) Thereafter, another notice dated 23.10.2024 was issued by the Executive Engineer, MSEDCL, Mandal Office, Vishrambag, Sangli stating that total arrears of the earlier consumer bearing Consumer No. 279949000839 amounted to ₹92,02,385/-, comprising principal arrears ₹18,84,708/-, interest ₹72,93,820/- has been levied at the prevailing rate of interest per annum, and DPC ₹23,857/-. The notice also referred to the Abhay Yojana 2024, under which the Appellant was asked to pay only the principal amount of ₹18,84,708/- by 30.11.2024.
- (xxiv) The Appellant submitted a representation dated 31.10.2024 before MSEDCL and the IGR Cell stating that the Appellant had purchased the property through e-auction and was not liable for arrears of the previous consumer, and requested withdrawal of the impugned notices.
- (xxv) Thereafter, another notice dated 06.11.2024 was issued by the Junior Legal Officer, MSEDCL directing payment of ₹92,03,385/- within 15 days failing which the electricity supply would be disconnected. The said notice was issued in the name of Consumer No. 279249014990, though no outstanding amount was


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reflected in the monthly electricity bills of the Appellant, rendering the notice illegal and unsustainable. Another notice dated 11.11.2024 was issued by MSEDCL directing payment of ₹92,03,385/- within three days failing which disconnection would follow. Even in this notice, the alleged outstanding amount was shown against Consumer No. 279249014990, though no such arrears were reflected in the Appellant's monthly electricity bills.

- (xxvi) The Appellant prays that the Hon'ble Electricity Ombudsman be pleased to:
- Direct MSEDCL to refund ₹21,57,829/- to the Appellant along with interest at the bank rate from 27.11.2024 till the date of repayment, and to credit the said amount to the Appellant through DD/RTGS/NEFT/Cheque within 30 days.
 - Restrain MSEDCL from taking any adverse action against the Appellant pursuant to the Notice dated 07.01.2026 during the pendency of the present complaint and to quash and set aside the said Notice dated 07.01.2026 issued by MSEDCL.

5. The Respondent's submissions along with its arguments are as below:

- The Appellant Maind Flow Controls Pvt. Ltd. was an LT industrial consumer from 23.08.2019. Thereafter converted from LT consumer to HT (SL: 270 kW, CD: 338 kVA) from 16/04/2024 as tabulated in Table 2.
- The said premises was originally owned by M/s Kulkarni Engg. Associates Ltd. bearing Consumer No. 279949000839. The said consumer failed to clear outstanding electricity dues, and therefore the electricity supply was temporarily disconnected on 11/10/2002 and subsequently permanently disconnected on 18/03/2003.
- Thereafter, the Respondent filed Special Civil Suit No. 46 of 2004 before the Hon'ble Civil Judge Senior Division, Sangli for recovery of arrears. The Hon'ble Court passed a decree dated 18/12/2014, which reads as under:
 - Suit is decreed with costs.*
 - The defendant shall pay an amount of Rs.27,16,518-83 ps. (Rs.twenty-seven lacs sixteen thousand five hundred eighteen and eighty-three paise) to the plaintiff.*



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3 *The principal amount of Rs.21,93,116/- (Rs. twenty-one lac ninety three thousand one hundred sixteen) shall carry future interest @ 6 % (six percent) Per Annum from the date of suit till its full and final realization of the amount.*

A copy of the said judgment is kept on record. *[Note: A plain reading of this decree indicates that the Court allowed recovery of the principal amount of Rs.21.93 lakhs, plus interest of about Rs.5.23 lakhs (total Rs. 27.16 lakhs). If this amount was not paid in time, interest would continue to apply @ 6% p.a. on the principal amount. At this stage (in Dec. 2014), it seems that no one anticipated that this payment would not be made for at least another 12 years till date, and hence that interest would continue to accumulate.]*


- (iv) M/s. Gargi Huttenes Albertus Pvt. Ltd. filed Company Petition No. 122 of 2005 before the Hon'ble Bombay High Court seeking winding-up of M/s. Kulkarni Engineering Associates Ltd., and by order dated 19.11.2008 the Hon'ble High Court directed winding-up of the company and appointed the Official Liquidator to take charge of its assets.
- (v) **Efforts taken by MSEDCL for Recovery:** The Appellant has incorrectly alleged that MSEDCL failed to submit proof of claim before the Official Liquidator. It is submitted that the Official Liquidator was made a party in Special Civil Suit No. 46/2004, and proper summons were served upon him. However, the Official Liquidator did not appear before the Hon'ble Court and adverse observations have been recorded in para 8 of the judgment. It is not true that MSEDCL has not made any attempt to recover arrears from Official Liquidator. MSEDCL filed Special Darkhast No. 44 of 2016 before Hon'ble Civil Judge Senior Division Sangli. Said Darkhast was dismissed on 8/10/2024 but later on again MSEDCL filed fresh execution petition no. 39/2025 before Hon'ble Civil Judge Senior Division Sangli and the same is pending.
- (vi) **Connection sanctioned and released to M/s Tulsi Casting & Machinery Ltd.:** In December 2004, M/s Tulsi Casting & Machinery Ltd. (formerly M/s


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Tulsi Foundries Ltd.) purchased the said plot through auction from SICOM Ltd. Thereafter, the said company applied for electricity connection and, based on the undertaking dated 07.01.2005, electricity supply was released on 22.03.2005. **At the relevant time, several matters relating to recovery of previous electricity dues were pending before the Hon'ble Supreme Court. Accordingly, as per interim directions issued by the Respondent's Corporate Office, supply was released subject to obtaining an undertaking from the applicant** regarding liability of the outstanding dues pertaining to the said premises. The said connection was permanently disconnected on 27/10/2015 for outstanding dues. [Subsequently, the legal position was clarified by the Hon'ble Supreme Court in **K.C. Ninan v. Kerala State Electricity Board & Ors.(dated 19 May 2023 in Civil Appeal No. 2109-2110 of 2004)**, wherein it was held that the obligation of a distribution licensee to supply electricity is not absolute and remains subject to compliance with the statutory conditions of supply. The Hon'ble Court further held that such conditions, having statutory force, are binding upon consumers, and the licensee is entitled to insist upon fulfillment of these conditions, including clearance of outstanding electricity dues relating to the premises, before granting a fresh electricity connection.]


- (vii) The said consumer filed Grievance (No. 21 of 2016) before CGRF, requesting for a single phase connection and refund of security deposit which was partly allowed by order dated 08/11/2016 by the Forum. The Forum directed to release the new single-phase connection, however, refused to refund security deposit. The single-phase connection was released.
- (viii) Thereafter, the said consumer filed Representation No. 161 of 2016 before the Electricity Ombudsman (Mumbai) on 23.11.2016 challenging the order of the Forum dated 08.11.2016. The Hon'ble Electricity Ombudsman (Mumbai), by order dated 23.11.2016, directed the Respondent to refund the Security Deposit upon submission of an Indemnity Bond, which was subsequently submitted on 27.12.2016. *[Note: At this point of time, the*


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matter of recovery of PD dues from subsequent consumers was still pending before the Hon'ble Supreme Court.] Aggrieved by the said order, the Respondent filed Review Application No. 4 of 2017; however, the same was rejected vide order dated 21.04.2017. The Hon'ble Ombudsman observed that the Security Deposit is obtained to secure payment of electricity charges for supply availed by the consumer. Since M/s Tulsi Casting & Machinery Ltd. had cleared all its dues, the Security Deposit was ordered to be refunded against an Indemnity Bond, considering that matters relating to the liability of previous dues were pending before the Hon'ble Supreme Court and the policy in that regard was yet to be finalized.

- (ix) **The Appellant has contended that MSEDCL ought to have recovered the entire arrears from M/s Tulsi Casting & Machining Ltd. The said contention is incorrect and denied, as the matter was sub-judice before the Hon'ble Supreme Court of India during the relevant period.**
- (x) **Purchase of Premises by the Appellant:** The Appellant purchased the said premises through E-Auction conducted by ARCIL in 2019. **The Respondent was not aware of the said E-Auction notice, and therefore the question of submitting a claim before ARCIL does not arise.**
- (xi) **Demand raised pursuant to Supreme Court Judgment:** After the judgment of the Hon'ble Supreme Court of India in Civil Appeal No. 2109-2110 of 2004 in Case of K.C. Ninan v. Kerala State Electricity Board & Ors., dated 19 May 2023, the Respondent raised the demand of outstanding dues of M/s Kulkarni Engineering Pvt. Ltd. against the Appellant. *[Note: After the above Supreme Court judgment dated 19.05.2023, MSEDCL first raised a lower demand of Rs. 21.57 lakhs on 16.10.2024, and again a much higher demand of Rs. 92.02 lakhs on 23.10.2024.]*
- (xii) The Respondent submits that it is incorrect to contend that MSEDCL has not taken steps to recover the arrears from M/s Kulkarni Engineering Associates Ltd. MSEDCL has filed a fresh Execution Petition No. 39 of 2025 before the Hon'ble Civil Judge, Senior Division, Sangli, which is presently pending.


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Hence, the contention of the consumer that MSEDCL has no legal authority to recover the arrears of M/s Kulkarni Engineering Associates Ltd. is denied in toto. The notices issued by the officers of MSEDCL for recovery of the said arrears are lawful and valid.


(xiii) **The Respondent further submits that since litigation against M/s Kulkarni Engineering Associates Ltd. is pending before the Hon'ble Court, the arrears were not transferred to the book account of the present complainant in order to avoid future complications. However, this does not imply that the consumer is absolved from the liability of payment of the outstanding dues of the previous consumer.**

(xiv) The Respondent addressed a letter dated 22.08.2025 to MIDC seeking details regarding any sub-plotting of Plot No. E-2, MIDC Kupwad, pertaining to the property of M/s Kulkarni Engineering Associates Ltd. In response, MIDC, vide letter dated 03.09.2025, informed that the said plot stands entirely allotted to the Appellant and no sub-plotting in the name of M/s Kulkarni Engineering Associates Ltd. was observed. Copies of the said correspondence are placed on record.

(xv) In view of the law laid down by the Hon'ble Supreme Court in K.C. Ninan v. Kerala State Electricity Board & Ors., the legal position regarding recovery of electricity dues has been settled. **The mere fact that an undertaking was not obtained from the consumer or that the Security Deposit was refunded to M/s Tulsi Casting & Machinery Pvt. Ltd. cannot be construed as a ground to deny the liability towards outstanding electricity dues of the previous consumer.**

(xvi) The Respondent has relied upon the provisions of the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 (Supply Code & SoP Regulations 2021) in support of its submissions. The relevant regulations are produced as below:


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“12.5: 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 premises 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 representatives or successors-in-law or new owner / occupier of the premises, as the case may be”

16. Billing

16.9.2. *No sum due from any Consumer shall be recoverable after the period of Two (2) years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges for electricity supplied as per Section 56 (2) of the Act except for permanently disconnected Consumer.*


16.9.3. *In case of premises which are permanently disconnected or demolished for reconstruction, the liability of the arrears, if any, shall be passed on to the owners / occupiers.....*

These Regulations clarify that electricity dues constitute a charge on the premises, and the existing consumer, being the owner or occupier of the premises, is duty-bound to discharge such dues in accordance with the provisions of the Regulations.

(xvii) The Respondent further relies upon the judgment of the Hon’ble Supreme Court dated 19.05.2023 in K.C. Ninan v. Kerala State Electricity Board & Ors.. The operative portion of the said judgment is reproduced below:

“I. Conclusions

- a. *The duty to supply electricity under Section 43 of the 2003 Act is not absolute, and is subject to the such charges and compliances stipulated by the Electric Utilities as part of the application for supply of electricity;*
- b.
- c.
- d. *A condition of supply enacted under Section 49 of the 1948 Act requiring the new owner of the premises to clear the electricity arrears of the previous owner as a precondition to availing electricity supply will have a statutory character;*
- e. *The scope of the regulatory powers of the State Commission under Section 50 of the 2003 Act is wide enough to stipulate conditions for recovery of electricity arrears of previous owners from new or subsequent owners;*



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- f. *The Electricity Supply Code providing for recoupment of electricity dues of a previous consumer from a new owner have a reasonable nexus with the objects of the 2003 Act;*
- g.
- h. *The power to initiate recovery proceedings by filing a suit against the defaulting consumer is independent of the power to disconnect electrical supply as a means of recovery under Section 56 of the 2003 Act;*
- i. *The implication of the expression “as is where is” basis is that every intending bidder is put on notice that the seller does not undertake responsibility in respect of the property offered for sale with regard to any liability for the payment of dues, like service charges, electricity dues for power connection, and taxes of the local authorities;*
- j. *In the exercise of the jurisdiction under Article 142 of the Constitution, **the Electric Utilities have been directed in the facts of cases before us to waive the outstanding interest accrued on the principal dues from the date of application for supply of electricity by the auction purchasers. 329. Pending applications, if any, shall stand disposed.***

The Hon’ble Supreme Court has held that a condition requiring the new owner of premises to clear electricity arrears of the previous owner has statutory character.

- (xviii) The Respondent relies on the order dated 07.04.2025 passed by the Bombay High Court in Writ Petition No. 17462 of 2024, wherein the Court observed that the issues were not decided on merits and all contentions of the parties were kept open.
- (xix) On 15.04.2025, the Appellant submitted a representation before MSEDCL requesting refund of the amount of Rs. 21,57,829/-. It is pertinent to note that the representatives of the Appellant visited the office of the Respondent on several occasions and the issue was discussed in detail. Hence, the contention that no opportunity of hearing was granted to the Appellant is incorrect and denied. Thereafter, the Respondent issued a reply vide letter dated 21.08.2025 stating that, in view of the decree passed by the Hon’ble CJSD, Sangli in SCS No. 46 of 2004, and considering that the Appellant is the occupier of the premises, the Appellant is liable to pay the outstanding dues to MSEDCL after adjustment of the amount already paid.


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(xx) The Forum, by its order dated 12.12.2025, rejected the grievance of the Appellant. The Respondent issued a letter dated 07.01.2026 requesting the Appellant **to pay an additional amount of Rs. 28,51,176.57, comprising interest of Rs. 27,69,150.32 for the period from 01.03.2004 to 27.11.2024 and Court costs of Rs. 82,026.25, in terms of the decree passed by the Hon'ble CJSD, Sangli in SCS No. 46 of 2004.** However, the Appellant, vide reply dated 13.01.2026, denied its liability to make the said payment. It is submitted that once the Forum rejected the prayer for refund of Rs. 21,57,829/-, it follows that the Appellant remains liable for the outstanding dues of M/s Kulkarni Engineering Associates Ltd., together with the applicable interest and costs as per the aforesaid decree. The Respondent has quantified the claim as under:

1. Rs. 21,57,829/- : Outstanding electricity dues of the PD consumer, M/s Kulkarni Engineering Associates Ltd., at the time when the connection was permanently disconnected (PD).
2. Rs. 28,51,176.57 : Interest amounting to Rs. 27,69,150.32 for the period from 01.03.2004 to 27.11.2024 at the rate of 6% per annum, along with Court costs of Rs. 82,026.25, in terms of the decree passed by the Hon'ble CJSD, Sangli in SCS No. 46 of 2004.

(xxi) The Appellant purchased the said property through e-auction. The Notice for Sale of Immovable Property clearly stipulated that the movable and immovable properties mortgaged to the secured creditors, the physical possession of which had been taken by the Authorised Officer of ARCIL, would be sold on "as is where is", "as is what is" and "whatever there is" basis on 31.01.2019 at 3.00 p.m. at the ARCIL Office. *[Note: While purchasing a property through e-auction, a party is expected to exercise due diligence and to proactively find out if there are any electricity dues or arrears of any utility.]*

(xxii) In this regard, the Respondent relies upon the judgment dated 15.10.2025 passed by the Hon'ble Allahabad High Court in Writ No. 35952 of 2025,


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wherein the Hon'ble Court observed that where a purchaser participates in an e-auction with full knowledge that the property is being sold on an "as is where is", "as is what is" and "whatever there is" basis, the responsibility lies upon the bidder to exercise due diligence regarding the existing liabilities and dues attached to the property. The Hon'ble Court further held that once a person participates in such an auction with knowledge of these conditions, the purchaser cannot subsequently avoid liability arising from such dues. The relevant portion of the Judgment is produced as below:

"Applying the above principles of law to the facts of the case, we find that Appellant does not dispute this fact that he had participated in proceedings of E-Auction dated 27.12.2023 with the knowledge of the fact that the property in question was available on "as is where is", "as is what is and "whatever there is" basis. Hence, the facts of the case fall within the parameters of law laid down in the judgment's cited above. In the light of settled principles as discussed in above judgment's, once a person participates in any auction while having knowledge that the property is being e-auctioned having the condition "as is where is", "as is what is and "whatever there is" the duty is upon the prospective bidder, who is the purchaser in facts of the case, to exercise complete caution in checking dues and liabilities."


(xxiii) The Respondent also relies upon the judgment dated 23.06.2025 passed by the Hon'ble Madras High Court in **WA (MD) No. 896 of 2018**, wherein it was held that auction purchasers are liable to pay statutory electricity dues.

The operative portion of the said judgment is reproduced below:

"Subsequent auction purchaser of a property is also liable to pay current consumption charges, as it is statutory in character. Thus, this Court do not find any infirmity in respect of the demand notice issued by the appellants. The learned Single Judge has considered the scope of SARFAESI Act and Rules, which has no application in respect of the electricity consumption charges, which has been made under the provisions of Electricity Act. Thus, the order of the Writ Court dated 16.04.2018 made in W.P.(MD)No.7646 of 2018 is set aside and accordingly, this Writ Appeal stands allowed. No costs. Consequently, connected miscellaneous petition is closed"

(xxiv) In view of the above submissions, the Respondent most respectfully prays that the Hon'ble Electricity Ombudsman may be pleased to:

1. Dismiss the Appeal / Representation filed by the Appellant with costs.


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2. Direct the Appellant to pay the outstanding electricity dues of Rs. 28,51,176.57 to MSEDCL as demanded in the letter dated 07/01/2026.

Analysis and Ruling: -

6. Heard the parties and perused the documents and material placed on record. It is observed that the Appellant had filed a grievance before the Forum on 06.10.2025 seeking refund of ₹21,57,829/- with interest. The Forum thereafter passed its order on 12.12.2025 rejecting the application. Subsequently, the Respondent raised an additional demand of ₹28,51,176.57 vide letter dated 07.01.2026, including interest of 20 years and court costs as per the decree passed by the Hon'ble Civil Judge Senior Division, Sangli in SCS No. 46 of 2004. **As this demand was raised after the Forum's order dated 12.12.2025, the said issue was not before the Forum for consideration.** In fact we find the action of the Respondent, in raising this second demand of Rs.28.51 lakhs after the Forum's order, to be questionable. The Respondent could have issued this demand and placed this issue transparently before the Forum, if it intended to recover interest of the past 20 years. Instead it chose to remain silent on this issue, raising the demand only after the matter was closed at the Forum level.

7. The Appellant has raised a prayer before this Authority seeking cancellation of the letter dated 07.01.2026 (with its additional demand of Rs. 28.51 lakhs) and protection from disconnection. The said issue, having arisen subsequent to the Forum's order and being connected with the Appellant's claim for refund of ₹21,57,829/-, requires to be considered together with the original grievance.

8. In view of the above circumstances, this Authority has not examined the matter on merits. However we would like to observe that while adjudicating the broader issue of recovery of PD arrears from subsequent consumers in K. C. Ninan Vs. Kerala State Electricity Board, the Hon'ble Supreme Court had waived off the recovery of interest (see para j of the conclusions) given that the matter was pending before the Court for about 20 years. It is a similar situation in the current case.


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We also note that had the Appellant taken advantage of the Abhay Yojana, as offered in MSEDCL's own letter dated 07.01.2026, the interest would any way have been waived off. MSEDCL may consider giving the Appellant the same advantage at this stage too, in the interest of reaching a fair settlement.

9. The Respondent is directed to finalize the revised demand, if any, in the above context and communicate the same to the Appellant. The parties may thereafter explore the possibility of resolving the dispute through discussion and amicable settlement, if feasible.

10. If the dispute persists, the Appellant shall be at liberty to approach the Forum by filing a fresh grievance covering both issues, namely (i) refund of ₹21,57,829/- and (ii) the second demand raised vide letter dated 07.01.2026 and any other issues, and the Forum shall adjudicate the matter afresh, after giving due opportunity of hearing to both parties and considering all issues in accordance with law.

11. The Representation is disposed of accordingly.

Sd/
(Vandana Krishna)
Electricity Ombudsman (Mumbai)


(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

