

MAHAVITARAN

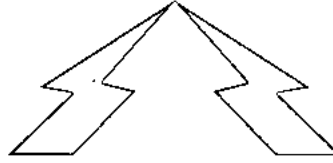
MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.



9th Annual Report
2013-2014

9th ANNUAL REPORT

2013-2014



MAHAVITARAN

Maharashtra State Electricity Distribution Co. Ltd.

संदर्भ:- अवर सचिव, महाराष्ट्र शासन
उद्योग, उर्जा व कलामार विभाग यांचे
पत्र क्र. लेखावि-२०१५/प्र.क्र. २१ उर्जा ३
दि. २८.०६.२०१५ अन्वये मंडळाचे २०१३-१४
चे वार्षिक अहवाल विधी मंडळाच्या दोन्ही
सभागृहापुढे दि. १७.०७.२०१५ रोजी
सादर करण्यात आले आहेत.

REGISTERED OFFICE

Plot No. G-9, Prakashgad, Prof. Anant Kanekar Marg,
Bandra (East), Mumbai - 400 051.

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.

9th Annual Report for the Year 2013-2014

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BOARD OF DIRECTORS

Shri. Ajoy Mehta, IAS
Managing Director

Shri. V. K. Kanade, IAS
Director

Shri. D.D. Wavhal
Director (Finance)

Shri. M. K. Deore
Director (Operations)
till 31.01.2014

Shri. S.K. Dabhade
Director (Projects)
till 30.08.2013

Shri. P. U. Shinde
Director (Projects)
w.e.f. 01.09.2013

Shri. P. V. Page
Director

Shri. Ashok Harane
Director

COMPANY SECRETARY

Smt. A. M. Gudekar

BANKERS

CANARA BANK

BANK OF MAHARASHTRA

BANK OF INDIA

IDBI BANK

UNITED BANK OF INDIA

AUDITORS

M/s. Mittal & Associates
Chartered Accountants,
Mumbai

M/s. B. N. Kedia & Co.
Chartered Accountants,
Mumbai

M/s. Pathak H. D. & Associates
Chartered Accountants,
Mumbai

**To
The Members,**

Your Directors present the Annual Report on the performance of your Company for the Financial Year ended 31st March, 2014 along with Audited Statements of Accounts.

FINANCIAL HIGHLIGHTS:

(₹ In Lakhs)

Particulars	2013-14	2012-13
Revenue from Sale of Power	5062165	4557495
Other Income	164,041	144014
Profit before Depreciation and & Finance Costs	341,092	266783
Depreciation	167,640	102734
Finance Costs	290116	221666
Profit/(Loss) before Tax	(116664)	(57616)
Less: 1) Provision for Taxation	10319	6503
2) Deferred Tax Adjustment	(98940)	23023
Profit/(Loss) After Tax	(28042)	(87142)

DIVIDEND:

Your Directors have not recommended any dividend for the financial year under review.

THE MAHARASHTRA ELECTRICITY REFORMS TRANSFER SCHEME, 2005:

The Maharashtra Electricity Reforms Transfer Scheme, 2005 (Transfer Scheme), notified by Government of Maharashtra (GoM) on 5th June, 2005, continues to remain provisional and the financial balances are carried forward based on the Provisional Transfer Scheme. The GoM is providing subsidy for supply of electricity to the Agricultural and Powerloom consumers and concessional rates are being charged to them by the Company.

OPERATIONAL PERFORMANCE:

During the 9th year of operations the Company had sold 85631 MUS of power which has generated revenue of Rs. 5062164.82 Lakhs. However after providing for depreciation, interest, Finance Charges & other debits there was a loss of Rs. 116664 Lakhs (Before Tax). The main 2 reasons for loss are delay in issue of tariff orders, OA, disallowance of interest on working Capital, etc.

LOAD SHEDDING PROTOCOL:

Your Company has been experiencing significant growth in power consumption during last few years in its area of operations due to buoyancy in economy. In view of availability of Power, the Company is taking steps to reduce the load shedding gradually.

Presently the feeder wise load shedding is implemented in the State. The feeders having low Distribution & Collection Losses (DCL) are subjected to lesser no. of hrs. of load shedding or completely withdrawal of load shedding as per respective DCL groups.

The availability to MSEDCL is increased due to the implementation of well planned capacity addition program in state and with robust distribution system. Therefore, MSEDCL has made a decision of:

- Load shedding of feeders having losses below 42% (under A, B, C & D groups) is withdrawn.
- Feeders for MIDC Industries, express feeders for IT Parks & Municipal water works and utility are excluded from load shedding protocol.
- Three Phase availability to Single Phasing scheme & Separated Ag. Feeders Scheme is 8 Hours/day during day time and 10 Hours/day during night time in rotation.
- The Single Phasing scheme feeders & Ag. Separated feeders having SDT under A, B, C & D groups are supplied with 24 hrs of single phase supply.
- Three phase availability to LIS scheme on Express feeders is 16.00 hrs at a stretch with one day staggering per week.
- No load shedding during evening 6.00 hrs. to morning 6.00 hrs. in naxalite area.
- Load shedding in evening period is withdrawn during HSC/SSC examinations, main festivals like Ramzan, Ganeshotsav, Navratri & Moharrum etc.
- In case of better availability, the load shedding of high loss feeder is also withdrawn in steps.
- Continuous efforts for increasing the energy bill collection and curbing electrical thefts in State are taken, hence as a result, the DCL of some of the high DCL areas is reduced and accordingly the load shedding of feeders from those areas is completely / partially withdrawn.

With all these efforts, presently about 85 % of Maharashtra is load shedding free.

POWER PURCHASE:

MSPGCL has added one unit of 500 MW Capacity viz. Bhusawal Unit #5 (COD on 03.01.2014). NTPC has added 2X500=1000 MW (320 MW Maharashtra share) Capacity viz. Unit-2 of Mauda (Maharashtra share - 185 MW (COD-30.03.2014), Vindhya unit-2 Maharashtra share - 135 MW (COD-27.03.2014). Thus, MSEDCL has now availed additional 820 MW, out of which 500 MW Capacity from MSPGCL and 320 from NTPC during FY 2013-14.

During FY 2013-14, Unit-3, 660 MW (COD- 14.06.2013) and Unit-1, 600 MW (COD-01.10.2013) of Adani Power Maharashtra Limited, Unit-1, 245 MW (COD-03.06.2013) of Indiabulb Amravati and 200 MW (COD-17.03.2014) of EMCO are commissioned and commenced the supply of power. Thus, MSEDCL has availed additional 2525 MW Capacity from MSPGCL, NTPC and IPP during FY 2013-14.

MSEDCL POWER PURCHASE STATEMENT 2013-14

Sr No	Sources	2009-10 (A)			2010-2011 (A)			2011-2012 (A)			2012-2013 (A)			2013-14 A		
		Purchase	Rate	Total Cost	Purchase	Rate	Total Cost	Purchase	Rate	Total Cost	Purchase	Rate	Total Cost	Purchase	Rate	Total Cost
		MKwh	Paise per Kwh	Rs In Crores	MKwh	Paise per Kwh	Rs In Crores	MKwh	Paise per Kwh	Rs In Crores	MKwh	Paise per Kwh	Rs In Crores			
1	MSPGCL	46564.45	231.44	10776.65	42409.00	290.68	12327.47	43074.91	305.11	13177.70	43280.41	392.92	17005.70	41335.94	359.54	14861.93
2	NTPC	20403.89	182.50	3723.68	20014.22	201.79	4038.58	20081.65	262.51	5271.67	23470.86	247.07	5799.00	24821.37	273.27	6782.88
3	NPCIL	3415.93	185.49	633.62	4043.68	228.99	925.95	5127.18	233.40	1196.70	4923.81	251.39	1237.77	5032.96	240.92	1212.56
4	SSP	660.90	205.00	135.48	948.24	205.00	194.39	1148.13	205.00	235.37	974.49	205.00	199.77	1539.30	205.00	315.56
5	PENCH	129.73	205.00	26.60	98.65	205.00	20.22	140.76	205.00	28.86	107.67	205.00	22.07	131.45	205.00	26.95
6	RGPP	8104.91	474.00	3841.75	11706.72	381.59	4467.17	11223.58	442.26	4963.76	4904.03	434.85	2132.50	1438.13	326.82	470.00
7	TRADERS	941.64	710.74	669.26	2229.00	456.64	1017.84	6438.99	407.83	2626.01	6311.55	380.83	2403.65	1696.78	309.28	524.79
	tata															
8	ZLS	1396.88	570.39	796.76	2626.31	447.86	1176.22	475.64	457.98	217.83						
9	DODSON	73.26	267.08	19.57	69.10	307.31	21.24	125.31	232.96	29.23	83.62	310.83	25.99	86.04	310.03	26.68
10	FBSM/JI charges/BMS	674.76	117.15	79.05	1333.15	357.23	476.24	790.40	419.52	331.59	25.87	3618.29	93.60	-1231.65	117.66	-144.91
13	JSWL				1139.03	260.71	296.96	1880.28	319.38	600.53	2071.78	328.19	679.95	1977.58	310.26	613.57
	Mundra UMPP							6.9626	71.85	0.50	2445.72	240.76	588.82	4908.44	248.64	1220.43
	CGPL							2614.22	412.83	1087.05	3064.37	413.05	1265.73			
	Medium Term										123.12	167.75	20.65	9592.92185	285.26	2736.48
	Adani power Ltd													69.0629	271.23	18.73
	Emco Pwer															
	India Bull Energy Ltd										0.28	243.00	0.07	1034.06605	322.56	333.55
	Non															
12	Conventional Sources	3107.61	417.07	1296.11	3723.72	420.15	1564.51	5534.23	425.82	2412.26	7280.61	446.56	3251.26	7682.75	484.69	3723.73
12	POWER GRID			348.93						741.08			1003.76			1199.59
13	Transmission Charges			1494.46			1891.59			2200.09			3128.40			5603.55
	TOTAL	85473.97	278.94	23841.92	90340.83	320.45	28949.43	98662.23	355.96	35120.24	99068.18	392.24	38858.71	100115.15	394.81	39526.04

SYSTEM IMPROVEMENT SCHEME:

◦ **Restructured Accelerated Power Development and Reforms Program**

GOI has initiated a scheme named "R-APDRP" to focus on establishment of baseline data and fixation of accountability and reduction of AT & C losses through strengthening & up gradation of sub transmission and distribution network and adoption of Information Technology during XI Plan.

- Proposed to cover urban areas- Towns and cities with population of more than 30,000
- Project shall be taken up in Two parts Part 'A' and Part 'B'.
- Part A shall include the projects for establishment of Base Line Data and IT applications for energy Accounting /Auditing and IT Based Consumer Service centers.
- Part B shall include regular distribution strengthening and augmentation projects to reduce AT&C Losses upto 15%.

◦ **Funding Mechanism for R-APDRP Project**

Initially GOI will provide 100% Loan for Part A and 25% loan for Part B projects on the terms decided by Ministry of Finance. The Loan of Part A is converted into grant once establishment of the required system is achieved. The balance funds (75 %) for Part B projects shall be raised from financial institutions. The entire loan from GoI is routed through financial institutions for the respective schemes funded by them.

◦ **Conversion of loan into Grant**

Part A: The loan shall be converted into grant once the establishment of the required system is achieved and verified by the independent agencies. The interest on the converted Loan shall be capitalized. No conversion to grant will be made in case Part A is not completed within 3 years from the date of sanctioning of the project.

Part B: Up to 50% loan of Part-B projects shall be converted into grant in five equal tranches on achieving the 15% AT&C loss in the project area on a sustainable basis for a period of five years. If the utility fails to achieve or sustain the 15% AT&C loss target in a particular year, that year's tranche of conversion of loan to grant will be reduced in proportion to the shortfall in achieving 15% AT&C loss target from the starting AT&C loss figure.

Specific Scope & Achievements of RAPDRP Scheme:

◦ **RAPDRP Part A:**

Part A shall include the projects for establishment of Base Line Data and IT applications for energy Accounting /Auditing and IT Based Consumer Service centers.

Achievements of R-APDRP Part A

- 130 Towns with population more than 30,000 (Census 2001) selected for Implementation of R-APDRP Part A
- Revised loan amounting to Rs 324.42 Crs for 130 towns is sanctioned by PFC on 19.03.10
- The GIS works completed in 116 towns
- Centralized Customer Care Center at Bhandup is in operation since Dec -2011
- Data Center Ready and 95 towns integrated to Data Center
- All the software modules live and are being utilized by the field officers
- 128 towns Declared as go-Live as on Oct'14

The Expenditure of R-APDRP Part A as on 31.08.2014 is Rs 207 Crs

RAPDRP SCADA (Part A – Part B):

• **SCADA Part A:**

PFC has sanctioned 8 towns with population of More than 4 Lakh and Annual energy Input more than 350 MU for implementation of SCADA/ DMS amounting to Rs. 161.62 Crs.. The eligible towns are Amravati, Nasik, Pune, Malegaon, Sangli, Solapur, Greater Mumbai, and Kolhapur.

Scope of SCADA Part A

- Establishment of SCADA/DMS control center in eight specified towns.
- Integration with IT system being implemented under R-APDRP Part-A
- Establishment of Data Recovery Center at Nagpur
- Supply, installation, integration and commissioning of RTUs at all 66/33/22/11kV S/S;
- FRTUs at locations of RMUs on 11kV Distribution networks etc.
- SCADA/DMS system for control and supervision of 33/11kV S/S and 33KV & 11kV

The Achievements of SCADA Part A are as below:

- LOA for Implementation of SCADA/DMS in 8 towns issued to M/s SIEMENS Ltd on 13.12.2011 for Rs 144.27 Crs.
- Initial Survey Completed. SCADA Control centers Civil Work in progress. Inspection of SCADA Components carried out.
- The Expenditure of SCADA (Part A) as on 31.08.2014 is Rs. 16.16 Crs
- **SCADA Part B:**
PFC has sanctioned 5 towns having AT&C Losses more than 15%. The Towns sanction by PFC amounting to Rs 154.54 crs are Greater Mumbai, Amravati, Solapur, Sangli and Malegaon.

Scope of SCADA Part B:

Installation of equipments required for automation such as Ring Main Units, numerical Relays for the Protection of 11 kV feeders, Capacitors and incomers, Automatic Voltage regulators, winding Temperature Indicator and Oil temperature Indicator for Power Transformers etc.

Achievements of SCADA Part B:

- The Contract awarded to M/s Leena Powertech for SCADA Part B works in process (Contract Cost - Rs 110.62 Crs)
- The Expenditure of SCADA (Part B) as on 31.08.2014 is Rs. 6.15 Crs
- **RAPDRP Part B:**

Part B shall include regular distribution strengthening and augmentation projects to reduce AT&C Losses upto 15%.

PFC has sanctioned 123 towns DPRs for RAPDRP Part B amounting to 3314.20 Crs, vide following letters:

- Sanction Letter No: 02:10:R-APDRP(P-B):I:2010:MSEDCL dtd 8/6/2010
- Sanction Letter No: 02:10:R-APDRP(P-B):II:2010:MSEDCL dtd 23/8/2010
- Sanction Letter No: 02:10:R-APDRP(P-B):I:2010:MSEDCL dtd 11/3/2011
- Sanction Letter No: 02:10:R-APDRP(P-B):II:2010:MSEDCL dtd 30/6/2011

Out of the 123 towns, tenders were floated for implementation of RAPDRP Part B scheme in 120 towns and LoA's were issued for all 120 Towns in the m/o Jan, Feb, Mar, May & July 2012 amounting to Rs 1696.21 Crs.

- The Expenditure of RAPDRP Part B as on 31.09.2014 is Rs 1083.98 Crs

The achievements upto Sep'14 are as given below:

Sr No	Activities	Unit	Target qty	Commissioned
1	New S/s	Nos.	132	87
2	Aug Of Power T/F	Nos.	28	25
3	Add of Power T/F	Nos.	30	22
4	H.T O/H	Kms	2242	865
5	H.T.U/G	Kms	1329	715
6	L.T.O/H	Kms	1100	571
7	L.T.U/G	Kms	1379	670
8	New Dist.T/F HVDS	Nos.	6444	3701

DISTRIBUTION

◦ System Improvement Schemes :

In order to reduce the distribution losses 112 new substations & 23 new switching stations are added during year 2013-14 as above. Further to reduce the commercial losses, the I.R meters were installed in place of electro mechanical meters and for faulty meters replacement.

◦ Reactive Power Planning for reducing T&D losses :

There are 2101 MVAR capacitor banks installed in various Substations & 2676.5 MVAR Line capacitors are installed on feeders as on 31.03.2014. Similarly the capacitors provided on distribution transformer centers are totaling 45314 KVAR. The MVAR added at HV level during FY-2013-14 is 246.68 MVAR.

RURALELECTRIFICATION:

i) Village Electrification and Energisation of Agricultural Pumps :

100% village electrification has been achieved in Maharashtra State as on 31-03-1989. However as per revised definition of village electrification and as per 2001 census out of 41096 nos. of villages and 377 Nos. of towns as per 2001 Census, 41096 nos. of villages and 377 nos. of towns have been electrified as on 31.03.14 as per preliminary survey carried out.

The company has energized 1,24,769 agricultural pumpsets during the year 2013-14. With the implementation of this programme, total pumpsets energized in the State are 40,42,654 which is the highest achievement among all the States in the country

ii) Electrification of Dalit Bastis :

As a policy, the M.S.E.D.C.Ltd. invariably covers electrification of attached Dalit Bastis, if any, while sanctioning the estimate for electrification of Gaothan. All the 33,711 Dalit Bastis, feasible for electrification, have been electrified as on 31-03-1998.

iii) Tribal Sub-Plan :

There are 8399 nos. of villages and 29 nos. of towns under tribal, as per Census 2001. The M.S.E.D.C.Ltd. has also energized 12145 agricultural pumpsets in tribal sub-plan area during 2013-14 bringing the total no. of pumpsets energized in tribal sub-plan area to 1,55,059.

iv) Domestic Connections to Weaker Section:

Since 1-10-1976, the Board is releasing domestic connections without charging normal service connection charges to Weaker Sections of Society, Viz. (1) Schedules Castes (2) Schedules Tribes (3) Nomadic Tribes (4) Vimukta Jatis and (5) Nav Buddhists. . During 2013-2014 a total of 17,258 such connections have been released, out of which 10,955

pertains to Scheduled Castes and Nav Buddhists. So far a total of 17, 38,205 connections have been released to these five categories, out of which 10, 03,629 pertains to Scheduled Castes and Nav Buddhists.

COMMERCIAL

Use of Non-conventional Sources of energy to supplement conventional energy: MSEDCL is bound to meet i.e. Renewable Purchase Obligation (RPO) at per the MERC (RPOREC) Regulation, 2010 and all along efforts are being made to procure non conventional energy (NCE) and also to meet the RPO to the extent possible.

Sr. No.	Source	Commissioned Capacity(MW) (Sale to MSEDCL)		
		As on 31.03.13	Capacity Addition	As on 31.03.14
1	Wind	2396	1014	3410
2	Co-gen	957	388	1345
3	Biomass	127	10	137
4	Small Hydro	241	4.9	245
5	Solar	136	16	152
6	MSW	0	3	3
	Total	3675	1436	5293

* Small Hydro Capacity includes MSPGCL small Hydro and Dodson-I capacities also.

INFORMATION TECHNOLOGY:

IT Initiatives Under Implementation During 2013-14

• **ERP Solution**

MSEDCL is implementing an integrated ERP SOLUTION for its core functions for improvement in operation efficiencies with respect to the finance, project functions and integrating with existing systems viz. Legacy Systems, Pre-ERP Systems, and Auxiliary Systems etc. The increase in efficiency will have a direct impact on the operations of MSEDCL with respect to the above mentioned functions.

As a pilot, ERP Solution has been made operational at the Corporate Office and Bhandup Zon in the month of January 2014.

- **SCADA/DMS (Supervisory Control and Data Acquisition/Distribution Management System)**

Under the RAPDRP programme, urban areas /towns/ cities having population of more than 4,00,000 (as per census 2001 figures) & annual input energy of more than 350 MUs were eligible for SCADA/DMS implementation. Accordingly, eight towns under the MSEDCL were selected for SCADA/DMS implementation. The towns where SCADA/DMS is being implemented are as follows:

- | | |
|-------------------|-------------|
| 1. Amravati | 2. Nasik |
| 3. Pune | 4. Malegaon |
| 5. Sangli | 6. Solapur |
| 7. Greater Mumbai | 8. Kolhapur |

Control centers at Five Towns (Viz. Amravati, Solapur, Sangli, Malegaon, Greater Mumbai) are established and successfully Commissioned. RTUs at Amravati, Solapur & Greater Mumbai are Online. The project is under implementation and expected to go live during 2014-15.

- **Smart Grid Initiatives in MSEDCL**

Objective of Smart Grid is to use advancements of information and communication technology to make the power grid more efficient, reliable, secure and resilient while minimizing costly investments in new centralized generation capacity. One of the main points about Smart Grid is an increased level of observation and control of a complex power system to facilitate distributed and renewable energy generation. This can only be achieved by an increased level of information sharing between the individual components and subsystems of the power system. Smart Grid can provide consumers near real-time information on their energy use, support pricing that reflects changes in supply and demand, and enable smart appliances and devices to help consumers exercise choices in terms of usage of energy. Utilities can better manage the grid in terms of increased visibility of network, improved billing and realization efficiency, increased availability of grid and access of power to rural areas.

DPR and RFP for above Smart Grid activities are prepared for the pilot. The Bids were opened in March 2014.

INTERNAL REFORMS

The year wise % distribution losses of MSEDCL are as follows:

YEAR	Distribution Loss (%)	AT & C Loss (%)
2006-07	29.50	33.98
2007-08	24.09	26.08
2008-09	21.98	24.62
2009-10	20.60	21.41
2010-11	17.28	18.45
2011-12	16.03	18.41
2012-13	14.67	18.70
2013-14	14.00	17.76

◦ Action Plan for Loss reduction

> Distribution Loss reduction strategies

◦ Technical Loss Reduction

◦ Infrastructure Plan:

◦ Objectives

- To Provide Reliable and Quality Supply of power.
- To meet the Load Growth Demand.
- To Reduce Distribution Losses.
- To Reduce Distribution Transformer Failure Rate

◦ Scope of Work (Under Infra – II as on Sep. 14)

- Erection of 33/11 & 22/11 kV S/Stn & 22 & 11 kV switching stations
- Augmentation & installation of additional Power Transformers
- Erection of new HT & LT lines.
- Augmentation & installation of additional Distribution Transformers

◦ Restructured Accelerated Power Development Reform Project (R-APDRP)

◦ Objectives

- Improvement in Services to Consumer
- Increase commercial viability of the DISCOM by improving metered sales.
- Reduction of technical & commercial losses.

- Improve reliability and quality of supply.
- Modernization of Power system (Enhanced SCADA etc)
- **Part A: Details of same are given below ***
- **Part B: For Distribution Strengthening & Augmentation projects:**
 - Renovation, modernization and strengthening of 11 kV level Substations
 - Transformers/Transformer Centers
 - Re-conductoring of lines at 11 kV level and below
 - Load Bifurcation, Feeder Separation, Load Balancing.
 - Aerial Bunched Conductors in thickly populated areas.
 - Replacement of Electromagnetic meters with Tamper proof electronic Meters.
 - Installation of capacitor banks and mobile service centers etc.
 - In exceptional cases, where sub-transmission system is weak, strengthening at 33 kV or 66 kV levels also to be considered.

Commercial Loss Reduction

- **R-APDRP Part-A: Preparation of base Line data for the project area covering**
 - Consumer Indexing & GIS Mapping
 - Automatic Meter Reading for all distribution Transformers and feeders.
 - Asset mapping for entire distribution network at and below 11 kV network and include the DTs and feeders, LT lines, poles and other Distribution network equipment.
 - Adoption of IT applications for Meter reading, Billing and collection, energy accounting and auditing
- **RAPDRP - All the Modules as stated below (ie. CRM, DC, EA, NC, NDM, WSS, RAPDRP - MIS, MDAS, Network Analysis and GIS etc.) on screen shot of RAPDRP - Portal are functioning properly. Including Centralized Customer Care Center (CCCC) at Bhandup and Pune.**
- **Franchisee-**
 - High loss making Bhiwandi Circle is already franchised to M/s. Torrent Power since Year 2007.
 - Gandhibaug, Civil Lines & Mahal divisions of Nagpur zone has been franchised out to M/s SPANCO Ltd. on 1st May 2011.
 - Aurangabad urban I & II divisions of Aurangabad zone has been franchised out to M/s GTL Ltd. on 01 May 2011.

- Jalgaon UCR division of Jalgaon Zone has been franchised out to M/s Crompton Greaves on 01 November 2011.
- **Automatic Meter Reading :**
 - Modems are installed on the meters for transmitting readings to the central server, where consumers' database is stored.
 - The readings as well as load parameters are transmitted at pre-defined, configurable intervals.
 - Any variation in consumption pattern, any kind of tampering done with meter can be detected.

THEFT DETECTION:

1. For detecting theft of energy, presently 42 Squads attached to each circle office, under Directorate of Vigilance & Security. During the year 2013-14 the flying squad working under the Directorate had checked 46038 connections and detected 14544 cases involving assessment of Rs. 24304/- lakhs of which Rs. 15089.37/- lakhs were recovered. During the regular checking of consumers installation 8358 No. of theft cases were detected with an amount of Rs. 1310/- lakhs. During the period under review flying squad units conducted 183 special drive in which 4434 theft cases were detected with an assessment of Rs. 626/- lakhs.
2. During the above period Special Drives were organised for checking of malls, Hotels, Bear Bars, Show rooms, Oil Mill, Fisheries, Mobile Tower, Poultry Farms, Building Construction Sites etc.
3. Special checking of connection during night hours were organized in some theft prone areas.
4. MRI data sheet, MDAS applications under RAPDRP Portal are studied and analyzed to find out suspicious consumers.
5. Appeal to general public to submit information about illegal and unauthorized use of electricity and theft of power was given in the official website.
6. To encourage the flow of information pertaining to illegal and unauthorized use of electricity and theft of power and incentive up to 10% of the recovered amount from the assessment made out against theft of power has been declared to the information and reward

amount of Rs. 1.55 lacs were distributed during the year 2013-2014.

7. Govt. of Maharashtra vide its GR No. POS/3 603112PICIPol-3 dt. 31.10.2006 had created six dedicated Police Stations at Kalyan, Pune, Nasik, Jalna, Latur and Nagpur to deal with the investigation of theft of energy cases. All cases dedicated Police Station are functioning since Sept-2006. A total No. of 12533 FIR lodged during the year 2013-2014. Due to the impact of dedicated police station assessment amount of Rs.2461 .5 8 lacs were collected.

◦ **Theft Control**

- To curb theft of electricity 42 flying squads are established.
- Six dedicated police stations are established to handle power theft.
- Regular theft Detection Drive are conducted.

◦ **HUMAN RESOURCES MANAGEMENT:**

In the continuously changing socio-economic-regulatory environment, HR's role in helping to stabilize the Company for change cannot be understated. MSEDCL observed that the more effective and long-lasting employee management strategies for troubled organizations were based on employee engagement and culture building. As on date from start of employment i.e. Recruitment to end of employment i.e. to retirement, every HR activity is done through IT systems only. This has developed proper Administrative control through a structured policy framework and transparency in HR activities. Since enactment of The Electricity Act-2003, power sector has become competitive, consumer friendly, it has also transformed organizational structure of each power utility in very professional manner & increased efficiency of employees. HR has played very vital role in above make over.

• Major Important Decision Taken In 2014

No	Decision Taken in 2014	Impact on Employees
1.	Change in Nomenclature of Engineers	Nomenclature of Engineer Staff is upgraded. It has created motivation in Engineers & also resolved parity issues of trainings in various states.
2.	Internal Notification for Employees	Chance is given to departmental technical employees to have 5% quota of direct recruitment through internal notification.
3.	Special Drive for GO-74	Zone wise special drive was taken to dispose of GO-74 cases pending from years together.
4.	Transparency in Transfers	Created history by considering highest No. of employee's request transfers during year in very transparent manner.
5.	Fast Disposal of proposals	All proposals like ACB, CS-28, Resignation, seniority & others are being disposed off very fast.
6.	Updating of all Regulations	Service/Recruitment/Seniority regulations were not updated since 2008. Now all correction slips are considered up to Dec-2014.
7.	Wage-Revision	Board of Directors, Maharashtra State Electricity Distribution Company Limited vide Resolution No. 185 dated 26.06.2014 have accorded approval for wage revision of MSEDCL employees. This wage revision is carried out in win-win situation to employee and management, and without disturbing industrial health of MSEDCL.
8.	Implementation of Mediclaim policy for all Employees	First time in history of MSEDCL, Mediclaim policy is started to all employees & their family members.
9.	Updating of HRMS Zone wise	Zone wise drive & special meetings were taken for updating of HRMS data.
10.	Correction of Mistakes in promotion panels & Sub Engineers	There were some mistakes in taking direct & promotion quota while taking panels was corrected.
11.	Proportionate Vacancies in all Zones.	Policy decision was taken to have equal vacancy in each zone while posting of employees on promotion or on Transfer.

No	Particulars of Work Performance	2012	2013	2014
1	Direct Recruitment & Selection of employees	1456	8139	8482
2	Departmental Promotions of employees	204	223	276
3	a) Transfers of Operators / Technicians	599	284	2258
	b) Transfers of Engineers	650	481	831
4	Employment to Legal Heirs of Deceased Employees (CS-28 Cases)	10	09	19
5	No. of Offices Created	240	201	209
6	No. of posts created	1007	850	1005
7	No. of employees per Mwh Sale of Electricity	0.74	0.67	0.64
8	No. of employees trained	50639	45399	33195

◦ **Recognition of HR Initiatives taken by MSEDCL:**

MSEDCL HR Department has received following awards in recognition for development of Human Resources.

1. Government of Maharashtra E-Governance award April-2014
2. Organization with innovative HR Practices in 13th ASIA PACIFIC HRM CONGRESS, Sept 2014
3. IDC Insights award for Excellence in Customer Experience under energy vertical Dec-2014
4. Best Organization and Staff Development Award in World HRD Congress awards 2014
5. Excellence in Training at 8th Employee Branding Award- 2014.

AUDITORS:

Pursuant to the provisions of Section 619 of the Companies Act, 1956, the Comptroller & Auditor General of India, (CAG), New Delhi, had appointed M/s Mittal & Associates, Chartered Accountants, M/s B. N. Kedia & Co. Chartered Accountants, and M/s Pathak H.D. & Associates Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2013- 2014. The report of the Statutory Auditors is appended to the Balance Sheet and Profit & Loss Account. The Auditors have submitted their reservations and qualifications. The replies of the Management to the reservations and qualifications of the Statutory Auditors are enclosed as an Annexure 'A' to the Directors' Report.

COST AUDITORS:

Pursuant to Section 233 B of the Companies Act, 1956, the Central Government had appointed vide Cost Audit Order, M/s Dhananjay V. Joshi & Associates and M/s R. Nanabhoy & Company, as the joint Cost Auditors of the Company for the financial year 2013-14.

DIRECTORS:

Following developments took place during the year in Board of Directors:

- Shri. O.P. Gupta, IAS is appointed as the Managing Director of the Company pursuant to the Govt. order No. AEO-1115/10/2015/Ten (GAD) dated 3rd January 2015.
- Shri. Ajoy Mehta, IAS resigned from the post of Managing Director pursuant to transfer as Principal Secretary (Environment) vide Govt. order No. AEO-1115/10/2015/Ten (GAD) dated 3rd January 2015.
- Shri. P. U. Shinde was appointed as Director (Projects) of the Company with effect from 30th August, 2013.
- Shri. Abhijit Deshpande was appointed as Director (Operations) of the Company with effect from 4th June, 2014.
- Mrs. Juelee Wagh is appointed as the Independent Women Director of the Company with effect from 4th June, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT:

- As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:
 - I. In the preparation of the annual accounts, the applicable accounting standards have been followed by the Company along with proper explanation relating to material departures;
 - II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14 and the loss of the Company for that year;
 - III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - IV. The Directors have prepared the annual accounts on a going concern basis.
 - V. The Directors, in case of a listed company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
 - VI. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

- **Audit Committee:**

During the year under the Report, the Audit Committee Meet for 17 times.

- **Board Meeting:**

During the year under the Report, the Board of Directors meet for 12 times.

◦ **Corporate Social Responsibility Committee:**

Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee to undertake such CSR activities as prescribed by Schedule VII to the Act was constituted in the Board Meeting held on 26th March, 2014.

◦ **Nomination and Remuneration Committee:**

Pursuant to Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee was constituted in the Board Meeting held on 8th May, 2014.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 134 (3) (m) of the Companies Act, 2013, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo to the extent applicable is given in the **Annexure 'B'** to this report.

FIXED DEPOSITS:

The Company has not invited/received any Fixed Deposits from the Public during the year under report.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration falling under the purview of the applicable provisions of the Companies Act, 2013.

ACKNOWLEDGMENTS:

The Directors express their sincere thanks and gratitude to the Government of Maharashtra, Ministry of Power, Government of India, New Delhi, esteemed Consumers, Honorable Maharashtra Electricity Regulatory Commission, M/s Rural Electrification Corporation Ltd., M/s Power Finance Corporation Ltd., the Term Lenders, Bankers, Auditors, Suppliers and other Business Associates for their continued co-operation, support and patronage. The Board also places on record its appreciation for the understanding and support extended by the employees at all levels.

Place: Mumbai

Date: 16/4/2015

For and on behalf of the Board
Sd/-

Chairman & Managing Director

**PARTICULARS UNDER COMPANIES (DISCLOSURE OF
PARTICULARS IN THE REPORT OF THE BOARD OF
DIRECTORS) RULES, 1988**

A. CONSERVATION of ENERGY

1) Wind Energy projects in Maharashtra :

Wind Mill generators are installed at Satara , Sangli, Ahmadnagar, Dhule, Nandurbar, Nashik, Beed etc. by the Private Agencies (Developers) and MEDA.

The total state installed capacity of wind power project is 4079.66 MW as on 31.03.2014. Out of this wind power project of Sale to MSEDCL capacity is 3388.75 MW as below.

Group I Projects commissioned upto 27.12.1999 is 28.135 MW

Group II Projects commissioned after 28.12.1999 upto 31.03.2003 is 370.03 MW

Group III Projects commissioned after 1.04.2003 upto 31.03.2010 is 1422.13 MW

Group IV projects Commissioned after 01.04.2010 upto Mar 2014 is 1568.45 MW

2) Cogeneration Projects in Maharashtra :

A Cogeneration facility is defined as one, which simultaneously produces two or more forms of useful energy such as electrical power and steam.

MSEDCL has executed EPA's with installed generation capacity to the tune of 1868 MW as on 31.03.2014 out of which the projects commissioned in the F.Y. 2013-14 is 301.05 MW. The total commissioned capacity as on 31.03.2014 is 1435 MW.

Further GoM has initiated various schemes to encourage co-generation in the state such as cogeneration projects based on BOOT policy.

3) Biomass IPP Projects :

Eighteen EPA's were executed involving installed capacity generation to the tune of 191MW. The installed generation capacity

for sale to MSEDCL upto 31.03.2014 is 137 MW and the new projects commissioned in the F.Y. 2013-14 is 10 MW.

4) Small Hydro Projects :

Hydro projects upto 25 MW capacity are considered as Small Hydro projects and they are treated as NCE sources. MSEDCL is procuring power from MSPGCL's small hydro projects (approx. 182 MW) and from Government owned and private small hydro projects also.

The Contracted capacity (Sale to MSEDCL) of private and Govt. owned small hydro projects upto 31.03.2014 is 63.375 MW out of which the projects commissioned in F.Y. 2013-14 is 4.9 MW. The total commissioned capacity as on 31.03.2014 is 60.975 MW.

5) Solar Projects :

MSEDCL has also executed long term EPAs with MSPGCL and private Solar Power Project developers under various Govt. schemes of GoI for total capacity of 277 MW for meeting solar RPO target. As on 31.03.2014 the commissioned capacity of the solar projects selling power on long term basis to MSEDCL is 152 MW.

B. TECHNOLOGY ABSORPTION : N.A.

C. EXPENDITURE ON R & D:- NIL

D. FOREIGN EXCHANGE EARNINGS & OUTGO:- NIL

**TO THE MEMBER OF
MAHARASHTRA STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED**

Report on Financial Statements

1. We have audited the accompanying financial statements of **Maharashtra State Electricity Distribution Company Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2014, and the statement of profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation, maintenance of internal control and relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from materials misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We Conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified Opinion

6. We invite attention to:-

- (i) *The assets and Liabilities of the Company contain balances transferred under the transfer scheme as on 6th June, 2005 by the Maharashtra Electricity Reforms Transfer Scheme 2005. As per the information given to us, these balances of Fixed Assets, Non-current Assets, Current Assets, Non-current Liabilities and Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts. Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and the Statement of Profit and Loss.*
- (ii) *Balances of trade receivables, trade payables, loans and advances, various other debit/credit balances, cash in transit and reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units are subject to confirmation /reconciliation and adjustments necessary upon reconciliations. In Some cases, reconciliation items are pending for further action during the year under audit. We are unable to ascertain the effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account there of non recovery or partial recovery of such dues.*
- (iii) *The company has not made any provision for Long Term trade receivables exceeding three years amounting to Rs. 400614 lacs, which are long overdue and doubtful of recoveries. We are of the opinion that, an amount of Rs. 400614 lacs being 100 percent provision needs to be made towards bad & doubtful debt, against which of Rs.17588 Lacs only has been provided towards bad & doubtful debts. Had this additional provision of Rs 383026 Lacs been made, the loss for the year would have been greater by Rs. 383026 lacs and Long Term Trade Receivable would have been lesser to that extent.*
- (iv) *In respect of inventories comprising of stores & spares, it has been observed that, they are valued at weighted average cost instead of 'lower of weighted average cost or net realizable value as per company policy.' Further in case of material consumption at site are being booked at standard costing basis, due to which, the remaining materials at site are not being valued at weighted average cost. In absence of audit trail we are not in a position to quantify the impact thereof.*
- (v) *Reconciliation of Consumer Ledger Balance (subsidiary accounts) with the Financial Ledgers balances (control account) in respect of 'Security Deposits from Consumers' has yet not been completed. Consequently we are unable to ascertain the impact of pending reconciliation items in the Statement of Profit and Loss for the year ended March 31, 2014.*
- (vi) *Note no. 19 of the additional notes to accounts regarding non provision for interest payable to Micro, Small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. As such we are unable to ascertain additional loss the Company would have incurred had such provision been made in the Statement of Profit and loss accounts. Further, sundry creditors include the amount outstanding to such vendors / suppliers which have not been disclosed separately in the accounts.*
- (vii) *The Company has received Government Grant and contribution from consumers for creation of fixed assets, the depreciation on which charged to statement of profit & loss. In the absence of audit trail, we are not in a position to verify the corresponding reversal of such depreciation from Government Grant and contribution from consumers to statement of profit & loss as required under 'Accounting Standard 12 on Accounting for Government Grant'.*

- (viii) *It has been observed during the course of audit that in few cases more particularly repairs and maintenance, expenses have been booked on cash basis instead of mercantile basis which is in deviation of the basic accounting assumption and the company's accounting policy in this regard. In absence of audit trail we are not in a position to ascertain the impact of the same in the statement of profit & loss.*
- (ix) *It has been observed during the course of audit that capitalization of interest on borrowings for acquisition of fixed assets is not being recognized to qualifying assets as required under Accounting Standard -16 'Borrowing Cost'. In absence of audit trail we are not in a position to ascertain the impact of the same in the statement of profit & loss. (refer Note no. 2(4)(b))*
- (x) *It has been observed that, Company requires to invest every year an amount equal to contingency reserve created during the last year as per Maharashtra Electricity Regulatory Commission (MERC) guidelines. However, company has not invested any amount against such reserves since last two years, details of contingencies reserves for last two years are as follow:*

<i>Financial Year</i>	<i>Amount (in Lacs)</i>
<i>2011-12</i>	<i>4800</i>
<i>2012-13</i>	<i>6300</i>

- (xi) *The company has been following depreciation policy, which has not been framed as per Multi Year Tariff Regulation 2011 issued by MERC. In view of non availability of adequate information, the impact on statement of profit & loss and fixed assets cannot be ascertained. (refer Note no. 29 (10))*

Qualifies Opinion

7. Except for the effect of the matters described in the Basis for *Qualified opinion* in para 6 above, including the matters whose effect on the loss for the year and net assets as at March 31, 2014 is unascertainable, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting principles generally principles generally accepted in India:
- (a) *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;*
- (b) *in the case of the Statement of profit and loss of the loss for the year ended on that date; and*
- (c) *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Report on Other Legal and Regulatory Requirements

8. As required by section 227(3) of the Companies Act 1956, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit *except the matters described in the Basis for qualified Opinion, Para 6 (I), (ii), (iv), (v), (vi), (vii), (viii), (ix) and (xi) above;*
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as

appears from our examination of those books.

- (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) *except for the effect of the matter described in the Basis for Qualified opinion para 6 (iii) and (x) above*, in our opinion, the Balance Sheet, Statement of Profit and Loss and cash Flow Statement complies with the Accounting Standards notified under this Act, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) being a Government Company, pursuant to the notification number GSR 829 (E) dated October 21, 2003, issued by the Government of India, the provisions of section 274 of the Companies Act, 1956 are not applicable to the Company.
9. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

For and on behalf of

Mittal & Associates
Chartered Accountants
Firm Regn. No. 106456W

B.N.Kedia & Co.
Chartered Accountants
Firm Regn. No. 001652N

Pathak H.D. & Associates
Chartered Accountants
Firm Regn. No.107783W

Sd/-
(O.P.Jaisalmeria)
Partner
M.No.016136

Sd/-
(K.K.Kedia)
Partner
M.No.052461

Sd/-
(Mukesh D. Mehta)
Partner
M.No.043495

Place : Mumbai
Date : 24th September 2014

1. (a) *The records / ledgers relating to fixed assets of the company (including their quantitative details and location) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.*
 (b) *The management has not undertaken physical verification of the Company's fixed assets during the year. Also, there is no program for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.*
 (c) *There has been no disposal of Substantial part of fixed assets affecting going concern.*
2. (a) *We are informed that inventory at store location have been physically verified by the Management as at the year end, however inventory at division and sub-division levels have not been physically verified during the year.*
 (b) *In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and nature of its business.*
 (c) *On the basis of our examination of records of inventory, in our opinion, the company has not maintained adequate records of inventory at divisions. In absence of adequate records and physical verification at these locations, we are not in a position to comment on discrepancies, if any*
3. *As per information furnished, the company has neither taken nor granted any loans to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.*
4. *In our opinion and according to the information and explanations given to us, there is adequate internal control procedures, commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets. However in case of sale of power, there is need for improvement of internal control with respect to permanent disconnection of consumer meters where consumers have not paid electricity bills in excess of six months. We observed during the year approx. Rs.18415 lacs were billed to the customers who have not paid their bills for period exceeding six months and no permanent disconnection of meters were carried out after six months in such cases.*
5. (a) *Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.*
 (b) *In our opinion and according to the information and explanation given to us, having regard to the explanation that certain transactions being of a special nature where comparable*

alternative quotations are not available, the transactions made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding rupees five lakh with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A and 58AA of the Companies Act, 1956 and rules framed there under.
7. The Company has during the year appointed firms of chartered accountants to conduct internal audit. *In our opinion, the Internal audit compliance mechanism needs strengthening to make it commensurate with the size and nature of its business.*
8. The Central Government has prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the Company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not made an examination of the cost records required to be maintained under Companies (Cost Accounting Records) Rules 2011 in respect of their accuracy and completeness as the Company is in the process of obtaining the compliance report of the Cost Accountant.
9. (a) According to information and explanations given to us and the records of the Company examined by us in accordance with the generally accepted auditing procedures in India, in our opinion, the Company is generally regular in depositing the undisputed statutory dues of provident fund, investor education and protection fund, employees' state insurance cess, income tax, sales tax, wealth tax, Electricity duty and other material statutory dues as applicable with the appropriate authorities in India *except in respect of service tax liability, the company is irregular in accounting and deposit thereof.*
 (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service tax, Excise Duty or cess outstanding on account of any dispute, other than those stated hereunder:

Name of Statute	Nature of Dues	Amount (in lacs)	Period of which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax along with Interest	31,557	A.Y.2006-07	ITAT MUMBAI
Income Tax Act, 1961	Penalty	258	A.Y.2006-07	CIT (Appeal)
Income Tax Act, 1961	Demand as per Order u/s 263	59,590	A.Y.2006-07	ITAT MUMBAI
Income Tax Act, 1961	Tax along with Interest	80,287	A.Y.2007-08	HIGH COURT MUMBAI
Income Tax Act, 1961	Tax along with Interest	100,360	A.Y.2008-09	HIGH COURT MUMBAI
Income Tax Act, 1961	TDS	18,431	A.Y.2009-10	HIGH COURT MUMBAI
Income Tax Act, 1961	Interest u/s 201(1A)	7	A.Y.2011-12	CIT (Appeal)
Income Tax Act, 1961	Interest u/s 201(1A)	122	A.Y.2009-10	ITAT MUMBAI
Income Tax Act, 1961	Interest u/s 201(1A)	2	A.Y.2006-07	ITAT MUMBAI
Income Tax Act, 1961	Interest u/s 201(1A)	151	A.Y.2007-08	ITAT MUMBAI
Income Tax Act, 1961	Tax along with interest	23,326	A.Y.2007-08	CIT(Appeal)
Income Tax Act, 1961	Interest u/s 201(1A)	362	A.Y.2007-08	ITAT MUMBAI
Income Tax Act, 1961	Tax along with interest	88,468	A.Y.2008-09	ITAT MUMBAI
	Total	402,921		

10. The Company has not incurred cash losses in the financial year, however it had incurred cash losses in the immediately preceding financial year. The accumulated losses are in excess of fifty percent of its net worth.
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures.
12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.
13. Clause (xiii) of the order is not applicable as the Company is not a Chit fund company or Nidhi/ Mutual Benefit Fund/ Society.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loans raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been developed for working capital purposes.
17. *According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year short term funds aggregating approximately to Rs. 100210 lacs stand utilized for long term investments.*
18. The Company has not made any preferential allotment of shares, during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures and hence the question of creation of securities for debentures does not arise.
20. The Company has not raised any money by public issues during the period covered by our report.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, all though there have been few instances of power theft, the amount where of, in the opinion of the management, are not material in the context of the size of the Company and the nature of its business.

For and on behalf of

Mittal & Associates
Chartered Accountants
Firm Regn. No. 106456W

Sd/-
(O.P.Jaisalmeria)
Partner
M.No.016136

B.N.Kedia & Co.
Chartered Accountants
Firm Regn. No. 001652N

Sd/-
(K.K.Kedia)
Partner
M.No.052461

Pathak H.D. & Associates
Chartered Accountants
Firm Regn. No.107783W

Sd/-
(Mukesh D. Mehta)
Partner
M.No.043495

Place : Mumbai
Date : 24th September 2014

**REPLIES TO STATUTORY AUDITORS FOR
FINANCIAL YEAR 2013-14**

Sr. No.	Auditor's Report	Management's Replies
1	We have audited the accompanying financial statements of Maharashtra State Electricity Distribution Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.	No Comments
2	Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation, maintenance of internal control and relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	No Comments
3	Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.	No Comments
4	An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant	No Comments

	to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.	
5	We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.	No Comments
6	<p>We invite attention to:-</p> <p>(i) The Assets and Liabilities of the Company contain balances transferred under the transfer scheme as on 6th June, 2005 by The Maharashtra Electricity Reforms Transfer Scheme 2005. As per the information given to us, these balances of Fixed Assets, Non-current Assets, Current Assets, Non-current Liabilities and Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts. Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and the Statement of Profit and Loss.</p>	<p>The Opening Balance Sheet of the Company as on 06.06.2005 have been approved by MSEB Holding Company Limited in its Meeting held on 26.09.2006.</p> <p>The approved final transfer scheme is yet to be notified by the GoM.</p>
	(ii) Balances of trade receivables, trade payables, loans and advances, various other debit / credit balances, cash in transit and reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units are subject to confirmations / reconciliation and adjustments necessary upon reconciliations. In some cases, reconciliation items are pending for further action during the year under audit. We are unable to ascertain the effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account there of non recovery or partial recovery of such dues	<p>In case of sundry debtors, the energy bills are served to all the consumers periodically and this serves the purpose of sufficient communication of the amount receivable from them. In case of disagreement, the consumers are approaching to the respective offices by making complaints at various local levels. These complaints are attended by field offices and any wrong billing, if noticed after due scrutiny is rectified. Hence issue of bills in term is the confirmation of balance from the debtors.</p> <p>In case of loans, the confirmation from the financial institutes and banks are obtained. Moreover, in case of creditors for Power Purchase in most of the cases either confirmation has been obtained or reconciliation has been done.</p>
	(iii) The company has not made any provision for Long Term trade receivables exceeding three years amounting to	The Company has provided for bad & Doubtful debts amounting to Rs. 35255 Lacs @ 1.5% of the total

	Rs. 400614 lacs, which are long overdue and doubtful of recoveries. We are of the opinion that, an amount of Rs. 400614 lacs being 100 percent provision needs to be made towards bad & doubtful debt, against which a sum of Rs 17588 Lacs only has been provided towards bad & doubtful debts. Had this additional provision of Rs 383026 Lacs been made, the loss for the year would have been greater by Rs. 383026 lacs and Long Term Trade Receivable would have been lesser to that extent.	The Company has provided for bad & Doubtful debts amounting to Rs. 35255 Lacs @ 1.5% of the total receivables as per MYT Regulations, 2011 which the Company assumes as adequate. Further, it will not be proper to assume the entire amount of trade receivables for more than 3 years as irrecoverable.
	(iv) In respect of inventories comprising of stores & spares, it has been observed that, they are valued at weighted average cost instead of 'lower of weighted average cost or net realizable value as per company policy'. Further in case of material consumptions at site are being booked at standard costing basis, due to which, the remaining materials at site are not being valued at weighted average cost. In absence of audit trail we are not in a position to quantify the impact thereof.	The stock/inventory is not being held for trading. Further, though net Realizable Value of the Stock/inventory has not been ascertained, as taking into consideration the inflation rate, the net realisable value will be more than weighted average cost. Further, the Company is implementing ERP system, in which booking of consumption at proper rate will be taken care of.
	(v) Reconciliation of Consumer Ledger Balances (subsidiary accounts) with the Financial Ledgers balances (control account) in respect of 'Security Deposits from Consumers' has yet not been completed. Consequently we are unable to ascertain the impact of pending reconciliation items in the Statement of Profit and Loss for the year ended March 31, 2014.	The reconciliation of Security Deposit from Consumers as per Consumer Ledger and Financial ledger is in progress. Further, the issues of reconciliation of Consumer Ledger with the Financial Ledgers have been included in ERP which is under development stage.
	(vi) Note no. 19 of the additional notes to accounts regarding non provision for interest payable to Micro, Small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. As such we are unable to ascertain additional loss the Company would have incurred had such provision been made in the Statement of Profit and loss account. Further, sundry creditors include the amount outstanding to such vendors / suppliers which have not been disclosed separately in the accounts.	Note to this effect has already been indicated at Sr. No.18 of Note No.29, Additional Notes to Account.
	(vii) The company has received Government Grant and contribution from consumers for creation of fixed assets, the depreciation on which charged to statement of profit & loss. In the absence of audit trail, we are not in a position to verify the corresponding reversal of such depreciation from Government Grant and contribution from consumers to statement of profit & loss as required under 'Accounting Standard 12 on Accounting for Government Grant'.	As per present Accounting policy, any Consumer contribution/ Grant/ subsidy received towards Capital asset is shown separately as Capital reserve and the assets created out of such contribution/Grant/subsidy are treated as assets belonging to Company and depreciation of such assets is charged to revenue account.

		Further, depreciation on the assets to the extent of contribution / Grant / subsidy provided during the year is debited to Capital reserve & credited to depreciation on assets created out of such contribution/Grant/subsidy. However, the Company is reviewing the policy in this regard.						
	(viii) It has been observed during the course of audit that in few cases more particularly repairs and maintenance, expenses have been booked on cash basis instead of mercantile basis which is in deviation of the basic accounting assumption and the company's accounting policy in this regard. In absence of audit trail we are not in a position to ascertain the impact of the same in the statement of profit & loss.	The accounts are prepared on accrual basis. The outstanding liabilities/ expenses are provided for on the basis of the available information and to the best of estimates. In few cases, inadvertently expenses have been booked on cash basis.						
	(ix) It has been observed during the course of audit that capitalization of interest on borrowings for acquisition of fixed assets is not being recognized to qualifying assets as required under Accounting Standard -16 'Borrowing Cost'. In absence of audit trail we are not in a position to ascertain the impact of the same in the statement of profit & loss. (refer Note no. 2 (4) (b)).	The Company has been following the policy of interest capitalisation consistently since the beginning.						
	(x) It has been observed that, Company requires to invest every year an amount equal to contingency reserve created during the last year as per Maharashtra Electricity Regulatory Commission (MERC) guidelines. However, company has not invested any amount against such reserves since last two years, details of contingencies reserves for last two years are as follow: <table><tr><td>Financial Year</td><td>Amount (in Lacs)</td></tr><tr><td>2011-12</td><td>4800</td></tr><tr><td>2012-13</td><td>6300</td></tr></table>	Financial Year	Amount (in Lacs)	2011-12	4800	2012-13	6300	During the year the company was facing liquidity crunch due to various reasons. As such company has not invested any amount against Contingency Reserves.
Financial Year	Amount (in Lacs)							
2011-12	4800							
2012-13	6300							
	(xi) The company has been following. Deprecation policy, which has not been framed as per Multi Year Tariff Regulation 2011 issued by MERC. In view of non availability of adequate information, the impact on statement of profit & loss and fixed assets cannot be ascertained. (refer Note no. 29 (10))	Note to this effect has already been indicated at Sr. No. 10 in Note No. 29, additional notes to Accounts.						
7	Except for the effects of the matters described in the Basis for Qualified Opinion in para 6 above, including the matters whose effect on the loss for the year and net assets as at March 31, 2014 is unascertainable, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India:	No Comments						

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AS ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF PART OF OUR REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR THE FINANCIAL YEAR ENDED ON MARCH 31 2014.

Sr. No.	Auditor's Report	Management's Replies
1	(a) The records / ledgers relating to fixed assets of the company (including their quantitative details and location) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.	The process for preparation of Fixed Assets register is on. The registers for Head office and Circle offices are ready. Further, the ERP for the Company is under process and once implemented Fixed Assets Records will be updated
	(b) The management has not undertaken physical verification of the Company's fixed assets during the year. Also, there is no program for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.	The programme of physical verification of Fixed assets lying in field offices will be carried out in phased manner. Physical verification of Head office & Circles has been completed and programme of physical verification for divisions is on.
	(c) There has been no disposal of substantial part of fixed assets affecting going concern	No Comments
2	(a) We are informed that inventory at store location have been physically verified by the Management as at the year end, however inventory at division and sub-division levels have not been physically verified during the year.	The physical verification of Stock will be conducted from the Financial year 2014-15 in a phased manner. Physical verification for inventory as Sub-division level will be taken up during the year 2014-15.
	(b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and nature of its business	No Comments
	(c) On the basis of our examination of records of inventory, in our opinion, the company has not maintained adequate records of inventory at divisions. In absence of adequate records and physical verification at these locations, we are not in a position to comment on discrepancies, if any	Noted for Future
3	As per the information furnished, the company has neither taken nor granted any loans to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.	No Comments

4	In our opinion and according to the information and explanations given to us, there is adequate internal control procedures, commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets. However in case of sale of power, there is need for improvement of internal control with respect to permanent disconnection of consumer meters where consumers have not paid electricity bills in excess of six months. We observed during the year approx. Rs. 18415 lacs were billed to the customers who have not paid their bills for period exceeding six months and no permanent disconnection of meters were carried out after six months in such cases.	Every month special disconnection drives are organised to recover arrears from unpaid consumers. Further the permanent disconnections are carried out on regular basis
5	(a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section	No Comments
	(b) In our opinion and according to the information and explanation given to us, having regard to the explanation that certain transactions being of a special nature where comparable alternative quotations are not available, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding rupees five lakh with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.	No Comments
6	According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A and 58AA of the Companies Act, 1956 and rules framed there under.	No Comments
7	The Company has during the year appointed firms of chartered accountants to conduct internal audit. In our opinion, the internal audit compliance mechanism needs strengthening to make it commensurate with the size and nature of its business.	Noted for future
8	The Central Government has prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the Company and in our opinion and	No Comments

	according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not made an examination of the cost records required to be maintained under Companies (Cost Accounting Records) Rules 2011 in respect of their accuracy and completeness as the Company is in the process of obtaining the compliance report of the Cost Accountant.																																																															
9	<p>a) According to information and explanations given to us and the records of the Company examined by us in accordance with the generally accepted auditing procedures in India, in our opinion, the Company is generally regular in depositing the undisputed statutory dues of provident fund, investor education and protection fund, employees' state insurance cess, income tax, sales tax, wealth tax, Electricity duty and other material statutory dues as applicable with the appropriate authorities in India <i>except in respect of service tax liability, the company is irregular in accounting and deposit thereof.</i></p>	<p>No Comments</p> <p>Noted for future</p>																																																														
	<p>b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service tax, Excise Duty or cess outstanding on account of any dispute, other than those stated hereunder:</p> <table><tr><th>Name of Statute</th><th>Nature of Dues</th><th>Amount (in lacs)</th><th>Period of which the amount relates</th><th>Forum where the dispute is pending</th></tr><tr><td rowspan="14">Income Tax Act, 1961</td><td>Tax along with Interest</td><td>31,557</td><td>A.Y.2006-07</td><td>ITAT MUMBAI</td></tr><tr><td>Penalty</td><td>258</td><td>A.Y.2006-07</td><td>CIT (Appeal)</td></tr><tr><td>Demand as per Order u/s 263</td><td>59,590</td><td>A.Y.2006-07</td><td>ITAT MUMBAI</td></tr><tr><td>Tax along with Interest</td><td>80,287</td><td>A.Y.2007-08</td><td>HIGH COURT MUMBAI</td></tr><tr><td>Tax along with Interest</td><td>100,360</td><td>A.Y.2008-09</td><td>HIGH COURT MUMBAI</td></tr><tr><td>TDS</td><td>18,431</td><td>A.Y.2009-10</td><td>HIGH COURT MUMBAI</td></tr><tr><td>Interest u/s 201(1A)</td><td>7</td><td>A.Y. 2011-12</td><td>CIT (Appeal)</td></tr><tr><td>Interest u/s 201(1A)</td><td>122</td><td>A.Y.2009-10</td><td>ITAT Mumbai</td></tr><tr><td>Interest u/s 201(1A)</td><td>2</td><td>A.Y.2006-07</td><td>ITAT Mumbai</td></tr><tr><td>Interest u/s 201(1A)</td><td>151</td><td>A.Y.2007-08</td><td>ITAT Mumbai</td></tr><tr><td>Tax along with interest</td><td>23,326</td><td>A.Y.2007-08</td><td>CIT(Appeal)</td></tr><tr><td>Interest u/s 201(1A)</td><td>362</td><td>A.Y.2007-08</td><td>ITAT Mumbai</td></tr><tr><td>Tax along with interest</td><td>88,468</td><td>A.Y.2008-09</td><td>ITAT Mumbai</td></tr><tr><td>Total</td><td>402,921</td><td></td><td></td></tr></table>	Name of Statute	Nature of Dues	Amount (in lacs)	Period of which the amount relates	Forum where the dispute is pending	Income Tax Act, 1961	Tax along with Interest	31,557	A.Y.2006-07	ITAT MUMBAI	Penalty	258	A.Y.2006-07	CIT (Appeal)	Demand as per Order u/s 263	59,590	A.Y.2006-07	ITAT MUMBAI	Tax along with Interest	80,287	A.Y.2007-08	HIGH COURT MUMBAI	Tax along with Interest	100,360	A.Y.2008-09	HIGH COURT MUMBAI	TDS	18,431	A.Y.2009-10	HIGH COURT MUMBAI	Interest u/s 201(1A)	7	A.Y. 2011-12	CIT (Appeal)	Interest u/s 201(1A)	122	A.Y.2009-10	ITAT Mumbai	Interest u/s 201(1A)	2	A.Y.2006-07	ITAT Mumbai	Interest u/s 201(1A)	151	A.Y.2007-08	ITAT Mumbai	Tax along with interest	23,326	A.Y.2007-08	CIT(Appeal)	Interest u/s 201(1A)	362	A.Y.2007-08	ITAT Mumbai	Tax along with interest	88,468	A.Y.2008-09	ITAT Mumbai	Total	402,921			<p>Factual</p>
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10	The Company has not incurred cash losses in the financial year, however it had incurred cash losses in the immediately preceding financial year. The accumulated losses are in excess of fifty percent of its net worth.	Factual. However there is no cash loss in the immediately preceding financial year.
11	In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures	No Comments
12	According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.	No Comments
13	Clause (xiii) of the order is not applicable to the Company as the Company is not a Chit fund company or Nidhi/ Mutual Benefit Fund/ Society.	No Comments
14	In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments	No Comments
15	According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.	No Comments
16	In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loans raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been deployed for working capital purpose.	During the year the Company was facing liquidity crunch due to various reasons. Taking into consideration availability of fund (i.e. working capital fund and term loan) .The term loan has been used for working capital purpose and working capital fund for long term investment (i.e. for fixed asset). Had this not been done, the Company would have borrowed additional loan which would have resulted additional burden of interest particularly when the fund (i.e. working capital or term loan) was available.
17	<i>According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year short term funds aggregating approximately to Rs. 100210 lacs stand utilized for long term investments.</i>	
18	The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.	No Comments

19	The Company has not issued any debentures and hence the question of creation of securities for debentures does not arise	No Comments
20	The Company has not raised any money by public issues during the period covered by our report.	No Comments
21	To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, all though there have been few instances of power theft, the amount whereof, in the opinion of the management, are not material in the context of size of the Company and the nature of its business.	Factual

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956,
ON THE ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED, MUMBAI FOR THE YEAR
ENDED 31 MARCH 2014**

The preparation of financial statements of **Maharashtra State Electricity Distribution Company Limited, Mumbai** for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accounts of India. This is stated to have been done by them vide their Audit Report dated 24 September 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of '**Maharashtra State Electricity Distribution Company Limited,**' Mumbai for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which has come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

COMMENTS ON PROFITABILITY

Statement of Profit and Loss

Other Income (Note No.22)

Other Non-operating Income

Open Access Charges: ₹. 16.43 crore

1. This does not include ₹.1.25 crore (₹.93.52 lakh in Rastapeth and ₹.31.96 lakh in Satara and Sangli circles) being the penalty recoverable from Open Access consumers for failing to achieve maximum demand equal to or greater than 80 per cent of the threshold level as prescribed by MERC. This has resulted in overstatement of Loss and understatement of Sundry Debtors for the year by ₹.1.25 crore.

Expenditure

Purchase of Power (Note 23)

Over Injected Units by open Access Generators: ₹. 5.81 crore.

2. As per MERC orders, Open Access Generators are allowed to carry forward the surplus units generated by them but not consumed by the corresponding Open Access consumers during the month. Such carry forward, known as Banking, can be done from month to month till the end of the financial year. The Company is liable to purchase the unadjusted surplus units subject to maximum 10 per cent of the total surplus units.

The above does not include ₹.3.82 crore being the value of 1,03,21,043 banked surplus units payable to Open Access generators in line with MERC Order (November 2003) upheld by order of Hon. Appellate Tribunal for Electricity. (August 2014).

Non provision has resulted in understatement of Liability for purchase of Power with an equivalent understatement of Loss for the year by ₹.3.82 crore.

Administration and General Expenses (Note No.26)

Commission for Collections from Consumers – ₹.63.22 crore

3. The above does not include ₹.5.62 crore being the amount of franchisee commission payable to M/s. Magarpatta Township M/s. City Corporation Limited, M/s. Manjiri Stud Farm Private Limited and M/s. Eon Hadapsar for 2013-14.

Non-Provision has resulted in understatement of Loss for the year and Current Liabilities by ₹.5.62 crore.

COMMENTS ON FINANCIAL POSITION

Balance Sheet

Equity & Liabilities

Current Liabilities

Other Current Liabilities (Note No. 10)

Accrued but not due amounts relating to Borrowing: ₹. 300.88 crore

4. (A) This does not include ₹.73.64 crore being the interest accrued on the funds disbursed by power Finance Corporation on behalf of Government of India under Part 'A' of the Accelerated Power Development Reform Programme Scheme. Since the moratorium period of five years (including extended period of two years) in respect of said loan and the project is incomplete as on 31 March 2014 (a requirement for conversion of loan into grant), the liability on account of interest should have been recognized.
- (B) The Company has provided for interest accrued but not due on the entire loan amount at ₹.160.54 crore under part B of the APDRP scheme instead of on 50 per cent of the loan at ₹.80.27 crore which is not eligible to be converted into grant, Moreover, the moratorium period after which interest is applicable has not yet expired.

This has resulted in net overstatement of Current Liability and Loss for the year by ₹.6.63 crore.

For and on behalf of
The Comptroller and Auditor General of India

Place: Mumbai

Date: 16/03/2015

PRINCIPAL ACCOUNTANT GENERAL
(AUDIT)-III)

REPLIES TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31ST MARCH 2014.

Sr. No.	Comments of CAG	Management's Replies
	Comments on Profitability	
	Statement of Profit & Loss	
	Other Income (Note No.22)	
	Other Non-Operating Income	
	Open Access Charges Rs. 16.43 Crore	
1.	<p>This does not include Rs.1.25 crore (Rs.93.52 lakh in Rastapeth and Rs.31.96 lakh in Satara and Sangli circles) being the penalty recoverable from Open Access Consumers for failing to achieve maximum demand equal to or greater than 80 <i>per cent</i> of the threshold level as prescribed by MERC.</p> <p>This resulted in overstatement of Loss and Under statement of Sundry Debtors for the year Rs. 1.25 crore.</p>	<p>Out of ₹1.25 crores the amount of Rs.93.52 lakhs pertaining to Rasta Peth Circle has already been recovered in Month of November 2014. The recovery of Balance amount is under process.</p>
	Expenditure	
	Purchase of Power (Note No. 23)	
	Over Injected Units by Open Access Generators Rs.5.81 crore	
2.	<p>As per MERC orders, Open Access Generators are allowed to carry forward the surplus units generated by them but not consumed by the corresponding open access consumers during the month. Such carry forwards known as Banking can be done from month to month till the end of Financial Year. The company is liable to purchase the unadjusted surplus units subject to maximum 10 <i>per cent</i> of the total surplus units. The above does not include Rs.3.82 crore being the value of 1,03,21,043 banked surplus units payable to open access generators in line with MERC order (November 2003) upheld by order of Hon. Appellate Tribunal for Electricity. Non provision has resulted in understatement of liability for purchase of power with an equivalent understatement of loss for the year by Rs.3.82 crores</p>	<p>The company has decided to purchase the surplus energy from wind generators for FY 2013-2014 in view of meeting the yearly (Non Solar & Solar) Renewable Purchase obligation, target stipulated by MERC In view of order of Appellate Tribunal of Electricity, the company has reviewed its previous decision and has decided to implement the MERC order, in order to provide banking facility to Wind Generators.</p>

	Administration & General Expenses (Not No.26)	
	Commission for Collections from Consumers Rs.63.22 crore	
3.	This does not include Rs.5.62 crore being the amount of franchisee commission payable to M/S Magarapatta Township, M/S. City Corporation Ltd. M/s. Manjiri Stud Farm Private Limited and M/s. Eon Hadapsar for 2013-14. Non-provision Has resulted in understatement of Loss for the year and current liabilities by Rs. 5.62 crore.	Necessary entry has been passed during the Financial Year 2014-15.
(B)	Comments on financial Position	
	Balance Sheet	
	Equity & Liabilities	
	Current Liabilities	
	Other Current Liabilities (Note No. 10)	
	Accrued but not due amounts relating to Borrowings Rs.300.88 crore	
4.	<p>(A) This does not include Rs.73.64 crore being the interest accrued on the funds disbursed by Power Finance Corporation on behalf of Government of India under Part 'A' of Accelerated Power Development Reform Programme Scheme Since the moratorium period of five years (including extended period of two years) in respect of loan and the project is incomplete as on 31 March 2014 (a requirement for conversation of loan into grant), the liability on account of interest should have been recognized.</p> <p>(B) The company has provided for interest accrued but not due on the entire loan amount at Rs.160.54 crore under Part B of the APDRP scheme instead of on 50 per cent of the loan at Rs. 80.27 crore which is not eligible to be converted into grant. Moreover the moratorium period after which interest is applicable has not yet expired. This has resulted in net overstatement of Current Liability and Loss for the year by Rs. 6.63 crore.</p>	The net excess provision has been withdrawn during the Financial Year 2014-15.

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED
Balance Sheet As On 31.03.2014

(₹ In Lacs)

PARTICULARS	Note Number	As at 31.03.14	As at 31.03.13
I EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	531,698.18	531,698.18
(b) Reserves & Surplus	4	71,321.37	27,762.15
		603,019.55	559,460.33
(2) Share Application Money Pending Allotment Contribution from MSEB Holding Co. Ltd. against shares to be issued		77,489.21	38,632.87
(3) Non- Current Liabilities			
(a) Long-term borrowings	5	1,846,789.07	1,726,207.42
(b) Deferred tax liabilities (Net)	29(16)	13,885.26	112,825.51
(c) Other long term liabilities	6	329,422.08	301,436.24
(d) Long term provisions	7	307,758.49	247,468.03
		2,497,854.90	2,387,937.20
(4) Current Liabilities			
(a) Short term borrowings	8	319,703.77	237,478.82
(b) Trade payables	9	1,408,991.52	1,216,048.01
(c) Other current liabilities	10	406,873.38	371,208.32
(d) Short term provisions	11	119,273.93	45,270.06
		2,254,842.60	1,870,005.21
TOTAL		5,433,206.26	4,856,035.61
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12 (i)	2,617,168.39	2,333,558.76
(ii) Intangible Assets	12 (ii)	652.75	1,499.41
(iii) Capital Work in Progress		204,805.60	297,178.45
		2,822,626.74	2,632,236.62
(b) Non Current Investments	13	19,280.82	19,430.82
(c) Deferred tax assets (Net)		-	-
(c) Long term loans and advances	14	30,003.21	31,237.33
(d) Other non - current assets	15	464,879.03	344,784.60
		3,336,789.80	3,027,689.37
(2) Current Assets			
(a) Inventories	16	74,233.47	106,773.12
(b) Trade Receivables	17	1,160,127.56	1,196,941.36
(c) Cash and Bank Balances	18	38,370.51	48,472.51
(d) Short-term loans and advances	19	51,374.28	41,945.10
(e) Other current assets	20	772,310.64	434,214.15
		2,096,416.46	1,828,346.24
TOTAL		5,433,206.26	4,856,035.61
Corporate Information	1		
Significant Accounting Policies	2		
Additional Notes to Accounts	29		

Sd/-
A. N. Kalekar
General Manager (CA)

Sd/-
S. M. Bhojar
Chief General Manager (C.A.)

Sd/-
A. M. Gudekar
Company Secretary

Sd/-
D. D. Wavhal
Director (Finance)

Sd/-
Ajoy Mehta
Managing Director

As per our report of even date attached hereto

For Mittal & Associates
Chartered Accountants

For B.N.Kedia & Co.
Chartered Accountants

For Pathak H.D. & Associates
Chartered Accountants

Sd/-
(O.P.Jaisalmeria)
Partner
M.No.016136

Sd/-
(K.K.Kedia)
Partner
M.No.052461

Sd/-
(Mukesh D. Mehta)
Partner
M.No.043495

Place : Mumbai
Date : 24th September 2014

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED
Statement of Profit and Loss for the year ended on 31st March 2014

(₹ In Lacs)

PARTICULARS	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Revenue from Operations	21	5,062,164.82	4,557,495.16
Other Income	22	164,040.90	144,013.76
TOTAL REVENUE		5,226,205.72	4,701,508.92
EXPENDITURE			
Purchase of Power	23	3,952,604.68	3,885,875.71
Employee Costs	24	402,802.41	312,090.02
Repairs and Maintenance	25	75,225.76	61,062.33
Administration and General Expenses	26	53,956.04	46,171.79
Other Expenses	27	400,524.44	129,526.25
Depreciation	12	167,640.49	102,733.71
Finance Costs	28	290,115.70	221,665.61
TOTAL EXPENDITURE		5,342,869.52	4,759,125.42
Profit / (Loss) before tax		(116,663.80)	(57,616.50)
TAX EXPENSES			
Tax expenses for current year		4.00	3.50
Tax expenses for previous years		10,314.70	6,499.08
Deferred Tax		(98,940.25)	23,023.06
Profit / (Loss) from continuing operations		(28,042.25)	(87,142.14)
Earning Per Share			
Basic Earning Per Share in Rs.		(0.68)	(2.18)
Diluted Earning Per Share in Rs.		(0.63)	(1.70)

Sd/-
A. N. Kalekar
General Manager (CA)

Sd/-
S. M. Bhoyar
Chief General Manager (C.A.)

Sd/-
A. M. Gudekar
Company Secretary

Sd/-
D. D. Wavhal
Director (Finance)

Sd/-
Ajoy Mehta
Managing Director

As per our report of even date attached hereto

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Partner
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M.No.052461

Sd/-
(Mukesh D. Mehta)
Partner
M.No.043495

Place : Mumbai
Date : 24th September 2014

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 (₹ In Lacs)

PARTICULARS	2013-14	2012-13
A. Cash flows from operating activities		
Net profit before extraordinary items and tax	(116663.80)	(57616.50)
Adjustment for :		
Depreciation and amortisation	167640.49	102733.71
Provision for Doubtful Debts	35254.70	68362.43
Intangibles written off	1064.91	739.68
Depreciation (Prior Period Excess provided) (Net)	5974.17	3168.31
Interest Income	(1570.79)	(1567.12)
Finance Costs	304154.88	239718.05
Operating profit before working capital changes	395854.56	355538.57
Changes in Working Capital		
<i>Adjustments for (increase) / decrease in operating assets :</i>		
(Increase) / Decrease in Inventories	32539.65	(8215.58)
(Increase) / Decrease in Other Current Assets	(338096.49)	34528.45
(Increase) / Decrease in Trade Receivables	19146.87	(325813.12)
(Increase) / Decrease in Long Term Loans & Advances	1234.13	(5761.74)
(Increase) / Decrease in Short Term Loans & Advances	(9429.18)	(5608.97)
(Increase) / Decrease in Other Non-Current Assets	(137682.21)	(63429.86)
<i>Adjustments for (increase) / decrease in operating Liabilities :</i>		
Increase / (Decrease) in Trade Payables	192943.51	387953.32
Increase / (Decrease) in Long Term Provision	60290.46	60908.20
Increase / (Decrease) in Short Term Provision	74003.87	(2300.29)
Increase / (Decrease) in Other Long Term Liabilities	27985.84	3673.71
Increase / (Decrease) in Other Current Liabilities	36775.23	22192.10
Cash generated from operations	355566.23	453664.81
Less: Direct taxes paid		
- Income Tax	(10314.70)	(6499.08)
- Wealth Tax	(4.00)	(3.50)
Net cash from operating activities	345247.53	447162.23
B. Cash flows from investing activities		
Sale of fixed assets	98.77	507.35
Purchase of fixed assets	(365168.46)	(507069.50)
Tangible Assets	(457323.06)	(600464.65)
Intangible assets	(218.26)	(759.07)
Purchase of Capital WIP	92372.86	94154.23
Sale of Non-Current Investments	150.00	0.00
Interest received	1570.78	1567.11
Net cash from investing activities	(363348.91)	(504995.04)

PARTICULARS	(₹ In Lacs)	
	2013-14	2012-13
C. Cash flows from financing activities		
Issue of equity share / Contribution form GoM	38856.32	38632.87
Repayment of long term borrowings	(164196.71)	(123762.77)
Repayment of short term borrowings	(10101.47)	(83757.68)
Proceeds from long term borrowings	283668.20	402710.83
Proceeds from short term borrowings	92326.42	9549.03
Capital Grants /Subsidies received	71601.49	62570.37
Finance Costs	(304154.88)	(239718.05)
Net cash flow from financing activities	7999.37	66224.60
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(10102.01)	8391.79
Opening Balance of Cash and Cash Equivalents	48472.51	40080.72
Closing Balance of Cash and Cash Equivalents	38370.51	48472.51

Sd/-
A. N. Kalekar
General Manager (CA)

Sd/-
S. M. Bhoyar
Chief General Manager (C.A.)

Sd/-
A. M. Gudekar
Company Secretary

Sd/-
D. D. Wavhal
Director (Finance)

Sd/-
Ajoy Mehta
Managing Director

As per our report of even date attached hereto

For Mittal & Associates
Chartered Accountants

For B.N.Kedia & Co.
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For Pathak H.D. & Associates
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Sd/-
(O.P.Jaisalmeria)
Partner
M.No.016136

Sd/-
(K.K.Kedia)
Partner
M.No.052461

Sd/-
(Mukesh D. Mehta)
Partner
M.No.043495

Place : Mumbai
Date : 24th September 2014

NOTE NO.1

CORPORATE INFORMATION

Maharashtra State Electricity Distribution Company Limited (MSEDCL), a Limited Company, incorporated under the Companies Act, 1956 came into existence on June 6, 2005 after unbundling the erstwhile Maharashtra State Electricity Board into four companies.

The main object of the Company is distribution of reliable and quality supply of electricity at reasonable and competitive tariff so as to boost agricultural, industrial and overall Economics growth and development of Maharashtra. In order to achieve the main objective, the company has undertaken the activities of sub-transmission, distribution, provision, supply, wheeling, purchase, sale import, export and trading of electricity and introduced open access in the distribution as per the Maharashtra Electricity Regulatory Commission directives. The tariff of the company is regulated by Maharashtra Electricity Regulatory Commission.

The Registered Office of the Company is situated at Prakashgad, Bandra (East), Mumbai 400051. MSEDCL, also known as Mahavitaran or Mahadiscom, is one of the largest public sector company engaged in the business of electricity distribution. MSEDCL's distribution network is divided in 14 zones, 47 circles, 160 divisions, 713 sub divisions and 34 IT Centres catering services to around 22.06 million consumers.

NOTE NO.2

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements:

- (a) The Financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the provision of the Companies Act, 1956 and comply in all material aspects, with mandatory accounting standards as notified by the Companies (Accounting Standard) Rules 2006, relevant provisions of Companies Act 1956, the provisions of the Electricity Act 2003, to the extent applicable and statements issued by the Institute of Chartered Accountants of India.

- (b) Use of estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenue and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that the management believes are reasonable under the circumstance including directives of the Regulators. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known / materialised.

2. Revenue Recognition:

- a) **Sale of Power:**

- i) Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers. Tariff rates for sale of power are as per Tariff Order of the Maharashtra Electricity Regulatory Commission.

- ii) The tariff of the Company is regulated by Maharashtra Electricity Regulatory Commissions. The Regulatory Assets/liabilities are being accounted based on principles laid down under Tariff Regulations /Tariff orders as notified by Maharashtra Electricity Regulatory Commission. The recognition of Regulatory Assets/Liabilities is on the basis of Actual Revenue expenditure incurred and the revenue income accounted in the books of Accounts. Any adjustments that may arise on Annual Performance Review by MERC under aforesaid Tariff Regulations will be made after completion of such review.
- iii) Unbilled revenue at the end of the financial year is accrued in the books of accounts on estimation basis and includes FAC (Fuel Adjustment Cost), if any.
- iv) Bills raised for theft of energy, whether on consumer or outsiders are recognised in full as soon as assessment is received from the competent authority of the Company.
- b) Others:**
 - i) Revenue Grants received from State Government/ Central Government / Other Financial Institutions are accounted for as revenue income.
 - ii) Sale of scrap is recognised on realisation
 - iii) Interest income is accounted on accrual basis.
 - iv) Dividend income is accounted for when the right to receive income is established.

3. Fixes Assets:

- (a) Fixed Assets are shown at historical cost less accumulated depreciation. Gross block of Fixed Assets are stated at cost of acquisition or construction, including all cost attributable to bring the assets to their working condition for their intended use.
- b) Intangible assets are stated at their cost of acquisition less amortisation.
- c) Amount received as Government Grant towards cost of fixed asset is credited to capital reserve and an amount equal to the depreciation on the assets created out of such grants is transferred from Reserve to Statement of Profit and Loss based on the principles stated in Accounting Standard-12, Accounting for Government Grants. Grants received conditionally are treated as deferred income and amount is transferred to income over the period of fifteen years equally from the year of receipt of such grant.

The above policy has been applied to consumer's contribution on the basis of Clause No. 2.33, 2.34 and 2.35 of Annexure III of Electricity (Supply) Annual (Accounts) Rules, 1985.

4. Capital Work in Progress:

- a) Fifteen percent of the cost of Capital Work in Progress incurred during the year is added to Capital Work in Progress towards Employee Cost and Administration and General Expenses as the Operation and Maintenance Circles are executing both Capital Works and Operation and Maintenance Works.
- b) Interest relating to construction period in respect of acquisition of the qualifying assets is capitalised on the addition to Work in Progress during the year based on the average interest rate applicable to the loan.
- c) Capital work in progress includes the stock of material received under Direct Debit to works.
- d) Claims for Price Variation in case of contracts are accounted for on acceptance by the Company.

5. Depreciation :

- a) Fixed Assets are depreciated under the 'Straight Line Method' upto 90 % of the original cost of assets. The Company has been following the rates prescribed under MERC (Terms & Conditions of Tariff) Regulations, 2005 on the basis of General Circular No.31/2011 dt.31/05/2011 issued by ' Ministry of Corporate Affairs, Government of India, Since F.Y.2011-12. MERC has framed Multi Year Tariff (MYT) Regulations 2011 wherein the rates of depreciation of assets have been revised. The Company has applied the revised rates of depreciation w.e.f. 01-04-2013, as MERC has given relaxation in implementing the MYT Regulations, 2011 to the Company for two years vide its order dated 23-08-2011.
- b) The rates of depreciation applied are as under:

Assets Group	Rate
Leasehold Land	3.34
Buildings	3.34
Hydraulic Works	5.28
Other Civil Works	3.34
Plant & Machinery	5.28
Lines&Cable Networks	5.28
Vehicles	9.50
Furniture & Fixtures	6.33
Office equipment	6.33
IT Equipment	15.00

- c) Depreciation on addition/deletion of assets during the year is provided on prorata basis.
- d) Intangible assets are amortised over the contract or warranty period whichever is longer.
- e) The assets costing 5000/- or less individually are depreciated at 100% in the year they are put to use.

6. Investments:

- a) Non current investments are carried at cost, less provision for diminution other than temporary, if any, in the value of such investments.
- b) Current investments are carried at lower of cost or fair value.

7. Inventories:

Inventories comprise of stores & spares, and are valued at lower of weighted average cost and net realisable value

8. Employee Benefits:

- a) Company's contributions to Provident Fund and Group Insurance Scheme are charged to the Statement of Profit and Loss.
- b) Provision towards accrued liability for gratuity and leave encasement is accounted for based on the report given by the Actuary.
- c) Bonus / ex-gratia is considered accrued on declaration
- d) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related services are rendered.

9. Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present Value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the notes to the accounts on the basis of judgement of the management. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

10. Accounting of Losses on account of flood, fire, cyclone etc.

The loss on account of flood, fire, cyclone, loss to fixed asset etc will be recognized by making provision on the basis of available information. Excess/Short provision, if any will be recognized on approval from Competent Authority.

11. Write off/ provision for doubtful dues from Consumers

Maharashtra Electricity Regulatory Commission allows provision for doubtful dues from the consumers @1.5% of the amount shown as receivable in the annual accounts provided that such provision should not exceed 5% of the amount shown as receivable in the annual accounts. The provision based on normative basis takes care of uncertainty of irrecoverable amounts.

12. Leases:

Operating lease payments / Income are recognised in the statement of profit and loss on a Straight Line basis over the lease term.

13. Taxation:

Provision for Income Tax consists of Current tax and Deferred tax. Current Tax is calculated according to prevailing rates of Income Tax.

Deferred Tax is recognised on timing difference, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred Tax Assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty supported by convincing evidences that there will be sufficient future taxable income available to realise such assets. Deferred Tax Assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred Tax Assets are reviewed at each Balance Sheet date for their realisability.

Sd/-
A. N. Kalekar
General Manager (CA)

Sd/-
S. M. Bhoyar
Chief General Manager (C.A.)

Sd/-
A. M. Gudekar
Company Secretary

Sd/-
D. D. Wavhal
Director (Finance)

Sd/-
Ajoy Mehta
Managing Director

As per our report of even date attached hereto

For Mittal & Associates
Chartered Accountants

For B.N.Kedia & Co.
Chartered Accountants

For Pathak H.D. & Associates
Chartered Accountants

Sd/-
(O.P.Jaisalmeria)
Partner
M.No.016136

Sd/-
(K.K.Kedia)
Partner
M.No.052461

Sd/-
(Mukesh D. Mehta)
Partner
M.No.043495

Place : Mumbai
Date : 24th September 2014

NOTE NO. 3
SHARE CAPITAL

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Authorised Capital 20,00,00,00,000 Equity Shares of Rs.10 each (Previous year 20,00,00,00,000 Shares of Rs.10/- each)	2,000,000.00	2,000,000.00
2	Issued, Subscribed and Paid up 531,69,81,800 Equity Shares of Rs.10 each fully paid (Previous year 531,69,81,800 shares of Rs.10 each)	531,698.18	531,698.18
3	Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :	531,698.18	531,698.18
		As at 31.03.14	As at 31.03.13
		No. of shares	No. of shares
		Rs. In lacs	Rs. In lacs
	Opening Balance	5,31,69,81,800	3,00,00,50,000
	Fresh Issue		2,31,69,31,800
	Closing Balance	5,31,69,81,800	5,31,69,81,800
4	Details of number of equity shares held by the holding company, the ultimate holding company, their subsidiaries and associates :		
		As at 31.03.14	As at 31.03.13
	Maharashtra State Electricity Board Holding Co. Ltd.	5,316,931,800	5,316,931,800
5	Details of equity shares held by each shareholder holding more than 5 % shares :		
		As at 31.03.14	As at 31.03.13
		No. of shares held	No. of shares held
		% of holding in that class of shares	% of holding in that class of shares
	Maharashtra State Electricity Holding Co. Ltd.	5,316,931,800	5,316,931,800
		99.9991	99.9991

NOTE NO. 4
RESERVES AND SURPLUS

(₹ In Lacs)

Sr.No.	Particulars	As at 31.03.14	As at 31.03.13
A]	CAPITAL RESERVE		
1	CONTRIBUTION, GRANTS AND SUBSIDIES		
	TOWARDS COST OF CAPITAL ASSETS		
a)	Consumers' contribution towards cost of Capital Assets (CRA) (Service Connection)		
	As per last Balance Sheet	107,992.29	98,135.77
	Add : Received during current year	13,282.49	11,808.56
	Less: Deduction during current year	464.79	1,952.04
		120,809.98	107,992.29
b)	Consumers' contribution towards cost of Capital Assets (CRB)		
	As per last Balance Sheet	3,878.60	3,722.66
	Add : Received during current year	48.41	156.34
	Less: Deduction during current year	169.16	0.40
		3,757.86	3,878.60
c)	Consumers' Contribution towards cost of Capital Assets (Outright Contribution)		
i)	For L.T. Consumers		
	As per last Balance Sheet	129,149.28	111,835.05
	Add : Received during current year	11,608.69	17,893.26
	Less: Deduction during current year	777.16	579.03
		139,980.81	129,149.28
ii)	For H.T. Consumers		
	As per last Balance Sheet	21,055.63	17,866.91
	Add : Received during current year	8,728.22	4,982.33
	Less: Deduction during current year	517.07	1,793.62
		29,266.77	21,055.63
d)	Contribution from GoM through REC for RGGVY (Subsidy)		
	As per last Balance Sheet	51,674.87	50,719.76
	Add : Received during current year	0.00	1,052.95
	Less: Deduction during current year	344.39	97.83
		51,330.48	51,674.87

NOTE NO. 4
RESERVES AND SURPLUS

(₹ In Lacs)

Sr.No.	Particulars	As at 31.03.14	As at 31.03.13
e)	Contribution from GoM through REC for RGGVY (Loan) As per last Balance Sheet Add : Received during current year Less: Deduction during current year	6,844.28 0.14 - 6,844.42	6,732.42 111.86 - 6,844.28
f)	Grants from GoM towards RE DIS-DPDC-TSP-OTPS As per last Balance Sheet Add : Received during current year Less: Deduction during current year	25,948.33 7,912.51 7,124.50 26,736.33	23,153.33 3,402.24 607.24 25,948.33
g)	Subsidies towards cost of Capital Assets As per last Balance Sheet Add : Received during current year Less: Deduction during current year	2,580.20 100.79 0.71 2,680.29	2,551.83 99.83 71.45 2,580.20
h)	Grants towards RE distribution Grants As per last Balance Sheet Add : Received during current year Less: Deduction during current year	1,462.13 1.37 0.69 1,462.81	1,468.91 0.07 6.85 1,462.13
i)	Grants towards Energisation of AG pump backlog As per last Balance Sheet Add : Received during current year Less: Deduction during current year	116.40 15.88 - 132.28	2.76 114.00 0.36 116.40
j)	Grants towards single phasing Phase I & II As per last Balance Sheet Add : Received during current year Less: Deduction during current year	615.97 0.89 44.09 572.77	679.52 - 63.54 615.97
k)	Deferred income of grant on APDRP Phase I, II and III As per last Balance Sheet Add : Received during current year Less: Deduction during current year	1,498.40 - 139.07 1,359.33	1,637.47 - 139.07 1,498.40

NOTE NO. 4
RESERVES AND SURPLUS

(₹ In Lacs)

Sr.No.	Particulars	As at 31.03.14	As at 31.03.13
l)	Grants towards cost of Capital Assets		
	As per last Balance Sheet	198,404.46	171,765.29
	Add : Received during current year	46,851.90	26,639.16
	Less: Deduction during current year	7,918.05	-
		237,338.31	198,404.46
m)	Grant towards energisation of AG Pumps		
	As per last Balance Sheet	1,193.33	1,059.33
	Add : Received during current year	25.76	171.57
	Less: Deduction during current year	1,206.92	37.57
		12.17	1,193.33
n)	New Service connection supervision charges		
	As per last Balance Sheet	3,904.38	2,417.17
	Add : Received during current year	2,701.83	1,505.36
	Less: Deduction during current year	970.81	18.16
		5,635.40	3,904.38
	TOTAL A	627,920.03	556,318.54
B)	OTHER RESERVE		
	Contingency Fund		
	As per last Balance Sheet	29,800.00	23,500.00
	Add : Transferred from profit and loss account	8,300.00	6,300.00
	TOTAL B	38,100.00	29,800.00
	TOTAL RESERVE AND SURPLUS	666,020.03	586,118.54
	LESS: Debit balance of Profit and Loss Account		
	As per last Balance Sheet	558,356.40	464,914.27
	Add : Transferred from profit and loss account	28,042.25	87,142.13
	Add : Transferred to Contingency Reserve	8,300.00	6,300.00
		594,698.66	558,356.40
	TOTAL	71,321.37	27,762.14

NOTE NO. 5
LONG TERM BORROWINGS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Term Loans		
	a) From Banks (Secured)		
	Term Loan from DCC Banks		
	Raigad DCC Bank	2,625.00	5,250.00
	Ratnagiri DCC Bank	4,693.03	7,327.96
	Sindhudurga DCCBank	2,500.00	3,571.43
	b) From other parties (Secured)		
	Loan from Rural Electrification Corp.	671,831.70	696,288.56
	Power Finance Corporation	441,868.53	458,641.18
	Medium Term Loan from REC	139,583.33	-
	Sub- Total	1,263,101.59	1,171,079.13
	c) From other parties (Unsecured)		
	Financial Participation by Consumers' (Interest Bearing)	-	0.88
2	State Govt. Loans	15,409.19	30,388.17
	Financial Participation by consumers' (Interest Free)	105.99	144.81
	Interest free Loan from MIDC for Elec Work	2,831.35	3,653.82
	Sub- Total	18,346.53	34,187.68
	Deposits (Unsecured)		
	Security Deposits from Consumers (in cash)	545,233.53	502,831.80
	Security Deposit against energisation of		
	AG pump under EGS	370.44	-
	Refundable Capital Cost Deposits	6.25	12.47
	Deposit collected from private agencies towards		
	energy bill collection work	4,038.01	3,645.04
	Special deposit from Staff Welfare fund	3,351.86	2,579.99
	Deposits for Electrification, Service Connection etc.	12,340.86	11,871.31
	Sub- Total	565,340.95	520,940.62
	TOTAL	1,846,789.07	1,726,207.42

3. Details of terms of repayment for the long term borrowings and security provided in respect of the secured and other long term borrowings :

As at 31.03.14	Number of Loans	Outstanding amount as on 31.03.14 Rs. in Lacs	Rate of Interest	Repayment Period	Moretorium period included in the period of maturity at (3)	Security Offered
	(1)	(2)	(3)	(4)	(5)	(6)
Term loan from Banks						
1. Raigad DCC Bank Ltd.	1	5,250.00	8.00%	10 Years	2 Years	
2. Ratnagiri DCC Bank Ltd.	7	7,327.96	9% to 10 %	5 to 7 Years	NIL	
3. Sindhudurga DCC Bank Ltd.	1	3,571.43	9.25%	7 Years	NIL	
Term loan from other parties						
1. State Government loans	4	22,307.31	11.50%	10 Years	NIL	
2. Loan from Rural Electrification Corporation	943	768,917.20	8.5% to 14.50 %	10 to 15 Years	3 to 5 Years	Hypothecation of Future Assets & Government of Maharashtra Guarantee
3. Loan from Power Finance Corporation	379	500,268.53	9% to 14.25%	10 to 20 Years	2 to 5 Years	

As at 31.03.13	Number of Loans	Outstanding amount as on 31.03.13 Rs. in Lacs	Rate of Interest	Repayment Period	Moretorium period included in the period of maturity at (3)	Security Offered
	(1)	(2)	(3)	(4)	(5)	(6)
Term loan from Banks						
1. Raigad DCC Bank Ltd.	1	7,875.00	8.00%	10 Years	3 Years	
2. Ratnagiri DCC Bank Ltd.	7	9,727.03	9% to 10 %	5 to 7 Years	NIL	
3. Sindhudurga DCC Bank Ltd.	1	4,642.86	9.25	7 Years	NIL	
Term loan from other parties						
1. State Government loans	4	37,769.21	11.50%	10 Years	NIL	
2. Loan from Rural Electrification Corporation	885	788,651.54	8.5% to 14.50 %	10 to 15 Years	3 Years	Hypothecation of Future Assets & Government of Maharashtra Guarantee
3. Loan from Power Finance Corporation	374	522,626.79	9% to 14.25%	10 to 20 Years	2 to 5 Years	

NOTE : Outstanding amount includes the current maturities of long term loans

NOTE NO. 6
OTHER LONG TERM LIABILITIES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Trade Payables	74,829.65	8,157.92
2	Others		
	Amount owed to Licensees	493.56	485.25
	Balance of Fellow Subsidiaries	87,727.03	89,655.75
	Deposits and Retentions from Suppliers and Contractors- Capital	108,345.80	121,417.20
	Refund due for amount under Non DDF scheme	8,228.50	6,982.82
	Deposits and Retentions from Suppliers and Contractors O & M	48,011.77	65,733.24
	Liability for Capital Supplies/ Works	1,785.79	9,004.05
	TOTAL	329,422.08	301,436.24

NOTE NO. 7

LONG TERM PROVISIONS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Provision for employee benefits	307,758.49	247,468.03
	TOTAL	307,758.49	247,468.03

NOTE NO. 8
SHORT TERM BORROWINGS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Loan repayable on demand from banks (secured by hypothecation of book debts)		
	a. Overdrafts from Banks for working capital	133,335.00	91,334.00
	b. Cash Credit from banks		
	Canara Bank	87,972.89	96,441.00
	Bank of Maharashtra	34,396.46	36,029.82
	Bank of India	19,346.11	13,673.99
	IDBI Bank	14,780.23	-
	United Bank of India	29,873.08	-
	TOTAL	319,703.77	237,478.82

NOTE NO. 9
TRADE PAYABLE

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Liability for purchase of Power	1,144,428.12	1,121,095.46
2	Liability for transmission charges	264,563.40	94,952.54
	TOTAL	1,408,991.52	1,216,048.01

NOTE NO. 10
OTHER CURRENT LIABILITIES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Current maturities of long term debt		
	a) From Banks (Secured)		
	Raigad DCC Bank	2,625.00	2,625.00
	Ratnagiri DCC Bank	2,634.93	2,399.08
	Sindhudurga DCC Bank	1,071.43	1,071.43
	b)Term loan from others (Secured)		
	Rural Electrification Corp.	97,085.50	92,362.98
	Power Finance Corporation	58,400.00	63,985.61
	State Govt.Loans	6,898.12	7,381.05
	Others	406.53	89.29
2	Interest accrued and due on borrowings	(0.00)	117.53
3	Other payables		
	Interest payable on Consumers' Deposits	40,391.88	35,754.81
	Liability for Capital Supplies/ Works	1,785.79	6,002.70
	Liability for O & M Supplies/ Works	12,705.51	12,489.71
	Deposits and Retentions from Suppliers and Contractors O & M	39,696.32	25,090.78
	Electricity Duty and Other Levies payable to GoM	48,648.49	46,205.33
	Accrued but not due amounts relating to Borrowings	30,087.78	24,374.50
	Liability for expenses	27,642.38	35,999.65
	Liability for Grant towards Energisation of AG Pump under EGS	657.82	-
	Deposits for Electrification, Service Connection etc.	7,245.28	-
	Deposits collected to be refunded after eight years (without interest)	47.12	59.70
	Deposits for temporary service connections	4,288.37	4,543.05
	Others	24,555.15	10,656.13
	TOTAL	406,873.38	371,208.32

NOTE NO. 11

SHORT TERM PROVISIONS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
	Provision for employee benefits	112,419.79	37,609.53
	Provision for loss pending investigation	6,854.14	7,660.53
	TOTAL	119,273.93	45,270.06

NOTE - 12

FIXED ASSETS

(i) Tangible Assets

FIXED ASSETS													(₹ In Lacs)
		GROSS BLOCK				DEPRECIATION RESERVE					NET BLOCK		
Sr. No.	TANGIBLE ASSETS	Balance as at 01.04.13	Additions	Disposals /Adjust-ments	Balance as at 31.03.2014	Balance as at 01.04.13	Depreciation for the year	Withdrawal of Depreciation Reserve	Other Adjustments	Balance as at 31.03.2014	As at 31.03.14	As at 31.03.13	
(i)	Tangible Assets												
1	2	3	4	5	6	7	8	9	10	11	12	13	
1	Land												
	a) Free hold land	16042.38	3106.11	(3.92)	19152.42	-	-	-	-	-	19152.42	16042.38	
	b) Lease hold land	1230.49	394.62	0.66	1624.46	99.61	25.25	-	(2.95)	121.91	1502.54	1130.88	
2	Building	37084.05	3078.28	-	40162.33	16934.72	1237.62	-1.06	(127.62)	18045.78	22116.55	20149.33	
3	Hydraulic works	762.39	31.38	-	793.77	386.06	28.60	-	(0.00)	414.65	379.12	376.34	
4	Other Civil works	20113.39	1695.13	36.62	21771.90	4657.34	658.08	2.30	(16.68)	5296.45	16475.45	15456.04	
5	Plant and Machinery	1147222.83	132660.13	10.15	1279872.81	282068.72	58903.84	9.01	2483.99	343447.54	936425.27	865154.11	
6	Lines and Cables	2078964.07	311972.25	0.00	2390936.31	676013.98	105150.54	(0.00)	4620.43	785784.95	1605151.36	1402950.08	
7	Vehicles	2960.75	7.70	27.94	2940.52	2264.92	86.27	25.14	(15.50)	2310.54	629.98	695.84	
8	Furniture and Fixture	4179.67	203.39	9.33	4373.73	2567.22	168.14	0.08	(4.49)	2730.80	1642.93	1612.45	
9	Office Equipments	18058.99	4174.07	18.00	22215.07	8082.87	1381.90	-3.20	(924.34)	8537.22	13677.85	9976.13	
10	Other Assets	154.30	-	-	154.30	139.12	0.26	-	-	139.38	14.92	15.18	
	TOTAL	3326773.31	457323.06	98.77	3783997.60	993214.55	167640.49	38.66	6012.83	1166829.21	2617168.39	2333558.76	
	PREVIOUS YEAR	2728616.01	600464.65	507.35	3326773.31	887312.53	102733.71	27.04	3195.35	993214.55	2333558.76	1839503.48	

(ii) Intangible Assets

(ii) Intangible Assets												(₹ In Lacs)
		GROSS BLOCK			AMORTISATION					NET BLOCK		
Sr. No.	Particulars	Balance as at 01.04.13	Additions	Disposals /Adjust-ments	Balance as at 31.03.2014	Balance as at 01.04.13	Amortisation for the year	Withdrawal of Amortisation	Other Adjustments	Balance as at 31.03.2014	As at 31.03.14	As at 31.03.13
1	Computer Software	1499.41	218.26	—	1717.67	—	1064.91	—	—	1064.91	652.75	1499.41
	TOTAL	1499.41	218.26	00.00	1717.67	00.00	1064.91	00.00	00.00	1064.91	652.75	1499.41

NOTE NO. 13

NON CURRENT INVESTMENT

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
A.	INVESTMENTS (AT Cost)		
(a)	TRADE		
(i)	Investment in equity instruments of subsidiaries		
	Investment in Equity Shares of Aurangabad Power Co. Ltd. (50,000 shares (as at 31.03.2013 - 50,000) of Rs.10/-each)	5.00	5.00
	TOTAL TRADE (A)		
B.	OTHER INVESTMENTS		
(a)	Statutory Investments (Quoted)		
	Investment in debentures or bonds		
(i)	Central Govt. Bonds (Earmarked against Contingency Reserve)		
	8.03% Food Bond 2024 (1000000 bonds of FV of Rs.100/- each, MV of C.Y.Rs.92.08;P.Y.Rs.97.51 each)	984.31	984.31
	8.01% Oil Bonds 2023 (1950000 bonds of FV of Rs.100/- each, MV of C.Y. Rs.92.49;P.Y. Rs.97.79 each)	1,917.26	1,917.26
	8.15% GOI Loan -FCI Bonds 2022 (1050000 bonds of FV of Rs.100/- each, MV of C.Y.Rs.94.09; P.Y Rs.99.66 each)	1,046.02	1,046.02
	8.23% Food Bond 2027(1000000 bonds of FV of Rs.100/- each, MV of C.Y. Rs. 92.43; P.Y.Rs.98.63 each)	994.91	994.91
	8.00% Oil Bond 2026 (5000000 bonds of FV of Rs.100/- each, MV of C.Y. Rs.91.19; P.Y.Rs.97.43 each)	5,262.57	5,262.57
	8.28% GOI 2032 (2700000 bonds of FV of Rs.100/- each MV of C.Y. Rs.92.65;P.Y.101.20)	2,679.27	2,679.27
	8.30% GOI 2040 (2900000 bonds of FV of Rs.100/- each MV of C.Y.Rs.91.72;P.Y.100.90)	2,870.76	2,870.76
	9.45% PFC 2026(290 bonds of FV of Rs.1000000/- each MV of C.Y. Rs.982305 each;P.Y. 879800 each)	2,890.72	2,890.72
(ii)	5.15% HUDCO Bonds(15 bonds of FV of Rs.10,00,000/- each MV of C.Y. Not available,600 each; P.Y. 965600	-	150.00
(iii)	4.75% NPCIL Bonds(43 bonds of FV of Rs.10,00,000/- each MV of C.Y. Not available;P.Y. Rs.816500 each)	430.00	430.00
(b)	Other non current investments (Unquoted)		
	RDCC Bank share(1000 fully paid equity shares of FV of Rs.500/- each & 390001 fully paid Equity shares FV of Rs.50/- each)	200.00	200.00
	TOTAL	19,280.82	19,430.82
NOTE	Aggregate amount of quoted investments	19,075.82	19,225.82
	Aggregate amount of unquoted investments	205.00	205.00
	Aggregate market value of listed and quoted investments	17,346.56	17,996.16

NOTE NO. 14
LONG TERM LOANS AND ADVANCES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
A.	Capital Advances (Unsecured, considered good)		
	(a) Advances to Suppliers	685.04	823.24
	(b) Advances to Contractors	6,791.89	9,099.97
B.	Security Deposits (Unsecured, considered good)	13,766.93	13,648.75
C.	Other Loans and Advances		
	(a) Advance Taxes & TDS	13,859.19	13,563.08
	Less : Provision for taxes	9,429.08	9,428.77
		4,430.11	4,134.30
	(b) Loans & Advances to Licensees	31.34	31.34
	(c) Excise duty	87.31	82.31
	(d) House Building advance to staff	14.75	25.56
	(f) Loan to MPDCL (Unsecured considered good)	246.73	252.71
	(e) Receivable from GoM towards RGGVY	3,958.23	3,148.27
		30,012.34	31,246.46
	Less : Provision for Doubtful Loans & Advances	9.13	9.13
	TOTAL	30,003.21	31,237.33

NOTE NO. 15
OTHER NON CURRENT ASSETS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
A.	Long Term Trade Receivables (Unsecured considered good)	400,614.21	269,725.69
	Less : Provision for doubtful debts	17,587.78	6,431.16
		383,026.42	263,294.53
B.	Others		
	Balance with Fellow Subsidiaries	81,852.60	61,490.07
	TOTAL	464,879.03	344,784.60

NOTE NO. 16
INVENTORIES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
	Stores and Spares	74,561.51	107,274.94
	Less : Provision for non - moving & obsolete items	328.03	501.82
	TOTAL	74,233.47	106,773.12

NOTE NO. 17

TRADE RECEIVABLES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
A.	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	- Secured, considered good	81,905.85	502,831.80
	(secured by Security Deposits)		
	- Unsecured, considered good	637,350.74	482,841.10
		719,256.58	985,672.90
	Less : Provision for doubtful trade receivables	10,788.85	47,762.57
		708,467.74	937,910.33
B.	Other Trade Receivables		
	Unsecured, considered good	313,721.72	209,596.34
	Receivable from GoM towards subsidy to Consumers	144,816.17	49,434.68
		458,537.89	259,031.02
	Less : Provision for doubtful trade receivables	6,878.07	
		451,659.82	
	TOTAL	1,160,127.56	1,196,941.35

NOTE NO. 18
CASH AND BANK BALANCES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Balances with Banks (Current Accounts)	36,590.90	44,233.57
2	Cheques, drafts on hand	957.03	2,879.36
3	Cash on hand	808.64	1,359.58
4	Others	13.94	-
	TOTAL	38,370.51	48,472.51

NOTE NO. 19

SHORT TERM LOANS AND ADVANCES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Secured, considered good	30,831.71	36,854.83
2	Unsecured, considered good	20,542.56	5,090.27
	TOTAL	51,374.28	41,945.10

NOTE NO. 20
OTHER CURRENT ASSETS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.14	As at 31.03.13
1	Fixed Assets Pending Investigation	-	7,675.21
2	Assets not in use	20.01	23.02
3	Unbilled Revenue	688,304.77	268,689.45
4	Income accrued and due	1,769.49	1,127.79
5	Income accrued but not due	733.32	787.17
6	Capital Subsidy/Grant Receivable	14,041.00	8,584.00
7	Prepaid expenses	2,569.42	3,107.67
8	Amount recoverable from Employees/ Ex-Employees, etc	341.81	294.10
9	Sundry Receivables -Others	116.22	14.35
10	Misc amount receivable from SEB, Govt, etc.	19,654.15	11,794.29
11	Recoverable from employees towards ITI training fees	115.10	101.32
12	Other Claims & Receivables	385.94	951.54
13	Employers contribution from deputationist	1.99	14.36
14	Expenses recoverable from suppliers	989.55	1,003.32
15	Expenses recoverable from contractors	928.92	1,079.37
16	Balance with CPF Trust	676.06	3,367.19
17	MVAT receivable	2,083.88	-
18	Regulatory Assets	39,579.00	125,600.00
	TOTAL	772,310.64	434,214.16

NOTE NO. 21

REVENUE FROM OPERATIONS

(₹ In Lacs)

Sr.No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A.	Revenue from Sale of Power		
1	Inter State	-	4.22
2	Domestic	902,038.26	721,504.18
3	Commercial	383,774.66	320,826.56
4	Industrial Low & Medium Voltage	428,563.72	353,758.86
5	Industrial High Voltage	1,674,092.05	1,561,143.59
6	Public Lighting LT VI	48,058.96	51,237.03
7	Traction	131,491.03	115,049.30
8	Irrigation & Agricultural H.T.	31,017.53	26,437.49
9	Irrigation & Agricultural L.T.	637,801.36	510,156.57
10	Public water works & Sewerage Pumping H.T.	65,862.06	61,462.41
11	Public water works & Sewerage Pumping L.T.	18,328.40	18,031.87
12	HT II Commercial	241,571.35	204,922.88
13	LT Cremetorium & Burial Ground	18.82	45.79
14	Residential/Commercial complex HT VI	13,773.42	15,577.82
15	ADVT & Hordiing	826.33	751.54
16	Temporary Connections	3,834.88	7,891.69
17	Supplies in bulk to others	357,980.03	361,334.20
18	LT- IV(A) Grampanchhayat Street Light	23,439.42	4,269.31
19	Public Services H.T.	66,267.29	35,459.09
20	Public Services L.T.	9,176.88	1,274.11
21	Open Access Category	40,363.23	94.41
22	Recoveries from Theft of Power/Malpractice	6,481.27	10,088.34
23	Sale to Traders	9,802.55	703.39
24	Port HT- X	4574.47	-
	SUB TOTAL A	5,099,137.97	4,382,024.65
B.	Other Operating Revenue		
1	Wheeling Charges Recoveries	1,688.13	3,914.20
2	Standby charges	42,003.27	41,878.57
3	Regulatory Income	(86,021.00)	125,600.00
4	Miscellaneous charges from Consumers	5,356.45	4,077.74
	SUB TOTAL B	(36,973.15)	175,470.51
	TOTAL (A+B)	5,062,164.82	4,557,495.16

NOTE NO. 22
OTHER INCOME

(₹ In Lacs)

Sr.No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A.	Interest Income		
1	Interest on Staff Loans and Advances	30.42	47.88
2	Income from Investments in Bank Deposits	-	16.00
3	Interest on Other Investments	1,570.79	1,567.12
4	Interest on loans & Advances to Licensees	33.14	-
5	Interest from Consumers	99,009.57	80,358.86
6	Interest on advance to suppliers/ Contractors	-	0.07
7	Interest from Banks (other than Fixed Deposits)	0.05	0.12
8	Interest from Franchisee	146.94	4,260.75
	SUB TOTAL A	100,790.90	86,250.79
B.	Other Non-operating Income		
1	Sale of Scrap	3,341.83	2,015.32
2	Depreciation transferred on assets created from Consumer contribution Grants, subsidy	6,317.48	2,586.24
3	Income transferred from deferred income	139.29	139.07
4	Delayed Payment Charges from Consumers	22,298.97	27,343.61
5	Sale of tender forms	542.24	399.30
6	Rebate on prompt payment to bulk power supplier	6,141.78	8,828.61
7	Open access charges	1,643.11	965.52
8	Miscellaneous Receipts	22,825.30	15,485.30
	SUB TOTAL B	63,250.00	57,762.97
	TOTAL (A+B)	164,040.90	144,013.76

NOTE NO. 23
PURCHASE OF POWER

(₹ In Lacs)

Sr.No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1	MSPGCL	1,486,193.20	1,700,570.18
2	RGPPL	47,000.23	213,250.34
3	DODSON	3,330.54	2,783.35
4	JSW Energy Ltd.	-	106,723.48
5	Oil & Natural Gas Commission	3,567.12	3,257.77
6	Congen/Captive power projects	67,210.94	84,374.66
7	Gen.Bagasse/Biomass/Ag.Waste	15,706.40	8,981.14
8	Power Purchase from Central Sector		
	- NTPC	678,288.16	579,900.38
	- NPCIL	121,255.72	123,777.17
	- Sardar Sarovar Project	31,555.59	19,977.05
	- Pench	2,694.76	2,207.22
	- Costal Gujrat Power Ltd.	122,042.63	58,882.47
9	U I Charges	(13,910.91)	10,582.69
10	Overinjected Units by Open Access Generators	581.44	857.10
11	Non Conventional Sources	267,911.37	220,936.60
12	Traders	361,354.64	330,338.42
13	Madhya Pradesh Electricity Board	61,656.46	236.53
14	Solar energy	16,432.92	6,265.23
	Total Power Purchase	3,272,871.22	3,473,901.79
15	Wheeling Charges	416.60	-
16	Transmission Charges	679,316.86	411,973.92
	TOTAL	3,952,604.68	3,885,875.71

NOTE NO. 24
EMPLOYEE COST

(₹ In Lacs)

Sr.No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1	Salaries	145,971.23	119,531.70
2	Overtime	3,193.06	2,644.24
3	Dearness Allowance	115,989.19	77,734.28
4	Other Allowance	30,480.59	25,122.70
5	Ex.Gratia payment	5,221.03	4,798.94
6	Medical Expenses Reimbursement	879.01	786.08
7	Leave Travel Assistance	88.44	142.77
8	Earned Leave Encashment	2,878.32	6,726.84
9	Honorarium	33.24	75.59
10	Expenditure on paper setting etc.	225.22	172.41
11	Payment under Workmen's Compensation Act	152.69	87.00
12	Company's Contribution under Welfare Act.	24.00	26.57
13	Administration charges (EDLI Scheme)	2.26	2.52
14	Income Tax on Perquisites	76.56	45.29
15	Staff Welfare Expenses	2,318.65	2,278.46
16	Terminal Benefits	133,552.17	127,427.68
	GROSS EMPLOYEE COST	441,085.66	367,603.08
17	Less : Employee cost capitalised	38,283.25	55,513.07
	NET EMPLOYEE COST	402,802.41	312,090.02

NOTE NO. 25

REPAIRS AND MAINTENANCE

(₹ In Lacs)

Sr.No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1	Plant and Machinery	10,328.42	9,092.10
2	Buildings	1,892.33	935.51
3	Civil Works	3,137.38	3,428.27
4	Lines, Cable Network etc.	58,593.50	46,695.44
5	Vehicles	139.10	144.76
6	Furniture and Fixtures	28.39	50.40
7	Office Equipments	1,106.64	715.85
	TOTAL	75,225.76	61,062.33

NOTE NO. 26

ADMINISTRATION AND GENERAL EXPENSES

(₹ In Lacs)

Sr. No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1	Rent, Rates and Taxes		
	Rent	2,815.58	2,828.70
	Rates and Taxes	2,832.54	2,149.32
2	Insurance		
	Insurance on Fixed Assets (Vehicles)	85.00	48.79
	Insurance on Stocks		1.02
3	Telephone Charges, Postage, Telegrams and Telex Charges	2,426.99	2,137.22
4	Legal Charges	1,525.76	1,138.81
5	Statutory Auditors fees	39.00	39.00
6	Consultancy Charges	971.84	520.64
7	Technical Fees	185.72	213.23
8	Other Professional Charges	903.89	487.53
9	Remuneration to Chairperson/ Member (Consumer Grievance Redressal Forum)	131.02	151.64
10	Conveyance and Travel		
	Conveyance Expenses	32.13	75.50
	Travelling Expenses	2,059.73	2,080.40
	Travelling Expenses for foreign tour	6.23	2.11
	Vehicle running Exp. Petrol & Oil (Other than for trucks/delivery vans)	1,101.32	1,060.08
	Vehicles Licence and Registration Fees	18.65	47.76
	Expenses on hire of Taxi	3,309.13	2,939.88
11	Other Expenses		
	Fees and Subscriptions	3,042.33	450.98
	Books and Periodicals	14.36	27.77
	Printing and Stationary	1,317.12	1,198.09
	Advertisement Expenses	849.47	538.78
	Electricity Charges	4,008.32	5,511.85
	Water Charges	364.53	430.50
	Entertainment	55.33	56.01
	Expenditure on Meetings, Conferences, etc.	113.14	112.18
	Up-keep of office	880.30	1,006.38
	Expenditure on Computer Billing & EDP Charges	7,509.71	8,061.33
	Expenditure on Consumers billing	9,936.28	9,079.72
	Commission for Collections from Consumers	6,322.00	5,634.34
	Security Measures for Safety & protection contract basis	6,015.92	5,125.93
	Remuneration to Recovery Officer / Inspector	2.00	16.73
	Miscellaneous Expenses	61.67	24.74
	Fees for Board's Installations	574.98	1,957.73
	Freight & other expenses	1,735.74	54.14
	GROSS ADMINISTRATION AND GENERAL EXPENSES	61,247.72	55,208.80
	Less : Administration and General Expenses Capitalised	7,291.68	9,037.01
	NET ADMINISTRATION AND GENERAL EXPENSES	53,956.04	46,171.79

NOTE NO. 27
OTHER EXPENSES

(₹ In Lacs)

Sr. No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1	Bad & Doubtful Debts written off / provided for		
	Bad & Doubtful Debts Provided for dues from Consumers	35,254.70	68,362.43
	Bad Debts Written off - Dues from Consumers 279,641.00		
	Less:-Bad debts write off against Provision for doubtful debts 54193.73		
	Net Bad debts written off - Dues from consumers	225,447.27	-
	Bad debts written off Advance to supplier / contractor	53.25	-
2	Miscellaneous Losses & Write-off		
	Loss of Materials by Pilferage, etc	1.27	-
	Loss on obsolescence of Fixed Assets	1.09	2.92
	Loss on obsolescence of Stores	30.53	-
	Loss to the Stock on account of Flood cyclone fire provided	8.17	-
	Loss to the Material at site on account of Flood cyclone fire provided	139.20	-
	Loss to the WIP on account of Flood cyclone fire provided	4.74	-
	Loss to the Fixed Asset on account of Flood cyclone fire provided	6,768.39	-
	Compensation for injuries, death and damages to staff	194.30	397.09
	Compensation for injuries, death and damages to outsiders	676.89	630.47
3	Sundry Expenses		
	Intangible Assets amortisation	1,064.91	739.68
	Non moving items provision	1.22	144.81
	Difference due to rounding off	(0.00)	0.01
	Small and Low value items written off	3.61	5.34
	Refund of RLC	40,208.50	46,211.31
	Refund of ASC	35.03	(233.86)
	Interest on FAC write off DPC of Abhay Yojana	16,720.91	-
	SUB TOTAL (A)	326,613.99	116,260.19
4	Details of Prior Period Items		
a)	Income relating to Previous Year		
	Receipts from Consumers	18,651.32	10,693.35
	Interest Income	5.68	2.12
	Excess Provision for Depreciation	2,644.84	447.53
	Excess Provn for Interest and Finance Charges	1,685.12	1,456.64
	Other Excess Provision	920.62	4,879.90
	Other Income	6,647.02	563.53
	SUB TOTAL (B-I)	30,554.61	18,043.07
b)	Expenses / Losses relating to Previous Year		
	Short Provision for Power Purchase	(3,856.50)	(20,866.20)
	Operating Expenses	7,211.09	512.33
	Employees Costs	1,424.05	180.21
	Depreciation under provided	7,974.66	3,642.92
	Interest and Other Charges	31,020.63	975.84
	Administration Expenses	626.63	254.10
	Material Related Expenses	2,797.84	279.93
	Adjustment to Past Billing	57,266.66	46,329.99
	SUB TOTAL (B-II)	104,465.06	31,309.13
	Net prior period expenditure B=(B-II) - (B-I)	73,910.45	13,266.06
	TOTAL (A+B)	400,524.44	129,526.25

NOTE NO. 28
FINANCE COSTS

(₹ In Lacs)

Sr. No.	Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
1	Interest on State Govt. Loans	2,547.33	3,824.68
2	Interest on other Loans/Deferred Credits		
	Interest on Loans from REC	95,394.25	80,580.29
	Interest on Medium Term Loans from REC	9,132.51	-
	Interest on Loan from PFC	60,095.63	57,963.67
	Interest on other Loans	2,215.74	2,617.79
	Total Interest on Capital Liabilities	169,385.45	144,986.43
3	Interest on Borrowings for Working Capital	28,913.24	30,092.87
4	Discount to Consumers for Timely Payment of Bills	21,872.68	23,004.74
5	Incentive to distribution Franchisee	35.60	16.43
6	Interest to Suppliers/Contractors (Capital)	0.19	28.90
7	Interest to Suppliers/Contractors (O&M)	37,962.48	329.29
8	Interest on Consumers' Security Deposits	42,756.70	37,842.14
9	Cost of Raising Finance		
	Fund Raising Charges	154.45	-
	Stamp Duty	199.54	724.68
	Commitment Charges	1.94	7.81
10	Other Charges		
	Bank Charges for Remittances	146.01	165.10
	Other Bank Charges	1,304.50	1,574.65
	Guarantee Charges	747.91	945.02
	LC & BG Charges	674.18	-
	GROSS FINANCE COSTS	304,154.88	239,718.05
	Less : Interest and finance charges capitalised	14,039.18	18,052.44
	NET FINANCE COSTS	290,115.70	221,665.61

PRINCIPAL NOTES TO ACCOUNTS

Contingent Liabilities and Commitments:

(₹ In Lacs)

Sl. No.	Particulars	As at 31.03.2016	As at 31.03.2015
a)	Bank Guarantees issued in favour of third parties	10000	20000
b)	Claims against the Company not acknowledged as debts.	627393	192921
c)	Liability against capital commitments outstanding (net of advance)	359390	67565
d)	Disputed Duties / Tax Demands	402921	290715

Contingent Liabilities includes:-

- (c) The payment released to M/s. Datar Switchgear Ltd. from September 1998 is booked under head of account, "Amount recoverable from the contractors" (A/C Code 28.811) amounting to Rs.899.82 lakhs upto 31st march 2000 being matter under dispute. Further, M/S. Datar Switchgear Ltd., has moved the matter before arbitration for their claims. As per the orders passed by arbitration, the erstwhile Maharashtra State Electricity Board (Hereinafter referred to as The Board) released some adhoc payment during 1999-2000. Similarly, claim of excess payment made by the Board was admitted by arbitration for hearing. However, an amount of Rs. 189.99 lakhs was received from M/s. Datar Switchgear Ltd. towards refund against various C&M Circles. The interim award was passed by arbitration directing the Board to pay Rs. 913 lakhs to M/s. Datar Switchgear Ltd. against a Bank Guarantee (BG) of Rs. 681 lakhs. Accordingly, payment was released by the Board. But, M/s Datar Switchgear Ltd. and their Banker have failed to renew B.G. and hence, the Board preferred an appeal in the High Court for contempt of Court due to non-renewal of B.G. and also asked for suspension of arbitration proceedings for having violated the arbitration award. Out of total B.G. amount of Rs. 681 lakh, Rs. 113 lakhs was appropriated and for the balance amount of Rs. 568 lakhs, B.G. was required. M/s. Datar Switchgear Ltd. filed a civil suit bearing no.858 of 2002 in the Pune Court against MSEDCL for obtaining this B.G. Arbitration awards was passed on 18th June, 2004 against the Board for Damages of Rs. 18598 lakhs with interest @10% p.a. on Rs.17900 lakh and Rs. 100 lakh towards Cost of Proceedings. An appeal bearing case no. 3274/2004 was filed against the Arbitration Award dt. 18th June, 2004 of Arbitration Tribunal in Bombay High Court (Single Bench). Further, Bombay High Court Single Bench passed the judgment on 3rd August, 2005 & set aside the Ar award. Further, M/s. Datar Switchgears Ltd. filed an Appeal bearing No.572/2005 on 26th August, 2005 against the order of Bombay High Court (Single Bench) dated 3rd August, 2005. Division Bench on 22nd October 2008 has set aside the order passed by single bench and the case was remanded back again to Single Bench of Hon'ble Bombay High Court for adjudication in the arbitration petition No. 374/2004. The Single Bench passed the judgement on 10th March, 2009 against MSEDCL. Subsequently, Hon. Justice passed the order on 31st March, 2009 directing MSEDCL to submit Bank Guarantee for Rs. 75.00 Crores on or before 6th April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has submitted Bank Cuarantee of Rs. 75.00 Crores on 4th April, 2009 to the Hon'ble Bombay High Court, Mumbai through Canara Bank, Fort, Mumbai.

MSEDCL filed an appeal before Division Bench on 2nd May, 2009 against the order of the Single Bench. The division Bench granted interim stay subject to the Company depositing Rs. 179.00 Crores on or before 20th June, 2009 and furnishing Bank Guarantee for balance amount of Rs. 65.00 Crores. An appeal was listed before Hon'ble Bombay High Court, Mumbai on 29th June, 2009. Further, MSEDCL has filed Special Leave Petition (SLP) with Hon. Supreme Court against the order of Division Bench on 15th May, 2009. The Supreme Court granted stay upto 29th June, 2009 and modified the order of Division Bench Bombay. According to modified order, MSEDCL was required to deposit Rs. 65.00 Crores with Hon'ble Bombay High Court and furnish Bank Guarantee for balance of Rs. 200.00 Crores to Hon'ble Bombay High Court. Accordingly, MSEDCL has deposited amount and furnished Bank Guarantee to the Prothonotary and Senior Master Bombay High Court, Mumbai on 19th June, 2009. The SLP is pending before Hon. Supreme Court. The Rs. 75.00 Crores as B.G. is refunded back to MSEDCL by Sr. Master Prothonotary of Bombay High Court Mumbai.

The order passed in case (appeal no. 166/09) on dt.19/10/2013, by the Division Bench of Hon'ble Bombay High Court, Mumbai was against MSEDCL. In the order Division Bench of Hon'ble Bombay High Court, Mumbai upheld the award of Rs.179.15 Crores awarded by the Arbitration Tribunal and interest from the date of award by Arbitration Tribunal.

Aggrieved with this order of the Division Bench of Hon'ble Bombay High Court, Mumbai, MSEDCL filed SLP no. 36266/2013 in the Hon'ble Supreme Court Delhi on dt. 28th Nov. 2013. After hearing, Hon'ble Supreme Court Delhi has issued notice and stayed the operation of impugned order of Division Bench of Hon'ble Bombay High Court, Mumbai.

In the interim order Hon'ble Supreme Court Delhi, ordered that MSEDCL was required depositing Rs.100.00 Crores in the form of Demand Draft and Bank Guarantee of Rs.100.00 Crores with Hon'ble Bombay High Court and furnishing to Hon'ble Bombay High Court. Accordingly, MSEDCL has deposited the amount and furnished Bank Guarantee to the Prothonotary and Senior Master Bombay High Court, Mumbai on 15th Jan, 2014.

The bank guarantee of Rs. 200.00 Crores which was previously deposited with Prothonotary and Senior Master Bombay High Court, Mumbai as per previous order of Supreme court dtd 15.05.2009 has been released.

- ii) The lease rent payment to M/s. Asian Electronics towards LTLMS panels installed by them has been stopped since June 2006, as LTLMS panels were not working. The dispute has been referred to Arbitrator by M/s. Asian Electronics & a claim of Rs. 15712 lacs has been lodged against the Company. The Company has lodged counter claim of Rs. 50231 lacs against M/s. Asian Electronics. The case is pending in the Arbitral Tribunal for hearing.

The inspection of documents of both the parties (i.e. MSEDCL & M/s. Asian Electronics LTD) has been completed further, application for interim relief filed by M/s. Asian Electronics and application filed by MSEDCL towards seeking bank guarantee for counter claim of Rs.50231 Lacs have been dismissed by Arbitral Tribunal.

The FIRs of 31 nos alongwith criminal applications filed against M/s Asian Electronics Ltd before Aurangabad bench of Bombay High Court are under process. The admission and denial of documents pending before Arbitrators due to unpreparedness of M/s Asian Electronics Ltd.

The evidence preparation of 200 employees of MSEDCL through M/s Lex Global Legal Consultants, New Delhi is in process, out of which 26 witnesses have been reported & relevant documents are prepared.

2. Balances of Trade Receivables, Loans & Advances, Other Assets, Current as well as Non-Current Liabilities are subject to reconciliation/confirmation from respective parties.
3. The balances under 'Receivable against supply of power' appearing in the financial ledger and those appearing under the consumer general ledger have been reconciled during the year and the difference of Rs.279541 lacs has been ascertained and Rs.225447 lacs has been charged to Profit and Loss account after adjusting Rs.54194 lacs against provision for doubtful dues from consumers.
4. The Company was following the procedure of booking the loss on account of flood, fire cyclone, loss to fixed asset etc in the year in which the said loss is approved for write off. During the year the Company has changed its Accounting policy pertaining to accounting of losses. The loss on account of flood, fire, cyclone, loss to fixed asset etc will be recognized by making provision on the basis of available information. Excess/short provision, if any will be recognized on approval from Competent Authority. Due to change in the accounting policy, provision for loss of Rs.6921 Lacs is made during the year. Had the Accounting policy not changed, the loss for the year would have been lesser to the extent.
5. No Provision for income tax is made, in view of brought forward losses.
6. Arrangement for working capital facilities (fund based) including cash credit facility and working capital Demand Loan totalling to Rs. 497000 lacs (Previous year Rs.397500 lacs) has been made with the Consortium Banks, secured by hypothecation of book debts. The Company has availed loans from Financial Institutions viz. Rural Electrification Corporation Ltd., Power Finance Corporation and Banks by offering security coverage of Government of Maharashtra Guarantee, future assets to be constructed/acquired under respective scheme and escrow account.
7. True up for the financial year 2012-13 has been approved by the MERC vide order dtd. 11/06/2014 in case No. 38 of 2014. In view of this, regulatory assets amounting to Rs. 125600 lacs, created during the year 2012-13 has been reversed during the current year. The provision for regulatory assets amounting to Rs. 39579 lacs has been made for the financial year 2013-14.
8. The Maharashtra Electricity Regulatory Commission has allowed the company to recover Rs. 666000 lacs (i.e. Rs. 193600 lacs for financial Year 2011-12 and Rs.472400 lacs including carrying cost for the Financial Year 2012-13) vide order dated 11-06-2014 in case no.38 of 2014 over a period of 12 months starting from 1st March, 2014, towards final true-up for the financial year 2011-12 and 2012-13. Hence Rs. 666000 lacs have been credited to revenue for during the year.
9. The Maharashtra Electricity Regulatory Commission has powers to determine electricity tariff under section 61 & 62 of Electricity Act, 2003. The State Government have powers under section 65 of Electricity Act, 2003 to give concession in electricity tariff to any consumer or class of consumers. The State Government shall pay to the Company on account of subsidy granted to the Consumers. As it is not subsidy to the Company, the Company accounts for the same in the books of Accounts as "Receivable from Government of Maharashtra" and the revenue from sale of energy is booked at the MERC Tariff rate. The subsidy to consumers is not booked as Subsidy income.

The MERC while determining the electricity tariff, does not consider the concession/ subsidy given by the State Government in electricity tariff to any consumer or class of consumers. The electricity tariff determined by the MERC is full tariff and not subsidised/concessional tariff. Thus the revenue from sale of energy is not booked at the concessional tariff rate, but at MERC

Tariff rate i.e rate without the concession/subsidy in electricity tariff to any consumer or class of consumers given by the State Government. The subsidy given by the Government of Maharashtra is just like partial payment (to the extent of concession/subsidy) on behalf of concerned consumers / categories of consumers.

During the year the company has accounted Rs. 6,03,012 lacs as total concession given by the GOM to consumers/categories of consumers and Rs.5,07,630 lacs has been received from GoM during the year and the balance amount of Rs. 1,44,816 lacs is receivable from Government as on 31-03-2014.

10. The Regulation 31.2(b) of Multi Year Tariff Regulations 2011 state that the individual asset is to be depreciated to the extent of 70% on the straight line method at the rates specified in the regulations & remaining depreciable value shall be spread over the balance useful life of the asset. MERC has further clarified that the Useful life of the asset shall be determined as per provisions of the Companies Act,1956.

The manual computation of depreciation on these principles is very much complicated. Hence while computing depreciation for the Company (except Head office Accounts, Thane, Vashi & Bhiwandi o&M circle, as these accounting units are operating under ERP, the depreciation has been calculated as per the regulation 31.2(b) of MYT Regulations 2011), the rates of depreciation of MYT Regulations 2011 has been followed without computing methodology stated in the regulation 31.2(b) of MYT Regulations 2011.

11. **AS15-Employee Benefits**

(i) **Short Term Employees Benefits:**

Short term employees benefits like salaries, wages, allowances, perquisites, bonus incentives, medical expenses reimbursements, contribution to group insurance schemes, leave travel assistance and other benefits which fall due within twelve months after the end of period in which the employee render the related services are accounted as expenses in the period in which are services rendered.

(ii) **Post Employment Benefits:**

Defined Benefit Plan:

Provident Fund:

The Company makes contributions towards provident fund to a defined benefit retirement plan. The provident fund is administrated by the trustees of the Maharashtra State Electricity Board's Contributory Provident Fund Trust (CPF Trust). Under the scheme, the Company is required to contribute a specified percentage of salary to the retirement benefit scheme to fund the benefit. In keeping with the guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standard) Rules 2006, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any with respect to covered employees. According to the Management, that actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. Accordingly, the company is currently not in a position to provide the other related disclosures as required by the aforesaid AS 15 read with the Accounting Standards Board Guidance. However, there is no further liability which remained to be provided as at end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficit/surplus, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense/income.

During the year the fair value of plan assets at the end of the year is less than the liability for subscription and interest as given under.

- (iii) The amount recognized in Balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under:

Sr. No.	Particulars	For the year ended 31st March, 2014 (Rs. In Lacs)
1.	Liability for subscriptions and interest payable to employees at the end of year	478936.35
2.	Fair Value of Plan Assets at the end of year	476607.36
3.	Net Liability	2328.98

- (iv) Description of Plan Assets:

Sr. No.	Particulars	For the year ended 31st March, 2014 (in %)
1.	Central Government Securities	16.49
2.	State Government Securities	14.89
3.	Public sector Bonds	33.63
4.	Private Sector Bonds	0.87
5.	Special Deposit Schemes	34.12

- (v) **Gratuity (Unfunded Defined Benefit Plan):**

Gratuity is payable to all employees of the organization as per the provisions of the Payment of the Gratuity (amendment) Act, 2010 and MSEB Gratuity Regulations 1960 whichever is beneficial to the employee.

- (vi) **Leave Encashment Benefit (Unfunded Defined Benefit Plan)**

Leave encashment is payable to all employees as per the Company's Employees Service Regulations, 2005. The Earned Leave (EL) and Half Average Pay (HAP) Leave can be accumulated upto 300 and 360 days respectively.

- (vii) **Defined Benefit Plan:**

Gratuity and Long Term Compensated Absences- as per actuarial valuations as on March, 31, 2014 are recognized in the financial statements in respect of Employees Benefits Schemes.

Details of Gratuity and Leave Encashment disclosure as required by As - 15 are detailed hereunder:

Table-1

(₹ In Lacs)

Reconciliation of PBO	Leave Encashment		Gratuity	
	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13
Projected benefit obligation at beginning of year	121255	85523	158425	134856
Current Service cost	10838	7068	7485	5644
Interest cost	9144	7094	11858	10948
Actual Plan participant's Contributions	-	-	-	-
Actuarial (gain)/loss	25910	43709	35528	36281
Changes in Foreign currency exchange rate	-	-	-	-
Benefits paid	(18125)	(22139)	(25860)	(29304)
Past Service cost	-	-	-	-
Loss/(Gains) on Curtailments	-	-	-	-
Liabilities Extinguished on Settlements	-	-	-	-
Projected benefit obligation at the end of year	149022	121255	187436	158425

Table-2

(₹ In Lacs)

Plan Asset at Fair Value	Leave Encashment		Gratuity	
	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13
Fair value of Plan Assets at the beginning of year	-	-	-	-
Foreign currency exchange rates changes on plans measured in a currency different from the enterprise's reporting currency	-	-	-	-
Expected return on plan asset	-	-	-	-
Employer contribution	-	-	-	-
Employee contribution	-	-	-	-
Benefit payments	-	-	-	-
Asset gain (loss)	-	-	-	-
Acquisition/Business Combination/Divestiture	-	-	-	-
Settlements	-	-	-	-
Fair value of Plan Assets, End of Period	-	-	-	-

Table-3

(₹ In Lacs)

Amount in the Balance Sheet	Leave Encashment		Gratuity	
	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13
Projected benefits obligation at end of year	149022	121255	187436	158425
Fair Value of plan Assets	-	-	-	-
Funded status asset (Liability)	(149022)	(121255)	(187436)	(158425)
Unfunded Projected Benefit Obligation	-	-	-	-
Past service cost not yet Recognised	-	-	-	-
Unrecognised Asset due to Limit in Para 58(B)	-	-	-	-
Liability (-)/Asset (+) recognised in Balance Sheet	(149022)	(121255)	(187436)	(158425)

Table-4

(₹ In Lacs)

Amount recognised in Statement of Profit and Loss	Leave Encashment		Gratuity	
	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13	01-Apr-13 to 31-Mar-14	01-Apr-12 to 31-Mar-13
Current service cost	10838	7068	7485	5644
Interest cost	9144	7092	11858	10949
Expected return on plan asset	-	-	-	-
Net actuarial (gain)/loss to be recognised in year	25910	43709	35528	36281
Past service cost	-	-	-	-
(Gain)/Loss due to Settlements/Curtailments /Terminations/Divestitures	-	-	-	-
Unrecognised Asset due to Limit in Para 58(B)	-	-	-	-
Income (-)/Expense(+) recognised in the Statement of Profit and Loss	45892	57869	54871	52874

Table-5

(₹ In Lacs)

Reconciliation	Leave Encashment		Gratuity	
	FY-13-14	FY-12-13	FY-13-14	FY-12-13
Incremental liability [Asset (+)/Liability(-)]	(27766)	(35730)	(29010)	(23570)
P & L charge	45892	57869	54871	52874
Less benefits paid	(18125)	22139	25860	29304
Balance [Income(-)/Expense (+)]	27766	35730	29010	23570

12. AS 17-Segment

There is only primary segment and one geographical segment, therefore further, disclosure as per the Accounting Standard-17 regarding Segment Reporting is not required.

13. AS 18- Related Party transaction:

Information regarding related parties as required by AS-18 is given below:

(a) List of related parties - other than key Management Personnel

Holding Company

MSEB Holding Company Ltd.

Fellow subsidiaries

Maharashtra State Power Generation Company Limited (MSPGCL)

Maharashtra State Electricity Transmission Company Limited (MSETCL)

Subsidiaries

Aurangabad Power Company Limited (APCL)

Subsidiary of Fellow subsidiaries

i) Dhopave Coastal Power Limited

ii) Mahaguj Collieries Ltd

iii) Dhule Thermal Power Company Ltd

b) Names of related parties and description of relationship:

Key management personnel:

- Shri Ajoy Mehta, Managing Director
- Shri D.D.Wavhal, Director (Finance)
- Shri M.K.Deore, Director (Operations)
- Shri Sharad Dabhade, Director (Projects) I/C
- Shri Prabhakar Umajirao Shinde Director (Projects) & Director (Operations) I/C

c) Details regarding parties referred to in item at 'a' above

(₹ In Lacs)

Particulars	Transactions During the Year			Outstanding balance	
	FY 2013-14		FY 2012-13	As at 31.03.14	As at 31.03.13
Purchase of Power	Units in Mus				
Maharashtra State Power Generation Company Ltd.	41336	1486193	1700570	791976	787045
Transmission Charges					
Maharashtra State Electricity Transmission Company Ltd.	N.A.	560355	312840	226823	65592
Sale of Power					
MSPGCL	*	*	*	*	*
MSETCL	*	*	*	*	*
Aurangabad Power Company Ltd.	-		-	142	124

* Note:- The details are not given as the data is not readily available.

d) Details regarding parties referred to in item at 'b' above:

(₹ In Lacs)

Particulars	FY 2013-14	FY 2012-13
Remuneration		
Shri Ajoy Mehta (Managing Director)	18.50	18.27
Shri D.D.Wavhal Director (Finance)	14.91	13.19
Shri S.K.Dabhade Director (Projects)I/C	15.41	14.75
Shri M.K.Deore Director (Operations)	15.68	17.43
Shri Prabhakar Umajirao Shinde Director (Projects) & Director (Operations)I/C	09.17	-

14. AS-19 Accounting For Operating Lease:

The Company has Various operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense for operating leases recognised in statement of profit and Loss for the year is Rs.2815 lacs (previous year Rs.2829 lacs). The Company does not have any non-cancellable operating leases as on that date. Lease Rent of Rs.2815 Lacs (Previous year Rs.2829 Lacs) has been included under rent, rates and taxes (Note-26 Administration and General Expenses).

15. AS- 20 Earning Per share:

The elements considered for calculation of Earning per Share (Basic and Diluted) are as under:-

Particulars	As At 31-03-2014	As At 31-03-2013
Net profit after Contingency Reserve (Rs. In lac)	(36342)	(93442)
Number of equity shares for basic earning per share	5316981800	4282297188
Earing per share (Rupees) Basic	(0.68)	(2.18)
Weighted average number of equity shares for diluted earing per share	5750378509	5501219838
Diluted Earing per share(Rupees)	(0.63)	(1.70)
Face value per share (Rupees)	10	10

Dilution is considered at par value for shares not yet issued to GoM / MSEB Holding Company Ltd.

16. Deferred Tax:

Deferred Tax Consists of the following items:

(₹ In Lacs)

Sr. No.	Particulars	FY 2013-14	FY 2012-13
	Deferred Tax Liability		
1.	Difference in Depreciation	330700	285494
2.	Assets Written off/disallowed under Income Tax Act	—	—
	Deferred Tax Asset		
1.	Expenses Allowable on payment basis	103980	86441
2.	Assets Written off/disallowed under Income Tax Act	—	—
3.	Unabsorbed Depreciation / loss	201939	69478
4.	Provision for Bad Debts -	10897	16748
	Net Deferred Tax Asset / (Liability)	(13885)	(112825)

The Company has recognised deferred tax assets on unabsorbed depreciation / loss in view of the virtual certainty of future taxable income considering factors such as:- The Company has been spending huge amount on Infrastructure Plan hence, in future there will be reduction in distribution loss and due to this the revenue will increase and the Company will turn around.

17. In accordance with As-28 on 'Impairment of Assets' the Management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that economic performance of the assets of the Company is reasonable and therefore there is no impairment as on the date of the Balance Sheet.
18. In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the year end together with the interest paid/payable as required by MSMED Act, 2006 is not disclosed
19. Quantitative details for Electricity units purchased and sold:

In MKWH

Particulars	FY 2013-14	FY 2012-13
Total Power Purchase	100115	99068
Grid and Transmission Losses	540	1222
Power available for sale	99575	97846
Power sold	85631	83488
Distribution Loss	13944	14358
Distribution loss %	14.00	14.67

The above information is complied by the Company based on the Energy Balance Report and has been relied upon by the auditors.

20. Auditors' Remuneration:

(₹ in Lacs)

Sr. No.	Particulars	FY 2013-14	FY 2012-13
1.	Audit Fees	39.00	39.00
2.	Out of Pocket Expenses	5.78	1.43

21. Expenditure in foreign Currency:

Travelling expnses amounting to Rs.6.23 lacs (previous year Rs.-2.10 Lacs) has been incurred in foreign currency.

22. The Previous year figures have been re-grouped and/or rearranged wherever necessary.

23. Notes 1 to 29 are forming part of Annual Accounts for the year ended on 31st March, 2014.

Sd/-
A. N. Kalekar
General Manager (CA)

Sd/-
S. M. Bhoyar
Chief General Manager (C.A.)

Sd/-
A. M. Gudekar
Company Secretary

Sd/-
D. D. Wavhal
Director (Finance)

Sd/-
Ajoy Mehta
Managing Director

As per our report of even date attached hereto

For Mittal & Associates
Chartered Accountants

For B.N.Kedia & Co.
Chartered Accountants

For Pathak H.D. & Associates
Chartered Accountants

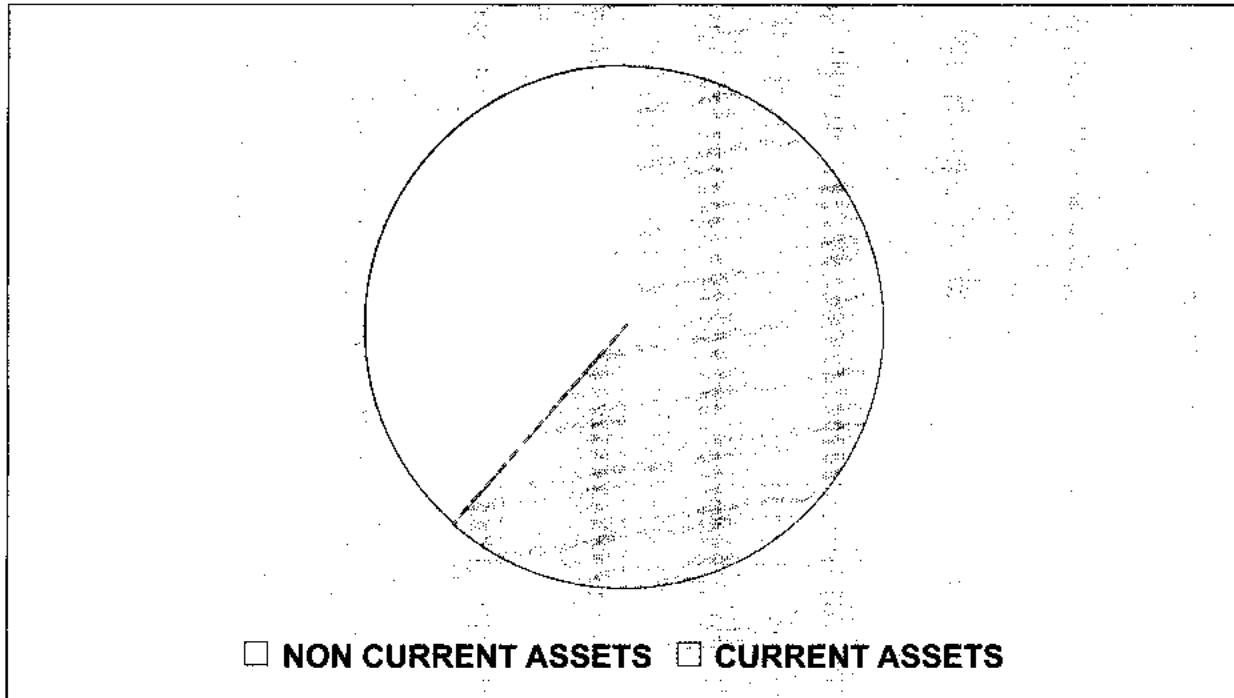
Sd/-
(O.P.Jaisalmeria)
Partner
M.No.016136

Sd/-
(K.K.Kedia)
Partner
M.No.052461

Sd/-
(Mukesh D. Mehta)
Partner
M.No.043495

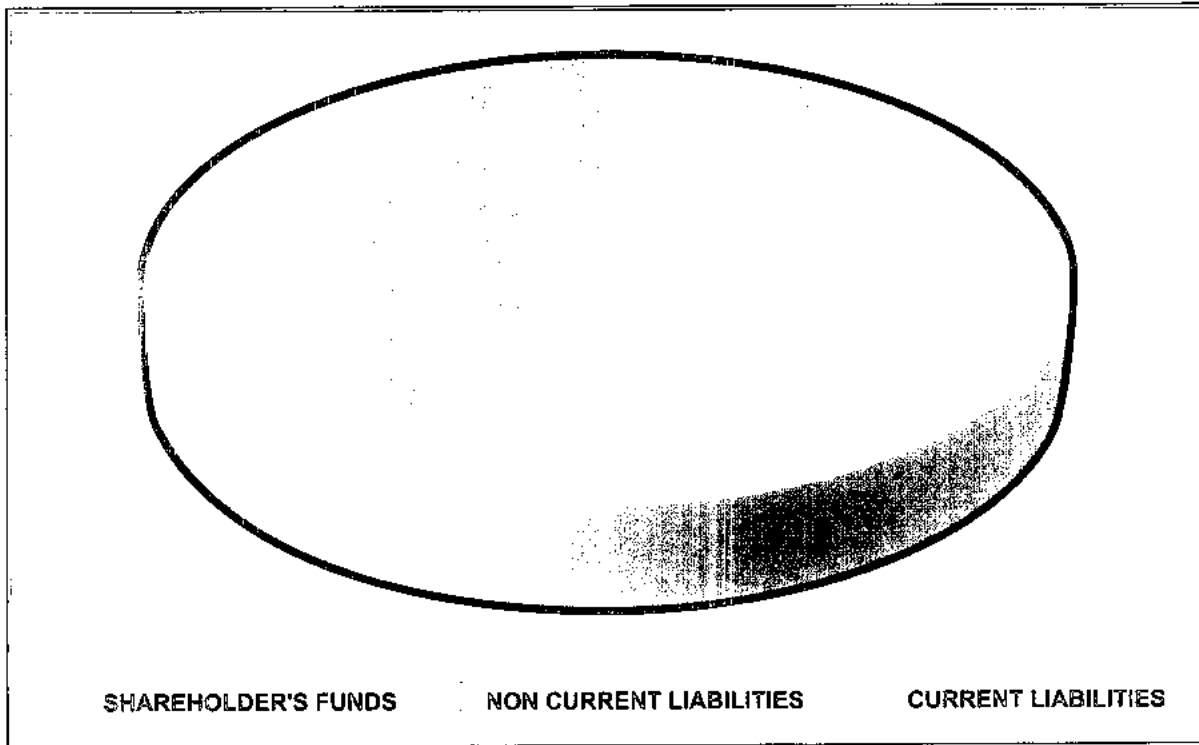
Place : Mumbai
Date : 24th September 2014

ASSETS



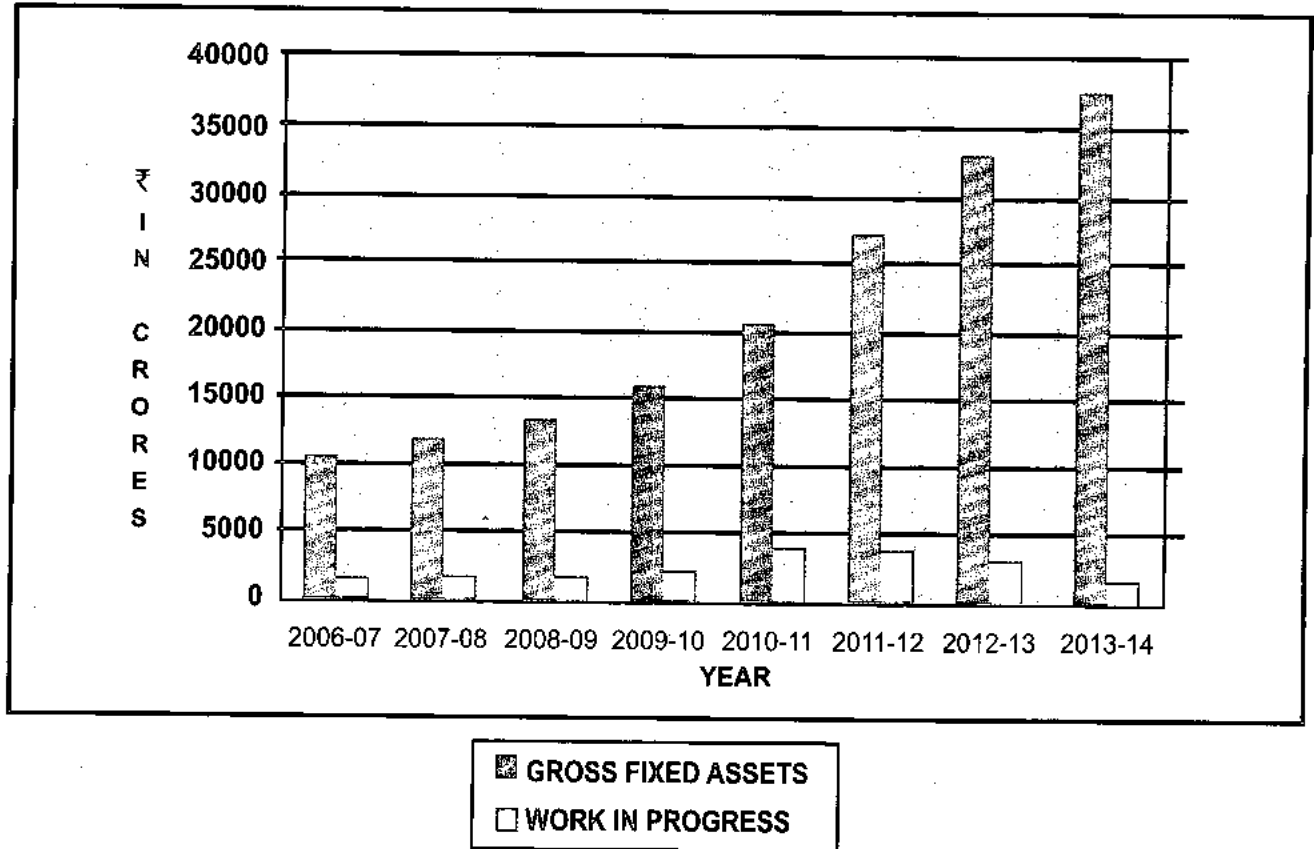
ASSETS AS ON 31.03.2014		
		(₹. IN. CRORES)
	NON CURRENT ASSETS	33367.89
	CURRENT ASSETS	20964.16
	TOTAL ASSETS	54332.06

EQUITY & LIABILITIES



EQUITY & LIABILITIES AS ON 31.03.2014		
		(₹. IN. CRORES)
	SHAREHOLDER'S FUNDS	6805.08
	NON CURRENT LIABILITIES	24978.55
	CURRENT LIABILITIES	22548.43
	TOTAL	54332.06

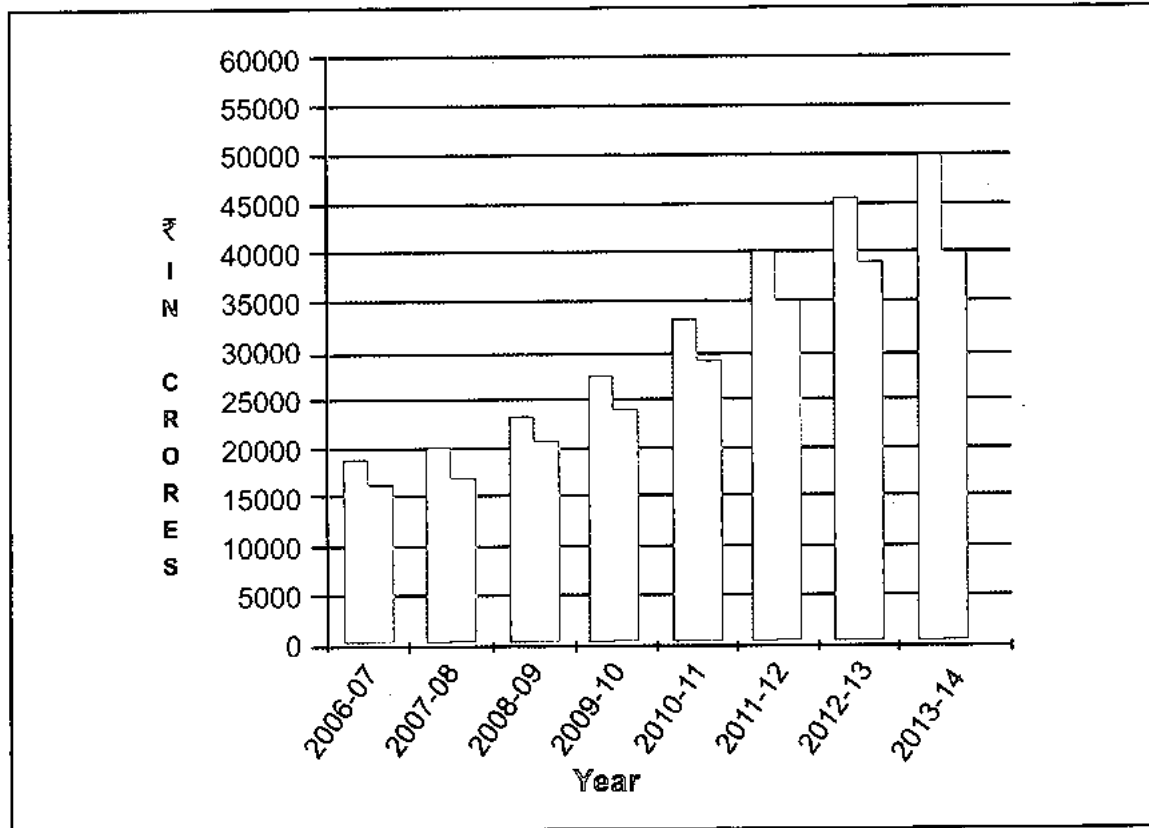
GROSS FIXED ASSETS & WORK IN PROGRESS



(₹ IN. CRORES)

YEAR	GROSS FIXED ASSETS	WORK IN PROGRESS
2006-07	10531	1447
2007-08	11806	1685
2008-09	13439	1976
2009-10	15687	2344
2010-11	20500	4116
2011-12	27268	3913
2012-13	33268	2972
2013-14	37840	2048

REVENUE FROM SALE OF POWER AND POWER PURCHASE EXPENDITURE

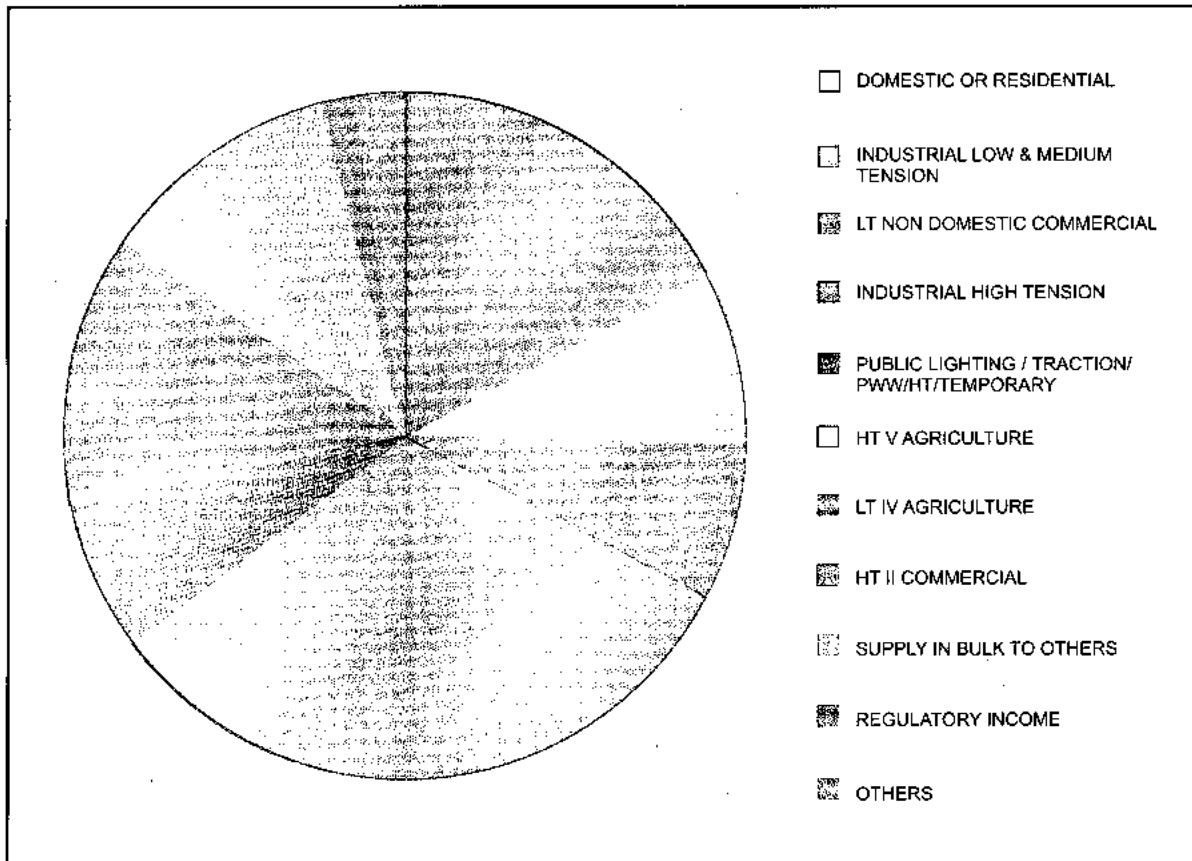


□ REVENUE FROM SALE OF POWER

□ POWER PURCHASE EXPENDITURE

Year	(₹. IN. CRORES)	
	Revenue From Sale of Power	Power Purchase Expenditure
2006-07	18864	16277
2007-08	20159	17006
2008-09	23483	20606
2009-10	27642	23842
2010-11	33238	28949
2011-12	39555	35120
2012-13	45575	38859
2013-14	50622	39526

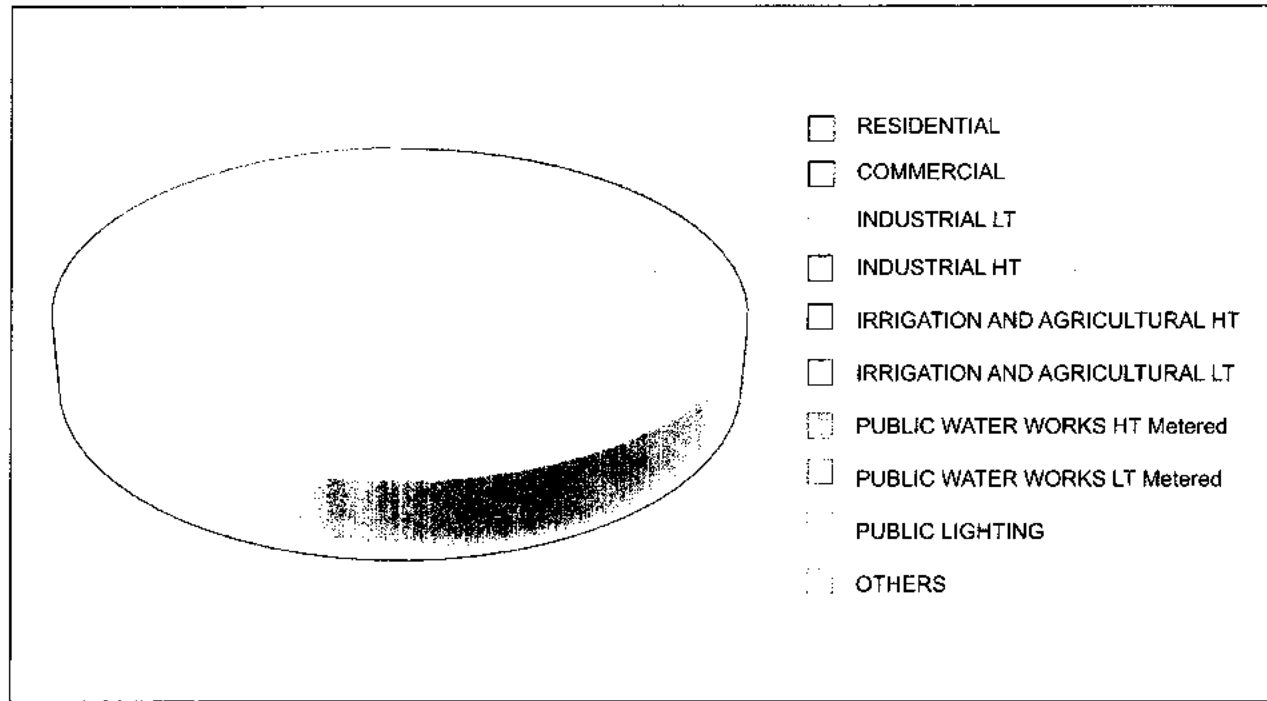
CONSUMER CATEGORY WISE SALE OF ENERGY



FINANCIAL YEAR 2013-14

SR. No.	CONSUMER CATEGORY	(₹. IN. CRORES)	%
1	DOMESTIC OR RESIDENTIAL	9020.38	18%
2	INDUSTRIAL LOW & MEDIUM TENSION	4285.64	8%
3	LT NON DOMESTIC COMMERCIAL	3837.75	8%
4	INDUSTRIAL HIGH TENSION	16740.92	33%
5	PUBLIC LIGHTING/ TRACTION/ PWW/LT/HT/TEMPORARY	2910.13	6%
6	HT V AGRICULTURE	310.18	1%
7	LT IV AGRICULTURE	6378.01	13%
8	HT II COMMERCIAL	2415.71	5%
9	SUPPLY IN BULK TO OTHERS	3579.80	7%
10	REGULATORY INCOME	-860.21	-2%
11	OTHERS	2003.34	3%
	TOTAL	50621.65	100%

NUMBER OF CONSUMERS



FINANCIAL YEAR - 2013-14

Sr. No.	CONSUMER CATEGORY	NO. OF CONSUMERS
1	RESIDENTIAL	16259027
2	COMMERCIAL	1614269
3	INDUSTRIAL LT	383303
4	INDUSTRIAL HT	12112
5	IRRIGATION AND AGRICULTURAL HT	1292
6	IRRIGATION AND AGRICULTURAL LT	3666591
7	PUBLIC WATER WORKS HT METERED	847
8	PUBLIC WATER WORKS LT METERED	46949
9	PUBLIC LIGHTING	81819
10	OTHER	164
	TOTAL	22066373

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REGISTERED OFFICE

Plot No. G-9, Prakashgad, Prof. Anant Kanekar Marg, Bandra (East), Mumbai - 400 051.