MAHAVITARAN

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO.LTD.

12th Annual Report 2016-2017

11th India Energy Summit Award

12th ANNUAL REPORT
2016-17

MAHAVITARAN

Maharashtra State Electricity Distribution Co. Ltd.

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

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Maharashtra State Electricity Distribution Co. Ltd.

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPNAY LIMITED

12th Annual Report for the year 2016-2017

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CORPORATE DETAILS

BOARD OF DIRECTORS (From 01/04/2016 to the date of this Report)		
Sr. No.	**NAME OF THE DIRECTORS**	**DESIGNATION**
1.	**Shri Sanjeev Kumar, IAS** From 21-12-2015 - till date	Chairman & Managing Director
2.	**Shri Arvind Singh, IAS** From 10-03-2017 – till date	Director, Principal Secretary (Energy)
3.	**Shri Bipin Shrimali, IAS** From 07-05-2016 to 06-02-2017	Director, Principal Secretary (Energy)
4.	**Shri Mukesh Khullar, IAS** From 05-01-2015 to 27-04-2016	Director, Principal Secretary (Energy)
5.	**Shri Sunil L. Pimpalkhute** From 24-07-2015 - till date	Director (Finance)
6.	**Shri Abhijit Deshpande** From 26-05-2014 – till date	Director (Operations)
7.	**Shri Dinesh R Saboo** From 20-09-2016 - till date	Director (Projects)
8.	**Shri P.U. Shinde** From 30-08-2013 to 29-08-2016	Director (Projects)
9.	**Dr. Ashok Harane** From 02-01-2009 – till date	Independent Director
10.	**Shri Vishwas Pathak** From 14-08-2015 – till date	Independent Director
11.	**Mrs. Juelee Wagh** From 04-06-2014 – till date	Independent Director

COMPANY SECRETARY	**STATUTORY AUDITORS**
Mrs. Anjali Gudekar	1. M/s Mittal & Associates, CA 2. M/s SGCO & Co., CA 3. M/s B.N. Kedia & Co. CA

REGISTERED OFFICE
Prakashgad, Plot No. G-9, Prof. A.K. Marg, Bandra (East), Mumbai-400051 **Website: www.mahadiscom.in | (CIN No. U40109MH2005SGC153645)**

DIRECTORS' REPORT

To,

The Members,

Your Directors present the Annual Report on the performance of your Company for the Financial Year ended 31st March, 2017 along with Audited Statements of Accounts.

❖ **FINANCIAL HIGHLIGHTS:**

(Rs. In Lakhs)

Particulars	Financial Year	
	2016-17	**2015-16**
Revenue from Sale of Power	57,60,146	53,61,965.87
Other Income	2,24,813	29,5082
Profit/(Loss) before Depreciation and Finance Cost	2,92,946	2,79,392.87
Depreciation	2,84,667	2,75,968.90
Finance Cost	3,25,927	2,81,358
Profit/Loss before Tax	(3,17,649)	(3,42,507)
Less : 1) Provision for Taxation	--	--
2) Deferred Tax Adjustment	--	(4,235.35)
Profit/Loss After Tax	(3,17,648)	(3,38,372)

❖ **OPERATIONAL PERFORMANCE:**

Under the provisions of Electricity Act 2003, the distribution business is regulated and is expected to be revenue neutral under the normal circumstances. However this year also, there was large gap between the income approved MERC and the actual income of the Company. There was a variation in the actual expenditure of the Company compared to that approved by MERC. The Gap in the revenue was Rs. 4931 crores and the additional expenditure over the expenditure approved by MERC was Rs. 2021 crores. Primarily the gap in the revenue has caused booked losses to the Company.

Gap in the revenue is on account of change of consumer mix. Whereas, Commission while approving Annual Revenue Requirement (ARR), estimated growth in subsidizing consumers of Industry at 4%, actual growth was 1%, thereby reducing revenue realized by 3018 Crores. Similarly for Commercial consumers, revenue realized was less by 1012 Crores. on account of less growth. On the other hand, consumption of subsidized consumers increased, for AG 24860MUs to 28267 MUs for F.Y. 2016-17 against approved by MERC.

Another factor for reducing revenue was applicability of revised tariff w.e.f. 01.11.2017, Commission while balancing the ARR, assumed as it tariff implemented from 1st April 2017. On this account there is shortfall of Rs.4404 Crores.

Apart from estimation of growth, other factors having direct influence on revenue is estimated Average Billing Rate (ABR) and actual realized ABR. This year, we noted that ABR for company was Rs. 5.80/Unit as against Rs. 6.43/Unit in ARR. For Industry actual ABR is Rs. 7.60/Unit against Rs.8.36/Unit approved by MERC.

One of the major concern which has resulted in adverse financial implication was Open Access (OA). More consumers opted for Open Access in the year 2016-17 and this adversely affected the cross subsidy capacity of subsidizing consumers to subsidize agriculture, public water works and other subsidized consumers. The quantum of Open Access has increased form 1698 MW (2015-16) to 1880 MW in the year 2016-17.Also the units consumed by Open Access consumers has increased from 6378 Mus (2015-16) to 7990 Mus in the year 2016-17. This has clearly put further strain on the revenue earned by MSEDCL. The net negative revenue impact due to Open Access being availed by the consumers has increased from Rs. 2300 crores (2015-16) to Rs. 3741 crores (2016-17).

These shortfall in revenue alongwith carrying cost would be claimed in MTR to be filed soon and we are hopeful that the Commission will allow this shortfall to be recovered in the remaining period of MYT.

We feel that, it is utmost important to correctly estimate projected growth in different categories of consumers because of cross subsidy regime for appropriate ARR and tariff. Company in future will pay more attention to it while submitting its tariff petition to the Commission.

- Disallowance of AG 2014-15, 2015-16 are 2414 MUs and 3400 Mus respectively.

-Depreciation on revaluated assets as per FRP Scheme by GoM is Rs. 792 Crores

The AG sale recorded and reported in 2014-15 & 2015-16, was 26403 MUs and 28231 MUs respectively. MERC while finalizing MYT provisionally disallowed sale of AG by 2414 MUs in 2014-15 & 3400 MUs in 2015-16 and reduced ARR by Rs. 935 Crores in 2014-15 and Rs. 2286 Crores in 2015-16 by treating disallowance. AG sale as distribution loss and sharing the losses in 2/3, 1/3. This reduced ARR resulted in reduction in tariff. This amount will be incurred as loss in MYT period 2016-17 to 2019-20.

Our company would make fresh effort during MTR about revision in AG sales in 2014-15 & 2015-16 to make up losses in the ensuing period.

MSEDCL continues to be the biggest Distribution utility in the Country in terms of all three parameters namely a) Nos. of consumers b) consumption and c) revenue.

The growth in the year 2016-17 was as under :

	FY 2015-16	FY 2016-17
No. of Consumers ('000)	23,969	24,759
Sales (MUs)	92,017	91,675
Revenue (Rs. Crs)	53,620	57,601

Your company continued with the Govt. of Maharashtra Social objectives by Energization of agriculture pumps so as to reduce the backlog in major way. In the year 2016-17 agriculture connections were released were 1,25,522 nos.

On the positive side, your Company was able to convince the Hon'ble MERC and get the approval for additional surcharge on Open Access consumers at a rate of rupee 1.11 per unit. Also your company was able to convince the MERC on 100% applicability of cross subsidy surcharge to renewable energy consumers with effect from 1st April,2017.

Your Company had supplied additional Power of 4 hours daily during the peak agricultural season in the year 2016-17. This was done pursuant to the directives of Govt. of Maharashtra being the owner of the Company.

DSM: Your Company continued with the demand side management activity and has provided 2.15 crores LEDs in the year 2016-17 and has also decided to use the Energy Efficient Transformers in the system.

Your Company had also received some of the prestigious awards in the year 2016-17

1. Best Power Utility by Indian Energy Summit
2. Most Innovative Discom
3. Green Grid Award
4. Champion of Change by Central Skill Development Authority of India
5. ICGF Innovative Award from India's Smart Grid Forum
6. Scotch Award of Merit for Mobile App

This acknowledgement by reputed institution confirms the Commitment of the employees of your Company towards its biggest stakeholders, Govt. of Maharashtra and consumers.

❖ **POWER MANAGEMENT:**

We are happy to report that your company has successfully catered 19745 MW demand on 30.03.2017, which is highest in its history. This figure is also the highest for any utility in India.

Your company has took major initiatives in FY 2016-17 to bring efficiency in Power Purchase and due to these efforts MSEDCL has been able to reduce its power purchase cost from Rs. 4.10/kWh in FY 2015-16 to Rs. 4.05/kWh in FY 2016-17 including transmission charges (both CTU & STU). The Average Power Purchase (APP) cost for FY 2016-17 is lower by Rs. 0.14/kWh from the rates approved by Maharashtra Electricity Regulatory Commission (MERC) of Rs. 4.19/kWh.

In FY 2016-17 your company took following measures to reduce power purchase cost to bring efficiency in Power Purchase:

1. Strict implementation of Merit Order Dispatch (MOD)
2. Zero scheduling/Reserved Shut Down (RSD) given to high variable cost generating units.
3. Shortfall in day time power demand met by purchasing power from Exchanges.
4. Worked with MSETCL and rectified the transmission constraint in Bhusawal area fully and partly in Nashik area.
5. Optimum utilization of Ghatghar pumping station
6. Sale and banking of surplus power. Total INR 380 Crs power sold through short term tenders / power exchanges.

This year we implemented very stringent methodology of power procurement to reduce the power purchase cost by utilizing maximum low cost contracted power, procuring cheap power from market and shutting down high cost contracted generating stations. The exception to the MOD was only due to the system constraints in Nashik area. The Bhusawal generating station which was must run due to transmission constraint was brought in MOD after working with MSETCL, for which we are thankful to MSETCL. MSEDCL participates in various tenders so as to reduce the impact of the fixed charges to that extent.

In FY 2016-17 MSEDCL purchased 605.23 MUs of power through power exchanges to reduce its power purchase cost. Bulk of the power purchase was made from IEX i.e. 603.78 MUs at a rate of Rs. 2.96/kWh and balance 1.45 MUs from PXIL at a rate of Rs. 2.62/kWh. MSEDCL purchased power worth Rs. 179.07 Crores from power exchanges in FY 2016-17.

This year your company made special efforts to sell power outside Maharashtra State through exchanges and bidding in bilateral transactions. We could sell power to Karnataka, West Bengal, Uttar Pradesh and Chhattisgarh in bilateral transaction and also could make banking arrangements with Haryana & Uttar Pradesh. In FY 2016-17, your company has sold total 1240.42 MUs power for Rs.378.33 Crs at average rate Rs.3.05/kWh which is highest in the history so far. MSEDCL has sold surplus power of 488.26 MUs on power exchanges worth Rs. 108.64 Crores. Apart from power exchange, MSEDCL also has sold 752.16 MUs worth Rs. 269.69 Crores in bilateral transactions at a weighted average rate of Rs. 3.59/kWh. MSEDCL sold 34.88 MUs of power (for Rs. 11.04 Crs) to MADC, 680.46 MUs power (for Rs. 248.62 Crs) to Power Company of Karnataka (PCKL) and 36.82 MUs of power (for Rs. 10.03 Crs) to West Bengal and Chhattisgarh through participation in tenders.

In this year (FY 2016-17), the following units were commissioned and has started supplying power to MSEDCL.

NAME OF POWER SUPPLIER	Unit	CAPACITY (MW)	COD
MSPGCL Chandrapur TPS	08	500	04.06.2016
MSPGCL Parli TPS	08	250	19.11.2016
MSPGCL Koradi TPS	09	660	22.11.2016
MSPGCL Chandrapur TPS	09	500	24.11.2017
MSPGCL Koradi TPS	10	660	17.01.2017
NTPC Mouda STPS, Stage-II Maharashtra	01	660 (Maharashtra Share 250)	01.02.2017
IPP Adani Power		440	16.02.2017
Total		**3260**	

MSEDCL continues to be a power surplus utility in FY 2016-17. MSEDCL is in surplus by 1500-2000 MW as on 31.03.2017 and this year 3260 MW capacity was commissioned. This leads to additional power capacity which on one hand is favorable as it positions your company in an adequate power supply situation to ensure stable power for balanced growth of Maharashtra state, while on the other hand it also burdens the company with increased Fixed Cost for idle assets. We are hopeful that this surplus power will be utilized in the next 2-3 years and thus we shall be in an advantageous position with respect to power cost.

There are serious challenges in power management on availability side from Generating sets due to external factors like coal, water etc, problems pertaining to individual plants, integration of increasing renewable energy and large seasonal, day & night and also due to open access variations on demand side.

- **Renewable Energy:**

In order to meet regulatory requirements your company needs to purchase renewable energy under Renewable Purchase Obligation (RPO). As per MERC regulations, MSEDCL is bound to purchase 11% of its total power purchase from renewable energy with bifurcation in 1% of Solar and 10% of Non-Solar energy, which comes to 1115 MUs of solar power and 11154 MUs of non-solar power. Against this target, the company procured 425 MUs of solar power (0.38%) and 9332 MUs (8.37%) of non-solar power. There was a shortfall of 2516 MUs of renewable energy to meet the RPO requirements and therefore the company decided to meet such shortfall by purchasing RECs and company has made provisions for the same in its accounts. It is also reported that the Average Non-Solar power purchase cost was Rs. 5.37/kWh and Average Solar power purchase cost was Rs. 11.27/kWh. In FY 2016-17, your company has signed for purchase of 1000 MW solar power with SECI and efforts are made to purchase non-solar power for our company, 419.6 MW EPA signed with wind generators at feed-in tariff. Evidently average power purchase cost of Renewable Energy has been high, because of proactively promoting bagasse based and wind based generation in Maharashtra state. Your company has developed non-conventional energy to a large extent, making Maharashtra state one of the leader in wind and bagasse renewable source power thereby meeting social objective of Government of Maharashtra. Realizing the higher power purchase cost and more renewable energy in view of increase in RPO will not be sustainable. Your company has decided to take the advantage of competitive bidding.

For making contracted solar and non solar power adequate to meet RPOs, your company has requested to MERC to merge solar and non-solar RPO targets.

The details of source wise Commissioned capacity in FY 2016-17 by your company is as follows:-

Sr. No.	Source	Commissioned Capacity – Sale to MSEDCL (MW)		
		As on 31.03.2016	Capacity Addition in FY 2016-17	As on 31.03.2017
1	Wind	3045.4	419.6	3465
2	Co-Gen	1819.85	85	1904.85
3	Biomass	157	0	157
4	Small Hydro	261.875	12.125	275.025
5	Solar	252	26	278
6	MSW	4	0	4
	Total	**5540.125**	**542.725**	**6083.875**

12 Hours per day power supply to Agriculture Consumers:-

In August & Sept months of FY 2016-17, there was a dry spell and Monsoon was inactive. The farmers were facing water scarcity and they have no option other than to utilize the existing stored/ available water to save standing crops. The proposals were received from the farmers and Government of Maharashtra decided for providing 12 Hours per day 3 phase supply availability to the agricultural pumps. However, as per Hon'ble Commission directives 8 hours during day time & 10 hours during night time, 3 phase power supply to be given to Agriculture consumers in the state. Your company approached to MERC and after due approval from the Regulator , extended 12 Hrs per day 3 phase power supply availability to Agriculture consumers in day and night time on rotation basis from 08.09.2016 to 15.12.2016 and successfully met the increased demand.

❖ **Distribution Loss:**

Energy losses occurring the process of distribution of electricity to consumers due to Technical and Commercial Losses. These Technical Losses are inherent in a system and can be reduced only to an optimum level. The Commercial Losses are caused by theft, pilferage, defective meters and errors in meter reading. The preliminary reasons for Technical Losses are long LT lines.

It has been a continuous endeavour of your Company to reduce losses (Technical and Commercial). We are glad to inform you that for the year FY 2016-17, your Company has achieved an overall loss level of 14.68% against the MERC approved loss level of 16.17%. Though the overall loss level for the State is 14.68%, the same is not uniform. We have areas where Aggregate Technical and Commercial (AT&C) losses are in single digit in 17 towns / Cities **(Annexure A).** This is on par with the best of the Distribution Utility including private Utilities. Apart from this, there are 39 Divisions in state where Distribution losses are in single digit. The above lists are enclosed in **Annexure B.** Also, contrary to this, in spite to the best efforts of employees of Company, there are areas with very high loss levels. The list of such areas enclosed at **Annexure C.**

Realizing this being a complex issue, your Company would make efforts to maintain and reduce the losses further in good areas & would also aggressively target areas where the losses are exceptionally high, by adopting different strategies including appointing franchise wherever necessary. One of most important step towards reduction in losses is scientifically monitoring of dedicated Agriculture feeders and sale in Non Ag consumers base.

Your Company has to face a negative consequence of restatement Distribution loss due to disallowance of Agriculture sales FY2014-15, 2015-16.The said restatement has an impact in the year FY2016-17. The Agriculture sales recorded and reported in FY2014-15 & 2015-16 was 25695 MUs and 27403MUs respectively. Hon'ble Commission while finalizing positive Multi Year Tariff for period FY2016-17 to 2019-20 has provisionally disallowed sale of Agriculture by 2424 MUs in FY 2014-15 and 3298 MUs in FY 2015-16 & has thus reduced the ARR by 935 Crs. in FY 2014-2015 & by 2286 Crs. in FY 2015-16 by treating the disallowed Ag sales as Distribution loss.

This restatement of Distribution loss has been given treatment by sharing the losses in 2/3 : 1/3 proportion. This reduced ARR has resulted in reduced revenue and therefore this amount has resulted in loss in the year 2016-17 to 2019-20 (MYT Control period)

Your Company would make fresh efforts during the submissions under Mid Term Review (MTR) about review in Ag sales for FY 2014-15 and 2015-16 so that the losses are made up in the balance MYT control period.

v **Financial Parameters: (Arrears and Recovery)**

MSEDCL is supplying electricity to around 2.47Crs. consumers of different category. The recovery of arrears from defaulting consumer is always one of the major challenges before your company. Inspite of the challenges MSEDCL has continued to maintain its overall collection efficiency in the range of 94% to 95 % in year 2016-2017. The category wise and Circle Wise position FY 15-16- & FY16-17 is enclosed herewith as **Annexure 'D'.**

The defaulting consumers can be broadly classified in following categories:-

AG consumers :- The agriculture consumers contribute **58 %** of MSEDCL's total arrears as on FY 2016-17. However, due to various social, geographical & natural issues, this sector is depending on grant and subsidy from the government to large extent. Agriculture consumers are charged with lower rates as determined by MERC. Further, GoM also gives direct subsidy to agriculture consumers in MERC determined rates. GoM announces additional subsidy in drought affected areas and also issue directives not to disconnect agriculture supply for non payment of dues. Due to overall distress and default in recovery from agriculture consumers your company couldn't push the Ag recoveries in FY 16-17 but the company at appropriate time will make efforts to recover dues from agriculture consumers. The collection efficiency of agriculture category for FY 2016-17 is 13.86 %. The circle wise details of arrears of AG categories of consumers is annexed herewith as **Annexure 'E'.**

Arrears of Street Light & PWW :- Out of total arrears 8.23% and 4.33% arrears as on 31.12.2016 are due from Street light and PWW consumers respectively. The consumers under these categories are public bodies. The circle wise details of arrears of these categories of consumers is annexed herewith as **Annexure 'E'.**

For recovery of arrears from consumers your company has implemented following schemes in FY 2016-17:-

1) Grant of Instalments of PWW consumers.
2) Amnesty Scheme for PD Residential & AG consumers.
3) Standard One Time Settlement package for PD consumers.
4) Installment Packages for disconnected consumers.

❖ **Financial Initiatives:-**

1. **Borrowing Position**

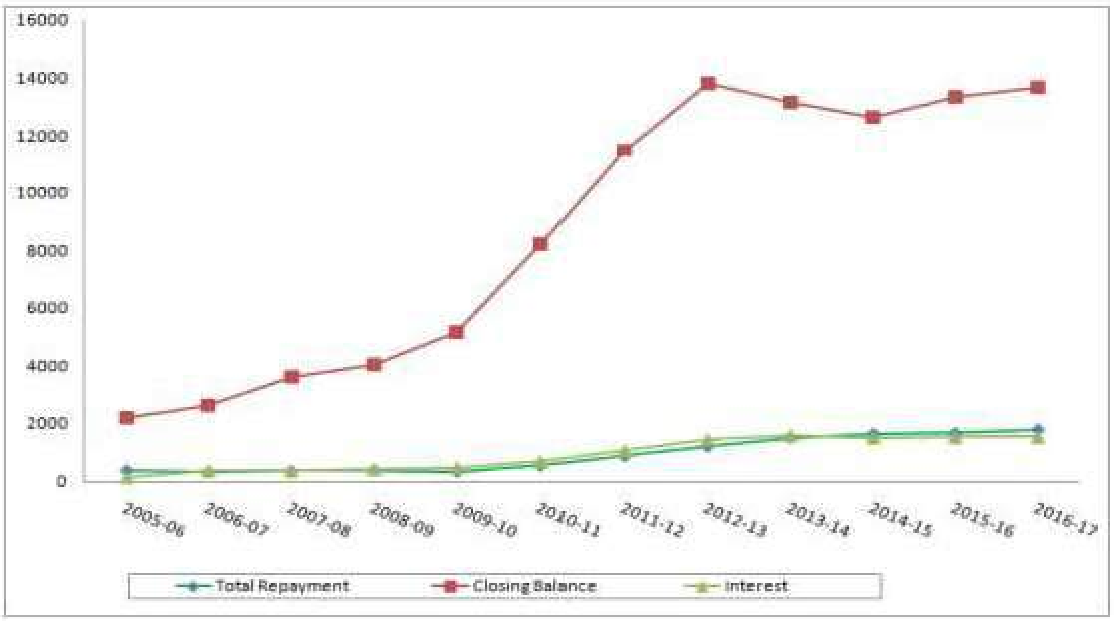
Long Term Borrowings: As a continuous effort for system improvement and strengthening of electricity distribution network, MSEDCL has implemented various scheme of capital expenditure such as Infrastructure plan, Feeder Separation Schemes, RAPDRP, along with various Distribution schemes for providing Agriculture Pump connections to farmers across

Maharashtra. The financing of these schemes is mainly through availing Long term Loans and some schemes are eligible for Grants from GoM/GoI. The details of long term Loans availed are as below;

(Rs. in Crores)

Financial Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Repayment	389	334	378	403	351	555	893	1236	1534	1662	1694	1813
Closing Balance	2238	2650	3653	4045	5180	8233	11496	13817	13171	12666	13357	13695
Interest	150	376	371	430	477	695	1073	1450	1603	1527	1540	1542

The graphical presentation of the long term Loans availed is as below:



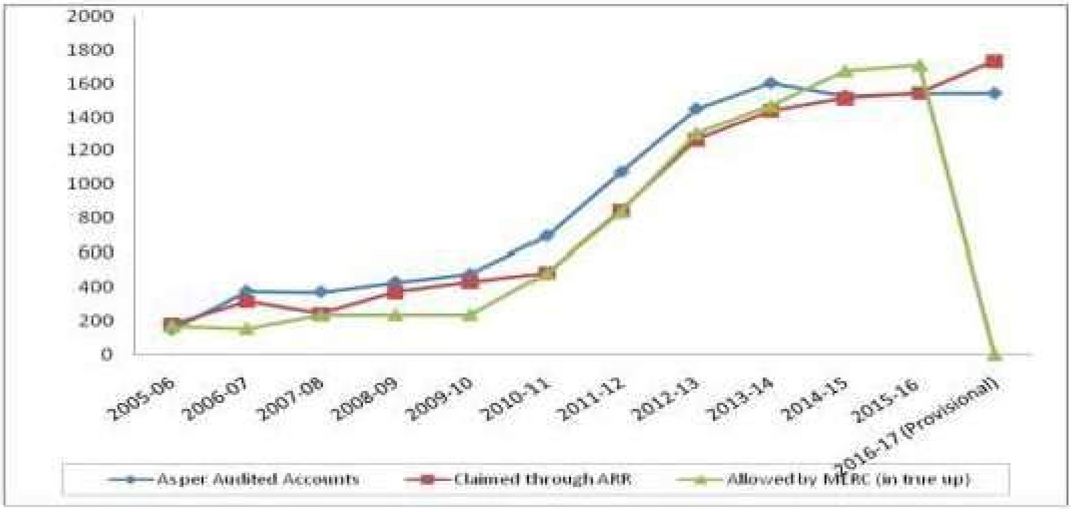
The long Term Loans are mainly availed from Rural Electrification Corporation and Power Finance Corporation.

Year wise position of Interest on Long Term Loan claimed by MSEDCL in petition and approved as per MERC orders is as below:

(Rs. in Crores)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (Prov.)
As per Audited Accounts	150	376	371	430	477	695	1073	1450	1603	1527	1540	1542
Claimed through ARR	177	314	242	370	428	481	845	1266	1438	1511	1544	1734
Allowed by MERC (In true up)	172	154	234	237	238	481	836	1304	1469	1677	1712	0

The graphical presentation of Interest on Long Term Loan claimed by MSEDCL in petition and approved as per MERC orders is as below:



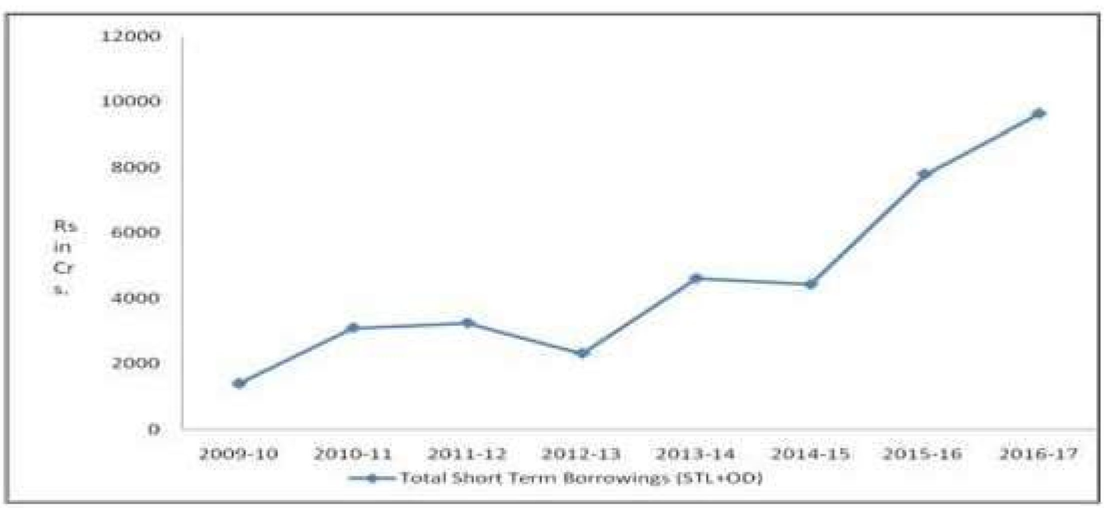
Note: The MERC approved figures are as per Truing up orders issued. For FY 2015-16 Provisional truing up figure is considered, while truing up for FY 2016-17 is still to be initiated.

Short Term Borrowings: In the regulatory regime, though MSEDCL is claiming the expenditure required for day to day operations , in the tariff petition , it is often observed that the quantum is not always approved by the Regulatory Commission i.e. MERC. Further there has been delay in approving the revenue requirements by the Commission over the years. The situation therefore necessitates funding of the revenue Gap by way of Short Term Borrowings. Another factor requiring short term borrowing is the delay in realising the approved revenue. The Position of Short Term Borrowings is as below:

(Rs. in Crores)

Financial Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Short Term Borrowings (STL+OD)	1400	3100	3250	2313	4617	4429	7806	9646

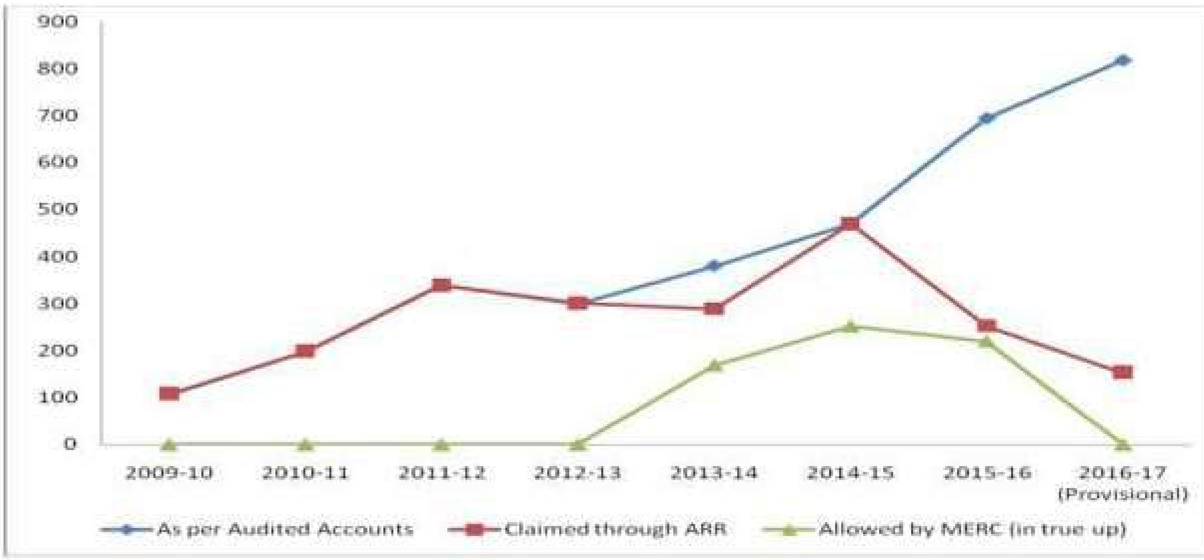
The graphical presentation of the short term borrowings is as below:



Year wise position of Interest on Short term borrowings claimed by MSEDCL in petition and approved as per MERC orders is as below:

(Rs. in Crores)

Interest On Working capital	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (Provisional)
As per Audited Accounts	108	199	339	301	380	471	695	818
Claimed through ARR	108	199	339	301	289	470	253	154
Allowed by MERC (in true up)	0	0	0	0	170	253	221	0



Note: The MERC approved figures are as per Truing up orders issued. For FY 2015-16 Provisional truing up figure is considered, while truing up for FY 2016-17 is still to be initiated.

2. Efforts taken for Reduction in Rates of Interest on loan:

MSEDCL is availing long term loans for various projects from REC/PFC and short term loans, to meet the working capital requirements, are availed from various banks. The short term borrowings are in the form of Cash Credit/Working capital demand loan.

Borrowings being an essential part of financial position, MSEDCL has tried to bring down the borrowing cost by negotiating with banks and compelling them to pass on the benefit of interest rate reduction at par with market trend. Reduction in the interest cost is shown in the table below:

(Rs. in Crores)

Particulars	Loan Amount as on 30.09.17	2015-16 WAIR %	2016-17 WAIR %	2017-18 WAIR % *(up to Sept. 17)*	Interest Savings
Long Term Loans	13,941	11.42	11.45	10.76	96.19
Medium Term Loans	4,000	10.25	9.29	9.11	7.20
Short Term Loans	3444	11.03	9.51	8.93	19.98
Overdraft/WCDL	3248	11.20	10.15	8.39	57.16
Total	**24,633**				**180.53**

MSEDCL is availing WCDL (Working Capital Demand Loan) instead of Overdraft facility, which resulted into savings in the interest cost. Interest rates on WCDL are comparatively much lower than the overdraft facility.

Further, consequent upon negotiations with REC, interest rates for closed and commissioned schemes have been reduced by 0.75% p.a. The earlier rates for these schemes were in the range of 11.50 % p.a. to 12.00% p.a. REC has further reduced the rate of interest for future drawl of loan (which is Rs. 3000 Crs) against the existing schemes to 9.75%p.a. from 10.75% p.a. Both REC and PFC have sanctioned interest rate of 9.45%.p.a. for Govt. Sponsored schemes such as IPDS, DDUGJY.

Cash Loss: The Company has incurred book loss of Rs.3347 Crores in FY 2016-17 but the accumulated cash loss is Rs.16687 Crores. which is in the form of short term loan and trade payables. While determining the tariff, MERC has disallowed some legitimate claims of MSEDCL and approved lower tariff, which eventually adversely affected cash flow .However it is expected that the disallowances by the commission will be contested in the True up activity for FY 2016-17 and accordingly the losses will be reduced to that extent.

Further, despite implementing various strategies, the collection efficiency in certain areas like recovery from Agriculture Consumers has not improved which results in accumulation of areas and thus aggravate the cash shortage. However your company is endeavouring to bridge the gap by borrowing loans from bank at competitive rates after negotiation as narrated above.

The certain legitimate expenses which are disallowed by MERC are expected to be recovered in the subsequent truing up orders and will thus reduce the book loss of the year.

3. Credit Rating by Power Finance Corporation:

In the year 2017 your company was categorized as **'A'** Grade by the Power Finance Corporation based on the evaluation of Financial Performance which was earlier categorized as **'B'** grade.

Ministry of Power, Government of India in the year February 2016 came out with an integrated rating methodology for state power distribution utilities. The objective of the integrated rating is to rate the distribution utilities on the basis of their performance and their ability to sustain the performance level. The methodology adopted attempts to objectively adjudge various parameters broadly classified under:

I) Operational & Reform parameters

ii) External parameters and

iii) Financial parameters.

The evaluation of certain parameters would cover current levels of performance as well as relative improvement from year to year. The operational and reform parameters viz. AT & C losses, Efficiency of Power Purchase cost, customer interface, etc. carry weightage of 47% and the financial parameters viz. Cost coverage ratio, payables, receivables, timely submission of audited accounts, etc. carry weightage of 33%. External parameters relating to regulatory environment, state govt. subsidy support, etc. have been assigned weightage of 20%.

The above improvement in rating has helped MSEDCL in raising funds at competitive rates compared to earlier rates.

4. Project Closure:

In the year 2017 all the efforts were focused to ensure Financial closures of various Capex Schemes implemented by MSEDCL such as Infrastructure Plan, Gavthan Feeder Separation Scheme (GFSS), Single Phasing, R-APDRP along with distribution schemes for providing electricity to agriculture pump energization. With a view to get the benefit of the investments made in capital works, efforts were made for timely completion of the schemes. The details of the completed schemes are as under:

Sr. No.	Name of Scheme	No. of Schemes Closed	Amount (Rs. in Crs)
1	Infrastructure Plan	71	8,753.14
2	GFSS	21	481.72
3	Single Phasing	2	117.04
4	Distribution Scheme	8	338.85
5	R-APDRP (Part A)	128	226.4
6	R-APDRP (Part B)	59	410.91

The above exercise helped in reducing the interest burden on the outstanding Long term loans availed for the above schemes.

5. Ujwal Discom Assurance Yojana (UDAY):

For the purpose of financial turnaround of the Power Distribution Companies, the Government of India has launched UDAY (Ujwal Discom Assurance Yojana) on 20th November, 2015. MSEDCL has participated in the UDAY scheme and signed the MOU with the Government of Maharashtra in the month of October 2016. As per the MOU the government of Maharashtra has taken over the 75% of the medium and short term loan of Rs. 6,613 Crs outstanding as on 30.09.2015. The amount of Rs. 4,959.75 Crs (75% of Rs. 6,613 Crs) is released to MSEDCL in the month of February 2017. The amount will be converted into the grant in 5 equal yearly instalments of Rs. 991.75 Crs. Till the total amount is converted into grant; interest will be paid to the government of Maharashtra by MSEDCL on the outstanding amount every year at an average rate of 7.36%. For Balance 25% Medium/Short term Loans as on 30.09.2015 of Rs.1653 Crs, MSEDCL will raise bonds with Guarantee from State Govt.

On receipt of the above amount MSEDCL was able to discharge the short term liabilities towards power purchase. Annual savings on the interest cost due to receipt of funds under UDAY scheme are expected to be Rs 83.09 Crs p.a. approx.

As per the MOU, MSEDCL has to comply the operational parameters as specified in the scheme document such as reduction in AT & C losses, reduction in GAP between average cost of supply (ACS) and average revenue realised (ARR). As per the information submitted on UDAY portal the details of AT & C losses and ACS/ARR gap are as follows:

Particulars	31.03.2017	31.03.2016
AT & C losses	18%	23.32%
ACS/ARR Gap	0.22/unit	0.24/unit

- **IT Initiatives at MSEDCL**

Mahavitaran is a state owned leading power distribution company in India which is also known as a pioneer in IT implementation in power sector. Mahavitaran has developed various IT applications through in-house IT and provided various online consumer services and also empowered its employees with digital tools to deliver these services promptly. The initiatives of Mahavitaran in deploying the state of the art IT services on mobile platform is a continuous journey which keeps on improving its offerings to employees and consumers with focus on bringing in transparency, efficiency and ease of business. The IT initiatives of Mahavitaran during the year 2016-17 are listed below :

Mobile App :

Mobile services are quickly emerging as the new frontier in transforming MSEDCL and making it even more accessible and consumer-centric by extending the benefits of remote delivery of Mahavitaran services and information. Delivering timely and accurate information to consumers and an established system of two-way communication between the Employees and consumers is one of the key aspects to strengthen MSEDCL by facilitating enhanced utilization of services, participation and empowerment of consumers.

Mobility platform is introduced to improve employee efficiency and better delivery of services to consumers. MSEDCL has in-house developed & successfully deployed a consumer app and 3 nos. of Mobile Apps for employees.

Mahavitaran launched Mobile Apps for Consumers and Employees and various consumer services through SMS on mobile in the year 2016 at the hands of Hon'ble Chief Minister of Maharashtra Shri. Devendra Fadanvis.

All these apps are available in English and Marathi on Android, iOS and Windows platform. The user interface of the apps is kept simple and tooltips are provided to help the user to complete the activity through app. Employee apps are developed mainly to cover day to day business activities of field employees and to capture field data on near real time basis. The details of Apps are as follows:

I. Mahavitaran Mobile App for Consumers.

Mahavitaran Consumer App enables consumers to avail Mahavitaran services at his/her fingertips. The app is simple and easy to use. It provides transparency in delivering services to consumers. App is available in English as well as Marathi Language.

Following services are available through Mahavitaran Mobile App:

- View and Pay MSEDCL Electricity bill though Net banking, Debit Card, Credit Card, Cash Cards, Mobile Wallets, etc. **(2,50,000+ transactions per month)**
- Register & Track Power Failure and Billing Complaints etc. **(14,000+ complaints received per month)**
- Apply for New Electricity Connection **(Till Mar-17, 15,775 applications received through app.)**
- Submit Reading: Self meter reading by Consumer to avoid average billing if meter reading is not taken by meter reader. **(Around 5000 meter Self meter readings per month received)**
- View Electricity Bill history and Payments history. **(6 months history available)**
- Manage multiple electricity connections from single account.
- Contact 24 x7 MSEDCL Call Center.
- Feedback: Submit ratings of Mahavitaran services in the scale of 1 to 5. **(Till Mar-17, 51,384feedback received).**
- Update. Mobile Number & E-Mail IDs of consumer account.
- Till Mar-17, more than **18 Lakh** users have downloaded Mahavitaran Mobile App.

ii. Meter Reading App for MSEDCL Employees

- Correct Meter Reading is the most important process for the Electricity Distribution Company.
- Exact reading ensures raising right demand and minimize consumer billing grievances.
- This app primarily is the replacement of manual Photo meter reading process.
- It combines the time consuming processes of Meter reading such as Capturing of photos of Electricity meters, data punching, file creation, validation etc. into few clicks on Smart Phone.
- Meter reader visits the Consumer Premises and captures the Photo & meter readings through his Mobile App and directly uploads it into central servers for billing purpose.
- The app captures location data while meter reading ensures that meter reader has physically visited the consumer's premises for taking meter reading.
- With the help of existing location data it will be ensured that meter reader has taken the meter reading of the right consumer from right place.
- The compulsory use of this app has helped in stopping leakages in the Meter reading system resulting in registration of remarkable growth in Consumption vis-à-vis last year figures.
- Meter reading through mobile app has helped to reduce the reading cycle from 7 days to 3-4 days.
- 1.69 Crore consumers read through app in Mar-17.

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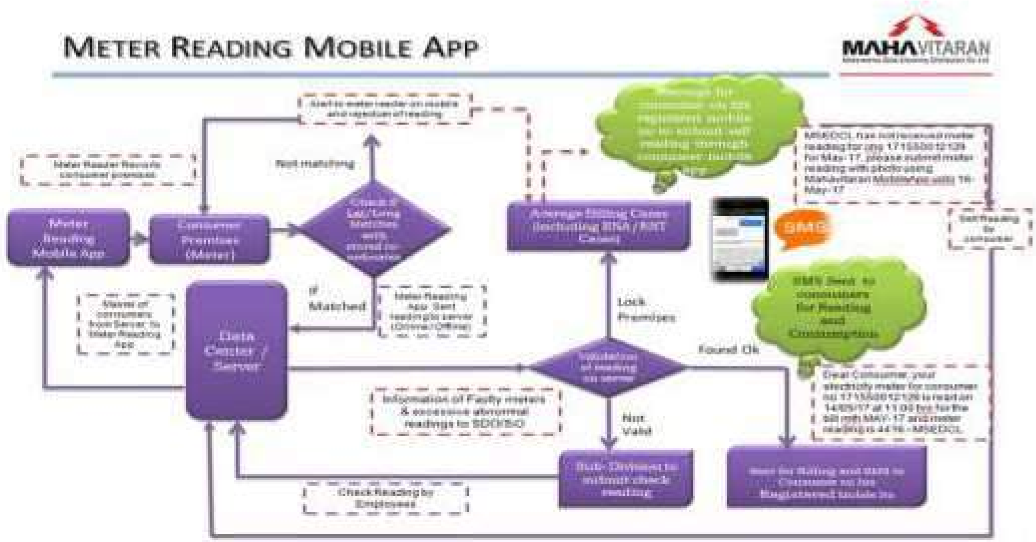
- **1.69 Crore consumers read through app in Mar-17.**



- By meter reading through Mobile App, errors due to manual intervention, accumulated consumption etc. were reduced and initially substantial consumption rise is observed.
- Check Reading: To bring control on meter reading agencies, employee can submit the check reading through this option. With this option, there is reduction in average billed cases.
- Inform Theft: Meter reader/Employee can submit the theft information along with geo-coordinate and photograph of theft case. This has helped to reduce AT&C losses.

iii. Employee Mitra App for MSEDCL Employees

With the use of this app, MSEDCL employee can carry out his following official works:

- Outage Management: Employee can feed planned/Forced Outages. After receipt of outage information, all the affected consumers are sent outage alert through SMS. Outage information is also shared with Urja Mitra App / portal of REC.
- Disconnection Drives/Recovery Drive: Consumers outstanding amount can be verified through this menu and either the payment information or disconnection information is fed through this menu.
- Load Management: Full load / partial load shifting of Distribution feeders can be fed into the App.
- Feeder Reading: Hourly feeder meter reading can be fed by the Substation Operators using this feature. With this, it is possible to derive the load curve of feeder.
- Complaint Resolution: Resolution status is marked when energy related complaints is actually resolved by employee.

- Capture Geo-Coordinates: Latitude & Longitude of Offices, DTC, HT Consumers, Substation, Collection Center, etc. are captured & uploaded to the System.

- Suggestions to CMD: Open Forum for Employees to submit their suggestions and new ideas for efficiency improvement.

iv. New Connection App for MSEDCL Employees

- The new Connection process consisting of various technical & commercial steps was largely dependent on manual process such technical feasibility, estimate preparation, meter assignment, submission to Billing system, etc.

- Timely release of New Connection ensures that all the consumers are immediately billed. This has helped to reduce delay in issue of first bill.

- After release of new connection through App, meter assigned to consumer is accounted through system in meter stock in SAP ERP. This has helped to maintain actual meter stock in SAP ERP.

SMS Services:

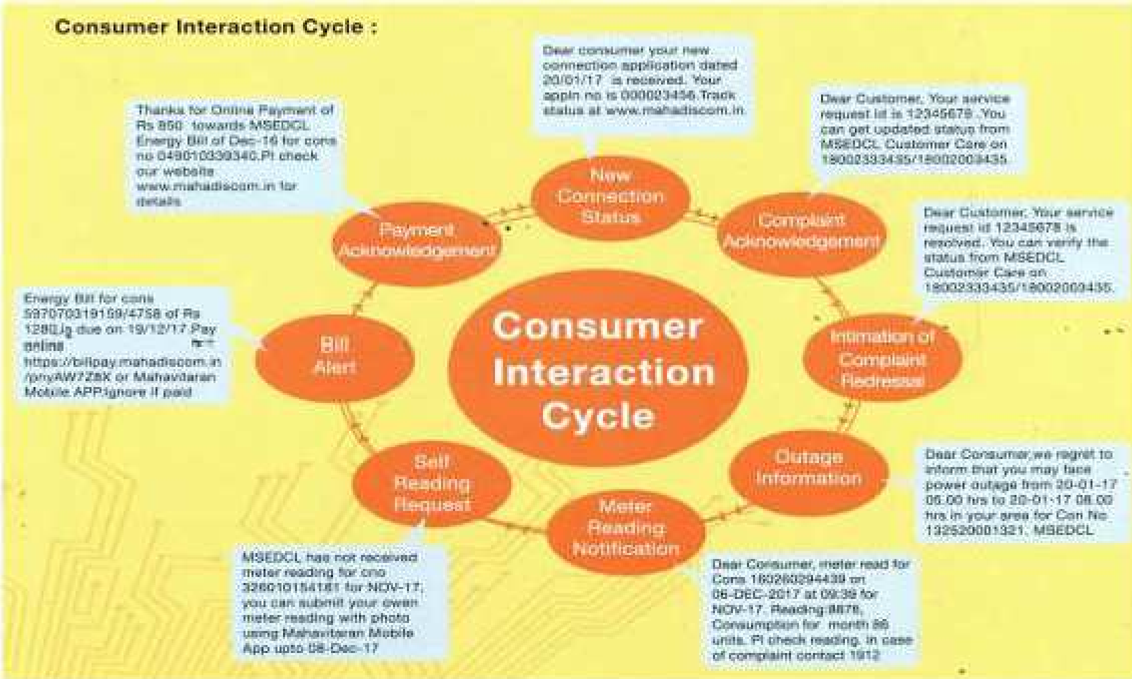
More than 22 lakh consumers experienced the digital power by virtue of Empowered Consumer Mobile App on their handhelds to best of their satisfaction since its launch, in 2016. **Mobile App has enabled active two way interaction with the consumers.**

Understanding that not all consumers would use mobile app, MAHAVITARAN provided it's all consumer related services through SMS and towards this, launched a massive efforts to collect mobile number of all consumers. And here we take opportunity to humbly acknowledge the efforts taken by our field staff in collecting mobile number and acknowledge the response of consumers reposing faith in MHAHAVITARAN.

Till March-2017, **MAHAVITARAN has Mobile Nos of about 1.22 Crore consumers,** from a consumer base of 2.5 Crores, with efforts still on to have mobile numbers of balance consumers.....

This >73% mobile number data collection is testimony to the trust and cooperation that the MAHAVITARAN consumers have so gracefully invested over the years, into the company.

At present, more than 5 Crore SMS are being sent in each month providing below services on the registered mobile number of consumers and this count is growing every month.



Online Grievance Redressal System for HT Consumers

MSEDCL HT Consumer Feedback & Grievance Redressal System is specially designed for HT consumers for logging complaints and providing feedback on MSEDCL services. These complaints are handled at HO level Helpdesk. The feedback received through this system will help in turn to improve consumer services.Main features of system are as follows :

- HT consumer / Prospective HT consumer (NC consumer) Registers the complaint and gets a Complaint id via E-mail and SMS.
- HT Helpdesk at HO logins the online system and assigns the complaint to concerned Circle officer and enters compliance from them.
- The consumer can view the status of the complaint and provide feedback for the services on 1 to 5 rating.

Monitoring of Non-Ag Sale

MSEDCL distributes the electricity through its Distribution network, comprising 11/22/33 KV distribution feeders (20500 + feeders) and transformers (5,00,000+) across Maharashtra state.

Present Energy Audit system is a post activity wherein, loss information was available to field officers after billing for a month was completed and there were no chances to have corrective actions for improvement in loss. Hence, new method of energy accounting is introduced in Jan-2017.

The input is received at EHV level from MSETCL at distribution substation. These substations are identified EHV input points at Division level. These feeders are metered and every month the feeder input is computed.

The input on the feeder contains the energy supplied during the month. This energy should be effectively converted into Energy Sales. The Energy sale has various categories like EHV sales, HT sale (High Tension consumer sale), AG sales (Agricultural consumer sale) , Non AG sales. The AG component is dependent on the rainy season and Government policies from time to time. The Non AG sale includes mostly LT RCI (LT Residential, commercial , Industrial) and other categories. Proper billing will only ensure the maximum conversion of energy input to energy Sale. Therefore Non AG Sale should become Target sale for every month.

Daily monitoring of balance Non-Ag Sale is done through system and every field officer is informed balance non-Ag sale target through mail and SMS. Every field officer is shown target of non Ag balance sale after deducting EHV/HT Sale, LT losses (as per loss trajectory) and Estimated Ag Sale from EHV Input energy.

Other Online Services

- Following MSEDCL Services are integrated to **'Aaple Sarkar'** portal of Govt. of Maharashtra & **'MAITRI'** portal for Industries.
- New Connection
- Change of Name
- Faulty Meter Replacement
- New Connection process simplified under the initiatives for Ease of Doing Business'.
- Online New Connection Application through Website or Mobile App
- Online payment of Firm Quotation (FQ) charges
- Online upload of documents (Restricted to 2)
- SMS to consumer at every stage of new connection process

SAP ERP Stabilization

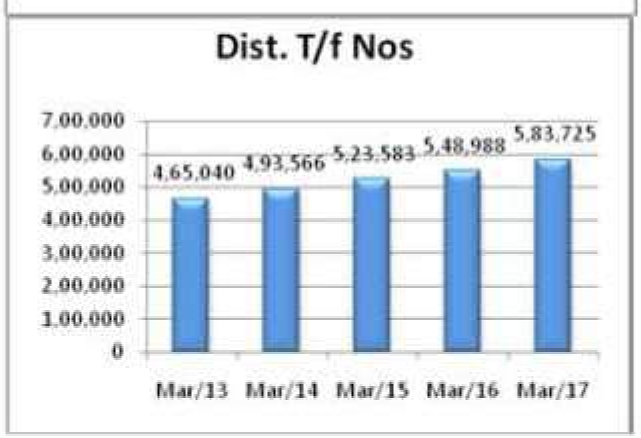
MSEDCL Implemented SAP ERP solution since Jan-2015 and integration with various systems for Finance, Operations and Projects functions namely :

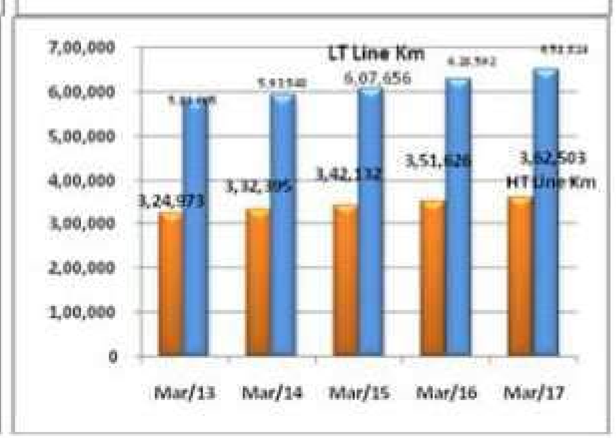
- Finance & Controlling (FI/CO) – for centrally monitoring of financial accounting data.
- Materials Management (MM)- Procurement planning & inventory management .
- Project Systems (PS) - to monitor and control all tasks in project execution
- Plant Maintenance (PM) - to operate the overall maintenance processes
- Upgrade the current Billing and CPF systems
- Develop Custom Applications for Power Purchase, Distribution Franchisee and other functions

In initial days, there were teething problems in the system, which were sorted out by improving the processes and rigorous training to employees at all levels. Now, SAP ERP has been stabilized at all levels in MSEDCL during the year 2016-17. MSEDCL is thankful to contractors and suppliers for bearing with us. With the help of all stakeholders, ERP is running smoothly.

- **PROJECTS :**

MSEDCL is distributing power supply to rural as well as urban areas of Maharashtra State through a massive electrical distribution network consisting of 3,052 nos. of Substations, 5,48,988 nos. of Distribution Transformers Centers (DTCs), 3,51,626 km HT lines and 6,28,592 Km LT lines as on 31st March 2016. There is continuous growth in the demand of electricity by consumers, specially in case agricultural and residential sectors. Keeping this in view, your company is planning the required electrical infrastructure to meet the growing demand. During the year 2016-17, 205 nos. of new Substations, addition of capacity in case of existing 321 nos. of substations, 34,737 Nos. of new DTCs, 10,877 Km of HT Lines, 23,232 km LT lines have been added through various schemes. The gradual addition in electrical infrastructure over last 5 years is as under:





New Schemes being implemented:

Deendayal Upadhyay Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS):

In order to give 24x7 power supply to all, MoP, GoI has launched two Schemes viz. DDUGJY & IPDS.

For both these Schemes GoI has sanctioned 60% of the sanctioned project cost as grant and balance 40% has to be arranged by Discom/State Govt. Additional 15% grant will be given by GoI, if the Project is completed within time period and the loss reduction trajectory is achieved.

a) DDUGJY :

The scope of works include giving access of power supply to all unconnected rural households including BPL beneficiaries, electrification of un-electrified habitation, feeder separation, strengthening of existing electrical network, etc.

MoP, GoI has sanctioned Rs.2164 crs. including the PMA charges, for 34 districts of Maharashtra. Following works are sanctioned in the Project:

Sr. No.	Particulars	Unit	DDUGJY Scope
1	New Substations	Nos.	216
2	Augmentation of substations	Nos.	54
3	Additional power transformer	Nos.	43
4	HT + LT Line	Kms.	25145
5	Distribution Transformers	Nos	9907
6	Augmentation of DTCs	Nos.	393
7	Feeder Separation	Nos.	775
8	RHHs (BPL)	Nos.	396000

As on Mar-2017, total 37 Nos. of LoAs amounting to Rs. 1228.45 Crs out of 72 tenders of have been issued and tenderization for balance works is under process and will be completed by June-2017.

b) IPDS :

The scope of IPDS includes the works like strengthening and upgradation of the existing infrastructure in towns having population more than 15000, replacement of meters, installation of solar rooftop panels at Govt. premises etc. MoP, Govt of India has sanctioned Rs.2300 crores for these works in 44 Circles.

Following works have been sanctioned by MoP, Govt of India.

Sr. No.	Particulars	Unit	IPDS Scope
1	New Substations	Nos.	128
2	Augmentation of substations	Nos.	57
3	Additional power transformer	Nos.	25
4	HT + LT Line	Kms.	10369
5	Distribution Transformers	Nos	5630
6	Augmentation of DTCs	Nos.	3644
7	Metering	Nos.	616831

As on Mar-2017, total 61 Nos. of LoAs amounting to Rs. 1625.87 Crs out of 86 tenders have been issued and tenderization for balance works is under process and will be completed by June-2017

Initiatives Taken for Project Execution:

Learning from past experience and in order to complete the project within time and smooth working with minimum disputes during the execution of the project, following initiatives have been taken by company after interaction with all stakeholders.

1) Changes in Standard Bidding Documents:

The Standard Bidding Document provided by Ministry of Power (MoP) has been revised as it is found that the qualifying requirements as per the SBI were very stringent, due to which there is possibility of less response from the bidders resulting in unhealthy competition. Learning from past experience, the tender conditions are modified for expediting the execution of project and more participation of bidders.

2) Floating Tenders for Substation related works and DTC related works separately:

To facilitate effective monitoring, encouraging maximum participation of contractors and for timely completion of work, your company decided to float the tenders in two parts.

The Tenders for Part-I (related to S/S. works) are floated at HO level whereas tenders for Part-II (DTC & associated lines) are floated at Zonal level.

3) Reduction in Work Completion Period:

As per MoP guidelines, the period of contract would be 2 years from the date of issue of LoA. However, for these projects, your company decided the project completion period as 1 year for the projects having less than 3 nos. of substations or project cost less than 10 Crs. For balance projects, the project completion period has been kept 1½ years.

4) Pro-active action taken for avoiding delay during execution of works:

(i) The proper Single Line Diagrams (SLDs) are provided to successful bidder at the time of signing of contract agreement:

As per prevailing practice of your company, the SLDs were provided to the contractors in lots as per the milestone agreed jointly by MSEDCL and the Contractor. It has been observed that SLD's are not given timely or many times locations are changed which resulted into delay in Project Completion. In order to avoid the delay, it has been decided to provide proper 100% SLDs for DTCs, substations & lines with geo co-ordinates at the time of signing of contract agreement between MSEDCL & successful bidder. This has also resulted into clarity of work to be executed.

(ii) Acquisition of substation lands in advance & soil testing report:

In earlier projects, the major cause of delay in completion of projects was non availability of substation lands at the time of award of contracts. This issue has been resolved by acquiring Substation lands in advance and floating the tenders for any circle /district only when 60% of proposed substation lands are in possession. As on date 85% of the total Sub Station lands are in possession. Further, correspondence for possession of balance lands has been made by MSEDCL with various authorities and it will be ensured that balance lands shall also be in possession within one month. Further, the soil testing report for these lands and the substation foundation drawing for civil works have been kept ready in advance and the same have been handed over to agency at the time of agreement. With this, the agency will be in position to start the substation & its associated works immediately after issue of LoA.

(iii) Special Committee for processing of Bid Proposals:

Special Committee has been setup comprising of technical and accounts officials at Head Office and Zone level for better coordination and expediting various processes/proposals like Tendering Process, Bids Evaluation, Awarding Contracts, etc. This committee will also address various issues, disputes raised during execution of project and also propose possible solution. This will help smooth and fast completion of projects as the disputes will be attended timely.

(iv) Interaction with Prospective Contractors :

Meetings were conducted with the various contractors/ manufacturers to enlighten them with the standard bidding documents, brief description of DDUGJY/ IPDS Scheme and simplified procedures with respect to the earlier projects of MSEDCL. Also, these sessions are used to understand their valuable feedback on the issues they faced in the earlier projects or working with the Government agencies. Further the bidders outside Maharashtra State were also invited for active participation in these schemes. Further, there will be monthly review meetings with all contractors at HO by Director and Hon'ble Chairman & Managing Director to review the progress of the projects and remove the difficulties during the execution.

(v) ERP System Implementation simplified:

Some of the bottlenecks in ERP system which caused delay in processing of bills/proposals have been reviewed & simplified for easy and faster processing. The contractors have been given access to ERP system for creating MIGO, JMC, WIP works, etc. Further, Dashboard for the project has been also developed for effectively monitoring the latest progress of the project, both physical and financial, by linking it to ERP system.

(vi) Incentive to bidders:

For encouraging the contractors for early completion of project, a provision for incentive to the bidder upto 2 % of tender cost or estimated cost whichever is lower has been introduced.

5) Use of energy efficiency equipments and new technology:

In order to achieve better efficiency in operation and maintenance & energy efficient equipments, energy efficient transformers, fans, LED, Yard lights, etc. have been used in these projects. Further, the equipments with latest technology like RMU's with fault passage indicators (FPI), GIS sub stations etc. have been considered in this scheme. It has been decided to set up at least 1 GIS substation in each district. Accordingly, 39 GIS sub stations will be established in IPDS projects. The additional cost due to GIS sub stations will be borne by your company.

6) Quality and Safety Assurance plans :

Three tier quality and assurance plan has been incorporated for assuring the quality and safety of the infrastructure erected under these schemes. Accordingly, Supdtg. Engineer (Infra), Executive Engineer (Infra), SDOs and Asstt. Engineer (Infra) have been given targets of sample checking of infrastructure during the erection. In addition to above, project management agency has been also employed for assuring the quality and safety of the infrastructure being erected. Further, the contractors have also been instructed to form their quality assurance team. A meeting with contractors was conducted wherein they were made aware of various defects like improper earthing, safety guarding, concreting, pole alignment, non use of LT line spaces, safety boards etc. and requested to avoid these defects during the erection of infrastructure.

Ongoing Schemes :

1. Gaothan Feeder Separation Scheme (GFSS) :

The Gaothan Feeder Separation Scheme (Rs. 481.72 crores) was implemented during the year 2006 to 2017. However, the financial closure of some of the tenders were pending due to disputes. Your company, through aggressive efforts, resolved all the issues and finalized financial closure of all the tenders of GFSS except one tender of Akola/Amravati.

2. Infra Plan – I Scheme :

The Infra Plan-I Scheme amounting to Rs. 13102 crores was implemented during the year 2008 to 2014. Though, most of the works were completed, few balance activities and rectification of defects were pending due to which financial closure of some of the tenders could not be finalized. During this year, your company took special efforts for completion of the balance works and financial closure of 27 schemes have been financially closed during the year 2016-17 and financial closure of balance will be completed by June-2017.

3. Infra Plan – II Scheme :

Your company launched Infra-II Scheme in 2013-14 for creating a new electrical infrastructure and strengthening and upgradation of the existing infrastructure for meeting the electricity demand by 2014-15. The total sanctioned cost of Scheme is Rs.8304 crores. 80% funds for this Scheme has been arranged by taking loan from REC and 20% equity has been sanctioned by Govt. of Maharashtra.

91 tenders were floated in phase-wise manner from Sept.2013 to May, 2015. The physical progress of the Scheme as on Mar.2017 is as under:

Sr. No.	Activity	Unit	Scope	Achievement	WIP
1	New Substations	No.	502	358	122
2	Augmentation of Power T/F	No.	212	202	7
3	Additional Power T/F	No.	327	281	35
4	Distribution T/F (DTCs)	No.	38362	33585	1548
5	Augmentation of DTCs	No.	15018	14019	45
6	HT line	Km.	27386	19900	1550
7	LT Line	Km.	23933	18459	720

As on Mar.2017, physical works of 34 nos of tenders have been completed and financial closure is under process. The balance works are expected to be completed by March 2018 and financial closure by June, 2018.

The delay in completing the works within time attributed to following reasons:

a) Lands: Delay in acquisition of lands from Govt./Pvt. And also further delay in permissions from Govt. Authorities.

b) SLDs: Due to frequent changes of locations, delay occurred in submission of SLDs to agencies.

c) Row: Resolving ROW issues occurred due to objection of local bodies and societies.

d) Permissions: Delay in procurement of permissions from Govt. Authorities like Forest, Railways, Local bodies, etc.

e) Poor planning by turnkey contractors: Delay in surveys, procurement of material and labour problems by contractors.

Due to unsatisfactory progress by some of the Contractors, 24 nos of tenders have been partially terminated and works of these of contracts have been partially withdrawn. These works are being completed by floating tender at Circle/Zonal level at the risk and cost of the Original Contractor and the penalties as per tender condition are being recovered.

4. Restructured Accelerated Power Development & Reforms Program (RAPDRP):

Most of the proposed works under RAPDRP have been completed by March 2017. The progress of the works is as under

I. RAPDRP Part-A:

All 128 towns selected for implementation of Part-A works have been declared go-live as on October, 2014. The Third Party inspection by PFC has been done and reports accepted by PFC on 03.10.2016.

II. Supervisory control and data acquisition (SCADA) Part-A

Following works have been completed and put in operation as on March 2017.

a) Establishment of SCADA/DMS control Centre in 8 specified towns.

b) Integration with IT system.

c) Establishment of data recovery centre at Nagpur (DR)

d) Supply, installation, integration and commissioning of 1654 FRTUs at locations of RMUs on 11kV/22kV distribution network of all 5 towns, Amravati, Malegaon, Sangli, Solapur, Gr. Mumbai.

e) SCADA/DMS system for control and supervision of 33/11kV substations and associated lines.

It is reported that though 232 RTUs out of 268 and 1555 FRTUs OUT OF 1654 are installed and five towns i.e. Amravati, Malegaon, Solapur, Kolhapur and Sangli are declared as competed till Mar-2017, there are issues of net work connectivity and stability of communication links. The remote operation from SCADA control room is not successfully carried out. Due to these problems, unmanning of sub-stations in these towns has been delayed. There is continuous follow up being done with M/s. Reliance Communications for stable link and the issue is expected to be resolved with the use of 4G links.

III.RAPDRP Part-B:

The achievement of RAPDRP Part-B as on March 2017 is as under:

Sr. No.	Activities	Unit	Scope	Achievement	WIP
1	New S/s	Nos	136	126	10
2	Aug Of Power T/F	Nos	29	26	1
3	Add of Power T/F	Nos	34	33	1
4	New Dist.T/F	Nos	6017	5775	75
5	Aug of DTCs	Nos	3666	3585	0

The balance work will be completed by December 2017.

IV. Supervisory control and data acquisition (SCADA) Part-B

Scope of SCADA part-B covers installation of equipments required for automation such as Ring Main Units (RMU), Numerical relays, Capacitors, Automatic Voltage Regulations, winding temperature indicator and oil temperature indicator for Power Transformer etc.

The total progress as on March 2017 is as under:

Sr. No.	Town	RMUs		Relay		WTI/OTI	
		Scope	Installed	Scope	Installed	Scope	Installed
1	Amravati	241	241	155	155	21	21
2	Malegaon	43	43	85	85	19	19
3	Sangli	153	153	144	144	30	30
4	Kolhapur	0	0	201	201	30	30
5	Solapur	191	191	198	179	23	23
6	Nashik	0	0	345	345	57	57
7	Greater Mumbai	742	742	1188	1050	112	112
8	Pune	0	0	1492	883	111	111
Total		**1370**	**1370**	**3808**	**3042**	**403**	**403**

The balance works will be completed by Dec.17

5. Distributions schemes :

Your company has implemented various distribution schemes through state funds as under:

I. DPDC Schemes :

The District-wise yearly plan for works of general electrification in Tribal & Non-tribal areas, electrification works for weaker section, etc. prepared by your company are approved by the concerned District Collectors. The funds under the schemes are provided by GoM as grant. During the years 2016-17, following component wise work have been completed.

a. DPDC Non-tribal :

Funds released from GoM for this component during the year 2016-17 is Rs.165.67 crores. Under this scheme, 99 nos. of Ag connections, 10506 Domestic, 369 Industrial, 14294 Street Light and 77 nos. of PWW connections have been released during the year 2016-17. Also 138 nos. of wadis & padas are electrified under this scheme during the year 2016-17.

b. DPDC Special Component Plan (SCP):

Funds released from GoM for this component during the year 2016-17 is Rs.93.3crs. Under this scheme, 1508 nos. of Agriculture connections, 2706 Street Light and 3281 Domestic connections have been released during the year 2016-17.

c. DPDC Tribal Sub Plan (TSP+OTSP):

Funds released from GoM for this component during the year 2016-17 is Rs. 98.65crs. Under this scheme, 701 nos. of Agriculture connections, 1230 Street Light and 96 Domestic connections have been released during the year 2016-17.

II. Backlog Scheme:

Ag backlog for energisation of Ag pump sets was already removed for 14 districts out of 18 identified districts of Maharashtra. The balance backlog of Ag pumps energisation was to be removed from Thane, Gadchiroli, Chandrapur & Ratnagiri districts. The funds received from GoM under the scheme for the year 2016-17 is Rs.138.72 crores. 6243 No. Ag connections have been released upto March 2017 and backlog of Ag pump energisation has been removed from Thane & Chandrapur districts during this year.

III. "ATAL" Solar Ag Pump Scheme :

GoM, vide resolution dt. 27/03/2015, entrusted MSEDCL to install and commission 10,000 nos. of Solar Ag. Pump in 6 suicide prone districts and other 15 districts in the ratio 80%-20%. MSEDCL invited and finalised the 14 nos. of tenders for executing the scheme.

Present status as on 31st March 2017: 8494 nos. of applications have been received out of which 4935 nos. of applications are sanctioned by District Committees and quotations issued. 3281 nos. of beneficiaries have paid their contributions, 2452 nos. of Ag pumps are commissioned and at balance locations, work is under progress. In spite of all out efforts by field staff and agencies, progress of installation of solar Ag pumps is not satisfactory due to few operational issues. In view of this, Govt. of Maharashtra is being requested to revise few conditions and extend the scheme upto Dec-2017.

IV. Energisation of Agricultural Pumps:

The company has energized 1,25,522 agricultural pumpsets during the year 2016-17. With the implementation of this programme, total pumpsets energized in the State are 40,51,785 up to Mar-2017. Ag paid pending as on Mar-2017 is 2,05,590. GoM has been requested to provide funds for energisation of these Ag Pumps.

V. Village Electrification:

100% village electrification was achieved in Maharashtra State as on 31-03-2011. However as per the recent joint survey of village electrification, newly declared villages in Gadchiroli Districts and villages declared in submergence area in Nandurbar District and now considered for electrification are to be electrified. It is found that out of 41125 nos., 41014 nos. of villages have been electrified as on 31.03.2017. There are 111 Villages balance to be electrified, out of which 54 villages are to be electrified by MSEDCL and balance 57 villages by MEDA. All these villages will be electrified by Mar-2018. There are total 1,41,87,425 RHHs in Maharashtra out of which 1,12,05,013 (78.98%) RHHs have been electrified as on Mar-2017 and balance will be electrified through DDUGJY by Dec-2018.

❖ **Formation of Regional Director Offices (RD) for Decentralized Management:**

- Disolution of Powers
- Ultimately the region will work as individual profit centers with only policy making, PP, Regional issues, specific cases and major projects will be dealt at HO

❖ **DISTRIBUTION FRANCHISEE:**

Initiatives have been introduced by various power distribution utilities across the country to reform electricity sector. MSEDCL had also recognized that Public Private Partnership (PPP) models could be implemented to increase investment, improve operational efficiency and service delivery to the consumers in some areas accordingly input based Distribution Franchisee is Operating in two areas namely Bhiwandi and part of Nagpur City.

Bhiwandi Distribution Franchisee:

M/s Torrent Power Limited has been appointed as the Distribution Franchisee for Bhiwandi Circle in Thane District, Maharashtra and all distribution operations have been handed over to M/s TPL from 26th January 2007 for 10 years.

Performance of M/s TPL in Bhiwandi DF Area :

	Before Handing over	After Handing Over							
Year	2006-07	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Input (Mus)	2520.99	3035.72	3060.06	3187.53	3434.8	3472.68	3765.61	3679.08	3575.73
Sale (Mus)	1465.88	2448.98	2510.68	2636.1	2832.6	2759.61	2954.63	2856.96	2800.14
Dist. Loss (%)	41.85	19.33	17.95	17.3	17.53	20.53	21.54	22.35	21.69
Collection Efficiency (%)	68.2	99.61	99.4	99.15	94.1	96.17	98.49	95.4	98.98
No. of DTCs	2247	2571	2631	2698	2770	2864	2911	2953	2984
DTC Failure (%)	34.41	3.77	2.43	1.85	1.44	1.01	0.96	0.95	0.87

Improvements carried out by M/s TPL:

1. Added 41 new 22 kV feeders and 49 new Ring Main feeders, 9 Autoreclosures, 14 Sectionalizers & 3 Stand Alone breakers on feeders to existing 46 feeders. Added one more 22 kV switching station (Tata Amantra)
2. Revamped the existing switching stations & more than 2200 DTCs. (100%)
3. Replaced more than 1000 DTCs.
4. Power transformer capacity is increased by 450 MVA.
5. Power availability increased through various improvement measures.
6. Installed 153.26 MVAR capacitors.
7. More than 99% of billing on meter reading basis compared to 46% at the time of takeover.

8. Customer base increased by more than 1 lakh through providing legal connections.
9. Operationalized a 24X7 toll free call center.
10. Commenced 24X7 control room and fault attendance centre.
11. Established three dedicated Customer Care Centers.
12. Established Internal Grievance Redressal Cell as per EA 2003.
13. Started mobile bill collection Van and outsourced collection centres.
14. On Line Payment Portal and Mobile App facility for the Payment of Electricity Bill.

As per Provision in Bhiwandi Distribution Franchisee Agreement, M/s Torrent Power Ltd has requested for the extension of the agreement. After taking review of the work done by M/s Torrent Power Ltd in Bhiwandi Distribution Franchisee area, MSEDCL has renewed the Bhiwandi Distribution Franchisee Agreement with revised rate for the period of 10 years i.e. from 26.01.2017 to 25.01.2027.

Nagpur Distribution Franchisee:

M/s Spanco Ltd. has been appointed as Distribution Franchisee for Civil Lines, Mahal and Gandhibag Divisions of Nagpur Urban Circle through open tender process and consequently operations of designated Distribution Franchise area were handed over to designated distribution franchisee on 1st May 2011 for 15 years.

Performance M/s S.N.D.L. in Nagpur DF Area:

	Before Handing over	After Handing over					
Year	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
Input (Mus)	1332.31	1364.79	1408.55	1365.04	1434.79	1372.53	1518.71
Sale (Mus)	931.94	937.49	1046.05	1105.72	1208.02	1155.65	1281.33
Dist. Loss (%)	30.06	31.31	25.74	19.00	15.81	15.80	15.63
Collection Efficiency (%)	99.06	97.47	98.56	98.46	99.66	101.31	100.90
No. of DTCs	2408	2593	2661	2758	2875	3014	3130
DTC Failure (%)	3.38	9.89	4.77	3.08	3.13	3.97	3.13

Improvements carried out by M/s S.N.D.L. in Nagpur DF Area:

1. 6 Nos. of new 33 KV feeders added.
2. 30 Nos. of new 11 KV feeders are added.
3. 93 Nos. of DTC augmented.
4. New 288 Km LT Arial Bunch Cable is provided in theft prone area.
5. Started new 24X7 Call Centre.
6. Commenced 24X7-control room and fault attendance centre.
7. Established Internal Grievance Redressal Cell as per EA 2003.

Change in the Nature of Business, If any:

There is no change in the nature of business of the Company.

Dividend

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

Share Capital

As on the date of this report, the Authorised Share Capital of the Company is remained Rs. 60,000/- Crores.

Extension u/s 96 (1) Companies Act,2013 for holding AGM after due date

Registrar of Companies, Maharashtra duly accorded approval inder section 96 (1) of Companies Act,2013 for extension of time for holding AGM till 31st December,2017 vide its certificate dated 08/09/2017

I. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Directors:

During the financial year 2016-17, the following changes in the composition of the Board of Directors of the Company have taken place.

Sr. No.	Name of the Director	Date of Appointment	Date of Cessation
1.	Shri. Sanjeev Kumar, IAS	21-12-2015	---
2.	Shri. Arvind Singh, IAS	10-03-2017	---
3.	Shri. Bipin Shrimali, IAS	27-04-2016	14-02-2017
4.	Shri. Mukesh Khullar, IAS	05-01-2015	27-04-2016
5.	Shri. S.L. Pimpalkhute	24-07-2015	---
6.	Shri. Abhijit Deshpande	26-05-2014	---
7.	Shri. D. R. Saboo	20-09-2016	---
8.	Shri. P.U. Shinde	30-08-2013	29-08-2016
9.	Dr. Ashok Harane	05-06-2014	---
10.	Shri. Vishwas Pathak	14-08-2015	---
11.	Mrs. Juelee Wagh	04-06-2014	---

The Board place on record appreciation for the excellent contribution made by the following directors till the date of this report:

1. Shri Mukesh Khullar, IAS, Principal Secretary (Energy)
2. Shri Bipin Shrimali, IAS, Principal Secretary (Energy)
3. Shri P.U. Shinde, Director (Projects)

Directors on the date of this report are as follows:

Sr. No.	Name of the Director	Designation
1.	Shri. Sanjeev Kumar, IAS	Chairman & Managing Director
2.	Shri. Arvind Singh, IAS	Principal Secretary (Energy)
3.	Shri. S.L. Pimpalkhute	Director (Finance)
4.	Shri. D.R Saboo	Director (Projects)
5.	Shri. Abhijit Deshpande	Director (Operations)
6.	Dr. Ashok Harane	Independent Director
7.	Shri. Vishwas Pathak	Independent Director
8.	Mrs. Juelee Wagh	Independent Director

(B) Declaration of Independent Directors:

The Board of Directors declares that the Independent Directors **Dr. Ashok Harane, Shri Vishwas Pathak** and **Mrs. Juelee Wagh** are:

(a) in the opinion of the Board, are persons of integrity and possesses relevant expertise and experience;

(b) (i) who were or were not a promoter of the company or its holding, subsidiary or associate company

(ii) who are not related to promoters or directors in the company, its holding, subsidiary or associate Company;

(c) Who have or had no pecuniary relationship with the company, its holding, subsidiary or associate company or their promoters or directors, during the two immediately preceding financial years or during the current financial year;

(d) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company or their promoters, or directors, amounting to two percent or more of its gross turnover of total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(e) Who, neither himself nor any of his relatives –

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial year immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or propriety or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –

(A) a firm of auditors/company secretaries in practice or cost auditors or the company or its holding, subsidiary or associate company; or (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;

(iii) holds together with his relative two per cent, or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

(f) who possesses such other qualification as may be prescribed.

(C) Key Managerial Personnel

During the financial year 2016-17, the following are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013:

Sr. No.	Name of the Key Managerial Personnel	Designation	Date of Appointment	Date of Cessation
1.	Shri Sanjeev Kumar, IAS	Chairman & Managing Director	21-12-2015	---
2.	Shri. Sunil Pimpalkhute	Director (Finance), CFO	24-07-2015	---
3.	Shri. Abhijit Deshpande	Director (Operations)	26-05-2014	---
4.	Shri. P.U. Shinde	Director (Projects)	30-08-2013	29-08-2016
5.	Shri Dinesh Saboo	Director (Projects)	20-09-2016	----
6.	Mrs. Anjali Gudekar	Company Secretary	17-03-2012	---

D) Meetings:

(I) **Board Meetings:** During the financial year under review, thirteen Board Meetings were held on the following dates:

Sr. No.	Number of Board Meeting	Date of Board Meeting
1.	181st Board Meeting	30th April, 2016
2.	182nd Board Meeting	20th May, 2016
3.	183rd Board Meeting	23rd June, 2016
4.	184th Board Meeting	16th August, 2016
5.	185th Board Meeting	19th September, 2016
6.	186th Board Meeting	29th September, 2016
7.	187th Board Meeting	30th September, 2016
8.	188th Board Meeting	11th November, 2016
9.	189th Board Meeting	23rd December, 2016
10.	190th Board Meeting	29th December, 2016
11.	191st Board Meeting	5th January, 2017
12.	192nd Board Meeting	8th February,2017
13.	193rd Board Meeting	10th March,2017

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Board Meeting attendance of Directors during financial year 2016-2017

Name of the Director	No. of Board Meetings held	
	Held	Attended
Shri Sanjeev Kumar - Chairman & Managing Director	13	13
Shri Arvind Singh - IAS – Director[1]	1	1
Shri Bipin Shrimali - IAS – Director[2]	11	11
Shri Mukesh Khullar - IAS - Director [3]	1	0
Shri Sunil L. Pimpalkhute - Director (Finance)	13	11
Shri Dinesh Saboo – Director (Projects)[4]	8	8
Shri P.U. Shinde – Director (Project) [5]	5	4
Shri Abhijit J. Deshpande – Director (Operations)	13	13
Dr. Ashok Harane – Director	13	13
Shri Vishwas Pathak	13	12
Mrs. Juelee Wagh – Director	13	12

1. Shri Arvind Singh, IAS was appointed as Director w.e.f. 10.03.2017
2. Shri Bipin Shrimali – IAS was appointed as Director w.e.f. 27.04.2016 and ceased to be CMD w.e.f. 14.02.2017
3. Shri Mukesh Khullar – IAS was appointed as Director w.e.f. 05.01.2015 and ceased w.e.f. 27.04.2016
4. Shri Dinesh Saboo was appointed as Director (Projects) w.e.f. 20.09.2016 till date
5. Shri P.U. Shinde was appointed as Director (Projects) w.e.f. 30.08.2013 and ceased to be Director w.e.f. 29.08.2016

(ii) COMMITTEE OF THE BOARD OF DIRECTORS

The Company has the following Committees of the Board:

<u>Audit Committee (AC)</u>

The Audit Committee was constituted on 07.09.2007 pursuant to provisions of (Section 292A of the Companies Act, 1956) Section 177 of the Companies Act, 2013. The composition of Audit Committee as on the date of report is as under:

Sr. No.	Name of Committee Members	Designation	In the ex-officio capacity of
1	Shri Vishwas Pathak	Chairman	Independent Non-executive Director
2	Dr. Ashok Harne	Member	Independent Non-executive Director
3	Shri S.L. Pimpalkhute	Invitee	Director (Finance)-Executive
4	Shri Abhijit Deshpande,	Member	Director (Operations)-Executive

Audit Committee Meeting attendance during financial year 2016-2017:

Name of the Director	Designation	No. of Meetings held	
		Held	Attended
Shri Vishwas Pathak	Chairman, Independent Director	6	6
Dr. Ashok Harne	Member, Independent Director	6	5
Shri S.L. Pimpalkhute	Invitee, Director (Finance)	6	6
Shri Abhijit Deshpande	Member, Director (Operations)	6	6

During the financial year under review, 6 Audit Committee Meetings were held on the following dates:

Sr. No.	Number of Audit Committee Meeting	Date of Meeting
1.	71st Audit Committee Meeting	5th May,2016
2.	72nd Audit Committee Meeting	1st July,2016
3.	73rd Audit Committee Meeting	14th September,2016
4.	74th Audit Committee Meeting	30th September,2016
5.	75th Audit Committee Meeting	29th December, 2016
6.	76th Audit Committee Meeting	8th March, 2017

The scope and terms of reference of the Audit Committee is in accordance with the Act.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee was constituted on 08.05.2014 pursuant to provisions of Section 178 of the Companies Act, 2013.

The composition of NRC as on the date of report is as under:

Sr. No.	Name of Committee Members	Designation	In the ex-officio capacity of
1	Shri Vishwas Pathak	Chairman	Independent Non-executive Director
2	Dr. Ashok Harane	Member	Independent Non-executive Director
3	Shri Sanjeev Kumar	Member	Chairman & Managing Director

During the financial year under review, four NRC Meetings were held on the following date:

Sr. No.	Number of NRC Meeting	Date of Meeting
1.	7th Nomination and Remuneration Committee Meeting	20th September,2016

NRC Meeting attendance of directors during financial year 2016-2017:

Name of the Director	No. of Meetings held	
	Held	Attended
Shri Vishwas Pathak	1	1
Dr. Ashok Harane	1	1
Shri Sanjeev Kumar	1	1

The Terms of Reference of Nomination and Remuneration Committee are as under:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down. The Committee will recommend to the Board for their appointment and removal;
- Carry out evaluation of every director's performance;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to:

  - Remuneration for the directors,

  - Key Managerial Personnel and other employees.
- Oversee the matters pertaining to HR Policies and while formulating the policy ensure that

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmark; and

c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

Corporate Social Responsibility Committee (CSR):

The Corporate Social Responsibility Committee was constituted on 26.03.2014 pursuant to provisions of Section 135 of the Companies Act, 2013.

The composition of CSR as on the date of report is as under:

Sr. No.	Name of Committee Members	Designation	In the ex-officio capacity of
1.	Dr. Ashok Harane	Chairman	Independent Non-executive Director
2.	Shri S L Pimpalkhute	Member	Director(Finance)-Executive
3.	Shri Vishwas Pathak	Member	Independent Non-Executive Director

The CSR Policy of the Company is duly approved by the Board of Directors of the Company and is placed on the Company's website. Due to continuous losses for three immediate financial years, no amount is allocated towards CSR spending.

Details of Subsidiary Companies

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the silent feature of the financial statement of a company's subsidiaries is given as **Annexure-F.**

❖ STATUTORY AUDITORS:

Pursuant to the provision of Section 141 of the Companies act 2013, the Comptroller & Auditor General of India (CAG), New Delhi, had appointed M/s Mittal & Associates, Charted Accountants, M/s B.N. Kedia & Co. Chartered Accountant and SGCO& Co. Chartered Accountants, as the Statutory auditors of the Company for F.Y. 2016-17.

Implementation of Indian Accounting Standard:

The Financial Statement of MSEDCL are prepared in accordance with the provisions of Companies Act,2013 and as per Ministry Of Corporate Affairs (MCA) Press Release dated 02.01.2015 regarding revised Road Map for implementation of Indian Accounting Standards (Ind-AS) converged with International Financial Reporting Standards (IFRS).

❖ COST AUDITORS:

Pursuant to Section 148 of the Companies Act, 2013, M/s. A.G. Anikhindi & Co., Cost Accountant, Kolhapur and M/s. N.I. Mehta & Co., Cost Accountants, Mumbai as Cost Auditors of MSEDCL for the Financial Year 2016-17.

Reserves

The net movement in the major reserve of the Company for the financial year 2015-16 & 2016-17 and the previous year are as follows:

(Rs. in Lakhs)

Particulars	F.Y. 2016-17	F.Y. 2015-16
Reserve & Surplus	(2884584.59)	(2566934.74)
Surplus in Statement of Profit and Loss	--	--

❖ AUDITOR'S REPORT:

The Auditors' Report does contain qualifications. The replies to the qualifications of the Statutory Auditors are appended as **Annexure 'G'** to Annual Accounts.

In terms of Section 143 (6) of the Companies Act, 2013 the comments of the Comptroller and Auditor General of India (CAG) on the accounts of the Company for the year ended March 31, 2017 is enclosed herewith as **Annexure 'H'**

❖ SECRETARIAL AUDIT REPORT:

In terms of Section 204 of the Act and Rules made there under Shri. Ajit Sathe, Practicing Company Secretary has been appointed as Secretarial Auditors of the Company. Report of Secretarial Audit is enclosed as **Annexure 'I'.**

❖ INTERNAL AUDIT & CONTROL:

The Company continues to appoint Internal Auditors. The scope and extent of Internal Audit encompasses audit and review of transactions. The Internal Auditor furnishes his report to the company, along with the comments of the company, which shall be placed before the Audit Committee on an ongoing basis to improve efficiency in operations.

- **RISK MANAGEMENT POLICY:**

  The Company is in process to determine and implement the risk management policy for the Company.

- **EXTRACT OF ANNUAL RETURN:**

  Copy of extract of Annual Returns is enclosed as **Annexure 'I'.**

- ***Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report***

  There is no such material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report like settlement of tax liabilities, operation of patent rights, depression in market value of investments, institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets etc.

- ***Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future***

  There is no such orders passed, to which impacting the going concern status and company's operations in future.

- **DEPOSITS:**

  During the year under review, the Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public.

- **Related Party Transactions:**

  During the year under review, there were no contract or arrangements entered into by the Company in accordance with provisions of section 188 of the Companies Act, 2013.

- **Obligation of Company under the Sexual Harassment of women at workplace (Prevention, Prohibition And Redressal) Act, 2013**

  In order to prevent sexual harassment of women at work place a new act, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

  Company had formed a Committee for prevention of 'Sexual Harassment of Women at workplace' at field and Head office level.

- **CONSERVATION OF ENERGY:**

  Use of Non-conventional Sources of energy to supplement conventional energy:

1) Wind Energy projects in Maharashtra :

MSEDCL has installed 10 MW wind power project at site Deogad, Dist.-Sindhudurg, which is commissioned in February 2016.

The total installed capacity of wind power projects selling wind energy to MSEDCL is 3045.4 MW as on 31.03.2016 (including 10 MW own generation) & 3631.65 MW as on 31.03.2017.

2) Bagasse based 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 Bagasse based Cogeneration Projects having installed capacity of 1987.75 MW as on 31.03.2016 & 1999.75 MW as on 31.03.2017. Out of above 85 MW projects have been commissioned in F.Y. 2016-17. The total commissioned capacity as on 31.03.2016 is 1819.85 MW & as on 31.03.2017 is 1904.85 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:

EPA's are executed with biomass projects having installed capacity of 211 MW as on 31.03.2017. Out of above 157 MW biomass projects have been commissioned upto 31.03.2017.

4) Small Hydro Projects:

Hydro projects up to 25 MW capacity are considered as Small Hydro projects and they are treated as Renewable Energy (RE) sources.

MSEDCL contracted capacity of private & Govt owned small hydro projects up to 31.03.2016 is 262.825 MW and up to 31.03.2017 is 302.325 MW. Further, 7.2 MW commissioned capacity addition have been done in FY 2016-17.

The total commissioned capacity as on 31.03.2016 is 261.875 MW & as on 31.03.2017 is 269.075 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 327 MW as on 31.03.2016 & 1327 MW as on 31.03.2017 for meeting solar Renewable Purchase Obligations (RPO) target.

As on 31.03.2017 the commissioned capacity of the solar projects selling power on long term basis to MSEDCL is 252 MW.

Use of Non-conventional Sources of energy to supplement conventional energy:

MSEDCL is bound to meet Renewable Purchase Obligation (RPO) as specified under MERC (RPO-REC) Regulations, 2010 & 2016 and all along efforts are being made to procure non-conventional energy (NCE) and also to meet the RPO to the extent possible.

b) Technology absorption : N.A.

c) Foreign exchange earnings and Outgo

Foreign Exchange earned: Nil (Previous year - Nil)

Foreign Exchange outgo : Nil (Previous year – Nil)

❖ **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under Section 134(5) of the Companies Act, 2013, 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 & estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year 2016-17 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, 2013, 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.

❖ **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 provisions of Companies (Particulars of Employees) Rules, 1975 as amended. Hence no information pertaining to the same has been provided.

❖ **ACKNOWLEDGMENTS:**

The Directors express their sincere thanks and gratitude to the Government of Maharashtra, Ministry of Power, Government of India, New Delhi, esteemed Consumers, Maharashtra Electricity Regulatory Commission, M/s Rural Electrification Corporation Ltd., M/s Power Finance Corporation Ltd., the 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.

For and on behalf of the Board

Place: Mumbai
Date: 27th December, 2017

Chairman and Managing Director

Annexure I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U40109MH2005SGC153645
2.	Registration Date	31.05.2005
3.	Name of the Company	Maharashtra State Electricity Distribution Company Limited
4.	Category/Sub-category of the Company	Company limited by shares State Government Company
5.	Address of the Registered office & contact details	Prakashagd, Plot No. G-9, Prof Anant Kanekar Marg, Bandra (East), Mumbai-400051
6.	Whether listed company	Unlisted
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Collection & distribution of electric energy to households, industrial, commercial and other users n.e.c.	35109	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name	Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1.	MSEB Holding Company Limited	Hongkong Bank Building, 3rd & 4th floor,Mahatma Gandhi Road, Fort, Mumbai-400001	U40100MH2005SGC153649	Holding company	100%	Section 2(46)
2.	Aurangabad Power Company Limited	2nd Floor, Prakashgad, Plot No.G-9, Prof. Anant Kanekar Marg, Bandra (East), Mumbai-400051	U40109MH2007SGC171852	Subsidiary company	100%	Section 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)	-----------------------As per list attached--------------------------------								
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds	--------------- ------------------------- NIL ----------------------------- ------								
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	---------------------------------------NIL------------------------------------								
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									

Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R	------------------------ ----------------- NIL ------------------ ----------------								
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)									

B) Shareholding of Promoter-

S N	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
							-	-
		----------------------- As per list attached ------------------------------						

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	-------------------------------- NIL -------------------------------				

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs): Nil

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year –				
1.	Managing Director, MSEDCL				
2	Managing Director, MSEBHCL/ Key Managerial Personnel	------ As per list attached ------			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year – There is no change in the shareholdings	No change			

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition	----------- As per list attached ----------			
* Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - FY 2016-17

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in Rs.)

Sr. No.	Particulars of Remuneration	Name of Chairman & Managing Director		Whole time Director			Total Amount
		Shri Sanjeev Kumar	Shri S.L. Pimpalkhute	Shri Abhijit Deshpande	Shri Dinesh Saboo 20/09/2016 To 31/03/2017	Shri P.U. Shinde 30/08/2013 to 29-08-2016	
1	**Gross salary**						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,05,995	15,02,067	30,10,407	12,39,516	86,56,543	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission - as % of profit - others, specify...						
5	Others, please specify						
	Total (A)						
	Ceiling as per the Act						

B. Remuneration to other directors for F. Y. 2016-17

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors:		
	Fee for attending board committee meetings – Rs.5,000/- per Meeting	Shri Vishwas Pathak Dr. Ashok Harane Mrs. Juelee Wagh	1,05,000 95,000 60,000
			2,60,000
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors:		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify	------------------------ NIL ------------------------	
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

FY 2016-17

(in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	--	--	--	--
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	18,62,627	15,02,067	33,64,694
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission	--	--	--	--
	- as % of profit	--	--	--	--
	others, specify…	--	--	--	--
5	Others, please specify	--	--	--	--
	Total		**18,62,627**	**15,02,067**	**33,64,694**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY			**NIL**		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			**NIL**		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			**NIL**		
Penalty					
Punishment					
Compounding					

Annexure - F

STATEMENT RELATING TO SUBSIDIARY COMPANY:

In accordance with the General Circular No: 2/2011 dated 8 February, 2011,issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, the Statement of Profit and Loss and other documents of the subsidiary are not being attached with the Annual Accounts of the Company. This Annual Report contains Consolidated Financial Statement of the Company and its subsidiary in accordance with the relevant Accounting Standards and the same has been duly audited by Statutory Auditors. The annual Accounts of the subsidiary company and related information will be made available to the shareholders of the Company and its subsidiary company on request and will also be kept open for inspection by the shareholders at the Registered Office of the Company and the subsidiary.

Name of Subsidiary Company	Aurangabad Power Company Limited (in Rs.)
Issued & Subscribed Capital	5,00,000.00
Reserves	1,81,482.49
Total Assets	6,3021,050.35
Total Liabilities	6,2946371.73
Investments	--
Turnover	--
Profit/(Loss)before Tax	38,157.00
Provision for Tax	--
Profit/(Loss) After Tax	26,366.49
Proposed Dividend	--

Annexure - I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

A.Y. SATHE & Co.
Company Secretaries

CS Ajit Sathe
B.Com, LLB, FCS, AICWA

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Managerial Personnel) Rules, 2014]

To,

The Members,

Maharashtra State Electricity Distribution Company Limited

Prakashgad, Plot No. G-9, Anant Kanekar Marg,

Bandra (East), Mumbai-400051.

I, Ajit Y. Sathe, Proprietor of A. Y. Sathe & Co., Practicing Company Secretaries, Mumbai, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Maharashtra State Electricity Distribution Company Limited (CIN: U40109MH2005SGC153645) (hereinafter called as 'the Company'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts' statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also, the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that, the Company has proper Board Processes and Compliance Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 3 Ist March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(Not applicable as the Company is an Unlisted Public Company);**

(iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder **(Not applicable as Company's shares are held in physical form);**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during Audit Period);**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable as the Company is an Unlisted Public Company:

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015;

f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) In respect of other laws specifically applicable to the Company, the below-mentioned other law is specifically applicable to the Company:

The Electricity Act, 2003

I have also examined compliance with the applicable clauses of the following:

(i) The Secretarial Standards issued by The Institute of Company Secretaries of India;

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations/ non¬compliances:

I. Under the Companies Act, 2013:

(i) Nomination & Remuneration Committee has only two Non-Executive Directors, instead of minimum requirement of three Non-Executive Directors as per the Act and consequently, the composition of Nomination & Remuneration Committee is not in accordance with the provisions of sub-scctton (1) of Section 178 of the Act.

I have relied on information/ records produced by the Company during the course of my audit and the reporting is limited to that extent

I further report that

The Board of Directors of the Company is constituted with balance of Executive Directors & Non-Executive Directors and Independent Directors. The changes in the composition of the

Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that-

The Company is wholly-owned by the Government of Maharashtra and during the Audit Period, the Company issued and allotted equity shares of face value of Rs. 10/- each as under as per the Government of Maharashtra's Directives:

Date of allotment	No. of shares	Consideration	GR No.
11/11/2016	33,70,00,000	Other than cash	I] GR No.Nidhivi-2015/pr.k.135/ urja-3 dated 28.09.2015
			II] GR No.Nidhivi-2015/pr.k.135/ urja-3 dated 30.03.2016

I further report that,

During the audit period, there were no instnces like:

(I) Public/Right/Preferential issue of shares/debentures/swear equity etc.

(ii) Redemption / buy-back of securities

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013

(iv) Merger/amalgamation/reconstruction, etc.

(v) Foreign technical collaborations

For **A. Y. Sathe & Co.**
Company Secretaries

Sd/-
CS Ajit Sathe
(Proprietor)
FCS No. 2899
COP No.738

Place : Mumbai
Date : 16th December, 2017

This report is to be read with our letter of even date, which is annexed as **ANNEXURE-1,** and it forms an integral part of this report.

A.Y. SATHE & Co.
Company Secretaries

CS Ajit Sathe
B.Com, LLB, FCS, AICWA

ANNEXURE - I

To,
The Members,
Maharashtra State Electricity
Distribution Company Limited
Prakashgad, Plot No G-9, Anant Kanekar Marg,
Bandra (E), Mumbai - 400051.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts arc reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted/ will conduct the affaire of the Company.

For **A. Y. Sathe & Co.**
Company Secretaries
Sd/-

CS Ajit Sathe
(Proprietor)
FCS No. 2899
COP No.738

Place : Mumbai
Date : 16th December, 2017

REPLIES TO THE SECRETARIAL AUDITOR REPORT FOR THE YEAR 2016-17

Auditors Reports		MSEDCL Remarks
1.	Nomination and Remuneration Committee has only two non executive directors instead of three directors as mentioned in Act.	Factual Necessary compliance will be done with due approval of the Board.

Annexure A : Towns with less AT & C loss

Sr. No.	Name of town	AT&C Loss (%)
1	Chandrapur	9.38
2	Greater Mumbai	3.85
3	Jaisingpur	7.09
4	Khopoli	5.34
5	Kolhapur	9.44
6	Nagpur	4.63
7	Nashik	5.15
8	Navi Mumbai	5.51
9	Ozar	6.54
10	Pulgaon	8.71
11	Pune City	4.27
12	Ratnagiri	7.2
13	Sangli	8.5
14	Satara	9.6
15	Tasgaon	6.73
16	Umarkhed	8.65
17	Uran-Islampur	7.95

Annexure B :Divisions with less Distribution Loss

Sr. No.	Division	% Dist Loss for FY 16-17
1	Aurangabad R-I	9.40
2	Jalana - I	8.09
3	Phaltan	9.31
4	Satara	9.87
5	Solapur (R)	9.59
6	Bhandup	7.94
7	Mulund	8.40
8	Nerul	8.07
9	Washi	6.78
10	Chandrapur	4.83
11	Pachora	9.14
12	Dombivali	8.08
13	Kalyan (W)	8.35
14	Alibag	2.08
15	Goregaon	8.07
16	Panvel (R)	7.28
17	Roha	5.03
18	Ichalkaranji	4.95
19	Jaisinghpur	8.80
20	Kolahpur (U)	4.78
21	Sangali (U)	4.12
22	Nagpur R-1	9.51
23	Nagpur R-2	8.02
24	Nagpur MIDC	3.63
25	Congress Nagar	7.68
26	Arvi	8.57
27	Hinganghat	8.10
28	Wardha	6.87
29	Degloor	7.29
30	Nashik 1	7.02
31	Nasik (R)	5.55
32	Bhosari	8.69
33	Kothrud	6.76
34	Pimpri	8.82
35	Shivaji Nagar	8.06
36	Rajguru Nagar	7.79
37	Band Garden	6.28
38	Nagar Road	8.15
39	Parvati	9.71

Annexure C : Divisions with higher Distribution Loss

Sr. No.	Division	% Dist Loss for FY 16-17
1	Akola (R)	25.95
2	Akola (U)	32.04
3	Akot	20.38
4	Washim	32.64
5	Achalpur	20.65
6	Amaravati (U)	25.61
7	Aurangabad U-II	28.69
8	Aurangabad R-II	24.83
9	Kannad	24.40
10	Jalana - II	26.80
11	Vaduj	22.30
12	Bhiwandi Circle (Bhiwandi-I + Bhiwandi-II)	21.73
13	Thane III	52.75
14	Allapalli	25.25
15	Gondia	20.40
16	Jalgaon (U)	35.03
17	Muktainagar	23.47
18	Nandurbar	32.21
19	Shahada	40.44
20	Virar	22.76
21	Kankawali	21.30
22	KawatheMahakal	25.44
23	Ambejogai	26.63
24	Beed	27.31
25	Nilanga	21.16
26	Udgir	29.74
27	Hingoli	20.06
28	Nanded Urban	41.35
29	Nanded (R)	26.53
30	Parbhani-I	40.20
31	Parbhani-II	21.97
32	Karjat (R)	28.20
33	Shrirampur	22.45
34	Malegaon (U)	40.05

Annexure 'D'

CATEGORY	As on Mar-16		As on Mar-17		Rise/Fall w.r.t. Mar-16
	No of Cons in Arrears	Total Arrears	No of Cons in Arrears	Total Arrears	
		(In Crs.)		(In Crs.)	(%)
RESIDENTIAL	3,441,089	1,029	3,592,581	1,155	12.31
COMMERCIAL	292,273	344	302,973	366	6.29
HT-INDUSTRIAL	2,345	392	1,720	462	17.89
LT-INDUSTRIAL	60,347	170	60,577	225	32.25
POWERLOOM	44,591	940	51,658	1,063	13.09
PWW	37,263	1,221	38,081	1,449	18.62
STREET LIGHT	72,040	2,021	74,587	2,751	36.12
AGRICULTURE	3,570,947	14,882	3,764,703	19,272	29.49
OTHERS	33,984	60	33,670	64	7.62
RAILWAYS	-	(0)	6	2	-
P.D. CONSUMERS	3,500,111	7,047	3,372,199	6,640	-
Grand Total	**11,054,990**	**28,106**	**11,292,755**	**33,449**	**19.01**

Annexure 'E'

ZONE AND CIRCLE WISE RCI & AG (HT+LT) ARREARS AS ON MAR-16 VS MAR-17

CIRCLE	As on Mar-16						As on Mar-17						% Rise/ Fall w.r.t. Mar-16
	RCI	AG	PWW+ Str Light	PD	Others	Total	RCI	AG	PWW + Str Light	PD	Others	Total	
Akola	7	201	44	46	0	298	9	248	54	47	1	360	20.76
Buldhana	6	609	111	54	1	780	8	755	149	57	0	969	24.22
Washim	6	245	32	29	0	311	9	294	42	33	0	378	21.27
Akola ZONE	**19**	**1,055**	**186**	**129**	**1**	**1,389**	**27**	**1,297**	**246**	**136**	**1**	**1,707**	**22.82**
Amaravati	3	504	75	62	(0)	644	2	639	109	63	(0)	812	26.14
Yavtmal	4	564	200	66	0	835	6	723	257	68	0	1,055	26.36
Amaravati ZONE	**7**	**1,069**	**275**	**128**	**0**	**1,479**	**8**	**1,363**	**366**	**131**	**0**	**1,867**	**26.26**
Aurangabad (U)	169	13	17	71	5	275	116	15	42	134	2	310	12.53
Aurangabad	32	1,044	158	97	1	1,332	24	1,304	232	111	1	1,672	25.53
Jalana	52	771	112	169	2	1,105	49	932	78	243	2	1,304	18.04
Aurangabad ZONE	**253**	**1,828**	**286**	**337**	**7**	**2,712**	**190**	**2,251**	**352**	**488**	**5**	**3,286**	**21.16**
Baramati	14	491	107	159	5	776	12	711	145	149	3	1,020	31.44
Satara	7	104	56	32	0	200	(0)	179	81	28	0	289	44.55
Solapur	7	1,591	155	158	0	1,911	5	2,097	195	151	(0)	2,449	28.13
Baramati ZONE	**28**	**2,186**	**318**	**349**	**5**	**2,887**	**17**	**2,987**	**422**	**329**	**3**	**3,757**	**30.15**
Bhiwandi	1,458	4	20	494	3	1,979	1,898	4	29		12	1,942	(1.85)
Thane (U)	82	(0)	3	385	0	471	54	(0)	3	399	1	456	(3.15)
Vashi	46	0	5	38	1	89	(0)	(0)	7	16	0	23	(73.79)
Bhandup ZONE	**1,587**	**4**	**28**	**917**	**4**	**2,539**	**1,952**	**3**	**39**	**415**	**13**	**2,422**	**(4.62)**
Chandrapur	8	21	23	28	0	81	4	33	34	29	0	100	23.35
Gadchiroli	3	16	45	20	1	84	2	22	71	18	0	113	35.05
Chandrapur ZONE	**11**	**37**	**68**	**48**	**1**	**164**	**6**	**55**	**105**	**46**	**0**	**213**	**29.31**
Bhandara	1	41	2	129	0	172	1	61	3	126	0	190	10.61
Gondia	3	21	7	30	0	61	66	35	11	26	(0)	137	125.30
Gondia ZONE	**4**	**61**	**9**	**159**	**0**	**233**	**66**	**95**	**14**	**152**	**(0)**	**328**	**40.58**
Dhule	8	456	89	51	8	612	7	584	113	49	8	761	24.36
Jalgaon	95	1,158	236	153	1	1,644	55	1,512	286	185	1	2,038	23.98
Nandurbar	7	271	96	65	0	439	7	349	133	70	0	559	27.31
Jalgaon ZONE	**111**	**1,885**	**421**	**269**	**9**	**2,695**	**68**	**2,445**	**533**	**304**	**9**	**3,358**	**24.61**
Kalyan -I	4	0	2	27	(0)	33	6	0	2	23	(0)	31	(6.33)
Kalyan-II	(23)	1	8	69	0	55	(28)	1	26	64	0	63	13.78
Palghar (Mini)	10	1	(5)	58	3	67	(2)	2	3	48	3	54	(19.55)
Pen	54	2	48	81	1	185	137	1	55	68	1	263	42.04
Vasai	(1)	1	2	91	0	93	(1)	1	3	81	0	85	(8.22)
Kalyan ZONE	**44**	**4**	**56**	**325**	**4**	**433**	**112**	**5**	**90**	**284**	**5**	**496**	**14.50**
Ratnagiri	107	(1)	(10)	54	0	151	118	(0)	(2)	47	0	163	8.26
Sindhudurg	2	(0)	2	5	(0)	8	2	(0)	4	3	0	9	16.35
Kokan ZONE	**109**	**(1)**	**(8)**	**58**	**0**	**158**	**121**	**(1)**	**1**	**51**	**0**	**172**	**8.66**
Kolhapur	88	58	51	48	0	244	79	79	67	44	0	269	9.91
Sangli	7	226	50	66	0	349	3	354	62	62	0	482	37.80

Kolhapur ZONE	**95**	**284**	**101**	**113**	**1**	**594**	**82**	**433**	**129**	**106**	**1**	**750**	**26.32**
Beed	110	871	233	218	3	1,434	121	1,086	285	245	2	1,740	21.32
Latur	22	550	309	105	1	987	16	699	374	112	0	1,201	21.74
Osmanabad	31	705	165	98	1	999	31	873	225	102	1	1,232	23.32
Latur ZONE	**162**	**2,126**	**707**	**421**	**4**	**3,420**	**169**	**2,659**	**884**	**459**	**3**	**4,173**	**22.02**
Nagpur (R)	9	125	46	58	1	239	5	181	63	52	0	302	26.46
Nagpur (U)	52	19	6	16	(0)	93	64	24	7	(1)	1	95	1.70
Nagpur (U) Franchisee	61	0	1	63	(0)	125	74	0	0	60	0	134	7.75
Wardha	10	66	12	33	(0)	120	7	86	18	28	0	140	16.10
Nagpur ZONE	**132**	**210**	**65**	**169**	**0**	**577**	**149**	**291**	**89**	**139**	**2**	**671**	**16.25**
Hingoli	18	385	77	76	0	556	19	486	102	85	0	693	24.64
Nanded	24	724	199	158	0	1,105	24	872	251	162	0	1,309	18.49
Parbhani	124	587	92	141	1	946	167	718	96	148	2	1,131	19.64
Nanded ZONE	**166**	**1,695**	**368**	**374**	**2**	**2,606**	**210**	**2,076**	**450**	**395**	**2**	**3,133**	**20.22**
A' Nagar	27	1,622	254	2,675	2	4,580	22	2,082	321	2,672	2	5,098	11.32
Malegaon	41	353	25	123	1	543	33	511	30	134	1	709	30.58
Nasik (U)	13	344	42	88	3	490	11	515	56	73	5	660	34.82
Nasik ZONE	**81**	**2,319**	**320**	**2,886**	**6**	**5,613**	**67**	**3,107**	**407**	**2,880**	**7**	**6,468**	**15.24**
Ganeshkhind (U)	17	2	(4)	121	(1)	134	8	3	1	101	(0)	112	(16.41)
Pune (R)	39	118	47	131	14	349	23	201	72	124	16	437	25.20
Rastapeth (U)	11	1	(1)	112	(0)	123	(0)	1	1	99	(1)	99	(19.45)
Pune ZONE	**67**	**121**	**42**	**364**	**13**	**607**	**31**	**205**	**74**	**325**	**15**	**649**	**6.93**
GRAND TOTAL	**2,875**	**14,882**	**3,243**	**7,047**	**59**	**28,106**	**3,271**	**19,272**	**4,200**	**6,640**	**66**	**33,449**	**19.01**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

Report on the Financial Statements:

We have audited the accompanying Ind AS financial statements of **Maharashtra State Electricity Distribution Company Limited ("the Company"),** which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow statement and the Statement of Change in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on conducting our audits in accordance with the Standards on Auditing under Section 143(10) of the Act.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment,including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate, except as stated in the basis for qualified opinion paragraph, to provide a basis for our qualified audit opinion on the Ind AS financial statements.

Basis for Qualified Opinion

We draw attention to the matters described in ***Annexure 'A'*** *to this report, the effects/ possible effects on the Ind AS financial statements of misstatements, individually or in aggregate,* that are *undetected in some cases due to our inability to obtain sufficient appropriate audit evidence as mentioned in the said Annexure, which are material but not pervasive. The effects of the matters described in said Annexure, which could be reasonably determined/quantified, on the elements of the accompanying Ind AS financial statements are tabulated as under:-*

(Amount in Rs. Lacs)

S. No.	Head of Account	Overstated	Understated
1	**Other Equity (Accumulated Losses)**	-	1,075,842.07
2	**Expenses**		
	Delay Payment charges	-	104,383.06
	Power Purchase	-	6,400.00
	Refund of RLC as per MERC Order	-	10,726.00
3	**Current Liability**		
	Trade payable	6,248.74	1,129,105.13
	Other Current Liabilities	-	10,726.00
4	**Non- Current Asset**		
	Security deposit	45,667.74	-
	Advances	18,101.00	-

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified-Opinion paragraph above, the aforesaid Ind AS financial statements, read together with the matters described in the 'Emphasis of Matter' paragraph, 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, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to **Annexure 'B'** of our report regarding matters referred in Ind AS financial statements, which require user's attention. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (hereinafter referred to the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure 'C',** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

I) *We have sought and, except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph and our comments as mentioned in para no.2(i)(iv),* obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) *Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph,* 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;

iii) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

iv. *Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above,* in our opinion the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule7 of the Companies (Accounts) Rules, 2014;

v. *The matters described in the Basis for Qualified Opinion and emphasis of matters paragraphs above,* in our opinion, may have an adverse effect on the functioning of the Company.

vi. Being a Government Company, pursuant to Notification No. F.No. 1/2/2014-CL. V dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provision of sub section (2) of section 164 of the Companies Act, 2013 are not applicable to the company

vii. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

viii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in **Annexure "D".** Our report expresses a modified opinion on the operating effectiveness of the company's internal control over financial reporting; and

ix. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) *Due to effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph,* we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements — Refer Note 31.1 to the Ind AS financial statements;

b) *Due to effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph,* we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any,on long-term contracts. According to the information and explanations given to us, the Company has not entered into any derivative contracts;

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d) The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. However we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with the books of account maintained by the company and as produced to us by the management — Refer Note 31.29 to the Ind AS financial statements;

Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act.

In terms of Directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act, and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanation given to us, we give in the **Annexure 'E',** a statement on the matter specified in the said Directions.

For Mittal & Associates	For B. N. Kedia & Co.	For S.G.C.O. & Co. LLP
FRN 106456W	FRN 001652N	FRN 112081W/W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	**Sd/-**	**Sd/-**
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

Annexure A
referred to in our report under
"Basis for Qualified Opinion" paragraph

1. **Property, Plant & Equipment:**

a) As mentioned in Note No. 31.5 to the financial statements, due to non-availability of proper and complete records of Work Completion Reports, we have come across instances of non-capitalisation and/or delayed capitalisation of Property, Plant & Equipment, resulting delay in capitalisation with corresponding impact on depreciation for the delayed period.

b) Refer to para no. 10(a) of Note No. 2 of 'Significant Accounting Policies'. The Company has capitalised during the year employee cost and office & administrative expenses amounting to Rs. 41,131.68 Lakhs on ad-hoc basis @ 15% of additions of Capital WIP. However the company does not have a practice of specifically identifying such expenses attributable to additions to such CWIP or to the acquisition of fixed assets, which is not in accordance with Ind AS 16 - Property, Plant & Equipment. In the absence of sufficient and appropriate audit evidences we are not in a position to comment on the correctness of the same.

c) Refer to para no. 10(b) Note No. 2 of 'Significant Accounting Policies' to the financial statements regarding Borrowing Costs allocated to addition to CWIP amounting to Rs. 2,515.39 Lakhs @ 11.42% (computed on the weighted average interest rate of previous year) without identifying qualifying assets and interrupted projects, which is not in accordance with "Ind AS-23 Borrowing Costs". Further, required interest has not been capitalised on brought forward balance of CWIP, being qualifying assets, the possible impact thereof is not ascertainable in the absence of sufficient and appropriate audit evidences.

d) The physical verification of Fixed Assets was not conducted during the year by the management. The possible impact on the financial statements, if any, based on outcome of such physical verification could not be ascertained.

2. **Presentation of Financial Statements in accordance with Ind AS:**

a) As mentioned in Note No. 31.7.B.(i).a to the Financial Statements, the company has made provision for expected credit loss under Ind AS 109 on trade receivables. While calculating the same, the company has considered trade receivables after deducting security deposits received from consumers. The said deposits have been allocated against the trade receivables in proportionate to the value in the respective age category instead of allocating the same against attributable trade receivables. As a result ECL has not been provided on some of the category of consumers as the allocated security deposit exceeded the balance outstanding. In view of the above, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

Further, for the purpose of calculation of expected credit loss, the company has considered the amount of trade receivables and security deposit as per the IT database and not the amount outstanding as per the books of account. There are differences in balances of trade receivables and security deposit as-mentioned below.

(Rs. in Lakhs)

Particulars	Balance as on 31/03/2017 as per Books of accounts (A)	Balance as on 31/03/2017 as per IT Database (B)	Differences (A-B)
Trade receivables	32,76,847	36,16,089	(3,39,242)
Security deposits	6,44,509	6,42,889	1,618

In absence of sufficient and appropriate audit evidences, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

b) Attention is invited to Note no. 5 on "Loans — other non-current assets"- Ind AS 109, requires interest free loans given to related parties Rs.71,347.10 Lacs to be carried at present value. However the company has carried such loans at cost which is not in accordance with the requirements of Ind AS. In absence of proper information, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

3. Depreciation:

We have observed that in some of the cases, depreciation on Property, Plant & Equipment has not been worked out correctly as there are discrepancies/ variations observed in date of put to use of the various assets. In the absence of proper audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.

4. Trade Receivables:

a) Refer to para 6 a (iii) of Note No. 2 'Significant Accounting Policies' to Financial Statements, it has been stated that the company has recognised expected credit loss on Trade Receivable and other Financial Assets based on time loss and credit loss. Credit loss has been derived based on provision-matrix. However while preparing the provision matrix, the Company has not determined any forward looking information on the behaviour pattern of the customers. In absence of any scientific system of making the provision matrix and absence of consideration of behaviour pattern of the customers, we are not in a position to comment on the adequacy of the provision for expected credit loss.

b) As mentioned in Note No. 31.7(B)(i)a to the Financial Statements, there is a difference of Rs. 3,39,242 Lakhs as on 31.03.2017 in the balances of trade receivable as per books of account and as per IT database, which is pending for reconciliation, including Rs. 3,01,213 for the year 2015-16. In absence of proper reconciliation we are not in position to ascertain the impact thereof on the financial statements of the company.

c) Trade receivable amounting to Rs 36,22,075.80 Lakhs (excluding ECL adjustments) is net of credit balance amounting Rs 5,56,118.92 Lakhs. In absence of proper details of the credit balances in respect of individual consumers, we are not in a position to ascertain the impact thereof on the financial statements of the company.

d) As mentioned in Note No. 9 to the Financial Statements, Trade Receivable to the extent of security deposits amounting to Rs. 413769.75 Lakhs received from various consumers have been shown as secured debtors without customer wise mapping of the security deposit. As a result the amount shown as secured debtors is overstated to the extent of the deposit received from consumers who have outstanding less than security deposit as on 31st March 2017. In absence of audit trail we are not in position to comment on the consequential impact of the same on the financial statements of the company.

e) As mentioned in Note No. 31.10 to the Financial Statements, the Trade Receivable from M/s Globle Tower Ltd. (GTL) amounting to Rs.13,621.22 Lakhs are subject to final settlement. Furthermore ECL has not been provided on the balance outstanding. As such, we are not in a position to comment on the adequacy of the trade receivable and impact of the same on the financial statements of the company.

5. Security Deposits from Consumers

As mentioned in Note No. 31.7.B.(i).a to the Financial Statements, there is a difference of Rs.1,618 Lakhs in the balances of Security Deposits as per books of account and as per IT database, which is pending for reconciliation. In the absence of proper reconciliation, we are unable to comment on the possible impact of the same on the financial statements of the company.

6. Accrual System of Accounting

Refer para 4 of Note No. 2 "Significant Accounting Policies" to Financial Statements -During the course of our audit, we have come across few expenses, more particularly repairs and maintenance, which have been accounted for on cash basis instead of accrual / mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy. In absence of the complete audit trails, we are not in a position to ascertain the impact of the same on the financial statements of the company.

7. Balances Confirmation:

Refer Note No. 31.4 to Financial Statements - Balances of trade receivables, loans and advances, credit balances of consumers, various other debit/credit balances, cash in transit, dues from government and reconciliation in respect of certain Bank balances as well as of the collecting post offices of the accounting units are subject to respective confirmations, reconciliation and consequential adjustments thereof. The system of third-party balance confirmation followed by the Company needs to be strengthened further. In absence of proper records / details, we are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, possible loss / profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.

8. Post Office balance, Bank Balance etc:

a) Refer Note No. 10 and Note No. 31.4.(ii) to the financial statements regarding non¬availability of balance confirmation from post office and most of the DCC Bank Branches

(District Central Co-operative Bank) as per details given as under:

(Rs. in Lacs)

Particulars	Total Debit balance as on 31.03.2017 as per books of accounts	Total Credit balance as on 31.03.2017 as per books of accounts
Post office	13,142.91	4,737.11
DCC	6,847.42	5,012.72
Total	**19,990.33**	**9,749.83**

In absence of non-availability of balance confirmation, we are unable to comment on consequential impact of the same on the financial statements.

b) Refer Note No. 31.6 to the financial statements, The Bank Reconciliation statements at various divisions and circles includes many entries related to cheques deposited by consumers but dishonoured by the bank but have not been reversed in the books of account and are lying under pending reconciliation. Further Bank Reconciliation statements contains many other un-reconciled entries including initial upload balances, which are yet to be reconciled. As such we are unable to comment on the impact thereof on the financial statements.

9. Classification of Assets and Liabilities to current / non-current:

The Company has not classified the liabilities as current and non-current of the following head of account:

a) Refer Note No. 21 Other Financial Liabilities-Current -

i) Deposits Collected from Private Agencies towards Collection of Bills: Rs. 5,903.13 Lakhs

ii) Retention money from supplier contractor Rs 2,41,087.46 Lakhs

iii) Deposits from other Rs. 23,773.29 Lakhs

b) Refer Note No 16. Other Financial Liabilities - Non-current which includes Deposits for Electrification, service connections etc amounting Rs 1,292.15 Lakhs.

As a result the aforesaid disclosure is not in accordance with the requirements of Schedule - III of the Companies Act 2013.

10. Power Purchase:

a) Refer Note No. 31.1.(iii).(a) to the financial statements, the company has made a short provision of Delayed Payment Charges as on 31.03.2017 amounting to Rs. 2,99,236 Lakhs and Rs. 1,24,421 Lakhs payable to MSPGCL and MSETCL respectively including Rs. 66,330 Lakhs for the year 2016-17. As a result the loss of the company has been understated by Rs. 66,330 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 4,23,657 Lakhs.

b) Refer Note No. 31.1.(iii).(b) to the financial statements, the company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate instead of as per SBI Prime Lending Rate plus 2% as mentioned in the Power Purchase Agreement entered into. The company has reversed the provision of Rs.8,252 Lakhs made upto 31/03/2016. Furthermore the company has made a short provision of Rs. 9,301 Lakhs for the year 2016-17 and accumulated short provision of Rs. 43,016.13 Lakhs upto 31.03.2017. As a result the loss of the company for the year has been understated by Rs.17,553.06 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 43,016.13 Lakhs.

Refer Note No. 31.1.(iii).(c) to the Financial statement , the Company has not provided delayed payment charges amounting to Rs. 20,500 Lakhs as on 31st March 2017. As a result loss of the Company, other equity (accumulated losses) and current liabilities are understated by Rs. 20500 Lakhs.

11 . Non Provision of various Expenses:

a) As mentioned in Note No. 31.2 to the Financial Statements, the amount of Rs. 39,419 Lakhs deposited with MERC towards user charges payable to Mula Pravara Electric Co¬op. Society Ltd. have not been debited to Profit & Loss Statement and have been shown as security deposit as a result the loss of the company for the year is understated by Rs. 39,419 Lakhs and assets are overstated to that extent.

b) As mentioned in Note No. 31.1.(iii).(d) to the Financial Statements, the company has not provided for the liability towards compensation of incremental coal cost pass through due to New Coal Distribution Policy (NCDP) payable to M/s Adani Power Maharashtra Ltd. (APML) and M/s. Rattan India Power Ltd (RPL) amounting to approx. Rs. 3,91,216 Lakhs. As a result the loss of the company is understated by Rs. 3,91,216 Lakhs and liabilities are understated to that extent.

c) As mentioned in Note No. 31.1.(iii)(e) to the Financial Statements, the company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Pvt Ltd amounting to Rs. 2,68,817 Lakhs (including Rs. 6,400 Lakhs for the year) payable upto 31st March 2017. A sum of Rs. 18,101 Lakhs given to RGPPL has been shown as advances. As a result the loss of the company for the year is understated by Rs. 6,400 Lakhs, Other Equity (accumulated Losses) are understated by Rs. 2,68,817 Lakhs, Current Liabilities are understated by Rs. 2,50,716 Lakhs and the Non-Current Assets are overstated by Rs. 18,101 Lakhs.

12. Ind AS - 37 - on 'Provisions, Contingent Liabilities and Contingent Assets'

Due to non-availability of proper details and documents, we are unable to examine and verify the quantum of Contingent Liabilities disclosed in Note No. 31.1 to the Financial Statements. In the absence of proper details and documents, we are unable to comment on the consequential impact thereof on the financial statements.

13. Refund of Regulatory Liability Charges:

In FY 2003 to 2006 Regulatory Liability charges were collected from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs to the consumers. The Company has subsequently refunded only Rs 3,11,974 Lakhs upto 31.03.2017. The company has not made any provision towards the balance payment of Rs 10,726 Lakhs. As a result the loss of the company for the year is understated by Rs. 10,726 Lakhs and Current Liabilities are understated to that extent.

14. Other Items:

a) The company has shown a sum of Rs. 1,25,679 Lakhs and Rs. 54,795 Lakhs as liabilities towards Clearing GRIR and Liability for supplier Work & Maintenance. These balances are net of debit balances. In absence of audit trail we are not in position to ascertain the impact on the Assets and Liabilities of the company.

b) A sum of Rs. 6,248.74 Lakhs paid to the FBSM Corpus as deposits, is included in Security Deposit with others vide Note no. 5(a)(iii) to the financial statement. Whereas to the best of the information and explanations given to us the aforesaid deposit has, so far been, already received back. However the same have not been properly accounted in the books of account and is continue to be shown as receivable. In view of that the Non- Current Assets and Liabilities are overstated to that extent.

c) As per Ind AS 20, Government grants shall be recognised in profit or loss statement on a systematic basis over the period, in which the entity amortises the related cost for which the grants are intended to compensate. The company assumes that all grants o received are utilised and the assets are capitalised in same year. Due to non-availability of sufficient and appropriate audit evidences, we are unable to comment on the consequential impact on the financial statements of the company.

d) A sum of Rs. 3,601.17 Lakhs are has been shown as power purchase un-identified balance and is included in Trade Payable — Current (Liability for purchase of power) vide Note no. 20 to the financial statement, for which party-wise-details are not provided to us for verification. As a result we are not in a position to comment on the existence of the liability and consequential impact on the financial statements of the company.

e) There is a difference in outstanding balances as on 31.03.2017, as appearing in the books of accounts of the company and its group companies. Details of which are given as under:

(Rs. In Lakhs.)

Name of the Company	Nature	Balance as per MSEDCL	Balnce as per other Group Company	Difference
Maharashtra State Power Generation Company Ltd (MSPGCL)	Loans and Advances	46,835.97	46,782.50	53.47
Maharashtra State Electricity Transmission Company Ltd (MSETCL)	Loans and Advances	24,183.28	24,516.93	(333.66)
Maharashtra Power Development Corporation Limited (MPDCL)	Loans and Advances	246.73	230.56	16.17
Aurangabad Distribution Company Limited — Subsidiary of MSEDCL	Loans and Advances	121.11	142.79	(21.68)
Maharashtra State Electricity Board Holding Company Ltd (MSEBHCL)	Other Current Liabilities	4,06,030.79	3,83,014.94	23,015.86

In absence of reconciliation we are unable to comment on the impact thereof on the Financial Statement.

f) Note No. 31.16 to the financial statements of the additional Notes to Accounts regarding non identification of accounts relating to Micro, Small and Medium Scale Enterprises (MSME) and provision for interest payable thereon, the liability on this account has not been quantified by the company. As such we are unable to ascertain the interest provision (if any) required and its consequential impact on the loss for the period. Due to non-identification of MSM, the disclosure as required by the relevant Statute has not been made by the company.

For Mittal & Associates	For B. N. Kedia & Co.	For S.G.C.O. & Co. LLP
FRN 106456W	FRN 001652N	FRN 112081W/W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

Annexure - B
Referred to in our report under "Emphasis of Matters" paragraph

1. As mentioned in note no. 5 (b) & (c) to the Financial Statements, the company has made provision for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable amounting to Rs. 9,687.45 on balances outstanding as on transition date i.e.01.04.2015 on account of impracticability instead of its origination date.

2. While preparing the Ind AS financial Statements the company has regrouped the following liabilities as on 31.03.2016 and 01.04.2015 from Non- current (Indian GAAP) to Current (Ind AS). However, appropriate disclosure and reason under Ind AS 101 for same has not be complied with:

(Rs. in Lakhs)

Particulars	As at 31.03.2016	As at 01.04.2015
Deposits for Electrification, service connections, etc.	7,045.89	6,292.65
Deposit from Staff Welfare Fund	5,587.16	4,424.80
Security Deposits from collection agencies	5,097.01	4,614.20
Security Deposit against Energy AG Pumps under EGS	448.71	392.70
Amount owed to licensees	493.69	493.69
Deposits & retention from Suppliers & contractors	1,57,490.49	1,44,962.84
Refundable amount under Non-DDF scheme	7,219.02	6,657.53
Liability for capital supplies/ works	4,694.29	1,145.37

3. As mentioned in note no. 31.32 to the Financial Statement, while giving Ind AS impact, the value of Property, Plant and Equipment (PPE) as on 1st April 2015 is computed after considering the re-valued assets under FRP scheme which was as per GR No. Reform2010/P:K. 117/Urja-3 dated 31st March, 2016 whose impact was given under Indian GAAP in the financial statements as on 31st March, 2016. The accumulated depreciation up to 31.03.2015 thereon is adjusted in the retained earnings as on 1st April 2015. The adjustment has been done in cognizance with holding company.

4. Refer Note No. 31.27 to Financial Statements, Company is required to invest every year an amount equivalent to contingency reserve created during the last year as per Maharashtra Electricity Regulatory Commission (MERC) Guidelines. However the Company has made an earmarked investment of Rs. 18,522.29 Lakhs as against the contingency reserve of Rs. 68,500 Lakhs as on 31.03.2017.

For and on behalf of

For Mittal & Associates	For B. N. Kedia & Co.	For S.G.C.O. & Co. LLP
FRN 106456W	FRN 001652N	FRN 112081W/W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	(CA S. K. Kedia)	(CA Shyamratan Singrodia)
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai
Date : 09.10.2017

Annexure - C
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on other legal and Regulatory Requirements" in Independent Auditors Report of even date to the members of Maharashtra State Electricity Distribution Company Limited on the Ind AS financial statements for the year ended on March 31, 2017)

(I) (a) The company has generally maintained proper records showing full, particulars including quantitative details except details and records of most of the leasehold and freehold land and situation of fixed assets.

(b) The Fixed assets have not been physically verified by the management during the year. Due to non-undertaking of Physical verification of the fixed assets, we are not in a position to state whether there are any material discrepancies, if any.

(c) According to the information and explanations given to us, some of the title deeds of immovable properties are not held in the name of the Company. However in absence of adequate audit evidence, we are not in a position to provide the details thereof.

(ii) During the year under audit physical verification of inventories have been conducted. Discrepancies noticed during physical verification of inventories have been dealt with by the company.

(iii) As informed to us, the company has granted interest free unsecured loans to companies mentioned in the register maintained under Section 189 of the Companies Act, 2013.

a) Since the loans are interest free, prima facie the terms and conditions of such loans are prejudicial to the interest of the company.

b) The schedule of repayment of principal has not been stipulated.

c) In the absence of repayment schedule, we are unable to comment on the overdue of such loans.

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loan in pursuance to section 185 of the Companies Act, 2013 and provisions of section 186 are not applicable to this company since the Company is providing infrastructure facilities as specified in Schedule VI of the Companies Act 2013.

(v) According to the explanations and information given to us, the company has not accepted any deposit during the year and therefore provisions of Sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 are not applicable to the company.

(vi) The Central Government has prescribed maintenance of cost records u/s 148 of Companies Act, 2013 along with rules prescribed thereunder in respect of distribution of electricity. According to the explanations and information given to us, the Company has prima facie maintained the prescribed records. We have not made an examination of the cost records required to be maintained in respect of their accuracy and completeness as the Company is in the process of obtaining the compliance report of the Cost Accountant.

(vii)(a) As explained to us, the company has been generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Employee State Insurance, Sales Tax, Income Tax, custom duty, excise duty, Value added Tax, cess and other material statutory dues applicable to it except in respect of tax deducted at source, Works Contract Tax and service tax liability wherein the company is irregular in accounting and deposit thereof. Further, accor ding to the information & explanations given to us, no undisputed amounts payable in respect of aforesaid dues, which were in arrear as at 31.03.2017 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty, service tax, value added tax and cess which have not been deposited on account of any dispute except the following demands:

Name of Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which it relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax along with Interest	31,557.00	A.Y.-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Penalty	258.00	A.Y.-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Tax	1.53	A.Y.-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Demand as per Order u/s 263	59,590.00	A.Y.-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Tax along with Interest	80,286.94	A.Y.-2007-08	Bombay High Court
Income Tax Act, 1961	Tax	151.50	A.Y.-2007-08	ITAT MUMBAI
Income Tax Act, 1961	Tax along with Interest	23,326.41	A.Y.-2007-08	CIT (Appeal)
Income Tax Act, 1961	Penalty Demand	45,543.00	A.Y.-2007-08	Bombay High Court
Income Tax Act, 1961	Tax along with Interest	1,00,360.23	A.Y.-2008-09	Bombay High Court
Income Tax Act, 1961	Interest	361.92	A.Y.-2008-09	ITAT MUMBAI
Income Tax Act, 1961	Penalty	1760.80	A.Y.-2009-10	ITAT MUMBAI
Income Tax Act, 1961	Tax along with Interest	88,468.89	A.Y.-2009-10	ITAT MUMBAI
Income Tax Act, 1961	Tax Along with interest	18,431.83	A.Y.-2009-10	Bombay High Court
Income Tax Act, 1961	Interest	122.46	A.Y.-2009-10	ITAT MUMBAI
Income Tax Act, 1961	Fringe Benefit Tax	232.21	A.Y.-2009-10	CIT
Income Tax Act, 1961	Tax along with Interest, Penalty And Fine	6.85	A.Y.-2011-12	CIT (Appeal)
Income Tax Act, 1961	Tax along with Interest	17,721.04	A.Y.-2012-13	ITAT MUMBAI
	TOTAL	**4,68,171.61**		

(viii) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or bond holders.

(ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has neither raised money by way of initial public offer or further public offer (including debt instruments). The term loan obtained during the year has been applied for the purpose it is obtained.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, we have not come across any fraud by the company against its officers or employees and no fraud made by the officers or employees on the company was noticed during the year, by or against officers or employees of the company.

(xi) In view of the Government Notification No. GSR 463(E) dated 5th June 2015, government companies are exempt from the applicability of section 197 of the Companies Act 2013. Accordingly clause 3(xi) of the order is not applicable to the company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under relevant Accounting Standard.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has made private placement of 33,70,00,000 equity shares of Rs.10 each during the year and funds raised have been used for the purpose it was raised. However the company has delayed allotment of shares beyond the period stipulated in section 42 of the Companies Act 2013.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or 'persons connected with him during the year under review. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of

For Mittal & Associates	For B. N. Kedia & Co.	For S.G.C.O. & Co. LLP
FRN 106456W	FRN 001652N	FRN 112081W/W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	(CA S. K. Kedia)	(CA Shyamratan Singrodia)
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Maharashtra Electricity Distribution Company Limited** as at 31st March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS fmancial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclaimer of Opinion

According to the information and explanation given to us and based on our audit, the Company has not established its internal control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal control over financial reporting and whether such internal control were operating effectively as on 3 1st March 2017.

However based on the limited audit procedure performed by us during the course of our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2017:

1. The company does not have an appropriate internal control system for identification of overheads to be capitalized with the cost of Property, Plant and Equipment which could potentially result into under/over/delayed capitalization of Property, Plant and Equipment

and corresponding impact on the depreciation charged and operational results of the company.

2. The' company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment as and when the same is ready for use due to delayed issue of work completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items. This could potentially result into under capitalization of Property, Plant and Equipment and corresponding impact on the operational results due to lower charge of depreciation.
3. The company does not have appropriate internal control system for capitalization of employee cost and office and Admin Expenses, the same is done on ad-hoc basis @15% of additions or CWIP made during the year without identifying the expenses directly attributable to the capital asset / project/CWIP. Moreover such capitalization rate is applied for the full year irrespective of the actual date of capitalization and period of interruptions if any.
4. The Company does not have appropriate Internal control system for physical verification of items of Property, Plant and Equipment of the company at various divisions circles and Head office at reasonable interval and adjustment of material discrepancies noticed during such verification.
5. The Company has not designed effective internal control for timely verification of Stores/ inventories lying at Division/Circle and to tally them with the balance appearing in financial ledger and analyzing the reasons for such deviation so as to give appropriate treatment of discrepancies therein.
6. The company does not have an appropriate internal control system to ensure that provisions made pending receipt of all bills from vendors / contractors for supply of goods and provision of services and towards expenses at the .year end are duly reversed when actual bills/ invoices are received and accounted for. This could potentially result in the same being wrongly accounted.
7. The company does not have an integrated ERP / SAP system. Different software packages used by the Company are interfaced through software link or manual intervention leaving gapes between them. This could potentially result into impaired financial reporting.
8. The company does not have an appropriated control system for reconciliation/ confirmation of vendor/ contractor/ Trade Receivables amounts and loan and advances balances including the balances of group companies and consequent adjustments which could potentially result in some changes in the financial statements.
9. The company does not have an appropriate internal control system for proper deduction and/or deposit of statutory dues like service tax, works contract tax, TDS, TCS resulting into or which could potentially result in non-deduction/ under deduction or delayed deposit of statutory dues with Government authorities. This can have consequential impact in the financial statement and problems such as litigation, penalty proceedings and interest levy etc against the company.
10. The company has a system of Internal Audit through qualified external Chartered Accountants, however the system is not effective so as to cover all major areas of weaknesses. There is no effective system of compliances / closure of the Internal Audit observations for all Divisions/Circles. This could possibly result into weak checks &

balances and defective and unreported financial irregularities, ultimately resulting into ineffective oversight of the entity's financial reporting and internal control by those charged with Governance.

11. The company does not have appropriate internal control system to reconcile the financial accounts pertaining to income tax, service tax, TDS, TCS, works contract tax etc., with the relevant tax records and returns. This could potentially result into under/over statement of such amounts in the financial statements.
12. The company does not have an internal control for timely and accurate reconciliation of significant accounts and confirmation of balances lying with DCC Bank/Post offices Accounts. This could potentially result into impaired financial reporting.
13. The company does not have an internal control for timely and proper reconciliation of difference between balances as per Bank Statement and the balances as per books of account. These includes various dishonoured cheque feed to consumers account which have not been reversed even after dishonor of the cheques by the banker.
14. The Company do not have adequate internal control system of clearing GRIR and liability for suppliers account. This could potentially result into under/over statement of such liability in the financial statements.
15. The Company do not have adequate internal control system of reconciling the balances of its group companies. This could potentially result into under/over statement of such balances in the financial statements.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing and audit tests applied in our audit of the financial statements of the Company and these material weaknesses above have affected our opinion on the Ind AS financial statements of the Company and we have issued qualified opinion on the Ind AS financial statement.

For Mittal & Associates	**For B. N. Kedia & Co.**	**For S.G.C.O. & Co. LLP**
FRN 106456W	FRN 001652N	FRN 112081W/W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	**Sd/-**	**Sd/-**
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

Annexure - E
To the Auditors Report Comments on the Directions u/s. 143(5) of the Companies Act, 2013

(Referred to in paragraph 3 under "report on other legal and Regulatory Requirements" in the Independent Auditors Report of even date to the members of Maharashtra State Electricity Distribution Company Limited (hereinafter referred as "the Company') on the financial statements for the year ended March 31, 2017).

Sr. No.	A. Directions		Auditors' Comments
1	To report whether there are any cases of waiver/write off of debts / loans/interest etc.; if yes, the reasons thereof, and the amount involved,		As per the information and explanation given to us, the Company has waive/write off interest and delayed payment charges on arrear receivable from consumer as per the scheme of PD amnesty and Peyjal Yojana which has been implemented by the Company and the details of the amount waived/written off under the schemes for F.Y.2016-17 is as follows: 1. Peyjal Yojana:Rs.1,723.51 Lakhs 2. PD Amnesty :- Rs.4,290.57 Lakhs Total :- Rs.6,014.08 Lakhs The amounts were waived/written off for recovery of arrears from PD and Peyjal Yojana pertains to public water works (PWW) consumers in Rural Area
2	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.		As per the information and explanation given to us, the company purchases inventories as per the requirement and specified norms. It is also certified by the management that no inventories is lying with third parties and the Company has not received any assets as gift from govt. or other authorities".
3	A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.		As per the information and explanation given to us, the Age wise analysis of pending legal / arbitration cases are as below:

<table>
<tr><th>Sr. No.</th><th>A. Directions</th><th></th><th>Auditors' Comments</th></tr>
<tr><td></td><td></td><td></td><td>

Aging of Case	No. of Cases
Upto 5 year	4373
More than 5 upto 10 year	982
More than 10 upto 15 years	266
More than 15 years	148
Total	**5769**

As informed to us the reasons for pendency are as under:

1. The cases pending for more than five years - these cases are pending due to the various reasons such as

a) Due to large backlog of pending cases before the various courts

b) On Appeals against interim Orders proceedings in main suit is stayed till outcome of Appeals.

c) The concern persons may not be traceable for serving the summons due to change in address or premises is closed etc.

d) The execution petitions are filed but the warrants remained unserved to the parties due to various reason i.e. closure of factory, changes in address, new address has not found, their whereabouts are untraceable and the detail of property of Judgement Debtors not found etc. for execution of warrant.

e) Writ Petitions (admitted) pending before High Court as a result of backlog of pending cases

f) Hon'ble High court admits the matters and after stay, matter is listed for final hearing in due course. However, the disposal of these matters is purely within the domain of Hon'ble High Court.

As informed to us the payments of fees of advocates engaged for conducting cases on behalf of Company and its officers, are made as per approved circular. And also as informed to us there is no foreign cases which are pending.
</td></tr>
<tr><td>4</td><td>If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.</td><td></td><td>As per the information and explanation given to us, the Company has not been selected for disinvestment; hence the clause is not applicable.</td></tr>
</table>

Sr. No.	B. Sub Directions		Auditors' Comments
1	Has the company entered into agreement with franchisees for distribution of Electricity in selected areas and revenue sharing agreement adequately protect the financial interest of the Company?		As per information and explanations provided to us, during the year the Company has not entered into agreement with any franchisees for distribution of Electricity, However the company is supplying power to certain old franchisees in selected areas which is not ' below its average cost of purchase.
2	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.		As per information and explanations provided to us, the balances of receivables and payables w.r.t. power purchases with power generation, distribution and transmission companies has been duly reconciled with books of accounts as at 31st March, 2017 except the balances with Tamil Nadu Coastal, Posoco WRPC Reactive Charges, Akaltara Power Ltd., Tatiya Andhra Pradesh, Orissa Power Transmission Corp., Adani Power Maharashtra Ltd., EMCO Ltd. and Non-Conventional Energy vendors. The main reasons for the items in reconciliation include accounting of DPC, Rebate, Charges related to change in law, Capacity Charges, Energy Bills, FAC Bills, supplementary bills of Uran Gas TPS, Infirm power 'Chandrapur Unit 8 & Unit 9, Arrears of HT Consumer recovered by MSEDCL not transferred to MSPGCL. And also refer the para no. 15.(g) of Ann-A of audit report for differences of inter company balances.
3	How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Govt. shortfall if any may be commented?		As per information and explanations provided to us, the GOM provides concession in rate towards sale of power to certain categories of consumers. During the year the Company has been allowed the following subsidy against supply power at concessional rate to the consumer: (Rs. in Lakhs)

Year	2016-17
Subsidy Allowed for FY 16-17	8,27,122
Opening Balance as on 01.04.16	1,68,033
Subsidy Accounted in FY 16-17	7,78,081
Subsidy Received/Adjusted upto FY 16-17	6,23,088
Balance Receivable from GoM in FY 17-18	3,23,026
Amount Received from GoM in FY 17-18	2,01,832

Sr. No.	B. Sub Directions		Auditors' Comments
4	Report on the efficacy of the system of billing and collection of Revenue in the Company. Further, Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.		1. As per information and explanations provided to us as regards to report on the efficacy of the system of billing and collection of revenue, the company prepares monthly collection reports and compares the billing & collections and take follow up with field office for the recovery of outstanding. As on 31st March, 2017, the total Trade Receivables outstanding is Rs. 28,49,620 Lakhs. 2. As per information and explanations provided to us as regards to installation of tamper proof meters, MSEDCL have approx. 248 Lakhs consumers out which approx. 233 Lakhs consumers are metered and only approx. 15 Lakhs consumers are under unmetered AG category. Further, as certified by the management, all the metered consumers are provided with tampered proof meters. 3. The following method is adapted for billing of unmetered Ag sale of LT unmetered Ag consumers, I) At the end of quarter, IT section computes quarterly **Sub-Division wise kwh/HP Indices units** ii) While computing **kwh/HP** norm, only the consumers with **NORMAL meter status** having progressive reading iii) (negative and zero consumption excluded) will be considered. iv) Consumption of consumers having consumption greater than **224 kWh/ hp/ month will be CAPPED to 224kWh/hp/month** v) Rationale behind CAP of 224 kwh/HP/Month is Maximum 3000 Running hours per year and 300 days of operation = 3000 / 300 = 10 Hours per day 0.746 kw(1hp) X 10 Hrs X 30 days = 224 kWh / HP/Month v) **This Subdivision wise kwh/HP Index** computed will be used to Compute quarterly consumption of unmetered agriculture consumers in subdivision. **The method is approved by MERC.**
5	Whether Profit and Loss mentioned in Audit report is as per Profit and loss statement of the Company.		To the best of our knowledge and belief, the Profit and Loss mentioned in Audit report is as per the Profit and loss statement of the Company.

Sr. No.	B. Sub Directions		Auditors' Comments
6	Whether the Company recovers Fuel and Power Purchase Adjustment Cost (FPPCA) and accounts for as approved by the Maharashtra Electricity Regulatory Commission (MERC)?		As per information and explanations provided to us, the Company calculates Monthly Fuel Adjustment Cost and levies to the consumers in the bill. The same is accounted as Revenue from consumers. The quarterly FPPCA calculation is sent to MERC for vetting. The Company has obtained post facto approval of the same upto August 2016.
7	Whether the Liabilities and other financial implications arising due to implementation of UDAY (Ujwal Discom Assurance Yojana) have been correctly accounted for may be examined.		As per information and explanations provided to us and as per the examination carried out by us, the liabilities and other financial implications arising due to implementation of UDAY Scheme have been correctly account. Also refer note no. 31.24 of the financial statements regarding accounting of UDAY scheme.

For Mittal & Associates	For B. N. Kedia & Co.	For S.G.C.O. & Co. LLP
FRN 106456W	FRN 001652N	FRN 112081W/W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	(CA S. K. Kedia)	(CA Shyamratan Singrodia)
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

REPLIES TO THE STATUTORY AUDITOR REPORT FOR THE YEAR 2016-17

Auditors' Report	MSEDCL's Remarks
Report on the Financial Statements: We have audited the accompanying Ind AS financial statements of Maharashtra State Electricity Distribution Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Change in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.	No Comments
Management's Responsibility for the Financial Statements The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

Auditor's Report	MSEDCL's Remarks
Auditor's' Responsibility Our responsibility is to express an opinion on these Ind AS financial statements based on conducting our audit in accordance with the Standards on Auditing under Section 143(10) of the Act. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate, except as stated in the basis for qualified opinion paragraph, to provide a basis for our qualified audit opinion on the Ind AS financial statements.	No Comments
Basis for Qualified Opinion We draw attention to the matters described in **Annexure 'A'** to this report, the effects/ possible effects on the Ind AS financial statements of misstatements, individually or in aggregate, that are undetected in some cases due to our inability to obtain sufficient appropriate audit evidence as mentioned in the said Annexure, which are material but not pervasive . The effects of the matters described in said Annexure, which could be reasonably determined/quantified, on the elements of the accompanying Ind AS financial statements are tabulated as under:-	Please Refer Replies to Annexure 'A'

Auditor's Report	MSEDCL's Remarks
(Amount in Rs. Lacs)	

Sr. No.	Head of Account	Overstated	Understated
1	**Other Equity** (Accumulated Losses)	-	1,075,842.07
2	**Expenses**		
	Delay Payment charges	-	104,383.06
	Power Purchase	-	6,400.00
	Refund of RLC as per MERC Order	-	10,726.00
3	**Current Liability**		
	Trade payable	6,248.74	1,129,105.13
	Other Current Liabilities	-	10,726.00
4	**Non- Current Asset**		
	Security deposit	45,667.74	-
	Advances	18,101.00	-

Auditor's Report	MSEDCL's Remarks
Qualified Opinion In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements, read together with the matters described in the 'Emphasis of Matter' paragraph, 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, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.	
Emphasis of Matters We draw attention to **Annexure 'B'** of our report regarding matters referred in Ind AS financial statements, which require user's attention. Our opinion is not modified in respect of these matters.	Please Refer Replies to Annexure 'B'
1. Report on Other Legal and Regulatory Requirements As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (hereinafter referred to the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure 'C',** a statement on the matters specified in paragraphs 3 and 4 of the Order.	Please Refer Replies to Annexure 'C'

Auditor's Report	MSEDCL's Remarks
2. As required by section 143 (3) of the Act, we report that: i. We have sought and, except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph and our comments as mentioned in para no.2 (I) (iv), obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; ii. Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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; iii. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income) , the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account iv. Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; v. The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company. vi. Being a Government Company, pursuant to Notification No. F.No. 1/2/2014-CL.V dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provision of sub section (2) of section 164 of the Companies Act, 2013 are not applicable to the company vii. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above. viii. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in **Annexure "D".** Our report expresses a modified opinion on the operating effectiveness of the company's internal control over financial reporting; and ix. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	Please Refer Replies to Annexure 'D'

Auditor's Report	MSEDCL's Remarks
a) Due to effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31.1 to the financial statements; b) Due to effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. According to the information and explanations given to us, the Company has not entered into any derivative contracts; and c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group. d) The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. However we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with the books of account maintained by the company and as produced to us by the management – Refer Note 31.29 to the Ind AS financial statements	
Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act In terms of Directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act, and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanation given to us, we give in the **Annexure 'E',** a statement on the matter specified in the said Directions.	Please Refer Replies to Annexure 'E'

Annexure - A

Referred to in over report under "Basis for Qualified Opinion" paragraph

Sr. No.	Auditor's Report		MSEDCL's Remarks
1. a)	**Property, Plant & Equipment:** As mentioned in Note No. 31.5 to the financial statements, due to non-availability of proper and complete records of Work Completion Reports, we have come across instances of non-capitalisation and/or delayed capitalisation of Property, Plant & Equipment, resulting delay in capitalisation with corresponding impact on depreciation for the delayed period.		The instructions are issued to field offices for timely capitalisation and the capitalisation pendency is monitored at Head office level through various SAP Reports.
b)	Refer to para no. 10(a) of Note No. 2 of 'Significant Accounting Policies'. The Company has capitalized during the year employee cost and office & administrative expenses amounting to Rs. 41,131.68 Lakhs on ad-hoc basis @ 15% of additions of Capital WIP. However the company does not have a practice of specifically identifying such expenses attributable to additions to such CWIP or to the acquisition of fixed assets, which is not in accordance with Ind AS 16 - Property, Plant & Equipment. In the absence of sufficient and appropriate audit evidences we are not in a position to comment on the correctness of the same.		MSEDCL does not have separate wings for Capital Expenditure and O&M activities. Departments / Staff carry out both the activities at field level & Head Office. Thus the manpower & its cost and Administration cost directly allocable to Capital works cannot be easily identified. Hence the Accounting Policy of capitalization at rate of 15% has been consistently followed by the MSEDCL earlier as well as during the financial year 2016-17 consistently.
c)	Refer to para no. 10(b) Note No. 2 of 'Significant Accounting Policies' to the financial statements regarding Borrowing Costs allocated to addition to CWIP amounting to Rs. 2,515.39 Lakhs @ 11.42% (computed on the weighted average interest rate of previous year) without identifying qualifying assets and interrupted projects, which is not in accordance with "Ind AS-23 Borrowing Costs". Further, required interest has not been capitalised on brought forward balance of CWIP, being qualifying assets, the possible impact thereof is not ascertainable in the absence of sufficient and appropriate audit evidences.		The accounting policy in this regard is disclosed at point no.10(b) in Note -2 on "Significant Accounting Policies" as under "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." The Company has been following this policy of interest capitalisation consistently.

<table>
<tr><th>Sr. No.</th><th>Auditor's Report</th><th></th><th>MSEDCL's Remarks</th></tr>
<tr><td>d)</td><td>The physical verification of Fixed Assets was not conducted during the year by the management. The possible impact on the financial statements, if any, based on outcome of such physical verification could not be ascertained.</td><td></td><td>The Company has formulated policy for the physical verification of Fixed Assets during the F.Y.2017-18. The same will be implemented.</td></tr>
<tr><td>2.

a)</td><td>Presentation of Financial Statements in accordance with Ind AS:
As mentioned in Note No. 31.7.B.(i).a to the Financial Statements, the company has made provision for expected credit loss under Ind AS 109 on trade receivables. While calculating the same, the company has considered trade receivables after deducting security deposits received from consumers. The said deposits have been allocated against the trade receivables in proportionate to the value in the respective age category instead of allocating the same against attributable trade receivables. As a result ECL has not been provided on some of the category of consumers as the allocated security deposit exceeded the balance outstanding. In view of the above, we are unable to comment on the possible impact thereof on the Financial Statements of the company. Further, for the purpose of calculation of expected credit loss, the company has considered the amount of trade receivables and security deposit as per the IT database and not the amount outstanding as per the books of account. There are differences in balances of trade receivables and security deposit as mentioned below.
(Rs. in Lakhs)
<table>
<tr><th>Particulars</th><th>Balance as on 31/03/2017 as per Books of accounts (A)</th><th>Balance as on 31/03/2017 as per IT Database (B)</th><th>Differences (A-B)</th></tr>
<tr><td>Trade receivables</td><td>32,76,847</td><td>36,16,089</td><td>(3,39,242)</td></tr>
<tr><td>Security deposits</td><td>6,44,509</td><td>6,42,889</td><td>1,618</td></tr>
</table>
In absence of sufficient and appropriate audit evidences, we are unable to comment on the possible impact thereof on the Financial Statements of the company.</td><td></td><td>While calculating ECL ,the security deposits have been allocated against the trade receivables in proportionate to the value in the respective age category instead of allocating the same against attributable trade receivables. As such ECL has not been provided on some of the category of consumers due security deposit more than arrears of that age category. However , considering the total trade receivable of Rs.32768 crores , the amount of ECL allowance on Trade Receivables as on March 31, 2017 is Rs.76037.62 lakhs, which is around 23 % of the total trade receivables. Thus ECL on trade receivable is adequate.</td></tr>
</table>

Sr. No.	Auditor's Report		MSEDCL's Remarks
b)	Attention is invited to Note no. 5 on "Loans – other non-current assets"- Ind AS 109, requires interest free loans given to related parties Rs.71,347.10 Lacs to be carried at present value. However the company has carried such loans at cost which is not in accordance with the requirements of Ind AS. In absence of proper information, we are unable to comment on the possible impact thereof on the Financial Statements of the company.		The said amount is discounted at considering time value of money.
3.	**Depreciation** We have observed that in some of the cases, depreciation on Property, Plant & Equipment has not been worked out correctly as there are discrepancies/ variations observed in date of put to use of the various assets. In the absence of proper audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.		The depreciation on Fixed Assets has been charged through SAP-ERP System. As such the possibilities of wrong working, is minimized. The instructions are issued to consider assets commissioned date mentioned on WCR as Capitalisation date. Also if assets put to use date is earlier than Asset Commissioned date then depreciation on this difference period is provided manually.
4. a)	**Trade Receivables** Refer to para 6 a (iii) of Note No. 2 'Significant Accounting Policies' to Financial Statements, it has been stated that the company has recognised expected credit loss on Trade Receivable and other Financial Assets based on time loss and credit loss. Credit loss has been derived based on provision matrix. However while preparing the provision matrix, the Company has not determined any forward looking information on the behaviour pattern of the customers. In absence of any scientific system of making the provision matrix and absence of consideration of behaviour pattern of the customers, we are not in a position to comment on the adequacy of the provision for expected credit loss.		The Company has adequately estimated the expected credit loss (ECL). ECL estimation is complex and inherently judgmental. The trade receivables consist of mainly agriculture consumers. Also, inspite of various recovery strategies, full recovery of Residential, Commercial and Industrial arrears is not possible & arrears are getting accumulated .Moreover, the Company is required to adhere to Government directives as well as it has certain social obligations by which the expectancy of credit loss is also affected. Accordingly, the management belives that the assumptions and methodologies for determining ECL is consistent with the business and risk management practices and strategies including adhering to regulatory guidelines as well as government directives. The amount of ECL allowance on Trade Receivables as on March 31, 2017 is Rs.76037.62 lakhs, which is around 23.68 % of the total trade receivables. Hence, the Company is of the opinion that the ECL recognised in the Ind AS financial statements is fair and reasonable and in accordance with the requirements of the standard.

Sr. No.	Auditor's Report		MSEDCL's Remarks
b)	As mentioned in Note No. 31.7(B)(i)a to the Financial Statements, there is a difference of Rs. 3,39,242 Lakhs as on 31.03.2017 in the balances of trade receivable as per books of account and as per IT database, which is pending for reconciliation, including Rs. 3,01,213 for the year 2015-16. In absence of proper reconciliation we are not in position to ascertain the impact thereof on the financial statements of the company.		The balances as per books of Accounts and IT reports will be reconciled and adjustments entries will be passed in FY 2017-18.
c)	Trade receivable amounting to Rs 36,22,075.80 Lakhs (excluding ECL adjustments) is net of credit balance amounting Rs 5,56,118.92 Lakhs. In absence of proper details of the credit balances in respect of individual consumers, we are not in a position to ascertain the impact thereof on the financial statements of the company.		After the reconciliation of balances of trade receivables as per books of Accounts with that of IT report, the necessary adjustment entries will be passed in respect of credit balances, if required.
d)	As mentioned in Note No. 9 to the Financial Statements, Trade Receivable to the extent of security deposits amounting to Rs. 413769.75 Lakhs received from various consumers have been shown as secured debtors without customer wise mapping of the security deposit. As a result the amount shown as secured debtors is overstated to the extent of the deposit received from consumers who have outstanding less than security deposit as on 31st March 2017. In absence of audit trail we are not in position to comment on the consequential impact of the same on the financial statements of the company.		Trade Receivable to the extent of security deposits amounting to Rs. 413769.75 Lakhs received from various consumers have been shown as secured debtors without customer wise mapping of the security deposit .
e)	As mentioned in Note No. 31.10 to the Financial Statements, the Trade Receivable from M/s Globle Tower Ltd. (GTL) amounting to Rs.13,621.22 Lakhs are subject to final settlement. Furthermore ECL has not been provided on the balance outstanding. As such, we are not in a position to comment on the adequacy of the trade receivable and impact of the same on the financial statements of the company.		As per the management's opinion, the entire amount is recoverable from M/s Globle Tower Ltd (GTL) & it expects no credit loss in the case of GTL. The Company has gone to the arbitration for the recovery of Rs 13621.22 lakhs from M/s GTL. Hence, the ECL provision for the same has not been made for the same amount.

Sr. No.	Auditor's Report		MSEDCL's Remarks
5.	As mentioned in Note No. 31.7.B.(i).a to the Financial Statements, there is a difference of Rs. 1,618 Lakhs in the balances of Security Deposits as per books of account and as per IT database, which is pending for reconciliation. In the absence of proper reconciliation, we are unable to comment on the possible impact of the same on the financial statements of the company.		In the legacy system reconciliation of Consumer General Ledger balances as per IT with the Financial Ledgers balances in respect of 'Security Deposits from Consumers' is pending. A separate initiative will be taken in the year 2017-18 to reconcile the balances.
6.	**Accrual System of Accounting** Refer para 4 of Note No. 2 "Significant Accounting Policies" to Financial Statements - During the course of our audit, we have come across few expenses, more particularly repairs and maintenance, which have been accounted for on cash basis instead of accrual / mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy. In absence of the complete audit trails, we are not in a position to ascertain the impact of the same on the financial statements of the company.		The Accounts are prepared on accrual basis. The outstanding liabilities / expenses are provided for on the basis of available information and to the best of estimates. With the introduction of SAP system there is rare possibility of expenses being booked on Cash basis except of petty nature. Suitable instructions have been issued to the field offices for accounting on Accrual basis.
7.	**Balances Confirmation** Refer Note No. 31.4 to Financial Statements - Balances of trade receivables, loans and advances, credit balances of consumers, various other debit/credit balances, cash in transit, dues from government and reconciliation in respect of certain Bank balances as well as of the collecting post offices of the accounting units are subject to respective confirmations, reconciliation and consequential adjustments thereof. The system of third-party balance confirmation followed by the Company needs to be strengthened further. In absence of proper records / details, we are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, possible loss / profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.		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 itself is the confirmation of balance from the debtors. 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. This is indicated in our notes to accounts Note No.31.4. In case of Dues from Govt, the correspondence with company itself is the confirmation of balance with Govt., Also the present system of obtaining balance confirmation will be strengthened.

<table>
<tr><th>Sr. No.</th><th>Auditor's Report</th><th></th><th>MSEDCL's Remarks</th></tr>
<tr><td>8.
a)</td><td>Post Office balance, Bank Balance etc:
Refer Note No. 10 and Note No. 31.4.(ii) to the financial statements regarding non-availability of balance confirmation from post office and most of the DCC Bank Branches (District Central Co-operative Bank) as per details given as under: (Rs. in Lakhs)
<table>
<tr><th>Particulars</th><th>Total Debit balance as on 31.03.2017 as per books of accounts</th><th>Total Credit balance as on 31.03.2017 as per books of accounts</th></tr>
<tr><td>Post Office</td><td>13,142.91</td><td>4,737.11</td></tr>
<tr><td>DCC</td><td>6,847.42</td><td>5,012.72</td></tr>
<tr><td>TOTAl</td><td>19,990.33</td><td>9,749.83</td></tr>
</table>
In absence of non-availability of balance confirmation, we are unable to comment on consequential impact of the same on the financial statements.</td><td></td><td>The reconciliation of balances with post office and DCC banks will be started in FY 2017-18.</td></tr>
<tr><td>b)</td><td>Refer Note No. 31.6 to the financial statements, The Bank Reconciliation statements at various divisions and circles includes many entries related to cheques deposited by consumers but dishonoured by the bank but have not been reversed in the books of account and are lying under pending reconciliation. Further Bank Reconciliation statements contains many other un-reconciled entries including initial upload balances, which are yet to be reconciled. As such we are unable to comment on the impact thereof on the financial statements.</td><td></td><td>In case of Operative and Non-Operative accounts with Nationalised banks reconciliation is done by almost all the accounting units. However, the items under reconciliation are pending for proper treatment in books of accounts due to lack of information and non availability of old data. Suitable instructions have been issued to the Field offices to carry out proper accounting of items such as Cheque dishonored bank charges etc. The pending reconciliation items will be cleared in FY 2017-18.</td></tr>
<tr><td>9.
a)

I)</td><td>Classification of Assets and Liabilities to current / non-current:
The Company has not classified the liabilities as current and non-current of the following head of account:
Refer Note No. 21 Other Financial Liabilities –Current –
Deposits Collected from Private Agencies towards Collection of Bills: Rs. 5,903.13 Lakhs</td><td></td><td>It is predicted to refund amount of deposit to the collection agencies within 1 year from the end of the financial year. As such the same has been considered as current only.</td></tr>
</table>

Sr. No.	Auditor's Report		MSEDCL's Remarks
ii)	Retention money from supplier contractor Rs 2,41,087.46 Lakhs		Retention money from supplier contractors is as per the terms & conditions of the contract. The same has been considered as current as it is predicted to refund the same within 1 year from the end of the financial year.
iii)	Deposits from other Rs. 23,773.29 Lakhs		It is predicted to refund amount of deposit within 1 year from the end of the financial year. As such the same has been considered as current only.
b)	Refer Note No 16. Other Financial Liabilities – Non-current which includes Deposits for Electrification, service connections etc amounting Rs 1,292.15 Lakhs. As a result the aforesaid disclosure is not in accordance with the requirements of Schedule – III of the Companies Act 2013.		In respect of Deposits for Electrification, Service Connections from consumers is long term in nature lasting up to more than a year or till the consumer is using the services of MSEDCL. Hence, this amount is considered as Non Current.
10)	**Power Purchase:**		
a)	Refer Note No. 31.1.(iii).(a) to the financial statements, the company has made a short provision of Delayed Payment Charges as on 31.03.2017 amounting to Rs. 2,99,236 Lakhs and Rs. 1,24,421 Lakhs payable to MSPGCL and MSETCL respectively including Rs. 66,330 Lakhs for the year 2016-17. As a result the loss of the company has been understated by Rs. 66,330 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 4,23,657 Lakhs.		DPC for FY 16-17 has been calculated for MSPGCL and MSETCL as per the calculation of MSEDCL. Whereas the DPS claimed by these companies are differing from MSEDCL calculation. MSEDCL has requested them to waive the DPC. Further, the matter is taken up with GoM extending financial assistance for discharging the liability. Hence the difference of Rs 66330 Crs is considered as contingent liability. This is included in the disclosed amount in our notes to accounts no. 31.1(iii).
b)	Refer Note No. 31.1.(iii).(b) to the financial statements, the company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate instead of as per SBI Prime Lending Rate plus 2% as mentioned in the Power Purchase Agreement entered into. The company has reversed the provision of Rs.8,252 Lakhs made upto 31/03/2016. Furthermore the company has made a short provision of Rs. 9,301 Lakhs for the year 2016-17 and accumulated short		The RBI has introduced Base Rate system in place of PLR system w.e.f. 01.07.2010. Hence, company has filed petition on 02.12.2016 before Hon. MERC for considering Base Rate / MCLR in place of PLR under the PPAs entered into with IPPs for the purpose of calculation of DPS, vide case no.24 of 2017, which is reserved for order. In view of the same MSEDCL has recalculated the liability towards DPS of IPPs on the basis of applicable Base Rate / MCLR from time to time. As such, an amount of Rs.8252 Lakhs has been reversed during the year

Sr. No.	Auditor's Report		MSEDCL's Remarks
	provision of Rs. 43,016.13 Lakhs upto 31.03.2017. As a result the loss of the company for the year has been understated by Rs.17,553.06 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 43,016.13 Lakhs.		towards DPS liability provided for earlier years upto March 16.The IPPs are continuing to claim DPS as per PLR rate. Hence, there is difference of Rs 43016 Lakhs in the amount of DPS claim which is considered as contingent liability.
c)	Refer Note No. 31.1.(iii).(c) to the Financial statement , the Company has not provided delayed payment charges amounting to Rs. 20,500 Lakhs as on 31st March 2017. As a result loss of the Company, other equity (accumulated losses) and current liabilities are understated by Rs. 20500 Lakhs.		The payments of wind power generators have been delayed. The Energy Purchase Agreement (EPA) provides for payment to DPS for delayed payment. They are requested to waive the DPC on assurance of payment by MSEDCL and it is under consideration. The liability towards DPS to the tune of Rs.20500 Lakhs as on March 17 has not been provided for in F.Y 2016-17 in the books of Accounts and shown as contingent liability.
11.	**Non Provision of various Expenses:**		
a)	As mentioned in Note No. 31.2 to the Financial Statements, the amount of Rs. 39,419 Lakhs deposited with MERC towards user charges payable to Mula Pravara Electric Co-op. Society Ltd. have not been debited to Profit & Loss Statement and have been shown as security deposit. As a result the loss of the company for the year is understated by Rs. 39,419 Lakhs and assets are overstated to that extent.		As per the Hon'ble APTEL's order dated 06.05.16, the company has deposited the amount of Rs 39419 lakhs with MERC towards user charges along with carrying cost. The matter regarding payment of user charges to MPECS and valuations of Assets is subjudice. Hence, the same has been accounted for deposit with court and other Authorities and not debited to P/L statement as user charges.
b)	As mentioned in Note No. 31.1.(iii).(d) to the Financial Statements, the company has not provided for the liability towards compensation of incremental coal cost pass through due to New Coal Distribution Policy (NCDP) payable to M/s Adani Power Maharashtra Ltd. (APML) and M/s. Rattanindia Power Ltd (RPL) amounting to approx. Rs. 3,91,216 Lakhs. As a result the loss of the company is understated by Rs. 3,91,216 Lakhs and liabilities are understated to that extent.		MSEDCL has preferred appeal against the Hon'ble MERC'S order 20.08.2014 approving indicative compensatory fuel charge in Appellate Tribunal for Electricity (APTEL) in which it has remanded back the case to MERC for fresh hearing in view of Supreme Court judgment in Coastal Gujrat Power Ltd (CGPL) matter on similar grounds. The case is pending for hearing before MERC. Hence, the consequent financial Impact of Rs 391216 Lakhs approx., is considered as contingent Liability.
c)	As mentioned in Note No. 31.1.(iii)(e) to the Financial Statements, the company has not provided for liability towards fixed charges		The Gas supply from KG basin is reduced & hence RGPPL offered power on other fuel ie. RLNG . However , due to high cost ,MSEDCL declined the power from RGPPL as per

Sr. No.	Auditor's Report		MSEDCL's Remarks
	payable to Ratnagiri Gas Power Pvt Ltd amounting to Rs. 2,68,817 Lakhs (including Rs. 6,400 Lakhs for the year) payable upto 31st March 2017. A sum of Rs. 18,101 Lakhs given to RGPPL has been shown as advances. As a result the loss of the company for the year is understated by Rs. 6,400 Lakhs, Other Equity (accumulated Losses) are understated by Rs. 2,68,817 Lakhs, Current Liabilities are understated by Rs. 2,50,716 Lakhs and the Non-Current Assets are overstated by Rs. 18,101 Lakhs.		Provision of PPA and did not pay fixed charges and finally terminated the PPA. RGPPL filed petition in CERC and CERC allowed RGPPL to claim fixed charges. MSEDCL filed appeal in APTEL, but it is dismissed. MSEDCL has filed an Appeal in the Hon'ble Supreme Court of India (Dairy No. 14599 of 2015) against the APTEL Order dated 22.04.2015. Hon'ble Supreme Court of India has declined to entertain the appeal. However, Hon'ble Supreme Court of India gave liberty to the appellant to move this Court once again in the event it becomes so necessary. If the order is not in favour of MSEDCL, then MSEDCL has to Pay Rs 268817 lakhs (upto March 2017) including Rs 6400 Lakhs for FY 2016-17as fixed charges and other charges. However, MSEDCL has paid Rs 18101 lakhs as advance. Hence, the net Amount of Rs. 250716 Lakhs is considered as Contingent liability.
12.	**Ind AS - 37 - on 'Provisions, Contingent Liabilities and Contingent** Due to non-availability of proper details and documents, we are unable to examine and verify the quantum of Contingent Liabilities disclosed in Note No. 31.1 to the Financial Statements. In the absence of proper details and documents, we are unable to comment on the consequential impact thereof on the financial statements.		MSEDCL has maintained the list of cases along with the amount involved in respect of Contingent liabilities with details of the cases.
13.	**Refund of Regulatory Liability Charges:.** In FY 2003 to 2006 Regulatory Liability charges were collected from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs to the consumers. The Company has subsequently refunded only Rs 3,11,974 Lakhs upto 31.03.2017. The company has not made any provision towards the balance payment of Rs 10,726 Lakhs. As a result the loss of the company for the year is understated by Rs. 10,726 Lakhs and Current Liabilities are understated to that extent.		The RLC is refunded to the all eligible consumers by the company.

Sr. No.	Auditor's Report		MSEDCL's Remarks
14. a)	**Other Items :** The company has shown a sum of Rs. 1,25,679 Lakhs and Rs. 54,795 Lakhs as liabilities towards Clearing GR/IR and Liability for supplier Work & Maintenance. These balances are net of debit balances. In absence of audit trail we are not in position to ascertain the impact on the Assets and Liabilities of the company.		The same will be reconciled and adjustments entries will be passed in FY 2017-18.
b)	A sum of Rs.6248.74 Lakhs paid to FBSM Corpus as deposits, is included in Security Deposit with others vide Note no. 5(a)(iii) to the financial statement. Whereas to the best of the information and explanations given to us the aforesaid deposit has , so far been , already received back. However the same have not been properly accounted in the books of account and is continue to be shown as receivable. In view of that the Non-Current Assets and Liabilities are overstated to that extent.		The necessary entries have been passed in FY 2017-18.
c)	As per Ind AS 20, Government grants shall be recognised in profit or loss statement on a systematic basis over the period ,in which the entity amortises the related cost for which the grants are intended to compensate. The company assumes that all grants received are utilised and the assets are capitalised in same year. Due to non-availability of sufficient and appropriate audit evidences , we are unable to comment on the consequential impact on the financial statements of the company.		The accounting policy in this regard is disclosed at point no.8 in Note -2 on "Significant Accounting Policies" as under "Government grants relating to the purchase of property, plant and equipment are presented as Capital Grant in financial statements and are credited to profit and loss in a systematic manner over the expected life of the related assets and presented within other operating income" Generally the grants are immediately utilized to create the assets .
d)	A sum of Rs. 3,601.17 Lakhs are has been shown as power purchase un-identified balance and is included in Trade Payable – Current (Liability for purchase of power) vide Note no. 20 to the financial statement, for which party-wise details are not provided to us for verification. As a result we are not in a position to comment on the existence of the liability and consequential impact on the financial statements of the company.		The same will be reconciled and adjustments entries will be passed in FY 2017-18.

<table>
<tr><th>Sr. No.</th><th>Auditor's Report</th><th></th><th>MSEDCL's Remarks</th></tr>
<tr><td>e)</td><td>
There is a difference in outstanding balances as on 31.03.2017, as appearing in the books of accounts of the company and its group companies. Details of which are given as under

(Rs. In Lakhs.)

<table>
<tr><th>Name of the Company</th><th>Nature</th><th>Balance as per MSEDCL</th><th>Balnce as per other Group Company</th><th>Difference</th></tr>
<tr><td>Maharashtra State Power Generation Company Ltd (MSPGCL)</td><td>Loans and Advances</td><td>46,835.97</td><td>46,782.50</td><td>53.47</td></tr>
<tr><td>Maharashtra State Electricity Transmission Company Ltd (MSETCL)</td><td>Loans and Advances</td><td>24,183.28</td><td>24,516.93</td><td>(333.66)</td></tr>
<tr><td>Maharashtra Power Development Corporation Limited (MPDCL)</td><td>Loans and Advances</td><td>246.73</td><td>230.56</td><td>16.17</td></tr>
<tr><td>Aurangabad Distribution Company Limited - Subsidiary of MSEDCL</td><td>Loans and Advances</td><td>121.11</td><td>142.79</td><td>(21.68)</td></tr>
<tr><td>Maharashtra State Electricity Board Holding Company Ltd (MSEBHCL)</td><td>Other Current Liabilities</td><td>4,06,030.79</td><td></td><td></td></tr>
</table>

In absence of reconciliation we are unable to comment on the impact thereof on the Financial Statement.
</td><td></td><td>The same will be reconciled and adjustments entries will be passed in FY 2017-18.</td></tr>
<tr><td>f)</td><td>Note no. 31.16 to the financial statements of the additional Notes to Accounts regarding non identification of accounts relating to Micro, Small and Medium Scale Enterprises (MSME) and provision for interest payable thereon, the liability on this account has not been quantified by the company .As such we are unable to ascertain the interest provision (if any) required and its consequential impact on the loss for the period. Due to non-identification of MSM, the disclosure as required by the relevant Statute has not been made by the company</td><td></td><td>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 .</td></tr>
</table>

Annexure B

Referred to in our report under "Emphasis of Matters" paragraph

<table>
<tr><th>Sr. No.</th><th>Auditor's Report</th><th></th><th>Management's Replies</th></tr>
<tr><td>1.</td><td>As mentioned in note no. 5 (b) & (c) to the Financial Statements, the company has made provision for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable amounting to Rs. 9,687.45 on balances outstanding as on transition date i.e.01.04.2015 on account of impracticability instead of its origination date.</td><td></td><td>The company has made provision for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable from the date of applicability of Ind AS i.e. 01.04.2015 on account of impracticability.</td></tr>
<tr><td>2.</td><td>While preparing the Ind AS financial Statements the company has regrouped the following liabilities as on 31.03.2016 and 01.04.2015 from Non- current (Indian GAAP) to Current (Ind AS). However, appropriate disclosure and reason under Ind AS 101 for same has not be complied with:
<table>
<tr><th>Particulars</th><th>As at 31.03.2016</th><th>As at 01.04.2015</th></tr>
<tr><td>Deposits for Electri fication, service connections, etc.</td><td>7,045.89</td><td>6,292.65</td></tr>
<tr><td>Deposit from Staff Welfare Fund</td><td>5,587.16</td><td>4,424.80</td></tr>
<tr><td>Security Deposits from collection agencies</td><td>5,097.01</td><td>4,614.20</td></tr>
<tr><td>Security Deposit against Energy AG Pumps under EGS</td><td>448.71</td><td>392.70</td></tr>
<tr><td>Amount owed to licensees</td><td>493.69</td><td>493.69</td></tr>
<tr><td>Deposits & retention from Suppliers & contractors</td><td>1,57,490.49</td><td>1,44,962.84</td></tr>
<tr><td>Refundable amount under Non-DDF scheme</td><td>7,219.02</td><td>6,657.53</td></tr>
<tr><td>Liability for capital supplies/ works</td><td>4,694.29</td><td>1,145.37</td></tr>
</table></td><td></td><td>As mentioned in accounting policy. The company has reclassified liabilities while adopting Ind AS.</td></tr>
</table>

Sr. No.	Auditor's Report		Management's Replies
3.	As mentioned in note no. 31.32 to the Financial Statement, while giving Ind AS impact, the value of Property, Plant and Equipment (PPE) as on 1st April 2015 is computed after considering the re-valued assets under FRP scheme which was as per GR No. Reform2010/P.K. 117/Urja-3 dated 31st March, 2016 whose impact was given under Indian GAAP in the financial statements as on 31st March, 2016. The accumulated depreciation up-to 31.03.2015 thereon is adjusted in the retained earnings as on 1st April 2015. The adjustment has been done in cognizance with holding company.		While restating opening balance sheet of FY 2015-16 as per Ind AS, it was decided in the meeting of MSEB Holding Company & the group companies to recognize the impact of FRP on assets & liabilities as on 01.04.2015. During the past years , a note regarding impending changes due to FRP was mentioned in the financial statements. Hence notification issued in the month of March-2016 has been considered as an event rendering more clarity on the position prevailing at the end of each previous years including 31st March 2015. It has also resulted into better comparability of Ind-AS financial statements of FY 2015-16 & FY 2016-17 as P&L of both of these years have impact of depreciation for the one year only.
4.	Refer Note No. 31.27 to Financial Statements, Company is required to invest every year an amount equivalent to contingency reserve created during the last year as per Maharashtra Electricity Regulatory Commission (MERC) Guidelines. However the Company has made an earmarked investment of Rs. 18,522.29 Lakhs as against the contingency reserve of Rs. 68,500 Lakhs as on 31.03.2017.		The Company was passing through a critical financial situation in this period and was not having sufficient funds to discharge the liabilities even of inevitable payments. The issue was deliberated in the Board Meetings and it was decided that, it would not be prudent to borrow the funds from the Banks at higher rates of interest and invest the same in contingency fund at lower rate at this juncture. In view of the above mention situation and considering the problem of liquidity crunch, it was decided by the Company not to invest any amount in contingency reserve. In spite of creation of reserves. The same was also communicated to MERC and was not allowed in tariff by MERC.

ANNEXURE C
TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on other legal and Regulatory Requirements" in Independent Auditors Report even date to the members of Maharashtra State Electricity Distribution Company Limited on the financial statements for the year ended on March 31, 2017)

Sr. No.	Auditor's Report		Management's Replies
I.	a) The company has generally maintained proper records showing full particulars including quantitative details except details and records of most of the leasehold and freehold land and situation of fixed assets.		There is a separate wing known as Civil wing dealing with the matters of acquisition of land. Hence, the requisite records relating to leasehold and freehold land is available at the office of Chief Engineer (Civil), concerned Civil Circles and Divisions.
	b) The Fixed assets have not been physically verified by the management during the year. Further the company has no policy/program for conducting physical verification of fixed assets. Due to non-undertaking of Physical verification of the fixed assets, we are not in a position to state whether there are any material discrepancies, if any.		The Company has formulated policy for the physical verification of Fixed Assets during the F.Y.2017-18. The same will be implemented.
	c) According to the information and explanations given to us, some of the title deeds of immovable properties are not held in the name of the Company. However in absence of adequate audit evidence, we are not in a position to provide the details thereof.		Most of the properties are in the name of either MSEB/MSEDCL/or Govt. of Maharashtra. In few cases the property is not in name of MSEDCL, the transfer of title deed is in process.
II.	During the year under audit physical verification of inventories have been conducted. Discrepancies noticed during physical verification of inventories have been dealt with by the company.		Factual
III.	As informed to us, the company has granted interest free unsecured loans to companies mentioned in the register maintained under Section 189 of the Companies Act, 2013. a) Since the loans are interest free, prima facie the terms and conditions of such loans are prejudicial to the interest of the company. b) The schedule of repayment of principal has not been stipulated. c) In the absence of repayment schedule, we are unable to comment on the overdue of such loans.		These balances are mainly due to inter company transactions such as transfer of materials, employees, payment of expenditure on behalf other company. These are group companies. The same balances are interest free and payable on demand.

Sr. No.	Auditor's Report		Management's Replies
IV.	In our opinion and according to the information and explanation given to us, the Company has not granted any loan in pursuance to section 185 of the Companies Act, 2013 and provisions of section 186 are not applicable to this company since the Company is providing infrastructure facilities as specified in Schedule VI of the Companies Act 2013.		Yes, the Company has not granted any loan in pursuance to section 185 of the Companies Act, 2013.
V.	According to the explanations and information given to us, the company has not accepted any deposit during the year and therefore provisions of Sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 are not applicable to the company.		Since the Company has not accepted any deposits during the year, the provisions of section 73 to 76 or any other relevant provisions of the Companies Act 2013 are not applicable.
VI.	The Central Government has prescribed maintenance of cost records u/s 148 of Companies Act, 2013 along with rules prescribed there under in respect of distribution of electricity. According to the explanations and information given to us, the Company has prima facie maintained the prescribed records. We have not made an examination of the cost records required to be maintained in respect of their accuracy and completeness as the Company is in the process of obtaining the compliance report of the Cost Accountant.		The Company has appointed M/s. A.G. Anikhindi & Co., Cost Accountants, Kolhapur and M/s. N. I. Mehta & Co., Cost Accountants, Mumbai as Cost Auditors of the Company for the financial year 2016-17 and the Cost Audit is in progress.
VII.	(a) As explained to us, the company has been generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Employee State Insurance, Sales Tax, Income Tax, custom duty, excise duty, Value added Tax, cess and other material statutory dues applicable to it except in respect of tax deducted at source, Works Contract Tax and service tax liability wherein the company is irregular in accounting and deposit thereof. Further, according to the information & explanations given to us, no undisputed amounts payable in respect of aforesaid dues, which were in arrear as at 31.03.2017 for a period of more than six months from the date they become payable.		There is irregularity in accounting & depositing of statutory. dues in some cases. Necessary instructions have been issued from time to time to avoid such incidents.

Sr. No.	Auditor's Report	Management's Replies
	b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty, service tax, value added tax and cess which have not been deposited on account of any dispute except the following demands:	The Company has preferred appeal before the appellate authorities wherever it has not agreed with the assessment / re-assessment of income and demand of tax, interest and penalty or wherever aggrieved of decisions of the lower authorities.

Name of Statute	Nature of Dues /Order Reference	Amount (in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax along with Interest	31,557.00	A.Y-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Penalty	258.00	A.Y-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Tax	1.53	A.Y-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Demand as per Order u/s 263	59,590.00	A.Y-2006-07	ITAT MUMBAI
Income Tax Act, 1961	Tax along with Interest	80,287.00	A.Y-2007-08	Bombay High Court
Income Tax Act, 1961	Tax	151.00	A.Y-2007-08	ITAT MUMBAI
Income Tax Act, 1961	Tax along with Interest	23,326.00	A.Y-2007-08	CIT (Appeal)
Income Tax Act, 1961	Penalty Demand	45534.00	A.Y-2007-08	Bombay High Court
Income Tax Act, 1961	Tax along with Interest	1,00,360.00	A.Y-2008-09	Bombay High Court
Income Tax Act, 1961	Interest	361.92	A.Y-2008-09	ITAT MUMBAI
Income Tax Act, 1961	Penalty	1,761.00	A.Y-2009-10	ITAT MUMBAI
Income Tax Act, 1961	Tax along with Interest	88,469.00	A.Y-2009-10	ITAT MUMBAI
Income Tax Act, 1961	Tax Along with Interest	18,431.00	A.Y-2009-10	Bombay High Court
Income Tax Act, 1961	Interest	122.46	A.Y-2009-10	ITAT MUMBAI
Income Tax Act, 1961	Fringe Benefit Tax	232.00	A.Y-2009-10	CIT
Income Tax Act, 1961	Tax along with Interest, Penalty And Fine	6.84	A.Y-2011-12	CIT (Appeal)
Income Tax Act, 1961	Tax along with Interest	14,085.00	A.Y-2012-13	CIT (Appeal)
TOTAL		4,64,533.75		

Sr. No.	Auditor's Report		Management's Replies
VIII	According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or bond holders.		Yes, the Company is not in default in debt servicing. In fact, the Company is availing an incentive of prompt payment discount from the financial institutions for effecting payments on due dates.
IX	To the best of our knowledge and belief and according to the information and explanations given to us, the Company has neither raised money by way of initial public offer or further public offer (including debt instruments). The term loan obtained during the year has been applied for the purpose it is obtained.		Yes, the Company has neither raised money by way of initial public offer or further public offer (including debt instruments). The term loan obtained during the year has been applied for the purpose it is obtained.
X	To the best of our knowledge and belief and according to the information and explanations given to us, we have not come across any fraud by the company against its officers or employees and no fraud made by the officers or employees on the company was noticed during the year, by or against officers or employees of the company		Except theft of power, no cases of fraud were reported during the year.
XI	In view of the Government Notification No. GSR 463(E) dated 5th June 2015, government companies are exempt from the applicability of section 197 of the Companies Act 2013. Accordingly clause 3(xi) of the order is not applicable to the company.		Yes as per Government Notification No. GSR 463(E) dated 5th June 2015, government companies are exempt from the applicability of section 197 of the Companies Act 2013. Accordingly clause 3(xi) of the order is not applicable to the company.
XII	In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.		Yes, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
XIII	According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under relevant Accounting Standard.		Yes, The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24 'Related Party Disclosures" specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014.

Sr. No.	Auditor's Report		Management's Replies
XIV	According to the information and explanation given to us and based on our examination of the records of the Company, the Company has made private placement of 33,70,00,000 equity shares of Rs.10 each during the year and funds raised have been used for the purpose it was raised. However the company has delayed allotment of shares beyond the period stipulated in section 42 of the Companies Act 2013.		The Company has made private placement of equity shares during the year and funds raised have been used for the purpose it was raised.
XV	According to the information and explanation given to us and based on our examination of the records of the Company, the Company has made private placement of 33,70,00,000 equity shares of Rs.10 each during the year and funds raised have been used for the purpose it was raised. However the company has delayed allotment of shares beyond the period stipulated in section 42 of the Companies Act 2013.		The Company has made private placement of equity shares during the year and funds raised have been used for the purpose it was raised.
XVI	In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.		Yes, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

ANNEXURE D
TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Auditor's Report	Management's Replies
We have audited the internal financial controls over financial reporting of **Maharashtra Electricity Distribution Company Limited** as at **31st March 2017** in conjunction with our audit of the financial statements of the Company for the year ended on that date.	No Comments
Management's Responsibility for Internal Financial Controls The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	No Comments
Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both	No Comments

Auditor's Report	Management's Replies
applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	
Meaning of Internal Financial Controls Over Financial Reporting A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit	No Comments

Auditor's Report	Management's Replies
preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.	
Inherent Limitations of Internal Financial Controls over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	
Disclaimer of Opinion According to the information and explanation given to us and based on our audit, the Company has not established its internal control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason , we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal control over financial reporting and whether such internal control were operating effectively as on 31st March 2017. However based on the limited audit procedure performed by us during the course of our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2017 :	The company is in the process of appointing the consultant to assist in implementing internal financial control over Financial Reporting.

Auditor's Report	Management's Replies
1. The company did not have an appropriate internal control system for identification of overheads to be capitalized with the cost of fixed assets which could potentially result into under/over/delayed capitalization of fixed assets and corresponding impact on the depreciation charged and operational results of the company.	Overheads are capaitalised on addition to CWIP during the year as per Accounting Circular No 65 dtd. 02.08.2008.
2. The company did not have appropriate internal control system for ensuring capitalization of fixed assets as and when the same is ready for use due to delayed issue of work completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items. This could potentially result into under capitalization of Fixed Assets and corresponding impact on the operational results due to lower charge of depreciation.	From F.Y. 2016-17 work completion Certificate is generated through SAP/ERP system. This will resolve the issue of delayed work completion certificate. Moreover, the capitalisation pendency is monitored at Head Office level, through various SAP reports.
3. The company did not have appropriate internal control system for capitalization of employee cost and office and Admin Expenses, the same is done on ad-hoc basis @15% of additions or CWIP made during the year without identifying the expenses directly attributable to the capital asset / project/CWIP. Moreover such capitalization rate is applied for the full year irrespective of the actual date of capitalization and period of interruptions if any.	MSEDCL is not having separate wings for handling capitalization and O&M activities. Departments / Staff carry out both the activities at field and Head office level. Thus the manpower& its cost and Administration cost directly allocable to Capital works cannot be easily identified. Hence, the Accounting Policy of capitalization at rate of 15% was consistently followed by the MSEDCL earlier as well as during the financial year 2016-17 consistently.
4. The Company did not have appropriate Internal control system for physical verification of items of Fixed Assets of the company at various divisions circles and Head office at reasonable interval and adjustment of material discrepancies noticed during such verification.	The Company has formulated policy for the physical verification of Fixed Assets at the regular intervals during the F.Y.2017-18. The same will be implemented.
5. The Company has not designed effective internal control for timely verification of Stores/ inventories lying at Division/Circle and to tally them with the balance appearing in financial ledger and analyzing the reasons for such deviation so as to give appropriate treatment of discrepancies therein.	The work of physical verification of inventory at Division/ Circle level was assigned to independent professionals, i.e. Chartered Accountants. The physical inventory is compared with the inventory as per records kept at Stores/division/ circle and as per the report submitted the necessary adjustment entries have been passed in FY 2016-17.

Auditor's Report	Management's Replies
6. The company does not have an appropriate internal control system to ensure that provisions made pending receipt of all bills from vendors / contractors for supply of goods and provision of services and towards expenses at the yearend are duly reversed when actual bills/ invoices are received and accounted for. This could potentially result in the same being wrongly accounted.	In SAP system, liability is created only when Service Entry Sheet (SES) for services availed and MIGO for material received is done. It will be ensured that it is done on real time basis.
7. The company did not have an integrated ERP / SAP system. Different software packages used by the Company are interfaced through software link or manual intervention leaving gapes between them. This could potentially result into impaired financial reporting.	ERP / SAP system is linked with billing software through interface Revenue reconciliation is also prepared at circle level and Company as a whole. SAP system is also linked to collection software through interface. HRMS is also linked with SAP and it is reconciled. Thus, scope of manual intervention is being reduced.
8. The company did not have an appropriated control system for reconciliation/confirmation of vendor / contractor/ Trade Receivables amounts and loan and advances balances and consequent adjustments which could potentially result in some changes in the financial statements.	In case of loans, the confirmation from the financial institutes and banks are obtained. Moreover, as regards the creditors for Power Purchase in most of the cases either confirmation has been obtained or reconciliation has been done with vendors. 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.
9. The company did not have an appropriate internal control system for proper deduction and/or deposit of statutory dues like service tax, works contract tax, TDS, TCS resulting into or which could potentially result in non-deduction /under deduction or delayed deposit of statutory dues with Government authorities .This can have consequential impact in the financial statement and problems such as litigation, penalty proceedings and interest levy etc. against the company.	There are very few instances of improper deduction&/or non-deposit of Statutory dues. However, the necessary instructions have been issued to avoid the same.

Auditor's Report	Management's Replies
10. The company has a system of Internal Audit through qualified external CA Firms; however the system is not effective so as to cover all major areas of weaknesses. There is no effective system of compliances / closure of the Internal Audit observations for all Divisions/Circles. This could possibly result into weak checks & balances and defective and unreported financial irregularities, ultimately resulting into ineffective oversight of the entity's financial reporting and internal control by those charged with Governance.	Compliances of the Internal Audit observations/ Report on half yearly basis were done in 2016-17 at circle levels as well as Head office level. From FY 2016-17, Scope of internal audit is also increased in order to strengthen the internal check system in various areas.
11. The company did not have appropriate internal control system to reconcile the financial accounts pertaining to income tax, service tax, TDS, TCS, works contract tax etc., with the relevant tax records and returns. This could potentially result into under/over statement of such amounts in the financial statements.	Reconciliation of financial accounts pertaining to income tax, service tax, TDS, TCS, works contract tax etc., with the relevant tax records and returns is presently done Manually.
12. The company did not have an internal control for timely and accurate reconciliation of significant accounts and confirmation of balances lying with DCC Bank/Post offices Accounts.	Reconciliation of balances with post office and DCC banks will be started in FY 2017-18.
13. The company does not have an internal control for timely and proper reconciliation of difference between balances as per Bank Statement and the balances as per books of account. These includes various dishonoured cheque feed to consumers account which have not been reversed even after dishonor of the cheques by the banker.	The company has introduced online cash collection system wherein the collection is accounted for only after the realization of cheques. It will facilitate the timely and proper bank reconciliation.
14. The Company do not have adequate internal control system of clearing GRIR and liability for suppliers account. This could potentially result into under/over statement of such liability in the financial statements.	The clearance of GR/ IR will be done in FY 2017-18.

Auditor's Report	Management's Replies
15. The Company do not have adequate internal control system of reconciling the balances of its group companies. This could potentially result into under/over statement of such balances in the financial statements.	The reconciliation with its group companies is in process.
16. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.	No Comments

Annexure E to the Auditors Report

Comments on the Directions u/s. 143(5) of the Companies Act, 2013

(Referred to in paragraph 4 under "report on other legal and Regulatory Requirements" In the Independent Auditors Report of even date to the members of Maharashtra State Electricity Distribution Company Limited (hereinafter referred as "the Company") on the financial statements for the year ended March 31, 2017).

Sr. No.	A. Directions		Auditors' Comments
1	To report whether there are any cases of waiver/write off of debts/loans/interest etc.; if yes, the reasons thereof, and the amount involved.	1	As per the information and explanation given to us, the Company has waive/write off interest and delayed payment charges on arrear receivable from consumer as per the scheme of PD amnesty and Payjal yojana which has been implemented by the Company and the details of the amount waived/written off under the schemes for F.Y.2016-17 is as follows: 1. Payjal Yojana :- Rs.1,723.51 Lakhs 2. PD Amnesty :- Rs.4,290.57 Lakhs Total :- Rs.6,014.08 Lakhs The amounts were waived/written off for recovery of arrears from PD and Payjal Yojana pertains to public water works (PWW) consumers in Rural Area.
2	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.		As per the information and explanation given to us, the company purchases inventories as per the requirement and specified norms. It is also certified by the management that no inventories is lying with third parties and the Company has not received any assets as gift from govt. or other authorities".
3	A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.		As per the information and explanation given to us, the Age wise analysis of pending legal/arbitration cases are as below: **Ageing of Case** — **No. Cases** Upto 5 year — 4,373 More than 5 upto 10 year — 982 More than 10 upto 15 years — 266 More than 15 years — 148 **Total** — **5,769** As informed to us the reasons for pendency are as under : 1. 1. The cases pending for more than five years - these cases are pending due the various reasons such as- a) Due to large backlog of pending cases before the various courts

Sr. No.	A. Directions		Auditors' Comments
			b) On Appeals against interim Orders proceedings in main suit is stayed till outcome of Appeals. c) The concern persons may not be traceable for serving the summons due to change in address or premises is closed etc. d) The execution petitions are filed but the warrants remained unserved to the parties due to various reason i.e. closure of factory, changes in address, new address has not found, their whereabouts are untraceable and the detail of property of Judgement Debtors not found etc. for execution of warrant. e) Writ Petitions (admitted) pending before High Court as a result of backlog of pending cases f) Hon'ble High court admits the matters and after stay, matter is listed for final hearing in due course. However, the disposal of these matters is purely within the domain of Hon'ble High Court. As informed to us the payments of fees of advocates engaged for conducting cases on behalf of Company and its officers, are made as per approved circular. And also as informed to us there is no foreign cases which are pending.
4	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.		As per the information and explanation given to us, the Company has not been selected for disinvestment; hence the clause is not applicable.

Sr. No.	B. Sub Directions		Auditors' Comments
1	Has the company entered into agreement with franchisees for distribution of Electricity in selected areas and revenue sharing agreement adequately protect the financial interest of the Company?		As per information and explanations provided to us, during the year the Company has not entered into agreement with any franchisees for distribution of Electricity, However the company is supplying power to certain old franchisees in selected areas which is not below its average cost of purchase.
2	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.		As per information and explanations provided to us, the balances of receivables and payables w.r.t. power purchases with power generation, distribution and transmission companies has been duly reconciled with books of accounts as at 31st March, 2017 except the balances with Tamil Nadu Coastal, Posoco WRPC Reactive Charges, Akaltara Power Ltd., Tatiya Andhra Pradesh, Orissa Power Transmission Corp., Adani Power Maharashtra Ltd., EMCO Ltd. and Non-Conventional Energy vendors. The main reasons for the items in reconciliation include accounting of DPC, Rebate, Charges related to change in law, Capacity Charges, Energy Bills, FAC Bills, supplementary bills of Uran Gas TPS, Infirm power Chandrapur Unit 8 & Unit 9, Arrears of HT Consumer recovered by MSEDCL not transferred to MSPGCL. And also refer the para no. 15.(g) of Ann-A of audit report for differences of intercompany balances.
3.	How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Govt. shortfall if any may be commented?		As per information and explanations provided to us, the GoM provides concession in rate towards sale of power to certain categories of consumers. During the year the Company has been allowed the following subsidy against supply power at concessional rate to the consumer:

(Rs. In Lakhs.)

YEAR	2016-17
Subsidy Allowed for FY 16-17	8,27,122
Opening Balance as on 01.4.16	1,68,033
Subsidy Accounted in FY 16-17	7,78,081
Subsidy Received/Adjusted upto FY 16-17	6,23,088
Balance Receivable from GoM in FY 17-18	3,23,026
Amount Received from GoM in FY 2017-18	2,01,832

Sr. No.	B. Sub Directions		Auditors' Comments
4.	Report on the efficacy of the system of billing and collection of Revenue in the Company. Further, Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.		1. As per information and explanations provided to us as regards to report on the efficacy of the system of billing and collection of revenue, the company prepares monthly collection reports and compares the billing & collections and take follow up with field office for the recovery of outstanding. As on 31st March, 2017, the total Trade Receivables outstanding is Rs. 28,49,620 Lakhs. 2. As per information and explanations provided to us as regards to installation of tamper proof meters, MSEDCL have approx. 248 Lakhs consumers out which approx. 233 Lakhs consumers are metered and only approx. 15 Lakhs consumers are under unmetered AG category. Further, as certified by the management, all the metered consumers are provided with tampered proof meters. 3. The following method is adapted for billing of unmetered Ag sale of LT unmetered Ag consumers, ii) At the end of quarter, IT section computes quarterly **Sub-Division wise kwh/HP Indices units** iii) While computing **kwh/HP** norm, only the consumers with **NORMAL meter status** having progressive reading iv) (negative and zero consumption excluded) will be considered. v) Consumption of consumers having consumption greater than **224 kWh/ hp/ month** will be **CAPPED** to **224kWh/hp/month** vi) Rationale behind CAP of 224 kwh/HP/Month is Maximum 3000 Running hours per year and 300 days of operation = 3000 / 300 = 10 Hours per day 0.746 kw(1hp) X 10 Hrs X 30 days = 224 kWh / HP/Month v) This **Subdivision wise kwh/HP Index** computed will beused to Compute quarterly consumption of unmetered agriculture consumers in subdivision. **The method is approved by MERC.**
5.	Whether Profit and Loss mentioned in Audit report is as per Profit and loss statement of the Company.		To the best of our knowledge and belief, the Profit and Loss mentioned in Audit report is as per the Profit and loss statement of the Company.

Sr. No.	B. Sub Directions		Auditors' Comments
6.	Whether the Company recovers Fuel and Power Purchase Adjustment Cost (FPPCA) and accounts for as approved by the Maharashtra Electricity Regulatory Commission (MERC)?		As per information and explanations provided to us, the Company calculates Monthly Fuel Adjustment Cost and levies to the consumers in the bill. The same is accounted as Revenue from consumers. The quarterly FPPCA calculation is sent to MERC for vetting. The Company has obtained post facto approval of the same upto August 2016.
7.	Whether the Liabilities and other financial implications arising due to implementation of UDAY (Ujwal Discom Assurance Yojana) have been correctly accounted for may be examined.		As per information and explanations provided to us and as per the examination carried out by us, the liabilities and other financial implications arising due to implementation of UDAY Scheme have been correctly account. Also refer note no. 31.24 of the financial statements regarding accounting of UDAY scheme.

MAHAVITARAN
Maharashtra State Electricity Distribution Co. Ltd.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of Financial Statements of **Maharashtra State Electricity Distribution Company Limited, Mumbai** for the year ended **31st March 2017** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the Financial Statements under section 143 of the Act based on the independent audit in accordance with the Standards of Auditing prescribed under section 143(10) of the Act. **This is stated to have been done by them vide their Audit Report dated 09th October 2017.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the Financial Statements of **Maharashtra State Electricity Distribution Company Limited, Mumbai** for the year ended **31st March 2017.** 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 matter under section 143 (6) (b) of the Act which have 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.

A . Comments on Profitability

Expenses :

Other Expenses : (Note 30) ₹ 5180.36 Cr

1. This does not include Rs.16203.67 lakh being the refund towards Service Line Charges payable to the consumers up to 31.03.2017 as per the Supreme Court order. Instead of debiting Rs. 16203.67 lakh to Other Expenses account under Profit and Loss Statement, it was adjusted against the deferred income out of the Government Grant (Capital) amortised during the year. As a result, both the income and expenditure shown in Profit and Loss statement for the FY 2016-17 are under stated by Rs.16,203.67 lakh each.

2. This is overstated by Rs.576.64 lakh being the difference between the Project Centage Service expenses incurred and capitalized. The expenses incurred under the Project Centage Services i.e. the labour and supervision charges on the capital works paid to the turnkey contractors (CWIP) were Rs.71357.14 lakh whereas the expenses debited to the assets under construction (CWIP). account were Rs.70780.50 lakh only. This has resulted in the overstatement of expenses by Rs.576.64 lakh and overstatement of loss to that extent.

Profit/(loss) Before Tax : ₹(3176.49) cr

3. As per Multi Year Tariff (MYT) Regulation No 34.1, the Company is required to make contribution to the Contingency Reserve a sum not less than 0.25 per cent of the original cost of the fixed assets annually. Accordingly the Company made a provision of Rs.10,800 lakh by debiting to 'Contribution to Contingency Reserve as per MERC Regulation' account and crediting to 'Contingency Reserve'. The contribution for the year should have been debited to Profit and Loss statement under the head 'Other Expenses', instead the same was adjusted in the 'Statement of changes in Equity'. This has resulted in the understatement of loss for the year by Rs.10,800 lakh.

B. COMMENTS ON FINANCIAL POSITION

Non- Current Assets
Loans (Note 5)
Security Deposits with (Unsecured: Considered good)
Court Authorities : ₹170.23 cr

4. This includes an amount of Rs.5175.62 lakh deposited by the Company during October 2014 to October 2016 as per various court orders in cases pertaining to three HT consumers viz. Reliable Spaces Pvt. Ltd. ₹4,600 lakh; Neel Siddhi Developers ₹.308.31 lakh and Fashion Lifestyle (India) Pvt Ltd. ₹267.31 lakh. The cases were decided in favour of these consumers and an amount of ₹4775.62 lakh were already released (Nov.2014 to Jan.2017) by the Court authorities to the above consumers, leaving a balance of ₹400 lakh, pertaining to the Reliable Spaces Pvt. Ltd. However, the Company continued to show ₹4,775.62 lakh as deposits with Court Authorities. The amount released to the consumers should have been charged off in the books of accounts. In the absence of it, the loss for the year was understated by ₹4,775.62 lakh with corresponding overstatement of Loans – Non Current.

Current Assets :
Inventories (Note 8) :
Stores & Spares : ₹706.87cr

5. The Company credited the Inventory account by ₹4,524/- lakhs, on account of shortage in stock pending investigation and debited the same as an expense to Profit and Loss Account under Other Expenses (R&M Others). This shortage of stock was yet to be considered by the Board of Directors for write off, thus treating it as an expense was incorrect. Pending such approval, the Company should have made a provision for the shortage and not written it off during the year. This has resulted in understatement of provision by ₹4,524/- lakhs with corresponding understatement of Stores and Spares.

   Further as per Ind AS 2, the financial statements should disclose the amount of any write-down of inventories recognized as an expense during the year. Though the Company had written off the stock shortage of ₹4525/- Lakh pending investigation, the same was not disclosed, resulting in non compliance to Ind AS 2.

Non- Current Liabilities
Financial Liabilities
Borrowings (Note 15)
Interest free loans from MIDC – ₹123.52 cr

6. This does not include ₹.6,940.11 lakh claimed by Maharashtra Industrial Development Corporation towards funds utilized for creation of distribution assets during the period up to December 2007 as part of interest free loan schemes. The Company has neither provided for the liability nor capitalized the distribution assets pending physically identification of assets and for want of details from its own field offices.
This has resulted in understatement of both the assets and liability by ₹.6,940.11 lakh each. Non accounting of these assets has also resulted in understatement of accumulated losses due to non-provision of depreciation, which is not quantifiable in the absence of audit evidences.

Current Liabilities :
Financial Liabilities
Trade Payables : Rs.21127.81 cr (Note 20)

7 (i) The Maharashtra Electricity Regulatory Commission (MERC) has reviewed the Company's compliance to Renewable Purchase Obligation (RPO) targets from FY 2010-11 to FY 2014-15 and passed orders on 04-08-2015 and 14.09.2016 respectively. MERC had invoked penalty as per Regulation 12 of the MERC (Renewable Purchase Obligation, its compliance and Implementation of REC framework) Regulations, 2010 (RPO-REC Regulations 2010) due to the Company's failure to meet the RPO targets. The Regulatory charges under the penalty were to be calculated at the preferential tariff rate for the Solar and Non-Solar RE generating sources during the year or any other rate as may be stipulated by MERC.

In the absence of any other rate stipulated by MERC, the Company was required to provide for the Regulatory Charges at the preferential tariff rates amounting to ₹2,74,817 lakh at the end of FY 2014-15. Instead, the Company provided for the cost of purchase of Renewable Energy Certificates (REC), equivalent to the shortfall in the targets in the respective years per Regulation 8 of the RPO-REC Regulations, 2010. Considering the commutative shortfall as on FY 2014-15, the Company had made a provision of ₹.67945 lakh, followed by ₹11290 lakh in the FY 2015-16 and ₹.20660 lakh in the FY 2016-17. The Company also purchased RECs for 666 MUs worth ₹.9990 lakh in the FY 2016-17. 3

Considering the above provisions and procurement, the Company's accumulated provision for Trade Payables is short by ₹.1,64932 lakhs as on FY 2016-17, understating the Company's accumulated liabilities and accumulated loss to that extent.

(ii) Further, in the absence of the review of RPO targets' achievement by MERC, for FY 2015-16 and 2016-17 and in view of enforcement of the RPO-REC Regulations, 2016, under which the RPO targets are revised from 9 to 11%, the Company should have included a disclosure regarding non compliance to the RPO targets & its financial statement to give a true and fair view of its, statement of affairs.

C. COMMENT ON DISCLOSURE

Additional notes to Acocunts

Note 31.(24) Ujwal Discom Assurance Yojana (UDAY) :

8. It is stated in the Note that in the FY 2016-17 the short term debt amounting to ₹.4,95,975 lakh was taken over and transferred to MSEDCL in the form of State loan of ₹.3,96,800 lakh which would be adjusted by way of Grant from Government of Maharashtra to MSEDCL in equal ratio for next four years from FY 2017-18 to FY 2020-21 i.e. Rs.99,200 lakh per year.

However, as per Government of Maharashtra's G.R. No.2017/Pra.Kra.21(1)/Urja-3 dated 31-03-2017, the Government has taken over the short term debt of ₹495975 lakhs and transferred the same amount as state loan to MSEDCL during the FY 2016-17, to be adjusted by way of Grant from Government in five consecutive installments starting from FY 2016-17. The first installment for FY 2016-17 being ₹.99,175 lakh and the remaining four consecutive installment up to FY 2020-21 being of ₹.99200 lakh per year.
The disclosure made under the above Note is incorrect to that extent.

D. COMMENT ON THE AUDITOR'S REPORT

9 Trade receivables of the company include Rs.234920 lakh due from Mula Pravara Electric Co-operative society Ltd (MPECS- a former Distribution Licensee) towards electricity charges for the period from 1977 to 2011. In view of case pending before Hon'ble Supreme Court of India, the Expected Credit Loss as required under Ind AS 109 was not reckoned and provided for by the company. In this connection reference is invited to Annexure A to the Auditor's Report dated 09.10.2017 "Basis for Qualified Opinion" paragraph, wherein the non-provision for Expected Credit Loss on the above referred long pending dues of Rs. 234920 lakh has not been stated under item No 4 - Trade Receivables. Therefore the qualifications in the Auditor's Report is incomplete to that extent.

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

(P. Madhavi)
ACCOUNTANT GENERAL
(AUDIT)-III

Place: Mumbai
Date: 21st Dec, 2017

Sr. No.	Comments of C & AG	Management's Replies
A. 1.	**COMMENTS ON PROFITABILITY** **Expenses** **Other Expenses** **₹ 5,18,035.74 LAKHS (Note 30)** This does not include Rs.16203.67 lakh being the refund towards Service Line Charges payable to the consumers up to 31.03.2017 as per the Supreme Court order dated 10.11.2016. Instead of debiting Rs. 16203.67 lakh to Other Expenses account under Profit and Loss Statement, it was adjusted against the deferred income out of the Government Grant (Capital) authorized during the year. As a result, both the income and expenditure shown in Profit and Loss statement for the FY 2016-17 are under stated by Rs.16203.67 lakh each.	 The service line charges of Rs. 17820 lakh and outright contribution of Rs. 7289 lakh collected during the period Jan 2005 to April 2007 are required to be refunded to the consumers as per Supreme Court Order. The SLC of Rs. 25109 lakh were credited to consumer contribution/ Government Grant earlier and out of this Rs. 16203.67 lakh has been credited to deferred income as per accounting policy (circular No 189). In FY 2016-17 the same has been rectified by Debiting to Revenue Account i.e. deferred Income and Crediting to Consumer Contribution /Government grant (Non-current Liability). Hence, there is no understatement of income and expenditure and profit and loss statement for FY 2016-17.

Sr. No.	Comments of C & AG	Management's Replies
2.	**Expenses :** **Other Expenses : ₹5,18,035.74 lakh (Note 30)** The above is overstated by Rs.576.64 lakh being the difference between the Project Centage Service expenses incurred and capitalized. The expenses incurred under the Project Centage Services i.e. the labour and supervision charged on the capital works paid to the turnkey contractors (CWIP) account were Rs.70780.50 lakh only. This has resulted in the overstatement of expenses by Rs.576.64 lakh and overstatement of loss to that extent.	The observation of audit is noted for future.
3.	**Profit/(loss) Before Tax : ₹(3,17648.93) Lakh** As per Multi Year Tariff (MYT) Regulation No 34.1, the Company is required to make contribution to the Contingency Reserve a sum not less than 0.25 per cent of the original cost of the fixed assets annually. Accordingly the Company made a provision of Rs.10800 lakh by debiting to 'Contribution to Contingency Reserve as per MERC Regulation' account and crediting to 'Contingency Reserve'. The contribution for the year should have been debited to Profit and Loss statement under the head 'Other Expenses', instead the same was adjusted in the 'Statement of changes in Equity'. This has resulted in the understatement of loss for the year by Rs.10800 lakh.	The deficit of Rs. 328449.84 lakh shown in the statement of changes in equity includes loss of Rs. 317648.93 Lakh & contribution to contingency Reserve of Rs. 10800 lakh as per IND AS. Therefore it is not a understatement of loss for the year. It is line with consistent accounting practice followed by company.
B. 4.	**COMMENTS ON FINANCIAL POSITION** **Non- Current Assets** **Loans (Note 5)** **Security Deposits with (Unsecured: Considered good)** **Court Authorities : ₹17,023.21 lakh** The above includes an amount of Rs.5175.62 lakh deposited by the Company during October 2014 to October 2016 as per various court orders in cases pertaining to three HT consumers viz. Reliable Spaces Pvt. Ltd. – 4,600	When the amount was deposited by the consumer, the entry was passed as under: Bank A/c Dr To Trade Receivable

Sr. No.	Comments of C & AG	Management's Replies
	lakh; Neel Siddhi Developers – Rs.308.31 lakh and Fashion Lifestyle (India) Pvt Ltd. 267.31 lakh. Scrutiny of the records relating to the cases revealed that the cases were decided in favour of these consumers and an amount of Rs.4775.62 lakh were already released (Nov.2014 to Jan.2017) by the Court authorities to the above consumers, leaving a balance of Rs.400 lakh, pertaining to the Reliable Spaces Pvt. Ltd. However, the Company continued to show Rs.4,775.62 lakh as deposits with Court Authorities as above. The amount released to the consumers should have been charged off in the books of accounts. In the absence of it. the loss for the year stands understated by Rs.4,775.62 lakh with corresponding overstatement of Loans – Non Current.	While depositing the amount with the court by the company, the following entry was passed. Deposit with court Authority A/c Dr To Bank A/c Consequent upon court order, the necessary rectifications entry has been passed in FY 2017-18 in the books of Accounts as under: Trade Receivable A/c Dr To Deposit with court Authority Thus, there is no impact on Profit or Loss.
5.	**Current Assets :** **Inventories (Note 8) :** **Stores & Spares ₹ 70687.42 lakh**	
I.	The Company credited the Inventory account by Rs.4,524 lakhs, due to the Stock shortage pending investigation (GL No. 20800029) and debited the same as an expense to Profit and Loss Account under Other Expenses (R&M Others). This shortage of stock was yet to be considered by the Board of Directors for write off, thus treating it as an expense was incorrect. Pending such approval, the Company should have made a provision for the shortage and not written it off during the year. This has resulted in understatement of provision by Rs.4,524 lakhs with corresponding understatement of Stores and Spares	The physical inventory valuation up to Mar 17 has been done by independent Chartered accountants firms and the report is submitted to HO. Therefore, on the basis of consolidated report the entry of shortage of inventory is passed in Mar 17. Since the difference in the inventory as per SAP and physical report is due to mistakes while uploading the initial inventory and non posting of material consumption entries in SAP, the stock shortage is not actual write off but non posting of consumption entries/wrong uploading of inventory. The CMD has directed Director Finance and Director Operation to take corrective steps for matching the physical stock with SAP. Therefore the action is taken accordingly.
II.	As per Ind AS 2, the financial statements shall disclose the amount of any write-down of inventories recognized as an expense during the year. Though the Company had written off the stock shortage pending investigation, the same was not disclosed.	The observation of audit is noted for future.

Sr. No.	Comments of C & AG	Management's Replies
6.	**Non- Current Liabilities** **Borrowings (Note 15)** **Interest free loans from MIDC –₹12,352.18 lakh.** The above does not include Rs.6,940.11 lakh claimed by Maharashtra Industrial Development Corporation towards funds utilized for creation of distribution assets during the period up to December 2007 as part of interest free loan schemes. The Company has neither provided for the liability nor capitalized the distribution assets, for want of details from its own field offices. This has resulted in understatement of both the assets and liability by Rs.6,940.11 lakh each. Non accounting of these assets has also resulted in understatement of accumulated losses due to non-provision of depreciation, which is not quantifiable in the absence of audit evidences.	MIDC has raised claim for various works done under MIDC areas of amounting to Rs. 11669.10 lakhs. The details of work done amounting to Rs. 4728.99 lakh have been provided by the field offices and the details of balance Rs. 6940.10 lakh are being collected by field offices. Therefore, MSEDCL has neither provided liability nor capitalized assets in the books of Accounts.
7.	**Current Liabilities :** **Trade Payables : ₹21,12,780.55 lakh (Note 20)** (I) The Maharashtra Electricity Regulatory Commission (MERC) has reviewed the Company's compliance to Renewable Purchase Obligation (RPO) targets from FY 2010-11 to FY 2014-15 and passed orders (Case No.190 of 2014) dated 04-08-2015 and (Case No. 16 of 2016) on 14.09.2016 respectively. Vide Order dated 04.08.2015 MERC had invoked penalty as per Regulation 12 of the MERC (Renewable Purchase Obligation, its compliance and Implementation of REC framework) Regulations, 2010 (RPO-REC Regulations 2010) due to the Company's failure to meet the RPO targets. The Regulatory charges were to be calculated at the preferential tariff rate for the Solar and Non-Solar RE generating sources during the year or any other rate as may be stipulated by MERC.	Regulation 12 provides discretionary power to the State Commission to direct to deposit into a separate fund such amount as the Commission may determine on the basis of shortfall in units, RPO Regulatory Charges and the Forbearance Price decided by the Central Commission. It is further provided that RPO Regulatory Charges shall be equivalent to the highest applicable preferential tariff during the year or any other rate as may be stipulated by the State Commission. Further, the fund so created shall be utilized as may be directed by the State Commission. The Hon'ble MERC in its Order dtd04.08.2015 in case no.190 of 2014 has invoked Regulation 12 for the reasons mentioned in para 54 of the said order and directed as under –

Sr. No.	Comments of C & AG	Management's Replies
	In the absence of any other rate stipulated by MERC, the Company was required to provide for the Regulatory Charges at the preferential tariff rates during the year, amounting to Rs.2,748.17 lakh as on FY 2014-15. Instead, the Company provided for the cost of purchase of Renewable Energy Certificates (REC), to meet the shortfall of the RPO as per Regulation 8 of the RPO-REC Regulations, 2010. Considering the shortfall as on FY 2014-15, the Company had made a provision of Rs.679.45 lakh, followed by Rs.112.90 lakh in the FY 2015-16 and Rs.206.60 lakh in the FY 2016-17. The Company purchased RECs for 666 MUs worth Rs.99.90 lakh in the FY 2016-17. Considering the above provisions and procurement, the Company's accumulated provision for Trade Payables is short by Rs.1,649.32 crore, understating the Company's accumulated liabilities and accumulated loss to that extent.	MSEDCL shall constitute, within a month of this Order, a separate 'RPO Regulatory Charges Fund'; The Fund shall be utilised by MSEDCL to purchase Solar and Non-Solar RECs and/or to procure power so as to fully meet the shortfall against RPO targets (as determined at paras. 46 and 47 above) by the end of March, 2016, and the amounts deposited into the Fund shall be determined by MSEDCL accordingly over the remaining period of FY 2015-16; It has been further clarified in para 56 of the said order that a minimum of Rs.26033 crs would have to be deposited into the Fund considering only RECs are to be purchased with floor prices (Rs.1500/Mwh for Non-solar and Rs.3500/MWh for Solar).Further, it is clarified that though CERC has fixed floor and forbearance prices of RECs, the actual rate at which they may be available at any given time is not known. Hence, the Hon'able Commission has not specified the total amount to be deposited in the Fund in terms of figures. Moreover, MSEDCL need not deposit into the Fund the entire amount estimated to be required in a lumsum at the outset, but spread it over the remainder of the year depending on its assessment of the REC market and/or actual power procurement." In compliance of the above directives, MSEDCL has created a Fund of Rs.99.90 crs and utilized for purchase of REC's for 666 MUs out of total Non-solar shortfall at available rate of Rs.1500/MWh in Dec 16. Further, MSEDCL has provided for toward RPO Obligatory Fund of Rs.679.45 crs, Rs.112.90 crs and Rs.206.60 crs in FY 2014-15, 2015-16 and 2016-17 respectively at available rates upon assessment of REC market for Solar and Non-solar shortfall units in term of MERC directives mentioned in para 56 of the Order.

Sr. No.	Comments of C & AG	Management's Replies
	(ii) Further, in the absence of the review RPO targets' achievement by MERC, for the FY 2015-16 and 2016-17, enforcement of the RPO-REC Regulations, 2016, under which the RPO targets are revised from 9 to 11%, the Company should have made a disclosure regarding compliance to the RPO targets and its financial impact to give a true and fair view of its financial statements.	Hence, it is submitted that the provision made by MSEDCL towards RPO Obligatory Charges Fund is sufficient and it as per directives of Hon'able MERC. As sufficient provision is made for estimated shortfall in RPO for FY 2015-16 and 2016-17, further disclosure by way of notes to accounts is not warranted.
C. 8.	**COMMENTS ON DISCLOSURE** **Note 31.(24) Ujwal Discom Assurance Yojana (UDAY) :** It is stated in the above Note that in the FY 2016-17 the short term debt amounting to Rs.4,95,975 lakh was taken over and transferred to MSEDCL in the form of State loan of Rs.3,96,800 lakh which would be adjusted by way of Grant from Government of Maharashtra to MSEDCL in equal ratio for next four years from FY 2017-18 to FY 2020-21 i.e. Rs.99,200 lakh per year. However, as per Government of Maharashtra's G.R. No.2017/Pra.Kra.21(1)/Urja-3 dated 31-03-2017, the Government has taken over and transferred Rs.4,95,975 lakh as state loan to MSEDCL during the FY 2016-17, to be adjusted by way of Grant from Government in five consecutive installments starting from FY 2016-17. The first installment for FY 2016-17 being Rs.99,175 lakh and the remaining four consecutive installment up to FY 2020-21 being of Rs.99200 lakh per year. The disclosure made under the above Note is factually incorrect to that extent.	In the F.Y.2016-17 the short term debt amounting to Rs.495975 Lakhs was taken over and transferred to MSEDCL in the form of state loan. Govt. of Maharashtra vide G.R. Dtd. 31/03/2017 has resolved that Rs. 99175 Lakhs to be adjusted by way of Grant to MSEDCL as repayment of 1st Installment towards State Loan of Rs. 495975 Lakhs. The same has been disclosed in Note no. 31(24) 1St Installment of Rs 99,175 lakhs has been disclosed in other income as revenue from Grant and the balance loan amount of Rs. 396800 lakh has been shown as Loan under Uday Scheme.

Sr. No.	Comments of C & AG	Management's Replies
D.	**COMMENT ON THE AUDITOR'S REPORT**	
9.	Trade receivables of the company include Rs.234920 lakh due from MulaPravara Electric Co-operative society Ltd (MPECS- a former Distribution Licensee) towards electricity charges for the period from 1977 to 2011. In view of case pending before Hon'ble Supreme Court of India, the Expected Credit Loss as required under Ind AS 109 was not reckoned and provided for by the company. In this connection reference is invited to Annexure A to the Auditor's Report dated 09.10.2017 "Basis for Qualified Opinion" paragraph, wherein the non-provision for Expected Credit Loss on the above referred long pending dues of Rs. 234920 lakh has not been stated under item No 4 - Trade Receivables. Therefore the qualifications in the Auditor's Report are incomplete to that extent.	MSEDCL has also filed suit against MPECS for recovery of arrears of Rs 234920 Lakhs before Civil Court Shrirampur. The matter is under subjudice for recovery from MPECS and there is scope of 100% recovery of claim amount. Hence the ECL is not provided for FY 16-17. As per IND AS 109, MSEDCL has applied practical expedient for determining expected credit loss on receivable. In Note No 31-7 (B) (i-a) MSEDCL's stance towards non reckoning ECL on MPECL receivables is explained in details. In view of this, non provision of ECL on MPECS long pending dues cannot be a basis for qualified opinion. Further, the Statutory Auditor has also clarifies that, in the Para 4(a) of annexure A of the auditor's report dated 09.10.2017, it is mentioned that while preparing provision for expected credit loss, the company has not determined any forward looking information on the behaviour pattern of customers. In absence of scientific system of making the provision matix and absence of considering behaviour pattern of customers, we are not in a position to comment on the adequacy for the provision of expected credit loss. Therefore, the qualification in the auditor's report is complete.

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

Balance Sheet As at 31st March 2017

(Rs. in Lakhs)

PARTICULARS	Note	As at 31.03.17	As at 31.03.16	As at 31.03.15
I ASSETS				
1 NON-CURRENT ASSETS				
(a) Property, plant and equipment	3	58,19,379.80	57,95,669.75	56,71,313.05
(b) Capital work-in-progress		3,62,611.93	2,51,155.20	1,28,189.90
(c) Intangible assets	3A	2,173.87	3,341.96	3,991.65
(d) Financial assets				
(I) Investments	4	19,226.96	19,235.59	19,243.66
(ii) Loans	5	1,27,156.81	98,443.06	1,03,730.84
e) Non Current Tax Assets (Net)	6	4,726.25	4,698.87	4,646.96
f) Other non-current assets	7	38,896.72	37,601.54	58,733.82
TOTAL NON-CURRENT ASSETS		**63,74,172.34**	**62,10,145.94**	**59,89,849.88**
2. CURRENT ASSETS				
(a) Inventories	8	69,162.13	58,716.61	43,859.58
(b) Financial assets				
(i) Trade receivables	9	28,49,620.24	23,00,945.59	19,09,898.15
(ii) Cash and cash equivalents	10	1,39,489.16	51,524.87	43,683.70
(iii) Other financial assets	11	16,769.36	44,657.82	62,077.00
(c) Other current assets	12	1,23,896.33	2,17,145.29	5,40,234.17
TOTAL CURRENT ASSETS		**31,98,937.22**	**26,72,990.18**	**25,99,752.60**
TOTAL ASSETS BEFORE REGULATORY ASSETS		**95,73,109.56**	**88,83,136.12**	**85,89,602.48**
Regulatory Assets	31(8)	2,31,500.00	2,52,400.00	22,400.00
TOTAL ASSETS		**98,04,609.56**	**91,35,536.12**	**86,12,002.48**
I EQUITY & LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	13	46,49,663.49	46,15,963.49	5,70,331.05
(b) Other Equity	14	(28,83,251.24)	(25,44,892.74)	18,16,970.04
TOTAL EQUITY		**17,66,412.25**	**20,71,070.75**	**23,87,301.09**
2 NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	15	18,72,776.63	11,48,156.44	10,48,806.75
(ii) Other financial liabilities	16	6,53,268.33	10,33,615.51	10,08,720.28
(b) Provisions	17	3,73,273.83	3,51,551.24	3,41,410.00
(c) Deferred tax liabilities (Net)	31(14)	-	-	4,235.35
(d) Other non-current liabilities	18	5,75,287.15	4,36,070.92	3,18,263.82
TOTAL NON-CURRENT LIABILITIES		**34,74,605.94**	**29,69,394.11**	**27,21,436.20**
3 CURRENT LIABILITIES				
(a) Financial liabilities				
(I) Borrowings	19	6,64,605.19	7,68,080.31	3,64,365.31
(ii) 'Trade payables	20	21,12,780.55	22,42,506.99	19,02,346.53
(iii) Other financial liabilities	21	13,26,212.10	8,23,979.89	8,88,045.06
(b) Provisions	22	1,46,342.59	1,64,891.44	2,84,083.80
(c) Other current liabilities	23	3,13,650.94	95,612.63	64,424.49
TOTAL CURRENT LIABILITIES		**45,63,591.37**	**40,95,071.26**	**35,03,265.19**
TOTAL LIABILITIES		**80,38,197.31**	**70,64,465.37**	**62,24,701.39**
TOTAL EQUITY AND LIABILITIES		**98,04,609.56**	**91,35,536.12**	**86,12,002.48**
Corporate Information	1			
Significant Accounting Policies	2			
Additional Notes to Account	31			

Sd/-	Sd/-	Sd/-
N. P. Vernekar	**S. P. Vyavahare**	**A. M. Gudekar**
General Manager (CA)	Chief General Manager (CA)	Company Secretary
		M. No. ACS 19937

Sd/-	Sd/-
S. L. Pimpalkhute	**Sanjeev Kumar**
Director (Finance)	Chairman and Managing Director
DIN No. 01915725	DIN No. 01866640

As per our report of even date attached hereto.

For Mittal & Associates	**For B. N. Kedia & Co.**	**For S.G.C.O. & Co. LLP**
FRN 106456W	FRN 001652N	FRN 112081W/ W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

Profit and Loss Statement for the year ended on 31st March 2017

(Rs. in Lakhs)

PARTICULARS	Note Number	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
Revenue			
Revenue from Operations	24	57,60,145.60	53,61,965.84
Other Income	25	2,24,813.10	2,95,082.34
Total Revenue		**59,84,958.70**	**56,57,048.18**
Expenses:			
Purchase of Power	26	47,61,864.88	47,53,038.68
Employee Benefits Expenses	27	4,12,112.17	4,08,514.38
Finance Expenses	28	3,25,927.50	2,81,358.51
Depreciation and Amortisation	29	2,84,667.34	2,75,968.90
Other Expenses	30	5,18,035.74	2,80,675.41
Total Expenses		**63,02,607.63**	**59,99,555.88**
Profit/(loss) Before Tax		**(3,17,648.93)**	**(3,42,507.70)**
Tax expense:			
Deferred Tax		-	(4,235.35)
Total Tax Expenses		-	(4,235.35)
Profitl(loss) for the year		**(3,17,648.93)**	**(3,38,272.35)**
Other Comprehensive Income			
A) Items that will not be reclassified to Profit and loss			
i) Remeasurement of defined benefit plans		(17,108.65)	(11,657.99)
ii) Tax relating to items that will not be reclassified to Profit and loss			
B) Items that will be reclassified to Profit and loss		-	-
i) Tax relating to Items that will be reclassified to Profit and loss		-	-
Other Comprehensive Income for the period (net of tax)		**(17,108.65)**	**(11,657.99)**
Total Comprehensive Income for the period, net of tax		**(3,34,757.58)**	**(3,49,930.34)**
Basic Earning per share (In Rs.)		**(0.69)**	**(0.74)**
Diluted earnings per share (In Rs.)		**(0.69)**	**(5.80)**
Corporate Information	1		
Significant Accounting Policies	2		
Additional Notes to Account	31		

Sd/-	Sd/-	Sd/-
N. P. Vernekar	**S. P. Vyavahare**	**A. M. Gudekar**
General Manager (CA)	Chief General Manager (CA)	Company Secretary
		M. No. ACS 19937

Sd/-	Sd/-
S. L. Pimpalkhute	**Sanjeev Kumar**
Director (Finance)	Chairman and Managing Director
DIN No. 01915725	DIN No. 01866640

As per our report of even date attached hereto.

For Mittal & Associates	**For B. N. Kedia & Co.**	**For S.G.C.O. & Co. LLP**
FRN 106456W	FRN 001652N	FRN 112081W/ W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai
Date : 09.10.2017

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION OMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY OF FOR THE YEAR ENDED MARCH 31, 2017

I. Equity Share Capital

(Rs. in Lakhs)

PARTICULARS	As at 31 March 2017
As at 01.04.2015	570,331.05
Changes in Equity share capital [Note no. 13]	4,045,632.44
As at 01.04.2016	4,615,963.49
Changes in Equity share capital [Note no. 13]	33,700.00
As at 31.03.2017	4,649,663.49

II. OTHER EQUITY

(Rs. in Lakhs)

	Share application money pending allotment	Reserves & Surplus		Items of Other Comprehensive Income (OCI)	Total Other Equity
		Contingency Reserve [(Note no. 31(27)]	Retained earnings	Gains/(losses)on employee defined benefits	
As at 01.04.2015	4,045,632.44	47,600.00	(2,276,262.40)	-	1,816,970.04
Profit or Loss for the year	-	-	(348,372.34)	-	(348,372.34)
Other Comprehensive income/ (loss) for the year	-	-	-	(11,657.99)	(11,657.99)
Addition during the year	33,700.00	10,100.00	-	-	43,800.00
Shares Alotted during the year	(4,045,632.44)	-	-	-	(4,045,632.44)
As at 01.04.2016	33,700.00	57,700.00	(2,624,634.74)	(11,657.99)	(2,544,892.73)
Profit or Loss for the year	-	-	(328,449.85)	-	(328,449.85)
Other Comprehensive income/ (loss) for the year	-	-	-	(17,108.65)	(17,108.65)
Addition during the year	30,100.00	10,800.00	-	-	40,900.00
Shares Alotted during the year	(33,700.00)	-	-	-	(33,700.00)
As at 31.03.2017	30,100.00	68,500.00	(2,953,084.59)	(28,766.64)	(2,883,251.23)

Sd/-	Sd/-	Sd/-
N. P. Vernekar	**S. P. Vyavahare**	**A. M. Gudekar**
General Manager (CA)	Chief General Manager (CA)	Company Secretary
		M. No. ACS 19937

Sd/-	Sd/-
S. L. Pimpalkhute	**Sanjeev Kumar**
Director (Finance)	Chairman and Managing Director
DIN No. 01915725	DIN No. 01866640

As per our report of even date attached hereto.

For Mittal & Associates	**For B. N. Kedia & Co.**	**For S.G.C.O. & Co. LLP**
FRN 106456W	FRN 001652N	FRN 112081W/ W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION OMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(Rs. in Lakhs)

PARTICULARS	2016-17	2015-16
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	(3,17,648.93)	(3,42,507.70)
Adjustments for:		
Depreciation and amortisation expenses	2,84,667.34	2,75,968.90
Finance Costs	3,25,927.50	2,81,358.51
Provision for Expected Credit Loss	89,481.43	1,22,293.21
Amorization of premium on investment	8.63	8.07
Interest Income	(1,579.14)	(1,564.42)
Operating Profit before Changes in Working Capital {Sub Total - (I)}	**3,80,856.83**	**3,35,556.57**
Movements in Working Capital		
(Increase) / Decrease in Other non-current assets	(1,322.56)	21,080.37
(Increase) /Decrease in Inventories	(10,445.52)	(14,857.03)
(Increase) / Decrease in Trade Receivables	(6,38,156.08)	(5,13,340.65)
(Increase) /Decrease in Other current financial assets	27,888.46	17,419.18
(Increase) /Decrease in Other current assets	93,248.04	3,23,088.88
(Increase) /Decrease in Regulatory assets	20,900.00	(2,30,000.00)
Increase (Decrease) in Trade Payables	(1,29,726.44)	3,40,160.46
Increase (Decrease) in Other current financial liabilities	5,02,232.21	(64,065.17)
Increase / (Decrease) in Other Non current financial liabilities	(3,80,347.18)	24,895.23
Increase /(Decrease) in Provisions	(13,934.91)	(1,20,709.11)
Increase/ (Decrease) in Other non-current liabilities	1,39,216.23	1,17,807.10
Increase / (Decrease) in Other current liabilities	2,18,038.31	31,188.14
Sub Total - (ii)	**(1,72,409.44)**	**(67,332.60)**
	2,08,447.40	**2,68,223.97**
Less: Direct Taxes paid	**-**	**-**
Net Cash from Operating Activities A	**2,08,447.40**	**2,68,223.97**

B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment & Intangible Assets	(3,07,209.33)	(4,00,084.67)
Addition to CWIP	(1,11,456.73)	(1,22,965.29)
Sale of Property, Plant & Equipment	-	408.78
Proceeds/(Repayment) of Loans	(28,713.75)	5,287.78
Interest received	1,579.14	1,564.42
Net Cash generated from / (used in) Investing Activities B	**(4,45,800.67)**	**(5,15,788.98)**
C. Cash Flow From Financing Activities		
Proceeds from issue of shares	30,100.00	33,700.00
Proceeds from Long Term Borrowings	7,24,620.19	99,349.69
Proceeds from Short Term Borrowings	-	4,30,495.13
Repayment of Short Term Borrowings	(1,03,475.12)	(26,780.13)
Finance Cost paid	(3,25,927.50)	(2,81,358.51)
Net Cash from Financing Activities (C)	**3,25,317.57**	**2,55,406.18**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**87,964.29**	**7,841.17**
Cash and cash equivalents at the beginning of the year	**51,524.87**	**43,683.70**
Cash and cash equivalents at the end of the year	**1,39,489.16**	**51,524.87**
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on		
Balances with Banks:		
- on current accounts	94,968.33	46,656.31
Cheques, drafts on hand	468.73	883.05
Deposits with maturity with less than 3 months	43,285.71	3,364.54
Cash on hand	766.39	620.97
Cash and cash equivalents at the end of the year	**1,39,489.16**	**51,524.87**

Sd/-	**Sd/-**	**Sd/-**
N. P. Vernekar	**S. P. Vyavahare**	**A. M. Gudekar**
General Manager (CA)	Chief General Manager (CA)	Company Secretary
		M. No. ACS 19937

Sd/-	**Sd/-**
S. L. Pimpalkhute	**Sanjeev Kumar**
Director (Finance)	Chairman and Managing Director
DIN No. 01915725	DIN No. 01866640

As per our report of even date attached hereto.

For Mittal & Associates	**For B. N. Kedia & Co.**	**For S.G.C.O. & Co. LLP**
FRN 106456W	FRN 001652N	FRN 112081W/ W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	**Sd/-**	**Sd/-**
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

NOTE NO. 1

CORPORATE INFORMATION

Maharashtra State Electricity Distribution Company Limited

Maharashtra State Electricity Distribution Company Limited (The Company), 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 Company is a wholly owned subsidiary of MSEB Holding Company Limited (the Holding Company).

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 economic 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 is engaged in the business of electricity distribution. MSEDCL's distribution network is divided in 4 Regions, 17 zones, 52 circles, 166 divisions, 716 sub divisions and 34 IT Centres catering services to around 247.60 Lakhs consumers.

NOTE NO. 2

SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of preparation :**

   The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 (18 of 2013) and considering the principles determined / applied by the Maharashtra Electricity Regulatory Commission (MERC) while determining tariff, to the extent applicable for accounting.

   These financial statements include the balance sheet, the statement of profit and loss, the statement of changes in equity and the statement of cash flows and notes, comprising a summary of significant accounting policies and other explanatory information and comparative information in respect of the preceding period. These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is 1st April, 2015. The transition was carried out in accordance with Ind AS 101 (First time adoption-of,Indian Accounting Standards). The transition was carried out from Accounting Standard as prescribed under

Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, (previous GAAP). The Company's presentation currency and functional currency is Indian Rupees (Rs.). All figures appearing in the Financial Statements are rounded to the nearest lakhs (Rs. Lakhs), except where otherwise indicated.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards.

2. <u>First-time adoption-mandatory exceptions, optional exemptions:</u>

Overall principle:

The Company has prepared the opening Balance Sheet as per Ind AS as of the transition date which is 1st April, 2015, by

(a) recognising all assets and liabilities whose recognition is required by Ind AS;

(b) de recognising items of assets or liabilities which are not permitted by Ind AS;

(c) reclassifying items from previous GAAP to Ind AS as required under Ind AS; and

(d) applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

Derecognition of financial assets and liabilities:

The Company has applied the derecognition requirements of financial assets and liabilities prospectively for transactions occurring on or after 1st April, 2015 (date of transition).

Classification of debt instruments:

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Deemed cost for property, plant and equipment, investment property and intangible assets:

The Company has elected to continue with the carrying value of all of its property, plant and equipment, investment property and intangible assets recognised as of 1st April, 2015, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Equity investments at FVTPL or at Cost:

The Company has designated investment in equity shares as at FVTPL on the basis of facts and circumstances that existed at the transition date. The Company has opted to recognise investments in equity instruments of subsidiaries, associates and joint venture at cost.

Government Grant:

The Company has elected to apply the requirements in Ind AS 20 retrospectively to government grants existing at the date of transition to Ind AS.

Determining whether an arrangement contains a lease:

The Company has applied Appendix C of Ind AS 17 determining whether an arrangement contains a lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

3. Classification of Assets and liabilities:

All assets and liabilities have been classified as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

For the above purposes, the Company has determined the operating cycle as twelve months based on the nature of products and the time between the acquisition of inputs for manufacturing and their realisation in cash and cash equivalents.

The Company is governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003.

4. Use of estimates and judgements:

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

a) Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;
b) Impairment of non-financial assets;
c) Revenue recognition
d) Fair value measurements of Financial instruments;
e) Valuation of inventories;
f) Measurement of recoverable amounts of cash-generating units;
g) Measurement of Defined Benefit Obligation, key actuarial assumptions;

h) Provisions and Contingencies;
i) Evaluation of recoverability of deferred tax assets;
j) Operating lease commitments
k) Regulatory Assets

Revisions to accounting estimates are recognized prospectively in the Financial Statements in the period in which the estimates are revised and in any future periods affected.

5. **Equity Share Capital:**

Company recognises the money received from Government of Maharashtra (GoM) as share application pending allotment on receipt of money. As per practice, GoM amounts are disbursed to the Company from time to time subject to certain terms and conditions that the GoM may prescribe, mainly in the form of a Government Resolution (GR). Shares are issued against these amounts and allotted to the Holding Company. The Company issues and allots such shares generally within the prescribed time limit from the receipt of GR from GoM. In view of these facts Share Application Money is considered to be part of Equity.

6. **Financial Instruments:**

Initial Recognition:

The Company recognises financial assets and financial liabilities when it becomes a party to a contractual provision of the instruments. All financial assets and liabilities are recognised as fair value on initial recognition. Transaction cost that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added /deducted as per appropriate to fair value on initial recognition. Transaction cost related to acquisition of Financial assets and Financial liabilities that are fair value through profit and loss are recognised to profit and loss.

a) **Financial Assets:**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

I. **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company makes an irrevocable election on an instrument-by - instrument basis to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

iii. Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Other financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

For Trade receivables and Other receivable maturing within one year from the Balance sheet date, the carrying amounts approximates the fair value to the short maturity of these instruments and are hence, stated at cost.

EIR is not calculated for interest bearing Financial Assets, which carry market rates bearing interest rates that are subject to reset / change on time to time basis.

iv. Investments in subsidiaries, joint ventures and associates are carried at cost in accordance with Ind AS 27 Separate Financial Statements. These are tested for impairment.

v. Impairment of Financial Asset:

The Company had recognised Expected Credit Loss (ECL) on Trade receivables and other financial assets. The ECL primarily comprises of two main factors, viz. Time loss (money value) and Credit loss. Time loss is computed considering an appropriate discount rate. The management believes that the rate used in determining the actuarial valuation of employment benefits is reflective of the loss it suffers due to delays in collection. This rate is reviewed once a year. The Credit loss is calculated on the basis of the credit spread of Corporate Bonds having a tenure of 10 years as at the date of the balance sheet.

Trade receivables were categorised into five groups for computing ECL viz. 1) Government authorities/bodies, 2) Permanent Disconnected consumers, 3) Agricultural consumers and 4) Regular (Good, whose total outstanding for more than 2 years are less than 20% of Total outstanding of such class) and 5) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA) which are rated among various categories based on their credit worthiness. The management has estimated an appropriate credit rating for each of the above five groups.

Security deposit available with the Company for each of the above groups of customers is reduced from the gross outstanding of trade receivables. This reduction is done on the basis of the ageing of the gross outstanding. ECL is provided on the Net Trade Receivable (gross less allocated security deposit) to the extent of unsecured portion. In case of Permanent Discounted Consumers, the provision matrix (in the range of 20% to 100%) is applied on the basis of ageing of receivables.

The ECL on other receivables from Government of Maharashtra and receivables from Group companies are provided to the extent of Time loss only in the FY 15-16 and FY 16-17 on the balance as on 01.04.2015 due to impracticability.

vi. De-recognition:

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial Liabilities:

i) Subsequent measurement:

Financial liabilities are subsequently carried at amortised cost using the Effective Interest Rate (EIR) method, except for those which are measured at fair value through profit & loss. For Trade & other payables maturing within one year from the Balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments and are hence, carried at cost. The Company classifies all Borrowings as subsequently measured at "Amortised Cost" EIR is not calculated for interest bearing Financial Liabilities, which carry market rate bearing interest rates that are subject to reset/change on time to time basis.

ii) De-recognition:

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

c) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

7. Revenue Recognition :

a) Sale of Power:

I. Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

ii. Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers at Tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Cost, if any.

iii. Unbilled revenue accrued up to the end of the financial year is accounted in the books of accounts on estimation basis and includes FAC (Fuel Adjustment Cost), if any.

iv. Bills raised for theft of energy, under section 135 and for unauthorised use of power under section 126 of Electricity .Act 2003, whether on consumer or outsiders are recognised in full as soon as assessment is received from the competent authority of the Company.

v. Revenue on account of delay payment surcharge (DPS) and interest on arrears in case of consumers defaulting payment of bills for consecutive three months is recognised on collection basis. The charged DPS and interest in case of such consumers is treated as a deferred income (liability).

b) Other Operating Income and Other Income:

i. Regulatory Income/Expenses:

The tariff of the Company is regulated by MERC. The Regulatory Assets/Liabilities are being accounted based on principles laid down under Tariff Regulations / Tariff orders as notified by MERC. The recognition of Regulatory Assets/Liabilities is as per Ind AS 114 "Regulatory Deferral Accounts", i.e. 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 / Mid-Term Review by MERC under Multi-Year Tariff Regulations are made after completion of such review.

ii. Sale of scrap is recognised on realisation.

iii. Interest income on Non-current investments is accounted on accrual basis, using Effective Interest Rate (EIR) method. Interest Income other than Non-current Investments is accounted on accrual basis.

iv. Dividend income is accounted for when the right to receive income is established.

8. <u>Government Grant:</u>

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received. Government grants relating to income are determined and recognised in the profit and loss over the period they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are presented as Capital Grant in financial statements and are credited to profit and loss in a systematic manner over the expected life of the related assets and presented within other operating income.

9. <u>Property, Plant and Equipment (PPE):</u>

a) Freehold lands are carried at cost.

b) PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Specific know-how fees paid, if any, relating to plant & equipment is treated as a part of cost thereof. Cost includes purchase price and any attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

c) For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost.

d) Inventories with useful life for more than one year are accounted as PPE as per Ind AS 16.

10. 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) Claims for Price Variation in case of contracts are accounted for on acceptance by the Company.

11. Depreciation / Amortisation:

A. Leasehold land is amortized over a period of lease generally.

B. Property, Plant and Equipment:

a) The company has estimated the useful life of an item of Property Plant and Equipment based on a techno-commercial evaluation. This estimation includes the pattern of usage of the Property Plant and Equipment item. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

b) The techno-commercial evaluation of the useful life, residual value and pattern of depreciation is reviewed annually. The present estimation is similar to the method used by MERC to determine tariff through MERC (Multi Year Tariff) Regulations 2015.

c) 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

d) In case of Assets whose depreciation has not been charged upto 70% after its commissioning, Company charges depreciation at the rates prescribed above till the end of such year in which the accumulated depreciation reaches upto 70%. After attainment of 70% accumulated depreciation, the Company charges depreciation on the basis of remaining useful life upto 90% of the cost of asset in terms of the requirement of the above Regulations.

e) Depreciation on addition/deletions of assets during the year is provided on pro-rata basis.

f) The assets costing Rs.5,000/- or less individually are depreciated at 100% in the year they are put to use.

12. Intangible Assets:

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding development costs, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Development costs are capitalised if technical and commercial feasibility of the project is demonstrated, future economic benefits are probable.

Intangible assets are amortised over the contract or warranty period whichever is longer and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

The Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

13. Impairment of Non-Financial Assets:

Non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

14. Inventories:

Inventories having useful life upto one year and are valued at lower of weighted average cost and net realisable value.

15. Employee Benefits :

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Defined contribution plans:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefits plans:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The retirement benefit obligation recognised in the balance o sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

16. Provisions, Contingent Liabilities and Contingent Assets:

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.

Contingent assets are disclosed where an inflow of economic benefits is probable. A brief description of the nature of the contingent assets, where an inflow of economic benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

17. Accounting of Losses on account of flood, fire, cyclone etc.:

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

18. Leases:

Operating lease payments / Income are recognised in the statement of profit and loss on a Straight Line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increase, such increase are recognised in the year in which such benefits accrue. The Company does not have any finance lease arrangements.

19. Taxation:

Provision for Income Tax consists of current tax and deferred tax. Current Tax is calculated according to prevailing rates of Income Tax. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

20. Earnings per Share:

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

21. Fair value measurement:

Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

22. Cash and Cash equivalents:

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

23. Cash flow statement:

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (Ind AS) 7 on 'Statement of Cash Flow'. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

For and on behalf of the Board

Sd/-	Sd/-	Sd/-
N. P. Vernekar	**S. P. Vyavahare**	**A. M. Gudekar**
General Manager (CA)	Chief General Manager (CA)	Company Secretary
		M. No. ACS 19937

Sd/-	Sd/-
S. L. Pimpalkhute	**Sanjeev Kumar**
Director (Finance)	Chairman and Managing Director
DIN No. 01915725	DIN No. 01866640

As per our report of even date

For Mittal & Associates	**For B. N. Kedia & Co.**	**For S.G.C.O. & Co. LLP**
FRN 106456W	FRN 001652N	FRN 112081W/ W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

Date : 09.10.2017

NOTE - 3

(Rs. in Lakhs)

PARTICULARS	Cost				Accumulated depreciation and impairment				Carrying Amount
	Balance as at April 1,2016	Additions	Impact of IND AS	Balance as at March 31, 2017	Balance as at April 1, 2016	Depreciation expense	Impact of IND AS	Balance as at March 31, 2017	Balance as at March 31, 2017
Property plant and equipment									
Land	0.00			0.00	0.00			0.00	0.00
a) Free hold land	1072814.38	1682.10		1074496.48	0.00	0.00		0.00	1074496.47
b) Lease hold land	2378.72	96.59		2475.30	52.57	53.42		105.99	2369.32
Building	242872.32	1741.60		244613.92	7683.87	7085.80		14769.68	229844.25
Hydralic works	263.90	11.59		275.49	22.47	20.33		42.80	232.69
Other Civil works	17685.86	236.85		17922.70	837.43	774.79		1612.22	16310.48
Plant and Machinery	1205262.48	122653.74	-29220.68	1298695.54	68242.44	76115.23	132.30	144489.97	1154205.57
Lines and Cables	3498857.12	207890.77		3706747.89	195051.93	196536.53		391588.46	3315159.43
Communication Equipment	3244.53	534.24		3778.78	202.85	289.30		492.16	3286.62
Vehicles	768.38	31.39		799.76	59.18	57.02		116.19	683.56
Furniture and Fixture	5304.91	350.57	1.21	5656.69	272.69	291.56	0.17	564.42	5092.28
IT Equipment	6059.45	244.50		6303.95	10.62	1213.55		1224.17	5079.79
Office Equipments	10606.29	221.62	81.07	10908.99	776.86	744.02	2.55	1523.43	9385.56
Other Assets	4198.40	641.60		4840.00	1434.08	172.14		1606.23	3233.78
Total	**6070316.75**	**336337.15**	**-29138.39**	**6377515.51**	**274646.99**	**283353.69**	**135.02**	**558135.70**	**5819379.80**

PARTICULARS	Cost				Accumulated depreciation and impairment				Carrying Amount
	Balance as at April 1,2016	Additions	Impact of IND AS	Balance as at March 31, 2017	Balance as at April 1, 2016	Depreciation expense	Impact of IND AS	Balance as at March 31, 2017	Balance as at March 31, 2017
Computer Software	6743.53	10.57		6754.10	3401.60	1178.63		4580.23	2173.87
Trademarks and licences	0.00			0.00	0.00			0.00	0.00
Others	0.00			0.00	0.00			0.00	0.00
Subtotal (a)	6743.53	10.57		6754.10	3401.60	1178.63		4580.23	2173.87
License to collect Toll (b)	0.00	0.00		0.00	0.00			0.00	0.00
Intangible assets under development (c)	0.00	0.00		0.00	0.00			0.00	0.00
Total	**6743.53**	**10.57**	**0.00**	**6754.10**	**3401.60**	**1178.63**	**0.00**	**4580.23**	**2173.87**

Note:
Increased value of Rs. 3980350.31 Lakhs in Gross Block of Property, Plant & Equipment and consequential depriciation of Rs. 1241425.95 Lakhs, due to Financial Restructuring of earstwhile Maharashtra State Electricity Board notified by Government of Maharashtra vide GR. No. 2010/P.K.117/Urja-3 Dated 31.03.2016 have been considered as on 1st April,2015.

NOTE - 3

(Rs. in Lakhs)

PARTICULARS	Cost or Deemed Cost					Accumulated depreciation and impairment					Carrying Amount
	Balance as at April 1,2015	Additions	Impact of IND AS	Disposal/ Adjustment	Balance as at March 31, 2016	Balance as at April 1, 2015	Depreciation expense	Impact of IND AS	Others	Balance as at March 31, 2016	Balance as at March 31, 2016
Property plant & equipment											
Land	-				-		-			-	-
a) Free hold land	10,67,723.89	5,090.49			10,72,814.38	-		-			10,72,814.38
b) Lease hold land	2,180.31	198.41			2,378.72		52.57			52.57	2,326.13
Building	2,41,828.22	1,044.10			2,42,872.32		7,683.87			7,683.87	2,35,188.45
Hydralic works	263.90	-			263.90		22.47			22.47	241.43
Other Civil works	16,873.22	812.63			17,685.86		837.43			837.43	16,848.43
Plant and Machinery	10,52,479.41	1,45,331.58	7,700.53	249.05	12,05,262.48		68,159.96	82.48		68,242.44	11,37,020.05
Lines and Cables	32,62,816.18	2,36,040.94			34,98,857.12		1,95,051.93			1,95,051.93	33,03,805.19
Communication Equipment	2,446.94	797.60			3,244.53		202.85			202.85	3,041.68
Vehicles	740.64	27.73			768.38		59.18			59.18	709.20
Furniture and Fixture	5,030.73	275.42	-1.23		5,304.91		272.55	0.14		272.69	5,032.23
IT gquipment	4,751.23	1,308.22			6,059.45		10.62			10.62	6,048.84
Office Equipments	10,390.34	394.02	-178.07		10,606.29		759.30	17.56		776.86	9,829.42
Other Assets	3,788.03	410.38			4,198.40		1,434.08			1,434.08	2,764.32
Total	**56,71,313.05**	**3,91,731.51**	**7,521.23**	**249.05**	**60,70,316.75**	**-**	**2,74,546.82**	**100.18**	**-**	**2,74,646.99**	**57,95,669.75**

NOTE - 3A

PARTICULARS	Cost or Deemed Cost					Accumulated depreciation and impairment					Carrying Amount
	Balance as at April 1,2015	Additions	Impact of IND AS	Disposals	Balance as at March 31, 2016	Balance as at April 1, 2015	Depreciation expense	Impact of IND AS	Others	Balance as at March 31, 2016	Balance as at March 31, 2016
Computer Software	6,076.77988	831.92100		165.169200	6,743.53	2,085.13000	1,321.90		-5.4300	3,401.6035	3,341.92813
Subtotal (a)	6,076.78	831.92		165.17	6,743.53	2,085.13	1,321.90355		-5.43	3,401.60	3,341.93
License to collect Toll (b)	-			-	-	-			-		
Intangible assets under development (c)	-				-	-	-				
Total	**6,076.78**	**831.92**	**-**	**165.17**	**6,743.53**	**2,085.13**	**1,321.90**		**-5.43**	**3,401.60**	**3,341.93**

NOTE - 3

(Rs. in Lakhs)

PARTICULARS	Cost or Deemed Cost				Accumulated depreciation and impairment			Carrying Amount
	Balance as at April 1, 2015 (IGAAP)	Impact of IND AS (Refer Note no.31 (33))	Adjustment due to FRP (Refer Note no. 31) (32)	Balance as at April 1, 2015 (Ind AS)	Balance as at April 1, 2015 (IGAAP)	Adjustment due to FRP (Refer Note no. 31 (32)	Balance as at April 1, 2015 (Ind AS)	Balance as at April 1, 2015 (Ind AS)
Tangible Assets								
Land		-	-	-			-	
a) Free hold land	27,182.41		10,40,541.48	-	10,67,723.89	-	-	10,67,723.89
b) Lease hold land	2,369.50	-	-	2,369.50	156.34	32.85	189.19	2,180.31
Building	43,033.66		2,89,674.81	3,32,708.47	17,416.84	73,463.41	90,880.25	2,41,828.22
Hydralic works	770.63		-	770.63	422.97	83.76	506.73	263.90
Other Civil works	23,302.09			23,302.09	6,026.65	402.22	6,428.87	16,873.22
Plant and Machinery	14,01,732.10	28,387.25	-7,819.56	14,22,299.80	3,93,661.93	-23,841.55	3,69,820.38	10,52,479.41
Lines and Cables	26,48,557.85		26,55,627.61	53,04,185.45	8,49,815.53	11,91,553.74	20,41,369.27	32,62,816.18
Communication Equipment	3,295.32		91.72	3,387.04	881.08	59.03	940.11	2,446.94
Vehicles	2,956.32		1,318.37	4,274.68	2,344.17	1,189.87	3,534.04	740.64
Furniture and Fixture	7,791.85	1.74	614.21	8,407.80	2,809.64	567.44	3,377.08	5,030.73
IT Equipment	5,673.26		-	5,673.26	2,100.25	-1,178.22	922.03	4,751.23
Office Equipments	18,190.36	194.01	301.68	18,686.04	7,899.51	396.19	8,295.70	10,390.34
Other Assets	2,503.46			2,503.46	18.22	-1,302.79	-1,284.57	3,788.03
Total	**41,87,358.81**	**28,583.00**	**39,80,350.31**	**81,96,292.12**	**12,83,553.13**	**12,41,425.95**	**25,24,979.08**	**56,71,313.05**

NOTE - 3A

PARTICULARS	Cost or Deemed Cost				Accumulated depreciation and impairment			Carrying Amount
	Balance as at April 1, 2015 (IGAAP)	Impact of IND AS (Refer Note no.31 (33))	Adjustment due to FRP (Refer Note no. 31) (32)	Balance as at April 1, 2015 (Ind AS)	Balance as at April 1, 2015 (IGAAP)	Adjustment due to FRP (Refer Note no. 31 (32)	Balance as at April 1, 2015 (Ind AS)	Balance as at April 1, 2015 (Ind AS)
Computer Software	6,076.78	-	-	6,076.78	2,085.13	-	2,085.13	3,991.65
Subtotal (a)	6,076.78			6,076.78	2,085.13	-	2,085.13	3,991.65
License to collect Toll (b)				-		-		
Intangible assets under development (C)				-	-			
Total	**6,076.78**			**6,076.78**	**2,085.13**	**-**	**2,085.13**	**3,991.65**

Note:
Increased value of Rs. 3980350.31 Lakhs in Gross Block of Property, Plant & Equipment and consequential depriciation of Rs. 1241425.95 Lakhs, due to Financial Restructuring of earstwhile Maharashtra State Electricity Board notified by Government of Maharashtra vide GR. No. 2010/P.K.117/Urja-3 Dated 31.03.2016 have been considered as on 1st April1,2015.

NOTE - 4
NON-CURRENT INVESTMENTS

(Rs. in Lakhs)

	PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
I)	Investment in Equity Instruments			
	Unquoted - Fully paid up			
	(i) Subsidiaries measured at Cost	5.00	5.00	5.00
	Aurangabad Power Company Limited			
	(50,000 Equity Shares of Face Value of Rs. 10/- each)			
	(ii) The Raigad District Central Co-op Bank Ltd at Fair Value through Profit & Loss (FVTPL) ,			
	(1000 Equity Shares of Face Value of Rs.500/- each and 390001 Equity Shares of Face Value of Rs.50/- each)	200.00	200.00	200.00
II)	**Investments In Bonds at Amortised Cost**			
	Quoted			
	I) Of Central Govt.Bonds (Earmarked against Contingency Reserve)			
	8.15% Govt-FC Bond 2022	1,047.96	1,047.68	1,047.42
	[1050000 bonds of Face Value of Rs.100/- each ; Market Value of C.Y.Rs.103.807 ; (P.Y Rs.101.369 ; 1st Apri1,2015 103.2 each)]			
	8.01% Govt-Oil Bond-2023	1,931.16	1,929.12	1,927.24
	[(1950000 bonds of Face Value of Rs.100/- each; Market Value of C.Y. Rs.103.12 ;(P.Y. Rs.100.45 1st Apri1,2015 100.41 each)]			
	8.03% Govt-Food Bond-2024	990.28	989.37	988.56
	[1000000 bonds of Face Value of Rs.100/- each; Market Value of C.Y.Rs.103.19; (P.Y.Rs.100.43 1st Apri1,2015 100.57 each)]			
	8.23% Govt-Food Bond-2027	996.47	996.25	996.04
	[1000000 bonds of Face Value of Rs.100/- each; Market Value of C.Y.Rs.104.45 ; P.Y.Rs.101.56, (1st April, 2015 Rs. 101.19 each)]			
	8% Oil Bond 2026	5,177.63	5,191.13	5,203.67
	[5000000 bonds of Face Value of Rs.100/- each; Market Value of C.Y. Rs.102.95; P.Y.Rs.100.07 ,1st April 2015 100.42 each)]			
	8.28% GOI 2032	2,682.65	2,682.08	2,681.55
	[2700000 bonds of Face Value of Rs.100/- each; Market Value of C.Y. Rs.108.63 ; (P.Y.103.01, 1st Apri1,2015 104.33 each)]			
	8.30% GOI 2040	2,872.97	2,872.58	2,872.22
	[2900000 bonds of Face Value of Rs.100/- each; Market Value of C.Y.Rs.108.51; (P.Y.103.80, 1st Apri1,2015 105.0 each)]			
	PFC Bonds -9.45% PFC 2026	2,892.84	2,892.38	2,891.96
	[290 bonds of Face Value of Rs.1000000- each; (Market Value of P.Y.Rs. 982305, 1st Apri1,2015 Rs. 982305 each)]			
	ii) NPCIL Bonds			
	4.75% NPCIL-2019	430.00	430.00	430.00
	[43 bonds of Face Value of Rs.1000000/- each]			
	Total	**19,226.96**	**19,235.59**	**19,243.66**
	Aggregate Cost of Unquoted Investments	205.00	205.00	205.00
	Aggregate Cost of Quoted Investments	19,021.96	19,030.59	19,038.66
	Aggregate Market Value of Quoted Investments	19,734.51	19,116.70	19,220.79
	(Market Value of 9.45% PFC 2026 & 4.75% NPCIL-2019 Bonds not availbale and therefore the cost has been considered.)			

NOTE - 5
LOANS - NON CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
a) Security Deposits with (UnSecured: Considered good)			
(I) Maharashtra Electricity Regulatory Commission [Note no.31(2)]	39,419.00	-	-
(ii) Court Authorities	17,023.21	16,077.42	5,829.82
(iii) Others	8,794.43	14,103.06	14,354.84
Sub Total (a)	**65,236.64**	**30,180.48**	**20,184.66**
b) Loans to related parties [Refer para below b(i)] (UnSecured: Considered good)	71,347.11	73,458.11	83,257.38
Less: Allowance for Expected Credit Loss [Note no. 31(7)(B)(b)]	9,654.06	5,463.04	-
Sub Total (b)	**61,693.05**	**67,995.07**	**832,57.38**
c) Loans to others (UnSecured: Considered good)			
(I) Loans & Advances to Licensees	31.34	31.34	31.34
Less: Provision for Doubtful Loans & Advances	31.34	-	-
	0.00	**31.34**	**31.34**
(ii) House Building advance to staff	13.78	7.83	10.73
(iii) Loan to MPDCL	246.73	246.74	246.73
Less: Allowance for Expected Credit Loss [Note no. 31(7)(B)(b)1	33.39	18.40	-
	213.34	**228.34**	**246.73**
Sub Total (c)	**227.12**	**267.51**	**288.80**
Total (a+b+c)	**1,27,156.81**	**98,443.06**	**1,03,730.84**

b (i) Due from companies under the same management/subsidiaries:

Particulars	**As at 31-Mar-17**	**As at 31-Mar-16**	**As at 01.04.15**
i) Maharashtra State Power Generation Co Ltd .	46,835.97	47,997.77	45,651.61
ii) Maharashtra State Electricity Transmission Co Ltd	24,183.28	25,132.48	23,502.60
iii) MSEB Holding Co. Ltd.	-	-	13,775.40
iv) Dhopave Coastal Power Ltd.	206.75	206.75	206.75
v) Aurangabad Power Company Ltd.	121.11	121.11	121.02
Total	**71,347.11**	**73,458.11**	**83,257.38**

NOTE - 6

NON CURRENT TAX ASSET (NET)

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Advance Income Tax	12,611.91	14,128.24	14,079.07
Less: Provision for taxes	7,885.66	9,429.37	9,432.11
Advance Tax (Net)	**4,726.25**	**4,698.87**	**4,646.96**

NOTE - 7

OTHER NON CURRENT ASSETS

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
a) Advances (Unsecured, Considered good)			
I) Advance with Ratnagiri Gas Power Private Limited [Note no. 31(1)(iii)(I)	18,101.07	18,101.07	18,101.07
ii) Capital Advance	**11,801.60**	**8,460.57**	**9,318.74**
iii) Other	**1,020.17**	**4,322.49**	**25,913.79**
Sub Total (a)	**30,922.84**	**30,884.13**	**53,333.60**
b) Others (Unsecured, Considered good)			
Recevaible from GoM	7,950.33	6,713.50	5,401.13
Excise Duty Receivable	23.55	3.91	(0.91)
Sub Total (b)	**7,973.88**	**6,717.41**	**5,400.22**
Total (a+b)	**38,896.72**	**37,601.54**	**58733.82**

NOTE - 8

INVENTORIES

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
a) Inventories (lower of cost and net realisable value)			
Stores and spares	70,687.42	59,762.44	44,281.73
Less : Provision for non - moving & obsolete items	1,525.29	1,045.83	422.15
Total	**69,162.13**	**58,716.61**	**43,859.58**

NOTE - 9

TRADE RECEIVABLES

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Secured & Considered good [Note No.31(7)(B)(i)(a)] :	4,13,769.74	6,17,459.54	5,77,324.84
Unsecured & Considered good:	28,63,077.50	20,79,265.22	16,37,491.39
Less: Allowance for Expected Credit Loss [Note no. 31(7)(B)(i)(a) & (b)]	7,76,037.62	7,11,249.10	5,96,043.34
Sub Total	**20,87,039.88**	**13,68,016.12**	**10,41,448.05**
Unsecured & Considered good:			
Receivable from GoM towards subsidy to consumers [Note no. 31(9)]	3,48,810.62	3,15,469.93	2,91,125.26
Sub Total	**3,48,810.62**	**3,15,469.93**	**2,91,125.26**
Total	**28,49,620.24**	**23,00,945.59**	**19,09,898.15**

NOTE - 10

CASH AND CASH EQUIVALENTS

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Cash & Cash Equivalents			
(i) Cash on hand	766.39	620.97	2,663.28
(Includes Cash with collection Centres)			
(ii) Cheques/ Drafts on hand	468.73	883.05	1,699.62
(iii) Balances with Banks			
In Current account	94,968.33	46,656.31	39,320.80
Deposits with maturities less than 3 months	43,285.71	3,364.54	-
Total	**1,39,489.16**	**51,524.87**	**43,683.70**

* unutilised funds of Integrated Power Development Scheme (IPDS), DinDayal Upadyay Gramin Jyoti Yojana (DDUGJY) & Solar AG Pump, deposited with banks. [Note no. 31(23)]

NOTE - 11

OTHER FINANCIAL ASSETS - CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Interest Receivable	139.59	167.10	201.07
Income accrued and due- Intrest & Others	2,365.22	2,364.39	2,427.90
Subsidy/ Grant/ Equity Receivable	6,100.00	15,715.00	20,357.90
Advances to/ Amount recoverable from Employees	2,901.27	11,515.08	15,234.76
Advance to Others	-	0.97	8,739.57
Other Receivables			
(Including Receivable under Solar Pump Scheme)	5,263.28	386.96	493.46
Amounts receivables from other State Electricity Boards	14,441.48	14,508.32	14,622.34
Less: Provision for Doubtful Debt	14,441.48	-	-
Amounts receivables from other State Electricity Boards (Net)	**-**	**14,508.32**	**14,622.34**
Total	**16,769.36**	**44,657.82**	**62,077.00**

NOTE - 12

OTHER CURRENT ASSETS

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Unbilled Revenue	1,01,731.74	2,01,705.97	5,31,682.62
Prepaid expenses	6,227.97	6,578.67	4,374.52
Balance with CPF Trust	1,733.46	54.09	489.48
MVAT receivable	14,203.16	8,806.56	3,687.55
Sub Total (a)	**1,23,896.33**	**2,17,145.29**	**5,40,234.17**
Difference in Data Migration	1,258.16	1,258.16	1,258.16
Less:- Provision for difference in data migration	1,258.16	1,258.16	1,258.16
Sub Total (b)	-	-	-
Total (a+b)	**1,23,896.33**	**2,17,145.29**	**5,40,234.17**

NOTE - 13

SHARE CAPITAL

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
A] Authorised Capital 60,00,00,00,000 Equity Shares of Rs.10/- each Fully Paid Up) (Equity Shares:- PY 60,00,00,00,000 & 1st April1,2015; 20,00,00,00,000)	60,00,000.00	60,00,000.00	20,00,000.00
B] Issued, Subscribed and Paid up 46,496,634,904 Equity Shares of Rs.10/- each fully paid (Equity Shares Fully Paid :- PY 46,159,634,904 & 1st April, 2015, 5,703,310,510)	46,49,663.49	46,15,963.49	5,70,311.05
	46,49,663.49	46,15,963.49	5,70,331.05

c] Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31.03.17		As at 31.03.16		As at 01.04.15	
	No. of shares	Rs. In lacs	No. of shares	Rs. In lacs	No. of shares	Rs. In lacs
Opening Balance	46,15,96,34,904	46,15,963.49	5,70,33,10,510	5,70,331.05	5,31,69,81,800	5,31,698.18
Fresh Issue	33,70,00,000	33,700.00	40,45,63,24,394	40,45,632.44	38,63,28,710	38,632.87
Closing Balance	46,49,66,34,904	46,49,663.49	46,15,96,34,904	46,15,963.49	5,70,33,10,510	5,70,331.05

D] The rights, preference, restrictions on the distribution of dividends and repayment of Capital

(I) MSEDCL is having only one class of share i.e. Equity Shares, carrying the nominal value of Rs. 10/- per share.
(ii) Every Holder of the equity share of the company is entitled to one vote per share held.
(iii) Every share holder has a right to receive dividend in proportion to shares held by them whenever such dividend is approved.
(iv) In the event of liquidation of the company the equity share holder will be entitled to receive remaining assets of the company, after distribution of dues to all preferential right holders. The distribution will be in proportion to the number of equity shares held by the share holders.

E] Details of number of equity shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at 31.03.17	As at 31.03.16	As at 01.04.2015
MSEB Holding Co. Ltd. (Nos.)	46,49,66,34,844	46,15,96,34,844	5,70,32,60,510
MSEB Holding Co. Ltd. (Amount in Rs. In Lakhs)	46,49,663.48	46,15,963.48	5,70,326.05

F] Details of equity shares held by each shareholder holding more than 5% shares:

Particulars	As at 31.03.17		As at 31.03.16		As at 01.04.15	
	No. of shares held	% of holding in that class of shares	No. of shares held	% of holding in that class of shares	No. of shares held	% of holding in that class of shares
MSEB Holding Co. Ltd.	46,49,66,34,844	99,9900%	46,15,96,34,844	99,9900%	5,70,32,60,510	99,9900%

NOTE - 14

Statement of Changes in Equity of for the year ended March 31, 2017

I. Equity Share Capital

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17
As at 01.04.2015	**5,70,331.05**
Changes in Equity share capital [Note no. 13]	40,45,632.44
As at 01.04.2016	**46,15,963.49**
Changes in Equity share capital [Note no. 13]	33,700.00
As at 31.03.2017	**46,49,663.49**

II. OTHER EQUITY

(Rs. in Lakhs)

	Share application money pending allotment	Reserves & Surplus		Items of Other Comprehensive Income (OCI)	Total Other Equity
		Contingency Reserve [Note no. 31(27)]	Retained earnings	Gains/(losses) on employee defined benefits	
As at 01.04.2015	40,45,632.44	47,600.00	(22,76,262.40)	-	18,16,970.04
Profit or Loss for the year			(3,48,372.34)		(3,48,372.34)
Other Comprehensive income/(loss) for the year				(11,657.99)	(11,657.99)
Addition during the year	33,700.00	10,100.00			43,800.00
Shares Alotted during the year	(40,45,632.44)				(40,45,632.44)
As at 01.04.2016	**33,700.00**	**57,700.00**	**(26,24,634.74)**	**(11,657.99)**	**(25,44,892.73)**
Profit or Loss for the year	-	-	(3,28,449.85)		(3,28,449.85)
Other Comprehensive income/ (loss) for the year	-	-	-	(17,108.65)	(17,108.55)
Addition during the year	30,100.00	10,800.00	-	-	40,900.00
Shares Alotted during the year	(33,700.00)	-	-	-	(33,700.00)
As at 31.03.2017	**30,100.00**	**68,500.00**	**(29,53,084.59)**	**(28,766.64)**	**(28,83,251.23)**

NOTE - 15
BORROWINGS - NON CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Secured - at amortized cost			
Term loans			
a) **From Banks**			
Raigad District Central Cooperative Banks Ltd.	446.43	3,317.31	9,818.03
b) **From Financial Institutions**			
Rural Electrification Corporation	9,70,205.03	8,83,965.85	8,56,941.58
Power Finance Corporation	6,76,398.34	4,44,688.92	4,53,045.39
Sub Total (a)	**16,47,049.80**	**13,31,972.08**	**13,19,805.00**
Unsecured - at amortized cost			
From other parties			
State Government Loans - GoM	5,584.80	8,511.07	15,409.19
GoM Loan for Uday Yojana [Note no. 31(24)]	3,96,800.00	-	-
Interest free Loan from MIDC	12,352.18	2,504.66	2,504.66
Sub Total (b)	**4,14,736.98**	**11,015.73**	**17,913.85**
Current Maturities			
Rural Electrification Corporation (REC)	1,08,367.12	1,11,572.84	1,59,559.39
Power Finance Corporation (PFC)	77,971.02	77,372.10	1,15,864.58
Raigad District Central Cooperative Banks Ltd.	446.43	2,960.16	6,590.01
State Govt.Loans - GoM	2,225.58	2,926.27	6,898.12
Sub Total (C)	**1,89,010.15**	**1,94,831.37**	**2,88,912.10**
Gross Total (a+b-c)	**18,72,776.63**	**11,48,156.44**	**10,48,806.75**

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

Particulars	Outstanding amount as on 31.03.17 (Rs. in lakhs)	Rate of Interest (%)	Repayment Period from the start date	Moretorium period included in the period of marturity at (4)	Security offered
(1)	(2)	(3)	(4)	(5)	(6)
Term Loans					
1) From Banks					
a) Sindhudurga DCC Bank Ltd.	446.43	9.25 %	7 Years	NIL	Hypothecation of asset created out of these loans and escrow coverage
Sub-total	**446.43**				
2) From Financial Institutions					
a) Rural Electrification Corporation	9,70,205.03	8.5% to 14.50 %	13 to 15 Years	3 to 5 Years	
b) Power Finance Corporation	6,76,398.34	12% to 14.25%	12 to 13 Years	2 to 5 Years	
Sub-total	**16,46,603.37**				
3) From Others -					
State Government loans - GoM	5,584.80	10.20 %	10 Years		No Security
GoM Loan for Uday Yojana	3,96,800.00	7.33%-7.38%	5 years		No Security
Interest free Loan from MIDC	12,352.18	0.00%			No Security
TOTAL (1+2+3)	**4,14,736.98**				

NOTE: 1 Outstanding amount includes the current maturities of long term loans
NOTE: 2 There is no default in debt servicing during the year.

Particulars	Outstanding amount as on 31.03.17 (Rs. in lakhs)	Rate of Interest (%)	Repayment Period from the start date	Moretorium period included in the period of marturity at (4)	Security offered
(1)	(2)	(3)	(4)	(5)	(6)
Term Loans					
1) From Banks					
a) Ratnagiri DCC Bank Ltd.	1,799.45	9% to 10 %	5 to 7 Years	NIL	Hypothecation of asset created out of these loans and escrow coverage.
b) Sindhudurga DCC Bank Ltd.	1,517.86	9.25 %	7 Years	NIL	
Sub-total	**3,317.31**				
2) From Financial Institutions					
a) Rural Electrification Corporation	8,71,465.85	8.5% to 14.50 %	13 to 15 Years	3 to 5 Years	
b) Power Finance Corporation	4,44,688.92	12% to 14.25%	12 to 13 Years	2 to 5 Years	
c) Medium Term Loans from REC	12,500.00	11.50% to 12.75%	2.5 Years		Hypothecation of existing assets and corporate guarantee from MSEB Holding Co. Ltd.
Sub-total	**13,28,654.77**				
3) From Others					
State Government loans - GoM	8,511.07	10.20 %	10 Years		No Security
Interest free Loan from MIDC	2,504.66	-			No Security
TOTAL (1+2+3)	**13,40,483.15**				

NOTE: 1 Outstanding amount includes the current maturities of long term loans
NOTE : 2 There is no default in debt servicing during the year.

Particulars	Outstanding amount Rs. in lakhs as on 01.04.15	Rate of Interest (%)	Repayment Period from the start date	Moretorium period included in the period of maturity at (4)	Security offered
(1)	(2)	(3)	(4)	(5)	(6)
Term loans					Hypothecation of asset created out of these loans and escrow coverage
From Banks					
a. Raigad DCC Bank Ltd.	2,625.00	8 %	10 Years	3 Years	
b. Ratnagiri DCC Bank Ltd.	4,693.03	9% to 10 %	5 t0 7 Years	NIL	
c. Sindhudurga DCC Bank Ltd.	2,500.00	9.25 %	7 Years	NIL	
Sub-Total	**9,818.03**				
2) From Financial Institutions					
a. Loan from Rural Electrification Corporation	7,79,858.25	8.5% to 14.50 %	10 to 15 Years	3 Years	
b. Loan from Power Finance Corporation	4,53,045.39	8.50% to 14.50%	10 to 20 Years	2 to 5 Years	Hypothecation of existing assets and corporate guarantee from MSEB Holding Co. Ltd.
c. Medium Term Loan from REC	77,083.33	12.50% to 12.75 %	2.5 Years		
Sub-Total	**13,09,986.96**				
3) From Others					
State Government loans - GoM	15,409.19	11.50 %	10 Years		No Security
Interest free Loan from MIDC	2,504.66				No Security
TOTAL (1+2+3)	**13,35,214.19**				

NOTE: 1 Outstanding amount includes the current maturities of long term loans
NOTE : 2 There is no default in debt servicing during the year.

NOTE - 16

OTHER FINANCIAL LIABILITIES - NON CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Security deposits from consumers	6,45,089.78	6,17,876.22	5,77,691.42
IDeposits for Electrification, service connections, etc.	1,292.15	1,646.94	2,022.20
MSEB Holding Co Ltd.[Note no. 21]	-	4,07,247.56	4,22,161.63
Contribution from GoM through REC for RGGVY (Loan) [Note no. 31(21)]	6,886.40	6,844.79	6,844.83
Total	**6,53,268.33**	**10,33,615.51**	**10,08,720.28**

NOTE - 17

PROVISIONS - NON CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Provision for Employee's Benefits:			
Provision for Gratuity [Note no. 31(12)]	1,83,659.65	1,84,125.24	1,83,166.00
Provision for Leave Encashment [Note no. 31(12)]	1,89,614.18	1,67,426.00	1,58,244.00
Total	**3,73,273.83**	**3,51,551.24**	**3,41,410.00**

NOTE - 18

OTHER NON CURRENT LIABILITIES

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Grants and contributions from Consumers [Note no. 31(21)]	5,41,962.27	4,03,120.61	2,85,855.34
Contribution from GoM through REC for RGGVY (Subsidy) [Note no. 31(21)	33,324.88	32,950.31	32,408.48
Total	**5,75,287.15**	**4,36,070.92**	**3,18,263.82**

NOTE - 19

BORROWINGS - CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Secured - at amortized cost			
(Secured against first pari passu charge on Trade Receivables of Non Escrowed Circles)			
Loans repayable on demand			
- from banks (Bank overdraft)			
Canara Bank .	-	1,38,351.76	1,03,801.33
Bank of India	-	31,219.26	30,725.38
Bank of Maharashtra	-	46,901.50	41,359.73
IDBI	-	14,699.82	14,683.29
United Bank of India	-	48,928.11	29,915.58
Syndicate Bank	-	38,219.86	45,000.00
- from banks (Working Capital Demand Loan) [Note no. 31(7)(d)(b)]			
Canara Bank	1,50,000.00	-	-
Bank of India	34,000.00	-	-
United Bank of India	49,000.00	-	-
Syndicate Bank	35,000.00	-	-
- from banks (Short Term Loan)			
(Secured against first & exclusive charge on Trade Receivables (only HT Consumers) of Escrowed Circles)			
State bank of India	2,19,040.00	4,04,760.00	38,880.00
Unsecured - at amortized cost			
Loans from banks			
Bank of Maharashtra	-	30,000.00	50,000.00
Raigad District Co-Op Bank	10,000.00	15,000.00	10,000.00
Bank of India	2 5,000.00	-	-
The Gadchiroli District Central Co.Op.Bank	18,398.19	-	-
Maharashtra State Co-op. Bank	91,667.00	-	-
Vijaya Bank	12,500.00	-	
Ratnagiri District Co-Op. Bank	20,000.00	-	-
Total	**6,64,605.19**	**7,68,080.31**	**3,64,365.31**

NOTE - 20

TRADE PAYABLES - CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Trade Payables: [Note no.31(16)]			
Liability for purchase of Power	16,92,059.82	17,58,882.10	15,23,240.54
Liability for transmission charges	2,33,443.21	3,15,760.69	3,51,230.47
Other Payable	1,87,277.52	1,67,864.20	27,875.52
Total	**21,12,780.55**	**22,42,506.99**	**19,02,346.53**

NOTE - 21

OTHER FINANCIAL LIABILITIES - CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Current Maturities of Long-Term Debt.			
i) Secured - at amortised Cost .			
From Financial Institutions	1,86,338.14	1,88,944.94	2,75,423.96
From Banks	446.44	2,960.15	6,590.02
ii) Unsecured - at amortised Cost			
From Government of Maharashtra	2,225.58	2,926.27	6,898.12
Deposits: .			
From Consumers	3,533.39	3,807.42	3,895.01
From Others	23,773.29	16,356.50	19,359.39
From Supplier & Contractors	2,41,087.46	2,24,994.29	1,81,229.99
From collection agencies	5,903.13	5,097.01	4,614.20
Interest Accrued			
i) On loans	38,196.10	32,654.43	30,343.49
ii) On Deposit	55,556.27	39,197.27	39,418.54
Payable to GoM towards Electricity Duty and Tax on sale of Electricity	3,42,511.03	2,85,518.14	3,08,464.45
MSEB Holding Co Ltd.	4,06,030.79	- -	-
Others	20,610.48	21,523.47	11,807.89
Total :	**13,26,212.10**	**8,23,979.89**	**8,88,045.06**

NOTE - 22

PROVISIONS - CURRENT

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Provision for employee benefits			
a) Provisicn for Gratuity [Note no. 31(12)]	36,072.68	39,395.00	38,802.00
b) Provision for Leave encashment [Note no. 31(12)]	28,464.26	29,351.00	25,103.00
Provision for expenses	81,805.65	89,700.35	2,13,913.73
Other Provision -	-	6,445.09	6,265.07
Total	**1,46,342.59**	**1,64,891.44**	**2,84,083.80**

NOTE - 23

OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

PARTICULARS	As at 31.03.17	As at 31.03.16	As at 01.04.15
Liability for Grant towards Energisation of AG Pump under EGS	246.22	1,371.71	1,468.35
Financial participation by consumers	105.99	105.99	105.99
Duties & Taxes	7,656.73	7,660.79	6,443.15
Grants and contributions from Consumers	65,060.86	56,547.90	46,157.07
Deferred Interest & DPC [Note no. 31(11)]	2,17,083.02	9,963.85	-
Other Liabilities	23,498.12	19,962.40	10,249.93
Total :	**3,13,650.94**	**95,612.63**	**64,424.49**

NOTE - 24

REVENUE FROM OPERATIONS

(Rs. in Lakhs)

PARTICULARS	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
a) Revenue from Sale of Power:	53,78,045.39	50,83,567.06
Less : Prompt Payment Discount	23,484.22	24,912.16
	53,54,561.17	**50,58,654.90**
b) Other Operating Revenue		
Standby charges	40,203.36	40,169.30
Revenue from Operating subsidy & grant [Note no. 31(26)]	1,25,432.00	-
Truing Up Adjustment	2,34,300.00	2,56,800.00
Miscellaneous charges from consumers	5,649.07	6,341.64
	4,05,584.43	**3,03,310.94**
Total	**57,60,145.60**	**53,61,965.84**

NOTE - 25

OTHER INCOME

(Rs. in Lakhs)

PARTICULARS	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
Interest Income		
a) Interest from Investment valued at Amortised Cost	1,579.14	1,564.42
b) Interest from Consumers	46,204.06	1,77,313.03
c) Other	6,523.67	12,434.73
Contribution, Grants. and Subsidies towards cost of Capital Assets [Note no. 31(21)]	39,184.80	56,547.89
Grant under UDAY Scheme [Note no. 31(24)]	99,175.03	0.03
Miscellaneous Receipts	32,146.40	47,222.24
Total	**2,24,813.10**	**2,95,082.34**

NOTE - 26
PURCHASE OF POWER

(Rs. in Lakhs)

PARTICULARS	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
Power Purchase Cost		
Conventional Power	35,60,760.56	35,95,402.28
Less : Rebate	5,603.00	7,340.91
Sub Total	**35,55,157.56**	**35,88,061.37**
Non Conventional Sources	5,89,498.54	5,43,751.81
Transmission Charges	6,17,208.78	6,21,225.50
Total	**47,61,864.88**	**47,53,038.68**

NOTE - 27

EMPLOYEE BENEFITS EXPENSES

(Rs. in Lakhs)

PARTICULARS	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
Salaries, Wages and Allowances	3,20,676.85	3,16,774.75
Contribution to Provident and Other Funds	1,12,317.41	1,10,968.85
Staff Welfare Expenses	14,948.13	15,191.23
Less : Employee Cost Capitalised	35,830.22	34,420.45
Total	**4,12,112.17**	**4,08,514.38**

NOTE - 28

FINANCE EXPENSES

(Rs. in Lakhs)

PARTICULARS	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
Interest Expenses		
a) On Loan from		
Banks	29,398.76	27832.03
Others	2,03,656.65	187827.36
b) On Security Deposits from Consumers	60,331.54	43200.49
c) Payable to Suppliers and Contractors	17,823.50	18890.63
Other Borrowing Costs		
Financial Charges	11,397.39	71.48
Bank Charges	3,319.66	3536.52
Total	**3,25,927.50**	**2,81,358.51**

NOTE - 29

DEPRECIATION AND AMORTISATION

(Rs. in Lakhs)

PARTICULARS	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
Depreciation on tangible fixed assets	2,83,488.71	2,74,647.00
Amortisation on intangible fixed assets	1,178.63	1,321.90
Total	**2,84,667.34**	**2,75,968.90**

NOTE - 30

OTHER EXPENSES

(Rs. in Lakhs)

PARTICULARS	FOR YEAR ENDED 31st March, 2017	FOR YEAR ENDED 31st March, 2016
Administrative Expenses	18,116.88	7,723.07
Legal & Professional Fees	1,570.29	2,431.34
Statutory Auditors fees [Note no. 31(19)]	106.20	78.08
Expenses towards Consumer Grievance Redressal Fourm	176.58	132.44
Conveyance and Travel	7,520.78	7,547.52
Less : Administration cost capitalised	(5,301.47)	(4,694.72)
Administrative Expenses (Net)	**22,189.26**	**13,217.73**
Repairs & Maintenance		
Plant & Machinery	45,659.49	41,544.32
Others	32,075.17	18,132.61
Other audit fees and expenses	393.27	820.71
Miscellaneous Expenses	55,377.76	57,383.77
Refund of RLC as per MERC Order	17,659.36	483.06
Truing Up Adjustment	2,55,200.00	26,800.00
Provision for Expected Credit Loss	89,481.43	1,22,293.21
Total	**5,18,035.74**	**2,80,675.41**

NOTE NO. 31

ADDITIONAL NOTES TO ACCOUNTS

1. Contingent Liabilities and Commitments:

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31.03.2017	As at 31.03.2016
(a)	Bank Guarantees issued in favour of third parties against deposits	10,000	10,000
(b)	Claims against the MSEDCL not acknowledged as debts.	13,52,959	13,76,225
(c)	Liability against capital commitments exceeding work order/contract value of Rs. 500 Lakhs Out Standing (net of advances)	7,94,867	5,94,012
(d)	Disputed Duties / Tax Demands	4,68,172	4,64,532

Contingent Liabilities include:-

(I) The payment released to m/s. Datar Switchgear Ltd.(DSL) from September 1998 is booked under head of account ."Amount recoverable from the contractors" amounting to Rs. 899.82 lakhs up to 31st March, 2000 being matter under dispute. Further, DSL 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 DSL towards refund against various O&M Circles. The interim award was passed by arbitration directing the Board to pay Rs.913 lakhs to *DSL* against a Bank Guarantee (BG) of Rs.681 lakhs. Accordingly, payment was released by the Board. But, *DSL* 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 BG amount of Rs.681 lakh, Rs.113 lakhs was appropriated and for the balance amount of.568 lakhs, B.G. was required. DSL filed a civil suit bearing no.858 of 2002 in the Pune Court against IDBI 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. *374/2004* was filed against the Arbitration Award dt.18th June, 2004 of Arbitration Tribunal in Hon'ble Bombay High Court (Single Bench). Further, Bombay High Court Single Bench passed the judgment on 3rd August, 2005 & set aside the Arbitration award. Further, *DSL* filed an Appeal bearing No.*672/2005* on 26tnAugust, 2005 against the order of Hon'able Bombay High Court (Single Bench) dated 3rdAugust, 2005. Division Bench on 22nd October 2008 has set aside the order passed by single bench and the case was remanded back against Single Bench of Hon'ble Bombay High Court for adjudication in the arbitration petition No.*374/2004.* The Single Bench passed the judgment on 10th Mar, 2009 against MSEDCL. Subsequently, Hon. Justice passed the order on 31st March, 2009 directing MSEDCL to submit Bank Guarantee for Rs. 7500 lakh on or before 6 April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has submitted Bank Guarantee of Rs. 7500 lakh 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 MSEDCL depositing Rs. 17900 lakh on or before 20th June, 2009 and furnishing Bank Guarantee for balance amount of Rs. 6500 lakh. 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. 6500 lakh with Hon'ble Bombay High Court and furnish Bank Guarantee for balance of Rs. 20000 lakh 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. 7500 lakh 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.18/10/2013, 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. 17900 lakh 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 Hon'ble Supreme Court, Delhi on dt. 28 th Nov. 2013. After hearing, Hon'ble Supreme Court, Delhi has issued notice and stayed the operation of impugned order of Division bench of Hon'bleBombay High Court, Mumbai.

In the interim order of Hon'ble Supreme Court, Delhi ordered that MSEDCL has required depositing Rs. 10000 lakh in the form of Demand Draft and Bank Guarantee of Rs. 10000 lakh with Hon'ble Bombay High Court and furnish 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 January, 2014. M/s. DSL has taken away 10000 Lakhs cash from Hon. BHC Mumbai after furnishing the Bank Guarantee of the same amount to the Senior Master & Prothonotary The bank guarantee deposited by MSEDCL is renewed up to January, 2018.

The hearing was conducted on 8th & 9th Aug-2017 by Hon'ble Supreme Court. The hearing was concluded on 10.08.2017. Hon'ble Supreme Court has directed to file written submission by both the parties within one week and reserved the judgment.

M/s. DSL enterprises has filed the case no. 1027/2014 (Previous case no. 138/2012 at Nashik court) for damages of panels & cost of possession before BHC Mumbai and the matter is under process. The claim amount is Rs. 42000 lakh. (as per M/s. DSL Enterprises). Next date will be listed in due course before prothonotory.

M/s. DSL has filed suit no. 3761 of 2000 before High Court Mumbai for claiming damages of Rs. 3400 lakhs of old LTSC panel no.12555 in order placed in the year 1993-94. The matter is under process before BHC Mumbai (Single bench comprising of Hon'ble Judge Mrs. Roshan Dalvi). After hearing the matter Hon'ble Judge passed order dtd 18/02/2015, to appoint Commissioner to record the cross examination / witness. The case is disposed off on 07-July-2017 with no cost on either side.

(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 Lakhs has been lodged against the MSEDCL. MSEDCL has lodged counter claim of Rs. 50231 Lakhs 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 Lakhs have been dismissed by Arbitral Tribunal.

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

The evidences preparation of 324 employees of MSEDCL through *M/s.* Lex Global Legal Consultants, New Delhi is in process, out of which 30 witnesses have been reported & relevant documents are prepared.

At the hearing on 23.04.2015, the Hon'ble Tribunal after hearing the parties and considering the above-mentioned facts, was pleased to adjourn the arbitration proceedings sine die (long adjournment).

The arbitration proceeding started again after dismissal of Appeal no. 854 of 2015 (Asian Electronics Vs SBI Global factors ltd.) by Hon'ble Bombay High Court as MSEDCL is an intervener in this matter & submitted affidavit to Bombay High Court that *M/s.* Asian Electronics did not disclosed that Arbitration between the MSEDCL and Asian Electronics. Last date of hearing was 27.02.2017. The process of Arbitration is in process. Matter is at a Stage of Directions on claim and counter claim.

(iii) Power Purchase related liabilities:

a) The Payments to MSETCL and MSPGCL are delayed in FY 2016-17 and as such they have claimed Delayed Payment Charges/ Surcharge (DPS). MSEDCL could not pay to these parties as per Power Purchase Agreement (PPA), as there is delay in issue of various orders from MERC and some billing issues. MSEDCL and MSEB Holding Co. has requested them to waive the DPC. Further, the matter is taken up with GoM as per MSEB Holding Co. Ltd.'s directives for extending financial assistance for discharging the liability. Hence, it would not be appropriate to make provisions in the accounts; as such DPC is shown as Contingent Liability for MSETCL and MSPGCL as detailed below.

(Rs. in Lakhs)

Particulars	Since When	Amount of DPS upto 2015-16	Amount of DPS for 2016-17	Total amount of DPS as on 31.03.2017	Total Provision made up to this year	Short Provision
i) MSPGCL	2009-10	3,38,655	35,411	3,74,066	74,829	2,99,236
ii) MSETCL	2011-12	93,502	30,919	1,24,421	Nil	1,24,421

b) The Power Purchase Agreement (PPA), with Independent Power Producers (IPP) companies provide for delayed payment surcharge, at SBI Prime Lending Rate plus 2%. MSEDCL has provided for Delayed Payment Surcharge (DPS) at this rate till March 16. However, the RBI has introduced Base Rate system in place of PLR system w.e.f. 01.07.2010. Hence, MSEDCL has filed petition on 02.12.2016 before Hon. MERC for considering Base Rate / MCLR in place of PLR under the PPAs entered into with IPPs for the purpose of calculation of DPS, vide case no.24 of 2017, which is reserved for order. In view of the same MSEDCL has recalculated the liability towards DPS of IPPs on the basis of applicable Base Rate / MCLR from time to time. As such, an amount of Rs.8252 Lakhs has been reversed during the year towards DPS liability provided for earlier years upto March 16. The IPPs are continuing to claim DPS as per PLR rate. Hence, there is difference of Rs. 43016 Lakhs in the amount of DPS claim which is considered as contingent liability. The difference on account of change in rate works out to be Rs.32284 Lakhs and the difference on account of Energy bill etc. works out to be Rs.10732 Lakhs. The statement of the same is given herein below.

(Rs. in Lakhs)

	DPS claimed by IPPS	DPS liability provided by MSEDCL	Difference shown as Contingent Liability on account of DPS
Adani Power Maharashtra Ltd 1320 MW	22354.83	8126.15	14228.68
Adani Power Maharashtra Ltd 1200 MW	22726.48	14967.65	7758.83
Adani Power Maharashtra Ltd 125 MW	2331.32	1812.32	519.00
RattanIndia Power Ltd 450	15543.77	6621.68	8922.08
RattanIndia Power Ltd 750	8699.92	3589.71	5110.21
JSW Energy Limited	11639.01	6399.47	5239.54
GMR Warora Energy Ltd (EMCO)	2820.56	1582.78	1237.78
TOTAL	**86115.89**	**43099.76**	**43016.13**

c) DPS Liability towards Wind generators:

The payments of wind power generators have been delayed. The Energy Purchase Agreement (EPA) provides for payment to DPS for delayed payment. The liability towards DPS to the tune of Rs.20500 Lakhs as on March 17 has not been provided for in F.Y 2016-17 in the books of Accounts and shown as contingent liability.

d) Disputed liability for compensatory tariff on account of NCDP:

The Govt of India (GOI) has declared New Coal Distribution Policy (NCDP) on 23.07.2013. As per this new policy, Fuel Supply Agreement is allowed to be signed upto 65 to 75% of Aggregate Contract Quantity only. The balance coal to be arranged by way of import by the Coal India Ltd (CIL) / respective generators. As per direction of Ministry of Power, Govt. of India (MoP) letter dated 31st July 2013, to all the States as well as State Commissions the higher cost of imported coal is to be considered for pass through, as per modalities suggested by Central Electricity Regulatory Commission (CERC).

M/s Adani Power Maharashtra Ltd. (APML) and M/s. Rattanindia Power Ltd (RPL) have filed petition before Hon'ble MERC for compensation of incremental coal cost pass through due to New Coal Distribution Policy (NCDP) seeking compensation over and above the tariff discovered through Competitive bidding vide Case No. 189 of 2013 and Case No. 154 of 2013respectively.

MERC vide Order dated 20.08.2014 approved Rs.1.95 per/ Kwh for M/s APML and Rs.1.55 per Kwh for RPL as indicative compensatory fuel charge.

MSEDCL has preferred appeal against the order in Appellate Tribunal for Electricity (APTEL) in which it has remanded back the case to MERC for fresh hearing in view of Supreme Court judgment in Coastal Gujrat Power Ltd (CGPL) matter on similar grounds. The case is pending for hearing before MERC.

Hence, the consequent financial Impact of Rs 391216 Lakhs approx. , which has not been provided for, is considered as contingent Liability.

e) Power Purchase Agreement was executed between Ratnagiri Gas and Power Pvt Ltd. (RGPPL) and MSEDCL on 10.04.2007. Gas supply from Krishna-Godavari D6 Basin (KG D6) Basin was continuously reducing from September 2011 and subsequently completely stopped from January 2014 onwards. RGPPL explored the possibility of alternative fuel i.e. RLNG for part generation at high cost. However, due to such high cost and to avoid financial burden on consumers, MSEDCL has not accepted the power in accordance with clause 5.9 of PPA. Due to acute shortage of gas situation, RGPPL was changing schedule quantum frequently and power varies from 0 to 1200 MW. Hence, MSEDCL has informed to RGPPL that as and when RGPPL changes the quantum of schedule power frequently, this power will be treated as infirm power and payment will be made accordingly. MSEDCL did not pay capacity charges to RGPPL from May 2013 onwards. RGPPL has not declared capacity from 13.09.2014 onwards. Gas Supply Agreement (GSA) from KG D-6 basin is expired on 31.03.2014 and thereafter RGPPL has not approached MSEDCL to facilitate of Gas Supply

Agreement (GSA) for future period. Hence MSEDCL has terminated the PPA w.e.f. 01.04.2014. However, RGPPL is claiming DPC & also fixed charges without any generation &

without any scheduling power for MSEDCL. RGPPL had filed petition (Petition No.166/MP/2012) in CERC to recover full capacity charges based on availability declared on RLNG.

CERC vide order dt. 30.7.2013 has allowed RGPPL to declare availability on R-LNG to recover capacity charges. MSEDCL has filed an appeal (Appeal No. 261/2013) in Appellate Tribunal (APTEL) against the CERC Order dated 30.07.2013. APTEL, vide Order dated 22.04.2015, has dismissed the appeal i.e. Appeal No. 261 of 2013. MSEDCL has filed an Appeal in the Hon'ble Supreme Court of India (Dairy No. 14599 of 2015) against the APTEL Order dated 22.04.2015. Hon'ble Supreme Court of India has declined to entertain the appeal. However, Hon'ble Supreme Court of India gave liberty to the appellant to move this Court once again in the event it becomes so necessary.

If the order is not in favour of MSEDCL, then MSEDCL has to Pay Rs 268817 lakhs (upto March 2017) including Rs 6400 Lakhs for FY 2016-17as fixed charges and other charges. However, MSEDCL has paid Rs 18101 lakhs as advance. Hence, the net Amount of Rs.250716 Lakhs is considered as Contingent liability.

f) In case of purchase from Non-conventional energy, 27 Wind power projects having generation capacity of 154 MW are commissioned in FY 14-15 & 15-16 and power is injected in the Grid. The approximate generation @ 22% CUF is 297MUs and the corresponding amount will be Rs. 16952 lakhs up to Mar 2017. (@ MERC prudential tariff rate of Rs. 5.71/- per kwh) and same has been provided in the books of accounts.

2. **<u>Deposits made with MERC in against user charges for use of assets of Mula Prayara Electric Co-op. Society Ltd. by MSEDCL:</u>**

Mula Pravara Electric Co-op. Society Ltd. (MPECS) was in the business of Distribution of Electricity as a Licensee from 1970. GoM had taken the decision of viable rate to charge to MPECS for the period from April 1977 to April 2000 in the month of May 1999. Due to Implementation of Govt. of Maharashtra's (GoM) decision of viable tariff, erstwhile MSEB has suffered revenue loss of Rs. 22100 Lakhs. The MERC had determined the tariff rate to be charged to MPECS from May 2000. MPECS had continued defaulting full payment from 1977 due to which at the end of Jan. 2011 arrears have mounted to Rs.234920 Lakhs. MPECS has challenged tariff determined by MERC and now their matter is pending before Hon'ble Supreme Court for which interim stay was not granted to MPECS.

MSEDCL has also filed suit for recovery of arrears of Rs 234920 Lakhs before Civil Court Shrirampur. Considering the expiry of license of MPECS, MSEDCL had filed the petition before MERC for revocation suspension of MPECS license vide Case No. 85 of 2010.Similarly MPECS had also filed petition for grant of license vide case No. 87 of 2010. Considering the expiry of Licensee of MPECS on31.01.2011, MERC vide its order dt. 27.01.2011 has permitted MSEDCL to supply the Electricity in the area of MPECS and decided issue license in favour of MSEDCL. Accordingly, MSEDCL is supplying the electricity w.e.f. 01.02.2011 in that area using the infrastructure of MPECS.

MPECS has challenged MERC order dt. 27.01.2011 and filed petition before Hon'ble APTEL vide Case No. 39 of 2011. Hon'ble APETEL order dt. 16/12/2011 and directed MERC to review its decision for grant of license and also directed to continue the existing arrangement of supplying electricity in MPECS area by MSEDCL, subject to payment of charges for use of distribution network of MPECS by MSEDCL.

Accordingly, MERC started hearing of following matters :-

I. Case.No.85 of 2010 :- MSEDCL's application for revocation of license of MPECS in MPECSarea.

ii. Case No. 87 of 2010 :- MPECS's application for grant of license in MPECS area.

iii. Case No.24 of 2012 :- MPECS's petition for determination of charges for use of MPECS's assets by MSEDCL.

MERC decided both Case No. 85 & 87 for license issue in favour of MSEDCL by stating that MSEDCL being a deemed license, does not require fresh license after expiry of license of MPECS. MPECS challenged MERC order in both matters before ATPEL vide Appeal No. 222 of 2014 & 223 of 2014. These appeals are still pending before Hon'ble APTEL.

In the MPECS petition (Case No 24) for user charges, MERC directed MSEDCL to carry out the valuation of assets of MPECS and directed to pay Rs. 100 lakhs per month as interim charges for use of assets to MPECS and directed MPECS to provide the necessary details for valuation of assets to MSEDCL. However, since MPECS failed to produce the fixed assets register and necessary document to MSEDCL, Interim charges were not paid and valuation could not be done.

Considering this MERC dismissed MPECS Case no 24 of 2012 stating that, in the absence of the valuation of assets, MERC may not be able to determine the charges payable by MSEDCL to MPECS for the use of the distribution assets.

MPECS has filled appeal No. 221 of 2014 before Hon'ble APTEL against Case No 24 of 2012 in which Hon'able APTEL vide its order dated 13.3.2015 directed MSEDCL to pay Rs. 100 lakhs. to MPECS as interim arrangement and also directed MERC to carry out valuation of assets. The order of APTEL was challenged by MSEDCL before Hon'ble Supreme Court and Hon'ble Supreme Court has directed to deposit Rs. 100 lakhs per month to MERC instead of paying it to MPECS.

As directed by Hon'ble APTEL vide order dt. 13.03.2015 in Appeal No. 221, MERC appointed M/s. Alia Consultant to carry out valuation of Assets of MPECS. Accordingly, M/s. Alia Consultant has carried out valuation of Assets of MPECS as on 1st April 2016 and submitted their valuation report to MERC. As per the said valuation report, MERC determined monthly charges payable to MPECS vide its order dt. 02.05.2016. MSEDCL, being aggrieved with said order, has challenged MERC order dt. 02.05.2016 before Hon'ble APTEL vide Case NO. 108 of 2016 and Hon'ble APTEL on said appeal has passed following order directing as under

a) The amount of Rs.6464.25 Lakhs deposited by MSEDCL with the MERC together with interest accrued thereon be released to MPECS and consequently adjusted as user charges.

b) MSEDCL will continue to pay an amount of Rs. 100 Lakhs per month to MPECS.

C) Hon'ble APTEL directed MSEDCL to deposit monthly charges as per monthly schedule determined with MERC, after deducting Rs. 100 lakhs paid to MPCES.

Accordingly, upto Mar 17 MSEDCL has paid Rs. 7464.25 Lakhs to MPECS and deposited Rs.39419.00 Lakhs with MERC. Thus, MSEDCL has paid total of Rs. 46883.25 Lakhs against user charges.

3. **Change in the tariff between Continuous & Non Continuous Supply:**

MSEDCL has given credit to HT consumers on account of change in tariff against the application received after one month of the tariff order. MERC denied the claim of Rs. 18713 lakhs in MSEDCL's Annual Revenue Requirement vide its MYT order dt.26.06.2015.

MERC in its earlier order directed to change HT tariff category fromo continuous to non continuous, only if, consumers apply for the same within one month of the tariff order.

MERC on MSEDCL's review petition of above MYT order, in its judgment dt.19.08.2016 accepted MSEDCL's stand that Regulation prevails over tariff order as it is statutory provision.

MERC SoP Regulation, cl.9.2 says that tariff change is to be effected within second billing cycle from receipt of consumer application.

MERC accepted MSEDCL review petition and ordered in favor of MSEDCL with directives to take appropriate action for all applicants of tariff change and submit the impact to MERC.

The impact due to tariff change to be refunded to the consumers, is to the tune of Rs. 15124 lakhs, which is already submitted to MERC and same has been provided in the books of accounts.

4. **Balance Confirmation:**

i. Balances of Trade Receivables & Trade Payables, Loans & Advances given & taken, Other Current as well as Non- Current Assets/Liabilities are subject to reconciliation / confirmation and necessary adjustments, if any, from the respective parties. The management does not except any material difference affecting the current year financial statement due to the same.

ii. Balance confirmation of various post offices balances and DCC Bank Balances are not available. Hence these balances are subject to reconciliation/confirmation and necessary adjustments, if any. The management does not except any material difference affecting the current year financial statement due to the same.

5. **Capital Work in Progress and Property Plant Equipment:**

The asset is created based on the Work Completion Report (WCR) generated in the SAP—ERP system. Wherever the date of capitalisation in system is later than actual capitalisation, the depreciation for the differential period is calculated and accounted for. In few cases work is completed but not capitalised in the current year. This has resulted in non-charging of depreciation and the amount of the same is unascertainable.

6. **Bank Reconciliation Statements:**

In case of Accounts with Nationalised/Scheduled banks, reconciliation has been done. However, the items under reconciliation are pending for proper treatment in the books of account due to lack of information and non-availability of old data. The impact of the same is unascertainable.

7. **Financial Instruments:**

The classification of assets and liabilities has been given as below:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost.

The Following Table Shows the Carrying Amount of Financial Assets & Financial Liabilities which are classified At Amortised Cost.

	31.03.2017				31.03.2016				01.04.2015			
	FVTPL	FVTOCI	Amortised Cost	Fair Value of items carried at Amortised cost	FVTPL	FVTOCI	Amortised Cost	Fair Value of items carried at Amortised cost	FVTPL	FVTOCI	Amortised Cost	Fair Value of items carried at Amortised cost
Financial assets												
(I) Investments in Equity	205.00	-			205.00	-			205.00	-		
(ii) Investments in Bonds	-		19,021.96	19,734.51	-	-	19,030.59	19,116.70	-	-	19038.66	19220.79
(iii) Trade Receivables	-	-	28,49,620.24	28,49,620.24	-	-	23,00,945.59	23,00,945.59	-	-	1909898.15	1909898.15
(iv) Cash and Cash Equivalents	-	-	1,39,489.16	1,39,489.16	-	-	51,524.87	51,524.87	-	-	43683.70	43683.70
(v) Bank Balances other than (iii) above	-	-	-	-	-	-	-	-	-	-	-	-
(vi) Loans	-	-	1,27,156.81	1,27,156.81	-	-	98,443.06	98,443.06	-	-	103730.84	103730.84
(vii) Other Financial Assets	-	-	16,769.36	16,769.36	-	-	44,657.82	44,657.82	-	-	62077.00	62077.00
Total	**205.00**	**-**	**31,52,057.53**	**31,52,770.08**	**205.00**	**-**	**25,14,601.93**	**25,14,688.04**	**205.00**	**-**	**2138428.34**	**2138610.47**
Financial liabilities												
(I) Borrowings	-	-	25,37,381.83	25,37,381.83	-	-	19,16,236.76	19,16,236.76	-	-	1413172.07	1413172.07
(ii) Trade Payables	-	-	21,12,780.55	21,12,780.55	-	-	22,42,506.99	22,42,506.99	-	-	1902346.53	1902346.53
(iii) Other Financial Liabilities	-	-	19,79,480.43	19,79,480.43	-	-	18,57,595.40	18,57,595.40	-	-	1896765.34	1896765.34
Total	**-**	**-**	**66,29,642.80**	**66,29,642.80**	**-**	**-**	**60,16,339.15**	**60,16,339.15**	**-**	**-**	**5212283.94**	**5212283.94**

A) Financial risk management

Risk management framework

In its ordinary operations, the MSEDCL's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The MSEDCL has its risk management process which has been carried out at regular interval. The following is the summary of the main risks:

B) Regulatory risk

The MSEDCL submits the Annual Revenue Requirement (ARR) to Maharashtra Electricity Regulatory Commission (MERC). The MERC after due diligence & prudence check determine the tariff to be charged to consumers. The tariff so determined by MERC is based on the MERC (Multy Year Tariff) Regulations which get revised periodically. The tariff is determined based on normative parameters as set out in the said Regulations. Any change in the normative parameters or guiding Regulatory provisions or perception will have impact on the income from sale of the power of the company.

MSEDCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk,(ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category are as below.

I) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. The Company establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

a) Trade Receivable:

As per the accounting policy the Company has determined the allowance of expected credit loss on trade receivables taking into consideration its widespread base of customers as well as the social obligations that the Company has to fulfil as the primary electricity distributor in the state of Maharashtra.

Trade receivables of the Company are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a consumer pays the arrears, the interest is the last element to be recovered. Accordingly effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses.

Trade receivables being short term in nature, lifetime expected credit losses are measured, considering the asset as credit impaired, in case the customer does not pay on due dates. Following Ind AS 109 the Company has opted to exercise the practical expedient of determining the loss allowance on a provision matrix. This matrix takes into consideration appropriate grouping or segmentation of customers and their ageing profile. The Company has, for the current financial year, not determined any forward looking information on the behaviour pattern of the customers.

In case of receivables from Mula Pravara Electric Co (MPEC), MSEDCL has filed suit for recovery of arrears before Civil Court, Shrirampur. If it is decided in the favour MSEDCL, the cost of Distribution Network can be offset against the arrears. Besides, other assets like land & building can also be diverted against the realisation of decree received. Further, treating this receivable amount as doubtful may have adverse impact on civil proceedings. In view of this, Expected Credit Loss (ECL) is not provided on Receivable of Rs. 2,31,698 lakhs from MPECS .

Also the ECL provision has not been made for amount of Rs 13,621.22 Lakhs receivable from Global Tower Ltd (GTL), distribution franchise for Jalgaon, considering legal proceeding for recovery being initiated by MSEDCL.

MSEB Holding co. Ltd Vide letter no. MSEBHCL/FRP/036 dated 13.04.2016 has transferred the old receivables of Rs. 4,81,921 lakhs and provision for doubtful debts of Rs. 1,49,725 lakhs to MSEDCL, These were not covered in cabinet note dated 20.05.2005 and temporarily parked in books of MSEB Holding Co. Ltd. at the time of restructuring of MSEB. The same have been accounted in FY 2015-16 and have been shown Trade Receivables outstanding as unsecured considered good. Since for computation of ECL, the trade receivables as per the Information Technology (IT) data base are considered and the above trade receivables are already included in IT data base. Hence the same has been considered as trade receivables as on 1st April, 2015.

The total receivables from consumers as per books of accounts are Rs. 32,76,847.24 Lakhs (Previous Year Rs.2763710 lakhs) and as per Information Technology (IT) data base Rs.36,16,089.88 Lakhs (Previous Year Rs.30,64,923 lakhs). The reconciliation of difference of Rs.3,39,242.64 lakhs (Previous Year Rs. 3,01,213 lakhs) is under process. However, for computation of ECL, the trade receivables as per the Information Technology (IT) data base are considered, being more reliable as data is available at a granular level. The trade receivables to the extent of Security deposit amount is considered as Secured receivables and the ECL are provided on such remaining unsecured receivables. The Security Deposit from consumers as per books of Accounts and Information Technology (IT) data base are Rs. 6,44,508.72 Lakhs and Rs. 642889.84 lakhs respectively. There is a difference of Rs.1,618 Lakhs (Rs.5,442.79 lakhs for FY 2015-16) between the security deposit from consumers as per books of accounts and Information Technology (IT).

The movement in allowance for expected credit losses on trade receivable is as under.

(Rs. in Lakhs)

Particulars	Amount
ECL Allowance as on April 1, 2015	5,96,043.34
Addition during the FY 2015-16	1,13,599.75
Write-offs during FY 2015-16	1,606.01
ECL Allowance as on March 31, 2016	7,11,249.10
Addition during the FY 2016-17	58,774.55
Write-offs during FY 2016-17	6,014.07
ECL Allowance as on March 31, 2017	7,76,037.62

b) Other receivables :-

Besides Trade Receivables, the Company has recognised an allowance for expected credit losses (Time value of money only) on other financial assets from 1st April 2015.

The movement in allowance for expected credit losses on other receivables is as under.

(Rs. in Lakhs)

Particulars	Amount
ECL Allowance as on April 1, 2015	0
Movement during FY 2015-16	5481.44
ECL Allowance as on March 31, 2016	5481.44
Movement during FY 2016-17	4206.01
ECL Allowance as on March 31, 2017	9687.45

The details of computation of ECL on trade receivables & other receivables are as follows Note 3(7)(B) (I)(b) :

ECL on Trade Receivables

(Rs. in Lakhs)

Customer Category	Net Trade Receivables (Gross Outstanding Less Allocated Security Deposit)	ECL Allowance	% of Allowance to Net outstanding	Net Trade Receivables (Gross Outstanding Less Allocated Security Deposit)	ECL Allowance	% of Allowance to Net outstanding	Net Trade Receivables (Gross Outstanding Less Allocated Security Deposit)	ECL Allowance	% of Allowance to Net outstanding
	As on March 2017			As on March 2016			As on March 2015		
Government Customers	383015.13	49591.9	12.95%	294104.15	38261.7	13.01%	205717.69	24872.95	12.09
*Regular Good	-	-	-	-	-	-	-	-	-
*Regular Residual	-	-	-	-	-	-	-	-	-
Agricultural	1851754.6	358190	19.34%	1415839.83	277160	19.58%	1082076.89	213882.81	19.76
Permanently Disconnected	628307.85	368255	58.61%	603343.03	395827	65.61%	570821.65	357287.57	62.59
Total of above	**2863077.5**	**776038**	**27.11%**	**2313287.01**	**711249**	**30.75%**	**1858616.23**	**596043.34**	**32.07**

ECL on Trade Receivables

(Rs. in Lakhs)

Customer Category	Net Trade Receivables (Gross Outstanding Less Allocated Security Deposit)	ECL Allowance	% of Allowance to Net outstanding	Net Trade Receivables (Gross Outstanding Less Allocated Security Deposit)	ECL Allowance	% of Allowance to Net outstanding	Net Trade Receivables (Gross Outstanding Less Allocated Security Deposit)	ECL Allowance	% of Allowance to Net outstanding
	As on March 2017			As on March 2016			As on March 2015		
Due from related parties	71347.1	9654.06	13.53	73458.11	5463.04	7.44	83257.38	0.00	0.00
Loan to MPDCL	246.73	33.39	13.53	246.73	18.4	7.45	246.73	0.00	0.00
Total	**71593.83**	**9687.45**	**27.06**	**73704.84**	**5481.44**	**14.89**	**83504.11**	**0.00**	**0.00**

Note on Credit Risk Concentration

The MSEDCL does not have any credit risk concentration. It has more than 250 lakhs consumers in various categories with diverse patterns of consumption of electricity.

c) Cash and cash equivalents:

(Rs. in Lakhs)

	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
Cash and cash equivalents	1,39,489.16	51,524.87	43,683.70

Credit loss is not provided on Cash and cash equivalents as they are held with the banks, having good reputations.

d) Investments:-

Investments are in subsidiary and other investments for specific purposes.

ii) Liquidity risk

Liquidity risk is the risk that the MSEDCL will not be able to meet its financial obligations as they become due. MSEDCL has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The MSEDCL has adequate borrowing limits in place duly approved by its Board. MSEDCL sources of liquidity include operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

a) Financing arrangements:

The MSEDCL has an adequate fund and non-fund based limits from various banks. The MSEDCL has sufficient borrowing limits in place duly, approved by its Board. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. The financing products include, buyer's credit loan, clean & secured domestic Term loan.

b) Arrangement for working capital facilities & Securities given:

An arrangement for working capital facilities (fund based and non-fund based) including cash credit facility and working capital demand Loan aggregating to Rs.7,00,000 Lakhs (Previous year Rs.7,00,000 Lakhs) have been made with the various Banks, details are given hereunder:

(Rs. in Lakhs)

Particulars	Fund Based Limits (Cash Credit Facility/ WCDL)	*Balances of Fund Based Limits as on 31.03.2017	WCDL balance as on 31.03.2017	Non Fund Based Limits	Balances of Non Fund Based Limits as on 31.03.2017
Canara Bank	1,50,000	-	1,50,000	2,05,000	1,82,673
Bank of Maharashtra	63,750	-		11,700	1,836
Bank of India	34,000	-	34,000	95,000	20,244
IDBI Bank	15,000	-		35,000	-
United Bank of India	49,000	-	49,000	-	-
Syndicate Bank	38,250	-	35,000	3,300	-
Total	**3,50,000**	**-**	**2,68,000**	**3,50,000**	2,04,753

The above working facilities are secured by hypothecation of present & future book debts of the company of the non-escrow circles.

* In view of loan received from GoM under UDAY Scheme, the Cash Credit is not utilized as on 31.03.2017.

c) Maturities of financial liabilities

The statement of Maturities of financial liabilities is attached herewith.

The amounts disclosed in the table are the contractual undiscounted cash flows.

(ii) Maturities of financial liabilities **(Rs. in Lakhs)**

	Contractual cash flows								
	31.03.2017			31.03.2016			1.04.2015		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities									
Borrowings	853,615	1,213,039	659,738	962,912	508,209	639,947	653,277	468,268	580,539
Trade payables	2,112,781	-	-	2,242,507	-	-	1,902,347	-	-
Other financial liabilities	1,137,202	-	653,268	629,149	-	1,033,616	599133		1,008,720
Total	**4,103,598**	**1,213,039**	**1,313,006**	**3,834,567**	**508,209**	**1,673,563**	**3,154,757**	**468,268**	**1,589,259**

iii) Market Risk - Market Risk is further categorised in (a) Currency risk, (b) Interest rate risk.

a) Currency risk:

MSEDCL does not have any currency risk as it does not have any exposure to foreign currency loans.

b) Interest rate risk exposure:

MSEDCL's interest rate risk arises from the potential changes in interest rates on borrowings. The interest rate profile of theMSEDCL's interest-bearing financial instruments is as follows.

(Rs. in Lakhs)

	Carrying Amount		
	31.03.2017	**31.03.2016**	**01.04.2015**
Fixed-rate instruments			
Financial liabilities- Borrowings	7,02,832	24,329	1,02,383
Variable-rate instruments			
Financial liabilities- Borrowings	20,54,060	13,45,792	13,41,198

c) Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.

(Rs. in Lakhs)

	25bp increase	25bp decrease	25bp increase	25bp decrease	25bp increase	25bp decrease
	31.3.2017		31.3.2016		01.04.2015	
Floating rate borrowings	(33.78)	33.78	(33.04)	33.04	(30.97)	30.97
Cash flow sensitivity (net)	(33.78)	33.78	(33.04)	33.04	(30.97)	30.97

8. <u>Regulatory Assets:</u>

As per Ind AS 114 Regulatory Deferral Accounts, the business of electricity distribution is a rate regulatory activity wherein Maharashtra Electricity Regulatory Commission (MERC), the regulator determines tariff to be charged by the Distribution Company to its consumers based on prevailing regulations.

MERC Multi Year Tariff Regulations 2015, (MYT Regulations) is applicable for the period beginning from 1st April 2016 to 31st March 2017. Accordingly, MERC has determined tariff for MSEDCL for the period from F.Y. 2016-17 to F.Y.2019-20.

MSEDCL used to recognise Regulatory Assets / Liabilities under the erstwhile GAAP. Accordingly, as per Ind AS 114 it has continued to recognise the same.

Regulatory Assets are recognised to the extent of estimated Revenue gap expected to be allowed by MERC while carrying out the True-up and determining tariff of next year.

Reconciliation of Regulatory Asset/ Liability of MSEDCL as on 31st March 2017 is as follows:

(Rs. in Lakhs)

		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
A	Opening Regulatory Asset	2,52,400	22,400	39,579
	Regulatory income during the year			
	i) Power purchase cost	47,51,600	44,03,400	49,08,800
	ii) Other expenses as per the terms of Tariff Regulations excluding ROE)	11,48,400	15,82,300	8,76,500
	iii) Revenue billed during the year	56,68,500	57,55,700	57,62,900
B	Regulatory income / (expenses) (i+ii-iii)	2,31,500	2,30,000	22,400
C	Allowance/(disallowance) of income of previous year(s)	-2,52,400	0	-39,579
D= A+B+C	Closing Regulatory Asset	2,31,500	2,52,400	22,400

9. Subsidy from GoM towards concession in Tariff:

Maharashtra Electricity Regulatory Commission (MERC) has powers to determine electricity tariff under section 61 & 62 of Electricity Act, 2003.The State Government has 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 reimburse 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 Account as"Receivable from Government of Maharashtra "and the 'Revenue From Sale of Energy' is booked at the MERC Tariff rate. Hence subsidy to consumers by GoM is not booked as subsidy income.

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 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.

(Rs. in Lakhs)

Year	Opening Balance Received from GoM.	Subsidy Accounted	Subsidy Received/Adjusted	Balance Receivable from Govt.
2015-16	2,62,076	6,77,561	7,71,604	1,68,033
2016-17	1,68,033	7,78,081	6,23,088	3,23,026

(Rs. in Lakhs)

Year	Opening Balance Received from GoM.	Subsidy Accounted	Subsidy Received/Adjusted	Balance Receivable from Govt.
2015-16	2,62,076	6,77,561	7,71,604	1,68,033
2016-17	1,68,033	7,78,081	6,23,088	3,23,026

10. Termination of Distribution Franchisee Agreement:

i) M/s Globle Tower Ltd. (GTL):

A Distribution Franchisee Agreement (DFA) was signed with M/s Globle Tower Ltd.(GTL) on 23.02.2011 for the designated Distribution Franchisee (DF) area of Aurangabad and it was handed over to GTL on 01.05.2011. As per provision of DFA, GTL was to pay the invoice amount towards energy supplied by MSEDCL at the input points of Aurangabad DF area within stipulated time. GTL failed to pay the full amount of invoice raised by MSEDCL in time and the outstanding was piled up.

The DFA with GTL was terminated with effect from 10th November, 2014 and the designated Distribution Franchisee (DF) area has been taken over back by the Company for further operations. The final dues from GTL are yet to be settled with due deliberation by the Board. Hence, the dues receivable from GTL as on 31st March, 2017 as reflected in the books of account amounting to Rs. 13,621.22 Lakhs are subject to final settlement. The legal Proceedings are being initiated for recovery of receivable amount.

ii) M/s. Crompton Greaves Limited:

M/s. Crompton Greaves Ltd. (CGL) was appointed as Distribution Franchisee for Jalgaon UCR Division & Distribution Franchise area was handed over to M/s. CGL Ltd. on 1st Nov 2011.

MSEDCL terminated the Jalgaon DFA on 10.08.2015 and distribution operations have been taken over by MSEDCL on 12.08.2015 due to payment default by CGL as per the provisions of DFA.

Post termination of DFA, Independent Auditor trued up all CGL Invoice and opined that the Interest on default payment of CGL shall be calculated separately once the final outstanding amount is approved by the Competent Authority.

On the other hand, CGL submitted various counter claims to Nodal Office. All the claims of CGL are scrutinized.

The net payable amount of Rs. 3512 Lakhs is paid to M/s. CGL as under.

(Rs. in Lakhs)

Transaction Date	Amount Transferred	Beneficiary Name	Date of Credit Received to Beneficiary Account
13.01.2017	773	M/s. CGL.	16.01.2017
01.03.2017	1300	M/s. CGL.	02.03.2017
23.03.2017	1439	M/s. CGL.	24.03.2017
Total	**3512**		

The joint meeting was held on 14.02.2017 with M/s. CGL, Independent auditor and Nodal and Zonal Team. During the meeting, Independent Auditor asked both Parties to calculate the Interest of their part, if any.

M/s. CGL again submitted one more claim of VAT of Rs. 149.73 Lakhs on 02.04.2017. Considering the unending submission of claims from CGL side, causing the non-finalization of termination account, finally MSEDCL charged Interest Rs.1119.96 Lakhs to M/s CGL and interest calculation was audited and certified by Independent Auditor on 28.06.2017.

As per the discussion during the meeting of 14.02.2017, Interest calculated informed to CGL vide letter no. CEMLG/Z/F&A/CGL1977 dtd.28.07.2017 by Nodal Office Jalgaon.

However, CGL vide letter no. CGL/DF/JLG/JLY/02 dtd. 31.07.2017 has informed that since the receivable amount is likely to be changed, determination of interest at this stage is not acceptable.

Considering the latest claim of VAT and arrears collection amount retained by MSEDCL, the net receivable amount becomes Rs. 503.46 Lakhs after effecting Interest.

The Consumers Arrears during the franchise period of CGL as per the Information Technology (IT) data base, is presently Rs. 7700 Lakhs. The net recovery of Rs. 503.46 Lakhs can be easily adjusted through recovery of CGL period arrears.

11. Deferred Delay Payment Surcharge (DPS) and interest on arrears:

The accounting of Revenue towards Delay Payment Surcharge (DPS) and Interest on arrears, in case of consumers defaulting payment of bill for consecutive three months, has been changed to receipt basis instead of accrual basis w.e.f. billing month October 2015.The charged DPS and interest in case of such consumers shall be treated as deferred income (liability) in the books of Account. On its receipt, it will be recognised as income by transferring the same from deferred income (liability).

Earlier to this, the DPS and interest on arrears of the previous billing month was recognised as Income on accrual basis at the time of raising bill for the current billing month in case consumer fails to pay the previous month's bill within the due date. In the current year, an amount of Rs.207119.36 Lakhs (Previous Year 9963.85 Lakhs)is booked as Deferred income & shown as current liability under the head other liability during the year.

12. IndAS19- Employee Benefits:

Post-Employment Benefits:

Defined Benefit Plan:

(i) Provident Fund:

The Company makes contribution towards provident fund to a defined benefit retirement plan. The provident fund is administered 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 schemes to fund the benefit. In keeping with the guidance on implementing Ind AS

19 Employee Benefits, 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. However, there is no further liability which remained to be provided as at the end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficit, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as expenses. During the year the fair value of plan assets at the end of the year is more than the liability for subscription and interest as given under.

(a) 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	As at 31st March, 2017 (Rs. in Lakhs)	As at 31st March, 2016 (Rs. in Lakhs)
1.	Liability for subscriptions and interest payable to employees at the end of year.	5,61,523.01	5,25,473.79
2.	Fair Value of Plan Assets at the end of year	5,76,569.60	5,42,147.54
3.	Surplus	15,037.59	16,673.76

b) Description of Plan Assets :

Sr.No.	Particulars	For the year ended 31st March, 2017 (in %)
1.	Central Government Securities	16.47
2.	Other Securities	15.43
3.	Listed Debt Securities	5.92
4.	Basel III Tier-I Bonds	33.35
5.	Exchange Traded Funds (EFT's)	1.12
6.	Special Deposit Scheme	27.51

(ii) Gratuity (Unfunded Defined Benefit Plan):

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

(iii) 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.

(iv) Defined Benefit Plan:

Liability towards long term defined employee benefits - leave encashment, gratuity is determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

Gratuity

Gratuity and Long Term Compensated Absences- as per actuarial valuations as on 31st March, 2017 are recognized in the financial statements in respect of Employees Benefits Schemes. Further, the Company has not made investments in planned Assets. The detail are as below.

Details of Gratuity and Leave Encashment disclosure as required by Ind AS —19 are detailed hereunder:

Table 1 - Total Expense Recognised in the Statement of Profit & Loss Account.

(Rs. in Lakhs)

Particular	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Current Service Cost	12,948	12,259	11,699	11,729
Interest Cost	14,113	13,322	15,795	15,800
Expected Return on Plan Asset	-	-	-	-
Past Service Cost	-	-	-	-
(Gain)/Loss due to Settlement/ Curtailments	-	-	-	-
Unrecognised Asset due to limit in Para 59(B)	-	-	-	-
Net Actuarial Lossess/(Gains)	30,371	20,125	-	-
Total Expense/(Income) included in "Statement of Profit & Loss"	57,432	45,706	27,494	27,529

Table 2. Remeasurment effects recognised in Other Comprehensive Income (OCI)

(Rs. in Lakhs)

Particular	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Actuarial (Gain)/ Loss due to Demographic Assumptions changes in DBO	-	-	-	-
Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	-	-	7891	715
Actuarial (Gain)/ Loss due to Experience on DBO	-	-	3767	16393
Return on Plan Assets(Greater)/ Less than Discount rate	-	-	-	-
Return on reimbursement right (excluding interest income)	-	-	-	-
Changes in asset ceiling /onerous liability (excluding interest income)	-	-	-	-
Total Actuarial (Gain)/ Loss included in OCI	-	-	11658	17109

Table 3. Total Cost Recognised in Comprehensive Income

(Rs. in Lakhs)

Particular	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Cost Recognised in P & L	57432	45706	27494	27529
Remeasurements Effects Recognised in OCI	-	-	11658	17109
Total Cost Recognised in Comprehensive Income	57432	45706	39152	44638

Table 4. Change in Defined Benefit Obligation during the Period

(Rs. in Lakhs)

Particular	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Opening Defined Benefit Obligation	196777	183347	223499	221968
Current Service Cost	12948	12259	11699	11729
Interest Cost	14113	13322	15795	15800
Actual Plan Participants' Contributions	–	–	–	–
Acquisition/Business Combination/Divestiture	–	–	–	–
Benefits Paid	(36130)	(32276)	(42919)	(43107)
Past Service Cost	-	-	-	-
Curtailments/Settlements	-	-	-	-
Actuarial (Gains)/Losses	30371	20125	11658	17108
Closing Defined Benefit Obligation	218078	196777	219732	223499

Table 5. Net Defined Benefit Asset/(Liability)

(Rs. in Lakhs)

Particular	Leave Encashment		Gratuity	
	01 -04-16 to 31 -03-17	01-04- 15 to 31-03-16	01-04-16 to 31-03-17	01-04-2015 to 31-03-16
Defined Benefit Obligation	218078	196777	219732	223499
Fair Value of plan Assets	-	-	-	-
Funded Status — (Surplus)/Deficit	-	-	-	-
Unfunded Defined Benefit Obligation	218078	196777	219732	223499
Past Service Cost not yet Recognised	-	-	-	-
Unrecognised Asset due to limit in Para 58(B)	-	-	-	-
Liability/(Asset) Recognised in the Balance Sheet	218078	196777	219732	223499

Table 6. Current /Non Current Liability **(Rs. in Lakhs)**

Particular	Leave Encashment		Gratuity	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Current Liability	28464	29351	36073	39395
Non Current Liability	189614	167426	183660	184103
Non Current assets	-	-	-	-
Total	**218078**	**196777**	**219732**	**223499**

Table 7. Reconciliation of Amounts in Balance Sheet

*The current/non- current split is based on the net liability **(Rs. in Lakhs)**

Particular	Leave Encashment		Gratuity	
	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
Opening Balance Sheet (Asset)/Liability	196777	183347	223499	221968
Total Expense/ (Income) Recognised in P&L	57432	45706	39152	44638
Acquisition/Business Combination/Divestiture	-	-	-	-
Benefit Payouts	(36130)	(32276)	(42919)	(43107)
Closing Balance sheet(Asset)/Liability	218078	196777	219732	223499
Expected Company Contributions for the Next Year	-	-	-	-

(Rs. in Lakhs)

Particular	Leave Encashment		Gratuity	
	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
Cumulative OCI —(Income)/ Loss, Beginning of period	-	-	17109	-
Total remeasurments included in OCI	-	-	11658	17109
Cumulative OCI — (Income)/Loss, End of period	-	-	28767	17109

Table 9: Major Acturial Assumptions

(Rs. in Lakhs)

Description	31-Mar-2017	31-Mar-2016
Discount rate	7.75%	7.25%
Future Basic salary increase	7.00%	7.00%
Withdrawal rate	Age based: Upto 50 years — 0.5% Thereafter —2%	Age based: Upto 50 years — 0.5% Thereafter —2%
Mortality rate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Retirement age	Class I, II, III -58 years Class IV- 60 years	Class I, II, III -58 years Class IV- 60 years

Table10: Sensitivity Analysis

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(Rs. in Lakhs)

Description	Leave Encashment		Gratuity	
	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
Discount rate -				
a. Discount rate - 100 basis points	2,40,056	2,13,087	2,37,549	2,38,970
b. Discount rate + 100 basis points	1,99,634	1,82,866	2,04,539	2,10,117
Salary increase rate				
c. Rate — 100 basis points	1,99,434	1,82,654	2,04,385	2,09,923
d. Rate + 100 basis points	2,39,889	2,13,046	2,37,405	2,38,920

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption,the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

Table 11: Expected future cash flows:

(Rs. in Lakhs)

Period	Leave Encashment	Gratuity
	31-Mar-2017	31-Mar-2017
Year 1	28,464	36,073
Year 2	25,176	31,134
Year 3	22,227	26,574
Year 4	17,935	20,810
Year 5	13,859	15,598
Year 6 to 10	59,302	62,176

Table 12 : Category of investment in Gratuity trust and leave encashment

(Rs. in Lakhs)

Category of Asset	As at March 31, 2017	As at March 31, 2016
Equity shares	0%	0%
Bonds	0%	0%
Gilts	0%	0%
Pooled assets with an insurance company	0%	0%
Other	0%	0%

13. <u>Accounting For Operating Lease (IndAS-17):</u>

I) The Company has numerous operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense lease rent for operating leases recognised in statement of Profit and Loss for the year is Rs.2917.20 Lakhs (previous year Rs. 2,822.34 Lakhs).

ii) The Company has entered into the lease agreement with MSEB Holding Company Ltd. in respect of office premises occupied at Head Office i.e. Prakashgad' and Dharavir, Guest House at New Delhi and residential quarters at various places in Mumbai on which lease charges paid during the year amounting to Rs.1808.2 Lakhs (Previous Year 1808.20 Lakhs) included in the amount shown at (i) above.

(iii) **Ascertainment of Lease in the Power Purchase Arrangement:**

The company has entered into the power purchase agreement- with MSPGCL and other generators. The significant output of power generated from the MSPGCL and other many generators is purchased by MSEDCL. Hence MSEDCL tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is identified that the arrangement conveys that the MSEDCL has "right" to use the assets of the MSPGCL and other generators, however, the MSEDCL has no obligation over the losses arising out of non-availability of power plant for power generation due to non-maintenance and the costs are borne by them. Accordingly, there is no transfer of risks & rewards to the Company from MSPGCL and other generators to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

14. Taxation:

(i) Current Tax -

In absence of any taxable income for the year as per the provisions of the Income Tax Act, 1961, no provision for income tax has been made. Further, there is no tax liability as per Minimum Alternate Tax (MAT) under section 115-JB of the Income Tax Act, 1961.

(ii) Deferred Tax -

Deferred Tax consists of the following items:

(Rs. in Lakhs)

Sr.No.	Particulars	As at 31-03-2017	As at 31-03-2016
	Deferred Tax Liability		
1.	Difference in Depreciation	5,10,193	4,41,922
	Deferred Tax Asset		
1.	Expenses Allowable on payment basis	1,35,283	1,27,102
2.	Unabsorbed Depreciation / loss	5,83,913	3,84,575
3.	Provision for Doubtful Debts -	2,47,261	13,071
	Net Deferred Tax Asset / (Liability)	**4,56,265**	**82,826**

In view of the uncertainty regarding generation of sufficient future taxable income, deferred assets has not been created.

15. Impairment of Assets:

In accordance with IndAS-36 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.

16. Micro, Small and Medium Enterprises information:

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.

17. Foreign Currency Contracts:

The company has not given any contracts to out of India entities and therefore nothing is done or receivable on account of foreign currency contracts.

18. Quantitative Details:

Quantitative details for electricity units purchased and sold:

(In MKWH) **(Rs. in Lakhs)**

Particulars	FY 2016-17	FY 2016-17 (%)	FY 2015-16	FY 2015-16 (%)
Total Power Purchase	1,18,328		1,16,324	
Open Access Input	7,661		*6,289	
Total Power Available for Sale	1,25,989		*1,22,613	
Grid and Transmission Losses	9,195	7.30	7,537	6.15
Power available for sale	1,16,794		1,15,076	
Open Access Sale	7,202		5,911	
Power sold	99,647		98,383	84.58
Distribution Loss	17,147	14.68	16,693	14.35

*Reclassified figures of FY 2015-16.

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

19. Auditors' Remuneration:

(Rs. in Lakhs)

Sr. No.	Particulars	FY 2016-17	FY 2015-16
1.	Statutory Audit	90.00	66.00
2.	Reimbursement of Expenses	8.35	5.49
3.	Service tax/GST on Audit Fees	16.20	11.61

20. Expenditure in foreign Currency (on account basis):

Travelling expenses amounting to Rs. 0.82 Lakhs(previous year Rs.1.91 Lakhs) has been incurred in foreign currency.

21. Government grants and Consumers Contributions:

Government grants, Subsidies and Consumer contributions have been received for the cost of distribution network. The same have been accounted for as government grant and amortised over the useful life of such assets. There are no other unfulfilled conditions or contingencies attached to this grant.

(Rs. in Lakhs)

Particulars	31.3.2017	31.3.2016
As at 1 April	507333.95	377439.76
Received during the year	205040.76	177116.34
Amortised to the statement of profit and loss	55388.47	47222.15
As at 31 March	**656985.24**	**507333.95**
Current	74811.69	64418.25
Non-current	582173.55	442915.70

22. <u>Conversion of Loan into Grant under R-APDRP Scheme (Part 'A' and Part 'B') :-</u>

Ministry of Power, Government of India, has launched the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) in July 2008 with focus on establishment of base line data, fixation of accountability, reduction of Aggregate Technical & Commercial losses (AT & C) upto15% level through strengthening & up-gradation of Sub Transmission and Distribution network and adoption of information technology during Xi Plan. Projects under the scheme shall be taken up in two parts.

R-APDRP Part A

R-APDRP Part A is implemented in 128 towns with Population more than 30,000 as per census 2001 and R-APDRP Part A SCADA (Supervisory Control And Data Acquisition)is implemented in 8 towns where population is more than 4 Lakhs as per Census 2001 and Annual Energy input Greater than 350 Million Units.

The objective of Part A is establishment of Base Line Data and IT applications for energy accounting /Auditing and IT Based Consumer Service centers.

Initially 100% funds for the approved projects shall be provided through loan from the Government of India on the terms decided by Ministry of Finance. The loan shall be converted into grant on completion of project duly verified by an independent agency.

(Rs. in Lakhs)

Particulars	R-APDRP Part A	R-APDRP Part A SCADA	Remark
Sanctioned amount	26,009	11,700	R-APDRP Part A Initially Sanction was RS.31545 Lakhs PFC has accorded approval for revised sanction of Rs 26,009 Lakhs on 30.01.2017 SCADA Part A The Initial Sanction was 16,162 Lakhs. However, due to reduction in DMS in towns the sanction cost is amended to 11700Lakhs
Disbursement form PFC as on 31.03.2017	19,196	4,848	
Expenditure as on 31.03.2017	22,553	3,975	
Eligible amount for Conversion of Grant after tenderization	26,009	10,340	As per LOA awarded

All 128 towns under part A are completed and declared as go live up to Oct 2014. The Establishment of R-APDRP Part A is verified by the Third Party independent Agency appointed by PFC. The final reports are submitted to PFC on 12.09.2016. PFC has communicated the acceptance of the reports submitted by PWC on 03.10.2016.

The Utilization Claim for Release of III Tranche submitted to PFC on 02.08.2017. After the disbursement of the III tranche the final instalment of 10 % shall be claimed to PFC. There after the loan shall be converted into grant.

R-APDRP Part A SCADA

Control centers in all 8 towns are commissioned.

Installations of 237 Remote terminal Units out of scope of 268 are completed.

Installation of 1564 Feeder Remote Terminal Units out of the total scope of 1654 are completed.

SCADA at Amravati and Malegaon town is completed.

The SCADA is completed for commissioned RTU and FRTU at Sangli , Solapur and Kolhapur towns PFC has extended the project completion period for SCADA till Dec-17.

The eligible amount of Rs 10,340Lakhs is expected to be converted into grant from PFC till Dec-18 (after verification by the Third Party independent Agency (TPIA) appointed by PFC).

R-APDRP Part B

R-APDRP Part B is implemented in 123 towns (120 Part Band 3 towns SCADA enabling component) of MSEDCL with Population more than 30,000 as per census 2001 and AT&C loss greater than 15 %. R-APDRP Part B is sanctioned From June 2010 to Feb -2012.

(Rs. in Lakhs)

Particulars	RAPDRP PART B
Sanctioned Amount	3,11,164
Disbursement from PFC/REC as on 31.03.2017	1,73,365
Expenditure as on 31.03.2017	1,79,142
Eligible amount for conversion into grant	1,55,582 i.e. 50 % of the sanctioned amount in proportionate to the reduction in the AT&C losses

The Objective of Part B is distribution strengthening and augmentation projects to reduce AT&C Losses below 15%.

50% of loan amount of Part B projects shall be converted into grant on reduction of Aggregate Technical and Commercial (AT&C) losses of each town below 15 %.

The grant will be converted in five equal tranches of 10 % in 5 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 base line AT&C loss figure.

119 Towns are completed and PFC has extended the period of completion of the balance 4 towns till March -18.

The PFC has appointed the Third Party Independent Agency (TPIA) for verification of the AT&C losses of towns declared as completed.

The conversion of the Loan into grant shall be considered by PFC after completion of the scheme as per criteria of loan into grant conversion.

23. DDUGJY & IPDS:

Government of India has launched Deendayal Upadhyaya Gram Jyoti Yojna (DDUGJY) for the rural areas for separation of agriculture & non agriculture feeders, strengthening & augmentation of sub transmission & distribution infrastructure & rural Electrification. The earlier program of Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) is subsumed in this scheme. Rural Electrification Corporation (REC) is Nodal agency.

The "Integrated Power Development Scheme" (IPDS) was launched by Ministry of Power, Government of India with the objectives of Strengthening of sub-transmission and distribution network in the urban areas & Metering of distribution transformers /feeders / consumers in the urban areas.

The scheme will help in reduction in AT&C losses; establishment of IT enabled energy accounting /auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency. Power Finance Corporation (PFC) is Nodal agency.

MSEDCL participated in DDUGJY and IPDS and projects under these schemes are implemented on Turnkey basis. The amount received under this scheme is deposited in separate bank account and as per the directives of Ministry of Power (MOP), the interest earned on utilized subsidy component shall be remitted to Govt. of India's account on regular basis.

The details of Grant received, utilised, balance to be utilized and Fixed deposit amount as on 31.03.2017 are as under.

(Rs. in Lakhs)

Particulars	DDUJGY	IPDS	TOTAL
Opening Balance	NIL	NIL	NIL
Grant Received	25288	17683	42971
Grant Utilized	565	1570	2135
Balance to be Utilized	24723	16113	40836
FD Amount (Canara Bank)	24797	16360	41157
Interest payable to Govt. of India	116	*89	369

*Note - Rs 163.1akhs paid to GOM during 2016-17

24. Ujwal Discom Assurance Yoiana (UDAY) :

The Scheme UDAY was launched by the Government of India on 20th November, 2015 to ensure a permanent and sustainable solution to the debt-ridden Distribution utilities to achieve financial stability and growth.

Tri-partite MOU was executed on 07/10/2016 amongst Ministry of Power, Govt. of India, Govt. of Maharashtra and MSEDCL.

As per the MOU, Government of Maharashtra shall take over Medium Term and Short Term debt of Rs. 495975 Lakhs (Being the 75% of Rs 661300 Lakhs, the debt of MSEDCL as on 30th September 2015. The debt shall be taken over shall be transferred to MSEDCL as Grant/loan as described in the following table:

(Rs. in Lakhs)

Year	Total Debt taken-over	Transfer to the MSEDCL in the form of Grants (Rs.)	Transfer to the MSEDCL in the form of Loan (Rs.)	Transfer to the MSEDCL in the form of Equity (Rs.)	Outstanding State loan of the MSEDCL (Rs.)
2016-17	20%	99,175	3,96,800*	-	3,96,800
2017-18	20%	99,200			2,97,600
2018-19	20%	99,200			1,98,400
2019-20	20%	99,200			99,200
2020-21	20%	99,200		-	
	Total	**4,95,975**			

*In the F.Y.2016-17 the short term debt amounting to Rs.495975 Lakhs taken over and transferred to MSEDCL in the form of state loan of Rs 396800 Lakhs will be adjusted by way of grant from Govt of Maharashtra to MSEDCL in equal ratio for next 4 years from F.Y. 2017-18 to F.Y. 2020-21.i.e. Rs. 99200 Lakhs per year.

The MSEDCL shall pay interest to the Government of Maharashtra, in future, if any, on the outstanding Government of Maharashtra Loan in a financial year at the rate at which Government of Maharashtra issued non-SLR Bonds.

Govt. of Maharashtra has issued G.R. Dtd. 27/12/2016 for issuance of Bonds of Rs. 495975Lakhs and to provide guarantee to MSEDCL for the balance 25% debt remaining with MSEDCL.

GoM issued Bonds through RBI and transferred Rs.495975 Lakhs (Rs. 295975Lakhs @7.38 % p.a. and Rs. 200000 Lakhs @7.33 % p.a.) to MSEDCL on 13/02/2017.

Provision of Rs. 4766 Lakhs was made as on 31.03.2017 towards payment of interest on outstanding loan of GOM under UDAY scheme.

For the 25% of the debt remaining with it, MSEDCL shall fully/partially issue state government guaranteed bonds or get them converted by Banks/FIs into loans or bonds with interest not more than the Banks base rate plus 0.1%. MSEDCL and the Government of Maharashtra shall ensure timely payment of lender's dues towards principal / interest for the balance Medium term and Short term debt remaining with MSEDCL.

The Government of Maharashtra shall take over the future losses of the MSEDCL in a graded manner as follows:

(Rs. in Lakhs)

YEAR	**2015-16**	**2016-2017**	**2017-2018**	**2018-2019**	**2019-2020**	**2020-2021**
Previous Year's MSEDCL loss to be taken over by State	0% of the loss of 2014-15	0% of the loss of 2015-16	5% of the loss of 2016-17	10% of the loss of 2017-18	25% of the loss of 2018-19	50% of the previous year loss

MSEDCL has requested GOM vide letter Dtd. 20/02/2017 to provide the guarantee for repayment of principal and interest payment for the balance Medium Term and Short Term debt of Rs 165325 Lakhs remaining with MSEDCL. The guarantee from GOM is still awaited.

Govt. of Maharashtra vide G.R. Dtd. 31/03/2017 has resolved that Rs. 99175 Lakhs to be adjusted by way of Grant to MSEDCL as repayment of 1st Instalment towards State Loan of Rs 495975 Lakhs.

25. <u>PD Amnesty Scheme 2016 (Nav Prakash Yoina)</u>

MSEDCL has introduced the PD Amnesty Scheme 2016 (NavPrakash Yojna) to motivate the Permanently Disconnected (PD) consumers to pay the old arrears by offering some incentives.

This scheme is for all consumers except Agriculture & Public water Works (PWW) consumers. Consumers Permanently Disconnected on or before 31.03.2016 are eligible for this scheme. This Scheme is implemented w.e.f 1st Nov. 2016 and valid for 6 months. The period of proposed amnesty scheme is for 6 months and after that existing One Time Settlement (OTS) scheme will continue as it is. Pursuant to this scheme, MSEDCL has waived DPC & Interest amounting to Rs.191 Lakhs & Rs. 4099 lakhs Respectively and the same amounts has been adjusted against provision for doubtful debts. Incentive of Rs.306 lakhs has been paid to the consumers who have availed the scheme up to 31st March 2017.

26. <u>Revenue Grant for providing additional supply to AG Consumers:</u>

As per the Load shading protocol approved by MERC, 8-10 hours power supply per day is given to Agriculture consumers. However, the Govt. of Maharashtra (GoM) directed MSEDCL to provide additional average 3 hours (Total 12 hrs.) power supply to Agriculture Consumers initially during period from 08.09.2016 to 22.10.2016.

As per the decision of GoM, petition was filed before Hon'ble MERC by MSEDCL and Hon'ble MERC vide its daily order dt. 22.09.2016 allowed providing 12 hrs power supply per day to AG Consumers. GoM has further extended its decision to provide 12 hrs supply per day to AG consumers of state from 23.10.2016 to 15.12.2016 and requested MSEDCL to make demand for the financial burden for the same. On receipt of the actual readings the demand for additional supply was finalized to Rs. 125432 Lakhs for period from 08.09.2016 to 15.12.2016 and final demand for was raised to GoM vide letter dt. 28.02.2017. The Addl. Chief Secretary to Hon'ble CM vide office note dt. 22.05.2017 has informed the energy dept & finance dept to approve the above expenditure in monsoon session by way of supplementary demand.

In the meantime Hon'ble MERC vide its order dt. 20.06.2017 in Case No. 120 of 2016 directed MSEDCL to make follow up with GoM for release of subsidy of Rs. 125432 Lakhs and mentioned that in case no subsidy is provided by GoM OR it falls short of the requirement, the financial impact of this deviation may not be passed on to the consumers and may have to be borne by MSEDCL.

The queries raised by Energy Department are complied by MSEDCL vide letter dt. 21.07.2017 and the claim is under process. The additional burden of Rs.125432 Lakhs for providing extra power during period 08.09.2016 to 15.12.2016, receivable from GoM, is booked as Revenue Grant in FY 2016-17.

27. <u>Contribution to Contingency Reserve:</u>

As per MYT Regulation No 34.1, MSEDCL is required to make contribution to the Contingency Reserve, a sum not less than 0.25 per cent of the original cost of fixed assets annually. Such contribution is also required to be invested in securities permitted under the Indian Trusts Act,1882 within a period of six months of the close of the year.

MSEDCL has created Contingency Reserve amounting to Rs. 68500 lakhs (including Rs. 10800 lakhs during the current year) However due to paucity of fund, MSEDCL has invested Rs. 18522.29 lakhs up to March 2017 in the permitted securities.

28. Refund of Service Line Charges:

MSEDCL had recovered the service line charges from consumers while releasing new connections. MERC has passed order dated 08.09.2006 and directed MSEDCL that the cost towards infrastructure from delivery point of transmission system to distributing mains should be borne by MSEDCL.

Hence, MSEDCL filed appeal no 22 of 2007 to APTEL against the denial of recovery of SLC on the MERC order dated 08.09.2006. The ATE has upheld the order of MERC and directed that the service line charges are being allowed to be recovered through tariff. There after MSEDCL filed civil appeal in Hon. Supreme Court against ATE's order.

Hon. Supreme Court disposed off the appeal on 10th Nov 2016, upholding the MERC decision not to recover any charges other than scheduled charges, approved by MERC.

Accordingly, the service line charges of Rs. 17820 Lakhs, Outright Contribution (ORC) amount Rs. 7289 Lakhs and meter cost Rs. 12571 Lakhs collected during the period Jan 2005 to April 2007 are required to be refunded to consumers along with interest and necessary provisions to this effect have been passed in F.Y 2016-17.

29. Specified Bank Notes (SBN) :

Disclosure in terms of G.S.R 307 (E) dated 30th March, 2017 issued by the Ministry of Corporate Affairs, Government of India.

The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Rs. in Lakhs)

Particulars	Specified Bank Notes (SBN)		Other denomination Notes	Total
	500	1000		
Closing cash in hand as on 08.11.2016.	527.49	421.71	663.61	1612.81
(+) Permitted receipts	38211.53	23990.80	52526.40	114728.73
(-) Permitted payments	4.98	1.61	200.61	207.19
(-) Amount deposited in Banks	38733.29	24410.90	52207.11	115351.30
Closing cash in hand as on 30.12.2016.	0.76	0.00	782.30	783.05

During the period from 8th November, 2016 to 30th December, 2016 MSEDCL was allowed to receive SBN as a legal tender from its customers towards payment of their electricity dues. The closing cash in hand of SBN as on 30th Dec 2016 is deposited to bank subsequently. MSEDCL has designated collection centers, which are permitted to receive cash from its customers. Cash collected at these centres is directly deposited in MSEDCL's Bank accounts. MSEDCL has received details of SBNs Deposited from Respective offices.

30. Related Party:

As per the definition of 'Related Party' under Ind AS 24, following are the list of related parties:

a) Holding Company:

MSEB Holding Company Ltd (MSEBHCL)

b) Fellow Subsidiaries:

- Maharashtra State Power Generation Company Limited (MSPGCL)
- Maharashtra State Electricity Transmission Company Limited (MSETCL)

MSEDCL, MSPGCL and MSETCL are State Govt Companies and are subsidiaries of MSEB Holding Company Limited.

C) Subsidiaries:

* Aurangabad Power Company Limited (APCL)

d) Subsidiaries of Fellow Subsidiaries

* Dhopave Coastal Power Limited (DCPL)

e) Key Management Persons (KMP):

- Shri. Sanjeev Kumar, Chairman and Managing Director, MSEDCL (w.e.f. 21.12.2015)
- Shri. Sunil Pimpalkhute, Director (Finance), MSEDCL (w.e.f. 24.07.2015)
- Shri. Abhijeet Deshpande Director (Operations)
- Shri Dinesh R. Saboo, Director (Project) (w.e.f 20.09.2016)
- Shri. O. P. Gupta (From 05.01.2015 to 16.11.2015)
- Shri. D.D.Wavhal, Director (Finance) (Upto 31.05.2015)
- Shri. P. U. Shinde, Director (Project) — whole time director (Upto 29.08.2016)
- Mrs. Anjali Gudekar Company Secretary, MSEDCL.

f) Independent Directors:

- Shri. P.V. Page, Independent Director (upto16.04.2015)
- Shri. Vishwas Pathak, Independent Director(from 14.08.2015)
- Shri. Ashok Harane, Independent Director
- Mrs. Juelee Wagh, Independent Director

g) **Summary of significant transactions along with outstanding balances with related parties:**

(Rs. in Lakhs)

Sr. No.	Particulars	Transaction during the year		Closing balance	
		FY 2016-17	FY 2015-16	O/S as on 31.3.2017	O/S as on 31.3.2017
1.	**Transactions with Key Management Personnel of MSEDCL** Remuneration	111.76	100.69	0	0
	Transactions with Independent directors				
	Sitting fees	2.60	2.95	0	0
2.	**Transactions with Holding Company**				
	MSEBHCL - Inter co adj. for other Expenses	1,216.76	28,689.67	4,06,030.79	4,07,247.56
3.	**Transactions with Fellow subsidiaries :**				
	MSPGCL- Purchase of Power	16,45,418.00	16,84,576.00	8,16,032.00	8,79,326.00
	MSETCL - Transmission Charges	3,79,251.00	4,07,049.00	1,89,499.00	2,38,267.00
	MSPGCL- Inter co adj. for other Expenses -	- 1,161.80	2,346.16	46,835.97	47,997.77
	MSETCL - Inter co adj. for other Expenses -	- 949.20	1,629.89	24,183.28	25,132.48
4.	**Transactions with subsidiaries:**				
	APCL - Loans & Advances	-	-	121.11	121.11
5.	**Transactions with Subsidiaries of Fellow Subsidiaries**				
	DCPL - Loans & Advances	-	-	206.75	206.75

31. <u>Segment Reporting:</u>

The Board of Directors is collectively "The Companies Chief Operating Decision maker" (CODM) within the meaning of IND AS 108. The CODM evaluates the MSEDCL's performance and allocates resources based on an analysis of various performance indicators. There is only one primary segment i.e. sale of power. Therefore, further disclosure as per IND AS 108 regarding operating Segments is not required.

32. Financial Restructuring Plan (FRP) of erstwhile Maharashtra State Electricity Board:

The provisional transfer schemes for financial restructuring of erstwhile Maharashtra State Electricity Board (MSEB), notified by the Government of Maharashtra (GoM) vide Govt. Notification No. Reform 1005/PR/KRA/9061/BHAG- 2/Urja-5, dated 7th June 2005, was finalised on 31.03.2016 vide GR No. Reform 2010/P.K. 117/ Urja-3 dtd. 31.03.2016.

As per Government Directives in aforesaid transfer scheme, the assets of the erstwhile MSEB, are to be revalued as per Depreciated Replacement Cost Method calculated as on 05th June, 2005 and such revalued assets are to be transferred to the successor companies at that value. Based on the GoM Directives and Valuation report dated 13th March, 2007 the assets originally transferred on 5th June, 2005 at book value of Rs. 3,58,464 lakhs have been revalued at Rs. 43,38,815 lakhs as on that date. Consequently the block of fixed asset has been increased by Rs. 39,80,350 lakhs. Against the said scheme 39,80,35,00,000 Equity Shares of Rs. 10 each have been issued to MSEB Holding Co. during the F.Y 2015-16. The same has been considered as share application money pending allotment on 1st April 2015 while considering the Ind AS adjustments.

While giving IND AS impact on Plant, Property and Equipment (PPE), the value of PPE as on 1st April 2015 is computed after considering the revaluation of Assets under FRP scheme. The accumulated Depreciation upto Mar 15 is adjusted in the retained earnings as on 1st April 2015.

33. Explanation of Transaction to Ind AS and effect of Ind AS adoption:

Ind As 101 Reconciliation are as follows

i. Effect of Ind AS adoption on the balance sheet as at April 1, 2015

ii. Reconciliation of total equity as at 31 March, 2016 and 1 April, 2015

iii. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2016

iv. Reconciliation of Profit/ (Loss) for the period ended 31 March 2016:

FY 2016-17

Ind AS 101 reconciliations

Effect of Ind AS adoption on the balance sheet as at April 1, 2015

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

For the year ended 31.03.2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2014, notified under Section 133 of the Companies Act 2013 and other relevant provisions of the Act ('IGAAP').

The accounting policies set out have been applied in preparing the Financial Statements for the year ended 31.03.2016 onwards and the opening Ind AS Balance Sheet on the date of transition (i.e. 01.04.2015).

In preparing its Ind AS Balance Sheet as at 01.04.2015 and in presenting the comparative information for the year ended 31.03.2016, the Company has adjusted amounts previously reported in the Financial Statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Company in restating its Financial Statements prepared in accordance with IGAAP, and how the transition from IGAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows.

(Rs. in Lakhs)

		As at March 31, 2016				Control total	As at April 1, 2015				Control total
		(End of last period presented under previous GAAP)					(Date of transition)				
	Notes	Previous GAAP	Reclassification	Effect of transition to Ind AS	As per Ind AS balance sheet		Previous GAAP	Reclassification	Effect of transition to Ind AS	As per Ind AS balance sheet	
1. NON-CURRENT ASSETS											
a) Property, plant and equipment	[i] & [vii]	57,59,565.52	0.00	36,104.23	57,95,669.75	(57,60,493.36)	29,03,805.67	(0.01)	27,67,507.38	56,71,313.05	(56,70,761.05)
(b) Capital work-in-progress		2,51,155.20	(0.00)	-	2,51,155.20	(2,51,155.20)	1,28,189.90	-	-	1,28,189.90	(1,28,189.90)
(c) Investment property											
(d) Intangible assets											
(i) Intangible assets		3,341.93	(0.00)	-	3,341.93	(3,341.92)	3,991.64	0.01	-	3,991.65	(3,991.64)
(ii) Others											
(e) Financial assets											
(I) Investments	[ii]	19,172.73	0.00	62.85	19,235.59	(19,235.50)	19,188.18	(0.00)	55.49	19,243.66	(19,243.58)
(ii) Loans	[vi]	62,768.18	41,156.31	(5,481.44)	98,443.06	(1,04,914.77)	40,089.45	63,641.39	-	1,03,730.84	(1,08,891.69)
(iii) Other financial assets											
(f) Non Cuffent Tax Assets (Net)		-	4,698.87	-	4,698.87	-		4,646.96		4,646.96	-
(g) Other non-current assets		73,130.25	(35,528.71)	-	37,601.54	(25,798.75)	82,929.61	(24,195.79)	-	58,733.82	(14,423.79)
TOTAL NON-CURRENT ASSETS		**61,69,133.81**	**10,326.47**	**30,685.65**	**62,10,145.94**	**(61,64,939.50)**	**31,78,194.46**	**44,092.56**	**27,67,562.87**	**59,89,849.88**	**(59,45,501.66)**
2. CURRENT ASSETS											
(a) Inventories	[vii]	94,820.85	-	(36,104.24)	58,716.61	-	72,442.59	0.01	(28,583.01)	43,859.58	-
(b) Financial assets											
(i) Trade receivables	[v] & [vi]	26,19,094.56	1,72,084.94	(4,90,233.90)	23,00,945.59	(21,28,860.83)	19,56,428.32	37,518.05	(84,048.21)	19,09,898.15	(18,72,380.45)
(ii) Cash and cash equivalents		51,524.87	0.00		51,524.87	(51,524.87)	43,683.70	(0.00)	-	43,683.70	(43,683.70)
(iii) Other financial assets	[ii](c)	1,943.44	42,714.20	0.18	44,657.82	(14,115.73)	10,710.70	51,365.38	0.92	62,077.00	(73,546.15)
(c) Other current assets		6,52,753.44	(4,35,608.15)	-	2,17,145.29	(3,82,376.51)	6,27,209.02	(86,974.85)	-	5,40,234.17	(5,40,725.17)
Total current assets		34,20,137.16	(2,20,809.01)	(5,26,337.96)	26,72,990.19	(26,70,670.77)	27,10,474.33	1,908.58	(1,12,630.31)	25,99,752.60	(25,74,747.06)
Regulatory Assets -			2,52,400.00	-	2,52,400.00			22,400.00	-	22,400.00	
Total Assets		**95,89,270.97**	**41,917.46**	**(4,95,652.31)**	**91,35,536.13**	**(90,88,010.27)**	**58,88,668.79**	**68,401.13**	**26,54,932.56**	**86,12,002.48**	**(85,42,648.72)**

(Rs. in Lakhs)

	Notes	As at March 31, 2016 (End of last period presented under previous GAAP) Previous GAAP	Reclassification	Effect of transition to Ind AS	As per Ind AS balance sheet	Control total	As at April 1, 2015 (Date of transition) Previous GAAP	Reclassification	Effect of transition to Ind AS	As per Ind AS balance sheet	Control total
Equity											
(a) Equity Share Capital		46,15,963.49	-	-	46,15,963.49	(46,15,963.49)	5,70,331.05	-	-	5,70,331.05	(5,70,331.05)
(b) Other Equity		(14,62,672.55)	(6,73,902.86)	(4,08,317.34)	(25,44,892.74)	25,45,286.30	(60,382.58)	(5,35,448.51)	24,12,801.12	18,16,970.04	(18,15,704.96)
Total equity		**31,53,290.94**	**(6,73,902.86)**	**(4,08,317.34)**	**20,71,070.75**	**(20,70,677.19)**	**5,09,948.47**	**(5,35,448.51)**	**24,12,801.12**	**23,87,301.09**	**(23,86,036.02)**
3. NON-CURRENT LIABILITIES											
(a) Financial Liabilities											
(i) Borrowings		17,85,409.67	(6,37,253.23)	-	11 48 156.44	(17,71,129.68)	16,43,852.03	(5,95,045.28)	-	10,48,806.75	(16,26,498.17)
(iii) Other financial liabilities			10,33,615.51	-	10,33,615.51	-	-	10,08,720.28	-	10,08,720.28	-
(b) Provisions		3,51,551.24	-	-	3,51,551.24	(3,51,551.24)	3,41,410.00	-	-	3,41,410.00	(3,41,410.00)
(c) Deferred tax liabilities (Net)				-			4,235.35	(0.00)	-	4,235.35	(4,235.35)
(d) Other non-current liabilities	[iii]	5,77,145.04	(54,710.94)	(87,334.98)	4,35,099.13	(4,27,764.28)	2,43,225.76	1,64,130.00	(90,063.73)	3,17,292.03	(3,10,929.03)
Total non-current liabilities		**27,14,105.95**	**3,41,651.34**	**(87,334.98)**	**29,68,422.31**	**(25,50,445.20)**	**22,32,723.14**	**5,77,804.99**	**(90,063.73)**	**27,20,464.40**	**(22,83,072.54)**
4. CURRENT LIABILITIES											
(a) Financial liabilities											
(i) Borrowings		7,68,080.32	-	-	7,68,080.32	(7,68,080.32)	3,64,365.32	-		3,64,365.32	(3,64,365.32)
(ii) Trade payables		19,70,009.88	2,72,497.11		22,42,506.99	(19,70,009.88)	17,95,183.59	1,07,162.94	-	19,02,346.53	(17,95,183.59)
(iii) Financial Guarantee liabilities		-	-								
(iv) Other financial liabilities		9,04,460.94	(80,481.05)		8,23,979.89	(13,88,449.33)	8,81,440.22	6,604.84	-	8,88,045.06	(13,96,293.40)
(b) Provisions		79,322.94	85,568.50	-	1,64,891.44	-	1,05,008.05	1,79,075.75	-	2,84,083.80	(70,170.07)
(c) Current tax liabilities (Net)		-	-			(88,286.66)					
(d) Other current liabilities			96,584.42	-	96,584.42	(2,52,061.69)		65,396.28	-	65,396.28	(2,47,527.78)
(e) Liabilities directly associated with assets classified as held for sale -											
Total current liabilities		**37,21,874.08**	**3,74,168.98**	-	**40,96,043.07**	**(44,66,887.88)**	**31,45,997.18**	**3,58,239.81**	-	**35,04,236.99**	**(38,73,540.17)**
Total liabilities		64,35,980.03	7,15,820.32	(87,334.98)	70,64,465.38	(70,17,333.08)	53,78,720.32	9,36,044.80	(90,063.73)	62,24,701.39	(61,56,612.71)
Total equity and liabilities		**95,89,270.97**	**41,917.47**	**(4,95,652.31)**	**91,35,536.13**	**(90,88,010.27)**	**58,88,668.79**	**4,00,596.30**	**23,22,737.39**	**86,12,002.48**	**(85,42,648.73)**

*IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31 March, 2016 and 1 April, 2015

(Rs. in Lakhs)

	Notes	As at March 31, 2016	As at April 1, 2015
		End of last period presented under previous GAAP)	(Date of Transition)
Equity Share Capital		46,15,963.49	5,70,331.05
Other Equity		(21,70,276.49)	(6,61,113.20)
Total equity / shareholders' funds under previous GAAP		24,45,687.00	(90,782.15)
Adjustments:			
Share Application Money received / FRP	[i]	33,700.00	40,45,632.44
Depreciation for the year 2015-16 for Assets w.r.t. trifurcation order	[i]	-	(12,41,425.95)
Adjustments on account of IND AS			
Excess Provision for Debtors as per ECL	[v] & [vi]	(4,90,233.73)	(4,16,243.38)
Excess Provision for other receivables as per ECL .	[vi]	(5,481.44)	-
Valuation of Govt Grant	[iii]	87,334.98	90,063.73
Interest Income from Investment	[ii] (c)	0.18	0.92
Investment in Bonds	[ii]	62.85	55.49
Depreciation on Inventories classified under PPE			
Excess Provision for other receivables as per ECL			
Total adjustment to equity		**(3,74,617.16)**	**24,78,083.25**
Total equity under Ind AS		**20,71,069.84**	**23,87,301.10**
Control Total		**20,71,070.75**	**23,87,301.09**

Reconciliation of Statement of Profit and Loss for the year ended 31 March 2016

(Rs. in Lakhs)

	Notes	2015-16			
		IGAAP	Reclassification	Ind AS Adjustment	Ind AS
Revenue					
Revenue From Operations					
Revenue from Sale of Power		50,94,226.01	(35,571.11)	-	50,58,654.90
Other Operating Revenues	[viii]	2,76,510.95	-	26,800.00	3,03,310.95
		53,70,736.96	**(35,571.11)**	**-**	**53,61,965.84**
Other Income	[ii]	2,88,203.83	9,599.72	(2,721.21)	2,95,082.34
Total Income		**56,58,940.79**	**(25,971.39)**	**(2,721.21)**	**56,57,048.19**
Expenses					
Cost of Materials Consumed		47,69,606.97	(16,568.29)	-	47,53,038.68
Purchases of Stock-in-Trade		-	-	-	-
Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress		-	-	-	-
Employee Benefits Expense	[ix]	4,18,746.98	1,425.39	(11,657.99)	4,08,514.38
Finance Costs		3,04,906.90	(23,548.39)	-	2,81,358.51
Depreciation & Amortization Expense		2,75,968.90	-	-	2,75,968.90
Other Expenses	[vi], [viii]	1,69,103.91	5,299.72	1,06,271.79	2,80,675.41
Total Expenses		**59,38,333.66**	**(33,391.57)**	**94,613.80**	**59,99,555.88**
Profit Before exceptional items and Tax		**(2,79,392.88)**	**34,220.19**	**(97,335.01)**	**(34,2507.70)**
Prior Period Item		(18,710.19)	18,710.19		
Exceptional Items					
Extraordinary Item	31(32)	12,41,425.95	-	(12,41,425.95)	-
Profit Before Tax		**(15,02,108.64)**	**15,510.00**	**11,44,090.94**	**(3,42,507.70)**
Tax expense:					
Current tax					
Deferred tax		4,235.35	-	-	4,235.35
Provision for Tax for Earlier years written back (net)					
Tax Expenses		**(14,97,873.29)**	**15,510.00**	**11,44,090.94**	**(3,38,272.35)**
Profit/(loss) for the period					
Other Comprehensive Income					
Items that will not be reclassified to profit or loss:					
Remeasurements of the defined benefit plans;	[ix]	-	-	(11,657.99)	(11,657.99)
Other Comprehensive Income for the year, net of tax		-	-	**(11,657.99)**	**(11,657.99)**
Total Comprehensive Income for the year, net of tax		**(14,97,873.29)**	**15,510.00**	**11,32,432.95**	**(3,49,930.34)**

*IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of Profit/Loss for the period ended 31 March 2016:

(Rs. in Lakhs)

	Note	2015-16
Profit for the year as per IGAAP		**(14,97,873.29)**
Adjustments:		
Transfer to R.P. Obligation	[iv]	(11,290.00)
Summary of Ind AS adjustments:		
Excess amortization written back of Grant	[iii]	(2,728.76)
Expected Credit loss on other receivables	[vi]	(5,481.44)
Expected Credit loss on Trade receivables	[v] & [vi]	(73,990.35)
Increase in carrying value of Investment	[ii] (a)	7.37
Interest on Investment	[ii] (c)	0.18
Depreciation for the year 2015-16 for Assets w.r.t. trifurcation order	i	12,41,425.95
Total Ind AS adjustments		**11,47,942.95**
Profit for the year as per Ind AS		**(3,49,930.34)**

Notes to Reconciliation between previous GAAP and Ind AS

I. Based on the GoM Directives and Valuation report dated 13th March 2007 the assets originally transferred on 5th June, 2005 at book value of Rs. 3,58,464 lakhs have been revalued at Rs.43,38,815 lakhs as on that date. Consequently the block of fixed asset has been increased by Rs. 39,80,350 lakhs. Against the said scheme 39,80,35,00,000 Equity Shares of Rs. 10 each have been issued to MSEB Holding Co. during the F.Y 2015-16. The same has been considered as share application money pending allotment on 1st April 2015 while considering the Ind AS adjustments.

While giving IND AS impact on Plant, Property and Equipment (PPE), the value of PPE as on 1st April 2015 is computed after considering the revaluation of Assets under FRP scheme. The accumulated Depreciation upto Mar 15 is adjusted in the retained earnings as on 1st April 2015.

II. a) Under previous GAAP, non-current investments were stated at cost less provision for diminution in value of investment, if any. Under Ind AS, Investment in Bonds issued by CentralGovernment has been classified as investment measured at amortised cost. It has resulted in increase in carrying value of Investment by Rs. 55.48 lakh & Rs. 62.85 lakh as on April 01, 2015 & March 31, 2016 respectively and corresponding credit to Retained Earning as on April 01, 2015 and Profit before tax for FY 2015-16 respectively.

b) The financial assets in equity instruments have been classified as Fair Value through Profit & Loss account. The Investment in equity instrument of Subsidiary is carried at cost. These do not have any impact on Retained Earnings and Profit before tax.

c) Under previous GAAP, Interest income on Non-current investments is accounted on accrual basis, using coupon rate. Under Ind AS, Interest income on Non-current investments is accounted on accrual basis, using Effective Interest Rate (EIR) method. It has resulted in increase in Interest Receivable to the extent of Rs. 0.92 lakh & Rs. 1.09 lakh as on April 01, 2015 & March 31, 2016.

iii. Under previous GAAP, Amount received as Government Grants, Subsidies and Consumers' contribution towards cost of fixed assets same were credited to capital reserve and the same were transferred to the Statement of Profit & Loss account over the period of fifteen years equally with effect from the financial year under consideration. Under Ind AS, Government Grants, Subsidies and Consumers' contribution relating to the purchase of Property, Plant and Equipment (PPE) are presented as Capital Grant in financial statements and are credited to Profit and Loss Statement in a systematic manner over the expected life of the related assets & presented in Other Income. It has resulted in increase in revenue recognized to the extent of Rs. 90,063.73 lakh upto April 01, 2015 and decrease of revenue by Rs. 2,728.76 lakh for FY 2015-16.

iv. Under previous GAAP, Amount received as R.P. Obligation for purchase 11% of the total power purchased from renewable energy sources as per the MERC Regulations, 2016 (Framework) was classified as capital reserve. Under Ind AS 37, this meets the definition of liability as it is an obligation on the Company to fulfil the requirements of the said regulation. Therefore, it is disclosed as "Current Liability" with a charge to P&L A/c as Power Purchase by Rs. 11,290 lakh in FY 2015-16.

v. MSEB Holding co. Ltd Vide letter no. MSEBHCL/FRP/036 dated 13.04.2016 has transferred the old receivables of Rs. 4,81,921 lakhs and provision for doubtful debts of Rs. 1,49,725 lakhs to MSEDCL, These were not covered in cabinet note dated 20.05.2005 and temporarily parked in books of MSEB Holding Co. Ltd. at the time of restructuring of MSEB. The same have been accounted in FY 2015-16 and have been shown Trade Receivables outstanding as unsecured considered good. For computation of ECL, the trade receivables as per the Information Technology (IT) data base are considered and the above trade receivables are already included in IT data base. Hence, the same has been considered as trade receivables as on 1st April, 2015.

vi. Under previous GAAP, Provision for doubtful dues from Consumers were provided @ 1.5% of the amount shown as receivable as shown in annual accounts provided, that an amount of provision not exceeding 5% of amount of receivable. Under Ind AS, the Company had recognised Expected Credit Loss (ECL) on Trade receivables and other financial assets as specified in para no.7(i)(a) Of Accounting Policies.

(Rs. in Lakhs)

Particulars	The Impact of ECL on	
	Retained Earnings as on April 01, 2015 (Rs. in Lakh)	Profit before tax for FY 2015-16 (Rs. in Lakhs)
On Trade Receivables	416,243.38	73,990.36
On Other Receivables	-	5,481.44

vii. Under Ind AS, as per Ind AS 16 Inventories with Useful lives for more than one year are accounted as Property, Plant and Equipments (PPE). In previous GAAP, it was considered as part of Inventory. It has resulted in increase in PPE by Rs.28,583.63 lakh & Rs. 36,104 lakh as on April 01, 2015 & March 31, 2016 respectively. Consequently, it has resulted in recognition of additional depreciation on such Assets to the tune of Rs. 100.18 lakh in Profit & Loss Statement for FY 2015-16.

viii. Under previous GAAP, adjustment on account of Truing up was made in Revenue from Sale of Power as adjusted by MERC in Tariff Order. Under Ind AS, in order to recognise revenue on fair value, revenue is grossed up to the tune of Rs.26,800 lakh in FY 2015-16 and corresponding recognition or Truing up expenses in "Other Expenses". This change does not have any effect on Total Comprehensive Income for the year ended March 31, 2016.

ix. Defined benefit plans — Under Ind AS, actuarial losses arising on defined benefit plans to the tune of Rs. 17,108.65 lakh are recognised in other comprehensive income, whereas under previous GAAP same was being charged to the Statement of Profit & Loss. This change does not have any effect on Total Comprehensive Income for the year ended March 31, 2016.

34. The previous year figures have been re-grouped and/or rearranged wherever necessary.

35. Notes 1 to 33 are forming part of Annual Accounts for the year ended on 31st March, 2017.

Sd/-	**Sd/-**	**Sd/-**
N. P. Vernekar	**S. P. Vyavahare**	**A. M. Gudekar**
General Manager (CA)	Chief General Manager (CA)	Company Secretary
		M. No. ACS 19937

Sd/-	**Sd/-**
S. L. Pimpalkhute	**Sanjeev Kumar**
Director (Finance)	Chairman and Managing Director
DIN No. 01915725	DIN No. 01866640

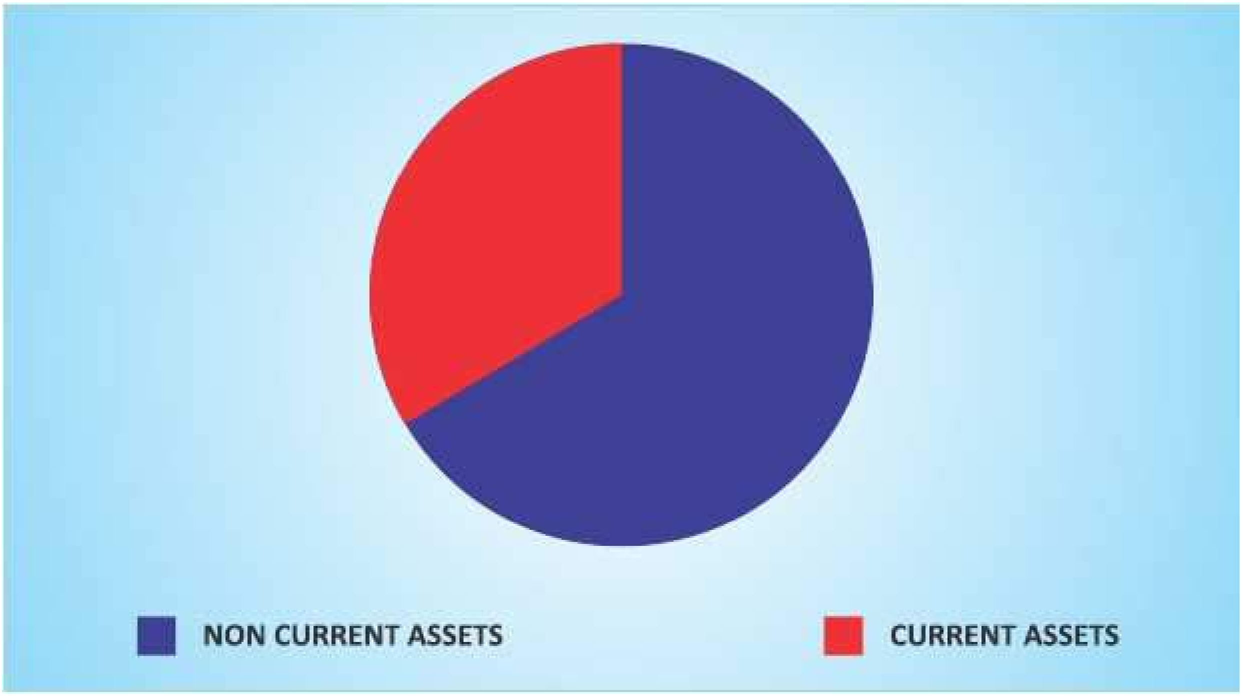
As per our report of even date attached hereto.

For Mittal & Associates	**For B. N. Kedia & Co.**	**For S.G.C.O. & Co. LLP**
FRN 106456W	FRN 001652N	FRN 112081W/ W100184
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	**Sd/-**	**Sd/-**
(CA Hemant R. Bohra)	**(CA S. K. Kedia)**	**(CA Shyamratan Singrodia)**
Partner	Partner	Partner
M. No. 165667	M. No. 052579	M. No. 049006

Place : Mumbai

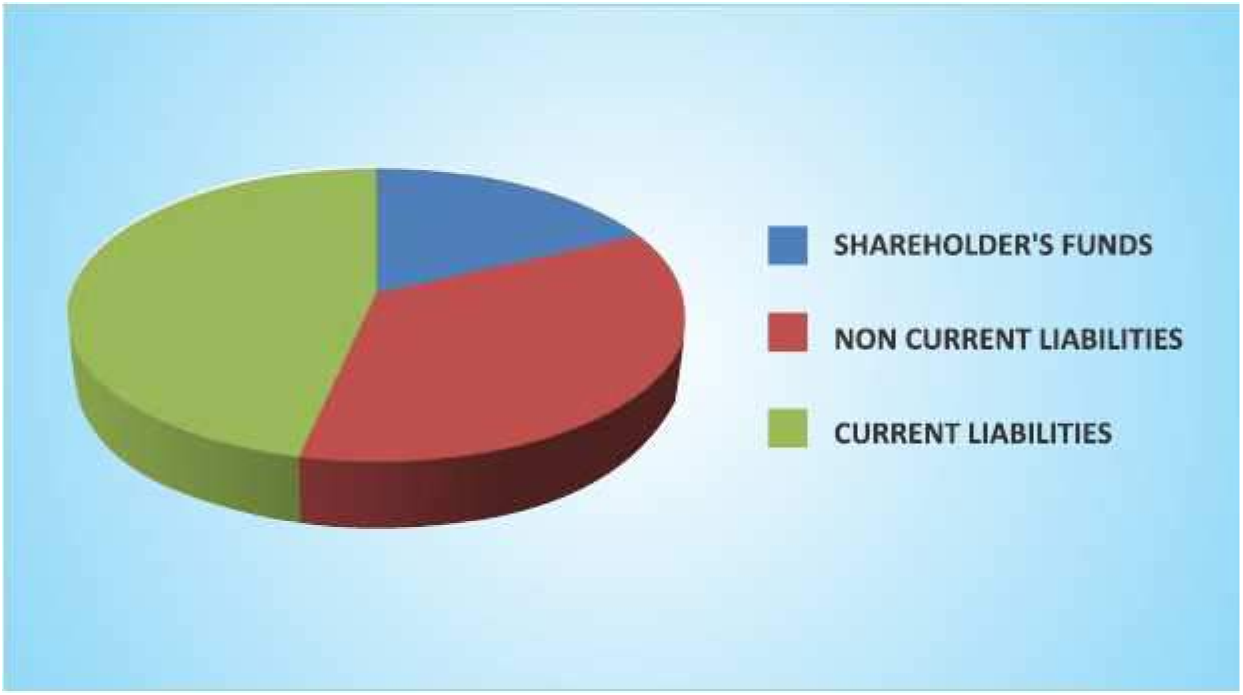
Date : 09.10.2017

ASSTES



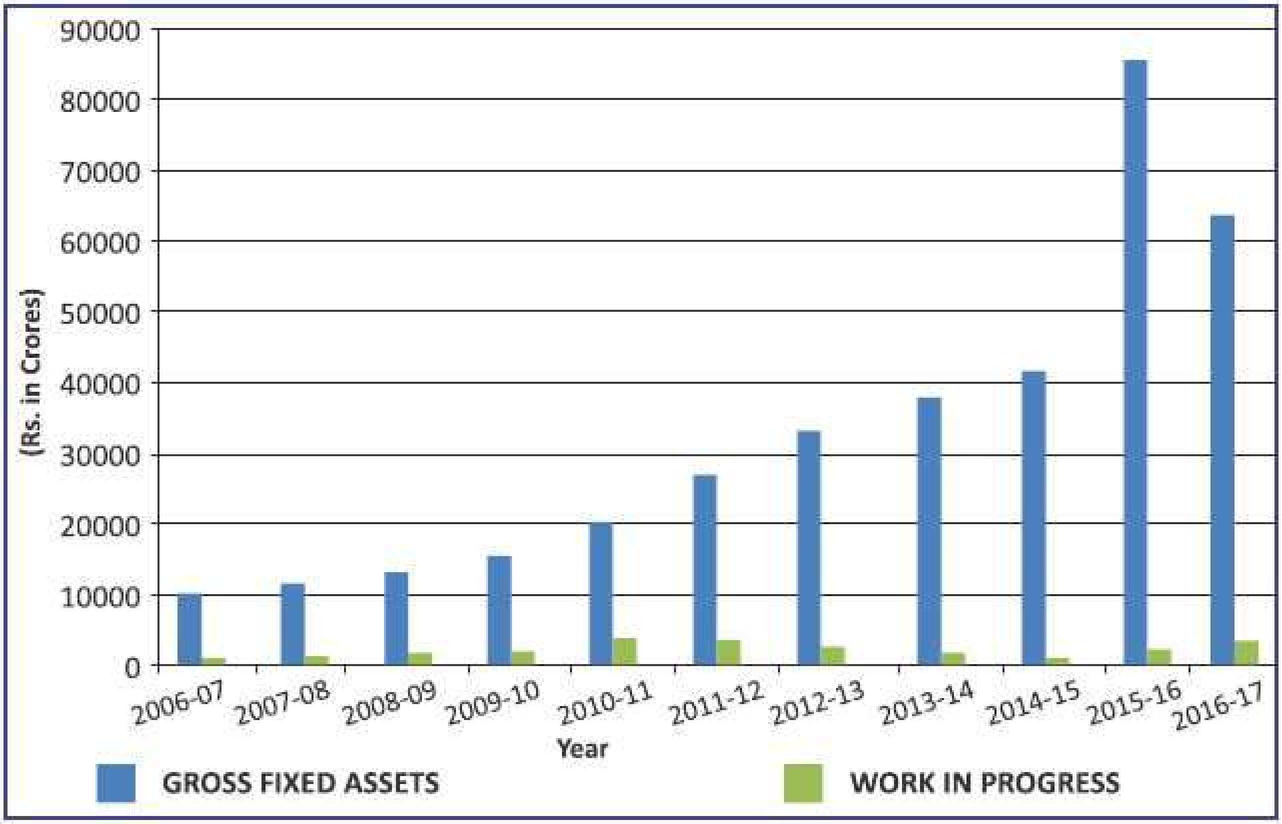
ASSETS AS ON 31.03.2017		
		Rs. in Crores
	NON CURRENT ASSETS	63,741.7234
	CURRENT ASSETS	31,989.3722
	TOTAL ASSETS	95,731.0956

EQUITY AND LIABILITIES



EQUITY & LIABILITIES AS ON 31.03.2017		
	EQUITY & LIABILITIES	Rs. in Crores
	SHAREHOLDER'S FUNDS	17,664.1225
	NON CURRENT LIABILITIES	34,746.0594
	CURRENT LIABILITIES	45,635.9137
	TOTAL	98,046.0956

GROSS FIXED ASSETS & WORK IN PROGRESS



(RS. IN CRORES)

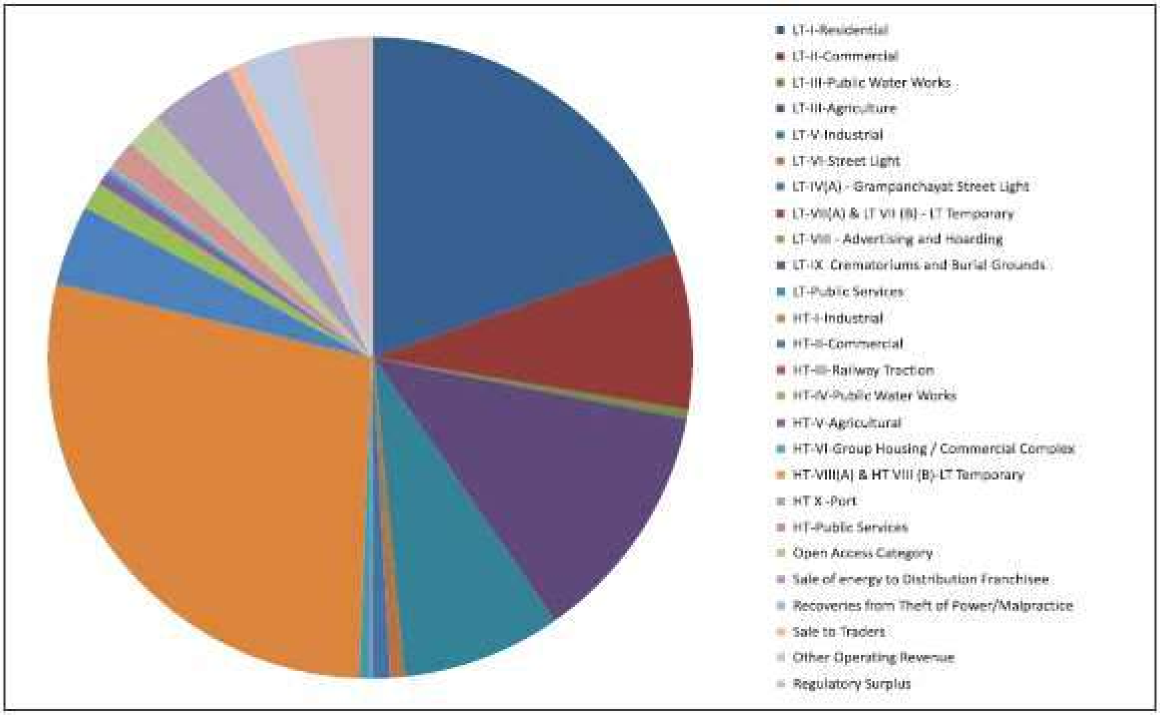
YEAR	GROSS FIXED ASSETS	WORK IN PROGRESS
2006-07	10531	1447
2007-08	11806	1685
2008-09	13439	1976
2009-10	15687	2344
2010-11	20500	4116
2011-12	27268	3913
2012-13	33268	2972
2013-14	37840	2048
2014-15	41874	1282
2015-16	85592	2512
2016-17	63775	3626

REVENUE FROM SALE OF POWER AND POWER PURCHASE EXPENDITURE

(RS. IN CRORES)

YEAR	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
2014-15	55535	49088
2015-16	53707	47696
2016-17	57601	47619

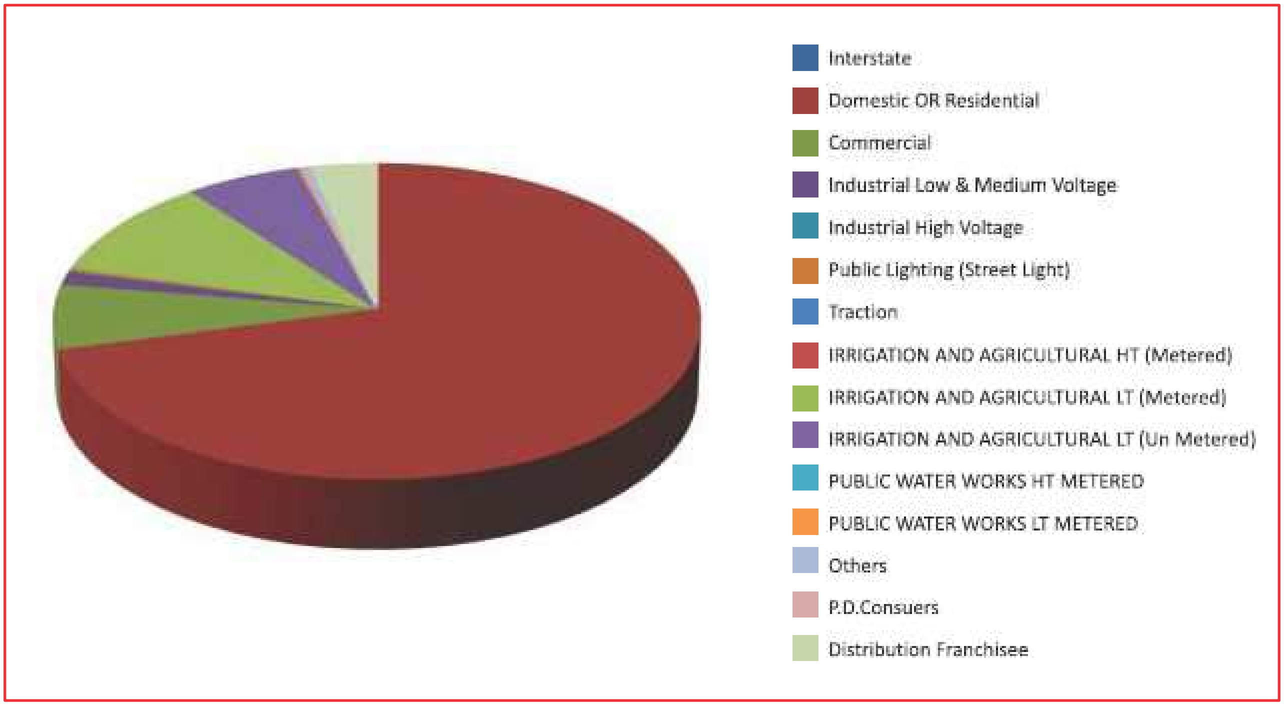
CONSUMER CATEGORY WISE SALE OF ENERGY



FINANCIAL YEAR 2016-17

SR. No.	CONSUMER CATEGORY	(Rs. IN CRORES)	%
1	LT-I - Residential	11,287.16	19.60
2	LT-II - Commercial	4,610.26	8.00
3	LT-III - Public Water Works	254.43	0.44
4	LT-IV - Agriculture	7,123.29	12.37
5	LT-V - Industrial	4,636.49	8.05
6	LT-VI - Street Light	410.87	0.71
7	LT-IV(A) - Grampanchayat Street Light	508.13	0.88
8	LT-VII(A) & LT VII (B) - LT Temporary	20.58	0.04
9	LT-VIII - Advertising and Hoarding	7.04	0.01
10	LT-IX- Crematoriums and Burial Grounds	0.31	0.00
11	LT-Public Services	286.32	0.50
12	HT-I- Industrial	16,187.41	28.10
13	HT-II-Commercial	2,311.13	4.01
14	HT-III-Railway Traction	1.31	0.00
15	HT-IV- Public Water Works	775.99	1.35
16	HT-V-Agricultural	395.08	0.69
17	HT-VI- Group Housing /Commercial Complex	154.27	0.27
18	HT-VIII(A) & HT VIII (B) - LT Temporary	4.33	0.01
19	HT X -Port	42.97	0.07
20	HT-Public Services	877.50	1.52
21	Open Access Category	1,034.15	1.80
22	Sale of energy to Distribution Franchisee	2,414.53	4.19
23	Recoveries from Theft of Power/Malpractice	52.80	0.09
24	Sale to Traders	384.31	0.67
25	Other Operating Revenue	1,478.21	2.57
26	Regulatory Surplus	2,343.00	4.07
	TOTAL	**57,601.86**	**100**

NUMBER OF CONSUMERS



FINANCIAL YEAR 2016-17

Sr. No.	CONSUMER CATEGORY	NO. OF CONSUMERS
1	Interstate	0
2	Domestic OR Residential	17,552,429
3	Commercial	1,650,623
4	Industrial Low & Medium Voltage	336,460
5	Industrial High Voltage	13,264
6	Public Lighting (Street Light)	88,973
7	Traction	23
8	IRRIGATION AND AGRICULTURAL HT (Metered)	1,075
9	IRRIGATION AND AGRICULTURAL LT (Metered)	2,537,943
10	IRRIGATION AND AGRICULTURAL LT (Un Metered)	1,539,924
11	PUBLIC WATER WORKS HT METERED	977
12	PUBLIC WATER WORKS LT METERED	51,320
13	Others	117,803
14	P.D.Consuers	0
15	Distribution Franchisee	869,413
	TOTAL	**24,760,227**

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